

THE ECONOMIST

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

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SIGNOR MUSSOLINI'S REFUSAL

In the House of Commons last Monday Mr Eden confirmed the report that, in Rome last week on instructions from His Majesty's Government, he had made an offer to Signor Mussolini which might have opened the way for a settlement of the Italo-Abyssinian problem.

Mr Eden was able to tell the Head of the Italian Government that, for the sake of obtaining a final settlement of the dispute between Italy and Abyssinia, His Majesty's Government would be prepared to offer Abyssinia a strip of territory in British Somaliland giving Abyssinia access to the sea. This proposal was intended to facilitate such territorial and economic concessions by Abyssinia to Italy as might have been involved in an agreed settlement. His Majesty's Government would ask for no concession in return for this arrangement, save grazing rights for their tribes in such territory as might be ceded to Italy. This suggestion, as Mr Eden assured the House, was not lightly made; and only the gravity of the situation could justify the cession of British territory without equivalent return. This was indeed unusual in the history of international

It is, indeed, unusual in the history of international relations up to date for any Power to offer spontaneously to cede territory without an equivalent return in kind. And to many speakers in the House evidenced misgivings over a proposal, the exceptional nature of which testified to the Government's grave concern at the turn which events may soon take in East Africa. Quite apart, however, from these misgivings, the British offer will assuredly be remembered in history as notable evidence of the British Government's recognition that the maintenance of peace is the supreme British interest—an interest for which sacrifices are eminently worth our while. But, as Mr Eden informed the House, Signor Mussolini "was not able to accept" the British suggestion "as the basis for a solution of the dispute." We prophesy with some confidence that, a year hence, all Italians who possess a grain of political understanding will look back with poignant regret to the blank refusal which Mr Eden's offer has just encountered at Signor Mussolini's hands.

Our Italian critics may perhaps object that our contribution turns out to be a mere bagatelle; and it is certainly

true that the territory which we have just offered to cede to Abyssinia is a very modest fraction of the territorial assets of the British Empire. It seems reasonably certain that the offer related to the western extremity of British Somaliland, including the port of Zeila; and we do not pretend that Zeila would be painfully missed either by King George himself or by any of his loyal subjects in this country if His Majesty's proposal to cede the place to his imperial cousin of Ethiopia had taken effect.

At the same time, Zeila happens to be a coin which is gold to Abyssinia, though it may be copper to the United Kingdom. Abyssinia once possessed a seaboard, and to this day the Abyssinian Christian population reaches to the Red Sea coast. But this proper national seaboard of Abyssinia has been in Italian hands now for half a century. It constitutes to-day the nucleus of the Italian colony of Eritrea; and the European partition of Africa, though it has failed, hitherto, to destroy the national independence of Abyssinia—alone among African States—has at any rate most effectively cut her off from the Red Sea and the Indian Ocean. On the political map of Africa, as it stands to-day, Abyssinia is completely shut out from the sea by a ring of Italian, French and British possessions.

Till lately this encirclement has not been severely felt. For French Somaliland—an enclave round the port of Djibouti, which depends on its Abyssinian hinterland for its commercial prosperity—has hitherto been always at Abyssinia's disposal *de facto*. From this French-owned seaboard a French-built railway runs up to the Abyssinian capital at Addis Ababa. 'So long as France was Abyssinia's friend and protectress and Italy's rival this arrangement served Abyssinia very well. But a few months ago a common fear of the resurgent power of Germany began to bring France and Italy together; and while a Franco-Italian understanding may be good for Europe it wears a sinister aspect from the Abyssinian point of view. One of the points in the recent Franco-Italian settlement was the concession by France to Italy of a share in the control of the Abyssinian Railway. And though this share may be small in financial terms, it may at the same time be

politically sufficient to deprive Abyssinia of that unfettered intercourse with the outer world which she has hitherto been able to maintain through a French channel. This loss has no doubt made the Abyssinians feel the desirability of acquiring a seaboard under their own sovereignty; and this is the pearl of great price which the British offer held out to the Abyssinian Government. If Zeila is worth little to us, it might nevertheless be worth to Abyssinia the cession to Italy of the large land-locked territory of the Ogaden in the hinterland of Italian Somaliland, together with almost as many commercial concessions as the Italians might have cared to ask.

But Abyssinia had no chance to have a say in the matter. For Signor Mussolini was not content merely with refusing the British offer. It was given out in Rome on Wednesday that Italy has interpreted her Treaty of Friendship and Collaboration with Abyssinia as setting the seal on the Italian "right" to colonial expansion in Africa; that under that Treaty she ought to have been enabled by Abyssinia to carry out a beneficial work of civilisation by pacific means; and that, having failed to realise her ambitions by pacific means, Italy must now "take her own means" for the safety of her present colonies and for further colonisation. These are the Italian reasons for the refusal of the British offer. They are buttressed by the Italian contention that even the cession of the vast Abyssinian province of the Ogaden to Italy is inadequate; Italy needs, not "desert," but land that can be settled and worked—presumably by Italians; and that land, notoriously, is the very heart and sinews of Abyssinia.

But in discovering these facts so late in the day Signor Mussolini forgets that it was his Government, in conjunction with France, that pressed in 1923 for the admission of Abyssinia to the League of Nations. Great Britain hesitated at the time; and as a result of her representations Abyssinia gave assurances about slavery and the traffic in arms—although the Italian delegate declared them to be quite unnecessary. Signor Mussolini now sings a different tune, and at its face value his declaration of policy can scarcely mean other than war—war by one Great Power, a member of the League, upon a small fellow-member. In these circumstances Mr Eden did well to recall to Signor Mussolini in Rome this country's view of League principles, and of its responsibilities as a League member.

Our motives were neither egoistic nor dictated by our interests in Africa, but by our membership of the League of Nations. I said that British foreign policy was founded upon the League. His Majesty's Government could not therefore remain indifferent to events which might profoundly affect the League's future. Upon this issue public opinion in this country felt very strongly. It was only through collective security that in our judgment peace could be preserved, and only through the League that Great Britain could play her full part in Europe.

Signor Mussolini's rejection of the British offer, and his subsequent contentions in the light of the above declaration, make it imperative that the British Government should demonstrate now that Britain will honour her undertakings if League action should one day be necessary. This is a matter which cannot be left to drift. For as things stand, it looks as though Signor Mussolini had made up his mind to turn his back on the very conception of a League of Nations, and to repudiate Italy's signature to the Covenant and to the Briand-Kellogg Pact for the renunciation of war as an instrument of national policy.

In these circumstances, the British Government's attitude is crucial. It is said that the Cabinet is divided. But the Peace Ballot has shown that the country would support any steps that may be necessary to preserve the League and to prevent the world from falling again into anarchy. This is not a case for a counting of heads in the Cabinet. It is for Mr Baldwin to decide to implement the pledges he has repeatedly given to the country. Where other nations stand, has yet to be revealed; but the leaders of France will be much less intelligent than we take them to be if they pursue a policy that will permit the collective system of security to perish before their eyes. Fortunately the occasion for positive decision has not yet arisen; and in the meantime there is still the opportunity to prove that the resources of diplomacy are not yet exhausted.

EXPERIMENTAL DEMOCRACY

Two years ago some people in England were beginning to wonder whether the Parliamentary system was not destined to give place before the vaunted superior efficiency of dictatorship. Government by committee, it was said, and the supremacy of "the talking shop" may be well enough in quiet, easy-going times; but they are hopelessly cumbersome and ineffective in dealing with such complex and urgent problems as those which all nations have to face to-day. In England this phase has passed. We have seen dictatorship abroad bringing not prosperity to the mass of the people but a tightening of the belt. The loss of liberty has not only been accompanied by continuous oppression and injustice to certain classes and creeds, but has been disfigured by crimes such as the Nazi "purge" of June 30th last year and the murder of Chancellor Dollfuss; while the political risks that a country runs when its destinies are entrusted to the uncurbed power of a single individual are at the moment being illustrated by the inexplicable, but highly dangerous, adventure of Signor Mussolini in Abyssinia. The idea of Fascism for this country is dead.

But the discrediting of the dictatorship idea does not mean that democratic countries have nothing to learn, and that the political machine can go on for ever in the same old way. The granting of special powers to M. Laval in France is an admission that the French Parliamentary system with its numerous groups is not a very effective means of dealing with certain types of problem. In America, the President has been conceded very wide powers by Congress, and the issues raised by the New Deal have cut across the never very logical distinction between Republican and Democrat.

In our own country, we endeavoured to meet the crisis of 1931 by adopting in peace-time the war-time expedient of "national government." Mr. Baldwin seems to think that this experiment should continue indefinitely, and it undoubtedly does command a certain measure of support from those outside its party adherents who dislike the distortions and the bitterness of party warfare. At the same time it has revealed two notable defects. In the first place, the Parliament of 1931 produced an unbalanced House of Commons which does not justly represent the balance of opinion among the electorate and has suffered from the weakness in numbers and debating strength of the Opposition. In the second place, the circumstances of its birth, and the need of reconciling the opinions of Cabinet Ministers who really differ widely in their views, has made the Government slow in action and often hesitating and indefinite in policy. Many hardened politicians think that this will all be put right after the next election, with a return to the two-party system, which, we are assured, is the only natural basis of Parliamentary government. In one sense, of course, Parliament always works on a two-party basis—those who support the Government and those who do not. But the conception of the nation as being divided into two groups is becoming increasingly remote from the facts. Such a division is artificial; for there are large numbers who do not fit naturally into the extreme right or the extreme left, while many of the most important issues of the day are tending to cut across old party divisions. The future of democracy depends largely on whether the party system and its alignments will prove elastic enough to adjust itself to the changing mind of the public or, by adhering to obsolete formulæ, will become discredited; and to more speedy action than in recent years.

These tendencies have been illustrated by two events that have taken place in the last few days. The first was the announcement of the final results of the vote in the Peace Ballot, to which we referred briefly last week. This was an enterprise organised by voluntary effort and designed to assess and notify to the Government the volume of opinion in Great Britain which they could invoke in carrying out a strong League of Nations policy in international affairs. It was, in fact, an unofficial referendum in which nearly 12 million ballot papers were returned containing answers not to vague questions whether we wish for peace, but on a fairly specific series of proposals as to the method of attaining it. Even if the general public have scarcely grasped its significance, political organisations have

realised the importance of this experiment; and there is no doubt whatever that it has already influenced policy. The second event is the Convention which met at the beginning of the week in response to a manifesto signed by a number of leaders of the Free Churches and by Mr Lloyd George and other politicians. The object of the movement is to make the two problems of peace and employment the dominating issues of the next election. These issues, in the opinion of the signatories, should be pressed forward, regardless of long-range political programmes or of party alignments, as the immediate task of Parliament. In the opinion of the Churches they are matters towards the solution of which the whole moral strength of the nation should be exerted. It was therefore proposed that support should be sought in all parties; and that through the use of a questionnaire and an organisation in every constituency a Parliament should be returned at the next election with as many members as possible pledged to give these issues priority over party programmes.

This second event has been denounced as a factious move on the part of Mr Lloyd George to regain political influence; the leaders of the Free Churches have been blamed for intervening in political matters; while others have dismissed the movement as a mere vague expression of good intentions which are common to all. What the future of this effort may be, remains to be seen. But whether it succeeds or not, politicians would be very unwise to ignore the forces that have brought it into being. It is significant, for example, that many of the speakers at the Convention itself declared themselves supporters of the National Government, but expressed, in terms more or less strong, their dissatisfaction with the results of that Government's activities in these two all-important spheres.

The grounds for this dissatisfaction are sufficiently obvious. All British Governments since the war have desired peace. But in spite of their good intentions, the world is spending enormous sums on bigger and more costly armaments; two great nations this year leave the League of Nations; aggression has broken out again in Asia, and threatens to do so in Africa, while in Europe the danger of war is clearly much greater than ten years ago. Almost all over the world the failure to secure real political co-operation has been accompanied by economic warfare which has gone to extremes unknown for several centuries. To meet this deteriorating situation many statesman-like proposals have been made and some wise steps taken—but they have nearly always been too late.

As to unemployment, the criticism is not without justification that the capital of the Empire has been indifferent to a very grave social as well as an economic problem, largely because unemployment is concentrated in distant parts of the country. But though "out of sight out of mind" may explain, it does not excuse the fact that insufficient enterprise has been shown in dealing with the problem of the depressed areas. It is perfectly right that our greatest effort should be concentrated on restoring the normal economic life of the country. But whatever may be achieved along these lines, everyone agrees that there will remain a large residuum of the population whose industries have gone for good and for whom a new place must be found in the national life. There is a growing feeling that this question has not been tackled with sufficient imagination. The system of doles may prevent this economic devastation from leading to social disturbance, and it has in fact kept these districts quiet. But such a system is unacceptable on social and moral grounds as a permanent solution.

The technique of the "Peace and Reconstruction" movement is likely to prove more difficult than that of the Peace Ballot—both because it is more difficult to translate policy in the economic field into simple terms, and because it will have to operate in the midst of the confusions of a General Election. If it solves the problem of method and if in the event it succeeds in rallying a large body of support, it may have the effect of modifying the rigidities of the party system as it exists to-day. But whether these two particular experiments prove to be the forerunners of lasting innovations in our democratic system, or turn out to be mere flashes in the pan, the fact that they have been made is a most encouraging sign. For they prove that political thinking in

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Britain is very much alive, and that large sections of the public are both ready and anxious to make their influence felt—not merely at rare intervals in a General Election but on the course of current events. We shall be wise if we see to it that this stirring of interest in public affairs finds a suitable medium of self expression.

CONDITIONAL STABILISATION—I

In the following, the first of two articles by Sir Arthur Salter, the case for a "compromise" stabilisation of the exchange relations between the pound, the dollar and the franc is examined. In a second article he outlines a scheme whereby such a "compromise" stabilisation might be effected.

THE reasons against a definite stabilisation of sterling, in relation either to gold or to another currency, are familiar. They are likely to be decisive for at least a long time, and perhaps permanently.

There can be no doubt that a managed currency, on the basis of the kind of policy we have in fact pursued, has during these last three and a half years served us much better than a currency tied to gold. It has saved us from the deflation which France has been, and is, suffering. It has enabled us, without interruption by increases of Bank rate directed to arresting an outflow of currency reserves, to press on with our low interest policy and to encourage an internal recovery that would otherwise have been impossible. These advantages the country is not likely to forget. It will not link itself irrevocably to gold unless and until it is assured that a gold standard can and will be so worked as to protect the internal price structure from the violent impact of external deflation, and to ensure a large part of our industries from being drawn below the line of profitability in the process. The antecedent conditions for definite stabilisation, long ago formulated and frequently announced by the Government, will doubtless continue to govern our policy. It is equally clear that these conditions are extremely difficult of fulfilment, and are unlikely to be fulfilled for a very long period to come. Must we be content with the present exchange uncertainty during all that period? Or is there some form of limited and conditional stabilisation which would save us from the dangers of a fixed exchange and still give us many, at least, of its advantages?

The time has now come, I suggest, for considering very carefully whether such an intermediate course is technically possible; whether in that case we should not move a little from our at present negative policy; and in what form, and under what conditions, we should be ready to enter into conversations with other countries, especially the United States and France. If we have such a policy, the time is opportune, or likely at any moment to become opportune, to attempt to give effect to it.

For, in the first place, the existing currency policy and situation, though it has been more beneficial to us than any practicable alternative in the last few years, does certainly involve great disadvantages which are likely to become

greater. The expansion of internal activity, with the increase of employment which it has secured, has not, indeed, reached its limit. But its future progress must at the best be slower and more difficult. The greater part of our present unemployment is centred in our export industries, or industries dependent upon them. The process of transfer from them becomes increasingly difficult. If our export trade (which has lost about a quarter of its volume) could be restored, we might halve our unemployment figure. If it remains at its present level, still more if it further declines, we must probably be content for many years with an unemployment figure that is nearer two millions than one. It is, however, difficult to imagine any considerable revival of foreign trade while the relation of national currencies to each other is as uncertain as it is at present. In the last few months the pound has ranged from 4.70 to about 5 in terms of the dollar. This variation is in itself a serious impediment to the conclusion of contracts. But that is the least of the evil. The exchange restrictions, and even the quotas and the increased tariffs which are together strangling external trade, have been imposed mainly or largely as a result of currency strain and uncertainty. The rapid movements of fugitive capital are a consequence as well as a cause of exchange instability. The almost complete cessation of foreign lending, the partial resumption of which is a condition of any considerable expansion of foreign trade, is in part due to the same cause also. Negotiations for tariff reductions are practically impossible between countries whose currencies fluctuate in value, especially between those with "managed" and with "gold" currencies, since the latter could at once be deprived of the benefit of any tariff remissions by a further depreciation in the former. We may conclude, therefore, that any substantial expansion of external trade is unlikely without some recourse to stabilisation, and for the reason indicated the need for this expansion is both great and growing.

And if the advantages of some stabilisation are now increasing, the time is, or is soon likely to be, opportune for action. The dollar has now been stabilised in relation to gold, and therefore to the franc, for a year and a half. The American Executive clearly wish to avoid further devaluation. At the same time they remain under great pressure from the inflationists, and a further reduction at least to the legal limit of 50 per cent., and perhaps even with fresh legislation to below that point, is to be feared. It is in these circumstances, and in resistance to considerable pressure from the Administration's most dangerous opponents, that Mr Morgenthau has taken the initiative of advocating stabilisation. Meantime the French situation already supplies a strong reason for determining our policy, and may at any moment present the opportunity for action. Probably most people in this country consider that France would be wiser to attempt to regain equilibrium by a devaluation of, say, 20 per cent. than by deflation. But in one way or the other the solution is likely to be reached, and it could probably be both assisted and accelerated by a readiness to negotiate on the part of ourselves and the United States. It is to the disadvantage of the whole world, as well as of France, that she should go through a long period of slow and painful deflation; and it would be to the damage of all of us if, in the throes of a political crisis, she should be forced into an excessive devaluation. In these circumstances France is so anxious for some form of stabilisation that she would be less difficult than at other times both as to the ratio and as to the conditions of stabilisation. And, lastly, the determination of the ratio, the insuperable obstacle to earlier agreement, would now be much easier. While the dollar was greatly undervalued in much easier. While the dollar was greatly undervalued in much easier. While the dollar was greatly undervalued in much easier.

In the meantime, experience of currency depreciation has prepared the way, and determined the conditions, for an acceptable form of stabilisation. The evils of competitive depreciation are universally recognised. Every country now

recognises that it ought not, by deliberate action, to force its currency below its true equilibrium; though the public in America suspects, every time the pound falls below par (unjustly indeed; but, in view of the secrecy preserved not only as to present but as to past operations, naturally and indeed inevitably), that we have deliberately caused the fall by means of the Equalisation Fund. The American Executive, partially disillusioned with its 1933 currency policy, at least does not desire fresh depreciation; while our policy (declared, though not demonstrated), being directed not to depreciation but the evening out of fluctuations, presents no obstacle.

The need is therefore urgent; the conditions suitable; the time opportune. Is a limited form of stabilisation practicable? What should be its character? By what policy should it be pursued?

The main conditions are surely clear. On the one hand, it must put an end to the fact, and the fear, of any national policy of driving a currency below its true value (as reflecting comparative price levels and the balance of trade and payments) in order to secure a competitive trade advantage.

On the other hand, it is impossible for us to accept (and if the contingency arose it would be impossible for America to maintain) an engagement which would under any conditions force us to inflict deflation on our internal economy, to sacrifice low interest rates and to force down prices as a means of preserving our reserves and a fixed parity of exchange. It may be that, as France and the unconditional stabilisers here and in America urge, if the ratios are reasonably chosen, if general confidence is restored, and if recovery proceeds fairly evenly, there would be no great strain on any given currency, it would not be necessary to protect it by increases in Bank rate, and (since the amount of monetary gold has so largely increased) prices would tend to rise and not to fall. That may be; but there are too many "ifs." This country is determined, after its experience of recent years, not again to run the risk of having deflation forced upon it by currency policy. Even such a country as ours, with its large proportion of external trade, cannot afford to sacrifice its internal economy for the advantage of stabilisation. The resistance of most of the factors of costs to downward price adjustment makes Bank rate deflation capacity in the world market. Gold and Bank rate exercised an absolute, and in the past a beneficent, tyranny over economic activity. The crisis of 1931 was fundamentally a successful resistance to this tyranny. It was not the price structure but the currency parity that gave way. The rule then ended will not be resumed till it can be resumed as a constitutional, limited and democratic monarchy. In other words, we shall not be linked to gold, except under the condition of being able to change our parity if the only alternative is deflation—or until we can be assured that the banks that this alternative will always be prevented from arising—and that is certainly a long way off.

I suggest that it is unnecessary, and undesirable, to wait inactive till we may all feel it safe to entrust our destinies to a gold standard out of the control of national governments, and till a form of provisional stabilisation can be found, which would satisfy the essential conditions described. Such a plan will be suggested in a second article.

THE HALF-YEAR'S PRICES

STERLING wholesale prices, despite a relapse in recent weeks, have continued during the last six months the slow but steady, and fairly general, rise that has been in progress ever since the winter of 1932-33. The movement is a healthy one. For analysis shows it to be mainly due to an expansion of demand, both from individual and industrial consumers, and only in particular cases to droughts and restriction schemes.

The changes in the price of important individual commodities are shown in the following table. The general influence of expanding economic activity is clearly evident. As in the second half of last year, rises are very much more numerous than falls.

PRICE CHANGES BETWEEN JANUARY 2, 1935, AND JUNE 19, 1935

Increases:	Per cent.	Unchanged:	Per cent.
(a) 20 per cent. and more—		Cocoa.	
Creosote.....	+42	Coal, Durham gas.	—
Tallow.....	+41	Coal, Sheffield house.	—
Rice.....	+30	Coal, Welsh Admiralty.	—
Hides.....	+29	Fuel oil.	—
Coconut oil.....	+24	Iron bars.	—
Lead.....	+21	Petroleum.	—
Jute.....	+20	Pig iron.	—
Potatoes.....	+20	Portland cement.	—
		Soda crystals.	—
Total number.....	8	Steel rails.	—
(b) Under 20 per cent.—		Timber, English.	—
Wheat, English.....	+14	Tinplates.	—
Bacon, Danish.....	+13	Tobacco.	—
Cheese, Canadian.....	+12		
Leather.....	+12	Total number.....	14
Wool tops.....	+11		
Oats.....	+11	Decreases:	Per cent.
Beef, English.....	+10	Beef, Argentine.....	—1
Spelter.....	+8	Timber, Swedish.....	—2
Flour.....	+7	Sugar, cane.....	—4
Linseed oil.....	+7	Cotton yarn.....	—5
Silk.....	+6	Cotton cloth.....	—5
Copper.....	+6	Rubber.....	—5
Petrol.....	+6	Cotton, American.....	—6
Tea.....	+6	Cotton, Egyptian.....	—10
Wool, Australian.....	+5	Wool, English.....	—13
Flax.....	+3	Mutton, English.....	—13
Hemp.....	+2	Butter, Danish.....	—18
Sulphate of ammonia.....	+2	Mutton, New Zealand.....	—18
Wheat, foreign.....	+2	Barley.....	—19
Sugar, refined.....	+1	Maize.....	—19
Tin.....	+1	Coffee.....	—20
Total number.....	21	Total of decreases.....	15
Grand total of increases.....	29		

Among the rises of more than 20 per cent., those in creosote, hides, and lead may be attributed to increasing demand; creosote in particular has benefited from the building boom. Tallow and coconut oil have been influenced by last year's drought in the United States; and the rise in jute prices is partly due to restriction. That in potatoes was seasonal and temporary.

Among the rises of less than 20 per cent. are a large number of important industrial raw materials which have felt the increase in demand: prices of leather, spelter, linseed oil (a building material), silk, petrol, Australian wool, flax and hemp all show healthy rises. Australian wool has been bought in greater quantities from this country, France, Germany and Japan, and has consequently recovered something of the 20 per cent. fall which it suffered in the second half of last year. Copper and tea prices on the other hand have been helped by restriction devices; though copper has lately experienced a relapse as a result of the N.R.A. breakdown. Wheat and oats are still feeling the effects of last year's drought; and the price of English wheat has now experienced an eighteen months' fairly continuous rise. The rise in wool tops and flour is the natural accompaniment of that in raw wool and wheat. Danish bacon and English beef prices still show the influence of the Government's persistent efforts to contract our imported food supplies.

In the list of commodities with unchanged prices, we find a group consisting largely of those raw materials of the capital-goods industries which are particularly subject to cartel agreements. The prices of coal, iron and steel and cement are now very "sticky"; and depression and recovery tend to produce a contraction and expansion of output respectively, rather than a fall and rise in prices. Thus coal prices have been fairly closely maintained throughout the last eighteen months' industrial recovery. Steel rails have also been unchanged for a considerable time; and pig iron and tinplates have maintained the moderate advance made last year.

The comparatively few important falls in the list have been mostly due to the vagaries of restrictionism or the vacillations of the weather. Raw cotton prices, American and Egyptian, have tended to fall as a result of uncertainty about the future of American restrictionist policy. Cotton yarn and cotton cloth have fallen with them. Rubber has fallen owing to the disappointment of exaggerated restrictionist hopes. Maize prices were affected by an excellent crop in Argentina. In the case of mutton the seasonal rise has failed to appear owing to increased imports from New Zealand; but prices are still well above the levels of two years ago. The fall in butter is seasonal.

It is interesting to set the present prices of certain particular commodities against the background of the last five years' movements. The following table shows the prices of seventeen important commodities at the end of

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Paid-up Capital and Reserve Funds,
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Offering complete services to banks and firms
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June in each year from 1931, just previous to the abandonment of the gold standard, until to-day:—

	End June, 1931	End June, 1932	End June, 1933	End June, 1934	End June, 1935
Wheat, foreign.....	496 lb. 26s.	26s.	31s. 9d.	28s. 6d.	30s.
Rice.....	480 lb. 17s.	19s. 8d.	18s. 6d.	20s. 6d.	17s. 6d.
Bacon.....	per cwt. 7s.	7s. 10½d.	7s.	6s. 9d.	8s.
Coffee.....	per cwt. 99s.	91s.	80s.	84s.	103s.
Cocoa.....	per cwt. 44s.	44s.	36s. 6d.	44s.	42s.
Butter.....	per cwt. 114s.	101s. 6d.	90s.	85s. 6d.	100s.
Coconut oil.....	per ton net £20	£24	£21 10s.	£18	£22 10s.
Cotton, American.....	per lb. 5-43d.	4-43d.	6-83d.	6-78d.	6-93d.
Wool, Australian.....	per lb. 21d.	21d.	29d.	26d.	23d.
Pig iron.....	per ton 58s. 6d.	58s. 6d.	58s. 6d.	63s. 6d.	68s. 6d.
Lead.....	per ton £15	£11	£15 5s.	£12 10s.	£14 15s.
Tin.....	per ton £113	£114	£225	£225	£230
Copper.....	per ton £37	£26	£37	£31	£30
Petrol.....	per gall. 14-5d.	15-5d.	15-5d.	16d.	17d.
Linseed oil.....	per ton net £19	£12	£20	£22	£20
Rubber.....	per lb. 3-25d.	1-75d.	3-44d.	6-75d.	5-87d.

Out of these seventeen commodities, only five—coffee, cocoa, butter, lead and copper—are lower in price to-day than in June, 1931. And of these butter, lead and copper stand higher than in June, 1932. Wheat, cotton, wool and rubber are all higher than in 1931 or 1932. In the case of bacon, coffee, tin and rubber, restriction and destruction have of course been preponderant factors.

When the movements of particular prices are grouped into our usual indices, the following changes are revealed:—

Average 1913=100

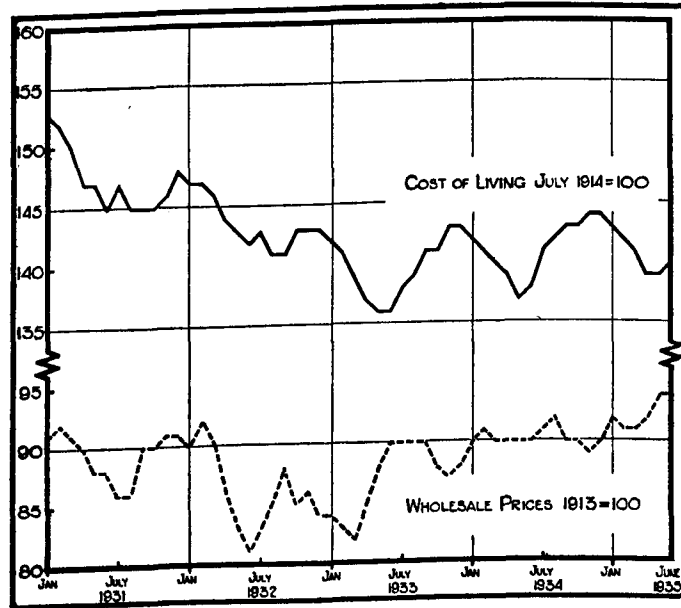
Date	Cereals and Meat	Other Foods	Textiles	Minerals	Miscellaneous	Complete Index
Average, 1924.....	159.9	169.9	210.6	145.2	113.5	159.3
" 1927.....	139.9	159.3	153.9	121.6	124.6	137.6
" 1928.....	145.0	149.4	161.7	111.9	119.3	135.1
" 1929.....	135.6	136.8	141.9	116.2	112.7	127.2
" 1930.....	113.4	122.9	99.1	101.6	101.5	106.5
" 1931.....	96.1	104.1	77.0	88.9	85.3	89.8
" 1932.....	95.4	99.6	75.7	88.6	77.1	86.1
" 1933.....	90.1	93.5	77.6	93.9	81.7	86.8
" 1934.....	96.7	94.0	83.2	93.6	85.7	90.3
End December, 1932.....	83.3	95.6	74.8	89.9	77.1	84.1
End June, 1933.....	90.5	92.4	83.1	96.5	84.9	89.5
End December, 1933.....	90.2	90.2	82.1	94.1	84.8	87.9
End June, 1934.....	95.7	93.4	81.5	93.6	86.1	89.7
End December, 1934.....	97.9	95.8	84.0	92.2	86.4	90.9
End June, 1935.....	95.8	94.2	85.4	95.7	89.4	92.9

In general the increase in demand for raw materials has applied much more to industrial commodities than to food. Food prices have actually fallen in the last six months. The "minerals" and "miscellaneous" groups have risen notably, and the complete index is consequently two points higher than at the end of last year. In fact it is the highest six-monthly figure since the abandonment of the gold standard, though there has actually been slight fall in the last month. A considerable rise in wholesale prices of raw materials is of course a normal feature of recovery from cyclical depression. It is now fairly clear that such a rise is definitely taking place in the sterling area, under the influence of cheap money and internal stability.

Normally, such a rise should not affect the cost of living in the first instance, and should subsequently affect it to a less than proportionate extent. And this is in fact happening.

The accompanying chart shows the movement of British wholesale prices (*Economist* complete index) and the cost of living (Ministry of Labour) over the last four years.

PRICES, 1931-1935



Wholesale prices are now about 9 per cent. above August, 1931, and about 16 per cent. above June, 1932, the lowest point. The cost of living is still below August, 1931; but it is about 3 per cent. above June, 1933, the lowest point, and about 1.5 per cent. above a year ago.

A comparison between movements of British, American, French, German, and Italian wholesale prices yields some curious results:—

	Great Britain	U.S.A. (September, 1931=100)	France	Germany (many)	Italy
End June, 1934	108.1	113.1	82.7	89.6	83.9
" July	109.2	113.0	81.4	91.6	83.3
" Aug.	111.1	115.6	82.0	92.0	84.1
" Sept.	108.7	116.1	81.4	92.5	84.3
" Oct.	107.9	114.3	79.8	93.0	84.4
" Nov.	106.7	114.4	79.1	93.1	84.8
" Dec.	109.4	114.1	77.7	93.0	85.3
" Jan., 1935	110.3	118.3	79.1	92.8	85.6
" Feb.	109.9	118.9	78.6	92.7	87.0
" Mar.	109.4	116.9	77.7	92.6	89.4
" April	110.5	118.6	78.2	92.6	91.7
" May	113.5	119.3	79.8	92.7	94.2
" June	111.8	118.3	77.7	92.9	96.5

As against a fairly steady rise in sterling prices, there has been stagnation in America, after a sharp advance in the previous six months; further deflation and then some brief recovery in France; stagnation in Germany ever since last summer, as far as the figures can be taken as significant; and a sudden and apparently almost wild inflation in Italy, beginning in January this year. These figures prompt the reflection that the sterling area is almost alone at the moment in experiencing a normal, steady and balanced recovery.

TRIAL BALLOONS

MR JUSTICE GODDARD gave judgment this week in a case* which arose out of a most peculiar and dramatic episode of banking and insurance. The protagonists—plaintiff and defendant—were both parties of position and respectability, but there were other actors in the piece whose respectability was less intrusive. The cast included one London bank manager, now in retirement; one Lloyd's broker, now insolvent; one outside broker, now in gaol; and one financially-minded German, now in full enjoyment of life, liberty and the pursuit of happiness. These characters supplied the drama; they called the tune and it was left to Mr Justice Goddard to decide which of the unfortunate protagonists should pay the piper.

* Friedlander and another v. Lloyds Bank Limited.

The plaintiff, Mr Friedlander, is a German Jew of considerable wealth who wished last year to send his son out of Germany and start him on a career in America. His difficulty was to get capital out of the country, but permission might be had on terms from the German Government; and while he was pondering ways and means he learned that a Herr Brinkmann could help him. This gentleman made dirigible balloons, and not only made them but had a market for them in America with customers who wrote advertisements in the sky and were said to find dirigibles better for their purpose than aeroplanes. The firm, so he was told, was called Sky-Ads (the name might have been a pun devised by a Greek scholar to presage the shadiness of some of the transactions that followed), and if Herr Friedlander would finance the building of the balloons, Sky-Ads would pay in America so that Friedlander marks would by a simple operation be transmuted into Friedlander dollars.

But when would payment be made? Not, it appeared, till August, 1935, when bills accepted by Sky-Ads were to mature. Eighteen months' bills, replied Herr Friedlander, were not good enough; and if that was all the security to be had he preferred to leave the business alone. But it was not all the security. Not by any means. These eighteen months' bills could be insured in London, and Herr Friedlander, with the bills in his portfolio backed by an insurance policy, might look forward to the certainty of payment and rest completely happy. That, said Mr Friedlander, was another story, and if a reliable policy could be obtained he would be satisfied and would advance the required sum, which was equivalent to about £68,000.

To obtain the insurance Herr Brinkmann got into touch with an outside insurance broker in London named Smith, who was said to specialise in credit insurance. He declared that cover could be had for this risk and that Herr Friedlander had better be brought over to London to arrange details. He was brought to London, introduced to Mr Smith and taken by him to a branch of Lloyds Bank, where he was presented to the manager.

Up to this point there is little dispute about the facts, but here the stories diverge. Herr Friedlander (and the Judge believed him) says that he made it clear to the bank manager that he wanted 100 per cent. cover on a Lloyd's policy and would be satisfied with nothing less. Actually the insurance of bills is not permitted to Lloyd's underwriters, but the German did not know it and the Englishmen did not tell him. When a *pro forma* policy was produced for his approval, it contained phrases that made it read uncommonly like a Lloyd's policy, and at the same time the manager showed him a real Lloyd's policy and a Lloyd's broker's cover note to let him see what such documents look like. Herr Friedlander was satisfied and opened a joint account between himself and Brinkmann, authorising the bank to pay the premium against production of cover note and *pro forma* policy.

The insurance was not done at Lloyd's. It never went to Lloyd's. And by no conceivable device could it have been placed there. But as a corroborative detail a Lloyd's broker was introduced into the business, and he, with Mr Smith, placed it with a company called the Anglo-Marine, which was in no position to accept a risk of this kind or size. The Lloyd's broker's cover note was handed to the bank, together with a *pro forma* policy, signed this time by the Anglo-Marine, but with the addition of an extraordinary and highly deceptive clause: "Ten per cent. ourselves," it read, "ninety per cent. Lloyd's by re-insurance." The bank manager, whose ignorance of insurance must on his own showing have been abysmal, said he thought it was all right, and paid out £4,500 to meet the premium. He paid not by cheque but in notes. Between the time the notes left the bank and the time they reached the insurance company £1,500 of them had disappeared. Over £100 of them were afterwards traced to the bank manager's account. But Herr Friedlander was satisfied and, thinking that he had got complete security, made himself liable for the equivalent of nearly £70,000 for the manufacture of the dirigible balloons.

It was not long before he discovered that he was not so comfortably placed as he had imagined. He learned that Lloyd's underwriters do not do credit insurance; that his policy could not be a Lloyd's policy; that there was no insurance at Lloyd's; and that, even if there had been, it

would not establish any privity of contract between the original assured and the re-insuring underwriter. Attributing his position to the failure of the bank manager to follow the instructions given him he started proceedings against Lloyds Bank to recover £68,282, asking for a declaration from the Court that he was entitled to be indemnified against loss arising from non-payment of the bills on the due date. In this action he has succeeded, the judge finding that he did in fact pay over his money on the strength of the bank manager's acceptance of the cover note; and as the manager's acceptance was corruptly brought about, the bank is liable for the damages that flow from it, which are put at £68,000.

The balance of responsibility in this extraordinary story is difficult to calculate exactly. That somewhere there was gross fraud is undeniable; and on the most charitable interpretation the unhappy bank manager's action is in-

defensible and his ignorance amazing. If morals are to be drawn, we would respectfully suggest two—one for Lloyd's and the other for Lloyds Bank. For over ten years Lloyd's underwriters have debarred themselves from writing direct credit insurances, and any document that purports to be a Lloyd's bad debt or credit policy is *ipso facto* suspect. But this fact is not very widely known, and it might be advisable for steps to be taken to make it widely known so that no business man can have an excuse for considering such a policy as security. To the banks we would suggest that, as credit insurance has more than once been gravely abused, and as many managers know nothing of its technicalities, all branch managers should, when offered a credit policy as security or for any other purpose, refer the matter to an official with wider experience and more specialised knowledge than they themselves possess.

NOTES OF THE WEEK

India in the Lords.—The progress of the India Bill in the Lords is providing the Government with further opportunities for clarifying the provisions of the Bill. On Monday, Viscount Fitzalan moved an amendment to Clause 5, making the Proclamation of Federation dependent on certification by a special Commission that the financial situation of India justified it. Lord Hastings pointed out that this in effect would take the power of deciding on federation away from Parliament and confer it on a Commission. The Marquess of Zetland, for the Government, declared that an expert financial inquiry would be made in India before the establishment of provincial autonomy. He also informed their Lordships that the additional financial burden falling on the Central Exchequer as the cost of provincial autonomy would be only about £4,000,000 and that of federation roughly £500,000; and he informed the House that the Finance Member expected to be able to defray the cost of provincial autonomy and even reduce taxation if economic progress continued. The Government intended to appoint the expert body immediately the Bill became law. On Tuesday, the Lord Chancellor described the procedure by which the Governor-General's Instrument of Instructions is to be drawn up. He pointed out that the requirement in the Bill that the Instrument must pass through both Houses is a precedent, for hitherto an Instrument has been purely a matter of the Royal Prerogative. Now, both Houses would be free to examine it before approval, and the Executive would be free to amend it before it was issued. The Marquess of Linlithgow moved an amendment for direct, instead of indirect, election to the Mohammedan, Sikh and "general" seats on the Federal Council, and to these seats only. On Wednesday, after strong support for Lord Linlithgow's amendment had come from the Marquess of Lothian, Lord Snell, and others, the Marquess of Zetland accepted the amendment. He proposed, on behalf of the Government, the constituting of "an aristocratic electorate" of some 100,000 voters with a high electoral qualification. On Tuesday, the Government of India issued a statement in reply to the Indian Moslem leaders' contention that the amended Clause 304 will allow the British Government to abolish the separate electorates of the "Communal Award" without consulting Parliament or the Moslem community. The statement makes it clear that both Houses of Parliament must agree to any Order altering the provisions based on the "Communal Award," and that the Secretary of State must consult the Governments and Legislatures affected in India before an Order is laid before Parliament. Thus, this week considerable progress has been made at many points with the most complicated piece of legislation of modern times.

The President and the Utilities.—President Roosevelt's sudden burst of legislative energy, after many months of seeming to let Congress drift on its own course, has apparently stirred up some resentment. The House of Representatives has been considering the Public Utility Holding Companies Bill, a measure close to the President's heart and high up on his list of "must" Bills. In its original form the Bill provided that all utility holding companies, except a small exempt minority, should be dissolved within five years. In Committee of the House, however, this provision was changed to a grant of discretionary power to the Securities and Exchange Commission. The change may not seem to be an important one, but the President made it what in parliamentary countries would be called a "matter of confidence" and demanded the reinsertion of the original clause. The House refused by a majority of 70 in a vote which did not involve any record being taken of individual member's votes. The President secured a second vote, this time with a full record, thinking that the fear of appearing in opposition on a major issue would lead many members to vote for him. But the only result was to raise the majority against him to 110. Moreover, there has been open complaint among Congressmen of the pressure brought upon them by representatives of the Administration. It is no secret that there is a large, powerful and well-fortified "power lobby" in Washington; but this is so familiar to Congressmen as to be almost a constitutional institution. The Congressman's lot really becomes an unhappy one when he is pressed in opposite directions by equally persistent and minatory lobbies. To the nether millstone he is accustomed; it is the addition of an upper millstone which induces protest. Normally speaking, a vote in Congress adverse to the Administration would not be of much importance. But the subject and circumstances of this rebuff to the President make it somewhat more significant, for it indicates that politicians whose ears are necessarily close to the electoral ground are prepared to go on record, albeit unwillingly, against the President.

Cotton Trade Re-organisation.—On the recommendation of the Independent Board of Inquiry, the Minister of Labour has made an order under the Cotton Manufacturing Industry (Temporary Provisions) Act which legalises the agreement on weavers' wages recently arranged by employers and operatives. The new scale of wages, which will come into force on July 15th, is expected to lead to an upward revision of cloth prices, and, as our Lancashire correspondent points out in his report on page 51, it is feared that such an increase may adversely affect our export trade in cotton goods. Meanwhile, the

Cotton Spinning Industry Bill, designed to give effect in the main to the proposals of Lord Colwyn's Committee for handling the surplus capacity in the spinning section of the industry, was formally introduced in the House of Commons last Monday. Under the Bill, a Spindles Board will be established, with power to acquire redundant cotton spinning plant in both the American and Egyptian sections of the trade, and to borrow up to £2 millions for this purpose. Surplus plant so acquired by the Spindles Board must not be sold for export. Moreover, during the first two (or possibly three) years of the scheme, no new spindles may be installed, unless they have been acquired from the Spindles Board and equivalent plant surrendered, or unless it is shown to the Spindles Board that equivalent plant has been broken up. The sums required for the service of the loans and for the payment of the Board's administrative expenses will be provided out of the proceeds of a levy on cotton spinning machinery which the Bill obliges the owners of cotton mills to pay to the Board for fifteen years. The rate of the levy will be equivalent to 1½d. per mule spindle per annum. Two ring spindles are to be taken as equivalent to three mule spindles. The Spindles Board is expected to be self-supporting, but the Bill provides that, in the event of the levy being found insufficient, the Government are to assist the Spindles Board by meeting deficits, and by making such advances as are necessary to avoid any default on the loan obligations of the Spindles Board. Any sums paid by the Government to the Spindles Board are to be repaid by the latter, with interest at 2½ per cent. per annum, out of any surpluses subsequently shown by the revenue and expenditure account. The removal of the existing surplus of spinning capacity is an essential preliminary to any scheme of regeneration of the cotton industry; the Bill is accordingly to be welcomed on principle. But it is essential that it should be regarded as a first step only. Lancashire works in the main for the export market and her salvation is not to be found by price-raising. The elimination of surplus capacity will be useful only if it clears the way for a concentration of production upon the most efficient units of the industry and leads to a reduction of costs. Moreover, there will be doubts on some of the details of the Bill apart from the principle. Is it, for example, right to draw no distinction between the American and Egyptian sections of the industry? The scheme is to be voluntary, and the price offered by the Board must necessarily be sufficient to tempt the owners of idle spindles, although on a strict definition their spindles have no value other than a nuisance value. Is not this equivalent to saying that the price is to be excessive? And is it not bound to be reflected in the costs of even the most efficient spinners?

The Sugar Beet Scandal.—Every few weeks now the House of Commons has the uncongenial task of prolonging some agricultural subsidy originally introduced as "temporary." This week it has been the turn of beet sugar once again; and the House was at its very worst. Responsible spokesmen, both of the Government and the Labour Party, showed themselves to be anxiously concerned with the political pressure of vested interests, and hardly at all with the existence of a public scandal. Mr Elliot, noting gleefully that the Labour Party were as deep in crime as the Government, observed that it was "interesting that the matter was not being treated on a purely party basis of attack and defence between the Government and the Opposition, but that constructive ideas were being applied to it." Another year's subsidy was necessary, Mr Elliot suggested, to give the Government time to consider the Greene Committee's report (published nearly three months ago). Dr. Addison, equally incorrigible if slightly less hypocritical, remarked that "the sudden cessation of the subsidy would not be, politically or industrially, practicable or wise." Mr Amery indulged in casuistry, mysticism and blank assertion. "The gentlemen who framed the Greene Majority Report seemed entirely unaware that we were now living in a protectionist country." "Beet sugar had become of immense importance in the balance of production for the whole country." "The whole of the real subsidy paid for the development of our sugar in-

dustrial had come from the foreign producer." And so on and so on. The miserable chorus of sophistry and humbug was only broken by Mr Horobin, Sir Herbert Samuel and a few Labour Members. Mr Horobin remarked that "the assistance to this industry has the dimensions of an exceedingly unpleasant public scandal when we take into account the connection of politicians with the subsidy, the nationality of a considerable number of beneficiaries in the factories, and the enormous profits and enormous sums put to reserve by a considerable number of these factories." The general impression left by the debate was that the Government intend to replace the Exchequer subsidy by some "levy-subsidy" device. By this means the burden of this hopelessly uneconomic industry would be simultaneously hidden from view and shifted from the richer direct taxpayer to the poorer general consumer. If any such device is adopted, a discreditable story will have a disgraceful conclusion.

Milk and the Unemployed.—It is still doubtful whether the Milk scheme is to be used to cheapen supplies and increase consumption or to exploit consumers in the interests of a producers' monopoly. The plan to sell liquid milk at special cheap rates to unemployed in the distressed areas is meeting with great opposition from the retailers, and the Board may be forced to abandon its efforts. The retailers insist on the preservation of their normal margin; and if the Board attempts to arrange its own system of distribution, reprisals by the retailers might put it in a difficult position. In these circumstances it is hard to see how the scheme can go forward without a Government subsidy. Mr Baldwin, in his speech on Government policy on Saturday, said that the Cabinet were "examining whether further experiments cannot be made to make liquid milk more accessible to all classes of the community." If ever there was a case for a subsidy, it is here. There is a surplus of unsaleable liquid milk; and the unemployed and their families are suffering from malnutrition for lack of it. The money wasted on the substitution of expensive home-produced sugar for cheap imported supplies might be spent a thousand times better in this way. Notwithstanding all this, however, farming interests are not trying to bring milk to the unemployed by lowering the price of liquid milk, but to keep it away from them by raising the price of tinned milk which is at present the only variety of milk they can afford to buy. An application has been made by the National Farmers' Union, the Milk Board and the Creamery Proprietors' Association to the Import Duties Advisory Committee for an increased tariff on tinned milk. To grant this request, while leaving the liquid price unsubsidised, would be a glaring example of regressive "planning." Indeed, the dilemma confronting the Milk Board is an apt example of the difference between good and bad planning. Are we to use the Milk Board in the national interest by lowering the price of liquid milk, or in a sectional interest by raising it?

The French Armaments Credits.—It is interesting and encouraging to observe that, in democratic countries, the now rapidly accelerating armaments race is producing a powerful public demand for a stringent control over the private trade in arms manufacture. His Majesty's Government found it politic to announce, in breaking the news of their startling proposals for an increase in the air-arm, that they were taking effective steps to prevent this national misfortune from becoming an occasion for private profiteering; and they chose the same moment for setting up a Royal Commission to inquire into the conduct of "the trade." In France, this week, it has been the Chamber and not the Government that has taken the initiative in the same direction. Last Thursday, new credits for naval, military and air armaments, amounting to the equivalent of nearly £18 millions sterling, were demanded by the Government from the Chamber. The immediate result, in the Finance Committee of the Chamber, was the adoption of a resolution to make the manufacture of, and trade in, arms a State monopoly as from January 1, 1936. Another resolution

which the committee had before it provided for the limitation of profits in this industry, during the interim, to 5 per cent. In the small hours of Friday morning, last week, M. Laval announced his intention of taking these credits by decree, in virtue of the emergency powers which the Government has already been granted. And by the first of the two special decrees issued by the Laval Government on Wednesday, a Committee is appointed to supervise expenditure on defence in all Departments affected. This is at least a recognition of the need for central supervision, as well as of that for economies. But it seems hardly likely that so important and contentious a social question can be disposed of by so simple a cutting of the Gordian knot. The private manufacturers of arms will not, we fancy, be able to have it both ways. If they are to retain unlimited profits under an uncontrolled capitalist economy of the traditional type, they must see to it that the prospects for peace are promising and that the competition in armaments is correspondingly moderate. If there is to be cut-throat international competition in armaments, with its inevitable *dénouement* in a recurrence of war in Europe, then it is evident that the peoples are in no temper to allow their agony to be coined once more into profits by a few business men. Moderate armaments made for private profits or else immoderate armaments produced by a socialised industry: this, to all appearances, is the choice.

Bark and Bite in Germany.—At the end of last week an attempt to apply in Berlin the anti-Jewish boycott that is being preached and practised in Franconia by Herr Julius Streicher was vigorously quashed by the authorities. On Saturday, at a monster demonstration in the Tempelhofer Feld, Dr. Goebbels denounced Jews, Christians, pacifists, foreigners and the League of Nations, with an ultra-Nazi ferocity. What was the inward connection between this speech and the subsequent action? Are the present rulers of Germany really united in the will to pursue a moderate policy, while sagacious enough to realise that they can only pursue it—in the teeth of the public temper which they themselves have aroused—if they compensate for moderation in act by intemperance in word? Or does this latest divergence between Nazi speech and action reveal a genuine feud between the moderates and the extremists? Some colour is given to this second hypothesis by certain passages in Dr. Goebbels' oration. The Nazi Minister of Propaganda told his 110,000 hearers that the accounts between them could not be second, but that accounts between them could not be finally settled until all important governmental posts were occupied by National-Socialists. This was a plain allusion to the piquant fact that such key positions as the Ministry of Foreign Affairs, the Ministry of Finance and the Presidency of the Reichsbank are still occupied to-day by such eminent non-Nazis as Baron Neurath, Count Schwerin von Krosigk and Dr. Schacht. From his record, Dr. Goebbels might be expected to find himself on the right side of the fence a year ago, when so many of the radicals met with a bloody end at the "authorities' " behest; and a man of Dr. Goebbels' discretion would perhaps hardly choose the anniversary of the death of these former associates in order to proclaim ostentatiously his sympathy with views that proved so fatal to them. On this showing, Dr. Goebbels' latest bark at the Jews is more likely to have been a deliberate cover for the bite which had just been administered to Streicherism by the authorities in Berlin.

The Abortive Coup at Peking.—In the small hours of the morning of June 28th, an alarming incident occurred at the South Gate of Peking. A party of raiders, wearing armlets inscribed "Justice Autonomy Army," arrived by railway in an armoured train, which they had seized at the neighbouring junction of Fengtai, on the Peking-Tientsin line, and dropped a few shells over the wall into the city. Happily, the shells inflicted no casualties, and the remnant of the Chinese garrison made an unexpectedly effective reply—capturing the armoured train and pursuing the banditti across country. The city has been placed under martial law; and the Japanese have agreed to the

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garrison being reinforced by two brigades of the troops from Chahar, to whom the Japanese themselves only the other day gave notice to quit that province. The incident is mysterious, for this Japanese complacency looks as though the attempted *coup* had been unwelcome to the directors of Japanese policy in Northern China; and yet the design attributed to the discomfited raiders is, on the face of it, exactly what would have suited Japanese policy as it appears to Western eyes. The raiders are reported to have had confederates inside the walls and to have intended, with their assistance, to set up a separatist régime, in opposition to Nanking. Would not this exactly have suited Japan's book? And was it not attempted immediately after the loyal garrison of Peking had been depleted at Japanese dictation? And did not the raiders come from Tientsin, which is the headquarters of the Japanese military forces in Hopei? If we argue *Cui bono?* the Japanese will be deeply suspect of having engineered the whole thing. In graciously permitting the Chinese to take precautions after the plot has failed, are the Japanese military authorities simply trying, in a rather clumsy way, to cover their tracks? Or was this abortive separatist *coup* at Peking really someone else's idea, and not the Japanese Army's? At the moment we cannot tell; we can only prophesy that, sooner or later, the Japanese will effectively sever Peking from Nanking by one means or other.

The National Accounts.—The national accounts for the first quarter of the financial year give no indication in themselves of the real financial position of the country; for the yield of direct taxes is concentrated in the last quarter, while expenditure is spread fairly evenly through the year. There is therefore always a large deficit at June 30, which this year amounted to £56,215,000, as against £49,718,000 in 1934. Ordinary revenue at £129,355,965 showed a net increase of £1,197,141 over the figures for the first quarter of last year. This included a rise of almost £3 millions in Customs and Excise, which were not expected to show any expansion at all, and are therefore likely by the end of the year to produce a substantial surplus over estimates. There was also an increase of £870,000 from estate duties compared with an estimated decline for the year of over £1,000,000. Receipts from sur-tax were £1,400,000 lower than in 1934, and those from income tax slightly higher; but it is impossible to divine the final yields of these taxes from this quarter's figures. Stamps and non-tax revenue fell by £610,000 and £980,000 respectively, although they were both estimated to increase by about £1,000,000 in the year. On the expenditure side, the cost of the National Debt was over £1,000,000 lower than last year; and as the fixed debt charge was put at last year's figure, there should be, as the Chancellor himself suggested, something available for debt redemption out of revenue. Supply services at £109,112,000 showed an increase of £8,738,000, of which defence accounted for £2,250,000 and civil and revenue expenditure for £6,488,000. Increases during the whole year were estimated in the Budget at £10 and £12 millions respectively, and an extra £4 millions was allowed for expenditure on projects such as agricultural and shipping subsidies already sanctioned by Parliament. In view of the Government's policy of accelerating and expanding their defence programme, the defence votes will certainly require supplementary estimates, although the increase over last year has so far been about proportionate to the estimated

increase for the whole year. As regards the civil votes, however, for which an increase of at most £4,000,000 might have been expected in one quarter, as against an actual increase of £6,000,000, the position is not quite as unfavourable as it appears at first sight. Last year the expenditure in the first quarter of the year was less than in the remaining three quarters because the partial restoration of salary cuts and the total restoration of unemployment cuts, which altogether cost £7,000,000, did not come into force until July 1st. This year again, there are restorations of cuts which came into effect on July 1st; but their cost is only £4,000,000. Accordingly, the increase over last year could be expected to be heavier than the average in the first quarter, even if the estimate were to be exactly realised.

Sterling and International Prices.—The slow decline in wholesale prices continues. It is becoming clear that the American N.R.A. judgment and the French crisis have between them given a definite check to the previous advance, and that a peak was established at the end of May. During the past fortnight, the *Economist's* complete British index number has fallen by 0.8 per cent., and the British primary products index number by 0.9 per cent. American primary products have declined by 0.8 per cent., and the Irving Fisher general index number by 0.5 per cent. In France the decline for the week ended June 26th is as much as 1.5 per cent. Italian prices continue to rise, and there is a slight drop in German prices. Since May 22nd, British prices have fallen by 1.5 per cent. for all items and by 2.5 per cent. for primary products. American prices for all items have fallen by 1.3 per cent., and for primary products by 5.5 per cent. French wholesale prices have fallen by 2.4 per cent., but Italian wholesale prices have risen by 3.2 per cent.

SEPTEMBER 18, 1931 = 100

Date	Economist Indices				U.S.A., Irving Fisher	France, Statistique Générale	Italy, Milan Chamber of Commerce	Germany, Statistik Reichsamt
	British Complete Index (sterling)	Primary Products (sterling)	American (dollar)	Price of Gold (sterling)				
1932								
Jan. 27th	108.9	115.7	93.8	140.9	93.5	93.8	95.8	91.6
Apr. 20th	108.5	108.4	83.6	129.5	89.6	87.0	95.3	90.3
July 27th	108.5	108.3	84.1	136.9	88.3	91.3	98.5	88.1
Oct. 19th	103.1	112.8	84.0	143.8	88.6	88.8	92.7	88.8
1933								
Jan. 23th	101.9	107.7	78.0	142.6	80.5	88.1	90.2	83.8
Apr. 19th	98.7	104.6	88.7	141.4	82.8	87.5	86.2	83.4
July 28th	108.1	120.6	124.7	145.7	100.9	89.7	96.2	86.6
Oct. 18th	108.4	112.8	109.1	155.4	103.7	87.5	94.6	88.1
1934								
Jan. 8th	108.8	118.0	124.8	156.7	105.6	87.2	84.4	88.5
Apr. 25th	108.2	119.8	125.3	159.5	106.0	85.4	83.2	87.7
July 18th	109.8	124.8	136.7	162.4	113.2	81.4	83.2	91.1
Oct. 24th	107.9	124.2	146.2	164.5	114.3	79.8	84.4	93.0
1935								
Jan. 2nd	108.4	123.7	154.5	165.8	115.1	77.1	85.2	92.8
Apr. 30th	110.3	124.6	152.4	167.2	118.3	79.1	85.5	92.8
July 13th	109.6	128.4	154.5	167.6	119.5	78.9	87.0	92.7
Oct. 27th	109.9	128.9	153.9	169.8	118.9	77.7	87.8	92.6
Jan. 13th	108.7	121.9	147.6	171.0	118.9	77.7	88.4	92.6
Apr. 27th	109.4	124.4	147.6	171.0	118.9	77.7	88.4	92.6
July 10th	109.9	124.5	151.6	169.1	118.6	78.2	91.7	92.6
Oct. 24th	110.3	124.1	149.5	167.1	119.2	78.2	92.3	92.6
Jan. 8th	111.3	127.7	151.4	166.2	120.1	79.3	93.5	92.9
Apr. 22nd	112.7	126.2	146.1	165.9	118.9	78.9	96.4	93.0
July 5th	112.7	125.6	144.2	165.9	118.9	78.9	96.4	93.0
Oct. 19th	111.8	124.5	143.0	166.5	118.3*	77.7*	96.5*	92.9*

* These figures refer to June 26th.

Details of the group indices comprising the complete *Economist* index number on the date of our suspension of the gold standard and for recent dates are given below:—

	"ECONOMIST" INDEX (1927 = 100)			
	Sept. 18, 1931	June 5, 1935	June 19, 1935	July 3, 1935
Cereals and meat	64.5	60.1	60.1	55.5
Other foods	62.2	54.7	55.0	55.5
Textiles	43.7	79.8	78.1	78.7
Minerals	67.4	75.4	75.3	75.0
Miscellaneous	65.8	—	—	—
Complete index...	60.4	68.1	68.1	67.5
1913 = 100	83.1	93.7	93.7	92.9
1924 = 100	82.2	58.8	58.8	58.3

In the cereals group barley and English mutton were dearer, and there was an appreciable rise in bacon. There were declines in wheat, maize, rice, beef and New Zealand

mutton, and a sharp drop in potatoes. This last is the reaction from the seasonal rise of the previous fortnight. In the other food group, refined sugar and cheese are dearer, but butter, coco-oil, tea and sugar cane are cheaper. Among textiles, American cotton, cotton yarn and cloth, wool tops and hems have fallen in price, but there were advances in Egyptian cotton and in jute. There was a moderate rally in non-ferrous metal prices. In the miscellaneous materials group, creosote was dearer, but hides, linseed, oil, tallow and rubber all declined.

Coal Mining Results.—The latest quarterly statistical summary issued by the Mines Department reveals a slight decline in the activity of the British coal-mining industry between the last quarter of 1934 and the first quarter of 1935. The reduction in output in the first quarter of the current year was contrary to the movement in the two preceding years when activity showed a slight increase at the beginning of the year:—

Period	Tonnage Dis- posable (Mill.)	Costs per Ton		Proceeds per Ton	Profit per Ton	Output per Man-shift	Earnings per Man-shift
		Wages	Total net				
1930		s. d.	s. d.	s. d.	s. d.	Cwts.	s. d.
1st quarter...	60.0	9 2	13 4	14 5	1 1	21.94	9 3
2nd " "	51.6	9 5	14 1	13 11	-0 2	21.32	9 3
3rd " "	50.1	9 5	13 11	13 9	-0 2	21.34	9 4
4th " "	52.6	9 3	13 7	14 1	0 6	21.84	9 4
1931							
1st quarter...	52.2	9 2	13 6	14 3	0 9	21.78	9 2
2nd " "	47.5	9 3	13 11	13 10	-0 1	21.44	9 2
3rd " "	45.3	9 4	14 0	13 10	-0 2	21.35	9 2
4th " "	50.9	9 1	13 6	14 1	0 7	21.88	9 2
1932							
1st quarter...	49.6	9 1	13 6	14 3	0 9	21.88	9 2
2nd " "	46.1	9 1	13 10	13 8	-0 2	21.68	9 2
3rd " "	40.9	9 3	14 2	13 7	-0 2	21.78	9 2
4th " "	48.9	8 9	13 2	13 1	0 9	21.50	9 2
1933							
1st quarter...	49.9	8 9	13 11	13 11	0 9	22.67	9 1
2nd " "	42.8	8 11	13 8	13 4	-0 4	22.07	9 1
3rd " "	42.1	8 11	13 8	13 2	-0 5	22.05	9 1
4th " "	50.2	8 6	12 9	13 6	0 9	23.00	9 1
1934							
1st quarter...	53.1	8 5	12 7	13 7	1 0	23.32	9 1
2nd " "	46.9	8 8	13 1	13 2	0 0	22.59	9 1
3rd " "	46.3	8 8	13 1	13 1	-0 1	22.55	9 1
4th " "	52.0	8 6	12 11	13 6	0 7	23.23	9 2
1935							
1st quarter...	51.3	8 6	12 9	13 6	0 8	23.40	9 2

The decline of 0.7 million tons in the commercially disposable output between October-December, 1934, and the first quarter of 1935 is due to a reduction in exports and in the quantity of coal shipped for the use of steamers. Total proceeds in the first quarter of 1935 amounted to £34,714,015, compared with £35,140,110 in the previous quarter and £36,202,666 in the corresponding quarter a year ago. Net costs of production were £32,890,354, against £33,579,390 in October-December, 1934, and £33,476,885 in the first quarter of 1934. Proceeds, therefore, exceeded costs by £1,823,661 in January-March, as compared with a profit of £1,560,720 in the fourth quarter and £2,725,781 in the first quarter of 1934. Only two of the districts shown separately in the return (Durham and South Wales) showed a small loss in the first quarter of the current year. Profits in the other districts varied from £24,503 (1.93 pence per ton) in Northumberland to £707,251 (1.93 pence per ton) in Yorkshire. The increase in the output per man-shift suggests a continuation in the process of mechanisation. While coal production in April continued below the level of the corresponding month a year ago, output in May was substantially higher than a year ago.

The Rise in Wool Prices.—The course of wool prices during the past two years has been erratic. The absence of unwieldy stocks provided a favourable setting for the wool market during the revival of demand in 1933. But, towards the end of that year, the rise in prices degenerated into a scramble for raw wool at any price, followed by a spectacular collapse in 1934. As we pointed out in our last survey of the world wool situation (in the *Economist* of September 29, 1934), the decline in prices had by then been arrested and a large proportion of the stocks previously accumulated had been worked off. Between September, 1934, and March, 1935, prices varied within

THE REVENUE

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

	Quarter from April 1 to June 30, 1935, compared with the corresponding Quarter of the preceding Year				Period from April 1, 1935, to June 30, 1935, compared with the corresponding Period of the previous year			
	Quarter ending June 30, 1934	Quarter ending June 30, 1935	Increase	Decrease	Period ending June 30, 1934	Period ending June 30, 1935	Increase	Decrease
Ordinary Revenue	£	£	£	£	£	£	£	£
Inland Revenue—								
Income Tax	14,696,000	14,890,000	194,000	...				
Sur-tax	5,470,000	4,070,000	...	1,400,000				
Estate, etc., Duties	22,630,000	23,500,000	870,000	...				
Stamps	3,880,000	3,270,000	...	610,000				
Excess Profits Duty and Corporation	...	...	...	...				
Land Tax and Mineral Rights Duty	120,000	110,000	...	10,000				
Total Inland Revenue	46,796,000	45,840,000	1,064,000	2,020,000				
Customs and Excise—								
Customs	46,330,000	47,626,000	1,296,000	...				
Excise	24,400,000	26,100,000	1,700,000	...				
Total Customs and Excise	70,730,000	73,726,000	2,996,000	...				
Motor Vehicle Duties (Exchequer share)	1,016,000	682,000	...	334,000				
Post Office (Net receipt)	4,900,000	4,200,000	...	700,000				
Crown Lands	270,000	260,000	...	10,000				
Receipts from Sundry Loans	532,796	262,772	...	270,024				
Miscellaneous Receipts	3,914,028	4,385,193	471,165	...				
Total Ordinary Revenue	128,158,824	129,355,965	4,531,165	3,334,024				
Self-Balancing Revenue	12,850,000	13,800,000	950,000	...				
Motor Vehicle Duties apportioned to Road Fund	4,100,000	3,637,000	...	463,000				
Total Self-Balancing Revenue	16,950,000	17,437,000	950,000	463,000				
Total	145,108,824	146,792,965	5,481,165	3,797,024				
			£1,197,141 Net Increase					

II.—An ACCOUNT showing the RECEIPTS into and ISSUES out of the EXCHEQUER in the Quarter ending June 30, 1935, as compared with the corresponding period of the preceding Year.

RECEIPTS	Quarter ending June 30, 1934	Quarter ending June 30, 1935	ISSUES	Quarter ending June 30, 1934	Quarter ending June 30, 1935
Ordinary Revenue, as shown in Account I	128,158,824	129,355,965	Ordinary Expenditure	75,385,365	74,356,704
Self-Balancing Revenue as shown in Account I	16,950,000	17,437,000	Payments to Northern Ireland Exchequer	1,347,854	1,151,964
Total Revenue	145,108,824	146,792,965	Other Consolidated Fund Services	759,478	950,060
Temporary Advances Repaid—			Total	77,502,697	76,458,728
Interest on Exchequer Bonds under the Capital	...	...	Supply Services—		
Expenditure (Money) Act, 1904	...	...	Army, Navy and Air Votes	25,250,000	27,500,000
Under the Unemployment Insurance Acts, 1920 to 1931	910,000	...	Civil and Revenue Votes (excluding Post Office)	75,124,000	81,612,000
Under Section 4 (1) of the Newfoundland Act, 1933	1,458,292	...	Total, Supply Services (excluding Post Office)	100,374,000	109,112,000
Under the Cattle Industry (Emergency Provisions) Acts, 1934 and 1935	...	...	Total Ordinary Expenditure	177,876,697	185,570,728
Money Raised by Creation of Debt—			Self-Balancing Expenditure		
(a) For Capital Expenditure Issues—			Post Office	12,850,000	13,800,000
Under the Post Office and Telegraph (Money) Act, 1931	1,350,000	2,450,000	Road Fund	4,100,000	3,637,000
(b) For other Issues—			Total Self-Balancing Expenditure	16,950,000	17,437,000
By Treasury Bills	950,410,000	991,503,000	Total Expenditure	194,826,697	203,007,728
By 3 per cent. Funding Loan, 1929-30	133,968,837	...	Temporary Advances—		
By National Savings Certificates	7,100,000	6,450,000	Interest on Exchequer Bonds under the Capital	...	...
(c) Ways and Means Advances	359,850,000	309,005,000	Expenditure (Money) Act, 1904	8,612	...
Repayments—			Issues under Section 4 (1) of the Newfoundland	21,816	...
In respect of Issues under Land Settlement (Facilities) Acts, 1919 and 1921	31,838	32,107	Under the Cattle Industry (Emergency Provisions) Act, 1934 and 1935	...	1,050,000
			Issues to meet Capital Expenditure	...	...
Balances in Exchequer on 1st April	1,600,187,786	1,458,233,072	Under the Post Office and Telegraph (Money) Act, 1931	1,350,000	2,450,000
Bank of England	2,062,585	2,100,896	Unemployment Insurance Acts, 1920 to 1931—	...	...
Bank of Ireland	458,128	438,965	Repayments of Amounts Borrowed	910,000	...
	2,550,713	2,539,861	Treasury Bills paid off	901,925,000	913,670,000
	1,602,738,499	1,458,773,033	Principal of National Savings Certificates paid off	7,500,000	7,000,000
			Principal of Treasury Bonds paid off	116,000,000	10,113,000
			Ways and Means Advances Repaid	376,350,000	317,165,000
			New Sinking Fund (1928)	945,817	1,363,863
			Issues under Section 1 (1) of the North Atlantic Shipping Act, 1934	215,000	250,228
			Balances in Exchequer—		
			June 30, 1934	June 30, 1935	
			Bank of England	2,066,703	1,931,598
			Bank of Ireland	598,254	712,606
			Total	2,665,957	2,644,194

Mem.—Floating Debt, outstanding March 31, 1935

	1934 June 30	1935 June 30</
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narrow limits, but since then the trend of quotations has again been sharply upwards. Thus, the index of raw wool prices, published in the *Weekly Wool Chart*, rose from 62 (July, 1914 = 100) in March to 73 in June. In July, 1934, the index stood at 72. Retained imports of raw wool by the ten principal consuming countries during the first four months of 1935, as estimated by the Imperial Economic Committee, amounted to 850 million lbs., a decline of 15 per cent. as compared with the corresponding period last year. It appears, therefore, that the recent improvement in demand was partly due to a desire to replenish stocks in consuming countries. As a result, the carry-over of unsold stocks into the new season in the principal wool exporting countries is likely to show a substantial reduction on last

season's carry-over. Thus, stocks of unsold wool in Australia declined from 213,000 bales at the end of June, 1934, to less than 100,000 bales at the end of the past month. South African stocks appear to have reached negligible proportions, and the quantity still available for sale in Argentina and Uruguay is reported to be small. Moreover, the Australian wool clip of 1935-36 is expected to show a reduction of 7 per cent. as compared with production in 1934-35. Although a mere physical transference of stocks from producing to consuming countries does not itself warrant an increase in prices, a moderate rise in quotations was probably justified by current market conditions, which will be tested at the wool auctions in Coleman Street next week.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

TAXING THE RICH

THE message from the President outlining a series of new taxes was reported in the same newspapers that announced the passage of the Wagner-Connery Labour Disputes Bill and the Social Security Bill. The tax message was a surprise in view of the President's categorical announcement last January that he would ask for no new taxation at this session; the party leaders in both houses were well-known to be adverse to new taxation at this time; and Congress already had a routine tax measure extending the so-called "nuisance" excise taxes which terminate automatically on June 30th, the end of the fiscal year.

The manoeuvre puts Congress in a dilemma. It is anxious to go home; and it had expected to extend the nuisance taxes promptly and without controversy. The introduction of proposals not merely of new taxation but of new theories of taxation would seem to threaten to delay adjournment. The immediate reaction of public opinion was a belief that Congress would either ignore the message or would make only perfunctory concessions to it; but the specific proposals have considerable support, particularly in the Senate. Senator Wheeler, early in the session, introduced a measure calling for a graduated corporation tax; and the Progressive-Republican block, in this instance led by Senator LaFollette, have long advocated "soak-the-rich" taxes on personal incomes and fortunes.

The message generally received an unfavourable press. The outstanding fact is that this Congress, like its predecessor, is perfectly willing to pass appropriation bills *ad lib.* so long as the expenditures can be met by borrowing; but it shows a distinct aversion to increasing taxes. The measures outlined by the President are almost identical with those suggested some weeks ago by Mr Morgenthau as a means of paying the Soldiers' Bonus; and even for that sacred cause, Congress gave them no consideration whatever. For example, the revised A.A.A. Bill carries appropriations exceeding \$1,000 millions—but provides no additional tax revenue. In short, Congress likes to spend and hates to tax; and the Administration, when it proposes new taxes, advocates measures which regardless of their sociological merit, would, from their nature, yield revenues which would be microscopic beside our stately deficit. These taxes are undoubtedly the most popular that the Administration could devise.

RECOVERY IN 1935

As the first half of the year closes, it appears to have made a record comparing favourably with the first half of 1934 and brilliantly with the last half of 1934. The statistics have probably failed to give a complete picture of the facts. Steel output has declined rather steadily from January; the textile industry has, as usual, been depressed; and coal output has been erratic. The movement of freight on the railways has shown almost no gain.

But the manufacture and sale of motor cars has been beyond expectation; there has been a marked revival in residential building; and considerable activity in the varied forms of factory re-equipment. That is, the types of industry which cater for individual consumption have been well maintained, but show no particular increase. The strictly heavy industries, like commercial and industrial building, and railroad and utility equipment, are still languishing in the depths of depression. But between these two extremes, there is a large field of industry which sells to households (such things as dwellings, motor cars, refrigerators, etc.) and to the maintenance or renovation of existing industrial plant (such as machinery and tools) which is far more active than a year ago.

The oft-repeated charge that the heavy industries were chiefly repressed by the closure of the capital markets to new corporate issues has hardly been borne out by the facts. Under the modified Security Act, there has been a great recovery in the issue of securities, but almost without exception, these have represented re-financing rather than a demand for new capital. Broadly speaking, it appears that American industry is either amply supplied with physical capital, or is able to make such installations as it requires out of its own funds. This is not true of the railroads, and probably not true of the public utilities; the accessibility of the capital markets to the railroads being contingent upon a recovery in earnings, and to the utilities upon a clarification of their legal status. Nevertheless, although one could accurately describe the American economy in 1934 as a consumption goods economy, in 1935 we can recognise that demand has gone beyond that definition, even though it has not progressed to a stage that gives brisk activity to the so-called heavy industries.

Silver has fallen to the vicinity of 70 cents an ounce, and in spite of the protests of the Silver Block, the Treasury appears to be inactive. Silver imports in May amounted to 8 million ounces, compared with 15 millions in April and 34 millions in March. Gold imports, which reached \$125 millions in a single recent week, have stopped abruptly, with the French franc quoted above parity for the first time in weeks. Between May 29th and June 19th our monetary gold stock rose by \$250 millions, following an increase of \$114 millions in May, and \$150 millions in April. It is probable that owing to the radical change in our trade balance these gold imports represent capital movements provoked either by fear of loss at home or hope of profit in American security markets. There is, according to reports, a fairly continuous stream of European capital seeking investment here; but at no time in recent months has it been rumoured as large. As soon as the alarm over the French situation passed, the dollar, which throughout had been weak against the pound, promptly weakened against the franc as well. In short, it would appear that the recent strength of the dollar was for the most part a reflection of acute weakness of the gold bloc.

NEW YORK, June 25.

FRANCE

DEFLATION AND THE ALTERNATIVE

THE Chambers adjourned for the holidays on June 29th and will not return until the end of October or beginning of November. The Government has a period lasting till October 31st in which to publish the new "decree laws"; but it intends to announce most of them soon after July 16th. At the moment it is preparing public opinion for these decrees. M. Laval, the Prime Minister, is insisting on the importance of the deficit.

People speak (he says) of a deficit of 11,000 million francs. In fact it is considerably larger, and it increases every day. The exact figure of expenditure is known, but that of revenue becomes daily more uncertain. The present problem admits of only two solutions: to reduce Government expenditure or to create false money.

These remarks of M. Laval indicate two things: first, that the Government has rejected devaluation as consisting in a creation of "false money"; and, secondly, that the struggle against the deficit will necessitate very severe measures of deflation, affecting almost all classes of the community.

The campaign for devaluation, which gathered strength towards the end of May, has for the moment moderated. The Government is being given time during the present holiday period to produce its new "decree laws" and to test once more the deflationary cure. But in certain political circles it is observed that if M. Laval were to fail, the country might be obliged to take much more courageous decisions than it has so far. Obviously, the advocates of devaluation would demand the abandonment of the present franc parity. But a certain number of deputies think that devaluation alone would not suffice and that it would be necessary to carry through even more far-reaching reforms of the economic and financial organisation of the country. These deputies are mostly Left Wing politicians who would like to establish an authoritarian Government inspired by Socialist or at least Socialistic principles. At all events, it would be essential to renounce the "orthodox" policy of meeting the Budget deficit by cuts which has been pursued since 1932. M. Paul Reynaud, who has distinguished himself in the campaign for devaluation, recently remarked in the Chamber that "the cleavage in every parliamentary group between the partisans of movement and partisans of immobility is far deeper than that between the groups themselves."

THE FIGHT AGAINST THE FASCIST "LEAGUES"

This contrast between the partisans of "movement" and "immobility" is very manifest in the activities of a certain number of extreme Right Wing Leagues, notably the Croix de Feu, led by Colonel de la Rocque. These Leagues have one common trait: that of being violently anti-parliamentarian. They accuse Parliament of having paralysed Governments and resisted necessary reforms. Their actual programmes of action are mainly restricted to radical but vague generalisations. Colonel de la Rocque, for example, says that he is nearer to the Communists than the Communists are to their leaders. So far the Government has not stopped Croix de Feu demonstrations, even when they have been accompanied by aeroplane displays. But it is now officially announced that after July 14th (the day of national celebration) the Leagues are to moderate their public demonstrations.

This agitation by the Leagues, combined with suspense about the decree laws, has kept business stagnant. *Rentes* remain at very low levels. On the money market money is still scarce and rates are only slowly easing. On Monday last, owing to month-end liquidations, the house-rate for Stock Exchange loans was 4½ per cent. (as against 5½) and the curb rate 7½ per cent. (as against 8½).

On June 10th gross receipts from the principal railways were 597 millions (12.63 per cent.) lower than in 1934. The number of loaded wagons amounted to 6,375,928, compared with 6,896,250 in 1934—a reduction of 7.54 per cent.

PARIS, July 3.

GERMANY

LEGALISING DR. SCHACHT'S EXPORT SUBSIDY

THE *Reichsgesetzblatt* of June 29th promulgates a law of one paragraph only authorising the Reich Chamber of Economy to come to decisions about the imposition and use of levies on groups or associations of business men and business concerns. Control is also granted to the Chamber to collect the levies through the local Chambers of Industry and Commerce, Chambers of Handwork, and other associations of business concerns existing in public law. This law is designed to regularise the levy or tax, ostensibly for the subsidising of export, which has been the subject of negotiations between the Reich Minister of Economy and various industries. The levy has in fact already been collected, or at least accepted as a liability by industry. Within Germany no report of the negotiations has been allowed. One newspaper a month ago stated that Dr. Schacht had already obtained Rm. 720 millions by a special levy; but this statement seems to have been an editorial slip, and the matter was not mentioned again. The figure is believed to be correct. The explanation of the mystery-making is that the Government desires the population to believe that taxation is not being increased. A promise of reduced taxation was given in 1933.

Although it has at last been found necessary to legalise formally Dr. Schacht's actions, the mystification is still kept up; for the above-mentioned law is so worded as to conceal both the nature and the purpose of the new impost. And it has been taken by uninformed readers to concern merely the collection of unimportant dues for industrial reorganisation. In reality a 2 or 3 per cent. turnover tax has been imposed on the home sales of industrial undertakings and also, it seems, on gas and electricity consumption. This is probably the easiest way of imposing a heavy tax. The existing turnover tax, which is in general 2 per cent., is easily controlled and collected; and according to the Budget of 1934-35 it was to yield Rm. 1,700 millions out of a total tax revenue of Rm. 7,078 millions, and in fact yielded Rm. 1,872 millions. The turnover tax was regarded by business and by the earlier Finance Minister as a disagreeable necessity, and the declared official aim was to abolish it.

Apparently the Reich Chamber of Economy and the Chambers of Commerce have been associated in the above manner in order to give colour to the official pretext that no new taxation has been imposed. Speaking last week on "German Foreign Trade," a high official of the Ministry of Economy and director of the Gold Discount Bank referred merely to an undefined "self help" which is being resorted to by industry on its own initiative in order to maintain export. It is natural, said this official spokesman, that as "foreign methods" (bonds-scrip processes) have proved themselves insufficient to subsidise exports, industry should invest its own resources in a subsidy. He added that dumping or an attack on the international price level was not designed. It is understood that Dr. Schacht declared during the negotiations that the burden of the new impost must not be transferred to the consumer, so that the home price level, it is hoped, will not be raised. Industrial concerns are to pay the levy out of their increased profits on home sales. There have been many cases of increased or resumed dividends in the last year. According to an official return of this week the average dividend on Rm. 8,400 millions of company capital (nearly half of all capital) has risen to 4.15 per cent. as against 3.09 per cent. two years ago.

Reports from the light industries are in general not satisfactory; from steel and machine manufacturing better; from

BRITANNIC
ASSURANCE COMPANY LIMITED
(Established 1866)
Annual Income : : : : £5,800,000
Funds : : : : £24,000,000
All classes of Life, Fire, Accident,
Motor and General Insurances transacted
Chief Office: BROAD STREET CORNER, BIRMINGHAM

the cement trade very good. Sales of cement in May were 900,000 tons, against 535,000 tons in May, 1934. Coal production in the first five months was 56,400,000 tons, against 49,900,000 tons in the same months of 1934. The trade Press continues to discuss reports of impending negotiations for international regulation of the coal market; but is in general sceptical. Obstacles mentioned are the prevailing currency uncertainty, the absence outside Germany of closely-knit national organisations, and the inclusion of the coal trade in certain existing international commercial agreements. The motor-car industry is active. Exports amounted in five months this year to 8,500 cars, against 5,300 in the same months of last year. Exports of artificial silk are also rising, while imports have fallen heavily; but there is still a substantial import surplus.

An official report on textiles states that in consequence of increased imports in the last few months the fall in the stock of raw materials has ceased; and the decline in textile exports has also ceased. Capacity for production of the new substitute textile materials is not being fully utilised. Retail sales of textiles this year are 5 per cent. in quantity lower than in the same period of 1934. The consumption of footwear has also fallen heavily this year.

Money was in considerable demand last week for month-end and also quarter-end settlements. Interest rates began to decline early this week, however; day loans on Tuesday being 3½-3¾ per cent. The buying of Reich short-term securities was resumed. Reichsbank credits and investments at the last week of June were greater by Rm. 76 millions than at the March quarter-end. Treasury bills increased by Rm. 52 millions, other discounts by Rm. 483 millions, advances by Rm. 54 millions, and circulation by Rm. 393 millions. Circulation of all currencies was Rm. 5,984 millions, as against Rm. 5,781 millions on June 30, 1934. The gold reserve has further increased by Rm. 872,000 and now stands at Rm. 85,613,000. This brings the total increase for June up to Rm. 3,200,000. The balance sheets of the five leading Berlin banks for May 31st show a decline in deposits from Rm. 5,817 to Rm. 5,718 millions, mainly due to a fall in deposits in the Dresdner Bank.

An official return puts the national income from wages and salaries in the first quarter of 1935 at Rm. 7,645 millions, against Rm. 7,690 millions in the fourth quarter of 1934.

BERLIN, July 3.

HUNGARY

THE BUDGET DEFICIT

BOTH Houses of Parliament have passed the Budget for 1935-36. In view of the slightly increased deficit, estimated at 75.9 million pengő, the debate in the Upper House has centred on the importance of economy. Dr. Fabinyi, the Finance Minister, said that the Budget estimates had been drawn up with the utmost caution. Provided that extraordinary expenditure did not exceed its present proportions, it was not unreasonable to hope that in spite of the disclosed deficit the Government would have no budgetary difficulties. The foreign debt service was included in the estimates in full, though actual transfer in foreign exchanges is suspended, except for the League Loan service, as arranged with the London League Loans Committee.

General Gömbös declared in the Upper House that Hungary is not only ready to enter a Customs union with Austria and Italy, but would be willing to join a larger economic group. Unfortunately there is practically no hope for such a Customs union in the near future, and Hungary can do very little to promote it. Not much is heard here of the proposed Danubian Conference, and even less is expected to result from it, if it meets at all.

Foreign trade in May showed some improvement. Both exports and imports increased, as compared with the corresponding month of 1934. Trade returns for the first five months are shown in the following table.

	1934	1935
	In million pengő	
Exports	153.9	162.7
Imports	132.7	146.7
Export surplus.....	21.2	16.0

Crop prospects have somewhat improved. The official estimate of the Ministry of Agriculture forecasts a wheat crop of 19.5 million metric quintals, as against last year's crop of 17.6 million. But private estimates place the yield even higher at 21-22 million quintals; so that Hungary seems likely to have considerably more to export this year than last. Rye prospects are also satisfactory. As against a crop of 6.2 million quintals in 1934, more than 7,000,000 are expected this year. Negotiations are in progress with Austria and Italy to secure markets at adequate prices; and it is officially stated that Italy has bound herself to buy 1,000,000 quintals of wheat and has an option for another 1,000,000 quintals at higher than market prices.

Trade with Italy has shown a big increase in 1935. Exports in the first five months amounted to 25 million pengő and imports to 13.1 millions, leaving an export surplus of 12 millions. On the other hand, there is only a very meagre export surplus with Austria, exports being at 34.8 million pengő, against imports of 33.4 millions. Before the exchange restrictions and the clearing treaties Hungary's exports to Austria were almost double her imports. Another radical change in Hungary's trade relations under the restrictions is the disappearance of her import surplus with Germany.

The stock markets are rather dull, but commodity prices firm.

BUDAPEST, July 1.

SPAIN

DECREASE IN IMPORTS

IMPORTS in the first four months of the year amounted to 277 million gold pesetas and exports to 209 millions. Imports of raw materials increased from 105 millions to 110 millions, compared with last year; imports of manufactured articles fell from 134 millions to 126 millions; and imports of food fell from 47 millions to 37 millions. Exports of raw materials show very little change. Exports of manufactured articles fell from 37 millions to 33 millions, while food exports rose from 137 millions to 140 millions.

The Minister of Finance has now published the Budget figures for the first three months of this year. Revenue was 946 million pesetas and expenditure 774 millions. The Treasury owes 125 millions to the Bank of Spain, however, and this does not appear in the balance sheet. It is thought that the real deficit for the first three months will probably be about 37 millions.

The Minister of Finance has also presented a Bill to the Cortes for the reform of the Civil Service. The Bill includes measures for the suppression of those Special Departments which operate outside the provisions of the General Budget, for the reduction of personnel and office expenses, for the limiting of credits granted for agrarian reform, and for pension cuts. The last Spanish Budget surplus was that of 53 million pesetas, in 1930, and the succeeding four years showed deficits of 198 millions, 470 millions, 479 millions and 593 millions respectively. The total deficit for the last four years amounts to 1,680 million pesetas; and the Government had this in mind in resorting to the above-mentioned cuts.

At the end of March the stocks and shares held by the banks amounted to 5,993 million pesetas, as against 6,086 millions at the end of 1934, while current accounts totalled 3,198 millions against 3,244 millions. The index of industrial shares rose last April from 56.0 to 58.5 and the index of fixed interest securities from 88.4 to 89.6 (1930 = 100).

Following preliminary conversations in London the Spanish delegation, after consulting with leading industrial and economic interests here, has returned to London. It is believed here that Great Britain will ask for concessions for the temporary admission of tinplate and for certain advantages for floating coaling stations, internal combustion engines and sulphate of ammonia.

MADRID, July 1.

URUGUAY

ECONOMIC RECONSTRUCTION PLAN

THE proposed law of economic reconstruction has been submitted to Congress by the Minister of Finance. The project is accompanied by a statement, signed by the Minister, in which reasons are given for the revaluation of the gold held by the Bank of the Republic of Uruguay. In this statement the Minister contends that the \$49 millions Uruguay currency which it is expected will result from the revaluation will not signify a depreciation of the Uruguayan peso in terms of foreign currency (sterling, United States dollars, etc.). He states that "the extra value will be allocated entirely to expenditure outside the Central Government's finances." It is generally believed, however, in local banking circles that exchange depreciation is inevitable if this law is sanctioned.

At present, according to the Minister's statement, the currency circulation amounts to \$74,000,000, as compared with \$79,600,000 in December last, \$78,400,000 in the same month in 1933 and \$84,600,000 in December, 1932. It is proposed that under the new scheme the issue shall be as follows:—

Guaranteed by gold holdings	\$ 80,000,000.00
The equivalent of actual subscribed capital of the Bank of the Republic, guaranteed by the liquid assets of the bank.....	27,821,685.30
Guaranteed by silver holdings.....	8,800,000.00
	116,621,685.30
Less 20 per cent. guarantee on deposits of whatsoever nature	15,000,000.00
Balance	101,621,685.30

The Bank of the Republic will no longer issue currency. This function will be taken over by an autonomous body known as the Department of Issue, which will have its headquarters within the Bank and will be governed by a Board composed of banking, industrial and rural representatives.

The chief aims of the Government in proposing this plan are generally held to be as follows:—

- (1) To utilise the increased value of the gold holdings of the Bank of the Republic as a means of meeting heavy expenditure on public works and for the cancellation of debts to the Bank of the Republic and other State Departments.
- (2) To take possession of all foreign debt bonds held in Uruguay and exchange these for internal debt bonds, thus raising an internal loan by transferring the foreign bonds to the Bank of the Republic, which will have power to export the bonds if necessary for sale abroad.
- (3) To bring about one rate of exchange in place of the present three rates:—Free, compensated and official.
- (4) To control all imports and curtail them to such an extent that eventually Uruguay will have a sufficiently good trade balance to stabilise her currency.
- (5) To protect local industry by increasing tariffs.

USING THE "GOLD PROFIT"

The \$49,000,000 profit from the revaluation of the gold will be allocated as follows:—

To cover rural credits accorded by the National Mortgage Bank	\$ 1,615,231.50
" cover other credits accorded by the same bank	4,182,421.53
" subsidies to farmers on live stock.....	500,000.00
" losses on the Government intervention in the disposal of wheat stocks in 1933-34 and 1934-35	1,787,293.04

" Government services on the purchase of seed, seed potatoes, etc. (losses)	458,643.00
" credits to old age pensions fund.....	400,000.00
" credits to the government pensions funds..	374,379.33
" repay loan from the autonomous amortisation Bureau to the National Mortgage Bank.....	1,483,333.30
" repay loan from the same bureau to the government pensions fund	525,347.17
" repay loan from the same bureau to the old age pensions fund	845,000.00
" repay balance due to the National Mortgage on account of San Javier Colonisation Scheme.....	46,636.47
	12,218,285.88

The above accounts will therefore be considered as cancelled, leaving a balance of some \$36,500,000, which the Government intends to use over a period of three years as follows:—

Mortgages—	
Reduction in interest on mortgages on rural property to 4 per cent. estimated to cost by difference	4,500,000.00
Special reserve fund for National Mortgage Bank's bad debts	3,000,000.00
Colonisation schemes and assistance to farmers	1,000,000.00
Unemployment—	
Public works authorised by laws already in force.....	9,600,000.00
Construction of rural houses	1,000,000.00
Financial assistance towards construction of labourers' dwellings in Montevideo	500,000.00
Construction of hotels	2,500,000.00
Balance of cost of construction of the Clinical Hospital, Montevideo.....	2,000,000.00
Construction of country police stations.....	400,000.00
Construction of Army Barracks	800,000.00
Education, Culture and Art—	
Construction and establishment of country schools.....	2,000,000.00
Subvention for National Art and Culture ...	1,000,000.00
Subventions to Pastoral Production—	
Reserve fund	500,000.00
Compensation Fund—	
Stabilisation of old age pensions fund.....	3,000,000.00
Government's contribution to the Government (Civil Servants) Pensions Fund	3,000,000.00
Redemption of Public Health Bonds (Internal) ..	863,800.00
Adjustments corresponding to losses on interest, etc.	885,353.52
	36,549,153.52

It is difficult to see how the Government is to avoid heavy depreciation of the Uruguayan peso on the foreign exchange market. Such depreciation would, of course, up to a point be beneficial to Uruguay as an exporting country which relies substantially on the prices paid to her farmers for wool, hides, meat, etc., for her income.

MONTEVIDEO, June 20.

SOUTH AFRICA

THE OPPOSITION PARTIES

SINCE the latter part of last Session, there have been many complaints that Parliament was taking advantage of brisk business and easy financial circumstances to devote overmuch of its time to rural problems. It is further alleged that in its attention to these problems, its various solutions savoured too much of the dole system. That, of course, is the complaint of urban politicians, especially on the Rand. General Smuts recently met a number of Reef members and business men, and, considering that his audience consisted almost entirely of nominal supporters, had to encounter a considerable measure of criticism.

The mining interests still consider that they are treated unfairly over the taxation of "excess profits," while urban interests generally believe that the money raised from the

towns is spent heedlessly in the country. It is also suggested, rather freely, that the two Afrikaner parties having for the most part patched up their differences, British and British colonial views receive less consideration than ever. Most of Colonel Stallard's Dominion Party supporters are rather inclined to become excitable on this point; but they have a certain number of urban-dwelling Afrikaners in their ranks, and enough reason in their case to command a good deal of consideration. They talk freely of a "landslide" to their side amongst the Reef constituencies at the next election. The Government Party on the Reef—mostly representing former South African Party views—are certainly taking notice of the situation even if they are not seriously worried about the landslide. It seems very likely that part of this notice will take the form of an inquiry into mining taxation. The mining interests are still resentful of the total collection, and the method of assessment is extremely anomalous.

In the meantime, the Rev. Dr. D. F. Malan is raising a fiery cross on behalf of his own extreme wing of the Nationalist Party. In less progressive rural areas this very able gentleman permits himself to expound ideas—at times even to use language—which come oddly from a man who was once a minister of religion and now appears to aspire to be thought a statesman and leader of his people. One is forced to the conclusion that Dr. Malan believes devoutly in the traditionally abused "top-dog" policy in this country, provided the people under his leadership are at the top or can hope to arrive there. The Fusion Party are, in fact, in no danger of becoming inert for want of opposition. The "purified" Nationalist Party are detaching rural stragglers from one wing of their army, whilst the Dominion Party are flattering aggrieved and sometimes influential urban units on the opposite wing. On the whole, however, the Government retains and is likely to retain a sufficient measure of support. The leading members of the various oppositions are, for the most part, more lifelike on the platform than one would expect them to appear if in office. Dr. Malan is the possible exception.

THE EXPORT SURPLUS DECLINING

From figures recently published by the Department of Customs and Excise, it appears that the Union trade balance is moving in the direction of normality. The following are the figures for the four months January-April in 1934 and 1935:—

	Exports		Imports	
	1934	1935	1934	1935
Gold at standard price	14,305,133	9,475,988	—	—
Gold "premium"	8,161,845	6,438,951	—	—
Other goods	9,921,884	10,713,285	19,328,670	23,707,434
Total	32,388,862	26,628,224	19,328,670	23,707,434

The amount of gold exported has fallen from 3,368,000 ozs. fine in 1934 to 2,231,000 ozs. fine in 1935 and from £22,466,978 in total value to £15,914,939. The Reserve Bank holdings in the Union on April 27, 1934, were 2,191,354 ozs. fine and on April 26, 1935, were 5,759,149 ozs. fine, while the bank's ratios on these dates were 40 per cent. and 59 per cent. From this it would appear that there is room for a further expansion of imports.

The annual accounts of the South African Reserve Bank show that the bank's net profit for the year ended March 31st last was £307,000. Of this £120,000 was applied to the Reserve Fund, raising it to £1,000,000, a dividend of 10 per cent. (£100,000 the maximum permitted by law) was paid, and £87,000 became payable to the Government under the Currency and Banking Act. The report mentions that the capital stock of the bank (£1,000,000) is divided amongst 1,002 holders, and that half of these hold less than £500 each. With a Reserve Fund equal to its capital, and a ratio of gold holdings to public liabilities of 58.5 per cent., it will be seen that the bank is in an extremely strong position.

An interesting indication of the growth of the Reef is the decision of the Rand Water Board to increase its available supplies so that some 40,000,000 gallons per day will ultimately become available. The present population of the Reef (Johannesburg and the towns east and west thereof) is over 800,000. It is considered that by 1940 there will be more than 1,000,000.

JOHANNESBURG, June 14.

LETTERS TO THE EDITOR

THE I.L.O. REPORT

TO THE EDITOR OF THE ECONOMIST

SIR,—I concluded my recent letter dealing with the Report of the Director of the I.L.O. with three comments.

The first was that the scope of the I.L.O. has expanded beyond questions of labour and wages and now includes the whole field of economics and finance. Mr Butler makes no allusion to this statement with which, I presume, he agrees.

Secondly, I doubted whether the I.L.O. gives sufficient weight to views generally held on economic and financial affairs. I ventured to make this statement because of the uncritical way, as it seemed to me, in which the report treated currency depreciation, public works financed by loans, the adjustment of wages and the dragooning of the "recalcitrant minority." I am very glad to have drawn from the Director a denial of the sweeping views I attributed to him. When he suggested, however, that I have distorted his report, and that his comments "have been twisted into an advocacy of competitive exchange depreciation . . ." I fear I must disagree with him. I had already noted the passages he quotes in replying to my letter, but a sentence such as that extracted from page 15 is really a quite inadequate corrective to the obvious deduction from the graphs and the statements that currency depreciation is a paying policy, which appear on the following pages. It is, of course, all a question of emphasis, but reservations have a way of being ignored unless they are very emphatically stated.

In corroboration of my reading of the Report I quoted the British Press. I quite agree with Mr Butler that he "of course cannot be responsible for newspaper headlines," but I suggest the way in which a journalist sums up a report may perhaps give some indication of the deductions the general reader is also likely to make.

In conclusion may I repeat the third comment which I made in my original letter? The League of Nations has an Economic Section; if the I.L.O. is going to concern itself increasingly with financial and economic matters, should there not be a more close relationship between the two bodies?

The Davids,
Northfield,
Birmingham.

Yours truly,
L. J. CADBURY.

OBSTACLES TO RECOVERY

TO THE EDITOR OF THE ECONOMIST

SIR,—I have read your article with the above title which appeared in your issue of the 29th inst. with great interest. Your statement as to the sinister tendency on the part of many countries, including Germany, to indulge in rearmament as a means of relieving unemployment is true, and I can confirm it from my own experience as a result of a recent visit to that country. All the more reason for us to strain every nerve to restore world trade and get people fully employed in honest trade and industry.

Will you allow me to offer some comments on what you state with reference to stabilisation? I cannot quite follow what you mean as to a stabilisation agreement. The more countries which decide to stabilise their currencies, the better; but you surely do not stipulate agreement as a necessary preliminary to stabilisation. This is an act for the British Government and the Bank of England to decide upon, and for them alone. You also appear to base your approval of this action on a number of provisos such as the initiative must come not from "the sterling area but from the members of the gold bloc." This is surely to put the cart before the horse.

I venture to state that an initiative on the part of this country would lead to simultaneous action on the part of others. I entirely agree as to the advisability of a *de facto* or provisional stabilisation.

I am, Sir,

your obedient servant,

D. M. MASON,
Chairman, Executive Committee Sound
Currency Association.

London, S.W. 1.

BOOKS AND PUBLICATIONS

DUX IMPERATOR

JEREMY BENTHAM, who bridged the gap between the age of reason and the nineteenth-century age of materialism, thought that the mass of humanity could be systematically educated to elect their own welfare in accordance with a rational pleasure-pain calculus. But the technical developments of the age of materialism caused democracies to sin against the light of reason. The masses proved recalcitrant learners, indifferent appreciators, weak defenders of the limited forms of democracy. And the middle and lower middle classes, once having driven their stake into the terrain of Property, elected gods and leaders in their own image and enrolled armies when economic depression and social antagonisms incited the dispossessed classes to dispute the middle classes' assumption of democratic hegemony. Hence the post-war array of dictatorships in Europe, under a Leader, Duce, King, Field-Marshal—yes, even under a Russian Commissar, for the economic interests of the proletariat decreed that representation should not be granted to "foes of the regime." To-day, instead of Bentham's *lux effulgens* we have only the *dux effulgens* of dictatorship.

In this volume Mr Leonard Woolf analyses our Western dictatorships and dictators, the demand for them, the psychology of their supply, and the effects on their supporters and on the entire Western communities which have embraced them. He ascribes their origin to the crisis which comes in every civilisation, in his opinion, when civilisation "really begins to permeate the majority." "The minority is then faced with the necessity, if the civilisation is to continue and live and grow, of sharing its fruits with the common people." The struggle is most violent, Mr Woolf thinks, in the economic sphere; though he derides the Marxian assumption that the ebb and flow of civilisation is determined by economic causes. This economic clash, he says, is not the determining factor.

It is part only of a much wider and deeper historical struggle, which will determine whether the process of civilisation is to continue and be extended through all classes of the community, or whether the ruling classes will refuse to make the necessary "sacrifices" and will prefer to turn back towards savagery and barbarism.

Mr Woolf sees the tragedy of our age, therefore, in what M. Julien Benda described as "the intellectuals' treachery"—the unholy alliance between many of the most instructed minds and the raucous voices of the new barbarians and their Leaders, for the purpose of withstanding social progress. Mr Woolf's book is really splendid reading; for he lets loose broadside after broadside from his little *Revenge* against the fifty-three galleons which encircle him. Fichte, Hegel, Treitschke, Nietzsche, Bergson, Houston Stewart Chamberlain, Oswald Spengler; he goes for each of them; and then he goes for those who merely reaped where they had sown their intellectual treachery: Herr Hitler and Signor Mussolini. The dogma of the Brown-shirts and Black-shirts, the magic of manual gesticulation, the cult of symbols, the ritual and hierarchy of the "Chosen," the apotheosis of uncritical emotionalism, the flight from individual responsibility to collective irresponsibility, the myth of divine inspiration in the leader of the newly "co-ordinated" community—all these insignia of Western dictatorships come under the flail of his pen. As we should expect, there is good psychological analysis in Mr Woolf's book; mordant humour; and a wealth of historical parallels. Throughout, the author insists on the necessity for a rational approach to life and action, individual or collective, as the goal of civilisation. Reason breeds toleration; and then civilisation has its chance.

Mr Woolf has written a book which should have been written long ago. Now, it reads disconcertingly like a sharpshooting rearguard action by one of the leaders in the democratic retreat. But Mr Woolf might have given us more. What if "the people" will have it so? What if

"Quack, Quack!" By Leonard Woolf. Hogarth Press.
201 pages. 7s. 6d. net.

Jeremy Bentham's major premise, and Mr Woolf's inarticulate minor one, on the educability of the middle class, be false? What if the majority in the democracy vote for unreason, and ostracise *les honnêtes clercs*, the honest rationalists? Mr Woolf tends to ascribe the disparity in the distribution of the rational faculty through Western society too much to the unequal distribution of wealth. Experience shows that the rational faculty is no monopoly of wealth or of social class.

SHORTER NOTICE

"Principles and Methods of Taxation." By S. Armitage-Smith. Revised and Rewritten by R. G. Hawtrey. John Murray. 236 pages. 5s.

This is the eleventh edition of Dr. Armitage-Smith's useful little introduction to the study of public finance, published in 1906. It contains an elementary account of the origin, development and present method of national and local taxation in this country, supplemented by brief notes on the system of taxation in France, India and in the United States.

As a large part of Dr. Armitage-Smith's account was descriptive, its relevance to current thought and practice diminished as time went on. This deficiency has now been remedied by Mr R. G. Hawtrey, who has not only brought the book up to date, but has almost entirely re-written the section dealing with the incidence of taxation. In this chapter Mr Hawtrey traces in some detail the incidence of the various forms of taxation and he draws attention to the difficulties of satisfying the canon of equity.

BOOKS RECEIVED

Mussolini's Italy. By H. Finer. Gollancz. 550 pages. 18s.

Review of World Trade in 1934. League of Nations Economic and Financial Publications. Allen and Unwin. 89 pages. 2s. 6d.

The Scandal of Imprisonment for Debt. By J. D. Unwin. Simpkin Marshall. 256 pages. 7s. 6d.

George Allen & Unwin Ltd.

MODERN PRODUCTION AMONG BACKWARD PEOPLES

By I. C. GREAVES. 10s. 6d. "This book contains long-needed analyses of the condition of labour supply, monetary incentives and the standard of living, and crops and methods of cultivation."—*Statist*.

"A suggestive and valuable study of an important aspect of economic Imperialism."—*Liverpool Daily Post*.

INDUSTRIAL ORGANISATION IN INDIA

By P. S. LOKANATHAN. 15s. Traces the origin, evolution and features of the managing-agency system of industrial organisation which is peculiar to India and examines the influence of this system on the growth and structure of industry.

Museum Street, London, W.C.1

MONEY AND BANKING

SIX MONTHS' FOREIGN EXCHANGE MOVEMENTS

THE past six months have constituted one of the most dramatic periods in the history of the foreign exchanges since Great Britain's suspension of the gold standard nearly four years ago. The only definite result has been the devaluation of the belga by 28 per cent. Yet a month ago France was within an ace of having to devalue her currency, a step which, among other consequences, must have involved the immediate disintegration of the gold bloc.

The fluctuations in the leading spot and forward foreign exchange rates are set out in the following table. In many respects the forward rates are the more significant, for they indicate the extent of the pressure to which a particular currency is subject at any time. The table also includes the Paris cross-rates upon New York and Milan, which help to illustrate the history of the franc and the lira:—

End of	Dec.	Jan.	Feb.	Mar.	April	May	June
SPOT RATES							
London on—							
New York	4.94½	4.87½	4.84½	4.79½	4.83	4.95	4.94½
Paris	74½	74½	72½	72½	75½	74½	74½
Amsterdam	7.29	7.24	7.10½	7.11	7.11½	7.34½	7.23½
Brussels	21.03	21.00	20.55	25.62	28.40	28.88	29.20
Zurich	15.22	15.14	14.85	14.84	15.35	15.07	15.07
Milan	57½	57½	56½	58½	58½	60½	59½
FORWARD RATES (three months')							
London on—							
New York	1d	30d	1½p	1½p	2p	1½p	1½p
Paris	10d	30d	26d	26d	49d	67½d	157½d
Amsterdam	1d	1½d	1½d	6½d	22½d	42½d	10½d
Brussels	25d	37d	26d	200d	17p	20p	22½p
Zurich	par	1½d	2d	28d	80d	115d	41d
Paris on—							
New York	15.13	15.27½	15.04	15.18½	15.10	15.19	15.06½
Milan	129.70	129.35	128.45	125.00	125.05	125.30	125.05

NOTE.—All sterling spot rates represent foreign currency to the £ sterling. For the forward rates "p" stands for premium and "d" for discount. The parities for the two Paris cross-rates are Frs. 15.07 = \$1, and Frs. 134.60 = 100 Lire.

The year opened with the pound subject to a certain amount of pressure. New Governments had recently been formed in both France and Belgium, and the confidence which they then created was responsible for the repatriation of a certain quantity of money which had previously been lodged in London. In addition, some seasonal buying of dollars was still in evidence. Early in January came the French Government's attempt to establish a wider discount market in Paris, which was accompanied by the appointment of M. Tannery as Governor of the Banque de France in succession to M. Moret. This attempt has largely proved abortive, for the only practical consequence has been that the Banque de France has undertaken to make short-term loans against approved collateral, but at the moment it encouraged the rentes market and led to a further repatriation of funds. A few weeks later came the London pepper and shellac failures, accompanied by temporary political difficulties of the British Government. Thus sterling remained weak.

Meanwhile, American influences began to bear on the Continent. At the end of January it became known that the United States Supreme Court's gold clause judgment was impending, and that there was a chance that the gold clause and also the 1934 devaluation of the dollar would be invalidated. This uncertainty inspired heavy Continental bull purchases of dollars, and as the future American price of gold was thought to be open to doubt, the Continent was reluctant to ship gold. As a result the Paris-New York cross-rate moved to well outside the export gold point of about Frs. 15.17 to the dollar, and at the end of January the dollar was quoted in Paris at Frs. 15.27½. On February 18th the gold clause was upheld by the Supreme Court, but, contrary to previous expectations, there was no great rush to sell dollars. The open bull positions may have been smaller than had been estimated, but it must be remembered that at this time sterling was still passing through its period of weakness. Early in March, in fact, there were heavy commercial pur-

chases of dollars against pounds, inspired by a sudden fear that the pound was about to depreciate.

Early March proved the nadir of sterling, for a few days later the gold bloc's difficulties began to develop. Belgium proved the first storm centre. The trouble began with speculative sales of belgas in such volume that the banks were unable to find buyers. The flight of funds from Belgium quickly reached the point where it began to imperil the stability of the banking system, and from that point onwards the belga was doomed. M. Theunis, the Prime Minister, made an abortive visit to Paris in the hope of obtaining customs concessions, but he had to return hurriedly in order to impose exchange restrictions, which were the only alternative to a general banking breakdown. A few days later M. Theunis resigned, and after a short delay was succeeded by M. van Zeeland, formerly Vice-Governor of the National Bank, at the head of a Coalition Government. A comprehensive series of reforms was at once introduced. The belga was devalued by 28 per cent. at the end of March, an Exchange Equalisation Fund was established, Government control over the banking system was instituted, and general reconstruction measures were put in hand. These reforms quickly restored confidence. Funds returned to the country, and the belga, at its new level, has since been much the strongest of the gold bloc currencies.

Belgium, however, had only rescued herself at the cost of a severe shock to the rest of the gold bloc. France and Holland found themselves threatened with Belgian competition fostered by a devalued belga. In Switzerland the banking position revealed weaknesses, while the pressure of deflation inspired a political movement towards a freer economic policy which crystallised out into a referendum held on June 2nd. During April, Holland and Switzerland stood the main shock of the assault. Both countries, however, announced their determination to remain on gold, and adopted the orthodox measures of defence. Early in April the Dutch Bank rate was raised from 2½ to 4½ per cent., and a month later the Swiss rate was raised from 2 to 2½ per cent. In the short run the defence proved successful. In early May the pressure on the guilder relaxed, and the Dutch Bank rate was reduced to 4 per cent. The Swiss franc remained very weak, but a breakdown was averted.

Late in May the crisis shifted to France and rapidly assumed much greater intensity. The French Budget position was known to be bad, and there arose some doubts whether the Treasury would be able to obtain sufficient funds to meet its immediate needs. This was enough to stimulate a flight of funds from France, and speculators at once jumped in and began large-scale bear attacks upon the franc. The Banque de France lost gold heavily and quickly raised its rate from 2½ to 6 per cent. Meanwhile the crisis spread to the political field. M. Flandin, the Prime Minister, failed to obtain powers to meet the crisis, and at once resigned. For a whole week France was without a Government, but finally M. Laval succeeded in forming a Ministry. During these critical days forward francs were at a discount, which at one time was as wide as Frs. 7 for three months' delivery, and the Banque de France lost gold to New York, Brussels and into private hoards at the rate of hundreds of millions of francs a day. The French crisis had repercussions elsewhere. Holland lost gold and the Dutch Bank rate had to be raised again to 5 per cent. In Switzerland the referendum gave the Government a qualified victory, but Switzerland continued to lose gold and the banking system developed fresh weaknesses.

In the middle of June the crisis subsided, the franc recovered against the dollar to within the export gold point and the French Bank rate was reduced to 5 per cent. The Dutch Bank rate was later reduced to 4 per cent. A few days later M. Laval obtained certain powers to deal with France's economic problems, and the French Chamber wen

into recess. Nevertheless, the cost of the crisis was severe. The Banque de France lost about Frs. 10,000 millions of gold and had to grant fresh credits amounting to about Frs. 5,000 millions. Thus the gold losses have only been balanced by a net restriction of credit of less than Frs. 5,000 millions, and the position of the Banque de France has been weakened. Even so, it is doubtful if the gold bloc countries could have withstood the crisis without external assistance. Both the British Exchange Equalisation Account and the American Stabilisation Fund gave support, and the Bank of England also took steps to check speculative operations in gold against francs.

The half-year closed in a period of calm, coupled with a belief that no further crisis would occur at least until the autumn. It remains to sum up the extent of the casualties. These are revealed in the following table, showing the French, Dutch and Swiss gold stocks and Bank rates at the end of each month during the half-year:—

End of—	France		Holland		Switzerland	
	Gold Stocks	Bank Rate	Gold Stocks	Bank Rate	Gold Stocks	Bank Rate
Dec., 1934	Frs. mn. 82,124	2½	Fl. mn. 842	2½	Frs. mn. 1,910	2
Jan., 1935	81,879	2½	815	2½	1,838	2
Feb. "	82,196	2½	811	2½	1,794	2
March "	82,635	2½	790	2½	1,713	2
April "	80,983	2½	645	4½	1,365	2
May "	71,779	6	621	5	1,193	2½
June "	70,770	5	627	4	1,169	2½

* 4 per cent. from May 15th to May 31st.

Over the whole six months the Banque de France has lost 13.8 per cent. of its gold stocks, the Netherlands Bank 25.6 per cent., and the Swiss National Bank 38.8 per cent. The lira has also been subject to serious weakness, even against the other gold bloc currencies. As the first table shows, it has depreciated against the French franc from Frs. 129.70 to Frs. 125, or to a discount of 7 per cent. Further evidence of its weakness is to be found in the course of wholesale prices, for during the half-year Italian wholesale prices have risen by over 13 per cent., whereas French prices have only risen by 2.3 per cent.

The outlook for the gold bloc, however, depends on many other considerations besides those of relative price levels. For the moment there is a breathing space, coupled with renewed talk of stabilisation, which the gold bloc countries hope will solve their difficulties. This question of stabilisation is discussed in an article on page 3, and there is no need to cover the ground again. The past half-year has shown that some solution must be found for the growing troubles of the gold bloc. What that solution will be, or whether an orderly solution can be found at all, remains for the coming six months to reveal.

FINANCIAL NOTES

Italian Exchange Clearing.—Steps have been taken by the Italian authorities to tighten up the clearing regulations and to eliminate the small mushroom concerns which sprung up solely to act as intermediaries. Henceforward both exporters and importers desirous of making use of the barter system must obtain a permit from the Institute for Foreign Trade. Both parties are forbidden to make direct arrangements with each other, but must apply to a bank, which will issue a barter certificate serving both as an export and import licence. The bank is not bound to marry any two particular transactions. It is pointed out that the new arrangements are simpler than the old scheme of special licences which were granted by the Customs after permission to barter had been obtained from the Institute for Foreign Trade. It will also help the authorities to ascertain more readily the volume and nature of the goods dealt in by barter, and will give them certain powers of discrimination when granting permits. Meanwhile the Anglo-Italian Payments Agreement is working badly, for during the past three months the amount due to exporters and still in arrears has risen from £452,000 to £1,162,000. One difficulty is that while Italian importers of British goods are obliged to pay the amounts due into the special Italian pay-

ments account, British importers of Italian goods are not under any converse obligation, but are able to make payment direct. By so doing, they save themselves a certain amount of trouble, but the net result is a serious reduction in the amount of sterling available for the settlement of the debts due to British exporters. Experience certainly suggests that once the method of exchange clearing is adopted in principle it is best to go the whole way and make the scheme operate compulsorily in both directions. It is, however, at the best a poor substitute for complete freedom in trade and exchange.

Brazilian Exchange Difficulties.—Failing a solution of the interdependent problems of the foreign exchanges, the coffee industry and the Budget, the exchange position is rapidly deteriorating. The Anglo-Brazilian Payments Agreement arranged last March to deal with commercial remittances overdue on February 11th, was followed by the suspension of allocations of official exchange by the Banco do Brazil, and the release to the "free" exchange market of 65 per cent. of all export drafts. Recent cables have indicated that the free exchange rate has been weakening and also that no business has been passing. All exchange rates, except for collections, had been suspended by June 19th, while on June 27th the Fiscalização Bancária issued a circular the effect of which was to re-impose direct control of exchange. Freedom of exchange has thus been short-lived, and, pending official announcements, export trade to Brazil is virtually at a standstill. The immediate cause of the difficulty lies in the shrinkage of Brazil's export surplus to only some £1,500,000 (gold) for the first quarter of 1935. The 1933 Commercial Frozen Credits Agreement absorbs about £1,500,000 sterling annually, while last year's Debt Funding Scheme rests upon the assumption that there will be an annual export surplus of about £8,000,000. In addition, the second Commercial Credits Agreement of March involves a further claim upon exchange of £1,200,000 a year, as well as a cash payment of £1,000,000. The coffee industry has been demoralised by the absence of any announcement of the Government's policy regarding the sacrifice quota and the export tax, while as the cotton crop is inferior, cotton exports are not likely to be of much fresh assistance. In these circumstances it is easy to understand how these new exchange difficulties have arisen, but it is much less easy to see any immediate solution.

The Money Market.—Borrowing from the Bank of England over the end of the half-year and the Conversion Loan dividend early this week have made money extremely plentiful. Every day this week some money has been repaid to the Bank, but even so all the clearing banks had ample funds available at their normal rates, and apart from a small demand every evening it was difficult to find borrowers. Discount rates have completely collapsed with the opening of the new half-year. Last Friday's Treasury bill tender rate was only 12s. 1.53d. per cent., against 16s. 0.69d. per cent. the week before, while this week some of the banks have been free buyers of August and September Treasury bills at their minimum rate of ½ per cent. There has been little business in hot Treasuries, as the banks were only offering ¾ per cent. and sellers refused to accept that rate. Three months' bank bills are now quoted at 1½ per cent.

	June 13, 1935	June 20, 1935	June 27, 1935	July 4, 1935
Bank rate	2	2	2	2
Clearing banks' deposit rate ...	1	1	1	1
Short Loan rate:—				
Clearing banks	1½	1½	1½	1½
Others	1½	1	1	1
Discount rates:—				
Treasury bills	1½	1½	1½	1½
Three months' bank bills	1	1	1½	1½

The floating debt statement for June 29th showed that £877.1 millions of Treasury bills were outstanding. Ways and Means advances from Public Departments amounted to £17.4 millions, while £8.5 millions had been borrowed from the Bank of England. Of the £877.1 millions of Treasury bills, £485.0 millions had been issued by tender

and £392.1 millions through the tap. Since March 31st the tender issue has increased by £124.6 millions, and the total floating debt by £69.6 millions. The floating assets of Public Departments and others have decreased by £63.5 millions.

The Bank Return.—Currency requirements by the public over the end of the month were responsible for an increase of £4.5 millions in the note circulation. The year's increase now amounts to £15.6 millions, or to 4 per cent. The increase in the note circulation has caused a reduction of £4.6 millions in the banking department's reserve. Government securities have risen by £2.0 millions, while public deposits are reduced by £6.6 millions. The 4½ per cent. Conversion Loan dividend was paid on June 1st, and apparently the Treasury had to borrow from the Bank in order to meet this payment. The Floating Debt statement for June 29th reveals Ways and Means advances by

BANK OF ENGLAND					
	July 4, 1934	June 12, 1935	June 19, 1935	June 26, 1935	July 3, 1935
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	191.5	192.7	192.7	192.7	192.7
Note circulation	385.8	398.8	395.7	396.9	401.4
Banking Department:—					
Reserve	66.4	54.7	57.7	56.5	51.9
Public deposits	26.6	7.8	13.6	16.2	9.6
Bankers' deposits	94.9	101.7	104.0	102.4	110.5
Other deposits	37.5	35.9	37.0	38.8	38.0
Government securities					
Discounts and advances	82.8	92.3	94.9	96.2	98.2
Other securities	17.1	5.9	5.8	10.2	13.5
Other securities	10.8	10.4	14.1	12.4	12.5

Proportion 41.7% 37.5% 37.3% 35.8% 32.8%
the Bank amounting to £8.5 millions. Discounts and advances have increased by £3.3 millions. As the £4.4 millions borrowed prior to June 26th was repaid by July 3rd, it appears that a further £7.7 millions has been borrowed during the past week, making the total borrowings over the end of the half-year as much as £12.1 millions. As a result of the Conversion Loan dividend payment and market borrowings from the Bank, bankers' deposits have risen by £8.1 millions.

The Foreign Exchanges.—The London Market has again been very inactive, and even a small amount of business has been sufficient to cause rates to move. To interpret the week's changes it must be remembered that the speculative forward sales of gold *bloc* currencies made early in April are beginning to fall due. Early in the week the general tendency was for speculators to cover by buying gold *bloc* currencies spot. This caused some strengthening of the franc and other gold currencies, together with a limited movement of gold back to the Continent. The British Control intervened in the middle of the week and sold a few francs in order to steady the rate. On Thursday a sudden feeling of nervousness arose lest disturbances might occur in Paris during the Bastille celebrations on July 14th. The feeling was sufficient to deter speculators from closing down their bear positions altogether, and there was further selling of forward French and Swiss francs. As a result the three months' rate on Paris widened from Frs. 1½ to Frs. 2 discount, while the three months' Swiss rate moved from 28 to 41 centimes discount. Nevertheless, the Banque de France felt justified in reducing its rate from 5 to 4 per cent. Three months' dollars remain at a premium of 1½ cents, equivalent to nearly 1½ per cent. per annum. Only part of this is due to the disparity between London and New York short-term interest rates, so that there is still a demand for forward dollars either against sterling or more likely against francs. Spot rates of exchange have shown little change during the week, dollars being quoted on Thursday at \$4.94½ and French francs at Frs. 74½. Forward rates, however, still provide the best indication of the tone of the market.

New York Money and Banking.—New York money rates are unchanged. During the week ended June 26th New York member banks' loans to brokers rose from \$85.8 millions to \$90.4 millions. Other loans granted by member banks against securities rose from \$75.1 millions to \$75.2 millions. The Treasury offer of \$100 million 3 per cent. 1946-48 bonds, to be sold by tender, was 4½ times oversubscribed. The average price was 103, equivalent to a yield of 2.26 per cent. if the bonds were redeemed at the earliest possible date. The recent set-backs to the New Deal have rendered uncertain the prospects of the Banking Bill, and considerable uncertainty is reported to exist at Washington. It is possible that the banks will be permitted to underwrite new security issues, but (according to one statement) to the extent of only 20 per cent, or \$100,000 in any single issue. So limited a concession would be valueless, as any profit would be insufficient to cover the cost of such operations. The Administration Bill designed to uphold the Gold Clause judgment against holders of United States Government securities has been introduced into Congress. It affirms that all holders must be treated upon a uniform basis and declares that no holder has suffered any damage as the result of the devaluation of the dollar. Gold imports for the week ended June 26th included \$8.3 millions from France, \$2.2 millions from Holland and smaller amounts from Canada and England.

The National Bank of New Zealand.—The latest accounts of the bank reveal the changes which have followed the opening of the New Zealand Reserve Bank. This has taken over certain of the central banking functions formerly performed by the leading banks, with the result that the National Bank of New Zealand's note circulation has shrunk to £152,000, while its special advances to the Government have entirely disappeared. Nevertheless the gross profits of the bank are higher than they were last year, so that the loss of its former central banking business has not so far affected its earnings. The increases in bills discounted and advances show that its general business is expanding:—

	1933	1934	1935
Liabilities:—			
Capital	£'000	£'000	£'000
Reserve fund	2,000	2,000	2,000
Currency reserve	2,000	1,000	1,000
Note circulation	1,019	1,000	500
Deposits	1,111	1,111	152
Bills payable, contingencies, etc.	13,768	15,598	13,555
	1,287	1,313	1,360
Assets:—			
Cash and call money	2,621	1,426	2,660
Investments:—			
(a) British Government securities	1,219	979	1,713
(b) New Zealand Government securities	1,002	1,429	2,383
(c) Australian Government securities	119	98	98
New Zealand Treasury bills and special loan to New Zealand Government	2,584	6,503	Nil
Bills receivable	1,523	1,552	1,169
Bills discounted	374	323	427
Advances	9,856	8,925	9,422
Gross profits	544	528	547
Expenses	428	393	414
Allocation to exchange and contingency a/c.	40	40	30
Dividend	4%	4%	4%

This year the board have decided to transfer £500,000 from the currency reserve to exchange and contingency account. The currency reserve was established a year ago to cover the depreciation of the sterling value of the bank's Australian and New Zealand assets. In making this transfer the board are providing in advance for any loss on exchange which may result from any future transfer of assets from New Zealand to London. Whenever such a transfer is made, an exchange loss at once is incurred, whereas so long as the bank's assets remain in New Zealand the loss is potential rather than actual. The same distinction can be drawn between the two reserve funds, for the currency reserve is a general fund intended to give recognition to the depreciation of the bank's Dominion assets, whereas the exchange and contingency account is used to provide for day-to-day losses on exchange, as and when they occur.

THE STOCK EXCHANGE

HOME RAILWAY OUTLOOK

SINCE the Recovery Express was checked, about fourteen months ago, home railway junior stocks have never quite succeeded in regaining their impetus. Between March, 1933, and March, 1934, the four railway ordinary stocks in the Actuaries' Index made a spectacular revival from 49.4 to 101.6 (December 31, 1928 = 100). Never again, however, has the index gone over par. It has been as low as 64.5 this year, and is even now no better than 69.3. It is clear that home rail equities are both a sensitive and a somewhat disillusioned market. As the functional relationship between railway earnings and the state of general trade has been stressed in every report and chairman's speech for the last decade, the investor's attitude is, *prima facie*, difficult to reconcile with the fact that the *Economist's* revised business activity index, in the first five months of this year, has been running, on the average, 2½ per cent. above last year.

The publication of a complete half-year's batch of railway traffic receipts affords stockholders a jumping-off ground for an inquiry into this apparent anomaly. The figures, as issued week by week, have obvious limitations. They relate to railway traffic only, and exclude receipts from shipping, docks, hotels and other ancillary services. They are gross and not net figures. They are subject to subsequent adjustment, within a usual but not invariable limit of about 2½ per cent. Until the companies, however, issue their customary provisional net revenue figures with their end-July dividend statements, the gross returns afford the only available basis for estimating current earning power.

The following table shows the total receipts, under the main traffic headings, on each of the four route lines of Great Britain during the first twenty-six weeks of this year, and the percentage change as compared with the corresponding weeks (a) of last year and (b) of the years 1927-30. The latter, in the absence of any post-war period which railwaymen have agreed to recognise as "normal," afford as serviceable a pre-depression basis of comparison as can be devised:—

GROSS RECEIPTS, JANUARY-JUNE, 1935

	L.M.S.	L.N.E.R.	G.W.R.	S.R.
Passenger receipts (£)	11,389,000	7,581,000	4,694,000	7,059,000
Change compared with 1934 (%)	+ 9.49	+ 2.73	+ 1.60	+ 2.10
Change compared with 1927-30 (%)	- 14.8	- 16.6	- 20.0	- 9.6
Merchandise receipts (£)	11,593,000	8,006,000	4,670,000	1,565,000
Change compared with 1934 (%)	+ 0.09	- 0.99	+ 0.65	- 6.13
Change compared with 1927-30 (%)	- 22.8	- 26.8	- 19.1	- 25.2
Coal receipts (£)	6,125,000	5,894,000	2,584,000	795,000
Change compared with 1934 (%)	+ 0.20	- 2.36	- 1.00	- 4.21
Change compared with 1927-30 (%)	- 13.4	- 13.0	- 19.8	- 9.0
Total receipts (£)	29,107,000	21,251,000	11,948,000	9,419,000
Change compared with 1934 (%)	+ 1.04	- 0.12	+ 0.66	+ 0.98
Change compared with 1927-30 (%)	- 17.8	- 19.9	- 19.6	- 12.1

The general impression is one of stagnancy in aggregate receipts. On no line have the total gross takings for the half-year varied by as much as 1½ per cent. from the corresponding total of 1934. The London, Midland and Scottish has fared best, with a rise of 1.04 per cent. The Great Western shows an increase of 0.66 per cent., and the Southern one of 0.08 per cent., while the London and North-Eastern registers a negligible decline of 0.12 per cent. This state of affairs is the resultant of an improvement in passenger receipts, ranging from a little over 1½ per cent. on the Great Western to about 2½ per cent. on the London and North-Eastern, a stable revenue from a merchandise traffic (except on the Southern) and a decline in coal traffic. The L.M.S., exceptionally, has succeeded in maintaining its receipts under both the latter headings, though with very little to spare.

Receipts on three of the four railways are still running about 18 to 20 per cent. below the pre-depression average. On the Southern, however, the leeway amounts only to about 12 per cent. The company is predominantly a passenger-carrying line, and the largest decline in railway receipts, since 1927-30, has been under the heading of general merchandise. The Southern, moreover, with its extensive electrification programme, has maintained its total passenger revenue better than any of the other three companies.

The last six months' figures, at first sight, suggest that the renewed upward movement in industrial activity, after a tremor at the end of the winter, has been unaccompanied, as yet, by any corresponding change in the trend of railway receipts. Before investors, however, assume entirely static conditions it may be well to break up the figures, under each heading, into approximate four-weekly periods, and to ascertain whether any dynamic change is indicated by their recent trend. In the following table, which is based on the aggregate figures for the four railways, adjustments have been made for the varying incidence of Easter and Whitsuntide. Separate percentages are given for each of the last two weeks:—

TRAFFICS OF ALL LINES COMPARED WITH 1934 AND WITH 1927-30.

Weeks	Change compared with 1934 (%)				Decrease compared with 1927-30 (%)			
	Passenger	Merchandise	Coal	Total	Passenger	Merchandise	Coal	Total
1-4 ...	+ 3.2	- 1.0	- 2.7	+ 0.1	17.5	22.1	12.5	18.1
5-8 ...	+ 0.7	- 2.4	- 3.0	- 1.4	14.6	24.9	13.3	18.5
9-12 ...	- 2.4	- 2.4	- 4.2	- 1.6	16.6	25.2	13.9	19.5
13-17 ...	+ 3.2	+ 0.3	- 9.9	+ 0.7	16.4	24.2	13.6	18.7
18-19* ...	+ 12.9	- 5.5	- 3.8	+ 2.6	5.2	28.3	19.0	17.8
20-24 ...	- 0.8	+ 3.0	+ 6.4	+ 1.8	16.8	20.8	12.2	17.8
25 ...	+ 2.4	+ 2.6	+ 11.0	+ 3.9	12.0	20.6	16.6	15.9
26 ...	+ 4.9	+ 1.6	+ 4.6	+ 4.7	7.6	19.9	19.3	13.9

* Jubilee fortnight in 1935.

The figures for "Jubilee fortnight" may be disregarded as unrepresentative. For the rest, the returns suggest that the railways are holding their own on the passenger side. There is no evidence of a further loss of traffic to the roads. In the latest weeks, with the summer holiday season in full swing, "losses," as compared with 1927-30, have tended to drop from over 16 per cent. to 12 per cent. or less. As regards merchandise and coal, plus signs have recently replaced minus signs in the comparison with 1934. The impression of a favourable change of trend is borne out by comparison with 1927-30—at least as regards merchandise traffic, though the coal percentage figures are less easy to interpret.

The table, in fact, supports the tentative view that, after a rather disappointing experience in the early part of the year, home railway traffic may lately have taken a turn for the better. The figures, indeed, have closer correlation with those of industrial activity than the six months' returns, taken as a whole, might lead investors to suppose. How far can these results be translated into estimates of net earnings?

The problem is unusually difficult this year, because the whole question of expenditure under the heading of local rating has been thrown into extreme uncertainty by the reduction of the Southern Railway's assessment and the nil valuation awarded to the London and North-Eastern. These judgments involve a host of complexities as regards reimbursement for past overpayments, the position of the Rebates Fund, etc., but until the House of Lords has given a final ruling on appeal, in the Southern's case, the whole matter must remain in abeyance, so far as stockholders are concerned. No allowance for reduced rating is likely to be made by any railway when deciding its half-year's dividend

policy. Even the accounts for the whole of 1935 may be framed on the old basis if no final legal decision is reached before the end of the year. Investors, however, may be over-pessimistic in assuming that no relief whatever will be ultimately obtained. We may therefore make two separate sets of calculations, representing, respectively, the best and worst that can happen, in this respect, from the railways' viewpoint. If the present reassessments are confirmed, the Southern will save (in round figures) about £300,000, and the London and North-Eastern £1,300,000 this year. The savings on the London, Midland and Scottish and Great Western (on roughly the same scale as in the Southern's case) may come out at around £1,000,000 and £400,000 respectively.

In the second place, allowance must be made for the cost of the supplementary wage restorations which came into effect on January 1st last. This may be estimated, broadly, in a full year, at about £360,000 on the L.M.S., £170,000 on the G.W., £290,000 on the L.N.E. and £120,000 on the Southern. Finally, experience suggests that a larger percentage of increased receipts is usually offset by higher costs when traffic is rising than is "saved" when the trend is the other way. We have assumed, as a conservative basis, in the light of recent results, that additional costs have absorbed 60 per cent. of the half-year's gain on the L.M.S. and 50 per cent. on the G.W. and Southern, while economies have offset 30 per cent. of the decline on the L.N.E. The degree of approximation is not important, since both gains and losses, in this instance, are modest.

If the railways, in the second half of the year, fared exactly as they have done in the first half, and ancillary receipts remained unchanged, percentage earnings on the "marginal" stocks for a full year, on the assumptions described above, would come out approximately on the following lines:—

ESTIMATED EARNINGS, 1935 (Equivalent Annual Rates)

Stock	On Present Rating Assessment	On Reduced Rating Assessment
L.M.S. 4% Preference (1923)	1% to 1½%	3½% to 3¾%
L.N.E.R. 4% First Preference	2½% to 2¾%	Full
" 5% Redeemable Preference	3½% to 3¾%	Full
" 4% Second Preference	Nil	2% to 1%
G.W.R. Ordinary	½% to ¾%	1½% to 1¾%
Southern 5% Preferred Ordinary	3½% to 3¾%	4½% to 4¾%

Without making hair-splitting comparisons, investors may draw significant conclusions from the figures. L.M.S. senior preference stocks appear to be well covered by earnings, even in the absence of any reduced rating assessment. Last week's postponement of a dividend announcement on L.M.S. 5 per cent. redeemable preference stock may, presumably, be regarded as a conservative decision, taken without prejudice to any future announcement. Given a reduction in rating, a moderate further rise in traffic might put the 4 per cent. 1923 preference stock within sight of a full future dividend. A purchase of this stock, at its present price of 56½, therefore, is a dual speculation on rating and recovery. Similarly, although the L.N.E. first preference stocks are earning only a little more than half their full requirements on the existing rating basis, a rating assessment of *nil* might well leave their dividends covered, given the maintenance of the present level of earnings. As it is more than possible, however, that in the last resort the company would agree, for obvious reasons of broad expediency, to *some* payment of rates rather than none whatever, the latter calculation should be interpreted conservatively. The 4 per cent. first preference and 5 per cent. redeemable preference, therefore, at their present respective prices of 65 and 82½, may be regarded as fairly discounting immediate possibilities. The prospects of the L.N.E. 4 per cent. second preference, now standing at 25, would appear to be entirely dependent upon a considerable further improvement in traffic receipts.

By no method of computation can earnings on Great Western ordinary stock be regarded as approaching the 3 per cent. which the directors have paid in recent years.

The current price of 50 clearly presupposes a continued subvention of dividends from reserves and extraneous receipts. As regards Southern 5 per cent. preferred, which has long been one of the most favoured stocks in the market, earnings of 3½ per cent., for a full year, would appear to be covered, at the current level of receipts and rating charges. A reduction under the latter head might restore earnings nearly to a full dividend basis. At 84 the stock, though adequately valued on current indications, may have not unattractive future possibilities. Southern deferred stock, however, though now quoted at 23, may be deemed, at present, to lie outside the earnings zone.

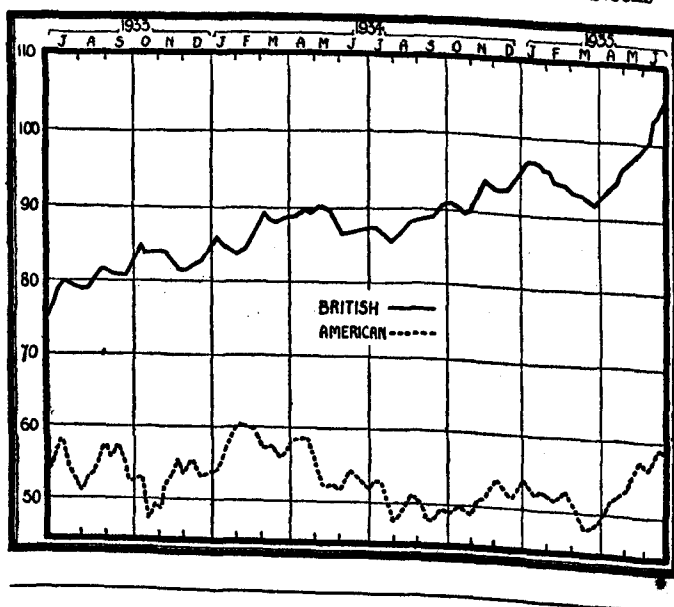
In the light of these figures investors may conclude that present Stock Exchange values take known traffic factors fully into account, and even discount more favourable possibilities, such as reduced rating, to a moderate—though not, as yet, to a considerable—extent. Any new and marked revival of speculative interest in railway stocks would presuppose an acceleration of the improving tendency of recent traffic figures and/or a final settlement of the rating question on terms favourable to the companies.

INVESTMENT NOTES

Course of Share Values.—Although a certain amount of profit-taking has been in evidence in the equity share market this week, there has as yet been no serious interruption to the upward movement in values which, as the annexed chart shows, has lasted longer than any corresponding movement for a considerable time past. It has been accompanied by a roughly parallel rise in American equity share prices. The latter has persisted despite the political and "constitutional" vicissitudes of recent weeks. Such checks as have occurred have been purely

BRITISH AND AMERICAN INDUSTRIAL SHARE VALUES OVER THE PAST TWO YEARS (1928 = 100)

British: "Financial News" Index of 30 Ordinary Shares
American: "Standard Statistics" Index of 50 Common Stocks



temporary. At the end of last month, however, the index had not succeeded in breaking beyond the point reached early in 1934. Current American forecasts remain moderately optimistic. A "technical" reaction in the more active ordinary share markets in London, however, would not come as a surprise. The Actuaries' Index of 158 ordinary shares has risen in the past month from 75.8 to 78.1 (December 31, 1928 = 100), and the average yield figure has declined from 3.83 per cent. to 3.78 per cent. The extent of the rise of some of the more important constituent groups is indicated in the following table.

Group (and No. of Securities)	Prices (Dec., 1928 = 100)			Yield (%)		
	Month Ago (June 4)	Week Ago (June 25)	This Week (July 2)	Month Ago (June 4)	Week Ago (June 25)	This Week (July 2)
Insurance Co.'s (24)	118.2	120.4	121.8	3.55	3.49	3.45
Investment Trusts (14)	53.3	54.0	55.8	3.74	3.68	3.63
Cotton (6)	38.7	42.1	44.1	2.27	2.27	2.25
Iron and Steel (8)	57.5	59.9	61.4	3.58	3.33	3.28
Motors (5)	51.2	54.5	55.8	5.01	4.77	4.69
Electric Supplies (8)	110.6	117.3	117.7	4.51	4.37	4.36
Breweries and Distilleries (19)	129.7	132.2	133.4	4.07	4.00	3.98

Some of the more depressed groups in the index, such as investment trusts and cotton textile companies, have recently shared in the rising tendency of markets generally. The main features of the security outlook, as a whole, were discussed in a leading article on page 1489 of last week's *Economist*.

London Transport Earnings.—The results of the London Passenger Transport Board for the year just concluded may be regarded as satisfactory. Gross takings have aggregated £28,020,100. Exact comparison with 1933-34 is not possible, in view of the fact that the Board has absorbed additional undertakings during the year. The Board's calculations, however, suggest that, comparing like with like as far as possible, the increase in receipts is of the order of £592,200, or approximately 2 per cent. On the basis of the provisional figures issued in respect of the year to June 30, 1934, this total would appear to indicate earnings of around 4½ per cent. on the "C" stock, subject to any allowance which may be necessary for adjustments under the "pooling" scheme, whose terms have been agreed with the four group railways this year. Such a figure must necessarily be tentative, but it suggests, at least, that the attainment of the "standard" dividends, within the years of grace allowed by the Act, should prove within the Board's capacity. The present quotation of the "C" stock is 99.

American Utilities.—The action of the House of Representatives in refusing to stiffen its version of the Public Utility Holding Company Bill, which is mentioned in a Note on page 7, has naturally cheered the public utility market. The Standard Statistics index of 37 Utility securities (which as recently as last March, a month after the text of the Bill was published, stood as low as 52.2, against a high figure of 327.9 in 1929) had recovered by last Wednesday, after the double vote in the House, to 70.9. It would be rash, however, to conclude that the troubles of the utilities are over. The weakness of these securities, as we argued in a leading article on March 23, 1935, has been due in the main to the impact of falling revenues upon their "highly-g geared" financial structures and only in minor degree to political attacks. The major obstacle to increased dividends is unaltered by this week's events. Moreover, it remains to be seen what practical effect emerges from the House's action. The Securities and Exchange Commission has shown itself to be a moderate body, but there is no reason to suppose that it will not insist upon the dissolution within five years of *any* holding companies. The investor's task consequently becomes one of attempting to guess which are the "good" and which are the "bad" holding companies. It is to be presumed that holding companies whose subsidiaries are both wholly owned and also form part of what the Bill calls "a geographically and economically integrated public utility system" will have little difficulty in either justifying their existence or reorganising as operating companies. Of the securities known to British investors, it may be suggested that Public Service of New Jersey, Consolidated Gas, Electric Light and Power of Baltimore, and solidated Gas and Electric, among others, fall into this category. At the other extreme, corporations such as United Corporation and American Superpower may succeed in asserting on the grounds that they do not hold a majority



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in any utility and are therefore more akin to investment trusts than to holding companies. The Securities and Exchange Commission is consequently likely to devote most of its attention to the holding companies and "management companies" lying between these two extremes. Here the test will presumably be the degree of "geographical and economic integration" in the different systems. Some holding companies such as North American, Consolidated Gas of New York, Commonwealth and Southern and American Gas and Electric are likely to emerge either whole or in comparatively few independent and viable parts. But others are likely to fare worse. Most of the constituent companies of the Electric Bond and Share group, for example (the American, Electric and National Power and Light Companies) spread their interests fairly widely over the country, and other systems, such as Columbia Gas and Electric, Associated Gas and Electric and Utilities Power and Light, may have greater difficulty in establishing a high degree of integration between their properties. The prices and dividends of the common stocks of some of these companies are shown in the following table:—

	Highest Price, 1929	Price, July 3, 1935	Dividend, 1929	Present Div.	Earnings 1934	Yield on Present Price and Dividend %
Public Serv. N.J.	137½	38½	3.40	2.40	2.82	8.80
Consol. G.E.L. & P. of Baltimore	150	80	3.00	3.60	4.04	3.75
Pacific Gas & Elec.	98½	24½	2.00	1.50	1.52	6.025
United Corporation	75½	4	Nil	...	0.17	...
North American	186½	18½	10% Stk.	1.00	1.04	5.45
Cons. Gas of N.Y.	183½	26½	3.25	1.00	2.18	3.75
Commonwealth and Southern	24½	1½	2½% Stk.	...	Dr. 0.06	...
American Gas and Elec.	224½	29½	1.00 and 4% Stk.	1.40	1.66	4.70
American Power and Lt.	175½	4½	1.00 and 14% Stk.	...	Dr. 1.89*	...
Electric Power and Lt.	89½	3½	1.00	...	Dr. 1.63	...
National Power and Lt.	71½	9½	1.00	0.80	0.85	6.80
Electric Bond and Share	189	9½	4½% Stk.	...	0.21	...
Columbia Gas and Elec.	140	8	2.75†	...	0.25	...
Associated Gas and Elec. A	72½	...	2.00	...	Nil	...
Utilities Power and Light A	58½	2½	2.00	...	...	...

* Preliminary. † Including \$1.25 paid prior to 2½:1 split up in June, 1932.
‡ Not available.

The investor will probably be well advised in the long run to look to the earnings and capital asset position of securities rather than to political ultimatums from Washington.

Argentine Railway Year.—The decision of the Buenos Aires and Pacific Railway to pay one and a half years' arrears of interest, to June 30, 1933, on its Second Debenture, after the agreed extension, a week earlier, of the moratorium, suggests that improvement is beginning to be apparent in the Argentine railway situation. The traffic figures of the other three major systems of the

Republic, however, for the financial year which has just ended, are peculiarly difficult to interpret. The Buenos Aires Great Southern and the Central Argentine show gratifying increases in peso receipts, but the "sterling equivalent figures," published by the managements, show considerable declines as compared with the previous year, since the average rate of exchange for the peso, over the twelve months, has been appreciably lower. These so-called "sterling figures," however, are not strictly relevant from the point of view of stockholders, since the railways do not remit home their gross receipts. The comparison is affected, further, by the fact that the heaviest depreciation in the peso took place near the end of 1933. In the first half of the last financial year, therefore, comparison was made with an "undepreciated" peso, while in the last six months, it has been effected against a "depreciated" peso. The following table shows, accordingly, that while peso traffic improvement, in the first half of the year, was accompanied by lower apparent sterling figures, peso movements in the second half year were duly reflected in the sterling computations:—

GROSS RECEIPTS			
	B.A. Gt. Southern (\$000)	B.A. Western (\$000)	Central Argentine (\$000)
PESO RECEIPTS			
Half-year, July-Dec., 1934	54,471	18,612	51,262
Change Cp. same months 1933 ...	+ 2.7%	+ 3.7%	+ 10.6%
Half-year, Jan.-June, 1935	70,926	21,724	57,089
Change Cp. same months 1934 ...	+ 5.1%	- 4.1%	+ 1.8%
Complete year, 1934-35	125,397	40,336	108,351
Change Cp. 1933-34	+ 4.2%	- 0.7%	+ 5.8%
STERLING EQUIVALENTS	(£000)	(£000)	(£000)
Half-year, July-Dec., 1934	3,169	1,083	2,981
Change Cp. same months 1933 ...	- 21.6%	- 21.2%	- 15.7%
Half-year, Jan.-June, 1935	4,185	1,281	3,367
Change Cp. same months 1934 ...	+ 5.4%	- 3.8%	+ 2.2%
Complete year 1934-35	7,354	2,364	6,348
Change Cp. 1933-34	- 8.1%	- 12.7%	- 7.1%

While stockholders may be assured that the actual sterling "losses" for the year will be less than those indicated by the "equivalents" in the table, they cannot, obviously, look for any considerable recovery in earnings and dividends in the reports which will be published next October. The improvement in traffic conditions has not—exchange factors apart—been striking as yet. The B.A. Western actually showed a decline in peso receipts in the second half of the year, while the Central Argentine, over the whole year, failed to earn its preference dividends. While, therefore, any further recovery in Argentine conditions should be duly "passed on" to stockholders, the traffic trend, at the moment, is too uncertain to allow of definite conclusions on the earnings' prospects of junior stocks. Investors may also be reminded that, under a recent Presidential decree, dividends have been made contingent on the restoration of wages "cuts," and that the recommendations of the Argentine Transport Commission (which were examined in a leading article on May 11, 1935, page 1081), cannot be expected to have any decisive influence on earnings in the near future. While, therefore, the freer exchange conditions now prevailing may encourage the boards of the stronger lines, like the B.A. Great Southern and the B.A. Western, to consider the possibility of some preference dividends, the more conservative type of investor may be inclined, for the present, to concentrate his attention chiefly on the debenture stocks. Securities like B.A. Great Southern 5½ per cent. Debenture at 102 and 4 per cent. Debenture at 84, and B.A. Western 5 per cent. Debenture at 96½, offer a relatively high yield of around 5 per cent. Their income would appear, on any computation, to be "covered," and likely to remain "covered," by earnings, with an appreciable margin. In the case of the Central Argentine debenture stocks, the present "margin" may be less substantial, but prospects would be proportionately enhanced by any further rise in traffic receipts.

New Issues in June.—Activity in the new issue market was perceptibly accelerated during June:—

(000's omitted)					
Monthly Average	United Kingdom	Excluding Conversions		Total	
		British Possessions	Foreign Countries		
1931	4,542	3,209	761	8,512	
1932	13,589	2,129	24	15,742	
1933	17,520	2,429	449	20,398	
1934	11,474	2,494	125	14,093	
Monthly Total	Govt.	Other			
April, 1934.....	42,050	6,960	496	49,506	
April, 1935.....	Dr.450	3,156	467	3,173	
May, 1934	Dr.450	10,518	9,546	19,688	
May, 1935	Dr.150	15,716	1,102	16,668	
June, 1934	Dr.150	3,857	3,683	7,480	
June, 1935	Dr.150	14,274	669	14,793	

National Savings Certificates sales again exceeded purchases by £150,000. After a break since January, home corporation borrowing was resumed to the tune of £12,309,000, Manchester, Birkenhead, Leeds and Liverpool all borrowing at slightly over 3 per cent. Among a host of "industrial" flotations, aircraft enterprises were prominent.

Industrial Profits in June.—We received 191 company reports last month, showing an aggregate rise in profits of 11.07 per cent. by comparison with the previous year. Figures for recent months are shown below:—

Reports published in	No. of Companies	Rise or Fall in Profits*	Reports published in	No. of Companies	Rise or Fall in Profits*
1934—			1935—		
April	188	+12.86	December ...	159	+25.09
May	251	+23.43	January	111	+14.15
June	201	+20.44	February ...	218	+ 8.43
July	197	+27.10	March	261	+22.54
August	30	+35.47	April	242	+16.49
September	89	+40.63	May	244	+11.07
October	165	+49.70	June	191	+21.72
November	143	+33.97			

* After payment of debenture interest.

The reports of the month disclose net profits of £22,966,935, as compared with £18,868,692 in the preceding year. The trend of profits remains eminently satisfactory. Brewery earnings show a slight further rise, while twenty-five iron, coal and steel companies' reports register increased net earnings of just over 60 per cent. Oil companies contribute largely to the month's "recoveries," satisfactory figures being recorded by Anglo-Iranian, "Shell" and Lobitos. The year's story will be fully discussed in an early issue of the *Economist*.

COMPANY NOTES

Rayon Shares.—The most striking development of the rayon situation in the last few years has been the resumption of a rapid expansion in demand, common to all producing countries. In the United Kingdom the volume of yarn and waste excised recovered from the depression level of 47,817,000 lbs. for 1930 to 55,089,000 lbs.—or almost the equal of the 1929 record—in 1931. Since then the figure has risen to 92,578,000 lbs. for 1934. For the first five months of 1935 it has been 50,964,627 lbs., against 38,602,282 lbs. for the first five months of 1934. This expansion of the market has been secured largely by the industry's own efforts (under the lead of Courtaulds, Ltd.) in improving quality and reducing prices. A representative viscose yarn which cost 7s. 1d. per lb. in 1929 now sells at 3s. 3d., and only 6d. of the reduction is attributable to the halving of the excise duty a year ago. There is no sign, at present, of a check to progress. Improvements in quality continue, and the possibility of further price reductions cannot be ruled out—though recently Courtaulds appear to have suspended their policy of lowering prices, possibly owing to the almost embarrassing vigour of demand. Further, the relatively new policy of encouraging the use of staple fibre for spinning on existing Lancashire machinery is opening a new market

PRELIMINARY ANNOUNCEMENT

GREAT BOULDER MINING & FINANCE LIMITED

(Incorporated under the Companies Act, 1929)

CAPITAL - - - - £1,500,000

Divided into 6,000,000 Shares of 5s. each.

Of which 2,800,000 will be offered for Subscription, 2,044,000 will be allotted to the Vendors as part of the Purchase Consideration, 560,000 will be subject to the Option Rights given to allottees under this issue, 560,000 will be subject to the Option Rights given to certain of the Vendors, and 36,000 held in reserve for future issue.

The Subscription List will open and close on Tuesday, the 9th day of July, 1935, for an
ISSUE AT PAR OF 2,800,000 SHARES OF 5/- EACH
Payable: On Application, 2/6 per share; on Allotment, 2/6 per share

Directors:

JOHN WADDINGTON, J.P., 19, Brunswick Terrace, Hove, Sussex (Chairman of The Great Boulder Proprietary Gold Mines, Ltd.), Chairman.
MAJOR-GENERAL THE HON. SIR NEWTON JAMES MOORE, K.C.M.G., V.D., Mayes Park, Warnham, Sussex (Director of The Great Boulder Proprietary Gold Mines, Ltd.).
ALFRED HENRY COLLIER, 36, Buckingham Gate, London, S.W.1 (Director of The Great Boulder Proprietary Gold Mines, Ltd.).
CLAUDE DE BERNALLES, Alton Lodge, Roehampton, S.W.15 (Director of The Great Boulder Proprietary Gold Mines, Ltd.).
COLONEL SIR WILLIAM ROBERT CAMPION, K.C.M.G., D.S.O., Danny, Hurstpierpoint, Sussex (Late Governor of Western Australia; Chairman of Commonwealth Mining and Finance, Ltd.).
EDGAR PROTHOROE JONES, 5, Meadow, Epsom, Surrey (Director of Boulder Perseverance, Ltd.).
ELFRID JOHN MORRIS, Dornston House, Sandy Lodge, Northwood, Middlesex (Director of The Associated Northern Blocks (W.A.), Ltd.).

Bankers:

LLOYDS BANK LIMITED, Moorgate, London, E.C.2.
NATIONAL BANK OF AUSTRALASIA, LTD., 7, Lothbury, London, E.C.2, and Australia House, London, W.C.2.

Brokers:

ABRAHAMSON, JONAS & CO., 65, London Wall, London, E.C.2, and Stock Exchange.
KNIGHTS, JESSOP & STANTON, 2, Draper's Gardens, London, E.C.2, and Stock Exchange.
GALL & EKE, 13, Norfolk Street, Manchester 2, and Stock Exchange.

Solicitors:

BIRKBECK, JULIUS, EDWARDS & CO., 49, Moorgate, London, E.C.2. (For the Company.)
OSWALD HICKSON, COLLIER & CO., Cromwell House, Surrey Street, Strand, London, W.C.2. (For the Issue.)
BROAD & SON, 1, Great Winchester Street, London, E.C.2. (For The Great Boulder Proprietary Gold Mines, Ltd.)
RICHARDSON SOWERBY, HOLDEN & CO., 5, John Street, London, W.C.1. (For Australian Machinery & Investment Company, Ltd.)

Auditors:

CHALMERS WADE & CO., 24, Coleman Street, London, E.C.2, and at Liverpool, Chartered Accountants.

Consulting Engineers:

Messrs. JAMES BROS., Finsbury House, London, E.C.2.

Registrars:

THE MERCERS TRUST, LTD., 8, Great Winchester Street, London, E.C.2.

Secretary and Registered Office:

R. BACKER, 341, Salisbury House, London Wall, London, E.C.2.

The Prospectus will show (*inter alia*) that:—

- (1) Shareholders of the Great Boulder Proprietary Gold Mines, Ltd., will receive preferential allotment in respect of 1,166,661 shares in the proportion of one for every two shares at present held. Shareholders of the Associated Northern Blocks (W.A.) Ltd., will receive a similar right in respect of 350,000 shares in the proportion of one for every share at present held. Shareholders of Commonwealth Mining and Finance, Ltd., will receive preferential allotment in respect of 500,000 shares.
- (2) All subscribers to the issue will be granted an Option for two years from the date of the incorporation of the Company to take up one share for every five allotted to them at 6s. 6d. per share if exercised within twelve months, and 8s. thereafter. Option Certificates to Bearer in respect of such right will be issued after allotment.
- (3) The Company has been formed in particular to acquire—
 - (a) from the Australian Machinery and Investment Company, Ltd., the whole of the issued shares in the Gladiator Gold Mines, Ltd., Lochinvair Gold Mines, Ltd., Black Range Gold Mines, Ltd., Woolgar Gold Mines, Ltd., and Bindah Gold Mines, Ltd.;
 - (b) from the same Company options over the whole of its holding of shares in the Jupiter Gold Mines, Ltd., the Fitzgerald Brown Coal, N.L., the Pericles Gold Mines, Ltd., and the Crescent Gold Mines, Ltd.;
 - (c) from the Great Boulder Proprietary Gold Mines, Ltd., 40,000 fully-paid shares of 5s. each in Yellowdown Investments, Ltd., and its share and other interests in other Mining Companies;
 - (d) from Yellowdown Gold Development, Ltd., 60,000 shares of £1 each; and
 - (e) from the Associated Northern Blocks (W.A.), Ltd., the whole of that Company's assets, both in cash and in shares.
- (4) Particulars of assets and shares to be acquired from the Associated Northern Blocks (W.A.), Ltd., and the Great Boulder Proprietary Gold Mines, Ltd., respectively.
- (5) The properties of the Companies, shares in which are to be purchased or over which options are to be acquired, comprise some of the best-known gold mines in Western Australia.
- (6) All the properties other than that owned by Bindah Gold Mines, Ltd., have been reported upon by Messrs H. J. Urquhart, T. Blatchford, B.A., and E. P. Mackey, all of whom are in the employ of the Australian Machinery and Investment Company, Ltd., and whose mining experience in the particular districts in which the properties are situated is well known. Mr. G. O'Brien (Manager of the Southern Cross United Mines, Ltd.) has very satisfactorily reported upon the Bindah Gold Mines, Ltd.
- (7) After payment of preliminary expenses the Company will have a working capital of £475,000.

Copies of the Prospectus and Forms of Application may be obtained from LLOYDS BANK LIMITED, Bank Department, 72, Lombard Street, E.C.3, and Branches, National Bank of Australasia, Ltd., 7, Lothbury, London, E.C.2, the Solicitors, Messrs. Birkbeck, Julius, Edwards & Co., the Brokers, and from LONDON & INTERNATIONAL FINANCE CORPORATION, LTD., 2, Austin Friars, London, E.C.2, or THE MERCERS TRUST, LTD., 8, Great Winchester Street, E.C.2.

with great potentialities. Last year's British output of staple fibre, though a "record," was only 3,300,000 lbs., and in the United States only 2,200,000 lbs., compared with 22,000,000 lbs. in Italy and 20,900,000 lbs. in Germany. In view of the present greatly increased output and the cessation of reductions in prices so far, the prospect would seem inevitably to be for higher profits in 1935, subject always to the avowed Courtaulds' policy of checking any tendency towards boom conditions. Expansion at the present rate must, however, be recognised as abnormal. It

(Profits in £'000)						
	1929	1930	1931	1932	1933	1934
British Bemberg (Dec. 31):						
Earned for div.	Dr.9.5*	Dr.16.7	Dr.88.7*	Dr.88.0	Dr.24.2	Dr.43.3
Brit. Celanese (June 30):						
Earned for pref.	103.2	507.0*	Dr.101.9	195.9	325.2	559.4
Earned % for ord.	Nil	8.4*	Nil	Nil	Nil	Nil
Ord. div.	Nil	Nil	Nil	Nil	Nil	Nil
Brit. Enka (Dec. 31):						
Earned for div.	Dr.157.3	Dr.166.6	Dr.78.3	Dr.85.5	2.0	1.2
Cellulose Acetate (Mar. 31):						
Earned for ord.	Dr.10.1*	Dr.65.7	Dr.53.5	50.0	38.0	97.2
Earned % for ord.	Nil	Nil	Nil	7.0	5.4	9.3
Div. %	Nil	Nil	Nil	Nil	Nil	Nil
Courtaulds (Dec. 31):						
Earned for ord.	3,343.8	1,874.4	701.6	1,259.1	2,152.1	1,817.8
Earned % (tax free)	13.9	7.8	2.9	5.2	9.0	7.6
Div. % (tax free)	10	6	5	4	6	7½
Harbans (Apr. 30):						
Earned for pref.	36.2	35.5	12.7	19.9	Dr. 8.3	Dr.13.2
Earned % for ord.	Nil	2.8	Nil	Nil	Nil	Nil
Ord. div.	Nil	Nil	Nil	Nil	Nil	Nil
Kirklees (June 30):						
Earned for ord.	Dr.12.4*	Dr.24.4	1.7	10.6	2.0	1.2
Earned % for ord.	Nil	Nil	0.4	6.0	1.1	0.6
Div. %	Nil	Nil	Nil	Nil	Nil	Nil
North Brit. Rayon (June 30):						
Earned for ord.	N.A.	N.A.	Dr.19.4	2.8	9.7	7.8
Earned % for ord.	N.A.	N.A.	Nil	Nil	6.7	5.2
Div. %	N.A.	N.A.	Nil	Nil	Nil	Nil

* Broken period equated to 12 months.

imposes on the industry, and especially on the leading concern, the necessity of planning ahead to meet still greater markets a year or two years hence if "booming" prices are to be avoided. Such conditions bring prosperity, but they also imply the risks that if demand were unexpectedly to stop expanding, the production side of the industry would rapidly become excessive owing to the maturing of already planned extensions. In that event the leading concern would no doubt revert to its well-tried remedy of rapid price reduction, and profits would necessarily fall. So long, in short, as the monthly returns of "consumption" (yarn and waste excised) continue to expand, sound rayon shares may be held with confidence. The investor, however, should not lose sight of the abnormal nature of the present expansion, nor of the difficulties of many of the smaller concerns, as exemplified by their profits record in the accompanying table.

Some Capital "Bonuses".—Four important industrial companies have, for varying reasons, decided in the last few days to make "bonus" distributions of ordinary shares. The largest and most important of these is a free issue of three new shares for every two now held by that great South African electricity enterprise, the *Victoria Falls and Transvaal Power Company*. The company has at present an ordinary capital of £1,000,000, on which it is paying a dividend of 15 per cent. and a cash bonus out of No. 2 reserve of 5 per cent. It may be felt, perhaps, that for a public utility concern this is a rather provocative rate. However this may be, the company is proposing to capitalise £1,500,000 of the Reserve Fund of £1,720,000 in order to bring the issued capital more into accordance with the actual capital employed in the business. The company, which has a fine record for stability of earnings, shows net revenue for 1934 at £1,318,066, against £1,269,905 for 1933. The *British Oxygen Company* has benefited very strikingly from the recovery of the steel and construction industries and from its own almost monopolistic position in its particular field. Three months ago the company paid a final dividend for 1934, making 15 per cent. for that year, against 9 per cent. for 1933. It now offers a

further reward to its shareholders. It is to increase its capital to £3,500,000 by the creation of 1,250,000 1/4w £1 shares and to offer part of these to the holders of the existing £1,657,116 ordinary stock in the proportion of one new share for each £6 stock at 70s. per share. The company will thus obtain nearly £1,000,000 of fresh capital for its rapidly extending business. At the same time (since the present units stand at 114s.) it will confer an acceptable bonus upon their holders. *Montague Burton*, the multiple tailoring concern, proposes a bonus share issue of a less ambitious kind. In maintaining the 6 per cent. dividend on the ordinary shares (which are privately held) it is adding, for the year ended March, 1935, a further 2 per cent. in new 10s. ordinary shares, no doubt because the directors consider it prudent to retain in the business the £40,000 which a cash payment of the same percentage would require. The company has appreciably extended its business during the past year. Trading profit, as a matter of fact, is slightly down but, thanks to lower charges for mortgage interest, net profits make a fresh record at £415,116, against £362,559. A less defensible type of bonus share issue is that proposed by the directors of *E. K. Cole, Limited*, the radio manufacturers, who are submitting a resolution at the forthcoming meeting, authorising the issue at par of the remaining 54,400 unissued 5s. shares and their offer to the working directors and the chief executive officials. This practice of rewarding officials by a share in the equity of the business is followed by a number of reputable companies, but that does not make it, in our view, desirable. The company is also proposing to increase the capital by the creation of 150,000 5½ per cent. preference shares, to convert the unissued 100,000 preferred ordinary shares into 5½ per cent. preference shares and to offer the whole 250,000 such shares to the preferred and ordinary shareholders. Profits for the year to March 31st were £250,178, against £166,618, and 30 per cent. is being paid against 20 per cent.

Tea Company Results.—The poor results of tea plantation companies continue to justify the cautious view which we took in a recent leading article (May 25th, page 1200). As is shown in the accompanying table, 1934 earnings are consistently and substantially below those for 1933. The full accounts suggest that the profit margin has been simultaneously attacked from two sides. Disappointing prices have reduced the proceeds on crops, which in general are not much different from those of the previous year, while costs have almost invariably been somewhat higher. On the "highly-g geared" companies the effects have been serious, as the following table of recent results suggests:—

Company	Earned for Divs.*		Ord. Div.		Share Prices			Present Yield
	1933	1934	1933	1934	Nominal	High, 1933-35	July 2	
Assam Consolid.	£1,110p	£,280p	Nil	Nil	£1	11/9	5/-	£ s. d.
Baracora (Sylhet)	36,139p	28,533p	20	17½	£1	76/8	55/-	Nil
Budla Beta	14,754	12,130	6	4	£1	65/-	33/9xd	8 7 3
Chargola	22,424p	4,289p	Nil	Nil	£1	21/1	8/9	2 7 6
Doom Dooma	33,490	13,250	12½	5	£1	70/-	37/6	Nil
Lethenty	2,757	Dr. 1,862	2½	Nil	£1	31/7½	13/9	2 13 3
Moabund	23,783p	Dr. 7,617p	15	Nil	£1	57/9	22/8	Nil
Neddeem	58,705p	28,626	2½	5	£1	64/6	37/6xd	2 13 3

* I.e., for preference if in issue. Preference earnings marked p.
† After paying 3 years' preference dividend.

The accounts now being published provide interesting evidence of the relative inelasticity of costs on a tea plantation. Temporary economies are possible in a crisis year, as was demonstrated during the worst of the depression. Such savings, however, after a given point, can only be made at the expense of good cultivation or by cuts in wages and salaries. The cultivation savings cannot be continued indefinitely, while wage cuts are conceded to improve. There has, consequently, been no general or material reduction in the cost of producing tea as there has been in the cost of producing rubber. The restriction scheme has been partly, but only partly, responsible for holding up costs. Chairmen's speeches do not suggest that

there will be any general movement towards lower costs this year, though some companies report success in that direction. If a reduction is to come it will evidently be a slow process, depending on changes in general policy and on the possibility of rational amalgamations. Meanwhile, the prospect for tea shareholders must depend almost exclusively on the price movement. If the further 5 per cent. cut in this year's production quota has the desired effect on prices, it will more than compensate any extra burden which the cut may lay on costs. Our opinion, expressed at the end of May, however, would still seem to hold good—that, though prices may move to somewhat higher levels, no major recovery is in prospect. If this view proves correct the prices still being paid for some tea shares, though substantially lower than the "highs" of 1933-34, would appear to be discounting rather distant recovery possibilities.

Farewell to the "Underground".—On June 27th, Lord Ashfield took an official farewell of shareholders in the Underground Electric Railways Company of London, Limited, which was formally put into liquidation by a resolution passed on July 28, 1933, after the taking over of its main undertaking by the London Passenger Transport Board. Lord Ashfield appears to have fulfilled his obligations as liquidator with the same skill which distinguished his tenure, formerly, of the chairmanship of the company. Altogether, receipts during liquidation amounted to £1,979,912. Shareholders have received distributions of 6d. and 2d. respectively, and will receive a final payment this month of 1.3137d., making a total cash return of 9.3137d. Broadly, on the basis of a holding of 100 ordinary shares of the "Underground" Company, the total distribution under all headings has been:—

- (a) £117 of London Passenger Transport Board "C" Stock.
(b) 4½ North Metropolitan Electric Power Supply Company £1 Ordinary Shares.

- (c) 13½ Associated Equipment Company £1 Ordinary Shares.
(d) The right to subscribe for 5 North Metropolitan Electric Power Supply Company Ordinary Shares at 42s. 6d. per share, compared with an approximate market price at the time of 58s. per share.
(e) Cash distributions amounting to £3 17s. 7d.

This is a satisfactory showing, and there was no tinge of regret in Lord Ashfield's valedictory speech. The "Underground" has had an honourable and useful career, and its work will be continued on a larger scale.

The Twin "Eagles".—Until the Amatlan lawsuit has been settled and more stable labour and political conditions prevail, the directors of the Mexican Eagle Oil Company have decided to economise in every possible direction and to refrain from further development work. Sales last year actually exceeded production and purchases, so that there was some decline in stocks. The production and purchases for the past three years have been as follows:—

	Production (Barrels)	Purchases (Barrels)	Sales (Barrels)
1932	13,537,822	4,524,414	16,755,947
1933	14,271,675	5,261,883	18,593,917
1934	17,346,231	4,023,394	22,779,421

The trading account has now been given in pounds sterling. Trading for the year, after Mexican income tax, showed a profit of £663,653, from which had to be deducted income tax relating to past years (£145,240) and an amount for import duties payable as a result of the cancellation of the 1906 concession (£422,535). The trading account in pesos for the last two years is as follows:—

	(In Mexican pesos)	
	1933	1934
Available for distribution	6,072,978	...
Statutory reserve	810,446	...
Balance	5,262,532	11,856,096
Income tax for past years and import duties	...	10,154,254
Preference dividend	1,108,281	1,503,395
Total carried forward	5,532,745†	193,448

† After deducting Mexican income tax.

PRELIMINARY NOTICE

MANN & OVERTON LIMITED

AN ISSUE ON WEDNESDAY, 10th JULY, 1935,

OF

150,000 6% CUMULATIVE PREFERENCE SHARES of £1 each at par

AND

150,000 ORDINARY SHARES OF 5/- each at 6/6 per share

The Prospectus will show (inter alia):—

- The new Company is acquiring the undertaking of Mann & Overton's Limited, established 1901, whose business is the sale of taxi-cabs and other motor vehicles, together with a hire purchase finance business in connection therewith. The Company is taking over the exclusive concession for the supply of Austin Taxi-Cab Chassis for the whole of the Metropolitan Police Area of London.
- THE PREFERENCE SHARES ARE COVERED 5½ TIMES on last year's profits, and one-and-three-quarter times by tangible assets, of which £189,760 is in cash.
- The profits are increasing, and for the year ended 30th November, 1934, are shown as £50,282, SUFFICIENT TO PROVIDE OVER 27% ON THE ORDINARY SHARES, subject to reserves.
- THE COMPANY IS ACQUIRING THE PROFITS EARNED FROM 1st DECEMBER, 1934, AND THE TURNOVER FOR THE CURRENT YEAR SHOWS A SUBSTANTIAL INCREASE OVER LAST YEAR.
- A constant market is assured by the fact that as from the 1st January next THE AGE LIMIT FOR TAXI-CABS IN THE METROPOLITAN POLICE AREA OF LONDON IS TO BE REDUCED TO 10 years.
- There is a reserve of profits at 30th November, 1934, totalling £56,250, accruing to the Company over the next three years.
- The whole of the purchase price is satisfied by an allotment of Ordinary Shares, there being NO CASH CONSIDERATION.
- The net proceeds of the issue are to be utilised as additional working capital.
- The successful management of the old Company is being retained.

Prospectuses are obtainable on Monday, 8th July, from:—

WESTMINSTER BANK LIMITED, New Issue Dept., 9, Old Broad Street, London, E.C.2, Head Office or Branches.

BENNETT & TILLING, 4, Copthall Buildings, London, E.C.2, and Stock Exchange.

DARLING & TAYLOR, New Oxford House, Hart Street, London, W.C.1.
PINSENT & CO., 6, Bennett's Hill, Birmingham, and London.

And from the Issuing House

SETON TRUST LIMITED, 110, Old Broad Street, London, E.C.2

* Including Iron and Steel and Breweries.

† December 26th. † February 7th.
§ May 22nd. || March 13th. (s) March 13th. (s) September 12th.
(s) June 19th. (u) January 9th.

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CONDITIONS in the new issue market continue sufficiently active to satisfy the appetite of the most gluttonous. The list is headed by an £8,000,000 conversion offer by the *New Zealand Government*. The determination of the authorities to take no risks is attested by the fact that while the rate of interest and "life" are the same, e.g. as the recent Manchester issue, the issue price of 98½ is 10s. lower. Two small home corporation offers have been effected through Stock Exchange "placing," namely *Newport (Mon.)* and *Nuneaton*. The week's prospectus offers range from free-

is supplied in the important Industrial Area of the North-East Coast for Power, Heat and all industrial purposes by

NORTH-EASTERN ELECTRIC SUPPLY Co. Ltd.
Carloli House, NEWCASTLE-UPON-TYNE

Apply to this Address for particulars.

To the Public	£	£	£	£	£
New Zealand Government (3,000,000					
3% Inscribed Stock, 1952-1955,					
at 98½ (to repay) £10,135,800					
5% Inscribed Stock, 1935-1945)	8,000,000	10,135,800	...	400,000	7,480,000
London County Freehold and Lease-					
hold Properties, 343,775 Ord. £1,					
at 46/-	343,775	...	1,478,228	171,887	1,808,841
Davenport's C. B. and Brewery					
(Holdings), 200,000 5% Cum.					
Pref. £1 at par	200,000	...	200,000	25,000	175,000
Freehold Properties of South Africa,					
125,000 Ord. £1 at par	125,000	...	125,000	31,250	93,750
125,000 5½% Cum. Pref. £1,					
at 21/-	125,000	...	131,250	31,250	100,000
Hornby's Dairies, 1,050,000 Ord.					
2/-, at 3/-	105,000	...	157,500	52,500	105,000
Rietfontein (No. 11) Gold Mines,					
400,000 Shares 10/-, at 22½	200,000	...	450,000	450,000	...
Yorkshire Electric Power Co.					
£1,000,000 3½% Deb. Stk. 1955-	1,000,000	...	1,000,000	50,000	950,000
65, at par					
Froy (W. N.) and Sons, 150,000 8%					
Cum. Pref. £1 at 21/-	150,000	...	157,500	19,687	137,813
Armstrong Shocks (Lancaster)					
800,000 Shares 2½, at 3/-	80,000	...	90,000	45,000	45,000
Total	10,308,775	10,135,800	3,789,478	1,276,574	10,362,904

(Continued on page 34)

for subscription 75,000 new ordinary shares of £1 each, in the proportion of one new share for every £10 ordinary stock held, at a price of 32s. per share.

OTHER RESULTS OF ISSUES

East Worcestershire Waterworks.—The tenders for the £23,400 4 per cent. preference stock were opened on November 2nd. They amounted to £68,250 at prices ranging from £120 down to the minimum of £107. The lowest accepted price was £111 ls. and the average obtained was £113 2s. 11d.

Fisher and Ludlow, Ltd.—The issue of 150,000 ordinary shares of 10s., which was made on June 14th at 22s. per share to ordinary shareholders, has been very heavily over-subscribed.

CALLS DUE JULY 8, 1935, TO JULY 13, 1935

The grand total of calls falling due in July, 1935, is £14,880,189, which compares with £38,114,125 which fell due in July, 1934. The following calls fall due from July 8, 1935, to July 13, 1935, inclusive:—

Nominal amount of Stock	Company	Amount of Call	When payable	Making Paid
Stock	Aberdeen Corporation 3% Stock, 1965-85 (£1,000,000, at £101%)	£50%	July 10	All
5/-	Airports (840,000 Ordinary Shares, at par)	2/8 p.s.	July 8	All
£1	Aspro (500,000 5% Cum. Pref. Shares, at 21/-)	10/- p.s.	July 11	All
5/-	Bennis Combustion (100,000 Ordinary Shares at 5/6)	2/8 p.s.	July 8	All
£1	Do. (100,000 8% Cum. Pref. Shares, at par)	10/- p.s.	July 8	All
Stock	Colwyn Bay Corporation 3% Red. Stock, 1953-55 (£400,000 at 98%)	£18½	July 8	£28½
£1	Davis Estates (350,000 8% Red. Cum. Pref. Shares, at 22/-)	12/- p.s.	July 12	All
Stock	Liverpool Corporation 3% Stock, 1935-58 (£3,000,000, at 99½%)	£14½	July 10	£19½
£1	Phillips (Godfrey), Ltd. (184,500 Ordinary Shares, at 40/-)	20/- p.s.	July 8	20/- p.s.
2/-	Do. (187,500 Ordinary Shares, at 26/- per share)	2/- p.s.	July 8	2/- p.s.
£1	Reed (Albert E.), and Co., Ltd. (150,000 Ordinary Shares, at 26/- per share)	10/- p.s.	July 10	10/- p.s.
£1	Scottish Drapery Corporation (150,000 7% Cum. Pref. Shares, at 27/6)	12/6 p.s.	July 10	All
£1	Trust Houses (49,372 6% Cum. Pref. Shares at 26/6 per Share)	1/- p.s.	July 9	1/- p.s.

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Amt. paid	Price, June 26, 1935	Price, July 3, 1935
Aero Engines 5/-	5/-	5/-	4/8-5/-	4/4-4/10
Airports Ord. 5/-	5/-	2/6	1/3-9d dis	1/6-1/- dis
African Railway Finance 2% Deb.	99½	14	1-1 pm	1-1 pm
Allied Newspapers 4% Deb.	104	40	1-1 dis ad	1-1 dis ad
Bennis Combustion Ord. 5/-	5/6	3/-	6/7-7/11	6/4-6/10
Do. 6% Pref.	20/-	10/-	3d dis-3d pm	6d dis-par
Birkenhead 3%	99	24	1-1 pm	1-1 pm
British (Guest Keen & Baldwin) 4% deb.	100	40	1-1 dis-par	1-1 dis-par
Cardiff 3%	104	49	1-1 pm	1-1 pm
Daily Sketch 4% Deb.	122	35	21-31 pm	21-31 pm
Davis Estates 6% Pref. £1	22/-	10/-	8/9-9/9	8/9-9/9
Derby and Midland Mills	5/-	5/-	5/6-6/6	5/6-6/6
Do. 6% Pref. £1	20/-	20/-	20/6-21/-	20/6-21/-
Edjudina Cons. 2/-	21/-	1/-	4½d-1½d dis	1½d dis-1½d pm
Eugene 5½% Pref. £1	21/-	21/-	6d-3d dis	20/3-20/9
J. W. Green Ord. £1	5/-	5/-	58/6-59/6	58/6-59/6
Harding Tilton Ord. 5/-	5/-	5/-	23/9-24/3	23/9-24/3
Do. 5½% Pref. 5/-	5/-	5/-	5/6-6/-	5/6-6/-
Leeds 3% Stock	99½	5	1-1 dis-1 pm	1-1 pm
Liverpool 3%	99½	5	1-1 pm	1-1 pm
Manchester 3%	99	29	1½-1½ pm	21-21 pm
Mansfields 6% Pfd.	20/-	10/-	3d dis-3d pm	6d dis-par
Mukatharra Gold	2/-	2/-	1-1/8	1-1/8
News of the World 7% 1st Pf. £1	31/3	31/3	28-30/-	28-30/-
Do. 8% 2nd Pref. £1	33/3	33/3	31-32/-	31-32/-
N.E. Electric 3½% Deb.	£100	£20	1-1 dis-1 pm	1-1 dis-1 pm
O.K. Bazaars Ord. "A"	5/-	5/-	24/-24/6	24/-24/6
Parnall Aircraft	5/-	5/-	6d-3d dis	10½d-7½d dis
Phillips (H. W.) Ord. 2/-	2/-	2/-	2-2/3	1/9-2/-
Do. 8% Pref. 5/-	5/-	5/-	2/6-2/9	2/3-2/6
Pobjoy Aircraft	5/-	5/-	6/9-7/-	6/7-6/10
Quaglino's Ord.	2/-	2/-	1/10-2/4	1/10-2/4
Sandra Ord.	10/-	10/-	9/3-9/9	9/3-9/9
Do. 6% Pref.	10½	27½	1-1 pm	1-1 pm
Swears and Wells 4½% Deb.	10½	27½	1-1 pm	1-1 pm
Ultra Elect. (Holding)	Fy pd	Fy pd	8/9-9/3	8/9-9/3

SUMMARY OF BALANCE SHEETS

WESTMINSTER BANK, LIMITED			
LIABILITIES		ASSETS	
June 30, 1934	June 30, 1935	June 30, 1934	June 30, 1935
Paid-up capital...	9,320,157	Cash	28,684,360
Reserve	7,500,000	Balances with other banks...	10,927,297
Current, deposit and other accts.	290,095,857	Money at call and notice	30,104,343
Acceptances and endorsements...	31,740,645	Bills discounted	31,870,130
Note issue in Isle of Man	14,990	Advances	108,085,066
		Investments	88,915,371
		Shares in allied banks	2,992,500
		Acceptances	31,740,645
		Bank premises	5,571,937
Total	338,671,649	Total	338,671,649

DIVIDEND ANNOUNCEMENTS

Name of Company	Rate % per Annum, except where marked % of Stated in Cash		Dividend for Whole Years	
	Interim or Final	Date of Payment	Latest Year	Previous Year
RAILWAYS				
Argentine Great Western Railway 4% second deb. stock	6%	Aug. 2	(Paid to June 30, 1933)	...
Buenos Aires and Pacific 4½% second deb. stock	6½%	Aug. 2	(Paid to June 30, 1933)	...
BANKS				
Alexanders Discount Co.	9%*	...	Unchanged	...
County Bank	6½%*	...	Unchanged	...
Martins Bank	7%*	July 20	Unchanged	...
National Discount "A"	2/6 p.s.*	July 19	Unchanged	...
Do. "B"	4/6 p.s.*	July 19	Unchanged	...
Union Bank of Australia	12/6 p.s.*	July 31	Unchanged	...
Westminster Bank	9%*	Aug. 1	Unchanged	...
Do. £1, fully paid	6½%*	Aug. 1	Unchanged	...
TEA AND RUBBER				
Anglo-Dutch Plantations of Java	2%*	...	Nil	4
Anglo-Java Rubber	2½%*	...	10	8
Attaree Khat Tea	...	July 10	...	2½
Bidor Rubber	...	Aug. 10	...	10
Bogawantata Tea	9%*	...	12½%*	13
Bukit Mertajam Rubber	7½%*	...	4%*	10
Craigielea Rubber	12½%*	July 31	...	5
Dhamai Tea	...	July 22	...	17½
Empire of India and Ceylon Tea	...	...	...	20
Jura Estates	...	...	...	2½
Kaldjereck Rubber	4%*	...	Nil†	4
Kawie (Java) Rubber	5%*	...	3%*	7½
Lebong Tea	...	...	...	10
Merchiston Rubber	...	...	...	3
Port Dickson-Lukut Rubber	...	...	...	5½
Sarawak Rubber	2½%*	Aug. 1	Nil†	5
Teekoy Rubber	...	...	...	Nil
Timbang-Deli Rubber	...	...	...	2½
Upper Assam Tea	...	July 29	...	2½
MINING				
Electrolytic Zinc of Australasia	1/3 p.s.†	July 27	Unchanged	5
Ipoeh Tin (16/-)	25%	July 25	Unchanged	...
Kramat Pulai	(s) 20%*	July 31	(i) 15%*	...
OTHER COMPANIES				
Agricultural Credit Corporation ...	2½%*	...	Unchanged	...
Anglo-Transvaal Consolidated	50%*	...	...	...
Associated London Properties	...	...	...	4½
Basset (Geo.) and Co.	12½%*	...	Unchanged	17½
British Plaster Board	2½%*	...	Unchanged	40
British Tin Investment	2½%*	July 17	2%*	...
Chiswick Electricity	5%*	June 8	Unchanged	...
Cole (E. K.)	20%*	...	10%*	30
Cons. Gas of Baltimore	90 cts.†	Oct. 1	Unchanged	...
Desford Colliery	3½%*	...	Unchanged	...
Dutch Steamship (Amsterdam)	4½%*	...	Unchanged	2½
Electrical Distribution of Yorkshire	4½%*	...	Unchanged	...
Erith and Co.	5%*	July 10	Unchanged	...
Foster Clark and Co.	7½%*	July 20	Unchanged	...
Graves (J. G.)	...	...	...	25
Greyfriars Press	2½%*	July 1	Unchanged	12½
Gt. Nthn. Telegraph (Copenhagen)	2½%*	July 22	Unchanged	...
Guardian Investment Trust	5%*	July 8	Unchanged	...
Hall Telephone Accessories	6%*	July 23	Unchanged	...
Hawtree Brewery	2½%*	July 20	Unchanged	...
Lockhart (Alfred)	12½%*	July 8	Unchanged	8
Lowell and Christman	3½%*	Aug. 1	Unchanged	...
Maroc	(n) 3%*	July 31	3%*	8
Mercantile Investment and General Trust	3%*	...	Unchanged	3½
Montague Burton	3%*	...	Unchanged	...
Nigerian Electricity (Pf. ord.)	5%*	...	Unchanged	4
Olive and Partington	2½%*	...	Unchanged	...
Openshaw Brewery	2½%*	...	Unchanged	...
Rickett, Cockerell and Co.	2½%*	...	Unchanged	...
Steel Developments	2½%*	...	Unchanged	...
Trustees Corporation	2½%*	...	Unchanged	...
Yorkshire Electric Power	2½%*	...	Unchanged	...

(*) Also bonus of two new ordinary 10s. shares for each 100 held. † Free of income tax. (s) On 1,074,863 shares (4/-). (i) On 955,256 shares (4/-).

COMMERCIAL FIXED TRUST, LTD.—National Provincial Bank, Ltd., announces that the third half-yearly income distribution upon gilt-edged fixed trust certificates will be paid to certificate holders registered as at June 15, 1935, at the rate of 3-2937d. net per sub-unit on the due date, July 15, 1935.

TAYLOR WOODROW ESTATES, LTD.—A full half-year's dividend on the 6 per cent. preference shares, will be paid on July 1, 1935. This company was incorporated on February 1, 1935, but acquired the undertakings of the vendor company on November 1, 1934, so that the dividend may be said to be in respect of a half-year's trading results interim payment on the ordinary shares, but to conserve the profits accrued during the life of the company to date until the end of the financial year on October 31, 1935.

BRITISH GLUES AND CHEMICALS LTD.—The directors will pay on July 31, 1935, two half-yearly fixed dividends on the 8 per cent. cumulative participating preference shares bringing the preference dividends up to date.

THE UNDERGROUND ELECTRIC RAILWAYS COMPANY OF LONDON.—The Liquidator of the Underground Electric Railways Company of London, Ltd., announces that a final cash distribution at the rate of 1-3137 pence per share will be made to shareholders on July 9th.

CHASE NATIONAL BANK.—The directors have declared a semi-annual dividend of 70 cents per share on the common stock, as well as the semi-annual dividend accrued to August 1, 1935, on the preferred stock, both payable August 1, 1935, to stockholders of record July 13, 1935.

BARCLAYS BANK LIMITED.—An interim dividend at 10 per cent. per annum on "A" shares and 14 per cent. per annum on "B" and "C" shares, respectively, subject in each case to the deduction of income tax payable on and after August 1st to shareholders registered on night of June 30, 1935.

COMPANY MEETINGS, &c.

THE IMPERIAL BANK OF PERSIA

FURTHER PROGRESS IN IRAN

The forty-sixth ordinary general meeting of the Imperial Bank of Persia was held, on the 28th ultimo, at Southern House, Cannon Street, London, E.C., Sir Hugh S. Barnes, K.C.S.I., K.C.V.O. (the chairman), presiding.

The Chairman, in the course of his speech, said:—One of the most interesting events of the past year has been the expressed desire of the Government of H.I.M. the Shah that outside the country the name "Iran" should, as far as possible, be substituted for the name "Persia."

The Chairman, after dealing with the balance sheet, said:—Turning to the profit and loss account, it will be seen that, after making ample provision for income tax, bad and doubtful debts and other contingencies, we are able to show a profit of £75,760, which is only £1,408 less than last year.

We have again felt, though to a lesser degree, the lower earning power of money, which has not been entirely set off by better trading conditions in the East. So long as European countries cling to their trade restrictions, Eastern countries cannot be good buyers of their manufactures, and banks operating in these countries will only attain a full measure of success when trade barriers are removed and the products of the East can be marketed at a remunerative price.

This year we are again placing £10,000 to reserve fund, bringing up the total to £730,000.

You will, I am sure, be pleased to note that we propose to pay the same dividend and bonus as for the last five years, namely, 7s. per share and a bonus of 2s. per share, both free of income tax. This, with the interim dividend of 4s. per share, makes a return for the year of 13s. per share, free of tax, and leaves us with the slightly increased sum of £49,818 is. 9d. to carry forward to the new account.

PROGRESS IN IRAN

In my address last year I referred to the stimulus given to the country's progress by the energy and the resourcefulness of H.I.M. the Shah. The erection of factories, railway and road construction and the liberation of exchange dealings, all of them due to the Shah's initiative, have afforded a wide scope for the employment and education of labour, and have given opportunities for closer international relations in commercial matters than formerly existed. Provided the modern craze for economic nationalism and self-sufficiency is not carried too far, all this is to the good. The balance of trade has been preserved by the continued application of import and export licences. As regards currency, since we surrendered the note issue to the Iranian Government, the circulation has been controlled entirely by the Government's own financial experts in Teheran. By a law passed last September, the note issue, which is in the hands of the National Bank, has been fixed at Rials 800,000,000, equivalent approximately to £10,000,000 sterling, against which a metallic reserve of not less than 60 per cent. must be maintained.

The industrial development of the country continues to make progress. In addition to the factories I mentioned last year, we are informed that cotton spinning mills are also under construction in Yazd, Teheran, Kazvin and Kashan. A shoe-making factory has been started in Isfahan and another for printed cotton in Ashraf.

As regards the Trans-Iranian Railway, this year the figures given to us are in miles. Last year they were in kilometres. We hear that the track of the Northern section has now been completed for 120 miles, of which 93 are open to traffic. Completed for 120 miles, of which 93 are open to traffic. Completed for 120 miles, of which 93 are open to traffic. Completed for 120 miles, of which 93 are open to traffic.

In the south 156 miles are reported to be open to traffic, and an additional 31 miles of line have been completed beyond Salehabad. Contracts have been given for the construction of a further 178 miles. Even when this latter section is completed, there will still, I understand, be a further 370 miles to be built before the southern line will reach Teheran.

As stated in the report, our London manager—Mr Eldrid—proposes to retire after spending 42 years in the bank's service. He will be succeeded as manager by the sub-manager—Mr Hale. In whose knowledge and ability we have every confidence. Mr Hale has been with the bank for 28 years. Mr F. A. Ayrton, one of our senior managers in Iran, will take Mr Hale's place in London.

The report and accounts were unanimously adopted, and the change of name of the bank to "The Imperial Bank of Iran" was approved.

W. T. HENLEY'S TELEGRAPH WORKS COMPANY, LIMITED

DIVIDEND AND BONUS OF 30 PER CENT. MAINTAINED

The fifty-sixth ordinary general meeting of W. T. Henley's Telegraph Works Company, Limited, was held, on the 28th ultimo, at the Great Eastern Hotel, London, Sir Montague Hughman (chairman of the company) presiding.

The Chairman, having referred to the balance sheet, said: If you will turn to the profit and loss account the balance of the trading account is practically the same as last year at £279,000, and net profit is £209,000, which is pretty well the same as last year. We have transferred £33,000 from contingent reserve set aside out of profits in former years to be made use of on an occasion like this when we desire to maintain our dividend, but have not quite earned sufficient money to do so.

During the year commodity prices remained low, and in the case of copper and lead record low levels were reached. These low prices are not good for our business, as the lower the price of commodities the less our cash turnover is. As a matter of fact this year at our Woolwich works we have had a record output, and our Gravesend works have maintained the high output which they reached last year. Taking Gravesend and Woolwich together the number of hours worked during the year shows an increase of 7½ per cent. over last year, and from this you can assume that we have been able to increase our employment.

Business during the last year has been difficult, and what with competition and the low price of commodities, the tendency is to a lower percentage of profits. Our business abroad continues to expand. This expansion is almost entirely due to increased business within the British Empire, but, as you can imagine, business with foreign countries is handicapped by difficulties in exchanges and other restrictions. In doing business with foreign countries we take care to ensure that if payment cannot be made to us in sterling, we cover ourselves by selling forward foreign currency to the amount of our account, so that we run no risk should the currency fluctuate.

The late Sir George Sutton at our annual general meeting held in 1927 told the shareholders of an agreement entered into with certain other cable companies for an interchange of knowledge and co-operation which embodied certain financial arrangements. The agreement has now been running for over eight years, and in many respects I can tell you that the alliance has been of great benefit to all those concerned. Research is continually going on, and the exchange of ideas and methods of manufacture have undoubtedly helped us to produce our cables at more economical rates, and certain savings have undoubtedly been effected. These savings have enabled us to lower our prices, and this in due course must lead to an increasing demand.

Competition has been of a severe nature in certain classes of our business, and co-operation of the allied companies has undoubtedly been of use to us in this direction. There are, however, still one or two matters regarding which we are not yet in smooth water; one is the financial arrangements which have not worked out equitably between the parties as was anticipated when the agreement was entered into.

I would like to say a few words about our tyre company, which in the past had been run entirely as a separate concern. It was recognised that the giant pneumatic tyre which we were manufacturing was not entirely satisfactory, and that the methods adopted for manufacture were not as up to date as modern requirements demanded.

Our new Vanguard pneumatic tyre will stand comparison with any other tyre on the market, and our tennis ball has been again selected as an L.T.A. official ball for use in championships and tournament play, and is recognised as being as good as the best.

Whilst the tyre company has made a loss during the past year, as you will see by the report, this has been met out of the tyre company's own reserves, and we look forward during the next few years with confidence to greatly improved financial results from the tyre company, and to the extension of this business at home and abroad.

In conclusion, the Chairman said that there were at last prospects of the prices of copper and lead increasing, and, as they used both of these commodities very largely, this should show an increase in the value of their turnover. They had maintained during the year the high position both in quality and manufacture which they had held for so long, and had carried forward a substantial amount of work for next year's account.

The report was unanimously adopted, and the proposed distribution of 30 per cent. for the year was approved.

CALLENDER'S CABLE AND CONSTRUCTION COMPANY, LIMITED

SUCCESSFUL YEAR—DIVIDEND MAINTAINED

The thirty-ninth ordinary general meeting of Callender's Cable and Construction Co., Ltd., was held, on the 3rd instant, at the Waldorf Hotel, Aldwych, London, Sir J. Fortescue Flannery, Bt., D.L., M.Inst.C.E. (the chairman), presiding.

The secretary (Mr Howard Foulds, J.P., F.C.I.S.) having read the notice convening the meeting and the report of the auditors,

The Chairman, in the course of his speech, said: It is my good fortune to be able to announce that the trading for the year 1934 has resulted in a profit which permits for the sixteenth time a dividend of 15 per cent. to be paid, with an increase in the carry-forward of £12,141. Although certain of the investments of the company have been disposed of during the year at a profit, credit for this has not been taken into the accounts.

Although the competition which the company has to meet has substantially developed, yet, thanks to the efficiency of the production department, whose organisation has been most carefully examined and improved, we have been able to meet this competition satisfactorily. The efforts we have put forward and the heavy expenditure we have incurred in order to design and manufacture a super-tension cable of the highest quality are reaping their reward, and the quality and reliability of the super-tension cables which we manufacture is recognised by the engineers under whose guidance purchases are made.

STREAM OF ORDERS UNABATED

The stream of orders generally remains unabated, and the relations between the company and its customers never stood higher than they do to-day. The goodwill of Callender's, although it stands at nothing in the balance sheet, is a valuable and substantial asset. As regards our subsidiary company, the Anchor Cable Company, the changes we are making at the factory and the new up-to-date machinery we are installing will enable us to meet the change in demand in the nature of the smaller cables required for railway signalling and internal house wiring, and to give prompt delivery.

There is no doubt that, from the figures that are published by the Central Electricity Board as to the amount of electricity that is being distributed in the country in ever-increasing quantities, the demand for the manufactures of this company must continually increase, and when it is remembered that, assisted by a Government guarantee of several millions sterling, there was a substantial scheme of electrification of the suburban lines of London, and possible further extensions of some of the main lines of the railway companies running out of London, there appears to be every reason to believe that, in addition to the ordinary normal demand which should maintain our trade, there are developments being evolved which should reflect themselves in increasing sales by your company. I think we can look forward to this present year with great hope that, well as we may have done in 1934, we may do equally well, or perhaps better, in 1935.

SIR TOM O. CALLENDER'S SPEECH

Sir Tom O. Callender, J.P. (deputy chairman and managing director), said it must be borne in mind that the company specialised in a very wide range of cable manufacture, from wire for low-pressure distribution, which delivered electricity to the domestic consumer, right up to the maximum voltage at present in use. An important part of their business was the manufacture and installation of cable for working pressures of 30,000 and 66,000 volts. To obtain the results for which the company had become famous their Wood Lane Research Department had been of the greatest possible assistance. Their researches showed that they had by no means reached the limit of development, and it would in future be possible to use their materials for higher pressures and with higher efficiency.

In respect to business generally in this country, it was with great pleasure that he confirmed the impression generally held as to the improvement of the home trade. The company's records showed that business was improving. Their marine department had secured the important order for the "Queen Mary," and this had brought them further orders for cables for ships. Their business overseas was mainly drawn from the British Empire, including the vast amount of work they were doing regularly in India. In various cities and towns there they had received contracts for the erection and laying under ground of their supply systems.

The report and accounts were unanimously adopted, and at a subsequent extraordinary general meeting a resolution was passed altering the Articles to enable the board to elect three additional advisory directors.

GENERAL MINING AND FINANCE CORPORATION, LIMITED

FINANCIAL POSITION FURTHER STRENGTHENED

The annual general meeting of the General Mining and Finance Corporation, Limited, was held in Johannesburg on June 11th last, Sir George Albu, Bt. (chairman and managing director in South Africa), presiding.

The Chairman, in moving the adoption of the report and accounts for the year 1934, said that it was his pleasant duty to refer to the excellent results achieved during that period. The financial position, which had progressively been strengthened during the past few years, had more than been maintained and consolidated. The net profit of £371,892 was larger than the corresponding figure of the previous year by £8,538. This profit, together with the unappropriated balance of £125,870 brought forward from 1933, made the total available profit £497,762, from which a dividend of 20 per cent. for the year had been paid, thus maintaining the rate distributed in respect of 1933.

With regard to the assets side of the balance sheet, he drew shareholders' attention to the fact that British, South African and other Government and municipal securities were now incorporated in the balance sheet with stocks and shares, etc. The total standing under this head amounted to £1,629,759, an increase of £476,802 as compared with the combined figures at the end of the previous year. This increase was largely composed of revenue-producing gold-mining investments, together with certain interests in new gold-mining companies at present in course of development. The market value in the aggregate of the corporation's holdings was very considerably higher than the figure shown in the balance sheet.

He pointed out that the cash and cash assets (including stocks and shares, the bulk of which were readily realisable) exceeded current liabilities by a very considerable amount. Even this did not wholly reflect the strength of the position, in view of the fact that the market value of the corporation's investments was so much higher than the figure at which they appeared in the balance sheet.

Dealing with the more important interests of the corporation, the Chairman stated that at the Van Ryn Gold Mines Estate, Limited, operations for the first five months of 1935 had resulted in a profit of £67,369, an increase of £20,681 as compared with the corresponding period of the previous year, which was due chiefly to the higher price realised for gold. Since the end of the year certain small additions had been made to the plant which had resulted in the capacity being increased from approximately 54,000 tons to 60,000 tons per month.

During 1934 the West Rand Consolidated Mines, Limited, had earned a total profit of £1,123,411, which showed an improvement of £227,348 on the figure for the previous year. For the first five months of 1935 the profit was £458,277, representing an increase of £11,120 on the earnings for the corresponding period of 1934.

An active programme of development continued to be carried out, and was opening up highly satisfactory values both on the Main and South reefs. In addition to this, development on the Bird Reef Series indicated that a substantial tonnage of ore, distinctly payable at the present price of gold, would be derived from this source. In view of the highly encouraging outlook for the company, it had been decided to increase the milling capacity by erection of a new unit in the vicinity of the South Shaft, capable of treating an additional 25,000 tons per month. This plant had been brought into commission on May 20th last, to treat ore primarily supplied from development faces, and later on from the Bird Reef Series.

Sir George Albu said that the corporation held a very large interest in the East Rand Proprietary Mines, Limited, on whose board they were represented. This mine crushed during the year 1934 2,102,500 tons, and although the yield exhibited a decrease, this had been more than offset by the higher price received for gold, and a profit of £1,033,033 had been realised, an improvement of £94,853 on the previous year's figure.

Development in the central portion of the mine, from the Driefontein incline to a point some distance east of the Hercules incline, continued to be highly satisfactory.

The corporation also held a large interest in and was represented on the board of the Durban Roodepoort Deep, Limited, as a result of its amalgamation with the New Steyn Estate Gold Mines, Limited. An active programme of shaft sinking and development had been taken in hand prior to increasing the scale of operations of the enlarged property. An increase in tonnage milled might be expected by about the end of the current year, although the mine would not be placed on its full productive basis until the new No. 5 vertical shaft (which was located on the New Steyn Estate section of the property to the south of the circular shaft) was brought into commission in 1937.

P. & O. BANKING CORPORATION, LIMITED

INCREASED PROFITS

BETTER CONDITIONS IN INDIA

MR W. E. PRESTON'S REVIEW

Mr W. E. Preston, chairman of the P. and O. Banking Corporation, Limited, presided at the bank's fifteenth annual meeting, held, on the 3rd instant, at 122 Leadenhall Street, London, E.C. The report and accounts were taken as read.

Before turning to the year's operations, the Chairman referred to the loss which the board had suffered by the death of a very old and valuable colleague, Sir Montagu Turner, a close friend of the late Lord Inchcape, who had joined the board on the foundation of the bank. He, personally, he said, had had many years intimate association with Sir Montagu Turner as chairman of the Chartered Bank, and he and others received at his hands much kindness and warm-hearted interest.

The result of the year's transactions, after making all necessary provisions, showed a profit of £113,422, compared with £112,393 in the previous year. They had written off £5,000 on their premises account and were carrying forward a balance after payment of the usual dividend, to the next year's account, which was £2,946 in excess of the amount brought in.

DIFFICULT CONDITIONS

The Chairman referred to the work and care of their managers both at home and abroad, who had been unremitting in their endeavours to make the best of the very difficult conditions which continued to beset trading generally and particularly the international exchange of commodities and manufactures; he added that though there had been both in this country and in India an improvement in local conditions from which internal trade and internal industry had benefited, there had been no equivalent expansion in the foreign trade. Both in volume and in value the amount of trade which was handled between this country and India and the Far East had not sensibly increased and was very far short of the figures which they would like to see them grow to. In China in particular, economic and trading conditions had been almost undermined by the silver policy of the U.S.A.; merchant business under conditions such as recently prevailed, with silver fluctuating within the short period of 3 months from 36d. to 31d. could only be conducted at hazards which it would require the stoutest heart to undertake.

IMPROVEMENT IN INDIA

In India there were, fortunately, signs of better conditions. More cheerful advices had reached them from Bombay, where the mill industry had been to some extent protected from the intense competition of Japan. In Calcutta the jute industry recorded a welcome recovery in the early part of the year under review; some of this recovery had since been lost in consequence of the measures introduced by the Government for the restriction of the production of the raw material. Tea had not realised the hopes formed of the effects of the restriction scheme, consumption having only to a limited extent increased. In the Straits the experience of the tin and rubber industries was similar to that of other industries for which restriction schemes had been created. There could, in his opinion, be no well-based expectation of continued improvements so long as artificial restriction schemes provided temporarily sheltering conditions.

In the circumstances, there was cause for satisfaction in finding that the figures of their advances and bills showed increases respectively of £413,559 and £1,575,335 on the figures of the previous year.

They had reduced their holdings of securities from the high figure of £6,218,406 to £4,856,194.

THE ALLAHABAD BANK

The shareholders would be pleased to know that their affiliate, the Allahabad Bank, had again had a successful year's trading. Their figures, which were attached to the report, showed that they had also seen an improvement in the demand in India for loans, cash credits and overdrafts.

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

Mr E. F. Mackay seconded the resolution and it was carried unanimously.

The proposed dividend of 5 per cent. for the year was approved; the retiring directors, the Rt. Hon. the Earl of Selborne, K.G.,

G.C.M.G., the Hon. Alexander Shaw and Mr M. M. S. Gubbay, C.S.I., C.I.E., were re-elected, and the auditors, Messrs Peat, Marwick, Mitchell and Company, were reappointed.

Mr E. T. Hargraves proposed a hearty vote of thanks to the chairman, directors and staff, which was seconded by Sir Philip H. Browne and unanimously accorded, a brief acknowledgment by the Chairman concluding the proceedings.

OHLSOON'S CAPE BREWERIES, LIMITED

INCREASED PROSPERITY

The ordinary general meeting of Ohlsson's Cape Breweries, Limited, was held, on the 4th instant, at 6 Bloomsbury Square, London.

Mr W. D. Buxton (the chairman) said that the prospects of improved trade of which he had spoken last year had been realised. There was an increase of £33,613 in the profit, and so far as the present financial year had gone the improvement was more than maintained. That characterised each of the branches of their business. The increased prosperity of the Dominion, of which they could look for the continuance, was mainly attributed to the activity in the mining industry, by which, of course, they had benefited, and he would ask shareholders to support the resolution to divide a total dividend on the ordinary shares amounting to 10 per cent.

They had, as usual, made a transfer to reserve for contingencies and had been enabled by the improved results to increase such transfer to £35,000, which they considered necessary in order to continue their policy of modernising and extending their licensed properties to satisfy present-day requirements. During the year they had written off an amount of £19,224, which, in former years, had been expended upon structural additions and permanent improvements to sundry licensed and other properties.

They had had a balance left of £111,247, to which they added the amount brought forward from last year, £53,059, making £164,307. Out of that they provided for the dividend on the first and second preference shares £11,500, the interim dividend on the ordinary shares paid in January last of £15,750, the transfer to contingencies reserve £35,000, or £62,250 in all, leaving £102,057, out of which they proposed to pay a final dividend of 7 per cent., less tax at 2s. 11d. in the £, making 10 per cent. for the year, carrying forward £65,307. They had added £57,501 to the main asset, land, breweries, houses, etc. The expenditure covered the purchase of sundry hotels as well as the completion of the Lion Hotel in the township of Springs. The brewery plant was maintained in its full efficiency, and Mr Ferrier, who had recently returned from South Africa, would confirm the directors' assurance of the soundness of the business and of the excellent quality of the beers that were being produced.

The report was unanimously adopted.

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

BARCLAYS BANK

LIMITED

HEAD OFFICE: 54, Lombard St., London, E.C.3
and over 2,000 Branches in England and Wales

TRUSTEE DEPARTMENT

CHIEF OFFICE: 37, King William St., London, E.C.4

The Bank has power to act as EXECUTOR and TRUSTEE under Wills and Settlements, and as Trustee for Debenture Holders. A Pamphlet stating terms and conditions for transacting business may be obtained from the Manager of the Trustee Department, or from the Manager of any Branch of the Bank.

AGENTS IN CANADA:

BARCLAYS TRUST COMPANY OF CANADA
MONTREAL

KEPONG (MALAY) RUBBER ESTATES, LIMITED

INCREASED OUTPUT—TAXATION BURDENS

The thirtieth annual general meeting of this company was held, on the 3rd instant, at Great Eastern Hotel, London, Sir Francis Voules, C.B.E. (chairman and managing director) presiding.

The Chairman, in moving the adoption of the report and accounts, said: The output of rubber for the past year was 4,048,485 lbs., including crops accruing to our company in respect of estates in Selangor, which we purchased during 1934. This compares with an output of 1,915,385 lbs. for 1933. The average gross price realised, London landed terms, was 6.45d. per lb.

Costs during 1934 were increased, chiefly owing to the general rise in labour, and the f.o.b. cost for 1934 of 3.50d. per lb., exclusive of depreciation, compares with 2.21d. in 1933. We earned a net profit for 1934 of £30,596, and propose paying a dividend of 5 per cent. (less tax), and to carry forward £8,474.

The company's estates have been assessed under the Restriction Enactment for a production of 8,294,697 lbs., which the board consider satisfactory. This amount is, of course, subject to the "cuts," which have been announced in addition to a domestic cut imposed by the Malayan authorities of 5 per cent. It is estimated that, should no further cuts be announced, the estates should have an exportable crop of about 5,750,000 lbs. for 1935.

The new acquisitions in Selangor were all first-class properties in the vicinity of their older estates. The properties in Johore consisted of large compact blocks and would give a good account of themselves as soon as they got into full working order. The large reserves of young rubber represented a valuable asset, in view of the prohibition of further planting.

Working costs are still tending to rise. It is estimated that with the payment of full quit rents and the duty levied on exported rubber, the authorities in Malaya receive approximately 4d. per pound from a company such as ours. A reduction in duty from 1 cent to .7 cent per pound has recently been announced, which should help matters, but there is still room for further concessions.

The report and accounts were unanimously agreed to, and an extraordinary general meeting subsequently held a resolution increasing the capital to £750,000 by the creation of 1,000,000 additional shares of 2s. each was unanimously approved.

HOVIS, LIMITED

INCREASED NET PROFIT

The thirty-seventh ordinary general meeting of Hovis, Limited, was held, on the 3rd instant, at Caxton Hall, Westminster, London, S.W.

Mr A. H. Dence (the chairman) said that they had made some very useful additions to their mills and depôts during the year. He would particularly refer to the extensions and improvements at their Haverhill mill, also to the new van works at Exeter and the new warehouse and landing stage at the Albert Bridge Flour Mills, which belonged to their subsidiary, Marriage, Neave and Company, Limited.

The amount of net profit on trading brought into profit and loss account for the year showed an increase of £9,000, a very substantial and satisfactory figure. It demonstrated progress, and the annual progress which, up to the present, they had been able to record was not only satisfactory and gratifying to the directors, but was, he was equally sure, a pleasure to all the shareholders. They felt, as the years rolled on, they were indeed fortunate that, in spite of periods of trade depression, of National and International difficulties and financial stress, the company had shown no retrogression, but had, on the contrary, continued to advance and prosper. Their results this year were surely another indication that trade in the country was on the up grade. If they had managed even during the years of great depression to hold their own and even to make some small progress, surely then they might hope to receive their share of the increased trade as economic conditions improved.

In past speeches he had called attention to the very serious fact that bread consumption generally in this and other countries was on the decline, but that did not apply to Hovis, as, following a record of sales for the year under review, it was gratifying to state that in the current year they had started beating those records.

There were times when their margins of profit were small, but they felt that stability of price was in itself a good advertisement. In order to make the position more sure and more satisfactory, they were proposing this year to place £10,000 to a reserve for the equalisation of dividends.

The report was unanimously adopted.

GREAT BOULDER PROPRIETARY GOLD MINES

The forty-first annual general meeting of the Great Boulder Proprietary Gold Mines, Limited, was held on the 28th ultimo. Mr John Waddington, J.P. (the chairman), said that the total tonnage treated during the year under review was 118,053 tons, against 106,897 tons in 1933. The gold produced amounted to 65,842 ozs., and after allowing for exchange and gold premiums received, less cost of minting, the total realisation was £303,614 (Australian currency). The year's working showed a net profit of £86,671 sterling, compared with £82,108 for 1933. Two dividends of 12½ per cent., making 25 per cent. for the year, had been distributed, and £40,206 remained to be carried forward. As a result of development work carried out during the year, 196,415 tons of ore had been added to the reserves, and after allowing for 118,053 tons treated, the reserve ore in sight at December 31, 1934, was 356,370 tons, compared with 278,008 tons at December 31, 1933, an increase of 78,362 tons.

Dealing with the future policy of the company the Chairman said that with a view to taking full advantage of the present and future gold-mining possibilities of Western Australia, the board had decided to participate in the formation of a company specially devoted to developing and financing new gold-mining properties. The new company would take over from the Great Boulder Proprietary the whole of its mining interest other than the Great Boulder Mine itself, and also all mining options and shares in other companies held by it at the moment.

The name of the new company had been decided upon as Great Boulder Mining and Finance, Limited, and it would have a registered capital of £1,500,000 in 6,000,000 shares of 5s. each, of which 2,800,000 shares would be offered for public subscription at par at an early date, thus providing £700,000 in cash. Registered shareholders in Great Boulder Proprietary as at July 2, 1935, would have the right to apply for one share in Great Boulder Mining and Finance for every two shares held by them in Great Boulder Proprietary. Great Boulder Mining and Finance would own the whole of the issued shares in five well-reported gold mines in Western Australia and approximately a one-sixth interest in the Yellowdine Gold Field. The cash resources of the company would be strong, as it was estimated that no less than £450,000 sterling would be actually held in cash.

The report was adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the eight days ended June 30, 1935, amounted to £9,529,000, against ordinary expenditure of £14,431,000. After allowing for a decrease in Exchequer Balances of £338,952, the operations for the week, as shown below, increased the gross National Debt by £4,779,000 to approximately £8,110 millions.*

(000's omitted)		(000's omitted)	
Public Department Advances...	+ 8,800	Treasury Bills.....	5,800
P.O. & Teleg. Capital Expenditure	+ 2,000	National Savings Certificates	100
		N. Atlantic Shipping Issues.....	21
		Cattle Ind. Temp. Advances.....	300
			+ 10,800
			6,021

* Including £375 millions on Account of Exchange Equalisation Fund and Borrowing for Statutory Sinking Fund.

A complete analysis of the approximate position of the National Debt on June 30, 1935, appears below.

NATIONAL DEBT—(Million £)

	Aug. 1, 1914	Dec. 31, 1918	Mar. 31, 1920	Mar. 31, 1924	June 30, 1924	Sept. 30, 1924	Dec. 31, 1924	Mar. 31, 1925	June 30, 1925
2½% and 2½% Consols	573	300	300	300	300	300	300	300	300
Term Annuities	30	20	12	12	12	12	12	12	12
4% Consolidated Loan	401	401	401	401	401	401	401	401	401
8½% Conversion Loan	15	15	14	14	14	14	14	14	14
Other Funded Debt	375	375	375	375	375	375	375	375	375
4½% Conversion Loan	323	323	323	323	323	323	323	323	323
5% Conversion Loan	302	302	302	302	302	302	302	302	302
2½% Conversion Loan	5	5	5	5	5	5	5	5	5
4% Victory Bonds	63	1,920	1,918	1,918	1,918	1,918	1,918	1,918	1,918
4½% War Stock	13	1,920	1,918	1,918	1,918	1,918	1,918	1,918	1,918
4½% War Stock, 1932	2,047	2,047	2,047	2,047	2,047	2,047	2,047	2,047	2,047
National War Bonds	1,509	1,509	1,509	1,509	1,509	1,509	1,509	1,509	1,509
4% Funding Loan	409	366	364	364	364	364	364	364	364
3% Funding Loan	360	207	204	204	204	204	204	204	204
4% Victory Bonds	416	384	384	384	384	384	384	384	384
Treasury Bonds	20	323	323	323	323	323	323	323	323
Exchequer Bonds	267	388	1,394	1,394	1,394	1,394	1,394	1,394	1,394
National Savings Certs.	1,306	1,082	1,038	1,038	1,038	1,038	1,038	1,038	1,038
Other Debt*	51	776	800	800	800	800	800	800	800
American Loan (Anglo-French)	15	1,107	776	800	800	800	800	800	800
Treasury Bills	1	243	35	45	80	823	900	800	878
Temporary Advances	854	57	8,038	7,822	7,873	7,880	7,936	7,844	7,902
Other Capital Liabilities	57	46	216	208	208	208	208	208	208
Total Liabilities	711	8,079	7,860	8,030	8,081	8,088	8,144	8,062	8,110

* Includes debt to American Government.

† Includes £4.4 millions of National Saving Bonds.

REVENUE	Total Receipts into the Exchequer			
	April 1, 1935, to June 30, 1935	April 1, 1934, to June 30, 1934	8 days ended June 30, 1935	Week ended June 30, 1934
ORDINARY REVENUE				
Inland Revenue—				
Income Tax.....	14,890,000	14,696,000	2,779,000	2,413,000
Sur-tax.....	4,070,000	5,470,000	170,000	170,000
Estate, etc., Duties.....	23,500,000	22,630,000	1,680,000	1,680,000
Stamps.....	3,270,000	3,880,000	400,000	540,000
Excess Profits Duty and Corporation Profits Tax.....	110,000	120,000	10,000	20,000
Land Tax and Mineral Rights Duty.....	45,840,000	46,796,000	5,039,000	4,833,000
Total Inland Revenue	47,826,000	46,330,000	4,037,000	3,333,000
Customs and Excise—				
Customs	26,100,000	24,400,000	600,000	600,000
Excise	73,726,000	70,730,000	4,687,000	3,933,000
Total Customs and Excise.....	682,000	1,016,000	121,000	121,000
Motor Vehicle Duties (Exchequer Share)	4,200,000	4,900,000	Dr 200,000	Dr 650,000
Post Office (Net Receipts).....	260,000	270,000	30,000	40,000
Crown Lands	262,772	532,796	2,671	223,525
Receipts from Sundry Loans	4,385,193	3,914,028	2,671	223,525
Miscellaneous Receipts	129,355,968	128,158,824	9,528,671	8,500,525
Total Ordinary Revenue.....	13,800,000	12,850,000	1,550,000	1,500,000
SELF-BALANCING REVENUE				
Post Office.....	3,637,000	4,100,000	...	...
Motor Vehicle Duties apportioned to Road Fund	17,437,000	16,950,000	1,550,000	1,500,000
Total Self-balancing Revenue	116,792,965	145,108,824	11,078,671	10,000,525

EXPENDITURE	Total Issues out of the Exchequer to meet payments			
	April 1, 1935, to June 30, 1935	April 1, 1934, to June 30, 1934	8 days ended June 30, 1935	Week ended June 30, 1934
ORDINARY EXPENDITURE				
Interest and Management of National Debt	74,356,704	75,365,365	1,849,605	1,846,976
Payments to Northern Ireland Exchequer	1,151,964	1,347,854	230,393	253,357
Other Consolidated Fund Services	950,060	759,478	577,625	67,369
Post Office Fund	76,458,728	77,502,697	2,657,623	2,167,702
Total	109,112,000	100,374,000	11,773,000	9,485,000
Supply Services (excluding Post Office)	185,570,728	177,676,697	14,430,623	11,652,702
Total Ordinary Expenditure.....	13,800,000	12,850,000	1,550,000	1,500,000
SELF-BALANCING EXPENDITURE				
Post Office.....	3,637,000	4,100,000	...	...
Road Fund.....	17,437,000	16,950,000	1,550,000	1,500,000
Total Self-balancing Expenditure	203,007,728	194,826,697	15,980,623	13,152,702

The aggregate revenue and expenditure to June 30, 1935, is shown below:—

FINANCIAL YEAR, 1935-36, APRIL 1, 1935, TO JUNE 30, 1935

(000's omitted)		(000's omitted)	
Expenditure	185,571	Revenue	128,356
Increase in balances	104	Gross increase in borrowing	57,683
		Less New Sinking Fund	1,864*
		Net borrowing	56,319
	185,675		185,675

* Authority will be sought in the Finance Bills to meet the amount of the Statutory Sinking Funds in 1935 by borrowing.

POSITION OF THE FLOATING DEBT

	June 30, '34	Mar. 31, '35	June 30, '35	June 30, '35
Ways and Means Advances Outstanding—	£	£	£	£
Advances by Bank of England	8,500,000	17,400,000	2,440,000	2,440,000
Advances by Public Departments	28,400,000	34,060,000	877,155,000*	1,770,000
Treasury Bills Outstanding	848,295,000	799,320,000	903,055,000	2,670,000
Total Floating Debt	876,695,000	838,380,000	903,055,000	2,670,000

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

TREASURY BILLS BY PUBLIC TENDER

Tenders for £40,000,000 Treasury bills were opened on June 28, 1935, and the total amount applied for was £64,995,000. Tenders were accepted for Treasury bills at three months dated Monday to Friday at 99 16s. 11d., about 64 per cent., and above in full; Saturday at 99 17s. 0d., and above in full. The average rate per

cent. was 12s. 1.53d. The amount allotted was £40,000,000. The following table shows the weekly record at various dates:—

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
1933				
January 6.....	45,000,000	78,830,000	45,000,000	0 16 10-84
July 7	45,000,000	89,890,000	42,000,000	0 10 4-85
October 6.....	45,000,000	100,450,000	45,000,000	0 12 9-88
1934				
January 5.....	35,000,000	76,280,000	30,000,000	0 18 11-5
May 17	40,000,000	80,590,000	38,000,000	0 17 9-01
July 6	35,000,000	82,745,000	32,000,000	0 16 4-14
October 5.....	35,000,000	65,280,000	31,510,000	0 15 9-702
1935				
January 4.....	30,000,000	49,560,000	27,500,000	0 6 1-64
April 5	40,000,000	76,085,000	40,000,000	0 10 2-83
May 17	35,000,000	62,905,000	35,000,000	0 10 2-85
May 24	40,000,000	57,885,000	40,000,000	0 10 5-80
May 31	40,000,000	52,950,000	40,000,000	0 10 5-70
June 7	40,000,000	46,830,000	40,000,000	0 11 2-49
June 14	40,000,000	47,865,000	40,000,000	0 13 10-46
June 21	40,000,000	54,655,000	40,000,000	0 16 0-69
June 28	40,000,000	64,995,000	40,000,000	0 12 1-53

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended June 8, 1935	596,551	427,413
5 days ended June 15, 1935	582,750	437,083
February, 1916, to June 15, 1935	1,228,636,665	987,915,337

At the end of April, 1935, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £392,830,064.

The OCEAN

Accident & Guarantee Corporation, Limited

Head Office: 36-44 Moorgate, London, E.C.

FOR ALL CLASSES OF INSURANCE

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, July 3, 1935

ISSUE DEPARTMENT

£		£	
Notes Issued :—		Government Debt	11,015,100
In Circulation	401,370,971	Other Government Securities	246,932,610
In Banking Department ..	51,345,870	Other Securities	356,209
		Silver Coin	1,796,081
		Amount of Fiduciary Issue ..	260,000,000
		Gold Coin and Bullion	192,716,841
	452,716,841		452,716,841

BANK OF DANZIG. —In Danzig gulder (000's omitted).							
	June 30, 1934	Apr. 15, 1935	Apr. 30, 1935	May 15, 1935	May 31, 1935	June 15, 1935	June 29, 1935
ASSETS							
Gold coin and bullion	26,984	19,543	22,912	23,660	22,994	15,441	15,847
Danzig subsidiary coin	3,537		3,481	3,939			
Balances abroad and foreign bills	20,549	1,121	582	1,906	1,612	8,552	3,604
Advances		2,848	228	1,190	2,444	7,892	
Discounts	16,906	25,638	30,954	26,996	1,458	1,871	833
Other balances	100	63	38	37	41	27,546	26,332
LIABILITIES							
Capital paid up	7,500	7,500	7,500	7,500	7,500	7,800	7,500
Notes in circulation	41,675	36,214	38,563	33,377	31,917	28,833	31,810
Deposits on demand	14,332	5,059	659	5,009	4,812	2,938	3,610

ASSETS	June 9, 1934	May 11, 1935	May 18, 1935	May 25, 1935	June 1, 1935	June 8, 1935
Gold coin and bullion	453,744	474,983	478,078	476,870	477,882	478,789
Other coin and bullion	46,425	42,610	43,515	44,035	44,333	44,784
Discounts	581,542	567,322	567,046	568,187	574,013	584,772
Advances	80,068	106,843	108,147	109,506	110,902	111,720
Advances on foreign bills...	30,000	30,000	30,000	36,281	80,895	30,000
Govt. bonds	510,653	519,054	492,511	521,452	508,147	457,471
LIABILITIES						
Notes	1,082,553	1,131,949	1,107,015	1,169,805	1,271,143	1,142,517
Govt. deposits	269,018	341,885	324,399	348,423	285,191	259,706
Other deposits	140,696	87,813	108,519	71,589	82,672	104,888

LONDON MONEY RATES

[illegible]

Comparison with previous week—

	Short Loans	Bank Bills			Trade Bills		
		3 Months	4 Months	6 Months	3 Months	4 Months	6 Months
1935	%	%	%	%	%	%	%
June 6	1-1	1-1	1-1	1-1	2-2	2-2	2-3
" 13	1-1	1-1	1-1	1-1	2-2	2-2	2-3
" 20	1-1	1-1	1-1	1-1	2-2	2-2	2-3
" 27	1-1	1-1	1-1	1-1	2-2	2-2	2-3
July 4	1-1	1-1	1-1	1-1	2-2	2-2	2-3

LONDON RATES OF EXCHANGE

L—Spot Rates (Range of the day's business)							
London on	Par of Exch. per £	June 28, 1935	June 29, 1935	July 1, 1935	July 2, 1935	July 3, 1935	July 4, 1935
New York, \$	4-84	4-94-94	4-94-94	4-94-94	4-93-94	4-93-94	4-94-94
Montreal, \$	4-84	4-94-95	4-94-95	4-94-95	4-94-95	4-94-96	4-95-96
Paris, Fr. ...	124-21	74-74	74-74	74-74	74-74	74-74	74-74
Brussels, Bel	95-06	59-1/2	59-1/2	59-1/2	59-59	59-59	59-59
Milan, L.....	32-06	59-1/2	59-1/2	59-1/2	59-59	59-59	59-59
Zurich, Fr., ..	25-22	15-04-08	15-03-08	15-04-08	15-03-07	15-03-08	15-06-13
Athens, Dr., ..	375	515	514	514	514	514	515
Hels'fors, M.,	193-23	226-227	226-227	226-227	226-227	226-227	226-227
Madrid, Ptas.,	110	357-36	357-36	357-36	357-36	357-36	357-36
Lisbon, Esc., ..	220	109-110	109-110	109-110	109-110	109-110	109-110
Amst'd'm, Fl.	12-107	7-23-25	7-23-24	7-23-24	7-22-24	7-22-24	7-24-27
Berlin, M., ..	20-49	12-20-24	12-23-24	12-23-24	12-19-23	12-19-23	12-21-27

(c)	42-47	42-47
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[illegible]

g. \$... 24.58d. 26 1/4 - 26 1/2 26 1/4 - 27 1/2 26 1/4 - 27 1/2 26 1/4 - 27 1/2 26 1/4 - 27 1/2 26 1/4 - 27 1/2

[illegible]

...	187-191	191-194	194-197	197-200	200-203	203-206	206-209
28d.	277-281	281-284	284-287	287-290	290-293	293-296	296-299

Batavia, R.	12-11	7-18-21	7-18-21	7-18-21	7-18-21	7-18-21	7-18-21	7-18-21
Rio, Mil.....	75-89d	18-60-00	18-60-00	18-60-00	18-60-00	18-60-00	18-60-00	18-60-00
B. Aires, %	11-45	17-10-11	17-10-11	17-10-11	17-10-11	17-10-11	17-10-11	17-10-11
Vaiparaiso, \$	40	118e	118e	118e	118e	118e	118e	118e
M'video, \$..	† 51d.	104-20	104-20	104-20	104-20	104-20	104-20	104-20
Lima, Sol....	17-38	30½d	30½d	30½d	30½d	30½d	30½d	30½d
Mexico, Pes.	9-76	173-18½	173-18½	173-18½	173-18½	173-18½	173-18½	173-18½
Manila, Pes.	†24-80d	24-24	24-24	24-24	24-24	24-24	24-24	24-24
Bombay, Rs.	9-45d	565-67½	565-67½	565-67½	565-67½	565-67½	565-67½	565-67½
Bangkok, Bati	21-22½	21½-22½	21½-22½	21½-22½	21½-22½	21½-22½	21½-22½	21½-22½

Usage: T.T., except Alexandria (Sight); Rio de Janeiro, Lima, Vaiparaiso (90 days).
 † Fence price unit of local currency. Par, 8-23½ since dollar devaluation on February 1, 1934.
 (a) Prior to devaluation on April 2, 1935. (b) Official Rate. (c) Per cent. discount.
 (d) Latest "export" rate. (f) Official rate is 4½d. sellers. (g) Official rate is \$16 sellers.
 (h) Average remittance rate for importers. (i) Rate for conversion of lire into sterling for payments to the Bank of England in respect of debts due to persons in Italy for goods and freights. (j) Nominal. (k) Rate for conversion of Turkish currency into sterling for payments to the Bank of England in respect of debts due to persons in Turkey for Turkish goods. (l) Sellers.

II.—Forward Rates (Closing quotations)

London on	June 28, 1935 Per £	June 29, 1935 Per £	July 1, 1935 Per £	July 2, 1935 Per £	July 3, 1935 Per £	July 4, 1935 Per £
New York, cent.	1 Month (a) 1-1/2 2 " 1-1/2 3 " 1-1/2	(a) 1-1/2 (a) 1-1/2 (a) 1-1/2	(a) 1-1/2 (a) 1-1/2 (a) 1-1/2	(a) 1-1/2 (a) 1-1/2 (a) 1-1/2	(a) 1-1/2 (a) 1-1/2 (a) 1-1/2	(a) 1-1/2 (a) 1-1/2 (a) 1-1/2
Paris, fr.	1 Month (b) 1-1/2 2 " 1-1/2 3 " 1-1/2	(b) 1-1/2 (b) 1-1/2 (b) 1-1/2	(b) 1-1/2 (b) 1-1/2 (b) 1-1/2	(b) 1-1/2 (b) 1-1/2 (b) 1-1/2	(b) 1-1/2 (b) 1-1/2 (b) 1-1/2	(b) 1-1/2 (b) 1-1/2 (b) 1-1/2
Holland, cent.	1 Month (c) 2-1/2 2 " 2-1/2 3 " 2-1/2	(c) 2-1/2 (c) 2-1/2 (c) 2-1/2	(c) 2-1/2 (c) 2-1/2 (c) 2-1/2	(c) 2-1/2 (c) 2-1/2 (c) 2-1/2	(c) 2-1/2 (c) 2-1/2 (c) 2-1/2	(c) 2-1/2 (c) 2-1/2 (c) 2-1/2
Brussels, cent.	1 Month (d) 2-1/2 2 " 2-1/2 3 " 2-1/2	(d) 2-1/2 (d) 2-1/2 (d) 2-1/2	(d) 2-1/2 (d) 2-1/2 (d) 2-1/2	(d) 2-1/2 (d) 2-1/2 (d) 2-1/2	(d) 2-1/2 (d) 2-1/2 (d) 2-1/2	(d) 2-1/2 (d) 2-1/2 (d) 2-1/2
Zurich, cent.	1 Month (e) 2-1/2 2 " 2-1/2 3 " 2-1/2	(e) 2-1/2 (e) 2-1/2 (e) 2-1/2	(e) 2-1/2 (e) 2-1/2 (e) 2-1/2	(e) 2-1/2 (e) 2-1/2 (e) 2-1/2	(e) 2-1/2 (e) 2-1/2 (e) 2-1/2	(e) 2-1/2 (e) 2-1/2 (e) 2-1/2
Italy, lire	1 Month (f) 2-1/2 2 " 2-1/2 3 " 2-1/2	(f) 2-1/2 (f) 2-1/2 (f) 2-1/2	(f) 2-1/2 (f) 2-1/2 (f) 2-1/2	(f) 2-1/2 (f) 2-1/2 (f) 2-1/2	(f) 2-1/2 (f) 2-1/2 (f) 2-1/2	(f) 2-1/2 (f) 2-1/2 (f) 2-1/2

(a) Premium, i.e. "under spot."

(b) Discount, i.e. "over spot."

OVERSEAS BANK RATES

Changed	From	To	Changed	From	To
Albania	Nov. 18, 1933	8 1/2	Madrid	Oct. 29, 1934	6 1/2
Amsterdam	June 28, 1935	5 1/2	Oso	May 24, 1933	4 1/2
Athens	Oct. 14, 1933	7 1/2	Paris	July 4, 1935	5 1/2
Batavia	July 1, 1935	4 1/2	Prague	Jan. 25, 1933	4 1/2
Belgrade	Feb. 1, 1935	6 1/2	Pretoria	May 15, 1933	4 1/2
Berlin	Sep. 22, 1932	5 1/2	Tallinn	Jan. 28, 1932	6 1/2
Bucharest	May 1, 1935	2 1/2	Riga	Jan. 1, 1933	6 1/2
Brussels	Dec. 15, 1934	6 1/2	Rome	Mar. 25, 1935	4 1/2
Budapest	Oct. 17, 1932	5 1/2	Sofia	Jan. 3, 1934	8 1/2
Calcutta	Feb. 16, 1933	4 1/2	Stockholm	Dec. 1, 1933	3 1/2
Copenhagen	Dec. 1, 1933	3 1/2	Swiss Bank		
Danzig	May 2, 1935	4 1/2	places	May 2, 1935	2 1/2
Helsingfors	Dec. 3, 1934	4 1/2	Tokyo	July 2, 1933	4 1/2
Kovno	Jan. 1, 1934	7 1/2	Vienna	Feb. 23, 1935	4 1/2
Lisbon	Dec. 18, 1934	5 1/2	Warsaw	Oct. 26, 1933	6 1/2
New York Fed.	Feb. 1, 1934	2 1/2	Irish	June 30, 1932	3 1/2

Central Bank of Chile.—Discount rate for member banks, 6%; discount rate for the public, 7%. (a) 5 1/2% applied to banks and credit institutions. (b) 6% applied to private persons and firms.

NEW YORK MONEY AND EXCHANGE RATES

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

Call money	July 3, 1935	June 5, 1935	June 12, 1935	June 19, 1935	June 26, 1935	July 3, 1935
Time money (90 days' mixed coll.)	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Bank acceptances—						
Members—eligible, 90 days	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Non-mem.—eligible, 90 days	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Intelligible, 90 days	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Commercial accept., 90 days	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2

Rates of Exchange, New York on—	Par Level	July 3, 1935	June 19, 1935	June 26, 1935	July 3, 1935
London—					
60 days	4-8666	5-0487	4-9175	4-9237	4-9237
Cable	4-8666	5-0487	4-9175	4-9237	4-9237
Cheques	8-2397	5-0637	4-9382	4-9425	4-9425
Paris—cheques					
Cents for 1 franc	6-63	6-5975	6-6075	6-63	6-6350
Brussels					
Cents for 1 franc	23-54	23-37	16-93	16-92	16-925
Switzerland					
Cents for 1 franc	32-67	32-46	32-70	32-80	32-85
Italy					
Cents for 1 lira	8-91	8-58	8-25	8-28	8-2975
Berlin					
Cts. for 1 mark	40-33	38-35	40-44	40-44	40-45
Vienna					
Cts. for 1 schilling	23-82	18-95	18-95	19-00	19-00
Madrid					
Cents for 1 peseta	32-67	13-685	13-69	13-75	13-755
Amsterdam					
Cents for 1 guilder	68-06	67-89	67-99	68-24	68-28
Copenhagen					
Cents for 1 kroner	45-37	22-64	22-03	22-07	22-08
Stockholm					
Cents for 1 drachma	1-29 1/2	0-85	0-94 1/2	0-94 1/2	0-95
Athens					
Cents for Can. \$1	169-31	100 1/2	99 1/2	99 1/2	99 1/2
Montreal					
Cents for 1 yen	84-40	29-98	29-04	29-09	29-09
Yokohama					
Cents for 1 dollar	84-62	40-87	39-75	39-75	39-80
Shanghai					
Cents for 1 rupee	61-80	38-25	37-28	37-35	37-35
Calcutta					
Cents for 1 peso	11-96	8-74	8-30	8-34	8-35
Buenos Aires					
Cents for 1 milreis	11-96	8-52	8-32	8-33	8-32
Rio de Janeiro,					

SOUTH AFRICAN EXCHANGE RATES

(BUYING RATES PER £100 STERLING)	T.T.	Sight	30 days' sight	60 days' sight	90 days' sight
London on—					
Rhodesia	£100 5 0	£100 17 6	£101 7 6	£101 17 6	£102 17 6
South Africa	£100 17 6	£101 7 6	£101 17 6	£102 17 6	£102 17 6
(SELLING RATES PER £100 STERLING)	T.T.	Sight	30 days' sight	60 days' sight	90 days' sight
London on—					
Rhodesia	£100 5 0	£100 17 6	£101 7 6	£101 17 6	£102 17 6
South Africa	£100 17 6	£101 7 6	£101 17 6	£102 17 6	£102 17 6

THE ANGLO-SOUTH AMERICAN BANK, LTD., has received telegraphic advice from the Madrid branch that the gold surcharge for the payment of Spanish Customs duties has been fixed for the period July 1st to 10th at 38.38 per cent. The previous rate was fixed as from 21st at 138.79 per cent.

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES

THE ANGLO-SOUTH AMERICAN BANK, LTD., issues the following details relative to quotations for certain of the South and Central American exchanges. All these exchanges, with the exception of that of Bolivia, are related to the United States dollar, and the approximate sterling rates may be obtained by applying the dollar-sterling exchange rate:—

Bolivia.*	Official market: Sight rate, 20.26 bolivianos per £ sterling on May 8, 1935. Export selling rate 80 bolivianos per £.
Colombia.*	Sight rate, 184 1/2 pesos per 100 United States dollars on June 12, 1935. This rate applies to holders of permits buying in the "open" market.
Ecuador.*	"Free" market sight rate on April 30th, 10.50 sucres per United States dollar.
Guatemala.	Sight rate on New York is maintained at 1 quetzal per United States dollar, but a commission of 1 per cent. is charged by the Banco Central for the sale of drafts.
Nicaragua.*	Official selling rate was established at 110 cordobas per 100 United States dollars on November 26, 1934.
Salvador.	Sight rate on June 12, 1935, 2.51 colones per United States dollar.
Venezuela.	Sight rate on New York is at present maintained at 3.91 1/2 bolivares per United States dollar.

* Exchange controls are operative in these countries.

OVERSEAS DOMINION RATES

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND							
London on Australia and New Zealand				Australia and New Zealand on London*			
Buying		Selling		Buying		Selling	
Australia	New Zealand	Australia	New Zealand	Australia	New Zealand	Australia	New Zealand
T.T.	Air Mail 125 1/2	Ord. Mail 124 1/2	125 1/2	Air Mail 125 1/2	Ord. Mail 124 1/2	125 1/2	124 1/2
Sight 30 days ..	126 1/2	125 1/2	126 1/2	125 1/2	124 1/2	125 1/2	124 1/2
60 days ..	127 1/2	126 1/2	127 1/2	126 1/2	125 1/2	126 1/2	125 1/2
90 days ..	127 1/2	126 1/2	127 1/2	126 1/2	125 1/2	126 1/2	125 1/2

* All rates (Australian and New Zealand) now based on £100—LONDON

GOLD AND SILVER

The following statistics of imports and exports of gold and silver for week ended July 3, 1935, are issued by the Statistical Department of H.M. Customs and Excise:—

IMPORTS AND EXPORTS OF GOLD			IMPORTS AND EXPORTS OF SILVER		
Gold Imported into Great Britain and Northern Ireland, week ended July 3, 1935			Gold Exported from Great Britain and Northern Ireland, week ended July 3, 1935		
From	Bullion*	Coins†	To	Bullion*	Coins†
Channel Islands ...	£ 85,338	£ 1,500	Palestine	£ 51,400	£ 35,579
British W. Africa ..	127,497	5,432	Germany	3,090,369	69,305
British S. Africa ..	1,762,502	8,216	Netherlands	4,532	306
Tanganyika	3,465	...	France	437,455	161
Kenya	2,342	...	Switzerland	181	283
Aden and Depen- dencies	450	...	U.S.A.	143	...
British Malaya	21,000	...	Other countries ...	...	...
Australia	295,158	2,072			
Germany	1,107	...			
Netherlands	20,503	29,599			
France	308,804	11,543			
Switzerland	12,286	3,536			
Spain	5,565	...			
Iraq	3,459	...			
Other countries ...	1,910	...			
Total	2,566,025	140,304	Total	3,584,084	106,983

IMPORTS AND EXPORTS OF SILVER			IMPORTS AND EXPORTS OF SILVER		
Silver Imported into Great Britain and Northern Ireland, week ended July 3, 1935			Silver Exported from Great Britain and Northern Ireland, week ended July 3, 1935		
From	Bullion*	Coins†	To	Bullion*	Coins†
Aden and Depen- dencies	£ 660	£ 5,647	Ceylon	£ 1,150	£ 46,088
British India	4,188	...	New Zealand	6,763	...
British Malaya	1,937	...	France	4,510	...
Australia	910	2,935	U.S.A.	525,299	...
Canada	2,500	...	Other countries ...	...	174
U.S.S.R.	71,435	...			
Netherlands	10,651	580			
Belgium	28,480	832			
France	19,366	96			
Egypt	21,326	6,200			
Iraq	...	6,165			
Japan	324,535	...			
Argentina	1,946	2,800			
Other countries ...	274	1,742			
Total	488,248	27,097	Total	537,722	48,262

* At current market price.

† At par.

GOLD MOVEMENTS: BANK OF ENGLAND

1935	ARRIVALS	1935	WITHDRAWALS
June 28	£ Nil	June 29	£ Nil
July 1	£ Nil	July 2	£ Nil
July 3	£ Nil	July 4	£ Nil
July 4	£ Nil	July 5	£ Nil
Total	£ Nil	Total	£ Nil
Overment June 28, 1935, to July 4, 1935 (inclusive)	£1,570,994 in overment during year 1934		
Overment during 1935 (January 1 to July 4, 1935, inclusive)	£412,222 in overment April 29, 1935, to July 4, 1935 (inclusive)		
Overment September 21, 1931 (gold standard suspended), to July 4, 1935 (inclusive)	£24,353,363 in overment		
	£56,758,815 in		

GOLD MARKET

Messrs Samuel Montagu and Company write on July 3, 1935, as follows:—

The Bank of England gold reserve against notes amounted to £192,716,341 on the 26th ultimo, as compared with £192,716,335 on the previous Wednesday.

In the open market about £2,900,000 of bar gold has changed hands. The gold exchanges have shown small fluctuations against sterling and in consequence the price of gold has moved within arrow limits. Gold has been taken from London by Holland and Switzerland.

Quotations during the week:—

	Per fine ounce	Equivalent value of £ sterling
June 27	141s. 3 1/2d.	12s. 0.30d.
" 28	141s. 3 1/2d.	12s. 0.30d.
" 29	141s. 4 1/2d.	12s. 0.22d.
July 1	141s. 4 1/2d.	12s. 0.22d.
" 2	141s. 7d.	12s. 0.01d.
" 3	141s. 6d.	12s. 0.09d.
Average	141s. 4.83d.	12s. 0.19d.

The s.s. "Rajputana," which sailed from Bombay on the 29th ultimo, is reported to carry gold to the value of £67,000, of which £58,000 is consigned to London and £11,000 to Amsterdam.

SILVER MARKET

The market has continued to rule quiet and rather heavy in one and prices have moved within very narrow limits. Selling from India and from China has again been a feature, and except for a short burst of buying on Saturday, which effected a temporary recovery of 1/4d., general demand has been poor. American support has been well in evidence at the lower level, but no disposition has been shown in that quarter in any way to press the market.

Operators in general await encouragement and in the meantime very considerable amounts continue to leave the hands of speculators, thereby affording a prospect of lessened resistance, if and when any upward movement should occur.

Quotations during the week:—

IN LONDON			IN NEW YORK		
	Bar silver per oz. std.	Cash Two Months' delivery		Cents per ounce	999 fine
June 27	31 1/2d.	31 1/2d.	June 26	69 1/2	
" 28	31d.	31d.	" 27	69 1/2	
" 29	31 1/2d.	31 1/2d.	" 28	69 1/2	
July 1	31 1/2d.	31 1/2d.	" 29	70	
" 2	31d.	31d.	July 1	70	
" 3	31d.	31 1/2d.	" 2	69 1/2	
Average	31.094d.	31.333d.			

The highest rate of exchange on New York recorded during the period from the 27th ultimo to the 3rd instant was \$4.94 1/2 and the lowest \$4.93 1/2.

Stocks in Shanghai on the 29th ultimo consisted of about 278,000,000 dollars and 44,600,000 ounces in bar silver, as compared with 280,000,000 dollars and 44,600,000 ounces in bar silver on the 22nd ultimo.

OTHER OVERSEAS

Egyptian Delta Light Railways...	10	June 10	622	£ 15,162	£ 70	£ 36,573	£ 134
Egyptian Maritime...	26	27	104	£ 1,287	£ 50	£ 43,352	£ 1,618
Gr. South of Spain...	25	22	104	£ 38,510	£ 17,585	£ 1,168,219	£ 196,236
Mexican Railway...	25	22	483	£ 316,300	£ 96,900	£ 5,998,700	£ 332,700

† 10 days

TRAMWAYS WEEKLY GROSS RECEIPTS

Anglo-Argentine ...	26	July 1	328	£ 601,908	£ 15,358	£ 16,373,681	£ 572,002
B. Aires Lacrosse ...	50	June 16	...	£ 85,220	£ 277	£ 3,495,881	£ 4,707
Burnley, Colne and Nelson Jt. Trst.	1	29	76	£ 4,842	£ 166	...	...
Calcutta Tramways	1	29	...	£ 1,17,393	£ 5,170	...	...
Isle of Thanet Elec.	24	19	...	£ 3,377	£ 285	£ 2,328	£ 4,453
Liverpool Corp.	11	26	...	£ 29,783	£ 1,873	£ 364,246	£ 10,810
Madras Electric	6†	30	...	£ 49,530	£ 1,063	£ 6,33,853	£ 11,288

† Months.

MONTHLY TRAFFICS

Company	Months	Ending	Description	Receipts for Month	Receipts to Date
				1935	1935
Barcelona Traction	5	May 31	Gross	£ 5,589,614	£ 52,066,596
			Net	£ 5,543,200	£ 52,066,596
Canadian Pacific	5	May 31	Gross	£ 9,144,000	£ 46,339,000
			Net	£ 1,144,000	£ 4,658,000
International Ry. of Cen. America	5	May 31	Gross	£ 497,050	£ 2,260,638
			Net	£ 426,050	£ 1,999,960
La Guaira & Caracas	6	June 30	Gross	£ 3,915	£ 23,945
Midland & W. Australia	11	May 31	Gross	£ 13,048	£ 147,834

* Revenues and expenses earned or incurred in Salvadorian colonies converted at rate of 2-5 colonos for \$1-00 approximately current rate instead of at 2 colonos for \$1-00 as in 1934.

AMERICAN RAILROADS
MONTHLY GROSS AND NET RECEIPTS

Company	Months	Ending	Description	Receipts for Month	Aggregate Four Months
				Ended Apr. 30, 1935	1935 compared with
				Month of Apr., 1934	Four Months 1934
Atlantic Coast Line	4	Apr. 30	Gross	\$ 3,836,095	\$ 15,570,329
			Net	\$ 1,538,098	\$ 7,145,988
Atchafalaya	4	Apr. 30	Gross	\$ 10,882,183	\$ 40,138,664
			Net	\$ 818,554	\$ 1,186,485
Baltimore and Ohio	4	Apr. 30	Gross	\$ 10,755,777	\$ 45,024,207
			Net	\$ 988,363	\$ 7,316,846
Boston & Maine	4	Apr. 30	Gross	\$ 3,713,277	\$ 22,244
			Net	\$ 2,831,838	\$ 1,680,104
Central of New Jersey	4	Apr. 30	Gross	\$ 2,557,384	\$ 24,913
			Net	\$ 1,479,439	\$ 9,587,566
Chesapeake and Ohio	4	Apr. 30	Gross	\$ 1,139,819	\$ 716,467
			Net	\$ 1,901,221	\$ 937,976
Chicago and N. Western	4	Apr. 30	Gross	\$ 5,986,227	\$ 14,212
			Net	\$ 1,234,813	\$ 218,242
Chicago, Burlington, etc.	4	Apr. 30	Gross	\$ 9,388,635	\$ 360,879
			Net	\$ 286,242	\$ 74,301
Chicago Great Western	4	Apr. 30	Gross	\$ 1,302,470	\$ 1,121,658
			Net	\$ 94,165	\$ 43,569
Chicago, Mil. and St. Paul	4	Apr. 10	Gross	\$ 6,927,879	\$ 347,406
			Net	\$ 4,150	\$ 4,150
Chicago, Rock Island, etc.	4	Apr. 30	Gross	\$ 5,556,183	\$ 385,794
			Net	\$ 294,659	\$ 478,326
Delaware and Hudson	4	Apr. 30	Gross	\$ 2,058,710	\$ 11,565
			Net	\$ 231,734	\$ 15,461
Delaware, Lackawanna & Western	4	Apr. 30	Gross	\$ 3,943,315	\$ 68,481
			Net	\$ 613,152	\$ 32,260
Denver & Rio Grande Wn.	4	Apr. 30	Gross	\$ 1,448,562	\$ 160,521
			Net	\$ 39,968	\$ 10,855
Erie Railroad	2	Feb. 28	Gross	\$ 5,683,651	\$ 51,513
			Net	\$ 899,428	\$ 6,784
Great Northern	4	Apr. 30	Gross	\$ 5,527,797	\$ 866,461
			Net	\$ 1,889,960	\$ 1,330,025
Gulf Coast Lines	2	Feb. 28	Gross	\$ 860,085	\$ 23,392
			Net	\$ 79,669	\$ 59,571
Illinois Central	4	Apr. 30	Gross	\$ 7,889,929	\$ 592,862
			Net	\$ 1,165,215	\$ 4,146
International St. Northern	4	Apr. 30	Gross	\$ 930,169	\$ 143,939
			Net	\$ 1,232	\$ 116,048
Lehigh Valley	4	Apr. 30	Gross	\$ 3,549,599	\$ 220,068
			Net	\$ 892,627	\$ 279,242
Long Island Railroad	4	Apr. 30	Gross	\$ 1,981,754	\$ 65,643
			Net	\$ 88,763	\$ 22,270
Louisville and Nashville	4	Apr. 30	Gross	\$ 6,004,716	\$ 371,168
			Net	\$ 926,115	\$ 72,429
Min. & St. Paul and Sault.	4	Apr. 30	Gross	\$ 1,838,146	\$ 21,431
			Net	\$ 72,992	\$ 132,205
Missouri, Kansas & Texas	4	Apr. 30	Gross	\$ 2,174,181	\$ 84,008
			Net	\$ 7,305,997	\$ 158,465
Missouri Pacific	4	Apr. 30	Gross	\$ 5,969,947	\$ 46,102
			Net	\$ 213,478	\$ 288,432
New York Central	4	Apr. 30	Gross	\$ 25,180,984	\$ 240,038
			Net	\$ 2,482,306	\$ 104,740
N. York, New Haven and Hartford	4	Apr. 30	Gross	\$ 5,911,246	\$ 95,469
			Net	\$ 709,557	\$ 22,100
Norfolk and Western	4	Apr. 30	Gross	\$ 5,716,801	\$ 299,416
			Net	\$ 1,590,267	\$ 311,397
Northern Pacific	4	Apr. 30	Gross	\$ 4,198,479	\$ 362,868
			Net	\$ 333,038	\$ 53,042
Pennsylvania Railroad	4	Apr. 30	Gross	\$ 29,334,252	\$ 418,394
			Net	\$ 5,616,583	\$ 1,436,660
Reading Co.	3	Mar. 31	Gross	\$ 4,690,578	\$ 1,601,228
			Net	\$ 3,406,045	\$ 126,238
Seaboard Air Line	4	Apr. 30	Gross	\$ 933,999	\$ 54,063
			Net	\$ 13,053,817	\$ 1,561,898
Southern Pacific	4	Apr. 30	Gross	\$ 1,270,194	\$ 442,866
			Net	\$ 6,780,610	\$ 11,696
Southern Railway	4	Apr. 30	Gross	\$ 1,044,840	\$ 223,467
			Net	\$ 3,423,292	\$ 188,694
St. Louis-San Francisco	4	Apr. 30	Gross	\$ 6,371	\$ 7,449
			Net	\$ 1,869,814	\$ 99,149
Texas & Pacific	3	Mar. 31	Gross	\$ 321,057	\$ 730,471
			Net	\$ 9,849,686	\$ 109,283
Union Pacific	4	Apr. 30	Gross	\$ 3,802,682	\$ 272,903
			Net	\$ 547,160	\$ 98,433
Wabash	4	Apr. 30	Gross	\$ 547,160	\$ 98,433

† Net operating income.

REPORTS AND NOTICES

THE LONDON ASSURANCE has reduced the rate of interest on loans under its house-purchase scheme to 4½ per cent. gross, and the new rate applies to both old and new loans. This takes effect as from July 1, 1935.

Mr Theodore David Neal, J.P., has been elected a director of Enfield Cycle Company, to take the place of Mr Alexander Ramsay, M.P., O.B.E., who resigned on his appointment as director of the Engineering and Allied Employers National Federation.

Captain A. F. Logan, M.C., assistant secretary of British Tin Investment Corporation, Ltd., has been appointed secretary in the place of Mr F. Gurdon Palin, F.C.I.S., retired; and Mr J. A. W. Gibson has been appointed assistant secretary.

The board of the Rohilkund and Kumaon Railway Company have appointed Lt.-Col. T. Gracey, R.E., to be a director of the company, with effect from July 1, 1935, in place of Lt.-Col. W. R. Izat, D.S.O., R.E., resigned.

Sir Henry Burt, K.C.I.E., C.B.E., has resigned the chairmanship of the Bengal and North Western Railway Company, after holding that position for the past 16 years, and the Board have appointed Lt.-Col. T. Gracey, R.E., to be chairman of the company, with effect from July 1, 1935. Sir Henry Burt retains his seat on the board.

At a meeting of the London board of directors of the Royal Insurance Company, Ltd., held on July 3, 1935, Mr J. A. Swan was elected to the chairmanship in succession to the late Mr Frank Henderson.

BANKS

BARCLAYS BANK (DOMINION, COLONIAL AND OVERSEAS).—Sir John Calcutt has been elected deputy-chairman of Barclays Bank (Dominion, Colonial and Overseas) in succession to the late Mr Raoul Hector Foà. He is relinquishing the general management of the bank, and Mr Harry Robert Bradfield and Mr Julian Stanley Crossley, assistant general managers, have been appointed general managers.

CHASE NATIONAL BANK.—The statement of the Chase National Bank for June 29, 1935, shows deposits were \$1,735,108,000 and certified and cashier's cheques, \$25,023,000, the sum of which, \$1,760,129,000, compares with \$1,706,154,000 on March 4, 1935, and with \$1,533,446,000 on June 30, 1934. Total resources on June 29, 1935, amounted to \$2,027,704,000, as compared with \$1,979,297,000 on March 4, 1935, and \$1,810,699,000 a year ago; cash in the bank's vaults and on deposit with the Federal Reserve Bank and other banks, \$528,863,000, as compared with \$531,988,000 and \$412,911,000; investments in United States Government securities, \$573,664,000, as compared with \$542,343,000 and \$417,366,000; securities maturing within two years, \$86,017,000, as compared with \$77,341,000 and \$94,195,000; other bonds and securities, including stock in the Federal Reserve Bank, \$122,032,000, as compared with \$127,244,000 and \$132,857,000; loans and discounts, \$639,395,000, as compared with \$615,071,000 and \$621,566,000. On June 29, 1935, the capital of the bank consisted of \$50,000,000 preferred stock and \$100,270,000 common stock and \$50,000,000 surplus, unchanged from March 4, 1935, and from June 30, 1934. Undivided profits on June 29, 1935, were \$20,851,000, as compared with \$14,816,000 on March 4, 1935; \$18,839,000 on December 31, 1934, and \$16,521,000 on June 30, 1934. Semi-annual preferred and common dividends amounting to \$6,198,889.20 were paid to shareholders on February 1, 1935.

GUARANTY TRUST COMPANY OF NEW YORK.—On June 30, 1935 deposits were \$1,412,601,413.97, the largest in the history of the company. Deposits were \$1,268,883,103.48 on March 31, 1935, and \$1,203,475,411.17 a year ago. The company's total resources are \$1,730,209,418.50 as compared with \$1,581,795,947.01 on March 31, 1935, and \$1,539,221,442.59 a year ago. The statement shows capital, \$90,000,000.00 and surplus \$170,000,000.00; undivided profits, \$7,067,129.50, giving total capital funds of \$267,067,129.50.

(Continued on page 48)

OFFER TO NEW READERS

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

To Publisher, "Economist Newspaper Ltd.,"

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

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SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Debenture Interest	Amount Available for Distribution	Appropriation				Corresponding Period Last Year	
					Dividend		Carried to Reserve, Depreciation, etc.	Balance Forward	Net Profit	Dividend
					Prefere.	Ordinary				
					Amount	Amount	Rate			
Financial, Land, etc.										
Anglo-Ceylon and General	Mar. 31	£ 30,672	£ 702	£ 31,374	£ ...	£ ...	%	£ 6,090	£ 25,284	£ 46,472
Argentine Northern Land...	Dec. 31	3,317	Dr. 3,557	Dr. 240	...	...	...	Dr. 4,000	3,760	Dr. 11,622
Associated London Propts.	June 24	18,514	59,611	78,125	23,250	13,978	4½	34,558	6,333	36,863
Australian Agricultural Co.	Dec. 31	2,300	31,444	33,744	...	24,000	3½	7,000	2,744	30,623
Bieckert's Brewery Invest-										
ment.....	May 31	7,343	20,143	27,486	...	18,959	4	...	8,527	22,655
Hampstead Garden Suburb	Mar. 31	3,850	5,236	9,086	...	5,499	7½	...	3,587	3,315
Hotels, Restaurants, etc.										
Spiers and Pond	Mar. 31	8,108	49,337	57,445	32,342	12,467	3	1,000	11,636	36,736
Tati Company	Feb. 28	12,629	Dr. 2,159	11,470	...	...	...	...	11,470	Dr. 818
Iron, Coal and Steel										
Powell Duffryn Steam Coal	Mar. 31	108,786	321,032	429,818	41,062	170,865	6	217,891	...	£ 378,992
Rickett, Cockerell and Co....	Mar. 31	38,535	42,871	81,406	20,250	29,681	4	...	31,475	49,940
Oil										
Phoenix Oil Products.....	Dec. 31	3,843	53,224	57,067	48,001	...	...	9,066	55,134	...
Utd. British Oil of Trinidad	Dec. 31	30,949	50,112	81,061	58,550	15,000	3	...	7,511	27,093
Rubber, etc.										
Juru	Mar. 31	1,194	5,091	6,285	...	3,600	4½	1,500	1,185	2,558
Kawie (Java)	Mar. 31	10,039	8,967	19,006	...	5,625	7½	6,500	6,881	5,454
Prang Besar	Mar. 31	10,504	4,915	15,419	...	4,225	2½	...	11,194	3,718
Selama (Malay)	Mar. 31	3,373	4,714	8,087	...	2,500	5	2,000	3,587	2,135
Teekoy	Mar. 31	453	4,527	4,980	...	3,700	5	...	1,280	2,133
Tremelbye (Selangor)	Mar. 31	2,849	9,728	12,577	...	8,280	3	...	4,297	4,136
Shops and Stores										
International Tea	May 4	106,965	755,315	862,280	160,296	443,138	30	150,000	108,846	645,860
Montague Burton	Mar. 31	221,812	440,116	661,928	155,000	93,000	6	200,000	213,928	380,559
Savory and Moore	Jan. 31	8,395	10,537	18,932	7,949	...	...	2,390	8,593	1,756
United Counties Stores ...	Feb. 28	5,406	15,144	20,550	4,650	9,300	6	1,250	5,350	17,642
Tea										

(Continued from page 46)

MISCELLANEOUS

ACQUISITION OF SUNBEAM MOTOR CAR COMPANY, LTD. BY MOTOR INDUSTRIES, LTD.—Rootes Securities, Ltd., announces that one of its associated companies, Motor Industries, Ltd., has acquired the undertaking and assets and goodwill of the Sunbeam Motor Car Company, Ltd., including the share capital of Sunbeam Commercial Vehicles, Ltd., and that the sale has been sanctioned by an order of the Court. Motor Industries, Ltd., has already entered into possession of the premises and it is intended that the name of the company will shortly be changed so as to incorporate the word "Sunbeam," and that the company will continue the manufacture of high-class motor cars and trolley buses hitherto manufactured by the Sunbeam Motor Car Company, Ltd.

WEST AUSTRALIAN COMPANIES AND DEATH DUTIES.—The following statement is issued from the office of the Agent-General for Western Australia in London: The Administration Estate and Succession Duties Amendment Act, 1934, under which death duties are imposed in certain circumstances on shareholders in companies operating in Western Australia, even though the shareholder may be domiciled outside of Western Australia, specifically exempts from such duties all bona-fide railway, timber, mining, insurance and development companies. It follows that no West Australian death duties whatever are chargeable in the case of deceased persons domiciled out of Western Australia on shares or interests in any companies of the kinds enumerated, registered in this country, and carrying on business in Western Australia.

THE ASSOCIATION OF INVESTMENT TRUSTS.—The Association of Investment Trusts has been informed by the board of De Beers Consolidated Mines, Ltd., that they do not intend to proceed with their proposals relating to the share capital of the company. There

is therefore no further necessity for shareholders who disapproved of these proposals to send in their names. The association desires to express its appreciation of the substantial support accorded by the shareholders, and of the consideration given by the board to its representations.

DUFFIELD COAL PRODUCTS, LTD.—The board now consists of Mr F. Lindley Duffield (chairman and managing director), Mr A. Windsor Richards, Mr J. H. Macaulay and Mr J. S. Harrison. Mr J. H. Macaulay stipulates for certain rights to acquire at par for cash unissued capital of company, viz., 340,000 ls. ordinary shares which terms directors have accepted. Commercial-size unit is expected to be completed in October or November this year. Cost will be fully provided for by amount due from recent call of 2s. 6d.

EUROPEAN GAS COMPANY, LTD.—Stockholders representing more than the requisite 75 per cent. of the nominal capital having accepted the offer of Messrs R. de Lubersac and Cie., the agreement has now become absolute.

ASSOCIATED AUTOMATIC MACHINE CORPORATION, LTD.—At the meetings held June 28th to consider the scheme of reconstruction of the share capital of the company the voting was as follows: Extraordinary general meeting: For the resolutions, 2,376,508; against, 140,274. Preference shareholders' meeting: For the resolution, 285,128; against, nil. Ordinary shareholders' meeting: For the resolution, 2,047,559; against, 143,674.

SKODA WORKS.—Trading profit for 1934 was Kr. 88,399,420 (against Kr. 62,602,723), plus Kr. 11,074,293 (same) brought in; to taxes, Kr. 6,109,526 (Kr. 6,641,143); to staff funds, Kr. 27,789,187 (Kr. 24,912,306); depreciation, Kr. 43,260,758 (Kr. 31,049,274); leaving balance Kr. 22,314,242 (Kr. 11,074,293). Dividend, 9½ per cent., against nothing for 1933, Kr. 18,125,000; to directors, Kr. 123,995; further allocation to staff, Kr. 2,000,000; forward, Kr. 2,065,247.

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

ALTHOUGH the general downward movement of commodity prices appears to have been arrested last week, the trend of quotations was again irregular.

Among industrial raw materials, cotton rose sharply in price. The higher quotations will be put to the test of the market early next week when the first official forecast of the United States cotton crop will be published. Quotations for hemp and wool were also slightly higher than a week ago, but flax remained unchanged in price and jute was marked down a little.

The price of copper dropped below £29 per ton owing to fears that the voluntary agreement to maintain the main features of the United States copper code may not be carried out. Subsequently, however, prices recovered again, and Wednesday's quotation showed a slight advance on that of a week ago. Lead and spelter are scarcely changed on the week, but tin was slightly dearer. The market in vegetable oils was quiet and quotations were generally lower than a week ago. Demand for rubber failed to improve, and Wednesday's quotation was slightly below last week's level.

Wheat prices rose sharply in the United States on reports of a deterioration of the standing crops, but quotations in this country failed to respond. Competition at the Mincing Lane tea auctions was keen at firm prices, but the market in coffee was quiet, and there was no recovery in raw sugar prices. Business in meat at Smithfield Market continued on a restricted scale owing to the warm weather. Eggs were also cheaper, but bacon was slightly dearer. Demand for fruit and vegetables was active.

In the United States the trend of commodity prices was again slightly firmer. Moody's index of the dollar prices of staple commodities, based on December 31, 1931, stood at 158.8 on Wednesday, compared with 156.3 a week earlier, 156.6 a month earlier and 138.8 on the corresponding day last year.

COAL

SHEFFIELD.—The July quotas for South Yorkshire have been fixed as follows: Output, 52½ per cent.; inland supply, 52½ per cent.; export supply, 55 per cent. In June the export supply was 70 per cent. Best steam coals for export are scarce and quotations have advanced to 17s. 6d. and 18s. f.o.b. Prompt shipment business is quiet, but inquiries for forward supplies are increasing and the outlook is believed to be better. Inland trade continues brisk for industrial fuel but there is little business in house coal. Supplies of blast furnace coke are in excess of demand, and prices are again weaker.

NEWCASTLE-ON-TYNE.—Shipments of coal and coke from the Tyne during June were 1,043,602 tons, a decrease of 37,828 tons compared with the same month last year. Loadings in the first half of 1935 showed a reduction of 378,000 tons on the corresponding

period in 1934. Screened steam coal continues to be a good market, prices being firm. Other grades of steam coal are offered more freely. Durham collieries producing gas and coking coal are short of business and have difficulty in obtaining a full week's work. Patent oven coke is fairly steady.

Current f.o.b. prices for export: **NORTHUMBERLAND**—D.C.B. screened, 14s.; smalls, 11s.; Howards, Bentinck, Newbiggin screened, 13s. 6d.; smalls, 10s. 6d.; Tyne prime large, 13s. 6d.; smalls, 11s.; Hartley Main large, 13s. 6d.; smalls, 11s. **DURHAM**—Lambton/South Hetton screened steam, 15s. 2d.; smalls, 12s. 6d.; Wear special gas, 15s.; Holmside, Ryhope, Boldon unscreened gas, 14s. 6d.; second-class gas, 13s. 2d.; coking unscreened and/or smalls, 13s. 2d.; prime unscreened bunkers, 13s. 9d.; second-class unscreened bunkers, 13s. 3d.; prime foundry coke, 18s. 6d.; Newcastle and district gas coke, 20s.

GLASGOW.—Steady conditions are the rule in the Scottish coal market, outputs moving relatively well for this season of the year. Domestic demand has fallen off with the improvement in the weather, but the collieries are finding some compensation in the outlet to industry. Coastwise business is also keeping up, and the export branch is maintaining the recent improvement. In general, collieries are now benefiting from pre-holiday buying, an indication of which was seen in the expansion in shipments last week to 292,000 tons.

Shipment prices f.o.b. district ports: **LANARKSHIRE**—Ell best 15s.—15s. 6d.; splint best, 17s.; splint second, 13s. 9d.—14s. 6d.; navigation, screened, 15s.; navigation, unscreened, 13s. 6d.—13s. 9d.; Hartley, 16s.; steam, screened, 13s.—13s. 6d.; trebles, 13s.; doubles, 12s. 6d.—12s. 9d.; singles, 12s. 3d.—12s. 6d.; pearls, 10s. 9d.—11s.; dross, 10s. **FIFE**—Best unscreened navigation, 13s. 3d.—13s. 6d.; unscreened navigation, 12s. 9d.—13s.; first-class steam, 13s. 6d.—14s.; third-class steam, 12s.—13s.; trebles, 13s. 6d.—16s. 6d.; doubles, 13s. 6d.—14s. 6d.; singles, 12s. 6d.—12s. 9d.; pearls, 10s.—10s. 6d. **LOTHIANS**—Prime steam, 12s. 6d.—13s. 6d.; secondary steam, 12s.; unscreened navigation, 12s. 6d.—12s. 9d.; trebles, 13s.—13s. 6d.; doubles, 12s. 9d.—13s.; singles, 12s. 6d.—12s. 9d.; pearls, 10s.—10s. 3d. **AVRSHIRE**—Best unscreened navigation, 14s. 6d.; steam, 13s.; trebles, 13s.; doubles, 12s. 3d.—12s. 6d.; singles, 12s. 6d.; pearls, 12s.; dross, 11s.

CARDIFF.—The recent slight improvement in the volume of the export trade of the South Wales ports is being maintained. Last week shipments in the foreign and coastwise trades totalled 400,600 tons compared with 306,784 tons in the corresponding week last year, and during the past few days the number of loading berths occupied has been above the average. Still, conditions in foreign markets are very dull and increasing difficulties are being experienced in the transfer of payments, particularly from Italy. Sized classes are the only qualities possessing any strength, and with few exceptions, current quotations are ruling at the minimum figures. This week an arbitration has been held by the South Wales Executive Board under the control scheme into an application for a lower minimum price for small coals supplied for carbonisation purposes. The application has been made by a colliery belonging to one of the largest of the local iron and steel combines. The Coalowners' and Coke Owners' Associations have applied for an inquiry by the Railway Rates Advisory Committee into coal shipment charges at the South Wales ports; this course has been taken as the result of the discontinuance as from the end of May last of a special rebate of ½d. per ton on tipping and weighing.

Current approximate quotations: Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 3d.; best drys, 18s. 9d. to 19s.; Black

THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK

Statement of Condition, June 29, 1935.

RESOURCES	
Cash and due from Banks	\$ 528,863,069.24
U.S. Government Obligations, direct and fully guaranteed	573,663,610.71
State and Municipal Securities maturing within two years	64,086,986.35
Other State and Municipal Securities	23,768,064.99
Other Securities maturing within two years	21,930,470.72
Federal Reserve Bank Stock	8,160,000.00
Other Bonds and Securities	90,104,180.72
Loans, Discounts and Bankers' Acceptances	639,394,724.19
Banking Houses	39,464,171.39
Other Real Estate	4,051,691.33
Mortgages	1,765,542.11
Customers' Acceptance Liability	15,974,210.42
Other Assets	16,477,346.48
	<u>\$2,027,704,068.65</u>

LIABILITIES	
Capital—Preferred	\$ 50,000,000.00
Capital—Common	100,270,000.00
Surplus	50,000,000.00
Undivided Profits	20,850,876.94
Reserve for Contingencies	18,263,470.22
Reserve for Taxes, Interest, etc.	1,003,121.74
Deposits	1,735,105,986.91
Certified and Cashier's Checks	25,022,666.67
Acceptances Outstanding	17,800,488.50
Items in Transit with Branches	546,469.30
Liability as Endorser on Acceptances and Foreign Bills	4,191,638.67
Other Liabilities	4,649,349.70
	<u>\$2,027,704,068.65</u>

United States Government and other Securities carried at \$137,401,808.74 are pledged to secure Public and Trust deposits and for other purposes as required or permitted by law.

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IRON AND STEEL

MIDDLESBROUGH.—The market for pig iron, both foundry and hematite grades, remains firm. Trade continues chiefly with home consumers, export trade being very restricted. Shipments of pig iron from the Tees to foreign destinations during June amounted to approximately 3,500 tons. According to the latest figures of production, this area is the biggest producer in Great Britain of both pig iron and steel. Prices of pig iron are firmly maintained to home users at 67s. 6d. per ton for No. 3 Cleveland foundry pig iron and 69s. per ton for No. 1 East Coast hematite pig iron, delivered locally. Durham blast-furnace coke is quoted at 19s. per ton delivered at the furnaces here, but it is understood that this price can be shaded. Works generally are not interested in purchases of foreign ore for early delivery as shipments are coming forward regularly under existing contracts.

Semi-finished steel is in good demand and the finished steel departments have good orders on hand for bridge steel, constructional steel and other qualities. The order for three motor vessels of about 9,000 tons, recently booked by the Furness Shipbuilding Company, will provide further work for the plate mills, etc. Heavy mild steel melting scrap is in good demand at 52s. 6d. per ton delivered at the works here.

SHEFFIELD.—Reports from the works continue favourable. Turn-over in the steel branches has been increasing and the position is stronger than at the corresponding period of last year. Business with Russia is rather disappointing, although that country has since the beginning of the year taken from British works very large quantities of tungsten and other ferro-alloys used in the manufacture of special steels. Formerly Russia was a regular buyer of such steels from Sheffield; to-day she is obtaining them from her own plants. The heavy export of these ferro-alloys has been a feature of British trade this year. This is a new industry for the United Kingdom. Before the Great War British steel-makers obtained their ferro-alloys from Continental sources. Makers of high-grade steels in Sheffield are fully employed. Export trade expands but slowly, but the tendency is ever upward. Tool factories are busy: business in cutlery and plate is quiet.

GLASGOW.—Steelmakers in the West of Scotland are very busy, and some of the works are finding difficulty in completing the orders, of which delivery is required before the holidays. Conditions are improving with makers of semis and with re-rollers, and orders have been much more plentiful within the last few weeks. Home consumers are still taking the larger share of the sheet-makers' output, but export business continues to show signs of improvement and tonnage placed with local sheetmakers is quite substantial. Almost all branches of the engineering trade in the Glasgow district are busy now and in many cases have well-filled order books for forward delivery. Works in the Falkirk district are closed this week for the annual holidays.

CARDIFF.—There has been practically no change during the past week in the position of the South Wales iron and steel trade. On the Swansea Metal Exchange on Tuesday it was reported that there was a steady demand for tinplates both for the inland and the export trades at recent scheduled prices. The slight improvement in the market for galvanised sheets is also being maintained. Prices for finished products as well as for steel bars are unaltered. Shipments of tinplates at Swansea last week totalled 65,399 boxes, compared with 46,127 boxes the previous week and 105,471 boxes in the corresponding period last year. Arrivals in warehouse were higher than in the previous week and stocks increased to 127,586 boxes, as against 101,198 boxes the previous week and 96,887 boxes a year ago.

OTHER METALS

TIN.—The feature of the past week has been the narrowing of the backwardation on forward tin. While the cash price remained fairly steady, the three-months' quotation rose by over £5 a ton and—for the first time for several months—there was a fair supply of cash tin as well as a considerable demand for the forward metal. It may well be, as is supposed in London metal circles, that the operations of the buffer pool were mainly responsible for these developments, but it also seems likely that the publication of the June statistics induced consumers to cover their requirements. According to Messrs A. Strauss and Company, deliveries declined by a further 444 tons to 7,737 tons during June, while supplies fell by no less than 2,400 tons to 5,264 tons—the lowest level since February of last year. Total visible supplies (including the Straits carry-over) were thus further reduced by 2,907 tons, to the record low level of 14,383 tons. When one remembers that a substantial part of this quantity is controlled by the buffer pool, one can easily understand why consumers became anxious about their supplies.

understand why consumers are not buying more.
Sales of tin on the London Metal Exchange : 480 tons on Monday, against 270 tons a week ago ; 750 tons on Tuesday, against 430 tons last week ; 445 tons on Wednesday, against 110 tons last week. The New York quotation on Wednesday was 51.90 cents per lb., against 51.62½ cents a week ago and 51.30 cents a month ago. Wednesday's official closing quotation in London for standard cash was £230 5s. to £230 10s. per ton, compared with £229 15s. to £229 17s. 6d. last week. Stocks of tin in London and Liverpool at the end of last week totalled 2,822 tons, a decrease of 194 tons or the week.

COPPER.—Although the undertone has not changed, prices on the London market have recovered a little from last week's slump. Attention is still directed to the United States, where the market in copper remains unsettled. Last week's reduction in the domestic price from 9 to 8 cents per lb. (the first for over a year) has done little to stimulate consumers' demands. Consumers have adequate supplies at present—especially in view of the seasonally quiet period which has just set in—while it is generally anticipated that the customs smelters will soon cut the domestic price even further. All hope of a renewal of the copper code appears to be dwindling away, which means that equilibrium between the American price and the world price of copper must eventually be restored. In so far as this will remove the incentive for American producers to dump supplies on the European market, it is a bull point for the latter. During the past month, however, arrivals from America appear to have been heavy, for stocks in the official warehouses of the London Metal Exchange have again increased from 77,763 to 80,559 tons. Some fall in these stocks may possibly occur as a result of the disappearance of the distinction between blue eagle and non-blue eagle copper in the United States; for there is no longer a class of copper which is saleable only on the domestic market.

Sales on the London Metal Exchange: 1,700 tons on Monday, against 3,700 tons last week; 2,500 tons on Tuesday, against 1,800 tons last week; 1,800 tons on Wednesday, against 4,500 tons last week. Domestic spot was quoted at 7.22½ cents per lb. in New York on Wednesday, against 7.07½ cents a week ago and 7.77½ cents a month ago. Wednesday's official closing price for standard cash in London was £30 7s. 6d. to £30 8s. 9d., compared with £29 5s. to £29 6s. 3d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 69,275 tons, show an increase of 1,465 tons, while stocks of rough copper, at 11,309 tons, show a reduction of 100 tons on the week.

LEAD AND SELLER.—Prices for these metals fluctuated within narrow limits during the past week, the general market situation showing little change. On Monday the House of Commons approved a clause empowering the Import Duties Advisory Committee to reduce the duties on these metals to below 10 per cent. It is to be hoped that the decision regarding the future of the duties will be published at an early date, so that the uncertainty which has hung over these markets for some time past may be dissipated.

Sales of lead on the London Metal Exchange; 500 tons on Monday, against 1,000 tons last week; 850 tons on Tuesday, against 250 tons last week; 550 tons on Wednesday, against 700 tons last week. The New York quotation on Wednesday was 4.00 cents per lb., against 4.00 cents a week ago and 4.10 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £13 16s. 3d. per ton, compared with £13 13s. 9d. a week ago.

Sales of spelter on the London Metal Exchange, 125 tons on Monday, against 600 tons last week; 625 tons on Tuesday, against 500 tons last week; 375 tons on Wednesday, against 700 tons last week. Wednesday's quotation in East St. Louis was 4:30 cents per lb., against 4:30 cents the week before and 4:30 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £13 17s. 6d. per ton, against £13 17s. 6d. last week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted at £100 per ton. Nickel, for home and export, at £200 to £205 per ton, remains unchanged. Quicksilver, on the spot, was steady at £11 12s. 6d. to £11 15s. per flask of 76 lbs. Chinese antimony was quoted at £69 to £70 per ton ex warehouse, against £70 to £71 per ton last week. Chinese wolfram for July–August shipment was quoted at 29s. 6d. to 30s. 6d. per unit c.i.f., against 29s. 6d. to 30s. for June–July shipment last week. Platinum remains unchanged in price at £7 per ounce.

TEXTILES

COTTON.—**Manchester.**—The market has been rather firmer. Raw cotton rates have tended to harden and in certain directions there has been more resistance on the part of spinners and manufacturers against low offers. Quite a number of private estimates of the area under cultivation for the new crop in the United States have been published, the Government forecast being due on Monday next. There is a disposition to anticipate an acreage of about 30,000,000 acres, with an output of between 10,500,000 and 11,000,000 bales. The weather in the belt has recently shown some improvement and on the whole the plants are now doing better. The crop, however, is late. Consumption of American cotton continues to decline whilst there is increasing use of material grown in other countries.

The legalisation of the new weavers' wages agreement has resulted in a revision of cloth quotations and business has been somewhat disorganised. Numerous manufacturers have been compelled to put up their prices and buyers have resisted the higher rates. A fair miscellaneous trade has been put through for India, chiefly in mulls for Karachi and printed and dyed goods for Bombay and the up-country markets. The natives of India to an increasing extent are obtaining their supplies from the home mills. News from China continues disappointing. Scattered sales, which in the aggregate have totalled to moderate dimensions, have been arranged for the Dominions, the Crown Colonies, South America and the Continent, most of the contracts being in finishing and printing styles. The better feeling in the home trade section has been maintained, there being more activity in light dress goods. Sales of any importance in the yarn market have been quite exceptional. A slightly better turnover, however, has taken place in medium American qualities. Irregular operations have been reported in Egyptian descriptions.

COTTON PRICES

	1935				Corresponding Date	
	June 12	June 19	June 26	July 3	1933	1934
Raw Cotton—Mid. American per lb.	d. 8-1	d. 7-9	d. 6-73	d. 6-95	d. 6-54	d. 6-76
Sakellaridis Pully Good Rais						
Egyptian per lb.	8-14	8-05	7-96	8-08	8-57	8-34
Yarns—32's twist per lb.	10½	10½	10½	10½	9½	10½
" 40's wett per lb.	10½	10½	10½	10½	9½	10½
" 60's twist (Egyptian)..... per lb.	15	15	15	15	16	16½
32-in. Printers 118 yds., 16 by 16, 32's and	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
50's.....	17 6	17 4½	17 4½	17 6	17 0	18 7½
36-in. Shirtings, 75 yds., 19 by 19, 32's and						
40's.....	24 0	24 0	24 0	24 3	21 3	23 6
39-in. ditto, 38 yds., 18 by 16, 10 lb.....	10 4	10 4	10 4	10 5	10	10 11
39-in. ditto, 37½ yds., 16 by 15, 8½ lb.....	9 2	9 2	9 2	9 5	9 5	9 9

COTTON TRADE REORGANISATION.—As anticipated, the Ministry of Labour, on the recommendation of the Independent Board of Inquiry, has made an Order under the Cotton Manufacturing Industry (Temporary Provisions) Act providing for the legalisation of the new weavers' wages agreement recently arranged by the employers and the operatives, and the new list will come into operation on July 15th. In the circumstances, during the last few days Lancashire manufacturers have been busy revising their cloth quotations in accordance with the new wage rates. The new list means a variation of the old list without any important change in the official wage rates, but during the last twelve or eighteen months numerous manufacturers have not been paying their workpeople according to the official list and therefore it has been necessary for such firms to advance their prices for cloth to a moderate extent. The tendency of this legislative action will be, if anything, to make Lancashire cotton cloth dearer and it is feared in some quarters that it will be extremely difficult to maintain even our present export trade, in view of the severe competition from abroad, especially from Japan and India. It is recognised, however, that the stabilisation of prices is a distinct advantage and the chaotic conditions which have existed in Lancashire for such a long time will now be removed. There are rumours that some firms contemplate getting round the Act of Parliament, but this will not be easily done, and it is understood that the trade unions will be on the alert to report any breaches of the agreement.

The Bill has now been presented to Parliament by the Board of Trade for the elimination of redundant cotton spinning machinery. Its implications are discussed in a Note of the Week. It is uncertain when the second reading will take place, but there are fears that there will be a good deal of delay in obtaining legislation on this matter. Although opposition to this movement appears to be increasing, the Government is determined to force the scheme upon the industry.

WOOL.—**Bradrd.**—The Associated London Wool Selling Brokers have issued their list of available supplies to be catalogued at the forthcoming next Tuesday. They declared an available quantity of 131,500 bales, which is a little larger than generally expected. Arrivals from Australia appear to exceed expectations. Victoria, New South Wales and Queensland are contributing a considerable weight of wool, and there are 69,000 bales from New Zealand. However, writes our correspondent, the outlook points to a very good series, and there is nothing to prevent an upward advance in prices of both merinos and crossbreds.

The interval has been one of the most active and successful that has been witnessed in the Colonial wool trade for a long time. Merinos will have to advance 10 to 12½ per cent, and crossbreds 5 to 7½ per cent, to come into line with the improvement in Australia since May. It is to be hoped that the bulk of the buying will not have to be done by the home trade, but that both France and Germany will contribute towards lifting the wools available. Stocks, especially of merinos, are very light in consuming centres, and good support should be forthcoming, particularly from Bradford topmakers. Turnover in crossbreds has recently been much smaller than in merinos, but it is generally thought that the outlook for the former has improved as a result of the marked advance in prices of merinos. The weak spot to-day is the relatively poor conditions among woollen manufacturers compared with worsted spinners and manufacturers. A small volume of business among woollen manufacturers means a lessened consumption of all classes of clothing wools. The past fortnight has witnessed a further advance in the price of tops, many firms to-day demanding 30d. for good 84's. Machinery continues to be fairly well run. The forthcoming London sales should do much to stimulate confidence and encourage the placing of new orders for tops, yarns and pieces.

GRAIN MARKETS

WHEAT.—The fear that the American spring wheat crop may be damaged by black rust was the main reason for the advance in Chicago quotations during the past week. This movement influenced prices in Canada, and the United Kingdom. Harvesting of the winter wheat crop continues to make slow progress in the United States, rainy weather hindering operations. Growth in Canada is decidedly backward, and rain is needed in parts of the Southern region. Australian crop prospects appear to be good. *to the Corn Trade News*, total shipments during the

According to the *Corn Trade News*, during the past week were 1,198,000 quarters, against 993,000 quarters in the preceding week. On Wednesday last, "July" futures were quoted in Chicago at 86 cents per bushel, against 80½ cents the week before and 83½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 31s. 9d. per 496 lbs., against 31s. 6d. a week ago; No. 2 Northern Manitoba, Vancouver, against 30s. a week ago.

FLOUR.—Home milled is in slow request, with prices showing little change. Shipments from North America in the past week totalled 99,000 sacks, compared with 89,000 in the previous week. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered country, 26s. per 280 lbs., against 26s. a week ago; delivered London, 25s., as compared with 25s. a week ago. Manitoba patents, ex store, 24s. 3d. to 26s. 3d., against 24s. 3d. to 26s. 3d. a week ago. Australian, ex store, 20s. 6d. to 21s., against 20s. 6d. to 21s. a week ago.

BARLEY.—Imported varieties are a trifle easier in price, and trade is slow. English malting barley is scarce, and only occasionally quoted on English markets. "July" futures were quoted at 37½ cents per bushel in Winnipeg on Wednesday, against 37½ cents at last week and 42½ cents a month ago. Quotation per 448 lbs. in London on Wednesday were: "English malting" at farm, 30s. to 35s. (nominal) and "English feed" at farm, 23s. (nominal), these prices being unchanged on the week.

OATS.—Home grown oats have been in quiet request on English markets, but prices are unchanged. The weather has recently been favourable for the growing crop, which is in good condition. On Wednesday, "July" futures were quoted at 34½ cents per bushel in Chicago, against 36½ cents a week ago and 35½ cents last month. Quotations in London, Wednesday: "English Black" at farm, 22s. to 24s. per 336 lbs., against 22s. to 24s. a week ago; "English White," at farm, 22s. to 24s., against 22s. to 24s. last week; "Chilean White," landed, 26s. against 26s. a week earlier.

MAIZE.—Quotations for maize are again generally easier this week. "July" futures were quoted on Wednesday at 81½ cents per bushel in Chicago, against 82 cents a week ago and 80½ cents last month. Quotations in London, Wednesday: "Plate," landed, 17s. 6d. per 480 lbs., compared with 18s. a week ago; "Plate," ex ship, (new), 16s. 6d., as against 17s. a week ago; "Plate," "July," 16s. 6d., against 17s. 3d. a week ago. Yellow maize meal, ex wharf, was quoted at £4 15s. to £4 17s. 6d. per ton, against £4 17s. 6d. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sale of home-grown wheat during the harvest years 1931-32 to 1934-35 :—

	1931-1932	1932-1933	1933-1934	1934-1935
Estimated sales of home-grown wheat—	Cwts.	Cwts.	Cwts.	Cwts.
1 week to June 29	45,374	42,558	75,291	84,653
44 weeks to June 29	3,820,424	8,401,125	10,600,220	13,521,292
Average price of English wheat per cwt.	s. d. 6 5	s. d. 6 5	s. d. 5 7	s. d. 5 6

The following is a statement showing the quantities sold and the average price of British corn in the past two weeks, and for the corresponding week in each of the years from 1931 to 1934.

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
June 27, 1931.....	Cwts. 53,319	Cwts. 4,106	Cwts. 13,922	s. d. 6 1	s. d. 6 5	s. d. 6 9
July 2, 1932.....	45,374	3,522	6,784	6 5	6 10	7 10
July 1, 1933.....	42,553	9,877	10,135	6 5	6 9	5 6
June 30, 1934.....	75,291	4,780	25,650	5 7	6 6	6 5
June 22, 1935.....	116,452	18,432	11,719	5 6	7 0	7 5
June 29, 1935.....	84,653	9,834	10,353	5 6	7 2	7 6

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks, with comparative figures for 1933 and 1934.

MANCHESTER
36 Charlotte St.
NEW YORK


ESTD. 1862
Affiliated to Lloyds Bank Ltd.

BRADFORD
39 Huntergate
PARIS

**Bank of London
&
South America
Limited**
**6, 7 & 8 Tokenhouse Yard,
London, E.C.2**
Branches in
**ARGENTINA — BRAZIL
COLOMBIA — CHILE
PARAGUAY—URUGUAY
PORTUGAL**

NEAREST FUTURE	Jan. 4, 1935	Jan. 9, 1935	July 3, 1935	Jan. 2, 1935	June 26, 1935	July 3, 1935
Winnipeg (No. 1, Manitoba)	46½	65½	75½	82½	81½	81½
Chicago (No. 2, Winter)	46½	84½	87½	98½	80½	86

The visible supply of wheat in Canada, at 113,088,000 bushels, shows an increase of 2,090,000 bushels on the week. Supplies a year ago amounted to 99,101,000 bushels.

OTHER FOODS

BACON.—The Pigs Marketing Board announce that, in accordance with the provisions of the present contract, the price of the Class 1, Grade C pig for the month of July is 11s. 9d. per score. This compares with a price of 11s. 5d. for June. Following a rise in the official prices last week, demand for most descriptions of bacon has been steady. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 99s. to 101s.; Canadian, 90s.; Danish, 102s., against 97s. to 99s., 90s., and 97s. respectively a week earlier. Arrivals in London last week included Danish, 14,161 bales; Canadian, 4,220; Dutch, 2,179; Lithuanian, 1,872; Polish, 2,907, against 14,212, 4,358, 2,442, 1,432 and 2,579 bales, respectively, in the previous week.

BUTTER.—Following the recent rise in prices, demand has slackened and the market has been quiet this week. Colonial descriptions and Danish are about 2s. cheaper than a week ago. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 88s. to 89s.; Australian, choicest salted, 86s.; Danish, 100s., compared with 90s., 87s. to 88s., and 102s. respectively, last week.

CHEESE.—English cheese has been in quiet request at unchanged rates during the past week. Colonial descriptions have been steady. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: English, finest farmers', 82s. to 90s.; Canadian, June to September make, finest coloured, 64s.; New Zealand, finest coloured, 44s. 6d. to 45s., against 82s. to 90s., 61s. to 64s. and 45s. respectively, a week ago.

COCOA.—The "spot" quotation in New York on Wednesday was 4½ cents per lb., against 4½ cents per lb. last week. The London quotation for Accra, "June-July," was 21s. 9d. per 50 kilos, c.i.f. Continent, against 22s. per 50 kilos last week. Last week's movements of cocoa in London were as follows: Landed, 16,432 bags; delivered, for home consumption, 6,277 bags; exported, 275 bags; stocks, 195,492 bags, against 267,723 bags a year ago.

COFFEE.—The markets, both in London and New York, have been quiet during the past few days, with quotations mainly unchanged. In New York on Wednesday, Rio No. 7 (cash) was quoted at 6½ cents per lb., as compared with 6½ cents per lb. last week and 7 cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed 150 bags; delivered, for home consumption, 213 bags; exported, 490 bags; stocks, 16,078 bags, against 28,531 bags a year ago. Central American, landed, 1,264 packages; delivered, for home consumption, 1,521 packages; exported, 1,037 packages; stocks, 114,052 packages, against 116,987 packages last year. Other kinds, landed, 621 packages; delivered, for home consumption, 2,308 packages; exported, 1,333 packages; stocks, 117,355 packages, against 111,902 last year.

EGGS.—Plentiful supplies of eggs have reached the London market this week and, with a carry-over from last week, prices are easier for most descriptions. At Smithfield Market on Wednesday (ordinary packing, Grade I, about 15-15½ lb.) realised 9s. 3d. to 9s. 9d. per 120, against 9s. 9d. to 10s. 6d. a week earlier while Danish (15½ lb.) made 7s. 9d. to 8s. 6d. per 120, against 8s. 3d. to 8s. 9d. last week.

FRUIT.—According to *The Fruitgrower*, trade at Covent Garden has been good, the slump usually experienced in other lines when the strawberry season is at its height not being noticeable this year. Supplies of strawberries have been heavier than anticipated and, though small and indifferent fruit is not wanted, the good samples have encountered a steady demand. Prices are easier. English cherries are also a shade cheaper. English raspberries have made a moderate showing and some loganberries are now arriving. Green gooseberries sold well. Australian and New Zealand apples have been a steady trade, with prices holding up well for the time of year. Australasian pears have also sold well and are only a little cheaper. Hothouse grapes are a little easier on heavier supplies, but sell well. With larger arrivals from South Africa, oranges are rather more plentiful, but prices are steady. Lemons are dear and grape-fruit firm in price.

MEAT.—Trade at Smithfield market, especially for fresh-killed meat, has again been slow and prices for some descriptions are easier. On Wednesday last, Argentine chilled hindquarters were quoted at 3s. 2d. to 3s. 6d. per 8 lbs., as compared with 3s. 2d. to 3s. 6d. last week. New Zealand frozen mutton was 2s. 6d. to 3s. 4d. per 8 lbs., against 2s. 6d. to 3s. 4d. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 7,685 tons, a decrease of 1,148 tons on the corresponding week last year. Beef and veal accounted for 4,162 tons, mutton and lamb 2,677 tons, and pork and bacon 468 tons, as compared with 4,823, 2,774 and 573 tons, respectively, in the same week of 1934.

PEPPER.—Black pepper has been a quiet market and prices have again eased. Wednesday's spot price for Lampung was 2½ d. per lb., against 3d. last week. Movements of pepper in London, during the past week were as follows: Black, landed, 5 tons;

delivered, 13 tons; stocks, 2,135 tons, against 303 tons a year ago. White, landed, nil; delivered, 65 tons; stocks, 18,709 tons, against 6,129 tons a year ago.

RICE.—The market continues quiet. The "spot" price of Burma No. 2, cleaned, new crop, was 8s. 7½ d. per cwt. on Wednesday, as compared with 8s. 7½ d. per cwt. a week ago, while the forward quotation, at 8s. per cwt., was 1½ d. lower on the week. Movements in London during the past week were as follows: Landed, 730 tons; delivered, 363 tons; stocks, 10,202 tons, against 848 tons a year ago.

SUGAR.—The markets have had a quiet undertone, with quotations showing little change. The spot price in New York on Wednesday was 3.28 cents per lb., as compared with 3.29 cents per lb. last week and 3.35 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "August delivery" at 4s. 6½ d. to 4s. 7d., against 4s. 7d. to 4s. 7½ d. last week. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 25,546 tons, against 15,426 in the previous week and 1,604 in the same week of last year; deliveries, 14,220 tons, against 14,828 and 18,687 respectively; stocks, 119,485 tons, against 108,159 and 206,725 tons respectively.

TEA.—The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account in recent weeks:—

Week ending	Northern India	Southern India	Ceylon	Java	Sumatra	Nyasa-land	Total
June 28, 1934	12-98	13-02	13-24	11-30	8-98	12-47	12-94
May 23, 1935	11-61	13-23	14-51	9-88	8-70	10-01	12-93
June 30, "	11-38	12-35	13-90	9-45	8-22	10-03	11-93
June 8, "	11-37	11-88	13-27	9-68	8-36	10-04	11-77
June 20, "	11-59	11-82	13-11	10-05	8-82	10-15	11-84
June 27, "	11-41	11-58	12-95	9-84	8-39	10-12	11-68

The quantities catalogued for this week's auctions included 53,101 packages of Indian and 26,564 packages of Ceylon tea. Competition was strong for the Indian grades and the market firm, with an improved inquiry for medium sorts. At the Ceylon sales on Tuesday the market was very firm up to 1s. per lb., while good liquoring teas advanced ½ d. to ¾ d. per lb. Export demand showed an improvement.

VEGETABLES.—*The Fruitgrower's* Covent Garden correspondent reports that tomatoes have continued to sell particularly well, although prices eased a little during the week. Cucumbers have been in brisk demand and green peas an active market. Cabbage and cauliflower have cleared well while new carrots have been inquired for. Lettuce, spring onions and mint are all selling well. At Spitalfields, cabbage met a somewhat slow trade, while heavier arrivals of peas cleared regularly. Broad beans were only in moderate demand but cauliflower was in shorter supply and maintained late rates. Home-grown tomatoes encountered an improved demand at higher prices, while cucumbers were also dearer. At the principal London markets, old crop potatoes encountered a fair inquiry at lower rates. English new potatoes have been in brisk demand, fetching about 18s. per cwt. Trade in Jerseys has also been good, with quotations showing a recovery from last week's slump. At the Borough on Tuesday, best light soil "King Edward" realised 5s. to 6s. per cwt., against 6s. to 6s. 6d. last week, while Jersey were quoted 16s. to 18s. per cwt., compared with 12s. to 14s. a week ago.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OILSEEDS.—Trade continues very quiet, consumers covering only immediate wants. Vegetable oils in particular are unsettled in the absence of information concerning the fate of the seed crushers' application for a substantial increase in the duty on imported linseed oil and in view of the fact that the duties on all vegetable oils are under review by the Import Duties Advisory Committee, consequent upon the imposition of a duty on soya beans as from August 1st next. In addition, the large quantity of linseed oil for Europe is being only slowly absorbed, requirements both here and on the Continent being at a minimum owing to the slackness in oil and cake. Plate linseed to Hull dropped to 9 2s. 6d., at which figure a small trade was done. Indian prices are nominal and still out of line with Plate. The quantity now afloat for Europe is 151,200 tons (including 7,800 tons from India) or 5,400 tons less than last week. That afloat for America is 38,600 tons, against 22,500 tons a year ago. The quantity remaining for shipment is over a million tons, or 300,000 tons more than that actually shipped in the last six months of 1934. Old crop Egyptian cottonseed is firmly held for 6 12s. 6d., and new October-November is quoted at 6s.

Linseed oil is in quiet request and shares with other vegetable oils a certain easiness. Raw oil ex Hull, July-August delivery, is quoted at 21 and September-December at a small discount. Cotton oil is neglected. Egyptian crude is available at 23 10s. and refined at 26 10s. ex Hull. Oilcakes are in normal demand for the season.

RUBBER.—Prices on the London market have fluctuated within narrow limits during the past week, but have shown a sagging tendency. The market has been inactive. In New York the "outside" market has been quiet, but ribbed smoked sheet is now rather dearer than it was a week ago. In New York the spot price on Wednesday was 12½ cents per lb., compared with 12½ cents per lb. a week ago. Wednesday's official closing price for standard ribbed smoked sheet in London was 5½ d. per lb., against 5½ d. on the corresponding day last week. In forward positions, business has been done at 6½ d. for October-December, 1935, against 6½ d. to 6½ d. a week ago. Stocks in London and Liverpool at the end of last week totalled 170,389 tons, against 170,954 tons a week earlier. A year ago stocks amounted to 99,872 tons.

WHOLESALE COMMODITY PRICES
UNITED KINGDOM

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

LONDON, July 3rd		OTTERA AND MEAT		POTATOES—		WOOL—	
GRAIN, Etc.—	a. d. s. d.	GRAIN, Etc.—	a. d. s. d.	Good English, per cwt.	a. d. s. d.	English Southdown, greasy, per lb.	d.
Wheat—		No. 2, N. Man. 498 lb.	30 0	Black Lampong, per lb.	0 2½	Lincoln hog, washed	7
Eng. Galt. av., per cwt.	5 6	Eng. Galt. av., per cwt.	5 6	Black Lampong, per lb.	0 7½	Queensland, sod. super cmbg.	23
Barley, Eng. Galt. av.	7 6	Barley, Eng. Galt. av.	7 6	Cinnamon—1st sort, per lb.	0 6½	N.S.W. greasy, super cmbg.	13½
Oats—		Oats—		Cloves—Zanzibar, per lb.	0 6½	N.Z., grey, half-bred 50-56	10
Maize, La Plata, landed,	17 6	Maize, La Plata, landed,	17 6	Ginger—per cwt.	35 0	Tops—	40-44
480 lb. stan. ex mill,	23 9	480 lb. stan. ex mill,	23 9	Jamaica, ord. to good.	65 0 55 0	Merinos 70's	31
Flour, Lon. stan. ex mill,	23 9	Flour, Lon. stan. ex mill,	23 9	Mace—	1 2 2 2	64's	30
Rice, No. 2 Burma, per cwt.	6 0	Rice, No. 2 Burma, per cwt.	6 0	Nutmegs, 65/-	0 11½	Crossbred 48's	12½
Tapioca, per cwt.	12 0	Tapioca, per cwt.	12 0	SUGAR—		48's	11½
Fair Fines, Singapore.	12 0	Fair Fines, Singapore.	12 0	(Duty, 11/8 per cwt.)		COAL—	
MEAT—		MEAT—		Centrifugals, 96, per lb.	4 7½	Welsh, best Ad'ly, ton 19	6
Beef, per 8 lbs.	3 10 5 0	Beef, per 8 lbs.	3 10 5 0	Shipm., c.i.f. U.K./Cont.	17 6 18 9	Durham, best gas, f.o.b.	14 8
English long sides	3 10 5 0	English long sides	3 10 5 0	B.W.I., crystallised	6 4½	Sheffield, best house, at	22 0
Argentine chilled hinds	3 2 3 6	Argentine chilled hinds	3 2 3 6	Java, while, c. & f. India	6 4½	pits	22 0
Mutton, per 8 lbs.	4 10 6 4	Mutton, per 8 lbs.	4 10 6 4	May-June	17 9	IRON AND STEEL—	
English wethers	4 10 6 4	English wethers	4 10 6 4	Refined—London	17 9	Pig, Cleveland No. 3, d/d.	6 6
N.Z. frozen	2 6 3 4	N.Z. frozen	2 6 3 4	Yellow Crystals	21 10½ 22 4½	Bars, M'brough	192 6
Lamb, per 8 lbs.	4 2 5 0	Lamb, per 8 lbs.	4 2 5 0	Cubes	19 7½ 20 1½	Steel rails, heavy	170 0
N.Z. frozen	4 2 5 0	N.Z. frozen	4 2 5 0	Crushed	18 0 21 7½	Tin plates, per box 18	2
Pork, English, per 8 lbs.	4 2 4 8	Pork, English, per 8 lbs.	4 2 4 8	Granulated	17 9 18 0	Copper, electrolytic, ton 33/15/0	34/5/0
BACON—		BACON—		Homes, in bond	1 3	Sheets (strong)	60/0/0
English, per cwt.	99 0 101 0	English, per cwt.	99 0 101 0	TEA—		Standard	30/7/6 30/8/9
Irish	102 0	Irish	102 0	Indian, per lb.	0 9½ 0 11½	Lead Eng. pig, per ton 14/15/0	
Danish	102 0	Danish	102 0	Pekoe	0 10 1 3½	Soft foreign	13/15/0
Dutch	97 0	Dutch	97 0	Broken Pekoe	0 10 1 2	Spelter G.O.B.	13/17/6
HAMS—		HAMS—		Orange Pekoe	0 10½ 2 3	Tin—English ingots	230/10/0
Canadian	92 0 95 0	Canadian	92 0 95 0	Broken Orange Pekoe	0 10½ 1 6	Standard cash	230/5/0 230/10/0
American	90 0 92 0	American	90 0 92 0	Ceylon, per lb.	0 10½ 1 6	CHEMICALS—	
BUTTER—		BUTTER—		Pekoe	0 11 1 4½	Acid, citric, per lb., less 5%	0 11½ 1 0
Australian	88 0	Australian	88 0	Broken Pekoe	0 10½ 1 6½	Nitric	0 2½ 0 4
New Zealand	100 0	New Zealand	100 0	Orange Pekoe	0 11 1 7½	Oxalic, net	0 0 5
Danish	100 0	Danish	100 0	Broken Orange Pekoe	0 11 1 7½	Tartaric, English, less 5%	1 0 1 0½
CHEESE—		CHEESE—		TOBACCO		Alcohol, Plain Ethyl	12 0
Canadian, per cwt.	64 0 45 0	Canadian, per cwt.	64 0 45 0	(Duty, 9/8-10/8 per lb.)		Alum, lump	per ton 8 15 9 0
New Zealand	44 0 45 0	New Zealand	44 0 45 0	Empire grower, 7/5½		Ammonia, carb.	ton 27 10 28 0
English Cheddars	62 0 36 0	English Cheddars	62 0 36 0	8/34 per lb.		Sulphate	per ton 35 0
Dutch	29 0 36 0	Dutch	29 0 36 0	Virginia leaf	0 10 3 6	Bleaching powder, per ton	9 0 9 10
COCOA—		COCOA—		Common to fine	0 10 3 6	Borax, gran.	per cwt. 13 0
British grown	11/8; foreign, 14/ cwt.	British grown	11/8; foreign, 14/ cwt.	Rhodense leaf	0 9 1 6	Nitrate of soda	per cwt. 7 9
Accra, 1st/2nd, per cwt.	22 9 23 0	Accra, 1st/2nd, per cwt.	22 9 23 0	Nyasa land	0 8 2 6	Potash—Chlorate, net	0 4½ 0 5
Trinidad	28 0 46 0	Trinidad	28 0 46 0	East Indian leaf	0 4 1 6	Sulphate	per cwt. 12 12 6
Grenada	32 0 36 0	Grenada	32 0 36 0	strips	0 5 1 9	Soda Bicarb.	per cwt. 10 0 11 0
COFFEE—		COFFEE—		TEXTILES		Crystals	per cwt. 5 0 5 3
(Duty, British grown,		(Duty, British grown,		COTTON—		Sulphate of Copper, per ton	15 10 16 0
4/8; foreign, 14/ cwt.		4/8; foreign, 14/ cwt.		Mid-American	d.	CEMENT, best Eng. Portland, d.d. site,	
Santos sup. c. & f. cwt.	36 0 55 0	Santos sup. c. & f. cwt.	36 0 55 0	Sakelardis, f.g.f.	6-95	London area, jute sacks, 11 to ton	(charged and credited at 1/8d. each) or
Colombian, good	45 0 70 0	Colombian, good	45 0 70 0	Yarns, 32's twist	8-08	paper bags 20 to ton (free, non-returnable)	
Costa Rica, med. to good	40 0 70 0	Costa Rica, med. to good	40 0 70 0	80's twist	10½	4 ton loads and upwards 40/- per ton	
East Indian	38 0 52 0	East Indian	38 0 52 0	FLAX—		1 and up to 4 ton loads 42/- per ton	
Kenya, medium	38 0 52 0	Kenya, medium	38 0 52 0	Livonia ZK	£19/11/3	COPRA—	
EGGS—		EGGS—		Perseus HD	82 0	S.D. Straits c.i.f., per ton	11/0/0
English	9 3 9 9	English	9 3 9 9	Planet MD1st sort	80 0	Smoked South Sea	nominal
Danish	7 9 8 6	Danish	7 9 8 6	HERMP	79 0	DRUGS—	
FRUIT—Oranges—		FRUIT—Oranges—		Italian P.C.	15 5	Camphor	a. d. s. d.
South African	12 0 17 0	South African	12 0 17 0	Manilla, Feb-Apr. "J"	15 5	Japan, refined	per lb. 2 1
Brazilian	11 0 17 0	Brazilian	11 0 17 0	Shil. African	15 0 17 0 0	Ipecacuanha	per lb. 4 9 5 0
Lemons, Malaga	30 0 35 6	Lemons, Malaga	30 0 35 6	Native 1st mks.	per ton	Peppermint, Wayne Co.	per lb. 14 3 14 5
Lemons, Sicilian	30 0 35 6	Lemons, Sicilian	30 0 35 6	c.i.f. H.A.R.B.		HIDES—	
Apples: Amer. (var.) bris.	11 0 15 0	Apples: Amer. (var.) bris.	11 0 15 0	June-July	£19/10/0	Wet salted—Australian	per lb. 0 4 0 4½
" Australian	11 0 15 0	" Australian	11 0 15 0	Dalree 2/3 c.i.f. Dundee	£19/10/0	West Indian	0 2½ 0 3½
Onions—		Onions—		SILK—		Plus Government Tax.	
Valencia, case	4 0 6 0	Valencia, case	4 0 6 0	Canton	a. d. s. d.		
Egyptian, bags	...	Egyptian, bags	...	Tussah	5 0 7 8		
Grapes, Lisbon, ½ boxes	...	Grapes, Lisbon, ½ boxes	...	Japan	5 9 8 9		
" Almeria ... bris.	...	" Almeria ... bris.	...	Italian—raw, fr.	6 9 7 9		
LARD—		LARD—					
Irish bladders, per cwt.	64 0 70 0	Irish bladders, per cwt.	64 0 70 0				
U.S. 56 lbs. boxes	61 6 64 9	U.S. 56 lbs. boxes	61 6 64 9				

UNITED STATES

(New York quotations, unless otherwise stated.)

	July 3, 1934	June 5, 1935	June 26, 1935	July 3, 1935		July 3, 1934	June 5, 1935	June 26, 1935	July 3, 1935
Wheat, No. 2, Winter, nearest future, Chicago, per bushel...	87½	83½	80½	86	Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	3-18	3-35	3-29	3-28
Maize, nearest future, Chicago, per bushel	57½	80½	82	81½	Cotton, middling, spot, per lb.	12-30	11-80	11-95	12-45
Oats, nearest future, Chicago, per bushel	43	35½	36½	34½	Rubber, smoked sheet, spot, per lb.	14½	12½	12½	12½
Rye, nearest future, Chicago, per bushel	64½	47½	46½	48½	Petroleum, Pennsylvania crude standard grades, per barrel	207-222	177-192	162-177	162-177
Barley, nearest future, Chicago, per bushel	52½	(a)	(a)	(a)	Copper, "Electrolytic," Domestic, spot, per lb.	7-60	7-77½	7-07½	7-22½
Coffee, Rio No. 7, cash, per lb.	9½	7	6½	6½	Copper, "Electrolytic," Export, prompt, per lb.	7-72½	8-00	7-30	7-45
" Santos No. 4, cash, per lb.	10½	8½	8½	8½	Spelter, East St. Louis, spot, per lb.	4-35	4-30	4-30	4-30
Cocoa, Accra, nearest future, per lb.	5-03	4-40	4-34	4-43	Lead, spot, per lb.	3-75	4-10	4-00	4-00
					Tin, "Straits," spot, per lb.	51-30	51-30	51-62½	51-90

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(With this Issue appears our Annual Insurance Supplement.)

A TIGHT CORNER

SIR SAMUEL HOARE made his maiden speech as Foreign Secretary in the House of Commons on Thursday afternoon in very inauspicious circumstances. On Tuesday the Conciliation Committee, sitting at The Hague to unravel the rights and wrongs of the Wal Wal incident, broke down owing to the refusal of the Italian members to listen to the legal adviser of Abyssinia, who had the hardihood to speak as though the wells at Wal Wal were in Abyssinian territory. They equally refused to discuss the appointment of a fifth member to act as arbitrator. It is true that Baron Aloisi has insisted from the outset that this Commission should not consider the question of the frontier, which should be dealt with by quite other procedure; nor do we know precisely in what way the Abyssinian witness offended against the terms of reference. But the two other members of the Commission, who are respectively an American and a French subject, clearly did not think that the witness was going beyond the legitimate scope of the enquiry; and the scarcely concealed delight in Italy that these negotiations have broken down has given the whole world the impression that the Duce was only looking for a pretext to be rid of them. Every fresh step, indeed, confirms Abyssinia's fears that Italy is definitely determined on a war of conquest.

If these negotiations have definitely come to an end, it is surely clear that the next step is for the Council of the League to take up the matter at once. Nothing is to be gained by waiting; for the event which is most likely to intervene in the meantime is not a relaxation of the strain, but a premature outbreak of hostilities. Unfortunately, there is only too good reason to fear that even if the Council met it would fail to act with the necessary firmness and decision. Although it is said that the British Cabinet is divided about sanctions, the feeling in the country that our only possible foreign policy is to support the collective system is so strong that we believe Great Britain would be ready to implement whatever action the League as a whole might decide to take. But what will France do? Gossip still makes vivid play with stories of what M. Laval said about Abyssinia to Signor Mussolini in Rome in January.

Did he promise Italy "a free hand" to conquer the country, or only to exploit it economically? Even if he promised him nothing at all, the fact that a French general has been in Rome making arrangements for the strengthening of the Italian frontier and for military action in the event of Germany marching into Austria, clearly places France in a very embarrassing position. In a matter of this kind you cannot run with the hare and hunt with the hounds—not, at least, at one and the same time.

Yet if another great Power repudiates its undertakings, and the rest of the world shows itself either unwilling or unable to give that moral and material support which membership of the League of Nations is supposed to confer upon its signatory States, the League will have received a shattering blow. In 1932 Japan proved that it is useless in Asia; in 1934 it acted too late to stop war in South America; if its fiat does not run in Central and Northern Africa, nations will inevitably ask whether any reliance can be placed upon it even in Europe. And if the Covenant should prove a broken reed, Washington's *non possumus* has served notice on Abyssinia that the vaguer promises of the Kellogg Pact are even less to be relied upon in an emergency.

Thus our new Foreign Secretary is taking over the reins at a moment when we are in grave danger of seeing the breakdown of 15 years' effort to build up machinery for ensuring peace, just as the Concert of Europe disintegrated over a century ago. Small wonder that the Secretary-General of the League, M. Avenol, is holding anxious colloquies with leading statesmen in London and elsewhere.

Unfortunately things have come to this crisis at a moment when British diplomatic prestige is not at its highest. What ever may be said for the Naval Agreement with Germany—and, as we indicated at the time, the arguments are in our opinion conclusive in its favour—European countries were disturbed by what they regarded as the indecent haste with which we concluded it, by the assumed breach in the Stresa front, and by the implied condonation of Germany's treaty breaking. And as though to lend colour to these criticisms Germany has this week revealed that she

has one submarine ready, that the building of others has been going on for a long time past, and that two 26,000-ton battleships were begun before ever she admitted that the Treaty had been broken. Again, though the offer to Abyssinia of an outlet at Zeila was a very striking evidence of Great Britain's willingness to make substantial contributions in the interests of peace, it was not a proposal which really met Italy's desires; and it was capable of being misinterpreted as a subtle plan for furthering British interests. Its almost scornful rejection by Signor Mussolini is a rebuff which makes it very difficult for us to take any fresh diplomatic initiative.

In these unpromising circumstances the Foreign Secretary was well advised to emulate Herr Hitler and to give a conspectus of the whole field of our international relations. Starting with an appeal to all classes and nations to impart a little more good nature, commonsense and kindly tolerance into the consideration of foreign affairs, Sir Samuel Hoare reiterated the Government's fidelity to the principle of collective security through the League of Nations, adding thereto the observation that "as things are, as long as there is an effective League and a system of collective security, we are ready and willing to take our full share of collective responsibility." The significance of this phrase, which disposes of the idea that Great Britain is going to revert to "isolation," will not be lost on our European neighbours. The recent Anglo-German Naval Agreement was not a sign of our intention to play a lone hand, but an agreement which it would have been folly to refuse, and one, moreover, which was specially designed to fit into and facilitate a general naval agreement. Britain accepted the principle that peace was one and indivisible—the implication being that we would not seek to negotiate *seriatim* with Germany on separate points such as the Air Pact. Indeed, with a view to furthering a general appeasement, the Foreign Secretary appealed to Herr Hitler to make a great peace contribution, and at the same time to serve his own cause, by helping on the negotiation of the Eastern and Danubian Pacts, "thereby giving a great impulse to the conclusion of an Air Pact which I know that he desires." Thus did Sir Samuel Hoare endeavour to clear up our position and to remove some of the mists of distrust which have recently arisen.

Passing to Abyssinia, Sir Samuel denied that our interest in the question was primarily selfish—except to the extent that the avoidance of war is the selfish concern of all nations. We understood and sympathised with Italy's desire for overseas expansion and ten years ago had given practical effect to this sympathy by the cession of Jubaland. Britain admitted also the justice of some of the criticisms directed against the Abyssinian Government. But neither the need for expansion nor the complaints against the Abyssinian Government were sufficient cause for plunging into war, and Great Britain would do its utmost, whether through the machinery of the Treaty of 1906 (between Great Britain, France and Italy) or through the machinery of the League, to avert it. There was no truth in the rumours that we had asked the French Government to join in a blockade of Italy, or were preparing some isolated form of coercion; but we stood for peace and would not abandon any reasonable chance for helping to avert a disastrous war. The offer made by Mr Eden in Rome had only this end in view and had no ulterior motive.

To some members of the House it seemed that these statements did not carry us very far; and, indeed, it must be admitted that, hitherto, little indication has been given in any quarter how the "Powers with great possessions" intend in the long run to meet the "need of expansion" of countries such as Japan, Germany and Italy. It is this question which needs an answer; for clearly it underlies a great part of the world's political troubles. But for the moment, and in regard to the immediate crisis, the resources of diplomacy, as we said last week, are not exhausted; Italy has not yet violated the Covenant; and no statesman can yet assume that she will do so. There is little doubt that France, who most earnestly desires to avoid having to choose between Italy and the League, is making strenuous efforts to prevent a crisis. She knows now where the British Government stands, and that it is ready to support the League. It is to be hoped that her efforts will succeed before the fateful hour has struck.

BRITISH INSURANCE

To an old fogey whose mind is still clear enough to recall life as it was lived in the Victorian age it is a pleasant task to handle the mass figures of the British insurance offices. Their strength and solidity remind him of the happy certainties of a strong and solid world, and he may tell himself as he considers them that they have been achieved by the Victorian qualities of independence and self-reliance. The offices are not afraid of competition, and when they are faced with difficulties, they do not in the modern fashion run round to Whitehall and ask a politician to provide a remedy; they deal with the problem for themselves, and if ever they do visit a Government department it is rather that the Government wants their advice than that they seek the Government's help. Like the Victorian industrialist, they manage, by virtue of price and quality, to sell their goods abroad, and in the worst of times they provide the country with the most stable and reliable of all its invisible exports. It is surely no small thing to have met new conditions, recurring crises, economic barriers and intensive competition, and by a mixture of enterprise and caution come through them all with ever-increasing resources. The figures which are set out this week in our Insurance Supplement are a tribute to this British industry, of which the directors, managers and officials have every right to be proud.

The Victorian habit of thrift is seen at work in the figures of life insurance, which indicate that in 1934 there was a greater volume of insurance placed with British life offices than in any previous year of our history. The year's increase in the total new business of 48 offices is equivalent to more than 13 per cent., an increase which would be remarkable if it stood alone, but becomes more remarkable still in the light of the Board of Trade figures published since 1922. It seems practically certain that when the Board of Trade discloses its own figures for 1934 they will show that the total new business of British offices, apart from industrial assurance, amounted in twelve months to more than £200 millions. As the corresponding figure for 1922 was only £106 millions we shall learn this outstanding fact—that in a period of thirteen years the annual new business figure of British offices has been very nearly doubled and that the aggregate new business entered into in these thirteen years is little short of £2,000 millions. That is one of the encouraging facts brought out by our statistics; and we venture to direct the attention not merely of insurance specialists but of the more general reader to these figures of life insurance and to the explanatory articles that accompany them in this week's Supplement.

Other departments—fire, accident and marine—which are accustomed to mark progress not by the size of their new liabilities but by their premium income, show less startling figures than those of their life colleagues. Marine and fire both suffered when commodity prices fell, and both of them, but especially marine, have seen their rates decline and so aggravate the difficulty of maintaining the premium incomes. But in 1934 the incomes of the fire departments began to go up again and our tables show an increase this year of nearly £400,000 with a very much better percentage of profit than in 1933. Among the tables of our Supplement will be found one that is always of great interest, setting out the aggregate premiums derived from all sources (except life) and the percentage of profit recorded by them. It covers a period of six years and shows from 1929 to 1933 a drop in the total premiums of rather more than £17 millions, which, in view of the size of the total and of all the unpleasant things that have happened to the world since 1929, is remarkably small. In 1934 we see the tide turning, and the total has risen again by over £3,000,000. The actual figure is £105,427,999, and on this gigantic total the percentage of underwriting profit is 2.7. The regularity of this profit percentage is an annual miracle, for in those six critical topsy-turvy years it has never been higher than the present 2.7 and never lower than 1.2.

Between the different companies the percentage of fire profit varies greatly from 3.3 to 23.0, and it is a noticeable fact this year that the best percentage of all is recorded by a non-tariff office—an event comparable (if the analogy may be drawn without disrespect) to the winning of the F.A.

Cup by a club in the second division of the League. In the accident departments, though the aggregate premium income is a good deal larger, the underwriting profit and the profit percentage are much lower. The problem for an accident manager is not to keep his income up, but to keep clear of the wrong kind of business. It is for this reason that the non-tariff offices, which have recently caused so much misery by their collapse, specialised in motor insurance, which if conducted without the necessary caution builds big premium incomes at incredible speed, but leads to unpleasantness when the chickens so easily hatched come home to roost. The total premium income of the accident business in 1934 was over £53 millions, but the profit was only £985,585, or 1.8 per cent. of the premiums.

A very important feature of British insurance is the amount of business transacted in the United States. The extent of this business is considerable, and the income from it contributes greatly to the total revenue of all the British offices. Our figures for this American share of British insurance enterprise in 1934 are not yet available, but certain indications of its extent can be given. There is a considerable volume of marine premium derived from America, and outside the scope of the offices. Lloyd's underwriters do a large American business in marine, fire and accident. To get anything like an exact statement of American premiums paid to British offices and underwriters is not possible, but it would probably not be an overestimate to put it at £56 millions a year. And in these days of dwindling international trade that must be considered a very remarkable achievement. The results of the fire insurance business undertaken in America by British offices have been steadier than those of other branches of insurance; and last year the British offices increased their earnings from this source. Not so with motor insurance in the United States, as is indicated in the Miscellaneous section of our Supplement; and in consequence the underwriting results of motor insurance have been poor.

If from the figures which we have brought together in our Supplement and from the common experience of insurance managers a general inference may be drawn as to the future, we would hazard a guess that the accident managers are going for some years yet to have more and more opportunities of business opened up to them, but will have to exercise an increasing vigilance in their underwriting to keep the undesirable risks off their books. The problem of the fire underwriter is likely to be different. He will probably find his main difficulty in keeping up his premium income as fire hazards improve, since improving conditions business increased proportionately, but without an increase in the value of insurable property it must make it more difficult for the market to keep itself fed. As for the future of the marine underwriter, he had best commend his soul to God and leave it at that.

CONDITIONAL STABILISATION—II

In the first article by Sir Arthur Salter, which was published in last week's Economist, the case for and against exchange stabilisation by Great Britain was stated. In the present article Sir Arthur Salter suggests a compromise solution.

The United States, Great Britain and France, after consultation with other countries looking to them as leaders in currency policy, might agree to direct their policy (within the limits defined below) to maintaining specified ratios. The ratio between the dollar and the pound might be 4.86 (or, conceivably, if American prices should advance more rapidly than English prices before the agreement is reached, the ratio at 5, which would be arithmetically convenient). The ratio with the franc might be chosen by France herself at not less than, say, 80 per cent. of the present parity, deflation than, achieving the required equilibrium if she prefers not to devalue.

Each country would then undertake to aim at maintaining these ratios (within a reasonable margin, wider than the old

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gold points, but limited), and in particular engage itself not to aim at currency depreciation below the agreed ratio by any form of policy.

For positive support there are several possible methods, separately or in combination. First, each country might undertake to support, as need might arise, by buying and holding the threatened currency (without immediate conversion into gold) up to defined amounts. Secondly, the Bank of International Settlements might be entrusted with a central equalisation fund, contributed to by all the signatories up to defined amounts. Thirdly, the National Equalisation Funds might be operated in consultation for the same purpose of supporting the ratios, and continuing to do so until the funds had been depleted to a substantial (and perhaps a defined) extent.

If, in spite of this action, a given currency remained weak, there would be a strong presumption either that the original ratios were wrong or that they had become wrong. In that case no country would be expected to make the ratio right by deflation. It would be free to make a *corrective* change of ratio. Indeed, it would be well for us to lay it down quite clearly that this is what we should do. It would not be wise to create any temptation to the Bank to raise the Bank rate in support of the ratio. Where the alternative is an increase of Bank rate or depreciation, the latter must be chosen. Unless a low Bank rate is continuously maintained, and there is an assurance that it will be maintained, the low interest rates which are essential to recovery will never penetrate to the whole of our economy. There must be no temptation to the Bank in this respect. There is otherwise only too much reason to fear that, under such a temporary strain as brought down the pound to 4.70 a few months ago, the Bank rate would be raised.

There are obvious technical difficulties in such a scheme or, indeed, any scheme of stabilisation whatsoever. I cannot now discuss these, but I cannot believe that they are insuperable if we are clear as to the goal to be aimed at and the negotiations are skilfully handled.

Assuming that, with whatever technical modification, some such scheme can be carried through, the prospective advantages are very great.

First, the knowledge that at least the three countries with large gold reserves were agreed as to ratios, and were directing their policy and utilising their reserves to maintaining them, would give confidence that the ratios would last for a long period. Speculation—if the ratios allow a reasonable discretionary margin—would be too hazardous; the violent movements of mobile short-term capital would be reduced, and in both respects the strain on the equalisation funds would be eased.

Secondly, this measure of confidence in the currencies would increase general confidence. Recovery everywhere would receive just the stimulus it needs. In particular, there would certainly be a tendency for prices generally to move upward simultaneously, in view of the increase that has taken place in monetary gold stocks. (If account is taken of the present price structure, the volume of internal and external trade, and the increase in gold, it is roughly true to

say that, owing to hoarding and lack of confidence, each ounce of gold is only now doing half the work it did in 1928. There is an ample basis, with restored confidence, both for some increase of prices and a large increase in business.)

Thirdly, the danger, and the apprehension, of deliberate competitive exchange depreciation, with all the ill-will involved, would be eliminated. American public opinion, which now thinks we want our Equalisation Fund in order to "bear" sterling, would begin to be restive about American dollars being used to support sterling. The two suspicions would encounter, and largely correct, each other. And when a change of ratio was required (e.g. a lowering of sterling) there would be the great advantage that it would come after a strain on other equalisation funds as well as our own. The change would not only be, but be recognised to be, a *corrective* one, removing and not causing a disequilibrium.

Fourthly, the exchange restrictions, and even the quotas, which have been enforced for currency reasons, would tend to disappear. Moreover, negotiations for reciprocal tariff reductions would become possible. A tariff treaty might, for example, be concluded subject to a provision that if one of the signatories changed its currency parity, any other signatory could withdraw if it considered that the currency change had deprived it of the advantages of the tariff concessions. The withdrawal clauses in the two treaties would thus be complementary. The one permitting a change of currency ratio would enable us to join; the one enabling a termination of the tariff treaty would enable a country like France to come in. At the same time, each agreement would provide an inducement to refrain from exercising the contracting-out clause except in case of real need. We should be more inclined to try to keep our currency ratio if its change might deprive us of reductions in the French tariffs which we had found advantageous. And if we did have to change it, France would have an inducement not to exercise her right to withdraw from the tariff agreement if that had proved advantageous to her, and if our currency change had really been a corrective one.

If, then, some such goal of policy were decided upon, how should we proceed in practice?

There is one, not essential but useful, preliminary step which would, I think, be of great value in any case and for many reasons. The working of our Equalisation Fund is wrapped in complete secrecy, not only, as is obviously necessary, as regards current operations, but as regards past action, except for quite general statements to the effect that its purpose is not to change the value of our currency, but merely to even out the fluctuations. It cannot be expected that such general statements, unsupported by any detail as to actual operations, would suffice—as they clearly have not sufficed—to prevent a general public belief in America and elsewhere that we have at times used it for the purpose of deliberate competitive depreciation. The objections to publicity as to current operations are obviously decisive. But surely it would have been possible to publish accounts of the past after a reasonable interval. A great deal of unnecessary and dangerous suspicion and ill-will could thus have been prevented. Much of the evil done is now incurable, but it would still be very valuable to have more information than we now have as to how the fund has, in fact, been used. This action, however, though useful in relation to any currency proposals, is not an integral part of what I am now proposing. Let me be more specific.

Mr Morgenthau's recent speech is an open invitation to further discussion. The first step would clearly be for private conversations to take place between the British and American Treasuries, along the general lines indicated. These conversations might, if successful, result in a public statement of British policy to this effect. "In present circumstances we are content with a ratio of \$4.86 to the pound. While we should allow this ratio to change if the situation so developed that the alternative would be an increase of the Bank rate with other deflationary measures, we are at present using our Equalisation Fund for the purpose of keeping the pound near this ratio." By agreement the American Treasury might simultaneously issue a similar and complementary statement. This might be accompanied or followed by a statement that the two funds were being used in consultation for an identical purpose. Meantime, conver-

sations would be proceeding with the sterling group countries to encourage them to keep in line, and with France to secure her adhesion on the basis of whatever policy of devaluation or deflation she might prefer (with the help that prospective conditional stabilisation and mutual support would afford her).

Later these measures, which in themselves would do much to restore confidence and so to encourage some expansion, might be followed by further arrangements either to establish a central equalisation fund or to work out a method for concerted use of national funds as already proposed.

This plan is one of compromise, designed to meet the conditions set by the preoccupations and cardinal principles of policy of the different countries. It would neither encounter the obstacles, nor involve the risks, of a plan of complete stabilisation, which it is evident will not be practicable for a long period to come, if ever. At the same time, it would give most of the advantages of stabilisation, and would open the way both to general expansion and to a revival of external trade. Moreover, it would not only give these positive benefits, but be a safeguard against the many dangers which remain in the existing situation: a new and destructive course of competitive depreciation, a further devaluation of the dollar, either prolonged deflation in France or a sudden and excessive devaluation—any one of which might arrest the hesitating movement of recovery and start a new depression. Surely it is worth trying?

A YEAR'S INDUSTRIAL PROFITS

THE company reports published during the quarter which has just ended bring to a close another year's record of industrial profits in this country. For reports published in the first and second quarters of the calendar year usually refer to a trading year ending on the previous December 31st or March 31st, and cover about two-thirds to three-quarters of the total of industrial profits reported in each year ending June 30th. In the quarter just ended, 694 companies reported, as compared with 642 companies a year before; and the total of companies reporting in the twelve months just completed amounted to 2,072, against 1,960 a year before. The 694 concerns which reported last quarter together show an increase in net profits (after payment of debenture interest) of £12.1 millions (17.8 per cent.) over the results reported by the same concerns a year ago. This time last year there was an increase of £10.4 millions (18.2 per cent.) recorded by 642 concerns reporting in the second quarter of last year over their corresponding 1933 figures. The total profits reported by the 2,072 firms in the year just ended, at £193.0 millions, show an increase of £31.5 millions (19.5 per cent.) over their total profits published a year ago. At this time last year, 1,960 concerns showed total profits of £159.6 millions, an increase of £17.2 millions (12.1 per cent.) over their 1933 figures.

NET PROFITS (AFTER PAYMENT OF DEBENTURE INTEREST, ETC.)

	No. of Companies	Reports published in			Increase (+) or Decrease (—)	
		1934	1933	1934		
Third quarter.....	318	13,425,013	17,139,932	+ 3,714,919	+ 27.7	
Fourth quarter....	468	21,520,528	28,611,449	+ 7,090,921	+ 32.9	
		1935	1934	1935		
First quarter.....	592	58,577,585	67,137,498	+ 8,559,911	+ 14.6	
Second quarter....	684	67,975,150	80,076,325	+ 12,101,175	+ 17.8	
Total.....	2,072	161,498,274	192,965,202	+ 31,466,928	+ 19.5	

The increases shown in last quarter's reported profits as compared with a year before, and in the total of profits reported in the twelve months just ended, are alike "record" increases; and we are now virtually back at the 1928-29 total profits figures, though the amount of capital involved is greater. In 1928-29, 1,742 concerns showed net profits of £197.3 millions, a slightly greater total than that revealed for 1934-35; but in the second quarter of 1929, 639 concerns showed profits of £78.1 millions—less than last quarter's results. The dimensions of the increase in the total profits for 1934-35 over those for 1933-34 are striking, in all conscience. A 20 per cent. rise in so great

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a proportion of the country's total industrial profits is a rare and refreshing phenomenon.

Our chronicle of the percentage movements of profits, quarter by quarter, follows:—

	1929	1930	1931	1932	1933	1934	1935
First quarter.....	+ 1.5	+ 1.9	- 10.6	- 14.3	- 8.9	+ 5.3	+ 14.6
Second quarter....	- 0.7	+ 8.6	- 19.4	- 21.8	+ 3.3	+ 18.2	+ 17.8
Third quarter.....	- 3.0	- 6.4	- 35.5	- 28.6	- 5.5	+ 27.7	...
Fourth quarter....	+ 1.4	- 18.1	- 53.9	- 2.9	+ 30.3	+ 32.9	...
Year ending June 30	+ 0.0	- 0.6	- 22.5	- 18.1	+ 0.5	+ 16.6	+ 19.5

Though the percentage increases are now slowing down, it should be remembered that the absolute increases in each quarter's profits are often larger than before; for each new percentage increase is calculated on the increase of the year before.

In the next table we give an annual summary of the results recorded by various industrial groups in the last twelve months together with those of the last quarter:—

NET PROFITS (AFTER PAYMENT OF DEBENTURE INTEREST, ETC.)

Group	No. of Reports	Reports published in Quarter ended June 30th			Reports published in Year ended June 30th		
		1935	Compared with 1934	+ or -	1934-1935	Compared with 1933-1934	+ or -
Breweries.....	16	3,412,836	+ 473,427	+ 16.1	16,141,713	+ 3,105,219	+ 23.7
Canals and docks.....	4	55,035	+ 12,850	+ 30.5	418,527	+ 131,093	+ 45.6
Electric lighting and power.....	13	1,729,438	+ 208,072	+ 13.7	10,256,328	+ 836,336	+ 8.8
Financial, land and investment.....	53	3,087,070	+ 431,153	+ 16.3	9,989,122	+ 2,060,263	+ 26.3
Gas.....	6	947,163	+ 5,289	+ 0.6	4,260,300	+ 98,996	+ 2.2
Hotels and restaurants.....	4	1,155,591	+ 43,160	+ 3.9	1,797,185	+ 205,530	+ 12.9
Iron, coal and steel.....	52	7,089,395	+ 3,060,079	+ 75.9	13,198,318	+ 6,081,516	+ 85.4
Motor cycle and aviation.....	10	2,499,522	+ 476,826	+ 23.5	5,798,172	+ 1,345,062	+ 30.2
Oil.....	10	9,791,633	+ 1,365,597	+ 16.3	10,339,239	+ 1,294,238	+ 14.3
Rubber.....	150	1,685,840	+ 1,177,005	+ 240.8	2,894,547	+ 2,156,670	+ 292.2
Shipping.....	14	1,753,786	+ 749,961	+ 74.6	2,991,765	+ 784,842	+ 35.5
Shops and stores.....	23	3,269,419	+ 351,820	+ 12.1	13,919,121	+ 1,033,922	+ 8.0
Tea.....	68	1,173,746	+ 772,380	+ 39.6	1,818,898	+ 193,834	+ 9.6
Telegraphs and telephones.....	6	1,483,384	+ 473,886	+ 46.8	1,745,263	+ 509,290	+ 41.2
Textiles.....	22	3,657,860	+ 200,987	+ 5.2	8,859,185	+ 19,641	+ 0.2
Tramway and omnibus.....	12	1,356,235	+ 149,850	+ 12.3	2,275,785	+ 8,057	+ 0.4
Trusts.....	66	3,131,013	+ 1,399,169	+ 80.8	7,995,278	+ 1,578,028	+ 24.6
Waterworks.....	5	215,558	+ 5,980	+ 2.8	1,017,350	+ 49,764	+ 4.6
Building materials.....	14	791,700	+ 146,214	+ 22.6	5,779,322	+ 1,461,801	+ 33.9
Food, confectionery and drink.....	21	2,314,145	+ 121,730	+ 5.5	7,409,660	+ 1,556,796	+ 26.6
Electrical equipment.....	16	2,824,085	+ 498,506	+ 21.4	4,250,694	+ 1,243,814	+ 41.3
Newspapers, printing, etc.....	20	4,422,125	+ 211,343	+ 5.0	6,289,172	+ 547,593	+ 9.5
Tobacco.....	7	185,133	+ 133,905	+ 261.5	19,448,124	+ 1,884,528	+ 10.7
Warehouse and trading.....	8	358,588	+ 53,048	+ 17.3	829,061	+ 46,949	+ 6.0
Miscellaneous.....	74	21,706,212	+ 1,536,280	+ 7.6	33,345,066	+ 3,973,760	+ 13.5
Total.....	694	30,076,325	+ 12,101,175	+ 17.8	192,965,202	+ 31,466,928	+ 19.5

On the year's showing as a whole, the recovery in profits is as encouraging as it is widespread. The number of unfavourable items is now definitely the exception. The two public utility groups, gasworks and waterworks, are still laggards. Textile concerns and tramway and omnibus undertakings are also behindhand; but there are many concerns operating abroad in these groups which have not done as well as their British-operating *confrères*. In the beginning of the year just closed, tea companies appeared to be doing better; but the large block of the year's results which sees the light of day in the second quarter of the calendar year was definitely disappointing, especially in the case of Ceylon concerns.

When we turn from the few disappointing to the favourable entries, the oil and rubber groups appear in their old traditional guise among the very leaders in the profits race. Yet even they, the overseas traders, have been completely eclipsed by the showing of some of our purely domestic industries, working mainly for domestic demand. Breweries; motors, cycles and aviation; building materials; food, confectionery and drink; electrical equipment—these are groups which minister in the main to domestic demand, and their results are striking. The two financial groups—the financial, land and investment group, and the trusts group, which latter is now beginning to derive increased revenues from the better dividends of concerns in which the trust funds are invested—together show remarkably improved results. Beside these groups, the results of the tobacco group also appear striking; newspaper and printing concerns have increased their profits; while the steadily increasing profits of hotels, and shops and stores, reflect the general improvement in domestic business. Shipping concerns are now doing better, though they have much leeway to catch up. The Miscellaneous group's good showing is mainly due again to the domestic recovery, as evidenced in those undertakings producing patent medicines and foods, domestic appliances, wallpaper, paints and varnish, entertainments (cinema, wireless and gramophones), chemicals, glass, and patented articles.

But what must strike the observer as the outstanding feature of these figures is the recovery in the iron, coal and steel group. In 1933-34, the net profits of this group showed an increase over the 1932-33 results of 85.0 per cent. (£3.0 millions); now the 1934-35 results show a further increase of 85.4 per cent. (£6.1 millions). Greatly increased profits were shown by United Steel Corporation, Lancashire Steel, English Steel, Consett Iron, Richard Thomas, Stewarts and Lloyds, Babcock and Wilcox, Vickers-Armstrongs, Firth and Brown, and Guest, Keen and Nettlefolds; and among coal companies, Welsh Associated Collieries and Amalgamated Anthracite Collieries made the best showing. The improved profitability, however, is evident throughout this important group; and it is evidence that, in the calendar year 1934, the British iron and steel industry was in a very favourable position to profit from the safeguarded home market.

Our next table shows how the net profits were distributed.

DISTRIBUTION OF PROFITS

	Net Profits after payment of Debenture Interest	Ordinary Dividend	Preference Dividend	To Reserve, etc.
1934				
Third quarter...	17,139,932	9,738,898	56.8	4,228,115
Fourth quarter	28,611,449	17,149,005	59.9	5,600,522
1935				
First quarter...	67,137,496	40,175,817	59.8	13,968,058
Second quarter	80,076,325	41,418,843	51.7	20,376,163
Total ...	192,965,202	108,482,563	56.2	44,172,858
			22.9	40,309,781

We have frequently commented on, and commended, the prudent decision, evidenced in these figures, to reduce the proportion going to ordinary dividends (though not, of course, the absolute amount), and to increase the allocation to reserves. In 1934-35, both the percentage and absolute amount of net profits put to reserve constituted a record since the immediate post-war years—an even greater sum and proportion than was allocated in 1929-30. (For comparisons, see *Economist*, July 14, 1934.) In the quarter which has just ended, the same tendencies are visible. A year ago, the figures showed that £90.9 millions (57.0 per cent.) of the year's net profits went to ordinary dividend; this year it has been £108.5 millions (56.2 per cent.). A year ago, £41.3 millions (25.9 per cent.) went to preference dividend; this year it has been £44.2 millions (22.9 per cent.). And a year ago, £27.4 millions (17.1 per cent.) went to reserves; this year it has been £40.3 millions (20.9 per cent.). The two tables on page 104, for the whole year and the last quarter, show that, of all the various industrial groupings, only the warehouses and trading group made a draft on reserves—and this was due to one greatly increased debit balance. Breweries, oil and rubber concerns, and tobacco companies paid considerably more than the average ordinary dividend; and some of the industrial groups which showed the best results in the year paid less than the average ordinary dividend, but placed more than the average allocation to reserves—notably the iron, coal and steel group, motors, cycles and aviation, electric light and power, and shipping.

The next table shows the ratio of net profits and of reserve allocations to total ordinary and preference capital:—

PROFITS AND RESERVES

	No. of Companies	Total Ordinary and Preference Capital	Net Profits after Payment of Debenture Interest	Carried to Reserve, etc.
1934				
Third quarter	318	264,076,256	17,139,932	6.5
Fourth quarter	468	401,504,146	28,611,449	7.1
1935				
First quarter	592	754,001,613	67,137,496	8.9
Second quarter	694	980,620,210	80,076,325	8.3
Total	2,072	2,400,202,225	192,965,202	8.4

On this occasion, the total of net profits is equivalent to 8.4 per cent. on the combined ordinary and preference capital of the 2,072 companies which reported in the year; this compares with 6.7 per cent. for the 1,960 companies which reported in 1933-34, and with 5.7 per cent. for the 1,949 concerns which reported in 1932-33. The reserve allocation in the year just ended amounts to 1.7 per cent. of the capital involved, compared with figures of 1.1 per cent. in 1933-34 and of 0.5 per cent. in 1932-33. In 1929-30, net profits were 10.6 per cent. of ordinary and preference capital, and reserves were 1.9 per cent. The approximation to the last favourable figures before the slump is therefore much greater this year. The next table shows the rates paid on the various forms of capital:—

AVERAGE RATES PAID

	On Debenture Capital				On Preference Capital				On Ordinary Capital			
	1932	1933	1934	1935	1932	1933	1934	1935	1932	1933	1934	1935
1st quarter	4.80	4.77	4.73	4.64	4.9	5.0	4.9	5.1	7.5	7.5	7.5	8.3
2nd "	5.01	4.97	4.75	4.75	4.9	4.9	4.9	5.2	5.7	5.7	5.7	6.7
3rd "	5.09	4.94	4.88	...	3.6	4.4	4.1	...	4.3	5.3	6.0	...
4th "	5.16	5.04	4.95	...	3.6	3.2	3.7	...	4.9	5.2	6.8	...
Year	5.01	4.99	4.82	...	4.2	4.6	4.8	...	5.9	5.8	6.5	...

The decline in the rate of interest on debentures seems to have been stayed; the average rate of preference dividend has jumped up, mainly due to resumed payment of dividends by concerns which had suspended them; and the rate of ordinary dividend last quarter carries on the chronicle of quick rises which is apparent in the figures quarter by quarter.

The ways in which the various groups have distributed their earnings in 1934-35 are shown in the following table:—

REPORTS ISSUED IN YEAR ENDED JUNE 30, 1935

Group	Debenture Capital	Rate of Int.	Preference Capital	Rate of Int.	Ordinary Capital	Rate of Div.	Rate of Div. a Year Ago
Breweries	58,051,016	4.5	48,836,753	5.0	74,272,810	13.6	12.0
Canals and docks	4,158,124	4.1	6,501,821	4.0	10,377,864	1.2	1.1
Electric lighting and power	48,443,080	4.8	34,476,352	5.1	54,622,180	7.6	6.9
Financial, land and investment	60,416,019	4.8	67,479,924	3.9	159,387,844	3.6	2.7
Gas	27,431,797	4.1	10,637,572	4.5	80,964,797	5.8	5.8
Hotels and restaurants	9,286,871	4.7	13,814,978	5.4	11,268,679	7.3	6.9
Iron, coal and steel	50,001,488	5.2	86,024,390	4.3	167,677,006	2.8	1.6
Motor, cycle and aviation	3,827,528	5.7	12,029,724	5.3	28,883,012	7.7	4.1
Oil	236,087	6.9	29,425,259	7.4	68,967,613	10.8	7.8
Rubber	3,776,222	6.7	3,419,989	5.9	65,114,097	8.3	0.8
Shipping	27,780,660	4.8	36,320,970	2.5	48,718,189	0.9	1.2
Shops and stores	20,756,710	4.8	57,912,504	5.8	50,633,270	14.1	12.1
Tea	1,453,471	5.9	5,652,566	5.8	16,844,252	6.8	7.9
Telegraphs and telephones	394,644	5.0	838,671	7.0	37,974,610	3.9	1.5
Textiles	28,856,596	5.3	61,514,568	3.6	101,638,957	5.5	5.2
Tramway and omnibus	17,413,281	4.7	12,994,966	5.3	19,710,726	7.5	6.1
Trusts	110,195,787	4.5	100,627,808	3.8	91,610,608	3.9	3.9
Waterworks	7,144,903	4.7	5,816,031	4.7	10,307,855	5.8	6.5
Building materials	7,883,938	5.0	15,177,192	5.6	27,187,668	10.6	(a)
Food, confectionery and drink	5,688,819	5.7	29,737,653	6.4	41,135,101	10.2	(a)
Electrical equipment	5,976,056	4.8	13,759,558	5.7	26,187,948	8.0	(a)
Newspapers, printing, etc.	19,510,128	4.9	38,659,470	5.4	30,383,934	9.2	(a)
Tobacco	104,114	5.0	33,847,936	6.1	90,524,950	18.4	(a)
Warehouse and trading	2,659,130	4.7	11,286,752	4.7	11,197,967	4.7	(a)
Miscellaneous	33,285,691	4.8	144,781,088	6.6	213,226,946	7.9	8.3
Total	554,532,155	4.7	881,574,525	5.0	1,518,827,810	7.1	6.1

(a) Not classified separately. Included in miscellaneous figure of 8.3 per cent.

It is impossible to deduce any hard and fast correlation between "high-gear" groups (those with a high proportion of fixed-interest capital to equities) and higher than average ordinary dividends. But if the capital structure of the various groups be set against their relative dependence on domestic or foreign trade, it will be seen that the groups mainly dependent on home trade—e.g. building materials, foodstuffs, electrical equipment, newspapers, tobacco, shops and stores, miscellaneous, electric lighting and power, hotels and restaurants—can pay not only higher than average rates of debenture interest but also higher than average ordinary dividends. The generally increased earning capacity of the equity share in 1934-35 is evident in virtually all groups.

The net profits figures of the 2,072 companies which reported in the year just ended are therefore very encouraging. The analysis covers a very wide sector of the whole field of British industrial enterprise; and, for the first complete year since the depression began, there are remarkably few distortions in the purely financial skeleton of British industry. The skeleton is not the whole living organism; but it supports the latter; and, thanks to a purely internal recovery, our financial structure has at least been carefully set and repaired. Whether British industry as a whole will prove as healthy and animated as before the crisis would seem now to depend on other factors than purely financial ones.

CONFLICT IN SPAIN

(BY A CORRESPONDENT)

In the history of the young Spanish Republic, which a few weeks ago entered on its fifth year, the elections of 1933 were a turning point. From these elections the forces that had succumbed in April, 1931, issued victorious—thanks in no small measure to the women's suffrage which the Parties of the Left had introduced according to their programme,

though they should have known the influence of the clergy on Spanish women. Henceforth the strongest Party in the Cortes was the Catholic *Accion Popular*, which is also known as CEDA and whose leader, Señor Gil Robles, a young Professor of Law, is believed by many to have a considerable future. His Party had won in alliance with the Monarchists and with the Radical Party of the old Republican Señor Lerroux; and this intermediate position between monarchical and republican outlook characterises the CEDA.

The very leanings of the CEDA towards the monarchy were the reason, however, for its not participating in the Government until two years after its victory at the polls. For wholehearted Republican circles were unwilling to tolerate the rule of the country by the CEDA; nor was the latter prepared to assume responsibility for control of the Republic. Accordingly the Radical Party provided the Prime Minister and the majority of Ministers; and even now, when Señor Gil Robles and four of his collaborators have taken over leading posts in the Cabinet, the Premiership still remains in the hands of Señor Lerroux. The peculiar and unhealthy situation, in which the whole of the Left as well as the majority Party in Parliament took no part for years in forming Governments, necessarily led to political unrest, and so to economic depression. Ten Cabinet crises and a civil war shook Spain. The civil war broke out last autumn when, after the fall of Señor Samper, a collaborator of Señor Lerroux, for the first time three members of the CEDA (though not Señor Gil Robles himself) entered the Government. After weeks of fighting the Socialist rebellion, which a rising of the Separatists in Catalonia had compromised rather than aided, was repressed.

Then, however, the unexpected happened. The Left did not, as many had expected and many also had demanded, become extinguished. On the contrary, its Party organisations and trade unions, in spite of all persecution, remained powerful, and, as far as can be judged, the general feeling of the people seemed to incline rather to the vanquished than to the victors. One reason for this was the incapacity for action of the successive Lerroux Governments. The conflicting forces collaborating in these Governments nullified one another. This spring brought fresh Cabinet crises and, for a time, enmity between the Radical Party and the CEDA; and, after this had been patched up, an open tension appeared between the leaders of the Governmental Parties and the President of the Republic, who by broadening the basis of Government sought not only to promote his plan of constitutional reform, but also to ward off the danger of reactionary developments. In these dramatic circumstances the sixth Lerroux Cabinet was formed early in May. In this Government Señor Gil Robles became the real though not the nominal head.

Whether, as many think, this is only a preliminary step toward a Gil Robles Ministry, time must show. At any rate, the Radical Party is now represented this time by only three members, as against five of the CEDA; whereas the ratio hitherto had been exactly the reverse. Above all, Señor Gil Robles has now taken over in person the Ministry of War, an important post, since it gives him control of the Army. It is quite possible that the Army, as so often in the recent history of Spain, may play a decisive rôle in the near future. The proclamation of martial law in Barcelona, a town that has of old given trouble to Spanish Governments by its Separatist and anarchical tendencies, is considered by many to be a move in this direction.

The tasks with which the Lerroux-Gil Robles Government is now faced are the more urgent because they have been neglected throughout the years of crisis. A characteristic instance of this neglect is the conduct of the national finances. The last Budget duly approved in the Cortes was passed in 1932 and has remained in force until now by means of quarterly extensions, involving Supplementary Estimates and Extraordinary Estimates. The abundance of money available on the market has enabled the Government to finance these estimates by the issue of Treasury bonds. The new Minister of Finance, Señor Chapaprieta, who belongs to no party and enjoys a high reputation as a financial expert, now intends to restore normal conditions. He first of all obtained the consent of Parliament to a Budget run-

TRADING ABROAD

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ning up to the end of the year, but which, owing to the short time available, does not contain any thorough reform. He then set about preparing a fresh Budget for next year, of which the predominant note is retrenchment; and he has announced his intention of eliminating the deficit altogether by the end of 1937 at the latest.

Economy is also the keynote of the Unemployment Act recently passed. Spain has suffered severely from unemployment since the slump set in; official statistics give the figure of 732,034 for the end of April, of which 469,101 are wholly, and the remainder partially, unemployed. More than half are agricultural labourers. These statistics, it is true, do not pass uncontested. On the one hand, many unemployed may not be included at all; while, on the other hand, according to the Minister of Labour, the municipalities have an interest in swelling the figures returned by them.

The lack of precision apparent in the Unemployment Act also impairs the value of the Wheat Act, which, after many months of discussion, has been passed in the last few weeks. Of its 24 Articles the editor of a Madrid trade review writes that, after reading them over and over again, he could only say that he felt giddy. The immediate cause of the measure is the over-abundant wheat harvest of last year. In the last ten years an annual average of 4,000,000 tons were produced, which represents approximately the consumption of the country; last year's harvest amounted to 4,600,000 tons. The difficulty of coping with the surplus of 600,000 tons has kept the Government, Parliament and public opinion busy for close upon a year. For this year's harvest is already on its way and, to all appearance, will again prove abundant.

This abundance is not merely the result of favourable weather such as prevailed particularly last year—in this year a prolonged drought in the spring threatened for a time to lead to a failure of the crop—but is also connected with improvements of the soil and extensions of cultivation. Spanish agriculture has not reached anything like the high stage of development of the North of Europe. But it has made great progress in the last decades, leading naturally to an increase in supply. In addition, land settlement received an impulse from the revolution of 1931 which was not indeed so strong as the partisans of Agrarian Reform had hoped, but nevertheless had an effect on the extension of corn-growing. After the bountiful harvest of 1932 the Government protected the wheat market from the free play of economic forces by introducing a legal minimum price, which is now fixed at 51 pesetas per 100 kilos, i.e. a price about twice the price ruling in the world markets. Naturally this minimum price has not been observed, and could not be observed; for the farmers were forced to sell in order to meet their obligations, particularly as agrarian credit organisation is elementary in Spain. The peasants accordingly sold wheat, in so far as it could be sold at all,

considerably below the minimum price, though they were always ready to sign a receipt for the legal price so as not to get the purchaser into trouble.

Such a state of affairs entails far greater inequity than the lowering of the price to its natural level would do. It is precisely the small farmers who, with their granaries replete, are at their wits' end how to pay their debts, whereas large growers, who are better able to tide things over, have been able to dispose of their wheat. It is a case of the usual dislocation that occurs when a price fixed by the authorities bears no relation to the facts of supply and demand. The Government's present policy is to remove part of the wheat from the market, and a Bill has been tabled providing for the formation of a monopoly company with a view to storing wheat, and for the granting of a premium or bounty to purchasers of wheat. After protracted struggles, this Bill was passed in March, that is to say, at a date already far advanced; but its terms could not be applied. For not a

single concern was prepared to co-operate in forming the monopoly company.

Accordingly a fresh law was promulgated last month, providing for the purchase of 400,000 tons by the State itself through the semi-official Bank for External Trade and for the payment of a bounty of 9 per cent. on voluntary withdrawals of wheat up to 100,000 tons. To help cover the cost of this action a tax of one peseta per quintal has been imposed on all transactions in wheat. In these purchases by the State preference is to be shown for the wheat on which the (Catholic) Federations and the banks have lent money. This provision has not unnaturally provoked fresh criticism, and the Government is being reproached with having planned its scheme of relief not primarily in the interests of agriculture, but in the interests of the institutions granting agrarian credit. The incident aptly illustrates the interplay of political and economic conflicts which is now apparent in Spain.

NOTES OF THE WEEK

Without Portfolio.—The recent "Musical Chairs" in the Cabinet ended with a rather surprising growth of the number of members without departmental responsibilities. We now have Mr Ramsay MacDonald, Lord President of the Council; Lord Londonderry, Lord Privy Seal; Mr Eden, Minister without Portfolio for League of Nations Affairs; and Lord Eustace Percy, also Minister without Portfolio, but for no affairs in particular beyond a general mandate extending to "social services and unemployment." In the House on Wednesday, Mr Lansbury vigorously attacked this multiplication of sinecures. He bluntly maintained that the whole reshuffle had been designed not to secure the best men for the various positions, but to find offices for certain individuals and to maintain the "masquerade" of an alliance between the three "national" parties. In particular he asked why Sir John Simon had left the Foreign Office, why Lord Sankey had been "sacked," why Lord Londonderry had become Lord Privy Seal, and why Mr Malcolm MacDonald and Mr. Kenneth Lindsay had received such sudden elevation. It is doubtful whether the country will echo Mr Lansbury's indignation very loudly. Probably the general feeling was more accurately expressed by Sir Herbert Samuel, whose criticism of the proceedings was mild and humorous. He suggested that the office of Chancellor of the Duchy of Lancaster might have been used for one of the sinecure appointments; and he protested against the introduction of the Continental term "Minister without portfolio." Lord Eustace Percy's appearance in the Cabinet he found particularly curious. It had been rumoured that his job was to think. Was this the real explanation of his presence, Sir Herbert asked; and if so, might he suggest as his Ministerial motto the famous aphorism of Descartes: "Cogito, ergo sum"? Mr Baldwin replied by refusing to discuss personalities on the ground that the appointment of the Ministers was a matter for which the Prime Minister was alone responsible. The increase in the number of posts he defended as necessary to cope with the ever-increasing work of the Cabinet. For this contention at least there is doubtless justification. But if the growing functions of Government call, as they well may do, for an increasing number of Ministers of front rank, the corollary is surely that the present Cabinet system needs to be supplemented by the formal institution of an inner Cabinet whose chief function would be to ensure unity of direction and to keep under constant review the major problems of national policy.

Ireland and the Empire.—On Wednesday night the question of our relations with the Irish Free State was raised on the motion for the adjournment of the House of Commons. Mainly as the result of the recent Privy Council decision that the Irish Free State has legally abolished the right of appeal to the Privy Council (see the *Economist*, June 15th, page 1357), Members tended to concentrate on

the discrepancy between the advice given to the House by the Attorney-General when the Statute of Westminster was being debated four years ago, and the recent Privy Council decision. Mr Churchill's point was that the Government four years ago allowed the law officers of the Crown to assert in the House that there was no danger of the Statute of Westminster overriding the Irish Treaty, and that it left the Treaty intact. Now the Privy Council affirms that, only since the passing of the Statute in 1931, the Irish Free State did possess the right to abrogate parts of the Treaty of 1921 and of the Constituent Act which brought the Irish Free State into being. Sir Stafford Cripps asked whether the new discovery that Mr de Valera was within his constitutional rights would alter the Government's attitude. Sir Thomas Inskip could only reply that, though we had the power, before and after the Statute, to alter the Treaty, we had kept faith; and that it was up to Mr de Valera to decide whether he wished to recognise the Treaty as binding, though not legally so, or to stand pat on his literal, legal rights and incur the charge of breaking faith. Mr de Valera's insistence on his (now valid) right to establish a Republic "closed the door to any accommodation" in the annuities dispute or the consequent tariff war. Mr J. H. Thomas, putting the Government's case, answered Sir Stafford Cripps by showing that the Government's attitude had hardly varied. The annuities debt was owing to us; we should collect it by any means we could use. Either the Free State was to be in the Empire—as understood by the British interpretation of the 1921 Treaty as an "honourable agreement," which should be scrupulously observed despite the Statute of Westminster—or it must be outside it. The Government would take "any step they could to prevent Southern Ireland going out of the Commonwealth." Mr Thomas would uphold the sanctity of treaties and agreements; but "we were anxious to be friends." In all this there was very little for Mr de Valera to seize upon. The truth seems to be that Mr de Valera stands pat on rights which only lawyers, not statesmen, would recognise as the final criterion; while the Government, conversely, are taking a stand for the sake of prestige without any well-founded basis in law. And meanwhile the citizens of both countries suffer.

President and Congress.—Mr Roosevelt is in still difficulties with Congress. The Public Utility Holding Companies Bill, with its "death sentence" clause removed by the House of Representatives, has been returned to the Senate, which has sent it to an inter-cameral conference without agreeing to the House's amendments. The final compromise will therefore be worked out behind closed doors, and if the President is unlikely to get the "death sentence" revived in its full severity it is equally unlikely that the clause will be left as the Utilities wish it. The Chairman of the

Securities and Exchange Commission has publicly disclaimed any desire to have discretionary powers to inflict capital punishment upon holding companies, on the grounds that the exercise of such powers would certainly be impossible and their grant would probably be unconstitutional. When this controversy is settled, there is another pending on the Banking Bill (to which reference is made in our Banking and Finance Leader on page 76). As originally conceived, this Bill had two purposes: to concentrate control of the Federal Reserve system in the Federal Reserve Board, and to give the President control over the Federal Reserve Board. A Senate Committee, presided over by the redoubtable Senator Glass, has retained the first objective, but entirely reversed the second; the Board, under the terms of the amended Bill, would be far more independent than at present. At the moment three out of eight members of the Board can be changed by the President at will, the remainder being appointed by the President for a comparatively short term of years. Under the new proposals, the Board will have seven members, each sitting for fourteen years and one of them retiring every two years. A President, even if he retains office for eight years, would therefore be able to get a majority of his nominees on the Board only at the very end of his own term of office. Judged by any considerations other than the political, these amendments are improvements, though they can hardly be to the liking of the President. But he will be fighting on a poor terrain if he attempts to re-assert political control of the banking system, and he may deem it more prudent to accept the Bill as it stands. The other Bills on the list—those dealing with agriculture, with the Tennessee Valley and with the coal industry—are almost equally controversial and on each a fierce battle will be waged before Congress adjourns. Mr Roosevelt is having no more trouble with his nominal supporters in Congress than other Presidents have had; but the fact that his relations with the legislature have relapsed into the normal anarchy of "checks and balances" is in itself a striking illustration of the change that has come over American politics since the dictatorial days of 1933.

Tension in France.—The political dangers of France's present economic policy are becoming plainly apparent. M. Laval's proposed deflationary measures, to be announced "soon after July 16," continue to hang ominously over the heads of the people. In this situation, when no one even knows what sacrifices are to be asked, or from whom, political tempers are naturally rising, and sweet reasonableness is naturally at a discount. To-morrow is July 14th. And the Left-wing "United Front" of Socialists and Communists is to demonstrate appropriately in the Place de la Bastille. On the same afternoon the Fascist Leagues are to foregather round the tomb of the Unknown Warrior at the Arc de Triomphe. The Radical-Socialists are anxious to affirm their attachment to democratic government. But they do not much like co-operating with the Communists, even though the Communists now profess democratic sentiments. M. Herriot and his following of Radical-Socialists at Lyons are opposed to co-operation. But the more Left-wing elements in the Party, who seemed likely during the recent crisis to form a separate group under M. Daladier, have this time carried the day. The Party is to be officially represented at the Bastille to-morrow. Meanwhile the utterances of Colonel de la Rocque, the leader of the Fascist Croix de Feu, have become more menacing, if no more coherent, than before. The situation is not dangerous, but it is undeniably disquieting. One cannot forget that in Germany it was the emergence of rival factions of extremists, embittered by the steady deepening of the 1929-32 deflation, which led to the collapse of democracy. France and Germany are very different countries. But if M. Laval produces nothing but measures calculated to intensify France's present depression, the outlook for October, when Parliament re-assembles, is assuredly bleak. Already the rentes are falling, and the discount on forward francs is again widening. If a serious political crisis in the autumn—or sooner—is to be avoided, the Government will have to devise something more constructive than a mere repetition of M. Dugumergue's budget cuts.

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The Habsburgs on the Horizon.—The Austrian State Council has tabled and passed a bill for the repeal of the "Habsburg Law" of April 3, 1919. By the latter measure all members of the Habsburg Dynasty who would not renounce their former prerogatives in Austria were banished from the country and were further penalised by the confiscation of their real and personal property. In Germany, under the Weimar regime, the members of the various deposed dynasties in the Reich, from the Hohenzollerns downwards, all eventually received very generous treatment in settlement of their property claims without this leading to their reinstatement on their subverted thrones. At the same time, considering the very different circumstances of Austria to-day, it is difficult to believe that this Austrian bill will be without effect upon the Habsburg dynasty's prospects. For in Austria the question of a monarchical restoration is undoubtedly in the air. Indeed, it is hard to see how, in the long run, the present regime can avoid identifying itself with the Habsburg cause. If this regime stands for anything, it stands for Austria's historic "mission" and historic individuality in contrast to the "Prussia-Germany" of which the Hitlerian "Third Reich" is the latest version. This "mission" and individuality are both bound up historically with the House of Habsburg. In fact, post-war Austria—being to all appearance incapable of permanently existing as "a thing in itself"—probably has the choice between an *Anschluss* (or "co-ordination") with Nazi Germany, and a Habsburg restoration which would make Vienna once again into a political magnet for all the former lands of the Habsburg crown. The statesmen of the Little Entente have never concealed their fear lest the attractive power of this magnet might prove formidable in its influence upon pre-nationalist-minded peasants, and perhaps even upon post-nationalist-minded urban proletariats which have latterly despaired of the Marxian solution of their troubles. For the Little Entente, the Habsburg peril is still more terrifying than the Nazi peril. And there is a rumour that the Little Entente Council has taken the occasion to warn the French Government, once more, that they would regard a Habsburg restoration in Austria as a *casus belli*. This rumour illustrates the important underlying fact that the New Europe of the Successor-States and the New Europe of Herr Hitler both fit into the same pattern of a continent re-mapped politically on a nationality basis. If Herr Hitler can convince the Little Entente that he is sincere in his repeated protestations of the same regard for other people's nationality and rights as he demands for those of the German race, he may yet succeed in winning their friendship as he has won Poland's.

Japan Moves On.—Apparently the present bout of the Japanese offensive on the Asiatic mainland is not yet coming to an end. This week there is further activity to report on three fronts: in Hopei; on the borders of the Soviet Union and of Outer Mongolia; and in the third place

at Shanghai. In Hopei, it appears that one of the conditions that have just been imposed by Japan is an extension of the Tangku Armistice zone for another seventy miles inland, towards Kalgan, which is the key point on the railway which links Peking with Inner Mongolia. There are also rumours of a Japanese scheme for a large-scale exploitation of the economic resources of Hopei under the auspices of the South Manchuria Railway Company. In the history of Japanese-Soviet relations, the latest event has been the despatch from Moscow to Tokyo of a strongly worded note of protest against a number of alleged Japanese violations of the Soviet-Manchukuo frontier during the last two months. To this the Japanese Minister for Foreign Affairs, Mr Hirota, has adroitly responded by proposing that a joint commission for dealing with frontier-incidents should be set up. The proposal has been accepted by the Soviet Government with some alacrity; and no doubt such a commission will be of real value in preventing the peace from being broken as a result of local incidents, so long as these incidents are not being deliberately engineered by the masters of Japanese policy for the express purpose of precipitating a war. Meanwhile, the establishment of the commission will mean *de facto* co-operation between the Soviet Government and the officially still unrecognised Government of Manchukuo. Simultaneous negotiations are also taking place between the Governments of the Japanese puppet state of Manchukuo and of the Russian puppet state of Outer Mongolia over recent incidents on this section of the frontier between the Japanese and the Russian domains in the Far East. The new and serious incident at Shanghai has been opened by the Japanese Foreign Office and not by the Navy or Army. An alleged insult to the Emperor of Japan in a Shanghai journal called *The New Life Weekly*, which is published indirectly under Marshal Chiang Kai-Shek's auspices, has been seized upon as a pretext for presenting four Japanese demands: for the dismissal of the Chinese Director of Social Affairs in the municipality of Greater Shanghai; for the abolition in Greater Shanghai of the Kuomintang and Blue Shirt organisations; for an apology from the Government at Nanking; and for a guarantee that the central Kuomintang authorities will prevent a recurrence of such incidents. This week, the spokesman of the Japanese Embassy in China has announced that these Japanese demands have received satisfaction. Does this mean that Greater Shanghai—i.e. those parts of the treaty port that lie outside the boundaries of the two foreign settlements—has now been reduced to the same political status as the two northern provinces of Hopei and Chahar?

A New Party in Canada.—The events of last week are likely to prove a turning point in Canadian political history. On Friday the Federal Parliament was prorogued; and a feeling seems to have prevailed that Mr Bennett's five-year reign was virtually at an end. On Sunday it was announced that Mr H. H. Stevens had decided to found a new party pledged to a policy of reconstruction and reform. Mr Stevens was formerly Minister for Trade and Customs in the Bennett Cabinet. In January, 1934, however, he made a speech accusing various large business interests of "unfair and unethical" practices. Mr Bennett at first tried to muzzle his troublesome subordinate, but public opinion proved too strong, and a Committee of inquiry was appointed with Mr Stevens at its head. This Committee brought to light remarkable evidence of dubious financial practices and deplorable labour conditions. Mr Bennett's popularity was not enhanced by the proceedings; since it was not forgotten that his high tariff policy had been mainly defended on the ground that it would bring the high wages. In November Mr Stevens resigned from the Cabinet, and in May his Committee reported recommending drastic social reform legislation. By this time, however, Mr Bennett, who could not have been unaware of the waning electoral fortunes of his party, had undergone a remarkable conversion. In a speech in January, he announced his belief that "any attempt to operate capitalism under the old system was doomed to failure"; and he outlined a programme of unemployment insurance and minimum wage legislation. These measures, criticised by

some business interests as likely to raise costs, have now been passed. But though they undoubtedly improved Mr Bennett's legislative record, they completely failed to satisfy the group of reformers which had been gathering round Mr Stevens. For the notice taken by Mr Bennett of the Stevens' Committee report has in effect been perfunctory. All that the Government is doing, as our Canadian letter on page 72 reports, is to give certain new powers to the Tariff Board! This and the Grain Board Bill, discussed in a note on page 72, have been its main concern in the last few weeks. And on this record Mr Bennett will face the electors in the General Election in August. How far is Mr Stevens's intervention likely to affect the issue? Recent by-elections still suggest a sweeping Liberal victory; and it may be that Mr Stevens's candidates will prove more embarrassing to the Co-operative Commonwealth Federation (Farmer-Labour) Party and to the Conservatives than to the official Liberals. For the C.C.F. is much more the Party of social reform in Canada than the Liberals, who are mainly distinguished from the Conservatives by their free trade views. Moreover, Mr Stevens's original supporters were left-wing Conservatives. On the whole it seems most unlikely that his new party will seriously prejudice the chance of a Liberal victory.

Pepper and Shellac.—The Senior Official Receiver's report on the compulsory liquidation of James and Shakspeare, Limited, was issued on Tuesday. It clarifies certain transactions which were mentioned in his interim report (summarised in the *Economist* of April 13th last, page 843) but, in its final form, differs little from the earlier document. It is stated that purchases for the shellac "pool" were begun as early as October, 1933, by Williams, Henry and Company, Limited, of which Mr. Louis Hardy was managing director and the entire issued capital was controlled by a company in the "Howeson group" of companies, the beneficial interest in whose shares in turn was held as to 55 per cent. by Mr Howeson and as to 45 per cent. by Mr Bishirgian. The purchases were made through Bishirgian and Co., and the Dean Finance Company financed Williams Henry's shellac holding to a great extent. Further, the Official Receiver points out that between February, 1934, when the "pepper lunch" took place, and June of that year, Williams Henry had bought 2,460 tons of pepper and were arranging for the purchase of a further 6,000 tons for future delivery, through Bishirgian and Company. The flotation of James and Shakspeare, Limited, as a public company, absorbing Bishirgian and Company and controlling Williams Henry and Company, comes in for close scrutiny in the report. On September 3, 1934, the date of the James and Shakspeare prospectus, Williams Henry had contracted to purchase 109,000 cases of shellac (at a contract price of £756,744) of which 41,300 cases had been financed by loans raised by Williams Henry, and 67,700 cases had not been financed at all, "apart from a purported sale of 35,400 cases." Williams Henry had also contracted to buy 11,640 tons of pepper of the approximate cost price of £1,055,000—as compared with pepper commitments for 2,460 tons on the previous June 30th. Yet the prospectus of James and Shakspeare on September 3rd, and the balance sheet of Williams Henry as at June 30th mentioned in that prospectus, gave no details, either of the Williams Henry commitments at June 30th, or of their vastly swollen commitments at September 3rd. The auditors of Williams Henry stated that they were never shown any pepper contracts when they examined the balance sheet drawn up by Hardy for the James and Shakspeare prospectus, though they did have access to the shellac contracts, which they regarded as within the normal course of business. The Official Receiver states that he feels justified in concluding in view of the haste with which the James and Shakspeare issue was launched, and of Williams Henry's "enormous future commitments in shellac and pepper," a large proportion of which fell due for payment on September 7th, that there was "an ulterior motive in omitting from the prospectus any reference to this state of affairs." In his summary, the Official Receiver says that it seems clear that

Messrs. Hardy and Bishirgian were actively engaged in the scheme to convert James and Shakspeare into a public company, and also in both the purchasing of pepper and shellac. He also states that Mr Howeson was "in a general way informed of the company's position and also of that of Williams Henry and Company," besides which Mr Howeson had a large financial interest in the company through James and Shakspeare was "directly attributable to the action of the directors in involving the company in the highly speculative transactions in shellac and pepper . . . without having made any arrangements for finance."

—and the Moral.—The City will draw several useful morals from this unhappy history. First, the commodity and other markets should be more chary in future of giving unlimited credit to any purchaser who adduces, as evidence of his financial backing, only a string of important names, without proof of their precise participation in the operation. Secondly, it is obvious that the regulations under which prospectuses are issued are not yet stringent enough to prevent grave abuses, notably the suppression of information on running commitments. Thirdly, where subsidiary companies are directed by, or come under the direction of, men in influential and public positions in the City, they should jealously scrutinise the companies' activities lest the reputations and influence of the persons concerned lend the companies a significance wholly out of proportion to their capital and operations. Equal care is needed when it is a case of underwriting some new issue. The Official Receiver states that there is no foundation whatever for the suggestion that Mr Reginald McKenna was interested in pepper or was aware of the true nature of James and Shakspeare's business. He did, however, sub-underwrite the issue, which was discussed with him previous to the date of the prospectus; and the Official Receiver mentions the connection of Dean Finance with Mr McKenna and Sir Hugo Cunliffe-Owen on the one hand, and its financing of Williams Henry's the other, and its purchases and holdings on the other. In view of the unfavourable impression created by the association of Mr McKenna's name with James and Shakspeare and Williams Henry—and his name must necessarily have given a cachet to the operations as well as to the James and Shakspeare issue itself—the City will be glad to receive this clear and official denial of the suggestion that the Chairman of the Midland Bank was cognisant of the pepper and shellac speculations.

The New Insurance Bill.—The Government's Bill for making it easier to put unsound insurance companies out of action has been published this week. It is a step in the right direction, but not a very big step, and whatever sins may be laid to the charge of the Board of Trade, it cannot be accused in this Bill of being rashly experimental. In 1933 an Act was passed called the Assurance Companies (Winding up) Act which has, to put the matter bluntly, been a laughing stock. One company after another has tottered and tottered and finally fallen, while the Board of Trade has stood by with the Act in its hand and waited for the collapse. The new Bill, if passed, will alter one section of the 1933 Act and will enable the Board of Trade, whether it has or has not reason to believe that the company cannot meet its liabilities, to call for information and accounts and then if it sees fit appoint inspectors to investigate the affairs of the company. If the company objects to this appointment it may appeal to the Courts and the onus will be on it of proving that the appointment "cannot reasonably be required." The Bill will make it easier for the Board of Trade to launch an investigation into a company's solvency, but the weakness of it is that it still leaves it to the Board to prove insolvency instead of putting the duty on the company of proving that it is solvent. Action directed against a particular company is difficult for a Government department, and the problem of weeding out the weak insurer before he has worked his mischief will not be settled until all insurers have at regular intervals to prove their solvency. The key to the problem

lies in setting up a standard of solvency and making every company or underwriter show once a year that his resources are up to that standard.

Eliminating Surplus Cotton Spindles.—The scheme to eliminate redundant spindles in the cotton trade, embodied in the Cotton Spinning Industry Bill (summarised in the *Economist* of July 6th), was severely criticised at a hearing given by the Lancashire and Cheshire group of Members of Parliament to opponents of the scheme on Tuesday. The opponents claimed to represent 112 cotton-spinning firms owning about 11 million spindles—equal to about one-third of the active spindles in the industry—and they asked for a further ballot before the Bill progressed further. The opponents pointed out that there were about 5 million spindles which had been idle for a long period. Many of these had been acquired at scrap prices, and the possibility of this plant restarting was remote. The money paid by the Spindles Board for these spindles would go to those (mainly the banks) having a first charge upon the concerns owning the plant, and would not help to revive or re-equip the industry. They might even receive a price representing five times the present market value of the spindles. Since 1931, 9 million spindles had ceased to exist without any cost to the industry; and a scheme designed to remove 10 million spindles at a cost of 3d. per spindle was rejected by the industry in 1932. Moreover, it was felt to be unfair that an entire industry should be compelled to contribute to a levy to keep afloat a mere section of it. As the cotton trade depended mainly upon the export trade, low costs were essential. The Bill would increase costs and would prevent the erection of new plant. Further, purchase of spindles by the Spindles Board was to be by agreement, and if those who wished to sell were not offered a price they considered satisfactory, the scheme would fail and the industry would be hampered by the Bill. On Wednesday, Lord Colwyn and other members of the Committee responsible for the scheme were given an oppor-

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tunity by the groups of M.P.'s to reply to the criticism of the objecting minority. They did so in a long statement, but some of their arguments are not altogether convincing. True, something is necessary to reduce the depressed, un-economic section of the industry. And to the argument that the scheme will raise costs of production, the Committee retorted that it would actually lower costs by enabling a mill to spread its overhead expenses over a larger volume of production. They consider it an improvement on the scheme originally proposed because the levy is to cover all spindles, whether active or idle, and is to be a flat rate for both the American and Egyptian sections of the industry, though the Egyptian section is much less depressed than the American. The Committee are particularly anxious that the Bill should be proceeded with during the remainder of the present session, and they are therefore against a second ballot, which would cause delay. But in view of the strength of the opposition it would seem that there is little chance of the Bill being proceeded with before the recess.

* * *

Employment in June.—Employment in June, instead of showing a slight seasonal sag, rose to the highest figure since records have been kept. The number of insured persons aged 16 to 64 in employment in Great Britain on June 25th was estimated at 10,361,000—an increase of 27,000 during the month and of 188,000 during the year. The number of unemployed persons on the registers of Employment Exchanges at the same date was 2,000,110—the lowest figure since July, 1930. Of this total 1,555,184 were wholly unemployed, 361,825 temporarily stopped, and 83,101 classed as "normally in casual employment." The largest percentage decline during the month was in this latter category, while those temporarily stopped increased by some 47,000, owing mainly to decreased activity in coal-mining, especially in Yorkshire. Unemployment among women and juveniles fell by 10,000 and 19,000, respectively, as against a fall of only 15,500 for men; but compared with 1934 there are now 24,000 more children out of work, while the number of men has fallen by over 100,000. The following table of unemployment in different industries shows that the position of the heavy trades continues to improve and that even clothing and textile industries have expanded activity compared with a year ago. There has, however, been a rather more than seasonal recession in employment in tailoring, boots and shoes and motor vehicle, cycle and aircraft manufacture.

GREAT BRITAIN: INSURED PERSONS UNEMPLOYED

	June 25, 1934	May 20, 1935	June 24, 1935
Coal mining	358,120	262,879	300,079
Iron and steel manufacture	44,450	43,310	41,384
Engineering	103,307	90,883	88,528
Shipbuilding and ship-repairing	74,229	65,916	63,559
Cotton	107,907	97,474	98,285
Hosiery	13,559	17,338	13,100
Woollen and worsted	48,750	33,037	32,951
Tailoring	22,696	13,787	21,649
Boot and shoe	26,748	18,044	20,190
Building	132,943	129,860	127,847
Public works contracting	115,695	118,218	114,716
Distributive trades	197,726	214,084	200,315
Hotel, boarding house, etc.	50,273	61,010	52,051
Shipping service	43,576	43,543	39,972
Dock and harbour service	47,669	52,009	49,656
Motor vehicles, etc.	25,646	24,679	28,415
All industries (persons registered) ..	2,092,586	2,044,752	2,000,110

The large increase in the mining figure is purely seasonal, and was in fact much greater in 1934. On the other hand the improvement in building and public works contracting is not very satisfactory, in view of the fine weather. These industries, however, should show expansion in the near future as a result of increased borrowing by municipalities. Although much of the increased activity shown above is merely seasonal, the aggregate figures show that recovery is still going ahead in this country.

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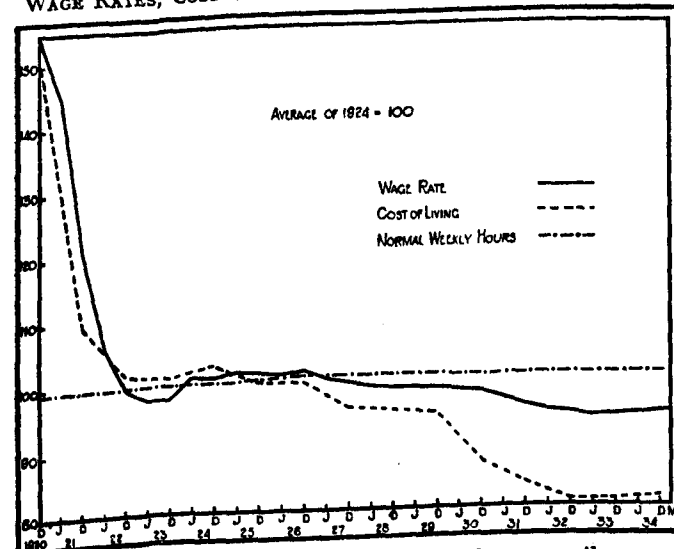
Excitement in the Wheat Market.—The monotony of the gradual but persistent decline in wheat prices since last autumn gave way to hectic dealings and wide fluctuations in prices during the past fortnight. At first it was the news that "black rust," the dreaded wheat pest, had in-

festated the North American crop which caused prices in the Chicago wheat pit to rise between June 26th and July 1st from 80½ cents per bushel (July futures) to 86½ cents per bushel. The Winnipeg and Liverpool markets, however, did not follow this upward movement. Then it was the fear that the Canadian Government might throw overboard its stocks of nearly 200 million bushels, which drove down prices in Liverpool from 5s. 2½d. per cental on July 1st to 4s. 6½d. per cental on July 6th. Mr Bennett's assurance to the Canadian House of Commons on July 4th that his Government had no intention to dump stocks at "fire-sale" prices failed to calm the world's wheat markets. On July 8th, however, "black rust" assumed once more greater importance in the minds of dealers, and prices advanced rapidly in Liverpool from 4s. 6½d. per cental on July 6th to 4s. 9½d. per cental on July 10th. It is quite evident that the wild gyrations of wheat prices, which, incidentally, appear to have brought down a firm of Liverpool grain merchants, are due to exaggerations of the importance of "black rust" and Mr Bennett's Wheat Marketing Bill. Perhaps the heat wave has unnerved the grain dealers in Liverpool. Although there have been reports of "black rust" in certain parts of North America, the extent of the damage is still unknown. Moreover, although the amendment to the Canadian Wheat Marketing Bill, which provides that the Grain Board shall take over the stocks of the Government wheat pool and sell them as quickly as possible, foreshadows a change in Canadian wheat policy, it does not follow that these stocks are to be sold "at best." On the contrary, the amendment of the Select Committee of the Canadian House of Commons specially provides that due regard should be had to market conditions. Owing to the maintenance of wheat prices at a high level in Canada, other exporting countries, especially Argentina, have been able to increase their share of world exports. Thus, although Canada's crop in 1934 was only 275 million bushels, as compared with an average of 411 millions in 1928-32, her stocks on July 1, 1935, at 196.8 million bushels, showed an increase of 10.3 million bushels on last year's carry-over. As world exports during the past two seasons were below 600 million bushels, Canadian exports at any price would indeed lead to a headlong collapse in prices. But such a policy would be neither practicable nor in the interest of Canada.

* * *

A New Index of Wage Rates.—There are at present three indices of wage rates regularly published in this country—one by the Ministry of Labour, one by Professor Bowley and one by the National Joint Council of the Trades Union Congress and the Labour Party. All these indices, however, are based on somewhat too narrow a sample of industries to be completely representative, the Ministry index, which is the most comprehensive, being based on 32 industries. Mr E. C. Ramsbottom, of the Ministry of Labour, in a very interesting paper read at a recent meeting of the Royal Statistical Society, gave the details of a new index of wage rates which has been calculated in his department and is shortly to be given regular publication in the Ministry of Labour Gazette. The index comprises 69 industries with several wage-groups in each industry; it includes changes in piece-rates and covers many of the smaller localities which were ignored in the earlier indices. It is also more balanced as between men and women, adults and juveniles, and skilled and unskilled workers. The index is weighted in proportion to the approximate total amount paid in wages in the different industries in 1924, but Mr Ramsbottom gave a tentative recalculation based on 1934. If there is a more comprehensive wage census in conjunction with the census of production to be taken in 1935, the base will presumably be shifted on to the present year. The new index does not vary very greatly from the existing indices, but its statistical basis is obviously more satisfactory and it is a very welcome addition to our knowledge of movements in wage rates. The new index is shown in the accompanying chart, together with the Ministry of Labour index of the cost of living and an index of normal weekly hours taken from Mr Ramsbottom's paper.

WAGE RATES, COST OF LIVING AND HOURS OF LABOUR, 1920-35



If the Ministry of Labour would proceed to compile a new and much more satisfactory index, or set of indices, of the cost of living the gratitude which statisticians owe them would be more than doubled.

* * *

Co-operative Trade Expansion.—The recent progress of co-operation in the South of England has been greater than that in the North. The directors of the Co-operative Wholesale Society have therefore recommended to the business meeting that the London branch representation be increased to ten instead of eight, while that of the Northern area working through Newcastle-on-Tyne be reduced from six to four. Manchester will retain its present number of fourteen, so that the total of 28 will be unaltered. Our Co-operative Correspondent points out that since 1929 the membership of the societies federated in the C.W.S. has risen from 4,881,753 to 6,124,837. But the percentage of these in the South has advanced from 32 per cent. to 38 per cent. Their proportion of the share capital has gone up from 29 per cent. to 38 per cent. and the trade from 33 per cent. to 38.6 per cent. That transacted through the Manchester headquarters was formerly 54 per cent. of the

total, whereas, for the first time in the history of the movement, it fell to less than half (49 per cent.) for the year which closed in January last. Hence the reason for the revision of the directorial representation, which suggests that the central organisation of the movement's trading operations may ultimately follow the industrial trend to the South. The trade returns for the first quarter of this year show a turnover of £23,042,587, an increase of 7 per cent. Included in this sum is £8,024,842, accounted for by production in the Society's own factories. As this represents an increase of 10 per cent., it is evident that the policy of a higher rate of dividend on purchases of C.W.S. products has had the expected result of stimulating the placing of orders for those commodities by local societies; but higher prices have helped to swell the totals. There has been a setback to the co-operative export trade, which stands at £220,750 for the quarter, compared with £487,742 in the corresponding period of last year; and the directors "cannot anticipate much improvement in our exports until exchange difficulties and the various restrictions imposed upon international trade are removed." From the Manchester branch the sales were £10,629,526, an increase of 8½ per cent.; but the sales of the London branch showed an advance of 9½ per cent., the total being £8,724,939. The Newcastle-on-Tyne section, operating in depressed areas, shows an improvement of 9 per cent., with sales at £2,478,027. This is mainly due to the loyalty of the mining villages, where the people have been wedded to co-operation for two generations. Several purchases of land and buildings have been made this year for extensions—notably the development of a mantle factory near London, the enlargement of the distributing centre at Spitalfields Market, the increased acreage of glasshouses in the Lea Valley, and for the developments of the glass works at Worksop, the boot factory at Derby, the preserve works near Manchester, and the hearth furniture factory at Dudley, for which latter purpose the "National Projectile" factory was acquired. Annual donations amounting to 3,589 guineas are being recommended, besides grants totalling more than £4,000 to various co-operative organisations. The latter sum includes a grant of £1,000 to the Co-operative Political Party, thus bringing the C.W.S. into line with the policy endorsed at the Whitsuntide Congress at Cardiff and described in our issue of June 22nd.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

TAXING LARGE FORTUNES

THE furore over the proposal to attach the new taxes on the very rich to the extension of the "nuisance" taxes has subsided, and the measure will proceed through Congress by the usual routine. Expectations of an early adjournment of Congress have diminished, but not necessarily vanished. Extraordinarily little legislation has actually been passed by this Congress in its six-month session; but bills are customarily passed *en masse* in the closing days.

The details of the new taxes scarcely fulfil the apprehensions raised by the President's message. The increase in personal income taxes begins with incomes of \$1,000,000, and consequently is applicable to only a handful of persons; on the new inheritance taxes begin with 4 per cent. on the new inheritance taxes, in place of a uniform rate of 13½ per cent., would range from 10 per cent. to 17½ per cent., making the maximum increase about 4 per cent. Estimates of the revenue obtainable range from initial suggestions (before the schedules were published) of over \$300 millions down to subsequent guesses of about one-tenth that sum. The additional proposal for a constitutional amendment eliminating tax-free securities has not yet taken concrete form. About one-third of the tax-exempt securities outstanding are the short-term issues of the Federal Treasury

itself, and it would require no more than a Treasury ruling to end that exemption.

The proposal to tax State and Municipal securities would certainly encounter strong opposition from the localities, for the tax-exemption feature has, in effect, been a kind of Federal subsidy. Because of the exemption, the States, Municipalities, etc., have been able to borrow at rates lower by the amount of the tax than the rates on corresponding taxed securities.

The Bill is, therefore, a revenue measure only in name; its social aims predominate. The changes in the income tax are negligible; but the new inheritance taxes, combined with the Federal and State taxes now in force, would probably go some distance in preventing the transmission of very large fortunes.

The Federal Reserve Board's economic indices for May show a slight decline for the month, and also for the year:—

	BUSINESS INDICES (1923-5=100. Adjusted for seasonal)		
	May, 1934	April, 1935	May, 1935
Industrial production (total)	86	86	85
Manufactures	86	86	85
Minerals	88	87	89
Construction contracts (total)	26	27	25
Residential	11	18	19
All other	38	33	29
• Factory employment	82.6	82.3	81.3
Factory payrolls	67.1	70.8	68.5
Freight carloadings	63	61	61
Department store sales	77	73	76

Whether this series of data gives a representative picture of the economic situation is open to question. Most people believe that current business is somewhat ahead of last year. Furthermore, in some sections there is a real boom in residential building, which is having important local consequences.

THE DEFICIT IN 1935

The fiscal year of 1935 ended on June 30th with the gross public debt at \$28,700 millions, compared with \$27,053 millions at the end of the 1934 fiscal year, an increase of \$1,650 millions. Total expenditure was put at \$7,300 millions, substantially below the Budget estimates of \$8,581 millions. Revenue amounted to \$3,800 millions, slightly in excess of the forecasts; and the deficit was approximately of equal amount, namely, \$3,500 millions, almost \$1,400 millions under estimates. Revenues were almost \$700 millions above those of the previous fiscal year. The Budget for the 1936 fiscal year is put at \$8,520 millions, with estimated revenues just under \$4,000 millions.

The gross debt, therefore, increased by only about half of the deficit. In part this may be attributed to repayments, especially from the Reconstruction Finance Corporation. Indeed, in the last half of the fiscal year the increase in the gross debt was only about \$200 millions, while the interest-bearing public debt actually declined by \$200 millions in that period. This interest-bearing debt may be further reduced in the near future by the retirement of the bonds used as collateral for the National Bank currency (almost \$650 millions), as this form of currency will cease after August 1st, being replaced by Federal Reserve notes issued against "gold certificates" representing a monetisation of a part of the gold profit not allocated to the Stabilisation Fund. The abstention of the Treasury from any substantial demands for new money during the past six months, taken in conjunction with the increase in the excess reserves of the banks (in turn derived mostly from gold imports), has certainly facilitated the enormous refunding operations of the period.

In spite of the very low yields on long-term obligations, the general policy of the Treasury has been to prefer the short-term market, where the yields were still lower. This did not, strictly speaking, involve a shortening of maturities, since the bonds converted into short-term securities were already *de facto* in that category. Nevertheless, the floating debt is now very large, the aggregate maturities in the current fiscal year amounting to about \$6,800 millions, the largest single element being the remainder of the fourth 4½ per cent. Liberty Loan called for redemption on October 15th.

TURMOIL IN THE COAL INDUSTRY

Although the forebodings of chaos and collapse predicted as the sequel to the termination of N.R.A. have not materialised, certain developments have occurred which may be traced to it. In copper, the cartel price of 9 cents has fallen to 8 cents. In coal, conditions have reverted to the state of turmoil which may be described as normal. The proposed Guffey Coal Bill is the Administration's answer to this problem. Something of the same sort may be said of the cotton textile industry, where the truce between the southern and northern sections seems to be breaking. But, broadly speaking, there have been surprisingly few reports of reduced wages, lengthened hours or even lower prices; although there are rumours that purchasing agents are withholding orders rather commonly in the expectation of price concessions.

Industrially America is a "free trade area" composed of a number of competitive areas, as distinct economic entities as the components of the British Empire, and, to a degree, less complementary. These regions are unable to erect tariff barriers against one another or to resort to the equivalent in the form of competitive devaluations of a local currency unit. Both in coal and cotton, N.R.A. endeavoured to "equalise competition" between competitive areas, one of which had a lower level of costs than the other, and both of which sought their outlet in a common market. If one pictures New England and the South as economic areas comparable, in textile manufacturing, let us say, to Lancashire and Belgium, one can understand why there were, and are, so many irreconcilable opinions about N.R.A.

FRANCE

THE 14TH OF JULY

On July 14th, the anniversary of the fall of the Bastille, two large demonstrations are to be held in Paris: one by the Fascist Croix de Feu, under Colonel de la Rocque; and the other by the Front Populaire, which includes the left-wing Radical Socialists, the Socialists and the Communists, and is led by MM. Daladier, Pierre Cot, Blum, Cachin, and others. The Government has authorised these demonstrations, on condition that they do not meet one another. The Croix de Feu will march to the Place de l'Etoile, and the Front Populaire to the Bastille.

As a preface to these demonstrations, the two parties have been indulging in violent pronouncements. The Front Populaire is denouncing the Government's deflationary policy; appealing to the working masses, and calling for the disarmament of the Croix de Feu. Colonel de la Rocque, on the other hand, made the following declaration last Friday:—

In five days I shall give the order to mobilise against the revolutionary movement of MM. Blum, Daladier, Cachin and their associates.

Colonel de la Rocque added that his object was to dispense with Parliament, seize power, silence what he called "high finance," expatriate foreign workers, etc., etc. His economic policy is not precise. Politically, however, it embodies the various diverse strands of French Fascism. The Front Populaire, meanwhile, declares that it will never accept the coming Budget cuts, which are expected to involve a 6 per cent. to 10 per cent. reduction in all Government payments, including civil servants' pay, ex-servicemen's pensions, etc. Nevertheless, the impression is widespread that July 14th will go by without serious disturbance, partly because of the measures taken by the police and partly because the leaders of the rival movements do not seem anxious to take definite decisions.

The general political tension, however, is making the task of financial surgery even more difficult. Capital is not flowing into business, and the rentes are very depressed. The Bank of France has nevertheless again reduced its discount rate, which now stands at 4 per cent. The following table shows the fluctuations of the Bank's rates during the five months:—

1935	Discount Rate %	Rates for Advances		
		Against Securities %	Against gold %	30-day Advances %
March 1st	5	...	...	2½
May 23rd	3	...	4½	3
May 25th	4	...	5½	4
May 28th	6	6½	7	6
June 20th	5	6	...	5
July 4th	4	...	...	4

Last week the Treasury reduced from 5 per cent. to 4 per cent. the rate on issues of from three months to one year's life. This rate had been reduced from 6 per cent. to 5 per cent. on June 28th.

Nevertheless, money remains tight. A rigid supervision over foreign exchange operations is being maintained, to prevent "speculation against the franc." Exchange operations which are not of a genuine commercial kind are being rendered difficult. Forward purchases of gold or advances against gold or foreign exchange are encountering the opposition of the banking authorities.

SUEZ CANAL COMPANY AND STERLING

The Suez Canal Company has just decided to substitute the pound sterling and the Egyptian piastre for the gold franc in calculating both the canal dues and the service on its capital obligations. A decree signed on May 2nd by the King of Egypt in effect annulled the gold clause in international contracts. Before this decree the company's position with regard to the gold franc was as follows: various legal cases, of which one had been undertaken at the request of the British Government, stipulated that the franc to be used by the company in making statutory and contractual payments was the "international franc," in which the company calculated its receipts, in effect the pre-war gold franc. But as a result of the decree of May 2nd the company reconsidered the position.

It has now taken the following decision:—

From July 8th the shipping dues provided for by Article 7 of the company's regulations will be fixed on the basis of 7s. 6d., or 36·56 Egyptian piastres, per ton. At existing exchange rates this is equivalent to 5·75 old gold francs. Rates for ships under ballast will be fixed at 3s. 9d., or 18·28 Egyptian piastres, a ton. The rate for passengers will remain at 10 gold francs.

From August 1st the company will pay the service on its capital obligations in Egyptian piastres and no longer in gold francs. But it does not regard the question as definitely settled. It will therefore remit to shareholders scrip designed to safeguard their rights.

There will be remitted to shareholders (the company states) scrip which will permit them to receive the sums thus safeguarded in case, as the company hopes, the right of payment in gold may be finally conceded to the shareholders.

From this double decision by the company it follows that Suez Canal shares, which had hitherto been considered gold securities, now in effect become sterling securities.

For the first six months of 1935 the Canal's receipts were 436,240,000 francs, against 433,460,000 francs in the first six months of 1934. This was entirely due to an increase in the second three months. Receipts in the first three months were smaller.

PARIS, July 10.

GERMANY

20 PER CENT. RISE IN COST OF LIVING SINCE 1933

ECONOMIC conditions have not improved recently. The impetus of industrial revival, first felt during the Papen Administration of 1932, has not ceased; but it is now mainly kept going by rearmament. The immediate effect of rearmament is to increase employment in a small number of important industries. But the increase seems to have been at the expense of other industries. Reports from the consumption trades are unsatisfactory; and there has been an almost complete cessation of the formerly rapid recovery in retail trade.

It seems that the total of national earnings really available for private expenditure has heavily declined. A decline in the first quarter of 1935 is indeed admitted by the official return of earnings from salaries and wages, but this decline is, in part correctly, attributed to seasonal factors. These returns of wage totals, however, show what the employer pays and not what the employee receives after the numberless compulsory subscriptions and official and party exactions have been met. Side by side with the resulting decrease in the effective nominal wage, there has been a sharp increase in the cost of living; so that the real wage has declined still more than the nominal. The official cost of living index, which shows the advance to have been only from 122·4 in January to 123·0 in June is misleading. It is naturally impossible to provide a correct index; but it is certain that for middle-class households the cost of living has risen 10 per cent. this year and 20 per cent since the Nazi Administration took office, despite the stability of house-rents. The prices of meat and of certain necessities of secondary importance have recently risen considerably. Unquestionably the manual workers have been very hard hit; and in private they express their resentment at the exactions, at the personal extravagance of certain Nazi magnates, and at the almost complete absence of public and semi-public accounts.

Owing to official concealment of the real methods of financing rearmament and "work-creation," which are mostly the same thing, the part played by Public Finance in the decline of the individual's prosperity is difficult to ascertain. There is no overt currency inflation. The great semi-secret credit-inflation of the past two years has not been accompanied by an increase in the circulation of money sufficient to account for the rise in the cost of living. There need be no currency inflation, of course, so long as the holders of bills representing public liabilities (which are not officially admitted to exist) are compelled by the

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Total New Business in 1934 in Great Britain and Ireland
£7,000,000

Total Assurances in force at November 15th, 1934, in Great Britain and Ireland
£67,000,000

H. O. LEACH (General Manager), 2, 3 & 4 COCKSPUR ST., LONDON, S.W.1

artificially induced shortage of more substantial investments to hold on to their bills. But it seems that the bank notes and coins now in circulation to a total of Rm. 5,800 millions, as against Rm. 5,600 millions a year ago, are circulating at a much increased pace.

The official Reichskredit-Bank's calculations, which are based on Reichsbank and post-cheque clearings, indicate a substantial speeding-up of the money circulation. The continuation of the rise in the share-market regardless of very low or non-existent dividends points to a progressive internal depreciation of the reichsmark. This depreciation may have something to do with the recent deterioration of working-class conditions; but the ultimate cause is the absorption by the Government for armaments and capital goods of an ever-increasing part of the income from productive work. In this respect conditions here closely resemble those in Russia.

Money last week was in greater demand than is usual early in the month; but this week it is plentiful, with day-loans at 3-3½ per cent. or lower. The market discount-rate remains at 3 per cent. The Reichsbank's return for July 6th shows repayment of 52·3 per cent. of the June month-end increase of credits and investments, and a heavy drop, by Rm. 101 millions to Rm. 718 millions, in deposits. The latter change represents a reaction from commercial bank window-dressing for the June-end balance sheets, which had led to a substantial increase in deposits.

The Reich Foreign Exchange Board has issued regulations facilitating transit trade. New Reichsbank regulations for the amortisation of bonds in pursuance of the settlement at the transfer conference of May 1934 have appeared. The regulations provide for general amortisation by the use of moneys paid in for this purpose to the Konversionskasse. Holders of the bonds already due for amortisation will be enabled to exchange them for bonds of the same issue or bonds of another solvent German long-term debtor. Independently of this, the Konversionskasse will apply receipts for amortisation in the buying up of bonds. The Konversionskasse's return for June 30th shows a sharp increase in liabilities to the foreign creditors. These now total Rm. 355 millions, as against Rm. 162 millions a year ago. The increase is naturally lower than the total of interest and amortisation liabilities falling due in the twelve months, having been reduced by special transfer agreements with creditor countries, repurchases of scrip, and investment within Germany on long term. The total of scrip outstanding has slightly fallen, to Rm. 47·8 millions. Sterling funding-bonds for English creditors have increased to Rm. 18 millions. In spite of the large debt-service liability maturing in June, the Konversionskasse's deposits in the Reichsbank did not increase, and they now total only Rm. 176 millions, as against a highest total of Rm. 292 millions at the end of April; but its investments, which were only Rm. 22 millions in April, have risen to Rm. 172 millions.

The now complete return of Reich revenue from taxation and of the subventions to the States in the financial year ending March 31st, is as follows (in millions of Rm.).

	Estimated		Realised	
	Gross	Share of States	Gross	Share of States
Direct taxes				
Income tax	1,275.0	876.1	1,720.4	1,136.9
Property	300.0	...	303.4	...
Turnover	1,700.0	510.0	1,872.6	561.7
Corporation	180.0	135.0	319.5	239.5
Total	4,073.0	1,650.0	4,969.6	2,076.1
Indirect				
Customs	1,080.0	...	1,148.6	...
Tobacco tax	775.0	...	802.6	...
Sugar tax	300.0	...	299.9	...
Salt tax	65.0	...	58.6	...
Beer tax	370.0	84.5	267.3	90.3
Spirits tax	145.0	...	176.3	...
Fats tax	140.0	...	238.8	...
Total	3,124.7	276.5	3,253.2	285.0
Grand Total	7,197.7	1,926.5	8,222.8	2,361.1

Tax revenue in the financial year 1933-34 was Rm. 6,846.2 millions, of which the States' share was Rm. 1,804.5 millions. The States therefore appear to have received in the last financial year Rm. 556.6 millions more than in 1933-34. Owing to adjustments resulting from changes in real-estate taxation, the actual excess sum was Rm. 603.2 millions.

The provisional crops report shows that yields per hectare are substantially larger than in 1934, which was a bad year, and were rather over the average of 1929-34. The rye crop is estimated at 8,130,000 metric tons, against 7,610,000 tons in 1934; wheat and spelt 4,830,000 tons, against 4,670,000 tons; barley 3,410,000 tons, against 3,200,000 tons; and oats 5,450,000 tons, against 5,450,000 tons. The crop of bread-cereals is 700,000 tons larger than last year.

BERLIN, July 10.

ITALY

RATES OF INTEREST RISING

DURING past months there has been a continuous and steady fall in the prices of fixed interest securities and a rise in prices of variable dividend securities. According to the Milan Economic Council, the index of 14 leading debentures (December, 1925 = 100), after touching the high point of 113.79 on August 31, 1934, had fallen to 104.79 by May 25, 1935. Prices are, however, largely nominal; and the total value of debentures daily transacted oscillates between 0.21 and 0.05 per thousand lire of total issues. The decrease is partly due to conversions, which have reduced the net yield of securities during the past year. The 3.50 per cent. State Redeemable stock, which enjoys a very large market, after being quoted at 97.17 in the first ten days of February, 1934, when it was still on a 5 per cent. basis, had fallen to 85.02 by December, 1934, and to 70 by the end of the present week.

It appears that the current rate of interest for high-class securities is again as high as 5 per cent., with a few exceptions for land and real estate (Credito fondiario) debentures, which are on a 4.50 per cent. basis. The rise in the rate of interest is general. Private discount rates on fine commercial bills, which in May, 1934, were 3 per cent. to 3.50 per cent., were 3.50 per cent. to 4 per cent. in May this year. For financial bills the rise is from 3.75-5.50 per cent. to 4.25-5.25 per cent. Carry-over rates in the Stock Exchanges rose similarly for the best industrial securities from 3.75-4.25 to 4-4.50 per cent.

Variable dividend shares (December, 1925 = 100) advanced from 48.12 in December, 1932, to 65.14 in December, 1934, and to 75.01 on May 25, 1935. The biggest relative increases (between December 31, 1932, and March 25, 1935) took place in the textiles (12.15 to 24.21), iron and steel and engineering (35.41 to 73.06), electricity (46.70 to 84.03), food and miscellaneous (64.76 to 101.67) markets. The money absorbed by the shares market is not, however, very great.

Bank deposits are not increasing. Between December, 1934, and April, 1935, postal saving bank's deposits decreased from 20,431.9 million lire to 20,257.6 million lire; and between December and March deposits in the ordinary

saving banks decreased from 19,572.8 millions to 19,394.2 millions. In the public banks, ordinary banks and popular and regional banks there was a slight increase between December and April; saving deposits increased from 9,415.8 millions to 9,447.6 millions, and current account deposits from 2,349.2 millions to 2,388.4 millions. The correspondents' credits item at the ordinary banks, which in Italy includes most current accounts, fell between December and April from 13,641.8 to 13,450.9 millions.

PRODUCTION INCREASING

Production is increasing, as the new indices of the Department of Corporations demonstrate:—

	(INDUSTRIAL PRODUCTION, 1928=100)			
	December, 1929	December, 1932	December, 1934	April, 1935
Textiles	101.7	67.4	73.6	89.7
Iron and steel	111.2	72.6	91.7	112.5
Engineering	104.0	70.5	75.5	90.2
Paper	106.8	103.0	120.5	129.6
Building	139.6	78.9	136.0	184.2
Electricity, gas	106.5	110.3	125.5	128.4
General index	109.1	73.0	88.3	106.8

Industrial activity is not much below the 1929 level; and in the iron and steel, paper, building and electricity industries it is even higher. The figures do not prove the usual hypothesis that only war industries are working at high pressure, because the last three groups are not directly connected with war activity. The spectacular increase in building activity is reacting in many ways upon general activity.

Unemployment had fallen to 755,349 at the end of May, against 941,257 at the same time last year. The dispatch to the Colonies of 600,000 to 700,000 more young men has obviously eased the labour market; but the unemployment statistics could never be literally trusted. Compared with a total unemployed figure rising sometimes to over 1,000,000, the number of men receiving relief in 1934 was only 155,650 on the average. In countries like Italy or France, however, where people live mostly on their farms or in small shops or are independent artisans, the total may not be as alarming as it looks. It may be that in Italy, when the figure falls to, say, 600,000, there are no true unemployed. Some of the 600,000 do not care to work at all, and the rest are simply waiting for a better opportunity, earning a living meanwhile on casual jobs. Notwithstanding the 755,349 men and women now on the unemployment rolls, entrepreneurs are at times finding it difficult to obtain good hands.

The wheat yield promises to be better than in 1934. It will probably be over 7,000,000 tons, against 6,200,000 last year. The State is this year advancing 900 lire per ton of wheat to the farmers who deposit it in public granaries, and leave to public bodies the task of selling it at the most favourable moment. As a result of the very low prices paid last year for cocoons (2 to 2.50 lire per kilogram), the Government has promised a premium of 1 lira in cases where the sale of cocoons is trusted to co-operative bodies.

TURIN, July 6.

AUSTRIA

HEAVY INDUSTRY STILL ACTIVE

THE seasonal improvement in Austria's economic activity this year is of satisfactory intensity, and there is much statistical evidence that a marked advance has been made over last year:—

	Monthly			
	Average, 1934	May, 1934	April, 1935	May, 1935
Iron ore output	38,700	39,300	46,000	63,100
Crude steel output	15,300	18,800	12,600	19,700
Exports in millions of schillings	73.4	67.6	79	72.4
Goods wagons in use	124,000	117,000	118,000	126,000

The deficit on the Federal Railways in 1934 amounted to only 89 million schillings, compared with 104 millions in 1933. Industrialists report that orders in hand at the beginning of July were ten per cent. better on the average than they were at the corresponding point of last year. Recovery however, is not at all uniform. Heavy industry has a

satisfactory number of orders on hand. On July 9th the Alpine Montangesellschaft lighted its second furnace, and the hands employed by this most important Austrian heavy industrial enterprise have multiplied about fivefold during the last two years. There are other iron and steel works, as well as metal-working industries, that are running two or three shifts; the vehicle industry in particular is enjoying a boom.

Next to heavy industry, the trades that are doing best are textiles and chemicals. The number of unemployed on the dole at the beginning of June was the lowest recorded since 1931. There are now only 236,000 such unemployed, compared with a monthly average of 288,000 in 1934. And it is believed that contracts yet to be allotted will reduce the figure to less than 200,000 by autumn.

The rise in exports is slowing down. But various circumstances suggest that the general movement of foreign trade is satisfactory. In finished goods alone there was an export surplus of 90.7 million schillings in the first five months of 1935. Nevertheless, exports of finished goods, upon which industry chiefly relies, are expanding most slowly.

No great hopes of further expansion can be entertained as long as the huge German market for Austrian products is circumscribed by the present clearing treaty, according to which the exchange of goods must balance. The recent Italian import restrictions are also injuriously affecting the Austrian market. Efforts are being made to expand trade with Germany by means of so-called "supplementary compensations." Austria buys in Germany certain goods which it previously bought in other countries, such as coal; and can then export to Germany goods of corresponding value without affecting the clearing treaty. This operates, however, almost exclusively in the interests of agriculture. Exports of timber, dairy produce, cattle, etc., are increasing; but industry cannot count upon such supplementary exports, apart from steel. Meanwhile Austrian industrialists, following their German competitors, are demanding export subsidies.

VIENNA, July 10.

POLAND

COLONEL BECK IN BERLIN

THE official visit of Colonel Beck, the Foreign Minister, to Berlin early in July was primarily one of courtesy, designed to assure the German Government that Polish foreign policy has not been changed by the death of Marshal Pilsudski. The main lines of this policy, it has been repeatedly stated, are:—

(1) A strong Poland able in case of need to look after herself; (2) Peaceful and correct relations with Soviet Russia and Germany; and (3) Complete respect for the treaties of alliance with France and Roumania.

The contention here is that there is nothing conflicting or ambiguous about this policy, and that Poland is not to blame for Soviet suspicion and intrigue. The importance of the Berlin visit appears to have been magnified from the German side, and the impression left on Polish public opinion is that the military ceremonies which attended it were somewhat out of place, the more so as "Colonel" Beck is in no sense a military person.

The extraordinary session of Parliament convoked at the beginning of June to pass the new electoral laws dissolved on July 5th. Parliament will presently be dissolved and new elections held in October or November. The new electoral law for the Sejm divides the country into 104 constituencies, each of approximately 200,000 voters, with two Deputies to be appointed for each constituency. There are 444 Deputies in the present Sejm. The number of Senators is to be reduced from 111 to 96, two-thirds to be elected under a very restricted franchise (in which less than 500,000 people will have the right to vote) and one-third appointed by the President. The new laws abolish the party system of representation.

The feeling is widely held that the Government has not acted wisely in refusing to accept any of the amendments proposed by the Opposition parties for modifying some of the more objectionable and reactionary features of the new electoral system. Two of the strongest Opposition groups have already announced their intention of boycotting the coming elections, and others will probably follow. Even though the prerogatives of Parliament under the new Constitution have been greatly curtailed, the Sejm could still have performed the useful function of a forum for the Opposition forces—representing several million voters—to give vent to their feelings. Without this "safety valve," the Opposition may be forced to express itself in some other way.

Polish imports in May were valued at 70.0 and exports at 68.2 million zlotys. The passive balance of 1.8 million follows that of 0.2 million in April, and reduces the active balance for the first five months of the year to 24 million zlotys. The passive character of the trade balance is partly due to the Danzig situation, and is felt to be only temporary. Import restrictions would certainly be increased, if necessary, to render the balance active. The foreign exchange reserve is now much too low to admit the possibility of Poland returning definitely to a passive trade balance.

PRODUCTION STAGNANT

The May index of industrial production at 65.0 (1928=100) was above the May average for the past three years. The improvement which has taken place, however, is very slight, and is based largely on Government expenditures for public works. But the feeling is general that industrial production has touched its lowest point. This belief is strengthened by the resistance which wholesale prices have shown since the beginning of 1935, the May index of 52.8 comparing with 52.7 in January and the low point of 52.1 in March. Alone among the gold countries Poland has adjusted her wholesale price level to the enhanced value of the currency, and in the broader sense the process of deflation is considered to have been completed. There is still, however, a great deal of disequilibrium in the internal price structure, wholly at the expense of the farmer, whose position is deplorable in the extreme. The wholesale index of farm prices at the end of May was 33.0, while the index of manufactured goods' prices was 60.7.

The condition of the crops is good, and the harvest yields are likely to be somewhat better than last year. Prices are lower.

WARSAW, July 7.

JAPAN

DECLINE IN RAW COTTON IMPORTS

THE outstanding and most disquieting features in Japan's foreign trade returns in recent months are the decreasing exports of cotton piece-goods and the decreasing imports of raw cotton. The May returns, however, show that exports continue to compare favourably with last year's figures. The total for last month, 228,167,000 yen, represents an increase of 38,411,000 yen, or 20.3 per cent., compared with May, 1934; the expansion again being due to larger shipments of manufactured goods, almost with the single exception of cotton piece-goods. Imports were larger by 23,739,000 yen, or 11 per cent., than a year ago, at 238,482,000 yen. Petroleum, iron and steel and machinery continue to increase, while raw cotton and raw wool again show heavy declines, the former having fallen by 24,155,000 yen. The import surplus in May was more than halved at 10,315,000 yen. For the first five months of 1935, however, it amounts to 188,089,000 yen, as against 159,102,000 yen a year ago.

In company reports for the past six months a consistent general improvement is still evident, except among the rayon companies; and dividend increases and resumption have been numerous. Shipping firms, electric power companies, and silk-reeling mills are prominent in the rise of profits, whereas rayon company reports are

proving disappointing. Nippon Yusen Kaisha has increased its dividend for the past half-year from 3 per cent. to 5 per cent. The Daido Electric Power Company has paid a 5 per cent. dividend for the first time for two years. Katakura and Gunze, the two biggest rayon firms, have also resumed a 6 per cent. and 10 per cent. dividend respectively. But the Tokyo Rayon Company has reduced its dividend by 5 per cent. to 15 per cent.

RAYON OUTPUT STILL INCREASING

Despite uncertainty of general prospects owing to unfavourable developments abroad, trade conditions in this country, as revealed in other economic statistics, have changed little in recent weeks. Industrial activity has been well maintained. The output of cotton yarn during May totalled 121,219,000 lb., a decrease of 1,860,000 lb. over April; but this was entirely due to a smaller number of working days. The rayon yarn production during last month set another record at 16,887,000 lb., and was 1,171,000 lb. larger than in the preceding month. The Bank of Japan's wholesale index number for May recorded a slight rise of one-tenth of 1 per cent. on the month. But the value of all shares listed at the Tokyo Stock Exchange on June 1st was down by 337 million yen, or 5.2 per cent. as against a month ago.

Money remains easy, and money rates are unchanged. Overnight loans are obtainable at a fraction less than 2½ per cent., fine bills are quoted at 4½-3½ per cent., and bankers' acceptances at 5½-4½ per cent. The note circulation has rapidly contracted, after the turn of the month, to the normal level of 1,200 million yen. Bank deposits continue to increase more rapidly, while there has been no appreciable recovery in discounts and advances. Joint-stock banks are buying Government securities on a larger scale from the Bank of Japan, their purchases in the first week of the month amounting to 55 million yen.

Mr H. Hijikata resigned from the Governorship of the Bank of Japan on June 4th. Mr E. Fukai, Deputy Governor, succeeded him, and Mr K. Shimidzu, the senior director, was appointed Deputy Governor. The change in the Bank Court was well received in banking circles. But it was admittedly a disappointment in inflationist quarters; for it is not likely to involve any alteration in the bank's policy as hitherto pursued.

The cocoon market at Numadzu opened with unusual liveliness, and the first crop of the season was sold at as high as 4.91 yen per kamme; but prices soon tended to sag, and the ruling quotations are at around 4.00 yen on the average. This is still some 1.50 yen higher than the mean for last spring. Although the trend of cocoon prices depends largely upon the American situation, there will be no further appreciable fall since the carry-over from last year and breeding for the current year are both smaller. At ruling prices the farmer is able to earn a profit by cocoon-raising this year, whereas he lost heavily last year. This affords a somewhat bright spot in the dismal agricultural situation.

TOKYO, June 20.

ARGENTINA

A RECORD MAIZE CROP

OFFICIAL figures have now been published by the Ministry of Agriculture estimating the maize crop for 1934-35 as 11,500,000 tons. This is a record, and leaves an exportable surplus of 8,379,316 tons. There has been considerable agitation on the part of the producers, who wish the Government to raise the basic price from \$4.40 per 100 kilos. to \$6. This, however, the Ministry have refused to do on the ground that the above surplus is more than sufficient to supply the amount required by importing countries, and that if the basic price were raised, the Government would almost certainly have to raise the whole crop. They would then be forced to dispose of most of it under pressure and so depress world prices to a figure below that ruling

to-day. The available exportable surplus from the Argentine, South Africa and the Danubian countries is estimated at 11,659,000 tons, whereas the average annual requirements of the importing countries is calculated at 9,100,000.

The outcome of the negotiations in England about meat imports from Argentina and the Dominions is awaited with considerable interest. The general opinion is that Argentina will be loath to make any concessions until the completion of the Roca Agreement. A decision to place a tax of 1½d. per lb. on all foreign meat would place a heavy burden on the Argentine producer.

EXPORT SURPLUS INCREASING

The following are the figures of foreign trade during the first five months of 1935, compared with those for a similar period of 1934:—

Imports and exports for the first five months of 1934 and 1935			
	1934	1935	%
Imports	\$ 417,373,534	\$ 467,393,176	+12.0
Exports	611,051,745	704,270,819	+15.3
Export Surplus	193,678,211	236,877,643	

Argentine imports according to the country of origin for the first five months of 1934 and 1935

	1934	1935	Percentage of total 1934	Percentage of total 1935
United Kingdom ...	\$ 86,346,650	\$ 94,280,639	22.7	22.0
United States	55,361,780	62,374,987	14.6	14.6
Germany	42,535,318	37,373,181	11.2	8.7
Belgium	16,185,531	28,025,597	4.3	6.6
Italy	31,210,273	22,589,257	8.2	5.3
Japan	7,239,445	20,143,170	1.9	4.7

The export surplus is some \$43 millions larger than last year. Imports are steadily increasing, except foodstuffs and tobacco, etc. Drink imports, which had previously shown a decline, are now on the upgrade owing to very heavy imports during May.

Imports from Japan continue to increase enormously, and there is now an Argentine import surplus with Japan of \$15 millions. It is presumed that the bulk of these Japanese goods are in direct competition with the British articles, since most of them are textiles. Imports from Great Britain, although still increasing, are not increasing as fast as the total.

The Government has announced its intention of tackling the very important problem of the co-ordination of transport during the July sessions of Congress. At the moment the railways are seriously embarrassed by road competition.

BUENOS AIRES, July 1.

CANADA

[The dissolution of Parliament, the foundation of a new Party by Mr H. H. Stevens, and the recent amendment to the Grain Trade Bill are discussed in Notes on pages 64 and 66.]

THE WHEAT POSITION

THE Government recently introduced its Bill for the establishment of a board to control the Canadian grain trade. The board is to consist of three salaried members, and is to have the assistance of an advisory committee of seven members, of whom four are to be representatives of the producers. It is to be granted full control of any inter-provincial or export trade in wheat and other grains; and no elevator will be operated by anybody except it or its agents unless special exemption is granted. The producers are to deliver all their grain to the board, and they will receive an interim payment on delivery, and documents to be known as "participation certificates." Later, when the full sale of a crop has been completed, the balance of the proceeds, after all expenses of marketing have been deducted, will be distributed *pro rata* among the holders of the participation certificates.

The Bill has the support of the Co-operative Commonwealth Federation and of the Western wheat pool organisation. The grain trade is strongly opposed to it; and the Liberal Party objects to parts of it.

Mr Sidney Smith, a large exporter and former President of the Winnipeg Grain Exchange, recently stated in evidence before a Special Committee of the House that he disapproved of a 100 per cent. compulsory wheat pool system. He believed that the majority of Western farmers would dislike marketing their grain through a single Governmental agency; and that, unless the speculative market were kept open to give producers some incentive for holding their grain, there would be a torrent of selling in September, with disturbing consequences. So he proposed that there should be established a Board as well as a minimum price for wheat; but that the Board should only intervene to buy wheat when the price fell below the minimum and should sell its holdings as soon as possible and so long as the price exceeded the fixed minimum. The exporting houses would operate as usual.

During the hearings of the Committee some illuminating evidence about the transactions of Mr McFarland, the Government wheat agent in Winnipeg, was given under pressure from the Liberals. Apparently Mr McFarland, when he took over the holdings of the embarrassed wheat pools, started operations with 76,720,000 bushels of wheat, which as on August 31, 1931, stood at an average cost of 60½ cents per bushel. There were periods when paper profits of substantial dimensions could be shown, but after the summer of 1933 they became deficits. On May 31st last the Government's holdings of wheat and wheat futures were estimated at 228 million bushels, held at an average cost of 85.9 cents per bushel, which meant a total commitment of \$198 millions. On June 22, 1935, the state of the Government's wheat account was that the indebtedness to the banks was \$79,333,000, deposits against margins amounted to \$27,510,000, and stocks in hand were valued at \$40,202,000, leaving the net obligations to the banks at \$11,621,000. So Mr Findlay, the Treasurer of the wheat pool organisation, who gave the figures, stated that it would be necessary to sell all the Government's stock at 5 cents above the present market price, which is still "pegged," to avoid a loss.

The export movement of grain is very feeble. Only 782,550 bushels of wheat were exported in the week ending June 14th, compared with 3,858,973 in the parallel week of 1934. On June 14th visible stocks of Canadian wheat were placed at 199½ million bushels, compared with 196½ on the corresponding day of 1934.

The latest reports from the prairie country assert that the outlook for the grain crop is more auspicious than it has been for several years at this date. At present, figures ranging between 350 and 400 million bushels are being hazarded as an estimate of the prairie wheat crop.

THE NEW TRADE AND INDUSTRY COMMISSION

The Bill to establish a Federal Trade and Industry Commission which is supposed to implement the report of the Price Spreads Commission has now been introduced. All it amounts to is that the present Tariff Board of three members is to be given the task of exercising a general supervision over commerce and industry and to have the help of a Director of Prosecutions, who will be paid \$12,000 per annum for seeing that people guilty of infractions of the laws dealing with business practices, which are either already on the Statute books or about to be enacted, are properly punished. The most important clause in the Bill is Section 14, which ordains that if the Commission finds that "wasteful and demoralising" competition exists in any specific industry, and that agreements for mitigating such competition by and that agreements for production and prices need the control and regulation of production and prices need not necessarily be detrimental to the public interest, it may recommend the Cabinet to give its approval to such agreements; and that the Cabinet shall make regulations requiring the Commission to determine from time to time whether such agreements are producing an undue restraint of trade contrary to the public interest, in which event their cancellation would be ordered.

The Commission is also to be empowered to investigate and report upon all matters relating to commodity standards for the protection of consumers, and it is to have available the co-operation of the National Research Council of Canada for this purpose. It is also to exercise

a certain degree of supervision over corporation finance. It is authorised to review at the request of the Secretary of State, who issues all Federal charters for corporations, the capital structure of any corporation which is proposing to issue new securities to the Public and to recommend a veto upon them or changes in the plan of issue.

The Bennett Ministry has secured authority from Parliament to revalue the gold reserve, although it has intimated that it does not necessarily intend to exercise this immediately. It has also secured power to set up an exchange stabilisation fund, for the creation of which the profits from the revaluation of gold are to be applied, and to borrow up to \$750 millions for refunding purposes.

The new Liberal Government of Ontario is involved in a bitter feud with the investment houses of the Province. When no tenders were forthcoming for a recent issue of Provincial bonds, the Premier, Mr Hepburn, declared that a deliberate boycott had been organised, and threatened reprisals. He has managed to place the issue successfully.

The general business improvement visible in the last half of May was carried on into June, but there has lately been some setback owing to the inclement weather. The Statistical Bureau's general economic index for the week ending June 15th was only 97.8, compared with 102.3 for the previous week and 91.9 for the parallel week of 1934.

Foreign trade returns for May were reasonably satisfactory.

	1934	May	1935
Imports	\$ 52,886,861		\$ 54,547,747
Exports (domestic)	57,899,511		62,100,891

There was a welcome gain in May in exports of newsprint, which totalled 4,797,619 cwt., valued at \$8,224,031, compared with 4,141,416 cwt., valued at \$7,618,467, in May, 1934.

OTTAWA, June 28.

LETTERS TO THE EDITOR

OBSTACLES TO RECOVERY

TO THE EDITOR OF THE ECONOMIST

SIR,—With all due respect to the office which Mr D. M. Mason holds, I venture to point out the importance of the view which your original article under the above title put forward, viz., the necessity of an agreement as a condition precedent to the stabilisation of currencies.

Mr Mason feels the influence of Great Britain in monetary matters to be strong, so that "an initiative on the part of this country would lead to simultaneous action on the part of others," but he overlooks the very serious and far-reaching changes which have supervened in the operation of the monetary mechanism in the past fifteen years. Exactly the position which he upholds was maintained in the controversy which preceded England's return to gold in 1925, and the details of the operation of the gold standard in the subsequent years largely proved its falsity. Messrs Samuel Montagu and Company, in their Annual Bullion Letter for 1925, wrote: "The return by the United Kingdom to an effective gold standard was dictated by the hope that it would impart an atmosphere of confidence at home and abroad, and have a stabilising and favourable effect upon prices," and the same opinion, with even more emphasis on the direct influence of Great Britain, can be found in many other equally authoritative sources.

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Had conditions in the realm of finance been still as they were before the war, there is no doubt that these views might have proved themselves correct. But in point of fact the "post-war" world found itself saddled with factors which can be designated as "putely external" to the real mechanism of the gold standard, but which none the less exercised the highest influence on the *modus operandi* of that standard. This has been emphasised time and time again in recent publications: I instance the various Reports and Documents of the Gold Delegation of the Financial Committee of the League of Nations.

Anyone who has studied in detail the working of the monetary system during the years since the return to gold in 1925 cannot have any doubt of the necessity of definitely agreed action in the matter of stabilisation. The very process by which the various stabilisations were carried out in the years 1925 till 1928, with all the different levels, systems of operation, reserve standards, and so on, made the gold standard almost impossible of harmonious working over the world as a whole. Events in and since 1931 have probably increased the significance of the "external" factors and the weight of their influence on the operation of the stabilised monetary mechanism. To try, then, once again to build up a series of separately stabilised currency systems is to court the same failure as characterised the years 1925 till 1931.

In the world of to-day, as in the world of 1925, the only sound road to stabilisation of world currencies lies in co-ordinated action based on definite agreements, and not in independent and individual "simultaneous action" as Mr. Mason suggests.

Yours, etc.,

EDWARD F. L. BRECH, B.A., B.Sc. (Econ.).

Ker-Maryka,
12 Briarwood Road,
Clapham Park,
London, S.W.4.
July 8, 1935.

TO THE EDITOR OF THE ECONOMIST

SIR,—In the leading article of your issue of June 29th, under the title of "Obstacles to Recovery," you characterise the influence of armaments as not only sinister (as most of us may agree) but also economically unsound. "Armament production may create employment, but it is employment which contributes nothing to the real wealth of the nation . . . it is activity which does nothing to raise the nation's standard of living."

Does not this statement require some qualification?

It is doubtless true, in the sense intended, of the direct effect of expenditure on armaments; but it seems to ignore the indirect effects, and it is not clear why the latter should

be assumed to be negligibly small. For example, the indirect economic effects of using money, now awaiting investment, in employing a number of men, who would otherwise remain idle, on making engines for *fighting* aeroplanes, are surely the same as the indirect effects of using the same money to employ the same men in making the same engines for *commercial* aeroplanes; in each case there will be the same stimulus to the trades producing the things on which the men spend their wages and the employers their profits—say, clothes, furniture and motor-cars; and the additional output of these trades—more clothes and more furniture and more motor-cars—is surely just as real wealth in the one case as in the other.

It may be that what the *Economist* denies is that a net increment of real wealth is created in either case if the expenditure is "artificially" initiated by the Government; but this issue has nothing to do with armaments as such. It is merely the well-known question of the efficacy of Government expenditure in improving trade; in this connection the utility of armaments would seem to be a red herring.

The primary object of rearmament is security; and few people, at least among those who are convinced—as you urge—that rearmament will not attain security, would care to bolster up the case for it by the argument that it helps trade recovery. But in fact, at a time when both capital and real resources are lying idle, the expenditure of *borrowed money*, whether by the Government or by private persons, and whether on armaments or on anything else, does add to real wealth indirectly, even if not also directly, by setting some of the idle capital and resources to work without impinging on resources already occupied; and the right answer to this argument is surely, not to deny the indirect economic effect of rearmament, but to point out that an equal expenditure of borrowed money on objects of direct use—such as housing or electrification—would add still more to our real wealth.

I am, etc.,

HUGH TOWNSEND.

21 Hillcroft Crescent,
Ealing, London, W.5.
July 8, 1935.

[It is only if expenditure on armaments, or public works, is "inflationary," and not financed by taxation, that they give an indirect stimulus to general economic activity. In so far as armaments are financed by taxation, the effect will be an actual fall in the standard of living. If either armaments or public works are financed by other means, they may be a stimulus to further activity by setting the ball rolling. But whether the movement is inflationary or not, the *direct* effect of e.g. building working-class houses will be a rise in the standard of living; while the *direct* effect of rearmament will not. Moreover in actual fact the expenditure of large sums on armaments in Germany, Italy and Central Europe has led to practically no increase in consumption—as our letters from Germany, Italy, and Austria this week clearly illustrate. Intensified agricultural protection is probably the reason for this.—ED., *Econ.*]

BOOKS AND PUBLICATIONS

LONDON'S LEISURE

THE final volume of "The New Survey of London Life and Labour,"* directed by Sir Hubert Llewellyn Smith, is a study of Londoners in their leisure hours, "using the word 'leisure' to cover all that part of life which is not occupied in working for a livelihood, in travelling to and from work, in eating or in sleeping." Unfortunately, however, a study of "the working of political machinery would have required a large extension of the scope of the Survey," and has therefore been excluded; a study of religious activities has been excluded for the same reason. Yet an account of leisure which excludes politics and religion must seem somewhat distorted; and this impression is emphasised by a lack of balance in the book itself. Thus three chapters in Part I on Amusements and Entertainments, Sports, Games and Hobbies, Holidays and Outings, take 47 pages; two chapters in Part II on Social Organisations for Adolescent Boys, and Social Organisations for Adolescent Girls, take 143 pages. The total membership of these clubs, whose activities are analysed in great detail, is some 120,000. The cinemas of London, on the other hand, with their repeated programmes, can entertain one quarter of the population every day, and do entertain one-third of the population every week. Presumably the space given to Part II is

accounted for by the educational value attributed by the authors of the Survey to the activities there described, and by the difficulty of applying any exact standards to the activities described in Part I.

Part III, on Indulgence and Delinquency, reaches a higher standard of analysis and observation than the preceding sections. Mr Nicholson's chapter on *Drink* is admirable. He analyses the amount, quality and distribution among various groups, classified by sex, age and social status, of the alcoholic liquor consumed in London. Where statistical methods fail, he is able by acquaintance and sharp observation to give a living and enlightening account of the drinking habits of Londoners. This chapter emphasises two conclusions. (1) Given the decrease in the strength of beer, consumption of beer per head in London fell, in "bulk," by about two-fifths in the last 20 years. (2) Nevertheless, average expenditure on drink, and the average proportion of family income it represents, has almost certainly increased in the same period.

Thus the instinct to escape from existing conditions of life, which is satisfied by drinking, has to a certain extent been baffled by the rise in the cost of liquor. But so strong an urge is not easily defeated; and we find, in the same period, an unmistakable increase in gambling, which has grown despite attempts at legal suppression and has created, for the working class, its own typical institution—the greyhound racing track.

The two chapters on drink and gambling show the strength of the urge to escape from the monotony of working-class conditions. The two following chapters, on sex delinquency and crime, analyse the decrease in prostitution; progress in dealing with sexual offences and diseases; the supply of prostitutes, particularly among the domestic servant class; the high proportion of mental deficiency among prostitutes and sexual offenders; the large increase in crime in the Metropolitan district; its distribution by sex and age groups; the proportion of recidivism in different groups of criminals; the connection between poverty and crime; and the adaptation and improvement of forms of punishment. Both chapters insist, in agreement with Dr. Cyril Burt, that the chief cause of crime and delinquency is lack of other interests and the emptiness, cultural and moral, of the environment which breeds criminals.

The conclusion strengthens the impression left by other sections of the book. The Survey emphasises the new opportunities for raising the level of London's recreations: the wireless, the cinema, increased popular education. It points out the increased opportunities of leisure; compared with 1890, a fully employed London worker has one hour more of leisure each day; 40 per cent. of aggregate family working-class income remains over after expenditure on necessities. Yet, despite the optimism of the Survey's authors, an unprejudiced reader will be struck by the sterility and insufficiency, by any cultural standard, of London's pleasures. He will not be surprised that they translate themselves into the tables of crime and delinquency given in this book. The book ends with twelve first-hand accounts of working-class life by working men and their wives. They are fascinating by their monotony and their drabness. Their authors call themselves happy, and one cannot argue that; but one may notice that their happiness springs almost entirely from the strength of family relationships. The rest of life is not a development and an enrichment of these relationships, but an insecure and exhausting affair from which they are a refuge.

In his excellent introduction, summarising the results of this volume and of the whole Survey, Sir Hubert Llewellyn Smith says: "Up to the present, the forces for good have on the whole been gaining. But it is an uphill fight, the issue is still undecided, and any relaxation of effort would spell disaster." But he continues: "Of all the manifold impressions left upon my mind by the Survey, the deepest and most abiding is not the gravity and multiplicity of the still unsolved problems of London Life and Labour, but the energy and vitality of the human response to each new need as it has arisen. And so far there is no sign that the sources of this vital energy are running dry." This is an expression of opinion by one so well fitted to judge that it is hard to disagree.

SHORTER NOTICES

"Public Ill Health." By C. E. McNally, Gollancz. 224 pages. 5s.

This book is a serious challenge to our health services. In the first place it presents an urgent plea for the raising of that standard of health which is taken as normal for the population. It accuses the Ministry of Health, as represented by the Annual Report of the C.M.O., Sir George Newman, of glossing over and even misconstruing the facts when it denies the prevalence of under-nourishment and a consequent tendency to ill health among large sections of the community, especially in distressed areas. The writer points out that if comparisons between infant mortality, the general physique of school children, the incidence of tuberculosis, maternal mortality, etc., are made between different income classes or between different geographical areas, instead of being confined to some different periods of time, not only does the wide one group at different periods of time, but it shows that variation leave no room for complacency, but it shows that the conditions found among the poorer sections are preventable.

The author next attacks the general policy of the Ministry. He points out that health depends not so much on medical care as on general living conditions: overcrowding, lack of food, wrong food, kind of occupation, etc. In this connection he rightly emphasises (as does the C.M.O. in his Report), the fundamental importance of nutrition, and gives interesting

summaries of various dietetic investigations. He also rather unfairly attacks the Ministry for taking no active steps to prevent the restriction of food supplies inherent in the present Government's policy of agricultural protection, and further accuses it of failing to ensure pure food supplies through fear of vested interests, or, in the case of milk, of the cost involved.

These are after all matters of Government policy, which do not come within the province of the Department. But Government policy and public opinion on such matters may be strongly influenced by the case put forward by the public health authorities. The author consequently asks for more scientific research into the state of public health, and makes the pertinent suggestion that in assessing the extent of malnutrition some use might surely be made of the money standard set up by the Ministry's own Committee. In general, his book, if not fair in every respect, is not to be disregarded.

"Tradesman's Entrance." By John Benn. (London) Philip Allan. 128 pages. Price 3s. 6d.

This brightly written book discusses the university man's reactions to a business career. The author's story of his own development—learning the accepted duty of a gentleman at Harrow, examining the "single-track" ambition of the American graduate, and his final recognition that a liberal education is not only a good thing in itself but also the best for business—is persuasively recorded. Then he turns to the trials and temptations of the commercial traveller, discusses the point of making money, is sceptical about the "heavy day at the office," questions the advantage of competition in all its phases, and talks agreeably about the use of leisure. Although of no great substance, the book has a pleasant essay flavour which may help to reconcile the hard-worked business man to his lot. It is certain that the writing of it has so served the author.

BOOKS RECEIVED

Kelly's Directory of Merchants, Manufacturers and Shippers of the World, 1935. (London) Kelly's Directories, Ltd., 186 Strand, W.C.2. Vol. I. 2,019 pages. Vol. II. 2,178 pages. Two volumes, 64s., post free.

The 49th edition of this directory is, if anything, even more comprehensive than its predecessors. Being indexed in English, French, German and Spanish, it is international in its usefulness and it is clearly indispensable to all those engaged in British or international trade.

The Social Economy of the Himalayans. By S. D. Pant. George Allen and Unwin. 264 pages. 15s.

The Local Social Survey in Great Britain. By A. F. Wells. With a Preface by A. M. Carr Saunders. Allen and Unwin. 105 pages. 6s.

Pacifism is not enough: Problems of Peace. (Ninth Series.) Lectures delivered at the Geneva Institute of International Relations, August, 1934, by W. E. Rappard, A. E. Zimmern, E. Denery, G. P. Gooch, C. Attlee, Sir Norman Angell, A. del Vago, E. J. Phelan, J. B. Condliffe, Robert MacIver, L. R. Robinson. Allen and Unwin. 269 pages. 8s. 6d.

Pacifism is not Enough nor Patriotism either. Burge Memorial Lecture for the year 1935. By the Marquis of Lothian. (London) H. Milford. 56 pages. 2s. net.

Man and the Machine. Edited by Hubert Williams. Preface by J. B. Priestley. Routledge. 207 pages. 6s.

The Peace Ballot: The official history. By Dame Adelaide Livingstone, with statistical survey of results by W. Ashby and Conclusion by Viscount Cecil. Gollancz. 64 pages. 1s.

A Newspaper History: 1785-1935. Reprinted from the 150th Anniversary Number of *The Times*. Times Publishing Company. 213 pages. 7s. 6d.

Proceedings of the International Conference of Agricultural Economists, 1935. Oxford University Press. (London) Milford. 496 pages. 17s. 6d.

OFFICIAL PUBLICATIONS

Wheat Act, 1932: Report of the Standard Price Committee. Cmd. 4932. 6d. net.

Department of Overseas Trade: Economic Conditions in the Argentine Republic, March 1935. 4s. 6d. net; Economic Conditions in Siam at the close of 1934. 1s. 9d. net; Economic Conditions in Poland, March, 1935. 1s. 6d. net. Economic Conditions in Venezuela, March, 1935. 1s. 6d. net. Economic Conditions in the Philippine Islands, 1933-34. 9d. net.

Import Duties: Recommendations of the Import Duties Advisory Committee and Additional Import Duties (No. 20) Order, 1935. Cmd. 4937. 2d. net.

* "The New Survey of London Life and Labour. Vol. IX. Life and Leisure." P. S. King and Son. 445 pages. 17s. 6d.

MONEY AND BANKING

AMERICAN BANKING REFORM

(BY A CORRESPONDENT)

THE present position of the American banking system is puzzling to many observers. The reserves of the member banks are at a record level, roughly twice as large as in 1929, and total deposits are well up to the 1929 level. But the volume of advances to industry and the size of the stream of expenditure, as revealed by the figures of cheques drawn, are both most obstinately low. With everything arranged for reflation, or indeed for inflation, nothing happens beyond a very gentle and agonisingly slow expansion. Something would appear to be wrong with the mechanism, and the succession of Banking Bills, of which one is passing through Congress at the moment, is attempting to remedy the defects.

Friends of this Bill praise it, and foes attack it, on the assumption that commercial banking of the traditional type has survived the post-war surfeit of capital and the stresses and strains of the post-1929 period. But since the assumption is becoming increasingly unsafe, the hopes and fears of both sides are likely to be falsified. Even before the great banking disaster of 1933 there had been a continuing change in short-term credit practices in the United States. "In the post-war period there had been a steady decline in commercial banking in the strictest sense of the word amongst not only National and State banks, but also amongst Trust companies. While the total volume of credit increased by nearly 50 per cent. from 1921 to 1929, short-term loans to commerce and industry showed practically no growth whatever. Likewise the bankers' share of financing agriculture declined rapidly during the decade."* This decline in commercial banking has been accelerated rather than retarded during the past two years.

One reason for the persistence of deflationary influences is to be found in the increasing frequency and severity of bank examinations. American banks have been accustomed to periodical inspection by examiners appointed under the National and State banking laws and also by the Federal Reserve Banks. But since the Banking Holiday of 1933 two more sets of examiners have been added: those of the Federal Deposit Insurance Corporation and, in some cases, those of the Reconstruction Finance Corporation. Moreover, the inspections have been directed towards tightening up the standards of banking assets, particularly in respect of liquidity, at a time when the policy of the Government has been towards expansion and a certain degree of accompanying laxity. An investigation into the availability of credit, carried out in the Chicago Federal Reserve District at the request of the Treasury itself, reported "that there exists a genuine unsatisfied demand for credit on the part of solvent borrowers, many of whom could make economically sound use of working capital." But the report further states that while the total of this demand is considerably smaller than is popularly supposed, "one of the most serious aspects of this unsatisfied demand is the pressure for liquidation of old working capital loans, even sound ones." This opinion is supported by reports from individual investigators. "The day your investigator called at this bank, the . . . examiner had left. The President was in a very disturbed state of mind as a consequence. He said that the examiner had marked the paper he had renewed several times as slow and required collection in part at least. 'He won't let us do a banking business.' He then proceeded to tell your investigator of several recent applications for loans that he had been considering, but 'this settles it'; he said 'We can't let them have the money.'"

In addition to the deflationary influence exerted by the bank inspectors, the N.R.A. codes have not been without effect. Both retailers and wholesalers have been financed in America to a very large extent by the use of trade credit, extended to wholesalers by jobbers and manufacturers, and to retailers by wholesalers and others from whom they buy. "Nearly all the complaints we have received," says the report, "concerning trade credits refer to certain provisions of the N.R.A. codes, which shorten credit terms and prohibit the allowance of discounts after the established discount period has passed." "The small business men find that it is the suppliers of their raw materials or their inventories who are their genuine bankers" and that "one consequence of the reluctance of banks to make working capital loans has been an expansion of the activities of finance companies which advance funds to business men . . . chiefly on the basis of pledging funds receivable."

In addition to these difficulties, the commercial banks have had to meet the competition, both direct and indirect, of Federal agencies in the form of the Farm Mortgage Corporation and the Home Owners Loan Corporation. The former lends money on typical commercial banking assets at 4 per cent. It is true that the rates charged by the banks in some rural areas are nominally not much more than 5 per cent. But for purposes of comparison this latter figure should be increased to $5\frac{1}{2}$ or 6 per cent. to allow for the American banking practice of requiring borrowers to keep on deposit during the currency of the loan a certain proportion of any advance. Moreover, the banks are hindered in reducing their rates by the constant insistence of the R.F.C. that they should increase their capital by issuing preferred shares, on which they have to pay 6 per cent.

Taking all these things together, it can be seen that the cumulative effects of the so-called "expansionist" policy of the United States have been to accelerate the decay of commercial banking. "There has continued to exist," said a Chicago banker, "a vicious contradiction of policy between the banking department and the administration proper." But the effect is to render abortive the hopes of those who expect reflation as a result of closer political control of the Federal Reserve System. Commercial banking as it has been known in the rest of the world is being increasingly divorced from the holding of deposits and the clearing of cheques, and as a result has escaped in part from the conflict of legislation in the United States. But a new system will be of slow growth, and the country is meanwhile correspondingly impoverished. The banks have become passive holders of Government securities, and it is in this connection that the real significance of the new Banking Bill is probably to be found. The Secretary of the Treasury takes great credit to himself that the total service charge on the debt of the Federal Government is now smaller than it was in 1933 in spite of the increased total of the debt. But his achievement in this regard is not to be compared with that of the British Treasury because it has been brought about only by a shortening of maturities. About five years ago the total of five-year notes outstanding was \$1,500 millions; to-day it is in excess of \$10,000 millions. Baby bonds, with relatively favourable encashment terms, are being offered to the public to yield $2\frac{3}{4}$ per cent. compounded, and this suggests some fear as to what the true American long-term rate is or may become if there is any substantial recovery. Consequently, control of open-market operations and of the reserve requirements of member banks has assumed a new importance in the eyes of the Administration. It is true that the Governor of the Federal Reserve Board himself introduced an amendment to the Banking Bill during the Senate Committee hearings, requiring the Board to exercise its powers to promote "conditions making for business stability and to mitigate by its

influence unstabilising fluctuations in the general level of production, trade, prices and employment, so far as may be possible within the scope of monetary action." Nevertheless, it is difficult to believe that any President will in the future be able to decline to use the great powers given to him over the personnel of the Board if it is represented to him that changes are necessary to enable the Treasury to refinance its debt in such a way as to prevent the "unstabilising" action of increasing taxation.

The Bill has been drastically altered in the sub-committee of the Senate; in particular, the President's power of appointment to the Board is very severely limited. Some of its provisions must be passed rapidly into law to prevent the chaos that would result from the unreplaced lapsing of expiring legislation, and if the Administration, through the pressure of time, has to accept the Bill as amended, the continued financing of the deficit by selling short-term securities to the banks will be much less directly under its control. If this method of financing should become impossible and the Treasury should be forced to compete in the market, the effect on interest rates might be considerable. The conflict between the Budgetary policy of the Government, the demand for recovery and the need for rebuilding a sound and liquid banking system is gradually becoming more insistent. Sooner or later it will have to be resolved, and the future of American banking will very largely turn upon whether considerations of politics or of banking are uppermost when that time comes.

FINANCIAL NOTES

The Silver Reaction.—Speculators in silver who relied upon American Government purchases to maintain the price have received a sad disappointment. By early May American purchases had driven the London price up to 35½d. an ounce and the New York price up to 76½ cents. Since then the price has been steadily sagging, until last week-end a critical point was reached. On Saturday, and again on subsequent days, the London market opened with a flood of selling orders and practically no buyers. To pre-empt a collapse in prices which might have had serious consequences, the unprecedented step had to be taken of postponing the fixing until someone in authority in New York or Washington could be fetched out of bed and told that now was the time to buy. On each occasion American official buying orders at once came forward and proved sufficient to prevent more than a moderate decline in price. Even so, in spite of a rally in the middle of the week, by July 10th the London price had fallen to 31½d. and the New York price to 68½ cents; and the decline has been particularly marked during the last few weeks. In reply to criticism, Mr Morgenthau has repeatedly asserted that the Administration has continued to buy silver, but that the cause of the weakness has been that during the last part of May and the whole of June, American imports of silver were chiefly made from Mexico; and once at least gold was shipped in exchange. At a rough estimate, 40 per cent. of the United States' imports during the past two months have come from Mexico, 35 per cent. from England, and the remaining 25 per cent. from Canada, South America and China. Mexico is not normally a seller in London, and so these American purchases gave no support to the London market or to speculators in the Far East. It is possible that the Administration feels strong enough to ignore the American silver interests to the extent of making its statutory purchases of silver as cheaply as it can, but during the past fortnight shipments from England have again increased. There is probably still a big bull position in being, and apart from this the price of silver is still high enough to cause considerable embarrassment to China and to all interests connected with that country. The reduction in the interim dividend of the Hong Kong and Shanghai Banking Corporation from £3 to £2 10s. per share has come only this week as a warning to that effect.

Italian Exchange Weakness.—The lira remains weak in Paris at a rate of Frs. 124.40 per lire 100, and there is further evidence of the difficulty the Italian authorities are experiencing in obtaining foreign exchange. We commented last week on the growth in the arrears due to British exporters under the Anglo-Italian exchange agreement, and another sign of weakness is to be found in the low prices current in London and New York for Italian sterling and dollar bonds. The 7 per cent. Kingdom of Italy 1941-51 dollar bonds are quoted in New York at 68, equivalent to a running yield of over 10 per cent. The sterling tranches of the Italian Credit Consortium Bonds, also bearing interest at 7 per cent., are quoted in London at 93-96 (nominal) for the issue redeemable in 1937 and at 86-89 for the 1947 issue. The corresponding dollar tranches are quoted in New York at 87-88 nominal and at 71. These prices are so low as to call for an explanation. At the New Year the Italian Government ordered Italian holders of bonds issued abroad to declare their holdings to the Bank of Italy, and the Bank has power to acquire these bonds compulsorily, paying for them in lire at the market price and at the day's rate of exchange. It looks as if the Bank has been exercising this power and then has been selling these bonds abroad for what they would fetch. The obvious inference is that the Italian authorities are being put to these shifts in order to supply themselves with foreign exchange. It is also questionable whether exchange leakage is not occurring through the under-valuation of invoices declared to the authorities in respect of exports, and corresponding over-valuation of declared import invoices, but naturally there is no definite confirmation of such suspicions.

Brazilian Exchange.—Further light is thrown upon the Brazilian exchange difficulties, referred to a week ago, by official statistics since received which show that the export surplus—virtually the sole source of foreign exchange—for the first four months of 1935 fell to only 91,898 contos of reis, against 385,350 contos in the same months of 1934—or, expressed in gold, only £1,716,330 (gold), against £4,058,435 (gold). Since February last, all export exchange has had to be sold in the "free" market to the authorised banks, 65 per cent. being left for the market and 35 per cent. being deliverable to the Bank of Brazil for Government requirements. Brazil's exports for the first four months of 1935 totalled £10,574,104 (gold), of which 35 per cent. would represent around £3,770,000 (gold), or, on a twelve monthly basis, say, £11,100,000 (gold). While the latter figure when converted into sterling should be sufficient to meet Brazil's official commitments in respect of the reduced bonded debt service and the commercial payments agreements, the disquieting factor is that for the first time since October 1930, a surplus of imports—on a milreis basis—was established in March amounting to 7,220 contos, followed by one of 16,412 contos in April. A continuation of this movement might mean an eventual situation in which Brazil would have to choose between reducing the proportion of exchange remittances either on official debt or on import account. While the further exchange regulations issued on June 27th apparently preserve the 35 per cent. quota for official payments, the position with regard to the 65 per cent. "free" exchange has reverted to that prior to May, 1934, cover for imports being once again subject to the prior authorisation of the Fiscalisation Department. The position becomes increasingly confused by reason of the lack of continuity of policy. The new regulations are anything but clear, exchange dealings are increasingly difficult and burdensome, and the tendency will be to restrict imports, while there is danger lest a further mass of frozen remittances may accumulate.

Danzig Exchange Restrictions.—Our Warsaw Correspondent writes that the exchange restrictions introduced by the Danzig Senate early in June caught Polish financial and commercial interests with about 60 million zlotys tied up in Danzig. The Lodz textile industry and the lumber

* Goldschmidt, "The Changing Structure of American Banking," pages 53-57.

industry appeared to be most involved. By introducing exchange restrictions, which are alleged to be in direct violation of the Polish-Danzig Convention of 1921, Danzig has virtually impounded foreign exchange which actually belongs to Poland, and on which the Polish balance of international payments to some extent depends. Moreover, since Danzig firms play, as intermediaries, an important part in Polish foreign trade, their difficulties affect not only the commercial reputation of Danzig but that of Poland as well. The exchange restrictions are therefore held to be prejudicial to Polish credit abroad. Poland is also concerned because she supplies Danzig with most of her primary requirements, and these must be paid for in zlotys. Our correspondent is fully justified in stressing the difficulties in which Poland is involved, but as we pointed out in the *Economist* of June 15th, the Polish Government have so far adopted a generous attitude, and have done their best unofficially to help Danzig in her troubles. The return of the Bank of Danzig for June 29th shows that during the preceding month, the Bank's gold stocks had fallen from 23.0 to 15.8 million gulden, while its holdings of *devisen* had risen from 1.6 to 7.9 million gulden. This transfer of approximately seven million gulden from gold to *devisen* must increase the previous fears that part of the Bank's gold stocks have been transferred to Berlin, and the Danzig authorities should realise that the only way to restore confidence is to issue a complete explanation. Meanwhile they are making considerable demands upon Polish forbearance.

The Money Market.—Discount rates have kept up well, for the Treasury bill tender rate for July 5th was 12s. 4.32d. per cent. against 12s. 1.53d. per cent. the week before. This week one or two banks were buying small quantities of August and September Treasury bills at $\frac{1}{2}$ per cent. Hot Treasury bills were offered at $\frac{1}{2}$ per cent., but few buyers were in evidence. There are signs of an increase in the supply of commercial bills. The declared market rate for three months' bank bills is $\frac{1}{2}$ per cent., but the rate is rather indefinite. Some banks are able to obtain bills from the provinces at $\frac{1}{4}$ per cent., while on the other hand competition in the market has at times driven the rate down to $\frac{1}{8}$ per cent. It is unusual for bank bills to be thus dealt in at less than the market rate for Treasury bills.

	June 20, 1935	June 27, 1935	July 4, 1935	July 11, 1935
Bank rate.....	2	2	2	2
Clearing banks' deposit rate ...	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Short Loan rate :—				
Clearing banks.....	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Others.....	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Discount rates :—				
Treasury bills	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Three months' bank bills	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$

Money remains very easy. The clearing banks have experienced some demand for loans every afternoon, but there is no real change in the position.

The Bank Return.—A small amount of the currency withdrawn at the end of the month has now returned from circulation, with the result that the Reserve has increased from £51.9 to £52.6 millions:—

	BANK OF ENGLAND				
	July 11, 1934	June 19, 1935	June 26, 1935	July 3, 1935	July 10, 1935
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department :—					
Gold	191.5	192.7	192.7	192.7	192.7
Note circulation	384.6	395.7	396.9	401.4	400.7
Banking Department :—					
Reserve	67.5	57.7	56.5	51.9	52.6
Public deposits.....	17.4	13.6	16.2	9.6	8.4
Bankers' deposits.....	97.3	104.0	102.4	110.5	108.6
Other deposits	36.2	37.0	38.8	38.0	36.4
Government securities.....	82.6	94.9	96.2	98.2	95.8
Discounts and advances	7.8	5.8	10.2	13.5	10.4
Other securities	11.0	14.1	12.4	12.5	12.6

Proportion 44.7% 37.3% 35.8% 32.8% 34.3%

In the banking department Government securities are reduced by £2.4 millions. The floating debt statement dated

July 6th showed that £4.3 millions of Ways and Means advances had been repaid to the Bank, which amply explains the reduction in Government securities. Although the half-year borrowings have now been completely repaid to the Bank, discounts and advances still remain at £10.4 millions, so that other borrowings must have taken place during the preceding three weeks. Bankers' deposits have been reduced by £1.9 millions during the past week.

The Foreign Exchanges.—The main event in London has been heavy offerings of spot dollars against official American purchases of silver. These lasted from Saturday to Wednesday, and on the first two days of this week are estimated at \$18 to \$20 millions. Somewhat to the surprise of the market this large amount was easily absorbed, but on Tuesday the spot rate depreciated to \$4.98 $\frac{1}{2}$, returning on Thursday to \$4.96 $\frac{1}{2}$. The cheapening of dollars stimulated general commercial buying of forward dollars for various dates as far ahead as the New Year, and the three months' rate has hardened from 1 $\frac{1}{2}$ to 1 $\frac{3}{4}$ cents premium. Gold *bloc* currencies have been very steady, with some slight demand for forwards towards the end of the week. Rates, both spot and forward, show very little change. The latest week's Customs returns record an export of £1.3 millions of gold to France, while our Amsterdam correspondent states that the Netherlands Bank is beginning to replenish its gold stocks. A further reduction in the Dutch Bank rate from 4 to 3 $\frac{1}{2}$ per cent. was made on June 27th. It is, however, strongly rumoured that the Dutch banks will very shortly receive strict orders only to take names for forward exchange dealings against *bona fide* commercial documents. The object is to check speculation, while still permitting exchange hedging against genuine commercial transactions. The French banks have also received a circular from the Banque de France asking them not to lend francs for speculative purposes—that is not to sell francs spot and buy them forward. It is not impossible that these measures against speculation were concerted at Basle during the B.I.S. Board meeting at the beginning of the week, but they may be inspired by fears of future speculation, particularly if the Bastille holiday on July 14th is attended by disturbances in Paris.

New York Money and Banking.—Money remains easy. During the week ended July 3rd New York member banks' loans to brokers rose from \$904 to \$952 millions. Other loans granted by member banks against securities declined from \$752 to \$748 millions. The Treasury has made an issue of \$500 millions of 1 $\frac{1}{2}$ per cent. notes maturing at the end of four years and five months. Although the rate of interest is believed to be unprecedentedly low for this class of security, the issue was over-subscribed three or four times. It represents the first new borrowing on a major scale since the end of last year, and the proceeds are to be used for financing the new work relief programme. Silver imports during the week ended June 28th amounted to \$3.2 millions, of which \$1.0 millions came from England and \$1.6 millions from Mexico. The recent fluctuations in the price of silver have given rise to some uncertainty. The silver interests continue to exert pressure upon the Government, but although President Roosevelt has let it be known that there is no change in policy, doubts are felt whether the Administration is ready to buy silver indefinitely at the present high prices. It is believed that the American Treasury bought heavily in London at the week-end and during the early part of this week, and the amount mentioned ranges from £4.0 to £5.5 millions, equivalent to between 20 and 30 million ounces. The British Customs returns, however, only report shipments to July 11th of £497,000. One difficulty is that such large quantities of gold have been imported during recent months, that it is impracticable for the Treasury to purchase sufficient silver to one ratio of gold to silver. As it is, this week's purchases have affected the exchanges, and on Tuesday sterling was quoted at \$4.97 $\frac{1}{2}$ and the French franc at 6.64 $\frac{1}{2}$ cents or one cent above parity.

THE STOCK EXCHANGE

IRON AND STEEL SHARES

IRON and steel shares, after more than a decade in the wilderness, have recently been in the forefront of the Stock Exchange advance. Since 1933 the market capitalisation of a representative range of steel securities has been doubled. Shares which a few years ago were regarded as mere option money are now the theme of enthusiastic market circulars. Companies which for years have been overlaid with bank debt are now coming to the market for funds on favourable terms. Rarely has an industry's investment rating changed so dramatically and completely. What are the reasons for the advance? Is the present demand for steel likely to be maintained? Above all, could the industry withstand any future decline without serious impairment of earning power?

British production of steel ingots and castings increased from 5,261,400 tons in 1932 to 7,024,000 tons in 1933 and 8,859,700 tons last year. So far this year production has run 6 $\frac{1}{2}$ per cent. above the 1934 level, and close to the 9,636,200 tons achieved in 1929, the peace-time "record." The output of finished goods, however, is still some 10 per cent. below the 1929 level, a substantial proportion of sheets and tinplates having been made, before the slump, from imported semi-finished steel. The difference is entirely accounted for by the loss of exports and the decline of shipbuilding. Consumption by the engineering and construction industries is a little higher than in 1929, despite the decline in machinery exports. In the first four months of this year some 84,800 tons of forgings and 753,400 tons of sections, girders, etc., were produced, compared with 1929 outputs of 243,300 tons and 2,157,400 tons respectively. The demand, however, for lighter goods—wire, strip for automatic machines, sheets for motor bodies, tinplate for containers, etc.—is probably as great as it has ever been.

So far as the industry's immediate prospect is concerned, the outlook is not unsatisfactory. Even to-day approximately one-quarter of the total production is exported. Under the agreements now being negotiated, Britain's share of the world market is to be stabilised at the 1934 level, which was the lowest for many years past. There may, however, be a gradual future improvement in world exports, which in 1934 were 43 per cent. below the 1929 level, though this is unlikely substantially to influence British output in the immediate future. In the home market, however, a slow advance in demand from the railways and shipyards is not improbable. Its pace would be immensely quickened if, on the one hand, the railway companies decided to replace wooden by steel carriages, and if, on the other, the "battleship holiday" were to end in a naval race. Demand for the lighter goods may well continue to increase. Engineering and construction, however, provide the key to the position from the investor's viewpoint. Between them they account for little short of one-half of the home steel consumption, and they are at the very centre of "recovery." Although they have attained the 1929 level, and more, the outlook for coming months remains good. Modern construction uses more steel than did building practice a decade ago. In the longer run, fluctuation in demand is inevitable. How far do conditions on the production side bear on the industry's ability to withstand any possible future tendency to lower prices and profits?

A very great deal of technical improvement undoubtedly has been lately undertaken. From the purely technical aspect, the industry is better equipped than at any time since the war. There is some evidence, however, that capacity is being increased without extensive scrapping of less efficient plants. Such a form of reorganisation will not itself tend to improve the ultimate situation if the industry continues to rely solely upon price and quota arrangements. The German experience showed how these may even accentuate any recession in demand. The Germans, moreover, in depression were able to "dump" exports in order to help to meet overhead costs—an alter-

native which is not open to the British industry. For the present, however, some strengthening of prices may well be indicated—the price of semi-finished steel has already risen under the tariff—which will find due reflection in increased profits. Arrangements with Continental producers to share the world market will certainly strengthen the export price structure, though whether reorganisation will assist in maintaining profits, if and when demand falls, remains to be seen.

For these reasons profits are likely to advance during 1935 at a greater rate than the increase of output. The nearer production approaches capacity, the cheaper it becomes; the wider, with fixed prices, is the profit margin. Our industrial profits table, on page 58, shows a rise of as much as 85.4 per cent. in the latest earnings of 52 steel and coal companies. A further increase may be secured, though it is unlikely to be of anything like the same dimensions. The whole, however, is unlikely to be distributed to shareholders. The fact that, for reasons not, perhaps, wholly within the industry's control, past depreciation and reserve allowances have not in all cases been generous, puts a premium on conservatism.

For the semi-speculative investor, the most attractive of contemporary companies may be, first, those which cater for the home market, and secondly, those which are manufacturers of pig iron and semi-finished steel. The latter have derived most benefit from the exclusion of imports and such increase in prices as has already occurred. The attached table shows the highest and lowest profits attained by a number of companies in the last six years. Those of the heavy steel producers, as might be expected, show much the wider range. Nearly all companies, however, are now making higher profits than in 1929. As a closer guide to the relative prosperity of different companies, we have set out figures of increased output in the region in which each company operates. Though these cannot be directly used as a yardstick for future profits, they are *a fortiori* more relevant for that purpose than the national output figures.

IRON AND STEEL PROFITS AND SHARES

Company (and Accounting Date)	Profits 1929-35		Increase in regional output in current financial year	Share Denomination	Price	Latest year's dividend	Earnings	Yield (gross)
	Highest	Lowest						
Composite Steel Producers	£'000	£'000	%			%	%	%
Baldwins (Dec. 31).....	418*	157	7.2(a)	Ord. (4/-)	7/-	2 $\frac{1}{2}$	11.8	1.4
Consett Iron (Mar. 31).....	468	82	2.6(b)	8% Pref.	25/-	NH	NH	NH
Dorman Long (Sept. 30).....	429*	Dr. 59	4.1(c)	Pd. Ord.	20/-	NH	NH	NH
Guest, Keen and Nettlefolds (Mar. 31).....	1,043	237	12.4(d)	Ord.	19/-	NH	NH	NH
Sth. Durham (Sept. 30).....	163*	41	12.4(d)	Ord.	28/-	9	7.5	NH
Stewarts and Lloyds (Dec. 31).....	834*	272	10.8(e)	"B" Ord.	45/-	5	8.7	4.9
United Steel (June 30).....	856*	113	8.7(f)	Dld.	21/3	5	11.1	3.3
Specialists								
Hadfields (Dec. 31).....	138*	15	5.6(g)	Ord. (10/-)	14/-	NH	5.8	NH
Millers & Aisam (Dec. 31).....	105	23	6.0(h)	7% Pref.	34/-	NH	Full	NH
Stanton Ironworks (Mar. 31).....	516	196	24.1(i)	Ord.	50/-	10	11.4	4.0
Staveley Coal and Iron (June 30).....	482*	366	42.7(j)	Ord.	44/-	6 $\frac{1}{2}$	7.8	3.8
Rd. Thomas (Mar. 31).....	555*	276	7.0(k)	Ord. (8/8)	39/-	8	7.4	3.4
Tube Invests. (Oct. 31).....	369*	209	...	Ord.	20/-	10	10.4	5.4
Whitehead Iron (Mar. 31).....	217*	50	...	Ord.	113/6	30	37.2m	5.9

* These high levels were achieved in the latest accounts. † Before depreciation and debenture interest. (a) South Wales pig iron. (b) National output of tinplates and sheets. (c) North-East acid steel. (d) North-East basic steel. (e) Staffordshire basic pig iron. (f) Cumberland, Lincolnshire and Sheffield steel. (g) Sheffield steel. (h) West Coast basic pig iron. (i) Derby, Leics, Notts, Northants foundry pig iron. (j) National tinplate output January to April, compared with the monthly rate of 1934. (k) Cum eight years' arrears. (l) Cum 4 $\frac{1}{2}$ years' arrears. (m) On the new capital.

For Guest, Keen and Nettlefolds no figure has been given, in view of the diversity of the company's interests. The market price of the shares appears to discount probabilities somewhat generously. As a "steady" share,

with a year ago. The collapse in bill rates which proved so serious an impediment to the profitable use of short money early in the year has been followed by a steady strengthening in recent months, although the average for the half-year has been abnormally low. The rising level of deposits, however, finds its main counterpart in the continued increase in investments, which have broken new high records in each month of the year. The total holdings of the ten clearing banks for May amounted to £619.9 millions, representing some 31.5 per cent. of total deposits. These factors may have assisted a slight advance in banking earnings during the half year, and it seems likely that the quality of the loan accounts has been maintained during the period without calling for special writing off. Despite their abnormal participation in the gilt-edged market, the banks can take care of any reasonable hardening of interest rates from inner reserves, if and when the movement sets in, but on any criterion of "good banking" an increased use of funds in advances would be welcomed, not least in the City. We set out the latest dividends in the following table:—

Name and Shares (fully paid unless stated)	1934		1935		Price July 4, 1934	Price (ex divi- dend) July 10, 1935	Present yield* (%)
	Int.	Final	Int.	Final			
<i>Banks</i>							
Barclays "A" £4	5	5	5	10½	10½	3 15 3	s. d.
Barclays "B" £1	7	7	7	3½	3½	3 13 3	
Lloyds "A" £5 (£1 pd.)	6	6	6	2½	2½	3 19 3	
Lloyds "B" £1	2½	2½	2½	27/3	28/6	3 10 6	
Midland £12 (£2½ pd.)	8	8	8	9½	10	4 0 0	
Midland £2½	8	8	8	10½	10½	3 13 3	
Midland £1	8	8	8	4½	4½	3 11 9	
National Provincial £20 (£4 pd.)	7½	7½	7½	14½	15	4 0 0	
Westminster £4 (£1 pd.)	9	9	9	4½	4½	3 19 6	
Westminster £1	6½	6½	6½	3½	3½	3 9 0	
District "A" £5 (£1 pd.)	8½	8½	8½	2½	2½	4 0 6	
District "B" £5 (£1 pd.)	5	5	5	2½	2½	3 14 0	
Martins £20 (£2½ pd.)	7	7	7	8½	8½	4 3 0	
Martins £1	7	7	7	3½	3½	3 13 9	
<i>Discount Co's</i>							
Alexanders £2 (£1 pd.)	9	10	9	3½	4½	4 6 9	
National "A" £2½	5	5	5	8½	6½	3 17 9	
National "B" £2½ (£2½ pd.)	9	15	9	12½	12½	4 13 3	
Union £5 (£2½ pd.)	7½	12½	7½	11½	12½	4 1 9	

* Based on dividend for 1933.

Compared with a year ago, bank share prices are a little firmer, in sympathy with the further rise in fixed-interest securities. The equity appeal of bank shares, which is invariably overshadowed by considerations of stable dividends, remains as yet little affected by "recovery" considerations. We propose to discuss the banking experience of the half-year in a leading article when the remaining June figures have been published.

Perak River Hydro-Electric Scheme.—The scheme of reorganisation promised by the chairman at last year's meeting has been published this week. It deals drastically with an unenviable financial position, but appears to treat all classes equitably. No less than £1,633,116 is required for elimination of intangible assets and reduction of concession values, an amount which would absorb the entire preference and ordinary capital and a substantial amount of the 7 per cent. participating debentures. To avoid this, it is proposed, in the first place, to maintain the status of the 4 and 5 per cent. debenture stocks, whose service has been fully covered. The F.M.S. Government is to receive preference shares bearing not more than 6 per cent. per annum in repayment of advances totalling £850,000 and to forgo arrears of interest totalling £212,500, while the junior prior charge—the 7 per cent. stock and accumulated interest—will be replaced by approximately 90 per cent. of the equity. Finally, the F.M.S. Government is to receive £75,000 of ordinary shares, in substitution for its £500,000 preference share holding, and the ordinary capital is reduced to one-tenth of the existing issue of £431,240. The present revenue of the company, it is stated, is adequate to cover the new preference dividend, and economic recovery and the fruits of reorganisation offer hope of ordinary dividends without untoward delay. The 7 per cent. debenture holders are not likely to demur at the *ex gratia* provision for the preference and ordinary capital under the scheme, for the only preference shareholder—the F.M.S. Government—has already made considerable sacrifice, and relinquishes con-

trol of the company. The company is inevitably exposed to fluctuating fortunes in sympathy with the tin-mining industry, but it will enter happier times if and when more generous production conditions return.

Actuaries' Investment Index.—The upward movement in industrial share values which started at the beginning of April has at length been checked, though the recession, which has been mainly due to profit-taking by satisfied "bulls," has not yet attained significant dimensions. The figure for the 158 industrial ordinary stocks in the Actuaries' Index shows a decline this week to 77.7, as compared with 78.1 a week ago, and 76.7 a month ago (December 31, 1928 = 100). The corresponding yield figures are 3.81, 3.78 and 3.80 respectively. It will be seen that, although the price index is a full point higher than it was a month ago, the average yield has scarcely changed, the rise in quotations having, in fact, merely kept pace with the increased dividends which have been declared. Movements in constituent groups are summarised in the following table:—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100)			Yields (%)		
	Month Ago (June 11)	Week Ago (July 2)	This Week (July 9)	Month Ago (June 11)	Week Ago (July 2)	This Week (July 9)
Higher This Week.						
Insurance Co.'s (24)	118.7	121.8	122.8	3.54	3.45	3.43
Investment Trusts (14)	53.1	55.8	56.1	3.75	3.63	3.63
Breweries & Distilleries (19)	131.1	133.4	138.8	4.04	3.98	3.97
Lower This Week.						
Cotton (6)	39.5	44.1	49.9	2.25	2.25	2.24
Iron and Steel (8)	58.6	61.4	60.2	3.37	3.26	3.31
Motors (5)	52.6	55.8	54.3	4.86	4.69	4.81
Electric supplies (8)	118.7	117.7	117.0	4.22	4.36	4.40

"Money" stocks, like those of the insurance companies and investment trusts, have continued to reflect the generally firm tendency of Gilt-edged securities. On the other hand, profit-taking has been evident in those groups which have shown greatest market activity in the last few weeks, particularly iron and steel, motor (including aircraft) and electric supply shares.

COMPANY NOTES

Cotton Spinning and Weaving Companies.—Investors who, having regard to the profits made on the spectacular revival of British steel, may be tempted to seek similar opportunities in cotton, will find some superficial evidence to encourage hope. Present efforts to reorganise the old cumbersome wage lists in the weaving section and to eliminate redundant spindles in the spinning section show a growing readiness to admit the necessity of reorganisation. The slight tendency towards recovery shown in the accompanying table of representative results suggests that, even though trade has been stabilised at a low "depression level" for the past two years, earning power is nevertheless reviving slightly. The analogy with the steel industry, however, pushed further, may be dangerous. The latter has long been organised in relatively large units and for years past has been ready to accept amalgamations. Outside the fine cotton spinning section and the finishing section, however, the cotton industry is divided into a multiplicity of small units, each still obstinately independent. Even an amalgamation of small units cannot rapidly produce the full advantages of large-scale organisation, as the history of the Lancashire Cotton Corporation has shown. Moreover, the lack of means that any given unit is incapable of ensuring large savings in the ultimate product which is to compete on the world's markets, so that the incentive to efficiency is reduced. Finally, the balance sheets of many cotton textile public companies suggest that a considerable proportion of liquid resources has been invested in stock and debtors, in

a scramble for business. Some of these resources might, given rationalisation, be liberated for physical re-equipment, but the industry, unfortunately, is not in a position to raise fresh capital at present. These considerations do not necessarily preclude ultimate revival, but they certainly suggest that the steel precedent cannot be applied to cotton at present. On the demand side, the depression period has brought, besides its usual difficulties, a great increase in the Japanese invasion of export markets. Equally important, it has seen the Indian and Chinese domestic cotton industries grow to supply a much larger share of our largest export outlets. A grave diminution of our export trade may therefore be permanent. The result is already apparent in price competition for the remaining business. In some cases, spinners and manufacturers have attempted to secure any orders which may have been available whether their

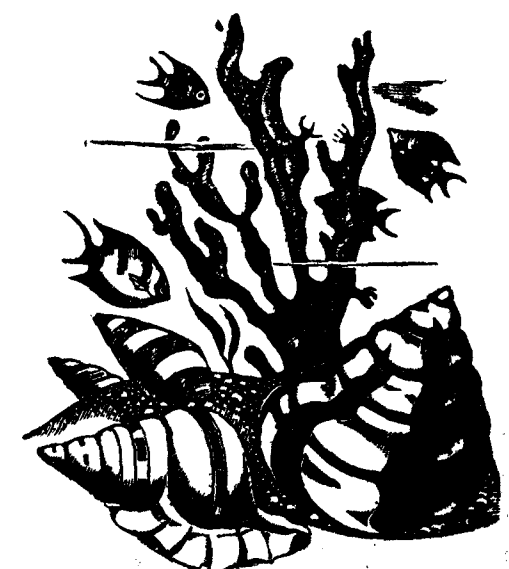
Aircraft Developments.—Reports appearing in the Press at the end of last week suggested that an important consolidation of interests in the aircraft industry might shortly be expected. A company is to be formed under the title "Hawker-Siddeley Aircraft Company, Limited," to acquire the Ordinary capital of Armstrong Siddeley Development Company, and one-half of the Ordinary capital of Hawker Aircraft, Limited. The latter concern is in a paramount position in the military aviation business and supplies, in all, nine types to the Air Ministry. Early in 1934 it acquired a controlling interest in the Gloster Aircraft Company, which has started delivery of "Gauntlet" Aircraft to the R.A.F. Considerable liaison already exists with two aircraft subsidiaries of the Armstrong Siddeley Development Company (namely Armstrong Whitworth Aircraft and A. V. Roe), which have received important sub-contracts for Hawker types. A further subsidiary, Armstrong Siddeley Motors, has been developing aero engines. Investors will tend to infer that the announcement may mark the beginning of a process of consolidation in the industry, in a similar manner, historically, to that experienced in the motor industry. Hitherto, the industry has displayed a degree of specialisation "by firm" in which a few key concerns producing engines supply a larger number of aircraft designing and assembling works. Already, however, the capacity of existing engine-producers whose types have been adequately tested is strained, and new assembling concerns may conceivably experience difficulty in obtaining prompt delivery, particularly for civil and export aircraft. Further details of the present amalgamation may presently become known, as a public issue is expected.

Distillers' Accounts.—So far as the accounts of this strongly entrenched holding company lend themselves to analysis, it would appear that the latest year has provided only a modest increase in profits. Reasons for a cautious estimation of the prospects of further recovery in the industry have, indeed, been apparent for some time, and the advance in profits, after unstated provision for contingencies, from £2,219,157 to £2,293,032, is not wholly surprising in

	(Profits in £'000)					
	1929	1930	1931	1932	1933	1934
Amal. Cotton Mills Ltd. (Oct. 31): Earned for Pref.	23.0	5.2 1st and 2nd pref. div. in arrear since April 30, 1925	2.5	6.0	12.1	14.2
Ashton Bros. (Dec. 31): Earned for Pref.	Dr. 7.4	Dr. 39.3	Dr. 4.9 Pref. div. in arrear since 1929	1.8	6.2	11.6
Barlow and Jones (Dec. 31): Earned for Ord.	53.9	21.8	19.5	16.0	20.7	16.0
Earned %	13.5†	5.4†	4.9†	5.3	5.9	5.2
Div. %	10†	5†	5†	5	5†	5
John Bright & Bros. (March 31): Earned for Ord.	Dr. 10.1	24.0	Dr. 28.2	Dr. 30.1	Dr. 9.8	6.8
Earned %	Nil	2.9†	Nil	Nil	Nil	0.9
Div. %	Nil	2†	Nil	Nil	Nil	Nil
Combined Egyptian Mills (Sept. 30): Earned for Pref.	*	Dr. 492.2*	Dr. 357.5	Dr. 119.1	Dr. 159.8	39.1
		No div. paid on participating preference.				
Crosses and Winkworth (Mar. 31): Earned for Pref.	92.2	1.3	Dr. 47.5	Dr. 65.7	Nil	Nil
			Pref. div. in arrears from Sept., 1929			
Fine Cotton Spinners (Mar. 31): Earned for Pref.	807.6	330.6	Dr. 345.7	Dr. 227.8	Dr. 216.8	Dr. 59.2
Earned for Ord.	310.6	183.6	Dr. 542.7	Nil	Nil	Nil
Earned %	7.2	4.2	Nil	Nil	Nil	Nil
Div. %	9	6	Nil	Nil	Nil	Nil
Hellins Mill (Nov. 30): Earned for Pref.	62.3	Dr. 49.8	Dr. 22.8	Dr. 3.8	47.6	45.8
Earned %	7½	Nil	Nil	24½	5½	8½
Cost of above	49.0	Nil	Nil	16.8	33.5	40.2
Joshua Hoyle (Sept. 30): Earned for Pref.	57.4	27.6	Dr. 68.3	7.0	9.5	5.0
			Pref. div. in arrears since 1929			
Lancs Cotton Corp. (Oct. 31): Earned for Pref.	...	Dr. 162.4	Dr. 493.7	Dr. 512.8	Dr. 109.8	Dr. 89.8
			No. pref. div. paid.			
Tootal Breadstut Lee (June 30): Earned for Ord.	83.9	50.9	9.4	44.8	65.4	66.8
Earned %	12.4	7.7	1.4	7.0	10.3	10.1
Div. %	10	7½	5	7½	10	10
Whitworth & Mitchell (June 30): Earned for Ord.	146.9	158.4	145.8	110.3	39.6	44.6
Earned %	33.8	37.2	34.8	26.5	8.8	10.1
Div. %	22	22½	22½	22½	12½	10

* Initial period to Sept., 1930, covered an average of 17 months. † Tax free.
‡ Of which 2½ per cent. tax free. § Two periods of 6 months consolidated.
|| Interest being in arrears on debts.

works were suited to them or not. The slight revival of profits indicated in our table may be more due to a cessation of stock losses (since raw cotton prices have become more stable) and to the introduction of forced economies, than to fundamental improvement in the position or prospect. The Egyptian spinning combines have, possibly, better "recovery" prospects than the rest of the industry, since they are already organised in large units and are more dependent on home and European markets than on the "coarse" markets of the Far East. European revival would substantially improve demand, and an elimination of redundant spindles would probably find the fine spinners sufficiently well organised to take advantage of the firmer structure. That objective, however, has still to be fully achieved.



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its modesty. The trend of potable spirit consumption in this country has been steadily downward for a decade—a result of changing tastes and, as the trade argues, unalleviated fiscal disfavour. The re-opening of the American market has also provided little more than a moderately satisfactory expansion in exports. Of greater moment, however, is the apparent slowing down, during the last twelve months, of the rapid expansion of industrial consumption of alcohol. These factors argue a relative stability of earning power, which is disclosed in the published figures set out below:—

	Years to May 15th,		
	1933	1934	1935
Profits and dividend receipts after providing for taxation and contingencies	1,850,796	2,219,157	2,293,032
Expenses and fees	56,018	67,983	70,088
Provident fund	...	100,000	100,000
Debt interest	25,650	10,552	10,811
Preference dividend	99,000	100,650	102,300
Ordinary stock—			
Earned	1,670,128	1,939,972	2,009,833
Paid	1,403,189	1,637,054	1,657,099
Earned (%)	20.8	23.7	24.3
Paid (%)	17½	20	20
Reserve fund	250,000	250,000	350,000
Carried forward	263,421†	316,339	319,073

† After writing off £45,000 premium on debentures redeemed.

Little significant change is revealed in the balance sheet. Of a total of £28½ millions, interests in subsidiary concerns (gross) total £19½ millions, and cash and sundry investments approach the £7 millions mark. The position is one of evident strength, which could not be impaired and, indeed, would be greatly illuminated by a consolidated statement. With the traditional 20 per cent. dividend soundly restored, the £1 stock units offer little speculative opportunity, particularly as economic recovery guarantees no automatic improvement in consumption. At a current quotation of 93s. 6d. the units yield £4 4s. 3d. per cent. and are a stable industrial investment.

Union Cold Storage Accounts. The report of a company eleven-twelfths of whose capital consists of preference stock is not ordinarily an exciting market document. Particular importance, however, attaches to the report of Union Cold Storage for 1934, for it shows that, on the disclosed figures, the directors' fears of a fall in revenue have not, happily, been as yet borne out by events. It is true that the company may not have felt the full force of restrictions which have, in some centres, brought the meat business to a virtual standstill. Since the 1934 profit figure is but £50 below that of the previous year, however, preference stockholders will congratulate the directors on their ability to cope with a difficult situation with a success appreciably exceeding their own earlier appraisal of possibilities. The 10 per cent. dividend on the privately held ordinary stock is covered with a slightly higher margin than before:—

	Years to December 31		
	1932	1933	1934
Profit	985,999	962,172	962,124
Depreciation reserve	125,000	125,000	125,000
Fees and interest	34,469	17,112	14,619
Earned for dividends	826,530	820,060	822,505
Preference dividends	720,000	720,000	720,000
Ordinary stock—			
Earned	106,530	100,060	102,505
Paid	100,000	100,000	100,000
Earned (%)	10.9	10.0	10.3
Paid (%)	10	10	10
Carried forward	203,537	203,597	206,102

In addition to £125,000 transferred from revenue, depreciation reserve receives £410,091, consisting of surplus on sale of assets and an amount from provision for contingencies. As much as £587,104 has been utilised for writing down assets, leaving a balance on the account of £1,638,590. The balance sheet reflects the acquisition, at a cost of £1,466,381, of certain subsidiary companies abroad in July last. No accounts are yet available in respect of these concerns for the six months, however, but

they are anticipated to show an aggregate profit. The auditors' report is given subject to this matter, and also "subject to the value of the shareholdings in subsidiary companies," which now account for £8,057,488 out of total assets amounting to £17,560,463.

Cable and Telephone Developments.—In earlier days when Wall Street was interesting itself in leading British companies, an important electrical equipment concern took special steps to prevent voting control from passing into the hands of American investors. This week has provided news in the contrary sense, whereby control of an established British concern is to be restored to British interests. British Insulated Cables, which occupies a strong position in the cable and electrical engineering industry, has acquired from Associated Telephone and Telegraph of Delaware the £100,000 "A" deferred capital of International Automatic Telephone Company of London. Since these shares rank equal in total voting power to the £684,379 Ordinary shares in issue, B.I.C.—already interested in International Automatic—now has voting control. The new interests are of great importance, for they include automatic telephone equipment and, through a subsidiary, signal systems, traffic control equipment and the like. It is understood that the Telephone and General Trust, which has successfully financed telephone undertakings abroad, is linked with the transaction, which should in time prove a valuable step towards the vertical integration of the telephone industry, from the earliest stages of manufacture to finance and management.

Johannesburg Consolidated Dividend.—For the year to June 30, 1934, the Johannesburg Consolidated Investment Company distributed 4s. per share, of which 1s. was declared as bonus, having regard to the exceptional conditions which had prevailed during the period. Stock Exchange anticipation that a similar total would be disbursed for the latest year has been proved correct, writes our mining correspondent. The summary of the year's results, however, shows a set-back of some £205,580 in net profits, at £1,142,000. Earnings again include substantial receipts from share dealings. Reserve receives £350,000 this year, against £450,000, and now stands at £2,300,000. No further allocation is made to staff fund (against £100,000 a year ago). The balance of £170,640 is carried forward and slightly exceeds the amount brought in. On the dividend in the price of the shares, a satisfactory yield of 5½ per cent. is indicated.

Other Company Results.—This week's table of other company results, on page 103, includes sixty-three reports. Plantation companies swell the total, with a number of important reports. Among rubber companies, a profit of £105,421 and pays 4 per cent. Anglo-Java has earned £81,987 during its first year of reconstruction, without exception, the list of tea companies shows an un- happy comparison with the results of the previous year. Considerably reduced profits are reported by Singlo, Upper Assam, Empire of India and Ceylon, and Dima. Only Bogawantalawa, with the help of profits on investments, shows a favourable movement in available revenue. British industrial reports are rather few this week. In the brewery section, chief place is accorded to South African Breweries, whose profits, consistently with active conditions in the Union, have increased from £298,667 to £359,114. Booths' Distilleries reports an increase in profits from £60,959 to £65,696. W. and T. Avery, the Birmingham weighing machine manufacturers, have enjoyed increased business, and profits have advanced to £124,087. The first report of Aga Heat, covering fourteen months, closes a trading profit of £24,039. This result is rather disappointing in comparison with prospectus estimates. It may be inferred from the report that the first year's trading has not been without difficulties, for provision is made to

meet "the situation of the subsidiary company in Africa and the possibility of a protracted legal action in connection with Allied Ironfounders, Limited, in connection with an infringement of the company's patent rights." The accounts are accompanied by an offer, on behalf of Allied Ironfounders, to purchase Aga Heat shares at the rate of one Allied for five Aga shares. Although it squares with current market values, the offer must be considered in the light of prospective earnings of the two concerns, and the "gearing" element resulting from the Allied preference capital. Important investment trust reports, such as Melville Trust and Trustees Corporation, suggest that revenues are now showing more buoyancy in accord with the rising trend of profits. The directors of Courtaulds, in announcing an interim dividend of 2½ per cent. tax free, state that the distribution is made with the sole object of equalising payments, as already foreshadowed, and that conditions in America are not likely to permit of a higher total distribution for the current year.

Company Meetings of the Week.—On later pages of this issue will be found the report of the following companies:—National Bank of New Zealand, International Tea Company's Stores, Tanami Gold Mining, H. E. Proprietary, British Glues and Chemicals, Sedenak Rubber Estates, Powell Duffryn Steam Coal, Amalgamated Dental, and John Ismay and Sons. Sir Austin E. Harris, in the course of a comprehensive survey of economic conditions at the National Bank of New Zealand meeting, declared that the further recovery must come through an improvement in the prices of primary foodstuffs. He referred with satisfaction to the high standing of the Dominion's credit in the London market. Mr Frank Wilson declared that every concern in the International Tea Company's Stores group had contributed to profits, and referred to the developments which would gradually take shape in the recently acquired Mason group of stores. At the Powell Duffryn meeting, Mr E. L. Hann declared that economies had already resulted from the merger with Welsh Associated Collieries, but that full benefits would require time for their achievement. The chairman of Amalgamated Dental saw some improvement in the company's overseas business. The progress of the manifold products of the company was outlined at the H. E. Proprietary meeting, described the financial arrangements for the flotation of West Spaarwater. The chairman of Tanami Gold Mining reviewed the progress which had been achieved on the Rosterman and Government Reef properties. Proposals for the acquisition of other properties were approved at the Sedenak Rubber meeting, thus effecting a compact estate of 7,846 planted acres. At the meeting of John Ismay, the chairman discussed the reasons for the formation of the new parent company, Ismay Industries, and stated that turnover was increasing.

THE WEEK IN THE MARKETS THE LONDON STOCK EXCHANGE

SETTLING DAYS

TICKET
JULY 23

ACCOUNT
JULY 25

THE markets, this week, were a little more than regressive and a little less than reactionary. Although industrial shares lost only a little ground, the profit-taking which occurred had a slightly experimental appearance, as if those concerned were trying the strength of the market before deciding whether to sell more or to buy again. By analogy with recent weeks, this irregularity in industrial ordinary shares should have synchronised with firmness in gilt-edged securities. Italo-Abyssinian war threats, however, held the market subdued at the beginning of the week, and it was not until Wednesday, when some large financial institutions gave support, that prices made perceptible way. "Undated" British Government stocks suffered most from the selling with which the week opened. After the

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first day, however, the tone perceptibly improved, and the mid-week demand found the market not too well provided with stock. India loans were steady, the new 3 per cent. issue (discussed on page 80), being regarded as a welcome and opportune symbol of the improved state of India's credit. The New Zealand conversion result was also deemed very satisfactory. Signs of renewed interest in Australian stocks were viewed as a portent of conversion operations to come. Among foreign bonds, Italian "B" were marked down still further at the beginning of the week. Brazilian bonds also lost heavily on debt service delays, though a partial recovery occurred in the middle of the week on the report that the paying agents had been put in funds for the mid-July payment on the 1914 bonds. European stocks were dull, and Far Eastern bonds were on offer throughout the week. Home rail "marginal" stocks made further progress, in one of the "independent cycles" with which the market has become familiar in recent months. The week's batch of traffic returns did not come fully up to market expectation, but every line showed an increase in receipts. In the foreign rail market, Argentine stocks were idle despite the particularly good showing made by the traffic figures on three of the four largest railways. The market, indeed, was a little puzzled over the conclusions to be drawn from the returns for the last few weeks.

The new account opened undramatically in the industrial share market, which for once refused to hear the voice of Mr Chamberlain. Speculative enterprise was damped by disturbed conditions in the silver and wheat markets. Steel shares were easier, and little interest was taken in coal shares. The decision of Amalgamated Anthracite to pay no preference dividend, though not unexpected, was unwelcome. A fair business was done at the outset in stocks with a Wall Street interest, but America, in mid-week, did not give the strong "lead" which was expected. Electrical equipment shares were again on the dull side, though price declines were few and fractional. Motor and aircraft shares continued gradually to give ground, the news of the Hawker-Siddeley arrangement (described on page 83) causing no enthusiasm. Textile shares made a mixed showing. Rayon shares, apart from American Celanese, were neglected, but wool textile shares were slightly better on balance, in sympathy with the trend of prices at the week's wool sales. Patons and Baldwins, in particular, were an active market. Store shares came intermittently on offer, and tobacco shares remained dull. Breweries opened with an appearance of moderate strength, but public interest fell off as the week progressed.

Idle conditions prevailed in the oil share market. Amsterdam gave a little support from time to time, but Paris was as uncertain as ever. The failure of Phoenix to pay even a small dividend was not unexpected, and a sharp marking down in the shares brought in a number of speculative buyers. Business in rubber shares remained on a small scale, though the undertone of the market was a little stronger in mid-week than in the opening days. So long as the commodity remains only slightly below or above sixpence, no significant change is looked for in the featureless tenor of the market. The revival in tea shares, however, which started so unexpectedly last week, continued to run its course. Buying was centred largely on Indian company shares, with which the market continued to be somewhat scantily supplied.

High temperatures, disturbed commodity markets, and "gun-carriage politics" did not provide a favourable setting for activity in the mining markets. Reports of an early, though modest, amelioration of South African taxation fell on stony ground in the Kafir market, where prices continued to sag in the absence of sustained demand either on London, Johannesburg or Paris account. Johannesburg Consolidated were sold on disappointment over the

dividend and preliminary profits statement (which is summarised on page 84). Despite the early closing of the Great Boulder lists, the market found itself with two opinions as to the opening price, and interest in Western Australian shares generally showed a perceptible cooling off. East African shares were again intermittently firm, but few price changes occurred among West Africans. A somewhat better tendency prevailed in the Rhodesian copper share market, though no perceptible expansion occurred in the volume of business. The rise in the cash price of tin to £231 5s. on Thursday caused no ripple of interest in the share market.

"FINANCIAL NEWS" DAILY BARGAIN INDEX

(Approximate number of Bargains recorded in Stock Exchange Lists)

	Week to July 5, 1935	July 4, 1935	July 5, 1935	July 8, 1935	July 9, 1935	July 10, 1935	July 11, 1935
Government and Municipal Loans	6,620	1,256	1,238	1,487	1,368	1,415	1,227
Transport, Communications, and Public Utilities	5,391	1,070	1,050	1,201	881	1,014	992
Commercial and Industrial	24,560	4,762	4,934	5,490	4,205	4,302	3,968
Banks, Insurance and Financial	3,064	623	696	795	712	701	657
Mines (including Nitrate)	6,675	1,360	1,432	1,362	1,212	1,010	951
Oils	762	167	137	161	190	125	150
Rubber, Tea and Coffee	1,376	302	261	301	255	337	237
Total	48,446	9,540	9,748	10,797	8,923	8,904	8,180
Corresponding day in 1934	...	7,463	8,458	8,441	7,917	7,458	7,145

* Including Iron and Steel and Breweries.

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

	Highest of 1935 (June 26)	Lowest of 1935 (April 1)	July 4, 1935	July 5, 1935	July 8, 1935	July 9, 1935	July 10, 1935	July 11, 1935
	105.7	91.3	104.9	104.8	104.4	104.3	103.9	104.5

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS. (1928 = 100)

	Highest of 1935 (Feb. 1)	Lowest of 1935 (Mar. 29)	July 4, 1935	July 5, 1935	July 8, 1935	July 9, 1935	July 10, 1935	July 11, 1935
	141.0	135.9	138.2	138.2	138.1	138.2	138.3	138.3

FOREIGN STOCK EXCHANGES

NEW YORK

This week's upward trend on Wall Street has resisted waves of profit taking in satisfactory fashion. Turnover has remained consistently well over the million shares mark. There has been little in the news to turn the market, but it seems evident that the resistance facing the Administration in such important matters as the taxation proposals, the Rayburn Bill and the Banking Bill has given the private investor a long-awaited cue to re-enter the market. The week's chief feature—a pronounced rise in steel output by some four points to 36.5 per cent. of capacity—encouraged the steel and implement groups. Industrials generally were firm, although they felt the effects of recurrent waves of profit-taking more considerably than other sections. Railroad stocks were active, but utilities tended to ease in mid-week dealings. On the bond market, Treasury issues were very firm. Second-grade rail bonds, however, tended lower, and among foreign issues, Italian bonds were weak. Efforts are being made to achieve the emasculated legislative programme of the Administration before the summer adjournment, which, if present indications are correct, may mark a further general improvement in economic conditions. If Wall Street can resist this week's troubles in the wheat and silver markets, and is not unduly disturbed about the rearguard action which is being fought by the Administration, the outlook may be better than for some time past.

	July 3, 1935	July 10, 1935	July 10, 1935	July 3, 1935	July 10, 1935	July 10, 1935
Lb. Ln. 4½ '33-39	101½	101½	101½	Equiv.†	Equiv.†	Equiv.†
Atchafalaya	47½	49½	101½	Nail, Biscuit	28½	30½
Erle	8½	7½	7½	Phelps Dodge	16½	17½
Illinois Central	13½	14½	14½	Pullman	39½	42½
N.Y. Central	16½	17½	17½	Sears Roebuck	42½	46½
Pennsylvania	22½	23½	23½	Un. Fruit	88½	81½
Southern Pacific	17½	17½	18½	U.S. Leather	6½	7½
Southern Ry.	7½	7½	7½	U.S. Rubber	12½	13½
Union Pacific	102½	105½	106½	U.S. Steel	33½	36½
				Westinghouse	54½	59½
				Woolworth	60½	61½
Am. Can.	138½	140	141½	Am. Tel. and Tlg.	126½	127½
Amer. Smelting	41½	42½	43½	Interboro R.T.	12½	13½
Anaconda	14½	15½	15½	Int. Tel. Teleg.	10½	9½
Bethlehem Steel	27½	30½	30½	Utilities P. & L.	2½	2½
Chrysler Motor	48½	52½	52½	W. Union Tlg.	34½	39½
Corn Products Rf.	75½	78	78½			
Eastman Kodak	145½	150½	151½			
Gen. Electric	125½	126½	127½			
Gen. Motors	33½	34½	35½			
Int. Harvester	44½	47½	47½	Shell	34½	35½
Mont. Ward	27½	28½	29½	Shell Union	10½	10½
				Sid. California	34½	34½
				Do. N.J.	47½	47½

† Calculated at \$4.98 to £.

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

	1934		1935		1935		1935		1935	
	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest
	Sept. 19	Feb. 21	Mar. 20	June 5	Jan. 1 to July 10	June 26	July 3	July 10	July 10	July 10
351 Industrials	74.3	90.5	74.5	91.3	83.1	88.1	88.7	91.3	83.4	91.3
83 Rails	54.0	51.4	27.4	36.4	35.6	32.8	32.7	33.4	33.4	33.4
87 Utilities	55.2	53.4	52.2	74.1	57.9	70.9	73.9	74.1	74.1	74.1
Total, 421 Stocks	65.6	82.1	63.1	79.0	71.0	76.2	77.2	79.0	79.0	79.0
Average yield of 50 Industrial Common Stocks	2.78%	3.90%	3.34%	4.06%	3.62%	3.48%	3.45%	3.34%	3.34%	3.34%

† December 26th. (f) March 13th. † February 7th. (w) January 9th. (e) September 12th. (s) July 10.

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

	Highest of 1935 (July 10)	Lowest of 1935 (Mar. 15)	June 26, 1935	June 27, 1935	June 28, 1935	June 29, 1935	July 1, 1935	July 2, 1935	July 3, 1935
	100.6	78.6	96.4	95.9	96.6	96.5	97.0	96.6	97.3

	July 4, 1935	July 5, 1935	July 6, 1935	July 8, 1935	July 9, 1935	July 10, 1935
Closed	98.7	98.9	100.4	99.7	100.6	100.6

TOTAL DEALINGS IN NEW YORK

	July 4, 1935	July 5, 1935	July 6, 1935	July 8, 1935	July 9, 1935	July 10, 1935
Stock Exchange—Shares (Thous.)	...	880	520	1,300	1,350	1,150
Bonds (Value Thous. \$)	...	10,180	4,730	10,660	10,070	10,720
Curb—Shares (Thous.)	...	166	96	185	235	233

* Two-Hour Session.

PARIS

The feature of the week's dealings has been provided by rentes, which after falling last week to the lowest point of the year, after the reduction in bank rate, staged a moderate recovery in early dealings. The tone, however, of political disturbance on Sunday and the market in any case would hesitate in view of the issue of the first Cabinet decrees two days later. The recovery encouraged industrials improved in early dealings, without, however, showing much spirit. Suez Canal shares were heavily sold on the adoption of a sterling basis for dues, but subsequently regained their losses. Mining shares were generally quiet.

	July 3, 1935	July 8, 1935	July 10, 1935	July 3, 1935	July 8, 1935	July 10, 1935
Banque de France	10,000	9,900	9,950	...	...	...
Crédit Lyonnais	1,720	1,694	1,725	...	...	...
Suez Canal	18,940	18,850	18,875	...	...	...
Chargeurs Réunis	146	151	149	...	...	...
Rio Tinto	1,228	1,205	1,205	...	...	...
Royal Dutch	19,000	19,420	19,680	...	...	...

OTARD'S

ESTABD 1795

THE BRANDY WITH A PEDIGREE

ISSUES OF THE WEEK

By Prospectus or Offer for Sale

Amount previously recorded, Jan. 1 to July 6, 1935, including conversions, £170,082,888
Amount previously recorded, Jan. 1 to July 6, 1935, excluding conversions, £69,112,346.

National Savings Certificates.
Net receipts, Week to July 6, 1935, Dr. £150,000.

	Nominal Capital	Conversions	New Money	First Payment	Further Liability
To the Public					
India (Government of), £10,000,000	10,000,000	9,800,000	...	500,000	9,300,000
3% Stock, 1949-52, at 98% (To repay in par £12,000,000 6% Bonds 1935-37)	12,000,000	11,800,000	...	200,000	11,600,000
Great Boulder Mining and Finance, 2,800,000 Shares 5/- at par	700,000	...	700,000	350,000	350,000
Kelly's Directories (recorded July 6th issue, page 34)	...	...	...	...	...
Mann and Overton—150,000 Ord. Shares 5/- at 6/6	37,500	...	48,750	7,500	41,250
150,000 6% Cum. Pref. £1 at par	150,000	...	150,000	15,000	135,000
Range Boilers, 60,000 6% Cum. Pref. £1 at 21/-	60,000	...	63,000	7,500	55,500
Total	10,947,500	9,800,000	961,750	880,000	9,881,750

	Total Offered for Subscription—Including Conversions	Excluding Conversions	Whole year—Including Conversions	Excluding Conversions
Jan. 1 to date—1935	180,644,638	69,924,096	410,980,300	169,108,700
1934	275,300,802	106,316,621	467,921,500	244,780,500
1933	188,786,699	112,816,465	2,899,684,265†	185,909,063
1932	292,452,058	163,717,393	114,290,666	102,044,291
1928	...	267,962,485	693,100,056	389,058,073

† This figure includes £1,920,000,000 for conversion of 5% War Loan into 3½% War Loan.

Nature of Borrowing

	Debentures	Preference	Ordinary	Total
January 1 to date—1935	30,960,808	20,672,917	18,350,371	69,924,096
1934	69,429,085	10,165,237	26,722,299	106,316,621
Whole year—1935	212,917,900	45,062,600	111,177,600	369,158,100
1933	222,064,300	12,733,700	9,982,500	244,780,500
1934	102,769,300	21,461,000	44,878,400	169,108,700

By Stock Exchange Introduction

	Capital Introduced	Approximate Price Dealing Began	Cash Involved
Amount previously recorded	17,589,284	...	28,087,685
Derby and Midland Mills—300,000 Ord. 5/-	75,000	5/10½	93,250
100,000 6% Cum. Pref. £1	100,000	20/6	102,500
Total to date, 1935	17,764,284	...	28,283,385
Total, year 1934	12,478,794	...	16,587,178

PUBLIC OFFERS

Government of India.—Issue of £10,000,000 3 per cent. stock, 1949-1952, at £98 per cent. Stock is in part replacement of £12,000,000 6 per cent. bonds, 1935-37 to be repaid. Repayable August 1, 1952, at par, or from August 1, 1949, on three months' notice. List closed July 12th at 9.10 a.m.

Great Boulder Mining and Finance, Ltd.—Issue of 2,800,000 5s. shares at par. Formed to acquire shares and interests in nine Western Australian gold-mining concerns; holds one-sixth interest in Palmer's Find Leases registered by Yellowdine Gold Development; and acquires mining and other shares. Total purchase considerations, £666,000, £155,000 cash and balance in 5s. shares, together with option rights. £A.500,000 will be available for development. Subscribers receive option over one share for every five allotted. The subscription lists were closed at 9.5 a.m., July 9th, owing to oversubscription.

Mann and Overton, Ltd.—Issue of 150,000 6 per cent. cumulative £1 preference shares at par, and 150,000 5s. ordinary shares at 6s. 6d. Acquires taxi-cab supplying business established 1901. Net assets £69,059. Purchase consideration £112,500 in 5s. ordinary shares. Net profits, after adding back interest on loans, years to November 30th: 1932, £11,486; 1933, £32,459; 1934, £50,282. List closed 9.5 a.m., July 10th. Oversubscribed.

Range Boilers, Ltd.—Issue of 60,000 6 per cent. cumulative £1 preference shares at 21s. Acquires assets of metal-working businesses founded 1819 valued £95,124 for £116,000, of which £46,000 cash and balance in 5s. ordinary shares. Combined profits, after depreciation: 1932, Dr. £1,039; 1933, £7,509; 1934, £15,718. List closed 9.5 a.m., July 10th. Oversubscribed.

(Continued on page 90)

BERLIN

THE share-market last week continued to advance without any considerable reaction. Trading was active, and direct dealings between banks increased. A specially firm market developed in chemicals and electrical cables, while steel issues, in particular Steel Trust and Mannesmann, were well supported. Electrical equipment shares continued active under the lead of Siemens and Halske, while Salzdetfurth was a feature in active potash dealings. The new week opened firm, with leading steel, potash and shipping issues in demand. Tuesday's close was somewhat weaker, but a firmer tone was evident on Wednesday. Reichsmark bonds changed little, municipal conversion loans being slightly weaker. In the certificated and converted dollar bonds list advances predominated. An official warning by the directors of the Berlin Stock Exchange refers to the "dangers of recent advances in share quotations" as a result of which the yields obtainable compare unfavourably with those on high-grade bonds.

	July 3, 1935	July 8, 1935	July 10, 1935	July 3, 1935	July 8, 1935	July 10, 1935
Reichsbank	190.50	191.00	194.50	A. E. G.	47.50	47.75
D.D. Bank	93.50	94.00	93.75	Siemens and Halske	180.00	180.75
Dresdner (New)	93.50	94.00	93.75	A. K. U.	65.40	67.90
I. G. Farbenindustrie	151.60	155.00	154.25	Hamburg-Amer. ("Hapag New")	35.10	36.25
Norddeutscher Lloyd (New)	36.25	39.60	39.25			

AMSTERDAM

The Bourse has been quiet this week, and with little public interest quotations tended gently downward. An early demand for Philips Lamps gave a little life to the industrial market, and oil shares were also supported. A quieter tendency supervened in these groups, however, and commodity shares became listless.

	July 3, 1935	July 8, 1935	July 10, 1935	July 3, 1935	July 8, 1935	July 10, 1935
2½% Dutch Loan	124½	74	74½	Steel Common	19½	21½
5½% German	18½	16½	17½	A. K. U.	32½	33½
Unilever N.V.	99	100½	100	Ford Motor	251	250
Philips Lamps	254½	256½	257½	Del. Batavia Tob.	188	137
Netherlands Ship Union	34½	33½	33½	Royal Dutch	187½	188½
				Handels Ams.	172½	171½

CAPITAL ISSUES

THE course of events in the market for new trustee securities suggests that it is now the turn of Dominion borrowers to effect conversion operations. This week's *chef d'œuvre*, the new India 3 per cent. loan, is discussed in a Note on page 80. The New Zealand conversion issue, offered half a point higher with slightly longer life, was most successful, and the stock opened at ½ premium, easing to ¼ later. It seems probable that Australia will have a further innings in the near future. The largest industrial issue of the week is a debenture conversion operation by Kelly's Directories, which saves 1 per cent. in interest. Although pre-depression earnings have not been restored, the stock is well covered by latest profits and net assets. Of the latter, it may be noted, nearly £3 millions represent investments and interests in subsidiary companies. Great Boulder Mining and Finance has been formed to consolidate gold mining interests in Western Australia, which, so far as results to date reveal, give promise of ultimate success. Chief interest, however, will undoubtedly attach to the company's interests in Yellowdine. The shares are necessarily speculative at this stage, but the company's management is fully qualified in Westralian mining. The mixed issue of Mann and Overton will more than provide for repayment of existing loans employed in the taxicab hire-purchase business of the company. The purchase consideration appears reasonable on latest profits, and is taken in ordinary shares. Profits in the last three years have shown very considerable increase, and prospects of further—though more moderate—expansion may be possible. A preference issue on behalf of Range Boilers is reasonably covered by latest earnings, which have shown strong recovery powers, but the small size of the issue suggests that the market for the shares may be narrow. This week's notices "for information only" are confined to "the trade," for they refer to issues of debenture stock by Eldridge Pope, the Dorset brewers, and the Palatine Bottling Company, the latter issue being made to finance extension of properties.

NOTE—Shares with a New York Quotation or with definite American interest are distinguished by italics

[illegible]

(a) Likert dividend. (b) Likert dividend. (c) Last two yearly dividends. (d) Paid in New Zealand Currency.
 (e) Yield without allowing for redemption. (f) For 18 months. Yield worked on a 15% basis. (g) Yield on 34% basis. (h) Also Centenary Bonus 2% yield worked on 7 1/2% basis. (i) Yield worked on redemption at par on Feb. 1, 1967. (j) Yield worked on redemption at par on April 1, 1961. (k) Yield worked on redemption at par on Dec. 1, 1962. (l) Based on interest free of income tax.

(f) Includes dividend.
 (g) Includes 1% from capital accretions.
 (h) Calculated on basis of 5 annual dividends per share paid for 1933-34.
 (i) Also based \$20 per cent. from reserves in A shares.

(m) Including bonus 7%, less of tax.
 Taken at 16 cents to one share.
 Yield worked on a 50 per cent. basis.

(n) Worked on a 7½ per cent. basis.

(o) Ahaas per share.
 † Free of Income Tax.

(Continued from page 87)

BY STOCK EXCHANGE INTRODUCTION

Palatine Bottling Company, Ltd.—Particulars of £400,000 4½ per cent. first mortgage debenture stock. Unconditionally guaranteed by Walker and Homfrays, Ltd. Proceeds for redemption of existing debentures and for new properties. Redeemable by June 30, 1965, at par, or on three months' notice at various premiums. Profits, after depreciation, etc., years ended October 31st: 1932, £22,195; 1933, £32,867; 1934, £42,769. Total assets October 31, 1934, £210,233.

Eldridge, Pope and Company, Ltd.—Particulars of £150,000 4 per cent. "A" debenture stock. Redeemable by July 1, 1985, at £102 per cent., or from 1945 on three months' notice. Secured by first charge on properties valued £225,000. Profits, after all interest and taxation, years to September 30th: 1932, £27,136; 1933, £29,376; 1934, £38,310. Stock purchased at par, less 1 per cent. commission.

OFFERS BY SEVERN VALLEY GAS CORPORATION

Dawley Gas Company. The Severn Valley Gas Corporation offers to acquire all the issued shares of the Dawley Gas Company. The offer is to exchange these shares, at the option of each shareholder, either for cash or for shares of the Severn Valley Corporation. The terms are as follows: Each share of £12 nominal value of the Dawley Gas Company to be exchanged for (a) £13 in cash or (b) 11 ordinary Severn Valley shares of £1, together with 12s. 6d. in cash. The 11 ordinary shares will be credited as fully paid.

Whitchurch Salop Gas. Whitchurch Salop Gas states that the Severn Valley Gas Corporation offers to acquire all the issued shares of this company. The offer is to make an optional exchange either in cash or in Severn Valley shares on the following basis: For each share of £5 nominal value of Whitchurch Salop (a) £8 in cash, or (b) 7½ ordinary shares of £1, credited as fully paid, of Severn Valley Gas.

BONUS ISSUES

W. and T. Avery, Ltd.—An extraordinary general meeting will be held at the Grand Hotel, Colmore Row, Birmingham, on July 23, 1935, at 12.30 o'clock, to consider that £100,000, part of general reserve, be transferred to a pensions fund, and £142,363, part of general reserve, be capitalised by distribution to holders of issued ordinary shares registered on July 23, 1935, one new ordinary share £1, credited as fully paid-up, for every five ordinary shares held on that date.

CONVERSIONS AND REPAYMENTS

Kelly's Directories, Ltd.—Issue of £1,500,000 4 per cent. first debenture stock at £104 per cent. Holders of existing 5 per cent. stock may convert into equal nominal amount of new stock, plus cash adjustment. Established 1837 and owns printing and publishing interests. Profits, after depreciation, years to March 31st: 1933, £266,338; 1934, £243,509; 1935, £282,997. Net assets, £3,466,204. Secured by first charge and redeemable by December 18, 1975, at £105 per cent., or to December 1, 1942, at £108 per cent. on three months' notice. List closed 9.5 a.m., July 10th. Substantially oversubscribed.

Edmundsons Electricity Corporation, Ltd.—An extraordinary general meeting will be held at Thames House, Millbank, S.W.1, on July 29th, at noon, to adopt new Articles which will accord with the provisions of the Companies Act, 1929, and with the present structure of the company's share capital. The new Articles will confer powers on the company, should the board consider it expedient, to make arrangements with their shareholders into 6 per cent. preference shares including power to issue additional 6 per cent. preference shares to them by way of bonus.

Malacca Rubber Plantations.—The company intends to redeem its 6 per cent. first mortgage debenture stock on October 12, 1935, at 110 per cent. and accrued interest.

Malayan Rubber Loan and Agency Corporation, Ltd.—It is proposed to reduce the share capital to a figure more in accord with the present value of the assets by writing off a sum of 1s. from each issued 2s. share and to re-arrange the capital by consolidating each two of the reduced 1s. shares into one share of 2s. fully paid.

The Garrard Engineering and Manufacturing Company, Ltd.—At class meetings followed by an extraordinary general meeting of the shareholders, the resolutions dividing each £1 preferred ordinary share into two shares of 10s. was carried unanimously.

Van Ryn Gold Mines Estate, Ltd.—An extraordinary general meeting is called for July 29th with a view to sanctioning the reduction in the capital of the company from £500,000 to £250,000 by the repayment of 10s. per share in cash. The reduced capital will then consist of 500,000 shares of 10s. each.

Sociedad Anonima Gila (Hidro-Eléctrica de Tucuman).—The Royal Exchange Assurance are prepared to receive offers of 5 per cent. first mortgage debentures for purchase.

Manchester Guardian and Evening News, Ltd.—This company is offering to holders of its 6 per cent. first mortgage debentures the right to convert their holdings into 4 per cent. consolidated debenture stock. Holders electing to convert will receive a cash bonus of £5 per cent., payable July 31st. The 4 per cent. stock will be redeemable at 105 per cent. on January 31, 1950.

Associated London Properties, Ltd.—At the annual general meeting held July 9th, the chairman, Mr. W. Henderson-Cleland, M.C., said that with reference to the 6½ per cent. mortgage debenture stock, it had been raised when the price of money was dear and they were entitled to give notice of repayment on January 1, 1936. At the present moment negotiations were in progress to obtain a considerable reduction in the rate of interest and if for any reason it was not possible to arrange satisfactory terms, it was the board's intention to pay off the debenture as early as possible commencing on January 1, 1936.

OFFERS ABROAD

United States Treasury Notes.—The United States Treasury has announced the offer of notes to the value of \$500,000,000 (£100,000,000 at current rates), maturing in 4 years 5 months and paying interest at the rate of 1½ per cent. Issue oversubscribed three or four times.

FORTHCOMING ISSUES

Gold Coast Selection Trust, Ltd.—This company has acquired a considerable share interest in the Amalgamated Banket Areas, Ltd. To provide the necessary funds for this and for further financing of operations on their own properties, it is proposed to increase the capital from £500,000 to £750,000. Subject to approval at meeting on July 16th at Winchester House, London, at noon, it is proposed to offer the additional 5s. shares to existing shareholders at a price of 15s. in ratio of one new for each two held.

Hawker-Siddeley Aircraft Company.—This company proposes to acquire the whole issued ordinary share capital of Armstrong Siddeley Development and 50 per cent. of the (Continued on page 91)

CALLS DUE JULY 15, 1935, TO JULY 20, 1935

The grand total of calls falling due in July, 1935, is £14,880,189, which compares with £38,114,125 which fell due in July, 1934. The following calls fall due from July 15, 1935, to July 20, 1935, inclusive:—

Nominal amount of Stock	Company	Amount of Call	When payable	Making Paid
Debs.	Amarilla Gold (1,240 7½ per cent. Deb. £25)...	£5	July 15	£5 per Deb.
Debs.	Argentine Navigation (£1,500,000 5½ per cent. Deb. at £99 per cent.)...	£88½	July 15	All
£1	Berry, Wiggins (215,000 5½ per cent. Cum. Pref. at 20/7½)...	5/- p.a.	July 15	10/- p.a.
£1	C.I.M. Holdings (1,000,000 4 per cent. Cum. Pref. Shares, at par)...	7/6 p.a.	July 19	All
Stock	Meccano (£200,000 4½ per cent. 1st Deb. Stock, at £100 per cent.)...	£800	July 20	All
Stock	Moss' Empires (£200,000 4½ per cent. Deb. Stock, at par)...	£100	July 15	£100
5/-	Phillips (H. W.) (120,000 6½ per cent. Pref. Shares, at par)...	£100	July 15	£100
Stock	Second Covent Garden Property (£1,000,000 3½ per cent. 1st Deb., at £97 per cent.)...	£32½	July 17	All

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Amt. paid	Price, July 8, 1935	Price, July 10, 1935
African Railway Finance 2½ Deb.	99½	14½	1½ pm	1½ pm
Allied Newspapers 4½ Deb.	104	40	1½ dis xid	1½ pm
Armstrong Shock Absorbers 2½	3/-	3/-	2/6-3/-	2/6-3/-
Barton and Sons Ord. 5/-	5/-	2/6	1/8-2/3	1/8-2/3
Birkenhead 3½	99	24	1/8-1 pm	1/8-1 pm
Bristol Aeroplane 5½ Pref. 20/-	21/8	21/8	1/8-1 pm	1/8-1 pm
British (Guest Keen & Baldwins) 4½ deb.	100	40	1/8-1 pm	1/8-1 pm
Cardiff 3½	99	40	1/8-1 pm	1/8-1 pm
Daily Sketch 4½ Deb.	104	35	1/8-1 pm	1/8-1 pm
Edjulina Cons. 2½	20/-	20/-	1/8-1 pm	1/8-1 pm
Freehold Properties (S. Africa) £1	21/-	21/-	1/8-1 pm	1/8-1 pm
Froy (W. N.) and Sons Pref. £1	21/-	21/-	1/8-1 pm	1/8-1 pm
Leeds 3½ Stock	99½	14½	1/8-1 pm	1/8-1 pm
Liverpool 3½	99½	14½	1/8-1 pm	1/8-1 pm
Manchester 3½	99	20	1/8-1 pm	1/8-1 pm
Manchester 3½ Pfd.	20/-	10/-	1/8-1 pm	1/8-1 pm
Muktharra Gold	33/3	33/3	1/8-1 pm	1/8-1 pm
News of the World 7½ 1st Pf. £1	31/3	31/3	1/8-1 pm	1/8-1 pm
Do. 8½ 2nd Pf. £1	33/3	33/3	1/8-1 pm	1/8-1 pm
New Zealand 3½	99½	5	1/8-1 pm	1/8-1 pm
N.E. Electric 3½ Deb.	£100	£20	1/8-1 pm	1/8-1 pm
Parquell Aircraft	2/-	5/-	1/8-1 pm	1/8-1 pm
Phillips (H. W.) Ord. 2½	5/-	2/6	1/8-1 pm	1/8-1 pm
Do. 8½ Pref. 5/-	5/-	2/6	1/8-1 pm	1/8-1 pm
Pobjoy Aircrafts	5/-	2/6	1/8-1 pm	1/8-1 pm
Quaglin's Ord.	5/-	2/6	1/8-1 pm	1/8-1 pm
Rietfontein No. 11 (10/-)	22/6	22/6	1/8-1 pm	1/8-1 pm
Sandra Ord. 1/-	2/-	2/-	1/8-1 pm	1/8-1 pm
Do. 6½ Pref. 10/-	10/-	10/-	1/8-1 pm	1/8-1 pm
Yorkshire Electric Power 3½ Deb.	£100	£20	1/8-1 pm	1/8-1 pm

total issued ordinary share capital of Hawker Aircraft. A public issue will be made about the middle of July.

West London Property Corporation.—Issue of debenture stock expected next week for purpose of funding the company's borrowings by means of a long-term issue of stock.

Ismay Industries, Ltd.—£100,000 5½ per cent. cumulative preference shares in this company are shortly to be offered for sale to the public at par under the auspices of the Cheviot Trust, Ltd.

Morrell Estates.—Underwriting has been completed for issue of 225,000 6 per cent. cumulative redeemable preference shares £1 at par and 225,000 ordinary shares 5s. at 5s. 6d.

Earl's Court.—It is expected that the forthcoming issue will comprise £400,000 5½ per cent. second mortgage debenture stock at par and 1,600,000 ordinary shares of 5s., also at par. First mortgage debenture stock totalling £650,000 is to be placed privately.

OTHER RESULTS OF ISSUES

Rietfontein (No. 11) Gold Mines, Ltd.—The letters of acceptance in connection with sale of 400,000 shares 10s. at 22s. 6d. have been posted. More than 39,900 applications were received, and the total number of shares applied for was nearly 13,000,000.

Froy (W. N.) and Sons.—Lists closed 9.5 a.m., July 5th. Oversubscribed.

Armstrong Shock Absorbers.—List closed 9.5 a.m., July 5th. Heavily oversubscribed.

Godfrey Phillips, Ltd.—The offer of ordinary shares to ordinary stockholders was largely oversubscribed.

Severn Valley Gas Corporation Offer.—The recent offer to shareholders of Bromyard Gas Light and Power has been accepted by holders of a substantial majority of the issued share capital of that company.

DIVIDEND ANNOUNCEMENTS

Name of Company	Rate % per Annum, except where marked % or Stated in Cash	Interim div.	Final div.	Interim or Final Comparison with Last Year	Latest Year	Previous Year
BANKS						
Commercial Bank of Australia ...	3½%	Aug. 9	2½%	5½	5	5
District Bank "A" ...	1/8 p.a.	Aug. 1	Unchanged	...	...	...
Do. "B" ...	1/- p.a.	Aug. 1	Unchanged	...	...	...
Hong Kong and Shanghai Banking ...	2½ p.a.	July 27	Unchanged	...	...	...
Lloyds Bank "A" ...	6%	July 27	Unchanged	...	...	...
Do. "B" ...	2½%	July 15	Unchanged	...	...	...
Midland Bank ...	7½%	July 24	Unchanged	...	...	...
National Provincial Bank ...	2/6 p.a.	Aug. 1	Unchanged	...	...	...
Northern Bank "A" ...	1/3 p.a.	Aug. 1	Unchanged	...	...	...
Do. "B" ...	12½%	Aug. 1	Unchanged	...	...	...
Provincial Bank of Ireland ...	7½%	July 23	Unchanged	...	...	...
Union Discount Company of London ...	7½%	July 23	Unchanged	...	...	...
Williams Deacon's Bank "A" and "B" ...	6½%	...	Unchanged	...	...	...
INSURANCE						
Reinsurance Corporation ...	...	...	...	...	...	...
TEA AND RUBBER						
Barton Consolidated Rubber ...	...	July 20	...	...	...	...
Deamoolie Tea ...	...	...	...	...	...	...
Killinghall Rubber ...	...	...	...	...	...	...
Lambak Rubber ...	...	July 20	...	...	...	...
Rupai Tea ...	...	...	...	...	...	...
MINING						
Consolidated Tin Smelters ...	...	...	...	...	...	...
Johannesburg Consolidated Investment ...	...	Sept. 19	...	...	...	...
OTHER COMPANIES						
Alford House (Park Lane) ...	3½%	Aug. 21	...	...	...	...
Associated Breweries ...	4½%	Aug. 8	...	...	...	...
Bell and Nicolson ...	2½%	July 31	Unchanged	...	...	...
Bradbury Greatorex and Co. ...	3½%	Aug. 1	Unchanged	...	...	...
British Investment Trust (Def.) ...	5%	Aug. 1	Unchanged	...	...	...
British Steamship Investment Trust (Def.) ...	3½%	Aug. 1	Unchanged	...	...	...
Canadian Cottons ...	10 p.a.	(period Jan 11 to May 31, 1935)	...	...	...	...
Gossard ...	5%	July 25	Unchanged	...	...	...
Inns and Co. ...	3½%	Aug. 15	Unchanged	...	...	...
Larkins (S. C.) and Sons ...	8½%	July 31	Unchanged	...	...	...
Leasons Corporation ...	3½%	July 25	Unchanged	...	...	...
London Labourers' Dwellings ...	2½%	July 25	Unchanged	...	...	...
London Pavilion ...	2½%	July 25	Unchanged	...	...	...
Lunt (Richard) and Co. ...	3½%	Aug. 14	Unchanged	...	...	...
McIntyre Hogg Marsh ...	5%	July 19	Unchanged	...	...	...
Michael Naim and Greenwell ...	4½%	July 25	Unchanged	...	...	...
New Brick and Tile (Newbury) ...	5½%	Aug. 1	Unchanged	...	...	...
Ryder and Son ...	5%	Aug. 1	Unchanged	...	...	...
Samminger Jute ...	3½%	Aug. 15	Unchanged	...	...	...
Scottish American Mortgage ...	3½%	Aug. 1	Unchanged	...	...	...
Scottish Reversionary ...	3½%	Aug. 1	Unchanged	...	...	...
Titagur Jute ...	4%	July 31	Unchanged	...	...	...
Traction and General Investment ...	10%	Aug. 1	8½%	...	...	...
Tunnel Portland Cement ...	3½%	July 20	Unchanged	...	...	...
Weber (L. and J.) and Phillips ...	5½%	Aug. 1	Unchanged	...	...	...
Victoria Jute ...	5½%	Aug. 1	Unchanged	...	...	...

† Free of income tax.

REPUBLIC OF EL SALVADOR 6 PER CENT. STERLING BONDS, SERIES "B."—The Council of Foreign Bondholders are informed that the Government of El Salvador has failed to remit to New York the sums necessary for the payments due on July 1st last. The Council and the American Committee have made representations to the Salvadoran Government and it is understood that negotiations will shortly be resumed.

PROVINCIAL BANK OF IRELAND, LTD.—The directors have declared a dividend at the rate of 12½ per cent. per annum, less income tax for the half year to 30th ult., payable on August 1, 1935.

WILLIAMS DEACON'S BANK, LTD.—The directors of Williams Deacon's Bank, Ltd., have declared an interim dividend for the half-year ended June 30th at the rate of 12½ per cent. per annum, less income tax, upon the "A" shares and upon the "B" shares.

THE GREAT NORTHERN TELEGRAPH COMPANY'S HOLDING COMPANY (LIMITED) OF DENMARK.—The board propose to pay for the seventh financial year ending June 30, 1935, a total dividend of 23½ per cent., or Danish kroner 12.50, per share of Kr. 54, to set aside Kr. 500,000 for taxes and to carry forward Kr. 5,357.47 to year 1935-36. The dividend will be payable in London at the rate of exchange ruling on the day on which coupons are presented.

THIRD BRITISH FIXED TRUST (Distribution of 5d. per sub-unit).—The Municipal and General Securities Company announces the third distribution by the Third British Fixed Trust of 5d. per sub-unit, tax free, payable August 15th on presentation of coupon No. 3 at the city office of the trustee, Lloyds Bank, Ltd., 72 Lombard Street, E.C.3, in respect of dividends for the half-year ended July 6th. An earned balance of .06775d. per sub-unit is carried forward.

ISMAY INDUSTRIES, LTD.—The directors of Ismay Industries, Ltd., have resolved to pay a special interim dividend of 4 per cent. actual on the ordinary shares numbered 1/1,269,000, principally to recompense the ordinary shareholders of John Ismay and Sons, Ltd., who have converted their shares. It was further resolved that the dividend be payable on July 24th and the books of the company be closed from 2 p.m. July 19th until July 24th inclusive.

AMALGAMATED ANTHRACITE COLLIERIES.—The directors announce that they have considered the payment of the dividend on the 7 per cent. cumulative preference shares due August 1st next, and have come to the conclusion that the trading results for the first six months of the year do not warrant such payment. During this period several of the collieries have been idle due to lessened demand occasioned by the mild winter and to difficult labour conditions. When the trading results for the full year are available the board will reconsider the matter.

HONG KONG AND SHANGHAI BANKING CORPORATION.—The London managers have received a telegram from the head office in Hong Kong informing them that an interim dividend of £2 10s. per share, subject to deduction of income tax, has been declared for the half-year ended June 30, 1935. The dividend will be payable on August 22nd next. For the corresponding period of last year the dividend was £3 per share, the rate paid for many years.

LAMPSON AND HOLT, LTD.—Regarding the contemplated second distribution. The Receiver, as announced, is applying to the Court for leave to make a second distribution at the rate of 15 per cent., but the 15 per cent. will be calculated by reference to the amount of stock now outstanding. When the Receiver was appointed in August, 1930, the outstanding stock amounted to £2,843,912. In 1934 a first distribution of 50 per cent. was made (partly in specie and partly in cash) and in consequence the outstanding stock was reduced to £1,471,956. The amount proposed to be distributed by the Receiver is £220,793, viz., 15 per cent. on the stock now outstanding of £1,471,956 (but 7½ per cent. on the stock outstanding at the date of the Receiver's appointment).

JOHANNESBURG CONSOLIDATED INVESTMENT CO.—The directors have declared a dividend of 3s. and a bonus of 1s. per share, in British currency, both less United Kingdom income tax, for the year ended June 30, 1935, payable to all shareholders registered on the company's books on July 31, 1935. The profit for the year, after providing for all ascertained and estimated depreciation, amounts to, approximately, £1,142,000. As a substantial amount arising from share dealings is again included in the profit, the directors have decided to transfer the sum of £350,000 to the reserve fund. This will raise the fund to £2,400,000, and leave, approximately, £171,000 to carry forward. The transfer books of the company will be closed from August 1 to 10, 1935, both days inclusive. The dividend and bonus will be payable on and after September 19, 1935.

W. BARRATT AND CO.—W. Barratt and Company, Ltd., the footwear manufacturers, recommend a final ordinary dividend of 6 per cent. This raises the year's total from 9 per cent. to 10 per cent.

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COMPANY MEETINGS, &c.

NATIONAL BANK OF NEW ZEALAND, LIMITED

IMPROVED TRADING CONDITIONS

SIR AUSTIN HARRIS'S INTERESTING REVIEW

The sixty-third ordinary general meeting of the National Bank of New Zealand, Limited, was held, on the 9th instant, at 17, Moorgate, London, Sir Austin E. Harris, K.B.E. (the chairman) presiding.

Mr A. O. Norwood (secretary and London manager) having read the notice convening the meeting and the auditors' report,

The Chairman, in the course of his speech, said: We are able to show an improvement in net profit of £7,000. Gross profits are £20,000 better, but Dominion income-tax, under the heading of expenses, has absorbed the whole of this improvement. Income tax is still a very serious burden on the banks in New Zealand, but we are not without hope that before long the method of assessment will be placed on a more equitable and less onerous footing.

This year the sum required to meet the cost of exchange on profits brought into the accounts in New Zealand currency is £30,000, as against £40,000 last year.

Pension and gratuity funds receive the usual grant of £14,000, and we are not this year making any allocation to premises, as we feel that at £629,000 they are conservatively valued, and we have no extensive building schemes in view.

We propose to pay a final dividend in sterling at the rate of 4 per cent. per annum, free of income tax, and the carry-forward is £115,400, as against £106,400 last year.

GENERAL BANKING POSITION

With regard to the general banking position in the Dominion, you will find comparative figures for the trading banks and the savings banks in the statistical summary, and I will here only refer briefly to the average deposits and advances of the trading banks for the March quarter, which are the best indication.

Deposits (excluding Government) were unchanged at £61,100,000, while advances, at £43,077,000, as compared with £41,574,000, show an increase of £1,503,000. With regard to deposits, however, it should be noted that the interest-bearing deposits showed a comparative decrease of £2,300,000, while free deposits showed an increase of a similar amount.

Last year I stated that, owing to the heavy surplus of banking resources and the impossibility of finding a profitable outlet for them, the deposit rates had been reduced shortly before our annual meeting, and in November last a further reduction of ½ per cent. all round was made, so that the rates are now:—Three months, 1½ per cent.; six months, 1½ per cent.; 12 months, 2½ per cent.; and 24 months, 2½ per cent. The minimum advance rate was reduced by ½ per cent. to 4½ per cent. on December 1st last.

The Reserve Bank of New Zealand has nearly completed its first year, and I think I may say that the change has been effected with the minimum of disturbance to all concerned, and that we, in common with the other banks, have given our hearty co-operation with a view to facilitating the new development.

The Governor, at the first annual meeting of the Reserve Bank, held recently in Wellington, indicated that the bank would pursue a steady course, and would not embark on any rash experiments which would have a prejudicial and unsettling effect upon the credit of the Dominion. He also made it clear that in the absence of any change in conditions, of which he saw no indication, the bank would aim at maintaining the rates of exchange at their present level.

TRADE CONDITIONS

The more settled feeling with regard to exchange is reflected in the balance of trade figures. The excess of exports this year is £9,903,000, as against last year's excess of £15,926,000. Importers, relieved from exchange anxiety, were evidently encouraged to buy, and latest figures show that this tendency is persisting.

Exports were disappointing towards the end of the year, especially as regards wool and butter prices. The average price per bale received for wool was £12 12s. 9d., as against £14 5s. 11d. last year, and the quantity shipped was 621,070 bales, as compared with 811,719.

The average price received for butter was 8.7d. a pound, as compared with 9.1d. a year ago, and the quantity was about 4,000 tons less. The quantity of cheese exported was slightly less,

but the value was maintained at 5.1d. a pound. I am glad to say that prices for wool and, to a lesser extent, butter have since improved, and this is an encouraging factor.

With regard to meat, lamb, mutton and beef showed an improvement in both quantity and value, the average price of lamb advancing from 5.5d. to 6.7d. a pound, and that of mutton from 3d. to 3.9d. a pound. There is, of course, a certain amount of anxiety in this market as to the final outcome of the discussions now taking place in London, and it is to be hoped that some satisfactory agreement will be reached.

You may remember that last year I referred to the interesting and successful experimental shipments of chilled beef from the Dominion to this country, indicating that chilled beef can be carried as well from New Zealand as from the Argentine. I went on to say that this should open up further possibilities of trade in this direction, and now that the Dominions—I include Australia—have demonstrated that chilled beef can be sent over in good condition, it seems only reasonable to hope that they may receive a greater proportion of the total beef imports to this country, of which at present 75 per cent. are foreign and only 25 per cent. from the British Empire.

NATIONAL FINANCE

The Minister of Finance was able at March 31st last to show a Budget surplus of £1,626,000, as opposed to the deficit of £709,000 last year. This is a very satisfactory result, in spite of the fact that some of this surplus has been obtained from the profitable realisation of part of the gold taken from the banks.

That New Zealand credit stands very high in London is shown by the success of the issue of £8,000,000 three per cent. stock which will be used to repay the five per cent. stock maturing in October next. It is pleasing to see that the New Zealand Government has been able to borrow here on terms almost as good as those obtained by our own Government.

I am glad to say that the figures of unemployment show a steady improvement. In March, 1934, the number of men wholly or partly a charge on the Unemployment Board was 62,114; this year the corresponding figure was 50,345. The revenue of the Board for the year to March, 1935, was £4,623,000 and the expenditure £3,913,000.

The past year has again been a very difficult one for bankers, and we have been hard put to it to find profitable employment for our funds.

SIGNS OF RETURNING CONFIDENCE

The signs of returning confidence to which I referred at our last meeting became more apparent during the year, and I am pleased to be able to tell you that trade conditions within the Dominion evince a somewhat more healthy tone, so that we are encouraged to hope that we have seen the worst. However, the conditions are still far from normal, and we are not yet out of the wood.

Any further substantial improvement would seem to be largely dependent on a corresponding improvement in overseas prices for New Zealand's primary produce.

As I have already pointed out, wool prices show an encouraging upward tendency, but prices for dairy produce, although somewhat better, leave plenty of scope for further appreciation. The meat problem has yet to be solved. It is not for me to deal with world problems of stabilisation, tariffs and exchange, which are still as acute as ever. It must, however, be a source of great satisfaction to all of us that Great Britain seems to be emerging from her troubles more rapidly than other countries, and any benefits accruing should in due course be reflected in our Dominion trade.

A balanced Budget, with the possibility of the continuance for some time of satisfactory revenue conditions, encourages us to hope for some relief in the direction of the present taxation.

Our own efforts, as in the past, will be directed towards giving all the assistance and encouragement we can to our customers, and as conditions tend to improve we shall hope to see a greater demand for accommodation.

The bank is in a strong and healthy condition and we shall be in a position to take full advantage of any further improvement which may manifest itself.

The report and accounts were unanimously adopted.

INTERNATIONAL TEA COMPANY'S STORES, LIMITED

YEAR'S RECORD PROFITS

MR GUY COLLIER'S REVIEW

The fortieth annual general meeting of the International Tea Company's Stores, Limited, was held, on the 9th instant, at Winchester House, Old Broad Street, London, Mr Guy Collier (chairman and joint managing director) presiding.

Mr Frank Wilson (director and secretary) having read the notice convening the meeting and the report of the auditors,

The Chairman, in the course of his speech, said that the profit of £886,591 was a record in the history of the company. It was true that since the meeting of last year they had acquired a controlling holding in the business of George J. Mason, Limited, but although that deal was concluded in December, a dividend based only on the profits earned during four months was included in the International balance sheet, and the balance of the year's profit earned by the Mason Company had been utilised to write down the purchase price of the ordinary shares acquired.

SATISFACTORY TRADING

The figures in the balance sheet were made up by thoroughly satisfactory trading on the part of the International Company and all its associated companies. Every concern had contributed its share towards the general prosperity, and no company had shown a loss. This result had been achieved in a year of very severe competition, and they had had no very advantageous markets to help them. It had been made by the close personal supervision of all the executives concerned to the most minute detail of management and the rigid control of expenditure, but, above all, he believed it had been achieved by the loyal and unswerving support of the millions of customers who used the company's stores week by week and month by month all the year round. He believed that they were less subject to the vicissitudes of the casual shopper than any other food company trading throughout the United Kingdom.

To the profit of £886,591 we added £106,965 brought forward; and we depreciate fixtures and fittings by £80,000 and place £100,000 to the reserve account. The directors recommend a final dividend of 18 per cent. on the ordinary shares, making 30 per cent. for the year, the ordinary shares issued during the year receiving the final dividend only. A provision of £50,000 is made for income tax, and the balance carried forward is £108,845. The reserve account stands at £1,437,034 and the dividend equalisation reserve is £200,000. The item of freehold properties has now reached £1,841,028, and the amount invested in I.T.S. Properties Development Company, Limited (which belongs to the International) has reached £248,549. The total value of property you own is therefore £2,089,578. I do not think it possible to over-emphasise the important freehold shops to a company like ours, especially as competition to secure commanding positions in all important towns is becoming more and more apparent.

GEORGE J. MASON ACQUISITION

With regard to the acquisition of George J. Mason, Limited, he stated at the extraordinary general meeting in January, that the board was convinced that the acquisition was a most desirable one, and, as a result of six months' close co-operation with their Birmingham friends, the directors were convinced that that conclusion was abundantly justified. He wished to make it clear that apart from the dividend received, no very substantial benefit had yet accrued to their company as a result of the fusion, because the George J. Mason Company had contracts which had to be honoured, trade agreements that had to be observed, and to be honoured, but little by little, in cordial stocks of goods that had to be sold, they were introducing agreement with their Birmingham friends, they were introducing lines of their own manufacture into the Mason group of branches, and the board was confident that the prognostications made at and the time of the fusion would be confirmed in every detail, and that the great volume of business that would ultimately be transacted would be of material help to the profits of both balance sheets.

Mr Colin Cooper (vice-chairman and joint managing director) said that the steadiness of their business was the result of a policy laid down several years ago based on quality and service and to the development, in addition to their cash customer trade, of a family trade which to-day formed the major part of their business.

The report was unanimously adopted.

TANAMI GOLD MINING SYNDICATE, LIMITED

INTERESTING UNDERGROUND DEVELOPMENTS

The third annual general meeting of Tanami Gold Mining Syndicate, Limited, was held, on the 9th instant, at the offices, 20 Copthall, London Wall, London.

Captain A. H. Moreing, the chairman of the company, who presided, said:—Last year, owing to my absence in Africa, you were addressed by Mr Scovell, who gave you a survey of the work that had been done at the Rosterman mine up to that time, and it is pleasing to know that the work done since has more than confirmed the opinions that were held as to the value of this property.

On December 11, 1934, we decided to exercise our option on the property and to form a company to equip and work the mine. The issue (Rosterman Gold Mines, Limited) was a great success, being largely oversubscribed, and the lists were closed in five minutes. This successful flotation by us of our first venture was naturally most gratifying and has completely transformed the company's prospects.

It has been my good fortune to visit East Africa no less than three times since December last, visits that were made possible by the facilities afforded by air travel.

No doubt you will like me to give you an eye witness's impression of our various interests and my views upon the possibilities of East Africa as a gold mining region.

I will begin with the Rosterman mine. The property is known to contain three reefs which have been proved for considerable lengths on the surface and which we knew at that time gave every promise of continuing in depth.

The main shaft has been sunk to a depth of 275 feet as a three-compartment hauling shaft and levels have been started at depths of 180 feet and 260 feet. On the Horst Reef a length of 760 feet has been driven at a depth on the incline of 270 feet, but trenching on the surface has proved the reef for a further 500 feet beyond the present limits of the drives. The Horst Reef at this depth has fully borne out our hopes, and I am satisfied from my own observations that it is a strong, well-defined ore body, which will live in depth.

Owing to shaft sinking no driving on the Ross Reef has been possible, but a most interesting discovery has been made which greatly affects the prospects of the mine. At a point some 900 feet west of the main shaft a short adit has been driven, from the end of which a winze has been sunk on a reef which has given good values over a width of 40 inches. This reef is undoubtedly the Ross Reef and the effect of this discovery is to add 650 feet to the length previously known, and to make the known length 1,180 feet instead of the 530 feet given in the report embodied in the prospectus. Our belief that other reefs would be found has recently received most interesting confirmation. At 240 feet in the main shaft a reef fracture has been met which appears to bear no relation to the Horst or Ross reefs.

There is one feature in connection with the mine which is unusual in its early days, and that is that we are already actually producing gold. Up to the middle of June 911 tons of reef material from the opencast workings of the three reefs was treated for a return of 1,360 ounces of fine gold. It is estimated that 450 ounces of gold remains in the tailings, which will be retreated in the permanent mill. This represents a head value of the ore treated to date of close on two ounces to the ton. Altogether the Rosterman mine is a concern of which we, as its sponsors, may be proud.

Now I will turn to the Government Reef. This is situated in what is known as the No. 2 area and is about 50 miles from Kakamega.

In the early stages work was confined to trenching along the strike to ascertain the length of the three reefs known to exist and to diamond drilling at selected points to determine its behaviour in depth. The results attending this exploratory work justified a more ambitious programme, and when I was on the property in March a programme was laid out which consists of sinking two shafts some 500 feet apart to a vertical depth of 125 feet, and of crosscutting and driving along the reef in both directions from the bottom of both shafts. The necessary plant to enable this to be done expeditiously has been installed and the work is progressing most satisfactorily.

With regard to East Africa in general, I believe that what I may term the backbone of Africa will prove to be a most important gold mining region and that our company will play a prominent part in its development. We are only beginning to grasp the possibilities presented by this region and to appreciate it at its true value.

The report and accounts were unanimously adopted.

H.E. PROPRIETARY, LIMITED**RECORD PROFITS****WEST SPAARWATER RIGHTS**

The ordinary general meeting of the H.E. Proprietary, Limited, was held, on the 11th instant, at Winchester House, Old Broad Street, London, Mr F. H. Hamilton (chairman of the company) presiding.

The secretary (Mr R. Q. Cruttwell) read the notice convening the meeting and the report of the auditors.

The Chairman said that the results for the year reflected the uniformly favourable progress of the producing mining companies in which the company was interested, and the continuous activity in the mining markets during the year under review. The capital of the company remained unchanged at £300,000. Out of the net profits for the year of £156,666 an interim dividend had been paid in July last of 10 per cent. and the directors recommended the payment of a final dividend of 15 per cent., making 25 per cent. for the year ended December 31st last. A sum of £50,000 had been transferred to reserve account, and the balance to be carried forward to the current year's accounts was £59,281. In respect of the profits earned during the present year, the directors had declared an interim dividend of 10 per cent. Since the present company was formed in December, 1931, the value of the assets had greatly improved and their market value was considerably in excess of balance-sheet figures.

WEST SPAARWATER, LIMITED

They had 100 per cent. of the shareholders of the South African H.E. Proprietary, Limited. One of the properties owned by that company was the Farb Klippoortje, near the Sub-Nigel. The mineral rights of this farm had recently been absorbed by "West Spaarwater, Limited," which had obtained a Government lease upon a great and compact area of over 6,300 claims. The South African H.E. Proprietary were to receive £150,000 for its rights, which would be applied to subscribing for 600,000 shares in West Spaarwater, Limited. A preliminary working capital of £750,000 had been guaranteed by important South African houses. Shareholders in the H.E. Proprietary would have the right to subscribe at par for one West Spaarwater share in respect of every H.E. Proprietary share held, and in respect of every five shares allotted, they would receive option certificates entitling them to call for two shares at 7s. 6d. for two years and a further two shares at 10s. for three years. If any conclusion could be drawn from the liberal character of the terms and the numerous recent over-subscriptions of similar issues of Far East Rand properties, it would seem reasonable to think that these rights would be of considerable value, and the shares of West Spaarwater should establish a substantial premium.

THE LUIPAARDS VLEI ESTATE AND GOLD MINING COMPANY, LIMITED

Their holdings in Luipaards Vlei Estate and Gold Mining Company, Limited, consisted of shares and convertible notes, and they had every reason to regard the future of this company with the greatest possible confidence. The Luipaards Vlei Company had paid 50 per cent. dividend for the last financial year.

CANADA AND AUSTRALIA

Their Canadian interests were centred in the Anglo-Huronian, Limited, a company with large liquid resources amounting to nearly \$5,000,000 and interests in mining ventures which represented great possibilities of appreciation.

The Wiluna Gold Company in Western Australia had paid 2½ per cent. dividend for last year, and recent developments were particularly encouraging. The H.E. Company had a large holding in Gold Fields Australian Development Company, Limited, which owned a considerable area of ground adjoining Wiluna to the north. Gold production would begin next year, and the results of exploration so far obtained justified the expectation that this area would ultimately rank as an important producer.

The Gold Fields Australian Development Company also owned a 20 per cent. interest in the Yellowdine Mine, where it was claimed that the lodes had now been shown to extend over nearly 3,000 ft. and had so far been proved to a depth of 100 ft. with an average width of 17 ft. and an average value of 1 oz. 15 dwts.

PROSPECTS

General world conditions still presented enough possibilities of trouble to discourage prophecy or long views, but the portion of the current financial year that had already elapsed had resulted very satisfactorily; their main assets were in excellent shape, and the prospects of the near future were favourable.

The report and accounts were unanimously adopted.

BRITISH GLUES AND CHEMICALS, LIMITED**AN INCREASED PROFIT**

The fifteenth ordinary general meeting of British Glues and Chemicals, Limited, was held, on the 11th instant, at the Connaught Rooms, London.

Mr T. Walton, F.C.A. (the Chairman), in the course of his speech, said:—Apart from disclosing an increased profit, the accounts will, I am sure, be pleasing to you in that they give very full information as to the position of the company and its subsidiaries as a whole, and that they incorporate for easy reference and comparison the corresponding figures of the previous year.

The profit and loss account reveals a profit of £71,470, compared with £45,726 in the previous year, and again there is £5,000 surplus income tax reserve brought to credit. During the year realisation of investments has given a surplus of £11,044, which, together with £13,715 transferred from contingencies reserve account, being £5,615 similar surplus realised in an earlier year and £8,100 which two or three years ago was set aside out of profits for that purpose, has been written off fixed assets; and, of course, in the accounts before you full provision for depreciation has been charged.

Referring to the consolidated balance sheet, I am able to assure you that all our working factories are maintained in a high state of efficiency, and that it is the considered opinion of the board that our fixed assets are fully worth the figure at which they stand in our books; and it is satisfactory to note that, viewing parent and subsidiaries as a whole, our liquid assets total £461,000, whereas the whole of our liabilities, including provision for the dividend shortly to be paid, aggregate only £128,000.

THE COMPANY'S SPECIALITIES

And now as to reasons for our increased profit. Trade generally in this country has tended to improve, and you know as well as I how interdependent one trade is upon another; our grease production and sales increased, and of glues in their various forms we have produced and sold greater quantities than in the previous year, though in both cases prices obtainable have averaged rather less. Our speciality glues, such as "Cascade" glue flour for the dry distemper trade, make progress; gradually more glue is being sold in forms suitable for the convenience of the actual user, e.g. in liquid form "Croid," and in the form of beads and powders, "Cascade" and "Kristals." Incidentally, to me it insisted upon supply of their requirements in such forms. Our and other cattle feeding stuffs have been in good demand. We are successfully consolidating our soap interests in the face of severe competition: and demand for our "Fleetwing" soap products and laundry specialities is encouraging.

To summarise, we have, by increased production and sales and by lower costs, improved our profits even in face of lower average selling prices, and we are naturally pleased that we have been able to pay or provide two years' preference dividends. We are keenly alive to the necessity for investigation of every possibility of profitable development in our industry, and we are well with manufacturers desirous of obtaining speciality glues or other of our products with special properties; and it is opportune to remind you that shareholders can be helpful by buying their own company's products.

We have an excellent team, and I look to the future hopefully in that the new year has started better than did the one just closed; meantime, I am convinced that our policy of conserving the company's resources, which is in the immediate best interests of the preference shareholders, is in the ultimate best interests of our ordinary shareholders.

The report and accounts were unanimously adopted.

Orders for the publication in these columns of the reports of Company Meetings should be addressed to:—

*The Reporting Manager,
THE ECONOMIST,
8, Bouverie Street,
Fleet Street,
London, E.C.4.*

SEDENAK RUBBER ESTATES, LIMITED**AMALGAMATION APPROVED**

An extraordinary general meeting of Sedenak Rubber Estates, Limited, was held, on the 10th instant, at Winchester House, London, to approve the purchase of the Pontian (Malay) Rubber Company, Limited, and the Glencoe estate of Siam-Malay Rubber Company, Limited, and to increase the capital of the company to £350,000 by the creation of 150,000 new ordinary shares of £1.

Mr Philip C. Turnbull, O.B.E. (the chairman), said that the directors felt that the proposed amalgamation was a very beneficial one for all parties. Adjoining the boundary of Sedenak was a new and very fine estate which had been planted by a local company before the rubber industry experienced the full effects of the world depression, and at a time when it was never dreamed the price of rubber could go down below 2d. per lb. The originally subscribed capital of that company had now been used and it had to decide whether to raise fresh capital or join in with its larger neighbour—Sedenak—in the scheme now under consideration, and the board were very pleased that the decision had been taken to throw in their lot with them.

By taking shares in Sedenak for their estate they would share in whatever prosperity came to the rubber industry. Sedenak, on the other hand, acquired a young and vigorous new estate whose trees were just getting into the bearing stage. The principal advantage of the proposal was that it gave the current and improving yields of Pontian to add to those of the existing Sedenak estate during the time that Glencoe was maturing.

When the amalgamation of the three companies had been effected, they would have a compact estate of 7,846 acres of planted rubber, out of which 5,250 acres were in full bearing, whilst the remainder would reach the bearing stage at varying periods up to the year 1940. Out of the total planted area 2,578 acres were bud-grafted. The issued capital of the Sedenak Company would, after completion of the scheme, be £315,722, and the total cash and Government securities approximately £35,000.

The resolutions were carried unanimously.

An extraordinary general meeting of Pontian (Malay) Rubber Company, Limited, was subsequently held, when the sale of the company's undertaking, property and assets to the Sedenak Rubber Estates, Limited, was unanimously approved.

POWELL DUFFRYN STEAM COAL COMPANY, LIMITED**SATISFACTORY RESULTS**

The annual general meeting of the Powell Duffryn Steam Coal Company, Limited, was held, on the 11th instant, at Southern House, Cannon Street, London.

In dealing with the profit and loss account, which disclosed a trading profit of approximately £450,000, the Chairman, Mr E. L. Hann, said he thought they could be justifiably satisfied with the result. He was confirmed in his belief in the ultimate benefits of the merger with Welsh Associated Collieries, Limited. Already economies had been made, but shareholders must not expect full benefits to be achieved immediately.

In dealing with the position of coke and by-products, the chairman referred to the wild and completely unfounded statements made by certain miners' leaders, as reported in the Press, to the effect that colliery companies made profits in their coke-oven by-products plants at the expense of the colliery part of the undertaking, and thus at the expense of the miners. There was not a shadow of truth in this. Powell Duffryn Steam, though primarily a coal-producing concern, had spent a very large sum in its coke and by-products undertaking, and had thus created markets for its coal that it would otherwise not have had. Employment had thus been given to thousands more men and more regular employment had been created. The colliery side had been credited with better prices for the company's coal than would otherwise have been obtained and so far from being detrimental to the interests of the miners, by-products had contributed materially to the miners' welfare even during periods when coke and by-products were in themselves unprofitable.

In referring to difficulties of trading in the past year, the chairman said that since South Wales was primarily an exporting district, it was particularly affected by the economic restrictions imposed by foreign countries.

In spite of the difficulties with which the company was faced, the chairman had no doubt that these would be solved as difficulties as great or even greater had been solved in the past, and he was full of confidence as to the company's future prospects.

The report was unanimously adopted.

JOHN ISMAY AND SONS, LIMITED**IMPORTANT DEVELOPMENTS**

The second ordinary general meeting of John Ismay and Sons, Limited, was held, on the 9th instant, at Southern House, Cannon Street, E.C.

Mr John Ismay, chairman and managing director, said that it would be seen that they had increased their profit from just over £20,000 to rather more than £33,000, and he would like to point out that in paying the dividend recommended they would really only divide among the ordinary shareholders about two-thirds of the available profit.

Quite recently they became a subsidiary to a new company called Ismay Industries, Limited. They found that their lamp business was steadily increasing and that it was necessary to manufacture quite a lot of the component parts. That looked like becoming a major business and could not very well be handled as a branch of John Ismay and Sons, Limited. In fact, the whole structure of their company looked like becoming rather involved. They therefore decided to form the new company and gave the shareholders the opportunity to transfer their shares on the same terms as those which the directors and their friends had done. Ismay Industries, Limited, held about 97 per cent. of the ordinary capital of John Ismay and Sons, Limited.

So far as John Ismay and Sons, Limited, was concerned, it was still going ahead. Lamps and mantles were the two chief interests. Their sales of lamps for the first three months of the current year were more than double what they were in the corresponding period of last year. He was also pleased to say that mantles were now being marketed on a more remunerative level than they had been for two or three years past. There had been an increase in prices. They also had a lot of other lines, but they were of minor importance when compared with the lamp business. Their possibilities, however, were considerable.

He would like to point out that while they were paying a final dividend of 17½ per cent., making 27½ per cent. for the year, they had made an issue on bonus terms which had given the shareholders a considerable capital appreciation. It was very difficult to prophesy, but he could not see any reason why the profits should not go on increasing. Their turnover was going up.

The report and accounts were unanimously adopted.

AMALGAMATED DENTAL COMPANY, LIMITED**STEADY PROGRESS**

The thirtieth annual general meeting of the Amalgamated Dental Company, Limited, was held, on the 11th instant, at the Holborn Restaurant, London.

Mr E. Russell Polden (the chairman) said that international trade channels were no less restricted than had been the case a year ago and one might not derive any encouragement that conditions were likely early to improve to an extent which would facilitate international trading operations. As to the conduct of their overseas business and of their interests in concerns in other countries, they did not enjoy that progress and expansion which more normal conditions would assure, but the general position showed improvement when compared with that existing a year ago.

They might regard the present time as one of steady progress and development.

Many speakers at recent dental professional meetings had referred to the need for organised national dental services, and he had no doubt that those views would in due course receive the attention of legislators.

He had referred in the past to the company's policy in regard to production and their insistence upon the finest quality obtainable in all departments of the business. It was their constant aim to extend and improve research facilities, and the confidence shown in the demand for the company's products by the dental profession of the world affirmed their view in that respect.

In the production of dental instruments in particular, the development of highly specialised manufacture and the employment of the finest grades of British steels, each particularly suited to its purpose, placed them in the position to command an ever-increasing world market in such commodities. The nature of the demand was such that they were in course of extending their British factories with a view to still more effective supply. The mark "Ash-England" to be found on their steel manufactures was synonymous with the finest British steel products available for the use of the dental profession.

The report and accounts were unanimously adopted and a balance dividend of 4 per cent., making 8 per cent. for the year on the cumulative preferred ordinary stock, was declared.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended July 7, 1935, amounted to £13,006,000, against ordinary expenditure of £23,885,500. After allowing for a decrease in Exchequer Balances of £113,276, the operations for the week, as shown below, increased the gross National Debt by £11,000,000 to approximately £8,121 million.*

(000's omitted)

Public Department Advances.....	£ 5,580	National Savings Certificates.....	£ 150
Treasury Bills.....	5,584	N. Atlantic Shipping Issues.....	21
Land Sett. Repayments.....	7		
	+ 11,171		— 171

* Including £375 millions on Account of Exchange Equalisation Fund and Borrowing for Statutory Sinking Fund.

A complete analysis of the approximate position of the National Debt on June 30, 1935, appeared in the *Economist* for July 6.

REVENUE	Total Receipts into the Exchequer			
	April 1, 1935, to July 6, 1935	April 1, 1934, to July 7, 1934	Week ended July 6, 1935	Week ended July 7, 1934
ORDINARY REVENUE	£	£	£	£
Inland Revenue—				
Income Tax.....	18,888,000	19,242,000	3,978,000	4,546,000
Sur-tax.....	4,300,000	5,650,000	230,000	180,000
Estate, etc., Duties.....	25,110,000	25,380,000	1,610,000	2,730,000
Stamps.....	3,700,000	4,240,000	430,000	360,000
Excess Profits Duty and Corporation Profits Tax.....	110,000	120,000	...	...
Land Tax and Mineral Rights Duty.....	...	...	...	...
Total Inland Revenue.....	52,088,000	54,612,000	6,248,000	7,816,000
Customs and Excise—				
Customs.....	51,668,000	50,062,000	4,042,000	3,732,000
Excise.....	27,000,000	25,198,000	900,000	798,000
Total Customs and Excise.....	78,668,000	75,260,000	4,942,000	4,530,000
Motor Vehicle Duties (Exchequer Share).....	894,000	1,438,000	212,000	422,000
Post Office (Net Receipt).....	4,100,000	4,650,000	Dr 100,000	Dr 250,000
Crown Lands.....	280,000	270,000	...	...
Receipts from Sundry Loans.....	1,896,269	2,124,717	1,633,497	1,591,921
Miscellaneous Receipts.....	4,455,783	3,926,512	70,800	12,484
Total Ordinary Revenue.....	142,362,062	142,281,229	13,006,097	14,122,405
SELF-BALANCING REVENUE				
Post Office.....	15,000,000	14,100,000	1,200,000	1,250,000
Motor Vehicle Duties apportioned to Road Fund.....	3,637,000	4,100,000	...	...
Total Self-balancing Revenue.....	18,637,000	18,200,000	1,200,000	1,250,000
Total.....	160,999,062	160,481,229	14,206,097	15,372,405

FOR BANKING
IN FINLAND

KANSALLIS - OSAKE-PANKKI

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FINLAND, COMPRISING

189 BRANCHES

ENSURES PROMPT AND EFFICIENT
EXECUTION OF YOUR

COLLECTIONS AND PAYMENT ORDERS

EXPENDITURE	Total Issues out of the Exchequer to meet payments			
	April 1, 1935, to July 6, 1935	April 1, 1934, to July 7, 1934	Week ended July 6, 1935	Week ended July 7, 1934
ORDINARY EXPENDITURE	£	£	£	£
Interest and Management of National Debt	84,680,850	85,951,847	10,324,146	10,556,482
Payments to Northern Ireland Exchequer	1,382,357	1,574,497	230,393	226,643
Other Consolidated Fund Services.....	950,060	944,123	...	184,645
Post Office Fund.....	...	...	...	...
Total.....	87,013,267	88,470,467	10,554,539	10,967,770
Total Supply Services (excluding Post Office).....	122,443,000	112,230,000	13,331,000	11,856,000
Total Ordinary Expenditure.....	209,456,267	200,700,467	23,885,539	22,823,770
SELF-BALANCING EXPENDITURE				
Post Office.....	15,000,000	14,100,000	1,200,000	1,250,000
Road Fund.....	3,637,000	4,100,000	...	...
Total Self-Balancing Expenditure.....	18,637,000	18,200,000	1,200,000	1,250,000
Total.....	228,093,267	218,900,467	25,085,539	24,073,770

The aggregate revenue and expenditure to July 6, 1935, is shown below:—

FINANCIAL YEAR, 1935-36, APRIL 1, 1935, TO JULY 6, 1935

(000's omitted)

Expenditure.....	209,456	Revenue.....	142,362
		Decrease in balances.....	9
		Gross increase in borrowing £88,683	
		Less.....	
		New Sinking Fund.....	1,598*
		Net borrowing.....	67,085
	209,456		209,456

* Authority will be sought in the Finance Bills to meet the amount of the Statutory Sinking Funds in 1935 by borrowing.

POSITION OF THE FLOATING DEBT

	July 7, '34	Mar. 31, '35	July 6, '35	July 6, '35
Ways and Means Advances Outstanding—	£	£	£	£
Advances by Bank of England.....	4,250,000	4,250,000	4,250,000	4,250,000
Advances by Public Departments.....	26,150,000	34,060,000	27,230,000	9,830,000
Treasury Bills Outstanding.....	844,630,000	799,320,000	882,735,000*	5,580,000
Total Floating Debt.....	870,780,000	833,380,000	914,215,000	+11,160,000

* Includes £4,000, the proceeds of which were not carried to the Exchequer within the period of the Account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £40,000,000 Treasury bills were opened on July 5, 1935, and the total amount applied for was £60,905,000. Tenders were accepted for Treasury bills at three months dated Monday to Friday at £99 16s. 10d., about 54 per cent., and above in full; Saturday at £99 16s. 11d., and above in full. The average rate per cent. was 12s. 4-32d. The amount allotted was £40,000,000. The following table shows the weekly record at various dates:—

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
1933				
January 6.....	45,000,000	73,830,000	45,000,000	6 18 10-84
July 7.....	45,000,000	83,890,000	42,000,000	6 10 4-85
October 6.....	45,000,000	100,450,000	45,000,000	6 12 9-98
1934				
January 5.....	35,000,000	76,280,000	30,000,000	6 18 11-5
April 6.....	40,000,000	80,390,000	38,000,000	6 17 9-01
October 5.....	35,000,000	62,745,000	32,000,000	6 18 4-14
1935				
January 4.....	30,000,000	49,560,000	27,500,000	6 18 1-84
April 5.....	40,000,000	76,085,000	40,000,000	6 10 2-83
May 24.....	40,000,000	57,885,000	40,000,000	6 10 5-80
June 7.....	40,000,000	52,950,000	40,000,000	6 10 5-70
June 14.....	40,000,000	46,830,000	40,000,000	6 13 10-46
June 21.....	40,000,000	47,885,000	40,000,000	6 12 1-53
June 28.....	40,000,000	54,655,000	40,000,000	6 12 4-32
July 5.....	40,000,000	60,905,000	40,000,000	

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended June 22, 1935.....	565,805	£ 4,354
Week ended June 29, 1935.....	627,203	4,704,403
February, 1916, to June 29, 1935.....	1,229,840,304	908,818,066

At the end of May, 1935, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £392,705,923.

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, July 10, 1935

ISSUE DEPARTMENT

Notes Issued:—	£	Government Debt.....	11,075,100
In Circulation.....	400,652,245	Other Government Securities.....	247,061,208
In Banking Department.....	52,064,596	Other Securities.....	236,146
		Silver Coin.....	1,687,546
		Amount of Fiduciary Issue.....	260,000,000
		Gold Coin and Bullion.....	192,716,841
	452,716,841		452,716,841

BANKING DEPARTMENT

Proprietors' Capital.....	14,553,000	Government Securities.....	95,801,044
Reserve.....	3,501,437	Other Securities.....	10,372,619
Public Deposits.....	8,361,374	Advances and Securities.....	12,581,781
Other Deposits.....	108,593,215	Notes.....	22,954,400
Other Accounts.....	36,366,013	Gold and Silver Coin.....	554,999
	144,959,228		171,375,039

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

Both Departments	Amount, July 10, 1935	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation.....	400,652,245	+ 718,728	+ 16,026,261
Public deposits.....	8,361,374	+ 1,267,958	+ 9,071,995
Bankers' deposits.....	108,593,215	+ 1,919,762	+ 11,207,921
Other deposits.....	36,366,013	+ 1,612,188	+ 187,580
Seven-day bills.....	553,972,847	+ 5,518,630	+ 18,443,112
Total outside liabilities.....	18,054,437	+ 48,315	+ 7,468
Capital and rest.....	353,877,382	+ 2,266,402	+ 15,572,928
Government debt and securities.....	10,372,619	+ 3,115,211	+ 2,540,462
Discounts and advances.....	12,517,927	+ 12,018	+ 879,313
Other securities.....	1,487,546	+ 108,535	+ 1,775,995
Silver coin in issue department.....	193,271,840	+ 7,915	+ 1,116,938
Coin and bullion (bank's reserves).....	52,619,595	+ 726,641	+ 14,908,323
Reserves of notes and coin in banking department.....	34-3%	+ 1-5%	+ 10-4%
Proportion of reserve to outside liabilities.....	34-7%	+ 0-2%	+ 1-1%

(000's omitted)

Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits		
1935							
Jan 12	452,564	398,761	7,789	101,740	35,343	51	2
Jan 19	452,716	398,730	13,595	104,028	37,065	52	2
Jan 26	452,716	398,890	16,168	102,361	36,755	NH	2
July 3	452,717	401,371	90,629	110,513	37,978	NH	2
July 10	452,717	400,652	8,361	108,593	36,366	NH	2

(000's omitted)

Date	Issue Department		Both Deps.		Banking Department			Reserve and the "Proportion"
	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio	Govt. Securities	Dis- counts & Advances	Other Securities		
1935								
June 12	257,398	208	193,419	351	92,346	5,372	10,468	54,657
June 19	257,880	319	193,411	354	94,941	5,795	14,127	57,881
June 26	257,945	281	193,522	344	96,181	10,165	12,426	56,643
July 3	257,948	256	193,264	344	96,196	13,488	12,250	51,893
July 10	258,070	236	193,272	344	95,801	10,373	12,582	52,620

BANKERS' CLEARING RETURNS

LONDON

(000's omitted)

	Town	Metropolitan	Country	Total
1935				
January 1 to June 26.....	15,940,567	914,719	1,546,534	18,401,820
Week ended July 3.....	806,422	45,325	66,337	1,008,284
Week ended July 10.....	649,195	45,919	82,331	775,455
Total to date, 1935.....	17,486,184	1,004,163	1,695,212	20,185,559
Total to date, 1934.....	18,507,995	936,149	1,582,921	20,027,065
Increase or decrease in 1935.....	+ 978,189	+ 68,014	+ 112,291	+ 1,158,494
	+ 5-3%	+ 7-3%	+ 7-1%	+ 6-1%
1934				
Total for year 1934.....	30,740,117	1,759,528	2,984,512	35,484,157
Total for year 1933.....	27,714,480	1,666,675	2,796,471	32,137,626
Total for year 1932.....	24,026,587	+ 102,553	+ 218,041	+ 3,346,531
	+ 10-1%	+ 6-2%	+ 7-8%	+ 10-4%

PROVINCIAL
(000's omitted)

	Week ended July 6		Month of May		Inc. or Dec.	Aggregate Totals, January 1 to July 6	
	1934	1935	1934	1935		1934	1935
No. of working days:	26	24	26	24			
BIRMINGHAM.....	3,431	4,037	10,207	10,844	+ 4-2	64,448	64,637
BRADFORD.....	1,039	1,111	3,274	3,288	+ 0-4	25,418	23,674
BRISTOL.....	1,343	1,509	5,015	4,836	- 7-5	32,301	31,532
DUBLIN.....	6,407	6,742	...	...	...	143,348	146,385
HULL.....	859	906	2,940	2,885	- 2-5	19,704	19,794
LEEDS.....	1,290	1,905	3,882	3,414	- 12-0	25,910	24,991
LEICESTER.....	930	940	2,709	2,583	- 4-6	17,680	17,955
LIVERPOOL.....	7,896	8,081	24,387	21,131	- 13-3	163,415	158,154
MANCHESTER.....	12,654	13,169	41,201	37,884	- 8-0	283,795	265,27

AUSTRALIAN COMMONWEALTH BANK—In £'s (000's omitted).

Assets	June 3, 1935	June 10, 1935	June 17, 1935	June 24, 1935	July 1, 1935	July 8, 1935
Gold and English sterling	15,994	15,994	15,994	15,994	15,994	15,994
Other coin, bullion and cash	6,185	6,090	6,443	6,409	6,575	6,473
Money at short call—London	19,157	12,777	20,475	20,285	17,620	17,137
Short-term loans	7,415	7,200	7,659	5,710	6,191	5,878
Securities	70,509	70,509	70,509	70,764	70,887	70,888
Discounts and advances	6,472	6,431	6,298	6,505	6,603	6,818
Other assets	6,448	6,252	7,012	7,098	5,175	4,314
LIABILITIES						
Notes issued	47,050	47,050	47,050	47,050	47,050	47,044
Reserve premium on gold	8,896	8,896	8,896	8,896	8,896	8,896
Deposits	72,610	71,668	74,684	72,925	69,498	68,087
Other liabilities	3,023	3,023	3,179	3,276	2,989	2,856

RESERVE BANK OF NEW ZEALAND.—In £'s (000's omitted).

Assets	May 27, 1935	June 10, 1935	June 17, 1935	June 24, 1935	July 1, 1935	July 8, 1935
Gold	2,801	2,801	2,801	2,813	2,813	2,813
Sterling exchange	22,789	22,669	22,813	22,813	21,583	21,583
Subsidiary coin	154	150	147	145	145	145
Investments	2,094	2,094	2,094	2,094	2,094	2,094
LIABILITIES						
Bank notes	9,302	9,194	9,172	9,101	9,074	9,074
Demand liabilities—Government	12,767	13,322	13,326	13,287	11,997	11,997
Other	4,218	3,673	3,827	3,915	4,000	4,000
Ratio of reserves to sight liabilities	97.4%	97.3%	97.3%	97.3%	97.2%	97.2%

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

Assets	July 6, 1935	June 7, 1935	June 14, 1935	June 21, 1935	June 28, 1935	July 5, 1935
Gold coin and bullion	19,871	27,337	28,417	28,195	28,195	28,195
Reserve in foreign currencies	17,025	5,440	5,068	5,625	5,688	5,684
Investments	1,725	1,725	1,726	1,726	1,726	1,726
Other assets	8,000	14,040	14,650	14,318	14,809	13,764
LIABILITIES						
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	880	1,000	1,000	1,000	1,000	1,000
Notes in circulation	12,740	12,740	12,740	11,962	13,428	13,018
Government deposits	1,978	1,886	1,843	2,723	1,517	1,271
Bankers' deposits	24,487	26,870	28,441	27,523	27,171	26,510
Ratio of cash reserves to liabilities	45.3%	59.6%	59.9%	59.7%	57.5%	58.5%

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

Assets	June 14, 1935	June 21, 1935	June 28, 1935	July 5, 1935
Gold coin and bullion	44,42,17	44,42,32	44,42,17	44,42,17
Rupee coin	50,60,29	51,37,29	51,37,29	51,37,29
Balances abroad	17,48,71	17,84,98	18,34,91	16,50,37
Sterling securities*	53,19,27	53,19,27	53,19,27	53,19,27
Indian Government rupee securities*	38,48,91	38,48,92	38,48,92	26,49,03
Investments	6,01,34	6,04,09	6,00,95	6,15,96
LIABILITIES				
Note circulation	1,66,76,75	1,64,19,91	1,62,42,78	1,62,54,45
Deposits—Government	18,16,77	21,25,20	22,34,34	70,28,28
Other	15,62,16	16,37,83	17,05,52	21,59,53
Ratio of gold and sterling to liabilities	52.3%	52.1%	52.1%	58.1%

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

Assets	July 6, 1935	June 14, 1935	June 21, 1935	June 28, 1935	July 5, 1935
Gold	79,653,056	70,753,112	70,770,122	71,017,378	71,272,199
Sight balances abroad	14,569	2,725	4,030	7,416	7,172,875
Discounts	4,083,742	7,785,944	7,337,743	8,244,743	7,251,347
Negotiable bills abroad	919,867	950,530	950,530	979,310	979,310
Advances against sec.	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000
To the State	5,154,870	4,104,969	4,020,423	4,012,166	4,228,061
Other advances	5,029,025	5,040,930	5,040,930	5,040,935	5,040,935
Negotiable Bonds	5,158,771	4,874,399	4,812,342	4,799,922	5,806,528
Sinking Fund Dept.					
Other assets (excluding forward exch.)					
LIABILITIES					
Notes in circulation	81,892,015	81,373,372	80,702,582	82,099,239	82,198,666
Public deposits	3,333,893	2,888,194	2,636,057	2,982,581	3,022,127
Private deposits	14,889,387	10,821,680	10,914,114	10,721,074	10,041,704
Other liabilities	1,968,984	2,293,384	2,347,387	2,260,575	2,526,547
Ratio of gold reserve to sight liabilities	79.5%	74.3%	74.7%	78.9%	74.6%

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

Assets	July 7, 1935	June 22, 1935	June 29, 1935	July 6, 1935
Gold	70,122	84,741	85,613	85,824
Of which deposited abroad	17,918	22,109	22,109	22,109
Reserve in foreign currencies	6,850	6,850	6,850	6,850
Bills of exchange and cheques	3,326,581	3,396,794	3,931,642	3,669,327
Silver and other coin	218,175	229,513	127,350	143,110
Notes of other German banks	8,939	13,672	4,514	8,938
Advances	72,839	35,278	89,482	45,113
Investments	694,395	680,908	680,998	680,120
Other assets	579,821	686,066	648,900	676,193
LIABILITIES				
Share capital	150,000	150,000	150,000	150,000
Reserves	472,797	471,184	471,184	471,184
Notes in circulation	3,631,890	3,502,279	3,895,237	3,740,490
Other daily maturing obligations	557,882	754,302	818,998	717,765
Other liabilities	165,633	213,376	217,085	213,196
Cover of note circulation	2.1%	2.54%	2.80%	2.39%

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

Assets	July 5, 1935	June 5, 1935	June 13, 1935	June 20, 1935	July 4, 1935
Gold	2,643,831	3,525,627	3,607,392	3,609,433	3,593,105
Silver and other coin	66,079	62,384	61,815	63,956	63,553,545
Securities	668,532	1,449,342	1,496,614	1,478,779	1,445,552
Advances	50,007	115,011	108,404	112,915	112,466
LIABILITIES					
Notes in circulation	3,527,561	4,076,087	4,071,869	4,044,156	4,030,688
Deposits—Govt.	43,850	29,793	23,241	44,226	27,024
Other	237,447	1,240,120	1,372,156	1,369,921	1,344,494

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

Assets	July 9, 1935	June 10, 1935	June 17, 1935	June 24, 1935	July 1, 1935	July 8, 1935
Gold	858,906	618,323	619,852	627,062	659,029	680,843
Silver	22,856	20,938	21,848	22,595	22,074	21,851
Home bills discounted	28,087	39,182	37,381	34,813	34,972	26,151
Loans and advances in current account	154,201	175,280	162,616	148,190	182,964	141,463
LIABILITIES						
Notes in circulation	906,228	883,065	820,146	808,503	855,121	830,286
Deposits	166,931	44,231	45,527	47,967	66,320	62,321

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

Assets	July 7, 1935	June 15, 1935	June 22, 1935	June 29, 1935	July 6, 1935
Gold	113,445	131,200	130,370	123,880	123,530
Silver	28,602	77,392	74,210	75,090	77,960
Discounts, advances, and other investments	1,180	10,255	11,930	12,060	12,260
Foreign bills	10,255	11,930	12,060	12,260	12,570
Other assets	188,980	177,180	175,680	172,710	172,330
Notes in circulation	28,692	29,640	32,440	29,230	31,860
Deposits and bills payable					

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

Assets	July 7, 1935	June 15, 1935	June 22, 1935	June 29, 1935	July 6, 1935
Gold	1,636,915	1,162,486	1,162,486	1,168,873	1,168,873
Of which held abroad	106,674	55,159	55,356	55,356	55,356
Discounts	53,161	171,037	151,799	146,944	172,738
Bills of the Confederation	23,822	55,129	56,229	56,929	62,852
Advances	77,499	114,732	97,224	99,474	129,342
Securities	54,604	60,465	60,465	60,465	60,465
LIABILITIES					
Notes in circulation	1,341,038	1,269,396	1,244,002	1,235,009	1,306,938
Deposits	450,510	247,137	248,402	285,578	312,852

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

Assets	Position, May 30, 1934	June 30, 1934	Mar. 31, 1935	Apr. 30, 1935	May 31, 1935	June 30, 1935
Coin and bullion	76,544	133,150	133,105	133,105	133,105	133,105
Loans and discounts	88,470	159,176	133,105	133,105	133,105	133,105
Debtors abroad	24,102	4,492	131,275	131,275	131,275	131,275
Securities	11,998	150,360	153,339	152,582	149,844	148,255
Emergency Fund		100,352	141,782	141,782	141,782	141,782
LIABILITIES						
Circulation	157,266	379,555	369,037	370,443	375,248	377,548
Deposits	6,698	136,384	99,193	97,825	89,175	107,928

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

Assets	July 7, 1935	June 15, 1935	June 22, 1935	June 29, 1935	July 6, 1935
Gold	2,263,542	2,263,542	2,263,542	2,263,542	2,263,542
Silver	680,115	680,115	680,115	680,115	680,115
Discounts	2,496,902	2,496,902	2,496,902	2,496,902	2,496,902
Debtors abroad	344,475	344,475	344,475	344,475	344,475
Spanish 4% stock	150,000	150,000	150,000	150,000	150,000
Advances to Treasury	4,639,769	4,640,072	4,581,171	4,524,083	4,540,630
Notes in circulation	881,506	967,944	922,903	910,420	879,569
Deposits					

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

Assets	June 13, 1935	May 15, 1935	May 22, 1935	May 29, 1935	June 5, 1935	June 12, 1935
Gold	889,700	895,439	862,494	873,818	822,219	844,866
Balances abroad	357,280	460,891	447,115	439,601	439,601	460,787
Discounts	317,266	308,509	311,862	309,113	311,777	311,027
Government loans	1,050,761	1,048,137	1,048,137	1,048,137	1,048,137	1,048,137
LIABILITIES						
Notes in circulation	1,915,053	2,039,721	2,004,160	2,019,763	2,051,798	2,037,103
Government deposits	314,269	508,434	492,990	471,111	484,373	462,568
Bankers' deposits	446,634	343,562	366,157	364,006	350,470	368,616
Other deposits	44,510	51,942	53,957	51,589	46,740	47,745

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

Assets	June 30, 1934	June 7, 1935	June 15, 1935	June 23, 1935	June 30, 1935
Cash reserve	241,369	242,243	242,251	242,258	242,266
Gold coin and bullion	35,602	27,814	27,814	27,814	27,814
Other foreign exchange*	253,720	234,591	234,591	232,982	232,306
Bills discounted	624,444	624,444	624,444	624,444	624,444
Federal debt					
LIABILITIES					
Share capital	54,980	54,980	54,980	54,980	54,980
Reserve fund	11,280	7,302	7,302	7,302	7,302
Notes in circulation	955,276	881,217	869,603	847,442	836,677
Deposits	156,164	299,352	304,812	327,838	327,838

* In dollar and sterling only.

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES

THE ANGLO-SOUTH AMERICAN BANK, LTD., issues the following details relative to quotations for certain of the South and Central American exchanges. All these exchanges, with the exception of that of Bolivia, are related to the United States dollar, and the approximate sterling rates may be obtained by applying the dollar-sterling exchange rate:—

Bolivia.*	Official market: Sight rate, 20.26 bolivianos per £ sterling on May 8, 1935. Export selling rate 80 bolivianos per £ on March 25.
Colombia.*	Sight rate, 188½ pesos per 100 United States dollars on July 3, 1935. This rate applies to holders of permits buying in the "open" market.
Ecuador.*	"Free" market sight rate on June 14th, 10.50 sucres per United States dollar.
Guatemala.	Sight rate on New York is maintained at 1 quetzal per United States dollar, but a commission of 1 per cent. is charged by the Banco Central for the sale of drafts.
Nicaragua.*	Official selling rate was established at 110 cordobas per 100 United States dollars on November 26, 1934.
Salvador.	Sight rate on June 12, 1935, 2.51 colones per United States dollar.
Venezuela.	Sight rate on New York is at present maintained at 3.91½ bolívares per United States dollar.

* Exchange controls are operative in these countries.

OVERSEAS DOMINION RATES

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND

	London on Australia and New Zealand				Australia and New Zealand on London*			
	Buying		Selling		Buying		Selling	
	Australia	New Zealand	Australia (any Mail)	New Zealand (any Mail)	Australia	New Zealand	Australia (any Mail)	New Zealand (any Mail)
T.T.	Air Mail	Ord. Mail	Air Mail	Ord. Mail	Air Mail	Ord. Mail	Air Mail	Ord. Mail
Sight	126½	126½	126½	126½	126½	126½	126½	126½
30 days	127½	127½	127½	127½	127½	127½	127½	127½
60 days	127½	127½	127½	127½	127½	127½	127½	127½
90 days	127½	127½	127½	127½	127½	127½	127½	127½

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

GOLD AND SILVER

The following statistics of imports and exports of gold and silver for week ended July 11, 1935, are issued by the Statistical Department of H.M. Customs and Excise:—

IMPORTS AND EXPORTS OF GOLD

Gold Imported into Great Britain and Northern Ireland, week ended July 11, 1935			Gold Exported from Great Britain and Northern Ireland, week ended July 11, 1935		
From	Bullion*	Coin†	To	Bullion*	Coin†
British S. Africa ...	2,045,596	...	Palestine	7,555	2,000
Tanganyika	4,891	...	Netherlands	341,205	17,145
Kenya	2,695	...	France	1,209,649	128,120
British India	275,072	...	Switzerland	310,400	2,310
British Malaya	20,183	...	Spain	1,700	240
Hong Kong	29,826	...	Venezuela	...	172,999
Australia	246,750	...	Other countries ...	...	604
Canada	...	75,000			
Newfoundland and Labrador	...	9,189			
Germany	4,789	...			
Netherlands	34,450	...			
Belgium	520	...			
France	156,783	11,646			
Switzerland	19,794	9,900			
Iraq	2,035	...			
Venezuela	40,869	...			
Other countries ...	795	2,832			
Total	2,864,828	108,567	Total	1,870,509	323,418

IMPORTS AND EXPORTS OF SILVER

Silver Imported into Great Britain and Northern Ireland, week ended July 11, 1935			Silver Exported from Great Britain and Northern Ireland, week ended July 11, 1935		
From	Bullion*	Coin†	To	Bullion*	Coin†
Aden and Dependencies	1,172	14,480	New Zealand	24,738	21,149
British India	48,740	...	Netherlands	525	50
British Malaya	1,166	107	France	...	10,898
Hong Kong	22,000	169,149	U.S.A.	496,987	...
Canada	540	229	Other countries ...	1,079	437
Germany	14,300	...			
Netherlands	9,232	5,383			
Belgium	14,811	283			
France	2,000	...			
Austria	4,102	...			
Japan	345,019	915			
Other countries ...	...	...			
Total	461,082	190,546	Total	523,329	32,394

* At current market price.

† At par.

GOLD MOVEMENTS: BANK OF ENGLAND

1935		1935	
ARRIVALS	WITHDRAWALS	ARRIVALS	WITHDRAWALS
July 5	Nil	July 5	Nil
" 6	Nil	" 6	Nil
" 8	Nil	" 8	Nil
" 9	Nil	" 9	Nil
" 10	Nil	" 10	Nil
" 11	Nil	" 11	Nil
Total	Nil	Total	Nil

Messrs Samuel Montagu and Company write on July 10, 1935, as follows:—

The Bank of England gold reserve against notes amounted to £192,716,841 on the 3rd instant as compared with £192,716,341 on the previous Wednesday. About £1,875,000 bar gold has been dealt with at the fixing during the week, the principal buyers again being Switzerland and Holland. The recent heavy American purchases of silver have no doubt influenced the dollars-sterling rate, and in consequence the prices of gold and silver can be said to have moved almost in sympathy one with the other. Temporarily, at any rate, the dollar has seemed to wear a faintly bimetallic complexion.

Quotations during the week:—

July 4	Per fine ounce	Equivalent value
" 5	140s. 11d.	12s. 0.69d.
" 6	140s. 11d.	12s. 0.69d.
" 8	141s. 0d.	12s. 0.60d.
" 9	140s. 9d.	12s. 0.86d.
" 10	140s. 7d.	12s. 1.03d.
Average	140s. 11d.	12s. 0.69d.

The s.s. "Chitral," which sailed from Bombay on the 6th instant, is reported to carry gold to the value of about £247,000 consigned to London.

SILVER MARKET

The movements in prices during the past week hardly reflect the exceedingly large liquidation which has been so important a feature. That they do not do so is due to heavy absorption by America, which has translated what must otherwise have been an extremely large fall into a gradual and orderly decline. Nervousness has been induced in the market by a somewhat protracted period of dullness, and sagging prices. Little was needed to induce general selling on an almost unprecedented scale. On Saturday and the two subsequent working days, sellers were persistent, whilst buyers, other than the American Government, were conspicuous by their absence. In these circumstances prices declined to 30½d. quoted yesterday for both deliveries, but at that orders and fresh buying orders received that afternoon, found little silver on offer so that the market closed buyers well over the rate. This movement has gone further to-day when prices at 31½d. for 1½d. for the respective deliveries.

The temporary re-establishment of even prices for both deliveries was of course to be attributed to the fact that, whilst the selling orders were for varied delivery dates, the demand, by America, was only for cash delivery.

To-day's rise seems at the moment to have been overdone, and some reaction is, therefore, not unlikely. The market is, however, and the healthier for the heavy liquidation and should react well to a general renewal of confidence.

Quotations during the week:—

IN LONDON		IN NEW YORK	
Bar silver per oz. std.	Cash Two Months' delivery	Bar silver per oz. std.	Cash Two Months' delivery
July 4	31d.	July 3	69½
" 5	31d.	" 4	69½
" 6	30½d.	" 5	69½
" 8	30½d.	" 6	69½
" 9	30½d.	" 8	68½
" 10	31½d.	" 9	68½
Average	30.750d.	30.885d.	

The highest rate of exchange on New York recorded during the period from the 3rd to the 10th instant was 4.98½ and the lowest 4.93½.

Stocks in Shanghai on the 6th instant consisted of about 279,000,000 dollars and 44,600,000 ounces in bar silver as compared with 278,000,000 dollars and 44,600,000 ounces in bar silver on the 29th ultimo.

GOLD AND SILVER PRICES

	Gold per Ounce	Silver Per Ounce		Date	Silver Cash
		Cash	Forward		
1935	s. d.	d.	d.		
July 5 ...	140 11	31	31½	July 18, 1929	d.
" 6 ...	141 0	30½	30½	" 17, 1930	16
" 8 ...	140 9	30½	30½	" 16, 1931	13½
" 9 ...	140 7	30½	30½	" 14, 1932	17
" 10 ...	140 11	31½	31½	" 13, 1933	18½
" 11 ...	140 8	31½	31½		20½

COMPANY NEWS

SUMMARY OF BALANCE SHEETS

BARCLAYS BANK LIMITED		ASSETS	
LIABILITIES	June 30, 1934	June 30, 1935	June 30, 1935
Current, deposit and other accounts (including reserve for income tax and contingencies & balance of profit and loss)	364,311,804	382,795,859	
Acceptances and endorsements, etc., for account of customers	6,411,765	6,942,815	
Issued capital	15,858,217	15,858,217	
Reserve fund	10,250,000	10,250,000	
Total	396,831,786	415,846,891	

LLOYDS BANK LIMITED		ASSETS	
LIABILITIES	June 30, 1934	June 30, 1935	June 30, 1935
Paid-up capital	15,810,252	15,810,252	
Reserve fund	8,000,000	8,500,000	
Current, deposit and other a/c's	350,763,690	384,960,719	
Notes in circulation (Issued of Man)	5,832	6,201	
Acceptances	3,172,572	3,347,946	
Endorsements	35,379,739	30,823,864	
Total	413,132,085	443,448,982	

NATIONAL PROVINCIAL BANK, LIMITED		ASSETS	
LIABILITIES	June 30, 1934	June 30, 1935	June 30, 1935
Capital paid up ..	9,479,416	9,479,416	
Reserve fund	8,000,000	8,000,000	
Deposits	273,552,488	294,527,418	
Due to subsidiaries ..	185,748	207,803	
Acceptances	5,559,396	6,457,286	
Total	296,777,048	318,671,923	

MARTINS BANK, LIMITED		ASSETS	
LIABILITIES	June 30, 1934	June 30, 1935	June 30, 1935
Cash in hand and with Bank of England	2,348,890	2,348,890	
Balances, etc., with other British banks ..	1,811,152	1,811,152	
Money at call, etc. ...	3,000,000	3,000,000	
Current, deposit and other accounts ..	79,741,688	85,725,925	
Notes in circulation (Issued of Man) ..	16,349	16,866	
Acceptances	1,911,858	2,303,601	
Endorsements	2,267,269	3,066,008	
Total	91,097,206	98,272,442	

DISTRICT BANK, LIMITED

The following table shows the chief items in the Statement of Accounts at June, 1935, and for purposes of comparison the figures at June, 1934, and June, 1933, are given:—

LIABILITIES	June, 1933	June, 1934	June, 1935
Deposits	53,149,433	48,633,387	54,003,767
Acceptances, confirmed credits, endorsements, etc.	2,600,428	2,617,130	4,860,428
Total	55,749,861	51,250,517	58,864,195

WILLIAMS DEACON'S BANK, LIMITED		ASSETS	
LIABILITIES	June 30, 1934	June 30, 1935	June 30, 1935
Capital issued	1,875,000	1,875,000	
Reserve fund	800,000	800,000	
Current, deposit and other accounts ..	32,415,537	32,644,437	
Acceptances	539,579	510,545	
Endorsements	1,908,602	1,230,089	
Total	37,538,718	37,060,071	

GLYN, MILLS AND CO.		ASSETS	
LIABILITIES	June 30, 1934	June 30, 1935	June 30, 1935
Capital authorised and issued	1,080,000	1,080,000	
Reserve fund	530,000	530,000	
Reduction of premium account	255,000	265,000	
Current, deposit and other accounts ..	20,171,228	20,721,007	
Acceptances	1,683,719	1,570,072	
Total	35,699,947	42,146,079	

WEEKLY TRAFFIC RETURNS
RAILWAYS OF GREAT BRITAIN AND IRELAND

(b) Week ended July 5, 1935 (c) Week ended July 6, 1935	Miles Open	Gross Receipts, week ended July 7, 1935 (£'000)						Aggregate Gross Receipts 1935 compared with 1934 27 weeks (£'000)					
		Passen- ger, &c.	Merchandise, &c.	Coal and Coke	Total Goods	Total Receipts	Passen- ger, &c.	Merchandise, &c.	Coal and Coke	Total Goods	Total Receipts		
Great Western	1935 3,749 246 192 90 282 528	4,940 4,892 2,674 7,510 12,476											
(c) L. & N. Eastern	1934 3,749 251 176 84 260 511	4,871 4,816 2,694 7,510 12,381											
L. M. & S. Scottish	1935 6,336 380 283 194 477 857	7,761 8,289 6,058 14,347 22,108											
Southern	1934 6,336 370 273 192 464 837	7,555 8,358 6,198 14,556 22,111											
	1935 6,336 371 449 197 464 1,217	11,990 12,042 6,322 18,364 30,324											
	1934 6,336 353 491 194 625 1,188	11,675 12,014 6,307 18,321 29,906											
	1935 2,171 352 55 21 76 421	7,411 7,362 4,234 9,832 22,840											
	1934 2,176 345 55 21 76 421	7,259 7,222 851 2,573 9,832											
Total	1935 19,182 1,549 979 500 1,479 3,028	73,267 26,813 15,868 42,681 74,738											
	1934 19,180 1,529 935 491 1,425 2,954	71,360 26,910 16,050 42,980 74,320											
(b) Belfast & Co. Down	1935 80 4-0 ... 0-5 4-6 56-2 ...	13-5 71-7											
(c) Great Southern	1934 80 4-2 ... 0-4 4-6 57-8 ...	14-3 72-1											
(b) Great Southern	1935 562 15-3 ... 0-2 24-5 250-5 ...	245-2 495-7											
(c) Great Southern	1934 562 15-0 ... 0-4 23-4 232-4 ...	234-7 467-7											
(b) Great Southern	1935 2,158 33-4 ... 8-2 65-4 886-9 ...	926-9 1,516-5											
(c) Great Southern	1934 2,158 33-4 ... 8-2 65-4 886-9 ...	926-9 1,515-3											

LONDON TRANSPORT

Week ending July 6, 1935. *Takings compared with corresponding period of last year + 8,400
 * For an explanation of the manner in which the figures are made up, see the Economist, March 17, 1934, page 610.

Note.—The receipts this year include receipts of bus and coach undertakings not absorbed by London Transport in the corresponding period of last year. In order to make a comparison with the previous year, the figures for that year have been adjusted on the basis of the best information available.

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week	Gross Aggregate Receipts
				1935 + or -	1935 + or -
INDIAN					
Assam Bengal	11	June 20	1,330	Rs. 14,75,800	Rs. 34,99,800 - 8,04,256
Barsi L.L. Ry.	10	10	292	147,700	3,59,300 - 85,600
Bengal & N. Western	11	20	2,113	19,53,966	82,54,308 - 5,03,665
Bengal-Nagpur	9	May 31	3,269	127,01,000	1,32,343 1,49,27,000 + 4,57,847
Bombay, Bar. & C.I.	13	June 30	3,072	22,38,000	2,68,000 2,88,47,000 + 2,90,000
Madras & S. Mahr.	10	10	3,230	18,85,000	2,92,503 1,48,12,000 - 22,06,287
Rohilk'd & Kumaon	11	20	572	11,74,516	9,508 16,43,802 - 1,18,895
South Indian	10	10	2,526	15,66,037	38,992 1,07,71,804 - 5,01,104
‡ 10 days.					
CANADIAN					
Canadian National.	26	June 30	237,351	\$4,251,729	\$230,754 80,143,322 + 646,575
Canadian Pacific ..	26	30	172,111	\$3,188,000	\$316,000 56,528,000 683,000
§ 9 days.					
SOUTH AMERICAN					
Antofagasta (Chili and Bolivia)	27	July 7	830	\$12,580	\$1,210 333,980 - 18,090
Argentine N.E.	1	6	753	\$132,900	\$197 112,300 - 1,014
B.A. and Pacific ..	1	6	2,806	\$1,324,000	\$99,000 1,188,000 - 37,000
B.A. Central	51	June 23	...	\$1,228,900	\$7,636 69,840 - 360
B.A. Gt. Southern	1	July 6	5,085	\$1,995,000	\$124,000 1,819,000 - 300,000
B.A. Western	1	6	1,930	\$117,284	\$4,154 106,937 - 8,442
Central Argentine .	1	6	3,700	\$2,209,850	\$4,727 37,507 - 164,000
Central Uruguayan	1	6	273	\$10,263	\$7,988 8,049 - 10,202
C. Urg. (East Ext.)	1	6	311	\$1,614	\$228 1,213 - 173
C. Urg. (N. Ext.) ..	1	6	185	\$1,157	\$251 918 - 86
C. Urg. (W. Ext.) ..	1	6	211	\$1,616	\$110 420 - 86
Córdoba Central ..	1	6	1,218	\$1,218	\$34,000 572,000 - 58,000
Entre Rios	1	6	810	\$12,052	\$2,534 10,370 - 1,190
G. Westn. of Brazil	27	6	1,082	\$5,000	\$1,600 216,900 - 8,343
Leopoldina	27	6	1,918	\$27,242	\$2,673 591,451 - 8,343
Leopoldina Termal.	27	6	401	\$3,337,000	\$26,000 7,919,000 - 86,000
Nitrato	6†	June 30	274	\$1,857,000	\$921,000 1,592,000 - 656,000
Paraguay Central ..	1	6	100	\$10,136	\$2,114 8,686 - 3,562
Salvador	26	June 30	1,531	\$2,371	\$691 696,561 - 58,511
San Paulo	1	July 6	1,365	\$17,816	\$105 15,715 - 1,996
United of Havana.	1	July 6	1,365	\$17,816	\$105 15,715 - 1,996

* Converted at average official rate during week ended July 6—17-01 pesos to the £.
 † Nominal. ‡ Free of income tax. § Receipts in Argentine Pesos.
 ¶ Converted at average official rate during week.
 * Comparative figures for 1934 converted at official rate ruling in 1935. † 6 days.

OTHER OVERSEAS

Egyptian Delta Light Railways ..	12	June 20	622	\$5,135	\$451 41,708 - £ 317
Egyptian Markets ..	27	July 4	...	\$1,491	\$41 44,869 - 1,551
Gr. South. of Spain	26	June 29	104	\$46,507	\$3,342 1,214,726 - 192,884
Mexican Railway ..	26	30	483	\$317,400	\$11,400 6,326,000 + 331,200
† 9 days. ‡ 10 days.					

TRAMWAYS WEEKLY GROSS RECEIPTS

Anglo-Argentine ..	26	July 1	328	\$601,906	\$15,358 16,373,680 + 572,002
B. Aires Lacroze ..	51	June 23	...	\$62,841	\$2,920 3,558,534 + 7,827
Burnley, Colne and Nelson Jt. Trp.	1	July 6	76	\$4,809	\$65 310,649 - 666
Calcutta Tramways	25	June 26	...	\$3,636	\$307 75,965 - 4,760
Isle of Thetis Elec.	12	July 3	...	\$29,790	\$392 394,036 + 10,417
Liverpool Corp.	12	July 3	...	\$49,530	\$1,063 6,33,853 + 11,288
Madras Electric ..	6†	June 30	...	\$2,744	\$1,214 4,130 - 1,745
† Months.					

MONTHLY TRAFFICS

Company	Months	Ending	Description	Receipts for Month	Receipts to Date
				1935 + or -	1935 + or -
Algonia Central					
5	May 31	Gross	\$152,539	+ 29,806	555,339 + 34,107
6	June 30	Gross	\$6,000	+ 900	39,400 + 650
11	May 31	Gross	\$13,867	+ 2,792	176,238 + 21,585
Costa Rica	11	May 31	\$63,000	+ 11,000	832,500 + 87,000
Midland Uruguay ..	12	June 30	\$5,800*	+ 2,399	109,846† + 2,062
		Gross	\$16,000	+ 520	234,048 + 10,842
N.W. of Uruguay ..	12	June 30	\$1,473*	+ 1,133	30,283† + 3,551
		Gross	\$66,756	+ 11,914	764,032 + 89,782
Peruvian Corporation	12	June 30	Gross	Rs. 4,63,215	+ 22,582 22,97,444 + 90,836
Rangoon Electric	5	May 31	Gross	Rs. 2,24,402	+ 34,674 11,26,023 - 1,42,934
Tramway	5	May 31	Net	\$27,932	+ 2,209,404 - 56,207
Shanghai Electric ..	6	June 30	Gross	\$180,000	+ 67,000 1,493,000 + 503,000
Singapore Traction	9	June 30	Gross	\$2,744	+ 1,214 4,130 - 1,745
State of Bahia S.	2	June 30	Gross	\$6,600	+ 370 11,946† - 1,587
Western	12	June 30	Gross	\$608*	+ 400 11,946† - 1,587
Uruguay Northern ..	12	June 30	Gross	\$608*	+ 400 11,946† - 1,587

* "Controlled Free" rate. † Seven months at "official" rate and five months at "controlled free" rate.

TRANSSVAAL JUNE, 1935, OUTPUTS, &c.

Note.—Value of gold calculated at £7 1s. per ounce in all cases.

The Johnnies Group	Tons milled, June, 1935	Estimated Value, June, 1935	Estimated Costs per ton, 1935	Estimated Profit, including Sundry Revenue June, 1935	April, 1934 Profit at £7 1s. per fine ounce
		Gross	Per ton		
Government Areas (Modderfontein)	200,000	478,673	47 10	s. d. 18 0	301,106
Langlaagte Estate ..	93,000	111,719	24 0	17 9	30,239
New State Areas	109,000	254,578	46 9	18 6	155,401
Randfontein Estates	365,000	440,650	24 2	17 0	133,022
Van Ryn Deep	94,000	185,254	28 10	18 9	48,022
Witwatersrand	82,000	90,790	22 2	19 4	13,620
Totals	943,000	1,511,664	...	17 10	681,410
					735,623

Anglo-American Corporation Group	Tons Milled, June, 1935	Total Revenue, June, 1935	Working Costs, June, 1935	Profit, April, 1935	Profit, May, 1935	Profit, June, 1935
Brakpan Mines	132,000	239,689	133,055	108,695	108,470	108,634
Daggfontein Mines, Ltd.	120,300	245,174	118,625	118,756	126,066	126,549
Springs Mines, Ltd.	115,300	256,029	106,964	144,132	149,013	149,085
West Springs, Ltd.	99,000	105,716	74,229	25,226	29,219	31,487

The Central Mining Company Rand Mines Group	Tons Crushed, June, 1935	Yield in Fine Gold Ounces, June, 1935	Value, June, 1935	Profit, June, 1935	Working Cost per ton, June, 1935
City Deep, Ltd.	102,000	19,716	139,182	24,157	s. d. 22 6-7
Consolidated Main Reef Mines and Estate, Ltd.	120,000	24,961	175,856	50,148	20 11-4
Crown Mines, Ltd.	330,000	80,016	564,916	285,072	18 2-1
Durban Roodpoort Deep, Ltd.	53,500	12,044	85,009	19,694	24 5-0
East Rand Proprietary Mines, Ltd.	190,000	42,699	299,188	92,563	21 9-0
Geldenhuis Deep, Ltd.	85,500	12,398	87,565	15,802	16 10-0
Modderfontein B. Gold Mines, Ltd.	87,000	14,875	105,858	44,594	14 1-0
Modderfontein East, Ltd.	92,000	20,073	141,534	52,091	19 5-3
New Modderfontein Gold Mining Co., Ltd.	185,000	45,474	320,662	196,541	14 6-0
Nourse Mines, Ltd.	75,000	16,581	116,944	29,452	23 4-0
Rose Deep, Ltd.	65,000	10,135	71,682	11,583	18 5-9

General Mining Group	Tons Milled, June, 1935	Total Revenue, June, 1935	Estimated Costs per ton, 1935	Profit, April, 1935	Profit, May, 1935	Profit, June, 1935
Van Ryn Gold Mines	60,000	£ 63,184	s. d. 16 9	£ 14,047	£ 14,119	£ 14,119
West Rand Consolidated ..	146,000	£ 213,858	17 2	£ 94,033	£ 92,028	£ 92,028
(s) Profit includes £10,500 in respect of farm and other estate revenue for the financial year to June 30, 1935.						

Goldfields Group	Tons crushed, June, 1935	Yield, June, 1935	Value, June, 1935	Profit, May, 1935	Profit, June, 1935	Working Cost per ton, June, 1935
Simmer and Jack Mines	89,700	Fine ozs. 20,826	146,824	£ 41,074	£ 44,250	s. d. 22 11-6
Robinson Deep	102,000	25,325	178,644	76,131	76,098	20 2
Sub Nigel	50,000	39,024	275,121	166,699	191,382	33 6

Union Corporation Group	Tons crushed, June, 1935	Yield, June, 1935	Value, June, 1935	Profit, April, 1935	Profit, May, 1935	Profit, June, 1935
East Geduld Mines	96,000	Fine ozs. 30,257	213,230	£ 125,560	£ 132,095	£ 128,366
Geduld Proprietary Mines ..	97,000	27,173	192,572	124,233	124,480	123,289
Modderfontein Deep Levels	46,500	13,105	92,629	60,321	60,827	54,401

Other Companies	Tons Milled, June, 1935	Total Revenue, June, 1935	Working Costs, June, 1935	Profit, April, 1935	Profit, May, 1935	Profit, June, 1935
Glynn's Lydenburg	8,000	£ 17,563	s. d. 31 3-3	£ 22,118	£ 22,868	£ 5,084
Limpit Estate	44,500	£ 70,016	20 11	£ 11,102	£ 11,549	£ 12,181
New Kleinfontein Co.	56,400	£ 70,016	20 6	£ 8,119	£ 6,223	£ 5,678
Transvaal Gold Mining	22,000	£ 30,570	22 7-5	£ 13,536	£ 13,882	£ 13,867
Witwatersrand Deep	52,000	£ 70,241	...	...	...	...

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Debenture Interest	Amount Available for Distribution	Appropriation						Corresponding Period Last Year	
					Dividend			Carried to Reserve, Depreciation, etc.	Balance Forward	Net Profit	Dividend	
					Prefce.	Ordinary						
						Amount	Amount					Rate
		£	£	£	£	£	%	£	£	£	%	
Breweries & Distilleries												
Booth's Distilleries	Mar. 31	14,884	65,696	80,580	17,509	27,219	7½	10,000	25,852	60,959	6	
Distillers Company	May 15	316,339	2,212,133	2,528,472	102,300	1,657,099	20	450,000	319,073	2,140,622	20	
Kinloch (Charles) and Co.	Mar. 31	5,685	11,817	17,502	...	7,499	7½	948	9,055	8,989	7½	
Lovibond (John) and Sons	Sept. 30	25,034	11,658	36,692	3,025	3,938	7½	5,300	24,429	12,156	10	
Parker's Burslem Brewery	June 2	36,529	63,119	99,648	9,533	39,719	12½	13,454	36,942	51,414	10	
South African Breweries ...	Mar. 31	61,536	359,114	420,650	50,000	302,943	17½†	...	67,707	298,667	15	
Tamplin and Sons (Brighton)	Apr. 30	34,750	55,915	90,665	29,760	18,019	10	10,000	32,886	58,726	10	
Electric Lighting, etc.												
Nigerian Electricity	Feb. 28	6,433	24,909	31,342	...	12,206	3½	11,100	8,036	27,776	Nil	
Financial Land, etc.												
British North Borneo Co. ...	Dec. 31	15,237	10,486	25,723	...	...	...	...	25,723	Dr 26,640	...	
Hutchinson Printing Trust	Dec. 31	2,746	40,233	42,979	33,750	...	...	426	8,803	33,739	...	
Investment Corp. of Canada ..	Apr. 30	28,854	8,034	36,888	(a) 5,231	...	...	...	31,657	5,661	...	
Mortgage Co. of Egypt	Mar. 31	68,393	107,442	175,835	50,000	15,000	6	41,500	69,335	97,426	6	
Murrayfield Real Estate	May 31	3,265	1,115	4,380	...	1,162	5	...	3,218	1,379	5	
Scottish American Mortgage ..	May 31	98,376	41,142	139,518	33,752	9,300	4	...	96,466	35,494	4	
Iron, Coal and Steel												
Avery (W. and T.)	Mar. 31	59,590	124,087	183,677	11,565	81,628	15	30,000	60,484	102,925	15	
Petters, Ltd.	Mar. 31	17,860	12,432	30,292	11,625	...	...	1,206	17,461	Dr 27,088	...	
Oil												
Phoenix Oil and Transport	Dec. 31	134,712	134,275	268,987	...	...	...	100,000	168,987	155,263	2½(n)	
Rubber, etc.												
Alluta	Mar. 31	Dr. 1,152	Dr. 375	Dr. 1,527	...	...	...	...	Dr. 1,527	Dr. 129	...	
Anglo-Dutch Plantations of Java	Dec. 31	84,339	105,421	189,760	...	98,300	4	...	91,460	Dr. 737	Nil	
Anglo-Java	Mar. 31	...	81,987	81,987	...	26,047	2½	38,500	17,440	...	...	
Banir	Mar. 31	1,068	4,120	5,188	...	2,530	2	1,750	918	3,043	Nil	
Bukit Rajah	Mar. 31	2,480	15,428	17,908	...	16,675	5	Dr. 1,730	2,963	5,614	5	
Burma Estates	Mar. 31	515	6,566	7,081	...	...	...	4,040	3,041	514	...	
Caledonian (Selangor)	Mar. 31	10,252	5,368	15,620	...	4,400	7	...	11,220	2,871	Nil	
Cicely	Mar. 31	11,397	17,034	28,431	900	13,343	10	2,000	12,188	6,456	4	
Gordon (Malaya)	Dec. 31	11,545	12,049	23,594	2,424	10,280	4	...	10,890	5,558	2	
Kalidjeroek	Mar. 31	1,713	9,667	11,380	(s) 3,200	7,200	8	...	980	5,213	Nil	
Kapoewas	Mar. 31	...	(p) 2,681	2,681	...	2,462	4	...	219	Dr. 2,510	...	
Langkon North Borneo	Mar. 31	Dr. 13,057	2,492	Dr. 10,565	...	...	...	...	Dr 10,565	Dr. 1,274	...	
Manchester North Borneo	Mar. 31	735	6,250	6,985	(t) 3,930	...	...	...	3,055	15	...	
Merchiston	Mar. 31	456	3,857	4,313	...	3,575	5½	...	738	2,025	3	
Port Dickson-Lukut	Mar. 31	26,208	13,629	39,837	...	12,323	5	...	27,514	7,193	4½	
Rim (Malacca)	Mar. 31	8,794	6,367	15,161	...	6,750	7½	...	8,411	2,546	Nil	
Selangor United	Mar. 31	8,309	9,528	17,837	...	6,750	7½	...	11,087	3,262	2½	
Sungei Bahru	Mar. 31	Dr. 6,638	2,258	Dr. 4,380	...	...	...	...	Dr. 4,380	Dr. 858	...	
Sungei Tiram	Mar. 31	Dr. 3,886	4,088	202	...	...	...	...	202	917	...	
Sungei-Timah (Perak)	Mar. 31	1,290	4,426	5,716	...	3,850	5	...	1,866	2,236	Nil	
Ulu Caledonian	Mar. 31	...	Dr. 2,970	Dr. 2,970	...	...	...	...	Dr. 2,970	...	...	
Tea												
Assam Frontier	Dec. 31	606	Dr. 10,322	Dr. 9,716	...	...	...	Dr. 10,000	284	...	...	
Badulipar	Dec. 31	9,797	748	10,545	2,705	...	...	...	7,840	23,436	10	
Bogawantalawa	Mar. 31	2,615	27,487	30,102	4,936	13,800	13	9,500	1,866	23,551	17½	
Deamoolie	Dec. 31	29,820	3,997	33,817	...	3,689	7½	...	30,128	13,119	20	
Dima	Dec. 31	3,677	12,888	16,565	...	12,500	12½	...	4,065	22,489	17½	
Empire of India and Ceylon ..	Dec. 31	12,765	21,245	34,010	10,950	9,870	2½	2,800	10,390	79,509	5	
Endogram	Dec. 31	Dr. 9,576	Dr. 515	Dr. 10,091	...	...	...	...	Dr 10,091	...	...	
Looksan	Dec. 31	1,496	2,499	3,995	512	1,025	5	300	2,158	5,453	5	
Rungajau	Dec. 31	2,246	92	2,154	882	...	...	...	1,272	5,227	5	
Rupai	Dec. 31	15,929	3,895	19,824	...	3,698	7½	...	16,126	11,489	15	
Singlo	Dec. 31	9,575	18,197	27,772	6,825	10,080	5	1,750	9,117	43,085	15	
Sumatra	Mar. 31	2,067	2,344	4,411	...	...	...	...	4,411	10,066	2½	
Upper Assam	Dec. 31	76,342	6,155	82,497	...	5,000	2½	...	77,497	34,775	12½	
Textiles												
British Thread Mills	Feb. 14	11,538	7,333	18,871	...	5,962	{ 2½A } 50B	...	12,909	9,120	{ 2½A } 50B	
Cellulose Acetate Silk	Mar. 31	56,009	Dr. 13,582	42,427	...	...	...	...	42,427	97,175	...	
Trusts												
Melville Trust	May 31	8,948	19,929	28,877	16,433	...	...	2,300	10,144	16,621	...	
Trustees Corporation	May 31	94,109	109,406	203,515	30,680	57,948	8½	15,000	99,887	82,899	7½	
United Dominions Trust ...	June 30	24,175	131,431	155,606	...	{ 29,062 } 9,688	{ 15A } 5B	80,000	36,856	105,887	{ 15A } 5B	
Other Companies												
Adam (Geo.) and Sons ...	Mar. 31	Dr. 15,163	Dr. 2,940	Dr. 18,103	...	...	...	...	Dr 18,103	Dr. 4,624	...	
Aga Heat	Mar. 31	...	(b) 14,917	14,917	...	3,390	2½	9,499	2,028	...	...	
Beira Works	Mar. 31	...	49,294	49,294	...	...	...	...	49,294	Dr 24,593	...	
Budgett (H. H. & S.) & Co. ..	Feb. 28	10,149	16,566	26,715	20,923	...	...	1,250	4,542	20,050	2	
Buell Combustion	Dec. 31	Dr. 23,785	Dr. 16,206	Dr. 39,991	...	...	...	...	Dr 39,991	Dr. 6,545	...	
Burgis and Colbourne	May 1	2,405	7,625	10,030	4,200	3,391	10	...	2,439	6,056	7½	
Decca Record	Mar. 31	Dr 137,613	1,363	Dr 136,250	...	...	...	...	Dr 136,250	Dr 67,426	...	
Lovering China Clays	Mar. 31	Dr. 41,078	Dr. 8,392	Dr. 49,470	...	...	...	...	Dr 49,470	Dr 12,312	...	
Union Cold Storage	Dec. 31	203,597	947,506	1,151,103	720,000	100,000	10	125,000	206,103	945,059	10	

OIL OUTPUTS

ATTOCK OIL COMPANY, LTD.—Production for June, 5,717 barrels.

THE BRITISH BURMAH PETROLEUM COMPANY, LTD.—A cablegram has been received from Burma reporting the production of crude oil by this company for the month of June as 26,701 barrels.

BRITISH CONTROLLED OILFIELDS, LTD.—Production for the week ended July 6th: Venezuela, 15,998 barrels; Trinidad, 35,142 barrels; total, 51,140 barrels. Production for June: Venezuela, 68,615 barrels; Trinidad, 151,507 barrels; total, 220,122 barrels. Deliveries for June: Venezuela, 75,524 barrels; Trinidad, 168,116 barrels; total, 243,640 barrels.

A YEAR'S INDUSTRIAL PROFITS

(See Article on page 58)

REPORTS ISSUED IN QUARTER ENDED JUNE 30, 1935

Group	Net Profits after payment of Debenture Interest	Ordinary Dividend	Preference Dividend	To Reserve, etc.
Breweries	£ 3,412,636	£ 1,945,244	57.0	£ 707,850
Canals and docks	55,035	39,158	71.2	5,622
Electric lighting and power	1,729,438	853,053	49.3	292,635
Financial, land and investment	3,087,070	1,151,910	37.3	1,560,492
Gas	947,163	775,391	81.9	27,314
Hotels and restaurants	1,155,591	498,584	43.1	532,391
Iron, coal and steel	7,089,395	2,509,312	35.4	1,960,849
Motor, cycle and aviation	2,499,522	831,652	33.3	285,541
Oil	9,791,633	6,957,142	71.1	2,134,314
Rubber	1,665,840	311,897	17.8	180,353
Shipping	1,753,786	311,897	17.8	436,972
Shops and stores	3,269,419	1,527,539	46.7	473,473
Tea	1,173,746	752,396	66.9	245,111
Telegraphs and telephones	1,483,384	1,283,931	86.6	30,716
Textiles	3,657,960	2,511,236	68.6	755,218
Tramway and omnibus	1,356,238	619,681	45.7	153,075
Trusts	3,131,013	1,476,035	47.1	1,300,746
Waterworks	215,538	96,554	44.8	10,810
Building materials	791,700	357,058	45.1	169,866
Food, confectionery and drink	2,314,145	1,230,129	53.1	760,814
Electrical equipment	2,824,085	1,422,588	50.3	464,249
Newspapers, printing, etc.	4,422,125	2,089,488	47.2	1,379,763
Tobacco	185,133	85,276	46.0	50,301
Warehouse and trading	358,598	101,799	28.4	207,606
Miscellaneous	21,708,212	10,801,933	49.8	6,250,082
Total	80,076,325	41,418,843	51.7	20,376,163

REPORTS ISSUED IN YEAR ENDED JUNE 30, 1935

Group	Net Profits after payment of Debenture Interest	Ordinary Dividend	Preference Dividend	To Reserve, etc.
Breweries	£ 16,141,713	£ 10,094,572	62.5	£ 2,561,483
Canals and docks	418,527	123,039	29.4	261,861
Electric lighting and power	10,256,328	4,150,463	40.4	1,750,160
Financial, land and investment	9,869,122	5,647,873	57.2	2,624,122
Gas	4,260,300	3,523,794	83.2	475,695
Hotels and restaurants	1,797,185	827,619	46.1	740,006
Iron, coal and steel	13,198,316	4,784,547	36.3	3,700,708
Motor cycle and aviation	5,796,172	2,224,953	38.4	639,774
Oil	10,359,239	7,421,837	71.6	2,182,314
Rubber	2,894,547	2,123,436	73.3	204,722
Shipping	2,991,765	486,184	16.3	915,075
Shops and stores	13,919,121	7,152,650	51.4	3,235,079
Tea	1,818,898	1,139,846	62.7	328,330
Telegraphs and telephones	1,745,263	1,483,775	85.0	58,714
Textiles	8,959,185	5,605,301	63.3	2,199,427
Tramway and omnibus	2,275,785	1,477,080	64.9	343,296
Trusts	7,995,278	3,544,546	44.3	3,908,369
Waterworks	1,017,359	602,472	59.2	271,758
Building materials	5,779,322	2,900,001	50.2	856,019
Food, confectionery and drink	7,409,660	4,207,306	56.7	1,904,809
Electrical equipment	4,250,694	2,107,379	49.5	782,604
Newspapers, printing, etc.	6,289,172	2,794,874	44.4	2,103,945
Tobacco	19,448,124	16,647,183	85.6	2,060,639
Warehouse and trading	829,061	521,824	62.9	531,158
Miscellaneous	33,345,066	16,890,009	50.6	9,534,791
Total	192,965,202	108,482,563	56.2	44,172,858

REPORTS ISSUED IN QUARTER ENDED JUNE 30, 1935

Group	Debiture Capital	Rate of Int.	Preference Capital	Rate of Int.	Ordinary Capital	Rate of Div.	Rate of Div. a Year Ago
Breweries	£ 13,307,839	4.0	£ 13,455,964	5.3	£ 14,639,340	13.3	11.5
Canals and docks	440,000	4.3	93,700	6.0	1,647,067	2.4	3.6
Electric lighting and power	6,313,322	4.4	5,455,462	5.3	11,804,016	7.4	6.5
Financial, land and investment	23,571,584	4.9	36,165,194	4.3	70,851,685	1.6	0.8
Gas	2,596,737	4.0	682,856	4.0	12,052,396	6.5	7.2
Hotels and restaurants	3,884,057	4.5	8,798,660	6.0	4,246,203	11.7	9.6
Iron, coal and steel	21,248,304	5.2	38,522,546	5.8	76,453,988	3.3	1.9
Motor, cycle and aviation	99,342	5.5	4,019,632	7.1	13,340,836	6.3	2.0
Oil	Nil	...	28,825,552	7.4	58,639,766	11.8	8.7
Rubber	1,193,224	6.9	2,785,922	6.4	30,877,197	3.8	1.3
Shipping	9,762,037	5.0	11,488,990	5.8	21,409,479	1.4	1.1
Shops and stores	4,299,432	5.2	8,989,251	5.3	9,776,741	15.6	12.5
Tea	781,531	5.5	4,535,811	5.4	11,530,396	6.5	9.9
Telegraphs and telephones	119,644	4.0	438,791	7.0	35,640,201	3.6	1.4
Textiles	9,229,029	4.7	19,436,769	3.9	29,202,653	8.6	8.1
Tramway and omnibus	3,551,426	5.0	2,906,407	5.3	6,629,901	9.3	9.1
Trusts	33,140,123	4.5	31,952,594	4.1	32,396,836	4.6	4.3
Waterworks	1,686,065	5.1	603,160	1.7	2,781,840	3.5	3.5
Building materials	69,722	6.0	2,951,608	5.8	3,215,154	11.1	(b)
Food, confectionery and drink	965,479	4.8	11,612,612	6.6	15,061,369	8.1	(b)
Electrical equipment	1,760,211	4.6	7,394,939	6.3	14,400,609	9.9	(b)
Newspapers, printing, etc.	13,838,084	4.9	23,944,753	5.8	18,079,287	11.6	(b)
Tobacco	Nil	...	965,000	5.2	1,559,920	5.5	(b)
Warehouse and trading	250,000	4.0	3,711,675	5.6	1,932,998	5.2	(b)
Miscellaneous	11,871,173	4.6	89,678,785	6.9	123,334,079	8.7	7.8
Total	163,958,365	4.7	359,316,333	5.7	621,303,877	6.7	5.7

(b) Not classified separately. Included in miscellaneous figure of 7.8 per cent.

NOTE.—The figure in the last column of the above table for the rate of dividend in the second quarter of 1934 does not correspond with the figure for that quarter in the historical table in the text on page 58 as the number of companies reporting in 1934 was 642 as against 694 in 1935.

REPORTS AND NOTICES

Mr F. Norton Lones has been unanimously appointed a managing director, and Mr Derwent Davey Cole, who is assistant secretary, has been elected a director of Mitchells and Butlers, Ltd., brewers, Birmingham.

Mr Vincent Jobson, chairman and managing director of Qualcast, Ltd., chairman of Aga Heat, Ltd., and director of Peacock's Stores, has joined the board of Simms Motor Units, Ltd., and Major S. A. Currin has joined the board as sales director.

The directors of Anglo-Scottish Amalgamated Corporation, Ltd., announce that Mr Henry M. Andrews has resigned from the board.

BANKS

BROWN BROTHERS HARRIMAN AND COMPANY.—The statement of June 29, 1935, shows deposits of \$39,375,597, an increase of 77 per cent. over deposits on June 30, 1934, when the firm's statement was standing at \$33,343,109 three months ago. Total assets of the bank increased to \$64,703,609, compared with \$57,240,344 three months ago.

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months ago, and \$48,057,014 a year ago. Surplus on June 29th, was \$8,675,455, against \$8,550,786 on March 30th. The June 29th statement shows cash at \$10,814,982, and holdings of U.S. Government securities at \$9,759,191, as compared with \$7,949,919 cash and \$6,365,000 government securities on March 30, 1935.

BANK OF AMERICA.—On June 29, 1935, total deposits stood at \$993,651,000, an increase of \$130,947,000, and total resources at \$1,113,896,000. Cash increased by \$34,187,000, investments in U.S. Government bonds and other securities increased by \$74,135,000, and the surplus has been increased \$2,500,000 by a transfer from undivided profits.

During the first six months of 1935 Bank of America N.T. & S.A., earned \$8,033,717. Of this amount \$2,500,000 was paid in dividends on capital stock, \$3,406,291 was added to reserves, and \$2,127,426 on undivided profits. After the addition of this amount to undivided profits and the transfer of \$2,500,000 to surplus, the undivided profits account stood at \$16,791,766 on June 29, 1935.

BANKERS' TRUST COMPANY.—The balance sheet June 29, 1935, shows cash item stands at \$173,290,513; exchanges for clearing house at \$29,088,829; and United States Government securities at \$445,114,393, making total for these three items of \$647,493,735. Demand loans, at \$43,933,822, compare with \$58,816,405 on June 30, 1934; time loans and bills discounted are \$171,683,809, against \$170,164,946; and holdings of State and municipal bonds are \$36,134,105, against \$32,760,524. Total assets are shown at \$961,296,549, compared with \$927,752,644 a year ago. On the liabilities side capital, at \$25,000,000, and surplus fund, at \$50,000,000, remain unchanged; but undivided profits have been increased from \$10,008,980 to \$13,316,119 in the twelve months' period. Total deposits, at \$848,303,731, show a substantial increase from the corresponding figure of \$808,860,223, notwithstanding a contraction from \$145,023,603 to \$44,490,700 in the amount of United States Government deposits. Provision for the usual dividend at the rate of 30 per cent. payable to stockholders on July 1, 1935, amounts to \$1,875,000, i.e. same as last year.

BANK OF THE MANHATTAN COMPANY, NEW YORK.—The total assets of this bank on June 30, 1935, stood at \$483,626,406.23, as compared with \$502,828,052.41 on June 30, 1934. Of these assets \$38,357,182.19 are deposited to secure public and trust deposits and for other purposes required by law. Cash has risen from \$85,137,306.90 to \$112,989,651.89, but holdings of United States Government securities have fallen from \$107,637,178.91 to \$91,939,100.92. Loans and discounts at \$102,542,520.02 compares with \$103,373,922.77. The deposits of the bank now amount to \$407,462,870.32. The capital of the bank stands at \$20,000,000.00, and surplus is also \$20,000,000.00. Undivided profits have fallen from \$6,931,681.01 to \$5,431,681.01. Reserves for contingencies has been increased from \$1,776,104.24 to \$3,655,987.05. Dividend payable, July 1, 1935, is lower at \$750,000.00, as against \$1,000,000.00. The London representative of the bank is Mr L. S. Chanler, Jr., Vice-President, 4 Adams Court, E.C.2.

RUBBER

GORDON (MALAYA) RUBBER.—Profit for 1934 £12,049. Deduct preference dividends payable in respect of period to December 31, 1934, £2,424, and add £11,544 brought in. Ordinary dividend is 4 per cent., against 2 per cent. for 1933, less tax, absorbing £10,280; carried forward, £10,890. Rubber produced, 1,745,726 lbs., against 1,713,161 lbs. The meeting will be held at Great Eastern Hotel, London, E.C., on July 15th at noon.

MISCELLANEOUS

SALFORD CORPORATION 3½ PER CENT. STOCK, 1953-63.—Williams Deacon's Bank Limited give notice that in order to prepare the interest warrants due September 1, 1935, on Salford Corporation 3½ per cent. stock, 1953-63, the books will be closed from August 1st to 31st inclusive.

EDMUNDSONS ELECTRICITY CORPORATION, LTD.—The results of the operations of the Edmundson group of companies during the month of June, 1935, as compared with the corresponding month of 1934, show an increase of 8 per cent. of units sold.

SALFORD CORPORATION 3½ PER CENT. STOCK, 1954-64.—Williams Deacon's Bank Limited give notice that in order to prepare the interest warrants due September 1, 1935, on Salford Corporation 3½ per cent. stock, 1954-64, the books will be closed from August 1st to 31st inclusive.

POSTAL TELEGRAPH BANKRUPTCY (BONDHOLDERS COMMITTEE).—Following the filing by the Postal Telegraph and Cable Corporation of its petition under Section 77B of the American Bankruptcy Act, a Bondholders Protective Committee has been formed to protect the interests of holders of the corporation's 25-year collateral trust 5 per cent. gold bonds due July 1, 1953, and the 25-year collateral trust 5 per cent. debenture stock due July 1, 1953. The chairman of the committee is Mr Robert Lehman, chairman of Lehman Bros. Bondholders should write to Paul E. Manheim, 1 William Street, New York.

WORKING PROFIT, TRANSVAAL.—Total estimated working profit of the gold mines of the Transvaal for the month of May, 1935, amounted to:—Witwatersrand, £2,762,951; Outside Districts, £12,017; total, £2,774,968. The estimated working profit in April, 1935, was Witwatersrand, £2,672,368; Outside Districts, £14,868; total, £2,687,236.

ARGENTINE NAVIGATION COMPANY MIHANOVICH, LTD.—Gross takings and those of the Associated Concern, Cia Uruguaya de Navegacion, Ltd., are, both companies:—May, 1935, A.P. \$2,515,963, May, 1934, \$2,071,645, increase \$444,318—21.45 per cent. Aggregate, January-May, 1935, A.P. \$12,757,231, aggregate, January-May, 1934, \$10,871,001, increase \$1,886,230—17.35 per cent.

RUSTON AND HORNSBY, LTD.—The scheme of arrangement involving the reduction of capital, the cancellation of arrears of preference dividends and the conversion of shares into stock, which was approved by meetings of shareholders of Ruston and Hornsby, Ltd., on May 31, 1935, has been sanctioned and approved by the Court.

PHENIX ASSURANCE COMPANY, LTD.—The directors announce the retirement on June 30, 1935, of Mr A. T. Winter, F.I.A., deputy general manager of the company. The directors of the London Guarantee and Accident Company, Ltd., have elected Mr Winter to a seat on the board of that company.

BRITISH INSULATED CABLES, LTD.—We are officially informed that British Insulated Cables, Ltd., have acquired from American interests the "A" deferred shares of The International Automatic Telephone Company, Ltd., London.

TOKYO ELECTRIC LIGHT COMPANY, LTD.—Return for May, 1935.—K.V. hours sold, 438,148,473; gross revenue, Yen 9,929,354.45; sterling equivalent at par of exchange £1,016,930. Increase over corresponding period last year, £90,680.

SOUTH AFRICAN DISTILLERIES AND WINES LIMITED.—Report for June 30, 1935, shows aggregate of net profits before charging South African taxation, of Castle Wine and Brandy Company, Ltd., and its subsidiaries for the year ended February 28, 1935, and of E. K. Green and Company, Ltd., and its subsidiary for the year ended October 31, 1934, amounted to £226,815 (South African currency). Transferred to capital reserve in books of these companies proportion of profits earned up to June 30, 1934 (date of acquisition of shareholdings of the operating companies) £91,978, leaving £134,837. Add profits E. K. Green and Company for four months to February 28, 1935, £32,678, making £167,515. Preference dividend £41,980. Preliminary expenses, which amounted to £69,685, have been written down to £14,000 by applying £50,000 premium on issue of ordinary shares and absorbing £5,685 from profits. Ordinary dividend 9 per cent., absorbing £90,000. Carry forward £386. Meeting, Winchester House, London, July 19th, at 11.30 a.m.

NORTH AMERICAN COMPANY.—The electric output of the subsidiaries of the North American Company for the first six months of 1935 was greater than for any half year period in the history of the present subsidiaries. The output for the twelve months ended June 30, 1935, exceeded 5,000,000,000 kilowatt hours for the first time in over four years. Compared with the three month, six month and twelve month periods ended June 30, 1934, the increases were 5½ per cent., 6 per cent. and 5 per cent. respectively.

COMMERCE AND TRADE

slightly dearer than a week ago, but potatoes declined in price as a result of an increase in supplies of new crop varieties.

Business in iron and steel has begun to be influenced by the holidays in industrial districts, but prospects remain good. Industrial consumption of coal has so far been well maintained, but the market in house coal was inactive. Among non-ferrous metals, quotations for lead and tin were marked up a little, but copper and spelter was slightly cheaper than a week ago. The market in vegetable oils was dull and prices tended to sag. Little interest was taken in rubber. The recent improvement in raw cotton

SURVEY OF COMMODITY MARKETS

The tendency of prices on the principal commodity markets was again irregular. Towards the end of last week there occurred a sharp break in wheat prices, discussed in a Note on p. 66. There was keen competition among buyers at the Mincing Lane tea auctions, and slightly higher prices were realised than a week ago. Raw sugar was again marked down in price. Demand for coffee was slow. At Smithfield market, business in meat was not very active, largely because of the hot weather. Eggs were

prices was maintained, for unofficial estimates of the acreage under cotton in the United States were confirmed by the first official forecast issued last Monday. The fourth series of Colonial wool auctions began in London last Tuesday and prices showed a rise of 5 per cent. to 15 per cent. over those realised at the May auctions. Jute prices declined on rumours that the officially sponsored restriction scheme in India may not be continued next year. Flax was a little cheaper, but hemp prices are scarcely changed on the week.

The gradual upward movement of commodity prices in the United States continued during the past week. Moody's index of the dollar prices of staple commodities, based on December 31, 1931, stood at 159.9 on Wednesday, compared with 158.8 a week earlier, 159.0 a month earlier and 139.3 on the corresponding day last year.

COAL

SHEFFIELD.—The depression of the market for blast furnace coke is less pronounced, although supplies continue rather excessive and current prices are low. To-day's quotations are 12s. 6d. and 13s. at ovens. Best large steam coals for export are somewhat scarce, and command 17s. 12s. to 18s. f.o.b. Forward business is being hampered by the uncertainty of supplies which will be available under the present low quota. Trade in house coal is stagnant.

NEWCASTLE-ON-TYNE.—In general, demand for coal in the North East is much the same, and for this time of the year can be considered satisfactory. Screened steams are not quite so firm, English coasting trade having fallen away, but foreign demand is steady and shipments are good. Other classes of coal are quiet, Durham coking and gas being freely offered at schedule figures. Prime bunkers have a good sale, shipments to foreign coaling stations being active. Coke is inclined to be better, Continental competition not being so keen.

Current f.o.b. prices for export:—**NORTHUMBERLAND.**—D.C.B. screened, 14s.; smalls, 11s.; Howards, Bentinck, Newbiggin, screened, 13s. 6d.; smalls, 10s. 6d.; Tyne Prime, large, 13s. 6d.; smalls, 11s.; Hartley Main, large, 13s. 6d.; smalls, 11s. **DURHAM.**—Lambton/South Hetton screened steam, 15s. 2d.; smalls, 12s. 6d.; Wear Special gas, 15s.; Holmside, Ryhope, Boldon, unscreened gas, 14s. 6d.; second-class gas, 13s. 2d.; coking unscreened and/or smalls, 13s. 2d.; Prime unscreened bunkers, 13s. 9d.; second-class unscreened bunkers, 13s. 3d.; Prime Foundry coke, 18s. 6d.; Newcastle and District gas coke, 20s.

GLASGOW.—Steady conditions prevail. With shippers well covered, there has been less than the usual pressure for supplies before the holidays, which begin on Saturday, but orders on hand provide a good outlet for production of most varieties, and surplus parcels have been readily taken up. Secondary grades of steam coal and washed pearl nuts have, however, been quite freely offered. With industrial demand still good and export business tending to improve, prospects for business after the holidays are bright.

Shipment prices f.o.b. district ports:—**LANARKSHIRE.**—Ell best, 14s. 6d.—15s.; splint best, 17s.; splint second, 14s.—14s. 6d.; navigation, screened, 15s.; navigation, unscreened, 13s. 6d.—13s. 9d.; Hartley, 16s.; steam, screened, 13s.—13s. 6d.; trebles, 13s.; doubles, 12s. 6d.—12s. 9d.; singles, 12s. 6d.—12s. 9d.; pearls, 10s. 6d.—10s. 9d.; dross, 10s. **FIFE.**—Best unscreened navigation, 13s. 3d.—13s. 6d.; unscreened navigation, 12s. 9d.—13s.; first-class steam, 13s. 6d.—14s.; third-class steam, 12s.—13s.; trebles, 13s. 6d.—16s. 6d.; doubles, 13s.—14s. 6d.; singles, 12s. 6d.—12s. 9d.; pearls, 10s. 3d.—10s. 6d. **LOTHIANS.**—Prime steam, 12s. 6d.—13s. 6d.; secondary steam, 12s.; unscreened navigation, 12s. 6d.—12s. 9d.; trebles, 13s. 6d.—13s. 9d.; doubles, 12s. 6d.—12s. 9d.; singles, 12s. 3d.—12s. 6d.; pearls, 10s.—10s. 3d. **AYRSHIRE.**—Best unscreened navigation, 14s. 6d.; steam, 13s.; trebles, 13s.; doubles, 12s.—12s. 3d.; singles, 12s.—12s. 3d.; pearls, 12s.; dross, 11s.

CARDIFF.—The tonnage position at the South Wales docks has been better during the past few days than for many weeks past. The number of tips occupied has averaged 60, as against 55 a week ago, and shipments consequently have been greater in volume. Coal exports in the foreign and coastwise trades last week totalled 385,700 tons, compared with 400,600 tons the previous week, and 370,365 tons in the corresponding period last year. The Customs returns of consignments to foreign countries during June give a total volume of 1,216,430 tons, as against 1,372,386 tons in May, and 1,335,188 tons in June, 1934. Last month's trade was adversely affected by the Whitsun holiday. Shipments to France and French Possessions were 80,000 tons less than in May and 23,000 tons less than in the corresponding month of 1934, and to Italy 48,000 tons and 83,000 tons lower respectively. Diminishing consumption as well as import restrictions are mainly responsible for the loss in the French market, while trade with Italy is suffering both from the increased severity of the competition of German coals and from the unsatisfactory operation of the agreement between the two countries for the settlement of trade debts. Current inquiries are very limited, and collieries are almost entirely dependent on their contract commitments. Sized and certain other classes of washed coals are firm, but large grades are in abundant supply at the minimum schedule figures. Pitwood, patent fuel and coke prices are unaltered.

Current approximate quotations are as follows:—Best Admiralty, 19s. 6d.; seconds, 18s. 9d. to 19s. 3d.; best drys, 18s. 9d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7d.; best small steams (washed), 13s. to 13s. 6d.; second steams, 12s. 6d. to 13s.; coking smalls, 13s. 6d. to 14s.; anthracite, best large, 36s. to 40s.; Red Vein, large, 22s. to 27s.; French nuts, 35s. to 48s. 6d.; machine-made cobbles, 35s. to 48s. 6d.; stove nuts, 34s. to 45s.; rubble culm, 11s. to 11s. 6d.; special foundry coke, 35s. to 37s. 6d.; patent fuel (Crown), 21s.; pitwood, ex ship, 24s. 6d. French; 19s. 6d. Portuguese.

IRON AND STEEL

MIDDLESBROUGH.—The holidays at the works in Scotland will have a retarding effect upon the shipments of Cleveland foundry pig iron. This will, however, only be temporary as some parcels have already gone forward during this month. Business in both foundry and hematite pig iron is active with home consumers, and buyers are now contemplating making purchases up to the end of the year. Actually the production of East Coast hematite at the present time is hardly sufficient to meet the demand, but output will be increased by the end of this month as two furnaces will probably be put into operation before the end of July. Prices are maintained on the basis of 67s. 6d. per ton for No. 3 Cleveland foundry iron and 69s. per ton for No. 1 East Coast hematite delivered locally. Total shipments of pig iron from the Tees from July 1st to July 9th amounted to 2,687 tons as compared with 2,102 tons for the same period in June.

There is little business in foreign ore as works are well covered for their requirements, and the price of best Bilbao rubio remains at 17s. 6d. per ton c.i.f. Tees for early shipment. Blast furnace coke is still quoted at 19s. per ton delivered works, but there is likely to be an increase in the consumption of coke when the two additional furnaces are put into blast.

The heavy steel trade continues strong, home consumers taking good deliveries of both semi-manufactured and finished steel. Heavy steel melting scrap is realising 52s. 6d. per ton delivered at the works and demand is steady.

SHEFFIELD.—Activity at the local steel works is still expanding although the booking of new contracts tends to decline owing to the approach of the holiday season. Nearly all sections of the industry are participating in the present spell of good trade. Some authorities prophesy the continuation of these favourable conditions for at least a couple of years. Steel requirements for aircraft construction, the automobile and electrical industries and armament construction are on a heavy scale. Work for the railway companies is easier. The basic steel plants are running full time. There is some surplus plant on acid steel. Tool makers are fully employed. Inquiries have been received from Soviet Russia in that country. A start is to be made with table knives of a cheap quality. The silver and electro-plate branches are quiet.

GLASGOW.—Steel makers and manufacturing concerns in Glasgow and surrounding districts are working at high pressure this week to complete deliveries required before closing down for the annual holidays. These begin on Thursday of this week and in most workshops a re-start will be made on July 23rd. During the holiday period a large amount of repair work will be carried out. It is understood that this year an exceptionally large amount of such work will be undertaken and in a few instances the holidays will be prolonged. Demand for all classes of steel material, excepting shipbuilders' requirements, is good, and it is anticipated that steelmakers and others will be able to continue operations at the present rate of production for some time after the resumption of work. Most of the business done is on home account.

CARDIFF.—The position in the South Wales tinplate trade has not undergone any material change during the past week. A slightly better export demand has been experienced and the small improvement in the market for galvanised sheets has been maintained. Tinplates are unchanged at scheduled c.i.f. prices based on 18s. 2d. per box f.o.b. and galvanised sheets at £11 5s. per ton increased price of £5 5s. per ton subject to an additional 2s. 6d. per ton on small orders. Exports of tinplates from Swansea last week totalled 91,687 boxes compared with 65,399 boxes the previous week, and 63,863 boxes a year ago, and as there was a decrease in the deliveries to warehouse stocks were lower at 103,508 boxes.

OTHER METALS

COPPER.—After declining to £29 13s. 9d. per ton, prices experienced a slight recovery, and closed on Wednesday at about the same level as a week ago. The slump earlier in the week was probably due to the fact that American exports during May (the first month in which exports were restricted) amounted to 12,649 short tons, against a quota of only 8,000 tons. It is significant that the Schechter judgment was not delivered until the end of May. Latest news from the United States has been more encouraging, for domestic demand, which has been stagnant in recent weeks, has made for the delivery of 10 million lbs. of electrolytic copper. Although this contract was based on a price below 8 cents per lb., it is hoped that the latter price may be maintained as a result of the decline in selling pressure. Japan is reported to have bought considerable quantities of American copper during the past week, which, coupled with the increasing domestic demand, must diminish the amount available for export to Europe. This tendency increases the possibility of an improvement in the European position in the near future.

Sales on the London Metal Exchange: 1,000 tons on Monday, against 1,700 tons last week; 1,200 tons on Tuesday, against 2,500 tons last week; 1,400 tons on Wednesday, against 1,800 tons last week. Domestic spot was quoted at 7.30 cents per lb. in New York on Wednesday, against 7.22½ cents a week ago and 7.62½ cents a month ago. Wednesday's official closing price for standard cash in London was £30 6s. 3d. to £30 8s. 9d., compared with £30 7s. 6d. to £30 8s. 9d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 70,231 tons, show an increase of 956 tons, while stocks of rough copper, at 11,258 tons, show a reduction of 51 tons on the week.

TIN.—The backwardation again widened during the past week, for the cash price hardened slightly while the three-months' quotation eased off by about £1 per ton. This circumstance lends colour to the belief that recent forward purchases were connected with the their buffer pool, for if genuine consumers had been responsible, the demand would not have suffered so sudden a contraction in the absence of any change in the statistical position of the metal.

Sales of tin on the London Metal Exchange: 125 tons on Monday, against 480 tons a week ago; 305 tons on Tuesday, against 750 tons last week; 280 tons on Wednesday, against 445 tons last week. The New York quotation on Wednesday was 52.20 cents per lb., against 51.90 cents a week ago and 50.75 cents a month ago. Wednesday's official closing quotation in London for standard cash was £231 to £231 5s. per ton, compared with £230 5s. to £230 10s. last week. Stocks of tin in London and Liverpool at the end of last week totalled 2,314 tons, a decrease of 508 tons on the week.

LEAD AND SPELTER.—Neither of these markets showed any important new development during the week ended last Wednesday. It is of interest to note, however, that the price of lead, which was 1s. 3d. below the spelter price a week ago, had once again recovered its position at the end of the period under review. The firm position of lead as compared with spelter (although spelter used to be about £2 or £3 per ton dearer than lead) is mainly traceable to the relative statistical position of the two metals.

Sales of lead on the London Metal Exchange: 400 tons on Monday, against 500 tons last week; 550 tons on Tuesday, against 850 tons last week; 850 tons on Wednesday, against 550 tons last week. The New York quotation on Wednesday was 4.15 cents per lb., against 4.00 cents a week ago and 4.00 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £13 18s. 9d. per ton, compared with £13 16s. 3d. a week ago.

Sales of spelter on the London Metal Exchange: 250 tons on Monday, against 125 tons last week; 350 tons on Tuesday, against 625 tons last week; 525 tons on Wednesday, against 375 tons last

week. Wednesday's quotation in East St. Louis was 4.30 cents per lb., against 4.30 cents the week before and 4.30 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £13 13s. 9d. per ton, against £13 17s. 6d. last week.

SILVER.—The market in silver has been affected by heavy selling pressure during the past week and selling orders have surpassed previous records. The cause of this pressure was the nervousness which has been growing since the end of the April boom. Since that date, the price has gradually fallen from 36.25d. to 31d. per ounce, in the absence of American support. On Saturday last the price would probably have been reduced by at least 2½d. or 3d. if the bullion brokers had not delayed the fixing until American orders came through. According to the *New York Times*, the American Treasury has spent at least £4 millions during the past few days to prevent a slump in the price of silver on the London market. On Wednesday, President Roosevelt stated that his silver policy was unchanged, and it may be that this will prevent a further set-back; but the market awaits an explanation of the precise implications of the President's policy.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted at £100 per ton. Nickel, for home and export, at £200 to £205 per ton, remains unchanged. Quicksilver, on the spot, was held at £11 12s. 6d. per flask of 76 lbs. Chinese antimony was quoted at £70 to £71 per ton ex warehouse, against £69 to £70 per ton last week. Chinese wolfram for July-August shipment was quoted at 30s. 6d. to 31s. 6d. per unit c.i.f., against 29s. 6d. to 30s. 6d. last week. Platinum remains unchanged in price at £7 per ounce.

TEXTILES

COTTON.—*Manchester.*—Rather more business has been done in some sections in the past week, but the buying has not been of a general character. The prices secured have given no satisfaction whatever, and in the circumstances spinners and manufacturers experience difficulty in preventing loss of ground. With regard to raw cotton affairs, the feature of the week has been the acreage estimate of the United States Government at 29,166,000 acres, and this was about equal to expectations, with the result that prices have shown practically no change. The weather in the belt continues better and the plants are making more rapid progress than for some time back. Considerable interest is still being taken in the loan policy of the Washington Government relating to the 1935 crop, and now and again there are rumours that the figure will be less than 12 cents.

A mixed business has been done in piece goods, but no foreign outlet has been really active. With regard to India, now and again

Glyn, Mills & Co.

(ESTABLISHED 1753)
Registered with unlimited liability 1885
incorporating

CHILD & CO.
(Established before 1800)

HOLT & CO.
(Established 1809)

BANKERS

Army and Air Force Agents, Navy and Prize Agents.

One Hundred and Second Statement of Assets and Liabilities, 30th June, 1935.

LIABILITIES.				ASSETS.			
Dr.		£	s. d.		£	s. d.	Cr.
To Capital authorised and issued	...	1,060,000	0 0	By Coin, Bank Notes and Balance at Bank of England	...	5,495,010	2 11
To Reserve Fund	...	530,000	0 0	By Balances with, and Cheques in course of Collection on, other Banks in the United Kingdom	...	1,177,965	1 4
To Bank Premises Account	...	268,000	0 0	By Money at Call and at Short Notice	...	7,630,350	0 0
To Reduction of the Bank Premises Account	...	38,721,006	13 10	By Bills Discounted	...	373,918	2
To Current Deposit and other Accounts (including provision for contingencies)	...	1,870,072	5 11	By Investments—			
To Acceptances and Engagements on account of Customers	...	1,870,072	5 11	British Government Securities (including £204,000 7s. 6d. deposited as Security for Public Accounts)	...	2,129,998	18 10
				Other Securities	...	887,506	6 8
				Subsidiary Companies	...	13,953,238	5 6
				By Advances to Customers and other Accounts	...	11,215,524	5 11
				By Liabilities of Customers for Acceptances and Engagements as per contra	...	1,870,072	5 11
				By Bank Premises (at cost, less amounts written off):—			
				Freehold	...	2,630,000	0 0
				Leasehold	...	120,000	0 0
						740,000	0 0
						£42,146,078	19 9

AUDITORS' CERTIFICATE AND REPORT.

We report that we have examined the above Balance Sheet with the Books of the Bank, and have obtained all the information and explanations we have required, and we are of opinion that such Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Bank's affairs according to the best of our information and the explanations given to us, and as shown by the Books.

KEMP, CHATTERIS, NICHOLS, SENDELL & CO.
JACKSON PIXLEY & CO.
Chartered Accountants.

J. B. S. TURNER.
Secretary.

H. A. LAWRENCE.
E. GORE BROWNE.
MARTIN D. V. HOLT.
Managing Partners.

10th July, 1935.

Every description of British and Overseas Banking and Exchange Business transacted.
The Bank undertakes the office of Executor and Trustee.

67, LOMBARD STREET, LONDON, E.C.3.
CHILD & CO., 1, Fleet Street, London, E.C.4, and Marygold House, Carfax, Oxford.
HOLT & CO., Kirkland House, Whitehall, London, S.W.1.

inquiry broadens and there are hopes of a general improvement in turnover, but demand seems to fade away, largely owing to offers being very low and dealers on the other side being prepared to raise limits. Despite many difficulties, however, a useful business has been done in dhooties, light whites and fancies, chiefly for Calcutta, Karachi and the up-country markets. There has been no better news from China. A steady trade has been put through for several minor outlets East and West and a little more activity has shown itself in the home trade section as clearances in the retail and wholesale establishments are now improving. A rather featureless state of affairs has prevailed in the yarn market. Moderate lots of medium American counts have been booked. Some Egyptian spinners have done slightly better for Germany.

COTTON PRICES

	1935				Corresponding Date	
	June 19	June 26	July 3	July 10	1933	1934
Raw Cotton—Mid. American..... per lb.	d. 6.79	d. 6.73	d. 6.95	d. 6.97	d. 6.21	d. 6.89
Sakelardis Fully Good Fair Egyptian..... per lb.	8.05	7.99	8.08	8.00	8.30	8.41
Yarns—32's twist..... per lb.	10 1/2	10 1/2	10 1/2	10 1/2	9 1/2	10 1/2
" 40's twist..... per lb.	10 1/2	10 1/2	10 1/2	10 1/2	9 1/2	10 1/2
" 60's twist (Egyptian)..... per lb.	15	15	15	15 1/2	18	16 1/2
32-in. Printers 116 yds., 16 by 16, 32's and 50's.....	s. d. 17 4 1/2	s. d. 17 4 1/2	s. d. 17 6	s. d. 17 6	s. d. 17 0	s. d. 18 9
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's.....	24 0	24 0	24 3	24 4 1/2	21 3	23 7 1/2
38-in. ditto, 38 yds., 18 by 18, 10 lb.	10 4	10 4	10 5	10 5	10 7	11 0
39-in. ditto, 37 1/2 yds., 16 by 15, 8 1/2 lb.	9 2	9 2	9 3	9 3	9 5	9 10

AMERICAN COTTON CROP.—At the beginning of this week the United States Government published an estimate of the area under cotton for the season 1935-36, the figure being 29,166,000 acres, against 27,883,000 acres planted a year ago, the amount harvested being 26,987,000 acres. According to the Washington Government, the forecast represents an increase of 4.6 per cent. on a year ago. A short time back it was anticipated that the area might be 34,000,000 acres, and it is quite evident some land has been abandoned owing to the heavy rains. Ideal weather is now being experienced in most parts of the belt and the plants are doing well. As is well known, the yield per acre of cotton varies considerably from year to year, as in the season which is now closing the figure was 170.9 lb. and in the previous season the output was 208.5 lb. On the present acreage, taking the average yield for the past ten years, the crop should be about 10,600,000 bales. The climatic conditions in the growing area will be the deciding factor as to whether the ultimate yield is more or less than that amount. World consumption of American cotton at the present time is about 11,500,000 bales per annum.

TEXTILE WAGES.—Further developments have taken place this week in connection with the demand of the operatives in the bleaching, dyeing, finishing and calico printing trades for an advance in wages. The trades union has decided to give one week's notice to terminate employment on July 18th. About 80,000 workers in Lancashire, Yorkshire, Cheshire and Scotland are involved in the dispute, and if a stoppage should take place, it will mean the closing down of numerous mills in Lancashire and Yorkshire. At a meeting in Manchester on Tuesday of the Allied Association of Bleachers, Dyers and Finishers, the employers' organisation, it was decided that unless notices to cease work are given in each individual case, striking workers would be held responsible for damages for breach of contracts. The application of the operatives is somewhat complicated, but according to the chairman of the employers' association, the demand is equal to an advance of from 2s. 2d. to 8s. 11d. per week. It is generally believed that some way out of the difficulty will be found without any stoppage of work.

JUTE.—Dundee.—The new jute crop acreage figures indicate a short crop for the season 1935-1936. The acreage is estimated at 1,858,200 acres, compared with the revised figure for last year of 2,607,000 acres, representing a decrease of 28.7 per cent. in sowings. Last year's crop of 9,710,000 bales was just sufficient to meet world requirements. This year's acreage points to a supply of about seven million bales. Nevertheless, prices of raw jute have displayed marked weakness since the result was known, and are now 25s. per ton below the recent peak. Any shortage of fibre from the next crop will to a certain extent be made up from the carry-forward from previous seasons. There are stocks in the hands of consumers of about seven million bales, while, in addition, there are 1,500,000 bales in press houses, ships' holds, etc., and carried forward up-country. It is anticipated that the large stocks of consumers will be reduced by approximately one million bales during the coming season. There is some uncertainty as to whether the Bengal Government will continue the restriction of sowings scheme for the following season, as was originally intended, and it is considered that the possibility of the Government not continuing the scheme is responsible for the easier tendency in prices.

Daisee-2/3 is now offered at £18 15s. for old crop and £18 17s. 6d. for new, with fours of the latter at £17 15s., October-November. Tossa-2/3 has been reduced to £19 5s. for old and £19 17s. 6d. for new. Good First Marks are offered at £22 17s. 6d. and Lightnings at £21 for Double Triangle DS, at which business has been done on several occasions, to £22 for Red H and Green Circle Ram, with not inclined to purchase at the lower rates and business in the fibre has been very slow. Jute yarns are more or less nominal owing to the quietness of trade. Spinners are quoting 2s. 2d. for common 8-lb. cops and 2s. 3d. for 8-lb. spools, but there seems to be little

doubt that 1d. or even 1d. less might be accepted if buyers were interested. Twist continues at 3 1/2d. for 3-ply 8-lb., and sacking yarns have been sold at 2 1/2d. for 24-lb. web and 3 1/2d. for 8-lb. chains. Rove remains at £18 5s. for 48-lb. and £14 10s. for 200-lb., while the Rio yarns are in small demand at 2s. 9d. for second quality 8-lb. warp, 2s. 6d. for third and 2s. 4d. for fourth. Carpet yarns are slow at 3 1/2d. for 14-lb. warp.

Cloth is in small demand and only trifling lots are being bought for quick delivery, with buyers reluctant to purchase any distance ahead. Prices are notably unchanged at 2 1/2d. for 10-oz. 40-in. and 2 1/2d. for 8-oz., but good orders might go through at less. Linoleum hessian makers have sufficient orders to take them to the end of this year and prices are very firm, while heavy goods remain quiet but steady. Calcutta goods have declined in sympathy with the raw material.

GRAIN MARKETS

WHEAT.—The wide fluctuations of wheat prices during the past fortnight are discussed in a Note of the Week, where the rumours regarding the damage done by black rust and the uncertainty as to the policy of the Canadian Government are examined. In Australia, weather conditions are now rather more favourable, rain having fallen in some of the areas where drought had prevailed. According to the *Corn Trade News*, total shipments of wheat and flour during the past week were 864,000 quarters, against 1,198,000 quarters in the preceding week. On Wednesday last, "July" futures were quoted in Chicago at 84 1/2 cents per bushel, against 86 cents the week before and 80 1/2 cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 31s. per 496 lbs., against 31s. 9d. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 29s. 3d., against 30s. a week ago.

FLOUR.—Demand for both home milled and imported flour continues dull and prices have declined about 1s. per 280 lbs. since last week. Shipments from North America in the past week totalled 81,000 sacks, compared with 99,000 in the previous week. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered country, 25s. per 280 lbs., against 26s. a week ago; delivered London, 24s., as compared with 25s. a week ago. Manitoba patents, ex store, 23s. 9d. to 25s. 3d., against 24s. 3d. to 26s. 3d. a week ago. Australian, ex store, 19s. 6d. to 20s., against 20s. 6d. to 21s. a week ago.

BARLEY.—There has been no change in the market position this week. Imported varieties encounter competition from Plate maize and are easier in price. English malting is scarce. "July" futures were quoted at 36 1/2 cents per bushel in Winnipeg on Wednesday, against 36 1/2 cents last week and 39 cents a month ago. Quotations per 448 lbs. in London on Wednesday were: "English malting," at farm, 27s. to 30s. (nominal) and "English feed" at farm, 23s., against 30s. to 35s. (nominal) and 23s., respectively, a week ago.

OATS.—On Wednesday, "July" futures were quoted at 33 1/2 cents per bushel in Chicago, against 34 1/2 cents a week ago and 34 1/2 cents last month. Quotations in London, Wednesday: "English Black," at farm, 22s. to 24s. per 336 lbs., against 22s. to 24s. a week ago; "English White," at farm, 22s. to 24s., against 22s. to 24s. last week; "Chilean White," landed, 26s., against 26s. a week earlier.

MAIZE.—With demand only moderate quotations have been rather easier during the past few days. "July" futures have been quoted on Wednesday at 82 cents per bushel in Chicago, against 81 1/2 cents a week ago and 80 1/2 cents last month. Quotations in London, Wednesday: "Plate," landed, 17s. per 480 lbs., compared with 16s. 6d. a week ago; "Plate," ex ship (new), 16s., as against a week ago. Yellow maize meal, ex wharf, was quoted at £4 12s. 6d. per ton, against £4 15s. to £4 17s. 6d. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sale of home-grown wheat during the harvest years 1931-32 to 1934-35:—

	1931-1932	1932-1933	1933-1934	1934-1935
Estimated sales of home-grown wheat—				
1 week to July 6.....	Cwts. 27,376	Cwts. 27,971	Cwts. 64,080	Cwts. 80,134
45 weeks to July 6.....	8,847,800	8,429,096	10,673,300	13,601,426
Average price of English wheat per cwt.	s. d. 6 6	s. d. 8 6	s. d. 5 6	s. d. 5 6

The following is a statement showing the quantities sold and the average price of British corn in the past two weeks, and for the corresponding week in each of the years from 1931 to 1934.

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
July 4, 1931.....	Cwts. 48,173	Cwts. 6,750	Cwts. 9,892	s. d. 6 2	s. d. 5 11	s. d. 6 8
July 9, 1932.....	27,376	1,303	7,149	6 6	6 8	6 0
July 8, 1933.....	27,971	6,771	9,287	6 6	6 2	5 9
July 7, 1934.....	64,080	5,504	23,178	5 6	6 11	6 6
June 29, 1935.....	84,653	9,834	10,353	5 6	7 2	7 6
July 6, 1935.....	80,134	4,563	9,704	5 6	6 9	7 7

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks, with comparative figures for 1933 and 1934:—

NEAREST FUTURE	Jan. 4, 1933	Jan. 3, 1934	July 11, 1934	Jan. 2, 1935	July 3, 1935	July 10, 1935
Winnipeg (No. 1, Manitoba).....	46 1/2	65 1/2	83	82 1/2	81 1/2	80 1/2
—Cents per 60 lb.	46 1/2	65 1/2	83	82 1/2	81 1/2	80 1/2
Chicago (No. 2 Winter).....	46 1/2	84 1/2	92 1/2	98 1/2	86	84 1/2
—Cents per 60 lb.	46 1/2	84 1/2	92 1/2	98 1/2	86	84 1/2

OTHER FOODS

BACON.—The official prices of several descriptions were reduced a few shillings per cwt. at the end of last week. Since then, demand has continued quiet, and the market has displayed a rather weak tendency. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 99s. to 101s.; Canadian, 86s.; Danish, 102s. against 99s. to 101s., 90s. and 102s. respectively a week earlier. Arrivals in London last week included Danish, 14,759 bales; Canadian, 4,341; Dutch, 2,390; Lithuanian, 1,772; Polish, 3,140, against 14,161, 4,220, 2,179, 1,872 and 2,907 bales, respectively, in the previous week.

BUTTER.—Colonial descriptions have been an active market during the past week, and are quoted a little above last week's level. Supplies of Danish are increasing seasonally, and this description is a shade cheaper. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 89s. to 90s.; Australian, choicest salted, 86s. to 87s.; Danish 99s. to 100s., compared with 88s. to 89s., 86s. and 100s., respectively, last week.

CHEESE.—Trading has been on quiet lines during the past week, with New Zealand a shade easier in price. English Cheddars have not been quoted on the London market. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows:—Canadian, finest coloured, 61s. to 64s., against 64s. a week ago; New Zealand, finest coloured, 44s. to 44s. 6d., compared with 44s. 6d. to 45s., last week.

COCOA.—The "spot" quotation in New York on Wednesday was 4 1/2 cents per lb., against 4 1/2 cents per lb. last week. The London quotation for Accra, "June-July," was 21s. 9d. per 50 kilos, c.i.f. Continent, as against 21s. 9d. per 50 kilos last week. Last week's movements of cocoa in London were as follows: Landed, 1,556 bags; delivered, for home consumption, 8,943 bags; exported, 943 bags; stocks, 187,162 bags, against 262,409 bags a year ago.

COFFEE.—Demand has been rather quiet during the past week, but the undertone of the market is steady. In New York on Wednesday, Rio No. 7 (cash) was quoted at 6 1/2 cents per lb., as compared with 6 1/2 cents per lb. last week and 7 cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 157 bags; delivered, for home consumption, 167 bags; exported, nil; stocks, 16,674 bags, against 29,267 bags a year ago. Central American, landed, 2,171 packages; delivered, for home consumption, 1,569 packages; exported, 1,155 packages; stocks, 108,369 packages, against 117,076 packages last year. Other kinds, landed, 817 packages; delivered, for home consumption, 2,300 packages; exported, 1,569 packages; stocks, 113,952 packages, against 109,394 last year.

EGGS.—At Tooley Street on Monday supplies were somewhat short and prices were marked up. At Smithfield Market on Wednesday English (ordinary packing, Grade I, about 15-15 1/2 lb.) realised 10s. 9d. to 10s. 9d. per 120, against 9s. 3d. to 9s. 9d. a week earlier while Danish (15 1/2 lb.) made 8s. 3d. to 8s. 9d. per 120, against 7s. 9d. to 8s. 6d. last week.

FRUIT.—Demand for most lines at Covent Garden remains active, soft fruits in particular going out well, states *The Fruit Grower*. Strawberries have continued in special request, larger supplies of moderate samples being sold at lower prices, down to 6d. per lb. Raspberries, loganberries and red currants are now well in evidence. English cherries have been in substantial supply and are of good quality; sales are steady. Green gooseberries are also clearing well. Hothouse grapes are a point easier, on increasing supplies, but a steady demand is in evidence. Melons have been in particular request. English peaches are firm in price, but Italian easier. Apples are slightly easier, but continue to sell well at prices above the average for the season. Pears are also in good request. Oranges sell consistently, but are a little lower in price, owing to heavy arrivals of South African. Grape fruit are plentiful, and inclined to be cheaper, but lemons are in short supply and higher in price.

MEAT.—Except on Monday, trade at Smithfield has again been slow for most descriptions, prices showing little change. On Wednesday last, Argentine chilled hindquarters were quoted at 3s. to 3s. 6d. per 8 lbs., as compared with 3s. 2d. to 3s. 6d. last week. New Zealand frozen mutton was 2s. 6d. to 3s. 4d. per 8 lbs., against 2s. 6d. to 3s. 4d. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 8,562 tons, a decrease of 215 tons on the corresponding week last year. Beef and veal accounted for 4,470 tons, mutton and lamb 3,015 tons, and pork and bacon 499 tons, as compared with 5,023, 2,950 and 405 tons, respectively, in the same week of 1934.

PEPPER.—Black pepper has been a quiet market. Wednesday's spot price for Lampong was 2 1/2d. per lb., against 2 1/2d. last week. Movements of pepper in London during the past week were as follows: Black, landed, nil; delivered, 49 tons; stocks, 2,086 tons, against 250 tons a year ago. White, landed, nil; delivered, 134 tons; stocks, 18,575 tons, against 6,181 tons a year ago.

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RICE.—The market continues quiet. The "spot" price of Burma No. 2, cleaned, new crop, was 8s. 7 1/2d. per cwt. on Wednesday, as compared with 8s. 7 1/2d. per cwt. a week ago, while the forward quotation, at 8s. per cwt., was unchanged on the week. Movements in London during the past week were as follows: Landed, 279 tons; delivered, 349 tons; stocks, 10,132 tons, against 958 tons a year ago.

SUGAR.—The New York market has shown no new features, and quotations are unchanged. Trading in London has continued quiet. The spot price in New York on Wednesday was 3.28 cents per lb., as compared with 3.28 cents per lb. last week and 3.35 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "August delivery" at 4s. 3 1/2d. to 4s. 4 1/2d., against 4s. 6 1/2d. to 4s. 7d. last week. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 26,529 tons, against 25,546 in the previous week and 1,711 in the same week of last year; deliveries, 15,532 tons, against 14,220 and 16,092 respectively; stocks, 130,482 tons, against 119,485 and 195,844 tons respectively.

TEA.—The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account in recent weeks:—

Week ending	Northern India	Southern India	Ceylon	Java	Sumatra	Nyasa-land	Total
July 5, 1934.....	d. 13-01	d. 12-85	d. 13-28	d. 11-13	d. 11-06	d. 12-47	d. 12-89
May 30, 1935.....	11-38	12-35	13-90	9-45	8-22	10-03	11-83
June 6, ".....	11-37	11-98	13-27	9-68	8-36	10-04	11-77
June 20, ".....	11-59	11-82	13-11	10-05	8-82	10-15	11-84
June 27, ".....	11-41	11-58	12-95	9-84	8-39	10-12	11-86
July 5, ".....	11-49	11-54	13-00	9-94	9-38	10-20	11-74

The quantities catalogued for this week's auctions comprised 49,326 packages of Indian and 25,995 packages of Ceylon tea. Demand at the Indian sales on Monday and Wednesday was active, and quotations fully maintained. At the Ceylon auctions on Tuesday there was good competition for all descriptions, and a better demand on export account. Quality occasionally showed an improvement, and this resulted in higher prices for good teas.

VEGETABLES.—*The Fruit Grower's* Covent Garden correspondent states that tomatoes have been in increasing supply during the past few days, prices having fallen. Cucumbers are selling well, but are a little cheaper. Mushrooms are dearer. Green peas are selling well, but the increasing supplies are being offered at rather lower rates. Carrots and spring onions have also dropped in price, and good cabbage can be had for 2s. 6d. to 3s. 6d. per bag. At the various London markets, old crop potatoes have been in limited demand, and have suffered a decline in price. Increasing supplies of English new potatoes are now arriving, and tend to displace supplies from other sources; prices have ranged from 10s. to 14s. per cwt. A few Dutch have been making 11s. to 12s., but Jerseys are reaching the end of their season. At the Borough on Tuesday, best light soil "King Edward" realised 5s. to 5s. 6d. per cwt., against 5s. to 6s. last week, while Jersey new potatoes were quoted 9s. to 10s. per cwt., compared with 16s. to 18s. a week ago.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OILSEEDS.—Very quiet conditions continue. There is a lack of tone and prices generally are on the easy side. Linseed has declined in sympathy with wheat and in the absence of market support. Crushers both here and on the Continent are buying very sparingly owing to the small trade in cakes and oil and the uncertainty regarding the future of the import duty. Plate declined to £9 per ton (delivered terms) for shipment to September. No business is passing in Indian seed, prices of which are still above buyers' ideas. Smaller shipments and large arrivals have brought the quantity of linseed afloat for Europe down to 111,700 tons (including 9,100 tons from India), or 41,000 tons less than last week. That on passage to the United States and Canada totals 37,600 tons, against 24,400 tons a year ago. Old crop Egyptian cottonseed is firmly held for £6 10s. for shipment, and new crop is quoted at £6, October loading.

Trade in vegetable oils is moderate. Linseed oil is in poor demand and a shade lower. Raw oil for July-August delivery is quoted at £20 10s. per ton (naked) ex Hull mill, and September-December £20 5s. Cotton oil is neglected, but quotations are maintained at £23 10s. for Egyptian crude and £26 10s. refined ex Hull, prompt. Oilcakes are in about normal demand for the season and prices are steady.

RUBBER.—The uneasiness of operators on American produce markets generally has affected rubber, which has fallen in price in New York, following the rise of the previous week. On the London market quotations are a shade higher than a week ago. Business continues on a small scale and stocks in the United Kingdom have again increased. In New York the spot price on Wednesday was 12 1/2 cents per lb., compared with 12 1/2 cents per lb. a week ago. Wednesday's official closing price for standard ribbed smoked

sheet in London was 5½d. per lb., as against 5½d. on the corresponding day last week. In forward positions, business has been done at 6½d. to 6¾d. for October-December, 1935, as against 6½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 172,513 tons, against 170,369 tons a week earlier. A year ago stocks amounted to 102,573 tons.

FURS.—The ninth series of Leningrad fur auctions is due to begin on Monday next. Soviet Russia, one of the world's principal producers, had previously sold the bulk of her furs through Leipzig and London, but some of her best skins have recently been offered in Leningrad. Thus the Leningrad auctions have been of increasing interest and importance for the international fur market. The last sale at Leningrad, held in March of this year, was attended

by well over a hundred representatives from all the leading centres, and prices showed a firm tendency. More than 80 per cent. of the offerings were sold at prices ranging from 10 to 15 per cent. above those realised at the previous sales. At the auctions next week a large selection of Persian lambs, pony skins, white fitches, squirrels, ermine and Mongolian marmots will be on offer. The bulk of these are already dressed and dyed, and will probably attract special interest, since Russia usually sells her finished skins at the lowest prices. In view of the fact that the market is now preparing for the winter season, the result of the sales at Leningrad will be awaited with interest. Prospects appear to be favourable, since prices on the open market have hardened somewhat since the close of the last London auctions.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM

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

LONDON, July 10th				THE PRICES IN THE FOLLOWING ARE REVISED WITH THE ASSISTANCE OF AN EMINENT FIRM IN EACH DEPARTMENT.			
GRAIN, ETC.				POTATOES—			
Wheat—				Good English, per cwt.			
No. 2, N. Man. 498 lb.				5 0 5 6			
Eng. Cal. av., per cwt.				5 0 5 6			
Barley, Eng. Cal. av., per cwt.				5 0 5 6			
Oats, "				5 0 5 6			
Maize, La Plata, landed, 480 lb.				17 0			
Flour, Lon. stan. ex mill, 280 lb.				22 9			
Rice, No. 2 Burma, per cwt.				8 0			
Tapioca, per cwt.				13 0			
MEAT—				FAIR FLAKE, SINGAPORE.			
Beef, per 8 lbs.				3 8 5 0			
Argentine chilled hinds				3 0 3 6			
Mutton, per 8 lbs.				5 0 6 4			
English wethers				2 6 3 4			
N.Z. frozen "				4 4 5 0			
Lamb, per 8 lbs.				4 2 4 8			
Pork, English, per 8 lbs.				96 0 101 0			
BACON—				OTHER FOODS			
English, per cwt.				98 0 102 0			
Irish, "				102 0			
Danish, "				97 0			
Dutch, "				95 0 97 0			
HAMS—				AMERICAN			
Canadian, "				90 0 94 0			
American, "				86 0 87 0			
BUTTER—				NEW ZEALAND			
Australian, "				89 0 90 0			
New Zealand, "				99 0 100 0			
DANISH				CHEESE—			
English, per cwt.				62 0 64 0			
New Zealand, "				44 0 44 6			
English Cheddars				28 0 36 0			
Dutch, "				COCOA—			
DUTY, BRITISH GROWN, 4/8, FOREIGN, 14/- CWT.				SANTOS SUPR. C. & F. CWT.			
Accra, f.f., per cwt.				45 0 55 0			
Trinidad, "				48 0 70 0			
Grenada, "				50 0 70 0			
COFFEE—				DUTY, BRITISH GROWN, 4/8, FOREIGN, 14/- CWT.			
SANTOS SUPR. C. & F. CWT.				22 9 23 0			
Colombian, good				38 0 48 0			
Costa Rica, med. to good				32 0 36 0			
East Indian, "				COTTON—			
Kanya, medium				DUTY, BRITISH GROWN, 4/8, FOREIGN, 14/- CWT.			
EGGS—				22 9 23 0			
English, per 120				38 0 48 0			
Danish, "				32 0 36 0			
FRUIT—				COTTON—			
South African, cases				DUTY, BRITISH GROWN, 4/8, FOREIGN, 14/- CWT.			
Brazilian, "				22 9 23 0			
Lemons, Malaga, cases				38 0 48 0			
Sicilian, "				32 0 36 0			
Apples: Amer. (var.) brls.				COTTON—			
" (var.) boxes				DUTY, BRITISH GROWN, 4/8, FOREIGN, 14/- CWT.			
Onions—				22 9 23 0			
Valencia, case				38 0 48 0			
Egyptian, bags				32 0 36 0			
Grapes, Lisbon, boxes				COTTON—			
" Almeria, brls.				DUTY, BRITISH GROWN, 4/8, FOREIGN, 14/- CWT.			
LARD—				22 9 23 0			
Irish bladders, per cwt.				38 0 48 0			
U.S. 56 lbs. boxes				32 0 36 0			

UNITED STATES

(New York quotations, unless otherwise stated.)

July 10, 1934				July 10, 1935			
Cents				Cents			
Wheat, No. 2, Winter, nearest future, Chicago, per bushel...				82½			
Maize, nearest future, Chicago, per bushel				81½			
Oats, nearest future, Chicago, per bushel				34½			
Rye, nearest future, Chicago, per bushel				45½			
Barley, nearest future, Chicago, per bushel				58½			
Coffee, Rio No. 7, case, 20, A.O.				7			
" Santos No. 4, case, 20, A.O.				8½			
Cocoa, Accra, nearest future, per lb.				5.11			
Sugar, Cuban Centrifugals, 96 deg., spot, per lb.				13.00			
Cotton, middling, spot, per lb.				14½			
Rubber, smoked sheet, spot, per lb.				12½			
Petroleum, Pennsylvania crude standard grades, per barrel...				12½			
Copper, "Electrolytic," domestic, spot, per lb.				7.20			
Copper, "Electrolytic," Export, prompt, per lb.				7.42½			
Spelter, East St. Louis, spot, per lb.				4.35			
Lead, spot, per lb.				3.75			
Tin, "Straits," spot, per lb.				51.87½			

(a) Nominal.

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ALL THE KING'S FORCES

WITH the return to Portsmouth on Wednesday afternoon of the Royal yacht at the head of the Fleet, the King brought to an end the series of Reviews in which he has surveyed the defence forces of the Empire in the air, on land and at sea. The spectacles at Duxford, at Aldershot and at Spithead have in their respective spheres all been very impressive pageantry; that of the Senior Service being, as is fitting, the most impressive in its scale and its duration. It is not surprising that many foreigners at the Naval Review—where representatives of the Merchant Service, from giant liners to humble fishing trawlers, were ranged behind the ships of war—felt themselves in the presence of the symbol and epitome of the British Empire.

Every observer of these three spectacles, however, must have come away with his mind full of strange questioning, to which it is very hard to find the answer in the present state of the world's affairs. In the case, at all events, of the Army and of the Navy, few can fail to have been impressed by the contrast of old and new. On the Rushmore arena, although the scarlet and gold of old times had given place to the more sober khaki, the Review was a curious mixture of troops parading in mass formation to the music of life and drum, and of curious mechanical creatures in all shapes and sizes. For what kind of military operation is this British Army preparing? Is it going to fight with rifle and bayonet or with machine guns? Are the combatants going to march into action or are they going to crawl over the ground in tanks? Is it still true that the next war, if there is to be one, will be won by the infantryman, as so many soldiers still declare, or are the "revolutionaries" right who think that the movements of a mechanised force seizing and holding certain bases for the use of aeroplanes are the only operations that will take place on the surface of the ground?

And what of the "home front"? If we are to prepare for military operations—whether as a means of establishing international order or otherwise—what sort of war have our military advisers in mind? Are they planning to mobilise the factories of this country to produce millions of shells to be used for destroying enemy trenches as in the Great War? Or are they preparing to call on the inventive resources of our engineering and chemical industries to find new ways, less destructive of life, of attaining military ob-

jectives? It has been cynically said that the military experts always prepare for the last war. Many must have asked themselves at Aldershot last week whether this is true of the British War Office to-day.

Similar conundrums are suggested by the vast conglomeration of ships at Spithead. Great Britain has gladly and loyally conformed to the limitations laid down in the Washington and London Treaties. The Navy that saluted the King this week is the product of these agreements. Since the Treaties are now approaching the replacement period, most of the ships are old. The number of our battleship and cruiser units is small; and as most of them are war-time products, and as the Navy has since been experimenting, the effect of the parade was that we have to-day a Navy of samples. We have only one "Hood"; and the layman naturally wonders what strategic use could be made of a single ship of such colossal power and speed even when used in conjunction with the two other battle cruisers which the Navy possesses.

Before long much of this Navy will be replaced, either with or without treaty limitation. Are we going to put our money on a few vast battleships, as the French and Italians are doing with their 35,000-ton ships, or are those experts right who think that the 27

and quantity of armaments, but are determined to adapt to war purposes every scientific advance and every step forward in human knowledge, we must reconcile ourselves to the complete mechanisation of the Army, the rebuilding of the British Navy and the creation of a vast new air arm.

The forces which the King has reviewed in the last fortnight are fully adequate, indeed in many respects more than adequate, for the defence of the Empire and of its trade in a world in which the chief powers do not intend to use war as "an instrument of national policy," and in which the principle of mutual support embodied in the Covenant of the League will be honoured. Indeed, British citizens will have read with pride the account given by Lord Stanhope on Wednesday of the effective work done by naval sloops in reducing the slave trade in the Red Sea "from a stream to a mere trickle." In these and other ways the King's Forces have a proud part to play in support of international order. But if the world is to be abandoned to international anarchy these same forces are already becoming antiquated and out of date. If our statesmen cannot ensure the former of these conditions, they condemn us all henceforth to crushing financial burdens which will prevent any progress in the material standard of the people; and ultimately they condemn us to destruction.

FRANCE AND STABILISATION

THE immediate future of world monetary policy hangs on events in France. French costs are at present out of equilibrium with the level of prices involved in the present exchange value of the franc; and not till this disequilibrium has been removed is any world monetary stabilisation likely. Holland and Switzerland are in the same position. French official opinion holds that equilibrium can best be established by a reduction in French costs, accompanied by a definite fixing of the franc-dollar and franc-sterling exchange rates. Most outside observers, on the other hand, believe that the easiest cure would be a limited devaluation, followed by provisional exchange stabilisation. Belgium has already adopted the second method with a considerable degree of success; but M. Laval's Government is still firmly set on the former. The issue is one on which the future of politics and Parliamentary Government in France may well depend. For the Left-wing parties are as resolutely opposed to deflation as the Right to devaluation. And peaceful as were the rival demonstrations of Right and Left last Sunday, an intensification of the present depression might easily convert tension into tumult.

Close on the heels of Sunday's demonstration M. Laval's Government has announced its new deflationary decrees. They are remarkable in at least one respect. The 10 per cent. cut in general public expenditure is to be extended to the interest on the *rentes*. With a few exceptions, all wages, salaries and pensions are to be cut; those up to 8,000 francs by 3 per cent., those between 8,000 and 10,000 francs by 5 per cent. and those above 10,000 francs by 10 per cent. At the same time, the income tax on all incomes of over 80,000 francs will be increased by 50 per cent.; and a special tax of 20 per cent. is to be imposed on profits from the sale of war materials. The tax on bearer bonds, a notorious source of evasion, will be raised from 17 per cent. to 24 per cent. The 7,000 millions of economies thus obtained, or 15 per cent. of the whole Budget, will be supplemented by 4,000 millions to be saved by the railways and local authorities. In this way the deficit will be practically covered—provided there is no further fall in revenue. At the same time cuts are also to be made in rents, mortgages and the prices of various articles of consumption such as bread, gas and electricity. This last measure is intended to reduce the cost of living at once; but some scepticism about its practical working is perhaps permissible.

The extension of the new cuts to the interest on the *rentes* is a striking and courageous decision. It has long been a powerful objection to Budgetary deflation that its incidence is inequitable since the *rentier*, for a long time at any rate, escapes scot free. "Voluntary" conversions, which were in effect virtually forced, have been carried through in Australia in the last five years; compulsory interest reductions have been made in Germany both by Dr. Brüning

and Herr Hitler; and the Dutch Government is now taking steps to impose by legislation a cut in mortgage interest and rents. But no Government has yet during the present crisis imposed a simultaneous and proportionate cut on all Government expenditure including interest on the national debt. M. Laval's Government must therefore be congratulated on having the courage of its deflationary convictions. In particular, his decrees are entirely free from the calculated inequity with which M. Doumergue reduced direct taxation at the same time that wages and pensions were being cut. Nevertheless, there is a pointed irony in a situation in which the Belgian *rentier* loses only 4 per cent. of his real income as a result of the rise in the cost of living following devaluation, while the French *rentier* loses 10 per cent. of his in the struggle to maintain the gold parity of the franc. We have now reached the point where even the *rentier* may lose more by deflation than by devaluation.

In any case, the equity of M. Laval's novel plan will not determine its economic consequences. What are these likely to be? In the first place, the "cut in the coupon" will not nullify the effect of the other cuts in reducing the community's purchasing power. It will reinforce it. The money saved on the *rentes* will not be spent in any other way; since the whole purpose of the plan is to abolish the deficit. A very marked shrinkage of consumers' incomes is bound therefore to result; and such a shrinkage is likely to have a boomerang effect. In periods of depression, just as reductions in wages are apt to depress prices before increased profits appear, so reductions in Budget expenditure are apt to depress revenue before the Budget is ever balanced. This has happened several times over in France in the last five years; and there is no reason why it should not happen again. Indeed, the present crisis is entirely due to a fall in revenue and not an increase in expenditure, as our Paris letter on page 123 demonstrates. Revenue from Customs and the turnover tax in April, May and June was actually 20 per cent. below the estimates!

Secondly, M. Laval is credited with the hope that the cut in the *rentes*, and certain other measures, will initiate a cheap money regime. Here again the hope seems precarious. It is true that the voluntary conversion of the War Loan in this country initiated the present cheap money period. But throughout the depression, in almost every country of the world, the fundamental barrier to cheap money has been the existence of an overvalued currency. As long as overvaluation and the consequent pressure on the exchanges and the gold reserve has remained, cheap money has proved impossible. As soon as overvaluation has gone, cheap money and recovery have intervened. It is most unlikely, therefore, that a mere compulsory interest cut can offset the influence of an overvalued franc in precluding a cheap money policy. Undoubtedly M. Laval's measures will have some potency in rallying confidence in the exchange value of the franc and the credit of the Government. But such a rally is not likely to last long in face of deepening industrial depression. The fundamental necessity for a readjustment of the value of the franc seems, therefore, to remain, despite M. Laval's heroically deflationary measures.

This conclusion is emphasised by the report of a meeting of economists held in Antwerp this week to discuss the future of the gold, sterling and dollar currencies. The meeting was called by the Antwerp Chamber of Commerce; and it included representatives from Great Britain, France, Holland and Sweden, as well as Belgium. Mr J. M. Keynes, Mr H. D. Henderson and Mr R. F. Harrod were the British economists present. Agreement on the main issues was reached by 10 out of the 15 representatives. All three British economists were in the majority, and the one Frenchman present was in the minority. The majority report (which is given in full in our Belgian correspondent's letter on page 125) begins by asserting that such monetary stabilisation as will secure the world against arbitrary fluctuations of foreign exchanges is "a necessary condition" for the adoption of policies that will lead to recovery. It then proceeds as follows:—

Present economic conditions make it, however, necessary that the margin within which the external value of each currency can vary may be considerably wider than the distance between the gold points in the pre-war gold standards; and further, that the limits fixed may be provisional and subject to the possibility of alteration in the

event of large unexpected disturbances of the balance of payments... Where existing costs are too high, they cannot be considerably adjusted within a reasonable space of time through a deflation of costs, and a large and rapid inflation of costs cannot be expected where they are relatively low. In view of this and of the lack of confidence widely felt to-day in the existing parities of the gold-bloc countries... no early stabilisation can be practicable without a devaluation of the parities of those countries sufficient to reduce the problem of international equilibrium to manageable dimensions.

The report then suggests that countries which have already depreciated their currencies should not depreciate them further; that "the countries which have maintained gold so far should not be asked to devalue before they have some assurance that a further considerable depreciation will not occur"; and that all countries with depressed economies should pursue expansionist monetary policies. Finally, the removal of trade barriers, and in particular of quotas, is strongly urged.

As a whole, therefore, the majority report conceives of a transitional recovery period in which exchange parities would be provisionally fixed, but still movable, and in which cheap money and the lowering of trade barriers would go hand in hand. In the first instance the countries with depreciated currencies would give some sort of undertaking not to depreciate further; and in return the gold countries would devalue sufficiently to offset the present overvaluation. This proposal is an interesting compromise between the advocates of immediate unconditional stabilisation and of uncontrolled exchange fluctuation. As such it is not far removed from the "conditional stabilisation" which Sir Arthur Salter suggested in two recent articles in the *Economist*. The experts, it seems, in both groups of countries are moving much nearer to agreement. Is there any hope that the politicians may follow them? If so, some mitigation of exchange chaos may conceivably now be in sight. For the compromise solution suggested above has the advantage of being practicable as well as economically sound.

THE HALF-YEAR'S OVERSEAS TRADE

THE figures of our overseas trade in the first half of the year are mildly encouraging. Exports have been higher in every month than in the corresponding month of 1934. Imports, especially of raw materials, have declined during the six months, although throughout the second quarter the daily average was higher than in the corresponding months of 1934. The net result is that the unfavourable balance of trade on merchandise account (at £124 millions) has fallen by over £19 millions as against an increase last year of £23 millions.

The recent movements of imports and exports are only to be expected in the second phase of recovery, for the first stage of increased industrial activity, both for domestic and foreign markets, is characterised by increased imports. Thus net imports were expanding much more rapidly than exports in 1933 and 1934. There may then follow an interval of from six months to a year before these imports are transformed into exports. This year we have witnessed a continued rise of exports. The slowing-down of imports in the first half of the year might seem to indicate that prospects for industrial production are not as bright as last year. But the improvement in the past quarter may signify a renewal of the upward trend.

The following tables show the foreign trade figures for June and for the first half of the year:—

OVERSEAS TRADE First Half Year (000's omitted)					
	1933	1934	1935	Change between 1934 and 1935	
Total imports	320,335	362,186	359,377	- 2,810	- 0.8
British exports	175,280	188,704	206,475	+ 18,771	+ 8.9
Re-exports	25,203	28,016	28,844	+ 838	+ 3.0
Total exports	200,483	216,720	235,319	+ 18,599	+ 8.6
Excess of imports over exports	119,852	145,466	124,058	- 21,408	- 14.7
Transshipments under bond	41,397	11,921	13,561	+ 1,640	+ 13.8



7, CHANCERY LANE, LONDON

OVERSEAS TRADE

Month of June

(000's omitted)

	1933	1934	1935	Change between 1934 and 1935	
Total imports	£ 53,777	£ 61,172	£ 57,827	- 3,345	- 5.5
British exports	28,468	32,120	32,914	+ 794	+ 2.5
Re-exports	5,267	4,818	5,222	+ 404	+ 8.4
Total exports	33,735	36,938	38,136	+ 1,198	+ 3.2
Excess of imports over exports	20,042	24,736	19,691	- 5,045	- 20.4
Transshipments under bond	1,905	1,799	3,563	+ 1,764	+ 98.2

The figures for June are rather deceptive, for Whitsun fell in that month this year. On a daily basis imports rose by 4.2 per cent. and exports by 13.5 per cent., as against an apparent decline in the monthly total of the former class and an increase of only 4.7 per cent. in that of the latter. Average daily exports were higher than in any month since February. Both in imports and exports the main increases were in manufactured goods; other categories of imports remained stable, while those of exports rose slightly. The main alterations in the movements of trade in individual commodities were similar to those shown below in the tables for the complete half-year.

The following table shows movements in the classes of commodities by value, and details of the volume of imports and exports of individual articles are given in the subsequent tables:—

OVERSEAS TRADE BY CLASSES

First Half Year

(£ millions)

	Retained Imports			British Exports		
	1933	1934	1935	1933	1934	1935
Food, drink and tobacco	158.5	160.8	160.0	12.8	14.6	14.0
Raw materials and articles mainly unmanufactured	69.9	91.8	86.5	22.0	24.1	26.3
Articles wholly or mainly manufactured	65.2	78.8	82.5	134.9	145.7	160.6

The net decrease in imports of food, drink and tobacco covers an increase in the value of imports of grain and flour, feeding stuffs and dairy produce (mainly owing to a rise in the price of butter). The total value of meat imports fell by £945,000, but the Empire's share continued to increase. As compared with 1933, the total value rose by £1.6 millions, while the value of imports from our most important foreign suppliers, Denmark, the Argentine, Poland and the Netherlands, were all effectively reduced. The fall of £1.6 millions in imports of beverages is accounted for by a sharp fall in the price of tea, but this is still appreciably higher than in 1933, owing to the restriction scheme. On a daily basis, imports of raw materials have been continuously lower than last year since January. As will be seen in the following table,

rubber, metal goods, and hides are the only commodities to show any substantial increases:—

RETAINED IMPORTS

First Half Year

Item and Measure		1933	1934	1935
Wheat.....	'000 cwt.	56,511	50,096	49,276
Beef and veal.....	'000 cwt.	5,946	6,304	6,086
Mutton and lamb.....	'000 cwt.	3,970	3,739	4,123
Sugar (unrefined).....	'000 cwt.	20,057	20,472	17,392
Iron ore and scrap.....	'000 tons	1,326	2,331	2,428
Wood and timber, soft:—				
Planned or dressed.....	'000 loads	278	409	395
Other than planned or dressed.....	'000 loads	1,246	2,004	1,555
Raw cotton.....	'000 centals	5,860	6,478	5,140
Sheep's and lambs' wool.....	'000,000 lbs.	413	376	399
Raw silk and waste.....	'000 lbs.	2,496	3,859	3,007
Flax, hemp and jute.....	'000 tons	149	183	176
Crude petroleum.....	'000,000 gallons	193	250	259
Hides, wet and dry.....	'000 cwt.	604	581	676
Wood pulp.....	'000 tons	902	1,077	1,001
Rubber.....	'000 centals	1,085	1,604	1,874
Unwrought copper.....	'000 tons	64	103	166
Pig lead.....	'000 tons	137	151	170
Tin:—				
Ore and concentrates.....	tons	14,481	17,780	21,186
Blocks, ingots, slabs and bars.....	tons	920	3,521	3,592
Iron and steel manufactures.....	'000 tons	468	708	606
Machinery.....	tons	19,077	28,890	34,240

The sharp fall in the imports of timber, which occurred mostly in June, is largely due to speculative overstocking last year on account of the building boom, and does not necessarily point to any immediate decline in building activity. Reduced imports of cotton and wool may also be attributed in part to overstocking in 1934 and to the prospect of falling prices, which is causing manufacturers to buy only from hand to mouth. Total imports are still slightly above the 1933 level. A rise in the price of jute and flax—the latter rise due to increased buying in Germany—partly accounts for the decline in our purchases of those commodities.

Among the imports of goods officially described as "manufactured," the chief features have been an increase in all non-ferrous metals, in machinery from the United States and Germany, in motor vehicles from Canada and the United States, and in motor spirit, mostly from Persia. The increased imports of motor vehicles are more than offset by our increased exports in the same category.

The next table shows that the expansion of our exports compared with last year has been fairly general. The only items which show any considerable decline are coal, beverages to the United States (the quantity exported in 1934 was unusually high owing to the repeal of prohibition) and apparel—mainly boots and shoes.

BRITISH EXPORTS
First Half Year

Item and Measure		1933	1934	1935
Coal	'000 tons	18,959	19,448	19,006
Iron and steel scrap	'000 tons	116	112	96
Pig iron and ferro-alloys	'000 tons	49	64	83
Railway materials	'000 tons	60	75	84
Total iron and steel manufactures	'000 tons	904	1,038	1,157
Textile machinery	'000 tons	27	41	35
Total machinery	'000 tons	128	157	189
Cotton yarns	'000 lbs.	66,142	68,642	70,856
Cotton piece goods	'000,000 sq. yds.	1,083	969	1,001
Wool tops	'000 lbs.	22,024	22,694	29,767
Worsted yarns	'000 lbs.	14,883	17,765	16,175
Woolen tissues	'000 sq. yds.	27,880	32,607	33,117
Worsted tissues	'000 sq. yds.	15,034	17,075	17,890
Linen piece goods	'000 sq. yds.	39,057	44,522	44,894
Leather boots and shoes	'000 doz. pairs	254	217	172
Leather	'000 cwt.	105	102	146
Paper and cardboard	'000 cwt.	1,792	1,815	1,916
Locomotives (complete and parts)	tons	5,352*	3,050	6,720
Motor vehicles and chassis	number	26,930	29,058	34,716

* Complete only.

More than 60 per cent. of the increase in the value of our exports of manufactures is accounted for by exports of metal goods of various kinds, and of vehicles. There was a welcome increase in exports of locomotives and parts; and there is little evidence yet that our export trade in motor cars is threatened by foreign competition. There has been a large expansion of our Empire markets for these goods, especially in British India, Australia and South Africa, and also in other markets of the "sterling area," notably Argentina and Denmark. Sales to the chief European countries have in the main remained stable or slightly declined. Demand for our textiles has expanded, but in the case of cotton yarns and textiles this has done little more

than restore our exports to the 1933 level. The level of exports to British India and Germany, two of our chief customers, was exceptionally low in 1934. Raw wool exports to Germany in the first half-year amounted to £3.0 millions in 1933, £4.2 millions in 1934 and £3.4 millions in 1935; but of this total British wool and wool treated in Britain accounted for £470,000 in 1933, £900,000 in 1934 and £2 millions in 1935. This is a reflection of the increased sales to Germany after the exchange "clearing" was introduced. Exports of both woollen and worsted yarns declined, but exports of piece-goods increased. On the whole, sales of all textiles were well maintained in British African and West Indian countries and in Scandinavian countries compared with the past two years; but the Far Eastern, Mediterranean and Western and Central European markets, with the exception of Germany, showed a distinct tendency to contract.

On the whole, the foreign trade figures for the first half of this year show that our exports are being well maintained within the "sterling area." But the industries which once formed the mainstay of our export trade have not recovered their pre-eminence. The coal trade is in the doldrums, and the exports of the cotton and machinery groups have not made as much headway as those in the categories of "newer" industries. The foreign trading position of this country in the half-year was better than a year ago; but our export trade has still a very long way to travel before it can approach the level of activity and prosperity which characterises those branches of industry supplying the protected home market. "Recovery," indeed, is still largely the monopoly of the home trade.

MOTOR GOODS VEHICLES

(BY A CORRESPONDENT)

THE transport of goods by road in this country increased by leaps and bounds until, in recent years, Parliament intervened to control its progress. The licensing system imposed on goods vehicles under the Road and Rail Traffic Act, 1933, became effective from the middle of last year. It has not had the same depressing effect on sales of new vehicles as had the more stringent licensing system imposed on omnibuses and motor-coaches by the Road Traffic Act of 1930. The Traffic Commissioners have, of course, no power to limit the numbers of new vehicles put on the road by ancillary users (or "C" licensees), who, according to the best estimates, account for something over 50 per cent. of all goods vehicles in number; but, owing to the fact that on the whole these consist of the smaller vehicles with the lower mileages, they account for a good deal less than 50 per cent. of the total of goods transport by road. The Commissioners have made it practically impossible for newcomers to become whole-time or part-time hauliers ("A" or "B" licensees), but, generally speaking, have shown a readiness to license additional vehicles for established operators, where it could be shown that the growth of business made a larger fleet necessary. It is an interesting fact that, as a result of their close contact with the road haulage industry, the rôle of friends and protectors of road transport interests, rather than that of mere restricters, as was at one time feared by many sections of the hauliers.

Although increased taxation, statutorily limited hours of work for drivers, more rigidly enforced speed limits, inspection of vehicles with reference to mechanical fitness, and minimum wages, have all tended to increase the cost of road haulage, there has, on the other hand, been a counterbalancing drive to reduce costs by the consolidation and grouping of existing haulage undertakings. Though this tendency it still only in its infancy, it has been directly encouraged by the virtual elimination of new entrants to the industry, by the better adaptation of vehicles to the service they must perform and by a close study of vehicle types and weights. This has led to a contraction in the use of steam vehicles and an expansion in Diesels, as well as to the steadily improving technical efficiency and falling price of the new motor lorry of all types. On the side of receipts, the improving state of trade has increased the business

available, in spite of acute railway competition in certain directions, particularly where "agreed charges" have been authorised. Again, the local groupings of operators, largely under the leadership of the Road Haulage Association and with the moral support of many of the Traffic Commissioners, have enabled road charges to be agreed for a large part of public haulage work, and greatly decreased the extent and severity of the rate-cutting which has been a feature of the industry in the past.

The changes in the legal conditions under which the transport of goods by road may take place have naturally been reflected in the trend of demand for new goods vehicles, but, in comparing results with last year, it should not be overlooked that, a year ago, sales were inflated by reason of a widespread anxiety on the part of operators to get new vehicles on to the roads before the licensing system came into operation in the middle of the year. The latest official figures of the progress of sales of new goods vehicles cover seven months of the season from October to April. The indications are that, since then, sales have been at approximately the same rate as last year. It is noteworthy that the greater part of the increase shown in the following table occurred in the earlier months of the season:—

REGISTRATION OF NEW GOODS VEHICLES

Unladen Weight	Oct., 1932– April, 1933	Oct., 1933– April, 1934	Oct., 1934– April, 1935
Not exceeding 1 ton	8,299	12,599	14,445
1–2 tons	12,532	14,185	13,197
2–3 tons	3,699	8,010	10,621
3–4 tons	1,772	3,800	3,185
4–5 tons	548	964	602
Exceeding 5 tons	617	652	382
Total	27,467	40,010	42,432

The new taxation rates, which came into force in January, 1934, together with the stricter enforcement of the speed limit, which, for lorries, is 20 m.p.h. for vehicles exceeding 2½ tons unladen weight and 30 m.p.h. for vehicles not exceeding that weight, are responsible for the sharp increase in sales in the 2–3 tons category. A further important consideration is that the Road and Rail Traffic Act of 1933 aimed at limiting haulage operators' fleets to a total unladen weight rather than to a specific number of vehicles; this has encouraged many operators of fleets of "heavyweights" to replace them gradually by a greater number of light vehicles, thus gaining in flexibility and mobility.

The swing of demand away from the "heavyweight" class, which had formerly been the stronghold of the "steamer" and latterly of the Diesel, has had important repercussions on technical development, as it has compelled Diesel manufacturers to concentrate their efforts on bringing the Diesel down to the lower weight categories. No figures of Diesel registrations are available prior to January, 1934, but a comparison of the first four months of 1934 and 1935 very clearly brings out the tendency for the Diesel to penetrate the lower weight classes:—

REGISTRATION OF NEW GOODS VEHICLES

Unladen Weight	Jan.–April, 1934			Jan.–April, 1935		
	Total	Diesels	Diesels as % of Total	Total	Diesels	Diesels as % of Total
Not exceeding 2½ tons	21,109	25	0.1	22,572	117	0.5
2½ to 4 tons	2,288	185	8.1	1,767	221	12.5
4 to 5 tons	598	249	41.6	337	148	43.9
Exceeding 5 tons	342	139	40.6	224	148	66.1
Total	24,355	598	2.5	24,900	634	2.6

New registrations of steam vehicles numbered 17 in the seven months October, 1934–April, 1935, compared with 126 in the previous year, while "electrics" numbered 259, compared with 175. The contraction of the "heavyweight" market is compelling the manufacturers who formerly specialised in it, and who naturally were the first to turn their attention to the development of the Diesel, to cater increasingly for the rapidly developing "middleweight" market. There they compete with the manufacturers who already supplied it, the most important of whom

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had graduated from being manufacturers of private cars and of "lightweight" vans.

The lessened demand for "heavyweights" is having the effect of increasing the competition for the remaining business and is already leading to price-cutting. In particular, although the equalisation of the tax on heavy oil and on petrol will do no more than slightly retard the rate of Diesel development on the goods side, owing to Diesel economy in fuel consumption—is unlikely even to do that on the passenger side—it will undoubtedly compel manufacturers to bring the price of Diesel vehicles more into line with that of petrol vehicles in order to effect sales. The concentration of both Diesel and petrol vehicle manufacturers on the "middleweight" market will make the competition for business very keen there also. Competition in the light van trade is already very keen, as private car manufacturers find it a most useful adjunct to their main activities.

Commercial vehicle imports have not shared to any extent in the spurt which has characterised imports of private cars, the total for the eight months October, 1934–May, 1935, numbering only 200, compared with 149 in the previous year. Exports have, on the other hand, shown a substantial increase in total from 8,216, valued at £1,267,376 to 10,206, valued at £1,568,774, although proportionately this represents a decline, as American exports have grown at a much faster rate. The average declared value of complete commercial vehicles exported has increased from £228 to £285, and of chassis from £135 to £150, due probably to an increase in the average size of vehicles exported. The markets showing the best increases in British commercial vehicle and chassis exports include especially South Africa, Denmark, India and the smaller Asiatic countries.

The indications are that the goods vehicle industry has very nearly reached its peak under existing conditions. A further moderate expansion in exports may be looked for, but it is not likely that the absorption capacity of the home market will in the near future exceed its level this year. Nevertheless, sales this season bid fair to establish a record, owing to the exceptionally high level at which they were maintained during the earlier months. The number of goods vehicles in use at the end of June is estimated by the Society of Motor Manufacturers and Traders at 416,000, an increase of 21,000 over last year. This represents a good average increase, but does not reveal any particularly marked tendency on the part of ancillary users to use their own vehicles instead of employing the various public transport agencies. Part of the increase is undoubtedly due to the replacement of large by a greater number of small vehicles. The fact that the "A" licences for whole-time public haulage vehicles come up for reconsideration and renewal next year may possibly cause operators to defer purchases of new vehicles in the coming months, while in other directions there is nothing in the present position to suggest that the level of sales this year will be exceeded next season. It is more probable that they will continue at the same, or at a slightly lower, rate.

ABYSSINIA: SOME FACTS

If and when Italy chooses to state her case against Abyssinia, it is clear that the juridical position of both countries will be a vital issue. We therefore publish the following summary of the international agreements and negotiations which govern the relations of Abyssinia with the League of Nations and the Great Powers. The account is based on a Memorandum compiled by the Information Department of the Royal Institute of International Affairs, which will be available on July 25th.

The relations between Italy and Abyssinia were first regularised by the Treaty of Ucciali in 1889, when, in return for Italian support in his bid for the throne, Menelik of Shoa (later the Emperor Menelik) agreed to "avail himself of the Italian Government for any negotiations which he may enter into with other Powers or Governments." This was unilaterally denounced by Menelik in 1893 owing to Italian encroachments; and after the Italian defeat at Adowa in 1896, the peace Treaty of Addis Ababa in 1896 annulled the Treaty of Ucciali. Meanwhile, in 1891 and 1894 three Anglo-Italian agreements had recognised almost the whole of Abyssinia as belonging to the Italian sphere of influence. In 1902 the Anglo-Abyssinian Boundary Treaty gave Great Britain rights within the recognised Italian sphere, and the Abyssinian Government undertook not to permit any operations diverting the Blue Nile Sobat or Lake Tana (Tsana) waters from their main Nile course.

THE 1906 THREE-POWER TREATY

In 1906, a tripartite Agreement between Great Britain, France and Italy was accepted by the Emperor Menelik. It guaranteed the *status quo* in Abyssinia, as set out in existing treaties. Art. III states: "In no case shall one of the three Governments interfere in any manner whatsoever with Ethiopia 'except in agreement with the other two.' If the *status quo* were disturbed, the three Powers 'shall make every effort to preserve the integrity of Ethiopia. In any case, they shall concert together, on the basis of the Agreements enumerated in the above-mentioned Article (defining the *status quo*) in order to safeguard:"

(1) The interests of Great Britain and Egypt in the Nile basin, more especially as regards the regulation of the waters of that river and its tributaries . . . without prejudice to Italian interests mentioned in para. (2).

(2) The interests of Italy in Ethiopia as regards Erythraea and Somaliland (including the Benadir), more especially with reference to the hinterland of her possessions and the territorial connection between them to the West of Addis Ababa.

(3) The interests of France in Ethiopia as regards the French Protectorate on the Somali coast, the hinterland of this Protectorate, and the zone necessary for the construction and working of the Jibuti-Addis Ababa railway.

This tripartite Agreement of 1906 is still in force.

THE EFFECTS OF THE GREAT WAR

In 1915 under the secret Treaty of London, which brought Italy into the war on the Allies' side, Italy was given the following undertaking by France and Great Britain:

"In the event of France and Great Britain increasing their colonial territories in Africa at the expense of Germany, those two Powers agree in principle that Italy may claim some equitable compensation, particularly as regards the settlement in her favour of the questions relating to the frontiers of the Italian colonies of Eritrea, Somaliland and Libya and the neighbouring colonies belonging to France and Great Britain."

In November, 1919, "as part of a wider negotiation of a Colonial character," Italy proposed to the British Government, *inter alia*, the following offer:

(1) Italy would support Great Britain's claim for a concession to carry out works on a barrage on Lake Tana "within the Italian sphere of influence" as defined in the tripartite Agreement of 1906.

(2) Italy would support a British claim to construct a motor road from Lake Tana to the Sudan.

(3) In return, Great Britain should support an Italian claim to a concession for a railway connecting Eritrea and Italian Somaliland and running to the West of Addis Ababa.

(4) Italy would reserve to herself all rights in the Italian zone.

This offer, according to the British Note to Italy of December 14, 1925 (see below), "was not entertained at the time, chiefly owing to the strong objection felt to the idea

of allowing a foreign Power to establish any sort of control over the headwaters of rivers so vital to the prosperity and even to the existence of Egypt and the Sudan."

Great Britain, France and Belgium had proved to be the revisionaries of Germany's African possessions. Italy could only settle her grievances piecemeal. Her dispute with France over the boundary between Libya and French North-West Africa was quickly settled. Her dispute with Great Britain over the boundary between Kenya and Italian Somaliland was settled by the cession to Italy of Jubaland by Great Britain on July 15, 1924. Lastly, the disputed boundary between Libya and Egypt (then a British Protectorate) was settled by the Italo-Egyptian Agreement of December, 1925.

ABYSSINIA JOINS THE LEAGUE

Meanwhile, these post-war alterations of the map of Africa had perturbed the Ethiopian Empress Judith, Menelik's daughter, and the Regent and heir, Ras Tafari. They feared encroachments upon Abyssinia under pretexts of "cleaning-up" the slave trade and the means to that trade, the arms traffic. The Abyssinian Government consequently applied for League membership in 1923.

The Sixth Committee, which examined her request were divided. Australia, Great Britain and Switzerland were in favour of an inquiry into Abyssinia's capacity to fulfil the obligations incidental to League membership. France and Italy were strongly of opinion that the admission of Abyssinia would pave the way to the abolition of slavery, and would



strengthen the centralising hand of the Government in Addis Ababa. The Italian representative emphatically urged Abyssinia's application, minimised the nature of slavery in arms for her defences as an independent State. A sub-committee of seven was set up (British Empire, Finland, France, Italy, Latvia, Persia, and Rumania), and reported that Abyssinia was a sovereign State with a stable government and well-defined frontiers. But "in order to assist Abyssinia to overcome the difficulties which may in the past have been the obstacles to . . . fulfilment" of her engagements, her admission to the League should be made subject to her signature of a Declaration containing three Articles:

In Arts. I and II, Abyssinia undertook obligations contained in the 1919 St. Germain Arms Convention. This Convention amended the provisions of the 1885 Berlin Act and the 1890 Brussels Act, both relating to the African slave trade and, in particular, to the supply of arms for the express purposes of that trade throughout the whole of Central Africa. (But the 1919 Convention, and the succeeding 1925 Geneva Convention on the Supervision of the Traffic in Arms were never ratified. This led Britain, France and Italy in 1930 to regularise Abyssinia's position, as a sovereign State and a member of the League, with regard to the supply of arms. See below.)

In Art. III "Abyssinia declares herself ready now and hereafter to furnish the Council with any information which it may require, and to take into consideration any recommendations which the Council may make with regard to the fulfilment of these (the above) obligations, in which she recognises that the League of Nations is concerned."

On Abyssinia's signature of this Declaration, the League Assembly unanimously adopted her application for membership by 45 votes on September 28, 1923. She thereupon assumed all the obligations set out in the Covenant and became a member of the I.L.O.

THE 1925 ANGLO-ITALIAN AGREEMENT

In 1924 the British Labour Government entered into negotiations with Abyssinia over Lake Tana, without result.

The succeeding British (Conservative) Government, on their own initiative, concluded an Agreement with Italy in December, 1925, under which, according to the British Note of December 14, 1925 (see above), the British Government undertook, in return for Italian support in obtaining a concession from Abyssinia for a barrage on Lake Tana and a motor road from Sudan to Lake Tana, to support an Italian request for the power to build the desired railway from Eritrea to Italian Somaliland, *via* territory west of Addis Ababa. Further, if Great Britain obtained the Lake Tana concession and if Italy undertook not to tamper with the flow of water into the main Nile, the British Government would promise to

"Recognise an exclusive Italian economic influence in the west of Abyssinia and in the whole of the territory to be crossed by the above-mentioned railway. They would further promise to support with the Abyssinian Government all Italian requests for economic concessions in the above zone."

This Anglo-Italian Agreement conflicted, on the face of it with the terms of the 1906 tripartite Treaty; but on August 2, 1926, Sir Austen Chamberlain told the House of Commons that he believed that "the French were entirely satisfied with the explanations received." Meanwhile, however, quite apart from France's preoccupations, the Abyssinian Government strongly protested to Italy and Great Britain against the Anglo-Italian Agreement and its terms; and they finally protested to the League. The matter never came before the Council. For Great Britain and Italy published modest "interpretations" of their 1925 Agreement, which, according to these explanations, merely secured Great Britain against Italian rivalry in the obtaining of the Lake Tana concession, and secured Italian against British commercial competition in the zone of Italy's "exclusive economic interests."

THE 1928 ITALO-ABYSSINIAN PACT

On August 2, 1928, Ras Tafari signed a 20-year Pact of Friendship and Arbitration with Italy. By Art. II of that

Pact, both Governments pledged themselves not to take any action detrimental to the independence of the other. Art. V runs:

"The two Governments agree to submit to a procedure of conciliation or arbitration any questions which may arise between them and which it has not been possible to settle by the usual diplomatic means, without having recourse to the force of arms. By common agreement, Notes shall be exchanged choosing arbitrators."

ABYSSINIA AND THE ARMS TRAFFIC

In August, 1930, Ras Tafari entered into a Treaty with Britain, France and Italy (now in force) concerning the traffic in arms. Neither the St. Germain nor the 1925 Geneva Arms Convention had received sufficient ratifications to enter into force. Great Britain, France, Italy and Abyssinia therefore regularised the position among themselves, with the double object of enabling the Emperor of Ethiopia

"To obtain all the arms and munitions necessary for the defence of his territories from external aggression and for the preservation of internal order therein,"

and of preventing acquisition of arms by unauthorised agents. The 1930 Treaty empowered Abyssinia to order arms abroad, but laid down that imports into Abyssinia should only be allowed under signed and sealed order of the "Emperor or his authorised representative."

THE 1935 FRANCO-ITALIAN AGREEMENT

On January 7, 1935, M. Laval and Signor Mussolini in Rome came to an agreement over Franco-Italian disputes concerning their respective spheres of interest in North Africa. France gave Italy 2,500 out of 34,000 shares held by France in the Jibuti-Addis Ababa railway; a strip of territory adjoining South Libya; and another strip adjoining the southern frontier of Eritrea. This agreement was greatly to the advantage of France, especially in her European policy, and it was credibly reported that France had come to a clear understanding with Italy over Italian aims in regard to Abyssinia. On June 19th last, however, M. Laval, before the Foreign Affairs Committee of the Chamber, categorically denied that the French Government had agreed to leave Italy "a free hand" in Abyssinia.

NOTES OF THE WEEK

Mr Lloyd George's Proposals.—The document which Mr Lloyd George submitted to the Cabinet, and which forms the basis of his "New Deal" proposals, was published as a pamphlet* on Tuesday. Mr Lloyd George starts his argument by describing the ravages of unemployment in the depressed areas. The distress in these areas is mainly due, he thinks, to two causes: the decline in exports and the displacement of labour by the machine. Both causes are likely to operate, in some degree at least, for some time to come; accordingly the nation must face the problem of dealing with an irreducible minimum of 2,000,000 unemployed workers. In the next section of the pamphlet Mr Lloyd George establishes with some care that there are idle savings as well as idle men; he estimates the surplus of unused savings at about £200,000,000 a year. Accordingly his main proposal is that a National Development Board should be set up, charged to act as a permanent authority for reviewing, guiding and planning the economic progress of the nation and directing its financial resources into the most beneficial channels of investment. To assist the Board in developing its plans, it is urged that the Cabinet should be reconstituted on War Cabinet lines, and should consist of the Prime Minister and four or five colleagues without departmental responsibilities but free to concentrate on the formulation and initiation of policy. The bulk of the pamphlet is taken up with suggestions for the sort of projects which might be put in hand by this Board. None of these, except the projects of land improvement and land settlement, is described at any length; they range in variety from housing and town planning to the improvement of all forms of transport, by road, rail, air and canal, as well as coastal shipping. Electrification plays a large

* "Organising Prosperity." By the Rt. Hon. David Lloyd George, O.M., M.P. Ivor Nicholson and Watson. 6d. net.

part and land settlement, as might have been expected in view of Mr Lloyd George's known opinions, an even larger part. The Government's reply is to be published on Monday and is believed to amount to a rejection of the majority of Mr Lloyd George's specific proposals; though it is unlikely that such an uncompromising attitude will be taken up on the main issue of financing public works by borrowing as that which became known as the "Treasury View" in 1929. Indeed, this main issue is so much more important than the practicability of this or that individual project that it will be a very great pity if the controversy is allowed to degenerate into a wrangle over details. If the Government is convinced of the necessity of initiating works of this kind, plenty of worthwhile projects can be found, either in Mr Lloyd George's list or outside it. Indeed, the private citizen is hardly in a position to compile a list of projects, the details of many of which can only be available to the Government or the local authorities. The merit of Mr Lloyd George's pamphlet is that it discusses the case for public works in the conditions of 1935. That case is usually argued, both for and against, in far too general terms, and Lord Snowden is undoubtedly right in maintaining, in the pamphlet which we reviewed in the *Economist* of March 30th last, that there are times for starting public works and times for stopping them. This being so, it is obvious common sense to set up an impartial and permanent body to watch the development of the economic situation and to adjust the programme of capital works, and the borrowing that is necessary to finance them, to the needs of the moment. If Mr Lloyd George's initiative leads to no more than the creation of such a National Development Board, it will have taken us a long step farther in the evolution of the technique of preventing, and curing, cyclical depressions.

The Special Areas.—Mr Lloyd George has received a certain amount of fortuitous support from the First Report of the Commissioner for the Special Areas, which was issued on Wednesday. Mr Malcolm Stewart has written a careful, informative and sympathetic report which should be very widely read. But if the hope is still cherished in any sections of the Government's supporters that the appointment of Commissioners would advance more than an inch or two the solution of the problem of the Special (*nées* Depressed) Areas, the publication of this Report will effectively kill it. For the atmosphere of gloomy frustration which hangs over the Report, three reasons can be given. Much the most potent is, of course, the intractable nature of the problem itself, which is not removable by any number of Acts or the most complete change of heart. But the other two reasons could be remedied. In the first place, Mr Stewart makes it clear that the terms of the Act and their interpretation have very seriously hampered him. He has to obtain the sanction of the Ministry of Labour for any expenditure, which makes him "as much subject to orthodox financial control as any Government Department." He cannot assist works which relieve unemployment unless they also contribute to the economic development of the areas. He cannot supplement grants already made or offered by a Government Department; nor, as the Act has been interpreted, can he assist projects of a kind which *might* be eligible for a grant if the relevant Department chose to make it. This interpretation has precluded him from making any grants, for example, for roads, even where they are essential and integral parts of schemes of industrial site improvement, and, being dead-ends, would not in any case receive a grant from the Ministry of Transport. He cannot go outside his areas, even to set up hostels in more prosperous areas for men who have been transferred; he cannot assist any enterprise working for profit; he cannot even appoint assistants without the consent of the Ministry of Labour and the Treasury. This is a formidable catalogue of limitations and rather effectively makes nonsense of the Government's contention that the Commissioner has been given a free hand. He has, in fact, been set the impossible task of finding methods of rescuing the Special Areas from their plight without trespassing on the activities, actual or potential, of any other branch of the Government or any form of private enterprise. No wonder he has achieved very little.

Remedies and Palliatives.—The second removable cause of the pessimistic tone of the report lies in the basic assumption with which the Commissioner approached his problem. He takes it for granted that the export trades, upon which the Areas are mainly dependent, will never again be able to employ a substantially greater volume of labour than they do at present, and his efforts are consequently directed in the main to methods of persuading new industries to move into the Areas and the present population to move out. In the case of coal, for example.

The over-riding conditions under which favourable exports were enjoyed have ceased to exist. Will it not require every effort to retain the present not too secure position so long as a protective policy is a national need? Much improvement of the export trade for coal in the near future can hardly be looked for.

This is unduly pessimistic. Mr Stewart himself points out that exports of coal in 1934 were, by volume, less than two-thirds of those for a year as recent as 1929. Nor does his significant proviso "so long as a protective policy is a national need" really meet the case. An intelligent commercial policy, even without the abandonment of tariffs, could very greatly increase our exports. It is, of course, true that exports of steel, coal and ships will never be large enough to absorb all the unemployment in the Special Areas. The sort of palliative measures which Mr Stewart proposes will therefore in any case be necessary. The report has a number of interesting suggestions for measures that could be taken in the Special Areas themselves—"self-help" schemes, "buy locally" campaigns, a special fund for the provision of capital for new industries migrating into the Areas, etc.—but he places his main reliance upon measures for increasing prosperity, and the demand for labour, in the country at large. It is here that he comes significantly

close to Mr Lloyd George. For his main suggestions are public works; the extension of education, though of a technical and physical character, up to the age of 16; the provision of pensions at 65 sufficiently large to encourage workers to retire from industry; the reduction, wherever possible, of hours of work. All these are measures which appear among Mr Lloyd George's proposals and all are also measures which the present Government has certainly not accepted and may, by Monday, have decisively rejected. To an appeal which is undoubtedly popular with the electorate and has now received such powerful unexpected support, the Government can hardly continue to turn a deaf ear, in spite of their dislike of some of the political implications of Mr Lloyd George's Council of Action. Mr Malcolm Stewart has joined Mr Lloyd George in forcing the question of Economic Reconstruction upon the attention both of the public and of the Government as one of the major issues of the coming General Election.

A Stirring in Germany.—Ever since the spring the Nazi Brownshirts (S.A.) and Blackshirts (S.S.) have been politically astir again in Germany. The offensive against all "foes of the regime" was intensified by violent attacks, even of a physical order, upon both Protestant and Catholic priests and officials. Indeed, both Churches have gradually become victims of the Nazi fanaticism for the totalitarian State which is inflamed by the notorious Dr. Alfred Rosenberg. His neo-pagan cult is being forced on the youth movement throughout Germany; and this the Churches are bound to withstand with their very life-blood. More recently, the wave of anti-Semitism surged upward once more, at the behest of Dr. Goebbels, the Minister of Culture and Propaganda, and of Nazi Provincial Governors like Julius Streicher, of Franconia, Mutschmann of Saxony, and Sprenger of Hessen. Apparently the Jews have been adjudged guilty of "inference," which consists simply in their having ventured forth into cafés and theatres again. As a consequence, all the powers of Dr. Goebbels, the local Governors, the omni-present Secret Police, and the Blackshirt detachments have been let loose during the last few days against the Jews. The offensive reached its climax in Berlin this week, when Jews in cafés, theatres and the streets were manhandled by Brownshirts and other Nazis. The authorities, having allowed Dr. Goebbels to foment such trouble, immediately blamed "certain turbulent elements" which were goaded to action by the "manifest public disapproval" of the conduct of the Jews. But there is more in all this Nazi turbulence than anti-Semitism or religious intolerance; for the Nazi Press, which is under Dr. Goebbels' complete control, has been let loose in an onslaught on monarchists, nobles, and feudal landlords *à propos* a Heidelberg Korps students' rowdyism. And this week the Nazi attack has veered to the Stahlhelm, whose meeting with the delegates of the British Legion in Berlin was cancelled at the last moment. Are the spirits of those who perished on June 30th last year now walking in the Nazi ranks? If so, who is calling the Nazi tune? And how will the piper be recompensed? These are the questions which Nazi conduct prompts. Whatever the answers, it seems that the state of Germany is scarcely totalitarian; it is more like one of acute divisions and grave tension.

The Roumanian-Jugoslav Conversations.—There has been no more significant commentary upon Sir Samuel Hoare's speech than the report of the conversations which took place two days later, on July 12th, at Sinaia, between King Carol of Roumania and his Prime Minister, M. Titulescu, on the one side, and the Regent of Yugoslavia, Prince Paul, on the other. The Yugoslav and Roumanian statesmen evidently found it advisable to persist in what one might almost call their "traditional" post-war policy, instead of plunging into new and hazardous courses. They will stick to the French Alliance notwithstanding the doubt whether it might not be wiser to follow Poland's example and to make friends with a resurgent Germany quickly, while they are in the way with her,

instead of waiting to see how she may choose to deal with them if and when she fully recovers her strength. For the time, at any rate, these rather risky ideas seem to have been rejected by the Yugoslav and Roumanian Governments; and it is extremely interesting to observe one point which has evidently counted for much in their minds. This is the present attitude of the British Government towards East European affairs, as indicated in Sir Samuel Hoare's speech. Evidently in that region it is felt that British policy may be the determining factor in East European destinies. If the British Government declares itself, even rather platonically, as opposed to any change of the *status quo* by brute force, this British attitude—it seems to be felt by the people on the spot—may avail to make it impossible for "the Third Reich" to change the *status quo* to her own liking.

Europe and Africa.—It is not difficult to read between the lines of the report from Sinaia that a significant intention, on Great Britain's part, to disinterest herself in Continental affairs might precipitate an East European *saute qui peut*, in which every successor-state would compete with every other in a panicky race to make the best terms with Germany that could be coaxed from her. But if Great Britain does really hold the balance in Eastern Europe, this is a political factor of first-class importance; for the British public—and therefore the British Government—can never be induced to undertake responsibilities in Eastern Europe as a mere matter of power-policy—simply in order to keep Germany weak and Germany's neighbours strong. Our interest in Eastern Europe is essentially one of principle. We are concerned—there, as elsewhere—to uphold the fundamental principle of the collective system: that there shall be no change of the *status quo* except by peaceful and orderly means. But this British interest in the maintenance of League principles applies to Africa no less than to Eastern Europe; and French statesmen ought to realise that, if they allow the League to suffer shipwreck on East African rocks for the sake of an Italian alliance, they will be destroying the only possible basis for collaboration between France and England in Europe. It is now fairly certain that the Council of the League will meet on July 25th or 26th to decide the sequel to the breakdown of the Conciliation Commission's attempt to heal the Italo-Abyssinian breach. The paramount necessity, which Lord Cecil urges this week in a cogent article in the *News-Letter*, is that the two disputants should be brought to state their grievances before the Council. Here is a clear line for British and French statesmen to follow. And only along that League line can this country work for both the League's and its own interests.

A Surprise from West Toxteth.—The result of the West Toxteth by-election is interesting and in some respects surprising. A Conservative majority of 5,635 in 1931 has been converted into a Labour majority of 5,343. The full figures, however, are more significant:—

	1929	1931	1935
Conservative.....	16,309	20,613	9,565
Labour.....	19,988	14,978	14,908

The most obvious feature is the heavy fall in the total vote. Only 25,000 persons, or 53 per cent. of the electorate, voted this week compared with about 35,000 in 1929 and 1931. The Labour poll was slightly less than in 1931, but the Conservative poll actually fell by over 50 per cent. To some extent, no doubt, normal by-election apathy affects Conservative more than Labour voters; and in this case the Conservative candidate was by all accounts not a happy one. Not only was he locally unknown, but both Lady Houston and Mr Randolph Churchill insisted on supporting him. It would be rash, however, to attribute too much weight to these peculiar factors. The voting at West Toxteth suggests that there has been a considerable weakening in the electoral influence of the Jubilee celebrations and the re-armament of Germany, which a few months ago were

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supposed to be making the triumphal re-election of the present Government a virtual certainty. Indeed, the sweeping deductions, made by commentators of all parties, from the Scotch by-elections of the early summer were never very securely grounded. At West Toxteth neither the Jubilee nor the Hitlerite menace were the dominating issues. The Labour candidate based his case against the Government on the economic distress imposed on our great exporting districts by our present quota and tariff policy. And the result showed that Mr Baldwin's new Government will not arouse any enthusiasm, at any rate in Northern industrial areas, as long as it refuses to face this issue. But has the Labour Party any more realistic solution to offer? Apparently the electors were doubtful. It would be interesting to know how a candidate supporting Mr Lloyd George's programme would have fared this week at West Toxteth.

The Beef Subsidy.—The beef controversy has now been laid to rest until October, 1936. Twelve months' undignified negotiation and vacillation have thus been brought to an end. But the end is as lame and impotent as it could well be. A year ago a subsidy was introduced and scheduled to run from September until March. The alleged purpose of the subsidy was to give the Government time to persuade Argentina and the Dominions to renounce their rights under Ottawa and the Argentine Agreement. These agreements forbade either the imposition of a duty on any imports or the imposition of a quota on foreign imports alone. Unless both the Dominions and Argentina, therefore, waived their Treaty rights, the only alternatives before the Government were a general quota or a continued subsidy. In these circumstances we expressed some scepticism about the "temporariness" of the subsidy. The Government announced boldly, however, in a White Paper issued in February, that if the levy was not voluntarily accepted, "the only practicable means at present available" for subsidising the home farmer "is a drastic reduction of importation to the United Kingdom from all sources." Was this bluff? Or has the Government since changed its mind? Or has the approach of the General Election made food taxes seem less attractive? At all events, the subsidy was extended from March till June, then from June till September, and now from September till October, 1936. Nominally Mr Elliot believes that agreement may yet be reached before November, 1936. But this may be dismissed as no more than a pious hope. Presumably, the Government has decided that it dare not provoke the resentment of the Dominion producers by the imposition of a quota more drastic than the present voluntary one. This at any rate seems a more probable explanation than that any solicitude for the British consumer is responsible for the continuance of the subsidy. For Mr Elliot still reiterates his intention to impose a "levy subsidy" after the expiry of the Argentine Agreement, and so at long last to transfer the burden from the direct taxpayer to the consumer. Will this, however, be so easy? There is a faint possibility that Mr Elliot may not be Minister of Agriculture in November, 1936. Moreover, a new Agreement with Argentina will clearly be necessary when the present one expires. And, in negotiating this agreement, Argentina has some very solid bargaining counters in the shape of the substantial debt she

owes and the numerous goods she buys. There is still, of course, the possibility that a rapid increase in purchasing power and consumption in this country might render further protection unnecessary by the end of 1936. But the secular trend of taste against beef, and the intensification of protection in other importing countries, unfortunately, make this improbable.

* * *

Hiding the Subsidy.—The Minister of Agriculture has been even more than usually before the attention of the public during the past week. For in addition to the extension of the cattle subsidy and the chronic difficulties of the Milk Marketing Scheme, he has also been asking the House of Commons for more money for the beet sugar industry. The debate did not differ very widely from the many previous beet sugar debates, except that the tone of the supporters of the subsidy is becoming notably more apologetic. The discussion was, however, enlivened by a further development by Mr Amery of his ingenious argument that the subsidy costs nothing. "I contend," he said, "that if you give a person a subsidy which you at the same time take away in the form of excise, you are, in fact, giving him nothing." Now it is true that excise duty is paid on sugar manufactured from British beet, and that the rate of excise is nearly as large as the rate of subsidy. But it happens also to be true that all other forms of sugar pay a very much higher rate of duty, and in calculating the cost of assisting the beet sugar industry the amount of duty which the Exchequer loses through the rebate of excise is quite rightly added to the cost of the actual cash subsidy. But now Mr Amery comes along, forgets all about the rebate and proceeds to deduct from the subsidy the excise that is paid on domestic sugar, triumphantly convincing himself and anybody else who is willing to be equally purblind that the subsidy costs nothing at all! The only wonder is that Mr Amery did not also subtract the income tax paid by the beet sugar companies, their cheque stamp duty and their motor vehicle licence duties and prove that the Treasury was actually making money out of the industry. Both protection and beet sugar have the peculiar quality of making their devotees talk all sorts of fantastic nonsense and dub it economics. But when the two cults are united in the person of Mr Amery, the result is to leave mere rational mortals breathless.

* * *

Cheap Electricity?—At last we are to have a Government examination of the distribution of electricity. The Minister of Transport has appointed a committee of three (Sir Harry McGowan, Sir John Snell, and Mr John Morison) to—

bring under review the organisation of the distribution of electricity in Great Britain, including the control of statutory electricity companies by other companies, to advise on methods by which improvements can be effected with a view to ensuring and expediting the standardisation of systems, pressures, and methods of charge, further extending facilities (including supplies in rural areas) and reducing costs, and to make recommendations.

This preliminary step towards cheap electricity is long overdue, for although critics of the existing chaos in electricity distribution may disagree over the sources of the confusion and the methods by which it can be remedied, most are agreed that drastic steps must be taken by someone. Time and again, attention has been drawn to the drawbacks of our present system which divides up the country into 373 local authorities, 254 companies, 8 joint authorities and boards, and permits supply of electricity at 45 different voltages between 100 volts and 480 volts, from 284 undertakings which supply A.C. only, 279 supplying A.C. and D.C., and 92 D.C. only. Over 1,000 different ways of charging for one commodity must surely be a world's record! Electricity supply is an industry which cannot fulfil our legitimate expectations without standardisation at every point from generating station to appliance; and until the supply system and commercial organisation are overhauled both technically and economically, the work already done through the Central Electricity Board will be unable to yield its maximum results. It is fitting that the

Committee is to review "the control of statutory electricity companies by other companies," i.e. holding and management companies. These are institutions which have great power for good and for evil, and no scheme of reorganisation would be complete which did not refer to them. Whatever the Committee investigates it is bound to find some opposition, for there is always resistance to change; the Committee can only achieve what the public expects if it takes as its motto President Roosevelt's dictum on the same subject "when public and private interest conflict, the public interest must prevail." And when the Committee makes its recommendations, we hope for speedy legislation and no repetition of the long delays and obstructions which preceded the formation of the Central Electricity Board.

* * *

More Money for the Air Force.—The Supplementary Estimate rendered necessary by the Government's undertaking on May 22nd to accelerate the Air Force expansion scheme was published on Tuesday. The sum required is £5,335,000, of which £3,150,000 is for new machines, engines, and equipment of formations. Of the latter sum, £2,725,000 is for aeroplanes and spares, bringing the total revised Vote under this head to £9,621,000. The Air Minister points out that most of the cost of the new programme will fall in the coming financial year, 1936-37, at the close of which the objective of 123 squadrons and 1,500 first-line aircraft is to be reached. Even so, nearly £5.3 millions on top of an original estimate of £23.9 millions is striking evidence of the scope and rapidity of this year's expansion. Of the 2,500 new pilots for which the scheme provides, it is anticipated that 1,300 will be recruited this year. An additional vote of £947,500 is asked for under the heading of New Works. Additions and alterations, of which nearly a half is apparently required in connection with the speeding up of works already authorised—the balance being needed for additional items now to be included in the programme. The civil aviation companies do well out of the Supplementary Estimate, for under Vote 9 an extra £140,000 is required for "payments to civil companies for preliminary flying training of regular personnel," as compared with only £19,000 in the original Estimates. Evidently, the new programme has put a sudden strain on the training capacity of the Air Force. In default of a general international agreement to limit and reduce national air forces, the nations of Europe are in full flight on an armament race. The effects on the German, Italian and French finances are already evident in budgetary and fiscal difficulties. In our own case, the Supplementary Air Estimate raises the total of Supplementary Estimates presented in the first three months of the current financial year to £11,734,412—of which £3.4 millions were for Public Assistance, £2.8 millions for the Beet Sugar Subsidy and the present £5.3 millions for the Air Force. The Chancellor of the Exchequer allowed only £4.0 millions in the Budget for "several items not included" in the Supply Services. The Government has already pledged three times that sum; and almost half of the total is to go "in the air."

* * *

British Shipbuilding.—In contrast with the expansion of activity in the majority of capital equipment industries, mercantile shipbuilding has made no headway at all since the beginning of 1935. The latest returns issued by *Lloyd's Register* actually show a decline in the tonnage of mercantile vessels under construction as compared with a year ago. Thus, the gross tonnage under construction in this country at the end of June was 560,321 tons, against 555,815 at the end of March and 587,142 a year ago. On the other hand, work in hand abroad rose from 629,198 gross tons at the end of June, 1934, to 713,719 at the end of March and 722,210 at the end of June, 1935. As a result of the relative improvement abroad, the British declined from 48.3 per cent. at the end of June, 1934, to 43.7 per cent. at the end of last month. The tonnage under construction in this country at the end of June for registration or for sale abroad was 14 per cent., as com-

pared with 15.3 per cent. a year ago. Of the total mercantile tonnage under construction abroad at the end of June, Germany accounted for 237,045 tons, Sweden for 94,473, Holland for 75,446, Japan for 65,970 and Denmark for 65,753. The steamer is still holding its own in this country, for of the total tonnage under construction in this country at the end of June, only 43.5 per cent. are motor ships, as compared with 70 per cent. abroad. Unfortunately, the immediate outlook for the British shipbuilding industry is not bright, for the gross tonnage commenced in the second quarter of 1935 was only 108,122 tons, as compared with 144,386 in the first quarter and 146,653 during the corresponding period a year ago.

* * *

Sterling and International Prices.—There is some evidence that the decline in British and American prices, which began at the end of May, is now being arrested. During the past fortnight the *Economist's* complete British wholesale price index number has only fallen by 0.2 per cent., while primary products have fallen by less than 0.2 per cent. In the United States the complete Irving Fisher index number has also fallen by only 0.2 per cent., while primary products have risen by 0.4 per cent. There is no evidence that the Boston judgment against the constitutionality of processing taxes has yet affected the American prices of wheat or cotton, but the case has still to come before the Supreme Court. On the Continent, French prices continue to fall, and there has been a rather more rapid rise in German prices. The latest available Italian index number shows that the advance in Italian prices is continuing.

SEPTEMBER 18, 1931 = 100

Date	Economist Indices				U.S.A., Irving Fisher	France, Statist- ique Générale	Italy, Milan Chamber of Commerce	Ger- many, Statist- isches Reichs- amt
	British Complete Index (sterling)	Primary Products		Price of Gold (sterling)				
		British (sterling)	American (dollar)					
1932								
Jan. 27th	108.3	115.7	93.8	140.9	93.5	93.6	95.8	91.6
Apr. 20th	103.8	105.4	83.6	129.5	89.6	97.0	95.3	90.3
July 27th	99.5	103.5	84.1	138.9	88.3	91.3	88.5	88.1
Oct. 19th	103.1	112.3	84.0	143.8	88.8	88.8	92.7	86.8
1933								
Jan. 25th	101.3	107.7	78.0	142.6	80.5	88.1	90.2	83.8
Apr. 19th	98.7	104.6	88.7	141.4	82.8	87.5	86.2	83.4
July 28th	108.1	120.6	124.7	145.7	100.9	89.7	86.2	86.6
Oct. 18th	106.4	112.8	109.1	155.4	103.7	87.5	84.6	88.1
1934								
Jan. 31st	108.8	118.0	124.8	156.7	105.6	87.2	84.4	88.5
Apr. 25th	108.2	119.8	125.3	159.5	106.0	85.4	83.2	87.7
July 18th	108.5	124.8	136.7	162.4	119.2	81.4	83.2	91.1
Oct. 24th	107.9	124.2	146.2	164.5	114.3	79.8	84.4	93.0
1935								
Jan. 2nd	109.4	123.7	154.5	165.8	115.1	77.1	85.2	92.8
Jan. 30th	110.3	124.6	152.4	167.2	118.3	79.1	85.6	92.8
Feb. 13th	109.6	123.4	154.5	167.5	119.5	78.9	85.5	92.8
Feb. 27th	108.9	123.9	153.9	169.0	118.9	78.4	87.0	92.7
Mar. 13th	108.7	121.9	148.6	174.2	118.5	77.7	87.8	92.6
Mar. 27th	109.4	123.3	147.6	171.0	116.9	77.7	89.4	92.6
Apr. 10th	109.9	124.4	150.1	168.9	118.5	78.4	91.3	92.6
Apr. 24th	110.5	124.5	151.6	169.1	118.6	78.2	91.7	92.6
May 8th	111.3	124.1	149.5	169.5	119.2	78.2	92.3	92.6
May 22nd	113.5	127.7	151.4	167.1	119.9	79.6	93.5	92.7
June 5th	112.7	126.2	146.1	166.2	120.1	79.3	93.3	92.9
June 19th	112.7	125.6	144.2	165.9	118.9	78.9	96.4	93.0
July 3rd	111.8	124.5	143.0	166.5	118.5	78.0	96.9	93.0
July 17th	111.6	124.3	143.6	166.0	118.3*	77.5*	...	93.5*

* These figures refer to July 10th.

Details of the group indices comprising the complete *Economist* index number on the date of our suspension of the gold standard and for recent dates are given below:—

	"ECONOMIST" INDEX (1927 = 100)			
	Sept. 18, 1931	June 19, 1935	July 3, 1935	July 10, 1935
Cereals and meat	64.5	71.1	68.4	66.3
Other foods	62.2	60.1	59.1	59.0
Textiles	43.7	55.0	55.5	56.4
Minerals	67.4	78.1	78.7	79.7
Miscellaneous	65.8	75.3	75.0	75.0
Complete index...	60.4	68.1	67.5	67.4
1913 = 100	83.1	93.7	92.9	92.7
1924 = 100	52.2	58.8	58.3	58.2

Most food prices are lower than a fortnight ago. The decline is most marked in barley, Argentine beef, and Danish bacon, but wheat, flour and maize have all fallen by about 4 per cent. There has been a slight recovery in

tea. Among textiles, raw cotton is a shade cheaper, but there have been sharp rises in wool and hemp. Flax is at last beginning to decline from the high prices touched earlier in the year. In the minerals group, non-ferrous metal prices are all higher, the recovery being greater in the case of lead and copper. Miscellaneous materials were irregular. Hides, leather and linseed oil are dearer, but rubber, tallow and creosote are slightly cheaper.

* * *

Iron and Steel Production in June.—Activity in the iron and steel industry remained at a high level during the past month. The returns of the British Iron and Steel Federation show that production of both pig iron and steel ingots and castings in June was substantially higher than in the corresponding month a year ago. Calculated on a daily basis, the output of crude steel rose from 32,200 tons in June, 1934, to 35,600 tons in May and 35,800 tons in June, 1935:—

(In thousands of tons)

Period	Production		Foreign Trade	
	Pig Iron	Steel Ingots and Castings	Total Imports	British Exports
1913—Monthly Average	855.0	638.6	185.9	414.1
1929 " "	632.4	803.0	235.2	364.9
1932 " "	297.3	498.5	132.7	157.4
1933 " "	344.7	585.3	80.9	180.2
1934 " "	498.2	738.3	113.9	187.8
1935—				
May	527.9	780.0	122.2	190.6
June	514.9	757.5	98.0	204.1
July	528.3	718.2	126.4	197.1
August	503.3	667.0	102.2	193.4
September	500.3	734.7	89.5	198.0
October	527.1	812.0	120.2	220.9
November	507.6	766.0	104.1	219.9
December	513.5	654.5	114.5	186.8
1935—				
January	521.2	757.8	130.5	181.2
February	483.1	769.5	103.3	172.9
March	554.2	841.9	126.0	175.8
April	526.3	808.7	62.7	240.9
May	558.9	853.3	86.4	213.9
June	529.3	770.0	98.2	195.1

Imports of iron and steel materials in June were slightly higher than in May, but almost unchanged as compared with a year ago. On the other hand, exports show a reduction on May and on the corresponding month a year ago, but it must be remembered that June, 1934, contained two more working days than the past month, on account of Whitsun. South Africa, Canada, British India and the U.S.S.R. were our best customers in June, but exports to South Africa, British Malaya, Finland, Denmark, China and Argentina showed a substantial reduction as compared with a year ago. The decline in exports to these countries was only partly offset by increased shipments to British India, Canada and the U.S.S.R. There has been no significant change in prices of iron and steel materials in recent weeks. Negotiations concerning the details of the five-year agreement between the British Iron and Steel Federation and the Continental Crude Steel Cartel, which should come into force on August 8th, have not yet been concluded. Meanwhile, there has been a seasonal decline in the demand for iron and steel, but the outlook for the principal consuming industries, including engineering, building, and motor vehicle construction, remains good.

* * *

Shipping Freight Index.—As measured by our monthly index number, the general level of whole cargo shipping freights rose by 0.4 per cent. during June, following a rise of 0.4 per cent. during May. The current figure of 84.0

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compares with 83.8 in June last year and 81.9 in June, 1933. Details of the index number are as follows:—

	Average, 1913	June, 1934	April, 1935	May, 1935	June, 1935
European Waters	110.0	86.7	89.1	87.9	91.4
North America	113.1	76.6	82.2	81.7	79.8
South America	123.4	80.6	79.6	80.1	82.4
India	106.3	88.0	90.8	88.7	86.5
Far East and Pacific	117.4	86.3	80.1	79.2	77.7
Australia	127.9	84.6	78.3	84.6	86.4
	116.3	83.8	83.4	83.7	84.0

Reports from many centres are a little more encouraging. Newcastle states that the improvement in the Mediterranean market has been maintained, while Hull freights remain steady. The Cardiff freight market is firm, particularly for large vessels, the main weakness being in routes to the Bay. At Liverpool the homeward River Plate market has hardened, and enquiry for outward coal tonnage is well maintained. Eastern freights are weaker. Demand for

shipping at Glasgow is confined chiefly to the Baltic. Movements of the various sections are as follows:—

	Index No.	Inc. or Dec. Points		Index No.	Inc. or Dec. Points
Home trade	87.2	+10.4	South America—		
Bay—outwards	104.6	+1.9	Outwards	65.7	+1.7
Bay—homewards	88.7	-3.2	Homewards	99.2	+3.0
Mediterranean—			India—outwards	82.8	+0.7
Outwards	105.2	+2.4	India—homewards	90.2	-5.0
Homewards	75.4	-1.1	Far East, etc.	77.7	-1.5
North America	79.8	-1.9	Australia	86.4	+1.8

Expressed as a percentage of the average for 1913, the total figure of our index number for June is 72.2, compared with 71.9 for May and 72.0 for June, 1934.

Italy's Mobilisation.—In last week's Italian letter, owing to an error in transmission, it was stated that "the dispatch to the Colonies of 600,000 to 700,000 more young men has obviously eased the labour market." This should have read "the dispatch to the Colours," etc.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

THE INCREASE IN BANK DEPOSITS

THE increase in bank deposits continues to be the most spectacular feature of American statistical data. In the calendar year 1934 the net demand deposits of the Reporting Member Banks rose by some \$2,700 millions, while their total loans and investments rose by \$1,600 millions. The latter increase is considerably less than the purchase of Government and Government-guaranteed obligations.

In the first half of 1935 the net demand deposits of these same banks have risen by about \$1,700 millions, but their total loans and investments have been increased by only about \$400 millions. In this six-month period virtually all of the increase has been in Government and Government-guaranteed securities; although there has been no great decline in either loans on securities or in the various categories of commercial loans.

These net demand deposits have been fed by the transfer to private account of over \$500 millions of Government deposits, which were at an extremely high level at the end of 1934; and by the imports of gold, which have come close to \$800 millions in the first half of 1935. In other words, while in both years gold imports contributed heavily to the expansion of bank deposits, in 1934 the continuous financing of the deficit by the banks was the greatest single factor in expanding them. In the first half of 1935 there was a small decline in the interest-bearing public debt; and while the banks increased their holdings of Government securities, they did so by purchase from the public, rather than from the Treasury. This fact was a reason for the extremely low rates on which the Treasury refinancing was conducted; while the form that much of this refinancing took (from bonds to short-term securities) was probably conditioned by the desire of the Treasury to provide securities acceptable to the banks, and the hesitancy of the banks to accept long-term issues on the basis of prevailing money rates. The net effect was, of course, to reduce the average interest charge on the public debt, which at the end of June was stated to be 2.71 per cent.

Neither the fall in money rates nor the modification of the Securities Act has developed a demand for new capital on the part of corporations. While there has been a marked revival in the issue market this spring, it has practically been confined to refunding operations.

The history of the Reserve Banks during this period has been the counterpart of that of the Member Banks. The only change in the statement reflects the gold imports; for the monetary gold stock has risen by \$879 millions, and this combined with the reduction of Treasury balances with the Reserve Banks has lifted the member bank reserves above \$5,000 millions, or at least double the legal requirements.

The demand for currency, however, is substantially higher than a year ago. The figure at the end of June was up almost \$200 millions over the previous year. This corresponds roughly with the increase in silver certificates in the period; but it is somewhat unexpected, none the less, for most people had anticipated that the return of currency from hoarding would offset any expansion in the demand for hand-to-hand currency arising from increased pay-rolls. One of the outstanding features of United States monetary data is the small reflux of the large-denomination currency which was hoarded during 1931. The persistence of this "hoarding" is almost certainly not due to lack of confidence in the banking system; possibly it can be attributed to the nominal yields on short-term securities, which make a non-interest-bearing obligation of the Government equally attractive and less troublesome. The same explanation would account for the retention by the public of considerable amounts of matured Government securities, on which interest has ceased.

AN IMPORT SURPLUS IN MAY

The foreign trade figure for May showed imports of \$170.5 millions and exports of \$165.5 millions, giving a passive merchandise balance of \$5 millions. Net gold imports amounted to \$140 millions and net silver imports to \$10.6 millions. For merchandise, exports were \$5 million above May, 1934, but imports were \$16 million higher, thus continuing the general trend of recent months. For the year to date the figures are as follows:—

FOREIGN TRADE OF THE U.S. FIRST FIVE MONTHS (\$000,000)				
Merchandise exports	1934	1935		Change
Merchandise imports	866	854		- 12
	728	838		+ 110
Export surplus	138	16		
Silver exports	5	11		+ 6
Silver imports	14	81		+ 67
Import surplus	9	70		
Gold exports	7	1		- 6
Gold imports	782	575		- 207
Import surplus	775	574		

For the first five months of 1934 the visible balance was passive by \$646 millions. For the first five months of 1935 it was passive by \$628 millions; increased imports of merchandise, and silver having displaced almost \$200 millions of gold imports. Gold imports in June, 1935, however, were extremely heavy; but it is noteworthy that as soon as the flurry over the gold currencies ended, their exchanges rallied smartly to a level that shut off the gold movement. It is understood, however, that the Treasury has been a substantial purchaser of silver.

NEW YORK, July 5.

FRANCE

THE NEW BUDGET CUTS

THE Government's new decree laws, which will result in total economies and new revenues of 10,959 million francs [about £147 millions], are divided between the different Budgets as follows:—

	(Million francs)
State Budget (economies and new taxes) ...	7,063
Caisse d'amortissement	195
Departments and communes	1,385
Railways (July decrees)	1,066
Railways (previous decrees)	1,250
Total	10,959

These decrees include the following measures: the suppression of abuses and pluralism; the abolition of certain special items of excessive expenditures; an increase of the tax on income from bearer securities; an emergency levy on incomes over 80,000 francs; and a special tax on profits realised by businesses working for national defence, etc. But the main deflationary weapon is the cut of 10 per cent. in all State payments, including interest on the National Debt. This levy hits both civil servants, war pensioners and rentiers. The total of 11,000 million francs of economies should be sufficient to cover the deficit—provided revenue does not fall further.

Others of the decree laws are intended to stimulate economic activity by lowering prices. There is to be a reduction of 10 centimes in the price of bread, a reduction in the charge for gas and electricity, a reduction of 5 to 15 per cent. in the price of coal and of 10 per cent. in rents, etc. Finally, a general decree suspends inconvertibility clauses in loans; so that any debtor who has hitherto had to conform to such a clause can henceforward repay his creditor, after due notice, if he can find the necessary capital on better terms.

The Government maintains that the sacrifices demanded are being equally shared by everyone. They affect industrial securities as well as rentes, and private capital as much as official salaries. Devaluation is once more firmly rejected on account of the "social repercussions" which it might have in France. The Government's position is stated as follows:—

It does not seem possible that in a country where speculation is easily stimulated, where the people are excitable, and where political passions abound, devaluation could be carried through peaceably and calmly. In present circumstances only the blind could believe in the possibility of an ordered and scientific currency revision. The immediate reaction of the French public, with its present state of mind and traditions, is to treat with grave suspicion any suggestion of an ordered adjustment of our currency. In our country there could only be a sudden, brutal collapse of the franc, accompanied by all the disturbances, injustices, and discontents which can already be sensed in the general public unrest.

The new decree laws have already led to protests. But there has been no suggestion of a general strike or of a strike against tax payments. The Confédération Générale du Travail has apparently thought it expedient to leave its constituent organisations to take their own decisions about any further action. If this mood continues, the Government will have succeeded in restoring financial equilibrium with the least possible psychological disturbance and without being forced into devaluation.

BIG FALL IN BUDGET REVENUE

Budget revenue in the second three months of 1935 showed an even greater falling off than in the first three months. The deficiency, compared with the estimates, of receipts from indirect taxation was 798 million francs in January, February and March; and 1,264 millions in April, May and June. There is not yet any figure for receipts from direct taxation, but they have undoubtedly fallen off. The Minister of Finance will certainly have to present to the Chamber supplementary estimates, which will naturally swell the deficit.

If ordinary Budgetary receipts for this year are compared with those of 1934, a shrinkage of 1,346 million francs is apparent; made up of a fall of 769 millions in

direct tax receipts, a fall of 590 millions in indirect receipts, and an increase of 13 millions in receipts from State lands. The shrinkage of revenues has been particularly severe in the second three months of the year. The turnover tax, in particular, yielded only 1,427 million francs in April, May and June; a fall of 329 millions compared with the estimates, and 179 millions compared with the same three months of 1934. Apart from the turnover tax, the total Customs revenue in April, May and June, 1935, was 18 per cent. below the estimates. Finally, Stamp Duty receipts, including receipts from Stock Exchange operations and from the duty on bearer bonds, amounted to 2,007,109,000 francs. This is a fall of 287,720,000 francs compared with the estimates, and of 128,971,000 compared with 1934.

The deficit, in fact, for the financial year, 1935, must be put at 6,500 million or 7,000 million francs, apart from the railway deficit, which exceeds 4,000 millions. The Government is insisting on the gravity of this total in order to justify its economy decrees.

The figures published by the Statistique Générale show that a complete stagnation in industrial production persists. The general index has stood at 93 (1913 = 100) since the beginning of the year. A year ago it stood at 101.

INDUSTRIAL PRODUCTION (1913 = 100)

	May, 1934	Feb., 1935	March, 1935	April, 1935	May, 1935
General index	101	93	93	93	93
Engineering	99	96	96	96	95
Iron and steel	80	76	76	80	81
Textiles	66	62	59	59	63
Mines	103	101	97	101	101
Building (adjusted figures) ..	84	76	75	70	65
Leather (" ") ..	99	87	88	89	90
Paper (" ") ..	158	132	133	133	132
Rubber (" ") ..	940	763	759	754	758
Motors (" ") ..	456	400	400	412	427

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The number of private cars put on the road in May was 14,558, compared with 15,100 in April and 15,026 in May, 1934. The number of lorries was 1,772, compared with 1,837 in April, and 2,046 in May, 1934. In the cotton industry the usual seasonal recovery is apparent:—

	February	March	April	May
<i>Spinning (average per spindle in kilograms) :—</i>				
Production.....	1,307	1,281	1,272	1,442
Deliveries.....	1,339	1,420	1,356	1,486
Stocks.....	2,392	2,152	2,083	2,148
Unfilled orders.....	4,262	3,851	3,877	4,690
<i>Weaving (average per loom in pieces of 100 metres) :—</i>				
Production.....	3.65	3.71	3.60	4.28
Deliveries.....	3.53	4.51	3.61	4.36
Stocks.....	11.49	10.05	9.83	9.89
Unfilled orders.....	12.52	11.72	12.09	14.91

Withdrawals by the Caisse d'Epargne Ordinaire from the Caisse des Dépôts et Consignations exceeded deposits in June by 368,204,272 francs. This reduces the excess of deposits since the beginning of the year from 772,743,235 francs to 404,538,963 francs.

PARIS, July 17.

GERMANY

SHARE PRICES AND DISTRUST OF THE CURRENCY

LAST week the Bourse Committee, which practically means the Ministry of Economy, intervened in order to check the rapid rise in share quotations which has been proceeding since the beginning of the year. The Committee declared that recent advances in prices have in part lacked any solid foundation; that trade and industry must expect the imposition of new burdens; and that investors and savers run the risk of loss through a reaction in prices. This unusual official intervention made a considerable stir. Coming after a prolonged bull movement, it might have been expected to cause heavy selling and a considerable decline in prices. In fact, shares declined only two or three points, and after a new advance early this week the average price of the more active shares is less than 1 per cent. below the level of immediately before the intervention.

The intervention has an important bearing on industry, public finance and currency. The active shares in the variable dividend Stock Exchange list have risen this year about 25 per cent. but many less important stocks have risen 50 to nearly 100 per cent. At the present prices dividend yields are often down to 2 or 3 per cent., which is much lower than the interest yield on public and private loans, despite the recent conversions of the former.

The most important reason for the rise in share prices is distrust of the currency, in consequence of which the holder of solid industrial assets will often not sell even at a large nominal profit. This factor has been visible only in the past six months. It is a result of official concealment of the total of public liabilities, public ignorance about the manner in which these liabilities will ultimately be met, and widespread conjectures that the easiest way may prove to be formal devaluation. The actual depreciation of the mark in the shape of rising prices for commodities as well as shares is visible to everyone. But the advance in share prices runs counter to the Government's desire for a rise in bonds, which would facilitate public borrowing. Investors, however, who buy shares because of their distrust of the currency have an equally good reason for avoiding bonds. Fixed-interest securities rose very much last year in consequence of the open-market policy adopted in late 1933 at a time when currency stability was taken for granted. But this year they have not risen at all. And the Bourse Committee's intervention failed not only to depress shares, but also to raise bonds.

The number of unemployed fell in June by 142,000 to 1,877,000. Pig-iron production in June was 979,400 tons, as against 1,001,300 tons in May; the average daily output, however, increased slightly. In the first half of the year 5,603,300 tons were produced, as against 3,896,000 tons in

the same period of 1934. The home market for coal is active. Ruhr Syndicate sales to "contested districts," that is to foreign countries and parts of Germany accessible to foreign competition, have increased some 10 per cent. since April. The German Wire Syndicate has been extended until the end of 1936; and the "group protection" agreement, under which important steel works undertake not to embark on branches of production which are the special domain of other works has also been prolonged.

The officially fixed prices of cereals for the crop-year ending July, 1936, have been announced. In Berlin the price of rye per metric ton is to rise from Rm. 157 in July-August, 1935, to Rm. 177 in June-July, 1936, and of wheat from Rm. 194 to Rm. 214. At the beginning of the crop-year prices will be little changed from those of 1934-35; at the end they will be considerably higher.

FURTHER FALL IN FOREIGN TRADE

Imports and exports in June balanced exactly at Rm. 318 millions, against an export surplus of Rm. 4 millions in May. The equilibrium in June was the result of a large decline in exports. This, however, was seasonal. Imports of wool, cotton (from Egypt), flax and oil seeds decreased, and imports of mineral oils and pulp-wood increased. The decline in exports was mainly in the manufactures group, particularly textiles, chemicals, machinery, electro-technical goods, and glass. The decline in imports mainly affected overseas countries; the decline in exports was to Great Britain, Holland, Sweden, Denmark, Belgium and the United States. The official figures are as follows:—

	May	June	Jan.-June
<i>Imports :</i>			
Livestock.....	3.0	3.1	19.0
Foodstuffs.....	68.7	67.4	499.1
Raw and half-manufactured materials.....	218.5	203.3	1,296.9
Manufactured goods.....	42.3	44.1	311.9
Totals.....	332.5	317.9	2,126.9
<i>Exports :</i>			
Livestock.....	0.3	0.2	1.4
Foodstuffs.....	5.3	5.6	32.8
Raw and half-manufactured materials.....	61.7	56.8	364.1
Manufactured goods.....	269.7	255.4	1,564.0
Totals.....	337.0	318.0	1,962.3

Compared with the first half of 1934, the value of foreign trade in January-June, 1935, shows a shrinkage, due in the main to a decline in average prices. The value of imports declined by 7.6 per cent., the quantity rather less. Export prices declined 8 per cent. and the value of exports by 6 per cent.; so that in quantity exports slightly increased. The half-year's import surplus was Rm. 165 million marks, against Rm. 216 millions in the first half of 1934.

In June, German exports to the United States were one-third below the May figure. This sudden, and officially unexplained, drop suggests that the Ministry of Economy's policy of balancing commercial accounts with individual countries may meet with difficulties. Through the Supervision Boards the Ministry can reduce imports from any country to any level it likes, buying from a competitor in policy has been successfully pursued towards countries with which formerly Germany had heavy import surpluses. Purchases from the United States in the first quarter of this year were 60 per cent. lower than in the same quarter of 1934, though total German imports declined only 2.7 per cent. But purchases from Yugoslavia were 155 per cent. over the 1934 figure, from Roumania 85 per cent., Norway 100 per cent., Turkey 189 per cent., and Brazil 142 per cent. These changes are much greater than would occur if imports were left to themselves; and it is officially admitted that Dr. Schacht's "New Plan" is administered in order to divert orders. The immediate effect is to reduce correspondingly the various import surpluses, and the large import surplus with the United States mine, however, the quantity of German exports to indi-

Money late last week was in increased demand. The income-tax settlements for 1934, now under way, involve considerable supplementary payments. Day loans have been at 3-3½ per cent. and sometimes lower. The savings banks' balance sheet, now appearing under the new Bank Law every two months, totals for April 30th Rm. 16,670 millions. On the liabilities side savings deposits proper total Rm. 13,100 millions and current account deposits Rm. 1,806 millions. The chief investments are mortgages Rm. 6,476 millions, securities (unspecified) Rm. 3,100 millions, business credits Rm. 1,880 millions, and communal long-term loans Rm. 1,400 millions. Contrary to report, only small sums are invested in Treasury and other bills. The Reich's floating debt on June 30th is returned at Rm. 2,900 millions, besides tax-credit certificates amounting to Rm. 1,500 millions.

BERLIN, July 17.

HOLLAND

UNEMPLOYMENT SITUATION WORSE

THE easing of the crisis in the foreign exchange market has not brought any improvement in the economic situation or in the security markets. An enquiry instituted by the Central Statistical Bureau, in conjunction with the Netherlands Economic Institute of Rotterdam, shows that no improvement can be recorded in May or June. In May the number of unemployed registered at the labour exchanges actually decreased by 13,000 persons, but there is normally a seasonal decrease for May of about 30,000 persons. The number of registered unemployed amounted to 355,000 on May 31st, compared with 295,000 a year ago. The decline in activity is apparent in almost all branches of industry, including the building and woodworking trades, in which there was actually more unemployment this June than in the winter of the past two years.

Exports in May, after seasonal adjustment, show an advance of 6 million guilders compared with April. Imports were, after seasonal adjustment, slightly smaller in May than in April. The trade returns for June, as given by the Central Statistical Bureau, are summarised below:—

VALUE (excluding Gold and Silver)					
(In millions of guilders)					
	June, 1934	May, 1935	June, 1935	Jan.-June, 1934	Jan.-June, 1935
Imports.....	89	78	73	537	455
Exports.....	59	58	51	339	319
Percentage of imports covered by exports.....	66.8	74.3	69.5	63.1	70.0

Imports of gold and silver in June amounted to 14,077,411 guilders, and exports to 35,766,424 guilders.

Neither the gilt-edged nor the share markets have responded to the easing of the exchange crisis. The prices of numerous leading shares advanced steeply in Amsterdam as a result of the recent weakness of the guilder and the possibility of devaluation; while gilt-edged prices declined considerably. Some people expected that the return of confidence on the foreign exchange market and the drop in interest rates on the money market would have combined to bring stock market rates back to approximately their former levels. Nothing of the kind has occurred, however. In fact, leading ordinary shares have maintained their prices, whilst the recovery in gilt-edged prices has been very small.

COMPULSORY REDUCTION OF INTEREST RATES

If the Government's deflationary policy is to succeed its new Retrenchment Bill, involving further Budget cuts, will have to be passed by Parliament. But this Bill is strongly resisted by more than one section of the Opposition. Accordingly, in their latest memorandum on the Bill, the Government have conceded several points to the Opposition; so that the Bill now has a better chance of passing the Second Chamber. The danger of a Cabinet crisis does not therefore look quite so threatening as it did. The Government have not only resolved to embark upon a more con-

structive policy, but they now intend to reduce fixed interest charges. They have introduced a Bill into Parliament which reduces interest on all mortgages, both first and second, to 4½ per cent. The interest on mortgage bonds is to be reduced at the same time to 4 per cent. The Government's explanatory memorandum states:—

The relief of permanent burdens on property has become inevitable. The Government are of opinion that this can be achieved, without endangering mortgage credit, by reducing the interest payable on the mortgagee to what has become the interest rate on State loans. This rate is not quite stable, varying as it does with the extent of the National Debt and the state of the money market; but the Government consider they will not be far out of line in taking 4 per cent. as the basis around which that rate of interest fluctuates.

The Government have also decided to initiate rent reduction by prescribing that rents shall not exceed 80 per cent. of the 1931 level.

AMSTERDAM, July 12.

BELGIUM

MEETING OF ECONOMISTS IN ANTWERP

A MEETING of Belgian and foreign economists was held in Belgium this week on the initiative of the local Chamber of Commerce. Great Britain was represented by Mr J. M. Keynes, Mr R. F. Harrod and Mr H. D. Henderson; France by M. Nogaro; Sweden by M. Ohlin; and Holland by M. Verrijn Stuart. There were also nine Belgian representatives.

The general problem of monetary stabilisation was first examined. All present were of the opinion that exchange stabilisation is desirable in principle. But a certain divergence appeared on point of detail. The views of the British representatives were supported by M. Verrijn Stuart.

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The Times Literary Supplement

CAMBRIDGE UNIVERSITY PRESS

July 20, 1935

and by the Belgians from the University of Louvain. The latter entirely accepted Great Britain's reasons for refusing to abandon a monetary system which is proving internally satisfactory. The same group of Belgian economists also regretted that Belgium did not link the belga to sterling instead of gold after devaluation.

Out of the fifteen economists present, ten, M. Baudhuin, M. Chlepner, M. Graen, M. Dupriez and M. Muller (all of Belgium); Mr Keynes, Mr Henderson and Mr Harrod (of Great Britain); M. Ohlin (Sweden); and M. Verrijn Stuart (Holland), signed the following majority report:—

(1) A monetary stabilisation which gives a guarantee to the world that arbitrary fluctuations of the foreign exchange rates will be avoided is a necessary condition for the adoption of credit and trade policies which will permit a durable world economic revival.

(2) The present economic conditions make it, however, necessary that the margin within which the external value of each currency can vary, may be considerably wider than the distance between the gold points in the pre-war gold standard, and further that the limits fixed may be provisional and subject to the possibility of alteration in the event of large unexpected disturbances of the balance of payments.

(3) Such a system can only be established through an international agreement between the financially most important countries.

(4) It is a condition of stabilisation that confidence should be felt in competent international circles that the initial parities are durable (apart from unforeseen changes) and reasonable having regard to the relative price- and cost-levels of different countries, their tariff policy and the prospects of the attitude of their investors to international lending.

(5) It must, however, be recognised that, where existing cost-levels are too high, they cannot be considerably adjusted within a reasonable space of time through a deflation of costs, and that on the other hand, a large and rapid increase of costs cannot be expected where they are relatively low.

(6) In view of this and of the lack of confidence widely felt to-day in the existing parities of the gold-bloc countries, the condition set forth in clause 4 means that no early stabilisation can be practicable without a devaluation of the parities of those countries sufficient to reduce the problem of international equilibrium to manageable dimensions.

(7) The advantages of a devaluation would, however, be lost if the nations, which have already depreciated their currencies in recent years, were to let them undergo a further considerable decline.

(8) The countries which have maintained gold par should not, therefore, be asked to devalue before they have some assurance that a further considerable depreciation of this sort will not take place.

(9) Hence, a first step towards the re-establishment of an international monetary system should be a declaration on the part of the most important countries, with devalued or depreciated currencies, that they will not seek to bring about a depreciation of their currencies such as would offset a reasonable measure of devaluation in the gold-bloc countries, but are willing to co-operate in an attempt to secure exchange stability of the sort mentioned above.

(10) It must also be clearly understood that a re-organisation of the monetary system, even when it is completed, means nothing more than that a basis has been laid for an economic policy which can lead to general recovery.

(11) As regards national policy, countries where industry is depressed should pursue a policy of easy money and should, generally, try to favour economic expansion and in that way re-establish a relation between internal costs and prices which makes profitable production and investment possible.

(12) An obligation to do this rests particularly on the countries which have large surplus reserves of gold and foreign exchange, as they are in a position to pursue a policy of expansion without any danger to currency stability.

(13) When a reasonable equilibrium has been reached, governments and central banks should co-operate with one another in an endeavour to avoid the development of a situation of an inflationary or deflationary character and to secure conditions compatible with economic progress and stability.

(14) Acceptance of the above propositions does not involve adhesion to any specific monetary theory. In so far as these propositions entail modifications in monetary practice, some of us consider that they are only justified by exceptional world circumstances.

(15) As regards international policy, it is imperative that the obstacles to international trade are reduced and that countries with a strong international trade liquidity take the lead, thus contributing to a strengthening of the position of the weaker nations which will enable the latter in their turn gradually to mitigate import restrictions and exchange regulations.

(16) Measures which favour domestic expansion, provided they do not involve either direct or indirect protection, tend to

stimulate international trade and are thus to be welcomed as a means of facilitating the removal of trade obstacles.

(17) An attempt should be made to secure so far as practicable the abolition of quantitative restrictions of imports. As an immediate step it is suggested that quotas should be gradually enlarged so as to reach as soon as possible the points where imports are admitted without restrictions of aggregate quantities.

(18) As far as quantitative restrictions are retained, they should be administered on a basis which accords equality of treatment to different countries.

(19) Multilateral agreements designed to foster trade within certain groups of countries, provided that they are open to every country on equal terms, should be made possible through the acceptance of appropriate exceptions to the most-favoured-nation clause.

A minority of four Belgian representatives advocated a rigid adherence to the gold standard and condemned the recent devaluation of the belga. This attitude is visibly losing ground in Belgium. The French representative was inclined to join the majority, but was restrained by reasons which were perhaps more sentimental than scientific. The resolutions concerning international trade were adopted by everybody; and there was general agreement about the possibility of arranging preferential conventions despite the most-favoured-nation clause, provided that the conventions were accessible to every country. This policy has been supported by Belgium ever since the time of the Ouchy Convention signed with Holland in 1932.

ECONOMIC RECOVERY CONTINUED

The economic situation continues to be favourable. Unemployment is declining slowly but regularly. The traffic in the port of Antwerp has improved a little, and fiscal receipts are satisfactory. At the moment some industries selling in the home market are doing less well. The export trade, on the other hand, is more active; and the building industry is reviving. No further rise is apparent in wholesale prices or the cost of living.

LOUVAIN, July 16.

NEW ZEALAND

25 PER CENT. INCREASE IN IMPORTS

DETAILED trade returns now available for the year ending March 31st show that merchandise exports valued at £N.Z.44.9 millions are £N.Z.1,000,000 lower than those for the preceding year. Wool exports fell from 812,000 bales, valued at £N.Z.11,600,000, in 1933-34, when a heavy carry-over from previous seasons was sold, to 621,000 bales, valued at £N.Z.7,848,000, in 1934-35. Butter and cheese exports also decreased slightly both in quantity and in value. These reductions were largely offset by increases in the value of meat exported. Frozen lamb increased in quantity from 2,626,000 cwt. to 2,814,000 cwt. and in value from £N.Z.6,733,000 to £N.Z.8,866,000; while mutton, pork and beef all increased in both quantity and value. Specie exports amounted to £2,065,000, of which £1,350,000 is known to have been gold exported by the Reserve Bank. This is valued at par in the trade figures, and a profit of about £N.Z.1,500,000 on its sale goes to the Government and should be added to the recorded export values.

Imports for the year amounted to £N.Z.32,600,000, an increase of £N.Z.6,400,000 over the previous year. The increase, nearly 25 per cent., covered a wide range of goods, and affords convincing evidence of improved business activity in the Dominion. Increases in the yield of the sales tax give further evidence of internal recovery. Taking the six-monthly periods ending with March, bank debits for 1933-34 showed an increase of 18 per cent. over the previous year, and 1934-35 a further increase of only 3 per cent.

As a result of the large excess of exports during the last two years, exchange funds held abroad by the banks have accumulated. At the end of March the Reserve Bank held £N.Z.22 millions in sterling exchange; and the trading bank returns of New Zealand businesses showed that assets exceeded liabilities abroad by £N.Z.23 millions, making a

July 20, 1935

total of £N.Z.45 millions in funds held overseas. This represents an increase of £N.Z.7,000,000 since August last, when the returns were first published.

The Reserve Bank, which opened on August 1, 1934, has published its first annual report for the period ending March 31st. Gross profits amounted to £N.Z.100,917, expenses to £N.Z.66,063, and net profits to £N.Z.28,854, after transferring £N.Z.6,000 to staff pension fund. The 5 per cent. dividend on shares absorbs £N.Z.25,000, and the remaining profit accrues to the Government under the Reserve Bank Act. The balance sheet is as follows:—

LIABILITIES	£N.Z.	ASSETS	£N.Z.
Capital.....	500,000	Gold	3,001,731
Reserve	1,000,000	Sterling Exch.	22,458,017
Notes issued	9,382,722	Subsidiary coin.....	176,704
Demand liabilities—		Investments	2,069,771
(a) State	12,223,301	Other assets	30,456
(b) Banks	4,519,047		
(c) Other	39,611		
Other liabilities	43,144		
Profit and loss	28,854		
	27,736,679		27,736,679

The abundance of funds abroad is reflected in record high bank deposits and low bank advances. For the March quarter total deposits, including Government deposits at the Reserve Bank, amounted to £N.Z.71 millions, compared with £N.Z.55 millions two years earlier; while advances were £N.Z.43 millions, against £N.Z.48½ millions in 1933. Money is plentiful, and rates of interest probably the lowest on record; but though business has expanded considerably, there is as yet little sign that new investment and enterprise are being stimulated. Despite exchange depreciation and other attempts to adjust matters, the level of internal costs is still high in relation to external prices, the decline in price indices from 1928 to 1934 being 34 per cent. for export prices, 20 per cent. for retail prices, and 17 per cent. for wages.

UNCERTAINTY ABOUT BRITISH MEAT POLICY

The recovery of confidence is also affected by uncertainty about the export market in Great Britain. Little authentic information about the negotiations with Great Britain was disclosed in New Zealand until the British White Paper and the New Zealand Government's reply were published early in the year. Local opinion is at a loss to understand the British attitude. The White Paper quotes total meat imports to illustrate what is mainly a beef problem. For lamb prices, in which New Zealand is chiefly interested, have been satisfactory despite increases in supply; while beef prices have declined despite reductions in supply. The White Paper, too, in concentrating on merchandise trade, ignores the more important items in New Zealand's payments to Britain.

It is estimated here that, excluding specie and expressing all figures in sterling, Great Britain paid £38 millions for imports from New Zealand in 1934. From this sum New Zealand paid Britain £11½ millions for her exports to this country, about £10 millions for freights, etc., on both exports and imports carried in British ships, and about £10 millions for debt service, commissions and tourists' expenses, etc. New Zealand's payments with other countries balanced roughly, and the remainder, £6,500,000, was added to funds held in London to meet future payments. Apart from the possible assumption that restriction of supply will be compensated by proportionate increases in price, the British Government's view appears to ignore the fact that reduced purchases from New Zealand will reduce the Dominion's capacity to buy British exports, to utilise British shipping both ways, and to meet the service of her debt held in Britain. In these circumstances local opinion is prepared neither to accept the White Paper as the final expression of a rational and permanent British policy, nor to make the considerable internal adjustments which acceptance of that policy would require.

CHRISTCHURCH, June 1.

LETTER TO THE EDITOR

COST OF LIVING AND COSTS OF PRODUCTION

TO THE EDITOR OF THE ECONOMIST

SIR,—Kindly permit me to raise my humble voice against the very questionable practice, which has grown up (and been popularised, it seems, by Sir Henry Strakosch in your columns and given general credence and currency by you as well as by many of your correspondents) of assuming cost of living indices to be "approximate" measures of labour costs or unit costs of production. Neither Sir Henry nor anyone else has so far demonstrated the logical soundness of this assumption. To my mind, cost of living indices have as little to do with costs of production (so far as cyclical fluctuations are concerned) as Timbuctoo with Tipperary. Cost of living indices represent a higher stage of production, in the scheme of economic life, even than wholesale prices do and are the apex of a price structure whose basic ingredients are wholesale prices, costs of production and other items. To take such a final index-group as cost of living to represent what is in sequence earlier and causal is to put the cart before the horse.

The fallacy becomes even more glaring when this assumption is used to show disparity between wholesale prices and costs of production, both of which are correlatives in the scheme of prices. There is no more reason for taking cost of living indices to be a fair indication of costs of production than there is for taking wholesale prices to be such an indication, and apart from the mere verbal similarity between cost of living and costs of production, I do not see that the two notions have anything in common. It would be far better to admit agnosticism in the construction of costs of production indices than to build vague and precarious theories on false assumptions.

I am,

Yours faithfully,

B. P. ADARKER.

Economics Dept.,
Hindu University,
Benares, India.

THE TRADE BALANCE

A Problem in National Planning

By Lt.-Col. K. E. Edgeworth

D.S.O., M.C., A.M.I.E.E.

3s. 6d.

The suggested solution of the international currency problem is a continuously variable rate of exchange limited in normal times to .04 per cent. per week, a compromise which avoids the disadvantages of the fixed gold standard on the one hand and of the system of independent exchanges on the other.

"A decidedly stimulating and interesting essay which in many directions breaks quite new ground."—*The Economist*.

"It is possible that some such solution will ultimately be adopted."—*The Times*.

George Allen and Unwin Ltd.

BOOKS AND PUBLICATIONS

IN DEFENCE OF DEMOCRACY*

THIS book is a sober, competent and exceptionally sincere discussion of the faults and merits of modern democratic government. The authors write in a straightforward and undistinguished manner. In the course of their argument they gradually build up a central figure, called "the man of good will," for whose sake and round whom the book is written. As a whole, the book consists in an attempt to determine the standpoint of this being in relation to the positions occupied by his enemies, the Communist, the Nazi and the Fascist, who despise and persecute him and sometimes succeed in giving him a sense of social guilt.

The authors intend their analysis to demonstrate three propositions: (1) that liberal democracy as it was understood in the nineteenth century, provided it is suitably mended, is still better able to secure the ends of government than any rival form of organisation; (2) that the objections produced by its enemies, serious though some of them are, are not fatal; and (3) that the alternative to democracy, i.e. the authoritarian state, whether Communist or Fascist, defeats the purpose of the state, which, they contend, is to secure the welfare of the individual.

Of these theses (2) is obviously the most important, since it is the increasing force and increasing bitterness of the attack on democracy that has made this volume topical. The treatment of it is, however, the least effective in the book. The authors accept as one of their basic assumptions that humanitarian individualism, that absolute faith in salvation by reason which became fully self-conscious in Rousseau and the Encyclopædia, which animated the revolutionaries of 1848, the Liberals of 1880, and the Socialists of the year which immediately followed the war. This attitude, they point out, is attacked by Marxists and Fascists for its social ineffectiveness, its alleged blindness to the sinister forces which are supposed to be the real causes of the chaos and confusion in which we live: as they themselves put it: "The Communist flatly denies that he [the man of good will] does or can exist. The Fascist says that he exists indeed, but that he is a poor, weak creature who is incapable of getting anything done." The authors then proceed to argue that their client—the ordinary decent citizen—does exist and could be made to play the decisive rôle in communal life, provided certain social reforms were passed.

These last are hinted at rather than stated. But we are told that an improved system of adult education, together with measures to bridge the gap between middle-class and state education, would increase the chances of effective democracy; whereas a Fascist or Communist society, while it may increase the productive efficiency of the community and even impose a certain mechanical equality of status on its members, would turn them into bored and dreary robots. This, say the authors, is an impossible price to pay, since the means frustrate the ends; the full development of the individual is permanently warped; the procedure is ultimately self-stultifying. Nor could any democrat, or man of good will, dissent from that. It is this picture of robot-like uniformity which makes Mr Aldous Huxley's Utopia so ugly and so terrifying, this which has formed the staple argument of all reformers against the weapon of revolutionary dictatorship.

As an attack the book hardly succeeds. Indeed, there is in reality no common ground on which a discussion between the Communist and "the man of good will" could take place; since the former at the outset disqualifies the latter, and the latter misinterprets the former.

Yet we must allow the authors their due; they always think on the level of enlightened common sense, and if they say nothing arresting or profound they do at least write easily and clearly. The questions they ask are real, i.e. so framed as to be in principle answerable. And it is a great relief to anyone acquainted with the recent literature of this subject to come upon writing which is never pompous, rhetorical or obscure, which seeks neither to bully the

reader nor to flatter him, which appeals to reason and prefers a precision of language to the coining of a ponderous and eccentric vocabulary, and which after it has said what it wished to say comes to a stop without a flourish. These are rare enough virtues in any authors. And if the critical power of Messrs. Morris and Fulton had been of the same order as their intellectual integrity, the book would have been a masterpiece of its kind.

SHORTER NOTICES

"The Income Theory of Prices." By J. S. Robertson. Frederick Warne. 96 pages. 3s. 6d.

According to the author, the object of this book is "to present, in a simple form, the development of the main ideas of a new monetary theory, differing sufficiently from the 'quantity theory of money' as to require a name of its own." Such a limited object should not be difficult to attain, especially when the "quantity theory" referred to is stated in its most elementary form. But the author's success may be doubted.

The new theory may be stated in the author's own words. "The income theory of prices states that prices vary directly with the amount of consumers' income and inversely with the production of new goods." It is assumed that there are transactions only in finished goods, that monetary "income" is constant, that the output of finished goods is constant. Thus "under these conditions the average price of goods cannot be other than the monetary income divided by the quantity of goods produced." When, however, the author proceeds to discuss change we find, as we might expect, that he is back with the old quantity theory. Thus (cf. Chap. VII): "The main results obtained from the two theories are identical; it is always the behaviour of the general level of prices under the influence exerted by the other factors of the monetary equation, and under either theory an increase or decrease in the quantity of money if velocity of circulation remains unaltered... must have the effect of causing prices in general to rise or fall."

Those who seek simple theories thus seem likely to come back to the elementary quantity theory.

"State Finance." By R. J. Mitchell. With a Foreword by Viscount Snowden. (London) Sir Isaac Pitman and Sons, Ltd. 136 pages. 3s. 6d.

This book is not a treatise on what is usually comprehended by the phrase "Public Finance"—that is, the theory of taxation. It is a clear and painstaking account of the Parliamentary and administrative procedure by which money is raised in taxation and spent by the various Departments of State. It is perhaps a little too detailed for the general reader, but will be invaluable as a text book and as a guide for those who are called upon to trace the intricacies of British public finance.

BOOKS RECEIVED

The Economics of Inflation. By H. Parker Willis and John M. Chapman. (London) H. Milford. 443 pages. 22s. 6d. net.

The Citizen and His Money. By H. M. Cook. (Bristol) J. W. Arrowsmith (London), Ltd., 12 Small Street. 96 pages. 2s. net.

Management Planning and Control. By A. G. H. Dent. (London) Gee and Company (Publishers), Ltd. 333 pages. 10s. 6d. net.

Marxism and Modern Thought. By N. I. Bukharin and others. (London) George Routledge and Sons, Ltd. 342 pages. 10s. 6d. net.

Challenge to the New Deal. Edited by Alfred M. Bingham and Selden Rodman. (London) McGraw-Hill Publishing Company, Ltd. 284 pages. 15s. net.

Pitman's Business Man's Guide: A comprehensive dictionary of commercial information. Pitman. 530 pages. 6s.

Economics of Jute. By J. N. Sen-Gupta. Indian Institute of Economics. 111 pages. Re. 1/8.

Industrial Organisation in India. By P. S. Lokanathan. George Allen and Unwin. 413 pages. 15s.

* "In Defence of Democracy." By J. S. Fulton and C. R. Morris. Methuen. 5s.

MONEY AND BANKING

THE BANKING HALF-YEAR

As had been generally expected, the interim dividends declared at the half-year by the leading British banks were unchanged from a year ago. No profit and loss details are issued on June 30th, but there is no reason to suppose that the banks have earned less than during the first half of 1934. Earning assets generally are greater in volume, while last February's agreement to peg discount rates at a minimum of $\frac{1}{2}$ per cent. must have assisted the banks. The set-back in the gilt-edged market since the New Year has been so slight that the banks must have had no difficulty in allowing for it, while the progress of the trade revival must have released further funds originally set aside as provision for bad and doubtful debts.

The position of the British banks, as shown in their statements of accounts for June 30, 1934 and 1935, is set out in the two following tables. The first table embraces the banks' deposits, acceptances and engagements, cash, and balances with other banks and cheques in course of collection, while the second table includes the banks' chief earning assets:—

DEPOSITS, ACCEPTANCES AND CASH ON JUNE 30TH

	Deposits		Acceptances and Engagements		Cash		Balances and Cheques	
	1934	1935	1934	1935	1934	1935	1934	1935
Barclays.....	364.3	382.8	6.4	6.9	43.9	44.3	11.6	12.2
Lloyds.....	350.8	385.0	38.5	34.2	34.2	43.2	13.2	14.3
Midland.....	402.9	416.0	15.0	16.1	37.5	39.3	15.2	16.7
National Provincial.....	273.7	294.5	5.6	6.5	26.7	30.3	9.6	9.9
Westminster.....	290.1	315.7	31.7	26.8	28.7	32.9	10.9	11.5
Total.....	1,681.8	1,794.0	97.2	90.5	171.0	190.0	60.5	64.6
District.....	48.6	54.0	2.6	4.9	6.2	6.7	*	*
Martins.....	79.7	85.7	4.2	5.4	8.0	9.2	3.3	4.2
Williams Deacon's.....	32.4	32.6	2.4	1.7	3.5	3.3	2.1	2.1
Grand total.....	1,842.5	1,966.3	106.4	102.5	188.7	209.2	65.9	70.9

* Included in cash.

EARNING ASSETS ON JUNE 30TH

	Call Money		Discounts		Investments		Advances	
	1934	1935	1934	1935	1934	1935	1934	1935
Barclays.....	21.8	24.7	40.8	44.4	101.6	105.1	156.3	163.3
Lloyds.....	26.1	26.3	48.6	52.5	95.2	116.1	140.0	140.9
Midland.....	27.7	26.1	50.5	42.6	110.9	127.1	169.0	171.3
National Provincial.....	19.3	22.1	37.2	38.5	75.7	87.2	112.7	114.2
Westminster.....	30.1	26.9	31.7	38.2	88.9	101.5	108.1	114.7
Total.....	125.0	126.1	208.8	216.2	472.3	537.0	685.1	704.4
District.....	4.6	4.2	3.9	6.3	21.2	22.3	16.0	17.7
Martins.....	4.7	4.3	3.6	4.8	32.6	34.3	30.3	31.2
Williams Deacon's.....	5.5	5.8	1.2	1.1	9.9	9.4	11.8	12.7
Grand total.....	139.8	140.9	217.5	228.4	536.0	603.0	743.2	766.0

To consider the minor items first, acceptances and other engagements are lower than a year ago, but there is some internal evidence that acceptances taken by themselves are slightly higher. The decreases are confined to those banks which show the largest entries under this heading, and these larger entries are swollen by outstanding forward exchange contracts. Balances and cheques are higher than last year, which suggests that a larger number of uncleared cheques were outstanding on June 30th last than on June 30, 1934. This confirms the evidence of the note circulation that money is circulating more freely.

The main interest in the results lies in the increase in deposits, which for the "big five" alone amounts to £112.2 millions. The comment has recently been made that this represents money flowing into the banks from some mysterious source, but the true explanation is much simpler. Cash held by the banks has increased by £19.0 millions, and to prevent an increase in the normal cash ratio of 10 per cent., deposits would have had to be increased by £190 millions. The actual increase is much less than this, and in point of fact the cash ratio for the "big five" has risen from 10.2 to 10.6 per cent.

This places the expansion in bank deposits in its true perspective. Through circumstances beyond their control, the banks have had fresh cash pumped into them, which would have justified the acquisition of fresh earning assets up to about nine times the size of the extra cash. Up to a point the banks have been able to find their additional earning assets. The trade revival has brought with it a moderate increase of £19.3 millions in advances. There was practically no reduction in tender issues of Treasury bills during the past year, and so the banks have been able to add £7.4 millions to their discounts. The gilt-edged market has been sufficiently settled to justify the addition of £54.7 millions to the "big five's" investments. All these acquisitions, together with the increase in cash itself, are responsible for the expansion in deposits, but the banks have not thought it practicable to acquire earning assets up to the full limit justified by the expansion in their cash. This explains the rise in their ratio of cash to deposits.

As the expansion in deposits is directly due to the increase in cash, the next step is to find how the banks had new cash pumped into them. The Bank of England's return affords some guide, for it shows that during the year ended July 6th the note circulation increased by £15.6 millions and bankers' deposits also by £15.6 millions. The former increase has added very little to bank cash. The banks are accustomed to hold about 5 per cent. of their deposits in till money, and so an increase of £113 millions in deposits would not entail an increase of more than £6 millions in till money. The Bank of England's statistical summary shows that during the year ended last May till money held by the clearing banks actually rose by only £3.2 millions. The important point is that the expansion in till money is a consequence and not a cause of the expansion in deposits. The bulk of the additional notes in circulation have passed into the hands of the public.

The increase of £19.0 millions in clearing bank cash compares very closely with the sum of the May increase of £3.2 millions in till money and the July 4th increase of £15.6 millions in bankers' deposits, and so the latter increase is the main cause. The Bank return links up the expansion in bankers' deposits with a drop of £17.0 millions in public deposits (probably fortuitous and also off-set by a drop of £14.5 millions in the reserve) and with an increase of £15.4 millions in Government securities. This last may be the ultimate key to the increase in bank cash and so in bank deposits. If so, it suggests that during the past year there has been a limited inflation of credit, which must have been acquiesced in, if not pre-determined by, the Government. Whatever the merits behind this expansion, there is no doubt that those bankers are right who say that the size of their cash holdings is beyond their control, and that they have to do their best within the limits of banking prudence to attune the total amount of their earning assets and deposits to the amount of the cash with which they are supplied.

The next question is how have the different banks reacted to this extra cash? This is illustrated in the following table, which shows the ratio of cash and the chief earning assets to deposits for each of the "big five":—

RATIO OF CASH AND ASSETS TO DEPOSITS ON JUNE 30TH

	Cash		Discounts		Investments		Advances	
	1934	1935	1934	1935	1934	1935	1934	1935
Barclays.....	12.0	11.6	11.2	11.6	27.8	27.5	42.9	42.7
Lloyds.....	9.7	11.2	13.9	13.6	27.1	30.2	39.9	36.6
Midland.....	9.3	9.4	12.5	10.2	27.5	30.6	41.7	41.2
National Provincial.....	9.8	11.3	13.6	13.1	27.7	29.6	41.2	38.8
Westminster.....	9.9	11.4	10.9	12.1	30.6	32.2	37.3	36.3
Total.....	10.2	10.6	12.4	12.0	28.1	29.9	40.7	39.3

A year ago four of the banks' cash ratios were on the low side, and so it is not surprising that three of the banks

have permitted a rise to take place in preference to adding to their assets. Barclays, on the other hand, which had the highest cash ratio a year ago, has since managed to effect a reduction. The ratio of discounts to deposits is in most cases unchanged, but the Midland ratio is reduced while the Westminster ratio is increased. There is a fairly general increase in the ratio of investments to deposits, but it is not striking, and in conjunction with the rise in the cash ratio it looks as if the banks have been acting with caution during the year. Still, investments in the aggregate have increased by £64.7 millions during the year. The net additions to the banks' advances have not been sufficient to keep pace with the expansion in deposits, and so the advance ratio has fallen. While the moderate increase in advances is gratifying, it looks as if any further addition to the banks' cash will force the banks into the two alternatives of tolerating a rise in their cash ratios or adding still further to their investments. The latter must already have nearly reached the limits of prudence, and a serious set-back in the gilt-edged market would at once affect the banks' profits. These reflections call in question the main lines of Government policy, which consist of making money cheap and plentiful in the hope that trade will thereby be stimulated. This policy has met with a certain measure of success, but at the moment the supply of credit is outstripping the demand. In one sense this is not a bad thing, for the supply must exceed the demand or else credit ceases to be plentiful and will not long remain cheap. Still, it throws into sharp relief the passive character of the Government's policy, and the inability of the banks to translate plentiful credit into active trade. This lends support to the view that the time is ripe for a more active policy, for while the soundness of the banks remains unquestioned, they can only work within the limits of their functions of providing credit to those who ask for it and deserve it. Other instruments must be found and used if the trade revival is to make much further progress.

FINANCIAL NOTES

The Foreign Exchanges.—The French financial reforms have on the whole had a good reception. The reduction in the interest on *rentes* has not affected the Paris Bourse, and there is no sign of any movement of funds out of Paris. On the contrary, on Thursday afternoon the Banque de France reduced its rediscount rate from 4 to 3½ per cent., and while that is the natural corollary to the general spirit of scaling down which is to be found in the new Decrees, the Banque de France would have left its rate unaltered if it had the slightest fear that it would be unable to maintain the lower rate. The Netherlands Bank has also reduced its rediscount rate from 4 to 3 per cent. The gold *bloc* currencies have all strengthened this week. The three months' Paris rate has moved from Frs. 2½ to Frs. 1¾ discount, while three months' Swiss francs have improved from 44½ to 28 centimes discount, and three months' guilders from 10½ to 8½ cents discount. The narrowing of the discount on forward French francs and guilders is in part due to the decline in short-term interest rates in Paris and Amsterdam, but it also indicates a revival of confidence. Spot francs are also better at Frs. 74½ against Frs. 74½ a week ago. Dollars have been in slightly greater demand this week, but there is little change in rates. Three months' dollars have in fact eased slightly from 1½ to 1¼ cents premium. Speculative sales of silver have completely ceased, and the American authorities have not had to support the London market. Total shipments of silver from England to the United States reported during the fortnight ended July 18th were valued at £1,232,000. This represents a bullion equivalent of nearly 10 million ounces. This week's return also shows that just over £1,000,000 of gold bullion has been exported to Norway. £467,000 of gold was imported from France, but other movements to and from the Continent or the U.S.A. were

Belgian Banking Control.—Our Belgian Correspondent writes that the Royal Decree instituting the new system of banking control has now been published, and is regarded as a very moderate measure. An independent Banking Commission will be appointed by the Government to supervise the banking system and the flotation of new capital issues. The power of the Commission over new issues is limited to a temporary veto of three months, and so this veto will act as a warning to the investor and not as a prohibition. The Commission has certain powers to reduce interest rates charged by the banks, but these powers are not viewed with any anxiety. "Revisers" or controllers will also be appointed, subject to the ratification of the Banking Commission, and they will have the same relation to the banks as that of the existing commissars of joint-stock companies. Any failure to comply with the law must be reported to the Banking Commission. Bank directors may no longer be directors of other companies, but holding companies which have developed from the former mixed banking system may continue to own the major portion of the capital of the new deposit banks. Still there will be a definite separation of direction and responsibility, which will place the deposit banks in an independent position. Neither the bank "revisers" nor the Banking Commission will have power to interfere between banker and customer, nor will any information obtained by them be available to the taxation authorities. In general, the Banking Commission will not interfere positively in the conduct of banking. Instead it will act as a watch-dog to ensure that there is no infringement of the law. Apart from this, its powers will be mainly advisory and it will depend for its usefulness upon the establishment of a salutary moral authority.

Austrian Bank Rate Reduction.—In view of the easier money conditions, the Austrian National Bank has reduced its rate from 4 to 3½ per cent. As on the occasion of previous reductions, in June, 1934, and in February, 1935, the National Bank made the reduction conditional upon the other banks reducing the interest rate on deposits to a corresponding extent. In order to assist the bond market and to facilitate further conversions, particularly that of the International Federal Loan of 1930, it is the practice to maintain an adequate margin between deposit rates and the yield on public loans. On this occasion bank deposit rates were duly reduced on July 1st to between 2 and 2½ per cent., whereupon the reduction of the bank rate followed. There is ample justification for these lower rates. Rediscounting at the National Bank has sunk to a minimum, the end of the first half-year showing an actual decrease of the bill portfolio, while owing to financial uncertainties elsewhere the influx of foreign currency into Austria continues in extraordinary volume. To some extent this influx consists of panic money, and only that portion of the influx which can be regarded by the bank as regularly invested in Austria is so, this item has swollen during the second quarter of 1935 by no less than 50 million schillings. During the same period the national cover went up by 3 per cent. and at the Creditanstalt-Wiener Bankverein alone cash holdings now stand at 150 million schillings. These easier conditions are due not only to the return of Austrian money and to the influx of foreign panic money, but also to the sale of foreign shares in the possession of the Creditanstalt and to the repayment of State interim credits and of the credits previously granted to the Federal Railways. It is an unusual experience for Austria to be counted among the "cheaper money" countries, and she is to be congratulated upon the remarkable recovery she has made during the past four years.

Active or Passive?—When is a country's foreign trade balance both active and passive? The answer is when its official statisticians employ different exchange rates in valuing its imports and exports. Such a paradox arose in the case of the Brazilian trade returns for last April,

which gave imports as being 305,514 contos, equal to £3,799,034 (paper) and exports as 289,102 contos, equal to £3,998,914 (paper). Expressed in national currency there is an import surplus of 16,412 contos, but expressed in sterling there is an export surplus of £198,800 (paper). Before joining Euclid in dismissing these results as absurd, it is best to see how they are reached. The explanation is that imports are paid for and valued in the returns at the "free" exchange market's rate, which in April averaged 80.35 milreis per pound. Exchange arising from exports was sold as to 35 per cent. at the official rate of 57.2 milreis per pound, and as to 65 per cent. at the free rate of 80.35 milreis per pound. The average rate of exchange at which exports were disposed of was therefore 72.25 milreis per pound, this being the average of the free and official rates weighted according to the above proportions. This average rate is used in calculating the sterling value of exports, and gives the paradoxical result cited above. In actual fact the sterling valuations are scaled down in the returns into pounds gold, but this does not affect the paradox, and we have given the calculations in paper pounds for the sake of simplicity. In any case, the path of the student and also of those concerned in Brazilian affairs is made extremely hard. Has she an active or a passive trade balance? Only Humpty-Dumpty would dare to attempt an answer to this question, and he is the only person who could give an answer which sounded at all convincing.

June Clearing Bank Averages.—The June returns of the nine English clearing banks reveal several interesting changes. First and foremost deposits have risen to a new record level of £1,965.9 millions. Cash, however, is slightly lower than in May, so that the ratio of cash to deposits has fallen from 11.2 to 10.8 per cent. A further interesting result is that the cash ratio for the whole of June is slightly higher than the cash ratio of 10.6 per cent. shown by virtually the same banks in their half-yearly statements of accounts for June 29th. This proves that making-up for balance sheet purposes is now reduced to a minimum.

	June, 1934	Mar., 1935	Apr., 1935	May, 1935	June, 1935
Capital and reserves.....	123.4	125.7	125.7	125.7	125.7
Acceptances, etc.....	109.0	117.6	120.4	113.8	109.1
Deposits (including undivided profits, etc.).....	1,832.2	1,885.2	1,902.4	1,923.4	1,965.9
Total liabilities.....	2,064.6	2,128.5	2,148.5	2,162.9	2,200.7
Cash.....	196.0	210.9	214.1	215.5	213.0
Cheques, balances and items in transit.....	54.1	47.5	53.8	52.7	59.9
Money at call.....	137.0	128.9	132.7	136.9	138.7
Discounts.....	225.8	205.3	197.8	215.9	242.3
Investments.....	531.7	597.7	601.1	603.5	608.0
Loans and advances.....	742.1	751.5	759.5	755.4	760.5
Investments in affiliated banks.....	24.6	25.2	25.2	25.2	25.2
Cover for acceptances, premiums, etc.....	153.3	161.5	164.3	157.8	153.1
Total assets.....	2,064.6	2,128.5	2,148.5	2,162.9	2,200.7

Among the banks' chief assets there are welcome increases in advances and in cheques, balances and items in transit. Both these increases provide evidence of the continuance of the trade revival. The expansion of £26.4 millions in discounts is a little surprising, as the banks were not ready buyers of bills during June. Still, the average volume of Treasury bill tender issues during June was £50 millions greater than during May, and the banks have had to take up their share. One bank, in fact, is believed to have continued buying bills (at remunerative rates) up to the end of June. The increase in investments is only £4.5 millions, so that at last the banks are beginning to find other outlets for their funds.

The Money Market.—Money remains very easy. The clearing banks have experienced a fair afternooon demand for loans, but there is no lack of accommodation at ½ per cent. against eligible bills. The banks have been buyers of August and September Treasury bills at ½ per cent., which is their minimum rate, and also of Treasury

bills maturing in the first week of October at ½ per cent. The rate for "hot" Treasury bills is nominally ½ per cent., but there are practically no buyers. Three months' bank bills are quoted at ½ per cent. and under.

	June 27, 1935	July 4, 1935	July 11, 1935	July 18, 1935
Bank rate.....	2	2	2	2
Clearing banks' deposit rate ...	1	1	1	1
Short Loan rate:—				
Clearing banks.....	1-1	1-1	1-1	1-1
Others.....	1	1	1	1
Discount rates:—				
Treasury bills.....	1-1	1-1	1-1	1-1
Three months' bank bills....	1-1	1-1	1-1	1-1

During the next few weeks Treasury bill maturities will be at the rate of £35 millions a week, and if issues continue at the rate of £40 millions, the total tender issue, which now stands at £495 millions, will steadily increase. This may help to check any tendency of discount rates to weaken.

The Bank Return.—There has been a further slight reduction of £1.1 million in the note circulation, which is now just below £400 millions. Compared with a year ago it has risen by £15.7 millions.

	June 18, 1935	June 28, 1935	July 3, 1935	July 10, 1935	July 17, 1935
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold.....	191.6	192.7	192.7	192.7	192.7
Note circulation.....	383.9	396.9	401.4	400.7	399.6
Banking Department:—					
Reserve.....	68.3	56.5	51.9	52.6	53.7
Public deposits.....	20.6	16.2	9.6	8.4	7.9
Bankers' deposits.....	96.9	102.4	110.5	108.6	103.6
Other deposits.....	35.8	38.8	38.0	36.4	38.8
Government securities.....	83.2	96.2	98.2	95.8	91.9
Discounts and advances.....	7.5	10.2	13.5	10.4	9.3
Other securities.....	12.5	12.4	12.5	12.6	13.5

Proportion 68.3% 55.8% 52.8% 54.3% 55.7%
In the banking department there has been a reduction of £3.9 millions in Government securities, which agrees fairly closely with the week's repayment of £4.2 of Ways and Means advances from the Bank shown in the floating debt statement of July 13th. Discounts and advances at £9.3 millions are still some four millions above their level of early June, this movement probably representing fresh bills discounted by the Bank. The increase in other deposits doubtless reflects the application money in respect of the new London Transport issue. As a result of all these movements bankers' deposits are reduced by £5.0 millions.

New York Money and Banking.—Money rates in New York are unchanged. The official call rate is ½ per cent., and 90-day bankers' acceptances are quoted at ½ per cent. During the week ended July 10th, New York member banks' loans to brokers were reduced from \$952 to \$883 millions. Other loans granted by member banks against securities fell from \$748 to \$745 millions. Bank clearings of the leading 47 cities of the United States for the same week were \$4,327 millions, against \$4,740 millions a year before, or a drop of 8.1 per cent. Commercial loans by member banks and trust companies throughout the country have fallen since the New Year from \$4,553 to \$4,449 millions, and are now only \$10 millions above the record low figure of \$4,439 millions for July 18, 1934. The Treasury is making a further offer of \$100 millions of 2½ per cent. 1955-60 bonds, to be sold to the highest bidders. Mr Morgenthau, in evidence before the State Banking and Currency Committee, said that the Treasury must refund next autumn \$1,250 millions of Fourth Liberty Bonds. This will complete the \$8,000 millions War Loans refunding operations. Fresh borrowing will also be necessary to replace \$3,750 millions of bills and notes maturing during the current fiscal year, while if the year's Budget deficit corresponds to the President's estimate \$4,000 millions of new money will also be required. This makes a total borrowing of \$9,000 millions, of which \$5,000 millions will represent debt refunding.

THE STOCK EXCHANGE

RUBBER IN THE DOLDRUMS

By far the most significant development in the recent course of the rubber market has been the virtual absence of any new development whatever. This industry—which in the last ten years has sounded the highest and lowest notes in the price scale, has moved from restriction through decontrol back to restriction, and, having made, as it were, a fortune, has lost it and begun laboriously to accumulate another—this of all industries, in short, has recently appeared to be settling down to a humdrum existence, with no annals worth mentioning. For the present, questions whether a price of 9d. or more per pound is desirable or defensible have become academic, for the London price for the last eight months has been anchored at 6d. There has been a little ebbing and flowing each way with the tide—the average went up to 6½d. in January and down to 5½d. in April, but the mean price for the first half of this year is 6d. exactly.

This showing is the more significant because it is not in any sense due to the "pegging" of the market. Within the limits imposed on total production by the international restriction scheme, supply and demand have free play. The rubber manufacturer, indeed, seems to have accepted 6d. as a fair price—for the time being, at least. Whenever the quotation goes higher, he is prepared to hold off the market and draw on his ample stocks. When it has fallen below the datum point buyers have sooner or later come in, from America, Japan, Great Britain and, latterly, Germany. In short, the restriction scheme, at present, is attaining its avowed main objective of a "stabilised" price, but whether the plantation companies, and those who purchased their shares at last year's relatively high levels are satisfied is another matter.

The steps by which this "anchoring" of the market has been brought about may be briefly recapitulated. On its inception in the spring of last year, the International Committee fixed the permissible percentages of the basic quota for the remainder of 1934 at 100 for June and July, 90 for August and September, 80 for October and November, and 70 for December. From the beginning of 1935 the basic quota for the participating countries was raised, on a pre-arranged scale, from under 1,000,000 tons to 1,073,000 tons. In October some divergence of view appeared between the Dutch and the British interests represented on the Committee, and in the following month the percentage for the first quarter of 1935, as a compromise, was fixed at 75. Early this year, percentages were announced of 75 for the second and 70 for the third quarter, but in March, having regard to the state of the market, the Committee exercised its prerogative of a change of mind and reduced the figures to 70 for the second quarter and 65 for the remainder of the year. As a special concession to the Dutch interests; however, the latter were given a slightly higher percentage for the early months, with a compensatory drop to 60 in the later months of the year. These findings have, indeed, been loyally implemented. The Dutch Government has raised the export duty on native rubber to a level equivalent to approximately 3d. per pound, with only a slight subsequent remission. Native shipments, which were running well above the permitted level, have shown themselves extremely sensitive to an impost which, at the present level of rubber prices, leaves the native producer with a painfully small return.

The table in the adjoining column shows (a) the basic quotas under the restriction scheme, and (b) the comparison between "permissible exports" and "actual exports" since the scheme came into force.

It will be seen that while Malaya, in the twelve months to last May, had shipped about 20,000 tons less rubber than she was entitled to do, shipments from the Dutch East Indies had exceeded the allotted total by rather more than 10,000 tons. The latter excess may well be "ironed

RESTRICTION SCHEME FIGURES
(In long tons)

	Malaya	Dutch East Indies	Ceylon	Other Countries	Total*
Basic Quota					
1934†	294,000	205,333	45,208	28,000	572,541
1935	538,000	400,000	79,000	56,000	1,073,000
1936	568,000	443,000	80,000	61,000	1,153,000
1937	588,000	467,000	81,000	65,000	1,202,000
1938	602,000	485,000	82,500	67,000	1,236,500
Last 7 months' 1934					
Permissible exports	256,200	178,933	39,395	24,400	498,928
Actual exports compared	-12,229	+1,509	-17	-1,344	-12,081
First 5 months' 1935					
Permissible exports	163,642	121,667	24,029	17,032	326,370
Actual exports compared	-8,470	+9,163	-2,284	+774	-817

* Excluding Siam, whose 1935-38 basic quota is 40,000 tons per annum.
† Last seven months.

out," in the next few months, if native taxation is maintained and the price of rubber does not increase. The right of Malayan producers to "carry over" unused export licences will expire next September. On the whole, it would appear that restriction, so far, has been effective in "maintaining discipline," for world shipments as a whole have been held down to the prescribed levels.

It is, however, tacitly admitted by many who should be in a position to speak with authority, that restriction, with its present percentages, has reached something like its uttermost limit of practicability. Any endeavour to compel further curtailment of production might have dangerous social and political consequences in certain areas, and any future enforcement of restriction percentages comparable to those obtaining, say, in the tin industry is quite out of the question. Market psychology may well be somewhat disturbed in the autumn, when the Committee will be considering its policy for 1936. Whatever the price may then be, conservative market opinion believes that no Draconian tightening of the screw will be attempted, though the possibility may be considered of postponing the increase in basic quotas which would otherwise raise the world datum figure by 80,000 tons.

Investors may find it difficult to resist the conclusion that the initiative has passed to the rubber consumer. The best clue to the latter's position may be obtained from consideration of the statistical trend in recent years, which is summarised in the following table:—

PRICES, PRODUCTION, ABSORPTION AND STOCKS
(In thousand long tons.)

	Av. Price London (pence per lb.)	Exports			Absorption		
		Malaya	Dutch East Indies	World	U.S.A.	United Kingdom	World
1920	22.4	181	80	354	229	215	311
1929	10.2	456	255	862	470	73	808
1930	5.9	442	241	822	361	75	717
1931	3.1	422	257	798	361	75	808
1932	2.4	406	211	709	498	77	678
1933	3.2	445	281	852	509	79	687
1934	6.2	464	379	1,014	550	401	79
1934 (four months)	5.0	155	135	346	506	176	336
1935 (do.)	6.0	146	95	298(a)	549†	179(b)	30(c)

* In U.S.A., United Kingdom, Singapore and Penang (dealers' and port stocks only). N.A. Not available. † End May, 541,000. (a) Approximately 77,000 in May, against 113,000 in May, 1934. (b) For May, 41,800, against 44,600 in May, 1934. (c) For June, 36,800 against 41,200 in June, 1934. (d) For May, 9,800, against 9,700 in May, 1934. For June 6,700 against 13,000 in June, 1934.

There would appear to be little intrinsically wrong with a world demand for rubber which has been capable of multiplying itself more than two-and-a-half times over the nine years 1920-29 and in 1934 was 16 per cent. greater than in the pre-slump year. Although world stocks of rubber accumulated rapidly during the slump (and have shown no net decline, so far, under restriction), demand

for rubber has at no time suffered the cataclysmic decline characteristic of many other primary commodities. The tabulated figures, in fact, strongly suggest that the low prices of 1931-33 had a stimulating effect on consumption during the worst phase of world depression, while, by 1934, the forces of recovery had progressed sufficiently far to enable an increased price of around 6d. to be carried without arresting the process of revival in demand. During 1935, so far, however, there has been no further increase. A stable price, in short, has coincided with a stable demand.

There is no prospect of an early falling off in rubber consumption, for the extension of road construction and motor transport is proceeding apace in many countries. The evidence, however, does not encourage any optimistic budgeting by the plantation industry for a new and spectacular increase in rubber consumption in the near future. From the viewpoint of shareholders, the implications of this statement need to be squarely faced. The first fine careless rapture, associated with the inception of restriction, is over. Calculations of increased ordinary share earnings per penny rise in the price of rubber have ceased to have relevance. The company balance sheets which are now being published show profits based largely on an average price for rubber very little different from that which now prevails and—if the arguments of the present article are valid—seems likely to be the industry's Ultima Thule for some time ahead. It follows that present dividend yields are unlikely to be significantly increased. The companies are working on a lower production basis this year than last. Their expenses per pound of output, inevitably, have been increased. In some of the older areas, further, there have been reports suggesting that the productivity of the rubber tree is not eternal, and that after a sufficiently long period of years certain natural properties appear to be largely extracted from the soil, which becomes unresponsive to manuring and is unfit for any alternative form of cultivation. In the absence of authentic and scientific data, these reports must be accepted with great reserve. If they were found, eventually, to have substance, it would be necessary to regard rubber shares in an entirely new light, as securities with a limited "life," whose annual return was subject to provision for amortisation in much the same way, say, as a gold mining share.

The latest figures for a number of important rubber companies which have published their reports in recent weeks are set out in the following table:—

YEARS TO DECEMBER 31ST

Company and Denomination of Shares	Crop proceeds and other Receipts		Earnings for Ordinary		Ord. Div.		Ord. Shares	
	1933	1934	1933	1934	1933	1934	Price	Yield %
Allied Sumatra (£1 stk.)	7,193	20,521†	4,291	17,353‡	Nil	2½	14/9	3 7 9
Anglo-Dutch Plantations (£1)	61,111	167,524	Dr. 736	105,421	Nil	4	21/8ad	3 14 3
Blkan (2s.)	20,646	65,221	5,877	26,451	Nil	4	2/-	4 0 0
F.M.S. Rubber (£1)	30,017	49,912	3,803	18,787	5	7½	30/-	5 0 0
Kepong (2s.)	9,409	36,488	6,253	29,977	(b) 10	(a) 5	3/3	3 1 3
Labu (£1)	33,037	51,944	12,745	26,759	5	10	43/9	4 11 5
Linggi (£1)	41,384	79,986	15,461	8,240	Nil	Nil	18/1½	Nil
London Asiatic (2s.)	88,017	177,301	26,718	57,689	4	8	4/3	3 15 9
Malacca (£1)	98,038	165,931	Nil	2,147‡	Nil	Nil	23/9	Nil
Mount Austin (£1)	33,127	28,950	24,435	26,118	Nil	4	13/9	5 16 4
Pataling (£1)	33,019	62,246	5,425	22,705	Nil	7½	32/6	4 12 0
Peimadulla (£1)	66,707	84,625	13,468	17,931	4	12½	41/3	6 1 0
Rembau Jelut (£1)	39,464	68,679	3,943	23,536	2½	6	23/1½	5 3 6
Sennah (£1)	81,488	105,373	20,701	6,806	Nil	Nil	25/-	Nil
Straits (£1)	51,890	90,975	13,811	44,592	2½	4	16/10½	4 17 0
United Patani (£1)	36,571	80,710	6,130	31,446	2½	6	21/3	5 13 0
United Sui Betong (£1)	90,758	180,583	29,043	76,762	5	12½	56/3	4 8 9

† Results to March 31st in following years.

‡ Including £14,500 from reserve for losses of subsidiary companies.

§ Surplus after payment of £43,125, being 5 years' dividend on 7½ per cent. participating preference shares. (a) Absorbed £31,022. (b) Absorbed £23,902.

The latest figures, naturally, show considerable improvement by comparison with those for 1933, when the average London price for rubber was only 3½d. The yields on ordinary shares, however, at current prices, are definitely low for a tropical industry whose securities cannot for a moment be placed in the same investment category as those, for example, of leading domestic industrial concerns. Current market prices, indeed, appear still to be discount-

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ing an appreciable further rise in quotations for the commodity. What may happen in 1936 no one at the moment can say. So far as the immediate outlook is concerned, however, the omens do not appear favourable to such a *dénouement*, and investors may do well to re-examine their position in that light.

INVESTMENT NOTES

The London Transport Loan.—The event of the week in the new issue market has been the successful issue of £32,000,000 2½ per cent. debenture stock, 1950-55, by the London Electric Transport Finance Corporation, which is the new company formed to take charge of the financing of the £40,000,000 London transport extension plans. The issue represents much the largest "new money" operation with which the London capital market has had to deal in recent years. Its importance may be gauged by the fact that the amount of the loan is only just under half the aggregate total of "new money" raised on the market in the first six months of the present year. The stock carries the full guarantee of the British Treasury and at the issue price of 97 it yields £2 11s. 6d. per cent. flat and £2 15s. 6d. per cent. to the final date of redemption. These returns are appreciably above those obtainable on similar short-dated issues. Thus the 2½ per cent. Conversion Loan, redeemable 1944-49, which bears the nearest resemblance to the new loan, stands at 101½ and yields only £2 9s. per cent. flat, and barely 2½ per cent. assuming redemption in cent. flat, and the new loan will, however, suffer from the slight disability that after June of next year stamp duty will be payable on transfers. In virtue of its favourable terms, the stock was quickly over-subscribed, the lists being open for only an hour. This success is the more striking in that it is understood that applications from the Public Departments played no part in it. Apart from the intrinsic importance

of the loan, a good deal of interest was aroused by the decision of those responsible to issue at once so large a proportion of the whole £40,000,000 required for the transport extensions. Only a small part of the money will be needed in the next year or so, and it is held in some quarters that the size of the issue must be read as evidence of a modification of the "Treasury view" on the duration of cheap money. A large part of the proceeds of the issue must presumably be invested temporarily at interest well below the rate payable on the stock. It seems, therefore, reasonable to assume that those responsible for the issue felt, at any rate, that the risks attendant on the alternative course of piecemeal borrowing on the lines of the successive Central Electricity Board issues were greater than they could justifiably incur.

Uruguayan and Brazilian Debt Service.—As the official summaries of the Anglo-Uruguayan Trade Agreement which were issued to the Press were more concerned with trading conditions than with finance, the Stock Exchange did not realise until this week that very substantial benefits had been secured under the Agreement for holders of Uruguayan bonds. The main agreement provides that in a full year not less than 80 per cent. of the c.i.f. value of United Kingdom imports from Uruguay, as shown in the British trade returns, must be set aside by Uruguay as a British Exchange Quota to provide exchange for Uruguayan payments to this country. So much was recorded fully in the published summaries of the Agreement. No mention, however, was made of the contents of the Supplementary Agreement, which provides that interest on the Uruguayan external sterling debt (except for such debt as is held in Uruguay itself) shall be the first charge on the British Exchange Quota, ranking even before payments for imported goods. This puts the interest payments in a very secure position. Under the present debt agreement Uruguay is paying a flat rate of 3½ per cent. interest on all external loans, and has suspended sinking funds. On this basis the interest charge is covered more than four times by the exchange quota which would have been provided by Uruguayan exports to the United Kingdom during 1934. The Agreement has also secured favourable terms for the exchange requirements of British public utility companies operating in Uruguay, giving their interest and rent charge requirements a claim on the Exchange Quota second only to that of the public debt service, and stipulating that "the Uruguayan Government, so long as they retain exchange obtained at the official rate for payment of their own obligations in the United Kingdom, undertake to allocate at the official rate to the British-owned public utility companies as large a proportion as possible of the sterling exchange falling due to them under this Agreement." The terms of the Agreement have induced considerable interest in the 3½ per cent. bonds, which have risen from 47 a week ago to 52½, and offer a flat yield of some £6 15s. per cent. By contrast, Brazilian issues have suffered renewed weakness, touching the lowest levels of the year. A pronounced fall in the export surplus during the present year and growing uneasiness as to the ability of the Government to withstand economic and political pressure to sacrifice the interests of bondholders have weighed heavily on an already disturbed market.

Cable and Wireless Finance.—Comment has been heard this week about the formation of Cable Investment Trust, in relation to the recent offers for repayment at par of up to one-third of the 5½ per cent. preference stock of Cable and Wireless (Holding), Ltd. The original offer was described in these columns as unexceptionable, for it was made at a time when the stock was nine points below the par purchase price, and acceptance was entirely voluntary. When the offer was introduced, reference was made to the return currently obtainable from the group's £17,615,361 investment holding. The chairman stated that the yield on that holding was between 4 and 4½ per cent., while the preference stock carries a cumu-

lative 5½ per cent. Preference stockholders, with the consolidated profits figures for 1934 in mind—of a total of £1,150,149 over one-half was contributed by investment income, despite the recovery in traffic profits—may have inferred that a further advance in group revenue might be somewhat tempered, for a time, by the difficulty of maintaining the average rate of investment income. In extending the final date of acceptance, the directors emphasised the opportunity for preference stockholders to contribute to a scheme "in the common interest of all concerned." The terms of the prospectus of the new trust company, however, may prove somewhat disconcerting to certain stockholders who tendered stock, at a profit to themselves, but with the latent assumption that they were thereby making a sensible contribution to the first stage of a financial reorganisation of the group. The new Trust acquires investments from Cable and Wireless (Holding) for £7,000,000, which have yielded 4½ per cent. during the year to June 30th last. Some £5,020,000 is to be raised from the public at an average rate of under 4 per cent. and the balance will be obtained from the subscription, by Cable and Wireless, of 200,000 £10 ordinary shares at £10 17s. per share. The premium will, in fact, cover estimated preliminary expenses, and the return on the equity is computed at 4.85 per cent. Cable and Wireless, by the adoption of a geared capitalisation for the new Trust, thus retains its equity interest in the investments sold, and will receive a higher return on some 30 per cent. of their total value. The parent company, Cable and Wireless (Holding), has to find £6,450,000 for repayment of assented stock, which will save £354,750 in dividend in a full year. The investments sold produced £315,000 in the latest year, of which one-third will still be available for the equity holding of Cable and Wireless, subject to the share to be taken by Globe Telegraph and General Trust. Apart from the question of duplicate that the prospects for the investment holdings may be better than at one time appeared likely. Although the full intentions of the board may not have been formulated when the repayment offer was originally made, it is possible that some acceptors might have preferred to retain their stock on its independent recovery merits if later developments had been anticipated.

Tea Share Prospects.—During the past fortnight there has been some revival of interest in tea share prospects. At the end of June the *Investors' Chronicle* index of tea share prices stood at 69.6, the lowest point for many months. Since then tea prices have tended to harden slightly and the shares have improved. Though good reports of the new season's teas have contributed to the movement, the main cause has been a growing belief that the invisible stocks in distributors' hands have been allowed to fall exceptionally low. On a number of occasions in the past four years the rise or fall of invisible stocks has had a determining influence upon prices, but evidence on the true state of distributors' stocks has more than usual significance in present circumstances. If the distributors have not been lightening their holdings over the past year, it can only be concluded that real consumption of tea has been falling—by, say, 27,000,000 lbs. in quarters of world tea consumption, such a decline in total at a time when the Empire has been leading the revival of general prosperity. It has already been questioned whether fruit drinks are not encroaching on tea drinking. With production showing a decided tendency to rise in shrinkage of demand could have serious effects. If, on the other hand, the fall in recent "absorption" by distributors turns out to be due simply to a lightening of internal stocks, then buying must eventually be resumed at its normal pressure. Combined with the reduction of some 40,000,000 lbs. in the current season's quota, a substantial inroad into visible stocks, with a rise of 2d. per lb. in average prices by no means out of the question.

For the current year such a revival would do little more than make up for lost ground in many profit and loss accounts, but it might bring a sharp advance in share prices. So far there is not sufficient evidence either way as to the true state of internal stocks to justify any definite conclusions on the prospect.

A New Industrial Share Index.—The relative market importance of the different industrial share groups has changed so much during recent years that the lists of representative shares on which the best-known ordinary share indices are based have inevitably tended to become somewhat out-of-date. The compilers of the "Financial News" daily index have accordingly undertaken a complete revision of the series. Each of the thirty companies represented in the new index is engaged primarily in British industry, and every share is an active market counter. Heavy industry is more strongly represented than before—a reflection of the improved market status of steel shares—and an interesting sign of the changing times is the inclusion of Hawker Aircraft. In most of the groups, of course, there is little scope for originality of choice. Such shares as Imperial Tobacco, Distillers and J. & P. Coats select themselves. On the whole, the list is satisfactory, and it should give a very fair representation of the changes of market temper. From the theoretical point of view, the main interest of the change lies in the compilers' adoption of a geometric average. This will permit of an alteration of the base date when called for, whereas a change in the base date of an arithmetic index may lead to contradictory results, as a comparison of some of the daily commodity price indices will show. Moreover, the use of a geometric average facilitates the substitution of a new share for one which has become unsuitable. The main difficulty, in a change of this magnitude, is to provide a basis of comparison with the previous index. For this, the new index has been calculated back at fortnightly intervals this year, at monthly intervals in 1934 and at irregular dates back to the depths of the slump in June, 1932. The similarity between the extent of the movement of the old and the new indices during that period suggests that rough comparability may be attained simply by rebasing the old index with July 1, 1935, as origin. The new figures for the current week are quoted in our usual table on page 139 of this issue.

The "Ten-Year Record."—Reference books are not intended for the bedside, and the twenty-seventh edition of this valuable work* will be as welcome as usual to City bookshelves. Apart from the unquestioned utility of the work, however, its contents are of real interest—and warning—to the investor. There was a day in 1928, for example, when Swedish Match "B" stood at £26½, while in the following year initial dealings in Cable and Wireless (Holding) "B" ordinary were marked as high as 104. Investors who bought Austin ordinary shares at 4s. 6d. in 1925 will not have complained, while Tate and Lyle at 26s. 10½d. in 1926 were evidently a remunerative purchase. The work, useful as it is to investment historians, has great practical utility in its arrangement of dividend statistics. These are shown under date of payment, thus facilitating tax assessments. The volume fully maintains its reputation for comprehensive information and clear arrangement.

Actuaries' Investment Index.—The lustreless condition of the share markets this week is well evidenced by the Actuaries' Index number for 158 industrial shares, which has declined to 77.5 this week, compared with 77.7 last week and 77.4 a month ago (December 31, 1928=100). The respective yield figures are 3.83, 3.81 and 3.77 per cent. Examination of the component series, of which a

* Published by Fredc. C. Mathieson and Sons. Price 20s.



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Burmah Oil Co., Ltd.	London County Freehold & Leasehold Properties Ltd.
Great Western Railway Co.	Manbré & Garton Ltd.
Imperial Chemical Industries.	Marks & Spencer Ltd.
Imperial Continental Gas Association.	Michael Nairn & Greenwich Ltd.
Imperial Tobacco Co. (Great Britain & Ireland) Ltd.	Reckitt & Sons Ltd.
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selection is given below, shows that small losses have predominated over smaller gains:—

Group (and No. of Securities)	Prices (Dec. 31, 1928=100)			Yields (%)		
	Month ago (June 18)	Week ago (July 9)	This Week (July 16)	Month ago (June 18)	Week ago (July 9)	This Week (July 16)
<i>Lower this week:</i>						
Banks and discount co's. (12)	115.1	116.3	115.3	4.07	4.03	4.07
Coal (8)	93.0	89.0	88.3	3.74	3.96	4.00
Electric supplies (8)	118.5	117.0	116.1	4.42	4.40	4.44
Home rails (4)	69.4	72.0	70.9	1.55	1.51	1.51
Breweries and distilleries (19)	132.1	133.8	131.8	4.00	3.97	4.02
<i>Higher this week:</i>						
Insurance co's. (24)	120.1	122.8	123.3	3.50	3.43	3.41
Oil (5)	70.1	66.8	67.9	3.46	4.69	4.57

Interest in home rails has been desultory, and brewery shares have been realised from the provinces. A decline in bank share quotations may be associated with the recent trend of gilt-edged prices. A little investment support has been given to oil shares, but in general the series suggest that the investor's interest is forsaking the markets for sunnier places.

COMPANY NOTES

Wool Textile Shares.—Owing to the peculiarities of organisation and custom in the British wool textile industry, different sections of the industry offer widely differing risks to the investor. In the "woollen" trade one concern will usually handle the goods through every process from the raw wool to the dyed and finished cloth, whereas in the "worsted" trade, not only may the material change hands several times in process of manu-

general prosperity of the industry has some effect on the combing charges, but the excellent organisation of the wool combers is, in general, strong enough to maintain rates in all normal conditions. In 1933 the organisation was further strengthened by the formation of the Woolcombers' Mutual Association, Limited, to contribute by levy to the buying up of redundant and obsolete combing plant and to raise combing charges from the levels to which excessive competition had forced them. There are some outside firms still prepared to undercut the standard rates, but the two representatives of the combing trade in the accompanying table give evidence of relative prosperity in the last few years. In contrast with them, the fluctuating profits of the two worsted spinners shown in the table illustrate the extent of the market rise on raw wool which the spinner has to carry. A similar risk is involved for the cloth and hosiery manufacturers, but as the raw wool cost is a smaller element in their total cost, its incidence is less than for the spinners. The wool textile industry as a whole is in a reasonably satisfactory position. While there is still much obsolete plant in existence, considerable progress has been made with modernisation, and the tariff has undoubtedly diverted work to the home industry. Although Japanese competition is not unknown, the wool textile industry has a smaller stake in coarse goods for export than has the cotton textile trade, and is, in general, dependent on exports for a much lower proportion of its total market. It would seem that while the shares of such a concern as Woolcombers, Limited, may be classed as a high-grade industrial of considerable stability, the shares of even so well-managed a business as Paton and Baldwins in the spinning section must be considered more as a specialist's investment owing to the inevitable market risk on raw wool prices. It happens that, after the sharp fall in 1934, raw wool prices have recently been rising.

	(Profits in £'000)						
	1929	1930	1931	1932	1933	1934	1935
<i>Combers</i>							
I. Holden (June 30)							
Earned for Ord.	24.1	Dr 14.2	Dr 18.2	0.3	21.1	30.6	...
Earned %	11.1†	Nil	Nil	0.2	12.9	14.1†	...
Div. %	10†	10*	5	6½	10*	11½	...
<i>Woolcombers</i>							
(Dec. 31)							
Earned for Ord.	58.6	14.8	79.7	89.6	119.0	122.1	...
Earned %	14.6†	3.7†	19.9†	22.4†	29.7†	30.5†	...
Div. %	11½†	11½†	11½†	11½†	21½†	26½†	...
<i>Worsted Spinners</i>							
Iltingworth Morris (Mar. 31)							
Earned for Pref.	4.6	Dr 0.9	8.0	25.9§	15.9	86.5	1.7
Pref. div. %	Nil	Nil	Nil	Nil	11.8**	35.7**	24.3**
<i>Paton and Baldwins</i>							
(Apr. 30)							
Earned for Ord.	62.6	Dr 52.0	43.7	221.8	313.0	235.5	165.5
Earned %	3.9†	Nil	2.7†	13.9†	19.6†	14.7†	10.4†
Div. %	5†	2½†	2½†	7½†	10†	10†	10†
<i>Manufacturers</i>							
W. Hollins (Dec. 31)							
Earned for Ord.	96.8	Dr 85.2	4.8	5.8	Dr 23.4	Dr 17.6	...
Earned %	7.7	Nil	0.4	0.5	Nil	Nil	...
Div. %	7½	Nil	2½	2½	Nil	Nil	...
<i>Kelsall and Kemp</i>							
(June 30)††							
Earned for Ord.	Dr 6.2	Nil	3.5	19.5	48.0	45.6§	...
Earned %	Nil	Nil	1.0	5.7	14.1	13.1§	...
Div. %	2½	Nil	Nil	5	7½	7½	...
<i>Salts (Saltaire)</i>							
(Mar. 31)							
Earned for Pref.	22.8	Dr 295.8	7.1	6.2	Dr 71.8	189.9	132.1
Earned for Ord.	Nil	Nil	Nil	Nil	Nil	87.9	30.1
Earned %	Nil	Nil	Nil	Nil	Nil	103.4	41.3
Div. %	Nil	Nil	Nil	Nil	Nil	25	25
<i>Hosiery</i>							
Fleming, Reid (Dec. 31)							
Earned for Ord.	121.3	91.9	95.3	126.4	109.0	117.5	...
Earned %	21.7	16.9	17.9	24.1	20.8	21.7	...
Div. %	15	15	15	17½	16½	17½	...
<i>Wolsey (Dec. 31)</i>							
Earned for Pref.	131.8	90.9	94.0	4.2	20.3	0.9	...

† Tax free. * Of which 2½ per cent. tax free in 1930 and 7½ per cent. tax free in 1933. § Broken period equated to 12 months. ** Six months' dividend 1933; 18 months' 1934; and 12 months' 1935. †† Years to December 31st until 1934.

facture, but such important operations as combing and finishing are normally given out to specialist companies on a commission basis. Thus the combers (and the finishers, which will be considered in a subsequent note) are virtually free from the market risk on raw wool prices, for their earnings fluctuate mainly with turnover. The

Richard Thomas Proposals.—The proposals for the conversion of the debenture stock of Richard Thomas, and for the issue of new ordinary shares, announced by Sir William Firth at the meeting on Monday, have puzzled the market. The scheme is complex. The 4½ and 7 per cent. debentures, of which £1,268,722 is outstanding, and which in any event are redeemable in two years' time, will at once be replaced by a new 4 per cent. issue amounting to £1,250,000. The existing £450,000, 4½ per cent. debentures will be replaced by the new stock at £99 per cent. The holders of 7 per cent. stock, however, are to be offered the right to convert into ordinary shares at a price sufficiently below the market to enable holders at once to recoup a 5 per cent. cash profit in excess of their sacrifice of 3 per cent. interest for two years, and the 3 per cent. redemption premium. The proposal is ingenious, for it apparently enables the company to anticipate redemption by two years, broadly, at the expense of the equity. It may be noted, however, that benefits from reduced prior charges and other economies bring part compensation. This will be followed by an offer to present equity holders of £750,000 new ordinary shares at par. The net result is that the debenture capital will be practically unchanged, but will bear interest at 4 per cent., and the ordinary capital will be increased from £2,998,640 to £4,638,988. The cash £960,000 will be used for the repayment of bank and mortgage indebtedness. For the preference shares—which even at 30s. yield 5.6 per cent. gross—this is evidently a bull point. As much as £50,000 a year will be saved in prior charges. Moreover, by closing down the Raglan collieries, the company has saved another £26,000 a year. The total suffices amply to cover the 6 per cent. dividend on the extra ordinary capital. At the same time, the change lowers the attractions of the ordinary shares. On a short view, despite the reduction in tinplate production so far this year, the equity outlook is not unfavourable. From March to June, net profit increased by £75,000, against an increase in the latest year of only £100,000. The rate of progress, however, may not be maintained through the year, for it was

not until last July that the International Tinplate Agreement enabled prices to be strengthened. Sir William disclosed, however, that only about one-half of the company's profits accrued from tinplate sales, so the profit gain on the year should, in any event, be considerable. On a longer view, much will depend upon the new plant which is to be erected at Redbourn. With modern coke ovens, a modern strip mill, and pig iron on the site, instead of being brought from Lincolnshire to South Wales, costs should be reduced substantially. The new strip technique has, in fact, destroyed the economic case for the centralisation of tinplate production in South Wales.

Courtaulds' Interim.—Last week's announcement by Courtaulds, Limited, of an interim dividend of 2½ per cent., tax free, has considerably disappointed the market. In view of the indications at the last annual meeting that more equal interim and final dividends would probably be made in future, an increase was naturally expected. In their announcement, however, the board declared that they could hold out no hope of a total dividend exceeding the 7½ per cent., free of tax, paid for 1934. The Courtauld board has a reputation for caution, and this last announcement really chilled the market. Experience suggests, however, that the board, with their unequalled opportunities for visualising the world position in the industry, are generally neither too pessimistic nor too optimistic. They acknowledge that business on home account is satisfactory; the fly in the ointment is the American situation. The important contribution to Courtaulds' profits obtained from America in past years may not always be appreciated. It is now clear that despite good business in this country, increased dividends cannot be expected until the American subsidiary is working with a more adequate profit margin. Business in the United States rayon market has indeed been far from satisfactory during the first half of the year, and at the moment makers are endeavouring to get out their autumn ranges under a cloud of uncertainty as to future political developments. There is therefore every reason for the caution shown by the board. Even if improvement sets in, it seems unlikely to arrive in time to assist the dividend receipts of the parent company. The market is inclined to take the announcement at its face value, and at 54s. 4½d. the ordinary shares have recovered little of their fall from last Thursday's price of 58s. 6d. As they offer a gross yield of only £3 11s. 3d. per cent. on last year's total dividend of 7½ per cent., tax free, speculative interest in the shares seems likely to be dulled for some time.

Zinc Corporation.—Despite the fall in the price of the Corporation's chief product, lead, which averaged £11 1s. per ton during 1934, compared with £11 16s. 1d. for the preceding year, and the fact that sundry revenue declined by £4,441, an increase in net profit of £11,002 to £131,227 was achieved during 1934. This improvement is due to the higher price ruling for silver (22.90d. per oz., compared with 19.57d. for 1933), and also to an adjustment of accounts in respect of deliveries of lead and zinc concentrates, not wholly attributable to the year. The Appropriation Account shows a total amount available of £208,041. After paying the fixed preferential dividends, the two participating dividends are raised to 1s. 6d. per share for the year, against 1s. 3d. per share for 1933. The sum of £40,000 is appropriated for mine development and expenditure on the new grinding plant, leaving £51,491 to be carried forward, against £45,024 for 1933. Mining operations were well maintained during the past year. While the ore reserves in the Lead Lode at December 31st show a reduction of 100,000 tons to 2,700,000 tons, the fall is attributable to restricted development from 1930 to June, 1933, and will continue until No. 13 Level is developed. The lag in development, however, will not affect production in any way. The construction of the new all-flotation de-leading plant with an average capacity of 400,000 tons per annum has been authorised, following the satisfactory results obtained from the pilot unit. Combined

PRELIMINARY NOTICE.

EARLS COURT LIMITED.

The Subscription Lists will open and close on Tuesday, 23rd July, for an ISSUE AT PAR of £400,000 5½ per Cent. Second Mortgage Debenture Stock and 1,600,000 Ordinary Shares of 5s. each. £650,000 4½ per Cent. First Mortgage Debenture Stock, when created, will be subscribed by THE PRUDENTIAL ASSURANCE COMPANY LTD.

Directors:

MAJOR SIR RALPH GLYN, Bart., M.C., D.L., M.P., Chairman (Director, London Midland and Scottish Railway Company).

SIR MAURICE BONHAM-CARTER, K.C.B., K.C.V.O. (Director, O. T. Falk & Co. Ltd.).

SIR FELIX BRUNNER, Bart. (Chairman, West London Property Corp. Ltd.).

FRANK REGINALD LEWIS, Managing Director.

Trustees for Second Mortgage Debenture Stockholders: THE LAW DEBENTURE CORPORATION LIMITED.

Solicitors:

CLIFFORD-TURNER & CO., 11, Old Jewry, London, E.C.2.

Auditors:

THOMSON McLINTOCK & CO., 71, Queen St., London, E.C.4. Chartered Accountants.

The full Prospectus (to be published on Sunday and Monday) will show (inter alia) that:—

- The Company will acquire a 99 years' lease of Earls Court Exhibition Grounds of over eighteen and-a-half acres. On this site, with the co-operation of the London Passenger Transport Board, the Company has planned to erect, with British materials and labour, a modern and completely equipped building, at a cost of £1,230,750. The plans provide for 12 acres of Exhibition space, which can be subdivided for five separate Exhibitions or Entertainments each complete with its own entrance and services. Seating accommodation will be available for 23,000 people for large-scale sporting events and entertainments. Contracts provide for the completion of the buildings by December, 1936.
- Among the Exhibitions which have already been secured, commencing in 1937, are the three most important:—

BRITISH INDUSTRIES FAIR

"DAILY MAIL" IDEAL HOME EXHIBITION

THE MOTOR SHOW

- The London Passenger Transport Board is considering the reconstruction of Earls Court Station and the installation of Escalators giving direct access to the Exhibition Buildings. Special facilities will be provided for the parking of cars.
- The Company's income, being mainly derived from lettings, will be largely independent of the results of the Exhibitions, and anticipated revenue from sources other than tenancies already arranged are believed to be on a conservative basis. Including agreements for leases or tenancies already signed amounting to £71,000. Net Profits commencing in the year 1937, after allowing for Sinking Fund charges and interest on the First Mortgage Debenture Stock, are estimated at £158,418. This amount is more than six times the sum required for the Annual Interest and Sinking Fund on the Second Mortgage Debenture Stock now offered, i.e., £24,581, and would leave a balance of £133,837 for reserves and for dividends on the Ordinary capital.

Copies of the full Prospectus and Forms of Application are now obtainable from:

Bankers:

WESTMINSTER BANK LIMITED, 52, Threadneedle Street, E.C.2, and Branches.
MARTINS BANK LIMITED, 68, Lombard Street, London, E.C.2, and Branches.

Brokers:

LONDON: FENN & CROSTHWAITE, 10/12, Ceythall Ave., E.C.2, & Stock Exchange;
MANCHESTER: COPPOCK & BRATBY, 66, King St., Manchester 2, & Stock Exchange;
BIRMINGHAM: FYRRE & HORTON, 3, Temple Row West, Birmingham 2, & Stock Exchange;
LIVERPOOL: HENRY WILSON & CO., 27, Dale Street, Liverpool, & Stock Exchange;
BRISTOL: LAWS & SPENCE, 55, Corn Street, Bristol, & Stock Exchange;

or from

BRITISH PACIFIC TRUST LIMITED,
4, Cleveland Square, London, S.W.1.

mining and milling costs showed a small increase at 23s. 8d. per ton, compared with 22s. 10d. for 1933, but this was due in some measure to the extra expenditure involved in running the mill pilot plant. While a helpful contribution can be made to future profits by increased efficiency of the plant and greater grinding capacity, the future earnings of the Corporation largely depend upon the course of base metal prices. The rise in the price of lead during the current year to a present price of just over £14 per ton is of favourable augury for an average price well above that ruling in 1934, while the activity in silver earlier in the year should prove an added benefit. Granted some improvement in world conditions, and a consequent, if gradual, increase in the consumption of lead and spelter, the Corporation is in a position to take advantage of any further recovery in base metal prices. The 10s. ordinary shares are quoted at 32s. 6d. to yield £4 12s. 3d. per cent.

* * *

Other Company Results.—Our usual table on page 157 summarises the profit and loss account of 53 companies. Further banking results show general stability of earning power, except for the Standard Bank of South Africa, whose profits have advanced from £433,180 to £502,590. The dividend has been increased from 10 to 12 per cent. The heavy industry group makes less impressive reading this week, for it includes the results of Ebbw Vale and Armstrong Whitworth Securities, to whom recovery has yet to bring its refreshing fruits. Trading conditions in the South Wales coal industry have shown no improvement, and the Ebbw Vale furnaces and steel plants remain closed. In the case of the Armstrong Whitworth companies, an improvement in heavy engineering during 1934 came too late to assist the revenue figures, but a 40 per cent. reduction in the losses sustained by subsidiary companies was effected. Ruston and Hornsby report an advance in profits from £45,335 to £80,265, after depreciation, and payment of uncanceled preference dividends has been recommended. In the Finance group, City of London Brewery Investment Trust has declared a first dividend on the deferred shares. Net profits for the year amount to £183,067. Further rubber reports, including Laras (Sumatra), Craigielea, and Timbang-Deli, show an expected improvement. The depressed state of recent tea company revenues receives further confirmation from Jokai (Assam), whose profits have fallen from £89,542 to £20,411, involving a reduction in the dividend from 12½ to 2½ per cent. The loss of £219,951 sustained by Anglo-Argentine Tramways compares with £584,003 in the previous year, but the conversion of peso items at par of exchange has been discontinued in favour of the average free market rate, and accordingly the charge for exchange differences disappears. The report is of cheerless tenor, for competition by other transport has become more severe, and chief hope resides in the eventual passing of the Co-ordination Bill. A number of interesting reports by concerns of moderate size illustrate the even spread of recovery in home industry. Eastwoods Cement reports increased profits, from £18,706 to £34,388, and the dividend is doubled at 15 per cent. The first report of Griffiths Hughes Proprietaries confirms the preliminary figures announced some time ago. Profits of the Proprietary Company amount to £246,581. In the operating company's accounts £90,000 is placed to reserve, and the results have been satisfactorily received, despite the difficulties in the overseas trading subsidiaries. W. Barratt and Company have obtained a full share of increased business in the boot and shoe industry. Profits are £21,000 higher at £126,811 and the dividend is increased to 10 per cent. Falk Stadelmann report net profits of £104,370, against £88,492, and declare an increased dividend of 8½ per cent.

* * *

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Trustees Corporation, Anglo-Spanish Construction, Consolidated Tin Smelters, Richard Thomas, Kalidjereok Rubber, Gordon (Malaya) Rubber Estates, Victoria Falls and Transvaal Power, Gold Coast Selection Trust,

South African Breweries, and Petters. The capital proposals submitted by Sir William Firth at the Richard Thomas meeting are discussed on page 136. At the Trustees Corporation, Mr W. Sandford Poole referred to the death of Sir George Touche. He attributed the rise in income to the large holding of British investments. Mr Arthur E. Hadley, at the Victoria Falls and Transvaal Power meeting gave details of expanding consumption, and discussed the New Klip Power Station and the new agreement controlling the company's rights at the Victoria Falls. The chairman of Anglo-Spanish Construction emphasised the validity of the company's claims, amounting to 62½ million pesetas, against the Spanish Government, although he recognised the political difficulties which had swept the country. The economic effects on conditions in South Africa of prosperity on the Rand were discussed at the South African Breweries meeting. An increase in capital was sanctioned at the Gold Coast Selection meeting, to provide for purchase of a large interest in Amalgamated Bank Areas, whose prospects were favourably described by Mr J. A. Agnew. At the Kalidjereok Rubber meeting, the chairman referred to "the not too hopeful" prices now prevailing, but saw signs of some improvement. The chairman of Gordon (Malaya) also looked for a further reduction of rubber stocks and a higher price. The chairman of Consolidated Tin Smelters referred to the prospects of a further increase in the tin production quota, which would give the company increased smelting business. At the meeting of Petters, Limited, the chairman gave details of the public capitalisation of the Westland Aircraft department.

THE WEEK IN THE MARKETS THE LONDON STOCK EXCHANGE

SETTLING DAYS
TICKET JULY 23 | ACCOUNT JULY 25

As was only to be expected at the approach of the holiday season, markets were again quiet this week. The tone, however, was not unsatisfactory, and there was definitely less profit-taking than at the beginning of the account. In addition, the weight of new issues made itself felt. The £32 millions London Electric Transport loan somewhat diverted new investment demand from gilt-edged securities and the "investment" industrials. There was thus an inevitable lack of business, and, where prices eased, it was for that reason rather than on account of profit-taking.

The announcement of the terms of the London Electric Transport issue on Monday morning caused an immediate set-back in British Government securities, particularly in Conversion 2½ per cent., which is the most comparable stock. The losses, however, were recovered later, on the steady, although the market received little support. Business, after an intervening decline to ½ discount, and in the new India 3 per cent. issue at ¾ premium, a margin which was well maintained. Colonial and Home Corporation issues followed the lead of gilt-edged, and improved towards the middle of the week. Among foreign bonds, the fund payment arrangements had been carried out according to plan, considerable doubt was felt regarding the prospects of the debt service, both in the long term and in the short. Confidence began to return later, however, and some, at least, of the losses were recovered. Elsewhere, Far Eastern issues were dull, but the improvement in the kept European issues steady. The home railway traffic proposals, hardened. On the eve of the interim announcement, however, the market is unwilling to enter into new commitments. In any event, traffic gains are insignificant compared with the vast sums at stake in possible assessment revision. The Argentine railway traffic were again uninspiring, and the market remained dull.

The industrial share market refused to respond to the satisfactory trade figures, and, with little new investment business, prices were irregular and inclined to ease. Steel shares continued to sag under the influence of unfavourable rumours about the progress of the talks with the Cartel. There was also some confusion regarding the possible effects of the Richard Thomas scheme outlined on page 136. Although prices recovered from the worst levels, the whole of the initial losses was not recouped. Electrical equipments, similarly, were uninteresting. There was a certain measure of support, however, for selected motor and aviation shares. The success of the Hawker Siddeley issue brought with it a demand for Fairey Aviation, and in the motor group Raleigh were well supported. Textiles were a better market at the beginning of the week, and J. and P. Coats, in particular, were steadily bought. Rayons, however, remained weak, under the influence of the Courtaulds interim (discussed on page 136), although American Celanese again received support from New York. Tobacco shares opened the week in good style, and building material issues, also, showed some advance. Despite the record Eastwoods Cement profits, however, prices were not maintained at the best levels. Store and provision shares were dull and irregular, and elsewhere, apart from the introduction of the new British Oxygen shares, and the slight set-back in Cable and Wireless stocks, on the formation of the new investment trust, on which we comment on page 134, there were few movements of any note.

Leading issues in the oil market remained steady, but despite some investment demand for Shell, business was at a low level, for news from the United States was not conducive to new buying. The market became more active on Thursday. The rubber share market continued its even tenor, and refused, quite creditably, to be dismayed by the unsatisfactory American consumption figures. The inevitable profit-taking after last week's revival, however, affected tea shares, and by the middle of the week most of the Indian shares—the centre of the advance—had receded again. The undertone, however, is not unsatisfactory, and it would seem that much of the buying was of a stable investment character.

The better tendency in gold shares, which appeared towards the end of last week, was very moderately maintained. For Kaffirs there was little support either from the Cape or from Paris, but none the less, after a disappointing start on Monday, prices were steady. Spaarwater, in particular, attracted attention on forecasts of the contents of the quarterly report shortly to be issued. Otherwise there is little to attract the market, and, indeed, until the French position is clearer and the sabres cease from rattling in Abyssinia, the dullness may continue. The "Jungle" was again almost deserted throughout the week, but East Africans remained active and firm. Western Australians were again irregular, although Commonwealth was bought on the latest cable. Rhodesian copper shares failed to make progress, and although the price of tin reached a new high level for the year, the share market sternly refused to respond.

"FINANCIAL NEWS" DAILY BARGAIN INDEX (Approximate number of Bargains recorded in Stock Exchange Lists)

	Week to July 12, 1935	July 11, 1935	July 12, 1935	July 15, 1935	July 16, 1935	July 17, 1935	July 18, 1935
Government and Municipal Loans	6,708	1,227	1,211	1,416	1,339	1,425	1,280
Transport, Communications, and Public Utilities	5,283	992	1,045	1,055	961	978	895
Commercial and Industrial	21,961	3,968	3,998	3,987	3,856	4,299	3,958
Banks, Insurance and Financial	3,561	657	696	636	628	701	658
Mines (including Nitrates)	5,635	951	1,100	1,077	1,026	1,070	1,120
Oil	754	150	128	202	131	142	165
Rubber, Tea and Coffee	1,506	287	376	303	252	249	226
Total	45,358	8,180	8,554	8,676	8,193	8,884	8,342
Corresponding day in 1934	...	7,145	7,428	8,173	7,477	6,950	7,160

* Including Iron and Steel and Breweries.

REVISED "FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (July 1, 1935 = 100)

Highest of 1935 (July 1)	Lowest of 1935 (Mar. 27)	July 11, 1935	July 12, 1935	July 15, 1935	July 16, 1935	July 17, 1935	July 18, 1935
100.0	87.4	98.6	98.8	98.9	99.0	99.0	98.9

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS. (1928 = 100)

Highest of 1935 (Feb. 1)	Lowest of 1935 (Mar. 29)	July 11, 1935	July 12, 1935	July 15, 1935	July 16, 1935	July 17, 1935	July 18, 1935
141.0	135.9	138.3	138.3	138.3	138.4	138.5	138.5

FOREIGN STOCK EXCHANGES

NEW YORK

DESPITE A.A.A. shocks, the trend on Wall Street remains firm. At the beginning of the week the market was quiet and the turnover fell below the million mark, but on Wednesday there was an active burst of buying, and prices strengthened. The impetus is still industrial rather than political. The rise in steel output by four points, for the second week in succession, was the main influence, but the satisfactory electric power production figures, and the encouraging nature of many of the second quarter profit statements, also contributed to the advance. The weight of investment demand, too, is tending to push prices higher, whenever the industrial auguries provide a suitable opportunity. Steels and implements, inevitably, were in the van, but motor shares provided the main excitement, and touched their highest levels of the year. In the rail market the improvement was much less marked, and utilities opened the week in poor style, to recover later. The bond market followed the lead of industrials. Treasury issues were again firm, and even rail bonds took on a better, if irregular, aspect. Broadly, the market prospect is not unpromising, for there are definite signs of improving business confidence, and the political setback which the Administration has suffered of late is not regarded—even in sympathetic quarters—as an adverse long-run pointer.

	July 10, 1935	July 17, 1935	July 17, 1935	July 10, 1935	July 17, 1935	July 17, 1935
	1935	1935	Eng. Equiv.†	1935	1935	Eng. Equiv.†
Lb. Ln. 4½ "38-39	101½	101½	102½	Natl. Biscuit ...	30½	32½
Atchafalaya ...	49½	50½	51½	Phelps Dodge ...	17½	18½
Erie ...	7½	8	8½	Pullman ...	42½	44½
Illinois Central ...	14	14½	14½	Sears Roebuck ...	46½	47½
N.Y. Central ...	17	17½	17½	Un. Fruit ...	81½	78½
Pennsylvania ...	23½	24½	24½	U.S. Leather ...	7	7½
Southern Pacific ...	17½	18½	18½	U.S. Rubber ...	15	12½
Southern Ry. ...	7½	7½	7½	U.S. Steel ...	36½	37½
Union Pacific ...	105½	108	108½	Westinghouse ...	58½	58½
				Woolworth ...	61½	62½
Am. Can. ...	140	140	141½	Am. Tel. and Tg. ...	127½	126½
Amer. Smelting ...	42½	42½	42½	Interboro R.T. ...	13½	13½
Anaconda ...	15½	16½	16½	Int. Tel. Tele. ...	9½	9½
Bethlehem Steel ...	30½	31½	31½	Utilities P. & L. ...	2½	2½
Chrysler Motor ...	52½	53½	53½	W. Union Tg. ...	39½	39½
Corn Products Rf. ...	78	76½	77½			
Eastman Kodak ...	150½	146½	147½			
Gen. Electric ...	28½	27½	27½	Shell ...	35	33½
Gen. Motors ...	34½	36½	37½	Shell Union ...	109	9½
Int. Harvester ...	47½	48½	48½	Std. California ...	34½	34½
Mont. Ward ...	29½	29½	30	Do. N.J. ...	47½	47½

† Calculated at \$4.96 to £.



SECURITY FIRST

TOTAL FUNDS EXCEED
£45,000,000

CLAIMS PAID, OVER
£200,000,000

Head Offices:

LIVERPOOL
North John St.

LONDON
Lombard St.

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

	1934		1935		Beginning of Year 1935	July 3, 1935	July 10, 1935	July 17, 1935
	Lowest Sept. 19	Highest Feb. 21	Lowest Mar. 20	Highest June 5				
851 Industrials ...	74.3	90.5	74.5(1)	91.7(1)	83.1	88.7	91.3	91.7
38 Rails ...	34.0	51.4	27.4	36.4(w)	35.6	32.7	33.4	34.1
37 Utilities ...	55.2†	83.4†	52.2	74.1(w)	57.9	73.9	74.1	72.6
Total, 421 Stocks	65.6	82.1	63.1	79.1(v)	71.0	77.2	79.0	79.1
Average yield of 50 Industrial Common Stocks	2.78%	3.90% (s)	3.31% (v)	4.06% (f)	3.62%	3.45%	3.34%	3.31%

† December 26th. † February 7th. (s) September 12th.
(f) March 13th. (v) January 9th. (w) July 10th.

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

Highest of 1935 (July 17)	Lowest of 1935 (Mar. 15)	July 10, 1935	July 11, 1935	July 12, 1935	July 13, 1935	July 15, 1935	July 16, 1935	July 17, 1935
101.4	78.6	100.6	99.7	100.9	100.7	100.7	100.9	101.4

TOTAL DEALINGS IN NEW YORK

	July 11, 1935	July 12, 1935	July 13, 1935*	July 15, 1935	July 16, 1935	July 17, 1935
Stock Exchange—Shares (Thous.) ...	1,000	1,000	440	950	900	1,360
Bonds (Value Thous. \$) ...	12,200	10,020	4,640	8,160	10,290	9,740
Curb—Shares (Thous.) ...	193	221	102	186	179	180

* Two-Hour Session.

PARIS

The market has not yet had time fully to appreciate the implications of the decrees for balancing the Budget, and prices, therefore, have been somewhat irregular. The first reaction to the proposals was a marked improvement in rentes, a movement which had previously been stimulated by the peaceful character of Sunday's demonstrations. Banking shares, on the other hand, and industrials were, not unreasonably, weaker on balance. Thomson Houston, in particular, lost nine points. The mining market, after maintaining the firmer tendency which set in at the end of last week, lost ground once more.

	July 10, 1935	July 15, 1935	July 17, 1935
Banque de France	9,950	10,075	10,050
Credit Lyonnais	1,725	1,735	1,880
Suez Canal	18,575	18,990	18,950
Chargeurs Réunis	149	148	143
Rio Tinto	1,205	1,250	1,240
Royal Dutch	18,680	18,880	18,980

BERLIN

The share market opened active and firm last week. There was an increase in direct dealings between banks, and heavy buying of steels and chemicals. Reichsbank and Salzdettfurth Potash attained new record levels for the year, the latter touching 200. A general but only slight reaction followed the appearance of the Bourse Committee's warning against excessively high prices, but at Saturday's close, buyers again predominated. The new week opened steady, and on Tuesday the general advance was resumed, with steel, electrical, engineering and potash issues in the foreground. Towards the middle of the week, however, a bout of profit-taking ensued, and the electrical group, in particular, lost ground. Ford Motors, however, were slightly firmer. Bank shares were unaffected, and continued their advance. The bond market was hardly affected by the Bourse Committee's intervention, and remained dull at about the preceding week's prices.

	July 10, 1935	July 15, 1935	July 17, 1935
Reichsbank	194.50	187.60	187.00
D.D. Bank	93.75	91.50	93.00
Dresdner (New)	93.75	91.50	93.00
I. G. Farben	154.25	150.50	153.25
Industrie	39.25	37.25	38.40
Norddeutscher Lloyd (New)	39.25	37.25	38.40

AMSTERDAM

For yet another week, the Bourse has been quiet, but prices have been fairly maintained. There has been a steady demand for Philips Lamps, and oil shares, also, have been bought. Rubber shares, however, were marked down after the publication of the disappointing American consumption figures.

	July 10, 1935	July 15, 1935	July 17, 1935
2½% Dutch Loan	74½	74	73
5½% German	17½	17½	18½
Undlever N.V.	100	99½	99½
Philips Lamps	257½	258½	259½
Netherlands Ship Union	33½	34½	34½
Steel Common	21½	21½	22½
A. K. U.	248	255	259
Ford Motor	137½	135	138½
Deli Batavia Tob.	182½	182½	184½
Royal Dutch	171½	167½	166½

CAPITAL ISSUES

In contrast with the Stock Exchange, which has worn a holiday appearance, the new issue market has experienced an extremely busy week, both in the number of issues and their quantitative importance. It is many months since subscriptions achieved this week's total of £39,934,250, a figure which is the more impressive since the £32 millions loan for *London Electric Transport Finance Corporation* represents the largest "new money" operation in recent times. We comment on the issue in a Note on page 133. Considerable interest has been aroused by the mixed issue of *Cables Investment Trust*. The Trust has been formed to acquire investments from Cable and Wireless (Holding) which must be realised to provide for repayment of assented preference stock. The debenture stock has a fixed life of thirty years, subject to the annual redemption operation, while the preference shares, unique among investment trust issues, are redeemable, by 1970 at latest, and at the Trust's option at 5 per cent. premium. Both issues are very sound investments in their class. The large debenture issue of *West London Property Corporation* is intended primarily to finance substantial acquisitions during the past eighteen months. The cover provided by the properties charged appears reasonably adequate, but the possibility of less active demand for residential accommodation in the London area in the future deserves consideration. The *Hawker Siddeley Aircraft* issue links two well-established aircraft concerns. Although giving adequate detailed figures, the prospectus does not contain a joint profits estimate, and the Hawker figures are shown before deducting losses sustained by a subsidiary company. Current prospects are favourable, but the outlook for the ordinary shares, issued at 200 per cent. premium, must be assessed in the light of the heavy burden of development expenditure, which is the cost of leadership in a young industry. *Morrell Estates and Development Company* is a relatively young concern, which has enjoyed rapid expansion around London within the last three years. Profits have advanced in striking fashion, but the terms of the issue themselves suggest that the speculative element in not been overlooked. *Ismay Industries* is a holding company with a 97 per cent. interest in an illuminant and domestic appliance manufacturing concern. Profits of the issue are highly competitive. If the directors' confident anticipations are realised, this mixed issue may be regarded as of good speculative industrial merit. The preference share of *Leeds and Wakefield Breweries* is made at 22½ per cent. premium, but is adequately secured on the estimates 2s. ordinary share, issued at 225 per cent. premium. A medium chosen for the public capitalisation of *Silentbloc*. The company exploits the patent rights in an anti-vibration device, which has apparently proved successful. Although profits have run at high levels, the tangible assets are small and the price therefore contains a considerable element of goodwill. The dual issue of *R. H. O. Hills (Blackpool)* also adopts a 50 per cent. premium for the 5s. ordinary shares. The concern has made progress during the last two years, and although of predominant local interest the shares would

seem to possess fair prospects. The profits trend of *C. F. Taylor and Company* has shown a satisfactory recovery in recent years. The public offer is small, but the shares may offer opportunities to investors with local knowledge of the industry. Two introduction notices have appeared this week, in respect of *Trans-Oceanic Trust* debenture stock, and *Lowmont Estates*, a Ceylon plantation concern.

ISSUES OF THE WEEK

By Prospectus or Offer for Sale

Amount previously recorded, Jan. 1 to July 13, 1935, including conversions, £180,694,638
Amount previously recorded, Jan. 1 to July 13, 1935, excluding conversions, £69,924,096

National Savings Certificates.					
Net receipts, Week to July 13, 1935, Dr. £150,000.					
	Nominal Capital £	Conver- sions £	New Money £	First Payment £	Further Liability £
To the Public					
London Electric Transport Finance Corporation, £32,000,000 2½% Guar. Deb. Stk., 1950-1955, at 97½	32,000,000	...	31,040,000	1,600,000	29,440,000
Hawker Siddeley Aircraft Co., 1,000,000 ord. shares 5/-, at 15/-	250,000	...	750,000	125,000	625,000
Do. 1,000,000 5% Cum. Pref. £1 Shares, at par	1,000,000	...	1,000,000	125,000	875,000
Ismay Industries—100,000 Ord. Shares 5/-, at 6/-	25,000	...	30,000	12,500	17,500
100,000 5½% Cum. 1st Pref. £1, at par	100,000	...	100,000	12,500	87,500
West London Property Corporation, £1,000,000 4% Deb. Stk. at par	1,000,000	...	1,000,000	100,000	900,000
Morrell Estates and Development, 225,000 6% Cum. Red. Pref. Shares £1, at par	225,000	...	225,000	56,250	168,750
Do. 225,000 Ord. 5/-, at 5/6	56,250	...	61,875	28,125	33,750
Silentbloc, Ltd., 300,000 Ord. 2/-, at 8/8	30,000	...	105,000	6,000	99,000
Cables Investment Trust, £3,000,000 3½% Red. Deb. Stk., at 99½	3,000,000	...	2,970,000	150,000	2,820,000
Do. 200,000 4½% Cum. Red. Pref. £1, at 10 5s.	2,000,000	...	2,050,000	100,000	1,950,000
R. H. O. Hills (Blackpool), 100,000 6% Cum. Pref. £1, at 21/-	100,000	...	105,000	12,500	92,500
Do. 200,000 Ord. 5/- at 7/8	50,000	...	75,000	10,000	65,000
Taylor (C. F.) and Co., 180,000 Ord. 5/-, at par	40,000	...	40,000	20,000	20,000
Do. 180,000 6% Cum. Pref. £1, at 21/-	160,000	...	168,000	20,000	148,000
Leeds and Wakefield Breweries, 175,000 6% Cum. Pref. £1, at 24/6	175,000	...	214,375	21,875	192,500
Total	40,211,250	...	39,934,250	2,399,750	37,534,500
To Shareholders only					
Manchester Guardian and Evening News, £300,000 4% Cons. Deb. Stk. red. at 105 Jan. 31, 1950 (to repay 6% Deb. Stk. at 105%)	300,000	315,000	39,288	19,644	19,644
Maroc, Ltd., 99,290 Shares 5/-, at 20/-	9,922	...	787,500	282,500	525,000
United Dominions Trust, 175,000 Ord. £1, at 4 10s.	175,000	...	787,500	282,500	525,000
Gold Coast Selection Trust, 1,000,000 Shares 5/-, at 15/-	250,000	...	750,000	250,000	500,000
North Metropolitan Electric Power, 700,824 New Ord. Stk. £1, at 22/-	700,824	...	1,401,848	700,824	700,824
Tigon Mining and Finance, 880,000 Shares 5/-, at par	165,000	...	165,000	82,500	82,500
English and Caledonian Investment, £100,000 3½% Deb. Stk., at par	100,000	...	100,000	20,000	80,000
Total	1,700,746	315,000	3,243,636	1,335,568	1,908,068
Total Offered for Subscription—					
	Including Conversions	Excluding Conversions		Including Conversions	Excluding Conversions
Jan. 1 to date—	224,037,524	112,951,982	Whole year—	410,980,300	169,108,700
1935	283,267,213	110,294,132	1934	467,921,500	244,780,500
1934	207,740,973	113,318,008	1932	2,699,684,265†	185,909,963
1933	281,217,490†	162,472,825	1931	114,290,666	102,044,291
1932	279,750,156	192,810,058	1928	693,100,056	369,058,073
1928	...	...	...	...	...
† This figure includes £1,920,000,000 for conversion of 5% War Loan into 3½% War Loan.					

ELECTRICAL ENERGY AT ECONOMIC RATES IN NORTH-EAST COAST AREA
NORTH-EASTERN ELECTRIC SUPPLY CO. Ltd.
Carlisle House, NEWCASTLE-UPON-TYNE
SITES FOR WORKS. Apply to the above Address for details

PUBLIC OFFERS

London Electric Transport Finance Corporation, Ltd.—Issue of £32,000,000 2½ per cent. debenture stock at £97 per cent. Guaranteed as to principal and interest by H.M. Treasury. Repayable August 1, 1955, at par, or from August 1, 1950, on three months' notice. Company incorporated to raise and lend to London Transport undertakings sums up to £40,000,000. Transport undertakers defray costs of formation and management of Corporation. List closed at 10.5 a.m. July 17th.

Cables Investment Trust, Ltd.—Issue of £3,000,000 3½ per cent. redeemable debenture stock at £99 per cent., and 200,000 4½ per cent. cumulative redeemable £10 preference shares at £10 5s. Formed to acquire investments yielding £315,000 in latest year from Cable and Wireless (Holding) for £7,000,000 cash. Investments must include not less than 45 per cent. in value of fixed interest stocks, and not less than 70 per cent. within British Empire. 200,000 £10 ordinary shares subscribed at £10 17s. by Cable and Wireless. Stock redeemable by December 1, 1965, at or below £101 per cent. Preference shares redeemable at or below £10 10s. or at £10 5s. on December 1, 1970. Preferential consideration to 5½ per cent. preference stock holders of Cable and Wireless. List closed 9.30 a.m. July 18th.

West London Property Corporation, Ltd.—Issue of £1,000,000 4 per cent. first mortgage debenture stock at par. Redeemable by December 31, 1980, or at £102½ per cent. on six months' notice. Formed 1899. Properties charged total 403, valued £1,746,989. Book value total assets, £1,782,539. Total net estimated income £141,349, after provision for voids, repairs and management. List closed 9.30 a.m. July 15th.

Leeds and Wakefield Breweries, Ltd.—Issue of 175,000 6 per cent. cumulative £1 preference shares at 24s. 6d. Incorporated 1889; purchased Waller's Bradford Brewery in April last. Net assets, after debenture stock, £883,855, excluding net proceeds of issue. Estimated profits available for 325,000 6 per cent. preference shares (including present issue), £60,486.

Hawker Siddeley Aircraft Company, Ltd.—Issue of 1,000,000 5 per cent. cumulative £1 preference shares at par and 1,000,000 5s. ordinary shares at 15s. Acquires ordinary capital of Armstrong Siddeley Development and 50 per cent. equity capital of Hawker Aircraft. Net assets: Armstrong Siddeley, £2,928,659; Hawker, £991,367; proportion to company, £2,069,263. Consideration £1,595,755 cash and 2,983,993 5s. ordinary shares. Profits, after depreciation: Armstrong Siddeley, years to July 31st: 1932, £268,074; 1933, £175,761; 1934, £238,603; Hawker, years to March 31st: 1933, £154,400; 1934, £160,143; 1935, £195,801. List closed at 9.5 a.m. July 15th. Oversubscribed.

Ismay Industries, Ltd.—Issue of 100,000 5½ per cent. cumulative first £1 preference shares at par and 100,000 5s. ordinary shares at 6s. Formed to acquire 97 per cent. interest in John Ismay and Sons, Ltd., manufacturers of gas and electric lamps. Profits of vendor, after depreciation: 1932, £21,915; 15 months to March, 1934, £26,478; year to March, 1935, £32,301. 1,269,000 ordinary shares subscribed at 6s. by shareholders in John Ismay and Company. List closed 9.15 a.m. July 15th. Oversubscribed.

R. H. O. Hills (Blackpool), Ltd.—Issue of 100,000 6 per cent. cumulative £1 preference shares at 21s. and 200,000 5s. ordinary shares at 7s. 6d. Formed to acquire retail store business. Assets £170,010 acquired for £200,000, £150,000 cash and 200,000 5s. ordinary shares. Profits, years to January 31st, before depreciation: 1934, £20,140; 1935, £31,436. Estimated depreciation and directors' fees, £7,747.

Morrell Estates and Development Company, Ltd.—Issue of 225,000 6 per cent. cumulative redeemable £1 preference shares at par and 225,000 5s. ordinary shares at 5s. 6d. Acquires building and estate development business in and around London. Net assets, £242,231 acquired for £280,000; £111,250 cash and balance in 675,000 5s. ordinary shares. Profits, after depreciation and adjustments: year to February, 1932, £3,934; 8 months to November, 1932, £10,308; year 1932, £3,934; 8 months to November, 1932, £10,308; year (approx.) to October, 1933, £49,202; year to October, 1934, £99,859. Preference shares redeemable at 22s. 6d. by 1987

(Continued on page 144)

NOTE—Shares with a New York Quotation or with definite American interest are distinguished by italics

Prices, Jan. 1935		Last two Half-yearly Dividends		Name of Security	Price, July 17, 1935	Price, July 10, 1935	Rise or Fall	Yield, July 17, 1935	Year 1935 Jan. 1 to July 17, inclusive		Last two Half-yearly Dividends		Name of Security	Price, July 17, 1935	Price, July 10, 1935	Rise or Fall	Yield, July 17, 1935
High-est	Low-est	(a)	(b)						(c)	(d)	High-est	Low-est						(a)	(b)	(c)	(d)
Miscellaneous																	
15/10/34	8/11	Nil	Nil	Iron, Coal, &c.—contd.	14/-	14/-	...	Nil	27/6	25 7/8	5(c)	5(c)	Aerated Breaders £1.....	27/-	27/-	...	3 14 0
6/3	3/3	Nil	Nil	Har. & W.H. 6% Cn. Pl.	5/9	5/9	...	Nil	3/3	6/3	15(c)	7(c)	Alfred Newsprint £1.....	30/6	30/6	...	4 11 3
22/7/34	19/9	53(c)	11(a)	Horden Collieries £1	21/3	20 7/12	-7 1/2 d	4 17 0	22/8	18/3	5(c)	5(c)	Amal. Metal. £1.....	22/6	22/3	-3 d	4 8 9
22/7/34	19/9	53(c)	11(a)	Lambert Bros. Ord. £1	22/6	21 9/12	-7 1/2 d	4 5 9	20/4	18/6	5(a)	6(b)	Amal. Press (10/-).....	19/9	19/6	-3 d	5 13 0
13/8/34	8/11	2(c)	2(c)	Ocean Coal & Wilsons £1	9/4 1/2	5/-	-4 1/2	Nil	8/4 1/2	5/11	6(a)	6(a)	Army and Navy 10/-	32/6	32/6	...	4 0 0
5/9	3/6	Nil	Nil	Pease and Partners 10/-	19/9 1/2	18/6 1/2	-1 3/4	6 8 0	26/6	23/6	20(c)	26(c)	Assoc. Brit. Picture 5/-	7/7 1/2	8/-	+4 1/2 d	3 15 0
22/3/34	18/11	14(a)	14(b)	Power & Light £1	25/-	23/9	-1 3/4	4 3 3	37/9	38/9	7(c)	7(c)	Assoc. Newsp. D.L. 5/-	25/6	25/6	...	5 3 0
25/6/32	22/3	Nil	Nil	Southbridge £1 & In £1	45/-	45/-	...	2 18 0	76/9	73/3	5(a)	10(b)	Assoc. P. Cement £1.....	9/3	9/3	...	3 0 0
25/6/32	22/3	Nil	Nil	S. Durham £ Ord. £1	21/-	21/-	...	4 2 0	51/7 1/2	45/3	4(a)	6(b)	Baird Telev. (Def. 5/-)	9/-	8/11	-10 1/2 d	Nil
22/6/34	19/7	14(a)	14(b)	Steel & Iron B. Ord. £1	50/-	49/9	-7 1/2 d	3 4 0	63/9	41/10 1/2	6(b)	6(a)	Barker (John) £1.....	75/7 1/2	75/7 1/2	...	4 0 0
22/6/34	19/7	14(a)	14(b)	Stanton Ironworks £1	31/3	31/3	...	3 5 0	49/9	45/10 1/2	m29(c)	29m(c)	Barry & Staines Lino.	48/9	48/9	...	4 2 0
44/6/37	14/11	14(a)	14(b)	Staveley Coal, &c., £1.	50/-	49/9	-7 1/2 d	3 4 0	63/9	41/10 1/2	6(b)	6(a)	Beer (Lewis) Ord. £1	63/9	61/3	-2 6/8	3 19 0
33/6	25/5	21(c)	5(c)	Stewarts & Lloyds £1	17/6	17/9	+3	3 9 0	16/3	11/7 1/2	Nil	24(c)	Berger's Pure Drug 5/-	49/9	49/9	...	3 1 0
18/7/34	14/11	Nil	Nil	Swon, Hutton & Co. £1	31/3	31/3	...	4 2 0	49/9	45/10 1/2	6(b)	6(a)	Bischoff's Def. £1.....	15/-	16/-	...	3 1 0
9/8/34	8/9	Nil	Nil	Thomas (Richard) (6/8)	17/6	17/9	+3	3 9 0	16/3	11/7 1/2	Nil	24(c)	British Aluminium £1.....	41/1	41/6	+6 1/2 d	3 11 0
37/10/34	28/9	Nil	16(c)	8 1/2% Cn. Tax P. £1	28/-	28/6	+1/8	4 8 0	39/1	34/3	12(a)	14(a)	British Match £1.....	38/6	38/6	...	3 2 6
18/9	9/9	Nil	Nil	Thornycroft, John £1	12/6	12/6	...	Nil	61	5 1 1/2	120(c)	120(c)	Brit-Am. Tobacco £1.....	6	6	...	3 13 3
32/3	28	Nil	Nil	U. States Steel Cos. Ord.	\$36 1/4	\$37 1/4	+1/8	3 7 3	121/7 1/2	71/-	4(a)	11(b)	British Oxygen £1.....	112/6	116 1/2	+3/9	2 12 0
15/-	9/9	4(c)	6(c)	United Steel Cos. Ord.	13/6	15/-	+1/8	2 13 4	8 1/2	15(a)	20(b)	20(b)	Carreras & A. Ord. £1	8 1/2	8 1/2	...	4 3 0
31/3/34	24/4	6(c)	6(c)	Wickers (8/8) £1	30/-	30/-	...	5 0 0	66/3	51/7 1/2	71(c)	71(c)	Chemical Ind. Ord. £1	29/6	28/6 1/2	...	5 10 0
145/-	99/6	10(a)	20(b)	Whitehead Iron & Steel £1	115/-	115/-	...	5 0 0	66/3	51/7 1/2	71(c)	71(c)	Donk. Hill Aircraft £1	60/-	60/-	...	5 10 0
Textiles																	
5/9/34	4/8 1/2	5(a)	5(b)	B. Ctn. Wool Ds. 5a.....	5/-	5/-	...	5 0 0	60/3	48/9	10(b)	5(a)	Eastwoods Ord. £1.....	58/9	58/9	...	5 1 6
7/9	4/6	Nil	Nil	Bleachers £1.....	9/4 1/2	9/4 1/2	...	Nil	34/9	24/4	Nil	10(c)	Elec. & Musical Ind. 10/-	24/-	25/6	+1/8	3 19 0
12/6	6/10 1/4	Nil	Nil	Bradford Dyers (£1).....	15/6	15/3	-3d	Nil	24/3	19/4	10(c)	25(b)	Ever Ready Co. 5/-	20/0	20/9	+3d	3 8 0
16/9	8/4 1/2	Nil	Nil	British Cottons £1.....	11/3	11/3	...	Nil	29/6	18/10	10(c)	5(c)	Fairly Aviation £1.....	66/3	67/6	+3d	1 19 0
12/6	8/4 1/2	Nil	Nil	British Cottons £1.....	11/3	11/3	...	Nil	29/6	18/10	10(c)	5(c)	Fairly Aviation £1.....	66/3	67/6	+3d	1 19 0
68/6	61/1	133(c)	133(c)	Coats, J. and P. (£1).....	60/7 1/2	63/-	+2 1/4 d	4 6 0	99/6	91/6	5(a)	7(a)	Gallagher Ltd. Ord. £1	136/3	136/3	+1/3	2 13 0
46/-	38/10 1/4	6(b)	21(a)	Courtaulds £1.....	58/6	54/4 1/2	+4 1/2 d	4 12 6	45/7 1/2	35/6	17 1/2	15(a)	Gestetner D. (£5/-)	43/9	43/9	...	3 14 0
46/-	38/10 1/4	21(a)	71(b)	English Swg. Ctn. £1.....	43/-	43/-	...	Nil	15/-	11/9	5(c)	6(c)	Goodall Wall & Co. (10/-)	12/6	12/6	...	4 16 0
6/3	2/6	Nil	Nil	English Velvet, &c., £1.	7/6	7/6	...	5 6 9	83/9	72/3	12/9	15(b)	Harrisons & Cros. Def. £1	132/3	131/3	-2/6	1 17 0
10/6	5/4 1/2	Nil	Nil	Fine Cotton Spinning £1	11/3	11/3	...	5 6 9	83/9	72/3	12/9	15(b)	Harrisons & Cros. Def. £1	132/3	131/3	-2/6	1 17 0
13/-	9/-	5(c)	3(c)	Henry (A. & S.) Ord. £1	30/-	30/-	...	4 0 0	33/1 1/2	33/1 1/2	15(c)	20(c)	Hawker Aircraft (5/-)	28/-	28/9	+9d	3 10 6
30/6	25/-	Nil	Nil	Liners Thread Stk. (£1)	8/11	57/6 1/2	+3 1/11	3 11 0	49/3	43/6	5(c)	6(c)	Home & Co. Stores 4/-	8/3	8/3	...	4 11 9
61/9	50/10	110(c)	110(c)	Listers (£1).....	54/4 1/2	60/-	+2/6	Div. 8%	38/6	34/3	21(a)	53(b)	Imperial Airways £1.....	46/3	46/3	...	2 11 0
83/11	55/3	7(c)	8(c)	Patons & Baldwins £1	25/7 1/2	25/7 1/2	...	5 18 9	10/10 1/2	8/3	1(c)	2(c)	Imperial Ord. £1.....	35/3	35/3	+3d	4 9 0
31/3	21/3	5(b)	3(a)	Snia Viscosa Lire 200 £1	25/7 1/2	25/7 1/2	...	5 18 9	10/10 1/2	8/3	1(c)	2(c)	Imperial Ord. £1.....	35/3	35/3	+3d	4 9 0
Whitworth & Mitchell £1																	
Electronics & Manufacts.																	
35/11	23/9	3(c)	6(c)	British Insulated (£1).....	85/-	85/-	...	3 10 7	12/9	12/9	15(c)	50(c)	Inter. Nickel Can. £1.....	\$27	\$27	...	4 3 0
87/9	74/11	5(a)	10(b)	Callenders (£1).....	75/-	65/-	-2/6	0 19 0	33/1	30/0	3/4	3/4	Lever 7% Cum. £1.....	32/6	32/6	...	4 6 3
77/6	67/6	6(a)	61(b)	Crompton Parkinson 5/-	16/3	16/3	...	Nil	33/9	30/6	4	4	Bros. 8% Cum. £1.....	32/6	32/6	-3d	4 17 0
72/3	6/-	Nil	Nil	English Electric £1.....	58/-	57/-	-1/-	3 10 0	79/6	72/3	10	10	Do. 20% Cn. Pl. Ord. (£1)	79/4	79/4	...	4 15 6
60/6	45/9	8(c)	10(c)	General Electric (£1).....	6/-	6/-	...	4 9 0	88/3	76/6	20(c)	22(c)	London Brick £1.....	82/6	82/6	...	5 8 0
71	6/8	71(a)	22 1/2	Henleys (W. & L.) (£1).....	39/4	38/9	-7 1/2 d	3 17 6	60/-	58/3	4(a)	4(a)	Manbre and Garton £1	60/-	60/-	...	4 10 0
40/6	27/9	21(a)	5(b)	Siemens (£1).....	23/9	23/9	...	3 7 3	117/6	82/6	10(a)	25(b)	Marcks & Spencer A 5/-	86/3	85/-	-1/3	2 2 0
25/4	19/6	4(c)	5(c)	Electric Light, &c.	88 1/2	88 1/2	...	3 15 6	48/9	39/3	71(a)	10(b)	Pinchin Johnson 10/-	42/6	42/6	...	4 1 3
81/8	88 1/2	Nil	Nil	Brazil Tea, no par.....	78/9	78/9	...	3 15 6	48/9	39/3	71(a)	10(b)	Pinchin Johnson 10/-	42/6	42/6	...	4 1 3
80/21	23/-	3(c)	31(d)	Bournemouth & Poole.....	30/-	30/-	...	3 6 9	45/9	38/3	71(a)	10(b)	Pinchin Johnson 10/-	42/6	42/6	...	4 1 3
37/-	32/11	31(a)	31(a)	British Power & Light £1	34/6	34/6	...	4 2 6	78 1/2	61 1/2	3/4	3/4	Posh Synd. & G. Bds.	70/-	70/-	+1	10 0 0
39/4	35/3	31(a)	4(c)	Charing Cross Electric £1	36/-	36/-	...	4 2 6	78 1/2	61 1/2	3/4	3/4	Posh Synd. & G. Bds.	70/-	70/-	+1	10 0 0
44/9	40/3	31(a)	4(c)	Clyde Valley Elec. £1.....	44/-	44/-	...	3 11 0	116/3	102/6	22(c)	22(c)	Rackitt & Sons Ord. £1	114/4	115/-	+7 1/2 d	3 16 0
59/9	54/-	31(a)	4(c)	County of London £1.....	58/-	55/-	-6d	3 11 0	41/3	36/6	9(c)	9(c)	Salt Union £1.....	41/3	41/3	...	4 7 3
45/7 1/2	41/3	31(a)	4(c)	Edmundsons £1.....	45/6	39/-	-3/4	3 15 0	24/-	21/7	81(a)	131(b)	Sangers Ord. 5/-	23/-	23/-	...	4 18 0
56/7 1/2	45/3	24(a)	5(b)	Lancashire Electric £1.....	53/6	53/6	...	3 15 0	28/6	25/-	24/-	81(a)	Savoy Hotel £1.....	27/-	27/-	...	3 15 0
56/7 1/2	45/3	24(a)	5(b)	Metro. Electric £1.....	39/6	39/6	...	3 13 0	40/-	36/6	9(c)	9(c)	Schwepes D. Ord. 5/-	37/6	37/6	...	4 5 0
40/3	35/-	24(a)	5(b)	Midland & Eastern Elec. £1	34/6	34/6	...	3 13 0	18/4	15/6	14(b)	14(b)	Union F. Ord. 5/-	18/4	18/4	-6d	5 13 0
35/10/34	30/-	24(a)	5(b)	North Metropolitan £1.....	58/9 1/2	57/6 1/2	-1/3	3 15 0	65/6	60/6	21(a)	124(b)	Spillers Ord. £1.....	49/6	49/6	...	4 14 3
45/3	39/9	21(a)	5(b)	South Power £1.....	44/-	44/-	...	3 12 6	54/8	47/3	15(c)	15(c)	Do. Deferred £1.....	63/6	63/6	...	5 18 0
49/6	42/11	21(a)	5(b)	Yorkshire Electric £1.....	44/-	44/-	...	3 12 6	24/7 1/2	12/9	Nil	Nil	Swed. Match. B. (hr. 25)	18/9	18/9	...	Nil
28/10/34	25/-	21(a)	21(b)	Gas Light, &c. £1.....	28/-	28/-	+3d	4 3 0	11/9	9/9	61(a)	61(a)	Tate and Lyle £1.....	85/-	85/7 1/2	+7 1/2 d	2 19 0
222	197	5(a)	5(b)	Imp. Continental Stk.....	217 1/2	217 1/2	...	5 18 9	39/7 1/2	31/3	Yield at 4%	Yield at 4%	Tell, Cos. £1.....	52/6	52/6	...	2 14 0
27/11	24/4	21(a)	21(b)	Imp. Continental Stk.....	26/-	26/-	...	4 11 8	75/6	63 1/2	25(c)	25(c)	Tobacco Secerts. Ord. £1	67/6	65/-	-2/6	3 19 0
153	124 1/2	21(a)	21(b)	S. Metropolitan Stk.....	125 1/2	125 1/2	...	58 1/2	44/3	8(c)	10(c)	10(c)	Triplex Safety G. (10/-)	57/6	56/3	-1/3	3 19 0
Telegraphs, &c.																	
90 1/8	15 1/2	Nil	Nil	Cable & A. Ord. Stk.....	82	82	...	Nil	33/1 1/2	23/9	31(a)	31(b)	Turner & Newall £1.....	56/3	56/3	...	3 12 6
10 1/8	5 1/2	Nil	Nil	Wireless & A. Ord. Stk.....	102	101	-1	4 2 0	69/10 1/2	64/3	71(b)	71(b)	Unilever £1.....	33/1 1/2	32/6	-7 1/2 d	4 2 0
42 1/2	37 1/2	21(c)	21(c)	Holding & A. Ord. Stk.....	39	39	...	5 2 0	127/6	115/-	20(c)	20(c)	United Dairies £1.....	68/6	69/-	+6d	3 11 0
38/3	31	21(a)	5(b)	Grand Southern £10.....	38/9	32/6	-1/3	4 12 3	58/3	53/6	71(b)	71(b)	United Dairies £1.....	68/6	69/-	+6d	3 11 0
Motors and Cycles																	
44/6	33/3	51(b)	2 1/2	Assoc. Equipment Ord. £1	42/6	42/6	+1/3	3 10 0	40/3	33/6	3(a)	5(a)	Walpaper Mrs. D. £1.....	39/6	39/6	...	4 1 6
44/6	33/3	51(b)	2 1/2	Austin 5/-	53/9	52/6	+1/3	3 2 0	40/3	33/6	3(a)	5(a)	Walpaper Mrs. D. £1.....	39/6	39/6	...	4 1 6
44/6	33/3	51(b)	2 1/2	Birm. Sm. Arms £1.....	11/9	12/-	+3d	Nil	58/9	56/-	71(b)	71(b)	Unilever £1.....	33/1 1/2	32/6	-7 1/2 d	4 2 0
44/6	33/3	51(b)	2 1/2	Dennis 5/-	36/3	36/3	...	2 16 0	29/8	20 1/2	51(a)	51(a)	United Dairies £1.....	68/6	69/-	+6d	3 11 0
38/6	30/11	Nil	Nil	Guy Motors £1.....	2/-	1/9	-3d	3 17 0	17/10	6/-	31(a)	31(b)	United Dairies £1.....	68/6	69/-	+6d	3 11 0
2/6	1/3	Nil	Nil	Lucas (J.) £1.....	65/7 1/2	67/6	+1/10 1/2	3 15 0	78/11	69/4 1/2	131(b)	61(a)	Cons. Glads. Ord. 5/-	12/9	13/10 1/2	+1 1/11	5 16 0
6/9	61/3</																

(Continued from page 141)

or on three months' notice from 1945. Preference dividend reserve of £67,500 to be established. List closed 9.15 a.m. July 17th.

BY OFFER FOR SALE

Silentbloc, Ltd.—Offer of 300,000 2s. ordinary shares at 6s. 6d. per share. Acquires undertaking manufacturing anti-vibration devices including patented "Silentbloc" joint. Net assets, £51,525 acquired for £50,000 in 2s. ordinary shares. Profits, after depreciation, years to May 31st: 1933, £16,626; 1934, £32,414; 1935, £29,009. Issue purchased for £89,000 (est.). List closed 9.5 a.m. July 17th. Oversubscribed.

C. F. Taylor and Company, Ltd.—Offer for sale of 160,000 6 per cent. cumulative £1 preference shares at 21s. and 160,000 5s. ordinary shares at par. Worst-spinning concern, established 1854. Total assets, £476,573; current liabilities, £115,048. Profits, before depreciation and interest: 1932, £11,689; 1933, £43,324; 1934, £44,361.

BY STOCK EXCHANGE INTRODUCTION

Lowmont Estates Company, Ltd.—Issued capital 341,110 2s. shares. Incorporated 1911 to acquire 761 acres rubber plantations in Ceylon. Standard production assessed at 385,000 lbs. Cost of production per lb.: 1934, 2.949d.; estimate, 1935, 4.287d. Total assets December 31, 1934, £43,761. Total profits, 1934, £3,693.

Trans-Oceanic Trust, Ltd.—Issued capital: Ordinary stock, £400,000; 5 per cent. cumulative preference stock, £600,000; debenture stocks, 5 per cent., £250,463; 4 per cent., £150,000. Issue of £99,537 3½ per cent. debenture stock at 99 per cent., to be repaid at par June 1, 1939, or after June 1, 1969, at six months' notice. Ranks *pari passu* with existing stocks.

PRIVATE PLACINGS

Railway Share Trust and Agency.—This trust has placed privately £100,000 3½ per cent. debenture stock. In January last the company issued £500,000 3½ per cent. debenture stock at 101½ to redeem the similar amount of 4½ per cent. stock.

UNITED KINGDOM GAS OFFER

United Kingdom Gas Offer.—Stockholders of the Rhymney and Aber Gas Company have received an offer by the United Kingdom Gas Corporation to purchase the Consolidated ordinary stock (ex dividend to June 30th) at £124 cash per £100 stock.

ISSUES TO SHAREHOLDERS ONLY

United Dominions Trust.—The company is offering 175,000 ordinary shares of £1 at £4 10s. The shares are offered to existing holders whose names were on the register July 12th in the proportion of seven for every ten held. The new shares will rank in full for all dividends for the current financial year.

Gold Coast Selection Trust.—It is proposed to increase the capital from £500,000 to £750,000, by the creation of an additional 1,000,000 shares of 5s., ranking in all respects *pari passu* with the existing shares. Additional shares will be offered to existing shareholders at 15s. per share in ratio of one new share for every two shares held.

North Metropolitan Electric Power Supply.—£700,924 new ordinary stock at £2 per £1 stock will be offered to each ordinary stockholder on the register on June 29th in proportion of £1 of new ordinary stock for each £3 of existing ordinary stock held.

Tigon Mining and Finance Corporation, Ltd.—The directors have created 1,200,000 new ordinary shares 5s. each and have decided to issue, in the first instance, £165,000 of new capital, equivalent to 660,000 shares of 5s. each at par. It is proposed to utilise (a) £20,000 to £50,000 on the development of, and marketing arrangements for, the Chilean sulphur business, which is considered amply sufficient to increase the output to 50,000 tons per annum; (b) £50,000 for the redemption of the 7 per cent. first debentures now outstanding; (c) the balance for general purposes.

English and Caledonian Investment Company, Ltd.—The directors propose to issue up to £100,000 3½ per cent. redeemable debenture stock and to offer it at par in the first instance to existing members and debenture stockholders of the company. The stock will be redeemed at par on January 1, 1975, but the company retains the right on or at any time after that date to redeem at par the whole or any part of it on giving three months' notice. The company also reserves the right at any time to purchase the stock in the open market or by private treaty.

CONVERSIONS AND REPAYMENTS

Associated Electrical Industries.—Associated Electrical Industries is redeeming £1,036,353 4 per cent. mortgage debenture stock. The whole of the sum required is being found out of liquid resources.

Cable and Wireless (Holding), Ltd.—Cable and Wireless (Holding), Ltd., announces that approximately £8,450,000 of preference stock has been tendered to the company for repayment under the terms of the two offers recently made, both of which are now closed.

Pennsylvania Water and Power Company.—£10,000 first refunding mortgage 4½ per cent. series "B" gold bonds of the Pennsylvania Water and Power were purchased by the New York Trust Company, trustee under the mortgage and deed of trust securing the issue, for account of the sinking fund, October 1, 1934. Of this series \$61,000 have been redeemed through the sinking fund, leaving outstanding July 9, 1935, \$11,189,000.

The Lancashire United Transport and Power Company, Ltd.—Three general meetings are to be held July 26th at Winchester House, London, the resolutions to be proposed at which, if passed, will result in increasing the capital to £600,000, and in a conversion of the deferred debenture stock into ordinary shares of a like nominal value.

FORTHCOMING ISSUES

Earl's Court.—An issue of £400,000 5½ per cent. second debenture stock at par and 1,600,000 ordinary 5s. shares at par will be made on Tuesday next, July 23rd. The prospectus will show that net profits available for the second debenture stock are estimated at £156,416. The terms of the building contract provide for completion of the exhibition buildings by December 25, 1936.

Westland Aircraft.—An offer for sale of 500,000 ordinary 5s. shares at 7s. will be made next week.

Rest Hotels, Ltd.—An issue of 160,000 ordinary shares 5s. at par will be made on July 23rd.

British Drug Houses, Ltd.—This company is calling an extraordinary meeting on August 7th to raise the capital to £750,000 by the creation of 108,000 new preference shares ranking *pari passu* in all respects with the existing 242,000 preference shares of £1. The proceeds of issue will be utilised to repay the bank loan and to finance further developments and improvements.

A. W. Gamage, Ltd.—It is understood that an issue of £250,000 4 per cent. first mortgage debenture stock will be made shortly.

OTHER RESULTS OF ISSUES

Great Boulder Mining and Finance, Ltd.—Shareholders in the Great Boulder Proprietary Gold Mines, Ltd., Associated Northern Blocks (W.A.), Ltd., and Commonwealth Mining and Finance, Ltd., have received allotments in full. Applications from the public up to 100 shares have been allotted in full. Applications for over 100 shares have been allotted approximately 83 per cent.

Trust Houses.—The 6 per cent. cumulative preference shares of £1 at 20s. 6d. each have been heavily over-subscribed.

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Amt. paid	Price, July 10, 1935	Price, July 17, 1935
African Railway Finance 2% Debts.	99½	14½	1½ pm	1½ pm
Allied Newspapers 4% Deb.	104	40	1½ pm	1½ pm
Armstrong Shock Absorbers 2½	3½	3½	2½-3½	2½-3½
Barton and Sons Ord. 5½	5½	2½	1½-2½	1½-2½
Birkenhead 3½	99	24	1½-1½	1½-1½
Bristol Aeroplane Ord. (a) 10½	21½	21½	21½-22½	21½-22½
British (Guest Keen & Baldwin) 4% deb.	100	40	par-1 pm	par-1 pm
Cardiff 3½	99	40	1½-1½	1½-1½
Daily Sketch 4½ Deb.	104	35	1½-1½	1½-1½
Edjulina Cons. 5½	20½	20½	20½-21½	20½-21½
Freehold Properties (S. Africa) 1	2½	1½	1½-1½	1½-1½
Do. 5½ Pref. £1	20½	20½	20½-21½	20½-21½
Froy (W. N.) and Sons Pref. £1	21½	21½	21½-22½	21½-22½
Great Boulder Mining & Finance 5½	5½	5½	5½-6½	5½-6½
Green (J. W.) Ord. (a) £1	21½	21½	21½-22½	21½-22½
Hammonds Taverns Ord. 4½ (a)	5½	5½	5½-6½	5½-6½
Harding Tilton Ord. 5½ (a)	...	...	...	...
Do. 5½ Pref. £1	...	...	...	...
India 3½ 1949-52.	98½	5	5½-6½	5½-6½
Kelly's Directories 4% Debts.	104	24	1½-1½	1½-1½
Liverpool 3½ Stock	99½	19½	1½-1½	1½-1½
London County Freehold Properties 20½	99½	19½	1½-1½	1½-1½
Manchester 3½	46½	10½	1½-1½	1½-1½
Mann and Overton Ord. 5½	99	29	1½-1½	1½-1½
Do. 6% Pref. £1	6½	3½	2½-2½	2½-2½
Mansfields 6% Pfd.	20½	10½	20½-21½	20½-21½
Mukatharra Gold	2½	2½	6d dis-par	6d dis-par
News of the World 7% 1st Pf. £1	31½	31½	1½-1½	1½-1½
New Zealand 3½	33½	33½	29½-30½	29½-30½
N.E. Electric 3½ Deb.	96½	5	31½-32½	31½-32½
Phillips (H. W.) Ord. 2½	£100	£20	1½-1½	1½-1½
Do. 6% Pref. 5½	2½	2½	1½-1½	1½-1½
Quaglin's Ord.	5½	5½	2½-2½	2½-2½
Riesenstein No. 11 (10½)	22½	5½	2½-2½	2½-2½
Sanbar Ord. 1½	2½	2½	5½-5½	5½-5½
Do. 8% Pref. 10½	2½	2½	1½-1½	1½-1½
Ultra Elec. (Holding) 5½ (a)	10½	10½	1½-1½	1½-1½
Yorkshire Electric Power 3½ Debts.	£100	£20	1½-1½	1½-1½

CALLS DUE JULY 22, 1935, TO JULY 27, 1935

The grand total of calls falling due in July, 1935, is £14,880,189, which compares with £38,114,125 which fell due in July, 1934. The following calls fall due from July 22, 1935, to July 27, 1935, inclusive:—

Nominal amount of Stock	Company	Amount of Call	When payable	Making Paid
Stock	Allied Newspapers (£3,500,000 4% Deb. Stock, at £104)	£64%	July 24	All
5/-	Barton and Sons (1935) (340,000 Ordinary Shares, at par)	2/6 p.s.	July 26	All
5/-	Capital and Provincial News Theatres, Ltd. (160,000 Shares, at par)	2/- p.s.	July 24	All
£1	Effectol (80,000 Ordinary Shares, at par)	7/6 p.s.	July 27	12/6 p.s.
Stock	Eldridge, Pope and Co. (£150,000 4% "A" Deb. Stock, at par)	£100%	July 25	All
£1	London and Edinburgh Insurance (partly-paid Shares)	1/8 p.s.	July 22	6/8 p.s.
5/-	Maroc (39,290 Shares, at 20/- per share)	10/- p.s.	July 27	10/- p.s.
Stock	Metropolitan Trust (£1,250,000 3½% Deb. Stock, 1975-85, at 101½)	£91%	July 22	All
Stock	Moss' Empires (£200,000 4½% Debenture Stock, at par)	£90%	July 22	All
Stock	North Eastern Electric Supply (£1,500,000 3½% Cons. Deb. Stock, at £100%)	£30%	July 22	£50%
£1	Northampton Electric Light and Power (145,000 Ord. shares, at 44/-)	14/- p.s.	July 26	24/- p.s.
£1	Powell Duffryn Associated Collieries (3,500,000 4½% Cum. Preference Shares, at 21/-)	16/- p.s.	July 24	All
5/-	Tigon Mining and Finance (680,000 Ordinary Shares, at par)	2/6 p.s.	July 22	2/6 p.s.

AMERICAN RAILROADS

MONTHLY GROSS AND NET RECEIPTS

Company	Month	Ending	Description	Receipts for Month Ended May 31, 1935, compared with Month of May 1934	Aggregate Five Months 1935 compared with Five Months 1934
Atlantic Coast Line	5	May 31	Gross	3,490,641	19,030,970
			Net	Dr. 67,972	1,678,074
Atchafalaya	5	May 31	Gross	10,703,702	50,842,466
			Net	2,541,813	1,826,759
Baltimore and Ohio	5	May 31	Gross	1,840,113	357,533
			Net	1,556,679	856,158
Boston & Maine	5	May 31	Gross	3,762,025	1,034,747
			Net	682,093	88,130
Central of New Jersey	5	May 31	Gross	2,553,168	38,135
			Net	414,289	224,140
Chesapeake and Ohio	5	May 31	Gross	2,618,687	419,977
			Net	610,911	80,321
Chicago and N. Western	5	May 31	Gross	1,103,337	40,483
			Net	240,394	128,558
Chicago, Burlington, etc.	5	May 31	Gross	1,116,061	17,615
			Net	721,079	233,894
Chicago, Mil. and St. Paul	5	May 31	Gross	1,501,010	1,011,420
			Net	521,687	199,334
Chicago, Rock Island, etc.	5	May 31	Gross	2,074,086	290,570
			Net	613,754	468,424
Delaware and Hudson	5	May 31	Gross	4,056,504	79,364
			Net	575,265	61,626
Delaware, Lackawanna & Western	5	May 31	Gross	1,554,007	165,223
			Net	1,174,791	811,389
Denver & Rio Grande Wn.	5	May 31	Gross	1,002,686	538,691
			Net	643,030	555,995
Erie Railroad	5	May 31	Gross	1,939,847	997,670
			Net	775,823	242,341
Illinois Central	5	May 31	Gross	3,620,421	77,204
			Net	641,157	84,668
Lehigh Valley	5	May 31	Gross	2,053,298	15,430
			Net	82,752	33,825
Long Island Railroad	5	May 31	Gross	1,055,338	170,071
			Net	1,971,086	68,033
Louisville and Nashville	5	May 31	Gross	6,157,493	31,886
			Net	1,971,086	68,033
Min. St. Paul and Sault	5	May 31	Gross	2,032,008	211,054
			Net	1,436,365	288,265
Missouri, Kansas & Texas	5	May 31	Gross	8,853,151	476,150
			Net	893,151	93,214
Missouri Pacific	5	May 31	Gross	2,474,105	775,622
			Net	5,967,596	131,898
New York Central	5	May 31	Gross	8,177,537	197,076
			Net	5,939,151	394,865
N. York, New Haven and Hartford	5	May 31	Gross	1,668,358	497,677
			Net	3,977,130	59,105
Norfolk and Western	5	May 31	Gross	776,448	198,511
			Net	29,910,584	1,181,526
Northern Pacific	5	May 31	Gross	5,224,903	783,882
			Net	4,077,187	404,553
Pennsylvania Railroad	5	May 31	Gross	1,023,059	215,225
			Net	2,959,787	87,580
Reading Co.	5	May 31	Gross	187,595	171,365
			Net	13,053,917	442,866
Seaboard Air Line	5	May 31	Gross	1,279,194	44,620
			Net	700,033	150,553
Southern Pacific	5	May 31	Gross	3,340,800	163,908
			Net	1,248,864	59,207
Southern Rail.	5	May 31	Gross	1,845,422	112,347
			Net	3,001,019	139,679
St. Louis-San Francisco	5	May 31	Gross	8,813,096	384,944
			Net	3,463,954	19,955
Texas & Pacific	5	May 31	Gross	4,461,117	44,575
			Net	...	...
Union Pacific	5	May 31	Gross	...	...
			Net	...	...
Webb	5	May 31	Gross	...	...
			Net	...	...

† Net operating income.



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DIVIDEND ANNOUNCEMENTS

Name of Company	Rate % per Annum, except where marked % or Stated in Cash			Dividend for Whole Years	
	Interim or Final	Date of Payment	Interim or Final Comparison with Last Year	Latest Year	Previous Year
RAILWAYS					
Atlantic Leased Lines	1%*	July 31	Unchanged	%	%
Costa Rica Railway	...	July 27	...	2	2
BANKS					
Bank of Ireland	6%*	...	61%*	...	...
Hibernian Bank	11	...	Unchanged	...	...
North of Scotland Bank	16*	...	Unchanged	...	...
Royal Bank of Canada	2%*	Sept. 3	Unchanged	...	...
Royal Bank of Ireland	4%	Aug. 1	Unchanged	...	...
INSURANCE					
Indemnity Marine Insurance	11/- p.s.*	...	Unchanged	...	...
Pearl Assurance	25%*	Aug. 15	Unchanged	...	...
TEA AND RUBBER					
Beaufort Borneo Rubber	...	Sept. 19	...	3½	...
Craigieburn Rubber	...	...	...	5	3
Eaglehurst Rubber	...	July 31	...	2	Nil
East Asiatic Rubber	...	...	...	5	3
Galphale Tea and Rubber	...	July 25	...	5	...
Sungei Gelat Rubber	2½%†	July 31	Nil†	5	Nil
Vallambrox Rubber	15%†	...	...	22½	15
MINING					
Gold Fields Rhodesian Develop.	7½%*	...	Unchanged	12½	12½
Zaaplanis Th	10%*	...	Unchanged	...	...
OTHER COMPANIES					
American Trust	2%*	...	1%*	...	...
Barratt (W.) and Co.	6%†	July 31	5½%†	...	...
Berry Wiggins "A" Ord.	5%*	July 20	...	10	9
Cardiff Gas	3%*	Aug. 1	Unchanged	...	...
City of London Bwy. Trust (Def.)	3%	Aug. 2	...	5	Nil
Cheapside Land and Development	3%*	Aug. 1	Unchanged	...	...
Chelsea Electric	3%*	Aug. 16	3½*	...	...
City Property Investment	3%*	Aug. 1	Unchanged	...	...
Colombo Commercial	4½%*	July 31	...	...	...
Consort Spanish Ore	...	...	...	10	10
Courtaulds	2½%*	Aug. 14	2½%*	...	...
Darnell (J.) and Sons	4%*	Aug. 8	Unchanged	...	...
Dublin Artizans Dwellings	3%*	...	Unchanged	...	...
Dublin (South) City Market	4% p.s.*	...	Unchanged	...	...
Eastwoods Cement	...	...	4/- p.s.	15	7½
Falk Stadelmann and Co.	...	...	...	8½	7½
Foreign and Colonial Investment.	2%*	July 31	Unchanged	...	...
Four Per Cent. Industrial Dwels.	2%*	...	Unchanged	...	...
General Consolidated Investment	2%*	July 22	Unchanged	...	...
Glasgow Corn Exchange	...	...	...	3	3
Grange Trust	...	July 23	...	1½	1
Green (J. W.)	4%*	July 23	...	...	...
Griffiths Hughes Proprietaries.	12½%*	...	...	17½	...
Hall and Woodhouse	10%†	...	11%†	15	...
Hollychome Bricks	5½%	...	...	...	...
Land Revenues Trust	5†	...	...	...	...
Law Land Co.	4%*	Sept. 2	Unchanged	...	...
London Commercial Sale Rooms.	5%*	Aug. 16	Unchanged	...	...
Manchester Bonding Warehouse.	1/- p.s.*	...	Unchanged	...	...
Manchester Commercial Buildings	5%*	...	Unchanged	...	...
Manchester Palace of Varieties	...	...	Unchanged	12½	12½
Mather and Platt	3%*	...	2½%*	...	...
McDougalls Trust	3%†	...	...	5	5
Midland Trust	...	...	...	5	5
Mortgage Co. of River Plate	3½%*	Aug. 1	Unchanged	...	...
New Investors	11%†	...	10%†	15	14
Murdoch (John) G. and Co.	...	...	...	5	5
National Causing	...	July 31	...	5	5
Olympia	4%*	July 31	Unchanged	12	...
Oxford and Berkshire Cinemas	5%†	...	...	6	6
Palmerston Investment Trust	3½%†	...	Unchanged	...	...
Railway Debenture &c., Trust.	2%*	Aug. 1	Unchanged	...	...
Railway Share Trust, etc.	2%*	Aug. 1	Unchanged	...	...
Randall (R. E.)	2½%*	...	Unchanged	...	...
River Plate and General Investment Trust (Def.)	5%*	Aug. 1	Unchanged	...	...
Ryder and Son	...	...	...	5	5
Second British Assets Trust	1½%*	Sept. 1	...	...	...
Second Clydesdale Investment	3	Aug. 1	Unchanged	4	4
Second Scottish Western Invest.	3	Aug. 1	...	17½	15
Tilbury Contracting and Dredging	...	...	...	10	Nil
Timber Fireproofing	...	...	...	...	...
Timpon (William)	5%*	July 31	Unchanged	...	...
United City Property Trust	4½%*	Aug. 3	...	7½	...
United States Debenture	3%*	...	Unchanged	...	...
Watford and St. Albans Gas	38%*	Aug. 23	Unchanged	...	...
Wilkinson and Riddell	14%*	Aug. 1	Unchanged	5	3
Williams and Williams	...	...	...	4	3
Wool Exchange and Gen. Inv.	...	...	...	...	...
York Gas	2%*	July 27	Unchanged	...	...

AN AMERICAN TRUST

RECORD OF DIVIDEND SHARES, INC.

A large section of British investors have felt during the past two years that American business progress has been retarded by the N.R.A. The recent Supreme Court decision, however, has now made many American shares attractive to investors here.

In view of the present rapid change in conditions, there is need of expert advice and guidance. Moreover, diversification is desirable. Both of these requirements appear to have been fulfilled in Dividend Shares, Inc., one of the leading American trusts.

RECORD OF THE COMPANY

At the very low levels of 1932 there were many dividend-paying shares standing at prices far below their intrinsic value. A trust then formed to invest in such shares was a logical development, although paradoxically few trusts are formed at such times. In August, 1932, Dividend Shares, Inc., was organised to invest in high-grade dividend-paying shares.

In the 31st December, 1934 balance-sheet earned surplus was approximately one million dollars, and unrealized profits stood at over three million dollars. The price of the shares, which is based each day in relation to the market value of the holdings, rose from a low price of \$.94 to a recent price of \$1.50.

NEW TYPE OF TRUST

Dividend Shares, Inc., marked a new development in investment trust practice. By combining the best features of the Scottish type management trusts and the newer fixed trusts, it overcame the disadvantages of each.

Unlike the former, it has no prior charges and it cannot borrow money, thereby giving greater safety to the share capital and its dividends. It differs on the other hand from the fixed trust in that its shares carry full voting power, that the holders own the Company, and elect the directors; and that it is not committed to a fixed list of holdings. An investment which for any reason becomes no longer attractive may at once be sold and the proceeds re-invested in a more promising undertaking.

Reports showing latest holdings, together with other current information as to the Company's activities, are sent quarterly with dividend cheques to all registered holders. The latest list of holdings shows investments in 42 leading companies, the five largest in percentage value being: Du Pont, Standard Oil of N.J., Union Carbide, General Electric and Continental Can.

There is an active market for the Company's shares. In addition, shareholders have the privilege of presenting their shares to the Company for repurchase at liquidating value to the extent that surplus is available for the purpose. No fee is charged shareholders whose shares are repurchased by the Company.

No investment may be made if, as a result, more than 5 per cent. of the Company's assets are invested in the securities of any one issuer (except the U.S. Government) unless the holders of 25 per cent. or more of the outstanding shares do not object in writing to such investment after they have been duly notified. It is not obligatory to sell shares held if, as a result of unusual appreciation, the

amount invested in such shares temporarily exceeds this 5 per cent. limitation.

Dividend Shares, Inc., has attained wide popularity because of its endeavours to provide broad diversification in a conservative group of common stocks, ready marketability, regular dividends, and an opportunity to participate in general market recovery.

MANAGEMENT

It has a management contract with the house of Calvin Bullock, established in 1894, and one of the pioneers in the investment trust movement on the other side. The record of Calvin Bullock in the investment trust field has been outstanding.

By pooling the management resources of its group of trust companies, various experts in different investment fields are available.

During 1934 the asset value of the trust as compared with the Standard Statistics 90 Stock average, adjusted for dividends in each case, showed an increase of 5.49 per cent., as against a decline of 1.98 per cent. in the latter.

Because of the funds at his command, the wealthy investor is theoretically able to achieve satisfactory diversification. For this reason, it has been stated that investment company shares appeal only to the smaller investor. Figures, however, do not substantiate this attitude. In a recent report by Dividend Shares, Inc., ten of the larger holders each held an average of 76,772 shares, or an average investment of more than £23,000 on the basis of the recent offering price.

AMERICAN PROSPECTS

According to a New York Times compilation, corporate dividends in the first five months of 1935 were approximately 3.6 per cent. greater than in a similar period a year ago, and 16.7 per cent. greater than in the first five months of 1933. Dividends totalling \$328,858,312 were paid by 776 corporations in May, 1935, while in the same month of 1934 731 corporations paid \$267,400,363 in only in giving testimony as to the extent of recovery, not also as evidence of the increased income which can be derived from American common stocks.

The American market would appear to offer substantial scope for capital appreciation while also showing attractive yields. The needs of the average English investor appear to have been met by Dividend Shares, Inc., a great many of these shares now being held in this country.

The price is published daily in the London financial papers, the current price being around \$1.47 (6/-). On the basis of present dividends, the yield is over 5½ per cent. Dividends are payable either in dollars or sterling.

Explanatory statements can be obtained from any English stockbroker or latest reports from the London representative of Messrs Calvin Bullock, Mr J. McG. Dalenz, 3 Newman's Court, Cornhill, E.C. 3, or Kinloch & Company, 2 Austin Friars, E.C. 2.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended July 13, 1935, amounted to £12,369,000, against ordinary expenditure of £8,168,000. After allowing for an increase in Exchequer Balances of £250,636, the operations for the week, as shown below, decreased the gross National Debt by £5,735,000 to approximately £8,115 million.*

(000's omitted)	
Treasury Bills.....	+ 4,467
Public Department Advances.....	- 9,580
P.O. & Teleg. Capital Expend.....	- 450
National Savings Certificates.....	- 150
N. Atlantic Shipping Issues.....	- 22
	+ 4,467
	- 10,202

* Including £375 millions on Account of Exchange Equalisation Fund and Borrowing for Statutory Sinking Fund.

A complete analysis of the approximate position of the National Debt on June 30, 1935, appeared in the *Economist* for July 6.

REVENUE	Estimate for the year 1935-36	Total Receipts into the Exchequer			
		April 1, 1935, to July 13, 1935	April 1, 1934, to July 14, 1934	Week ended July 13, 1935	Week ended July 14, 1934
ORDINARY REVENUE					
Inland Revenue—					
Income Tax.....	232,500,000	23,081,000	23,838,000	4,213,000	4,596,000
Sur-tax.....	51,500,000	4,410,000	5,800,000	1,110,000	1,500,000
Estate, etc., Duties.....	25,000,000	2,760,000	27,310,000	1,680,000	1,950,000
Stamps.....	25,000,000	4,200,000	4,390,000	590,000	150,000
Excise Profits Duty and Corporation Profits Tax	1,700,000	...	...	...	...
Land Tax and Mineral Rights Duty.....	800,000	110,000	120,000	...	...
Total Inland Revenue.....	391,500,000	58,581,000	61,458,000	6,473,000	6,846,000
Customs and Excise—					
Customs.....	188,570,000	55,559,000	53,012,000	3,981,000	2,950,000
Excise.....	106,350,000	27,998,000	26,996,000	998,000	1,798,000
Total Customs and Excise	294,920,000	83,557,000	80,008,000	4,989,000	4,748,000
Motor Vehicle Duties (Exchequer Share).....	5,000,000	1,460,000	2,396,000	566,000	958,000
Post Office (Net Receipts).....	11,850,000	4,500,000	5,000,000	400,000	350,000
Crown Lands.....	1,300,000	280,000	270,000	...	...
Receipts from Sundry Loans	3,900,000	1,896,269	2,152,622	40,857	27,805
Miscellaneous Receipts.....	25,970,000	4,496,750	3,927,689	...	1,177
Total Ordinary Revenue	734,470,000	154,731,019	155,212,311	12,368,957	12,831,082
SELF-BALANCING REVENUE					
Post Office.....	64,070,000	15,700,000	14,850,000	700,000	750,000
Motor Vehicle Duties apportioned to Road Fund.....	26,230,000	3,908,000	4,100,000	271,000	...
Total Self-Balancing Revenue	90,300,000	19,608,000	18,950,000	971,000	750,000
Total.....		174,339,019	174,162,311	13,339,957	13,681,082

EXPENDITURE	Estimate for the year 1935-36	Total Issues out of the Exchequer to meet payments			
		April 1, 1935, to July 13, 1935	April 1, 1934, to July 14, 1934	Week ended July 13, 1935	Week ended July 14, 1934
ORDINARY EXPENDITURE					
Interest and Management of National Debt.....	224,000,000	85,247,389	86,487,715	566,539	535,000
Payments to Northern Ireland Exchequer.....	6,750,000	1,382,357	1,574,497	...	...
Other Consolidated Fund Services.....	3,700,000	1,151,463	944,123	201,403	...
Post Office Fund.....	1,130,000	...	...	...	...
Total.....	235,580,000	87,781,209	89,006,335	767,942	535,000
Total Supply Services (excluding Post Office).....	493,785,000	127,843,000	118,105,000	5,400,000	5,875,000
Balances of Marginal Provision (including Cost of restoration of Cuts).....	4,605,000	...	...	...	...
Total Ordinary Expenditure.....	733,970,000	215,624,209	207,111,335	6,167,942	6,410,868
SELF-BALANCING EXPENDITURE					
Post Office.....	64,070,000	15,700,000	14,850,000	700,000	750,000
Road Fund.....	26,230,000	3,908,000	4,100,000	271,000	...
Total Self-Balancing Expenditure.....	90,300,000	19,608,000	18,950,000	971,000	750,000
Total.....		225,232,209	226,061,335	7,138,942	7,160,868

The aggregate revenue and expenditure to July 13, 1935, is shown below:—

FINANCIAL YEAR, 1935-36, APRIL 1, 1935, TO JULY 13, 1935 (000's omitted)	
Expenditure.....	215,624
Increase in balances.....	241
Revenue.....	154,731
Gross increase in borrowing £62,947	
Less:	
New Sinking Fund.....	1,813*
Net borrowing.....	61,134
	215,865
	215,865

* Authority will be sought in the Finance Bills to meet the amount of the Statutory Sinking Funds in 1935 by borrowing.

POSITION OF THE FLOATING DEBT

July 14, '34 Mar. 31, '35 July 13, '35 July 13, '35	
Ways and Means Advances Outstanding—	£
Advances by Bank of England.....	23,600,000
Advances by Public Departments.....	34,060,000
Treasury Bills Outstanding.....	840,800,000
Total Floating Debt.....	888,460,000
Includes £2,000, the proceeds of which were not carried to the Exchequer within the period of the Account.	

TREASURY BILLS BY PUBLIC TENDER

Tenders for £40,000,000 Treasury bills were opened on July 12, 1935, and the total amount applied for was £61,490,000. Tenders were accepted for Treasury bills at three months dated Monday to Friday at £99 16s. 11d., about 78 per cent., and above in full; Saturday at £99 17s. 0d., and above in full. The average rate per cent. was 12s. 1.60d. The amount allotted was £40,000,000. The following table shows the weekly record at various dates:—

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
1933				
January 6.....	45,000,000	73,830,000	45,000,000	6 8 10-84
July 7.....	45,000,000	83,890,000	45,000,000	0 16 10-85
October 6.....	45,000,000	100,450,000	45,000,000	0 10 4-85
1934				
January 5.....	35,000,000	76,260,000	30,000,000	0 18 11-5
April 6.....	40,000,000	80,390,000	38,000,000	0 17 9-01
July 6.....	35,000,000	82,745,000	32,000,000	0 16 4-14
October 5.....	35,000,000	85,260,000	31,510,000	0 15 9-702
1935				
January 4.....	30,000,000	49,580,000	27,500,000	0 6 1-64
April 5.....	40,000,000	76,095,000	40,000,000	0 10 2-93
May 31.....	40,000,000	52,950,000	40,000,000	0 10 5-70
June 7.....	40,000,000	46,850,000	40,000,000	0 11 2-49
June 14.....	40,000,000	47,865,000	40,000,000	0 13 10-46
June 21.....	40,000,000	54,855,000	40,000,000	0 16 0-69
June 28.....	40,000,000	64,995,000	40,000,000	0 12 1-53
July 5.....	40,000,000	60,905,000	40,000,000	0 12 4-32
July 12.....	40,000,000	61,490,000	40,000,000	0 12 1-60

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended June 22, 1935.....	565,805	424,354
Week ended June 29, 1935.....	627,203	470,403
February, 1916, to June 29, 1935.....	1,229,840,304	968,816,066

At the end of May, 1935, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £392,705,923.

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, July 17, 1935

ISSUE DEPARTMENT

Notes Issued:—	
In Circulation.....	399,567,687
In Banking Department.....	53,149,154
Government Debt.....	11,015,100
Other Government Securities.....	246,623,007
Other Securities.....	678,119
Silver Coin.....	1,686,774
Amount of Fiduciary Issue.....	260,000,000
Gold Coin and Bullion.....	192,716,941
	452,716,941

BANKING DEPARTMENT

Proprietors' Capital.....	
Reserve.....	14,552,000
Public Deposits.....	3,520,668
Other Deposits.....	7,863,273
Bankers'.....	103,582,380
Other Accounts.....	38,844,776
	142,427,136
Government Securities.....	91,886,044
Other Securities:—	
Discounts and Advances.....	9,278,901
Securities.....	13,548,485
Notes.....	22,826,366
Gold and Silver Coin.....	53,149,154
	522,493
	168,384,077

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

Both Departments	Amount, July 17, 1935	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation.....	399,567,687	— 1,084,558	+ 15,679,069
Public deposits.....	7,883,273	— 478,101	+ 12,761,200
Bankers' deposits.....	103,582,360	+ 5,010,855	+ 6,700,882
Other deposits.....	38,844,776	+ 2,478,763	+ 3,035,342
Seven-day bills.....	—	—	6,415
Total outside liabilities.....	549,878,096	+ 4,094,751	+ 12,647,678
Capital and rest.....	18,073,668	+ 19,231	+ 8,559
Government debt and securities.....	349,524,151	— 4,353,201	+ 10,216,323
Discounts and advances.....	9,278,901	+ 1,095,718	+ 1,814,188
Other securities.....	14,224,604	+ 1,406,677	+ 1,325,734
Silver coin in issue department.....	1,686,774	— 772	+ 1,777,893
Coin and bullion (bank's reserves).....	193,239,334	— 32,506	+ 1,060,767
Reserves of notes and coin in banking department.....	53,671,847	+ 1,052,052	+ 14,618,302
Proportion of reserve to outside li- abilities.....	35.7%	+ 1.4%	— 8.8%
(a) Banking Department only ("proportion").....	35.1%	+ 0.4%	— 0.7%
(b) Gold stocks to deposits and notes ("reserve ratio").....	—	—	—

(000's omitted)

Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits		
1935							
June 19	452,716	295,730	13,595	104,026	37,005	52	12 1/2
26	452,716	295,730	13,595	104,026	37,005	52	12 1/2
July 3	452,717	401,371	9,629	110,513	37,978	Nil	12 1/2
10	452,717	401,371	9,629	110,513	37,978	Nil	12 1/2
17	452,717	399,568	7,883	103,582	38,845	Nil	12 1/2

(000's omitted)

	Issue Department		Both Depts.		Banking Department				
Date	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio		Govt. Securities	Dis- counts & Advances	Other Securities	Reserve and the "Pro- portion "	
1935				%				%	
June 19	257,889	319	193,411	35	94,941	5,795	14,127	57,681	
26	257,845	261	193,822	34	96,161	10,463	12,256	56,683	
July 3	257,848	258	193,264	34	95,196	13,488	12,550	51,863	
10	258,076	236	193,272	34	95,801	10,373	12,582	52,620	
17 257,638		675	193,239	35	91,886	9,277	13,549	53,672	

BANKERS' CLEARING RETURNS

LONDON

(000's omitted)

	Town	Metropolitan	Country	Total
January 1 to July 3	16,836,989	1,060,244	1,612,871	19,510,104
Week ended July 10	646,185	43,919	82,341	775,455
Week ended July 17	620,095	38,074	63,576	721,745
Total to date, 1935	18,108,279	1,042,237	1,758,788	20,909,304
Total to date, 1934	17,076,205	970,929	1,641,223	19,688,357
Increase or decrease in 1935	+1,032,074	+ 71,308	+ 117,565	+ 1,220,947
	= 6.0%	= 7.4%	= 7.1%	= 6.2%
Total for year 1934	30,740,117	1,759,528	2,984,512	35,484,157
Total for year 1935	27,714,490	1,656,675	2,766,471	32,137,636
Increase or decrease in 1934	+3,025,627	+ 102,853	+ 218,041	+ 3,346,521
	= 10.8%	= 6.2%	= 7.8%	= 10.4%

PROVINCIAL

(000's omitted)

No. of working days:	Week ended July 13		Month of June		Aggregate Totals, January 1 to July 13	
	1934	1935	1934	1935	1934	1935
BIRMINGHAM	2,009	2,403	10,207	10,644	66,457	67,040
BRADFORD	648	808	3,274	3,288	26,066	24,482
BRIGHTON	1,004	1,199	5,015	4,636	33,305	32,731
BURTON	4,518	4,867	2,940	2,865	147,867	151,253
GLASGOW	758	689	3,682	3,414	20,721	25,657
LEEDS	612	722	2,709	2,583	16,347	18,677
LIVERPOOL	687	722	24,387	21,131	169,114	161,891
LIVERPOOL*	5,689	5,315	41,201	37,864	272,254	274,589
MANCHESTER	2,480	2,683	6,276	5,806	42,517	38,414
NEWCASTLE	1,390	1,457	1,767	1,924	12,533	13,129
NOTTINGHAM	440	453	3,565	3,450	23,824	23,845
SHEFFIELD	642	795	3,565	3,450	23,824	23,845
	27,067	28,731	105,223	97,805	859,080	852,001

* Restricted area from April 1, 1935

OVERSEAS BANK RETURNS

NOTE.—The latest return of the Bank of Canada, in June 1. Estonia, in June 15. Lithuania, in June 29. Danzig, in July 6. International Settlements, Poland, Denmark, Turkey, Java, Hungary, in July 13.

U.S. FEDERAL RESERVE BANKS.—In \$'s (000's omitted).	July 19, 1934	June 27, 1935	July 4, 1935	July 11, 1935	July 18, 1935
RESOURCES					
Gold Certificates on hand and due from the Treasury	4,847,630	6,126,400	6,226,220	6,226,230	6,226,200
Total cash reserves	5,101,480	6,388,690	6,465,280	6,490,080	6,499,560
Total bills discounted	228,820	239,610	216,170	241,800	251,850
Bills bought in open market	23,250	7,140	8,370	6,840	6,860
Total bills on hand	26,510	4,990	4,690	4,690	4,690
Industrial advances	27,520	11,890	13,060	11,530	11,340
Total U.S. Govt. securities	2,431,790	2,430,230	2,490,780	2,430,410	2,430,250
Total bills and securities	2,460,780	2,466,570	2,471,720	2,470,120	2,469,980
Total resources	8,150,330	9,437,140	9,577,500	9,549,950	9,631,030
LIABILITIES					
Federal Reserve notes in actual circulation	3,084,820	3,197,900	3,299,360	3,267,400	3,258,420
Federal Reserve Bank notes in circulation	38,560	—	—	—	—
Deposits—Memberbank—reserve account	3,987,310	5,029,490	4,869,720	5,051,800	4,924,400
Government deposits	4,230,830	80,300	181,690	101,590	250,870
Total deposits	8,218,690	5,415,390	5,393,590	5,455,840	5,477,330
Capital paid in and surplus	285,690	11,960	312,330	312,330	312,780
Total liabilities	8,150,330	9,437,140	9,577,500	9,549,950	9,631,030
Ratio of total reserves to deposit and Federal Reserve note liabilities combined	69.7%	74.2%	74.4%	74.4%	74.4%

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

	July 19, 1934	June 20, 1935	July 4, 1935	July 11, 1935	July 18, 1935
Total gold reserves	1,684,030	2,453,770	2,382,890	2,470,370	2,457,180
Total bills discounted	11,990	4,140	6,180	4,470	4,450
Bills bought in open market	1,990	1,830	1,800	1,800	1,790
Total U.S. Govt. securities	777,750	744,320	744,320	744,320	744,320
Total bills and securities	791,780	756,880	756,880	756,880	756,880
Deposits—Memberbank—reserve account	1,589,960	2,160,490	2,018,010	2,189,270	2,066,960
Ratio of total res. to dep. and Federal Res. note liabilities combined	71.0%	78.4%	77.8%	78.5%	78.2%

FEDERAL RESERVE MEMBER BANKS.

In \$'s (000,000's omitted).	July 19, 1934	June 5, 1935	June 12, 1935	June 19, 1935	June 26, 1935	July 3, 1935
Loans	8,038	14,995	7,567	7,527	7,644	7,548
Investments	9,723	10,919	10,933	11,068	11,119	10,980
Reserve with Federal Reserve Banks	2,783	3,732	3,916	3,883	3,875	3,882
Time deposits	12,551	15,041	15,332	15,311	15,423	15,514
Government deposits	1,354	4,424	4,388	4,434	4,427	4,385
Due from banks	1,636	1,777	728	675	4,427	372
Due to banks	3,784	4,394	1,826	1,799	1,842	1,806
	3,784	4,394	1,826	1,799	1,842	1,806

AUSTRALIAN COMMONWEALTH BANK.—In £'s (000's omitted).

	June 10, 1935	June 17, 1935	June 24, 1935	July 1, 1935	July 8, 1935	July 15, 1935
Assets						
Gold and English sterling	15,994	15,994	15,994	15,994	15,994	15,994
Other coin, bullion and cash	8,090	8,090	8,090	8,090	8,090	8,090
Money at short call—London	18,777	20,475	20,475	20,475	20,475	20,475
Short-term loans	70,509	70,509	70,509	70,509	70,509	70,509
Securities	6,431	6,431	6,431	6,431	6,431	6,431
Discounts and advances	6,232	7,012	7,093	5,175	4,314	4,742
Other assets	47,050	47,050	47,050	47,050	47,050	47,050
Notes issued	71,686	71,686	71,686	71,686	71,686	71,686
Reserve premium on gold	3,023	3,023	3,023	3,023	3,023	3,023
Deposits	71,686	71,686	71,686	71,686	71,686	71,686
Other liabilities	3,023	3,023	3,023	3,023	3,023	3,023

RESERVE BANK OF NEW ZEALAND.—In £'s (000's omitted).

	June 10, 1935	June 17, 1935	June 24, 1935	July 1, 1935	July 8, 1935	July 15, 1935
Assets						
Gold	2,801	2,801	2,801	2,801	2,801	2,801
Sterling exchange	22,818	22,818	22,818	22,818	22,818	22,818
Subsidiary coin	150	147	145	139	139	139
Investments	2,094	2,094	2,094	2,094	2,094	2,094
Bank notes	9,194	9,172	9,101	9,074	9,008	9,008
Demand liabilities	13,922	13,922	13,922	13,922	13,922	13,922
Government	8,673	8,673	8,673	8,673	8,673	8,673
Other	5,249	5,249	5,249	5,249	5,249	5,249
Ratio of reserves to sight liabilities	97.3%	97.3%	97.3%	97.3%	97.3%	97.3%

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

	July 13, 1934	June 14, 1935	June 21, 1935	June 28, 1935	July 5, 1935	July 12, 1935
Assets						
Gold coin and bullion	20,370	20,370	20,370	20,370	20,370	20,370
Bills discounted—Foreign	16,818	5,068	5,025	5,025	5,025	5,025
Investments	1,725	1,726	1,726	1,726	1,726	1,726
Other assets	9,116	14,650	14,318	14,309	13,764	14,340
LIABILITIES						
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	880	1,000	1,000	1,000	1,000	1,000
Notes in circulation	11,439	12,243	12,243	12,243	12,243	12,243
Government deposits	2,485	1,343	1,343	1,343	1,343	1,343
Bankers' deposits	24,803	24,441	24,441	24,441	24,441	24,441
Ratio of cash reserves to liabilities to public	45.9%	59.9%	59.9%	59.9%	59.9%	59.9%

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

	June 21, 1935	June 28, 1935	July 5, 1935	July 12, 1935
Assets				
Gold coin and bullion	44,42,32	44,42,32	44,42,32	44,42,32
Rupee coin	51,37,28	51,37,28	51,37,28	51,37,28
Balances abroad	17,84,98	17,84,98	17,84,98	17,84,98
Sterling securities*	53,19,27	53,19,27	53,19,27	53,19,27
Indian Government rupee securities*	39,48,92	39,48,92	39,48,92	39,48,92
Investments	6,04,09	6,04,09	6,04,09	6,04,09
Note circulation	1,64,18,91	1,62,42,78	1,62,42,78	1,62,42,78
Deposits—Government	21,25,20	22,34,34	22,34,34	22,34,34
Other	16,37,83	17,05,52	17,05,52	17,05,52
Ratio of gold and sterling to liabilities	52.1%	51.9%	51.9%	51.9%

* Held against notes.

MONTHLY STATEMENT OF LONDON CLEARING BANKS

(000's omitted)

Average Weekly Balances JUNE, 1935	Barclays Bank, Limited	Coutts and Co.	Glyn, Mills and Co.	Lloyds Bank, Limited	Martins Bank, Limited	Midland Bank, Limited	National Bank, Limited	National Provin- cial Bank, Limited	West- minster Bank, Limited	Williams Deacon's Bank, Limited	Aggregate
ASSETS	£	£	£	£	£	£	£	£	£	£	£
Coin, bank notes and balances with the Bank of England	42,497	1,879	3,803	41,284	8,603	48,467	3,586	31,458	31,789	3,298	216,664
Balances with and cheques in course of collection on other banks in Great Britain and Ireland	11,043	777	1,425	10,215	2,920	12,119	211	6,670	8,751	1,746	55,877
Items in transit	...	...	...	3,661	628	...	...	...	...	...	4,289
Money at call and short notice.....	24,927	2,808	7,022	24,759	4,456	25,491	4,405	20,852	22,529	5,888	143,137
Bills discounted	51,774	1,834	375	49,447	*5,811	47,290	1,662	40,272	44,495	958	243,918
Investments	105,483	7,881	14,774	117,579	34,101	131,019	16,215	87,052	100,683	9,401	624,188
Advances to customers and other accounts.....	159,495	8,435	12,391	143,321	32,117	168,693	14,927	112,315	111,295	12,404	775,393
Liabilities of customers for ac- ceptances, endorsements, etc.....	7,251	780	1,608	40,211	5,351	16,586	78	6,576	28,968	1,764	109,173
Bank premises account	7,652	412	740	7,840	2,829	10,529	743	7,429	5,514	1,018	44,706
Investments in affiliated banks and subsidiary companies	7,226	...	...	5,026	...	7,423	...	2,514	2,993	...	25,182
	417,348	24,806	42,138	443,343	96,816	467,617	41,827	315,138	357,017	36,477	2,242,527
Ratio of cash to current, deposit and other accounts.....	11.07	8.53	9.83	10.90	10.21	11.4	9.47	10.81	10.27	10.29	10.81
LIABILITIES											
Capital paid up.....	15,858	1,000	1,060	15,810	4,160	14,248	1,500	9,479	9,320	1,875	74,310
Reserve fund.....	10,250	1,000	530	8,500	3,000	11,500	1,080	8,000	9,320	800	53,980
Current, deposit and other ac- counts	383,989	22,026	38,680	378,816	84,287	425,283	37,855	291,083	309,394	32,038	2,003,451
Acceptances, endorsements, etc.	7,251	780	1,608	40,211	5,351	16,586	78	6,576	28,968	1,764	109,173
Notes in circulation.....	...	...	...	6	18	...	1,314	...	15	...	1,353
Reduction of bank premises ac- count	...	...	260	...	...	...	...	...	...	...	260
	417,348	24,806	42,138	443,343	96,816	467,617	41,827	315,138	357,017	36,477	2,242,527

GOLD MOVEMENTS: BANK OF ENGLAND

1935	ARRIVALS	1935	WITHDRAWALS
July 12	Nil	July 12	Nil
" 13	Nil	" 13	Nil
" 15	Nil	" 15	Nil
" 16	Nil	" 16	Nil
" 17	Nil	" 17	Nil
" 18	Nil	" 18	Nil
Total	Nil	Total	Nil
Movement July 12, 1935, to July 18, 1935 (inclusive)		Movement July 12, 1935, to July 18, 1935 (inclusive)	
Movement during year 1934		Movement during year 1934	
Movement during 1935 (January 1 to July 18, 1935, inclusive)		Movement during 1935 (January 1 to July 18, 1935, inclusive)	
Movement April 29, 1925, to July 18, 1935 (inclusive)		Movement April 29, 1925, to July 18, 1935 (inclusive)	
Movement September 21, 1931 (gold standard suspended), to July 18, 1935 (inclusive)		Movement September 21, 1931 (gold standard suspended), to July 18, 1935 (inclusive)	

GOLD MARKET

Messrs Samuel Montagu and Company write on July 17, 1935, as follows:—

The Bank of England gold reserve against notes amounted to £192,716,841 on the 10th inst., showing no change as compared with the previous Wednesday. In the open market about £2,000,000 of bar gold changed hands at the daily fixing during the week. Movements in prices have been narrow, but the premium over gold exchange parities has tended to increase slightly.

Quotations during the week:—

	Per fine ounce	Equivalent value of £ sterling
July 11	140s. 8d.	12s. 0.95d.
" 12	140s. 11d.	12s. 0.69d.
" 13	140s. 11d.	12s. 0.69d.
" 15	140s. 9½d.	12s. 0.82d.
" 16	140s. 11½d.	12s. 0.65d.
" 17	141s. 0½d.	12s. 0.56d.
Average	140s. 10.58d.	12s. 0.73d.

The s.s. "Mantua," which sailed from Bombay on the 13th inst., carries gold to the value of about £630,000 consigned to London.

SILVER MARKET

The sharp recovery in prices seen at the end of last week was not maintained and an easier tendency was again apparent during the week under review. There have been further liquidations by the Indian Bazaars and speculators, and sales have been made on China account.

Although not in evidence during the first part of the week, the American Government was a buyer at the lower levels, good support being given without, however, any disposition to exert pressure.

Speculative resales have tended to ease, but on the other hand, except for American buying, there has not been much demand. The tone of the market appears steadier at the moment, but movements in the near future may continue to be erratic.

Quotations during the week:—

IN LONDON			IN NEW YORK		
Bar silver per oz. std.	Cash	Two Months' delivery	Bar silver per oz. std.	Cash	Two Months' delivery
July 11	31½d.	31½d.	July 10	69	69
" 12	31½d.	31½d.	" 11	69½	69½
" 13	31½d.	31½d.	" 12	69	69
" 15	30½d.	30½d.	" 13	68	68
" 16	30½d.	30½d.	" 15	68	68
" 17	30½d.	30½d.	" 16	68	68
Average	30.552d.	30.719d.			

The highest rate of exchange on New York recorded during the period from the 11th inst. to the 17th inst. was \$4.96½ and the lowest \$4.95.

Stocks in Shanghai on the 13th inst. consisted of about 278,000,000 dollars and 44,600,000 ounces in bar silver, as compared with 279,000,000 dollars and 44,600,000 ounces in bar silver on the 6th inst.

GOLD AND SILVER PRICES

	Gold per Ounce	Silver Per Ounce		Date	Silver Cash
		Cash	Forward		
1935	s. d.	d.	d.	July 25, 1929	24½
July 12	140 11	31½	31½	" 24, 1930	16
" 13	140 11	30½	30½	" 23, 1931	12½
" 15	140 9½	30½	30½	" 21, 1932	17
" 16	140 11½	30½	30½	" 20, 1933	18½
" 17	141 0½	30½	30½	" 19, 1934	20½
" 18	140 11½	30½	30½		

COMPANY NEWS

SUMMARY OF BALANCE SHEETS
COUNTY BANK LIMITED

The following are comparative figures at end of June for the last three years:—

	June 30, 1933	June 30, 1934	June 30, 1935
Deposits	17,139,483	16,996,097	17,412,480
Acceptances	55,446	73,446	70,788
Cash, money at call, etc.	2,374,986	2,765,432	3,050,845
Investments	6,882,706	6,394,484	7,828,294
Bills of exchange	240,902	354,112	377,154
Advances	8,884,990	8,726,257	7,400,440
Total assets	19,039,033	18,913,732	19,327,521

MIDLAND BANK LIMITED

The following is a summary of the figures given in the statement of accounts of the Midland Bank Limited, made up on June 30, 1935, in comparison with the position shown by the bank on December 31, 1934, and June 30, 1934.

	June 30, 1934	Dec. 31, 1934	June 30, 1935
LIABILITIES			
Capital paid up	14,248,012	14,248,012	14,248,012
Reserve fund	11,500,000	11,500,000	11,500,000
Current, deposit and other accounts (including profit balance)	402,865,047	420,793,245	418,018,080
Acceptances and confirmed credits on account of customers	9,666,730	9,746,914	8,899,950
Engagements on account of customers	5,337,340	6,242,724	6,216,184
	443,617,129	482,530,895	457,880,236
ASSETS			
Coin, bank notes and balances with the Bank of England	37,456,076	39,129,856	39,346,109
Balances with, and cheques in course of collection on other banks in Great Britain and Ireland	15,220,180	14,840,427	16,701,189
Money at call and short notice	27,697,833	27,126,232	26,134,188
Investments	110,946,652	118,480,133	127,108,745
British Treasury bills	50,450,887	18,505,695	23,104,871
Advances to customers and other accounts	168,023,783	163,815,240	171,252,128
Liabilities of customers for acceptances, confirmed credits and engagements	15,004,070	15,989,638	16,116,134
Bank premises	9,521,821	9,421,642	9,402,186
Other properties and work in progress for extension of the business	1,186,058	1,024,585	1,038,105
Shares in Yorkshire Penny Bank, Ltd.	750,000	750,000	750,000
Capital, reserve and undivided profits of—			
Belfast Banking Company, Ltd.	7,379,789	7,422,743	7,422,743
The Clydesdale Bank, Ltd.			
North of Scotland Bank, Ltd.			
Midland Bank Executor and Trustee Co., Ltd.			
	443,617,129	482,530,895	457,880,236

Contracts running for sale of foreign currencies, covered by purchases to a corresponding amount

18,745,442 19,637,419 14,888,336
* Includes Treasury bonds due within four months.

THE NATIONAL CITY BANK OF NEW YORK

The statement of condition of The National City Bank of New York as of June 29, 1935, shows total assets \$1,627,067,928, compared with \$1,466,919,502 at June 30, 1934.

	June 30, 1934	June 29, 1935
ASSETS		
Cash, gold bullion and due from banks	\$	\$
Cash and due from banks and bankers	358,390,001	342,477,964
U.S. Govt. obligations		
U.S. Govt. bonds, etc.	471,433,919	
Notes of Reconstruction Finance Corp.	304,630,848	
Other securities guar. by U.S. Govt.	49,093,000	
State and municipal bonds	4,141,271	
Other bonds and securities	69,002,844	80,876,507
Loans, discounts & bankers' acceptances	52,374,961	69,809,080
Acceptances	490,366,962	542,818,206
Stock in Federal Reserve Bank	59,284,049	37,819,215
International Banking Corporation	6,600,000	6,600,000
Bank premises	8,000,000	8,000,000
Items in transit with branches	55,623,996	56,964,938
Other assets	3,928,922	3,482,488
	5,482,641	6,985,624
LIABILITIES		
Capital—Preferred	\$	\$
Do. Common	50,000,000	50,000,000
Surplus	77,500,000	77,500,000
Undivided profits	30,000,000	30,000,000
Reserves for:—	8,018,665	11,898,088
Unearned discount and other unearned income		
Interest, taxes and other accrued expenses	1,977,029	2,751,292
Dividends:—		
Preferred to August 1	4,336,984	5,472,078
Common to August 1	1,086,356	881,802
Liability as acceptor, endorser or maker on acceptances and bills	2,066,666	3,100,000
Deposits	65,297,111	48,398,538
	1,226,636,687	1,397,066,124

REPORTS AND NOTICES

RAILWAYS

THE CENTRAL URUGUAY RAILWAY COMPANY OF MONTE VIDEO, LIMITED.—The result of the polling on the Scheme of Arrangement submitted at meetings of holders of the various debenture stocks of the Central Uruguay Railway Company of Monte Video, Ltd., and Allied Extension companies, and of the preference and ordinary shareholders of the North Eastern of Uruguay Railway, was an overwhelming majority in all cases in favour of the scheme. The scheme has now to await the approval of the Court.

MINES

TANGANYIKA CONCESSIONS, LTD.—The report shows that the profit was £100,816, against a loss of £35,306 the previous year. The debt balance carried forward is £176,690. Union Minière du

Haut Katanga, of whose shares Tanganyika is a large holder, has improved its position, the gross working profits last year being over £650,000.

MISCELLANEOUS

ANGLO-SPANISH CONSTRUCTION COMPANY, LTD.—At the tenth annual general meeting the chairman stated that at January 31, 1935, the sums due by the Spanish Government amounted to approximately 62,500,000 pesetas, equivalent to more than £1,730,000. The company's claims were reaffirmed by the Spanish Supreme Tribunal and supported by the British Government. The chairman spoke hopefully regarding the prospect of the Government getting the amounts due.

VICKERS, LTD.—Vickers, Ltd., now holds the entire £17,464,251 of share capital of Vickers-Armstrongs. This has been accomplished by the acquisition of 2,657,612 1/1 ordinary shares; 400 7 per cent. £1 "A" cumulative preference shares; 2,000,000 6 per cent. £1 "B" cumulative preference shares in Vickers-Armstrongs from Armstrong Whitworth Securities Company, the A.W. Second Stock

Trust and A.W. Consolidated Stock Trust. The ordinary shares were held by Armstrong Whitworth Securities, and the "B" preference equally by the A.W. companies.

A. W. CONSOLIDATED STOCK TRUST, LIMITED.—The Directors announce that, with the approval of the trustees of the income debenture stockholders, they have agreed to sell the trust's holding of £1,000,000 Vickers Armstrong, Ltd., 6 per cent. "B" preference shares to Vickers, Ltd., at the price of 15s. per share. A meeting of the income debenture stockholders will be called at an early date to decide as to the employment of the proceeds.

GENERAL THEATRE CORPORATION.—Mr Justice Eve, in the Chancery Division, on Wednesday, June 17th, confirmed a petition by the General Theatre Corporation for the confirmation of the reduction of its capital from £2,000,000 to £549,166 13s. 4d. His Lordship also sanctioned a scheme of arrangement between the company and the holders of its Six and a-Half per Cent. First Mortgage Debenture stock, Seven and a-Half per Cent. Cumulative Preference and its ordinary shares.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Debenture Interest	Amount Available for Distribution	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Depreciation, etc.	Balance Forward	Net Profit	Dividend
					Prefce.	Ordinary					
						Amount	Amount					Rate
Banks		£	£	£	£	%	£	£	£	%	
Hibernian Bank	June 30*	27,793	40,396	68,189	...	27,500	11	15,000	25,689	41,986	11
Munster and Leinster	June 30*	42,702	68,293	110,995	...	45,000	12½	22,500	43,495	68,892	12½
National Bank of Australasia	Mar. 31	151,919	275,591	427,510	...	250,000	5	20,000	157,510	274,024	5
Provincial Bank of Ireland	June 30*	33,225	35,473	68,698	...	26,156	12½	9,000	33,542	36,367	12½
Queensland National	June 30	19,096	69,692	88,788	...	70,000	4(½)	...	18,788	69,911	4(½)
Standard Bank of S. Africa	Mar. 31	162,580	502,590	665,170	...	300,000	12	200,000	165,170	433,180	10
The National Bank	June 30*	35,945	109,811	145,756	...	90,000	12	20,000	35,756	111,547	12
Breweries & Distilleries											
S. African Distilleries, &c.	June 30	...	138,051	138,051	41,980	90,000	9	5,685	386	...	...
Well's Watford Brewery	Apr. 30	5,119	2,895	8,014	2,796	...	...	...	5,218	5,251	...
Financial Land, etc.											
Australian Estates, etc.	Dec. 31	15,651	30,739	46,390	32,500	...	...	...	13,890	66,798	...
Brazilian Warrant Agency	Dec. 31	36,814	50,553	87,367	35,000	9,000	4	1,372	41,995	Dr 42,415	Nil
British Industries, etc., Trust	June 30	12,112	10,227	22,339	11,625	...	...	...	10,714	5,134	...
City of London Bwy. Trust	June 30	50,165	183,067	233,232	160,970	18,558	5	...	53,704	u246,730	Nil
Cork Improved Dwellings	June 30*	1,835	1,319	3,154	...	1,125	7½	184	1,845	1,349	7½
Duff Development	Mar. 31	182	10,529	10,711	...	7,046	5	...	3,665	2,683	Nil
O-Cedar Consolidated Trust	Mar. 31	6,186	963	7,149	...	...	...	...	7,149	2,417	...
Odham's Properties	Mar. 31	387	67,999	68,386	18,000	40,250	11½	9,500	636	61,269	10
Oregon Mortgage	May 31	19,024	10,615	29,639	10,463	...	...	...	19,176	8,655	...
Iron, Coal and Steel											
Armstrong Whitworth Sts.	Dec. 31	Dr 871,501	Dr 40,372	Dr 911,873	...	...	...	283,343	Dr 1,195,216	Dr 36,694	...
Ebbw Vale Steel, etc.	Mar. 31	Dr 100,282	Dr 147,284	Dr 247,566	...	...	...	...	Dr 247,566	Dr 66,435	...
Head, Wrightson and Co.	Apr. 30	1,719	22,853	24,572	...	...	...	22,000	2,572	Dr 1,637	...
Ruston and Hornsby	Mar. 31	...	80,265	80,265	20,500	...	...	...	59,765	45,335	...
Wood (Edward) and Co.	May 31	385	2,991	3,376	2,000	...	...	...	1,376	Dr 858	...
Rubber, etc.											
Central Johore	Mar. 31	Dr 14,221	1,846	Dr 12,375	...	...	...	...	Dr 12,375	29	...
Craigielea	Mar. 31	10,193	16,735	26,928	...	14,794	5	...	12,134	10,165	3
Jeram	Mar. 31	1,195	6,199	7,394	...	5,625	5	...	1,769	871	Nil
Kuala Reman	Mar. 31	Dr 13,075	6,441	Dr 6,634	...	...	...	Dr 5,000	Dr 1,634	Dr 4,251	...
Lambak	Mar. 31	17,132	8,464	25,596	...	8,000	5	2,000	15,596	1,834	2½
Laras (Sumatra)	Mar. 31	17,432	20,106	37,538	...	...	...	...	37,538	16,139	...
Padang Jawa	Mar. 31	813	1,320	2,133	...	1,875	2½	Dr 972	1,230	608	Nil
Perak	Mar. 31	10,279	8,579	18,858	...	6,675	7½	2,000	10,183	4,321	4½
Sarawak	Mar. 31	1,155	5,606	6,761	...	4,650	5	...	2,111	2,249	Nil
Timbang-Deli (Sumatra)	Mar. 31	21,974	11,615	33,589	...	7,970	2	...	25,619	450	Nil
Shops and Stores											
Barratt (W.) and Co.	June 30	17,754	126,811	144,565	35,000	40,000	10	47,447	22,118	105,773	9
Tea											
Arnakal	Mar. 31	Dr 2,634	1,239	Dr 1,395	...	...	...	Dr 575	Dr 820	483	...
Ceylon Upcountry	Mar. 31	1,333	290	1,623	...	550	2½	...	1,073	4,445	10
Jokai (Assam)	Mar. 31	40,783	20,411	61,194	6,000	14,454	2½	4,000	36,740	89,542	12½
Maleber	Dec. 31	Dr 1,077	Dr 1,996	Dr 3,073	...	...	...	...	Dr 3,073	Dr 579	...
Tjiliwoeng Java	Dec. 31	Dr 30,790	Dr 7,720	Dr 38,510	...	...	...	...	Dr 38,510	Dr 8,155	...
Tramways and Omnibuses											
Anglo-Argentine Tramways	Dec. 31	Dr 705,480	Dr 219,951	Dr 925,431	...	...	...	...	Dr 925,431	Dr 584,003	...
Trusts											
Ailsa Investment Trust	May 31	16,524	21,466	37,990	17,766	...	...	...	20,224	18,048	...
Other Companies											
Dibben (William) and Sons	Dec. 31	8,053	31,591	39,644	15,000	10,000	5	7,489	7,158	25,642	Nil
Eastwoods Cement	Mar. 31	9,132	34,388	43,520	...	30,000	15	4,000	9,520	18,706	7½
Falk, Stadelmann and Co.	Mar. 31	15,169	104,370	119,539	31,500	49,088	8½	20,000	18,951	88,492	7½
Griffiths Hughes Proprietaries	June 30	...	246,581	246,581	42,625	203,438	17½	...	518	...	...
Hoffnung (S.) and Co.	Mar. 31	9,333	40,363	49,696	33,750	...	...	4,500	11,446	18,682	...
Itonia Ltd.	Mar. 31	5,735	(r) 11,602	17,337	4,400	1,083	5	...	11,854	5,735	Nil
North Glamorgan Wagon	Mar. 31	6,867	3,962	10,829	...	...	...	2,500	8,329	2,307	...
O-Cedar, Ltd.	Mar. 31	5,000	5,106	10,106	...	1,162	10	5,000	3,944	4,330	Nil
Pitman (Sir Isaac) and Sons	Mar. 31	22,837	39,198	62,035	13,375	4,913	5	3,000	40,747	...	...
Roads Reconstruction (1934)	Dec. 31	...	15,225	15,225	...	...	...	15,225	...	...	...
United Gas Industries	Mar. 31	10,301	140,283	150,584	38,443	81,883	{ 11(a) 25(b) }	20,000	10,258	152,107	{ 11(a) 25(b) }
Wolshelev Sheep Shear. Mach.	Dec. 31	1,327	Dr 1,659	Dr 332	...	2,500	2½	Dr 5,000	2,168	Dr 1,932	2½

VEGETABLES.—According to *The Fruit Growers' Covent Gard* correspondent, tomatoes recovered in price during the past week.

IMPORTS (Value C.I.F.)

KINGDOM (Value F.O.B.)

recently reached. In France, the "outsider" Mines de Potasse de Blodelsheim until recently constituted a threat to the Cartel, but this danger has now been removed. Blodelsheim has stopped the process of development and, from 1938 onwards will receive from the State mines and the Kali Ste. Thérèse a fixed bonus on every ton of potash produced by them. The Palestine Potash Company, which exploits the potash deposits of the Dead Sea, is to hold its annual meeting in London next week. This company has found a ready sale for its product, although its prices have suffered as a result of heavy competition. No new developments have been reported from Spain, but the reserved sales of Spanish producers indicate that the understanding between them and the Cartel has already become effective.

UNITED KINGDOM

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

[illegible]

(New York quotations, unless otherwise stated.)

	July 18, 1934	June 19, 1935	July 10, 1935	July 17, 1935		July 18, 1934	June 19, 1935	July 10, 1935	July 17, 1935
	Cents	Cents	Cents	Cents		Cents	Cents	Cents	Cents
Wheat, No. 2, Winter, nearest future, Chicago, per bushel...	98½	80	84½	85½	Sugar, Cuban Centrifugals, 96 deg., spot, per lb.....	3-17	3-28	3-28	3-28
Maize, nearest future, Chicago, per bushel	61½	81½	82	84½	Cotton, middling, spot, per lb....	13-35	11-85	12-45	12-35
Oats, nearest future, Chicago, per bushel	44½	34½	33½	34½	Rubber, smoked sheet, spot, per lb.....	14½	12½	12½	12½
Rye, nearest future, Chicago, per bushel	71½	45½	44½	46½	Petroleum, Pennsylvania crude standard grades, per barrel...207-222	177-192	162-177	152-167	
Barley, nearest future, Chicago, per bushel	56½	45	(a)	(a)	Copper, "Electrolytic," Domestic, spot, per lb.....	7-20	7-22½	7-30	7-62½
Coffee, Rio No. 7, cash, per lb. 9	9	6½	6½	6½	Copper, "Electrolytic," Export, prompt, per lb.....	7-40½	7-45	7-52½	7-90
" Santos No. 4, cash, per lb.	10½	8½	8½	8½	Spelter, East St. Louis, spot, per lb.....	4-30	4-30	4-30	4-30
Cocoa, Accra, nearest future, per lb.....	4-96	4-30	4-61	4-84	Lead, spot, per lb.	3-75	4-00	4-15	4-15
					Tin, " Straits," spot, per lb. ...	51-90	51-10	52-20	52-50

be available. The balance of the Egyptian old crop of cottonseed is held for £6 10s., but there is little response. New crop, Oct.-Nov., is offered at £5 17s. 6d.

Vegetable oils lack adequate support and in certain cases are inclined easier. Raw linseed oil ex Hull, July-August delivery is quoted at £20 15s., and September-December at £20 10s. per ton, naked. Demand for cotton oil is negligible, but quotations are maintained at £23 10s. per ton for Egyptian crude and £26 10s. for common edible, ex Hull. Oilcakes are in fair request for the time of year and steady.

RUBBER.—The market in rubber has been quiet, and prices tended to sag. Among the factors which have had a depressing influence are disappointing returns of consumption in the United States, and excess shipments of native rubber from the Dutch East Indies. In New York the spot price on Wednesday was 12½ cents per lb., compared with 12½ cents per lb. a week ago. Wednesday's official closing price for standard ribbed smoked sheet in London was 5½ d. per lb., as against 5½ d. on the corresponding day last week. In forward positions, business has been done at 6d. for October, December, 1935, as against 6½ d. to 6¾ d. a week ago. Stocks in London and Liverpool at the end of last week totalled 173,311 tons, against 172,513 tons a week earlier. A year ago stocks amounted to 104,049 tons.

POTASH.—The world price of potash has not yet shown signs of any improvement, but continues to fluctuate around the lowest level ever touched. Nevertheless, in various centres, certain favourable omens have recently made their appearance. In the

VEGETABLE OILS AND OILSEEDS.—Markets generally are quiet, and little trade is passing. A rather firmer tone has developed in linseed on reports of continued drought in Argentina, but demand is still very poor, and confined to near delivery. Plate is about 5s. per ton dearer. Business in Indian linseed is very small, as shippers' quotations are considered too high. The quantity afloat for Europe is 111,200 tons (including 9,600 tons from India), 500 tons less than last week; and for the United States and Canada 35,300 tons, against 25,500 tons a year ago. Shipments from the Plate are at a fair level, and to date total 1,132,000 tons, leaving 763,000 tons (estimated) available for export, as against 575,000 tons actually shipped in the remainder of 1934. Shipment of the new seed from India is proceeding slowly but about 225,000 tons are expected to

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THE FINANCIAL NEWS

Special articles due to appear next week on the Leader
Page of THE FINANCIAL NEWS are as follows:

MONDAY, JULY 22—PAPER AND PULP COMPANIES. The price of paper and pulp, unlike that of many staple manufactures in the British market, went on declining until the beginning of this year. Now, however, there is a better tone and, it is thought, a better outlook. The position of the industry and the investment opportunities to be found in it are surveyed in this article.

TUESDAY, JULY 23—MINING FINANCE SHARES by "Minotaur." Following his article on Rand Mining share prices and yields last Tuesday, our Special Mining Correspondent "Minotaur" now turns to the "Shop" shares and deals with the leading South African Mining Finance Houses from the same point of view.

WEDNESDAY, JULY 24—THE COFFEE POSITION. In view of the current uneasiness regarding the position of Brazilian Bonds and Brazil's undoubted difficulties over her foreign exchange situation, particular interest attaches to the market outlook in this, Brazil's principal export product.

THURSDAY, JULY 25—TEA PLANTATION COMPANIES. In this article, a market expert, recently returned from the East, discusses the position on the Indian and Ceylon Estates, and the factors on the production side which merit the attention of the Tea Share Investor.

FRIDAY, JULY 26. Continuing our series of articles on Industry in the Provinces, this week's choice falls on NEWCASTLE and TYNESIDE.

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SATURDAY, JULY 27, 1935

No. 4796

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(With this issue appears our Monthly Trade Supplement)

THE GOVERNMENT'S REJOINDER

THE country is now in possession of the Government's reply to Mr Lloyd George's proposals. That reply, as had been freely predicted, amounts to a rejection—not only so, it is an emphatic and uncompromising rejection. Item after item of the proposals is discussed and flatly turned down, on one ground or another; and the statement concludes with the assertion, breath-taking in its confident comprehensiveness, that "in every field which he [Mr Lloyd George] explores the Government have already taken action which has produced results wider, more comprehensive, and more beneficial than any that his programme can effect." If this is true, it is a fact which has not hitherto been apparent even to many of the Government's supporters. It is not the habit of this, or indeed of any, Cabinet to do good by stealth, and the public can be pardoned for its surprise at learning the full tally of the benefits which have been thrust upon it.

There can be little doubt that the Government's memorandum has been received with a feeling of disappointment, not least among the more sensitive and perceptive of their supporters. But in an extremely negative document there are nevertheless several crumbs of comfort for those who will take the trouble to pick them out. There is, for example, the unequivocal statement that "finance need be no obstacle to any sound and solid scheme—there is an ample supply [of money] to be borrowed." To most people this has been obvious for a long time. Nevertheless, until the issue of the present memorandum, the Treasury have allowed the public to believe that in their view money could not be found for any expenditure upon public works. Indeed, the actions of the Treasury, their rigid control over the capital market, their marshalling of applicants for loans in a slow-moving queue, have appeared to be the actions of those who fear a shortage of capital rather than a shortage of borrowers. But we now learn that we have been mistaken, that the Treasury sees no financial obstacle to a policy of public works—just as Mr Chamberlain told the House of Commons somewhat plaintively the other week that he

has always been an advocate of public works. One could have wished for enlightenment at an earlier stage of the depression; but better, a little better, late than never.

There are some other most encouraging statements in the memorandum which it is not altogether easy to reconcile with the Government's past actions. For example, there is a surprisingly emphatic denunciation of the policy of restricting food imports, on the grounds that it would involve "severe dislocation" for the food-exporting countries, that it would "fatally impair the ability and willingness" of these countries "to take our exports of manufactured goods, and might increase, instead of decreasing, unemployment in this country." Admirable sentiments indeed! It seems ungrateful, and a little cruel, to point out that they are uttered by the Government which has reduced imports of food by £70 millions a year since 1931—a Government of which Mr Walter Elliot is not the least vocal, least active or least influential member. But once more we may welcome the tardy conversion, and hope that the Government intends to prove its new-found faith by contrition for the past and good works for the future.

Such good works as may be in contemplation, however, apparently do not include public works on the scale urged by Mr Lloyd George. The memorandum is quite definite about that; and this impression was confirmed by the speech made by the new Minister of Labour in the debate on Tuesday on the Report of the Commissioner for Special Areas. Mr Ernest Brown had plenty of defences for the past, but, as Mr Harcourt Johnstone remarked, it was impossible to glean from his speech "even that he proposes to continue the financial aid which has been given to the Commissioner by Parliament up to the present time." In truth, the Government has no plans. In Mr Baldwin's speech at Himley Hall last month there was a vague mention of other schemes similar to the London Suburban transport project. But this week's memorandum has a different tone. "There may be," it says, "other plans of like character in the provinces justifying similar facilities. They have not as yet, however, been laid before the Government."

In these circumstances it is more than ever necessary for those who believe in a policy of expansion stimulated by the Government to restate their case. It is easy, of course, to ridicule the advocacy of action for action's sake, and the Government's statement makes effective play with the argument that to announce a large plan of development and then do nothing would have a very harmful effect upon industry. Of course it would; but it is not proposed that the policy of expansion should stop short at announcement. There are definite plans of action, which have been pointed out again and again and which the Government could initiate, with or without the blare of trumpets, if it chose to do so.

The report of the Commissioner for Special Areas has served to consolidate public opinion behind the belief that it is a localised problem which we have to solve. Southern England is not unprosperous. The four territorial divisions of London, the South-East, the South-West and the Midlands, which comprise half the population, have an average unemployment percentage of less than 10 per cent. What, then, are the lines of action which would grapple with the problem of the Special Areas? First and foremost comes the revival of foreign trade. Revival of the coal trade alone, to a level no higher than that of 1929, would provide work for nearly 20 million manshifts of labour a year. Moreover, the revival of foreign trade is not a mere pious aspiration; the means of securing it have frequently been canvassed in the *Economist*. The Government's statement itself is pessimistic about the future benefits to be derived from purely bilateral negotiations; the case for a radical change of policy is therefore all the stronger.

Even the most optimistic forecasts of the probable results of a vigorous new initiative in commercial policy would not, however, provide for the reabsorption into employment of more than a portion of the unemployed in the Special Areas. For many of these people the conclusion must be reluctantly reached that they will never work again, either in the Special Areas or elsewhere. The second line of action, accordingly, is to treat these people as a special case, outside the main corpus of cyclical unemployment and to formulate special measures of relief for them. This is the sphere in which the Commissioner might have done very valuable work if he had not been restricted by the unduly narrow terms of the Act under which he was appointed.

The third line of action is that of Transfer. Even with a revival of exports and a segregation of those who, either from age or for any other reason, must be regarded as permanently unemployable, there will remain many thousands of eager and competent workers. Either they must have industry fetched to them or else they must be taken to industry; in both cases there is a problem of transfer. Encouragements to industries to settle in the depressed areas have hitherto been unavailing. Indeed, the problem is more one of an exodus of industries from these areas than a migration to them, as is shown by the recently-announced decision of Messrs Richard Thomas and Company to move part of their tinplate business from Glamorganshire to Lincolnshire. Transfer is likely to be more the transfer of men out of the Areas than the transfer of industries into the Areas. But it is no good transferring men unless there is work for them to go to. This is the final justification for a forward policy of capital development throughout the country. It is no answer to this policy to say that the works of development would not be in the Special Areas. Their economic justification is, at least in part, to provide a means of getting men, especially young men, out of the Special Areas.

The Government's answer is thus not conclusive. Since finance is no longer an obstacle, they are forced to argue that Mr Lloyd George's schemes are impracticable. But since the Government have no schemes of their own, they have to maintain that there are no worthwhile projects. But this is patently untrue and carries no conviction. As *The Times* so truly remarked last week, "when a Government wants activity there is activity; when it does not want activity, there is none." The Government agrees with Mr Lloyd George's objectives, but the electorate is likely to judge it by its refusal to will the means rather than by its agreement to wish the end.

AUSTRIA PAST AND FUTURE

TWELVE months have now elapsed since the murder of the Austrian Chancellor, Dr. Dollfuss, by Nazi gangsters on July 25, 1934. The first anniversary of this political martyrdom reminds us to look before and after and to take stock of the position of a country whose destinies are as closely interwoven with the general fate of Europe in 1935 as they were in 1914.

On the eve of the crime in which Dr. Dollfuss lost his life only the very boldest of men would have ventured to wager that, in July, 1935, there would still be a sovereign independent Austrian State on the political map of Europe. This mutilated remnant of the former Habsburg Monarchy had seemed doomed to perish from the moment when it issued from the uncreative hands of the Peace Conference. Was not this independent German-Austrian republic simply a by-product of the victorious Powers' determination to keep the European balance tilted in their own favour? What was the meaning of an independent Austria that had ceased to be the centre of an empire? And how could this mountainous, agrarian, poverty-stricken caricature of an Austrian State ever hope to support the former Imperial capital of Vienna, which now hung like a great millstone round its emaciated neck?

At the very outset, this post-war Austria had to be kept alive by artificial respiration. The Reparations Commission, which had been appointed to suck her blood, was constrained to administer relief instead. The League of Nations had to step in to help her put her finances in order with the backing of the victors and the neutrals. And so she had painfully lingered on—seeing no ray of hope except in an *Anschluss* with Germany that was perpetually vetoed by Powers whose *fiat* she could not resist. Then, in January, 1933, the National-Socialist revolution in Germany exposed her to a "raging tearing" campaign of propaganda-cum-terror which was intended to sweep her into "co-ordination" with the Third Reich through a forcible process of Nazification.

To the world's surprise, this Nazi campaign was boldly resisted by the regime which had then recently come into power in Austria under Dr. Dollfuss's leadership. It was a regime which, to begin with, had not attracted much notice and had been written off by those foreign observers who did glance at it as a typically Austrian milk-and-water brand of Fascism, calculated no doubt to prepare the way for the genuine article which was now being imported from a Hitlerised Germany. The growing astonishment with which the world watched Dr. Dollfuss's successful defiance of the Nazi offensive was followed by something like consternation when, in February, 1934, the Heimwehr right wing of Dr. Dollfuss's coalition suddenly fell upon and crushed the Social-Democratic Party in Austria by military force—and this with Dr. Dollfuss's retrospective acquiescence. How could a Government which had thus wantonly and violently destroyed the principal anti-Nazi organisation in the country hope to hold its own against the Nazi offensive any longer? How many people were there in Austria who were neither Nazis nor Social-Democrats? Had the Dollfuss regime any real backing at all? Was it anything more than a political façade, built with Italian money, buttressed by Italian military force, and compelled to lean upon the foreign Power that was maintaining it? By July, 1934, the Nazis—both in Austria and in the Reich—had evidently come to the conclusion that this Austrian game of defiance was quite played out. The *Putsch* at Vienna, which miscarried after costing the Chancellor his life, was to have given this impossible regime its *coup de grâce*.

But the event has turned out exactly contrary to expectation—and contrary, too, to the sequel to the assassination of the Archduke Francis Ferdinand just twenty years before. The assassination of the Archduke had been duly followed by the break-up of the old Austrian Empire, whereas the murder of Dollfuss seems to have set the seal upon Dollfuss's work. What Dollfuss died for was an *Austria Rediviva*, and we have indeed been witnessing the spectacle—at once tragic and exhilarating—of an Austria being reborn through ruin and bloodshed. Austria, indeed, has largely found the forces of her regeneration within herself. The sound improvement in her national finances; a recovery of her trade which brought her international balance

into equilibrium; the Schuschnigg Government's gestures of appeasement to the Social-Democrat workers; and the acute social and economic tension inside Nazi Germany—these are the influences which have rallied the majority of the Austrian people on behalf of Austrian integrity. The German Nazi regime in the last year has hardly been an attraction to Austrian Catholics, industrialists, workers and peasants; and, as will be seen in a Note on page 172 this week, the Nazi screw in Germany is now being given another violent twist towards extremism, which can only render Nazidom more obnoxious in Austria. Moreover, the Franco-Italian agreement of last January, coupled with the new British Foreign Secretary's reiteration of Britain's concern to maintain Austrian integrity, mean an acquisition of morale for Dr. Schuschnigg's Government—and perhaps much more than morale.

But only "perhaps." Austria's place in Central Europe cannot be maintained, save within the setting of a regional Danubian agreement which provides for the relaxation of both economic and political tension in that vexed arena. Only so can that great capital, Vienna, support its industries and workers; and only so can Austria maintain her independence. But here the internal and external problems facing Dr. Schuschnigg's Government merge into one. For the internal solidarity of the Austrian population—the Chancellor's Catholic supporters, the none-too-amenable Heimwehr under the young Prince Starhemberg, and the groups of Socialists, Monarchists and Nazis—is as yet far from being established. There is little doubt that an independent Austria could most easily find the link it needs in a restoration of the monarchy. Unfortunately, the Little Entente, under the unyielding leadership of Dr. Benesh and M. Titulescu, are bitterly opposed to this—even to the extent of regarding a Habsburg restoration in Austria as a *casus belli*. They cannot view it otherwise than as a threat to recreate the whole Austro-Hungarian Empire at their expense. In their eyes, apparently, the return of Otto of Habsburg to the throne of his ancestors would be as grave a danger as a Nazi irruption into Central Europe.

And yet it seems to us that the Little Entente statesmen protest too much. Is it so inconceivable that a united, independent Austria with a Habsburg monarch should confine itself to the fulfilment of a very high vocation—the fashioning of a State which, as Dr. Seipel hoped, should embody all that is highest in the German culture in Central Europe; of a State which could forswear territorial aggrandisement because, as a centre of toleration, it enjoyed unimpeachable relations with its neighbours? Is it so sure that Hungary would join again with Austria in an imperialist forward policy at the expense of the newly-won sovereignties of the Little Entente? After all, European monarchs have in these latter days had good reason to curb their ambitions. But even if the Little Entente are right, their rejection of the monarchist solution means that they must help Austria to find some other way out. Clearly, for them Austria's independence is of paramount importance, and they must take some risks to secure her political and economic appeasement. If they were prepared to do so, they could count on French, Italian and British support, both on the political and the economic plane. And they would ensure the security of Central Europe.

For these cogent reasons we echo the hope, expressed by Sir Samuel Hoare a fortnight ago, that negotiations for the long-delayed Danubian Pact may speedily begin. Few would dispute that the future of Austria will form the focus of these negotiations. And as the auspices in Austria herself are now more favourable than at any time in the last two unhappy years, the opportunity should not be allowed to slip.

MERCHANT FLEETS OF THE WORLD

In shipping, as in foreign trade, national pride and prestige seem now more important than national incomes. When a member of the French Chamber of Deputies dared to draw attention to the heavy burden on the State of running the "Normandie" he was promptly silenced with the reply that the indirect gain from enhanced national prestige far outweighed the charge on the taxpayer's purse. As a result of such tendencies, a large por-

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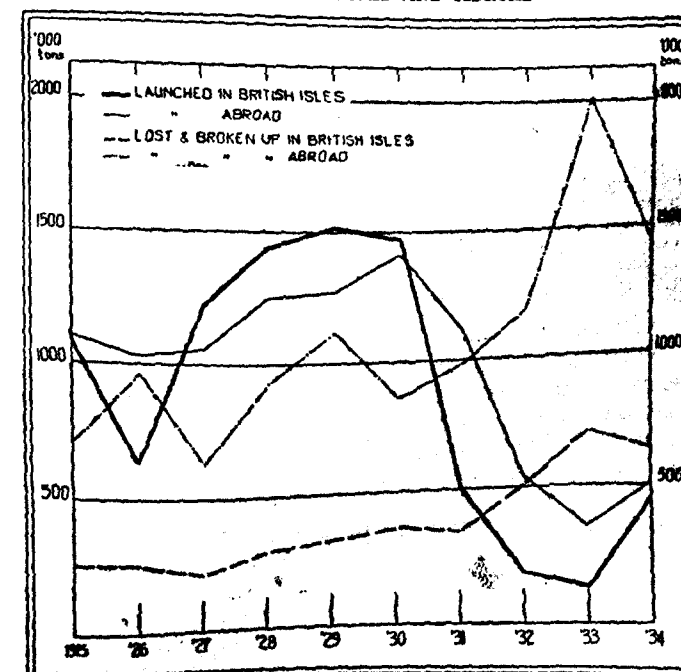
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portion of the shipping capacity in countries which have hitherto acted as carriers for other nations has been rendered redundant.

Sustained recovery of the profitability of the shipping industry can only take place through an adjustment of the world's carrying capacity to the volume of international trade. Such an adjustment can be brought about by a reduction in shipping tonnage and/or by an expansion of international trade. So far the policy of national self-sufficiency, reflected in trade restrictions and unstable currencies, has prevented anything but a slight expansion in the volume of world trade. The index of the volume of international trade, calculated by the Economic Intelligence Service of the League of Nations, rose from 73.9 (1929 = 100) in 1932 to 74.9 in 1933 and 77.2 in 1934. Yet there has so far been little reduction in the world's shipping tonnage. As a consequence, freight rates have remained low and the profits of British shipping concerns, though slightly higher than a year ago, remain at a low level. Meanwhile, the international scheme to raise freight rates by the withdrawal from the market of a proportion of the world's shipping tonnage remains in the draft stage. And, in any case, the scheme, which is meeting with considerable opposition, could at best be only a palliative.

With these unpromising facts in mind, it is of interest to examine the changes that have taken place in the size and composition of the world's merchant fleet, as recorded in the 1935 edition of *Lloyd's Register Book*, published this week. As the following chart shows, the tonnage lost and broken up in 1934 was again slightly in excess of new launchings in this country and abroad:—

GROSS TONNAGE LAUNCHED AND LOST AND BROKEN UP IN THE BRITISH ISLES AND ABROAD



The gross tonnage launched in the world, exclusive of vessels of less than 100 tons and of barges and sailing ships, rose from 479,559 in 1933 to 954,777 in 1934, as compared with 2,774,191 in 1929. On the other hand, the gross tonnage lost and broken up declined from 2,733,458 in 1933 to 2,071,662 in 1934, as compared with 1,458,665 gross tons in 1929. As a result, the gross tonnage of steamers and motorships declined from 64,357,792 in June, 1934, to 63,727,317 in June, 1935.

Changes in the ownership of the world's steam and motor tonnage since 1929 are shown below:—

Country	June, 1929	June, 1933	June, 1934	June, 1935
Great Britain and Ireland	20,046	18,592	17,630	17,298
United States (Sea)	11,036	10,088	9,795	9,665
Japan	4,187	4,258	4,073	4,086
Norway	3,218	4,078	3,980	3,967
Germany	4,058	3,888	3,680	3,693
France	3,303	3,470	3,260	2,989
Italy	3,215	3,093	2,875	2,838
Holland	2,932	2,759	2,612	2,554
Sweden	1,480	1,658	1,597	1,541
Greece	1,267	1,417	1,507	1,711
World	66,407	66,628	64,358	63,727

It will be seen that, with the exception of Germany, Greece and Japan, the carrying capacity of the principal countries declined between 1934 and 1935. Only Greece, Norway and Sweden increased their shipping tonnage between 1929 and 1935. The decline was again most marked in the British Isles, whose proportion of the world's total capacity fell from 30.2 per cent. in 1929 to 27.4 per cent. in 1934 and 27.1 per cent. in 1935.

The total figures include certain specialised classes of vessels. Thus in 1935 there were 1,104,960 gross tons of steam and motor trawlers, whalers and other fishing vessels, as compared with 1,053,089 gross tons in 1934. A still larger proportion of the world's tonnage consists of vessels specially fitted for the purpose of carrying bulk oil. World tanker tonnage, excluding vessels of under 1,000 gross tons, showed a slight increase during the past twelve months:—

	1929	1933	1934	1935
British Isles	2,350	2,269	2,212	2,313
United States	2,510	2,502	2,480	2,491
Norway	1,450	1,508	1,507	1,565
World	8,550	8,757	8,668	8,896

Eliminating tankers, lake vessels, ships of less than 4,000 tons gross and tonnage over 25 years, there remains in 1935 a world tonnage of 30,174,691 gross (against 30,653,015 in 1934) of large, efficient ocean-going vessels, available for general cargo and passenger purposes. An analysis of this figure by nationalities is given below:—

Country	June, 1934 Tonnage	Percentage of World %	June, 1935 Tonnage	Percentage of World %
Great Britain and Ireland	11,256	36.7	10,899	36.1
United States	5,421	17.7	5,339	17.7
Germany	2,215	7.2	2,259	7.5
Japan	2,094	6.8	2,133	7.1
France	1,850	6.0	1,710	5.7
Italy	1,712	5.6	1,682	5.6
Holland	1,551	5.1	1,479	4.9
Norway	1,005	3.3	1,005	3.3
World	30,653	100	30,175	100

This analysis shows that the efficiency of the British merchant marine still compares favourably with that of the rest of the world. Although the British proportion of world tonnage declined from 30.2 per cent. in 1929 to 27.1 per cent. in 1935, the British fleet still includes 36.1 per cent. of the more efficient ocean-going tonnage available for general cargo and passenger purposes. Of the total tonnage owned in this country, only 8.5 per cent. is less than five years old. The countries possessing the largest proportion of new tonnage are Norway (16.6 per cent.), France (12.4 per cent.), Japan (11.4 per cent.), Spain (11.1 per cent.), Holland (10.4 per cent.), Denmark (10.3 per cent.), and

Australia and New Zealand (10.3 per cent.). The United States sea-going tonnage includes only 4.2 per cent. of vessels less than five years old. On the other hand, of the tonnage registered in Great Britain and Ireland 80.5 per cent. is under 20 years old and 60.9 per cent. is under 15 years old, as compared with 68.8 per cent. and 41.8 per cent., respectively, in overseas countries. Big liners of 15,000 tons and upwards represent only 5.6 per cent. of the total tonnage. Although the proportion of these owned in this country has declined, it is still about 45 per cent. There are now 1,522 steamers of 10,928,473 tons fitted with turbine engines or a combination of steam turbines and reciprocating engines, and 5,511 vessels (including auxiliary vessels) of 11,304,691 tons, fitted with internal-combustion engines, as compared with 730,000 tons and 220,000 tons respectively, in 1914. During the past twelve months the world's tonnage of motorships increased by 700,000 and that of vessels fitted with steam turbines by 36,000 tons. The tonnage of steamers fitted solely with reciprocating steam engines has declined by 1,366,000 since June, 1934. The total motor tonnage now accounts for 17.4 per cent. of the aggregate tonnage of the world. In this country motor tonnage represents only 16.6 per cent. of the total merchant fleet, as compared with 48.6 per cent. in Norway, 41.8 per cent. in Denmark, 36.5 per cent. in Sweden and 33.0 per cent. in Holland.

In general, the past year has shown little change in the world's merchant marine, and the problem of surplus capacity is still far from solution. In a draft resolution, formulated at a recent congress in Paris, it is stated that

The International Chamber of Commerce, while supporting the attempt by shipowners to meet their immediate problems, is convinced that the return of the industry to stable prosperity depends upon the revival of international trade which alone can employ the ships.

Thus, the Chamber rightly regards the distress of the shipping industry as one more indication of the imperative need to remove existing obstacles in the way of international trade.

DANZIG'S DIFFICULTIES

(BY A CORRESPONDENT)

THIS year the Free City of Danzig has been a centre of kaleidoscopic changes, both in the political and the economic fields. The Nazi Government of the City, which was elected in May, 1933, shortly after the assumption of power by its German prototype, installed the Nazi Dr. Rauschning as President of the Senate. He became suspect because he withstood extreme Nazi demands; resigned last November; and escaped to Poland a few months ago. The Nazi Government then went to the people last April, demanding a two-thirds majority in order to alter the City Constitution. They obtained just under 60 per cent. of the poll, the Social-Democrats and Centre holding their ground. Then in May the gulden was devalued overnight, and rumours of a further devaluation have crowded thick relations between Germany and Poland, a serious tariff and currency war has broken out between the Free City and Poland; so that Nazidom in Germany and Nazidom in Danzig, though only different sides of the same medal, appear radically different to the Poles, who treat them differently. What factors have been at work behind all these strange variations in the Free City?

Four days before he resigned last year Dr. Rauschning made an apology for his attitude, in which he warned his fellow-Nazis that reckless extravagance with the City's funds would hasten a collapse of the external value of the gulden, and exclude all possibility of foreign borrowing; for it was clear that Germany could not stand in the gap. Five months, said Dr. Rauschning, would suffice to exhaust Danzig's gold cover, after which "this bankruptcy would deliver Danzig up to the clemency or inclemency of the foreigner."

Danzig is a small and not highly industrialised economic unit. But it is reported that close on a million pounds had been spent on public works alone since the Nazi Government came into office. Since the Bank of Danzig was forbidden by its statute to lend money to the Government, a Stadtbank was started, and under the cover of the Stadt-

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bank money was in effect extracted from the Bank of Danzig. Meanwhile no complete Budget statement has been issued for two years; it was pleasanter not to confess that subsidies were coming in all the time from Germany to the tune of 3 million gulden a month. From the beginning of 1935, confidence dwindled; people drew out their savings and hoarded foreign currencies; and there followed in quick succession the shock of the election failure (upon which, by the way, the Nazis spent about 1,500,000 gulden, largely contributed by Germany), the end of German subsidies, and finally a German default on debts for Danzig agricultural produce, which left at least 15 million gulden frozen in Germany. The statutory minimum gold cover for the currency was 40 per cent.; but gold fell to 35 per cent., and at last on May 2nd the Nazi regime was compelled to announce the devaluation which they had always proclaimed unthinkable (173 new gulden equivalent to 100 old gulden). Though the Nazi propagandists naturally declared it was all the fault of the Jews, the collapse was inevitable.

During the first half of June the flight from the currency revived in a growing stream, and by the middle of the month the Bank of Danzig found itself forced to introduce a Draconic ban upon this flight into foreign currencies, all possibility of which it had previously denied. The June foreign exchange decrees were so sweeping as to be quite unworkable in practice; they were therefore modified and relaxed by a new decree on July 17th, which satisfied the most urgent demands of foreign traders. (Incidentally, the British and Polish Trade Bank has been flourishing in the Danzig crisis, and it has become clear that the capital for the transit trade of Danzig will be almost entirely Polish and British in future.) This control of the exchange was bound to have disastrous consequences for a small State largely dependent upon international trade, and already threatened by the competition of the new Polish port, Gdynia. The Poles, moreover, condemned the measure as an infringement of the Treaty of Warsaw of 1921, and protested against the freezing of a sum of Polish zloty. This is estimated to lie between 8 and 70 million zloty, and probably very much nearer to the second figure, since the Lodz textile industry alone could account for very nearly 8 millions. The Polish Minister in Stockholm, M. Roman, came to Danzig to negotiate. But the Danzigers refused to introduce the currency of Poland which was indirectly, if not directly, proposed; and on June 22nd negotiations were broken off. The Poles then started reprisals; they insisted on prepayment of freights on Danzig transit traffic; but they allowed goods to lie in Gdynia for three weeks without payment.

The outlook for Danzig was already gloomy when Dr. Schacht visited the Free City in the middle of June. He could offer little but moral support; for it seems that the policy of Berlin is to try to maintain the Nazi regime in Danzig at a minimum cost to Germany. On October 1st, however, the interest on foreign loans falls due; and the necessary funds must be raised, if Danzig is not to go bankrupt. The Government will try to pay at a lower rate, but it will probably make efforts to pay something. Com-

mercial relations with Poland are therefore crucial; but they will not now improve, for Danzig's benefit, until Danzig accepts the introduction of the currency of Poland. Although this would hit at the vested interests of the Bank of Danzig, it is generally felt that Danzig will be compelled to accept the zloty; even in June the Danzigers were perhaps nearer to doing so than is generally supposed. There is naturally a great deal of apprehension about such a surrender to the "clemency or inclemency of the foreigner." But this very week the Poles have issued an order prohibiting all imports into Poland via Danzig as from July 21st; and it looks as if Gdynia's existence will be the means of forcing the zloty on Danzig.

In spite of their chauvinistic declarations, the Nazis may surrender. For after all their inflationary excesses, they are now embarking upon a policy of most drastic deflation which seems, in the peculiar circumstances, likely only to cause terrible hardship and the further impoverishment of Danzig. The effects of the new policy are not really visible, for they can only gradually make themselves felt. While wages and unemployment pay have nominally remained at the pre-devaluation level, many retail prices are already up by about 50 per cent., and are bound to rise further. People who have been receiving pensions from Germany are to be sent into Germany, while numbers of workmen and officials are being told they must accept work in Germany or starve in Danzig. As the offer is chiefly made to enemies of National Socialism, it is mostly refused; in either case purchasing power in Danzig is reduced. No one can feel surprise at the rising tide of opposition feeling.

It is clear that the historic riches of Danzig will never return to her, but Danzig's prospects need not therefore be regarded as desperate. The Danzigers have dreaded the zloty, partly because they feared that to share Poland's currency would drag down their standard of life to the Polish level. But the standard of life must in any case fall. If they come to terms with Poland while they still have something to bargain with, trade with Poland will obviously be facilitated. There seems no good reason to doubt the Polish contention that Poland can very well feed two big ports. The Danzigers have naturally been embittered by the favours officially showered on Gdynia by Poland, but it should be possible to make a reasonable plan for co-operation. Though the herring trade is showing signs of moving to Gdynia, Danzig is still better equipped for the wheat trade, and more conveniently placed for timber coming from East Poland. It should also be remembered that industry (e.g. machine-making and the refinement of oils and fats) plays about twice as large a part in the economic life of Danzig as the traffic of the harbour. Danzig's immediate future seems to depend on the abnegation of extreme Nazidom, and closer co-operation with Poland. This means a diminution of her dependence on Germany and a renunciation of anti-Semitism. It would also necessitate a working agreement with Poland, within whose economic area the Danzigers should strive to provide the skilled labour. Finally, Danzig could with advantage cease to squabble with Geneva, and by dropping a "Nazi tone" towards Russia, more fully develop her commercial relations with the U.S.S.R.

BULL'S-EYES

INCIDENTS sometimes come to light which illustrate in a vivid and disconcerting manner the lack of imagination and elasticity of the "expert" when faced with a new and unexpected situation; and Mr Lloyd George's memoirs showed that these defects are particularly in evidence in time of war. One of the most striking examples of this woodenness of the official mind was the notorious episode of the British rifle orders placed in the United States. In the winter of 1914-15 the British War Office was hard put to it to find rifles for the newly recruited armies, and under pressure from certain members of the Cabinet orders for British calibre rifles were placed with the Winchester and Remington firms of America, which were ultimately increased to no less than 3½ million rifles. In their enthusiasm, the contractors promised that deliveries would commence in the autumn of 1915, and set to work to build factories and housing accommodation for the large staff needed to cope with these colossal orders. But, alas, like so many other contractors, they failed in their promises, and deliveries in bulk did not start until the winter of 1916. Fortunately for the British troops, the wastage of rifles in trench warfare proved negligible, and the Kitchener armies were finally equipped, after some delay, from the output of two British factories. By Christmas, 1916, however, the American rifles were arriving in large numbers, and in February, 1917, the American factories were probably producing more rifles per week than any factories had ever turned out in the world's history. As, however, the rifles were slightly different in type, though of the same bore as the British Service rifle, they were not sent to France, but were issued by our War Office to home defence troops, stations overseas, etc.

At about that moment America abandoned her neutrality and entered the war. And with the object of co-ordinating American and European war activities, the Balfour Mission landed in the United States in mid-April, 1917, almost on the very day when a law was rushed through Congress conscripting the young manhood of America. One of the many important suggestions that the Mission brought to Washington was that the American Government should take over the colossal new factories, continue production, and equip the new recruits with rifles without keeping them waiting for weeks or months as had been necessary in Great Britain. America bought the factories; but the head of the Ordnance Department was unfortunately a technician keenly interested in a new American rifle, which he claimed to be the best in the world. This Springfield rifle had a calibre of .300 inches

against the British .303. The Mission urged that the British rifle had, in fact, fulfilled all practical requirements in the field; that it would carry a bayonet and that it would shoot straight and effectively enough at the ranges and in the conditions for which it was in practice used. It was, in fact, an excellent campaigner, whatever its merits at the shooting butts might be. Clearly, moreover, it would be a great advantage for the American troops in the field to be able to draw small arms ammunition from British ammunition dumps, instead of introducing the complication of yet another type. Surely the Americans must appreciate the advantages of standardisation! But, as so often happens, expert prejudice prevailed. Production was stopped while the machinery, jigs and gauges were changed over in the factories and adapted to the new rifle. Nothing was produced until the winter of 1917, and in the meantime millions of America's recruits were drilled with broom-sticks. Meanwhile, those American troops which in fact fought in Europe were, of course, re-equipped, when they landed, with British or French rifles, according to their position in the line.

And now for the sequel. For a long time past the experts who shoot at Bisley have been dissatisfied with the British Service rifle. The War Office is soon to produce a new rifle; but as it has not yet been put into service it cannot yet be used for the national competitions. The National Rifle Association, however, knew that the War Office had in stock a certain number of what was known as the 1914 pattern rifle, most of which were abroad, but a few thousands of which were in this country. To meet the growing criticism of the Service rifle, which is no longer being manufactured, the Association obtained the consent of the War Office to use these 1914 type rifles in this year's competition which ended last week. The result was a fantastic number of full scores at medium ranges. Over 100 out of 1,000 competitors scored the maximum number of bull's-eyes in one competition, and in one case thirty additional shots had to be fired before a decision could be reached. In view of the phenomenal success of this 1914 rifle, the Association intends to make the targets smaller for next year's competition. And these 1914 type rifles, which have been lying in grease for nearly twenty years, are the despised and rejected weapons from Winchester and Remington whose supposed defects delayed for so long the training of America's armies!

NOTES OF THE WEEK

The League takes a Hand.—The British and French Governments agreed on Tuesday that the League Council should be called together next week to examine the Italo-Ethiopian dispute. The President of the Council, M. Litvinov, has now to fix the date of the meeting; and, if report speaks true, the French and British Governments are agreed that the Council's examination of the dispute should not be confined to the responsibility for the Walwal disturbances, but should cover the entire range of the two disputants' claims. Hitherto, Signor Mussolini has never stated his precise grievances and claims against Abyssinia. The Council, acting under Article XI of the Covenant (a dispute constituting a threat to peace) and Article XV (a dispute not settled by arbitration and referred to the League) can now proceed to examine the dispute; call for the disputants' statements of their cases; decide on an inquiry, if necessary by a majority vote; and issue a report. This, in fact, seems the most probable line of action. For Italy has made it plain that she will not extend the interpretation of the Conciliation Commission's terms of reference, so as to cover the boundary dispute and to admit of a settlement, with or without the fifth arbitrator. She has notified Ethiopia of her preparedness to re-convoke the Conciliation Commission; but the Abyssinian attitude is

understandable. What is the use of the Commission, or of the fifth arbitrator, if Italy restricts the terms of reference? Far better leave the dispute to the League. And this sentiment is finding an echo in the world at large. Opinion is evidently crystallising, in France, America and this country on the necessity for a firm attitude on the part of the Council next week. Italy's warlike preparations are going ahead as fast as ever; but Abyssinia is having difficulties in securing the means of legitimate self-defence. France and Belgium have prohibited exports of war material both to Italy and to Abyssinia; and on Thursday our own Foreign Minister announced that for the present we should grant no further export permits. Though, on and abetting Italy; for Signor Mussolini has the resources for going forward with his preparations while Ras Tafari has not. Such *de facto* discrimination is only justified if an act of aggression. Meanwhile, Japan's comment on her interests in Abyssinia, which we discuss below, may serve to remind Italy, and indeed all denigrators of the League, that solidarity between aggressors cannot, after all, be

The Storm Breaks in Holland.—The gold *bloc* thunderstorm rumbles first on one side and then on another, and strikes each country in turn. This week, only ten days after France's latest deflationary bout, the storm has broken again in Holland; and it almost seems as if the final crisis may have come. In the spring, when the falling pound intensified the pressure on the gold *bloc*, it seemed as though Holland might easily be the first to devalue. The Government had long been engaged in restricting imports, cutting wages and reducing Budget expenditure in order to maintain the gold parity of the guilder. At the beginning of April the Bank rate was raised to 4½ per cent. to stop the gold losses caused by the repercussion on Holland of Belgium's devaluation. This temporarily relieved the strain and the immediate danger to the Central Bank was averted. But the general deflationary pressure continued; and in May Dr. Colijn, the Prime Minister, and a determined man, announced that further Budget cuts, amounting to 10 per cent. of total expenditure, would be necessary to compensate for falling revenues. By this time, however, the devaluationist movement had gathered further strength. Not only were the Socialists implacably opposed to further deflation; but a great many exporters and industrialists, particularly those representing the shipping interests competitive with the port of Antwerp, became convinced advocates of devaluation. At the end of June the General Union of Catholic Employers issued a manifesto containing the following words:—

It is the conviction of many of us that the deflationary policy hitherto pursued by the Government will, with mathematical certitude, lead to further impoverishment and further deterioration of the buying power of the nation.

In view of this manifesto, it is not surprising that, despite Dr. Colijn's attempt to win support by promising a reduction in mortgages and rents, the Catholic Party decided this week not to support the Government's Retrenchment Bill. The Catholics only appear to be united in negation, however, as our Dutch letter on page 177 clearly indicates. Some object to the Bill on the ground that deflation is in itself a mistake, and others on the ground that it should not be extended to interest rates. This makes the political problem of forming a Government with a constructive policy naturally extremely difficult. And Dr. Colijn seems to have been unable to decide whether to resign and leave the dilemma to the Catholics or alternatively to ask for a dissolution. As long as this uncertainty lasts, the pressure on the exchange and the gold reserve, which is discussed in detail on page 182, is naturally intensifying. As we go to press, the issue is still undecided. But, whatever happens, it is clear that nothing short of heroic deflation *à la Laval* can avert devaluation in Holland.

Judicial Veto.—President Roosevelt is still caught between the Congressional devil and the deep blue sea of the Constitution. As is the way with triangular conflicts, the three parties never seem to be all in agreement together. For a day or two it looked as if the President were recovering a little of his old ascendancy over Congress. In particular, revelations of the methods adopted by some of the utility holding companies in putting pressure upon Congress to delete the "death sentence" clause have greatly strengthened the President's hand in this particular instance. He is also making shrewd use, assisted by the climate of Washington, of the threat to keep Congress in session until it has enacted the new tax programme, and it is not impossible that the weary legislators may grant an easy passage to his other Bills in return for the postponement of this thorny measure and an early adjournment. The inflationary party, now reassembled under the leadership of Senator Borah, threatens to defeat this plan by tacking on the veterans' bonus and other inflationary proposals to every Bill that comes before the Senate. In other words, the Congressional position is in its usual state of unpredictable fluidity. Difficulties from this source are the accustomed lot of Presidents, but Mr Roosevelt has also been subject to a perfect barricade of adverse legal decisions. The Federal Courts are arranged in a hierarchy of three orders, the District Courts, the Circuit Courts of Appeals and the Supreme Court itself at the top. The recent decisions have been taken in one or other of the two lower ranks,

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and they are all subject to review by the Supreme Court at its next session in September. But they are none the less significant as being symptomatic of the trend of judicial opinion. The most important of these decisions was that of the Boston Circuit Court of Appeals, declaring the processing taxes, by which the Agricultural Adjustment programme is financed, to be unconstitutional, on the same grounds as those on which the Supreme Court found against the N.R.A.—namely excessive delegation of powers by Congress to the Executive, and invasion of the field reserved by the Constitution to the separate States. If this decision is confirmed, its effects will be momentous. Abandonment of the crop restriction programme would hit directly at the farmers, with their immense political power, which might well be mobilised in favour of amending the Constitution. Moreover, the Federal Government would be liable to be sued for repayment of taxes illegally collected, Congress having refused to prohibit such suits entirely. Another Federal Court in Texas has rounded off the judicial attack on the agricultural programme by declaring unconstitutional the Bankhead Act, which imposes quotas on cotton production. In addition, a Court in Ohio has refused the Government power compulsorily to acquire land needed for slum clearance projects. The solitary crumb of comfort for the President has been a decision of the New Orleans Circuit Court of Appeals reversing the ban imposed in a lower court on the sale of electric power by the Tennessee Valley Authority. This is hardly sufficient to nourish him during what looks like being an arduous legal campaign. But it is not impossible that defeat in the courts could be turned to his advantage by an adroit politician in the wider electoral campaign which is now little more than a year off.

Naval Ratios or Naval Race?—The First Lord of the Admiralty took the opportunity, in Monday's debate on the Naval Estimates, to recognise what has been a patent fact for some months. The "naval ratios" system of limiting naval strength, inaugurated by the 1922 Washington Treaty, has been abandoned; for Japan's denunciation of that Treaty, which therefore expires next year, gave the system its quietus. In its place, so Sir Bolton Eyre-Monsell informed the House, H.M. Government are to ask the other naval Powers to inform the Government of their proposed building programmes for the period ending in 1942. On the information furnished, negotiations for a mutual limitation of naval strengths are to take place; and already these negotiations are in hand with "a good many countries." It is understandable that immediate publication of the details of such negotiations might prevent the negotiating Powers from "sacrificing" part of their full construction programmes at a later stage. But it seems a pity that the First Lord was unable to give the House—and therewith the people of this country—an indication of the principles, if any, which would be followed in formulating these programmes. He himself hinted that H.M. Government hoped the negotiating Powers would be able to make it "unlikely that any country could attack another with any chance of ultimate success." If there are no

more naval ratios, how is this to be achieved? Does it mean that the precise degree of Japan's predominance in the China sea in relation to the separate or combined available forces of America and Britain is to be considered? That the problems of the Mediterranean or of the North Sea are to be separately studied? If so, the naval negotiators have set themselves a pretty problem for the sake of "saving face" and avoiding the supposed "stigma" of differing ratios. Little wonder if the sceptics fear that it will end not in a reasonable limitation but in all countries straining themselves to reach the highest figure that the richest can afford.

The New Paroxysm in Germany.—One of the awkward features of a Fascist revolution is that it can never come to an end. After the series of sweeping victories which the Nazis won within the first six months of their tenure of power it might have been supposed that their supremacy was assured. Indeed, before the close of 1933 Herr Hitler himself had officially announced that his revolution was completed. In June, 1934, he had not only to repeat the statement but to drive his words home by putting some of the most notorious radicals in his movement to death. Yet to-day, more than a year after the killings of June 30, 1934, Nazidom is in full cry again after its old quarry. The new Nazi offensive opened on July 18th with the issue of an anti-Catholic edict by General Göring in his rôle as Prime Minister of Prussia. This was followed next day by the appointment of a Reich Minister for Church Affairs in the person of Herr Kerl and by the substitution of Count Helldorf for Admiral von Levetzow as police President of Berlin. Both these two new appointees notoriously belong to "the ginger group" of the Nazi Party (if gradations of militancy can be distinguished in an organisation which is militant to the core); and there is no concealment about what their respective tasks are to be. Count Helldorf is to "clean up" the Jews who have found in Berlin, under his predecessor's more tolerant regime, something like a city of refuge from the more violent persecution to which they have been exposed in such provinces as Franconia and Silesia. Already Berlin has been the scene of fresh anti-Jewish disturbances. Herr Kerl, for his part, is to carry out the policy announced in General Göring's edict, which has now been made applicable to the whole Reich; and it now looks as though there was to be a head-on collision between Nazidom and the Catholic Church. A decree of July 20th has forbidden the wearing of badges or uniforms, and the conducting of open-air exercises, by the confessional youth organisations. And the Vatican note of July 16th, to which General Göring's decree was a retort, has been followed up by a protest from the Papal Nuncio at Berlin. What gadfly is it that thus perpetually stings the Nazis into resuming the offensive? It is certain that the new bout of the conflict has been precipitated from the Nazi side; for the Jews, Protestants and Catholics have all alike shown a remarkable patience, forbearance and self-restraint under almost intolerable provocation. Is it the Nazi's failure to solve the economic problem that is driving them to make a diversion? Is it the rising tide of working-class discontent in Germany, provoked by continuously rising retail prices? Or is it the failure of Nazi foreign policy? Has the victory in the Saar only served Herr Hitler's turn for six months? And is he being driven to assail the Churches in order to cover his failure in Austria? Probably the cause of the new Nazi offensive lies deeper. A movement which claims to be totalitarian cannot afford to leave in existence any spiritual power outside itself; and it is therefore driven by the enormity of its own nature to push its totalitarian pretensions to a point at which they seem likely to meet with an unconquerable resistance. In a war to the death between Nazidom and the Churches we do not believe that Nazidom can be the survivor.

Lahore and Belfast.—The contrast between the present situations in Germany, Ulster and the Punjab is characteristic of the topsy-turvyness of the present age. In Germany, where, for generations past, the members of once mutually hostile religions—Protestants, Catholics and Jews—have been living side by side in amity, a tyrannical totalitarian State is at this moment assailing all three Churches

on the ground that their existence is an impediment to the complete achievement of national unity. On the other hand, in Ulster and the Punjab, where the State makes no totalitarian claim, the rival Churches are engaged in abusing their liberties in a fashion which would almost justify the local civil power in adopting the Nazi policy of "De-confessionalisation." The extraordinary feature about the present inter-confessional riots in Belfast and in Lahore is the uniformity of the symptoms. If one took a typical passage from the daily bulletin from Northern Ireland and substituted "Lahore" for "Belfast," "Sikh" for "Catholic," and "Moslem" for "Protestant," few readers would suspect that this was not a *bona fide* account of the latest phase in the disturbances in Northern India. In both places, the occasion of the disturbances is quite trivial—in fact only a pretext, which no one would have seized upon if he had not been "looking for trouble." At Lahore, the Moslems are on the war-path because the Sikhs are demolishing an old building which is admittedly their property but which is alleged to have been used at one time as a mosque. In preventing Moslem mobs from rushing this building the troops have already had to fire; yet the Lahore casualties, up to date, are not much heavier than the Belfast casualties, in which, so far, all the shooting has been done by the civilians. The most odious feature in Belfast is the eviction, in mixed streets and quarters, of families belonging to the local religious minority—whatever it happens to be in a given locality. Not content with driving their victims into the street, the persecutors usually try to set fire to the furniture which the refugees are trying to take with them and to the houses which they have abandoned. In Lahore, the Moslems and Sikhs have not yet gone to this length. It is to be hoped that, in both cities, the rival religious factions will soon come to their senses and will realise—as the Protestants and Catholics in Germany realised long ago—that their only course is to learn to live and let live, since they cannot escape the necessity of having to live together.

Pot and Kettle.—Students of international affairs will have been much instructed by the exchange of pleasantries in the Italian and Japanese Press this week. The trouble began with the announcement in the Japanese newspapers that Japan did not regard herself as "disinterested" in the question of Abyssinia. In reply, the Italian Press with one accord denounced the Japanese for "cynicism," "imperialism" and "contempt of subject races." Here, indeed, was a Daniel come to judgment. For those who have dared in the past three years to criticise Japan's adventure in Manchuria have often been described as idealists, sentimentalists, Utopian dreamers, etc.; and nobody would apply these epithets to Signor Mussolini. Nevertheless it was somewhat surprising to find so acute an antagonism developing between Japan and Italy. Had not Japan frequently explained that she had a sacred mission to civilise the Manchurians? And has not Italy assured us that she has also felt a similar call in the case of Abyssinia? Apparently, however—and paradoxically perhaps—Signor Mussolini's leader-writers do not accept Japan's interpretation of the noble motives inspiring her. "Why is it," one of them asks, "that Japan does not consider that she can remain disinterested in the case of Abyssinia?" "The chief reason," he replies, "is a commercial one, which is always the decisive reason for an avaricious people who are as sordid as the Japanese." The same writer adds that "all who know the Japanese mentality realise that it is the only one that for hypocrisy, duplicity and bad faith can be compared with the Abyssinians." The casual reader might possibly be drawn to infer that if avarice and greed were the real motives behind Japan's conquest of Manchuria, some faint signs of cupidity might be suspected in Italy's expedition to Abyssinia. This, however, as the above newspaper explains, would be a mistake. For avarice and cupidity, it assures us, are the monopoly of the "black and yellow races." Italy, on the other hand, is "fighting the battle of the civilised white races against the coloured races." Here the question naturally arises which of the coloured races Italy was preparing to civilise when she massed her troops near the Brenner Pass a year ago. This is a point on which Signor Mussolini's Press will doubtless soon enlighten us. Meanwhile the Japanese retort that "the

Italian Press is indulging in a systematic plot to develop the Abyssinian dispute into a general conflict between the coloured and white races," and that in any case "news from a country under a dictator carries little weight." This latter statement is perhaps the truest that has yet emerged from the controversy.

Monarchy versus Republic in Greece.—The feud between Monarchists and Republicans has been distracting Greece ever since the breach between King Constantine and M. Venizelos in 1915, which was the *fons et origo* of the quarrel. This year, twenty years after the original schism and seventeen years after the close of the Great War over which the difference between Constantinians and Venizelists first arose, the feud has cost Greece a serious revolution. Since then, within the last few days, it has produced a Cabinet crisis. The resignation of M. Tsaldaris' Government on July 19th is actually a consequence of the recent passage, by the National Assembly, of an Act for the holding of a plebiscite by which, it was hoped, the vexed question of Republic versus Monarchy in Greece was to be settled once for all. It might have been thought that the late Government was eminently suitable for presiding fairly over the plebiscite, since it included representatives of both factions among its members; while the Prime Minister, M. Tsaldaris, has given ample proof of his statesmanship and his moderation. The Act having been passed, M. Tsaldaris was on the point of going abroad for a holiday when he was rather suddenly assailed by a number of demands—not all of them mutually compatible—for changes in the composition of his Cabinet. Some people demanded that all those Ministers who had already publicly committed themselves, on one side or the other, should withdraw. Others demanded that M. Tsaldaris, who has studiously refrained from committing himself, should divulge what his personal preference is. Thereupon, agitation reappeared in the armed forces, and a number of high naval and military officers have been making unsolicited statements declaring which of the two regimes they favour. In consequence, M. Tsaldaris handed in his resignation to the President of the Republic on July 19th, together with a list of members for a new Cabinet. He seems to have hoped that he would be able to return to office at once at the head of a Ministry which would be proof against criticism; but the crisis has not been resolved so easily. The Popular Party denounces the retention of General Kondylis in the Cabinet, and demands a less acrimonious setting for a plebiscite on the issue: Monarchy versus Republic. Meanwhile, Greek politics seem little more than a welter of conflicting eddies.

A Milk Poll.—Under the terms of the Milk Marketing Scheme, a poll of the registered producers on the question whether the scheme is to continue or not can be demanded at any time by not less than 500 registered producers. But if the demand is made before the second birthday of the scheme (in September next) the Board is entitled to refuse it. It has for long been growing more and more certain that the vociferous opposition to the Board among the farmers would take the very first opportunity of testing its strength in this way. But September would be a peculiarly inconvenient time to have such a poll, for the term of the present price agreement between the Board and the wholesalers expires on September 30th, and the Board would obviously be in an impossible position if it had to negotiate with a threat of imminent extinction hanging over it. The Board has accordingly agreed to the poll being held in August. The question put to the farmers will be the simple one of continuance or immediate discontinuance. Amendments to the scheme are being mooted, but they will not be germane to the issue which is to be decided next month. It is, of course, impossible to predict the result. The scheme, and the Board's administration of it, have both been criticised in these columns and elsewhere. Instead of developing the consumption of milk, the Board has devoted its greatest attention to supporting the price of milk in spite of an enormous increase in production which far outruns the demand for milk at a price remunerative to the producer. But these are not the grounds upon which the Board's opponents among the farmers base their attack; their line of argument is that the Board has failed to raise the price of

milk. If it is a question of choosing between the Board on the one hand and the demands of its opponents on the other, there should not be any hesitation whatever in voting for the Board. When the scheme started the milk market was showing unmistakable signs of cracking. But since then production has enormously increased; even in the last twelve months production has increased by 19 per cent. and the "surplus" has risen from 66 per cent. to 85 per cent. of the demand for milk for liquid consumption. If this greatly increased surplus competes in the liquid market, instead of being held off it by the Board, there will be a fall of prices such as would cause pandemonium in every county of England. The Board is trying to meet the situation by controlling production. As we have remarked before, that is the worse of the two alternative policies, and it would be much better in the long run to allow the price to fall until the supply becomes no more than the liquid demand plus a moderate seasonal surplus. But the Board's proposals do at least constitute a policy, while its opponents are crying for the moon of a constantly increasing price for a constantly rising production. We trust the dairy farmers are not all such economic illiterates as their vocal representatives appear to be.

The Tin Market Scandal.—Last week's developments in the tin market have aroused grave anxieties over, and powerful criticism of, the policy of the International Tin Committee. The cash quotation rose from £232 17s. 6d. per ton on Wednesday last week to £236 5s. on Friday; but the price of three-months' tin remained unchanged at £224 12s. 6d. On Monday the spot price jumped to £245 per ton, but no sellers were forthcoming, and the difference between the quotation for spot and three-months' tin rose to £20 2s. 6d. per ton. By Wednesday, the price of spot tin had fallen to £233 2s. 6d. per ton, and as three-months' tin was then quoted at £237 17s. 6d., the "backwardation" had declined to £9 10s. per ton. This state of affairs has arisen because those in control of the restriction scheme have in the past unduly restricted output, and so allowed stocks to fall to a very low level. Stocks in London and Liverpool now amount to no more than 1,300 tons, compared with an average monthly consumption between January and May of about 1,700 tons. Moreover, the bulk of the reduced stocks in this country is held by the official Buffer Pool, which was apparently unwilling to release supplies last Monday—though it did so later. Yet the unsound position of the tin market seems to be only of academic interest to the restrictionists. At Wednesday's meeting of the Tin Producers' Association, Mr E. J. Byrne prefaced a vigorous plea for the extension of the restriction scheme with the following observations:—

These acrobatic feats are doubtless of much concern to the performers, but they have no interest for either the producer or consumer of tin. In no way do they affect the usual channels of demand and supply as between producer and consumer. The majority of consumers very naturally cover their requirements as and when they sell their manufactured products. That is to say, they buy forward and not spot tin. . . . The purchase of spot tin invariably means that some dealer or speculator is covering a previous sale of tin he did not possess. From the producer's point of view there seems no reason why such a seller should be helped out.

We entirely agree with Mr Byrne's generalisations, but as an explanation of last Monday's squeeze they seem nothing

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affairs, in which military and industrialist influence remains predominant.

Private assertions that the Reich debt has been secretly swollen to more than twice the figure officially returned, which were ignored in the home Press as long as they did not circulate abroad, are now being criticised by important journals. The substance of these criticisms is that private estimates of the increase in the debt under the Nazi regime—given correctly by one journal as being between 12,000 million and 20,000 million marks—are exaggerated 100 per cent. or more. One journal gives some data in justification of its claim that the increase has been only Rm. 5,500 millions. The official return of Reich long-term and short-term debt shows an increase from Rm. 11,690 to Rm. 12,783 millions between March 31, 1933, and April 30, 1934. To this must be added an admitted increase in the tax credit circulation of from Rm. 472 to Rm. 1,600 millions. The commentator admits no substantial increase of debt except of an estimated Rm. 3,000 millions of "work-creation" bills in the Reichsbank's discount portfolio, and of "probably Rm. 2,000 millions" of similar bills held by commercial banks, savings banks and insurance companies. By adding something under Rm. 500 millions, the increase in the floating debt in the new financial year, the figure of Rm. 5,500 millions is reached. This authority therefore rejects the story that many thousand million marks of bills, representing new Reich liabilities, are in the hands of various financial and quasi-financial concerns. But as the critics, who are in touch with the Government and concerned to deny rumours to its disadvantage, admit that their own figures are unofficial and are conjectures, no new light has been thrown on the situation.

FOOD PRICES AND UNEMPLOYMENT

The retail prices of foodstuffs continue to rise. The social insurance returns show an increase in June of 119,000 in the number of those employed. The total is now 16,505,000, and has increased by 2,100,000 since January, the time of greatest seasonal depression. The fact that the increase in employed is 1,000,000 greater than the decline in the unemployed is officially declared to prove that the labour market absorbed the exceptionally large number of youths leaving school.

The Hamburg-America and Norddeutsche shipping companies last week announced the transfer of their New York services to operating limited liability companies of nominal capital. The ships are to remain the property of the parent concerns. "The Reich," proceeds the announcement, "will facilitate the maintenance of these services in the way practised in ever-increasing measure by the foreign competing lines in North Atlantic traffic." This, and a reference to losses suffered through foreign "subvention fights," foreshadows an official policy of subsidies. The announcement that a drastic scaling down of capital is necessary led to a fall of nearly 50 per cent. in the Bourse quotations of both companies, after a brief suspension of the official quotation. The last scaling down was in the ratio of 3:1, and reduced the capital of each company from Rm. 160 to Rm. 53 millions.

Under an agreement similar to that concluded between Dr. Schacht and the chief of the German Labour Front in March, the organisations subject to the Reich and Prussian Minister of Communications have been embodied in the Labour Front. The March measure, which brought the Organisation of Business, practically a capitalistic association, into the Labour Front, was regarded as Dr. Schacht's way of checking the Front's alleged semi-Communist tendencies; and as Dr. Schacht is a signatory of the new agreement, the aim of this agreement is probably the same.

Ingot steel production in June was 1,249,100 tons, against 1,314,500 tons in May; in the first half of the year it was 7,286,400 tons, against 5,543,800 tons in the same half of 1934. Steel production has lately been almost stable at nearly the highest figure of the last period of good trade, and sales in the home market have changed little, except in the tube branch, which is active. The engineering industry's report for June speaks of a slight decline in home, and a considerable decline in foreign, orders. The cotton-spinning industry reports an irregular home market and a declining demand from some manufacturers. The demand for finished cotton goods has weakened; but there are signs

of improvement in exports, and existing orders ensure sufficient activity for some months to come.

The demand for money last week increased, and banks reported withdrawals of deposits by industry for various special purposes. The supply, however, was also large, being supplemented by the redemption of Reich Treasury bonds and by temporarily available Reich subsidy payments to the States. The circulation of Gold Discount-Bank promissory notes has reached an estimated Rm. 400 millions. Day loans this week are at 2½-3½ per cent., with lower rates for first-class borrowers. The Reichsbank's status has improved; 68 per cent. of the June-end credits were repaid by mid-July. In consequence of Russian gold payments the currency reserve, which was Rm. 78 millions at this date of 1934, has passed the Rm. 100 millions limit, of which Rm. 94 millions is gold. The Russian gold went to the foreign gold deposits of the Reichsbank, which converted a part of it into foreign exchange. The doubling of the exchange reserve indicates that the Reichsbank expects an immediate demand for foreign payments.

BERLIN, July 24.

ITALY

[This week's monetary crisis is discussed in an article on page 181.]

A STEEP RISE IN PRICES

The course of wholesale prices in Italy in 1935 has been largely different from other countries. As the *Economist* remarked in its issue of July 6th, in the face of stagnation or very moderate rises in Great Britain, the United States and Germany, and deflation in France, prices have risen steeply in Italy. Whether the rise should be called "inflation" is perhaps an insoluble terminological problem. There is, at any rate, no sign of an increase in the quantity of notes issued. From July 31, 1934, which was the point of minimum prices, to June 20, 1935, the circulation decreased from 13,330.2 million to 12,684.9 million lire; Bank of Italy circulating cheques from 366.7 million to 326.4 million lire; and ordinary deposits from 685.9 million to 521.8 million lire. Cheques issued from other banks increased only from 439.2 million lire at the end of June, 1934, to 443.1 million lire at the end of April, 1935; nor is an appreciable growth of bank deposits observable.

More remarkable perhaps than the absolute rise of the index of wholesale prices is the distribution of the rise between different groups in the period from July, 1934, to June, 1935 (1913=100):—

	Absolute rise of the Index	Spread between Group Index and General Average
National agricultural products	+87.28	+35.58
Industrial raw materials	+4.45	-12.85
Half-finished products	+29.18	+12.44
Finished products	+33.22	-9.48
General average	+41.60	

Industrial raw materials, in fact, can be bought now at lower prices, comparatively, than a year ago. The rise in prices has mainly benefited the agricultural classes. If this sort of readjustment of relative prices continues, it may in the long run increase the velocity of circulation of money. Hoarding is not practised extensively in Italy; but such small hoards as do exist are to be found among the peasants. The rise in the prices of cocoons, wines, wheat and rice may therefore be a stimulant to direct investment, cattle breeding, improvements, etc.

Another feature of the Italian price rise is the lessening of the spread between export prices and the general index. In July, 1934, when average prices were at their bottom (272.91) export prices stood at 23.1 per cent. below the average. Now (June, 1935), when the average has risen to 314.51, export prices are only 15.6 per cent. below the average. Conversely, the excess of import prices over average prices has decreased from 7.6 to 3.8 per cent. Italy is now buying abroad at relatively reduced prices and selling at higher prices.

Finally, the cost of living is not rising as fast as wholesale prices: between July, 1934, and the first week of July,

1935, wholesale prices rose by 16.3 per cent. and the cost of living (Milan) by only 3.6 per cent.

THE STATE'S ASSETS AND THE NATIONAL DEBT

A preliminary statement is now available of the result of the Treasury's statistical investigation into the national debt and the State's assets. The following are the figures for June 30, 1934, with the net change (after eliminating double entries, compensating items and revaluations) compared with June 30, 1922 (in million lire):—

LIABILITIES	June 30, 1934	Net Change since June 30, 1922
Current financial liabilities (overdue sums, Treasury debts, State notes and coins)	26,413	-49,620
War indemnities due on June 30, 1922, paid thereafter	...	-2,010
Debt:—		
Consols and redeemable debts	93,617	+37,017
Sundry liabilities	5,831	-2,691
Deferred payments	24,066	+20,009
	149,927	+2,705
ASSETS	June 30, 1934	Net Change since June 30, 1922
(A) Financial assets (cash, Treasury credits and overdue sums receivable)	8,948	-25,653
(B) Disposable assets (credits, securities, real estate, State railways and other industrial State concerns assets)	61,781	+20,946
Total (A) and (B)	70,729	-4,707
(C) Non-disposable assets (land, sea and air war material and other materials for State services)	26,709	+12,464
(D) Non-disposable scientific and artistic material	14,103	+73
(E) Public works carried out by deferred payments or Budget expenditure since June 30, 1922	...	+15,459
Total net change		+23,289

The total liabilities on June 30, 1934, are slightly under 150,000 million lire. The figure of deferred payments includes all payments due for public works already finished or for which a definitive Treasury liability is extant.

The above calculation has not been published before. Sections A and B include such assets as can be described as of an economic nature, and which could be disposed of without impairment of the State's regular services. Sections C and D include assets which are essential to the State's existence. Section E represents the increase of wealth (not necessarily State assets) due to completion of public works.

With the aid of the two tables of liabilities and assets, the changes which have occurred in the last twelve years can easily be calculated. If we only compare the total increase of liabilities (+2,705 millions) with the decrease of sections A and B assets (-4,707 millions), we obtain a decrease of net assets or increase of net liabilities of 7,412 million lire. If we include, on the assets side, the C and D sections we obtain a net increase of assets of 5,125 million lire. Finally, if we include section E, the increase of State and public assets amounts to 20,584 million lire. In the last figure are not included such expenditure as was made for reconstruction of assets destroyed by war, inundations, earthquakes, etc. (4,601 millions), or assistance to aqueducts and other health works (2,097 millions).

TURIN, July 20.

HOLLAND

DR. COLIJN AND THE CATHOLICS

THIS week's debates in Parliament on the Government's Retrenchment Bill have re-awakened the economic crisis in Holland. The Social-Democrats opposed the Bill. The leader of the big Catholic section of the Second Chamber, Professor Aalberse, laid before the Government the dilemma of consistent deflation or devaluation. In his reply the Prime Minister, Dr. H. Colijn, stated that the

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Government desired neither consistent deflation nor devaluation. But he did admit, for the first time, the possibility of devaluation. If it proved imperative, however, he considered it should be carried out when the time was ripe.

This speech of Dr. Colijn's proved the Government to be definitely in conflict with the big Catholic section of the Second Chamber, especially as Dr. Colijn had wanted to make the matter a vote of confidence. It was evident that if this conflict was not resolved, a Cabinet crisis would be inevitable. On the Stock Exchange and the foreign exchange market the anxiety thus created was immediately apparent. The guilder had already been weak on Saturday; and on Monday it became weaker still on the Stock Exchange. However, shares were only slightly higher, and sales on the gilt-edged market were not very heavy.

The debate in the Chamber was resumed on Tuesday. It was at once evident from the speech of Professor Aalberse that the Catholics would not support the Government. The unanimous attitude of the Catholic members was summarised by Dr. Aalberse in the following six points:—

- (1) The State Budget could only be made to balance if, by legislative or administrative measures, trade and industry were restored to a remunerative basis.
- (2) Only by such a rehabilitation of trade and industry could the growing tide of unemployment be stemmed.
- (3) Energetic measures designed to balance the Budget should be supplemented by a plan to bring costs and prices down to a level at which trade and industry, national and international, could be stimulated.
- (4) The Cabinet had failed to encourage such schemes, and in fact rejected them; and was continuing to intervene in the process of readjustment.
- (5) This attitude of the Cabinet was further diminishing the prospects of any relief to the State and the nation, while at the same time the call for monetary measures as a supplementary means of achieving readjustment would become more and more insistent.
- (6) For this reason neither the effort of the Cabinet to balance the Budget by the inevitable reduction of public expenditure nor its intention to achieve further industrial control, however necessary that might be, could be accorded the confidence requested by the Cabinet.

It is clear, therefore, that when the vote of confidence demanded by the Government is put to the House the Catholics will not support it.

PROSPECTS OF DEVALUATION

After the close of markets on Tuesday afternoon, when the course of the Parliamentary proceedings began to be known, sterling was still quoted on the official exchange market at the level of the previous few days, viz. 7.31 to 7.32, while Government securities had not reacted to any extent worth mentioning. But on the publication of the news it was widely felt that if a Cabinet crisis ensued, it would almost inevitably entail the devaluation of the guilder. For the views expressed during the debates in Parliament made it clear that in Parliamentary circles the number of those advocating devaluation is on the increase.

When Professor Dr. Aalberse's speech became known on the curb exchange, the prices of Royal Dutch, Philips, Unilever and Amsterdam Rubber were at once marked up

considerably. The tension was considerable when Dr. Colijn rose to reply to Professor Aalberse.

But Dr. Colijn simply requested the adjournment of the debate on the retrenchment Bill in order to provide the Government with an opportunity to consider the new situation and to submit advice to the Crown. This implied a definite conflict between the Cabinet and the Second Chamber. The Cabinet cannot yet be considered as having resigned, as no resignation has been submitted to the Queen; and dissolution of Parliament is also within the range of possibility.

Meanwhile, the Cabinet is still taking most strenuous measures to protect the guilder. To-day the Netherlands Bank raised the Bank rate from 3 per cent. to 5 per cent., and continued to supply gold for export, as the dollar and the French franc had risen in Amsterdam to above the gold export point. To-day on the Stock Exchange shares have advanced steeply, and Government securities have been decidedly weak.

Dr. Colijn was received by the Queen this afternoon. It is now widely believed that if a new Government comes into power, the economic and monetary policy of the Netherlands will be modified.

AMSTERDAM, July 24.

[The Dutch crisis is further discussed in Notes on pages 171 and 182.]

ARGENTINA

INCREASE IN REVENUE AND EXPENDITURE

The following are the figures of revenue and expenditure for the first six months of 1935, compared with those for the similar period of 1934:—

	1934	1935	Increase or Decline
Revenue:—			
In cash	391,567,006	409,310,700	+17,743,694
From credit operations	90,370,859	79,525,512	-10,845,347
Total	481,937,865	488,836,212	+6,898,347
Expenditure	479,234,795	490,104,969	+10,870,174

The increase in revenue is chiefly in Customs and income tax returns and a very large increase in miscellaneous revenue. This has been partially offset, however, by a reduction of \$23 millions in revenue derived from bonds negotiated. On the expenditure side salaries, various expenses and education all show large increases. Public debt services, due to the conversion operations effected during 1934, are some \$40 millions less than last year.

The following figures show the total liabilities in bankruptcies for the half-year ended June 30, 1935, as compared with those for a similar period of 1934:—

	1934	1935	Increase or Decline
	\$	\$	\$
	93,028,969.76	45,209,105.23	-47,819,864.75

These indicate a reduction of 51.4 per cent. In the city of Buenos Aires alone the decline amounts to over \$35 millions. Such figures may be considered as giving a clear indication of more healthy economic conditions throughout Argentina. The only branch of trade which failed to show an improvement over 1934 was primary production.

The following are the figures of exports in the first six months of 1935, as compared with those for a similar period of 1934:—

	1934	1935	Percentage Increase or Decrease
Pastoral products	594,664	628,261	+5.6
Agricultural products	6,769,769	7,810,129	+15.4
Total	7,665,033	8,691,722	+13.4

The value of exports during the first six months of 1934 and 1935 was as follows:—

	1934	1935	%
Pastoral products	272,965,879	273,447,443	+0.2
Agricultural products	404,852,286	522,145,151	+29.0
Total	717,826,233	832,343,631	+16.0

The percentage of increase or decrease in the average prices of the principal commodities during the first six

months of 1935 as compared with a similar period of 1934 was as follows:—

	%		%
Chilled beef	+3.2	Wheat	+19.2
Frozen beef	+2.2	Maize	+2.9
Frozen mutton	+21.9	Linseed	-2.5
Unwashed sheepskins	-20.0	Oats	+54.7
Unwashed wool	-31.8	Barley	+34.0
Butter	+42.0	Flour	+5.0

These figures also suggest a very satisfactory improvement. The amount shipped has been increased by over 1,000,000 tons and the value by some \$115,000,000. The principal increase is in grain exports, which show an improvement both in volume and value. Meat exports, although showing a falling off in tonnage, have improved in value due to a slight rise in price. Wool exports rose from 76,000 to 97,000 tons. A large decline in value, however, was registered. Cotton fibre exports rose from 8,000 to 12,000 tons, and increased in value by over three million pesos. Average prices of practically all commodities except wool and sheepskins show an increase over those ruling last year. The Ministry of Agriculture announces that they have reasons to be optimistic about the sale of the maize crop, as there is a steady demand from Great Britain and Germany.

INTERNAL AND EXTERNAL DEBT CONVERSION

Chiefly with a view to consolidating the many Provincial loans the Government have authorised the conversion and consolidation of all present issues. These are in fifty-one series, with a total nominal value of \$351,300,000 paper and with interest rates ranging from 2½ per cent. to 7 per cent. per annum. On completion of the Conversion operation there will only be four series, totalling \$338,400,000, with interest rate on one series at 5 per cent. and on the other three at 6 per cent. per annum, and amortisation of 1 per cent. per annum in each case. Conversion is optional, but it is expected that the majority of holders will convert, as the loss of interest is, in most cases, comparatively small.

Representatives of Argentina and Chile are discussing the question of rebuilding that part of the Transandine railway which was destroyed by floods last year. At the same time the question of co-ordinating the transport on both sides of the Andes is being studied both from the point of view of railways and road services.

A similar operation to that effected during November last year, whereby certain external loans were replaced by 4½ per cent. internal bonds, has now been announced by the Ministry of Finance. The loans to be converted are the following:—

Original loan	Nominal value	New bonds
4½% 1911	Fr. 500 or Ar. Gold.	\$250 paper plus bonus \$4 in cash.
4% 1900	Do.	\$230 paper plus bonus 30.5 fr. in cash.
4½% 1910 Prov. of Bs. Aires.	Do.	\$200.
5% 1909 Prov. of Mendoza	Do.	\$200.
5% 1909 Prov. of Tucuman	Do.	\$200.
5% 1910 Prov. of Santa Fe	Do.	\$180 plus bonus of \$5 in cash.
5% 1909 Prov. of San Juan.	Do.	\$140.

There will be certain adjustments for interest, as the first six monthly coupon of the new bonds will not fall due till May 15, 1936. As the Province of San Juan has not paid interest for some years, the National Government undertake to purchase all overdue coupons (the nominal value of which are \$1.25 gold each) at the rate of \$1 paper the saving in the amount required for debt service will be some \$4,400,000 per annum.

The Senate has been fully occupied for some time with debates on the majority and minority reports of the committee appointed to investigate the working of the meat export trade. These reports were unanimous in stating that the export trade was in the hands of a monopoly and that measures must be adopted to assist producers. The minority report went even further and attacked several high authorities, including the Minister of Agriculture and the Minister of Finance. These gentlemen have replied vigorously to the charges levelled against them.

BUENOS AIRES, July 13.

LETTER TO THE EDITOR

THE "GREAT LIGHT" OF ITALY

TO THE EDITOR OF THE ECONOMIST

DEAR ECONOMIST,—

You might not be aware of the fact that you are dying, but the Head of the Italian Government has pronounced you dead. He has buried representative Government, economic liberalism, capitalism, and he has now proclaimed the death of the *Homo economicus*.

When he wants to make his personal opinions known to his happy subjects, he writes short articles, which appear simultaneously in all Italian newspapers in italics. Here is one: *Gold and Light*—(*Popolo d'Italia*, October 18, 1934). After having explained the terrible effects on the English economy of the devaluation of the pound, he sums up as follows:—

This is equivalent to saying that in England it is much easier to arrive at the truth through the costly path of practical experience than by the easy method of intuitive foresight. This is a proof of the supreme justice of the Divine Providence which has given gold to some and to others the Great Light of intuition.

So you see, if England cannot follow in the path which the superior Light of Rome is finding out for the benefit of mankind, poor England will soon be dead too. In fact, when one has so much light, one does not need gold; and that is probably the reason why the gold reserve of the Bank of Italy is dwindling down to nothing, having fallen from about 12,000 million lira in 1927-28 to the present level of less than 6,000 million.

And as the Head of the Italian Government does not need any economist to study facts or figures, he has decreed the death of the *homo economicus* in the following article:—

Homo economicus (May 31, 1935).—The *Homo economicus* is dying. He was the representative of that equivocal frame of mind on which the economic liberalism of the last fifty years was based. He has now received his *coup de grâce* from the Corporative State of Fascism.

BOOKS AND PUBLICATIONS

THE CREDIT PROBLEM

THIS* is one of the few books which every serious inquirer into the monetary problem ought to read. Mr Durbin's first volume, "Purchasing Power and Trade Depression," published in 1933, after criticising the views of Major Douglas, Mr J. A. Hobson and the Austrian school, hinted at a constructive solution. The details of this solution, and the main principles of policy deducible from it, are elaborated in this book.

It is not an easy book. The more difficult and abstract reasoning comes near the beginning, and the part which will be most intelligible to the non-specialist reader near the end. There are also a rather large number of misprints. Nevertheless, the reader who surmounts these obstacles will be brought close to the heart of the problem. For Mr Durbin possesses not only a grasp of his subject, which is most uncommon among writers on money, but a level-headedness which is almost unique. In particular, his new book, like his first, has two shining merits. It recognises, first, that a problem of maintaining the level of general purchasing power exists in the modern economic world; and secondly, that the majority of cost incomes must nowadays be taken as fixed at least in the short period.

Mr Durbin first clears the ground by laying down "three introductory propositions": first, that if all production were conducted by a single trust, total consumers' incomes must be equal to total costs; secondly, that where there is more than one production unit, consumers' incomes can be equal to the cost of final output; and thirdly, that the accumulation of real capital is also compatible with monetary equilibrium in the same sense. It is most useful to have these three axioms clearly established and expressed. Next, Mr Durbin traces out in detail the process by which

* "The Problem of Credit Policy." By E. F. M. Durbin. Chapman and Hall. 262 pages. 10s. 6d.

All this is perfectly logical. When a Government can do without gold, and even embark upon a war on foreign soil some thousands of miles away from home, all on account of that famous Great Light of intuition, it should be able to do without economics. This was a science which the Liberalism of the nineteenth century created; and as the economic liberalism of the last century is dead, so economics is dead too. There is only the Great Light spreading from Rome and showing the way to mankind. Meanwhile the recent 2,000 million lira loan issued to the public to cover the chronic Budget deficit has been a failure.

At the same time the cost of living has risen some 12 per cent. without any corresponding increase in money incomes or money wages. The lira has been strenuously defended on all the markets of the world. But the defence, and the promise of the Great Light that the lira will never fall, do not prevent it being sold in the official market at about 8 per cent. discount and on the outside market at almost any discount.

The result of the new system of barter and quotas is highly interesting too. Imported goods cost much more, but exports are paid for at the old rate of exchange, and there is no compensation. Thus is the Great Roman Light showing mankind how one can get the worst of both worlds.

The new Corporative State is still in its embryonic stage, though it has been talked of for ten years. So far it only amounts to the establishment of a new and costly bureaucracy in which the bodyguard of the Great Light can find numerous sinecures, and in which those industrialists who can spend the necessary amount can obtain almost anything they want, and put into practice the worst kind of monopolistic practices at the expense of the little fellow who is squeezed out in the process. Some of the newly appointed heads of the so-called "corporations" do not yet know, three months after their appointment, whether they are supposed to represent the workers or the industrialists.

You might not understand that, but you do not possess the Great Light of intuition.

Although you are dead, I am sending you my best regards. Believe me, very truly yours,
Italy, July, 1935. GIOVANNI SENZATERRA.

an artificially induced credit expansion and credit contraction work themselves out. His analysis goes beyond the orthodox analysis of inflation and deflation in one important respect: it assumes that the various factors of production are not completely mobile, and it attempts to bring their "velocity" of movement into relation with the velocity of circulation of money. Mr Durbin concludes, from the first part of this analysis, that the demand for capital depends much less on the rate of interest than on the profitability of production in the consumption trades; and consequently that an increase in consumers' expenditure will normally lead to an increase and not a decrease in the demand for capital. His conclusion from the analysis of deflation is as follows:—

The possible causes of deflationary changes are numerous and complex. In face of contract frictions in the markets for commodities and factors of production their results will be cumulative and serious. Any increase in the length of the gap between the receipts and payments of the representative production unit, any increase in uncertainty, any increase in the cost of investment, a rise in the volume of property exchange, an attempt to prevent dividend fluctuation by the sale of securities, a rising population, a growth in the number of firms in any one stage or of the number of stages of production, and, finally, any increase in physical production at fixed prices, will cause a deflationary divergence between saving and investment.

Next comes the really controversial part of the argument: the choice of policy. Three suggested policies, in Mr Durbin's opinion, are worth consideration. First there is Professor Hayek's proposal for a constant effective flow of money. Mr Durbin has little difficulty in showing that if this is interpreted as meaning a constant flow of money against all goods—consumers', capital and intermediate—then, in the event of new stages being inserted in the production process, a deflationary contraction of consumers' expenditure will result.

Secondly, there is the proposal to stabilise the price level of final output. Mr Durbin thinks that this is impossible so long as present banking and financial institutions are preserved. But it is interesting to find that his arguments against price stabilisation are different from those made familiar by Professor Robbins and Professor Hayek. They think that the issue of the new producers' credits necessary to stabilise prices must lead to investment in excessive capital which afterwards has to be liquidated. Mr Durbin argues that the expansion of producers' credits must result in increased profits in the consumption trades, since costs are falling, that this again must increase the demand for producers' credits, that in the end prices must rise, and that if the banks then try to stop them by contracting their new credits, profit expectations will be disappointed and a depression will set in.

This argument raises many questions. In the first place, it assumes that the rate of monetary expansion in these circumstances must exceed the rate of growth of physical output. This seems at least doubtful. Secondly, it assumes that when business men are expecting rising profits, a mere maintenance of profits will lead to business recession. This also seems arguable. Thirdly, and most important, it assumes that the money incomes of the factors of production cannot be raised so as to offset the fall in costs per unit. Mr Durbin makes this assumption explicitly; and it leads him to consider the possibility of stabilising prices by consumers' credits instead of producers' credits. His investigation into the effects of such a policy is one of the most interesting, illuminating and original parts of the book. It leads him to the striking conclusion that the price level can in fact be stabilised by the issue of free consumers' credits, and in no other way; but that the issue of such credits under our present banking system is impossible.

Given existing financial institutions, Mr Durbin's plan is to stabilise "consumers' income per head." This at any rate is what he says. It appears at times from the argument, however, and from his elaborate and interesting discussion of the practical execution of his policy, that what he really wants to stabilise is consumers' (including savers') outlay on final output of consumers' and capital goods. Is not this really what advocates of stable prices, neutral money and constant incomes are all getting at? For, given fixed cost incomes, it is surely this which would ensure monetary equilibrium. Whether Mr Durbin has discovered the ideal way of reaching it, scientifically or practically, economists will not decide in a hurry. But he has certainly done further invaluable service in clearing away some more of the thickets of obscurity that still surround the subject.

SHORTER NOTICES

"The Indian Peasant and His Environment." By N. Gangulee. Oxford University Press, 1935. 10s. 6d. 229 pages.

Professor Gangulee's latest work on Indian agricultural problems consists of selections from letters to European, American and Indian friends and colleagues, together with extracts from his journal compiled during the inquiries of the Royal Commission on Indian Agriculture, of which he was a member.

The volume is somewhat scrappy, and lacks logical sequence. But it contains vivid descriptions of rural life in India, and shrewd comments on the fundamental problems involved. Professor Gangulee has studied agriculture in the West, acted as Professor of Agriculture and Rural Economics at Calcutta, and himself taken part in attempted rural reconstructions, and notably at Behala (Bengal). He is never tired of urging the necessity for improving the conditions of life of the rural masses, before constitutional reforms—however wisely conceived—can hope to introduce anything even remotely resembling constitutional democracy. In his opinion present-day political agitations and proposals for constitutional reform, have tended to conceal the vital interests of the bulk of the population, and he is not afraid to criticise the activities of Congress and other political parties on this score. "Only by a persistent attack," he says "upon our social and economic systems may we succeed in evolving a situation that would lead to our political goal." He also emphasises the supreme need for a political goal. He also emphasises the supreme need for a political goal. He also emphasises the supreme need for a political goal.

The work consists of five parts, of which the first two are mainly descriptive of the economic aspects of Indian village life, and contain little that is not already well known. Parts III and IV deal with broader social questions, and with rural reconstruction; and these form the most interesting portion of the book, particularly where the author is concerned with the practical efforts of groups of social reformers—such as the Y.M.C.A., and the Behala "Karmi Sangha"—at village reconstruction. Part V deals with political and administrative questions, and includes a persuasive plea for indirect election.

In criticism, one may perhaps suggest that it is misleading to quote without qualification the census figures showing changes in dependence upon agriculture, and to describe India's land systems in such a way as to give the impression that all zamindari settlements were made on a permanent basis. On the whole, however, Professor Gangulee's new book provides interesting and instructive reading, and is inspired throughout by a potent commonsense.

"The United States as a Financial Centre, 1919-1933." By M. F. Jolliffe, M.A. (Cardiff) University of Wales Press Board. 142 pages. No price stated.

This little book hardly lives up to its title. In essence it is an analysis of the balance of payments of the United States between 1919 and 1933, with a few notes appended on the course of interest rates, capital issues, etc., in the New York market. The author sticks rather too closely to his statistics, with the result that the reader has difficulty in discerning the wood for the trees. It would have been more interesting to discuss at rather greater length than is possible in the brief concluding chapter some of the many interesting questions which emerge from America's post-war record. The proof-reading is not above reproach: for example, there is a quotation from the *Economist* on page 27 in which the misplacement of two words makes nonsense of the statement quoted. The many tables in the book will form a most useful source for reference.

BOOKS RECEIVED

- Machines and Purchasing Power.* By E. F. Nash. (London). George Routledge and Sons, Ltd. 229 pages. 6s. net.
- Does Capitalism Cause War?* Edited by Henry Brinton. (London). H. and E. R. Brinton. 102-5 Shoe Lane, E.C.4. 64 pages. 2s. 6d. cloth. 1s. paper.
- Le Danemark, 1935.* (Copenhagen) Ministère Royal des Affaires Étrangères et le Département des Statistiques du Danemark. 281 pages and map. No price given.
- W. E. Hearn, First Australian Economist.* By D. B. Copland. 80 pages. (London) H. Milford. (Melbourne) Melbourne University Press. 3s. 6d. net.
- Il Problema del Trend Sociale nelle Fluttuazioni dei Prezzi.* By Jenny Grizzotti-Kretschmann. (Pavia.) Libreria Fratelli Treves. 173 pages. L. 20.
- L'Évolution Mondiale dans le Monde depuis la Guerre de 1914.* By B. Grizzotti. (Paris) Recueil Sirey. 144 pages. No price given.
- Über Obligationenverwertung.* By O. Bernstein. (Berlin) Druck von A. W. Hayn's Erben. 106 pages. No price given.
- Atkin's Manual, 1935.* (London) Geo. D. Atkin and Company 1 Drapers Gardens, E.C.2. 497 pages. No price given.
- Jordan's Income Tax Guide, 1935-1936.* Compiled by Charles W. Chivers. (London) Jordan and Sons, Ltd., 116 Chancery Lane, W.C.2. 32 pages. 6d. net.
- The Housing Question.* By F. Engels. Martin Lawrence. 103 pages. 2s. 6d.
- Middlesex Sessions Record.* New Series. Vol. I. 1612-1614. 591 pages. No price given.
- Die Bank für internationalen Zahlungsausgleich, ihre Stellung im zwischenstaatlichen Zahlungsverkehr u. ihre Bedeutung für Deutschland.* By Dr. Kurt Klipstein. Konrad Tritsch (Dürzburg). 147 pages. R.M. 3.60.
- British Export Credit Insurance.* By Ethel B. Dietrich. Reprinted from *American Economic Review*. 13 pages. No price given.
- The Economist's Confession of Faith.* By Gilbert Jackson. (London) Macmillan and Company, Ltd. 182 pages. 8s. 6d.
- Snia Viscosa.* (Milan) Snia Viscosa, Via Cernaia, 8. 127 pages. No price given.
- Commonwealth Quarterly Review.* (London). Edited by Commonwealth Mining & Finance, Ltd., 8, Great Winchester Street, E.C.2. 32 pages.
- The first number of this new house journal contains articles, maps and photographs of great service to those interested in the rapid development of the Western Australia gold-mining industry.

MONEY AND BANKING

ITALY FEELS THE STRAIN

ITALY's financial and economic position shows signs of becoming acute. In recent years her economy has suffered the successive strains of a stabilisation of the currency at too high a level in 1927, a resulting prolonged deflation, a further intense deflation following the departure of the pound from gold, an attempt to reflate without devaluation by means of rigid exchange restriction, and finally the prospect of an expensive and protracted war fought on foreign soil. In an article on the lira on December 8th last we made the following observation:—

If the slow but persistent drain on the Bank's gold reserve were to continue, without a proportionate reduction taking place in the sight liabilities of the central institution, the Italian Government would obviously have to choose between the alternatives of formally denying any connection with the gold standard or reducing the statutory ratio of the gold reserve to notes and deposits.

On Monday this week it was announced that the statutory requirement of a 40 per cent. metallic cover for the note issue and sight liabilities had been temporarily suspended.

Italy's balance of trade and balance of payments, thanks no doubt to the overvaluation of the lira, have been persistently passive for some years.* In 1932 and 1933 the import surplus was about 1,500 million lire. In 1934 it rose to nearly 2,500 million lire, owing to a simultaneous increase in imports and a decline in exports; and for the first six months of 1935 it was 1,381 million lire. A simultaneous and steady decline in emigrants' remittances has exerted a further adverse influence, though it is believed that tourists' expenditure has recently to some extent recovered.

The passive balance of payments on current account, however, as our Italian correspondent has often insisted, is by no means the only factor tending to reduce the Bank of Italy's gold reserve. The chronic Budget deficit, and the resulting persistent rise in the public debt, has also played an important part in diminishing confidence in the currency and consequently provoking a flight of capital. From 1927 to 1933, according to the last report of the Bank of Italy, the loss of the Bank's gold was "mainly due to capital investments by Italians in foreign countries, and to purchases, also by Italians, of foreign securities and of Italian securities issued in foreign countries. . . ."

This flight of capital was no doubt partly due to the overvaluation of the lira and, as the Bank suggests, to Italy's cheap-money policy. But the Budget deficit has also been an important factor in undermining confidence. In the two financial years ending June 30, 1933, the deficit averaged 3,500 million to 3,800 million lire. In 1933-34 it was considerably over 6,000 million lire. Drastic cuts in wages and salaries managed to reduce the deficit in the first six months of the 1934-35 financial year to 1,074.7 million lire; and the deficit for 1935-36 was officially estimated at 1,657 million lire. Nevertheless, 2,000 million lire in 4 per cent. nine-year Treasury bonds had to be raised internally in November. Moreover, since January Italy's military expenditure must have risen enormously; and, as in the case of Germany, the official figures of expenditure should probably be accepted with some reserve.

As a result of the chronic deficit and of Signor Mussolini's public works policy the national debt has been growing ever since the Fascist regime began. A series of hitherto unpublished official figures, showing the total of the national debt and the "national assets," are given in our Italian letter on page 176. Last February our Italian correspondent estimated the total of State liabilities at about 150,000 million lire, compared with about 100,000 million lire in 1922. In May the Italian Finance Minister gave the figure of 128,000 million lire for the public debt proper on June 30, 1934, and the increase since 1922 at 32,000 millions. In the new figures now issued by the Treasury

* See the detailed Memorandum: *The Economic and Financial Position of Italy*; London, Royal Institute of International Affairs, S.W. 1. 2s. net.

the total of State liabilities on June 30, 1934, is put at 149,927 million lire and the increase since 1922 at 2,700 millions. At the same time the total of State assets is put at 111,541 millions and the increase since 1922 at 23,289 millions. But by no means all the assets are realisable, in any sense of the word. They include "land, sea and air war material, and other material for State services," and "non-disposable scientific and artistic material." Moreover, the increase in the public debt since 1922 is partly offset by a "reduction in liabilities," which turns out on examination to consist largely of the contraction in the note circulation due to ten years of deflation!

The combined effect of the flight of capital and the tendency to a passive balance of payments has been to reduce the gold reserve by 838 million lire in 1932, 367 million lire in 1933 and 1,540 million lire in 1934. In 1934 the import surplus became more important than the flight of capital; for by this time rigid exchange restrictions had made capital exports practically impossible. At the beginning of 1934 Italy abandoned the orthodox policy of deflating in order to remain on the gold standard; and adopted Germany's policy of reflating within a wall of import and exchange restrictions. The symptoms of this change of policy are the facts, among others, that since December, 1933, unemployment has been falling, that the import surplus is growing, and that prices are tending to rise. By December, 1934, the Bank's reserve had fallen to 5,760 million lire, compared with 7,092 millions at the end of December, 1933, and a combined gold and foreign exchange reserve of 10,331 millions in December, 1929. On December 10th last a decree came into force making it compulsory for all Italian individuals or institutions to declare their foreign assets to the Bank of Italy and to sell them if required to do so. As a result, the gold reserve recovered slightly throughout December and January; but it subsequently began to fall once more. Further drastic import restrictions were imposed in February.

The remarkable rise in wholesale prices apparent since January suggests very strongly that some form of disguised credit inflation designed to finance military expenditure has been proceeding throughout the year. At any rate, prices, production, employment, rates of interest, the cost of living, and the import surplus have been rising rapidly; while the gold reserve has been falling. On May 21st a decree was published obliging all Italian banks, firms, companies and individuals in Italy to deposit within 20 days at the Bank of Italy their holdings of foreign stocks and bonds and of Italian bonds issued abroad. From June 10th the gold stock began to fall rapidly, and by July 10th it was as low as 5,524 millions. Between June 10 and June 30 the Bank's holdings of foreign bills and balances rose by about as much as its gold losses. It appears therefore that the Bank had been relinquishing gold to pay for imports and at the same time acquiring the foreign balances accruing to Italian exporters. Simultaneously with the fall in the gold reserve, Italian wholesale prices had risen from 85.2 on January 2nd to 96.9 on July 3rd; while French prices had been about stable. And, despite the import and exchange restrictions, the spot exchange rate has for some time past stood in Paris at a substantial discount.

The announcement of the suspension of the 40 per cent. gold ratio completely upset the London foreign exchange market, where dealings in lire had for a long time been attended with difficulty. On Tuesday spot lire, after opening at lire 60½ to the pound, rapidly depreciated to lire 66. This last rate was purely nominal, as there were no buyers. The Italian Control at once intervened and brought the rate back first to lire 60 and finally to lire 61½. The Control has since continued to operate, and the spot rate was held at between lire 60 and 61. Dealings in forward lire have been practically impossible, and the three months' rate is nominally lire 5½ discount, equivalent to about 37 per cent. per annum.

On Tuesday a semi-official statement was issued, which pointed out that this suspension of the 40 per cent. gold ratio did not imply that the lira was being devalued. It admitted that the foreign liabilities of the Italian Government had increased to 500 million lire, but promised payment "within the next few days." The control exercised over foreign exchange and foreign trade, it was stated, together with the strict application of quotas, made it possible for the Italian Government to ensure the prompt protection of the lira.

Tuesday's official statement has not carried much conviction in the City of London. It is pointed out that Italy is light-heartedly envisaging a war on foreign soil, and that apart from any actual expenditure abroad, the major munitions of war such as steel, non-ferrous metal, coal and oil all have to be imported. It is impracticable for Italy to expand her exports in proportion, and thus she will be forced back upon her reserves of gold and foreign exchange and upon her ability to borrow in foreign centres. This raises the question of Italy's credit in every sense of the word, and the trend of Italian sterling and dollar bonds in London and New York is very ominous. Only a fortnight ago we pointed out that Italian credit stood at a low ebb. Since then there has been a further collapse. The sterling *tranche* of the 7 per cent. Italian Credit Consortium bonds has kept nominally steady in London at about 96 for the 1937 issue, but has fallen sharply from 86-89 to 79-80½ for the 1947 issue. The corresponding dollar *tranches* have fallen in New York from 87-88 to 80½-84 for the 1937 issue, and from 71 to 67½ for the 1947 issue. The price of 67½ is nominal, with no buyers.

The Great War taught the world that once patriotic enthusiasm has been aroused, most nations will endure far greater economic and financial *internal* strain than had generally been supposed. Italy may be able to endure such a strain again to-day. Fortitude of this kind, however, will not solve Italy's real problem, which is how to obtain and pay for essential munitions and materials *from abroad*. Already British coal exporters are refusing to make further shipments while their outstanding debts are in arrears; and it is significant that the real motive behind the suspension of the gold cover is to release gold with which to discharge external debts. Italy is also trying to expand her export trade by means of fresh credits. But all these shifts can only be palliatives. The plain fact is that Italy can only finance a prolonged campaign by borrowing in foreign centres. And it is more than doubtful if she will be able to do so.

FINANCIAL NOTES

The Weakness of the Guilder.—On Wednesday it became known that the Dutch Government's economy proposals no longer commanded the assent of all the Government's supporters, with the result that Dr. Colijn might have to resign almost immediately. This at once called in question the future of the guilder; for while Holland's technical, financial and monetary position remains strong, it increased the possibility that escape from her social and economic difficulties might be found through an early devaluation. As explained in a subsequent Note, the guilder at once began to depreciate, and the Netherlands Bank's gold losses on Wednesday alone are estimated at about Fl. 50 millions. At midday the Bank raised its rediscount rate from 3 to 5 per cent., while on Thursday it became known that the decision about the future of the Government was being postponed. These developments, including the orthodox measure of defence against a drain of gold, were regarded in London as implying that some compromise solution of the political difficulties might be found, and that it might be possible for Holland to remain on gold. Other wise they would mean that the Dutch authorities were knowingly fighting a lost battle. The strain upon the guilder therefore eased during Thursday, and the Netherlands Bank's gold losses for that day were estimated at only Fl. 25 millions. There is no doubt that there has been a considerable flight of funds from Holland. It must also be

remembered that the regulations against speculative forward sales are only partially effective, as it is still permissible to marry a speculative forward deal against a genuine commercial hedge. Still, the Netherlands Bank's gold reserves are probably still well over Fl. 610 millions, equivalent to a gold cover of about 70 per cent., while the Dutch Treasury is not pressed for funds and has further short-term borrowing powers. On Thursday afternoon a London opinion was that Holland would maintain the *status quo* for the time being and watch the results of devaluation in Belgium and deflation in France. She might then base her final choice on the result of her observations.

The Foreign Exchanges.—The London Market has this week been overshadowed by the rapid developments in Amsterdam which have affected all the gold *bloc* currencies. Spot guilders weakened rapidly from Fl. 7.34 on Tuesday to Fl. 7.43 on Wednesday, but returned to Fl. 7.35½ the following day. Three-months' guilders simultaneously moved out from 12 to 22-27 cents discount, and remained at 25-28 cents on Thursday. Spot French francs began to weaken, but so soon as the rate touched Frs. 75 the British Control intervened and held the rate. Three-months' francs have weakened from Frs. 1½ to Frs. 1½ centimes discount. Swiss francs moved on parallel lines, the three-months' rate depreciating from 30 to 48 centimes discount, while spot dollars have been steady to strong around \$4.96 and \$4.95. In Paris, the dollar strengthened on Wednesday to Frs. 15.14½, but remained within the export gold point. The rate came back on Thursday to Frs. 15.12½. The Dutch rate fell in Paris to Frs. 1.018.50 per 100 guilders, against parity of Frs. 1.025. Dealings in London were fairly active on Wednesday, but became quieter on Thursday when the Dutch outlook was regarded with a little more confidence. Still the continued weakness of the Dutch forward rates shows that the outlook was considered to be most uncertain.

Austria's Financial Recovery.—Our Vienna correspondent writes that since the beginning of this year the gold and foreign exchange holdings of the Austrian National Bank have risen from Sch. 279 to Sch. 330 millions, with the result that the ratio of gold to notes in circulation has improved from 32.5 to 36 per cent. The influx of funds from abroad is continuing, and it appears likely that the National Bank will have acquired a further Sch. 5 millions of foreign exchange by the end of July. Repatriation of funds, sales of foreign credits by the Credit Anstalt, an improvement in the trade balance and increased tourist receipts have all contributed towards this improvement, but the one point which stands out is the restoration of confidence in the Austrian currency. Last month the whole of the transfer protection for Austria was abolished, and the service of her foreign indebtedness has since been carried on normally and without any restriction. This obviously increases the potential pressure upon the schilling, but so far it has probably helped to restore confidence and to stimulate the repatriation of funds. Our correspondent points out that the return of funds to Austria began two years ago, but until recently the tendency has been for Austrian nationals to hold foreign bank-notes or securities at home. The weaknesses of the gold *bloc* currencies, however, have lately led to the widespread conversion of these returned funds into schillings, and the total amount is estimated at Sch. 200 millions. Simultaneously the cash holdings of the Credit Anstalt have increased since the New Year by more than Sch. 100 millions through sales of foreign credits, and one-third of this sum has probably been repatriated. The passive trade balance for the first five months of 1935 was Sch. 113 millions, against Sch. 137 millions in 1934, and allowance must also be made for the export of electric power valued at over Sch. 10 millions. Net tourist income for the year ended October 31, 1934, is estimated at Sch. 53 millions, and recent indications point to a net income of as much as Sch. 115 millions for the current year. There are, unfortunately, signs of a deterioration in the trade balance, as exports are falling and imports are increasing, but even so Austria's position is greatly im-

proved. Moreover, the schilling is now regarded as one of the safest of the Continental currencies, and this may prove the deciding factor.

The Money Market.—Conditions are very little changed. Plenty of money is available at the clearing banks at ½ and 1 per cent., and only one of the clearing banks now calls once a week for making-up purposes. The banks have been buying Treasury bills at ½ per cent. for dates up to the end of September and at ¾ per cent. for maturities in the first week of October. They are not buying later dates, and hot Treasuries are only quoted nominally at 1½ per cent., with few buyers. Three months' bank bills are quoted at ¾ per cent.

	July 4, 1935	July 11, 1935	July 18, 1935	July 25, 1935
Bank rate.....	2	2	2	2
Clearing banks' deposit rate ...	½	½	½	½
Short Loan rate :—				
Clearing banks.....	1-1	1-1	1-1	1-1
Others.....	1-1	1-1	1-1	1-1
Discount rates :—				
Treasury bills	½	½	½	½
Three months' bank bills ...	¾	¾	¾	¾

This week's tender issues of Treasury bills exceeded maturities by £5.0 millions, and so the average tender rate was held at 12s. 2.84d. per cent., against 12s. 1.60d. per cent. the week before. By the end of this week the total volume of Treasury Bills issued by tender and still outstanding had risen to £500 millions. This represents an increase from £360.4 millions during the current financial year, and the figure has not touched £500 millions since February, 1934. The Exchange Equalisation Account is once more having to buy gold and reduce its holdings of Treasury bills, and so it looks as if tender issues will continue to expand.

The Bank Return.—The approach of the holiday is increasing the demand for currency, and as a result the note circulation has risen by £1.2 millions. In the absence of gold movements the Reserve has fallen by the same amount.

	BANK OF ENGLAND				
	July 25, 1934	July 3, 1935	July 10, 1935	July 17, 1935	July 24, 1935
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department :—					
Gold	191.6	192.7	192.7	192.7	192.7
Note circulation	383.9	401.4	400.7	399.6	400.8
Banking Department :—					
Reserve	68.2	51.9	52.6	53.7	52.4
Public deposits.....	10.9	9.6	8.4	7.9	8.9
Bankers' deposits	104.8	110.5	108.6	103.6	100.8
Other deposits	36.1	38.0	36.4	38.8	36.6
Government securities.....	83.5	98.2	95.8	91.9	88.7
Discounts and advances	7.5	13.5	10.4	9.3	10.3
Other securities	10.7	12.5	12.6	13.5	12.9

Proportion 44.9% 32.8% 34.3% 35.7% 35.8%
In the banking department Government securities are reduced by £3.2 millions, and the total reduction since July 3rd has been as much as £9.5 millions. Other deposits have returned practically to their level of a fortnight ago, while bankers' deposits have fallen by £2.8 millions.

New York Money and Banking.—Money rates remain easy. During the week ended July 17th, New York member banks' loans to brokers increased from \$883 to \$900 millions. Other loans against securities rose from \$745 to \$750 millions. The offer of \$100 millions of 2½ per cent. 1935-60 Treasury bonds has resulted in the acceptance of tenders for \$101 millions at an average price of 101½. Some interest has been roused in Wall Street by the New York Federal Court's judgment enjoining the St. Louis South-Western Railway Company to pay the gold equivalent of the coupons on bonds held by the Anglo-Continental Treuhand A.G. The holder had sought payments in guilders. Notice of appeal is being given, and the case will presumably come before the Supreme Court. The House of Representatives has passed the Bill, giving the Administration power to bar suits against it arising out of the gold clause, and the Bill is now before the Senate.

President Roosevelt has expressed himself warmly in favour of the Bill, and has pointed out that every other Government possesses similar powers. Gold imports during the week ended July 12th were only \$2.3 millions. Silver imports amounted to \$8.3 millions, of which \$5.0 millions came from England, and \$2.2 millions from Mexico.

Standard Bank of South Africa.—When at the end of 1932 South Africa suspended the gold standard, the immediate consequence was an enormous influx of funds into the Union. This added greatly to the cash resources of the banks, so much so that during the two years ended March 31st the Standard Bank's cash rose from £5.9 to £17.1 millions. During the past year the bank has been able to put some of this cash to good use, and as a result it only held £12.1 millions in cash on March 31, 1935. Liquidity, however, has been fully maintained, for the cash ratio has only dropped from 31 to 22 per cent. The salient features in the accounts are summarised below:—

	Year ended March 31		
	1933	1934	1935
Liabilities :	£'000	£'000	£'000
Capital.....	2,500	2,500	2,500
Reserve fund	2,500	2,500	2,500
Deposits	52,960	55,163	55,463
Bills for collection	7,381	7,282	8,336
Assets :			
Cash	11,842	17,081	12,055
Call money	3,600	2,600	1,871
Investments.....	8,880	9,826	12,726
Bills purchased.....	3,352	3,971	4,361
Discounts and advances	28,371	25,249	27,738
Net profits	429	433	503
Dividend	10%	10%	12%*

* Includes a bonus of 2 per cent.
The balance sheet shows that part of the bank's spare cash has gone into investments, but the expansion of trade in South Africa has enabled the bank to add to its discounts and advances. Further evidence of the marked revival in trade is to be found in the increase in bills for collection, but the chairman was careful to point out at the general meeting that the revival was largely due to the prosperity of the gold-mining industry. The improvement in net profits from £433,000 to £503,000 is undoubtedly connected with the increase in the bank's earning assets.

The National Bank of Australasia.—The latest balance sheet of this bank presents some interesting points. On the liabilities side, deposits, both interest- and non-interest-bearing, show increases over the previous year, this being in accordance with the general trend of Australian banking as shown in the *Economist* of June 15th. Among assets, cash is substantially higher. This suggests that the strain on the Australian credit position, due to last year's collapse in wool prices and the value of wool exports, may not have been so serious as at one time seemed likely. The principal items in the accounts are given below:—

	March 31,		
	1933	1934	1935
Liabilities :	£'000	£'000	£'000
Capital.....	5,000	5,000	5,000
Reserve fund	3,000	3,000	3,000
Exchange reserve.....	300	300	300
Note circulation	48	48	48
Deposits :			
(a) Government	227	155	194
(b) Other, not bearing interest	10,096	11,891	12,270
(c) Other, bearing interest ...	23,339	24,167	24,586
Assets :			
Cash and call money	4,201	4,262	5,437
Commonwealth Treasury bills	4,750	2,835	3,225
Investments.....	1,479	2,943	3,096
Bills in transit	1,888	3,710	2,565
Discounts and advances	29,561	30,671	31,183
Gross profits	1,120	1,067	1,087
Expenses	735	742	752
Taxation	93	72	59
Net profit	292	274	276
Dividend	5%	5%	5%

The decrease in bank holdings of Treasury bills has apparently been reversed. Bills in transit, however, are substantially lower than in 1934, and this presumably is due to the lower value of wool shipments. There has been a further expansion in discounts and advances. Profits are practically unchanged.

THE STOCK EXCHANGE

CANADIAN BOND OUTLOOK

AN impending general election is invariably the cue for caution in the bond market. The prorogation of the Canadian Parliament, however, is less important in itself than the political and economic developments which preceded it. The first six months of this year have certainly provided much anxious thought for Canadian bondholders. The attempts made by the Mayor of Vancouver to enforce a cut in bond interest rates were disturbing, but the repudiation of the power contracts by the Ontario Government, under cover of a cynical Bill legalising the Province's breach of contract, was even more serious. Investors were quick to appreciate the fact that, whatever equitable claims might be made on behalf of the Ontario Government in the dispute, no real effort had been made to reach an agreed settlement with the companies. Such high-handed action on the part of the most prosperous of Canadian provinces inevitably damaged Federal credit. In the political field, the quarrel between Mr Bennett and Mr Stevens, who resigned from the Ministry of Trade after publicly denouncing "big business" in connection with the Price Spreads Commission's inquiry, has been followed by the latter's emergence as the leader of a new "reform" party which is likely to weaken the Government in the autumn election.

Recent economic developments in Canada have been encouraging, though, in some respects, not exciting. After several years of drought, rainfall has restored the 1935 wheat crop to 96 per cent. of the long-period average. This, in itself, may not prove a "bull point," for the movement of the previous year's crop has been sluggish, and problems of storage and marketing are demanding serious consideration. Industrial activity has also shown a somewhat improved trend. Construction work, indeed, is running some 20 per cent. higher than a year ago. Steel output has recovered rapidly, and nickel and copper outputs have further increased. The automobile and footwear trades, and even the depressed newsprint industry, report better business. These developments are reflected in the index of the physical volume of business, compiled by the Dominion Bureau of Statistics. After falling from 125.5 in 1929 (average 1926 = 100) to a low level of 78.7 in 1932, the index rose to 94.2 in 1934, and has averaged 98.7 for the first five months of this year. Recovery in the construction trades, however, has considerable leeway to overtake before pre-depression levels are restored.

More important, however, is the uneven nature of the "recovery" in the Dominion. The following table shows the course of employment in Canada and the five principal Canadian economic regions during the last three years, compared with the prosperous level of 1929:—

INDEX OF EMPLOYMENT, AVERAGE 1926=100

	1929		1932		1933		1934		April	
	June	Dec.	June	Dec.	June	Dec.	June	Dec.	1934	1935
Canada	122.2	119.1	88.7	78.5	84.5	88.6	101.0	94.4	92.0	95.2
Maritime	112.5	113.3	98.4	80.1	89.9	97.0	100.4	99.0	98.3	97.4
Provinces†	115.9	118.4	88.6	77.8	83.0	86.3	94.1	91.3	85.5	89.7
Quebec	126.2	123.1	89.2	78.8	85.0	91.2	109.9	98.0	98.5	101.7
Ontario	132.4	119.0	90.5	84.4	85.0	86.4	94.1	91.2	85.4	87.9
Prairie	117.5	108.3	83.7	69.7	81.8	80.4	94.1	88.8	88.4	92.6
Provinces†										
British Columbia										

† Nova Scotia, New Brunswick, and Prince Edward Island.
‡ Manitoba, Alberta and Saskatchewan.

Recovery in employment has been most rapid in Ontario and the Maritime Provinces, and much less vigorous in the Prairie Provinces, British Columbia and Quebec. Behind the shelter of the high tariff the industrial areas in the East are faring relatively better than the wheat lands. Low interest rates have stimulated new construction work, but the increase in agricultural spending power has not been so important. Field crops in 1934 were valued at nearly

\$545 millions, an increase of over \$91 millions on 1933. A slightly larger wheat crop, in 1934, was sold at a considerably higher price, increasing the total value from \$122.9 millions in 1933 to \$164 millions in 1934. But the improvement in farming revenues has merely enabled replacement arrears to be covered without leaving an appreciable profit surplus. Indirectly, moreover, the recovery in agriculture has been financed by the Federal Government, which until recently has purchased domestic wheat substantially above world prices and has pegged its selling price. In consequence, stocks have accumulated, in contrast to the trend in other wheat-growing countries; and they now amount to nearly 200 million bushels. It is expected that the new Wheat Board will offer lower prices to farmers than those hitherto quoted. A price of 67 cents per bushel has been mentioned in this connection, against 80 cents previously paid. This would bring Winnipeg and Liverpool quotations broadly into line.

In view of the political position, it would be rash to speculate on the policy of the new Wheat Board, and it remains to be seen whether any reduction in the "pool" price will more than offset the expected increase in this year's crop. The moral for investors, however, is still this: without the restoration of adequate purchasing power to the prairies, Canada as a whole cannot achieve more than a partial recovery.

Moreover, there are two important industrial sources of weakness in the Dominion. The position of the two railway systems, in the first place, is a cause of recurrent anxiety. It has been estimated that the Canadian National Railway has cost the Dominion over \$3,000 millions since the war. Nor is the Canadian Pacific system, which has received Government guarantees for bank loans, showing any net improvement on 1934. A real solution of the railway problem, indeed, seems essential if a source of cumulative strain upon Canadian public finance is to be eliminated. The second depressed industry—newsprint—has become since pre-war days the most important export trade. Production fell from 145.1 in 1929 (1926 = 100) to 101.5 in 1932, and has since recovered to about 135. Depression, however, has been accompanied by vicious price-cutting, owing to the peculiar form of contract employed in the industry, and to the endeavours of the principal manufacturers to cover their greatly expanded prior charges. Recovery in the United States has led to increased consumption of Canadian newsprint, but the problem of surplus capacity is still clamant.

Broadly interpreted, economic conditions, although still in the recovery phase, appear to have lost something of the impetus which marked the rapid revival from 1933 to mid-1934. Export trade has increased during the first five months of 1935 by some 7½ per cent. During 1934 exports were 22.7 per cent. higher than in 1933 at \$659.9 millions, while imports advanced by 28 per cent. to \$513.5 millions. The active trade balance was nearly \$10 millions higher at \$146.4 millions. Estimates compiled by the Dominion Bureau of Statistics show that Canada had a surplus of \$20 millions on international payments account in 1934, compared with a deficit of \$62 millions in the previous year.

Improvement is also reflected in the public revenue returns set out in the following table. Taxation receipts have increased by over \$50 millions during the last two years, while the latest year, to March last, provided the first surplus in the ordinary account since 1929-30.

The significant items in the public accounts, however, are to be found, not under ordinary expenditure, which has remained very steady in recent years, but among the uncovered special items. Included in this category are expenditure on unemployment relief, deficits on the National Railway, and advances to Provinces. As a result, the total Budget deficit has been covered by an increase

FISCAL YEARS ENDED MARCH 31ST.
(\$ millions)

	1929	1933	1934	1935 (est.)
Receipts				
Taxation receipts	395.9	254.3	271.9	306.1
New-tax revenue	59.8	52.3	52.2	53.3
Special receipts	4.7	4.5	0.4	3.0
Total receipts	460.2	311.1	324.5	362.4
Expenditure				
Debt charges	126.0	135.9	140.6	138.5
Total ordinary expenditure	351.0	349.8	346.6	356.6
Special expenditure and railway deficits	1.4	96.8	101.7	114.6
Capital expenditure	22.8	8.5	6.5	7.1
Non-active loans, etc.	13.6	67.9	3.1	1.7
Grand total	388.8	523.0	457.9	480.0

in the Federal debt of \$120 millions during the year. During the last five years the net increase in debt has totalled as much as \$670 millions, of which the National Railway has absorbed \$224 millions, unemployment relief and wheat loans \$188.5 millions and ordinary deficits \$135.4 millions. Extraordinary expenditure, undertaken by the Federal Government, has saved the Provinces from open financial crisis and the Dominion from deflationary pressure; and it has increased the yield of taxation. As a temporary expedient it has something to recommend it, but unless strict limits can be observed, the prospects of redeeming the increase in the public debt, once general prosperity has been restored, will undoubtedly be faint.

There has, however, been a tendency to assume that the Dominion, already assisting the Provinces on a generous scale, would underwrite their debt service in case of open default. The provincial budgetary position shows little improvement, and the widely-canvassed refunding of provincial debts under Dominion guarantee has not been effected. Such guarantees would imply more stringent control of provincial finance, which would probably be unpalatable to the provincial autonomists. The establishment of a Loan Council, as in Australia, would undoubtedly afford much-needed control over provincial and Dominion finances, and, under its guidance, an improvement in provincial credit status might gradually be effected. Already, however, the Dominion has given guarantees for borrowing in excess of \$1,000 millions. Under present conditions further conversion opportunities, to which the Finance Minister referred in his recent Budget speech, may be limited.

The following table illustrates the course of London quotations for representative federal and provincial loans, with redemption yields at present prices:—

	1929-33		1934		1935	Yield to redemption (%)
	Highest	Lowest	Jan. 2	Dec. 31	July 24	
FEDERAL GOVERNMENT						
<i>Direct Obligations—</i>						£ s. d.
Canada 4½, 1935-58	106½*	100*	105½	113	113	3 3 0
Canada 3½, 1930-50	101½	70	99	101	102	3 8 8½
<i>Federal Guaranteed—</i>						
Can. North Ontario Rly. 3½, 1961	97	71	83	103xd	101½xd	3 8 8
Grand Trunk Pacific 3½, 1962	102	96½	82	99	96½xd	3 4 0
PROVINCIAL GOVERNMENTS						
<i>Direct Obligations—</i>						
Alberta 5½, 1962-67	108½†	96½	101½	111	106½	4 12 3
British Columbia 4½, 1941	103½	90	99	104	101½	4 9 0
Manitoba Province 4½, 1950	98½	84½	89½	101	101	3 18 3
Nova Scotia 3½, 1934	97	70½	80	99	100	3 10 3
Ontario 4½, 1947	102½	84	100	104	104	3 13 0
Saskatchewan 4½, 1951	96½	80	96	100	97xd	4 5 4
<i>Provincial Guaranteed—</i>						
Can. North. Rly. 4½ 1st mort. Alberta guar. deb. stk., 1939	97½	82	88	96½	93	6 8 0
Can. N. West. Rly. 4½ 1st mort. deb. stk., 1948 (guar. by Alberta)	103	85½	88	101	98	4 17 6
Pacific C. Eastern 4½ 1st mort. deb. stk., 1942 (guar. by Brit. Columbia)	116	84	90½	100xd	96xd	5 4 0
MUNICIPALITIES						
Montreal 4½, 1969	117½	89½	102	106	105½	4 5 0
Quebec 3½, 1962	95½	73½	82	97	97xd	3 13 6
Saskatoon 5½, 1941-61	102	84	93	102	98½	6 0 0
Vancouver 4½, 1950-52	96½	79½	91	100	98½	4 11 6
Winnipeg 4½, 1940	108½	86	104	103		

* Year 1933. † Years 1932 and 1933. ‡ Official quotations suspended. § Flat yield.

The outstanding feature in the table is the discrimination shown by the market in valuing provincial obligations. Redemption yields on direct loans vary from £3 10s. 3d.

per cent. to £4 12s. 3d. per cent., the Prairie and Western Provinces and their guarantee issues being given an appreciably lower credit rating. Municipalities in the wheat areas are similarly valued. It is possible that such caution is justified, for until farming incomes rise appreciably, general prosperity and Budget stability cannot be achieved. The prospects of a rise in grain prices sufficient to alleviate the burden of public debt seem, as yet, too remote to promise an early recovery in Canadian bond quotations. If present political tendencies presage a return to economic orthodoxy, the Dominion may, at last, be able to effect some reduction in the increasing and vicarious debt burdens which it has rather freely assumed in recent years.

INVESTMENT NOTES

The Commonwealth Conversion.—The long-expected Commonwealth of Australia loan, which has made its appearance this week, may well prove to be the last big conversion operation of the present season. The issue replaces the New South Wales 3 per cent. stock, of which some £12,420,113 matures on October 1st; but in addition to this "compulsory" conversion, the Commonwealth Government has exercised its option to refund the Victoria 5 per cent. inscribed stock, 1935-45, of which the £1,049,868 outstanding has been called for repayment on November 1st. The total amount of new stock offered this week was therefore £13,469,981. The distinguishing feature of this latest Australian operation is that the 3 per cent. conversion stock offered is of the uncompromisingly short-dated type. Its maximum currency is six years, and its primary appeal, therefore, unlike that of all the previous important conversions, is to the money market proper, which has responded in no uncertain fashion, and applications are likely to exceed, many times over, the share of the new loan which will be available to cash subscribers. From the borrower's point of view, however, the terms of the loan are perhaps open to criticism. Certainly no borrower free to choose the date for a large debt conversion operation would select the period 1939-41, when interest rates, if the trade cycle runs true to form, may be at an unfavourable phase. The explanation of the Commonwealth's choice doubtless lies rather in the political than in the financial field. Australian public opinion is sensitive on the subject of its public debt charge, and the terms of the new loan have doubtless been governed rather by the desire not to pay more in current interest than by considerations of long-term expediency. For an issue of the twenty-year type Australia would have had to pay, not only appreciably more than the 3 per cent. on the maturing New South Wales stock, but also more than the rate for the £22 millions issue of 3½ per cent. stock, 1956-61, offered in January at par. As events have proved, that issue was made when gilt-edged prices were at their zenith. The stock now stands at nearly 1½ per cent. discount on the issue price, so that a new issue of the same class could hardly have been offered now at more than 98 per cent. Australia's record of achieving a saving of interest by every one of her conversion operations has thus been maintained. It is certainly impressive, whatever slight misgivings may be aroused by the latest operation of the series. In less than three years the Australian Government, with the generous co-operation of the London market, has converted as much as £160,300,000 of debt at a total annual interest saving of nearly £2,500,000. The Commonwealth has still outstanding three loans which are now in the conversion zone. These carry interest at 4½ per cent. and 5 per cent., so that she can look to a further substantial saving of interest.

L.M.S. and Southern Interims.—The railway interim dividend season has opened in somewhat odd style. The actual distributions exceed the best market expectations, but the accompanying statements nevertheless prove somewhat

inauspicious. The London Midland and Scottish 4 per cent. first preference and 5 per cent. redeemable preference stockholders receive a full half-year's dividend, whereas last year only $1\frac{1}{2}$ per cent. and $1\frac{1}{8}$ per cent. respectively was paid. The holders of the Southern 5 per cent. preferred ordinary stock receive a quite unexpected 1 per cent. The Southern distribution, however, is only the jam which coats the somewhat bitter pill that "the directors have no reason to think that the results for the whole year 1935 will be better than those of 1934." This announcement is the clearest indication that the directors do not intend, this year, to make an allowance for the reduced rating assessment. It is, in any case, doubtful whether a final decision can be reached this year, even in the Southern appeal case. The usual half-year revenue figures are also a little disappointing. Both for the London Midland and Scottish and for the Southern, the half-year's increase in gross receipts has been less than was indicated in the weekly traffic figures. The explanation lies in the fact that the 1935 calendar half-year contained one more Sunday than that of 1934. The London Midland and Scottish railway gross receipts have increased by £200,000. Of this, £170,000 has been absorbed by extra wages and salaries. The cost of last January's wage concessions in a full year was officially estimated at £360,000, so that the increase accords with expectations. Other railway expenses, however, have been reduced by £70,000, which must be regarded as a very creditable achievement. The total railway net gain is thus £100,000, but this, unfortunately, is entirely offset by a somewhat inexplicable reduction of £100,000 in ancillary receipts. Since net revenue is unchanged, the first preference dividends are covered in full, with something to spare for the 4 per cent. preference of 1923. The Southern statement is less pleasing. Gross railway receipts have fallen by £30,000, and expenditure has increased by £45,000. This extra cost, however, includes a proportion of the annual charge of £120,000 attributable to wage-cut restorations. Net revenue is reduced by £75,000, for the ancillary services have broken even on the half-year. The half-year's earnings would accordingly provide the equivalent of 0.27 per cent. on the preferred ordinary stock. It would appear, therefore, that the directors expect this difference to be picked up in the second half-year. The London and North-Eastern and Great Western declarations are not available as we go to press.

Millars' Timber Scheme.—The market expressed its disappointment with the long-expected capital reorganisation scheme proposed by Millars' Timber and Trading Company by marking down the ordinary shares from 5s. 4½d. to 3s. 6d. The scheme had been postponed until the assets of the group could be justly valued on their earnings prospects. After re-valuation on what appears to be a satisfactory going-concern basis, the net value of the assets amounts to £1,076,667, leaving £623,333 of the share capital uncovered. It is proposed to write off 14s. 8d. on each £1 ordinary share, and to transfer 1s. 4d. of each share so reduced to preference shareholders. The latter are asked to forego arrears of dividend amounting to 6s. per share, and to surrender cumulative rights on one-half of their holding. As compensation they are to obtain one-fourth of the equity, and, by a division of the existing shares, an additional preferential one-half per cent. on their preference holding. They will thus receive one 10s. 7 per cent. cumulative preference share and one 10s. 6 per cent. preferred ordinary share for each existing preference share and one 4s. ordinary share for every three shares held. The accounts for 1934, which were issued with the scheme, show that purchase account, which stood at £1,543,930 at the end of 1933, has been reduced to £415,531, by transfers from reserves and to suspense account, while interests in subsidiary companies have been similarly reduced from £797,427 to £362,961. General turnover in overseas markets was some 46 per cent. higher in 1934, and a further increase is reported for the first six months of the current year. After providing for losses of subsidiary companies, the net profit amounted to £18,684, of

which £9,472 represented income tax recovered. If the plan is approved the way will be cleared for a resumption of preference dividends, granted further recovery in profits. Presumably the board is satisfied as to trading prospects, for, on the latest year's results alone, the scheme might appear somewhat premature. Its provisions, which have been drafted by an eminent firm of accountants and approved by the Association of Investment Trusts, appear equitable in the circumstances, and the helpful manner in which they are presented deserves commendation.

Actuaries' Investment Index.—The opening of the summer three-week account has been responsible for a further general decline in the share markets. The Actuaries' Index of 158 industrial equities has eased to 77.2 this week, against 77.5 a week ago and the same figure a month ago (December 31, 1928 = 100). The corresponding yield figures are 3.86, 3.83 and 3.80 per cent. respectively. The selection of component indices given below illustrates the general character of the week's decline:—

Group (and No. of Securities)	Prices (Dec. 31, 1928=100)			Yields (%)		
	Month Ago (June 25)	Week Ago (July 16)	This Week (July 23)	Month Ago (June 25)	Week Ago (July 16)	This Week (July 23)
Lower this Week:						
Insurance Co.'s (24).....	120.4	123.3	122.2	3.49	3.41	3.45
Coal (6).....	92.9	88.3	88.2	3.74	4.00	4.13
Oil (5).....	69.6	67.9	66.8	4.11	4.57	4.67
Shipping (9).....	15.1	14.6	13.7	3.97	3.95	3.98
Miscellaneous (52).....	69.8	70.3	70.0	3.97	3.95	3.98
Higher this Week:						
Electric Supplies.....	117.3	116.1	116.7	4.37	4.44	4.42
Home Rails.....	69.5	70.9	71.3	1.55	1.51	1.51

Coal shares have experienced a further fall. Oil and shipping shares, after a tentative awakening of speculative interest recently, have failed to hold their ground. The important group of miscellaneous industrials, however, is still fractionally higher than a month ago.

COMPANY NOTES

Jute Manufacturers' Shares.—Jute differs from other textile fibres, since it is not employed mainly for the manufacture of consumers' goods. Though substantial weights of jute yarn are used in carpets, linoleum, furnishings and clothes foundations, the main demand for jute tissues is for packing or protective materials, and particularly for raw materials and bulk consignments entering into international trade. The jute industry has consequently suffered severely in the depression, which brought not only losses as a result of falling prices for raw jute. As the Victoria group of companies shows, the most efficient manufacturers have been able to make substantial economies in conversion costs—quite apart from the saving on cheaper fibre—to offset some of the fall in prices for finished tissues. In Scotland, too, the Jute Industries group has considerably improved its efficiency. This factor, combined with trade, offers jute manufacturers the possibility of a late-maturing recovery. It would, however, be imprudent to rate this prospect too highly. The Census of Production for 1930 strongly suggested that in the six years since 1924 and the manufacturers' margin falling. Ever since 1925 though the profits of the Indian mills remained satisfactory until the depression, the margins of even the best Indian concerns are greatly diminished now. Governmental

efforts to improve raw jute prices by crop restriction, which have had considerable success in recent months, are not making it easier for manufacturers to improve their margin, since higher prices for jute goods weaken their position against competitive wrapping materials. Already paper has virtually replaced jute as a packing for cement, while bulk carriage is being employed for an increasing number of products. In addition to competition from substitutes,

(Profits in £'000 or '000 Rupees)							
	1929	1930	1931	1932	1933	1934	1935
Barnagore (Mar. 31):—							
Earned for Ord.	227.4	129.9	Dr. 7.2	Dr. 42.3	Dr. 18.6	31.0	33.7
Earned %	84.6	50.8	Nil	Nil	Nil	11.6	12.3
Div. %	75	35	5	Nil	5	10	12½
Chandany (Mar. 31):—							
Earned for Div.	Rs. 1508.5	Rs. 1085.3	Rs. Dr. 199.1	Rs. Dr. 35.1	Rs. 36.8	Rs. 373.5	Rs. 450.0
Earned %	26.5	18.3	Nil	Nil	9.7	6.3	7.6
Div. %	17½	15	3	3	3	7	10
Jute Industries (Sept. 30):							
Earned for Pref.	51.8	Dr. 36.5	Dr. 3.0	£. 4	£. 22.5	£. 97.6	£. ...
No preference dividend paid							
Samnuggur (Dec. 31):—							
Earned for Ord.	109.0	Dr. 47.0	72.1	41.7	76.5	45.4	...
Earned %	20.2	Nil	18.0	8.1	14.6	8.5	...
Div. %	30	25	20	12½	15	15	...
Titaghur (Dec. 31):—							
Earned for Ord.	96.7	Dr. 35.3	65.4	35.7	69.1	42.7	...
Earned %	17.9	Nil	14.5	7.0	13.0	8.0	...
Div. %	30	25	20	12½	15	15	...
Victoria (Dec. 31):—							
Earned for Ord.	77.5	Dr. 25.8	40.7	26.3	46.6	35.8	...
Earned %	21.5	Nil	13.6	7.7	13.3	10.1	...
Div. %	30	25	20	12½	15	15	...

the Indian and Scottish manufacturers must face the risk that contemporary nationalist policies will encourage the establishment of jute factories in consuming countries behind a tariff wall. Both the Indian and Scottish trades depend on exports for an important part of their sales. It seems reasonable, therefore, to conclude that while the recovery possibilities of the jute trade are not yet exhausted, it would be unwise to count on margins being re-established on a scale to yield the profits of the better pre-depression years.

Armstrong Whitworth Developments.—Important changes affecting the organisation of Armstrong Whitworth Securities were announced by Major-General Guy Dawnay at the general meeting on Wednesday. After referring to the improvement in the engineering sections, which, together with the realisation of the shipbuilding company, had permitted the recent balance-sheet revision, the chairman referred to the repayment of the £921,431 4 per cent. debenture stock at £102½ per cent. in December. The Securities company, it was stated, has nearly £900,000 available for liabilities, working capital for the operating companies, and debenture repayment. It is proposed to transfer the assets of the Securities company, other than the shares of the Engineers and Ironfounders subsidiaries, to a new company. This company, in turn, will obtain a loan, against the assets which it acquires, sufficient to enable the Securities company to repay its debentures and to provide ample working capital to finance the recent improvement in the business of the two major operating concerns. The chairman stated that the Bank of England had made this financial arrangement possible in recognition of the importance of the undertaking as a labour unit to the North-East coast. As a result of the transfer, the functions of the Securities company will be reduced to those of a holding concern, with consequent economies in management, while the new company will gradually realise the assets transferred to it. Any surplus realised, after repayment of the loan, will accrue to the Securities company. Progress has already been made this year in realising certain assets, and the new company, which may be compared, in essentials, with the R.M. and E.D. Realisation Companies, may obtain satisfactory terms for such assets as the Craven works, whose position improved considerably during 1934. The scheme will bring considerable benefit to the operating companies, for the group will be clear of debenture debt and well provided with working

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Scottish Power Co. Ltd. Ord. Shares	NEWSPAPERS Amalgamated Press Ltd. Ord. Shares
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Imperial Tobacco Co. (G.B. & I.) Ltd. Ord. Stk.	

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capital. If the recent recovery at the Scotswood and Gateshead works is maintained, the work of the board during six years of adversity may eventually be justified. Some time must elapse, however, before the development of Diesel traction which it has undertaken proves adequately remunerative, and the depressed condition of railway finances the world over has so far prevented any substantial recovery in locomotive construction. The operating companies, nevertheless, have a greater volume of work in hand, and their prospects are undoubtedly more favourable than at any time since the board of the Securities company assumed office in 1929.

* * *

Furness Withy Accounts.—It is always difficult from the Furness Withy profit statements to obtain any true indication of the way in which business is moving. For the third year in succession, the profit balance has been struck "after a transfer from reserves." The figure does show a slight increase, however, at £395,083, against £378,165, and it may, therefore, be assumed that the previous year's profit level was maintained in 1934-35, and probably increased to a small extent. The directors, indeed, admit that "in some respects an improvement is noticeable," although "there has been no material increase in the volume of international trade." It was, of course, a foregone conclusion that the ordinary dividend would again be passed, and shareholders have still a long time to wait before any resumption of payments can reasonably be expected. The following table analyses the profit and loss accounts for the past three years:—

	Years to April 30		
	1933	1934	1935
Profit*	379,674	378,165	395,083
Depreciation.....	200,000	300,000	300,000
Earned for dividends	179,674	78,165	95,083
Preference dividend.....	56,250	57,187	58,125
Ordinary shares:			
Earned	123,424	20,978	36,958
Paid	135,000	Nil	Nil
Earned (%)	2.7	0.5	0.8
Paid (%)	3	Nil	Nil
Carried forward	145,197	166,175	203,133

* After unspecified transfers from reserves in each year.

The balance sheet is hardly more informative than the profit-and-loss account. The depreciation allowance is rather less than 1 per cent. on the book value of the shipping property, which is by no means an unsatisfactory rate in times of depression. Much, however, depends upon the valuation of the investments in subsidiary companies. In order to reduce this item, the board has transferred £500,000 from general reserve. At the same time, both the current credit and debit accounts with the subsidiaries have been reduced. The ordinary £1 shares, now quoted at 14s. 6d., carry deferred recovery prospects, but they cannot be rated highly under present conditions of world trade.

* * *

Distillers' Meeting.—Mr William Ross's speech at the annual meeting of the Distillers Company was in the nature of a valediction. Few chairmen, indeed, can boast of his record of fifty-seven years' service, of which thirty-five years have been occupied in active direction of the company. His survey of the trade outlook, on the whole, confirmed the inferences which were made from the accounts in these columns on July 13th, page 83. He pointed out that the total quantity of spirits entered for home consumption had shown an increase during the first nine months of the trading year. In the first quarter of 1935, however, this surplus had been converted into a deficiency for the year. He was inclined to attribute this movement to the withholding of purchases in the hope that the Budget might bring a reduction of duty. The industry, he

declared, had pledged itself to pass on any remission to consumers, leaving the companies to derive indirect benefit through increased consumption. He explained that the moderate improvement in exports during the past year could be attributed to the large increase which followed the repeal of prohibition in the previous year. The regular shipment of standard brands might accordingly be encouraged when these shipments were consumed. The speech disclosed that a "considerable margin" for increased production of industrial spirits was available at the company's works, and that, in view of the low profit margin which had been fixed on this business, there would be little to fear from new competition. It is a fair inference from these remarks that stability of earning power, rather than rapid upswing in profits, is indicated for some time to come. A further pointer in the same direction is suggested by the increase in creditors and contingencies, amounting to £266,976. Provision has been made under this heading for suspended profit on inter-company transactions, which is brought back into the parent company's revenue when the associated companies dispose of their stocks. A very substantial increase in the amount set aside has been necessitated by the greater maturity of the whiskies now sold, since a longer period naturally elapses before profit is taken back from reserve.

* * *

Anglo-Oriental and London Tin.—Although it is impossible to compare the latest accounts of Anglo-Oriental Mining Corporation and London Tin Corporation to April 30th last with those of previous periods, owing to changes in accounting dates, the position disclosed is not impressive. The reconstituted boards have commendably given shareholders ample information as to the position of the two companies. The balance sheet of Anglo-Oriental reveals that the company's holding in London Tin Corporation was valued, at the date of the balance sheet, at £393,881, against a book value of £1,212,731. From the accounts of the Anglo-Oriental and General Investment Trust, however, it appears that other investment holdings are intact. The revenue account discloses a net loss for the 10 months' period, after provision against a loan, of £17,961, compared with net earnings of £50,139 for the previous sixteen months. The position of London Tin has been greatly weakened by the payment of the 7½ per cent. preference dividend for the five years to March 31st last. After special reserve provisions, a deficit of £80,010 is carried forward and replaces a credit balance of £248,272 brought in. The total due on bank and other loans has been reduced from £743,511 at September, 1933, to £366,734 at April 30th last, from the proceeds of ordinary shares issues during the period. If the stock of tin, which appears for the first time at an estimated value of £166,985 is regarded as offset by secured loans, the current position shows an appreciable weakening during the nineteen months. Investments are shown at £2,912,132, and are covered by a valuation at April 30th in which £1,914,811 is represented by quoted securities, and £998,518 is taken at the directors' valuation. An important change is revealed in the valuation of subsidiary companies and other investments. The former have fallen from £2,074,713 to £752,242, while investments in other companies have increased from £1,163,282 to £2,159,890. Since earnings for the nineteen months amounted to £179,971 (apart from year to September, 1933, the outlook holds some promise. Apart from special items, and allowing for nineteen months' preference payment, earnings for ordinary shares were at the rate of 2 per cent. per annum. It may be pre-cash position before resuming ordinary dividend payments. The 7½ per cent. £1 preference shares of Anglo-Oriental are quoted at 12s. 9d., including dividend arrears since August, 1931, while the 7½ per cent. preference 10s. shares of London Tin, participating up to 10 per cent., which are now equity issues standing at 3s. 3d. (5s. nominal) and 7s. 9d. (10s. nominal), respectively, do not appear to warrant immediate speculative interest.

Gold Fields Rhodesian Development.—The maintenance of the dividend of the Gold Fields Rhodesian Development Company at 12½ per cent. for the year to May 31st last is less impressive when considered in the light of the report and accounts, which have subsequently come to hand. While the improved position of the gold mining industry reacted beneficially on the company's underlying position, there is no indication that it contributed any material increase to dividend revenue. Certain other interests of the company were less remunerative. Its extensive land holdings, in particular, were not in active demand, owing to the prevailing difficulties in primary commodity markets. The gross income for the year declined by £67,000 to £240,496, and the net profit of £229,823 compares with £297,663 for the previous year. The amount transferred to reserve is halved at £25,000, and £43,739 has been appropriated to write off investments, compared with a transfer of £6,006 a year ago. After meeting the total dividend of 1s. 3d. per share, absorbing £94,283, the forward balance of £23,704 compares with £25,861 brought in. During the year a number of mining holdings were changed and certain new interests acquired, particularly in Rand and West African properties. There is no indication, however, as to the extent of any liquidation in the holdings of "heavy" dividend-paying shares, and whether the former holdings in such shares as Sub Nigel and New Modderfontein are still retained. If, as seems probable, the industrial holdings have been largely, if not wholly, liquidated, there can be little doubt that an appreciable slice of the net profit accrued from this direction and, possibly, from the sale of highly-priced gold shares. These inferences suggest that the company is prepared to bank on the potentialities of gold mines which are now in the development stage at the possible expense of current revenue. Shareholders, however, will recognise that the board has always shown sound judgment, and has generally been successful in its earlier operations. The 10s. shares are now a slightly easier market at around 12s. 9d. ex dividend.

* * *

Tanganyika Concessions Group.—Following the issue of the annual reports of these three companies this week's meeting of Tanganyika Concessions provided little further material information. Apart from a non-recurring gain of £79,067 on its East African gold flotation, the "Tanks" report showed a net revenue of £21,600 for 1934 on investments totalling £11,600,000. This amount, however, was converted into a net loss of £15,942 after guarantee payments to the African Railway Finance Company. The quoted securities at December last showed the heavy depreciation of £2,500,000, compared with £296,000 for 1933. The report states that the figure has since been reduced to £1,860,000. The Benguela investment is still entered at £6,571,620, thus valuing the ordinary shares at par and the debentures at 40 per cent. In view of this valuation, the reserve fund can only be regarded as having a nominal existence. A debit at profit and loss of £176,690 is carried forward. In the current year the company will bear a liability of over £100,000 in respect of the African Railway Finance Company, together with £230,000 cumulative dividend on the "B" preference shares and some £35,000 for administrative expenses. A distribution equivalent to £3 per share on the Union Minière holding will be necessary to cover these prior charges. The Benguela Railway is primarily dependent on the Union Minière Mines copper traffic; but under international agreements output during the next two years is to be restricted by some 30 per cent. Present indications suggest that some modification of the capital structure may eventually be undertaken. The Zambesia Exploring Company's investments are valued in relation with current market quotations. Following the Kentan flotation, a debit at profit and loss account was changed to a credit of £10,458 at the end of the year. If future developments in the East African gold area are favourable they may prove of material benefit to this company in view of its large interest in the Kentan properties. The Rhodesia-Katanga Company report shows that some 25 per cent. of its capital is comprised of liquid

assets, but after taking credit for £100,000 profit on its East African gold interests it carries forward a debit of £174,000 on profit and loss account.

* * *

Other Company Results.—Our usual table on page 211 summarises the results of 52 other companies. Further brewery results make a good showing. The net profit of Threlfall's has improved from £237,470 to £255,679, and the dividend has been increased from 15 to 16 per cent. Increased profits and dividends are also reported by Colchester and Associated Breweries. In the Finance group, McDougalls Trust, for the first full year of operations, reports a net profit of £178,344, and pays 5 per cent. upon the ordinary capital. The preference shareholders' reserve now covers two years' dividends, as required by the Articles. This week's heavy industry reports are again cheerless. The directors of North's Navigation Collieries have adopted the unusual procedure of writing up the value of the assets, and have applied a surplus of £323,871 over book value, together with reserves not required, towards reduction of the larger debit carried forward from 1933. Among further company improvements, Bertam Consolidated reports net profits of £42,472, against £21,061, and pays 11 per cent. against 7 per cent., while East Asiatic has earned £45,223, against £23,951, and has declared an increased dividend of 5 per cent. The trend of further tea companies' reports continues inauspicious. The general recovery in investment trust revenue proceeds steadily. Among this week's reports British Steamship shows an advance in net revenue from £78,416 to £84,099. A number of smaller industrial companies' accounts have appeared this week, but they show few spectacular advances. Tilbury Contracting has enjoyed a somewhat better year, and the dividend is raised by 2½ per cent. to 17½ per cent. The report of Oxford and Berkshire Cinemas for the first trading period of six

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CAPITAL PAID UP	£2,500,000
RESERVE FUND	£2,500,000
CAPITAL UNCALLED	£7,500,000
	£12,500,000

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months reveals that the 16 per cent dividend paid has left a relatively small amount to go forward. The first public report of Hollychrome Bricks, whose shares were recently "introduced," discloses a profit of £19,124. This week's interim dividend announcements, other than those of the L.M.S. and Southern Railways discussed in a Note on page 185, have provided no surprises. The Imperial Tobacco distribution is maintained at 7½ per cent., tax free, and the gas and electric light companies' declarations, which are set out in our usual table, are all unchanged.

* * *

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Standard Bank of South Africa, Provincial Bank of Ireland, Brazilian Warrant Agency and Finance, United Dominions Trust, Zinc Corporation, Anglo-Dutch Plantations of Java, Armstrong Whitworth Securities, Distillers Company, Estates Control, Griffiths Hughes Proprietaries (Kruschen), Duff Development, and Tanganyika Concessions. The chairman of the Standard Bank of South Africa, after reviewing the improved profit-earning capacity of the Bank, stressed the importance to the Union of prolonging the life of the Rand goldfields. Mr Richard Trotter, addressing shareholders of Provincial Bank of Ireland, declared that the ultimate prospects of advances made on land were sound. Mr J. Gibson Jarvie, at the United Dominion Trust meeting, disclosed that the new subsidiary, Credit for Industry, had approved loans totalling £1,272,421 to smaller industrial concerns. Mr W. H. Ross' speech at the Distillers meeting is discussed on page 188. Important changes announced at the Armstrong Whitworth Securities meeting are outlined on page 187. At the Zinc Corporation meeting, Sir Robert Horne declared that, if current metal prices were maintained, both profits and dividends for the current year would show a very satisfactory increase. He declared that, without making definite estimates of the potentialities of the mine, a life of not less than 25 years might be expected at present production rates. Addressing shareholders of Anglo-Dutch Plantations of Java, Col. Sir Robert Williams declared that improving conditions for both tea and rubber might be expected during the next twelve months. Mr Arthur Whitworth reviewed the benefits of the Brazilian Warrant Agency and Finance Company's reconstruction in November last, but he stressed the effect upon profits caused by the management of surplus coffee stocks in Brazil. At the Griffiths Hughes meeting the chairman declared that business had shown satisfactory increase during the current year. At the Tanganyika Concessions meeting, Sir Robert Williams advocated further railway development in Africa. The chairman of Duff Development declared that the company's large proportion of young rubber was now fulfilling its promise.

THE WEEK IN THE MARKETS THE LONDON STOCK EXCHANGE

SETTLING DAYS
TICKET AUGUST 13 | ACCOUNT AUGUST 15

MARKET activity was inevitably at a low level this week, at the beginning of the three-week holiday account. The plentiful supply of new issues is still meeting practically the whole of the new investment demand, and prices both in the gilt-edged and in the investment industrial markets were a shade easier. The market generally, however, stood up to the uneasy situation created by the guilder crisis in encouraging style. From guilder devaluation, a number of the leading shares—Unilever and Royal Dutch in particular—would necessarily benefit, but any deflationary effect upon sterling commodity prices might easily induce short-term reaction in industrial share prices.

At the beginning of the week the prices of British Government securities tended to sag. Later on, however, the tone became steadier; the rapid subscription of the new Aus-

tralian conversion issue and the good revenue return imbued the market with more confidence. The new Transport Finance stock, however, slipped back to ½ discount, and the new India issue, by the same token, weakened slightly to ¼ premium. India issues generally were somewhat weaker, and Dominion and home corporation stocks were no better. The only forward movement, indeed, was that of New South Wales 3 per cent., which was bought for its conversion attractions. In the foreign bond market, Brazilians once more provided the chief interest. On Monday, there were heavy sales from Portugal, and the funding issues, in particular, fell sharply. Recovery did not occur until the middle of the week, and even then was due rather to speculative purchases at the new low levels than to any return of confidence in the situation. European issues could hardly be other than flat in face of the currency uncertainties. Both Japanese and Chinese bonds were very dull, although there was some improvement towards the middle of the week. The home railway traffic figures disappointed the market, and on the eve of the interim dividend statements the market was dull. The market turned better after the dividends, although the revenue statements were, in themselves, hardly encouraging. The Argentine railway traffic was again indifferent, and the stocks once more weakened.

The industrial share market was dull and irregular. Dealings began in a number of new issues and this diverted the market's attention from favourite investment counters. The steadiest showing was made by the international section, in sympathy with the healthy activity in Wall Street. U.S. Steels took the lead, with an advance of three points. Elsewhere buying was selective and prices were uncertain. Brewery shares were the main centre of interest, Guinness being keenly bought on final dividend hopes, while Watney deferred and Charringtons were in demand. Iron and steel shares, on the other hand, were easier, although a somewhat steadier tone developed towards the end of the week. Electrical equipments staged something of a recovery, led by Associated Electricals, and motor shares found support. Aviation shares, however, were entirely dull. In textile shares there was no improvement, and the rayon share market was not strengthened by the June output figures. In the stores group, a somewhat surprising advance in Harrods at the beginning of the week was not maintained, and a gain in Tate and Lyle, similarly, was not fully held. The two Unilever issues were in strong demand as the guilder weakened. Elsewhere there was little of interest. Millars Timber shares were inevitably marked down on the reconstruction scheme (outlined on page 186), from which the market had expected too much. Brick and cement shares were easier, and the Furness Withy results effectively dispersed the optimism which had begun to percolate in the shipping share market.

The oil share market was quiet. A firm tendency became apparent on Tuesday, but interest dwindled. The threat to the guilder, of course, strengthened Shell and Royal Dutch, which were bought both on Amsterdam and on home account, but for the rest of the market it was a signal for caution. In the rubber share market, too, the only activity was in Anglo-Dutch and Allied. Since any devaluation of the guilder might involve a reaction in the price of the commodity, investors are naturally awaiting events. There was some liquidation of tea shares—for the most part, profit-taking after the advance of the last account—but the undertone remains satisfactory.

Business in the gold share market came almost to a standstill. Towards the middle of the week, however, a few buyers of Kaffir shares appeared and the tone became steadier. The selling from the Cape appears to have exhausted itself, but there is nothing in the current news to encourage purchasers. The quarterly reports are making only a mixed showing. In West Africans, there was again nothing to attract the market. East Africans, after their steady advance, were somewhat irregular. The demand for Kenya Consolidated, however, was very well maintained, and the price continued to go ahead. Australians were dull, with Commonwealth once more definitely weak. Rhodesians, however, after a poor start to the week, firmed up in good style. Among copper shares there were small mid-week gains, but tin shares remained quite idle, despite the scurry in the market for the metal.

"FINANCIAL NEWS" DAILY BARGAIN INDEX (Approximate number of Bargains recorded in Stock Exchange Lists)

	Week to July 19, 1935	July 18, 1935	July 19, 1935	July 22, 1935	July 23, 1935	July 24, 1935	July 25, 1935
Government and Municipal Loans	6,720	1,280	1,260	1,451	1,369	1,381	1,107
Transport, Communications, and Public Utilities	4,899	935	970	1,027	866	866	837
Commercial and Industrial	19,942	3,958	3,842	4,379	3,563	3,607	3,331
Banks, Insurance and Financial	3,306	658	683	747	650	587	514
Mines (including Nitrate)	5,582	1,120	1,289	1,801	1,033	921	830
Oils	820	165	160	201	123	126	154
Rubber, Tea and Coffee	1,339	228	309	300	190	188	200
Total	42,808	8,342	8,513	9,408	7,794	7,674	6,973
Corresponding day in 1934	...	7,160	8,087	8,126	6,989	6,816	6,910

* Including Iron and Steel and Breweries.

REVISED "FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (July 1, 1935 = 100)

	Highest of 1935 (July 1)	Lowest of 1935 (Mar. 27)	July 18, 1935	July 19, 1935	July 22, 1935	July 23, 1935	July 24, 1935	July 25, 1935
100.0	87.4	98.9	98.8	99.1	99.0	99.1	98.9	98.9

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS. (1928 = 100)

	Highest of 1935 (Feb. 1)	Lowest of 1935 (Mar. 29)	July 18, 1935	July 19, 1935	July 22, 1935	July 23, 1935	July 24, 1935	July 25, 1935
141.0	135.9	138.5	138.5	138.4	138.5	138.5	138.5	138.5

FOREIGN STOCK EXCHANGES

NEW YORK

THE boomlet in Wall Street goes merrily on. Every day this week the share turnover topped the 1,300,000 mark, and despite recurrent profit-taking, prices have steadily advanced. This week's impetus was provided by the encouraging steel and electric power output figures, together with another batch of quarterly earnings statements. Motor stocks were again the leaders in the advance—General Motors touched a new high level at 37½—and mail order and farm equipment stocks were also in the forefront. Rails and utilities, however, have hardly participated at all in this week's upward movement. The June railroad earnings were not particularly stimulating, and the market was irregular. The utility companies are not yet out of the legislative wood, although political developments now appear to be adequately discounted. The bond market was less active. Treasury issues, after an irregular start due to inflation fears inspired by the activities of Senator Borah, improved later. Industrial bonds, however, were subjected to profit-taking. There is always a danger of a break in the market, for political reasons, but apart from that possibility, the outlook is not unpromising.

	July 17, 1935	July 24, 1935	July 25, 1935	July 17, 1935	July 24, 1935	July 25, 1935
Lib. Ls. 4½% '33-39	101½	101½	102½	Natl. Biscuit ...	32½	30½
Atchafalaya ...	50½	54½	54½	Phelps Dodge ...	18½	18½
Eric ...	8	9	9½	Pullman ...	44½	45½
Illinois Central ...	14½	14½	14½	Sears Roebuck ...	47½	51½
N.Y. Central ...	17½	18½	18½	Un. Fruit ...	78½	78½
Pennsylvania ...	24½	25½	26	U.S. Leather ...	7	8
Chrysler Motor ...	168	168	168	U.S. Rubber ...	12½	13½
Southern Pacific ...	7½	7½	7½	U.S. Steel ...	37½	41½
Southern Ry. ...	108	105	105½	Westinghouse ...	58½	61½
Union Pacific ...	108	105	105½	Woolworth ...	62	61½
Am. Can. ...	140	142½	143½	Am. Tel. and Tel. ...	126½	127½
Amer. Smelting ...	42½	44½	44½	Interboro R.T. ...	13½	12½
Anacostia ...	16½	16½	16½	Int. Tel. Tele. ...	9	9½
Bethlehem Steel ...	31½	35½	35½	Utilities P. & L. ...	2	2½
Chrysler Motor ...	53½	56½	57½	W. Union Tel. ...	30½	40½
Corn Products Rf. ...	76½	71½	72½			
Eastman Kodak ...	146½	147½	148½			
Gen. Electric ...	27	28	28½	Shell ...	33½	34½
Gen. Motors ...	34½	37½	38½	Shell Union ...	33½	34½
Int. Harvester ...	48½	50½	50½	Sul. Cellulose ...	33½	34½
West. Ward ...	29½	31½	32½	Do. N.J. ...	47½	48½

† Calculated at 94-95½ to £.

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	1934		1935		Be- ginning of Year 1935	July 10, 1935	July 17, 1935	July 24, 1935
	Lowest Sept. 19	Highest Feb. 21	Lowest Mar. 20	Highest June 5				
251 Industrials ...	74.3	90.5	74.5 (v)	92.9 (v)	83.1	91.3	91.7	92.9
33 Rails ...	34.0	51.4	27.4	36.4 (u)	35.6	33.4	34.1	34.8
37 Utilities ...	55.2	83.4	52.2	74.1 (w)	57.9	74.1	72.6	72.4
Total, 421 Stocks	65.6	82.1	63.1	80.0 (v)	71.0	79.0	79.1	80.0
Average yield of 50 Industrial Common Stocks	2.78%	3.90% (a)	3.25% (v)	4.06% (f)	3.62%	3.34%	3.31%	3.25%

† December 26th. (v) February 7th. (s) September 12th.
(i) March 13th. (w) January 9th. (u) July 10th.

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

	Highest of 1935 (July 24)	Lowest of 1935 (Mar. 15)	July 17, 1935	July 18, 1935	July 19, 1935	July 20, 1935	July 22, 1935	July 23, 1935	July 24, 1935
103.2	78.6	101.4	101.5	100.7	101.0	102.9	102.6	103.2	103.2

TOTAL DEALINGS IN NEW YORK

	July 18, 1935	July 19, 1935	July 20, 1935	July 22, 1935	July 23, 1935	July 24, 1935
Stock Exchange—Shares (Thous.) ...	1,500	1,150	430	1,370	1,730	1,310
Bonds (Value Thous. \$) ...	9,280	9,040	3,660	6,740	11,620	8,760
Curb—Shares (Thous.) ...	287	215	92	163	259	169

* Two-Hour Session.

PARIS

The repercussions of M. Laval's emergency decrees have not been as great as might have been expected. This week the market was very quiet. After last week's improvement in rentes, there was some profit-taking, and on balance the week's dealings represent a definite decline. Bank shares, after their gains at the end of last week, also slipped back again. Industrials ruled quiet, but prices were fairly maintained. Some, at least, of the decline in Suez Canal shares was successfully recouped. Mining shares were quietly irregular, and there was strong buying of Royal Dutch, on the fears of guilder devaluation.

	July 17, 1935	July 22, 1935	July 24, 1935	July 17, 1935	July 22, 1935	July 24, 1935
Banque de France	10,050	10,020	10,100	Wagons Lits	51	51
Crédit Lyonnais ...	1,680	1,700	1,705	Mexican Eagle	21½	20½
Suez Canal ...	18,950	18,500	18,500	"Chartered"	86½	85½
Chargeurs Réunis ...	143	144	134½	Ford	54	53½
Rio Tinto ...	1,240	1,245	1,249	De Beers	407	392
Royal Dutch ...	18,980	18,970	18,650	"Johannes"	289	289

BERLIN

The volume of business declined heavily last week. Prices, however, were not markedly affected until the announcement on Wednesday of an impending capital reconstruction scheme for Hamburg-Amerika and Norddeutsche Lloyd. This led to a slight temporary reaction. Official dealings in these two shares were temporarily suspended. When they were resumed, the former closed the week at 18, the latter at 18½. Reichsbank was steady, and Farbenindustrie and Siemens gained slightly, but steels were mostly somewhat weaker. This week opened with the market in undecided frame of mind, but Tuesday's market was firm, particularly in the potash groups. On Wednesday, too, apart from the banking and shipping groups, the tone was better. Electricals were very firm.

Linoleum issues, however, were heavily sold. The bond market remained inactive and dollar securities were irregular.

	July 17, 1935	July 22, 1935	July 24, 1935		July 17, 1935	July 22, 1935	July 24, 1935
Reichsbank	187-00	188-90	187-25	A. E. G.	45-75	40-10	41-75
D.D. Bank	93-00	92-75	91-50	Siemens and			
Dresdner (New)	93-00	92-75	91-50	Halske	183-00	180-00	180-00
I. G. Farben	153-25	155-00	158-10	A. K. U.	65-75	62-75	63-10
Norddeutscher				Hamburg-Amer.			
Lloyd (New)	18-60	19-25	19-00	("Hapag New")	18-00	18-25	17-90

AMSTERDAM

The Bourse did not show any real signs of nervousness until Wednesday, when the fall of the Government was feared and the bank rate was raised. The immediate reaction was twofold. On the one hand, there was a sharp fall in Government bonds, and on the other a sharp advance in industrials, oils and rubber shares. Royal Dutch was in particularly strong demand, and Unilever N.V., Philips' Lamps and Amsterdam Rubber also advanced. Tea and sugar shares were very firm.

	July 17, 1935	July 22, 1935	July 24, 1935		July 17, 1935	July 22, 1935	July 24, 1935
2½% Dutch Loan	78	71½	69½	Steel Common	221	231	251
5½% German	181	181	171	A. K. U.	32	31	33½
Unilever N.V.	98½	101½	107	Ford Motor	259	247	280
Philips Lamps	259½	260½	266½	Deli Batavia Tob.	138½	142	145½
Netherlands Ship				Royal Dutch	184	188	195
Union	34½	34½	35½	Handels Ams.	166½	171½	179

CANADA

The Canadian stock markets have been experiencing their usual midsummer dullness and trading has been at a very low ebb. During the latter half of June and the early days of July, markets were very sluggish and most stocks lost some ground. More recently, however, some improvement has occurred, in sympathy with the upward movement in New York. Liquor stocks have staged a small independent boom, on unofficial reports of good earnings, but most of the buying has apparently come from the United States. Power stocks remain weak in view of the recent reaffirmation by the Ontario Government of the cancellation of power contracts with Quebec companies, and the newsprint stocks are still out of favour. Brokers expect no real improvement in the stock market until the general election is over, but they look upon the good crops which are now promised as a hopeful bull factor in the autumn. The bond market has been comparatively steady but dull. In the mining market gold stocks have been slipping downward, but silver issues moved higher when the United States Government began to buy silver again. The Bureau of Statistics' "Investors'" index for the week ending July 11th was 95.7, as compared with 94.8, 95.5 and 97.2 for the weeks ending July 4th, June 27th and June 20th respectively.

	Price, June 26, 1935	Price, July 24, 1935	Price, July 24, 1935		Price, June 26, 1935	Price, July 24, 1935	Price, July 24, 1935
Bell Telephone	126½	129	130½	Dominion Glass	110	110	110½
Canadian Car and Foundry	7½	6½	6½	International Petro	34½	34½	34½
Do. pref.	14	13½	13½	Brazil Traction	8½	8½	8½
Power Corporation	7½	7½	7½	British Columbia			
Dome Mines	42	37½	38½	Power "A"	23½	22½	22½
Hollinger	14½	13½	13½	Do. "B"	2½	2½	2½
McIntyre	180	185	186½	Canada Cement	5½	5½	5½
Bank of Montreal	289	284	286½	Do. pref.	54	54	54½
Bank of Nova Scotia				International Nickel	27½	27½	28½
Royal Bank of Canada	150	147	148½	Massey Harris Com.	3½	4½	4½
Canadian Bank of Commerce	143	143½	144½	Montreal Light	28½	31½	31½
Canadian Pacific Ry.	10½	10½	10½	Ogilvie Flour Mills	150	152	153½
Cockshutt Plow	7½	7½	7½	Quebec Power	14½	13½	14

† Calculated at \$4.96 to £.

CAPITAL ISSUES

THE approaching holiday season has been responsible for a certain falling-off in new issues this week. The *Commonwealth of Australia*, for this reason, may be the last trustee borrower to come to the market for a spell. We comment on some interesting features of her latest conversion operation in a Note on page 185. The largest industrial offer of the week comes from *Earls Court, Ltd.*, which intends to revive the 18½-acre site in that district for large-scale exhibitions. Buildings and works are to be completed by the end of next year at a cost of £1,230,750. About one-third of the estimated total profit is anticipated from letting agreements already signed. The Prudential Assurance Com-

pany will subscribe £650,000 on first mortgage. The 5½ per cent. second mortgage debenture stock carries a rate which recognises the speculative nature of the enterprise at this stage, for although satisfactory profits have hitherto been earned in the exhibition business, the new company must face competition with established concerns. The balance of earnings estimated as available for the equity, however, may offer, if success is realised, fair long-term possibilities. The debenture and preference issue of *John Lewis Properties* primarily finances an important West-End Store property acquisition. The properties are securely let to John Lewis and Company, and the service of the issues constitutes, in fact, a prior charge on the profits of the parent concern. The issues therefore rank appreciably higher than those of a general property company. The offer for sale of *Westland Aircraft* 5s. shares at 40 per cent. premium gives the public a 50 per cent. participation in an aircraft business formerly owned by Petters, Ltd. The business has experienced unfavourable conditions during the last three years, although large profits were earned between 1929 and 1932, and current business has improved. Out of total assets amounting to £175,000, one-fifth is represented by goodwill. The vendors have acquired shares, for cash and consideration, at par. In view of the issue premium, the goodwill element in the public capitalisation of the business must accordingly be placed at £85,000. On the basis of recent results, the shares must be classed as speculative. The business of *Roberts Brewery* is seasonal and rather localised, and the assets are acquired substantially under current valuation. Although recent changes in policy are expected to increase profits, the latest results, after providing for leasehold amortisation and depreciation, and without allowance for directors' fees and management expenses, cover the preference shares with little to spare. The prospects for the ordinary shares, therefore, entirely depend upon the realisation of increased revenue. The shares of *Rest Hotels* will be dealt in only on the Edinburgh Stock Exchange. The business is a new venture, which has yet to prove its profit-earning capacity, and speculative interest in the shares may be left to local investors. Statements "for information" have been published by *Eburite Corrugated Containers*, an established business with a rising profits trend, whose preference shares have satisfactory cover, and *Westpool Investment Trust*, which has issued 3½ per cent. debenture stock at par. Dealings in *West Spaarwater* commenced this week, but at quotations which somewhat disappointed the market.

ISSUES OF THE WEEK

By Prospectus or Offer for Sale

Amount previously recorded, Jan. 1 to July 20, 1935, including conversions, £224,037,524
Amount previously recorded, Jan. 1 to July 20, 1935, excluding conversions, £112,951,982

	Nominal Capital	Conversions	New Money	First Payment	Further Liability
National Savings Certificates.					
Net receipts, Week to July 20, 1935, £100,000.					
To the Public					
Westland Aircraft, 500,000 Ord. 5/-, at 7/-	125,000	...	175,000	50,000	125,000
Earls Court, 180,000 Ord. 5/-, at par	400,000	...	400,000	80,000	320,000
Do. 400,000 5½% 2nd Mt. Deb. Stk., at par	400,000	...	400,000	40,000	360,000
Rest Hotels, 180,000 Ord. 5/-, at par	40,000	...	40,000	8,000	32,000
Roberts Brewery: 248,000 Ord. 5/-, at par	62,000	...	62,000	12,400	49,600
80,000 5½% Cum. Pref. £1, at par	80,000	...	80,000	20,000	60,000
Australia (Govt. off. 8% Reg. Stk., 1935-41, to repay £12,420,113 N.S. Wales 3% Ins. Stk., 1935, and £1,049,868 Victoria 5% Ins. Stk., 1935-45)	13,469,981	13,469,981	...	673,499	12,796,482
John Lewis Properties, £825,000 3½% Deb. Stk., at 96%	825,000	...	792,000	82,500	709,500
Do. 450,000 4½% Red. Cum. Pref. £1, at 20/6	450,000	...	461,250	45,000	416,250
Total	15,851,981	13,469,981	2,410,250	1,011,999	14,868,982
To Shareholders only					
British Oxygen, 278,186 Ord. £1, at £3 10s.	278,186	...	998,651	278,186	690,465
Scottish Mortgage and Trust, 75,000 New Ord. £1, at 32½	75,000	...	120,000	120,000	...
Metal Box, 89,543 Ord. £1, at par	89,543	...	89,543	89,543	...
Meadows (Henry), 11,000 Ord. £1, at par	11,000	...	11,000	2,750	8,250
South Midland Gas, 2,500 £1 4½% Cum. Pref. £1, at £1 1s.	2,500	...	2,625	750	1,875
Hector Whaling, £71,250 8% Debts., at par	71,250	...	71,250	71,250	...
Williams and Williams, £100,000 5% Deb., at 98½	100,000	...	99,500	10,000	89,500
West Spaarwater, 2,889,000 Shares 5/-, at par	722,225	...	722,225	...	722,225
Lancashire Electric Light and Power 369,000 Ord. £1, at 80/-	369,000	...	553,500	...	553,500
Total	1,716,704	...	2,636,264	570,476	2,065,788

OTARD'S
ESTABD 1795

THE BRANDY WITH A PEDIGREE

Average, 1925-35, £48,252. Vendors subscribe 300,000 5s. shares at par. Capacity, 250 machines per annum. Full production ensured until end 1936. List closed 9.10 a.m. July 22nd. Oversubscribed.

BY STOCK EXCHANGE INTRODUCTION

Eburite Corrugated Containers, Ltd.—Issued share capital, 240,000 5s. ordinary and £200,000 5 per cent. cumulative participatory 10s. preference shares. Charterhouse Investment Trust purchase 160,000 preference shares at par. Business founded 1895 to manufacture packing paper, etc. Profits, after depreciation, before income tax and interest: 1932, £15,724; 1933, £21,587; 1934, £25,480. Bank overdraft £8,517 and debentures and redemption premium £36,750 to be repaid out of proceeds of issue. Total net assets, including proceeds, £132,551.

Westpool Investment Trust, Ltd.—Particulars of issue of £150,000 3½ per cent. debenture stock at par. Repayable at par August 1, 1968, or after August 1, 1963, on three months' notice. Profits, before charging debenture, bank and loan interest and income tax, years ended April 30th: 1933, £15,989; 1934, £16,408; 1935, £26,628. Total net assets, including proceeds of present issue, £977,476, secured with existing 4 per cent. debentures by first floating charge.

ISSUES TO SHAREHOLDERS ONLY

South Midland Gas Corporation.—Issue of 2,500 £1 redeemable 4½ per cent. cumulative preference (1974-84) at £1 1s., to rank for dividend from October 1, 1935.

Hector Whaling.—Issue of £71,250 8 per cent. participating redeemable unsecured debenture stock at par in proportion £1 of stock for every six shares held. The issue is to provide funds to acquire an interest in a new whaling company.

Meadows (Henry).—Issue of 11,000 shares to existing shareholders in proportion of one share for every nine held, to rank for dividend from September 1, 1935.

Williams and Williams.—An issue of £100,000 5 per cent. first mortgage debenture stock at £99½ per cent. Payment in full may be made at any time before August 1st, but no discount will be allowed.

British Oxygen.—Issue to shareholders of £278,186 £1 ordinary of British Oxygen at £3 10s. per share.

West Spaarwater, Ltd.—Offer of 2,889,000 5s. shares at par to members of East Rand Consolidated, H. E. Proprietary, and Klip Nigel Estate and Gold Mining. Acquires rights underlying Klippoortje North and Western part of Spaarwater No. 154. Consideration £150,000 cash and right to subscribe 600,000 shares at par. Proposed to sink shaft 4,000 feet. £716,250 available for working capital.

Lancashire Electric Light and Power.—The directors are issuing approximately 369,000 ordinary shares of £1 each at 30s. per share to holders of the ordinary and 7 per cent. participating preference shares, in the proportion of one new ordinary share for every seven existing shares held, to rank for dividend from January 1, 1936.

CONVERSIONS AND REPAYMENTS

Consolidated Gas, Electric Light and Power of Baltimore.—This company will on September 10, 1935, redeem at £105 and accrued interest all of its outstanding Series H, 4½ per cent. first refunding mortgage sinking fund bonds.

Gillette Safety Razor Company.—The board has called £2,689,000 of the company's debentures due in 1940, being the entire amount outstanding, for payment on October 1, 1935, at £102 and interest. It has not been decided whether the entire amount will be paid out of the company's treasury or whether a short-term loan will be made for part or all of the redemption price.

FIXED TRUSTS

Fixed Trusts.—A new fixed Trust, Security First Trust, will be launched shortly by interests associated with Dawnay, Day and Company, who sponsored the "Investors" group of fixed trusts. The new trust will include shares of 23 British companies.

(Continued on page 196)

Total Offered for Subscription—		Total Offered for Subscription—	
Including Conversions	Excluding Conversions	Including Conversions	Excluding Conversions
Jan. 1 to date—		Whole year—	
1935	242,654,049	1935	410,980,300
1934	285,147,944	1934	467,921,500
1933	208,610,975	1933	2,699,684,255
1932	291,297,490	1932	114,290,686
1931	167,472,825	1931	693,100,056
1930	279,750,156	1930	369,058,073

† This figure includes £1,920,000,000 for conversion of 5% War Loan into 3½% War Loan.

Nature of Borrowing		Total	
Debentures	Preference	Ordinary	
January 1 to date—			
1935	67,323,553	25,079,167	25,079,167
1934	70,929,085	11,537,606	29,708,172
Whole year—			
1935	212,917,900	45,062,600	111,177,600
1934	222,084,300	12,733,700	9,982,500
1933	102,769,300	21,461,000	44,878,400
1932			165,108,700

By Stock Exchange Introduction

	Capital Introduced	Approximate Price Dealings Began	Cash Involved
Amount previously recorded—			
1935	20,069,783	...	30,677,193
Total to date, 1935	20,069,783	...	30,677,193
Total, year 1934	17,050,032	...	22,910,857

PUBLIC OFFERS

Commonwealth of Australia.—Issue of £13,469,981 3 per cent. registered stock, 1939-41, at par. Holders of New South Wales 3 per cent. inscribed stock, 1935, and Victoria 5 per cent. inscribed stock, 1935-45, which have been called for payment, are offered conversion at par. Repayable October 1, 1941, or from October 1, 1939, on three months' notice. Total debt, £1,242,114,826=£184 14s. per head of population. Total excess exports, including newly-mined bullion, £18,000,000 for year to June 30, 1935. Lists for cash subscriptions closed 9.5 a.m. July 25th. Conversion list remains open until July 31st.

John Lewis Properties, Ltd.—Issue of £825,000 3½ per cent. first mortgage debenture stock at £96 per cent. and 450,000 4½ per cent. redeemable £1 preference shares at 20s. 6d. Formed to acquire properties in London and elsewhere, to be leased to John Lewis and Company, Ltd., at total rack rent of £72,500 per annum. Properties valued £1,307,580 acquired for £1,331,080. No management expenses payable. John Lewis and Company subscribe for 150,000 £1 ordinary shares at par. After debenture interest and sinking fund, £37,125, balance of £32,655 available for preference dividend of £20,250. Stock redeemable by August, 1971, at par, or after August, 1940, at £101 per cent. on three months' notice. Shares redeemable at 21s. 6d. from August, 1950, and finally on August 1, 1971, at 21s.

Earls Court, Ltd.—Issue of £400,000 5½ per cent. second mortgage debenture stock and 1,600,000 5s. ordinary shares at par. Acquires 99-year lease of site at Earls Court and is to erect exhibition halls by end of 1936. Estimated income: rents from leases signed, £71,775; other rents estimated, £65,000; profits from catering, etc., estimated £97,000; total revenue, £233,775; net profit, £156,416. Cost of new building and reconstruction, £1,230,750 maximum. Prudential Assurance have subscribed £650,000 4½ per cent. first debenture stock at £98 per cent., less £1 per cent. commission. Second debenture stock redeemable by March, 1991, or from 1965, on three months' notice, at £105 per cent. Lists closed 9 a.m. July 23rd. It is understood that the underwriters were left with 57 per cent. of the debenture stock and 81 per cent. of the ordinary shares.

Roberts Brewery, Ltd.—Issue of 80,000 5½ per cent. cumulative £1 preference and 248,000 5s. ordinary shares at par. Acquires brewery founded 1844 in Aberystwyth. Total assets acquired £163,436, vendor discharging liabilities. Consideration £129,236, £119,236 cash and balance in 40,000 5s. ordinary shares. Profits, before leasehold depreciation etc. (totalling £3,125), years to March 31st: 1933, £7,650; 1934, £8,230; 1935, £7,886.

Rest Hotels, Ltd.—Issue of 160,000 5s. ordinary shares at par. Formed to develop convalescent hotels, with medical services, etc. Acquires hotel in Banchoy valued £30,393 for £15,000. Annual profit, for average of 55 beds filled, £6,087; 70 beds, £9,775.

BY OFFER FOR SALE

Westland Aircraft, Ltd.—Offer for sale of 500,000 5s. ordinary shares at 7s. per share. Formed to acquire works of similar name established 1915 from Petters, Ltd. Produces Westland, Wallace and other military and civil types. Assets, including £10,000 patents and £35,000 goodwill, total £175,000, acquired at par in 5s. shares. Profits, years to March 31st: 1932, £118,530; 1933, £11,933; 1934, £3,994; 1935, Dr. £2,457.

(a) Interim dividend. (b) Final dividend. (c) For 15 months. Yield worked on a 15% basis. (d) Yield on 3½% basis. (e) Also Centenary Bonus 2% Yield worked on 7½% basis. (f) Yield worked on redemption at par on Feb. 1, 1957. (g) Yield worked on redemption at par on December 1, 1952. (h) Yield worked on redemption at par on April 1, 1961. (i) Free of Income Tax. (j) Based on interest payment 2½ per cent.

(f) Includes 1½% from capital accretions.
 (g) Calculated on basis of 8 annas dividend per share paid for 1933-34.
 (h) Also bonus .000 per cent. from reserves in A shares.

(i) Including bonus 5%, free of tax.
 Taken at 16 annas to one rupee.
 Yield worked on a 2½ per cent. basis.

(j) 7½ per cent. basis.
 Worked on a 7¼ per cent. basis.

(k) 10 per cent. or 15 per cent.
 Annas per share.
 † Free of Income Tax.

(Continued from page 193)

FORTHCOMING ISSUES

Briggs Motor Bodies.—£1,000,000 4½ per cent. first mortgage debenture stock at 103 per cent. and 400,000 ordinary shares of £1 each at 25s. per share will be issued next week.

Ribblesdale Cement.—This company will shortly be issuing £150,000 of 4 per cent. guaranteed first mortgage debentures. The stock will be placed privately at, it is believed, £101 per cent.

CALLS DUE JULY 29, 1935, TO AUGUST 3, 1935

The grand total of calls falling due in July, 1935, is £14,880,189, which compares with £38,114,125 which fell due in July, 1934. The following calls fall due from July 29, 1935, to August 3, 1935, inclusive:—

Nominal amount of Stock	Company	Amount of Call	When payable	Making Paid
Stock	African Railway Finance (£571,000 2% Deb., 1948-1951, at 99½%)	£15%	July 29	£29½%
£1	British Oxygen (276,188 Ord. Shares, at 70½%)	20/-	July 31	20/-
Stock	Brown (John) and Co. (£2,000,000 4½% 1st Mt. Deb. Stock, at £102½%)	£25	July 31	£52%
Stock	Carrif Corporation 3% Stock, 1952-55 (£1,500,000, at £99%)	£50%	July 29	All
Stock	Charing Cross Electricity (£900,000 3½% Deb. Stock, at par)	£50%	Aug. 1	All
Stock	Daily Sketch, etc. (£1,000,000 4½% 1st Deb. Stock, at £104%)	£29%	Aug. 1	£54%
£1	Davenport, C. B. and Brewery (Holdings) (200,000 5% Cum. Pref. at par)	10/- p.s.	July 31	All
Debs.	Decca Record (£100,000 8½% Conv. Deb., at par)	£25%	July 31	All
2/-	Edjadia Consolidated Gold Mines (1,800,000 Ordinary Shares, at par)	1/- p.s.	July 31	All
£1	Fletcher & Cartwrights (60,000 Ord. Shares, at par)	7/6 p.s.	July 31	10/- p.s.
£1	Great Universal Stores (300,000 5% Cum. 2nd Pref. Shares, at par)	7/6 p.s.	July 31	10/- p.s.
2/-	Kulim Rubber Plantations (Partly-paid Shares)	1d. p.s.	July 31	All
Stock	London Electric Transport (£32,000,000 2½% Guar. Deb. Stock, 1950-55, at £97%)	£12%	July 30	£17%
£1	Mansfields (40,000 6% Cum. Part. Preferred Shares, at par)	10/- p.s.	Aug. 1	All
Stock	North Metropolitan Electric (£700,724 New Ord. Stock, at £2)	20/-	July 31	20/-
£1	Potteries Motor Traction (216,500 Ord. Shares, at 22½%)	21/-	July 31	All
£1	Reed (Albert E.) (150,000 Ord. at 26½%)	18/-	Aug. 1	All
£1	Scottish Mortgage and Trust (75,000 Ord. Shares, at 32½%)	32/- p.s.	July 31	All
£1	St. Austell and District Electric (8,000 Ord. Shares, at 35½%)	7/6	Aug. 1	15/-
Stock	Sweeney & Wells (£500,000 4½% 1st Mort. Deb. Stock, at £102½%)	£25%	Aug. 1	£52½%
£1	West Devon Electric (100,000 Ord. Shares, at 24½%)	14/-	July 31	All
Stock	Whites (Timothy) and Taylors (£1,000,000 4% 1st Mort. Deb., at £101%)	£35%	Aug. 1	All

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Amt. paid	Price, July 17, 1935	Price, July 24, 1935
African Railway Finance 2% Debs.	99½	14½	1-1½ pm	1-1½ pm
Allied Newspapers 4% Deb.	104	13½	1-1½ pm	104-104½
Armstrong Stock Absorbers 2½- ...	31	2/6	2/6-3/3	2/6-3/3
Barton and Sons Ord. 5/- ...	99	24	1/3-1/9	1/3-1/9
Birkenhead 3% ...	99	24	1-1½ pm	2-2½ pm
Bristol Aeroplane Ord. (a) 10/- ...	100	40	52/6-53/8	53/-54/-
British (Guest Keen & Baldwin) 4% Deb.	104	10	1-1½ pm	1-1½ pm
Cables Investment Trust Pref. £10 ...	99	10	1/11-1/7½ pm	1-1½ pm
Do. 3½% Debs.	99	10	1-1½ pm	1-1½ pm
Capital and Prov. Sh. 5/- ...	104	35	3-3½ pm	3-3½ pm
Daily Sketch 4½% Deb.	104	35	3-3½ pm	3-3½ pm
Earls Court Ord. 5/- ...	100	20	20/-	20/-
Do. 5½% 2nd Debs.	100	20	17/6-18/6	18/6-17/6
Freehold Properties (S. Africa) £1 ...	20/-	20/-	20/3-21/3	20/-21/-
Do. 5½% Pref. £1 ...	21/-	21/-	21/-22/-	21/-22/-
Froy (W. N.) and Sons Pref. £1 ...	21/-	21/-	4/3-4/9	4/3-4/9
Great Boulder Mining & Finance 5/- ...	5/-	5/-	58/6-59/6	58/6-59/6
Green (J. W.) Ord. (a) £1 ...	...	...	4/3-4/9	4/3-4/9
Hamiltons Taverns Ord. (a) ...	...	...	22/3-22/9	22/3-22/9
Harding Tilton Ord. 5/- (a) ...	...	...	5/7½-6/1½	5/7½-6/1½
Do. 5½% Pref. 5/- (a) ...	15/-	10/-	1-1½ pm	1-1½ pm
Hawker Siddeley Ord. 5/- ...	20/-	10/-	3d-3d pm	3d-3d pm
Do. 5% Pref. £1 ...	20/-	10/-	3d-3d pm	3d-3d pm
Hills (R. H. O.) Ord. 5/- ...	21/-	21/-	par-6d pm	par-6d pm
Do. 6% Pref. £1 ...	98	18	1-1½ pm	1-1½ pm
India 3% 1949-52 ...	104	24	1-1½ pm	1-1½ pm
Kelly's Directories 4% Debs.	99½	19½	1-1½ pm	1-1½ pm
Leeds 3% Stock ...	24/6	10/8	1-1½ pm	par-3d pm
Leeds and Wakefield Breweries 6% Pref.	99½	19½	1-1½ pm	1-1½ pm
Do. 20/- ...	46/-	10/-	1/6-1/8 dis	1/6-1/8 dis
Liverpool 3% ...	97	5	1-1½ pm	1-1½ pm
London County Freehold Properties 20/- ...	99	29	21-2½ pm	21-2½ pm
London Electric Transport 2½% Debs.	99	29	8d-10½d pm	8d-10½d pm
Manchester 3% ...	6/6	3/6	3d-3d pm	3d-3d pm
Mann and Overton Ord. 5/- ...	20/-	10/-	par-6d dis	par-6d dis
Do. 6% Pref. £1 ...	20/-	10/-	1-1½ pm	1-1½ pm
Mansfields 6% Pfd.	96½	5	par-1 pm	par-1 pm
New Zealand 3% Debs.	£100	£50	1/8-2/-	1/8-2/-
N.E. Electric 3½% ...	2/-	5/-	2/3-2/9	4/7½-5/1½
Phillips (H. W.) Ord. 2/- ...	5/-	5/-	1½-1½	1½-1½
Do. 6% Pref. 5/- ...	22/6	22/6	6/4½-6/10½	6/4½-6/10½
Rietfontein No. 11 (10/-) ...	6/6	6/6	6/11-6/7½	6/11-6/7½
Silbhuice Ord. 2/- ...	5/-	5/-	20/-20/6	20/-20/6
Taylor (C. F.) Ord. 5/- ...	21/-	21/-	8/9-9/3	8/9-9/3
Do. 6% Pref. 20/- ...	...	...	9d-3d dis	9d-3d dis
Ultra Elec. (Holdings) 5/- (a) ...	7/-	7/-	1-1½ dis	1-1½ dis
Westland Aircraft 5/- ...	100	50	2/3-2/9 pm	2/3-2/9 pm
W. Lon. Prop. 4% Debs.	5/-	5/-	1-1½ pm	1-1½ pm
W. Spawwater 5/- ...	£100	£50	1-1½ pm	1-1½ pm
Yorkshire Electric Power 3½% Debs.	£100	£50	1-1½ pm	1-1½ pm

(a) Private placements.

North Metropolitan Electric Power Supply.—Debenture holders are to meet on August 1st to consider an extraordinary resolution affecting their stock. The purpose is to enable the company to issue further debenture stock ranking *pari passu* with the original stock and carrying interest of not more than 4 per cent. per annum, to authorise the company to redeem the stock of one or more issues without being required to redeem the whole of the stock then in issue, and to make the necessary alterations in the trust deed.

OTHER RESULTS OF ISSUES

Severn Valley Gas Corporation.—Recent offer to Dawley Gas Company has been accepted by holders of a substantial majority of the shares.

Taylor (C. F.) and Company.—Lists closed 9.10 a.m. July 19th. Oversubscribed.

Leeds and Wakefield Breweries.—List closed 11 a.m. July 19th. Heavily oversubscribed.

Hills (R. H. O.) Blackpool.—List closed 9.5 a.m. July 19th. Heavily oversubscribed.

OIL OUTPUTS

ANGLO-IRANIAN OIL COMPANY, LTD.—Production in Iran for the month of June amounted to 600,000 tons, making a total of 3,659,000 tons for the first six months of 1935.

BRITISH CONTROLLED OILFIELDS, LTD.—Production for the week ended July 13: Venezuela, 15,873 barrels; Trinidad, 36,276 barrels; total, 52,149 barrels. Production for the week ended July 20th: Venezuela, 15,252 barrels; Trinidad, 37,037 barrels; total, 52,289 barrels.

THE KERN RIVER OILFIELDS OF CALIFORNIA, LTD.—The total production during June amounted to 105,643 barrels, or approximately 15,092 tons.

THE MEXICAN EAGLE OIL COMPANY, LTD.—Production for the week ended July 6, 1935, was 431,000 barrels. Production for the week ended July 13, 1935, was 431,000 barrels.

TAMPICO OIL, LTD.—The total production from the company's properties in Mexico during June was 12,610 barrels, in respect of which the royalty due to Tampico Oil, Ltd., amounted to 946 barrels.

STEAUA ROMANA (BRITISH), LTD.—Production of the Steaua Romana Company, Bucharest, for the month of June was 104,309 metric tons.

THE VENEZUELAN OIL CONCESSIONS, LIMITED.—Production for the week ended July 6, 1935, was:—Bolívar District, 704,599 barrels; Maracaibo District, 30,167 barrels; total, 734,766 barrels. Production for the week ended July 13, 1935, was:—Bolívar District, 695,227 barrels; Maracaibo District, 30,620 barrels; total, 725,847 barrels. Production for the week ended July 20, 1935, was: Bolívar district, 705,845 barrels; Maracaibo district, 30,966 barrels; total, 736,811 barrels.

OFFER TO NEW READERS

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

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COMPANY MEETINGS, &c.

THE DISTILLERS COMPANY, LIMITED

DIVIDEND OF 20 PER CENT.

DEMAND FOR INDUSTRIAL ALCOHOL MAINTAINED

BURDEN OF THE WHISKY DUTY

The fifty-eighth annual general meeting of the Distillers Company, Limited, was held in the North British Station Hotel, Edinburgh, on Friday, July 19, 1935, when Mr William H. Ross, chairman of the company, presided.

The Chairman said: Ladies and Gentlemen,—In accordance with our usual practice, I propose, with your permission, to hold the directors' report as read.

"You will have heard with regret, from the apologies read by the secretary, that we are not to have our managing director with us to-day. For some time past his health has been giving us some concern, and on the advice of his doctors we have given him an extended leave of absence in the hope that his health will thereby be restored to normal.

Now, Ladies and Gentlemen, I shall endeavour to give you a bird's-eye view of the main points concerned with the business of the company during the past year. First, I take the total quantity of British spirit on which duty was paid for consumption within Great Britain and Northern Ireland for the twelve months ending March 31, 1935. This was 8,357,683 proof gallons, or a reduction of 243,540 proof gallons from that recorded in the previous year. For the nine months ending December 31, 1934, the total quantity had exceeded that of the corresponding period of 1933, but in the first three months of 1935 this surplus was converted into the deficiency already mentioned. Doubtless this was due in part to the climatic conditions, and, in part, to the fact that orders were withheld by buyers in the hope that a reduction in duty would be intimated in this year's Budget. This last-mentioned reason is confirmed by the figure of consumption for April, 1935, which exceeds that for the same month of the previous year by about 133,000 proof gallons. Those interruptions to the natural flow of trade are sure to occur year by year until the injustice to our industry, which is the cause thereof, has been remedied.

A GRIEVOUS DISAPPOINTMENT

It was indeed a grievous disappointment when the Chancellor made it known that he could not afford any reduction in the spirit duty this year, although he repeated his declaration of the previous year that he was convinced that the duty was too high and should receive consideration at the earliest date. While we were thankful for such an admission, it left us pretty much in the same mood as the love-sick maiden found herself in when her swain kept putting off naming the happy day. Having exhausted her patience, she at last exclaimed, "Jock, it's kind o' wearyin' wark aye being told to bide a wee." In our case we have waited for 15 years, and are getting a bit tired, seeing that other interests, who have suffered for a much shorter period, have in nearly every case received relief. It will be recalled that before the war the duty on spirit was at the rate of 14s. 9d. per proof gallon. In 1918 this was increased to 30s., in 1919 to 50s., and in 1920 to 72s. 6d., all per proof gallon.

CONSUMERS THE FIRST CONSIDERATION

It is the last increase of 22s. 6d. which we have been endeavouring to get removed, and we have given the Chancellor of the Exchequer a pledge that any such reduction would be passed on to our customers, and by them to the consumers, who would thus benefit to the extent of 2s. 6d. on the present price of 12s. 6d. per bottle. It is true to say, therefore, that the consumer is the only party who would benefit directly and immediately by the suggested reduction in duty. The distillers and other sections of the trade, together with the barley growers and those other allied traders such as coopers, case makers, bottle manufacturers, printers and carriers, would be in the position of a deferred shareholder, and only benefit by the increased trade which the said reduction in price might bring about.

SUGGESTED TAX ON FOREIGN BARLEY

It was in these circumstances that the Scottish Chamber of Agriculture has seen fit to petition the Import Duties Advisory Committee to recommend that a duty of ten shillings per quarter be placed on all foreign barley imported into this country in place of the 10 per cent. *ad valorem* duty already imposed.

Your company, along with other distillers, was asked for its views on the proposal, and has entered objection to same.

The grounds for such objection are:—

(1) That the proposal, if adopted, would place an additional burden on an already overtaxed industry.

(2) That it would be creating an example of double taxation on a single commodity which the House of Commons has already opposed in principle.

(3) That the distillers have already pledged themselves to use and have, in fact, for the past two seasons been using, as much home barley in their malt distilleries as they have found it possible to do.

(4) That in order to encourage the Scottish farmer they have paid higher prices for home-grown barley than those at which they could have bought foreign barley of equal or better quality.

(5) That the addition of the duty proposed would add to the cost, not only of spirits used in this country, but also of spirits exported, which have to compete with spirits made in other countries not subject to such a tax.

For these and other reasons which might be given I hope we have heard the last of such a proposal.

EXPORT TURNOVER STILL RISING

When we come to the export figures of British spirits the position is a little more cheerful, as the quantity exported for the year ending March 31, 1935, was 5,767,309 proof gallons, compared with 5,292,985 proof gallons for the previous year, a net increase for the past year of 474,324 proof gallons. The increase would have been greater but for the fact that in the first year was included the initial large shipments which followed the repeal of Prohibition in America. It is to be expected that when these large initial shipments get used up the field will be clear for more regular shipments of the standard brands such as those supplied by this company.

As mentioned in the body of the report, your company has taken a financial interest in two gin plants which they have erected in the State of New Jersey, U.S.A., which are now being operated and giving fairly satisfactory results.

INDUSTRIAL SPIRITS STEADY

A year ago I reported a very large increase in the use of industrial spirit in this country. This increase has been fully maintained during the past year, but no material further increase has taken place. We have considerable margin for increased production at our existing works, the values of which have been written down in our books to low figures. This fact, coupled with the statement I made last year, that the margin of profit on this class of business has been kept down to a minimum in order to encourage new and existing industries having alcohol as their basis of production, makes your directors feel confident that they can withstand any new competition which may arise.

Our yeast trade for the past year has been maintained, but there are indications that since the beginning of 1935 a slight falling off has taken place. So far as one can gather, this is not due to increased imports which, indeed, have declined in a similar manner, but the explanation is rather to be found in a decreased demand which seems to find confirmation in the fact that flour millers are apparently having the same experience and are counselling the public to eat more bread.

Other subsidiary manufactures such as malt extract and "Gyproc" plaster board, which were referred to at last annual meeting, continue in a healthy condition.

BALANCE SHEET REVIEWED

I shall now deal with those items in the accounts that require further explanation than that already provided in the report to the stockholders.

Beginning with the assets side of the balance sheet, you will see that land and buildings have been reduced by £91,500, and plant and utensils by £16,412. The total of these items per the print makes the buildings and plant account £861,304, which is £107,912 less than last year, notwithstanding that £42,468 had been spent in additions during the year to buildings and plant.

Taking the sundry investments, including British Government securities, and also investments in subsidiary companies, these together show an increase of £997,992, which is principally accounted for by our additional holdings of British Government securities and the investment in the American gin plants before referred to. Incidentally, I might mention that the present-day market price of our holdings of British Government securities show a very satisfactory surplus as against their cost appearing in the books of the company.

Subsidiary companies' current and loan accounts.—These show an increase of £90,695 on last year's figure, which does not call for any special comment, being the ordinary fluctuations in our dealings.

The other items on the assets side do not call for any special remark beyond that of cash in bank and on hand, which, at £4,157,398, is down by £118,266, and is more than accounted for by the increase in investments already referred to.

Before leaving the assets I would like to say that, in dealing with the investments as a whole, it is worthy of note that after estimating these on our usual conservative basis they show a considerable appreciation on last year's valuation.

INCREASED RESERVE

Turning to the liabilities side of the balance sheet, it will first be noted that there is no change either in the capital of the company or in the debenture debt. The reserve fund on this occasion has received £350,000, being £100,000 more than last year, and we have repeated the allocation of £100,000 to the superannuation and provident fund.

Subsidiary companies' current and loan accounts show an increase of £210,385, which represents the surplus cash of these companies.

Sundry creditors, reserve for taxation and contingencies, etc., have increased by £266,976. Under this head provision has been made for suspended profit on all sales of spirit to subsidiary and associated companies, and also for suspended profit on all inter-company sales within our group. These reserves are automatically reduced and the amounts taken into profit when the relative goods involved are brought into use by the respective companies. A very substantial increase in the amount set aside has been necessary in the case of the first-named reserve, as our group blending companies are sending out to their customers a whisky with greater age than formerly, with the result that a longer period requires to elapse before the profit is earned and so taken out of this reserve. For a similar reason the directors have set aside an additional sum as reserve for inter-company suspended profits.

PROFIT AND LOSS ACCOUNT

Regarding the profit and loss account, the gross revenue, including registration fees, is £2,293,032, and after deducting therefrom the debits for charges, debenture interest and directors' fees, there is a net profit of £2,212,133, which, compared with last year's figure of £2,140,622, shows an increase for the year of £71,511. I have no doubt you will consider such a result very satisfactory.

STAFFS' ENTHUSIASM COMMENDED

This now completes my review of the accounts for the year, so I would take this opportunity on behalf of the directors of recording their appreciation of the zeal and ability shown by the various members of the staffs, both at home and abroad, which has materially helped to bring about the successful trading results, and I am quite sure the stockholders will join in this expression of gratitude.

I have now very great pleasure in moving the adoption of the report, which recommends a final dividend on the preference stock of 3 per cent., less tax, making, with the interim dividend of 3 per cent. already paid, a dividend of 6 per cent., less tax, for the year, also a final dividend on the ordinary stock of 12½ per cent., less tax, making, with the interim dividend of 7½ per cent. already paid, a dividend for the year of 20 per cent., less tax, and carrying forward to next year a balance of £319,073 os. 4d.

Sir Alexander Walker seconded the motion, and no questions being asked, the Chairman declared the motion carried unanimously.

Mr William Harrison, in moving the re-election of the following directors, viz.:—Mr R. W. Preston, Mr Thomas Wilkinson, Sir James C. Calder, Mr W. H. Ross and Lord Forteviot, said he was sure they would agree with him that there was no necessity for him to recommend, in any special terms, the re-election of his colleagues. As all were aware, they had been long and honourably associated with The Distillers Company in its progressive and conservative activity, and he accordingly had great pleasure in moving this resolution.

Mr J. A. Ramage Dawson seconded, and the motion was carried unanimously.

Sir James C. Calder, in returning thanks on behalf of his colleagues and himself, said he had to thank them for their renewal of confidence. He could assure them that they would give their best services in looking after the interests of the stockholders and the company.

Mr E. L. Roura moved the re-election of Messrs. Moores, Carson and Watson, C.A., as auditors for another year at a fee of one thousand guineas, and this was seconded by Mr James Black and carried unanimously.

CHAIRMAN FORESHADOWS HIS RETIREMENT

The usual formalities having been completed, the Chairman then intimated his desire to resign from the chairmanship of the company and from the board as soon as it was possible for the vacancy to be filled. Mr Ross said he was taking this step in view of his complete loss of eyesight, and solely on the recommendation of his medical adviser. He concluded by saying that the question had already been fully discussed with his colleagues on the board and he had left himself in their hands as to the date of his retirement. Mr Ross, in the course of his remarks, stated that in October of this year he would have completed 57 years' service with the company.

ESTATES CONTROL, LIMITED

BOARD'S INVESTMENT POLICY.

The thirty-first annual general meeting of Estates Control, Limited, was held, on the 24th instant, in London. Lord Luke, who presided, in the course of his speech said that the company had had throughout the year over £100,000 lying on deposit at the prevailing low rates of interest. Originally the company's trading provided the whole of the profits, but in recent years their investments had grown until now the interest and dividend therefrom, at £26,577, not only covered the preference dividend, but a portion of the preferred ordinary dividend, and it was the board's intention to continue with this policy and rather increase investments as suitable opportunities occurred.

They would see from the profit and loss account that the profit for the year under review was £46,329, against £48,021 in the previous year, the reduction being attributable to the lower charges made by the company to Bovril, Limited, for business done for them.

During the year, they had paid the usual preference and preferred ordinary dividends, amounting in all to £33,722 10s. They had also paid an interim dividend of 60 per cent. on the ordinary shares, which amounted to £12,300, and they recommended a further and final dividend of 40 per cent. which would bring the total payment on the ordinary shares up to £20,500 for the year.

Of the companies in which they had important holdings he must on this occasion mention one. He alluded to Bovril Australian Estates. He feared that owing to a minor drought a loss would have been made during the last year.

Though the area of Bovril Australian Estates might seem large, it was none too large for their stock of cattle. The main block, Victoria River Downs Station, was 10,400 square miles in extent. They had been improving the carrying capacity of this station for over a quarter of a century, and had got the station so fully developed that the average carrying capacity was about 39 acres per beast, which was high for the Northern Territory, but the irregularity of the rainfall during 1933-34 seemed to have caught the Estate overstocked. In consequence of this there had been a heavy mortality on this, Bovril's principal station, and the stock-sheet showed a drop as at January 31, 1935, by about 10,000 head in spite of heavy calvings during 1933 and 1934, when the calf markings were over 50,000.

The report and accounts were unanimously adopted.

Orders for the publication in these columns of the reports of Company Meetings should be addressed to:—

The Reporting Manager,
THE ECONOMIST,

8 Bouverie Street,
Fleet Street,
London, E.C.4.

ZINC CORPORATION, LIMITED

INCREASED PROFIT—IMPROVED POSITION SIR ROBERT HORNE'S REVIEW

The twenty-fourth ordinary general meeting of the Zinc Corporation, Limited, was held, on the 23rd instant, at The Chartered Insurance Institute, 20 Aldermanbury, London, the Rt. Hon. Sir Robert Horne, M.P. (the chairman), presiding.

The Chairman said:—Before I deal with the business of the meeting I desire to refer to the death, a few days ago, of our esteemed colleague, Mr George C. Klug. In him we have lost a wise counsellor and skilled administrator, whose personal qualities commanded the confidence of all who worked with him, and inspired the affection of a great circle of friends. He played a notable part in the executive work of our corporation and all his colleagues will greatly miss his sagacious judgment.

The net result of the year's operations was a profit of £131,226, an increase of £11,000 compared with the previous year. (Applause.)

In the appropriation account you will note that the amount expended on new plant, etc., was £38,209, compared with £12,615, and we have this year appropriated for expenditure on new plant a sum of £40,000, as against £70,000 at December 31, 1933.

The full preference dividends amounting to £49,138 were paid and in addition the participating dividends on both preference and ordinary shares were raised from £56,177 to £67,412. The total amount paid in dividends for the year was £116,550, against £105,315 in the year previous. Part of this, viz., £45,000, has been disbursed since the accounts were made up, in the form of a participating dividend on both classes of shares, and you will be asked to confirm this payment in the resolution for the adoption of the report and accounts. The balance carried forward has been increased from £45,024 to £51,491.

We have set out our investments in the balance sheet in greater detail than before. The total book value of our investments is about £48,000 less than a year ago. We regard this valuation as very conservative. We have used the surplus from realisations where we considered it desirable to write down the value of remaining securities, and have carried the net balance to an investment reserve account, which is stated separately among the liabilities at over £74,000.

The total value of our mining property, machinery, plant and equipment at mine and works, less depreciation previously written off, now stands at £281,626. Against this total our general reserve (including depreciation) amounts to £208,418.

Let some may think that the profits earned represent a liberal return on the cost of our enterprise, I think I should point out that the £280,000 odd which stands on our books as the leading asset represents the remainder of more than £2,500,000 sterling invested in the purchase, development, and equipment of your property.

We have, in addition to the general reserve, a reserve of £17,000 for interest and dividends equalisation and a contingencies reserve of £30,000. I feel confident that you will regard these figures as very satisfactory. (Hear, hear.)

STRONG POSITION

Our balance sheet to-day is one of great, but not undue, strength. Our present position is in marked contrast to what it was only a short time ago, when the world crisis and the crash in the price of our products, combined with an inability to sell our production, had an effect on our affairs which caused us very grave concern. For a long time our ability to maintain employment was in danger; in fact we were able to continue our operations only by realising investments and drawing very heavily on previously accumulated resources. We have to find on working expenditure alone between £50,000 and £60,000 sterling a month, and it will be easy for you to understand that unless all our production is sold within a reasonable period the maintenance of our operations might rapidly become impossible. We were able to weather the crisis and maintain a high ratio of employment only as a result of the prudent conservation of resources which resulted from our operations in good years. (Applause.)

In considering the balance sheet of the corporation, and, in particular, its investments, it is necessary for you to remember that apart from any enlargement of operations, our mining and milling equipment calls for replacement practically every 10 years, and in dealing with the type of ore body we have to mine, it is wise to make provision well ahead for special shaft and underground requirements.

We are to-day spending £100,000 on a new mill, and if we are to work economically and efficiently we are faced with the necessity of sinking a new shaft. The latter—and its equipment above ground and below to a depth of, say, 2,000 feet—will probably call for £250,000 over the next four years. Thus we may have a total expenditure of £350,000, and perhaps more, on capital account within a comparatively short time. If we were not able to make provision for a substantial part of this expenditure in advance, our ability to maintain our operations would be endangered.

THE MINE

The report of Messrs Bewick Moreing and Company, the general managers of the mine, sets out in detail the operations of the year. You will notice the reference in the report to the temporary reduction in the ore reserves due to the contraction in development forced on us at a time when the depression was most acute. A bald statement of ore reserves calculated on conventional lines, i.e., ore completely blocked out on three sides, might at this stage convey a totally wrong impression of the resources of your property. An attempt on my part to make any definite estimate of potentialities would scarcely be justified, but I believe we are entitled to expect, on the geological evidence before us, a life of not less than 25 years at the present rate of production.

Last year we commenced a geological survey of our leases, which it has since been arranged shall be merged in a joint enterprise with our friends, North Broken Hill, Limited, and Broken Hill South, Limited. This is a long job, the commencement of which has been already far too long delayed. We are more than hopeful that it will at least fully support all our expectations regarding the extent and value of the ore deposits within our leases.

THE MILL

As will be noted from the report of Messrs. Bewick Moreing and Company, the results of the work carried out during the year in the pilot unit have led to a very satisfactory system, whereby improved recoveries of lead and silver can be obtained at a somewhat reduced cost compared with the returns from our existing mill. Following on the recommendation of the general managers the conversion of the mill to the new system is well advanced and should be operating by the end of this year.

COMMERCIAL

On the selling side of our business I am glad to be able to record a wide expansion in lead sales. The average price actually realised in 1934 was only £11 os. 9d., against £12 os. 3d. in 1933 and £11 13s. 9d. in 1932, but our realisations more than absorbed our output and stocks were substantially reduced. Since the opening of the current financial year the demand has continued active and prices for lead have improved substantially with corresponding benefit to our revenue.

THE OUTLOOK

Metals have been and are still selling well, and stocks of lead in particular have been considerably reduced. Present lead prices are substantially above the average of last year on which to-day's accounts are based. Expressed in gold the prices of lead and zinc are still painfully low, but the discount on sterling on Australian exchange—without which I may say we not only could not in recent years have made a profit, but would have been unable to operate at all—gives us a substantial price advantage. If the current level of metal values is maintained, our profits and our dividends for the current year will show a very satisfactory increase. (Cheers.) On the basis of our profits up to date, if nothing untoward happens, our next dividend will certainly be substantially better than the corresponding distribution a year ago. (Hear, hear.)

The demand for lead has been greatly helped by the building boom and the increased demand for electric light and power and for telephone extensions in connection therewith. So long as this situation is maintained we are entitled to expect a continuance of satisfactory prices. If and when the reported American shortage of houses begins to be attacked, this movement should be accelerated.

The world is drawing very heavily on its lead and zinc supplies. Probably nearly 200,000,000 tons of ore have been mined and treated in the last 15 years to meet the world's demand for these metals. If consumption be maintained at its present level for the next 10 years and 150,000,000 tons of ore are thus consumed,

many of the major deposits geographically well placed and now being worked will be seriously depleted. Fortunately for us there is no reason to fear any shortage of ore in our own property. (Applause.)

Silver is being raised in value by the purchasing policy of the United States Government, just as it was reduced in value in the past by the selling policy of the Government of India and other Governments. There is no ground for anticipating any alteration in the action of the United States. It is strictly in accordance with the mandatory legislation on the statute book, and while the administration is free to vary the price and speed of its purchases, the acquisition of silver by the United States must go on until that law is altered by Congress. Apart from any attempts to check speculation or to punish speculators, it appears reasonable to expect that silver prices will over a period show further improvement.

FAVOURABLE OUTLOOK

On the whole the outlook is more favourable for our products than for some time past. One of the chief factors on our revenue side, viz., the exchange value of the Australian currency, may be regarded as governed for the time being by the volume and value of the primary products of the Commonwealth. Taken collectively, these are still very low, and unless there is a further substantial recovery in wool prices and a corresponding rise in wheat prices to a level profitable to the majority of farmers, any material improvement in the Australian currency is improbable. It has to be remembered that Australia is still selling to the United Kingdom many of its primary products at unprofitable prices and paying full interest and amortisation on its external debt, factors which contribute materially to our recovery here.

In summing up the situation one may reasonably assert that, subject to the maintenance of industrial peace and any dislocations that might arise from international disturbance, we have good reasons for being optimistic regarding the future, and I am hopeful that the accounts which we shall present to you a year hence, as well as the distribution which we may make in the interim, will be satisfactory to you. For the past six or seven years we have had to fight against a world-wide depression. You have been called upon to make considerable sacrifices during that period and you have borne your lot with patience. I am glad to think that there is now a reasonable prospect of better fortune in the future. I cannot conclude without thanking our general managers, Messrs Bewick Moreing and Company, our superintendent, Mr C. C. Freeman, and all the staff, for their efficient and enthusiastic efforts on the corporation's behalf. We have had the advantage of a visit from Sir Colin Fraser, one of our local directors, and take this opportunity of expressing through him to the local board the deep appreciation of their efforts on behalf of the corporation.

The Chairman concluded by moving the adoption of the report and accounts and the confirmation of the payment of the participating dividends totalling 1s. 6d. per share.

Mr Wm. S. Robinson (managing director) seconded the resolution.

SHAREHOLDERS' APPRECIATION

Mr Hipwell said that in 1932 he attended a general meeting of the corporation and congratulated the directors on their foresight in becoming associated with the gold-mining industry of Australia and it must be very gratifying, he was sure, to them to-day to review the results of their work. There was no doubt that Australia had benefited immensely by their efforts and the shareholders had also had their small share—he said small because he would not like any words of his to stop the efforts of the directors. (Laughter and hear, hear.)

He had also come to the meeting to hear if the Chairman had anything cheering to say on the prices of lead and zinc, and he was sure that the Chairman's words of comfort were very welcome. On behalf of the shareholders he wished to express their gratitude to the directors for their work in the past, to compliment them on the strength and solidity of the balance sheet and to hope that their future path might be a little smoother.

The resolution was carried unanimously. The retiring directors, the Rt. Hon. Sir Robert Horne, M.P., and Capt. Oliver Lyttelton, D.S.O., M.C., were re-elected, and the auditors, Messrs Monkhouse, Stoneham and Company were reappointed.

Mr Warren said that they were very much indebted to Sir Robert Horne for presiding at the meeting, and he was sure the shareholders would not like to disperse without according a very hearty vote of thanks to him for doing so. (Hear, hear.)

Mr Hipwell seconded the proposal and it was carried unanimously.

The Chairman having thanked the shareholders, the proceedings

ARMSTRONG WHITWORTH SECURITIES COMPANY, LIMITED

IMPROVED POSITION OF OPERATING COMPANIES

The forty-first ordinary general meeting of Armstrong Whitworth Securities Company, Limited, was held, on the 24th instant, at Winchester House, London.

Major-Gen. Guy P. Dawnay, C.B. (the chairman), said that the company had incurred a loss for the year 1934 of £40,372, as compared with £36,694. The reason was the decrease in interest from investments caused by the necessity for making advances to subsidiary and associated companies for the purposes of their operation. The improvement in the operating companies' business on the engineering side, together with the elimination of the Shipbuilders Company by sale to the National Shipbuilders Security, Limited, had decided the board to make a complete revision of the balance sheet.

Dealing with the operating companies on the Tyne, the chairman, reviewing the position of the Engineers Company at Scotswood, said that towards the end of the year prospects had begun to improve and they had obtained their full share of the business then offering, the net result being that a very radical improvement in the position at Scotswood, so far as locomotive building was concerned, had been effected. In the marine engineering department the volume of inquiries they received from shipbuilders was greater than when they were in the shipbuilding business.

Their pneumatic tool department and their manufacturing arrangements for heavy engineering products and machines were developing in a satisfactory manner.

Their development of the Diesel traction department had gone steadily forward, and he thought that their reputation in that business stood higher than ever. Two 1,300-b.h.p. Diesel electric locomotives ordered for India had been shipped, and they hoped would lead to further and increasing orders from India. Six rail cars on the Madras and Southern Mahratta Railway had now been in service for some months, and they were receiving very favourable reports of their performance. They had built a 250-b.h.p. shunting locomotive to the order of the London Midland and Scottish Railway and, after a full year's service, they had received a further order for 10 more powerful units of the same class. They had also on order a similar unit for the Bombay, Baroda and Central India Railway, and also on order nine 300-b.h.p. power equipments for rail cars for the Central Argentine Railway. So far as the Ironfounders Company was concerned, the general improvement at Scotswood had had a better effect for the better, more work being available at slightly better prices. For the first six months of 1935 their order book was practically double that for the corresponding period of last year.

Regarding the general reorganisation of the balance sheet, the plan which they had adopted involved the elimination of their debentures through the intermediary of a new company which would take over the company's chief assets and obtain such redemption. That arrangement had been made with the help and co-operation of the Bank of England.

All this was the result of years of hard work in exceedingly difficult conditions caused by the collapse of 1931 having taken place so shortly after the reconstituted board of the company had taken office to carry out its policy. Within seven months of their assumption of office, shipbuilding of the kind to which their yards were restricted by agreement had practically come to a total standstill. Almost simultaneously their steam locomotive business had suffered an identical eclipse. He and his colleagues Engineers Company; hence their turning to the development of heavy oil engines for rail and road. Within two years of their assumption of office had come the general collapse, which had resulted in a huge fall, both in volume of business and in prices. The turnover of the Engineers Company in its mile-long works at Scotswood had fallen from more than £1,000,000 to £200,000 a year, at which fantastically low level it had remained for over two years.

Perhaps they might hope that the turn of the tide might have come in the year covered by the accounts. Steam locomotive business showed encouraging signs of revival and the Ironfounders Company had a very satisfactory volume of work. In those altered circumstances it was now the moment to put the new arrangements into effect. The services of those of them, including himself, not actively concerned in the conduct of the operating companies would be no longer required.

The report and accounts were adopted.

BRAZILIAN WARRANT AGENCY AND FINANCE COMPANY, LIMITED

RESULTS JUSTIFY ORDINARY DIVIDEND

The annual general meeting of the Brazilian Warrant Agency and Finance Company, Limited, was held, on the 23rd instant, at Winchester House, Old Broad Street, London, E.C.

Mr Arthur Whitworth (chairman of the company) presided. The Chairman, in the course of his speech, said:—As the report states, the accounts we present to you to-day reflect the result of the capital reconstruction scheme carried through in November last. At the end of the year, after our scheme had received the sanction of the Court, we sent to all shareholders a statement showing the reconstruction figures as compared with the figures of the December, 1933, balance sheet, so I do not propose to detain you to-day by going over ground which is known to those of you who cared to make a close and comparative study of the balance sheet of 1933 with the current position of the company. I do, however, say with some pride and gratitude to the shareholders for sanctioning our proposals of November last, that this is the first balance sheet that has been presented to you for some years without any unsatisfactory and qualifying comments, either in the accounts themselves or in the auditors' certificate.

BENEFITS OF RECONSTRUCTION

In November last you sanctioned proposals of a very drastic character, but I would remind you that though the ordinary shareholders have seen the capital value of their shares reduced, from 10s. to 2s., the intrinsic value of the equity of the company, which is represented by the ordinary shares, is precisely the same, whether the nominal value of the shares stands at 2s., as they do to-day, or at 10s., as they did a year ago. The resultant benefit to the ordinary shares is that the profits of the company, if sufficient, are now available for distribution instead of being required for writing down assets which, before the reconstruction, were carried at a much inflated figure.

The trading results of last year were, I am glad to say, just sufficiently good to enable your directors, after paying the preference dividend, to recommend the payment of a small dividend of 4 per cent. on the ordinary shares.

If you turn for a moment to the balance sheet, there are a few comments which I should like to make. The paid-up capital of £725,000 is backed by a general reserve of £200,000 free and unhyponothecated to any particular purpose. The contingency reserve of £29,812, compared with £10,356 in 1933, is the surplus over the valuation of our investments of the previous year, and fluctuates with the weekly valuation, which is always taken out.

On the assets side our advances against coffee, cotton, etc., at £58,457, as against £89,693 a year ago, reflect the repayment of old advances and new advances at lower prices. Our Stock Exchange investments are shown in the balance sheet at £514,160, the increase, as stated in the report, being due to the investment of the surplus cash balances which we were able to have remitted from Brazil last autumn. There was, however, an amount of £70,000, part of our cash in London, which was waiting for payment of investments at the end of the year, so that the real figure of our investments was about £584,000, a very large figure when taken as part of the company's total assets of £1,263,813.

PROFIT AND LOSS ACCOUNT

If you turn to the profit and loss account, our London expenses show little change. The operating profits at £47,754 were some £12,000 less than in the year 1933, due in the main to lower earnings in our coffee business, and also to the disappointing outcome of the 1934 coffee crop on the Tibirica estate.

Some of you may have noticed that the interest and dividends on our investments are rather less than they were a year ago, in spite of the fact that our investments, as I have already told you, stand at a substantially higher figure, but I have said that the increase of the total only arose towards the end of the year, so that the dividends will not accrue in full until 1935. At the same time our investments were affected by cheaper money and, in some cases, by lower yields on certain stocks which we have held for many years.

When your board came to consider the disposal of the available profits, we were faced with a difficult decision. The profit on the accounts was there and the earnings were sufficient in the year to

pay a dividend at a somewhat higher rate than we eventually decided to pay. The reconstruction scheme was put through based on an exchange rate of \$73 to the £. At the end of the year the rate taken for the accounts was \$74 to the £, whereas the rate of exchange is now \$90 to the £. It is obvious, therefore, to-day that further provision for the lower exchange requires to be made, though we cannot say what the position will be at the end of the year. We naturally hope that exchange may improve, but I must admit that there is nothing in the financial situation of Brazil upon which such hopes can justifiably be based. We, however, fully realised the long suffering of our ordinary shareholders, and came to the conclusion that what we had for the time being was theirs, so we decided to recommend the small payment, which you will receive on August 8.

As regards the general business of the company, we are, as you know, a trading concern, buying and merchanting coffee and cotton, lending money to coffee planters and controlling or owning subsidiary companies, which either grow coffee and cotton or depend upon the marketing and warehousing of coffee for their activities. We have no contractual relation, either with the Government of Brazil or with any of the States, so we are not directly concerned with the general financial obligations of Brazil nor with the service in any way of their foreign debts. It does not therefore, fall to me to-day to address you on any of those matters, which are of such intimate concern to other public companies who are connected with the railway and municipal affairs of Brazil. The only point at which the financial difficulties of the country impinge upon our affairs is in the matter of exchange, and you know from the past what a serious effect this has had upon your fortunes and how it affects them to-day and must do to-morrow.

PROBLEM OF SURPLUS COFFEE

When, in addition to this, we have to contend with the exchange troubles of the Continent of Europe, you will appreciate that it is not easy to conduct a steady and profitable business in the main export commodities of Brazil. There is also the continual uncertainty as to the methods which the Government will adopt as to the disposal of surplus coffee production, and whether the export tax, which is in part levied for the purpose of the service of foreign loans, will be continued at the same rate. Our profits in the year under review were, and in the current year are likely to be, affected by these conditions, though the uncertainty is to some extent removed by the promulgation last week of the proposals made by the Coffee Convention in Rio recently held under the auspices of the Federal Government.

The chief of these is that there will be no sacrifice quota in respect of the present crop, but the National Coffee Department will purchase in the interior 4,000,000 bags of it, which it is estimated should absorb the surplus of the crop.

With regard to the past crop—i.e. that of 1934-35—the position is somewhat obscure, but we understand that the surplus, now estimated to be 5,000,000 bags, will enter into Santos concurrently with the present crop in the ratio of 60 per cent. old crop and 40 per cent. new crop. The Government also propose to continue the restrictions on the planting of new trees, although they do not propose to prohibit the replacement of old trees by new plantings. We must hope that these proposals, if adopted, will achieve their object, but unless regular consumers in the markets of the world consume more coffee, or new consumers can be found, I do not see how the coffee trade of Brazil can be free from some sort of Government control for many years to come.

During the past year it was hoped that the export surplus of Brazil would be materially increased by the harvesting and sale abroad of a largely increased cotton crop, and we strengthened our staff in Sao Paulo to enable this company to take its full share of the trade. The crop, however, has not turned out anything like as large as was expected, owing to damage by pests, and I believe that several concerns that sold cotton somewhat heavily forward are finding difficulty in completing their contracts. This company adopted a more cautious attitude, and, though our share of the trade has been negligible, I think we have avoided losses which otherwise would have been almost certain.

A NEW INTEREST

Just about a year ago we took over the business of a small concern in Mincing Lane which dealt in mild coffees and from our experience of that new connection during the past year we believe we have found a small but quite useful ancillary to our main business.

The report and accounts were unanimously adopted; the retiring directors were re-elected; the auditors were reappointed, and the proceedings terminated with a hearty vote of thanks to the chairman, directors, and staff at home and abroad.

ANGLO-DUTCH PLANTATIONS OF JAVA, LIMITED

REVIEW OF TEA AND RUBBER

INCREASE OF CAPITAL APPROVED

The twenty-fifth ordinary general meeting of the Anglo-Dutch Plantations of Java, Limited, was held, on the 19th instant, in the Council Room of the Rubber Growers' Association (Inc.), 19 Fenchurch Street, London, Col. Sir Robert Williams, Bt. (chairman of the company), presiding.

The Chairman, in the course of his speech, said:—The profit of the local Java Company amounted to F. 1,659,157, which, at the average rate of exchange for the year—namely, F. 7.44½ to the pound—is equivalent to £222,855. From this amount the directors decided to deduct for depreciations and writings-off £77,396, leaving £145,459 to be taken over to the London balance sheet. To this has to be added the interest received from the local company in respect of debenture redemption account, totalling £16,755, and after adding receipts in London and deducting London expenditure and the interest on the Plantation Company's debenture stock, the year shows a profit of £105,420. The directors declared an interim dividend of 2 per cent. in February last, and they now recommend a final dividend of 2 per cent., leaving £91,459 to be carried forward, subject to staff bonuses in the East.

INCREASE OF CAPITAL PROPOSED

Later in the meeting we shall submit a resolution to increase the capital of the company by £500,000. At the present time the average cost per acre of the company's estates, after allowing for cash in hand, represents £23 ordinary capital and between £10 and £11 debenture capital, a total of less than £34 per acre. This is a very low figure, especially in view of the fact that it includes heavy initial expenditure in connection with Blocks 26 and 28, which at present scarcely figure in the planted acreage, the cost of the rice mills, and also seeing that no valuation has been placed on the reserve land, although the greater part of this is freehold.

By the operation of the debenture sinking fund, this already low capitalisation is being annually decreased, and in the course of just over ten years' time, on the present system, the average cost of the properties would be approximately £25 per acre, notwithstanding the improvements which should result from ten years' capital expenditure.

This is the result of the conservative attitude adopted by the board in the past, and they feel that the provision now suggested should be made for increasing the authorised share capital, without which, and assuming no large increase in prices for the company's commodities, a cash position might arise when it would be difficult to do justice to the ordinary shareholder with regard to dividend. It is not proposed to pursue any new development policy.

TEA

The present area under tea is 26,667 acres, of which all are in bearing with the exception of some 198 acres; of these latter 154 acres were opened up and planted during the year on our Waspada estate by permission of the local Regulation Committee. Our tea stands in the books at a net capital cost of £31 1s. per acre. The condition of the tea is almost everywhere satisfactory.

For the regulation year 1934-35, which covers three-quarters of our year now under review, our standard production of estate leaf was fixed at slightly over 17,500,000 lbs., with bought leaf included 18,000,000. Our estimated standard for the current year 1935-36 is 18,500,000 lbs., and it is anticipated that the local restriction percentage will be slightly over 41 per cent. The production for both estate and bought leaf for 1934 was 12,250,119 lbs., the yield per acre of estate leaf being 441 lbs. over the whole of our mature tea. The effect of restriction is, therefore, very obvious when it is remembered that in the year 1932, the last year of full production, our yield reached a figure of 656 lbs. per acre.

In view of the heavy decrease in crop, and also the adverse exchange, the cost price, excluding depreciation, of 7.54d. per pound cannot be regarded as unsatisfactory, but with selling prices at their present level it is essential to bring down costs to the lowest figure possible.

The gross profit received from tea amounted to F. 543,017.

Last year was undoubtedly a disappointing one for the tea-growing industry. The year started on high hopes which unfortunately failed to materialise, and the market was a sagging one throughout most of the period. This year let us hope that the

position may be reversed. It certainly is not beyond reasonable hope and expectation that when stocks begin to show definite improvement compared with last year the improvement will be reflected in tea prices.

RUBBER

Our rubber area consists of 35,806 acres, of which 29,886 are in bearing, and the net capital cost stands in the company's books at the very satisfactory figure of £21 9s. 10d. per acre. At the beginning of 1934 an area of 2,905 acres was planted up with material from our selected seed gardens at Wangoenredja, bringing the total area planted with up-to-date, high-yielding material to 7,600 acres.

For the year 1934 our standard production was fixed at 15,500,000 lbs., and for the seven months during which control was in force the production quota in the Dutch East Indies was 46.47 per cent. of standard. During the current year our standard has been raised to 15,750,000 lbs., which we hope, with various claims we have put forward, will be increased to over 16,000,000 lbs. As far as we know at present, the restriction for 1935 will be 41 per cent.

SATISFACTORY YIELD

Our total crop last year amounted to 15,028,793 lbs.—a yield of 503 lbs. per producing acre—which is a satisfactory figure in view of the fact that restriction was already in force for seven months of the period. The cost price, exclusive of depreciation, was 2.72d. per pound, a slight advance of cost compared with the previous year, which is entirely accounted for by the further fall in the value of sterling. On the other hand, the selling price showed a strong recovery compared with the last few years, the figure at 5.74d. per pound being the highest since 1929. This recovery in price enabled us to show a gross profit from rubber of F. 1,380,297.

With regard to the future of rubber it is most difficult to be prophetic. The price will naturally be governed by the size of stocks, which in turn depends on the degree of restriction, but here the attitude of the representatives of the different Governments on the Restriction Committee must necessarily be the deciding factor. Owing to the large amount of native rubber, the regulation of rubber, unlike tea, is to a much greater extent a political question, especially in the Dutch East Indies, where the native output looms largely when a decision has to be taken with regard to the restriction percentage. Perhaps one can only say that by introducing a tax on the export of rubber on a graduated upward scale there arises a definite inducement to the Netherlands Indies Government to welcome a higher price, though further than this I do not feel justified in going in making any forecast of the future.

THE OUTLOOK

As to the prospects for the current year, I have already endeavoured to show you that in almost all of our various interests the production side is in first-rate condition. Unfortunately in tea, rubber, and quinine our productivity is not given full play, as in all three cases schemes for controlling exports are in operation. It is no good pretending that anyone likes such schemes, but unfortunately there seems no other alternative between them and chaos. On the other hand, if the control is worked firmly and intelligently a better position must arise. Tea is now in its third year of control, and I consider that an improving tendency has improved, although not to the extent that most of us wish to see, and I hope and believe that within the next twelve months a further improvement here will also be evident. Kina has always paid us fairly well, and I do not see that this is likely to show much alteration in the near future. Sisal, after an extremely lean period, is at the moment giving distinct signs of an early set in some months ago, still maintained, there are hopes that Soekamandi results will at last take a turn for the better.

With regard to the increase in capital which we are asking you to authorise, we are not contemplating any immediate issue. When we decided to bring the issued capital up to the present authorised capital, the board considered that it was not feasible to offer those shares *pro rata* to existing shareholders owing to the small number, but, if and when any further issue is made, the board hopes to issue them as rights to shareholders.

The report and accounts were unanimously adopted, and resolutions were passed increasing the capital to £3,000,000 and converting the shares into stock.

The proceedings concluded with a vote of thanks to the staff in the East.

PROVINCIAL BANK OF IRELAND, LIMITED

SOUND POSITION MAINTAINED

The half-yearly general meeting of the Provincial Bank of Ireland was held, on the 24th instant, at the chief Irish office of the bank, College Green, Dublin.

Mr Richard Trotter (the chairman) presided, and, in the course of his speech, said that the figures in the report and statement of accounts did not appreciably differ from those of recent periods, and it was satisfactory that despite continued difficulties the bank had been able to maintain its sound position.

The Banking Commission were continuing their inquiries into the whole position of banking and currency, and their findings would be awaited with much interest.

"In regard to the balance sheet," he said, "we are able to deal with the sum of £68,697, which includes £33,224 brought forward from last account. Out of this, the usual dividend at the rate of 12½ per cent. will be paid to you on the 1st proximo. We have added £5,000 to reserve fund, bringing this up to £495,000, as against our paid-up capital of £540,000. We place £4,000 to bank premises account, and carry forward the slightly increased amount of £33,541.

"As against the position at December last, notes in circulation at £942,000 show an increase of £26,000. The total deposits placed with the bank stand at £15,100,000 as compared with £15,070,000 six months ago. On the other side of the sheet, you will see that the total of our cash, money at call, and investments is £10,150,000 as compared with £9,691,000 at December, 1934, and is equal to 63 per cent. of the bank's liability to the public.

"The value of the investments, as shown in the balance sheet, is considerably under market prices. Our advances to customers and bills discounted at £6,782,000 show a decrease on previous figures, due mainly to repayment of a large special and temporary advance. We believe that full provision has been made for all bad and doubtful debts, and subject to this, we consider our advances are in a sound position.

"In regard particularly to those depending on land, we are of opinion that, despite the depreciation in value which has been an unfortunate feature of recent years, and in respect of which the bank must and does exercise every forbearance and allowance, the board has no reason to doubt the ultimate safety of them, and meanwhile, we have ample resources available to meet the legitimate requirements of our customers.

"In regard to our premises, now standing at £207,800, we consider that at this figure they are very much under value. We have, however, some outlay in view during this half-year to a moderate extent, but I may say that your board does not enter on such outlay until they are satisfied that this is necessary for the convenience of customers and the profitable expansion of the bank's business.

"Last year I referred to the difficulty experienced in obtaining a satisfactory return on the loose funds of the bank, due to the low rates ruling in the money market, where banks must of necessity place them. This position continues and so far there is really no definite indication of any upward tendency in these rates, or when the cheap money period is to end.

"Turning to affairs in the Free State, the flotation of industrial enterprises is still proceeding, and these should benefit trade generally and ease the unemployment position. In regard to the harvest prospects, despite adverse conditions in the early spring, these are regarded by the Department of Agriculture as very promising. It is hoped that such may prove to be the case, and that in due time satisfactory prices will be forthcoming.

"The Government must be gratified by the success which had attended the expansion, fostered by them, of the sugar production, while the increase seen in the export of live stock is also to be noted with interest.

"I am glad to report that the linen trade in Northern Ireland has experienced a fair measure of good trade, the spinning and weaving sections having been well occupied with work for the greater part of the period under review.

"Flax has maintained its higher level of price, and it is generally thought that it may continue around this level during the coming season.

"The past half-year has been marked by much activity in the shipbuilding industry in Belfast, and no less than five high-class motor vessels of the cargo-carrying type have been completed and delivered during the period, as well as a fine twin-screw cross-Channel steamer for the L.M. and S. Railway Company."

The report and accounts were adopted.

STANDARD BANK OF SOUTH AFRICA, LIMITED

PROSPERITY IN THE UNION

The one hundred and twenty-second ordinary meeting of the Standard Bank of South Africa, Limited, was held, on the 24th instant, at Southern House, E.C.

Mr Stanley Christopherson presided.

The Chairman, in the course of his speech, said: In recent years my predecessors in this chair had occasion to refer to rapidly increasing resources and to the difficulties experienced in finding employment for these funds in the ordinary channels of commerce. I have the happier task of recording a more satisfactory state of affairs as reflected in the figures before you. Deposits, current and other accounts show a slight increase of £300,000, while customers' bills for collection show an advance of over £1,000,000, an indication of improved trading conditions. Cash in hand and at call and short notice reflects a reduction of £5,755,000, accounted for to the extent of £3,000,000 by an increase in investments, which now stand at £12,726,000, while the balance has been absorbed in bills discounted and advances to customers and bills of exchange, which in the aggregate show an increase of approximately £3,000,000.

The welcome improvement in our profit-earning capacity is reflected in the profit and loss account. After making an appropriation to contingencies account we have a balance of profit of £502,590, as against £433,179 last year, and the directors recommend the addition of £125,000 to the officers' pension fund and the payment of a final dividend of 5s. per share, together with a bonus of 2s. per share, making a total distribution of 12½ per cent. for the year, carrying forward £165,169.

The year 1934 was marked by great progress in various trades and industries within the Union, and the forward movement in general business which set in during the previous year was well maintained. Due almost entirely to the high currency value of gold and the consequent activity in mining, I think we can say that South Africa is, relatively speaking, to-day both commercially and industrially one of the most prosperous countries in the world.

IMPORTANCE OF GOLD MINING

It is difficult to envisage what would have been the economic position of the Union were it not for the support of its gold-mining industry and the great stimulus it has given to industrial expansion during the past two years. The remarkable recovery achieved by the Union from the stagnation of 1932 is mainly attributable to the increased revenue from the Transvaal gold output.

We have already seen the marked effect that the industry has on the prosperity of the Union and therefore on the prosperity of this bank. All of you have read of the taxation which, anyhow for the present, the Government have felt compelled to place on the gold mines. One has read at times rather severe comments on the methods adopted by which the individual mines are taxed to a varying degree, and one is forced to the conclusion that, speaking generally, the public both here and in the Union have not quite appreciated the extremely difficult and complicated technicalities involved in any scheme of taxation of profits, due largely to the different conditions in individual mines.

This is not the time nor place to enumerate those intricacies of taxation, but it has been a difficult proposition for the Government and their advisers. As one closely connected with that industry and also with banking in the Union, I feel strongly that there are certain factors in connection with taxation of the mines which should be borne in mind, namely, the vast capital expenditure involved before any return can be possible, the supreme importance of prolonging the life of this wonderful goldfield to its full extent, and the necessity of attracting many millions of new capital.

Under existing world conditions, the welfare of the Union depends very largely upon the value of its gold output, and it is gratifying to know that whereas formerly official estimates had foreshadowed the end of payable production within comparatively few years, the outlook has now been completely transformed and the potential life of the industry greatly extended. Its future is regarded with increasing confidence.

I must not omit to mention one important decision by the Union Government—the policy of maintaining a close association of Union currency with British sterling, which policy has recently been reaffirmed. This stability of exchange rates with South Africa's most important customer gives us good grounds for confidence for the continuance of the general improvement of trade between the two countries.

The report was unanimously adopted.

UNITED DOMINIONS TRUST, LIMITED

RECORD FIGURES

The thirteenth annual general meeting of the United Dominions Trust, Limited, was held, on the 22nd instant, at Regis House, London.

Mr J. Gibson Jarvie (chairman and managing director), in the course of his speech, said that the figures for the year under review were again a record. The profits were substantially higher than in any previous year, and in recommending, in spite of the increased profits, that dividends should be paid at the same rate as last year the directors believed they were acting in the best interests of the shareholders. Trading losses were still a mere fraction of 1 per cent., proving that, while turnover continued to grow, proper care was exercised in the conduct of the business and the efficiency of the organisation was being maintained. Referring to Credit for Industry, Limited, the Chairman said that company was formed last year in response to the public demand for the establishment of a financial organisation which would minister to the needs of the smaller industrial and trading concerns. Since the company was started they had received some thousands of applications for loans, but in only a relatively small number of cases could the application be regarded as legitimate or justifiable. On the applications received the acceptable cases in which they had agreed to grant loans amounted in the aggregate to £622,521. In addition, they had approved in principle further loans to an aggregate value of £649,900, making a grand total of £1,272,421. Of that amount they had paid out £228,349, of which £17,826 had been repaid during the year. Cases involving a further £142,996 were awaiting settlement at the end of the financial year.

A NEW FINANCIAL SERVICE

The whole of the capital in credit for Industry, Limited, amounting to £250,000, belonged to the United Dominions Trust. It was their money, and it was lent out on long-term loans and much of it to small or relatively small deserving concerns which were unable to procure money elsewhere. It was a new financial service which had been rendered by their subsidiary. That their reward could only be described as trifling was shown by the balance sheet, where it would be seen that for their investment of £250,000 and for all the mass of work which had been done the profit for a period of some fifteen months was only £2,607, a fraction over 1 per cent. of the capital. Even the most vindictive critic of our banking system could hardly describe that return as excessive. It would have to be conceded that the company had rendered a specific service to industry in the establishment of that subsidiary, a service on which they had made no profit and a service which apparently they alone were prepared to offer. They intended to continue that service, and they set no limit to the amount of money which they were prepared to find. They only asked that the prospective borrowers should be able to show that a loan was justified.

AN ENVIABLE POSITION

Referring to the capital reorganisation recently sanctioned, the Chairman said that under the new arrangement the capital structure of the company would be very strong. In preference shares there would be £500,000, in ordinary shares £425,000, in general reserve £400,000, in premium reserve £612,500, which, with the previous profit and loss account balances, would bring the total up to £1,979,543, not including the insurance fund and other reserve accounts, amounting to £224,578. That was an enviable position, and, with so much money at a fixed rate and so much free money, they could pursue their considered policy of offering financial facilities to British trade and industry at the lowest possible rates. In that connection he desired to make it clear beyond any question that through all the history of the company it had never at any time been their policy to lend at long date and to borrow at call or short date. They had always matched their outgoings with their incomings with such a substantial margin of safety that in no possible set of circumstances could the company ever be caught short. Their borrowed money and the money they received from depositors was practically all at fixed maturity dates definitely related to the money which they had lent to their clients. They had no intention of departing from that policy, which made it impossible for any call to be made to which the company was not in a position immediately to respond.

The report and accounts were unanimously adopted.

DUFF DEVELOPMENT COMPANY, LIMITED

A YEAR OF MARKED PROGRESS

The fourth ordinary general meeting of Duff Development Company, Limited, was held, on the 25th instant, at Winchester House, London.

Mr R. W. Duff (chairman and managing director) said that the crop harvested in the year ended March 31st was 1,457,772 lbs. and realised £33,407, equivalent to an average price, landed London, of 6½d. per lb. These figures showed a substantial improvement over those of the previous year. Reduced to costs per lb., the working expenses were 3.32d. compared with 2.63d. in the previous year.

Out of the credit balance available the directors had decided to recommend the payment of a dividend of 5 per cent., which, after deduction of tax at 4s. 6d., would absorb £7,045, leaving a balance to be carried forward of £3,664. He did not want shareholders to think that this comparatively small dividend represented the measure of the company's success during the year. It had throughout been a year of marked progress. Not till June were they allowed to take the initial steps to recruit additional labour, since when the manager had been so successful in augmenting their depleted labour force that in the last six months of the financial year they were turning out nearly 40 per cent. more rubber than at the beginning of the year.

The whole of the area which had been resting had again been brought under the knife, with very good results, while a little more than 200 acres of young rubber had been opened for the first time, also with satisfactory results. At the close of the year 3,950 acres were being tapped, as against 2,620 at the beginning. The crop assessment for the current calendar year had been raised from 1,985,873 lbs. to 2,297,888 lbs., and they might expect some addition to this when the assessment for 1936 was made. In short, they had now reached the point when they were beginning to reap the advantages for which they had been waiting so long, and which were to be got from their large proportion of young rubber. They had 4,350 acres budded. They could anticipate eventually annual crops in the neighbourhood of 5,000,000 lbs.

The report and accounts were adopted.

TANGANYIKA CONCESSIONS, LIMITED
IMPROVING COPPER OUTLOOK

Sir Robert Williams, Bart. (the managing director), speaking at the annual meeting of the Tanganyika Concessions, Limited, held on the 25th instant, in London, at which General Sir F. Reginald Wingate, Bart., G.C.B. (the chairman), presided, said that the profit for the year amounted to £100,616. In spite of a decline in the average price of copper, the results of improvement, brought about by a substantial reduction in imposts. The gross working profits for the year amounted to over 76 million francs, as against 36 million francs for the previous year, showing a net profit of 49 million francs. The conservative policy which they had adopted would greatly facilitate the resumption of dividend payments.

For 1934 the Benguela Railway Company had earned a small profit before charging depreciation. With regard to the Kentan Gold Areas, the most interesting developments had been those in Tanganyika territory. The staff had been increased considerably so as to obtain more rapid development, and the work, although not yet completed, had yielded excellent results.

Referring to his tour in Africa last year, Sir Robert said that his reception was really a recognition of the work accomplished by themselves throughout Africa. It had been the privilege of at their last gasp. Recent developments all showed that there never was a time when the necessity to complete Rhodes's far-seeing scheme of the Cape to Cairo Railway was so apparent as the present. Their great gold, diamond and copper industries could not have been developed without the 2,600 miles of railway already built, and it would be the same story further north until it joined the Sudan system. These developments had not only enriched every Colony they had been connected with by discoveries of great wealth and by the millions spent on railways, but they had benefited their company and British workshops and those of other countries to the extent of many millions sterling, and in the developments they were now carrying out in Kenya, Uganda and Tanganyika territory he believed the same story would be repeated.

The report was adopted.

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GRIFFITHS HUGHES PROPRIETARIES, LIMITED
(KRUSCHEN)

INCREASED PROFITS

The first ordinary general meeting of Griffiths Hughes Proprietaries, Limited, was held, on the 23rd instant, at the registered office, Peru Street, Salford, Manchester.

Sir Bertram Hyde Jones, K.B.E. (the chairman), in the course of his speech, said:—At this, our first general meeting, I am sure that you will be as gratified as are your directors that the results of the first year's trading since the incorporation of the company show an increase in profits not only over the average for the last five years, as shown in the prospectus, but also over those for the year previous to the formation of the company.

The operating company's profit is £462,143, which compares with an average for the five preceding years, as given in the prospectus, of £382,460, and with profits of the preceding year of £451,370. This result has been achieved in the face of world conditions certainly not favourable to trade, and, I am sure you will agree, reflects great credit on the management. Of this sum interim and final dividends to the amount of £253,354 have been paid to the proprietary company, £90,000 allocated to general reserve, £102,597 to provision for income tax, and the balance of £16,192 carried forward.

With reference to future prospects, I may say that during the last three months our business has shown a satisfactory increase over that for the corresponding period of last year. I wish to take this opportunity of acknowledging the loyal and efficient services rendered by the whole of the employees of the operating company.

The accounts and the directors' report were adopted unanimously, and the payment of the final dividend of 10 per cent. and 2½ per cent. bonus, both less tax, was approved.

The retiring directors, Sir Bertram Hyde Jones, K.B.E., and Mr Harry Marland, J.P., were re-elected; and Messrs. Deloitte, Plender, Griffiths and Company, and Messrs. J. B. Boyd Wrigley and Company, were reappointed auditors.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended July 20, 1935, amounted to £13,982,000, against ordinary expenditure of £10,122,500. After allowing for a decrease in Exchequer Balances of £32,119, the operations for the week, as shown below, decreased the gross National Debt by £3,892,000 to approximately £8,111 million.*

(000's omitted)

Treasury Bills.....	+ 1,840	Public Department Advances ...	- 5,800
National Savings Certificates ...	+ 100	N. Atlantic Shipping Issues.....	- 82
	+ 1,940		- 5,882

* Including £375 millions on Account of Exchange Equalisation Fund and Borrowing for Statutory Sinking Fund.

A complete analysis of the approximate position of the National Debt on June 30, 1935, appeared in the *Economist* for July 6.

REVENUE	Estimate for the year 1935-36	Total Receipts into the Exchequer			
		April 1, 1935, to July 20, 1935	April 1, 1934, to July 21, 1934	Week ended July 20, 1935	Week ended July 21, 1934
ORDINARY REVENUE					
Inland Revenue—					
Income Tax	232,500,000	26,438,000	26,687,000	3,357,000	2,849,000
Sur-tax	51,500,000	4,600,000	6,130,000	190,000	330,000
Estate, etc., Duties	80,000,000	28,010,000	29,210,000	1,250,000	1,900,000
Stamps	25,000,000	4,450,000	4,620,000	250,000	230,000
Excess Profits Duty and Corporation Profits Tax	1,700,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	120,000	130,000	10,000	10,000
Total Inland Revenue	391,500,000	63,618,000	66,777,000	5,057,000	5,319,000
Customs and Excise—					
Customs	188,570,000	59,158,000	57,133,000	3,599,000	4,121,000
Excise	106,350,000	33,000,000	31,600,000	5,002,000	4,604,000
Total Customs and Excise	294,920,000	92,158,000	88,733,000	8,601,000	8,725,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	879,000	2,498,000	Dr 551,000	102,000
Post Office (Net Receipt)	11,850,000	5,400,000	6,000,000	900,000	1,000,000
Crown Lands	1,330,000	280,000	270,000	...	...
Receipts from Sundry Loans	3,900,000	1,896,289	2,152,622	5,437	80,728
Miscellaneous Receipts	25,970,000	4,502,187	4,008,412	...	...
Total Ordinary Revenue	734,470,000	168,713,456	170,439,034	13,982,437	15,228,723
SELF-BALANCING REVENUE					
Post Office	64,070,000	16,400,000	15,800,000	700,000	750,000
Motor Vehicle Duties apportioned to Road Fund	26,230,000	4,621,000	4,100,000	713,000	...
Total Self-Balancing Revenue	90,300,000	21,021,000	19,700,000	1,413,000	750,000
Total	...	189,734,456	190,139,034	15,395,437	15,978,723

EXPENDITURE	Estimate for the year 1935-36	Total Issues out of the Exchequer to meet payments			
		April 1, 1935, to July 20, 1935	April 1, 1934, to July 21, 1934	Week ended July 20, 1935	Week ended July 21, 1934
ORDINARY EXPENDITURE					
Interest and Management of National Debt	224,000,000	85,569,945	86,725,113	322,556	237,306
Payments to Northern Ireland Exchequer	6,750,000	1,382,357	1,574,497	...	...
Other Consolidated Fund Services	3,700,000	1,151,463	944,123	...	...
Post Office Fund	1,130,000	...	...	...	...
Total	235,580,000	88,103,765	89,243,733	322,556	237,306
Total Supply Services (excluding Post Office)	493,785,000	137,643,000	129,225,000	9,800,000	11,180,000
Balances of Marginal Provision (including Cost of restoration of Cuts)	4,805,000	...	...	...	...
Total Ordinary Expenditure	733,970,000	225,746,765	218,468,733	10,122,556	11,367,306
SELF-BALANCING EXPENDITURE					
Post Office	64,070,000	16,400,000	15,800,000	700,000	750,000
Road Fund	26,230,000	4,621,000	4,100,000	713,000	...
Total Self-Balancing Expenditure	90,300,000	21,021,000	19,700,000	1,413,000	750,000
Total	...	246,767,765	238,168,733	11,535,556	12,117,306

The aggregate revenue and expenditure to July 20, 1935, is shown below:—

FINANCIAL YEAR, 1935-36, APRIL 1, 1935, TO JULY 20, 1935
(000's omitted)

Expenditure.....	£ 225,747	Revenue	£ 168,714
Increase in balances	209	Gross increase in borrowing	£ 39,058
		Less:	
		New Sinking Fund	1,815*
		Net borrowing	£ 37,243
	225,956		225,956

* Authority will be sought in the Finance Bills to meet the amount of the Statutory Sinking Funds in 1935 by borrowing.

POSITION OF THE FLOATING DEBT

July 21 '34	Mar. 31, '35	July 20, '35	July 20, '35
Ways and Means Advances Outstanding—	£	£	£
Advances by Bank of England	23,950,000	34,080,000	18,100,000
Advances by Public Departments	836,655,000	799,320,000	859,040,000*
Treasury Bills Outstanding	880,805,000	833,380,000	905,140,000
Total Floating Debt	880,805,000	833,380,000	905,140,000

* Includes £2,000, the proceeds of which were not carried to the Exchequer within the period of the Account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £40,000,000 Treasury bills were opened on July 19, 1935, and the total amount applied for was £67,685,000. Tenders were accepted for Treasury bills at three months dated Monday to Friday at £69 16s. 10d., about 39 per cent., and above in full;

LONDON MONEY RATES

	July 18, 1935	July 19, 1935	July 20, 1935	July 21, 1935	July 22, 1935	July 23, 1935	July 24, 1935	July 25, 1935
Bank rate (changed from 2½ June 30, 1932)	2	2	2	2	2	2	2	2
Market rates of discount—								
60 days' bankers' drafts	1½	1½	1½	1½	1½	1½	1½	1½
8 months' do.	1½	1½	1½	1½	1½	1½	1½	1½
4 months' do.	1½	1½	1½	1½	1½	1½	1½	1½
6 months' do.	1½	1½	1½	1½	1½	1½	1½	1½
Discount Treasury Bills—								
2 months'	1½	1½	1½	1½	1½	1½	1½	1½
3 months'	1½	1½	1½	1½	1½	1½	1½	1½
Loans—Day-to-day	1½	1½	1½	1½	1½	1½	1½	1½
Short	1½	1½	1½	1½	1½	1½	1½	1½
Deposit allowances: Bank								
Discount houses at call	1½	1½	1½	1½	1½	1½	1½	1½
At notice	1½	1½	1½	1½	1½	1½	1½	1½

Comparison with previous week—

	Short Loans	Bank Bills			Trade Bills		
		3 Months	4 Months	6 Months	3 Months	4 Months	6 Months
1935	%	%	%	%	%	%	%
June 27	1-1	1-1	1-1	1-1	2-2½	2½-2½	2½-3
July 4	1-1	1-1	1-1	1-1	2-2½	2½-2½	2½-3
" 11	1-1	1-1	1-1	1-1	2-2½	2½-2½	2½-3
" 18	1-1	1-1	1-1	1-1	2-2½	2½-2½	2½-3
" 25	1-1	1-1	1-1	1-1	2-2½	2½-2½	2½-3

LONDON RATES OF EXCHANGE

I.—Spot Rates (Range of the day's business)

London on	Par of Exch. per £	July 19, 1935	July 20, 1935	July 21, 1935	July 22, 1935	July 23, 1935	July 24, 1935	July 25, 1935
New York, \$	14.86	14.95-95½	14.95-96½	14.96-96½	14.95-96½	14.95-96½	14.95-96½	14.95-96½
Montreal, \$	4.86	4.95-95½	4.95-96½	4.96-96½	4.95-96½	4.95-96½	4.95-96½	4.95-96½
Paris, Fr.	124.21	74½-75	74½-75	74½-75	74½-75	74½-75	74½-75	74½-75
Brussels, Bel	35.00(a)	29-27-33	29-29-39	29-30-40	29-35-40	29-35-40	29-35-40	29-35-40
Milan, L.	92.46	59½-60	59½-60	59½-60	60-60½	60-60½	60-60½	60-60½
Zurich, Fr.	25-22	60-17½	60-17½	60-17½	60-17½	60-17½	60-17½	60-17½
Athens, Gr.	373	15-08-12	15-09-12	15-11-18	15-11-18	15-11-18	15-11-18	15-11-18
Helsinki, Fin.	183-23	226½-71	226½-71	226½-71	226½-71	226½-71	226½-71	226½-71
Madrid, Pto.	25-22	35½-36½	35½-36½	36-36½	36-36½	36-36½	36-36½	36-36½
Lisbon, Esc.	110	110-110½	110-110½	110-110½	109½-110½	109½-110½	109½-110½	109½-110½
Amst'dm, Fl.	12-107	7-25-27	7-25-29	7-28-35	7-32-36	7-34-43	7-34-43	7-34-43
Berlin, Mk.	20-43	12-23-27	12-24-29	12-25-35	12-29-34	12-31-37	12-31-37	12-31-37
Revised								
Vienna, Sch	34-58	40-45	40-45	39-44	39-44	38-43	38-43	38-43
Bu'pest, Pen.	27-82	24½-27½	25½-27½	25½-27½	25½-27½	25½-27½	25½-27½	25½-27½
Prague, Ck.	164½	118½-119	118½-119	118½-119	118½-119	118½-119	118½-119	118½-119
Danzig, Gul.	25-00	25½-26½	25½-26½	25½-26½	25½-26½	25½-26½	25½-26½	25½-26½
Warsaw, Zl.	43-38	25½-26½	25½-26½	25½-26½	25½-26½	25½-26½	25½-26½	25½-26½
Riga, Lat.	25-22	14½-15½	14½-15½	14½-15½	14½-15½	14½-15½	14½-15½	14½-15½
Bucharest, Lei	813-6	475-95	475-95	475-95	475-95	475-95	475-95	475-95
Const'ple, Pst.	110	612*	612*	612*	612*	612*	612*	612*
Belgrade, Din.	276-32	210-20	210-20	210-20	210-20	210-20	210-20	210-20
Kovno, Lit.	48-66	28½-29½	28½-29½	28½-29½	28½-29½	28½-29½	28½-29½	28½-29½
Sofia, Lev.	673-68	385-415	385-415	385-415	385-415	385-415	385-415	385-415
Tallinn, E. Kr.	18-159	17½-18½	17½-18½	17½-18½	17½-18½	17½-18½	17½-18½	17½-18½
Oslo, Kr.	18-159	19-85-95	19-85-95	19-85-95	19-85-95	19-85-95	19-85-95	19-85-95
Stockholm, Kr.	18-159	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45
Cop'h'gen, Kr.	18-159	22-35-45	22-35-45	22-35-45	22-35-45	22-35-45	22-35-45	22-35-45
Alex'dria, Pst.	97½	18½-19½	18½-19½	18½-19½	18½-19½	18½-19½	18½-19½	18½-19½
Bombay, Rup.	18d.	18½-19½	18½-19½	18½-19½	18½-19½	18½-19½	18½-19½	18½-19½
Calcutta, Rup.	18d.	18½-19½	18½-19½	18½-19½	18½-19½	18½-19½	18½-19½	18½-19½
Madras, Rup.	18d.	18½-19½	18½-19½	18½-19½	18½-19½	18½-19½	18½-19½	18½-19½
Hong Kong, \$	24-58d.	14½-15½	14½-15½	14½-15½	14½-15½	14½-15½	14½-15½	14½-15½
Kobe, Yen	24d.	18½-19½	18½-19½	18½-19½	18½-19½	18½-19½	18½-19½	18½-19½
Shanghai, \$	24d.	18½-19½	18½-19½	18½-19½	18½-19½	18½-19½	18½-19½	18½-19½
Singapore, \$	12-11	7-21-24	7-24-26½	7-26-30	7-26-30	7-26-30	7-26-30	7-26-30
Batavia, F.	15-899d	2½-3½	2½-3½	2½-3½	2½-3½	2½-3½	2½-3½	2½-3½
Bio, Mil.	11-45	18-60-70	18-60-70	18-60-70	18-60-70	18-60-70	18-60-70	18-60-70
B. Aires, \$	40	17-02½	17-02½	17-02½	17-02½	17-02½	17-02½	17-02½
Valparaiso, \$	51d.	19½-20	19½-20	19½-20	19½-20	19½-20	19½-20	19½-20
M'vide, \$	17-38	20-75	20-75	20-75	20-75	20-75	20-75	20-75
Lima, Sol.	9-76	17½-18½	17½-18½	17½-18½	17½-18½	17½-18½	17½-18½	17½-18½
Mexico, Pes.	24-66d.	24½-25½	24½-25½	24½-25½	24½-25½	24½-25½	24½-25½	24½-25½
Manila, Pes.	9-458	5-68-70b	5-68-70b	5-68-70b	5-68-70b	5-68-70b	5-68-70b	5-68-70b
Moscow, Rbls	121-82d	21½-22½	21½-22½	21½-22½	21½-22½	21½-22½	21½-22½	21½-22½
Bangkok, Bahr								

Usance: L.L. except Alexandria (Sight); Rio de Janeiro, Lima, Valparaiso (90 days).
 Pence per unit of local currency: £ Par. 8-24½ since dollar devaluation on February 17, 1935.
 (a) Prior to devaluation on April 2, 1935. (b) Official rate. (c) Per cent. discount.
 (d) Latest "export" rate. (e) Official rate is 4½d. sellers. (f) Official rate is 15 sellers.
 (g) Average remittance rate for importers. (h) Rate for conversion of the into sterling for payments to the Bank of England in respect of debts due to persons in Italy for goods and freights. (i) Nominal rate for conversion of Turkish currency into sterling for payments to the Bank of England in respect of debts due to persons in Turkey for Turkish goods. (*) Sellers.

II.—Forward Rates (Closing quotations)

London on	July 19, 1935	July 20, 1935	July 21, 1935	July 22, 1935	July 23, 1935	July 24, 1935	July 25, 1935
New York, cent.	1 Month (a) 1½-1½	(b) 1½-1½	(c) 1½-1½	(d) 1½-1½	(e) 1½-1½	(f) 1½-1½	(g) 1½-1½
Paris, fr.	1 Month (a) 1½-1½	(b) 1½-1½	(c) 1½-1½	(d) 1½-1½	(e) 1½-1½	(f) 1½-1½	(g) 1½-1½
Holland, cent.	1 Month (a) 1-3	(b) 2-3	(c) 4-3	(d) 4-5	(e) 11-13	(f) 12-14	(g) 12-14
Brussels, cent.	1 Month (a) 5-3	(b) 5-3	(c) 4-3	(d) 5-3	(e) 9-7	(f) 9-7	(g) 9-7
Zurich, cent.	1 Month (a) 6-8	(b) 7-9	(c) 8-10	(d) 9-11	(e) 14-16	(f) 15-18	(g) 15-18
Italy, lire	1 Month (a) 1½-1½	(b) 1½-1½	(c) 1½-1½	(d) 1½-1½	(e) 2½-3½	(f) 3½-4½	(g) 3½-4½

(a) Premium, i.e. "under spot."

(b) Discount, i.e. "over spot."

OVERSEAS BANK RATES

Changed	From	To	Changed	From	To
Albania	Nov. 16, 1933	3 7½	Madrid	Oct. 29, 1934	6 2½
Amsterdam	July 24, 1935	3 5	Oslo	May 24, 1933	4 3½
Athens	Oct. 14, 1933	7 7	Paris	July 19, 1935	4 3½
Batavia	July 1, 1935	4 7	Prague	Jan. 25, 1933	4 3½
Belgrade	Feb. 1, 1935	6 5	Pretoria	May 15, 1933	4 3½
Berlin	Sep. 22, 1932	5 4	Tallinn	Jan. 28, 1932	6 1½
Brussels	May 14, 1935	2 4	Riga	Jan. 1, 1933	6 1½
Bucharest	Dec. 15, 1934	6 4½	Rome	Mar. 25, 1935	4 3½
Budapest	Oct. 17, 1932	5 4½	Sofia	Jan. 3, 1934	8 7
Calcutta	Feb. 16, 1933	4 3½	Stockholm	Dec. 1, 1933	3 2½
Copenhagen	Dec. 1, 1933	3 2½	Swiss Bank		
Danzig	May 2, 1935	4 6	Tokio	May 2, 1935	2 2½
Helsingfors	Dec. 3, 1934	4 4	Vienna	July 2, 1933	4-38 3-65
Kovno	Jan. 1, 1934	7 6	Warsaw	Oct. 28, 1933	6 5
Lisbon	Dec. 13, 1934	5 ½	Irish	June 30, 1932	9 ½
New York Fed.					
Reserve Feb. 1, 1934	2	1½			

Central Bank of Chile.—Discount rate for member banks, 6%; discount rate for the public, 7%. (a) 5½% applied to banks and credit institutions. (b) 6% applied to private persons and firms.

NEW YORK MONEY AND EXCHANGE RATES

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

	July 25, 1935	July 26, 1935	July 27, 1935	July 28, 1935	July 29, 1935	July 30, 1935	July 31, 1935
Call money	1	1	1	1	1	1	1
Time money (90 days' mixed coll.)	1	1	1	1	1	1	1
Bank acceptances—							
Members—eligible, 90 days	1	1	1	1	1	1	1
Non-mem.—eligible, 90 days	1	1	1	1	1	1	1
Intelligible, 90 days	1	1	1	1	1	1	1
Commercial accept., 90 days	1	1	1	1	1	1	1

Rates of Exchange, New York on—	Par Level	July 25, 1935	July 26, 1935	July 27, 1935	July 28, 1935	July 29, 1935	July 30, 1935	July 31, 1935
London—								
60 days	Old par 4-8686	5-0237	4-9437	4-9450	4-9375			
Cable	New par 5-04	4-9625	4-9637	4-9562				
Cheques	8-23-36	5-04	4-9625	4-9637	4-9562			
Paris	Cents for 1 franc	6-63	6-5937	6-6275	6-63	6-6125		
Brussels	Cents for 1 belga	23-54	23-39	16-90	16-81	16-97		
Switzerland	Cents for 1 franc	32-67	32-60	32-80	32-80	32-83		
Italy	Cents for 1 lira	8-91	8-58	8-2450	8-24	8-20		
Berlin	Cents for 1 mark	40-33	38-49	40-37	40-40	40-23		
Vienna	Cs. for Austr. shlg.	23-62	18-94	19-00	19-02	19-02		
Madrid	Cents for 1 peseta	32-67	13-67	13-735	13-78	13-98		
Amsterdam	Cents for 1 guilder	68-06	67-67	68-16	68-16	68-16		
Copenhagen	Cents for 1 kroner	45-37	25-35	24-95	24-95	24-91		
Oslo	Cents for 1 drachma	1-29½	0-94½	0-95½	0-95½	0-94½		
Stockholm	Cents for 1 yen	169-31	101½	99½	99½	99½		
Athens	Cents for 1 dollar	84-40	29-91	29-19	29-23	29-21		
Yokohama	Cents for 1 rupee	61-80	37-94	39-50	39-50	39-50		
Shanghai	Cents for 1 peso	33-60	33-60	33-60	33-60	33-60		
Calcutta	Cents for 1 milreis	11-06	8-50	8-37	8-37	8-35		
Buenos Aires								
Rio de Janeiro								

SOUTH AFRICAN EXCHANGE RATES

(BUYING RATES PER £100 STERLING)

	T.T.	Sight	30 days' sight	60 days' sight	90 days' sight
London on—					
Rhodesia	£100 5 0	£100 7 6	£101 7 6	£101 7 6	£102 7 6
South Africa	£100 17 6	£101 7 6	£101 7 6	£102 7 6	£102 17 6
(SELLING RATES PER £100 STERLING)					
London on—					
Rhodesia	£ 99 15 0	£ 99 15 0	£ 99 15 0	£ 99 15 0	£ 99 15 0
South Africa	100 2 6	100 2 6	100 2 6	100 2 6	100 2 6

COMPARISONS WITH CORRESPONDING PERIODS, 1933 and 1934
(000's omitted)

	Great Western	L.M.S.	L.N.E.R.	Southern
Second half-year 1934, compared with second half-year, 1933:				
Gross increase or decrease.....	+ 148	+ 659	+ 528	+ 168
First half-year 1935, compared with first half-year 1934:				
Gross increase or decrease.....	+ 78	+ 299	- 26	+ 8
Second half-year 1935, compared with second half-year, 1934:				
8 weeks to July 20, 1935.....	+ 35	+ 88	+ 63	+ 48
Weekly average second half 1935 Latest week 1935 compared with 1934.....	+ 11½	+ 28½	+ 21	+ 16
	+ 4	+ 14	+ 15	+ 22

* Including receipts from ancillary businesses.

LONDON TRANSPORT

	Week ending July 20, 1935	Aggregate 3 weeks ending July 20, 1935
	£545,000	£1,684,700
	£545,000	£1,684,700
	£545,000	£1,684,700

* For an explanation of the manner in which the figures are made up, see the

Economist, March 17, 1934, page 610.

Note.—The receipts this year include receipts of bus and coach undertakings not absorbed by London Transport in the corresponding period of last year. In order to make a comparison with the previous year, the figures for that year have been adjusted on the basis of the best information available.

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Receipts	Gross Receipts for Week		Gross Aggregate Receipts	
				1935	+ or -	1935	+ or -

INDIAN

	1935		Rs.	Rs.	Rs.	Rs.
Assam Bengal	11	June 20	1,830	14,75,800	26,039	34,99,800
Bawl L. Ry.	13	June 30	292	39,600	11,700	4,50,200
Bangal & N. Western	14	July 10	2,114	18,49,878	28,144	99,84,949
Bombay-Nagpur	20	June 20	3,268	22,52,000	11,275	1,94,28,000
Bombay & C. C.	14	July 10	3,072	22,56,000	1,94,000	3,41,52,000
Madras & S. Mahr.	13	June 30	3,230	19,97,000	1,21,893	1,90,93,028
Rohilk' & Kumaon	14	July 10	546	11,47,272	4,321	19,99,376
South Indian	13	June 30	2,526	14,54,769	1,13,458	1,40,03,523

CANADIAN

CANADIAN									
		1935	\$	\$	\$	\$			
Canadian National.	28	July 14	23735	3,906,396	+	23,484	86,521,268	+	713,91
Canadian Pacific...	29	21	17211	2,428,000	-	82,000	63,823,000	-	670,00

SOUTH AMERICAN

Antofagasta (Chili and Bolivia).....	29	1935	July 21	830	£	11,370	-	£	2,910	359,170	-	£	26,180
Argentine N.E.	3	20	753		£	131,700		2,300		381,800		10,300	
B.A. and Pacific.....	3	20	2,806		£	1,270,000		3,000		3,695,000		40,000	
B.A. Central.....	1	7	...		£	132,700		1,927		217,138		2,973	
B.A. Gt. Southern.....	3	20	5,085		£	1,940,000		353,000		5,601,000		712,000	
B.A. Western.....	3	20	1,930		£	34,665		8,708		1,969,000		333,000	
Central Argentine .	3	20	3,700		£	1,229,838		8,114		367,380		17,358	
Central Uruguayean	3	20	273		£	9,029		6,947		25,535		24,620	
C. Urg. (East Ext.)...	3	20	311		£	1,541		152		4,393		215	
C. Urg. (N. Ext.)...	3	20	185		£	1,333		537		3,414		817	
C. Urg. (W. Ext.)...	3	20	211		£	614		19		1,553		7	
Cordoba Central.....	3	20	1,218		£	173,000		69,000		1,764,000		115,000	
Entre Rios.....	3	20	810		£	192,400		13,700		567,000		43,500	
G. Westn. of Brazil	29	20	1,082		£	4,900		5,670		227,100		60	
Leopoldina.....	29	20	1,918		£	31,300		20,000		651,311		4,948	
Leopoldina Termul.	29	20	1,014		£	4,841		4,591		80,994		408	
Nitrate.....	64	27	274		£	1,671,000		608,000		5,187,000		2,302,000	
Paraguay Central.	3	20	100		£	12,650		3,580		36,288		5,158	
Salvador.....	28	14	1,534		£	2,245		6,210		712,911		69,849	
San Paulo.....	3	20	1,365		£	21,547		3,845		57,666		6,961	
United of Havana.	3	20	1,365		£	21,547		3,845		57,666		6,961	

* Converted at average official rate during week July 20—17-02 pesos to the £.
a Nominal. o Free market rate. 1 Month's Receipts in Argentine Pesos.
a Comparative figures for 1934 converted at official rate ruling in 1935.

OTHER OVERSEAS

		1935		£		£		£
Egyptian Delta	12 June 20	622		£15,135	-	451		41,708
Light Railways..	29 July 18	...		1,391	+	48		47,639
Egyptian Markets..	28 July 13	104	Ps.	23,076	-	7,450		1,265,267
Gr.Southn.of Spain	28 July 14	483		£236,700	+	16,800		468,100
Mexican Railway...								

TRAMWAYS WEEKLY GROSS RECEIPTS

TRAMWAYS WEEKLY GROSS RECEIPTS									
	1935								
	July	22	328	\$596,334	- 19,933	18,238,066	+ 625,104		
Anglo-Argentine ...	29	July 22	328	\$596,334	- 19,933	18,238,066	+ 625,104		
B. Aires Lacroze ...	1	July 7	...	\$68,245	+ 5,611	...	...		
Burnley, Colne and Nelson Jt. Trst.	2	20	76	£4,773	- 8	...	...		
Calcutta Tramways ...	2	20	...	Rs. 1,22,886	+ 3,018	...	+ 1,35,461		
Iale of Thanet Elec.	27	10	...	...	517	83,657	+ 5,713		
Liverpool Corp....	14	17	...	£29,084	- 2,580	453,643	+ 7,804		
	15	...	...	Rs. 62,094	+ 5,190	6,95,947	+ 16,458		

MONTHLY TRAFFICS

MONTHLY TRAFFICS

Company	Months	Ending	De- scrip- tion	Receipts for Month		Receipts to Date	
				1935	+ or -	1935	+ or -
Brazilian Traction	6	June 30	{ Gross	\$2,583,175	- 24,643	15,212,387	+ 761,939
			Net	\$1,424,880	+ 27,518	8,184,305	+ 835,899
Burma Electric	1	June 30	{ Gross	Rs.48,300	- 82	...	...
Catalinas Warehouses & Mole Co.	1	June 30	{ Gross	£2,790	- 490	...	...
French Ry. of Santa Fe	1	June 30	{ Gross	\$118,381	- 4,130	3,152,232	- 344,132
			Net	\$649,138	- 50,113	905,567	- 378,561
Mexican Light & Power	5	May 31	{ Gross	\$187,757	- 57,683	...	...
Zafra and Huerva of Spain	6	June 30	{ Gross	Pa.246,164	- 5,800	1,631,123	- 13,910

DIVIDEND ANNOUNCEMENTS

Name of Company	Rate % per Annum, except where marked %, or Stated in Cash			Dividend for Whole Years	
	Interim or Final	Date of Payment	Interim or Final Comparison with Last Year	Latest Year	Previous Year
RAILWAYS					
London Midland & Scottish, 4% 1st Pref.	2½%	...	11½%	%	%
Do., 5% Red. Pref. (1955)	2½%	...	11½%	...	...
BANKS					
Bank of Montreal	2½%	Sept. 3	Unchanged	...	...
Canadian Bank of Commerce	2½%	Sept. 3	Unchanged	...	...
INSURANCE					
Bankers and Traders Insurance	...	...	...	7	7
TEA AND RUBBER					
Bertam Consolidated Rubber	...	...	...	11	7
Bidor Rubber	...	...	...	10	8
Eaglehurst Rubber	...	...	...	2	Nil
East Asiatic Rubber	...	...	...	5	3
Imperial Tea	...	...	...	Nil	2½
Luskopore Tea	...	...	...	5	3
Martapora Rubber	...	Aug. 15	...	5	5
Merliman Pegoh	...	Aug. 17	5%†	5	Nil
Sungei Gettah Rubber	2½%	...	Nil†	7½	Nil
Tea Corporation	...	...	...	4	6
Yam Seng Rubber	...	...	...	7½	7½
MINING					
Kampong Lanjut Tin	2½%	Aug. 7	Unchanged	...	...
Pengkalan	5%	Aug. 8	Unchanged	...	...
Petaling Tin	7½%	Aug. 3	Unchanged	...	...
Tekka (1934-35)	11½%	Aug. 2	Unchanged	...	...
Do., (1935-36)	11½%	Aug. 2	Unchanged	3½	3½
Ulu Klang Tin	11½%	Aug. 7	...	4	...
OTHER COMPANIES					
Anglo-American Telegraph Ord.	11½%	Aug. 1	Unchanged	...	...
Belfast Ropework	2½%	Aug. 1	Unchanged	...	...
Benn Brothers Ord.	10½%	...	Unchanged	5	5
Def. (1/-)	2/- p.s.	...	Unchanged	15	15
Blackwell Colliery	2½%	Aug. 7	Unchanged	3/- p.s.	3/- p.s.
Bournemouth and Poole Electricity	6%	Sept. 16	Unchanged	...	...
British Wagon	8½%	Aug. 1	Unchanged	...	...
Chaplin (W. H.)	10½%	Aug. 2	Unchanged	5	5
Christy Brothers and Co.	1/3 p.s.	Aug. 15	Unchanged	...	...
City of Buenos Ayres Trams	1½%	...	Unchanged	...	...
Civil Service Co-operative Trust	1½%	...	Unchanged	...	...
Clifford Motor Components	2½%	Aug. 15	Unchanged	...	...
Commercial Gas	3½%	Sept. 30	Unchanged	...	...
County of London Electric	3½%	Sept. 30	Unchanged	4	4½
East End Dwellings	12½%	Sept. 1	Unchanged	...	...
General Hydraulic Power	2½%	...	Unchanged	...	...
Goulding (W. H. and M.)	3½%	...	Unchanged	...	...
Guard Bridge Paper	3½%	...	Unchanged	...	...
Huber Graving Dock	7½%	Aug. 22	Unchanged	7½	7½
Illovo Sugar	7½%	...	Unchanged	12½	4
Imperial Tobacco (Gt. Britain and Ireland)	17½%	Sept. 2	Unchanged	...	...
John White (Impregnable Boots)	3½%	...	Unchanged	...	...
Jones' Sewing Machine	3½%	...	Unchanged	6	6
Linen Thread	3½%	Aug. 31	Unchanged	...	...
Liverpool Grain Storage	2½%	July 30	Unchanged	...	...
London Electric Supply	7½%	Aug. 1	Unchanged	...	...
Marshall (T.) Maribek	7½%	...	Unchanged	...	...
McDougalls Trust	...	...	Unchanged	...	...
Melco	...	...	Unchanged	5	...
Mence Smith's Stores	3½%	Aug. 10	Unchanged	15	13
Metropolitan Electric	3½%	July 30	Unchanged	...	...
Metropolitan Trust	5%	Sept. 2	Unchanged	5	Nil
North Borneo Trading	4½%	...	Unchanged	...	...
North Metropolitan Electric	4½%	...	Unchanged	...	...
North's Navigation Collieries 10% Cmn. Pref.	7½%	Aug. 15	Unchanged	20(a)	Nil
Outram (George)	2½%	...	Unchanged	...	...
Perry and Co.	1/6 p.s.	...	Unchanged	...	...
Portsmouth and Sunderland Newspapers	4½%	July 26	Unchanged	...	...
Property and Reversionary Investment	25c. p.s.	Aug. 15	Unchanged	...	...
Quebec Power (Com.)	2½%	Aug. 15	Unchanged	...	...
Redfern's Rubber Works	4½%	Sept. 16	Unchanged	...	...
Richmond (Surrey) Electric	2½%	Aug. 31	Unchanged	...	...
Sackville Estates	4½%	Aug. 7	Unchanged	...	...
Sandown Park	2½%	Aug. 3	Unchanged	...	...
Scottish Wagon	13c. p.s.	Aug. 15	Unchanged	...	...
Shawinigan Water and Power	5½%	...	Unchanged	...	...
Sheffield Pure Ice	4½%	...	Unchanged	...	...
South British Investment Trust	4½%	...	Unchanged	...	...
South London Electric	3½%	Sept. 30	Unchanged	10	10
South Metropolitan Gas	2½%	Aug. 10	Unchanged	...	...
Spratts Patent	5%	...	Unchanged	...	...
Teetgen and Co.	8½%	...	Unchanged	...	...
Threlfall's Brewery	...	...	Unchanged	...	...
Tilling and British Automobile Traction	5½%	...	Unchanged	...	...
Tottenham Gas	3½%	Aug. 9	Unchanged	...	...
United Grain Elevators	2½%	...	Unchanged	...	...
United States and General Trust	3½%	Aug. 14	Unchanged	...	...
Wandsworth Gas	3½%	Sept. 2	Unchanged	...	...
Wentworth Silstone Collieries	...	...	Unchanged	...	...
Waller and Riley	...	...	Unchanged	...	...
† Free of income tax.					

† Free of income tax.

(a) Two years to end of 1928.

BRITISH CELANESE.—The directors have decided to pay on July 31st to holders registered at the close of business on July 16, 1935, a half-year's dividend on the 7 per cent. first cumulative preference shares. The first preference dividend is paid to October 31, 1932, one year's payment on account of arrears having been made on April 30th.

IMPERIAL BANK OF INDIA.—Net profits for the half-year ended June 30, 1935, Rs. 43,76,700; brought forward from previous half-year, Rs. 30,85,200. Dividend 12 per cent. per annum, free of income tax, amounts to Rs. 5,25,204. Dividend fund, Rs. 7,50,000; transferred to pension fund, Rs. 89,300; carried forward, Rs. 32,27,800.

MANCHESTER SHIP CANAL COMPANY.—The traffic receipts for the month of June, 1935, amounted to £101,865, against £108,808 in June last year, a decrease of £6,943. The traffic receipts for the half-year ended June 30, 1935, amounted to £614,444, as compared with £602,925 for the corresponding period of last year, an increase of £11,519. The net revenue of the whole undertaking for the half-year (after providing for interest and other charges) was £11,334 less than the corresponding half-year in 1934.

RUSTON & PROSEY, LTD.—Balance on trading account for year ended March 31, 1935, after making provision for losses on exchange, and other contingencies, was £88,278; dividend (less tax) from associated company (Ruston-Bucyrus, Ltd.), £16,000. Deduct: Directors' fees for year to date, £1,561; interest on debentures and debenture

stocks for year to date, £25,050; leaving credit balance £80,265. The stocks of materials and finished stock of machinery have been taken at cost price or under. Buildings, plant and machinery have been maintained out of revenue, and ample provision has been made for doubtful debts. The trading balance, £38,276, is after charging depreciation, and compared with £53,224 for the previous year before charging depreciation. The directors recommend payment of uncancelled balance of arrears of preference dividends on 5 per cent. preference stock for one year to June 30, 1935, on 6 per cent. "B" preference stock for six months to June 30, 1935. Dividend to be paid on September 30th (less tax) to stockholders on the register on September 14, 1935. This will absorb £20,500. Balance of £59,765 to carry forward.

PLATT BROTHERS (HOLDINGS).—This company proposes to pay arrears of dividend on the 4½ per cent. preference in respect of the six months to September 30, 1933. Payment is on July 31st.

COMPANIA SANEINEMA S.A. (CARNES Y DERIVADOS).—A dividend for 1934 will be paid on ordinary shares of 1934 issue of \$4 Argentine gold per share less 5 per cent. deduction for Argentine income tax, payable in sterling at the free rate of exchange ruling on August 1, 1935, at the offices of the company, 17/20 West Smithfield, E.C.1, on and after August 2, 1935, on presentation of share warrants for endorsement of

the dividend. Messrs Glyn, Mills and Company will remit dividend as usual to all shareholders on their register.

GILLETTE SAFETY RAZOR COMPANY.—Net profit prior to charges for interest on debentures, depreciation, and income and U.S.A. capital stock taxes for half year ended June

REPORTS AND NOTICES

The directors of Seager, Evans and Company, Ltd., have pleasure in announcing that Major Gerald Lauderdale Thompson, late of John Haig and Company, Ltd., has joined their board.

Mr R. Wilson Bartlett, a director of Newport (Mon.) Gas Co., has joined the board of Severn Valley Gas Corporation, Ltd.

Lt.-Col. the Hon. G. K. M. Mason has been elected a director of the Midland Bank Limited.

GOVERNMENT, &c.

CITY OF ROSARIO 4 PER CENT. STERLING CONVERSION LOAN, 1908.—The Municipality of Rosario as borrowers and the Province of Santa Fe as guarantors have given notice that owing to the continued decrease in their revenues they have been obliged to default in the payment of interest and sinking fund in respect of the above loan since November 1, 1932, and will be unable to resume payment unless the terms and provisions of the bonds are modified. Proposals which have been agreed between the Government of the Province of Santa Fe, the Municipality of Rosario, and Hambros Bank, Ltd., are now submitted to the bondholders. These proposals, which will become effective for all bondholders who assent thereto and deposit their bonds as provided, are as follows:—(1) That sinking fund be suspended until November 1, 1939, from which date it should recommence with first repayment on May 1, 1940. (2) That a sum equal to 1 per cent. be paid to the bondholders who assent in part payment of the coupon due on November 1, 1934. (3) That the payment of the balance of arrears of interest and sinking fund accrued due on and from November 1, 1932, to November 1, 1934, inclusive be waived. (4) That in lieu of the arrears of interest amounting to 9 per cent. the interest payments from November 1, 1944, to May 1, 1962, inclusive, be increased from 4 per cent. to 4½ per cent. (5) That the Government of the Province of Santa Fe continue its guarantee of the payment of the capital and interest of the bonds as varied by the agreement. (6) Holders of the bonds accepting the proposals contained in the agreement should deliver their bonds, with coupons Nos. 50 to 60 inclusive attached, to Hambros Bank, Ltd., 41 Bishopsgate, in the City of London, for endorsement.

RAILWAYS

THE OTTOMAN RAILWAY FROM SMYRNA TO AIDIN.—The scheme of arrangement has been approved by shareholders and stockholders and sanctioned by the court, but will not become operative until the £1,825,840 7½ per cent. Turkish Debt Bonds, 1935, forming the consideration for the sale are deposited with the Ottoman Bank in London. The date fixed by the sale agreement for such deposit is September 30, 1935. The company will give notice to its stockholders and shareholders regarding the surrender of their certificates against payment and delivery to them of the cash, securities and shares which under the scheme they are to receive in full satisfaction of the principal of their holdings, and in the case of the stockholders, of all interest accrued thereon subsequent to December 31, 1934. Interest on the Turkish Bonds and the new Income Debenture Stock will accrue as from June 1, 1935.

MISCELLANEOUS

WINNIPEG ELECTRIC COMPANY.—A plan recommended by the Toronto Committee, the London Committee and The British Empire Trust Company, Ltd., provides for the consolidation of the Winnipeg Electric Company and its subsidiaries. The holder of each £100 of Winnipeg Electric 5 per cent. debenture stock will receive:—(a) \$486, general mortgage debenture stock, series A, maturing on January 2, 1965, carrying interest at 4 per cent. for the first seven years and 5 per cent. thereafter; (b) \$34.07, contingent certificates; (c) 3,407 common shares, Class A, represented by

certificates of interest evidencing the holder's interest: (d) £1 7s. 11d. cash (gross) representing fractions and interest. A meeting will be held in Toronto, August 22nd, and holders of the debenture stock in this country are asked to send in their proxies to The British Empire Trust Company, Ltd., Stafford House, 14-20 King William Street, London, E.C.4, as soon as possible.

S.T.D. MOTORS LIMITED.—The result of the poll taken to remove the present directors, Mr H. K. Newcombe, Lord Brecknock and Mr Alfred Hacking from office was as follows:—Against the Resolution, 647,992 votes; for the Resolution, 517,561 votes; majority against the Resolution, 130,431 votes. The second resolution for appointing other directors in place of the present directors was rejected by the same majority.

CRITTALL MANUFACTURING COMPANY.—Holders of 6 per cent. registered notes are to consider a resolution at a meeting on July 31st authorising the extension of date for repayment from August 31, 1935, to not later than August 31, 1936. A scheme of reorganisation will be submitted as soon as possible after August 31, 1935. It is anticipated that the scheme will be submitted in the autumn, and will, *inter alia*, provide for the conversion of the notes or for their redemption in cash at the option of the noteholder.

RIO DE JANEIRO CITY IMPROVEMENTS COMPANY.—The directors announce that, pending the outcome of negotiations for a new drainage rent, they have received a payment by the Brazilian Government in Rio de Janeiro of the half-yearly revenue to June 30, 1935, on the basis of 218 milreis per house per annum, which is equivalent at the present free rate of exchange to £2 8s. 3d. per annum.

CABLE AND WIRELESS, LTD.—(Index Numbers).—Working-day average of comparable receipts. Basis 1929=100. Month of June, 1935, 70.2, compared with 72.5 for May, 1935, and 70.1 for June, 1934. Highest index number 96.0 for January, 1930. Lowest, 61.8 for August, 1931.

FIXED TRUSTS.—A new fixed trust under Northern auspices will appear shortly. An unusual feature is that provision will be made by a single premium sinking fund policy to provide a capital bonus at the expiration of the trust period of 20 years. The trust will probably be restricted to 500 units, divided into sub-units, which will be offered at about 19s. 6d., to yield approximately 4½ per cent. Mr A. E. Kavanagh, F.C.A., of Messrs Ashworth, Mosley and Company, chartered accountants, of Manchester, is the prime mover in the formation of this trust, the headquarters of which will be in Manchester, with offices in London, Liverpool, Edinburgh and Glasgow.

HARRODS, LTD.—The directors of Harrods, Ltd., have agreed to sell the eastern block of D. H. Evans and Company to John Lewis Properties, Ltd., for £848,500. It is anticipated that the eastern block will then be completed by March, 1937; Properties, Ltd., but up to that time D. H. Evans and Company will continue to trade in both buildings.

WORKING PROFIT, TRANSVAAL.—Total estimated working profit of the gold mines of the Transvaal for June, 1935, amounted to: Witwatersrand, £2,676,832; outside districts, £10,732; total, £2,687,564. The estimated working profit in May, 1935, was: Witwatersrand, £2,762,951; outside districts, £12,017; total, £2,774,968.

PENRIKYBER NAVIGATION COLLIERY (OFFER TO PURCHASE, SHARE CAPITAL).—The Penrikyber Navigation Colliery Company has received an offer from Sir Clifford J. Cory, one of the directors to purchase the whole of the shares of the company. The price offered is £5 10s. for each £10 preference share and £2 19s. 4d. for each 6 per cent. cumulative £10 ordinary share. In addition, the purchaser will pay the company's solicitors' cost of the transaction. The other directors are stated to recommend acceptance of the offer.

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

THE trend of commodity prices during the week ended last Wednesday was upwards. There has so far been little evidence of the usual seasonal decline in the volume of transactions in iron and steel. Business in the iron and steel markets is considerably larger than usual at this time of the year. Moreover, the official report of the London Iron and Steel Exchange suggests that consumers are showing greater disposition to buy ahead in view of reports of impending advances in quotations. As our correspondents point out, prices for certain materials have already been advanced. The majority of non-ferrous metals rose in price. The wide fluctuations in the prices are discussed in a Note of the Week. Lead rose sharply on the news of the conclusion of an international agreement on production policy. The quotation for spelter was marked up in view of attempts to reconstitute an international zinc cartel. Copper was also slightly dearer than a week ago. Linseed and linseed oil were marked up because of persistent drought in Argentina.

With the exception of a rise in hemp prices, textile raw materials are scarcely changed in price on the week. The market in rubber was dull and quotations tended to sag because of fears of currency devaluation in Holland. The probable effect of the devaluation of the guilder on the prices of rubber, tea and tin has exercised the minds of the dealers during the past few days. In the absence of restriction schemes, devaluation would bring about an increase in output. But as exports of all three commodities are strictly controlled by international restriction schemes, it cannot be assumed that devaluation would be followed by a fall in sterling prices. On the other hand, it might well be that the Dutch members of the tin restriction scheme would be more amenable to an increase in production quotas, which, unless accompanied by a corresponding increase in demand, might lead to a reduction in the price of tin. The market in foodstuffs was uneventful. There was a slight improvement in wheat prices, but quotations for raw sugar were marked down a little. Beef, butter and eggs were all dearer, but prices of new crop potatoes continued

to decline as a result of an increase in supplies of English varieties.

In the United States prices were slightly firmer than a week ago. Moody's index of the dollar prices of staple commodities, based on December 31, 1931, stood at 160.6 on Wednesday, compared with 159.4 a week earlier, 156.5 a month earlier and 141.8 on the corresponding day last year.

COAL

SHEFFIELD.—Best large steam coals continue in short supply and are firm at 17s. to 18s. f.o.b. Singles and trebles, on the contrary, are plentiful. Very little export business is passing, either on prompt or forward account. The progress of the holiday season is responsible for some reduction of inland specifications for industrial fuels. Coke continues in abundant supply, with prices less weak than of late. This is the dead season for house coal.

WORKINGTON.—Free State demand that was lacking this time last year is helping the coal trade, and there are collieries still raising and selling a production which is at winter level. The Ulster trade is steady, though it is concerned more with steam than with house coal. Cross-Channel shipments last week from the West Cumberland ports totalled over 8,000 tons. Landsale is dull, but industrial fuel is in lively request, all the supplies of smalls being reserved for the coking plants, which are sending their entire make to the furnaces on hematite pig iron in Cumberland and North Lancashire. Prices are lower. Nominally, best round is 20s. 6d.; washed doubles, 19s.; washed singles, 17s.; all f.o.b. Small, 14s. 6d. per ton. Best house coal, 30s. 8d.; and house nuts, 29s. at station. Gas coal, 27s. per ton. Local coke, 15s. 6d. to 16s. 6d. per ton.

GLASGOW.—With holidays still in progress business remains quiet, but the reduced production is readily taken up. Home industrial consumption is expanding again, and preparations for the holidays in the south have meant a speeding-up of shipments, while Finland and Denmark are improving export markets. Tenders, have been submitted for the supply of 57,450 tons of large coal and washed nuts to Riga City Council, delivery to be September to January.

Shipment prices f.o.b. district ports: LANARKSHIRE—Ell best, 14s. 6d.—15s.; splint best, 17s.; splint second, 14s. 14s. 6d.; navigation, screened, 15s.; navigation, unscreened, 13s. 6d.—13s. 9d. Hartley, 16s.; steam, screened, 13s.—13s. 6d.; trebles, 13s.; doubles, 12s. 6d.—12s. 9d.; singles, 12s. 6d.—12s. 9d.; pearls, 10s. 6d.—10s. 9d.; dross, 10s. FIFE—Best unscreened navigation, 13s. 3d.—13s. 6d.; unscreened navigation, 12s. 9d.—13s.; first-class steam, 13s. 6d.—14s.; third-class steam, 12s.—13s.; trebles 13s. 6d.—16s. 6d.; doubles, 13s.—14s. 6d.; singles, 12s. 9d.—13s.; pearls, 10s. 3d.—10s. 6d. LOTHIAN—Prime steam, 12s. 6d.—13s. 6d.; secondary steam, 12s.; unscreened navigation, 12s. 6d.—12s. 9d.; trebles, 13s. 6d.—14s.; doubles, 12s. 9d.—13s.; singles, 12s. 6d.; pearls, 10s. 3d. Ayrshire—Best unscreened navigation, 14s. 6d.; steam, 13s.; trebles, 13s. 6d.; doubles, 13s.; singles, 13s.; pearls, 12s. 6d.; dross, 11s. 6d.

CARDIFF.—The volume of coal exports at the South Wales ports is still being fairly well maintained. According to the returns of the Great Western Railway Company, shipments in the foreign and coastwise trades totalled 406,900 tons compared with 426,300 tons in the previous week, and 329,009 tons in the corresponding week last year; while for the current year to date exports amounted to 10,853,200 tons compared with 10,939,679 tons in the same period last year. On the Cardiff coal market this week business has been practically featureless. Current inquiries are very scarce and in the case of Italy, shippers are more reluctant than ever to do business except for cash against documents. Quotations for sized coals are ruling from 2s. to 2s. 6d. per ton above the minimum prices, but all other classes are in abundant supply at minimum figures. Colliery companies are dependent almost entirely on their contract commitments and the Egyptian State Railways have increased their current requirements by 31,500 tons. An order for 45,000 tons has also been placed by the M.Z.A. Railways. Coke and patent fuel prices are unaltered.

Current quotations: Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 3d.; best dries, 18s. 9d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams (washed), 13s. to 13s. 6d.; second steams, 12s. 6d. to 13s.; coking smalls, 13s. 6d. to 14s.; anthracite best large, 36s. to 40s.; Red Vein large, 22s. to 27s.; machine-made cobbles, 35s. to 48s. 6d.; stove nuts, 34s. to 45s.; rubby culm, 11s. to 11s. 6d.; special foundry coke, 35s. to 37s. 6d.; patent fuel (Crown), 21s.; pitwood, ex ship, French, 24s. 6d.; Portuguese, 19s. 6d.

IRON AND STEEL

MIDDLESBROUGH.—The pig-iron market is much more active than is usual at this season. Users of Cleveland foundry pig iron have been covering their requirements to the end of the year. Whilst there has so far been no increase in price, buyers are covering in view of such a possibility. It appears that one furnace recently producing basic iron has been switched over to the production of foundry pig iron, so that there are now three furnaces producing this grade. The minimum quotation for Cleveland No. 3 foundry iron delivered locally is maintained at 67s. 6d. per ton.

The chief item of interest this week has been a further adjustment of prices in the East Coast hematite iron trade. For No. 1 grade, makers are now quoting 71s. per ton, including delivery in the Middlesbrough area, which means an advance of 2s. per ton, whilst

for delivery in Northumberland and Durham the price is 73s. 6d. per ton. The number of furnaces producing hematite pig iron in the North-East area will be increased from seven to nine at the end of this week. Demand for hematite for home use continues strong, but export business is poor. Shipments of all classes of pig iron from the Tees between July 1st and 23rd amounted to 6,865 tons, against 5,736 tons to June 22nd.

Blast-furnace coke is easily obtainable at 19s. per ton delivered at the works here, but foreign ore for forward delivery is firmer, sellers indicating higher prices for shipment during next year.

Steel makers are busy on the production of semi-finished and finished steel, a fair quantity of the latter being for bridge and constructional purposes. During the past week orders for seven new vessels have been placed with the Furness Shipbuilding Company, Ltd., and it is understood that the plates and sections will all be supplied by local steel manufacturers. The order for three new vessels placed with Sunderland builders, and one vessel with Tyne builders, will have a beneficial effect on the North-East coast area generally. Heavy mild steel scrap is firm at 52s. 6d. per ton delivered works.

SHEFFIELD.—The August holiday is usually the longest of all in the Sheffield industries, but it will be shorter than usual this year owing to the pressure for deliveries on a number of important branches. For this reason a good deal of overtime is being worked. Inland demand for numerous types of steel material still shows an expanding tendency. Ordinary lines are not quite so busy as they have been. Business with Russia is disappointing so far as steel is concerned, but that country is buying large quantities of ferro-alloys for steel making as well as non-ferrous materials. Russia has lately sold several parcels of foundry pig iron in foreign markets, including the United States of America. Large quantities of high-class American engineers' small tools are coming to this country, but demand here is so heavy that the Sheffield makers of such goods find no difficulty in keeping their factories on full time. Inquiries show that there is no competition of Japanese cutlery in the British market. Makers of silver- and electro-plate are experiencing lean times. The interest of the public in such goods has been waning for several years past. The cutlery trade is described as moderately active. The manufacture of engineers' files is being taken up in Poland; the necessary machinery is being obtained from the United Kingdom.

WORKINGTON.—A rise in the price of North-West Coast hematite pig iron by 2s. 6d. per ton betokens the increasing Midland and South Walian demand at a time when the make of the seven furnaces in blast between Workington and Barrow is none too adequate to satisfy needs. The market is strong, and active forward buying has been stimulated by the knowledge of a likelihood of a further increase of prices. Steelmakers' prospects of remaining briskly employed throughout the autumn assure smelters of the local absorption of half of their output. The greater part of the production of a merchant plant and of the spill-over of the furnaces associated with the steelworks here goes to the Midlands and South Wales, the requirements of Scotland and the Continent representing but an inconsiderable tonnage. Prices are firm, with Bessemer fixed numbers now quoted at £3 15s. per ton at Glasgow; £4 1s. at Manchester; £4 6s. at Sheffield; and £4 7s. at Birmingham; and low-phosphorus iron an additional 2s. 6d. to 5s. per ton. Malleable iron is a steady trade at £5 15s. per ton delivered at Birmingham; and ferro-manganese, at from £10 15s. to £11 5s. per ton home, is an increasing trade. The steel trade exhibits a good deal of movement and Workington, on rails, billets, bars and slabs, and Barrow, on rails, hoops and strip-steel, are to roll steadily for months to come. Native ore is chiefly in local request at from 13s. 6d. to 14s. 6d. per ton. Sales to East Coast and Scotland are of only small parcels. Imports of North African and Indian ore at Workington during the month have totalled 23,000 tons.

GLASGOW.—Practically all works in the Clyde area have now resumed operations after the annual holidays and in many branches workers and employers are looking forward to a lengthy spell of steady work. At the steel plants there are large tonnages of unexecuted orders on books covering almost every branch of industry with the exception of shipbuilding material, for which the demand

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is still poor. The increasing demand for structural material which has been in evidence is well maintained and the tendency is towards even further expansion. Sheet makers have booked large tonnages during the holiday period, largely on home account, but there is also a gratifying increase in the tonnage booked for export. Last week black sheets for home trade were advanced by 10s. per ton, making the basis price £11, but this now includes certain finishing processes which were formerly treated as extras and charged as such. Tube makers have meantime a fair amount of work on hand.

CARDIFF.—The scheme of Richard Thomas and Company for the erection of sheet and tinplate mills at Redbourn continues to absorb attention in South Wales. The Joint Industrial Council in the tinplate trade has appointed a joint committee to investigate the issues raised by the action of the company, and another committee of tinplate manufacturers has been appointed to consider further the question of greater integration. Local public authorities have also intervened and are making representations to the Government. Hopes are entertained that the project may be modified, at any rate in so far as it relates to the manufacture of tinplates, if effective steps are taken to improve the structure of the local industry, and if assurances are obtained from large iron and steel undertakings in England and Scotland not to extend their interests to the manufacture of tinplates.

Trading conditions show no change. Export inquiries have been rather scarce and prices are stationary on the basis of 18s. 2d. per basis box for exported tinplates, steel bars at £5 5s. per ton and galvanised sheets at from £11 5s. to £11 15s. Shipments of tinplates at Swansea last week totalled 31,364 boxes, compared with 109,074 boxes in the previous week and 92,230 boxes in the corresponding week of 1934; while stocks amounted to 99,117, compared with 53,821 and 130,643 boxes respectively.

OTHER METALS

COPPER.—Prices have remained almost unchanged throughout the week. British warehouse stocks have risen by a further 1,461 tons to 83,598 tons. Following the heavy purchases recorded during the first half of this month, consumer demand in the United States has fallen off considerably. In Germany further prohibitions on the use of copper have been imposed, but are of only minor importance. It now seems probable that the copper market will continue rather quiet, and without any wide price fluctuations, until the seasonal increase in demand makes itself felt towards the end of September.

Sales on the London Metal Exchange: 800 tons on Monday, against 3,500 tons last week; 1,250 tons on Tuesday, against 2,050 tons last week; 1,100 tons on Wednesday, against 2,250 tons last week. Domestic spot was quoted at 7-62½ cents per lb. in New York on Wednesday, against 7-62½ cents a week ago and 7-07½ cents a month ago. Wednesday's official closing price for standard cash in London was £31 16s. 3d. to £31 17s. 6d., compared with £31 13s. 9d. to £31 15s. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 72,414 tons, show an increase of 1,486 tons, while stocks of rough copper, at 11,184 tons, show a reduction of 25 tons on the week.

LEAD AND SELLER.—Both markets experienced a steady improvement in price during the period under review, with lead occupying the first position, as is indicated by the relative price movements of the two metals. The reasons for the firmness of lead are discussed below. As regards seller, interest centres on the decision concerning the British import duties, which is expected to be announced before long, and on the endeavours which are being made to renew the Zinc Cartel.

Sales of lead on the London Metal Exchange: 2,100 tons on Monday, against 400 tons last week; 1,150 tons on Tuesday, against 550 tons last week; 900 tons on Wednesday, against 700 tons last week. The New York quotation on Wednesday was 4-15 cents per lb., against 4-15 cents a week ago and 4-00 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £15 6s. 3d. per ton, compared with £14 7s. 6d. a week ago.

Sales of spelter on the London Metal Exchange: 450 tons on Monday, against 250 tons last week; 500 tons on Tuesday, against 175 tons last week; 250 tons on Wednesday, against 350 tons last week. Wednesday's quotation in East St. Louis was 4-35 cents per lb., against 4-30 cents the week before and 4-30 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £14 15s. per ton, against £13 16s. 3d. last week.

CO-OPERATION OF LEAD PRODUCERS.—On Monday night a statement was published in London which pointed out that "as a result of conferences beginning in New York in June and continued in London a close association between producers of lead exporting to the European market has been arranged. An agreement not to increase production without due notice was also reached." Although these arrangements contain many gaps and seem therefore not very effective at the first glimpse, they are of importance for the maintenance of the stability of the lead market. The lead market is one of the few commodity markets which regained their equilibrium of the few commodity markets which regained their equilibrium without the help of any restriction scheme. For three years past lead prices have been very depressed, but since the beginning of this year the market has recovered considerably. At the end of last week the London lead quotation surpassed for the first time the £15 level, thus reaching the highest price since 1932. Since the beginning of this year the price of lead has risen by not much less than 50 per cent. The activity of the building industry, the strong demand of the armament industry (mainly from Germany and Italy), the scarcity of supply and the hopes for an early revision of the harmful British duty on non-Empire lead were the reasons for

this rise. For a time it was thought that the sharp increase in quotations might be followed by an expansion of production. The agreement between the principal lead producers does not render impossible an increase of production, but render it more difficult.

TIN.—This has been the most interesting of the metal markets during the past week for, although prices have changed little on balance, wide fluctuations have been recorded. Monday's events are considered in a Note of the Week. As is usual, the rapid price oscillations of the past few days have given rise to various discussions as to the cause of the movements; two theories have been current. One view is that the cause is to be found in the presence of a heavy speculative demand; the other traces the movement to technical difficulties which caused the buffer pool to hold up supplies and so to cause a sharp rise in price. Colour is lent to the latter theory by the fact that there were actually only two buyers on Monday morning—both of whom demanded quite small quantities of cash metal. Moreover, the sharp fall on Tuesday clearly demonstrates that there cannot be a large speculative account in the market. Little change in market conditions is likely in the near future, but it is to be hoped that production quotas will be increased before the end of the current quarter, especially since the activity of American consuming industries continues on a fairly high level. The output of the American automobile industry is about 25 per cent. in excess of last year's level, while the tinplate mills are now working at around 80 per cent. of capacity.

Sales of tin on the London Metal Exchange: 295 tons on Monday, against 90 tons a week ago; 305 tons on Tuesday, against 250 tons last week; 205 tons on Wednesday, against 175 tons last week. The New York quotation on Wednesday was 52-50 cents per lb., against 52-50 cents a week ago and 51-62½ cents a month ago. Wednesday's official closing quotation in London for standard cash was £233 5s. to £233 10s. per ton, compared with £232 15s. to £233 last week. Stocks of tin in London and Liverpool at the end of last week totalled 1,318 tons, a decrease of 399 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted at £100 per ton. Nickel, for home and export, at £200 to £205 per ton, remains unchanged. Quicksilver, on the spot, was held at £11 12s. 6d. per flask of 76 lbs. Chinese antimony was quoted at £70 to £71 per ton ex warehouse, the same as last week. Chinese wolfram for July–August shipment was quoted at 31s. 6d. to 32s. 6d. per unit c.i.f., as against 30s. 6d. to 31s. 6d. per unit c.i.f. last week. Platinum remains unchanged in price at £7 per ounce.

TEXTILES

COTTON.—Manchester. — Quiet conditions have prevailed in the raw cotton markets. The adverse ruling of the Boston Court of Appeal on the legality of the processing taxes has caused some nervousness. Prices, however, as compared with a week ago show very little change. The present high premium for current month delivery does not encourage merchants to import American cotton on a free scale.

Although cloth manufacturers have been well supplied with inquiry and plenty of quotations have been given out, business has again consisted of retail lots. Very few buyers are prepared to purchase far ahead. Trading has been irregular and, failing a speedy revival in demand, it is probable that more looms will be standing idle at an early date. Less demand has been about for India. A disturbing feature is that merchants are receiving reports of more intensive competition from India-made fabrics. Steady support has been received from the Continent and a useful trade has been done with West Africa. The home trade has given Egypt or the Continent. American and Egyptian yarns have been purchased in limited lots. There have been more complaints from the fine spinning section regarding prices, and an important move has now been made to revive a price-fixing scheme.

COTTON PRICES

	1935				Corresponding Date	
	July 3	July 10	July 17	July 24	1934	1934
Raw Cotton—Mid. American per lb.	6-95	6-97	6-97	6-99	6-18	6-99
Saidanidis Fully Good Fair Egyptian per lb.	8-08	8-09	7-94	8-07	8-31	8-29
Yarns—32's twist per lb.	10½	10½	10½	10½	9½	10½
" 40's twist per lb.	10½	10½	10½	10½	10½	10½
" 60's twist (Egyptian) per lb.	15	15½	15½	15½	15½	15½
22-in. Printers 116 yds., 16 by 16, 32's and 50's per lb.	17 6	17 6	17 6	17 6	17 6	17 6
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's per lb.	24 3	24 4	24 4	24 4	21 3	24 0
38-in. ditto, 38 yds., 18 by 16, 10 lb. per lb.	10 5	10 5	10 5	10 5	10 7	11 1
39-in. ditto, 37½ yds., 16 by 15, 8½ lb. per lb.	9 8	9 8	9 8	9 8	9 5	9 11

TEXTILE WAGES.—The wages dispute in the bleaching, dyeing and finishing section of the textile industry has been settled and varying rates of increases have been granted by the employers to will take place within the next few days when the two sides have settled a few outstanding points, regarding wages for juvenile labour. With regard to the question of wage rates for overlookers, who are the "key" men in the weaving section of the cotton industry, the employers have ratified the provisional settlement and the trade unions are expected to adopt a similar course of action at a meeting this week-end when the terms of the agreement will be made known. It is understood that the employers now

contemplate seeking wage reductions for ancillary labour in the weaving branch, who number around 30,000. Weaving operatives have had their wages reduced and the employers' case is that ancillary labour should be prepared to come into line with the other workers.

COTTON SPINDLES BILL.—The announcement that the second reading of the Surplus Spindles Bill to deal with redundant plant in the spinning section of the cotton industry will not be taken until the autumn session of Parliament naturally caused a good deal of disappointment amongst the leaders of the Lancashire trade, but the view generally held is that although it is rather unfortunate for the second reading to be deferred, it will in no way interfere with the actual date of operation of the scheme. Even should the second reading have taken place before the summer recess the Bill could not have been passed by the House until the autumn. The delay in the second reading, therefore, is not considered to be a matter of great importance.

RE-ORGANISATION OF THE DYEING TRADE.—The next section of the textile industry to attempt reorganisation is the piece-goods dyeing trade. At a meeting in Manchester on Tuesday, representatives of this trade considered important and far-reaching proposals. The scheme is intended to apply to dyers of both cotton and rayon fabrics and has two main features—a redundancy plan and a compensatory pooling and quota system designed to secure the better regulation of the available volume of business. The dyers have decided that the first essential was to adjust plant capacity to the probable future requirements of customers and have therefore suggested a redundancy scheme, similar to that in the spinning trade. It differs, however, from the spinning scheme in that it contains provision for the allocation of a percentage of the purchase price for redundant plant to be administered as a fund to deal with cases of hardship amongst displaced employees of a closed works. The plant to be acquired under the scheme may be either immediately broken up or placed in reserve and dyers who may desire to replace their machinery may purchase the plant from the Board. No plant will be sold for export. With regard to the financial side of the scheme no difficulty is anticipated in making arrangements for a loan to be repaid by means of levies on the trade and spread over a period not exceeding fifteen years.

The second part of the scheme deals with the regulation of output by means of quotas. The Drafting Committee state that unless provision is made to regulate new entrants into the trade, a fresh condition of redundancy might quickly be created by the emergence of new firms keen to take advantage of the improved conditions which the redundancy scheme is intended to ensure. Therefore a plan has been prepared under which, on the basis of individual output in recent years, each firm's relation to the aggregate output of the trade can be ascertained and expressed as a percentage of the whole.

If any firm desires to work in excess of the given quota they will pay a proportion of the excess turnover into a pool. Similarly, if a firm falls below its quota it will receive compensation. Quotas will be saleable and may be acquired by purchase. This provides scope for enterprise and the necessary elasticity is given to meet possible extensions of the aggregate volume of trade. The importance and necessity of introducing a quota system with the redundancy scheme is to provide a means whereby the firms remaining in the trade and therefore contributing a levy towards the cost of buying out redundant plant may receive their due proportion of the business which has been released by the closing and scrapping of machinery. In brief, the benefits claimed for the scheme are that the firms remaining in the trade will operate at something more closely approximating to normal capacity, with a corresponding reduction in production costs. Copies of the scheme have been circulated to all firms in the trade, which number about 220.

GRAIN MARKETS

WHEAT.—The market appears to be recovering from its recent set-back and a general advance in quotations was recorded this week. The situation in Canada remains rather bearish, but world shipments are on rather a small scale at the present time, whilst drought in Argentina and black rust in the United States threaten to reduce supplies. In Australia the crop position has undergone a definite improvement, while in most European countries yields are turning out as well as expected.

According to the *Corn Trade News*, total shipments of wheat and flour during the past week were 958,000 quarters, against 931,000 quarters in the preceding week. On Wednesday last, "July" futures were quoted in Chicago at 85½ cents per bushel, against 85½ cents the week before and 80½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 31s. 3d. per 496 lbs., against 30s. 9d. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 29s. 9d., against 29s. a week ago.

FLOUR.—Home-milled flour has been in better request this week, while imported is still a quiet market. Quotations have been advanced. Shipments from North America in the past week totalled 84,000 sacks, compared with 77,000 in the previous week. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered country, 26s. per 280 lbs., against 25s. a week ago; delivered London, 25s., as compared with 24s. a week ago. Manitoba patents, ex store, 23s. 9d. to 25s. 3d., against 23s. 9d. to 25s. 3d. a week ago. Australian, ex store, 19s. 6d. to 20s., against 19s. 6d. to 20s. a week ago.

BARLEY.—The futures market in Russian and Danubian barley has been active this week, quotations being firm. Trade in home-grown barley is small and quotations are mainly nominal. "July" futures were quoted at 35½ cents per bushel in Winnipeg on Wednesday, against 35½ cents last week and 37½ cents a month ago.

Quotations per 448 lbs. in London on Wednesday were: "English malting," at farm, 27s. to 30s. (nominal) and "English feed" at farm, 23s., against 27s. to 30s. (nominal) and 23s., respectively, a week ago.

OATS.—On Wednesday, "July" futures were quoted at 34½ cents per bushel in Chicago, against 34½ cents a week ago and 36½ cents last month. Quotations in London, Wednesday: "English Black," at farm, 22s. to 24s. per 336 lbs., against 22s. to 24s. a week ago; "English White," at farm, 22s. to 24s., against 22s. to 24s. last week; "Chilean White," landed, 26s., against 26s. a week earlier.

MAIZE.—On balance, quotations have shown little alteration this week. "July" futures were quoted on Wednesday at 84½ cents per bushel in Chicago, against 84½ cents a week ago and 82 cents last month. Quotations in London, Wednesday: "Plate," landed, 16s. 9d. per 480 lbs., compared with 16s. 9d. a week ago; "Plate," ex ship (new), 15s. 9d., as against 15s. 9d. a week ago; "Plate," "July," 16s., against 15s. 10½d. a week ago. Yellow maize meal, ex wharf, was quoted at £4 12s. 6d. per ton, against £4 12s. 6d. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sale of home-grown wheat during the harvest years 1931–32 to 1934–35:—

	1931–1932	1932–1933	1933–1934	1934–1935
Estimated sales of home-grown wheat—	Cwts.	Cwts.	Cwts.	Cwts.
1 week to July 20	28,451	27,471	77,712	43,615
47 weeks to July 20	3,755,261	3,511,119	6,275,217	13,718,163
Average price of English wheat per cwt.	s. d. 6 6	s. d. 6 8	s. d. 5 4	s. d. 5 5

The following is a statement showing the quantities sold and the average price of British corn in the past two weeks, and for the corresponding week in each of the years from 1931 to 1934.

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
July 18, 1931	Cwts. 31,037	Cwts. 1,764	Cwts. 6,163	s. d. 6 4	s. d. 5 7	s. d. 8 11
July 23, 1932	28,451	2,031	4,487	6 6	8 8	7 10
July 22, 1933	27,471	4,003	10,099	6 8	6 7	5 10
July 21, 1934	77,712	8,253	12,087	5 4	7 7	6 4
July 13, 1935	73,122	6,371	5,196	5 6	6 8	7 6
July 20, 1935	43,615	3,276	4,652	5 7	6 6	7 8

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks, with comparative figures for 1933 and 1934:—

NEAREST FUTURE	Jan. 4, 1933	Jan. 3, 1934	June 25, 1934	Jan. 2, 1935	July 17, 1935	July 24, 1935
Winnipeg (No. 1, Manitoba) — Cents per 60 lb.	48½	65½	94½	82½	90½	81½
Chicago (No. 2, Winter) — Cents per 60 lb.	46½	84½	98	98½	85½	85½

OTHER FOODS

BACON.—No change was made in the official prices last Friday and the market has been rather quiet this week. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 91s. to 95s.; Canadian, 82s.; Danish, 93s., the same as last week. Arrivals in London last week included Danish, 18,031 bales; Canadian, 3,709; Dutch, 2,335; Lithuanian, 2,000; Polish, 2,809, against 17,459, 3,887, 2,310, 1,955 and 2,728 bales, respectively, in the previous week.

BUTTER.—The market has been firm and the upward movement of prices was resumed this week. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 91s.; Australian, choicest salted, 89s.; Danish, 102s., compared with 89s. to 90s., 89s. to 87s., and 99s. to 100s., respectively, last week.

CHEESE.—The market has been steady during the past few days. Quotations (per cwt.) on the London Provision Exchange

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on Wednesday were as follows: Canadian, finest coloured (old), 63s. to 64s., against 62s. to 64s. a week ago; New Zealand, finest coloured, 43s. 6d. to 44s., compared with 43s. 6d. last week.

COCOA.—The "spot" quotation in New York on Wednesday was 5 cents per lb., against 5½ cents per lb. last week. On the London market, Accras were steady on Wednesday last. Good fermented old crop, July-August, was quoted 22s. per 50 kilos, c.i.f. Continent, against 22s. a week ago. Last week's movements of cocoa in London were as follows: Landed, 1,188 bags; delivered, for home consumption, 6,525 bags; exported, 175 bags; stocks, 175,807 bags, against 256,855 bags a year ago.

COFFEE.—The markets have had a quiet undertone and quotations show no change on the week. In New York on Wednesday, Rio No. 7 (cash) was quoted at 6½ cents per lb., as compared with 6½ cents per lb. last week and 6½ cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, nil; delivered, for home consumption, 70 cwt.; exported, 147 cwt.; stocks, 16,677 cwt., against 8,166 cwt. a year ago. Central American, landed, 1,311 cwt.; delivered, for home consumption, 2,391 cwt.; exported, 8,166 cwt.; stocks, 165,815 cwt., against 110,836 cwt. last year. Other kinds, landed, 829 cwt.; delivered, for home consumption, 2,654 cwt.; exported, 3,650 cwt.; stocks, 177,932 cwt., against 106,875 last year.

EGGS.—With rather smaller supplies, quotations—especially for English—have ruled firmer this week. At Smithfield Market on Wednesday English (ordinary packing, Grade I, about 15½ lb.) realised 13s. to 14s. per 120, against 11s. 9d. to 12s. 6d. a week earlier, while Danish (15½ lb.) made 9s. 3d. to 9s. 9d. per 120, against 9s. to 9s. 6d. last week.

FRUIT.—Supplies at Covent Garden, states *The Fruit Grower*, have been below normal and prices have been maintained at a satisfactory level for all regular seasonal lines, with not quite so good a demand for the choicer items. Only moderate supplies of strawberries are now arriving and really good samples are short and dear. Raspberries encounter a good demand, but loganberries are not doing quite so well. Ripe gooseberries are a little easier, but sell steadily; green berries are in shorter supply and firmer in price. Moderate supplies of black currants are in firm request, but red currants are rather more plentiful. Cherries are of excellent quality and encounter a steady trade at the lower level of prices now ruling. Hothouse grapes, peaches and nectarines are in not quite so active demand and are inclined easier, but English and Guernsey melons continue to sell well. Lemons remain exceptionally dear, and grape fruit are doing rather better. Oranges have eased in price on heavier arrivals from South Africa.

MEAT.—At Smithfield market this week, beef encountered a rather better demand, with Argentine higher in price, but trade for other descriptions was again slow. On Wednesday last, Argentine chilled hindquarters were quoted at 3s. 8d. to 4s. per 8 lbs., as compared with 2s. 10d. to 3s. 4d. last week. New Zealand frozen mutton was 2s. 6d. to 3s. 4d. per 8 lbs., against 2s. 6d. to 3s. 4d. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 8,305 tons, an increase of 282 tons on the corresponding week last year. Beef and veal accounted for 4,480 tons, mutton and lamb 2,947 tons, and pork and bacon 457 tons, as compared with 4,218, 2,910 and 475 tons, respectively, in the same week of 1934.

PEPPER.—Black pepper has been quietly steady during the past few days. Wednesday's spot price for Lampung was 2½d. per lb., against 2½d. last week. Movements of pepper in London during the past week were as follows: Black, landed, 4 tons; delivered, 58 tons; stocks, 1,827 tons, against 216 tons a year ago. White, landed, nil; delivered, 104 tons; stocks, 18,602 tons, against 6,259 tons a year ago.

RICE.—The market has been rather quiet, with prices generally unchanged. The "spot" price of Burma No. 2, cleaned, new crop, was 8s. 7½d. per cwt. on Wednesday, as compared with 8s. 7½d. per cwt. a week ago, while the forward quotation, at 7s. 10½d. per cwt., remains unchanged. Movements in London during the past week were as follows: Landed, 6 tons; delivered, 296 tons; stocks, 9,715 tons, against 964 tons a year ago.

SUGAR.—Following a drop at the end of last week, the New York spot price has been steady. Futures advanced on active buying. The London market in raw sugar has been steady this week. The spot price in New York on Wednesday was 3.20 cents per lb., as compared with 3.28 cents per lb. last week and 3.29 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "August delivery" at 4s. 2d. to 4s. 2½d., against 4s. 3½d. to 4s. 3½d. last week. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 13,178 tons, against 14,442 in the previous week; exports, 15,089 and 15,946 respectively; stocks, 127,281 tons, against 129,235 and 174,634 tons respectively.

TEA.—The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account in recent weeks.

Week ending	Northern India	Southern India	Ceylon	Java	Sumatra	Nyasa-land	Total
July 19, 1934	12-80	12-31	12-76	10-47	10-41	11-84	12-38
June 20, 1935	11-59	11-82	11-82	10-05	8-82	10-15	11-84
June 27, "	11-41	11-58	12-95	10-05	8-82	10-15	11-86
July 5, "	11-49	11-54	13-00	9-94	9-38	10-20	11-74
July 11, "	11-58	11-84	13-39	10-41	8-87	10-30	11-96
July 18, "	11-61	11-89	13-69	10-00	9-22	10-51	12-09

The quantities catalogued for this week's auctions comprised 44,569 packages of Indian and 28,829 packages of Ceylon tea. At Monday's Indian auctions competition was strong and prices tended to be slightly dearer. But the improvement was not fully held on Wednesday. Quotations at the Ceylon sales were irregular, but better teas were rather dearer and common sorts firm.

VEGETABLES.—*The Fruit Grower's* Covent Garden correspondent states that tomatoes have continued in strong demand this week, with prices firm at 5s. to 5s. 6d. per dozen lb. for both English and Guernsey. Cucumbers, however, are in larger supply and prices have eased off. Lettuce, too, have been more plentiful and cheaper, with imported varieties difficult to clear. Runner beans have started at 3d. to 4d. per lb. Green peas recovered in price at the end of last week and have since been fairly steady. Cabbage are selling fairly well, but marrows have fallen in price owing to increasing supplies. New beetroot and bunched carrots have encountered a moderate demand, but broad beans have been offered at a low figure. English new potatoes are steadily increasing in supply and prices are gradually falling. At the London Borough Market on Tuesday last, Jersey sold at 7s. per cwt., against 9s. last week, while English made 7s. to 9s., compared with 10s. to 12s. a week earlier.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OLSEEDS.—Business continues on quiet lines. The notable feature, however, is an advance in linseed in consequence of rather alarming reports of the lack of moisture in Argentina, which should not have serious effects unless it is prolonged into next month. The current quotation for Plate for shipment is around £9 7s. 6d., but crushers both here and on the Continent, are slow to respond. Moreover, their present requirements are limited by the oil and cake demand. Indian linseed is still too dear in comparison with duty paid Plate, and is neglected. Shipments from Argentina are at a moderate level. The quantity now afloat for Europe is 108,000 tons (including 6,600 tons from Canada 11,000 tons, against 32,500 tons a year ago. Demand for cottonseed is small, but shippers at Alexandria continue to hold out for £8 10s. for old crop, while for new crop October loading £8 is required.

Demand for vegetable oils is less than normal. Linseed oil, however, is firm and dearer in anticipation of a higher duty on that is now quoted £21 10s., and for September-December, £21 7s. 6d. Egyptian crude, at Hull, is available at £23 10s., and refined at £26 10s. prompt. Oilcakes are in normal demand for the time of year and are steady.

TIMBER.—Imports of sawn softwoods in June were lighter than in the corresponding month last year, and for the half year totalled 1,555,358 loads (of 50 cubic feet) against the exceptionally heavy receipts of 2,003,660 loads for January-June last year. With these decreases the heavy spring stocks must be wearing down; the most-used sizes, battens and scantlings, already show decreased stocks in docks in London, compared with this time last year, although holdings of other sawn classes are still up. Deliveries of from London docks in June were, however, lower than in the corresponding month last year, but that may be ascribed to the heavy rain during the first half of last month, and probably more deliveries from ships into lighters, which would not be included in the docks' statistics.

The lower receipts indicate the policy of importers not to purchase too much because of a slackness of buying on the Continent, which might find its way here on very cheap terms. Russian shipments forward business, Finland has been a persistent seller to this much to England as her trade with the United States may be more remunerative.

Hardwoods of the popular varieties continue in steady demand, with fairly large holdings, yet not too plentiful. Mahogany is in up to receipts of last year to date, and Poland, another oak country, is not sending so much, but other mid-European countries and her exports of birch, maple and other sorts. Teak is in growing demand at firm prices, but available supplies are of limited quantity fact that so much has come forward this year suggests that demand is expanding.

FURS.—As had been anticipated, the ninth series of fur auctions at Leningrad was quite successful. The sales were well attended by over 100 representatives from all the chief buying centres, and easier, most other furs being fully firm to 10 per cent. higher in price, compared with the spring series. Ninety-five per cent. of the excess of those realised at the spring auctions in Leningrad. The demand for skins dyed and dressed in Russia was very good, the

bulk of the supplies being sold, and the improvement in the quality of these was remarked upon by London dealers. On Monday last, the Hudsons Bay Company held a sale of beaver, musquash and mink. This was an innovation by the company, and some doubts had been entertained regarding its success. Nevertheless, the sale was satisfactory. As compared with the London spring series, beaver and musquash were unchanged in price, or a shade dearer, while mink appreciated in value by a full 10 per cent., on a strong French demand. The firmer tendency of these two sales will probably have favourable repercussions upon the prices of the winter collections, now in course of preparation.

RUBBER.—The market has again had a dull tone, and prices have shown a sagging tendency. Holland's financial difficulties have

caused nervousness, and prices for forward positions have declined in sympathy with the spot quotation. Nevertheless, the situation in America is more hopeful, and some expansion in demand from that quarter is possible in the fairly near future. In New York the spot price on Wednesday was 11½ cents per lb., compared with 12½ cents per lb. a week ago. Wednesday's official closing price for standard ribbed smoked sheet in London was 5½d. per lb., as against 5½d. on the corresponding day last week. In forward positions, business has been done at 5½d. to 5½d. for October-December, 1935, as against 6d. a week ago. Stocks in London and Liverpool at the end of last week totalled 172,184 tons, against 173,311 tons a week earlier. A year ago stocks amounted to 105,403 tons.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM

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

LONDON, July 24th				a. d. s. d.				a. d. s. d.				a. d. s. d.			
CEREALS AND MEAT				a. d. s. d.				a. d. s. d.				a. d. s. d.			
GRAIN, Etc.—				a. d. s. d.				a. d. s. d.				a. d. s. d.			
Wheat—				English, old per cwt.				English, new per cwt.				English Southdown, greasy, per lb.			
No. 2, N. Man. 496 lb.				29 9				7 0				13			
Eng. Gaz. av., per cwt.				5 7				9 0				Cape			
Barley, Eng. Gaz. av.				6 8				0 0				Dry and Dried Cattle...			
Oats—				7 8				0 0				Market Hides, Manoh'...			
Maize, La Plata, landed				16 9				0 0				Best heavy ox and heifer			
480 lb. cwt.				23 9				0 0				Best calf			
Flour, Lon. stan. ex mill				23 9				0 0				INDIGO—			
Rice, No. 2 Burma, per cwt.				7 10½				0 0				Bengal, gd. red-vio. to			
Tapioca, per cwt.				13 0				0 0				fine per lb.			
Fair Flake, Singapore.				13 0				0 0				5 6			
MEAT—				a. d. s. d.				a. d. s. d.				a. d. s. d.			
Beef, per 8 lbs.—				3 10 5 0				3 10 5 0				Sole Bends 8/12 lb.—			
English long sides				3 8 4 0				3 10 5 0				per lb.			
Argentine chilled hinds				5 0 6 0				3 10 5 0				Bark Tanned Sole			
Mutton, per 8 lbs.—				2 6 3 4				3 10 5 0				Shoulders fm DS Hides			
English wethers				4 4 5 2				3 10 5 0				Do. Eng. or WS do.			
N.Z. frozen				4 2 4 8				3 10 5 0				Bellies from DS do.			
Lamb, per 8 lbs.—				4 4 5 2				3 10 5 0				Do. Eng. or WS do.			
N.Z. frozen				4 2 4 8				3 10 5 0				Dressing Hides			
Pork, English, per 8 lbs.				91 0 85 0				3 10 5 0				Ro. Eng. Calif, 20/30 lb.			
BACON—OTHER FOODS				a. d. s. d.				a. d. s. d.				a. d. s. d.			
English—per cwt.				92 0 96 0				3 10 5 0				Aust. Bends			
Irish				90 0				3 10 5 0				0 10 1 3			
Danish				104 0				3 10 5 0				VEGETABLE OILS—			
Dutch				94 0 96 0				3 10 5 0				f. s. d.			
HAMS—				89 0				3 10 5 0				Lined, naked, p. ton net			
Canadian—per cwt.				102 0				3 10 5 0				Rape, refined			
American				63 0 64 0				3 10 5 0				32/10/8			
BUTTER—				43 0 44 0				3 10 5 0				Cottonseed, crude			
Australian				31 0 40 0				3 10 5 0				23/10/0			
New Zealand				23 0 23 3				3 10 5 0				Coconut, crude			
Danish				38 0 46 0				3 10 5 0				23/10/0			
CHEESE—				32 0 36 0				3 10 5 0				Palm			
Canadian—per cwt.				36 6				3 10 5 0				Oil Cakes, Linseed, Eng.			
New Zealand				48 0 70 0				3 10 5 0				per ton			
English Cheddars				50 0 70 0				3 10 5 0				7/10/0			
Dutch				98 0 52 0				3 10 5 0				Oil Seeds—Linseed—			
COCA—				a. d. s. d.				a. d. s. d.				a. d. s. d.			
(Duty, British grown, 11/8; foreign, 14/- cwt.)				23 0 23 3				3 10 5 0				La Plata, p. ton, July			
Accra, f.i.—per cwt.				38 0 46 0				3 10 5 0				Calcutta—per ton			
Trinidad				32 0 36 0				3 10 5 0				11/12/8			
Grenada				36 6				3 10 5 0				Turpentine, per cwt.			
COFFEE—				a. d. s. d.				a. d. s. d.				a. d. s. d.			
(Duty, British grown, 4/8; foreign, 14/- cwt.)				38 0 46 0				3 10 5 0				43 3			
Santos sup. c. & f. cwt.				48 0 70 0				3 10 5 0				PETROLEUM PRODUCTS—			
Colombian, good				50 0 70 0				3 10 5 0				Motor Spirit, No. 1, Lon.			
Costa Rica, med. to good				98 0 52 0				3 10 5 0				don			
East India " "				120 13 14 0				3 10 5 0				1 5			
Kenya, medium				9 3 9 9				3 10 5 0				Petroleum, Amer. rfd.			
EGGS—				9 3 9 9				3 10 5 0				bri. London, per gal.			
English—per 120				9 3 9 9				3 10 5 0				0 9½			
Danish				9 3 9 9				3 10 5 0				Fuel oil, in bulk, for			
FRUIT—Oranges—				a. d. s. d.				a. d. s. d.				a. d. s. d.			
South African—cases				9 0 14 9				3 10 5 0				contract, ex instal.			
Brazilian—cases				9 0 10 0				3 10 5 0				Thames			
Lemons, Malaga—cases				30 0 35 0				3 10 5 0				Furnaces—per gall.			
Sicilian—boxes				12 0 15 0				3 10 5 0				0 4			
Apples—Amer. (var.) boxes				12 0 15 0				3 10 5 0				ROBIN—			
(var.) boxes				12 0 15 0				3 10 5 0				American—per ton			
Australian				12 0 15 0				3 10 5 0				12/7/6			
ONIONS—				a. d. s. d.				a. d. s. d.				a. d. s. d.			
Valencia, case				4 0 6 0				3 10 5 0				14/12/8			
Egyptian, bags				4 0 6 0				3 10 5 0				St. ribbed smoked sheet			
Grapes, Lisbon, boxes				4 0 6 0				3 10 5 0				per lb.			
Almeria—brs.				4 0 6 0				3 10 5 0				0 5½			
LARD—				64 0 70 0				3 10 5 0				Fine Hard Para per lb.			
Irish bladders, per cwt.				67 0 69 3				3 10 5 0				0 4½			
U.S. 56 lbs. boxes				67 0 69 3				3 10 5 0				SHELLAC—			
POTATOES—				a. d. s. d.				a. d. s. d.				a. d. s. d.			
English, old per cwt.				4 0 5 0				3 10 5 0				TN Orange—per cwt.			
English, new per cwt.				7 0 9 0				3 10 5 0				49 0 54 0			
SPICES—				a. d. s. d.				a. d. s. d.				a. d. s. d.			
Pepper, per lb.—				0 2½				3 10 5 0				SHILLS—			
Black Lampung				0 7½				3 10 5 0				W. Aust. M.-o.-P.			
Cinnamon—1st sort, per lb.				0 8				3 10 5 0				2 10 8 10			
Cloves—Zanzibar per lb.				35 0				3 10 5 0				TALLOW—			
Ginger—per cwt.—				65 0 95 0				3 10 5 0				London Town per cwt.			
African				1 2 2 4				3 10 5 0				25 0			
Jamaica, ord. to good				0 11½				3 10 5 0				TIMBER—			
Mace—per lb.				0 11½				3 10 5 0				a. d. s. d.			
Nutmegs, 68's per lb.				4 2½				3 10 5 0				Swedish u/s 3 x 8—per std.			
SUGAR—				17 6 18 9				3 10 5 0				17 15 0			
(Duty, 11/8 per cwt.)				6 3				3 10 5 0				2½ x 7—per std.			
Centrifugals, 96", prpt.				21 4½				3 10 5 0				18 0			
ships, c.i.f. U.K./Cont.				19 3 19 9				3 10 5 0				20 10 0			
B.W.I., crystallised				17 9 21 3				3 10 5 0				Pitchpine—per load			
Java, white, c. & f. India				1 3				3 10 5 0				Rio Dals—per std.			
May-June—				0 10½ 1 9				3 10 5 0				30 0			
REFINED—London—				0 10 1 5				3 10 5 0				Teak—per load			
Yellow Crystals				0 11 9				3 10 5 0				25 0			
Cubes				0 10 1 2½				3 10 5 0				Honduras Magb. logs—c. ft.			
Crushed				0 10½ 1 10½				3 10 5 0				0 6 0			
Granulated				0 10½ 1 9				3 10 5 0				0 6 0			
Home Grown				0 10½ 1 9				3 10 5 0				0 6 0			
Molasses, in bond				0 10½ 1 9				3 10 5 0				0 6 0			
TEA—				a. d. s. d.				a. d. s. d.				a. d. s. d.			
Indian—per lb.—				0 9½ 1 0½				3 10 5 0				English Oak Planks—			
Pekoe				0 10 1 5				3 10 5 0				per cwt.			
Broken Pekoe				0 10 1 2½				3 10 5 0				Ash			
Orange Pekoe				0 10½ 1 10½				3 10 5 0				0 6 0			
Broken Orange Pekoe				0 10½ 1 9				3 10 5 0				0 6 0			
Ceylon—per lb.—				0 10½ 1 9				3 10 5 0				0 6 0			
Pekoe				0 10½ 1 9				3 10 5 0				0 6 0			
Broken Pekoe				0 10½ 1 9				3 10 5 0				0 6 0			
Orange Pekoe				0 10½ 1 9				3 10 5 0				0 6 0			
Broken Orange				0 10½ 1 9				3 10 5 0				0 6 0			
TOBACCO—				a. d. s. d.				a. d. s. d.				a. d. s. d.			
(Duty, 9/6-10/6 per lb.)				0 10 3 6				3 10 5 0				English Oak Boards—			
Empire growth, 7/5½				0 10 3 6				3 10 5 0				per cwt.			
8/3½ per lb.				0 10 3 6				3 10 5 0				0 6 0			
Virginia leaf—				0 10 3 6				3 10 5 0				0 6 0			
Common to fine				0 10 3 6				3 10 5 0				0 6 0			
Rhodesian leaf				0 10 3 6				3 10 5 0				0 6 0			
Nyasaland leaf				0 10 3 6				3 10 5 0				0 6 0			
strips				0 10 3 6				3 10 5 0				0 6 0			
East Indian leaf				0 10 3 6				3 10 5 0				0 6 0			
strips				0 10 3 6				3 10 5 0				0 6 0			
TEXTILES—				a. d. s. d.				a. d. s. d.				a. d. s. d.			
COTTON—				6-88				3 10 5 0				0 6 0			
Mid-American—per lb.				8-07				3 10 5 0				0 6 0			
Sakellaria, f.g.f.				10½				3 10 5 0				0 6 0			
Yarns, 32's twist				15½				3 10 5 0				0 6 0			
Kenya 60's twist				76 0				3 10 5 0				0 6 0			
FLAX—				90 0 92 0 0				3 10 5 0				0 6 0			
Native 1st mks. per ton				90 0 92 0 0				3 10 5 0				0 6 0			
Liivonian 2K—per ton				90 0 92 0 0				3 10 5 0				0 6 0			
Pernau HD—per ton				90 0 92 0 0				3 10 5 0				0 6 0			
Slanzet Medium 1st sort				90 0 92 0 0				3 10 5 0				0 6 0			
HEMP—				79 0				3 10 5 0				0 6 0			
Italian P.C.—per ton				18 0				3 10 5 0				0 6 0			
Manilla, Aug-Oct. "J"				16 0 18 5 0				3 10 5 0				0 6 0			
Sisal, African				16 0 18 5 0				3 10 5 0				0 6 0			
JUTE—				16 0 18 5 0				3 10 5 0				0 6 0			
Native 1st mks. per ton				16 0 18 5 0				3 10 5 0				0 6 0			
c.i.f. H.A.R.B.				16 0 18 5 0				3 10 5 0				0 6 0			
Aug-Sept.				16 0 18 5 0				3 10 5 0				0 6 0			
Dalase 2/3 c.i.f. Dundee				16 0 18 5 0				3 10 5 0				0 6 0			
Oct-Nov. (new)				16 0 18 5 0				3 10 5 0				0 6 0			
SILK—				16 0 18 5 0				3 10 5 0				0 6 0			
Canton—per lb.				16 0 18 5 0				3 10 5 0				0 6 0			
Tussah—per lb.				16 0 18 5 0				3 10 5 0				0 6 0			
Japan—per lb.				16 0 18 5 0				3 10 5 0				0 6 0			
Italian—raw, tr. Milan				16 0 18 5 0				3 10 5 0				0 6 0			
WOOL—				a. d. s. d.				a. d. s. d.				a. d. s. d.			
English Southdown, greasy, per lb.				13				3 10 5 0				0 6 0			
" Lincoln hog, washed				24				3 10 5 0				0 6 0			
Queensland, scd, super comb.				14½				3 10 5 0				0 6 0			
N.S.W. greasy, super comb.				11				3 10 5 0				0 6 0			
N.Z. grey, half-bred 50-58				7				3 10 5 0				0 6 0			
Top—				32				3 10 5 0				0 6 0			
Merinos 70's				30-31				3 10 5 0				0 6 0			
84's				13				3 10 5 0				0 6 0			
Crossbred 48's				12				3 10 5 0				0 6 0			
48's				12				3 10 5 0				0 6 0			
MINERALS				a. d. s. d.				a. d. s. d.				a. d. s. d.			
COAL—				19 6				3 10 5 0				0 6 0			
Welsh, best Ad'ty... ton				19 6				3 10 5 0				0 6 0			
Durham, best gas, f.o.b.				14 8				3 10 5 0				0 6 0			
Tyne				22 0				3 10 5 0				0 6 0			
Sheffield, best house, at				22 0				3 10 5 0				0 6 0			
pits				22 0				3 10 5 0				0 6 0			
IRON AND STEEL—				67 6				3 10 5 0				0 6 0			
Pig, Cleveland No. 3, d/d				67 6				3 10 5 0				0 6 0			
Bars, M'brough				192 6				3 10 5 0				0 6 0			
Steel rails, heavy				170 0				3 10 5 0				0 6 0			
Tin plates—per box 18				2				3 10 5 0				0 6 0			
METALS—				35/15/0				3 10 5 0				0 6 0			
Copper, Electrolytic, ton				35/15/0				3 10 5 0				0 6 0			
Sheets (strong)				62/0/0				3 10 5 0				0 6 0			
Standard				31/18/3				3 10 5 0				0 6 0			
Lead Eng. pig... per ton				16/15/0				3 10 5 0				0 6 0			
Soft foreign				15 6 3				3 10 5 0				0 6 0			
Spelter G.O.B.				14/15/0				3 10 5 0				0 6 0			
Tin—English ingots				223/10/0				3 10 5 0				0 6 0			
Standard cast				233/5/0				3 10 5 0				0 6 0			
MISCELLANEOUS				a. d. s. d.				a. d. s. d.				a. d. s. d.			
CHEMICALS—				0 11½ 1 0				3 10 5 0				0 6 0			
Acid, citric, per lb., less 5% 0				0 11½ 1 0				3 10 5 0				0 6 0			
Nitric				0 2½ 4 0				3 10 5 0				0 6 0			
Oxalic, net				0 5 0				3 10 5 0				0 6 0			
Tartaric, English, less 5% 1				0 1 0½				3 10 5 0				0 6 0			
Alcohol, Plain Ethyl—				12 0				3 10 5 0				0 6 0			
Alum, lump—per ton				8 15 9				3 10 5 0				0 6 0			
Ammonia, carb.—per ton				27 10 28 0				3 10 5 0				0 6 0			
Sulphate				7/5/0				3 10 5 0				0 6 0			
Arsenic, lump—per ton				35 0				3 10 5 0				0 6 0			
Bleaching powder, per ton				9 10				3 10 5 0				0 6 0			
Borax, gran.—per cwt.				13 0				3 10 5 0				0 6 0			
Do., powder				14 6				3 10 5 0				0 6 0			
Nitrate of soda—per cwt.				7 9				3 10 5 0				0 6 0			
Potash—Chlorate, net—				0 4½ 0 5				3 10 5 0				0 6 0			
Sulphate				12 3 12 6				3 10 5 0				0 6 0			
Soda Bicarb.—per cwt.				10 11 0				3 10 5 0				0 6 0			
Crystals—				5 0 5 3				3 10 5 0				0 6 0			
Sulphate of Copper, per ton				15 10 15 10				3 10 5 0				0 6 0			
CEMENT, best Eng. Portland, d/d site				15 10 15 10				3 10 5 0				0 6 0			
London area, jute sacks, 1½ to ton				15 10 15 10</											

THE SOUTH AFRICAN JOURNAL OF ECONOMICS

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"LE ROY LE VEULT"

THIS week the King's consent has been given to one of the great historic Acts of the British Parliament. The Government of India Act (1935) is great not merely in the physical sense—it consists of 455 pages containing 478 clauses and 16 schedules—but also because it inaugurates a new system of government for one-fifth of the human race. It is safe to say that so wide, so far-reaching and so ambitious a piece of constitution building has never before been attempted in the world's history.

The Act itself follows very closely the recommendations of the Parliamentary Joint Select Committee published last October. In the House of Commons certain changes were made, notably in the direction of safeguarding the "untransferred" rights of the Indian Princes when they join the Federation. This and a number of minor emendations were summarised in the *Economist* of June 8th. The House of Lords has been even more moderate in its changes, for the only substantial amendment is that which introduces an electorate with a very select franchise instead of the system of indirect election for the selection of the members of the Federal Upper House who are to represent British India. The fact that the House of Lords, which contains a large number of former Indian administrators and in a case of this kind is little influenced by electoral opinion, has passed the Bill without either substantial amendment or undue delay is a further proof—if proof were needed—that the new Act represents the overwhelming majority of informed opinion in Great Britain.

But though the Bill has had a comparatively smooth passage through both Houses of Parliament, it certainly cannot be said that it is an example of hasty or rash legislation. On the contrary, it is the slow outcome of no less than eight years' continuous argument and consultation. It was towards the end of 1927 that the late Lord Birkenhead, then Secretary of State for India, moved Parliament to appoint the Simon Commission to inquire into the working of the post-war constitutional reforms and to propose what further steps, if any, should be taken in the direction of self-government. But, unfortunately, India took umbrage because no Indian was placed on the Commission. It was boycotted by the Congress Party throughout India,

and it only avoided shipwreck by the device of appointing a separate committee of moderate Indians who travelled through India with the Commission and made their own independent report. After the Commission returned home and was preparing its report, civil disobedience broke out, and Sir John Simon, impressed with the hopelessness of trying to force a solution upon an unwilling India, himself suggested to the Prime Minister the calling of a Round Table Conference at which the Indian States as well as the Provinces of British India should be represented. The first of these conferences was held in London in the winter of 1930; and it is a matter of history how the Princes brought about a notable change in the situation by declaring at the outset their approval of the idea of an all-India Federation; how Gandhi came to London in the following winter, and how the Hindus and Mahomedans failed to compose their communal differences, and in the end threw upon Mr MacDonald the task of making an arbitral award on this vexed question. In the spring of 1933 the Government summed up the results of the three Round Table Conferences in the famous White Paper, and in the summer of that year the Joint Committee of Parliament was set up, which called a body of Indian representatives once more into conference and went carefully all over the ground again. It was not until the autumn of 1934 that this committee—whose main function in fact, though not in name, was to educate leading members of the three British political parties in the intricacies of the Indian problem—presented its report.

Eight years is a long time to discuss even so complex a problem as India's constitution, and it is disappointing that at the end of so great an effort of conciliation we cannot even now claim that we have reached an agreed scheme acceptable to all parties. It can, however, justly be said that Great Britain has taken the greatest pains to hear and consider the views of Indians of every grade and caste, and that the present Act is the result of their representations even if it does not meet all their wishes.

What are the prospects that this new constitution will function well and produce an orderly and contented India? There are cynics who say that we are making a profound

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mistake in trying to transplant Western Democracy into the Orient, which by temperament and tradition needs quite a different form of government. Others, again, suggest that it is sheer folly to legislate for a great extension of democracy at a moment when parliamentary government is discredited in its native habitats and is being superseded by authoritarian government in one form or another even in Western Europe. The British Parliament has, however, staked everything on its conviction that this challenge to democracy is a passing phase, that it is the product of abnormal conditions, and that, with the spread of knowledge, government in all countries of the world must rest on the consent of the governed expressed in an organised and orderly way. Signs are not lacking that the passion for dictatorship has spent its force and that failure to achieve the promised advantages of material prosperity is bringing about disillusionment. The comparative social and political stability of the British Empire in a world of confusion is Parliament's justification for going steadily forward on its traditional lines.

So far as the immediate situation is concerned, Britain's gift to India comes at a time which is not unfavourable from the economic point of view. The great economic crisis has passed into history without leaving behind any disastrous results so far as India is concerned. After a couple of bad Budgets, the finances of the Central Government are once more balanced; India's trade is slowly recovering and her exchange position has been greatly strengthened by the outflow of gold from her vast hoards. A Central Bank has been established, while the burden of her debt has been lightened by reductions in the rate of interest; and, though many of the Provinces will have a difficult financial situation to face under the new regime, it is not unduly optimistic to anticipate that the new constitution will be launched in a period of gradual economic development and of expanding revenue.

Politically, India is relatively quiet. The outbreak of terrorism which called for such exceptional measures two or three years ago has now subsided, and though in the present hot season communal riots of a very regrettable kind have again broken out, these incidents are not likely to have very wide repercussions. Congress still declares that the Bill is unacceptable; but it is universally expected that in fact it will not boycott the new Parliaments but will seek to capture them with the idea of ultimately securing yet greater powers.

This brings us to what is really the heart of the problem. The new constitution, while granting a very wide measure of self-government, gives to the Governor-General and to the Governors important powers for safeguarding the country against the misuse of its new responsibilities. Their powers will fall into abeyance if the Congress Party—who will undoubtedly get control of most, if not all, of the new Parliaments—will act with discretion and with a genuine desire to undertake the many urgent tasks that India alone can perform. On the other hand, if they resort to wrecking tactics, it would throw back upon the Governors the responsibility for maintaining peaceful and orderly administration. The idea of democracy in India would be discredited and her progress towards full Dominion status would suffer a disastrous set-back. It is in the hands of the people of India themselves to guide her evolution during the next decade.

There is, however, one vital matter in regard to which the British Government has yet to play an important role. The new constitution will remain a half-fledged affair until the Federal structure at the centre is set up and is in working order. Without a Federal Parliament and Cabinet there will not only be serious gaps in the organisation devised for the Provinces, but also Indians will rightly feel that the symbol of Britain's good intentions is lacking. Much remains to be done before a Federal body can be brought into existence; and in particular the adherence of a sufficient number of Princes has to be secured. The individual negotiations that this involves cannot be completed in a day; but it is evident that it would put considerable strain on Indian goodwill if, after eight years of discussion, this final stage were further protracted for several years. By 1940 the economic wheel may have turned once again a full circle and, with it, that political phenomenon which in India seems also to go in cycles—discontent and

disorder—may have brought us to another peak of terrorist activity. India is to-day quiescent. The course of wise statesmanship for this country is to press on as fast as possible and bring into being the whole programme of the new Government of India Act while the omens are favourable.

The King has given his assent and his approval carries with it the good wishes of the people of this country. In spite of the dust of party wrangling and the openly expressed doubts of many sections of British Commerce, Britain has wished to do its duty and to play fair with India. It sends this new constitution to India in the hope that the words of Lord Lothian are justified when he said at the close of the debate:—"Does this Bill meet what I believe is the fundamental spiritual feeling in India? Does it transfer real responsibility for their own affairs on to Indian shoulders? Does it make possible the ending of that barren strife between Britain and India as to where responsibility should lie? Does it make possible steady movement towards full self-government in proportion as the Legislatures show their capacity to discharge that responsibility? I believe it does these things."

A PROGRAMME FOR BRITAIN

THE years of depression are having one consequence which may be productive of great good. Rarely, if ever before, has there been so much organised thinking, coupled with a refusal to take the world's economic ills as irremediable or political dogmas as sacrosanct. There is slowly evolving a large body of progressive thought which looks to the future and insists that the affairs of the nation should not be allowed to drift or stagnate. It is neither Individualist nor Socialist, neither Conservative, Liberal nor Labour in the doctrinaire or Party sense, but draws in varying degree upon all these schools of thought.

The latest manifestation of this attitude of mind appeared late last week with the publication of "The Next Five Years."* This book is called "an essay in political agreement" and covers two main fields—peace abroad and reconstruction at home. It is supported by a remarkable list of over 150 signatories, including members of all political parties (with the exception of the official Labour Party), employers and trade unionists, a number of persons distinguished in the fields of science, literature, education, finance and journalism, as well as some outstanding representatives of the Church and Nonconformity. Naturally, every member of so catholic a body is not committed to every detail of proposals covering very wide fields; but the fact that they have subscribed their names in general support is something of a portent. It shows how widespread is the desire for a considered policy to guide our evolution in the critical years which lie ahead.

This document has been prepared quite independently of Mr Lloyd George's programme, and it has been made clear that the signatories have as yet devised no plans for giving political effect to their proposals. There are, moreover, quite clear internal evidences of the fact that these two movements were independently conceived—notably the greater emphasis which Mr Lloyd George lays upon the possibilities of assisting the unemployment problem by means of agricultural development, and the much greater space devoted in the present book to the evolution of our commercial policy and to what may be called long-range reforms of the social and industrial system. Mr Lloyd George's plans are more in the nature of *ad hoc* devices for dealing with our immediate problem of unemployment, whereas "The Next Five Years" is more concerned with shaping the course of our future development. Nevertheless, these two movements spring from a similar diagnosis and, like Mr Lloyd George, the signatories of this book believe "that the present situation offers a new opportunity and a new challenge: a challenge to give leadership in organising a world order freed from the menace of war, a challenge to develop an economic system which is freed from poverty and makes full use of the growing material resources of the age for the general advantage, and a

* "The Next Five Years: An Essay in Political Agreement," Macmillan, 320 pages, 5s. net.

challenge to safeguard political liberty and to revitalise democratic government."

The book is closely reasoned and makes a number of proposals, some of them in great detail. A complete summary is impossible, even of the proposals themselves and still more of the supporting arguments. But many of them are fairly familiar to those who are acquainted with British political thought. The section of the book on International Problems, for instance, is an able and convincing restatement of the familiar arguments for the "collective system" based upon the League of Nations. It will well repay reading, for it is expert and cogent, but it states no new line of policy. The chapter on Foreign Trade is another which will contain no surprises, at least for readers of the *Economist*, for it advocates the encouragement of international trade by the method of multilateral "Low Tariff Club" agreements, which has often been expounded in these columns. Again, the chapter on National Development proposes just such an expansive policy of capital development as has been advocated from many quarters in recent months, not least by Mr Lloyd George. All these problems are clearly analysed in "The Next Five Years," and the remedies are pointed out.

The opening chapters make much of the word "planning." But it is made clear that the word is used to mean not a much greater degree of interference by the Government with private enterprise but the conscious co-ordination of such Governmental interference as exists. Interpreted in this way the word "Planning" loses many of its terrors. To effect the planned co-ordination, the book endorses the proposal for an Economic General Staff, to be composed partly of whole-time Civil Servants and partly of those with special experience. Lest this body should share the fate of the existing Economic Advisory Council, cold-shouldered by the Departments and ignored by the Cabinet, it is proposed to make it directly responsible to a special Planning Committee of the Cabinet "composed of Cabinet Ministers of the highest rank, free from daily departmental responsibility."

The chapter on the Organisation of Industry forms the centre of the authors' attempt to reconcile in practice differences of principle. It is pointed out that the system of private enterprise has failed in certain particulars; it has failed to revive the depressed industries, and it has failed to prevent the emergence of monopoly. But these are exceptions: "there are many industries, perhaps the majority, where even to-day the natural competition of independent individuals results in an equilibrium between demand and supply." Accordingly, in prescribing for industry we should beware of any comprehensive remedy which makes no allowance for individual peculiarities. The book itself suggests five possible lines of action. First, industries should be allowed to acquire powers to compel their recalcitrant minorities to come into line on such matters as wages, hours, standards, research, etc. But monopoly powers should not be conferred in this way save as an exception, and then only if the industry submits to public control. Secondly, for the depressed industries, where central control without nationalisation appears to be the remedy, the book suggests that schemes should be drafted by impartial commissions and presented to the industries for acceptance. Thirdly, all large or monopolistic companies should be placed under much greater obligations of publicity than at present. Fourthly, certain industries peculiarly "affected with the public interest" should be given the status of Public Utilities, with the obligation to limit their profits and submit their charges to approval. And finally, there is a list of industries which are considered "ripe" for socialisation—transport, electricity, some forms of insurance and of food distribution, mining royalties and the manufacture of armaments. This eclectic and discriminating approach to a subject which is all too frequently the battle-ground of rival, and equally abstract, generalisations is one of the most valuable things in the book.

The proposals on Banking and Finance will perhaps stir more controversy. But they are by no means extreme. The Bank of England is to be subjected to a greater degree of public control than at present, including Government approval of the appointment of Governor and the creation of a representative Council for consultation, but not for management. Nationalisation of the joint-stock banks is rejected, but they are to be given the status of Public Utilities (as defined above) and supervised by a somewhat shadowy Banking Commission. But it is made clear that there is to be no interference with the day-to-day freedom and responsibility either of the Central Bank or of the commercial banks. This chapter also includes a most suggestive section on the Mobilisation of Capital which makes the valuable,

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and too frequently forgotten point, that the capital market, particularly in its "home industrial" section, needs encouragement even more than regulation.

The chapter on Agriculture is another interesting attempt at synthesis. The principle is firmly laid down that assistance to agriculture must not involve either dear food or a restriction of imports. But there are many methods of assistance open to the State and the industry. Increased efficiency both of production and distribution is an obvious prescription. The stimulation of increased demand, especially for the "protective" foodstuffs, assisted by a national nutrition policy, is another. But the book does not rule out financial assistance by the State. It is suggested that the total of that assistance should be stabilised at about the present figure and that the method of granting it which is likely to be most efficient and most equitable is the direct cash subsidy. Tariffs, levies and quotas should therefore be regarded as temporary expedients only.

The book also deals with problems of taxation and with the future evolution of the social services.

This brief summary will suffice to show that the authors of this survey are thinking in terms of the future evolution of the nation in both its internal and external relations. This does not mean that in the antithesis between Recovery and Reform, which is so much discussed in these days in the United States, they have subordinated the solution of immediate difficulties to the evolution of a theoretical world of the future; on the contrary, they have fully expressed their views on the urgent steps to be taken about unemployment. The value of this contribution is rather that while dealing with the tasks of the urgent present, the authors are conscious that the remedy of to-day must fit in with the social and economic framework of the near future. And in focussing attention on this aspect of public affairs they have made a real contribution to clear thinking and—it may be hoped—to our political evolution.

BRITISH COAL

THE coal industry of this country, on which British prosperity last century was established, has been faced with gloomy prospects ever since the war. The debate in the House of Commons last week, on the Mines Department's estimates, did nothing to lighten the gloom. That was not so much the fault of the Secretary for Mines as of an obstinate combination of circumstances: the falling away of the industry's overseas markets and the almost complete absence of reorganisation under the various forms of legislation passed by successive Governments, ostensibly for the industry's benefit.

The coal-mining industry has now experienced a form of statutory regulation for four and a-half years. Two facts have to be remembered in any attempt to measure the value of the Coal Mines Act of 1930 as an instrument for the improvement of the organisation of the coal trade. These are, first, that the rights of private ownership and direction were not to any appreciable extent restricted by it;

and, secondly, that the provisions of the Act have been administered on a falling market. Moreover, when the late Mr William Graham, the President of the Board of Trade in the MacDonald Labour Government, introduced his Bill in the House of Commons in December, 1929, he explained that "the whole object of the Government was to frame a scheme for the recovery of the industry at least on its marketing side." He also expressed the hope that under the contemplated arrangement for central and district control the industry would be able not only to prevent the recurrence of the devastating losses of 1927-28, but also to meet the cost of the reduction in the hours of labour underground, from eight to seven and a half, without any interference with the prevailing wages.

The two chief methods by which it was hoped to achieve these objects were the systematic adjustment of the supply to the demand, and co-operative action in the regulation of prices. The formidable character of this task may be gathered from the fact that, although the industry was estimated to have a potential capacity of 330 million tons per annum, the output in 1928 was only 237 million tons, and that in 1927 and 1928 the ascertained losses had shown for the industry as a whole a loss of over £15 millions. If the improvement in the condition of the coal trade which took place in 1929 had been maintained, regulation would undoubtedly have been greatly facilitated. But coal mining, like other basic industries, was overwhelmed by the world depression of recent years, and in circumstances which no one had foreseen the wonder is not that the Act of 1930 has done so little, but that it has accomplished what it has. In the regulation of output, the original plan followed by the Central Council was that of applying uniformly a flat-rate percentage to output in a past period. But in 1933 this method was abandoned in favour of a system under which the Council made initial quarterly allocations closely approximating to the current output, leaving each district during the course of the quarter to apply for, and at the same time justify, such increase in its allocation as it might consider necessary to meet the demands for its coal.

Neither of these systems has given general satisfaction to the districts. But although in every year under the Act the authorised national production has been in excess of the actual output, the margin of excess last year was only 2.5 per cent. compared with 9.60 per cent. in 1932. It is true that the activities of the industry have contracted during the period of regulation. In the four years 1931-34 the quantity produced was 856½ million tons compared with 990½ million tons in the preceding four years; which represents a decline at an average rate of 13.5 per cent. per annum. But there has been a diminished demand for coal in other countries as well, and the world output for the four years 1931-34 was 20 per cent. less than that in the four preceding years. A comparison of the export returns for the principal coal producing countries is apparently less favourable to the United Kingdom, and on this ground it has been argued that the system of regulation created by the Act of 1930 has been detrimental in its influence on the overseas trade of the British coal mining industry.

In the administration of the price-regulating provisions of the Act domestic friction has been incessant and frequently bitter. "It has been alleged," the Mines Department reported in 1933, "that price regulation has been ineffective; that it has operated harshly against individual districts; and that it has led to such widespread evasions as to render it virtually inoperative." It would be idle to pretend that there has not been a good deal of ground for these criticisms. To what extent these evils will be eliminated under the statutory authority given this year to the Central Council to co-ordinate the minimum price schedules of the various districts, remains to be seen. But in spite of the notorious defectiveness of the old system in the regulation of prices the fact remains that both pit-head and export coal prices have shown during the past four years a far greater measure of stability than most other prices. The average pit-head proceeds per ton for the industry as a whole in 1934 were only 5 per cent. lower than in 1930 and the average f.o.b. value 3.5 per cent., whereas in the same period the Board of Trade index of wholesale prices showed a fall of 12.8 per cent., and the Ministry of Labour cost of living index of 10.8 per cent.

Perhaps the outstanding achievement of the industry under the 1930 Coal Mines Act has been a steady reduction in working costs, notwithstanding an annual average decrease in output of over 30 million tons. The control of the Central Council and the pressure of economic necessity have tended more and more towards the concentration of work in the more efficient units and more productive seams. There has also been a considerable improvement in the technical equipment of the mines; with the result that the average pit-head cost, calculated on the commercially disposable coal, was only 13s. 0½d. per ton last year compared with 13s. 9½d. in 1930. It must be admitted, of course, that the mining industry, in so far as it is the consumer of materials, has benefited from the fall in the level of wholesale prices since 1930, but the earnings of the miners have actually increased in purchasing power during the period of regulation. Over the past four and a half years the cash earnings per person employed have averaged £110 10s. per annum as against £113 18s. in 1930—a decrease of only about 3 per cent. notwithstanding the reduction in the working hours underground from eight to seven and a half. And this slight decrease compares with a fall of 10.8 per cent. in the cost of living index number. Capital, however, has been comparatively less fortunate than Labour during this period. It is true that the trading balances of the industry as a whole have improved. For the four years 1931-34 they show a profit of £10.6 millions compared with a loss of £7.1 millions during 1927-30; but the credit balances during the period of regulation have been claimed almost exclusively by those coalfields producing either wholly or mainly for the inland market. In Durham the ascertained profits for 1931-34 show an aggregate debit balance of nearly £1.4 millions, in Northumberland £360,000, in South Wales £260,000, and in Scotland about £49,000.

Thus the Act has failed to restore the industry to a sound economic condition. The average credit balance of about 3d. per ton shown by the ascertained profits for the past four years is exclusive of capital and other charges which are not allowed to enter the audits for the determination of wage rates, and it compares with an average pre-war profit of about 1s. per ton after such charges had been defrayed. Moreover, Part II of the Act, aiming at the improvement of the organisation of the industry by the promotion of amalgamation schemes, has been virtually a dead letter. The Gowers Commission has been actively engaged in the investigation of conditions in areas geographically and commercially suitable for centralised control. But the only scheme which it has submitted to the Railway and Canal Commission Court has been one for the partial amalgamation of the mines in West Yorkshire, and although that scheme was supported by the owners of fifty-seven collieries and objected to by only four it was rejected by the Court as "unbusinesslike" and "utterly unworkable" and "not in the national interest."

Thus, the reorganisation of the industry, in any real sense, has not taken place; and the fundamental problems remain. On the other hand, voluntary amalgamations are going ahead—notably in South Wales, Lancashire, Yorkshire and Scotland—and central selling agencies have been set up in the Lothians, and Lancashire and Cheshire. On these alone, at present, the limited hopes of the industry as a whole seem to rest.

IMPRISONMENT FOR DEBT

SINCE Charles Dickens exposed the horrors of the debtors' prison and stirred the conscience of complacent Victorian society, we have been accustomed in this country to conclude that no debtor of good faith need find himself in prison. This impression is far from the truth; and the report of the 1934 Inter-departmental Committee on Imprisonment in Default of Payment of Fines and Other Sums of Money revealed a disturbing state of affairs in the administration of justice in this country. The Government has therefore done well to introduce in the House of Lords, and pass through its second reading in the Commons without opposition last week, the Money Payments

(Justices Procedure) Bill, which is based on the 1934 Committee's report.

That report surveys all payments ordered by Courts of Summary Jurisdiction, that is to say fines as well as sums of money owing for rates or under wife maintenance and affiliation orders. There was a total of 53,000 imprisonments in 1932, and well over a third were for non-payments of sums ordered by the Courts of Summary Jurisdiction.

As far as fines are concerned, it is true that only in a very small proportion of all cases is the money not forthcoming. Only 2.6 per cent. of all fines imposed lead to imprisonment. But this very small percentage is actually the equivalent of over 11,000 cases per annum. Among these are probably a large number of habitual drunkards and vagrants guilty of persistent minor offences. But there remains a considerable residue of debtors for whom imprisonment is not a suitable penalty, and who might be kept out of prison were the machinery of the Courts directed to that end. At present the magistrates impose a fine to be paid within a stated period and at the same time fix a term of imprisonment in default. But they know that in the vast majority of cases the money will be produced and the imposition of an alternative sentence of imprisonment is largely a formality. No serious consideration therefore is given to the question whether imprisonment is desirable or necessary, and no adequate opportunity is provided for its consideration at a later stage. The Committee insists more than once in its report that if the number of imprisonments in default of payment of fines is to be reduced "it is essential to secure that the mind of the Court should be specifically directed to the question of imprisonment at the time when there is a serious probability that the offender will be sent to prison." It is suggested that except when it be expedient for special reasons to fix the term of imprisonment at the time of conviction, the defendant, if he fails to pay the fine within the allotted period, should be brought before the Court again before a sentence of imprisonment is passed. At present if a defendant cannot pay the fine within the time allowed the onus lies on him to apply for an extension, but many of the poorer and least educated offenders are unaware of this. Consequently, as the report says, "persons may be sent to prison who, if all the circumstances were known to the Court, would not have been committed."

The question is perhaps even more important when it comes to determining the amount of payments to be made under wife maintenance or affiliation orders. The Courts may have to come to a decision that will determine the financial situation of a man and woman for the whole of their lives. Yet it is at present impossible for them to obtain sufficient knowledge to ensure that their decisions will be equitable. Hardships generally arise over the revision of orders and in the treatment of debtors in arrears. Although a man against whom an affiliation or maintenance order has been made can apply for revision, frequently he is unaware of this. Orders, reasonable enough at the time they were made, are not changed to meet changing financial circumstances. The right of either party to apply for a change should be made clear to them when the order is first made. The position would be less serious if action were taken as soon as the man failed to pay. Generally the woman takes no steps for some weeks, by which time arrears have accumulated; and unfortunately many Courts take the view that an order cannot be varied as long as there are unextinguished arrears, though there is no legal basis for this view. The prison population mounts as a result. Such results could be avoided if the responsibilities and powers of the Collecting Officers were extended. At present they can take proceedings under an affiliation order on behalf of a woman, but not under a maintenance order for a wife.

There has always been, however, a need for a clear principle to be laid down by law as to the circumstances that would justify a sentence of imprisonment. There should be a definite obligation on the Court to investigate how far failure to pay is due to circumstances beyond the defendant's control, and to secure that imprisonment should

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only be ordered when the Court is satisfied that default is due to wilful refusal or culpable neglect. Comparison of the situations in England and in Scotland in this connection is suggestive. In England in 1932 there were 3,648 committals to prison for non-compliance with wife maintenance orders; in Scotland there were 15. Even allowing for the fact that the number of orders made in England is estimated at seven times the number for Scotland, the disparity is startling. The disparity on the number of cases of imprisonment for non-payment of affiliation orders is less, but still considerable; the figures being 2,345 for England and 184 for Scotland. The chief differences between the two countries are first that in Scotland the Court satisfies itself that the man's failure to pay is wilful, and secondly that there exists the right of attachment of the man's wages in so far as they exceed a sum necessary for his subsistence.

There is also an extraordinary difference in the number of commitments for non-payment of rates between England and Scotland, the figures being 3,000 in England in 1932 and only 8 in Scotland. Here the difference is primarily due to the extent to which rates are compounded in the two countries. The people who are committed for non-payment of rates belong with few exceptions to the class that receives its income in weekly payments, while rent and living expenses are also paid on a weekly basis. Rates, however, if they are not compounded, are on a quarterly or six-monthly basis. If compounding were made mandatory and included all working-class property, it would help materially to reduce the number of imprisonments on account of rates.

There seems, however, little doubt, to quote the words of the Report, that "there is not, on the part of some rating authorities, a right attitude to the question of invoking a sanction of the drastic nature of imprisonment." According to the law, no warrant of commitment on account of rates should be issued against any person whose failure to pay is due to circumstances beyond his control; but at some Courts "failure to pay the rates demanded is often in fact allowed to be in and by itself a sufficient justification for imprisonment." Actually, in a large proportion of the cases of imprisonment, warrants are issued and executed without any examination of the defaulter by the Court and without any inquiry into his circumstances.

The Government's Bill removes two of the more glaring injustices noted above. It provides for revision of a defaulter's circumstances by a magistrate before imprisonment can be ordered, and for supervision by the Court of the circumstances of a person who is permitted to pay by instalments. Secondly, in cases of wife's maintenance, affiliation orders or rates, it provides that imprisonment shall not be ordered unless the Court has been satisfied, after reviewing the case, that default was due to the defaulter's wilful refusal or culpable neglect. Thus, defaulters as an "automatic" sequel to default will largely disappear. Further, fines imposed in one summary jurisdiction district can now be paid in another, under a

"transfer of fine order"; and clerks of courts, who are often solicitors in private practice, will, if the Bill becomes law, be compelled to inform persons in writing, who are convicted to pay any sums, of their liability and the method of its discharge. The Bill does not give the right to "attach" a defaulter's wages; and one member of the Inter-departmental Committee opposed such attachment. The Government's Bill is a courageous attempt to remedy a scandalous defect in our social system. It has so far enjoyed a speedy and non-contentious passage through the Lords and an unopposed second reading in the Commons. We wish it as speedy and as non-contentious a voyage to the Statute Book.

AMERICAN COMMERCIAL POLICY

(BY A CORRESPONDENT)

THE trade agreement between the United States and Sweden which was recently signed in Washington is the fifth to be concluded by the United States under the authority of the Trade Agreements Act of June 12, 1934. All these agreements have provided for reciprocal reductions in duties. The United States is thus one of the few countries which is successfully pursuing a policy of tariff reduction.

The Democratic Party has traditionally been opposed to excessive protection. Until the Civil War, under the leadership of the agricultural Southern States, this attitude carried great weight. But the conquest of the West by the Republicans after the Civil War divided the agricultural sections of the country. Furthermore, the spread of industrialisation tended to weaken free-trade sentiment within the Democratic Party, while the increasing tendency of legislators to respond to local interests made the reduction of tariffs increasingly difficult. Nevertheless, the Democrats in 1913 succeeded in reducing the tariff, and the Democratic platform of 1932 advocated a "competitive tariff for revenue" and "reciprocal tariff agreements with other nations." This platform pledge, adopted in the exigencies of the time, might have remained a dead letter had not President Roosevelt chosen as his Secretary of State Mr Cordell Hull, Senator from Tennessee, who, throughout his entire career, first as Representative in Congress and later as Senator, had fought for liberal trade principles.

With agriculture and industry severely depressed and an unprecedented volume of unemployment, a general downward revision of the tariff by Congress in the traditional method was out of the question. Local interests and powerful lobbies would have turned any such proposal into a measure for raising duties. Furthermore, the urgent need of reducing trade restrictions in foreign countries that were hampering the export of American goods made some bargaining method preferable to unilateral action. It was in these circumstances that the Administration, at the insistence of Mr Hull, proposed, and the Democratic majority in Congress secured the passage of, the Act authorising the President to modify rates of duty in connection with agreements not requiring subsequent ratification by Congress.

The first agreement to be made under the authority of the Act was with Cuba. Cuba is the only country with which the commercial relations of the United States are on a preferential basis, and the agreement does not contain the most-favoured-nation clause. This agreement has already proved most beneficial in increasing the trade of both countries.

An agreement with Belgium came into force on May 1, 1935, including substantial reductions of duty by both parties. The possibility of considerable fluctuations in the exchange rate between the American and Belgian currencies was taken into account during the negotiation of the agreement, and it was provided that either Government could propose modification of, or terminate, the agreement in the event of a wide variation of exchange, if it considers this variation so substantial as to prejudice its industries or commerce. By a coincidence the belga was devalued by

28 per cent. on the day on which the agreement was proclaimed; but the American Government has declared that it will not, for the present at least, have recourse to this safeguard, particularly in view of the voluntary assurances given by the Belgian Government that it would closely supervise export prices.

An agreement with Haiti came into effect on June 3rd, while an agreement with Brazil is awaiting ratification by the Brazilian Congress. Negotiations are at present being carried on with thirteen other countries. Six of these are in Europe: Finland, France, Italy, the Netherlands, Spain and Switzerland; and five are in Central America: Costa Rica, Guatemala, Honduras, Nicaragua and Salvador. Among South American countries negotiations are in progress with Colombia, and it is hoped shortly to announce negotiations with the Argentine. More important than any of these are the negotiations between Canada and the United States which are now in progress, and which it is hoped will result in an agreement, despite the difficulties created by the system of Empire preferences so greatly extended by the Ottawa Agreements.

In the pursuit of his policy Mr Hull has been confronted by a number of difficulties. Mr Roosevelt's outlook and views are perhaps more nationalistic than those of any President in recent times (though this may be the case more through the influence of his intimate advisers than because of his own inclinations), and it is generally known that he has, since the outset, been somewhat sceptical of his Secretary of State's liberal trade ideas. Moreover, the basic conflict of policy between the N.R.A., which tended to increase the costs of production, and the A.A.A., designed to raise agricultural prices, on the one hand, and the trade agreements programme on the other, has made it necessary to proceed slowly in the matter of tariff reform.

In the United States at large there is undoubtedly a better understanding of the relation of the tariff to America's international position than existed before the depression. The fact that under the most excessive tariff in the country's history prices and wages dropped to unprecedented levels has robbed the arguments of the high protectionists of much of their forcefulness. The Press, with the exception of the Hearst papers, which never desist from their ultra-nationalist, isolationist propaganda, almost unanimously approves the trade agreements programme. Big business has been won over, as is witnessed by the approval of the programme expressed by the United States Chamber of Commerce at its annual general assembly in May, when practically all other Administration policies met with severe criticism. The attitudes of labour and of agriculture are still uncertain. The farmers more than any other class stand to gain from the modification of the existing American tariff, but decades of Republican domination have rooted protectionist sentiment deep in the prairie country and in the Far West, and farmers have never distinguished themselves for understanding. Moreover, owing to the short supply of some domestic crops, the agricultural schedules of the tariff are for the first time effective and are of material assistance in maintaining farm prices. The extremely depressed condition of agriculture, combined with the fact that the President depends on the agricultural sections for an important part of his political support, makes bargaining with these rates a hazardous affair.

The trade agreements are entered into on a basis of reciprocity. It is the hope of the Administration that the example which it is setting may prove a powerful inducement to other nations, not only to join it in reducing the many barriers which are throttling trade, but also gradually to abandon discriminatory practices as instruments of commercial policy. Mr Hull is convinced that only if a regime of equality of opportunity and treatment can be re-established in international commercial intercourse can trade between nations be rebuilt on a stable and mutually profitable basis. Bargaining quotas, the arbitrary allocation of exchange, clearing and compensation agreements, bilateral trade balancing and the many other devices currently employed by nations to restrict imports and force exports, whose essence is discrimination against third countries, can no permanent substitute for a commercial system based upon the principles of freedom of enterprise and equality of treatment.

The Trade Agreements Act provides that the duties and other import restrictions proclaimed in connection with any trade agreement shall apply to the like articles of all foreign countries unless a country is discriminating against American commerce. On April 1, 1935, the day on which the Belgian agreement was proclaimed, the President issued instructions regarding the extension to other countries of the concessions granted by the United States. The nations of the world have been divided into three groups. Those in the first two groups have been found to be discriminating substantially against the commerce of the United States. Negotiations looking to the conclusion of trade agreements are being carried on with the countries of the first group, Canada, the Netherlands, Spain and Switzerland. If, in any such case, the trade agreement negotiations are not successfully concluded before the expiration of six months (i.e. October 1, 1935) and the country has not ceased to discriminate against American trade, it will cease to enjoy the United States minimum tariff rates. To the countries of the second group, Denmark, Germany, Italy and Portugal, the United States is bound by existing treaties and

agreements to extend its minimum rates. It is expected that notice of termination of these treaties and agreements will be given in order to clear the way for the conclusion of agreements covering explicitly both modern and old trade control measures. All other countries are included in the third group, to which the minimum tariff will be extended for the present.

By means of this policy the United States Government hopes to induce other nations to cease discrimination and return to more liberal trade practices, at least in so far as their commerce with the United States is concerned. The United States is making considerable reductions in its tariff rates and is negotiating agreements with a number of countries, so that the inducement it is offering is considerable. If Mr Hull, through his liberal ideas and his tireless persistence, can bring about an appreciable reduction in trade barriers throughout the world and can contribute to the restoration of orderly commercial processes in the place of the practices which are now ruining all nations, he will have done much to make amends for the tariff policy of his country during the 'twenties.

NOTES OF THE WEEK

Crisis at Geneva.—At the moment of going to press the Abyssinian problem, and with it possibly the fate of Italy and of the League of Nations, still hangs in the balance. On Wednesday afternoon the Council met in private and immediately encountered a supreme difficulty. Italy was only prepared at the present meeting to discuss the resumption of work by the Conciliation Commission—and that, only on the basis of the Walwal incident itself and not on the question whether that ill-fated spot is in Italian territory or not. If the Council went beyond this into the general matters in dispute the Italian delegate would walk out. Mr Eden hotly contested this view with the claim that the Council must be free, if it thought fit, to discuss the whole question. With this vital issue still unsettled, the diplomats went to ground and a feverish night was spent in trying to thrash out a compromise solution. The result appears to be a plan arranging that Italy and Abyssinia will renew their "conciliation" efforts with the help of a fifth arbitrator, who is to be appointed; that in the meantime, Britain, France and Italy will endeavour to reach a general settlement in accordance with the procedure provided in the Treaty of 1906; and that, if no agreement under either method is reached by September 4th, the Council will then discuss the matter in all its aspects. It is implicit that, since negotiations will be in progress both under a special and under a general Treaty, no military operations will take place until after this second meeting of the Council. It would seem that under this arrangement, which appears to have been accepted by Abyssinia, Italy gains all essential points; for she avoids stating her case against Abyssinia; and as the matter is still *sub judice*, presumably the rest of the world will still hold up the despatch of arms to Abyssinia. There is, however, no suggestion of a promise by Signor Mussolini that he will hold up any fresh movements of his troops. Yet Il Duce is not satisfied, and at the time of writing, there is every indication that he will refuse these very far reaching concessions to Italian susceptibilities. He has, moreover, chosen this moment to write an article in the *Popolo d'Italia* in which—after denying that Italy's action is based on considerations of slavery, race or civilisation, and frankly admitting that the essential arguments are the vital needs of Italy for expansion and security in East Africa—he concludes, with great frankness, that the solution of the problem can be only "totalitarian." "Any action of expansion or any protectorate must be accompanied by military measures. Italy is the only judge of her security in East Africa. Put in military terms the Italo-Abyssinian problem is simple and logical. It admits with Geneva, without Geneva, against Geneva, but one solution." Yet it is barely ten years since Signor Mussolini pressed Great

Britain and other countries somewhat unwillingly to admit Abyssinia into the League of Nations, and thereby to undertake with him "to respect her territorial integrity." Further, we and he undertook, in the event of dispute, to refrain from any military action until at least three months had elapsed after a report had been made on the subject by the Council of the League. If he means what his words appear to mean, Signor Mussolini evidently regards his signature as a mere scrap of paper, and seems to be offended because the rest of us are unwilling to tear up our signatures in the same light-hearted way.

* * *

The Lords and the Special Areas.—The attention of the peers was called by the Bishop of Winchester on Wednesday to the Reports of the Commissioners for the Special Areas. The Bishop asked the Government what action they proposed to take on these Reports; and gave the Government the opportunity to clear up "a good deal of doubt and uncertainty left by the debate in the House of Commons last week." The Government had failed to outline any plan, and had left behind them "an impression, not of determination, but of hesitancy and uncertainty." Lord Portal, who was sent by the Government as Special Commissioner to report on the situation in South Wales in April of 1934, said that all members of the House must have felt "depression" at the speech of the Minister of Labour last week. He reminded his hearers that the Commissioners themselves had virtually no powers to cope with the problem of the Special Areas as a whole, and called for the appointment of a Minister specially responsible for these Areas. Lord Mottistone also called for the appointment of a Minister of Reconstruction "with plenary powers." After the Archbishop of Canterbury had expressed his hope that the Government would give a fuller, more hopeful and more decisive reply than in the House of Commons, the Lord Privy Seal, Lord Londonderry, confessed to finding himself in "a very difficult and embarrassing position." "There was a note of censure in practically every speech. . . . He was not a magician . . . ; these things could not be done in a moment of time. . . . Lord Londonderry fell back on the Government's defence in the Commons, namely, that the Government's actions in the last four years had "created a totally different atmosphere." A special Minister would seem like a dictator; the Commissioners were not hampered, nor was their work finished; trade and unemployment were improving; the Government would not be backward in implementing the Commissioners' suggestions; and so on. But the reception of the Government's *apologia* in the Lords was no better

than its reception in "another place"; and both Lord Ponsonby and the Bishop of Winchester made their dissatisfaction with the reply abundantly plain. The "note of censure" in the speeches of noble Lords, drawn from all parties and shades of opinion, is cogent proof of public discontent with the Government's attitude over the Special Areas. Perhaps the Government will heed dissatisfaction expressed in the Second Chamber more than that expressed in the Lower House. Whenever the General Election comes, it is certain that the Government's policy for the Special Areas, or the lack of it, will be taken by the electorate as a test of their credentials.

* * *

Naval Negotiations.—On Monday, Lord Cecil asked the Government's representatives in the House of Lords "what is meant by the abandonment of ratios and the substitution of a policy of programmes in reference to Naval Limitations." Replying for the Government, Lord Londonderry stated that His Majesty's Government decided, as a result of the negotiations with American and Japanese representatives last October, arising from Japan's denunciation of the 1922 Washington Naval Treaty, that no substitute agreement embodying fixed ratios of different countries' naval strength was possible. Instead, each power must make "a voluntary and unilateral declaration of its construction programme for, say, the period 1937-42." These declarations would not have any contractual force, but the construction figures of the Powers could be concerted beforehand, and each Power might undertake, *vis-à-vis* other participating Powers, not to vary its programme without one year's notice. Lord Londonderry informed their Lordships that these propositions had been made to the American and Japanese representatives before they went back home. If the prospects of a renewal of the Washington Agreement have diminished to vanishing point, this stabilisation of programmes is better than nothing and may, in fact, be a step of real importance if the "concerting beforehand" implied a real determination to reduce naval armaments. Unfortunately, there is only too much reason to fear that this exchange between the various Admiralties will start from the "necessity" of allowing something to bargain with, and then when once figures are put on paper the experts will be unwilling to give anything away. Little wonder that the state of naval negotiations gives rise to serious misgivings.

* * *

The Beet Sugar Subsidy Continues.—Mr Elliot announced the Government's beet sugar policy in the House of Commons on Tuesday afternoon. The original subsidy, which was granted for ten years, expired in 1934. The Government had promised before then to appoint a Committee of Inquiry, but the Committee, under the chairmanship of Mr Wilfrid Greene, was not actually appointed until April, 1934; and it did not report until this spring. The majority report was uncompromising in its recommendation that the subsidy should be discontinued as soon as possible. The Government have thus had plenty of time to screw up their courage to defy this small but noisy vested interest, and plenty of moral support for so doing. But their policy, now that it is announced after long delay, turns out to be the continuance of the subsidy "on agricultural grounds" and "without any specific limitation of the period during which assistance may be given." This fortunate industry is thus to be dole-fed until the crack of doom. There are, it is true, some welcome items in the White Paper. It speaks of a diminishing rate of assistance (on grounds, however, which are not entirely innocent of optimism), and the rate between the production for which assistance will be given into account. Moreover, an independent Sugar Corporation, or a single corporation, is to be created, and the existing companies are to be merged into it. This latter proposal is a variation of the one from the Greene Committee; but its application is to be very different from that proposed by the Committee. The Committee envisaged a scheme which in the last resort could be imposed

upon the companies; in assessing the capital of the new corporation no allowance whatever was to be made for goodwill (the "goodwill" being nothing but the claim to be permanent pensioners of the State); the physical assets should be calculated at "substantially written-down values"; and the subsidy should be fixed at such a figure as would allow only "a relatively low rate of interest" on the capital thus determined. The Government's proposals are only the mere shadow of this drastic scheme. The plan of amalgamation is to be drafted by the companies themselves, watched over by an "informal tribunal" whose functions are limited to examination and advice. The only reference to the permitted rate of profit (all of it derived from public money) is that the subsidy "shall be sufficient to provide for normal amortisation of plant and factories and a reasonable return on approved capital." The last crumb of comfort in the White Paper is the statement that the Government intend to initiate new international negotiations in the hope of reviving, and improving upon, the Chadbourne Plan. But these matters of detail cannot obscure the vital, shameful fact that this incredibly expensive and economically indefensible subvention is to be continued. The White Paper does not contain one word of argument on the advisability of its perpetuation. The forceful arguments of the majority of the Greene Committee, backed by the overwhelming mass of independent expert testimony, are swept aside with the bare statement that the Government "have reached the conclusion that it is desirable, on agricultural grounds, to continue to assist the beet sugar industry." The upshot of the whole sordid story is to point the familiar moral: no form of financial assistance by the State to particular interests, however expensive and however indefensible, will ever be withdrawn by a politically susceptible Government.

* * *

Future Agricultural Policy.—The beet sugar subsidy is not the only department of agricultural policy which has come under review in the last few days. On Thursday of last week Mr Elliot made a statement on the Government's attitude to imports of milk products after the expiry of the relevant Ottawa Agreements in August and of the present subsidy in aid of the price of milk used for manufacture in March next. The chosen policy, as regards butter and cheese, is that of the levy—that is, tariff-cum-subsidy—possibly coupled with some "regulation of the market" (i.e. quotas). As for powdered and condensed milk, an application for additional duties was already before the Import Duties Advisory Committee. It seems highly likely, therefore, that these imported milk products are going to be made artificially scarce by some means or other, so that they can be replaced by expensive home supplies. That any such arrangement is uneconomic goes almost without saying. But it would also be most inequitable, in view of the part that condensed milk, in particular, plays in the dietary of the poor. But considerations of economics and equity seem to be the last that are taken into account in the formation of our agricultural policy. On Friday the House of Commons approved some minor amendments to the Bacon Marketing Scheme and also the Bacon Development Scheme, which sets up a new super-Board over the existing Pigs and Bacon Boards. So far as sheer efficiency is concerned it is doubtless better to have one co-ordinating body rather than two antagonistic boards and it is possible that the presence of three "neutral" members, appointed by the Minister, will also be of advantage. But the Development Board will carry further a scheme which has not been the least monopolistic or the most satisfactory of Mr Elliot's children. Finally, on Wednesday of this week there was a general debate on the progress of agricultural policy. The discussion was not very satisfactory, mainly for the reason that most of the defenders of the Government (with the welcome exception of the Minister himself) argued as if the profits of the farmer were the only factor to be considered, and entirely failed to establish contact with the Opposition, who were concerned with the expense to the Exchequer and the burden to the consumer of the various schemes of agricultural protection. The speeches of the Conservative back-

benchers were in themselves sufficient justification for Sir Francis Acland's statement that the attitude of the farmers had changed in the last two years—

Then there were among the harder, closer-thinking farmers many who were genuinely anxious to work out, and to co-operate in improving and developing, better marketing schemes. Quite definitely that tendency has been fading into the background. The feeling is becoming stronger every week that it is much simpler not to bother about improved methods at all, but just to go strongly forward for more protection and more subsidy. The industry is, in fact, getting almost every month more and more deeply on the dole and to get it there and keep it there . . . is getting more and more a popular and successful cry.

Sir Francis meant, of course, popular and successful with farmers. Mr Elliot showed by his speech that the Government are increasingly aware of a wider constituency. "Any Minister of Agriculture," he said, "or President of the Board of Trade standing in my place would be bound to take the line that we had to help our own people and also had to allow good and cheap food supplies to reach the consuming millions of our town dwellers." That is a very welcome change from the dear and nasty food of which he was talking only a few months ago. The approach of a General Election is proving to be a great force for sanity in this sphere if not always in others.

* * *

The New Steel Agreement.—Happy days are here again for the British iron and steel industry. On July 31st the five-year agreement between the British iron and steel industry and the International Crude Steel Cartel, announced on June 12th, was formally ratified. The new agreement, which supersedes the provisional arrangement concluded on May 8th, is for a period of five years, with an optional termination at the end of three years, and will come into force on August 8th. The agreement provides for co-operation between the British iron and steel industry and the International Steel Cartel in respect of the regulation and development of the export markets and the protection of their respective home markets. It is understood that exports from the Cartel countries to the United Kingdom during the year ended August 7, 1936, have been fixed at 670,000 tons, and at 525,000 tons per annum during the following four years. As a compensation for the higher level of imports during the first year of the agreement it has been agreed that, should the total exports of the Cartel countries during that year exceed the total reached in 1934, two-thirds of the excess up to a maximum of 145,000 tons shall be allocated to the United Kingdom. Agreement has also been reached concerning the distribution of the Cartel's exports to this country between the various products. British import duties, which were raised above 33½ per cent. on March 26th and reduced again to their former level during the operation of the provisional agreement, are to be reduced further to a level not exceeding 20 per cent. *ad valorem*. But while the negotiations concerning the British import quota have thus been successfully concluded, final agreement has apparently not yet been reached on the division of foreign markets. If a mutually satisfactory agreement on exports is not reached by the end of the present year, the main agreement and any subsidiary agreements may be terminated by either party giving three months' notice in writing. Although the division of foreign markets is not an easy task and involves a measure of goodwill and "give and take" as well as consideration of the views of importing countries, serious difficulties are not expected to arise. But as the administrative machinery has not yet been completed, some time may elapse before all the details are finally settled. Meanwhile the parties to the agreement have set up a co-ordinating committee to be responsible for the proper carrying out of the agreement and for the general supervision of the sectional agreements. Provision is also made in the agreement for arbitration. The position of the British iron and steel industry has been considerably strengthened by the agreement with the Cartel. It is to be hoped that the British industry will utilise the improvement in its position for speedy reorganisation in an effort to increase efficiency and lower prices. Unfortun-

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Cabinet-making in Holland.—The political storm in Holland seems to be quietening down again. Professor Aalberse, the leader of the Catholic Party in the Second Chamber, whose defection from allegiance to Dr. Colijn's economic policy had caused all the trouble, was charged by the Queen on Friday of last week to form a comprehensive Cabinet. As he could not co-operate with the Socialists alone, and as unanimity between all Parliamentary groups on an economic policy for the Netherlands was unobtainable, Professor Aalberse's efforts were unavailing. On Monday morning Dr. Colijn was re-commissioned by the Queen to form a new Cabinet, and accepted. A token of the confidence he inspires was evident in the immediate rally on the foreign exchange and stock markets and the diminution in the gold efflux from Holland. But it was hardly to be anticipated that the Catholic members would abandon their former opposition to a negative deflation without public works; and the Social Democrats remained irreconcilably opposed to Dr. Colijn's return. Our Amsterdam correspondent reports this week that the Ministerial crisis had shown a very large percentage of the Chamber, in fact the majority, to be in favour of a change from the deflationary policy hitherto pursued, which had resulted in a further decline in the financial and economic position of the Netherlands. If no drastic change of policy were announced, and Dr. Colijn were to adhere to his former methods, the present crisis would almost certainly recur and devaluation of the guilder could scarcely be prevented. In many influential quarters, indeed, devaluation is now deemed preferable to consistent deflation. Thus, Dr. Colijn's task was difficult. On Wednesday night, however, he was able to announce the composition of his new Cabinet. All of the former Ministers remain in office; but there has been a shuffle of portfolios, and a new department of Agriculture is created, separately from the Ministry of Economic Affairs. Three out of eleven members of the Cabinet are members of the Catholic Party; and it is announced that the Catholic Minister of Defence will be transferred to the Ministry of Agriculture, so that the Catholics will hold the important portfolios of Justice, Economic Affairs and Agriculture. This, and the failure of Professor Aalberse, may temper their zeal for opposing Dr. Colijn. Dr. Oud remains Finance Minister, and, moreover, Dr. Colijn has allowed it to be understood that the new Government will support any serious effort to convoke a conference with the object of achieving international monetary stabilisation. The vicissitudes which Holland has undergone in the last week are described in detail by our Amsterdam correspondent on page 231. Dr. Colijn's new Government has certainly substituted for them a general feeling of confidence. But confidence will hardly prove enough. Like that of his French colleague, M. Laval, when France was recently in a similar situation, Dr. Colijn's

new Government must stand or fall by its plans for carrying through a comprehensive deflation. And no one yet knows what those plans are.

* * *

The Nazi "Drive" in Germany.—Once again, the Nazi Radicals have got the bit between their teeth. The "drive" which was started last week against the Catholic Church has now spread all along the line until it has become a campaign against everything that is not stamped with the mark of National-Socialism—from the Catholics, Protestants, Jews and Stahlhelm to champion tennis players, who have now been declared to have lost a match, after having publicly won it, when they proved, under examination, to be rather weak on Nazi ideology. Even the West Indian banana has been the victim of intimidating threats for having ventured to usurp the home market of Aryan rhubarb! And there is reported to be a renewal of the old Nazi claim to put a political spoke in the professional wheel of the Reichswehr. Is Herr Hitler leading, or approving, or acquiescing? Does he realise that he cannot afford to let his followers attack everybody at once? For the moment, there is certainly a concentration of fire upon two targets: the Stahlhelm and the Catholic Church. On July 25th, the Stahlhelm organisation was dissolved, and its property provisionally confiscated, in West Mecklenburg; and on the 26th the same drastic action was taken in East Prussia. Simultaneously, the Reich League of Catholic Front Fighters has been dissolved by General Göring; the Catholic *German Youth Force* has been dissolved, and its funds confiscated, in Baden; the activities of all religious youth organisations have been barred by Herr Himmler, the head of the Secret Police; in Bavaria a number of Catholic newspapers have been suppressed; and the Burgomasters of Duisburg and Bochum in Westphalia have gone the length of ordering all municipal employees to resign from confessional associations and to withdraw their children from confessional youth organisations. All this is nothing but the Bolshevik policy of preventing the Churches from carrying on any activities beyond the bare performance of the liturgy within church walls. The answer to this challenge has been given by the Westphalians: a stubborn people who are resisting the Nazis' attempt to force them out of Christianity into Neo-paganism as stoutly as their ancestors (beatified by the Nazis on this account!) once resisted Charlemagne's attempt to force them out of paganism into Christianity. At Münster, a few days ago, the Neo-pagan hierophant, Professor Hauer, was effectively silenced by the pacific manoeuvres of the combined Catholic and Protestant population of the city, and the police flinched from arresting the Catholic Bishop when he presented himself to them in his bishop's robes. If Herr Hitler ignores these warnings, he may find that he has taken a turning which leads a Nordic Berserker, not up to Valhalla, but up to Canossa.

* * *

Awakening Mongolia.—The kites flown from time to time by "the Foreign Office Spokesman" at Tokyo are always worth watching. Though they are usually allowed to fall quickly to earth again, they show which way the wind of Japanese policy is blowing; and they sometimes give warning of an approaching hurricane. On July 23rd, the spokesman made three points in speaking about the relations between Manchukuo (the Chinese dominion which has been pocketed by Japan) and Outer Mongolia (an adjoining Chinese dominion which has been pocketed by the Soviet Union). He mentioned that there were 2,000,000 Mongols in the population of Manchukuo, as against only 760,000 in Outer Mongolia. He declared that Outer Mongolia could not expect to remain secluded and that Manchukuo was knocking at her door "as, eighty years ago, Commodore Perry knocked at the door of Japan." He expressed disbelief in the story that an ultimatum had been delivered to the Outer Mongolian Government of Urga by the Kwantung Army—the Japanese army on the Asiatic Continent, with its headquarters at Port Arthur. But he admitted that this army

was backing the so-called Manchukuo Government's demands on Outer Mongolia, and he declared that, since the Japanese army was under the command of the Emperor, the Japanese Government "could not direct it, especially when the army was on foreign service." These statements were made *à propos* the news that a deadlock had been reached in the negotiations at Manchuli, between Manchukuo and Outer Mongolia, over the Manchukuo Government's demand to station "agents" in Outer Mongolia. This deadlock is not surprising; for though the Outer Mongols may be restive under the present Russian ascendancy, they can have no wish to fall out of a Russian frying-pan into a Japanese fire. The Inner Mongols, who have successfully made use of the Japanese aggression in Manchuria as a lever to extort the grant of autonomy from the Chinese Government, are also now showing themselves suspicious of Japanese advances. This is even more significant, since Inner Mongolia had not only remained under effective Chinese control, but had been exposed to a systematic movement of Chinese peasant colonisation which threatened to squeeze the Inner Mongols out of their ancestral pasture-lands. No doubt the Kwantung Army Command is disappointed to find the Western Mongols so shy of walking, in the Manchurian Mongols' tracks, into the Japanese spider's parlour. But this disappointment will not be shared by the rest of the world; for we do not at all want the Japanese to do to the Mongols what Commodore Perry has done to the Japanese. Commodore Perry's knock has conjured up the demon of Japanese militarism. A Japanese knock on the door of Mongolia might perhaps evoke the spirit of Jenghis Khan.

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The F.B.I. on Commercial Policy.—The Federation of British Industries has issued a "Survey of Britain's Recent Commercial Policy" which makes interesting reading even for those who cannot agree with all of its conclusions. The Survey points out the considerable improvement which has been effected in our foreign trade since 1931. But it jumps rather too quickly to the conclusion that this improvement has been the direct result of the British Government's policy. As the Survey itself points out, "too great a proportion of our revival in industrial activity has been due to the demands of the home market; too little has been due to a real development of the export trade which is vital to the future prosperity of the country." This lesson is re-emphasised in another publication of the F.B.I., the quarterly Business Barometer, where it is pointed out that, even if domestic activity continues at its present level, it will take ten years to drain the pools of unemployment in the export industries. Nor can we join with the F.B.I. in blessing the policy of industrial protection on the naïve ground that it has only been applied to industries which are economic and efficient. It is understandable that the F.B.I. is not in a position to be impolite to its constituent organisations, but the public is under no similar obligation. We cannot believe, for example, that the frequent admonitions to the steel industry, one of the most heavily protected, to reorganise itself—admonitions which have gone almost unheeded—were not necessary. It is when it turns to the future that the Survey becomes of more particular interest. In dealing with inter-Imperial trade, for example, it points out that the benefits of Ottawa have hitherto accrued much more to the Dominions than to the United Kingdom and asks whether British policy towards the Dominions "is to be based on the principle of reciprocity, or whether Great Britain is prepared to continue the general principle of free entry irrespective of the treatment which British exports receive in the various Dominion countries." It is, indeed, a portent that the F.B.I. should at last be asking that the Dominions should be invited to make an adequate return for British preferences. As regards foreign countries, the Survey points out that a considerable increase of trade portance "to foreign countries of the British market and by regarding the most-favoured-nation clause not as an automatic part of all treaties but "as a most valuable concession by this country, requiring an adequate and substantial *quid pro quo*." The support of the em-

battled industrialists is thus given to the general lines of policy which have long been urged by the *Economist*. If the mind of the Government is moving in the same direction it should be possible before long to secure a considerable relaxation of trade restrictions not only in foreign countries but within the Empire itself.

* * *

Sterling and International Prices.—The past fortnight has witnessed a moderate recovery in British and American wholesale prices. The *Economist's* complete British index number has risen by 1.0 per cent., while the primary products index number has risen by 1.9 per cent. In the United States the Irving Fisher general index number has advanced by 1.1 per cent., while the *Economist's* primary products index number has advanced by 1.8 per cent. In England the recovery in prices was fairly widespread, but in the United States it has been confined to certain farm products, such as wheat, lard, oats, bacon and linseed. On the Continent, French wholesale prices continue to fall, while the advance in Italian prices has for the moment been arrested. German prices are also slightly lower.

SEPTEMBER 18, 1931 = 100

Date	Economist Indices			U.S.A., Irving Fisher	France, Statistique Générale	Italy, Chamber of Commerce	Germany, Statistische Reichsamt
	British Complete Index (sterling)	Primary Products Index (sterling)	Price of Gold (sterling)				
1932							
Jan. 27th	108.3	115.7	93.8	140.9	93.8	95.8	91.6
Apr. 20th	103.6	105.4	83.6	129.5	89.6	97.0	90.3
July 27th	99.5	103.5	84.1	136.9	88.3	91.3	88.5
Oct. 18th	103.1	112.3	84.0	143.8	88.8	92.7	86.8
1933							
Jan. 25th	101.3	107.7	78.0	142.6	80.5	90.2	83.8
Apr. 18th	98.7	104.8	86.7	141.4	82.8	87.5	83.4
July 25th	108.1	120.6	124.7	145.7	100.8	88.7	86.2
Oct. 18th	108.4	112.8	109.1	155.4	103.7	87.5	84.6
1934							
Jan. 31st	108.8	118.0	124.8	150.7	105.6	87.2	88.5
Apr. 25th	108.2	119.8	125.3	150.5	106.0	85.4	87.7
July 18th	109.5	124.8	136.7	162.4	113.2	81.4	91.1
Oct. 24th	107.9	124.2	146.2	164.5	114.8	79.8	93.0
1935							
Jan. 2nd	109.4	123.7	154.5	165.8	116.1	85.2	92.8
Jan. 30th	110.3	124.6	152.4	167.2	118.3	85.6	92.8
Feb. 13th	109.6	123.4	154.8	167.6	119.5	85.6	92.8
Feb. 27th	109.9	123.9	153.9	169.6	118.9	87.4	92.6
Mar. 13th	108.7	121.9	148.6	174.2	118.5	87.7	92.6
Mar. 27th	109.4	123.3	147.6	171.0	116.9	87.7	92.6
Apr. 10th	109.9	124.4	150.1	168.9	118.5	77.4	91.3
Apr. 24th	110.5	124.6	151.6	169.1	118.6	78.2	91.7
May 8th	111.3	124.1	149.5	169.5	119.2	78.2	92.3
May 22nd	111.8	127.7	151.4	167.1	119.9	79.6	93.5
June 5th	112.7	126.2	148.1	166.2	120.1	79.3	93.9
June 19th	112.7	125.6	144.8	168.9	118.9	78.9	93.0
July 3rd	111.8	124.5	143.0	166.0	118.5	76.6	97.2
July 17th	111.6	124.3	143.6	166.0	118.5	76.6	97.2
July 31st	112.7	126.7	146.2	165.8	119.8*	75.5*	93.0*

* These figures refer to July 24th.

Details of the group indices comprising the complete *Economist* index number on the date of our suspension of the gold standard and for recent dates are given below:—

"ECONOMIST" INDEX (1927 = 100)

	Sept. 18, 1931	July 3, 1935	July 17, 1935	July 31, 1935
	1931	1935	1935	1935
Cereals and meat	64.5	68.4	66.3	68.3
Other foods	62.2	59.1	59.0	60.1
Textiles	43.7	55.5	56.4	56.6
Minerals	67.4	78.7	79.7	80.3
Miscellaneous	65.8	75.0	75.0	75.0
Complete index....	60.4	67.5	67.4	68.1
1913 = 100	83.1	92.9	92.7	93.7
1924 = 100	52.2	58.3	58.2	58.8

In the cereals and meat group there were sharp advances in wheat, flour and Argentine beef. Barley, maize, rice and English beef all became cheaper. Among other foods there were appreciable increases in butter and coco-oil. Textile prices were inclined to weaken, with the exception of hemp, which was subject to a big increase. In the minerals group there was a rise in lead. In the miscellaneous group increases in hides and linseed oil were neutralised by declines in leather, tallow and rubber, but none of these movements was very large.

The New Insurance Bill.—In the House of Commons on Friday of last week Mr Runciman introduced the Government's Assurance Companies (Winding-Up) Bill, which was read a second time. The chairman of the Phoenix Assurance Company gave the Bill a tepid welcome, but pleaded for the Insurance Undertakings Bill, which was drafted in 1924, and has never since then seen the light of day. In view of the anachronisms in that Bill and the points in which its authors have been proved wrong, this attachment to it is surprising. Members who represent interests other than insurance were more hostile and raised criticisms which Mr Runciman did not meet, though they go to the root of the matter. Both Mr Graham White and Sir A. M. Samuel spoke of the absurdity of a system of deposits which makes £15,000 or £20,000 of hypothecated funds the foundation of millions of pounds of liability. Sir A. M. Samuel attacked the Board of Trade and the Bill very effectively, and some of his criticisms will be very difficult to answer. Apart from the absurdity of deposits, he pointed out how unwilling a Government Department will be to use the powers given it by this Bill and so risk the danger of driving by the force of publicity a solvent company into bankruptcy. The problem, as we have pointed out, can be settled only by throwing on to all insurers the onus of regularly proving their solvency. We ought, said Sir A. M. Samuel, to have a standard laid down to which insurance companies ought to conform. It is very satisfactory to find this thoroughly sound doctrine preached in the House of Commons and we hope it will in due season bear fruit.

* * *

The Volume of Overseas Trade.—The quarterly returns of the volume of British overseas trade, published in last week's *Board of Trade Journal*, show an increase of 8.2 per cent. in the volume of our exports between the second quarters of 1934 and 1935. The increase over the figure for the corresponding period a year ago was, however, less marked than in January-March, 1935, when it was 11.9 per cent. The volume of retained imports last quarter was the same as in the second quarter a year ago. The average prices of both imports and exports have shown little variation in the past two years, the tendency being slightly downwards in April-June:—

VOLUME AND VALUE OF IMPORTS AND EXPORTS

Period	Retained Imports				Exports of Domestic Produce			
	Declared Values £ Million	Index of Average Values 1930 = 100	Values in terms of 1930 Values £ Million	Index of Volume 1930 = 100	Declared Values £ Million	Index of Average Values 1930 = 100	Values in terms of 1930 Values £ Million	Index of Volume 1930 = 100
1924	1,137	135.0	842	88.0	801	120.8	663	116.2
1930	957	100.0	957	100.0	571	100.0	571	100.0
1931	797	81.0	984	102.8	391	68.4	437	76.9
1932	652	75.3	867	90.3	365	63.3	438	76.8
1933	627	71.3	878	91.7	367	63.1	447	78.7
1934	681	73.3	929	97.1	396	62.2	462	84.4
1932								
1st quarter	177.3	78.4	226.1	94.5	92.3	84.2	109.7	76.9
2nd " "	153.4	75.3	203.9	85.2	94.7	84.3	112.3	78.7
3rd " "	150.5	72.7	207.1	86.5	84.1	82.0	102.5	71.9
4th " "	171.0	74.5	229.5	95.9	94.0	82.5	113.9	79.8
1933								
1st quarter	146.6	70.1	209.3	87.4	89.7	81.7	109.7	76.9
2nd " "	148.5	70.2	211.5	88.4	85.6	80.8	105.9	74.2
3rd " "	155.5	71.5	217.4	90.9	93.1	81.9	113.7	79.7
4th " "	176.2	73.3	239.7	99.9	99.5	82.6	120.1	84.2
1934								
1st quarter	166.9	72.4	233.4	97.6	94.7	82.1	115.4	80.9
2nd " "	164.2	72.4	227.0	94.9	95.0	82.6	115.0	80.6
3rd " "	163.9	75.0	224.6	99.3	99.3	82.2	120.9	84.7
4th " "	184.1	75.4	244.2	101.9	107.1	82.0	136.8	91.5
1935								
1st quarter	164.4	74.3	221.4	92.5	105.5	81.7	120.2	80.5
2nd " "	166.1	73.2	227.0	94.9	101.0	81.2	124.4	87.2

As compared with the corresponding quarter a year ago, the volume of retained imports of raw materials and "articles mainly unmanufactured" in April-June remained unchanged, but average prices were slightly lower than a year ago. On the other hand, imports of food, drink and tobacco rose by 4.4 per cent. in price and fell by 4.2 per cent. in volume. This is a very considerable rise. The average import price of "articles wholly or mainly

manufactured" showed a decline of 1.8 per cent., but the volume of these imports rose by 8.8 per cent. This increase is mainly due to larger purchases of non-ferrous metals and manufactures, machinery, manufactures of wood and timber, chemicals, oils and motor vehicles. During the same period the quantity of British manufactures exported rose by 8.7 per cent., but average prices showed a reduction of 1.6 per cent. The improvement in exports was most marked in the case of iron and steel, non-ferrous metals, cutlery (including hardware and implements), elec-

trical goods, machinery, silk yarns and manufactures, leather manufactures and motor vehicles. Apparel and rubber manufactures are the only categories of merchandise which were exported in smaller quantities than a year ago. But while the increase in exports as compared with a year ago was substantial and fairly general, the decline between the first and second quarters of 1935 suggests that the improvement is not going ahead so rapidly. Moreover, in these days of "blocked currencies," exports are one thing and payment for them quite another.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

FRANCE

THE GOVERNMENT'S POLICY AND ITS CRITICS

The Government is anxious to emphasise the importance of the sacrifices which a cut of 10 per cent. in State expenditure entails for the purchasing power of the middle class (civil servants and rentiers) and ex-Service men. New decree-laws have therefore been prepared to reduce the cost of living. Public opinion, on the whole, has accepted all decree-laws remarkably well. Protests by ex-Service men and civil servants were never aggressive. Now the Government hopes to outflank the protesters by reducing certain retail prices, the decline in which since 1929 seems to have been much less than that of wholesale prices. The first batch of decree-laws was successful in impressing opinion by cuts in house rents and in the prices of necessities, e.g., bread, electricity, gas, coal, manure, etc. The Government now aims at reducing prices of meat and sugar. The movement has met with a favourable reception among middle-class shopkeepers; the retailers of the Rue Saint-Honoré in Paris, for example, are placarding a decline of 10 per cent. in all marketed prices. To extend the movement, the Government intends to ask for new sacrifices from certain of the larger business and financial, e.g. insurance and armaments industry, concerns. This policy has had its counterpart abroad, though it will be carried out in France by mutual consent.

This does not mean, however, that the Government's policy does not provoke criticism. Many observers attack the estimates of economies as optimistic, and point out that the Frs. 42,000 millions Budget ignores the so-called "Treasury Budget," which reached nearly Frs. 20,000 millions in 1935 and contains a good deal of recurrent expenditure. They urge that a "cut" of Frs. 1,650 millions on life annuities of Frs. 10,000 millions is not sufficient; nor is the "cut" of Frs. 1,400 millions on public debt arrears, which now reach an annual total of Frs. 15,000 millions. These critics observe that life annuities and public debt together constitute, at Frs. 25,000 millions, an excessive proportion for a Budget of (ostensibly) Frs. 42,000 millions. Other critics assert that the new deflation launched by the Government will have as its first consequence new declines in State and municipal revenues, hence a new financial disequilibrium. Others, again, point out that these decree-laws represent a first step on the road to "planned economy," which has been so often condemned in France. In reply, the Government's supporters declare, first, that these economies were ineluctable (with or without devaluation); secondly, that these ordered "breaches of contract" are preferable to a revolutionary rupture of all monetary contracts and to socialisation of the entire French economy—events which would in all probability have been preceded by political disturbance and, perhaps, by the fall of the Republic.

One thing is clear. A real political lull has followed the publication of the decree-laws. The Government's experiment is launched, and it will be vigorously carried out. New decree-laws are already in preparation for improving home and foreign trade. The Government is studying the feasibility of a 20 per cent. increase in import quotas, with a view to the gradual abandonment of the quota system.

PARIS, July 30.

GERMANY

FOREIGN TRADE AND EXCHANGE POLICY

THE "New Plan" of Dr. Schacht, which came into force on September 24th last, has been radically amended by introducing direct State control of imports for very many commodities. The original Plan, which was ostensibly designed to ration foreign exchange, prescribed that the importer and his foreign client could count upon foreign-exchange for prompt payment only if an "exchange certificate" for that particular transaction had been issued by the competent Supervision Board. This measure involved determination by the State both of the nature and the quantity of imports only in so far as the foreign exporter required prompt payment. The Boards could entirely prevent individual importing firms from concluding such exchange-certificate transactions. Concerning the nature and quantity of "certified" imports, the Boards were to be guided by Reichsbank instructions, which were based on the quantity of exchange currently available. But certification was not a condition of import. If not forbidden or restricted by former regulations (independent of the New Plan) imports remained free even after rejection of an application for a certificate. As, in the absence of a certificate, the foreign exporter could not expect prompt payment, this provision meant that he would deliver only if he were willing to grant credit. It was officially emphasised that import itself was not restricted, and officially implied that in view of the threatened shortage of raw materials, foreign credits would be welcome.

This unqualified freedom to import has now been abolished on the ground that it has led to an undesirable increase in Germany's foreign debt. The value of uncertified imports has not been declared. It is officially stated that the cause of its increase beyond the bounds of expectation was the unsatisfactory working of the clearing agreements, which involved an insufficient receipt of foreign exchange, and therefore enforced restriction of certified imports. The trade revival in Germany, however, increased the demand for foreign materials, and foreign competition in overseas markets continued. In consequence, "foreign exporters often accepted the risk of the freezing of their claims upon Germans, and delivered goods without troubling about the question whether an exchange certificate had been granted." Actually the initiative for the restriction of uncertified German imports came from outside Germany. Czechoslovakia, France, and Italy suggested "in the interest of the smooth functioning of mutual commodity and payments transactions" that Germany should admit their exports only where payment was guaranteed (by granting of exchange certificates). Agreements on these lines were concluded, and also, for certain commodities (mainly flowers and bulbs), with Holland.

The Ministry of Economy's new ordinance goes much farther than these agreements, by forbidding uncertified imports, from any country, of 186 categories of goods in the statistical schedule. Many of these goods come under the scope of the Supervision Boards for technical articles and for miscellaneous commodities. Among them are optical glass articles, glass, porcelain, ironware, machines and machine parts, electro-technical articles, vehicles, and certain kinds of jewellery. In future, none of these is to

be cleared through the Customs unless an exchange-certificate or equivalent document is presented. The prohibition does not apply to goods in transit, or to imports contracted for as part of "raw-material credit-deals" under which payment is ensured by re-export of finished goods.

This measure constitutes an extension of the system of State-control of imports which already existed *de facto*, if not *de jure*. The New Plan was already being administered for much wider purposes than were originally announced. As the primary aim was to ensure the advantageous expenditure of the limited supply of foreign exchange, the Plan necessarily involved official discrimination between the different kinds of proposed imports, and official control of the quantity of imports of each kind (this, however, as explained above, only so long as the foreign exporter did not, by selling without a certificate, expressly postpone his claim for immediate payment). But it was not implied that the Plan would be used for discrimination in matters of commercial policy between foreign exporting countries. Nevertheless, the Plan was administered for such discrimination. The Supervision Board's discretion in granting or refusing certificates was employed to realise the Ministry of Economy's aim of abolishing the large passive, and necessarily also the large active, balances with individual countries. Of late, this aim has often been officially expressed; and the fact that its realisation in practice limits freedom of choice for varieties of goods, and probably involves price-sacrifices, has been ignored. Owing to clearing and payment agreements, quotas, and other commercial treaty obligations, and to the fact that the direction of exports cannot be State-determined, the aim of balancing individual foreign trade accounts has not yet been realised. Great progress, however, has been made. Subject to the obstacles mentioned, imports are now almost as much Government-determined as under a State monopoly of the Russian kind. Official utterances boast of the success with which buying has been diverted from one country to another, and of the consequent reduction in passive and active balances. They point out, for instance, that Germany's once great export-surplus in Europe dwindled in the first quarter of this year to a mere Rm. 30 millions, and her once great import-surplus in trade with the United States to Rm. 6 millions. (U.S.A. figures sometimes even show a German export surplus.)

These developments have a direct bearing on the problem of Germany's debt. While in some official utterances the redistribution of Germany's trade balances is ascribed with satisfaction to German policy, in others it is ascribed with dissatisfaction to the clearing agreements. Thus, the outlook for foreign creditors remains unfavourable. A Germany that, despite passivity in the total trade-balance, had large active balances with European creditor countries could be compelled by these to pay at least part of her debts. If Germany's substantial active balances in Europe disappear, the total balance remaining passive, conditions precedent for new default will appear.

EXPORTS MAINTAINED

The official analyses of exports in the first half of 1935 are fairly favourable, but developments were irregular. Chemicals, with the minor exception of varnishes, show substantial increases as compared with the first half of 1934, heavy chemicals having risen (in quantity) 14, artificial fertilisers 23, explosives 17, and the group classed with ether and alcohol 26 per cent. Exports of dyes rose 2.6 per cent.; exports of aniline dyes to Asia have much increased, are now 45 per cent. of all dyestuffs exports, and exceed exports of dyes to Europe. Cement exports have doubled, compared with the first half of 1934, South America being the best market. The monthly average export of manufactured goods was 2½ per cent. lower in the first half of this year than in the first half of 1934, at Rm. 260,700,000, as against Rm. 267,500,000. Exports of iron and steel increased 19 per cent., of ironware 10 per cent., of motor-cars 44 per cent., of fine mechanical articles 12 per cent., of glass and pottery 8 per cent., of paper 5 per cent., and of electro-technical products 2 per cent. Exports of finished textiles declined 21 per cent., of

machinery 10 per cent., and of leather goods 5 per cent. In general, the export figures are not so favourable in branches which are relatively well occupied in consequence of the keen home demand. Thus, exports of machine tools, a branch occupied to 80 per cent. of capacity, fell 35 per cent.; whereas the locomotive manufacturing branch, which is only occupied to 38 per cent. of capacity, increased its exports. The increase in exports of ships by nearly 400 per cent. is, in part, attributed to mobilisation of blocked marks.

BERLIN, July 31.

ITALY

A ROYAL DECREE in the *Gazzetta Ufficiale* of July 22 provisionally suspended the duty of the Bank of Italy to keep a gold reserve not less than 40 per cent. of its note circulation and other sight liabilities. The last complete statement (that for June 30th) gives the percentage of gold reserve to total notes and sight liabilities as 41.55 per cent., and the percentage of gold proper to notes as 42.90 per cent. The Press emphasises that the suspension is due to the Treasury's decision to pay in cash all sums falling due in foreign countries; and that to keep faith and pay debts is vastly better than a formal homage to the 40 per cent. idol. True; but it could have been added that the 40 per cent. rule is bogus, discarded in theory and unworkable in practice; and that the function of a gold reserve is not to be frozen, but to be used, and even exported, when necessity arises. The vital points for the future of the lira are not the little more or the little less of the gold reserve, but the quantity of notes issued; and further, as has repeatedly been remarked in this correspondence, the composition of the "discounts" and "advances" items. So long as the note circulation is about 13,000 million lire and other sight liabilities do not exceed the present 1,000 million mark; so long as discounts and advances and "other debtors" are subject to the usual ebb and flow around normal levels, the lira is safe. In the past Italy has experienced monetary troubles almost only as a result of the inordinate rise in "discounts and advances," which means the issue of new notes against frozen assets. That way came the disorder of 1893, and also that of 1916 and the following years. There is no trace now of such expansion. The figure of advances to the I.R.I. (Institute of Industrial Reconstruction) is even decreasing; and the severe tradition inherited from Stringher's days makes it reasonably certain that "discounts and advances" will be kept within due limits.

TURIN, July 27.

HOLLAND

THE GOLD EFFLUX

THE course of affairs at the Netherlands Bank in the last few days is evident from the weekly return just published. The stock of gold declined by no less than 131 million guilders, from 688.4 million to 557.6 million guilders. The note circulation rose from 811.7 millions to 818.7 millions. As the bank's stock of gold had been augmented by the addition of gold ten-guilder coins to a value of 9 million guilders, the actual export of gold amounted to 140 millions. The bank's return disclosed the disappointing feature that "credits outstanding" had increased by no less than 113.2 million guilders, despite the rise in the bank

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rate to 6 per cent. As a result, the gold cover for the bank's total liabilities declined from 77 per cent. to 64 per cent.

Considering the pace at which developments have taken place last week, it is evident that the hour had struck for more rigorous measures. But Dr. Colijn's action on Monday last induced a complete change in exchange market sentiment, with the result that the bank has not needed to ship any gold since that day. The total losses of gold since the beginning of this year have been 285 million guilders.

What the future has in store, in view of the approaching end-of-month settlements, is not certain; but it is evident that there is little prospect of a reduction in the very high rate of discount for the time being.

EXCITEMENT IN THE MARKETS

The Amsterdam Bourse and exchange markets have had an exciting week. Superficially, the foreign exchange market was quieter than the state of affairs really warranted. The reason is that support was accorded to the market by the Netherlands Bank, not only by making gold freely available for export, but also by intervening in the market to supply French francs at the rate of 9.82. As the machinery for issuing gold is often too cumbersome in operation to be of rapid influence on the foreign exchange market, a further fall of the guilder was averted by these means.

The efforts of the Dutch Central Bank to maintain the guilder at par were supplemented by action abroad. England supported the franc with the aid of the Equalisation Fund, while America also took steps to prevent the franc from dropping in terms of dollars by the operation of its Exchange Fund. In consequence, the Netherlands Bank was only called upon to act in regard to the French franc. Indirectly this kept sterling and dollars also in line, for the English Equalisation Fund was maintaining the sterling-franc rate. Thanks to this, the drain on the Netherlands Bank's stock of gold (131 million guilders, as given in the weekly return) was on a limited scale. But though the rates for spot currencies seemed stable, trading was on a very large scale, the flight from the guilder manifesting itself largely in purchases of dollars and sterling. As guilders were offered in such large quantities futures trading was completely dislocated and transactions were practically impossible; but no obstacles were raised against spot trading. Speculative transactions only partly covered by guilders were prohibited, and foreigners were not allowed to raise money on securities in Holland with the object of operating on the foreign exchange market.

The capital flight was also evident on the Amsterdam securities market, in the shape of a keen demand for sterling and dollar securities, and especially British War and Funding loans, large amounts of which are now held by Netherlands. Purchases of the leading local securities, such as Royal Dutch, Unilever and Philips, were also considerable. Within a few days, therefore, a steep advance was recorded up to July 26th, as will be seen from the following table:—

	July 12	July 18	July 26	July 29
Colonial Bank	37	36	39½	37½
Ned. Ind. Handelsbank ..	78½	76	80	77½
Neth. Trading Co.	114½	114	120½	118
Philips	257	259½	263½	257½
Unilever	99½	100	107½	103
Royal Dutch	182½	186	196½	190
Amsterdam Rubber	107½	106	112½	108½
Tr. Co. Amsterdam	169	167½	178	172½
Deli Batavia Co.	137	138½	144½	140
Deli Co.	141	149	155½	152
Senembah	147	152	156½	154

The turnover in American shares was on a big scale, especially as the New York market was strong. But purchases were not of a panic order, since for the past three months the possibility of devaluation has not been ignored, and many people have already adjusted their security holdings accordingly. Big companies, like Unilever, Royal Dutch, Philips, etc., took steps months ago to protect themselves against depreciation of the guilder. This accounts for the fact that the gold stocks of the Netherlands Bank have been more or less continuously on the decline since the beginning of the year. Since the previous big efflux of gold in June, when Minister Steenberghe resigned from the Cabinet because he was in favour of devaluation, gold has only returned to the country on a

very limited scale. Last week's big shipments of gold are accordingly attributed solely to flight from the guilder in Holland. This is clearly demonstrated by the big drop in quotations on the Dutch gilt-edged market. Offerings were on a liberal scale, and the disposal of guilder bonds by private investors has assumed big proportions.

None of the measures adopted by the Netherlands Bank—not even the rise in the bank rate to 6 per cent.—are of the slightest avail in arresting a movement of this nature. Forcing up the discount rate can keep speculative transactions within bounds; but it cannot have any deterrent effect on a purely internal flight of capital induced by fears of approaching devaluation. The collapse of the Netherlands gilt-edged market is distinctly evident in the following table:—

	July 12	July 18	July 26	July 29
4 per cent. Netherland	99½	99	94½	86½
3 per cent. Netherland	83½	81½	78½	79½
2½ per cent. Netherland	74½	73	69½	70½
4 per cent. Indies	97½	96½	92½	94
4 per cent. Amsterdam	94½	93½	88½	90½
4 per cent. Hague	99½	99	93½	94½
4 per cent. Rotterdam	93½	91½	84	88

On Monday, July 29th, when Dr. Colijn was charged with the formation of a Cabinet, the market suddenly presented quite a different aspect, as is apparent from the table. Trading, however, was within very narrow compass, and apprehension and suspense still prevail. Such a recovery of prices in a totally one-sided market should not therefore be overstressed. On the foreign exchange market, sterling and dollars dropped below the gold export point, but the tendency was uncertain and transactions were on a small scale. Very little would be needed to reverse the whole situation once more.

AMSTERDAM, July 31.

HUNGARY

FOREIGN CREDITORS AND TRANSFER PROSPECTS

DURING his recent visit to London, Dr. Fabinyi, the Finance Minister, assured the League Loans Committee that the Hungarian Government will transfer to the Trustees, in foreign exchange, 50 per cent. of the interest service during the period from August 2, 1935, to August 1, 1936. Furthermore it will continue to provide in its Budget the equivalent, in pengő, of the full service of the loan, including interest and sinking fund, and to deposit these amounts as at present in an account at the National Bank of Hungary. It will be remembered that the 1924 State Loan of Hungary, issued under the auspices of the League at 7½ per cent., has enjoyed special provisions ever since the transfer moratorium on foreign debts came into operation in 1931.

A new Standstill Agreement was initiated on June 25th with the British and American short-term banking creditors, providing for a reduction of interest payable by Hungarian debtors: (a) by ½ per cent. if interest is paid in pengő, (b) "a reasonable reduction" (recommended by the Committee of British and American creditors) if interest is paid in foreign exchange. The agreement also provides for a further compulsory capital repayment in pengő amounting to 3 per cent., as against 5 per cent. in the previous agreement. Instead of the stipulations in the previous agreement about voluntary capital repayments, the new agreement provides for constructive arrangements between the creditors and debtors, either by the use of certain assets of the debtor for payment, or in other ways.

Pengő amounts deposited with the National Bank under the previous Standstill Agreements, in respect of interest and commission on short-term banking debts not satisfied in foreign exchange, totalled at June 30 last, 54.3 million pengő, of which 48.6 million pengő had been accepted by creditors in satisfaction. The balance held by the National Bank thus amounted to 5.7 million pengő. Total capital repayments under the same agreements amounted at June 30th last to 22.6 million pengő, of which 21.1 million pengő had been disposed of by creditors, leaving a balance of 1.47 million pengő with the National Bank. In less than three years Hungary has thus paid out about 60 million

pengő to her British and American short-term creditors, which they were able (by additional exports and tourist traffic) to convert into foreign exchange. Even if we take into consideration the losses suffered by them on account of the difference between the external and internal valuation of the pengő, they have received on the average an interest rate of 2-3 per cent. plus something in the form of capital repayment.

Short-term banking creditors fared somewhat better than foreign long-term bondholders (other than the League loan-holders) because the so-called coupon pengő rate is considerably below the so-called standstill pengő. The position of the Cash Office for Foreign Credits, into which the pengő equivalent of the untransferred service of long-term loans is paid, was as follows at June 30, 1935:—

Balance held by the office	in million pengő
(a) in cash	99.7
(b) in Treasury Bills	62.4
Total	162.1

Out of the 99.7 million pengő in cash, 46 million pengő is loaned to the State (secured by Treasury Bills of the same amount) and 31.5 millions is lent as call money; so that the net amount at present held in cash is 22.2 million pengő. Payments by the Office on account of coupons and bonds redeemed totalled 139.9 million pengő, a considerable portion of which went to Hungarian holders of repatriated foreign bonds, and the rest to foreign bondholders. The latter receive in most cases 5 per cent. interest in pengő, but, owing to the extremely low quotation of coupon pengő, do not receive more than about half of that amount in foreign exchange.

BUDAPEST, July 22.

CANADA

MR STEVENS AND THE GENERAL ELECTION

THE Federal Parliament ended its final session on July 5th, but it has not been dissolved, and the date of the General Election is still uncertain. The campaign, however, is now for all practical purposes in full swing; and two days after prorogation the situation was complicated by the announcement from Mr H. H. Stevens that he had accepted the leadership of a new reform party organised by those sharing his view about the necessity for drastic reforms in the industrial, financial and commercial system of Canada. Mr Stevens has disclosed in an interview that one of his leading proposals will be a drastic reduction of tariffs on imports from Great Britain, especially those which are purchased by the farmers. Stevens Clubs are being formed in different cities, and Mr Stevens is shortly to embark upon a speech-making tour of the Dominion. Mr Bennett has decided to retain the leadership of the Conservative Party during the election.

In the end, the Government decided that its best course would be to get rid of Parliament and not risk a prolonged controversy over the Grain Marketing Bill. So it agreed to drastic amendments which went far to meet the Liberal objections. A Federal Wheat Board is to be created, but it will only extend its activities to coarse grains by special authority from the Government. The provisions for a compulsory 100 per cent. pool are not deleted, as the Liberals wanted; but their operation is suspended until it is shown that the new marketing system has failed. A minimum price is to be established for wheat. But the Board will only buy wheat when the price falls below that minimum, and it must buy from producers direct and not on the Exchange. It is also forbidden to conduct stabilisation operations. The private grain houses will continue in business, and the producers will be at liberty to sell either to them or the Board as they desire. The Board is to take over all the holdings of Mr McFarland, the Government wheat agent, which in June had reached a total of 228 million bushels, and dispose of them to the best possible advantage. The Senate, however, has struck out the words "as speedily as possible" inserted in the clause passed by

the Commons; and Mr Bennett has explicitly stated that there are to be no bargain counter sales of Canadian wheat.

It has been agreed that the chartered banks should be allowed a share of the premium profit on gold, namely on the amount of their gold stocks, now transferred to the Bank of Canada, which they claimed were held against foreign liabilities. They have been allowed 10,500,000 dollars as their share of the profit, leaving some 63½ millions for the Government on account of stocks now held by the Bank of Canada.

ENCOURAGING CROP REPORTS

The latest crop reports are very encouraging. Canada has been experiencing the wettest summer for many years, and the prairie country, which has suffered so terribly from drought since 1931, has actually had too much rain in various districts. On June 30th the condition of field crops, expressed numerically in percentages of the long-time average yields per acre, was reported by the Bureau of Statistics as follows, with the figures for May 31, 1935, and June 30, 1934, in brackets in the order mentioned:—

Spring wheat, 96 (97, 82); all wheat, 96 (97, 82); oats, 96 (94, 87); barley, 98 (95, 84); fall rye, 96 (99, 57); spring rye, 94 (97, 80); all rye, 96 (99, 63); peas, 98 (90, 95); beans, 97 (—, 82); buckwheat, 96 (—, 94); mixed grains, 101 (92, 89); flaxseed, 95 (—, 78); corn for husking, 95 (—, 76); potatoes, 96 (—, 96); turnips, etc., 95 (—, 89); hay and clover, 98 (88, 82); alfalfa, 103 (88, 72); fodder corn, 94 (—, 87); sugar beets, 100 (—, 74); pasture, 103 (85, 86).

Business is experiencing the usual midsummer dullness. For the week ending June 29th the general economic index of the Bureau of Statistics was 98.9, compared with 99.7 for the previous week and 91.7 for the corresponding week of 1934:—

Week ended—	Car-loadings	Wholesale Prices	Bank Clearings
June 29, 1935	68.9	71.3	95.4
June 22, 1935	72.9	71.5	96.2
June 30, 1934	70.3	71.9	82.9

Export clearances of wheat in June were the smallest for many years, amounting only to 6,494,622 bushels, compared with 18,425,933 bushels in June, 1934. The total exports for the first 49 weeks of the present crop year have only been 112,705,722 bushels, compared with 145,298,897. In 1934 stocks of wheat on July 5th amounted to 196,046,604 bushels, compared with 188,435,985 a year ago.

The pace of industrial activity has slackened considerably partly because orders are being held in suspense until political, weather and labour conditions are more favourable, and partly because a temporary saturation point has been reached in the demand for certain kinds of goods. The textile mills, except the rayon factories, are less busy than they have been for some time. Motor manufacturers, however, although their peak season of production has passed, are encountering a better demand than they had expected. One encouraging sign is the expansion of new building construction, and new contracts awarded in June had a value of 18½ million dollars, the highest figure for any single month since November, 1931; it is estimated that the volume of new construction work now in progress is about 20 per cent. higher than a year ago.

OTTAWA, July 20.

LETTER TO THE EDITOR

CONDITIONAL STABILISATION

TO THE EDITOR OF THE ECONOMIST

SIR,—The possibility of currency stabilisation is exercising the minds of many at the present time; the publication a few days ago in the *Manchester Guardian Commercial* of articles by, among others, Prof. L. Robbins and Prof. G. W. Daniels is symptomatic. In view of this wide interest, it is surprising that no comment has yet appeared in the *Economist* on the two articles by Sir Arthur Salter. Perhaps this is because

readers of the *Economist* have agreed with the proposals without qualification. Sir Arthur notes, however, that "there are obvious technical difficulties" in the scheme he puts forward, and I venture to call attention to one difficulty which I should like to see explored.

Towards the end of his first article Sir Arthur makes some remarks on the subject of price adjustment in our Home Market. Speaking of past experience on this point, he says "Gold and the Bank Rate exercised an absolute and, in the past, a beneficent tyranny over economic activity. The crisis of 1931 was fundamentally a successful resistance to the tyranny. . . . The rule then ended will not be resumed until it can be resumed as a constitutional, limited, and democratic monarchy."

The problems that such a reconstituted democratic monarchy would have to face, particularly in adjusting the internal price-level, are far reaching. How, for instance, are wages and salaries to be adjusted? In the past, with the help of our Free Trade system, Gold and the Bank Rate exercised a tyranny (on the whole successful, but not always claimed as beneficent) over our internal price level. That inevitably involved a control over wages. Free Trade has gone, and it is unlikely that the other two elements of the tyranny will ever resume their previous power. In these circumstances, is it not desirable that the future mechanism of wage adjustments should be seriously discussed?

The arguments against a deflationary policy are extremely strong, particularly in this country. But if we are going to throw so much responsibility on the exchange value of our currency for keeping our price level in conformity with world prices and maintaining a suitable balance of exports and imports, ought we not to examine the checks, such as they are, on undue inflation? As internal trade improves and unemployment becomes increasingly segregated in the depressed areas, it is extremely probable that general advances in wages

will take place, particularly in the sheltered industries. That in due course there should be wage advances, few will deny. Many of us, however, remember the immediate post-war years when wages and prices soared. The position was very well put by an Underground poster, which showed figures alternately labelled "Wages" and "Prices" chasing each other round a symbolical mulberry bush. It had the caption:—

Here we go round the Underground Tree
I chase you and you chase me
And nobody gets any further.

The inflationary period was followed by one of severe deflation, the years of wage increases by years of wage decreases, the latter a most distasteful job for those of us who had to implement them. It is true we were not on the Gold Standard at the time, nevertheless, the following questions should, I think, be considered.

(1) Is the excessive wage advance enthusiasm of 1920 likely to be repeated, perhaps not so precipitately, in the next few years?

(2) Is it desirable to ventilate the danger of such action in view of the currency policy it seems probable we shall adopt?

(3) Should we not examine rather more seriously what checks on our internal price level are possible before we encourage other nations to enter with us into a system in which "no country would be expected to make the ratio right by deflation?"

I suggest these are all points which should be discussed before we adopt, as a permanent or even semi-permanent policy, one which virtually scraps the old tyranny of Gold and the Bank Rate.

Yours truly,

L. J. CADBURY.

The Davids,
Northfield, Birmingham.

BOOKS AND PUBLICATIONS

THIS EUROPE

M. ANDRÉ SIEGFRIED is an indefatigable diagnostician of crises. When America's hey-day of prosperity was just deepening into the twilight of depression, M. André Siegfried wrote an excellent analysis of American prosperity-psychology, in which he pointed out many and great dangers. Then it was our turn. In *England's Crisis* we were told that our only hope lay in our genius for "muddling through," as typified, strangely enough, by our handling of the Dominions; and in our ability to economise in national expenditure. Now M. Siegfried extends his canvas, and in his latest book* he diagnoses another crisis; this time in "the entire form" of European civilisation. M. Siegfried then proceeds to write *Mene, Mene tehel upharsin* in bold characters on the European wall.

M. Siegfried reminds us at the outset that European domination of world forces and world history is a recent event; that it has been forged out of economic leadership in exploitation of new resources and new inventions; and that, as this exploitation has spread and permeated the most backward countries, the old European domination has become gently eclipsed. More and more Europe has come to export services and the highest of "quality" goods; more and more the less advanced Continents and countries have turned every one unto his own way, delving, forging, and manufacturing his own products. Upon this long-term trend was suddenly superimposed the intensification of all these tendencies through the Great War. The outcome has been rabid economic nationalism, both in Europe and overseas. But technical progress has not stood still; rather has it streaked ahead. And so much so that mechanisation, cheap labour, organisation, and economic nationalism acting all together in the less advanced countries face Europe with an almost invincible combination of forces. Nor can Europe, with its old culture and tradition of "quality," combine with America in defence; for the United States itself is the leader of a new, hard,

materialistic civilisation, whose dogma is efficiency, whose priests are the instalment-seller and the advertising expert, and whose Valhalla is populated only by millionaires. M. Siegfried calls attention to the redistribution in the volume of trade between the world's Continents, which is now taking place. America, Oceania, Asia are now expanding their mutual trade; Europe's share has been declining down to 1930 (he does not give later figures, though they show an opposite trend). Since, therefore, Europe has to depend more and more on her services, her invisible exports and her "quality" goods to retain her already overshadowed world leadership, she requires world trade. That means a renunciation, slight at the outset but growing more extensive as time goes on, of economic nationalism. And it may well mean that Europe must close the ranks of her component countries, must seek and achieve an internal unity comparable with that of America or Russia.

It will be seen that M. Siegfried's quasi-spiritual thesis rests almost entirely on his interpretation of European economic developments. He is, however, inclined to lay down sweeping assertions (e.g. that "European" economic methods are completely out-of-date) and then to draw the conclusions he wishes to prove from those assertions. In the economic sphere—for example, the question of Europe's share in inter-Continental trade—such methods are dangerous; and M. Siegfried might have founded his diagnosis in Europe. On these he has scarcely a word to say: difference of Democracy in Europe by brute force and propaganda, the return to the gospel of might, the vastly increased influence of women in Europe as compared with their position in other Continents, the abnegation of Reason by the European middle-classes—these are the divinities which now shape European ends; economic developments merely rough-hew them. But M. Siegfried pays them little heed. In consequence he is led to this remarkable concluding paragraph:—

Let us not be crushed by the American masses or the Asiatic masses. Let us remain true to the spirit of the

* "Europe's Crisis." By André Siegfried. Cape. 128 pages. 5s. net.

Caucasian host, for even the most punctilious racialists cannot pretend that it was not Aryan.

After the lengths to which M. Siegfried goes to prove Europe's economic dependence on world trade, this racial *cri de cœur* rings strangely in our ears. If M. Siegfried looks at the various European racialisms and nationalisms to-day, he must surely conclude that Europe is still what she has been for half a millennium—the field upon which all the contending forces of human progress work out their destinies. That is no mean service to humanity; and there seems little evidence that the field of that struggle is yet shifting.

SHORTER NOTICES

"Social Administration, including the Poor Laws." By John J. Clarke. Second (revised) Edition. Pitman and Sons, Ltd. 776 pages. 15s. net.

This is the second edition of Mr Clarke's deservedly well-known textbook. During the six years of its preparation we have experienced in this country a complicated refashioning of our social services, of local government administration of those services, and of their finances. The unemployment relief system has also been altered and reorganised, and then left in an anomalous state. All those concerned about our social welfare will endorse the Rt. Hon. Arthur Greenwood's cogent words in the Introduction: "The social services, as I conceive them in their developing form, are less concerned with relieving individuals from the consequences of social and economic evils, than with the positive, constructive task of creating a worthy background to life." The new edition of Mr Clarke's book will give students of social conditions an excellent panorama of the whole field in which these essential services are administered. In the second edition of his standard work, Mr Clarke has expanded the already exhaustive section on the Poor Laws; and he incorporates all the changes since 1929 in the social services and sets out their effects in the new framework of organisation. There are many useful appendices on the growth of expenditure on various social services, a comparison of the English and Scottish Poor Laws, etc. Mr Clarke, very rightly, links poor relief with unemployment relief and lays bare the interconnections. His belief that the book is unique in being "probably the first attempt to bring together within the pages of a single volume the whole of the Social Administration for which this nation has become famous" seems well founded.

"Die Reorganisation des englischen Kohlenbergbaus." By Dr. Albert Hunold. Buchdruckerei A. and W. Markwalder, Zürich. 136 pages. No price given.

This book is a useful study of the British Coal Mines Act of 1930. It gives the German-speaking student an admirable introduction to the British coal problem, particularly as it deals with the international position of the British coal industry before and after the war. Its only disadvantage is the fact that the statistics are not brought up to date. Nevertheless, Dr. Hunold's book is one of the best studies of the British coal industry which has been published in German during the last five years. It is a new link in the chain of valuable publications on British industries, prepared by students of the "Rechts- und Staatswissenschaftliche Fakultät of the University of Zürich."

"A Socialist Budget." By Colin Clark. The New Fabian Research Bureau and Gollancz. 36 pages. 6d.

In this ingenious statistical pamphlet Mr Clark takes the declared policy of the official Labour Party, calculates what it would cost, and suggests methods of raising the necessary money. He estimates that the increased social services proposed by the Labour Party would cost £65,000,000 a year, and that reduction of indirect taxation on articles of staple consumption would cost £10,000,000. He advocates the institution of a capital Budget to provide for the proposed public works programme; and £72,000,000 would be paid from the Revenue Budget for this purpose.

Mr Clark has therefore to raise £147,000,000 over and above what is at present available. He is remarkably nervous, for a Socialist, of the effect of high taxation in discouraging enterprise; and he does not propose to increase income tax, surtax, or death duties on the largest fortunes, but on the middle ranges only. He would supplement this, however, by a

BOOKS RECEIVED

From Peter the Great to Lenin. By S. P. Turin. (London) P. S. King. 216 pages. 9s. net.

French Import Quotas. By F. A. Haight. (London) P. S. King. 131 pages. 7s. 6d. net.

On Economic Planning. Edited by Mary Van Kleeck and Mary L. Fledderus. (New York) Covici-Friede. 275 pages. \$3.00.

Bendigo. Issued by Bendigo Mines, Ltd., and Gold Exploration and Finance Company of Australia, 95 Gresham Street, E.C.2, 30 pages.

An interesting brochure describing developments in the Bendigo goldfield.

Internationale Kapitalbewegungen. By Ragnar Nurske. (Vienna) Verlag Julius Springer. 248 pages. Rm. 7.80.

The World Agricultural Situation in 1933-34. (Rome) International Institute of Agriculture. 502 pages. L. 25.

Commodity Markets. (London) Swiss Bank Corporation, 99, Gresham Street, E.C.2. 70 pages. No price given.

Manchester Chamber of Commerce Official Handbook, 1935-1936. (Manchester, 2) Chamber of Commerce. 322 pages. 2s. 6d. net.

Aspects of the Theory of International Capital Movements. By Carl Iversen. (London) H. Milford. 536 pages. 15s. net.

King Edward's Hospital Fund for London. Statistical Summary of the Income, Expenditure, Work and Costs of One Hundred and Forty-five London Hospitals for the Year 1934. (London) King Edward's Hospital Fund for London. 100 pages. 1s. net.

George Allen and Unwin Ltd.

Controlling Depressions

By PAUL H. DOUGLAS. 10s. 6d.

This book contains good epitomes of the theories of Wicksteed, Mises, Keynes, Hayek, Haberler, and Machlup as well as Professor Douglas's own theories on the generation and cure of business depression, which are illustrated from both American and European conditions.

Commodity Control in the Pacific Area

Compiled and Edited by
W. L. HOLLAND. 25s.

Issued under the auspices of the Institute of Pacific Relations, this book contains a number of contributions by acknowledged authorities. Subjects dealt with are The Canadian Wheat Pool, Co-operation in the Hawaiian Pineapple Business, The Japanese Rice Control Scheme, The Silk Control Scheme in Japan, Export Control Boards in New Zealand, etc., etc.

MONEY AND BANKING

BRAZIL'S EXCHANGE PROBLEMS

THE present position and prospects of Brazil's exchange regulation are becoming more and more clouded and complicated. In the main, the recent aggravation of Brazil's exchange problems is due to the difficulties of the coffee industry. The fall in coffee prices, accompanied by increasing competition in cultivation abroad and a decline in world consumption, as well as the import quotas imposed in Germany and elsewhere, have created problems for the Brazilian authorities which well-nigh defy solution. And many of these problems are, in essence, legacies of the abortive valorisation schemes initiated in the past. Persistent efforts to support the coffee industry by artificial measures place a heavy burden on the national accounts, which have been characterised by deficits for many years past; while Brazil's reliance upon one industry as the basis of her export trade has inevitably provoked wide repercussions in the foreign exchange market. The national currency is on a fiduciary basis; the tendency is towards inflation; and the inevitable fall in the exchange value of the milreis has been stemmed only by means of frequent and improvised changes in the control regulations, which, however, have not prevented accumulation of overdue commercial debts and drastic curtailment of the foreign debt service.

Probably the most vulnerable points in the present situation are the unbalanced national finances, and the extent to which uncovered Government borrowing at the Bank of Brazil takes place. Against this precarious financial background, the coffee industry has gone from bad to worse and the shortage of foreign exchange has rendered the remittance of funds from Brazil increasingly difficult in the past few years. The accumulation of unremitted commercial debts was first handled in June, 1933, when agreements were reached with United States and European creditors. Small amounts were settled in cash, and the bulk of the liabilities were funded for payment in monthly instalments over six years. It is estimated that these payments represent an annual prior charge on Brazil's exchange resources amounting to some £1,350,000 sterling. In the middle of last year, coffee prices showed a considerable recovery, and it was then hoped that equilibrium in Brazil's balance of international payments would be attained, but the restriction of European coffee purchases and the fall in prices towards the end of the year caused renewed exchange difficulties. The experiment of restricting the allocation of exchange for the payment of imports to a proportional basis, in accordance with the quantities of Brazilian coffees purchased by individual countries, was then tried. This scheme proved unworkable and was abandoned in February last, when an attempt was made to institute complete freedom for the sale of all export bills after delivery of 35 per cent. of total exchange proceeds to the Banco do Brazil at the "official" rate, to meet Government requirements. Exchange to pay for imported goods cleared through the Customs after February 11, 1935, has therefore to be obtained in the "free" market; but a fresh accumulation of frozen credits—or frozen debits, as far as Brazil was concerned—had taken place by that date, and these were the subject of fresh negotiations by the special Financial Mission which visited New York and the European capitals. As a result, a second Payments Agreement was signed with Great Britain by which the Brazilian Government undertook to set aside, from the percentage of foreign exchange reserved for Government requirements, an annual amount of £1,200,000 sterling to meet arrears of commercial debts; and to add to this sum on the termination of the arrangement of June, 1933, a further annual amount of £853,000. The Brazilian Government further undertook to provide within 30 days of the signature of the Agreement the sum of £1,000,000 sterling to be used without delay for the payment in cash of small arrears. This payment has not so far been forthcoming, so that the Agreement has already proved impracticable in at least one particular.

Unfortunately, the foreign trade figures for the first four months of 1935 reveal a sharp contraction in the export surplus to £1.7 millions (gold), against £4 millions (gold) in the corresponding period of 1934. Moreover, a proportion of coffee sales continues to be made against payment in "blocked" currencies. Coffee shipments in January-April, 1935, were worth only £5.5 millions (gold), against £8.3 millions (gold) last year, while cotton shipments, although greatly increased in value, only amounted to some £1.8 millions (gold), compared with £660,000 (gold). The quantity of cotton available for export this year will probably be reduced, owing to the unseasonable drought.

The first scheme for the funding of the Brazilian foreign debt services, which was imposed in unilateral fashion in February, 1934, was based upon an assumed annual export surplus of £8,000,000 sterling; and, as Brazil has no gold reserves, she is dependent solely upon her exports for the supply of foreign exchange to meet her obligations abroad. The shortage of exchange naturally tends to prejudice the claims both of commercial interests and of foreign bondholders. Already it is feared that, unless the coffee situation improves, a third accumulation of unpaid commercial bills is inevitable and that a point may be reached where choice will have to be made between default on the debt scheme or failure to provide adequate exchange cover for the present volume of imports. Indeed, the Brazilian authorities, on June 28th last, again imposed restriction on the supply of exchange-cover for imports. The exchange situation at the moment is more than usually uncertain; but apparently the proportions of 35 per cent. of export proceeds for official requirements and 65 per cent. for the "free" market are still maintained. The position in regard to remittances abroad, however, has apparently reverted to that existing prior to May, 1934. For instance, the authority of the Exchange Control is again necessary before remittances abroad can be made. In brief, the disposal of the 65 per cent. proportion of so-called "free" exchange is, in fact, no longer free, but is controlled by the Fiscalisation Department.

Efforts have been made for some time—and are still being made with some degree of success—to develop the export of other products than coffee—the increase in cotton exports has been particularly remarkable during the last twelve months—but Brazil and coffee remain virtually synonymous terms. The primary cause of the deterioration of the coffee situation since the autumn of last year has been the falling off in overseas consumption, but the problem has been to some extent intensified by official procrastination. A Commission representing coffee planters was appointed by the Agricultural Congress held in Rio de Janeiro last April. It was then stated that the probable surplus from the 1934-35 coffee crop at the end of last June would be 4,500,000 bags; that the following the assumption that exports during the 1935-36 crop year would be 16 million bags, there would be a further potential surplus of 5 million bags. The Commission advocated numerous measures, but the anxiously awaited regulations for marketing the new crop were not issued until June 11th, and the main question whether there should be a "sacrifice" quota, as well as other problems, was even then left to a Convention of coffee-growing States, which was held on July 11th. The Convention was fully representative and quickly reached agreement on the chief points in the terms of reference. Although the decisions are still open to modification, it was apparently agreed that there should be no "sacrifice" quota for the 1935-36 coffee crop, and that 4 million bags of the present crop should be purchased by the National Coffee Department to maintain a statistical equilibrium. It was also recognised that new State taxes must be imposed to

provide for these purchases—to be offset by a reduction in export taxes—so that, in the end, the dead-weight burden of taxation on coffee is merely being redistributed. It is clear that the purchase of 4 million bags of coffee by the National Coffee Department will be quite inadequate to ensure rectification of the statistical position, and much must depend on deliveries during the current crop year. The world deliveries of coffee to the consuming markets in the 1934-35 crop year were 22.6 million bags, compared with 24.4 million bags in 1933-34; and the share of Brazilian coffee was 14.8 million bags in 1934-35 and 16.0 million bags in 1933-34. The surplus stocks destroyed in Brazil amounted to 35,121,293 bags up to June 30th last, for which the necessary finance has had to be arranged.

Should the contraction in Brazilian coffee exports continue, it is obvious that the present degree of taxation and exchange allocation will be inadequate. The main hope of Brazil appears to lie in the diversification and increase in the production of commodities other than coffee; but this is a process which will take time, while there is urgent need for basic reforms in the entire national financial structure. The Brazilian Financial Mission was unsuccessful in obtaining fresh loan accommodation in New York or Europe. Thus, not only does the outlook remain obscure, but economies and sacrifices on the part of the Brazilians themselves would appear essential if Brazil is to escape from the difficulties and dangers which loom ahead.

FINANCIAL NOTES

The Foreign Exchanges.—The return to power of Dr. Colijn has been accompanied by a rally in the guilder and in most of the remaining gold *bloc* currencies. At their worst spot guilders were quoted last week at Fl. 7.42 to the pound, but by Wednesday the rate had improved to Fl. 7.27. Simultaneously the discount on three months' guilders narrowed from 42 to 13 cents. This recovery proved a little too rapid, and on Thursday the spot rate eased to Fl. 7.31 and the three months' rate to 20 cents discount. The rate is now well within the gold export, so that the gold outflow has now ceased. The total losses of the Netherlands Bank are estimated at Fl. 130 millions. While confidence is being regained there is no sign yet of any substantial return of capital to Holland. The French and Swiss francs have moved broadly in sympathy with the guilder. Up to Monday last the British Control was buying francs at rates of Frs. 75½ and Frs. 75¾, but by Wednesday the rate had improved to Frs. 74¾, and the Control at once became a seller. On Thursday spot francs were steady at Frs. 74½ with no official intervention. Three months' francs improved early in the week from Frs. 1½ to Frs. 1 discount, but widened on Thursday to Frs. 1½. Spot belgas moved in the opposite direction to the guilder, appreciating during the crisis from Bel. 29.40 to Bel. 29.20, and subsequently returning to Bel. 29.35. The main influence was the flight of funds from Holland to Belgium and the subsequent relaxation of the pressure. The lira has been held at Lire 60½, but as the Italian authorities operate mainly through Paris any sterling or dollar purchases by them tend to weaken the franc. Spot dollars remained steady at \$4.97½ during the whole week. Towards the end of the week three months' dollars came on offer. This was due to the revival in Wall Street, which is beginning to attract funds from London to New York, involving purchases of spot and sales of forward dollars.

The Money Market.—While money remains very easy, the clearing banks have experienced a fair demand for loans all the week. It is thought that the market had applied fairly heavily for Treasury bills to be paid for last Wednesday and maturing on October 31st, this being a convenient date. The clearing banks have been buyers at ½ per cent. of Treasury bills maturing during the first fortnight of October, but are not taking later dates. They also bought a few September bills, but there are not many now on offer.

	July 11, 1935	July 18, 1935	July 25, 1935	Aug. 2, 1935
Bank rate.....	2	2	2	2
Clearing banks' deposit rate ...	1	1	1	1
Short Loan rate:—				
Clearing banks.....	1-1	1-1	1-1	1-1
Others.....	1	1	1	1
Discount rates:—				
Treasury bills	11-1	11	11	11
Three months' bank bills	11	11	11	11-1

It is suggested that one or two brokers are beginning to ask higher rates for Italian bank acceptances. It is impossible to quote a precise rate, for these bills are always classed as "agency bills," and so do not command the finest rates. The exact rate depends upon how many agency bills a parcel of bills contains. The City is agreed that any Italian attempt to obtain a credit in London—or in New York, for that matter—is doomed to failure, nor is it thought likely that Italy would have better success in Paris.

The Bank Return.—Currency requirements at the end of the month and the approach of the holidays are responsible for an expansion of £7.5 millions in the note circulation. The Reserve has fallen by £7.3 millions.

	Aug. 1, 1934	July 10, 1935	July 17, 1935	July 24, 1935	July 31, 1935
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	191.6	192.7	192.7	192.7	192.8
Note circulation	389.3	400.7	399.6	400.8	408.3
Banking Department:—					
Reserve	62.8	52.6	53.7	52.4	45.1
Public deposits.....	11.9	8.4	7.9	8.9	24.4
Bankers' deposits	96.5	108.6	103.6	100.8	75.7
Other deposits	36.9	36.4	38.8	36.6	38.5
Government securities.....	81.2	95.8	91.9	88.7	87.4
Discounts and advances	8.9	10.4	9.3	10.3	10.8
Other securities	10.5	12.6	13.5	12.9	13.4

Proportion 43.2% 34.3% 35.7% 35.8% 32.5%

The main movement in the Banking department is an increase of £15.5 millions in public deposits, which probably represents Wednesday's payments for Treasury bills. As a result of this transfer of funds and currency withdrawals by the public, bankers' deposits are reduced by £25.3 millions.

New York Money and Banking.—Money remains easy, and New York rates are unchanged. During the week ended July 24th New York member banks' loans to brokers were reduced from \$900 to \$880 millions. Other loans against securities fell from \$750 to \$748 millions. At the end of last week bank shares advanced sharply on Wall Street, through hopes that a provision in the new Banking Bill would allow banks to underwrite new issues. The Senate has passed the first section of the Bill providing for permanent deposit insurance up to a maximum of \$5,000 for individual accounts at a cost to the banks of one-twelfth per cent. of the sum insured. Senator Nye's proposal to found a Government-owned central bank was heavily defeated. Engagements for shipments of gold from Holland reported over the week-end amounted to about \$15 millions. Gold imports during June are returned at \$230.5 millions. Imports for the first half of 1935 amounted to \$805.4 millions, against \$852.4 millions in the first half of 1934. Thus the recent weakness of the gold *bloc* currencies has already resulted in gold shipments to New York commensurate with those which followed the revaluation of the dollar. Silver imports during June amounted to \$10.4 millions, against \$5.4 millions in June, 1934. Silver imports for the half-year were \$91.2 millions in 1935, against only \$19.4 millions in 1934. These statistics provide some indication of the consequences of American silver policy. In reply to representations from the silver interests, President Roosevelt has just claimed that the Treasury is discharging its duties under the Silver Purchase Act "in the manner most advantageous to the public interest." He added that the Act entrusts the Secretary to the Treasury with full responsibility for and control over day-to-day operations. This statement is very non-committal.

THE STOCK EXCHANGE

THE WESTERN AUSTRALIAN GOLDFIELD

THE development of gold-bearing areas the world over has been so rapid since Great Britain's departure from the gold standard that the lay investor may well have abandoned the task of keeping abreast of events. It is, for instance, less than a year since we last sketched the history and prospects of the Western Australian goldfield, but in the light of subsequent events it already seems curious that on that occasion (see the *Economist*, August 18, 1934, page 316) no mention was made of the discoveries at Yellowdine, which have since become the focus of interest in that field.

In fact, however, it was not until November of last year that Commonwealth Mining and Finance, Ltd., acquired from the Australian Machinery and Investment Company, Ltd., the whole of the latter's interests in the Yellowdine field. The area was thus brought, for the first time, to the notice of the public. Since then, the development of the properties has proceeded apace, and with sensational results. Technical work, moreover, has not outstripped financial development, and already the various participations in the field have become interlocked and somewhat complicated.

At an early stage, Commonwealth Mining invited other important interests to become associated with it in the development of the field and offered them one-half of its own interest. On this basis both Anglo-Australian Gold Development and Gold Fields Australian Development acquired a 20 per cent., and Great Boulder Proprietary a 10 per cent., participation in the Commonwealth interests in Yellowdine. These interests have subsequently been handed over to Yellowdine Investments, Ltd., a company with a capital of £100,000, in 5s. shares, which is held in the above proportions by the four participants. In addition, the Yellowdine shares originally taken over by Great Boulder Proprietary (together with other shares and interests) have recently been acquired by a new finance company, Great Boulder Mining and Finance, Ltd. The latter company, in addition, has subscribed at a premium for 60,000 £1 shares in Yellowdine Gold Development, Ltd., a company which has an authorised capital of £1,200,000 (£733,000 issued), and which will undertake the actual development of the field. Some 650,000 shares, or approximately 89 per cent. of its capital, is held by Yellowdine Investments, Ltd., which, in addition, is to have the right to provide any further capital which may be required in the future. The position may be seen more clearly from the following table:—

Holding of	In Yellowdine Investments		Equivalent in Yellowdine Gold Development	In Yellowdine Gold Development direct		Total Interest in Yellowdine
	No. of Shares	Per cent. of Total		No. of Shares	Per cent. of Total	
Yellowdine Investments, Ltd.	...	...	(%)	650,000	89	(%)
Commonwealth Mining and Finance	200,000	50	44	...	...	44
Anglo-Australian Gold Development	80,000	20	18	...	...	18
Gold Fields Australian Development	80,000	20	18	...	...	18
Great Boulder Mining and Finance	40,000	10	9	60,000	8	17
Other interests	...	...	...	23,000	3	3
	400,000	100	89	733,000	100	100

In future, as more capital for Yellowdine Gold Development is provided by Yellowdine Investments, the proportionate interest of the latter will increase. In any case, the preponderating interest in the field continues to be held by Commonwealth Mining and Finance.

In the meantime shareholders in the various companies interested have been well informed as to technical developments at the mine. Since November, some thirty cables have been published, many of them containing almost sensational news of high ore values. Broadly summarised, they have reported developments proving a lode some 3,000

feet in length, with an average width of 17 feet and average values of 1 oz. 15 dwt. per ton. The tonnage of ore actually proved amounts to 130,000, with a gold content of 195,000 ozs., worth, at 140s. per oz., some £1,365,000 sterling.

Unfortunately, development so far has scarcely extended below a depth of 100 feet. Boreholes put down earlier this year failed to intersect the reef at depth, but this does not afford conclusive proof that the lode fails to persist at depth. With a reef as wide as that at Yellowdine, it is extremely difficult to determine its dip, and the boreholes, therefore, may easily have missed it at depth. The reports published at the beginning of July of the development of sulphide ore are at least encouraging, for they suggest that the formation persists below the water level. Early last month Mr S. W. Munsie, Minister of Mines for Western Australia (who calls himself a "working miner" and does not claim to be a mining engineer or a geologist), declared, from his long experience, that the presence of evenly distributed gold throughout a quartz reef or a lode formation in the West was almost a sure sign of permanence. "I have never seen one case yet in Western Australia," he added, "where it is so thoroughly distributed throughout the lode formation as it is at Yellowdine."

Nevertheless the persistence of the Yellowdine formation at depth remains to be proved and, until it is, the shares of companies interested in it must contain a substantial speculative element. The main shaft is at present being sunk from the 100 ft. to the 200 ft. level, and investors should not, therefore, have to wait unduly long for knowledge of their fate, whether for better or worse, in this important respect.

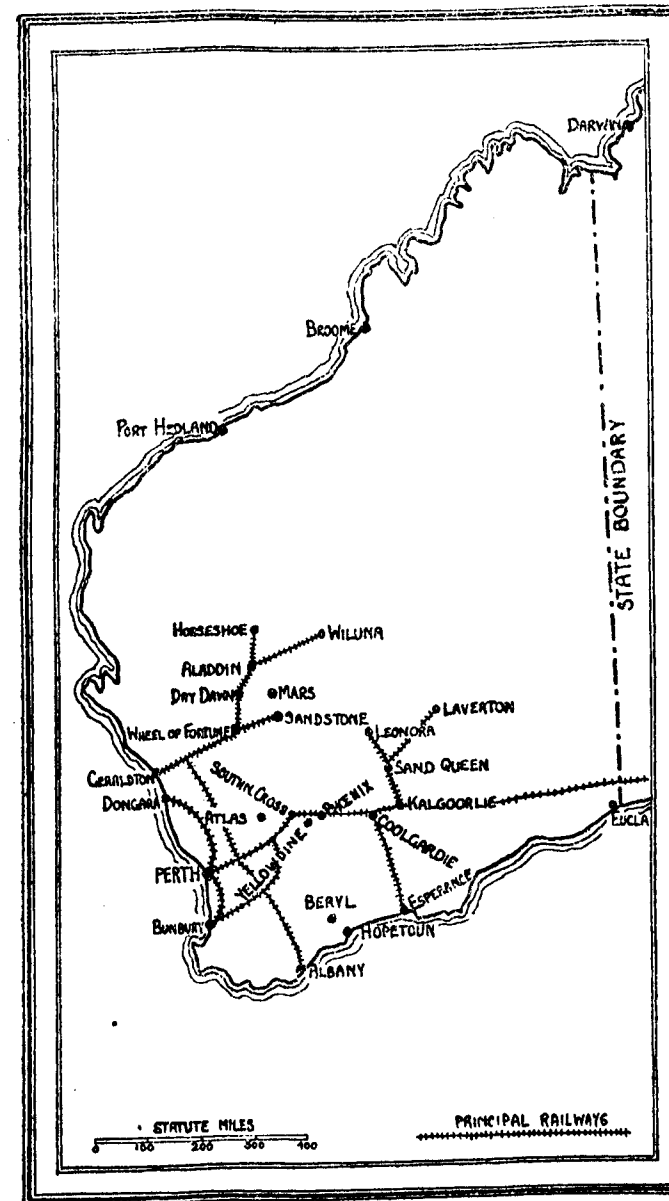
In the meantime, it is difficult to gauge the market valuation of the property, since the shares of the operating company are not publicly held, and the holding companies concerned all have other interests. As previously mentioned, Great Boulder Mining and Finance recently acquired 60,000 shares in Yellowdine Gold Development for £107,500, a figure which gives a total valuation for the 733,000 shares in issue of £1,313,000. This figure is approximately equal to the gross value of the gold at present proved, without allowing anything for extraction costs.

On the other hand, if the 44 per cent. interest held by Commonwealth Mining and Finance is valued on this basis, it would amount to £577,720, equivalent to only some 3s. per Commonwealth share, leaving the remainder of the market price to represent the company's other assets. Actually the market would be far more likely to assess these other holdings of Commonwealth Mining as equivalent to the par value of its shares, leaving the premium of, say, 7s. per share, to represent the valuation of Yellowdine. On this basis, which suggests that Great Boulder Mining and Finance acquired its interest in Yellowdine Gold Development, Ltd., on exceptionally favourable terms, the Commonweath Mining 44 per cent. interest in the Yellowdine field would be valued at, say, £1,250,000, and the market valuation of the property as a whole would be £2,840,000. If Yellowdine fulfils all the hopes of its sponsors, this valuation need not prove excessive. It suggests, however, that a considerable discounting of the future is reflected in the present price of the shares, in view of the fact that the gross value of the gold actually proved is only £1,365,000.

Although overshadowed by the riches of the Yellowdine, the other interests of Commonwealth Mining must not be overlooked. The company is reopening several old mines, including the Sandqueen Gladsome, north of Kalgoorlie, where the production stage has just been reached; the Phoenix at Coolgardie; the Aladdin, a rather low-grade property away to the north-west; and the Atlas to the west of Coolgardie. Production from these properties should not be unduly delayed, in view of the advantages which are presented by the use of old workings. The same con-

siderations apply to the many interests of the Anglo-Australian Gold Development, of which the Beryl property, in the south of the State, is the most advanced, and is already owned by a separate company. Still further development of mining properties in Western Australia is foreshadowed by the formation of Great Boulder Mining and Finance, which, in addition to taking over the investments of the Great Boulder Proprietary and Associated Northern Blocks companies, is acquiring various interests in new properties from the Australian Machinery and Investment Company, Ltd. The latter also transferred to a separate company its holding in North Kalgurli United Mines early in 1934.

GOLDFIELDS OF WESTERN AUSTRALIA



Next to Yellowdine, however, much interest is centred on the properties exclusively owned by the Gold Fields Australian Development Company. By far the most important of these are some eighteen gold-mining leases lying immediately to the north of the highly successful Wiluna mine. Although the company was registered in 1932, it was not until the early part of this year, when development had made considerable progress, that the public was asked to take a hand in the venture. By that time it was already possible for the chairman to estimate that working profits should exceed 20s. per ton in Australian currency, and in all probability they will approximate to those of the mine's southern neighbour, the Wiluna. By an agreement with the Wiluna company, which also belongs to the Gold Fields group, the ore from both properties is to be treated at the one plant, thus saving the Development Company a considerable capital outlay. The latter's capital is still small, less than £500,000 being in issue, compared with £1½ millions for Wiluna. If the fortunes of Wiluna are to be repeated, the premium at which the Development Company's shares are already quoted should be fully justified in time.

It is just a year since the issue of shares at par made by the Gold Exploration and Finance Company of Australia was some 15 times oversubscribed. In the light of this event it is a little surprising that the shares are now quoted little over par. The company was formed under very strong auspices including the Imperial Smelting-Zinc Corporation group and Consolidated Gold Fields, Central Mining, Union Corporation and American interests. It would appear to have made steady progress during its first year's working, although results so far have not been spectacular, and have been overshadowed by events at Yellowdine and elsewhere. Its interests in Western Australia are concentrated in the hands of the Western Mining Corporation and Gold Mines of Kalgoorlie, Ltd., which has taken over part of its interests on the Golden Mile. Results at Kalgoorlie so far have been satisfactory and production is expected to start shortly. A few weeks ago, moreover, the Corporation added to its holdings in various other Western Australian mines, many of which have been producers in the past, a 75 per cent. interest in an option at Eristoun. This property is being explored by two shafts, in one of which the company has just reported values of 101 dwt., or 5 ozs. per ton, over a true width of 14 feet at a depth of 90 feet.

The following table gives particulars of issued capital, current share quotations and latest results (where available) of the principal established and developing concerns on the West Australian Goldfield:—

Company	Issued Capital	Denomination of Ordinary Shares	Quotation, July 31	Latest Report		
				Date of Accounts	Earned	Paid
Established Producers:						
Great Boulder Prop'y ...	233,332	2/-	8/-	Dec., 1934	34.7½	25
Boulder Perseverance ...	174,793	1/-	3/3	Dec., 1934	22.7	25
Lake View and Star ...	560,000	4/-	24/-	June, 1934	59.3	57½
North Kalgurli (1912) ...	110,000	2/-	4/9	Dec., 1934	54.1	62½
South Kalgurli Consol ...	62,502	5/-	25/-	Mar., 1935	55.0	70
Wiluna ...	1,559,012	£1	58/-	Mar., 1934	26.9	22½
Other Companies referred to in Text:						
Gold Exploration and Fin. of Aust. ...	913,016	10/-	10/3	...	...	...
Gold Mines of Kalgoorlie	600,000	10/-	9/3	...	...	...
Commonwealth Mining and Finance ...	892,526	5/-	12/3	...	...	...
Gold Fields Australian Development ...	455,000	5/-	15/-	...	...	...
Great Boulder Mining and Finance ...	1,211,000	5/-	3/7½	...	...	...
Anglo Australian Gold ...	397,823	5/-	8/3	...	...	...
Beryl Gold Corp. ...	350,000	5/-	3/6	...	...	...
North Kalgurli United ...	201,043	5/-	4/9	...	...	...

† Including profits from flotation of companies.

The established producers have paid satisfactory dividends in recent years, and there are indications that some, at least, of the newcomers may achieve a similar degree of success. The speculative investor, however, may be advised to entrust his money to the more important interests which are developing the field, for they provide the expert technical resources and adequate financial strength without which an inherently speculative industry is converted into a pure gamble.

INVESTMENT NOTES

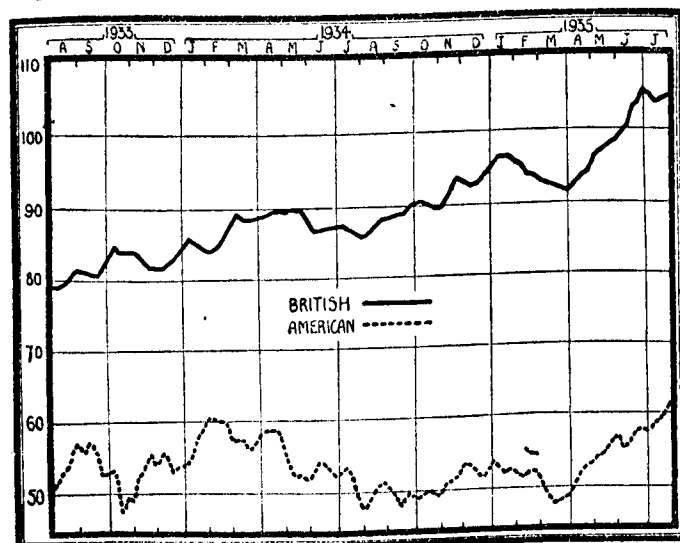
Course of Share Values.—Traditional holiday conditions and the competing attractions of a substantial number of new issues have induced only a moderate net reaction in the level of share values. A spell of profit-taking, which was no more than due after the uninterrupted rise of the previous three months, led to a two-point recession in the early days of July, but the commencement of the three-week holiday account brought moderate support for shares of contemporary interest, such as brewery and steel issues. Wall Street is now wondering if the long-heralded boom is awakening. The upswing in common stocks since the beginning of March has recently broken through the "high" of February last year. So far, recurrent profit-taking has tempered the rise, but the impressive mid-summer trade reports, coupled with the sound technical position, have encouraged greater speculative interest than for many months past. The slightly chequered course of the London market results, in part, from the rather specialised character of business recently. Over the past month both the Actuaries' Index of 158 industrial equities

and the Index of $2\frac{1}{2}$ per cent. Consols have declined only fractionally from 77.5 to 77.4 and from 151.9 to 151.7 respectively (December 31, 1928=100). The decline in the former series, however, masks a rise in iron and steel and

BRITISH AND AMERICAN INDUSTRIAL SHARE VALUES OVER THE PAST TWO YEARS

(1928 = 100)

British: "Financial News" Index of 30 Ordinary Shares (adjusted to 1928 base)
American: "Standard Statistics" Index of 50 Common Stocks



brewery shares, which has been offset by falling quotations for coal shares and home railway stocks. A selection of component indices is given below:—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100)			Yields (%)		
	6 Months Ago (Jan. 29, 1935)	Month Ago (June 25, 1935)	This Week (July 30, 1935)	6 Months Ago (Jan. 29, 1935)	Month Ago (June 25, 1935)	This Week (July 30, 1935)
Fixed Interest Stocks:						
2½% Consols.....	162.8	151.9	151.7	2.74	2.94	2.94
Misc. Indus. Debs. (13)...	126.3	125.3	125.9	3.85	3.88	3.86
Misc. Indus. Pref. (44)...	122.8	121.1	120.6	4.18	4.24	4.26
Ordinary Shares:						
Investment Trusts (14)...	57.1	54.0	56.8	3.54	3.68	3.59
Building Materials (4)...	85.3	92.9	90.9	4.20	4.34	4.45
Coal (6).....	98.9	92.9	87.0	3.73	3.74	4.08
Iron and Steel (8).....	54.6	59.9	62.3	2.81	3.33	3.22
Oil (5).....	63.4	68.6	66.3	4.07	4.11	4.72
Home Rails (4).....	70.9	69.5	66.6	1.45	1.55	1.54
Breweries and Distill. (19)	128.6	132.2	133.2	4.00	4.00	4.09

Although the level of $2\frac{1}{2}$ per cent. Consols has fallen by ten points since the end of January, there is little evidence of a general equity boom in counterpart. The course of share quotations and yields suggests, indeed, that the market has been fairly discreet in discounting recent increases in dividends.

Corporation Borrowing Resumed.—The fears which were expressed in the market when municipal refunding operations were resumed early in June have proved groundless. This week has seen a resumption of corporation issues, after a judicious interval of a month in which such large-scale operations as the London Electric Transport, India, and Australia issues had been safely launched. The present issues, however, differ in one important respect from those of six and eight weeks ago. At that time, Manchester, Cardiff and Birkenhead could obtain no better terms than a twenty-year 3 per cent. stock at 99. In view of the statement issued by the Government broker that the Bank of England might express an "opinion" regarding the terms of issue of Corporation loans, these rates were widely interpreted as evidence of Treasury abandonment of Local Loans conversion preparations, and as part of a "safety-first" policy to ensure the success of trustee operations, even at the expense of some slight deterioration in gilt-edged prices. The London Electric issue tended to confirm this view, for its terms suggested

that the authorities might be contemplating the possibility of higher interest rates in the future. This week's trustee issues for Dundee and West Bromwich, however, have taken the form of 3 per cent. stocks at par, with maximum lives of 23 and 21 years respectively, and optional redemption 2 years earlier. For the time being, it would appear that the official attitude has been somewhat modified. The steadier tendency in the gilt-edged market during the past month does not necessarily refute the suggestions which were recently current that gilt-edged prices may have passed their cyclical peak. There is, however, too slender a basis as yet for reaching either conclusion.

Argentine Transport Developments.—Last Saturday the details of important proposed changes in the Co-ordination of Transport Bill, now before the Chamber, were published. The problem of "road v. rail" has engaged the attention of the Government for a considerable time. On September 26, 1934, the Committee of Communications and Transport of the Argentine Chamber of Deputies published a majority and a minority report. The majority report recommended that the entire question of road and rail transport should be placed under the jurisdiction of the National Railway Department. The minority report proposed that the matter should be handled by the Minister of Public Works, assisted by a National Transport Board composed of the Director General of Railways, the President of the National Road Department, the General Director of National Navigation and Ports, a representative of the railway companies, and a representative each of road transport and navigation companies—that is, by a President and six members. The majority of the Committee has now decided to substitute for its previous report a series of recommendations far more closely resembling the proposals of the minority. The original Bill cannot be withdrawn without the authority of the Chamber of Deputies, which will therefore be sought at the first opportunity. Meanwhile, to save time, the majority of the Committee has drafted a substitute Bill. The chief provisions of the new Bill are as follows. A Transport Co-ordination Board is to be created, composed of nine members. These comprise:—

- (1) A President (of Argentine nationality) appointed by the Executive, in agreement with the Senate, for a period of four years and eligible for re-election.
- (2) The President of the National Road Board.
- (3) The General Manager of the State Railways.
- (4) The Director-General of Navigation and Ports.
- (5) The Director-General of Railways.
- (6), (7), (8) and (9) A representative each for large coast-wise shipping companies, small coastwise shipping companies, railway companies, and motor transport concerns.

With the exception of the President, the members of the Board are to be honorary. The Board will issue permits to concerns engaged in transport activities in the National territories (as distinct from autonomous Provinces); between these and the Provinces; between Provinces; or between the Provinces and the federal capital. The permits are to have a maximum duration of ten years, and will only be renewed or transferred by special permission of the Board. The Board is to co-ordinate transport services by land, water and air in a manner best calculated to serve the public interest and the national economy. When issuing permits the Board will take into consideration the relative desirability of the new service, and the possibility that the requirements of the zone may be met by existing concerns. Companies to which permits are issued will be exempt from all taxes, except those imposed for the preservation of the roads. The first Bill stated more precisely how co-ordination was to be effected. In the new Bill, however, details of execution are to be left to the Board. It will be seen that whereas the National Railway Department was originally to have been the controlling authority, in the new draft railway interests are only represented by three out of nine members. The former Transport Co-ordination Bill was due to come before the Chamber on July 17th; but political developments delayed its discussion. In certain political quarters it is believed that the Bill will not pass through Congress during the current year. In its original form, the Bill

aroused considerable opposition, despite the full publicity given in Argentina to the transport co-ordination schemes of other countries. It was denounced as bound to establish a monopoly for one form of transport; and was attacked not only by the motor interests, but also by the Socialist Party (excluding, of course, the 120,000 railway workers) and by many other bodies. The fact that great sums of public money have been spent on road-building in recent years has provided ammunition for the opponents of the measure. The new Bill seems more calculated to placate this cogent opposition.

The Railway Interims.—The "Berwick" and Great Western interim statements were, in general, very similar to those of the London Midland and Scottish and the Southern, which were discussed on page 185 of last week's *Economist*. The actual dividends—a repetition of last year's $\frac{1}{2}$ per cent. on Great Western ordinary, and a full payment on the London and North Eastern guaranteed stocks, but nothing on the first preferences—were in accordance with general expectation. The revenue statements, however, again showed heavy, though not unexpected, increases in wage costs, and brought home very clearly the significance of last year's concessions. A decline of £74,500 in the gross takings of the London and North Eastern was coupled with an increase of £252,400 in expenditure, of which £227,800 was attributed to salaries and wages. The Great Western, however, was the only one of the four companies to show an increase in net revenue. Gross receipts advanced by £35,000 and expenditure by only £18,000, despite an extra charge of £120,000 for wage and salary cut restorations and for the Jubilee celebrations. Taken as a whole, the interim statements are not unsatisfactory, although they provide no encouragement for the market. It must not be forgotten that the earnings position is a little distorted by the fact that the first half of this year contained one more Sunday than that of 1934. The effect of this calendar factor upon gross receipts is evidently greater than its effect upon expenditure. The gains in net revenue, therefore, appear smaller, and the losses larger, than if the periods had been precisely comparable. This factor will be made good during the current half-year, which includes one Sunday less. The expenditure record, moreover, was at least no worse than had been expected. The expenses of the four lines increased by £515,000, including a somewhat mystifying increase of £100,000 in the ancillary expenses of the London Midland and Scottish. The increase in costs for the whole year, resulting from the wage and salary cut restorations alone, was originally estimated at £960,000, and more than one-half of this amount should have accrued in the first half of the year, since some of the restorations took effect from last October. With the exception of the London and North Eastern, therefore, each of the four lines appears to have reduced its non-wage costs, which cannot be regarded as a bearish factor. On the results of the half-year, without allowing for any further gains in net revenue which may be achieved in the second six months, earnings for Southern preferred may be estimated at $3\frac{1}{2}$ per cent.; for London Midland and Scottish 4 per cent. 1923 preference, $1\frac{1}{2}$ per cent.; for London and North Eastern 4 per cent. first preference, $2\frac{1}{2}$ per cent.; and for Great Western ordinary, 1 per cent. Even assuming these distributions, which leave out of account the satisfactory traffic increases which have been recorded since the end of the half-year, the stocks would not be grossly over-valued. There is always the prospect, eventually, of reductions in rating assessments should the House of Lords decision in the Southern case prove favourable.

Steel Shares and the Cartel Agreement.—Steel shares have finished the week strongly, under the stimulus of the agreement between the British and Continental steel manufacturers. In this agreement, however, there is nothing to justify more than a moderate advance in share prices. The possible benefits which may accrue from the quantitative limitations of imports and the stabilisation of



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exports were adequately discounted in the middle of June, when the agreement was reached in principle. The only significance of the new agreement, from the point of view of profit prospects, is the indication which it gives that the necessary complex of sectional agreements will be built up successfully and will be operated with goodwill on each side. Its structure, however, is not yet complete, although the bulk of the work appears to have been done. By the agreement, of course, the centralisation of the industry's foreign trade is brought one step nearer. The effect upon individual shares is still a little difficult to assess. The following table shows the advances which have already been achieved by the leading shares:—

Company (and Share Denomination)	Jan. 2, 1935	Mar. 27, 1935	May 8, 1935	June 12, 1935	July 31, 1935	Div. %	Yield %
Baldwins (4/-).....	5/3	4/9	5/9	7/3	7/3	2½	4 7 6
Consent Iron (£1)...	6/-	5/3	5/9	6/6	7/3	Nil	Nil
Dorman Long (£1)...	11/3	11/3	11/3	17/6	18/6	Nil	Nil
Guest, Keen (£1)...	18/6	19/4	25/3	27/6	30/-	Nil	Nil
South Durham (£1)...	35/-	35/-	36/3	45/-	47/6	9	3 15 7
Do., B (£1).....	16/3	14/4	15/7½	20/-	26/3	3	2 5 7
Stewarts & Lloyds (£1).....	29/-	30/-	30/9	31/6	32/6	5	3 1 3
Richard Thomas & Co. (£8).....	5/-	5/6	6/3	7/-	8/6	6	4 11 3
United Steel (£1)...	28/6	28/6	28/6	31/-	33/6	5½	3 5 0
Vickers (6/8).....	10/-	9/9	12/-	13/6	15/-	6	2 13 9
Whitehead Iron (£1)...	100/-	120/-	132/6	135/-	115/-xd	30	5 5 0

* Imposition of 50 per cent. tariff on steel. † Temporary agreement with Cartel, and duty reduced again to 33½ per cent. ‡ Long-term agreement in principle. § Long-term agreement signed.

The leading shares in the market (whose prospects were discussed in the *Economist* dated July 13th, on page 79) will, in general, benefit, for most of them produce semi-finished steel. The main danger is the old one of an over-expansion of capacity. Already plans have been made public showing the intentions of Dorman Long and South Durham to enter into the production of steel strip and sheets. As a result of export regulation, an improvement in the world price structure is clearly in prospect. This will benefit particularly the producers of galvanised sheets, of which John Lysaght (Guest, Keen group) and John Summers are the chief. If there is a general price increase—and it is not unlikely—the brunt of the loss will fall upon the consumers of steel and particularly upon the independent re-rollers. The organisation of the latter, however, does not usually extend to public share capitalisation. Whitehead, which is of public interest, obtains raw material by long-term agreement from Richard Thomas. Thus, on a medium-term view, the profit increase may be substantial even if the agreement has no effect upon the current year's accounts. The market, however, still has fair justification for cautious estimation of earnings in the immediate future.

Beet Sugar Companies and the Subsidy.—The Government's long-awaited statement on beet sugar policy which is discussed on page 226, is regarded as a mild bull point for the companies. From the beginning, the

market has been confident that the first choice of the Greene Committee would not be adopted. In the event, the beet sugar industry is to be continued indefinitely. To reduce the liabilities of the Exchequer, however, the total output is to be limited at the 1935-36 level of 560,000 tons of white sugar. Further economies are to be sought in a diminishing scale of "assistance" and, more particularly, in an amalgamation scheme to cover all the beet sugar companies more or less in accordance with the Greene Committee's second choice proposals. The amalgamation itself is expected to yield substantial savings. But it seems probable, though by no means certain, that the Government will look to the factories' profits for an important part of the economies in view. According to the Greene Committee recommendations, the profit allowable to the factories would be calculated on a strictly written down valuation for fixed assets plus working capital, with no allowance for goodwill. Moreover, the more powerful concerns would bear part of the expenses of the less efficient. Until full details are published of the amalgamation scheme itself it is impossible to assess the effect on individual concerns. Its terms, however, are likely to prove more generous than those envisaged by the Greene Committee. It is still not certain that profits will be substantially lower than in past years when, as was shown in a Note on the subject in our issue of June 8th (page 1313), the leading concerns have not only been able to pay very substantial dividends on their capital, but have been able to accumulate impressive liquid reserves as well. The new scheme will come into operation on April 1, 1936, at latest. Thus, in compensation for any reduction in earnings, the companies are given an indefinitely extended life together with something amounting almost to an assurance of modest profits. While final comment must await publication of detailed proposals, it would seem that beet sugar company shares would in future occupy a position somewhat analogous to that of a well-established public utility concern, characterised by stability of earning power, rather than by high-gear possibilities.

* * *

Revival on Wall Street.—Political doubts do not deter Wall Street. The market is certainly in confident mood, and despite the usual waves of profit-taking, prices are firm. At intervals during the last two years, there have been advances both in business activity and in stock prices, but each boomlet has collapsed ignominiously. The present forward movement, however, appears more soundly based than were its predecessors. Previous advances were largely founded upon activity in the consumers-goods industries, and, in particular, upon the motor trade. The present revival centres round a very definite improvement in the privately-owned construction industries in general, and in house building in particular. Steel production is going ahead at a rate quite unique at this time of the year, and the output is, moreover, being consumed in current construction work. These encouraging factors, together with the favourable earnings statements issued by many concerns for the second quarter of the year, are the root of the market's optimism. Although there are still very many unknown factors in the immediate future—A.A.A. and the effects of the official spending programme are only two of them—the improved temper appears more persistent than on former occasions. Further advance, however, may be rather less rapid. Railroads and utilities normally account for much the greatest part of new construction work, but they are both unlikely, in the near future, to undertake new development, the first for economic and the second for political reasons. The fact, too, that the banking and industrial structure is still somewhat illiquid may act as a restraining factor, for as prices rise, there will be a renewed tendency for frozen bank advances to be repaid. The market is much encouraged, on the other hand, by the extent of sound investment demand. Much of the interest is inevitably essentially speculative—and that accounts for the irregularity of some sections of the market—but there is a solid core of investment buying. The return of market confidence in recent weeks is a surprising but reassuring fact.

Further Fixed Trusts.—Whatever verdict is eventually passed upon the fixed-trust movement, posterity will not complain that its managers were failing in ingenuity. The announcements issued this week on behalf of two new fixed trusts, under established managements, present a further illustration of the search for novel and, in the majority of cases, useful features. Both the Security First Trust (sponsored by interests associated with Dawney Day and Company) and the British Empire Cumulative Fixed Trust (in the Fixed Trust Investments group) adopt provisions for an "escrow fund," from which regular instalments can be made available for management expenses. Both managements also undertake to repurchase sub-units upon request, at prevailing "break-up" prices. The most novel feature, however, announced by Security First Trust, relates to the optional conversion of sub-units into shares in a managed investment trust. The managers are empowered to convene a meeting of certificate holders at any time during the last quarter of the trust period of twenty years, which may authorise, by majority vote, the exchange of the underlying securities in the Trust for shares in a managed investment trust company formed to take over the Trust property. This provision, it should be noted, would not affect the right of any sub-unit holder, who "contracted out," to receive his proportionate share in cash. The British Empire Cumulative, without offering specific alternatives when the time for liquidation approaches, entitles certificate holders or managers to call a meeting to decide how the Trust shall be liquidated. Both provisions offer an alternative to the automatic liquidation, at the end of the trust period, of a portfolio which might then have highly favourable prospects. Any widespread adoption of these or similar provisions, however, would inevitably bring the problem of management capacity into the forefront. The qualities required in the original choice and supervision of, say, 25 industrial securities may differ appreciably from those which are called for in the direction of a managed investment trust. The two portfolios include a number of industrial "leaders" which have already been generally included in fixed trust portfolios, and greater prominence is given to steel, building and newspaper issues in selecting the remainder of the units. The increasing tendency towards the duplication of leading shares inevitably results from the formation of new trusts, and, if the movement were to outgrow its strength, this factor might involve difficulties of marketing which would certainly not be compensated by ingenious points of constitution-building.

COMPANY NOTES

Linen Companies.—In addition to the general difficulties of textile industries during the post-war period of falling prices, the linen industry has been faced with special problems of its own. Though containing several large industrial units, such as Linen Thread and York Street Flax Spinning, the greater part of the industry, especially that producing damask and fine linen, was organised on a traditional rather than on a modern basis. After the war the fashion of polished tables displaced the tablecloth in many homes, while for underwear, rayon was becoming an increasingly strong competitor. The industry had to adjust itself to conditions in which some of its more important branches could no longer prosper on a luxury demand. That it has made some progress in this adjustment is evident from the fact that, for 1934, exports of linen piece-goods have already exceeded the 1929 level, with 77,596,000 square yards, against 71,539,600 in 1929. The proportion of the total market represented by export consumption was already falling before the depression, and has fallen still more since. This improvement in exports is, therefore, exceeded by the advance in total output. Higher turnover, however, has only been purchased at the cost of sweeping reduction in prices. Other factors, such as improved designs and changes of fashion, have also contributed. Profits, however, remain low or moderate, and the rise in flax prices has no doubt presented difficulties. There would, however, appear to be room for a fur-

ther improvement in efficiency and reduction of costs, so that, if the present level of prices can be maintained, higher profits should not be impossible in the future. The adjustment which the industry is making, however, must be a slow process, and a rapid turnover cannot be counted on.

(Profits in £'000)						
	1929	1930	1931	1932	1933	1934
Linen Thread (Sept. 30):						
Earned for Ord.	143.5	Dr. 10.4	Dr. 4.2	79.4	62.0	130.3
Earned %	8.7†	Nil	Nil	4.8	3.8	8.4
Div. %	8½†	6†	6†	6	6	6
Robinson and Cleaver* (July 31):						
Earned for Ord.	40.5	37.7	17.3	18.4	23.1	16.1
Earned %	20.2	19.5	9.2	9.8	12.3	8.3
Div. %	10	10	6	6	6	6
York Street Flax (June 30):						
Earned for Pref.	20.3	20.0	Dr. 108.8	Dr. 21.9	Dr. 17.8	11.6
			No.	pref. div.	paid	

* Retailers of general drapery, specialising in linen largely manufactured by themselves.
† Tax free.

The investment interest in linen is limited to a few concerns, the principal of which are shown in the accompanying table of profits. As in the cotton industry, the manufacturers and specialists have fared very much better than the spinners.

* * *

Guinness Accounts.—The results of Arthur Guinness, Son and Company fully maintain the improving trend which has been established in the brewing trade in the last two years. Total gross profits, exclusive of investment revenue, have risen from £1,701,131 to £1,966,132. The returns of beer and stout exported from the Irish Free State suggest that this improvement is due to a slightly better turnover at a slightly lower average value per barrel. Neither turnover nor profits have yet recovered the levels normal before the depression, when gross profits were known to exceed the £3 millions mark, and normally fluctuated between £2½ millions and £2½ millions. The comparison with more recent years is shown in the following table:—

	Years to June 30,		
	1933	1934	1935
	£	£	£
Gross profit and investment income	1,633,606	1,912,144	2,173,114
Maintenance and depreciation ...	146,985	147,449	146,086
Other expenses and fees	17,718	19,512	13,819
Preference dividend (net)	90,000	91,500	93,000
Ordinary stock:—			
Earned	1,378,903	1,653,674	1,920,210
Paid	1,518,750	1,548,750	1,685,625
Earned (%)	24.5	28.8	33.0
Paid (%)	27	27	29
To reserve	Nil	Nil	200,000
Carried forward	706,800	811,724	846,309

Reviving earning power is backed by extremely strong finances. Cash and short-term Treasury bills have risen from some £1,895,229 to £2,215,413. No large capital expenditure has been directly undertaken during the year. An increase in advances to subsidiaries from £97,352 to £616,226, however, may be taken to reflect the cost of the new brewery now under construction at Park Royal. There has been some reduction in stock during the year which, combined with a reduction of gilt-edged and other investments from £4,643,569 to £4,450,527, accounts for the larger cash holding. At about 148s. (cum 17 per cent. final dividend and bonus) the £1 units yield approximately 44 per cent., a return which appears to discount the prospect of further improvements for some period ahead.

* * *

London Associated Electricity.—The announcement this week, that this new merger company will be able to acquire 99½ per cent. of the total share capital of the six supply companies, by assent and under Section 155 of the Companies Act, has been well received. The market, at one

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stage in the proposals, was sceptical of their benefit, but an amendment in the articles of the merger company removed all fear that the policy of the new board would affect the security enjoyed by shareholders in the associated undertakings. It would appear from the announcement that a valuable piece of co-ordinating machinery has already been provided at little cost, for the preliminary expenses of the associated company amount to only £9,000. The new concern has announced that, as from the Michaelmas reading, a two-part tariff will be available for domestic consumers, consisting of a primary charge based on floor-space and a running charge, not exceeding ¾d. per unit, while for commercial premises the primary charge will be based on connected load, and the running charge will not exceed 1d. per unit. This was the first objective of the merger, for the anomalous systems of charges among the constituent companies had prompted considerable criticism. A common form for assisted wiring and hire of apparatus is now being drafted, and should yield satisfactory economies. There is, therefore, a reasonable promise of a moderate rise in revenue over the long period, which will be enhanced if a standard voltage and frequency can be introduced.

* * *

Watney, Combe, Reid Accounts.—The announcement of a total distribution of 16 per cent. on Watney ordinary stock came as a gratifying surprise to the market which for once had been guilty of too modest expectations. Increased costs, which prompted a warning from the chairman last year concerning the probability of reduced gross profit margins, have not prevented trading profit from making a further advance towards pre-depression levels. The increase, it is true, is more modest than in the previous year but owing to reductions in trade expenses and interest payments, earnings for the deferred stock have advanced from £788,203 to £832,460. The increased distribution is covered by earnings equivalent to over 29 per cent., as shown in the following table:—

	Years to June 30th,		
	1933	1934	1935
	£	£	£
Trading profit	1,680,404	1,901,071	1,928,138
Rents and dividend receipts	544,419	519,600	518,512
Total profits	2,224,823	2,420,671	2,446,650
Trade expenses	751,174	764,812	752,684
Directors' fees	13,600	15,000	15,000
Repairs and depreciation	277,219	294,207	300,808
Compensation and licences	55,007	44,862	40,421
Deposit and debenture interest ...	302,448	301,924	293,610
Preference and preferred dividends	211,663	211,663	211,663
Deferred stock:—			
Earned	613,712	788,203	832,460
Paid	318,541	414,103	509,664
Earned (%)	22.4	28.2	29.1
Paid (%)	10	13	11
Property improvement reserve ...	300,000	350,000	300,000
Carried forward	277,551	301,651	324,444

The balance sheet discloses few changes of importance, apart from increased items for Government securities and cash, and shows its unusual impressive strength. The company, in common with other leading brewers, has fought the secular decline in beer consumption by internal economies and improved properties. The June brewing figures do not afford conclusive evidence as to summer trade, for some decline was probably inevitable after the expansion in the two previous months. Taken broadly, however, recent figures suggest that the decline has not yet been arrested, and the long-term prospect of brewing shares therefore hangs on the reaping of further improvement in efficiency. In this matter, Watney, Combe, Reid are amply provided with technical and financial resources. The £1 deferred stock units at 76s. 6d. cum 11 per cent. offer a yield of £4 4s. per cent. and appear reasonably valued.

* * *

Prices Tailors Results.—The preliminary figures which have been announced by the proprietors of "Fifty Shilling Tailors" reveal a further remarkable increase in earnings during the year to June 30th. The profit for the year, which is only approximate and is subject to final audit, amounts to some £344,000, compared with £255,313 for the previous year, and £141,933 for 1932-33. The acquisition, towards the end of 1932, of Stewarts Clothiers has evidently proved very advantageous. The increase in earnings has far outweighed the preferred ordinary dividend requirements, resulting from the 1932 issue, and the earnings rate on the highly geared equity has shown a five-fold increase over three years. The course of recent profits is set out below:—

	Years to June 30,		
	1933	1934	1935†
Profit	141,933	255,313	344,000
Income tax and reserve	30,000	32,500	41,000
Depreciation	47,746	78,641	75,000
Directors' fees	600	1,500	1,500
Preference dividend	15,000	15,250	15,500
Preferred ordinary dividend	15,031	26,688	27,125
Ordinary shares—			
<i>Earned</i>	33,556	100,734	183,875
<i>Paid</i>	19,668	40,687	88,156
<i>Earned (%)</i>	25.6	74.3	135.6
<i>Paid (%)</i>	15	30	65
To Reserve	...	50,000	50,000
Carried forward	35,248	45,295	91,014

† Approximate results for latest year.

The company is now controlled by Prices Trust Company, which acquired over 99½ per cent. of the 3,500,000 1s. ordinary shares in November last, at the rate of 3s. 6d. in cash and 3.265 new 5s. shares of the Trust for every seven shares in the Tailors Company. The Trust Company has paid 15 per cent. for its first year, after meeting dividend requirements on its £500,000 5½ per cent. preference issue. The public participation in the equity of the business is therefore doubly geared. The yield of £3 18s. per cent. on the 5s. shares of the Trust which are now quoted at 19s. 9d. appears to discount a more liberal dividend policy in the future. Hitherto, a substantial proportion of the operating company's equity earnings has been ploughed back into the business. The proposed allocation of £50,000 to reserve, however, will increase the fund to £175,000, equal to the ordinary capital in issue. The method of capitalisation adopted enhances the speculative attraction of the shares while the geometric increase in profits continues, but it would involve, conversely, the possibility of corresponding reduction in equity earnings during a period of adverse trading.

* * *

Rhokana Corporation.—The recently published preliminary statement of Rhokana Corporation for the past year to June 30th allows little scope for anticipation as to the full report and accounts, which should be forthcoming in September. The fact that the estimated net profit for the year, after providing for debenture interest, depreciation and development, amounts to £325,000, against £389,045, expresses the kernel of the situation. The extent

of the fall, which has occurred despite an increase in production from 62,180 to 69,301 long tons, suggests that, while the reduced scale of production under the Copper Restriction Scheme, from the beginning of May, has presumably involved some increase in the level of costs during the latter part of the Corporation's year, the main cause may be attributed to a slightly lower average price for the metal. The statement adds that the first shipment of wire bars from the electrolytic refinery was made in March, and that tests have proved them to be entirely satisfactory. Up to June 30th, 9,989 tons of electrolytic copper were produced. The reduction in the profit has had no adverse effect on the price of the shares, which, indeed, have tended to strengthen to a current price of around 96s. 3d. While market opinion regards the ordinary shares as being fully valued for the moment, it is inclined to suggest that the 5½ per cent. redeemable cumulative £1 preference shares, which were issued last December, may be somewhat undervalued by comparison at their present price of 22s. 9d.

* * *

Other Company Results.—Our usual summary of profit and loss accounts, on page 261, includes the results of 24 additional companies. In the banking group, the Bank of New Zealand reports slightly higher net profits of £529,529, and has maintained the 10 per cent. dividend. Considerable market interest has been aroused by the results of John Lysaght, which is controlled by Guest, Keen and Nettlefolds. Profits have jumped from £279,892 to £489,230, and the dividend is doubled at 16 per cent., tax free. The increase is, in fact, equivalent to some 2½ per cent. for the ordinary shares of the parent company, which have consequently been in active demand this week. In the textile list Tootal Broadhurst, who manufacture proprietary branded textiles, report a further expansion in earnings. Net profit has advanced from £66,831 to £84,682, and a substantially higher amount is carried forward, after payment of the 10 per cent. dividend. This week's miscellaneous reports are largely from smaller industrial concerns. Among them, Gabriel Wade and English, the timber dealers, report net profits of £56,157, against £75,832, and have been able to pay an increased ordinary dividend following the repayment of preference arrears in the previous year. Increased earnings are reported by Geo. Bassett and Company, the confectioners (£53,717, against £40,460), and Hutchinson and Company (Publishers), which has resumed ordinary dividends, after two years' break, with a payment of 2½ per cent. The results of North Central Wagon are not so encouraging, for although available revenue amounts to £42,037, compared with £41,642, a considerable fall in trading profits has been offset by profits from sales of investments. The only investment trust report of the week, from Edinburgh and Dundee, is very satisfactory, for net revenue has advanced from £43,239 to £56,009, and the dividend is increased from 6 to 6½ per cent.

* * *

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Furness, Withy and Company, Perak River Hydro-Electric Power, Gold Fields Rhodesian Development, Anglo-Australian Gold Development, Eaglehurst Rubber Estates, Bukit Mertajam Rubber, and Threlfall's Brewery. Lord Essendon, at the Furness, Withy meeting, put three alternatives to the shipping industry in alleviation of its present troubles, and declared that rationalisation by voluntary agreement still appealed most to him. Mr D. Christopherson, at the Gold Fields Rhodesian Development meeting, devoted much attention to the new gold interests of the company, and referred hopefully to the prospects of British Celanese second preference shares. At the meeting of Anglo-Australian Gold Development meeting the discussion was centred on the Yellowdine and Beryl prospects, which are reviewed in a leading article on page 238. At class meetings of Perak River Hydro-Electric to approve the scheme of arrangement, the chairman disclosed that additional preference shares would only be issued for remunerative capital expenditure. The chair-

man of Threlfall's Brewery discussed the satisfactory expansion of trade in the company's area. Mr Stanlake Lee, at the Eaglehurst Rubber meeting, expressed confident expectation of an improvement in rubber prices. The spokesman at the Bukit Mertajam meeting described the satisfactory condition of the estate.

THE WEEK IN THE MARKETS THE LONDON STOCK EXCHANGE

SETTLING DAYS

TICKET
AUGUST 13

ACCOUNT
AUGUST 15

THERE was a real and somewhat surprising revival in market interest this week. After a lull lasting some weeks, private investment demand revived and industrial share prices were firm. The activity was not communicated to the gilt-edged and mining markets, however, and the rail market was definitely easier. The buying, indeed, was confined to selected industrial groups, and particular industrial shares. The better tone on Wall Street was the chief stimulus to the advance, and the conclusion of the Steel Agreement and the good Guinness and Watney dividends directed the new buying largely to steel and brewing shares.

The gilt-edged market opened the week in good style, with rises of ½, but activity was at a very low level. Prices, however, were well maintained later. The chief feature throughout the week was the demand for the new London Electric Transport scrip, which advanced to ½ premium and monopolised the whole of the interest in shorter-dated stocks. India loans improved towards the middle of the week, and Dominion issues were quietly firm, led by the Australian 5 per cent. issues. Home corporation stocks followed the funds, and were firmer after the success of the West Bromwich issue. Foreign bonds were again depressed, and especially Chinese and Brazilians. The home rail market was still disappointed with the interim statements, which are discussed on page 241. A little buying appeared on Tuesday, in hopes of good traffic returns, but on publication of the figures the harder tone was at once nullified. Southern stocks provided the only exception to the general easiness, and in the middle of the week recovered much of Monday's loss. The Argentine railway traffic was again disappointing, and the prior charges, in particular, sagged.

Industrial shares began well and gathered momentum towards the middle of the week. The international section, of course, led the way and, despite profit-taking both here and in Wall Street, continued firm. United States Steel advanced another three points to 44. Iron and steel shares began to advance once more, after three weeks' inactivity. At first, the main spur was the John Lysaght result, which encouraged a demand for Guest, Keen, under the mistaken impression that the latter company's 1935-36 results would benefit from the big increase in its subsidiary's profits. Later the demand became general, as a result of the conclusion of the agreement between the British industry and the Cartel, discussed on pages 227 and 241. Electrical equipments were firm, although profit-taking began to develop in mid-week. Motor and aviation shares were in demand, led by Austin and Bristol Aeroplane respectively. The other main strength of the market lay in brewery and tobacco shares. The Watney dividend stimulated general buying, supported from the provinces. At the end of the week, however, there was some quietening down, on the publication of the June beer production figures. Tobacco shares were consistently good, but the food share group was inclined to weaken. Unilever, on the recovery of the guilder, lost some of last week's gain, and Tate and Lyle lost ground at the beginning of the week, but recovered on a closer examination of the Government's beet sugar scheme. Textile shares were very quiet, and prices, where changed, were easier, but the rayon market continued to recover from the disappointment caused by the Courtaulds' interim. For the rest, British Oxygen advanced strongly, brick and cement shares were a trifle better, and sudden support

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appeared for Turner and Newall, but Imperial Chemicals lost ground after Sir Harry McGowan's pessimistic forecast of profit prospects.

The oil share market was in good fettle. The latest American statistics pleased the market, and there was strong investment buying of Shell and Anglo-Iranian. The only weakness, indeed, was in Royal Dutch, which had been much in demand in the previous week, as a hedge against guilder devaluation, and was naturally sold as the guilder recovered. The same factor brought about a slight reaction in Dutch rubber shares. The rest of the rubber share market, however, was steady. While the price of the commodity remains just below sixpence, there is no reason for buying, but holders showed little inclination to sell. Tea shares were in similar case. Profit-taking after the recent rise came to an end, and there were no features either to attract purchases or to induce sales.

There was still very little interest in gold shares this week. The Kaffir tone, however, became definitely better as the week proceeded, but this was the result of professional operations rather than indication of any public support. There was some selling of recent issues from the Cape, and particularly of Rietfontein, but the market was able to absorb the shares without a substantial recession of prices. In the Rhodesian section, there was no improvement, but East African shares again moved forward, headed by Kenya Consolidated. The better tone in the Kaffir market did not spread to the "Jungle." Gold Coast Selection registered a small gain early in the week, but it was at once lost on profit-taking. In Australian gold shares, however, a better tendency showed itself, although here again there was little public support. The whole mining market, indeed, was idle. Rhodesian copper shares were hardly changed on the week, and the only bright spot was the tin share market, which stirred from its slumber, and recorded a handful of small gains in the middle of the week.

"FINANCIAL NEWS" DAILY BARGAIN INDEX
(Approximate number of Bargains recorded in Stock Exchange Lists)

	Week to July 26, 1935	July 25, 1935	July 26, 1935	July 29, 1935	July 30, 1935	July 31, 1935	Aug. 1, 1935
Government and Municipal Loans	6,438	1,107	1,130	1,328	1,191	1,249	1,225
Transport, Com- munications, and Public Utilities...	4,574	837	978	1,014	839	948	972
Commercial and Industrial	18,463	3,331	3,583	3,672	3,616	4,129	4,166
Banks, Insurance and Financial	3,106	514	608	564	326	658	573
Mines (including Nitrates)	5,091	830	1,006	1,036	942	955	1,052
Oil	709	154	105	152	128	174	184
Rubber, Tea and Coffee	1,081	200	205	241	182	163	153
Total	39,462	6,973	7,615	8,007	7,224	8,276	8,385
Corresponding day in 1934	...	6,910	7,038	6,772	6,489	6,975	6,922

* Including Iron and Steel and Breweries.

REVISED "FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL
ORDINARY STOCKS. (July 1, 1935 = 100)

Highest of 1935 (Aug. 1)	Lowest of 1935 (Mar. 27)	July 25, 1935	July 26, 1935	July 29, 1935	July 30, 1935	July 31, 1935	Aug. 1, 1935
100.7	87.4	98.9	99.0	99.2	99.7	100.1	100.7

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST
STOCKS. (1928 = 100)

Highest of 1935 (Feb. 1)	Lowest of 1935 (Mar. 29)	July 25, 1935	July 26, 1935	July 29, 1935	July 30, 1935	July 31, 1935	Aug. 1, 1935
141.0	135.9	138.5	138.6	138.6	138.5	138.6	138.7

FOREIGN STOCK EXCHANGES

NEW YORK

THE advance of Wall Street went ahead further this week, and new post-1931 records were again established. The turnover exceeded 1,650,000 shares every day, and on Wednesday was little short of the two million mark. A wave of profit-taking, on Tuesday, was successfully resisted, and prices swept forward again to new high levels. Steel and motor shares, of course, were in the van: the "Iron Age" mid-week estimates of steel output showed another rise of 2½ points, and a steady increase for the next few months is forecast. The principal feature this week was the participation, for the first time, of rails and utilities in the advance. The car-loading reports from the industrial centres are improving. Consolidated Gas of New York, on the other hand, showed a reduction in profits over the first six months of the year. The market in second-grade bonds followed the lead of industrial common stocks. Second-grade rail bonds went ahead once more, although profit-taking caused some irregularity. The yields on all bonds save the very best are still unnaturally high.

	July 24, 1935	July 31, 1935	July 31, 1935, Eng.	July 24, 1935	July 31, 1935	July 31, 1935, Eng.
Lb. Ln. 4½ '33-39	101½	101½	102½	30½	31½	32½
Atchafalpa	54½	54½	55½	18½	18½	18½
Erie	9½	9½	9½	45½	45½	46½
Illinois Central	14½	14½	15½	51	52	52½
N.Y. Central	18½	20½	21½	78	73½	74½
Pennsylvania	25½	26½	27½	61	61	61½
Southern Pacific	19½	19½	19½	13½	13½	13½
Southern Ry.	7½	7½	7½	41½	43½	44½
Union Pacific	105	105½	106½	61	65½	65½
				61½	61½	62½
Am. Can.	142½	142½	143½	127½	130½	131½
Amer. Smelting	44½	42	42½	12½	13½	13½
Anaconda	16½	16½	16½	10½	10½	10½
Bethlehem Steel	35½	37	37½	2	2½	2½
Chrysler Motor	56½	59½	59½	40½	42½	42½
Corn Products Ref.	71½	69½	69½			
Eastman Kodak	147½	147	148½			
Gen. Electric	28	29½	29½	34½	35½	35½
Gen. Motors	37½	38½	39½	10½	11	11½
Int. Harvester	50	52½	53	32½	33½	33½
Mout. Ward	31½	32	32½	46½	47	47½

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

	1934		1935		Be- ginning of Year 1935		July 17, 1935		July 24, 1935		July 31, 1935	
	Lowest Sept. 19	Highest Feb. 21	Lowest Mar. 20	Highest June 5								
251 Industrials	74.3	90.5	74.5(1)	93.9(1)	83.1	91.7	92.9	93.9				
33 Rails	34.0	51.4	27.4	36.4(1)	35.6	34.1	34.8	35.6				
37 Utilities	55.2½	83.4½	52.2	76.3(1)	57.9	72.6	72.4	76.3				
Total, 421 Stocks	65.8	82.1	63.1	81.5(1)	71.0	79.1	80.0	81.5				
Average yield of 50 Industrial Common Stocks	2.78%	3.90%	3.21%	4.06%	3.62%	3.31%	3.25%	3.21%				

† December 28th. † February 7th. (s) September 12th.
(t) March 13th. (u) January 9th. (v) July 31st.

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

	Highest of 1935 (July 29)	Lowest of 1935 (Mar. 15)	July 24, 1935	July 25, 1935	July 26, 1935	July 27, 1935	July 29, 1935	July 30, 1935	July 31, 1935
	104.7	78.6	103.2	102.1	102.3	103.6	104.7	103.9	104.5

TOTAL DEALINGS IN NEW YORK

	July 25, 1935	July 26, 1935	July 27, 1935*	July 29, 1935	July 30, 1935	July 31, 1935
Stock Exchange— Shares (Thous.)	1,330	990	730	1,750	1,680	1,910
Bonds (Value Thous. \$)	10,260	7,770	3,270	9,500	10,470	11,400
Curb— Shares (Thous.)	213	201	135	221	232	301

* Two-Hour Session.

PARIS

After a quiet start to the week, the Bourse improved, under the lead of rentes, which advanced by one and a-half to two points. There was not, however, any large volume of new buying in the industrial market, so that the price movements were for the most part small. Bank-

ing shares were steadily maintained, after a weak opening, except for Credit Foncier de France, which suffered a severe decline. Royal Dutch fell sharply on the recovery of the guilder. As in London, mining shares were again neglected by the public, and prices, on the whole, tended to sag.

	July 24, 1935	July 29, 1935	July 31, 1935	July 24, 1935	July 29, 1935	July 31, 1935
Banque de France	10,100	9,980	9,950	Wagons Lits	49	49
Crédit Lyonnais	1,705	1,680	1,689	Mexican Eagle	20½	21½
Suez Canal	18,500	18,490	18,315	"Chartered"	85½	83½
Chargeurs Réunis	1,344	139	147	Ford	52½	53
Rio Tinto	1,249	1,225	1,225	De Beers	399	388½
Royal Dutch	19,650	19,380	19,360	"Johannes"	282	280

BERLIN

The feature of last week's dull but steady share-market was the increase in the foreign buying of internationally traded shares with blocked marks. Farbenindustrie, Siemens, and the potash issues—of which some reached new high prices for the year—were in prominence. The decline in Hapag and Norddeutscher Lloyd came to an end, but linoleums were again weaker on account of the uncertain dividend prospects. The new week opened uncertainly, and on Tuesday the tone was slightly weaker, with an exceptional firm market in rayon and potash shares. Home bonds changed little; but Dutch, Italian and Swiss bonds were lower, and dollar bonds irregular.

	July 24, 1935	July 29, 1935	July 31, 1935	July 24, 1935	July 29, 1935	July 31, 1935
Reichsbank	187.25	188.75	188.50	A. E. G.	41.75	39.25
D.D. Bank	91.50	91.50	91.10	Siemens	40.50	40.50
Dresdner (New)	91.50	91.50	91.10	Halske	180.00	182.75
I. G. Farben	156.10	158.10	157.75	A. K. U.	63.10	61.75
Norddeutscher	19.00	19.40	19.00	Hamburg-Amer.	17.90	17.90
Lloyd (New)				"Hapag New"	17.25	17.25

AMSTERDAM

The principal effect of the recovery of the guilder and the success of Dr. Colijn in forming a new Government was a strong improvement in Dutch Government bonds and a corresponding decline in industrials, plantations and oils. Royal Dutch lost 8 points, and Philips' Lamps 7½ points. The whole market, apart from Government and municipal bonds, received no support, and in every direction prices were weaker.

	July 24, 1935	July 29, 1935	July 31, 1935	July 24, 1935	July 29, 1935	July 31, 1935
2½% Dutch Loan	89½	70½	70½	Steel Common	25½	25½
5½% German	17½	17½	17½	A. K. U.	31½	31½
Unilever N.V.	107	108	102	Ford Motor	280	280
Philips' Lamps	266½	257½	255	Deil Batavia Tob.	145½	140
Netherlands Ship	35½	35½	34½	Royal Dutch	185	180
Union				Handels Ams.	179	172½

CAPITAL ISSUES

THIS week has seen a resumption of corporation borrowing on a fair scale. *West Bromwich* and *Dundee* have issued 3 per cent. stocks at par. These terms make favourable contrast with those available to borrowers in June, and page 240. The *Lowestoft* issue, in 3 per cent. stock at 98½, population of the borough is only 46,599. For investors who are not affected by this disability, therefore, the stock offers an attractive yield. The major industrial issue of the week, on behalf of *Briggs Motor Bodies*, consists of 4½ per cent. debenture stock, which made a limited appeal to the ordinary shares at 25 per cent. premium. The company acquires an established motor body manufacturing business with important trade connections in this country and abroad. After a period of rising earnings, extensions of plant have been effected, involving a temporary reduction of profits during the current year. The tangible assets acquired are valued at £1,164,734, while goodwill amounts to £600,266. The stock is reasonably secured on recent earnings, and the ordinary shares would appear to possess good prospects, although an increase in earnings would no doubt encourage the board to make generous provision for writing down goodwill. The issue of 4 per cent. debenture stock of *Ribblesdale Cement* is guaranteed by two established concerns and, although small, is of satisfactory industrial investment merit. The undertaking of *Southern Swimming Pools* must be described, at this stage, as definitely speculative, and the ordinary shares do not form a suitable

medium for the non-specialist investor. A private placing of 3½ per cent. 15-year notes by *Lewis's Investment Trust* appears somewhat finely shaded at £99 net to the market, although the security for the issue is, of course, substantial. Particulars "for information only" have been advertised by three concerns in the *South Eastern Gas* group in respect of debenture issues by *London Scottish Investment Trust* and by the *Lanarkshire Steel Company*, whose profits have now entered the recovery phase. The introduction of *Metal Industries* preference shares affords participation in a ship-breaking concern with substantial interests in British Oxygen Company. The 6 per cent. preference share capital of *John Kay*, of which particulars have been published, is of limited size, and the earnings cover in recent periods is not generous. Among the offers abroad, the *India* rupee loan has been announced on terms which are of good augury for its success.

ISSUES OF THE WEEK

By Prospectus or Offer for Sale

Amount previously recorded, Jan. 1 to July 27, 1935, including conversions, £242,854,049
Amount previously recorded, Jan. 1 to July 27, 1935, excluding conversions, £118,098,526

	Nominal Capital £	Conversions £	New Money £	First Payment £	Further Liability £
National Savings Certificates. Net receipts, Week to July 27, 1935, Nil.					
To the Public					
County Borough of West Bromwich, £900,000 3% Red. Stk., 1954-56, at par	600,000	...	600,000	30,000	570,000
Briggs Motor Bodies	500,000	...	500,000	50,000	450,000
400,000 Ord. £1 at 25/-	400,000	...	1,030,000	100,000	930,000
£1,000,000 4½% Deb. Stk. at 103% £1,000,000 3%	1,000,000	...	1,000,000	50,000	950,000
Dundee Corporation, £1,000,000 3% Stk., 1956-58 at par	1,000,000	...	...	...	...
Ribblesdale Cement, £150,000 4% Guar. Deb. Stk. at 10%	150,000	...	151,500	37,500	114,000
Southern Swimming Pools, 200,000 Ord. 5/- at par	50,000	...	50,000	10,000	40,000
Borough of Lowestoft, £250,000 3% Red. Stk., 1955, at 98½	250,000	...	246,250	12,500	237,750
Total	3,450,000	...	3,577,750	290,000	3,287,750

	Nominal Capital £	Conversions £	New Money £	First Payment £	Further Liability £
To Shareholders only					
Lupa Exploration, 50,000 shares 5/- at par	12,500	...	12,500	3,125	9,375
Stewarts and Lloyds of South Africa, £350,000 3½% Ster. Deb. Stk. at 98%	350,000	...	343,000	87,500	255,500
Hong Kong and China Gas, 2,000 4% Debts, at £50 (to repay £40,050 5% Debts.)	100,000	40,050	59,950	10,000	90,000
Hector Whaling, £71,250 8% Deb. Stk. at par	71,250	...	71,250	17,812	53,438
Cheltenham Original Brewery, 45,000 Ord. £1 at 45/- (to repay £95,800 5% "Gladden and Collier" Deb.)	45,000	101,250	...	45,000	56,250
Gamage (A. W.), £250,000 4% Deb. Stk. at 102% (to repay 4½% Deb. Stk. at 105%)	250,000	105,000	150,000	67,000	187,500
Nipah Distilleries of Malaya, 157,000 6% Cum. Pref. 5/- at par	39,250	...	39,250	7,850	31,400
Union Steel (South Africa), 725,000 New Ord. 5/- at par (to redeem 7% Debts.)	181,250	181,250	...	181,250	...
Total	1,049,250	427,550	675,950	420,037	683,463

	Including Conversions	Excluding Conversions	Including Conversions	Excluding Conversions
Total Offered for Subscription—				
Jan. 1 to date—	247,335,289	122,352,226	Whole year—	410,980,300
1935	288,579,794	114,057,058	1934	467,921,500
1934	223,945,973	129,523,008	1933	2,899,684,265
1933	290,587,490	161,842,825	1932	114,290,666
1932	...	281,630,013	1931	693,100,058
1931	...	...	1930	369,058,073
1930	...	...	1929	...
1928	...	...	1928	...

	Nature of Borrowing	Preference	Ordinary	Total
Total Offered for Subscription—				
January 1 to date	70,974,908	25,118,417	26,258,301	122,352,226
1935	70,974,908	25,118,417	26,258,301	122,352,226
1934	70,974,908	25,118,417	26,258,301	122,352,226
1933	70,974,908	25,118,417	26,258,301	122,352,226
1932	70,974,908	25,118,417	26,258,301	122,352,226
1931	70,974,908	25,118,417	26,258,301	122,352,226
1930	70,974,908	25,118,417	26,258,301	122,352,226
1929	70,974,908	25,118,417	26,258,301	122,352,226
1928	70,974,908	25,118,417	26,258,301	122,352,226
1927	70,974,908	25,118,417	26,258,301	122,352,226

	Capital Introduced £	Approximate Price Dealings Began	Cash Involved £
By Stock Exchange Introduction			
Amount previously recorded	20,069,783	...	30,677,193
Eburite Corrugated Containers, 200,000 5% Cum. Pref. 10/-	100,000	10/9	107,500
Lanarkshire Steel, 275,000 6% Pref. £1	275,000	22/-	302,500
Total to date, 1935	20,444,783	...	31,087,193
Total, year 1934	17,180,032	...	23,057,227

PUBLIC OFFERS

Dundee Corporation.—Issue of £1,000,000 3 per cent. redeemable stock, 1956-58 at par. Repayable September 15, 1958, at par, or from September 15, 1956, on three months' notice. Rateable value, £1,499,437. Present rates, excluding water, 8s. 3d. in the £. Outstanding debt, £6,631,227, of which £4,477,842 in respect of productive undertakings and housing. Proceeds for repayment of mortgages, temporary loans and prospective capital expenditure. List closed at 9.1 a.m. August 1st.



County Borough of West Bromwich.—Issue of £600,000 3 per cent. redeemable stock, 1954-56, at par. Redeemable, January 1, 1956, at par, or from 1954 on three months' notice. Rateable value, £336,204; present rates 15s. in the £. Net debt, £3,092,644, of which £232,233 productive, and £2,051,561 housing. £270,067 of present issue for short loan repayments, balance for housing and other purposes. List closed at 9.5 a.m. July 30th.

Borough of Lowestoft.—Issue of £250,000 3 per cent. redeemable stock at 98½ per cent. Holders of mortgages amounting to £250,000, to be repaid, are offered conversion at above rate. Population, 46,599. Receipts from general rate, 1934, £152,971. Rateable value, £242,942. Total present rate, 14s. in the £. Net debt, £655,838, of which £170,573 is revenue producing, and £259,129 housing. Repayable at par October 1, 1955.

Briggs Motor Bodies, Ltd.—Issue of £1,000,000 4½ per cent. first mortgage debenture stock at £103 per cent., and 400,000 £1 ordinary shares at 25s. each. Acquires auto-mobile body manufacturing undertaking of similar name, together with rights in Great Britain of patents controlled by Briggs Manufacturing Company of Detroit. British business founded 1930, and supplies Ford and other car companies. Net assets, £1,164,734, acquired for £840,000 (599,993 £1 shares and £240,007 cash) and discharge of £925,000 bank loan. Profits, after depreciation: 1932, £32,043; 1933, £154,332; 1934, £217,376; 24 weeks to June 15, 1935, £76,932. List closed 10.30 a.m. July 30th.

Ribblesdale Cement, Ltd.—Issue of £150,000 4 per cent. guaranteed debenture stock at £101 per cent. Formed May, 1935, to erect cement works in Lancashire. Tunnel cement and Ketton Portland Cement each subscribe £50,000 in ordinary shares, provide joint marketing organisation, and guarantee jointly and severally interest and sinking fund on the stock. Net assets of guarantors, £2,600,000, and aggregate profits, years ending in: 1932, £173,555; 1933, £180,115; 1934, £216,641.

Southern Swimming Pools, Ltd.—Issue of 200,000 5s. ordinary shares at par. Formed to develop swimming pools on sites adjacent to Southern Railway. Estimated cost, £34,000. Estimated net profits, after depreciation, fees and expenses, £7,968. Preliminary expenses and commissions, £7,000.

BY STOCK EXCHANGE INTRODUCTION

Metal Industries, Ltd.—Issued capital, 500,000 5 per cent. cumulative £1 preference, 110,000 £1 "A" ordinary, and 770,000 £1 "B" ordinary shares. No loan capital outstanding. Preference shares have been purchased by Guinness, Mahon and Company at 21s. 6d. Profits before depreciation and income tax and excluding revenue from Oxygen Industries after October 31, 1932 (the date of sale of business to British Oxygen Company), years ended March 31: 1933, £19,290; 1934, £76,68

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

Prices.				Prices.			

[illegible]

(c) Calculated on basis of 7½ annas dividend per share paid on 10 annas worth of shares. (d) Worked on a 7½ per cent. basis. † Free of Income Tax.

(Continued from page 247)

Sheppey Gas Company.—Issue of £31,100 3½ per cent. debenture stock to be repaid at par July 1, 1955. Existing permanent loan capital £10,000 5 per cent. debenture stock. Outstanding £13,920 5 per cent. mortgages will be redeemed by present issue. Sold to Messrs Cohen, Laming, Hoare, for £97 per cent. net.

Chertsey Gas Consumers' Company, Ltd.—Issue of £23,770 3½ per cent. debenture stock to be repaid at par July 1, 1955. Existing loan capital £1,500 on 5 per cent. redeemable debentures and £15,500 6 per cent. redeemable debentures, which will be redeemed by present issue. Sold to Messrs Cohen, Laming, Hoare for £97 per cent. net.

Gravesend and Milton Gas Light Company.—Issue of £30,000 3½ per cent. debenture stock to be repaid at par, July 1, 1955. Loan capital £25,000 5 per cent. irredeemable debentures and £11,700 5 per cent. mortgages, to be redeemed by present issue. Sold to Messrs Cohen, Laming, Hoare for £97 per cent. net.

John Kay, Ltd.—Particulars of issue of 100,000 6 per cent. redeemable cumulative £1 preference shares. Redeemable at or below 22s. from July 31, 1940, on three months' notice, and finally on July 31, 1985. Acquires retail grocers' businesses of similar name. Total net assets, excluding goodwill, £82,713. Profits after depreciation, years ended October 31st, 1932, £12,674; 1933, £12,843; 1934, £12,708; three months ended January 31, 1935, £5,130. Purchase price, £160,000, payable £60,000 in cash and £100,000 in 5s. ordinary shares. Goodwill, £71,287. Mr Herbert Rothbarth and the Federated Trust and Finance Corporation subscribe for the present issue at par in consideration of 2s. per share commission.

ISSUES TO SHAREHOLDERS ONLY

Stewarts and Lloyds of South Africa, Ltd.—Issue to shareholders of £350,000 3½ per cent. sterling debenture stock at 98 per cent., to be repaid in London in sterling by a cumulative sinking fund of 1½ per cent. per annum, commencing 1936. Any stock not previously redeemed will be paid off on December 31, 1973, at par. Issue substantially oversubscribed.

The Union Steel Corporation (of South Africa), Ltd.—Issue of 725,000 new ordinary shares of 5s. at par to redeem 7 per cent. debentures.

Lupa Exploration.—The directors have decided to issue a further 50,000 shares of 5s. at par in the first instance to shareholders now on the register in the proportion of one new share for every two shares held.

Hector Whaling.—This company invited applications from shareholders and noteholders until the close of business on August 1st for £71,250 participating redeemable unsecured debenture stock at par. Shareholders have the right to subscribe for the new stock in the proportion of £1 stock for every six shares held. Secured noteholders will be entitled to apply for such of the stock as shall not be applied for by shareholders in exercise of their rights.

Nipah Distilleries of Malaya.—The directors have decided to issue at par 157,000 5s. 6 per cent. cumulative participating preference. The shares, which will be offered to shareholders, carry option rights over an equal number of ordinary up to December 31, 1938.

ISSUES ABROAD

Government of India.—Issue of 3 per cent. rupee loan, 1951-54, at 96½ per cent. Lists open August 5, 1935, and will be closed when total subscriptions amount to Rs. 15 crores, or not later than August 10, 1935. Repayable at par, September 15, 1954, or from September 15, 1951, on three months' notice. Five per cent. bonds, 1935, and 6½ per cent. Treasury bonds will be accepted for conversion, at rate of Rs. 100 As. 7 and Rs. 100 As. 11, respectively, per Rs. 100 nominal of bonds tendered. Conversion applications will be received in London at the Office of the Imperial Bank of India.

PRIVATE PLACING

Lewis's Investment Trust, Ltd.—£400,000 3½ per cent. 15-year notes of £100 each have been placed privately through Cazenove, Akroyds and Greenwood and Company at 99½ per cent., less a brokerage of ½ per cent. The notes are repayable from August 1, 1945, at £101, on three months' notice and finally on August 1, 1950, at par.

FIXED TRUSTS

Security First Trust.—Sponsored by interests associated with Dawney, Day and Company. Duration, 20 years, but certificate holders during last five years of the Trust may, at Managers' initiative, be allowed to exchange sub-units for shares in managed investment trust company formed to

take over the Trust's investments. Trustees, Lloyds Bank, Ltd. Portfolio includes shares in 23 companies. Service charge less than ½ per cent. per annum over 20 years. Provision made for trustees to release part service charge from escrow to meet management expenses over life of trust. Managers undertake to repurchase sub-units on request and may instruct trustees to sell or reduce in amount any security when desirable, and distribute or reinvest proceeds. Bonus shares retained in excess of 10 per cent. Managers have voting power in respect of underlying shares.

British Empire Cumulative Fixed Trust.—Sponsored by Fixed Trust Investments, Ltd. Bonus shares retained. Percentage of service charge retained in escrow fund to ensure continuity of management. Trust period 20 years; certificate holders or managers will have right to call meeting to decide how trust shall be liquidated. Portfolio includes 25 securities.

FORTHCOMING ISSUES

British Salmson (1935), Ltd.—An issue of 1,400,000 shares 5s. at par is expected next week.

Multiple Libraries, Ltd.—It is understood that this concern will shortly become a public company.

OTHER RESULTS OF ISSUES

Roberts Brewery.—Lists closed 9.15 a.m., July 26th. Fully subscribed.

John Lewis Properties.—Lists for debenture issue closed July 26th.

Mid-Wessex Water Company.—In connection with offer for sale by tender of 3,000 ordinary shares, tenders were received for 18,936 shares. The prices ranged from £17 5s. to £20 per share. Allotments were made in respect of tenders at £18 upwards, the average price being £18 2s. 1½d. per share.

CALLS DUE AUGUST 5, 1935, TO AUGUST 10, 1935
The grand total of calls falling due in August, 1935, is £16,443,401, which compares with £36,367,141 which fell due in August, 1934.

Nominal amount of Stock	Company	Amount of Call	When payable	Making Paid
5/-	Hawker Siddeley 1,000,000 Ord. 15/-	5/-	Aug. 7	All
£1	Do. (1,000,000 5% Cum. Pref. Shares, at par)	10/- p.s.	Aug. 7	All
£1	Mann and Overton (150,000 Ord. Shares, at 6/8)	3/- p.s.	Aug. 9	All
£1	Do. (150,000 6% Cum. Pref. Shares, at par)	10/- p.s.	Aug. 9	All
£1	Scottish Mortgage and Trust (75,000 4 per cent. Cum. Pref. Shares, at par)	1/- p.s.	Aug. 8	1/- p.a.
5/-	Telephone Rentals (400,000 Shares, at 7/8)	2/8 p.s.	Aug. 8	All
5/-	West Spaarwater (5/- shares at par)	5/- p.s.	Aug. 8	All

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Amt. paid	Price, July 24, 1935	Price, July 31, 1935
African Railway Finance 2% Debs. ...	99½	29½	1 dis-1 pm	par-1 pm
Armstrong Shock Absorbers 2/-	3/-	3/-	2/9-3/3	2/9-3/3
Birkenhead 3%	99	24	2-2½ pm	2½-3/8
Bristol Aeroplane Ord. (a) 10/-	100	..	53/-54/-	58/-59/-
British (Guest Keen & Baldwins) 4% deb.	100	4/-	1 dis-1 pm	1 dis-1 pm
Cables Investment Trust Pref. £10	10½	1	1½-1½ pm	2½-2½ pm
Do. 3½% Debs. ...	99	10	2/9-3/3	1 dis-1 pm
Capital and Prov. Sh. 5/-	5/-	3/-	2/9-3/3	2½-3/8
Daily Sketch 4½% Deb.	104	64	3½-3½ pm	3½-3½ pm
Earls Court Ord. 5/-	5/-	3/-	2/-1/- dis	9½-3d dis
Do. 5½% 2nd Debs.	100	20/-	7-5 dis	5½-3d dis
Freehold Properties (S. Africa) £1	20/-	21/-	16/6-17/8	18/-17/-
Do. 5½% Pref. £1	21/-	21/-	20/-21/-	20/-21/-
Froy (W. N.) and Sons Pref. £1	21/-	21/-	21/-22/-	21/11-22/11
Great Boulder Mining and Finance 5/-	5/-	5/-	3/8-4/1	3/4-3/10½
Green (J. W.) Ord. (a) £1	..	..	58/6-59/6	58/6-59/6
Hamiltons Taverns Ord. 4/- (a)	..	..	4/3-4/9	4/3-4/9
Harding Tilton Ord. 5/- (a)	..	..	22/3-22/9	22/3-22/9
Do. 5½% Pref. 5/- (a)	..	..	5/7½-6/1½	5/9-6/3
Hawker Siddeley Ord. 5/-	15/-	10/-	1/-1/8 pm	2/9-3/3 pm
Do. 5% Pref. £1	20/-	10/-	3d dis-3d pm	3d dis-3d pm
Hills (R. H. O.) Ord. 5/-	7/6	7/6	8d-1/3 pm	1/-1/6 pm
Do. 6% Pref. £1	21/-	21/-	par-6d pm	1½d-7½d pm
India 3%, 1948-52	98	18	1 dis-1 pm	1 dis-1 pm
Kelly's Directories 4% Debs.	104	24	1½-2½ pm	1½-2½ pm
Lanarkshire Steel 6% Pref. (a) £1	..	..	21/9-22/3	21/9-22/3
Leeds 3% Stock	99½	19½	1 dis-1 pm	1½-1½ pm
Leeds and Wakefield Breweries 6% Pref.	24/6	10/6	par-3d pm	par-3d pm
Liverpool 3%	99½	19½	1½-1½ pm	1½-1½ pm
London County Freehold Properties 20/-	48/-	10/-	1/9-1/3 dis	2/-1/6 dis
London Electric Transport 2½% Debs.	97	5	1 dis-1 pm	1 dis-1 pm
Manchester 3%	99	29	2½-2½ pm	2½-2½ pm
Mann and Overton Ord. 5/-	6/8	3/6	4½d-10½d pm	6d-1½ pm
Do. 8% Pref. £1	20/-	10/-	8d dis-par	3d dis-3d pm
Mansfields 6% Pfd.	20/-	10/-	3d dis-3d pm	3d dis-3d pm
Morrell Estates Ord. 5/-	5/6	5/6	..	4/8-6/6
Do. 6% Pref. £1	10/-	10/-	..	5/6-6/6
New Zealand 3%	99½	5	1 dis-1 pm	1 dis-1 pm
N.E. Electric 3½% Debs.	100	2/-	1/8-2/-	1/8-2/-
Phillips (H. W.) Ord. 2/-	2/-	2/-	4/7½-5/1½	4/8-5/1
Do. 6% Pref. 5/-	22/6	22/6	1½-1½	1½-1½
Rietfontein No. 11 (10/-)	5/-	5/-	6/4-6/10½	6/4-6/10½
Silenthloc Ord. 2/-	6/8	6/8	6/11-6/7½	6/3-6/9
Taylor (C. F.) Ord. 5/-	5/-	5/-	20/-20/6	20/6-21/-
Do. 6% Pref. 20/-	21/-	21/-	8/8-9/3	8/7½-9/1½
Ultra Elec. (Holding) 5/- (a)	..	..	9d-3d dis	9d-3d dis
Westland Aircraft 5/-	7/-	7/-	1½-1½	1½-1½
W. Lon. Prop. 4½% Debs.	100	50	2/9-2/9 pm	1/9-2/9 pm
W. Spaarwater 5/-	5/-	5/-	1½-1½ pm	1½-1½ pm
Yorkshire Electric Power 3½% Debs.	£100	£20	1½-1½ pm	1½-1½ pm

(e) Private placings.

COMPANY MEETINGS, &c.

FURNESS, WITHY AND COMPANY, LIMITED

SHIPPING POSITION AND OUTLOOK

The forty-fourth annual general meeting of Furness, Withy and Company, Limited, was held, on the 31st ultimo, at Furness House, London, the Lord Essendon presiding.

The Chairman, in the course of his speech, said that it was a matter of great disappointment to the directors, although he believed of little surprise to shareholders, that they were unable to recommend the declaration of a dividend. Those who followed at all closely the trend of shipping business would not have expected any dividend on the ordinary capital, and therefore for the second year in succession they had had to break their previous forty-year record of continuous dividend payments. The usual half-yearly dividends on the £1,500,000 preference capital had, of course, been paid in the ordinary way. The balance of profit and loss account was £395,000, compared with £378,000 a year ago, and after paying the preference dividend and transferring £300,000 to depreciation, there was an increased balance of £203,132 to carry forward to the current year.

With few exceptions their subsidiary shipowning companies had paid no dividends, but, on the other hand, the majority of their ancillary undertakings had continued to make satisfactory profits having regard to existing conditions.

BERMUDA INTERESTS

With regard to their Bermuda interests, the number of passengers carried in the year 1934-35 was in excess of the previous year, but there were periods during which the travel was not sufficient to justify the continuous employment of both the "Monarch of Bermuda" and the "Queen of Bermuda." As the result of discussion with their Bermudian friends, a mutually acceptable agreement was arrived at, which had worked smoothly, and had enabled them this summer to make some special cruise voyages. The conditions governing the South American refrigerated trade to the United Kingdom had not undergone any improvement.

The loss of freight earnings to the companies engaged in the carriage of chilled meat from the Argentine, which he referred to in the previous year and which then amounted to about £500,000 sterling in the first two years of restricted imports, had continued on the same scale. Neither the beef subsidy nor the restrictive quotas on imports had brought about any improvement in the prices realised by home producers of meat, while the shipping companies engaged in the South American business had suffered a severe loss of revenue and a large amount of capital expended in the development of that trade had been lying idle. Much as the shipping industry disliked tariffs, he believed that they were much less objectionable, and less hindrance to trade than restrictive quotas, and it was therefore sincerely hoped that the policy of a levy, without any other restrictive regulations, would prevail. On the basis of 1934 imports, a levy of 1d. per lb. on all foreign meat and ½d. per lb. on imports from the Dominions would yield over £6,500,000, which would be sufficient to pay the British livestock producers a subsidy considerably greater than 5s. per cwt.

THE OUTLOOK—ENCOURAGING FEATURES

In regard to the current year, there were many features which gave the directors encouragement and which should yield the company increased revenue, not the least of which was a very gratifying increase in the summer travel to Bermuda. In other directions they had been able to effect economies in operating, all of which were having cumulative effect. The splendid fleet with which their various companies were at present equipped would quickly respond to any real and sustained revival in international trade, which was the chief thing that was lacking and which they had no power to remedy.

They hoped therefore the forward swing of the pendulum would not be long delayed, and as illustrating the fact that some improvement was discernible, he might say that they had recently set up what he believed was a record for any one shipping group out of New York by despatching on one day no less than five passenger and cargo vessels.

TWO OUTSTANDING FEATURES

Referring to conditions affecting the shipping industry generally, the Chairman said he thought the two outstanding features of the past year had been the coming into force of the temporary subsidy of £2,000,000 for the assistance of British tramp shipping, and the successful efforts made by tramp shipowners to establish

minimum rates of freight in some of the most important tramp trades, notably from the River Plate, from the St. Lawrence and from Australia. These minimum freight schemes had established beyond question the practicability of co-operation of an international character within the shipping industry. The schemes primarily affected tramp ships, but necessarily concerned liners as well, and in fact could not be completely successful without the co-operation of liners. Those were the two outstanding accomplishments of the past year, but a certain amount of progress had also been made in the much larger and more difficult problem of international rationalisation. At their annual meeting in 1932 he said that the only solution having any prospect of success would be a voluntary agreement to lay up surplus tonnage, but at that time it was not thought that an international scheme of that character would be practicable. The need for international rationalisation in some form or other was even greater to-day than it was three years ago.

ALTERNATIVE SUGGESTIONS

He would suggest that the shipping industry had three alternatives pending a strong revival in the volume of international trade. There was available to-day about 50 per cent. more tonnage than in 1913, and because of that fact freight rates were considerably lower, whereas working costs were higher. On the other hand, the volume of traffic to be carried overseas was much less. The fact that there was at least 6,000,000 tons of merchant vessels laid up was bad enough, but of the remainder that was in employment a great deal of it was liner tonnage which was trading with a large amount of empty space. To his mind, the first and most obvious solution was to rationalise by laying up or scrapping surplus tonnage.

The second alternative was to reserve all inter-Empire trade for Empire ships, and to let the rest of our shipping in foreign trades take care of itself. It was extremely doubtful whether such a policy would be of any real benefit to the shipping industry. British ships already carried a preponderating proportion of Empire trade, and it seemed quite obvious that we had far more British ships in foreign trade than there were foreign ships in Empire trade.

The third alternative was to allow matters to continue as they were, each individual owner, or group of owners, doing what they could to rationalise within their own narrow sphere, expanding wherever possible, and continually fighting against circumstances over which shipowners had no control, i.e. subsidies, quotas, tariffs, currency restrictions, and so on. He thought it was probably correct to say that every single owner in Great Britain had already done his utmost to rationalise so far as circumstances permitted, but obviously circumstances had not permitted sufficient to be done to bring about a profitable state of affairs. For the industry to continue as it was in the long run meant the survival of the fittest, and there was no rule by which one could judge which flag or which shipowner would survive the longest, having regard to the fact that subsidies and trade restrictions would be the weapons used in the fight.

RATIONALISATION THE BEST POLICY

He had studiously avoided any remarks which could be misinterpreted as being critical of any particular line of thought, and he must readily admit that the difficulties of the problem were great, and that the result of any particular scheme of rationalisation could only be proved by experience, but it was significant that the seventeen maritime nations which were represented at the Preliminary International Conference were all agreed that some system of rationalisation was desirable, and, moreover, our own Government had chosen to recommend a course of rationalisation and had put upon the industry the task of finding the best and most practicable basis.

He would infinitely prefer the shipping industry to have some definite and constructive policy rather than blindly and patiently wait for an improvement in trade which might be long deferred. He acknowledged without repentance and without apology that rationalisation by voluntary agreement was the policy which most appealed to him now as it did in 1932.

Mr E. H. Murrant seconded the adoption of the report and accounts, which was carried unanimously, and a cordial vote of thanks to the chairman, the directors and the staff and officials in various parts of the world terminated the proceedings.

ANGLO-AUSTRALIAN GOLD DEVELOPMENT, LIMITED

BERYL GOLD POSSIBILITIES

IMPORTANCE OF YELLOWDINE INTEREST

The second ordinary general meeting of Anglo-Australian Gold Development, Limited, was held, on the 26th ultimo, at Winchester House, London, Colonel Sir William R. Campion, K.C.M.G., D.S.O. (the chairman), presiding.

The Chairman, in the course of his speech, said:—Ladies and gentlemen,—The company's cash balance, both at the bank and in hand, is in a very healthy position: £90,754 is standing to the company's credit at the London banks, £80,000—equivalent to £100,000 Australian currency—is on fixed deposit in Australia, and £2,730 is on current account in Australia, making in all £173,484 sterling.

With regard to the work done during the past year, I had hoped that progress on some of your properties would have been more rapid. A great deal of the delay has been due to unforeseen circumstances such as miners' and foundry strikes, and also bush fires, which were truly most exceptional. Mr de Bernales and I intend to visit your properties towards the end of this year and to thoroughly explore the position.

YELLOWDINE MINE

By far the most important event since we last met is the acquisition by this company of a 20 per cent. interest in Yellowdine Investments, Limited, at a price which represented the actual cost of acquiring the now famous Yellowdine Mine.

The following statements have been published by the management of the mine in Western Australia:—

The engineers calculate they have 135,000 tons of ore in sight of an average value of 1½ oz. per ton. This is equal at current gold prices to a value of approximately £1,365,000 sterling or £1,706,250 Australian money. The lode has been proved to extend over a length of 3,000 ft.

It has been decided to erect a 20-head battery capable of treating 5,000 tons a month. Calculated to obtain an extraction of 90 per cent. and with ore giving an average value of 1½ oz. per ton, this will work out at a profit of £51,000 a month or, say, £600,000 per annum Australian currency.

In the case of No. 4 borehole the lode was met, showing values averaging 15 dwt. over a true width of 19 ft., the drill passing out of ore at a vertical depth of 83 ft. 6 in. The developments in the northern workings have been particularly gratifying.

Up to the present 14 prospecting shafts have been sunk and in most cases wide and rich orebodies have been met. The crosscut between shafts Nos. 2 and 3 disclosed an orebody 57 ft. wide carrying values of 2 oz. 12 dwt. over its full width. No. 11 shaft was sunk in a wide orebody carrying values of 1 oz. 10 dwt., and the North drive off No. 5 shaft proved the existence of a wide and rich formation which had been passed over by various boreholes, and which was proved by an East crosscut to carry values of 1 oz. 10 dwt. over a full width of 30 ft. While, of course, it is unwise to prophesy, it is reasonable to point out that the gold is very evenly distributed and that conditions in the opinion of experts point to the probability of continuance at depth.

A cable published from the Yellowdine management yesterday advises that from 71 ft. to 85 ft., a distance of 14 ft., the East crosscut from the main shaft at the 100 ft. level had been continued in Greenstone, the quartz lode only showing in the roof and laying in flat, but a continuation of the crosscut to a total distance of 150 ft. was necessary before any definite conclusion could be arrived at in connection with the orebody.

The Yellowdine orebody has shown itself to have been considerably thrown about with numerous breaks in the lode, and it has been, and is still, difficult to state definitely the direction in which the lode is underlaying.

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

MANAGING DIRECTOR'S SPEECH

Mr Claude de Bernales (managing director), in seconding the motion, said:—Ladies and gentlemen,—In October the Beryl Gold Mines, Limited, was acquired by the Beryl Gold Corporation, Limited, for a cash consideration of £20,000 and 400,000 ss. fully-paid shares. Our company holds an important interest in this new organisation and information respecting the development of this mine must therefore be of major interest to you. Diamond

drilling results have been satisfactory. During the past year a total footage of 6,852 has been completed by the diamond drills, disclosing ore varying in value from 4 dwt. to 7 oz.

By this means of investigation a considerable tonnage of ore has been proved to exist at various depths in the Flag Gem Consolidated and Harbour View sections. Values over considerable widths have been met with, and in one case, where the ore body has proved small, assay results exceeded 7 oz. fine gold per ton; 40,000 tons of untreated ore and tailings estimated to contain 6 dwt. fine gold per ton are lying on the surface of the property. The additional ground held under option on the Kundip Reservation, consisting of seven 24-acre leases, covering the whole of the Mt. Catlin group, has been acquired. In past years this property has produced a considerable amount of gold and we look upon its inclusion in the Beryl property as a valuable addition. We purchased from the State Government and other interests a considerable quantity of machinery on the Kundip Ravensthorpe field which should prove of great value to the Beryl Gold Corporation, Limited, and affect a considerable saving in expenditure. The general prospects of this mine can only be held to be exceedingly good. We anticipate six months' more development work should bring the mine to the stage of ordering the treatment plant.

APEX, WHEEL OF FORTUNE, AND DAYDAWN

With regard to Apex Gold Mines, recent excellent developments on the western lode series have stimulated confidence in the potentialities of the field as a whole and lent added interest to the operations now being carried out. Work is proceeding, and we hope the present favourable indications will lead to the disclosure of a consistent and important orebody.

As to the Wheel of Fortune Gold Mines, a series of boreholes will be drilled with the object of intercepting the Wheel of Fortune and the Long Reef lodes at approximately 600 ft. It appears probable that the drills have a reasonable expectation of revealing the existence of parallel reefs.

At the Daydawn Gold Mines trial boreholes are being put down, but as drilling has only been in operation for a few weeks no definite results can be placed before you, but the mine is particularly well placed in regard to other important gold producers of the Cue district, and, as the whole of the area is practically in a virgin state, the hope that our operations will meet with considerable success is a justifiable one.

MARS AND LEONORA

It has now been decided to test the Mars Gold Mine by unwatering it, reconditioning the old main shaft, levels and drives, and sampling the bottom (500 ft.) level, and driving and sinking at selected points on the orebody. The mine has a high reputation, and those who knew it in former days express confidence that the present operations will confirm their estimate of the payable nature of the ore.

At the Leonora Gold Mines the "Grey Lode" area controlled by the company contains lodes which are apparently on the same shear plane, and are of the same general character as the lodes of the Sons of Gwalia Mine, which has been cited as the greatest mine of the Mount Margaret goldfield. There is every justification for the belief that diamond drilling, which has just commenced on our property, has reasonable expectations of proving the existence of orebodies which should be payable.

I need say nothing in respect of the developments at Yellowdine, so fully has the chairman dealt with them, except to add that to date Yellowdine has proved itself to be the richest and most important mine ever discovered in Australia to the depth to which it has been opened up.

The year's work as a whole has been satisfactory when one considers that it has been tempered with numerous unexpected difficulties outside the management's control. The cash position of the company is ample to carry out the required development work on the properties to permit of a decision being come to warranting or otherwise their formation into subsidiary companies with the necessary capital to equip them with treatment plants.

Our first subsidiary, the Beryl Gold Corporation, Limited, has been successfully formed with ample capital to carry out the further development and equipment of the mine. Our interest in Yellowdine Investments, Limited, shows a profit to date on the basis of recent sales of shares in that company of over £200,000, with the possibilities of great expansion of those profits as further development work takes place on the Yellowdine Areas.

The resolution was carried unanimously.

EAGLEHURST RUBBER ESTATES, LIMITED

RESUMPTION OF DIVIDEND PAYMENTS

OUTPUT REGULATION AND PRICES

MR STANLAKE LEE'S SPEECH

The ninth annual general meeting of the members of Eaglehurst Rubber Estates, Limited, was held at the registered offices of the company, 411-419 Salisbury House, London Wall, London, E.C., on Wednesday, July 31, 1935. Mr Stanlake Lee (chairman of the company) presiding.

The representative of the secretaries and agents (Messrs E. B. Ridsdel and Company, Limited) having read the notice convening the meeting, and the report of the auditors,

The Chairman said:—Gentlemen, the report and accounts having been in your hands for the requisite period, I presume you will allow me to take them as read. The directors have a special pleasure in presenting these accounts to you this year because with them they are able to break the long drawn out period during which dividends have been conspicuous by their absence, and, even if the distribution which is recommended to you to-day is a small one, it marks nevertheless the emergence of the company from the long period of slump conditions when our chief anxiety has been to pull through without having to come to shareholders for more capital.

INCREASED RUBBER RECEIPTS

Turning to the profit and loss account and comparing it with that for the previous year, the principal feature is the increase in the receipts from rubber at £9,180 as against £6,131 for the period ended March 31, 1934. This increase is entirely due to the better price obtained as the crop sold is 10 per cent. less. On the other hand, the crop expenses and total estate expenditure are higher, due to the increases in wages, charges and administration, which have inevitably followed the improvement in the conditions of the industry.

The balance sheet is on exactly the same lines as in former years, and does not need any very special comment. The customary depreciation at 10 per cent. has been charged up, rubber in hand has been credited with prices since realised or at cost, and the cash position is, we believe, sufficiently strong to allow us to recommend the proposed dividend distribution.

SATISFACTORY CONDITION OF ESTATE

The conditions on the estate in Malaya are satisfactory and as good as could be anticipated, having regard to the slump conditions through which we have passed, when expenditure has had to be cut to the bone. Special attention is being paid to the improvement of the soil by establishment of green covers and prevention of wash, and it is hoped that by these means the vigour of the plantations will be maintained. The limitation of output consequent upon the international control of rubber production has in our case allowed us to rest a full third of the acreage, doubtless to the permanent advantage of the trees.

A trial of replanting some of the older rubber was sanctioned and commenced by the replanting of an area of 50 acres in 1934, which it is proposed to bud eventually, and I would draw your attention to the area already developed of 136 acres of budded rubber, from which we expect considerably higher yields than are possible from the older planted trees.

Although new planting is prohibited on new areas in all countries which are under international control, there is permitted planting of 10 per cent. of the acreage a year with a maximum of 20 per cent. in all, and how far it is advisable to take advantage of this for Eaglehurst with our limited cash resources is a matter which is still under consideration.

THE PRESENT PRICE OF RUBBER

Turning to more general matters, we cannot profess to be satisfied with the present price of rubber, which shows little if any profit after allowing for the increased costs which have inevitably followed up the rise in rubber values. It is clear that 6d. per lb. is not an economic figure for rubber under present conditions, which involve a fair wage for labour, full rents for land and necessary care of trees with provision for obsolescence.

The international control scheme to be successful must aim at a figure distinctly in advance of the present price, and, with the general reduction of the world's stock of rubber which is now apparent in the statistics, combined with the increase in the consumption of rubber, particularly in countries other than the United States of America, I have confident expectation of seeing an improvement in rubber prices, and all the more so as the push for development of new and extended uses for rubber is gaining force with the financial resources which are promised under the machinery of the control of production.

TRIBUTE TO EASTERN STAFF

In conclusion, I wish to refer to the good services we receive from our agents in Malaya and from our estate manager. I am confident that the shareholders appreciate the essential nature of the unremitting attention which has to be paid to your affairs on the spot during these still difficult times, and will wish to give expression to this appreciation at the termination of the proceedings.

I now move:—"That the directors' report and statement of accounts for the year ended March 31, 1935, and the report of the auditors thereon, be and they are hereby adopted."

Mr P. J. Burgess seconded the resolution, and, after a few questions had been answered, it was carried unanimously.

The dividend as recommended was approved; the retiring director Mr Stanlake Lee, was re-elected; the auditors, Messrs Lindsay, Jamieson and Haldane, were reappointed; and the proceedings terminated with a vote of thanks to the chairman and directors and also to the staff in the East.

THE GOLD FIELDS RHODESIAN DEVELOPMENT COMPANY, LIMITED

DIVIDEND AGAIN 12½ PER CENT.

The twenty-third ordinary general meeting of the Gold Fields Rhodesian Development Company, Limited, was held, on the 30th ultimo, in London.

Mr D. Christopherson, C.B.E. (the chairman), in the course of his speech said: Although the accounts show a reduced profit as compared with the previous year, in that year there were exceptional opportunities for this company to make good profits from sales of investments. With that in mind a profit of £229,823 can be considered satisfactory. Dividends, interest, net profit by sales of investments, and sundry receipts are shown at £240,496, of which dividends received accounted for £58,424. Profits on sales of investments at £173,314 are down by £40,533. The balance carried down is £229,823, to which must be added £25,861 brought forward from last year; £43,739 has been used for writing down certain investments. The reserve account has been strengthened by adding thereto £25,000, bringing that account up to £75,000, the interim dividend of 5 per cent. paid absorbed £52,855, and directors' extra remuneration amounts to £1,571, leaving £117,987 to be carried to the balance sheet.

Investments at cost, less amounts written off, stand at a value of £1,197,437, which is £18,598 less than the previous year, against which the liquid position shows an increase of £38,877, an improvement of approximately £20,000 on the combined figures of investments and cash position. There was a substantial appreciation in the value of the company's investments at May 31st last as compared with the book value.

DIVIDEND

The final result is that the balance sheet shows a credit to profit and loss account of £117,987, from which, subject to your confirmation, it is proposed to pay a final dividend of 7½ per cent., making a 12½ per cent. distribution for the year, which will absorb £94,283, leaving £23,704 to be carried forward.

COMPANY'S IMPORTANT INTERESTS

At the date of the balance sheet the following percentages show how our various interests are represented in value of the total assets of the company's holding: Gold mines, 55.47 per cent.; mines, other than gold, 15.23 per cent.; industrials, 9.90 per cent.; land and land companies, 8.74 per cent.; holding companies, 4.07 per cent.; oil, 0.75 per cent.; cash and debtors, less creditors, 5.84 per cent. As compared with last year, our interest in gold-mining concerns has increased by approximately 10 per cent. If you have the same confidence as your directors have as to the present value of gold being fully maintained for many years to come, you will not be sorry to see our holdings in that class of investment increased.

We still have a large shareholding in the Wanderer Consolidated Gold Mines, Limited. It is satisfactory to be able to say that the prospects for this mine have considerably improved since we last met. In fact, it can be said that the general outlook for this company is sounder than it has ever been.

GOOD NEWS FROM WANDERER

A cable has been recently received by the Wanderer Consolidated Gold Mines, Limited, stating that in the Ashton Section of the mine, which hitherto has given very satisfactory results, the the mine, which hitherto has given very satisfactory results, the 11th drive north has averaged 6.7 dwt. for 35 ft., the last section showing 8.4 dwt., which the technical advisers of the company consider may represent a new ore lens forming at depth. A

further cable received yesterday states that this drive has averaged 6.1 dwt. for 45 ft., beyond which no values were found. Work is now proceeding to prove extent of pay area. Apart from the past year's development having more than maintained the underground position, the general outlook has been much improved owing to the success met with in the introduction of the flotation process in the treatment of the ore. When this plant has been fully installed it is hoped to be able to treat a monthly tonnage of 23,000, as compared with an average monthly tonnage of 17,066 for the past year, by being able to treat profitably, lower grade ore. The profits during the last three months have increased by just on £2,000 per month, the average being for that period £9,942, as compared with an average of £8,000 for the previous nine months. It is expected that the monthly profits from now and until the full flotation plant is in operation early next year will average £10,000, and thereafter be somewhat further enhanced. In the meanwhile, we are receiving a useful regular 10 per cent. dividend on our shareholding, which, we can expect, will be increased when larger profits are realised.

Our investments in both the Ashanti Goldfields Corporation, Limited, and the Sub Nigel, Limited, not only give us a very fine return by way of dividends, but also show a good appreciation of the capital invested therein. Among other shares in gold mining companies in which we have an interest are the Ariston Gold Mines (1929), Limited, East Rand Consolidated, Limited, Gold Coast Selection Trust, Limited, Lake View and Star, Limited, Marlu Gold Mining Areas, Limited, Oroville Dredging Company, Limited, South African Land and Exploration Company, Limited, Simmer and Jack Mines, Limited, Spaarwater Gold Mining Company, Limited, Venterspost Gold Mining, Limited, Vlaktefontein Gold Mining Company, Limited, and West Witwatersrand Areas, Limited, all of which hold out promise of eventually proving to be profitable investments. In addition to the above, we have taken, during the year under review, a considerable further interest in Goldfields Australian Development Company, Limited. This company is developing the Moonlight property, with very satisfactory results, and has a 20 per cent. interest in the Yellowdine property, on which, as you are aware, very high values have been found over a considerable area.

Two further gold investments which we have acquired during last year are in the Tano Gold Dredging Company, Limited, whose property is situated in West Africa, and the Golden Queen Company, which holds the Silver Queen and Sailor Boy claims in the Mojave district of California.

Now, referring to other mines, outside of gold, in which we have an interest. These investments are mostly in the copper mines of Northern Rhodesia. With an agreement among the producers of copper as regards production and marketing, it is reasonable to hope that the better price which copper has just recently been realising will be maintained, if not improved on. This, coupled with the low cost at which these mines can produce, leads us to think our investments in these will prove to be remunerative.

We have a smaller interest in tin, our holdings being confined to Associated Tin Mines of Nigeria, Limited, Toyo Tin, and Southern Kinta Consolidated, all of which are dividend-paying companies.

The tin restriction scheme has, I think you will agree, been of undoubted benefit both to the producer and the consumer.

Turning to our industrial investments, we still retain an interest in the British Celanese, Limited, our holding being in the 7½ per cent. second preference shares and 5½ per cent. bonds. As the accumulated dividends of the first preference shares have now been declared to April, 1933, with continued prosperity of the rayon industry, we should be well within sight of the accumulated dividends of the second preference shares being paid, no dividends thereon having been paid since April, 1930.

Our interest remains in the Celanese Corporation of America, principally in the form of common shares. This company, according to the information we have, continues to make good profits.

During the year we realised certain of our industrial investments at satisfactory profits.

As regards the prospects for the current year, your directors would very much like to see the company less dependent for its profits on sales of investments, but rather look more to an increased revenue from dividends.

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

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

PERAK RIVER HYDRO-ELECTRIC POWER COMPANY, LIMITED

SCHEME OF ARRANGEMENT APPROVED

MR. GEORGE BALFOUR'S REVIEW

Meetings of the holders of the 7 per cent. participating debenture stock, the 7 per cent. participating debenture interest warrants and the ordinary shares in the Perak River Hydro-Electric Power Company, Limited, under an Order of the Court, and an extraordinary general meeting of the company, were held, on the 31st ultimo, at Winchester House, London, to consider the scheme of arrangement proposed by the board, details of which have already been made public.

Mr George Balfour, J.P., M.P., the chairman of the company, who presided, explained to the meeting of the 7 per cent. participating debenture stockholders that, as indicated at the last annual general meeting, it had become necessary to reorganise the capital by writing off £1,633,116. So far as the 7 per cent. participating debenture stockholders were concerned, the scheme provided for the conversion of their 7 per cent. participating debenture stock, and the deferred interest warrants thereon, into ordinary shares, but the proposals all depended upon the arrangement with the Federated Malay States Government for the settlement of the loan by them of £850,000, by the allotment of 850,000 cumulative preference shares of £1 each and also upon the F.M.S. Government waiving the £212,000 of accrued interest on their loan.

ATTITUDE OF F.M.S. GOVERNMENT

It was also contingent upon the F.M.S. Government agreeing to accept for their 500,000 preference shares, 75,000 new ordinary shares ranking *pari passu* with the new ordinary shares to be issued to debenture and shareholders in the terms of the scheme. The F.M.S. Government also held 75,000 ordinary shares, for which they would receive, on the scheme becoming effective, 7,500 new ordinary shares. The company had received from the F.M.S. Government their acceptance of the above proposal. He wished to express on behalf of the board their full appreciation of the action of the F.M.S. Government. By their fair and businesslike attitude, they had made a substantial contribution to a sound reorganisation scheme, and had made possible a clean capital structure and had provided for a reasonable settlement with the 7 per cent. participating debenture stockholders, all which, he trusted, would contribute to the prosperity of the Malay States, and thereby to the company's progress.

In so far as the scheme affected the 7 per cent. participating debenture stockholders, they would receive 66½ of the face value of their stock, namely, 900,000 ordinary shares, in satisfaction of their debentures, and the warrant holders as a body, in consideration of the surrender of their interests, would receive 315,000 ordinary shares, equal to 66½ of the face value of the warrants. The total new ordinary shares to be allotted to debenture stockholders and for the surrender of the warrants was, therefore, 1,215,000, which equalled 90 per cent. of the face value of the £1,350,000 7 per cent. debentures, and would constitute the debenture stock and warrant holders, the holders of over 90 per cent. of the equity of the company.

REPLIES TO QUESTIONS

To answer questions asked in writing by debenture stockholders he would say additional preference shares would only be issued for the ordinary requirements of the business; at present, £100,000 would be required for extensions in hand and so forth, and, apart from that, shares would only be issued to provide capital for connecting up remunerative business. In the circumstances it would not have been possible to issue a debenture at a lower rate of interest, or even to convert the debentures into preference shares instead of ordinary shares, and in reply to a question why the 7 per cent. participating debenture stockholders should not be given the whole of the equity to the exclusion of the existing ordinary shareholders, he would point out that if the Federated Malay States Government had not settled their claims in the manner he had explained, the participating debenture stockholders would have received a smaller equity value, as the State's Government's claim for £212,000 of interest would have ranked for both capital and interest before them.

At all meetings the proposals were approved by overwhelming majorities, and at the meetings held under the Order of the Court card votes were taken.

BUKIT MERTAJAM RUBBER COMPANY, LIMITED

IMPROVED CONDITION OF THE ESTATES

The twenty-sixth ordinary general meeting of the Bukit Mertajam Rubber Company, Limited, was held, on the 31st ultimo, at Winchester House, London.

Mr A. F. Goodrich (the chairman), in moving the adoption of the report and accounts, said that the net result of the year's working was a profit of £32,244, as against £15,983 for the previous year. That was, he thought, satisfactory, especially when they considered that the price of rubber during January to March of this year fell smartly and only averaged 6½d. per lb. for three months. It was proposed to pay a final dividend of 7½ per cent., which, with the interim of 2½ per cent., distributed in July last, made a total of 10 per cent. for the financial year ended March 31, 1935, and would leave a sum of £25,134 to be carried forward, which was larger by £2,094 than the amount brought in from last year. Mr Swaine, who had visited the estates in May of this year, wished to lay special stress on the very strong bark position throughout the property.

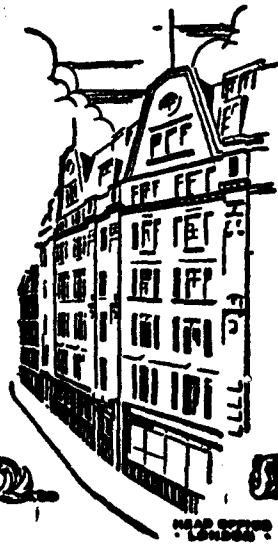
MR J. K. SWAINE ON HIS RECENT VISIT

Mr J. K. Swaine said that he had never seen the rubber looking healthier than during his recent visit, and the standard of upkeep was fast approaching pre-slump standards. Some of the immature areas on which work had to be severely curtailed when prices were falling rapidly were now in first-rate order, and the 137 acres of young budded trees on Sera were now coming away well. He considered that the buddings would go ahead steadily now that they were well established. He anticipated yields of at least 1,100 lbs. to 1,200 lbs. an acre from that area. With regard to the mature rubber, there was no doubt that the tapping policy allowing for long periods of rest was strengthening still further the bark position, and he expected to see a gradual increase in the yield per coolie which would enable them to retain a low tapping cost.

The report and accounts were unanimously adopted, and at the subsequent extraordinary general meeting a resolution was passed increasing the capital from £300,000 to £500,000 by the creation of 2,000,000 shares of 2s. each.

The ANGLO-SOUTH AMERICAN BANK Ltd.
117, OLD BROAD ST. LONDON. E.C.2

THE Bank is represented by Branches and Affiliated Institutions throughout Latin America and Spain, and affords complete facilities for the transaction of every description of modern banking business.



THRELFALL'S BREWERY COMPANY, LIMITED

A VERY SATISFACTORY YEAR'S TRADING

The forty-eighth annual general meeting of Threlfall's Brewery Company, Limited, was held, on the 31st ultimo, in London.

Major C. M. Threlfall, J.P. (the chairman), said that it was a pleasure to be in a position to present once again accounts which reflected a very satisfactory year's trading. Twelve months ago he had expressed the view that the outlook was more encouraging, and he was sure it would be agreed that the figures now before them justified and confirmed that opinion. A consistent and steady increase in the consumption of beer had taken place, the reason for which was primarily and unquestionably the general improvement in the country's trade and the happier conditions which had prevailed during the year.

The decrease in unemployment, the increased wages, the restoration of cuts and the reduction in personal taxation had created an all-round feeling of confidence; the public undoubtedly had more to spend and were spending more freely than for some years past. Those circumstances naturally benefited their trade, but the improvement shown did not necessarily mean a return to the position enjoyed by the company prior to the extraordinary and heavy taxation levied in 1931.

The official figures disclosed that the output of beer throughout the country was considerably below the level of that year, but, on a comparison of those figures with their own, the directors were convinced that the company was deriving its proportionate share of the trade which had been regained during the financial year under review, particularly when they took into account the fact that Liverpool, Salford and Manchester, in which cities they had large interests, remained recognised by the Government as distressed areas.

He was pleased to inform the shareholders that they were now brewing an Extra Stout, which had been exceptionally well received by their customers. With regard to their well-known "Blue Label" beer, the demand for it was greater than ever.

The gross trading profit for the year was £376,551 and the net profit was £255,679. It was proposed to pay a dividend for the year of 16 per cent. on the ordinary shares, less income tax.

The report and accounts were unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended July 27, 1935, amounted to £11,275,000, against ordinary expenditure of £12,892,000. After allowing for a decrease in Exchequer Balances of £43,058, the operations for the week, as shown below, increased the gross National Debt by £1,789,000 to approximately £8,113 million.*

(000's omitted)

Treasury Bills.....	+ 760	P.O. & Teleg. Cap. Expenditure....	- 400
Public Department Advances ...	+ 1,450	N. Atlantic Shipping Issues.....	- 21
	+ 2,210		- 421

* Including £375 millions on Account of Exchange Equalisation Fund and Borrowing for Statutory Sinking Fund.

A complete analysis of the approximate position of the National Debt on June 30, 1935, appeared in the *Economist* for July 6.

REVENUE	Estimate for the year 1935-36	Total Receipts into the Exchequer			
		April 1, 1935, to July 27, 1935	April 1, 1934, to July 28, 1934	Week ended July 27, 1935	Week ended July 28, 1934
ORDINARY REVENUE					
Inland Revenue—					
Income Tax	232,500,000	28,602,000	29,543,000	2,164,000	2,858,000
Sur-tax	51,500,000	4,800,000	6,240,000	200,000	110,000
Estate, etc., Duties	80,000,000	30,160,000	30,300,000	2,150,000	1,000,000
Stamps	25,000,000	5,150,000	5,280,000	700,000	640,000
Excess Profits Duty and Corporation Profits Tax	1,700,000	...	...	...	...
Land Tax and Mineral Rights Duty.....	800,000	120,000	130,000	...	...
Total Inland Revenue.....	391,500,000	68,632,000	71,473,000	5,214,000	4,608,000
Customs and Excise—					
Customs	188,570,000	63,312,000	61,080,000	4,154,000	3,927,000
Excise	106,380,000	33,622,000	32,401,000	622,000	801,000
Total Customs and Excise	294,950,000	96,934,000	93,481,000	4,776,000	4,728,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,310,000	2,238,000	431,000	Dr 559,000
Post Office (Net Receipts)	11,850,000	6,000,000	6,550,000	600,000	550,000
Crown Lands	1,380,000	510,000	480,000	250,000	180,000
Receipts from Sundry Loans	3,900,000	1,888,269	2,156,440	...	3,818
Miscellaneous Receipts.....	25,970,000	4,505,384	4,054,407	3,677	45,985
Total Ordinary Revenue	734,470,000	179,888,133	180,388,847	11,274,677	9,954,813

August 3, 1935

REVENUE	Estimate for the year 1935-36	Total Receipts into the Exchequer			
		April 1, 1935, to July 27, 1935	April 1, 1934, to July 28, 1934	Week ended July 27, 1935	Week ended July 28, 1934
SELF-BALANCING REVENUE	£	£	£	£	£
Post Office	64,070,000	18,000,000	17,250,000	1,800,000	1,650,000
Motor Vehicle Duties apportioned to Road Fund	26,230,000	4,621,000	5,000,000	...	900,000
Total Self-Balancing Revenue	90,300,000	22,621,000	22,250,000	1,800,000	2,550,000
Total	...	202,609,133	202,643,847	12,874,877	12,504,813

EXPENDITURE	Estimate for the year 1935-36	Total Issues out of the Exchequer to meet Payments			
		April 1, 1935, to July 27, 1935	April 1, 1934, to July 28, 1934	Week ended July 27, 1935	Week ended July 28, 1934
ORDINARY EXPENDITURE	£	£	£	£	£
Interest and Management of National Debt	224,000,000	85,891,487	87,253,290	321,542	528,177
Payments to Northern Ireland Exchequer	6,750,000	1,612,750	1,801,140	230,389	226,843
Other Consolidated Fund Services	3,700,000	1,151,463	984,314	...	40,191
Post Office Fund	1,130,000	...	...	...	...
Total	235,580,000	88,655,700	90,038,744	551,935	795,011
Total Supply Services (excluding Post Office)	508,440,000	149,982,900	141,860,650	12,399,800	12,805,650
Total Ordinary Expenditure	744,020,000	238,638,600	231,899,394	12,891,735	13,400,661
SELF-BALANCING EXPENDITURE	£	£	£	£	£
Post Office	64,070,000	18,000,000	17,250,000	1,800,000	1,650,000
Road Fund	26,230,000	4,621,000	5,000,000	...	900,000
Total Self-Balancing Expenditure	90,300,000	22,621,000	22,250,000	1,800,000	2,550,000
Total	...	281,259,500	254,149,394	14,691,735	15,950,661

The aggregate revenue and expenditure to July 27, 1935, is shown below :-

FINANCIAL YEAR, 1935-36, APRIL 1, 1935, TO JULY 27, 1935
(000's omitted)

Expenditure	238,639	Revenue	179,988
Increase in balances	186	Gross increase in borrowing	£60,845
		Less	
		New Sinking Fund	2,028*
		Net borrowing	58,817
	238,805		238,805

* Authority will be sought in the Finance Bills to meet the amount of the Statutory Sinking Funds in 1935 by borrowing.

POSITION OF THE FLOATING DEBT

Ways and Means Advances Outstanding—£	July 28, '34	Mar. 31, '35	July 27, '35	July 27, '35
Advances by Bank of England	£	£	£	£
Advances by Public Departments	33,400,000	34,060,000	17,550,000	+ 1,450,000
Treasury Bills Outstanding	831,130,000	799,320,000	889,800,000*	+ 780,000

Total Floating Debt 864,530,000 833,380,000 907,350,000 + 2,210,000

* Includes £2,000, the proceeds of which were not carried to the Exchequer within the period of the Account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £40,000,000 Treasury bills were opened on July 26, 1935, and the total amount applied for was £56,800,000. Tenders were accepted for Treasury bills at three months dated Monday to Friday at 99 17s. 3d., about 87 per cent., and above in full; Saturday at 99 17s. 4d., and above in full. The average rate per cent. was 10s. 9.77d. The amount allotted was £40,000,000. The following table shows the weekly record at various dates :-

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
1933				
January 6	45,000,000	73,830,000	45,000,000	0 16 10.84
July 7	45,000,000	83,880,000	45,000,000	0 10 4.85
October 6	45,000,000	100,450,000	45,000,000	0 12 9.98
1934				
January 5	35,000,000	76,260,000	30,000,000	0 18 11.5
April 6	40,000,000	80,390,000	38,000,000	0 17 9.01
July 6	35,000,000	62,745,000	32,000,000	0 16 4.14
October 5	35,000,000	65,260,000	31,510,000	0 18 9.702
1935				
January 4	30,000,000	49,580,000	27,500,000	0 6 1.84
April 5	40,000,000	76,095,000	40,000,000	0 10 2.93
July 5	40,000,000	47,885,000	40,000,000	0 13 10.48
October 4	40,000,000	54,635,000	40,000,000	0 18 0.69
January 3	40,000,000	64,985,000	40,000,000	0 12 1.53
July 3	40,000,000	80,905,000	40,000,000	0 12 4.32
October 3	40,000,000	61,490,000	40,000,000	0 12 1.60
January 2	40,000,000	67,885,000	40,000,000	0 12 2.84
July 2	40,000,000	56,800,000	40,000,000	0 10 9.77

NATIONAL SAVINGS CERTIFICATES		
Total Sales of Savings Certificates	No. of Certificates	Value
Week ended July 13, 1935	638,601	477,450
Week ended July 20, 1935	622,677	467,008
February, 1916, to July 20, 1935	1,231,769,315	970,268,712

At the end of May, 1935, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £392,705,923.

The OCEAN

Accident & Guarantee Corporation, Limited

Head Office : 36-44 Moorgate, London, E.C.

FOR ALL CLASSES OF INSURANCE

THE BANKERS' GAZETTE		
BANK OF ENGLAND		
Return for Week ended Wednesday, July 31, 1935		
ISSUE DEPARTMENT		
Notes Issued :-		
In Circulation	408,261,857	Government Debt 11,015,100
In Banking Department	44,512,600	Other Government Securities 246,430,759
		Other Securities 1,016,445
		Silver Coin 1,537,698
		Amount of Fiduciary Issue 280,000,000
		Gold Coin and Bullion 192,774,457
	452,774,457	452,774,457

BANKING DEPARTMENT		
Proprietors' Capital	14,553,000	Government Securities 87,370,889
Reserve	3,579,245	Other Securities 1,016,445
Public Deposits	24,359,737	Discounts and Advances 110,842,377
Other Deposits	75,680,219	Securities 113,559,012
Bankers' Accounts	£75,680,219	
Other Accounts	£38,499,771	
	114,179,990	Notes 24,201,389
		Gold and Silver Coin 44,512,600
		587,084
	156,671,972	156,671,972

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

Both Departments		Amount, July 31, 1935	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	£	408,261,857	+ 7,451,904	+ 18,952,142
Public deposits	£	24,359,737	+ 15,498,518	+ 12,499,773
Bankers' deposits	£	75,680,219	- 25,134,820	- 20,826,742
Other deposits	£	38,499,771	+ 1,892,817	+ 1,573,049
Seven-day bills	£	546,801,584	- 301,581	+ 12,191,307
Total outside liabilities	£	18,132,248	+ 21,283	+ 8,715
Capital and reserve	£	344,816,748	- 1,318,348	+ 7,273,153
Government debt and securities	£	10,842,377	+ 520,004	+ 1,973,629
Discounts and advances	£	14,375,457	+ 518,775	+ 3,658,019
Other securities	£	1,537,698	- 101,889	+ 1,925,967
Silver coin in issue department	£	193,361,551	+ 101,858	+ 1,203,738
Coin and bullion (bank's reserve)	£	45,099,694	- 7,350,246	- 17,748,384
Reserves of notes and coin in banking department	£	32.5%	- 3.3%	- 10.7%
Proportion of reserve to outside liabilities	£	35.4%	+ 0.1%	- 0.5%

(000's omitted)		Issue Department		Banking Department		Gold in or out of Bank	Bank Rate
Date		Notes Issued	Circulation	Public Deposits	Bankers' Deposits		
1933							
July 3	452,717	401,371	9,629	110,313	37,978	Nil	2 1/2
" 10	452,717	400,852	8,361	108,593	36,366	Nil	2 1/2
" 17	452,717	399,568	7,883	103,582	38,845	Nil	2 1/2
" 24	452,717	400,810	8,871	100,815	36,607	Nil	2 1/2
" 31	452,774	408,262	24,360	75,680	38,500	58 in	2 1/2

(000's omitted)		Issue Department		Both Depts.		Banking Department		Reserve and the "Proportion"
Date		Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio	Govt. Securities	Discounts & Advances	Other Securities	
1933								
July 3	257,948	238	183,284	84	80,198	13,488	12,290	51,369
" 10	257,948	238	183,272	84	80,198	13,488	12,290	51,369
" 17	257,948	238	183,239	84	80,198	13,488	12,290	51,369
" 24	257,948	238	183,280	84	80,198	13,488	12,290	51,369
" 31	257,446	1,016	183,362	35	87,571	10,842	13,359	45,100

August 3, 1935

BANKERS' CLEARING RETURNS				
LONDON				
(000's omitted)				
	Town	Metropolitan	Country	Total
1935				
January 1 to July 17	18,166,279	1,142,237	1,758,788	20,907,298
Week ended July 24	542,153	35,813	57,799	635,765
Week ended July 31	674,081	36,369	57,813	768,263
Total to date, 1935	19,322,513	1,114,419	1,874,400	22,311,332
Total to date, 1934	18,082,983	1,038,251	1,746,299	20,867,533
Increase or decrease in 1935	+ 1,239,530	+ 76,168	+ 128,101	+ 1,443,799
	= 6.9%	= 7.3%	= 7.3%	= 6.9%
Total for year 1934	30,740,117	1,759,528	2,984,512	35,484,157
Total for year 1933	27,714,480	1,656,675	2,766,471	32,137,626
Increase or decrease in 1934	+ 3,025,637	+ 102,853	+ 218,041	+ 3,346,531
	= 10.9%	= 6.2%	= 7.8%	= 10.4%
PROVINCIAL				
(000's omitted)				
	Week ended July 27	Month of June		Aggregate Totals, January 1 to July 27
	1934	1935	1934	1935
No. of working days:	28	24		
BIRMINGHAM	1,950	2,039	10,207	10,844
BRADFORD	1,017	1,154	3,274	3,288
BRISTOL	1,104	1,178	5,015	4,636
DUBLIN	4,142	4,377	...	2,985
HULL	626	698	2,940	3,414
LEEDS	724	793	3,862	4,120
LIVERPOOL	495	570	2,709	2,583
MANCHESTER	5,701	4,833	24,387	21,131
NEWCASTLE	8,710	8,360	41,201	37,864
NOTTINGHAM	1,198	1,211	6,276	5,806
SHEFFIELD	372	419	1,767	1,924
	632	603	3,565	3,450
	26,671	28,033	105,223	97,805
			- 7.2	913,467
				906,597

* Restricted area from April 1, 1935

OVERSEAS BANK RETURNS		
NOTE.—The latest return of the Bank of Canada, in June 1, Estonia in June 15, Danzig, Egypt, in July 6, International Settlements, Denmark, in July 13, Roumania, Portugal, Finland, in July 20, Federal Reserve Members, Java, Spain, Austria, Hungary, Greece, Turkey, Sweden, Lithuania in July 27.		

U.S. FEDERAL RESERVE BANKS.—In \$'s (000's omitted).					
	July 25, 1934	July 11, 1935	July 18, 1935	July 25, 1935	Aug. 1, 1935
Resources					
Gold Certificates on hand and due from the Treasury	4,673,170	6,228,230	6,226,200	6,513,250	6,224,120
Total reserves	5,133,120	6,490,080	6,499,580	6,513,250	6,513,170
Total cash reserves	235,330	241,300	251,850	265,500	269,230
Total bills discounted	21,300	6,840	6,660	6,110	6,570
Total bills bought in open market	5,270	4,690	4,680	4,670	4,680
Total bills on hand	26,570	11,530	11,340	10,780	11,250
Industrial advances	2,432,050	2,430,410	2,430,250	2,430,230	2,430,210
Total U.S. Govt. securities	2,469,090	2,470,120	2,469,880	2,469,880	2,469,820
Total bills and securities	8,120,970	9,549,950	9,631,030	9,558,340	9,555,620
Total resources	8,120,970	9,549,950	9,631,030	9,558,340	9,555,620
LIABILITIES					
Federal Reserve notes in actual circulation	3,060,240	3,267,400	3,258,420	3,242,240	3,261,820
Federal Reserve Bank notes in circulation	33,740	...	...	...	...
Deposits — Memberbank — reserve account	4,020,030	5,051,800	4,924,400	4,944,800	5,099,620
Government deposits	47,800	101,590	250,870	282,080	125,980
Total deposits	4,287,570	5,455,840	5,477,330	5,491,760	5,478,440
Total liabilities	285,670	312,380	312,780	312,810	313,110
Capital paid in and surplus	8,120,970	9,549,950	9,631,030	9,558,340	9,555,620
Ratio of total reserves to deposit and Federal Reserve note liabilities combined					
	69.9%	74.4%	74.4%	74.6%	74.7%

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

	July 20, 1934	June 20, 1935	June 30, 1935	July 10, 1935	July 20, 1935
Assets					
Gold, coin and bullion	6,385,000	5,677,500	5,589,200	5,523,600	5,523,600
Foreign bills and balances abroad	36,200	206,900	295,400	361,100	361,400
Other cash	312,600	340,400	361,900	348,000	402,100
Gold deposited abroad due by the State	1,772,800	1,772,800	1,772,800	1,772,800	1,772,800
Discounts	3,368,700	3,368,700	3,449,300	3,428,100	3,457,200
Advances	970,700	1,434,600	2,115,600	1,552,600	1,584,500
Credit with "Institute for Industrial Reconstruction"	1,076,300	963,500	963,500	949,200	949,200
Government securities	1,377,600	1,383,200	1,382,200	1,390,000	1,381,100
LIABILITIES					
Notes in circulation	12,901,800	12,684,900	13,028,800	13,210,200	13,266,500
Public deposits	1,153,100	996,100	1,420,800	412,200	309,000
Other deposits and drafts	1,150,200	847,900	817,300	856,600	905,300
Ratio of reserve to note and sight liabilities combined	44.74%	42.54%	41.60%	40.96%	40.66%

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

	July 23, 1934	June 29, 1935	July 8, 1935	July 15, 1935	July 22, 1935
Assets					
Coin and bullion	118,831	118,831	118,831	118,831	118,831
Balance abroad and foreign bills	6,392	41,929	42,208	43,541	43,760
Funds provisionally placed in gold not included in the gold reserve	16,379	46,238	46,238	46,238	46,238
Norwegian and Foreign Government securities	30,874	35,320	35,908	36,011	36,388
Discounts and loans	275,340	206,701	206,391	201,123	203,846
LIABILITIES					
Notes in circulation	322,135	331,769	327,829	329,503	326,709
Deposits at sight	59,869	71,484	75,889	71,990	76,662

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K. (000's omitted).

	July 23, 1934	June 30, 1935	July 7, 1935	July 15, 1935	July 23, 1935
Assets					
Gold	2,662,864	2,691,099	2,691,213	2,692,641	2,692,953
Balance abroad and foreign currency	25,326	324,645	311,584	308,638	290,020
Discounts and advances	1,470,196	1,137,860	1,017,714	1,001,787	998,082
State notes debt balance	2,126,333	2,072,407	2,071,387	2,069,328	2,068,887
Other assets	690,993	1,144,909	1,167,119	1,119,861	1,156,793
LIABILITIES					
Bank notes in circulation	5,097,777	5,779,753	5,681,664	5,542,761	5,225,241
Check account balances	1,134,706	742,281	705,472	827,471	1,109,047
Other liabilities	290,919	380,298	403,293	353,432	403,839

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

	July 22, 1934	July 8, 1935	July 15, 1935	July 22, 1935
Assets				
Cash reserve	1,787,743	1,349,829	1,352,230	1,347,954
Gold at home and abroad	1,04,378	35,116	26,525	29,296
Foreign exchange	20,039	183,558	188,121	202,609
Other foreign exchange	1,814,486	1,773,928	1,771,767	1,768,740
Bills and advances against security	1,719,144	1,691,539	1,691,621	1,691,897
Government advances	4,085,250	4,478,331	4,424,424	4,414,738
Notes in circulation	1,234,826	1,283,919	1,360,552	1,404,545
Sight deposits	878,388	280,650	273,650	249,050
Time deposits				

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

	July 14, 1934	June 23, 1935	June 30, 1935	July 7, 1935	July 15, 1935
Assets					
Gold and silver holdings	1,546,675	1,582,875	1,582,875	1,582,875	1,582,875
Balance abroad and foreign currencies	90,822	362,402	300,986	306,358	279,235
Discounts and advances	1,031,291	925,026	950,533	980,299	984,455
Advances to the Treasury	2,782,525	2,697,819	2,697,817	2,697,817	2,697,817
LIABILITIES					
Capital paid up	500,000	500,000	500,000	500,000	500,000
Reserves	1,237,657	1,259,598	1,259,249	1,259,235	1,259,235
Bank notes in circulation	2,621,546	2,064,678	2,151,623	2,176,126	2,100,720
Sight liabilities	1,619,357	2,307,022	2,304,085	2,075,746	2,121,201
Deposits	143,887	129,013	128,635	128,635	128,635

BANK OF POLAND.—In zloty (000's omitted).

	July 20, 1934	June 20, 1935	June 30, 1935	July 10, 1935	July 20, 1935
Assets					
Gold	491,161	510,977	510,431	510,698	510,945
Foreign exchange and balances	41,376	13,416	15,668	17,067	13,999
Bills discounted	581,858	632,510	645,564	644,120	638,001
Loans against securities	55,570	44,928	62,906	48,300	43,593
Reserve fund securities	91,602	89,266	88,246	88,814	88,814
Advances to State	90,000	90,000	90,000	90,000	90,000
LIABILITIES					
Share capital	150,000	150,000	150,000	150,000	150,000
Reserve funds	114,000	114,000	114,000	114,000	114,000
Notes in circulation	879,403	918,482	947,811	931,723	900,958
Sight liabilities	214,959	220,823	210,506	212,752	221,813

BANK OF LATVIA.—In lats (gold francs) (000's omitted).

	July 23, 1934	June 24, 1935	July 1, 1935	July 8, 1935	July 15, 1935	July 22, 1935
Assets						
Gold bullion and coin	44,246	46,359	46,359	46,360	46,361	46,362
Silver coin	16,641	16,028	16,112	16,220	16,336	16,310
Balance abroad	4,516	4,075	3,790	3,714	3,639	3,768
Treas. notes and small change	18,721	13,333	13,022	13,987	14,126	13,564
Short-term bills	63,175	55,781	56,008	55,228	55,182	54,991
Loans against securities	62,418	67,005	66,047	64,941	64,315	63,691
LIABILITIES						
Notes in circulation	31,337	35,873	35,128	33,923	33,631	33,109
Capital paid up	20,426	20,822	20,822	20,822	20,822	20,822
Reserve	5,029	5,197	5,187	5,187	5,187	5,187
Deposits	18,602	20,110	20,168	20,168	20,167	20,144
Current accounts	93,576	88,909	88,812	91,243	92,513	92,444
Government accounts	54,648	46,404	46,429	44,548	42,345	41,979

BANK OF JAPAN.—In yen (000's omitted).

	July 7, 1934	June 8, 1935	June 15, 1935	June 22, 1935	June 29, 1935	July 6, 1935
Assets						
Gold coin and bullion	455,752	478,789	479,938	480,839	482,018	482,831
Other coin and bullion	47,684	44,764	45,217	44,949	44,415	44,462
Discounts	595,132	564,772	563,612	563,744	550,253	558,578
Advances	82,550	111,720	113,759	92,426	116,113	117,202
Advances on foreign bills	30,000	30,000	30,000	62,730	94,812	29,975
Govt. bonds	400,290	500,000	57,471	437,953	453,472	578,698
LIABILITIES						
Notes	1,136,378	1,142,517	1,143,719	1,213,697	1,233,937	1,233,937
Govt. deposits	206,688	259,706	259,706	259,706	223,191	240,382
Other deposits	74,953	104,888	71,179	84,927	104,546	64,732

LONDON MONEY RATES

	July 25, 1935	July 26, 1935	July 27, 1935	July 28, 1935	July 29, 1935	July 30, 1935	July 31, 1935	Aug. 1, 1935
Bank rate (changed from 2½% June 30, 1932)	2½	2½	2½	2½	2½	2½	2½	2½
Market rates of discount—								
60 days' bankers' drafts	2½	2½	2½	2½	2½	2½	2½	2½
3 months' do.	2½	2½	2½	2½	2½	2½	2½	2½
4 months' do.	2½	2½	2½	2½	2½	2½	2½	2½
6 months' do.	2½	2½	2½	2½	2½	2½	2½	2½
Discount Treasury Bills—								
2 months'	2½	2½	2½	2½	2½	2½	2½	2½
3 months'	2½	2½	2½	2½	2½	2½	2½	2½
Loans—Day-to-day	2½	2½	2½	2½	2½	2½	2½	2½
Short	2½	2½	2½	2½	2½	2½	2½	2½
Deposit allowances: Bank	2½	2½	2½	2½	2½	2½	2½	2½
Discount houses at call	2½	2½	2½	2½	2½	2½	2½	2½
At notice	2½	2½	2½	2½	2½	2½	2½	2½

Comparison with previous week—

	Short Loans				Trade Bills		
	3 Months	4 Months	6 Months		3 Months	4 Months	6 Months
1935	%	%	%	%	%	%	%
July 4	1-1	1-1	1-1	1-1	2-2+	2-2+	2-3
" 11	1-1	1-1	1-1	1-1	2-2+	2-2+	2-3
" 18	1-1	1-1	1-1	1-1	2-2+	2-2+	2-3
" 25	1-1	1-1	1-1	1-1	2-2+	2-2+	2-3
Aug. 1	1-1	1-1	1-1	1-1	2-2+	2-2+	2-3

LONDON RATES OF EXCHANGE

I.—Spot Rates (Range of the day's business)

London on	Par of Exch. per £	July 26, 1935	July 27, 1935	July 28, 1935	July 30, 1935	July 31, 1935	Aug. 1, 1935
New York, \$	14.88	4.95-96	4.96-97	4.95-96	4.95-96	4.95-96	4.95-96
Montreal, \$	124.21	75-75½	75-75½	74-75	74-75	74-75	74-75
Paris, Fr.	35.00(4)	29-20-28	29-20-28	29-18-32	29-20-34	29-20-34	29-20-34
Brussels, Bel.	92.46	60-1-2	60-1-2	60-1-2	60-1-2	60-1-2	60-1-2
Milan, Li.	25-22½	15-18-22	15-18-22	15-15-21	15-15-19	15-15-19	15-15-17
Zurich, Sw.	37½	51-51½	51-51½	51-51½	51-51½	51-51½	51-51½
Athens, Dr.	189-23	226-227½	226-227½	226-227½	226-227½	226-227½	226-227½
Hels'fors, M.	25-22½	36-1-36½	36-1-36½	36-1-36½	36-1-36½	36-1-36½	36-1-36½
Madrid, Pt.	110	109-110½	109-110½	109-110½	109-110½	109-110½	109-110½
Lisbon, Esc.	12-107	7-35-39	7-35-39	7-35-39	7-35-39	7-35-39	7-35-39
Amst'dm, Fl.	20-43	12-28-35	12-28-35	12-25-31	12-25-31	12-25-31	12-25-31
Berlin, Mk.							

Vienna, Sch.	34.58	38-43	38-43	39-44	39-44	40-45	39-44
Bu'pest, Pen.	27-82	251-271	251-271	251-271	251-271	251-271	251-271
Prague, Kc.	\$164½	164½	164½	164½	164½	164½	164½
Danzig, Gul.	25-00	119½-120	119-120	119½-120	119½-120	118½	118½
Warsaw, Zl.	43-38	25½-26½	26-26½	26-26½	26-26½	26-26½	26-26½
Riga, Lat.	25-22½	14-15½	14-15½	14-15½	14-15½	14-15½	14-15½
Bucharest, Lei	819-6	61-61½	61-61½	62-62½	62-62½	62-62½	62-62½
Const'ple, Pst.	110	62½	613*	614*	614*	612*	615*
Belgrade, Din.	276-32	212-222	212-222	212-222	212-222	212-222	211-221
Kovno, Lit.	48-66	29-30	29-30	29-30	29-30	29-30	28½-29½
Sofia, Lev.	673-66	385-415	385-415	385-415	385-415	385-415	388-418
Tallinn, E. Kr.	18-159	17-18½	17-18½	17-18½	17-18½	17-18½	17-18½
Olo, Kr.	18-159	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45
St'holm, Kr.	18-159	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45
Cop'h'gen, Kr.	18-159	22-35-45	22-35-45	22-35-45	22-35-45	22-35-45	22-35-45
Alex'dria, Pst.	97½	97½	97½	97½	97½	97½	97½
Bombay, Rup.	+ 18d.	18½	18½	18½	18½	18½	18½
Calcutta, Rup.	+ 18d.	18½	18½	18½	18½	18½	18½
Madras, Rup.	+ 18d.	18½	18½	18½	18½	18½	18½
London, Kong.	+ 18d.	18½	18½	18½	18½	18½	18½
Kobe, Yen.	+ 24-58d.	144-145	25-25½	25-25½	24½-25½	24½-25½	24½-25½
Shanghai, \$	+ 28d.	18½-19½	18½	14½	14½	14½	24-25½
Singapore, \$	+ 28d.	27½-28	27½-28	27½-28	27½-28	27½-28	27½-28
Batavia, f.	12-11d	7-31-36	7-32-35	7-28-35	7-28-32	7-28-32	7-28-32
Rio, Mil.	+ 899	2-4½	2-4½	2-4½	2-4½	2-4½	2-4½
B. Aires, \$	11-45	18-50-60	18-50-60	18-50-60	18-40-60	18-40-60	18-40-60
Valparaiso, \$	40	17-02½	17-02½	17-02½	17-02½	17-02½	17-02½
M'video, \$	+ 51d.	19½-20½	121e	121e	119e	119e	17-02½
Lima, Sol.	7-13d.	20-75	19½-20½	19½-20½	19½-20½	19½-20½	19½-20½
Mexico, Pes.	9-66	27½-18½	27-18½	27-18½	27-18½	27-18½	27-18½
Manila, Pes.	+ 24-66d.	14½	24½	24½	24½	24½	24½
Moscow, Rubs	9-458	5-689	5-705	5-709	5-709	5-709	5-709

on the previous Wednesday. During the week the Bank announced the purchase of £57,606 in bar gold.

In the open market about 1,750,000 of bar gold was dealt with at the daily fixing. Price movements were again narrow, but there was more fluctuation in the premium over gold exchange parties.

The gold holding of the Bank of the Netherlands declined by about £17,500,000 during last week, but the movement was arrested by the success of Dr Colijn in forming a new Government. The guilders as a consequence improved in terms of sterling and the gold price here tended to harden slightly.

Quotations during the week :—

	Per fine ounce	Equivalent value of £ sterling
July 25	140s. 9d.	12s. 0.86d.
" 26	140s. 6½d.	12s. 1.07d.
" 27	140s. 5½d.	12s. 1.16d.
" 29	140s. 7d.	12s. 1.03d.
" 30	140s. 5d.	12s. 1.20d.
" 31	140s. 8d.	12s. 0.95d.
Average	140s. 6.83d.	12s. 1.05d.
Aug. 1	140s. 9½d.	

An exceptionally large shipment was made from India last week, the s.s. "Carthage," which sailed from Bombay on the 27th instant, carrying gold to the value of about £2,475,000 consigned to London.

SILVER MARKET

A steady tone has been maintained and, except for one day, the cash price ruled at 30½d.

Selling on China account has again been a feature and there have been further liquidations by the Indian Bazaars and speculators, but the American Treasury readily absorbed offerings.

Some nervousness in the Bombay market was apparent on the 28th instant when the Bazaars made substantial re-sales here; this, however, proved only a temporary phase, as the same quarter sent buying orders the following day, prices rising to 30½d. for cash and 30½d. for two months' delivery in consequence. The American Treasury did not follow the advance, which was lost on the 29th instant—the next working day.

American support continues to give the market a steady appearance at the present level and holders appear to have a little more confidence.

Quotations during the week :—

	IN LONDON	IN NEW YORK
	Bar silver per oz. std.	Cents per Ounce
	Cash	Two Months' delivery
July 25	30½d.	30½d.
" 26	30½d.	30½d.
" 27	30½d.	30½d.
" 29	30½d.	30½d.
" 30	30½d.	30½d.
" 31	30½d.	30½d.
Average	30.218d.	30.312d.
Aug. 1	30½d.	30½d.

The highest rate of exchange on New York recorded during the period from the 25th instant to the 31st instant was \$4.96½ and the lowest \$4.95½.

Stocks in Shanghai on the 27th instant consisted of about 277,000,000 dollars and 44,600,000 ounces in bar silver, as compared with 278,000,000 dollars and 44,600,000 ounces in bar silver on the 20th instant.

COMPANY NEWS

WEEKLY TRAFFIC RETURNS

RAILWAYS OF GREAT BRITAIN AND IRELAND

		Gross Receipts, week ended July 28, 1935 (£000)						Aggregate Gross Receipts 1935 compared with 1934 30 weeks (£000)						
(b) Week ended July 26, 1935		(c) Week ended July 27, 1935		Miles Open	Passen- ger, &c.	Merchan- dise, &c.	Coal and Coke	Total Goods	Total Receipts	Passen- ger, &c.	Merchan- dise, &c.	Coal and Coke	Total Goods	Total Receipts
Great Western	1935 3,749	1935 3,749	286	188	92	280	566	5,685	5,359	2,967	8,328	14,011		
(c) L. & N. Eastern	1934 6,336	1934 6,336	435	308	180	488	923	9,027	9,209	6,624	15,833	24,860		
L. M. & S.	1934 6,336	1934 6,336	431	299	190	489	920	8,799	9,230	6,791	16,021	24,820		
Scottish	1935 6,925	1935 6,925	677	433	185	618	1,295	13,909	13,349	6,853	20,202	34,111		
Southern	1934 6,925	1934 6,925	675	421	186	607	1,282	13,583	13,285	6,845	20,130	33,711		
	1935 2,171	1935 2,171	405	65	25	90	495	8,556	1,811	880	2,700	11,256		
	1934 2,171	1934 2,171	387	68	28	96	483	8,340	1,918	930	2,848	11,188		
Total	1935 19,181	1935 19,181	1,803	994	482	1,476	3,279	37,244	29,788	17,314	47,102	84,346		
	1934 19,181	1934 19,181	1,796	974	496	1,470	3,256	36,407	29,792	17,533	47,325	83,732		
(b) Belfast & Co. Down	1935 80	1935 80	4.1	...	0.6	4.6	74.2	...	...	...	15.0	89.2		
(b) Great Northern	1934 80	1934 80	4.7	...	0.5	5.3	74.2	...	...	...	15.7	89.6		
(b) Great Southern	1935 543	1935 543	13.5	...	9.3	22.8	298.3	...	...	...	271.0	569.3		
	1934 543	1934 543	14.4	...	8.3	22.7	281.1	...	...	...	257.6	538.7		
	1935 2,124	1935 2,124	31.0	...	32.3	63.3	685.2	...	...	...	102.2	1,107.3		
	1934 2,124	1934 2,124	31.9	...	28.5	60.3	681.6	...	...	...	95.0	1,036.6		

COMPARISONS WITH CORRESPONDING PERIODS, 1933 and 1934 (000's omitted)

	Great Western	L.M.S.	L.N.E.R.	Southern
Second half-year 1934, compared with second half-year, 1933:				
Gross increase or decrease	+ 148	+ 659	+ 528	+ 168
First half-year 1935, compared with first half-year 1934:				
Gross increase or decrease	+ 78	+ 299	- 26	+ 8
Second half-year 1935, compared with second half-year, 1934:				
4 weeks to July 27, 1935	+ 30	+ 99	+ 66	+ 60
Weekly average second half 1935 compared with 1934	+ 7½	+ 24½	+ 16½	+ 15

LONDON TRANSPORT

	Comparing with corresponding period of last year	Comparing with corresponding period of last year
Week ending July 27, 1935	£32,700	+ 6,100
Aggregate 4 weeks ending July 27, 1935	£2,187,400	+ 36,900

Note.—The receipts this year include receipts of bus and coach undertakings not absorbed by London Transport in the corresponding period of last year. In order to make a comparison with the previous year, the figures for that year have been adjusted on the basis of the best information available.

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week	Gross Aggregate Receipts
				1935	1935
				+ or -	+ or -
INDIAN					
Assam Bengal	13	June 30	1,330	£4,37,500	Rs. 36,55,969
Barelly L. Ry.	13	June 30	292	£39,600	Rs. 8,82,256
Bengal & N.Western	14	July 10	2,114	£8,49,878	Rs. 4,50,200
Bengal-Nagpur	13	June 30	3,268	£23,12,000	Rs. 97,300
Bombay Bar. & C.I.	16	July 20	3,072	£22,36,000	Rs. 96,84,949
Bombay Bar. & C.I.	13	June 30	3,230	£19,97,000	Rs. 1,25,000
Madras & S. Mahr.	14	July 10	546	£14,47,272	Rs. 22,91,401
Rohilkhand & Kumaon	13	June 30	2,528	£14,54,769	Rs. 1,13,458
South Indian	13	June 30	2,528	£14,54,769	Rs. 1,40,03,523

CANADIAN

	1935	1934	1935	1934
Canadian National	29	July 21	2,373,644	2,428,000
Canadian Pacific	29	July 21	1,84,859	88,894,912

SOUTH AMERICAN

	1935	1934	1935	1934
Antofagasta (Chili and Bolivia)	30	July 28	830	£13,400
Argentine N.E.	4	July 27	753	£131,700
B.A. and Pacific	4	July 27	2,806	£1,225,000
B.A. Central	2	July 14	14	£271,974
B.A. Gt. Southern	4	July 27	5,085	£1,113,700
B.A. Western	4	July 27	1,890	£1,113,394
Central Argentine	4	July 27	3,700	£1,113,394
Central Uruguay	4	July 27	273	£1,113,394
C. U. (East Ext.)	4	July 27	311	£1,113,394
C. U. (N. Ext.)	4	July 27	185	£1,113,394
C. U. (W. Ext.)	4	July 27	211	£1,113,394
Cordoba Central	4	July 27	1,218	£1,113,394
Entre Rios	4	July 27	810	£1,113,394
G. Westn. of Brazil	30	July 1,082	5,400	£1,113,394
Leopoldina	30	July 1,918	1,918	£1,113,394
Leopoldina Term.	30	July 1,918	1,918	£1,113,394
Nitrate	6½	July 27	401	£1,113,394
Paraguay Central	4	July 27	100	£1,113,394
Salvador	4	July 27	100	£1,113,394
San Paulo	29	July 21	1,531	£1,113,394
United of Havana	4	July 27	1,365	£1,113,394

Converted at average official rate during week ended July 27—17.02 pesos to the £.
 * Nominal. * Free market rate. * Months. * Receipts in Argentine Pesos.
 Comparative figures for 1934 converted at official rate ruling in 1935.
 Converted at the "free" rate as a result of a decision of the High Court.

OTHER OVERSEAS

	1935	1934	1935	1934
Egyptian Delta	14	July 10	623	£5,885
Light Railways	29	July 18	18	£1,391
Egyptian Markets	29	July 18	18	£1,391
Gr. Southern of Spain	29	July 20	104	£23,030
Mexican Railway	29	July 21	483	£225,400

TRAMWAYS WEEKLY GROSS RECEIPTS

	1935	1934	1935	1934
Anglo-Argentine	30	July 29	328	£588,432
B. Aires Lacrosse	2	July 14	14	£64,298
Burnley, Colne and Nelson Jt. Trapt.	3	July 27	76	£4,577
Calcutta Tramways	28	July 27	27	£4,222
Ile of Thanet Elec.	15	July 24	24	£29,330
Liverpool Corp.	6½	July 15	15	£62,094
Madras Electric	15	July 15	15	£62,094

MONTHLY TRAFFICS

Company	Months	Ending	Receipts for Month	Receipts to Date
			1935	1935
			+ or -	+ or -
Barcelona Traction	6	June 30	Gross	Ps. 9,224,832
Canadian National	6	June 30	Net	Ps. 5,755,698
Rys.	6	June 30	Gross	£13,713,606
Canadian Pacific	6	June 30	Net	£494,333
Ry.	6	June 30	Gross	£10,190,000
International Rys. of Cen. America	6	June 30	Gross	£1,404,000

DIVIDEND ANNOUNCEMENTS

Name of Company	Rate % per Annum, except where marked % or Stated in Cash	Interim or Final	Date of Payment	Interim or Final Comparison with Last Year	Dividend for Whole Years	Latest Year	Previous Year
RAILWAYS							
Bengal and North Western	8%*	...	...	Unchanged	...	...	...
Great Western Railway	1%*	Aug. 14	...	Unchanged	...	...	...
London and North-Eastern Ry.	2%*	Aug. 14	...	Unchanged	...	...	...
4% 1st Guar. Stk.	2%*	Aug. 14	...	Unchanged	...	...	...
4% 2nd Guar. Stk.	1%*	Aug. 14	...	Unchanged	...	...	...
Metropolitan Ry. Surplus Lands	1%*	Aug. 14	...	Unchanged	...	...	...
Rohilkhand and Kumaon	6%*	Aug. 20	...	Unchanged	...	...	...
Southern Railway Pref. Ord.	1%*	Aug. 20	...	Unchanged	...	...	...
BANKS							
Bank of New South Wales	5/- p.s.*	Aug. 28	...	Unchanged	...	...	...
TEA AND RUBBER							
Bukit Selangor Rubber	5%*	Aug. 12	...	Unchanged	...	...	...
Semenyih Rubber	1%*	Aug. 12	...	Unchanged	...	...	...
INSURANCE							
Employers' Liability Assurance	1/6 p.s.*	Sept. 27	...	Unchanged	...	...	...
MINING							
Broken Hill South	2/6 p.s.	Sept. 14	...	1/6 p.s.	...	...	...
OTHER COMPANIES							
Bent's Brewery	5%*	Sept. 15	...	Unchanged	...	...	...
Brandram Brothers	2%*	Sept. 15	...	Unchanged	...	...	...
Bridgewater Estates	2%*	Aug. 29	...	Unchanged	...	...	...
Bristol Tramways	3%*	Aug. 2	...	Unchanged	...	...	...
Bristol Waterworks	3%*	July 31	...	Unchanged	...	...	...
Brixton Estates	2%*	Sept. 3	...	Unchanged	...	...	...
Brooks (Thomas) and Co.	2%*	Sept. 3	...	Unchanged	...	...	...
Chester United Gas	2%*	Sept. 3	...	Unchanged	...	...	...
Chosen Corporation	3%*	Sept. 30	...	Unchanged	...	...	...
City of London Electric	3%*	Sept. 30	...	Unchanged	...	...	...
Compass Investment Trust	3%*	Aug. 15	...	Unchanged	...	...	...
Continental and Industrial Trust	3%*	Aug. 15	...	Unchanged	...	...	...
Cooper (L. J. and G.)	3%*	Aug. 15	...	Unchanged	...	...	...
Eastern and International Rubber and Produce Trust	4%*	Dec. 31	...	Unchanged	...	...	...
Edinburgh and Dundee Investment	4%*	Dec. 31	...	Unchanged	...	...	...
Enfield Cable Works	2%*	Dec. 31	...	Unchanged	...	...	...
E.N.V. Engineering	2%*	Dec. 31	...	Unchanged	...	...	...
Fleming Reid and Co.	5%*	Dec. 31	...	Unchanged	...	...	...
Fleetons, Ltd.	7%*	Dec. 31	...	Unchanged	...	...	...
Gabriel Wade and English	2%*	Dec. 31	...	Unchanged	...	...	...
Gas Light and Coke	2%*	Dec. 31	...	Unchanged	...	...	...
Gaskell and Chambers	3%*	Dec. 31	...	Unchanged	...	...	...
General Refractories	6%*	Aug. 14	...	Unchanged	...	...	...

OTHER COMPANIES—cont.

	Rate % per Annum, except where marked % or Stated in Cash	Interim or
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REPORTS AND NOTICES

GOVERNMENT, &c.

GOVERNMENT OF THE FRENCH REPUBLIC—4% RENTES 1917. 4% RENTES 1918, 4½% RENTES 1932, BRITISH ISSUES.—A Decree of the French Government, dated July 16, 1935, instituting a deduction of 10 per cent. upon the payment of coupons of bonds of the above issues, *inter alia*, provides for the exemption of those bonds which are shown to the satisfaction of the French Government to have been on July 17, 1935, in the beneficial ownership of a holder other than a French citizen or corporation. Bonds which on July 17, 1935, were in such beneficial ownership should be presented on and after Tuesday, August 6, 1935, accompanied by the appropriate form of declaration, at the Bank of England Loans Office, 3, Bank Buildings, Princes Street, London, E.C.2, or at the Ministry of Finance, Paris, for the necessary endorsement. Bonds should be presented for certification before October 1, 1935. Declaration forms may be obtained from Thursday, August 1, 1935, at the Bank of England, or at the Ministry of Finance, Paris. Holders may be required to furnish additional proof of their beneficial ownership.

VANCOUVER BONDS.—Arrangements have been made to meet the interest, which amounts to \$821,940, now due on the City of Vancouver bonds. Mr Wardhaugh, the city comptroller, in making this announcement, stated that of the total, \$484,840 was due on bonds sold in London.

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

THE upward trend in commodity prices continued during the week ended last Wednesday. Although the volume of transactions in iron and steel materials has declined, turn-over was by no means negligible. The event of the week in the iron and steel markets was the ratification of the five-year agreement between the British industry and the International Crude Steel Cartel. The terms of the agreement are discussed in a Note of the Week. Among non-ferrous metals, spot tin was slightly dearer than a week ago; the quotation for "three months" tin was nearly £15 per ton less than the price of spot tin. Copper and spelter were slightly cheaper, and lead a little dearer, than a week ago. Linseed and linseed oil continued to rise in price owing to persistent drought in Argentina and unfavourable crop reports from the United States. Rubber prices showed a slight recovery.

Among textile raw materials, prices of cotton tended to decline owing to favourable crop reports and the uncertainty concerning the United States Government's loan policy. The market in raw jute showed some improvement on the news that the Government of Bengal had decided to continue the voluntary crop restriction scheme initiated last year. Hemp was slightly dearer, but flax and wool are scarcely changed in price on the week.

Wheat prices tended to rise on reports of crop deterioration in North America. The quotation for raw sugar was also marked up. It is understood that the future of the international sugar agreement, which is due to expire at the end of September, will be discussed at a meeting of the International Committee in Brussels on August 5th. The market in tea was irregular. At Smithfield market beef was marked down a little. Prices of new potatoes continued their seasonal downward movement, but quotations for butter registered a sharp rise.

The trend of commodity prices in the United States continued upwards. Moody's index of the dollar prices of staple commodities, based on December 31, 1931, stood at 161.9 on Wednesday, compared with 160.6 a week earlier, 158.3 a month earlier and 143.2 on the corresponding day last year.

COAL

SHEFFIELD.—The quota for the export trade in South Yorkshire has been increased from 60 per cent. to 62½ per cent. It remains as before at 52½ per cent. for inland trade. Only very limited inquiries are being received for fresh supplies for export. Collieries have a little or nothing to spare on export account of best steams, cobbles, singles and smalls, which have hardened in consequence. There is a surplus of washed doubles which have not been absorbed by the inland market and are being offered for shipment at easier rates. Large steams are quoted up to 18s. 6d. f.o.b. Gas coal is plentiful. Industrial coal and coke are moving freely and prices are firm.

NEWCASTLE-ON-TYNE.—Whilst there is little inquiry for Northumberland steam coals, collieries are working regularly, most of the trade being against old contracts. As Italian trade is almost

BANKS

BANK OF NEW ZEALAND.—Report of Bank of New Zealand for year to March 31, 1935, shows that profits amounted to £585,224 against £594,231. Deducting interest on guaranteed stock £8,476 leaves net balance £578,747. Dividend on preference "A" shares absorbs £50,000. The dividend on the ordinary shares of 10 per cent absorbs £375,000. The dividend will be paid in New Zealand currency. The carry forward is increased from £343,609 to £348,138. The total assets are £49,440,170, against £54,356,787 on March 31, 1934. Deposits stand at £33,198,614, against £34,328,000 on March 31, 1934. Reserve fund stands at £3,575,000.

MISCELLANEOUS

UNITED STATES STEEL CORPORATION.—The United States Steel Corporation has declared a 50 cent dividend on the 7 per cent. preferred stock, the same as in recent quarters. The second quarter report shows earnings, after deducting all expenses, including repairs and maintenance of plants and payment of taxes, of \$14,117,000, less charges and allowance for depreciation, \$11,350,000, leaving net income of \$2,767,000. Interest charges on bonds of subsidiary companies cost \$1,250,000, leaving net income from operations of \$1,517,000. The proportion of overhead expenses of Lake Superior Iron Ore Properties and Great Lakes Transportation Service was \$2,280,000, and the dividend on the preferred stock required \$1,801,000, making a total deficit for the quarter of \$2,564,000.

IMPERIAL CHEMICAL INDUSTRIES.—The hearing, in the Chancery Division, of the petition of Imperial Chemical Industries for confirmation of its capital reorganisation scheme has been adjourned until next term, which begins on October 7th.

at a standstill owing to financial difficulties, business in Durham is very quiet. Gas and coking coals are particularly weak, and there seems little prospect of regular working in this section until the winter. The prompt coke position is quiet, but for shipment over the winter months contracting is taking place.

Current f.o.b. prices for export:—**NORTHUMBERLAND.**—D.C.B., screened, 13s. 9d.; smalls, 11s.; Howards, Bentinck, Newbiggin, screened, 13s. 6d.; smalls, 10s. 6d.; Tyne Prime, large, 13s. 6d.; smalls, 11s.; Hartley Main, large, 13s. 6d.; smalls, 11s. **DURHAM.**—Lambton/South Hetton, screened steam, 15s. 2d.; smalls, 12s. 6d.; Wear Special, gas, 15s.; Holmside, Ryhope, Boldon, unscreened gas, 14s. 6d.; second-class gas, 13s. 2d.; coking unscreened and/or smalls, 13s. 2d.; prime unscreened bunkers, 13s. 9d.; second-class unscreened bunkers, 13s. 3d.; Prime foundry coke, 18s. 6d.; Newcastle and District gas coke, 20s.

GLASGOW.—New export business is rather slow, but collieries are well supplied with contract work, and, in the West, home demand opened up again following the resumption of work in industry after the holidays. First steams and washed smalls in Fife are well placed, but business in Dysart main coal would be welcome. The Lothian collieries could also take on additional orders. Round coal is plentiful in Lanarkshire, but washed nuts are in short supply, and well taken up.

Shipment prices, f.o.b. district ports:—**LANARKSHIRE.**—Ell best, 14s. 6d.-15s.; splint best, 17s.; splint second, 15s.-15s. 6d.; navigation, screened, 15s.; navigation, unscreened, 13s. 6d.-13s. 9d.; Hartley, 16s.; steam, 13s.-13s. 6d.; trebles, 13s.-13s. 3d.; doubles, 12s. 6d.-12s. 9d.; singles, 12s. 6d.-12s. 9d.; pearls, 10s. 6d.-10s. 9d.; dross, 10s. **FIFE.**—Best unscreened navigation, 13s. 6d.; unscreened navigation, 12s. 9d.-13s. 3d.; first-class steam, 10s. 6d.-14s.; third-class steam, 12s.-13s.; trebles, 14s.-16s. 6d.; doubles, 13s. 6d.-14s. 6d.; singles, 12s. 9d.-13s.; pearls, 10s. 6d.-10s. 9d. **LOTHIANS.**—Best splint, 14s. 6d.-prime steam, 12s.-13s.; secondary steam, 12s.; unscreened navigation, 12s. 6d.-12s. 9d.; trebles, 13s. 6d.-14s.; doubles, 12s. 9d.-13s.; singles, 12s. 6d.-12s. 9d.; pearls, 10s. 3d. **AYRKSHIRE.**—Best unscreened navigation, 14s. 6d.; steam, 13s.; trebles, 13s. 6d.; doubles, 13s.; singles, 13s.; pearls, 12s. 6d.; dross, 11s. 6d.

CARDIFF.—There has been little change during the week in the position on the Cardiff coal market. The volume of contract and coastwise trades last week totalled 396,000 tons, compared with 406,900 tons in the previous week, and 396,870 tons in the corresponding week last year. Two disturbing factors have been the unsatisfactory operation of the arrangements made last March for the settlement of Anglo-Italian trade debts. Some French coal view to a reduction in the f.o.b. prices of South Wales coals shipped in the prices of French coals; while in the case of Italy there is the possibility of a partial cessation of deliveries owing to the enormous debts already incurred for coal supplied in the past. A deputation waited upon Mr Runciman on Tuesday with regard to these debts, but apparently the President of the Board of Trade was opposed to the establishment of a clearing agreement between the two countries.

Current market prices are nominally unchanged, and the following are the prevailing quotations:—Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 3d.; best dries, 18s. 9d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best steams (washed), 13s. to 13s. 6d.; second best large, 36s. to 40s.; Rea Vein, large, 22s. to 27s.; machine made cobbles, 35s. to 48s. 6d.; French nuts, 35s. to 48s. 6d.; stove nuts, 34s. to 45s.; rubbly culm, 11s. to 11s. 9d.; special foundry coke, 35s. to 37s. 6d.; patent fuel (Crown), 21s.; pitwood, French 24s. 6d.; Portuguese 19s. 6d.

IRON AND STEEL

SHEFFIELD.—The holiday next week will cause some disturbance of the local steel industry, but producers of stainless armament and aeroplane steel intend to confine the stoppage within the narrowest possible limits, as these and several other branches are being pressed for deliveries. Comparative quietude has developed in railway steel, and shipbuilding and tramway steel are slack. Brisk business is reported for steel sheets and strip. The building trade keeps busy and is a heavy buyer of fireplaces, rainwater goods and tools. Makers of machine knives have been well supplied with orders for a long period. The basic steel furnaces continue on full time. Tool makers are also busy in spite of increasing imports of engineers' small tools and precision tools from the United States. Germany has recovered a good share of its trade in this country for scissors and pocket knives. Sheffield firms are tendering for machines for making files in Poland and table knives in Russia. Business in cutlery and silver plate is abnormally quiet. The export position for steel products remains unsatisfactory.

GLASGOW.—Work has now been resumed at all the iron and steel works in this district and in almost every branch of the industry there are well-filled order books. Prospects of steady working are brighter than they have been at this season for a good many years past. The notable exception here is of course at the shipbuilding yards, where no new work of importance has been placed within the past two months. Shipbuilders, however, are hopeful of receiving further contracts at an early date. Steel-makers are fully employed and there is a steady demand for many classes of material. Demand for both black and galvanised sheets has improved and there are more mills operating. Engineers, machinery builders and sheet metal workers are all very busy at the moment and meantime there is an unusually large number of large inquiries on the market.

CARDIFF.—On the Swansea Metal Exchange on Tuesday there was a better inquiry for tinplates and shipments during the past week totalled 78,653 boxes compared with only 31,364 boxes the previous week. Quotations for tinplates, galvanised sheets, and bars are unaltered. A strong agitation continues to be waged against the project of Messrs Richard Thomas and Company, Ltd., to establish tinplate works at Redbourn, and the facts are being investigated by the President of the Board of Trade.

OTHER METALS

COPPER.—Holiday influences have begun to make themselves felt and the market in copper has been uninteresting during the past week. British warehouse stocks rose to the record level of 83,939 tons last week-end. The first result of the restriction scheme appears in the statistics of the output of Northern Rhodesia, which declined to 9,356 tons in June, against 10,595 tons in May and 11,879 tons in June, 1934.

Sales on the London Metal Exchange: 1,150 tons on Monday, against 800 tons last week; 1,000 tons on Tuesday, against 1,250 tons last week; 1,200 tons on Wednesday, against 1,100 tons last week. Domestic spot was quoted at 7.50 cents per lb. in New York on Wednesday, against 7.62½ cents a week ago and 7.22½ cents a month ago. Wednesday's official closing price for standard cash in London was £31 8s. 9d. to £31 11s. 3d., compared with £31 16s. 3d. to £31 17s. 6d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 72,705 tons, show an increase of 291 tons, while stocks of rough copper, at 11,234 tons, show an increase of 50 tons on the week.

LEAD AND SPELTER.—Prices on both these markets moved within narrow limits during the past week and the undertone showed no change. According to the American Bureau of Metal Statistics, world output of lead fell from 135,100 short tons in May to 122,200 short tons in June. Reports from the Continent state that the Belgian Vieille Montagne group, which issued invitations for a meeting of zinc producers some weeks ago, received mainly positive replies. It is now almost certain that a conference to arrange for the resuscitation of the International Zinc Cartel will be held soon after the publication of the decision regarding the future of the British duties.

Sales of lead on the London Metal Exchange: 350 tons on Monday, against 2,100 tons last week; 550 tons on Tuesday, against 1,150 tons last week; 1,200 tons on Wednesday, against 900 tons last week. The New York quotation on Wednesday was 4.15 cents per lb., against 4.15 cents a week ago and 4.00 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £15 7s. 6d. per ton, compared with £15 6s. 3d. a week ago.

Sales of spelter on the London Metal Exchange: 300 tons on Monday, against 450 tons last week; 525 tons on Tuesday, against 500 tons last week; 25 tons on Wednesday, against 250 tons last week. Wednesday's quotation in East St. Louis was 4.40 cents per lb., against 4.35 cents the week before and 4.30 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £14 3s. 9d. per ton, against £14 15s. last week.

TIN.—This commodity has again been in the limelight during the past week. The statement made in the House by the Colonial Secretary, to the effect that the buffer pool had at its disposal sufficient metal to meet demand, and that the unfortunate impressions of last week were unlikely to be repeated, gave the impression that the tin market would shortly show an improvement. This that the tin market was reinforced by the shipment over the week-end of 1,200 tons of tin by the buffer pool from New York to this country. Originally the bulk of the buffer pool supplies had been warehoused in New York, in order that the American market might be supplied, as perfectly as possible. This practice was quite understandable, for the restrictionists did not want to strengthen the hands of those in the United States who (as reported in the *Economist* of May 25, 1935, p. 1190) are anxious to develop independent sources of supply.

But as the American tinplate industry is working at 80 per cent. of its capacity, supplies of tin in the United States are scarce at the moment. The fact that shipments have been made to the United Kingdom, in spite of this scarcity, must be due to the intervention of the Colonial Office. Meanwhile, the buffer pool committee held a meeting on Friday of last week to discuss future policy. No details regarding these discussions have become public but, since the pool sold some metal during the past few days, it appears probable that demand will in future be met in a more satisfactory way than has been the case in the past. The next meeting of the International Tin Committee, originally fixed for September, is to be held on August 9th, when a considerable increase in production quotas is likely to be approved. At the moment, the market position is very quiet, the principal feature this week having been a fresh decline in the three months' quotation, which widened the backwardation on Wednesday to almost £15 per ton. If proof is needed of the distrust in the present position, abundant evidence is forthcoming in that, despite the very large backwardation and the smallness of consumers' stocks, scarcely anyone is prepared to purchase forward tin at the present time.

Sales of tin on the London Metal Exchange: 260 tons on Monday, against 295 tons a week ago; 225 tons on Tuesday, against 305 tons last week; 240 tons on Wednesday, against 205 tons last week. The New York quotation on Wednesday was 52.65 cents per lb., against 52.50 cents a week ago and 51.90 cents a month ago. Wednesday's official closing quotation in London for standard cash was £233 12s. 6d. to £233 15s. per ton, compared with £233 5s. to £233 10s. last week. Stocks of tin in London and Liverpool at the end of last week totalled 978 tons, a decrease of 340 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted at £100 per ton. Nickel, for home and export, at £200 to £205 per ton, remains unchanged. Quicksilver, on the spot, was quoted at £11 10s. to £11 12s. 6d. per flask of 76 lbs., as against £11 12s. 6d. last week. Chinese antimony was quoted at £70 to £71 per ton ex warehouse, the same as last week. Chinese wolfram for July-August shipment was quoted at 32s. to 34s. per unit c.i.f., as against 31s. 6d. to 32s. 6d. per unit c.i.f. last week. Platinum (refined) remains unchanged in price at £7 per ounce.

TEXTILES

COTTON.—Manchester. — Following a period of extreme slackness there has been rather more activity in the market. Price testing of yarn and cloth has been on a slightly freer scale, but at the same time it is not possible to record any general improvement in turnover. Many of the larger shippers and merchants have reported a distinct falling off in demand. Markets are badly in need of some stimulating influence. In the meantime most buyers appear to be content to mark time and are placing only small orders for immediate requirements. The raw cotton position remains confused. The relatively high price for current month American futures, as compared with distant positions, remains a feature of interest, and these conditions look like remaining in operation for some time. The United States Government has not yet made any official announcement regarding the loan plans to farmers. Markets have been inundated with rumours that the advances will range from 8 to 13 cents, and an official statement would be welcomed. In the meantime the outlook remains extremely uncertain, and any influences of a bullish character have only been sufficient to counteract a distinctly easier tendency in prices. Improved weather reports have been received from the belt, and private crop estimates have increased.

Cloth demand has been rather featureless. Inquiry for many outlets has been on a smaller scale than recently, but some markets have provided a little more business. Sales have been recorded for India in light bleaching styles, prints and fancies, but business has not been important. Small sales have taken place for Hong Kong and the Straits Settlements. A little more inquiry has been about for Egypt and the Near East, while price testing has been in evidence for Central and South America. The Empire markets and the home trade have provided a steady business. Rayon goods are moving into consumption on a free scale, and this section remains relatively busy. American and Egyptian yarns have been in quiet request. Spinners still complain that prices are very unremunerative.

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AGENTS IN CANADA:

BARCLAYS TRUST COMPANY OF CANADA
MONTREAL

August/September.

Jute yarns are very slow and the value of common 8 lb. cops is nominal at 2s. 1d. and 8 lb. spools at 2s. 2d. Twist continues at 3½d. for 3 ply 8 lb., and sacking yarns at 2½d. to 2¾d. for 24 lb. weft and 3¾d. for 8 lb. chains. Rove is being bought at from £18 5s. for 48 lb. and £14 10s. for 200 lb., while the Rio yarns are dull at

The Calcutta goods market has fluctuated with the raw material. Little fresh business is being done at the easy rates quoted of 19s. 11d. for 10 oz. 40 in. and 16s. 9d. for 8 oz., August/September, 19s. 10d. and 16s. 3d. for October/December, and 19s. 9d. and 16s. for January/March. Liverpool twills are named at 51s. 6d. and "B" twills at 45s. 10½d., August/September, and 51s. 10½d. and 46s. 13½d., October/December.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sale of home-grown wheat during the harvest years 1931-32 to 1934-35 :—

The following is a statement showing the quantities sold and the average price of British corn in the past two weeks, and for the corresponding week in each of the years from 1931 to 1934.

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
July 25, 1931.....	Cwts. 31,618	Cwts. 2,333	Cwts. 8,438	s. d. 6 5	s. d. 6 4	s. d. 6 8
July 20, 1932.....	29,682	3,017	3,580	6 5	6 8	7 6
July 29, 1933.....	15,157	8,797	6,174	6 10	6 9	5 11
July 28, 1934.....	131,384	7,108	16,823	5 1	7 10	6 5
July 20, 1935.....	43,615	3,276	4,652	5 7	6 6	7 8
July 27, 1935.....	47,458	5,206	8,056	5 6	6 5	7 10

MEAT.—At Smithfield Market trade has been poor for all descriptions of meat, with prices showing a tendency to sag. On Wednesday last, Argentine chilled hindquarters were quoted at 3s. 4d. to 3s. 10d. per 8 lbs., as compared with 3s. 8d. to 4s. last week. New Zealand per 8 lbs. was 2s. 6d. to 3s. 4d. per 8 lbs., against 2s. 6d. to 3s. 4d. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 8,263 tons, an increase of 227 tons on the corresponding week last year. Beef accounted for 4,512 tons, mutton and lamb 2,671 tons, and veal accounted for 4,476, 2,671 and 480 tons, respectively, in the same week of 1934.

VEGETABLE OILS AND OILSEEDS.—The possibility of a change in the currency policy of the Netherlands led to a sudden demand for linseed. Prices advanced sharply, £9 12s. 6d. being paid for shipment to Hull. This, however, passed, but the market is still firm owing to continued drought in Argentina and the United States. The current price of Plate for shipment to September is around 9 7s. 6d. Indian linseed is in very poor request, shippers' ideas of prices being too high to encourage buyers. Generally, demand is low, and crushers' immediate requirements fully covered. The

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quantity on passage to Europe is 101,400 tons (including 5,700 tons from India), 6,600 tons less than last week; and that for the United States and Canada 7,800 tons, against 26,000 tons a year ago. Shipments from Argentina continue at a fair level, but the new Indian crop moves off very slowly indeed. Cottonseed is in poor demand, and spot prices have eased. Old crop Egyptian alfalfa to Hull, however, is held for £6 7s. 6d., while new crop October-November is around £5 17s. 6d.

Linseed oil is dearer in sympathy with seed, but consumers are indifferent. Raw oil ex Hull for August delivery is quoted at £22, and September-December at £21 15s. per ton naked. Only a small trade is reported in cotton oil, and prices are unchanged. Egyptian crude is offered readily at £23 and refined at £26 per ton prompt. Oilcakes are in about normal demand for the time of year.

RUBBER.—With the improvement in the political situation in Holland and the removal of fears regarding the immediate devaluation of the guilder, the market in rubber has had a better tone this week. Quotations, both in London and New York, have risen above the week's lowest, the tendency being steady at the close on Wednesday. In New York the spot price on Wednesday was 12½ cents per lb., compared with 11½ cents per lb. a week ago. Wednesday's official closing price for standard ribbed smoked sheet in London was 5½d. per lb., as against 5½d. on the corresponding day last week. In forward positions, business has been done at 5½d. to 5¾d. for October-December, 1935, as against 5½d. to 5½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 173,108 tons, against 172,184 tons a week earlier. A year ago stocks amounted to 105,390 tons.

WHOLESALE COMMODITY PRICES UNITED KINGDOM

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

LONDON, July 31st							
CEREALS AND MEAT							
GRAIN, Etc.	s. d.	s. d.	s. d.	POTATOES—	s. d.	s. d.	s. d.
Wheat—				English, new per cwt.	7	0	8
No. 2, N. Man. 496 lb.	33	6		SPICES—			
Eng. Gaz. av., per cwt.	5	6		Pepper, per lb.	0	3	
Barley, Eng. Gaz. av.	6	5		Black Lampong	0	3	
Oats,	7	10		Cinnamon—1st sort, per lb.	0	7½	
Maize, La Plata, landed,	16	6		Cloves—Zanzibar per lb.	0	8	
480 lb., ex mill,				Ginger—per cwt.	35	0	
Flour, Lon. stan. ex mill,	24	3		African	65	0	95
280 lb.,	24	3		Jamaica, ord. to good.	1	2	2
Rice, No. 2 Burma, per cwt.	7	9		Mace	1	2	4
Tapioca, per cwt.	13	0		Nutmegs, 65's	0	11½	
MEAT—				SUGAR—			
Beef, per 8 lbs.—				(Duty, 11/8 per cwt.)			
English long sides	3	8	4	Centrifugals, 96%, prpt.	4	5½	
Argentine chilled hinds	3	4	3	shipm., c.i.f. U.K./Cont.	17	6	18
Mutton, per 8 lbs.—				B.W.I., crystallised	17	6	18
English wethers	5	0	6	Java, white, c. & f. India	6	3	
N.Z. frozen	2	6	3	May-June	6	3	
Lamb, per 8 lbs.—				Refined—London	17	7½	
N.Z. frozen	4	4	5	Yellow Crystals	21	9	22
Pork, English, per 8 lbs.	4	4	8	Cubes	19	6	20
BACON—OTHER FOODS				Crushed	18	0	21
English—per cwt.	90	0	95	Granulated	17	7½	17
Irish	92	0	96	Home Grown	1	3	
Danish	93	0		Molasses, in bond	1	3	
Dutch	93	0		TEA—			
HAMS—				Indian—per lb.	0	10½	0 11½
Canadian	106	0		Pekoe	0	9½	0 11½
American	96	0	98	Broken Pekoe	0	11	1 4½
BUTTER—				Orange Pekoe	0	11	1 8
Australian	92	0	93	Broken Orange Pekoe	0	10½	2 2
New Zealand	93	0	94	TOBACCO—			
Danish	108	0	110	(Duty, 9/6-10/6½ per lb.)			
CHEESE—				Empire growth, 7/5½			
Canadian	63	0	64	8/3½ per lb.)			
New Zealand	45	0	46	Virginia leaf—			
English Cheddars	52	0	50	Common to fine	0	10	3 6
Dutch	37	0	45	Rhodesian leaf	0	10	3 6
COCOA—				Nyasaland leaf	0	8	2 6
(Duty, British grown,				East Indian leaf	0	6½	1 8
11/8; foreign, 14/- cwt.)				strips	0	5	1 9
Acra, f.f., per cwt.	23	0	23	strips	0	5	1 9
Trinidad	38	0	46				
Grenada	32	0	36				
COFFEE—							
(Duty, British grown,							
4/8; foreign, 14/- cwt.)							
Santos sup. c. & f. cwt.	36	6					
Colombian, good	45	0	55				
Costa Rica, med. to good	48	0	70				
East Indian	50	0	70				
Kenya, medium	38	0	52				
EGGS—							
English	14	6	15				
Danish	10	9	11				
FRUIT—Oranges—							
South African, ½ cases	9	0	15				
Brazilian	8	6	10				
Lemons, Malaga	30	0	35				
Sicilian	30	0	35				
Apples: Amer. (var.) boxes							
(var.) boxes							
" Australian	10	0	16				
Onions—							
Valencia, case							
Egyptian, bags							
Grapes, Lisbon, ½ boxes							
" Almeria							
LARD—							
Irish bladders, per cwt.	64	0	70				
U.S. 56 lbs. boxes	72	6	73				

UNITED STATES

(New York quotations, unless otherwise stated.)

	Aug. 1, 1934	July 3, 1935	July 24, 1935	July 31, 1935		Aug. 1, 1934	July 3, 1935	July 24, 1935	July 31, 1935
Wheat, No. 2, Winter, nearest future, Chicago, per bushel...	103½	86	85½	93½	Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	3-23	3-28	3-20	3-20
Maize, nearest future, Chicago, per bushel	71½	81½	84½	84½	Cotton, middling, spot, per lb.	13-20	12-45	12-25	12-10
Oats, nearest future, Chicago, per bushel	46½	34½	34½	42½	Rubber, smoked sheet, spot, per lb.	14½	12½	11½	12½
Rye, nearest future, Chicago, per bushel	76½	48½	46½	45½	Petroleum, Pennsylvania crude standard grades, per barrel	207-222	162-177	152-167	152-167
Barley, nearest future, Chicago, per bushel	61	(a)	(a)	(a)	Copper, "Electrolytic," Domestic, spot, per lb.	7-02½	7-22½	7-62½	7-50
Coffee, Rio No. 7, cash, per lb.	9½	6½	6½	6½	Copper, "Electrolytic," Export, prompt, per lb.	7-22½	7-45	7-85	7-72½
" Santos No. 4, cash, per lb.	11½	8½	8½	8	Spelter, East St. Louis, spot, per lb.	4-30	4-30	4-35	4-40
Cocoa, Accra, nearest future, per lb.	4-70	4-43	4-65	4-64	Lead, spot, per lb.	3-75	4-00	4-15	4-15
					Tin, "Straits," spot, per lb.	51-70	51-90	52-50	52-65

(a) Nominal

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SIGNOR MUSSOLINI'S CHOICE

THE statesmen who met at Geneva last week for the special League Council on the Italo-Abyssinian dispute have contrived to secure a little breathing-space. But unfortunately we cannot with confidence anticipate that the respite will lead to a relaxation of tension, either for the League or for the disputants. The Herculean efforts of M. Laval and Mr Eden to devise a procedure which would enable Signor Mussolini to give arbitration a chance have hardly done more than postpone consideration of the vital issues by the League to September 4th.

In the first of two resolutions passed by the Council on Saturday, the hitherto abortive Italo-Abyssinian Conciliation Commission of Four, set up under the terms of the Italo-Abyssinian Treaty of 1928, is charged with the task of agreeing on the fifth arbitrator and of allocating responsibility merely for the affray at Walwal. Signor Mussolini's contentions that the Council should not nominate the fifth arbitrator, should not extend the Commission's scope so as to bring the Italo-Abyssinian boundary into question, and should not now be seized of the Italo-Abyssinian dispute in its entirety, have all been respected. He has not even been required to give a specific undertaking that he will not resort to force of arms against Abyssinia in the interim. On the other hand, the first Council resolution does recognise that "it is always open to the Commission to take into consideration without entering upon any discussion on the matter, the conviction that was held by the local authorities on either side as to the sovereignty over the place of the incident." And, moreover, the resolution explicitly states that the Council "takes note that the representatives of the two parties have declared that they intend to pursue the procedure of conciliation and arbitration under the conditions laid down in Article 5 of the Treaty of 1928." This reference to Italy's and Abyssinia's undertaking not to have recourse to force of arms against each other in the case of a dispute will therefore make it difficult for Signor Mussolini so to strain the sense of his 1928 Treaty with Ethiopia as to commit flagrant aggression—at least, not without flying flatly in the face of all covenants Italy has ever put her hand to. Thus, on the terms of the first resolution, Signor Mussolini has gained his points. He can temporise

in the sittings of the Conciliation Commission; he can dispute the scope of the fifth arbitrator; and he can block all progress along that line.

But he cannot easily circumvent the very blunt and succinct provisions of the second resolution passed by the Council last week. The whole resolution contains 27 words only; but they are susceptible of potent interpretation. They are as follows: "The Council decides to meet in any event on September 4th to undertake the general examination in its various aspects of the relations between Italy and Ethiopia." This is the product of the close collaboration between the representatives of France and Britain at Geneva. It sets a time-limit of one month, during which negotiations for a peaceful issue out of the Walwal imbroglio have their last chance.

But, while Signor Mussolini has gained on the first Council resolution and lost on the second, there is yet a third result of the deliberations at Geneva, the outcome of which is even more questionable than that of the other two measures. The representatives of France, Italy and Britain have agreed to meet as soon as possible in France to seek a solution of the Italo-Abyssinian dispute under the terms of the 1906 Treaty. This decision involves certain significant consequences. First, Signor Mussolini's contention that the dispute is no matter for the Council is once again respected; for the Three-Power discussions, which are expected to begin next Monday or Tuesday near Paris, will take place entirely outside the scope of the League. Secondly, another of Signor Mussolini's oft-reiterated contentions is implicitly recognised; for Ethiopia is not to be represented. Thus—unlike proceedings at Geneva—the dispute is to be discussed between what the Duce calls "the leaders of civilisation" alone. It is, however, to be noted that two of the parties to the imminent Three-Power deliberations in France, namely France herself and this country, are pledged to collaboration at Geneva on September 4th in the inescapable task of examining the relations between Italy and Abyssinia in their various aspects. Thus, the result of last week's discussions at Geneva has been to provide a threefold approach to the problem of preventing the imminent

outbreak of hostilities in East Africa. What are the omens and what the auspices?

In the first place, Signor Mussolini has made it yet more plain this week that he is not going to abate by one man or one gun his warlike preparations in East Africa; for he has called up 38,000 more troops, which now raises the total under arms to very nearly 1,000,000—a prodigious and threatening phalanx. At the same time, the Italian Press, which is entirely controlled by the Duce, has been stimulated to what can only be described as an orgy of Anglophobia, apparently by no more than the declarations made by Sir Samuel Hoare in the House of Commons last Thursday and by Mr Eden in a broadcast address from Geneva on Saturday night that this country would honour her obligations under the League Covenant. This outburst has not hesitated to threaten Italian action against Malta and Gibraltar in the event of any form of "constraint" being placed, by agreed League action, upon Italy's "mission" in East Africa. Signor Mussolini, indeed, may forge ahead with preparations for war; but he can hardly ignore the manifest concentration of world sympathy on the side of Abyssinia. The Swiss—hardly a bellicose folk—have expressed this week in no uncertain terms their natural concern for the safety of the small Powers if once the League Covenant becomes "a scrap of paper." Other small Powers have begun to give more practical proof of sympathy with Abyssinia. It is reported that Turkey, whose representative in Rome protested last year against Signor Mussolini's public declaration that Italy's "mission" lay in Asia and Africa, has already offered Abyssinia material help and advice. And the many influential warnings of Japan's concern for Abyssinia can hardly be lost on the Duce. This writing upon the walls of the world—*flammaria moenia mundi*—is, with the memories of twenty-one years ago fresh in our minds, ominous in the extreme.

No one would doubt that Signor Mussolini can make war on Abyssinia. It may well be that Italy could, at some great expense of lives and money, wipe out the memory of Adowa and annex Abyssinia—in time. But, in so doing, Signor Mussolini would involve all of us in paying the cost. If his policy is to paralyse the Conciliation Commission, the Three-Power conference next week, and the Council of the League on September 4th, the League itself, as we have known it and conceived of it since 1919, must act or perish. If, in default of a fearless lead from Britain and France, who, after all, should be its "leading" members, it is found wanting, then with it would vanish the world's hope of peace by mutual agreement between the nations. Can it be that the Duce has really weighed all the issues and carefully deliberated every contingency? Can he view with equanimity either the utter disintegration of the League, with its attendant panicky fermentation of alliances among the Great Powers and their distraught client-States, or else the inauguration of League sanctions against an aggressing Italy, with the incalculable consequences which such action in the cause of international right might entail?

The time has come for plain speaking; and Signor Mussolini has spoken too plainly for too long to grudge others that right. The truculent mood of Italy to-day, as also her apparent readiness to tear up her undertakings and to set herself in opposition to the world's sense of justice and right, is ominously reminiscent of the Germany of 1914. Japan has shown that the opinion of the rest of the world can be successfully defied in the Far East; and it would seem that Italy is determined to put the same question to the test nearer home. We trust Signor Mussolini will ponder the issues yet once more before he commits Italy to persistent intransigence during the next four weeks, and, by so doing, plunges two League members into war and drives the rest of them to courses which can, by no conceivable stretch of imagination, be in the interests of Italy. For these are the alternatives before one who, alone, is responsible for Italy's decision. Either the Duce must co-operate for a peaceful settlement on the basis of the system we have laboriously erected for that purpose since the war; or he must destroy that system at the very core, and so unloose forces in Europe which no single Power by itself may ever again be able to hold in check. Even now we are loth to believe he will deliberately choose the latter.

BELOW TWO MILLIONS

THE unemployment figures for July, which were published this week, have, at last, fallen below two millions. This is a notable event, for it is the first time for five years that any breach—even if only a small one—has been made in this "Hindenburg line" of depression. The achievement is the more remarkable for it has occurred in July, a month in which in recent years there has usually been a seasonal setback. The improvement has been spread fairly evenly over most parts of the country; but the figures might have looked rather different if the day of the estimate had been a week later, after the end of the school term, for there was a rather unusually large number of juveniles leaving school at the end of July and entering the labour market for the first time. Is this week's announcement to be regarded as a portent, indicating that we are about to break through, on a wide front, into the promised land? Or is it a more or less accidental, and ephemeral, crossing of the line?

This question is one to which various answers will be given. But it is of some interest that *The Times* has taken occasion to issue a warning against the complacent view that, with a strong tide of recovery flowing, things only need to be left alone. The cause of recovery, says *The Times*, is confidence, and confidence "would not be proof against lethargy." The Government's fiscal policies have, according to this theory, "had an inspiring effect on the home market." The Ottawa agreements have substantially increased inter-Imperial trade, while other agreements have been used as a flexible instrument for achieving "the apparently contradictory objects of raising revenue, affording protection, opening up markets, and maintaining a low level of prices." Similarly beneficial have been the Government's actions in the sphere of housing and the measures taken to sustain many branches of the agricultural industry. And as the economic recovery has not been left to come by itself in the past, so it cannot be left now. The argument applies in the political, as well as in the economic sphere, for, according to *The Times*,

the successes of the Government have given the public an appetite for more. . . . Most of the details of the "programmes of action" which have recently appeared from several different quarters will not bear examination; but, when their details have been properly disregarded, the spirit behind them should nevertheless be taken seriously. . . . the element of good in them is the desire that the present recovery should wax and the fear lest it should wane.

We are not entirely at one with *The Times* in its analysis of the causes of recovery; and we cannot accept the complacent assumption that the Government has done nothing wrong and left nothing necessary undone. Nor do we think it can be quite so blandly taken for granted that the formidable and impressive body of opinion mobilised in support of one perfectly definite set of proposals can be persuaded to transfer its allegiance to a second and entirely different set of proposals on the plea that "details" can be "properly disregarded." But *The Times* is certainly right in stating that the public will insist on further and more vigorous attempts to reduce unemployment in Great Britain to a much more normal level.

Can this be done, and if so by what means? At the meeting of the Liberal Summer School at Cambridge, Mr Dennis Robertson put forward the somewhat gloomy view that we are already nearing the top of the present trade recovery and that the unemployment figures cannot be expected to fall much below 1½ millions. This conclusion was largely based on the view that the alternation of boom and slump is largely a matter of the activity or otherwise of the capital-producing industries, and that these industries are not likely to be called upon to play as large a rôle in the future as they have in the past. Mr Robertson thinks that it will take a long time to adjust the personnel and plant of the country to the new and different ratio between the output of consumption goods and the output of capital goods. Moreover, the adjustment cannot be greatly hastened by agricultural policy, for, in any case, absorption of employment created on the land will not be very great. But Mr Robertson's thesis can be challenged from two points of

view. In the first place, taking the world generally, it may be questioned whether demand for capital goods has suffered as severe a setback as the argument implies. And in the second place, if this theory is correct, it affords a strong argument for the Government's taking a hand at investment in public works. It is the core of Mr Robertson's thesis that savings are available, but that the country does not need them. Yet it is obvious that the scope for investment in public amenities is almost unlimited, and if by a policy of this kind the old balance between capital and consumption industries can be maintained for some time to come, we may prevent a recession of the curve of economic activity in general.

But Mr Robertson is not the only pessimist. Some observers who look at the situation in the country are inclined to argue, on the basis of official figures, that we shall have to face a very serious situation within the next two years when the present housing boom comes to an end. It is true that building plans are still being filed on an unprecedented scale, but the bulk of the enlarged demand is for dwelling-houses. In other forms of building the volume of employment is still far below that of 1929. According to the Registrar-General, the immediate demand for dwelling-houses is almost satisfied. If the activity in demand for residential building ceased abruptly, we should quickly have some hundreds of thousands of men thrown out of the building industry, and this would precipitate a new and serious crisis. In this specific form, applied to the housing industry, the theory of an approaching decline in the demand for capital goods carries very much more conviction than in its general implications. It is, indeed, almost self-evident that the housing boom cannot indefinitely continue at the present rate. The houses which are being built in such numbers are predominantly of one general type, and the number of persons with both the desire and the ability to purchase them is not unlimited. What is virtually unlimited is the potential demand for better housing accommodation on the part of those who are not at present in the market for suburban semi-detached villas. The slum clearance and overcrowding programmes are intended to tap part of this potential demand; and if the present private enterprise building boom collapses, they could be speeded up to fill part of the gap.

But the part they are likely to fill is small, and other expedients will be needed. There is an enormous field for almost indefinite housing activity in demolishing and re-building a very large part of our present houses. For twenty-five years replacement of houses in Great Britain has been at a minimum. Even without this quarter-century of decay, our standard of housing is pitifully far behind that of, say, Germany and the United States, so far as its amenities, conveniences and location are concerned. Demolition and replacement are in any case bound to start within a few years from now. But if events are allowed to take their unplanned course, replacement will begin only after a collapse in the residential market and in the building industry. It would be a wiser course of policy to start planning now for an expansion of replacement building to take the place of the present excessively high rate of new building. The same arguments apply, with very little change, to the need for a programme of public capital development. If the case for public works is, as we believe it to be, strong in the circumstances of to-day, it will be many times stronger when we are faced with a decline in building activity.

That such a decline is approaching, and that it will have serious consequences, are beliefs which are very widely shared. We have indicated three ways in which it could be counteracted—slum clearance and the reduction of overcrowding; the replacement of obsolete houses; and public works—none of which is yet being pursued to the utmost limit. There are doubtless other similar expedients, but none of them will start itself off at the right moment of its own accord. There is an urgent need for a properly co-ordinated policy, thought out in advance, to meet the emergency which can be seen to be approaching. If we are to control the level of employment, we need to constitute reserves which can be thrown in when there is any danger of the unemployment figures being forced to retreat once more across the Hindenburg Line.

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BRITISH ENGINEERING—I

THE engineering industries of this country were in the trough of the depression in the year 1932. In the following year the downward trend was arrested, but it was not until 1934 that any marked degree of recovery was achieved. The Board of Trade index of production for Engineering and Shipbuilding (basis 1924=100) fell from 125.5 in the first quarter of 1930 to 84.2 in the third quarter of 1932. Since then there has been a more or less steady rise to 105.9 for the first quarter of 1935.

Thus, recovery in these industries has been rapid and substantial. It has been mainly due to increased home demand, for the value of total exports of machinery in 1934 was not 10 per cent. above that for 1932, and was only 60 per cent. of the value of exports in 1929. The value per ton of exported machinery remained practically constant over the two years. This export situation has had a marked effect on the recovery achieved by the various sections of the industry. Thus the motor industry, in which exports account for less than 17 per cent. of the output, achieved a record level of production in 1934, while the locomotive industry, relying largely on exports, remained very depressed. In this and a succeeding article we review the experience of the constituent industries in this very wide branch of our national economic activity.

The Motor Industry.—There was a record production of 256,866 private cars in the year ended September 30, 1934, an increase of 16.3 per cent. over the previous year and of 41 per cent. over 1929, when the previous record was established. This was chiefly due to concentration on economical types of cars, which enabled manufacturers to take advantage of the revival of purchasing power in 1933 and 1934. Again, the erection of more small houses with garages in the last year or two has reduced one of the heaviest annual charges on the small car owner.

Though the small car—say up to 12 h.p.—still accounts for over 60 per cent. of total production, its popularity is diminishing with the passing of the depression and the reduction in the horse-power tax. This change is welcome to the trade, for the larger car means a larger profit margin. The new demand, coupled with devaluation of the dollar, led to an increase of 160 per cent. in imports (chiefly high-powered American cars), and to suggestions that the existing duty of 33½ per cent. should be raised. In 1934, however, imports still amounted to only 4.4 per cent. of home production, and cannot be said to constitute a serious danger to British manufacturers.

Exports of British private cars and chassis have recently been very good, increasing from 18,832 in 1931 to 40,956 in 1933—a period when the combined exports of the United States, Canada, Great Britain, France and Italy increased only from 153,500 to 155,200. Many British makers have recently undertaken the production of export models, and the depression stimulated the purchase of small cars abroad, where they had not previously been popular. In 1934, however, British exports increased only to 43,937, while United States exports increased by 130 per cent., so that the British figure represented only 10.4 per cent. of

the total of the countries mentioned above against 26.3 per cent. in 1933. When home demand is expanding there is a strong incentive to British manufacturers to concentrate on the home market rather than attempt to increase exports since the latter are less profitable. Production figures for the current year predict that 1935 will establish a new high level of production.

Production of commercial vehicles fell from 67,807 vehicles in 1930 to 61,475 in 1932, but recovered in 1934 to 85,633, part of the increase being due to the necessity for re-equipment in order to ensure economical working of hauliers' fleets under the Road and Rail Traffic Act of 1933. A special article surveying the commercial motor vehicle industry and its prospects appeared in the *Economist* of July 20th.

Aircraft Engineering.—The Aircraft industry is closely associated with the motor industry through engine-makers, e.g. Rolls-Royce and Armstrong Siddeley, and it is rapidly expanding output, quite apart from Government orders in connection with re-armament. The effect of the latter with reference to investment possibilities has already been reviewed in the *Economist* of May 18, 1935. Apart from British military aircraft, the openings are for commercial aviation, private flying and export. The total number of civil aircraft registered has increased from 600 in December, 1929, to 1,209 in March, 1935—a remarkable achievement in view of the limited kind of demand. Exports account for a substantial proportion of total production—22 per cent. of complete machines and 27 per cent. of engines in 1930. The peak was reached in 1929, when the value of exported machines, engines and parts reached £2,183,373, the corresponding figure for 1934 being £1,922,314. The decline is partly due to reductions in price during the two years; but there has also been more construction abroad under licence or by subsidiaries. For example, Hawker licences are granted in Denmark, Sweden and South Africa, and there is a Fairey subsidiary in Belgium. Thus, the decline in exports need not involve a financial loss to British manufacturers.

While a steady expansion in both commercial and private flying is to be looked for in the future, immediate prospects are undoubtedly largely dependent on the distribution of armament orders.

Electrical Engineering.—Owing to continued demand for electrical plant and equipment in the construction of the Electricity Grid, this branch of engineering did not feel the depression to the same extent as others. The worst year was 1933, when demand from this source began to fall off; exports also declined. The year 1934 proved to be one of steady expansion, employment in the industry at July reaching 84,470, compared with 77,582 in the previous year and 82,776 in 1930, the best pre-depression year.

The outstanding event of 1934 for the heavy section of the trade was the announcement in July that the Central Electricity Board proposed to spend £4,000,000 to £5,000,000 in adding roughly 500,000 kw. to the capacity of certain selected stations; the work was expected to last some two years. This brought about an increase in the BEAMA index of production for home orders (twelve-months' moving average of orders on hand, based on horsepower and not on value of orders) from 46 in the second quarter of 1934 to 71 in the third quarter. Activity increased throughout the remainder of the year, and by the first quarter of 1935 the index had risen to 103.

The heavy section of the industry is also dependent to a considerable degree on exports, which consist principally of generators, motors, switch and control gear, converters and transformers. After reaching 41,212 tons, valued at £6,345,621, in 1930, exports declined steadily to 17,667 tons in 1933, valued at £2,635,985. Only a small proportion of the recovery in production in 1934 was due to the rise in exports, which stood at 22,437 tons, valued at £3,277,870. Compared with other countries, however, these figures are very satisfactory, for the value of German exports declined by 16 per cent., and of U.S. exports by 13 per cent., while French exports increased by only 4 per cent. Since Russian purchases began to decline, the principal export market has been South Africa, which took 34 per cent. of total exports in 1934, chiefly in connection with increased mining activity. A serious development in this connection was the barter agreement concluded between

Germany and South Africa, under which wool from the latter country was to be exchanged for electrical machinery and rolling stock from the former.

It appears from the available statistics that activity in the heavy section of the electrical engineering industry at the beginning of 1935 was a high record. A short time ago prospects were uncertain, for it was doubtful whether, on completion of the work on selected stations, a sufficient volume of orders would be forthcoming to maintain production. The £32 millions London Passenger Transport improvement scheme should allay immediate uncertainties, since the extension to the Central London Tube and the electrification of the L.N.E.R. suburban lines are estimated to last about five years. In addition the L.N.E.R. announced plans in August for the electrification of eleven miles of line between Newcastle and South Shields, at a total cost of £500,000, while the S.R. placed substantial orders with the English Electric Company and Asea Electric Limited in connection with a ten years' programme of electrification. In this connection an interesting development last May was the formation of an organisation for the pooling of large orders relating to electrification. This took the form of a new company—Associated Manufacturers of Electric Traction Equipment—of which the shareholders are the British Thomson-Houston Company, English Electric Company, General Electric Company, Metropolitan Vickers Electrical Company, Crompton Parkinson, and Allen West and Company.

The light section of the industry is dominated by the home market, the principal factor being the rate of domestic electrification and of extension in telephone services. The former has been greatly assisted by the high level of activity in building, though electrification of *existing* premises probably still accounts for about half the sales of domestic electric fittings. For this reason, in spite of a possible decline in building, there is likely to be a fairly steady demand for domestic electric fittings for several years. The number of telephone subscribers has been steadily increasing from 1,895,740 in 1930 to 2,225,006 in 1934 as a result of the Post Office policy to extend the telephone service rather than the telegraph. During recent years, however, Post Office expenditure has been considerably curtailed, and a resumption of spending coupled with the low rates recently put into force should bring an accelerated increase in subscribers during the coming years.

Shipbuilding and Marine Engineering.—Shipbuilding has probably been affected by the depression to a greater degree than any other branch of engineering. Although there was some recovery in 1934, vacant berths at the end of the year accounted for about 77 per cent. of the total available, in spite of the activities of National Shipbuilders' Security, Ltd., which has been responsible for the closing of 137 berths since it began operations. The extent of the depression is shown by the fact that the total of vessels under construction fell from 1,560,000 tons at the end of 1929 to 230,000 tons at the end of 1932. In 1933 and 1934 small recoveries took place, to 331,000 and 597,000 tons respectively. This recovery was reflected in marine engineering, which improved at the beginning of 1934 but declined steadily towards the end of that year. Employment in July, however, reached 33,139—a substantial increase on the three preceding years, though considerably below the 1929 figure of 53,239.

In addition to the decline in home demand, exports of marine engines, which normally account for about 20 per cent. of the output, fell from 90,974 tons in 1930 to 4,447 tons in 1934. The decline in value was not quite so great, owing to the increasing proportion of internal combustion engines, which have a value of about £250 per ton, as compared with £60 per ton in the case of steam engines. This redistribution is not confined to exports, for the h.p. of internal combustion engines under construction increased by about 340 per cent. between June, 1933, and June, 1934, while that for steam engines increased by only 94 per cent. These figures must not be taken to indicate that the internal combustion engine is rapidly replacing the steam engine for all purposes, since the bulk of shipbuilding construction during 1934 was confined to special vessels, the depression in the freight market largely preventing the construction of cargo and tramp steamers.

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The "scrap and build" policy provides a subsidy of £10 millions for the construction of new vessels; but for every new ton constructed two tons of old tonnage must be scrapped. This may give a stimulus to the shipbuilding and marine engineering industries during 1935. But idle tonnage stood at 878,000 tons on January 1, 1935. No substantial measure of recovery can be achieved until freight rates are once more on a profitable basis and a revival in international trade reduces this deadweight on the industry.

A subsequent article will examine the sections of the industry producing textile machinery, locomotives, agricultural machinery, machine tools and constructional and general engineering.

GERMANY'S ECONOMIC RECOVERY—I

(BY A CORRESPONDENT)

SINCE the National-Socialist Party assumed power in February, 1933, a striking economic recovery in Germany seems to have been achieved. For this, the National-Socialist Government have taken credit—in both senses of the term; and for its cost that Government are responsible. What is the nature of this recovery? How has it been contrived? And at what social and monetary costs?

On the face of it, the extent of the economic recovery in Germany is very great. In the middle of June this year the volume of industrial production was almost back to the 1929-30 level; and if we take the 1928 average as 100, the index for the month of May, 1935, stood at 96.3. But this recovery has been uneven. Production of "investment goods"—e.g. ores, metals, building materials, vehicles, machines, buildings, etc.—has already reached the 1928 figure and stands 30 per cent. above last year's figure at the corresponding date. But production of "consumers' goods"—e.g. textiles, footwear, household requirements, etc.—is still 15 per cent. below the 1928 figure, and even 5 per cent. below the figure at this date last year. This shows that the Government's "work-creation programme," financed by the State, has at least benefited the industries producing investment goods. Yet when this State expenditure was first inaugurated, under the Von Papen Government three years ago, it was expressly for the purpose of "cranking-up" the engine of Germany's entire national economy; and the "kick" so obtained, it was declared, would first function in the sphere of private industry, especially in the consumption goods industries. Thereafter, it was stated, the capital goods industries, indeed the whole economic machine, would be enabled to run without any more "cranking-up." Despite the virtual exhaustion of the Rm. 5,000 millions (excluding the hidden expenditure on re-armament) provided by the State for this programme—according to the latest official figures only Rm. 786 millions are still available, and part of this is earmarked for payment of public works in progress—the consumption goods industries, instead of being the pace-makers, are the laggards. What factors have falsified the

official prophecies, and restricted "recovery" mainly to the industries producing capital goods? What has held back consumption? An analysis of the development of Germany's unemployment figures throws no little light on the problem.

In the trough of the depression, in 1932, unemployment stood at 6 millions; and many experts calculated that there were another 2 millions of "invisible" unemployed at that date. At the end of June this year, when the figure of employment is at its seasonal highest, the official total of the unemployed was 1,877,000—that is, only 617,000 more than at the same date in 1929, when the post-war peak of employment was reached. But to-day the official figures of employment, based on Health and Unemployment Insurance statistics, show a substantial total of "invisible" unemployed:—

(000's omitted)		
End of June—	Employed	Unemployed
1929	18,638	1,260
1930	17,033	2,641
1931	15,253	3,954
1932	12,799	5,476
1933	13,307	4,856
1934	15,530	2,482
1935	16,505	1,877
1935 compared with 1929	- 2,133	+ 617

On this showing alone there were about 1,500,000 of "invisible unemployed" a month ago, in addition to the 1,877,000 of officially "visible" unemployed. But that is not the whole unemployment story. The official employment figures include as "employed" many categories of "occupied" persons introduced since February, 1933. These include: Men working in the compulsory labour camps and services; "farm helpers" of both sexes between 18 and 25 years of age; what are known—and scheduled—as "emergency workers"; and "workers under the Poor Law," these being workers who have in the main been two years or more unemployed. All these are known as "additional employees," and receive a provision for bare subsistence, in contrast with "regular workers" who are paid regular wage rates. In the spring of 1934 such "additional employees" numbered well over one million; at the end of last May they were down to 550,000. Moreover, men drafted into compulsory military service (before and after the publication of this year's conscription decree) and the thousands in concentration camps and prisons are naturally not shown as "unemployed," though they are removed both from industry and from the normal demand for consumption goods.

Thus, between June, 1933, and June, 1935, the real significance both of officially defined employment and of officially recognised unemployment in Germany has been changed. If we make all due allowances for temporarily incapacitated workers and for those voluntarily changing their jobs, the total of able-bodied workers in June, 1933, can be placed at 20,700,000, compared with the official 1933 census figure of 21,684,000. The development of the

employment and unemployment figures then follows on these lines:—

	(000's omitted)		
	June, 1933	June, 1935	Change
Total workers	20,700	20,800	+ 100
Employed (official)	13,307	16,505	+ 3,198
Unemployed (gross)	7,393	4,295	- 3,098
Unemployed (official)	4,856	1,877	- 2,979
"Invisible" unemployed	2,537	2,418	- 119

The small decrease in "invisible unemployment" can easily be explained by the compulsory military service alone.

Thus, although the global figures on the preceding page count short-time workers as full-time workers and do not differentiate qualitatively between regular and "additional" employment, the level of midsummer employment in Germany has not yet reached that of June, 1930, while the total of official and "invisible" unemployment is 1,654,000 higher than at the earlier date. All these factors go far to explain the limitations on the German workers' consumption capacity resulting from the various administrative changes in the last two years.

We turn to the development of retail trade. In the first four months of this year retail turnover was 4.8 per cent. above that for the same period of 1934 and 13.4 per cent. above that of 1933. But most of the increase is accounted for by foodstuffs; and in any case the figures are based on value. By quantity, retail trade has been less this year than last, and this for foodstuffs as well as for clothing, household requirements, etc. With more workers employed and with longer hours, less is being bought than last year; so it would seem that the average worker's real income must be falling as the cost of living and the turnover of retail trade (by value) rises. Moreover, it should be remembered that the average length of the working day has been extended in the two years since March, 1933, by about 6 per cent., to 7.45 hours. And there are further indications that the German workers' standard of living is scarcely on the upgrade. The total of wage and salary incomes in the first quarter of 1935 was Rm. 7,300 millions, against Rm. 6,100 millions in the first quarter of 1933. This 20 per cent. increase, however, compares with a 28 per cent. increase in the average number of occupied workers. As all officials and their salaries are included in both sets of figures, and as it is known that officials' salaries have undergone no reductions, the average worker's income appears to have declined. Moreover, evidence of this development has been forthcoming from many branches of industry itself. For instance, the official *Arbeitsfront* stated that in May, 1934, the average weekly income of the German worker in industry was Rm. 21.30 before any of the official deductions were made. Yet the I.G. Farbenindustrie's 1934 report shows an annual total wage and salary list of Rm. 200 millions for 165,000 workers. This means an average weekly income of only about Rm. 25 in one of Germany's leading technical industries employing a large proportion of highly skilled labour. Deductions from wages and salaries now play a very important rôle. They are: first, the official deductions for Health and Unemployment Insurance, income tax, contribution to aid the unemployed, etc.; and secondly, the various "voluntary" contributions, in practice compulsory, for the Nazi Labour Front, the Air Defence League, the various professional and Party organisations, the "Winter-help," etc. The former (official) contributions reduce a bank clerk's salary this year, for example, from Rm. 290.25 per month to Rm. 241.90; and an iron smelter's weekly wage (with night work) from Rm. 46.15 to Rm. 35.95.

Finally, a sharp rise in the cost of living in Germany has taken place during the last two years. In May of this year the retail cost of foodstuffs had risen by 6.6 per cent. above the figure in May, 1933, and the cost of clothing by 11.4 per cent. This explains the quantitative reduction in retail production has now reached the 1929-30 level, although agricultural production is now much higher than in 1929, and cultural production is now much higher than two years ago although there are now more workers than two years ago working (on the average) longer hours, in 1929 there were certainly 2½ millions more in work than to-day—and, if we

take account of the "invisible" unemployed, probably 4 or 5 millions more. In short, the intensity of work has been greatly increased, at the worker's cost.

Economic recovery in Germany has thus proved uneven in its incidence. In a second article we propose to examine the effects of the National Socialist Government's "cranking-up" operation on the industries producing "investment goods," and the cost of the experiment.

MAUD FOR ENGLAND

Some time ago a schoolgirl wrote in an essay that England was better than any other country in the world. The school inspector ventured to draw the schoolmistress's attention to the sweeping nature of that statement. Last week, on the initiative of Sir Gerald Hurst, the propriety of the inspector's conduct was debated in the House of Commons.

SIR GERALD HURST, K.C., M.P., and Maud have struck a fine blow for England. Maud began it by writing an essay at Chorlton-on-Medlock Church School in which she said that England is better than any other country in the world. Academically the essay was not a great success, for it was only awarded 5 marks out of 10; but because its accuracy was questioned by a school inspector who has done nothing for England except fight for her in war and work for her in peace, it led to such a spontaneous and dignified outburst of patriotism that it ranks to-day with the great historic expressions of England's glory, and is to be placed, we hope, next to Rupert Brooke's poem on England in the British Museum. Apart from Sir Gerald Hurst and Maud, the nation's thanks are due to the Rector of Chorlton-on-Medlock, to the *Daily Express*, and to the House of Commons, which has proved itself, as always, equal to a great occasion.

Sir Gerald Hurst, K.C., M.P., is too good a lawyer and of too keen a brain to take up a case unless he is sure of his facts and satisfied of the accuracy of the statements; and we cannot doubt that before he raised the issue in Parliament he thrashed the matter out with Maud and made clear to her the importance of not going one step beyond the ascertained truth. He questioned her, we may feel sure, on her reasons for declaring that England is better than any other country in the world; checked her arguments; verified her references; explained to her that one of the chief aims of education is to induce precise thinking and accuracy of expression; convinced himself that she was not repeating a parrot cry or dealing in meaningless clichés; and only then was the road clear to the great demonstration of patriotism that was to follow, to Maud's triumphant journey up to London, to her film-star reception at Euston, to her appearance in person at the House of Commons and to the politicians' delicious ecstasy of discharging a painful but unescapable public duty.

Sir Gerald Hurst, K.C., M.P., and Maud must, we like to think, have gone into Committee on England. They found (we hope) a number of reasons which appealed to them both for believing that England is better than any other country in the world; and in particular they must surely have agreed that nowhere, except, probably, in Nazi Germany, is the standard of solemnity so high as it is here. In other countries, France, for instance, there is a levity, a sense of humour, a perception of the ludicrous which makes it regrettably difficult for public men to do some things that in England are well within our scope. Such things, for example, as to get the Mother of Parliaments discussing twice in one week the questions (a) whether England is better than all other countries; and (b) whether, even if she isn't, the elementary school children ought not to be taught that she is. An assembly that was impeded by a sense of humour would find it hard at best to sit down to an angry debate on the extent of our national superiority. But when the occasion for the discussion was a pronouncement in favour of England from a little girl who had probably never been outside Lancashire or seen a foreigner—nay, very likely believed that, as England is better than any other country in the world, so Blackpool is better than any other place in England—then, indeed, it was a job that only the very

pick of the world's Solemnities could hope to tackle. On this point we imagine how Maud may have put her case. "My Country," she must surely have said, "is rich beyond her fellows and her contemporaries in what the Romans called *gravitas*, which I venture to translate as solemnity. It is an invaluable asset and a great adjunct to success. Doubtless you will recall the words of R. L. Stevenson, who said, 'God send me a young man with brains enough to make a fool of himself.' " "I adopt," Maud would say, "with a trifling modification the language of that distinguished author and I say 'God send me an M.P. with brains enough to make a fool of himself.' " "And," Maud could add, with a simple reverence that one looks for in a pupil of the Rector of Chorlton-on-Medlock, "God has sent me such an one."

Sir Gerald Hurst, K.C., M.P., and Maud would doubtless have agreed, too, that England is better than any other country in the quality and the form of her popular Press. Across the Atlantic perhaps there may be here and there a paper to compare in enterprise with our great national organs; but where else is there a Press which can do half the things that our English papers take in their stride? To what other European country could you point in which a paper, sold for a penny, can take a child at the age of 13 from a small provincial town and enthrone her as a national heroine? Snatch her from her home and school; bring her under the glare of intensest limelight to the metropolis; provide her with a welcome no less demonstrative, no less spontaneous than that of Marlene Dietrich when she reaches Waterloo on Hollywood; plant her in the front row of the Strangers' Gallery at the House of Commons for all the House to see and acclaim; splash the front page with a full length photo-

graph of her holding in each arm a vast naked doll, considerably provided by the paper, and perfectly calculated to get right home to the heart of that great nation which is better than all the other nations of the world? In what other country would money be spent so generously on her hotel bills, or would she be told, in some two million copies of the same paper, that the House of Commons had given "a loud murmur of dignified approval of her essay"? And where else than in England shall we look for a Press which, having done all this and having dragged the little school-girl through all the perplexing mazes of this political stunt, can write next day what a great paper wrote on Saturday:—

It is the determination of all parents that school teaching must be kept free of political bias.

In other lesser lands the Press might have been chary of this patriotic activity on personal grounds. It might have felt that the treatment was dangerous for a little girl, bad for her health and likely to turn her into an incurable prig. But with our great English papers first things come first, and the wellbeing of a small girl must not be allowed to hinder the demonstration of our national power. On this topic we conceive of Maud as getting rather muddled. "In my judgment," we hear her say, "our English Press comes nearer than any other to Abraham Lincoln's great ideal of fooling all the people all the time."

Let us now sum up, in Maud's own words, this episode in the unfolding pageant of our Parliamentary history. This time they are not the high-sounding words that so far we have ventured to ascribe to her, but something that she really did say as she watched the House debating her essay. The words were preserved next day in the friendly columns of the *Daily Express*: "I feel sick," said Maud.

NOTES OF THE WEEK

The New Viceroy.—It was announced on Wednesday that when Lord Willingdon's term of office as Viceroy of India expires next April his successor is to be the Marquis of Linlithgow. Lord Linlithgow is still, politically, a young and energetic man; he is only forty-seven. As a "liberal" Conservative he has already inspired confidence among Indians. India's future under the new Constitution, which will be inaugurated in his term of office, will depend more than ever before on the calibre and experience of her Viceroy. His interpretation of his newly-defined powers under the Constitution and his Instrument of Instructions will condition the will and ability of Indian politicians to work the Federal Constitution when it comes into force. Moreover, the Provincial Governors, who may be appointed by 1937, will certainly model their administration on the lines of the Governor-General's own performance of his duties. In this respect India is fortunate at the outset; for Lord Linlithgow will bring to his task a very considerable experience of India's main problems: her agriculture and her political structure. Between 1926 and 1928 the Viceroy-designate was Chairman of the Royal Commission on Agriculture in India, and the report, which he drafted, is recognised as a most authoritative and exhaustive survey of Indian rural economy. Then early in 1933 the Joint Select Committee on Indian Constitutional Reforms chose him as their Chairman. His arduous work in that Committee's deliberations contributed greatly to its eventual success. Further, Lord Linlithgow effected the only substantial amendment of the Government's Bill in the Lords when he secured provisions for direct election to the Council of State. Outside the sphere of Indian affairs Lord Linlithgow has been a Civil Lord of the Admiralty, and has had considerable economic experience in the City, as Chairman of the Departmental Committee on the Distribution and Prices of Agricultural Produce in 1923, and as Chairman of the Market Supplies Committee. The inauguration of India's new Constitution could scarcely be placed in hands more responsible or more sympathetic to India's legitimate aspirations.

France in the Pincers.—The Laval Government committed France to ruthless deflation not quite one month ago. The "cut" then imposed by decree in State expenditure reduced most incomes from *rentes*, most salaries of *fonctionnaires*, and most pensions by about 10 per cent. The Laval Government undertook to temper the wind to the shorn lambs by imposing, in a second set of decrees due this week, "cuts" in the retail prices of meat, bread, and other foodstuffs; in house rents; and in charges for gas and electricity. Moreover, as our Paris Correspondent remarks this week, the Government had recourse to the unprecedented convocation in Paris of all France's Prefects, in order that local execution of these reductions in the cost of living, *pari passu* with cuts in incomes, should be rapidly and adequately enforced. But, even so, the time-lag has proved too long. This week the French workers of both Left-wing groups, *fonctionnaires*, ex-soldiers, landlords, *rentiers*, municipal employees, naval shipyard workers and commercial ships' crews have all of them expressed righteous—and in many cases riotous—antagonism to deflation in practice. The disturbances at the naval dockyard in Brest this week have been prolonged and grave, involving loss of life and much bloodshed. These State workmen have already seen their incomes reduced last spring by 4 per cent., in fulfilment of the postponed Doumergue decrees. This month a further reduction of between 8 and 10 per cent. was too much for their patience. Almost as serious is the protest strike by the crews of the *Compagnie Générale Transatlantique's* ships in Le Havre, which has compelled the cancellations of one sailing. In this case, the Government has re-commended the owners to reduce the cuts. At Toulon dockyard, also, the unrest has been serious. Deflationary "cuts" seem habitually to produce "naval occasions," in France as in this country in 1931. The present unrest in France, however, is of a very widespread social kind. Deflation in France so far seems to have been concentrated on incomes alone. That has made the sense of social inequity the more dangerous. M. Laval's Government

are courageously hewing a path in their efforts to avoid devaluation. But, unless the cost of living is rapidly reduced, their efforts may lead France to de-Lavaluate.

* * *

Poland, Danzig and Germany.—The background to the acute conflict which has broken out between Danzig and Poland will be clear to any reader of the article on "Danzig's Difficulties" in the *Economist* of July 27th. The trouble arises out of the improvidence of the Nazi regime in Danzig in managing the local finances. Public expenditure on a scale which was bound to result—and has resulted—in violent inflation was deliberately incurred in the hope that the Reich would foot the bill and that the economic results would win over the population of the Free City to the new order. Neither hope has been fulfilled. Dr. Schacht has found himself obliged to cut Nazi subsidies to Danzig, and the results of the Danzig elections in April not only defeated the Nazis' intention of Nazifying the Danzig Constitution, but showed that at least 40 per cent. of the population were still hostile to Nazidom. Since then, the Danzig currency has been devalued, and the radical measures of currency control into which Danzig has been plunged by its Nazi governors have brought it into conflict with Poland. The Polish Government has objected to the Danzig currency control, by which a considerable sum held in Danzig to the credit of Polish exporters and importers has been frozen. It has also urged the Danzig Government to adopt the zloty in place of the local gulden. When the Danzig Government refused this offer, the Polish Government brought into force, on July 21st, regulations providing that all goods consigned to Poland must be handled in future by the Polish Customs authorities, and suspending the powers of the Danzig customs authorities to act as the Polish Government's agents. If these regulations remain in force, they will, of course, tilt the balance very heavily against Danzig in the competition between the Free City and the post-war Polish port of Gdynia. The Nazi Government of Danzig have retorted, on August 1st, by declaring a "state of emergency" and permitting certain German foodstuffs and other goods to enter Danzig duty-free. This is certainly a violation of the Versailles Treaty, whatever may be the legality or illegality of the foregoing Polish regulations. Direct conversations between Warsaw and Berlin are now reported to be taking place over a dispute which threatens to disturb the amity established between Poland and "the Third Reich" under the Ten-Year Pact of January, 1934. Meanwhile, the outlook for the Nazi regime in Danzig seems rather desperate if, in addition to being repugnant to at least 40 per cent. of the population for political reasons, it is now threatening to ruin the whole population economically. An added piquancy to the situation is that Poland can hardly invoke the League's aid "with clean hands," for at last autumn's League Council meeting Poland unilaterally repudiated her obligations towards her minorities. At that time it seemed to many observers that Herr Hitler had in effect sacrificed the considerable German minorities in Poland. Now German-Polish relations are being strained over Nazi Danzig, which stands closer to Berlin than Germans in Poland, and Poland has to choose between the League and Germany as a solvent of the situation. Verily, some chickens come early home to roost.

* * *

The Japanese Constitution.—On August 3rd, the Japanese Government published a statement about the Japanese constitution, which looks like a declaration that the sovereign power in the Japanese Empire rests in the Emperor, actually as well as legally. "The supreme power to rule Japan rests with the Emperor," and "any constitutional theory which regards the Emperor as an institution whereby this power is exercised is contrary to the true character of Japan's national policy." This statement characterizes the Government's previous action in suppressing, on April 9th last, two books by Professor Minobe, which had been used for thirty years past as standard text-books of constitutional law in the Japanese universities and which expounded the view that the throne was "an institution of

the nation." But Professor Minobe appears to have been putting on record a simple and indisputable historical fact. Japan, even more than England, has been a country where the sovereign "reigns but does not govern." In English history, we need go back no further than 300 years from the present date in order to find examples of English Kings who were personal autocrats. In Japanese history we have to go back to the twelfth century of the Christian Era or perhaps even to the ninth. It was only from the sixth century to the ninth century that the Emperor effectively exercised, in his own person, the sovereignty of which he has always remained the theoretical fount. Ever since then the *de jure* sovereignty has continued to reside in the Imperial House, while the *de facto* power has been banded to and fro between various kinds of Shoguns, from individual feudal war-lords to the present collectivity of Cabinet, Diet, and Government Departments. What then, is the meaning of the constitutional controversy which has now been officially settled? In spite of the official formula, the real struggle has been to settle which of the Emperor's nominal agents is to exercise authority in the Emperor's name. Is the whole of the sovereign power to be delegated to a Cabinet commanding the support of a majority in an elected Diet? Or is the naval and military part of the Emperor's sovereignty to be exercised direct by the Army and the Navy, independently of what the people's elected representatives wish? This issue became a burning question of practical politics when the London Naval Treaty of 1930 was ratified, at the Cabinet's desire, against the will of the sailors and the soldiers. Since then, we have seen the Japanese Army and Navy each take the bit between its teeth and behave like an independent *imperium in imperio*. Now the constitutionality of this behaviour has been officially conceded. Yet at this very moment the officers who stand for this are being energetically combed out of the key-positions in the Services. Is the Cabinet conceding the shadow of power to the soldiers in compensation for its success in making them disgorge the substance?

* * *

The Outbreak in Crete.—When a political strike broke out, last Sunday, among the dockers at Candia in Crete, it looked for a moment as though Greece might be on the verge of another bout of civil war. The strikers seem, in fact, to have so far gained the upper hand that the local governor was compelled to take refuge on board ship, and the Government at Athens ordered two destroyers to proceed to Candia from Patras. Fortunately, however, the General commanding the troops in Crete has quickly succeeded in restoring order; the warships have been countermanded; and it now looks as though the *émeute* had been nothing more than a spontaneous local disturbance without ramifications in other parts of Greece. Crete is, of course, the stronghold of Venizelism, Republicanism and Anti-Royalism, and it was here, if anywhere, that further trouble was to be expected. Nevertheless it is disquieting to see even a symptom of civil strife in a country which has lacerated itself by civil war so recently, and this Candian affair is certainly not a good augury for the forthcoming plebiscite on the issue between a republican and a monarchical regime. Experience has shown that the almost indispensable condition for the holding of an orderly plebiscite, and for the obtaining of a genuine expression of public opinion, lies in the presence of some disinterested neutral authority, backed by irresistible military force, to preside over the proceedings. It may be questioned, however, whether there is a single neutral citizen—or subject—in Greece, where every child that is born is either a monarchist or a republican from birth. And it would be difficult to settle the issue by the rotationist system of allowing Monarchy and Republic to alternate with one another as Liberal and Conservative Ministries alternated in nineteenth century England! All things considered, we fear that M. Tsaldaris has an uncommonly difficult task ahead of him.

* * *

Immigration into Palestine.—The question of the Government's immigration policy for Palestine was raised in the House of Commons on July 25th in the debate on

the Colonial Office vote. The policy was criticised by several speakers as being unduly restrictive. It is true that there is—and has been for several years—a considerable shortage of labour in Palestine, and that, while Jewish immigration has been kept down a long way below Jewish demands, non-Palestinian Arab labour has been entering the country (though, for the most part, illicitly and not with Government permission) from Transjordan, Syria and Egypt, and has been successfully finding employment, even on public works. It is also true that the Jewish need for a national home in Palestine is more pressing to-day—owing to Nazi anti-Semitism in Germany—than it has been at any time since the Balfour Declaration was made and the mandate drafted and conferred. It is painful for the Jews to feel that their immigration into Palestine is being restricted when their position outside Palestine is so bleak and their prospects inside Palestine so alluring. It is natural that, in the bitterness of their hearts at their present treatment by a Gentile World which shows signs of relapsing into barbarism, they should be inclined to look upon the Palestine immigration policy of H.M. Government as evidence of anti-Semitic bias, and as a breach of the mandate, in the spirit if not in the letter. But there is another side to the question. The chief positive point in the Jewish case is Palestine's present economic prosperity; and this is a patent fact which no one questions. But how is it to be interpreted? While the rest of the world has been in a depression, Palestine has been riding on the crest of an economic wave. Is this a temporary "boom," produced by impermanent causes? Or is it a "secular" movement which gives the measure of Palestine's permanent economic advancement? The Jews naturally argue that we are now beginning to see the enduring effects of the Jewish manpower, money-power, enterprise and energy that have been invested in Palestine since the Armistice. The sceptics argue that we are witnessing a temporary reaction of Palestine to a sudden, and perhaps unhealthy large, injection of capital which has been brought in by wealthy refugee German Jews since January, 1933. The truth probably lies somewhere between these two extremes, but exactly where it lies it is impossible to estimate. In these circumstances the Colonial Office is surely right in taking a cautious line.

* * *

Employment in July.—At last the total of the unemployed, after five years of obduracy, has gone below the 2,000,000 mark. The employment figures for July issued by the Ministry of Labour show that the tendency in recent years to diminished activity in that month was completely reversed this year. The number of insured persons (aged 16-64) in employment increased by 20,000 during the month to approximately 10,381,000. This is another "high" record, and is 234,000 more than in July, 1934, and 73,000 more than at the peak July figure of 1929. The numbers on the registers at 1,972,941 were less than at any time since July, 1930. They fell by 27,169 during the month, as compared with an increase of nearly 30,000 in the same period last year. The improvement, however, was not quite general, as will be seen from the following table of unemployment in different industries:—

	INSURED PERSONS UNEMPLOYED IN GREAT BRITAIN		
	July 23, 1934	June 24, 1935	July 22, 1935
Coal mining	331,742	300,079	293,776
Iron and steel manufacture	45,582	41,384	40,191
Engineering	99,699	88,528	86,406
Shipbuilding and repairing	71,846	63,559	62,962
Motor vehicles, cycles and aircraft...	28,490	28,415	26,158
Cotton	119,873	98,285	99,824
Woolen and worsted	55,483	32,971	30,824
Jute	23,054	7,979	37,488
Hosiery	14,432	13,100	11,533
Tailoring	31,667	21,649	26,880
Boot and shoe manufacture	32,207	20,190	21,614
Building	146,312	127,847	133,805
Public works contracting	119,016	114,716	120,975
Shipping service	40,932	39,972	38,588
Dock and harbour service	47,244	49,656	47,421
Hotel, boarding house, etc.	47,663	52,051	49,193
Distributive trades	196,751	200,380	193,587
All persons registered	2,126,260	2,000,110	1,972,941

In all cases where there has been deterioration during the past month it has been very much less than last year. Increased unemployment in the jute industry is mainly accounted for by local holidays in Scotland, during which some 9,500 employees registered as temporarily stopped. But unemployment in both the jute and woollen and worsted trades is still higher than in the summer of 1933. Coal mining, engineering, iron and steel manufacture and cotton continue to show distinct improvement compared with a year ago, but unemployment in public works contracting and hotel services has increased slightly, although the number insured in the former industry has probably declined. There has been an increase during the month of July of some 5,000 in the number of juveniles unemployed. This may be in some small measure due to school-leaving before the date of the count, and may be only temporary. The increase of only 15,000 during the year, in spite of the very large increase in the number of boys and girls who have entered the labour market, is proof of industry's extraordinary capacity to absorb juvenile labour. It is none the less unfortunate that there should still be over 100,000 boys and girls between the ages of 14 and 18 both out of work and out of school. The July employment and unemployment figures are most encouraging evidence of our continued domestic recovery.

* * *

Additional Import Duties.—As with general business conditions, the activities of the Import Duties Advisory Committee have this year shown no seasonal decline. We have received a batch of no less than five new Orders during the past week. One of these provides for a reduction in iron and steel duties in exchange for quantitative limitation of imports, and is discussed below. Additional Import Duties (No. 24) Order provides for a substantial increase in the duties on the cheaper qualities of iron and steel tubes and pipes, other than cast tubes and pipes. Thus, the duty on tubes and pipes of a dutiable value not exceeding £13 a ton was raised from 20 per cent. *ad valorem* to £5 a ton on August 3rd. The increased duties on iron and

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HEAD OFFICE: 38 BISHOPSGATE, LONDON, E.C.2

steel tubes are a sequel to the collapse of the International Steel Tube Cartel on March 31st and the intensification of competition since then. The Import Duties Advisory Committee decline to "contemplate that the new scale of the tube duties will lead to any increase in the price of tubes in this country or have any adverse effect on consuming industries." The third Order (No. 25) will interest those who, in the present hot weather, spend their evenings watering the garden, for the Committee have discovered that imports of garden hose, "after falling off very materially in 1932 and 1933, have recently recovered so substantially as to render it necessary to reconsider the position." As a result, "tubing and piping manufactured partly of rubber, with or without nozzles or other fittings thereto," are no longer exempted from the additional duty of 10 per cent. *ad valorem* imposed under the Additional Import Duties (No. 1) Order, 1932. The fourth Order (No. 23) claps a heavy specific duty of £4 a ton on a number of important chemicals hitherto subject to duties of 10 per cent. or 20 per cent. *ad valorem*. The commodities covered by the Order are mainly products of the synthetic nitrogen industry, which, owing to its importance not only to agriculture but also as a potential source of supply of munitions of war, is by now established in most of the important industrial countries. The Committee have obtained a promise from manufacturers of these chemicals that "prices will not be raised save after consultation with us and the farmers"! The fifth Order (No. 26) provides for a minimum specific duty of 3d. per thousand on eyelets of metal, with an alternative of a total duty of 20 per cent. *ad valorem*. In the view of the Committee "changes of fashion have reduced the world demand for boot and shoe eyelets and the resulting intensified competition has forced prices of the more popular sizes and types to an uneconomically low level." Thus, four out of the five new Orders from the Import Duties Advisory Committee show that log-rolling, at least, can still gather some protectionist moss!

* * *

Reduction in Iron and Steel Duties.—In the amending Import Duties Order issued by the Treasury on Tuesday, the Government have given effect to the condition in the agreement between the British Iron and Steel Federation and the International Steel Cartel. The condition was that the limitation of imports into this country from Cartel countries to a maximum quantity of 670,000 tons for the next twelve months, and of 525,000 tons per annum in the following four years, should coincide with a reduction to a maximum rate of 20 per cent. *ad valorem* in the British duty on Cartel products included in the agreement. The principal products affected are: blooms, billets and slabs; bars and rods; angles, shapes and sections; girders, beams, joists and pillars; hoop and strip; rails; plates and sheets. Under the Order of March 20th last, the tariff on all these commodities, with the exception of plates and sheets, was substantially increased. In the case of the heavier semi-finished materials, the new (specific) duties then represented a levy of 50 per cent. and more on the declared c.i.f. value, as compared with the previous duty of 33½ per cent. (*ad valorem*). Now, as from August 8th, a uniform rate of 20 per cent. is to apply to all these products, and the reduced duty is also to apply to nails; rods and coils; barbed wire; single strand wire and upholstery and mattress springs; and galvanised hexagonal wire netting. Quite a number of iron and steel products still remain subject to the duty of 33½ per cent. These include pig iron; steel ingots; Spiegeleisen and ferromanganese; forgings and castings. Nuts, bolts, rivets, screws and tubes remain subject to an *ad valorem* duty of 30 per cent. Empire goods are exempt from the tariff, but owing to the most-favoured-nation clause in our commercial treaties, the reductions which have been made this week apply alike to the products of all foreign countries. It is stated in the White Paper that the Continental and the British iron and steel manufacturers agreed that the institution by this country of a licensing system is necessary for the efficient operation of the agreement concluded at the end of July. As a matter of fact, that agreement contains a clause providing for cancellation failing the establishment of such a system. The Import Duties

Advisory Committee express the view that a licensing system will prove of great value to this country as well as to the other participating countries, and that without it there can be no permanence in the new arrangements; but adds that a licensing system is a matter of Government policy and can only be established by legislation. The continuance of the duty of 33½ per cent. on pig iron does not materially affect the present iron and steel import position. The effect of this high duty has been to give India a virtual monopoly of the home market. In 1931 we imported about 284,000 tons of basic, forge and foundry and acid steel, but last year our imports were only about 126,000 tons, of which British India supplied 110,000 tons and foreign countries (principally Sweden, under tariff exemption conditions) about 15,400 tons. With a 33½ per cent. duty still in force, British blast furnaces are fairly secure against a revival of French and Belgian competition. To what extent the amended tariff system will affect the nature of British demand for other foreign iron and steel products remains to be seen, but under the tariff system Canada, as well as India, has expanded its trade with the United Kingdom, and in 1934 nearly 45,000 tons of steel blooms, billets and bars were obtained from British countries compared with practically none four years ago. The immediate gain to the Cartel countries of the reduced duties will be financial. Our Iron and Steel Correspondent reminds us this week that the Continental Cartel manufacturers may well revise their prices in an upward direction so as to secure the whole of the advantage of the present reduction in British duties for themselves. It is only in the light of the experience of the operation of the new agreement that we shall know to what extent the Continental steel manufacturers will exploit the privileged position in which they have been placed, to the possible detriment of the finishing branches of our iron and steel industry; but higher prices to British consumers would appear a certainty. Moreover, the Treasury stands to lose revenue, on account both of the curtailment in the imports of Cartel products and of the reduction in the duties to which they will be liable in future.

* * *

Taxing Incomes from Abroad.—For the purposes of the Inland Revenue, liability to tax on income from abroad depends mainly on what constitutes "receipt in this country." In an article in the *Economist* of April 6th this year we referred to the case of *Hall v. Mariani* in this connection. An English bank had made advances to a client in this country on the security of the bonds and other assets held by their Colombo branch to the credit of the client in Colombo. Arrangements were then made to extinguish the English overdraft by transferring it to the Colombo branch. This branch, a little later, sold sufficient of the customer's securities in Colombo to extinguish the transferred overdraft. Was the Colombo income (i.e. the proceeds of the sale of the securities) "received" here and liable to tax? The Court of first instance said "No." In the first appeal the Revenue argued, but without success, that "receipt" here was constituted by the sale of the Colombo securities and the crediting of the proceeds therefrom in the books of the Colombo branch. Undaunted, the Revenue returned to the attack. Their contentions were, first, that each overdraft granted by the English bank constituted a receipt of an equivalent amount of the Colombo income; and, secondly, that such receipt was constituted in any event by the credit entry in the books of the English bank whereby the English overdraft was extinguished. Now it can hardly be maintained that there is receipt of foreign income if a person lends another money here, well knowing that he will be repaid because the borrower has ample funds abroad. But the second proposition of the Revenue seems convincing. In these days particularly, money or its equivalent passes from one country to another largely by book entries made in bankers' books. But while Mr Justice Finlay saw eye to eye with the Revenue on this point, the Court of Appeal has just disagreed with both him and them. As a result, it appears at the moment open to anyone to enjoy here the benefit of his foreign income without "receiving" it or incurring any liability to tax, merely by arranging with a bank to copy this intriguing precedent.

That is, unless the indefatigable Revenue authorities convince the House of Lords that the Court of Appeal were wrong in law.

* * *

Idle Shipping.—The quarterly return of the Chamber of Shipping discloses a further substantial reduction in the tonnage of laid-up shipping in Great Britain and Ireland between April and July:—

NUMBER AND TONNAGE LAID-UP.							
		No. Net tons of ships (000's)				No. Net tons of ships (000's)	
Jan. 1, 1933	...	760	1,971	April 1, 1934	...	453	1,079
April 1, "	...	760	1,864	July 1, "	...	421	1,042
July 1, "	...	793	1,958	Oct. 1, "	...	330	818
Oct. 1, "	...	612	1,589	Jan. 1, 1935	...	323	878
Jan. 1, 1934	...	482	1,239	April 1, "	...	322	706
				July 1, "	...	250	586

The net tonnage laid-up on July 1st was smaller than at any corresponding date since 1929, when it was 381,158 tons. But the improvement is due mainly to a reduction of the British steam and motor tonnage from 20,046,000 gross tons in June, 1929, to 17,298,000 in June, 1935. Between July, 1934, and July, 1935, the gross tonnage laid-up in British ports declined by 756,000 tons. During the same period the gross tonnage in Lloyds Register Book was reduced by 332,000 tons. It appears, therefore, that the tonnage employed has risen by 424,000 gross tons during the past twelve months. This is a welcome and encouraging feature of the returns.

* * *

Rationalising Shipping.—It was a condition precedent to the British Government's subsidy to tramp shipowners—now being paid—that British shipowners should urge upon their foreign colleagues the framing of proposals for adjusting the supply of world tonnage to demand. There has been delay in working out such a rationalisation scheme, and it now seems doubtful when a scheme will materialise. A draft scheme was prepared by a preliminary international conference in London last January under the chairmanship of Lord Essendon. It was anticipated that a further conference would take place within three or four months, but, in fact, the date of any further conference is still uncertain. An outline of the scheme was given by Lord Essendon at the Congress of the International Chamber of Commerce in Paris during June. Difficulties then mentioned appear more formidable than was indicated. Lord Essendon said that there were 45 million gross tons of effective competing tonnage engaged in international trade. Seven million tons were idle. The object of the scheme was to keep this idle tonnage off the market and to remove some more tonnage. By means of a compulsory tonnage due, a pool was to be formed out of which compensation would be paid to owners for laying up and scrapping nine million tons. This was to be effected by the voluntary efforts of shipowners, but collection of the due would take place through the machinery of Governments. The due was estimated at an annual figure of 1s. 3d. per gross ton. Lord Essendon remarked that possibly an international scheme could only be effectively worked if some *modus vivendi* was reached over subsidies. His scheme took no account of such subsidies, but it will be recalled that the Liverpool Steam Ship Owners' Association has all along maintained that nothing effective can be achieved without facing the subsidies question. Since then a group of leading British liner companies have declared their opposition to the scheme for the reasons (among others) that it would operate to the advantage of subsidised shipping and to the disadvantage of shipping conducted on an economic basis and would be administratively unworkable. A further statement by Lord Essendon at the Furness Withy meeting last week indicates that an alternative scheme on a non-contributory basis, and on lines which he personally has always favoured, may receive more support than hitherto. This would be a voluntary laying-up scheme under which the shipowners of the world would agree to lay up a percentage of their ships for an agreed period. But world schemes take time to materialise, and apparently there may be further delay before the world's shipping industry can introduce the beginnings of order into a chaos of subsidies.

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The Deep Sea Fisheries.—In the second quarter of the year the supplies from the deep-sea fisheries were interrupted by a dispute at Hull when the entire fleet of steam trawlers, over 300 in number, were withdrawn and laid up in port for several days pending a settlement. The real effects of this were experienced in June, when there was a marked contraction in the landings of wet fish with, as usual, a compensating increase in the total sum realised. On the whole, however, the landings of British-caught fish at ports in England and Wales were maintained at last year's level, taking the three months together; while in Scotland there was a substantial increase, both in volume and value. The following table is abstracted from the returns of the Ministry of Agriculture and Fisheries:—

	Weight in cwt.		Value	
	1934	1935	1934	1935
British caught:				
England and Wales	3,311,620	3,314,958	2,645,771	2,731,236
Scotland	1,075,320	1,304,778	737,908	901,257
Shellfish	...	...	100,456	86,939
	4,386,940	4,619,736	3,484,135	3,719,432

The average first-hand value of the landings of wet fish in England and Wales was rather less than 16s. 6d. per cwt., as compared with 16s. in the corresponding quarter last year. In Scotland the average was 13s. 10d., as against 13s. 9d., per cwt. The returns for the completed half-year showed some increase of the landings by British-owned fishing vessels in England and Wales, with a somewhat heavy decline in aggregate value. In Scotland both quantity and value were higher. The returns (including those of the Board of Trade) are summarised as under:—

	Weight in cwt.		Value	
	1934	1935	1934	1935
Jan.-June				
British caught:				
England and Wales	6,066,531	6,216,114	5,813,813	5,573,581
Scotland	2,157,292	2,308,763	1,701,849	1,783,729
Shellfish	...	...	177,925	172,879
	8,223,823	8,524,877	7,693,587	7,530,189
Foreign landings	400,464	372,159	264,959	244,275
Imports	728,084	942,518	1,113,822	1,229,084
" Shellfish	69,228	82,184	111,919	114,756

The average for England and Wales was 18s. and for Scotland 15s. 5d., as against 19s. 2d. and 15s. 9d. respectively a year ago. As a set-off against the imports of wet fish from abroad (herrings, etc.) Great Britain exported during the half-year 406,674 cwt. of wet fish, valued at £440,000, as compared with 470,398 cwt. and £508,723 in January-June last year. Great Britain also exported fish "cured or salted" (mainly herrings and cod) to the value of £594,019 as against £720,924, and "canned" fish valued at £113,110 as against £91,492. On the other side of the account there were considerable imports of canned fish (salmon contributing more than 50 per cent. of the total), having a c.i.f. value of no less than £2,172,445, as compared with £1,865,400 in the corresponding half of last year; "cured or salted" £148,087 against £55,902; and "salted (split)" £48,071 against £21,143.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

A MORE ENCOURAGING OUTLOOK

THE first session of the 74th Congress drags tediously towards adjournment. At the time of its assembly in January it was confidently asserted that, owing to the enormous Democratic majorities, the session would handle its programme expeditiously and adjourn by early spring. Instead of a programme it was presented in rapid succession with numerous highly controversial measures, any one of which required extensive deliberation. To cap it, just as the session was within sight of adjournment, a novel and unexpected tax measure was offered, for which Congress was totally unprepared. This original tax Bill was obviously a hasty improvisation; and in the House it has already assumed a form entirely different from the Administration draft. The latter was of limited scope, and bore most heavily upon individuals of great wealth and corporations of the largest size. In its present (House) form a graduated excess profits tax has replaced the graduated corporation income tax; while the lowering of the exemption limit for the inheritance tax makes its incidence most severe upon what may be termed moderate-sized enterprises, owned by individuals, families or the equivalent of incorporated partnerships. Further, the Banking Bill, which has already passed the Senate, is radically different from the Bill originally introduced; indeed, in many of its principles diametrically opposed to the initial draft. The final disposition of both these Bills is, of course, still unsettled.

The sharp decline in industrial activity which characterised the third quarter of 1934 is completely absent this year. On the contrary, the recent levels of activity are well maintained. Compared with 1934, the year 1935 is distinguished first by a relative absence of labour disturbances, and second (and consequently) by a far more stable level of production. For example, in 1934 the year opened with steel production at 31 per cent. of capacity; by early May the figures had advanced to 57 per cent., by the end of June they had fallen to 23 per cent., and by the end of the third quarter to 18 per cent. In 1935 the year opened at 43 per cent. of capacity; the spring peak (end of January) was 53 per cent.; the end of June, 32 per cent.; and the current figure about 43 per cent. The aggregate output of steel ingots in the first half of 1935 was almost identical with that of 1934 (actually a shade lower); the difference lies in the relative tempo of production. But considering the extremely low steel output for the last six months of 1934, there is a reasonable expectancy that the total for 1935 will exceed that for 1934.

The Federal Reserve Board's indices for June are as follows:—

FEDERAL RESERVE BOARD BUSINESS INDICES
1923-5=100—Adjusted for seasonal variation

	June, 1934	May, 1935	June, 1935
Industrial production.....	84	85	86
Manufactures	83	84	84
Minerals.....	87	89	98
Construction contracts (total)	26	27	29
Residential	12	21	23
Other	38	32	33
Factory employment	81.5	81.2	80
Factory payrolls	64.9	68.5	66.5
Freight car loadings	64	61	63
Department store sales	74	76	80

Except in residential building, which is double the figure of a year ago, and department store sales, which are up almost 10 per cent., the changes from last year are nominal. Residential building is a most important exception. In certain localities a moderate residential building boom is in progress; but a doubling of residential building is a factor

of great local importance. This building is for the most part of single-family dwellings; almost no urban apartment construction is in progress, which accounts for the relatively unfavourable comparison with the basis period, when there was a large amount of costly apartment-house construction. The current activity in urban one-family dwellings may be interpreted as evidence of a decentralising shift of the population—a movement long expected and now by many believed to be in progress.

The low figures of freight car loadings contrast both with the rest of the data and with the prevailing impression of the state of business activity. It is a reflection of the most conspicuous technological change of the past five years, although, of course, it was initiated before 1929. This is the enormous increase in the movement of goods by road transport. No comprehensive figures are available. Formerly, this movement was confined to the transportation of light articles over comparatively short distances; but in the past week, for example, your Correspondent has heard of a movement of lumber by lorry from Idaho to Pacific tidewater. There can be no doubt that the freight-car loadings should not be accepted as a dependable criterion of the movement of goods.

AMERICAN BANKING AFTER THE CRISIS

The Federal Reserve Board has given a summary of the changes in banking data over the last four years. On December 31, 1929, there were 24,630 banks in the United States, with deposits aggregating \$55,289 millions. On June 30, 1933, deposits had fallen to \$37,998 millions; by December 31, 1934, aggregate deposits amounted to \$44,771 millions, with 16,042 banks in operation. It may be added that the restoration of deposits in the city banks is complete, as shown by the following table:—

	REPORTING MEMBER BANKS (\$000,000)		
	Average for Sept., 1929	Dec. 28, 1934	June 26, 1935
Net demand deposits	13,180	13,551	15,423
Time deposits	6,810	4,366	4,427
	19,990	17,917	19,850

The first column is for banks in 101 cities; the last two dates are for banks in 91 cities. The ten absent cities, on June 26th, reported deposits (time, demand and Government) of \$1,493 millions. In September, 1929, Government deposits in the Reporting Member Banks averaged about \$150 millions; on June 26, 1935, for the Reporting Member Banks in 91 cities Government deposits amounted to \$674 millions.

It is questionable if the 9,000 odd banks closed during the depression will ever be replaced. For the most part they were in rural communities; and, the State having taken over the function of agricultural and farm financing, a good part of their reason for existence is gone. When one adds to this the wide distribution of the retail chain store, and the reduction of retail stocks made possible by the motor truck, the scope of small-town banking has been extremely narrowed, and one might plausibly argue that even the present number of banks is more likely to diminish than to increase. In the first six months of 1935, 16 banks with deposits of \$3,299,000 were closed, against 56 banks with deposits of \$36,944,000 closed in the full year 1934.

AGRICULTURAL PROSPECTS

By midsummer the agricultural situation has come into the centre of the picture. Following the dust storms of the spring the weather became generally favourable, though the heat has brought much rust in the wheat belt. Many larger crops the aggregate farm income promises to be about the same or perhaps a little higher. This farm income will, however, be better distributed, for last year the drought left large areas with no harvest to sell and consequently no

benefit whatever from high prices. The whole A.A.A. programme is now in confusion, as the scheme of processing taxes seems to be breaking up. Rather generally the processing taxes were paid under protest, and in many cases suits for recovery were instituted. Already a number of decisions have been made by the lower courts, which are interpreted as forecasts of the decision of the Supreme Court, expected in the autumn. So general is the belief that these taxes will be held unconstitutional that collections have fallen sharply; while, at the other end of the line, purchasers of articles subject to the processing tax are holding commitments to a minimum on the theory that the removal of these taxes, whether by Congressional or Court action, is only a matter of weeks. It will be recalled that these taxes are extremely heavy; and whereas formerly payments were at first made under protest, the introduction into the A.A.A. Bill of a clause prohibiting suits for recovery has induced many process taxpayers to obtain injunctions under which the tax is paid into escrow, and is recoverable without suit if the tax be held *ultra vires*. As a further complication of the textile situation, the cotton loan price has not yet been announced. A few months ago opinion was confident that the Government price would not be less than 12 cents and might be 13 cents, but within a week of the beginning of the new cotton year rumours of an official price of 10 cents have circulated, compared with a current quotation of 12 cents. Until the several governmental agencies involved reach their respective decisions, the cotton industry is marking time.

THE RELIEF PROGRAMME

As usual, the relief programme is a centre of controversy. The effort to double the enrolment of the Civilian Conservation Corps from 300,000 to 600,000 has so far had little success, as the C.C.C. cannot compete with the relief payments. The almost simultaneous attempt to increase the army to its newly authorised peace strength has encountered the same difficulty. Altogether it is seven months since the announcement of the public works programme as a substitute for relief; and the situation is now almost as it was then. The simple fact is that public works are an extremely costly form of relief, and while the appropriation of \$4,800 millions seemed enormous, its division among so many millions of beneficiaries reduced the amount available for material and equipment to a figure which permits only the simplest undertakings, of the type sponsored by the C.W.A. in the winter of 1933-4. Although the relief problem is ignored in Congress—which, indeed, has divested itself of control over, or even responsibility for, it—in common discussion and in the press it quite overshadows the more spectacular subjects with which official Washington concerns itself, such as the public utility and tax questions.

A material decline in the number of families on the relief rolls was reported in June, although the Bureau of Labour Statistics recorded an increase in unemployment. The decline in number of families from May to June was 6.6 per cent., but expenditures of the F.E.R.A. fell almost 10 per cent. It is not clear whether the decline in the relief rolls represented absorption by industry or by the public works programme (now called the Works Progress Administration or W.P.A.). The greatest decline was in South Dakota, of almost 30 per cent., from 53,614 families to 37,779 families. Yet, following this decline from May to June, South Dakota in July suspended all relief, as farmers complained that they were unable to secure labour for their harvest in competition with the Government dole. Some seven other States have followed the example of South Dakota, although probably not so completely—Illinois, Kansas, Nebraska, Iowa, Minnesota, Wisconsin and Virginia; and all for the same reason, namely, a scarcity of farm labour. This action by the State authorities is a reflection of two facts: (a) that the recovery has evoked a demand for labour far beyond what would be inferred either from the relief statistics or from the official unemployment data; and (b) that the public is becoming increasingly hostile towards the lavish and apparently indiscriminate Federal dole.

NEW YORK, July 31.

TRADING ABROAD

The existence of restrictions in a given country may temporarily prohibit dealings in forward exchange, but up-to-date information on this and on all points bearing on Forward Exchange generally may be obtained through any branch of the Westminster Bank. For any who may be unfamiliar with the facility, a very brief outline entitled *Forward Exchange* is always available at its counters

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FRANCE

SECOND BATCH OF DECREE-LAWS

THE Decree-laws of July 17th had as their aim the defence of the franc by restoring budgetary equilibrium. This has been realised by Frs. 7,000 millions of economies, which have reduced the Ordinary Budget to a figure of almost Frs. 41,000 millions, which roughly corresponds to the annual revenue receipts. The Government considers that extraordinary expenditure and the railways deficit may be covered by loans, since their total is well within the capacity of the Paris market. The essential thing now is to prevent a new decrease in revenue receipts by maintaining and eventually by reviving trade. This is the aim of the second batch of Decree-laws.

The new measures will chiefly tend to support certain wholesale prices while reducing many retail prices. A new programme of public works should stimulate revival of trade, notably by the numerous local work schemes, for which Frs. 1,000 millions will be made available. On the other hand, the proceeds of economies realised in the Départements and Communes Budgets by the first set of Decree-laws will be diverted to those public works (water-works, sewers, hospitals, silos, etc.) in which local authorities are directly interested. These public works will be entirely reserved to French contractors and workers. Finally, the 90 French Prefects will be summoned to Paris—an entirely new procedure—to receive the instructions of the Government on this matter. All these measures, like their predecessors, are chosen and presented to the public with a remarkable intuition of French needs and aspirations. This now influences public opinion much more than the noisy claims of political cliques and the agitation in the big cities.

DIFFICULTIES BEFORE THE GOVERNMENT

The Minister of Agriculture published recently a *communiqué* in which he expressed his astonishment that the free price of wheat has fallen off in a few days from Frs. 60 to Frs. 50. (a reduction which clearly cannot enable farmers to cover costs). Statistics show that the 1934 stocks do not now exceed 14½ million quintals, and the estimates for 1935 show a maximum of 75 millions. The combined total is not much above a normal year's consumption needs in France. This unexplainable slump in the wheat price is therefore unfortunate. New measures have therefore been announced by the Administration for carrying forward a part of the 1934 crop, thus easing the free market, and financing with the aid of the Bank of France the 1935 crop.

In order to reduce the cost of living and to revive trade an effort towards the gradual abandonment of the quota system, or a diminution in the tariff, seems a first necessity. This solution has recently been advocated by M. Charles

Rist in the *Revue d'Economie Politique*. By this means, the French expert states, "we should have a real economic deflation, and not only a budgetary one. . . . If that step should provoke a new efflux of gold it would not inconvenience the interior, but, on the contrary, it should facilitate international monetary discussions with foreign countries." The recommendations of Professor Rist, indeed, have no general echo in the great French Press; hence one may suppose them to conflict with the interests of the powerful producers' committees, who have not shown themselves ready to follow similar suggestions made by M. Bonnet, M. Laval's Minister of Commerce.

M. Rist goes on to declare that the Laval experiment has no great chances of success without a solution for the problem of national indebtedness. He says the Government is "aiming at budgetary equilibrium without affording a solution for the National Debt problem, and without convincing the French *rentiers* that to carry a debt, the charge of which represents 45 per cent. of the Budget . . . is an absurd attempt which exceeds the nation's powers."

LOWERING THE INTEREST RATE

The Government, however, seems to prefer that the revenue of the Nation should be increased and the rate of interest reduced. The Government of M. Laval hopes to start a rise in gilt-edged, which would facilitate a large-scale conversion. Such an operation is now legally possible, for one Decree-law states that "Any civil or commercial debt, which has been contracted by a public or private person before the publication of this decree, may be redeemed in anticipation, notwithstanding any contrary clause." With such an operation in view, the tactic of the Government is naturally to bring matters rapidly to a head by aid of the Decree-laws, so that business will not be hampered by the fear of new State disturbances. A "falling prices" psychosis is not favourable to a revival of business, in any case.

Supporters of the Government, on the other hand, declare that the State will abstain for a long time from the market, whether the Treasury is abundantly supplied from the short-term market, or enjoys support from the Bank of France.

It is noticeable that the Decree-laws, one of which contains a characteristic breach of contract with the *rentiers* by the State, have nevertheless been welcomed by the Stock Exchange. The market now manifests greater confidence in the *rentes*, as the following table of quotations before, and three weeks after, the Decree-laws shows:—

	July 16th	August 6th
3 per cent. Rentes	77.45	78.90
5 per cent. 1920	107.05	110.30
4 per cent. 1918	78.90	81.75
4 per cent. 1925 (gold-loan)	92.80	91.05
4½ per cent. 1932 "A"	82.65	87.50
Treasury Bonds 5 per cent. 1934	947	971
Treasury Bonds 4½ per cent. 1934	952	970

Thus the 4½ per cent. 1932 was quoted at 83 on the eve of the Decree-laws and at 87 at the end of last week, though it gives an effective yield now of only 4.05 per cent., as a consequence of the 10 per cent. cut in all State payments. Its gross yield is thus 4.65 per cent. against 5.42 per cent. a fortnight ago. The difference represents a decline of 0.75 per cent. in the long-term money rate. But further progress is necessary, and should be possible; for the long-term money rate is 3 per cent. in London and 3½ per cent. in Sweden.

PARIS, August 8.

GERMANY

REICH BORROWING FOR REARMAMENT

UNDER the non-committal heading "Credit and Savings," the Reich Bureau of Statistics has published figures apparently designed to confute current stories of the character and magnitude of rearmament finance. On these points, the Budgets and the monthly summaries of revenue, expenditure and debt movement supply only negative information. No rearmament taxes were imposed; the cost of re-

armament was not covered by the Budget defence estimates to any considerable extent, or by the relatively small supplementary Budget expenditure which, in the two completed Nazi financial years, has caused deficits. Nor was it covered by admitted new borrowing. At the end of the financial year 1934-35 the Reich debt, long and short, home and foreign, was returned at Rm. 12½ milliards, which was Rm. 800 millions higher than two years before. The Rm. 800 millions, however, little more than covered the Budget deficits of the two financial years. Owing mainly to currency depreciations, however, the foreign part of the debt decreased in two years by Rm. 1,400 millions, and this book gain was counterbalanced by new borrowing at home, so that while the total increase of the Reich debt was Rm. 800 millions, the new borrowing was Rm. 2,200 millions. This summary would need some qualifications, which, however, are of no moment in view of the magnitudes involved.

In consequence of official concealment, unofficial experts, bankers and other private authorities have long been in the habit of compiling their own Budget and debt estimates. The expenditure in 1934-35 has been put by these authorities at 50 to 100 per cent. above the figures officially returned; the real debt, it was affirmed, had rapidly increased and reached as much as Rm. 32,000 millions, which estimate or guess meant that Rm. 20,000 millions of Reich debt had been contracted in thirty months. It was alleged that no distinction could be drawn between "work-creation" financing and rearmament financing; that indirect Reich borrowing had reached great dimensions; that credit institutions, and even institutions which had ostensibly nothing to do with credit, had been introduced into the borrowing process in order to obscure the truth, secure endorsements, and hold the bills by which the new debt was carried. In a few Press references to this matter, officially inspired, these stories were described as "originating abroad"; in reality they were what inquirers were told, though with substantial differences in the figures, in every Berlin bank. No flat official denial of the stories, much less an official return of the rearmament expenditure, appeared. While minute accounts of trifling extra-budgetary expenditure on bounties for encouragement of raw material production or on subsidies or for house repairing were conscientiously issued, apparently it could not be officially admitted that rearmament cost anything at all!

OFFICIAL EXPLANATIONS

The report now issued does not clear up the mystery. It contains data which might refute the banks' story that Rm. 15,000-20,000 millions of rearmament and/or work-creation bills, representing direct or indirect Reich debt, are in circulation. But it does not contain a clear statement that no new Reich liabilities, other than those which it admits, exist; and in the last respect it is very ambiguously worded. The report deals with the "advance financing" (*Vorfinanzierung*) of work-creation. "Advance financing" is a euphemism devised during the Papen regime for the Papen tax-credit certificate system; and it should really read "arrear financing," that is, borrowing. "Work-creation" expenditure, it is expressly shown in the new report, includes rearmament expenditure. The Papen and subsequent civil programmes are described as "work-creation in the narrower sense"; but rearmament is treated as work-creation in the wider sense. As the civil programmes have been in great part completed, the financing of rearmament work-creation has become relatively more and more important. To an increasing extent in these last months, those bills with which "Reich expenditure for defence reorganisation has been 'financed in advance' must be added." This agrees in substance with the market stories. The market's account of the indirect bill transactions is confirmed by the statement that a "great part of the work-creation programme was 'financed in advance' by means of introducing independent institutions." In consequence, it is added, the money spent will appear in the Reich Budget only when the "advance-financing" credits have been repaid or consolidated. This is very irregular finance, the more so because, as is admitted in the report, the relatively moderate Reich expenditure on civil work-creation has not, despite an actual substantial

revenue increase, been repaid at all, but has been covered by new borrowing.

The Bureau of Statistics proceeds with a table headed "Figures of Advance Financing of Work-creation: Circulation of Bills," the German wording of which does not exclude the possibility that additional liabilities, not shown in the table, have been incurred:—

	(Millions of Rm.)			
	Reich Treasury Bonds	Tax-credit Certificates	Bank Acceptances	Other Bills
End January, 1933....	1,743.1	325.7	1,852.3	6,720
Do. 1934....	2,254.0	1,276.5	1,448.1	7,720
Do. 1935....	2,758.5	1,182.7	1,233.8	9,550
End May, 1935.....	3,532.4	957.9	1,085.8	11,180

In this table the only important column, and also the only obscure and useless column is that of bill circulation. This column is important because the market story of rearmament "advance-financing" is a story of the rapidly increasing bill circulation; and it is obscure because, although the ostensible aim is to show the Reich's liabilities, the total of "other bills" comprises "commercial bills in the narrower sense, work-creation bills, and special bills for advance-financing of special (rearmament) Reich expenditure." If the bill circulation total is correct, the banks' stories are very greatly exaggerated, the increase for all bills since January, 1933, being less than Rm. 5,000 millions. But it is not stated what part consists of commercial, and what part of work-creation or rearmament bills. Indeed, the figures of the bill circulation do not agree with those of other official authorities. The figure for May, 1935, is elsewhere officially given as Rm. 12,470 millions, which is Rm. 1,300 millions higher than the figure of the Statistical Bureau. The bill circulation, which declined very much during the depression years, is shown to have approximately regained the highest level of the good-trade period, when it stood (end of 1928) at Rm. 12,280 millions. The share in the total which falls to commercial bills, though not given, has certainly fallen enormously. At the end of 1932, immediately before the Nazi government took office, out of a total bill circulation of Rm. 5,678 millions, only Rm. 1,338 millions were public (treasury and municipal) bills. Since then, the admitted total circulation has nearly doubled. It is not possible to say what part consists of commercial bills; and a formal return would be worthless now, owing to the new (undefined) distinction between commercial bills in the "narrower" and in the "wider" sense, which distinction the market understands as connected with the ostensibly "private" financing of Reich armaments undertakings.

The Bureau of Statistics report is characteristic rather than enlightening; and present information about rearmament finance may be described as private surmise complicated by official confusion.

BERLIN, August 7.

HOLLAND

POLITICAL AND ECONOMIC UNCERTAINTY

POLITICAL uncertainty in Holland continues. For the present, Dr. Colijn has taken the reins again, but what policy the new Cabinet will adopt remains still an open question. We shall now have to wait until the third Tuesday in September, when the House of Commons will reassemble after the recess, before any certainty can be gained about the possible co-operation between the Cabinet and the Lower House. Meanwhile, economic conditions in the Netherlands show not the slightest improvement. Difficulties over wage cuts persist. Now it is the Tilburg woollen industry which presses for a further reduction of 10 per cent. in wages. The employers' opinion is based on the conviction that this is the only possibility of their being able to carry on in competition at home and abroad.

During the past week a certain relaxation has occurred in the money market of Amsterdam. Both the private discount rate and the prolongation rate show a decrease after the end of July to 4 per cent. and 3½ per cent. respectively, so that the margin between the official discount rate (6 per

cent.) of the Netherlands Bank amounted to no less than 2 per cent. As anticipated, the Netherlands Bank last Friday lowered the discount rate by 1 per cent. to 5 per cent. This decrease, however, means nothing more than conforming to the rate of interest in the open market.

There is still no question of a return of the gold which drained away in the crisis. Some gold (G. 25 millions) has returned, but the rates of exchange have not developed in such a manner as to enable expectations to be entertained of a large import of gold. There is no talk yet of repatriation of capital. And uncertainty is evident in the tone of the Amsterdam bond and share market. Here, too, there is no sign of an improvement in sentiment.

UNFAVOURABLE BALANCE OF TRADE

The Netherlands balance of trade for the first half of the year is again unfavourable. The shrinkage in our foreign trade, which has long been apparent, has not ended. Both imports and exports during the second quarter of 1935 again decreased in comparison with the same period last year. As in the first quarter, the shrinkage was more marked in imports than exports.

A survey of the imports and exports in the separate quarters of the last few years follows:—

	(In millions of guilders)					
	Imports			Exports		
	1932	1933	1934	1932	1933	1934
1st qr.	356	279	276	218	178	168
2nd qr. ...	320	283	261	200	178	171
3rd qr. ...	293	321	251	207	192	195
4th qr. ...	330	326	250	221	178	177

	(In millions of kg.)					
	1932	1933	1934	1932	1933	1934
1st qr.	5,281	5,536	4,661	3,032	3,212	2,948
2nd qr. ...	5,765	5,622	5,069	3,215	3,369	3,021
3rd qr. ...	6,781	5,995	...	3,423	3,532	...
4th qr.	6,254	5,554	...	3,097	3,211	...

Trade with Great Britain, as with Germany and Belgium, decreased. Imports from Britain were down from 896 million kilos. at 52 million guilders, to 697 million kilos. at 43 million guilders. Exports to Britain diminished from 576 million kilos. at 65 million guilders to 513 million kilos. at 64 million guilders. The export surplus with England, which in the first six months of 1934 amounted to 13 million guilders, rose in 1935 to 21 million guilders. The decrease in imports was occasioned primarily through reduced Dutch imports of coal, etc., of which the imports from England fell from 691.5 million kilos. to 548.0 million kilos. "Lime, trass, cement" also declined sharply (from 25.0 million kilos. to 7.1 million kilos).

In the exports to England, the quantity showed a decrease, which points to the fact that, *inter alia*, relatively low-priced quality goods were concerned in this decrease. Thus the export of iron, steel and manufactures thereof, mostly scrap iron, diminished from 21.1 million kilos. to 11.7 million kilos. Another big falling-off was that in fresh vegetables, from 67.8 million kilos. to 48.6 million kilos. (respective values being 3.7 and 3.4 million guilders). Dutch exports of butter to England rose from 10.1 to 12.1 million kilos., of cheese from 3.3 to 6.3 million kilos., and of eggs from 4.2 to 15.6 million kilos. The export of meal and bran rose from 50.1 to 58.2 million kilos., vegetable oils from 12.1 to 24.5 million kilos., blubber oil from 6.8 to 17.2 million kilos.

AMSTERDAM, August 7.

SWITZERLAND

TRADE LANGUISHING

THE foreign trade returns for the first half-year show no great change since the end of 1934.

	(In million S. Frs.)			
	Imports	Exports	Import surplus	
First half-year				
1934	712.6	405.0	307.6	
1935	622.6	402.2	220.4	
Reduction in year ...	90.0	3.8	87.2	

The decrease in imports was mostly due to import quotas but partly also to a fall in requirements of raw materials,

which indicates that Swiss industry is not very active. The four chief exporting industries do not show very gratifying results. The watchmaking industry is slowly but steadily recovering and reports a rise of roughly Sw. Frs. 6 millions; and the machinery industry shows an increase in exports of Sw. Frs. 2 millions. But silk exports are down by Sw. Frs. 10 millions and cotton exports by Sw. Frs. 8 millions.

Switzerland's foreign trade with the five chief countries was as follows:—

From or to—	(In millions of francs)		Swiss Exports.	
	1934.	1935.	1934.	1935.
Germany	196.3	161.6	79.0	90.1
France	110.6	106.2	63.1	60.4
Italy	59.3	47.0	32.6	38.2
Great Britain ...	45.4	37.7	43.3	35.4
U.S.A.	40.4	32.6	26.1	20.7

At the end of June there were about 59,000 unemployed, as against 65,000 at the end of May and 47,000 at the end of June, 1934. The largest numbers out of work were in the building, metal and watchmaking, textiles and commercial categories.

THE FEDERAL RAILWAY DEBACLE

The languishing economic situation is reflected in the dwindling receipts of the Federal Treasury, and in the smaller earnings of the Federal Railways. The Railways problem may, indeed, be the cause of the Government's failure.

During the first half-year railway receipts totalled Sw. Frs. 147,840,000, compared with Sw. Frs. 160,550,000 in 1934, while expenditure, thanks to drastic retrenchment, reached Sw. Frs. 114,190,000, against Sw. Frs. 118,410,000 last year, thus leaving a surplus of roughly Sw. Frs. 33 millions. Compared with 1934, passenger traffic shows a drop of 3,800,000 persons and Sw. Frs. 5,200,000, and goods traffic a decrease of 651,000 tons and Sw. Frs. 8,200,000. It is estimated that, after paying interest on debt, there will be a deficit of about Sw. Frs. 60 millions at the end of the current year. The Railways' debt stood at Sw. Frs. 3,100 millions at the end of 1934, and the total interest on it is estimated to increase in the next few years at the rate of Sw. Frs. 2 millions a year as, owing to the peculiar statutes of the Railways, the yearly deficits can only be met by means of loans. The situation of the Federal Railways is catastrophic. They are losing £7 per minute; the Government is doing nothing, save issue some statement now and then to emphasise the plight of the Railways, explain the Administration Board is not responsible for it, and exhort the people to be ready for another sacrifice in order to save them.

Truth to tell, petty politics have ruined the Railways, as they have ruined many State undertakings; the Government is unable to impose its will on the political *camarillas* concerned in the Railways, and to inaugurate the re-organisation plan for which the Swiss people have been waiting since last year. Meanwhile the situation grows worse every day and constitutes a grave menace to the Federal Treasury, which, one day or another, is likely to have either to repay or to take over the Sw. Frs. 3,000 millions (£200 million) of Railway Debt.

The reasons for the Federal Railways' failure are legion. For example, there are: The excessive price for the various lines which was paid by the Government about 30 years ago; losses deriving from the war and the economic crisis; road competition; electrification costs; and the excessive cost of palatial new buildings (railway stations, etc.). There is little to say on the first two causes, except that it might have been possible to constitute bigger reserves during the prosperous years in order to redeem a part of the debt. For road competition there is only one possible solution: a reduction of transport taxes, which would not only bring back passengers and goods to the railways but also foster the tourist traffic. The reduction of these taxes is the first measure of reorganisation which ought to be taken, but the Administration Board lacks the necessary courage. As for electrification, much less was spent on it than was forecast, and it was urgently necessary.

GENEVA, July 27.

ARGENTINA

AN AFFRAY IN THE SENATE

DURING a very heated debate on the meat question, the Senator for Santa Fé was mortally wounded and the Minister of Agriculture and a National Deputy injured. The affair does not appear to have any political significance, the author of the crime being, it is understood, an ex-police commissioner who was dismissed from his post some time ago. The motive of the crime is not known. As a result of the heated discussions which took place in the various debates on the meat situation, and which terminated in this tragic affray, the Minister of Finance, Dr. Pinedo, challenged Dr. de la Torre, also Senator for Santa Fé, to a duel. That a serious debate in the Senate should have concluded in such a tragic and undignified manner has shocked opinion at home and abroad.

An extraordinary decree has been published to the effect that all agencies, etc., formed with the object of supplying information to local or foreign periodicals, as also private bodies or persons so engaged, must deposit with the authorities, as a guarantee of good faith, a sum of money not less than \$5,000 or more than \$50,000. This decree is being vigorously opposed by all foreign and local press correspondents, as also by the national press.

IMPROVED FOREIGN TRADING POSITION

Argentina's foreign trade has greatly improved this year. The following table shows Argentina's total imports and exports for the first six months of 1934 and 1935:—

	1934	1935	Difference
	\$	\$	%
Imports	505,120,498	559,403,502	+10.7
Exports	717,626,233	832,343,631	+16.0
Export surplus	+212,505,735	+272,940,129	+28.3

Argentine imports from—	1934	1935	Percentage of Total Imports	
	\$	\$	1934	1935
United Kingdom	104,392,730	114,520,393	22.7	22.1
United States ...	67,679,448	76,218,786	14.7	14.7
Germany	51,605,561	44,518,861	11.2	8.6
Belgium	20,134,001	33,292,368	4.4	6.4
Italy	36,351,975	25,404,861	7.9	4.9
France	24,324,418	23,110,900	5.3	4.6
Japan.....	8,368,429	22,844,804	1.8	4.4

These figures continue to show a very satisfactory improvement in trade, the volume of which has increased by 13.8 per cent. as compared with last year. It is confidently expected that the favourable balance of trade will exceed \$400 millions before the end of the year. Should this be the case, the exchange outlook would be clearer than at present. Even in the event of there being sufficient exchange to supply all requirements, it is, however, doubtful whether the Argentine authorities would discontinue the control. Exchange control in the form employed in the Argentine is very intricate, and its sudden discontinuance would not be feasible or wise. The process will have to be gradual, and it is possible that in the place of the present stringent regulations some system of exchange clearing agreements might with advantage be adopted.

Argentina's imports from Great Britain increased considerably during June, when British goods to the value of over \$20 millions entered the country, as compared with \$18 millions for June last year. The increase in imports from Japan, which has been such a marked feature of the returns during recent months, was checked during June. Of exports, 21 per cent. have been registered as "for orders," so that no accurate comparisons can be made. There is, however, one item worthy of comment: exports to the United States have increased from \$42 millions in the first six months of 1934 to \$86 millions for the corresponding period this year. Practically all classes of imports show substantial increases, the only notable exceptions being foodstuffs, tobacco and rubber. Textiles, machinery and fuel all show very handsome increases as compared with 1934.

BUENOS AIRES, July 27.

JAPAN

TRADE WELL MAINTAINED

THE main features of the June trade returns compared with those of a year ago are a decline in imports and a slight increase in exports. The total trade turnover has only risen by 780,000 yen. For the first six months of the year, however, both imports and exports show fairly large increases. Comparisons of the value figures for June, and of those for the first six months of this year and last, are set out below:—

	Month of June		Increase (+) or Decrease (—)	
	1934	1935	in 1935	%
	Yen	Yen	Yen	%
Imports	201,606	195,040	— 6,566	— 3.2
Exports	183,904	191,252	+ 7,348	+ 4.0
Total	385,510	386,292	+ 782	+ 0.2
Import surplus	17,702	3,778	— 13,924	— 8.6

	First Six Months		Increase (+) or Decrease (—)	
	1934	1935	in 1935	%
	Yen	Yen	Yen	%
Imports	1,220,962	1,415,938	+ 194,976	+ 16.0
Exports	1,041,166	1,221,373	+ 180,207	+ 17.3
Total	2,262,128	2,637,311	+ 375,183	+ 16.5
Import surplus	179,796	194,565	+ 14,769	+ 8.2

The increase in exports is almost entirely accounted for by manufactured goods. If the above two tables are compared, however, it will be seen that the rate of expansion of overseas markets is slowing down, for the increase in exports during the past half-year as compared with 1934 was 17.3 per cent., against only 4 per cent. last month.

The recent trend in home trade statistics continues. Output of cotton yarn in June totalled 121,892,000 lbs. over May, and rayon yarn production during last month amounted to 18,616,000 lbs., or 1,729,000 lbs. more than in the preceding month. The aggregate value of all shares listed at the Tokyo Stock Exchange on July 1st was again down, by 136.7 million yen, or 2.3 per cent., compared with a month ago. The Bank of Japan's wholesale index number for June registered a further fall of 1.2 per cent. on the month.

The Department of Agriculture and Forestry's forecasts of the wheat and allied grain crops for the country, excluding Hokkaido, at June 10th, placed the year's wheat crop at 9,414,000 koku, an increase of 2.7 per cent. over the actual yield of last year. The estimates for the barley and rye crops, at 7,127,000 koku and 6,368,000 koku respectively, are increased by 5.5 per cent. and 6.2 per cent. According to the report of the same Department, the output of spring cocoons for the country, excluding Hokkaido and the north-eastern provinces, is estimated at 37,281,000 kamme, a decrease of 5,785,000 kamme (13.4 per cent.) from last year's figure.

The new Governor of the Bank of Japan recently convoked leading bankers and stated that the immediate monetary outlook can be regarded as moderately favourable owing to an improvement in the balance of international payments, to the continued downward monetary trend, and to good sales of Government securities. According to the report presented to the conference by the Bank of Japan, open-market sales of Government bonds from November, 1932, to June, 1935, totalled 2,146 million yen, excluding Treasury bills of 23.8 million yen and rice notes of 132 million yen. Gold bought by the Bank since the inception of the Gold Purchase Act in April, 1934, amounted to 86.4 million yen at par, besides 34.6 million yen which was taken over from the Government, making a total acquisition of 121 million yen. The bankers' deposit rate was lowered to 3.7 per cent. in big town banks and to 4 per cent. in the majority of lesser banks throughout the country.

POPULATION INCREASE SLOWING DOWN

The natural increase in the Japanese population last year was again considerably smaller, and was nearly 200,000 below the figure for the peak year of 1932, when the annual increase reached the million mark. According to the

recently published report of the Bureau of Statistics, the natural increase in 1934 was 809,224, or 11.87 per 1,000 of the population. The number of births and deaths were 2,043,807, or 29.97 per 1,000, and 1,234,583, or 18.10 per 1,000, respectively. In 1933, the natural increase was 927,209, or 13.79 per 1,000, the birth-rate and death-rate being 31.55 and 17.76. The smaller increase in 1934 is thus accounted for both by a lower birth-rate and a higher death-rate, which, in turn, may be attributable partly to extremely bad harvests in North-Eastern Japan.

TOKYO, July 12.

HONGKONG

HONGKONG'S CURRENCY OVERVALUED

THE recent arrival of one of the principals of H.M. Treasury, Mr N. E. Young, came as a complete surprise. It appears, however, that Sir Frederick Leith-Ross's mission makes it desirable that the financial relationship between Hongkong and China shall be taken into account, and Mr Young's particular task is to collect such information as will have any bearing on that problem. When, in October last, China imposed a special export duty on silver amounting to an embargo, Hongkong did not follow suit, despite the view previously held that any change in China's currency policy would have to be adopted by the Colony. It was, however, felt by foreign bankers here that so drastic a measure could not be maintained. Nine months have now elapsed and China is still pursuing the policy adopted last October. The present state of affairs in Shanghai is no recommendation for that policy so far as Hongkong is concerned. There is no doubt that a portion of our *entrepôt* trade has been affected by the disparity between Hongkong currency and that of China, but to what extent it is impossible to estimate. On the other hand, the linking of our currency with China's system would have done nothing to discourage persistent Japanese competition, particularly in textiles. At the moment the harassed business man is inclined to take a philosophical view of the situation, and he is clinging to the hope that Sir Frederick Leith-Ross will be able to prescribe a sovereign remedy for China's currency ills and persuade the patient to take it.

While the Shanghai dollar is technically enjoying a relatively stable exchange value, the Hongkong dollar fluctuates in a disconcerting manner. In the course of twenty-four hours the Hongkong dollar has ranged from 2s. 2d. to 2s., after a more or less steady decline over two months from 2s. 6d. There is a considerable amount of speculation affecting the exchange market, and although certain interests may benefit, ordinary trade does not. One of the more unfortunate effects of the high level of the Hongkong dollar has been the almost total eclipse of local industries. With exchange at 1s. 6d. or lower a considerable export business was developing with the Crown Colonies and, in rubber shoes, with the United Kingdom. The business with the Crown Colonies was distinctly promising, for the quota on Japanese goods had opened a wide field for the products of Hongkong factories. With the exchange now at double the value of the yen, Hongkong exporters have been unable to compete, and many local industrial concerns have been obliged to close down.

The reduction in the interim dividend of the Hongkong and Shanghai Banking Corporation by 10s. to £2 10s. was as unexpected here as it was in London, where the shares fell from £124½ to £110 in one day. There has since been some recovery in the price of the shares, and it is generally felt that a policy of conserving the Bank's reserves in this time of uncertainty in the Far East is thoroughly justified. The improved trading conditions in some parts of the East have probably benefited the Bank, but the fact remains that the chaotic state of China's finances has directly affected those commercial interests upon which the Bank depends for much of its profits.

HONGKONG, July 20.

LETTER TO THE EDITOR

STABILISATION AND WHOLESALE PRICES

TO THE EDITOR OF THE ECONOMIST

SIR.—In discussing the pros and cons of "Conditional Stabilisation," Sir Arthur Salter draws what we believe to be a false distinction between internal trade and external trade. Though our internal trade improves on unstable exchanges, he suggests that there are limits to internal expansion and, with the solution of our unemployment dependent on recovery in the export trade, he observes:—

It is difficult to imagine any considerable revival of foreign trade while the relation of national currencies to each other is as uncertain as it is at present.

As revival of our trade in the Lancashire cotton industry depends upon increased consumption of our goods in every corner of the earth, and as we have long studied the relation between monetary policy and the purchasing power of our overseas customers, we feel competent to judge whether stabilisation is or is not essential to recovery in our export trade. In our judgment, the first essential is a substantial recovery in the prices received by producers the world over for their foodstuffs and raw materials; and stabilisation is a very secondary consideration.

The main reason for our difficulties is that primary producers throughout the world have had their gross income halved by the disastrous fall in wholesale commodity prices. Their debt payments and public taxes are as they were ten years ago; so that their net income for personal spending is reduced to little or nothing at all. The majority of peasant farmers in India, for instance, are half starved and less than half clothed. If they are again to enjoy even the low standard of life enjoyed by them in the year 1924, the wholesale prices they receive for their own produce must be raised proportionately. This is the only practical means to restore their purchasing power and to revive the trade of our staple export industries.

In our considered judgment, having taken all the aspects of the gold position into account, a universal devaluation of currencies to something like 50 per cent. of existing gold values would be required to raise wholesale commodity prices, if only temporarily, to prosperity levels. This is far from the intention of the authorities who now advocate restabilisa-

tion on gold. The very fact that they argue gold to be now in sufficient supply to prevent further falls in prices on gold currencies (a debatable assumption) shows that they have, in fact, little concern for the masses of the world who, by their previous administration of monetary policy, have been deprived both of purchasing power and property.

Sir Arthur Salter is right when he remarks that gold and the bank rate exercised, in the past, an absolute tyranny over economic activity; but he is mistaken in arguing that, in the past, this was a beneficent tyranny. There was nothing beneficent in the tyranny exercised in the depressed thirties and forties and in the depressed eighties and nineties of the nineteenth century, nor even in the short acute depressions of 1901-1902 and 1908-1909. Gold standard and bank rate then forced prices down; and, in the intervals, they worked satisfactorily only because, with huge gold discoveries, they stimulated rapid advances in prices.

Sir Arthur Salter's new plan of conditional stabilisation is only different in detail from the old stabilisation, which, as shown by the break-away from gold in the year 1914 and since 1931, was in practice only conditional. His plan actually envisages the powerful co-operation of world equalisation funds to keep weakening currencies on gold. Producers and traders would have reason to lament this co-operation; for it is obviously designed to prolong the period of their economic and financial distress, which invariably precedes Government action in departing from fixed parities. With such additional help, from August, 1931, onwards, the Bank of England could have kept Great Britain under the tyranny of the old gold standard for many months longer.

With currencies stabilised, more enlightened Governments would have to subordinate their domestic policy to the views of such reactionary Governments as are now imposing economic deflation and adding to the difficulties of their primary producers and staple industries. With unstabilised currencies, the more enlightened Governments can at least improve the conditions of primary producers and staple industries in all the countries under their own monetary control or influence. Not until all countries will consent to provisions which will guarantee a substantial rise in prices universally should the Governments of the British Commonwealth consider stabilisation.

Yours faithfully,

W. M. WIGGINS,

Chairman, Silver and Monetary Policy Committee.

The Federation of Master Cotton Spinners' Associations, Ltd.,
Fifth Floor, Royal Exchange, Manchester.

BOOKS AND PUBLICATIONS

MUSSOLINI'S ITALY*

THE years which have passed since the March on Rome in October, 1922, have accustomed us to the existence of the Fascist dictatorship in Italy, and Fascism has become a generic concept of politics to be set alongside parliamentary democracy and Communism as one of the three possible types of modern State. We now use as an abstract term in current speech an Italian word which would hardly have been known to a well-informed journalist in 1919; and this is a measure of the degree to which Mussolini's regime is new in kind and not classifiable under the older political terminology.

Fascism affords a contrast to Communism, for the proletarian dictatorship had been familiar in theory, if not in fact, for two generations before Lenin, acting on the theory, seized power in Russia; while the Italian *Fasci di Combattimento* set out to fight in the streets without any coherent doctrine, and only formulated a body of principles after they had actually set up a new kind of political system—a new kind of political system, but not a new system—active and revolutionary, a defence of an existing order and yet a phenomenon belonging wholly to the post-war world. It is the counter-reformation of a Europe shattered by war and threatened by social revolution, a movement which resorts to despotism but rejects dynastic right; which

destroys democracy but takes over its most characteristic products, demagogic propaganda and mass-party organisation; which maintains private ownership of the means of production and yet pours scorn on the "bourgeois spirit" and preaches the "totalitarian" authority of the State.

Dr. Finer, who is author of "The Theory and Practice of Modern Government," has set out to trace the history of the Fascist movement in Italy and to analyse the institutions which it has established. The result is a work of great importance. It is rather diffuse and shows a certain weakness for platitudes, but it covers the ground with a wealth of that kind of detail which is lacking in more superficial accounts of the subject. A great part of the book is taken up with lengthy quotations from Fascist speeches, documents, books and articles, and these are very effective in conveying the mental atmosphere of Fascism, as well as for the light they throw on particular points of policy or doctrine. The author is definitely, and sometimes violently, anti-Fascist in his attitude, but the case he makes against the system is serious criticism, and never descends to mere vituperation. He confesses to a considerable personal admiration for Mussolini, with whom he had an interview, and whose presence he found "exciting, disturbing and, finally, commanding." But just because Mussolini is "so different from the average Italian" he thinks the system is unlikely to survive him.

Dr. Finer says "it is difficult to over-emphasise the part which personal differences, arising out of ambition for power, have played in Mussolini's career." Having been expelled from the Socialist Party in November, 1914, for

advocating Italy's intervention in the Great War, he became the implacable foe of the official Socialist leaders while at the same time remaining a Socialist, according to Finer, "until far down into 1921." But he could not obtain power as a Socialist in isolation from the main body of the working class, and his will to power, intensified by the political necessity of "delivering the goods" to his turbulent followers, led him into alliance with the Right. With the collusion of the propertied classes, the Army and the Throne, all haunted by fear of the "Bolshevik peril," Mussolini climbed to supreme power. Once in control of the State he made his authority despotic, but he only rules on condition that he respects the fundamental rights of private property. As Finer puts it: "He detested, and he detests, the wealthy; but they had brought him to power; he had, and preserves, a native affection for the workers, but they could take his power away." In this situation Mussolini devotes himself to "the supreme interests of the nation." The preamble to the 1926 Constitution of the Fascist Party declares: "Fascism is a militia at the service of the nation. Its objective: to realise the greatness of the Italian people." The economic system is subordinated to the supreme interests of the nation through the Corporations, but these are "machinery to correct the faults of private enterprise, which is accepted as fundamentally sound"; the Fascists "have nothing to say about the division of the product of industry on any but the present system." The supreme interests of the nation do not require any radical social change; their significance lies in the international rather than the domestic sphere. The task of Fascism is "to realise the greatness of the Italian people"—by imperial expansion. For if a party rejects liberal-utilitarian values and yet at the same time rejects Socialism, what can it be but chauvinist? "Remember," said Mussolini in a speech to the Young Fascists in 1930, "that Fascism does not promise you honours or jobs or rewards, but only duty and fighting." Now, it appears, the Fascist system is soon to give its followers duty and fighting in plenty.

SHORTER NOTICES

"The Problems of the Foreign Exchanges." By L. L. B. Angas. Macmillan. 273 pages. 20s.

This book is the second of a series of three, the preceding volume bearing the title "The Problems of Money," and the third that of "Methods of Preventing Unemployment and Bad Trade." It is not stated why the second volume has been issued first, and it is perhaps not entirely just to review it separately, though the main argument of the first volume is conveniently summarised in a series of Appendices.

The title of the book might lead the reader to suppose that it is an exposition of the workings of the foreign exchanges. In fact, it is a tract against any return to the gold standard, and such expository passages as are inserted are brief and by no means as well done as the remainder of the book, especially since Major Angas is given in excess to the habit of inventing high-sounding titles for comparatively simple theses—e.g. when he wishes to say that international loans must in the long run be paid in goods he calls it The Theory of the Commodity Counterpart of International Loans.

Regarded as a tract, the book is very well done. Apart from his newly-invented technical phrases, Major Angas argues clearly and forcefully. His case against the gold standard is not that it is inherently harmful or unworkable, but that the monetary authorities of the different nations will be politically unable to fulfil the conditions which are essential to its successful working. They will not be allowed to deflate, they will not lose gold cheerfully, and they will not forbear from imposing excessive tariffs. But though he is shrewd and perceptive in his treatment of the gold standard, he is almost naively optimistic about inconvertible paper. "A paper system," he says, "permits (although it does not absolutely ensure) internal price stability," but his whole argument is founded on the premise that the degree of assurance is very considerable. Moreover, he is a stout disbeliever in the possibility of runaway exchanges and an equally stout believer in the Purchasing Power Parity theory. Others will not be so easily satisfied, and they will feel disappointed that Major Angas so briefly dismisses the alternative policy of variable gold parities.

Major Angas' book formulates a point of view which is very widely and tenaciously held, although it too rarely

achieves public expression—namely, that Great Britain has far more to gain than to lose, even in the sphere of international trade, from a regime of freely fluctuating exchanges. It would deserve a very wide audience, had not the price been fixed quite scandalously high.

"The Rebuilding of Manchester." By Sir E. D. Simon and J. Inman. Longmans. 173 pages. 5s.

This book reminds us in its historical introduction that the city of Manchester has had to pay for its nineteenth century devotion to *laissez-faire* with an haphazard, ungainly growth, slums, lack of central parks, and a grimy atmosphere. Fortunately it has in Sir Ernest Simon a patriotic citizen who has shown a way for the city to right former wrongs. He and his collaborator, Mr Inman, have prepared in broad outline a practical long-term scheme for rebuilding Manchester, which deserves to be copied by our other industrial towns.

Manchester, an elongated lozenge four miles wide by twelve miles long, with its civic and business centre to the north, is by no means unbeautiful. Four or five miles south of the centre lie pleasant middle-class suburbs like Didsbury; while the 5,500-acre Wythenshawe area that has recently been acquired by the City Council for building, contains parkways (wide strips of grass separating the footpath from the through traffic road) which, although common enough in the United States, are unique in England. But around the centre there is a thick ring of slums including tenements where shocking conditions of overcrowding exist.

The authors have evolved, with the aid of an architect, a plan whereby an enlightened City Council (suitably assisted by the Government) could rebuild Manchester without violent changes so that the whole of the area round the centre could be made like Didsbury or Wythenshawe, and the slum ring destroyed and replaced by modern flats, new parks and parkway roads. In spite of Sir Ernest's known preference for cottages in which to rehouse the working population, he concedes four-story flats (apparently without lifts, although surely the money might be found for them) to house 40,000 families; while he would put 60,000 more into cottages either in Wythenshawe or in adjacent parts of Cheshire, but at present outside the city boundary.

The book is written with extreme lucidity. There are details over which there will be disagreement. It seems a pity to stop up almost the only rapid exit from Manchester into the country by building all over neighbouring Cheshire. Perhaps the authors, if they are thinking so long ahead, have not sufficiently emphasised the possibility of building satellite towns, with their own industries, farther out, rather than as dormitories. But the book is stimulating not merely to the Manchester citizen but to anyone interested in the broader aspects of planning, of municipal government and of housing.

BOOKS RECEIVED

Statistical Year-Book of the League of Nations, 1934-35. (London) Allen and Unwin. 314 pages. 10s. net.

Survey of Britain's Recent Commercial Policy. By the Federation of British Industries. (London) Federation of British Industries, 21 Tothill Street, S.W.1. 49 pages. 1s. net.

The Prospects of British and American Trade with the Soviet Union. (London) School of Slavonic and East European Studies in the University of London. 50 pages. 3s. 6d.

Annali dell'Istituto di Statistica, Vol. VI. Regia Università degli studi "Benito Mussolini." Bari. 178 pages. No price given.

Administration of Estates with Respect to Assets Abroad. In England, U.S.A., France. Foreign Law Series No. 4. (London) Sweet and Maxwell, Ltd. 155 pages. 9s. 6d.

Higher Control. A Manual for Company Directors, Secretaries and Accountants. By T. G. Rose. Second Edition. (London) Pitman. 269 pages. 12s. 6d.

Clerical Labour in Britain. By F. D. Klingender. (London) Martin Lawrence, Ltd. 115 pages. 2s. 6d. net.

World Reorganisation on Corporative Lines. By Giuseppe de Michelis. (London) Allen and Unwin. 312 pages. 10s. net.

100% Money. By Irving Fisher. (London) Allen and Unwin. 212 pages. 10s. net.

Controlling Depressions. By Paul H. Douglas. (London) Allen and Unwin. 236 pages. 10s. 6d. net.

Commodity Control in the Pacific Area. Edited by W. L. Holland. (London) Allen and Unwin. 452 pages. 25s. net.

Tobacco under the A.A.A. By Harold B. Rowe. (London) Faber and Faber. 317 pages. 11s. 6d. (Washington) The Brookings Institution. \$2.50.

* "Mussolini's Italy." By Dr. Herman Finer. Gollancz. 550 pp. 18s. net.

MONEY AND BANKING

THE STATE AND THE BANK—I

THE relations between the Government and the Bank of England have for a long time been a mystery to most people. To some extent this mystery has become intensified through deliberate misconceptions. The resentment of the Labour Party against the Bank for the rôle which it played in the crisis of 1931 still rankles, and there is no doubt that many members of the Labour Party believe that the Bank of England at that time imposed its will instead of merely stating its interpretation of the position and tendering its advice. The Bank's traditional right of note issue and the fact that its notes are legal tender have also given rise to misunderstanding, and some people really believe that the Government has surrendered to the Bank its power of control over all forms of money and credit. This view, however, overlooks the fact that the functions of the Bank derive from Parliament through legislation such as Peel's Bank Act of 1844, and the Currency and Bank Notes Act of 1928, both of which impose statutory limits upon the power of the Bank of England.

Nevertheless, the exact relation between the Government and the Bank remains largely unknown, and for this both parties are themselves largely to blame. The Government is often unwilling to discuss monetary questions in Parliament, and is always prone to take refuge in the legal fiction that the Bank of England is a private undertaking enjoying with the Government the confidential relations of banker with client. The Bank, on the other hand, recruits its directorate mainly from the City instead of from the country at large, it never explains or attempts to justify its action, and in law and in theory it is responsible to no one for its actions. In practice it would find it very difficult to run counter to the wishes of the Government of the day, and in practice the Government has unobtrusive ways of making its wishes felt. Yet the mere fact that no open conflict has in recent years developed between the Government and the Bank suggests to the public not that the Bank has always tendered good advice, but that the Government has invariably given way and accepted the Bank's advice, whether that advice was good or bad. In other words, the absence of any conflict is generally thought to indicate the subordination of the Government to the Bank in monetary affairs.

If this view is correct, it is an indictment of recent Governments more than of the Bank. But, in fact, there is no reason to suppose that it is always the Government which has given way. Still, the written and unwritten power of the Bank and its relations with the Government certainly need greater publicity than they have so far received. All that has hitherto emerged on this subject is to be found in the evidence of the Deputy-Governor of the Bank before the Macmillan Commission. This is about five years old, and as Great Britain was at that time still on the gold standard, the field within which there was room for the exercise of discretion was quite different from that of the present day. The Deputy-Governor stated broadly that the Bank acted as the Government's banker, that it gave the Government advice on all technical matters coming within the Bank's purview, and that it acted as the Government's agent in carrying out the Government's decisions of policy. Day-to-day policy is apparently a matter for the Bank alone, though even this has never been categorically confirmed. According to the Macmillan Report, day-to-day policy includes alterations of Bank rate, open-market operations, and the exercise of influence over other prominent elements in the money market, and, indeed, we would add, in the whole of the City. The Exchange Equalisation Account did not exist at the time of the Macmillan Report, and so it does not state to what extent the day-to-day operations of the Account are determined by the Government or the Bank. Nor has any such statement ever been made. Generally speaking, the Macmillan Report has ceased to be a wholly accurate guide to the facts, and most of its recommendations were concerned with the proper use

of the Bank's attenuated gold reserves. To-day the size of the gold reserve has ceased to be of vital importance.

The real difficulty behind the attempt to define the functions of the Bank is that many of its powers are unwritten and traditional—just as most of the traditions of the City as a whole are unwritten and depend upon a mass of custom developed and proved by its own members. It is clear that leadership is needed in the City, and it is also clear that at times control is desirable. That leadership and that control are exercised by the Bank of England with the City's own consent. There are some advantages in a flexible system of this kind and in an almost complete absence of restriction imposed by law. It leaves the City free to carry on its business without being hampered by Government regulation or red tape. It imposes on the City a sense of responsibility which tends to become sapped so soon as statutory limitations are introduced. At times it leaves too much scope for the rogue or the fool. Still the City has its own ways of dealing with offenders, and it can fairly reply that if business is to be carried on at all, it is necessary to assume the existence of a reasonably high degree of honesty and wisdom.

Yet there is the danger that the City may become a law to itself, and that the Bank may unconsciously acquire powers which more properly belong to the Government; and may even judge questions from the standpoint of the "City" as distinct from the nation. But that the Bank recognises the need to consider the national interest in a broad sense is proved by the fact that during recent years it has been at some pains to attend to the reorganisation of certain British industries and has also recruited part of its directorate from outside the City.

If the Bank is to retain its independence and its unofficial leadership in financial and monetary matters, it is necessary to lay down several guiding conditions:—

(1) The Bank's control and leadership must be entirely disinterested. By common consent the Bank has been disinterested in intention for a very long time. But it would be a great advantage if its knowledge of the interests of the different sections of the community outside the City were more largely obtained by direct consultation than by intuition in Threadneedle Street. In particular, there seems to be no valid continuing reason for maintaining the tradition of distance in the relations of the Bank to its clients, the joint-stock banks.

(2) The Bank must consent to a far greater degree of publicity regarding its actions. This is essential if public opinion is to acquiesce in the exercise of unwritten power over matters of public importance. The Bank must continually be explaining not only what it is doing, but also why it is doing it. At times secrecy is admittedly essential, and information may have to be withheld for weeks or even for months. Yet sooner or later information must be forthcoming, and in regard to many matters information could be released almost at once. As a matter of routine there is no reason why the Bank should not expand its invaluable Statistical Supplement into a monthly expression of opinion on questions of importance, on the lines of the Monthly Bulletin of the American Federal Reserve Board. It should also issue an annual report, which should, as far as possible, contain a full account of its doings.

(3) The Government must also consent to greater publicity. It should co-operate in the preparation of the proposed monthly and annual reports of the Bank. It should define the exact line of demarcation between the functions of the Government and the Bank, and should keep that definition up to date. In fairness to the Bank, it must be careful to explain when an apparent action of the Bank is in reality the execution of a decision of the Government, and statements in the periodical reports of the Bank of England should be supplemented and at times preceded by parallel statements from the Govern-

ment benches in the House of Commons. The adoption of these last two conditions would undoubtedly do much to clear the minds of the public of natural misconceptions which in turn have given rise to fears regarding the supposed powers of the Bank. In themselves they call for no fresh legislation or change in the status of the Bank. It would still be left to act as the technical adviser of the Government and as the link between the Government and the country on the one hand and the City of London and foreign central banks on the other hand. The only difference would be that everybody would know what it was doing and why it was doing it. This knowledge would be as much in the Bank's interest as in that of the country at large, for knowledge gives rise to confidence and to a general acceptance that the Bank's powers are being wisely exercised.

Fuller publicity would create a firmer basis of confidence on which the Bank could found its policies. But publicity for the Bank's operations is a minor matter compared with the nature of the operations themselves—a subject which raises many important questions which must be deferred to a second article. First and foremost of these problems is the re-orientation which the changed circumstances of the last few years have rendered necessary. New functions have been created both for the Government and for the Bank by the general economic confusion of the world and in particular by our own departure from the gold standard and by the attempt to control our foreign trade relations. In this new situation the line of demarcation between the Bank and the Government is much less certain than it was seven years ago. Here, former State documents such as the Macmillan Report are of no assistance at all. Secondly, public opinion is no longer disposed to give the Bank quite the same measure of independence as it has hitherto enjoyed, and it is advisable to consider the relation between the State and the Bank after taking this trend of opinion into account. No responsible person suggests that the complete nationalisation of the Bank is the only or even the best solution, and no one wants to deprive the Bank of the right or duty to carry on its own day-to-day business without ministerial or bureaucratic interference. Yet full publicity, though essential, will not entirely dispose of the problem. National interest and the maintenance of public confidence in our monetary system alike require that the right compromise should be found between the independence of the Bank in operation and the ultimate responsibility of the Government for monetary policy. To this matter—which raises the question of the Bank's constitution as well as its functions—we shall return in a future article.

FINANCIAL NOTES

A Lancashire Banking Amalgamation.—Treasury sanction has been obtained to a proposal to amalgamate two well-known Lancashire banks, the District and the County Banks. The terms provide that shareholders in the County Bank are to be offered for each share of £20, £4 paid, held by them 2½ shares of £1 each, fully paid, to rank with the existing "A" shares (£5, £1 paid) of the District Bank, together with a cash payment of five shillings. On the basis of recent Stock Exchange quotations this gives the County Bank shares a slight turn, and they are also relieved of any further liability to a call. The scheme means that the District Bank absorbs the County Bank, and should leave scope for certain operating economies and the closing of redundant branches, as well as adding to the strength of the new undertaking. On the basis of the June 30, 1935, statements of accounts, the combined deposits of the new bank amount to £71.4 millions, which compares with the £85.7 millions of deposits lodged with Martins Bank, the largest of the Lancashire banks. The new combination will initially have 592 branches, against 550 branches belonging to Martins Bank. The scheme also marks the further progress of the amalgamation movement among the Lancashire banks which followed, and may to some extent have been occasioned by, the big national amalgamations which gave birth to the "Big Five." Seven years ago Martins

Bank absorbed the Lancashire and Yorkshire Bank, while in 1930 Williams Deacon's Bank became associated with the Royal Bank of Scotland. The Union Bank of Manchester became associated with Barclays Bank immediately after the war. The net result will be to leave Martins and the District Bank as the two big independent Lancashire banks, with very little difference in size between them. This should provide a reasonable compromise between strength and independence for the purpose of meeting Lancashire's banking needs, while a further element of competition will be provided by Williams Deacon's and the Union Banks and by the numerous Lancashire branches of the "Big Five."

The Foreign Exchanges.—The London market has been very idle. Superficially there has been an improvement on the Continent. The Dutch Bank rate has been reduced from 6 to 5 per cent. and the French Bank rate from 3½ to 3 per cent. The Netherlands Bank has also regained about Fl. 25 millions of its gold losses. The forward exchange quotations for the gold *bloc* currencies have also improved during the week. Even so, three months' guilders and Swiss francs are still quoted at rates corresponding to 9 per cent. per annum, while the British control has intervened during the week in support of the French franc. It is also believed that the Netherlands Bank was only able to regain its gold by buying it in Paris on its own initiative and at an exchange rate which was not wholly remunerative. Hence confidence is still lacking in the gold *bloc* currencies, and recent news from France is hardly encouraging. The New York rate remains steady at \$4.96½. Three months' dollars are quoted at a premium of 1½ cents. This equals about 1½ per cent. per annum, which is just enough to keep American short money out of London.

The Money Market.—The Clearing Banks have experienced a fair demand for money this week, but the market has had no difficulty in obtaining loans. The banks have been buying at ½ per cent. Treasury bills maturing during the first three weeks of October, and have also bought a few September Treasuries. Hot Treasury bills are a nominal ⅞ per cent.

	July 18, 1935	July 25, 1935	Aug. 2, 1935	Aug. 9, 1935
Bank rate.....	2	2	2	2
Clearing banks' deposit rate ..	1	1	1	1
Short Loan rate :—				
Clearing banks.....	1-1	1-1	1-1	1-1
Others.....	1	1	1	1
Discount rates :—				
Treasury bills	1½	1½	1½	1½
Three months' bank bills	1½	1½	1½	1½

Last week's Treasury bills went at an average tender rate of 11s. 9.13d. per cent. against 10s. 9.77d. per cent. a week before. The total of Treasury bills issued by tender has now risen to £510 millions, against £360 millions on March 31st last and £454 millions a year ago.

The Bank Return.—The holidays have occasioned a further increase in the note circulation to a new high record. The rate of increase during the past fortnight has been normal, and there is no need to seek any explanation beyond the holidays and the fine weather.

	Aug. 8, 1934	July 17, 1935	July 24, 1935	July 31, 1935	Aug. 7, 1935
BANK OF ENGLAND	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department :—					
Gold	191.7	192.7	192.7	192.8	192.8
Note circulation	392.8	399.6	400.8	408.3	411.8
Banking Department :—					
Reserve	59.4	53.7	52.4	45.1	41.5
Public deposits.....	23.9	7.9	8.9	24.4	17.2
Bankers' deposits	82.0	103.6	100.8	75.7	82.7
Other deposits.....	35.7	38.8	36.6	38.5	37.8
Government securities.....	83.3	91.9	88.7	87.4	87.2
Discounts and advances	7.0	9.3	10.3	10.8	14.1
Other securities.....	10.1	13.5	12.9	13.4	13.1

Proportion..... 41.9% 35.7% 35.3% 32.5% 30.1%
Notwithstanding the currency withdrawals by the public, bankers' deposits have risen to £82.7 millions. This is mainly because of a contraction in public deposits.

THE STOCK EXCHANGE

BRAZIL AND HER BONDHOLDERS

BRAZIL'S economic affairs have been the subject of increasingly pessimistic rumour, in London, this week. For many months past the Brazilian bondholder's lot has been unfavourable, but the further heavy fall in quotations during the last few days has, by its rapidity, surprised even a market fairly accustomed to ill-news. When Brazil's unilateral debt scheme was presented to the London market in February last year, well-informed City opinion compared the meagre terms offered on the junior issues with the supposedly favourable prospects of economic recovery in the Republic. Events, unhappily, have disproved this optimism, for during the succeeding eighteen months Brazil's economic and financial situation has undoubtedly deteriorated. As we showed in a leading article in last week's *Economist* (page 236) Brazil's economy is largely bound up with the fortunes of a single commodity, coffee, in which she has lost her effective world monopoly, after maintaining a protracted and expensive "valorisation" scheme with doubtful success.

In the absence, so far, of official information, the financial policy of Rio is obscure. Fears of a new default, expressed in the bond market this week, may have owed something, in their origin, to sustained propaganda in certain of the less responsible organs of the Brazilian press. They have received, as yet, neither confirmation nor denial, although the market, on Thursday, became rather more reassured, in anticipation of an early statement from the Brazilian Government. There is, in any case, sufficient cause for nervousness. The exchange situation is controlled on a highly confusing *ad hoc* basis, the Federal finances are becoming seriously strained, and the coffee position grows increasingly top-heavy. "Seven-day defaults" on the January and July coupons of certain San Paulo issues were symptomatic of the clouded outlook. Are these short delays the advance signal of more serious trouble for bondholders? Can the rising scale of service, under the 1934 Debt Plan, be guaranteed for Grades V to VII in the current year? Can the authorities resist pressure to review the whole of the 1934 Plan, consulting "as it seems necessary or advisable" the representatives of all the principal creditors?

These are questions to which the London market urgently requires an authoritative answer. The position is far too serious for temporising, or for vague expressions of good intention. No bondholder will deny that Brazil's difficulties are formidable, or that London may have contributed to Brazil's present situation, by a past lending policy whose generosity has been unevenly tempered by regard for immediate economic probabilities. To build El Dorado virtually on a single non-auriferous commodity, like coffee, is hazardous. The latter-day development of alternative exports such as cotton and fruit has required, on the one hand, an artificially high price in America and, on the other, a considerable change in public taste. These new crops are unlikely, in themselves, to provide economic salvation, for the area in which they can be raised is fairly localised.

It was once suggested, in another connection, that, in a state of urgency, the claims of the bondholder became comparable with those of an equity shareholder in the State economy. The London market has always recognised the force of this view in times of adversity, but with due limitation. The difficulties of a hard-pressed debtor are willingly recognised, provided that temporary alleviation is reached by mutual agreement and discussion. Machinery exists, in Brazil's case, for this very purpose. The paying agents for the various Brazilian issues have consistently regarded themselves as having special knowledge of the debtor's position, and responsibility *vis-à-vis* the creditors' security. The Corporation of Foreign Bondholders has a long record of patient work in the same field.

There is no doubt that other institutions in the City of London would gladly co-operate in any efforts to place the position on the soundest possible basis for both parties if need arose.

Negotiations, however, require time, and in the interim an unequivocal statement of intention may be appropriate from the Brazilian Government. In particular, the position of the senior Funding loans appears to call for special elucidation. These bonds, whose service has always been forthcoming, are rightly regarded as a first charge on the Federal finances. They were so recognised (together with the 20- and 40-year Funding issues of 1931) in the 1934 Debt Plan. This week's further dismaying fall in quotations has brought the 1898 issue near the level obtaining in the difficult period of 1931. Even on the disappointing trade figures for the first four months of the year, however, there should be ample sterling exchange cover for the full service of the four loans. Moreover, it is not unlikely that closer control of the exchange situation, with a view to preventing leakage, could be effected. The present level of quotations, therefore, suggests that holders are apprehensive on other than purely economic or financial grounds.

The general London view would seem to be that full service for the four Funding issues should be an essential basis of any new proposals which may be put forward. It might be necessary, temporarily, to relegate certain junior issues from their present to lower grades until the situation improved, but existing conditions are still far from desperate. The market, however, is in no mood to welcome a far-reaching unilateral departure from the 1934 scheme. As the following table suggests, Brazilian issues are numbered, at the moment, among the more speculative of the mixed bag of foreign securities marketed in London. Until present uncertainties are removed, one way or the other, their investment appeal must necessarily be limited, and their speculative appeal difficult to assess:—

Loan	Interest Scale in current year	Quotations					Latest quotation	Flat Yield (per cent.) (c)	
		1928-1930		1931		Feb. 28, 1934			
		High	Low	Low					
<i>Grade I (a).</i>									
5% Funding, 1898 (a)	Full	96½	71½	50½	90	65½	7 14	0	
5% Funding, 1914 (a)	Full	91½	61½	42	78	52½ ^{sd}	9 10	9	
5% Funding, 1931, 20 yr.	Full	...	...	...	75½	52	9 18	9	
5% Funding, 1931, 40 yr.	Full	...	...	...	88	42	12 8	0	
<i>Grade II (b).</i>									
San Paulo 7% Coffee Realsn.	Full	95½	74½	64	92	77½	9 6	9	
<i>Grade III.</i>									
5%, 1903	35%	92	66	25½	31½	14	12 14	0	
6½%, 1927	do.	102½	84	28	39	21	10 15	0	
<i>Grade IV.</i>									
4½%, 1888	27½%	79½	46½	16½	21	11	11 8	0	
4½%, 1889	do.	65	36	15	20	10	11 7	0	
5%, 1895	do.	83½	48	19½	22½	10½ ^{sd}	10 16	8	
<i>Grade V.</i>									
San Paulo 7½% Coffee Inst.	25%	107½	61½	39	37	24½	7 14	0	
<i>Grade VI.</i>									
San Paulo 8% Sterling Bonds, 1921	22½%	114½	72	28½	24½	20½	8 17	0	
<i>Grade VII.</i>									
State of Bahia 5% Gold Loan, 1904	20%	75	35½	10	10	7½	13 16	0	
City of San Paulo 6% Gold Loan, 1908	do.	102½	92	70½	25	15	8 0	0	

† 1930 only. (a) Full sinking fund payments.

† 1930 only. (a) Full sinking fund maintained (at rate of ½ per cent. per annum on 1898 and 1914 Funding loans) by purchase under par. (b) 5 per cent. of original issue purchased annually under 1934 Debt Plan. (c) Based on scale in current year, without adjustment for coupons in arrear.

The problem, however, presents itself rather differently to existing holders, who already face formidable capital losses. Further unfavourable developments are to some extent discounted at present prices. The "bears" have naturally found their ideal *terrain* in the market recently, and to that extent a recovery on definite news would not be impossible. On the other hand, considerable selling by private holders has failed to evoke the attention

of speculative purchasers, and jobbers hold as much stock on their books as they can well afford.

In these circumstances, we reiterate our suggestion that the Brazilian Government might see its way promptly to issue a statement regarding the immediate position, to be followed by discussions with responsible quarters in London, with a view to seeking an agreed scale of temporary relief, should it appear necessary and desirable. Though the prospects of long-term recovery may well depend on the course of world demand for Brazilian coffee and her ancillary crops, Brazil has it within her power to effect far-reaching reform in her internal finances. The restoration of Budget equilibrium and the stabilisation of the milreis, to cite only two of the unrealised recommendations of the Niemeyer report, are obvious initial steps in this direction.

INVESTMENT NOTES

"Selling a Pig."—A temporary holiday respite from current company news allows investors a little breathing space in which to take stock of events and tendencies in the last few crowded months. Even a cursory glance at this year's list of capital reorganisation schemes suggests that considerable progress has been made in removing the *débris* of depression, but that no clear line of demarcation has yet been drawn between those sacrifices, in "reconstruction," which are equitable to the shareholders who make them, and those which are inequitable. True, the withdrawal, after organised opposition, of a proposal by a great South African company to reduce the future dividends on its preference shares without compensation, has been by way of "a famous victory" for the principle that, in this sphere as in others, something for nothing is not a business proposition. Other capital schemes, however, which have been successfully carried through, have forcibly illustrated the difficulty inherent in all proposals to change the rights of any given class of shareholder—namely, the impossibility of putting a firm actuarial valuation on future earning power. Perhaps the clearest illustration of this crucial difficulty, in its simplest terms, has been provided by the purchase, by a large and well-established concern in the iron-founding trades, of the shares of a company manufacturing heating appliances, after the latter, as a public concern, had published only a single set of accounts. The method adopted in this case was to base the purchase consideration on the quotations for the respective shares in "market overt," i.e. on Stock Exchange values. In effect, however, shareholders in the absorbed concern were "selling a pig in a poke," for they were required to transfer the earning power of their company, in perpetuity, at a price mainly determined by a very short past history. All transactions of this nature have the additional characteristic that the "buyers" work on interior lines, with inside knowledge of possibilities, while the "sellers" have only vague general indications to guide them. In the case of a capital scheme by a dominant combine in the chemical trades (which has been authorised by shareholders but is still before the Court), the directors were at pains to make clear both the extent of their expectation of future profits and the principles which would govern their policy in distributing them. The preference stock repurchase proposals of a major communications company, however, bring out more clearly the implications of the truism that one man can never fully know what is in another's mind. Stockholders, in this instance, were asked to relinquish a part of their stock for a cash consideration at a price above the market value when the scheme was first published. Acceptance was purely voluntary, and the stockholders had a detailed body of past accounts on which to base their estimates of probable future earning power. The terms on which the necessary cash resources for the operation were to be acquired, however, were not disclosed until stockholders had made their decision. They proved particularly favourable from the company's viewpoint, their general effect being slightly to increase its "earning equity" and, *pro tanto*, to enhance the "cover" for dividends on the non-transferred stock. While the company may be congratulated on the ingenuity of the method adopted, in the interests of all its stockholders, it may be tentatively asked

whether the decision of any transferor of preference stock would have been affected, in large or small degree, by foreknowledge of a matter directly bearing on the value of the non-transferred portion. Without criticising the procedure adopted in this or any other special case, investors may be inclined to lay down, as a general proposition, that the fundamental difficulty in all capital schemes will be minimised when every fact having a bearing on future earning power is equally present in the minds of both parties.

* * *

The Air and the Investor.—A well documented review of the position of the air industry, from an investment angle, is given in the latest bulletin of an eminent firm of London stockbrokers. By a slightly different route the writers reach a similar conclusion to that expressed in a leading article on aircraft shares in the *Economist* of May 18, 1935 (page 1141). While specialised knowledge in the aircraft share market may be rewarded with high profits, conservative investors will do well to confine their attention to a small number of the leading companies, pending the eventual consolidation of the industry—which will be achieved neither this year nor next. To all such investors, the review will be of prime service, not only for its full and conveniently grouped tables of aircraft registrations, flights, mileage, passengers, exports, etc., over the last decade, and for its analysis of the capital, profits (where existing), and type of product of every aircraft and engine company known to the Stock Exchange, but because of its insistence on the fundamental paradox of the industry's present position. Though the industry has been built up on subsidy, and might well have had difficulty in attracting much new capital in the absence of a large increase in the Air Force, its ultimate *sine qua non* is a "revival of peaceful international conditions." Without them it cannot fully exploit its peculiar advantages, since, of all transport arms, it is essentially the most "international" and the least patient of the cramping effect of narrow and frequent political frontiers. For the manufacturing industry, at present, profits are unlikely to be universal or regular. Demand is far from being standardised

TRIPLE SHELL LUBRICATING OIL



—the long list of models on which the Air Ministry is about to pronounce the death sentence affords a striking commentary on this fact—and only those companies with experience and ample resources have a reasonable chance of success. The industry may have a bright future for passenger and freight transport, particularly in North and South America, Australia, Asia, etc., where distances are great and road and rail transport are not already extensively developed. Before this stage is reached, however, two evolutionary processes must be completed. The first is the production of reliable, durable, inexpensive and fairly standardised models, whose attainment may necessitate a period of financial conservatism by large manufacturing companies, which may not be to the liking of speculative shareholders. The second is the substitution of civil for military aviation as the preponderant influence in output, design and finance.

American Company Earnings.—The Wall Street revival, to which we referred in last week's *Economist* (page 242), has been evidenced by a more or less continuous rise in quotations since the latter part of March. The movement has been especially noteworthy in Utilities, but has also been steady and substantial as regards Industrials and Rails. The somewhat sharp downward trend of the earlier weeks of the year was due, in part, to fears that second quarter earnings, generally, would reflect the absence of any expansion in the volume of trade sufficient to offset the rising tendency of costs resulting from the operation of N.R.A. and associated measures. At one time a fairly severe "squeezing" process was feared. The following table of representative corporate earnings (expressed on a "per share" basis) suggests, however, that the tendency of the market in the past four months has been paralleled by a more favourable trading experience than had been anticipated:—

Earnings in \$ per common share				
	Quarter	1934	1935	Change per Share
U.S. Steel.....	1	Dr. 1.53	Dr. 0.97	+0.56
	2	Dr. 0.11	Dr. 0.81	-0.70
Bethlehem	1	0.05	Dr. 0.70	-0.75
	2	0.56	Dr. 0.79	-1.35
General Electric	1	0.14	0.19	+0.05
	2	0.15	0.21	+0.06
General Motors	1	0.62	0.67	+0.05
	2	0.68	1.15	+0.47
Du Pont	1	0.90	0.85	-0.05
	2	0.96	0.89	-0.07
Caterpillar Tractor	1	0.42	0.58	+0.16
	2	0.68	0.97	+0.29
General Food.....	1	0.70	0.64	-0.06
	2	0.42	0.48	+0.06
Corn Products	1	0.74	0.67	-0.07
	2	0.66	0.52	-0.14
National Biscuit.....	1	0.42	0.22	-0.20
	2	0.44	0.31	-0.13
Johns-Manville.....	1	Dr. 0.28	0.15	+0.43
	2	0.16	0.56	+0.40
American Metal	1	Dr. 0.24	Dr. 0.02	+0.22
	2	Dr. 0.11	0.09	+0.20
American Tel.....	1	1.77	1.61	-0.16
	2	1.55	1.55	...

Increased earnings have also been shown by Radio Corporation, Eastman-Kodak, Timkin Bearing, Proctor and Gamble, and Baldwin Loco. Moderate declines have been shown by Industrial Alcohol, National Distillers and Bendix Aviation. American Utility earnings, as a whole, have been relatively well maintained in difficult conditions, but the railways, faced with more inflexible factors, have made a poorer showing. The impression left by a general survey is that American business profits have shown satisfactory stability during a period of readjustment, a result which gives promise of good recuperative power under more favourable conditions.

Buenos Aires Provincial Loans.—The authorities of the Province of Buenos Aires may be congratulated on their promptitude in bringing forward a scheme for the service of certain external loans as from January 1st next, when the provisional arrangements which have been in force since January, 1933, are due to expire. The offer is made to holders of the bonds shown in the table below. In January, 1933, the Government suspended sinking funds, and offered interest payments on the basis of the amounts in foreign currencies realised at current rates of exchange by the conversion of equivalent paper pesos at par, the balance being covered by Arrears Certificates. The new scheme presages the direct payment, from January next, of the revenues covered by the Unification Law to a special account with the Banco de la Nacion Argentina, from which the reduced service of "assented" bonds will be paid under irrevocable instructions from the Provincial Government. Any insufficiency will be made up, first from the proceeds of the Land Tax and Additional Land Tax, and secondly, if necessary, out of the remaining revenues of the Provincial Government. Very properly, the common fund thus created will be secured to bondholders in the order of priority of their loans, the 3-3½ per cent. Loan of 1906-9 having a first charge, the 5 per cent. Consolidation Gold Loan a second and all the others a third charge. The prospects of bondholders have been tangibly improved by the passage of the Unification Law (referred to above), under which the Central Government has become responsible for the collection of the whole of the internal consumption taxes in those provinces adhering to the law—of which Buenos Aires is one. The latter, consequently, will receive increasing sums from this source from 1936 onwards, in proportion to its relatively dense population. In view of the resulting increase in their security, bondholders will be asked to accept a reduced service as follows:—

Loan	Interest till 1938	Interest thereafter	Amortisation (1942, onwards)
3-3½%, 1906-9.....	Full 4½%	Full 4½%	0.375
5% Consolidation G.L., 1915	4½%	4½%	1.85
5% Sterling, 1908 (Drainage)	3½%	4%	1.71
4½% Ext., 1909 (Railway)*	3½%	3½%	0.75
5% Ext. G.L., 1910	3½%	4%	1.59

* English Fraction.

Though bondholders may conceivably press for power to review future arrangements, in the event of a possible further improvement in provincial economic conditions, they will probably regard the present terms as far more generous than those secured by their fellow bondholders in many other parts of South America. They will doubtless attach especial importance to the fact that, under the proposed scheme, service will be payable in the contractual currencies (other than gold pesos), and will no longer be dependent upon prevailing rates of exchange.

Danzig Bonds.—The complications which have arisen in the relations of Danzig with her neighbours (which were described in a leading article in the *Economist* of July 27, 1935, page 168, and are further discussed on page 274 of this week's issue) have inevitably affected the London market for Danzig bonds, whose history, so far as British investors are concerned, has hitherto been of the happiest. There are two separate issues in which the London market is interested. The 7 per cent. Mortgage Bonds of the Municipality of Danzig, of which £921,750 are outstanding of an original issue of £1,500,000 at 90 in April, 1925, have regularly received their full service. The expenditure of the proceeds was supervised by a trustee appointed by the Council of the League of Nations, and was devoted to the completion of hydro-electric works, the extension of water-works, the development of the harbour, etc. The bonds, which are a direct obligation of the municipality, are secured by a specific first mortgage on all lands, buildings, etc., pertaining to the municipal electric, gas and water-works undertakings. The second Danzig issue, dealt in in London, was made in June, 1927, on behalf, not of the municipality, but of the Free City of Danzig, in the shape of £1,900,000 of 6½ per cent. (Tobacco Monopoly) State Loan, of which £1,520,000 was offered in London and

£380,000 on the Continent at 91. The Twenty-Year Sterling Bonds, of which £1,183,600 are now outstanding, are a direct obligation of the Free City, secured by a first charge to the League of Nations Commissioner of receipts from the tobacco monopoly and the excise on spirits. Hitherto, Danzig bonds, like the 7 per cent. bonds of Estonia, have had the proud distinction of a clean sheet in the records of the League Loans Committee. Earlier this year quotations for the two issues touched 95½ and 89½ respectively, but current prices are no better than 70 and 60. Bondholders are not enamoured of the financial consequences of administration by Nazi representatives elsewhere. In view of Danzig's record, however, the market will continue to hope that political developments will not proceed to a point calculated to sap her economic vitality and dry up the revenue for bond service at its source. Although the flat yield on the two issues is now 10½ per cent. and 10½ per cent. respectively, their prices are still far from being at "default levels."

New Issues in July.—Conditions were propitious for the making of new "records" in the capital market last month. The British Government, after a long absence, was effectively in the market, as the guarantor of £32 millions of stock for the London Electric Transport Finance Corporation, while three British corporations, a large number of property and finance concerns (including Cables Investment Trust), and a host of manufacturing and miscellaneous concerns, all contributed to a total of £57,062,000, which is much the largest for any month since revival began:—

began :—		(000's omitted)				
		United Kingdom	Excluding Conversions British Possessions	Foreign Countries	Total	
Monthly Average						
1931		4,542	3,209	761	8,512	
1932		13,589	2,129	24	15,742	
1933		17,520	2,429	449	20,398	
1934		11,474	2,494	125	14,093	
Monthly Total						
		Govt.	Other			
May, 1934		Dr. 450	10,518	9,546	74	19,688
May, 1935		Dr. 150	15,716	1,102	Nil	16,668
June, 1934		Dr. 150	3,857	3,683	90	7,480
June, 1935		Dr. 150	14,274	669	Nil	14,793
July, 1934		Dr. 300	13,624	3,753	Nil	17,077
July, 1935		Dr. 300	53,833	3,273	256	57,062

Last month's total borrowings, in terms of "new money," it will be seen, were four times the monthly average for last year, nearly three times that for 1933, and more than seven times that of the ultra-depressed year, 1931.

Suez Canal Receipts.—Suez Canal shares, which are normally among the most active securities on the Paris Bourse, have recently suffered wide fluctuations on causes traceable, possibly, more to currency changes, doubts and fears than to movements in traffic receipts. Some fishers in troubled waters, however, are canvassing the possible effect on receipts of any outbreak of active hostilities between Italy and Abyssinia. In such an event, the Suez Canal would necessarily form an essential link in Italy's line of communications between her home base and her expeditionary force. How far have her preparations, by way of the transit of personnel and material (which have admittedly been expedited in the last two or three months) been already reflected in the traffic figures for the Canal? The following table, contrasting the figures of ships, gross tonnage and receipts for each month of this year with those of 1934, throws some light on the question:—

	Ships (Number)		Gross Tonnage (Millions)		Receipts (Million Francs)	
	1935	Compared 1934	1935	Compared 1934	1935	Compared 1934
January	487	- 10	3.79	-0.10	76.0	- 4.3
February	410	- 27	3.33	-0.07	65.2	- 1.7
March	484	+ 4	3.82	+0.03	75.2	- 2.1
April	506	- 2	4.04	+0.08	79.5	+ 2.8
May	481	- 13	3.67	-0.16	72.3	- 0.9
June	458	+ 46	3.51	+0.32	68.8	+ 8.6
July	487	+ 50	N.A.	N.A.	71.7	+ 8.1
August*	N.A.	N.A.	N.A.	N.A.	11.3	+ 1.0

* First five days. N.A. Not available.

It would appear that, in the early part of this year, the figures were tending, on the whole, to run below those of last year, but that in the second quarter the trend began to change. Since June, traffic has been definitely higher than that of a year ago. The conclusion seems to be that although Italian military or quasi-military traffic may, in itself, represent only a relatively small part of the total traffic of a Canal which is one of the main arteries of the world's shipping trade, it might be sufficient, if prolonged, to turn the scale as between a "gain" or a "loss," as compared with 1934, on a complete year's operations.

Actuaries' Investment Index.—The influence of the chief holiday week of the year on Stock Exchange prices has so far been relatively slight. The Actuaries' Index, based on last Tuesday's quotations, fully reflects the spurt in pre-holiday buying of industrial shares towards the end of last week. The total for the 158 securities in the Index comes out at 78.2 against 77.4 a week earlier, and 77.7 a month earlier (December 31, 1928=100), the corresponding yield figures being 3.81, 3.85 and 3.81 per cent. respectively. Thus the rise in prices over the past month has just kept pace with the increase in declared dividends. Figures for important sub-groups in the Index are given below:—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100)			Yields (%)		
	Month Ago (July 9)	Week Ago (July 30)	This Week (Aug. 6)	Month Ago (July 9)	Week Ago (July 30)	This Week (Aug. 6)
Investment Trusts (14)	58.1	58.8	57.3	3.63	3.59	3.57
Building Materials (4)	91.2	90.9	94.5	4.42	4.45	4.29
Coal (6)	89.0	87.0	88.7	3.96	4.08	3.97
Iron and Steel (8)	60.2	62.3	64.6	3.31	3.22	3.13
Electric Supplies (8)	117.0	118.5	120.9	4.40	4.35	4.27
Stores and Catering (15)	83.7	82.7	83.1	4.02	4.07	4.06
Breweries and Distilleries (19)	133.8	133.2	134.0	3.97	4.09	4.07

It will be seen that, in almost every case, the rise in prices over the past month has been largely the result of dealings in the last week.

COMPANY NOTES

Textile Finishers' Shares.—Though the textile finishers handle all classes of textiles, they are dependent for the bulk of their turnover on cotton goods. They work mainly

	(Profits in £'000)						
	1929	1930	1931	1932	1933	1934	1935
Bleachers (Mar. 31)							
Earned for Ord.	464.1	310.4	Dr. 157.3	Dr. 24.2	Dr. 54.6	Dr. 181.1*	Dr. 110.3*
Earned %	12.8	8.5	Nil	Nil	Nil	Nil	Nil
Div. %	10	6½	Nil	Nil	Nil	Nil	Nil
Bradford Dyers (Dec. 31)							
Earned for Ord.	144.1	Dr. 238.1	Dr. 197.8	Dr. 231.6	Dr. 125.7*	Dr. 136.8*	...
Earned %	6.5	Nil	Nil	Nil	Nil	Nil	...
Div. %	8½	4½	Nil	Nil	Nil	Nil	...
Brit. Cotton & Wool Dyers (Mar. 31)							
Earned for Ord.	86.0	57.6	Dr. 7.7	25.1	60.7	47.8	41.2
Earned %	11.2	7.4	Nil	3.3	8.8	6.5	5.4
Div. %	10	7½	Nil	3½	5	5	5
Calico Printers (June 30)							
Earned for Ord.	Dr. 10.6	Dr. 81.6	Dr. 326.1	6.7	Dr. 26.9	14.1	...
Earned %	Nil	Nil	Nil	0.4	Nil	0.6	...
Div. %	...	...	...	...	...	...	...
English Velvet and Cord Dyers (Dec. 31)							
Earned for Ord.	47.3	28.0	Dr. 11.7	Dr. 24.5	Dr. 17.9	Dr. 48.6	...
Earned %	11.6	6.0	Nil	Nil	Nil	Nil	...
Div. %	8	6	Nil	Nil	Nil	Nil	...
United Turkey Red (Dec. 31)							
Earned for Ord.	40.2	Dr. 37.7	Dr. 29.3	16.4	Dr. 50.5	Dr. 34.1	...
Earned %	5.9	Nil	Nil	3.2	Nil	Nil	...
Div. %	6	Nil	Nil	Nil	Nil	Nil	...

* After allowing for full year's preference dividend.

on commission to the order of merchants, rarely handling goods at their own risk. Such a condition is particularly favourable to large combines and to inclusive trade

agreements, through the working of which the finishers, in fact, maintained substantial prosperity for some time after decline had set in in Lancashire. In the early post-War years, indeed, increased profits were earned on a larger aggregate capital than before the War, when turnover was larger. As the accompanying table suggests, however, the trade has suffered a steep decline in profits during the depression period. For a sample of six leading companies as grouped by Moodys-Economist Services, the net earnings fell from £1,235,600 for financial years ended in 1929 to a loss of £272,200 for the financial year ended 1931. The subsequent recovery has been very small, yielding profits of only £252,800 in 1933, which relapsed to £116,300 in 1934. This sharp curtailment of profits is due only in part to reduced turnover—which was not, in itself, a bar to satisfactory recovery in earlier years. The main difficulty has been a weakening of old trade agreements and a cutting of rates. Negotiations have been opened in various sections of the trade to restore order by a "redundancy" scheme. The profits of earlier years have left the chief concerns in the trade with very ample liquid resources, which have tended to rise rather than to fall during the depression. A scheme to purchase surplus plant, for sealing or destruction, might, therefore, be relatively easy to carry through. A successful scheme of the kind could no doubt bring an appreciable revival in profits to the particular section of the trade which it covered. It is possible, however, that the profits earned before the depression were in fact rather higher than was justified by the general level of prosperity in the textile trades. It would, therefore, be unwise to look for any early recovery to the old level of earnings.

Cunard White Star Accounts.—The first accounts of Cunard White Star, Ltd., are eloquent of the distance the group must go to regain normal prosperity, but of little else. The company was incorporated on May 10, 1934, but merged operation of the Cunard and White Star ships was inaugurated only on September 1st, and barely completed by December 31st, the date of the accounts. The loss of £408,090, which is carried forward, is computed as from June 19th, the date of formal transfer of the ships. It includes the losses of two foreign subsidiaries, but excludes any depreciation allowance on shipping tonnage valued in the balance sheet at £18,478,135. The utility of the accounts is further limited by the treatment of asset values, which has been forced upon the company by conditions over which it has had, largely, no control. The "fleet" figures are a fair measure of comparative tonnage values, as between the two companies, but the actual valuation of the combined fleet is greatly in excess of the present-day values of the ships. This "inflation" of the credit side of the balance sheet has been counterbalanced by the issue of the Cunard White Star's £10 millions of capital at a nominal premium of 100 per cent. From the £10 millions "premium on shares account" thus conveniently created, the company has written off net losses on the sales of ships and reduction in book values of certain acquired assets, to a total of £774,461, and losses incurred by the parent company in the Atlantic trades up to the date of the sale agreements, totalling £956,189. The *Queen Mary* is represented in the accounts by £750,000 of first mortgage debenture stock (out of an authorised total of £1,750,000), and £200,000 of income debenture stock, Class B (out of a total of £750,000), both held by H.M. Government. The company is authorised to issue, further, up to £1,000,000 of income debenture stock, Class A, also to be held by the Government. The company's immediate trading prospects were described by Sir Percy Bates, the chairman, in conservative, not to say melancholy, terms at the Cunard Steamship meeting last April. Last year's losses may be reduced as merger economies come progressively to fruition, but the company is not expected, at best, to earn or pay any dividend this year. The more distant future is a matter which depends partly on imponderable factors like the extent and duration of economic "recovery" on both sides of the Atlantic, and partly on even more elusive considerations of national and international

prestige. Competition in the North Atlantic trade has ceased, for the present, to be governed by normal commercial considerations.

Broken Hill Proprietary.—A noteworthy expansion in profits, writes our mining correspondent, is shown by the cabled summary of the annual report. For full details of its causes the complete text of the statement must be awaited. It is clear, however, that in the main the difference, directly or indirectly, reflects the improvement in metal prices. The dividend rate, however, remains at the 10 per cent. level of the preceding two years. The increase in earnings is, in fact, greater than would appear, since the latest figure has been struck after the provision of £541,950, against £427,600, for depreciation. Despite the absence of a higher dividend, therefore, the shares have risen to 53s., the highest level for many years.

Other Company Results.—Our usual summary table of profit and loss accounts, on page 307, has shrunk to holiday dimensions, for it includes the results of only 14 additional companies. Further brewery results, from Clarkson's Old and Showells Brewery, show little comparative change on previous periods. In the property group, Covent Garden Properties reports slightly lower profits, attributable to the fact that realisations of investments during the past year were practically negligible. The dividend is maintained at 7½ per cent. London and National, which is largely interested in Shell-Mex House, also reports a slight reduction in net revenue. The report of Merlimau Pegoh shows an advance in profits from £32,188 to £62,660, and the dividend is increased from 5 to 7½ per cent. In the investment trust group, Continental and Industrial, which is associated with Schröder interests, reports an improvement in net revenue from £75,333 to £87,270. A dividend of 4½ per cent. is paid for the year, compared with 4 per cent. The report of John Greenwood Millers for the first trading period of 12½ months shows that net income from the operating companies, less expenses and taxation, amounted to £53,486, and 14 per cent. is paid for the period.

THE WEEK IN THE MARKETS THE LONDON STOCK EXCHANGE

SETTLING DAYS
TICKET AUGUST 13 | ACCOUNT AUGUST 15

If activity in the "quietest" week of the year is an indication of more business to come, the market outlook is more than reasonably bright. Although the volume of trading was appreciably reduced, the cheerful undertone of the previous week persisted, under meteorological conditions normally conducive to active dealings. Prices as a whole were fully maintained, apart from a little profit-taking towards the end of the three weeks' Account which has provided a fair number of people with moderate gains. Gilt-edged stocks remained firm, though the volume of business tended to fall off. India stocks were stable and a moderate but steady demand for long-dated Australian stocks was in evidence. In the home corporation market, the new Dundee issue opened at ½ premium and that of Lowestoft at ½ premium. In the foreign bond market, the unwelcome (though not entirely unexpected) feature was a slump in Brazilian bonds, particularly the funding issues, for reasons which are discussed in a leading article on page 288. A report, on Thursday, that the Finance Minister had denied any immediate suspension of debt payments did not fully reassure the market, and the resulting recovery was only partial. The Geneva news of last week-end on the Italo-Abyssinian dispute, was father to the market's thought of a peaceful settlement, and Italian bonds enjoyed a fair recovery. Far Eastern stocks, however, remained dull, with only a slight rally in mid-week.

The week's home railway traffic returns went some way to confirm the inevitable "bumper holiday" reports, but the market's response was only half-hearted. Foreign rails were again idle, the latest returns of the Argentine companies, in particular, being disappointing.

The industrial share markets were cheerful but cautious. Popular steel shares, in particular, were subject to slight profit-taking as the end of the Account approached. Motor and aircraft shares, however, remained firm, Rolls-Royce making a new advance. Electrical equipment shares were irregular after their recent rise, and small declines occurred in quotations for electric power issues. Although brewery shares were somewhat uncertain, tobacco shares were one of the most active sections of the market. Gallaher were especially in request on the revival of rumours regarding irregular after their recent rise, and small declines occurred in quotations for "concentration" in the industry, on terms calculated to be favourable to the company. Textile shares, generally, were less active, though rises of a few pence were common to numerous companies. Courtaulds were irregular, but renewed demand occurred for British Celanese second preference on increasingly confident rumours of a dividend-funding scheme. "International" shares were less active, in sympathy with the temporarily uncertain tone of Wall Street. Both District and County bank shares were marked up on the announcement of the proposed fusion, particulars of which are given on page 287.

Quiet conditions prevailed in the oil share market, though prices were mainly held on American support, after the announcement of a new Bill providing for the permanence of "hot oil" regulation and the limitation of imports. Rubber shares attracted no public interest whatever, but prices generally were maintained in a "thin" market. The tea share market became slightly more active after a quiet opening. Buyers, however, tended to hold off pending next week's resumption of commodity sales in Mincing Lane, when substantial offerings of new season's Indian teas will be made.

"Holiday" conditions were, perhaps, most in evidence in the mining market. Kaffir prices were maintained, with a little "shop" support, but the general public appeared to be occupied elsewhere. The announcement of new financial operations in the West African market did not evoke any widespread response. Western Australian shares were idle, but Indian gold shares improved on the news that normal conditions had been restored on the field. Rhodesian copper shares were quiet, despite the improvement in the price of the metal, though Roan Antelope continued to be unostentatiously purchased. The possibility of an increased quota announcement was well discounted in the tin share market, where a little tentative investment buying was counterbalanced by an equally modest amount of professional profit-taking.

"FINANCIAL NEWS" DAILY BARGAIN INDEX
(Approximate number of Bargains recorded in Stock Exchange Lists)

	Week to Aug. 2, 1935	Aug. 1, 1935	Aug. 2, 1935	Aug. 5, 1935	Aug. 6, 1935	Aug. 7, 1935	Aug. 8, 1935
Government and Municipal Loans	6,220	1,225	1,227		1,108	1,354	1,338
Transport, Communications, and Public Utilities	4,695	972	922		1,022	962	944
Commercial and Industrial	19,779	4,196	4,166	Closed	3,545	3,597	3,677
Banks, Insurance and Financial	2,719	573	598		578	570	726
Mines (including Nitrate)	5,172	1,052	1,187		952	1,137	1,017
Oils	785	184	147		176	154	165
Rubber, Tea and Coffee	917	153	178		106	216	224
Total	40,287	8,355	8,425	Closed	7,487	7,990	8,089
Corresponding day in 1934	...	6,922	7,262	...	7,544	7,454	7,203

* Including Iron and Steel and Breweries.

REVISED "FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (July 1, 1935 = 100)

Highest of 1935 (Aug. 8)	Lowest of 1935 (Mar. 27)	Aug. 1, 1935	Aug. 2, 1935	Aug. 5, 1935	Aug. 6, 1935	Aug. 7, 1935	Aug. 8, 1935
102.2	87.4	100.7	101.5	Closed	102.0	101.8	102.2

THE INDUSTRIAL AREA OF THE NORTH-EAST COAST

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"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS. (1928 = 100)

Highest of 1935 (Feb. 1)	Lowest of 1935 (Mar. 29)	Aug. 1, 1935	Aug. 2, 1935	Aug. 5, 1935	Aug. 6, 1935	Aug. 7, 1935	Aug. 8, 1935
141.0	135.9	138.7	138.7	Closed	138.7	138.8	138.8

FOREIGN STOCK EXCHANGES NEW YORK

ACTIVE conditions have again prevailed this week, and for the first two days turnover was in the region of 1½ million shares. The market has, however, developed a certain irregularity, and slight declines marked the "breather" which Wall Street was inclined to take—without seasonal provocation—on Wednesday. After the steady rise of recent weeks the check is natural and desirable, but there has been no general display of speculative appetite to require purging. Further quarterly reports show a rising trend, while steel output for the current week has again moved up, although not so spectacularly as in recent weeks. The General Motors 50c. dividend brought large buying orders on Tuesday, and the stock advanced nearly two points. A number of specialties, including Eastman Kodak, also moved higher. Increased sales reported by retail stores have assisted Sears Roebuck and Montgomery Ward. Selling of rail stocks has continued, and little support has been found for utilities. The bond market has ruled fairly quiet.

	July 31, 1935	Aug. 7, 1935	Aug. 7, 1935		July 31, 1935	Aug. 7, 1935	Aug. 7, 1935
	1935	1935	Eng. Equiv. ↑		1935	1935	Eng. Equiv. ↑
Lb. Ln. 41% '39-39	101½	101½	102½	Natl. Biscuit ...	31½	31	31½
Atchafalaya ...	54½	50½	51½	Phelps Dodge ...	18½	19	18½
Erie ...	14½	9½	9½	Pullman ...	45½	41½	42½
Illinois Central ...	14½	14½	14½	Sears Roebuck ...	52	54½	54½
N.Y. Central ...	20½	20	20½	Un. Fruit ...	78½	72½	78½
Pennsylvania ...	26½	26½	26½	U.S. Leather ...	6½	7½	7½
Southern Pacific ...	19½	18½	18½	U.S. Rubber ...	13½	13	13½
Southern Ry. ...	7½	7	7½	U.S. Steel ...	43½	41½	41½
Union Pacific ...	105½	97½	98½	Westinghouse ...	65½	62½	62½
				Woolworth ...	61½	61½	62
Am. Can. ...	142½	143½	144½	Am. Tel. and Tlg. ...	130½	132	133½
Amer. Smelting ...	42	43½	43½	Interboro R.T. ...	13½	16½	17
Anaconda ...	16½	17½	17½	Int. Tel. Teleg. ...	10½	10½	10½
Bethlehem Steel ...	37	35	35½	Utilities P. & L. ...	2½	2½	2½
Chrysler Motor ...	59½	58½	59½	W. Union Tlg. ...	42½	46½	47½
Corn Products Rf. ...	69½	71½	71½				
Eastman Kodak ...	147	147	147½				
Gen. Electric ...	29½	29½	29½	Shell ...	35½	35½	35½
Gen. Motors ...	38½	41½	42½	Shell Union ...	11	10½	10½
Int. Harvester ...	52½	50½	51½	Std. California ...	33½	35½	35½
Mont. Ward ...	32½	33	33½	Do. N.J. ...	47	46½	47

† Calculated at \$4.96 to £1.

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

	1934		Jan. 1 to Aug. 7, 1935		Beginning of Year 1935	July 24, 1935	July 31, 1935	Aug. 7, 1935
	Lowest Sept. 19	Highest Feb. 21	Lowest Mar. 20	Highest Aug. 7				
551 Industrials ...	74.3	90.5	74.5(4)	94.2	88.1	92.9	98.9	94.2
83 Rails ...	34.0	51.4	27.4	36.4(4)	35.6	34.9	36.6	34.6
37 Utilities ...	55.2†	83.4†	52.4	78.9	57.9	72.4	76.3	78.9
Total, 421 Stocks	68.6	82.1	68.1	82.6	71.9	80.9	84.5	82.0
Average yield of 50 Industrial Common Stocks	2.78%	3.90% (a)	3.19% (b)	4.08% (c)	3.63%	3.25%	3.21%	3.19%

‡ December 28th. (f) March 18th. (g) February 7th. (h) January 9th. (i) September 12th. (j) August 7th.

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

Highest of 1935 (Aug. 7)	Lowest of 1935 (Mar. 15)	July 31, 1935	Aug. 1, 1935	Aug. 2, 1935	Aug. 3, 1935	Aug. 5, 1935	Aug. 6, 1935	Aug. 7, 1935
105.2	78.6	104.5	104.2	103.1	104.1	104.9	105.1	105.3

(Continued on page 298)

PROVINCE OF BUENOS AIRES

OFFER to Holders of Bonds of the following Loans:—

PROVINCE OF BUENOS AIRES 3 to 3½% LOAN OF 1906/9.

PROVINCE OF BUENOS AIRES 5% STERLING LOAN OF 1908 (Drainage Loan).

PROVINCE OF BUENOS AIRES 4½% EXTERNAL LOAN OF 1909 (Railway Loan) (English Fraction, namely Bonds numbered from 83334 to 91687 inclusive).

PROVINCE OF BUENOS AIRES 5% EXTERNAL GOLD LOAN OF 1910.

PROVINCE OF BUENOS AIRES 5% CONSOLIDATION GOLD LOAN OF 1915.

In January 1933 the Government of the Province of Buenos Aires (hereinafter called "the Provincial Government") finding itself unable to continue in full the service of its external debt made an announcement to the holders of the Bonds of the above Loans under which the relative sinking funds were suspended for a period of three years expiring on the 31st December 1935. At the same time the Provincial Government made an offer to the holders of Bonds of the above-mentioned PROVINCE OF BUENOS AIRES 5% STERLING LOAN OF 1908, the English Fraction of the PROVINCE OF BUENOS AIRES 4½% EXTERNAL LOAN OF 1909 and the PROVINCE OF BUENOS AIRES 5% EXTERNAL GOLD LOAN OF 1910 whereby interest has been and will be paid during the three-year period to the holders of such Bonds who assented to the offer only on the basis of the sums in the appropriate foreign currency actually realised at current rates of exchange by the conversion from time to time of the number of Paper Pesos equivalent at par to the interest payable on such Loans any balance being represented by Arrears Certificates.

In spite of increases in taxation and the most rigid economy of expenditure it is already apparent that the finances of the Provincial Government will not permit the full service of the above-mentioned Loans to be resumed as from the 1st January 1936. The seriousness of the position may be appreciated from the fact that the revenue actually received by the Province from all sources has fallen to approximately 125,000,000 Paper Pesos in 1933/34 while the full contractual service of the Province's External and Internal Debt amounts to 73,933,000 Paper Pesos. This only leaves 51,067,000 Paper Pesos to meet the whole cost of administration for the year which in spite of the economies which have been effected, cannot be reduced below 84,000,000 Paper Pesos. The result is that the Province has been forced to create a large floating debt in order to balance its Budget.

Early in the present year the Province adhered to a Federal Law for the Unification of Internal Taxes which was passed by the Senate and Chamber of Deputies of the Argentine Nation on the 21st December 1934. Prior to the passing of this Law certain commodities, such as alcoholic beverages, alcohols, beers, mineral waters, matches, playing cards, and tobacco, were taxed both by the Nation and by the Provinces and each collected its own tax separately. Under the Unification Law, however, power to levy and collect the whole of the Internal Consumption Taxes in those Provinces adhering to the Law is vested in the Government of the Nation in compensation for which there is to be paid by the Government of the Nation an annual sum which, in the case of Buenos Aires, will amount to 15,294,000 Paper Pesos in 1936, rising gradually to 19,186,000 Paper Pesos in 1939. Thereafter such annual payments are to be determined by the proportion which the average of the total amounts payable under the Unification Law to Assenting Provinces in the years 1938 and 1939 bears to the average of the amounts collected by the Government of the Nation in such year, the proportion so attributable to the Assenting Provinces to be allocated amongst such Provinces in proportion to their population.

The Provincial Government's experts are of the opinion that the amounts due to the Province of Buenos Aires in the year 1940 and subsequent years will not be less than the amount to be received in 1939 and may be considerably in excess of that sum since density of population has to be taken into account which will give the Province of Buenos Aires an advantage over the other Provinces.

The basis of the scheme now put forward is improvement of the status of the Bonds of the Province by the direct payment as from the 1st January 1936 of the sums due under the Unification Law to a special account with the Banco de la Nación Argentina (hereinafter called "the Bank of the Nation") from which when reinforced to whatever extent is necessary by the proceeds of the Land Tax and the Additional Land Tax collected by the Banco de la Provincia de Buenos Aires (hereinafter called "the Bank of the Province") will be paid the amounts required to meet the reduced service (which will include expenses and service commission) of Bonds whose holders have assented to the Scheme now being put forward.

To give effect to the foregoing, the following machinery will be set up prior to the 1st January 1936:—

A. The Government of the Nation will receive instructions from the Provincial Government to pay all sums due to the Province under the Unification Law on and after the 1st January 1936 to the Bank of the Nation.

B. On and after the 1st January 1936 the Bank of the Nation will place to the credit of a special account to be opened and maintained by it and to be called "Account for Service of the Public External Debt of the Province of Buenos Aires" all sums received by it from the Government of the Nation in accordance with the provisions of the last preceding paragraph.

C. The Bank of the Province will be instructed to place all proceeds of the Land Tax and the Additional Land Tax to the credit of a separate account to be opened and maintained by it. On the first day of every calendar month subsequent to the 1st January 1936 the Bank of the Province shall release to the Provincial Government

all sums (if any) standing to the credit of this separate account over and above such a sum (the amount of which will be notified to it by the Bank of the Nation) as shall be required to make up the amount standing to the credit of the special account maintained by the Bank of the Nation to a sum sufficient to meet all Coupons and Sinking Fund payments due in respect of Assenting Bonds on such day and during a period of 185 days from such day at the official rate of exchange prevailing on that day between the Paper Peso on the one hand and the Pound Sterling, the French Franc and the United States Dollar, as the case may be, on the other hand. The balance retained by the Bank of the Province in its separate account will be held by it at the disposition of the Bank of the Nation.

D. The Bank of the Nation will receive instructions from the Provincial Government to pay out of any sums from time to time standing to the credit of the special account to the respective Paying Agents for the External Loans of the Province in the respective contractual currencies the amounts necessary under the terms of this offer to meet the service of Bonds whose holders have assented to the offer contained in this Notice or the offer to be made by the Provincial Government to its Bondholders in France or the United States of America as the case may be.

E. The Bank of the Nation will be instructed as from the 1st January 1936 to release to the Provincial Government an amount equal to the same proportion of the aggregate of the sums from time to time received by it from the Government of the Nation and the Bank of the Province as the nominal value of non-assenting Bonds outstanding from time to time bears to the nominal value of all the Bonds of the Province's External Loans outstanding at such time.

F. The Bank of the Nation will be further instructed whenever on the first day of any calendar month subsequent to the 1st January 1936 there is standing to the credit of the special account a surplus over and above the amount required to meet all coupons and sinking fund payments due in respect of Assenting Bonds during a period of 185 days from such day (including any sums due on that day) to place such surplus at the free disposition of the Provincial Government.

G. If the security for the service of Assenting Bonds shall become enforceable (but for so long only as it may remain so) all releases to the Provincial Government under the provisions of Paragraphs C, E, and F, will be suspended.

H. The Provincial Government has undertaken that it will not vary or cancel the instructions given by it for the purpose of the security contemplated above and the Government of the Nation the Bank of the Nation and the Bank of the Province will be informed that the instructions are given on that basis.

I. The Provincial Government has further undertaken that in the event of the sums available for the credit of the special account being at any time insufficient to meet the service of Assenting Bonds in the contractual currencies it will make up any deficiency out of its remaining revenues. The Bonds shall remain in all respects the direct obligation of the Province.

The annuity due to the Province under the Unification Law makes it possible for the Provincial Government to offer an excellent security to its Bondholders which the Provincial Government has determined to make available to them and in consideration of this it will ask them to accept cuts in the service of their External Bonds to the extent hereinafter specified.

The proposals now put forward by the Provincial Government contemplate that there will be three periods, and that the cuts to be imposed as on and from the 1st January 1936 shall remain in force during the first period, be slightly modified for the second period and still further for the third period. The first period will commence on the 1st January 1936 and will last for three years, the second period will commence on the 1st January 1939 and will last for three years, while the third period, commencing on the 1st January 1942, will comprise the remainder of the life of the Loans.

The available funds will be allocated as follows:—

FIRST PERIOD

3 to 3½% LOAN OF 1906/9	...	...	Full interest, no amortisation.
5% CONSOLIDATION GOLD LOAN OF 1915	4½%	interest, no amortisation.	
5% STERLING LOAN OF 1908 (Drainage Loan)	3½%	interest, no amortisation.	
4½% EXTERNAL LOAN OF 1909 (Railway Loan) (English Fraction namely Bonds numbered from 83334 to 91687 inclusive)	...	...	3½% interest, no amortisation.
5% EXTERNAL GOLD LOAN OF 1910	...	...	3½% interest, no amortisation.

SECOND PERIOD

The first two Loans will continue to receive interest at the respective rates shown above and no amortisation.

5% STERLING LOAN OF 1908 (Drainage Loan) 4% interest, no amortisation.

4½% EXTERNAL LOAN OF 1909 (Railway Loan) (English Fraction namely Bonds numbered from 83334 to 91687 inclusive) ... 3½% interest, no amortisation.

5% EXTERNAL GOLD LOAN OF 1910 ... 4% interest, no amortisation.

THIRD PERIOD

All the interest rates will remain the same as in the Second Period and the rates of amortisation will be as follows:—

3 to 3½% LOAN OF 1906/9 ... 375%

5% CONSOLIDATION GOLD LOAN OF 1915 ... 1.85%

5% STERLING LOAN OF 1908 (Drainage Loan) ... 1.71%

4½% EXTERNAL LOAN OF 1909 (Railway Loan) (English Fraction namely Bonds numbered from 83334 to 91687 inclusive) ... 75%

5% EXTERNAL GOLD LOAN OF 1910 ... 1.59%

Bondholders who accept the Government's offer will by their acceptance relinquish for the period of application of the Unification Law all existing securities for repayment of the capital of and payment of service on their Bonds in exchange for the improved security which they will receive under the Scheme.

In addition to the sums payable under the Unification Law, the proceeds of the Land Tax and Additional Land Tax (estimated for the year 1935/36 at 49,000,000 Paper Pesos) collected by the Bank of the Province will be available to the extent required to complete the service of Assenting Bonds. Irrevocable instructions which will be given by the Provincial Government prior to the 1st January 1936 will make provision for the increases in service entailed by the modifications in the cuts which are to operate in the second and third periods.

The sums passing through the special account with the Bank of the Nation will provide security for Assenting Bondholders under the Scheme and such Bondholders will receive a charge on the common fund so created and on the Land Tax and the Additional Land Tax in the following order of priority, namely:—

1. The 3 to 3½% LOAN OF 1906/9 will receive a first charge.
2. The 5% CONSOLIDATION GOLD LOAN OF 1915 will receive a second charge.

3. There will be a third charge in favour *pari passu* of all the other European Loans (with the exception of the 4½% BANCO DE LA PROVINCIA LOAN OF 1910 which is separately secured on the dividends of the Banco de la Provincia de Buenos Aires) and of the United States Dollar Loans.

The following points are material:—

(a) The service of the Internal Loans of the Province has already been severely cut and the reduced service will amount to 23,361,000 Paper Pesos per annum as compared with the contractual service of 36,140,815 Paper Pesos.

(b) Under the present proposals the Sterling, Dollar and Franc Bonds will no longer be dependent on rates of exchange as they are under the 1933/35 Scheme for the proportion of their interest which is paid in cash, but will assume their former status, as the reduced services will in each case be payable in the contractual currencies (save that holders of Assenting Bonds will surrender their option to take payment in Gold Pesos) as was the case before the 1933/35 Scheme came into force.

(c) Each sinking fund at the rate herein mentioned will operate upon the same terms in all respects as those specified in the Bonds of the particular Loan to which it relates and will commence as from the 1st January 1942.

(d) Drawn Bonds and Coupons of any of the Loans to which this Notice relates calculated at the free rate of exchange prevailing at their respective maturity dates will be accepted in full satisfaction of any liability for Provincial Taxes.

(e) The Provincial Government has undertaken that no tax or stamp duties of the Province will be levied upon any document required to give effect to the provisions of the Scheme and that it will itself bear any tax or stamp duties which may be levied thereon by the Government of the Nation.

(f) The Unification Law is expressed to remain in force for a period of twenty years from the 1st January, 1935, and contains provision for an extension for a further period of ten years. The Provincial Government has undertaken not to determine its adherence to the Unification Law at the end of the first twenty years and has further undertaken that if and when the provisions of the Unification Law finally cease to have effect it will use its utmost endeavours to maintain in force for so long as any of the Assenting Bonds remain unpaid and outstanding all machinery set up by the Unification Law and the General Bond so as to preserve the security so constituted.

Offers are about to be made by the Provincial Government to the holders of Bonds of the Loans of the Province outstanding in the United States of America and of the French Fraction of the PROVINCE OF BUENOS AIRES 5% STERLING LOAN OF 1908 (Drainage Loan) and the PROVINCE OF BUENOS AIRES 4½% EXTERNAL LOAN OF 1909/12 (Railway Loan). So far as the French Fractions of the Drainage and Railway Loans are concerned, the terms of the offer will be identical with those of this offer and the terms of the offer to holders of United States Loans which are still under negotiation will entail reductions in service corresponding to those contemplated for the European Loans. It is proposed that Assenting Holders of United States Loans should receive in addition to their share in the third charge on the sums passing through the Special Account a first charge on another special account to be created to receive certain other revenues (subject to payment thereof of the service amounting annually to 2,400,000 Paper Pesos of a certain Five-year Internal Loan of the Province of an authorised nominal amount of 15,000,000 Paper Pesos), due to the Provincial Government from the Government of the Nation, amounting annually to 5,400,000 Paper Pesos but due to expire in the year 1944.

Holders of Bonds who desire to accept the Provincial Government's offer should lodge their Bonds (either personally or through a London Agent) with the Paying Agents concerned from whom Listing Forms can be obtained. The Paying Agents are as follows:—

NAME OF LOAN	PAYING AGENTS	
	Name	Address
PROVINCE OF BUENOS AIRES 3 to 3½% LOAN of 1906/9	BARING BROTHERS & CO. LIMITED	8 Bishopsgate, London, E.C.2.
PROVINCE OF BUENOS AIRES 5% STERLING LOAN of 1908 (Drainage Loan)	ERLANGERS LIMITED	4 Moorgate, London, E.C.2.
PROVINCE OF BUENOS AIRES 4½% EXTERNAL LOAN of 1909 (Railway Loan) (English Fraction, namely Bonds numbered from 83334 to 91687 inclusive)	ERLANGERS LIMITED	4 Moorgate, London, E.C.2
PROVINCE OF BUENOS AIRES 5% EXTERNAL GOLD LOAN of 1910.	ERLANGERS LIMITED	4 Moorgate, London, E.C.2
PROVINCE OF BUENOS AIRES 5% CONSOLIDATION GOLD LOAN of 1915.	WEST-MINSTER BANK LIMITED ERLANGERS LIMITED	41 Lothbury, London, E.C.2 4 Moorgate, London, E.C.2

All Bonds so lodged will be stamped as "Assenting Bonds" and appropriately enfaced in respect of the reduction in service which acceptance of the offer will entail. New Coupon Sheets will also be supplied and attached.

The Provincial Government's offer will remain open until the 31st December 1935.

Application will be made to the Committee of the Stock Exchange, London, to grant an official quotation to Assenting Bonds of the Loans to which this Offer relates.

Copies of this Offer may be obtained at the offices of any of the Paying Agents mentioned above where also copies of a General Bond executed by the Provincial Government and of the Unification Law may be inspected by Bondholders at any time during business hours.

DATED this 8th day of August 1935.

PEDRO GROppo,

Minister of Finance.

BARING BROTHERS & CO. LIMITED of 8 Bishopsgate, London, E.C.2, will on and after the 2nd September 1935 be prepared to accept Bonds of the PROVINCE OF BUENOS AIRES 3 to 3½% LOAN OF 1906/9 in accordance with the above offer. Bonds accompanied by coupons due on the 2nd January 1936 and the subsequently must be listed on special forms obtainable at the offices of Baring Brothers & Co. Limited where Bonds may be deposited either personally or through a London Agent between the hours of 10 a.m. and 2 p.m. on any working day (Saturdays excepted) and must be left at least 10 clear days. Bonds sent through the post will be returned at the owner's risk.

Due notice will be given when Bonds of the remaining Loans to which this Offer relates may be lodged at the offices of the respective Paying Agents to be stamped as Assenting Bonds.

In calculating yields on fixed interest stocks quoted below allowance is made for interest accrued since the last date of payment, less income tax at the standard rate. Where stocks are definitely redeemable at a certain date the yield includes any profit or loss on redemption; where stocks are redeemable at or before a certain date the final date of repayment is taken as the date when the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary shares and shares is calculated by reference to the latest dividend account being taken of any enhancement or reduction of interim dividends. Allowance is made for accrued dividends in calculating the yield on "cum div." shares.

[illegible]

(a) Interim dividend provided for on 7½% basis, 50 per cent.
(b) Final dividend.
(c) Last two years' dividends worked on a 15% basis, paid in New Zealand Currency.
(d) Yield worked on redemption at par on Feb. 1, 1957.
(e) Yield worked on redemption at par on April 1, 1961.
(f) Yield worked on redemption at par on December 1, 1962.
(g) On 50 per cent. interest basis.
(h) Also Centenary Bonus 2½% yield worked on 1962.
(i) Based on interest payable in Australian Currency. † Increase of Income Tax

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[illegible]

(a) Interim dividend. (b) Final dividend. (c) Last two yearly dividends. (d) Including bonus 5% free of tax. (e) 7½ per cent. basis. (f) Based on a dividend of 15 per cent. (g) Annapurashare.

(1) Includes 12% from capital accretions. (2) Including bonus 5% free of tax. (3) Based on a dividend of 15 per cent. (4) Annapurashare.

(5) Calculated on basis of 7½ annas dividend per share paid for 1934-35. Taken at 16 annas to one rupee. (6) Worked on a 7½ per cent. basis. † Free of Income Tax.

(7) Also bonus 300 per cent. from reserves in A shares. Yield worked on a 25 per cent. basis. (8) Worked on a 7½ per cent. basis.

(Continued from page 293)

TOTAL DEALINGS IN NEW YORK

	Aug. 1, 1935	Aug. 2, 1935	Aug. 3, 1935*	Aug. 5, 1935	Aug. 6, 1935	Aug. 7, 1935
Stock Exchange— Shares (Thous.) ...	1,890	1,520	1,000	1,740	1,770	1,390
Bonds (Value Thous. \$) ...	12,130	10,080	3,340	8,080	9,080	8,680
Curb— Shares (Thous.) ...	275	307	243	446	339	273

* Two-Hour Session.

PARIS

The Bourse opened quietly on Monday, but became noticeably more active next day. Rentes were well supported, and Suez Canal shares recovered part of the previous week's heavy losses. The mid-week tone, however, was much less certain, professional and amateur investors alike tending to hold off the market pending the publication of the Government's new batch of economy decrees, and the clearer disclosure of prospects for the continued enforcement of the old, in view of the symptoms of active discontent manifest in certain French ports. Rentes and bank shares did not entirely hold their ground. Among mining leaders, however, Rio Tinto were in firm demand, and moderate gains were recorded in diamond and gold mining shares.

	July 29, 1935	July 31, 1935	Aug. 7, 1935
Banque de France	9,980	9,950	9,950
Crédit Lyonnais	1,880	1,689	1,675
Suez Canal	18,490	18,315	17,540
Chargeurs Réunis	139	147	140
Rio Tinto	1,225	1,225	1,247
Royal Dutch	19,380	19,380	19,850

BERLIN

Foreign buying of high-priced shares with blocked marks continued last week. Prices were steady to firm, but the volume of business was not large. A sharp and unexpected reaction occurred in certain electrical issues. Little change was recorded in Reichsbank, commercial banking and shipping shares. Rayon and potash issues were firm, however, and active dealings occurred in Farbenindustrie and Siemens. The present week opened with a moderately firm tone, lignite shares, in particular, showing an advance. A certain amount of selling of bonds last week was attributed to a desire to realise cash at the month-end. Municipal issues were slightly lower this week. The market, generally, was firm on Tuesday, but quieter conditions became general in mid-week.

	July 29, 1935	July 31, 1935	Aug. 7, 1935
Reichsbank	188.75	188.50	188.00
D.D. Bank	91.50	91.10	90.50
Dresdner (New)	91.50	91.10	90.50
I. G. Farben- industrie	158.10	157.75	158.00
Norddeutscher Lloyd (New)	19.40	19.00	18.60

AMSTERDAM

On the subsidence of constitutional and currency alarms, the Bourse relapsed into a quiet and unenterprising condition. That anxiety had not been wholly allayed, however, was suggested, not only by events in the foreign exchange market, but also by a further reactionary tendency in Dutch Government bonds, and a certain amount of "refugee" buying of industrials. Philips' Lamps and Unilever were particularly firm, and a strong demand sprang up in mid-week for Royal Dutch. Despite the death

OFFER TO NEW READERS

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

Address.....

sentence on the Chadbourne scheme, sugar shares held their ground, but rubber shares continued dull.

	July 29, 1935	July 31, 1935	Aug. 7, 1935
2½% Dutch Loan	70½	70½	70½
5½% German	17½	17½	16½
Unilever N.V.	103½	102	106
Philips' Lamps	257½	255	262½
Netherlands Ship Union	35½	34½	37

CAPITAL ISSUES

ALTHOUGH the reception accorded to recent trustee offers has been very favourable, prospective borrowers in this market have duly observed the Bank Holiday tradition. No public offer, in fact, has presumed to compete with the rival attraction of holiday sunshine. A number of statements "for information only" have, nevertheless, been published. Of these the briefest, but most interesting, gives details of *Coast Lines* preference capital, on which dividend arrears have now been paid off. This step would appear to mark a further stage in the preparation for liquidation of the Royal Mail assets by R.M. Realisation. *Brancepeth Gas and Coke (Strakers and Love)* acquires, and will further develop, a coking business in Durham. The debentures carry a return which should attract investors who are convinced of the eventual recovery of the "special areas." Other statements have been published by *John Galloway and Company, Alliance Investment Company*, and *Southend Waterworks*. *City of London Real Property* have offered a well-secured 3½ per cent. debenture stock at 97 per cent. to existing members.

ISSUES OF THE WEEK

By Prospectus or Offer for Sale

Amount previously recorded, Jan. 1 to Aug. 3, 1935, including conversions, £247,335,299.
Amount previously recorded, Jan. 1 to Aug. 3, 1935, excluding conversions, £122,352,226.

National Savings Certificates.
Net receipts, Week to August 3, 1935, Dr. £100,000.

To the Public	Nominal Capital	Conversions	New Money	First Payment	Further Liability
To Shareholders only	£	£	£	£	£
City of London Real Prop., £221,900 3½% deb. stk. at 97½	221,900	...	215,243	11,095	204,148
Rhondda Transport, 57,549 £1 ord. at 21½	57,549	...	60,428	2,877	57,549
Total	279,449	...	275,669	13,972	261,697

Total Offered for Subscription—	Including Conversions	Excluding Conversions
Jan. 1 to date—	£	£
1935	247,614,748	122,631,675
1934	288,909,794	114,387,058
1933	228,278,805	133,856,640
1932	290,409,990	161,665,325
1928	281,660,013	...
† This figure includes £1,920,000,000 for conversion of 5% War Loan into 3½% War Loan.		

Nature of Borrowing	Debtures	Preference	Ordinary	Total
January 1 to date—	£	£	£	£
1935	71,196,808	25,118,417	26,316,450	122,631,675
1934	70,847,528	12,356,959	31,083,172	114,387,058
Whole year—				
1935	212,917,900	45,082,600	111,177,800	369,158,100
1934	222,084,300	12,733,700	9,882,500	244,700,500
1933	102,769,300	21,481,000	44,878,400	169,108,700

By Stock Exchange Introduction

	Capital Introduced	Approximate Price Dealings Began	Cash Involved
Amount previously recorded	£20,444,783	...	£31,067,193
Total to date, 1935	20,444,783	...	31,067,193
Total to date, 1934	18,030,032	...	29,936,602

BY STOCK EXCHANGE INTRODUCTION

Alliance Investment Co., Ltd.—Particulars of issue of £100,000 3½ per cent. debenture stock. Secured by floating charge and ranks *pari passu* with existing 4 per cent. issue. Repayable at par December 1, 1975, or from 1965 on three months' notice. Stock placed at par, less ½ per cent. brokerage.

Southend Waterworks Company.—Particulars of issue of £100,000 3 per cent. debenture stock. Redeemable at par July 1, 1965. Issue placed at £99 per cent., less ½ per cent. commission. Proceeds for repayment of 8 per cent. stock and general purposes.

Lewis's Investment Trust, Ltd.—Particulars of issue of £400,000 3½ per cent. redeemable notes, 1945–50. Proceeds to repay loan of £320,000 and for capital expenditure. Formed 1929 and holds deferred ordinary capital of Lewis's, Ltd.

Net assets available for Notes (including £400,000 4 per cent. Notes in issue), £3,451,303. Profits, after debenture interest, £340,305. Issue placed at £99½ per cent. Redeemable August 1, 1950, at par, or from 1945 on three months' notice.

Coast Lines, Ltd.—Particulars of 750,000 6½ per cent. £1 cumulative preference and 1,875,000 6 per cent. £1 cumulative preference shares. 100,000 6½ per cent. and 1,823,630 6 per cent. at present held by subsidiary and sub-subsidiary companies. Rank *pari passu* for dividends and in winding up. Further particulars in current Stock Exchange Official Year Book.

Brancepeth Gas and Coke (Strakers and Love), Ltd.—Particulars of issue of £325,000 5 per cent. debentures. Secured by first specific charge on leaseholds and plant. Redeemable by December 31, 1949, by annual sinking fund, or from December 31, 1939, on six months' notice. Company acquires coking and gas business from Strakers and Love for £90,000 to be satisfied by allotment of 65,000 £1 ordinary shares, and will erect new oven and plant.

John Galloway and Company, Ltd.—Issued capital, 130,000 5½ per cent. £1 cumulative preference and 300,000 10s. ordinary shares. Formed to acquire share capital of paper mills in Midlothian. Assets, £229,724. Total consideration, £226,208. Profits, years to end March: 1933, £20,447; 1934, £22,427; 1935, £21,962.

ISSUES TO SHAREHOLDERS ONLY

City of London Real Property Company, Ltd.—Issue of £221,900 3½ per cent. debenture stock at £97 per cent. Ranks *pari passu* with existing debentures. Redeemable at company's option on six months' notice. Assets £12,764,802; total loan capital, £1,450,000. Net profit, after tax, available for interest exceeds £350,000.

Rhondda Transport.—57,549 £1 shares offered to holders, at rate of 38 per cent. at 21s. each. Notice given to redeem existing 6 per cent. debenture stock.

CONVERSIONS AND REPAYMENTS

Garage (A. W.).—The directors will redeem, at £21 per £20 debenture, on January 20, 1936, the balance (viz., 5,000) of the 4½ per cent. debentures now outstanding. For this purpose, and for the general purposes of the company, the directors have determined to create and issue £250,000 4 per cent. first mortgage debenture stock and offer to debenture-holders whose names appear on the register on July 19th the right to convert their present holdings into an equivalent nominal amount of stock.

Cheltenham Original Brewery.—45,000 ordinary shares of £1 are offered to ordinary shareholders on the register on July 19th at 45s. per share, in the proportion of one new share for every four shares held. The new ordinary shares, when fully paid, will rank *pari passu* with the existing ordinary shares in all respects except that they will not be entitled to participate in the interim dividend declared and paid on account of the year ending September 30, 1935, but will be entitled to the full final dividend in respect of that year. It is the company's intention, in due course, to apply the proceeds of this issue towards paying off the outstanding balance (£95,800) of the 5½ per cent. "Sladden and Collier" redeemable debenture stock.

Hong Kong and China Gas.—The company will redeem the existing 5 per cent. debentures, which are at present outstanding to the amount of £40,050, on October 31, 1935, create and issue at par 2,000 new 4 per cent. debentures of £50. The directors are inviting applications from the holders of the existing debentures to exchange their present holdings for new debentures, and also to apply for further new debentures for cash.

Crookers, Ltd.—The company will redeem at the rate of £108 for every £100 stock on January 31, 1936, the whole of the 4 per cent. first mortgage debenture stock of the company now outstanding.

Ferreira Estate Company, Ltd. (Incorporated in S.A.).—Directors recommend further reduction of capital by refunding 5s. per share from proceeds of realisation of assets. Owing to legal and other formalities refund cannot be made until approximately February, 1936.

The Bristol Tramways and Carriage Company, Ltd.—Notice has been given that redemption of 4½ per cent. mortgage debenture stock will be effected on February 5, 1936.

The Melbourne Electric Supply Company, Ltd.—Proposal to reduce capital from £1,750,000 to £1,250,000 by repayment of the £500,000 8-per cent. preference capital, at 5 per cent. premium, unanimously carried.

SEVERN VALLEY GAS OFFER

Wem Gas Light.—The Severn Valley Gas Corporation has offered to acquire all the issued £5 shares of the Wem Gas

OTARD'S
ESTABD 1795

THE BRANDY WITH A PEDIGREE

Light and Coke Company at £6 2s. 6d. cash per share, or in exchange for the corporation's £1 fully-paid ordinary shares, at the holder's option.

ISSUE ABROAD

Dominion of Canada.—It is intended to offer \$76,000,000 of ten-year 2½ per cent. bonds, maturing on August 15, 1945, in New York, to pay off the banking credit of \$50,000,000 maturing October 1st and the \$26,000,000 of Canadian National Railways guaranteed 4½ per cent. bonds called for October 15, 1935.

OTHER RESULTS OF ISSUES

India 3 per cent. Rupee Loan.—List opened August 5th and closed within 20 minutes, heavily oversubscribed.

Rugely Gas Company.—The recent offer to the stockholders of Rugely Gas Company on behalf of Gas Consolidation, Ltd., accepted by substantial majority.

CALLS DUE AUGUST 12, 1935, TO AUGUST 17, 1935

The grand total of calls falling due in August, 1935, is £16,443,401, which compares with £36,367,141 which fell due in August, 1934.

Nominal amount of Stock	Company	Amount of Call	When payable	Making Paid
Stock	Alliance Investment Trust (£100,000 3½% deb. stk. at par)	£80%	Aug. 15	£50%
£1	Berry, Wiggins and Co. (215,000 5½% pref. at 20/7½)	5/- p.s.	Aug. 15	15/- p.s.
£1	Cheltenham Orig. Brewery (45,000 ord. at 45/-)	10/- p.s. and 10/- prem.	Aug. 16	10/- p.s.
Stock	City of London Real Property (£221,900 3½% deb. stk. at 97)	£5%	Aug. 16	£5%
Stock	Colwyn Bay Corp. (£400,000 3% stock at 98½)	£30%	Aug. 15	£85%
5/-	Hills (R. H. O.) (Blackpool) (200,000 ord. at 7/6)	2/6 p.s. and 2/6 prem.	Aug. 15	All
£1	Do. (100,000 6% pref. at 21/-)	10/- p.s. and 1/- prem.	Aug. 15	All
£1	Kay (John) (100,000 6% pref. at par)	Full	Aug. 15	All
Notes	Lewis's Invest. Trust (£400,000 3½% Notes at 99½)	£50%	Aug. 15	£50%
£1	Metal Box (89,543 ord. at par)	20/-	Aug. 15	£50%
£1	Metal Industries (500,000 5% pref. at 2/6)	10/- p.s. and 1/6 prem.	Aug. 15	10/- p.s.
Stock	Southend Waterworks (£100,000 3% Stock at 99)	£99%	Aug. 15	All
£1	Unilever (2,000,000 5% preferred at 21/6)	10/- p.s.	Aug. 15	All
5/-	Union Steel (of S.A.) (725,000 ord. at par)	5/- p.s.	Aug. 15	All

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Amt. paid	Price, July 31, 1935	Price, Aug. 7, 1935
African Railway Finance 2% Debs. ...	99½	34½	par-½ pm	1½ pm
Armstrong Shock Absorbers 2/-	3/-	3/-	2/9-3/3	2/10-3/1½
Australia 3%	100	5	...	1½-1½ pm
Birch Motor Bodies Ord.	25/-	12/6	2½-2½ pm	2½-2½ pm
Bristol Aeroplane Ord. (a) 10/-	99	24	58½-59½	61½-62½
British (Guest Keen & Baldwins) 4% deb.	100	70	1½-1½ pm	1½-1½ pm
Cables Investment Trust Pref. £10	10½	1	2/-2/6 pm	4/-4/6 pm
Do. 3½% Debs. ...	99	10	1½-1½ pm	1½-1½ pm
Dundee 3%	100	5	...	1½-1½ pm
Earls Court Ord. 5/-	5/-	3/-	9d-3d dis	9d-3d dis
Do. 5½% 2nd Debs.	£100	£20	3½-3½ pm	3½-3½ pm
Great Boulder Mining and Finance 5/-	5/-	5/-	3½-3½ pm	4/-4/6
Hawker Siddeley Ord. 5/-	15/-	...	2/9-3/3 pm	19/10-19/10
Do. 5% Pref. £1	20/-	...	3d dis-3d pm	19/10-20/1½
Hills (R. H. O.) Ord. 5/-	7/6	7/6	1/-1/6 pm	1/-1/6 pm
India 3%, 1948-52	21/-	21/-	1½d-7½d pm	6d-1½ pm
Kelly's Directories 4% Deb.	98	18	1½-1½ pm	1½-1½ pm
Leeds 3% Stock	104	24	1½-1½ pm	1½-1½ pm
Leeds and Wakefield Breweries 6% Pref.	99½	18½	1½-1½ pm	1½-1½ pm
Do. 20/-	24/6	10/6	par-3d pm	1½ dis-1½ pm
Lewis (John) Properties 4½% Pref.	20/6	10/6	...	10½d-4½d dis
Do. 3½% Debs. ...	98	9½	...	2½-2½ pm
Liverpool 3%	99½	18½	1½-1½ pm	1½-1½ pm
London County Freshford Properties 20/-	46½	10/-	2/-1/6 dis	1/9-1/9 dis
London Electric Transport 2½% Debs.	97	17	4½-4½ pm	4½-4½ pm
Lowestoft 3%	99½	25	2½-2½ pm	3½-3½ pm
Manchester 3%	99	3/6	6d-9d pm	3d-9d pm
Mann and Overton Ord. 5/-	6/6	3/6	3d dis-3d pm	7½d-1½d dis
Do. 6% Pref. £1	20/-	10/-	...	1½-1½ pm
New Zealand 3%	£100	£50	1½-1½ pm	1½-1½ pm
N.E. Electric 3½% Debs.	2/-	2/-	1/8-2/-	1/8-2/-
Phillips (H. W.) Ord. 5/-	5/-	5/-	4/6-5/-	4/6-5/-
Do. 6% Pref. 5/-	5/-	5/-	1½-1½ pm	1½-1½ pm
Rietfontein No. 11 (10/-)	22/6	6/6	6½-6½ pm	6½-6½ pm
Silentbloc Ord. 2/-	5/-	5/-	6½-6½ pm	6½-6½ pm
Taylor (C. F.) Ord. 5/-	21/-	21/-	20/9-21/9	20/9-21/9
Do. 6% Pref. 20/-	100	5	...	1½-1½ pm
West Bromwich 3%	7/-	7/-	9d-3d dis	1½-1½ pm
Westland Aircraft 5/-	100	50	1½-1½ pm	1½-1½ pm
W. Lon. Prop. 4% Debs.	5/-	5/-	1/9-2/3 pm	1/9-2/3 pm
W. Sparwater 5/-	100	20	1½-1½ pm	1½-1½ pm
Yorkshire Electric Power 8½% Debs. ...	100	20	1½-1½ pm	1½-1½ pm

(a) Private placings.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended August 3, 1935, amounted to £12,650,051, against ordinary expenditure of £19,308,952. After allowing for an increase in Exchequer Balances of £29,394, the operations for the week, as shown below, increased the gross National Debt by £6,688,000 to approximately £8,120 million.*

(000's omitted)

REVENUE	Estimate for the year 1935-36	Actual to Aug. 3, 1935	Actual to Aug. 3, 1934	Week ended Aug. 3, 1935	Week ended Aug. 4, 1934
Public Department Advances.....	+ 9,150	11	11	11	11
Land Sett. temp. advances.....	11	11	11	11	11
	+ 9,161				

* Including £375 millions on Account of Exchange Equalisation Fund and Borrowing or Statutory Sinking Fund.

A complete analysis of the approximate position of the National Debt on June 30, 1935, appeared in the *Economist* for July 6.

REVENUE	Estimate for the year 1935-36	Total Receipts into the Exchequer			
		April 1, 1935, to Aug. 3, 1935	April 1, 1934, to Aug. 4, 1934	Week ended Aug. 3, 1935	Week ended Aug. 4, 1934
ORDINARY REVENUE					
Inland Revenue—					
Income Tax	232,500,000	33,411,000	34,625,000	4,809,000	5,082,000
Sur-tax	51,500,000	4,930,000	6,400,000	130,000	160,000
Estate, etc., Duties	80,000,000	31,630,000	31,720,000	1,470,000	1,420,000
Stamps	25,000,000	5,350,000	5,510,000	200,000	250,000
Excess Profits Duty and Corporation Profits Tax	1,700,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	120,000	130,000	...	...
Total Inland Revenue.....	391,500,000	75,441,000	78,385,000	6,609,000	6,912,000
Customs and Excise—					
Customs	188,570,000	66,732,000	64,627,000	3,420,000	3,567,000
Excise	106,350,000	34,305,000	33,168,000	683,000	767,000
Total Customs and Excise	294,920,000	101,037,000	97,795,000	4,103,000	4,334,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	951,000	3,110,000	Dr359,000	871,000
Post Office (Net Receipt)	11,850,000	7,450,000	8,200,000	1,450,000	1,650,000
Crown Lands	1,330,000	510,000	460,000	...	...
Receipts from Sundry Loans	3,900,000	2,726,839	2,225,346	830,570	68,906
Miscellaneous Receipts	25,970,000	4,522,345	4,056,393	16,481	1,986
Total Ordinary Revenue	734,470,000	192,638,184	194,231,739	12,650,051	13,837,892
SELF-BALANCING REVENUE					
Post Office	64,070,000	18,700,000	17,850,000	700,000	600,000
Motor Vehicle Duties apportioned to Road Fund	26,230,000	4,980,000	5,500,000	359,000	500,000
Total Self-Balancing Revenue	90,300,000	23,680,000	23,350,000	1,059,000	1,100,000
Total	...	216,318,184	217,581,739	13,709,051	14,937,892

FOR BANKING IN FINLAND

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189 BRANCHES

ENSURES PROMPT AND EFFICIENT
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COLLECTIONS AND PAYMENT ORDERS

EXPENDITURE	Estimate for the year 1935-36	Total Issues out of the Exchequer to meet Payments			
		April 1, 1935, to Aug. 3, 1935	April 1, 1934, to Aug. 4, 1934	Week ended Aug. 3, 1935	Week ended Aug. 4, 1934
ORDINARY EXPENDITURE					
Interest and Management of National Debt	224,000,000	93,895,806	95,177,903	8,004,119	7,924,613
Payments to Northern Ireland Exchequer	6,750,000	1,612,750	2,027,782	...	226,642
Other Consolidated Fund Services	3,700,000	1,179,296	1,014,243	27,833	29,929
Post Office Fund	1,130,000	...	...	...	...
Total	235,580,000	96,687,852	98,219,928	8,031,952	8,181,184
Total Supply Services (excluding Post Office)	508,440,000	161,259,800	150,687,150	11,277,000	8,826,500
Total Ordinary Expenditure	744,020,000	257,947,452	248,907,078	19,308,952	17,007,684
SELF-BALANCING EXPENDITURE					
Post Office	64,070,000	18,700,000	17,850,000	700,000	600,000
Road Fund	26,230,000	4,980,000	5,500,000	359,000	500,000
Total Self-Balancing Expenditure	90,300,000	23,680,000	23,350,000	1,059,000	1,100,000
Total	...	281,627,452	272,257,078	20,367,952	18,107,684

The aggregate revenue and expenditure to Aug. 3, 1935, is shown below :—

FINANCIAL YEAR, 1935-36, APRIL 1, 1935, TO AUG. 3, 1935

(000's omitted)		Revenue	
Expenditure.....	257,947	Revenue	192,638
Increase in balances	196	Gross increase in borrowing 87,533	
		Less	
		New Sinking Fund	2,028*
		Net borrowing	65,505
	258,143		258,143

* Authority will be sought in the Finance Bills to meet the amount of the Statutory Sinking Funds in 1935 by borrowing.

POSITION OF THE FLOATING DEBT

Ways and Means Advances Outstanding—	Aug. 4, '34 Mar. 31, '35	Aug. 3, '35	Aug. 3, '35
Advances by Bank of England	£	£	£
Advances by Public Departments	39,600,000	34,060,000	3,750,000 + 3,750,000
Treasury Bills Outstanding	828,315,000	799,320,000	887,450,000* - 2,350,000
Total Floating Debt	867,915,000	833,380,000	914,150,000 + 6,890,000

* Includes £4,000, the proceeds of which were not carried to the Exchequer within the period of the Account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £40,000,000 Treasury bills were opened on August 2, 1935, and the total amount applied for was £61,270,000. Tenders were accepted for Treasury bills at three months dated Tuesday to Friday at £99 17s. 0d., about 59 per cent., and above in full; Saturday at £99 17s. 1d., and above in full. The average rate per cent. was 11s. 9.13d. The amount allotted was £40,000,000. The following table shows the weekly record at various dates :—

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
1933				
January 6.....	45,000,000	78,850,000	45,000,000	0 18 10-84
July 7.....	45,000,000	83,890,000	45,000,000	0 10 4-85
October 6.....	45,000,000	100,450,000	45,000,000	0 12 9-06
1934				
January 5.....	35,000,000	78,260,000	30,000,000	0 18 11-5
April 5.....	40,000,000	80,390,000	32,000,000	0 17 9-01
July 6.....	35,000,000	82,745,000	32,000,000	0 16 4-14
October 5.....	35,000,000	65,260,000	31,510,000	0 15 9-708
1935				
January 4.....	30,000,000	49,560,000	27,500,000	0 6 1-64
April 5.....	40,000,000	76,095,000	40,000,000	0 10 2-98
June 21.....	40,000,000	54,855,000	40,000,000	0 16 0-00
July 5.....	40,000,000	64,985,000	40,000,000	0 12 1-83
July 12.....	40,000,000	60,905,000	40,000,000	0 12 4-82
July 19.....	40,000,000	61,490,000	40,000,000	0 12 1-80
July 26.....	40,000,000	67,885,000	40,000,000	0 12 2-84
August 2.....	40,000,000	56,800,000	40,000,000	0 10 9-77
		61,270,000	40,000,000	0 11 9-13

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended July 13, 1935	636,601	£ 477,450
Week ended July 20, 1935	922,677	£ 467,000
February, 1916, to July 20, 1935	1,281,769,315	£ 970,266,712

At the end of May, 1935, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £392,705,923.

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, August 7, 1935

ISSUE DEPARTMENT

Notes Issued :—	£	Government Debt	£
In Circulation	411,835,941	Other Government Securities	246,894,368
In Banking Department	40,938,516	Discounts and Advances	544,486
		Silver Coin	1,546,046
		Amount of Fiduciary Issue	260,000,000
		Gold Coin and Bullion	192,774,457
	452,774,457		452,774,457

BANKING DEPARTMENT

Proprietors' Capital	£ 14,553,000	Government Securities	£ 87,200,889
Reserve	3,601,542	Other Securities	27,183,701
Public Deposits	17,240,426	Advances	£14,078,313
Other Deposits	37,845,599	Securities	£13,115,388
Bankers'	£82,662,217	Notes	40,938,516
Other Accounts	£37,845,599	Gold and Silver Coin	569,678
	120,507,616		155,902,784
	155,902,784		155,902,784

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

Both Departments	Amount, August 7, 1935	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	411,835,941	+ 3,574,084	+ 19,029,610
Public deposits	17,240,426	— 7,119,311	— 6,642,517
Bankers' deposits	82,662,217	+ 6,881,998	+ 661,012
Other deposits	37,845,599	— 654,172	+ 2,185,568
Seven-day bills	549,584,183	+ 2,782,599	+ 15,228,990
Total outside liabilities	18,154,542	+ 2,229,7	+ 13,315
Capital and rest	345,110,357	+ 293,609	+ 6,063,880
Government debt and securities	14,078,313	+ 3,235,936	+ 7,093,172
Discounts and advances	13,659,874	— 715,583	+ 2,845,375
Other securities	1,546,046	+ 8,350	+ 1,919,328
Silver coin in issue department	193,344,135	+ 17,416	+ 1,157,206
Coin and bullion (bank's reserves)	41,508,194	— 3,591,500	— 17,872,404
Reserves of notes and coin in banking department			
Proportion of reserve to outside liabilities—			
(a) Banking Department only ("proportion")	30.1%	— 2.4%	— 11.8%
(b) Gold stocks to deposits and notes ("reserve ratio")	35.2%	— 0.2%	— 0.8%

(000's omitted)

Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits		
1935							
July 10	452,717	400,652	8,361	108,593	36,368	Nil	2
17	452,717	399,568	7,883	103,582	38,845	Nil	2
24	452,717	400,810	8,871	100,815	36,807	Nil	2
31	452,717	408,262	24,360	75,680	38,500	58 in	2
Aug. 7	452,717	411,836	17,240	82,662	37,845	Nil	2

(000's omitted)

Date	Issue Department		Both Depts.		Banking Department			Reserve and the "Proportion"
	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio	Govt. Securities	Discounts & Advances	Other Securities		
1935								
July 10	258,076	236	193,272	95,801	10,373	12,582	52,620	34.1
17	257,638	675	193,239	91,886	9,277	13,549	53,672	35.1
24	257,394	966	193,260	88,741	10,322	12,891	52,450	35.1
31	257,446	1,016	193,362	87,371	10,842	13,359	45,100	32.1
Aug. 7	257,909	544	193,344	87,201	14,078	13,115	41,508	30.1

BANKERS' CLEARING RETURNS

LONDON

(000's omitted)

	Town	Metropolitan	Country	Total
1935				
January 1 to July 24	18,648,432	1,078,050	1,816,587	21,543,069
Week ended July 31	874,081	36,369	57,813	768,263
Week ended August 7	514,113	38,845	65,824	618,582
Total to date, 1935	19,836,626	1,153,264	1,940,024	22,929,914
Total to date, 1934	18,531,620	1,072,229	1,803,915	21,407,764
Increase or decrease in 1935	+ 1,305,006	+ 81,035	+ 136,109	+ 1,522,150
	= 7.0%	= 7.6%	= 7.6%	= 7.1%
Total for year 1934	30,740,117	1,759,528	2,984,512	35,484,157
Total for year 1935	27,714,480	1,656,675	2,766,471	32,137,626
Increase or decrease in 1934	+ 3,025,637	+ 102,853	+ 218,041	+ 3,346,531
	= 10.8%	= 6.2%	= 7.8%	= 10.4%

PROVINCIAL
(000's omitted)

	Week ended Aug. 3		Month of July			Aggregate Totals January 1 to August 3	
	1934	1935	1934	1935	Inc. or Dec.	1934	1935
No. of working days :	£	£	£	£	%	£	£
BIRMINGHAM	3,181	3,272	9,973	12,439	+24.7	73,461	75,136
BRADFORD	1,011	1,207	3,485	4,262	+22.2	28,592	27,535
BRISTOL	1,297	1,402	4,935	5,788	+17.0	36,800	36,484
DUBLIN	4,915	5,134	...	...	...	161,248	165,550
HULL	786	955	3,279	3,357	+ 2.3	22,651	22,825
LEEDS	1,027	1,225	4,093	4,760	+16.2	29,517	28,579
LIVERPOOL	7,448	8,909	2,844	3,172	+11.5	20,113	20,756
MANCHESTER	6,289	8,753	27,658	26,373	-4.6	187,265	180,445
NEWCASTLE	11,061	11,280	42,255	45,292	+ 7.1	300,760	303,507
NOTTINGHAM	1,662	1,436	6,261	6,080	- 2.8	46,700	42,244
SHEFFIELD	608	794	1,986	2,299	+15.7	13,930	14,776
	1,148	1,156	3,595	4,036	+12.2	28,155	26,466
	33,733	37,743	110,364	117,848	+ 6.7	947,192	944,338

AUSTRALIAN COMMONWEALTH BANK.—In £'s (000's omitted).

Assets	June 24, 1935	July 1, 1935	July 8, 1935	July 15, 1935	July 22, 1935	July 29, 1935
Gold and English sterling	15,994	15,994	15,994	15,994	15,994	15,994
Other coin, bullion and cash	6,409	6,409	6,409	6,409	6,409	6,409
Money at short call—London	20,285	17,620	17,137	18,608	17,800	17,279
Short-term loans	5,710	6,191	5,878	5,282	5,163	5,624
Securities	70,764	70,887	70,886	70,886	70,886	70,886
Discounts and advances	6,505	6,603	6,818	6,810	7,038	7,072
Other assets	7,098	5,175	4,314	4,742	4,779	4,594
LIABILITIES						
Notes issued	47,050	47,050	47,044	47,044	47,044	47,044
Reserve premium on gold	3,896	3,896	3,896	3,896	3,896	3,896
Deposits	72,925	69,498	68,087	69,423	68,590	73,607
Other liabilities	3,276	2,989	2,856	2,933	2,946	2,921

RESERVE BANK OF NEW ZEALAND.—In £'s (000's omitted).

Assets	July 1, 1935	July 8, 1935	July 15, 1935	July 22, 1935	July 29, 1935
Gold	2,801	2,801	2,801	2,801	2,801
Sterling exchange	21,583	21,777	21,531	21,547	21,053
Subsidiary coin	139	139	139	136	135
Investments	2,094	2,094	2,094	2,094	2,094
LIABILITIES					
Bank notes	9,074	9,008	9,009	8,929	8,848
Demand liabilities—Government	11,997	12,189	11,975	11,712	11,287
Other	4,000	4,048	4,029	4,393	4,407
Ratio of reserves to sight liabilities	97.2%	97.3%	97.3%	97.3%	97.2%

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

Assets	July 12, 1935	July 19, 1935	July 26, 1935	Aug. 2, 1935
Gold coin and bullion	44,421.17	44,421.17	44,421.17	44,421.17
Rupee coin	53,217.35	53,217.35	53,217.35	53,217.35
Sterling exchange	8,952.20	8,952.20	8,952.20	8,952.20
Government securities*	65,192.27	65,192.27	65,192.27	65,192.27
Indian Government rupee securities*	26,490.33	26,490.33	26,490.33	26,490.33
Investments	6,166.81	5,858.85	5,913.37	5,983.14
LIABILITIES				
Note circulation	1,60,56,68	1,58,61,82	1,55,92,18	1,56,26,96
Deposits—Government	7,24,58	10,42,93	11,74,82	11,22,00
Other	24,54,21	25,94,30	29,59,08	28,75,64
Ratio of gold and sterling to liabilities	57.4%	57.7%	57.4%	57.4%

* Held against notes.

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

Assets	Aug. 3, 1934	July 12, 1935	July 19, 1935	July 26, 1935	Aug. 2, 1935
Gold	80,486,582	71,351,359	71,176,523	71,276,632	71,630,296
Sight balances abroad	12,756	9,891	9,858	9,858	9,858
Bills discounted	3,925,198	7,037,817	7,303,244	7,524,003	6,870,181
Negotiable bills abroad	919,887	979,310	979,310	1,007,948	1,007,948
Advances against sec.	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
To the State	3,175,426	4,117,649	4,004,431	3,863,687	4,157,821
Negotiable Bonds	5,913,404	5,804,935	5,804,935	5,804,935	5,800,402
Sinking Fund Dept.	5,185,644	4,962,461	5,023,746	4,877,174	4,990,910
Other assets (excluding forward exch.)					
LIABILITIES					
Notes in circulation	81,717,825	81,728,581	81,236,767	81,127,709	82,213,778
Public deposits	3,259,258	3,030,433	3,172,581	3,240,611	3,260,620
Private deposits	15,502,166	10,293,816	10,665,625	10,679,083	10,679,083
Other liabilities	2,103,436	2,409,162	2,425,672	2,313,890	2,522,723
Ratio of gold reserve to sight liabilities	79.9%	74.9%	74.7%	74.7%	75.1%

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

Assets	July 31, 1934	July 15, 1935	July 23, 1935	July 31, 1935
Gold	74,874	93,930	93,948	93,956
Of which deposited abroad	16,848	30,176	30,156	30,156
Reserve in foreign currencies	3,147	3,373	3,897	5,887
Bills of exchange and cheques	3,431,105	3,576,039	3,768,616	3,836,432
Silver and other coin	228,778	186,890	244,898	187,268
Notes of other German banks	5,656	12,850	15,007	4,611
Advances	109,027	48,149	40,492	52,268
Investments	713,464	680,603	680,937	660,906
Other assets	653,628	665,122	688,619	651,571
LIABILITIES				
Share capital	150,000	150,000	150,000	150,000
Reserves	472,797	471,164	471,164	471,164
Notes in circulation	8,768,025	8,666,522	8,546,120	8,577,343
Other daily maturing obligations	649,497	742,903	746,114	742,940
Other liabilities	176,853	217,147	215,297	223,032
Cover of note circulation	2.1%	2.79%	2.87%	2.57%

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

Assets	Aug. 2, 1934	July 4, 1935	July 11, 1935	July 17, 1935	July 25, 1935	Aug. 1, 1935
Gold	2,630,280	3,553,545	3,551,630	3,563,499	3,533,983	3,533,782
Silver and other coin	67,021	60,429	58,905	59,830	61,902	56,249
Securities	672,473	1,412,006	1,415,513	1,441,303	1,431,471	1,426,047
Advances	91,895	125,293	125,020	118,977	116,168	120,032
LIABILITIES						
Notes in circulation	3,545,818	4,077,702	4,068,783	4,070,133	4,079,389	4,144,529
Deposits—Govt.	110,360	20,722	20,890	28,874	32,870	32,870
Other	180,849	1,240,360	1,237,426	1,286,665	1,229,178	1,152,861

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

Assets	Aug. 6, 1934	July 8, 1935	July 15, 1935	July 22, 1935	Aug. 5, 1935
Gold	863,396	680,843	685,899	688,468	695,222
Silver	27,367	21,951	22,420	23,025	22,738
Home bills discounted	23,165	26,151	55,633	24,784	43,589
Loans and advances in current account	146,863	141,463	135,412	134,320	186,189
LIABILITIES					
Notes in circulation	906,504	830,298	821,859	811,765	818,812
Deposits	179,045	62,321	69,500	79,903	54,764

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

Assets	July 31, 1934	June 29, 1935	July 6, 1935	July 15, 1935	July 23, 1935	July 31, 1935
Gold	1,642,419	1,195,485	1,220,854	1,252,162	1,278,060	1,289,327
Of which held abroad	107,188	72,636	92,735	120,974	100,541	123,900
Discounts	59,039	177,998	149,736	126,103		
Bills of the Confederation	14,897	62,852	62,252	60,783	57,905	52,905
Advances	73,616	129,342	114,015	89,465	82,727	95,063
Securities	53,696	60,284	58,365	57,760	55,553	
LIABILITIES						
Notes in circulation	1,364,132	1,306,936	1,273,802	1,245,545	1,230,266	1,281,513
Deposits	440,990	312,852	323,438	321,068	314,355	306,382

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

Assets	July 31, 1934	July 8, 1935	July 15, 1935	July 23, 1935	July 31, 1935
Gold reserve	1934	1935	1935	1935	1935
Government securities—Swedish	278,563	355,866	355,866	356,286	356,493
Foreign	151,062	108,639	108,639	108,639	108,639
Bills payable in Sweden	39,104	47,769	47,769	47,769	48,915
Bills payable abroad	351,368	423,136	423,136	423,136	423,209
Balance abroad	66,558	141,191	140,031	141,007	150,150
Advances	27,488	38,322	37,781	37,458	34,760
LIABILITIES					
Notes in circulation	611,763	666,814	655,307	628,540	685,471
Government deposits	130,406	195,709	192,574	185,383	173,904
Private deposits	308,268	270,515	290,193	326,030	291,173

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

Assets	July 31, 1934	Mar. 31, 1935	Apr. 30, 1935	May 31, 1935	June 30, 1935	July 31, 1935
Coin and bullion	133,147	133,105	133,105	133,105	133,105	133,105
Loans and discounts	127,568	131,816	131,275	133,817	133,102	133,102
Securities	149,714	153,339	152,582	149,844	148,255	114,627
Emergency Fund	137,678	141,782	141,741	141,716	141,147	137,780
LIABILITIES						
Circulation	356,973	369,037	370,443	375,248	377,548	361,072
Deposits	133,253	99,198	97,825	89,175	107,928	105,440

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

Assets	July 18, 1934	June 19, 1935	June 26, 1935	July 3, 1935	July 10, 1935	July 17, 1935
Gold	897,338	907,915	908,581	909,151	909,164	909,168
Balances abroad	322,519	456,811	460,358	452,737	439,329	439,124
Discounts	310,905	316,154	313,163	322,846	326,340	321,463
Government loans	1,050,108	1,048,137	1,048,137	1,047,483	1,047,483	1,047,483
LIABILITIES						
Notes in circulation	1,892,769	2,009,572	2,026,276	2,084,122	2,063,809	2,036,599
Government deposits	272,727	473,688	444,655	401,426	412,478	386,393
Bankers' deposits	437,308	385,977	397,206	386,797	400,807	402,197
Other deposits	61,311	44,395	36,215	42,555	31,237	68,024
Foreign commitments	207	21,432	21,423	21,405	21,381	21,357

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

Assets	July 31, 1934	July 7, 1935	July 15, 1935	July 23, 1935	July 31, 1935
Cash reserve	1934	1935	1935	1935	1935
Gold coin and bullion	241,525	241,278	242,288	242,299	242,313
Other foreign exchange	40,413	85,637	87,869	93,307	100,652
Bills discounted	247,816	231,736	232,690	231,338	232,943
Federal debt	624,444	624,444	624,444	624,444	624,444
LIABILITIES					
Share capital	54,960	54,960	54,960	54,960	54,960
Reserve fund	11,280	7,302	7,302	7,302	7,302
Notes in circulation	988,504	895,756	888,112	858,564	841,824
Deposits	138,121	281,598	289,921	326,070	249,970

* In dollar and sterling only.

† In accordance with Art. 53 of the Statutes.

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

Assets	July 31, 1934	July 7, 1935	July 15, 1935	July 23, 1935	July 31, 1935
Metal reserve—Gold coin and bullion	78,932	78,936	78,936	78,936	78,936
Foreign exchange	12,575	12,575	12,575	12,575	12,575
Taken money	10,628	11,201	18,484	18,128	17,239
Inland bills, warrants and securities	546,465	482,253	460,657	487,329	502,869
Advances to Treasury	47,450	65,796	65,796	65,796	65,796
LIABILITIES					
Share capital (gold crowns 30,000,000*)	34,758	34,758	34,758	34,758	34,758
Notes in circulation	363,630	352,280	330,014	318,561	373,817
Current accounts, deposits, etc.	44,704	88,853	88,853	88,853	78,204
Cash certificates	117,722	109,065	109,065	109,065	109,065
Other liabilities	174,121	152,240	152,112	151,935	155,378

* Calculated at pre-war parity of exchange.

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

Assets	July 31, 1934	July 15, 1935	July 22, 1935	July 31, 1935
Cash reserve—Gold at home and abroad	1,791,601	1,352,230	1,352,230	1,352

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week		Gross Aggregate Receipts	
				1935	+ or -	1935	+ or -
INDIAN							
		1935		Rs.		Rs.	
Assam Bengal	13	June 30	1,330	14,37,500	- 96,669	39,55,969	- 8,82,256
arsi Lt. Ry.	14	July 10	292	11,38,700	+ 65,800	5,88,900	- 31,500
engal & N.Western	14	July 10	2,114	18,49,878	- 28,144	99,84,949	- 6,54,886
engal-Nagpur	13	June 30	3,268	23,12,000	+ 1,71,374	2,19,61,667	+ 8,12,692
ombay, Bar & C.I.	16	July 20	3,072	22,96,000	- 1,94,000	3,41,52,000	+ 1,25,000
adras & S. Mahr.	14	July 10	3,230	19,04,000	- 83,014	2,09,97,026	- 23,74,415
ohild & Kumaon	14	July 10	546	11,47,272	- 4,321	19,99,376	- 83,969
outh Indian	14	July 10	2,526	15,43,656	+ 31,627	1,55,47,179	- 3,75,991

† 10 days.

CANADIAN

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week		Gross Aggregate Receipts	
				1935	+ or -	1935	+ or -
Canadian National	30	July 31	23,734	\$5,134,802	+ 640,919	\$95,029,714	+ 1,539,692
Canadian Pacific ...	30	July 31	17,211	\$3,834,000	+ 399,000	\$67,658,000	- 270,000

† 10 days.

SOUTH AMERICAN

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week		Gross Aggregate Receipts	
				1935	+ or -	1935	+ or -
ntofagasta (Chili and Bolivia)	31	Aug. 4	830	\$10,870	- 6,350	\$283,440	- 36,000
rgentine N.E.	5	July 3	753	\$151,284	- 649	\$74,700	- 10,300
I.A. and Pacific ...	5	July 3	2,806	\$1,241,000	+ 9,000	\$6,161,000	+ 2,000
I.A. Central	3	July 21	...	\$72,914	+ 2,069	\$362,028	+ 8,589
I.A. Gt. Southern	5	Aug. 3	5,085	\$1,954,000	- 347,000	\$9,519,000	- 1,395,000
I.A. Western	5	July 3	1,930	\$114,806	- 17,511	\$559,347	- 66,997
entral Argentine .	5	July 3	3,700	\$46,896	+ 308	\$196,203	- 25,986
entral Uruguayan .	5	July 3	273	\$12,06,800	- 183,200	\$10,419,500	- 904,350
Urg. (East Ext.) ..	5	July 3	311	\$123,784	- 7,901	\$612,257	- 37,596
Urg. (N. Ext.) ..	5	July 3	185	\$9,500	- 7,048	\$43,081	- 39,838
Urg. (W. Ext.) ..	5	July 3	211	\$1,192	- 431	\$6,847	- 274
Jordoba Central....	5	July 3	1,218	\$1,290	+ 357	\$5,860	+ 1,523
ntre Rios	5	July 3	810	\$1,809	+ 209	\$3,074	+ 281
Westn. of Brazil	31	July 3	1,082	\$596,000	- 34,000	\$2,921,000	- 218,000
Leopoldina	31	July 3	1,918	\$35,020	- 1,210	\$17,650	- 8,490
Leopoldina Termal.	31	July 3	...	\$246,300	+ 39,000	\$1,012,600	+ 92,800
Nitrates	31	July 3	...	\$14,471	+ 2,550	\$9,500	+ 6,713
Paraguay Central..	31	July 3	...	\$5,000	- 174,000	\$41,643,000	- 1,139,000
Salvador	31	July 3	...	\$2,500	- 10,749	\$506,439	- 121,030
San Paulo	31	July 3	...	\$1,000	- 5,000	\$9,099,000	- 69,000
United of Havana.	5	Aug. 3	1,365	\$7,811	+ 3,169	\$8,805	+ 3,575

* Converted at average official rate during week ended Aug. 3—17.02 pesos to the £.
 † Nominal. ‡ Free market rate. § Months. ¶ Receipts in Argentine Pesos.
 a Comparative figures for 1934 converted at official rate ruling in 1935.
 f Converted at the "free" rate as a result of a decision of the High Court.

OTHER OVERSEAS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week		Gross Aggregate Receipts	
				1935	+ or -	1935	+ or -
Egyptian Delta	16	July 20	623	\$5,524	- 389	\$58,038	- 817
Light Railways..	31	Aug. 1	...	\$1,439	+ 45	\$9,499	+ 1,375
Egyptian Markets.	31	Aug. 1	...	\$3,305	+ 3,823	\$1,321,702	- 219,112
Gr.South of Spain	31	July 27	104	\$405,300	+ 28,200	\$1,098,800	+ 78,100
Mexican Railway...	31	July 31	483	...	...	...	...

† 10 days.

TRAMWAYS WEEKLY GROSS RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week		Gross Aggregate Receipts	
				1935	+ or -	1935	+ or -
Anglo-Argentine ...	31	Aug. 5	328	\$617,178	+ 4,728	\$19,443,676	+ 631,306
B. Aires Lacroze ...	3	July 21	...	\$63,084	+ 489	\$195,628	+ 10,520
Burnley, Colne and Nelson Jt. Trspt.	1	Aug. 3	76	\$5,729	+ 620	...	...
Calcutta Tramways	4	July 17	...	\$4,222	+ 336	\$87,879	+ 6,049
Isle of Thanet Elec.	28	July 31	...	\$29,167	+ 913	\$512,140	+ 8,189
Liverpool Corp.....	16	July 31	...	\$52,743	+ 1,259	\$748,690	+ 17,717
Madras Electric ...	7†	July 31	...	...	...	...	...

† Months.

MONTHLY TRAFFICS

Company	Months	Ending	De-scription	Receipts for Month		Receipts to Date	
				1935	+ or -	1935	+ or -
Bolivar	7	July 31	Gross	\$5,300	+ 200	\$44,700	+ 850
La Guaira and Caracas...	7	July 31	Gross	\$3,725	- 730	\$27,570	+ 1,680
La Plata Elec. Trams ..	1	July 31	Gross	\$8,366	- 662	...	...
Midland Uruguay	1	July 31	Gross	\$58,000	+ 2,000	...	...
N.W. of Uruguay	1	July 31	Gross	\$5,218	- 4,243	...	...
Peruvian	1	July 31	Gross	\$14,000	- 499	...	...
Samana and Santiago...	7	July 31	Gross	\$1,260	- 1,027	...	...
Uruguay Northern	1	July 31	Gross	\$73,813	+ 21,186	...	...
	1	July 31	Gross	\$2,840	+ 1,137	\$21,250	+ 1,285
	1	July 31	Gross	\$6,800	+ 100	...	...
	1	July 31	Gross	\$612	- 444	...	...

* "Controlled free" rate.

REPORTS AND NOTICES

Mr P. N. Caridia, the general manager of the Ionian Bank, Ltd., died in Switzerland on July 29, 1935.

The Imperial Bank of Persia announce that the name of the bank is now "The Imperial Bank of Iran."

Mr A. K. Rodger has been appointed chairman of the Home and Foreign Investment Trust, Ltd., in succession to the late Mr John Adam.

The directors of the Sphere Investment Trust announce that they have elected Mr Donovan M. Touche, the managing director, as chairman.

Total-ectors of the Yorkshire Insurance Company, Ltd., have elected Mr Frank W. Terry deputy-chairman in succession to Mr J. L. Crockett.

The directors of Ideal Building and Land Development Company, Ltd., announce that the Rt. Hon. Lord Gorell, C.B.E., M.C., has been elected a director of the company.

Mr William Sandford Poole has been elected chairman and Mr Lionel Arthur Stride has been appointed managing director of the Industrial and General Trust, Ltd., and Second Industrial Trust, Ltd.

The directors of Peter Walker (Warrington) and Robert Cain and Sons, Ltd., announce that Mr Herbert Cecil Cain has been elected a director of the company and its subsidiary and associated companies.

Mr Crawford Gordon, London manager of the Canadian Bank of Commerce, has been elected chairman of the British Overseas Banks' Association to fill the vacancy caused by the retirement of Mr J. L. Crockett.

Sir Alan G. Anderson, G.B.E., M.P., has resigned the chairmanship of Anderson, Green and Company, Ltd., and Mr I. C. Geddes has been unanimously elected by the directors as chairman in his place. Sir Alan is retaining his seat on the board.

BANKS

ANGLO-PALESTINE BANK.—Report of Anglo-Palestine Bank for 1934 shows net profit, after transferring £40,000 to reserve, £73,843; add £10,623 brought in, making available balance £84,467; dividend of 8 per cent., tax free, absorbs £24,068. Directors also propose transferring further sum of £50,000 to reserve, making that fund £140,000; balance of £10,398 carried forward.

The Bank of England announce that the stock required for the investment of the dividends due on the 1st instant, on account of accumulative dividends, was purchased as follows: £4 per cent. consolidated stock, 116 per cent.; Metropolitan Consolidated £3 per cent. stock, 105½ per cent. Stockholders will be credited with the amounts due on September 2, 1935.

COMMERCIAL BANKING COMPANY OF SYDNEY, LTD.—Cable from head office, July 30, 1935. (Figures as at June 30, 1935.) Directors' report and statement of accounts adopted. Profit for year, £283,937; total dividend, £236,951; bank premises account, £25,000; carried forward, £121,339. Balance sheet as follows: Capital paid up, £4,739,012; reserve fund, £4,300,000; notes in circulation, £13,703; bills in circulation, £1,173,911; deposits and other liabilities, £49,191,295; profit and loss account, £239,814; call, £1,150,000; short-dated Treasury bills, £3,865,000; British and Australian Government stocks and other securities, £5,985,759; bills discounted, &c., £36,940,268; bank premises, £1,247,812.

MISCELLANEOUS

ARGENTINE NAVIGATION COMPANY MIHANOVICH, LTD.—Gross takings and those of associated concern, Cia. Uruguaya de Navegacion, Ltd., together amounted to Argentine paper \$2,186,443 for the month of June, and following is a comparison with previous figures: Gross takings, both companies, June, 1935, A.P. \$2,186,443; June, 1934, A.P. \$1,987,666; increase, A.P. \$198,777=10 per cent. Aggregate, January-June, 1935, A.P. \$14,943,674; aggregate, January-June, 1934, \$12,858,668; increase, A.P. \$2,085,006=16.2 per cent.

TRUST OF INSURANCE SHARES, LTD.—The Trust of Insurance Shares, Ltd., announces that a distribution per unit of 4.2196d., the second half-yearly period ended on June 30th last, in respect of distribution for the first half-year was 2.9146d. per unit. The regarding the present distribution and a list of the Trust's holdings on July 31st. The two half-yearly distributions together amount to 7.1342d. per unit, equivalent to a gross annual yield of £3 17s. 8d. 3s. 8s. 11d. per cent. on the current price of 22s. 3d.

CHOSEN CORPORATION.—Dividends and interest received by the Chosen Corporation amounted to £56,995 in the year to June 30, 1935. This compares with £59,478 in the previous twelve months. Including £34,504 transferred from share premium account, £6,000 from reserve and £30 further recovered in connection with legal charges, the total income is £97,530. This contrasts with £75,283 in the previous accounts, which included £15,500 from tax reserve and £275 recovered from legal charges. Expenses totalled £17,289 against £10,990. The directors recommend a final dividend of tax, again making 15 per cent. for the year, but payable on a larger capital. The amount now paid up is £605,000, a portion of which only ranks in part for dividend.

WANDSWORTH GAS DEAL.—WALTON-ON-THAMES WORKS TO BE TAKEN OVER.—Wandsworth and District Gas Company is agreeing with the Walton-on-Thames Gas Company for the transfer of the latter to the Wandsworth Company. The holders of "A" ordinary shares of £10 in Walton Gas will receive £13 of 5 per cent. preference stock of the Wandsworth Company and £5 of consolidated stock. For every £100 of unpaid dividends on the Walton amounts. Walton "B" ordinary shares £10 will receive £15 of cent. preference stock is to be exchanged for £120 of Walton 6 per cent. preference stock, and *pro rata* for smaller amounts. Holders of the will receive a similar amount of corresponding debenture stock of the Wandsworth Company.

SHELL UNION OIL CORPORATION.—The consolidated income account of this corporation and subsidiary companies (including Shell Pipeline Corporation) for quarter ended June 30, 1935, shows gross operating earnings \$53,233,761.97 as compared with \$47,876,495.59 for second quarter of 1934. Operating and general expenses increased from \$39,925,670.53 to \$42,409,934.05, leaving income from operations \$10,823,827, compared with \$7,950,825.06. Net profit increased from \$897,591.59 to \$1,649,775.35. These results include writing off in full intangible development expenditures which amounted to \$2,359,526.80 in second quarter 1935, as compared with \$1,466,158.81 in corresponding quarter 1934.

THOMAS WALLIS AND COMPANY, LTD.—An interim report dated July 25, 1935, states that the directors and shareholders' committee have received and considered jointly the report of Messrs. Peat, Marwick, Mitchell and Company, to which reference was made at the annual general meeting of the company held in March last. Steps have already been taken for the reorganisation of the directorate and management, including the appointment of a new managing director, and in so far as the past history of the company is concerned, the matter is having full consideration. The shareholders' committee have received from the present board a report of the initial steps that the directors have taken already towards reorganising the company's business and giving effect to the recommendations. The adjourned annual general meeting will take place about the beginning of October.

GENERAL ELECTRIC (NEW YORK).—The report for the six months to June 30, 1935, shows a substantial improvement on the corresponding period of 1934. Net profit was \$11,541,428, equivalent to 40 cents a share on 28,845,927 shares of common stock outstanding. This compares with net profit of \$9,463,091, equivalent after dividends of \$1,287,534 on the special stock to 28 cents a common share in the first half of last year. Orders received during the first six months of 1935 totalled \$104,542,946, as compared with \$92,154,642 in the same 1934 period, an increase of 13 per cent.

COLE (E. K.), LTD. (NEW CAPITAL SCHEME SANCTIONED).—The scheme of arrangement between E. K. Cole, Ltd., and shareholders of both classes permitting the creation of 250,000 5½ per cent. 1st preference shares was sanctioned by Mr Justice Eve on July 29th.

HARLAND AND WOLFF (SALE OF CLYDE SHIPYARD).—National Shipbuilders Security, Ltd., has purchased the Clyde shipyard of

Harland and Wolff, Ltd., at Greenock. The yard has been closed for seven years, Harland and Wolff having concentrated their activities in their Govan establishment.

THE PERAK RIVER HYDRO-ELECTRIC POWER CO., LTD.—At meetings of the 7 per cent. participating debenture stockholders, holders of deferred interest warrants of the 7 per cent. participating debenture stock and holders of ordinary shares held on July 31st, by order of the court, and at an extraordinary general meeting of the company which followed, the scheme of arrangement dated July 3 was approved in each instance by overwhelming majorities.

ROBEY AND COMPANY, LTD.—Robey and Company, Ltd., have been carrying on business since May, 1933, under a receiver appointed by the court, have now carried through the scheme of reorganisation sanctioned by the court on July 15th, and on July 30th last the receiver was discharged. The directors will now carry on the business under the chairmanship of Mr W. T. Bell.

BREWERS AND DISTILLERS OF VANCOUVER, LTD.—The London directors of the above company announce the receipt of cabled advice from Vancouver stating that a settlement has been arranged of all outstanding claims of the Government of the U.S.A. against the company and its subsidiaries for the sum of \$500,000. Orders dismissing the various suits have been entered in the appropriate courts, thus terminating all litigation in the U.S.A. in which any of these companies have been involved. The directors consider that this settlement is in the best interests of shareholders. It releases at once the company's assets in the U.S.A., and removes the existing obstacles to the entry into the American markets of the products of the various companies concerned.

KONVERSIONSKASSE FÜR DEUTSCHE AUSLANDSSCHULDEN 24 PER CENT. STERLING BONDS.—Notice is given that scrip certificates to bearer may be lodged at the Bank of England Loans Office, 3 Bank Buildings, Princes Street, London, E.C.2, to be exchanged for definitive bonds which will be ready for issue on August 12, 1935. Bonds issued in exchange for scrip certificates marked "B" will have coupons due July 1, 1936, and subsequent coupons attached. Bonds issued in exchange for scrip certificates not so marked will have coupons due January 1, 1936, and subsequent coupons attached.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Debenture Interest	Amount Available for Distribution	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Depreciation, etc.	Balance Forward	Net Profit	Dividend
					Prefce.	Ordinary					
						Amount	Amount					Rate
Breweries		£	£	£	£	£	%	£	£	£	%
Clarkson's Old	June 30	5,177	13,118	18,295	3,900	6,500	10	...	7,895	13,967	10
Showells Brewery	June 30*	18,424	29,408	47,832	10,350	18,000	22½*	...	19,482	38,352	30½
Financial Land etc.											
Covent Garden Properties...	June 30	53,110	119,524	172,634	78,275	37,781	7½	...	56,578	127,991	7½
London & National Property	Dec. 31	9,484	61,198	70,682	...	46,500	6	20,000	4,182	68,868	6
Iron, Coal and Steel											
Bengal Iron	Mar. 31	Dr215,512	Dr. 33,098	Dr248,610	...	...	...	...	Dr248610	Dr. 2,742	Nil
Rubber											
Merlimau Pegoh	Mar. 31	10,396	62,660	73,056	...	45,733	7½	7,500	19,823	32,188	5
Prye Rubber and Coconut...	Mar. 31	Dr.706	1,955	1,249	...	...	...	1,000	249	510	Nil
Shipping											
Cunard White Star	Dec. 31†	...	Dr408,090	Dr408,090	...	...	...	...	Dr408090	...	...
Textiles											
Fulton (Wm.) and Sons.....	June 30	2,262	Dr.6,763	Dr.4,501	3,333	...	...	Dr.10,000	2,166	11,316	4
Kelsall and Kemp	June 30	41,252	19,386	60,638	21,846	...	...	...	38,792	33,657a	3½a
Trusts											
Continental and Industrial	May 31	100,416	87,270	187,686	42,625	34,875	4½	10,000	100,186	75,333	4
Third Scottish American ...	July 1	52,391	39,787	92,178	9,600	27,200	17	30,000	25,378	37,160	17
Other Companies											
Fowler (D. and J.)	Mar. 31	20,071	14,139	34,210	8,250	6,000	3	...	19,960	4,634	2
Greenwood (John) Millers ...	June 29b	...	53,486	53,486	14,895	37,968	14	...	623	...	...
Meyer (Montague L.)	Mar. 31	3,605	11,799	15,404	6,200	1,453	5	590	7,161	51,622	5

A further rise in wheat prices, which might have occurred owing to unfavourable crop reports from North America and Argentina, was prevented by Russian offers. It is understood that the Chadbourne sugar scheme, which is due to expire on September 1st, was not renewed at an international conference held in Brussels this week. Quotations for raw sugar tended to decline. The market in tea was closed. At Smithfield Market business was slack and quotations for beef were marked down. On the other hand, butter and eggs continued to rise in price.

The upward movement of commodity prices in the United States continued during the past week. Moody's index of the dollar prices of staple commodities, based on December 31, 1931, stood at 165.4 on Wednesday, compared with 161.9 a week earlier, 157.5 a month earlier and 147.1 on the corresponding day last year.

COAL

SHEFFIELD.—The increase in the export quota mentioned last week should remove the complaints of a scarcity of best steams and one or two other grades of coal. While export business continues quiet best hards are well taken up and quotations are firm at recent levels. Washed singles and smalls are also in good request, but washed trebles and doubles are quiet. In the home market there is a scarcity of coking smalls, but supplies of other classes of coal are adequate. Business in coke is extremely dull and output is rather excessive.

Quotations: Association hards, 18s. to 18s. 6d. f.o.b.; washed trebles, 16s. 6d. to 17s. f.o.b.; best Yorkshire house, 20s. to 22s. at pits; best Derbyshire, 19s. to 21s. at pits; blast furnace coke, 17s. to 18s. f.o.b.

NEWCASTLE-ON-TYNE.—Whilst prompt export demand for North East coal is limited, shipments against contracts are satisfactory. Northumberland screened steam coal is less active, owing to the seasonal decline in the English coasting trade. Graded steams remain fairly steady. In the Durham market the suspension of shipments to the Italian ports, owing to financial difficulties, is having a serious effect in the gas and coking section. There is little business in bunker coals, most brands being offered freely. Coke is quiet for prompt shipment, but makers are fairly well sold forward.

Current f.o.b. prices for export:—NORTHUMBERLAND.—D.C.B. screened, 13s. 9d.; smalls, 11s. Howards, Bentinck, Newbiggin screened, 13s. 3d.; smalls, 10s. 6d.; Tyne Prime, large, 13s. 6d.; smalls, 11s.; Hartley Main, large, 13s. 3d.; smalls, 11s. DURHAM.—Lambton/South Hetton screened steam, 15s. 2d.; smalls, 12s. 6d.; Wear Special gas, 15s.; Holmside, Ryhope, Boldon unscreened gas, 14s. 6d.; second-class gas, 13s. 2d.; coking unscreened and/or smalls, 13s. 2d.; Prime unscreened bunkers, 13s. 9d.; second-class unscreened bunkers, 13s. 3d.; Prime Foundry coke, 18s. 6d.; Newcastle and District gas coke, 20s.

GLASGOW.—Holidays in the South, currency uncertainties and acute competition from Poland make for quiet market conditions. But collieries have good orders on hand and are securing a fairly full clearance of the regulated output at satisfactory prices. Home industrial takings are expanding again, and while current demand for domestic fuel is slow, restocking for winter activities is now in progress.

Shipment prices, f.o.b. district ports: LANARKSHIRE.—Ell best, 14s. 6d.–15s.; splint best, 17s. 6d.; splint second, 15s.–15s. 6d.; navigation, screened, 15s.; navigation unscreened, 13s. 6d.–13s. 9d.; Hartley, 16s.; steam, screened, 13s.–13s. 6d.; trebles, 13s.–13s. 3d.; doubles, 12s. 6d.–12s. 9d.; singles, 12s. 6d.–12s. 9d.; pearls, 10s. 6d.–10s. 9d.; dross, 10s. FIFE.—Best unscreened navigation, 13s. 6d.–13s. 9d.; unscreened navigation, 12s. 9d.–13s. 3d.; first-class steam, 13s. 6d.–14s.; third-class steam, 12s.–13s.; trebles, 14s.–16s. 6d.; doubles, 13s. 6d.–14s. 6d.; singles, 12s. 9d.–13s.; pearls, 10s. 6d.–10s. 9d. LOTHIAN.—Best splint, 14s. 6d.; prime steam, 13s. 3d.–13s. 6d.; secondary steam, 12s. 3d.–12s. 6d.; unscreened navigation, 12s. 6d.–12s. 9d.; trebles, 13s. 6d.–14s.; doubles, 13s.; singles, 12s. 3d.–12s. 6d.; pearls, 10s. 6d.–10s. 9d. AYRSHIRE.—Best unscreened navigation, 14s. 6d.; steam, 13s.; trebles, 13s. 6d.; doubles, 13s.; singles, 13s.; pearls, 12s. 6d.; dross, 11s. 6d.

CARDIFF.—Coal shipments at South Wales ports last week totalled 403,000 tons, compared with 396,000 tons the previous week and 409,923 tons in the corresponding week last year. This week all operations at the docks were suspended on Monday, and partially suspended on Tuesday, while at the collieries work after the holidays was not resumed till the night shift on Wednesday. In these circumstances, business on the Cardiff Coal Exchange has been practically at a standstill, and it is doubtful if the week's exports in the foreign and coastwise trades will exceed 300,000 tons. Prices are nominally unchanged.

IRON AND STEEL

MIDDLESBROUGH.—Total shipments of pig iron, manufactured iron and manufactured steel from the Tees rose from 37,455 tons in June to 49,259 tons in July. The quantity shipped overseas in July was 26,647 tons, South Africa being the best customer, having taken 12,255 tons. Output of iron and steel continues to increase, and there are now 26 blast furnaces in operation in this area, three producing foundry iron, nine hematite iron, and fourteen other

kinds of iron. The market continues very strong with makers easily able to dispose of their production of foundry iron to home consumers, further parcels having been shipped to Scotland this month. Hematite makers are adhering rigidly to the prices recently fixed, and are well contracted for some time ahead. The announcement that both Dorman, Long and Company, Ltd., and South Durham Steel and Iron Company, Ltd., are installing new cold rolling plants for the production of steel sheets for motor cars, has created a good deal of interest locally, as this will provide further employment.

SHEFFIELD.—The holiday stoppage at the steel works has been as brief as was consistent with the need of rest by the men and the necessity of overhauling plant. Nearly all the steel firms are fully booked for some time ahead and the turnover of the industry registered yet another increase last month. Substantial profits are being earned in engineering, steelmaking and tool making. Progress in the export markets is disappointingly slow in comparison with that of internal trade. During the first half of the year the output of steel ingots and castings in the Sheffield area amounted to 677,000 tons compared with 619,000 tons in the corresponding period of 1934 and double that of 1932, when the trade depression marked its lowest level. Steel production in the Lincolnshire area went up from 471,400 tons in the first half of 1934 to 550,500 tons in the first half of the present year. The iron trade, which is relatively unimportant in Sheffield, is doing better than for some years past. Prices of iron and steel have been steady over a lengthy period. Favourable reports are heard from makers of almost every variety of hand and engineers' small tools. Saws are selling freely and the file plants are working up to capacity. Large quantities of engineers' small tools are coming in from the United States. Demand for cutlery, spoons and forks, and silverware, has shown some improvement.

GLASGOW.—Several important contracts were placed with Clyde shipbuilders at the end of last week, and in addition it is said that there are still a number of tenders out which are confidently expected to yield further business for Clyde yards, both passenger and cargo vessels being under consideration at the moment. The situation at the steel works continues satisfactory and, although there has been a falling off in some directions on account of holiday influences, the amount of new business placed is exceedingly good. Makers of semis also are busier. Sheet makers have been very well employed since the holidays, and demand from home users continues to grow, and makers are able to keep a fairly large proportion of the mills engaged on home business. While export trade is still poor, some improvement is noticeable in several markets. Tube makers in this district are also busy at present, and in most of the manufacturing trades employment is regular, and there is much work still on hand.

CARDIFF.—In the iron and steel trade work has been largely suspended owing to the holidays, and there was no meeting on the Swansea Metal Exchange on Tuesday. There has been no further development in connection with the proposal of Richard Thomas & Company, Ltd., to erect a tinplate works at Redbourn, and meetings of the joint committee appointed to investigate the matter are now unlikely till September.

OTHER METALS

COPPER.—The cash price advanced slightly during the past week, although the undertone of the market showed no change. Demand in this country remains quiet and deliveries in the United States American deliveries reached the record total of 73,488 short tons, against 29,813 short tons in the same month of last year. This sharp increase is accounted for by the fact that American consumers news about the future of the copper code, and began to replenish their stocks only when it became apparent that an immediate revival of co-operation was improbable. It is therefore likely that exports from the United States—which reached the high level of 11 will show a sharp fall in July. But until the American customs smelters join the scheme, there will be no guarantee that exports last month from 80,559 to 84,628 tons—a movement which indicates that there is unlikely to be a shortage of supply in the near future, although the restriction scheme is now in full swing.

Sales on the London Metal Exchange: 1,050 tons on Tuesday, against 1,000 tons last week; 1,900 tons on Wednesday, against 1,200 tons last week. Domestic spot was quoted at 7.72½ cents per lb. in New York on Wednesday, against 7.50 cents a week ago and 7.30 cents a month ago. Wednesday's official closing price for standard cash in London was £32 6s. 3d. to £32 7s. 6d., compared with £31 8s. 9d. to £31 11s. 3d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 73,445 tons, show an increase of 740 tons, while stocks of rough copper, at 11,684 tons, show an increase of 450 tons on the week.

LEAD AND SPelter.—Neither of these markets showed any new feature during the past week. Demand is quite good, and seems likely to remain at its present level in the immediate future. The likelihood of any significant change taking place in either market before the announcement of the decision regarding the British import duties is improbable. According to the Metallgesellschaft, the world's output of smelter zinc fell from 111,372 metric tons in May to 106,521 metric tons in June, declining production in Mexico, Canada, Belgium, Holland, Germany and France being mainly responsible for the movement. But since there was one working day less in June than in May, daily output showed only a small decline from 3,593 to 3,551 tons, against 3,018 metric tons in June, 1934.

Sales of lead on the London Metal Exchange: 1,250 tons on Tuesday, against 550 tons last week; 600 tons on Wednesday, against 1,200 tons last week. The New York quotation on Wednesday was 4.20 cents per lb., against 4.15 cents a week ago and 4.15 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £15 10s. per ton, compared with £15 7s. 6d. a week ago.

Sales of spelter on the London Metal Exchange: 425 tons on Tuesday, against 525 tons last week; 950 tons on Wednesday, against 25 tons last week. Wednesday's quotation in East St. Louis was 4.50 cents per lb., against 4.40 cents the week before and 4.30 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £14 3s. 9d. per ton, against £14 3s. 9d. last week.

TIN.—The cash price was stationary this week, but the three-months' quotation fell by £4 per ton on Tuesday. The circumstances of this reduction are somewhat puzzling. In metal exchange circles it is believed that the movement was due to sales by a pool broker. As we go to press the International Tin Committee is negotiating in Paris. A somewhat drastic increase in quotas of from 10 to 15 per cent., which may be made retrospective from July 1st, is anticipated as a result of this meeting. The extent of the increase may serve as an indication of the future policy of the Committee, and the view is widely held that the days of the worst scarcity are over. According to Messrs. A. Strauss and Company, total deliveries during July, at 7,404 tons, showed a fall of 333 tons, despite an increase of 675 tons in American deliveries. The supply increased by slightly over 1,200 tons, and amounted to 6,486 tons; visible supplies also rose by 480 tons to 14,863 tons. Messrs. Strauss and Company attribute these increases to the fact that, during July, Malayan producers anticipated their permitted output for August and September—the quotas being allotted for quarterly periods. Hence, unless quotas are increased as a result of the International Committee's Meeting, there will be a heavy drop in the supply during August and September. In the circumstances, the quota decision is of the greatest importance.

Sales of tin on the London Metal Exchange: 260 tons on Tuesday, against 225 tons last week; 375 tons on Wednesday, against 240 tons last week. The New York quotation on Wednesday was 52.37½ cents per lb., against 52.65 cents a week ago and 52.20 cents a month ago. Wednesday's official closing quotation in London for standard cash was £233 15s. to £234 per ton, compared with £233 12s. 6d. to £233 15s. last week. Stocks of tin in London and Liverpool at the end of last week totalled 1,367 tons, an increase of 389 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted at £100 per ton. Nickel, for home and export, at £200 to £205 per ton, remains unchanged. Quicksilver, on the spot, was quoted at £11 10s. to £11 12s. 6d. per flask of 76 lbs., the same as last week. Chinese antimony was quoted at £70 to £71 per ton ex warehouse, the same as last week. Chinese wolfram for July–August shipment at 32s. to 34s. per unit c.i.f. remains unchanged. Platinum (refined) remains unchanged in price at £7 per ounce.

TEXTILES

COTTON.—Manchester.—The uncertain outlook for raw cotton prices has caused an unsettled tone to prevail in the market throughout the week. Demand has fallen off, and spinners and manufacturers have experienced difficulty in maintaining their position. There has been a slightly easier movement in prices of raw cotton. Much uncertainty has prevailed as to the effect of the estimate of the crop by the American Government. It is announced that the proposed subsidy on the exports of farm products will not apply to cotton. No reliable information has been received with regard to the loan plan for the new crop, and the figure will no doubt depend upon the probable growth. The spot situation in Liverpool remains very tight.

It has been a disappointing week in the cloth section, the inactivity being partly due to the holiday season of the year. There have been no indications of an improved turnover for India, and only a scrappy sort of business has been done for the minor outlets East and West, although some makers have done fairly well for the Dominions and Crown Colonies. Quite a number of miscellaneous sales have been arranged in home trade fabrics. American and Egyptian yarns have been slow of sale. More complaints have been met with from spinners, and there is a fear that unless demand revives quickly stocks will increase in first hands and more machinery be allowed to stand idle.

COTTON PRICES

	1935				Corresponding Date	
	July 17	July 24	July 31	Aug. 7	1933	1934
Raw Cotton—Mid. American per lb.	6.87	6.89	6.75	6.89	5.99	7.15
Sakellandis Fully Good Fair Egyptian per lb.	7.94	8.07	8.09	8.15	8.04	8.66
Yarns—32's twist per lb.	10½	10½	10½	10½	9½	10½
" 40's twist per lb.	10½	10½	10½	10½	9½	10½
" 60's twist (Egyptian) per lb.	15½	15½	15½	15½	16	17
32-in. Printers 116 yds., 18 by 16, 32's and 50's per lb.	17 6	17 6	17 6	17 6	16 9	19 3
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's per lb.	24 4½	24 4½	24 4½	24 4½	21 0	24 3
38-in. ditto, 38 yds., 18 by 16, 10 lb. per lb.	15 5	15 5	15 5	15 5	10 6	11 2
39-in. ditto, 37½ yds., 16 by 15, 8½ lb. per lb.	9 5	9 5	9 5	9 5	9 4	10 0

OVER ONE HUNDRED YEARS OF SERVICE
SCOTTISH UNION & NATIONAL
 INSURANCE COMPANY
 ASSETS - EXCEED - £16,000,000
 FIRE LIFE ACCIDENT MARINE
 Edinburgh: 35 St. Andrew Square
 London: 5 Walbrook, E.C.4, and 45 Pall Mall, S.W.1.

JUTE.—Dundee.—Owing to the big stocks which most consumers of raw jute are carrying, the possibility of a short crop this season has provided no scare and buying has been on a limited scale. The result is that jute prices have shown a distinct tendency to decline again, and speculative sellers especially have been more ready to meet buyers. It is reported that there is a big "bear" account to cover in Calcutta for the later months of this year. Trade in manufactured goods is very quiet, and consumers of the fibre have no incentive to purchase. Ordinarily, there is usually a brisker business in jute goods during the summer months, but this year buyers are purchasing sparingly, and are displaying little interest in securing their forward needs. Good First Marks are offered at £22 10s. and Lightnings at £20 10s., with Hearts at from £19 2s. 6d. for good quality and at £16 5s. for grade, August/September. Daisee-2/3 could be obtained at £17 15s. for the full group, though the usual quotation is £18, and fours at from £17 2s. 6d., with Tossa-2/3 at from £18 17s. 6d. and fours at from £18 2s. 6d., October/November. Spinners are content to hold off meantime and await further developments. Jute yarns are quiet, but prices show no change. Common 8 lb. cops are held steadily at 2s. 1d. and 8 lb. spools at 2s. 2d., while offers of business at less are being turned down. Twist remains at 3½d. for 3 ply 8 lb., and sacking yarns are steady at from 2½d. for 24 lb. web and 3½d. for 8 lb. chains. Rove is firm and in fair demand at from £18 10s. now lowest for 48 lb. and £14 10s. for 200 lb. Buyers of Rio yarns are finding it difficult to get delivery so early as they would like, as spinners are busy, and prices are firm, while carpet yarns are very steady at 3½d. for 14 lb. warp.

Business in jute cloth is confined to the smallest of quantities, though there has been a better inquiry during the past day or two. Prices are quite steady quotably at from 2½d. for 10 oz. 40 in. and 2½d. for 8 oz. Linoleum hessians and heavy goods are steady and unchanged.

Calcutta goods have weakened, and there are sellers at the lower rates of 19s. 6d. for 10 oz. 40 in. and 16s. 9d. for 8 oz. August, 19s. 7d. and 16s. 4d. September, 19s. 7d. and 16s. October/December, and 19s. 5d. and 15s. 10d. January/March. Liverpool twills are down to 51s. and "B" twills to 45s. 6d. August/September, and 51s. 3d. and 45s. 9d. October/March.

GRAIN MARKETS

WHEAT.—The continued receipt of unfavourable news regarding crop prospects in Argentina and North America was responsible for "bullish" sentiment on the markets in London and Liverpool this week, but the rise was held in check by sales of Russian wheat. In Chicago, trading became nervous and quotations erratic in the latter part of the period under review. At the close on Wednesday prices were below those ruling a week earlier.

According to the *Corn Trade News*, total shipments of wheat and flour during the past week were 811,000 quarters, against 790,000 quarters in the preceding week. On Wednesday last, "September" futures were quoted in Chicago at 90½ cents per bushel, against 94½ cents the week before and 85½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 34s. 3d. per 496 lbs., against 34s. 6d. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 33s. 3d., against 33s. 6d. a week ago.

FLOUR.—Demand continues quiet, and quotations remain unchanged. Shipments from North America in the past week totalled 89,000 sacks, compared with 71,000 in the previous week. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered country, 26s. 6d. per 280 lbs., against 26s. 6d. a week ago, delivered London, 25s. 6d., as compared with 25s. 6d. a week ago. Manitoba patents, ex store, 24s. 6d. to 26s. 3d., against 24s. 3d. to 26s. a week ago. Australian, ex store, 20s. to 21s., against 20s. to 21s. a week ago.

BARLEY.—Imported feeding varieties have been in moderate demand at steady prices during the past few days. "October" futures were quoted at 35½ cents per bushel in Winnipeg on Wednesday, against 36½ cents last week and 35½ cents a month ago. Quotations per 448 lbs. in London on Wednesday were: "English feed" (old) at farm, 23s., the same as last week.

OATS.—On Wednesday, "September" futures were quoted at 30½ cents per bushel in Chicago, against 33½ cents a week ago and 32 cents last month. Quotations in London, Wednesday: "English Black," at farm 22s. per 336 lbs., against 22s. to 23s. a week ago; "English White," at farm, 22s., against 22s. to 23s. last week; "Chilean White," landed, 26s. 6d., against 26s. 6d. a week earlier.

MAIZE.—Shipments from Argentina continue moderate, with demand in this country well maintained. Prices are practically unchanged on the week. "September" futures were quoted on Wednesday at 75½ cents per bushel in Chicago, against 75½ cents a week ago and 76½ cents last month. Quotations in London, week ago and 76½ cents last month. Quotations in London, Wednesday: "Plate," landed, 16s. 6d. per 480 lbs., compared with 16s. 6d. a week ago; "Plate," ex ship (new), 15s. 6d., as against 15s. 6d. a week ago; "Plate," "July," 15s. 9d., against 15s. 9d.

a week ago. Yellow maize meal, ex wharf, was quoted at £4 12s. 6d. per ton, against £4 12s. 6d. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sale of home-grown wheat during the harvest years 1931-32 to 1934-35:—

	1931-1932	1932-1933	1933-1934	1934-1935
Estimated sales of home-grown wheat—	Cwts.	Cwts.	Cwts.	Cwts.
1 week to August 3.....	26,830	24,053	102,879	57,403
49 weeks to August 3.....	3,811,753	3,550,329	6,509,480	13,823,024
Average price of English wheat per cwt.	s. d. 6 7	s. d. 6 8	s. d. 5 0	s. d. 5 4

The following is a statement showing the quantities sold and the average price of British corn in the past two weeks, and for the corresponding week in each of the years from 1931 to 1934.

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
July 27, 1935.....	Cwts. 47,458	Cwts. 5,206	Cwts. 8,056	s. d. 5 6	s. d. 6 5	s. d. 7 10
Aug. 1, 1931.....	25,067	1,499	7,136	6 5	6 4	7 8
Aug. 6, 1932.....	26,830	1,786	4,088	6 7	6 8	7 10
Aug. 5, 1933.....	24,053	6,061	17,447	6 8	7 1	5 10
Aug. 4, 1934.....	102,879	4,314	16,563	5 0	8 5	6 4
Aug. 3, 1935.....	57,403	5,356	10,724	5 4	6 7	7 10

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks, with comparative figures for 1933 and 1934:—

NEAREST FUTURE	Jan. 4, 1933	Jan. 3, 1934	Aug. 8, 1934	Jan. 2, 1935	July 31, 1935	Aug. 7, 1935
Winnipeg (No. 1, Manitoba) ..	46½	65½	94½	82½	85½	84½
Chicago (No. 2, Winter) ..	46½	84½	109	98½	93½	90½
Cent. per 60 lb.						

The visible supply of wheat in Canada at 125,984,000 bushels, shows an increase of 7,246,000 bushels on the week. Supplies a year ago amounted to 103,302,000 bushels.

OTHER FOODS

BACON.—The Marketing Board announce that, in accordance with the provisions of the present contract, the price of the Class 1, Grade C pig for the month of August is 11s. 4d. per score, against 11s. 9d. in the previous month. Bacon prices have remained steady during the past week, trading being on a moderate scale. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 90s. to 95s.; Canadian, 82s.; Danish, 93s., the same as last week. Arrivals in London last week included Danish, 17,983 bales; Canadian, 3,891; Dutch, 2,757; Lithuanian, 2,017; Polish, 3,346, against 18,139, 3,494, 2,566, 2,030 and 2,679, respectively, in the previous week.

BUTTER.—Supplies continue moderate and the market has been firm this week. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 93s.; Australian, choicest salted, 94s.; Danish, 110s., compared with 93s. to 94s., 92s. to 93s., and 108s. to 110s., respectively, last week.

CHEESE.—Apart from a slight improvement in the price of New Zealand, the market has shown little change this week. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English finest farmers', 52s. to 60s.; Canadian, finest coloured (old), 62s. to 64s.; New Zealand, finest coloured, 46s. 6d., compared with 52s. to 60s., 63s. to 64s. and 45s., respectively, last week.

COCOA.—The "spot" quotation in New York on Wednesday was 4½ cents per lb., against 5½ cents per lb. last week. On the London market, Accras were quiet. On Wednesday last good fermented old crop, "August-September," was quoted 20s. 6d. per 250 kilos, c.i.f. Continent, against 20s. 6d. for July-August. Last week's movements of cocoa in London were as follows: Landed, 3,327 bags; delivered, for home consumption, 14,751 bags; exported, 6,987 bags; stocks, 161,358 bags, against 251,617 bags a year ago.

COFFEE.—The New York spot market has eased a little, while the London market continues quiet. In New York on Wednesday, Rio No. 7 (cash) was quoted at 6½ cents per lb., as compared with 6½ cents per lb. last week and 6½ cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian landed, 64 cwt.; delivered for home consumption, 323 cwt.; exported, nil; stocks, 15,537 cwt.; delivered for home consumption, 2,311 cwt.; exported, 4,192 cwt.; stocks, 150,813 cwt., against 109,299 cwt. last year. Other kinds, landed, 772 cwt.; delivered for home consumption, 3,343 cwt.; exported, 1,836 cwt.; stocks, 170,549 cwt., against 101,823 cwt. last year.

EGGS.—The gradual improvement in the price of eggs continues, most imported selections sharing in the movement in Tooley Street

this week. At Smithfield Market on Wednesday, English (ordinary packing, Grade I, about 15-15½ lb.) realised 15s. to 15s. 6d. per 120, against 14s. 6d. to 15s. a week earlier, while Danish (15½ lb.) made 11s. 3d. to 11s. 9d. per 120, against 10s. 9d. to 11s. 6d. last week.

FRUIT.—Business at Covent Garden was rather dull after the holiday, states *The Fruit Grower*. Home-grown fruit is in rather short supply, and prices are generally steady at well above the normal for the time of year. Cherries have almost finished, and black currants are in limited supply and firm in price. Ripe gooseberries have maintained recent rates, while raspberries and loganberries are steady in price. Limited quantities of English plums sell at 8s. to 9s. per half-sieve, with imported supplies on a moderate scale. Hothouse grapes are not so active a trade, but peaches are rather scarce and maintain their price. Melons have enjoyed a steady sale. English apples meet a moderate trade, with Australian and New Zealand selling well at steady prices. A few small English pears are on the market, while Italian Williams realise 8s. to 11s. per crate, and Californian Bartlett 20s. to 21s. per case. Oranges and grapefruit have been a steady trade, but lemons continue exceptionally dear.

MEAT.—Demand has been slow after the holidays, and supplies at Smithfield were ample for requirements this week. Imported beef again eased slightly. On Wednesday last, Argentine chilled hindquarters were quoted at 3s. 4d. to 3s. 8d. per 8 lbs., as compared with 3s. 4d. to 3s. 10d. last week. New Zealand frozen mutton was 2s. 6d. to 3s. 6d. per 8 lbs., against 2s. 6d. to 3s. 4d. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 8,442 tons, an increase of 451 tons on the corresponding week last year. Beef and veal accounted for 4,897 tons, mutton and lamb 2,606 tons, and pork and bacon 513 tons, as compared with 4,447, 2,516 and 582 tons, respectively, in the same week of 1934.

PEPPER.—Black pepper has been in quiet demand at steady prices on the London market this week. Wednesday, spot price for Lampong was 3d. per lb., against 3d. last week. Movements of pepper in London during the past week were as follows: Black, 6 tons; delivered, 6 tons; stocks, 1,792 tons, against 213 tons a year ago. White, landed, 5 tons; delivered, 442 tons; stocks, 18,074 tons, against 6,321 tons a year ago.

RICE.—The spot market has had a quiet tone, with prices showing a slightly easier tendency. The spot price of Burma No. 2, cleaned, 8s. 7½d. per cwt. a week ago, while the forward quotation, at 7s. 9d. per cwt., remains unchanged on the week. Movements in London during the past week were as follows: Landed, 1,142 tons; delivered 425 tons; stocks, 10,316 tons, against 1,951 tons a year ago.

SUGAR.—The spot market in New York remained steady until the end of last week, but quotations have shown an easier tendency this week. Trading in London has been quiet. The spot price in New York on Wednesday was 3-16 cents per lb., as compared with 3-20 cents per lb. last week and 3-28 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "August delivery" at 4s. 3½d., against 4s. 4½d. to 4s. 5d. last week. The movements of raw sugar at public warehouses in London and 15,704 in the previous week and 7,381 in the same week of last year; deliveries, 16,389 tons, against 8,753 and 14,441 respectively; stocks, 141,980 tons, against 134,232 and 169,571 tons respectively.

TEA.—The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account in recent weeks:—

Week ending	Northern India	Southern India	Ceylon	Java	Sumatra	Nyasa-laud	Total
Aug. 1, 1934.....	13-29	12-49	12-99	Nil	Nil	12-00	12-94
Aug. 5, 1935.....	11-49	11-54	13-00	9-54	8-38	10-20	11-74
July 11, ".....	11-58	11-84	13-39	10-41	8-87	10-30	11-96
July 18, ".....	11-61	11-89	13-99	10-00	9-22	10-51	12-09
July 25, ".....	11-53	11-91	13-68	10-01	8-84	10-41	12-11
Aug. 1, ".....	11-36	11-26	13-37	9-52	8-46	10-29	11-81

The London market has been closed this week, but auctions will be resumed on Monday next.

VEGETABLES.—According to *The Fruit Grower's* Covent Garden correspondent, tomatoes continue in demand at slightly easier prices. Cucumbers are also an active trade, with prices a point 6s. to 7s. per half-bag. The short supplies of runner beans are selling well; marrows are plentiful and cheap. Supplies of cabbage normal expansion in supplies, new potatoes have experienced a seasonal fall in prices. At the London Borough Market last Tuesday, earlier. The Potato Marketing Board, at a meeting held last week-end, has prescribed a minimum riddle of 1½ in. for all varieties of potatoes.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OLSEEDS.—As a result of persistent unfavourable weather reports from Argentina linseed prices continued to rise. Demand, however, is only moderate, crushers displaying a marked reserve, and buying only their immediate requirements. Plate to Hull has been sold at £9 12s. 6d. per ton, but sellers are now asking up to £9 15s. Trade in Indian linseed is from River Plate ports are somewhat heavier, and the quantity now afloat for Europe has advanced to 138,300 tons (including 4,000 tons from India) while that afloat for America is 21,600 tons, against

24,900 tons a year ago. To the end of July, Argentina had exported 1,230,000 tons, and had still 660,000 tons available for export, while India is expected to ship 225,000 tons of the new crop. Cottonseed is quiet. The balance of the old Egyptian is held for £6 5s. Early shipment of the new crop is quoted at £6 September, while Hull has paid £5 15s. for January loading.

Linseed oil is steady, and in sympathy with seed, quotations have now reached the highest level recorded this year. Raw oil ex Hull mill for August delivery is quoted at £22 12s. 6d., and September-December at £22 10s. Trade in cotton oil is very slow. Egyptian crude is offered freely at £23, and refined (technical and edible) at £26 per ton (naked) ex Hull mill. Oilcakes are in about normal demand for the time of year.

RUBBER.—Despite the continued activity of the tyre and auto-

mobile industries in the United States, spot quotations for rubber have shown a reactionary tendency on the New York market. In London, holiday influences were reflected in the idleness of the market and the easier tendency of prices. But a slight recovery occurred later and, at the close on Wednesday, quotations showed little net change on the week. In New York the spot price on Wednesday was 11½ cents per lb., compared with 12½ cents per lb. a week ago. Wednesday's official closing price for standard ribbed smoked sheet in London was 5½d. per lb., as against 5½d. on the corresponding day last week. In forward positions, business has been done at 5½d. for October-December, 1935, as against 5½d. to 5½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 173,898 tons, against 173,108 tons a week earlier. A year ago stocks amounted to 106,327 tons.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM

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

LONDON, August 7th		OVERSEAS AND MEAT		POTATOES—		WOOL—		Cape	
GRAIN, Etc.—		English, new per cwt.		English, new per lb.		English Southdown, greasy, per lb.		Dry and Drysalted Cape	
Wheat—	s. d.	Black Lampong	0 3	Queensland, scd. super cmbg.	24	Lincoln hog, washed	13	Market Hides, Manch'rs	0 4½ 0 4½
No. 2, N. Man. 486 lb.	83 3	Cinnamon—1st sort, per lb.	0 7½	N.S.W. greasy, super cmbg.	14½	N.Z., grey, half-bred 50-56	11	Best heavy ox and heifer	0 5 0 6½
Eng. Gaz. av., per cwt.	5 4	Cloves—Zanzibar per lb.	0 7½	Type	30	Merinos 70's	31	Best cow	0 5 0 5½
Barley, Eng. Gaz. av.	6 7	Ginger—per cwt.	35 0	Crushed	19 6	Crossbred 40-44	7	Best calf	0 5 0 7½
Oats	7 0	African	65 0	Typical, best house, at	12	46's	12		
Maize, La Plata, landed,	16 6	Malacca, ord. to good	1 2 2 4	Typical, best house, at	12				
480 lb.	16 6	Nutmegs, 65's	0 11						
Flour, Lon. stan. ex mill,	24 8	SUGAR—							
280 lb.	24 8	(Duty, 11/8 per cwt.)							
Rice, No. 2 Burma, per cwt.	7 9	Centrifugals, 96's, Expt.	4 3½						
Tapoca, per cwt.	13 0	Shanghai, ord. to good	17 6 18 9						
Fair Flake, Singapore.	13 0	B.W.I., crystallised India	6 8						
		May-June	6 8						
		Refined—London	17 7½						
		Yellow Crystals	21 9 22 3						
		Cubes	19 6 20 0						
		Crushed	18 0 21 6						
		Granulated	17 7½ 17 9						
		Home Grown	1 8						
		Molasses, in bond	1 8						
		TEA—							
		Indian—per lb.—							
		Pekoe	Market						
		Broken Pekoe	Closed						
		Dutch							
		Orange Pekoe							
		Broken Orange Pekoe							
		Ceylon—per lb.—							
		Pekoe							
		Broken Pekoe							
		Orange Pekoe							
		Broken Orange							
		Dutch							
		TOBACCO—							
		(Duty, 9/8-10/8½ per lb.)							
		Empire growth, 7/5½							
		8/3½ per lb.							
		Virginia leaf	0 10 3 6						
		Common to fine	0 10 3 6						
		Rhodesian leaf	0 9 1 6						
		Nyasaland leaf	0 8 2 6						
		strips	0 6 1 8						
		East Indian leaf	0 6 1 9						
		strips							
		COCOA—							
		(Duty, British grown,							
		11/8; foreign, 14/ cwt.)							
		Accras, f.f.	23 0 23 3						
		Trinidad	38 0 46 0						
		Grenada	32 0 36 0						
		COFFEE—							
		(Duty, British grown,							
		4/8; foreign, 14/ cwt.)							
		Santos sup. c. & f. cwt.	36 8						
		Colombian, good	45 0 55 0						
		Costa Rica, med. to good	50 0 70 0						
		East Indian	50 0 70 0						
		Kanya, medium	38 0 52 0						
		EGGS—							
		English	11 0 15 6						
		Danish	15 3 11 9						
		FRUIT—Oranges							
		South African—cases	10 0 15 0						
		Brazilian	8 6 10 6						
		Lemons, Malaga	20 0 28 6						
		Sicilian	20 0 26 6						
		Apples: Amer. (var.) boxes							
		(var.) crates							
		" Australian							
		Onions	6 0 8 0						
		Valencia, case							
		Egyptian, bags							
		Grapes, Lisbon							
		Almeria							
		LARD—							
		Irish bladders, per cwt.	70 0 76 0						
		U.S. 66 lbs. boxes	74 8 77 9						

† These prices are for fuel oil for inland consumption—other than for use in Diesel engine road vehicles—and do not include the Government tax.

UNITED STATES

(New York quotations, unless otherwise stated.)

	Aug. 8, 1934	July 10, 1935	July 31, 1935	Aug. 7, 1935		Aug. 8, 1934	July 10, 1935	July 31, 1935	Aug. 7, 1935
	Cents	Cents	Cents	Cents		Cents	Cents	Cents	Cents
Wheat, No. 2, Winter, nearest future, Chicago, per bushel...	109	84½	93½(b)	90½(c)	Sugar, Cuban Centrifugals, 96 deg., spot, per lb.....	3-32	3-28	3-20	3-16
Maize, nearest future, Chicago, per bushel	76½	82	84½(b)	75½(c)	Cotton, middling, spot, per lb....	13-75	12-45	12-10	11-85
Oats, nearest future, Chicago, per bushel	51½	33½	42½(b)	30½(c)	Rubber, smoked sheet, spot, per lb.....	15½	12½	12½	11½
Rye, nearest future, Chicago, per bushel	87	44½	45½(b)	44½(c)	Petroleum, Pennsylvania crude standard grades, per barrel.....	207-222	162-177	152-167	152-167
Barley, nearest future, Chicago, per bushel	70	(a)	(a)	(a)	Copper, "Electrolytic," Domestic, spot, per lb.....	7-02½	7-30	7-50	7-72½
Coffee, Rio No. 7, cash, per lb. 9½	9½	6½	6½	6½	Copper, "Electrolytic," Export, prompt, per lb.....	7-30	7-52½	7-72½	7-95
" Santos No. 4, cash, per lb. 11½	11½	8½	8	8	Spelter, East St. Louis, spot, per lb.....	4-30	4-30	4-40	4-50
Cocoa, Accra, nearest future, per lb.....	4-77	4-61	4-64	4-51	Lead, spot, per lb.....	3-75	4-15	4-15	4-20
					Tin, " Straits," spot, per lb. ...	51-75	52-20	52-65	52-37½
(a) Nominal				(b) July futures	(c) September futures				

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THE ECONOMIST

Vol. CXXI

SATURDAY, AUGUST 17, 1935

No. 4799

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A DESPERATE DEFENCE

THE vigour with which M. Laval and his colleagues are putting their economic policy into effect has surprised the whole world. The dilemma confronting the French Government is by this time familiar to everyone. France, one of the last of the nations to feel the effects of the world-wide depression, is labouring in the teeth of the storm which has already blown itself partly out in other countries. The vicious circle of deflation is still revolving. Incomes are still falling, the profitability of industrial enterprise is still on the wane, prices are still declining, the economic structure is still being shrunk. At the same time, France is suffering from the fact that her currency is seriously overvalued on the foreign exchange markets of the world and is under fire not only from speculators, but also from the much more formidable artillery of natural forces. The national income, as it shrinks, is compressing the revenue of the Treasury, while the expenditure of the State cannot be compressed in equal proportion. The Budget crisis is only a symptom of the underlying economic disequilibrium. But it lies nearer the surface of politics and it has been the directly unsettling element in the situation for many months past.

The immediately urgent task for any Government determined to restore equilibrium was to balance the Budget. This the Laval Government accomplished on paper in the first batch of decrees issued a month ago. The method adopted was an all-round reduction of 10 per cent. in all forms of State expenditure. French Treasury expenditure has been cut before, and it was common ground that further cuts, unaccompanied by any measures to offset the losses of those affected and to spread the burden of sacrifice more widely, were politically indefensible. But it was a pity that the decrees imposing cuts, admittedly only part of the whole policy, had to be issued in advance of the remainder of the policy. The result was the disturbances at Brest and Toulon and the strike at Le Havre, which might have been avoided if the disaffected employees concerned could have been shown that their sacrifices were not unique.

These disturbances, however, have been composed and the way has been cleared for the more positive side of

M. Laval's programme. This is comprised in no less than 83 separate decrees, which were approved by the Cabinet and signed by the President on Thursday of last week. Such a mass of legislation, covering so wide a field in such detail, and issued at one time, is probably without parallel in any country of the globe. Even M. Laval's enemies are compelled to pay tribute to the industry which has gone into the drafting of these decrees and to the courage with which they are launched. It is clear that the French governmental machine has made a supreme effort to rise to the occasion of the emergency. The impression of extraordinary measures has been heightened by the action of the Prime Minister—unprecedented in the history of the Third Republic—in summoning a conference of all the Prefects from every department in the country. These officials, the pivots of the administrative system, will bear the full responsibility for supervising the detailed application of the decrees, and it was thought desirable to impress upon them in person the urgency of their task and the need for prompt and thorough action.

The 85 decrees cover an enormous range. Even to mention the main subjects which they comprehend is to print a catalogue. There are decrees accelerating the Marquet plan of public works and providing fresh loans for local authorities at reduced rates of interest to be applied to the same purpose. A central committee is set up to train the unskilled unemployed. Another committee is to advise on means of expanding international commerce, and, for a beginning, 23 industrial import quotas are removed. There are several decrees aimed at reducing the margin between the farm price of meat and the price charged to the consumer, and empowering the Prefects to fix maximum retail prices for meat. To assist agriculture, land lease and mortgage payments are reduced by 10 per cent. and the price of nitrogenous fertilisers similarly lowered. There are numerous decrees devised for the protection of investors and the suppression of financial fraud. Bankruptcy is to be made easier for the genuinely embarrassed but more difficult for the fraudulently insolvent.

Even so brief a summary as this reveals the measure of the effort that is being made. In thoroughness, in expedition, in courage, M. Laval need fear comparison with no dictator. It would be pleasant if these qualities were all that was needed for the success of an economic policy; if it were possible to feel confident that democratic France had found a democratic solution to her difficulties. Unfortunately, M. Laval's decrees fail to inspire such complete confidence and even the friendly observer must confess to some doubts about their efficacy. In some degree this is due to their very comprehensiveness. For M. Laval seems to have drawn upon every phial of the economic pharmacopoeia; he has adopted every diagnosis and prescribed every remedy, and it is only too likely that some of them will prove incompatible with others. The Budget, for example, on the one hand has been balanced, but on the other hand loans equal to the savings of expenditure are to be made for public works. Public works are excellent if the Government's object is to diminish unemployment—but not if its first objective is to balance the income and the outgoings of the Treasury in order to put a stop to ceaseless borrowings and to restore the confidence of the market in the ultimate solvency of the State. Moreover, the primary object of the whole programme is to lower the level of prices in France, whereas a public works programme, if it has any effect at all, will tend to raise prices. Or again, it is difficult to see how agriculture can be assisted and the cost of living lowered at the same time unless the Budget is to be overloaded with further burdensome subsidies. The stimulation of foreign trade by the removal of import quotas is another laudable object—but it does not harmonise well with the defence of an over-valued franc. M. Laval might have set himself the task of defending the franc *à tout prix*, or of increasing foreign trade, or of stimulating internal trade by public works, or of reducing the cost of living, or of balancing the Budget. But to attempt all five at once is not a policy at all—it is a desperate muddle.

Unfortunately, the internal contradictions of M. Laval's policy are not the only obstacles in the way of French recovery. M. Laval is only a temporary dictator, his decrees must be confirmed or rejected by Parliament in the autumn. Hardly any element in the economic structure can be touched without somebody being aggrieved. Even if there is unanimity of opinion on the need to reduce prices, every voter is up in arms at the attempt to reduce the one set of prices by which he lives. The workers resent the cuts in wages, the small shopkeepers dislike the attempt to get retail prices down, the *rentiers* are alarmed at the reduction in interest on the *rentes*. Only if M. Laval's policy in its entirety confers such a striking general benefit on the community that this aggregation of particular injuries can be forgotten will it be politically successful. The result of this political hazard is likely to be that each line of policy will be sketched rather than applied in earnest. This can be seen in the decrees. The attempt to reduce the cost of living, for instance, has been largely confined to the price of meat, and even there the measures promulgated can hardly take effect immediately. In the liberation-of-foreign-trade department, there is the same hesitancy. Of the 23 quotas that are removed, the most important refer to mustard, telescopes and traction engines; the coal quota is apparently to be reduced! M. Laval has not only dipped into every medicine-bottle on the shelf; he has measured out quite inadequate doses of each.

In default of a miracle, even the stupendous administrative efforts which have taken shape in last week's batch of decrees are unlikely to pull France out of her difficulties. These measures, all of them more or less painful, all of them more or less difficult to administer, are being adopted—for what purpose? To avoid devaluation of the franc. Devaluation is admittedly unpopular in France. But is it as unpopular as the policy of deflation by decree? That is the question for the Chamber of Deputies to answer when it reassembles. It is said that as soon as a French Government is installed in office the Chamber begins to think about its successor. On this occasion the Chamber may need to have more than a new Cabinet waiting. If another ominous crisis is to be avoided in the autumn, the Chamber must be ready with an alternative policy.

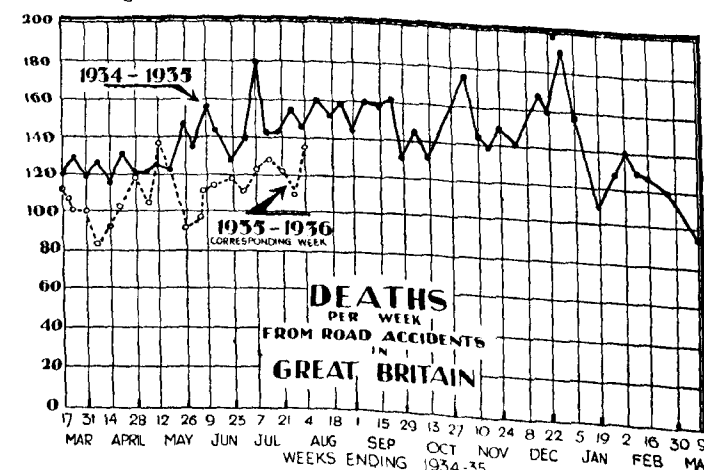
ROAD SAFETY AND ROAD SENSE

THERE is no single measure of the growing tendency among the people of this country to move about by every possible form of transport; but evidence of the fact itself is patent on every side. The spread of the population into the territory bordering our great industrial centres involves a steadily increasing volume of traffic day in and day out; but it is at holiday time that peak figures are reached, when great masses of the population escape from the drab and sun-starved environment of the town to seek recuperation in the woodlands, on the mountains or at the sea coast.

Even the railways—after many years of decline—are reaping advantages from this *Wanderlust*. By a policy of improved service and reduced fares they are regaining some of their lost popularity; for anyone who examines our railway traffic tables will find that in the past holiday fortnight the four main lines received from passenger traffic £4,580,000, against £4,336,000 a year ago—an increase of nearly a quarter of a million. But it is on the roads that increasing "movement" is placing the greatest strain. The number of private cars licensed is increasing at more than 100,000 a year, and in the autumn of 1934, the latest date for which complete returns were available, had increased 30 per cent. in five years—although these were years of depression. This year the figures have taken another great leap forward and are estimated by the Society of Motor Manufacturers to be 12 per cent. higher than a year ago.

But, for the greater amenities and freedom of movement which these figures imply for a large part of the nation, a heavy price is being paid in human life. According to the figures of the Ministry of Transport the total number of deaths in the first year covered by the weekly returns (ending March 9, 1935) was 7,353; and in the same period 230,067 were injured. These are appalling figures. And it is disturbing that these figures compare none too favourably with those for France, where the number of motor vehicles is roughly the same as in Great Britain but the number of fatalities considerably less, or with those for the United States. The United States has approximately 12 times as many motor vehicles as Great Britain, 10 times as great a mileage of surfaced roads, and consumes roughly 15 times as much motor spirit; yet she has only 5 times as many casualties.

Clearly, the British figures amply justify the campaign in which the Minister of Transport has been engaged to reduce the "toll of the roads." The measures taken—by more general light-signals and other measures of traffic control but above all by the 30 miles an hour speed limit in built-up areas—have yielded an appreciable harvest of success. The chart below shows that since the speed limit came into operation the number of fatalities has fallen definitely below those of last year, although the number of motor vehicles and of pedal cycles on the road is undoubtedly much larger.



But the total figures are still far too high and great public interest therefore attaches to an analysis which the Ministry has just published of 1,500 fatal road accidents which occurred during the early part of the current year. The report shows that 56.1 per cent. of the accidents were due to collisions between a vehicle and a pedestrian, 26.9 per cent. to collisions between moving vehicles, and the rest to

other causes. 30.4 per cent. of the accidents occurred at road junctions or cross-roads, and 61.2 per cent. on straight roads or open road bends with good sight line. In the 1,500 accidents, 1,532 persons were killed, and these fatalities are analysed as follows:—

CLASSIFICATION OF PERSONS KILLED		Per cent.
Pedestrians	55.9	
Pedal cyclists	20.2	
Motor cyclists	12.9	
Attendants, passengers, etc.	6.2	
Drivers of vehicles other than motor cycles	4.8	

Total

Eighty-one per cent. of the pedestrians, 56 per cent. of the pedal cyclists and 32 per cent. of the motor cyclists were killed in accidents occurring in built-up areas. Clearly the pedestrians were safer, but the motor cyclist was in greater danger on the open road.

Responsibility for the 1,500 fatal accidents is assigned by the Chief Constables according to the following table:—

Causes attributed to	No. of Accidents			Per cent. of Total
	Built-up Areas	Areas not built-up	All Areas	
Pedestrians	613	123	736	49.1
Drivers	181	195	376	25.1
Pedal cyclists	137	102	239	15.9
Vehicles or their equipment ..	16	40	56	3.7
Animals	9	10	19	1.3
Weather	3	12	15	1.0
Passengers, etc.	11	4	15	1.0
Road conditions	2	6	8	0.5
Obstructions	...	3	3	0.2
Unknown	11	22	33	2.2
	983	517	1,500	100.0

The report shows conclusively that pedestrians and pedal cyclists are the most vulnerable travellers, that motor-car drivers are relatively safe, and that over 50 per cent. of accidents are attributable to carelessness on the part of pedestrians and pedal cyclists. It may be, however, that the driver shows up in too favourable a light, for too often the pedestrian did not survive to tell the tale!

If these appalling figures are to be seriously reduced, a determined attack should be made on the accident problem along three lines: better roads, better road sense, better and more strictly enforced law. For the last two hundred years we have constantly been outgrowing our road system; the type, capacity and speed of our road vehicles has changed faster than the roads could be rebuilt to suit the new requirements. But no matter what the ancient rights may be, it is absurd that one and the same road should nowadays be expected to act as common route for high-speed through motor traffic, horse and cart, pedal cyclist and pedestrian. There must in future be some segregation of traffic and specialisation of roads; we want roads which can safely be used by high-speed motors, with proper grading, banking and separation of traffic; and once we have these roads we must keep them for the purpose for which they were built. Again, there must be an end to ribbon development on through routes; by-passes must be so placed in a general town-planning scheme that they remain by-passes and do not become congested areas. A comprehensive road scheme for England will not be achieved through our present disjointed, decentralised and unco-ordinated agencies, which, even if they have the best will in the world, are without the financial powers to produce and execute a proper scheme. We shall probably have to enforce town planning throughout the country, and shall have to set up a national road board with powers to borrow, plan, compel and perform.

Perhaps the most significant conclusion of the Ministry's analysis is that carelessness among all concerned, but particularly among pedestrians, is the major cause of accidents. With the best road system in the world carelessness will claim its victims; but we cannot pretend to have reached the irreducible minimum until every effort has been made to develop a road sense among all sections of the population. The pedestrian should realise that to cross a road is as dangerous as to cross a railway track; the motorist should be constantly aware of the cost of careless driving in terms of flesh and blood, of torn limbs and crushed bodies. To pedal cyclists, notoriously jealous of what they call their rights, we commend a sense of proportion, responsibility and sweet reasonableness, with which



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they may have fewer rights, but may live longer. According to the Ministry report, of pedal cyclists killed, most of whom were young, 74 per cent. died as a result of their own carelessness. To develop this indispensable road sense the wholesale distribution of the Highway Code is a step in the right direction. It is, however, arguable that more of its instructions for behaviour on the road should be mandatory and enforceable and not merely advisory.

The best way, however, of promoting road sense is strict enforcement of the law, provided always that the law is reasonable. It should be the duty of our road authority to build roads which permit the maximum use of the capabilities of the motor car while ensuring at the same time the maximum safety of the people. It should also be its aim to keep off the road incompetent or irresponsible drivers, cyclists, pedestrians or machines. But having created the conditions of safe transport, it would then have behind it the full force of public opinion in punishing breaches of the regulations severely, and without fear or favour.

BRITISH ENGINEERING.—II

LAST week we examined recent developments in some of the leading branches of the British engineering industry. This week we continue our survey by examining the course of events in other branches of the industry.

Textile Machinery.—Exports of textile machinery are most important, for they constituted 60 per cent. of this section's total production in 1930; but they fell from a peak of 126,553 tons in 1929 to 55,567 tons in 1931. To obviate cut-throat competition at home, therefore, an amalgamation of the six leading makers was formed in September, 1931, under the name of Textile Machinery Makers, Ltd., in which the bulk of the shares are held by Howard and Bullough (Securities), Ltd., and Platt Bros. and Company (Holdings), Ltd. It was not at first successful in achieving the control of prices, and in 1933 an intensive reorganisation of production took place, with the result that the major portion of all production is now accounted for by two of the original six undertakings. Neither of the holding companies mentioned above has derived any income from the amalgamation, but there is evidence of recovery in this branch as a whole in the increase in the net profits of Tweedales and Smalley (1920), Ltd., from £28,249 for the year ended April 30, 1934, to £50,198 last year.

It is probable that the activity of the industry increased from 1933 to 1934. Exports in 1934 at 78,491 tons certainly showed a substantial increase over the 1933 total of 56,460 tons. Exports from Germany, France, Switzerland and the United States also increased, but to a lesser extent than those from this country, with the result that the British proportion of total exports (by value) from these countries increased from 38.5 per cent. to 40.6 per cent.

In 1934, Sir Walter Preston, chairman of Platt Bros., flung down a gauntlet within the industry. For coarse and medium counts, he said, the equipment of our cotton mills

was very much less efficient than that of many modern mills abroad. The challenge was taken up by the Federation of Master Cotton Spinners, and it was eventually decided to conduct practical tests in order to determine the economies realisable by installation of new kinds of machinery. The result of these tests showed that a greatly increased demand for new machinery might arise, provided that the finance for re-equipment were forthcoming. In view of the fact that many mills in the American spinning section have not covered their depreciation for a number of years, this appears very doubtful. The temporary relief brought by the price agreements does not seem likely to last, and whatever the advantages of high draft spinning or automatic looms, new finance for the cotton industry can at the moment only be provided by the banks.

More important is the proposed scheme for the sealing or scrapping of 8,000,000 redundant cotton spindles. As long as spindles are sealed against a future expansion in demand for textiles, the immediate result must be a contraction in the market for new machinery. If the scheme succeeds in increasing the profit-earning capacity of the cotton industry, however, it should hasten replacement of obsolete plant.

As regards the prospects of this branch of engineering, exports during the first six months of 1935 showed a decline of 15 per cent. compared with 1934. Improved activity in the home market has been reported, but although the newer branches of the textile industry are expanding, there can be no substantial increase in demand until the cotton industry is in a position to provide more liberal depreciation allowances. The reorganisation effected by textile machinery manufacturers has nevertheless placed them in a position to benefit from any improved demand.

Locomotives, Carriages and Wagons.—According to the Census of Production for 1930, construction of locomotives was equally divided between the railway companies and outside firms. The latter, however, are mainly dependent on the export trade, which accounted for 88 per cent. of their production in 1930. The extent of the depression in locomotive building can, therefore, be realised by the decline in exports from 50,565 tons in 1930 to 3,873 tons in 1932. Although a recovery to 9,465 tons took place during 1933, this was followed by a further decline in 1934 to 4,750 tons. There was a similar trend in the exports of other countries, and the British share of the world market for locomotives actually increased from 53.0 per cent. in 1930 to 58.3 per cent. in 1934. The activity of the industry had declined in 1932 to about 20 per cent. of the 1928 level, but it recovered to about 50 per cent. at the end of 1934, due partly to increased orders from home railways and partly to a small revival in demand from abroad, reflected in an increase in exports from 1,317 tons in the first six months of 1934 to 3,479 tons in 1935. The small increase in home rails' traffic receipts in 1934 was, however, considered sufficient to justify enlarged construction programmes, a greater proportion of which was let out to independent firms.

The latter, however, cannot continue to rely on home railways. Recovery can only be achieved by a revival of exports. The principal foreign markets in the past have been India and the Argentine. In the former, traffic receipts have increased and the construction programme for 1935-36 is considerably in excess of that for the immediately preceding years. In the Argentine, improved traffic receipts have been offset by exchange losses, and replacement on a considerable scale is impossible owing to the difficulty of obtaining sufficient foreign exchange. The long-term prospects must be considered favourable, since the British locomotive industry is not suffering so much from foreign competition as from trade restrictions and its customers' restricted purchasing power, and some day there must arise a large accumulated replacement demand.

The value of exports of carriages, wagons and parts fell from £4,593,000 in 1930 to £974,000 in 1934, but this section of engineering has also benefited from the increased proportion of the home railways' demand allotted to outside firms. Moreover, many firms have begun to construct bodies for road vehicles with a measure of success.

Agricultural Machinery.—This branch of engineering has for some years been losing its right to be considered a separate section, for agricultural machinery makers have

been increasingly extending their interests into the realm of general engineering, owing to the reduced purchasing power of primary producers throughout the world and to the trend (until recently) from arable land to grass in this country. In recent years the position of the industry has been strengthened through centralisation of control. Thus, Ruston and Hornsby, who control Ransomes, Sims and Jefferies, have a close working arrangement with R. A. Lister and Company, and have also acquired a number of companies previously belonging to the Agricultural and General Engineers group.

Although the incomes of primary producers as a whole, both here and abroad, are now rising, as a result of Government action, they are not yet sufficient for the purchase of plant on a large scale in either market. Exports of agricultural machinery fell from 23,991 tons in 1929 to 7,898 tons in 1932, but recovered to 11,145 tons in 1934. As in the case of locomotives, there must one day be a considerable and accumulated replacement demand; but exchange restrictions must be removed before exports can increase.

We conclude this survey next week by an examination of developments in the remaining branches of the British engineering industry.

GERMANY'S ECONOMIC RECOVERY—II

(BY A CORRESPONDENT)

In last week's article it was pointed out that the economic recovery in Germany since 1933 has been uneven. The "cranking-up" of the national economy by the Government's programme of public works cannot be said to have worked out to the advantage either of the purchasers of consumption goods or of the private enterprise producing those goods. The linking by the National-Socialist Government of the public works programme with a rapid rearmament programme in the last year or so suggests that recovery must have made itself most apparent in the industries producing what are known as "investment goods"—ores, metals, building materials, vehicles, machines, factories and public buildings, as well as armaments, e.g. aeroplanes, tanks, ships, guns, etc. This is reflected in the following analysis of industrial production in Germany in recent years.

The table below shows that there has been an extremely rapid recovery in Germany in the industries producing investment and production goods:—

INDICES OF INDUSTRIAL PRODUCTION IN GERMANY

Average	Industrial Production	(1928 = 100)			
		Investment Goods (1)	Special Production Goods (2)	Sources of Power (3)	Building (4)
1932	54.3	35.4	68.2	74.7	33.2
1933	61.5	44.9	74.2	77.9	41.2
1934	74.2	74.8	82.8	86.5	71.8
1934 June	81.2	76.3	78.9	83.1	73.1
1935 June	95.2	104.8	91.0	92.9	103.7

(1) Semi-finished and finished capital goods, e.g. iron, basic metals, machines and machinery, vehicles, buildings, etc.

(2) Production goods in general use, e.g. coal, gas, water, electricity, chemicals, etc.

(3) Partly included under "Special production goods." Comprises coal, petroleum, electricity, gas and water.

(4) Included under "Investment goods."

Source: Institut für Konjunkturforschung, Berlin: new indices.

While industrial production as a whole has risen to 95.2 per cent. of the 1928 average, the production of "investment goods" has surpassed it, at 104.8 per cent. The advance in the production of investment goods as a whole to well above the 1928 level is notable. It shows a greater increase than that of "building" alone; therefore the output of certain components in the group of investment goods must have risen very greatly above the general average of 104.8 for June of this year. The German official figures of production and turnover of various components in the index of investment goods show several striking features. In the

following table, indices of production for certain elements in the broad "investment goods" category are shown:—

INDICES OF PRODUCTION OF CERTAIN COMMODITIES
(1928 = 100)

Average	Pig Iron	Raw Steel	Rolling Mill Products	Zinc	Cement	Lorries	Passenger Vehicles
1932	33.4	40.0	46.8	44.6	36.8	22.9	28.6
1933	44.7	53.1	63.1	51.7	45.9	40.7	59.7
1934	74.2	82.6	92.9	74.3	79.5	80.0	95.6
1934 June	74.1	81.5	79.8	69.6	88.4	99.1	138.5
1935 June	101.1	109.8	106.3*	123.6	135.4	124.3	149.1

* May, 1935.

The National-Socialist Government's public works programme allots a very important rôle to road construction; and motor vehicles have been exempted from taxation in their first running year. This has greatly encouraged the production of cement for the new arterial motor roads, and of motor vehicles themselves. But the most striking feature of this table is the very rapid increase in production of all these commodities. The acceleration of the official rearmament programme has doubtless affected each branch favourably, notably the production of zinc, which is very largely used in the manufacture of munitions.

From a comparison of both of the tables above with the figures for the production of consumption goods, quoted in last week's article, it is clear that Germany's economic recovery has been overwhelmingly on the side of production and investment goods. For, on the one hand, the Government have aimed at capital construction on a large scale, whether the "capital" was for civil or military purposes; and, on the other hand, Germany's critical foreign trading position has compelled the Government, for the sake of imports necessary to their capital construction programme, to make inroads upon the resources of private entrepreneurs and workers alike. The private enterprises producing consumption goods have seen the import quotas of their necessary raw materials cut down and their own supplies rationed in favour of imports of raw materials necessary to the State's capital construction programme. Moreover, they have been more heavily taxed and are threatened with Dr. Schacht's new levy to aid all exports. And, on the other side, the workers have, as we showed last week, suffered a reduction in real income.

Thus, regarded from one angle, Germany's economic recovery has been purchased at a very high cost—a cost which includes the canalisation and regimentation of her foreign trade, the rigid bureaucratic control of her industries, and lagging production and consumption in her own market for consumers' goods. On the other hand, if Germany's recovery is unbalanced, it is none the less real and striking enough in that sphere of production upon which the State's programme has been first concentrated, i.e. the production of investment goods. Yet there is still another cost to be reckoned—the financial cost.

From the time of the original (Von Papen) "cranking-up" programme in 1932, with its dubious financing by the issue of "tax-remission certificates," until to-day, the bulk of Germany's public works has been financed by the issue of bills. These have either been financed direct by the Reichsbank or else indirectly by the Reichsbank through the medium of one or two institutions specially adapted for that purpose. There has been no substantial import of long-term capital into Germany since the National-Socialist Government assumed power; and, largely as a result of Germany's recent manoeuvres with her external debt service, her various kinds of "blocked" marks at big discounts, and her trade with individual countries, Dr. Schacht has been able to do little more than keep Germany's short-term credits revolving. This he has accomplished with consummate dexterity, and he has enabled Germany to live "hand-to-mouth" on the most necessary raw materials, by the judicious use of bilateral trade agreements, the reduction of Germany's "free" export surpluses with Europe, and the increasing of German exports to those countries which supply Germany's principal import needs. This being Germany's foreign trading position, it was clear that the internal expansionist programme would mean—at least at the outset, and permanently if the programme went ahead too rapidly—the piling-up of internal short-term debt.

The growth of Germany's internal debt in the last two

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years, and the conflicting opinions on its present dimensions, were set out by the Berlin correspondent in last week's *Economist*; and further indications of the size of that debt will be found on page 325 of this issue. It is sufficient for the immediate purpose to point out that the official figures do not recognise as "debt" the creation during the last two years of a vast amount of short-term debt for the financing of the "work-creation" and rearmament programmes—probably to the extent of at least Rm. 15,000 millions. It is clear that there has been a vast expenditure in Germany during the last two years almost wholly on those commodities required by the State's civil and military programmes; and this expenditure has not yet been "covered" by revenue in the orthodox sense. In that sense, then, Germany's internal debt has increased; and one can justifiably ascribe much of Germany's economic recovery to this kind of credit inflation, the natural effects of which have been a vastly increased production of "investment goods" to the order of the State, and a consequent steep rise in the wholesale price-level.

Thus, the semi-official warning in *Der Deutsche Volkswirt* last week, to the effect that public works (and especially public building) was going ahead too fast, may well have come, as many thought, from Dr. Schacht himself. For it is obvious that, if the present accelerated tempo of capital construction continues, the Reichsbank will very soon be faced, if it is not so already, with the alternatives of calling a halt to the State's economic programme, or of acquiescing in a rapid turnover from an expansionist policy to one of a patently inflationary kind. What the latter would entail for the German workers at the present time one can only guess. But it is evident that Germany's economic recovery, already unbalanced on the capital construction side, would, in a drastic credit inflation, become even more top-heavy. The moral for those in control of economic policy in Germany to-day would seem to be this: In a State which has insulated itself from world economic forces, the danger that sheer inflation will arise from an "expansionist" policy becomes the more acute the more the "expansion" is accelerated. That moral is equally applicable to many other States to-day which have set out to insulate themselves from world economic forces. To none, however, is its application more urgently necessary than to Germany at present.

SHOPS IN ENGLAND: 1924-33

(BY A CORRESPONDENT)

How many shops are there in England? This article summarises an attempt to form a more exact estimate than that popularly current. In formulating the estimate a thorough survey was made of Kelly's Directories, the management of which supplied considerable assistance and information about methods of compilation. This research has now been supplemented by the occupation survey of the 1931 Census, which includes and analyses "Proprietors and Managers of Retail Businesses" in its returns. The forty-nine

volumes of Kelly's Directory which covered England when this estimate was being prepared had been compiled for different years during the period 1924-33—a fact which makes it difficult to estimate from this source alone the number existing at a given date; but by the use of a statistical device it does at least make possible a comparison with the Census figures and enables one to estimate the rate of growth of shops.

The method is obvious and simple: eleven of the areas comprised in the total estimate based on the directories were covered by directories relating to 1931. These figures—both in total and for particular classes—have been compared with, and adjusted by reference to, the Census returns. This "correction factor" has then been applied to all the figures based on the directories. The growth of shops has been calculated from these "corrected" figures. Although simple and obvious, this method is not ideal: its defects are too manifest to enumerate, but its defence must be that it is the only method possible of application. It will be reasonably correct if the eleven 1931 areas comprised in the estimate are truly representative.

The areas upon which the comparison for 1931 is based are Bedfordshire, Bucks, Berkshire, Dorset, Gloucestershire (excluding Bristol), Hampshire and the Isle of Wight, Huntingdonshire, Northamptonshire, Oxfordshire, Somerset and Wiltshire. As will be seen they weight the figures in favour of the rural areas of the South and avoid both the depressed areas and those in which the bulk of new industry is developing. The inclusion of Northants, of Hampshire with Southampton, and of Oxford with Morris and Pressed Steel do something to redress the balance.

The next test is comparison of totals. The Census gives the number of proprietors and managers of retail businesses as 56,844 for this area: the estimate based on Kelly's is 59,954. This difference of 5.2 per cent. is serious, but fortunately it is possible to explain it in a satisfactory manner. Comparing the Census number of general shops for the area, 4,795, with the estimate of 8,550, we find that the excess of the estimate in this class, 3,755, more than accounts for the excess of the total estimate, 3,110. If it be considered that the class of general shop includes the tiniest "house-shop" which can only at the best provide enough to supplement an income earned elsewhere, it seems probable that Kelly's Directories and the Census are comparable, the one record including and the other excluding this particular class of shop. The remainder of the discrepancy is so small that its absence rather than its presence would give rise to doubt.

Having provisionally assumed that the totals are comparable and that these include all the shops that provide either livelihood or principal occupation, and having adjusted the directory totals to the proportion of the Census in the

"comparable area," we are confronted with the major problem of comparing classes. And here a proviso must be entered, based on the essential unreality of any hard and fast classification of retail outlets. If one attempts to define an ironmonger or a draper, to take two classes of shop of which the limits seem sharply defined, one finds that the former shades off imperceptibly into the china and furniture shop, and that in the latter it meets the draper. And if, in hope of defining the essential ironmonger or the draper, one has recourse to *The Ironmonger* or *The Drapers' Record*, one finds their columns full of accusations against other types of trader of encroachment upon their more profitable sales. Drapers display vacuum cleaners, ironmongers sell American cloth, and both are only united in their definition of the limits of retail trading necessary to denounce the coupon advertisement schemes.

The line of demarcation between some groups is very narrow. Most general shops are mainly grocers; most grocers sell butter and eggs; and many of the multiple grocers' shops call themselves dairies. Consequently there seems to be every reason for taking them all together. Weighting them by the relative totals of their classes in the Census, we get a much smoother and more feasible record of growth. For example, suitably weighted, the 47 per cent. increase in the number of dairies in the depopulating Welsh Marches becomes an increase of 5 per cent. in the number of shops calling themselves dairies, grocers and general shops. This compares with an increase of 3 per cent. in the number of grocers, and a decrease of 6 per cent. in the number of general shops. The total result is an increase of 2 per cent. in the number of shops in the whole composite class.

The following estimates may thus be given of the numbers of the various classes of shops in England in 1931:—

General shops	
Grocers	162,700
Dairies	
Tobacconists	
Confectioners	56,400
Greengrocers	32,400
Fishmongers	7,200
Furniture, china and ironmongers	29,800
Boot shops	37,000
Textiles: drapers, clothiers, hosiers, tailors, etc.	76,900
Chemists	11,900
Butchers	34,600
Total (including unspecified shops)	537,500

A second cause of difficulty, due to the nature of the geographical basis of the estimate derived from "Kelly's," must also be overcome. In many of the cases where an

ANNUAL INCREASE OR DECREASE IN NUMBER OF, AND VARIOUS CATEGORIES OF, SHOPS IN ENGLAND AND WALES, BETWEEN 1924 AND 1933.

Area	Annual Incr. or Decr. of Population	All Shops	General, Grocers and Dairies	Confectioners & Tobacconists	Green-grocers	Fish-mongers	Hardware and Furniture	Boots	Drapers and Dealers in Textiles	Chemists	Butchers
Lancashire	0.31	5.2	5.0	1.0	6.0	11.0	10.0	6.0	7.0	8.0	9.0
London, Essex, Hertfordshire, Middlesex and Surrey	1.23	8.9	17.0	10.0	7.0	1.0	14.0	1.0	12.0	14.0	6.0
Yorkshire	0.5	5.6	3.0	3.0	6.0	15.0	3.0	-10.0	0.0	16.0	5.0
Derbyshire, Staffs, Warwickshire & Worcester	0.72	5.1	4.0	6.0	3.0	1.0	11.0	-24.0	1.0	12.0	4.0
Lincoln, Notts, Leicester and Rutland	1.09	3.9	5.0	2.0	1.0	14.0	4.0	-40.0	1.0	1.0	3.0
Cambridgeshire, Norfolk & Suffolk	0.13	1.9	1.0	4.0	4.0	2.0	6.0	-10.0	2.0	2.0	-10.0
Durham & Northumberland	0.08	2.0	0.0	2.0	44.0	32.0	4.0	5.0	4.0	9.0	3.0
Hereford & Shropshire	-0.01	0.8	2.0	1.0	5.0	3.0	7.0	15.0	3.0	7.0	6.0
Devon & Cornwall	0.20	5.0	16.0	0.0	1.0	68.0	3.0	4.0	5.0	8.0	9.0
Kent and Sussex	0.63	16.0	10.0	37.0	14.0	44.0	17.0	17.0	14.0	7.0	0.0
Cumberland and Westmorland	-0.32	1.8	5.0	6.0	16.0	36.0	0.0	6.0	6.0	6.0	4.0
Monmouthshire	-0.38	0.0	4.0	0.0	2.0	8.0	9.0	5.0	3.0	3.0	5.0
Total of all England		6.4	6.3	4.7	8.3	12.4	7.3	6.8	5.6	9.4	3.6

abnormally high or low rate of growth is recorded for an area, the cause is geographical because only one part of an economically united whole is under consideration. This is especially true of those cases in which towns are considered apart from the rest of the counties in which they are situated. The managers and proprietors may reside inside the town and do business in the surrounding country or *vice versa*, though the bulk of the suburbs may lie inside or outside the town boundary. One may cite the case of Hull and the East Riding of Yorkshire as an example, or that of Devon and Cornwall with the largest centre of population in either county lying on their mutual boundary.

It is in order to eliminate the disturbance caused by the factors discussed in the previous paragraph that the preceding table has been prepared, which shows the average annual rate of growth, 1924-33, of various classes of shops, and of population, for a series of areas in England. As far as possible the country has been divided into areas possessed of a certain economic individuality. The extent to which this result has been achieved may be estimated by a comparison of the rates of growth of all shops.

Somewhat surprisingly the South Coast, fourth in order of growth of population, heads the list, with the Metropolitan area, first in order of growth of population, a bad second. This is explained, however, by the low rate of increase in London itself: side by side with this increase of shops in the outlying areas and new suburbs there is now in progress a steady consolidation of trade in the hands of the multiple shop and department store in the centre. Next comes Yorkshire and, somewhat unexpectedly, Lancashire. In spite of its prosperity and its rapid growth of population the East Midlands come low on the list, perhaps as a result of a fairly rapid surrender of individual enterprise to the multiple shop. The case of East Anglia, adjacent to this area, shows signs of the same causes, whatever they may be, at work. In the Welsh

Marches population and shops are declining together, while in the extreme North-West the fall in population is accompanied by an annual increase of 1.8 per cent. in the number of shops.

Clearly there are two forces at work apart from the obvious inter-relation between local industrial and commercial prosperity. The development of new suburbs in most towns, the increase in the habit of living "in the country" due to motor transport, and the development of village life, all combine to increase the number of shops.

The development of multiple shops, except when they buy out existing retailers and until their competition succeeds in closing their rivals, acts in the same way. On the other hand the transport facilities which let the townsman dwell in the country may carry both him and the erstwhile customer of the village shop into the town to do his shopping at the "Stores," while in the long run the growth of the multiple shop must be at the expense of the small independent shopkeeper.

Even the relation between "prosperity" and a rise in the number of shops is not an inevitable one. Possibly the figures are exaggerated, but the increase in Northumberland and Durham in both greengrocers and fishmongers (types of retailing which require a minimum of capital) may be evidence of victims of depression seeking an alternative occupation. No doubt in this particular case also, as in some others, the "annual" rate of growth is a misleading title, because some of the records of expansion only cover one year which, for the locality and class concerned, may well have been exceptional. What the table gives, in reality, is a rough picture of rates of growth which have been in operation at some time during the period. It is obvious that rates of increase among retailers of the order of magnitude indicated, even if a very generous margin of error be conceded, constitute a very grave problem.

NOTES OF THE WEEK

The Paris Conversations.—While the three-Power conversations in Paris, on the basis of the Anglo-Franco-Italian treaty of 1906, did not formally begin before Friday, the British delegation arrived on Tuesday and the Italian on Thursday, so that M. Laval had time for separate discussions with each before the conference really began. At the moment of going to press, the outcome of these momentous conversations is still unknown; but, on the eve of them, there was no mistaking the rapidity with which opinion, all over the world, has been aligning itself against the now imminent prospect of a nakedly aggressive attack by Italy upon a fellow-member of the League of Nations and a co-signatory of the Kellogg Pact. One of the most impressive manifestations of this feeling on the eve of the Conference has been General Smuts' grave warning that an Italian attack upon Abyssinia would be likely to arouse the Blacks against the Whites from end to end of Africa. This warning will not have been lost upon the French, whose stake in Africa is as great as the British. The French know that General Smuts is a statesman who understands Europe as well as his own continent. It is, indeed, now happily clear that they and their Government have at last—even if belatedly—awakened to the desperate seriousness of the Italo-Abyssinian crisis. The gravity of it is extreme, for it involves not only Africa but Europe and the whole world besides. Boldness and firmness, as well as patience and a spirit of conciliation, are required of French and British statesmanship to-day. And a bold British Government need not fear that it will have a divided nation behind it; for the march of events is showing up the unreality of the antithesis—long a favourite theme of certain organs of the press—between a "safe and sensible" foreign policy which attends to nothing but strictly British interests, and the so-called "militant pacifist" policy which seeks to sacrifice the British Empire to the League. It is now clear that the British Empire will be preserved within the framework of the League or not at all. The international rule of

law, for which the League stands, is not only the first but is also the only line of the Empire's defence; and it is in this deep sense that the upholding of the League principles in this East African dispute is a British interest. Italian allegations that we are cloaking petty local imperialist aims of our own in Abyssinia under a hypocritical profession of "League-mindedness" are, indeed, very wide of the mark. With great world issues in the balance, Mr Eden and M. Laval will certainly do their utmost to secure a peaceful settlement by compromise.

* * *

The Rival Views.—Apparently M. Laval and Mr Eden will look for ways and means of obtaining economic openings for Italy in Abyssinia, without compromising Abyssinia's political independence. The crux here is Signor Mussolini's reported ambition to plant Italian settlers, under the Italian flag, on the temperate highlands which are the heart of Abyssinia and the homeland of the Amhara nation. It is on this point that the British and French mediators are likely to meet their greatest difficulties. For the Ethiopian Emperor has signified his willingness to "exchange" territory with Italy, provided he secures an outlet to the sea; but he has steadfastly refused to contemplate the complete alienation of part of his most fertile regions. It has been suggested that a protectorate over Abyssinia in the name of the League, and exercisable only by the League, would, in view of French and British disclaimers of any further interest in Ethiopian economic concessions, give Italy in effect what she requires. But is it really proper and desirable so to cloak Italian pretensions with the mantle of the League, when these pretensions have neither been set forth nor established before the League? And in any case, although the Ethiopian Emperor might possibly be prepared for a strictly impartial League protectorate, Signor Mussolini has made it plain that he

requires sufficient "mastery" of Abyssinia's most fertile territory to permit of Italian colonisation. To square the Emperor's view of Ethiopia's sovereignty and integrity with the only form of League "protectorate" acceptable to the Duce seems like an attempt to square the circle. Again, the suggestion that a regime of capitulations should be instituted by agreement in Ethiopia under which Italy could obtain her requirements, encounters precisely the same fundamental antithesis between the Duce's demands and the Emperor's legitimate concern for Ethiopia's independence. The plain fact of the dispute is inescapable; one powerful State-Member of the League has gone as far as possible to threaten forcible aggression against a small and weak fellow-member. Although the representatives of France and Britain are now negotiating with Italy outside the League framework, they at least cannot ignore the crucial issue by the handling of which on September 4th the entire League system will be judged. In the meanwhile, Signor Mussolini's warlike preparations are continuing at such a rate that the Ethiopian Emperor's cogent appeal to the League this week to raise the embargoes on the export of arms to Ethiopia can scarcely be ignored by the Powers. "Will the Council," he asks, "assume responsibility in the eyes of the world for allowing preparations to continue unchecked for the massacre of a people which constitutes a menace to none?" There is little doubt that the Council would be glad to follow a firm lead by France and Britain. Whatever the Three-Power Paris negotiations bring forth, it is of supreme importance that M. Laval and Mr Eden should take their stand on League principles, for all our sakes.

* * *

The Lights that Failed.—During the last few nights a number of dummy air attacks have been made upon the ports of Southampton and Portsmouth with the single object of testing the efficiency of the searchlight stations. Searchlights are a vital point in defence against air attacks at night, for unless the raiding enemy can be located he is immune both from anti-aircraft fire from the ground and also from the defending fighter planes. The night chosen for the practice favoured the attacking aeroplanes rather than the defending searchlights—but not more so than many other nights. The searchlight companies were largely Territorials who had only been in camp for a week. There were various other mitigating factors which do something to explain but do not entirely explain away the disquieting nature of the results achieved. On this occasion the proportion of the attacking force discovered was so small as to suggest that in the hours of darkness the country is helpless against air attack. Fortunately, the results of the large-scale manoeuvres over London a few weeks ago were by no means so negative; but taken together the exercises show that air defence against sudden night attack is still very far from adequate. Until this is corrected and the world evolves more effective means of defence, the Air Forces on which all the nations are spending such vast sums will remain almost wholly offensive. Several times in the last few years there have seemed to be opportunities of making real progress towards the only practicable solution of the air-bombing problem—namely, the complete abolition of Air Forces. Even now there is a very great degree of agreement among the politicians of the different countries on the steps which it is necessary to take. But nothing is done. If the peaceful citizens of the great cities of the world realised the appalling dangers to which they are personally exposed, with almost no possibility of defence, it would not be possible even for a dictatorial government to stand in the way of agreement. If the searchlights of Portsmouth, by failing to pierce the mist of an English night, should arouse public opinion to dissipate the cloud that hangs over the subject of aerial disarmament, the exercises of Tuesday night may not have yielded quite such gloomy results as appears at first sight.

* * *

American Liveliness.—August is traditionally almost as dull a month in politics and business in the United States as in Great Britain. But this year there has been no relaxa-

tion of activity in either direction. For one thing Congress is still in session and not within measurable distance of adjournment. There are no further Bills to come from the White House, but there is plenty of room for debate on the measures which are still in process of enactment. The Social Security Bill, which sets up an old-age pension system and the rudiments of unemployment insurance, has passed into law. But most of the other major pieces of legislation are still making their way through Congress. The Banking Bill, the Public Utility Holding Company Bill and the Agricultural Amendment Bill have passed both Houses, but in divergent forms, which must be reconciled in conference. In the case of the Banking Bill, the Senate version is not only different from that of the House, but almost contradictory to it. The most controversial of all the pending measures, the Tax Bill, has not yet passed the Senate, which is showing signs of amending it by increasing taxes on more moderate and even on small incomes—an amendment which would make it a more effective Tax Bill but a far worse election cry. On all these controversial issues the triangular wrangle between Senate, House and President may continue for some weeks to come. Nor is political activity outside Washington entirely at a standstill. The Democrats have lost an important by-election in Rhode Island. The result is hardly symptomatic of the state of opinion in the country at large, for Rhode Island is normally a Republican State, and the election largely turned upon the natural unpopularity of the processing tax on cotton in a constituency whose largest industry is spinning. But the result has vastly encouraged the Republicans, and even the voice of Herbert Hoover has once more been heard in the land. It would be rash, however, to assume that Mr Roosevelt's popularity is seriously on the wane. As soon as Congress adjourns he is to undertake an extensive speaking tour in the Southern and Western States, and the reception with which he meets will provide the first indication of probabilities for next year's Presidential election. The business world is showing an almost equal degree of activity. The motor industry is setting the pace, as it has done throughout the depression. But the pace has recently been getting increasingly hot, and even some of the previous non-starters, such as the building industry, are beginning to join in. The very rapid advances of security prices in Wall Street reflect the definitely optimistic psychology which is now dominant in America.

* * *

Sir Frederick Leith Ross's Mission.—This week Sir Frederick Leith Ross, the Economic Adviser to His Majesty's Government in the United Kingdom, has left England on a mission—announced some time ago—to study the financial position of China. The British Government intend, when their Adviser's report has been received, to confer on the subject of his inquiry with the Governments of the other countries with interests in China, of which the chief are the United States and Japan. Under normal conditions, there would be no temptation for commentators to look for more in this transaction than appears on the surface. Sir Frederick Leith Ross is an expert of great experience; the country to which he belongs has greater economic and financial interests in China than any other foreign country; the Chinese Government has signified his visit will be welcome. There is, however, one unusual factor in the situation. That is the foreign policy which Japan has been pursuing *vis-à-vis* China since the autumn of 1931: the seizure by force of the four Eastern Provinces of the Chinese Republic which have now been actually, though not legally, converted into the Japanese puppet-State of "Manchukuo"; and the still more ambitious pretension, which was put forward last year "unofficially" by "the Foreign Office spokesman" at Tokyo, to bring the whole of China within the ambit of a "Japanese Monroe Doctrine." The contention is that Japan has a special status in regard to China; and that she is entitled to regard it, and will regard it, as an unfriendly act if other Powers, either singly or through the League of Nations, enter into direct arrangements with China with a view to China's economic and financial rehabilitation without first consulting Japan. The Tokyo spokesman's

announcement was supposed to be a "trial balloon" to test how large a dose of Japanese Monroism the other foreign Powers would stand. May we infer that Sir Frederick Leith Ross's mission is another balloon, to test whether Japan really intends to challenge the right of the rest of the world to hold intercourse with China, directly and freely, in accordance with the generally recognised law of nations? Sir Frederick Leith Ross is to visit Tokyo on his way to Nanking, to seek light on the Japanese view of the Chinese financial situation. But this passing visit is certainly not to be interpreted as an application for a Japanese *exequatur*; and the Japanese Government have also—no doubt correctly—denied a crop of rumours in the Japanese press which has associated Sir Frederick Leith Ross's visit with an alleged forthcoming Anglo-Japanese conference to discuss both trade competition and arms limitation.

* * *

The Murder of General Nagata.—Last Monday Major-General Nagata, the Director-General of Military Affairs in the Japanese War Office, was cut down and killed, in his office, by a member of his own staff, Lieutenant-Colonel Aizawa. This crime is an apt commentary on the ostensibly abstract question of Japanese constitutional theory on which we commented in last week's *Economist*. Last week we suggested that the Army was perhaps being given theoretical compensation for having been brought to heel by the Government in the field of practical politics. If our conjecture was right, we must assume that General Nagata's murderer was expressing the dissatisfaction of junior ranks at this exchange of the substance for the shadow of power. Certainly General Nagata has been the right-hand man of the War Minister, General Hayashi, in the recent purge which has affected no fewer than 4,700 military officers, including so big a "gun" as the Inspector-General of military education, General Mazaki, who was dismissed by General Hayashi last month. This purge was directed against the element in the Army which stands for the assertion of the Army's independence against the Government at Tokyo, and for the abuse of this independence in order to conduct a high-handed and aggressive "forward policy" on the Asiatic Continent. This was the movement which General Hayashi was attempting to curb; the murder of General Nagata is the retort. Happily, the rumour that the crime would be followed by General Hayashi's resignation has not proved true. The rumour is significant, however, because in Japan political assassins have always been heroes. The rumour is also disturbing, because it may herald another bout of militancy in Japanese foreign policy. The military outbreak of September, 1931, in Manchuria was accompanied by an outburst of political murders by junior officers—the assassination of Baron Inouye, Baron Dan, Baron Inukai. This dastardly crime can only be taken as a black omen.

* * *

Italy's Economic Manœuvres.—Will Signor Mussolini's "forward" foreign policy be held back by economic difficulties? Many people are asking that question; and certainly a number of reports in the last few days indicate that the Duce's preparations in East Africa have given the economic screw in Italy a severe twist. First, the Bank rate in Italy was raised last Monday from 3½ to 4½ per cent. This follows a drop in the gold reserve from 5,523 million lire to 5,257 million lire in the last ten days of July. Thus, despite the strict control of Italian citizens' and firms' foreign securities and assets, gold is flowing out; and this emphasises the reason for the recent decree abandoning the statutory requirement of 40 per cent. gold cover against notes and sight liabilities. Secondly, the need for transport of goods and men to East Africa has led to the withdrawal of many Italian ships from the Black Sea route, and to the crowding of tramps and transports through the Suez Canal. Many foreign ships, chiefly Greek, are under charter for this purpose; and it is reported from Germany that thirteen vessels, with a total tonnage of 120,000, have been purchased by Italy from foreign countries, while negotiations

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are continuing for further ships. Thirdly, Italy has been trying hard to buy cotton, but she has met with a rebuff in the United States, where the Government-owned Export-Import Bank has declined to grant short-term credits to American exporters of United States cotton to Italy, despite the huge American stocks of a commodity which is one of the "sinews of war." Fourthly, it is reported that Italy already owes South Wales and Durham exporters over £1,500,000 for coal; that the sum of £1,770,792 was still outstanding on August 7th under the Anglo-Italian trade agreement and awaiting transfer to British exporters; and that, in view of her indebtedness to British coal exporters, Italy has chartered seven Greek ships to transport new Italian purchases of Polish coal to Italy. Italy's industries, more than those of any other European Great Power, ourselves included, depend on imported raw materials. But the diversion of normal trading activities to fulfil the abnormal national requirements of warlike preparations is notoriously a most uneconomical business, the high cost of which must fall on the belligerent nation alone. For normal exports then fall off, as they have been doing in Italy. How, then, is Italy to pay for her greatly increased imports, as well as for her Suez Canal tolls, which, as we showed last week, have greatly increased, and for these purchases of ships abroad? If her exports remain stable, and if no one will grant her credits abroad, Italy will either be unable to foot some of her suppliers' bills at all, or else she will pay out of her citizens' foreign assets—that is, out of capital.

* * *

Wise Words in India.—The conviction that the new Indian Constitution is both workable and in India's best interests is steadily growing in India. The latest evidence of this is the important speech by Mr H. P. Mody in Bombay on Tuesday. Mr Mody, who was formerly Chairman of the Bombay Millowners' Association and who participated in the Round Table Conferences in London, is of the opinion that, at this juncture, all Indians of all political persuasions who are determined to give the new Constitution "a full and fair trial" should combine politically to work that Constitution, and to fight the disruptive forces in India. There was a clear-cut issue: Was the Constitution to be worked or wrecked? He believed it could be worked, and should be worked, in the interests of all Indians. To that end Bombay should set itself at the head of a new movement, which should unite those who wanted the reforms to be put into practice. Mr Mody saw no need for conflict between British commercial interests and the development of India's commerce and industry; rather would reciprocity agreements on Ottawa lines provide a basis for their mutual prosperity. Another piece of news from India this week augurs well for the new Constitution. The Maharajah of Patiala, who is Chancellor of the

OVERSEAS CORRESPONDENCE

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FRANCE

THE SECOND BATCH OF DECREES

POLITICAL and business circles have been surprised by the extent of the second batch of decree-laws, which comprised 83 decrees instead of the expected 20. Their scope, moreover, is extremely widespread. No doubt the majority of the new measures are directed to "economies" and economic recovery, as, for example, the revision of ex-servicemen's pensions, the speeding-up of public works schemes, the reduction in the cost of living (as the result of agreements with the relevant concerns) and also the first relaxation in quotas. The same may be said of the decrees for the protection of investors, which revise the law on the rights of shareholders in the case of increases of capital, check share-pushing, introduce increased penalties for swindling, reform bankruptcy law, increase the responsibility of company directors, etc. All these measures aim at reviving confidence among the investing public.

Other decrees, especially those of secondary importance, as, e.g. those on garden allotments and the river police, seem to have nothing to do with economic problems. They are exceptions, it is true, but nevertheless they provoke some critics to observe that the procedure of decree-laws should be strictly limited to measures of emergency character. The same observers in the past, however, have doubted the efficacy of decree powers in any case, arguing that they had already been accorded to President Doumergue, who had made no serious use of them. M. Laval at any rate will not incur this reproach. He knows that the French crisis is as much psychological as economic, in consequence of the decline of the State's authority and of business morality; and he also knows that public opinion is tired of endless theoretical controversies which must finally lead the country into monetary and social adventures. The majority of the country has therefore applauded the energetic words with which he concluded the instructions which he gave to the Prefects whom he had convoked in Paris in order to explain the mechanism of the decree-laws.

Although the Socialist leader, M. Léon Blum, insinuates that M. Laval hopes to become dictator(!), the former knows that it will be difficult for Parliament, when it returns from recess, to refuse the voting of the decrees—the more so as the majority of these measures have already been "adopted" for some time by the Chamber or the Senate, though without becoming law, owing to the inability of Parliament to finish its labours. Observers who are particularly competent to assess the moves in the Party game emphasise that the leader of the Socialists no longer cares to bring down a Government of moderates, which, in his view, must incur the unpopularity of heavy, though unavailing, sacrifices. On the other hand, he does not want to have to take the helm himself and face the same difficulties on the eve of the General Election. These considerations explain why the Brest and Toulon riots may well have been provoked by external elements without the support of the trade unions or of any political clique. It may be, however, that if the Government cannot prove the efficacy of its emergency measures in the autumn, the Opposition will be forced to declare its hand. Discontent with the "cuts" is widespread, and the Opposition will find this a fertile field for political cultivation.

THE PROSPECTS OF RECOVERY

The question is thus to analyse the chances of economic recovery in the next three months. There are two grave problems. The first concerns the fate of the farmers. This depends in turn on two things: a fall in the cost of living, which may make itself felt rather quickly, and, more important, a rise in the price of wheat. With regard to the latter possibility, the 1935 crop is abundant but of poor quality. The actual situation in the wheat market could thus—with moderate financial support—afford M. Laval some hope. The second grave problem centres on the effort to bring down interest rates, in which the predecessors of M. Laval were unsuccessful. It is probable that another vigorous

effort will be made in that direction. The Stock Exchange seems ready for a strong rise in rentes. The new reductions in the rediscount rate of the Bank of France from $3\frac{1}{2}$ to 3 per cent., and of the rate of advances on securities to 4 per cent.—the latter figure has not been seen since 1911—as well as similar measures for Treasury bonds and National Defence bonds, have all been welcomed. But these measures, because of seasonal dullness on the Stock Exchange, have so far had little effect on rentes.

On Wednesday M. Laval had long conversations with the Governor of the Bank of France, the head of the Stock Exchange, the directors of the big banks and big insurance companies, and finally the director of the Crédit Agricole. On the same day M. Tannery, Governor of the Bank of France, issued an appeal to the people of France for confidence in the Government and in a revival of trade. M. Tannery emphasised that distinct signs of improvement had been observable in the world during the last few months. He declared that the task of adapting national economies to new conditions was now sufficiently advanced to permit the latest sacrifices, so courageously conceded by the country as a whole, to bear fruit; but for this purpose they would need the aid of the hoarded milliards of francs. Whether these will come out, however, depends mainly on external circumstances, and notably on the reality of the recovery on Wall Street, and on the issue of the guilder from its afflictions.

INDUSTRIAL PRODUCTION MAINTAINED

The Statistique Générale has just published its June figures showing industrial production in France:—

	June, 1934	April, 1935	May, 1935	June, 1935
General index	99	93	92	92
Engineering	99	93	92	92
Iron and steel	98	96	95	95
Textiles	80	80	81	80
Mines	62	59	63	64
Building (adjusted figures)	102	101	101	101
Leather	81	70	65	62
Paper	98	89	90	91
Rubber	159	133	132	132
Motors	892	754	758	767
	456	411	423	423

In the motor industry, 13,544 automobiles and 1,555 lorries were put on the road in June, compared with 14,558 and 1,772 in May.

The figures for the cotton industry are as follows:—

	March, 1935	April, 1935	May, 1935	June, 1935
Spinning (average per spindle in kilograms):				
Production	1,281	1,272	1,442	1,408
Deliveries	1,420	1,356	1,486	1,443
Stocks	2,152	2,083	2,148	2,145
Unfulfilled orders	3,851	3,877	4,690	4,477
Weaving (average per loom in pieces of 100 metres):				
Production	3,71	3,60	4,28	4,26
Deliveries	4,51	3,61	4,36	4,44
Stocks	10,05	9,83	9,89	8,32
Unfulfilled orders	11,72	12,09	14,91	16,96

The figure of bankruptcies in July was 1,100, compared with 890 in June and 854 in May. Bankruptcies and judicial liquidations together were 1,460 in July, compared with 1,252 in June and 1,216 in May.

PARIS, August 14.

GERMANY

THE REICH DEBT CONTROVERSY

SINCE the question of the increase in Reich indebtedness was opened in the Bureau of Statistics' report summarised last week, the Press has taken the matter up, and, without settling the major question, has thrown some sidelights on the borrowing process. Many Germans began some time ago to compile their own figures of the real debt, and

as time went on they increased their figures. They are still increasing them. The German journals which now discuss the matter mostly put the "probable" or "approximate" increase of debt since the beginning of 1933 at Rm. 5,000-5,500 millions. But they present these figures as their own conclusions based only in part on obscure official data; and none of them pretends that the official monthly return is correct. The latest total in this official return is Rm. 13,022 millions (against Rm. 11,838 millions on January 31, 1932). The *Frankfurter Zeitung* now puts the total Reich debt at some 18,000 millions. The main cause of the disparity—which is insignificant compared with that revealed by market estimates—is the exclusion from the official return of all debt classed as "advance financing." The official view that this does not constitute debt because it will be repaid out of revenue some day would justify the denial that there is any debt at all! In accord with this view the official total does not include the tax credit certificates, though there is an exact official return of the circulation of these; and does not include the work creation bill debts or the rearmament bill debts, which the Bureau of Statistics says have accumulated of late. Yet the official return professes to include all "short-term" debts, and even includes a small sum of Reich bills proper.

It is very likely that owing to the "insertion" of various institutions as "bearers" (*Träger*) of work creation and rearmament, the Reich itself could not furnish a precise debt return; indeed, the latest quarterly *Wirtschaftskurve*, compiled before the Bureau of Statistics' report but issued some days later, says that, owing to the fact that the "inserted" financial institutions publish no reports, "an exact estimate of the advance liabilities of future Budget years is not possible." These "advance liabilities" constitute the "new debt" under discussion. It is officially assumed that, of these liabilities, not only the tax credit certificates but also the debts for work creation and rearmament will be repaid out of increased revenue in the future. The 1932 plan, under which the tax credit certificates were first launched, was to repay them within five years. A recent Finance Ministry statement says that the expected increase in the tax revenue up to 1940 will be absorbed in repayment. The institutions, other than public and semi-public banks, which have been "inserted" or "interposed" in the borrowing process are mostly limited liability companies (*Gesellschaften m.b.H.*), not share companies (*Aktiengesellschaften*), which is the general form for large German financial and industrial undertakings. Judged by their titles, some of these limited companies ought really to have little or nothing to do with finance. There is a special Company for Public Works; and in addition there is the German Building and Land Bank and also the Rentenbank Kreditanstalt, which arose in July, 1925, out of the original Rentenbank, which was created for currency purposes.

The *Frankfurter Zeitung*, which estimates the circulation of "special bills" for work creation and rearmament at about Rm. 5,000 millions, says that the financing and holding of these bills is "far less a riddle than foreign utterances imply." This statement is true if the total is really only some Rm. 5,000 millions. The Reichsbank in its last annual report laid emphasis on its part in carrying the bills. It seems that at the end of 1934, when the total circulation of these bills was declared to be only Rm. 3,000 millions, the Reichsbank held Rm. 2,500 millions. Owing to the expedient of issuing promissory notes which was begun in May, the Gold-Discount Bank is now a substantial holder; in May and June, with the cash obtained by selling these notes, it was able to take over Rm. 600 millions of "special bills." The *Konversionskasse* for German foreign debts (untransferred service) and the German Clearing *Kasse* have also been brought into the financing scheme, but only as bill holders. The former had until recently large deposits in the Reichsbank, which have been much reduced. The present total holding of "special bills" by the Reichsbank and its dependent banks is unofficially put at Rm. 3,500-4,000 millions.

PRICES STILL RISING

The wholesale-price index-number for August 7th is 102.4 (1928 = 100), as against 102.2 on July 31st. The prices of animal products, non-ferrous metals, and artifi-

cial fertilisers rose considerably. The rise in retail prices of certain foodstuffs continues, and there are local shortages in supply. The condition of non-cereal crops, other than sugar-beet, deteriorated in July, but is better than a year ago. The second official estimate of cereals yields is lower than that made before harvesting, but is (except for oats), higher than last year's yield figures.

FOREIGN TRADE AND INDUSTRIAL ACTIVITY MAINTAINED

The half-yearly foreign trade return shows a continued tendency towards equalisation of trading accounts with individual countries and Continents. Imports from overseas declined by 23.8 per cent., as compared with the first half of 1934; while imports from Europe increased by 7.7 per cent. In the second quarter of this year, however, the decline in imports from overseas slackened. The unsatisfactory German fodder crop of 1934 has increased imports from Russia, Denmark, and some other European countries; and there was also a large increase in iron-ore imports. Imports from Great Britain increased; but from the United States they declined by Rm. 135 millions. With Brazil, Argentina and Chile, Germany had very large passive balances, but the passive balance in trade with the United States fell to Rm. 31 millions. Exports were 6 per cent. lower than in the first half of last year; exports to Europe declined by 11.6 per cent., but those to overseas increased by 13.2 per cent. The trade accounts with Russia show Rm. 102 millions of imports and only Rm. 16 millions exports. Germany's passive trade balance with all overseas countries was Rm. 308 millions, against Rm. 636 millions in the first half of 1934. It is significant that the active balance with Europe has now declined to Rm. 147 millions, from Rm. 425 millions in the first half of last year.

The number of unemployed at the end of July was 1,754,000, having fallen during the month by 122,000. The decline in July, 1934, was 55,000. The journal of the Reich Chamber of Economy, discussing the alleged foreign exaggeration of the number of German unemployed, calculates that even if there are still 2,600,000 of statistically "invisible" unemployed, there were 3,500,000 of them in January, 1933. If one includes these, the total number in 1932 must have been 9½ millions! So that even if there are now 2,600,000 "invisible unemployed," a decline of five millions in the 2½ years could be claimed.

The July monthly reports for the heavy industries and for shipbuilding are favourable. In the cotton industry, conditions were irregular, and in West Germany spinning employees were discharged. Iron-ore imports in the first half of this year were 7 million tons, against 3,622,000 tons in the first half of 1934. The official organ of the Verein Deutscher Eisenhuetten comments favourably on the International Steel Cartel agreements, but says that price-advances, so far confined to medium and thick sheets and universal steel, may be expected in the next few months. Exports of paper and paper goods in the first half-year were 171,000 tons, against 145,000 tons in the first half of 1934; imports were 7,500 tons, against 10,600 tons. Exports of optical-glass articles have increased considerably, and imports declined. Little progress has been made in selling to Russia under the agreement concluded in April. Under this agreement Russia was to order German goods on current trade account up to Rm. 60 millions this year, and to order a supplementary Rm. 200 millions before April, 1936, to be financed by German bank credit. The Russian negotiators, it is stated, insist on paying world-market prices, which contention the Germans reject in principle, with the further objection that there are no world-market prices for certain articles, such as machines.

BERLIN, August 14.

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AUSTRIA

INTEREST RATES FALLING

THE present rate of interest on deposits withdrawable at once, namely, 2½ per cent., is the lowest for decades. Even in the quiet pre-war days it was nearly always higher. This record low deposit rate reflects the easy tone on the money market. At the same time, it would be rash to anticipate a similar development on the capital market.

The reduction of Bank rate, apart from the automatic effect of cheapening credit, was not intended to test whether depositors were prepared to accept a lower rate. The idea was, by increasing the gap between the return on bonds and that on deposits, to attract the latter into the market for fixed-interest securities. This effect has not eventuated. The security market remains stagnant, due to some extent to the general midsummer lull. But security quotations have not risen. The movement on the bond market is represented by the following index figures:—

	1935	May	June	July
State and provincial loans	101.3	100.9	101.0	101.0
Mortgage bonds	103.9	103.7	104.2	104.2
Municipal and other bonds	103.0	102.9	103.0	103.0

During the past year the circulation of mortgage bonds and communal bonds has sunk by 15 millions to 560 million schillings, a fact which tempers the satisfaction felt at the marked improvement of quotations for these bonds during the period. The shortage of credits available for Austrian agriculture is caused chiefly by the extensive protective measures taken for the benefit of the farming class, which have made the public shy of such investments.

CEREAL OUTPUT EXPANDING

In all other directions, however, the policy of protection for agriculture has been successful. Now the harvest season is here the improvement in Austrian grain production is worth noting. It is not even necessary to make comparisons with conditions immediately after the war. Since the year 1930 the area under wheat has expanded from 205,000 hectares to 225,000; and under rye from 375,000 to 390,000. Even on the basis of the poor results of last year and this year, the increase in the harvest is estimated at 10 per cent. This increase follows on a rise in prices. The average price for wheat has gone up since 1930 from about 24 to nearly 37 schillings per 100 kilograms, while in rye there has been a rise during the same period from 20 to 26 and in brewing barley from 28.50 to 32 schillings. Thus, grain suppliers have considerably increased their incomes; moreover, during the same period the prices of industrial articles required by farmers have fallen. It should also be noted that the cereal growers have been afforded extensive facilities in selling their produce through the development of the agrarian co-operative system. The situation in other branches of farming is much less favourable. Cattle raising, dairy farming and lumbering are doing poorly; while the mountain peasantry especially are having a thin time.

A NEW PAPER TRUST

There is animated public discussion of the price policy of the recently concluded Paper Trust. The Austrian paper mills had got into low water through the acute competition of recent years, from which, as they explained to the Government and to the public, there was no way out except through a cartel. To-day, however, a complete change has occurred in public opinion; for immediately it had come into being the Paper Trust ordered a price increase of such dimensions as had never been known before in Austria, even in the time of the post-war inflation. On one day the prices of most sorts of paper were raised by 50 to 60 per cent. The monthly output of paper this year has fluctuated about 1,700 wagons—i.e. somewhat higher than in the three pre-ceding years, not up to the output in the boom years, but about 20 per cent. higher than in 1924. Exports, too, have been maintained in recent years. This procedure is of special significance in Austria. In the past few months there has been a definite movement in favour of cartels, and the Government itself presided at some of the discussions. A delegate of the Ministry of Commerce has now been approached to inaugurate a cartel of cotton weavers. It is highly probable, however, that the price policy of the Paper Trust will create general distrust of cartels.

VIENNA, August 6.

FINLAND

NATIONAL FINANCES STILL IMPROVING

THE current revenue of the State from January to May was about the same amount as last year. As current expenditure was also approximately the same, and as the finance accounts for 1934 showed a considerable surplus, the State finances present an encouraging aspect this year.

During the last few months the composition of the National Debt has undergone certain alterations as a result of the conversions begun in 1934. Several bond loans have been converted to lower rates of interest, and some foreign loans have been redeemed by internal loans. These changes will be found in the following table:—

	Dec. 31, 1933	Dec. 31, 1934	June 30, 1935
Funded debt—	Mill. mks.	Mill. mks.	Mill. mks.
Foreign	2,384.0	2,282.6	1,880.8
Internal	716.0	990.7	1,181.4
Floating debt—			
Foreign	358.9	59.0	59.0
Internal	48.8	49.5	172.8
	3,507.7	3,381.8	3,294.0

As the redemptions agreed upon have been regularly carried out and many bonds have been repatriated, the National Debt has decreased and, in particular, the service payments to foreign countries have been reduced.

Finland's short-term foreign debt increased during the first half of this year by close on 70 million marks to about 1,505 millions. Concurrently, foreign short-term balances in Finland decreased by about 330 million marks to about 2,125 millions. The balance of short-term indebtedness thus deteriorated by approximately 400 million marks, though at the end of June Finland had a short-term net credit balance of about 560 million marks. This movement, which seems to conflict with the general improvement, is due partly to seasonal fluctuations in international payments and partly to the redemption of the country's long-term foreign indebtedness to the extent of about 200 million marks, as well as to other fortuitous circumstances.

THE IMPORT SURPLUS RE-EMERGES

In the first half-year imports increased considerably, but the rise in exports was small.

(In million marks)

First half-years—	Imports	Exports	Surplus Export (+) Import (—)
1932	1,354.3	1,910.3	+ 556.0
1933	1,650.4	1,945.0	+ 294.6
1934	2,187.0	2,367.7	+ 180.7
1935	2,403.2	2,374.7	— 28.5

In volume imports increased by 9 per cent. in comparison with the corresponding period last year and were 98 per cent. larger than in 1932, when they were at their lowest. The increase in the volume of exports was only 2 per cent. over last year, and it exceeded the 1932 figure by 2 per cent. The trade balance, which had always been adverse degree positive in 1932-34, again recorded a small import surplus this year. The large jump in imports was principally accounted for by machinery, metals, vehicles and transport equipment, and in raw materials for home industry.

The money market was extraordinarily easy in June and July, as it was last year and at the beginning of the current year. Deposits in the joint-stock banks exceeded earning assets to a greater extent than ever before, so that "cash" stood at a record level.

HELSINKI, July 24.

CHILE

FOREIGN AND HOME TRADE IMPROVING

WHILE internal economic conditions are steadily improving, the recovery in export trade shows signs of slowing down. Unless there should be increased demand and better prices for Chilean export products, notably copper, the recent upward movement in exports is unlikely to continue.

The foreign trade returns for the first five months of the

present year, together with the figures for the corresponding period of 1934, are as follows:—

	(In gold pesos of 6d.; and including coin and specie)	January-May, 1934	January-May, 1935
Exports		212,890,100*	234,338,500†
Imports		72,726,300	118,157,000
Export surplus		140,163,800	116,181,500

* Revised figure.

† Provisional figure.

While imports rose by 45,430,700 pesos, exports were only 21,448,400 pesos higher in 1935 than in 1934. It is probable that when the export figures for 1935 have been revised, the increase in exports over the previous year will disappear. The higher export figure for 1935 is accounted for by mining products (chiefly copper, as a result of the world's armaments needs), which rose from 73,111,000 pesos to 106,089,000 pesos, and also by fertilisers and iodine, which increased from 72,609,400 pesos to 75,740,400 pesos. Exports of wool and other textiles declined in value from 29,736,700 pesos to 14,875,200 pesos.

The sharp rise in imports is explained mainly by the fact that Chile is now purchasing abroad the machinery and other material so necessary for the efficiency of her industries and railways, with which she was obliged to dispense during the worst years of the crisis. The chief changes in the value of imports during the first five months of each year are as follows:—

	(In gold pesos of 6d.)	1934	1935	Increase
Coin and specie		32,800	8,581,500	8,548,700
Machinery and material for railways and tramways		466,100	4,609,200	4,143,100
Vehicles (unspecified) and spare parts		2,643,200	4,973,900	2,330,700
Industrial machinery		7,151,600	12,953,200	5,801,600
Iron and steel goods		6,877,200	14,033,100	7,155,900
Textiles		15,726,600	24,139,900	8,413,300

The increased imports of bullion and coin are notable. Judging by present trends there is little likelihood that Chile's active visible trade balance in the current year will be as favourable as in 1934. It is interesting, however, to note that the prospects for Great Britain's share of Chilean imports are brighter than for some time past. The following figures show the percentage of imports from the four countries which supply most of Chile's needs:—

Imports from—	Average 1928-30	1932	1933	1934
	Per cent.	Per cent.	Per cent.	Per cent.
United States	32.2	23.1	22.0	28.7
Great Britain	16.9	12.9	12.1	23.2
Germany	15.5	14.8	11.4	10.2
Peru	4.9	13.0	14.2	8.8

The indices of domestic trade are almost entirely favourable. The wild movements of prices and currency statistics which were characteristic of Chilean economy until a year or so ago have now disappeared. In the second week of last May the currency in circulation amounted to 936.6 million pesos, against 932.6 millions a year before. The wholesale price index was practically unchanged at 339.3 (1913 = 100) in May, 1935, compared with 343.1 in May, 1934. The cost of living in Santiago shows the same stability, being 40.2 per cent. higher in May last than in March, 1928; and in May, 1934, it was 39.3 per cent. higher than in March, 1928.

REVENUE RISING FAST

The position of the Government finances is now exemplary. For the first five months of the year ordinary revenue amounted to 474.5 million pesos, compared with 344.4 millions in the same period of 1934; while ordinary expenditure only rose from 335.5 million pesos to 381.9 millions. The increase in business activity is shown by the movements at the clearing houses of Santiago and Valparaíso, which amounted to 1,332 million pesos in May, 1935, compared with 1,102 millions three months earlier, and 1,030 million pesos in May, 1934. Both deposits and loans at the commercial banks and the National Savings Bank together have risen steadily during the last twelve months. Deposits rose from 1,892 million pesos in May, 1934, to 2,181 millions in the same month of the current year; and loans from 1,635 million pesos to 1,859 millions.

Industrial production is still on the upgrade. Last May it was 39.4 per cent. above the average of the three pre-depression years (1927-29), whereas in February it was 37.5 per cent. higher, and in May, 1934, only 18.4 per cent. On the same index basis, industrial sales show a similar increase, being 121.4 in May, 1934, and 140.3 and 139.8 respectively in February and May of this year.

For the first five months of 1935 Chilean gold production amounted to 3,228 kilograms, against 2,717 kilograms in the same period of 1934. Gold obtained from mines and alluvial washings fell off considerably, but this was more than offset by increased quantities found in other minerals.

Unemployment is still declining. In May the total of those registered as seeking work was 12,209, of whom 7,926 were labourers and the rest black-coat workers and domestic servants. The corresponding figures were 14,431 and 9,510 three months earlier and 29,015 and 20,040 in May, 1934.

SANTIAGO DE CHILE, July 29.

CANADA

TRADE WAR WITH JAPAN

THE controversy between Canada and Japan about their trade relations came to a head about July 20th. Definite word arrived from Tokyo that the Japanese Government had actually carried out its threat to penalise Canada for what it claimed to be unfair discrimination of Canada's exchange-dumping duty against Japanese goods, and had clapped on a 50 per cent. surtax against ten of Canada's chief exports to Japan. One significant feature of the surtax is that nickel, copper and other metals are excluded from its scope; but it will apply to lumber, pulp, packing paper, flour, starch, and minor items. The Canadian Government contended that the exchange-dumping duty involved no special discrimination against Japan. They intimated their willingness to take cognisance of Japan's claim that, since the dumping duty was first imposed, the yen had appreciated in value and its increase had raised the costs of production in Japan. Accordingly they offered to modify the dumping duty. But the Japanese Government held out obdurately for the complete abolition of the duty, and would not accept the Canadian argument that this would involve discrimination against other countries, including Britain. Now by way of reprisal for the Japanese surtax the Bennett Ministry has by Order-in-Council imposed a general surtax of 33½ per cent. on all imports from Japan, to become operative on August 5th, so that goods in transit can escape it.

Canada stands to lose more by the trade war than Japan, since in the fiscal year 1934-35 she sold to Japan goods valued at \$16,935,869, of which about three-quarters will be affected by the Japanese surtax. British Columbia will be particularly hard hit by it as it will be tantamount to an embargo upon exports of lumber and pulp; and exporters of these commodities state that for the first time in years they have not a single order from Japan on their books. In the same fiscal year Canada bought direct from Japan goods valued at only \$4,424,654, but she imported indirectly another \$4 millions' worth through the United States; and as the surtax can hardly be applied to them, there is here a loophole which the Japanese might use partially to frustrate Canadian retaliation. It is announced that, although commercial hostilities have begun, negotiations for a settlement are to continue.

FOREIGN EXCHANGE FUND

The Government has now created its Foreign Exchange Fund, which apparently amounts at present to \$63 millions, but apparently it has not yet begun to use it, and is credited with having invested \$40 millions of it in 3 per cent. Dominion Bonds bought from the Bank of Canada, \$15 millions more in short-term Treasury bills, and with keeping about \$8 millions on deposit in the Bank of Canada.

Now the prairie provinces, during the most critical period, are being visited by an extremely severe heat wave with temperatures as high as 100 degrees. But as in most places the reserves of moisture were satisfactory, the hot weather has proved beneficial in hastening maturity and,

if it is not prolonged unduly, should do no damage. In Manitoba and Saskatchewan considerable damage has been done by red-stem wheat-rust, a plague which develops under conditions of high humidity and rank growth. The infection is worse and more widespread than it has been for years. On the other hand the wet weather has checked the grasshopper plague, which is causing some damage in Saskatchewan. The grain crop is still very late, and harvesting on the earliest fields will not begin for three weeks. The western hay crop is good and pastures are excellent. In Eastern Canada, thanks to abundant moisture, the crops are uniformly good, but severe hailstorms have caused heavy losses in various localities. Throughout practically the whole Dominion there has been an abnormally large crop of small fruits and the later fruit crops are also very promising. The Government has not yet appointed the new Grain Board or fixed the minimum price for the wheat crop of 1935. Mr Reid, the Premier of Alberta, and other agrarian spokesmen are demanding a minimum price of 80 cents per bushel, on the ground that this figure is required to give the farmer a reasonable return; but the *Financial Post* thinks this figure is at least ten cents per bushel too high and might involve the Treasury in a loss of between \$75 and \$100 millions in the coming crop year.

BUSINESS SEASONALLY SLACK

Business is experiencing its usual midsummer torpor, and trade in the cities is suffering from the absence of many residents on holiday. The Bureau's general economic index for the week ending July 13th was virtually stationary as compared with the previous week, the figure being 98.6 (as against 98.5). The only serious change in the component factors was in the item of bank clearings, for which the index figure was 82.0, as compared with 87.2 a week before. There has, however, been a further improvement in the unemployment situation, due largely to an increased demand for farm labour, and the Bureau's employment index at the beginning of July stood at 99.5, as compared with 97.6 for June 1 and 101.0 and 84.5 for July 1, 1934, and July 1, 1933, respectively. Conditions generally are now estimated about 40 per cent. better than at the low point of the depression, and if the upward trend has been less pronounced in the first part of 1935 than it was in the same period of 1934, there has been a considerable gain. In the first six months of 1935 the production of sugar has jumped nearly 22 per cent., of footwear 18 per cent. and of pig iron 65 per cent.; but on the other hand the output of steel fell, the production of flour dropped 6 per cent., and imports of cotton, wool and rubber showed a substantial decline, which presaged curtailment of the activity of these industries.

Foreign trade returns for June were not so satisfactory. The value of exports was only \$51,893,189, compared with a value of \$58,045,528 in June, 1934; but the value of imports was slightly larger, being \$46,738,689, compared with \$46,185,892. The unemployed are continuing to cause a good deal of trouble through dissatisfaction with relief measures and particularly with the management of relief camps; and plans had been concocted for a converging march on Ottawa to lay grievances before the Government. But they have largely petered out and only small contingents of marchers reached the capital. Premier Hepburn of Ontario has announced that all single unemployed men in Ontario are to be struck off the relief rolls as ample farm work is available, and that married men who will not take farm work offered them will share the same fate. Business generally is expected to remain dull until the General Election is over.

OTTAWA, August 3.

SOUTH AFRICA

PROGRESS IN JOHANNESBURG

OWING to the absence of Ministers in July, such business as requires their authority has to wait. Thus we have had no definite move in regard to the Departmental inquiry into mining taxation, though the Government are, unofficially, almost bound to give some indication of their

proposals before the mining companies decide on their December dividends.

A considerable amount of interest has been aroused locally by the purchase by a London company of seven substantial blocks of modern flats in Johannesburg, at a total price of £559,000. During the last few years there has been a very great increase in the construction of this class of property, both in town, where the blocks of flats have shops on the street level, and also in the nearer residential suburbs. At present, investments in property of this description are highly profitable, some of the new buildings having been fully let when still only concrete skeletons, and actually occupied weeks before their final completion. The present rate of growth of Johannesburg and the Reef is very great and shows no sign of slackening—the population of the Witwatersrand is about 800,000 now—within measurable distance of the million on which hopes have been centred for years. The Exhibition to be held next year, to celebrate the fiftieth anniversary of the foundation of the town, will probably give further impetus to the growth of the district. The gross loan debt of the City of Johannesburg is £8.7 millions, and it is considered likely that the city will before long wish to raise fresh loans to an ultimate total of some £4 millions.

GOLD VERSUS FARMING

At the annual meeting of the South African Reserve Bank, the Deputy-Governor, after referring to the fact that the reserve fund is now £1,000,000 and equal to the capital, pointed out that the gold holdings of the bank, at current value, are almost equal to its liabilities to the public. At standard value the ratio is now nearly 60 per cent. The Governor referred to the fact that, under the Currency and Exchanges Act of 1933, all gold acquired by the bank since the beginning of 1933 is held for the account and at the risk of the Union Government. Under Section 8 of that Act, the Government guaranteed the bank against any loss, and appropriated any profit, resulting from dealings in gold undertaken to maintain parity with sterling. This guarantee, which was viewed with misgiving by certain political critics in 1933, seems likely to have satisfactory results from the Government point of view. The bank's current holding of gold exceeds that of January, 1933, by about £20 millions at standard value, and this quantity has been acquired on an almost continually rising market.

The local maize growers are still concerned with ways and means of obtaining more for their grain than its world price. Maize, therefore, like other local products, is exported at a loss in order to sustain the price in the home market; the Mealie Export-Quota Percentage for the year ended May 31, 1936, has just been fixed at 50. Although farmers themselves still appear to believe in this and comparable financial expedients as ordinary procedure and not as temporary measures, there are signs that official circles should begin to succour themselves. At a recent conference of farmers from the Transvaal and Orange Free State one delegate—whose name, unlike others, was not recorded—said that constant loans and subsidies were having a bad psychological effect on the farmer, and led to his getting into serious disrepute with other sections of the community. Now that this view is at last receiving recognition, we may see an improvement in the general efficiency of an industry which is the direct support of about a third of the European population of the Union. The impression that rural faith in farming in this country has perhaps been misplaced is also gaining ground—General Smuts being the most important but by no means the only speaker who has lately enlarged on the subject. It is becoming more widely appreciated that even the prosperous farmers depend on the town markets, particularly those of the Transvaal.

Prosperity throughout the country is being more than maintained, although there has been some natural slackening in the rate of development. Careful critics are constrained to urge that far-sighted use should be made of the profits of the present boom period. As is usual in comparatively young countries, the tendency is for the authorities and the public to act as though momentary advantages were bound to prove permanent.

JOHANNESBURG, July 23.

BOOKS AND PUBLICATIONS

IMPERIAL IMPLICATIONS

MR. LEONARD BARNES' latest volume* extends his studies of imperialism from Africa to the Empire at large. The book is in four sections. In the first we are presented with a searching criticism of the ethic lying behind our administration of so many and distant parts of the earth's surface. The remainder of the book consists of a series of expositions and illustrations of the central theme, that if any good is to come of the Imperial venture, careless opportunism must be replaced by constructive and co-ordinated effort based on an exact study of human behaviour. This section is inevitably far more discursive and less complete in itself. The second half of the volume is devoted to an analysis of the economic basis of empire and to suggestions, mainly of an economic order, for reform. Thus, the effects of exports of capital to Empire countries is investigated with a view to estimating the net social advantage, if any, involved. Adopting the thesis elaborated by Mr C. K. Hobson in his "Export of Capital," it is argued that from the point of view of the British working classes the financing of the Empire is entirely injurious. The withdrawal of capital, by raising the rate of interest and diminishing the productivity of labour, readjusts the division of the national income to the disadvantage of labour. This, it is realised, may not cause a fall in wages if output has been increasing; but the best that the labouring classes can hope for is a declining share of an increasing total. It is suggested that even this may be a myth conjured up by economists, for it is considered unlikely that the interest received on overseas capital investments is ordinarily sufficient to compensate for the loss in productivity at home. Mr Barnes notes, too, that borrowing countries appear inevitably to progress to the point of being unable to pay one loan without importing fresh capital, a process that can bring little benefit to the working classes of creditor countries.

This case, however, can be met by another, which:—

- (1) Takes account of the fact that every capital export from England is necessarily a capital import into the borrowing Empire country where, if the logic of the first case is correct, the productivity of the working classes and their share in the total product must both be increased;
- (2) Assumes, what is not unreasonable, that capitalists invest abroad because of the greater opportunities of gain, thereby adding more to the national income than would investment at home;
- (3) Recognises that capitalists deprived of opportunity for foreign investment do not necessarily invest in domestic enterprises immediately;
- (4) Points to the stimulating effects of foreign loans on exports from the lending country.

Many of Mr Barnes' criticisms have a much greater validity when applied to the Colonial Empire than they have in the Dominions. That the Colonies do not inevitably yield large and certain fortunes to the daring Empire builder is now generally recognised; but if returns to enterprise are not always high, wages are universally low, and it would be difficult to convince an African native that imports of capital work equitably all round. Does this exploitation of colonial resources bring benefit to the British working class? There is reason to believe that it does. The Colonial Empire, as Mr Barnes shows, is no longer presenting an open door to the rest of the world; it is a closed preserve of British industry. Low raw material prices, therefore, will act as a subsidy to British employment, low food prices as a subsidy to wages, and the preference-tied Colonial markets as a stimulus to the export industries.

Mr. Barnes has plans of a broad, social nature to develop the Empire. He wants to even-up wages rates in the Dominions, to co-ordinate and speed up development in the Colonies, and to give the Empire's depressed classes a fair deal. To that end he demands understanding, sympathy, information and research. He sketches out plans for freer trade and a Colonial Investment Board. It is unfortunate

* "The Duty of Empire." Gollancz. pp. 318. 10s. 6d.

that this last cannot be constituted at once, even if it did not function until after Mr Barnes' "revolution." It would be well occupied thinking out the implications of its existence. What would be its attitude to investment in the Empire by foreigners? Could it limit itself to investment control, or must it be empowered to regulate the migration of labour? Should Dominion countries receive loans purely on their financial merits, or ought they not to be asked to relax the shackles on commodity movements as a condition of the removal of the restraint upon overseas lending?

Economists have flinched from the dust on Empire economics; and it is refreshing to meet a Socialist who does not shy at the word "Empire," but settles down in dispassionate mood to explore the possibilities of social and economic progress in the Empire.

SHORTER NOTICE

"Vegetable Marketing in England and Wales." Ministry of Agriculture. Economic Series. Number 25. His Majesty's Stationery Office. 1s. net.

The Ministry of Agriculture's Orange Books on marketing have a high reputation for accuracy and comprehensiveness, and we therefore welcome this newcomer to the series. The avowed object of this Report is "to provide a general picture of present-day marketing conditions in respect of some 40 different kinds of vegetables produced commercially in this country for human consumption." It contains an exhaustive survey of sources of supply and of marketing in all its aspects and is, indeed, an extremely valuable reference book on the subject with which it deals. At each stage an effort is made to compare British conditions and practices with those which obtain abroad. In many cases the comparison is by no means flattering to the British producer and it becomes increasingly evident that he has a long way to go before he can claim to be as efficient as many of his foreign competitors.

The Report therefore indicates various directions in which there appears to be scope for the adoption of improved methods. Five main objectives are put forward, particular emphasis being placed on the first and last of these; improvement in the quality of the produce offered and in the method of presentation; the stimulation of demand by suitable advertising; the reduction of the risks and therefore of the costs of the marketing process—by standardisation, improved market intelligence, bulking of supplies, and withholding low-grade produce from the market; the closer adjustment of supply to demand over the relatively long period; the adoption of uniform trade practices and the introduction of some form of registration of salesmen and dealers. It is concluded that the attainment of these objectives—among which might have been included the provision of adequate statistics—will necessitate some form of organisation on a national basis. There follows the cryptic statement that such an organisation "would almost necessarily involve the exercise of powers derived either from the Agricultural Marketing Acts, or from other legislation designed for the purpose." In its efforts to promote the better marketing of vegetables—by the National Mark scheme and in various other ways—and to improve the quality and variety of the produce offered to the public the Ministry is deserving of every encouragement. But are we to assume that it is looking forward to the establishment of yet another "marketing scheme," to organise scarcity for the benefit of sectional interests? We sincerely hope not.

BOOKS RECEIVED

- Germany's Foreign Indebtedness. By C. R. S. Harris. (London) H. Milford. 124 pages. 5s. net.
- Building Societies Year Book, 1935. Official Handbook of the Building Association of Building Societies. Compiled and National Association of Building Societies. Franey and Com. edited by George E. Franey. (London). Franey and Company, Ltd., 37 Curator Street, E.C.4. 582 pages. 7s. 6d. net.
- The United States as a Financial Centre, 1919-1933, with reference to Imports and Exports of Capital. By M. F. Jolliffe. (Cardiff) University of Wales Press Board. 142 pages. 6s. net.
- Russia in Transition. A Business Man's Appraisal. By E. M. Friedman. (New York) The Viking Press. 614 pages. \$5.00.

MONEY AND BANKING

THE STATE AND THE BANK—II

LAST week we discussed, in broad terms, the relations between the Government, the Bank of England and the City, and emphasised the need for giving greater publicity to the Bank's actions. This week we propose to examine further the relationship between the Government and the Bank in the light of the changed situation created by our departure from the gold standard and the new problems that have arisen in regard to the control of currency and the capital market. This discussion will raise the issue of the constitution of the Bank and what changes, if any, are required. The financial institutions of the City of London may be envisaged as a large and complex piece of machinery which plays an essential part in the nation's economic life. The ultimate controller of that piece of machinery must inevitably be the Government as representing the nation; and where broad questions of financial and monetary policy are concerned the Government alone should decide how and whether that machine should be driven. The Bank is the operator in charge, whose duty it is to drive the machine and to keep it lubricated and in repair. In all these technical matters the Government should give great heed to the Bank's advice, especially if the Bank says that the machine is being overloaded or used for a purpose for which it is not designed.

It must be admitted at once that it was far easier both to direct and to operate the machine in the days of the pre-war gold standard than either during the gold standard of 1925-31 or during the past four years. In the old days the main test was whether we were gaining or losing gold, and gold losses could be corrected without imposing an intolerable strain upon the whole country. During 1925-31 the machine could only be operated in an overloaded and strained condition, which ended in its breakdown, while since 1931 it has been a different machine of vastly greater complexity.

There are various important ways in which it has become more complex. First and foremost, we are off gold, so that we neither gain nor lose gold automatically, nor do gold movements possess their former significance. Instead the Bank has to operate the Exchange Equalisation Account, which is a new addition to the machine, demanding a new technique which is having to be learned by experience. Moreover, a whole new set of political-economic questions have arisen to affect the daily routine work of the Government and the Bank. In addition to the work needed to keep the pound in its appropriate relation with the dollar, the gold *bloc* currencies, and those of the sterling area, new problems in the technique of making international payments have been created by tariffs, commercial treaties, international trade and exchange restrictions, exchange clearings and foreign trade generally. At home there are the new questions of maintaining or raising the wholesale price-level; of balancing wages, costs and retail prices; of chronic unemployment, the special areas and public works, including housing, and finally such matters as debt conversion, Budget policy and many new aspects of public finance. In many of these matters the Bank is involved, both as the operator of our financial machine and also in its relations with other central banks, including the new Dominion central banks, and with the Bank for International Settlements. The Bank of England's overseas relations, in fact, have provided it with an entirely new field of work, in which care is needed to prevent purely monetary operations from conflicting with the objectives of Government commercial policy in relation to the Empire and to foreign countries.

The net result is that the Government, through the Treasury, has been brought into far closer contact with the City than it was in former and simpler years. The centre of gravity has, in fact, tended to shift away from Threadneedle Street towards Whitehall, and the Government has to concern itself more with details of operation as well as with those of broad policy. In other words, the powers and routine duties of the Treasury have expanded since 1931 at

the expense of those of the Bank. Nevertheless, the Bank is still the Government's agent and technical adviser, and has to keep even closer contact with the Government to-day than in the past.

We are not here concerned with the school of political thought which will be satisfied with nothing short of complete nationalisation. These views are commonly based on a misconception of the Bank's present position and of the rôle which it can and does in fact play. But leaving theory and dogma aside, the course of events has created conditions which justify a reconsideration of the constitution of the Bank of England. In theory, the Bank is a private institution, charged with certain duties, both statutory and unwritten, but controlled by its shareholders, who in theory elect the Governor, Deputy-Governor and Court of Directors, and are also ultimately responsible for the appointment and retirement of the Bank's staff. In practice, certain changes have taken place during recent years. The Governor is no longer elected for only two years, for the present Governor has held office since 1920. The present Deputy-Governor has risen from the staff of the Bank, thereby carrying into effect Bagehot's suggestion that the Deputy-Governor should correspond to the permanent head of a Government department. The directors of the Bank no longer represent exclusively "City" interests, and two of the directors are now full-time and fully-paid employees of the Bank. The Governor has also recruited a personal staff of technical advisers, and of these two have come to the Bank from the Treasury. Finally, it is inconceivable that the Governor could continue to hold office in opposition to the wishes of the Government of the day or that a new Governor could be elected without the *de facto* approval of the Cabinet.

The main need, therefore, is for a codification of what has already become accepted practice. The exact legal ownership of the Bank's capital is comparatively unimportant. The Bank has long ceased to make its profits a major consideration, and the profits arising from the note issue already accrue by statute to the Exchequer. A legal limitation of the Bank's profits at approximately their present level would please public opinion and would involve little real change. There is little to be gained or lost by transferring to the State the ownership of the Bank's capital, which may reasonably be left as it stands at present. It is of greater importance to make it clear that the Governor, not the Court, is in control of policy—as he really is to-day—and that the Government has the final word in his appointment, as in the case of any other important public servant. Thus, in future, the election of the Governor—and possibly the Deputy-Governor—should be made subject to the approval of the Cabinet.

It is equally important to give the Governor security of tenure and full protection from political pressure, for at times it is almost certain that the carrying out of his duties may compel him to take unpopular action and he may often find himself in the position of having to give the Government unpalatable advice. Hence, once he has been elected, he should hold office for a statutory period of some length, such as seven or ten years. During his term of office he should be as secure and as immune from criticism as a judge, and should only be removed from office on the deliberate decision of both the Bank Court and the Government or by a motion in both Houses of Parliament. This would protect him from any passing and unjustifiable wave of unpopularity.

There remain the two problems of keeping step between Government policy and Bank policy and, secondly, of keeping the latter in close touch with the needs of the country—a matter of increasing importance if the trend towards economic nationalism continues, to the detriment of our international trade and commerce.

The first problem requires that the Government should co-ordinate the various activities of its own component parts; and the solution of the matter we are discussing

depends therefore to some extent upon any future reforms at Whitehall, for if the Government decides to set up an Economic General Staff or some other co-ordinating body some liaison machinery will have to be devised between that body and the Bank of England. In the meantime the functions of the Treasury Committee at the Bank are obviously of growing importance. As to the second matter, it has been suggested that a special Advisory Committee to the Governor should be appointed, consisting of representatives of industry, commerce, labour, commercial banking and economic science. This suggestion, which is paralleled in the structure of economic organisations in many countries of the world, is an alternative to the proposal that the Court of the Bank should itself be "representative." As against the mixed Court idea, the Advisory Council has many advantages. It is, for example, fairly obvious that the directors of the Bank should themselves be experts in finance rather than spokesmen for various national interests. The effective use of an advisory body, the functions of which require careful definition, is an art which depends on personality and tradition. If it could be developed at Threadneedle Street it would go far to remove any lingering sense of distrust and would strengthen the hands of the Bank in pursuing a steady course at times when a fickle public opinion might be calling for unwise or panic action.

It will be appreciated that these recommendations involve little real change. They really imply the overt recognition of changes which started many years ago and are still going on to-day. The main need is to give the country the assurance that the Bank has both the will and the technical ability to make the national interest paramount, and to make this assurance so clear that no one can be ignorant of it or doubt it. The last thing these recommendations imply is a criticism of the Bank in its present stage of evolution. Rather do they call for an acceleration of its growth along its present lines. This is the real safeguard against ill-conceived and revolutionary change, and is the only sure way of developing the Bank in accordance with the national needs of the future and of ensuring that it commands the confidence of the public in carrying out its supremely important functions.

FINANCIAL NOTES

Silver and the Exchanges.—The main event this week has been the threatened collapse of the silver market, due to heavy offerings from the East. On Wednesday and Thursday the fixing was delayed until official American support was forthcoming. On Wednesday the price was finally fixed at 29½ d. an ounce, or a fall of ½ d. on the day, and the American authorities bought over 20 million ounces, while on Thursday the price was fixed at 29 d. per ounce, with further American buying. In one sense the fall in silver may come as a relief, for early in the week the Hong Kong exchange stood at below the export point. This forced on the Hong Kong banks the alternative of losing more silver from their already depleted reserves or tolerating a depreciation of the currency. Unfortunately, the exchange has since fallen in sympathy with the decline in silver, so that as yet no relief has been obtained. Meanwhile the American silver purchases in London have caused the dollar to weaken, and the spot rate has depreciated in London to \$4.98½ and in Paris to Frs. 15.07. The gold *bloc* currencies weakened against sterling to some extent in sympathy with the dollar, but have improved against the dollar. Their forward rates, however, have moved to rather wider discounts. The British Control has been giving support by buying spot francs at Frs. 75½, and using the francs to buy gold in Paris. Paradoxically enough, the London price of gold has fallen low enough to make it profitable to buy gold in London for re-sale in Paris, so that in effect the gold bought by the British Control came in part from London. The chief uncertainties at the moment are the large amounts of silver which may still be hanging over the market and the outlook for the gold *bloc* currencies.

The Money Market.—Most of the Clearing Banks have not been ready buyers of bills this week, and as Treasury bill issues by tender are still running £5 millions a week in excess of maturities, the market had a fair quantity of bills to take up. This created a good demand for loans, and one or two of the banks at times found themselves able to place most of the money at their disposal.

	July 25, 1935	Aug. 2, 1935	Aug. 9, 1935	Aug. 16, 1935
Bank rate.....	2	2	2	2
Clearing banks' deposit rate ...	1	1	1	1
Short Loan rate :—				
Clearing banks.....	1-1	1-1	1-1	1-1
Others.....	1	1	1	1
Discount rates :—				
Treasury bills	1	1½	1½	1½
Three months' bank bills	1	1½-1	1½-1	1½-1

A few banks have bought October Treasury bills at ½ per cent., but there have been no buyers of hot Treasuries, which are a nominal 1½ per cent. There has been a little business in early November Treasury bills at 1½ per cent.

The Bank Return.—Most of the holiday notes have now returned, with the result that the circulation is reduced by £6.3 millions. This has restored the Reserve to £47.8 millions and the Proportion to 34.1 per cent.

	Aug. 15, 1934	July 24, 1935	July 31, 1935	Aug. 7, 1935	Aug. 14, 1935
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department :—					
Gold	191.7	192.7	192.8	192.8	192.8
Note circulation	384.1	400.8	408.3	411.8	405.5
Banking Department :—					
Reserve	68.1	52.4	45.1	41.5	47.8
Public deposits.....	23.5	8.9	24.4	17.2	16.8
Bankers' deposits	89.5	100.8	75.7	82.7	86.3
Other deposits.....	36.7	36.6	38.5	37.8	37.0
Government securities.....	84.1	88.7	87.4	87.2	82.0
Discounts and advances	5.5	10.3	10.8	14.1	15.2
Other securities.....	10.1	12.9	13.4	13.1	13.2

Proportion 45.7% 35.8% 32.5% 30.1% 34.1%
In the banking department Government securities have fallen by £5.2 millions, which largely neutralises the increase in the Reserve. Bankers' deposits have risen by £3.6 millions.

July Clearing Bank Averages.—Last month the average deposits of the nine English clearing banks rose to a new record level of £1,981.8 millions. Cash rose from £213.0 to £216.2 millions, mainly because of an increase in bankers' deposits during the first four weeks of July.

	July, 1934	April, 1935	May, 1935	June, 1935	July, 1935
Capital and reserves.....	123.4	125.7	125.7	125.7	125.7
Acceptances, etc.	108.7	120.4	113.8	109.1	97.8
Deposits (including undivided profits, etc.).....	1,832.9	1,902.4	1,923.4	1,965.9	1,981.8
Total liabilities	2,063.0	2,148.5	2,162.9	2,200.7	2,204.8
Cash	207.1	214.1	215.5	213.0	216.2
Cheques, balances and items in transit.....	47.2	53.8	52.7	59.9	50.9
Money at call.....	133.9	132.7	136.9	138.7	140.7
Discounts	222.7	197.8	215.9	242.3	272.0
Investments	533.0	601.1	603.5	608.0	599.1
Loans and advances	743.4	759.5	755.4	760.5	759.6
Investments in affiliated banks	24.6	25.2	25.2	25.2	25.1
Cover for acceptances, premisses, etc.	151.1	164.3	157.8	153.1	141.2
Total assets	2,063.0	2,148.5	2,162.9	2,200.7	2,204.8

The main movement is an increase of £29.7 millions in the banks' discounts. Between June and July the average quantity of Treasury bills issued by tender rose from £471.4 to £493.7 millions, or by £22.3 millions. The banks were also buying more freely in July. It is possible, however, that some of the banks have been transferring bonds maturing within a few months from investments to discounts. Investments are reduced by £8.9 millions, and call and short loans and advances show little change. The banks' ratio of cash to deposits has risen from 10.8 to 10.9 per cent.

THE STOCK EXCHANGE

LONDON ELECTRIC TRANSPORT SCHEME

To the average London transport user the issue, last month, of a Government-guaranteed loan of £32 millions (by way of 2½ per cent. Guaranteed Debenture Stock in a company formed to finance an impressive programme of electrification and other works) may have come as the first outward demonstration of the fundamental change effected by the substitution of a London Transport Board for a heterogeneous collection of public and private undertakings. During the two years since the "appointed day" on July 1, 1933, the change in the outward semblance of London's traffic facilities has been indistinguishable to the layman. In fact, the Board has been proceeding with the initial preliminaries to its immense task with a celerity which augurs well for its future efficiency. In the first place, it has been welding something over 160 component undertakings into a single cohesive and ramified system. In the second, without any body of precedent to assist it, the Board has succeeded in concluding a statutory pooling scheme with the suburban lines of the four main railways. The scheme approved on June 18th brings the Board to grips with its main task. It has secured financial backing in the highest quarters, whose support is capable, now and in future, of rendering economic many projects which might not otherwise be feasible in the lifetime of the present generation.

The *raison d'être* of the proposals may be illustrated by reference to the maps on the opposite page, based, by courtesy of *The Railway Gazette*, on those in a recent supplement to that journal. In the interests of simplification, all railway lines not in the ownership of the London Passenger Transport Board and outside the present scheme have been omitted. The picture must be regarded as tentative, for many important details have yet to be worked out, but the main lines of the Board's strategy can be readily perceived. Of all its problems, the improvement of transport facilities in the north-eastern area of Greater London is the most urgent. The electrification of certain "Great Eastern" lines of the London and North Eastern Railway will relieve the heavy pressure of suburban traffic at the Liverpool Street terminus in two ways—by permitting a maximum "rush hour" electrified service, and by enabling cross-London "Tube" trains to run over "Great Eastern" lines.

The second area affected by the new development is served by "Great Northern" suburban lines of the London and North Eastern Railway. Certain northern districts, in which building development has been proceeding rapidly, will be connected with inner London by electrified lines affording connection with the "Tubes" at East Finchley and at Finsbury Park. The "Great Northern" line from the latter junction to its King's Cross terminus is not, however, being electrified. The "Tubes" will carry the "electrified" traffic southwards over their existing lines.

The third main objective is the improvement of facilities on the west side of London. Here, the Metropolitan Railway is, as it were, being absorbed into and co-ordinated with the London Transport Board's system. The indispensable direct "Tube" connection will be provided by a new line from Finchley Road to the "Bakerloo" section of the existing trans-London "Tube" system. Further west, the Metropolitan Railway, by track and station enlargement and improvement, and by extended electrification, will be made capable of taking heavier traffic. The Great Western line from Ruislip to North Acton will be given two new electrified tracks, and directly related to the "Tube" system. Finally, a proposal standing somewhat apart from the rest is the substitution of trolley vehicles for tramcars on not less than 148 route-miles.

Although limitations of space preclude the enumeration of important ancillary details, the above summary sufficiently indicates the *raison d'être* of the new proposals. Apart from trolley vehicle substitution—the most economical way of coping with the Board's legacy of out-dated road transport—the proposals relate almost exclusively to railways,

which, unlike the roads, are completely owned and controlled by the Board, or by other members of the London Transport "pool." They aim at the extension into outer suburban areas, not simply of electrified services in general, but of "Tube" trains in particular. A second objective appears to be, not the running of electric trains to "dead-end" termini in the centre of London, but their through progress right across London. This was a leading principle in "Underground" policy in pre-Board days.

The proposals are certainly not the last word in transport improvement. Though the railway proposals relate exclusively to areas north of the Thames (the Southern Railway's suburban services are already electrified), many "gaps" remain even there. Between the Loughton line, for example, on the one hand (whose electrification to Epping, or even Ongar, is a possibility) and the Cockfosters and High Barnet lines, on the other, a large area—densely populated in its southern and rapidly developing in its northern portion—will remain outside the electrified network. The present scheme, therefore, may be the destined forerunner of other far-reaching plans, in the fullness of time.

Its finance, for this reason, demands careful scrutiny. The deciding factor, in the present instance, has clearly been the Government's epoch-making decision to grant the Board and the other undertakers borrowing facilities identical with its own. How far was this policy due to considered judgment that a "unified" metropolitan utility undertaking was economically qualified to receive assistance inappropriate, say, to the old "Underground" group? How far was it attributable to quasi-electoral considerations of the provider of employment? That the latter question may not be wholly irrelevant is suggested by a certain appearance of official haste in publishing the scheme, obtaining parliamentary sanction, and issuing four-fifths of the scheduled total of the necessary loan, while the details of many of the essential works were still in an embryo state. The Government, indeed, would appear to have raised the major portion of the necessary funds and pressed them upon the Board and the railway companies, before the latter had had time to obtain formal parliamentary powers, to be a matter of years, to consult all parties whose interests may be affected, or even, in some instances, to determine the scope of their own requirements.

In all other respects, however, stockholders in the respective undertakings have every reason to regard the Government's terms as generous. If an undertaking like the London Transport Board, whose capital has all been issued, ultimately secure an "equity" in the return from new works financed, "all-in," at something under 3 per cent., Treasury will take 4 per cent. debenture stock of the railways, and "A," "B" and "C" stock of the rail-Board, as collateral, the annual interest service of the Transport works will be met from the revenues of the London Passenger Transport Pool, to which their earnings will be "deficiency" of net earnings, as compared with interest charges, will correspondingly increase or reduce the total in the "standard" year, 1932, in which the Board and all four main railway companies are entitled to share in agreed proportions. The resulting position is summarised in the annexed table.

If the new works eventually increase the divisible amount of the pool by an amount equal to 2½ per cent. on £32 millions (or proportionately on £40 millions), the participants in the pool will be, so to speak, "all square." If pool revenues increase by 3½ per cent. of £32 millions (i.e. by 1 per cent. more than the 2½ per cent. for loan service), the amounts credited to the participants will be raised by the figures shown in the last column of the

table. If the increase in pool revenues is only 1½ per cent. (i.e. if a deficiency of 1 per cent. occurs), the sums paid to the participants will be reduced by the same amounts. Thus, of the four group railways, the Southern, which has no direct capital participation in the new scheme, has the largest stake in its "equity," on the earnings side, while those of the London and North Eastern and the Great Western are negligible, by comparison with receipts from their undertakings as a whole.

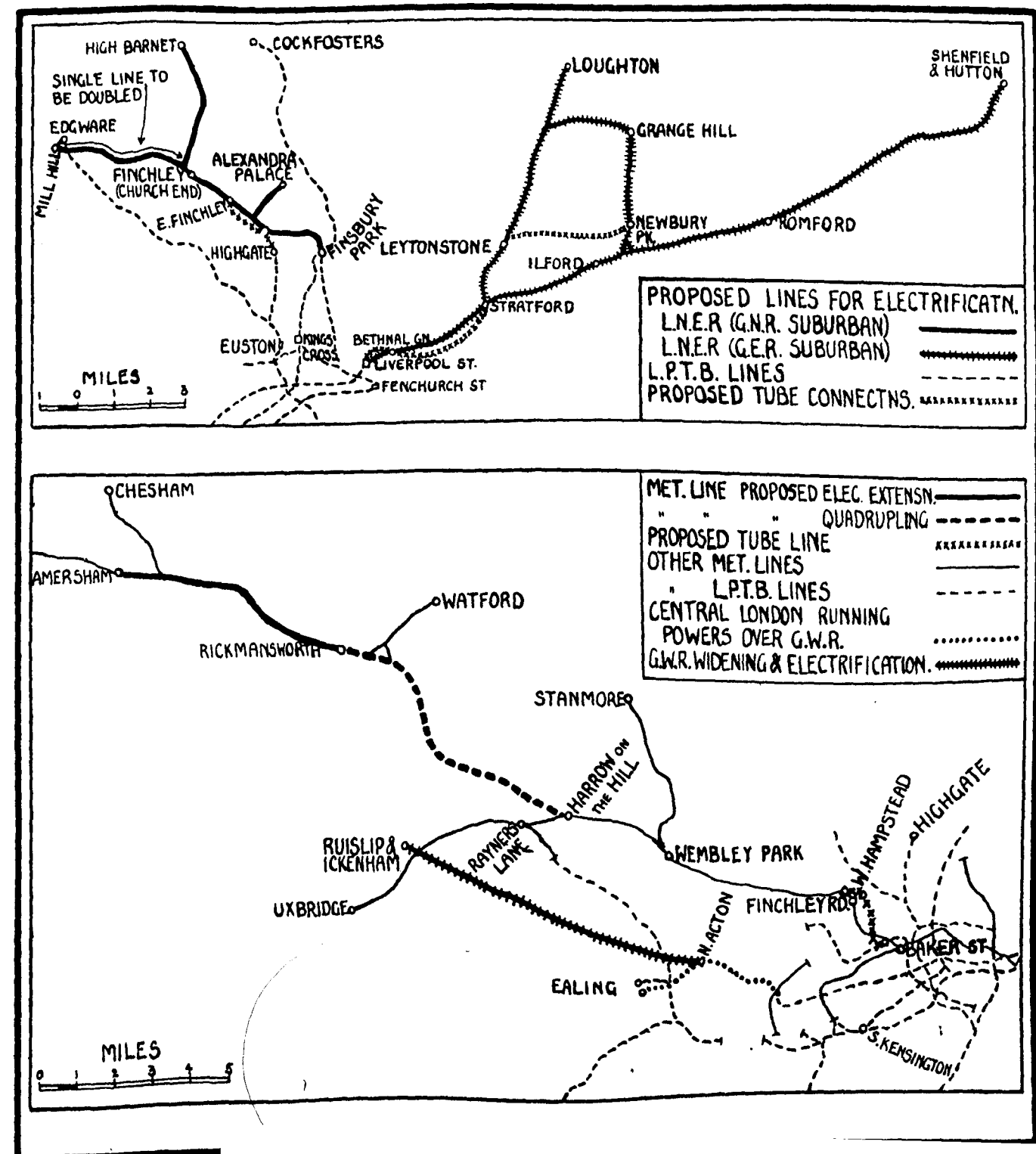
The new money, however, has been raised on such eminently favourable terms that an "excess" of earnings is much more likely than a "deficiency." Every 1 per cent. "excess" on the lines shown in the table, would be equivalent to approximately 0.30 per cent. additional earnings on Southern preferred ordinary, or, alternatively, 0.26 per cent. on Southern deferred ordinary stock. These percentages are scarcely of major importance to Southern Railway stockholders. The "C" stockholders of the London Transport Board, however, have more at stake. Out of a present total issued capital of £111,535,454, the Board has £25,379,787 in "C" stock. Every 1 per cent. "excess" in pool revenues, on the lines shown in the table, would be worth additional earnings of 0.78 per

Undertaking	Capital Liability for Issue of £32,000,000 (a)		Interest and Earnings Position		
	Agreed Proportions	Collateral to be Issued	Proportionate Participation in all "Pooled" Receipts (d)	Equivalent in Annual Interest Requirements at 2½%	Every 1% "excess" or "deficiency" in net earnings on New Works is equivalent (+ or -) to
London Transport Board...	(%) 70	(£) 22,400,000(b)	(%) 62.00	(£) 498,000	(£) 198,400
Southern Rly.	...	...	25.55	204,400	81,760
L. and N. Eastern Rly. ...	25	8,000,000(c)	6.02	48,160	19,624
L. Midland and S. Rly.	...	...	5.09	40,720	16,288
Gt. Western Rly.	5	1,600,000(c)	1.34	10,720	4,288
Total	100	32,000,000	100.00	800,000	320,000

(a) In 2½ per cent. Guaranteed Debenture stock, 1930-35, of London Electric Transport Finance Corporation (a "Treasury" company). (b) In equal amounts of "A," "B" and "C" stock. (c) In 4 per cent. Debenture stock. (d) Approximate; to two decimal places.

cent. thereon. This, when the new works come to fruition, may well be sufficient, as a "marginal" percentage, decisively to influence the attainment or otherwise of the "C" stock's "standard" earnings of 5½ per cent., or its maximum future earnings of 6 per cent.

LONDON TRANSPORT SCHEME — PROPOSED DEVELOPMENTS



INVESTMENT NOTES

Changing Market Phases.—The markets have reached and passed the half-way mark in the holiday month with an activity which has had no parallel since the boom year 1928. In the first fifteen days of this month (a period of ten working days), the total number of bargains marked in the entire London Official List, as compared with last year, has increased by 12 per cent. and the number in the "industrial" markets by as much as 54 per cent. For technical reasons, these figures cannot be regarded in any sense as a measure of the actual increase in the volume of business, but the testimony of brokers and dealers is unanimous both as to the substantial nature of recent buying and its increasingly "public" character. The initial tendency of those professionally familiar with the ways and annals of markets is to regard the present trend as of satisfactory omen for the autumn months. Second thoughts, however, inspired by the caution habitual among masters of a difficult art, are prompting the question whether symptoms of the passing of market initiative from "inside" to "outside" have not infrequently been, in the past, the first signal of disequilibrium and ultimate reaction. Present activity is by no means universal. Despite the success of the Treasury, for example, in "screwing up" the price of new trustee issues, there is no confident belief that gilt-edged stocks will enjoy a substantial autumnal rise. The view is becoming more widespread that the authorities' policy will be increasingly directed, not towards the semi-starvation of the new capital market in order to secure an advantageous price level for the conversion of existing loans, but towards the feeding of the market by fresh offers, of unknown but probably substantial magnitude, for purposes at which, for the moment, one can only guess. A steady and absorbent rather than a rising market, on this hypothesis, may best suit the Treasury's book. Among industrial shares, the rise in certain groups, notably steel, motor, aircraft and electrical equipment shares, is showing evidence of having outstripped reasonable "recovery" expectations. Recovery itself, having ceased to be the virtual monopoly of a limited number of industries, may well be destined to lose in impetus what it gains in breadth. Another significant sign of a changing phase is the tendency of "control" to ease. The squeezing of the tin market is at an end. The American authorities, for the moment at least, are weakening in their support of silver prices. Output restriction in rubber and tea, it is now almost universally recognised, cannot and will not proceed to extreme lengths. Against the sustaining influence on British share markets of a prospective continuance of firm conditions in Wall Street must be set the unsettlement which would follow any outbreak of active hostilities in the Italo-Ethiopian quarrel, whose effects, though possibly slow to gather momentum, would certainly be cumulative. Altogether, ardent over-discounting of this month's superficially favourable market symptoms may be unwise. Any fresh upward movement may be sound in proportion to its breadth rather than its pace and height.

Commission on Gilt-Edged Stocks.—This week's decision of the Stock Exchange Committee to make certain changes in the rules regarding commission on transfers of specified gilt-edged stocks (writes a "House" correspondent) owes its origin to the fact that as a Government security nears its effective redemption date the market in it becomes increasingly professionalised. To private investors there is usually little attraction in a stock which has only a few years to run. It is precisely in this field, however, that financial institutions (who pay income tax, not on interest receipts, as such, but on their net profits) find the most remunerative scope for the employment of short- or medium-term money. As the prospective life of a security becomes shorter the importance of fractional differences in its price is magnified to the actuarial eye. The economic practicability of exchanges running into seven figures may, on occasion, be determined by a difference of as little as one-

sixteenth of 1 per cent. The Committee's proposed amendments to the Commission Rules, which are to come up for confirmation on August 26th, relate to dealings in Conversion 5 per cent., 1944-64, and Conversion 4½ per cent., 1940-44. Their objects are twofold. They are designed, first, to attract business to the "House" which is now directly negotiated, frequently, between large professional dealers, and, secondly, to facilitate large-scale exchanges which may be impracticable at the existing scale of commission. These objects should be clearly differentiated. While straightforward "outside" one-way deals are common, it is rarely possible by such means to negotiate a "straddle," which would involve precisely complementary requirements on the part of both buyer and seller. The effect of the proposed amendments will be to reduce the minimum commission chargeable on Conversion 5 per cent. from one-eighth per cent. to one-sixteenth per cent., and on Conversion 4½ per cent. from one-sixteenth to one-thirty-second, the alleviation being limited to transactions for the same principal in not less than £50,000 of stock. Both these stocks are favourite subjects for delicate "straddles," which are often inspired by brokers. The latter will, therefore, welcome a change which widens the scope for ingenuity.

"Timeo Danaos."—When Greece meets her bondholders, then comes the tug-of-war. For six months the Greek Government has declared itself incapable of paying more than 35 per cent. on its external debt interest. With equal persistence, however, the League Loans Committee and the Corporation of Foreign Bondholders have reiterated their conviction that the transfer of 50 per cent. is well within Greece's capacity. An offer of 35 per cent., made in respect of coupons falling due on certain loans on April 1st last, was repeated in May, when further coupons matured, and has been renewed, this week, in respect of coupons which fell due from June 1st to July 14th. The advertised notice states that payment of the coupons is to be considered *eo ipso* as an acceptance by the bondholders that the whole settlement of the loans concerned during 1935-36 will be effected in exactly the same manner as for 1934-35. The announcement proceeds, however, to declare in apparent contradiction that such acceptance "will not prejudice the rights of bondholders towards any further payment whatsoever, which might be agreed upon for 1935-36." What are bondholders to make of all this? Their best policy may well be to await the outcome of the Committee's efforts to secure an equitable and unequivalence of the offer, in the face of the advice and warnings of their representatives, as most unwise. In the Greek Budget for the current year an amount of 1,574.4 million drachmae has been set aside for the 35 per cent. scale of report of the International Financial Commission, however, showed an increase in assigned revenues from 3,580 million drachmae in 1933 to 3,935 million drachmae in 1934. The League Loans Committee is, therefore, on firm ground in demanding the payment of the additional 350 cent., of the interest due. The rate of increase in monopoly, stamps and Piraeus customs receipts alone for the first six months of the current year would contribute one-third of the amount demanded in a full year. Meanwhile, bondholders are not likely to ignore the publicity which has been accorded to Greek armament orders within the last few days.

Rubber and Tea Control.—Events in the rubber and tea industries are reminiscent of the historic confusion in the Tuscan army, when those behind cried "Forward" and those in front cried "Back." Investors may find significance in the fact that the official bodies which have the responsibility of administering contemporary restriction schemes are evincing the greatest reluctance to apply the screw more tightly, while the "ginger groups" which are insistent on more drastic measures are, perhaps fortunately, in no position to enforce them. The Report of the

International Tea Committee, for example, on the second year of the export regulation scheme, which ended last March, maintains that the Committee acted for the best in raising the exportable percentage from 85 to 87½, but admits that absorption of tea has shown a tendency to decline. This statement is the more noteworthy since the Report, in a later section, estimates that potential supplies of tea, from areas at present in existence, will by 1938 exceed last year's absorption figure by as much as 315 million pounds. The remedy suggested, however, is not increased manipulation in any shape or form, but propaganda to increase world consumption, such as may well be fostered by a body like the recently formed International Tea Market Expansion Board. In the rubber market, the International Committee, whose members must now be seriously considering the lines of their policy for 1936, has declined to give any advance indication of its views. In certain quarters, however, associated with a "shareholders'" body, formed earlier this year, strenuous efforts are being made to obtain support for the idea of a species of buffer pool, to hold rubber from the market and release it only at prices determined by representatives of agencies and shareholders. The suggestion comes at an unfortunate moment, in view of events in the tin market.

Actuaries' Investment Index.—Uncharacteristic behaviour in "holiday" markets is attested by this week's movement in the Actuaries' Index, which has risen from 78.2 on August 6th to 79.4 last Tuesday (December 31, 1928 = 100). Over the past fortnight alone, the price index has risen by 1.8 points, while the average yield has fallen from 3.85 to 3.77 per cent. The following table shows, clearly enough, which stocks have been the largest beneficiaries from market optimism:—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100)			Yields (%)		
	Month Ago (July 16)	Week Ago (Aug. 6)	This Week (Aug. 13)	Month Ago (July 16)	Week Ago (Aug. 6)	This Week (Aug. 13)
Banking & Discount Companies (12)	115.3	116.0	117.8	4.07	4.04	3.98
Iron and Steel (8)	90.4	64.6	67.7	3.32	3.13	3.01
Motors (5)	54.1	55.9	58.4	4.85	4.67	4.47
Oil (5)	67.9	69.0	72.0	4.57	4.54	4.36
Electric Supplies (8)	116.1	120.9	123.7	4.44	4.27	4.12
Home Rails (4)	70.9	67.4	69.9	1.51	1.54	1.52
Breweries and Distill. (19)	131.8	134.0	135.2	4.02	4.07	4.08

Over the past month, "money shares," like those of the banks, have been firm, but the really spectacular gains have been reserved for groups like steel, motor, electric equipment and oil shares.

COMPANY NOTES

Radio Manufacturing Companies.—The opening of "Radiolympia," this week, with its attendant blaze of publicity, provides a suitable occasion to review the present earnings outlook of the handful of radio companies whose shares enjoy a Stock Exchange quotation. The spectacle of an industry whose total output has increased prodigiously in little over a decade, without providing more than meagre average profits in the majority of cases, is not without parallel. In all "new" industries a certain time interval is required before basic technical conditions and profit-margins become reasonably stable. The radio industry in this country may not be far from the conclusion of this first stage in its development. For nearly a year it has been possible to obviate price-cutting. On the distributing side the manufacturers have been able to insist on price maintenance with greater assurance, since they have now sought refuge in joint policy. On the manufacturing side, the extent of standardisation, even in different models, has brought substantial economies in costs. There remain, primarily, the problems of coping with transient fashions—mainly to set design—for technical changes, pending the eventual production of television receivers on a commercial scale, are not so important as formerly. Only by the production of many models—as practised by certain leading motor concerns—can the radio manufacturer insure

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against the risk of "missing the market" in any one year. Meanwhile, the rate of expansion seems likely to frustrate the perennial prophets of ultimate saturation for some time ahead. Although the number of licences now in issue is well over the seven million mark, there is no reason to suppose that instalment selling will not, in time, penetrate the largely untapped working-class demand. Moreover, the

	(Profits in £'000)					
	1930	1931	1932	1933	1934	1935
Cole (E. K.) (May 31):						
Earned for Ord.	...	105.2	102.8	Dr. 35.6	88.6	142.8
Earned %	...	244.4	83.5	Nil	55.5	90.1
Div. %	...	100(a)	40	Nil	20	30
Electric and Musical Ind. (Sept. 30):						
Earned for Ord.	...	...	Nil	Nil	267.6	...
Earned %	...	...	Nil	Nil	11.9(b)	...
Div. %	...	...	Nil	Nil	10	...
Ferranti (June 30):						
Earned for Ord.	58.2	35.7	25.4	22.0	33.2	...
Earned %	23.3	13.9	9.3	7.8	12.6	...
Div. %	6(c)	6	6	6	6	...
Kolster-Brandes (Dec. 31):						
Earned for Ord.	21.3*	6.9	35.0*	Dr. 150.1	Dr. 39.6	...
Earned %	2.4*	1.1	4.0*	Nil	Nil	...
Paid %	Nil	Nil	Nil	Nil	Nil	...
Lissen (Dec. 31):						
Earned for Ord.	...	38.3	134.4	77.1	Dr. 18.4*	...
Earned %	...	12.8	40.6	21.5	Nil	...
Paid %	...	Nil	12†	12†	Nil	...
Pye (Mar. 31):						
Earned for Deb.	35.1	42.5	85.4	71.3	11.3	26.9
Earned %	150.9	182.7	379.4	316.8	48.6	115.7
Paid %	100	100	125	125	125	125

* Broken period adjusted to 12 months. (a) And 100 per cent. capital bonus.
(b) After 2½ years' preference dividends. (c) And 200 per cent. capital bonus.

steady progress of electrification seems bound to encourage the use of the convenient "all-mains" receiver in areas which formerly relied upon battery sets. The replacement demand, therefore, constitutes an important part of the total market. Even with these indications, however, it would be unwise to budget for an all-round increase in radio profits. The shares of established producers offer opportunities to the speculative investor who is in close touch with the industry, but to the general investor the

shares of Electric and Musical Industries, which is in an assured position of leadership, and has an important stake in television developments, probably offer the most satisfactory equity in the industry.

* * *

Electrical Equipment Shares.—Electrical equipment shares have enjoyed a twofold "recovery equity" during the past eighteen months. The industry supplies a demand with a normally rising trend, and has specially benefited from new housing and industrial constructional activity. The recent course of profits, set out in the accompanying table, has broadly confirmed the views we expressed a year ago (see the *Economist*, August 4, 1934, page 234), and, by recent indications, more increases in earnings are on the way. The index of new orders, compiled by the British Electrical and Allied Manufacturers' Association, shows a further moderate rise during the first six months of the year, with some transfer of emphasis from export to home business. The price structure in the heavy section of the industry has been strengthened during the past year. The recurrence of finely cut contracts is hardly likely under present recovery conditions. It is, of course, possible to overestimate the value of some recent construction schemes,

Company (and date of Accounts)	Total Profits	£1 Ordinary Shares				Yield (%)
		Amount earned	Rate	Dividend	Quotation	
Aron Electr. Meter (Mar. 31):						
1933	27,013	17,256	30.3	10		
1934	52,921	31,142	26.8	10		
1935	50,846	21,934	18.6	15		60 0
Callender's Cable (Dec. 31):						
1932	536,417	168,278	15.1	15		
1933	522,311	169,885	15.1	15		
1934	527,692	180,729	16.4	15		76 3
Chloride Electrical Storage (Mar. 31):						
1932	172,958	122,248	13.7	12½		
1933	244,910	198,753	21.4	10		
1935	422,045	326,532	35.2	15		73 9
General Electric (Mar. 31):						
1933	1,012,739	319,152	16.2	8		
1934	971,481	282,484	13.9	8		
1935	1,184,483	438,258	14.8	10		61 6
Henley's (W. T.) Telegraph (Mar. 31):						
1933	276,900	182,524	28.1	30		
1934	279,424	200,036	31.0	30		
1935	246,448	166,978	25.7	30		141 3
Johnson & Phillips (Dec. 31):						
1932	65,685	21,341	3.6	5		
1933	84,828	37,076	6.6	5		
1934	128,849	66,226	10.6	7½		44 7½
London Elec. Wire & Smith's (Dec. 31):						
1932	61,612	30,582	4.5	5		
1933	65,751	34,701	5.1	5		
1934	76,453	45,403	7.1	5		26 3
Reynolds (A) (Dec. 31):						
1932	207,265	96,110	17.7	12½		
1933	179,663	90,469	16.5	12½		
1934	178,912	76,128	13.2	12½		65 0

† Of which 6 per cent. free of tax.

which have received over-wide publicity. The extent of the benefits which the electrical equipment industry is likely to derive from the £40 millions London Transport scheme, for instance, has been put by an authority like Lord Hirst at little more than £5 millions. The electrification schemes announced by the London and North-Eastern and Southern Railways a fortnight ago, however, were of direct concern to the market. The first is estimated to cost £500,000, while the second contemplates an expenditure of "several millions of pounds" on further electrification, to be spread over a period of ten years. The market interpreted the latter scheme as a direct invitation to purchase English Electric, since the company receives orders for train equipment, and the £1 ordinary shares have advanced to par on the argument that the contract sensibly improves the prospect of eventual dividend payments. Something less spectacular is perhaps indicated for the companies cited in our table. The demand for secondary transmission lines and domestic equipment, however, following the completion of the "Grid," seems likely to bring good business for some time to come, although profit margins in light equipment are not always generous.

Cable and Wireless Scheme Defended.—The speech of Mr J. C. Denison-Pender, at the extraordinary meeting of Cable and Wireless (Holding), Limited—held, on Thursday, by a tragic coincidence, but a few hours after Sir Basil Blackett's death in a motoring accident in Germany—was an urbane defence of the company's decision to finance the repayment of part of its preference stock by the formation and public flotation of an investment trust. The Governor recognised that the reception accorded to the latter proposal had been much less uniformly congratulatory than that given to the original preference repayment offer. The company itself, as Mr Denison-Pender agreed, had every reason to be gratified with the public's response, for although the eventual total of £6,453,407 preference stock surrendered was below the maximum of £7,739,625 available, it was nearly three times the minimum of £2,322,000 stipulated in the original terms. Perhaps the best compliment to the directors on their acumen has been the rise in the value of all the company's stocks which has followed its publication. With the passing of the scheme by stockholders, the matter now goes for sanction to the High Court, and, if all goes well, the cash distribution to stockholders may be made before the end of the year. The Governor was at pains to explain the reasons for the company's decision to finance the operation on "trust" lines. The company's critics may not be wholly satisfied with the statement that it was only at a late stage, when it was seen that the scheme would involve the provision of a very large sum of money, that the directors abandoned their original anticipation of securing the necessary funds by selling securities on the market. Actually, the total surrenders were below the maximum stipulated in the offer. Is it to be inferred that the directors expected only a small response? From the company's point of view it is incontestable that the method actually adopted was most advantageous, and those who devised it may yet live to earn the thanks of the stockholders whom it largely benefits. Once the decision had been taken, the attitude of the directors would also appear to have been beyond cavil. Our own criticism of the absence of any intimation, with the original offer to stockholders, of the fact that the method of finance would involve an "equity" calculated to increase the earnings available for non-surrendered stock, is explained but, perhaps, not entirely removed by the disclosure that, in this instance, *post* and *propter* were not synonymous.

* * *

Some Textile Schemes.—The flow of company capital reorganisation schemes has been only slightly interrupted by the holiday season. In the last few days two textile companies have issued proposals. The first, made by British Bemberg, Limited, is a straightforward "cut" in a capital composed of 5s. shares, from each of which 4s. is to be written off, with subsequent consolidation of the resulting 1s. shares into £1 shares. The company, which was registered in July, 1928, to manufacture artificial silk under an agreement with A.G. Bemberg of Barmen, has £1,000,000 of issued capital. The shares, however, have never been dealt in on the London Stock Exchange, and the company (which has made losses, after debenture interest, in every year since its inception) has remained chiefly under German and Dutch auspices. The second scheme, however—sponsored by the Amalgamated Cotton Mills Trust, Limited—is of wider interest, particularly in Lancashire. The Trust was registered just before the end of the spinning and weaving companies, and associated with one of the best known of all, Messrs Horrockses Crewdson and Company, Limited, of Preston. The latter reduced its capital from £5,500,000 to £4,105,000 in 1927 and to £2,477,500 in 1932. It is now proposed that the Trust shall cancel altogether its 100 per cent. holding of Horrockses Crewdson's issued ordinary shares (£77,500), liquidate certain other engagements. In return, holders of Horrockses £1,492,042 6 per cent. mortgage debenture stock are asked to reduce their principal to £497,347, and to release the Trust from its guarantee of principal and interest. Horrockses' £1,492,022 preference shares are to be reduced from £1 to 6s. 8d. denomination, and the guarantee of the Trust is, likewise, to come to an end. The Trust, in short,

is proposing to cut its losses, on the best terms available, on an asset which has certainly proved costly from start to finish. The operation is, at least, typical of the process of clearing financial wreckage which is indispensable to the establishment of any new order in the Lancashire cotton industry.

* * *

Tin Shares and the Quota.—The market, with fair reason, has regarded the increase in the tin quota as, on the whole, a "bull point" for tin shares. We discuss the implications of the International Committee's decision, so far as it affects the commodity, in a note on page 322. From the earnings aspect, the Committee's decision promises increased revenues, particularly to the lower cost producers. The increase of as much as 30 per cent. in the previous scale of production will secure a wider spread of fixed costs, thus increasing working profits per ton on a higher output. The outlook, on the long view, is more uncertain. Present conditions in the United States seem propitious for rising tin consumption during coming months, but the new scale of production largely discounts such an increase. Further, the extent of the fall in the forward price of tin, upon which the miners' profits are based, cannot be finally determined as yet. The price has fallen by £7 16s. 3d. from £216 on the eve of the announcement to £208 3s. 9d. this week. Compared with this natural reaction, the fall in the artificial cash price has been meteoric. Finally, the uncertain fate of the Restriction scheme, in its present form, after the end of 1936, may make for market unsettlement. For the present, however, the decision of the Committee seems to bring production nearer the optimum profit level. Provided that the more liberal policy can be maintained—and it would seem that the Committee has taken note of recent criticism—and that the price level is spared a substantial further fall, the shares of low- to medium-cost producers, of which a selection is given in the accompanying table, may have a speculative appeal.

Company (and Share denomination)	Earned for Ordinary, years ending in			Dividends paid, years ending in			Present Quotation	Yield on Dividend for latest year (%)	
	1932	1933	1934	1932	1933	1934			
Kamunting (5s.)	(%) 5.4	(%) 11.5	(%) 20.8	(%) 5	(%) 15	(%) 20	s. d.	£ s. d.	
Malayan Tin Dredging (5s.)	16.7	16.1	24.5	16½	16½	36½	28 9	6 6 3	
Pahang (5s. ord.)	2.1	0.7	15.7	Nil	Nil	15	11 0	6 16 3	
Petaling (5s.)	21.7	30.2	46.6	20	25	40	15 6½	6 0 6	
Tronoh (5s.)	6.3	14.2	20.3	5	12½	12½	16 0	3 18 3	
Cons. Tin Borneo (1) (1)	0.6	2.1	3.2	Nil	Nil	2½	7 9	6 9 0	
Siamese Tin (5s.)	7.2	47.6	26.2	10	55	35	22 6	7 15 6	

† Interim of 5 per cent. paid in respect of 1935.

The yields given in the table make no allowance for increased interim dividends which have been paid in some cases for the current year.

* * *

Other Company Results.—The second week of the August holidays has brought few reports of note. Our table of profit and loss accounts on page 352 gives the results of thirteen companies published this week. In the brewery section, the report of Friary Holroyd and Healy's shows a modest improvement in net profits to £126,447, which has been distributed in the increased dividend of 11 per cent. The City of San Paulo Improvements Company has enjoyed a better year and net profit amounts to £25,087. Sales of land have continued to improve during the first five months of the current year, but the stringent regulation of the Brazilian exchange still prevents the board from dealing with exchange differences on net assets in Brazil, for which no specific provision has been made. The first report of Guildhall Property Company shows total rent and other income of £68,655, and a net profit of £38,287. Of the former amount, however, as much as £29,820 has been credited in respect of sales of land to a subsidiary company.

ODHAMS (WATFORD) LIMITED

ISSUE OF

450,000 5½% Cumulative Preference Shares of £1 each
at 21s. per Share

INVESTMENT REGISTRY LIMITED

ANNOUNCES THAT THE SUBSCRIPTION LIST IN CONNECTION WITH THE ABOVE ISSUE WAS CLOSED AT 9.5 a.m. ON FRIDAY, THE 16th AUGUST, OWING TO THE ISSUE BEING HEAVILY OVER-SUBSCRIBED.

Shareholders are entitled to ask whether the latter company has, in fact, been able to realise the land acquired, since otherwise the crediting of inter-company profits in the parent company's books would appear premature.

* * *

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Cable and Wireless (Holding), Watney Combe Reid, Covent Garden Properties, Millars' Timber and Trading, and Merlimau Pegoh. Mr J. C. Denison-Pender's speech at the Cable and Wireless (Holding) meeting is discussed on page 336. Addressing shareholders in Watney Combe Reid, Colonel O. P. Serocold discussed the company's policy of writing off losses on reconstruction of licensed houses out of current revenue. Mr Philip E. Hill, at the Covent Garden Properties meeting, disclosed that some £280,000 of freehold ground rents had been satisfactorily realised. Mr G. Kingsley, at the Merlimau Pegoh meeting, discussed the advantages of the programme of estates consolidation which the company had pursued. At the meeting of Millars' Timber, which approved the reorganisation scheme, Mr James White declared that prospects of a substantially larger profit in 1935 were very good.

THE WEEK IN THE MARKETS THE LONDON STOCK EXCHANGE

SETTLING DAYS
TICKET AUGUST 27 | ACCOUNT AUGUST 29

THE "House" barometer recorded a perceptible change of pressure, with a thundery tendency, in the latter part of this week. At the outset, the second holiday week had been as cheerful as the first, with business in certain favourite industrial groups showing signs of auto-intoxication. On Wednesday afternoon a breath of outside suspicion induced sufficient selling to suggest that markets might not, after all, be as firm as they appeared, and the tendency thereupon became irregular.

The gilt-edged market opened bravely, but had its own cares by way of vague reports of forthcoming Government loans. In the recession "undated" stocks suffered most, as having most to lose by the replacement of "conversion" by "new borrowing" as the Government's presumed objective. Trinidad 3 per cents., despite heavy over-subscription, did not maintain their opening premium. India stocks also lost ground, the new 3 per cent. being weak with the rest. Fractional declines occurred in Dominion stocks.

In the foreign market Brazil maintained sphinx-like silence regarding her intentions, and her bonds, after a moderate recovery, were sold on renewed uneasiness. Japanese loans were unaffected by the assassination of a military leader, but Chinese bonds weakened on the Nanking Government crisis. Home railway stocks were quiet, the week's traffic returns being satisfactory on the passenger side but disappointing as regards merchandise receipts. Transport "C" stock rose to par, some sections of the market reading, into the wording of the announcement of an October dividend declaration, the promise of a substantial additional dividend payment in respect of 1933-34.

In the industrial market, the week opened with spectacular symptoms, particularly in steel and motor shares, the market reading intentions of exact scientific forecasting into Sir Herbert Austin's talk to dealers. Electrical equipment shares were also in active demand, on news of the forthcoming placing of contracts with E.M.I. and Baird for television equipment. Radio shares in general, however, were not appreciably affected by the opening of the annual exhibition. Buying of aircraft shares was stimulated by a market "slip" setting out the names and makers of machines specified in new Air Force contracts. All these groups, however, became irregular on profit-taking in the latter part of the week, though market opinion was divided as to the extent of the open account in indi-

vidual instances. Brewery shares, apart from Bass, showed slight irregularity throughout, the market paying increasing attention to the signs of a decline in the production trend recently. The inclination of speculative buyers to go into the byways of the market, to find recovery counters among the more depressed industrial groups, was evidenced by the strength of certain shipbuilding shares and of the lower-priced textile issues. Bleachers preference, for example, rose nearly 3s. on Wednesday, and Bradford Dyers were also in favour. Shipping shares were similarly supported, particularly Furness Withy and P. and O. deferred. Little interest was taken in store shares, and tobacco shares were equally quiet, with the exception of Tobacco Securities Trust deferred, which continued their recovery. The further rise in Cable and Wireless was due to appreciation of the possible benefits of further Wall Street revival, rather than to any inferences from the speech of the chairman at Thursday's meeting, which is discussed on page 336. Bank shares were well maintained and insurance shares received investment support.

Oil shares were strong at the beginning of the week, on buying described as "influential", rather than on any fundamental change in the American situation. An easier tendency, however, was in evidence later. After a transient appearance of increased interest on Tuesday, the rubber share market relapsed into coma, the dullness of the commodity, which was no better than 5½d. on Wednesday, being an adverse influence. Tea shares were firmer without any noteworthy increase in the volume of business.

Little of this month's "holiday activity" has come the way of the Kafir market. Tuesday's promise of speculative revival was unfulfilled, the slow progress of arrangements for reviewing the South African mining taxation system causing adverse comment. Business in West African shares was lifeless, but in the Australian market, Commonwealth had a slight rally. The weakening of American support for the silver market was reflected in quotations for Burma Corporation and other producers. Tin shares attracted considerable attention at the beginning of the week, on considerations which are discussed in a Note on page 337, but the rapidity of downward readjustment in the cash price of the metal tended to bar further progress in the later days of the week. Little business was done in copper shares, changes in quotations being mostly downwards.

"FINANCIAL NEWS" DAILY BARGAIN INDEX (Approximate number of Bargains recorded in Stock Exchange Lists)

	Week to Aug. 9, 1935	Aug. 8, 1935	Aug. 9, 1935	Aug. 12, 1935	Aug. 13, 1935	Aug. 14, 1935	Aug. 15, 1935
Government and Municipal Loans	4,898	1,336	1,100	1,125	1,291	1,010	1,015
Transport, Communications, and Public Utilities...	3,927	944	999	1,062	1,084	949	822
Commercial and Industrial*	14,896	3,677	4,077	4,287	4,409	4,319	4,019
Banks, Insurance and Financial...	2,470	726	598	722	620	593	446
Mines (including Nitrates)	4,225	1,017	1,119	1,158	1,091	911	899
Oils	680	165	165	189	185	160	140
Rubber, Tea and Coffee	720	224	174	164	153	150	126
Total	31,796	8,089	8,230	8,727	8,783	8,092	7,467
Corresponding day in 1934	...	7,203	8,007	8,168	6,961	8,149	6,776

* Including Iron and Steel and Breweries.

REVISED "FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (July 1, 1935 = 100)

	Highest of 1935 (Aug. 13)	Lowest of 1935 (Mar. 27)	Aug. 8, 1935	Aug. 9, 1935	Aug. 12, 1935	Aug. 13, 1935	Aug. 14, 1935	Aug. 15, 1935
	104.2	87.4	102.2	102.8	103.3	104.2	104.2	108.9

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS. (1928 = 100)

	Highest of 1935 (Feb. 1)	Lowest of 1935 (Mar. 29)	Aug. 8, 1935	Aug. 9, 1935	Aug. 12, 1935	Aug. 13, 1935	Aug. 14, 1935	Aug. 15, 1935
	141.0	135.9	138.8	138.9	138.9	138.9	138.8	138.7

FOREIGN STOCK EXCHANGES

NEW YORK

WALL STREET has again enjoyed an active week. Until Wednesday, turnover had been running confidently above the two million share mark, and the Saturday session itself would not have disgraced many full days earlier in the summer. The market, however, has by no means taken the bit in its teeth, and as Wednesday's rather patchy session illustrated, each moderate advance is being satisfactorily consolidated. The result is not a "blue-chip" boom—the speculative charger is now largely hobbled by new Exchange regulations—but a satisfactory advance some what akin to the steady rise in the London market from the spring of 1933. Rails were more prominent at this week's opening, but Utility, Steel and Communications issues were also strong. Utilities, indeed, provided the centre of interest on Tuesday, under the lead of American Telephone and Consolidated Gas. The whole market, however, reverted to a somewhat lack-lustre mood in mid-week, although fractional gains at the close bore witness to a late revival of interest. Government bonds turned weaker on the eve of Wednesday's Treasury offer, but second-grade bonds—particularly rails—were active and strong. The industrial background remains favourable to further advance. Steel output is two points higher at 49 per cent. of capacity, as estimated by the "Iron Age," and scrap prices are still rising. Power output has shown a favourable trend, and further corporation statements are satisfactory.

	Aug. 7, 1935	Aug. 14, 1935	Aug. 14, 1935		Aug. 7, 1935	Aug. 14, 1935	Aug. 14, 1935
	Eng.	Eng.	Eng.		Eng.	Eng.	Eng.
Lb. Ln. 41% '33-39	101½	101½	101½	Natl. Biscuit	31	29½	30
Atchafalaya	50½	52½	53½	Phelps Dodge	19	19½	19½
Erie	11½	11½	11½	Pullman	41½	42½	42½
Illinois Central	14	15½	15½	Sears Roebuck	54½	58½	58½
N.Y. Central	20	23½	23½	Un. Fruit	72½	72½	72½
Pennsylvania	26½	28½	28½	U.S. Leather	7½	7½	7½
Southern Pacific	18½	20½	20½	U.S. Rubber	14	14½	14½
Southern Ry.	7	9	9	U.S. Steel	41½	43½	43½
Union Pacific	97½	101½	102½	Westinghouse	62½	66½	66½
				Woolworth	61½	62½	62½
Am. Can.	143½	142	142½	Am. Tel. and Tlg.	132	140	140½
Amer. Smelting	43½	43½	43½	Interboro R.T.	16½	17½	17½
Anaconda	17½	18	18½	Int. Tel. Tele.	10½	11½	11½
Bethlehem Steel	35½	35½	35½	Utilities P. & L.	34	35	35
Chrysler Motor	58½	60½	60½	W. Union Tlg.	46½	50	50½
Corn Products Rf	71½	68½	68½				
Eastman Kodak	147½	147½	147½	Shell	35½	37	37½
Gen. Electric	28½	32½	32½	Shell Union	10½	11	11½
Gen. Motors	41½	43½	43½	Std. California	35½	34½	34½
Int. Harvester	50½	52½	52½	Do. N.J.	46½	46½	47½
Mont. Ward	83	35½	35½				

† Calculated at \$4.98 to £.

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

	1934	1935	1935	1935	1935	1935	1935	1935
	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest
	Sept. 19	Feb. 21	Mar. 20	Aug. 14	Jan. 1 to Aug. 14	Be-ginning of Year 1935	July 31, 1935	Aug. 7, 1935
351 Industrials	74.3	90.5	74.5	96.6	83.1	93.9	94.2	96.6
33 Rails	34.0	51.4	27.4	37.2	35.6	35.6	34.6	37.2
97 Utilities	55.2	83.4	52.2	85.8	57.9	76.3	78.9	85.8
Total, 421 Stocks	65.6	82.1	63.1	85.2	71.0	81.5	82.0	85.2
Average yield of 80 Industrial Common Stocks	2.78%	3.90%	3.09%	4.06%	3.62%	3.21%	3.19%	3.09%

† December 26th. † February 7th. (a) September 12th.

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

	Highest of 1935 (Aug. 14)	Lowest of 1935 (Mar. 15)	Aug. 7, 1935	Aug. 8, 1935	Aug. 9, 1935	Aug. 10, 1935	Aug. 12, 1935	Aug. 13, 1935	Aug. 14, 1935
	108.9	78.6	105.3	105.7	107.8	108.5	108.5	108.8	108.9

TOTAL DEALINGS IN NEW YORK

	Aug. 8, 1935	Aug. 9, 1935	Aug. 10, 1935*	Aug. 12, 1935	Aug. 13, 1935	Aug. 14, 1935
Stock Exchange—Shares (Thous.)	1,430	2,190	1,210	2,430	2,360	1,950
Bonds (Value Thous. \$)	11,650	14,090	5,570	11,160	12,520	11,230
Curb—Shares (Thous.)	293	565	306	571	583	505

* Two-Hour Session.

PARIS

Business on the Bourse showed a more encouraging trend this week. Rentes opened stronger and recorded fractional gains as the week progressed. The settlement of last week's trouble in the ports, the initial success of M. Laval's further decrees, and the declaration by the Governor of the Bank of France that the machinery of credit would be set to restore cheap money, reassured the financial quarter. Bank shares gained ground in sympathy, and arbitrage issues were rather stronger, except with Amsterdam. Sharp rises occurred in Suez Canal and Royal Dutch. Business on the Coudisse, including French industrials, tended to improve towards mid-week.

	Aug. 7, 1935	Aug. 12, 1935	Aug. 14, 1935		Aug. 7, 1935	Aug. 12, 1935	Aug. 14, 1935
Banque de France	9,950	9,860	9,820	Wagons Lits	46	46½	49½
Crédit Lyonnais	1,675	1,705	1,736	Mexican Eagle	21½	21½	22½
Suez Canal	17,540	17,885	17,995	"Chartered"	85½	84½	86½
Chargeurs Réunis	140	141	147	Ford	51	53½	55
Rio Tinto	1,247	1,256	1,292	De Beers	405	405	415
Royal Dutch	19,850	20,395	20,570	"Johnnies"	285	282	282½

BERLIN

Share prices declined in the middle of last week, but later a recovery set in which continued this week. Direct dealings between banks increased, and there were further blocked mark purchases by foreigners, with Farbenindustrie providing a feature. Steels and lignites were bought, and activity broadened in Deutsche Erdöl, Harpener and, on a dividend increase, Deutsche Linoleum. Shipping issues were slightly weaker. In the bond market, municipal issues were in demand. In general, however, quotations were little change. The official share index number (1924-26 = 100) for July is 94.66, as against 93.74 in June; for bonds 95.29, against 95.25.

	Aug. 7, 1935	Aug. 12, 1935	Aug. 14, 1935		Aug. 7, 1935	Aug. 12, 1935	Aug. 14, 1935
Reichsbank	188.00	189.00	189.50	A. E. G.	39.90	42.00	42.00
D.D. Bank	90.50	90.25	92.00	Siemens and Halske	184.00	186.75	189.00
Dresdner (New)	90.50	90.25	92.00	A. K. U.	62.40	63.25	64.00
I. G. Farben	158.00	159.90	160.25	Hamburg-Amer.	17.00	16.60	16.75
Industrie	158.00	159.90	160.25	("Hapag New")	17.00	16.60	16.75
Norddeutscher Lloyd (New)	18.60	18.52	18.25				

AMSTERDAM

The market opened in rather uncertain mood, in view of the political situation, and the only active section was in American stocks, in sympathy with Wall Street. Government bonds were again weak, owing to heavy realisations, and could only make a slight recovery on Wednesday's improved bank return. Industrial shares opened in fair demand, but a reactionary tendency set in later.

	Aug. 7, 1935	Aug. 12, 1935	Aug. 14, 1935		Aug. 7, 1935	Aug. 12, 1935	Aug. 14, 1935
2½% Dutch Loan	67½	67½	67½	Steel Common	25½	26½	26½
5½% German	16½	16½	17	A. K. U.	32	32½	32½
Unilever N.V.	106	105½	106	Ford Motor	269	280	277
Philips' Lamps	262½	265½	262	Deli Batavia Tob.	142½	142½	146
Netherlands Ship Union	37	36½	37	Royal Dutch	194½	199½	201½
				Handels Ams.	177	178½	178½

CAPITAL ISSUES

TRUSTEE borrowing has been resumed this week with an issue of 25-year stock, carrying 3 per cent., by the *Trinidad Government*. The terms of the issue, at par, marked a further stiffening of the (presumably) official view on interest rates. Only three weeks earlier, the Common-

(Continued on page 342)



SECURITY FIRST

TOTAL FUNDS EXCEED
£45,000,000

CLAIMS PAID, OVER
£200,000,000

Head Offices:

LIVERPOOL
North John St.

LONDON
Lombard St.

LONDON ACTIVE SECURITY PRICES AND YIELDS

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

In calculating yields on fixed interest stocks quoted below allowance is made for interest accrued since the last date of payment, less income tax at the standard rate. Where stocks are definitely redeemable at a certain date the yield includes any profit or loss on redemption; where stocks are redeemable at or before a certain date the final date of repayment is taken when the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated by reference to the latest dividends, account being taken of any enhancement or reduction of interim dividends. Allowance is made for accrued dividends in calculating the yield on "cum div." shares.

Prices, Year 1934						Prices, Year 1935						Prices, Year 1935						Prices, Year 1935						Prices, Year 1935						Prices, Year 1935						Prices, Year 1935						Prices, Year 1935						Prices, Year 1935						Prices, Year 1935						Prices, Year 1935						Prices, Year 1935						Prices, Year 1935						Prices, Year 1935						Prices, Year 1935						Prices, Year 1935						Prices, Year 1935						Prices, Year 1935						Prices, Year 1935						Prices, Year 1935						Prices, Year 1935						Prices, Year 1935						Prices, Year 1935						Prices, Year 1935						Prices, Year 1935						Prices, Year 1935						Prices, Year 1935						Prices, Year 1935						Prices, Year 1935						Prices, Year 1935						Prices, Year 1935						Prices, Year 1935						Prices, Year 1935						Prices, Year 1935						Prices, Year 1935						Prices, Year 1935						Prices, Year 1935						Prices, Year 1935						Prices, Year 1935						Prices, Year 1935						Prices, Year 1935						Prices, Year 1935						Prices, Year 1935						Prices, 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Copies of the Chairman's speech in full can be obtained on application to the Secretary, Stag Brewery, Pimlico, S.W.1.

Mr J. C. Denison-Pender, the Governor, who presided, proposed: That the capital of the company be reduced from £53,700,000, divided into £23,219,618 5½ per cent. cumulative preference stock, 280,382 5½ per cent. cumulative preference shares of £1 each, £20,767,077 7½ per cent. non-cumulative "A" ordinary stock, 432,923 7½ per cent. non-cumulative "A" ordinary shares of £1 each, £8,702,782 "B" ordinary stock, and 297,218 "B" ordinary shares of £1 each, to £47,246,593, divided into £16,766,211 5½ per cent. cumulative preference stock, 280,382 5½ per cent. cumulative preference shares of £1 each, £20,767,077 7½ per cent. non-cumulative "A" ordinary stock, 432,923 7½ per cent. non-cumulative "A" ordinary shares of £1 each, £8,702,782 "B" ordinary stock, and 297,218 "B" ordinary shares of £1 each, and that such reduction of capital be effected by cancelling and extinguishing altogether £6,453,407 of the 5½ per cent. cumulative preference stock (being the preference stock which the holders have agreed to sell to the company and the company has agreed to purchase conditionally upon the reduction of capital involved in such sale and purchase being duly resolved upon and confirmed by the Court), together with all dividend accrued thereon and unpaid, the company paying to the holders of such stock the capital (namely £1 in respect of each £1 stock) paid up thereon, together with interest on such capital at the rate of 3 per cent. per annum (less income tax) from July 31, 1935, until the last day of the month in which the confirmation of the Court is obtained.

The resolution was duly carried.

The report and accounts were adopted; the new articles and the capital proposals were approved. The Chairman stated that the proxies were overwhelmingly in favour of the scheme.

A complete analysis of the approximate position of the National Debt on June 30, 1935, appeared in the *Economist* for July 6.

EXPENDITURE	Estimate for the year 1935-36	Total Issues out of the Exchequer to meet Payments			
		April 1, 1935, to Aug. 10, 1935	April 1, 1934, to Aug. 11, 1934	Week ended Aug. 10, 1935	Week ended Aug. 11, 1934
ORDINARY EXPENDITURE					
Interest and Management of National Debt	£ 224,000,000	£ 94,365,689	£ 95,612,395	£ 470,083	£ 434,492
Payments to Northern Ireland Exchequer	6,750,000	1,843,143	2,027,782	230,393	...
Other Consolidated Fund Services	3,700,000	1,179,426	1,014,243	130	...
Post Office Fund	1,130,000	...	...	...	...
Total	235,580,000	97,388,268	98,654,420	700,616	434,492
Total Supply Services (excluding Post Office)	508,440,000	168,697,800	157,165,150	7,438,000	6,478,000
Total Ordinary Expenditure	744,020,000	266,086,068	255,819,570	8,138,616	6,912,492
SELF-BALANCING EXPENDITURE					
Post Office	£ 64,070,000	£ 19,550,000	£ 18,450,000	£ 850,000	£ 600,000
Road Fund	28,230,000	5,880,000	5,750,000	900,000	250,000
Total Self-Balancing Expenditure	90,300,000	25,430,000	24,200,000	1,750,000	850,000
Total	...	291,516,068	280,019,570	9,888,616	7,762,492

The aggregate revenue and expenditure to Aug. 10, 1935, is shown below:—

FINANCIAL YEAR, 1935-36, APRIL 1, 1935, TO AUG. 10, 1935

(000's omitted)

	Revenue	Expenditure
Revenue	203,978	266,086
Gross increase in borrowing	64,734	383
Less:		
New Sinking Fund	2,243*	
Net borrowing	62,491	266,489

* Authority will be sought in the Finance Bills to meet the amount of the Statutory Sinking Funds in 1935 by borrowing.

POSITION OF THE FLOATING DEBT

	Aug. 11, '34	Mar. 31, '35	Aug. 10, '35	Aug. 10, '35
Ways and Means Advances Outstanding	£	£	£	£
Advances by Bank of England	—	—	—	3,750,000
Advances by Public Departments	32,200,000	34,060,000	15,350,000	7,600,000
Treasury Bills Outstanding	832,140,000	799,320,000	895,025,000*	7,575,000
Total Floating Debt	864,340,000	833,380,000	910,375,000	3,775,000

* Includes £3,000, the proceeds of which were not carried to the Exchequer within the period of the Account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £40,000,000 Treasury bills were opened on August 9, 1935, and the total amount applied for was £60,605,000. Tenders were accepted for Treasury bills at three months dated Monday to Friday at £99 17s. 0d., about 67 per cent., and above in full; Saturday at £99 17s. 1d., and above in full. The average rate per cent. was 11s. 9-37d. The amount allotted was £40,000,000. The following table shows the weekly record at various dates:—

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
1933				
January 6	45,000,000	73,830,000	45,000,000	0 16 10-84
July 7	45,000,000	83,890,000	42,000,000	0 10 4-85
October 6	45,000,000	100,450,000	45,000,000	0 12 9-98
1934				
January 5	35,000,000	76,260,000	30,000,000	0 18 11-5
April 6	40,000,000	80,390,000	38,000,000	0 17 9-01
July 6	35,000,000	62,745,000	32,000,000	0 16 4-14
October 5	35,000,000	65,260,000	31,510,000	0 15 9-702
1935				
January 4	30,000,000	49,560,000	27,500,000	0 6 1-64
April 5	40,000,000	76,095,000	40,000,000	0 10 2-93
June 28	40,000,000	64,995,000	40,000,000	0 12 1-53
July 5	40,000,000	60,905,000	40,000,000	0 12 4-32
July 12	40,000,000	61,490,000	40,000,000	0 12 1-60
July 19	40,000,000	67,685,000	40,000,000	0 12 2-84
July 26	40,000,000	56,800,000	40,000,000	0 10 9-77
August 2	40,000,000	61,270,000	40,000,000	0 11 9-73
August 9	40,000,000	60,605,000	40,000,000	0 11 9-37

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended July 27, 1935	595,538	446,653
Week ended August 3, 1935	769,975	570,431
February, 1916, to August 3, 1935	1,233,125,828	971,282,209

At the end of May, 1935, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £392,705,923.

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, August 14, 1935

ISSUE DEPARTMENT

Notes Issued:—	£	Government Debt	£
In Circulation	405,545,797	Other Government Securities	11,015,100
In Banking Department	47,228,699	Other Securities	246,919,391
		Advances	526,626
		Silver Coin	1,538,883
		Amount of Fiduciary Issue	280,000,000
		Gold Coin and Bullion	192,774,496
			452,774,496

BANKING DEPARTMENT

Proprietors' Capital	£	Government Securities	£
Rest	14,553,000	Other Securities	82,044,999
Public Deposits	3,627,399	Advances	15,170,690
Other Deposits	16,717,834	Securities	13,153,805
Bankers' Deposits	£86,274,887	Notes	28,324,495
Other Accounts	£37,020,694	Gold and Silver Coin	47,228,699
	123,295,581		555,621
	158,193,814		158,193,814

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

Both Departments	Amount, Aug. 14, 1935	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	405,545,797	— 6,290,144	+ 21,437,170
Public deposits	16,717,834	— 522,592	+ 6,777,828
Bankers' deposits	86,274,887	+ 3,612,670	+ 3,184,053
Other deposits	37,020,694	— 824,905	+ 296,415
Seven-day bills	—	—	—
Total outside liabilities	545,559,212	— 4,024,971	+ 8,215
Capital and rest	18,180,399	+ 25,857	+ 11,765,491
Government debt and securities	339,979,490	— 5,130,867	+ 96,246
Discounts and advances	15,170,690	+ 1,092,377	+ 9,963,870
Other securities	13,680,431	+ 20,557	+ 2,699,019
Silver coin in issue department	1,538,883	— 7,163	+ 1,874,746
Coin and bullion (bank's reserves)	193,370,117	+ 25,982	+ 1,180,124
Reserves of notes and coin in banking department	47,824,320	+ 6,316,126	— 20,257,046
Proportion of reserve to outside liabilities—			
(a) Banking Department only ("proportion")	34-1%	+ 4-0%	— 11-3%
(b) Gold stocks to deposits and notes ("reserve ratio")	35-4%	+ 0-2%	— 0-6%

Date	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits	Gold in or out of Bank	Bank Rate
1935							
July 17	452,717	399,568	7,883	103,582	38,845	Nil	5%
" 24	452,717	400,810	8,671	100,815	36,807	Nil	5%
" 31	452,774	408,262	24,360	75,080	38,500	58 in	5%
Aug. 7	452,774	411,838	17,240	82,662	37,845	Nil	5%
" 14	452,774	405,546	16,718	86,275	37,021	Nil	5%

Date	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio	Govt. Securities	Dis-counts & Advances	Other Securities	Reserve and the "Proportion"
1935							
July 17	257,838	67	193,239	35	91,886	9,277	35.672
" 24	257,394	968	193,260	35	88,741	10,322	35.672
" 31	257,448	1,018	193,362	35	87,371	10,842	35.672
Aug. 7	257,909	544	193,344	35	87,041	14,078	35.672
" 14	257,934	527	193,370	35	82,045	13,154	35.672

BANKERS' CLEARING RETURNS

LONDON

(000's omitted)

	Town	Metropolitan	Country	Total
1935				
January 1 to July 31	19,322,513	1,114,419	1,874,400	22,311,332
Week ended August 7	514,113	38,845	65,624	618,562
Week ended August 14	539,606	32,225	58,196	630,027
Total to date, 1935	20,376,232	1,185,469	1,998,220	23,559,941
Total to date, 1934	19,080,262	1,104,703	1,860,252	22,045,217
Increase or decrease in 1935	+ 1,295,970	+ 80,766	+ 137,968	+ 1,514,724
	= 6-8%	= 7-3%	= 7-4%	= 6-9%
Total for year 1934	30,740,117	1,759,528	2,984,512	35,484,157
Total for year 1935	27,714,480	1,656,675	2,766,471	32,137,626
Increase or decrease in 1934	+ 3,025,637	+ 102,853	+ 218,041	+ 3,346,531
	= 10-9%	= 6-2%	= 7-8%	= 10-4%

PROVINCIAL

(000's omitted)

		Week ended August 10		Month of July			Aggregate Totals January 1 to August 10	
		1934	1935	1934	1935	Inc. or Dec.	1934	1935
No. of working days :								
BIRMINGHAM	£	£	28	27				
BRADFORD	1,131	1,240	9,973	12,439	%		£	
BRISTOL	627	714	3,485	4,262	+ 24·7		74,592	76,757
DUBLIN	712	731	4,935	5,778	+ 22·2		29,219	28,249
HULL	3,651	3,798			+ 17·0		37,512	37,215
LEEDS	578	594	3,279				164,899	169,348
LEICESTER	448	638	4,093	3,357	+ 2·3		23,247	23,419
LIVERPOOL*	296	346	2,844	3,172	+ 16·2		29,860	29,607
MANCHESTER	4,942	4,123	27,638	26,373	+ 11·5		20,410	19,217
NEWCASTLE	7,298	7,586	45,255	45,292	- 4·6		191,208	191,623
NOTTINGHAM	1,126	957	6,261	6,080	- 2·8		308,058	311,093
SHEFFIELD	258	359	1,986	2,299	+ 15·7		47,828	43,201
	536	546	3,595	4,036	+ 12·2		14,189	15,136
							26,691	27,012
	21,598	21,632	110,364	117,848	+ 6·7		967,811	965,971

* Restricted area from April 1, 1935.

† Extends to 28 days.

* Restricted area from April 1, 1935. † Extended area from November 26, 1934.

The Westminster Bank announce that new branches have been opened at 20, Station Parade, Bramley Road, Southgate, N.14, and 40, Goring Road, West Worthing.

The Midland Bank announce that a new branch is to be opened at 16A Curzon Street, Mayfair. The hours of business will be those customary in the London/postal area.

Mr George Hilt Tulloch, a partner in a Dublin firm of accountants, was on August 14th elected governor of the Bank of Ireland in succession to the late Sir Linard Goulding.

OVERSEAS BANK RETURNS

NOTE.—The latest return of the Bank of Canada, in June 1. Danzig, in July 6. Roumania, in July 20. Lithuania, in July 27. Poland, in August 3. International Settlements, Federal Reserve Members, Egypt, New Zealand, Turkey, Finland, Sweden, Denmark, Portugal, in August 10.

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

	Aug. 16, 1934	July 25, 1935	Aug. 1, 1935	Aug. 8, 1935	Aug. 15, 1935
RESOURCES					
Gold Certificates on hand and due from the Treasury	4,961,370	6,226,000	6,224,120	6,288,610	6,365,770
Total reserves	5,210,140	6,513,250	6,515,170	6,549,130	6,624,280
Total cash reserves	224,460	265,500	269,230	238,940	266,960
Total bills discounted	20,210	6,110	6,570	6,300	6,150
Bills bought in open market	5,200	4,670	4,690	4,680	4,690
Total bills on hand	25,410	10,780	28,350	29,100	29,150
Industrial advances	2,431,460	2,430,230	2,430,210	2,430,330	2,430,200
Total U.S. Govt. securities	2,457,500	2,469,380	2,469,820	2,470,410	2,470,200
Total bills and securities	8,265,160	9,558,340	9,555,620	9,573,160	9,739,790
Total resources	13,475,300	16,071,590	16,079,990	16,261,800	16,424,270
LIABILITIES					
Federal Reserve notes in actual circulation	3,102,370	3,242,240	3,261,620	3,303,110	3,321,030
Federal Reserve Bank notes in circulation	32,650	—	—	—	—
Deposits—Memberbank	4,064,270	4,944,600	5,099,620	5,114,720	5,254,280
Reserve account	282,080	125,980	112,810	112,810	112,810
Government deposits	4,333,570	5,491,760	5,478,440	5,480,930	5,538,760
Total deposits	284,810	312,810	313,110	314,170	314,180
Capital paid in and surplus	8,265,160	9,558,340	9,555,620	9,578,160	9,739,790
Total liabilities	16,071,590	16,071,590	16,079,990	16,261,800	16,424,270
Ratio of total reserves to deposit and Federal Reserve note liabilities combined	70-1%	74-6%	74-5%	74-6%	74-8%

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

	Aug. 16, 1934	July 25, 1935	Aug. 1, 1935	Aug. 8, 1935	Aug. 15, 1935
Total gold reserves	1,796,290	2,563,360	2,650,170	2,677,130	2,725,950
Total bills discounted	11,650	3,770	3,530	3,770	3,290
Bills bought in open market	1,930	1,790	1,800	1,800	1,810
Total U.S. Govt. securities	777,750	744,320	744,320	739,320	739,320
Total bills and securities	13,376,000	13,376,000	13,376,000	13,376,000	13,376,000
Deposits—Memberbank	1,688,710	2,151,100	2,411,310	2,415,270	2,498,030
Reserve account	—	—	—	—	—
Ratio of total res. to dep. and Federal Res. note liabilities combined	72-1%	79-2%	79-6%	79-9%	80-1%

AUSTRALIAN COMMONWEALTH BANK.—In £'s (000's omitted).

	July 8, 1935	July 15, 1935	July 22, 1935	July 29, 1935	Aug. 5, 1935	Aug. 12, 1935
ASSETS						
Gold and English sterling	15,994	15,994	15,994	15,994	15,994	15,994
Other coin, bullion and cash	6,473	6,590	6,433	6,586	6,473	6,433
Money at short call—London	17,137	18,608	17,800	17,279	17,223	16,757
Conversion funds in London	5,782	5,163	5,356	5,356	5,356	5,356
Short-term loans	70,886	70,886	70,886	70,886	70,886	70,886
Securities	6,818	6,810	7,038	7,072	7,145	6,972
Discounts and advances	4,314	4,742	4,779	4,594	4,531	4,181
Other assets	—	—	—	—	—	—
LIABILITIES						
Notes issued	47,044	47,044	47,044	47,044	47,044	47,044
Reserve premium on gold	3,896	3,896	3,896	3,896	3,896	3,896
Deposits	68,087	69,423	68,592	73,607	68,269	67,654
Other liabilities	2,856	2,933	2,946	2,921	2,951	2,898

MONTHLY STATEMENT OF LONDON CLEARING BANKS

(000's omitted)

Average Weekly Balances JULY, 1935	Barclays Bank, Limited	Coutts and Co.	Glyn, Mills and Co.	Lloyds Bank, Limited	Martins Bank, Limited	Midland Bank, Limited	National Bank, Limited	National Provincial Bank, Limited	West- minster Bank, Limited	Williams Deacon's Bank, Limited	Aggre- gate
ASSETS											
Coin, bank notes and balances with the Bank of England.....	45,824	1,926	3,597	45,991	8,886	45,133	3,199	29,201	32,327	3,342	219,426
Balances with and cheques in course of collection on other banks in Great Britain and Ireland.....	9,468	709	871	8,581	2,263	9,067	215	6,320	8,637	1,473	47,604
Items in transit.....	26,348	3,787	5,855	25,976	4,165	23,933	4,555	22,165	22,195	6,261	3,542
Money at call and short notice ..	51,445	1,970	47,769	9,953	67,500	1,658	41,477	50,571	983	273,683	145,240
Bills discounted.....	105,628	7,913	14,304	116,234	34,643	119,951	16,142	88,476	102,535	9,380	615,206
Advances to customers and other accounts.....	158,901	8,469	11,899	140,469	30,474	171,866	15,134	112,964	112,190	12,334	774,700
Liabilities of customers for accept- ances, endorsements, etc.....	7,224	781	1,556	32,596	5,353	16,250	102	6,614	25,087	1,848	97,411
Bank premises account.....	7,720	412	740	7,840	2,835	10,453	741	7,426	5,485	1,018	44,670
Investments in affiliated banks and subsidiary companies.....	7,223	...	...	4,986	...	7,423	...	2,514	2,993	...	25,139
	419,781	25,967	39,179	433,418	99,138	471,576	41,746	317,157	362,020	36,639	2,246,621
LIABILITIES											
Capital paid up.....	15,858	1,000	1,060	15,810	4,160	14,248	1,500	9,479	9,320	1,875	74,310
Reserve fund.....	10,250	1,000	530	8,500	3,000	11,500	1,080	8,000	9,320	800	53,980
Current, deposit and other ac- counts.....	386,449	23,186	35,768	376,506	86,608	429,578	37,757	293,064	318,279	32,116	2,019,311
Acceptances, endorsements, etc.....	7,224	781	1,556	32,596	5,353	16,250	102	6,614	25,087	1,848	97,411
Notes in circulation.....	...	...	...	6	...	...	1,307	...	14	...	1,344
Reduction of bank premises ac- count.....	...	...	265	...	...	...	...	...	...	...	265
	419,781	25,967	39,179	433,418	99,138	471,576	41,746	317,157	362,020	36,639	2,246,621

* Includes an amount of Treasury bonds and first class securities maturing within six months.

NATIONAL BANK OF HUNGARY.—In Hungarian Pengő

(000's omitted).

Assets	Aug. 7, 1934	July 15, 1935	July 23, 1935	July 31, 1935	Aug. 7, 1935
Gold reserve—					
Gold coin and bullion.....	78,932	78,936	78,936	78,936	78,936
Foreign Exchange.....	14,108	18,644	18,126	17,239	17,711
Token money.....	15,258	12,280	13,063	9,979	9,742
Inland bills, warrants and securities.....	539,300	468,657	487,329	502,889	491,109
Advances to Treasury.....	47,400	65,796	65,796	65,796	65,741
LIABILITIES					
Share capital (gold crowns 30,000,000*).....	34,756	34,756	34,756	34,756	34,756
Notes in circulation.....	348,967	330,014	318,561	375,817	357,114
Current accounts, deposits, etc.....	51,848	94,959	106,839	78,204	87,757
Cash certificates.....	117,222	109,065	109,065	109,065	109,065
Other liabilities.....	176,183	152,112	151,935	155,578	153,273

* Calculated at pre-war parity of exchange.

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K.

(000's omitted).

Assets	Aug. 7, 1934	July 15, 1935	July 23, 1935	July 31, 1935	Aug. 7, 1935
Gold.....	2,683,146	2,692,641	2,692,953	2,693,203	2,693,434
Balances abroad and foreign currency.....	27,356	308,636	290,020	261,972	248,338
Discounts and advances.....	1,551,075	1,001,787	998,062	948,779	994,267
State notes debt balance.....	2,121,298	2,069,528	2,068,887	2,068,041	2,066,381
Other assets.....	711,240	1,119,861	1,156,793	1,152,110	1,158,995
LIABILITIES					
Bank notes in circulation.....	5,299,288	5,542,761	5,225,241	5,454,093	5,529,750
Check account balances.....	968,235	827,471	1,109,047	787,401	719,136
Other liabilities.....	356,582	353,432	403,839	414,023	443,941

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

Assets	Aug. 8, 1934	July 22, 1935	July 31, 1935	Aug. 8, 1935
Cash reserve:—				
Gold at home and abroad.....	1,800,555	1,347,954	1,341,259	1,337,563
Foreign exchange.....	103,804	29,296	25,364	27,660
Other foreign exchange.....	34,274	202,809	214,930	223,816
Bills and advances against security.....	1,820,527	1,768,740	1,765,937	1,761,095
Government advances.....	1,719,449	1,691,897	1,692,039	1,692,146
LIABILITIES				
Notes in circulation.....	4,177,169	4,414,738	4,513,239	4,502,076
Sight deposits.....	1,178,319	1,404,545	1,311,310	1,328,137
Time deposits.....	861,294	249,050	246,350	247,000

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

Assets	July 31, 1934	July 7, 1935	July 15, 1935	July 23, 1935	July 31, 1935
Gold and silver holdings.....	1,546,675	1,582,875	1,582,875	1,582,875	1,582,875
Balances abroad and foreign currencies.....	96,821	306,358	279,235	220,376	198,030
Discounts and advances.....	973,854	890,298	884,455	889,432	881,144
Advances to the Treasury.....	2,782,525	2,697,817	2,697,817	2,697,817	2,697,817
LIABILITIES					
Reserves.....	1,237,806	1,259,235	1,259,235	1,259,245	1,258,802
Bank notes in circulation.....	2,509,223	2,178,126	2,100,720	2,073,628	2,133,178
Sight liabilities.....	1,731,289	2,075,746	2,121,201	2,036,911	2,014,966
Deposits.....	143,898	128,635	128,635	128,622	128,622

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

Assets	July 31, 1934	July 7, 1935	July 15, 1935	July 23, 1935	July 31, 1935
Gold and gold exchange.....	3,511,914	3,512,047	3,512,122	3,508,566	3,498,832
State Gold Bonds.....	640,507	675,035	675,035	675,035	675,035
Bills discounted.....	230,117	270,809	272,249	273,682	280,089
Advances.....	1,549,506	2,651,458	2,727,316	2,548,268	2,703,484
Debt to the State.....	2,714,111	2,714,111	2,714,111	2,714,111	2,714,111
LIABILITIES					
Notes in circulation.....	5,143,389	5,495,084	5,441,315	5,333,507	5,365,683
Deposits and current ac- counts.....	3,523,368	3,821,348	3,869,653	3,793,425	3,883,317
Foreign exchange liabilities.....	105,225	108,351	104,832	108,382	95,520

BANK OF ESTONIA.—In Kronas (000's omitted).

Assets	July 31, 1934	July 7, 1935	July 15, 1935	July 23, 1935	July 31, 1935
Gold coin and gold bullion.....	19,944	19,935	19,935	19,935	19,935
Net foreign exchange.....	20,490	32,799	32,797	32,803	32,816
Subsidiary Estonian coin.....	9,114	1,017	1,350	1,728	2,064
Home bills discounted.....	1,576	3,482	3,502	3,378	3,402
Loans and advances.....	7,749	6,399	6,306	6,112	6,061
LIABILITIES					
Notes in circulation.....	5,584	3,173	3,293	3,208	3,874
Sight deposits and current accounts.....	32,815	35,114	34,696	36,969	36,466
Ratio of reserve to current liabilities.....	14,465	21,493	22,850	21,120	22,719
	62.61%	59.74%	59.34%	59.44%	58.93%

* Includes Kronas 1,824 guaranteed by the Government.

BANK OF LATVIA.—In lats (gold francs) (000's omitted).

Assets	Aug. 6, 1934	July 8, 1935	July 15, 1935	July 22, 1935	July 29, 1935	Aug. 5, 1935
Gold bullion and coin.....	18,723	46,380	46,381	46,382	46,382	46,384
Silver coin.....	16,220	16,336	16,310	16,366	16,346	16,346
Balance abroad.....	4,647	5,714	5,714	5,714	5,714	5,714
Treas. notes and small change.....	18,492	13,987	13,987	13,987	13,987	13,987
Short-term bills.....	63,083	55,226	55,182	54,891	54,891	54,891
Loans against securities.....	61,770	64,941	64,915	63,891	62,133	61,297
LIABILITIES						
Notes in circulation.....	31,337	33,923	33,931	33,109	32,722	32,395
Capital paid up.....	20,426	20,822	20,822	20,822	20,822	20,822
Reserve.....	5,029	5,187	5,187	5,187	5,187	5,187
Deposits.....	18,631	20,168	20,167	20,144	20,150	20,137
Current accounts.....	93,193	91,243	92,513	92,444	92,178	92,461
Government accounts.....	53,897	44,548	42,345	41,979	41,168	40,150

BANK OF JAPAN.—In yen (000's omitted).

Assets	July 21, 1934	June 22, 1935	June 29, 1935	July 6, 1935	July 13, 1935	July 20, 1935
Gold coin and bullion.....	456,417	480,839	482,018	482,831	483,817	484,404
Other coin and bullion.....	48,214	44,849	44,415	44,462	44,711	44,947
Discounts.....	582,189	583,744	550,253	558,578	558,155	580,990
Advances.....	83,862	92,426	116,113	117,202	128,169	129,132
Advances on foreign bills.....	70,820	62,730	64,812	64,812	64,812	64,812
Govt. bonds.....	471,570	453,472	458,998	458,998	458,998	458,998
LIABILITIES						
Notes.....	1,097,922	1,113,697	1,376,246	1,376,246	1,376,246	1,376,246
Govt. deposits.....	381,959	381,959	381,959	381,959	381,959	381,959
Other deposits.....	61,169	61,169	61,169	61,169	61,169	61,169

LONDON MONEY RATES

Bank rate (changed from 2½% June 30, 1932).....	Aug. 8, 1935	Aug. 9, 1935	Aug. 10, 1935	Aug. 12, 1935	Aug. 13, 1935	Aug. 14, 1935	Aug. 15, 1935
Market rates of discount—							
60 days' bankers' drafts.....	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½
3 months' do.....	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½
4 months' do.....	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½
6 months' do.....	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½
Discount Treasury Bills—							
2 months'.....	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½
3 months'.....	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½
Loans—Day-to-day.....	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½
Short.....	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½
Deposit allowances: Bank.....	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½
Discount houses at call.....	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½
At notice.....	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½

Comparison with previous week—

Short Loans	Bank Bills			Trade Bills		
	3 Months	4 Months	6 Months	3 Months	4 Months	6 Months
1935						
July 18	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½
Aug. 1	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½
Aug. 15	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½

LONDON RATES OF EXCHANGE

I.—Spot Rates (Range of the day's business)

London on	Par of Exch. per £	Aug. 9, 1935	Aug. 10, 1935	Aug. 12, 1935	Aug. 13, 1935	Aug. 14, 1935	Aug. 15, 1935
New York, \$.....	14.94	4.961-961	4.961-961	4.961-961	4.971-971	4.971-971	4.981-981

COMMONWEALTH OF AUSTRALIA AND DOMINION OF
NEW ZEALAND

	London on Australia and New Zealand						Australia and New Zealand on London*				
	Buying			Selling			Buying		Selling		
	Australia	New Zealand		Australia (any Mail)	New Zealand (any Mail)		Australia	New Zealand	Australia (any Mail)	New Zealand	
T.T.	Air Mail	Ord. Mail	Air Mail	Ord. Mail	125	124	125	Ord. Mail	124	125½	124½
Sight.....	126½	126½	125½	125½	125½	124½	Air Mail	124½	124½	123½	125½
30 days...	126½	126½	125½	125½	125½	124½	124½	124½	123½	125½	124½
60 days...	127½	127½	126½	126½	126½	124½	124½	124½	123½	125½	124½
80 days...	127½	127½	126½	127	126½	124½	124	123½	122½	125½	124½

* All rates (Australian and New Zealand) now based on £100—LONDON

The following statistics of imports and exports of gold and silver for week ended August 15, 1935, are issued by the Statistical Department of H.M. Customs and Excise:—

Gold Imported into Great Britain and Northern Ireland, week ended August 15, 1935			Gold Exported from Great Britain and Northern Ireland, week ended August 15, 1935		
From	Bullion*	Coins†	To	Bullion*	Coins†
Br. West Africa ...	£ 90,395	£ ...	Palestine	£ 2,825	£ ...
Br. South Africa ...	1,420,953	...	Sweden	509,811	...
Kenya	9,820	...	Germany.....	17,000	...
Mauritius and De- pendencies	2,085	328	Netherlands	147,300	2,37
Aden and Depend- encies	1,090	...	France	117,767	11,07
Br. India	3,650,770	...	Switzerland	...	2,45
Br. Malaya	27,817	...	Austria	2,800	...
Hong Kong	42,940	...	U.S.A.	769,651	...
Australia	37,382	206	Other countries ...	501	30
Germany	9,720	1,700			
Netherlands	22,706	...			
Belgium	17,080	...			
France	28,533	80,511			
Switzerland	11,092	1,165			
Egypt	2,862	...			
Iraq	892	...			
Venezuela	14,792	...			
Other countries	974	...			
Total	5,392,103	83,910	Total	1,567,655	16,20

Silver Imported into Great Britain and Northern Ireland, week ended August 15, 1935			Silver Exported from Great Britain and Northern Ireland, week ended August 15, 1935		
From	Bullion*	Coins†	To	Bullion*	Coins†
	£	£		£	£
Br. West Africa ...	...	2,051	Palestine	...	15,000
Mauritius and Dependencies ...	1,196	...	Netherlands	...	5
Aden and Dependencies ...	1,582	12,447	France	431	...
British Malaya ...	5,610	801	U.S.A.	750,660	...
Hong Kong	...	2,040	Other countries ...	1,085	50
Australia	21,702	367			
Soviet Union	35,200	...			
Poland	...	21,300			
Germany	80	...			
Netherlands	15,882	...			
Java	9,807	...			
Belgium	20,013	3,904			
France	19,852	176			
French Somaliland	...	41,520			
Egypt	9,332	...			
Iraq	1,454	38,319			
Japan	504,377	...			
U.S.A.	478	10,789			
Other countries ...	300	984			
Total	646,865	134,498	Total	752,176	15,500

* At current market price

† at par.

GOLD			SILVER		
ARRIVALS			WITHDRAWALS		
1935	£	1935	£		
Aug. 9	Ni	Aug. 9	Ni		
" 10	Ni	" 10	Ni		
" 11	Ni	" 12	Ni		
" 12	Ni	" 13	Ni		
" 13	Ni	" 14	Ni		
" 14	Ni	" 15	Ni		
" 15	Ni				
	Ni				
		Total	Ni		

Total	Nil
Movement August 9, 1935, to August 15, 1935 (inclusive).....	£1,570,994 4
Movement during year 1934	£469 828 1
Movement during 1935 (January 1 to August 15, 1935, inclusive).....	£24,410,968 8
Movement April 29, 1925, to August 15, 1935 (inclusive).....	
Movement September 21, 1931 (gold standard suspended), to August 15, 1935 (inclusive)	£58,816,421 1

Messrs Samuel Montagu and Company write on August 14 1935, as follows:—

The Bank of England would reserve against notes amounted to £192,774,457 on Tuesday, showing no change as compared with the previous week.

Larger supplies of £2,500,000 have been offered this week in the market—altogether £1,750,000 having been dealt in. In

consequence the premium over the gold exchanges has narrowed, to-day's price being practically on the parity of the Bank of France's buying price.

Quotations during the week :—

	Per fine ounce	Equivalent value of £ sterling
August 8	140s. 6d.	12s. 1-12d.
" 9	140s. 5½d.	12s. 1-16d.
" 10	140s. 5d.	12s. 1-20d.
" 12	140s. 5d.	12s. 1-20d.
" 13	140s. 3½d.	12s. 1-33d.
" 14	140s. 1d.	12s. 1-55d.
Average	140s. 4-33d.	12s. 1-26d.
August 15	140s. 1d.	12s. 1-55d.

The s.s. "Rawalpindi," which sailed from Bombay on the 10th inst., carries gold to the value of about £323,000, of which £150,000 is consigned to London and £173,000 to New York.

fine ounces as compared with 889,026 fine ounces for June, 1935, and 876,094 fine ounces for July, 1934.

The steady sequence of prices was broken on the 12th inst. when prices eased a d., being fixed at 30 d. for cash and 30 a d. for two months' delivery, the American Treasury only being willing to acquire silver at this price. Although the decline in itself was small, the fact that America had now maintained the previous level caused further nervousness and large offerings were made by Indian Bazaar and speculative bulls, whilst in addition there was selling on China account.

Yesterday in the face of further heavy offerings, America again showed reluctance, with the result that there was another set-back, prices falling to 29 $\frac{1}{2}$ d. for both deliveries. Similar conditions prevailing to-day, prices fell sharply to 29 $\frac{1}{2}$ d., at which figure America secured a large amount.

The market is uncertain and depends, of course, upon the attitude of the American Treasury, whose buying price may, in some measure, be influenced by the dollar/sterling exchange.

Quotations during the week :—

IN LONDON

IN NEW YORK

ente

		Two Months'		One	
		delivery	delivery	month's	
August 8	.....	30 $\frac{3}{4}$ d.	30 $\frac{1}{4}$ d.	August 7	.....
" 9	.....	30 $\frac{3}{4}$ d.	30 $\frac{1}{4}$ d.	" 8	.....
" 10	.....	30 $\frac{3}{4}$ d.	30 $\frac{1}{4}$ d.	" 9	.....
" 12	.....	30 $\frac{3}{4}$ d.	30 $\frac{1}{4}$ d.	" 10	.....
" 13	.....	29 $\frac{1}{2}$ d.	29 $\frac{1}{2}$ d.	" 12	.....
" 14	.....	29 $\frac{3}{4}$ d.	29 $\frac{3}{4}$ d.	" 13	.....
Average	.....	29.968d.	30.010d.		
August 15	.....	29d.	28 $\frac{1}{2}$ d.		

The highest rate of exchange on New York recorded during the period from the 8th inst. to the 14th inst. was \$4.98½ and the lowest \$4.96½.

Stocks in Shanghai on the 10th inst. consisted of about 276,000,000 dollars and 44,600,000 ounces in bar silver, showing no change as compared with last week's figures.

(b) Week ended August 9, 1935 (c) Week ended August 10, 1935		Miles Open	week ended August 11, 1935 (£000)						Aggregate Gross Receipts 1935 compared with 1934 32 weeks (£000)					
			Passen- ger, &c.	Merchandise, &c.	Coal and Coke	Total Goods	Total Receipts	Passen- ger, &c.	Merchandise, &c.	Coal and Coke	Total Goods	Total Receipts		
Great Western	1935 3,749 1934 3,749	357 122	£ 62	£ 174	£ 531	£ 6,527	£ 7,726	£ 8,818	£ 15,344	£ 15,344				
(c) L. & N. Eastern	1935 6,336 1934 6,336	519 249	£ 181	£ 514	£ 942	6,415	5,662	3,117	8,779	15,191				
L. M. & Scottish	1935 9,953 1934 9,953	490 253	£ 172	£ 485	£ 942	10,101	9,771	10,818	16,759	28,869				
Southern	1935 2,971 1934 2,176	771 346	£ 145	£ 488	£ 1,251	9,815	9,781	7,171	16,852	26,866				
		735 448	£ 109	£ 1,239	£ 1,543	15,241	14,948	7,193	21,235	36,944				
		444 53	£ 20	£ 65	£ 543	9,522	9,825	3,236	12,758	26,484				
						9,272	2,038	879	2,860	12,288				
Total	1935 19,811 1934 19,802	2125 762	£ 388	£ 1,150	£ 3,275	41,823	31,521	18,200	49,742	91,566				
		2027 773	£ 412	£ 1,185	£ 3,187	40,743	31,521	18,460	49,987	90,753				
(b) Belfast & C. Down	1935 80 1934 80	4 2	£ 0	£ 0	£ 0	...	...	...	...	...				
(b) Great Northern	1935 543 1934 562	18 8	£ 0	£ 25	£ 41	82.7	...	...	16.0	98.8				
(b) Great Southern	1935 2,124 1934 2,158	45.4 41.1	£ 25 £ 24	£ 75 £ 65	£ 176	314.7	...	...	288.6	582.8				
						771.4	...	...	274.1	688.2				
						756.7	...	...	1084.3	1855.5				
						1010.2	...	...	1010.2	1855.5				

COMPARISONS WITH CORRESPONDING PERIOD OF PREVIOUS YEAR

	Great Western	L.M.S.	L.N.E.R.	Southern
Second half-year 1934, compared with second half-year, 1933:	£	£	£	£
Gross increase or decrease	+ 148	+ 659	+ 528	+ 168
First half-year 1935, compared with first half-year 1934:				
Gross increase or decrease	+ 78	+ 299	- 26	+ 8
Second half-year 1935, compared with second half-year, 1934:				
6 weeks to August 11, 1935 ...	+ 73	+ 169	+ 119	+ 115
Weekly average second half 1935	+ 12½	+ 28½	+ 19½	+ 16½
Latest week 1935 compared with 1934	+ 17	+ 28	+ 17	+ 26

		Compared with corresponding period of
	*Takings	last year
Week ending August 10, 1935	£538,600	+ 17,100
Aggregate 6 weeks ending August 10, 1935.....	£3,270,100	+ 68,000

* For an explanation of the manner in which the figures are made up, see the *Economist*, March 17, 1934, page 610.

Note.—The receipts this year include receipts of bus and coach undertakings not absorbed by London Transport in the corresponding period of last year. In order to make a comparison with the previous year, the figures for that year have been adjusted on the basis of the best information available.

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week		Gross Aggregate Receipts	
				1935	+ or -	1935	+ or -
INDIAN							
		1935		Rs.	Rs.	Rs.	Rs.
Assam Bengal	16	July 20	1,330	\$44,41,300	- 66,72s	48,14,169	- 10,01,38s
Barsi Lt. Ry.	20	292		136,600	+ 13,70s	6,76,500	- 14,80s
Bengal & N. Western	16	20	2,114	18,03,245	- 32,82s	1,09,72,005	- 5,03,96s
Bengal-Nagpur	14	19	3,568	20,81,000	+ 1,05,35s	2,40,42,667	+ 9,18,04s
Bombay, Bar. & C.I.	17	31	3,072	\$23,41,000	- 3,97,000	3,64,93,000	- 2,72,000
Madras & S. Mahr.	20	3,230		11,90,000	- 2,58,87s	2,27,87,026	- 26,33,29s
Rohilla & Kumaon	16	20	546	\$1,34,705	- 14,203	21,34,081	- 98,17
South Indian	16	20	2,526	\$14,99,534	+ 39,870	1,70,46,713	- 3,36,12
† 11 days.				† 10 days.			

		1935		\$	\$	\$	\$
Canadian National.	31	Aug. 7	23734	3,155,014	+ 269,400	98,184,728	+ 1,809,09
Canadian Pacific ...	31	7	17211	2,404,000	+ 18,000	70,062,000	- 252,00

		1935		£	—	£	—	£	—
Antofagasta (Chili and Bolivia).....	32	Aug. 11	830	9,050	—	6,580	—	382,490	—
				130,600	—	2,300	—	805,300	—
Argentine N.E.	6	10	753	7,673	—	22	—	47,319	—
				126,000	—	39,000	—	7,421,000	—
B.A. and Pacific	6	10	2,806	23,031	—	3,637	—	408,157	—
B.A. Central	4	July 27	...	128,300	—	2,200	—	490,050	—
B.A. Gt. Southern	6	Aug. 10	5,085	1,993,000	—	197,000	—	11,512,000	—
				117,098	—	8,981	—	676,445	—
B.A. Western	6	10	1,930	172,000	—	74,000	—	4,065,000	—
				142,856	—	5,400	—	238,859	—
Central Argentine .	6	10	3,700	2,026,130	—	12,446	—	130,240	—
Central Uruguayean	6	10	273	£119,075	—	19,353	—	731,362	—
C. Urg. (En. Ext.) ..	6	10	311	77,587	—	9,372	—	51,268	—
C. Urg. (N. Ext.) ..	6	10	185	71,163	—	585	—	8,010	—
C. Urg. (W. Ext.) ..	6	10	211	957	—	219	—	6,817	—
				1,803	—	3,871	—	1,745	—
Cordoba Central.....	6	10	1,218	£573,000	—	46,000	—	3,494,000	—
				233,670	—	1,970	—	205,320	—
Entre Rios	6	10	810	199,300	—	21,800	—	1,211,900	—
				£11,710	—	1,492	—	71,210	—
G. Westn. of Brazil	32	10	1,082	5,000	—	67,000	—	242,500	—
Leopoldina.....	32	10	1,918	M-20,225	—	8,759	—	528,744	—
				22,205	—	8,759	—	128,778	—
Leopoldina Termn.	32	10	...	M-317,000	—	19,000	—	9,416,000	—
Nitrate	7	July 31	401 A	7,811	—	3,169	—	88,805	—
Paraguay Central..	6	Aug. 10	274	£1,424,000	—	46,000	—	9,768,000	—
Salvador.....	6	July 27	100	\$1,024,293	—	77,856	—	1,307,000	—
				100	—	363,000	—	63,010,000	—
San Paulo	31	Aug. 4	153 A	£22,925	—	3,130	—	792,351	—
				16,992	—	862	—	111,512	—
United of Havana.	6	10	1,365	22,992	—	862	—	67,000	—

* Converted at average official rate during week ended Aug. 3—17.02 pesos to the U.S. dollar.
 n Nominal. o Free market rate. † Months. ‡ Receipts in Argentine Pesos.
 a Comparative figures for 1934 converted at official rate ruling in 1935.
 f Converted at the "free" rate as a result of a decision of the High Court.

		1935	£ ...	£	£	£
Egyptian Delta Light Railways..	16	July 20	623	\$5,524	+ 389	58,038 -
Egyptian Markets..	32	Aug. 8	104	1,381	+ 3	51,880 -
Gr.Southn.of Spain	31	3	104	Ps.41,472	- 7,084	363,174 -
Mexican Railway...	32	7	483	\$236,000	+ 29,600	1,334,800 +

		1935					
Anglo-Argentine ...	32	Aug. 12	328	\$623,554	+ 14,448	20,067,230	+ 645,757
B. Aires Lacroze ...	4	July 28	...	\$61,081	- 250	256,710	+ 10,272
Burnley, Colne and Nelson J. C. Trspt.	1	Aug. 10	76	5,752	+ 687	...	...
Calcutta Trways ...	1	Aug. 10	...	Rs. 1,23,889	+ 4,857	...	...
Canal of Thanes Est.	30	July 31	...	4,785	+ 411	97,174	+ 6,785
Liverpool Corp.,.....	17	Aug. 7	...	£30,747	+ 1,630	542,888	+ 9,810
Madras Electric ...	71	July 31	...	Rs. 52,743	+ 1,259	7,48,890	+ 17,710

Company	Months	Ending	Description	Receipts for Month		Receipts to Date	
				1935	+ or -	1935	+ or -
Algoma Central.....	6	June 30	Gross	\$141,988	+ 1,949	697,329	+ 46,03
Bilbao River and Cantabrian	7	July 31	Gross	£1,129	- 1,393	11,034	- 1,9
Costa Rica	12	June 30	Gross	£15,519	+ 4,778	191,757	+ 26,36
Dorada	7	July 31	Gross	£13,600	- 3,600	80,400	- 10,20
Dorada (Ropeway) ..	7	July 31	Gross	£5,500	+ 1,800	32,400	+ 90
La Guaira Harbour ...	1	July 31	Gross	£12,093	- 1,739		
Mexican Light & Power	6	June 30	Gross	Can. \$ 645,470	+ 40,385	3,797,702	- 384,5
			Net	Can. \$ 173,456	- 54,310	1,079,023	- 432,8
Midland of W. Australia	12	June 30	Gross	£11,739	- 29,232	159,573	+ 1,36
Rangoon Electric Tramway and Supply	6	June 30	Gross	Rs. 4,56,534	- 16,027	27,53,978	+ 74,8
			Net	Rs. 2,28,607	- 2,530	13,54,630	+ 1,40,3
Shanghai Electric	7	July 31	Gross	\$325,408	- 19,124	2,85,412	- 75,3
Singapore Traction ...	10	July 31	Gross	\$185,000	+ 67,000	1,678,000	+ 570,0
State of Bahia S. West.	3	July 31	Gross	£3,09	- 1,335	7,239	- 3,0

Note.—Value of gold calculated at £7 0s. 6d. per ounce in all cases.

The Johnnies Group	Tons milled, July, 1935	Estimated Value, July, 1935		Estimated Costs per ton, July, 1935	Estimated Profit, including Sundry Revenue July, 1935	June, 1935 Profit at £7 1s. per fine ounce
		Gross	Per ton			
Government Areas (Modderfontein)	220,000	£ 520,052	s. d. 47 3	s. d. 17 4	£ 333,043	£ 301,106
Langlaagte Estate ...	99,000	113,689	23 0	17 2	30,173	30,238
New State Areas	122,000	288,376	44 0	18 0	160,149	155,401
Randfontein Estates	372,000	447,292	24 1	17 0	134,840	133,022
Van Ryen Deep	104,000	143,333	77 8	18 6	48,173	48,022
Witwatersrand	85,000	92,762	21 10	19 0	13,513	13,620
Totals	1,002,000	1,585,504	...	17 6	719,891	681,410

Anglo-American Corporation Group	Tons Milled, June, 1935	Total Revenue, June, 1935	Working Costs, June, 1935 Per ton	Profit, May, 1935	Profit, June, 1935	Profit, July, 1935
Brakpan Mines	136,000	244,067	134,178	108,470	106,634	109,889
Daggafontein Mines, Ltd.	121,500	246,658	119,577	126,066	126,549	127,081
Springs Mines, Ltd.	113,500	239,554	110,060	149,013	149,065	149,494
West Springs, Ltd.	103,000	111,276	76,328	29,219	31,487	34,943

The Central Mining Company Rand Mines Group	Tons Crushed, July, 1935	Yield in Fine Gold Ounces, July, 1935	Value, July, 1935	Profit, July, 1935	Working Cost per ton July, 1935
City Deep, Ltd.	105,000	20,125	£ 141,663	£ 24,251	s. d. 22 4.4
Consolidated Main Reef Mines and Estate, Ltd.	125,500	26,027	182,988	50,508	21 1.3
Crown Mines, Ltd.	346,000	83,725	589,083	270,566	18 4.9
Durban Roodepoort Deep, Ltd.	53,500	12,032	81,613	19,205	24 5.4
East Rand Proprietary Mines, Ltd.	200,000	44,081	310,093	95,895	21 5.6
Goldfields Deep, Ltd.	85,300	12,610	88,740	15,147	16 8.0
Modderfontein B. Gold Mines, Ltd.	90,000	15,526	108,569	45,587	13 11.8
Modderfontein East, Ltd.	109,000	21,394	150,347	53,543	19 4.4
New Modderfontein Gold Mining Co., Ltd.	195,000	46,813	329,624	193,605	13 11.4
Nourse Mines, Ltd.	78,000	17,133	120,525	29,523	23 4.4
Rose Deep, Ltd.	68,000	10,685	75,205	11,643	18 8.8

General Mining Group	Tons Milled, July, 1935	Total Revenue, July, 1935	Estimated Costs per ton, July, 1935	Profit, May, 1935	Profit, June, 1935	Profit July, 1935
Van Ryn Gold Mines	62,000	64,230	s. d.	14,119	24,185	14,143
West Rand Consolidated ...	154,000	216,585	16 8	92,026	90,006	90,013

(s) Profit includes £10,500 in respect of farm and other estate revenue for the financial year to June 30, 1935.

Gouldfields Group	Tons crushed, July, 1935	Yield, July, 1935	Value, July, 1935	Profit, June, 1935	Profit, July, 1935	Working Cost per ton, July, 1935
Simmer and Jack Mines	92,200	Five ozs. 22,039	154,964	44,250	46 006	23 8-
Robinson Deep.....	103,000	25,757	180,941	76,096	76,415	20 4
Salt Nigel	54,000	41,002	288,040	191,382	198,304	23 2-

Union Corporation Group	Tons crushed, July, 1935	Yield, July, 1935	Value, July, 1935	Profit, May, 1935	Profit, June, 1935	Profit, July, 1935
East Geduld Mines	104,000	Fine ozs. 32,241	£ 226,470	£ 132,095	£ 125,396	£ 132,072
Geduld Proprietary Mines	100,000	27,819	196,668	121,480	123,299	124,857
Modderfontein Deep Levels	49,300	13,321	93,638	60,327	54,401	52,873

Other Companies	Tons Milled, July, 1935	Total Revenue, July, 1935	Working Costs, per ton, July, 1935	Profit, May, 1935	Profit, June, 1935	Profit, July, 1935
	8,500	18,367	s. d. 31 4-5	£	£	£
Glynn's Lydenburg	4,000	27,236	21 0	22,868	21,744	22,186
Luipaards Vlei Estate	58,200	73,230	20 5-7	11,549	12,181	13,639
New Kleinfontein Co.	22,900	30,199	21 10-6	6,223	5,678	5,146
Transvaal Gold Mining	54,000	72,867	...	13,882	14,073	...
Witwatersrand Deep						

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Deben- ture Interest	Amount Available for Distri- bution	Appropriation						Corresponding Period Last Year	
					Dividend			Carried to Reserve, Deprecia- tion, etc.	Balance Forward	Net Profit	Divi- dend	
					Prefce.	Ordinary						
						Amount	Amount					Rate
Breweries		£	£	£	£	£	%	£	£	£	%	
Alton and Company	June 30*	51,013	35,011	86,024	7,500	27,500	27½	51,024	...	46,623	37½	
Empress Brewery	June 30	...	36,372	36,372	6,000	30,372	...	...	36,372	34,258	28½	
Friry Holroyd & Healy's	June 30	26,447	126,447	152,887	20,936	65,169	11	40,000	26,782	123,134	10	
Financial, Land, etc.												
Cambury Coffee, etc.	Dec. 31	35,877	6,571	42,448	...	...	...	40,000	2,448	16,994	...	
City of San Paulo Improve- ments	Feb. 28	159,105	25,087	184,192	...	...	...	...	184,192	Dr. 2,353	...	
Guildhall Property.....	June 30†	...	38,287	38,287	16,749	11,322	7½	4,958	5,258	...	...	
Gas												
Rossendale Union	June 30§	7,894	4,942	12,836	...	...	...	484	(a) 12,352	...	...	
Iron, Coal and Steel												
Briggs (Henry), Son & Co.	June 30	49,256	48,913	98,169	...	49,181	7½	...	48,988	51,131	7½	
Waterworks												
East Worcestershire	June 30§	8,002	5,169	13,171	545	3,463	4½†	...	9,163	5,742	4½†	
Other Companies												
Blakey's Boot Protectors...	June 30	669	19,376	20,045	453	11,625	15	...	7,966	12,329	12½	
Merchants' Warehousing ...	June 30	24,231	16,691	40,922	...	5,754	15	9,000	26,168	15,620	12	
Salter and Salter (1900) ...	June 30	Dr. 38,509	20	Dr. 38,489	...	...	...	...	Dr. 38,489	Dr. 773	...	
Wilson Bros. Bobbin	July 15	4,511	21,427	25,938	...	17,100	6	5,000	3,838	18,830	5	

(*) Nine months only. † Actual. ‡ Period from March 23, 1934. § Six months only. (a) Subject to half-year's dividends.

REPORTS AND NOTICES

The Chartered Bank of India, Australia and China announce that Mr J. L. Crockatt, their chief manager, will retire on pension on August 31st after 40 years' service in the bank. In his place the court of directors have appointed Mr A. H. Ferguson to be chief manager, and Mr W. B. White will be the second manager, both appointments with effect from September 1st.

The Imperial Bank of Iran announce that Mr E. M. Eldrid has retired from the post of manager at the London office, but will retain his seat on the board. Mr F. Hale, the sub-manager, has been appointed manager, and Mr F. A. Ayrton sub-manager.

The directors of William Hollins and Company, Ltd., announce with regret the resignation of Mr E. L. Paget, the deputy chairman of the company. He will retain his seat on the board. Mr E. D. A. Herbert, O.B.E., M.A., has joined the board, and has been appointed deputy chairman.

GOVERNMENT, &c.

GOVERNMENT OF ROUMANIA.—Proceeds of a special export of wheat and barley will be used to meet coupon due on August 1st last in respect of the Monopolies Institute 7 per cent. loan, 1929 (sterling tranche).

REPUBLIC OF NICARAGUA 5 PER CENT. STERLING LOAN, 1909.—The Council of Foreign Bondholders are advised that £2,015 17s. 4d. the equivalent of 10,000 gold cordobas, has been received in respect of the August, 1935, instalment of the service of the above loan.

EXTERNAL DEBT OF HONDURAS.—With reference to Article 8 of the arrangement ratified on March 8, 1926, the Council of Foreign Bondholders have been advised by the National City Bank of New York that the total collections from the sale of consular stamps of the Republic of Honduras for June, 1935, amounted to \$34,115.90.

MISCELLANEOUS

WILLIAMS DEACON'S BANK LTD. give notice that in order to prepare the interest warrants due September 1, 1935, on Wolverhampton Corporation 3 per cent. stock, 1924-54, the books will be closed from August 19th to August 31st inclusive.

CROWN ZELLERBACH CORPORATION (SAN FRANCISCO).—The operations for the year ended April 30, 1935, after giving effect to all charges for depreciation, depletion, bond and debenture interest and income taxes, resulted in a consolidated net profit of \$1,407,513.97, equivalent to \$5.62 per share on the Crown Zellerbach Corporation preference stocks outstanding in the hands of the public. This compares with a consolidated net profit of \$1,633,240.29 or \$6.51 per share, for the preceding fiscal year. Dividends of \$2.25 per share, totalling \$563,694.48 were paid during the year on the Crown Zellerbach Corporation preference stocks, representing quarterly dividends of 37½ cents per share during the first two quarters and 75 cents per share during the third and fourth quarters. This compares with dividends of \$1.50 and \$375,752.61 paid during the preceding year. At April 30, 1935, the accumulated unpaid dividends on the preference stocks amounted to \$4,384,485, or \$17.50 per share, of which \$4,133,943, or \$16.50 per share, was in arrears.

SOUTH EASTERN GAS CORPORATION.—An offer to acquire the issued ordinary and additional capital stock of the Lewes Gas Company for cash, or shares of the corporation, has been made.

EDMUNDSONS ELECTRICITY CORPORATION, LTD.—Operations of the Edmundson group of companies during July, 1935, as compared with July, 1934, show an increase of 19 per cent. of units sold.

AMALGAMATED BANKET AREAS, LTD.—It is announced that this company has acquired the entire share capital of the Tarkwa Gold Areas, Ltd., and 92.2 per cent. of the share capital of the Tarkwa Southern Mines, Ltd. The balance of these latter shares is held by Taquah and Abosso Mines, Ltd. The completion of this transaction was effected on July 31, 1935, when this company assumed control.

WESTERN AUSTRALIAN GOLD PRODUCTION.—During July, 57,194 ounces of gold were received at the Royal Mint, Perth, value £401,787 sterling, equal to approximately £502,235 Australian.

BRITISH PISTON RING.—It is proposed to divide existing £1 ordinary shares into four shares of 5s., carrying one vote per share; the existing 20,000 7½ per cent. cumulative £1 preference to be known as "A" preference shares carrying four votes per share; and to create 50,000 5 per cent. redeemable £1 "B" preference shares redeemable at par at the company's option from July 31, 1940, carrying one vote per share.

MINIMAX.—It is proposed to convert 60,000 cumulative participating preferred shares of £1 into ordinary shares, to be divided into four shares of 5s.

TANGANYIKA TERRITORY GOLD OUTPUT.—Total exports of gold from whole of Tanganyika Territory for June, 1935, were £4,848 ounces valued £27,061, of which 3,172 ounces, valued at £18,742, from Lupa goldfield.

FLETTONS, LTD.—Directors announce that sales and profits for first half of current year exceed those for corresponding period last year. New works are now completed. Whole production has been sold, and sales for period constitute a new high record.

TOKYO ELECTRIC LIGHT.—Report for half-year ended May 31st making yen 23,585,609; legal reserve, yen 800,000; bonuses to annum, yen 12,886,860; surplus forward, yen 9,678,749.

THE VICTORIA FALLS AND TRANSVAAL POWER COMPANY, LTD.—At an extraordinary general meeting of the above company, held August 1, 1935, the special resolutions increasing the capital of the company to £4,500,000 and making certain alterations in the articles of association of the company were confirmed. A resolution reserve fund was also passed.

AGA HEAT LTD.—It is announced that more than 90 per cent. of the shareholders have assented to the offer made by Allied Ironfounders, Ltd.

SALE OF COLLIERIES: FUSION WITH YORKSHIRE AMALGAMATED.—Yorkshire Amalgamated Collieries, Ltd. (Sheepbridge Main Colliery Company at Dodworth. The collieries will be maintained in reserve until re-opening is justified.

WELLINGBOROUGH GAS.—Proposal to amalgamate Irthlingborough Gas with this company will be considered August 26th.

HESKETH ESTATES, LTD.—It is announced that this company has entered into a contract for the sale of its Droitwich interests, completion to be made by October 1st next.

LEHMAN CORPORATION.—The Lehman Corporation reports a record net asset value of approximately \$101 per share on 682,000 shares of capital stock outstanding, thus more than recapturing its paid-in capital per share for the first time since 1929.

THE SINGAPORE TRACTION COMPANY, LTD.—It is proposed to create £250,000 5 per cent. convertible first mortgage debenture stock; to implement conditional agreement of July 25, 1935, between company and Shanghai Electric Construction Company; to increase capital by creation of 150,000 further £1 ordinary shares; to cancel special rights of reversionary share and convert it into ordinary share; and to extinguish Shanghai Company's rights of management.

LEGAL AND GENERAL ASSURANCE SOCIETY, LTD.—In succession to Mr C. S. Johnson, recently promoted to fire and joint accident manager, the directors announce the appointment of Mr H. A. Hitchings as manager of the City office at 69 King William Street.

INTERNATIONAL NICKEL COMPANY OF CANADA.—Earnings for three months to June 30th, \$8,257,932, an increase of \$889,207 over second quarter of 1934. Net profit for the period, \$5,420,615, equivalent to 34 cents per share on common stock. This compares with net profit of \$4,917,627 for first quarter 1935, equal to 30 cents per share.

PALESTINE ELECTRIC CORPORATION.—Annual report for 1934 shows gross revenue 64.56 per cent. higher, and profits £P.242,342, compared with £P.149,298. Dividend, 7½ per cent., free of tax (against 5 per cent.). A sum of £P.25,000 transferred to tax and contingencies reserve and £P.70,000 to general reserve. The carry-forward £P.34,239, against £P.34,050 brought in.

BOULDER PERSEVERANCE, LTD.—Output for July, 1935. Tonnage, 7,942; profit, £11,563 (Australian currency).

BRITISH AND DOMINIONS FILM CORPORATION.—Mr C. M. Woolf has been appointed managing director.

We are informed by Messrs J. B. Were and Son that from August 1st a new method of charging brokerage on the Stock Exchange of Melbourne on Internal Australian Government Consolidated Loans was introduced. As from that date, buyers will be charged brokerage at the rate of 5s. per cent. on face value, and sellers will be charged at the rate of 5s. per cent. This arrangement will supersede the method applicable hitherto, under which buyers were not required to pay brokerage, while sellers were charged 10s. per cent. brokerage, which, in the hands of the broker acting for the seller, was divisible equally with the broker acting for the buyer.

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

THE prices of important commodities have been subject to considerable fluctuations this week. It is important to note, however, that the fall in prices was almost without exception due to changes on the supply side and not to a decline in demand. Thus, the slump in tin prices was the direct consequence of the increase in production quotas, discussed in a Note of the Week. Copper was also slightly cheaper than a week ago, but lead and spelter were marked up a little. The decline in the prices of linseed and linseed oil is due to a break of the drought in Argentina. Rubber showed a sagging tendency. Business in iron and steel has so far been well maintained. The absence of the usual seasonal decline is ascribed in the official report of the London Iron and Steel Exchange to the firm tendency of prices.

Among textile raw materials, cotton was marked down on the publication of the official forecast of the United States crop. Wool prices remained firm, but flax, hemp and jute were marked down a little.

Wheat prices fluctuated within narrow limits. The official estimate of the United States wheat crop indicates that that country will have little or nothing available for export during the current wheat season. Quotations for raw sugar partly recovered from the setback of last week. At Smithfield beef prices showed some improvement. Quotations for eggs continued their seasonal upward trend.

In the United States declines in some prices were offset by rises in others. Moody's index of the dollar prices of staple commodities, based on December 31, 1931, stood at 165.6 on Wednesday, compared with 165.4 a week earlier, 158.0 a month earlier and 149.7 on the corresponding day last year.

COAL

SHEFFIELD.—The outlook for the export trade is brightening and an increased volume of business is anticipated in the near future. Demand has already improved for washed doubles and singles, which are rather scarce. Shippers also complain of inadequate supplies of best steams, cobbles and smalls. As holiday stoppages are now over, outputs are being increased. Inland consumption is responsible for substantial tonnages of industrial fuels of all kinds, previous high records being maintained. Supplies of coke exceed current consumption.

Quotations are: Yorkshire Association hards, 17s. 6d. to 18s. 3d. f.o.b.; Derbyshire best hards, 17s. to 17s. 6d. f.o.b.; best South Yorkshire house, 20s. to 22s. at pits; Derbyshire do., 19s. to 21s. at pits; blast furnace coke, 13s. at ovens.

NEWCASTLE-ON-TYNE.—Market conditions are dull, with very little fresh prompt inquiry from abroad. Northumberland steam collieries are working fairly regularly at present, but the small volume of business in screened coal is being felt and it is feared that idle time may be experienced before the month is over. The cessation of shipments to Italy is now having a marked effect upon the Durham position, where many collieries are idle owing to the lack of this trade. Gas and coking coals are weak and all classes of bunkers are offered freely for any position. Coke is quiet for prompt shipment.

Current f.o.b. prices for export: NORTHUMBERLAND.—D.C.B. screened, 13s. 9d.; smalls, 11s.; Howards, Bentinck, Newbiggin screened, 13s. 3d.; smalls, 10s. 6d.; Tyne Prime large, 13s. 3d.; smalls, 11s.; Hartley Main, large, 13s. 3d.; smalls, 11s. DURHAM.

—Lambton/South Hetton screened steam, 15s. 2d.; smalls, 12s. 6d.; Wear Special gas, 15s.; Holmside, Ryhope, Boldon, unscreened gas, 14s. 6d.; second-class gas, 13s. 2d.; coking, unscreened and/or smalls, 13s. 2d.; Prime unscreened bunkers, 13s. 9d.; second-class unscreened bunkers, 13s. 3d.; Prime foundry coke, 18s. 6d.; Newcastle and District gas coke, 20s.

GLASGOW.—New business on export account remains quiet. Prices, however, are firm, for collieries are fairly well placed with contract business, and recently a considerable amount of covering of speculative sales by exporters has taken place. In the shipping districts the better classes of steam coal, navigation qualities and washed smalls are well booked for some time ahead. In the home market, industrial requirements are good, and demand for house coal is tending to expand again.

Shipment prices f.o.b. district ports: LANARKSHIRE.—Ell best, 14s. 6d.—15s.; splint best, 17s. 6d.; splint second, 15s.—15s. 6d.; navigation, screened, 15s.; navigation, unscreened, 13s. 6d.—13s. 9d.; Hartley, 16s.; steam, screened, 13s.—13s. 6d.; trebles, 13s. 6d.—14s.; doubles, 13s.—13s. 6d.; singles, 12s. 6d.—12s. 9d.; pearls, 11s.; dross, 10s. FIFE.—Best unscreened navigation, 13s. 6d.—13s. 9d.; unscreened navigation, 12s. 9d.—13s. 3d.; first-class steam, 13s. 6d.—14s.; third-class steam, 11s. 9d.—13s.; trebles, 13s.—16s. 6d.; doubles, 13s. 6d.—14s. 6d.; singles, 12s. 9d.—13s.; pearls, 10s. 6d.—10s. 9d. LOTHIAN.—Best splint, 14s. 6d.; prime steam, 13s. 6d.—13s. 9d.; secondary steam, 12s. 6d.—12s. 9d.; unscreened navigation, 12s. 9d.—13s.; trebles, 14s.—14s. 6d.; doubles, 13s. 3d.—13s. 6d.; singles, 12s. 9d.—13s.; pearls, 10s. 9d.—11s. Ayrshire.—Best unscreened navigation, 14s. 6d.; steam, 13s.; trebles, 13s. 6d.; doubles, 13s.; singles, 13s.; pearls, 12s. 6d.; dross, 11s. 6d.

IRON AND STEEL

MIDDLEBROUGH.—Owing to the holiday season, the pig-iron market is not quite so active, but whilst new transactions may be fewer, producers have good order books and have no difficulty in placing their output, which, however, is chiefly going to home consumers. It is understood that inquiries for hematite iron are being received from Italy, but merchants are waiting for the liquidation of their outstanding accounts before entering into new business. The price of Cleveland foundry pig iron is based on No. 3 grade at 67s. 6d. per ton delivered Tees-side and 69s. 6d. per ton to North of England areas. A fair amount of hematite iron had been sold before the recent rise in prices, but consumers are not hesitating to pay the official minimum price for No. 1 quality at 71s. per ton delivered locally. Shipments of all classes of pig iron from the Tees during the first 13 days of August amounted to 3,957 tons, as compared with 3,808 tons during the same period in July.

Next week is the local holiday week, when the foundries in this area will be idle and rolling mills will in some cases cease operations in order to effect the necessary repairs.

Production of semi-manufactured and manufactured steel continues to increase, works being well supplied with orders for finished steel of all classes. Small quantities of semi-manufactured steel are being imported under the agreement with the Continental steel cartel.

Blast-furnace coke is in good supply, with sellers quoting 19s. per ton delivered to Tees-side works, whilst best Bilbao rubio is 17s. 6d. per ton c.i.f. Tees. Heavy steel melting scrap is very firm at 52s. 6d. per ton delivered at the works. There will be no market here on Tuesday next owing to the holidays.

SHEFFIELD.—Conditions at the local steel works continue active and several branches of engineering which have been established in Sheffield comparatively recently have developed flourishing businesses. The booking of new orders has been less brisk lately owing to holiday influences, but there is plentiful work on hand and good prospects for the remainder of the year. Steel makers appear well satisfied with the agreement with the European cartel. It is well satisfied that one of its effects will be to mitigate competition anticipated that one of its effects will be to mitigate competition in overseas markets and enable this country to obtain increased export business. A firm in Canada is providing steel makers with a new supply of ferro-silicon and competition has already caused

some reduction in the prices of that material. Hitherto the bulk of the ferro-silicon used in this country has been obtained from a syndicate of makers on the Continent. The steel specialities for which Sheffield is noted are all running strongly and engineers' requirements keep well above the average of the first half of the year. Rolling mills and forges working for hire are on full time; this indicates a steady call for ordinary lines of steel. Stainless steels are booming, and each month establishes new records of output of this material. The year's production will probably be double that of 1934. Confidence in the future of local industry is widespread. Employment remains steady, but Sheffield still contains 34,000 wholly or partially unemployed.

GLASGOW.—Activity is well maintained in the heavy steel trades in this district. All the plants are fully employed and there is a steady flow of orders for almost all materials. Makers of semis are finding business plentiful. In the sheet trade, export business shows further improvement both in black and galvanised sheets, and makers are able to keep a larger proportion of their plant operating. Tubemakers have a large amount of work on hand at present and export business is increasing. Steel bar re-rollers are busy and there is a somewhat better demand for wrought iron.

OTHER METALS

COPPER.—There have been no new developments in the copper situation, though prices showed a sagging tendency during the past week.

Sales on the London Metal Exchange: 1,200 tons on Monday; 750 tons on Tuesday, against 1,050 tons last week; 1,200 tons on Wednesday, as against 1,900 tons last week. Domestic spot was quoted at 7.62½ cents per lb. in New York on Wednesday, against 7.72½ cents a week ago and 7.62½ cents a month ago. Wednesday's official closing price for standard cash in London was £31 17s. 6d. to £31 18s. 9d., compared with £32 6s. 3d. to £32 7s. 6d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 73,343 tons, show a decrease of 102 tons, while stocks of rough copper, at 11,659 tons, show a decrease of 25 tons on the week.

LEAD AND SELLER.—Markets were featureless and prices moved within narrow limits. In the United States spelter stocks rose during July by 2,814 short tons to 115,723 short tons. Stocks are now 8,098 short tons larger than at the end of May. According to the Metallgesellschaft, world smelter output of lead declined between May and June from 119,882 to 106,706 metric tons. The principal reductions occurred in Mexico, the United States and Germany.

Sales of lead on the London Metal Exchange: 300 tons on Monday; 600 tons on Tuesday, against 1,250 tons last week; 1,400 tons on Wednesday, against 600 tons last week. The New York quotation on Wednesday was 4.20 cents per lb., against 4.20 cents a week ago and 4.15 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £15 15s. per ton, compared with £15 10s. a week ago.

Sales of spelter on the London Metal Exchange: 150 tons on Monday; 175 tons on Tuesday, against 425 tons last week; nil tons on Wednesday, against 950 tons last week. Wednesday's quotation in East St. Louis was 4.50 cents per lb., against 4.50 cents the week before and 4.30 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £14 6s. 3d. per ton, against £14 3s. 9d. last week.

TIN.—The quota decision of the Tin Committee on August 9th, which is discussed in a Note of the Week, brought about a complete change in the tin market situation. The cash price declined during the week by no less than £22 15s. and is expected to fall further. At the same time the three months' quotation fell by only £7 15s. and was on Wednesday only £2 10s. lower than the cash price. There is no doubt that the sharp fall of the past week was largely the result of speculative short selling. The increase in quotas from 50 to 65 per cent. is widely believed in London metal circles to be the result of strong outside pressure on the International Tin Committee. The Tin Committee will meet again on September 11th. If it maintains the quota at the present level, prices may decline in the coming autumn and winter. If quotas are reduced again to 50 per cent. or to even a lower level, then the same sharp recovery must set in as after the collapse of the tin price on the occasion of the private pool revelations early this year. All the more so as tin consumption remains at a fairly satisfactory level. It is true that European demand has tended to decline, but the United States tin consuming industries are much better employed than usual at this time of the year. Thus, American tinplate mills are still running at 85 to 90 per cent. of their capacity. In any case the next few weeks will be of considerable importance for the future of the tin market. At the moment sellers are still careful owing to their previous experience. But if the quota is not reduced on September 11th, they will in all probability sell much more freely.

Sales of tin on the London Metal Exchange: 390 tons on Monday; 165 tons on Tuesday, against 260 tons last week; 400 tons on Wednesday, against 375 tons last week. The New York quotation on Wednesday was 48.75 cents per lb., against 52.37½ cents a week ago and 52.50 cents a month ago. Wednesday's official closing quotation in London for standard cash was £211 to £213 per ton, compared with £233 15s. to £234 last week. Stocks of tin in London and Liverpool at the end of last week totalled 2,437 tons, an increase of 1,068 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted at £100 per ton. Nickel, for home and export, at £200 to

£205 per ton, remains unchanged. Quicksilver, on the spot, was quoted at £11 10s. to £11 17s. 6d. per flask of 76 lbs., as against £11 10s. to £11 12s. 6d. per flask last week. Chinese antimony was quoted at £70 to £71 per ton ex warehouse, the same as last week. Chinese wolfram for July-August shipment at 32s. to 34s. per unit c.i.f. remains unchanged. Platinum (refined) remains unchanged in price at £7 per ounce.

TEXTILES

COTTON.—Manchester. — Business in yarn and piece goods has again consisted of small lots to meet urgent wants. A restraining influence on buyers at the moment is the distrust of raw material prices. The crop statistics published by the American Government at the end of last week were bearish, and prices in Liverpool and New York have tended to decline. Plants continue to experience favourable climatic conditions, and there is already talk of the September forecast of the yield being larger than the August report.

Although cloth inquiry has shown a slight improvement, there has not been any particular expansion in turnover. A few more Indian contracts have been arranged, chiefly in light bleachers for Calcutta and Karachi and fancies for the up-country markets. Necessary buying has taken place in a variety of goods for the markets of the Dominions and the Crown Colonies, whilst useful lines have been reported in finishing cloths for South America and the Continent. Home trade business has been patchy and buyers have not been in the mood to make replacements, although a fairly healthy movement continues to take place in summer goods. American yarn quotations have been easier and irregular, with a limited business. With regard to Egyptian qualities the feature of importance has been the further attempt of spinners to put into operation a price-fixing scheme, and quotations have been advanced by 1d. to 3d. per lb. Some business has been forced out, but many buyers are cautious in placing orders at the higher prices.

COTTON PRICES

	1935				Corresponding Date	
	July 24	July 31	Aug. 7	Aug. 14	1933	1934
Raw Cotton—Mid. American	d. 6-89	d. 6-75	d. 6-69	d. 6-44	d. 5-52	d. 7-19
Sakellaris Fully Good Fair	8-07	8-09	8-15	8-11	7-52	8-69
Egyptian	10½	10½	10½	10½	9½	10½
Yarns—32's twist	10½	10½	10½	10½	9½	10½
" 40's twist	10½	10½	10½	10½	9½	10½
" 60's twist (Egyptian)	15½	15½	15½	15½	15½	17
32-in. Printers 116 yds., 16 by 16, 32's and 50's	s. d. 17 6	s. d. 17 6	s. d. 17 6	s. d. 17 3	s. d. 16 5	s. d. 19 6
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	24 4½	24 4½	24 4½	24 3	20 8	24 6
38-in. ditto, 38 yds., 18 by 16, 10 lb.	10 5	10 5	10 5	10 4	10 4	11 3
39-in. ditto, 37½ yds., 16 by 15, 8½ lb.	9 8	9 8	9 8	9 2	9 2	10 1

AMERICAN COTTON CROP.—At the end of last week the Department of Agriculture of the United States Government published its first report on the cotton crop for the 1935-36 season, the indicated production being given as 11,798,000 bales. This was about 300,000 bales more than expected and compares with a crop of 9,195,000 of 9,636,000 bales. A feature of the report was the high yield per acre of 198.3 lb. against 160.9 lb. a year ago and 170.9 lb. for the immediate effect on prices was not very marked. However, during the last few days an easier movement has shown itself, and prices are now about ¼d. per lb. lower than just previous to the Government report. During the past month plants have been favoured by good weather and, in the absence of any real setback, it is anticipated that the September forecast will be higher. The crop has had the intensive cultivation. Moreover, heavy fertilisation, and land. Traders are still concerned about the future policy of the Washington Government relating to loans to farmers this season. That if, when the new crop begins to move, there appears to be a tendency for prices to be depressed, the Administration will not hesitate to offer ample loans that would immediately absorb excess supplies. Sentiment in trade circles continues bearish, and the further to depress prices.

COTTON YARN PRICE SCHEME.—The decision of spinners of Egyptian yarns in the Lancashire cotton industry to reinstitute a price-fixing scheme has not taken the trade by surprise. For months worse than at any time for a number of years. The position was such that the leaders of the industry again decided to test spinners of all spinners was held in Manchester on Friday last to consider the position and the steps necessary to be taken in order to secure a basis of co-ordination and definite understanding in regard to the selling prices of Egyptian type yarns. The proposals were enthusiastically received, and it was decided to reinstitute what is known as the 2s. and 2s. 6d. individual cost method to operate for a period of three months. This "Gentleman's" Agreement is a temporary measure, and in the meantime a special Committee will formulate a scheme based on a pool and quota system, or any other equitable scheme, which the leaders consider most suitable. The result of the movement has been that Egyptian yarn quotations have been advanced by 1d. to 3d. per lb., according to quality. These prices have so far been maintained though yarn users have attempted to resist the higher prices.

WOOL.—Bradford. — The wool textile industry is now passing through the quietest time of the year. A little private buying has, however, taken place since the close of the last London Sales. This is evidence that makers in the West Riding are short of supplies. August is usually a very slack time, all industrial towns and villages in this district having their general holiday during that month. As a rule, quietness obtains from Whitsuntide to the end of August, but this year mills have continued to run most encouragingly, and it is only this month that general quietness has been felt. This is a welcome change, clearly indicating healthy conditions throughout the industry.

There continues to be a very satisfactory inquiry for merino combing wool, and stocks are exceedingly light, there being a growing conviction that when the Australian selling season opens on September 2nd current prices will be maintained. The home trade in particular needs combing wool, and any buying on the part of other countries will lead to a very strong market in Sydney. Usually at this time of the year there are firms prepared to risk the future by taking less money for tops from November onwards, but little of this has been done so far. Crossbreds are holding their own, but business in tops is not as active as in merinos. Prices for all qualities remain firm.

GRAIN MARKETS

WHEAT.—Wheat prices in this country fluctuated within narrow limits during the past week. On August 9th, an official estimate of the United States wheat crop was published, indicating a yield of 608 million bushels, compared with 496 million bushels harvested last year. The Canadian crop is expected to yield about 300 million bushels, against 276 million bushels in 1934. Canadian stocks at the end of July amounted to 203 million bushels, compared with 193 million bushels a year ago.

According to the *Corn Trade News*, total shipments of wheat and flour during the past week were 800,000 quarters, against 811,000 quarters in the preceding week. On Wednesday last, "September" futures were quoted in Chicago at 86½ cents per bushel, against 10½ cents the week before and 85½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ship, 33s. 3d. per 496 lbs., against 34s. 3d. a week ago; No. 2 northern Manitoba, Vancouver, ex ship, 32s. 3d., against 33s. 3d. a week ago.

FLOUR.—Shipments from North America in the past week totalled 96,000 sacks, compared with 89,000 in the previous week. Wednesday's London quotations (excluding quota payments) were: straight run, delivered country, 26s. 6d. per 280 lbs., against 26s. 6d. a week ago, delivered London, 25s. 6d., as compared with 25s. 6d. a week ago. Manitoba patents, ex store, 24s. 6d. to 26s. 3d., against 24s. 6d. to 26s. 3d. a week ago. Australian, ex store, 24s. 3d. to 26s., against 20s. to 21s. a week ago.

BARLEY.—"October" futures were quoted at 34½ cents per bushel in Winnipeg on Wednesday, against 35½ cents last week and 35½ cents a month ago. Quotations per 448 lbs. in London on Wednesday were: "English feed" (old) at farm, 23s., the same as last week.

On Wednesday, "September" futures were quoted at 26½ cents per bushel in Chicago, against 30½ cents a week ago and 31½ cents last month. Quotations in London, Wednesday: "English Black" (old), at farm, 22s. per 336 lbs., against 22s. a week ago; "English White" (old), at farm, 22s., against 22s. last week; "Chilean White," landed, 26s. 6d., against 26s. 6d. a week earlier.

MAIZE.—"September" futures were quoted on Wednesday at 75½ cents per bushel in Chicago, against 75½ cents a week ago and 76½ cents last month. Quotations in London, Wednesday: "Plate," landed, 16s. 6d. per 480 lbs., compared with 16s. 6d. a week ago; "Plate," ex ship (new), 15s. 6d., as against 15s. 6d. a week ago; "Plate," "August," 15s. 7½d., against 16s. a week ago. Yellow maize meal, ex wharf, was quoted at £4 12s. 6d. per ton, against £4 12s. 6d. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sale of home-grown wheat during the harvest years 1931-32 to 1934-35:—

	1931-1932	1932-1933	1933-1934	1934-1935
Estimated sales of home-grown wheat—	Cwts.	Cwts.	Cwts.	Cwts.
1 week to August 10	28,217	51,628	85,463	46,782
50 weeks to August 10	3,988,412	8,574,496	11,130,328	13,889,806
Average price of English wheat per cwt.	s. d. 6 7	s. d. 6 0	s. d. 5 0	s. d. 5 4

The following is a statement showing the quantities sold and the average price of British corn in the past two weeks, and for the corresponding week in each of the years from 1931 to 1934.

Week ending	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
Aug. 8, 1931	Cwts. 21,284	Cwts. 1,156	Cwts. 4,314	s. d. 6 6	s. d. 6 9	s. d. 6 9
Aug. 15, 1932	28,217	1,752	4,466	6 7	6 9	7 7
Aug. 12, 1933	51,628	7,407	18,782	6 0	9 7	5 6
Aug. 11, 1934	85,463	3,305	16,502	5 0	8 2	6 7
Aug. 3, 1935	57,403	5,356	10,711	5 4	6 7	7 10
Aug. 10, 1935	46,782	3,863	22,200	5 4	6 7	6 8

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks, with comparative figures for 1933 and 1934:—

NEAREST FUTURE	Jan. 4, 1933	Jan. 3, 1934	Aug. 15, 1934	Jan. 2, 1935	Aug. 7, 1935	Aug. 14, 1935
Winnipeg (No. 1, Manitoba) —Cents per 60 lb.	46½	65½	87½	82½	84½	82
Chicago (No. 2 Winter) —Cents per 60 lb.	46½	84½	101½	98½	90½	86½

The visible supply of wheat in Canada at 123,426,000 bushels, shows a decrease of 2,558,000 bushels on the week. Supplies a year ago amounted to 101,673,000 bushels.

OTHER FOODS

BACON.—The market in bacon was quiet and prices of English and Irish qualities were irregular. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 90s. to 95s.; Canadian, 82s.; Danish, 93s., the same as last week. Arrivals in London last week included Danish, 17,652 bales; Canadian, 3,762; Dutch, 2,785; Lithuanian, 2,041; Polish, 2,583, against 17,983, 3,891, 2,757, 2,017 and 3,346, respectively, in the previous week.

BUTTER.—The recent improvement in prices was maintained during the past week, though Danish grades were slightly cheaper. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 95s.; Australian, choicest salted, 94s.; Danish, 109s. to 110s., compared with 93s., 94s., and 110s., respectively, last week.

CHEESE.—Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English finest farmers', 56s. to 65s.; Canadian, finest coloured (new), 50s. to 52s.; New Zealand, finest coloured, 48s., compared with 52s. to 60s., 62s. to 64s. and 46s. 6d., respectively, last week.

COCOA.—The "spot" quotation in New York on Wednesday was 5 cents per lb., against 4½ cents per lb. last week. On the London market, Accras were quiet. On Wednesday last good fermented old crop, "August-September," was quoted 21s. 9d. per 250 kilos, c.i.f. Continent, against 20s. 6d. last week. Last week's movements of cocoa in London were as follows: Landed, 504 bags; delivered, for home consumption, 6,072 bags; exported, 10 bags; stocks, 155,780 bags, against 249,517 bags a year ago.

COFFEE.—Demand for coffee at the auctions in London was poor, but quotations for Brazilian in New York registered a slight rise. In New York on Wednesday, Rio No. 7 (cash) was quoted at 6½ cents per lb., as compared with 6½ cents per lb. last week and 6½ cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 2 cwt.; delivered for home consumption, 10 cwt.; exported, 344 cwt.; stocks, 15,185 cwt., against 28,413 cwt. a year ago. Central American, landed, 859 cwt.; delivered for home consumption, 1,898 cwt.; exported, 1,325 cwt.; stocks, 148,449 cwt., against 107,354 cwt. last year. Other kinds, landed, 88 cwt.; delivered for home consumption, 2,477 cwt.; exported, 1,681 cwt.; stocks, 166,215 cwt., against 100,726 cwt. last year.

EGGS.—Quotations for eggs continued their seasonal upward movement. At Smithfield Market on Wednesday, English (ordinary packing, Grade I, about 15-15½ lb.) realised 15s. 6d. to 16s. per 120, against 15s. to 15s. 6d. a week earlier, while Danish (15½ lb.) made 12s. to 12s. 6d. per 120, against 11s. 3d. to 11s. 9d. last week.

FRUIT.—According to *The Fruit Grower*, business at Covent Garden recovered well after the temporary lull of Bank Holiday. All dessert fruits are selling readily and most prices are at a satisfactory level for the time of year. The soft fruit season is almost finished, but some black currants and raspberries left are meeting good inquiry, while cultivated blackberries are beginning to arrive in fair quantity. Arrivals of English plums are heavier and realising moderate prices, but Continental varieties are mostly of poor quality and cheaper. Supplies of Australian and New Zealand apples are falling and prices are rising. But English apples are in better form and some large cookers are now available. Prices of hothouse grapes, small English and Italian peaches inclined lower, but sales were steady. Home-grown melons and finest peaches are in good demand. Oranges continue a good market, with prices firmer, and lemons are still very dear. Grape-fruit shows little change. Reports from Spitalfields show similar movements in both demand and supply, though lemons showed a moderate trade at somewhat easier rates, and imported plums, gages and peaches moved freely.

MEAT.—There was an improvement in the demand for beef at Smithfield Market at higher prices. Business in mutton and lamb was slow. On Wednesday last, Argentine chilled hind-lamb was quoted at 3s. 8d. to 4s. per 8 lbs., as compared with 3s. 4d. to 3s. 8d. last week. New Zealand frozen mutton was 2s. 6d. to 3s. 6d. per 8 lbs., against 2s. 6d. to 3s. 6d. a week ago. According to the Smithfield Market official report, supplies during the last week amounted to 888 tons, a decrease of 282 tons on the corresponding week of the year. Beef and veal accounted for 3,817 tons, mutton and lamb 1,349 tons, and pork and bacon 411 tons, as compared with 4,897, 1,606 and 513 tons, respectively, in the same week of 1934. Another round of cuts drive him?

OVERSEAS TRADE RETURNS

IMPORTS (Value C.I.F.)

	Month ended July 31		Seven Months ended July 31	
	1934	1935	1934	1935
I.—Food, Drink and Tobacco—				
A. Grain and Flour	3,931,690	4,859,899	28,658,656	30,597,734
B. Feeding-stuffs for Animals	448,657	650,666	3,730,737	4,436,238
C. Animals, Living, for Food	290,807	377,001	2,712,929	2,780,652
D. Meat	7,258,873	6,957,204	48,593,844	47,352,566
E. Dairy Produce	4,573,561	4,879,713	31,407,671	32,505,235
F. Fresh Fruit and Vegetables	3,105,985	3,761,115	23,901,689	23,931,453
G. Beverages and Cocoa Preparations	3,156,541	2,898,960	23,997,167	22,108,236
H. Other Food	3,409,677	4,077,496	25,527,799	25,397,515
I. Tobacco	568,774	568,774	6,187,568	5,898,913
Total, Class I	26,773,665	28,987,548	193,818,060	195,008,542
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	1,622	1,085	15,026	10,981
B. Other Non-Metalliferous Mining and Quarry Products and the like	334,710	367,174	2,120,892	2,364,765
C. Iron Ore and Scrap	333,146	471,572	2,645,215	2,924,577
D. Non-Ferrous Metalliferous Ores and Scrap	861,005	1,074,697	5,406,383	6,452,941
E. Wood and Timber	5,291,535	4,507,872	19,582,603	17,227,088
F. Raw Cotton and Cotton Waste	2,608,288	2,213,325	21,101,736	18,682,546
G. Wool, Raw and Waste, and Wollen Rags	1,614,036	2,554,731	29,781,688	25,014,544
H. Silk, Raw, Knobs and Nolls	67,233	81,430	823,695	755,398
I. Other Textile Materials	456,073	647,405	5,209,813	6,398,595
J. Seeds and Nuts for Oil, Oils, Fats, Resins and Gums	1,598,548	2,046,678	12,811,879	14,944,104
K. Hides and Skins, Undressed	1,013,548	1,011,503	9,614,482	8,165,572
L. Paper-making Materials	1,000,320	915,826	6,438,538	5,939,563
M. Rubber	1,025,323	677,013	5,401,703	6,732,413
N. Miscellaneous Raw Materials and Articles mainly Unmanufactured	435,019	466,052	4,117,360	4,148,597
Total, Class II	16,640,406	17,036,363	125,071,013	119,761,684
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and Manufactured Fuel	1,060	2,358	21,983	29,123
B. Pottery, Glass, Abrasives, etc.	594,823	650,508	3,693,336	3,879,731
C. Iron and Steel and Manufactures thereof	847,346	696,441	5,575,962	4,973,603
D. Non-Ferrous Metals and Manufactures thereof	1,868,678	1,925,225	11,998,690	14,579,859
E. Cutlery, Hardware, Implements and Instruments	446,507	540,766	3,287,187	3,427,905
F. Electrical Goods and Apparatus	268,949	249,534	1,631,550	1,552,726
G. Machinery	987,627	1,179,779	6,528,753	7,592,251
H. Manufactures of Wood and Timber	415,196	516,890	3,267,466	3,478,110
I. Cotton Yarns and Manufactures	185,574	194,283	1,317,382	1,311,392
J. Woollen and Worsted Yarns and Manufactures	177,264	215,235	1,491,553	1,379,081
K. Silk Yarns and Manufactures	234,542	223,834	1,871,708	1,801,169
L. Manufactures of other Textile Materials	498,270	540,917	4,251,651	3,904,493
M. Apparel	550,786	553,732	4,879,519	4,721,887
N. Chemicals, Drugs, Dyes and Colours	909,306	920,896	6,544,195	6,372,245
O. Oils, Fats and Resins, Manufactured	2,787,250	3,078,822	18,209,417	19,301,094
P. Leather and Manufactures thereof	556,548	745,136	4,587,984	4,606,134
Q. Paper, Cardboard, etc.	1,090,324	1,294,762	7,187,834	7,401,655
R. Vehicles (including Locomotives, Ships and Aircraft)	381,031	278,191	2,061,591	2,813,566
S. Rubber Manufactures	90,152	94,831	831,932	781,425
T. Miscellaneous Articles wholly or mainly Manufactured	1,428,409	1,610,713	9,543,146	9,885,485
Total, Class III	14,320,142	15,512,853	98,782,839	103,792,984
IV.—Animals, not for Food	130,583	159,941	694,404	893,182
V.—Parcel Post	163,128	127,903	1,505,857	1,048,820
Total	58,027,924	61,824,608	419,872,173	420,505,212

PEPPER.—Wednesday, spot price for Lampung was 3d. per lb., against 3d. last week. Movements of pepper in London during the past week were as follows: Black, landed, nil; delivered, 22 tons; stocks, 1,767 tons, against 213 tons a year ago. White, landed, nil; delivered, 80 tons; stocks, 18,277 tons, against 6,326 tons a year ago.

RICE.—The spot price of Burma No. 2, cleaned, new crop, was 8s. 6d. per cwt. on Wednesday, as compared with 8s. 6d. per cwt. a week ago, while the forward quotation, at 7s. 6d. per cwt., shows a fall of 3d. on the week. Movements in London during the past week were as follows: Landed, 2 tons; delivered, 287 tons; stocks, 10,031 tons, against 2,068 tons a year ago.

SUGAR.—Quotations for raw sugar showed a firmer tendency. The spot price in New York on Wednesday was 3.18 cents per lb., as compared with 3.16 cents per lb. last week and 3.28 cents per lb. a month ago. Wednesday's sales of raw sugar in London included a "December delivery" at 4s. 4d. to 4s. 4½d., against 4s. 5½d. to 4s. 5½d. last week. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 9,858 tons, against 24,137 in the previous week and 10,318 in the same week of last year; deliveries, 7,931 tons, against 16,389 and 7,574 respectively; stocks, 143,907 tons, against 141,980 and 172,315 tons respectively.

TEA.—The qualities catalogued for this week's auctions comprised 54,082 packages of 5-lb. bags of Ceylon

EXPORTS OF PRODUCE AND MANUFACTURES OF THE UNITED

KINGDOM (Value F.O.B.)

	Month ended July 31		Seven Months ended July 31	
	1934	1935	1934	1935
I.—Food, Drink and Tobacco—				
A. Grain and Flour	127,906	138,420	932,231	1,100,565
B. Feeding-stuffs for Animals	43,210	32,959	371,290	367,565
C. Animals, Living, for Food	4,594	239	10,092	4,576
D. Meat	45,437	65,263	421,321	459,093
E. Dairy Produce	84,521	105,221	494,238	556,175
F. Fresh Fruit and Vegetables	12,358	11,870	107,795	117,168
G. Beverages and Cocoa Preparations	602,088	749,047	5,847,687	4,987,162
H. Other Food	994,420	1,152,741	6,358,529	6,503,882
I. Tobacco	415,946	363,738	2,563,864	2,511,201
Total, Class I	2,330,480	2,619,498	16,907,047	16,807,387
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	2,742,547	3,013,410	18,222,095	18,321,876
B. Other Non-Metalliferous Mining and Quarry Products and the like	104,559	98,082	590,619	622,850
C. Iron Ore and Scrap	38,320	30,366	296,151	268,539
D. Non-Ferrous Metalliferous Ores and Scrap	82,549	155,595	735,000	970,821
E. Wood and Timber	6,634	6,946	63,475	57,155
F. Raw Cotton and Cotton Waste	62,351	100,300	346,093	727,221
G. Wool, Raw and Waste, and Wollen Rags	350,733	600,056	3,739,812	4,947,611
H. Silk, Raw, Knobs and Nolls	459	1,289	10,818	7,778
I. Other Textile Materials	26,222	22,444	200,375	224,118
J. Seeds and Nuts for Oil, Oils, Fats, Resins and Gums	122,226	221,633	858,548	1,766,681
K. Hides and Skins, Undressed	48,880	74,769	448,398	591,818
L. Paper-making Materials	83,176	90,625	670,100	645,212
M. Rubber	8,358	10,799	54,658	89,418
N. Miscellaneous Raw Materials and Articles mainly Unmanufactured	123,436	145,142	1,658,702	1,640,882
Total, Class II	3,800,450	4,571,456	27,894,844	30,882,882
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and Manufactured Fuel	221,243	235,903	1,395,896	1,565,896
B. Pottery, Glass, Abrasives, etc.	682,877	758,142	4,302,628	4,687,818
C. Iron and Steel and Manufactures thereof	3,154,248	3,233,418	19,101,767	21,192,818
D. Non-Ferrous Metals and Manufactures thereof	1,263,532	1,329,217	7,036,578	8,119,818
E. Cutlery, Hardware, Implements and Instruments	650,520	743,853	4,125,967	4,609,318
F. Electrical Goods and Apparatus	621,287	810,491	4,237,228	5,194,718
G. Machinery	2,794,586	3,305,129	18,127,474	22,207,818
H. Manufactures of Wood and Timber	47,488	111,373	591,334	588,748
I. Cotton Yarns and Manufactures	5,161,958	5,233,191	34,104,874	35,440,641
J. Woollen and Worsted Yarns and Manufactures	2,594,205	2,742,045	16,988,558	17,358,747
K. Silk Yarns and Manufactures	85,268	103,853	562,999	633,051
L. Manufactures of other Textile Materials	1,271,554	1,336,896	8,855,088	9,158,377
M. Apparel	860,874	831,414	6,094,300	5,877,737
N. Chemicals, Drugs, Dyes and Colours	1,552,315	1,715,252	11,288,821	11,754,571
O. Oils, Fats and Resins, Manufactured	484,924	508,445	2,740,611	3,124,581
P. Leather and Manufactures thereof	265,904	304,793	1,892,102	2,232,741
Q. Paper, Cardboard, etc.	501,408	554,387	3,513,804	3,717,803
R. Vehicles (including Locomotives, Ships and Aircraft)	1,883,726	2,351,878	13,451,286	16,842,679
S. Rubber Manufactures	146,976	161,627	980,376	990,058
T. Miscellaneous Articles wholly or mainly Manufactured	1,762,875	2,031,439	12,469,734	13,666,640
Total, Class III	26,048,068	28,402,746	171,861,426	188,993,298
IV.—Animals, not for Food	94,406	86,836	374,022	337,620
V.—Parcel Post	956,217	763,113	6,011,628	6,052,857
Total	33,229,621	36,443,449	223,048,967	242,873,704

tea. Demand for common tea was slow and prices irregular, but there was keen competition for good liquoring qualities at firm prices.

VEGETABLES.—According to *The Fruit Grower*, salads sold well in the London markets last week and even prices for culinary vegetables were above the average for the time of year. Tomatoe beans were rather short after the holiday but arrived in large quantities later in the week and closed at low prices. Average runners, 1s. to 2s. 6d. The potato trade was steady, with recent Borough Market. Marrows are meeting good inquiry at firm price but cabbages are not clearing so well.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OLSEEDS.—Reports of a break in the drought in Argentina have been confirmed and have induced crushers' requirements covered for the time being. The current quotation for Plate afloat and for shipment August-September shippers have reduced their quotations somewhat, interest in Argentine shipments continues on a moderate scale, the total date exceeding 1½ million tons, leaving 640,000 tons still available.

for export before the new crop is ready. Shipments from India are disappointingly small. The quantity now afloat for Europe is 139,400 tons (including 3,700 tons from India), rather more than last week; and for the United States and Canada 23,800 tons, against 19,400 tons a year ago. Very little of the old Egyptian cottonseed is now available and is held at a slight premium over the new seed, which is expected to commence shipment late next month. October loading is quoted at 6s. 2d. per ton.

Quiet conditions prevail for vegetable oils. Linseed oil is lower in sympathy with seed. Raw oil ex Hull mill, August delivery, is quoted at £22 per ton, naked, and September-December at £21 15s. Cotton oil is slow and crude ex Hull is offered freely at £22 10s. and

refined at £25 10s. A slightly improved demand for oilcakes is reported.

RUBBER.—The market in rubber has not been very active, and on Wednesday prices showed a sagging tendency. In New York the spot price on Wednesday was 11½ cents per lb., compared with 11¼ cents per lb. a week ago. Wednesday's official closing price for standard ribbed smoked sheet in London was 5½d. per lb., as against 5¼d. on the corresponding day last week. In forward positions, business has been done at 5½d. to 5¾d. for October-December, 1935, as against 5¼d. a week ago. Stocks in London and Liverpool at the end of last week totalled 175,201 tons, against 173,898 tons a week earlier. A year ago stocks amounted to 107,236 tons.

WHOLESALE COMMODITY PRICES
UNITED KINGDOM

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

LONDON, August 14th		a. d. s. d.		a. d. s. d.	
CEREALS AND MEAT		7 0 8 0			
GRAIN, Etc.—					
Wheat—					
No. 2, N. Man. 496 lb.	32 3				
Eng. Gaz. av. per cwt.	5 4				
Barley, Eng. Gaz. av.	6 7				
Oats,	6 8				
Maize, La Plata, landed,	16 6				
480 lb.					
Flour, Lon. stan. ex mill,	24 3				
280 lb.	7 6				
Rice, No. 2 Burma, per cwt.					
Tapioea, per cwt.—					
Fair Flake, Singapore..					
MEAT—					
Beef, per 8 lbs.—	3 6 4 8				
English long sides	3 8 4 0				
Argentine chilled hinds	4 8 6 0				
per 8 lbs.—	2 6 3 6				
N.Z. frozen	4 4 5 2				
amb, per 8 lbs.	4 8 5 2				
N.Z. frozen					
rk, English, per 8 lbs.					
CON— OTHER FOODS					
English per cwt.	90 0 95 0				
ish.	90 0 96 0				
anish.	93 0				
utch.	90 0				
MS—					
Canadian.	110 0				
American.	106 0 108 0				
ITIER.					
Australian.	94 0				
New Zealand.	95 0				
Danish.	109 0 110 0				
HEESE—					
Canadian.	50 0 52 0				
New Zealand.	48 0				
English Cheddars	56 0 65 0				
Dutch.	40 0 46 0				
COCA—					
(Duty, British grown,					
11/8; foreign, 14/- cwt.)	23 0 23 3				
Accra, f.f.	38 0 46 0				
Trinidad.	32 0 36 0				
Grenada.					
COFFEE—					
(Duty, British grown,					
4/8; foreign, 14/- cwt.)	45 0 55 0				
Colombian, good	45 0 55 0				
Costa Rica, med. to good	48 0 70 0				
East Indian	50 0 70 0				
Kenya, medium	38 0 52 0				
BEGGS—					
English	120 15 6 16 0				
Danish	120 12 6				
FRUIT—Oranges—					
South African.	10 15 0				
Brazilian.	8 6 10 0				
Lemons, Malaga	18 25 6				
Sicilian	18 25 6				
Apples: Amer. (var.) bris.	20 0 26 0				
(var.) boxes	12 0 14 0				
" Australian					
Onions—					
Valencia, case	7 0 8 0				
Egyptian, bags					
grapes, Lisbon, b					
" Almeria					
LARD—					
Irish bladders, per cwt.	72 0 78 0				
U.S. 56 lbs. boxes.	74 6 77 9				
POTATOES—					
English, new per cwt.	7 0 8 0				
SPICES—					
Pepper, per lb.—					
Black Lampung	0 3				
Cinnamon—1st sort, per lb.	0 7 1				
Cloves—Zanzibar per lb.	0 7 1				
Ginger—per cwt.—	34 0				
African	65 0 95 0				
Jamaica, ord. to good.	1 2 2 4				
Mace	0 11 2				
Nutmegs, 65's					
SUGAR—					
(Duty, 11/8 per cwt.)					
Centrifugals, 96", prpt.	4 4 1				
shipm. c.i.f. U.K./Cont.	17 6 18 9				
B.W.I., crystallised					
Java, white, c. & f. India	6 1 1				
May-June.					
Revs.—London—					
Yellow Crystals	17 6 22 1 1				
Cubes	21 7 22 1 1				
Crushed	19 4 19 10 1				
Granulated	17 10 21 4 1				
Home Grown	16 6 17 9				
Molasses, in bond	1 3				
TEA—					
Indian—per lb.—					
Pekoe	0 9 1 4 1				
Broken Pekoe	0 9 1 2 3				
Orange Pekoe	0 9 1 2 11				
Broken Orange Pekoe.	0 10 1 3 9				
Ceylon—per lb.—					
Pekoe	0 10 1 1 8 1				
Broken Pekoe	0 10 1 1 5				
Orange Pekoe.	0 11 1 9 1				
Broken Orange	0 11 1 10 1				
TOBACCO—					
(Duty, 9/6-10/6 per lb.					
Exclusive growth, 7/5 1/2					
8/3 1/2 per lb.—					
Virginia leaf—					
Common to fine	0 10 3 6				
Rhodesian leaf	0 10 3 6				
Nyasaland leaf.	0 9 1 6				
strips	0 8 2 6				
East Indian leaf	0 6 1 8				
strips	0 6 1 9				
TEXTILES					
COTTON—					
Mid-American	6 4 4				
Sakellaridis, f.g.	8 11				
Yarns, 32's twist	10 16				
60's twist	13 1				
F.L.A.K.	s. s. f. s. d.				
Londonian ZK	74 0 75 0				
Pernau HD.	nominal				
Slanzet Medium 1st sort	86 0 88 0				
HEMP—					
Italian P.C.	78 0				
Manilla, Aug-Oct. " J."	17 5				
South African	16 0 17 15 0				
JUTE—					
Native 1st mks.	per ton				
c.i.f. H.A.R.B.					
Aug-Sept. (new)	£18/7/8				
Daisee 2/3 c.i.f. Dundee	£16/15/0				
Oct-Nov. (new)					
SILK—					
Canton	s. d. s. d.				
Tussah.	5 0 8 0				
Japan	3 0 4 0				
Tussah.	3 0 7 6				
Japan	6 9 7 9				
Italian—raw, fr. Milan					
WOOL—					
English Southdown, greasy, per lb.	13				
" Lincoln hog, washed	7 1/2				
Queensland, scd. super cmbg.	24				
N.S.W. greasy, super cmbg.	11				
N.Z. grsy., half-brn	7				
Topcross	40-44				
Merinos 70's	31				
" 64's	30				
Crossbred 48's	13				
" 46's	12				
MINERALS					
COAL—	s. d. s. d.				
Weish, best Ad'ty	ton 19 6				
Durham, best gas, f.o.b.	14 8				
Tyne	20 0 22 0				
Sheffield, best house, at					
pits					
IRON AND STEEL					
Pig, Cleveland No. 3, d/d.	ton 67 6				
Bars, M'brough	192 6				
Steel rails, heavy	170 0				
Tin plates	per box 18 2				
METALS					
Copper, Electrolytic, ton	35/7 6 35/10 0				
Sheets (strong)	62/0 0				
Standard	31/17 6 31/18 9				
Lead Eng. pig	per ton 17/15 0				
Soft foreign	15/15 0 15/16 3				
Spelter f.o.b.	14/6 3 14/11 3				
Tin English ingot	212/0 0				
Standard cash	211/0 0 213/0 0				
MISCELLANEOUS					
CHEMICALS—	s. d. s. d.				
Acid, citric, per lb., less 5%	0 11 1 0				
Nitric	0 2 4 0				
Oxalic, net	0 1 0 5				
Tartaric, English, less 5%	1 0 1 0				
Alcohol, Plain Ethyl	12 0				
Alum, lump	per ton 8 15 9 0				
Ammonia, carb.	ton 27 10 28 0				
Sulphate	7/5 0				
Arsenic, lump	per ton 35 0 9 10				
Bleaching powder, per ton	9 0 9 10				
Borax, gran.	per cwt. 13 0				
Do., powder	14 6				
Nitrate of soda	per cwt. 7 9 0				
Potash—Chlorate, net	12 3 12 6				
Sulphate	per cwt. 10 11 0				
Soda Bicarb.	per cwt. 5 0 5 3				
Crystals	per cwt. 5 0 5 3				
Sulphate of Copper, per ton	15 0				
CEMENT, best Eng. Portland, d.d. site,					
London area, jute sacks, 11 to ton					
(charged and credited at 1/6d each) or					
paper bags 20 to ton (free, non-returnable)					
4 ton loads and upwards 40/- per ton					
1 and up to 4 ton loads 42/- per ton					
COPRA—	s. d. s. d.				
S.D. Straits c.i.f., per ton	11/0 0				
Smoked South Sea	nominal				
DRUGS—					
Camphor	s. d. s. d.				
Japan, refined per lb.	2 1				
Ipecacuanha	per lb. 4 9 5 0				
Peppermint, Wayne Co.	per lb. 14 3 14 5				
HIDES—					
Wet salted—Australian					
per lb.	0 3 4 0 4 1				
West Indian	0 2 3 0 3 1				
INDIGO—					
Bengal, g.d. red.-vio. to	per lb. 5 6				
fine					
LEATHER—					
Sole Bands 8/12 lb.—					
per lb.	0 9 1/2 2 0				
Bark Tanned	2 3 3 0				
Shoulers fin DS Hides	0 6 1 0 6 1				
Do. Eng. or WS do.	0 9 1 4				
Bellies from DS do.	0 5 0 6				
Do. Eng. or WS do.	0 6 0 9				
Dressing Hides	1 1 1 9				
Ro. Eng. Calif, 20/30 lb.	3 3 4 8				
Aust. Bengal	0 10 1/2 1 4				
VEGETABLE OILS—					
Linsed, naked, p. ton net	21/10 0				
Rape, refined	32/10 0				
Cotton-seed, crude	23/10 0				
Coconut, crude	23/10 0				
Palm	18/0 0				
Oil Cakes, Linsed, Eng.	per ton 7/10 0				
Oil Seeds—Linsed—					
La Plata, p. ton, Aug.	9/6 3				
Calcutta—per ton	11/15 0				
Turpentine, per cwt.	s. d.				
Motor Spirit, No. 1, London	43 9				
PETROLEUM PRODUCTS—					
Petroleum, Amer. rid.	1 5				
br. London, per gal.	0 9 1/2				
Fuel oil, in bulk, for					
contracts, ex instal.					
Flames					
Furnace... per gall.	0 3 1/2				
Diesel ... per gall.	0 4				
ROSIN—					
American	per ton 11/7 6 14/0 0				
RUBBER—					
St. ribbed smoked sheet					
per lb.	0 5 1/2				
Fine Hard Para per lb.	0 4 1/2				
SHELLAC—					
TN Orange	per cwt. 49 0 54 0				
SHELLS—					
W. Aust. M.-o.-P.	£ s. f. s. d.				
" 2 10 8 10					
TALLOW—					
London Town	per cwt. 25 6				
TIMBER—					
Swedish u/s 3 x 8	per std. 18 15 0				
" 2 1/2 x 7	per std. 17 15 0				
" 2 1/4 x 4	per std. 18 0 0				
Can'd Spruce, Dis.	per std. 20 10 0				
Pitchpine	per load 9 10 0				
Rio Dals	per std. 30 0 0				
Honduras Mahg. logs	per load 25 0 0				
African	per c. ft. 0 10 0				
Amer. Oak Boards	" 0 6 0				
" Ash	" 0 6 0				
English Oak Planks	" 0 7 0				
" Ash	" 0 7 0				
* These prices are for fuel oil for inland consumption—other than for use in Diesel engine road vehicles—and do not include the Government tax.					

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(With this Issue appears our Monthly Trade Supplement)

ITALY SAYS "NO!"

SIGNOR MUSSOLINI has faced Europe—and even more than Europe—with what Mr Ramsay MacDonald described this week as "the most serious thing we have had to face since 1914." The procedure laid down by the Council of the League of Nations at Geneva on August 3rd, which the Duce accepted, had envisaged the possibility that France, Italy and this country, who are the signatories of the 1906 Three-Power Treaty regulating the respective economic interests of those Powers in Abyssinia, might usefully conclude an agreement which would meet the Italian claims. To that end, the delegates of France and this country met Baron Aloisi and his colleagues in Paris at the end of last week. They found the Italians still unwilling to state precise claims against Ethiopia. So M. Laval and Mr Eden, by dint of much discussion with the Ethiopian representative and of careful and exhaustive drafting, produced a provisional agreement which embodied very substantial and advantageous concessions of an economic order by Abyssinia to Italy. This draft agreement, which was put forward merely as a basis for fruitful discussion, was of a kind which would have enabled the League to delegate to the Three Powers the task of "assisting" Abyssinia. But it was apparently to be understood that France and Britain would not press for their legal share in this assistance, and that Italy would derive the bulk of the advantages under a new Four-Power Treaty with Abyssinia. The "open door" commercial principle was to be safeguarded. Moreover, the draft agreement provided for the security of Italy's East African colonies and subjects.

The French and British delegates transmitted these far-reaching and promising proposals to Baron Aloisi on Friday with the intimation that if they were not acceptable it was difficult to see how the Three-Power negotiations could continue. Signor Mussolini, with the scantiest of courtesy, did not deign to reply at once, but retired to rouse the military ardour of a Blackshirt battalion bound for East Africa. Eventually, on Sunday, the Duce contemptuously refused to discuss the terms of the proposed agreement. This resounding "No" from Rome left the French and British delegates no alternative but to wind up the dis-

cussions. And Baron Aloisi was left urging upon the journalists in Paris several disingenuous distinctions between the "integrity" and "independence" of Abyssinia in the 1906 Treaty; the alleged insecurity of the Italian colonies in the face of Ethiopian "aggressiveness"; and Italy's need of colonial expansion. Not one of these contentions was incapable of satisfaction by League or diplomatic machinery, both of which Baron Aloisi's chief has so summarily brushed aside.

Thus, Signor Mussolini has perverted the motto of the Italian revolution of 1849—"L'Italia farà da se"—into a calculated and callous rejection of the first principles of that system of collective security for the Small Powers of the world which has been painfully evolved during the last sixteen years. More than that. He has flouted the canons of extra-League diplomatic procedure to which he had freely subjected himself. He has given notice of his intention to repudiate Treaties to which Fascist Italy had set her seal, and therewith the principle of "modifications by common negotiation." He has openly declared his preference for war at all costs—and war upon a fellow-member of the League of Nations. He has decided that, for Italy's purposes, the "ancient law" of the jungle is best adapted; and in so doing he has aimed a blow at the very delicate structure of European security, as well as at his very recently concluded *entente* with France, whose own security is bound up with the League. In the name of "colonial expansion" he has deliberately incurred the risk—risk which General Smuts, speaking from South Africa, has gravely emphasised—of setting the African native population against the white; and this in a Continent where Italy, France, Belgium, Spain, Portugal, Great Britain and one of her Dominions already have large colonial possessions of her own. He has affronted the and some millions of native subjects. He has affronted the moral opinion of both the Old and the New World, as expressed unmistakably in the most authoritative organs of the Press. And he has done all this with the aim of establishing "the Fascist Empire." Well may the world ask, in the words of another Roman: "To what end will this unbridled audacity drive him?"

The world is left to await the coming of September 4th, the appointed day on which the Council of the League, again in conformity with the provisions of its second resolution of August 3rd, must meet to examine the Italo-Abyssinian dispute in all its aspects. And there can now be little doubt that the whole future of the League itself will be at stake at that meeting. In this connection, the attitudes of the French and British Governments are vital. It is by now fairly evident that the smaller Powers, and probably the whole Council—Italy being excepted as one of the disputants—will respond at once to a combined Franco-British lead. Nor can there be any question but that this lead should be in the direction of the preservation of the fundamental principles of the League in the face of a Power bent upon forcible aggression. Nor, again, is there any doubt but that British public opinion would wholeheartedly endorse British co-operation in the fulfilment of League obligations. On Wednesday, the leaders of His Majesty's Opposition were called into conference at the Foreign Office; and in public they have emphasised their belief in the necessity to uphold these obligations. On Thursday, the Cabinet held an all-day sitting; and the report that the Government have decided to stand by our obligations under the Covenant shows that the Cabinet has not been deaf to the voice of public opinion or blind to the far-reaching implications of the situation.

The task before the League on September 4th is plain. Moreover, only five days after this critical date, the full Assembly is to meet; and the Assembly contains very many more smaller Powers than the Council. Signor Mussolini has challenged the League's *raison d'être*, its capacity for performance, and the temper of its constituent Powers. That challenge may not be flung down as a gauntlet by September 4th. The Duce may yet decide not to commit technical aggression against Abyssinia before that date. But there remains barely a fortnight for discussions with France and the other members of the Council, on a common line of action at Geneva. What the negotiations in the meantime may bring forth, no one can say. Signor Mussolini has placed France in a cruel quandary, between the hammer of threatened Italian aggression in Africa and the anvil of dangerous repercussions in Central Europe. But one thing must remain as crystal-clear for France as for this country: If the League is proved impotent in the face of aggression by one of its Members upon another, then we shall all be left floundering in the welter of a pre-war international anarchy. Italy's dictator may profitably spend the few days of grace that remain to him in pondering the ultimate fate of those who incontinently draw the sword.

WIRELESS

At present, wireless is "in the news." It is as much in the public eye as in the public ear. During the last week or so there have been many occasions when the future of the wireless industry, of the British Broadcasting Corporation, and of the use of wireless for political and educational purposes, have been featured in the press. There have been the international conference of educationalists at Oxford, the announcements of important changes in the "high command" at the B.B.C., and the opening of the Radio Exhibition at Olympia and of its counterpart in Berlin. What reflections on this great post-war innovation do these events prompt?

One of the clearest incidental proofs of the grip that broadcasting has on the nation lies in the interest that everything connected with the B.B.C. excites in the public. Months of waiting are necessary before the ordinary man can obtain a seat in Broadcasting House to listen in person to a performance that can be heard with equal effect and greater comfort at his own fireside; and every major change in the personnel of the Corporation is reported in the press and anxiously canvassed by its readers.

If such interest is intelligent, it is a healthy symptom, for it indicates that the people who absorb the daily menu like to know what *chef* is preparing it; and as the personal equation must be allowed for in every estimate of the value of what is broadcast, it is all to the good that listeners should know something of the personality and intellectual

equipment of those who are in control. This consideration is particularly important in a country which maintains the wireless as a strict monopoly; and more important than ever where wireless is not only a scientific novelty but represents an experiment in administration which has never before been attempted. And that is exactly what wireless in Great Britain does represent.

As it grew plain in the days following the war that the State was not likely to surrender wholly the industrial territory that it had won from the individual, one of the ideas that were widely adopted and advocated was that of the semi-official public corporation which should combine the best of two systems. It was to give us at once the steadying influence of disinterested control and the "ginger" of individualistic enterprise and effort. Of the corporations that were founded, by far the best known to the public is the B.B.C., which covers the widest ground and touches the life of the ordinary man most often and most obviously. After these ten years or so of experiment, would the ordinary man say that the thing is turning out a success? In one way, certainly yes. All listeners have their private complaints against the programmes. But on the whole the general verdict would be that the difficult task of keeping the country entertained, instructed and elevated three hundred and sixty-five days in the year is carried out with surprising freshness and enterprise.

But from another point of view the verdict would probably be less favourable. In the B.B.C. we have a Corporation which is neither official nor unofficial, which has close relations—how close the ordinary man cannot tell—with the Government and with one Department of Government in particular; but it has no Minister to answer for its administration in Parliament, and consequently its policy cannot be officially defended or effectively attacked. It is a great collector of revenue for the State; but there is no estimate on which the Opposition can subject its operations to the criticism which every spending or collecting Government Department may have to face at any moment and expects once in every year. Changes of management, control and policy can be brought about almost unobserved; and we are faced with the peculiar paradox of a public service, more often and more widely discussed and criticised in private than any other, exempt from the ordinary operations of parliamentary criticism. It would not be correct to describe the B.B.C. as irresponsible; but it might not unfairly be called untouchable, and that fact indicates a point for serious thought in working out the further development of these semi-public corporations.

It may be argued with some effect that it is infinitely better to have a great organ of publicity too much detached from Parliament than to allow it to become the bondsman of Government; and if we thought that the present arrangement guaranteed a permanent independence of broadcasting we would put up with almost any evils to secure it. A wireless handcuffed to the Government of the day is one of the major terrors of our generation, almost the most dangerous weapon in the dictator's armoury. Herr Hitler was not slow in seeing what wireless could do for him, and he has been able to make a deadly use of this invention, which brings his views into every German home with far greater certainty than a controlled press, and shuts out the opinions of his critics more surely than the censorship. To dominate the German wireless stations is simple enough, and by a careful manipulation of the local stations, the standardisation of cheap receivers and their availability for everyone, he can make it impossible for any but the most expensive sets to import heretical foreign matter to the orthodox German fireside. A correspondent who was staying in a German town when the Führer made his great Reichstag speech in May has sent us a note he made at the time recording his impression of that great wireless occasion:—

I do not know enough German to understand Hitler's speech, but I shall not soon forget the effect that it made on me. In the afternoon there had been an atmosphere of excitement, since the Führer was to speak to us in the evening. When the time came the wireless was started in every hotel in the town and the guests gathered to listen. In theatre and opera house the play was held up, and for two and a half hours the audiences willingly or reluctantly had to listen to Hitler. In the streets, which were almost deserted except at the wireless shops, great crowds collected

by the loud-speakers, and stood silently for the two and a half hours, while empty trams slowed down to abate their noise as they moved gently by. It was a nation being talked to by a man, and I should not wonder if 80 per cent. of the population of Germany heard the speech to-night. Surely, never before did a politician declare his policy to such an audience.

In this country there is no such obvious domination of the wireless by the politician, but it is impossible even in normal times to know what influences the B.B.C., and it is very difficult to believe that, if ever we are involved as principals in a first-class international crisis, the Government of the day will not take control and use the wireless to remould our views nearer to its heart's desire. And how easy it would be for a Government, which had rightly or wrongly determined that war was inevitable, to create in an hour or two on the wireless a war-mind up and down and across the land! Not only so; there are impalpable connections between Government and broadcasting which are capable of use for negative, as well as positive, "controls" of public opinion and the popular mind.

What antidote there is to these dangers we do not know, unless it be the highest possible standard of impartiality and responsibility in our statesmen. As it needs a better man to drive a racing car at 150 miles an hour round Brooklands than it did to drive a chaise in a country lane, so it takes a better man to handle a grave international crisis to-day than it did before the high-speed mechanism of wireless and modern propaganda was put at the politician's disposal. Indeed, the world's fate may be decided by the use that the world's statesmen one day make of the world's wireless.

BRITAIN'S OVERSEAS MARKETS

THE development and prospects of our foreign trade have recently been examined with considerable interest; for foreign trade has been the laggard in Britain's "recovery," and still accounts for much of our unemployed labour and industrial plant. The figures of our overseas trade in the first half of this year enable us to examine these developments more closely.

During the first six months of this year our total trade turnover increased by £14 millions as compared with the first half of 1934. This expansion, however, is the combined result of a decrease of £3 millions in imports to £359 millions, and of an increase in exports of £17 millions to £206 millions. As compared with the same period of 1934, we took £3 millions more goods from British countries and £6 millions less from foreign countries. The expansion of our exports was also mainly to Empire countries, who bought £10 millions more from us in the first six months of this year than in the first half of 1934.

The following tables show the distribution of our trade between foreign and Empire countries quarter by quarter:

IMPORTS (£000,000)									
Imports from	Europe (including Dependencies)			Other Foreign Countries			Empire		
	1929	1934	1935	1929	1934	1935	1929	1934	1935
1st quarter	99.9	58.7	57.6	107.9	53.1	50.5	98.2	72.1	70.2
2nd quarter	115.0	62.5	61.5	91.9	47.2	45.9	91.9	68.6	73.9
3rd quarter	124.4	67.3	...	87.2	47.7	...	79.8	59.7	...
4th quarter	127.1	68.0	...	108.5	56.6	...	89.5	71.1	...

BRITISH EXPORTS (£000,000)									
Exports to	Europe (including Dependencies)			Other Foreign Countries			Empire		
	1929	1934	1935	1929	1934	1935	1929	1934	1935
1st quarter	56.6	34.7	37.4	42.9	18.1	19.4	81.7	41.9	48.7
2nd quarter	59.2	33.9	35.1	41.1	17.5	18.8	77.2	43.6	47.1
3rd quarter	59.7	32.6	...	43.1	19.1	...	82.0	47.6	...
4th quarter	60.0	35.3	...	42.3	19.3	...	83.6	52.5	...

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It will be noticed that while the decline in our imports from foreign countries has been marked since the beginning of the year, the increase in our purchases from the Empire has been concentrated in the second quarter. This was due to the renewed upward trend in our domestic recovery and to the consequently increased demand for raw materials in the late spring. Exports, on the other hand, have not been so well maintained during the second quarter. This is to some extent a regular seasonal movement, although last year it was masked, in the case of British countries, by the very strong general upward trend in our exports. The following table gives details of our trade with European countries:—

TRADE WITH EUROPEAN COUNTRIES—FIRST HALF-YEAR
(000's omitted)

From or to	Imports				British Exports			
	1913	1929	1934	1935	1913	1929	1934	1935
Soviet Union	14,992	8,738	7,708	6,759	7,162	1,713	1,894	1,735
Finland	...	4,931	5,199	5,374	...	1,656	1,584	1,940
Estonia	...	1,108	869	897	...	191	141	287
Latvia	...	2,510	1,210	1,351	...	561	480	502
Sweden	5,913	10,740	7,921	7,485	3,901	5,019	4,293	4,589
Norway	3,865	6,924	3,973	4,155	3,268	4,325	3,103	3,127
Denmark*	11,328	25,809	15,923	15,040	2,966	4,906	6,204	6,961
Poland	...	2,976	3,582	3,008	...	2,123	1,332	1,988
Germany	39,400	31,960	15,249	13,974	19,285	18,528	7,971	10,748
Netherlands*	13,510	29,273	17,913	19,196	12,188	15,918	7,550	7,273
Belgium*	11,654	21,426	7,011	7,405	6,994	10,310	4,888	4,685
France*	25,835	32,198	11,090	12,190	16,628	18,631	10,358	10,145
Switzerland	5,741	6,626	2,777	2,504	3,209	3,327	2,214	2,118
Portugal	1,684	2,286	1,539	1,537	2,060	4,151	3,242	3,684
Spain	8,200	11,937	7,786	7,035	5,515	6,719	3,031	3,454
Italy	4,210	8,087	4,329	3,930	7,691	8,207	4,619	4,440
Austria	...	1,147	783	787	...	1,273	528	639
Hungary	4,094	1,164	808	784	2,282	1,516	278	224
Czechoslovakia	...	3,048	1,643	1,989	...	1,119	635	671
Jugoslavia	...	296	306	437	...	813	456	419
Greece and Crete	591	812	576	474	1,133	2,373	1,340	1,411
Roumania	611	777	1,781	1,466	886	1,194	1,680	679
Other European countries	86	762	1,445	1,349	181	367	916	1,108
Total	151,725	214,535	121,231	119,094	95,413	114,640	68,461	72,487

* Including dependencies.

On the import side there are continued indications of the transfer of our custom from foreign to Empire countries. Russia shipped smaller quantities of grain, hides and timber to this country, while reductions from Denmark consisted mainly of pig and dairy products, and from Sweden of timber, dairy produce and paper-making materials—all of which we purchased, in larger quantities, from Dominions. On the other hand Russia, Latvia and Belgium have all benefited from our increased consumption of flax, and imports of subsidised wheat from France were increased by over £1 million. Imports from all other European countries fell off. This, however, has not, as yet, reacted unfavourably on exports. There has been a continued increase in exports to Scandinavian and Baltic countries (which now import more than in 1929), particularly of iron and steel manufactures, machinery and chemicals. Russia has also taken more machines, while exports of non-ferrous metals

have expanded to all countries. The increase of nearly £3 millions in exports to Germany is largely due to an increase of nearly £2 millions in sales of raw and manufactured woollen goods, and some expansion of coal exports. On the other hand, exports to European countries outside the sterling area show a decline in almost all commodities—a reflection of the intensification of quotas and of increasing exchange difficulties in these countries.

Trade with foreign countries outside Europe has moved similarly to that with European countries:—

TRADE WITH FOREIGN COUNTRIES OUTSIDE EUROPE—

FIRST HALF-YEAR
(000's omitted)

From or to	Imports				British Exports			
	1913	1929	1934	1935	1913	1929	1934	1935
Turkey	2,065	912	378	299	3,374	1,508	203	446
Egypt	11,547	13,302	6,822	6,198	4,721	6,464	3,138	3,238
Iraq	238	697	137	758	1,284	772	1,006	1,414
Persia	2,149	5,458	2,323	2,342	7,102	7,474	2,981	2,703
China	2,139	4,307	4,491	4,589	6,183	6,423	1,970	2,340
Japan	70,579	100,897	40,441	37,121	14,529	22,639	9,524	10,469
United States* ..	1,828	3,240	1,570	1,540	1,123	1,170	453	474
Cuba	1,280	1,409	1,424	1,349	1,263	1,214	798	734
Mexico	493	1,283	720	207	872	1,915	839	1,023
Colombia	1,246	2,043	1,544	1,285	730	1,012	582	519
Peru	3,164	5,581	3,032	3,317	3,255	3,853	587	893
Chile	6,288	3,009	3,562	4,119	6,711	7,299	2,529	2,445
Brazil	1,667	3,328	1,943	1,722	1,545	1,704	950	884
Uruguay	23,554	40,983	22,958	22,187	11,267	14,014	6,560	7,304
Argentina								
Other non-Euro- pean foreign countries	3,988	9,427	5,367	4,712	3,374	6,138	2,709	2,558
Total	132,175	200,177	100,310	96,417	66,399	85,204	35,755	38,150

* Including dependencies.

With the exception of certain special commodities, such as tin from Bolivia, copper from Chile and refined petroleum from Persia, we have reduced our imports from almost all countries. The fall of £3 millions in imports from the United States is mainly due to declines in imports of cotton and motor spirit. The increase in our exports to the Argentine has been mainly in iron and steel manufactures; and to Japan and the United States in machinery and, in the latter case, tin. Both Persia and Iraq have been good customers, as a result of their increased prosperity through the rapid expansion of the market for their main product—petroleum. Most South- and Central-American States, on the other hand, have experienced exchange difficulties similar to those of the European gold bloc, and have reduced their purchases from Britain.

The picture of trade with the Empire, shown in the following table, is very much more pleasant than either of those preceding:—

TRADE WITH BRITISH COUNTRIES—FIRST HALF-YEAR

(000's omitted)

From or to	Imports				British Exports			
	1913	1929	1934	1935	1913	1929	1934	1935
Irish Free State...	£	19,480	8,005	8,417	£	17,212	9,790	9,921
West Africa	2,478	6,963	3,574	4,624	2,906	5,932	2,342	4,018
South Africa	6,896	12,959	6,565	6,447	10,754	16,244	13,846	15,749
India and Ceylon ..	24,604	36,155	25,986	23,147	36,167	43,250	18,227	20,235
Straits Settlements ..	8,539	6,171	3,390	4,047	2,914	6,499	2,568	3,039
Australia	19,913	32,853	27,552	30,095	17,137	25,241	11,729	13,402
New Zealand	14,475	32,709	26,119	23,042	5,451	9,351	5,048	5,935
Canada	10,938	21,666	22,115	24,139	12,007	17,903	9,968	9,597
West Indies	1,293	2,862	3,229	3,596	957	2,251	2,210	2,147
Other Possessions ..	5,784	18,244	14,101	16,310	6,955	14,815	10,462	11,886
Total	94,860	190,062	140,656	143,864	95,248	158,898	85,490	95,866
Excluding I.F.S. ...	...	170,582	132,651	135,447	...	141,086	75,700	85,945

From certain countries we took less imports than a year ago: New Zealand (wool), Ceylon (tea), India (shellac, leather and tea), South Africa (wool and hides), West Indies and Mauritius (sugar). But apart from our restricted imports of sugar, most of which comes from British countries, we have considerably increased our imports of foodstuffs this year—grain, mutton and lamb, and dairy produce from the Dominions; and fruit from Palestine and the West Indies. We have also taken more non-ferrous metals from Canada and Northern Rhodesia. On the

export side we find an expansion of all markets except the West Indies, which have suffered severely from the sugar crisis. As in other countries enjoying a measure of recovery, the commodities which are most in demand, and which account for the larger part of this expansion, are iron and steel manufactures, especially railway materials, machinery, electrical goods and vehicles. West Africa and India also took more of our cotton goods, but in other parts of the Empire the policy of quotas on Japanese goods seems to have had little effect on our own trade.

Unlike exports, re-exports to Empire countries have fallen from £5.5 to £5.2 millions; while re-exports to foreign countries have risen slightly owing to increased *entrepôt* trade with Russia, Italy and the United States. These movements, however, are unimportant compared with the main figures of exports and imports, which show a substantial increase in the proportion of our trade going to British countries.

BRITISH ENGINEERING—III

WITH this article, the third in the series, we conclude the survey of the developments in the various branches of the British engineering industry.

Machine Tools.—This section is largely dependent on activity in other branches of engineering. In 1930, 34 per cent. of its total output was exported; but in the last few years this percentage has varied widely. Exports reached a maximum of 23,826 tons in 1932, mainly owing to large purchases by Russia; they fell to 8,887 tons in the following year, but recovered to 12,304 tons in 1934. Exports to Russia fell from 19,234 tons in 1932 to a little over 4,000 tons in each of the following years. A revival in Russian orders is expected, for under the Anglo-Russian trade agreement there is a strong incentive for Russia to purchase her machine-tool and machinery requirements here.

The present increase in activity seems well founded, for it is based on a revival in home industry, particularly in connection with the motor industry and on a less spectacular increase in exports. The only other country to achieve an increase in exports of machine tools in 1934 was the United States, but the British proportion of the combined exports of the principal manufacturing countries was then higher than for many years (except 1932).

Imports of machine tools are considerable, amounting to 6,564 tons in 1934. In view of the success achieved by British manufacturers in the export market, this is surprising; but the value per ton of imports (£216) is very much higher than that of exports (£131), which would indicate that the former consist mainly of certain precision and special tools.

Constructional Engineering.—Activity in this branch of engineering can only be gauged by the number of its employees, which fell from 25,953 in July, 1929, to 19,198 in 1932 and 1933, and recovered to 24,747 in 1934. Home demand is mainly dependent upon railway companies and local authorities, though more and more steelwork is being used in large buildings. The recovery in 1934 must be ascribed mainly to the latter factor, since it was achieved without any assistance from large-scale Government expenditure, and railway programmes were also below normal. The prospects of continued expansion are favourable, since whatever the Government's policy on public works may be, that branch of demand is unlikely to fall any lower, while the 1935 railway programmes show considerable expansion.

In both 1933 and 1934, however, export demand exceeded home demand, notable examples of constructional work abroad being the Lower Zambesi Railway Bridge and the Mettur Dam in Madras. The greater part of the demand was from the Empire, but towards the end of 1934 orders for a number of bridges were received from the Chinese Government. It is probable that export demand will continue to expand slowly, though, again, it is hampered by exchange restrictions.

General Engineering.—This very large group remains for our examination. No sub-division of the group is possible in a short survey, though it accounts for about 40 per cent.

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of all those employed in the engineering industry. It enjoyed a considerable recovery during 1934; employment increased from 398,448 in July, 1933, to 447,000 at the same date in 1934, though the latter figure remains considerably below the 1929 figure of 533,748.

Summary.—Throughout all branches of the engineering industry the recovery in 1934 was mainly due to the home market. While domestic demand for the industry's products has probably not reached saturation point, any considerable expansion in the future must depend on a revival in exports. During the past few years most branches of the British engineering industry have maintained, or even increased, their percentage of world trade; and an expansion in exports therefore mainly depends on the mitigation of exchange restrictions and an increase of purchasing power abroad. The two countries which chiefly compete with the British industry are Germany and the United States. While Germany has in recent years lost some of her former ascendancy, there is the danger that she will quite possibly go on concluding barter agreements, on the lines of that arranged with South Africa at the end of last year. The devaluation of the dollar provided a stimulus to exports from the United States during 1934, but by the end of the year it was apparent that this was being offset by increased wages and shorter working hours under the various codes. The Schechter decision regarding the legality of N.R.A. may result in renewed competition from the United States, but it is as yet too early to assess the international effects of that legal decision.

In any case, this short survey of developments in the leading branches of one of Britain's greatest industries shows that a measure of recovery has speedily been made from the catastrophic low level of activity in 1932. This argues that the industry as a whole is well placed to benefit from either a badly-needed recovery in world trade or from further expansion in domestic activity.

There can be no question that a recovery in world trade would be of the utmost benefit to the industry—especially to those of its branches which turn out, or are dependent upon the production of, textile machinery, locomotives, rolling stock, and ships. In design and construction of ships, locomotives and rolling stock, the industry can probably more than hold its own in the overseas markets; but in the matter of design and modern requirements the important section of textile machinery has lagged behind both its overseas competitors and the other branches of British engineering. No doubt, depression in our own cotton textile industry has been a retarding influence; but where, as in the case of the production of British artificial silk tissues, the most up-to-date and efficient textile machinery has been required, it has had to be imported from abroad. There is, therefore, much scope for improvement in this section of British engineering. With regard to continued domestic recovery, there are two vital factors involved: the continuance of the "building-boom," and the probable effects of an accelerated and expanded rearmament programme.

There are now indications that, even if the "building boom" assumes more modest and normal proportions, increased armament construction will soon have an effect on many branches of engineering.

For the future of the industry as a whole, however, there are two main requirements. There must be continued reorganisation of the industry's various sections, where there is frequently only a complex of small competing units—many of them at, or under, the "margin" of profitability. And—a point which is so often ignored—more attention must be concentrated on technical education within the industry, for this constitutes an important factor in competitive efficiency. What Germany has achieved for her engineering industry, by means of a highly efficient technical education, is well known.

On the Continent, technical education takes the form principally of a full-time, practical education before entry into the engineering industry. In this country, technical education relies mainly on the apprenticeship system under which the apprentice attends evening classes at evening institutes or colleges. In 1933, the number of apprentices in the engineering and metal working industries attending such evening classes was 123,703, while only 1,575 full-time students attended engineering colleges. In addition 6,973 employees were released during the day for technical education. The main disadvantage of the apprenticeship system lies in the fact that usually only a narrow range of training is provided; and for this reason many engineering employees would prefer the Continental system. The Ministry of Education, however, after conducting an inquiry in certain Continental countries in 1932, recommended that the part-time system should be retained in this country, but that the system of releasing employees during the day should be more widely adopted. It may be that, by comprehensive use of this method, the competitive efficiency of British engineering can rapidly be increased.

CANADA'S POLITICAL FERMENT

(BY OUR OTTAWA CORRESPONDENT)

CANADIAN politics are in a ferment. The Canadian Federal Parliament is still undissolved and the date of the coming General Election has not been announced. A statement recently made by the chief organiser of the Conservative Party indicates September 23rd as the probable date of polling. Meanwhile, the whole country is being flooded with electioneering oratory and propaganda. The election now promises to be a confused *mêlée*, with at least three candidates contesting most seats, and four in not a few constituencies. Already nearly 400 candidates have been nominated for the 245 seats, and the final number who will go to the polls promises to exceed the 531 who stood in the election of 1930.

The troubles of the Conservative Ministry of Mr Bennett were numerous and grave even before Mr Stevens founded his Reconstruction Party. Indeed, no Canadian Government has ever entered a Federal election with the omens so adverse. Prince Edward Island is a tiny province, but this fact cannot conceal for the Conservative Party the ominous symptoms of popular feeling shown in the result of a provincial election held there on July 23rd, in which the Liberals, carrying every one of the 30 seats, swept a Conservative administration out of office. This result leaves the Conservatives without control of a single Provincial administration in the Dominion, and the Liberals in possession of seven. Following upon a similar result in New Brunswick in June it bodes ill for the chances of Conservative candidates in the Federal election in the Maritime provinces, where the party's strength in 1930 was proportionately greater than anywhere else. Damage is also being done to the Conservative cause by a *saute qui peut* flight of Ministers to comfortable havens outside the vicissitudes of politics. Three of them, including Mr Rhodes, the Minister of Finance, and Mr Sauve, the Postmaster-General, have taken Senatorships as a prelude to withdrawal from office; a fourth has been appointed to a judgeship; the Minister of National Revenue has announced his impending retirement from public life; and at least two more, including Mr Guthrie, the Minister of Justice, have no intention of contesting their seats. Premier Bennett, although not yet in perfect health, has decided to lead his party during the campaign; he will therefore have to reconstruct his Cabinet on the eve of the election and, under existing circumstances, it will be extremely difficult for him to make good the dearth of sound Cabinet material in his following. The Conservatives have been steadily hoping that they would have as an election counter at least a modest trade reciprocity treaty with the United States; but the negotiations seem to be in a state of suspended animation. If they cannot get such a treaty before the election, they will contend that they ought to be kept in power because they are the only party who will keep vigilant watch over the interests of Canada in trade negotiations with her mighty neighbour. Mr Bennett and his party have lost the initiative which they managed to seize with their "New Deal" programme early in the year, and they are committed to a very difficult rearguard action with the odds heavily against them.

The Liberal Party, led by Mr Mackenzie King, have considerable justification for their belief, based on the results of Federal by-elections and provincial elections, that the voters have become disillusioned about the efficacy of high tariffs as a cure for Canada's troubles, and tired of the general policies of the Conservative Party. But complaint has been freely made in recent months, even in Liberal circles, that Liberal leaders have been relying too complacently upon the unpopularity of the Government to waft them into power, and have not troubled to present to the country a constructive programme.

The appearance of the new Reconstruction Party, led by Mr Stevens, renders it imperative for Mr King to propound a definite policy for his party. He is expected to do so in a series of nation-wide broadcasts, with which he will open his campaign at the end of July. He will direct his main indictment against the high tariff policy of the Government on the ground that, instead of decreasing unemployment, it has increased it by depressing the basic natural industries through loss of foreign markets which were closed by retaliatory tariff legislation; and that it has aggravated the consequences of the depression for Canada. He will pledge his party to bring back the tariff to that prevailing at the close of the last Liberal regime, and to revise the Ottawa agreements by negotiation, but not to abrogate them. Some of his lieutenants have been trying to commit the Liberal party to the nationalisation of the Bank of Canada, but Mr King has evaded any such pledge. He will also be very cautious in his pronouncements on the Constitutional question, for the province of Quebec, where he expects to regain most of the seats lost by the Liberals in 1930, is traditionally very jealous of Provincial rights and has an ingrained horror of any tampering with the British North America Act, by which the religious and linguistic rights of the French-Canadians are safeguarded. On the whole, the Liberal Party will conduct a "middle-of-the-road" cam-

paigned, and try simultaneously to convince Radicals that it will tread the path of reform, and to persuade Conservative business-men that it can be trusted to embark on no perilous adventures. If the Liberals win the election, Mr Mackenzie King will be handicapped in the task of forming a presentable Ministry by the fact that the two ablest of his lieutenants, Mr Dunning, his former Minister of Finance, and Colonel J. L. Ralston, who in recent sessions has steadily grown in political prestige, have been compelled for private reasons temporarily to drop out from public life.

Radical elements in Canada during the last three years have been rallying round the Co-operative Commonwealth Federation, which came into existence in 1932 as a political "holding-company" for agrarian and labour organisations and groups of the Socialist intelligentsia. It has adopted a programme which could fairly be described as socialistic, but it sedulously eschews the use of the Socialist label through fear of frightening off rural voters, among whom the tradition of "rugged individualism" is still powerful. The C.C.F. has at present some 15 representatives in the House of Commons, but it has not yet been able to build up an efficient nation-wide organisation. Moreover, it suffers from the lack of press support, its only partisans being a few weekly newspapers. It has, however, very considerable strength in the two most westerly provinces, British Columbia and Alberta, and a fairly large following in Saskatchewan and Manitoba and in the industrial centres of Ontario. East of the Ottawa River its only serious foothold is in the City of Montreal, where it has at last, despite the bitter hostility of the Roman Catholic hierarchy, begun to make headway in converting the French-Canadian workers to its doctrines. But it could scarcely hope at this election seriously to challenge the two historic parties; and now its whole future as well as its immediate prospects are threatened by the advent of the new Reconstruction Party.

This Party is still in the embryo stage, and it is difficult to see how Mr Stevens and his allies, in the short time at their disposal—at the outside, only two months—can hope to create a national organisation and so make good their threat to place candidates in every constituency. The fifteen-point programme embodied in Mr Stevens' manifesto has many points in common with the platform of the Co-operative Commonwealth Federation. Both of them favour nationalisation of the Bank of Canada, a merger of the railways under public ownership, and a generous programme of public works for the absorption of the unemployed, together with a more equitable system of relief. If Mr Stevens were not in the habit of denouncing Socialism as wholly impracticable for Canada, there would be no reason why the C.C.F. and the Reconstruction Party should not be merged forthwith. The C.C.F. has no leader able to match Mr Stevens in national prestige and campaigning experience, so it will probably see a lot of its supporters drift away to the Reconstruction Party. Mr Stevens may be without funds and eminent supporters, but he has one tremendous asset. He is the only Canadian politician within living memory who has given up a Ministerial salary for what he thought was a just cause. He is a real political hero in the eyes of many people; the young inmates of unemployment relief camps whose case he has pleaded, employees of stores and factories whose low wages he has criticised, retail merchants who regard him as their champion against the great chain and department stores, and cattle raisers who have been delighted with his denunciations of the packers' combine. Probably no Canadian leader has to-day such a large personal following of genuine admirers. He has, however, revealed an inclination towards currency inflation; and Mr Aberhart and his Social Credit Party in Alberta, whose activities were described in a recent number of the *Economist*, have announced their willingness to co-operate with him on terms. But it remains to be seen whether Mr Stevens can organise his cohorts in two months and get their vote delivered at the polls. If he cannot accomplish this, his Reconstruction Party will have only a nuisance value at the election. It will, however, be more of a nuisance to the Conservatives than to the other parties, and might reduce their strength in the new Parliament to such small dimensions that their survival as a separate force in Canadian politics would prove none too easy.

NOTES OF THE WEEK

The Ban on Arms for Abyssinia.—On Wednesday of last week the Abyssinian Government appealed to the Governments of the States members of the League Council, begging for a removal of the embargoes on the export of arms to Abyssinia which are at present in force in most of the arms-manufacturing countries of Europe, including this country. The Abyssinian case, as we pointed out, was overwhelmingly strong last week. It has become morally unanswerable now that the Paris negotiations have broken down. For this breakdown is flagrant. No one can any longer pretend that Signor Mussolini does not mean to go to war with Abyssinia. The British Government's explanation of its own embargo was that it was determined to do nothing to exacerbate Italian feelings so long as a ghost of a chance remained of securing a peaceful settlement through mediation. That chance is now virtually extinct, and the Italian Government has shown by its action last week, and by the campaign of vilification of Great Britain which the Italian press has been allowed to pursue, that it takes less than no account of British feelings. Not only has the policy of kind words to Italy been proved unsuccessful; we have a positive obligation to allow—perhaps even to assist—Abyssinia to secure the arms with which she may be able to ward off the impending aggression. The Cabinet at its meeting on Thursday decided to prolong the embargo "for the present," but it was made clear that this does not necessarily imply that it will be maintained until September 4th. This decision may mean one of two things. On the one hand it may mean that the British Government, in spite of the provocative behaviour of Italy, is still determined to persist with the method of kindness. In view of the very small chances of success in such an endeavour, and the very severe handicap which every day of delay imposes upon Abyssinia, such a decision would be disgraceful. It would be bad enough if we were to fail, once again, to keep our engagements under the Covenant to preserve the integrity of a weak and peaceful member of the League who was being attacked by an aggressor. It would be monstrous if, in order to avert the aggressive Power's hostility from ourselves, we were to penalise its victim by deliberately depriving her of the means for self-defence. But secondly, the Cabinet's decision may mean that there are certain technical obstacles to the immediate raising of the embargo, and that when they have been overcome the export of arms will be resumed. It is to be hoped that this is the correct explanation of a rather puzzling decision. In the Abyssinian case our obligation to remove the present arms embargo exists independently of the League Covenant; for we are bound, together with France and Italy, under a treaty concluded between the three Powers and Abyssinia in 1930, to allow the Emperor of Abyssinia "to obtain all the arms and munitions necessary for the defence of his territories from external aggression." Our obligation is unquestionable, and the embargo should be removed at the earliest possible moment.

American Neutrality.—There has been talk in Washington for some time past of legislation to secure that the United States shall not be involved in future wars as she was in the last. The old doctrine of the freedom of the seas has gone by the board, and the prevailing Congressional opinion is that America should cut off all intercourse with belligerent nations rather than, by insisting on her right to free intercourse with both sides, run the risk of falling foul of one of them. But it has needed the critical turn taken by the Italo-Abyssinian dispute to stir Congress to the point of legislation. The Senate on Wednesday passed without a vote a resolution recommended by its Foreign Affairs Committee providing

That upon the outbreak and during the progress of war between or among two or more foreign States the President shall proclaim such fact, and it shall thereafter be unlawful to export arms, ammunition, or implements of war from any place in the United States or possessions of the United States to any port of such belligerent States or to any

neutral port for transshipment to or for the use of a belligerent country.

The President by proclamation shall definitely enumerate the arms, ammunition, or implements of war, the export of which is prohibited by this Act.

The President may from time to time by proclamation extend such embargo upon the export of arms, ammunition, or implements of war to other States as and when they may become involved in such war.

This very sweeping resolution goes too far for some of the advocates of neutrality. It would make action by the President mandatory so far as the original belligerents were concerned, and would prevent any discrimination between them, even if one of them should be a flagrant aggressor. Moreover, the last sentence might be interpreted as applying to States engaged in forcibly restraining the aggressor in accordance with decisions of the League of Nations. The House of Representatives has before it a resolution prepared by its own Foreign Affairs Committee after consultation with the Department of State, which provides

That upon the outbreak of or during the progress of war between or among two or more foreign States, or whenever the President finds that conditions existing in any part of the world are such that the shipment of arms, ammunition, and implements of war from the United States may involve the United States in international complications or contribute to armed conflict, and when in either such case the President finds that the imposition of restrictions on the export of such war material from the United States will serve to maintain peace between the United States and foreign nations, or to protect the commercial interests of the United States and its citizens, or to promote the security of the United States, and shall so proclaim, it shall thereafter be unlawful to export arms, ammunition, or implements of war from any place in the United States to such countries as the President may designate.

The President's influence will undoubtedly be cast on the side of the House version, which would give him a much greater latitude of discretion. The final form of the resolution, however, depends, as does the final text of many important Bills now before Congress, on the compromise which can be reached in secret conference in the hurried hours of the final scramble to adjourn. It would be a pity if the United States, in its anxiety to avoid "entanglements," put itself in the position of refusing even moral support to the attempts less self-centred nations may make to establish a system of international morality and law.

* * *

Congress Near Adjournment.—The pace of legislation in Washington is working up to a climax in the expectation of an almost immediate adjournment of Congress. The session has already lasted longer than usual and the temperature of political dispute throughout the country is rising so rapidly that Congressmen are very anxious to get home and look after their own political defences. The President, however, refuses to consent to an adjournment until all his Bills are enacted. A long list of measures has accumulated, all of which have been passed by one or other House, and some by both, though in divergent forms. Of the major measures only the Social Security Bill has been actually enacted, but agreement has been reached between the two Houses on the Banking Bill, the Tax Bill, and the Bill to extend and consolidate the powers of the Tennessee Valley Authority. The other Bills are still being disputed between the two Houses, some of them, notably the Public Utility Holding Company Bill, hotly disputed. It is a peculiarity of the American legislative system that, though talk is virtually unlimited in the earlier stages of a Bill, its final form is decided in a secret conference between delegates of the two Houses and that final form is enacted without debate. Moreover, the conference is frequently, as at present, postponed until the hurried closing days of a session, the President, and the country, being presented with a batch of large, but often ill-considered, Acts at the very last moment. The haste of the Democratic minority to return home has been increased by a remark-

able revival of activity in the Republican Party. That Party has survived in a stronger form than seemed possible only a few months ago. It is frankly optimistic, believing that an amalgamation of all the different forms of discontent with the New Deal will yield as large a protest vote against Mr Roosevelt in 1936 as he united against Mr Hoover in 1932. This is at present rather extreme optimism, but next year's Presidential election is clearly going to be more of a contest than it might have been. The great difficulty of the Republicans, as is always the case under the American system with the party out of office, is to find a candidate. He must be well enough known to attract support, sufficiently opposed to the New Deal to attract the Conservative Democrats, without being so cautious as to throw the Progressive Republicans into the arms of the President. And since the President is an Easterner, the Republican candidate has a chance to collect votes from the West if he himself comes from beyond the Mississippi. The first of the "straw votes," in which Americans delight, shows Senator Borah as the leading candidate, with Mr Frank Knox, of Chicago, and Governor Landon, of Kansas, as his nearest rivals. Mr Hoover is well down the list. These personalities are important, for an American Party, with no continuing policy or organisation, takes its meaning from the character and beliefs of its leader, and the nature of the opposition to Mr Roosevelt, as it takes shape in the next few months, whether it is successful or not, will very largely influence the policy of the United States, in domestic and foreign affairs, until 1940.

Dr. Schacht Hits Out.—No one could doubt Dr. Schacht's courage. His speech at the opening of the Königsberg Eastern Fair last Sunday affords ample proof of it. Only a little over a year ago Herr von Papen was allowed to make a famous warning speech against the Nazi extremists. The bloody purge of June 30, 1934, followed in a very short time, and in the *mêlée* Herr von Papen barely escaped alive. In the last few weeks a wave of Nazi extremism has again been let loose over Germany; Dr. Goebbels gave it a noisy blessing in his notorious speech at the Tempelhoferfeld a few weeks ago; and since then, the Nazi Party stalwarts—including Herren Goebbels, Julius Streicher, Baldur von Schirach, and Himmler—have all been leading an anti-Semitic, anti-Catholic, anti-Protestant, anti-Stahlhelm, and anti-"carpers" crusade. In some of their utterances the typical Nazi lack of sympathy with "big business," *rentiers*, banks, and the canons of economic commonsense, has been apparent; and as Dr. Schacht is the only economic dictator of Germany, the shafts of the Nazi Party's leaders flew uncomfortably near him. The speech at Königsberg last Sunday constituted his flaming retort to them. For interfering with Germany's economic policy, he roundly condemned "those persons who, in the dead of night, heroically smear shop-windows; who proclaim every German who buys in a Jewish shop as a traitor . . . and who, in the legitimate struggle against priests who dabble in politics, cannot distinguish between the abuse of the pulpit and true religion." The effects of these disturbances on Germany's necessary economic relations with foreign countries could not be a matter of indifference to Germany or to Dr. Schacht himself. The Nazi State should be based on law and order, not on the predilections of irresponsible individuals. The State had taken, and still needed, very many people's savings for its vast work-creation and rearmament programmes; moreover, consolidation of the enormous sums spent for financing these schemes "in-advance-of-revenue" would inevitably become necessary one day; and then it would have to be done from the "industry and savings of the people." Dr. Schacht went on to reaffirm his desire to make every effort to satisfy the "existing demands" of Germany's creditors. This can scarcely bring more than cold comfort to Germany's creditors, whose eyes will probably remain fixed on the internal stresses and strains of the political structure in Germany. As Dr. Schacht said, the financing of the work-creation and rearmament programmes was only possible under Germany's "authoritative" (*sc. totalitarian*) State. Presumably the reason is that in such a State any-

thing can happen at any time. But the moral can hardly fail to be noted by foreign observers. Meanwhile, many of them must be wondering what Herr Hitler, in his Bavarian retreat, is thinking about the verbal see-sawings in Germany's high places.

Italy's Economic Position.—How far is Italy dependent on imports? Has she built up substantial stocks of certain key commodities? What is the present position of Italian trade and industry? These questions are continually being posed to-day. Here some indications are given in reply to them. First, according to the latest figures of the Ministry of Corporations, the index of industrial production in Italy (basis 1928 = 100) has risen from 72.98 in 1932 to 80.49 in 1933, to 88.33 last year; and the May figure this year at 113.55 compares with a figure of 89.47 for May last year. The branch of industrial production which shows the steepest rise is that of the metallurgical and mechanical industry, for which the index rose from 75.85 in May of last year to 100.72 in May this year; but the production of textiles and of buildings and construction in general showed almost as great an increase. Wholesale prices have risen steeply in the past year; the index of the Provincial Office of Corporative Economics at Milan (basis 1913 = 100) shows that, after a falling trend down to July of last year, the index rose from 272.91 in that month to 379.12 last month. The purchasing power of the lira during the twelve months has therefore dropped from 36.64 per cent. of its pre-war level to only 31.34 per cent. last month—a fall of nearly 15 per cent. in a year. In sympathy with wholesale prices, the cost of living, as far as it can be ascertained, is also showing a rising tendency. As for necessary imports, Italy needs about 12-15 million tons of coal per annum; 60-70,000 tons of copper; about 200,000 tons of iron ore; about 1,000,000 tons of scrap and other steel; 25,000 tons of lead; 90-100,000 tons of manganese; 1,500 tons of nickel; about 500,000 tons of motor spirit and crude oil; and 15,000 tons of spelter and zinc. In tungsten, tin, imports; and her domestic production of wool, fodder, coal, petroleum and motor spirit, cannot nearly suffice for her requirements in peace time. The following table shows how some of Italy's chief imports have been moving:—

Commodity	1932	1933	1934	1934 Jan.-May	1935 Jan.-May
Meat, salted, preserved, etc.	14,608	4,417	5,819	2,281	3,983
Barley..... quintals	34,192	37,771	68,617	19,487	26,484
Flax..... quintals	20,131	17,254	19,487	12,438	44,234
Cotton (raw)..... quintals	1,902,001	2,197,764	1,871,647	1,010,541	13,986
Copper, ingots..... quintals	515,204	602,201	629,988	1,010,541	798,364
Nickel, ingots..... quintals	4,989	8,829	15,452	280,378	428,177
Lead, ingots..... quintals	83,149	85,209	60,519	6,148	7,981
Tin, ingots..... quintals	37,712	39,983	42,155	15,646	67,785
Zinc, ingots..... quintals	16,378	11,804	28,074	7,943	21,422
Coal..... tons	8,017,827	8,790,209	11,781,354	4,296,825	5,575,887
Coke..... tons	760,493	771,545	852,331	290,819	326,072

Italy's imports of wheat and maize have not increased, for domestic production has risen steeply. Her imports of cotton, wool and rubber have not increased—despite Italian efforts to make heavier purchases abroad—owing to difficulties over Italy's foreign exchange resources and her securing the necessary credits abroad. Already the London banks are considering if it is safe to keep open their credit lines with Italy; and there is little doubt that the decision will be adverse. It is more than likely that the New York banks will take a similar view. These indications are enough to show that the way of Italy, as an aggressor, may yet prove hard. It is known that stocks of certain commodities of armament materials, cotton, wool, fodder and rubber. The auspices at present are not such as to encourage the belief that Italy, if she decides on war, will easily be able to secure increased supplies of most of these "vital imports." In the event of American action under the "neutrality legislation" (see page 365) and of League action in the shape merely of an "economic boycott," Italy may well find her economic situation rapidly becoming critical.

The Milk Poll.—The result of the poll of registered producers of milk, which was announced on Monday, was much more favourable to the Board than had been anticipated. The opposition to the Board among dairy farmers has been very vocal, especially at public meetings, and such unofficial test votes as had been held showed only a small majority in favour of the scheme's continuance. The majorities shown by the poll, however, were very large, 81 per cent. of the producers voting in favour of the scheme. In the second poll, in which a producer has one vote for each of his milch cows, the majority was increased to 86½ per cent. Since only 98,000 producers voted out of 167,000 on the register, the discontented minority is revealed to be less than 12 per cent. of the industry. It is important to remember, however, that the vote was taken, not on the perfections or imperfections of the present scheme, but on whether there should be a milk marketing scheme in any shape or form. Had the vote gone against the Board, there would have been no organisation left to bargain with the dairymen, no power to protect the "liquid" market from the competition of "manufacturing" milk. The vote cannot therefore be interpreted as absolving the Board from the responsibility of pursuing their search for amendments and improvements. That amendments are necessary is shown more clearly than ever by the figures of milk production in July which were released with the result of the poll. During the month 80.86 million gallons of milk were produced, of which 34.03 million gallons were surplus to the requirements of the "liquid" market. The "surplus" is now beginning its seasonal decline and is 10 millions less than in May, but it is 15 millions more than in July last year. The essential principles of the scheme are that an absolute separation is maintained between the "liquid" and "manufacturing" market, but that the receipts from the two markets are pooled and a flat rate per gallon paid to each producer, irrespective of the use made of the milk he produces. Now if the surplus is small, the "pool" price will be little less than the "liquid" price, and only those producers who could formerly rely on selling all their milk for liquid consumption will be adversely affected. But with every increase in the "surplus," the gap between the "liquid" price and the "pool" price widens and a fresh batch of producers consider themselves aggrieved. In July, for instance, the "surplus" converted a "liquid" price of 13d. into an average "pool" price (before deductions for expenses, etc.) of 10.5d. a gallon. The Board's task is to prevent the "pool" price falling any lower, and the solution it favours is to fix a quota for each producer on which the "pool" price will be paid, any excess production being paid for only at the "surplus" price. In the long run it would be more satisfactory to lower the "liquid" price and increase consumption, but there is much force in the Board's contention that the reaction to this would be far too slow to cope with the present emergency. In the circumstances, the Board's proposal is probably the best that can be devised. With its future now assured for at least twelve months, it is to be hoped that the amendments to the scheme will be put through before next spring's flood of "surplus" milk begins.

A Daniel Come to Judgment.—Lord Nuffield has put the cat among the pigeons, with a vengeance! Speaking at a dinner last Friday, he told his hearers that the prices quoted by British steel producers were a third greater than those of foreign competitors. The result was that British motor manufacturers could not reduce their prices further. The steel manufacturers, he continued, were taking advantage of the duties on imported steel instead of increasing their production and lowering their prices. This handicapped motor manufacturers and should cease at once. "Unless they change their methods," added Lord Nuffield, "I will go so far as to say that we will buy our steel outside this country." How strange are the mutations of the protectionist mind! Less than a year ago Lord Nuffield told Englishmen that they should refrain from the unpatriotic practice of buying the cheaper foreign cars. We then asked:

Does he consider all international trade immoral? Or would he feel justified in purchasing some of his raw

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materials from foreign countries, if he could not get them so cheaply at home?

Lord Nuffield has answered our questions in person; but in so doing he has refuted his earlier argument. There is no better cure for a belief in protection than a little protection for others!

Chinese Banditry and International Politics.—The tragic death of Mr Gareth Jones will have come as a shock to all who knew him. The Chinese authorities are not unduly to be blamed; for they did warn Mr Jones and his companion not to travel by the route on which they were captured. At the same time, it is a serious confession of inefficiency for any Government to have to proclaim that, in territory which is nominally under its authority, it is only able to keep the peace on certain lines of communication and not elsewhere. And this admission is apt to have international consequences when the partially anarchic territory happens to be on the threshold of the dominions of a Power with a stronger hand, which is ready and anxious to extend still further the limits of its own domination at a less competent neighbour's expense. If and when the Japanese do extend their military occupation from Jehol Province, which they have already incorporated forcibly into "Manchukuo," to Chahar Province, where they have so far only made a few tentative reconnaissances, they will probably not forget to remind the British public that Chahar was the scene of Gareth Jones's death. A fresh Japanese advance in this direction is always on the cards. In fact, the political tension along the Chahar-Jehol border was the lode-stone which drew Mr Jones and Dr. Müller into the bandits' haunts. It is therefore worth considering whether a further Japanese advance into Eastern Mongolia really would bring with it an improvement in internal law and order as an offset to the international lawlessness of such an act. Perhaps the answer to this question is given by the coincidence that, the day before Gareth Jones' body was found in Chahar, the Japanese authorities in "Manchukuo" admitted that, in a recent raid by "bandits" on the administrative office of one of the districts of the Japanese dependency on the Asiatic mainland, seven Japanese—including the Japanese Adviser to the district Government and his staff—had been killed. The Japanese have never succeeded in stamping out "banditry" in the Manchurian and Mongolian territories of which they have taken possession. The reason is, of course, that, in the territories under Japanese occupation, the traditional "economic" banditry has taken on a political complexion; and the criminals who would formerly have had the settled population against them have now coalesced with the patriots who are up in arms against a foreign domination. This transformation of "economic banditry" into "political banditry" is no improvement, but a lamentable change for the worse.

The Danzig Settlement.—It is satisfactory to be able to record the rapid settlement—and this by direct negotiations—of the serious dispute between Poland and Danzig which recently came to a head. The first step was achieved on August 8th by the initialling of an agreement under which the Danzig Government withdrew its recent decree permitting certain foodstuffs and other commodities to be imported duty-free from Germany into Danzig. The Polish Government, as its contribution to the agreement, withdrew the duties which had been imposed a few days earlier upon imports into Poland *via* Danzig. The second step seems to have been accomplished by way of a verbal understanding. The Danzig Government has agreed to the immediate opening of discussions between the Bank of Danzig and the Bank of Poland on the "freezing" of Polish export proceeds in Danzig as a result of the recent and unilaterally imposed regulations in Danzig for the control of the gulden. In return for this rather tardy conciliatoriness on the Danzig Government's part, the Polish Government seems now to have given a verbal assurance that it will abide by the arrangement, ratified on September 18, 1933, by which Poland undertook to give equal economic treatment to Danzig and to the new Polish port of Gdynia. It is the remarkable feat of having created Gdynia *ex nihilo* since the war which has given Poland the whip hand in her dealings with Danzig ever since. The Danzigers are certainly wise to think twice before they ruin their city economically for the sake of making a gesture of political independence. On the other hand, if Poland did ruin Danzig economically for Gdynia's benefit, then Danzig would have no interest left in the post-war political *status quo*, but she would have the strongest economic as well as political incentive to seek reunion with the Reich—a piece of territorial treaty revision which Poland could not accept with equanimity.

A Falling Japanese Birth-Rate.—The curve of the Japanese birth-rate is a matter of world-wide interest and importance. It is one of the major factors that have determined, and will doubtless continue to determine, the course of Japanese foreign policy; and Japanese foreign policy is now one of our heaviest anxieties. Human nature being what it is, an increase of population pressure is apt to discourage people from calmly seeking a reasonable solution for their problems—indeed, to drive them, instead, into heady emotions and violent courses. The point can be illustrated by the effects of the aggressive foreign policy which Japan has been pursuing since the autumn of 1931. Politically, this policy can be traced back unmistakably to the emotional reaction of the Japanese agricultural proletariat under an unusually severe turn of the economic screw. But, of course, the actions in which this emotion has found vent have immensely increased the burdens on the back of the Japanese peasantry, without bringing their feet one step nearer to the Promised Land. Manchuria is useless to the Japanese as a field for colonisation—partly because they cannot stand the climate, and partly because the Chinese and the Koreans have already dug themselves in on the land. Since the Manchurian market is also a comparatively small affair, the hard-pressed Japanese people has gained practically nothing from the huge military and naval expenditure which it has incurred—not to speak of the political crop of Chinese hatred and Anglo-American suspicion. We have to hope for an outbreak of rationality in Japanese minds, and from this standpoint, the news of a remarkable fall in the Japanese birthrate, which means a future relaxation of economic pressure, is very good news indeed. The figures speak for themselves. The annual net increase of the population of Japan has fallen from a peak of 1,007,868 in 1932, to 927,209 (or 13.79 per thousand) in 1933, and to 809,224 in 1934. This last figure means a rate of net increase which is the lowest for any year since 1920, and is well below the average for the whole period of thirty-three years which the statistics cover. It is true that the fall is accounted for to a slight extent by a remediable increase in the death-rate. But the fall in the birth-rate is the principal factor in the decline of the net increase. The number of births in 1934 was

2,043,807 (or 29.97 per thousand). This is the lowest figure recorded since 1924, and is 138,936 births less than the number in the peak year, 1932. These figures are good hearing not only for Chinese, Mongol, Russian and Western ears, but, if Japanese minds are wise, for Japanese ears as well. Japan, in fact, shows in her social structure the same tendencies as the Western world. Would it not be better to co-operate with that world in the Far East?

The Toll of the Factory.—On all sides we see signs of returning prosperity and increased industrial activity. This has brought with it the reabsorption into employment of workers who have been unemployed perhaps for several months, or even years—men and women who have lost something of the cunning of their trade and something of their workshop, or machine, sense. An expansion of industrial activity after a chronic depression also encourages reorganisation in workshops and the introduction of new processes, during which output must be maintained. These two factors between them probably account for a considerable increase in industrial accidents in the last two years. The number of accidents which have disabled a worker from earning his or her full wages for more than three days, and are therefore of a fairly serious nature, rose from 106,164 in 1932 to 113,260 in 1933, and to 136,858 in 1934. Deaths from industrial accidents have increased from 602 to 688, and to 785 in the same years. The increase is distributed over all sections of industry, but it has been most pronounced in the metal and building industries, which have so far taken the lion's share of trade recovery. This fact bears out the contention of the Chief Inspector of Factories, in his Annual Report,* that the increase in accidents is mainly due to trade revival. On the other hand, he points out that the total number of accidents is far too great, and that many could be avoided by a comparatively small expenditure of effort and forethought by both employers and workers. Much progress has been made in the provision of guards for the most dangerous types of machinery, and of satisfactory exhaust and protective arrangements in processes connected with the production of poisonous chemicals; and in the encouragement of the workers' interest in the safety of their work. But far more might be done along both these lines, particularly in the "Safety First" instruction of young workers either in schools or when they first come into industrial employment. The accident rate among girls in the chief industries employing children is in most cases twice as high as that among adult women; while the rate among boys is also very much higher than among men. A second corollary to increased industrial activity, according to the reports of factory inspectors, is the extension of normal working hours to the legal limit and an increase in overtime. In view of the large numbers of skilled and unskilled workers in almost all districts who are unable to find jobs, this may seem almost anti-social. But here again there is a premium on continuous employment. After a depression, with long spells of "short-time," employers find that it is worth their while to pay overtime rates rather than take on new hands who, in any case, will probably take some time to get into the rhythm of factory work. Flagrant breaches of the law with regard to hours of work, the employment of children and the Truck Acts are not common, but during 1934 over sixty firms were prosecuted for such offences, of which eighteen were bakers. The pity of it is that—with the exception of cases coming under the Truck Acts involving, for instance, the deduction of large sums from wages to cover small damages caused in the course of work—most of the infringements of the law relating to conditions of employment are due to stupidity rather than to cupidity.

British Industrial Development in 1934.—The Board of Trade's 1934 survey of the number of factories in the United Kingdom opened, extended and closed, contains much interesting information on the trend of in-

* Annual Report of the Chief Inspector of Factories and Workshops, 1934. Cmd. 4931. H.M. Stationery Office. 2s.

dustrial development in this country.* The total number of new factories opened in 1934 was 478, and the number of persons employed in them at the end of 1934 was about 37,200. In addition, 144 factories were extended, but the effect on employment of these extensions, and of the closing of 515 factories, cannot be measured. An analysis of changes by industries throws further light on the nature of British recovery:—

Trade Group	Factories opened		Factories extended		Factories closed	
	1933	1934	1933	1934	1933	1934
1. Non-metalliferous mining products.....	12	10	2	5	...	7
2. Bricks, pottery, glass, etc.	14	27	...	12	2	8
3. Chemicals.....	15	18	3	1	14	21
4. Iron and steel, primary and secondary processes.....	28	22	11	10	36	25
5. Engineering.....	48	40	19	21	62	48
6. Vehicles.....	16	13	10	8	13	10
7. Non-ferrous metals.....	8	12	4	1	13	9
8. Textiles.....	59	60	13	25	118	153
9. Leather.....	10	11	1	1	3	10
10. Clothing.....	116	122	21	24	81	109
11. Food, drink and tobacco.....	37	24	11	14	13	21
12. Timber.....	40	55	4	9	22	47
13. Paper, printing and stationery.....	33	30	4	5	18	24
14. Miscellaneous.....	31	34	6	8	21	23
Totals.....	467	478	109	144	416	515

The textile group is the only one to show a contraction in the number of factories in the past year. Of the total number of new factories opened in 1934, 209, or over 40 per cent., are located in Greater London. The number of new factories opened in the Midlands and in North-West England was 83 and 82, respectively. In Wales and Monmouth only five factories were opened. The number opened in Scotland was 18. An attempt has been made by the Board of Trade to obtain information concerning the motives which influence industrialists in the choice of sites for their factories. Of 299 new factories opened, accessibility of raw materials accounted for the location of 33, proximity to markets for 27, suitability of labour for 18, cheap land, low rent or low rates for 17, proximity to other factories in the same industry for 33, transfer as part of the process of rationalisation for four, and proximity to employer's residence for four. Convenience of premises is given as the reason for the location of the remaining 163 factories. These figures show that a considerable change is still going on in both the structure and location of British industry.

British Industrial Production.—There is further evidence this week of our domestic recovery during the last twelve months. The official index of industrial production in April-June, published in this week's *Board of Trade Journal*, shows a decline of 1.6 per cent. as compared with the first quarter, but a rise of 6.3 per cent. on the corresponding period a year ago:—

Group	1934			1935	
	March Quarter	June Quarter	Dec. Quarter	March Quarter	June Quarter
1. Mines and quarries.....	97.5	86.2	94.5	85.1	87.0
2. Iron and steel.....	118.1	117.6	116.4	121.9	123.2
3. Non-ferrous metals.....	104.5	113.2	145.4	142.2	138.4
4. Engineering and shipbuilding.....	88.7	92.3	102.4	105.7	102.9
5. Building materials and building.....	123.2	136.3	138.1	138.0	151.4
6. Textiles.....	118.4	111.2	116.7	119.0	116.8
7. Chemicals, oils, etc.	106.5	104.6	105.0	109.3	108.6
8. Leather and boots and shoes.....	109.7	104.9	107.1	116.8	119.4
9. Food, drink and tobacco.....	96.4	102.5	107.2	98.2	107.2
10. Gas and electricity.....	(a)	(a)	(a)	(a)	(a)
Total of manufacturing industries (2-10)†.....	107.0	107.6	114.7	115.9	115.2
Total of all groups (1-10)†.....	105.6	104.6	111.8	113.0	111.2

† Includes also various industries not specified above. (a) No information is available as to the quantities of gas made in each quarter. The available data for electricity have been included in the general index.

Each of the group indices shows an improvement compared with the second quarter of 1934. The expansion of production during this period was most marked in the case of non-

* Survey of Industrial Development, 1934. H.M. Stationery Office, 9d. net.

ferrous metals, engineering and shipbuilding, and building materials and building. The indices of the production of iron and steel, buildings and building materials, footwear and food, drink and tobacco continued to increase between the first and second quarters of 1935, but the other component series showed a decline. Meanwhile, the latest evidence of the state of trade in this country, summarised in our monthly Trade Supplement which we publish with this issue, points to a continuation of the upward trend of business activity.

The Importance of the Export Trade.—In a Special Memorandum issued by the London and Cambridge Economic Service, Messrs G. W. Daniels and H. Campion, of the Economics Research Section of Manchester University, present the results of their investigation to determine the relative importance of the export trade of Great Britain. They have adopted two methods of calculation. The first is to calculate the gross value both of total production and also of exports. The gross value of exports can be found by taking the trade return figures and deducting an allowance for transport and similar costs between the place of manufacture and the ports. The gross value of production involves a larger calculation. In addition to the net output as shown by the Census of Production, additions must be made for raw materials imported or produced in this country and for transport and distribution costs on all materials going into the finished products. Moreover, a comparison of gross figures will give a correct picture only if it can be assumed that exports contain, on the average, the same proportion of imported materials as goods produced for home consumption. In point of fact, exports probably contain a higher proportion of imported materials. Comparison of gross figures will accordingly exaggerate the importance of the export trades. The second and more accurate method, is to compare net values. Production can be estimated from the Censuses of Production and of Agriculture. The net value of exports can be calculated by applying to each category of goods the ratio between gross and net value of output shown by the Census of Production in the relevant industry. The ratio of exports to total production given by this calculation should be virtually the same as the ratio of employment provided by exports to total employment. The results of the calculations (after several more adjustments which are explained at length in the Memorandum) are as follows for the years 1924-25 and 1930-31, with comparative estimates for 1913 and for 1934:—

	1913	1924-25	(£ millions) 1930-31	1934
Gross value of total production.....	...	2,580-2,725	2,325-2,485	...
Gross value of exports.....	...	745-760	510-525	...
Proportion of exports.....	...	27½%-29½%	20½%-22½%	17½%-19½%
Net value of total production.....	...	1,903-1,923	1,830-1,862	...
Net value of exports.....	...	410-460	310-360	...
Proportion of exports 27%.....	...	21%-24%	16½%-20%	13½%-16½%

The decline in the proportion since 1930-31 is very largely due to the revival of home production since 1932. These figures refer, of course, only to actual output and not to capacity. On the subject of unemployment, Messrs. Daniels and Campion estimate that "the number of persons employed in 1930 in producing goods for export is estimated at 200,000-400,000 less than the number employed in 1924." In 1934, they estimate that the number of unemployed *directly* thrown out of work by the decline in exports was 500,000 more than in 1924. When the number unemployed in 1924, and those indirectly affected, are added in, it will be seen that the decline of exports has been responsible for half, at the very least, of the unemployment now existing. Calculations such as these cannot, by their nature, be precise, but it is essential that some estimate should be made if the nature of the unemployment problem and the outlines of a solution are to be clearly understood.

Overseas Trade in July.—The significance of the figures of our foreign trade in July can be gauged from imports and exports of leading commodities. In comparing this year with last it must be remembered that there was an extra working day in July this year, so that small increases have no significance:—

RETAINED IMPORTS

Month of July

Item and Measure	1933	1934	1935	
Wheat	'000 cwt.	8,419	9,168	8,401
Beef and veal	'000 cwt.	1,085	1,155	1,340
Mutton and lamb	'000 cwt.	748	640	636
Sugar (unrefined)	'000 cwt.	3,386	3,238	4,205
Iron ore and scrap	'000 tons	236	356	469
Wood and timber, soft :				
Planned or dressed	'000 loads	98	120	116
Other than planned or dressed	'000 loads	771	992	827
Raw cotton	'000 centals	1,260	864	711
Sheep's and lambs' wool	'000,000 lbs.	25	16	42
Raw silk and waste	'000 lbs.	396	444	370
Flax, hemp and jute	'000 tons	19	13	22
Crude petroleum	'000,000 gallons	43	40	33
Hides, wet and dry	'000 cwt.	122	104	133
Wood pulp	'000 tons	226	229	190
Rubber	'000 centals	89	275	212
Unwrought copper	'000 tons	11	24	21
Pig lead	tons	24,740	20,899	21,302
Tin :				
Ore and concentrates	tons	2,376	2,974	4,175
Blocks, ingots, slabs and bars	tons	175	1,030	757
Iron and steel manufactures	tons	63,257	126,078	90,104
Machinery	tons	3,350	5,648	6,095

The considerable reduction in imports of wheat is mainly in Argentine wheat. It is no doubt due in part to the increase in price as compared with last year, and has been more than counteracted by increased imports of maize, the price of which has fallen. The very substantial increase in imports of sugar during the past month—which, however, has not been sufficient to make up for the reductions in the first six months of the year—presumably follows the limitations placed by the Government on the extent of the payments made on domestic sugar-beet cultivation. The increase is almost entirely from St. Domingo. The sharp reduction in imports of crude petroleum is a reflection not so much of falling demand for oil in this country as of the establishment in Persia and other oil-producing countries of refineries of their own, which now export increased quantities of motor spirit. The metal industries continue to demand increased quantities of tin, iron ore, machinery and lead; but imports of iron and steel manufactures, mostly in a very elementary stage of manufacture, have been curtailed as a result of the recently concluded agreement with the Continental Steel Cartel.

BRITISH EXPORTS

Month of July

Item and Measure		1933	1934	1935
Coal	'000 tons	3,271	3,379	3,679
Iron and steel scrap.....	tons	19,866	16,396	11,973
Pig iron and ferro-alloys	tons	11,011	8,948	12,930
Railway materials	tons	7,805	19,506	28,206
Total iron and steel manufactures	'000 tons	156	197	206
Textile machinery	tons	4,224	7,021	5,621
Total machinery	tons	23,788	29,274	34,537
Cotton yarns	'000 lbs.	10,413	10,283	11,935
Cotton piece goods.....	'000,000 sq. yds.	155	170	170
Wool tops	'000 lbs.	4,262	2,566	3,987
Worsted yarns	'000 lbs.	3,527	2,798	2,909
Woolen tissues	'000 sq. yds.	5,593	6,683	6,477
Worsted tissues	'000 sq. yds.	3,319	3,223	4,107
Linen piece goods	'000 sq. yds.	5,722	5,472	5,550
Linen piece goods	doz. pairs	40,421	35,640	28,598
Leather boots and shoes.....	doz. pairs	40,421	35,640	28,598
Leather	cwts.	37,343	17,630	21,476
Paper and cardboard	'000 cwts.	302	292	311
Locomotives (complete and parts)	tons	514*	1,011	1,422
Motor vehicles and chassis	number	3,541	4,461	5,213

* Complete only.

In most categories the above figures are very encouraging, but there are one or two black spots. The decline in our exports of boots and shoes, for instance, has continued unabated for some years now, as a result of increasing competition from cheaper foreign, particularly central European, factories. The reduction in the volume of our exports of textile machinery is not altogether surprising in view of the increase in average values. Exports of almost all other types of machinery, however, especially mining machinery for British Malaya and other British countries, have increased. Overseas demand for railway materials, motor vehicles and other iron and steel manufactures continues to expand, especially in Africa, India

and the Dominions. Germany continues to take more woollen goods than last year; but there was no further increase in demand for cotton piece goods from India or the Colonies.

* * *

British Crops in 1935.—Harvesting is now proceeding apace in many parts of the country, the spell of warm, dry weather being ideal for the purpose. But the absence of rain earlier in the year has had an adverse effect upon the yield of the more important grain crops. This fact emerges from the latest Monthly Report of the Ministry of Agriculture, which contains the first official forecast of the production of wheat, barley and oats in England and Wales during the season now ending. Under the stimulus of the subsidy, a further slight expansion in the acreage under wheat occurred during the past season, but the yield per acre is likely to be 2 cwt. below last year's figure. The estimated production therefore shows a decline of 11 per cent. compared with last season's outturn. Partly as a result of the competition of wheat, the area under barley decreased by 8 per cent., while a reduction of 1½ cwt. in the yield per acre is reflected in the forecast of total production, which shows a drop of 17 per cent. from last year's figure. The yield of oats is expected to be ½ cwt. per acre less than in the previous season, but since the acreage shows an increase of 1 per cent. the output of this cereal will be only slightly smaller than during last year:—

	Acreage		Production	
	1934	1935	1934	1935
	'000 acres	'000 acres	(actual)	(forecast)
Wheat	1,759	1,771	'000 tons	'000 tons
Barley	861	793	1,748	1,576
Oats	1,402	1,416	727	623
			1,116	1,097

Among other crops, early potatoes have been yielding rather poorly, and it is doubtful whether an average yield will be obtained from the main crop. Root crops are in variable condition, but all are now in need of rain. The same observation applies to hops, although the warm weather has been favourable to hop-bines, which are generally healthy. Haymaking has been carried out under exceptionally favourable conditions, the quality being good and the yield heavier than anticipated.

* * *

Iron and Steel Production in July.—There has been little evidence this year of the usual decline in activity in the iron and steel industry during the summer. The returns of the British Iron and Steel Federation reveal a substantial increase in the output of pig iron and steel between July, 1934, and the past month. Calculated on a daily basis, the output of crude steel was 32,100 tons in July, as compared with 35,800 tons in June and 29,900 tons in the corresponding month a year ago. Daily production of pig iron remained practically unchanged between June and July, but was appreciably higher than in July, 1934:—

(In thousands of tons)					
Period	Production		Foreign Trade		
	Pig Iron	Steel Ingots and Castings	Total Imports	British Exports	
1913—Monthly Average	855.0	638.6	185.9	414.1	
1929 " "	632.4	803.0	235.2	364.9	
1932 " "	297.8	438.5	132.7	157.4	
1934 " "	344.7	585.3	80.9	180.2	
1934 " "	498.2	738.3	113.9	187.8	
1934—June	514.9	757.5	98.0	204.1	
" July	528.3	718.2	128.4	197.1	
" August	503.3	667.0	102.2	183.4	
" September	500.3	734.7	89.5	198.0	
" October	527.1	812.0	120.2	220.9	
" November	507.6	768.0	104.1	219.9	
" December	513.5	757.8	114.5	186.8	
1935—January	521.2	757.8	130.5	181.2	
" February	483.1	769.5	108.3	172.9	
" March	554.2	841.9	126.0	175.8	
" April	528.3	808.7	62.7	210.9	
" May	558.9	853.3	86.4	213.9	
" June	528.3	770.0	98.2	195.1	
" July	547.3	808.3	90.2	205.7	

Imports of iron and steel materials in July were appreciably smaller than in June and in the corresponding month

year ago. On the other hand, the volume of British exports in July shows an increase on the previous month and on July, 1934. South Africa, British India, Canada, Australia and New Zealand were our best customers in July, in that order. An important development during the past month was the ratification, on July 31st, of the five-year agreement between the British iron and steel industry and the International Crude Steel Cartel. As the agreement provides for a limitation of imports into this country and as demand from the leading consuming industries is being well maintained, the outlook for the iron and steel industry remains good.

* * *

Transvaal Output in July.—According to the Transvaal Chamber of Mines the gold output of the Witwatersrand during July amounted to 908,922 fine ounces, while outside districts produced 18,881 fine ounces, making the total for the month 927,803 fine ounces at a valuation of 140s. 6d. per fine ounce. The total is thus higher than in any month since August, 1933, as the following table shows.

Month of	1929	1930	1931	1932	1933	1934	1935
January ...	Fine Ozs. 876,452	Fine Ozs. 882,801	Fine Ozs. 914,576	Fine Ozs. 936,784	Fine Ozs. 967,457	Fine Ozs. 907,641	Fine Ozs. 890,875
February ...	815,284	818,189	839,937	914,012	883,145	826,363	821,246
March	866,529	889,370	910,998	960,035	946,863	874,112	882,309
April	872,123	868,606	882,337	949,796	895,097	865,822	869,956
May	897,598	916,213	910,279	965,644	944,604	898,418	916,035
June	856,029	887,867	897,750	899,011	918,633	888,129	889,026
July	889,480	912,652	916,843	981,160	923,671	876,094	927,803
August ...	889,601	921,081	916,425	991,322	934,714	881,861	...
September ..	849,553	903,176	916,024	961,501	901,799	857,442	...
October ...	888,690	926,561	945,113	974,965	908,888	885,627	...
November ...	861,593	884,753	900,510	978,716	896,468	878,847	...
December ...	851,134	908,492	923,353	980,618	894,156	866,037	...
Total ...	10,414,066	10,719,760	10,874,145	11,553,564	11,017,485	10,486,383	10,197,250

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

	Nov., 1934	Dec., 1934	Jan., 1935	Feb., 1935	Mar., 1935	April, 1935	May, 1935	June, 1935	July, 1935
Gold mines	249,935	252,036	257,683	257,953	259,417	262,678	264,067	267,209	268,409
Coal mines	13,031	12,981	13,247	13,353	13,476	13,385	13,677	13,945	14,097
Total...	262,966	265,017	271,030	271,306	272,893	276,063	277,744	281,154	282,506

The rising trend of native employment has been further strengthened during the month.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

TAXING BIG ESTATES AND INCOMES

THE Tax Bill has passed the House by a large and almost entirely partisan majority (282 to 96)—a very different Bill from the one originally offered and bearing only distant resemblance to the scheme suggested in the Presidential message. The principal features are increased surtaxes on individual incomes above \$50,000 (estimated yield \$45 millions); a graduated corporation tax varying only from 13½ to 14½ per cent. (estimated yield \$15 millions); an excess profits tax, ranging from 5 per cent. to 25 per cent. (estimated yield \$100 millions); and an inheritance tax from 4 per cent. to 75 per cent. (estimated yield \$86 millions). As a revenue measure the Bill is without significance, as the aggregate estimated yield is only 4 or 5 per cent. of the current Budget, and 8 or 10 per cent. of the current deficit. As a social measure the inheritance taxes are the significant item and would amount to confiscation of the larger estates. There were already in being a Federal estate tax and State transfer taxes which together (using the New York transfer tax as an example) approximated to the British taxes on estates from \$400,000 to \$4,000,000 and were considerably heavier than the comparable British taxes (or than those of any other nation) on estates above \$4,000,000. With the proposed tax the total levy crosses the British at \$100,000, and is practically double the British in the higher categories. For example, at \$1,000,000 the combined tax is about 42 per cent.; at \$4,000,000, 61 per cent.; at \$10 millions, 73 per cent.; and so on to a maximum of almost 87 per cent. When one takes into account the frequent shrinkage of estates during transmission, and the large fees necessarily involved in the settlement of estates complicated by numerous State taxing jurisdictions, it is clear that estates above \$10,000,000 would be virtually extinguished in the process.

The increased taxes on personal income will still leave our rates nominally below the British on all except a few of the highest incomes, but only "nominally," because of the different fiscal status of "capital appreciation" in the two countries, and because many States impose heavy income taxes. As only about 8,000 returns show taxable income above \$50,000, comparatively few persons are affected by the proposed new surtaxes.

The new excess profits tax (which was introduced as a substitute for a graduated corporation tax) will have an uncertain effect on corporate profits. Hitherto corporations have been subject to a capital stock tax on an accepted valuation, and a 5 per cent. excess profits tax upon earnings above 12½ per cent. of the valuation. The new taxes begin at 5 per cent. on profits above 8 per cent., and run up to 20 per cent.; and from the fact that the estimated yield is put at \$100 millions, while the Federal corporation taxes in the calendar year 1934 yielded under \$500 millions, it would appear that the estimate assumes an over-all increase in corporation taxes of about 20 per cent., or makes an extremely optimistic forecast of corporate earnings.

In the hands of the Senate Finance Committee the Tax Bill underwent another metamorphosis, designed to double the revenues anticipated in the House version. The principal change was the lowering of the categories on which the personal surtax was applicable, and a reduction in personal exemption limits from income tax. In this form the surtax would have begun with 4 per cent. on incomes above \$3,000, while personal exemptions would have dropped from \$2,500 to \$2,000 for married persons and from \$1,000 to \$800 for single persons. The proposed inheritance tax became an increase of the present Federal estate tax, but the schedule was not greatly altered. The excess profits tax on corporations was reduced, and the capital stock tax increased; a tax on intercorporate dividends was added.

The successive forms of the Bill are noteworthy. In the President's message increased income taxes were proposed only for very large incomes; the House applied increased surtaxes to incomes much lower than those originally proposed; the Senate Committee not only would have lowered the incidence of the surtax, but would make the normal income tax applicable to a greatly widened group of persons. The President's proposal of a graduated corporation tax was only nominally retained in these two drafts; but the excess profits tax, not mentioned by the President, appears in both. The inheritance or estate tax, suggested by the President only for very large estates, is in both the Senate and the House form applicable in a severe form on comparatively small estates.

The Senate's proposal to "tax the poor" encountered, as was to be expected, an instant storm of protest. The Senate Committee precipitately abandoned its taxes on small incomes, and inserted a graduated corporation profit tax following closely the lines of the Administration's early

recommendations. With the refusal to widen the base of taxation, all prospect of raising any considerable amount of revenue expired, and the estimates for the Senate Bill equal those of the House measure at about \$250 millions. The two measures are now sufficiently similar (differing practically only on the graduated corporation tax) to promise rather prompt action. The tangled course of this measure has been given in some detail in this correspondence because it is significant. The Federal Treasury has reached (if not passed) the maximum rates available under its present system of taxes; to secure materially larger revenues the basis of Federal taxation must be broadened. For political reasons Congress is unwilling to broaden the base; yet in the same week in which the House passed the Tax Bill Congress approved additional appropriations to the regular Budget almost equal to the anticipated yield of the new taxes. In spite of the eagerness of Congress to adjourn—of which convincing evidence is afforded by the agreement of the bonus advocates not to attach their favourite measure as a rider to the Tax Bill—there is some prospect that the more confiscatory features of the Bill will be modified in the Senate.

BUSINESS IMPROVING

The harvest season is now far enough advanced to permit generalisations regarding wheat, maize and cotton. Our wheat crop, in the North-Western States, has been severely damaged by heat and rust. Estimates of yield are now roughly put at 125 million bushels less than earlier expectations, and about the same amount above last year's harvest. The quality of the damaged crop will be low, and the United States will be under the necessity of importing a certain amount of high-grade wheat for milling. The maize crop, however, has been favoured by weather, and promises to be ample, particularly in view of the reduced number of pigs.

The official forecast of the cotton crop indicates 11,798,000 bales—that is, 2,600,000 bales above last year. Almost the entire increase comes from the States west of the Mississippi River, whose yields last year were cut by the Great Drought. No loan price has yet been announced, but assurance has been given that Federal funds will be forthcoming if needed. In short, thanks to the drought in 1933 and 1934, and a combination of heat and rust in 1935, the wheat programme has so far been rather successful. With last year's 9½ million bale cotton crop, the domestic price was maintained by methods only nominally different from those of the discredited Farm Board. It is indicated that the same methods will be employed this year, although two alternatives are offered. One is the abolition of the processing tax, which, the trade contends, limits domestic consumption; the other, which is gaining ground in Congress, is a modified revival of the old McNary-Haugen plan for dumping the surplus with the aid of an export bounty. The present system of Government purchase of the cotton surplus is obviously unsatisfactory. While the removal of the processing tax would probably increase domestic consumption, the probable increase would not absorb the surplus; and the export bounty is even more objectionable now than when it was proposed a decade ago. Cotton is one of our outstanding agricultural problems, and it will be conceded that no steps have yet been taken in the direction of anything that looks like a permanent solution. The centre of the problem is our refusal to accept a market price for an export commodity.

Business is excellent. For some eight months business activity has been maintained at a level about equal to the peak briefly touched in 1933 and temporarily held in the spring of 1934. Steel operations are currently reported at 48 per cent. of capacity, which, relative to the levels of the preceding spring, is unusually high for mid-summer. The brightest area is, of course, the motor industry, which is described as "booming." The greatest percentages of improvement are recorded by branches of the "durable goods" industries, i.e. agricultural implements, machine tools and residential building. Retail trade was good through the spring, and is making a most favourable comparison with the slump months of last summer. Non-residential building is almost completely stagnant, and typical heavy industries (such as railroad equipment) are

still in deep depression. Geographically, New England seems the lowest area, and the Pacific Coast the highest. Generally speaking, the level of industrial activity has for some months been above the corresponding period of 1934 by a percentage greater than would be suggested by comparison of the standard indices of production.

NEW YORK, August 13.

FRANCE

COST OF LIVING FALLING

ALL the decree-laws, with the exception of three or four texts of minor importance, have now been published. As far as wholesale prices are concerned, and notably that of wheat, the Bank of France has agreed to help the agricultural credit co-operatives by financing the wheat crop. Discount credits will be opened at these institutions, the amount granted being:—Against 1934 wheat, 50 francs per quintal on stocks in the possession of co-operatives, and 40 francs on stocks held by the grower; and against 1935 wheat, 45 francs and 35 francs respectively. The rate of 35 francs will apply to "free wheat" not in co-operatives. The actual price of free wheat is slightly higher than 50 francs. This news has been welcomed by the agricultural community, who recently were anxious to sell the new crop at any price in order to obtain cash, and it should help the movement to raise wholesale agricultural prices.

As to the cost of living, the Prefects are following the recommendations of the Government, and news is coming from numerous departments that the prices of bread, meat, groceries, etc., have been lowered by agreements with the local corporations concerned. For the time being, wholesale and cost-of-living indices are rapidly falling. The wholesale price index at the end of July was 334 (1914 = 100), against 344 at the end of June and 361 at the end of July, 1934. The monthly average was 366 for 1934 and 407 for 1932. The cost-of-living index for Paris stood at 490 at the end of May, against 494 at the end of February, 522 at the end of May, 1934, and an average of 526 for 1932.

It is too soon to gauge what real progress will be made towards economic recovery in the next three months. But it is certain that the rate of progress could be accelerated by a favourable attitude of public opinion and the markets. Hence the two last speeches of M. Tannery, Governor of the Bank of France, and of M. Marcel Régnier, Minister of Finance. Opposition to the new measures is decreasing, and politics are on holiday for the time being. Market confidence is reappearing. In the savings banks, deposits are exceeding withdrawals; short-term Treasury bonds are being freely taken up; the situation of the Bank of France also shows an improvement. Money, however, is still being hoarded, for "private deposits" stick at Frs. 10,000 millions, at the lowest ebb since the stabilisation of the Frs. 10,000 millions of gold which were exported in the last franc crisis have not returned home. This explains the last speech of the Governor, M. Tannery, which must be taken to mean that it is superfluous for the Bank to make vast credit operations, with a view to the launching of new big issues on the market, so long as billions of hoarded money refuse to leave their safes. The Government must therefore have been pleased by the recovery on the Stock Exchange last week, which affected *rentes* as well as industrial shares. The opinion on the Stock Exchange is that the economic crisis must be lessened first of all in Wall Street, where it was born, and that, as many English newspapers emphasise, this rising trend on Wall Street simply registers an improvement in business activity which is now patent in almost every country of the world.

NEW FALL IN FOREIGN TRADE

Imports into France in the month of July were valued at Frs. 1,742 millions, against Frs. 1,676 millions in June, and Frs. 1,714 millions in July, 1934. Exports were Frs. 1,103 millions, against Frs. 1,235 and 1,351 millions respectively. The deficit in July, 1935, was thus Frs. 638,862,000, against

Frs. 440,994,000 and Frs. 363,242,000 respectively. The following table shows the figures of the foreign trade of France during the first seven months of the year:—

	(Frs. 000's omitted)		Difference in 1935
	First seven months of 1934	1935	
Imports:—			
Foodstuffs	4,380,944	3,576,869	— 804,075
Raw materials	7,255,687	6,637,831	— 617,856
Manufactured goods	2,676,288	2,131,915	— 544,373
Total	14,312,919	12,346,615	— 1,966,304
Exports:—			
Foodstuffs	1,392,843	1,447,400	+ 54,557
Raw materials	2,964,305	2,479,596	— 484,709
Manufactured goods	5,804,680	5,132,517	— 672,163
Total	10,161,828	9,059,513	— 1,102,315

Total foreign trade for these seven months was Frs. 21,406 millions, against Frs. 24,475 millions for 1934—a decline of Frs. 3,069 millions. The larger fall was in imports, at Frs. 1,966 millions, or 13 per cent.; while it was Frs. 1,102 millions, or 11 per cent., in exports. If the figures of quantity be examined, there is a diminution of 1,110,814 tons in this year's figures out of a total imported of 25,982,000 tons, while the tonnage of exports has increased by 1,045,064 tons out of a total of 17,074,839 tons.

PARIS, August 22.

GERMANY

DR. SCHACHT'S SPEECH

THE President of the Reichsbank and provisional Minister of National Economy, Dr. Schacht, opened the Königsberg Fair with a long address, in which he discussed home policy, the peace treaty, rearmament, the New Plan, and public finances. (This speech is discussed in a Note on page 366). The reports of this speech issued for the foreign Press differ materially from those published at home, and condemn more sharply recent internal disorders. Dr. Schacht declared that he personally could not be indifferent to the consequences at home and abroad of undisciplined attacks on domestic opponents and other "pests." He discussed financial and economic conditions mainly from the viewpoint of rearmament, to which in particular, he said, is due the abolition of the great army of unemployed. State policy, Dr. Schacht declared, is entirely dominated by the historic task of restoring Germany's armaments with the aim of securing the country's material and cultural foundations. All branches of public policy, among which financial and economic policies rank first of all, are directed towards this goal. "To conscription and the will-to-defence correspond an economic duty and an economic will." Authoritative and expert persons at home and abroad, proceeded Dr. Schacht, are cracking their heads over the problem whence the Government has obtained money. The secret lies entirely in "homogeneous and strict concentration of all financial and economic policy," which is possible only where there is an authoritative State-structure. Taxes had come in well; and the fluidity of the money market had made it possible for the Reich to issue Treasury bonds to a considerable extent. The money introduced into the economic process through orders placed by the State had been again put at the disposal of the Reich for its great tasks. The small increase in currency circulation and the somewhat larger increase in the volume of non-cash payments were a natural consequence of a greater business turnover. Consolidation of the short-term debt at some later date, added Dr. Schacht, is an important and unavoidable task; judged by normal standards, the sum needed for this purpose is "monstrously large." Dr. Schacht again declared against depreciation of the mark, emphasising the interests of all who lent their savings to the State.

Dr. Schacht said nothing precise about the dimensions of the new debt or about the borrowing process. Newspaper estimates of the new debt continue to appear and tend to rise slightly. *Die Bank* estimates the total short- and middle-term debt to be Rm. 9,500 millions. The official return for July 31st puts the floating debt at Rm. 2,932 millions, but this figure contains no bills except Rm. 400

millions, and consists almost entirely of Treasury bonds. The consolidation of any considerable part of the floating debt within visible time appears impossible. There has been no consolidation worth mentioning since the war. The present system of borrowing at short term for repayment out of an uncertain future revenue is, on a much increased scale, the same system which led after 1926-27 to the carried-over annual deficits, which were also to be repaid out of future revenue. Short-term borrowing was inevitable, for it has not at any time been possible to float any considerable long-term loan for consolidation purposes. The present funded debt, now returned at Rm. 10,265 millions, appears indeed to be larger than the officially admitted short-term debt; but this appearance is delusive, for Rm. 8,541 millions of the total is home debt. Of this sum, Rm. 3,333 millions is valorised pre-inflation debt, and a further Rm. 1,168 millions is in inscribed bonds issued for compensation of German citizens who suffered war-time losses. Neither of these involved any appeal to the capital market. The two items make up half the total funded debt in German currency. Most of the remaining half consists of Treasury bonds, which are in reality short- or medium-term securities; and the only consolidated loans outstanding are Rm. 346 millions borrowed in 1927 and Rm. 500 millions borrowed this year. The 7 per cent. long-term loan of 1929 disappeared by conversion last year.

FOREIGN TRADE AND BUSINESS ACTIVITY IMPROVING

The foreign trade balance in July was active by Rm. 28½ millions, compared with a passive balance of Rm. 42 millions in July, 1934. Both imports and exports were larger than in June. The increase in imports was mainly from European countries, but imports from the United States of cotton and oil recovered somewhat. The increase in the value of exports as compared with June was 12.9 per cent., but export prices declined slightly, and the increase in quantity was correspondingly greater. Exports to Italy and China declined; to Great Britain, Sweden, the United States, Argentina and Brazil they increased considerably:—

	June	July	Jan.-July
	(Millions of marks)		
Imports:—			
Livestock	3.1	2.2	21.2
Foodstuffs	67.4	70.1	569.2
Raw and half-manufactured materials	203.3	212.6	1,509.5
Manufactured goods	44.1	45.6	357.5
Totals	317.9	330.5	2,457.4
Exports:—			
Livestock	0.2	0.2	1.6
Foodstuffs	5.6	7.4	40.2
Raw and half-manufactured materials	56.8	60.0	424.1
Manufactured goods	255.4	291.4	1,855.4
Totals	318.0	359.0	2,321.8

The *Stahlwerksverband* reports favourably on the home and export markets for steel. In particular, the tube section is active. Output of pig iron in July was 1,093,000 tons, against 979,000 tons in June; in the seven months of the year it was 6,695,600 tons, against 4,663,200 tons the year before. Cement output in the first half-year was 370,000 tons, against 270,000 tons in the same half of 1934. Already in 1934 cement production was double that of 1932. The *Reichspost* reports a considerable increase of business in the first quarter-year.

Money continues abundant. Treasury bonds and the new promissory notes are almost the only available short- or medium-term investment, the latter being increasingly in demand. That the Reichsbank's credits nevertheless slightly increased in the second half of August was due to special causes. The gold reserve has fallen by Rm. 10 millions. The Reich Depts Administration announces that the dollar Treasury bonds of 1923, the first "stable-value loan" issued after the inflation, will be repaid in marks at the current rate of exchange, instead of at the contracted rate of 4.20 marks. The Courts have so far decided that 4.20 marks must be paid, but the Reich is appealing.

The wholesale price index for August 14th was unchanged at 102.4. The Minister of Economy has enjoined stricter control by the price-supervision authorities; and the Reich Nutrition Corporation has rejected a suggestion from agricultural quarters that retail prices should be allowed to rise until the increase in consumption ceases. It has been

necessary to give monetary assistance to miners in Saxony, including some who are working full time.

The price of cattle rose in the farming year 1934-35 by 14 per cent. The gross receipts of farmers from sales in that year are returned at Rm. 8,227 millions, against Rm. 7,466 millions in 1933-34; expenditure, including depreciation, was Rm. 5,200 millions against Rm. 4,986 millions respectively. The net income from farming is shown to be about the same as that of 1928-29, when gross receipts were 25 per cent. higher than now.

BERLIN, August 21.

DENMARK

THE FARMERS IN DIFFICULTIES

It has become necessary to put the brake on heavy grain imports, and this for two reasons: namely, to economise the exchange reserves of the country and to safeguard grain producers. An extraordinary sitting of the Rigsdag was therefore convened, and following an agreement between the political parties, a Corn Law was passed, to remain in force until the end of August, 1936. Under this law there will be a levy on all grain imports, so that prices c.i.f. Danish ports will be as follows:—

(Per 100 kilograms.)

Wheat and barley	Kr. 13.0
Oats and mixed corn	Kr. 12.0
Rye and maize	Kr. 11.50

The proceeds of the levy will be paid into a special fund, and this will be distributed among the smaller landowners in special proportions. If the proceeds of the levy do not reach Kr. 16 millions, the balance will be obtained by an extraordinary increase in the income tax.

The Danish delegation on bacon for the British market has now returned from its negotiations in London; and the avowed intention of His Majesty's Government to organise the British bacon industry in such a way that, little by little, Danish bacon would not be required in the British market is viewed with grave anxiety in this country. It must not be forgotten that of Denmark's total exports of about Kr. 1,200 millions per annum, bacon, lard and meat exports account every year for nearly Kr. 450 millions.

IMPROVING FINANCIAL POSITION

The monthly balance sheet of the National Bank at July 31st shows, for the first time in many months, an improvement in the foreign exchange position to the extent of Kr. 1.9 millions. There has been a big improvement in the exchange position of the private banks, so that the foreign exchange position of the country as a whole is estimated at Kr. 12.5 millions better than when last estimated. One reason for this temporary improvement is improved foreign trade (there was an export surplus of Kr. 8.1 millions for June); another is the increase in tourist traffic. Another interesting figure in the National Bank's balance sheet is the decrease in its bond holdings from Kr. 148.3 millions to Kr. 129.7 millions. Of this reduction, however, Kr. 11.2 millions is a loss due to the fall in three bond quotations, and only Kr. 7.4 millions represent the value of the bonds sold by the bank. None the less, the reduction can be taken as an expression of the Bank's policy in tightening the money market and putting a brake on the building boom.

The Exchange Control Office has now sent out the import licences for the end period of this year. Their distribution among the various countries supplying Denmark with her imports is as hitherto, i.e. a preference is given to imports from countries buying Danish produce. The greater part of the imports will, as in previous periods, come from Great Britain.

The latest published index of production (for June) is 120 (1931 = 100), and has not undergone any change since April. The unemployment situation is also quite satisfactory, the number of unemployed being at present 63,791, which is 2.1 per cent. below the corresponding figure last year. However, a seasonal rise in the unemployed total sets in at this time of the year, and this tendency is now becoming evident.

COPENHAGEN, August 6.

CZECHOSLOVAKIA

UNCERTAINTY IN AGRICULTURE AND INDUSTRY

THE Parliamentary session after the elections moved uneventfully towards recess. The Government have concluded negotiations over the corn monopoly and were to discuss various social measures concerning labour exchanges, reduction of working hours, etc., but all these questions have been postponed till the autumn. The general economic situation has lain under the spell of uncertainty about foreign currencies. There has been a seasonal revival in trades working for the home market, but production for export is still wrestling with great difficulties.

Harvest expectations were very good; recently, however, the crops have suffered from persistent drought. Farmers assert that the harvest will be much poorer than anticipated. The Ministry of Agriculture's estimates still suggest that the harvest will be better than a year ago. The corn monopoly has been tightened up and extended in its application to various fodders. Despite last year's good harvest, and the consumers' demand for lower wheat prices, prices have not been changed; on the contrary, they may even be raised. According to the new "adjustment," the area under wheat cultivation would be curtailed. This question is now under discussion, for it is becoming clear to all and sundry that fixation of prices without corresponding adjustment of production is not possible in the long run. This year's experience has amply demonstrated that fixed prices will lead to increased production. The wheat surplus is even jeopardising the business of the monopoly, and it could easily impose a heavy burden on the country's finances. To alleviate the pressure of stocks on the market, emergency reserves of about 20,000 truck-loads of wheat, to be paid for by the State, are to be created.

From April to June the general index of wholesale prices rose from 697 to 722; agricultural products stand at 754, but industrial products are at 687. The index of industrial production in May rose to 68.2, against 66.1 in April. The number of unemployed declined in June and is now 602,760, or 9.6 per cent. less than in May. This improvement is due to recovery in the home market only. Output of coal in June declined to 759,000 tons, against 817,000 in May; that of coke to 112,000 tons, against 116,000 in May; and that of lignite to 991,000 tons, against 1,135,000 in May. Production of pig iron in June was 67,673 tons, and of steel 84,382 tons. In the first half-year, production of iron was 29 per cent. and of raw steel 18.2 per cent. higher than a year ago. In the pottery and metal industries a slight recovery set in as a result of belated building activity. No changes have been recorded in the engineering industry. The textile trade shows a decline in export business owing to competition from countries which give export premiums. Sales declined in the chemical industry, as in other industrial groups.

The following are the trade figures for the first half-year, compared with last year's showing:—

	(In million Cz.K.)	
	First Half of 1934	First Half of 1935
Exports	3,151.1	3,319.5
Imports	3,053.4	2,888.5
Export surplus	97.7	431.0

Difficulties over payment from abroad impose a constant bar to further exports. According to a statement by the National Bank at the end of March, debts due for Czechoslovak goods in countries which do not control the exchange were Cz.K. 1,219 millions; while in countries which have clearings and other restrictions they were Cz.K. 2,243 millions. Recently, negotiations with Italy regarding the adjustment of exports have been concluded. Trade negotiations with Austria will probably be resumed at the end of August and with the Netherlands in the autumn.

In order to foster public works, Cz.K. 1,417 millions were allotted in this year's regular budget and Cz.K. 1,828 millions in the extraordinary budget; while the autonomous bodies contributed, with State aid, Cz.K. 791 millions for this purpose, so that the available total is over Cz.K. 4,000 millions. The revenue is now showing a substantial decline in comparison with budget estimates. In the autumn it will prove difficult for Government and Parliament to prepare next year's budget.

PRAGUE, July 27

JUGOSLAVIA

THE Stoyadinovitch ministry coincides with a new move in Serbo-Croat relations, which had been gravely strained during the election and after. The Jevtitch regime had started well. The release of some political prisoners and the relaxation of some of the more irksome laws had won for that regime a certain amount of passive goodwill. Its weakness, however, lay in its lack of an organisation or a following among the people. It is this that made M. Jevtitch a prey to suggestions of coercion during the election from some of his reactionary colleagues. And this ultimately brought about his downfall. The Stoyadinovitch ministry is now charged with the task of taking up the work for a more democratic regime at the point where M. Jevtitch left off. But it is only to prepare the instruments and preliminary conditions for a possible solution. This implies primarily the drawing up of three laws: an election law providing for a correct manifestation of popular will, and for secret ballot; a press law restoring reasonable freedom to the press; and a law to facilitate party formations and thereby to permit of a return to normal political life.

In expectation of these laws the contours of some of the future political groupings are emerging. First, there is a union of Serb radicals, Slovene clericals and Bosnian Mohammedans into one big Yugoslav Centre-Conservative formation. On the right of this would be the remainder of M. Jevtitch's following. On the left, a liberal coalition of Serb democrats and Bosnian agrarians. In addition there might be a small left-wing agrarian group and several minor semi-fascist formations. The attitude of the Croats is more difficult to define; for while on the one hand Dr. Matchek declares himself willing to collaborate loosely with the Liberal group, he refuses to form either a political party or a coalition with them, on the plea that no economic or social problems can be attacked until after the solution of the Croat national problem.

PRODUCTION AND TRADE DULL

State revenue in May amounted to 744 million dinars as against 749 millions in 1934; truck loadings in June to 110,000 as against 113,000; unemployment to 10,935 as against 9,186; while wholesale prices were 63.9 as compared with 65.6. On the other hand the index of employment has risen from 91.6 to 100.1 (average 1926-29 = 100), and the index of mining production from 84 to 90.4. Foreign trade is also improving.

	1934		1935	
	Exports	Imports	Exports	Imports
May	Tons 283,500 Mill. din. 251.8	Tons 103,800 Mill. din. 327.7	Tons 318,400 Mill. din. 287.2	Tons 105,400 Mill. din. 368.0
June	Tons 283,200 Mill. din. 238.7	Tons 69,600 Mill. din. 322.3	Tons 251,300 Mill. din. 242.1	Tons 69,100 Mill. din. 281.7
Six months	Tons 1,559,400 Mill. din. 1,589.6	Tons 430,300 Mill. din. 1,750.5	Tons 1,580,500 Mill. din. 1,774.9	Tons 441,200 Mill. din. 1,746.3

The harvest is not likely to be above the average. Maize, affected by drought, will probably yield about 25 per cent. less than last year, and wheat may give a surplus of only 15,000 truckloads for export. Prunes and all fruit are less abundant, and cattle may be affected by rising fodder prices. Tourist traffic on the other hand is developing extremely satisfactorily. Thus, while tourists spent 1,570,122 nights in holiday resorts in 1934, the corresponding number in 1935 was 4,644,560. The total number of foreigners who visited Yugoslavia last year was 234,000 and they are estimated to have acquired about 309 million dinars for expenditure in Yugoslavia.

The amount of available capital is relatively plentiful. Deposits have risen from 9,837 million dinars in June last year to 10,935 millions this year, 269 millions of this sum having gone into State and 168 millions into private banks. Further, deposits at the National Bank have reached 1,404.5 million dinars, the highest figure for three years. Interest rates have been reduced to 11 per cent. for the maximum chargeable by private banks, and to 7 per cent. for the average charged by State banks. The maximum paid by banks on deposits is 4 per cent., often not more than 3 per cent., and in exceptional cases even less. The

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Capital paid up and Reserves Drs. 1,205,000,000

National Bank rate is 5 per cent. The Government intends to mobilise available funds in order to use them for a more liberal credit policy to industry and in order to further public works. A first instalment of 100 million dinars for public works, forming part of a more ambitious scheme of 1,000 millions, has already been subscribed by the National Bank and the State Mortgage Bank.

The remaining eight-twelfths of the 1935-36 budget have been voted by Parliament, and amount to 6,780 million dinars, 4,609 millions being for general administration and 2,171 for State enterprises. This makes the total budget 94 millions larger than that for 1934-35, part of the increase being accounted for by an increase in the debt service.

BELGRADE, August 5.

BULGARIA

A NEW CONSTITUTION

THE new Constitution, promised by the Government of Mr. Toshev on April 22nd, is being drafted on the lines of corporative representation and participation of the people. It is still uncertain whether it will be voted by a plebiscite or a special constituent assembly composed of representatives of the corporations and deputies chosen by the people.

Meanwhile the general situation has become quieter, partly owing to reduced Government intervention in economic life. The alcohol and petrol monopoly has been abolished.

IMPROVING BUDGET AND FOREIGN TRADE SITUATION

An improvement in the State Budget has taken place since the beginning of the year, mainly as a result of reduced expenditure. State revenue amounts, for the first half of the year, to 2,845 million leva (as against 3,261 millions for the corresponding period of 1934), while expenditure was 3,139 million leva (3,719 millions in 1934). This improvement and the discounting at the National Bank of some Treasury bills (with the approval of the League of Nations) have facilitated the repayment of arrears. Ordinary revenue has declined compared with last year, except in the last two months, when a considerable increase over the 1934 level was registered.

In the first half of the year there has been an increase in the turnover of foreign trade as compared with last year:—

	Imports	Exports	Balance
	(million leva)		
First half 1934	1,040	1,154	+114
First half 1935	1,369	1,369	...

The value of exports has increased by 19 per cent., as against an increase of 32 per cent. in that of imports. This revival, due to increased exports of raw tobacco, cattle, etc., has not, however, helped the balance of payments, as, in the first place, it concerns countries with which Bulgaria

has clearing arrangements, and, in the second, has been more than counteracted by the increase in imports.

The grain crop has proved much better than the poor crop of last year. The wheat and rye crop is estimated at 16,497 thousand quintals, as against 12,986 thousands for 1934. This increased production will certainly leave a surplus for export. The crops of rapeseed, maize, fruit and vegetables are also very good. Some improvement in the balance of payments may be expected in the autumn, when exports of cereals, usually sold against free foreign exchange, will take place on a larger scale.

SOFIA, August 9.

AUSTRALIA

IMPORTS UP, EXPORTS DOWN

AUSTRALIAN import trade during 1934-35 has shown an increase, following on increased exports in the previous financial year, when the wool market was booming. But while imports of merchandise have risen from £59,435,000 in 1933-34 to £72,428,000 in 1934-35, exports have fallen from £89,957,000 to £81,682,000, and the visible export surplus has thus declined from £30,522,000 to £9,254,000. If bullion and specie are included, of which the net exports (after deducting imports) were £6,661,000 for 1934-35, against £7,338,000 for 1933-34, the total export surplus in 1934-35 is only £15,915,000, against £37,860,000 the year before—a decrease of £21,945,000. After allowance is made for interest on Government and local authorities' loans payable abroad (officially reckoned at £23½ millions)

and for other external payments—including an exceptionally large expenditure of Australian tourists this year—there is a reduction in London balances from the high point reached a year ago. It looks as if, in order to balance the two sides of the account during 1935-36, some reduction in imports will be effected.

The general increase in business activity, as well as in import trade, during 1934-35 is reflected in the quarterly average returns of the trading banks. Exclusive of the Commonwealth Bank, these show £253,705,457 of advances—an increase of £16,742,256 as compared with the year before. Government and municipal securities at £52,013,205 show a decrease of £98,781, an increase in ordinary Government securities being balanced by a decrease in Commonwealth Government Treasury bills. Deposits at £291,708,859 show a decrease of £5,263,266, current accounts being greater by £5,138,481, but fixed deposits less by £10,401,747. The decline in deposits is partly due to the shifting of funds held here on overseas account, which is still in progress, though only on a small scale.

The somewhat unfavourable result of the 3½ per cent. £12,500,000 internal loan, of which approximately £1,700,000 was left with the underwriters, together with public criticism of the large borrowing programme of the Governments, point to the need for reconsideration of the financial position. The Loan Council is to meet in October, and, according to published reports, a reduction of £4,000,000 or more will be provided for in the loan estimates of the Commonwealth and States for 1934-35. At present these exceed £30 millions, inclusive of provision for sinking funds and of States' revenue deficits.

MELBOURNE, July 30.

BOOKS AND PUBLICATIONS

MEN, MONEY AND MACHINES

AN extraordinary amount has been talked and written in the last five years about the economic consequences of mechanisation. To judge by these two books,* however, the controversy has now begun to result in some clarification of the public mind; and at least two important conclusions seem to be gaining general assent. The first of these is that the fact of mechanisation is not primarily relevant at all to the problem of money and purchasing power; the second is that, despite this, the social effects of mass production methods are even more far-reaching than was at first realised.

The first of these two books is a symposium in which various industrialists, representatives of the workers, and "observers" express their several points of view. The industrialists include Sir Harold Bowden and Sir Richard Redmayne; the workers' representatives Mr A. Varley and Mr William Ferrie; and the "observers" Sir Arnold Wilson and Mr E. F. M. Durbin. The only chapter which examines the problem as a whole is Mr Durbin's, and it will consequently be the most interesting to those who are not concerned with any special aspect of it. Mr Nash's book, which also sets out to solve the wider economic problem, is an excellent introductory essay. It is popularly and fluently written, and bears few, if any, of the marks of academic disputation. But the author has taken the trouble to familiarise himself not only with the relevant facts and figures, which so many controversialists ignore, but also with the principal arguments of those who have already written on the monetary problem. Mr Durbin's essay and Mr Nash's book, taken together, leave very little to be said on the economic aspect of the problem.

Mr Durbin first points out that the fundamental nature of the machine is to enable more to be produced with a

given amount of labour; and Mr Nash similarly lays his finger on an important fallacy when he remarks that power production does not reduce the total demand for labour, since physical exertion is not the sole function of human effort. It follows, Mr Durbin observes, that the invention of a labour-saving machine enables mankind either to work less and consume as much as before, or to work as much and consume more—and to consume more either of the commodity in question or of some other commodity. The objectives of increasing leisure or increasing production, as a result of mechanisation, are therefore alternatives. We cannot have our cake and eat it; though we may, of course, eat part of it and keep the rest. Further, as Mr Durbin shows, mechanisation should not produce a reduction in consumers' purchasing power; since in so far as less is spent on a commodity that has become cheaper, more will be spent on some other commodity. General unemployment will not, therefore, result; and the explanation of such unemployment must be sought elsewhere. The real consequence of mechanisation is to leave a surplus of labour in certain contracting industries; and Mr Durbin makes interesting suggestions for tackling this problem of genuine technological unemployment.

Mr Nash reaches the same conclusion as a result of an admirable critical examination of the views of Mr Fred Henderson, Major Douglas, the "technocrats" and others. The main conclusion that emerges from Mr Nash's discussion is that mechanisation does not raise a new monetary problem at all; since the crucial factor for the monetary problem is the value of total consumers' expenditure, not the volume of goods produced, but to the total of cost affected by an increase in goods produced. Mr Nash consequently goes on to a discussion of the general monetary problem, and he ends with a broad acceptance of Mr Keynes's views and an advocacy of public works expenditure for the cure of cyclical depression.

The clarification of the monetary aspects of mechanisation does not, unfortunately, mean that the problem is solved. This is most decisively demonstrated by the earlier

chapters in Mr Williams's symposium. Of these, the two most interesting are those of Mr Ralph C. Hazell, writing about the printing industry from the employer's viewpoint; and that of Mr Varley, writing on the mining industry from the worker's viewpoint. In the printing industry mechanisation has led to increased employment, shorter hours, higher wages and no lack of skilled work. In coal-mining, on the other hand (though it is reducing costs, as Sir Richard Redmayne shows), it is not raising wages; it is making the mines, if anything, less safe; it is not reducing hours; and it is making a given number of hours' labour far more intense and exhausting than it was before. The fact—so alarmingly brought out by Mr Varley—that in certain industries mechanisation is making a given number of hours' labour far more arduous, though hours are no shorter or wages higher, is at once the most important and the most disquieting of the social aspects of the problem.

SHORTER NOTICES

"French Import Quotas." By F. A. Haight. P. S. King and Son. 131 pages. 7s. 6d.

European commercial policy has undergone a radical transformation in recent years, the present tendency being to insist more and more upon "balanced trade" with each and every foreign country. In this evolution the import quota has played a leading rôle. French in origin, this pernicious instrument of commercial policy has been widely adopted since 1931. Mr Haight's careful and objective study is therefore opportune.

Although of doubtful legality, the import quota was adopted by France in 1931 as a *pis aller*, because other methods of defending the franc (devaluation, deflation or a drastic increase in tariffs) were considered inadequate or politically inexpedient. The abandonment of the gold standard by Great Britain in 1931 and the subsequent depreciation of the dollar gave a fillip to its use, but considerable modifications were introduced in consequence of the administrative difficulties encountered. By the middle of 1933, Mr Haight informs us, France had been successful in severely limiting the application of the "most-favoured-nation" clause and in securing the de-consolidation of most of her tariff duties. But the system of import quotas which originated as a temporary "means of defence" became an important bargaining weapon, thus acquiring a position of permanence which was not originally intended. Mr Haight reaches the significant conclusion that, although few impartial observers would claim that it has benefited the country as a whole, the abandonment of this restrictive system has become politically impossible.

The author devotes two chapters to a statistical study of its effects upon the French national economy. He points out that, while imports of foodstuffs had shown a heavy increase in 1931, imports of manufactures (which had more than doubled between 1927 and 1930) actually declined in that year. The application of quotas to industrial imports cannot therefore be defended as an emergency measure necessitated by the special circumstances of 1931. The general adoption of quotas effected a substantial cut in imports of particular commodities, but failed to reduce total trade to the desired extent. This was partly due to the practice of issuing special licences, and partly to increased importation from the colonies. Meanwhile, in consequence of various protective measures, French wholesale and retail prices were propped up. Stagnation of the export industries has been the inevitable result. In recent months, however, the Administration has shown its determination to eschew devaluation and to pursue the unpleasant alternative of deflation to the bitter end. As Mr Haight rightly suggests, no significant measure of trade recovery in France can be looked for until the over-valuation of the franc has disappeared.

"Le Pétrole et son Economie." Various Authors. Paris: Librairie Technique et Economique. 30 fr.

No industry has risen in so short a time to such a dominating position as the petroleum industry. Sporadic use of petroleum products was made by the ancient people of Babylonia, but the industry as such can be dated from the well sunk by Colonel Drake in Pennsylvania 76 years ago. Its phenomenal progress is due mainly to the invention of the internal combustion engine. So swift has been the industry's rise that legislators find it difficult to keep pace with the problems raised by petrol-driven vehicles of all

kinds, in all elements. But legislators have not been slow to appreciate the potentialities of petroleum as a source of revenue, as a factor in the balance of trade and as a sinew of war.

The manifold aspects of the oil industry are now gathered together in an admirably documented French volume. It may be doubted whether any work so complete will be found in any language. The writers are all experts whose knowledge is practical as well as theoretical. "Le Marché Britannique du Pétrole" is treated by Mr. Cecil W. Wood, of the *Petroleum Times*; M. Pizanty, of the *Moniteur du Pétrole Roumain*, performs a similar function for his country, and Signor Bosco, a well-known authority in Italy, for that land, while Señor Alvarez covers Spain. Most of the other writers are French, and they deal with every aspect of the industry—production of crude petrol, refining, transport, the American codes, the position of petroleum in Germany, Russia and the Far East, the rise of the Iraq industry, the fiscal burdens on oil, the technical problems of bringing petroleum to standard specifications, and the industry's outlook. The writers are lavish with tables, charts and maps.

BOOKS RECEIVED

South African Mining and Finance Companies. (London) 262 pages. No price given. A revised edition of a valuable reference book issued by a well-known Stock Exchange firm. Copies are obtainable on application through a Stockbroker.

L'Evoluzione economica de la Grande-Bretagne depuis l'abandon de l'Etalon-Or, 1931-35. (Paris) Librairie du Recueil Sirey. 333 pages. 35 frs.

La Victoire sur la Crise. By E. Gladelle. (Paris) Félix Alcan. 232 pages. 15 frs.

A Notebook of Economics. By J. E. Jackson. (London) Gee and Company (Publishers), Ltd. 166 pages. 5s. net.

2,000 Years of the City of London. By G. Spencer Hoffman. (London) By the Scottish Widows' Fund and Life Assurance Society. 32 pages. No price given.

Corporate Profits as Shown by Audit Reports. By W. A. Paton. National Bureau of Economic Research, New York. (London) Macmillan and Company. 151 pages. 5s. net.

Bibliography of Economics, 1751-1775. Prepared for the British Academy by Henry Higgs. (London) Cambridge University Press, Fetter Lane, E.C.4. 742 pages. 42s. net.

City of Birmingham, Financial Statement, 1934-1935. (Birmingham) The City Treasurer, The Council House. 529 pages. No price given.

Economical Laws of Nature. By Johan Jacobsen. (Copenhagen) The Author. St. Knudsveg 14. 57 pages. 3s. 6d.

Industry, Trade and People in Exeter, 1688-1800. By W. G. Hoskins. (Manchester) Manchester University Press, 8-10, Wright Street. 189 pages. 9s. net.

Annual Statistical Report of the American Iron and Steel Institute for 1934. (New York) American Iron and Steel Institute, 350 Fifth Avenue. 99 pages. No price given.

OFFICIAL PUBLICATIONS

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

Interim Report of Departmental Committee on the Construction of Flats for the Working Classes. 9d. net.

Cotton Manufacturing Industry (Temporary Provisions) Act, 1934: Report to the Minister of Labour. 4d. net.

Annual Report of the Chief Inspector of Factories and Workshops for the Year 1934. Cmd. 4931. 2s. net.

Coal Mining Industry: Statistical Summary of Output and of Costs of Production, etc., for the Quarter ended March 31, 1935. Cmd. 4936. 1d. net.

Colonial Reports. No. 1,706: Zanzibar Protectorate, 1934. 2s. net. No. 1,707. *Annual Report on the Social and Economic Progress of the People of Somaliland, 1934.* 1s. 3d. net.

Report of the Chief Registrar of Friendly Societies for the Year 1934: Part 4, Trade Unions. 1/6 net; Part 5, Building Societies. 1s. 3d. net.

Report by the Joint Committee of the House of Lords and the House of Commons appointed to consider the Petition of the State of Western Australia. May, 1935. 5s. 6d. net.

Department of Overseas Trade: Economic Conditions in Czechoslovakia. April, 1935. 2s. net. *Economic Conditions in Belorussia in 1934. Together with an Annex on the Grand Duchy of Luxembourg.* 3s. net. *Economic Conditions in Cuba, April, of 1935.* 1s. 6d. net. *Report on Economic Conditions in Algeria, Tunisia and Tripolitania, March, 1935.* 3s. net. *Report on Economic Conditions in Cyprus and Malta, with a Note on the Trade of Gibraltar.* April, 1935. 2s. 6d. net.

* "Man and the Machine." Edited by Hubert Williams. Routledge. 207 pages. 6s.

* "Machines and Purchasing Power." By E. F. Nash. Routledge. 229 pages. 6s.

MONEY AND BANKING

FINANCING SMALL CONCERNS

FOUR years ago the Macmillan Report called attention to a gap in the British financial system. "It has been represented to us," the Report said, "that great difficulty is experienced by the smaller and medium-sized businesses in raising the capital which they may from time to time require, even when the security offered is perfectly sound." This passage in the Report aroused considerable attention, and since then certain attempts have been made to fill the gap. It must be emphasised that the real need is not so much for short-term or even "not-quite-so-short-term" finance—though the need for this kind of accommodation is also not specially catered for—but for permanent capital, or at least for accommodation, the repayment of which can be spread over a period of at least five years. This means that a banker is definitely precluded from undertaking this class of business, while even certain new institutions which undertake to provide medium-term finance would feel unwilling to lock up more than a small proportion of their capital for a relatively long period. It has so far been accepted as axiomatic that the work of providing permanent capital can only be undertaken by special finance companies, established for the purpose. British banks have steadfastly refused to lock up their customers' funds in long-term industrial advances or investments, and their immunity from failure during the past six years is largely traceable to this policy.

Hence so far the gap has largely remained unfilled, partly because neither potential lenders nor potential borrowers have realised the nature of the problem. Essentially it is a question of bridge-building between investor and entrepreneur, and the needs of both must be considered. The small manufacturer cannot obtain the specific kind of capital he requires, nor can the small investor in these days of lower long-term interest rates easily obtain a good return on his capital, together with reasonable security and negotiability of his holdings. So far, public opinion has concentrated upon the needs of the manufacturer. This has made recent expressions of opinion in the public press appear somewhat partial and superficial in character.

A finance company which sets out to bridge the gap must bear both kinds of needs in mind, and must know clearly what it can, and cannot, do. Consider first its attraction for the investor. It cannot appeal to the big institutional investor, such as the bank, the insurance company or the trust company, for such institutions must either keep their funds liquid or else they have their own interests which they wish to develop. Nor can it appeal to the wealthy, expert investor, for he finds greater interest and profit in conducting his own operations on the Stock Exchange. All this is not entirely a question of theory. It has been tested in actual practice.

The real appeal ought to be to the host of small investors who have lost heavily in income through conversion, but who desire the safety and negotiability of their capital as much as a gain in income. To be justified in appealing to them, a finance company must be managed by men of undoubted integrity combined with skill in examining all propositions laid before them. We lay the utmost emphasis upon these two points, because this kind of activity could easily become a fruitful field for the knave, the fool, or the incautious optimist. The bridge which the finance company builds must be above suspicion and fully equal to the traffic it will have to carry.

We can next approach the problem from the borrower's point of view. First, the finance company must keep its risk within narrow limits. Even if it spreads its risks over many propositions, a single failure would be a serious matter, especially in the early days when the company still has to build up reserves and win reputation. This means that a finance company cannot help entirely new undertakings. The entrepreneur must have made the first start on

his own account, and must be able to present some record of achievement. What the finance company can do is to help the entrepreneur to traverse quickly the road leading from a successful start to complete large-scale success. But it cannot give him his first start.

Help of this kind cannot be cheap, for the finance company has definite expenses of its own. It has its own overheads. Every proposition put before it must be carefully "vetted," and in many cases this requires solicitors, accountants and expert advisers. And only one proposition in ten or twenty will survive. The finance company must build up its reserves, and it must keep part of its resources in liquid—and therefore in unremunerative—form. Next, the finance company must exercise continuous supervision of a firm, though tactful, kind over all those whom it helps. This may mean that the borrowing company will have to admit a representative of the finance company to its board, remunerate him adequately, and be guided in certain matters by his advice. Finally, the finance company must pay a reasonable return upon its own capital, which, however great the skill and integrity of the management, does not rank as a gilt-edged investment. As we have said, one of the essential needs is to give the small investor a better return than he can get upon gilt-edged stock; and unless this return is forthcoming the capital will not be subscribed.

The financial structure of the whole scheme can now be discussed in greater detail. The finance company itself in its early days should be of very moderate dimensions, though not so small that it cannot spread its risks. The finance company is an innovation, and it must be content to build itself up by easy stages. Initially its resources should consist entirely of share capital. It cannot readily issue debentures, for its security consists mainly of its own investments, which are not readily realisable. Later on, when it has established itself and accumulated liquid reserves, it can consider the question of issuing debentures. The proportion in which its capital should be divided between preference and ordinary shares, and the rate of interest on its preference capital, are matters for careful consideration. The rate of interest must be high enough to attract capital and make allowance for the small element of risk, but it must not be too high, or else it will not be able to offer reasonable terms to those whom it assists. The ordinary shareholders must be prepared to exercise patience for some years to come. Security and adequate reserves must be the first consideration.

Relations with small manufacturers and merchants must follow certain definite rules. Adequate and systematic "vetting" must be the basis of the whole scheme, and any speculative business must initially be avoided, however attractive it sounds. The company must not deal with private individuals with unlimited liability, but must insist that they form themselves into a private company before they receive assistance. The finance company will be well advised to appoint its own representative to the board, and that representative must have definite, but not oppressive, powers. He must act as adviser and friend, as well as a guardian. As far as possible the finance company will insist on adequate insurance against casual risks, and it might well effect the insurance itself through a general arrangement with its own brokers.

The exact form of assistance given must depend upon individual circumstances. On the whole, it should avoid making permanent loans, but should take up redeemable debentures or redeemable preference shares. The date of the final redemption should be far enough ahead not to cripple the borrower, but it must be remembered that the underlying purpose is to enable the borrower to expand his business at an accelerated rate. If this purpose is achieved, the sum originally borrowed will rapidly become small in proportion to the size of the business, and so repayment

will become an easy matter. If success does not follow, the finance company must cut its losses as quickly and as conveniently as it can. The redemption of capital advanced is important to the finance company for three reasons. First, it reduces the risk and helps the company to keep itself more liquid. Second, it adds to the company's profits in more ways than one if it is able to keep turning over its capital. Incidentally, this helps it to reduce its charges. Third, it enables the finance company to give assistance to a far greater number of people during a given time. From the general point of view, the third reason is in some ways the most important.

Finally, there are arguments in favour of the finance company taking a small but permanent share in the equity of any undertaking which it helps. Provided that the finance company is not greedy, there is no fundamental objection to this, while if the company "spots" a series of winners, it will gain a permanent source of income. Once sufficient reserves have been established, this equity income can fairly be ear-marked for the benefit of the ordinary shareholders.

This is a rough outline of how the financing of small industries could be conducted. Those who undertake the work must realise that they are entering upon a task of great responsibility and trust. They are acting as the link between the small investor and the small business undertaking, and the small investor will be venturing his capital entirely upon their integrity and judgment. If the business is conducted with foresight, then it should succeed and make an important contribution towards the economic progress of the country. If, on the other hand, it is initiated mainly with the idea of earning large and quick profits, then a single failure by one of its clients may bring the whole finance company down in ruins. This will not only involve the small investor in loss which he cannot afford, but will constitute a serious set-back to the execution of a promising idea.

FINANCIAL NOTES

The Foreign Exchanges.—The London market has been very idle. At the end of last week there was a temporary rally in the dollar to \$4.96½, due to the market's reaction to the repurchase of the General Electric Company shares from American holders, while on Thursday of this week the dollar again strengthened to \$4.97½ owing to international political developments. Otherwise the New York rate has stood at just over \$4.98. There has been practically no movement in the gold *bloc* currencies. French francs have been steady at just over Frs. 75. The British Control has been in evidence, but very little intervention proved necessary. Three months' francs are a shade weaker at Frs. 1½ discount. Three months' guilders first strengthened from 2½ to 18 cents discount, but have since come back to 22 cents, while three months' Swiss francs have been steady at about 35 centimes discount. Spot lire have been held by the Italian authorities at Lire 60½, but three months' lire have weakened to a nominal rate of 7 lire discount, or 46 per cent. per annum. It is still very difficult to deal in spot lire in London except at the official rate, but there are reports of the growth of a black market on the Continent.

Danish Farmers and the Kroner.—An intriguing situation has developed in Denmark. For some time past certain sections of the farmers have been conducting an agitation against the Government on the ground that agriculture receives too small a share of the national income. More recently they have formed the idea that they could conveniently bring pressure to bear upon the authorities by requesting foreign importers of Danish farm produce to defer payment, the object being to create a temporary shortage of foreign exchange. It was hoped that one consequence would be an automatic depreciation of the kroner which would bring about an economic readjustment in their favour. Our Copenhagen correspondent now cables that the co-operative slaughteries have agreed to support the farmers, but that the authorities have countered by raising the Bank rate from 2½ to 3½ per cent. This may be more

than a general precaution, for it will add immediately to the cost of the farmers' short-term indebtedness. Our correspondent adds that the bank's total foreign exchange reserves expanded by Kr. 12.5 millions during July, but the situation is not entirely easy, and there is a possibility of a further curtailment of import licences during the last four months of the year. Primarily the issue lies between the Danish Government and the farmers, but the episode reminds us that we cannot take the monetary stability of the sterling area entirely for granted.

The Money Market.—The return of more of the holiday currency circulation has helped to make money a shade easier. The banks have bought Treasury bills of all dates up to early November at their minimum rate of ½ per cent. Hot Treasuries are nominally quoted at ½ per cent., but there are no buyers.

	Aug. 2, 1935	Aug. 9, 1935	Aug. 16, 1935	Aug. 23, 1935
Bank rate.....	2	2	2	2
Clearing banks' deposit rate ...	1	1	1	1
Short Loan rate :—				
Clearing banks.....	1-1	1-1	1-1	1-1
Others.....	1	1	1	1
Discount rates :—				
Treasury bills	1½	1½	1½	1½
Three months' bank bills	1½-1	1½-1	1½-1	1½-1

A few months ago there was a fair quantity of Italian agency bills in the discount market, and the opinion was then expressed that they were being taken too freely. Since then the market has either been declining to take many of such bills or has been quoting a penal rate. The result is that comparatively few of these bills are now held in the market. It is also believed that the British banks are cutting down their credit facilities to Italy as quickly as they can, but even if this report is correct, it will be several months before bills drawn against such credits finally disappear.

The Bank Return.—This week the Bank has added about £500,000 to its gold stocks, this being the largest increase for many months. Another £5.1 millions of notes have been returned from circulation, and the Reserve has increased by £5.7 millions :—

	BANK OF ENGLAND				
	Aug. 22, 1934	July 31, 1935	Aug. 7, 1935	Aug. 14, 1935	Aug. 21, 1935
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department :—					
Gold	191.7	192.8	192.8	192.8	193.3
Note circulation	379.4	408.3	411.8	405.5	400.4
Banking Department :—					
Reserve	72.8	45.1	41.5	47.8	53.5
Public deposits.....	37.4	24.4	17.2	16.8	15.9
Bankers' deposits	82.1	75.7	82.7	86.3	93.9
Other deposits	35.7	38.5	37.8	37.0	36.9
Government securities.....	84.5	87.4	87.2	82.0	83.5
Discounts and advances	5.8	10.8	14.1	15.2	13.0
Other securities	10.3	13.4	13.1	13.2	15.0
Proportion	46.9%	32.5%	30.1%	34.1%	36.4%

The main movement in the banking department is an increase of £7.6 millions in bankers' deposits. The chief cause of this is the return of the holiday currency from circulation.

New York Money and Banking.—New York money rates are unchanged. New York member banks' loans to brokers were \$873 millions on August 14th, against \$880 millions on July 24th. Other loans by member banks against securities have fallen during these three weeks from \$748 to \$736 millions. The Banking Bill has now been passed in substantially the form in which it left the Senate and has been sent to the President for signature. It creates an Open Market Committee, to govern Federal Reserve Banks' operations in Government securities, authorises the Federal Reserve Board to raise reserve requirements and to raise and lower the Reserve Bank's rediscount rates, and continues the insurance guarantee of bank deposits up to a maximum of \$5,000. The amendment permitting banks to underwrite new issues has been dropped. Silver imports for the week ended August 9th were returned at \$14.6 millions. \$7.1 millions came from England, \$3.6 millions from Mexico and \$3.0 millions from French Indo-China.

THE STOCK EXCHANGE

GAS HOLDING COMPANIES

GREAT BRITAIN, who has been generous in her export of financial suggestions, methods and precedents to America, has hitherto taken little in return. Within the last few years, however, she has begun tentatively to follow the United States practice in at least one respect. The Gas Holding Company has taken root on British soil, but the seed appears to have suffered a sea-change on its trans-Atlantic journeys. Although the making of gas from coal is one of the oldest of British industries, the tendency towards concentration in large capitalistic units has, up to the present, made far less headway in it than in many newer trades.

Although large companies, like the Gas Light and Coke, South Metropolitan, South Suburban, Tottenham and District and Wandsworth and District companies, operate in the London area, and companies like Newcastle-upon-Tyne and Gateshead, Bournemouth Gas and British Gas Light Company, in the provinces, the industry is still carried on by over a thousand separate undertakings, most of which have statutory powers giving them virtual monopoly within their own area. These undertakings, as public utility concerns, have long been subject to legislative limitations which do not apply to companies in many other industries. Charges for gas and dividends on ordinary capital, for example, have been limited by various methods. Although the credit of the majority of individual concerns has always ranked high, and the rates at which they have been able to raise new capital have been relatively favourable, the difficulty of amalgamating separate undertakings has resulted in a narrow and often highly localised market for their stocks.

The Gas Holding Company endeavours to overcome this difficulty by purchasing controlling interests in a considerable number of undertakings, usually in contiguous areas, supplying their needs from a single common source, or a limited number of sources, and securing the normal economies of centralised control. A parallel is afforded by the evolution of the brewing industry, in which, during the last twenty years, the larger companies have increasingly tended to buy out the smaller undertakings in order to obtain the "monopoly powers" of their tied houses, under licensing limitations, and have thereupon proceeded to close the local plants and supply all requirements from their centralised establishments.

American experience has aptly illustrated many of the dangers, as well as the advantages, of the large utility holding company. The latter has frequently included within its *agis* a heterogeneous range of industries, like gas, electricity, water and steam, with motives predominantly financial rather than economic. Capital "gearing" has frequently been excessive, the issue of considerable bond and preference capital by the operating companies leaving the holding company with an ultimate equity representing but a small fraction of the total outlay on plant development. Recent American scandals, again, have elicited the disclosure that, in many cases, the holding concern has reversed its role of financier of the working capital requirements of the operating concerns by borrowing from its own subsidiaries, in order, possibly, to support the market in its own shares, or to achieve some other ulterior object. Under such a system, the failure of the holding company must necessarily involve the operating concerns in a common disaster.

So far, the movement in Great Britain has succeeded in steering clear of these questionable practices. Of the seven gas holding companies formed in recent years, only two—South Western Gas and Water Corporation and Associated Gas and Water undertakings, have acquired interests outside the gas industry, and none includes electricity or other utility industries in its scope. Although the operating companies have retained their identity, the amount of their indebtedness ranking before the holding company's interest

is usually small. The financial results of association with holding company interests are claimed to have been beneficial to the operating concerns, which have been able to obtain borrowing facilities, in the way of business, either from the holding company direct, or, by drawing on the latter's credit, from outside sources on more favourable terms.

The movement in its present form, however, has scarcely had more than two years' existence in Great Britain. Though the relatively rapid expansion of some of the more active companies suggests that its opportunities will not be wasted for lack of energy, it has clearly had insufficient time, as yet, to occupy more than a small part of its potential field, or to formulate more than a few rudimentary working principles. Four of the seven companies recently formed are, in fact, largely in the embryo stage. The United Kingdom Gas Corporation, Limited, controls a couple of undertakings in Wales and Lancashire respectively, while its wholly-owned subsidiary, Caledonian Gas Corporation, Limited, controls nine small undertakings in Scotland with a combined annual output of less than 250 million cubic feet of gas. The Associated Gas and Water Undertakings, Limited, under the *agis* of the East Surrey Gas Company, has acquired seven undertakings with a total annual "make" of approximately 230 million cubic feet. The group's arrangements, incidentally, mark an exception from the rule mentioned in a previous paragraph, for the subsidiary companies are empowered to invest in the stocks of the holding company, and it is understood that this right has been exercised.

Another group, Gas Consolidation, Limited, which aims at the amalgamation of gas companies with adjoining territories into appropriate geographical units, acquired four subsidiaries in the centre of England and is interested, through a holding of deferred shares, in one of the larger groups referred to below—the Severn Valley Gas Corporation. In some respects, the scope of Gas Consolidation, Limited, is the widest of all the holding companies formed so far, for it includes the provision of hire purchase finance facilities for the smaller gas undertakings throughout the country, in order that the latter may afford their customers facilities already enjoyed by those of the larger undertakings. Its service organisation, further, is designed to afford financial accommodation for extensions and improvements to all companies which may be interested.

Of the three remaining gas holding companies, which are active and well established, the South Eastern Gas Corporation, Limited (in which the Gas Light and Coke Company is directly interested), was formed in 1933 to bring under a single management various companies in Kent and South Eastern England having adjoining territories. Its ultimate aim is to supply the greater part of the area under its control from a small number of central stations. In the meantime it is claimed that substantial economies have already been achieved by way of improved by-product sales and centralised buying of supplies of coal and gas appliances, and that some of these economies have already been passed on to consumers, since eight out of sixteen have reduced their charges.

The second largest company in the trio, the Severn Valley Gas Corporation, Limited, was formed last year and has amalgamated a number of substantial companies in the area indicated by its title, including the suppliers of important towns like Stroud, Cheltenham and Gloucester. The *rationale* of joint working is exemplified by the fact that the main pipes of the two last-named undertakings already extend to points only a few hundred yards apart, and the achievement of economies has already begun to be reflected in reductions in charges to consumers inside the corporation's area. Since the end of its last financial year the Corporation has acquired the Newport (Mon.)

Gas Company and a number of smaller undertakings in the same area.

The South Western Gas and Water Corporation, Limited, also established last year, has not closely followed the principle of "contiguity" adopted by the other two companies, for the undertakings which it has acquired are spread over a large area in the south-west of England and are separated, in some cases, by many miles. It remains to be seen whether the benefits secured by the individual undertakings will be mainly limited to economies in the purchase of supplies and coal. Although the Corporation has included water in its activities, the *terrain* of the area served is not well adapted to through mains for the supply of either gas or water, and is somewhat sparsely populated.

The size, scope and capitalisation of the three largest holding companies at the end of their last financial years are compared in the following table:—

	South-Eastern Gas	Severn Valley Gas	South Western Gas and Water
CAPITALISATION:—			
Debtures, etc.	£450,000	Nil	£180,000
Preference capital	£1,045,511(a)	£302,781	£94,337
Ordinary capital	£1,062,679	£369,939(b)	£413,363
OUTPUT OF SUBSIDIARY COMPANIES:—			
No. of subsidiaries	16	10(c)	22(d)
Total annual make of gas (million cu. ft.)	4,672	1,680	597
Make of largest subsidiary (million cu. ft.)	1,051	684	87
Average make per company (million cu. ft.)	301	168	30
Total make, adjusted to proportions of share capital acquired by holding co. (million cu. ft.)	4,095(e)	1,200	567
Total capital, per mill. cu. ft. of annual make	£548	£400	£1,000(f)
Ditto, allowing for outside holdings	£825	£561	£1,180
COST OF ACQUISITION:—			
Compensation to subsidiary directors, etc.	£119,818	£41,561	£37,076
Formation and other expenses	£31,999	£13,352	£20,856
Total cost	£151,817	£54,913	£57,932
Cost per mill. cu. ft. of annual make	£31 10s. 0d.	£32 12s. 6d.	£96 10s. 0d.(f)
Ditto, adjusted for outside holdings	£37 1s. 6d.	£45 15s. 0d.	£102 3s. 6d.
Written off, by last balance-sheet	£151,817	£53,115	£23,082
Amount remaining (ditto)	Nil	£1,798	£34,850

(a) Including £200,000 4 per cent. preference, issued May, 1935. (b) Including deferred shares. (c) Excluding companies purchased since end of last financial year. (d) And two water companies. (e) Debiture stock of subsidiaries omitted from this calculation. (f) Allowing for cost of two water companies.

South Eastern Gas, it will be seen, is much the largest of the three concerns. Although it controls only sixteen gas undertakings, against the South Western Company's twenty-two, it includes one subsidiary making over 1,000 million cubic feet of gas per annum. The total "make" of the companies under its auspices is nearly three times that of the Severn Valley group (apart from the latter's most recent acquisitions) and nearly eight times that of the South Western undertakings. The Severn Valley Corporation, on the other hand, has the lowest capitalisation of the three, in relation to the annual output which it controls. If allowance be made for outside holdings in the subsidiary companies, every million cubic feet of annual gas output, on the latest available figures, is capitalised at £561 in the case of the Severn Valley Corporation, at £625 in that of the South Eastern, and at £1,160 in that of the South Western.

Investors, who have learned by long experience that unproductive costs by way of formation expenses, compensation, etc., are apt to be a heavy millstone round the neck of new "merger" companies, may be relieved to discover that the gas holding companies, for the most part, have avoided excessive charges under this heading. Two of them have, in fact, already eliminated these items, virtually or wholly, from their balance sheets. The actual figures show somewhat surprisingly wide variation when expressed in terms of the output of the companies acquired, the total non-productive initial expenditure per million cubic feet controlled (allowing for outside shareholdings), ranging from £37 in the case of South Eastern Gas to £102 in that of South Western Gas. Expressed as a proportion of the total issued share capital, preliminary expenses were 5.9 per cent. in the case of South Eastern Gas, 8.2 per cent. in that of Severn Valley Gas, and 11.4 per cent. in that of South Western Gas.

The earnings and dividend record of various gas holding companies, and the present price and yield of their securities, are shown in the next table:—

Ordinary Shares (£1)	Date of Accounts	Earnings (Ordinary)	Paid (Ordinary)	Present Price	Yield (%)
South-Eastern Gas	Mar. 31, 1935	7.0	6	s. d. 28 6	£ s. d. 4 4 3
Severn Valley Gas*	Mar. 31, 1935	5.7	5	22 6	4 9 0
South-Western Gas and Water	Mar. 31, 1935†	5.0†	5†	23 6	4 5 4
Associated Gas and Water	Mar. 31, 1935‡	6.0†	5†	21 6	4 13 0
Gas Consolidation	May 31, 1935††	4.7†	4†	21 6	3 14 6

* Ordinary shares. £99,000 deferred shares held by Gas Consolidation, Ltd. † Period from February 14, 1934. ‡ Per annum. § Period from December 4, 1933. †† First accounts for eleven months' period.

All the ordinary shares are quoted at a premium and afford an income yield which, in most cases, is comparable with, or possibly slightly in excess of, that obtainable on sound and "seasoned" industrial equities.

Although anything like a final judgment on the future of the gas holding company, from the investors' viewpoint, is inappropriate as yet, certain conclusions emerge from the evidence already available. The sponsors of this new development have avoided many features of the American utility holding company system, but no clear idea seems yet to have been established as to what is a reasonable price to pay for a given undertaking or undertakings, or as to the canons of choice in deciding upon the advisability or otherwise of any given acquisition. The economies of carefully planned control of a body of contiguous or nearly contiguous small companies may be considerable, but their utility must decline rapidly where the companies' territories are scattered. Any tendency towards amalgamation for amalgamation's sake may, therefore, be deprecated. In the long run, the benefits to be secured, if holding company development is to be really worth while, may be not purely financial but physical, by way of centralised supply, large-scale production, and some form of "grid" distribution. Those companies, consequently, may have widest scope for useful expansion which have the support both of important "City" connections and of one or more of the larger concerns already established in the gas industry, whose technical experience is unrivalled.

It may be doubted whether, in the long run, the new departure will hold any attractive possibilities for the more speculative type of promoter or investor. Impressive as the potential fruits of scientific amalgamation in the industry may be, the "equity" in the shares of a holding company must be limited by the relatively low yield level appropriate to gas stocks in general, and by the statutory operation of the sliding scale principle, under which consumers are automatically the largest beneficiaries in the fruits of improved technique. If the movement is to develop on the right lines, it is the more conservative investor to whom it must chiefly appeal.

INVESTMENT NOTES

Markets and the Italo-Ethiopian Dispute.—For some weeks past, the stock markets (or, more correctly, the general public whose support has been driving prices upwards), have been consciously averting their attention from the possible implications of the Italo-Ethiopian dispute. Ever since "recovery" first began, three years ago, the markets have been domestically preoccupied, and it seemed supererogatory to spoil an attractive home prospect, for the coming autumn and winter, by anxiety over a foreign cloud, no bigger than a man's hand. It was the abruptness of the breaking off of the Paris negotiations, following Signor Mussolini's refusal of an "economic" settlement, which caused investors suddenly to realise that the cloud was already showing portentous expansion. The hurrying home of Ministers, the Downing Street conversation with Party leaders, the "gravest since 1914" declaration of Mr MacDonald, and, finally, Thursday's emergency Cabinet meeting—news of which, in every case, first reached investors in the markets mainly through the

medium of Press headlines—completed the *volte face* of investment sentiment from purposive optimism to alarmed watchfulness. Of "bear selling" in the true sense of the term, there was little. A precautionary marking down of prices by dealers was general in the early part of the week, and was only one degree less extensive in the markets for certain recently favoured industrial shares (including steel, armament and aircraft counters), than in the gilt-edged market itself. Despite the fact, however, that a good many people had profits to take, given the occasion to take them, there was no heavy volume of liquidation. The chief exceptions to this rule were gold mining shares, which were affected by heavy selling from South Africa, and certain vulnerable groups, like silver shares, which were depressed by commodity market conditions and reports of an important Bombay failure. In mid-week, however, a moderate rally was in progress when the publicity given to Mr MacDonald's statement provoked a bout of indubitable liquidation, which appeared to come, not from the market itself, but from outside investment quarters. The present disposition of the Stock Exchange itself is to stand fast until the situation has cleared, one way or the other. Much, however, obviously depends on the attitude of the public. Professional dealers and institutions such as the investment trusts can scarcely be expected to show eagerness to take large quantities of stock on their books, so long as the immediate outlook appears to be menacing but incalculable.

Investment in the "War Zone."—Fortunately for the investor, the range of British securities which would be directly affected by an outbreak of Italo-Abyssinian hostilities is relatively small. The Italian 5 per Cent. 1862 Maremmana Railway Bonds, and the Ten-Year and Twenty-Year Sterling Bond issues of the Italian Credit Consortium, for Public Works, which touched 90½, 109½ and 110, respectively, last year, have already fallen to 47½, 96½ and 77. The entire outstanding total of these issues, however, is no more than £2,220,280. In the Foreign Rails list, there is an issue of 3 per cent. Italian bonds, guaranteed by the Italian Government (of which £19,349,200 is outstanding) which were last quoted at 28½ in April last. The British stake in Italian industry is not considerable, apart from the Courtauld interest in Snia Viscosa, whose lire 200 ordinary shares, which touched 85s. 7d. last May, are now standing at 52s. 6d. In Abyssinia, British investments are virtually non-existent, though in the hinterland of possible hostilities are companies like Sudan Plantations. It is true, however, to say that the securities directly concerned are negligible compared with those which might be vulnerable to the wider complications and implications of the dispute, particularly if it were definitely to assume the guise of a threat to the collective system in international relations, or to British colonial interests in the source of the Blue Nile and/or the continued control of the Mediterranean-Suez Canal-Red Sea-Gulf of Aden route. Meanwhile, the City continues closely to follow the economic repercussions of present tendencies in Italy itself, whose direction is sufficiently indicated by a sharp upward movement in the wholesale price index (according to the Milan Office of Corporative Economics) from 280.2 in January to 319.1 in July last (1913 = 100). The index for minerals and metals, most significantly, has jumped in the same period from 296.4 to 364.3. The effect of the movement has been masked by "control" of the spot lira exchange, but is more adequately reflected (as we show on page 379) in a widening of the forward discount rate to the equivalent of a quotation of 67½ lire to the £ for three months, against a "controlled" current quotation of 60½.

Canada Comes to New York.—The prospectus offering \$76 millions of Ten-Year 2½ per Cent. Bonds in America, for Canadian Government refunding, is an instructive historical document, if nothing more. It extends to 23 pages, and is divided into as many chapters, complete with content. British investors, who, in the case of Dominion Government issues, are habituated to a single leaf prospectus, perhaps, an inset giving a few

selected budgetary and trade figures), may be impressed by the mass of relevant detail considered necessary to the formation of the American investor's judgment. The prospectus, indeed, is nothing less than a condensed version of "The Canada Year Book." Its chapter headings include such subjects as "Debt Record," "Railways," "Gold Reserve, Currency and Banking System," "Balance of International Payments, 1927-34," "Economic Production," "Foreign Investments," etc. It bears on its face a notice, in capital letters, to the effect that the bonds "have not been approved by the Securities and Exchange Commission" and that "it is a criminal offence to represent that the Commission has . . . made any finding that the statements . . . are correct." A further clause, however, reveals that the Commission is not registering disapproval but disclaiming responsibility for the issue. The prospectus also bears on its face the following table, which certainly appears to be a model of lucidity:—

	Price to Public	Underwriting Discounts or Commissions	Proceeds to Registrant
Total	\$74,290,000.00*	\$1,330,000.00	\$72,960,000.00*
Per unit ...	\$977.50*	\$17.50	\$960.00*

* And accrued interest.

Other features are a list of "Principal Underwriters," giving 39 names, and summarised particulars of every outstanding bond of the Canadian Government, issued and payable in any currency. It is obvious that the subscriber who has conscientiously perused and weighed every statement in this massive document will have a working knowledge of Canadian conditions and prospects which an expert of the Dominion Bureau of Statistics might well envy. Is it possible, however, that by the time he has really mastered its contents, he may find that the loan has been offered, subscribed—and, perchance, even repaid?

Building Societies in 1934.—The new high records established during last year by the building society movement receive their usual informed comment in the *Building Societies' Year Book*,* the official publication of the National Association. The advance of 11 per cent. in total assets to £555 millions was the greatest on record. New advances increased by over 20 per cent. towards £125 millions, and total mortgages outstanding rose by 12.3 per cent. to over £475 millions. The facilities for house purchase which the movement provides have been of manifest importance among the diverse influences contributing towards economic recovery at home. The *Year Book* gives a comprehensive record of fact, opinion and event. It discusses, for example, not only the new income tax arrangement recently concluded with the Revenue authorities, but also the failure to make effective progress towards co-operation in the movement. The prospect of concerted action, indeed, received an exasperating and well-nigh fatal blow in the spring, when certain societies, apparently acting on a misunderstanding of assurances previously given, decided to reduce interest rates forthwith. The reconciliation of conflicting views, already difficult, was thus subjected to an unfortunate additional strain. The adoption of a code of uniform procedure has, therefore, been again delayed. The Association has pressed for reduction of the lending powers of local authorities under the Small Dwellings Acquisition Acts from £800 to £400, but it is to be noted that the guarantee system for working-class houses for letting, set up under the Housing Act of 1933, has been little developed during the year.

Actuaries' Investment Index.—The effect of the intrusion of Signor Mussolini into the British industrial share markets is duly recorded by a decline in the Actuaries' Index of 158 securities to 78.5 last Tuesday, as compared with 79.4 a week earlier and 77.2 a month earlier (December 31, 1928 = 100). The corresponding figures

* Compiled and edited by George E. Franey (Franey & Co., Ltd., 37 Cursitor Street, E.C.4. Price 7s. 6d.).

of average yield are 3.82, 3.77 and 3.86 respectively. Among the component groups, the indices for coal shares and cotton shares show an appreciable rise, but the tendency in practically all other groups is downward, as the following table suggests:—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100)			Yield (%)		
	Month Ago (July 23)	Week Ago (Aug. 13)	Last Week (Aug. 20)	Month Ago (July 23)	Week Ago (Aug. 13)	Last Week (Aug. 20)
Building materials (4)	90.9	95.1	92.3	4.44	4.26	4.38
Iron and steel (8)	60.3	67.7	64.7	3.31	3.01	3.12
Motors (5)	54.0	58.4	54.5	4.87	4.47	4.79
Oil (5)	66.8	72.0	68.1	4.67	4.36	4.61
Electric supplies (8)	116.7	123.7	121.5	4.42	4.12	4.19
Home Rails (4)	71.3	69.9	65.3	1.51	1.52	1.59
Breweries & distill. (19)	131.7	135.2	132.3	4.14	4.08	4.17

The reaction (which, in fact, started in the middle of last week), continues to be most noteworthy in groups like iron and steel, motor and building material shares, which have provided favourite counters for optimism during recent weeks.

Industrial Profits in July.—We received 232 company reports last month, showing an aggregate rise in profits of 13.44 per cent. by comparison with the previous year. Figures for recent months are shown below:—

Reports published in	No. of Companies	Rise or Fall in Profits*	Reports published in	No. of Companies	Rise or Fall in Profits*
1934—		%	1935—		%
May	251	+23.43	January ...	111	+14.15
June	201	+20.44	February ...	218	+8.43
July	197	+27.10	March	261	+22.54
August	30	+35.47	April	242	+16.49
September ...	89	+40.63	May	244	+11.07
October	165	+49.70	June	191	+21.72
November ...	143	+33.97	July	232	+13.44
December	159	+25.09			

* After payment of debenture interest.

The reports of the month disclose net profits of £14,696,351, as compared with £12,955,621 in the preceding year. The increase of £1,740,730 is shared among 17 out of 21 groups in our analysis, the largest contribution being made by 14 breweries, whose net profits (after debenture interest), at £6,244,851, show an increase of £516,429. Some 29 "miscellaneous" companies' profits, at £2,109,582, show a rise of £479,603, and those of 48 rubber companies, at £482,612, a rise of £328,646. Another plantation industry, however—tea growing—has the unhappy distinction of making the worst showing of any group, for the reports of 39 companies, published during the month, show a decline of £546,842 in net profits, from £692,035 to £145,193.

COMPANY NOTES

Flour Milling Companies.—Since the re-opening of the capital market in the current revival phase, the number of flour-milling enterprises available for public investment has been increased by the conversion into public companies of Ranks, Ltd., and of several smaller concerns. Considering the importance of the industry, however, the number of public companies in the flour-milling trade is few. Their records, however, are sufficient to illustrate a characteristic liability to fluctuation in their profits. This contrast with the traditional solid prosperity of the miller is due to the complete reorganisation and reorientation of the industry which has been necessitated by modern conditions. Instead of running a local business, milling the farmer's wheat on commission, the modern miller has become a wheat importer on a large scale, with his mills and warehouses at the ports of importation. He has thus been compelled to accept a substantial market risk in place of the relative stability of his former commission business. To combat this risk the millers have sought, with some success, to improve their buying and selling policy, and have embarked on sidelines in cattle and animal foods. Some of them have also sought to initiate a stable dividend policy irrespective of their actual profits for the year. It would seem reasonable to hope that the millers, like other processors of raw materials,

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Atlas Electric and General Trust Ltd.	Government Gold Mining Areas (Moffat & Co.)
Gas Light and Coke Co.	Robinson Deep Ltd.
Imperial Continental Gas Association.	Distillers Co. Ltd.
Burmah Oil Co. Ltd.	Imperial Tobacco Co. (G.B. & I.) Ltd.
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London Brick Co. & Folders Ltd.	Associated Newspapers Ltd.
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will steadily improve their resistance to fluctuations of their own raw commodity; but it would be rash to assume that they have yet achieved immunity. The risk involved in a combination of this liability to profit fluctuation with a high capital "gearing" in the case of Spillers deferred stock appears to be appreciated by the market, which values the units on a relatively high yield basis. How far the tendency

(Profits in £'000)						
	1929	1930	1931	1932	1933	1934
Carr's Flour Mills (March 31) —						
Earned for Ord.	3.6	12.0	22.7	32.9	22.8	21.8
Earned %	3.0	10.0	20.0	29.0	20.3	19.1
Div. %	7½	10	15	22½	15	17½
J.W. French (Dec. 31) —						
Prospectus profits	...	...	26.8	23.5	27.2	31.3*
J. Greenwood (Oct. 31) —						
Prospectus profits	...	58.4	110.8	111.7	57.1	65.4*
Hovis (Mar. 31) —						
Earned for Ord.	74.5	73.8	74.1	103.7	95.3	122.2
Earned %	26.0	25.5	25.7	36.8	30.9	34.7
Div. %	15	15	15	20½	20	20
Ranks (June 30) —						
Earned for Ord.	...	...	...	...	437.18	...
Earned %	...	...	...	...	17.38	...
Div. %	...	...	...	...	15½	...
Spillers (Jan. 31) —						
Surplus	121.8	Dr. 276.4	213.9	300.6	260.1	312.3
Earned %	8.4	Nil	15.0	15.2	15.0	15.0
Earned % on Dfd.	Nil	Nil	0.5	15.2	8.6	15.1
Div. % on Ord.	7½	Nil	10	15	15	15
Div. % on Dfd.	Nil	Nil	Nil	10	10	15

* Initial trading periods. Profits on different basis from prospectus. † And capital bonus. ‡ Or 18.1 per cent. before deducting special depreciation. § Broken period equated to 12 months.

towards lower bread consumption will prove dangerous, or how far it may be remedied by the publicity recently introduced by the Millers' Mutual Association, is difficult to assess. Flour-milling shares, though sound in the long run, should be held in fairly small blocks by any investor to whom stability of income is important.

Coast Lines and the Royal Mail Liquidation.

Since the formation, at the beginning of this year, of "realisation" companies to handle the liquidation of Royal Mail and Elder Dempster assets, the market in the leading stocks of the group has shown consistent advance. The extent of the improvement must, indeed, be gratifying to holders who have retained the courage of their convictions, as the following comparison with quotations twelve months ago suggests:—

	Price, Aug. 16, 1934	Present Value of Securities given in Exchange	Equivalent in Old Stocks	Extent of Rise in past year
African Steam 6% Deb. ...	48½	...	72½	24
Coast Lines 5% Debenture	92	...	104	12
R. M. 5% Debenture	44½	R. M. Realisation Co.: 50% Income Deb. 97 15% Ord. 28/-	68	23½
E.D. 5% "A" Debenture	66½	E. D. Realisation Co.: 50% 1st Deb. 100 50% Income Deb. 97 30% Ord. 28/-	137½	69
Lampport & Holt Debenture	40½	20% Coast Lines Deb. 104 16½% Lampport Line Ord. 5/- 42½% Lampport & Holt Debenture 35 12½% Cash	80½	20½

A mainspring in this recovery has been the improvement in the position of Coast Lines. In 1934 this company earned £360,445, an increase of as much as £170,828. This rise in earning capacity had several important consequences. In the first place, it fully restored the status of the 5 per cent. debenture stock, the interest on which calls for £100,000 per annum. The greater part of the £2,000,000 of this issue was formerly held by various members of the R.M.S.P. group. The successful "placing" of large quantities at rising prices in recent months is believed to have materially assisted the general position. Among other

reactions, the recent cash distribution to Lampport and Holt debenture holders may probably be traced to this source. The Coast Lines recovery, however, has irrigated the dry channels of the group in other ways. The company's improved 1934 earnings, with a bonus from reserves of subsidiary companies, have enabled the directors to bring up to date the dividends on the £750,000 6½ per cent. preference and £1,875,000 6 per cent. preference, which have involved the distribution, during the past twelve months, of no less than £645,000 gross. A large part of this substantial amount has found its way back to members of the group, including the British and Irish Steam Packet Company, in whose capital Coast Lines itself has a large stake. The present value of the various group holdings of Coast Line preferences, and also of the £2,000,000 ordinary, has greatly improved as a result of these developments. Last year the ordinary shares were given little consideration, but with preference arrears out of the way they can now be regarded as on a 3½ per cent. earnings basis on the strength of the 1934 profits. Apart from the sale of the Glen Line to the Holt group no news of further developments in the Royal Mail position has been issued recently. From time to time possibilities such as the flotation of a new company to acquire Royal Mail House are canvassed. The liquidation of the valuable Union Castle shareholdings awaits the result of the effort to deprive the ordinary shares of their normal voting control. The trend of events, however, clearly indicates that the danger of haphazard or even hasty liquidation of the assets of the group will be avoided.

Calico Printers' Setback.—The tendency to "write up" the value of Lancashire cotton textile shares, recently in evidence, was sharply checked by the publication, last Wednesday, of the preliminary figures of the Calico Printers Association for the twelve months to June 30th last. In 1927-28, the Association earned 15.2 per cent. and paid 7½ per cent. on its Ordinary stock, but in no subsequent year has as much as 1 per cent. been earned. In 1933-34, working profit showed a modest but encouraging rise from £629,516 to £674,935, but the latest announcement suggests that last year saw a setback of approximately 17½ per cent. in aggregate working profit, to an estimated figure of £556,894. The preference dividend more than absorbs the proceeds of a draft of £100,000 on general reserve:—

	1933	Years to June 30, 1934	1935
Working profit	629,516	674,935	556,894*
Depreciation, repairs, etc.	366,790	371,263	375,125
Directors' fees	10,800	10,800	(?)10,800
Debenture interest	128,000	128,000	128,000
Balance of profit	123,926	164,872	42,969
Preference dividend	150,805	150,805	150,805
Ordinary	Dr. 26,879	14,067	Dr. 107,836
{ Earned	Nil	Nil	Nil
{ Paid	Nil	0.9	Nil
{ Earned (%)	Nil	Nil	Nil
{ Paid (%)	Nil	Nil	Nil
Reserve	50,000	Nil	Nil
Total carried forward	33,596	47,663	100,000
			39,827

The £1 ordinary stock units dropped from 10s. 7½d. to 8s. 6d. on Wednesday, after the announcement, and the 5 per cent. cumulative preference units from 17s. 9d. to 16s. 9d. The report must be awaited for fuller information regarding last year's setback, whose causes will doubtless be further analysed in the lucid and exhaustive review of conditions in Lancashire which stockholders have now learned to expect from their chairman's speech. To a large extent, undoubtedly, the Association is a victim of economic nationalism. Its finances, however, remain strong and liquid. At the end of June, 1934, it had surplus liquid assets, excluding stock-in-trade, of £2,170,000, including Government and other securities valued at £1,583,000, while total reserves and carry forward aggregated £1,648,000. The Association is strong enough to ride out the longest

storm. Stockholders, however, will be cautious in estimating possibilities of a striking recovery in earning power, in view of the conditions described in our review of the outlook for textile finishers' shares, in the *Economist* of August 10th, page 291.

Associated British Picture Corporation.—This film producing and exhibiting concern is to be congratulated upon its latest results and upon the clarity with which they have been set out. The transfer, during the year, of the various cinema properties from subsidiary concerns, has resulted in a break of accounting continuity. Total profits have increased, under the new financial organisation, from £573,198 to £656,725. Provision is made, for the first time, for £192,573 in respect of mortgage and debenture interest, of which the principal is secured upon properties and other assets now directly held by the Corporation. After these increases in prior charges, however, equity earnings have increased from £82,977 to £182,927, and the recovery has therefore easily outstripped the increase in ordinary capital, as the following table shows:—

	1933	1934	1935††
Profit and dividend receipts	138,395	156,967	656,725†
Fees and taxation	29,866	25,534	90,398
Depreciation	14,758	...	125,000‡
Mortgage and debenture interest	...	...	192,573‡
Preference dividend	20,000	48,456	65,827
Ordinary shares—			
{ Earned	73,771	82,977	182,927
{ Paid	37,500	72,075	120,125
{ Earned (%)	9.8	6.9	15.2
{ Paid (%)	5	6	10
General reserve	55,000	Nil	162,806
Carried forward	25,885	36,787	86,481‡
Issued ordinary capital	1,000,000	1,362,563	1,550,000

†† Figures for 1934-5 include revenue of Associated British Cinemas.

‡ Compares with £573,198 in previous year.

‡ After crediting £149,698 undistributed profits of Associated British Cinemas.

Certain balance sheet changes have been involved by the inclusion of the A.B.C. subsidiary, for its reserves and undistributed profits (the latter amounting to £149,698) have been transferred to the parent company's books, and shares in subsidiaries are correspondingly reduced. After the transfer of £162,806, the balance on general reserve amounts to £1,000,000. The consolidated statement which the directors issue for the first time shows that the group position like that of the parent company is not over-liquid, but film productions either complete or in progress are valued at £551,128. The report states that the outlook is good, and that arrangements for distributing a number of the Corporation's productions in America have been concluded. The £1 ordinary shares, quoted at 8s. 6d. to yield £5 17s. 6d. per cent., carry reasonable equity prospects in an essentially speculative industry.

General Electric Comes Home.—The announcement, last week, that a London group, headed by Lazard Brothers and Company, Limited, had acquired a large block of General Electric shares from American interests, aroused no market repercussions. It is reported that over 400,000 shares have been repatriated, and the cost at the prevailing quotation would therefore approach £1½ millions. The transaction is, possibly, of greater retrospective than prospective interest. The repatriation of a large block of Boots Pure Drug shares, several months ago, was associated with a "marketing" operation which has no parallel in the present instance. The G.E.C. shares, it will be recalled, were enthusiastically purchased by American interests before the Wall Street crash. Their acquisition led to the taking of steps by Lord (then Sir Hugo) Hirst to prevent control from falling into American hands by restricting voting power to British shareholders and by the

creation of "British" ordinary shares, which, however, came under criticism and were not eventually issued. If the American average purchase price for the shares approached the 1929 "high" of 8½s. 3d., against a repatriation price believed to be in the neighbourhood of 6½s. 6d., the operation represents a not unprofitable "bear" transaction for British investors generally.

Odhams Press Developments.—The success of last week's issue of 450,000 5½ per cent. £1 preference shares at 2½s. by Odhams (Watford), Ltd. (guaranteed as to dividends by Odhams Press, Ltd.), adds interest to an analysis of recent developments in the parent company's capital structure. During the last three years the issued ordinary capital of Odhams Press has remained unchanged at £750,000. Debenture stocks, however, have increased from £900,000 to £1,250,000, and preference shares from £747,000 to £1,125,000. Reductions have been secured in the effective rates paid on both classes, but since 1930 debenture and other interest has increased from £44,554 to £75,500, and preference requirements from £48,218 to £70,500. Earnings for ordinary shares have increased from £186,923 to £219,622 in the same period, during which ordinary capital has remained unchanged after an increase during the year 1930 from £410,000 to £750,000. The total amount due from subsidiary companies to the parent has increased in the last three years from £971,000 to £1,360,000. A Properties subsidiary was formed in 1932 to acquire property, plant and a publishing licence, whose revenue is derived from sub-leases and sub-licences to Odhams Press. The return on its issued capital, including debentures, of £1,236,000 is secured by a species of rent charge, ranking before Odhams Press prior charges. The total amount received by Odhams Properties in the latest year for rents and royalties amounts to £129,347. It does

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not follow, however, that this amount represents a gross increase in the prior charges of Odhams Press, since the assets of the Properties Company were acquired from two previously existing Odhams subsidiaries. The formation of the Watford subsidiary adds a further contingent liability to the company's guarantee of service on nearly £300,000 7 per cent. debenture stock of Daily Herald (1929), Ltd. In the Odhams (Watford) prospectus the profits of Odhams Press were shown after carrying forward "development expenditure and trading losses incurred during development" of Daily Herald (1929), Ltd.

Guildhall Property Questions.—The affairs of a company with an issued share and debenture capital of £760,605 are incontestably a matter of investment interest. The Guildhall Property Company, Ltd., on March 27, 1934, made a public issue of 210,000 6 per cent. £1 preference shares, 600,000 5s. ordinary shares and £350,000 5 per cent. first mortgage debenture stock at par. On August 8th last the company published its first report and accounts, which showed (a) that the purchase of all its properties was not completed till last December, and (b) that a net profit (after expenses, debenture interest, etc.) of £45,037, out of which, *inter alia*, a total ordinary dividend of 7½ per cent. was paid, had been arrived at after crediting a profit of £29,820 on the sale of land to a subsidiary company. It would not appear that all the questions raised by perusal of the accounts were fully dealt with by the chairman at last Tuesday's meeting. On the propriety of a distribution, from revenue, of profits derived from sales of land to a new subsidiary before the latter had, in fact, itself realised the assets, the chairman was silent. The net valuation of the subsidiary's assets at over £350,000 scarcely bears on the principle involved. A simple arithmetical calculation discloses that, in the absence of the special credit of £29,820 from the sale, net profits would not have fully covered even preference dividend requirements. In the course of his speech, the chairman dealt with the question of the managing director's new agreement, concluded shortly after the public issue in March, 1934, cancelling the five-year agreement set out in the prospectus. "Owing to increased duties," the managing director's remuneration now includes a fixed sum *plus* a percentage of net profits after debenture service and preference dividends. For the period March, 1934-June, 1935, his remuneration is given in the accounts at £3,834, compared with a prospectus figure of £1,500 (inclusive of directors' fees). The balance sheet shows preliminary expenses, etc., at June 30th last of £49,587, from which only £4,958 has been written off, out of earnings for the initial period. The outlook, however, includes certain favourable factors, described by the chairman at the meeting, whose operation may tend to improve the outlook, both as regards liquidity and future earnings.

Other Company Results.—Our summary table on page 398 includes the results of nine additional concerns. Strettons Brewery reports net profits for the nine months to June 30th of £87,851, representing an increase, if calculated on an annual basis, of nearly £11,000 on the previous year's result. The dividend rate, on an annual basis, is calculated at 34½ per cent., compared with 31 per cent. in the previous year. The accounts of Illovo Sugar Estates, whose shares have come to the London market during the year, show net profits of £50,475, and 12½ per cent. has been paid for the year to March last. Brightside Foundry has enjoyed a much better year, for profits have advanced from £11,979 to £21,073, and the dividend is raised from 2½ to 10 per cent. The profit of Tyne-Tees Shipping are lower at £19,350, but the 5 per cent. dividend has been maintained. A satisfactory recovery is shown by Compass Investment, whose profits have advanced from £20,136 to £25,150, and the 2 per cent. dividend is earned with something to spare. In the miscellaneous group Chadburn's (Ship) Telegraph and Lawes' Chemical Manure report improved earnings, but the profits of Toogood and Sons are slightly lower.

THE WEEK IN THE MARKETS THE LONDON STOCK EXCHANGE

TICKET
AUGUST 27

SETTLING DAYS

ACCOUNT
AUGUST 29

ALTHOUGH the latest Board of Trade figures revealed the virtual maintenance of industrial activity, the markets, for once, had no time to spare for "underlying bullish factors" of a domestic kind. The voice that breathed over Eden and Laval, at the Paris conversations, was unmistakably the voice of Mars, and both professional and private investors were constrained, unwillingly, to listen. The dullness which began in the middle of last week was intensified, and passed into reaction on Wednesday, after Mr MacDonald's dramatisation of the situation's gravity. Gilt-edged stocks fell sharply, and prices were lowered in the industrial markets—first as a precaution, and subsequently in response to a more perceptible volume of selling. As usual, at the hint of a crisis, London's behaviour was phlegmatic compared with that of some other centres. Johannesburg, for example, turned a heavy seller of gold mining shares, and Bombay was upset by a silver failure. Even the Wall Street revival tended to be checked, temporarily at least.

The selling of Gilt-edged stocks, particularly the longer-dated issues, was chiefly by holders of smallish amounts, of the order of £5,000 to £10,000, the larger institutions being inclined to stand fast and await events. India loans had a similar downward course, the new Three Per Cents. falling to a discount for the first time. Dominion issues were relatively steady at the outset, but joined in the general movement in mid-week.

The foreign bond market, inevitably, was depressed. The Italian Maremmana and Credit Consortium "A" and "B" Bonds were heavily marked down, but an even more significant fall occurred in Austrian bonds, on the argument that Italy's preoccupation with Abyssinia would leave Austria with an exposed flank. Egyptian issues were also weak. Far Eastern stocks were dull, but among South American bonds Brazilians stood out against the prevailing trend, on a more charitable interpretation of the Rio Government's intentions.

It is doubtful whether even a brilliant batch of traffic figures would have saved home railway stocks, in the encircling gloom, from appreciable losses. As it happened, the returns were colourless and disappointing, and a certain amount of nervous selling affected all securities from debentures to non-earning ordinary stocks. Little business was done in foreign rails, substantial marking down of prices by dealers, at the beginning of the week, failing to attract new buying.

The tone of industrial shares became increasingly uncertain. In the early hours of Wednesday it appeared that marking down of quotations might achieve its immediate purpose, but the afternoon's "1914" headlines sharply checked the rally. Before the close on Thursday, however, the tone was slightly harder. The markets most unfavourably affected were iron and steel, motor, aircraft and electrical shares, a noteworthy feature of the decline being that somewhat vulnerable, after their rise of last week. Textile shares were back in earnings of the Calico Printers' Association (discussed in a Note on page 384) had a depressing effect on scattered selling. Brewery shares also receded "the country," and leading tobacco issues were affected by the general *malaise*. The market turned against its recent favourites, such as British Oxygen and Tate and Lyle. Bank shares showed only a moderate, though irregularity and dullness.

A general fall occurred in oil shares prices, and although the tone was a little steadier on Tuesday, on a certain amount of American support, business became increasingly difficult as the week wore on. Rubber shares were neglected and slightly easier, while tea shares, having resisted prevailing tendencies at the outset, owing to the generally pre-tendency of new season's teas at the auctions, became irregular on later days.

The course of prices of Kaffir shares was disappointing. After an early bout of liquidation, Johannesburg showed signs of a favourable turn on Tuesday afternoon, but the market was wholly unable to resist political fears on Wednesday. West Africans showed renewed weakness, and the relative steadiness of Commonwealth stood in sharp contrast to movements in other Western Australian stocks. Copper shares attracted a modest demand on the rise in the metal, but Rhodesian issues failed to maintain their initial improvement. Tin shares attracted little attention, the rise in the "cash" price of tin being regarded as a temporary phenomenon, associated with the exhaustion of "buffer pool" stocks.

"FINANCIAL NEWS" DAILY BARGAIN INDEX (Approximate number of Bargains recorded in Stock Exchange Lists)

	Week to Aug. 16, 1935	Aug. 15, 1935	Aug. 16, 1935	Aug. 19, 1935	Aug. 20, 1935	Aug. 21, 1935	Aug. 22, 1935
Government and Municipal Loans	5,521	1,015	1,080	1,411	1,319	1,233	1,165
Transport, Communications, and Public Utilities	4,928	822	1,011	1,189	942	911	1,065
Commercial and Industrial	21,545	4,019	4,511	4,576	4,082	3,745	3,587
Banks, Insurance and Financial	2,947	446	566	756	606	571	572
Mines (including Nitrates)	4,899	899	870	1,227	1,317	1,281	1,362
Oils	828	140	174	164	136	142	190
Rubber, Tea and Coffee	814	126	201	223	183	169	208
Total	41,482	7,467	8,413	9,546	8,585	8,052	8,129
Corresponding day in 1934	...	6,778	6,271	6,157	6,927	7,428	7,777

* Including Iron and Steel and Breweries.

REVISED "FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (July 1, 1935 = 100)

Highest of 1935 (Aug. 13)	Lowest of 1935 (Mar. 27)	Aug. 15, 1935	Aug. 16, 1935	Aug. 19, 1935	Aug. 20, 1935	Aug. 21, 1935	Aug. 22, 1935
104.2	87.4	103.9	103.0	101.6	100.7	99.8	99.3

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS. (1928 = 100)

Highest of 1935 (Feb. 1)	Lowest of 1935 (Mar. 29)	Aug. 15, 1935	Aug. 16, 1935	Aug. 19, 1935	Aug. 20, 1935	Aug. 21, 1935	Aug. 22, 1935
141.0	135.9	138.7	138.6	138.1	138.0	137.7	137.2

It is understood that the Stock Exchange Committee has withdrawn permission to record bargains in the shares of Scottish-Trinidad Oil Fields, Limited.

FOREIGN STOCK EXCHANGES

NEW YORK

WHILE Congress has grumbled in its work of rushing through Bills deserving of closer discussion than is possible at the end of an over-prolonged session, Wall Street has halted, and again marched on. By a species of "conditioned reflex" the market was temporarily scuttled on Monday, in response to the Administration's success in achieving the passage of the Guffey Coal Bill through the House. Industrials lost two points in a wave of selling, but steel and chemical groups were stronger on this week's war talk. No net recovery was shown on Tuesday. The market tended unfavourably to discount the Administration's tighter hold on Congress, and scarcely welcome the passage in the Senate of a Neutrality Bill seeking to impose an arms embargo on warring nations. The market found more assurance in domestic news, and steel, farm implement and metal shares responded on Wednesday. Rail stocks showed little improvement, and the bonds were irregular. Government issues improved early in the week after a period of weakness, and continued strong in mid-week trading. Italian issues inevitably were a weak feature. The market remains impressed by current business news, and a further

REDUCE PRODUCTION COSTS
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increase in steel production and broadening of demand is reported this week.

Aug. 14, 1935	Aug. 21, 1935	Aug. 21, 1935, Eng. Equiv.†	Aug. 14, 1935	Aug. 21, 1935	Aug. 21, 1935, Eng. Equiv.†
Lb. Ln. 4½% '33-39101½	101½	101½	Natl. Biscuit ...	29½	28½
Archison ...	52½	51½	Phelps Dodge ...	19½	20½
Erie ...	11½	12½	Pullman ...	42½	42½
Illinois Central ...	15½	15½	Sears Roebuck ...	58	57½
N.Y. Central ...	23½	25½	Un. Fruit ...	72½	67½
Pennsylvania ...	28½	28½	U.S. Leather ...	7½	7½
Southern Pacific ...	20½	19½	U.S. Rubber ...	14½	14½
Southern Ry. ...	9½	9½	U.S. Steel ...	43½	44½
Union Pacific ...	101½	99½	Westinghouse ...	66½	65½
			Woolworth ...	62½	62½
Am. Can. ...	142	137½	Am. Tel. and Tlg ...	140½	138½
Amer. Smelting ...	43½	43½	Interboro R.T. ...	17½	17½
Anaconda ...	18	19½	Int. Tel. Teleg. ...	11½	11½
Bethlehem Steel ...	35½	37½	Utilities P. & L. ...	3½	3½
Chrysler Motor ...	60½	60½	W. Union Tlg. ...	50½	48½
Corn Products Rf. ...	68½	67½			
Eastman Kodak ...	147½	146½	Shell ...	37	34½
Gen. Electric ...	32½	32½	Shell Union ...	11	10½
Gen. Motors ...	43½	42½	Sid. California ...	34½	34½
Int. Harvester ...	52½	53½	Do. N.J. ...	46½	46½
Mont. Ward ...	35½	35½			

† Calculated at \$4.98 to £.

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

	1934		1935		Be- ginning of Year 1935	Aug. 7, 1935	Aug. 14, 1935	Aug. 21, 1935
	Lowest Sept. 10	Highest Feb. 21	Lowest Mar. 20	Highest Aug. 14				
351 Industrials ...	74.8	90.5	74.5(†)	86.6	83.1	94.2	96.6	96.0
83 Rails ...	34.0	51.4	37.2	35.6	34.6	37.2	36.5	36.5
27 Utilities ...	55.2†	83.4†	52.2	85.8	57.9	78.9	85.8	84.4
Total, 421 Stocks	65.6	82.1	63.1	85.2	71.0	82.0	85.2	84.4
Average yield of 50 Industrial Common Stocks	2.78%†	3.90%†	3.09%†	4.06%†	3.62%†	3.19%†	3.09%†	3.39%†

† December 28th. ‡ February 7th. (†) March 13th. (e) August 14th. (s) September 12th.

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

Highest of 1935 (Aug. 14)	Lowest of 1935 (Mar. 15)	Aug. 14, 1935	Aug. 15, 1935	Aug. 16, 1935	Aug. 17, 1935	Aug. 19, 1935	Aug. 20, 1935	Aug. 21, 1935
108.9	78.8	108.9	107.8	108.1	108.3	106.4	106.7	107.8

TOTAL DEALINGS IN NEW YORK

	Aug. 15, 1935	Aug. 16, 1935	Aug. 17, 1935*	Aug. 19, 1935	Aug. 20, 1935	Aug. 21, 1935
Stock Exchange—Shares (Thous.) ...	1,580	1,710	1,080	2,070	1,980	1,750
Bonds (Value Thous. \$) ...	14,090	12,050	5,340	11,380	15,800	10,520
Curb—Shares (Thous.) ...	499	484	344	515	499	318

* Two-Hour Session.

PARIS

The Bourse opened rather heavily this week, and speculative operations depressed quotations throughout the list. Suez Canal were lowered following the failure of the diplomatic negotiations on the Italo-Abyssinian question, but a recovery promptly ensued. Market conditions showed improvement on Tuesday, owing to supporting orders, and under the lead of *rentes* most sections—and particularly internationals—closed at the best levels of the day. Irregularity developed in mid-week as a consequence of uncertainty in the London market, and although *rentes* and armament issues maintained their initial firmness, arbitrage sales depressed international counters.

	Aug. 14, 1935	Aug. 19, 1935	Aug. 21, 1935	Aug. 14, 1935	Aug. 19, 1935	Aug. 21, 1935
Banque de France ...	9,820	10,000	9,955	Wagons Lits ...	49½	49
Crédit Lyonnais ...	1,738	1,725	1,731	Mexican Eagle ...	22½	21½
Suez Canal ...	17,995	17,920	18,010	"Chartered" ...	86½	85½
Chargeurs Réunis ...	147	144	142	Ford ...	55	58
Rio Tinto ...	1,292	1,277	1,320	De Beers ...	415	401
Royal Dutch ...	20,670	20,150	20,175	"Johnnies" ...	282½	279

(Continued on page 390)

LONDON ACTIVE SECURITY PRICES AND YIELDS

NOTE—Shares with a New York Quotation or with definite American interest are distinguished by italics

In calculating yields on fixed interest stocks quoted below allowance is made for interest accrued since the last date of payment, less income tax at the standard rate. Where stocks are definitely redeemable at a certain date the yield includes any profit or loss on redemption; where stocks are redeemable at or before a certain date the final date of repayment is taken when the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated by reference to the latest dividends, account being taken of any enhancement or reduction of interim dividends. Allowance is made for accrued dividends in calculating the yield on "cum div." shares.

Prices, Year 1934				Prices, Year 1935				Prices, Jan. 1 to Aug. 21, 1935				Prices, Jan. 1 to Aug. 21, 1935				Prices, Jan. 1 to Aug. 21, 1935				Prices, Jan. 1 to Aug. 21, 1935				Prices, Jan. 1 to Aug. 21, 1935				Prices, Jan. 1 to Aug. 21, 1935				Prices, Jan. 1 to Aug. 21, 1935				Prices, Jan. 1 to Aug. 21, 1935				Prices, Jan. 1 to Aug. 21, 1935				Prices, Jan. 1 to Aug. 21, 1935				Prices, Jan. 1 to Aug. 21, 1935				Prices, Jan. 1 to Aug. 21, 1935				Prices, Jan. 1 to Aug. 21, 1935				Prices, Jan. 1 to Aug. 21, 1935				Prices, Jan. 1 to Aug. 21, 1935				Prices, Jan. 1 to Aug. 21, 1935				Prices, Jan. 1 to Aug. 21, 1935				Prices, Jan. 1 to Aug. 21, 1935				Prices, Jan. 1 to Aug. 21, 1935				Prices, Jan. 1 to Aug. 21, 1935				Prices, Jan. 1 to Aug. 21, 1935				Prices, Jan. 1 to Aug. 21, 1935				Prices, Jan. 1 to Aug. 21, 1935				Prices, Jan. 1 to Aug. 21, 1935				Prices, Jan. 1 to Aug. 21, 1935				Prices, Jan. 1 to Aug. 21, 1935				Prices, Jan. 1 to Aug. 21, 1935				Prices, Jan. 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(Continued from page 387)

BERLIN

The chief feature of last week's share market was heavy buying of banks. Deutsche-Disconto, Dresdner and Commerz- und Privat each rose six points, and Handels-gesellschaft was firm. The two linoleum securities gained substantially on dividend increases. In general the market was firm, with the exception of shipping shares, which resumed their decline. Daimler Motors rose above par, and interest was shown in other traction concerns. The lower-priced shares of small companies, including the unofficially quoted issues, were also the subject of inquiry. Bond prices changed little, but some municipals were sold. The new week opened with a lower tendency in share prices. Tuesday's market was steadier, although shipping shares touched a new low level. Quiet conditions on Wednesday developed into general easiness, which affected bank and industrial shares, although rayons tended to improve.

	Aug. 14, Aug. 19, Aug. 21, 1935	Aug. 14, Aug. 19, Aug. 21, 1935
Reichsbank	189.50 188.00 187.50	A. E. G. 42.00 40.90 41.40
D.D. Bank	92.00 95.00 95.00	Siemens 188.00 185.25 193.00
Dresdner (New)	92.00 95.00 95.00	Halske 64.00 63.50 63.40
I. G. Farben	160.25 158.60 158.90	A. K. U. 64.00 63.50 63.40
Norddeutscher Lloyd (New)	18.25 16.25 16.00	Hamburg-Amer. 16.75 14.90 13.90

AMSTERDAM

The market was preoccupied, quietly but unmistakably, by the breakdown of the Three-Power Conference over the week-end. The weaker tendency of the guilder failed to evoke any interest in shares, and leading industrial, commodity and oil issues were listless and depressed during the first two days. On Wednesday, however, the tone was reversed in the share markets on modest buying orders. The Government bond market, however, remained depressed throughout.

	Aug. 14, Aug. 19, Aug. 21, 1935	Aug. 14, Aug. 19, Aug. 21, 1935
2½% Dutch Loan	67½ 67½ 67½	Steel Common 26½ 26½ 26½
5½% German	17 17 16½	A. K. U. 32½ 31½ 31½
Unilever N.V.	106 102½ 104	Ford Motor 277 279½ 279½
Philips' Lamps	262 257½ 258½	Deil Batavia Tob. 148 141 141
Netherlands Ship Union	37 37½ 36½	Royal Dutch 201½ 195½ 197½
		Handels Ams. 178½ 175 176

CAPITAL ISSUES

THE new issue market has lapsed into quiescence this week, as a result of the disturbance to market sentiment which has arisen from the failure, so far, to reach a pacific solution in the Italo-Abyssinian dispute. No public issues, either trustee or industrial, have accordingly braved the market reaction. Particulars of a trustee issue by *Dundee Corporation* have, however, been advertised "for information only." The amount involved is £700,000, in 2½ per cent. stock with a 15-year life. The issue has been placed, not in the market (where it would infringe the "understanding" which limits corporation "placings" to £250,000), but among the Savings Banks in the four principal Scottish centres. The proceeds are to replace mortgages of which the major portion is already held by the subscribing banks. The issue has been sold at 98 per cent., and the terms are therefore more favourable to the borrower than those obtained on the 3 per cent. loan at par, issued in London at the end of July. Particulars have also been advertised of a 3½ per cent. debenture issue by *Rio Claro Investment Trust*, of which only part has been placed as yet.

ISSUES OF THE WEEK

By Prospectus or Offer for Sale

Amount previously recorded, Jan. 1 to Aug. 17, 1935, including conversions, £249,734,748
Amount previously recorded, Jan. 1 to Aug. 17, 1935, excluding conversions, £124,751,675.

	Nominal Capital	Conversions	New Money	First Payment	Further Liability
To the Public	Nil	...	...	...	...
To Shareholders only					
Mappins Masbro' Brewery, 50,000 5% 1 pref. at 22s. 6d.	50,000	...	56,250	56,250	...
Ridgmont Fletton Brick, 240,000 5s. ord.	60,000	...	60,000	12,000	48,000
Stone (J. and F.) Lighting and Radio, 85,000 6% cum. 1 pref. at par.	85,000	...	85,000	42,500	42,500
Total	195,000	...	201,250	110,750	90,500

Total Offered for Subscription—

	Including Conversions	Excluding Conversions
Jan. 1 to date—		
1935	249,929,748	124,946,675
1934	290,259,794	115,737,056
1933	228,179,605	133,756,640
1932	290,659,990	161,915,325
1928	280,698,712	190,577,481

† This figure includes £1,920,000,000 for conversion of 5% War Loan into 3½% War Loan.

Nature of Borrowing

	Debentures	Preference	Ordinary	Total
January 1 to date—				
1935	72,866,808	25,703,417	26,376,450	124,946,675
1934	72,097,528	12,356,356	31,283,172	115,737,056
Whole year—				
1928	212,917,900	45,062,600	111,177,600	369,158,100
1933	222,064,300	12,733,700	9,982,500	244,780,500
1934	102,769,300	21,461,000	44,878,400	169,108,700

By Stock Exchange Introduction

	Capital Introduced	Approximate Price Dealings Began	Cash Involved
Amount previously recorded	22,619,783	...	33,509,380
Total to date, 1935	22,619,783	...	33,509,380
Total to date, 1934	18,970,032	...	25,186,402

BY STOCK EXCHANGE INTRODUCTION

Dundee Corporation.—Issue of £700,000 2½ per cent. redeemable stock, 1950. Sold at 98 per cent. to savings banks of Dundee, Edinburgh, Glasgow and Aberdeen. Repayable July 15, 1950. Secured on whole revenues, and ranks *pari passu* with existing stocks. Proceeds for mortgage repayments. Rateable value, £1,499,437; present rate, 8s. 3d. in £. Net debt, £6,631,227, £4,477,842 productive and housing.

Rio Claro Investment Trust.—Particulars of issue of £200,000 3½ per cent. debenture stock, 1947-72. Redeemable at par on six months' notice after December 31, 1946, or finally on January 1, 1972. £60,926 stock sold at par, less ½ per cent., and balance will be issued as required. Secured by second floating charge.

ISSUES TO SHAREHOLDERS ONLY

Ridgmont Fletton Brick.—240,000 5s. ordinary shares offered to shareholders at par in proportion of two new for every five shares held.

J. and F. Stone Lighting and Radio, Ltd.—Issue of 85,000 6 per cent. cumulative redeemable 1 preference shares at par to shareholders. Proceeds for part purchase price of District Supplies, Ltd., of £133,000, of which £73,000 cash and balance in 5s. ordinary shares. Assets acquired valued £230,257. Subscription guaranteed at 5 per cent. commission. Redeemable at 22s. 6d. from June 30, 1937, on various conditions.

CONVERSIONS AND REPAYMENTS

Covent Garden Properties.—Outstanding 5 per cent. debenture stock to be repaid January 1, 1936, at £102 10s. per cent.

New South Wales 3 per cent. Stock, 1935.—This issue will be repaid at par on October 1st.

New Zealand Government 5 per cent. Stock, 1935-45.—This stock will be repaid at par on October 1st.

Imperial Chinese Government Gold Loan, 1908.—Bonds for £250,000 drawn August 6th will become due for redemption at par October 5, 1935.

Société Intercommunale Belge d'Electricité.—The company has decided to draw £150,000 nominal 5½ per cent. sterling bonds additional to £3,500 nominal laid down in the redemption table. Bonds will be paid at offices of M. Samuel and Company at sterling value on September 1, 1928, based on fixed rate in sterling of gold per fine ounce on September 2nd next, and payment will be made on September 5th.

ISSUE ABROAD

Canadian Government.—Further refunding operations totalling \$115,000,000 are anticipated before mid-October.

FORTHCOMING ISSUES

Wandsworth and District Gas.—An offer of £150,000 of 4 per cent. perpetual preference stock by tender is anticipated.

Maclean's.—Offer of 750,000 6 per cent. redeemable 1 preference shares at 21s. each is anticipated.

East African Goldfields.—It is proposed to increase the capital to £600,000 by the creation of 775,000 shares of 5s. each.

British Marine Aircraft.—A public issue will be made in the middle of September.

British Celilynd.—Public issue expected next month.

RESULTS OF ISSUES

City of London Property.—List for £221,900 3½ per cent. debenture stock closed August 16th, over-subscribed six times.

Odams (Watford).—List for 450,000 5½ per cent. preference shares closed 9.5 a.m. August 16th. Heavily over-subscribed.

Union Steel Corporation (of S.A.).—Excess shares applied for in respect of issue of 725,000 ordinary shares allotted in ratio of 21 per cent. of rights applications.

CALLS DUE AUGUST 26, 1935, TO AUGUST 31, 1935

The grand total of calls falling due in August, 1935, is £16,443,401, which compares with £36,367,141 which fell due in August, 1934.

Nominal amount of Stock	Company	Amount of Call	When payable	Making Paid
£1 Stk.	Effectol (90,000 ord. at par)	7/6 p.s.	Aug. 27	All
£1 Stk.	First Scottish Amer. Trust (£250,437 3% stk. at 91½)	£661½	Aug. 31	All
£1 Stk.	Ilford, Ltd. (500,000 5½% pref. at 21/6)	2/- p.s.	Aug. 28	6/8 p.s.
£1 Stk.	Ismay Industries (100,000 5½% pref. at par)	10/- p.s.	Aug. 31	All
£1 Stk.	Liverpool Corp. (£3,000,000 3% stk. at 98½)	£400	Aug. 30	£59½
£1 Stk.	London Assurance (750,000 4% pref. at 21/6)	7/- p.s.	Aug. 30	All
£1 Stk.	Lon. County Freehold and Leasehold Props. (343,775 ord. at 46/-)	20/- p.s.	Aug. 31	30/- p.s.
£1 Stk.	Manchester Corp. (£4,000,000 3% stk. at 98)	£300	Aug. 28	£59½
£1 Stk.	Mid-Cheshire Electricity (50,000 ord. at 32/6)	5/- p.s.	Aug. 31	All
£1 Stk.	Second Scottish Amer. Trust (£401,875 3% stk. at 91½)	£661½	Aug. 31	All
£1 Stk.	Stewarts and Lloyds of S.A. (£350,000 3½% stk. at 98)	£250	Aug. 31	£500
£1 Stk.	Third Scottish American Trust (£403,610 3% stk. at 91½)	£661½	Aug. 31	All
£1 Stk.	Trinidad Govt. (£1,670,000 3% stk. at par)	£400	Aug. 28	£450
£1 Stk.	Trust Houses (48,372 6% pref. at 26/6)	16/8 p.s.	Aug. 30	All
£1 Stk.	Union and Rhodesian Mining (875,000 ord. at par)	5/- p.s.	Aug. 31	All

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Amt. paid	Price, Aug. 14, 1935	Price, Aug. 21, 1935
African Railway Finance 2% Debs.	99½	34½	1-1½ pm	1-1½ pm
Australia 3%	100	5	1-1½ pm	2-2½ pm
Birkenhead 3%	99	24	2-2½ pm	2-2½ pm
Briggs Motor Bodies Ord.	25½	12/8	4/4-4/7½ pm	2/7½-2/10½ pm
Bristol Aeroplane Ord. (a) 10/-	100	...	65/9-66/3	64/3-64/9
British Guest Keen & Baldwins 4% deb.	100	70	1-1½ pm	1-1½ pm
Cables Investment Trust Pref. £10	104	1	6/-6/6 pm	5/3-5/9 pm
Do. 3½% Debs.	99	10	24-25/-	24-25/-
Coast Lines 6½% Pref.	100	25	2-1½ pm	2-1½ pm
Dundee 3%	100	3/-	10½-10½ dis	10½-10½ dis
Earls Court Ord. 5/-	£100	£20	6-4 dis	6-4 dis
Do. 5½% 2nd Debs.	5/-	5/-	4/-4/6	4/-4/6
Great Boulder Mining and Finance 5/-	15/-	...	21/10½-22/1½	21/1½-21/4½
Hawker Siddeley Ord. 5/-	20/-	...	20/4½-20/7½	20/1½-20/4½
Do. 8% Pref. £1	7/6	f.p.	1/-1/6 pm	8/7½-9/1½
Hills (R. H. O.) Ord. 5/-	98	18	1-1½ pm	22-22/6
India 3%, 1949-52	98	18	1-1½ pm	1-1½ pm
Kelly's Directories 4% Deb.	104	24	3-3½ pm	2-3½ pm
Leeds 3% Stock	99½	19½	1½-1½ pm	1½-1½ pm
Leeds and Wakefield Breweries 6% Pref.	24/8	10/8	1½ dis-1½ pm	1½ dis-1½ pm
Lewis (John) Properties 4½% Pref.	20/6	10/6	10½-10½ dis	10½-10½ dis
Do. 3½% Debs.	96	31	2-2½ dis	2-2½ dis
Liverpool 3%	99½	19½	2-2½ pm	2-2½ pm
London County Freehold Properties 20/-	46/-	10/-	1/8-9d dis	1/8-9d dis
London Electric Transport 2½% Debs.	97	17	1-1½ pm	1-1½ pm
Lowestoft 3%	98½	18½	1-1½ pm	1-1½ pm
Manchester 3%	99	28	3-3½ pm	3-3½ pm
New Zealand 3%	100	£50	1-1½ pm	1-1½ pm
N.E. Electric 3½% Debs.	21/-	10/-	8d-1/3 pm	8d-1/3 pm
Odams (Watford) 5½% Pref.	100	5	par-1 pm	1-1½ pm
Trinidad 3% Stk.	100	25	1-1½ pm	1-1½ pm
West Bromwich 3%	100	4/6	7½-10½ dis	10½-11½ pm
Westland Aircraft 5/-	100	50	1-1½ dis	1-1½ dis
W. Lon. Prop. 4% Debs.	100	5/-	6/7½-8/10½	6/8-6/9
W. Spawwater 5/-	5/-	5/-	1-1½ pm	1-1½ pm
Yorkshire Electric Power 3½% Debs.	100	20	1-1½ pm	1-1½ pm

OIL OUTPUTS

BRITISH CONTROLLED OILFIELDS, LTD.—Production for the week ended August 3rd: Venezuela, 14,997 barrels; Trinidad, 34,817 barrels; total, 49,814 barrels. Production for the week ended August 10th: Venezuela, 15,637 barrels; Trinidad, 34,241 barrels. Production for July: Venezuela, 68,741 barrels; Trinidad, 160,487 barrels. Shipments for July: Venezuela, 55,100 barrels; Trinidad, 187,921 barrels. Production for week ended August 17th: Venezuela, 15,680 barrels; Trinidad, 34,057 barrels.

THE BRITISH BURMAH PETROLEUM COMPANY, LTD.—A cable-gram has been received from Burma reporting the production of crude oil by this company for the month of July as 27,876 barrels.

THE MEXICAN EAGLE OIL COMPANY, LTD.—Production for week ended August 10th, 452,000 barrels.

STEAUA ROMANA (BRITISH), LTD. are advised that the production of the Steaua Romana Company, Bucharest, for the month of July was 106,397 metric tons.

TAMPICO OIL, LTD.—Total production in Mexico during July, 12,300 barrels. Royalty due to Tampico Oil, Ltd., 923 barrels.

OTARD'S
ESTABD 1795

THE BRANDY WITH A PEDIGREE

DIVIDEND ANNOUNCEMENTS

Name of Company	Rate % per Annum, except where marked % or Stated in Cash	Interim div.	Final div.	Dividend for Whole Years
	Interim Final	Date of Payment	Interim or Final Comparison with Last Year	Latest Year Previous Year
BANKS				
British Linen Bank	8%*	...	Unchanged	...
National Bank of Egypt	4%*	Sept. 2	Unchanged	...
MINING				
Manvers Main	7½%†	Sept. 25	...	4½ 4
Witbank Colliery	...	...	...	12½ 10
OTHER COMPANIES				
Associated British Picture	6%†	Sept. 16	...	10 6
Barker (John)	5%*	Oct. 1	Unchanged	...
Barlow and Jones	2½%*	Sept. 5	Unchanged	...
Barnsley Brewery	12%*	Sept. 2	9½%†	15 12½
Belfast Ropeworks	2½%†	...	...	5 5
Brighton, Hove & Worthing Gas	6% Stand. stk.	Aug. 30	Unchanged	...
5% Stand. stk.	3½%*	Aug. 30	Unchanged	...
Brightside Foundry	10d. p.s.*	...	...	10 2½
British American Tobacco	...	...	Unchanged	16½ 20
Bursledon Brick—Old Shs.	10%†	...	...	15 15
New Shares	...	...	...	12½ 10
Carter and Company	...	...	...	10 10
Coats (J. and P.)	6%*	Sept. 30	Unchanged	...
Cumberland Property Investment	3½%*	Aug. 31	Unchanged	...
Dore Gas	3½%*	Sept. 5	Unchanged	...
Dunhill (Alfred)	2½%*	Sept. 16	Unchanged	...
Foster (M. B.) and Sons	5½%*	Oct. 1	4½%*	...
Gold and General Investment	3%*	Aug. 31	Unchanged	...
Hawthorn (R. & W.), Leslie & Co.	2%*	Aug. 28	Unchanged	5 4½
Hine, Parker and Company	5%*	Sept. 28	Unchanged	...
Hugon	15%*	Sept. 30	Unchanged	9d. p.s. 9d. p.s.
Hurst, Nelson and Company	7½%†	...	...	12½ 12
Hyde's Bird Seeds, N. Hyde & Co.	7½%†	...	...	5 5
Illaro Sugar Estates	2½%*	...	...	2½ 2½
Laws Chemical Manure	7½%*	...	Unchanged	...
Maple and Co.	2½%*	Oct. 1	Unchanged	...
Mooney (J. G.)	7½%*	...	Unchanged	...
Newcastle and Gateshead Water—Cons. Stk.	4½%*	Aug. 23	Unchanged	...
Ord. Stk.	3½%*	Aug. 23	Unchanged	...
North Eastern Electric	2½%*	Sept. 30	Unchanged	...
Peterson Engineering	...	...	...	10 10
Planters' Stores and Agency	4½%*	Sept. 2	4%*	10 10
Portsmouth Gas Cons. Stk.	1%*	Sept. 4	Unchanged	...
Robinson (Peter)	3%*	Sept. 2	Nil	6 6
Scottish General Investment	7½%†	Sept. 2	...	12½ 12½
Shrewsbury and Wern Brewery	17½%†	...	...	36½ 37½
Smith (Stephen)	2½%*	...	Unchanged	...
Strettons Derby Brewery	4%*	Oct. 4	3½%*	...
Switzer and Co.	3%*	...	Unchanged	...
Taylor, Walker and Co.	5%*	Oct. 1	7½%*	...
Tilling (Thomas)	3%*	...	...	4 4
Toogood and Sons	5%*	...	...	5 5
Tyne-Fees Shipping	...	...	...	...
United Carlo Gatti, Stevenson and Slaters	4%*	Sept. 3	Unchanged	...
Walsend Slipway and Engineering	3%*	...	...	...
Water Heat and Gas	2½%*	Aug. 31	Unchanged	...

COMPANY MEETINGS, &c.

GUILDHALL PROPERTY COMPANY, LIMITED

SATISFACTORY FIRST YEAR

The annual general meeting of the shareholders of Guildhall Property Company, Limited, was held, on the 20th instant, at No. 20 Grosvenor Place, London, Mr F. H. Rogers, M.I.Mech.E. (the chairman), presiding.

The Chairman, in the course of his speech, said:—The accounting period under review covers some fifteen months from March 23, 1934, to June 30, 1935. It is proposed that future accounting periods shall run from July 1st to June 30th.

Owing to the usual unavoidable delays that arise in the conveyance of property, particularly as in the case of our company where there are a large number of individual properties, the bulk of which are freehold, with the resultant investigation of titles, it was not until December 3, 1934, that the purchase and conveyance of the whole of the company's properties was completed and the company commenced to receive the benefit of its full income. In these circumstances your directors consider the profit and loss account as satisfactory.

Dealing with the assets side of the balance sheet, our freehold properties at cost amount to £543,865, and the leasehold properties—less amortisation—to £117,510, making a total of £661,375.

The other substantial item is represented by the investment of £59,797 in our subsidiary, the Guildhall Development Company, Limited, the whole of the issued share capital of which is owned by our company.

The gross revenue amounts to £77,477, and after payment of the preference dividend the directors recommend a final dividend on the ordinary shares at the rate of 2½ per cent. actual, making a total of 7½ per cent. for the period.

DEVELOPMENT OF BISHOPSTONE PROPERTY

The subsidiary company was formed last year, and has acquired a freehold building estate of over 900 acres on the South Coast at Bishopstone, near Seaford, Sussex; a freehold estate in London now in course of development; and has taken over the development of part of the freehold land owned by our company which was not income producing. The subsidiary company has already built, and let on repairing leases, a number of commercial properties, and it is anticipated that before the end of the present year it will be receiving a net income from this London estate alone in excess of £10,000 a year.

The most valuable of the subsidiary company's assets is the freehold building estate of over 900 acres at Bishopstone, Sussex, beautifully situated between the Downs and the sea. Since its purchase the estate has been town-planned and brought within the Urban District of Seaford.

The intensive development of this area of the Sussex Coast by the Southern Railway Company has resulted in our property now having the benefit of a fast electric train service to Victoria and London Bridge. Arrangements are being made for an additional railway station to be built on the actual property, while its confines adjoin two golf links. In addition there is good anchorage for yachts at Newhaven, which abuts the western extremity of the estate, and there are, of course, the ordinary amenities of the seaboard over a very considerable area facing the property.

SALES IN EXCESS OF VALUATION

The survey, lay-out and sale of this estate have been placed in the hands of Messrs Duncan B. Gray and Partners, of Mount Street, whose reputation and success in estate development of this kind are well known. This firm has recently valued this property at £520,565, subject to an ultimate development expenditure of approximately £81,000, which will be provided out of the proceeds of sales of portions of the property. Sales have already been made at prices in excess of such valuation. The subsidiary will not engage in speculative building, but in selling or leasing its lands in conformity with the plans and lay-out of its surveyors.

In conclusion, our company is now in receipt of the full income from its properties (more than 80 per cent. of which are freehold properties within the London area) amounting to over £63,000 per annum (apart from any profit derived or to be derived from the subsidiary company), which is in excess of the annual revenue referred to in the prospectus. The greater part of this revenue is derived from properties let upon full repairing leases.

Your directors look forward with confidence to the future progress and development of the company's business.

The report and accounts were adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended August 17, 1935, amounted to £20,454,000, against ordinary expenditure of £10,444,500. After allowing for a decrease in Exchequer Balances of £400,742, the operations for the week, as shown below, decreased the gross National Debt by £10,410,000 to approximately £8,107 millions.

(000's omitted)

Public Department Advances ... +	£ 4,650	Treasury Bills	£ 14,809
		N. Atlantic Shipping Issues	23
		P. & O. Teleg. Cap. Expire.	400
		Brit. Shipping Assistance	28
	+ 4,650		15,090

* Including £375 millions on Account of Exchange Equalisation Fund and Borrowing or Statutory Sinking Fund.

A complete analysis of the approximate position of the National Debt on June 30, 1935, appeared in the *Economist* for July 6.

REVENUE	Estimate for the year 1935-36	Total Receipts into the Exchequer			
		April 1, 1935, to Aug. 17, 1935	April 1, 1934, to Aug. 18, 1934	Week ended Aug. 17, 1935	Week ended Aug. 18, 1934
ORDINARY REVENUE					
Inland Revenue—					
Income Tax	232,500,000	40,709,000	40,839,000	3,725,000	2,671,000
Sur-tax	51,500,000	5,200,000	5,200,000	130,000	110,000
Estate, etc., Duties	80,000,000	34,640,000	33,760,000	1,770,000	1,000,000
Stamps	25,000,000	6,410,000	6,380,000	680,000	290,000
Excess Profits Duty and Corporation Profits Tax	1,700,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	120,000	140,000	...	10,000
Total Inland Revenue	391,500,000	87,079,000	87,849,000	6,305,000	3,981,000
Customs and Excise—					
Customs	188,570,000	73,509,000	71,257,000	3,094,000	3,403,000
Excise	106,350,000	40,400,000	40,000,000	5,300,000	6,000,000
Total Customs and Excise	294,920,000	113,909,000	111,257,000	8,394,000	9,403,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,838,000	1,388,000	241,000	Dr 198,000
Post Office (Net Receipt)	11,850,000	9,000,000	10,100,000	850,000	900,000
Crown Lands	1,330,000	510,000	460,000	...	...
Receipts from Sundry Loans	3,900,000	2,726,839	2,790,221	564,875	...
Miscellaneous Receipts	25,970,000	9,369,287	4,161,150	4,663,772	46,010
Total Ordinary Revenue	734,470,000	224,432,126	218,005,371	20,453,772	12,907,883
SELF-BALANCING REVENUE					
Post Office	64,070,000	20,400,000	19,050,000	850,000	600,000
Motor Vehicle Duties apportioned to Road Fund	26,230,000	5,880,000	7,737,000	...	1,987,000
Total Self-Balancing Revenue	90,300,000	26,280,000	26,787,000	850,000	2,587,000
Total	...	250,712,126	244,792,371	21,303,772	15,494,883

EXPENDITURE	Estimate for the year 1935-36	Total Issues out of the Exchequer to meet Payments			
		April 1, 1935, to Aug. 17, 1935	April 1, 1934, to Aug. 18, 1934	Week ended Aug. 17, 1935	Week ended Aug. 18, 1934
ORDINARY EXPENDITURE					
Interest and Management of National Debt	224,000,000	94,786,108	95,886,194	420,409	273,799
Payments to Northern Ireland Exchequer	6,750,000	1,843,143	2,027,782	...	...
Other Consolidated Fund Services	3,700,000	1,183,531	1,018,208	4,105	3,965
Post Office Fund	1,130,000	...	...	...	...
Total	235,580,000	97,612,782	98,924,184	424,514	277,764
Total Supply Services (excluding Post Office)	508,440,000	178,717,800	165,615,150	10,020,000	8,450,000
Total Ordinary Expenditure	744,020,000	276,330,582	264,539,334	10,444,514	8,727,764
SELF-BALANCING EXPENDITURE					
Post Office	64,070,000	20,400,000	19,050,000	850,000	600,000
Road Fund	26,230,000	5,880,000	7,737,000	...	1,987,000
Total Self-Balancing Expenditure	90,300,000	26,280,000	26,787,000	850,000	2,587,000
Total	...	302,810,582	291,326,334	11,294,514	11,314,764

The aggregate revenue and expenditure to Aug. 17, 1935, is shown below:—

FINANCIAL YEAR, 1935-36, APRIL 1, 1935, TO AUG. 17, 1935		(000's omitted)	
Expenditure	£ 276,530	Revenue	£ 224,432
		Decrease in balances	17
		Gross increase in borrowing (£54,324)	54,324
		Less New Sinking Fund	2,243*
		Net borrowing	52,081
	276,530		52,081
		* Authority will be sought in the Finance Bills to meet the amount of the Statutory Sinking Funds in 1935 by borrowing.	276,530

POSITION OF THE FLOATING DEBT

	Aug. 18, '34	Mar. 31, '35	Aug. 17, '35	Aug. 17, '35
Ways and Means Advances Outstanding—	£	£	£	£
Advances by Bank of England	28,550,000	34,080,000	20,000,000	+ 4,650,000
Advances by Public Departments	831,340,000	799,320,000	880,415,000*	- 14,610,000
Treasury Bills Outstanding	858,890,000	833,380,000	900,415,000	- 9,960,000
Total Floating Debt	1,968,780,000	1,966,780,000	1,900,830,000	- 68,950,000

* Includes £2,000, the proceeds of which were not carried to the Exchequer within the period of the Account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £40,000,000 Treasury bills were opened on August 16, 1935, and the total amount applied for was £56,110,000. Tenders were accepted for Treasury bills at three months dated Monday to Friday at 99 17s. 2d., about 86 per cent., and above in full; Saturday at 99 17s. 3d., and above in full. The average rate per cent. was 11s. 1.94d. The amount allotted was £40,000,000. The following table shows the weekly record at various dates:—

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
1933				
January 6	45,000,000	73,830,000	45,000,000	0 16 10-84
July 7	45,000,000	83,880,000	42,000,000	0 10 4-85
October 6	45,000,000	100,450,000	45,000,000	0 12 9-98
1934				
January 5	35,000,000	76,260,000	30,000,000	0 18 11-5
April 6	40,000,000	80,390,000	38,000,000	0 17 9-01
July 6	35,000,000	82,745,000	32,000,000	0 16 4-14
October 5	35,000,000	65,260,000	31,510,000	0 15 9-702
1935				
January 4	30,000,000	49,580,000	27,500,000	0 6 1-64
April 5	40,000,000	76,095,000	40,000,000	0 10 2-98
July 5	40,000,000	80,905,000	40,000,000	0 12 4-32
July 12	40,000,000	61,490,000	40,000,000	0 12 4-32
July 19	40,000,000	67,685,000	40,000,000	0 12 9-77
July 26	40,000,000	56,800,000	40,000,000	0 10 9-84
August 2	40,000,000	61,270,000	40,000,000	0 11 9-13
August 9	40,000,000	60,805,000	40,000,000	0 11 9-37
August 16	40,000,000	58,110,000	40,000,000	0 11 1-94

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended July 27, 1935	595,539	£ 446,653
Week ended August 3, 1935	780,975	£ 570,431
February, 1935, to August 3, 1935	1,233,125,828	£ 971,282,209

At the end of May, 1935, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £392,705,923.

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, August 21, 1935

ISSUE DEPARTMENT

Notes Issued—		Government Debt	£ 11,015,100
In Circulation	400,440,360	Other Government Securities	246,717,138
In Banking Department	52,811,150	Other Securities	729,401
		Silver Coin	1,538,361
		Amount of Fiduciary Issue	260,000,000
		Gold Coin and Bullion	193,251,510
	453,251,510		453,251,510

BANKING DEPARTMENT

Proprietors' Capital	£ 14,553,000	Government Securities	£ 83,489,999
Reserve	3,659,717	Other Securities	15,902,035
Public Deposits	15,902,035	Discounts and Advances	£ 12,951,832
Bankers'	£ 93,897,881	Securities	£ 15,001,804
Other Accounts	£ 36,899,953	Notes	27,953,696
	180,797,834	Gold and Silver Coin	52,811,150
			657,801
	184,912,586		184,912,586

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

Both Departments	Amount, Aug. 21, 1935	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	400,440,360	- 5,105,437	+ 21,070,055
Public deposits	15,902,035	- 815,799	+ 21,491,305
Bankers' deposits	93,897,881	+ 7,622,994	+ 11,798,339
Other deposits	36,899,953	- 120,741	+ 1,198,285
Seven-day bills	547,140,229	+ 1,831,017	- 5,575
Total outside liabilities	18,212,717	+ 32,318	+ 7,119
Capital and rest	341,222,237	+ 1,242,747	+ 706,907
Government debt and securities	12,951,832	- 2,218,858	+ 7,181,275
Discounts and advances	15,731,205	+ 2,050,774	+ 4,819,849
Other securities	1,538,361	- 522	+ 1,823,497
Silver coin in issue department	193,909,311	+ 539,194	+ 1,692,384
Reserves of notes and coin in banking department	53,468,951	+ 5,644,631	- 19,377,671
Proportion of reserve to outside liabilities			
(a) Banking Department only ("proportion")	36-4%	+ 2-3%	- 10-5%
(b) Gold stocks to deposits and notes ("reserve ratio")	35-4%	...	- 0-6%

(000's omitted)

Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits		
1935							
July 24	£ 452,717	£ 400,810	£ 8,871	£ 100,815	£ 36,607	Nil	2
Aug. 7	452,774	408,262	24,360	75,880	38,500	58 in	2
" 14	452,774	411,836	17,240	82,662	37,845	Nil	2
" 21	452,774	405,546	16,718	88,275	37,021	Nil	2
" 28	453,252	400,440	15,902	89,898	36,900	477 in	2

(000's omitted)

Date	Issue Department		Both Depts.		Banking Department				
	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio		Govt. Securities	Discounts & Advances	Other Securities	Reserve and the "Proportion"	
1935	£	£	£	%				%	
July 24	257,394	968	193,260	35 1/2	88,741	10,322	12,891	52,450	
" 31	257,446	1,016	193,362	35 1/2	87,371	10,842	13,359	45,100	
Aug. 7	257,909	544	193,344	35 1/2	87,201	14,078	13,115	41,508	
" 14	257,934	527	193,370	35 1/2	82,045	15,171	13,154	47,824	
" 21	257,732	729	193,909	35 1/2	83,490	12,952	15,002	53,469	

BANKERS' CLEARING RETURNS

LONDON

(000's omitted)

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

	Aug. 22, 1934	Aug. 1, 1935	Aug. 8, 1935	Aug. 15, 1935	Aug. 22, 1935
Total gold reserves	1,820,440	2,650,170	2,677,170	2,725,950	2,786,940
Total bills discounted	11,900	3,530	3,770	3,290	4,100
Bills bought in open market	1,850	1,800	1,800	1,810	1,810
Total U.S. Govt. securities	777,750	744,320	739,320	739,320	739,320
Total bills and securities	791,580	756,580	751,840	751,380	752,200
Deposits—Memberbank	1,706,740	2,411,310	2,415,270	2,498,030	2,559,560
Ratio of total res. to dep. and Federal Res. note liabilities combined	72.5%	79.6%	79.9%	80.1%	80.6%

FEDERAL RESERVE MEMBER BANKS.

	Aug. 8, 1935	July 10, 1935	July 17, 1935	July 24, 1935	July 31, 1935	Aug. 7, 1935
Loans	7,827	7,454	7,502	7,446	7,327	7,338
Investments	9,856	10,960	11,257	11,272	11,180	11,130
Reserve with Federal Reserve Banks	3,048	2,842	3,697	3,697	3,863	3,857
Demands deposits	12,721	15,580	15,618	15,544	15,517	15,455
Time deposits	4,491	4,396	4,380	4,394	4,398	4,420
Government deposits	1,296	337	511	511	513	516
Due from banks	1,538	1,873	1,860	1,818	1,814	1,832
Due to banks	8,766	4,531	4,444	4,387	4,503	4,486

AUSTRALIAN COMMONWEALTH BANK.—In £'s (000's omitted).

	July 15, 1935	July 22, 1935	July 29, 1935	Aug. 5, 1935	Aug. 12, 1935	Aug. 19, 1935
Assets						
Gold and English sterling	15,994	15,994	15,994	15,994	15,994	15,994
Other coin, bullion and cash	6,590	6,433	6,586	6,473	6,635	6,479
Money at short call—London	18,608	17,800	17,279	17,223	16,757	16,855
Conversion funds in London	5,282	5,163	5,624	5,569	5,705	5,195
Short-term loans	70,886	70,886	70,886	70,886	70,886	70,796
Securities	70,886	70,886	70,886	70,886	70,886	70,796
Discounts and advances	6,810	7,038	7,072	7,145	6,972	6,972
Other assets	4,742	4,779	4,594	4,531	4,181	4,227
LIABILITIES						
Notes issued	47,044	47,044	47,044	47,044	47,044	47,044
Reserve premium on gold	3,896	3,896	3,896	3,896	3,896	3,896
Deposits	69,423	69,590	73,607	68,269	67,854	67,879
Other liabilities	2,933	2,946	2,921	2,951	2,898	2,921

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

	Aug. 17, 1935	July 19, 1935	July 26, 1935	Aug. 2, 1935	Aug. 9, 1935	Aug. 16, 1935
Assets						
Gold coin and bullion	20,537	27,521	27,556	27,771	27,942	28,210
Bills discounted: Foreign	13,955	5,020	5,000	3,556	3,297	3,451
Investments	1,725	1,728	1,728	1,728	1,728	1,728
Other assets	8,279	14,126	14,114	14,784	14,833	14,734
LIABILITIES						
Notes in circulation	11,230	11,983	12,110	13,531	12,822	12,276
Government deposits	2,064	2,408	2,528	3,744	1,234	1,747
Bankers' deposits	25,010	27,038	27,688	27,575	28,521	29,379
Ratio of cash reserves to liabilities to public	49.1%	59.9%	60.2%	60.2%	59.6%	60.4%

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

	July 26, 1935	Aug. 2, 1935	Aug. 9, 1935	Aug. 16, 1935
Assets				
Gold coin and bullion	54,799.94	54,916.22	55,067.67	55,789.89
Rupee coin	10,332.22	11,095.75	11,184.43	10,982.12
Balances abroad	65,192.27	65,192.27	65,192.27	65,192.27
Sterling securities*	28,490.40	28,490.40	28,490.40	28,490.40
Indian Government rupee securities*	5,913.37	5,984.14	6,140.01	6,139.94
Investments	1,55,92.18	1,56,26.96	1,58,26.17	1,57,52.80
LIABILITIES				
Notes in circulation	11,74.82	11,22.00	12,38.03	11,53.68
Government deposits	29,59.08	28,75.64	27,97.17	29,77.28
Other	57.4%	57.4%	57.2%	57.2%

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

	Aug. 17, 1935	July 26, 1935	Aug. 2, 1935	Aug. 9, 1935	Aug. 16, 1935
Assets					
Gold	81,317,828	71,276,632	71,630,296	71,582,692	71,661,243
Sight balances abroad	12,851	9,083	7,972	7,733	7,787
Bills discounted	3,679,939	7,524,003	6,870,181	6,823,437	6,272,160
Negotiable bills abroad	905,523	1,007,948	1,007,948	1,007,948	1,007,948
Advances against sec.	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
To the State	3,107,841	3,863,687	4,157,821	3,999,097	3,907,683
Other advances	5,913,404	5,804,935	5,800,402	5,800,402	5,800,402
Negotiable Fund Dep.	5,913,404	5,804,935	5,800,402	5,800,402	5,800,402
Sinking Fund Dep.	5,913,404	5,804,935	5,800,402	5,800,402	5,800,402
Other assets (excluding forward exch.)	5,913,404	5,804,935	5,800,402	5,800,402	5,800,402
LIABILITIES					
Notes in circulation	80,470,340	81,127,709	82,213,778	81,489,507	81,064,066
Public deposits	4,015,474	3,240,611	3,260,620	3,267,647	3,262,500
Private deposits	16,637,475	10,879,850	9,667,007	10,223,378	10,189,577
Other liabilities	2,041,076	2,313,880	2,522,723	2,378,424	2,225,292
Ratio of gold reserve to sight liabilities	80.2%	74.7%	75.1%	75.2%	75.7%

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

	Aug. 15, 1935	July 31, 1935	Aug. 7, 1935	Aug. 15, 1935
Assets				
Gold	74,664	93,966	104,636	94,662
Of which deposited abroad	3,296	5,887	5,298	5,285
Reserve in foreign currencies	3,266,234	3,838,432	3,646,170	3,646,532
Bills of exchange and cheques	270,389	158,268	183,434	199,601
Silver and other coin	13,328	4,611	8,981	11,830
Notes of other German banks	72,602	52,268	38,469	34,953
Advances	727,053	660,906	661,560	663,056
Investments	621,412	651,571	670,900	669,281
Other assets	150,000	150,000	150,000	150,000
Share capital	472,797	471,184	471,184	471,184
Reserves	3,504,312	3,877,783	3,740,266	3,717,194
Notes in circulation	660,443	742,940	730,790	763,276
Other daily maturing obligations	171,726	223,032	227,206	226,548
Other liabilities	2.18%	2.57%	2.87%	2.68%

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

	Aug. 16, 1935	July 17, 1935	July 25, 1935	Aug. 1, 1935	Aug. 8, 1935	Aug. 15, 1935
Assets						
Gold	2,639,614	3,563,499	3,533,983	3,533,782	3,518,688	3,521,222
Silver and other coin	674,059	59,830	61,902	56,249	54,338	52,836
Securities	76,720	1,441,303	1,431,471	1,428,047	1,415,457	1,407,793
Advances	76,720	1,168,793	1,168,793	1,168,793	1,168,793	1,168,793
LIABILITIES						
Notes in circulation	3,525,845	4,070,133	4,079,389	4,144,529	4,138,724	4,129,129
Deposits: Govt.	92,708	20,890	28,874	32,870	30,412	20,419
Other	214,506	1,286,685	1,229,178	1,152,861	1,119,765	1,156,900

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

	Aug. 22, 1934	July 22, 1935	July 29, 1935	Aug. 5, 1935	Aug. 12, 1935	Aug. 19, 1935
Assets						
Gold	863,396	688,468	557,666	582,754	589,931	585,820
Silver	23,560	23,025	22,738	22,468	23,568	23,975
Home bills discounted	26,383	24,784	43,589	43,785	42,643	43,003
Loans and advances in current account	144,209	134,320	228,838	186,189	161,397	158,073
LIABILITIES						
Notes in circulation	889,906	811,765	818,825	818,812	799,736	793,172
Deposits	191,754	79,903	54,764	37,386	38,542	38,839

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

	Aug. 15, 1935	July 15, 1935	July 23, 1935	July 31, 1935	Aug. 7, 1935	Aug. 15, 1935
Assets						
Gold	1,680,886	1,252,162	1,278,060	1,289,327	1,300,923	1,318,720
Of which held abroad	117,321	120,974	146,408	154,349	165,095	181,720
Discounts	36,397	126,103	100,541	123,900	105,418	93,967
Bills of the Confederation	12,647	80,783	54,905	52,905	51,545	50,345
Advances	70,218	89,465	92,727	95,063	93,511	89,600
Securities	53,632	57,958	57,780	55,653	55,443	55,428
LIABILITIES						
Notes in circulation	1,321,764	1,245,545	1,230,288	1,281,153	1,251,267	1,229,627
Deposits	499,720	321,068	314,355	306,582	313,973	341,896

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

	Aug. 15, 1935	July 15, 1935	July 23, 1935	July 31, 1935	Aug. 7, 1935	Aug. 15, 1935
Assets						
Gold reserve	277,338	356,286	356,493	356,638	356,706	356,706
Government securities—Swedish	176,062	108,639	108,639	108,639	108,639	108,639
Other Swedish bonds quoted on foreign bourses	46,559	47,769	48,915	48,915	48,915	48,915
Gold abroad not included in the gold reserve	94,518	...	...	...	...	4,344
Bills payable in Sweden	9,372	8,248	8,750	8,398	8,292	8,292
Bills payable abroad	351,560	423,109	423,209	423,204	423,222	423,222
Advances	68,952	141,007	150,150	146,288	146,545	146,545
LIABILITIES						
Notes in circulation	580,219	628,540	685,471	681,496	680,210	680,210
Government deposits	149,904	183,383	173,904	173,503	178,235	178,235
Private deposits	355,062	328,030	291,173	313,527	302,137	302,137

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

	Aug. 11, 1935	July 13, 1935	July 20, 1935	July 27, 1935	Aug. 3, 1935	Aug. 10, 1935
Assets						
Gold	2,264,377	2,269,369	2,269,369	2,269,375	2,269,345	2,269,308
Silver	679,062	699,799	701,381	704,437	702,645	699,126
Loans and Discounts	2,515,501	2,466,435	2,437,677	2,499,214	2,493,055	2,454,414
Spanish 4% stock	344,474	344,474	344,474	344,474	344,474	344,474
Advances to Treasury	150,000	150,000	150,000	150,000	150,000	150,000
LIABILITIES						
Notes in circulation	4,612,498	4,642,265	4,593,370	4,558,902	4,632,469	4,658,291
Deposits	836,852	922,319	940,254	952,959	889,551	890,111

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

	Aug. 1, 1935	July 3, 1935	July 10, 1935	July 17, 1935	July 24, 1935	Aug. 1, 1935
Assets						
Gold	899,379	909,151	909,151	909,151	909,151	909,151
Balances abroad	350,799	452,737	439,923	439,124	446,325	453,942
Discounts	309,366	322,846	326,340	320,216	319,868	324,062
Government loans	1,050,106	1,048,137	1,047,483	1,047,483	1,047,483	1,047,483
Notes in circulation	1,919,841	2,084,122	2,063,909	2,046,599	2,047,108	2,115,670
Government deposits	370,515	401,428	412,478	386,393	400,202	427,869
Bankers' deposits	407,234	400,807	400,807	402,197	388,040	321,6

NEW YORK MONEY AND EXCHANGE RATES

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

	Aug. 22, 1934	July 24, 1935	July 31, 1935	Aug. 7, 1935	Aug. 14, 1935	Aug. 21, 1935
Call money	1	1	1	1	1	1
Time money (90 days' mixed coll.)	1	1	1	1	1	1
Bank acceptances:—						
Members—eligible, 90 days	1	1	1	1	1	1
Non-mem.—eligible, 90 days	1	1	1	1	1	1
Ineligible, 90 days	1	1	1	1	1	1
Commercial accept., 90 days	1	1	1	1	1	1

Rates of Exchange, New York on—	Par Level	Aug. 22, 1934	Aug. 7, 1935	Aug. 14, 1935	Aug. 21, 1935
London—					
60 days					
Cable					
Cheques					
Paris					
Brussels					
Switzerland					
Italy					
Berlin					
Vienna					
Madrid					
Amsterdam					
Copenhagen					
Olo					
Stockholm					
Athens					
Montréal					
Yokohama					
Shanghai					
Calcutta					
Buenos Aires					
Rio de Janeiro,					

SOUTH AFRICAN EXCHANGE RATES

(BUYING RATES PER £100 STERLING)

	T.T.	Sight	30 days' sight	60 days' sight	90 days' sight
London on:—					
Rhodesia	£100 5 0	£100 17 6	£101 7 6	£101 17 6	£102 7 6
South Africa	£100 17 6	£101 7 6	£101 17 6	£102 7 6	£102 17 6

(SELLING RATES PER £100 STERLING)

	Sight	Telegraphic
London on:—		
Rhodesia	£ 99 15 0	£ 99 15 0
South Africa	£ 100 2 6	£ 100 2 6

THE ANGLO-SOUTH AMERICAN BANK, LTD., has received telegraphic advice from the Madrid Branch that the gold surcharge for the payment of Spanish Customs duties has been fixed for the period August 21st to 31st at 138.29 per cent. The previous rate was fixed as from August 11th at 138.60 per cent.

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES

THE ANGLO-SOUTH AMERICAN BANK, LTD., issues the following details relative to quotations for certain of the South and Central American exchanges. All these exchanges, with the exception of that of Bolivia, are related to the United States dollar, and the approximate sterling rates may be obtained by applying the dollar-sterling exchange rate:—

Bolivia.*	Official market: Sight rate, 20.26 bolivianos per £ sterling on June 12, 1935. Export selling rate 80 bolivianos per £.
Colombia.*	Sight rate, 190 pesos per 100 United States dollars on August 17, 1935. This rate applies to holders of permits buying in the "open" market.
Ecuador.*	"Free" market sight rate on July 17th, 10.50 sucres per United States dollar.
Guatemala.	Sight rate on New York is maintained at 1 quetzal per United States dollar, but a commission of 1 per cent. is charged by the Banco Central for the sale of drafts.
Nicaragua.*	Official selling rate was established at 110 cordobas per 100 United States dollars on November 26, 1934.
Salvador.	Sight rate on July 9, 1935, 2.51 colones per United States dollar.
Venezuela.	Sight rate on New York is at present maintained at 3.91½ bolívares per United States dollar.

* Exchange controls are operative in these countries.

OVERSEAS DOMINION RATES

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND

London on Australia and New Zealand		Australia and New Zealand on London*	
Buying		Selling	
Australia	New Zealand	Australia	New Zealand
125	124	125	124
124	123	124	123
123	122	123	122
122	121	122	121
121	120	121	120
120	119	120	119
119	118	119	118
118	117	118	117
117	116	117	116
116	115	116	115
115	114	115	114
114	113	114	113
113	112	113	112
112	111	112	111
111	110	111	110
110	109	110	109
109	108	109	108
108	107	108	107
107	106	107	106
106	105	106	105
105	104	105	104
104	103	104	103
103	102	103	102
102	101	102	101
101	100	101	100
100	99	100	99
99	98	99	98
98	97	98	97
97	96	97	96
96	95	96	95
95	94	95	94
94	93	94	93
93	92	93	92
92	91	92	91
91	90	91	90
90	89	90	89
89	88	89	88
88	87	88	87
87	86	87	86
86	85	86	85
85	84	85	84
84	83	84	83
83	82	83	82
82	81	82	81
81	80	81	80
80	79	80	79
79	78	79	78
78	77	78	77
77	76	77	76
76	75	76	75
75	74	75	74
74	73	74	73
73	72	73	72
72	71	72	71
71	70	71	70
70	69	70	69
69	68	69	68
68	67	68	67
67	66	67	66
66	65	66	65
65	64	65	64
64	63	64	63
63	62	63	62
62	61	62	61
61	60	61	60
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35	34	35	34
34	33	34	33
33	32	33	32
32	31	32	31
31	30	31	30
30	29	30	29
29	28	29	28
28	27	28	27
27	26	27	26
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23	22	23	22
22	21	22	21
21	20	21	20
20	19	20	19
19	18	19	18
18	17	18	17
17	16	17	16
16	15	16	15
15	14	15	14
14	13	14	13
13	12	13	12
12	11	12	11
11	10	11	10
10	9	10	9
9	8	9	8
8	7	8	7
7	6	7	6
6	5	6	5
5	4	5	4
4	3	4	3
3	2	3	2
2	1	2	1
1	0	1	0

* All rates (Australian and New Zealand) now based on £100—LONDON

GOLD AND SILVER

The following statistics of imports and exports of gold and silver for week ended August 22, 1935, are issued by the Statistical Department of H.M. Customs and Excise:—

IMPORTS AND EXPORTS OF GOLD		
Gold Imported into Great Britain and Northern Ireland, week ended August 22, 1935		
From	Bullion*	Coin†
British S. Africa	1,404,027	£
Tanganyika	3,055	...
Aden and Depen- dencies	600	...
Australia	237,035	...
New Zealand	9,488	...
British Guiana	9,774	...
France	16,797	...
Switzerland	11,894	...
Spain	2,297	...
Venezuela	5,763	...
Other countries	1,948	1,928
Total	1,688,487	16,119

* At current market price.

† At par.

IMPORTS AND EXPORTS OF SILVER		
Silver Imported into Great Britain and Northern Ireland, week ended August 22, 1935		
From	Bullion*	Coin†
Aden and Depend- encies	1,725	...
Hong Kong	782,500	100,000
Australia	22,217	...
New Zealand	78,596	...
Canada	3,220	...
U.S.S.R.	2,822	32
Belgium	25,874	479
France	19,253	32
Egypt	5,040	1,360
Iraq	389	14,112
Japan	318,853	...
Other countries	322	1,192
Total	1,180,280	192,496

* At current market price.

† At par.

GOLD MOVEMENTS: BANK OF ENGLAND		
1935	1935	1935
Aug. 16	Aug. 16	Aug. 16
Bar gold	472,447	...
" 17	Nil	...
" 19	4,567	...
" 20	Nil	...
" 21	Nil	...
" 22	Nil	...
Total	477,014	...
Movement August 16, 1935, to August 22, 1935 (inclusive)	Nil	...
Movement during year 1934	£477,014 in	...
Movement during 1935 (January 1 to August 22, 1935, inclusive)	£1,570,994 in	...
Movement April 29, 1935, to August 22, 1935 (inclusive)	£948,842 in	...
Movement September 21, 1931 (gold standard suspended), to August 22, 1935 (inclusive)	£24,887,983 in	...
Total	£57,293,435 in	...

GOLD MARKET

Messrs Samuel Montagu and Company write on August 21, 1935, as follows:—

The Bank of England gold reserve against notes amounted to £192,774,496 on the 14th instant, as compared with £192,774,457 on the previous Wednesday.

During the week the bank announced the purchase of £477,014 in bar gold.

Business in the open market has been very active and at the daily fixing about £3,000,000 was dealt with during the week. Offerings the premium over gold exchange parties practically disappeared. Sales of gold on Indian account were a feature and it is possible that these were not unconnected with the adjustments of positions in Bombay.

Quotations during the week:—

	Per fine ounce	Equivalent value
August 15	140s. 1d.	12s. 1.55d.
" 16	140s. 2½d.	12s. 1.42d.
" 17	140s. 4d.	12s. 1.29d.
" 19	140s. 2½d.	12s. 1.42d.
" 20	140s. 1d.	12s. 1.55d.
" 21	139s. 11½d.	12s. 1.68d.
Average	140s. 1.75d.	12s. 1.48d.
August 22	140s. 0d.	...

The s.s. "Mooltan," which sailed from Bombay on the 17th instant, carries gold to the value of about £1,425,000, of which £975,000 is consigned to London and £450,000 to New York.

SILVER MARKET

The market has been very active and, except for one day, the cash price remained at 29d., at which price the American Treasury has been a consistent buyer for prompt delivery. Sales on China account have been considerable and nervousness occasioned by difficulties in connection with the monthly settlement in Bombay caused reselling by the Indian Bazaars and speculators, as a result of which the bull position has been further reduced.

LONDON TRANSPORT

Week ending August 17, 1935	*Takings	Compared with corre- sponding period of last year
Aggregate 7 weeks ending August 17, 1935	£518,700	+ 16,000
	£3,788,800	+ 84,000

* For an explanation of the manner in which the figures are made up, see the Economist, March 17, 1934, page 810.

Note.—The receipts this year include receipts of bus and coach undertakings not absorbed by London Transport in the corresponding period of last year. In order to make a comparison with the previous year, the figures for that year have been adjusted on the basis of the best information available.

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Receipts	Gross Receipts for Week	Gross Aggregate Receipts
				1935 + or -	1935 + or -
INDIAN					
Assam Bengal	17	July 31	1,330	Rs. 14,41,200	Rs. 52,62,632
Barsi L. Ry.	16	20	292	186,600	13,700
Bengal & N. Western	16	20	292	18,03,243	32,892
Bombay, Bar. & C. I.	14	10	3,268	20,81,000	1,05,356
Madras & S. Mahr.	16	July 20	3,230	17,90,000	2,58,878
Rohilk'd & Kumaon	16	20	546	11,34,705	14,203
South Indian	16	20	2,526	14,99,534	39,870
				1,70,46,713	3,38,121
				† 11 days.	‡ 10 days.

CANADIAN

Canadian National	32	Aug. 14	2,954,717	+ 124,684	101,139,445	+ 1,933,756
Canadian Pacific	32	Aug. 14	2,278,000	+ 11,000	72,338,000	+ 241,000

SOUTH AMERICAN

Antofagasta (Chili and Bolivia).....	33	Aug. 18	890	£ 13,400	1,850	405,880	44,410
Argentine N.E.	7	17	753	{ 137,500 + 9,074 + 7,000 + * 70,346 +	9,200 654 55,393	942,800 1,011	3,400
B.A. and Pacific ...	7	17	2,806	{ 128,300 + 2,200 +	8,819,000	48,000	13,788
B.A. Central	4	July 27	...	{ 206,000 + 15,000 +	506,403	19,100	1,570
B.A. Gt. Southern	7	Aug. 17	5,085	{ 121,433 + 2,694 +	13,506,000	79,878	73,284
B.A. Western	7	17	1,930	{ 708,000 + 4,696 +	92,000	4,773,000	669,000
Central Argentine ..	7	17	3,700	{ 11,868,350 + 18,881 + * 109,922 +	354,950	14,312,500	1,637,350
Central Uruguayian	7	17	273	{ 7,542 + 7,497 +	840,924	75,830	56,700
C. Urg. (Est. Ext.) ..	7	17	311	{ 1,173 + 34 +	58,810	9,153	820
C. Urg. (N. Ext.) ..	7	17	185	{ 929 + 109 +	7,746 +	1,851	554
C. Urg. (W. Ext.) ..	7	17	211	{ 659 + 96 +	4,536 +	287,000	11,320
Cordoba Central ..	7	17	1,218	{ 527,000 + 23,000 + 360 +	4,021,000	236,270	1,427,200
Entre Rios	7	17	810	{ 215,300 + 35,500 + * 12,642 +	2,243	1,835,652	10,448
G. Westn. of Brazil	33	17	1,082	{ 4,900 + 900 +	240,000	2,100	1,634,000
Leopoldina	33	17	1,918	{ Mts 190,000 + 428,000 +	45,645,000	1,432,626	3,066
Leopoldina Termal.	33	17	...	{ 21,055 + 13,837 +	549,799	28,000	3,880,000
Nitrate	7 1/2	15	401	{ M. 304,000 + 22,000 +	9,720,000	88,436	1,648,000
Paraguay Central.	6	10	274	{ 1,424,000 + 506 +	93,610	5,920,000	6,958
Salvador	7	17	100	{ 10,795 + 2,776 +	9,788,000	81,336	8,898
San Paulo	32	11	153 1/2	{ Mts 203,000 + 287,000 + * 21,907 +	65,000,000	817,336	8,898
United of Havana.	7	17	1,365	{ 19,418 + 2,615 +	130,930	6,958	8,898

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Deben- ture Interest	Amount Available for Distri- bution	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Deprecia- tion, etc.	Balance Forward	Net Profit	Divi- dend
					Prefce.	Ordinary					
						Amount	Amount					Rate
Breweries		£	£	£	£	£	%	£	£	%	
Strettons Derby	June 30†	64,206	87,851	152,057	9,450	78,000	34½	...	64,607	106,252	31
Financial, Land, etc.											
Illovo Sugar Estates	Mar. 31	(a) 121,232	50,475	171,707	...	67,100	(b) 12½	83,340	21,267	...	...
Iron, Coal and Steel											
Brightside Foundry	June 30	8,220	21,073	29,293	2,250	10,000	10	...	17,043	11,979	2½
Shipping											
Tyne-Tees Shipping	June 30	2,518	19,350	21,868	...	20,460	5	...	1,408	20,394	5
Trusts											
Compass Investment	June 30	9,846	25,150	34,996	19,368	4,700	2	...	10,928	20,136	2
Waterworks											
Woking Water and Gas ...	June 30*	7,996	13,106	21,102	562	9,461	...	2,500	8,578	12,579	...
Other Companies											
Associated British Picture...	Mar. 31	36,787	(c) 523,451	560,238	65,826	120,125	10	287,806	86,481	133,933	6
Chadburn's (Ship) Telegraph	Mar. 31	Dr. 4,406	3,114	Dr. 1,292	...	...	...	...	Dr. 1,292	Dr. 4,515	...
Lawes' Chemical Manure ...	June 30	1,057	10,606	11,663	2,686	6,298	5	...	2,679	5,103	2½
Toogood and Sons	June 30	18,505	9,469	27,974	...	7,500	4	...	20,474	9,821	4

* Half year. † Nine months period only.
(b) Excluding special bonus rate.

§ Equivalent per annum. (a) Includes £100,000 from general reserve.
(c) Including £149,698, undistributed profits of subsidiary company.

REPORTS AND NOTICES

The directors of Eno Proprietaries, Ltd., announce that Mr Ernest H. Cooper has been appointed to the board of the company in succession to Mr C. M. Henning, who has resigned because of continued illness. Mr Cooper is the chairman and managing director of Gillette Industries, Ltd.

Major-General Sir John H. Davidson, K.C.M.G., C.B., D.S.O., a director of the Union Bank of Australia, Ltd., African Mercantile Company, Ltd., and other companies, has accepted a seat on the board of Dalgety and Company, Ltd.

The following have been elected to the board of the British Plaster Board, Ltd.: The Right Hon. Lord Belper, D.L., J.P., W. Geoffrey Allen, George J. German, H. W. Kemp, H. Leigh Newton. The Rt. Hon. Lord Belper, D.L., J.P., has been elected chairman of the board, and Mr J. N. Derbyshire, J.P., F.C.A., has retired. Owing to increased duties in his capacity as director, Mr Donald W. Carmichael has relinquished the position of secretary, and Mr Robert Gilmour Forsyth has been appointed in his place.

The directors of Hamiltons Taverns, Ltd., announce that Major S. G. Kingsley has joined the board.

Mr J. S. E. Todd has resigned from the Board of the Property and Reversionary Investment Corporation, Ltd., owing to a complete breakdown in health.

Mr Albert Leslie Wright is now both chairman and managing director of the Butterley Company, Ltd. Mr Arthur FitzHerbert Wright, the late chairman, remains on the board of directors.

Admiral Sir Cyril T. M. Fuller, K.C.B., C.M.G., D.S.O., and Lt.-Col. J. A. Dunnington-Jefferson, D.S.O., have been elected to seats on the head office board of Yorkshire Insurance Company, Ltd., in succession to the late Mr Donald S. Mackay and the Hon. Geoffrey Howard.

GOVERNMENT, &c.

BRAZILIAN FOUR PER CENT. LOAN 1911.—Messrs. N. M. Rothschild and Sons announce that coupons due September 1st may be presented for payment in cash at 27½ per cent. of face value.

GREEK STABILISATION LOAN.—The Greek Government proposes to pay 35 per cent. of the coupon due August 1st.

URUGUAY 3½ PER CENT. DEBT.—The Bank of London and South America, Ltd., Montevideo, have received \$188,541.26 Uruguayan, purporting to be 45 per cent. of customs receipts in respect of the first half of August.

MINES

THE MYSORE GOLD MINING COMPANY, LTD.—Information has been received that conditions on the Mysore Mine are now quiet, but the strike continues and all work remains suspended. The situation on the Ooregum and Champion Reef Mines is now normal.

KLERKSDORP CONSOLIDATED GOLDFIELDS, LTD.—Directors have under consideration early formation of subsidiary company to acquire from company portions of the farms Rhenosterspruit No. 16 and Syferfontein No. 47 about 5,700 acres, including 184 acres of and freehold farm Rhenostershoek No. 52. Subsidiary will also acquire buildings, roads, equipment installed during past year, for cash.

NORTHERN TRANSVAAL GOLDFIELDS, LTD.—Application for permission to deal in the company's shares on the London Stock Exchange has been renewed, but consideration of the application has again been postponed until presentation of the company's accounts for the second year to March 31, 1936.

RUBBER

EAGLEHURST RUBBER ESTATES, LTD.—The crop secured during the year ended March 31, 1935, amounted to 397,119 lbs. of rubber, and the average net sale price obtained for the total crop, including stocks, was 5.548d. per lb. The standard production assessments for the years 1934 and 1935 have been fixed as follows: 1934, 456,418 lbs.; 1935, 435,457 lbs. The balance brought forward from last account was £1,195; profit for year ended March 31, 1935, £1,616, giving an available balance of £2,811. The directors recommend the payment of a dividend of 2 per cent., less tax, paid on July 31, 1935, which will absorb £2,000, leaving £811 to be carried forward.

MISCELLANEOUS

NORTH METROPOLITAN ELECTRIC POWER SUPPLY COMPANY.—Adjourned meeting of debenture stockholders will be held August 22nd, to consider amendment of trust deed to facilitate issue of further stock ranking *pari passu* with original stock.

BIGGS MANUFACTURING COMPANY, DETROIT.—Net profit for first half 1935 is \$6,545,458, after depreciation, Federal taxes and charges, equivalent to \$3.37 per share against \$1.87 per share for first half 1934.

ULTRA ELECTRIC (HOLDINGS), LTD.—Notice accompanying statutory report states that Ultra Electric, Ltd., has made steady progress and the turnover since April 26th exceeds that of any like period in company's history.

ROBERTS BREWERY.—It is understood that the Stock Exchange Committee has for the present refused permission to deal in the issues of Roberts Brewery. It has intimated that application can be renewed after the issue of the first annual accounts. No appeal is being lodged against the decision.

BURTOL CLEANERS, LTD.—Directors announce that company's first financial period will be closed September 30, 1935, covering 14½ months' trading.

"TIN SHARES AND THE QUOTA."—The interim payment of 5 per cent. attributed to Consolidated Tin Mines of Burma on page 337 of last week's *Economist* should refer to Tronoh Mines.

CABLE AND WIRELESS LIMITED.—The index number representing the estimated monthly receipts from traffic as related to comparable traffic in the year 1929 was 66.7 for July, compared with 70.2 for June. The corresponding figures for 1934 were 68.9 and 70.1 respectively.

HERBERT GREEN AND COMPANY, LTD.—In their report for the period to June 30th the directors state that the delay in delivery of essential machinery has been solely responsible for the failure of the company to fulfil prospectus forecast of production and dividends. Production is now expected by the end of September and as from that date the trading and earning programme should be capable of fulfilment.

GENERAL ELECTRIC COMPANY.—A London group headed by Lazard Brothers and Company, Ltd., has secured a block of ordinary shares, understood to total 400,000, from American owners, with Treasury permission.

GAUMONT-BRITISH PICTURE CORPORATION.—It is announced that the corporation is to acquire three cinema-variety halls from H. and G. Kinemas for a cash sum stated to be in the neighbourhood of £700,000. Gaumont Super Cinemas has been formed to acquire the properties with a capital of £400,000. A debenture operation is anticipated to provide finance.

PENRIKYBER NAVIGATION COLLIERY.—Acceptances of Sir Clifford Cory's offer to purchase received to extent of over 90 per cent. of outside shareholders' shares.

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

COMMODITY markets have been quite active since the end of last week. Demand for non-ferrous metals was particularly good at rising prices. Copper, lead, spelter and tin were all appreciably dearer than a week ago. There was a sharp recovery in the price of "spot" tin from £208 15s. per ton to £225 15s. per ton. The event of the week in the metal market was the publication of the recommendations of the Import Duties Advisory Committee concerning the duties on lead and spelter. Business in the iron and steel markets has fallen off, but a revival of demand is confidently expected early in September. The market in vegetable oils and oilseeds remained firm owing to the expectation of a substantial reduction in Argentina's linseed crop. The market in rubber was dull and quotations continued to decline.

Among textile raw materials, cotton was slightly dearer, but the outlook for this textile fibre will remain uncertain until the United States Government announces its policy concerning the new crop. The price of raw wool remained firm. Flax and hemp are scarcely changed in price on the week, but jute was slightly cheaper. Quotations for Italian silk were marked up during the past week.

Owing to the warm weather and an abundance of supplies, prices of meat and bacon were marked down. On the other hand, demand for fruit and vegetables was active. Supplies of certain varieties of fruit are smaller than a year ago. Little change has taken place in quotations for raw sugar and tea, but wheat prices advanced sharply on adverse crop reports from North and South America.

The upward movement of commodity prices in the United States continued during the past week. Moody's index of the dollar prices of staple commodities, based on December 31, 1931, stood at 167.1 on Wednesday, compared with 165.6 a week earlier, 158.9 a month earlier and 153.9 on the corresponding day last year.

COAL

SHEFFIELD.—The export quota for this district was increased last week, but it came too late to be of benefit so far as the present month is concerned. It should help the export trade in the future. The July exports were down compared with previous months. Forward inquiries are coming along rather more freely than of late, especially for best quality hards, which remain firm. Washed singles and smalls are also a good market. Big tonnages of small fuel are going to the coke ovens and the generating stations, and are relatively scarce. Inland consumption of industrial fuel continues heavy and prices are steady. Orders are coming forward for house coal in view of approaching higher winter prices. Coke is plentiful and prices rather easy.

Quotations: Association hards, 17s. 9d. to 18s. 3d., f.o.b.; Derbyshire do., 18s. to 18s. 6d. f.o.b.; Yorkshire washed trebles, 16s. 6d. to 17s. f.o.b.; best Yorkshire house, 20s. to 22s. at pits; best Derbyshire do., 19s. to 21s.; blast-furnace coke, 13s. at ovens.

NEWCASTLE-ON-TYNE.—There was another decrease in coal and coke shipments from the Tyne last week, the quantity being 253,418 tons, which is 52,083 tons less than in the corresponding week last year. The total decrease for this year to date is 430,000 tons.

The Northumberland steam market shows little change, all grades being in ample supply. Ahead, over the winter months, inquiry is good, and substantial sales have been made to the Scandinavian countries and the English coast. Durham gas and coking coals are plentiful, there being little fresh foreign trade. Patent oven coke is offered freely for prompt shipment.

Current f.o.b. prices for export: NORTHUMBERLAND—D.C.B. screened, 13s. 9d.; smalls, 11s.; Howards, Bentinck, Newbiggin screened, 13s. 3d.; smalls, 10s. 6d.; Tyne prime large, 13s. 3d.; smalls, 11s.; Hartley Main large, 13s. 3d.; smalls, 11s. DURHAM—Lambton/South Hetton screened steam, 15s. 2d.; smalls, 12s. 6d.; Wear special gas, 15s.; Holmside, Ryhope, Boldon unscreened gas, 14s. 6d.; second-class gas, 13s. 2d.; coking unscreened and/or smalls, 13s. 2d.; prime unscreened bunkers, 13s. 9d.; second-class unscreened bunkers, 13s. 3d.; prime foundry coke, 18s. 6d.; Newcastle and district gas coke, 20s.

GLASGOW.—The feature is the continued steadiness of prices in face of restricted export demand. Only Lanarkshire prime splint has lost ground and this because of the stoppage of shipments to Italy. Contract work and a good deal of covering by exporters keep collieries busy, and the better classes of steam coal especially are well booked. Industrial requirements remain heavy, and domestic demand tends to expand.

Shipment prices f.o.b. district ports: LANARKSHIRE—Ell best, 14s. 6d.—15s.; splint best, 17s. 6d.; splint second, 15s.—15s. 3d.; navigation, screened, 15s.; navigation, unscreened, 13s. 6d.—13s. 9d.; Hartley, 16s.; steam, 13s.—13s. 6d.; trebles, 13s. 6d.—

14s.; doubles, 13s.—13s. 6d.; singles, 12s. 6d.—12s. 9d.; pearls, 11s.; dross, 10s. FIFE—Best unscreened navigation, 13s. 6d.—13s. 9d.; unscreened navigation, 12s. 9d.—13s. 3d.; first-class steam, 13s. 6d.—14s.; third-class steam, 11s. 9d.—13s.; trebles, 13s.—16s. 6d.; doubles, 13s. 6d.—14s. 6d.; singles, 12s. 9d.—13s.; pearls, 10s. 6d.—10s. 9d. LOTHIAN—Best splint, 14s. 6d.; prime steam, 13s. 6d.—13s. 9d.; secondary steam, 12s. 6d.—12s. 9d.; unscreened navigation, 12s. 9d.—13s.; trebles, 14s. 6d.—15s.; doubles, 13s. 3d.—13s. 6d.; singles, 12s. 9d.—13s.; pearls, 10s. 9d.—11s. Ayrshire—Best unscreened navigation, 14s. 6d.; steam, 13s.; trebles, 13s. 6d.; doubles, 13s.; singles, 13s.; pearls, 12s. 6d.; dross, 11s. 6d.

IRON AND STEEL

MIDDLESBROUGH.—No market was held this week owing to the holidays. Most of the foundries and steel mills in this area were closed this week, when the opportunity was taken to effect repairs and renewals. Business in pig iron was therefore quiet, but owing to increasing home demand it is expected that there will be considerable activity early in September.

Shipments of all classes of pig iron during August, up to and including the 20th, amounted to 6,891 tons, as compared with 5,412 tons during the same period of July, and, whilst regular shipments of pig iron are being made to Scotland, a fairly large parcel of approximately 1,200 tons has been shipped to Denmark and approximately 500 tons to South Africa.

SHEFFIELD.—A falling off in the buying of iron and steel material is attributed to holiday influences. The local works are as active as ever, or nearly so. Special lines of steel, and certain engineering lines recently developed in Sheffield, are selling freely. Steel makers are indignant at the attack on them by Lord Nuffield, and deny that steel prices have been increased except in minor instances. Before the tariffs the bulk of the imported alloy steels went to the motor works. Tool makers are showing concern at the great increase in imports of American tools since the United States went off the gold standard, and are bestirring themselves with the object of getting the duty raised from 20 per cent. to 33½ per cent. They think that only a 50 per cent. duty would give them the necessary protection against American competition. The local tool works are, however, very busy, and the trade is yielding profitable returns to most of those engaged in it. Exports of Sheffield steel and tools to Soviet Russia are at a rather low ebb. That country, however, continues to import from England large quantities of ferro-tungsten and other ferro-alloys used in the manufacture of special steels. As regards the latter, Soviet Russia now appears to be independent of foreign supplies. The cutlery and plate branches are comparatively quiet. The export trade maintains previous levels, but fails to expand appreciably.

GLASGOW.—The position of the iron and steel industry in the West of Scotland remains very satisfactory. In many branches regular employment seems assured for some months. Clyde shipbuilding is still quiet, but during the past ten days two further orders have been added to the work on hand, one being a passenger and cargo steamer for the Ellerman line to be built by Messrs Barclay, Curle and Company of Whiteinch, and a passenger steamer for the L.M.S. Railway Company's Ardrossan-Arran service to be built at Govan by the Fairfield Shipbuilding Company. Steel-makers and manufacturers of semis are very busy. Export business in sheets continues to improve and home users are continuing to take very large quantities of both black and galvanised sheets from the local mills. Tube makers are also busy at present. There has been an exceptionally heavy demand just recently for various plant items and makers of steel plant equipment are fully employed.

OTHER METALS

COPPER.—The week ended last Wednesday witnessed the best copper market for several months, the cash and forward quotations having risen by £1 10s. and £1 16s. 3d. per ton, respectively. The rise is traceable to both speculative and consumer buying. This

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VIENNA: IX. PORZELLANGASSE 27

was partly caused by anticipation of a war in Abyssinia, but the fact that the quiet summer season is drawing to a close is also important. In New York, demand reached a record level on Monday, when it was reported that 69,000 tons of the metal had changed hands, and producers took the opportunity of raising their domestic price from 8 cents to 8.50 cents per lb. electrolytic. If demand remains at its present level the American domestic quotation may soon be advanced to the former "pegged" price of 9 cents per lb. According to unofficial estimates, world stocks declined by 10,300 short tons to 571,000 short tons in July, thus reaching a new low level for 1935. As has frequently been the case, it was impossible to compare the latest statistics with those of the previous month, and it would therefore be extremely useful if publication of the official statistics, discussed at the New York conference in March, were begun as soon as possible.

Sales on the London Metal Exchange: 4,100 tons on Monday, against 1,200 tons last week; 3,800 tons on Tuesday, against 750 tons last week; 4,300 tons on Wednesday, against 1,200 tons last week. Domestic spot was quoted at 7.97½ cents per lb. in New York on Wednesday, against 7.62½ cents a week ago and 7.62½ cents a month ago. Wednesday's official closing price for standard cash in London was £33 7s. 6d. to £33 8s. 9d., compared with £31 17s. 6d. to £31 18s. 9d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 73,471 tons, show an increase of 128 tons, while stocks of rough copper, at 11,309 tons, show a decrease of 350 tons on the week.

LEAD AND SELLER.—For the first time for several years, the price of lead passed the £16 level on Wednesday, when spelter touched £15 per ton. A good demand coupled with short supplies was responsible for this rise. But the event of the week was the announcement of the new import duties, the implications of which are discussed below.

Sales of lead on the London Metal Exchange: 500 tons on Monday, against 300 tons last week; 1,150 tons on Tuesday, against 600 tons last week; 2,750 tons on Wednesday, against 1,400 tons last week. The New York quotation on Wednesday was 4.30 cents per lb., against 4.20 cents a week ago and 4.15 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £16 2s. 6d. per ton, compared with £15 15s. a week ago.

Sales of spelter on the London Metal Exchange: 1,300 tons on Monday, against 150 tons last week; 700 tons on Tuesday, against 175 tons last week; 1,025 tons on Wednesday, against nil tons last week. Wednesday's quotation in East St. Louis was 4.60 cents per lb., against 4.50 cents the week before and 4.35 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £15 per ton, against £14 6s. 3d. last week.

REVISED LEAD AND SELLER DUTIES.—The recommendations of the Import Duties Advisory Committee are given effect in a White Paper (Cmd. 4983) published on Thursday. The duties on unwrought lead and spelter will be reduced, as from Tuesday next, to 7s. 6d. and 12s. 6d. per ton, respectively, or 10 per cent. *ad valorem*—whichever is the less. At the present level of quotations, the new duties represent a substantial reduction on the duty of 10 per cent. *ad valorem*, which has hitherto been operative. The new arrangement is the result of co-operation between producers, consumers and the London Metal Exchange, and there is every prospect that it will work satisfactorily. Hitherto, the duties have had a depressing effect on quotations for, although both Empire and foreign lead and spelter are dealt in on the London Metal Exchange, consumers were not keen to purchase foreign metal upon which the duty would have to be paid. Even small quantities of foreign metal, therefore, had a depressing effect upon prices. The new regulations do not oblige either party to deal in Empire metal, but dealers are given the alternative of supplying foreign metal at the quoted price or Empire metal at the quoted price plus a "premium" equal to the duty. Thus, although the duties are still on "buyer's account," they will no longer tend to force prices downwards. To prevent any adverse effect on export trade, Empire producers have agreed to provide for a rebate, equivalent to the amount of the duty, on lead used in exported goods in which the cost of lead is an important factor. Moreover, it is provided that both Empire producers and consumers shall transact more business through the London Metal Exchange, in order that the latter may be re-established as an effective market in these metals. This revision of the duties may be regarded as an important step forward and even if present expectations are disappointed no harm need result, for the arrangements are avowedly only an "experimental compromise," which may be readily revised in the light of further experience.

SILVER.—Silver has had another eventful week, prices in the bullion market on Wednesday being 29d. per oz. for spot and 28½d. for forward. Two events of outstanding importance during the past week were the decision of the United States Senate to open an inquiry into the Government's silver policy as soon as Congress begins its summer recess, and the failure of a leading speculator in Bombay. The Senate inquiry is expected to be "friendly," for Senator Pittman, under whose leadership it is to be held, has recently become a supporter of the President's silver policy. The failure of the firm in Bombay, which may be followed by similar difficulties for other "bulls," did not come as a surprise. It has been known for some time that bull speculators in India have been losing money heavily since May, and that they might be involved in difficulties, since their speculations were financed largely with borrowed capital. It has even been suggested that the heavy sales of the past fortnight were all traceable to the troubles of bull speculators. These sales have, however, improved the technical position of the market, and it would not be surprising if a steadier tendency developed in the near future.

TIN.—"Bears" have once again been caught in the tin market. From Thursday of last week, when prices were no higher than £208 15s. per ton for cash and £208 2s. 6d. for forward metal, quotations have steadily advanced. But the sharp rise of the past few days is not so important as would appear at first sight, and was brought about by a relatively small demand for nearby tin. This experience should serve to remind speculators that supplies are still scarce, and that the Tin Committee still has the market under its control. Nevertheless, the rise seems to have been somewhat overdone, and it will probably be partially lost as soon as supplies are affected by the increase in the quota.

Sales of tin on the London Metal Exchange: 320 tons on Monday, against 390 tons last week; 260 tons on Tuesday, against 165 tons last week; 300 tons on Wednesday, against 400 tons last week. The New York quotation on Wednesday was 51.00 cents per lb., against 48.75 cents a week ago and 52.50 cents a month ago. Wednesday's official closing quotation in London for standard cash was £225 to £226 per ton, compared with £211 to £213 last week. Stocks of tin in London and Liverpool at the end of last week totalled 2,490 tons, an increase of 55 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted at £100 per ton. Nickel, for home and export, at £200 to £205 per ton, remains unchanged. Quicksilver, on the spot, was quoted at £11 7s. 6d. to £11 10s. per flask of 76 lbs., as against £11 10s. to £11 17s. 6d. per flask last week. Chinese antimony was quoted at £70 to £71 per ton ex warehouse, the same as last week. Chinese wolfram for July-August shipment at 32s. to 34s. per unit c.i.f. remains unchanged. Platinum (refined) remains unchanged in price at £7 per ounce.

TEXTILES

COTTON.—Manchester. Spinners and manufacturers have experienced another unsatisfactory week. Only few producers have sold their output. Competition for the limited number of orders continues severe. A disturbing factor at the moment is the political situation in Europe. As far as raw cotton is concerned, all interest is centred on the loan to farmers policy of the United States Government. It is rumoured that an official statement will be made within the next day or two. It is understood that the officials at Washington and the politicians cannot agree. If the loan is maintained at 12 cents prices will probably advance, but this decision will mean more cotton going into the hands of the Government. If the loan figure is reduced, then a fall in prices is inevitable. Weather advices from the belt continue favourable and crop estimates are increasing. A bearish factor is the probability of hedge selling during the next month or two.

Manufacturers of piece goods have met with very little encouragement. A fair amount of testing of prices has taken place, but leading buyers remain cautious. Not more than a sorting up business has been done for the several outlets of India, practically all the orders being in light fabrics and fancies. Nothing has been put through for China, but some odd lots have been mentioned for Singapore. Coloured goods continue to move off fairly well for West Africa and some moderate lines have been booked in printing and finishing qualities for South America and the Dominions. Home-trade buyers have not been in any hurry to place orders with makers. There is a tendency for looms to run out of work. A slow demand has been reported in American yarns and buyers have found prices somewhat irregular when tested. Egyptian spinners have held firmly for the higher quotations, but for the most part business has been blocked. The testing time for this price-fixing scheme will probably come in three to four weeks.

COTTON PRICES

	1935				Corresponding Date	
	July 31	Aug. 7	Aug. 14	Aug. 21	1933	1934
Raw Cotton—Mid. American per lb.	d. 6-75	d. 6-69	d. 6-44	d. 6-58	d. 5-71	d. 7-16
Sakellaridis Fully Good Fair Egyptian per lb.	8-09	8-15	8-11	8-12	7-68	8-73
Yarns—32's twist per lb.	10½	10½	10	10½	9½	10½
" 40's twist per lb.	10½	10½	10½	10½	9½	10½
" 60's twist (Egyptian) per lb.	15½	15½	15½	16	15½	17
32-in. Printers 116 yds., 16 by 18, 32's and 50's a. d.	17 6	17 6	17 3	17 4½	a. d. 18 5	a. d. 19 6
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's a. d.	24 4½	24 4½	24 3	24 4½	a. d. 20 8	a. d. 21 6
38-in. ditto, 38 yds., 18 by 18, 10 lb. a. d.	10 5	10 5	10 4	10 4	a. d. 10 4	a. d. 11 9
38-in. ditto, 37½ yds., 16 by 15, 8½ lb. a. d.	9 3	9 3	9 2	9 3	a. d. 9 2	a. d. 10 1

COTTON WEAVERS' WAGES.—There are indications that the legalisation of cotton weavers' wages under the Cotton Manufacturing Industry (Temporary Provisions) Act has not eliminated all difficulties in the manufacturing section of the cotton industry. When the legalised wage list came into operation on July 15th, a number of manufacturers had contracts on their books based on cut wages; they were in a dilemma, because an increase in wages meant a loss on the unfulfilled contracts. There have been rumours that some of these firms have taken a chance and have continued wage cutting despite the Act of Parliament. In the absence of such practices there could not be the continuance of the wide variation in the prices for cloth quoted by manufacturers. It is understood that a number of complaints are about to be dealt with and these will be considered by a small committee of representatives of the Manufacturers' Association and the Operative Weavers' Amalgamation. It is reported in some quarters that the Minister of Labour is determined to place the weaving industry

on a sound basis and, if necessary, further control will be instituted in the form of all manufacturers working under a licence from the Government, and that if there is a violation of the regulations the licence will be withdrawn.

JUTE.—Dundee.—"Bear" sellers of raw jute have dominated the market and prices have steadily declined, with only occasional spells of steadiness. Though the Bengal Government have declared their intention to restrict sowings again next season, they have not issued any statement regarding the extent to which these will be curtailed. The weather has improved in the jute-growing districts, but a lack of steeping water now reported may affect the quality of the fibre, and there may be a scarcity of the finer grades of jute. As a result of the dearth of business at the manufacturing end of the trade, business in raw jute is on a small scale. This season the Indian jute mills have not yet given the market the support to which it is accustomed at this period of the season. Hence the weakness of prices. Unless business in yarns and cloth improves here, short-time working will become a fact before long. Buyers appear to be insatiable in their desire for lower prices as the result of the falling prices of raw jute, but they apparently forget that yarns and cloth did not advance in price to the same extent as did the fibre earlier in the year.

The full group of Daisee-2/3 has been sold down to £16 7s. 6d. and after £16 10s. had again been taken, sellers became more reserved and £16 15s. became lowest, with single marks quoted at from £17 2s. 6d. and Daisee-4 at from £16, after £15 15s. taken, October-November. Tossa-2/3 has come down to £17 12s. 6d. for full group and to £16 15s. for fours, October-November. Good First Marks are now available at £21 10s. and good Lightnings at £19 10s., with Hearts at £18 10s., and grade qualities at £19 5s. for Firsts, £17 12s. 6d. for Lightnings and £15 10s. for Hearts, August-September.

Jute yarns are very quiet and spinners are in some cases thinking of curtailing their production. Common 8-lb. cops are quoted at 2s. and 8-lb. spools at 2s. 1d., but buyers are reluctant to pay these limits. Twist is quiet at 3½d. for 3-ply 8-lb., and sacking yarns at 2½d. for 24-lb. weft and 3½d. for 8-lb. chains. Rove remains quite steady at £18 10s. for 48-lb. and £14 10s. for 200-lb., and the Rio yarns could be shaded with business.

Cloth business continues slow and prices are rather indefinite owing to lack of orders of sufficient importance to test them. The quoted rates are from 2½d. for 10-oz. 40-in. and 2½d. for 8-oz. Linoleum hessians are very firm and makers are busy, while heavy goods are meeting with a moderate demand.

Calcutta goods have declined in sympathy with raw jute and 19s. 3d. is now named for 10-oz. 40-in. and 16s. for 8-oz., September, and 19s. 1d. and 15s. 7d. for October-December, with Liverpool twills at 50s. 3d. and "B" twills at 44s. 7½d., August-September, and 50s. 6d. and 45s. October-December.

GRAIN MARKETS

WHEAT.—The past week has seen some recovery of quotations, and trading became more active towards the close of the period under review. Harvesting of spring wheat has reached an advanced stage in the United States, but the quality is reported to be poor. In Canada, the crop has suffered from drought and rust over a considerably wider area than was at first supposed, and private estimates of the yield have been revised in a downward direction.

According to the *Corn Trade News*, total shipments of wheat and flour during the past week were 817,000 quarters, against 800,000 quarters in the preceding week. On Wednesday last, "September" futures were quoted in Chicago at 89½ cents per bushel, against 86½ cents the week before and 86½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 34s. 6d. per 496 lbs., against 33s. 3d. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 33s. 6d., against 32s. 3d. a week ago.

FLOUR.—Shipments from North America in the past week totalled 109,000 sacks, compared with 96,000 in the previous week. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered country, 26s. 6d. per 280 lbs., against 26s. 6d. a week ago; delivered London, 25s. 6d., as compared with 25s. 6d. a week ago. Manitoba patents, ex store, 24s. 3d. to 26s., against 24s. 6d. to 26s. 3d. a week ago. Australian, ex store, 19s. 9d. to 20s. 9d., against 24s. 3d. to 26s. a week ago.

BARLEY.—"October" futures were quoted at 35½ cents per bushel in Winnipeg on Wednesday, against 34½ cents last week and 36 cents a month ago. Quotations per 448 lbs. in London on Wednesday were: "English feed" (new) at farm, 23s., the same as last week.

OATS.—On Wednesday, "September" futures were quoted at 27½ cents per bushel in Chicago, against 26½ cents a week ago and 31½ cents last month. Quotations in London, Wednesday: "English Black" (old), at farm, 22s. per 336 lbs., against 22s. a week ago; "English White" (old), at farm, 22s. against 22s. last week; "Chilean White," landed, 26s. 6d., against 26s. 6d. a week earlier.

MAIZE.—"September" futures were quoted on Wednesday at 74½ cents per bushel in Chicago, against 75½ cents a week ago and 76½ cents last month. Quotations in London, Wednesday: "Plate," landed, 16s. 6d. per 480 lbs., compared with 16s. 6d. a week ago; "Plate," ex ship (new), 15s. 6d., as against 15s. 6d. a week ago; "Plate," "August," 15s. 9d., against 15s. 7½d. a week ago. Yellow maize meal, ex wharf, was quoted at £4 10s. to £4 12s. 6d. per ton, against £4 12s. 6d. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sale of home-grown wheat during the harvest years 1931-32 to 1934-35.

	1931-1932	1932-1933	1933-1934	1934-1935
Estimated sales of home-grown wheat—	Cwts.	Cwts.	Cwts.	Cwts.
1 week to August 17	26,233	263,433	71,825	137,807
51 weeks to August 17	4,014,645	8,837,919	6,660,881	14,007,613
Average price of English wheat per cwt.	s. d. 6 7	s. d. 5 4	s. d. 5 1	s. d. 4 7

The following is a statement showing the quantities sold and the average price of British corn in the past two weeks, and for the corresponding week in each of the years from 1931 to 1934.

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
Aug. 15, 1931	Cwts. 25,824	Cwts. 1,866	Cwts. 6,427	s. d. 6 6	s. d. 7 6	s. d. 6 5
Aug. 20, 1932	26,233	3,518	7,687	6 7	6 9	7 6
Aug. 19, 1933	263,433	21,384	33,138	5 4	10 4	5 4
Aug. 18, 1934	71,825	21,556	23,715	5 1	10 6	6 7
Aug. 10, 1935	46,782	3,863	22,240	5 4	6 7	6 8
Aug. 17, 1935	137,807	14,079	42,814	4 7	7 7	6 3

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks, with comparative figures for 1933 and 1934:—

NEAREST FUTURE	Jan. 4, 1933	Jan. 3, 1934	Aug. 22, 1934	Jan. 2, 1935	Aug. 14, 1935	Aug. 21, 1935
Winnipeg (No. 1, Manitoba) Cents per 60 lb.	46½	65½	84½	82½	82	87½
Chicago (No. 2 Winter) Cents per 60 lb.	46½	84½	104½	98½	86½	89½

The visible supply of wheat in Canada, at 124,952,000 bushels, shows an increase of 1,526,000 bushels on the week. Supplies a year ago amounted to 99,501,000 bushels.

OTHER FOODS

BACON.—With arrivals heavy and demand poor, prices have shown an easier tendency this week. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 87s. to 89s.; Canadian, 78s.; Danish, 87s.; as against 90s. to 95s., 82s., and 93s. respectively, last week. Arrivals in London last week included Danish, 17,560 bales; Canadian, 3,120; Dutch, 2,879; Lithuanian, 2,000; Polish, 3,802; against 17,652, 3,762, 2,785, 2,041 and 2,583, respectively, in the previous week.

BUTTER.—The market has had a quiet undertone and prices are a shade lower on the week. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 94s. to 95s.; Australian, choicest salted, 93s. to 94s.; Danish, 108s. to 109s., compared with 95s., 94s. and 109s. to 110s., respectively, last week.

CHEESE.—Prices have been steady during the past few days. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English finest farmers', 56s. to 65s.; Canadian, finest coloured (new), 50s. to 52s.; New Zealand, finest coloured, 48s., the same as last week.

COCOA.—The "spot" quotation in New York on Wednesday was 5 cents per lb., against 5 cents per lb. last week. On the London market, Accras were quietly steady. On Wednesday last good fermented old crop, "October-December," was quoted 21s. 9d. per 250 kilos, c.i.f. Continent, against 21s. 6d. last week. Last week's movements of cocoa in London were as follows: Landed, 624 bags; delivered, for home consumption, 4,353 bags; exported, 809 bags; stocks, 151,242 bags, against 245,998 bags a year ago.

COFFEE.—Although trading in New York has been quiet, prices are unchanged on the week. The London market has shown a similar tendency. In New York on Wednesday, Rio No. 7 (cash) was quoted at 6½ cents per lb., as compared with 6½ cents per lb. last week and 6½ cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 119 cwt.; delivered, for home consumption, 172 cwt.; exported, 562 cwt.; stocks, 14,570 cwt., against 28,358 cwt. a year ago. Central American, landed, 125 cwt.; delivered, for home consumption, 125 cwt.; delivered, for home consumption, 125 cwt.

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sumption, 2,269 cwt.; exported, 1,738 cwt.; stocks, 144,567 cwt., against 102,194 cwt. last year. Other kinds, landed, 493 cwt.; delivered, for home consumption, 3,213 cwt.; exported, 1,768 cwt.; stocks, 161,727 cwt., against 97,712 cwt. last year.

EGGS.—The upward movement in the price of eggs was checked during the past week. At Smithfield Market on Wednesday, English (ordinary packing, Grade I, about 15–15½ lb.) realised 15s. 6d. to 16s. per 120, against 15s. 6d. to 16s. a week earlier, while Danish (15½ lb.) made 11s. 9d. to 12s. 3d. per 120, against 12s. to 12s. 6d. last week.

FRUIT.—Despite a certain seasonal slackness of demand, prices of most of the regular seasonal lines have been high on account of short supplies. *The Fruit Grower's* Covent Garden correspondent states that plums have been making a better showing, but that supplies have been much below normal. Black currants have been in limited supply and firm in price, while cultivated blackberries have encountered a good demand. English apples are in moderate supply while English pears have been more in evidence. Demand for hothouse grapes has declined and prices have eased off. Grapefruit continue firm and lemons dear. Oranges have also risen in price slightly this week.

MEAT.—At Smithfield Market a slow demand was again encountered this week, with prices showing little variation from last week's level. On Wednesday last, Argentine chilled hind-quarters were quoted at 3s. 6d. to 4s. per 8 lbs., as compared with 3s. 8d. to 4s. last week. New Zealand frozen mutton was 2s. 10d. to 3s. 6d. per 8 lbs., against 2s. 6d. to 3s. 6d. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 7,989 tons, a decrease of 148 tons on the corresponding week last year. Beef and veal accounted for 4,055 tons, mutton and lamb 2,933 tons, and pork and bacon 558 tons, as compared with 4,348, 2,625 and 660 tons, respectively, in the same week of 1934.

MILK.—As a result of the ballot of registered producers held this month, the Milk Marketing Scheme for England and Wales is to be continued. Eighty-one per cent. of the producers (representing 86½ per cent. of the cow population) voted in favour of the scheme. Information regarding the operation of the scheme during July, as issued by the Milk Marketing Board, is given in the following table, together with comparable statistics for earlier months:—

* On account to the nearest farthing. † 13d. per gallon in the South-Eastern Region.

PEPPER.—Wednesday's spot price for Lampong was 2½d. per lb. against 3d. last week. Movements of pepper in London during the past week were as follows: Black, landed, nil; delivered, 20 tons; stocks, 1,747 tons, against 202 tons a year ago. White, landed, nil; delivered, 193 tons; stocks, 18,084 tons, against 6,395 tons a year ago.

RICE.—The spot price of Burma No. 2, cleaned, new crop, was 8s. 6d. per cwt. on Wednesday, as compared with 8s. 6d. per cwt. a week ago, while the forward quotation, at 7s. 6d. per cwt., also remains unchanged on the week. Movements in London during the past week were as follows: Landed, 36 tons; delivered, 133 tons; stocks, 9,934 tons, against 2,061 tons a year ago.

SUGAR.—The New York spot price of raw sugar, which had been steady for some time, underwent a sharp advance this week. The London market has had a rather quiet tone. The spot price in New York on Wednesday was 3.45 cents per lb., as compared with 3.18 cents per lb. last week and 3.20 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "December delivery" at 4s. 5d., against 4s. 4d. to 4s. 4½d. last week. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 20,543 tons, against 9,858 in the previous week and 3,750 in the same week of last year; deliveries, 14,999 tons, against 7,931 and 14,395 tons respectively; stocks, 149,451 tons, against 143,907 and 161,670 tons respectively.

TEA.—The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account in recent weeks :—

Week ending	Northern India	Southern India	Ceylon	Java	Sumatra	Nyasa- land	Total
Aug. 16, 1934	d. 13-59	d. 12-23	d. 12-90	d. 10-28	d. 9-89	d. 11-58	d. 12-78
July 11, 1935	11-58	11-84	13-39	10-41	8-87	10-30	11-96
July 18, "	11-61	11-89	13-69	10-00	9-22	10-51	12-09
July 25, "	11-53	11-91	13-68	10-01	8-84	10-41	12-11
Aug. 1, "	11-36	11-26	13-37	9-52	8-46	10-29	11-81
Aug. 15, "	11-84	10-82	12-99	9-44	8-61	10-28	11-81

The quantities catalogued for this week's auctions comprised 38,698 packages of Indian and 26,170 packages of Ceylon tea. At the Indian auctions good teas were in active demand, with other grades about steady in price. The common Ceylon descriptions were inclined a little easier, with good quality teas in strong demand.

VEGETABLES.—According to *The Fruit Grower*, tomatoes, cucumbers eased off a little in price at the end of last week, but subsequently recovered somewhat. Mushrooms have been in short supply and are dear. Runner beans and green peas continue in consistent demand, but prices of the former have been very variable. Marrows are plentiful and cheap, while Dutch onions are fetching 6s. 6d. to 7s. per bag; Egyptian onions are not receiving much attention. Bunched beetroot sell well, with bunched turnips and washed carrots making recent rates. With heavier arrivals, prices of potatoes continue their gradual downward movement. At the London Borough Market on Tuesday, King Edward made 6s. to 7s. per cwt., against 7s. to 8s. a week earlier.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OILSEEDS.—Generally steady conditions prevail though business is not very active. Reports that, owing to insufficient rain during sowing operations, the new Argentine crop will not come up to last season's level has helped to strengthen the market; but as against this a larger yield in the United States (363,000 tons, as compared with 131,000 tons) is expected to reduce import requirements and release more seed for Europe. The final area under linseed in Argentina it is stated will not exceed 6½ million acres, providing for a yield of 1,600,000 to 1,700,000 tons, contingent upon favourable growing conditions in the near future. Crushers' demands are only moderate and governed by the sale of oilcake. For September shipment to Hull £9 6s. 3d. and for December £9 10s. have been paid. The quantity now afloat for Europe is 106,600 tons (including 1,500 tons from India), 33,000 tons less than last week, and for the United States and Canada 15,800 tons, against 26,000 tons a year ago. Shipments of Indian linseed continue small and shippers' quotations beyond buyers' ideas. The small balance of the old crop of Egyptian cottonseed is held for £6 15s. and new crop, September loading, is offered at £6 10s. with a fair demand.

Lined oil is steady in sympathy with seed and prices show no material change. Raw oil ex Hull mill for August delivery is quoted around £22 10s. and September-December £22 7s. 6d. per ton naked. Cotton oil is steadier on a better export demand. Egyptian crude ex Hull is available at £23 10s. and refined at £26 10s., prompt. Oilcakes are in better request and steady.

TIMBER.—Smaller quantities of European and Canadian building and joinery woods came forward last month, which shows that importers have maintained their cautious buying policy, whilst London dock stocks of deals, battens and scantlings are now well below those of a year ago; the heavy stocks which existed at the arrivals and by better balanced, both by this season's smaller the shippers' large unsold balances and the weakness in the forward market. Prices for Russian wood have been drastically cut to section of the market is showing more activity; others are expected into importers' hands. There is little change in consuming centres more markedly before the end of the shipping season, but trade with Germany continues most disappointing.

Supplies of shipbuilding woods are sufficient for demand. Teak is firm in price, with not too much on hand. There has been an increased importation of British Columbian log timber. American pitchpine timber has tapered off in call, with imports nil in July; but stocks are ample. Mahogany has been moving slowly into consumption, both in log and lumber specifications. American hardwood shipments are keeping up well. Forward business has, however, been light, as shippers' rates on the whole have been too high to attract business, especially this month when many principals have been on holiday. Receipts of Canadian woods are increasing, while a better consumption of hardwoods next month is almost certain. The same applies to plywoods next month is almost more than doubled compared with those of 1933.

POTASH.—In contrast to the position in Germany, to which we referred in our issue of July 20th last (p. 162), the French (Alsatian) potash industry suffered a deterioration during the first half of the present year. Exports were well maintained, but domestic deliveries fell off as a result of the crisis in French agriculture. Production the six months ended June 30th amounted to only 133,380 metric tons, against 137,070 metric tons in the corresponding period of 1934. During the past few weeks the tendency of the world market has remained unchanged. It is rather surprising that nothing has

August 24, 1935

THE ECONOMIST

recently been heard about the results of the negotiations between the cartel and the Spanish producers. It will be remembered that a temporary agreement between the two parties was reached in April last, and it was anticipated that negotiations would be concluded in June. However, Mr Chalbeaux, the president of the Union Espanola de Explosivos (the leading Spanish producer) referred in a favourable sense to the agreement in the course of a speech at the general meeting of his company earlier this year. And the absence of any "dumping" by Spain since that date gives grounds for the belief that the understanding between Spain and the Cartel remains in existence.

RUBBER.—The past week has witnessed little change in the position of this market. The uncertain political outlook, which

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UNITED KINGDOM

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[illegible]

UNITED STATES

(New York quotations, unless otherwise stated.)

(New York quotations, unless otherwise stated.)									
	Aug. 22, 1934	July 24, 1935	Aug. 14, 1935	Aug. 21, 1935		Aug. 22, 1934	July 24, 1935	Aug. 14, 1935	Aug. 2, 1935
	Cents	Cents	Cents	Cents		Cents	Cents	Cents	Cents
Wheat, No. 2, Winter, nearest future, Chicago, per bushel....	104½	85½(b)	86½(c)	89½(c)	Sugar, Cuban Centrifugals, 96 deg., spot, per lb.....	3.24	3.20	3.18	3.45
Maize, nearest future, Chicago, per bushel	76½	84½(b)	75½(c)	74½(c)	Cotton, middling, spot, per lb....	13.20	12.25	11.55	11.65
Oats, nearest future, Chicago, per bushel	50½	34½(b)	26½(c)	27½(c)	Rubber, smoked sheet, spot, per lb.....	15½	11½	11½	11½
Rye, nearest future, Chicago, per bushel	85½	46½(b)	40½(c)	43½(c)	Petroleum, Pennsylvania crude standard grades, per barrel....	207-222	152-162	152-167	152-1
Barley, nearest future, Chicago, per bushel	83½	(a)	(a)	(a)	Copper, "Electrolytic," Domestic, spot, per lb.....	6.87½	7.62½	7.62½	7.97
Coffee, Rio No. 7, cash, per lb.	9½	6½	6½	6½	Copper, "Electrolytic," Export, prompt, per lb.....	7.10	7.85	7.85	8.21
" Santos No. 4, cash, per lb.	11½	8½	8½	8½	Spelter, East St. Louis, spot, per lb.....	4.25	4.35	4.50	4.6
Cocoa, Accra, nearest future, per lb.....	4.92	4.65	4.58	4.68	Lead, spot, per lb.	52.00	52.50	48.75	51.0
	(a) Nominal			(b) July futures			(c) September futures		

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"BRITISH INTERESTS"

UNLESS the unexpected happens, the British Government will be faced within the next few days with the necessity of making a momentous choice. Our representatives in Geneva must either take the lead in setting in motion collective action which involves the fulfilment of the League Covenant, at the risk of a collision with a State member who is a Great Power; or else they will have to condone a breach of the Covenant so flagrant that a failure to prevent or to penalise it will assuredly bring with it the collapse of the League.

While the world is waiting to see which line the British Government is going to take, the Government is being assailed, from two quarters, by critics who fear that they may come down on the side of upholding the Covenant. In the Italian press it is being suggested that this show of British concern for the League of Nations is just another example of the notorious "British hypocrisy," which is once again advancing "British interests" under the pretence of public spirit. At the same time a section of the British Press is shouting to the Government that it must on no account incur the smallest risk in order to uphold the Covenant against Signor Mussolini, because, in this Italo-Abyssinian conflict, no important British interest is involved.

What is noteworthy about these two sets of critics is that, whether they are writing in Rome and Milan, or in Edinburgh and London, when they say "British interests" they both mean something which in our view—as we hope to show in this article—has little or nothing to do with one vital British interest which is now clearly at stake.

Our Italian critics think that the British Government is exclusively concerned with the effect which an Italian conquest of Abyssinia would have upon the security of the sea-route from England to India, and of the water-supply from Lake Tana to Egypt. The British are determined, say these Italians, not to let either of these British Imperial assets fall under the control of a foreign Great Power; and so these British are trying to thwart Italy's legitimate attempt to

acquire a small colonial empire, by invoking newfangled principles of so-called international law and order which were never mentioned when the great British colonial empire was being acquired in the recent past. Simultaneously, the Government's domestic critics are saying that these British interests in the Blue Nile and the Red Sea are not of such importance as to warrant a quarrel with Italy. If only, they say, the British Government will stand out of Mussolini's sun, and keep on good terms with him, he will satisfy his natural ambitions at Abyssinia's expense and will afterwards behave as a good neighbour towards a British Empire which he will no longer envy or covet when once he has acquired an Ethiopian empire of his own.

For our own part, we agree with the Italian critics in believing that the Red Sea and the Blue Nile are in the British Government's mind. And we agree with the English critics in thinking that the British interests of this local and concrete kind that are involved in the Italo-Abyssinian conflict are not of a magnitude that would justify H.M. Government, by the pre-War canons of foreign policy, in incurring a risk of war in order to frustrate Italian ambitions. We believe that, as far as these local questions go, the Government is steering a sensible middle course—neither ignoring them altogether nor allowing them to assume an undue importance in the shaping of British policy.

But when this has been said, we have not yet touched the heart of the matter. For the supreme British interest in the world to-day is neither to be found in waters, salt or fresh; nor in soils, fertile or barren. Our vital British interest to-day is the preservation, confirmation and extension of that reign of international law and order which all men of good sense have been trying to establish since the morrow of the Armistice of 1918. It is true that this fundamental interest of the British Empire happens to be the recognised and cherished interest of all the other States in the world—with the momentary exception of three whose rulers imagine (most mistakenly, as we believe) that their interest lies in

a return to an international anarchy. In this matter, the interest of the British Empire is, in fact, identical with the general interest of mankind. But it remains a fact which cannot be explained away, either by denouncing the British Government's support of the League as a Machiavellian piece of hypocrisy, or by pouring scorn on it as a Quixotic form of crankiness. It is a hard and crucial fact that British interests are bound up with the vindication of an international rule of law; that the Empire and the League stand or fall together; and that the collective system of security is the British Empire's last, as well as first, line of defence.

Some Englishmen to-day seem actually to be looking forward to a breakdown of the collective system with a kind of gleeful *Schadenfreude*. "Then," they tell us, "we shall be back in the good old pre-War world; and, after all, the British Empire did not do so badly for itself in the nineteenth century." This is just about the most dangerous illusion in which any Englishman of this generation could indulge. For to dream of bringing back our British nineteenth century is as fantastic as whistling for the wind. In the nineteenth century, all the Great Powers in the world except the United Kingdom herself were cooped up on the European Continent. Our more rapid expansion was due to the early development of our coal resources; to our command of the sea and the ubiquity of our merchant marine; to our abandonment of agricultural protection, with the resulting growth of our population and trade; and to our almost complete financial predominance. In these circumstances the British Navy was more than a match for any conceivable anti-British naval combination. And, behind the impregnable rampart of this British predominance on the seas, we acquired and consolidated an Empire scattered over the face of the earth which had, and needed, no defence except the Atlantic and Mediterranean fleets. This situation was tolerable for the world, because for the most part these territories, as well as the United States, were open to emigrants, and trade was free. To-day, this straggling, world-wide Empire is still in being, but its naval defences have been turned—partly by the fact that some of the greatest of the present Great Powers are situated overseas, and have built themselves great navies, and partly by the fact that the invention of flying has welded the metropolitan island of the British Empire on to the European continent.

A consciousness of this change for the worse in our dominant strategical position is one—though only one—of the considerations that have turned us in this country into consistent supporters of the League from the start. But perhaps most of us have not even yet realised clearly and vividly quite how defenceless the British Empire will be, and how alluringly it will invite attack, if the collective system of security now breaks down. In that case, the States of the world will be reduced, once again, to reliance for their protection upon their own physical strength exclusively, without having any law to invoke against an aggressor, or any claim to demand assistance from their neighbours. If we relapse into a nineteenth-century anarchy under the strategical conditions of the twentieth century, the British Empire will be at the mercy of a coalition of the "hungry" Powers. What could we do, for example, if Germany attacked the British Isles from the air while Italy closed the Mediterranean route by air-power and occupied the Nile valley by land-power (from bases in Libya and Abyssinia), and Japan simultaneously attacked Hong-kong, Malaya, New Zealand and Australia by sea? Against such a conspiracy, the British Empire would be helpless. It would simply be partitioned. And we need not think that we could buy our predatory neighbours off by conniving at their depredations against the smaller fry (in imitation of the unscrupulous young lady of Smyrna who "seized up the cat and said 'Granny burn that',", when her grandmother threatened to burn her). For who can suppose that Italy's appetite will be satisfied with Abyssinia, or Japan's with Manchuria, or Germany's with—let us say—Austria and Lithuania? These scraggy bits of cat's meat will simply whet the great carnivores' appetites for the fat quarry that lies under their noses. That quarry is the British Empire. If we allow Italy, as we have allowed Japan, "to get away with it" in her lawless attack upon

somebody else's property, the Italians will be no more grateful to us than the Japanese have been. They will simply judge—and judge correctly—that the British are "on the run"; and they will then conspire against us with the other Powers who have already succeeded in defying the law without having yet succeeded in filling their bellies. The whole pack of them will take their second, and satisfying, helping of the good things of this world at the British Empire's expense.

If we have—as we shall have—to fight for our own lives after having allowed the League to be overthrown, we shall certainly be defeated. And this not merely because our strategical position will be hopeless, but because we shall have neither allies, nor friends nor sympathisers. In fact, if we carry out to the end our present economic policy of turning the old nineteenth-century free-trade British colonial empire into a closed market for British industry, the sympathies of the world may actually be on the side of the pirates, as they were on Drake's side when he harried the Spanish Main. But the British Empire will continue to be the best guarantee of the world's peace so long as it is broad-based on political and economic freedom, eschews a dog-in-the-manger policy and makes accessible the great resources which it controls for the needs of other peoples.

The policy of salvation for the British Empire is to stand up boldly for the League and at the same time to implement Article XIX of the Covenant by a pooling of colonial markets and sources of supply. The one absolutely fatal policy is to show that we are afraid to risk a collision with any other Great Power—even for the sake of our supreme British interest in the maintenance of international law and order—and at the same time to exclude all foreigners from any share in those vast colonial markets and sources of supply under the British flag. Here is the issue that lies before the British Government. *Caveant consules ne res publica aliquid detrimenti capiat.*

TOWNS, SLUMS AND TRANSPORT

THE housing problem in this country is, by general consent, that of the slums. The private builder can safely be left to cater for those whose incomes allow them to choose their residential area, and its distance from their workplace. But the slums—those areas where the workers of an earlier age were housed near their work—these have become residential islands in all our big cities, islands about which the long waves of suburban villas and the outer factories extend in sprawling disorder. Right at the heart of our big cities are the warehouses, the great rail, river, and canal termini, the goods depots, the shopping centres, and the headquarters of all business and administration. Mingled with all these there are the really bad slum areas. Beyond them, stretching towards the country, are the more select residential areas; and in between these and the central area there is a region of once-proud, now shabbily genteel, houses and villas, tending towards slumdom. Farther out still, parcelling up the green countryside and trickling along all the road and rail routes, are the new residential and the new industrial areas, indiscriminately intertwined.

This growth of irradiating circles of mixed residential and commercial properties has now gone on in all our big cities, unchecked and unplanned, for well over a century. Time, like an oyster, has secreted layer upon layer of new buildings round a central core. The result is no pearl; it is mere confusion. At the centre, ground-rents have grown with the growth of the cities and with the growth of the transport problem; but these ground-rents have to be paid at the centre both for slum-dwellings and for business premises. The intense building activity of the last few years has made up some of the leeway between the potential demand for middle- and lower-middle-class housing accommodation; but it has not affected the slums to any great extent. The Government's Housing Measures were introduced to meet the urgent needs of the working classes for housing accommodation at a rent, including rates, of about 10s. per week in the provinces, and about 11s. per week in London. It looks as if the Government meant business;

and certainly the latest measure may induce or compel local authorities to set about handling their own slum areas, providing alternative accommodation while they demolish the slums, and raising more adequate and more beautiful homes where evil dwellings stood before. But, once a long-run view is taken, there are ancillary problems in this slum question which need careful consideration.

Where do we want business, and where do we want people to live, in our cities? Is it really wise to pull down central slums on valuable sites and rebuild new blocks of workers' flats in the same spot, even if all the inhabitants get a little more air and space per person? As the new satellite towns begin to link up and form another band of densely populated districts, is it not an opportune moment to examine whether new industries should be tempted into cities, or slum dwellers expelled into healthier surroundings? Nobody wants de-slumming if it merely means expensive re-slumming a generation or two ahead.

Ideals are one thing; their realisation another. But certainly we could do with more planning in the new residential and industrial building which is, and is increasingly likely to be, continuing in and about our big cities. Under the Slum Clearance Act, local authorities will be able to make surveys of their whole area in relation to the clearance plans. Some of them will doubtless find it possible to remove slums altogether and re-house in other districts. But in the big cities, and especially in London, the problem is aggravated by the conflicts of local powers, and the absence of an over-riding central housing authority.

The first essential would seem to be an effort to plan the housing of each urban agglomeration as a whole. So long as the L.C.C. is planning for one part of London and a variety of other bodies for the rest; so long as Leeds and Bradford, Manchester and Salford, Newcastle and Gateshead go their own separate ways, housing can hardly avoid being a muddle. But should an authority attempt to rehouse the slum dwellers on the sites they now occupy or should it move them to the outskirts of the district? If it adopts the first plan, it may provide enough cubic feet of house-room for each person, and overcrowding in that sense will be remedied. But there is overcrowding in another sense—shortage of fresh air and recreation space—wherever there are more than about twelve families to the acre, whether they are housed in two-storey or ten-storey buildings. And, if it adopts the second plan, it has the difficulty of transporting the workers to and from their work. There is a natural tendency towards the decentralised solution. The middle classes and some of the more well-to-do workers are moving out of the central areas of the cities. Between 1921 and 1931, for instance, the population of the County of London actually declined by 2 per cent., while the population of Greater London outside the County increased by 27 per cent. But this tendency has not even begun to relieve the pressure on the slums. Limehouse, East India Dock Road, all the East End, Southwark, Euston, Clerkenwell and Finsbury, are all almost as full as ever of poor working people in poor housing accommodation; and new industries are springing up amid green fields, many of whose workers come from the areas mentioned above, while the clerks living round the green outskirts come into the City and West End to work.

The Government's policy on overcrowding, as shown in the recent Act, has a definite bias in favour of the rehousing of overcrowded persons *in situ*, by means of tall blocks of flats. The overcrowding subsidy is proportional to the cost of land, and since the cost of building is thus more nearly equalised between city and country, the absence of transport costs favours the city flat as against the country cottage. There are several objections to such a policy. It does nothing to diminish congestion, as distinct from overcrowding. Indeed, it may even increase it, for by bringing down the level of rents in central sites it removes one of the few existing inducements to industry to settle outside the towns. The policy also amounts to a perpetuation and subsidisation of the high value of land which is due solely to the existing congestion. But to all these objections there is the very cogent reply that in many cases nothing else can be done. In the East End of London, for example, the alternative is rehousing on the site with no reduction of congestion, or no rehousing. Is it not better,

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say the defenders of the official policy, to have congestion than overcrowding and congestion? Moreover, in the special case of London, the distances are so great and the transport system already so overtaxed, that wholesale removal is hardly a practicable policy.

These arguments may all be admitted. But it does not necessarily follow that other methods of tackling the problem should be excluded. A lesson may perhaps be taken from other capital cities. In Berlin, for example, there is a quite perceptible differentiation of functions between areas: a high-rented business and industrial area, empty by night, and a comparatively low-rented belt of living areas, empty of workers by day. This arrangement has not been planned; it has grown up by virtue of the fact that there is a large subsidy to Berlin transport, amounting to nearly £8 millions a year, and levied on the railway revenues of the whole country. There are cases in England where the application of public money to the reduction of the cost of transport to and from the outskirts, rather than to the reduction of rents at the centre, would be a much more economic policy. Or again, there are cases where an industry and its workers might be persuaded to move out *en bloc* to the country or the near-country if they could receive the same assistance that the State will give for rehousing in their present congested locations. These and other solutions should be tried, not in substitution for, but in addition to, the existing policy of flat-building.

The housing problem is coming to be recognised as one of the most intractable and complex with which the country is faced, and he would be a hardy reformer who claimed to know any single remedy which would suit all circumstances. Unfortunately there is reason to fear that it is being tackled along lines that are both too narrow and too rigid. On the one hand, the link between housing and town planning, without which housing is a muddle and town planning a failure, is weak, if not totally absent. And, on the other hand, there is no recognition in the official policy of the need for an elastic approach to the problem, by which public money would be available for the assistance of whatever measures seem best fitted to meet the circumstances of particular districts. If these two defects could be remedied, the way would be opened for a very real and rapid advance in the standard of housing of the working class in this country—the class whose needs we, as a nation, have only recently begun to consider.

THE OUTLOOK FOR QUICKSILVER

THE recent history of the quicksilver or mercury-producing industry provides an outstanding example of the disastrous consequences of an attempt to keep prices at an artificial level. In contrast to the demand for the majority of non-ferrous metals, the demand for quicksilver between 1913 and 1929 showed only a small increase. On the other hand, the price of quicksilver in 1929 was treble that of the pre-war year. Stimulated by the sharp rise in prices

between 1922 and 1927, productive capacity outside the United States was developed out of all proportion to the potential demand at current prices. A disastrous collapse in the price in the autumn of 1928 was prevented by the formation, on October 1, 1928, by the Italian and Spanish producers of a cartel known as "Mercurio Europeo." By establishing a central selling agency, designed to limit supplies, the cartel was able to maintain prices at a high level and to postpone the day of reckoning until the middle of 1931. Between May, 1931, and August, 1932, however, the London quotation declined from £22 7s. 6d. per flask of 76 lbs. to £9 10s. per flask. The stocks of the cartel had risen to 5,170 metric tons as early as the end of 1930, and the proportion of world output produced by Italy and Spain declined from 88 per cent. in 1927 to 57 per cent. in 1931. The use of substitutes was stimulated during the period of high prices. For example, substitutes have been found for mercury used in the form of fulminate in explosive caps, in the mirror industry, and in the manufacture of disinfectants and wireless valves.

Since the beginning of 1934, however, there has been an improvement in the demand for quicksilver owing to the coincidence of a lower level of prices with a substantial recovery of productive activity in a number of consuming countries, especially in the manufacture of armaments. But although the price in London has risen to about £11 10s. per flask, the present price is still nearly 50 per cent. below the average of 1929. The development of world production and prices in recent years is shown in the following table, compiled from the statistics issued by the Metallgesellschaft A.G.:

WORLD PRODUCTION AND AVERAGE PRICE OF QUICKSILVER

	Production (in metric tons)					Average price per flask of 76 lbs.† in London	
	Italy	Spain	United States	Mexico	World	£	s. d.
1913.....	1,004	1,246	688	166	4,028	7	9 2
1925.....	1,334	1,277	812	39	3,565	13	17 1
1926.....	1,371	1,594	260	45	4,002	15	13 6
1927.....	1,971	2,492	384	81	5,100	21	7 11
1928.....	1,996	2,492	384	81	5,100	21	7 11
1929.....	1,988	2,195	616	85	5,074	22	6 1
1930.....	1,998	2,476	816	83	5,383	22	5 2
1931.....	1,933	663	743	166	3,777	21	15 8
1932.....	1,298	682	880	251	3,487	19	16 2
1933.....	1,018	816	435	253	2,763	13	9 7
1934.....	616	677	324	154	1,985	9	15 0
1934.....	†	†	*532	*158	†	10	15 0

† Not yet available. † Flask of 75 lbs. prior to 1927. * Estimates.

As quicksilver is used for numerous purposes, the improvement in demand was largely due to the recovery in industrial production, though the armament industry has probably contributed substantially to the revival. The chemical industry alone uses between 25 and 35 per cent. of world consumption of quicksilver. But as the consumption of quicksilver by the chemical industry is spread over numerous drugs, cosmetics and other chemical products, changes in the production of any one of these chemicals exercises little influence over the total consumption of quicksilver. Next in importance as a consumer comes the explosives industry, which even in times of peace accounts for about 15-20 per cent. of world consumption; from 10-15 per cent. of the world consumption is absorbed in the form of oxide for anti-fouling marine painting, and equal amounts are used (a) in the construction of electrical apparatus and (b) in the production of thermometers, barometers and other instruments. About 10 per cent. of world consumption is employed in the manufacture of paints and a further 5-7 per cent. in the felt industry. As the use of quicksilver in boiler installations is subject to wide fluctuations, the percentage of world consumption used for that purpose cannot be calculated. Quicksilver has long been employed for the purposes enumerated above, and although "Mercurio Europeo" has offered prizes for the discovery of new uses, there have been no important developments in recent years. On the contrary, substitutes have successfully been employed for a number of purposes.

There is a strong presumption that the armaments boom, and the consequent increase in the manufacture of explosives, anti-fouling marine paint and measuring instruments, has been an important factor in the revival of consumption during the past year. Thus, Germany has increased her imports of quicksilver from 357 metric tons in 1932 to 488 metric tons in 1933 and 650 metric tons in 1934, compared with 348 metric tons purchased abroad in 1929. German

imports continued to increase in 1935, although industrial consumption per month was fixed at 30 per cent. of the average monthly consumption in 1934 by the Metal Supervisory Board. Similarly, the rapid increase in British imports, from 139 metric tons in 1929 to 379 metric tons in 1933 and 560 metric tons in 1934, can scarcely be explained by the industrial revival. The increase in the demand for Germany, the United Kingdom and a number of other countries was responsible for an increase in the combined exports of Italy and Spain from 959 metric tons in 1931 to 2,219 metric tons in 1934.

Owing to the rapid improvement in demand, world production in 1934 was substantially higher than in 1933 and probably exceeded 3,000 metric tons. The bulk of the world's quicksilver supply is derived from Italy, Spain, the United States and Mexico. But although the United States possesses large deposits and is theoretically self-sufficient, costs of production are relatively high. As a result, she normally becomes an importer during periods of low world prices despite an import duty of \$19 per flask. Thus, while the United States produced 97 per cent. of her requirements in 1931 when prices were still high, about 70 per cent. of her consumption in 1933 consisted of imported quicksilver. It is possible that the development of Russia's deposits may in time render that country independent of foreign supplies. France has been developing her deposits in Algeria, but owing to the low grade of the ores it is improbable that she will become self-sufficient. On the other hand, China may one day become an important exporter, for she possesses extensive deposits in the provinces of Kweichow and Hunnan.

With the exception of Italy, Spain, and the United States and possibly Russia, all the important industrialised countries are dependent on foreign supplies. And in view of the importance of quicksilver as a war material and the increase in the production of armaments, the price of quicksilver is more likely to rise than to fall in the near future. Thus, the demands of Mars are likely to constitute the salvation of "Mercurio Europeo." It is an ill wind, indeed, that blows nobody any good!

HUNGER AND SELF-SUFFICIENCY

"Malthusian nightmares of an overcrowded world living on the brink of food scarcity need trouble us no longer. We are entering an era of plenty. It must not, however, be assumed that the vast improvements in the technique of food production which are now taking place will automatically and *per se* reduce malnutrition throughout the world. Their first effect can be seen in the economic crisis which has resulted, in certain countries at least, in an increase in malnutrition.

The problem of malnutrition is largely a social and economic problem, and as such concerns politicians, economists, agriculturists, social workers, etc., as closely as it concerns the medical profession."

In these words two medical experts, writing in the latest issue of the Quarterly Bulletin* of the League of Nations' Health Organisation, invoke our attention to certain less evident implications of the so-called "over-production" of the world's food supplies.

Since the onset, in 1928, of the economic depression in world agriculture we have slipped imperceptibly into thinking that the demand for foodstuffs by the industrial populations of the Western world—if not by the world as a whole—has become static. We have tended, without much critical examination, to believe that the Western peoples, if not the world as a whole, needed no further production of primary foodstuffs. The demand for basic elements of food, we have been told, is practically inelastic; and the trading world has virtually reached limits of the demand for those elements. Yet both in industrial and primary producing countries there are millions of unemployed who exist very near, if not actually below, a level of subsistence where definite malnutrition results.

The two doctors whose words we quote above summarised the available data in the leading coun-

* "Nutrition and Public Health," by Et. Burnet and W. Aykroyd: League of Nations; Quarterly Bulletin of the Health Organisation: Vol. IV, No. 2, June 1935. Allen and Unwin 2s. 6d. net.

on nutrition, composition of diets, malnutrition, relation between diet and growth in children, diet and immunity from disease, etc. They review all the evidence. And after all this, these experts in nutrition are compelled to conclude that "in all countries the great mass of the population, mainly because of ignorance and poverty, do not reach the simple standard of dietary excellence demanded by modern nutritional science." More than that, the nutritional requirements which they themselves are disposed to consider "adequate" are, in comparison with those proposed by other well-known authorities, including the Advisory Committee on Nutrition of our own Ministry of Health, most conservative. Yet these two experts are driven to the conclusion that the amount of food which the world at present produces is "enormously less than the amount required" adequately to nourish its peoples.

This startling conclusion—when all primary producers are almost prepared to hang themselves in expectation of plenty—prompts reflections of a kind calculated to disturb the almost invulnerable equanimity of the most hardened self-sufficiency-mongers. Since the war, technical progress in the production of primary products, especially foodstuffs, in the "wide, open spaces" overseas has careered ahead. Costs of production per unit have fallen. But the markets for the greatly increased overseas production have shrunk, because, at the same time, highly industrialised countries of the West which normally absorbed this overseas output decided to raise their own wheat, sugar, meat, dairy produce and fruit. They said that they found their industrial labour and equipment for exports to the overseas countries was no longer required. And so the half of the globe which was equipped to produce the primary needs of the other half had set about constructing its own industries behind high tariffs; and the other half of the world, which was equipped to produce the industrial needs of the first half, set about planting its unwanted millions on land which was very expensive to cultivate, and therefore required the protection of equally high tariffs.

In the event, of course, technical progress had gone ahead so fast in both industry and agriculture that both halves of the world were left with great surpluses of unemployed labour. This labour could have been absorbed in both industrial and extractive countries, if only both had agreed to specialise on the production for which they were best adapted, to exchange its products for the specialised products of the other half of the globe, and so to expand both kinds of production as to swell the total volume of the world's material welfare. As it is, "primary" countries are desperately turning for their salvation to a hot-house kind of industry, and industrial countries are turning equally desperately to a hot-house kind of agriculture. Now the nutrition experts come forward and say: "The majority of the world's peoples are undernourished. Produce more food!"

It is no technical difficulty which prevents all countries from producing more food. Heaven knows the Governments of Western industrialised countries have strained every nerve and everyone's pockets in their endeavours to produce more of their own food. But do they stop to consider the *relative* cost of this home-produced food—relative, that is, to the cost of production of all the manufactures on which the greater proportion of their populations is engaged? They do not. Nor do they consider the cost of their home-produced food relative to the cost of the identical—and often better—quality of food raised overseas. Nor do they consider that higher prices for food mean less demand for the other things produced by other than farmers. Moreover, they barely give a thought to the manufactured exports or "services," which are equivalent, reckoned in labour-time and wages, to so many pounds' worth of agricultural imports. And, conversely, the Governments of the overseas countries do not think how much the progress of their national real income is checked by the artificial diversion of their resources to the development of domestic industries. It is scarcely a matter for wonder if all parties in this economic Caucasus-race find the prizes hardly commensurate with the effort—if, in the words of the experts, their peoples "do not reach the simple standard of dietary excellence demanded by modern nutritional science."

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Finally, may we not legitimately supplement this conclusion of the nutritional experts with one of even wider application? May we not remark that, if there is "enormously less" food being produced in, and for, the world than is really needed, there is "enormously less," also, of all those material appurtenances and benefits of Western culture and civilisation which are still denied to the majority of the world's inhabitants? May we not look for a resolution of this paradox?

Perhaps, this hope is not altogether vain, despite the extent to which the eggs of the world's economic system have by now been scrambled. Economists everywhere are pointing out the need, first, for diversification of production; and then for standardisation and mass production. This suggests that much more of many more *varieties* of products, agricultural and industrial, could be profitably produced, if only they were capable of being exchanged. It does not seem beyond the bounds of possibility that even the most hard-boiled economic nationalists, both in primary-producing and industrial countries, will very soon realise the rigid limits which such economic nationalism sets to the expansion of the world's productive processes and to the progress of each country's national real income. Already the world's shippers and traders are beginning to cry out, in many lands, against the dead hand of the State, with its trade barriers, which darken counsel, obstruct knowledge and hinder commerce. There are, grievously, "special areas" in the world as a whole, as depressed as in this country. There are agrarian populations going short of the cheap amenities of an industrial civilisation; and there are industrial populations suffering malnutrition only a stone's throw, as it were, from those who are being paid not to produce foodstuffs. It may not be so very long before the voice of the people in the world's "special areas" is vehemently raised, in unison with those of the traders and shippers, to demand the unshackling of those economic chains which prevent the progress of their material welfare, and which may soon prove to be all they have to lose.

THE SUEZ CANAL

The Suez Canal has assumed great importance in the Italo-Ethiopian dispute; and it must assume much greater importance if Italy makes war on Ethiopia. We therefore give below an outline of the principal provisions which regulate the international status of the Canal, and a summary of the chief points raised by the suggestion that the Canal should be closed to the vessels of a Covenant-breaking State. This summary is based on two important monographs published in the last few days. The first is the Memorandum (Vol. VI, No. 3) in the Geneva Special Studies series on "The Suez Canal and League Sanctions," by Dr. Raymond Buell, published by the Geneva Research Centre. The second is the current issue of the Bulletin of International News, Vol. XII, No. 3, containing an article on "The International Status of the Suez Canal," published by the Royal Institute of International Affairs, London.

COMPANY AND ITS POWERS

In 1856 the Viceroy of Egypt granted a 99-year concession from the date of the completion of the Canal to the Société

Universelle du Canal Maritime de Suez, organised by Ferdinand de Lesseps. The Company is an Egyptian corporation with its head office (Siège Social) in Paris, and it is subject to Egyptian and French law. The Company is governed by 32 directors, of whom 21 are French, 10 British (including three appointed by H.M. Government) and one Dutch. Of the total of 800,000 shares issued, 353,204 (just over 44 per cent.) are in British hands. This is largely the result of the purchase by the British Government in 1875 of all the Egyptian Government's initial allotment of shares under the concession, namely, 176,602 shares. This British holding is the largest block of shares, the balance being held by many private investors, mostly French.

The Company has no political rights; the Canal is part of Egyptian territory; and in 1866 the Company recognised the Egyptian Government's right to police the Canal and to defend it, provided the measures did not interfere with free navigation. By Arts. 14-15 of the 1856 Concession, the Company was obliged to keep open the Canal as a "neutral" passage to any merchant ship. The 1856 Concession, however, was only an agreement between Egypt and the Company. Any other State at war with the Ottoman Empire could have attacked the Canal. For many years there were proposals by various Governments internationally to guarantee the Canal's freedom. In 1882, during Arabi Pasha's revolt, the British tried to secure collective intervention to support the Egyptian Government. France hesitated; finally, in 1882, British forces were landed and sent through the Canal against Arabi; and the Canal was closed for several days.

THE 1888 CONVENTION

Eventually, in the Convention of Constantinople, on October 29, 1888, Britain, Germany, Austria-Hungary, Spain, France, Italy, the Netherlands, Russia and Turkey declared (Art. I):—

The Suez Maritime Canal shall always be free and open, in time of war as in time of peace, to every vessel of commerce or of war, without distinction of flag.

Consequently, the High Contracting Parties agree not in any way to interfere with the free use of the Canal, in time of war and in time of peace.

The Canal shall never be subjected to the exercise of the right of blockade.

Also, by Art. IV, the Canal "remaining open in time of war as a free passage, even to ships of war of belligerents," the H.C.P. agree that "no right of war" or "act of hostility" shall be committed within the Canal and a radius of three miles from the ports of access, even though the Ottoman Empire should be one of the belligerents. Finally, the Convention of 1888 provided that the guarantees of free navigation through the Canal should be supervised by the Agents of the Signatory Powers in Egypt; that the Canal should be defended first of all by Egypt; that if Egypt had not the necessary means, she could appeal to Turkey, who "shall, if necessary, concert with them (the H.C.P.) on the subject."

Britain, however, made a general reservation relating to the sections providing for international supervision "in so far as they would not be compatible with the present transitory and exceptional condition now found in Egypt" and they would interfere with British interests there.

Since then, the right of American and Spanish warships to use the Canal has been granted in principle. In 1904-5 Russian warships were allowed by Britain to use the Canal on their way to fight Britain's ally, Japan; and Italian warships used it in the Italo-Turkish war of 1911, though Egypt was then still nominally part of Turkey.

THE WAR AND POST-WAR POSITIONS

On August 15, 1914, the Egyptian Government issued a proclamation authorising British military forces to exercise any rights of war in Egyptian ports and territories. The Officer Commanding the British troops issued an order prohibiting any enemy vessel from entering the Canal. Not till November 5, 1914, did war break out between Turkey—still nominally suzerain over Egypt—and Britain, who was occupying Egypt. In December, 1914, "in view of the state of war arising out of the action of Turkey," Britain proclaimed a protectorate over Egypt. The Canal was fortified and defended, and the British naval forces exercised the right of search within three miles from the Canal, on the ground that ships using the Canal might carry materials likely to damage it. Contraband so discovered could be freely taken through the Canal, but it was promptly seized by British ships outside the three-mile limit.

Whatever differences of opinion existed over the rights of Egypt and Britain so to vary the provisions of the 1888 Convention during the war, the post-war peace treaties recognised that the 1888 Convention, as signed by Germany, Turkey, Austria and Hungary, was still in force; the defeated Powers transferred to Britain the special powers conferred on the Sultan by the 1888 Convention; and the treaties recognised the British protectorate over Egypt. Turkey, however, in the Treaty of Lausanne of 1923, only renounced "all rights and title whatsoever over or respecting the territories situated outside the frontiers" laid down in that Treaty. Any questions arising from the recognition of Britain's protectorate over Egypt were to be settled by "agreements to be negotiated subsequently in a manner to be determined later between the Powers concerned." The problem is thus whether Britain and Egypt alone are the Powers concerned, or all the Signatories of the 1888 Convention.

The British Government in 1922 terminated the Egyptian protectorate and proclaimed Egypt "an independent sovereign State," reserving, however, to the absolute discretion of the British Government (a) the security of British Imperial communications in Egypt, (b) the defence of Egypt against all foreign interference or aggression, direct or indirect, (c) protection of foreign interests in Egypt and minorities, and (d) the Sudan. These reservations were not accepted by the Egyptian Government; but it is clear that they cover the protection of the Suez Canal by Britain.

Thus, Egypt is territorially sovereign over the Canal; but she is neither a Party to the 1888 Convention regulating traffic in the Canal, nor a Member of the League of Nations. And Britain has reserved, explicitly in 1922 and implicitly on many occasions since then, a right to defend the Canal which was accorded after the war in the recognition of the British protectorate over Egypt. Egypt, on the other hand, since her sovereignty was proclaimed, has never specifically conceded this British claim.

THE COVENANT AND THE 1888 CONVENTION

Does the League Covenant supersede the 1888 Convention whenever there are inconsistencies between them? By Art. XX of the Covenant, League Members agree that all obligations or understandings between them which are inconsistent with the Covenant's terms are abrogated; and Members have the duty imposed on them under Art. XX to take immediate steps to release themselves from pre-existing obligations inconsistent with the Covenant's terms. An imposing array of international lawyers support the view that the Covenant's terms must prevail where inconsistencies arise, as arise they might if the inauguration of "Sanctions" under Art. XVI of the Covenant demanded the closing of the Suez Canal to a defined aggressor, in contravention of the terms of the 1888 Convention. Moreover, all signatories of the 1888 Convention are Members of the League. And to paralyse the execution of "sanctions" by upholding a preceding Convention between these Members, which is repugnant to the Covenant's provisions, would be to stultify the very aim and objectives of the League.

On the other hand, Italy might challenge the closing of the Canal before the Permanent Court of International Justice. This would probably involve the adjudication by that body of the precise legal relations between Britain and Egypt; yet Britain in 1922 reserved her right to regard her relations with Egypt as not open to question by any foreign Power.

IS CLOSING THE CANAL NECESSARY?

The Bulletin of International News sums up the practical, as opposed to the legal, problem of the closing of the Canal in these terms: Closing the Canal involves the ability to enforce closure. Since closure would presumably be decreed as a League "sanction" against the declared aggressor, to enforce this sanction involves being prepared for war in the Red Sea or Mediterranean. But any Power or Powers, charged with the execution of such a "sanction" as the closure of the Canal, could effect it, or their, objective just as easily by a naval cordon round the entrances to the Canal, outside the three-mile limit; for such Power or Powers must in any case envisage naval action to effect closure of the Canal. "It becomes therefore a question of preventing approach rather than prohibiting transit." The purely legal problems in all probability would never arise.

In any case, it is for the League Council to decide who is an aggressor, and what kind of "sanctions" are to be imposed to restrain aggression. If the Members of the League Council were determined to impose such "sanctions" as would close the Suez Canal to the aggressor, they could do so more effectively, without the danger of legal disputes, and probably at no greater cost, by inaugurating a blockade of the entrances to the Canal outside the three-mile limits.

NOTES OF THE WEEK

The Duce Convoles his Cabinet.—On Wednesday, the French and Italian Cabinets met to discuss their policies for the League Council's meeting in Geneva next week. Signor Mussolini's decision to convoke the Italian Cabinet—in which he himself holds a majority of the portfolios—was sudden. The Cabinet met at Bolzano in the course of the Italian manoeuvres, in which 500,000 troops, as well as aircraft and mechanised units, have been demonstrating Italy's ability to hold her Northern frontiers against an invading army. The Italian Cabinet have decided to make a declaration at Geneva next week defining Italy's position with regard to the Ethiopian problem; and to accompany the declaration with "proofs" of Italy's claims on Ethiopia. Moreover, it is reported that Italy—who, it will be recalled, insisted in 1923 on Ethiopia's fitness to enter the League—is now to demand the expulsion of Ethiopia from the League. If she does, we cannot imagine that any member of the League Council will be found to acquiesce in so monstrous an attempt to deprive Ethiopia, for Italy's nefarious purposes, of her rights to League protection, whatever that protection may amount to. The Italian Cabinet's *communiqué* also reiterates, though in more diplomatic terms, Signor Mussolini's statement that "sanctions mean war"; and it declares that the Italian military experts have already taken "the necessary decisions and measures to deal with" sanctions of a warlike nature. But the *communiqué* tempers these admonitions to the League Council with an express declaration that, in her dispute with Ethiopia, Italy has and desires no quarrel with Britain. Some idea of the economic pressure upon Italy's inconsiderable resources can also be gauged from the Cabinet's decision to compel the cession of all foreign credits held by Italians to the authorities, and the exchange of all foreign securities held by Italians for nine-year 5 per cent. Italian Treasury Bonds. Italy's needs of "necessary imports" are evidently increasing at such a rate as to necessitate the imposition of a complete State monopoly over the foreign assets of all Italians.

France and the League.—M. Laval has decided to take a very strong team to Geneva next week; and the French Cabinet, which also met on Wednesday, agreed to its composition. There will be, besides M. Laval himself, M. Herriot, and M. Paul-Boncour—both former Prime Ministers and Foreign Ministers of France, and both staunch supporters of the Covenant and of that system of collective security which constitutes the very heart of the Covenant. But what instructions did the French Cabinet give to this striking triumvirate of French delegates to a Council meeting which will almost certainly prove as decisive for the future of the League, as for that of Europe and of France herself? As we go to press the air is thick with misty conjecture. The French Cabinet are variously reported as opposed to measures which involve "extension of the Italo-Ethiopian dispute"; as opposed, therefore, to effective "sanctions"; and doubtful about the British Government's will to stand as firmly against all future infractions of international obligations as they do against the threatened Italian aggression upon Ethiopia. This last is a clear reminder of the French discomfiture at H.M. Government's conclusion of the recent Anglo-German Naval Treaty, which plainly, though unilaterally, recognised a big breach in the Versailles Treaty—and this so soon after the Anglo-French agreement of last February on a common line of action over proposals for European security. If this latter report is true, France has put her finger on the old weakness in British foreign policy: namely, the British hesitancy to underwrite a comprehensive European collective security system. Now, however, a much more vital issue is at stake. For France has to decide whether she will let the League, which has been the sheet-anchor of her post-war security, go overboard, and risk the departure of the British from an ineffective League—indeed, from Locarno and Continental politics altogether. More than ever is it becoming plain that events in the next few days and weeks must decide whether Europe is to develop in future in a setting of international law and order, or in an anarchy of frenzied alliances.

Congress Adjourns.—The Congressional session—one of the longest and most eventful of recent years—has at last come to an end. It expired in some confusion at midnight on Monday of this week. Most of the contentious Bills, which have been disputed between the Senate and the House of Representatives, were re-written in final compromise form by the end of last week, and it had been intended to adjourn on Saturday. As is usual, the last-minute compromises, reached in private conference and rushed to enactment without public discussion, are difficult to ascertain. On the public utility holding company measure, however, which was the chief bone of contention between the two Houses, the Senate and the President seem to have obtained the better half of the bargain. The famous "death sentence" clause has passed into law with only minor amendments. Each integrated public utility system is to be allowed one holding company and one sub-holding company and the Securities and Exchange Commission is empowered to make discretionary exceptions. In other words, the onus of proof that they have a right to survive is laid upon the companies. At the last minute, adjournment was delayed, first by the dispute whether neutrality legislation should be mandatory or discretionary—the Senate, with its mandatory version, winning—and secondly by the dislike of the Senators from cotton States for the Administration's newly-announced cotton policy, to which reference is made in a Note on page 414. All these obstacles were finally surmounted and all that remained was for the Senate to pass the Bill appropriating money to administer some of the Acts which have become law in the last few weeks. This was the opportunity taken by Senator Huey Long to "filibuster" for five hours in favour of higher loans for cotton farmers. He did not gain his point, but he succeeded in "talking out" the appropriation Bill. The session which has thus ended has been most fruitful of large and important New Deal laws. The Social Security Act, which sets up a system of old age pensions and unemployment insurance, the gigantic Work Relief Act, the Banking and Public Utility Acts—these alone would be an excellent record for a single session, but they are merely the leaders in a long list of Acts, which the American public will now have leisure to digest. What political mood will result from the digestion is the question of the hour. The President's influence over Congress, which appeared to have been seriously weakened some months ago, was strongly re-established in the closing days of the session. Whether his hold over the country is also as strong as ever, will perhaps emerge from the tour which he is now to begin.

Mr Churchill's Gesture.—The split in the Conservative Party is apparently to disappear, or at any rate to become submerged. Mr Winston Churchill, who for the last four years has been leading a Right-wing revolt against the Government's India policy, announces this week that the feud is now to end. In a letter to the chairman of the West Essex Unionist Association, Mr Churchill proclaims that he and his supporters have "done our best and done our duty. We can do no more." He goes on to quote words used by Lord Salisbury after the successful passing of the Reform Act in 1867 in face of Conservative opposition:—

It is the duty of every Englishman (Lord Salisbury said), and of every political party, to accept a political defeat cordially and to lend their best endeavours to secure the success, or to neutralise the evil, of the principles to which they have been forced to succumb. . . . As far, therefore, as our Liberal adversaries are concerned, we shall dismiss the long controversy with the expression of our earnest hope that their sanguine confidence may prove in the results to have been wiser than our fears.

The quotation is perhaps even more pointed than Mr Churchill intended; for even he would presumably not advocate to-day the repeal of the Reform Act of 1867. His letter as a whole breathes a spirit of personal conciliation and constitutional propriety which both his political friends and opponents will recognise and respect. It also declares his intention "to labour for a sane and stable

Parliament at the forthcoming General Election," "to provide for the defence and safety of the country and the Empire," and "to play our part with other nations in maintaining the peace of the world." This declaration will probably be interpreted as implying the decision of Mr Churchill and his supporters to join ranks with the official Conservative Party in face of the common enemy at the General Election, but to remain, nevertheless, as a "ginger" group within the Party councils. Whether the ginger is to be applied in the direction of establishing an isolated and heavily armed British Empire, or of honouring our obligations to the League, Mr Churchill's words do not make altogether clear. His letter will do something, however, to confound those cynics who have been inclined to regard his Indian campaign as mainly inspired by personal motives. The political split in the Conservative Party is now apparently at an end; and Mr Churchill accepts defeat. Are we to infer that whatever personal differences may have existed up till now have also been conjured away?

Washington and Moscow.—Last Sunday the American Ambassador at Moscow presented to the Soviet Government a note of protest which seems likely to force to an issue the vexed question of the relations between those two organs of the Russian Communist Party: the Soviet Government and the Third International. The Third, or Communist, International ("Comintern") has just been holding a congress in the capital of the only country in the world where it can enjoy the hospitality of a Government of its own colour. The proceedings of this Congress have supplied the American Government with evidence, out of the Third International's own mouth, that this propaganda organisation has been carrying on, from its base of operations in Soviet territory, a subversive campaign in the United States at dates subsequent to November 16, 1933. On that date, M. Litvinov promised President Roosevelt, in writing, not to permit the formation or residence on Soviet territory of any organisation or group which has subversive activities in the United States on its agenda. Thus the Soviet Government finds itself to-day in the same embarrassing position *vis-à-vis* the American Government in which it found itself *vis-à-vis* the British Government eleven years ago, after the publication of "the Zinoviev Letter." On that occasion, the Russian Communist Party—which was, and is, the common master of the Third International and the Soviet Government—preferred to jeopardise the then recently re-established relations between the Soviet Government and the British Government, rather than clip the Third International's wings. During the intervening eleven years the whole situation has changed, profoundly from the Russian Communist Party's point of view. In 1924 the Soviet Union was in no serious danger of being attacked by force of arms, while the propaganda of the Third International then had a fair prospect of capturing Germany and thereby winning a base of operations in Europe. To-day the Soviet Union feels itself in serious danger of being attacked by Germany and Japan. It therefore needs to make friends with the non-Fascist Mammon of unrighteousness—particularly the United States, whose diplomatic recognition of the Soviet Government was accorded in exchange for M. Litvinov's since violated pledge. True, in their reply to Washington, the Soviet Government still employ the old, old excuse that they are not the masters of the Comintern. But to-day the Russian Communist apostles of the world revolution are in the wilderness—Zinoviev in Siberia, Trotsky in bourgeois Europe—while the Soviet Union is under the rule of a man whose slogan is "Socialism in a single country." To-day the Soviet Union is the basket in which the Russian Communists have all their eggs, while the Third International has become a useless impediment. The recent meeting of the Third International was convened only reluctantly after repeated postponements. Now that it has got the Soviet Government into the trouble which they feared, its future seems anything but assured.

Social Credit in Alberta.—Mr Aberhart, the "Social Credit" champion, whose origin and programme were described in the *Economist* of June 29th, has won a sweeping victory in the Alberta elections. He is to form a Government immediately, and Major C. H. Douglas, the father of Social Credit, is apparently setting out for Canada to advise him. Mr Aberhart's principal proposal is the free payment of \$25 a month to every adult citizen of Alberta. The payment is intended to be a permanent subsidy to consumers' purchasing power, designed to exploit the potential productive capacity of the Province. How is this "social dividend" to be financed? Mr Aberhart's pronouncements do not appear to have been very clear on this point. According to some reports he proposes to raise the money by a kind of turnover tax on retail trade. This plan would amount to nothing more than an eccentric, burdensome and apparently pointless form of redistributive taxation. Secondly, he might attempt to raise loans within the structure of the existing banking system. But there would obviously be a limit to such loans; and the practical effect of a policy of this kind would be merely to increase the deficit and the indebtedness of the Province. In any case, as Major Douglas has already indicated in his official criticism of Mr Aberhart's proposals, neither of these expedients would be genuine "Social Credit." The essence of that doctrine is the financing of free consumers' credits by a steady and permanent creation of new money. But how is Mr Aberhart, as Prime Minister of Alberta, to create new money without transgressing the limits set by Canadian banking law? He cannot found a Government bank and issue an unlimited amount of notes. For the Bank Act of June, 1934, provides that from the day on which the Bank of Canada commenced business the maximum of notes issued by a chartered bank should not exceed "the amount of the unimpaired paid-up capital of the bank" on that day; and that subsequently the maximum should be progressively reduced. The only other possibility before Mr Aberhart would presumably be to found a Government bank and issue unlimited credit irrespective of cash reserves. He has already spoken of using the "real resources" of the Province as a "basis for credit." Such credit would not be convertible into cash and would only be usable within Alberta if its citizens chose to accept it. If they did so accept it, however, and it was expanded indefinitely, it would eventually dwindle in value in terms both of commodities and of the Canadian dollar. In any case, there are further legal obstacles to any such scheme. The Bank Act of June, 1934, provides that a "bank cannot issue notes or commence the business of banking until it has obtained from the Treasury Board a certificate permitting it to do so." Mr Aberhart cannot set up a new bank, therefore, without the Treasury's permission. But even if he obtained permission, the amount of credit which the bank could issue would be severely limited. For the Bank of Canada Act provides (clause 27):—

Every chartered bank shall . . . maintain a reserve of not less than 5 per cent. of its deposit liabilities within Canada and such reserve shall consist of a deposit with the Bank (of Canada) and of notes of the Bank held by such bank.

Unless, therefore, Mr Aberhart can devise some form of tax certificate or I.O.U. which will be accepted as currency by the citizens of Alberta, but not regarded as such by the Dominion lawyers, it does not seem likely that any genuine Social Credit scheme will be attempted in that Province.

— And the Coming Federal Elections.—Faced with this constitutional *cul-de-sac*, Mr Aberhart is apparently to organise a campaign in the Federal general elections which are to be held on October 14th. Up till recently a resounding defeat for Mr Bennett has seemed certain, and a resounding victory for the Liberals almost equally certain. Not long ago, however, Mr H. H. Stevens entered the field with his new Reconstruction Party. This intervention, on the face of it, seemed more likely to injure the C. C. F. (farmer-labour) Party, and possibly the Liberals, rather than the Conservatives; for Mr Stevens's policy is one of radical social reform. But on the whole

Mr Stevens did not seem to have much chance of seriously affecting the election result. Now, however, a second splinter party, in the shape of Mr Aberhart's League, has entered the lists. There was at one time talk of an alliance between Mr Aberhart and Mr Stevens; but this was never probable, since Mr Aberhart stands for permanent inflation and Mr Stevens for nothing more than orthodox credit expansion to cure depression. Disunited, the two parties seem very unlikely to effect the result of the elections substantially. And even if they had been able to unite, they would probably have achieved little. For party allegiances and party alignments are very strong in Canada. And there are not yet any signs that Mr Aberhart's influence extends beyond the distressed farmers of his native Alberta; or that Mr Stevens has yet attained to any electoral influence at all. On the whole, Mr Mackenzie King's chance of victory, and Mr Bennett's prospect of defeat, seem to have been little, if anything, dimmed by the week's events in Alberta.

American Cotton Manœuvres.—One of the incidents which delayed the adjournment of Congress at the end of last week was the announcement by the Agricultural Adjustment Administration that it would lend cotton at only 9 cents a pound on their crop instead of 12 cents lent last year. The 12-cent figure has been the object of a great deal of criticism both inside and outside the United States. It has had the effect of maintaining an artificial price for cotton and stimulating cotton growing in other countries, notably in Brazil, at the expense of American exports, and there can be little doubt that a price of 9 cents more nearly approximates to the world price. The announcement of the new price was accompanied by a complicated scheme designed to guarantee to the cotton farmer that his return, from selling price and "deficiency payments" combined, would not be less than 12 cents a pound. But the Senators from the cotton States were not appeased by this concession, and an amendment was promptly tacked on to one of the Appropriation Bills, instructing the Administration to make loans of 12 cents a pound. A compromise was eventually reached on the figure of 10 cents, but the attempt to rescind the mandatory 12-cent amendment was defeated by a filibuster by Senator Huey Long. Rather than accept the amendment, the Administration preferred to let the whole Bill drop, with the result that the offer of 10 cents now stands good. The original announcement of a 9-cent loan had caused a wave of selling in the Liverpool and New York markets, which resulted in a decline in prices of about $\frac{1}{4}$ d., but there was some recovery when the compromise was reached. Our Manchester correspondent reports that there has been much criticism in trading circles of the methods adopted by the United States Government in announcing their intentions, and it is a long time since spinners and manufacturers were so confused and harassed. Now that the details are more fully known it is believed that the plan will remove many of the disadvantages of the 12-cent loan for last season. Larger exports from the United States are expected, and it is probable that the tight spot position in Liverpool will be relieved. It is hoped, however, that no further changes in the scheme will take place. It remains to be seen whether world consumers will replenish stocks at around 5 $\frac{1}{2}$ d. for American cotton. The United States Government, of course, has control of nearly 6,000,000 bales, and it is understood that this cotton will not be sold at less than 13 cents per lb. On the other hand, the new crop is making good progress, and it is expected that the September Government estimate will be fully 12,000,000 bales, against a yield for last season of only 9,636,000 bales.

"Consistent" Deflation in France.—Deflation, to be successful, as M. Rist has recently urged, must be "consistent"—that is to say, all prices and incomes must be permitted, or compelled, to fall proportionately and simultaneously. But unfortunately any attempt to make them do so encounters legal and political difficulties which in a modern democratic State are being daily proved to be insurmountable. Already M. Laval's deflation, which began with a heroic effort to be "consistent" in defiance even of legal contracts, is proving, in face of political obstacles, not a consistent deflation at all, but a contradictory com-

pound of deflation and reflation. Consistency would enjoin that if incomes were reduced, retail prices of food should be reduced; and that if retail prices were reduced, wholesale prices should be reduced also. For the retail trader cannot possibly afford a coincidence of rising wholesale and falling retail prices at a time when owing to the general deflation of purchasing power his turnover is steadily shrinking. It is only when an increase in consumers' demand expands his turnover that the economic scissors can smoothly close once more. In France, therefore, at the moment "consistent deflation" requires a fall in wholesale prices of food. Are the farmers ready to accept this? On the contrary they are vehemently, and indeed rebelliously, demanding a rise. A meeting of the Wheat Producers' Association last week passed a resolution demanding a "fair" price for wheat and threatening that if it were not conceded by September 15th a movement to "break off all relations with the State" would be started by the peasants. And the Government, so far from resisting this pressure, evidently consider it politically necessary to give way. Public advances to the wheat producers are being increased, and other measures are being taken to support prices, in order to "expand rural purchasing power." In practice, in fact, M. Laval's "consistent" deflation seems to mean deflation for Government employees and reflation for peasants. Similarly with the import quota system. "Consistency" requires an enlargement of quotas, an increase of imports and a fall in prices. But the coal-owners have pointed out to the Government this week that, in the existing conditions of general contracting activity, only a reduction in quotas can prevent a further increase in unemployment. A 10 per cent. reduction has consequently been granted. As our Paris correspondent shows very plainly this week, the sharp reduction of coal consumption still proceeding in France makes it necessary steadily to reduce imports if the low level of internal production is even to be maintained. This is yet another example of how the attempt to maintain artificial currency values is increasing the obstacles to international trade. In France, as everywhere else, political obstacles are making it in fact impossible for deflation to be "consistent." And if it is not consistent, we entirely agree with M. Rist, it cannot possibly be successful.

— And British Coal.—British exporters will be most severely hit by the cut in the French coal quota. Under the quota, imports from the United Kingdom have already declined both relatively and absolutely. The period adopted for the purposes of the regulation were the three years 1928-30, when the quantity of coal imported from the United Kingdom averaged 11,768,000 metric tons per annum, and that of coal, coke and patent fuel 11,935,000 tons. In 1934 the corresponding figures were 7,757,000 tons and 7,865,000 tons, respectively. In the basic period, the proportion of the total coal imports into France obtained from the United Kingdom was 53.5 per cent., and of all classes of fuel 42 per cent. Last year the proportions were 46.6 per cent. and 39.8 per cent. The decline has continued during the present year, when imports of crude coal have been at the rate of approximately $\frac{7}{8}$ million tons, representing 38.1 per cent. of imports from all external sources of supply; while of the aggregate imports of coal, coke and patent fuel the British proportion has been only 33.4 per cent. These figures are subject to one or two qualifications. In the first place, there has been a change in the character of the French demand for foreign fuel. The development of the coke and briquette branches of the industry have diminished considerably the country's dependence on external sources of supply for these classes of fuel—particularly

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in the case of coke. In the administration of the quota system it has been the aim of the French authorities to concentrate on the volume of the coal, coke and patent fuel imports, calculated in terms of coal, and not solely on that of coal alone. One of the chief results of this policy has been to increase the purchase of German raw coal in order to restore the balance disturbed by the greatly reduced importation of German coke. In the second place, Saar coal entering France is now included in the returns of German imports, and under the terms of the Naples agreement, France agreed to import at the rate of approximately 2 million tons per annum from the transferred region. In the third place, consumption in France has fallen since the quota system has been in force. It averaged about 80 million tons in 1928-30, but at the present time consumption is at the rate of only about 66 million tons per annum. Of the coal equivalent of all the French imports of coal, coke and patent fuel in 1928-30 Great Britain supplied 40 per cent., but during the first five months of the current year our share has been only 35.8 per cent. On the other hand, the supplies received from Germany (inclusive of the Saar coal since February 18th) have increased from a ratio of 33.5 per cent. to 34.4 per cent.; Belgian imports have declined from 16.2 per cent. to 15.7 per cent. and those of the Netherlands from 7.8 per cent. to 7.4 per cent.; while imports from other countries (including Poland, Indo-China and Russia) have increased from 2.5 per cent. to 6.7 per cent. This change in the direction of demand has taken place, moreover, in spite of factors which should have favoured trade with Great Britain. One of these has been a slight fall since 1930 in the average f.o.b. value of all the coal exported from the United Kingdom; another, the suspension of the gold standard by Great Britain and the depreciation of sterling by about 40 per cent. in terms of French francs; and a third, the inclusion in the Anglo-French Agreement of June, 1934, of (1) a clause guaranteeing "the existing percentage" of the normal quota for imports of United Kingdom coal, and (2) a barter pact between the mineowners of the United Kingdom and the representatives of the Syndicate of French coal importers for the exchange of coal pitprops on a monthly basis of 40,000 tons of coal for about 27,000 tons of pitwood (three tons of coal against two tons of pitwood). What British coal-owners and exporters complain of is that, in the light of the assurances given to them, they are not getting their proportionate share of the French import trade. The facts certainly appear to suggest that there is some justification for this complaint.

The Cost of British Wheat.—The 1932 Wheat Act guaranteed a price of 10s. per cwt. on all certified sales of wheat raised by registered British growers, provided these sales did not exceed 27 million cwts. Since then, the home production eligible for "deficiency payments," which raise the "free" market price to the guaranteed price, increased from 20.4 million cwts. in the cereal year 1932-33, to 29.6 millions in 1933-34. The Wheat Commission now announce the provisional figures of the income and expenditure of the Wheat Fund for the cereal year 1934-35, ending on July 31st last. The Fund is raised by a levy on all flour imported or milled, sufficient to enable the "deficiency payments" to be made to the growers. In the cereal year just ended, certified sales of British wheat have again risen—this time to nearly 36 million cwts. In consequence of this excess of 33½ per cent. over the statutory limit of 27 million cwts. eligible for "deficiency payments," these payments to growers will only be made on 75 per cent. of each grower's certified sales. Thus the wisdom of a statutory provision limiting the amount of home-grown wheat eligible for subsidy is at once apparent; for in three years British registered wheat-growers have doubled their output, and exceeded by one-third the statutory limit. On the other hand, the levy on all flour consumed in this country provided just under £7 millions in the cereal year ending July 31st last, and the total income of the Wheat Fund (including income from investments) reached £7.1 millions. The working of the Wheat Act is observable in a reduction of our imports of foreign flour in 1934-35, and another small

increase in deliveries of home-milled flour. We are thus becoming more self-supporting in wheat; and it is at least a good thing that, under the 1932 Wheat Act, we are enabled to assess the cost of the process, and that the cost is limited. All the same, the raising of £7 millions in indirect taxation of a most regressive kind outside the Budget, and the diversion of the proceeds to one class of the community, should perturb all those concerned about our political and economic development.

Rationalising Shipping.—The International Shipping Conference have now received replies from all the constituent associations, except the United States, giving their comments on the draft scheme of rationalisation of shipping prepared by the preliminary conference last January. It appears that all countries who have replied accept the principles of rationalisation and recognise the need for some form of co-operative action to adjust the supply of tonnage to the demand, at a higher level of freight rates. But the original scheme has come in for a good deal of criticism. For example, Great Britain and Japan favour alternative schemes instead of the original one discussed in the *Economist* of August 10th. The Chamber of Shipping of the United Kingdom and the Liverpool Steam Ship Owners' Association have jointly submitted a draft for a voluntary non-contributory scheme. Under this plan, ship-owners would agree to lay-up an agreed percentage of tonnage as ascertained at an agreed date. The Conference still hope to receive a reply from United States shipowners. Meanwhile, the replies received from all the other countries have been circulated for examination to the constituent associations in the hope that a second preliminary meeting may take place in October. But the chances that an international scheme will be adopted in the near future remain somewhat slender.

Britain's Criminals.—Are we as a people becoming more, or less, law-abiding? The Home Office has just published the criminal statistics for the year 1933, which show that on the whole the trend is downward, despite the increasing number of regulations and the improved methods of police recording of offences. In 1933 a total of 603,619 persons were found guilty of offences of all kinds, 540,955 of non-indictable and 62,663 of indictable offences. Of the former more than half the convictions were for road offences, which have increased by about 25 per cent. compared with the average for 1924-29. On the other hand, the number of convictions for other minor offences, especially for drunkenness, shows a steady downward tendency, although there was some increase in 1933 compared with the record low level of 1932. Of indictable offences, over 91 per cent. are against property, 73 per cent. of all adults convicted being guilty of larceny, 8 per cent. of house-breaking, and only 5 per cent. of sexual offences and other offences against the person. The number of indictable crimes known to the police increases from year to year, but as compared with five years ago the increase is mainly in thefts and frauds. There is one very disturbing feature in these figures—the enormous amount of crime among juveniles. In 1933, 17 per cent. of the males found guilty of indictable offences were under 14, and over 25 per cent. were between 14 and 21. Girls have apparently not quite the same criminal tendency—or temerity—for the corresponding proportions were only 7 and 21 per cent., respectively. The proportion of offenders in the male population under 21 is three or four times greater than that in the group over 30. Of course, offences committed by children are, on the whole, of a minor character; but the disquieting thing about juvenile crime is its rapid increase. The proportion of children under 16 charged in juvenile courts, per 100,000 of the population aged 10-16, rose continuously from 280 in 1923 to 307 in 1929 and to 370 in 1933. This increase is noticeable for all types of crime, and especially in the age-group 14 to 16. It is largely a question of Satan finding mischief for idle hands. Despite greater possibilities of employment, the increase in the number of school-leavers between 1934 and 1937 will aggravate the situation, unless an alternative—for example, full-time education up to 15 or 16—is provided.

Retail Sales in July.—People in this country are spending more on retail purchases. Although our domestic recovery has been most marked in the heavy industries, the trades which furnish our needs of consumption goods are steadily making headway. The Board of Trade's figures for the value of retail sales in July are particularly encouraging, since, contrary to the normal seasonal trend, they do not show a decline from the figures for June. The total value of sales in July was 6.7 per cent. higher than in the corresponding month a year ago. As sales increased by 3.1 per cent. between July, 1933, and July, 1934, retail sales are now about 10 per cent. higher than two years ago:—

INDEX OF VALUE OF RETAIL SALES, GREAT BRITAIN
(Average Daily Sales in 1933 = 100)

Period	Food	Other Merchandise	Total
1932	102	99	101
1933	100	100	100
1934	103	103	103
1934—June	103	103	103
July	98	107	102
August	100	79	90
September	101	92	97
October	102	109	105
November	106	110	108
December	121	148	134
1935—January	102	108	105
February	106	83	95
March	107	92	100
April	110	112	111
May	110	112	110
June	110	108	109
July	105	113	109

The improvement in retail sales between July, 1934, and the past month was well spread, both geographically and between various categories of merchandise. The increases varied from 5.3 per cent. in Scotland to 8.1 per cent. in Southern England. Sales of food and perishable articles, which represent about 47 per cent. of the total sales reported, rose by 7.7 per cent.; and sales of other merchandise increased by 5.9 per cent. The increase in sales of other merchandise varied from 1.5 per cent. in piece-goods to 9.1 per cent. in hardware. The money value (at cost) of stocks at the end of July was 0.5 per cent. higher than a year ago. Moreover, prospects of further expansion in our retail trade are quite encouraging.

Sterling and International Prices.—Wholesale price movements have been wide and divergent during the past fortnight, but on balance there has been some recovery in sterling prices. The *Economist's* complete British index number has risen by 0.9 per cent., and has nearly regained its loss of the previous fortnight, while primary products have risen by 0.2 per cent. In the United States primary products have fallen by 0.1 per cent., but the Irving Fisher general index number has risen by 1.1 per cent. Since the New Year there has been a steady divergence between the two American index numbers, for primary products have fallen by 9.1 per cent., while the general index number has risen by 6.6 per cent. During the past fortnight there has been some recovery in French wholesale prices, while the

Italian index number has risen to 101.2, or 1.2 per cent. above the basic figure, which relates to September 18, 1931. German wholesale prices are a shade lower.

SEPTEMBER 18, 1931 = 100

Date	Economist Indices			U.S.A., Irving Fisher	France, Statistique Générale	Italy, Milan Chamber of Commerce	Germany, Statistisches Reichsamt
	British Complete Index (sterling)	Primary Products (sterling)	Price of Gold (sterling)				
1932							
Jan. 27th	108.3	115.7	93.8	140.9	93.5	93.6	91.6
Apr. 20th	103.8	105.4	83.6	129.5	89.6	97.0	90.3
July 27th	99.5	103.5	84.1	136.9	88.3	91.3	88.5
Oct. 19th	103.1	112.3	84.0	143.8	88.8	92.7	86.8
1933							
Jan. 25th	101.3	107.7	78.0	142.6	80.5	88.1	90.2
Apr. 19th	98.7	104.6	88.7	141.4	82.8	87.5	83.4
July 26th	108.1	120.6	124.7	145.7	100.9	89.7	86.6
Oct. 18th	106.4	112.8	109.1	155.4	103.7	87.5	84.6
1934							
Jan. 31st	108.8	118.0	124.8	156.7	105.6	87.2	84.4
Apr. 25th	108.2	119.8	125.3	159.5	106.0	85.4	83.2
July 18th	109.5	124.8	136.7	162.4	113.2	81.4	83.2
Oct. 24th	107.9	124.2	146.2	164.5	114.3	79.8	84.4
1935							
Jan. 2nd	109.4	123.7	154.5	165.8	115.1	77.1	85.3
Jan. 30th	110.8	124.6	152.4	167.2	118.3	79.1	85.6
Feb. 13th	109.6	123.4	154.5	167.5	119.5	78.9	85.5
Feb. 27th	109.9	129.9	153.9	169.6	118.9	78.4	87.0
Mar. 13th	108.7	121.9	148.6	174.2	118.5	77.7	87.8
Mar. 27th	109.4	123.3	147.6	171.0	116.9	77.7	89.4
Apr. 10th	109.9	124.4	150.1	168.9	118.5	78.4	91.3
Apr. 24th	110.5	124.5	151.6	169.1	118.6	78.2	91.7
May 8th	111.3	124.1	149.5	169.5	119.2	78.2	92.3
May 22nd	113.5	127.7	151.4	167.1	119.9	79.6	93.5
June 5th	112.7	126.2	146.1	168.2	120.1	79.3	95.3
June 19th	112.7	125.6	144.2	165.9	118.9	78.9	96.4
July 3rd	111.8	124.5	143.0	168.5	118.5	78.0	96.9
July 17th	111.6	124.3	143.6	168.0	118.5	76.6	97.2
July 31st	112.7	126.7	148.2	165.6	120.2	75.9	98.2
Aug. 14th	111.4	125.3	141.6	164.9	121.4	75.7	99.7
Aug. 28th	112.4	125.5	141.4	164.7	122.7*	76.4*	101.2*

* These figures relate to Aug. 21st

Details of the group indices comprising the complete *Economist* index number on the date of our suspension of the gold standard and for recent dates are given below:—

	"ECONOMIST" INDEX (1927 = 100)			
	Sept. 18, 1931	July 31, 1935	Aug. 14, 1935	Aug. 28, 1935
Cereals and meat	64.5	68.3	67.0	69.0
Other foods	62.2	60.1	58.3	58.0
Textiles	43.7	56.6	55.6	56.4
Minerals	67.4	80.3	79.8	81.0
Miscellaneous	65.8	75.0	74.7	74.4
Complete index...	60.4	68.1	67.3	67.9
1913 = 100	83.1	93.7	92.6	93.4
1924 = 100	52.2	58.8	58.2	58.6

In the cereals and meat group there were sharp declines in English wheat and oats, but other grain prices were higher. There was a big advance in English barley. Most meat prices are higher than a fortnight ago, but there has been a sharp fall in bacon. Among other foods, tea has fallen, but there was a small recovery in cheese. In the textiles group, raw cotton and jute are lower, but wool tops are firmer and there has been a big advance in raw silk. Non-ferrous metal prices are all higher. Among miscellaneous materials there were small increases in hides and linseed oil, a small decrease in rubber, and a bigger fall in sulphate of ammonia.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

A LEGISLATIVE RUSH

THE long first session of the 74th Congress is now in its final hours. Bills over which Committees have dawdled for months, and bills scarcely familiar to (if, indeed, ever read by) the members, are rushed through in a hasty effort to terminate the session and escape from Washington. On Monday, August 19th, both Houses passed the Banking Bill and the Railroad Labour Retirement Bill; the House passed the Guffey Coal Bill; and the Senate the Frazier-

Lemke Farm Mortgage Moratorium Bill. The Tax Bill and the Utility Holding Company Bill are in conference. With a few odd additional bills, the passage of those in process will complete the "must" programme; and its consummation represents a triumph for the power and persistence of the Administration. Left to its own discretion, Congress would have adjourned weeks ago; for it is no secret that it has had little enthusiasm for any of these measures.

The Frazier-Lemke Farm Moratorium Bill (awaiting action in the House) and the Railway Pension Bill are both restatements of measures passed in the last Congress and promptly declared unconstitutional. The latter Bill is significant largely because it constitutes a specific amendment

to the Social Security Bill, on the signature of which the ink was scarcely dry, for it provides a scale of pensions for railway workers higher than that of the Social Security Bill. The effective date of the Bill is March 1, 1936, but, curiously, the legislation which is required to collect funds for the plan is to be the subject of a separate Bill not yet introduced. The haphazard character of the Bill is recognised, since it carries a provision for the study of changes to be introduced before the Bill goes into effect. Existing railway pension schemes are not materially disturbed by this Act. The Frazier-Lemke Farm Mortgage Moratorium Bill should not be confused with the Frazier-Lemke Mortgage Refinancing Bill, which provides for the assumption of \$3,000 millions of farm mortgages by the Federal Reserve banks on a virtual no-interest basis; action on this Bill is scheduled for January.

The Guffey-Snyder Coal Bill for the control of the bituminous coal industry is a legislative attempt to revive the principles of N.R.A. in a specific industry. The country is to be divided into 23 coal regions, each of which is to determine details of wages, hours and other elements of the cost of production. On the basis of these findings, minimum coal prices are to be established and a punitive tax is imposed upon any operator who infringes its provisions. The Bill illustrates the sectional conflict which lay at the bottom of the real demand for N.R.A. It is sponsored by the Northern operators, who find their competitive position threatened by the Southern mines, and opposed by the Southern operators, who see it as a barrier to a widening market. Apparently, it is strongly endorsed by the United Mine Workers, who were dissuaded from striking by the promise of its passage. Doubts of the constitutionality of the Bill were general in Congress, and shared by the President; in its passage in the House by a majority of only 26 votes, although it was on the "must" list, 93 Democrats joined 73 Republicans in opposition. Although the Guffey Bill recreates an N.R.A. code for the local industry, it is free from one constitutional objection. The provisions constitute legislative action by Congress, rather than a blanket delegation of legislative power to the executive. The constitutional question is therefore that of the inclusion of coal mining within the inter-State commerce clause of the constitution.

THE REVISED BANKING BILL

The Banking Bill, which was the only legislative measure of the session subjected to thorough hearings and deliberate consideration, has passed both houses, but in a form radically different from its initial draft. It contains a number of important administrative changes, but none that mark extreme departures from existing practice. The Federal Reserve Board (to be known as the Board of Governors of the Federal Reserve System) is to be reduced from nine to seven members, by the elimination of the two *ex-officio* members, the Secretary of the Treasury and the Comptroller of the currency. The governors, appointed by the President, will serve for a term of 14 years without eligibility for reappointment, at salaries of \$15,000, exceeding those of Cabinet members. The Open-Market Committee (whose composition was the subject of the strongest controversy) is composed of the seven Governors and of five representatives of the Reserve Banks. Discount provisions are liberalised, by removing some of the old discrimination against "non-eligible" paper. The present provisions authorising the Board to alter member bank reserve requirements are narrowed, by prescribing the present requirements as minima, but limiting increases in requirements to 100 per cent. of the present scale.

One feature of the Act, to which strong exception was taken, was the provision for real estate loans. As passed, member banks are permitted to lend on real estate 60 per cent. of their time and savings deposits; the loans may amount to 60 per cent. of the appraised value, and run for 10 years, provided provision is made for amortising 40 per cent. of the loan within the period. Considering the important part which real estate loans played in the late banking crisis, the retention of this provision is somewhat surprising; but its consequences are presumably offset by the retention of the present guarantee of deposits up to \$5,000 by an annual assessment amounting to one-twelfth of one

per cent. of all deposits. State non-member banks with deposits of \$1,000,000 must join the system by 1942 or lose their insurance. In short, the Act largely maintains the *status quo*, whereas the initial draft aimed practically at the creation of a central bank as an appendage of the Treasury.

Business news continues favourable, with steel operations at 48.8 per cent. of capacity compared with the spring high (January) of 53 per cent. The shifting of the automobile seasonal peak, however, disturbs the interpretation of the significance of this demand for steel. But whereas in the spring it was generally stated that automobile industry was the brightest spot in our economic picture, this position is now being taken by residential building. Although residential building makes a less favourable comparison with its peak years than does automobile manufacturing, it is currently showing a greater increase over the figures of a year ago. Similarly favourable comparisons are also made by the machine tool and light machinery industry. In 1934 the United States had little more than a consumers' goods economy; in 1935 there has been a distinct recovery in what might be called light durable goods, or durable consumers' goods.

AN IMPORT OF CAPITAL?

The foreign trade figures for June showed merchandise exports of \$170 millions, almost identical with June, 1934; and imports of \$157 millions, or \$20 millions above June, 1934. Net gold imports were almost \$230 millions, and net silver imports about \$9 millions. For the first half of 1935, compared with the first halves of previous years, the figures are as follows:—

FOREIGN TRADE OF UNITED STATES—FIRST HALF-YEAR (\$000,000)

Merchandise :	Exports	Imports	Balance
1933	669	592	+ 77
1934	1,036	863	+ 173
1935	1,024	995	+ 29
Gold :			
1933	94	184	— 90
1934	13	852	— 839
1935	1	805	— 804
Silver :			
1933	3	27	— 24
1934	8	19	— 11
1935	12	91	— 79

The visible balance (merchandise, gold and silver) was as follows:—

VISIBLE BALANCE OF THE UNITED STATES—FIRST HALF-YEAR (\$000,000)

	Merchandise	Gold	Silver	Export (+) or Import (—)
1933	+ 77	— 90	— 24	— 37
1934	+ 173	— 839	— 11	— 677
1935	+ 29	— 804	— 79	— 854

For the sake of comparison the figures are given for three years of the late twenties:—

1926	— 95	— 81	+ 12	— 164
1927	+ 243	— 132	+ 11	+ 122
1928	+ 292	+ 373	+ 11	+ 676

The difference is astonishing. The gold exports of 1928 were, of course, exceptional; but, except for 1926, the excess of merchandise exports in the first half of each year from 1924 to 1931 exceeded \$200 millions, and twice passed \$300 millions; and, except in 1925 and 1928 (years of gold exports), the combined merchandise and gold movement gave a fluctuating but rather small active balance, which could be explained in terms of our foreign loans. The cessation of these loans, except as compensated by the suspension of payments on previous loans, might be expected to change the balance from active to passive; but it is difficult to account for the extraordinary movements of the first half of 1934 and 1935, except on the theory of a large flight of foreign capital to the United States. The Department of Commerce in its exhaustive annual study of the balance of payments in 1934, found some evidence of such a phenomenon:—

If it be assumed (the report says) that in 1934 the reported "credit" balance of approximately \$466,000,000 on merchan-

dise and service account is substantially correct, it follows that more than \$800,000,000 of the year's net import of gold and silver reflected a net inward movement of capital of equal volumes. Of the latter total, only somewhat more than \$200,000,000 . . . is accounted for. . . .

The existence of an inflow of capital seems to be fairly well established.

NEW YORK, August 20.

FRANCE

THE FARMERS' PRICE DEMANDS

THE price of wheat is now one of M. Laval's chief problems. Last Sunday more than 10,000 farmers assembled at Rouen and presented the Government with this dilemma: higher prices for farm produce or a refusal of farmers to pay their debts and taxes. On the same day M. Laval, speaking at Clermont-Ferrand, said, "The new wheat crop will not be sufficient for French consumption. Present prices are too low. The recent rise is still insufficient, and it will go further."

The Minister of Agriculture, M. Cathala, states that the reason why advances to the farmers can be accelerated is just because the recent decree laws have restored Budgetary equilibrium, as a result of which the Bank of France is to assist the Treasury to finance the 1935 crop. It is also reported that the forward market for wheat is to be restored in a few days.* Very likely the result of the wheat struggle may decide the fate of the Cabinet, when Parliament reassembles in November.

It is certain, meanwhile, that much progress has been made in the struggle for a lower cost of living which the Prefects are pushing vigorously forward. The diminished purchasing power of consumers is naturally also helping to reduce prices. M. Laval's principal political props at the moment, in fact, are the bad wheat crop and the disunity of the Left-wing Parties. On the other hand, his position might easily be upset by external events. Monetary troubles in Holland, for instance, would at once revive the activity of the devaluationists here.

It is difficult to prophesy what the effects of this political situation will be on monetary events. A rapid dishoarding of money would stimulate economic recovery. But monetary and political fears are of too recent a date and have taken too strong a hold on the public to be given up in a few days, despite the appeals of the Government and the Bank of France. Moreover, the money market, which does not possess the organisation and the flexibility of the City of London, is hampered by the consequences of the recent crisis and the persistence of certain bad practices. The maintenance, for instance, at 3 per cent. of the public savings banks interest rate seems to be inspired by purely political motives, since at the same time the Government is anxious to see a rise to par in the 4 per cent. rentes, to pave the way for a big conversion scheme. This high rate paid by the savings banks is perhaps the cause of the substantial contraction of deposits in the big banks, which are paying an interest rate of only $\frac{1}{2}$ per cent. to $1\frac{1}{2}$ per cent. (and have recently suffered withdrawals resulting from the recent monetary crisis). The following table shows the decline of these deposits:—

	June 30, 1934	Dec. 31, 1934	June 30, 1935
Crédit Lyonnais ...	11,867,145,063	11,801,200,937	11,301,289,892
Société Générale ...	9,796,221,721	9,922,216,562	9,418,144,900
Comptoir d'Escompte			
Crédit	7,552,357,829	7,602,206,331	7,172,221,922
Industriel et Comm.	1,432,746,306	1,436,342,555	1,463,922,132
Totals	30,648,470,919	30,761,966,385	29,355,578,846

In spite of this decline in deposits the liquidity of the big banks remains considerable, particularly as the fear of a psychological crisis is inducing them to maintain a very high liquidity. But their funds are unfortunately not fully employed. They cannot be invested in rentes,

* During the last fortnight the price of wheat has risen rapidly from 55/58 francs a quintal to 75/78 francs, and experts expect a rise before long to 90/100 francs, which is alleged by the farmers just to cover their costs.

as would be done by the English banks; a most unfortunate circumstance for the State, the banks and the market. At present the banks, in order to safeguard their liquidity, are discounting commercial paper at high rates, while great industrial concerns, which have a superfluity of funds, instead of depositing their funds at the bank, are investing them directly in short- or middle-term Government securities. All these circumstances are adverse to a general lowering of interest rates.

COAL PRODUCTION DWINDLING

Production in the French coal mines during July, 1935, totalled 3,835,594 tons in 27 working days, against 3,725,026 tons in June in 24 working days, and 3,836,594 tons in July, 1934 (25 working days). The average daily production was therefore 141,985 tons, against 155,209 tons in June, and 153,464 in July, 1934. The number of men employed was 225,505 at the end of July, against 225,463 at the end of June and 234,599 at the end of July, 1934. This sharp decline in French coal production is a consequence of a catastrophic decline in internal consumption. For the first six months of the year consumption was 33,520,000 tons, a decline of 2,380,000 tons or 7.1 per cent. compared with the first six months of 1934. Production was smaller by 1,241,000 tons at 23,426,000 tons. Stocks, nevertheless, have increased by 400,000 tons, despite a diminution in imports of 793,000 tons (31 per cent. of the diminution of consumption). And despite a diminution of 14,000 in the labour force during the last twelve months, unemployment during these six months was at an average of 22.2 working days, against 21.8 during the same period of 1934.

This situation explains the new cuts in the coal import quota, which were adopted this week in an attempt to re-establish equilibrium in the coal market. The cuts were also intended as a compensation for the reduction of coal prices, which had been requested by the Government as a means to the lowering of the cost of living.

PARIS, August 29.

GERMANY

THE GOVERNMENT'S FINANCIAL POLICY DEFENDED

At the opening of the Leipzig Fair the Finance Minister, Count Schwerin von Krosigk, delivered a long address on general financial and economic policy. The German foreign debts problem, he declared, could only be solved either by a reduction of the interest and amortisation liability in connection with a moratorium or by an increase of the German export surplus. He further denied the foreign complaint that German "autarkic" tendencies were responsible for the default, and pointed out that this view was inconsistent with the simultaneous foreign allegation that default was caused by excessive imports in the interest of home industrial recovery. The "New Plan" of import control was not an ideal solution, but it had been forced on Germany by measures and conditions for which she was not responsible. Count Schwerin von Krosigk also dealt with current criticism of the short-term financing of "work creation." The short-term credits, he said, must either be repaid out of ordinary revenue or be funded. Already within the limits of the Budget a part of the tax-credit certificates of the Papen and Reinhardt Plans had been redeemed. In addition, certain kinds of expenditure which in 1933 were financed with credit had now been taken into the ordinary Budget. Concerning the amount of the debt, he only said that outside Germany, "not always without a certain partiality," exaggerated reports of the German short-term debt were circulated. As is usual in official utterances, he spoke as if "work creation" were the sole cause of the new indebtedness, and did not mention expenditure on rearmament.

Within a week of Dr. Schacht's declaration at Königsberg that the Reich's floating debt must be consolidated, two new loans, together totalling 1,000 million marks, have been announced. The sum of Rm. 500 millions will be subscribed by the savings banks on long term (28 years) according to the terms of an agreement between the Reichsbank and the Girozentrale savings bank organisation; the

interest rate will be $4\frac{1}{2}$ per cent. and the issue price 98 $\frac{1}{2}$, and the loan will be amortised annually at 2 per cent. of the original sum. The loan is almost identical with the savings bank loan, also of Rm. 500 millions, contracted in January this year. Both loans are practically forced. In May, between these operations, there was a third loan, also practically forced, from the insurance companies. About this loan there has been a mystery. The fact of its conclusion was never officially announced; the amount actually raised has not been divulged; and the loan is omitted from the last schedule of debt which purports to include all Reich liabilities outstanding at the end of June.

It was officially stated that the yield of the first savings bank loan was to be used for redeeming Reich bills, but that is not stated this time. The question, however, is hardly important for, in so far as bill debts are consolidated, much heavier new bill debts are being contracted. The savings banks can probably find the money with ease, inasmuch as their new deposits have of late considerably exceeded withdrawals, and since early 1934 the total deposits have exceeded the highest figure reached before the credit crisis of 1931, which caused a heavy temporary decline. Savings bank funds have been a potent factor in the recent extreme abundance of money. While the new loan, being long-term, compels the banks to lock up money, it is an operation that will influence the money market in the official desired direction of counteracting excessive fluidity, rather than affect the capital market proper.

Another Rm. 500 millions is to be raised by the sale in the open market of $4\frac{1}{2}$ per cent. Treasury bonds at 98 $\frac{1}{2}$, to be marketed between October 3rd and December 20th. These bonds will run for a term of ten years from October 1st, 20 per cent. to be redeemed annually from 1941 on. The choice of a middle-term instead of a long-term loan for the publicly issued part of the total Rm. 1,000 millions is probably due to the recent falls on the Bourse bonds market.

Money continues plentiful. The month-end demand is being partially met out of temporarily available public funds. The savings banks' returns for the first quarter of the year show a continued increase in credits for "work-creation." The Reichsbank's return for August 23rd shows a decline in credits and investments of only Rm. 112 millions. Coming after an almost unchanged total in the second week of August this indicates considerable borrowing, one factor in which was probably the harvest demand. The new Reich loans will probably reduce the money market fluidity, but may very likely be in part financed by selling promissory notes. Deposits in all banks increased in July by Rm. 117 millions, but in the great banks declined by Rm. 90 millions. The decline in the loans total continued.

CONSUMPTION STILL DECLINING

According to the Reich Nourishment Corporation's report the stock of bread grain within Germany at the beginning of the new farming year is 14,800,000 tons, against 14,300,000 tons a year ago, and of fodder grain 9,500,000 tons against 9,300,000 tons. The number of employed at the end of July is returned at 16,640,000, having increased by 136,000 during the month. Industry in July was occupied to 65.8 per cent. of the number of working places, as against 65.2 per cent. in June; but the improvement was as usual confined to the production goods branches, and activity in consumption goods continued to decline. The Leipzig Autumn Fair opened favourably, with about 25 per cent. more foreign, and a still larger increase in British, visitors than a year ago; and a considerable increase in foreign exhibitors. The wholesale trade turnover in the first half of the year was 5 per cent. above that of the first half of 1934, but this increase is entirely due to the rise in prices. In June, with the exception of one group of goods, the turnover was considerably smaller than in June, 1934.

Ingot steel output in July was 1,447,000 tons, as against 1,248,800 tons in June; in the first seven months 8,733,400 tons, against 6,580,600 tons. The export of heavy steel goods, in particular of bars and tubes, has increased; also the export of motor cars and of electrical articles, in particular cables, dynamos, installation materials and lamps.

BERLIN, August 29.

HOLLAND

UNEMPLOYMENT STILL RISING

THE number of unemployed is still steadily rising. The official statistics showed 333,932 registered unemployed on July 27th, as compared with 331,635 on July 13th. Moreover, the enforcement of the wage cuts necessitated by Dr. Colijn's deflation policy is a constant source of trouble. The situation in the Tilburg woollen industry has become still more acute, and a conference between employers and employees under the leadership of the Government arbitrator, Professor Aalberse, has failed to yield a basis for agreement. Now the employers have undertaken not to enforce any cut in wages for the coming week.

The third Tuesday in September, the traditional date of the reassembly of Parliament after the summer recess, is being awaited with keen interest, as the newly constituted Cabinet will then meet Parliament for the first time. The wireless speech delivered by Dr. Colijn, the Prime Minister, shortly after the new Cabinet had been formed, did not bring about any relief in the all-round tension nor any reversion to confidence. It is not known whether the controversy between Dr. Colijn and the Catholic members has been given up. In many quarters it is considered that the gulf is too wide to be bridged.

Imports as well as exports increased slightly in July as compared with June, but they were considerably below the figures for the corresponding period of last year. The following table shows Dutch imports and exports month by month since January, 1933:—

	(Excl. gold and silver) in million guilders					
	Imports			Exports		
	1933	1934	1935	1933	1934	1935
January	95	100	76	58	56	55
February	86	81	70	55	51	51
March	99	94	80	65	61	54
April	89	85	78	54	54	50
May	97	87	78	61	57	58
June	97	89	73	62	59	51
July	104	86	76	56	58	54
August	105	87		62	69	
September	111	78		74	69	
October	109	87		63	62	
November	109	88		63	60	
December	108	75		52	56	

Imports of gold and silver during July amounted to 43,501,527 guilders, and exports to 82,086,853 guilders. AMSTERDAM, August 26.

NORWAY

INCREASED BUDGET EXPENDITURE

BEFORE adjourning for the summer the Storting finally voted the Budget for 1935-36. Total expenditure will amount to 436.9 million kroner, compared with 396 million kroner in the preceding year. Of the 436.9 millions for this year 316 millions represents ordinary expenditure. Capital expenditure will account for 71.5 millions and expenditure on various Government enterprises for some 49 millions. Ordinary revenue is estimated at 382.6 millions and capital revenue at 51.7 million kroner.

A turnover tax of 1 per cent. has been brought into operation as from July 1st. With a few exceptions this tax is levied on all articles of consumption and production, and as practically all such articles have to pass through the hands of at least two "intermediaries," the tax is actually not 1 but at least 2 per cent. The tax is calculated to realise some 30 million kroner.

Various important conversion operations have been carried through during recent weeks, not only by public and semi-public institutions, but also by a number of shipping and industrial concerns. The amazing rapidity with which even loans of the latter categories have been ab-

sorbed by the investing public, to whom issues of this kind have hitherto failed to appeal, is, of course, ascribed to the comparatively high yield, ranging from about 5 per cent. to $5\frac{1}{2}$ per cent., against the 4 per cent. to $4\frac{1}{2}$ per cent. now obtainable on Government and municipal loans.

In consultation with British interests, certain regulations have been drawn up by the Government limiting the coming whaling season from December 1st to March 15th for the hunting area south of 40 deg. lat. Formerly such regulations only applied to the area south of 50 deg. lat., and hunting was permitted up to March 31st. At the same time the total production of Norwegian companies has been fixed at 1.1 million barrels, while the total for other nationalities was put at 1.2 million barrels.

FURTHER FALL IN UNEMPLOYMENT

Unemployment declined from 34,800 on May 15th to 29,700 on June 15th. (To give a correct absolute total these figures should be increased by 60 per cent. to account for those districts where there is no labour exchange.)

Foreign trade figures for May show considerable expansion. The value of imports was 75.3 million kroner, against 66 millions in May last year; and exports were 46.7 millions, compared with 42.8 millions. The June figures indicate some contraction compared with the preceding month, while the turnover is practically unaltered as compared with June last year. The import surplus during the first half-year amounted to 104 million kroner, compared with 88 million kroner during the same period last year. There has been an appreciable increase in the number of foreign tourists visiting Norway this summer. A great number of these tourists have been on cruises in the West Coast fjords and the Northern midnight sun districts.

OSLO, August 21.

ROUMANIA

THE POLITICAL STRUGGLE

THE National Peasant Party intends to continue its agitation, begun in the spring, to overthrow the Liberal Government. The Liberal Party is somewhat weakened by the difference of opinion between the Prime Minister, M. Tataresco, and the leader of the party on the constitutional question. Moreover, the Government is obviously unable to grapple successfully with economic problems, as is shown by the unsatisfactory state of foreign trade and the public finances. Nevertheless, it has retained so far the full confidence of the King, and is supported by the influential circles surrounding him.

The foreign trade regulations remain in the centre of public attention. In accordance with the new regime instituted on June 10th, the National Bank pays a premium of from 10 per cent. to 40 per cent. over and above the official rate of exchange on exports, namely 40 per cent. on wheat and its derivatives, 30 per cent. on barley, oats and rye, 15 per cent. on maize, 30 per cent. on livestock and animal products, 25 per cent. on timber and timber products, 10 per cent. on petroleum products and 25 per cent. on other produce. This premium will be accorded on the export of goods payable in the following currencies: French, Swiss and Belgian francs, Italian lire, pesetas, Dutch florins, pounds sterling, Egyptian and Palestine pounds, U.S.A. and Canadian dollars, Czechoslovakian, Danish, Norwegian and Swedish crowns, whether free or in clearing. Foreign currency sold to the National Bank, and not the product of exports, receives a premium of 30 per cent.

But for all foreign exchange obtained from the National Bank, whether for the payment of imports or for other purposes, a premium of 44 per cent. must be paid; only certain payments for arrears of trade debts are exempt. The latter regulation has resulted in many strong protests from foreign countries. Meanwhile, the import quotas for the three months July to September are being fixed according to value instead of weight.

HUGE FALL IN IMPORTS

Foreign trade during the five months January to May, 1935, compares with the same period of last year as follows:—

	1934 Lei		1935 Lei	
	Exports	Imports	Exports	Imports
Exports	5,203,145,000		5,282,260,000	
Imports		5,185,810,000		4,242,564,000
Export surplus ...	17,335,000		1,039,696,000	

While exports have increased only slightly there is almost a 20 per cent. decrease in imports. The proceeds of the surplus exports have partly been utilised for the payment of trade debts in arrears and are partly blocked in the respective countries; while the remainder is required for the needs of the State. The enormous weight of the accumulated trade debts is crippling Roumania's trade.

The harvest this year compares favourably with that of last year. The wheat crop, though in many instances of indifferent quality, is expected to be considerably larger, and the exportable surplus is estimated at about 700,000 to 800,000 tons. Last year no wheat was exported. Barley and oats production is also greater in quantity than that of 1934, and about 1,500,000 tons are believed to be available for export. An exportable maize surplus of between 2,000,000 and 2,500,000 tons seems probable. On the whole, Roumania is likely to have a production of cereals and other agricultural produce at least 30 to 35 per cent. greater than that of last year.

HOPES OF A BALANCED BUDGET

Revenue from direct taxation during the present financial year so far compares favourably with the estimates. But the tax of luxury articles and the turnover tax yielded 157 millions in April, against an estimate of 230 millions. There is also a serious deficit in the railway receipts. The Minister of Communications expects the total deficit for the year to reach the figure of Lei 2,300 millions.

Nevertheless, the Minister of Finance hopes to balance his income and expenditure account for the year. Total Treasury receipts for the three months April, May and June amount to Lei 4,557,805,789, and expenditure to Lei 4,980 millions. The Minister expects to cover the deficit for the first six months by the profit resulting from the issue of new coins. He also hopes to effect economies of Lei 300 millions in the public services during the year.

A Ministerial decree of June 21st has fixed a premium on gold amounting to Lei 30,000 per kgr. and a further premium of 27 per cent. on the world price of silver. This decision, combined with the payment of export premia and the imposition of the premium of 44 per cent. on foreign exchange, shows that the depreciation of the currency is at last officially recognised, although hardly to its true extent. The situation is reflected in rising internal prices.

BUCHAREST, August 22.

ARGENTINA

A CABINET CRISIS

A FEW weeks ago there were continuous rumours of an impending Cabinet split, and it is known that the Ministers of Finance, Agriculture, and Interior each in turn presented their resignations, but the President refused to accept them. The crisis has now been smoothed over. A preferential agenda had been prepared by a special committee of the Chamber of Deputies in which the Transport Co-ordination Bill is included. A decree has also been passed regularising the various dispositions of the new Banking Law. This decree, which clarifies certain articles of the Banking Law, becomes effective on September 1st, after which date all banking institutions must conform to the requirements of the law.

After a prolonged period of drought, moderate rains fell throughout the affected areas on August 7th and 8th. It is considered that these rains will materially assist the lin-

owing to the drought, was so hard and dry as to make ploughing impossible, and in consequence there are large areas of land still untilled. Many farmers who have been unable up to the present to sow wheat are now considering the possibility of putting down maize, as the risk attaching to late wheat sowings are too great. The prospects for maize in 1936 are not, however, encouraging, as it is estimated that there will be a surplus carried forward from 1935 of about 2,000,000 tons; so that, if an increased acreage is sown this year and another bumper crop is obtained the disposal of that crop and the 1935 surplus will be difficult.

Revenue for the month of July has increased by some \$9 millions as compared with the 1934 returns, but at the same time expenditure has increased by over \$14 millions. In a comparison of the figures for the first seven months of 1935 and of 1934 the most prominent feature is the large increase in "salaries" and "general expenses," which are up by \$20 millions and \$17 millions respectively. There is a substantial increase in revenue from Customs and ports, as also from income tax.

It is reported that Messrs Vickers, Limited, have obtained a contract to construct, for the Argentine Government, a cruiser of about 5,000 tons. The Italians competed keenly for the contract, for they have built several of the ships at present in commission in the Argentine Navy. Vickers Armstrong's tender was, however, the best from the technical point of view—the lowest in price, and completion guaranteed in the shortest time.

EXPORTS AT RECORD LEVEL

The following are the export figures for the first seven months of the present year, compared with those for the same period in 1934:—

QUANTITIES EXPORTED IN TONS AND AVERAGE PRICES DURING FIRST SEVEN MONTHS OF 1935 AND 1934

	1934	1935	1934	1935
	Quantities		Prices	
	Tons		\$	\$
Chilled beef	199,491	199,427	373.25	382.37
Frozen mutton	30,470	31,369	371.29	458.85
Unwashed wool	73,663	91,066	1,149.99	790.73
Wheat	2,834,359	2,842,589	57.42	67.03
Maize	3,235,065	3,764,626	48.28	47.15
Linseed	864,886	1,141,545	122.82	118.29
Oats	210,846	311,056	36.19	52.57
Barley	473,684	375,485	44.81	57.19

QUANTITIES EXPORTED IN TONS FIRST SEVEN MONTHS, 1935 AND 1934

	1934	1935	Percentage Increase or Decrease
Pastoral products.....	667,079	713,234	+ 6.9
Agricultural products	8,094,933	9,141,869	+ 12.9
Total	9,094,560	10,148,970	+ 11.6

MARKET VALUE OF EXPORTS FIRST SEVEN MONTHS, 1935 AND 1934

	1934	1935	Percentage Increase or Decrease
Pastoral products.....	298,429,310	307,369,339	+ 3.0
Agricultural products	491,565,641	661,807,093	+ 22.4
Total	835,068,572	951,553,853	+ 13.9

AVERAGE PRICES RULING IN 1935 AS COMPARED WITH 1934 (Percentage increase or decrease)

Chilled beef	+ 2.4	Unwashed wool	- 31.2
Frozen beef	+ 2.9	Butter	+ 41.3
Frozen mutton	+ 23.6	Wheat	+ 16.8
Salted cowhides	- 0.1	Linseed	- 3.7
Unwashed sheepskins..	- 28.6	Maize	- 2.3
Oats	+ 45.3	Barley	+ 29.1

The figures for July are disappointing, although the seven months compared very favourably with 1934 figures. The tonnage exported during the first seven months of 1935 is the highest since 1932 and the value has not been exceeded since 1929. Meat shipments were up in July, and the 1935 figures now show an improvement over those for 1934. The prospects for August and September exports, however, are less encouraging. One of the reasons for this is that British

and European purchasers of maize are not interested in that commodity at the prices quoted by the Argentine Government who have bought the crop at the basic price of \$4.40 per 100 kilos. Needless to say the Government do not desire to sell at a loss, and are consequently withholding shipments until such time as prices in the foreign markets improve.

BUENOS AIRES, August 20.

CANADA

BUSINESS IN SUSPENSE

[The victory of the Social Credit Party in Alberta and the prospects for the General Election are discussed in Notes on page 412.]

BUSINESS conditions are more or less stationary, in anticipation of the approaching General Election. The index of production of the Bureau of Statistics for the week ending August 3rd stood at 99.3 as compared with 100.1 for the previous week, a decline which was not more than seasonal. The carloading figure for the week ending August 3rd, at 41,689 cars, showed a decline of 1,653 cars compared with the previous week; but was only 487 cars below the figure for the corresponding week of 1934. Tourist traffic is larger than in any recent summer. One factor which is preventing any improvement in business is the unsatisfactory wheat marketing situation.

The wheat carryover at the end of the last crop year on July 31st is placed by the Bureau of Statistics at 2034 million bushels, almost ten million bushels more than the carryover on July 31, 1934. Export clearances of wheat during the crop year were only 118 million bushels, compared with 153½ millions in the previous year. The grain trade has been chaotic for some weeks past, and export sales have been reduced to a feeble trickle; but the Government has now appointed the new Grain Board, which will consist of Mr J. I. McFarland, the Government wheat agent in Winnipeg, Mr D. L. Smith, who will represent the interests of the pools, and Professor H. C. Grant of Manitoba University, an agricultural economist. The Winnipeg Grain Exchange has, with the withdrawal of the July option, been virtually on a cash basis. But, with the appointment of the Board, trading in October and December futures will soon become effective, although it will continue to be subject to a limit on price movement and to certain regulations about selling operations designed to prevent speculators from establishing a short line in the market for longer than one day.

The export trade has been shrinking, but better prices are being paid nevertheless for certain agricultural products. There is also greater activity in the construction industry, due largely to new public works and a great expansion of the summer tourist traffic. The volume of new construction contracts awarded in July was much larger than in July, 1934, and brings the aggregate of building and engineering work now on hand to a point more than 20 per cent. above the level of a year ago. The lumber industry in British Columbia is feeling the depressing effects of the cessation of orders from Japan, but the Eastern lumbermen are doing fairly well although they are renewing their complaints about unfair Russian competition in the British market. The newsprint industry, after a quiet period in June, seems now to have a brighter outlook. Most of the leading producers have now come to a working agreement about their export marketing policy; and, as a result an offer of a large contract for newsprint at \$40 per ton was recently rejected as inadequate by a Canadian company.

BUOYANT FEDERAL REVENUES

The Federal revenues show an encouraging buoyancy, and the yield for the first four months (ending July 31st) of the current fiscal year is given at \$146,015,000, compared with \$133,881,000 for the same period last year. Expenditure during the same period was \$139,005,000, compared with \$136,895,000.

The stock markets were listless, with a slightly reactionary tendency during the latter half of July and the early days of August. But the upward movement in New York a week or two ago brought them to life, and since then there has been more activity than for months past. A wide range of stocks recorded advances; though for several days the favourite stocks with both investors and speculators were the power stocks. Later, attention was switched to pulp and paper stocks. The bond market has been steady, with a strengthening tendency, and the average yield of six leading bonds had decreased to 3½ per cent. for the week ending August 8th.

OTTAWA, August 20.

LETTER TO THE EDITOR

UNEMPLOYMENT IN GERMANY

TO THE EDITOR OF THE ECONOMIST

SIR,—I see that the German Institut für Konjunkturforschung has done me the signal honour, in its Weekly Report of the 22nd instant, of imputing to your editorial pen my calculations and analysis of the German unemployment situation in the first of my two articles on "Germany's Economic Recovery" (*Economist*, August 10th, p. 271). At the risk of considerable trespass upon your space, I must support my calculations of the amount of "invisible unemployment" in Germany with certain detailed statistics—statistics with which I did not consider it necessary to burden an already long article.

The Institute challenges both my calculations and my conclusion that there were at the end of last June something over 4 millions of "unemployed" in Germany, of which about 2.4 millions do not appear in the official statistics and have therefore been termed, in Germany, "invisible." It says that you—meaning I—have ignored the omission of 1.6 million officials from both the employment and unemployment figures; and that the number of the "invisible" unemployed should be reduced by that amount. And, after a painstaking analysis of undisputed tendencies and sources, it purports to prove that "invisible unemployment" fell from only 799,000 in June, 1933, to 722,000 at the end of last June.

But the Institute both proves and protests too much. First, as I specifically pointed out, the calculation of "invisible unemployed" from a comparison of the course of the official (*Krankenhasse*) employment figures and of the unemployment figures since 1929 gives only a partial "showing" of the true situation. But the point at issue is not what absolute amount of "invisible" unemployment this method shows at the end of last June. It is the relative movement between 1929 and 1933 and 1935; and such a relative movement can be deduced from the comparison, if all the qualifications which I specifically mentioned are borne in mind. In this connection, it is significant that the same Institute as now impugns my calculations used this same method to ascertain the "invisible unemployment" in September, 1932—i.e. before the advent of the National-Socialist Government. At that date, the Institute's Report put the "invisible" figure for July, 1932, at 1.8 million, in addition to the official unemployed figure of 5.4 millions. Moreover, I would call your attention to the following sentence which appeared in *Die Deutsche Wirtschaftszeitung* (the organ of the Reich Chamber of Economics) of the 9th instant:—

"Even if the 2.6 million statistically 'invisible' able-bodied men and women are counted as unemployed in the middle of 1935, the total figure of the unemployed amounts to 4.4 millions." (Quoted in the *Berliner Börsenzeitung*, 9th instant.)

This remark is meant to indicate that real unemployment has substantially fallen since 1931 and 1932. So it has; but to nothing like the extent which the Konjunkturinstitut would have us believe. There is a "great gulf fixed" between the Institute's gross figure of 2.6 millions of visible and "invisible" unemployed at the end of last June, and the Reich Chamber of Economics' estimate—which is 182,000 higher than my own!

Secondly, however, the German Institute states that I have made "several basic errors" in my use of the 1933 occupational census; and it charges me with having "overlooked

completely" the inclusion of 1.6 million officials in the census, and their exclusion from the current figures of employment and unemployment—with the result that I have expanded the "invisible" total by 1.6 million. Nothing of the sort. My basic calculation of 20.7 million workers in June, 1933, had already allowed for this, for a very pertinent reason.

The census of 1933 contained "invisible unemployed," to the tune of some 1.3 million workers and shop assistants. They were enumerated as "Independents," "Independents without profession," and "Workers together with dependents." My calculation was based on a comparison of the divergences between the rates of increase of certain categories of workers between the 1925 and the 1933 censuses. Thus, "workers and shop-assistants plus civil servants" only increased by 0.9 per cent.; while the "Independents" (mostly those "one-man-shops" to which the Institute's Report refers) increased by 32.4 per cent., and the "Independents without profession" increased by 51.5 per cent. Finally, "Workers together with dependents" have increased by 4.0 per cent., while "Workers (only)" have increased by only 1.6 per cent. I cannot here refer to the legal and administrative changes which brought workers under other than the real "workers" category in the 1933 Census. Suffice it to say that, although the Institute is right in stating that many people were leaving the "workers" category in the depression, it is disingenuous in not recognising that, despite changes of nomenclature, these people were never anything else but workers.

On the basis of the trends evidenced in a comparison of the 1925 and 1933 censuses, I calculate that there was an "excess" of 376,000 "Independents" in 1933, of 921,000 "Independents without profession," and 198,000 young persons between 14 and 16, counted as "dependents of workers." The total of 1,495,000 additional (unoccupied) workers would raise the official 1933 Census figure of 21,681,000 workers, shop-assistants and civil servants to a maximum of 23,176,000. We should set this maximum against a lower estimate of 22,363,000 workers in 1933, obtained by adding 3.6 per cent. (the increase in the population of working age between 1925 and 1933) to the 1925 total of workers. If we strike an average between these two estimates of the 1933 working population, we get 22,719,000, from which we must deduct the civil servants. But, be it noted, not, as the Institute recommends, 1,577,000 civil servants. For 377,000 of them are private servants and assistants with no title to pension; and the *Krankenhasse* employment figures do include these. We deduct only 1,200,000 officials from 22,719,000 workers. Then from the resulting figure we have still to deduct incapacitated workers (329,000), monks and nuns (100,000), the higher-salaried shop-assistants (200,000), and the other employed persons outside the official figures (200,000). Eliminating persons changing their jobs, we arrive at my basic figure of 20.7 million workers in 1933—having deducted the officials.

This unconscionably long description has been rendered necessary because the Third Reich's first Census in 1933 is not inherently comparable with that of 1925. The Institute apparently thinks it is. In my article, I ventured to indicate why I think there are to-day more than 4 millions of unemployed workers in Germany. The Institute's Report adduces nothing to shake my conviction that this figure is a more sober computation than its own.

I am, Sir,

Yours very truly,

THE WRITER OF THE ARTICLE

London, S.W.1.

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BOOKS AND PUBLICATIONS

INTERNATIONAL BANKS

THE veil which tradition, prudence, loyalty and conscience have strangely combined to draw over bankers' operations is at last being carefully removed, and a new chapter in economic history is being written. Mr Baster has added a notable contribution to the history of banking in this able sketch* of the activities of British bankers in the international field.

The conclusion of the book is inevitably depressing. For Mr Baster has to describe the growth of economic nationalism since the war, and cannot see any signs that the delicate mechanism which, after a painful and difficult growth, was worked by the international banks will be allowed to develop as it should for the economic advantage of the world. "In the long run," Mr Baster writes, "the banks will have to face the unpalatable fact that the growth of nationalistic feeling in the economically subordinate countries will set a definite limit to the expansion of their business."

Mr Baster also remarks that "the banks owe very little to Government initiative or assistance." His extremely interesting description of nineteenth-century overseas banking fully bears this out as a historical statement. He points out the occasional incursions of political motives where "the political connections of concessionaires were inevitably deciding factors in the distribution of official favours, as, for instance, those between Lazard and Lord Stratford in the case of the Ottoman Bank, or Anderson and Consul-General Wood in the case of the London Bank of Tunis." Banks in South America seem to have been singularly free from Government interference from the British side, except for diplomatic protection in extreme cases; and even in China the cautious attitude of the Government towards the Consortium may be noted. Indeed, as Mr Baster points out, the only clear example of domination by a Government of an overseas bank of British origin is that of the Ottoman Bank, and there it was the French Government (with nominally an equal voice) which controlled it in accordance with the ups and downs of French foreign policy. Finally, when the British Trade Corporation was amalgamated with the Anglo-Austrian Bank in 1926 the experiment of a "new tradition" in British banking seems, temporarily at least, to have come to an end.

Mr Baster thinks that it is not even certain that the international banks will proceed steadily to amalgamate with the great deposit banks, still less enter into any national, or nationalised, organisation. The international banks may be better suited to weather the storm on their own, and to turn in the end to the new banking systems of the place of their abode rather than to the city of their origin. Until recently "the characteristic specialisation of the London money market has been reflected in the almost complete independence of the overseas banks," which have been "without any direct support from the great deposit banks" in their historical development.

This book is very readable and short, despite the great number of institutions in Europe, South America and China whose history it covers. Compression occasionally obscures the history of individual banks, and a brief alphabetical appendix of every bank mentioned, with the main events of its life, would be a welcome addition to the twenty-six excellent tables.

SHORTER NOTICE

"The Causes of War and the Conditions of Peace." By Quincey Wright. Longmans, Green and Company. 125 pages. 5s.

Mr Quincey Wright is Professor of International Law at Chicago University. In 1927 the Social Science Research Committee initiated an inquiry into the causes of war, under his directorship. Professor Wright's book is one of thirty

* "The International Banks." By A. S. J. Baster. P. S. King. 269 pages. 12s. 6d.

studies which have already been contributed to this inquiry, and it represents an anticipation of the final synthesis which will be published by the Chicago Committee.

"The problem of peace and war," Professor Wright says, "is the problem of maintaining dynamic equilibrium in the world community," and he develops this contention in the five short chapters of his book. In the first chapter he defines the causes of war and the conditions of peace more or less in terms of each other, emphasising four main conditions. The first of these is the existence of an absolute desire for peace, a desire which precludes all intransigent opposition to opinions, laws or existing conditions. The second is an international organisation capable of restraining conflicts inevitable in a dynamic society. The third is an international legal system which will represent and satisfy existing interests; and the fourth is such a stable equilibrium between material forces as alone can keep the peace if the other three conditions are imperfect. In his excellent third chapter, Professor Wright examines the interdependent problems of disarmament, security and the balance of power, and tries to show how, in present circumstances, the balancing of antagonistic armed forces can alone secure the stable balance of power which is an essential part of security.

It is interesting to notice how Professor Wright reconciles what, three or four years ago, was still widely considered the pre-war doctrine of the balance of power with absolute support of the League of Nations. He sees in the League of Nations the potential fulfilment of every one of the four conditions of peace which he enumerates. "The maintenance of suitable opinion no less than the maintenance of the balance of power, the development of law and the settlement of controversies in the world community, are functions of the League of Nations." Professor Wright does not ignore those deep-rooted human instincts which are the conditions of all society and even of progress itself, though they make for war. But he pleads convincingly for continued support of a League which has accomplished so much in such a short historical period, and which, if supported, is capable of consummating the world movement towards unity and integration which should finally remove the natural causes of war.

Professor Wright's book is clear and stimulating, and taken together with its wide bibliography, it could hardly be improved as an introductory study of the causes of war and the conditions of peace.

BOOKS RECEIVED

The New Deal and Foreign Trade. By A. E. Taylor. (New York) The Macmillan Co. 301 pages. \$3.00.

State Taxation of Motor Vehicles. By A. J. Dooley. (Philadelphia) University of Pennsylvania. 171 pages. No price stated.

Income Tax Up to Date. New Edition. By H. J. Gully. (London) The Financial News. 24 pages. 9d.

A useful little book in which changes, both of rates and reliefs, are clearly set out each year.

The First Class Township in Pennsylvania. By P. B. Willauer. (Philadelphia) University of Pennsylvania. 118 pages. No price stated.

Indian Sugar Industry (1935 Annual). By M. P. Gandhi. (Calcutta) M. P. Gandhi, 135 Canning Street. 56 pages. Rs. 2/4.

An annual report of one of India's most important industries.

The Economic Record, June, 1934: The Journal of the Economic Society of Australia and New Zealand. (London) H. Milford. 144 pages. 5s. net.

Conception Américaine des Relations Internationales. By Graham H. Stuart and J. B. Whitton. (Paris) Publications de la Conciliation Internationale. 272 pages. No price stated.

OFFICIAL PUBLICATIONS

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

Town and Country Planning in England and Wales. Notes on the preparation and bringing into operation of schemes under the Town and Country Planning Act, 1932. 6d. net.

Vegetable Marketing in England and Wales. Ministry of Agriculture and Fisheries, Economic Series No. 25. 1s. net.

Imperial Economic Committee: Fruit—A Summary of Figures of Production and Trade relating to Apples, Pears, Bananas, Citrus Fruit, etc. June, 1935. 1s. net.

MONEY AND BANKING

POUND AND DOLLAR

SINCE mid-summer the New York exchange has developed signs of slight weakness. The movement has not been very pronounced, for against sterling the dollar only depreciated from \$4.94½ on June 30th to just over \$4.98 in the middle of August; and there has since been a tendency towards a recovery. Forward dollars have also maintained their premium of about 1½ cents for three months. It is, however, unusual for the dollar to weaken immediately prior to the autumn, and perhaps it is more significant that in the middle of August the gold *bloc* currencies also strengthened against the dollar, though they remained weak against the pound. This shows that the main force at work was the pull of the pound against the dollar, which to some extent acted as a drag upon the gold *bloc* currencies as well. What has caused these movements?

The immediate influences upon the dollar can be summed up in one word—silver. True, alternative reasons for the depreciation of the dollar have been advanced. For example, a few weeks ago the view was expressed that the American Tax Bill was driving American funds abroad. This view always appeared fanciful, and in any case, any such flight must have been more than offset by the revival in Wall Street, which has proved an attraction to the European investor. There has also been evidence during the past ten days that the rapid development of the Italo-Abyssinian crisis was provoking a flight of funds from Europe to the United States, and the recent rally in the dollar may be attributable to this cause. Nor do the gold *bloc* currencies yet command real confidence. On balance it looks as if the resultant of all these forces would tend to work in favour of the dollar, and not against it. This brings us back to silver.

The first break in the London silver market came in the middle of July. The United States authorities intervened and spent about \$20 millions on silver in two days. This temporarily depressed the dollar to \$4.98½. Another break was threatened a month later, and again the American authorities intervened. On August 14th alone they bought 25 million ounces, and they made further purchases on subsequent days. They must have spent anything up to another \$15 or \$20 millions, and it was at this time that the exchange again weakened to over \$4.98. The foreign exchange market was narrow and idle during most of August; so that, while the dollars offered in London against these silver purchases were easily absorbed, it is not surprising that the exchange moved against the United States. If further silver purchases prove necessary during the next few weeks, the exchange rate is likely to remain weak.

The continued premium on forward dollars can easily be explained. First there is the margin between London and New York short-term money rates. London rates are slightly the higher, and perhaps would justify a premium of half a cent on three months' dollars. Next, any depreciation in spot dollars causes the forward rate to depreciate as well; for the premium on forward dollars means a premium over the spot rate of the day. Thus traders and others who know that they will need dollars in the future have been tempted to buy forward dollars while the rate remained weak, and such purchases help to maintain the premium over the spot rate. Finally there are fears about the European political situation which inspire forward purchases of dollars by way of re-insurance against a possible depreciation of European currencies. The only counter-influence is the revival of European interest in American securities. Foreign purchases of American stocks are frequently hedged by a sale of forward dollars in anticipation of the ultimate sale of the security.

This brings us to the second main consideration, namely, the outlook for the dollar. To-day we are on the threshold of the season of the year when heavy purchases of dollars are usually made to pay for crop movements from the United States to Europe. Are these purchases going to be

as great as usual? On the whole the answer appears to be in the negative. To begin with, the United States is not likely to be a serious exporter of wheat. Her own crops have suffered considerable damage from rust, and she will probably have to import a certain quantity of high-grade wheat. Cotton is more of an enigma, especially as the new loan scheme (discussed in a Note on p. 414) has still to be tested. It may, however, induce American growers to sell more freely. Also recent weather reports are favourable and crop estimates are increasing. There is no evidence that tobacco shipments will be other than normal, and these always create a considerable demand for exchange. There is, however, one final point of some importance. The accumulation during the years of depression of heavy unsold stocks of staple products has enabled consumers to spread their purchases more evenly over the whole of the year, instead of concentrating them in the months immediately following the gathering of the crops. This tends to reduce the intensity of the seasonal demand for dollars. Together with the absence of wheat exports and greater use of "outside" qualities of cotton this may prove the determining factor during the coming autumn. This is why we suggest that the seasonal pressure on the exchanges may be less than usual.

Finally, there is the question of the fundamental relation between the pound and dollar. Nearly a year ago we published some tentative calculations, based (A) on the assumption that the pound and the dollar were in equilibrium in 1929, and (B) on the assumption that the pound was then over-valued by 10 per cent. We summarised these calculations into a table, which is reproduced and extended below:—

EQUILIBRIUM RATES OF EXCHANGE BETWEEN POUND AND DOLLAR

Indices compared	Nature of Prices compared	Equilibrium Rates					
		April, 1933		Aug., 1934		June, 1935	
		A	B	A	B	A	B
Bureau of Labour—Board of Trade	Wholesale....	\$ 4.27	3.84	\$ 4.93	4.44	\$ 4.78	4.28
Irving Fisher—Board of Trade	Wholesale....	4.00	3.60	5.14	4.63	5.31	4.78
Nat. Ind. Conf. Board—Bowley	Wages	4.00	3.60	5.14	4.63	5.17	4.65
Bureau of Labour—Ministry of Labour	Cost of living	4.17	3.75	4.42	3.98	4.69	4.22

All these comparisons are tentative, and during the past ten months there have been contrary movements in the two comparisons based upon wholesale prices. Still, the comparison between the Board of Trade and Irving Fisher index numbers is the more representative; and this, as well as those based on wages and the cost-of-living, shows that the equilibrium rate has drawn closer to the actual exchange rate during the past ten months. The figures, however, still seem to indicate that a rate of \$4.98 over-values the pound, and if this is true, the dollar should have a rising tendency. It is difficult, owing to the lack of data, to make a similar calculation for the dollar and the franc, but here again it is probable that the under-valuation of the dollar is less pronounced than it was a year ago.

This view is borne out by a cursory examination of recent American overseas trade statistics. Throughout 1934, the United States had a continuous export surplus which for the last eight months of the year averaged \$40 millions a month. In 1935, the monthly export surplus suddenly dropped to under \$10 millions, and in April and May, there was an import surplus of a few million dollars. This import surplus may be seasonal, but the general impression is both that the dollar is now in closer equilibrium with other currencies, and also that the course of trade is now working much less in favour of the dollar. It may be that our

tentative calculations exaggerate the under-valuation of the dollar in terms of other currencies.

On the whole it looks as if the autumn strengthening of the dollar may be less pronounced than usual. The trade balance is telling much less in favour of the United States while the seasonal demand for dollars may also be on a sub-normal scale. The under-valuation of the dollar should tell the other way, but experience has shown that the theoretical equilibrium rate is just as likely to move towards the actual exchange rate as to pull the latter down towards it. There are, however, two imponderables which are likely to exert the greatest influence of all. These are the course of the silver-buying policy, and the trend of European politics. If the American Treasury remains a heavy purchaser of silver in London, then the dollar will depreciate. If war breaks out between Italy and Abyssinia, and especially if it has serious repercussions in Europe, then the dollar will, in all probability, appreciate. Either development can, for a time at least, have a far greater influence upon the New York exchange than the more normal influences of international price-levels and commercial exchanges.

FINANCIAL NOTES

Anglo-Italian Exchange Agreement.—Since the conclusion of this Agreement last April, £1,484,000 has been transferred to British exporters through the mechanism of the scheme. The sum awaiting transfer on August 21st was £1,934,000 and the accumulation of these arrears has caused feelings of acute discontent among British exporters. The usual explanation is that British importers are reluctant to pay the sums due by them into the clearing account at the Bank of England, and that this is causing a shortage of sterling available for British exporters. The scheme is not compulsory upon British importers, but in practice they are probably not to blame for their alleged failure to make use of the scheme. When a bill of exchange is presented for payment to the British importer, he pays the collecting bank in London, and the collecting bank remits the amount in accordance with the instructions received from the Italian exporter or his bankers. If the collecting bank is instructed to pay the proceeds into the clearing account at the Bank of England, it does so. If it is instructed to deal with them in any other way, it equally does so. This suggests that the real onus of making use of the scheme lies not on the British importer, but on the Italian exporter, and the number of cases in which the collecting bank is not asked to pay to the Bank of England suggests that the Italian authorities are not instructing their exporters to avail themselves of the scheme. It is significant that as all Italians must declare, and be prepared to hand over to the authorities, any foreign exchange held by them, any failure to use the scheme automatically places fresh exchange at the disposal of the authorities. The burden, however, falls upon the British exporter, in the shape of the delay experienced in receiving payment. This places the partial failure of the Anglo-Italian Agreement in an entirely new light.

Uncertain Dutch Outlook.—Our Amsterdam correspondent calls attention to the technical improvement in the position of the Netherlands Bank. Since the crisis at the end of July, the Bank has recovered Fl. 28.2 millions of its gold losses, while loans granted by it have been reduced by Fl. 70.8 millions. Its gold ratio has risen from 64 to 70.5 per cent., and on August 3rd it reduced its rediscount rate from 6 to 5 per cent. There is evidence, however, that this improvement is superficial, for both the dollar and the French franc are still quoted at about the export gold point, while short-term rates in the Amsterdam money market have been well up to Bank rate and at times above it. It is believed that the Netherlands Bank has been repurchasing on its own initiative some of the francs sold by it at the time of the crisis, and converting these francs into gold. Thus there has not been a natural influx of gold into Holland, and if the Netherlands Bank has been buying francs it is easy to see why the guilder remains weak against

the franc and dollar. The Amsterdam stock market is weak, and there is some demand for dollar securities. All this points to the continuance of a flight of capital from Holland, and surprise has been expressed that the Netherlands Bank has not decided to raise its discount rate again.

The Foreign Exchanges.—The market has been very idle. Little spot silver was on offer this week, and the consequent absence of American purchases caused spot dollars to strengthen from \$4.98 to \$4.97½. Three months' dollars came on offer at 1½ cents premium, against 1½ cents last week. The common American practice is to buy forward dollars whenever spot dollars are being sold against silver, the object being to take advantage of the depreciation in the dollar which accompanies silver purchases. As no silver was bought this week, there was no demand for forward dollars. The leading gold *bloc* rates are a shade stronger, but there is very little business. The British Control has continued to support the franc. Forward belga are a little weaker. Spot lire eased off early in the week, but the Italian authorities quickly brought them back to the pegged rate of lire 60½. Three months' lire are quoted at 5-7 lire discount. The remittance of Italian currency to Italy has been controlled for some time, and as a result it is now possible to deal in Italian notes in small quantities in London at a rate of lire 67 and upwards.

The Money Market.—Conditions are entirely unchanged; last week's Treasury bills went at an average rate of 11s. 4.93d. per cent., against 11s. 1.94d. per cent. the week before. This week the banks have bought Treasury bills for dates up to the third week of November at ½ per cent. There was no business in hot Treasuries.

	Aug. 9, 1935	Aug. 16, 1935	Aug. 23, 1935	Aug. 30, 1935
Bank rate.....	2	2	2	2
Clearing banks' deposit rate ...	2	2	2	2
Short Loan rate :—				
Clearing banks.....	1-1	1-1	1-1	1-1
Others.....	1-1	1-1	1-1	1-1
Discount rates :—				
Treasury bills	1-1	1-1	1-1	1-1
Three months' bank bills ...	1-1	1-1	1-1	1-1

This week the tender is being increased from £40 to £45 millions. Maturities have lately been at the rate of £40 millions a week instead of £35 millions, and so the increase in the tender restores the former rate of increase of £5 millions a week in the total tender issue. In view of the Exchange Account's continued purchases of gold, which is steadily reducing tap issues of bills, it is not surprising that the tender issue is continuing to expand.

The Bank Return.—The note circulation has again fallen with the further return of holiday currency, but the week's contraction is very small.

	BANK OF ENGLAND				
	Aug. 29, 1934	Aug. 7, 1935	Aug. 14, 1935	Aug. 21, 1935	Aug. 28, 1935
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department :—					
Gold	191.8	192.8	192.8	193.3	193.4
Note circulation	379.3	411.8	405.5	400.4	399.6
Banking Department :—					
Reserve	73.1	41.5	47.8	53.5	54.5
Public deposits.....	34.0	17.2	16.8	15.9	9.4
Bankers' deposits	83.7	82.7	86.3	93.9	96.9
Other deposits.....	35.2	37.8	37.0	36.9	36.5
Government securities.....	83.2	87.2	82.0	83.5	81.3
Discounts and advances	5.6	14.1	15.2	13.0	12.9
Other securities	9.3	13.1	13.2	15.0	12.3
Proportion	47.7%	30.1%	34.1%	36.4%	38.1%

In the banking department, the most striking movement is a decline in public deposits to £9.4 millions. The Government has heavy dividend payments to make next week, and it will probably have to borrow on Ways and Means from the Bank. Bankers' deposits have risen to £96.9 millions, and next week's dividends are likely to cause a further

GREAT WESTERN RAILWAY

A CENTENARY REVIEW

To-day, August 31, 1935, is the hundredth anniversary of the enactment by Parliament of a Bill conferring legal existence upon a railway designed to run from Bristol to London, from which has evolved, without break of nomenclature, ownership or tradition, the present Great Western system, with its 3,793 track-miles, and its £150,000,000 of issued debenture and share capital. The story of the Great Western—whose main lines radiate from London (Paddington) to Devon and Cornwall, Wales and, through Birmingham, to the Mersey, with important ancillary dock, steamship, hotel, canal, and other interests—epitomises all that is fundamental and much that is picturesque in British railway development. The Centenary thus affords an appropriate occasion for an analysis of the company's inception and evolution, its present position, and its special opportunities and problems.

A HUNDRED YEARS IN RETROSPECT

THE first successful Great Western Parliamentary Bill received the Royal Assent on August 31, 1835. The first fare-paying passenger was carried on June 4, 1838, and the complete London-Bristol line was opened in June, 1841, at a total capital cost of £5,877,120. From this nucleus has grown the system whose present-day size and scope is indicated by the map on page 427.

Although the use of the term "Great Western" as early as August, 1833, suggested that the Fathers of the Line had set no narrow territorial limit to its ultimate expansion, it is quite certain that they did not foresee the part which goods traffic would play in its future economy. The "broad gauge" of seven feet, instead of the four feet eight and a half inches which was standard on all English lines outside the Great Western orbit, was adopted on the advice of the company's great engineer, Brunel (after the London and Birmingham Railway had refused terminal facilities at Euston), and maintained in the face of considerable criticism, expert and otherwise. While the Great Western, however, was most stoutly defending its child during the Parliamentary "gauge war" of the 'forties, events were already conspiring to present the company with an inevitable choice between isolation and increased traffic, and it was clear on what lines its final judgment would be framed.

The broad gauge was all very well for extensions into relatively virgin territory with a low traffic density, like Somerset, Devon, Cornwall and (at that time) South Wales. These could be entrusted to separate companies, in which the Great Western had financial and directorial interest without control. An effort, however, to apply the same principle in the area north of the London-Bristol line, where the company came into competition with systems as strong as its own, led to the speedy "rebellion" of the Oxford, Worcester and Wolverhampton Company, which went over to the narrow gauge. To reach the Birmingham area the Great Western had to fight its own battle, at first hand, not at second hand. Its purchase, in 1846, of the Birmingham and Oxford Junction and the Birmingham, Wolverhampton and Dudley Railways brought it directly inside the preserves of the London and North-Western. The "Battle of the Gauges" became still more embittered in 1854, when the absorption of the Shrewsbury and Birmingham and the Shrewsbury and Chester Railways carried the Great Western to the area of the Mersey. The latter acquisition, however, was effected on terms which effectively precluded the extension of the broad gauge north of Wolverhampton. Though Great Western trains appeared at Birkenhead in 1857, the appearance of the "mixed gauge" at Paddington was a much more portentous development. It was not altogether surprising that, early in the 'sixties, the company, rather than face the prospect

of being shut out from permanent participation in the growing traffic between Wales, the West Midlands and the Metropolis, agreed to amalgamate with the West Midland and South Wales Railways.

This final break with the tradition of "magnificent isolation," consummated in 1863, was probably the most decisive event in Great Western history. It had been heralded by the passing of many able and devoted men who had done much for the old regime—Isambard Kingdom Brunel, one of the greatest civil engineers of all time; Charles Alexander Saunders, secretary and general superintendent, who was perhaps the most formative of all influences in Great Western history; and Charles Russell, chairman of the company throughout one of the periods of fiercest competition. One great figure of pioneer days, however, remained to see the company through an almost desperate financial crisis in the later 'sixties, to weld the new "group" into a unitary system, and to establish its prosperity on a secure basis in the 'eighties. Daniel Gooch, "Superintendent of Locomotive Engines" in 1837 at the age of twenty-one, was called to the chair in 1865 after a single year's break with the company, and ruled for the next twenty-four years.

The conversion to the narrow gauge, authorised in 1866, was not finally completed until 1892, the delay being due mainly to the absorption, in 1876, of various "associated" but hitherto independent broad-gauge companies west of Bristol. The financial results of the period of retrenchment and consolidation were satisfactory. They were accompanied, however, by a somewhat rigidly conservative policy which did not enhance the Great Western's popularity with the travelling public. The period from the late 'eighties to the outbreak of war in 1914 was, subsequently, devoted to improving facilities to the higher level demanded by modern railway conditions. The Severn Tunnel had been opened for traffic in September, 1886. The most important subsequent development, before the Great War, was the "rounding off" of the system by lines giving direct transit to Bristol and South Wales (1903), Taunton and the West (1906) and Birmingham (1910).

The war intervened before the company had secured the full fruits of this policy. Before the system had recovered from the physical effects of that epoch of Government control, it was presented with new problems arising out of the Railways Act of 1921. "Grouping" offered few administrative problems to the Great Western—which was already a "group"—but it compelled the company to absorb, *inter alia*, numerous South Wales concerns, predominantly interested in the coal trade, on the basis of their results in the prosperous year 1913. Depression in the coal industry, and competition from motor transport, were matters

of concern to the management before the piling of Pelion on Ossa by the general economic depression of 1930 onwards. From this crisis the railways are only now beginning to emerge.

So much for a century's history of the Great Western

GREAT WESTERN FINANCE

FROM the consideration of a century's annals of the Great Western Railway, we turn to review the principal features of its technical and financial development. A comprehensive survey of the company's growth from the earliest days, when the paid-up capital amounted to £125,000, up to its centennial year, with a capital little short of £150 millions, constitutes a fascinating, but formidable, work of historical research. It is complicated, moreover, by the steady progress of absorption of affiliated and competing lines, to which reference is made in the preceding section. By courtesy of the company, however, we have made an analysis of the main financial and operating trends of the century. The table on page 427 gives, in its four sections, statistics of finance, passenger and goods traffic, and operating experience for each decennial year from 1840 to 1930. The last year unaffected by war-time Government control, 1913, was also the first year in which ancillary businesses were separated in the form of accounts ordained by the 1911 Act. Thereafter a break of eleven years in the table is occasioned by the non-publication of complete accounts during the control period from 1914 to 1921. The series is resumed, however, in 1924, the first complete year of amalgamation under the 1921 Act. The subsequent history is shown by reference to the years 1929, 1932 and 1934, which characterise pre-depression, mid-depression and recovery conditions.

In considering the financial history of the company, the year 1840 provides an eminently suitable base, for, after more than four years' work, the completion of the line to Bristol was within sight. The sections then opened, at a cost of over £5½ millions, were, however, already fulfilling their promise, and the first ordinary dividend of 1½ per cent. was paid for the second half of 1840. In that year, moreover, the company carried a million passengers for the first time. With the completion of the Bristol line, net revenue expanded so satisfactorily that dividends of 8 per cent. were paid in 1845 and 1846. By 1850, however, the depression of the late 'forties, coupled with the rapid growth of new capital expenditure in connection with the "Battle of the Gauges," had caused a reduction in the dividend to 4 per cent.

The 'fifties marked a period of financial difficulty, for the expansion in revenues failed to march in step with the rapid growth in capital, which, during this period, was being largely raised on prior-charge issues. Although net receipts exceeded £1 million in 1860, the dividend payments were only gradually being stepped up after a period of stringency which, in 1858, reduced the dividend to only 1½ per cent.—the lowest figure on record. A similar but more serious oscillation occurred during later years of the following decade. In the two half-years to January and July, 1867, the depletion of cash resources necessitated the offer of stock dividends in lieu of cash payment. So critical, indeed, was the financial position of the company that Daniel Gooch appealed, unsuccessfully, to Disraeli for Government assistance to the extent of £1 million. The strain imposed upon current revenue was accordingly very severe, and but for capable handling might well have proved disastrous. The end of the decade, however, marked the turning point, for the amalgamations of the 'sixties, which brought the West Midland and South Wales lines into the group, immediately proved their worth—though the purchase terms, in the light of contemporary conditions, were somewhat costly.

During the 40 years which followed, the fortunes of the company were well established. The period began with a consolidation of the capital structure, in which no fewer than 40% and 10% of stocks—apart from ordinary—

Railway. In succeeding sections of this Review we propose to discuss in detail certain technical and financial features in the company's development, its economic and industrial background, and, finally, its outlook in relation to current questions of traffic, wages and rating.

were reduced to three classes. Further increases of capital marked the absorption, during the 'seventies, of additional lines, including the Bristol and Exeter and South Devon—which incidentally brought control of the Cornwall Railway, and gave the Great Western until 1923 the largest mileage in the Kingdom. As in previous decades, dividends dipped until the new acquisitions had fructified fully. Careful, indeed austere, financial management, however, made recovery from the brink of financial disaster in the 'sixties doubly assured. From 1881 until 1893 dividends were never below 5½ per cent., and in six years exceeded 6 per cent. The rate of increase in capital receipts inevitably tended to slow down, and revenue expanded steadily under the influence of economic progress and the indirect benefits of the narrow gauge. At the end of the 'eighties a sudden spurt in revenue somewhat anticipated the progress made towards the turn of the century, both in financial results and in the improved travelling facilities with which they were associated. The benefits of the new forward-looking policy accrued almost immediately to the ordinary shareholders, whose dividends were never lower than 5½ per cent. from 1902 to 1913.

The tabulation is resumed in 1924, after amalgamation had been effected with relatively little disturbance. Except in the year of the General Strike, the company demonstrated its ability to earn satisfactory profits on the new capital structure until the onset of depression in 1930. Within three years, however, net revenues fell from £8,198,644 to £4,459,403. The directors have evidenced their faith in the line and in the virtues of "full trustee" status, by maintaining ordinary dividends at 3 per cent. during the last four years.

In assessing the operating results achieved during the century, a point of importance at once emerges. In 1840 the proportion of passenger traffic to total receipts (in accordance with the directors' anticipations) was as high as 89 per cent. Only twenty years later the proportion had fallen to 59 per cent. although the company still had no major industrial territory. In succeeding decades the proportion tended to become stabilised somewhat below 50 per cent. Since the war it has further fallen towards the 40 per cent. level. Although the Great Western as an "industrial" line ranks only third among the four main railway systems of to-day, its character has thus shown a steady change, as its interests, particularly in South Wales, have broadened. The lack of post-war progress in the latter area, however, is evidenced by the fact that goods tonnage showed only modest advance between 1924 and 1929. In the subsequent depression the loss of freight has been severe.

After due allowance for this trend factor, however, the course of passenger and freight figures in each decade marches in fair conformity with the length of line operated. Between 1860 and 1870, for instance, the issued capital and mileage were roughly doubled, while the number of passengers and freight tonnage were virtually trebled. Receipts per passenger and freight train mile, however, had already begun the steady decline which continued until 1910. In the same period the trend of gross expenses per train mile rose slowly at first and then more rapidly as facilities were improved and direct costs increased. The "monopoly power" of the company, in common with all other lines, was already tending to slip away. Progress from 1850 to 1900, in short, was based on a growing volume of traffic, handled at a smaller net receipt per train mile. Both receipts and expenses per train mile rose sharply in the years before the War.

(Continued on page 428)

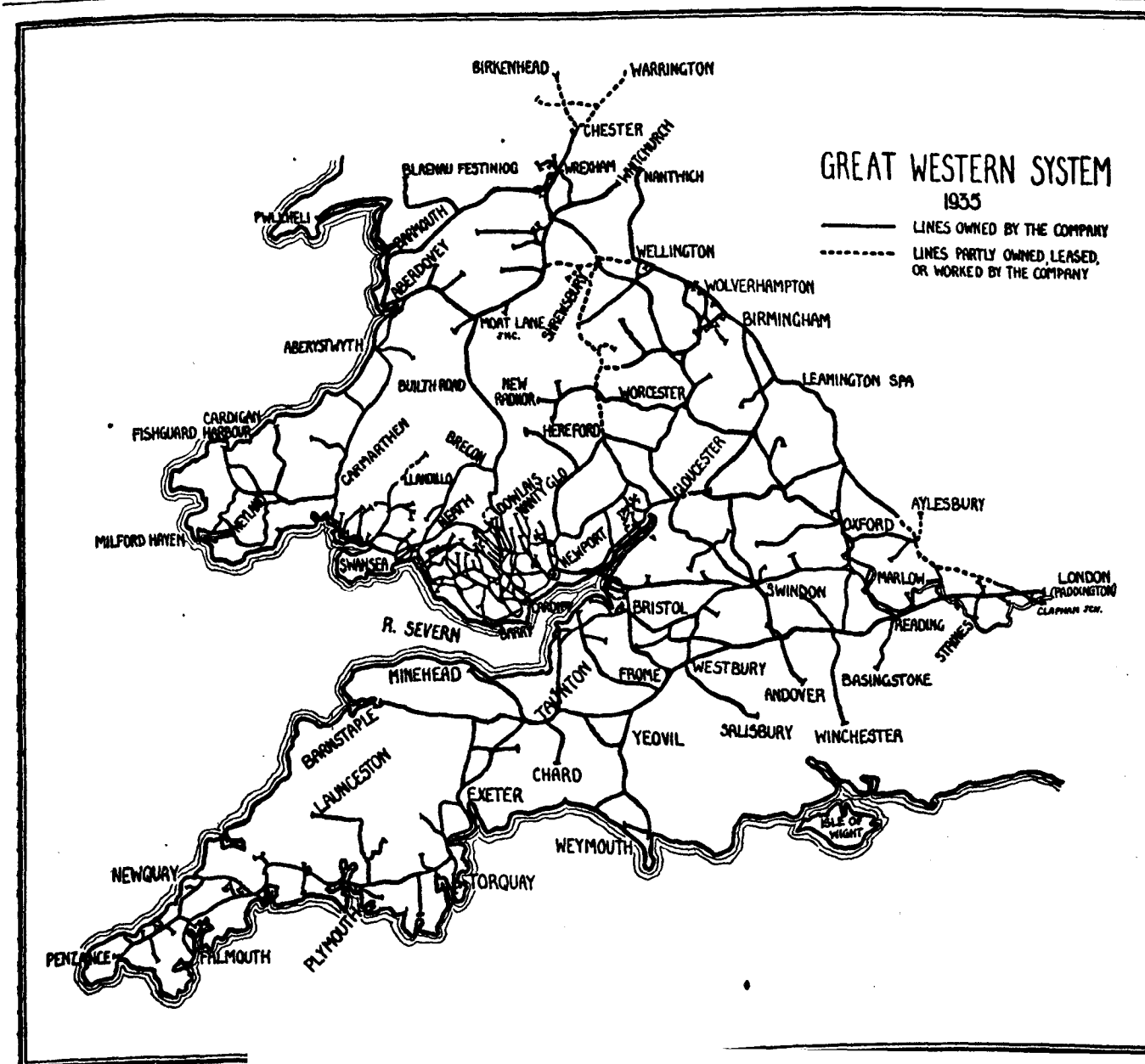
STATISTICAL SUMMARY

The following table gives a statistical picture of the financial and operating results of the Great Western Railway—mainly at decennial intervals—from 1840 onwards. Although every endeavour has been made to secure a comparable basis throughout, adjustments have been necessary, from time to time, owing to successive absorptions of other lines, changes in accounting procedure, etc. For example, in the section headed "Finance,"

charges for rent of leased lines, deducted before striking net revenue, have been added back, e.g. in the 1880 and 1900 figures, where funding has occurred on the absorption of the lines concerned. The adjustment in each case, however, is small. Changes in accounting involve a more serious break in comparability in the "Operating Results" section from 1913 onwards, when ancillary traffic receipts and expenditure are separately stated for the first time.

Year	FINANCE			PASSENGER TRAFFIC				GOODS TRAFFIC			OPERATING RESULTS						
	Total Capital (incl. debentures and loans)	Net Revenue	Ord. Divs. (£)	Total passengers	Receipts	Receipts per pass. train mile	Proportion pass. traffic to total traffic receipts	Total Tonnage	Receipts	Receipts per freight train mile	Length of line operated	Total receipts per train mile	Gross expenses per train mile	Total receipts from all sources	Total expenditure	Proportion expenditure to total receipts	
1840	£ 5,331,528	£ 126,693	1½	mn. 1-0	£ 217,005	d. N.A.	89	mn. 26,845	£ N.A.	d. 147-3	92	N.A.	N.A.	£ 243,850	£ 117,158	48	
1850	13,815,205	541,651 ^a	4	2-5	630,515	106-2	76	N.A.	202,978	68-8	259	113-9	43-7	862,795	319,991	37	
1860	23,817,629	1,002,020 ^b	3½	8-1	1,192,368	62-4	59	3-6	837,215	68-8	594	64-9	28-8	2,029,583	900,241	44	
1870†	46,003,207	2,048,987	3½	23-8	2,030,594	61-2	48	10½	2,218,998	65-7	1,387	63-4	30-0	4,316,498	2,007,674	47	
1880†	66,693,695	3,174,932	5½	44-4	3,198,607	58-2	45	21-0	3,935,677	64-5	2,148	61-5	31-5	7,284,329	3,657,288	50	
1890	75,594,645	3,997,018	6½	58-1	4,039,148	56-0	47	26-0	4,566,258	63-4	2,481	59-7	31-4	8,762,294	4,517,817	52	
1900	85,946,413	4,050,997	4½	80-9	5,207,513	53-7	48	37-5	5,736,921	59-5	2,627	56-6	35-7	11,114,117	6,899,199	62	
1910	98,236,890	4,992,394	5½	104-0	6,794,685	53-3	49	53-4	7,111,347	66-2	2,993	66-3	42-1	14,132,809	8,839,758	63	
														Traffic (T) and Ancillaries (A)		Operating Ratio	
														Receipts	Expenditure		
1913	99,532,150	5,398,370	6½	109-1	7,286,416	54-6	48	59-5	7,887,416	93-5	3,025	69-6	44-5	T. 15,173,832	9,704,677	64 T.	
														A. 589,582	547,851	93 A.	
1924	140,941,766	7,453,093	7½	140-2	13,917,942	87-9	44	82-3	17,571,537	166-2	3,797	119-3	99-7	T. 31,489,479	26,321,445	83½ T.	
														A. 4,256,346	3,729,695	88 A.	
1929	147,424,011	8,198,644	7½	132-3	12,781,195	75-8	41	82-3	17,976,977	172-1	3,794	112-7	89-0	T. 30,758,172	24,308,541	78½ T.	
														A. 5,155,579	4,900,250	95 A.	
1932	147,405,833	4,459,403	3	108-3	10,525,861	63-9	43	61-8	13,779,787	150-3	3,801	94-8	79-9	T. 24,305,648	20,488,654	83½ T.	
														A. 3,949,392	3,941,637	99½ A.	
1934	149,867,833	5,410,999	3	110-8	10,569,140	62-4	42	64-9	14,500,385	153-3	3,793	94-9	77-1	T. 25,069,525	20,350,476	80½ T.	
														A. 3,990,752	3,960,905	99 A.	

† Years to January, 1871 and 1881. ‡ Approximate. N.A. Not available. § Lowest dividend, 1½ per cent. paid in 1853. Highest dividend rate, 8 per cent. paid in 1845, 1846, 1922 and 1923. (a) After deducting rent charges. (b) Including net revenue of Sareway line after meeting debenture and preference requirements.



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In 1913 the accounts, in accordance with the 1911 Act, showed traffic and ancillary businesses separately. Even in those relatively prosperous times ancillaries made an unimportant contribution to net revenue—apart from their functions as "feeders," whose effects elude statistical measurement. After economies had been effected during the amalgamation, however, the proportion of expenditure to ancillary receipts was considerably reduced—a matter of special note, in view of the Great Western's position, *inter alia*, as one of the largest dock-owning interests in the country. On the other hand, traffic expenses, which rose from £9,704,677 to £26,321,445 between 1913 and 1924, clearly reveal the inroad on net revenue resulting from higher wage-costs. The operating ratio rose, in the same period, from 64 to 83½ per cent. In contrast to other systems, however, Great Western "grouping," in 1922, did not afford scope for large operating economies, for the system was already an effective whole. In consequence, the reduction in the ratio to 78½ per cent., before the depression supervened, was a meritorious achievement. The

full effects of post-war management, however, are best shown by a comparison of gross expenses per train mile, which have been reduced by nearly 23 per cent. from 99.7d. in 1924 to 77.1d. in 1934. This result compares with a fall in traffic receipts per train mile of just over 20 per cent. in the same period. The toll in ancillary revenues, however, has been severe owing to reduced export activity. In view of the company's interests in one of the most depressed "special areas," which is at the mercy of world trade restrictions, these results must be accounted satisfactory.

Unfortunately, the prospect for a substantial revival in industrial conditions in South Wales is still clouded. Apart from its connection in the industrial Midlands, the company has been somewhat insulated from the fruits of domestic recovery. In the long run, granted a return to saner world conditions, the company's fortunes will be strengthened by the gradual restoration of the areas which it serves. The outlook in these areas is the subject of the following section.

INDUSTRY IN GREAT WESTERN TERRITORY

As early as the 'nineties of last century the railway map of Great Britain had begun to take on a modern appearance. The Great Western Railway system already reached out from London to Birkenhead in the North, to Penzance in the West, and to Weymouth in the South. Between these arms the railway now embraces a substantial portion of the southern area of Great Britain, including densely populated industrial regions, fertile agricultural land and some of the most beautiful coastlines which these islands possess. In the development of this area the Great Western Railway has played an important part, and its own growth, in turn, has been to some extent governed by economic changes in the districts it serves.

Before turning to a consideration of these separate areas, it may be useful to glance back over the past century at the movement of population in the counties in which the company now operates. According to the Census of 1831, the total population of these counties (excluding London) amounted to 4,978,000—or rather less than 36 per cent. of the total population of England and Wales. During the next ninety years the population of this area grew rapidly, reaching 11,615,000 by 1921, an increase of 133 per cent. on the 1831 total. Owing, however, to an even more rapid expansion in the industrial areas of the North of England, the percentage of the total inhabitants of England and Wales residing in the "service area" of the Great Western fell to 30.5, despite the rapid development of South Wales. The decade between 1921 and the last Census witnessed some modification of these tendencies. The population of Wales and Monmouthshire suffered a decline from 2,656,500 to 2,593,300 (about 2½ per cent.), but, owing to the "southward drift" of industry which has been evident in this country since the war, the proportion of the population resident in the G.W.R. "service area" rose slightly to 31 per cent. of the total. This increase was fairly well spread over the counties concerned, but was most evident in the areas around Birmingham and London. If the population of the Metropolis itself were included, the increase would, of course, be appreciably greater. Ignoring London, the counties served by the G.W.R. now possess an aggregate population of some 12,381,000.

The absence of any uniformity of economic conditions over this great area is clearly brought out in the following table, based on statistics published by the Ministry of Labour:—

INDEX NUMBERS OF INSURED PERSONS IN EMPLOYMENT, JUNE, 1923 = 100					
Year	London	South- Western Area	Midland Area	Wales	All England and Wales
1924	101.9	103.5	103.8	100.5	103.4
1929	119.7	117.0	111.0	84.6	110.0
1930	119.0	117.9	107.2	78.6	105.6
1931	118.5	116.4	101.3	73.4	101.2
1932	116.9	114.3	101.3	68.6	100.2
1933	121.0	117.0	107.2	72.5	104.5
1934	127.0	121.5	113.6	73.8	108.9

The relative prosperity of London and the South-western counties and the unhappy position of Wales stand out in vivid contrast when these figures are examined.

While the wealth of any country is partly dependent on the efficiency of its transport system, a glance at the above table will show that efficient transport in itself is not sufficient to ensure the well-being of any area. To appreciate the economic value of a modern railway system, however, one has only to recall the fact that the journey by barge from Bristol to London, in the eighteenth and nineteenth centuries, frequently occupied three weeks. The industrial area centred on Birmingham, now served by the Great Western, affords an excellent example of the localisation of industry which is possible when transport is efficient, and of the extent to which population may expand in such circumstances. By railway transport the diversified metal industries of Birmingham have easy access to coal and iron ore supplies, and to the markets for the finished products which they manufacture. Since specialisation in any industry is conditioned by the extent of the market, the latter, in the absence of an efficient transport system, is bound to be restricted. To-day, Birmingham, which is an important railway focus, produces a wide range of metal products, from screws and nails to small arms, motors and railway rolling stock. During the past century the population of Warwickshire grew from 336,600 to 1,535,000 and, as has been indicated in the table above, employment in the Midlands has experienced a substantial improvement from the depression of 1931 and 1932. In Birmingham itself there are still many men unemployed, but the total has fallen sharply during the past year and a further measure of improvement may be looked for in the near future.

An area in which the Great Western now has the nearest approach to a monopoly of rail transport is South Wales, where the necessity for hauling coal from the mines to the coast gave rise at an early date to the tramway systems which were the precursors of the modern railway. Numerous Welsh coal-mining railways, of which the Taff Vale was the chief, were absorbed into the Great Western after the "grouping" in 1922. Since that date well over £2,000,000 have been spent in adapting and reconstructing the equipment of these lines in order that 20-ton wagons may be used in the coal shipment trade. It is clear that the area owes much to the enterprise of the railway, while, on the other hand, the Company finds South Wales one of its most important customers. Besides owning the railways, the Great Western also controls the ports in the area, and over 6 per cent. of its total gross receipts last year were derived from the operation of docks, harbours and wharves. South Wales is interested in most branches of the iron and steel industry, and also has industries based upon non-ferrous metals, but the area is chiefly dependent upon coal. The prosperity of Wales, and of that portion of the rail-

way which serves this area, is bound up with the fortunes of the coal shipment trade. According to one authority, coal was being sent by rail (via Gloucester and Basingstoke) to Southampton as early as the 'fifties of last century and used for bunkering purposes at that port. The increasing importance of coal as a source of heat and power during the latter half of last century is shown by statistics of production in South Wales. Output increased from 14.2 million tons in 1875 to 24.3 millions in 1895 and 56.8 million tons in 1913. This rapid growth in the output of coal was naturally reflected in the prosperity of the Welsh railways during the period. Exports abroad account for about one-half of the output of Welsh coal, while, roughly, a further 9 per cent. is absorbed as bunkers. For the purposes of the shipment trade, Cardiff is admirably situated at the mouth of the Bristol Channel, and this city, like Barry, its satellite, owes much to railway enterprise. In recent years this dependence upon the export trade has, however, been a grave disadvantage, since the output of coal and iron and steel from the area has undergone relatively greater fluctuation than the production of those commodities in the country as a whole. The story is briefly told in the following table:—

PRODUCTION IN SOUTH WALES AND MONMOUTHSHIRE

Year	Pig Iron		Steel Ingots and Castings		Coal	
	'000 Tons	% of U.K. Total	'000 Tons	% of U.K. Total	'000 Tons	% of U.K. Total
1913	889	8½	1,807	24	56,830	20
1920	692	8½	1,884	21	46,249	20
1929	926	12	2,336	24	48,150	19
1930	542	9	1,503	20½	45,108	18½
1931	280	7½	1,274	24½	37,085	17
1932	353	10	1,347	25½	34,874	16½
1933	451	11	1,769	25	34,355	16½
1934	495	8½	1,848	21	35,339	16

It is convenient at this juncture to point out the importance of the Severn Tunnel. Before the completion of this engineering feat in 1886 the bulk of the traffic from London to South Wales passed through Gloucester, although a rail and ferry service had been opened in 1863 and a single-line bridge across the river at Lydney completed in 1879.

The line to the West of England serves an area originally

somewhat isolated and neglected, but now of growing importance to the company. From earliest times, Cornwall has been famous for its tin-mining industry, and, as in South Wales, the earliest Cornish railways (e.g. the Redruth and Chacewater) were mineral lines. In the post-war period, foreign competition drastically reduced the volume of this traffic, but in more recent years the high price of tin has made it possible to reopen certain of the Cornish mines. Thus the output of tin ore rose from 920 tons in 1931 to 2,337 in 1933. Some further expansion is possible, but the transport of minerals in this area is unlikely to make great demands upon the services of the Great Western. A much more important source of revenue has come into existence as a result of the rapid growth of the population of London—viz. the transport of horticultural produce from Devon and Cornwall (and the Scillies) to the Metropolis. Similar produce is grown in the Channel Islands, a large part of which is imported at Weymouth and sent to London by the Great Western. Nowadays, London's milk supply is also drawn from a very wide area. It is becoming increasingly evident that speedy and reliable transport is as important to the agriculturist as to the industrialist. In some branches of agriculture, indeed (e.g. market gardening), it is a *sine qua non*.

The climate of Devon and Cornwall, however, does not appeal merely to the horticulturist; it has also a decided attraction for the holiday-maker. Its importance may be gauged from the fact that, in 1934, 42 per cent. of the Great Western receipts from railway operation were derived from passenger train traffic. In the absence of modern transport facilities, this area would inevitably have remained beyond the reach of the majority of Londoners. From early days, however, the G.W.R. has been noted for its long-distance passenger expresses. Such resorts as Minehead, Barnstaple, Newquay, Penzance, Torquay and Paignton owe much to its enterprise in placing them within easy reach of some of our most populous areas. The direct route to Cornwall, completed in 1906, is now the shortest line to that area. In addition, the company has done much to develop the popularity of resorts in the Channel Islands by its Weymouth service, and has recently acquired an interest in Jersey Airways, a young service which is attracting increasing numbers of air-minded holiday-makers.

CURRENT PROBLEMS AND FUTURE PROSPECTS

WHAT of the future? It will be convenient, at this point, briefly to recapitulate the conclusions reached in the preceding section, and to see what light they throw on the outlook.

It is a truism that railway revival is a function of general trade recovery. In the Great Western's case, however, the generalisation is overlaid with so many exceptions, qualifications and anomalies that its value as a practical indicator is doubtful. In the first place, the Great Western's traffics are not necessarily representative of the distribution of different industries in Great Britain as a whole. Its traffic "catchment area" does not include any large part of the industrial areas of the North or of Scotland. It takes in the active Birmingham area and the South-West Midlands, but is "weighted" by the coal industry of South Wales. The latter, with its high export percentage, has been a sufferer from the process of world trade strangulation, without sharing in the limited benefits secured by the north-east coast as a result of the Government's bilateral trade agreements with Northern European countries. For the rest, the company is keenly interested in the steel industry of South Wales and Birmingham. It has large agricultural areas whose population, in the last hundred years, has increased more slowly than that of Great Britain generally. Finally, it has an important passenger traffic, which is greatly swelled at holiday times.

Of all post-war developments it is clear that depression in the South Wales coal trade has cost the Great Western most. An eventual return by the nations of the world to

economic sanity may enable South Wales to recapture some of her lost overseas trade. In the immediate future, however, it is probable that, on balance, some benefit may accrue to the area as a result of the recent agreement between the British iron and steel industry and the Continental Steel Cartel. The reorganisation schemes which have lately been in evidence in the South Wales coal industry, further, give grounds for hoping that Welsh exporters will be in a position to take full advantage of any openings which may occur in markets overseas. Moreover, there appears to be no reason why the industrial area of the Midlands should not enjoy an increasing measure of prosperity as time goes on. The "southward drift" of industry, again, shows no signs of abating, and its benefits to the Great Western should be progressive. Every increase in the population of the Home Counties will also necessitate the transport of larger quantities of milk and other foodstuffs from distant areas to the capital; and it is improbable that the railway's share of this traffic will decline. As regards the conveyance of passengers, the outlook is perhaps rather more uncertain, for the influence of road competition (particularly private cars) is not easy to assess. So far, however, as the long-distance traffic is concerned, it is hard to believe that the Great Western passenger trains will ever be decisively threatened by competition from the roads. On the contrary, it is quite conceivable that the habit of travelling for pleasure—the importance of which remained unappreciated for so long—will

grow substantially in the future, and that the railways will receive an appreciable share of its first fruits.

On the industrial side, a revival in export trade would certainly be of material assistance to the Great Western. Between 1929 and 1934 its dock and harbour receipts declined by £1,112,122 from £3,086,147 to £1,974,025. As the company has been able to reduce expenses for various reasons by no more than £717,483, the operating ratio has risen from 82 per cent. to 95 per cent., and net receipts have fallen from £543,532 to £88,893. As docks provided 60 per cent. of total takings from all ancillary businesses in 1929 and only 49½ per cent. in 1934, the benefits which the company would secure from increased export trade need not be laboured.

Of the newer ancillary businesses, air transport may hold out future possibilities as a link, for example, between territories north and south of the Bristol Channel, and an adjunct to the company's Channel Islands service, particularly in the holiday months. The service, however, is merely in its infancy, and is far, as yet, from paying its way. In any case, the Great Western system is already so compact that the scope for air development, apart from semi-luxury traffic at high rates, must needs be limited.

There are, however, two sides to every balance sheet, and the relative inelasticity of receipts has compelled all railway managements seriously to consider every practicable possibility of reducing expenses to the economic minimum. It is here that the anomalies of the present system are most clearly apparent. In the first place, the railway wages bill is very considerably higher than in pre-war days, and the wages structure far more rigid. It is not widely realised that the traffic conveyed and the total receipts of the Great Western (like those of other companies) are actually higher to-day than in 1913. The lines now incorporated in the Great Western secured total gross revenue from railway operations of £25,289,629 in 1934, as compared with an approximate figure of £18,053,050 in 1913. The figures are not completely comparable, but it is not far wide of the mark to say that total receipts are about one-third higher than in the pre-war year. This result is due to the increased average level of rates and fares, despite recent reductions to retain or attract traffic. Of all parties, however, which are interested in the working of the railways, labour has gained most since the war. For a time, in 1920, the Great Western's wages bill was treble that of 1913. Even to-day the average level of wages receipts is at least 100 per cent. above that of pre-war days.

If the railways' ability to secure far-reaching reductions under this heading is limited, it is only one degree less circumscribed as regards possible economies at the expense of railway-users. The theory of the Act of 1921 that a Railway Rates Tribunal can adjust charges so as to produce a given "standard revenue" has been tacitly suspended ever since it became legally enforceable. The "monopoly" conception behind it takes no account of the growth of competitive road transport. The additional road transport powers secured by the railways on the one hand, and the increased taxation and greater regulation of road vehicles on the other, have done something to reduce the disparity between the burdens carried by the two transport arms. The prospect, however, that road vehicles will ever be saddled, as the railways are, with the responsibilities of "common carriers" is somewhat remote. The licensing provisions of road transport legislation may ultimately impose a limit on the more irresponsible and uneconomic type of competition for goods transport, and, by creating larger operating units, in which the railways can take a

financial interest, make possible a *modus vivendi* similar to that which the railways have already secured on the road passenger side. That day, however, is not yet. In the meantime, the railways, in order to safeguard and expand their traffic, must rely on methods of "transport salesmanship," which preclude salvation by the policy of drastic retrenchment in expenditure under all headings, which carried the Great Western through the lean years of the 'sixties and 'seventies of last century.

There has never been a time when so many external influences are concerned with the determination of what the railways shall pay and earn. A National Board fixes the rates of pay and other conditions of service. The Railway Rates Tribunal has legal responsibility for determining the level of freight rates and passenger fares. The Railway Assessment Authority values the railways' hereditaments for rating purposes, under the Act of 1930, which, broadly, substitutes central for parochial assessment. All these bodies are concerned, directly or indirectly, with the level of railway charges. The extreme confusion into which the rating question has been thrown, this year, is an object lesson in the difficulties which present themselves.

As early as 1867 a Royal Commission on railways declared that "the general principle on which railways should be rated is a clear one, viz. to take the net annual value of the land as improved in the hands of the railway company by the construction of the line, stations and other works, without reference to their profits as carriers." Under the Railways (Valuation for Rating) Act, 1930, however, the Assessment Authority is required to value the hypothetical rent of railway hereditaments by reference to average net receipts (i.e. "profits") in a given period—for the present quinquennium, the average for 1928 and 1929. This has resulted in the Great Western's being placed on the valuation roll for rating, in a period of severe contemporary depression, with the largest figure of net annual value which has ever been proposed as a single valuation in the history of rating.

From the Assessment Authority's finding, however, an appeal lies to the Railway and Canal Commission. Such an appeal, in the Southern's case earlier this year, led to the reduction of that company's liability to about half the original figure, and the Assessment Authority thereupon fixed the London and North Eastern's assessment at nil. The net result of recent findings however, has been to produce an almost intolerable state of uncertainty. It must be remembered that the entire basis of present freight rates for certain commodities, including specified agricultural products, export coal, etc., may be upset if the method of subvention by contributions from a Rebates Fund, to which 75 per cent. of railway rating charges have been paid, is endangered by the reduction of the Fund to a state of bankruptcy. In this connection account must be taken of the fact that railway rating assessments for the next quinquennium will in any case be based on net revenue figures in a period, not of comparative prosperity, but of deep depression.

For these reasons a certain conservatism is appropriate in estimating the probable course of events in the near future. The pace, magnitude and distribution of future industrial revival in Great Britain are largely outside legislative control. The company, however, in common with the three other great railway systems, would appear to be on sound ground in pressing for the removal of all anomalies which are susceptible to treatment on rational lines.

THE STOCK EXCHANGE

"G.W.R."

ON August 31, 1835, King William the Fourth assented to a Bill authorising the construction of a railway from London to Bristol. By their very choice of a title, its promoters testified to a territorial ambition in the public's service, which their successors, for the last hundred years, have consistently and most successfully translated into terms of train-miles. The Great Western Railway (whose history and outlook are the subject of a special Centenary Review on pages 425 to 430 of this issue of the *Economist*) has an investment record scarcely approached in the railway annals of any country. Since 1840, its total capital (including debenture stocks) has risen from £5,331,528 to £149,867,833, and its ordinary capital from £2,803,923 to £42,929,732; but in no complete year have ordinary shareholders gone without a dividend. On four occasions they have received a total of 8 per cent., and their average for the whole period has been a shade under 5 per cent. Every £100 of original Great Western ordinary has received £468 in dividends.

By every criterion the Great Western may take pride in its record. It has been a great line, with high traditions, served by men of giant stature. It was in the London counting house of George Henry Gibbs that the name "Great Western" was first minted. Isambard Kingdom Brunel ranks with the greatest civil engineers of all time. Among others who gave much to the Great Western three pioneer names stand out: Charles Alexander Saunders, ablest of negotiators and noblest of men; Charles Russell, the company's champion during the "Battle of the Gauges"; and Daniel Gooch, who, rebuked for his "incapacity" during the company's early locomotive troubles (which were none of his doing), lived to make Great Western engines famous through the world, to lay the first Atlantic cable, and to carry the company through its worst financial crisis.

At a time when the company, in common with other British railways, is confronted by problems as perplexing as ever faced the Fathers of the Line, a careful appraisal of the last hundred years holds more than historical interest. What is the secret of the company's enduring progress, its essential soundness and stability, which have left it, after every crisis, with enhanced reputation and renewed internal strength? Investors may find the answer, possibly, in a certain steadfast opportunism, with the slightest vein of obstinacy, which is not uncharacteristic of the British national temperament. The company has never neglected an opportunity, refused battle or defended an untenable position to the point of surrender. It was content to develop outlying areas of its "Empire" by separate but uncontrolled companies, like the South Wales, the South Devon, and the Cornwall Railways, so long as their progress was unthreatened from outside, but it unhesitatingly accepted the financial and "political" responsibilities of complete ownership when delay would have been disastrous. In the heat of the battle for the "broad gauge" it purchased the "fighting Shrewsbury" railways, and a few years later had made its final choice between isolation and co-operation with the rest of the national railway system. For long its directors held strong views against the "pampering" of the third-class passenger, and its system became a famous training ground for the spartan qualities which at all times have been an asset to railway travellers. Yet it was wise enough, half a century ago, to bow to public opinion and, with characteristic thoroughness, to build up a reputation for speed, reliability and comfort which time has not diminished.

The Great Western held numerous advantages when the railway "new deal" was carried through, thirteen years ago, and "grouping" and the challenge of the internal-combustion engine were about to transform the entire outlook. A glance at the map on page 427 will show how nearly the Great Western's lines approach to the ideal of a compact and "planned" system. Its three great arteries,

from London to the Mersey, South Wales and Cornwall respectively, came completely within its ownership, by a process of natural evolution, sixty years or more ago. In 1922-23 it had few "foreign" lines to assimilate and "personal" problems to solve. Unlike the other three railways, it was not concerned with the welding, into a coherent and cohesive system, of properties competitively constructed and developed. The last six years, however, have revealed a reverse side to the medal. The Railways Act of 1921 did not merely saddle the Great Western with a number of South Wales "coal" lines and the attenuated Cambrian Railway. Such morsels, however tough, would normally have been far more easily digested than the hearty meals necessitated by the Great Western amalgamations of 1863 and 1876. Given the continuance of the underlying conditions which the draftsmen of the 1921 Railways Act had in mind, the company's task would have been child's play compared with that of other "group" concerns. The latter were compelled to absorb various lines which, at bottom, were incapable of being fitted into a logical transport framework, and were included for no better reason than their pre-existence. As events have turned out, however, the practical importance of this differential, from the investor's viewpoint, has tended progressively to dwindle. Unexpectedly severe depression has expedited the effort, on all railways, to secure the working economies of "grouping," and the Great Western, having less leeway to make up, has had smaller scope for spectacular gains. Above all, investors can now perceive, far more plainly than in 1922-23, the full implications of the argument that the Railways Act made South Wales, with its ramified rail and dock system, not merely an important but a decisive factor in the company's economy. Statutory choice of the year 1913 as a datum period brought in the Great Western as a buyer, in the vernacular of the market, at the ceiling. The incidence of the depression of 1930 onwards, in a predominantly "export" area, has emphasised the price factor in the bargain. The fact that the output of coal from South Wales in 1934 was only 35 million tons, against nearly 57 million tons in 1913, speaks for itself.

Happily, the equity in Great Western ordinary stock is not a simple function of the British Government's policy in a "depressed area." On many other parts of its system the Great Western has powerful long- and short-term economic forces working on its side. The map on page 427 shows why the "pull" of London must needs have a major influence on future development. All Great Western main "roads," ultimately, lead to London. The check to the company's northward expansion, which made the Mersey its rubicon by the end of the eighteen-fifties, appears as anything but an unmixed evil to-day. The "southward drift" of industry, the rise of new trades, and the change of Britain's fiscal system have meant much to the Birmingham and Central Midland area. The contemporary stimulation of the agricultural industry, again, and the development of some of its branches, like milk production and market gardening, whose market must be served by speedy long-distance transport, suggests that many rural lines, from Buckingham to Cheshire and from Berkshire to Cornwall, may have a more important rôle in the next hundred years of Great Western history than in the last.

The company opens its second century of public service with a property whose physical efficiency challenges that of any railway in the world. The strength of its internal finances has done much to stifle the criticism that recent declarations of 3 per cent. ordinary dividends, when actual net operating revenue has barely covered preference requirements, may have placed a generous valuation on the retention of "full trustee" status. Recovery has now, however, brought the ordinary stock once again within the earnings zone. That the directors will choose a centenary year for a reduction of dividends is improbable. Investors will trust,

however, that if the company meets its problems to-day in the spirit in which it has overcome them in the past, a moderate subvention from Providence (which proverbially avours those who help themselves) or, it may be, from the ate collector, will speedily restore earnings and dividends o a satisfactory common level.

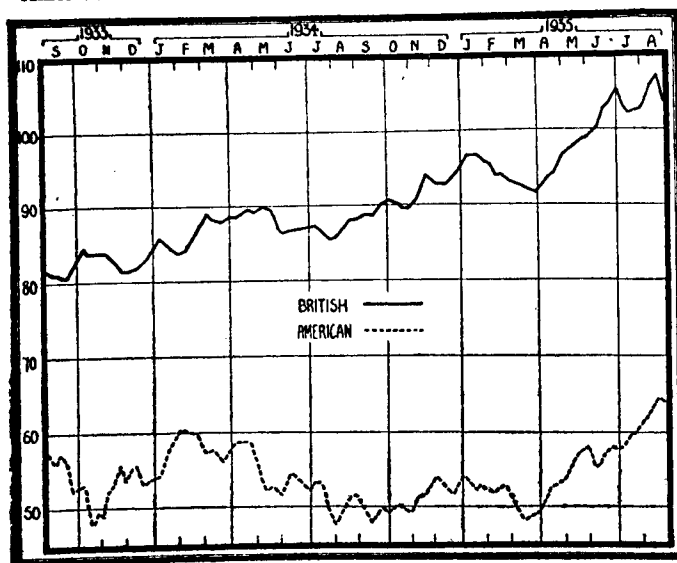
INVESTMENT NOTES

Course of Share Values.—August, the traditional holiday month, has seen a *volte face* in London market sentiment, which may be temporary but is certainly far-reaching. Market commentators have been almost unanimous in ascribing its origin to a species of *crise de confiance*, associated with doubts regarding British policy in the event of an Italo-Abyssinian war, and in emphasising the basically favourable nature, otherwise, of underlying technical conditions. The chart given on this page suggests a possible doubt of the correctness of this explanation. The continuous rise in British equity share values this spring lasted longer without a break than any of its predecessors during the period of "recovery." Its gradient during the greater part of June was distinctly "steep," and the July reaction was followed by a further period of sharp advance, with an equally well marked fall subsequently. Some of these symptoms are characteristic of a market which, technically, has become top-heavy. Investors, therefore, may not be justified in assuming that, if "war" factors are removed,

BRITISH AND AMERICAN INDUSTRIAL SHARE VALUES OVER THE PAST TWO YEARS (1928 = 100)

British: "Financial News" Index of 30 Ordinary Shares (adjusted to 1928 base)

American: "Standard Statistics" Index of 50 Common Stocks



the market will necessarily resume its confident upward course. Meanwhile, in America, optimism, which has hitherto tended timidly to hide itself in "service" bulletins and cautiously worded brokers' reviews, has come out into the market place. Despite this week's slight reaction after Congress adjourned on a characteristic note of anticlimax, the markets have gone well beyond previous high points. The curve of prices since last March, indeed, suggests a more purposive movement than any of the short-lived rallies and recessions of the preceding twelve months. A stationary has given place to a rising trend. This year's net gain, starting from almost exactly the same point as the "rally" in the autumn of 1933, has already made a gain of ground exceeding that of its predecessor by about 30 per cent. The prospects of Wall Street are further discussed in a subsequent Note. Meanwhile, the Actuaries' Index figures which follow suggest that, in London, the vicissitudes of the past month have left gilt-edged stocks appreciably lower, and most other stocks little changed, on balance.

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100)			Yields (%)		
	Year Ago (Aug. 28, 1934)	Month Ago (July 30, 1935)	This Week (Aug. 27, 1935)	Year Ago (Aug. 28, 1934)	Month Ago (July 30, 1935)	This Week (Aug. 27, 1935)
Fixed Interest:						
2½% "Consols"	143.0	151.7	147.9	3.12	2.94	3.02
Misc. Indus. Debenture (13)	122.1	125.9	126.1	4.12	3.86	3.85
Do., Preference (44)	115.1	120.6	120.2	4.42	4.26	4.28
Ordinary						
(Higher this Month)						
Coal (6)	88.1	87.0	89.5	4.06	4.08	4.16
Iron and Steel (8)	51.2	62.3	63.4	1.22	3.22	3.21
Shipping (3)	15.0	13.7	14.7	...	...	...
(Lower this Month)						
Cotton (6)	46.6	44.1	41.7	2.27	2.22	2.22
Oil (5)	62.6	66.3	64.7	4.69	4.72	4.86
Home Kails (4)	77.6	66.6	62.0	1.54	1.54	1.64
Brew. and Distill. (19)	113.4	133.2	130.6	3.89	4.09	4.24

The aggregate index for 158 industrial shares stands at 76.4 against 77.4 a month ago and 71.2 a year ago, the corresponding yield figures being 3.91, 3.85 and 3.68 per cent. respectively. It is noteworthy that, over the last twelve months, the net rise in industrial share prices has failed to keep step with increased dividends.

Wall Street, Congress, and the President.—Wall Street on Tuesday celebrated the rising of Congress, after the longest and most exhausting Session since 1922, by a curiously abrupt fall, with losses running to 3 points. Possibly the market had been paying more attention to recent improvements in industry than to manoeuvres in Congress. It will now have ample leisure to examine the results of the hectic legislative rush of the final days of the Session. On the whole, Wall Street has shown remarkable complacency, recently, in view of the President's evident determination to keep Congress's nose to the grindstone on a programme in which "reform" came first. Doubtless, the markets have regarded the Supreme Court as not the least of their allies, for the latter has made an almost fatal breach in the N.R.A. structure, and may in due course occupy itself with more recent "salvage" legislation. The market may be less well-advised, however, in over-discounting the President's net loss of prestige in recent weeks. His undoubted political finesse may be required to pursue his recent "middle course" as next year's elections draw closer, but until the battleground is chosen the market will probably continue to regard politics with circumspection. It is obviously too early to "take a view" as to the President's chances. Mr Huey Long, the Boanerges of American politics, has ceased merely to amuse and is now a troublesome portent, whose eventual significance in the Southern Cotton Belt might prove crucial. Wall Street's long rise is far short of a boom. It has been based on industrial improvement, which has run counter to the customary summer experience. Each rise has been well consolidated, and the speculator, who is now compelled to declare his short interest and to provide 55 per cent. cover on "margins," has been quite restrained. Tuesday's break showed that complete market confidence is by no means restored. Who could expect so much after the President's success in substantially obtaining his demands in the Banking and Utilities Bills?

Alberta and Canadian Credit.—The decision of the electors of the Province of Alberta to worship strange economic gods, upon whose political implications we comment in a Note on page 412, comes as an unfortunate sequel to a number of recent incidents, such as the debt-reducing endeavours of the Mayor of Vancouver and the power contract cancellations of the Ontario Government, which have tended cumulatively to prejudice Canadian provincial credit in the eyes of the British investor. Although the new Government of Alberta, lacking sovereign currency or credit powers, may find it easier to call spirits from the deep than to ensure their response, the London market has taken no chances this week. The

quotations for all Alberta's stocks have been marked well down, and business has become almost nominal. This attitude of conservatism has affected other Canadian Provincial stocks, as the following table suggests:—

	Highest, 1935	Official Quotations		Actual Business (Aug. 28) 1935	Yield at Middle "Quoted" Price (%)
		Pre-Election (Friday, Aug. 23)	Post-Election (Wednesday, Aug. 28)		
"Alberta" Stocks:					
Alberta 4½%, 1943	104	101-104	93-103	None	4 s. d.
Do. 5%, 1962-67	111½	106-109	95-105	None	5 2 0
Calgary 4½% Deb., 1937-42	98½	87-97	80-97	None	6 10 0
Do. 5% Deb., 1943-44	100½	90-95	84-94	None	6 13 6
Edmonton 5% Deb., 1937-48	105	90-100	85-100	None	5 18 2
Do. 4½% Deb., 1949	100½	85-90	80-90	None	6 2 10
Do. Sterling, 1952	99½	87-92	81-91	None	5 18 10
Do. 5% Deb., 1952	100½	91-96	85-95	None	5 18 7
Other "Provincial" Stocks:					
Br. Columbia 3½%, 1941	100	98-100	98-100	None	4 15 2
Do. 5%, 1957-67	111½	108-110	95-105	None	5 1 3
Manitoba 4%, 1950	102½	100-102	100-102	None	4 0 0
Quebec 3½%, 1937	102½	101-103	101-103	None	2 9 7
Saskatchewan 4%, 1951	100	96-98	94-98	None	4 7 2
Montreal 4%, 1948-50	102½	101-103	98-103	None	4 2 0
Vancouver 4% Consols, 1950-52	100	(a)	(a)	None	...

(a) No quotations.

The market has long realised that the financial position of some Canadian Provinces, particularly those in the wheat belt, is stringent to the point of danger, but hitherto prices have been sustained by the belief that the Dominion authorities would be prepared to go to considerable lengths to support the credit of the authorities concerned. Investors could scarcely be unmoved, therefore, if there were any serious prospect that the elections of next October would result in the return of a new Dominion Government pledged to unorthodox financial "experiments" of any kind. Fortunately, as we show in our earlier Note, such an outcome appears beyond the bounds of immediate possibility. Recent events, nevertheless, may well strengthen the case of those who advocate a complete overhaul of Canada's credit position, particularly as regards the financial relationships between the Provinces and the Dominion, on the lines adopted by Australia some time ago. There are numerous points of similarity, and it may be that Mr Aberhart is destined for the same catalytic function in Alberta as was Mr Lang in New South Wales. In Australia, it was found that good intentions were not enough, and that co-operative financial effort must extend to detailed state and federal budgeting. British investors, who have every sympathy with the economic difficulties of Canada's western Provinces, would welcome wider appreciation of the need for collective effort to overcome them.

Argentine Railway Outlook.—Argentine railway stocks have lately had a reactionary tendency, partly in sympathy with the trend in other markets, and partly owing to unfavourable reports regarding crop prospects. The entire crop situation has been overshadowed by the extended drought of the past few months, which partially broke on August 8th. No further rains, however, have been reported during the last few days. The maize crop, which matured before the drought became serious, has this year reached the record figure of 11,500,000 tons. The maize growers have failed to obtain an increase in the minimum guaranteed price fixed by the Grain Regulating Board, which continues to purchase the cereal at an agreed purchasing price of 4.40 pesos per 100 kilos, and has ample resources from the exchange profits fund. So far, however, with ships waiting to load, the purchases have been readily disposed of. The outlook for wheat, linseed, and oats, however, is not wholly reassuring. The hard ground having interfered with ploughing, the area sown is on an average some 40 per cent. lower than last year. The wheat yield in the Province of Buenos Aires, which produces 40 per cent. of the Argentine wheat crop, may be improved by the beneficial but sparse rains which fell on August 8th. Later reports, however, suggest that wheat, linseed and oats, in most areas, are suffering from the absence of further rain. Although it is too early to forecast harvest yields, even the most favourable growing conditions during the



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next month or so can hardly be expected to compensate for the decreased sowings, and (apart from maize), the railways may have less grain to carry during the normal crop-moving season at the end of the year. The part played directly by grain transport in the economy of the four largest British-owned Argentine railways may be approximately inferred from the following table, which shows total takings from maize, wheat, linseed and oats, on each line, during the twelve months ended June 30, 1934:—

	B.A.		B.A.	
	Great Southern	Central Argentine	Western	Pacific
Total gross receipts	10,516,260	9,870,864	3,612,117	5,843,973
Receipts from—				
Maize	117,736	1,336,331	214,036	377,658
Wheat	1,361,786	1,371,884	495,341	526,237
Linseed	183,672	298,504	19,871	65,434
Oats	228,862	N.A.	54,870	8,863
Percentage of total receipts derived from—				
Maize	1.1	13.5	5.9	6.5
Wheat	12.9	13.9	13.7	9.0
Linseed	1.7	3.0	0.5	1.1
Oats	2.2	...	1.5	0.2

N.A.—Not available.

The Central Argentine is a "maize and wheat" line. The B.A. Great Southern and B.A. Western are "wheat lines." In 1933-34 the four cereals together provided 17.9 per cent. of total gross receipts on the Great Southern, 30.4 per cent. on the Central Argentine, 21.6 per cent. on the Western and 16.8 per cent. on the Pacific. In addition, barley is important on the B.A. Great Southern and B.A. Western. The rôle of the grain crops as determining factors of general Argentine prosperity, however, is of greater moment to stockholders than these figures imply. In view of the uncertain immediate prospect in this direction, railway stockholders would welcome reassuring evidence in other directions. In particular, they would like to be convinced of the determination of the Chamber of Deputies to pass the Buenos Aires rail and road Co-ordination Bill without undue delay, and of the willingness of the railway unions cheerfully to implement the new regulations (under a recent Presidential award) which were issued on August 14th, with effect from November 1st.

G.W.R. and the Historian.—The historian, be he antiquarian, student of transport economics, or financier, will find a wealth of first-hand material, carefully chosen and conveniently assembled, in the various reviews published this week in connection with the Great Western Railway Centenary. Our own analysis, appearing on pages 425 to 430 of this issue, is concerned mainly with the extent to which the company's past results and present economic background afford a clue to its probable future development. Among our contemporaries, *The Times* deals vividly with the more picturesque side of the last hundred years, and, *inter alia*, furnishes an instructive

account of the distribution of staff duties on a system employing nearly 100,000 workers. The *Financial News* includes a financial survey which may be of particular interest to the research worker, since it sets out particulars of capital, earnings and dividends, without a break, for every year since the company's inception. The question of ancillary activities—particularly important on the Great Western—also receives descriptive and critical treatment. The *Financial Times* supplement includes a broad survey of the financial history of the railway and discusses in further articles the operating experience of the century, the effect of the post-war amalgamation, and the growth of ancillary services. Sir James Milne, general manager of the company, contributes interesting articles to these latter supplements dealing with the company's problems and prospects.

COMPANY NOTES

Hotel Companies.—The hotel business is essentially "high-gear." A high proportion of its charges and costs is fixed, with relatively little possibility of savings during depression. The profits of favourable years are largely derived from lettings of the most expensive rooms in the hotels concerned. This applies to general utility hotels as well as to luxury hotels, though the latter naturally

(Profits in £'000)							
	1929	1930	1931	1932	1933	1934	1935
Burlington Hotels (Dec. 31)—							
Earned for pref.	4.9	1.7	Dr. 1.8	Dr. 2.6	Dr. 2.8	...	...
Earned % for ord.	4.0	Nil	Nil	Nil	Nil	...	...
Ord. div. %	5	Nil	Nil	Nil	Nil	...	...
Carlton (Aug. 31)							
Earned for pref.	59.4	48.2	3.4	Dr. 18.0	Dr. 6.8	4.0	...
Earned % for ord.	26.5	20.2	Nil	Nil	Nil	Nil	...
Ord. div. %	15	12	3	Nil	Nil	Nil	...
Cranston London Hotels (May 17)							
Earned for pref.	31.9	26.1	30.3	18.9	10.2	10.9	12.5
Earned % for ord.	37.0	28.3	34.6	20.3	8.5	9.3	11.5
Ord. div. %	25	25	25	15	15	10	10
Frederick Hotels (June 30)							
Earned for pref.	60.0	50.2	30.7	3.3	3.7	5.5	...
Earned % for ord.	15.9	12.3	1.5	Nil	Nil	Nil	...
Ord. div. %	15	6.67	Nil	Nil	Nil	Nil	...
Gordon Hotels (Dec. 31)							
Earned for pref.	119.3	102.3	Dr. 28.5	Dr. 34.7	Dr. 23.5	Dr. 8.3	...
Earned % for ord.	10.8	8.0	Nil	Nil	Nil	Nil	...
Ord. div. %	64	5	Nil	Nil	Nil	Nil	...
Hyde Park (Apr. 30)							
Earned for pref.	10.7	13.2	5.7	Dr. 20.9	Dr. 22.2	Dr. 13.8	Dr. 9.7
Earned % for ord.	5.8	8.3	Nil	Nil	Nil	Nil	Nil
Ord. div. %	5	5	Nil	Nil	Nil	Nil	Nil
Rubens-Rembrandt (June 30)							
Earned for ord.	22.0	15.8	0.7	Nil	Nil	Nil	...
Earned % for ord.	12.2	8.9	0.3	Nil	Nil	Nil	...
Ord. div. %	8	8	Nil	Nil	Nil	Nil	...
Savoy (Dec. 31)							
Earned for pref.	151.5	119.2	17.8	10.2	35.4	54.1	...
Earned % for ord.	19.3	14.6	0.1	Nil	2.4	5.0	...
Ord. div. %	10	10	Nil	Nil	24	5.0	...

lock up a larger sum in fixtures and fittings which postulate prosperity for their profitable employment. The annexed table of representative results shows that, during the recent depression, a sharp general decline has occurred in hotel profits. Among the luxury hotels there have been several cases where even debenture holders have had to make sacrifices. Whether "high-gearing" will be able to restore profits to the old levels as recovery proceeds has yet to be seen. Profits have recovered slightly from the lowest depression figures, but remain well below the scales of 1929 and earlier years. Not only have the hotels suffered from a reduced number of visitors, but they have been compelled significantly to reduce their charges, and, at the same time, to improve their service and modernise their fixtures and decorations. Conditions, clearly, have been most competitive. It may be that in the luxury class part of the profits of the pre-depression years were a by-product of the American boom, which is unlikely to have a successor during the next few years. Since hotel charges,

further, even outside the luxury class, are to some extent regulated by the luxury scales above them, it is possible that the whole level of hotel charges may have suffered a permanent or quasi-permanent reduction. It has already been demonstrated that such isolated events as the inflow of visitors for the World Economic Conference of 1933 cannot have any great effect on earnings. A fairly high general level of prosperity is evidently required for good profits, with the public well removed from the "economy" mentality inherited from depression years. The current reasonable level of industrial prosperity is clearly not sufficient. Though hotel shares may prove to be late-maturing "recovery" investments, the "industry" as a whole may well be suffering from an over-supply which is independent of purely cyclical influences.

White Star—Official Receiver's Report.—The melancholy "account rendered" for misjudgment and reckless optimism in connection with the Royal Mail failure, is extended by this week's report of the senior Official Receiver on the position of White Star Line, Limited. The company, registered on January 12, 1927, with a capital of £5 millions in preference and £4 millions in ordinary shares, failed with assets of £362,805 against liabilities returned at £2,643,670. The company was formed to purchase the issued shares of the Oceanic Steam Navigation Company, Limited. The latter, incorporated in 1869, had inaugurated the White Star Line steamship service across the North Atlantic in 1871. As a result of the purchase of its shares by the International Mercantile Marine Company, its ships had come under American control, although they continued to fly the British flag. At the date of the "repatriation" (negotiated by Lord Kylsant on behalf of the Royal Mail Company), the Oceanic Company wholly owned 18 vessels of 362,340 registered tons and had a joint interest with two other companies in a further 18 vessels of 164,686 tons. For the calendar years 1927 to 1929, the White Star accounts showed the following profits: £255,744; £372,611; £335,155; and for the years 1930 to 1934, the following losses: £108,555, £301,794, £35,180, £12,117, and £2,306. Six per cent. ordinary dividends were paid for 1927 and 1928, and 6½ per cent. preference dividends continued up to December, 1929, while the half-yearly dividend due on July 1, 1930, was paid by the Royal Mail Company under a guarantee. All dividends thereupon ceased. Finally, under an agreement of December, 1933, between the Cunard Company, the Oceanic Company and the Treasury, the Oceanic assets were merged in Cunard White Star Limited, in return for 38 per cent. of the latter's nominal share capital. The first year's results of the merger company were discussed in the *Economist* of April 20, 1935 (page 916). It is clear that the whole of the publicly held preference capital and, still more, the group-held ordinary capital of White Star Line, has been lost. The Official Receiver's report suggests that, even in the absence of the extraordinary and unforeseeable slump in North Atlantic shipping, from 1930 onwards, the company's prospects of financial success would have been most precarious. It paid "excessive prices" for its assets—including the Oceanic shares (£7,000,000), the Australian Commonwealth fleet (£2,307,088), certain Shaw, Savill and Albion shares (£919,928), and two Royal Mail ships (£1,157,612). It could not immediately find the money for these purchases, and was subject to heavy interest charges, on the unpaid balance, from the outset. Its equity was held, in the form of partly paid ordinary shares, by companies in the Royal Mail group, only one of which, when the matter came to its ultimate test, proved "good" for its liabilities. Much sympathy may be felt for the subscribers to the White Star preference issue, and some, perhaps, for the International Mercantile Marine Company. The latter made a thoroughly bad bargain, although it was presumably aware that it was driving hard terms and taking an appreciable risk in agreeing to deferred payments. But no sympathy whatever can be extended to those responsible, as immediate purchasers, for a deal whose unwisdom, in the light of facts of which they alone had complete knowledge, should have been evident from the outset.

Film Finance.—Mr John Maxwell's speech at this week's meeting of Associated British Picture Corporation covered a wider field than the Corporation's progress during the past financial year. The chairman reviewed the balance-sheet rearrangement, by which the Corporation now owns the majority of the cinemas formerly directly held by the Associated British Cinemas subsidiary concern. This operation has provided the new debentures with a more attractive security, while the corresponding transfer from A.B.C. undivided profits has been applied towards increasing the reserve to a round £1,000,000. By far the largest contribution to profits is provided by the cinema department, which has enjoyed a good year. The adjustment of the entertainments tax on cheaper seats from July should bring further improvement during the current year. In the film department, however, Mr Maxwell regarded the prospect as less pleasing. In his words, "British film production seems to be looked upon as a sort of new Klondike—flowing with easy money." During the last eighteen months reasonable profits have been dissipated owing to mounting costs and more ambitious productions, which have failed to win commensurate box-office returns. The American industry learned this lesson a few years ago. Until there are clearer prospects of a world market for British films, producers' ambitions must obviously be restrained. A few spectacular films, which have attracted wide publicity recently, cannot, apparently, offer a return comparable with honest "bread-and-butter" productions. Mr Maxwell put the losses involved in the 1928-29 reconstructions as high as £2,000,000. Possibly a more confident view is taken in some other quarters, if authenticity attaches to the report that, in some cases, financial assistance for film production can be obtained from the London insurance market against delivery of negative. Another development on the producing side has recently been announced by British and Dominions Film Corporation, which is to lease one of its sound stages to a new producing company. Mr Maxwell made no direct reference to the renewed activity in cinema purchase and construction which has been reported in the last few weeks. In this connection, also, American experience provides clear lessons of the danger of strategic purchases at inflated prices.

Depression in Kaffirs.—Depressed conditions which have characterised general markets during the last week or two have been accompanied by more pronounced weakness in South African gold shares. At times, in fact, it has been impossible to sell any sizeable line even of the leading issues, with anything short of a drastic concession on the nominal price. The extent of the decline in quotations for "heavies" and "new prospect shares" is shown in the following table:—

	1934			1935			
	High	Low	Dec. 31	Mar. 29	June 26	"Make-up," Aug. 26	Present
Established Producers							
Central Mining	22½	17½	20½	22½	22½	21½	20½
Cons. Gold Fields	83½	61½	69½	74½	70½	61½	58½
Crown	13½	9½	12½	13½	13½	13½	12½
Daggafontein	7½	96/3	7½	8½	8½	7½	7½
East Geduld	9½	6½	8½	10½	10½	8½	9½
Randfontein	57½	38½	51½	56½	55½	50½	49½
Sub Nigel	12½	9½	11½	13½	13½	12½	12
Recent Issues							
Marlevale Cons.	...	...	...	...	30/-	19½	18/-
Palmietkuil	...	...	...	...	31/-	25/-	24½
Rietfontein	...	...	...	...	...	19½	17½
Spaarwater	...	...	...	16/9	16/9	13/-	12/3

Various explanations of this weakness have been forthcoming. It has been suggested that in the event of open hostilities between Italy and Abyssinia, the price of gold would be unpredictable and might suffer a serious decline. It seems easier, however, to adduce reasons why, in this event, the price should rise rather than fall. Other commentators have laid stress on General Smuts' warning that an attack by Italy on Abyssinia might arouse animosity against the white races throughout Africa. While this is

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Land & Building. City of London Real Property Co., Ltd. London Brick Company & Forsters, Ltd. Metropolitan Housing Corporation Ltd.	Stores, Foodstuffs & Textiles. J. & P. Coats, Ltd. International Tea Co.'s Stores, Ltd. Scribbens & Co., Ltd. Tate & Lyle, Ltd.
Light, Fuel & Chemicals. Imperial Chemical Industries Ltd. Imperial Continental Gas Association. "Shell" Transport & Trading Co., Ltd.	Newspapers. Amalgamated Press, Ltd. Daily Mirror Newspapers, Ltd.

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undoubtedly a danger which must occupy the attention of responsible statesmen, it is hardly likely to be a factor of immediate import on the Rand, where the native labour is not sufficiently educated to take an interest in questions of "weltpolitik." Again, it has been suggested that the present malaise in the Kaffir market is to be traced only indirectly to the Abyssinian crisis, and has its origin in financial indigestion in Johannesburg. While that centre has undoubtedly indulged in excesses represented by the shares of new companies not even quoted in London, jobbers here declare that they can trace only a moderate volume of selling as emanating from the Cape. The true reason for the fall would appear to be of a more technical nature. The Kaffir market has held the attention of the speculative investor for the past three years. In the recent movement to lighten commitments it has in consequence had to bear its full share of selling. Jobbers in this market are accustomed, when business is all one way, to seek relief from the finance houses. Of late, however, the "shops" have not been buyers, and the market has found it difficult to stand on its own feet. In some quarters it is suggested that the houses have their hands too full with commitments for new mining enterprises to have resources available for absorbing large lines of the older-established shares. Others consider that the "shops" are merely waiting, in order, eventually, to take shares at real "bargain prices." The latter policy, however, would be attended with some danger if the recession were to induce many of the market's recent "outside" supporters to remain outside it for a considerable time.

Other Company Results.—The list of 12 company reports, summarised on page 448, is, perhaps, outweighed in investment importance by the dividend declarations of the week. Among the latter, the directors of Staveley Coal and Iron recommend a final payment of 5 per cent., tax free, making a total for the year of 8 per cent., against 6½ per cent. net. Sheepbridge Coal and Iron is to pay 11d. per share final, the total for the year amounting to 6½ per cent., compared with 5 per cent. These distributions are the highest since 1923-24 and 1926-27, respectively, and they had a good market reception. Unchanged interim dividends have been announced by Pinchin Johnson, Boots Pure Drug and London and Thames Haven Oil, while H.P. Sauce is to make a first interim payment of 7½ per cent. Triplex Glass has announced a 30 per cent dividend in respect of the latest year, an increase of 5 per cent. In this week's list of reports, Neepsend Steel is to pay 20 per cent., against 12½ per cent., and net profits have shown a striking advance from £24,869 to £44,559. In the miscellaneous section, Initial Services shows a further expansion in net profits from £219,792 to £238,388. The 50 per cent. cash dividend is maintained, and is accompanied on this occasion by a 100 per cent. scrip bonus. Renold and Coventry Chain has enjoyed a better year. Although export trade has been hampered to the extent of 75 per cent. by various restrictions, home demand has brought an increase in profits from £85,942 to £96,598, and the dividend is increased from 6 per cent. to 7½ per cent. Fodens, Ltd., who turned from steam to Diesel traction three years ago, have experienced a rather severe setback. Experimental work and a small type of vehicle have entailed considerable loss, amounting to £40,978, compared with a previous profit

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of £37,449. Depressed conditions in the South Wales coal trade are reflected in the report of Insoles, which shows a loss of £14,735, increasing the debit carried forward to £126,752. Among other companies, Carter and Company and Meccano report improvement in net profits. In the Finance section, Industrial Finance and Investment shows a sharp fall in net revenue from £54,636 to £34,431, which is not specifically explained in the report.

THE WEEK IN THE MARKETS THE LONDON STOCK EXCHANGE

SETTLING DAYS
TICKET SEPTEMBER 10 | ACCOUNT SEPTEMBER 12

THE behaviour of the markets this week was a study in suspense. At the outset, with professional quarters determined on no account to commit themselves before the League meeting on September 4th, a dribble of selling depressed prices everywhere, but in mid-week the tone became somewhat stronger. The recovery, so far as it went, was encouraging but obscure. The political background had shown no change. Any suggestion that the improvement reflected Mussolini's declared tenderness for British Imperial rights, or the French Cabinet's alleged hostility to "sanctions," would rate the market's optimism above its judgment. The alternative suggestion that the movement represented normal bear covering would presuppose the existence of a "short" position, which has hitherto been denied. Doubtless, next week's events will resolve the question whether the sharp reaction of the second half of August has been tactical or technical.

Two and a-half per cent. Consols were among the most noteworthy sufferers from the decline in most gilt-edged stocks, on Monday and Tuesday, but gained a full point next day. India stocks became quiet, but firmer, after a pronounced early recession. The result of the Alberta elections (whose implications are discussed in a Note on page 432), was a widening of dealing margins and an almost complete cessation of business in the stocks both of Alberta and other Canadian prairie Provinces. Foreign bonds were dull and heavy, Italian issues being further marked down on a report, on Thursday, of drastic decisions by the Minister of Finance. German Potash Loans were weak on the further decline in exports.

Home railway stocks moved with the rest of the market at the beginning of the week, but failed to share in Wednesday's improvement, in view of the frankly disappointing nature of the week's batch of traffic figures. Even the Great Western (whose history and present position are the subject of a special Centenary Review on pages 425 to 430 of this issue), shared in the general trend, although dividends on its ordinary stock are regarded as independent of contemporary traffic fluctuations. Foreign rails were idle and neglected. Argentine stocks, however, remained unaffected by the uncertain factors in the crop outlook, which are discussed on page 433.

In the opening days of the week industrial share values registered the distinct aversion of dealers and "shops" to the taking-in of even moderate amounts of stock. In mid-week, however, the market partly regained its poise, although the volume of actual business showed no great expansion. The change revealed itself partly in a renewed inquiry for armament and aircraft shares, which had previously receded in common with the rest, and partly in a like tobacco shares. Iron and steel shares were helped by bridge. Brewery shares, which had previously received intermittent support, became appreciably firmer. Cable and Wireless, in which a short position had existed since the publication of the unfavourable July traffic figures, shares, however, were largely unaffected by the better tendency, apart from rayon shares, which responded on Thursday to a very satisfactory July output return. Bank shares were easier, and insurance shares also tended

The oil share market was divided between satisfaction over the passing of "control" legislation in America, and fears of a possible "cut" in prices. Buyers were generally found for all shares offered at the beginning of the week. Later, however, despite the maintenance of "record" petrol consumption figures in America, quotations generally took a downward turn. Rubber shares were dull with the commodity and failed to obtain benefit from the mid-week improvement in other markets. The public continued to hold aloof from tea shares, and prices, after a slight initial resistance, became sensitive to a steady trickle of selling.

The mining markets, at the outset, appeared to have no bottom. By Tuesday evening many Kaffir shares had reached practically their lowest levels for the year. Next day, however, the whole market hardened, the recovery being due partly to a belief that an oversold position had been created, and partly to the tentative emergence of bargain hunters. West African issues turned firmer, but Western Australians attracted little interest. Rhodesian copper shares moved against the current, being firm at the beginning of the week, after an encouraging Roan Antelope quarterly statement, and easier subsequently in sympathy with the price of the metal. Tin shares, after being subject to scattered selling, showed fractional rises on later days.

"FINANCIAL NEWS" DAILY BARGAIN INDEX (Approximate number of Bargains recorded in Stock Exchange Lists)

	Week to Aug. 23, 1935	Aug. 22, 1935	Aug. 23, 1935	Aug. 26, 1935	Aug. 27, 1935	Aug. 28, 1935	Aug. 29, 1935
Government and Municipal Loans	6,284	1,165	1,156	1,204	1,018	1,060	1,018
Transport, Communications, and Public Utilities	5,096	1,065	989	946	784	849	758
Commercial and Industrial	19,911	3,567	3,941	3,276	3,061	3,053	2,727
Banks, Insurance and Financial	3,144	572	639	520	534	545	481
Mines (including Nitrates)	6,462	1,362	1,275	1,221	1,209	1,169	1,144
Oils	781	190	149	147	103	147	120
Rubber, Tea and Coffee	950	208	167	206	160	197	172
Total	42,628	8,129	8,316	7,520	6,869	7,020	6,420
Corresponding day in 1934	...	7,777	7,612	8,575	7,381	7,602	7,876

* Including Iron and Steel and Breweries.

REVISED "FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (July 1, 1935 = 100)

	Highest of 1935 (Aug. 13)	Lowest of 1935 (Mar. 27)	Aug. 22, 1935	Aug. 23, 1935	Aug. 26, 1935	Aug. 27, 1935	Aug. 28, 1935	Aug. 29, 1935
104.2	87.4	99.3	99.4	99.0	98.5	98.6	99.0	99.0

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS. (1928 = 100)

	Highest of 1935 (Feb. 1)	Lowest of 1935 (Mar. 29)	Aug. 22, 1935	Aug. 23, 1935	Aug. 26, 1935	Aug. 27, 1935	Aug. 28, 1935	Aug. 29, 1935
141.0	135.9	137.2	137.3	137.0	136.5	136.8	136.7	136.7

FOREIGN STOCK EXCHANGES

NEW YORK

WALL Street's sigh, when Congress rose in the early minutes of Tuesday morning, was not wholly of relief. The market celebrated what might have proved an almost festive occasion by a general downward movement, which gathered sufficient momentum to produce 3-point losses. Such apparent perversity is not readily explicable. In the previous session, the market had made the best even of the modified "death sentence" provisions which the President had obtained in the Utilities Act. Steels, moreover, had remained unaffected by a recession in production for the current week. The market on Tuesday, it would seem, suddenly became aware of the considerable amount of legislation which had been passed in the final weeks of the session, and the significance of the President's manoeuvre

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in prolonging the sitting until his demands had substantially been met. Sales were well over the two million mark on Tuesday, and the weakness of leading industrials, rails and utilities continued in heavy initial selling on Wednesday. A partial recovery ensued, however, and the market closed with fractional losses. In the bond market, Government issues opened in weak style, owing to the imminence of Treasury operations on Tuesday, but the tone was appreciably steadier in mid-week dealings. The half-point fall in steel production to 50 per cent. of capacity, according to the "Iron Age," is attributed to a reduction in tinplate demand, and to delayed automobile specifications. There is little sign, as yet, of any "war" demand for finished goods, the prospect of which has excited the steel share market during the past fortnight.

	Aug. 21, 1935	Aug. 22, 1935	Aug. 23, 1935	Aug. 26, 1935	Aug. 27, 1935	Aug. 28, 1935	Aug. 29, 1935
Lb. In. 4½ '33-39101	100	101	101	101	101	101	101
Atchison	51	48	48	48	48	48	48
Erie	12	10	10	10	10	10	10
Illinois Central	15	13	13	13	13	13	13
N.Y. Central	23	21	21	21	21	21	21
Pennsylvania	28	27	27	27	27	27	27
Southern Pacific	19	17	17	17	17	17	17
Southern Ry.	9	8	8	8	8	8	8
Union Pacific	99	98	98	98	98	98	98
Natl. Biscuit	23	23	23	23	23	23	23
Phelps Dodge	20	20	20	20	20	20	20
Pullman	42	41	41	41	41	41	41
Sears Roebuck	57	54	54	54	54	54	54
Un. Fruit	67	67	67	67	67	67	67
U.S. Leather	7	7	7	7	7	7	7
U.S. Rubber	14	13	13	13	13	13	13
U.S. Steel	44	43	43	43	43	43	43
Westinghouse	65	64	64	64	64	64	64
Woolworth	62	61	61	61	61	61	61
Am. Can.	137	136	136	136	136	136	136
Amer. Smelting	43	44	44	44	44	44	44
Anacosta	19	19	19	19	19	19	19
Bethlehem Steel	37	36	36	36	36	36	36
Chrysler Motor	60	59	59	59	59	59	59
Corn Products	67	66	66	66	66	66	66
Eastman Kodak	146	146	146	146	146	146	146
Gen. Electric	32	30	30	30	30	30	30
Gen. Motors	42	41	41	41	41	41	41
Int. Harvester	53	52	52	52	52	52	52
Mont. Ward	35	33	33	33	33	33	33
Am. Tel. and Tlg.	138	134	134	134	134	134	134
Interboro R.T.	17	18	18	18	18	18	18
Int. Tel. Tlg.	11	9	9	9	9	9	9
Utilities P. & L.	3	2	2	2	2	2	2
W. Union Tlg.	48	43	43	43	43	43	43
Shell	34	33	33	33	33	33	33
Shell Union	10	9	9	9	9	9	9
Std. California	34	32	32	32	32	32	32
Do. N.J.	46	45	45	45	45	45	45

† Calculated at \$4.98 to £.

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

	1934		1935		Beginning of Year 1935	Aug. 14, 1935	Aug. 21, 1935	Aug. 28, 1935
	Lowest Sept. 19	Highest Feb. 21	Lowest Mar. 20	Highest Aug. 14				
351 Industrials	74.3	90.5	74.5(1)	96.6	83.1	96.6	96.0	94.1
33 Rails	34.0	51.4	37.4	57.2	35.6	57.2	56.5	55.1
37 Utilities	55.2	83.4	52.2	85.8	57.9	85.8	84.4	77.4
Total, 421 Stocks	65.6	82.1	63.1	85.2	71.0	85.2	84.4	81.7
Average yield of 50 Industrial Common Stocks	2.78%	3.90%	3.09%	4.06%	3.62%	3.09%	3.39%	3.48%

‡ December 26th. † February 7th. (s) September 12th.
(t) March 13th. (v) August 14th.

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

	Highest of 1935 (Aug. 14)	Lowest of 1935 (Mar. 15)	Aug. 21, 1935	Aug. 22, 1935	Aug. 23, 1935	Aug. 24, 1935	Aug. 26, 1935	Aug. 27, 1935	Aug. 28, 1935
108.9	78.6	107.8	108.1	108.4	106.8	108.1	105.4	105.1	105.1

TOTAL DEALINGS IN NEW YORK

	Aug. 22, 1935	Aug. 23, 1935	Aug. 24, 1935*	Aug. 26, 1935	Aug. 27, 1935	Aug. 28, 1935
Stock Exchange—Shares (Thous.)	1,670	1,890	1,120	1,460	2,130	1,390
Bonds (Value Thous. \$)	12,330	17,520	6,330	12,910	16,870	11,170
Curb—Shares (Thous.)	395	494	393	366	421	228

* Two-Hour Session

PARIS

Two dull days opened the week's dealings. The international outlook restrained speculators, and business was very limited. With the exception of rentes, prices moved downward. Continued selling of South African mines (Continued on page 440)

LONDON ACTIVE SECURITY PRICES AND YIELDS

NOTE—Shares with a New York Quotation or with definite American interest are distinguished by italics

In calculating yields on fixed interest stocks quoted below allowance is made for interest accrued since the last date of payment, less income tax at the standard rate. Where stocks are definitely redeemable at a certain date the yield includes any profit or loss on redemption; where stocks are redeemable at or before a certain date the final date of redemption is taken when the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated by reference to the latest dividends, account being taken of any enhancement or reduction of interim dividends. Allowance is made for accrued dividends in calculating the yield on "cum div." shares.

Prices, Year 1934				Prices, Year 1935				Last two Half-yearly Dividends				Name of Security				Price, Aug. 21, 1935				Price, Aug. 28, 1935				Rise or Fall				Yield, Aug. 28, 1935			
High		Low		High		Low		High		Low		High		Low		High		Low		High		Low		High		Low		High		Low	
1934		1934		1935		1935		1934		1935		1934		1935		1934		1935		1934		1935		1934		1935		1934		1935	
1934		1934		1935		1935		1934		1935		1934		1935		1934		1935		1934		1935		1934		1935		1934		1935	
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(Continued from page 437)

was reported, but London buying prompted a mid-week rally. Internationals were uneasy under the reactionary lead of Suez Canal. On Wednesday, when the Government's policy in the Italo-Ethiopian question was interpreted as favouring a middle course, a fair recovery ensued, which brought renewed strength to rentes.

	Aug. 21, 1935	Aug. 26, 1935	Aug. 28, 1935		Aug. 21, 1935	Aug. 26, 1935	Aug. 28, 1935
Banque de France	9,955	9,855	9,850	Wagons Lits	49	47½	47
Crédit Lyonnais	1,731	1,720	1,715	Mexican Eagle	20½	18½	20
Suez Canal	18,010	17,950	17,800	"Chartered"	85	84½	83
Chargeurs Réunis	142	140½	140	Ford	57	53½	53
Rio Tinto	1,320	1,308	1,286	De Beers	408	397	395
Royal Dutch	20,175	19,870	19,650	"Johnnies"	272½	261	260

BERLIN

Last week's share market opened dull, and even leading companies were at times not to be found in the list. Shipping issues recovered above the lowest recent levels, but the general tendency was downwards, and late in the week heavy selling resulted in fairly sharp reactions. The first two days of the new week witnessed further declines, although public utilities were an exception. In particular, potash shares were depressed, and Reichsbank was quoted twelve points below the July "high." Bond prices last week were steady, with slight advances predominating, but became irregular this week. Dollar bonds were generally somewhat weaker. The mid-week market continued very quiet, and prices showed irregularity. Reichsbank showed a modest rally, and shipping issues improved slightly.

	Aug. 21, 1935	Aug. 26, 1935	Aug. 28, 1935		Aug. 21, 1935	Aug. 26, 1935	Aug. 28, 1935
Reichsbank	187.50	183.00	184.25	A. E. G.	41.40	40.25	40.40
D.D. Bank	95.00	92.50	92.25	Siemens and Halske	193.00	178.50	177.50
Dresdner (New)	95.00	92.50	92.25	A. K. U.	63.40	62.40	61.40
I. G. Farbenindustrie	158.90	155.90	156.10	Hamburg-Amer.	13.90	15.60	15.40
Norddeutscher Lloyd (New)	16.00	16.60	16.90				

AMSTERDAM

The Bourse opened in dull fashion, with business extremely limited and prices fractionally lower. An improvement in the American section on Tuesday was not held, for Wall Street advices proved disappointing in mid-week. Industrial shares fluctuated, and became reactionary on Wednesday. Commodity shares throughout the list lost ground as the week progressed. Shipping issues held their ground fairly well, but Royal Dutch were heavily sold on Wednesday. The bond market showed a slightly firmer trend.

	Aug. 21, 1935	Aug. 26, 1935	Aug. 28, 1935		Aug. 21, 1935	Aug. 26, 1935	Aug. 28, 1935
2½% Dutch Loan	67½	67	66½	Steel Common	26½	26½	26
5½% German	16½	17	16½	A. K. U.	31½	30	29½
Unilever N.V.	104	102½	101½	Ford Motor	278½	278½	271½
Philips Lamp	258½	256½	260½	Deli Batavia Tob.	141	139	137½
Netherlands Ship Union	36½	37½	37½	Royal Dutch	197½	194½	192½
				Handels Ams.	176	175	173½

CAPITAL ISSUES

ISSUES OF THE WEEK

By Prospectus or Offer for Sale

Amount previously recorded, Jan. 1 to Aug. 24, 1935, including conversions, £249,804,718.†
Amount previously recorded, Jan. 1 to Aug. 24, 1935, excluding conversions, £124,821,645.†

National Savings Certificates.
Net receipts, Week to August 24, 1935, Dr. 50,000.

	Nominal Capital	Conversions	New Money	First Payment	Further Liability
To the Public	Nil				
To Shareholders only	Nil				

	Total Offered for Subscription— Including Conversions	Excluding Conversions	Total Offered for Subscription— Including Conversions	Excluding Conversions
Jan. 1 to date—				
1935	249,754,718	124,771,645	1934	410,980,300
1934	290,690,429	116,167,691	1933	467,921,500
1933	231,027,427	133,801,861	1932	2,699,684,265½
1932	291,259,990	162,515,325	1931	114,290,668
1931	455,532,587	283,431,964	1930	693,100,056
1930			1929	369,058,073

(a) This figure includes £1,920,000,000 for conversion of 5% War Loan into 3½% War Loan.

	Mature of Borrowing	Preference	Ordinary	Total
January 1 to date—				
1935	72,660,751	25,732,167	26,378,727	771,645†
1934	72,297,528	12,356,356	31,513,807	116,167,691
Whole year—				
1935	212,917,900	45,062,600	111,177,600	369,158,100
1934	222,064,300	12,733,700	9,982,500	244,780,500
1933	102,769,300	21,461,000	44,878,400	169,108,700
1932				
1931				
1930				

† Adjusted figures.

By Stock Exchange Introduction

	Capital Introduced	Approximate Price Dealings Began	Cash Involved
Amount previously recorded	22,619,783	...	33,509,380
Total to date, 1935	22,619,783	...	33,509,380
Total to date, 1934	18,970,032	...	25,196,402

BY STOCK EXCHANGE INTRODUCTION

The Earl of Dudley's Round Oak Works, Ltd.—Particulars of issue of £400,000 4½ per cent. first mortgage debenture stock, 1965. Secured on all assets; redeemable at £101 per cent., August 31, 1965, or at £102½ per cent. from December 31, 1940. Proceeds to repay £330,000 stock and bank advances. Issue purchased at 97 per cent. Profits, after depreciation, years to June 30th: 1933, £2,034; 1934, £51,625; 1935, £57,443. Total assets, £1,114,570.

OFFER TO SHAREHOLDERS OF SCARBOROUGH GAS COMPANY

United Kingdom Gas Corporation, Ltd.—This Corporation is understood to have made an offer to the Scarborough Gas Company on the basis of £122 2s. 6d. in cash or 112 fully-paid 4½ per cent. cumulative £1 preference shares in the Corporation, plus 16s. 3d. in cash for each £100 of preference capital. An offer of 4½% preference or preferred ordinary is also being made to holders of the company's ordinary £100 stock.

CONVERSIONS AND REPAYMENTS

Northern Ireland Land Bonds.—Guaranteed 4½ per cent. bonds amounting to £27,380 have been drawn for payment on or after November 1, 1935, at the Bank of England.

Spanish Conversion Loan.—Details are available of a 4 per cent. conversion loan for 979,000,000 pesetas (approximately £27,000,000 at current rates). The loan is to replace a 5 per cent. issue of the same amount.

The Empress Brewery Company, Ltd.—This company will repay its 5 per cent. first mortgage debenture stock on February 29, 1936, at £110.

The Oldfield Brewery, Ltd.—This company will repay its 5 per cent. first mortgage debenture stock on February 29, 1936, at £110.

BONUS ISSUE

Initial Services, Ltd.—The capital is to be increased by £600,000 to £1,225,000 by the creation of 2,400,000 ordinary shares of 5s. each. It is proposed to capitalise £225,000, part of the general reserve, and to appropriate this by the distribution of 900,000 ordinary shares to the ordinary shareholders registered on September 11th next, in the proportion of one new share in respect of each now held.

PRIVATE PLACING

Midland Electric Corporation.—This company has placed privately £300,000 of 3½ per cent. first mortgage debenture stock, 1964-73, at par.

OFFERS ABROAD

Basle City Loan.—The City of Basle is taking up a loan amounting to Frs. 22,000,000. The bonds of Frs. 1,000 each will bear interest at 4 per cent. and will be issued at 94.65 per cent. plus stamp duty of 0.60 per cent. They will be repaid at par on September 15, 1945. One-half will be used for the consolidation of current obligations and the other half for work creation and other purposes.

German Government Loan.—The German Government will offer, from September 4th to 16th, Rm. 500,000,000 (£41,666,000) 4½ per cent. bonds to the public at 93½. The bonds are to mature in ten years, but 20 per cent. of the issue is to be redeemed yearly from 1941 onwards.

FORTHCOMING ISSUES

Ericsson Telephones.—An extraordinary general meeting is to be held on September 25th to consider altering the Articles of Association. Proposals will be made that the issued ordinary shares £1 be converted into stock, the capital be increased to £700,000 and £75,007 10s. be applied, out of reserve, in paying up 300,030 of the unissued ordinary shares of 5s. in the increased capital. These shares to be distributed amongst the ordinary stockholders in the proportion of one ordinary share for each £1 of ordinary stock held.

Projectile and Engineering.—An extraordinary general meeting is to be held September 10th to consider the capital being increased to £250,000, by the creation of 250,000 additional ordinary shares of 10s.

Acadia Sugar Refining.—An extraordinary meeting is called for September 9th to consider creation of sinking fund bonds of an aggregate principal amount not exceeding \$2,500,000, on terms as directors may determine.

Weyburn Engineering Company, Ltd.—An issue of 120,000 6 per cent. cumulative preference shares 10s. at par, and 160,000 ordinary 5s. shares at 6s. 3d. per share is expected in September.

Graltan Warehouses.—It is understood that this concern is to be converted into a public company.

RESULTS OF ISSUES

Dutch Treasury Bills.—Subscriptions for 3½ per cent. and 4 per cent. notes totalled Fls. 27,653,000, of which Fls. 25,062,000 (£3,580,000) has been allotted. The average discount of the bills was 4½ per cent.

Reichsbahn Treasury Bills.—The final figures of the conversion of the 6 per cent. Reichsbahn Treasury bills into Rm. 150,000,000 (£12,500,000) of 4½ per cent. bills show that Rm. 96,490,000 (£8,041,000) of the new issue was taken up for conversion purposes and Rm. 181,730,000 (£15,144,000) subscribed for by new subscribers, making a subscription total of Rm. 278,220,000 (£23,185,000).

CALLS DUE SEPTEMBER 2, TO SEPTEMBER 7, 1935

The grand total of calls falling due in August, 1935, was £16,443,401, which compares with £36,367,141 which fell due in August, 1934.

Nominal amount of Stock	Company	Amount of Call	When payable	Making Paid
Stock	African Railway Finance (£571,000 2% Deb. Stk., 1948-1951, at 99½%)	£25%	Sept. 3	£54½%
Stock	Birkenhead Corporation 3% Red. Stk., 1952-55 (£1,000,000, at 99%)	£30%	Sept. 5	£54%
£1 Stock	Dundee Crematorium (13,000 Shares, at par).. Earl of Dudley's Round Oak Works (£400,000 4½% 1st Mort. Deb. Stk., 1965, at 97%)	£30%	Sept. 2	All
Stock	English & Caledonian Invest. (£100,000 3½% Red. Deb. Stk., 1970-75, at par)	£80%	Sept. 2	All
5/- Stock	Marce (39,280 Shares, at 20/-)	10/-	Sept. 6	All
5/- Stock	Rio Claro Investment Trust (£80,928 3½% Red. Deb. Stk., 1947-72, at par)	£100%	Sept. 2	All
5/-	Thistle-Etna Gold Mines	1/- p.s.	Sept. 7	3/- p.s.
5/-	Westland Aircraft (500,000 Ordinary Shares, at 7/-)	2/6 p.s.	Sept. 5	All

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Amt. paid	Price, Aug. 21, 1935	Price, Aug. 28, 1935
Australia 3%	100	5	1½-1½ pm	1½-1½ pm
Briggs Motor Bodies Ord.	25/-	12/6	2/7½-2/10½ pm	2/1½-2/7½ pm
Do. 4½% 1st Deb.	103	53	2½-1½ dis	2½-1½ dis
British (Guest Keen & Baldwins) 4% deb.	100	40	1-1½ pm	1-1½ pm
Cables Investment Trust Pref. £10	10½	10	5/3-5/9 pm	5/3-5/9 pm
Do. 3½% Deb.	99	10	1-1½ pm	1-1½ pm
Daily Sketch 4½% 1st Deb.	104	64	1-1½ pm	1-1½ pm
Dundee 3%	100	27	1/6-1/6 dis	1/6-1/6 dis
Earls Court Ord. 5/-	5/-	3/-	1/1½-10½ dis	1/6-1/6 dis
Do. 5½% 2nd Deb.	£100	£20	6-4 dis	6-4 dis
Green (J. W.) Ord. £1	£1	...	56/6-37/6	56/6-37/6
Hamilton Taverns 4/-	4/-	...	4/4-9/9	4/4-9/9
Harding Tilton	5/-	...	1/-1/8 pm	1/-1/8 pm
Hills (R. H. O.) Ord. 5/-	7/6	2/6	10½-1/1½ pm	10½-1/1½ pm
Do. 6% Pref. £1	21/-	10/-	1 dis-1 pm	1 dis-1 pm
India 3%, 1949-52	98	18	1 dis-1 pm	1 dis-1 pm
Kelly's Directories 4% Deb.	104	24	2½-3½ pm	2½-3½ pm
Lanarkshire Steel 6% Pref.	20/-	...	21/4½-21/10½	21/4½-21/10½
Leeds 3% Stock	99½	19½	1½-2 pm	1½-2 pm
Leeds and Wakefield Breweries 6% Pref.	24/8	10/6	1½ dis-1½ dis	6d dis-par
Lewis (John) Properties 4½% Pref.	20/6	10/6	1/-6d dis	1/1½-7½ dis
Do. 3½% Deb.	96	31	2½-1½ dis	2½-1½ dis
Liverpool 3%	99½	19½	1½-2½ pm	1½-2½ pm
London County Freehold Properties 20/-	46/-	10/-	1/8-9d dis	2/-1/8 dis
London Electric Transport 2½% Deb.	97	17	1 dis-1 pm	1 dis-1 pm
Lowestoft 3%	98½	18½	1½-1½ pm	1½-1½ pm
Matin and Overton Ord. 5/-	6/6	6/6	7/3-7/9	7/3-7/9
Do. 6% Pref. £1	20/-	20/-	19/8-20/3	19/8-20/3
New Zealand 3%	98½	5	1 dis-1 pm	1 dis-1 pm
Odams (Watford) 5½% Pref.	21/-	10/-	9d-1/3 pm	1/1½-1/7½ pm
Ribblesdale Cement 4% Deb.	101	51	1½-1½ pm	1½-1½ pm
Trinidad 3% Stk.	100	5	1½-1½ pm	1½-1½ pm
Ultra Electric (Holding) 5/-	5/-	...	8/9-9/3	8/9-9/3
West Bromwich 3%	100	25	1½-1½ pm	1½-1½ pm
Westland Aircraft 5/-	7/-	4/6	10½-1/1½ pm	1/-1/6 pm
W. Lon. Prop. 4% Deb.	100	50	1½-1½ dis	1½-1½ dis
W. Spaarwater 5/-	5/-	5/-	6/3-6/9	4/9-5/3x

OIL OUTPUTS

VENEZUELAN OIL CONCESSIONS, LTD.—The Venezuelan Oil Concessions, Ltd., announces that its production for the week ended August 3, 1935, was: Bolivar district, 715,047 barrels; Maracaibo district, 30,972 barrels; total, 746,019 barrels. Production for the week ended August 10, 1935: Bolivar district, 699,568 barrels; Maracaibo district, 31,343 barrels. Production for week ended August 17th: Bolivar district, 705,668 barrels; Maracaibo district, 30,683 barrels. Production for the week ended August 24, 1935: Bolivar district, 708,285 barrels; Maracaibo district, 30,123 barrels; total, 738,408 barrels.



DIVIDEND ANNOUNCEMENTS

Name of Company	Rate % per Annum, except where marked % or Stated in Cash		Interim or Final Comparison with Last Year	Dividend for Whole Years	
	* Interim div.	† Final div.		Latest Year	Previous Year
BANKS					
Bank of Nova Scotia	3%	Oct. 1	Unchanged	%	%
Commercial Banking (Dublin)	...	...	...	10	10
Mercantile Bank of India	6%*	Sept. 17	Unchanged	...	...
INSURANCE					
Prudential Assurance "A"	25%*	Sept. 12	Unchanged	...	...
MINING					
Kramat Tin	7½%*	Sept. 4	...	...	...
North Broken Hill	3/6 p.s.	Sept. 28	2/6 p.s.	...	...
OTHER COMPANIES					
A. Boake Roberts and Co.	1½%*	Sept. 13	Unchanged	...	...
Alexander Duckham and Co.	4%*	...	...	15	12½
Barnsley Brewery	2½%*	...	Unchanged	5	5
Belfast Ropework Co.	2½%†	...	Unchanged	...	...
Boots Pure Drug	8%*	Sept. 30	Unchanged	...	...
Carter and Co.	...	...	...	7½	7½
Chamberlain, King and Jones	2½%*	Oct. 1	Unchanged	...	...
Dundalk Gas "A"	25/- p.s.*	...	Unchanged	...	...
Do. "B"	17/6 p.s.*	...	Unchanged	...	...
Ellis and McHardy	...	...	...	6	6
Gamage (A. W.)	2½%*	Sept. 17	Unchanged	...	...
Gillette Safety Razor	25 cts. ps	Sept. 30	Unchanged	...	...
Hall's Oxford Brewery	16½%†	...	Unchanged	£16½(c)	£22½
Hannans Land	4½%*	Aug. 27	1%*	...	...
Hickleton Main Colliery	12½%*	Oct. 1	Unchanged	...	...
H. P. Sauce	7½%*	Sept. 14	Nil*	...	...
Hulett (Sir J. L.)	...	...	...	7½	6
Industrial Finance and Investment	...	...	...	2	3
Initial Services	...	...	...	50 (b)	50
International Harvester (U.S.)	15 cts. ps	Oct. 15	Unchanged	7½	6
Leyland and Birmingham Rubber	5%†	...	4%†	...	...
London and Thames Haven Oil	...	...	...	...	...
Wharfedale	15%*	...	Unchanged	...	...
Maidenhead Waterworks "B"	10%*	Sept. 2	Unchanged	...	...
Do. do. "B"	7%*	Sept. 2	Unchanged	...	...
Meccano Limited	12½%*	Sept. 30	Unchanged	...	...
Mellersh and Neale	5%*	Sept. 30	4%*	...	...
Morris (B.) and Sons	2%*	Sept. 12	Unchanged	...	...
New Monckton Collieries	15%*	...	10%†	2½	12½
Nespeand Steel and Tool	16½%*	Oct. 1	Unchanged	28/- p.s.	26/- p.s.
Odham's Properties	12½%*	...	Unchanged	...	...
Oldham Brewery (10)	7½%*	...	Unchanged	...	...
Pinchin Johnson and Co.	16%*	...	Unchanged	...	...
Qualcast	15%†	...	Unchanged	...	...
Renold and Coventry Chain	...	...	...	7½	6
Southdown Motor Services	...	...	...	20	20
Sheepbridge Coal and Iron	5%*	Sept. 30	Unchanged	...	...
Do. Preference	4½%†	Oct. 1	3½%†	6½	5
Staveley Coal and Iron	4½%†	Oct. 1	2½%	6½	5
St. James's Buildings	4½%†	Sept. 26	4½%	18½	18½
Swansea Gas Light	...	...	...	7	7
Tenant Brothers	2½%*	Aug. 31	Unchanged	10	8½
Triplex Safety Glass	7½%†	...	6%†	30	25
United Canners	...	Sept. 21	...	2½	Nil
United Indigo and Chemical	...	...	...	...	...
Walsend Shipway	...	Sept. 10	Unchanged	5	5
Wardle and Davenport	3%*	Sept. 2	2½%*	...	...
Whiteley (William)	12½%†	Sept. 13	Unchanged	14	14
	10%*	Oct. 1	Unchanged	...	...

COMPANY MEETINGS, &c.

ASSOCIATED BRITISH PICTURE CORPORATION,
LIMITED

A STRONG POSITION

The eighth ordinary general meeting of the Associated British Picture Corporation, Limited, was held, on the 28th instant, at Winchester House, London, Mr John Maxwell (chairman and managing director) presiding.

The Chairman, in the course of his speech, said that with regard to the profit and loss account, the total available balance of profit was £560,238 and, after an appropriation of £162,805 to general reserve, bringing it up to £1,000,000, and setting aside £125,000 to a new reserve for depreciation, it was proposed to pay a final dividend of 6 per cent., less tax, on the ordinary shares, making 10 per cent. actual, less tax, for the year.

As to the cinema department, which was by far the largest contributor to their profits, the cinemas had had a good year's trading and showed a substantial increase of profit on any previous year. Since the close of the financial year they had had the benefit of the readjustment of entertainments tax, by which the Chancellor of the Exchequer had remedied an undoubted grievance. They had acquired a number of additional properties, and the benefit of their earnings would be felt during the current year, so that altogether he looked forward to a substantial improvement in profits.

In the film distribution department—represented by Pathé Pictures, Limited, and Wardour Films, Limited—the profits showed a slight increase; indeed, that department had remained remarkably steady in earning capacity during the eight years of the company's existence. The film production department's prospect was not quite so pleasing. During the last twelve to eighteen months conditions in film production had become increasingly difficult. Costs had been mounting steadily, individual films had become more expensive, and gross receipts had not been increasing proportionately.

They were not dependent to any extent on their film production department, and, although conditions in that department continued difficult, they would be able to maintain and, he believed, increase the profits of the corporation as a whole. They had so aligned their policy and programme that, even if untoward events should come to pass, they would not be prejudicially affected, and, when the present feverish activity had burned itself out, they would, with their large material resources, be able to take full advantage of the undoubted prosperity which the business of film production could have under normal trading conditions.

The report and accounts were unanimously adopted.

DAVIS ESTATES, LIMITED

VALUABLE AND INCREASING GOODWILL

The statutory meeting of Davis Estates, Ltd., was held, on the 27th instant, at Winchester House, Old Broad Street, London, E.C., Mr A. F. Davis (deputy-chairman and managing director) presiding.

The Chairman said: Our chairman is away, and he regrets he cannot preside at this meeting. Since the statutory report has been in your hands for some days, you will no doubt wish me to take it as read. Our preference shares were the only capital offered for public subscription, and you will note from the statutory report that all the cash from such issue has been received in full. All the ordinary shares have been allotted and have been paid for in full, in cash, in accordance with contract No. 12 shown in the prospectus.

The company's business in the main consists of the purchase of land and the building of house and shop properties, and the sale thereof, with, in addition, the letting of certain properties. Your directors have continued to give their particular attention to two important matters. Firstly, the acquisition, as and when suitable opportunities occur, of further carefully-selected sites for development purposes; in this connection a number of estates have been acquired which should be successfully developed. Secondly, the company is considerably increasing its annual income from its property investments, and the wisdom of this policy is self-evident, and I see no reason why our general business should not retain its present level, and our profits continue to be maintained.

Further, I would like to mention the appreciable number of sales which we are obtaining solely through recommendations from satisfied purchasers. Your directors feel that the company has a very valuable goodwill, which is being increased constantly by the large body of satisfied owners of Davis-built homes.

The proceedings terminated with a vote of thanks to the chairman.

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GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended August 24, 1935, amounted to £11,921,000, against ordinary expenditure of £6,758,000. After allowing for an increase in Exchequer Balances of £184,255, the operations for the week, as shown below, decreased the gross National Debt by £4,763,000 to approximately £8,102 millions.*

(000's omitted)

Public Department Advances	£ 600
Treasury Bills	3,600
N. Atlantic Shipping Issues	1,071
Brit. Shipping Assistance	25
National Savings Certificates	17
	50
	4,763

* Including £375 millions on Account of Exchange Equalisation Fund and Borrowing or Statutory Sinking Fund.

A complete analysis of the approximate position of the National Debt on June 30, 1935, appeared in the *Economist* for July 6.

REVENUE	Estimate for the year 1935-36	Total Receipts into the Exchequer			
		April 1, 1935, to Aug. 24, 1935	April 1, 1934, to Aug. 25, 1934	Week ended Aug. 24, 1935	Week ended Aug. 25, 1934
ORDINARY REVENUE					
Inland Revenue—					
Income Tax	232,500,000	43,847,000	44,208,000	3,138,000	3,269,000
Sur-tax	51,500,000	5,280,000	6,810,000	80,000	180,000
Estate, etc., Duties	80,000,000	36,290,000	35,040,000	1,650,000	1,280,000
Stamps	25,000,000	6,610,000	6,430,000	200,000	50,000
Excess Profits Duty and Corporation Profits Tax	1,700,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	120,000	140,000	...	...
Total Inland Revenue	391,500,000	92,147,000	92,628,000	5,098,000	4,779,000
Customs and Excise—					
Customs	188,570,000	78,051,000	74,869,000	4,542,000	3,612,000
Excise	106,350,000	42,500,000	41,100,000	2,100,000	1,100,000
Total Customs and Excise	294,920,000	120,551,000	115,969,000	6,642,000	4,712,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,538,000	1,388,000	Dr 300,000	Dr 800,000
Post Office (Net Receipt)	11,850,000	8,200,000	9,450,000	Dr 800,000	Dr 650,000
Crown Lands	1,330,000	610,000	570,000	100,000	110,000
Receipts from Sundry Loans	3,900,000	2,937,816	2,790,221	210,977	...
Miscellaneous Receipts	25,970,000	10,369,392	5,621,192	1,000,105	1,460,042
Total Ordinary Revenue	734,470,000	236,353,208	228,416,413	11,921,082	10,411,042
SELF-BALANCING REVENUE					
Post Office	64,070,000	22,550,000	20,950,000	2,150,000	1,900,000
Motor Vehicle Duties apportioned to Road Fund	26,230,000	6,180,000	7,737,000	300,000	...
Total Self-Balancing Revenue	90,300,000	28,730,000	28,687,000	2,450,000	1,900,000
Total	...	265,083,208	257,103,413	14,371,082	12,311,042

Mr George Hill Tulloch was elected a director of the Bank of Ireland on August 14, 1935, to fill the vacancy caused by the death of Sir Lingard Goulding. Mr Thomas Shannon Martin succeeded to the post of governor of the bank on April 1st last, on the expiration of Sir Lingard Goulding's term of office as governor.

Mr Henry Hart, of Messrs Hart Moss and Company, chartered accountants, of Sheffield, Rotherham and Barnsley, has been appointed assistant secretary of the Sheepbridge Coal and Iron Company, Chesterfield. He succeeds the late Mr E. G. Haslam, son of Mr T. E. Haslam, secretary and a director of the company. Mr Hart is a son of one of the founders of Hart Moss and Company.

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, August 28, 1935

ISSUE DEPARTMENT

Notes Issued:—	£	Government Debt	£ 11,015,100
In Circulation	399,564,647	Other Government Securities	246,605,398
In Banking Department	53,790,127	Other Securities	841,522
		Silver Coin	1,537,880
		Amount of Fiduciary Issue	260,000,000
		Gold Coin and Bullion	193,354,774
	453,354,774		453,354,774

BANKING DEPARTMENT

Proprietors' Capital	£ 14,553,000	Government Securities	£ 81,274,999
Reserve	3,687,403	Other Securities:—	
Public Deposits*	9,359,708	Discounts and Advances	£ 12,934,587
Other Deposits:—		Securities	£ 12,260,549
Bankers'	£ 96,935,098		
Other Accounts	£ 36,453,840	Notes	25,195,136
	133,388,938	Gold and Silver Coin	53,790,127
			728,787
	160,989,049		160,989,049

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

Both Departments	Amount, Aug. 28, 1935	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	399,564,647	— 875,713	+ 20,280,921
Public deposits	9,359,708	— 6,542,327	— 24,631,430
Bankers' deposits	96,935,098	+ 3,037,217	+ 13,188,409
Other deposits	36,453,840	— 446,113	+ 1,247,815
Seven-day bills	542,313,293	— 4,826,936	+ 5,325
Total outside liabilities	18,240,403	+ 27,686	+ 10,080,390
Capital and rest			+ 3,521
Government debt and securities	338,895,497	— 2,326,740	— 530,518
Discounts and advances	12,934,587	— 17,245	+ 7,319,081
Other securities	13,102,071	— 2,629,134	+ 3,314,245
Silver coin in issue department	1,537,980	— 381	+ 1,776,605
Coin and bullion (bank's reserves)	194,083,561	+ 174,250	+ 1,747,708
Reserves of notes and coin in banking department	54,518,914	+ 1,049,963	— 18,533,213
Proportion of reserve to outside liabilities—			
(a) Banking Department only ("proportion")	38.1%	+ 1.7%	— 9.6%
(b) Gold stocks to deposits and notes ("reserve ratio")	35.8%	+ 0.4%	— 0.3%

(000's omitted)

Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits		
1935							
July 31	452,774	408,262	24,360	75,680	38,500	58 in	2 1/2
Aug. 7	452,774	411,836	17,240	82,662	37,845	Nil	2 1/2
" 14	452,774	405,546	16,718	86,275	37,021	Nil	2 1/2
" 21	453,252	400,440	15,902	93,898	36,900	477 in	2 1/2
" 28	453,353	399,565	9,360	96,935	36,454	103 in	2 1/2

(000's omitted)

Date	Issue Department		Both Depts.		Banking Department			Reserve and the "Proportion"
	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio	Govt. Securities	Discounts & Advances	Other Securities		
1935								
July 31	257,446	1,016	193,362	35 1/2	87,371	10,842	13,359	45,100 32 1/2
Aug. 7	257,909	544	193,344	35 1/2	87,201	14,078	13,115	41,608 30 1/2
" 14	257,934	527	193,370	35 1/2	82,045	15,171	13,154	47,624 34 1/2
" 21	257,732	729	193,909	35 1/2	83,490	12,952	15,002	59,409 36 1/2
" 28	257,620	842	194,084	35 1/2	81,275	12,935	12,261	64,519 38 1/2

BANKERS' CLEARING RETURNS

LONDON

(000's omitted)

	Town	Metropolitan	Country	Total
1935				
January 1 to August 14	20,376,232	1,185,489	1,998,220	23,559,941
Week ended August 21	617,133	32,484	59,564	709,181
Week ended August 28	525,261	29,032	49,717	604,010
Total to date, 1935	21,518,628	1,247,015	2,107,501	24,873,144
Total to date, 1934	20,072,782	1,181,554	1,960,652	23,194,988
Increase or decrease in 1935	+ 1,445,846	+ 85,461	+ 146,849	+ 1,678,154
	= 7.2%	= 7.4%	= 7.5%	= 7.3%
1934				
Total for year 1934	30,740,117	1,759,528	2,984,512	35,484,157
Total for year 1933	27,714,480	1,656,675	2,766,471	32,137,626
Total for year 1932	+ 3,025,637	+ 102,853	+ 218,041	+ 3,346,531
Increase or decrease in 1934	= 10.9%	= 6.2%	= 7.8%	= 10.4%

EXPENDITURE	Estimate for the year 1935-36	Total Issues out of the Exchequer to meet Payments			
		April 1, 1935, to Aug. 24, 1935	April 1, 1934, to Aug. 25, 1934	Week ended Aug. 24, 1935	Week ended Aug. 25, 1934
ORDINARY EXPENDITURE					
Interest and Management of National Debt	£ 224,000,000	£ 95,052,140	£ 96,205,501	£ 266,032	£ 319,307
Payments to Northern Ireland Exchequer.....	6,750,000	1,843,143	2,254,425	...	226,643
Other Consolidated Fund Services.....	3,700,000	1,225,826	1,018,208	42,295	...
Post Office Fund.....	1,130,000	...	...	...	...
Total	235,580,000	98,121,109	99,478,134	308,327	545,950
Total Supply Services (excluding Post Office)	508,440,000	185,167,800	171,615,150	6,450,000	6,000,000
Total Ordinary Expenditure	744,020,000	283,288,909	271,093,284	6,758,327	6,545,950
SELF-BALANCING EXPENDITURE					
Post Office	64,070,000	22,550,000	20,950,000	2,150,000	1,900,000
Road Fund	26,230,000	6,180,000	7,737,000	300,000	...
Total Self-Balancing Expenditure	90,300,000	28,730,000	28,687,000	2,450,000	1,900,000
Total	...	312,018,909	299,780,284	9,208,327	8,445,950

The aggregate revenue and expenditure to Aug. 24, 1935, is shown below:—

FINANCIAL YEAR, 1935-36, APRIL 1, 1935, TO AUG. 24, 1935
(000's omitted)

Expenditure	£ 283,289	Revenue	£ 236,353
Increase in Balances	167	Gross increase in borrowing £49,561	
		Less	
		New Sinking Fund	2,458*
		Net borrowing	47,103
	283,456		283,456

* Authority will be sought in the Finance Bills to meet the amount of the Statutory Sinking Funds in 1935 by borrowing.

POSITION OF THE FLOATING DEBT

	Aug. 25, '34	Mar. 31, '35	Aug. 24, '35	Aug. 24, '35
Ways and Means Advances Outstanding—	£	£	£	£
Advances by Bank of England	...	...	...	...
Advances by Public Departments	39,250,000	34,060,000	16,400,000	3,800,000
Treasury Bills Outstanding	817,940,000	799,320,000	879,345,000*	1,070,000

Total Floating Debt

* Includes £3,000, the proceeds of which were not carried to the Exchequer within the period of the Account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £40,000,000 Treasury bills were opened on August 23, 1935, and the total amount applied for was £60,525,000. Tenders were accepted for Treasury bills at three months dated Monday to Friday at £99 17s. 1d., about 53 per cent., and above in full; Saturday at £99 17s. 2d., and above in full. The average rate per cent. was 11s. 4.93d. The amount allotted was £40,000,000. The following table shows the weekly record at various dates:—

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
1933	£	£	£	£ s. d.
January 6.....	45,000,000	73,830,000	45,000,000	0 16 10.84
July 7.....	45,000,000	83,890,000	42,000,000	0 10 4.85
October 6.....	45,000,000	100,450,000	45,000,000	0 12 9.88
1934				
January 5.....	35,000,000	76,280,000	30,000,000	0 18 11.5
April 6.....	40,000,000	80,390,000	38,000,000	0 17 9.01
July 6.....	35,000,000	62,745,000	32,000,000	0 16 4.14
October 5.....	35,000,000	65,260,000	31,510,000	0 15 9.70
1935				
January 4.....	30,000,000	49,560,000	27,500,000	0 8 1.64
April 5.....	40,000,000	76,085,000	40,000,000	0 10 2.93
July 5.....	40,000,000	60,905,000	40,000,000	0 12 4.32
July 19.....	40,000,000	67,885,000	40,000,000	0 12 2.84
July 28.....	40,000,000	56,800,000	40,000,000	0 10 9.77
August 2.....	40,000,000	61,270,000	40,000,000	0 11 9.13
August 9.....	40,000,000	60,805,000	40,000,000	0 11 9.37
August 16.....	40,000,000	58,110,000	40,000,000	0 11 9.4
August 23.....	40,000,000	60,525,000	40,000,000	0 11 4.93

PROVINCIAL
(000's omitted)

	Week ended		Month of July		Inc. or Dec.	Aggregate Totals January 1 to August 24	
	1934	1935	1934	1935		1934	1935
No. of working days:			26	27			
BIRMINGHAM	1,646	1,977	9,973	12,439	+24.7	77,798	80,252
BRADFORD	580	672	3,485	4,262	+22.2	30,196	29,442
BRISTOL	1,134	1,170	4,935	5,778	+17.0	39,828	39,603
DUBLIN	4,910	4,364	...	...	...	174,136	173,351
LIVERPOOL	720	614	3,279	3,357	+2.3	24,645	24,812
LEEDS	778	709	4,093	4,760	+16.2	31,664	30,803
LEICESTER	413	507	2,844	3,172	+11.5	21,302	22,188
LIVERPOOL*	5,662	4,857	27,658	26,373	-4.6	202,676	197,362
MANCHESTER	7,505	7,972	42,255	45,292	+7.1	323,725	327,324
NEWCASTLE	1,220	1,055	6,261	6,080	-2.8	50,442	45,367
NOTTINGHAM	322	419	1,986	2,299	+15.7	14,912	15,982
SHEFFIELD	517	680	3,595	4,036	+12.2	28,113	28,412
	25,407	25,006	110,364	117,848	+6.7	1,019,437	1,016,898

* Restricted area from April 1, 1935.

† Extended area from November 26, 1934.

OVERSEAS BANK RETURNS

NOTE.—The latest return of the Bank of International Settlements, New Zealand, Denmark, in August 10. Bulgaria, in August 17. Federal Reserve Bank, in August 10. Lithuania, in August 10. Hungary, in August 24.

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

	Aug. 29, 1934	Aug. 8, 1935	Aug. 15, 1935	Aug. 22, 1935	Aug. 29, 1935
RESOURCES					
Gold certificates on hand and due from the Treasury	4,979,480	6,288,610	6,365,770	6,441,510	6,482,230
Total reserves	5,239,690	6,549,130	6,624,290	6,689,850	6,729,760
Total cash reserves	235,920	238,930	236,990	227,630	227,120
Total bills discounted	21,010	6,300	6,150	7,110	9,410
Bills bought in open market	5,250	4,680	4,690	4,690	4,680
Total bills on hand	26,260	10,980	10,840	11,800	14,090
Industrial advances	2,431,800	2,430,330	2,430,200	2,430,240	2,430,330
Total U.S. Govt. securities	2,459,280	2,470,410	2,470,200	2,471,320	2,473,870
Total bills and securities	8,232,850	9,578,160	9,739,790	9,755,110	9,765,050
LIABILITIES					
Federal Reserve notes in actual circulation	3,103,290	3,303,110	3,321,030	3,340,980	3,352,060
Federal Reserve Bank notes in circulation	31,930	...	...	...	...
Deposits—Memberbank—					
Reserve account	4,126,970	5,114,720	5,254,280	5,291,500	5,346,440
Government deposits	29,940	112,810	33,800	53,720	49,830
Total deposits	4,360,830	5,480,930	5,538,760	5,575,180	5,608,990
Capital paid in and surplus	284,910	314,170	314,180	314,240	314,250
Total liabilities	8,232,850	9,578,160	9,739,790	9,755,110	9,765,050
Ratio of total reserves to deposits and Federal Reserve note liabilities combined	70.7%	74.6%	74.8%	75.0%	75.1%

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

	Aug. 29, 1934	Aug. 8, 1935	Aug. 15, 1935	Aug. 22, 1935	Aug. 29, 1935
Total gold reserves	1,830,900	2,677,170	2,725,950	2,786,940	2,809,670
Total bills discounted	12,420	3,770	3,290	4,100	5,930
Bills bought in open market	1,980	1,800	1,810	1,810	1,800
Total U.S. Govt. securities	777,750	739,320	739,320	739,320	739,320
Total bills and securities	792,240	751,840	751,380	782,200	754,030
Deposits—Memberbank—					
Reserve account	1,742,370	2,415,270	2,498,030	2,559,560	2,605,560
Ratio of total res. to dep. and Federal Res. note liabilities combined	72.5%	79.9%	80.1%	80.6%	80.6%

AUSTRALIAN COMMONWEALTH BANK.—In £'s (000's omitted)

	July 22, 1935	July 29, 1935	Aug. 5, 1935	Aug. 12, 1935	Aug. 19, 1935	Aug. 26, 1935
ASSETS						
Gold and English sterling	15,994	15,994	15,994	15,994	15,994	15,994
Other coin, bullion and cash	6,433	6,586	6,473	6,635	6,479	6,519
Money at short call—London	17,800	17,279	17,223	16,757	16,655	16,937
Conversion funds in London	307	3,356	3,17	326	345	365
Short-term loans	5,163	5,624	5,569	5,705	6,195	6,284
Securities	70,886	70,886	70,846	70,846	70,796	70,796
Discounts and advances	7,038	7,072	7,145	6,972	6,972	7,122
Other assets	4,779	4,594	4,531	4,181	4,227	4,067
LIABILITIES						
Notes issued	47,044	47,044	47,044	47,044	47,044	47,044
Reserve premium on gold	3,896	3,896	3,896	3,896	3,896	3,896
Deposits	68,590	73,607	68,269	67,854	67,879	68,309
Other liabilities	2,946	2,921	2,951	2,898	2,921	2,912

BANK OF CANADA.—In \$'s (000's omitted)

	July 31, 1935	Aug. 7, 1935	Aug. 14, 1935	Aug. 21, 1935
ASSETS				
Reserve of which	193,124	191,335	194,013	193,855
Gold coin and bullion	179,937	179,907	180,103	180,160
Dominion Government securities	96,207	96,439	96,799	102,317
LIABILITIES				
Notes in circulation	77,135	78,986	77,986	78,405
Deposits—				
Dominion Government	44,364	26,830	32,878	32,878
Chartered banks	169,917	185,955	189,375	182,646
Ratio of reserves to notes and deposit liabilities	66.1%	65.4%	65.3%	65.8%

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

	Aug. 24, 1934	July 26, 1935	Aug. 2, 1935	Aug. 9, 1935	Aug. 16, 1935	Aug. 23, 1935
ASSETS						
Gold coin and bullion	20,107	27,856	27,771	27,942	28,210	28,029
Bills discounted: Foreign	12,300	5,000	3,556	3,297	3,451	3,551
Investments	1,725	1,728	1,728	1,726	1,726	1,726
Loan & Advances to Govt.	10,097	14,114	14,784	14,833	14,734	14,801
Other assets	...	...	...	...	...	...
LIABILITIES						
Notes in circulation	11,033	12,110	13,531	12,827	12,778	12,026
Government deposits	2,417	2,528	3,744	2,544	1,747	1,913
Bankers' deposits	23,952	27,688	27,575	28,511	29,379	28,578
Ratio of cash reserves to liabilities to public	48.3%	60.2%	60.2%	59.6%	60.4%	60.2%

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

	Aug. 2, 1935	Aug. 9, 1935	Aug. 16, 1935	Aug. 23, 1935
Gold coin and bullion	44,42,17	44,42,17	44,42,17	44,42,17
Rupee coin	54,91,62	55,50,67	55,79,89	56,27,89
Balances abroad	11,09,75	11,18,43	10,98,12	12,48,88
Sterling securities*	65,19,27	65,19,27	65,19,27	65,19,27
Indian Government rupee securities*	26,49,10	26,49,15	26,49,21	26,49,29
Investments	5,88,14	6,14,01	6,13,94	6,23,70
LIABILITIES				
Note circulation	1,56,26,96	1,58,26,17	1,57,52,80	1,56,32,57
Deposits—				
Government	11,22,00	12,38,03	11,53,68	11,82,06
Other	28,75,64	27,97,17	29,77,28	32,62,52
Ratio of gold and sterling to liabilities	57.4%	57.2%	57.2%	57.0%

* Held against notes.

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

	Aug. 24, 1934	Aug. 31, 1935	Aug. 7, 1935	Aug. 14, 1935	Aug. 21, 1935
ASSETS					
Gold	81,759,496	71,630,296	71,582,892	71,661,243	71,608,647
Sight balances abroad	12,858	7,472	7,733	7,787	7,187
Bills discounted	4,140,814	6,870,181	6,823,437	6,272,160	6,274,613
Negotiable bills abroad	891,079	1,007,948	1,007,948	1,007,948	1,007,948
Advances against sec.					
To the State	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
Other advances	3,049,572	4,157,821	3,899,097	3,807,683	3,497,715
Negotiable Bonds	5,913,404	5,800,402	5,800,402	5,800,402	5,800,000
Sinking Fund Dept.	5,095,460	4,990,910	5,039,047	4,984,572	4,973,552
Other assets (excl. forward exch.)	79,971,020	82,213,778	81,489,507	81,964,006	80,685,062
Public deposits	3,999,318	3,260,620	3,267,647	3,260,296	3,290,296
Private deposits	18,161,301	9,667,007	10,223,378	10,189,777	10,489,375
Other liabilities	1,931,043	2,522,723	2,378,424	2,225,292	2,353,930
Ratio of gold and sterling to liabilities	80.0%	75.1%	75.2%	75.7%	75.7%

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

	Aug. 23, 1934	Aug. 30, 1935	Aug. 6, 1935	Aug. 13, 1935	Aug. 20, 1935
ASSETS					
Gold	74,878	104,636	104,636	94,662	94,755
Of which deposited abroad	16,952	80,136	80,136	29,629	29,629
Reserve in foreign currencies	3,400	5,298	5,298	5,298	5,298
Bills of exchange and cheques	3,188,894	3,646,170	3,649,532	3,539,213	3,571
Silver and other coin	308,662	183,434	199,801	228,719	228,719
Notes of other German banks	16,554	8,981	11,330	13,086	13,086
Advances	66,833	38,469	34,955	31,864	31,864
Investments	732,058	661,580	663,056	663,827	663,827
Other assets	609,192	670,900	669,281	678,984	678,984
LIABILITIES					
Share capital	150,000	150,000	150,000	150,000	150,000
Reserves	472,797	471,184	471,184	471,184	471,184
Notes in circulation	3,502,022	3,740,268	3,717,184	3,638,468	3,638,468
Other daily maturing obligations	701,518	730,790	763,278	768,698	768,698
Other liabilities	174,134	227,206	226,548	228,469	228,469
Cover of note circulation	2.23%	2.87%	2.87%	2.68%	2.75%

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

	Aug. 25, 1934	July 25, 1935	Aug. 1, 1935	Aug. 8, 1935	Aug. 15, 1935	Aug. 22, 1935
ASSETS						
Gold	2,644,476	3,533,983	3,533,983	3,518,688	3,521,222	3,494,137
Silver and other coin	67,004	61,902	61,902	54,338	52,836	54,934
Securities	679,761	1,431,471	1,428,047	1,415,457	1,407,793	1,388,106
Advances	71,066	116,168	120,032	117,555	130,346	128,085
LIABILITIES						
Notes in circulation	3,506,416	4,079,389	4,144,526	4,138,724	4,129,128	4,100,173
Deposits: Govt.	72,165	28,674	32,870	41,412	20,416	17,171
Other	252,030	1,229,178	1,152,361	1,119,765	1,156,900	1,140,164

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

	Aug. 27, 1934	July 29, 1935	Aug. 5, 1935	Aug. 12, 1935	Aug. 19, 1935	Aug. 26, 1935
ASSETS						
Gold	863,398	587,696	582,754	589,931	585,820	591,268
Silver	23,405	22,738	22,468	23,568	23,975	23,934
Home bills discounted	26,242	43,589	43,785	42,643	43,003	40,712
Loans and advances in current account	143,734	228,838	186,189	161,397	158,073	142,341
LIABILITIES						
Notes in circulation	894,093	818,825	818,812	799,736	793,172	794,970
Deposits	188,691	54,764	37,388	38,542	38,839	39,542

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

1935 (000 \$ omitted).						
	Aug. 25, 1934	July 27, 1935	Aug. 3, 1935	Aug. 10, 1935	Aug. 17, 1935	Aug. 24, 1935
ASSETS						
Gold	113,480	112,320	112,030	111,890	111,140	109,890
Silver	27,875					
Discounts, advances, and other investments	72,712	73,930	78,400	77,510	77,580	77,580
Foreign bills	952	1,990	1,850	1,310	1,970	1,970
Other assets	9,476	12,150	12,280	11,390	11,470	11,470
LIABILITIES						
Notes in circulation	181,639	166,910	168,830	170,710	167,740	167,740
Deposits and bills payable	31,407	22,260	24,420	20,010	23,020	23,020

LONDON RATES OF EXCHANGE

I.—Spot Rates (Range of the day's business)

London on	Par of Exch.	Aug. 23, 1935	Aug. 24, 1935	Aug. 26, 1935	Aug. 27, 1935	Aug. 28, 1935	Aug. 29, 1935
New York, \$	148.84	149.97	149.71	149.71	149.71	149.71	149.71
Montreal, \$	4.86	4.97	4.97	4.97	4.97	4.97	4.97
Paris, Fr.	124.21	75.75	75.75	75.75	75.75	75.75	75.75
Brussels, Bel.	35.00	29.46	29.46	29.46	29.46	29.46	29.46
Milan, L.	92.46	60.4	60.4	60.4	60.4	60.4	60.4
Zurich, Fr.	25.22	15.19	15.19	15.19	15.19	15.19	15.19
Athens, Dr.	875	518	518	518	518	518	518
Hels'fors, M.	189.23	226.2	226.2	226.2	226.2	226.2	226.2
Madrid, P.	25.22	36.4	36.4	36.4	36.4	36.4	36.4
Lisbon, Esc.	110	109.1	109.1	109.1	109.1	109.1	109.1
Amst'dm, Fl.	12.107	7.32	7.32	7.32	7.32	7.32	7.32
Berlin, Mk.	20.43	12.31	12.31	12.31	12.31	12.31	12.31
Registered Marks—							
Vienna, Sch.	34.58	25.1	25.1	25.1	25.1	25.1	25.1
Bu'pest, Pen.	27.82	16.6	16.6	16.6	16.6	16.6	16.6
Prague, Kr.	116.4	119.1	119.1	119.1	119.1	119.1	119.1
Danzig, Gul.	25.00	26.26	26.26	26.26	26.26	26.26	26.26
Warsaw, Zl.	43.38	26.26	26.26	26.26	26.26	26.26	26.26
Riga, Lat.	25.22	14.1	14.1	14.1	14.1	14.1	14.1
Bucharest, Lei.	813.6	613	613	613	613	613	613
Const'ble, Pst.	110	622	622	622	622	622	622
Belgrade, Din.	276.32	212.22	212.22	212.22	212.22	212.22	212.22
Kovno, Lit.	48.66	29.30	29.30	29.30	29.30	29.30	29.30
Sofia, Lev.	673.66	385.45	385.45	385.45	385.45	385.45	385.45
Tallinn, E. Kr.	18.159	17.18	17.18	17.18	17.18	17.18	17.18
Oslo, Kr.	18.159	19.35	19.35	19.35	19.35	19.35	19.35
Stockholm, Kr.	18.159	19.35	19.35	19.35	19.35	19.35	19.35
Cop'gen, Kr.	18.159	22.35	22.35	22.35	22.35	22.35	22.35
Alex'ndria, Pst.	97.1	97.1	97.1	97.1	97.1	97.1	97.1
Bombay, Rup.	18d.	18d.	18d.	18d.	18d.	18d.	18d.
Calcutta, Rup.	18d.	18d.	18d.	18d.	18d.	18d.	18d.
Madras, Rup.	18d.	18d.	18d.	18d.	18d.	18d.	18d.
Hong Kong, \$	24.58d.	14.1	14.1	14.1	14.1	14.1	14.1
Kobe, Yen	24.58d.	14.1	14.1	14.1	14.1	14.1	14.1
Shanghai, \$	24.58d.	14.1	14.1	14.1	14.1	14.1	14.1
Singapore, \$	24.58d.	14.1	14.1	14.1	14.1	14.1	14.1
Batavia, \$	12.11	7.28	7.28	7.28	7.28	7.28	7.28
Rio, Mil.	15.89d.	21.1	21.1	21.1	21.1	21.1	21.1
B. Aires, \$	11.45	17.04	17.04	17.04	17.04	17.04	17.04
Valparaiso, \$	40	19.20	19.20	19.20	19.20	19.20	19.20
M'video, \$	51d.	39.6	39.6	39.6	39.6	39.6	39.6
Lima, Sol.	17.38	20.75	20.75	20.75	20.75	20.75	20.75
Mexico, Pes.	9.78	17.18	17.18	17.18	17.18	17.18	17.18
Manila, Pes.	124.68d.	24.1	24.1	24.1	24.1	24.1	24.1
Moscow, Rbls	9.458	5.707	5.707	5.707	5.707	5.707	5.707
Engkok, Baht	121.82d.	21.1	21.1	21.1	21.1	21.1	21.1

Usance: T.T. except Alexandria (Sight); Rio de Janeiro, Lima, Valparaiso (90 days).
 Pence per unit of local currency. † Par, 8.25 since dollar devaluation on February 1, 1934.
 (a) Prior to devaluation on April 2, 1935. (b) Official Rate. (c) Par cent. discount.
 (d) Latest "export" rate. (e) Official rate for importers. (f) Official rate for exporters.
 (g) Rate for conversion of lire into sterling for payments to the Bank of England in respect of debts due to persons in Italy for goods and freights. (h) Rate for conversion of Turkish currency into sterling for payments to the Bank of England in respect of debts due to persons in Turkey for Turkish goods. (i) Sellers.

II.—Forward Rates (Closing quotations)

London on	Aug. 23, 1935	Aug. 24, 1935	Aug. 26, 1935	Aug. 27, 1935	Aug. 28, 1935	Aug. 29, 1935
New York, cent.	1 Month 1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Paris, fr.	1 Month 1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Amsterdam, cent.	1 Month 5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
Brussels, cent.	1 Month 4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Geneva, cent.	1 Month 4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Milan, lire	1 Month 4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2

OVERSEAS BANK RATES

Changed	From	To	Changed	From	To
Albania	Nov. 18, 1933	8	7 1/2	Oct. 29, 1934	6
Amsterdam	Aug. 2, 1935	5	5	May 24, 1933	4
Athens	Oct. 14, 1933	7 1/2	7 1/2	Aug. 8, 1935	3 1/2
Batavia	July 1, 1935	4 1/2	4 1/2	Jan. 25, 1933	4 1/2
Belgrade	Feb. 1, 1935	6 1/2	6 1/2	May 15, 1933	4 1/2
Berlin	Sep. 22, 1932	2 1/2	2 1/2	Jan. 28, 1932	6 1/2
Brussels	May 14, 1935	4 1/2	4 1/2	Jan. 1, 1933	6 1/2
Bucharest	Dec. 15, 1934	4 1/2	4 1/2	Aug. 12, 1935	3 1/2
Budapest	Aug. 28, 1935	4 1/2	4 1/2	Aug. 15, 1935	7 1/2
Calcutta	Feb. 18, 1933	4 1/2	4 1/2	Dec. 1, 1933	3 1/2
Copenhagen	Aug. 21, 1935	2 1/2	2 1/2	Swiss Bank	
Danzig	May 2, 1935	4 1/2	4 1/2	places	
Helsingfors	Dec. 3, 1934	4 1/2	4 1/2	Tokio	
Kovno	Jan. 1, 1934	7 1/2	7 1/2	Vienna	
Lisbon	Dec. 18, 1934	5 1/2	5 1/2	Warsaw	
New York Fed.	Nov. 1, 1934	2 1/2	2 1/2	Irish	

Central Bank of Chile.—Discount rate for member banks, 6%; discount rate for the public, 7%.
 (a) 5 1/2% applied to banks and credit institutions; (b) 6% applied to private persons and firms.

NEW YORK MONEY AND EXCHANGE RATES

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

Call money	Aug. 29, 1935	July 31, 1935	Aug. 7, 1935	Aug. 14, 1935	Aug. 21, 1935	Aug. 28, 1935
Time money (90 days) mixed coll.	1	1	1	1	1	1
Bank acceptances	1	1	1	1	1	1
Members—eligible, 90 days	1	1	1	1	1	1
Non-mem.—eligible, 90 days	1	1	1	1	1	1
Ineligible, 90 days	1	1	1	1	1	1
Commercial accept., 90 days	1	1	1	1	1	1

SOUTH AFRICAN EXCHANGE RATES

London on	T.T.	Sight	30 days' sight	60 days' sight	90 days' sight
Rhodesia	100 5 0	101 7 6	101 7 6	101 7 6	102 7 6
South Africa	100 17 6	101 7 6	101 7 6	102 7 6	102 17 6

THE ANGLO-SOUTH AMERICAN BANK, LTD., has received telegraphic advice from the Madrid Branch that the gold surcharge for the payment of Spanish Customs duties has been fixed for the period August 21st to 31st at 138.29 per cent. The previous rate was fixed as from August 11th at 138.60 per cent.

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES

THE ANGLO-SOUTH AMERICAN BANK, LTD., issues the following details relative to quotations for certain of the South and Central American exchanges. All these exchanges, with the exception of that of Bolivia, are related to the United States dollar, and the approximate sterling rates may be obtained by applying the dollar-sterling exchange rate:—

Bolivia.*	Official market: Sight rate, 20.26 bolivianos per £ sterling on June 12, 1935. Export selling rate 80 bolivianos per £.
Colombia.*	Sight rate, 190 pesos per 100 United States dollars on August 17, 1935. This rate applies to holders of permits buying in the "open" market.
Ecuador.*	"Free" market sight rate on July 17th, 10.50 sucres per United States dollar.
Guatemala.	Sight rate on New York is maintained at 1 quetzal per United States dollar, but a commission of 1 per cent. is charged by the Banco Central for the sale of drafts.
Nicaragua.*	Official selling rate was established at 110 cordobas per 100 United States dollars on November 26, 1934.
Salvador.	Sight rate on July 9, 1935, 2.51 colones per United States dollar.
Venezuela.	Sight rate on New York is at present maintained at 3.91¢ bolivares per United States dollar.

* Exchange controls are operative in these countries.

OVERSEAS DOMINION RATES
COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND

London on	Buying	Selling	Buying	Selling
Australia	125	124	125	124
New Zealand	125	124	125	124

GOLD AND SILVER

The following statistics of imports and exports of gold and silver for week ended August 29, 1935, are issued by the Statistical Department of H.M. Customs and Excise:—

IMPORTS AND EXPORTS OF GOLD

From	Bullion*	Coins†	To	Bullion*	Coins†
Gold Imported into Great Britain and Northern Ireland, week ended August 29, 1935			Gold Exported from Great Britain and Northern Ireland, week ended August 29, 1935		
British W. Africa	142,742	£	Irish Free State	1,369	£
British S. Africa	91,802	£	Palestine	1,000	£
Tanganyika	7,425	£	Sweden	508,322	£
British India	582,036	£	Netherlands	53,400	£
Australia	314,663	£	France	549,392	£
New Zealand	12,418	£	Switzerland	2,800	£
Germany	15,834	£	U.S.A.	506,066	£
Netherlands	87	£	Other countries	429	£
France	68-06	£			
Spain	10,418	£			
Iraq	4,004	£			
Venezuela	17,579	£			
Other countries	2,156	£			
Totals	1,190,746	£	Totals	1,620,409	£

* At current market value. † Coin which is of legal tender in the United Kingdom is entered at face value and shown in *italics*. Other coin is entered at current market value.

IMPORTS AND EXPORTS OF SILVER

From	Bullion*	Coins†	To	Bullion*	Coins†
Silver Imported into Great Britain and Northern Ireland, week ended August 29, 1935			Silver Exported from Great Britain and Northern Ireland, week ended August 29, 1935		
Gibraltar	2,000	£	Aden and Dependencies	3,910	£
British W. Africa	1,370	£	Fiji	1,585	£
British S. Africa	41,794	£	Sweden	2,600	£
Australia	10,617	£	Norway	1,356	£
New Zealand	67,833	£	Netherlands	10,650	£
U.S.S.R.	11,428	£	France	426	£
Germany	50,425	£	U.S.A.	1,453,565	£
Netherlands	17,285	£	Other countries	98	£
Belgium	3,903	£			
France	450	£			
Iraq	285,381	£			
Japan	600	£			
Other countries	1,048	£			
Totals	499,564	£	Totals	1,468,695	£

* At current market value. † Coin which is of legal tender in the United Kingdom is entered at face value and shown in *italics*. Other coin is entered at current market value.

N.B.—Owing to an error at the Statistical Department of H.M. Customs, the figures of imports and exports of gold and silver published last week were incomplete. Correct figures for the week ended August 22nd, are given below.

IMPORTS AND EXPORTS OF GOLD

From	Bullion*	Coins†	To	Bullion*	Coins†
Gold Imported into Great Britain and Northern Ireland, week ended August 22, 1935			Gold Exported from Great Britain and Northern Ireland, week ended August 22, 1935		
British S. Africa	1,404,057	£	Sweden	1,017,458	£
Tanganyika	6,844	£	Netherlands	281,099	£
Kenya	4,405	£	France	513,800	£
Uganda	2,270	£	Switzerland	59,720	£
Anglo-Egyptian	3,060	£	U.S.A.	481,015	£
Sudan	600	£	Venezuela	1,481	£
Aden and Dependencies	328,047	£	Other countries		
Australia	9,488	£			
New Zealand	1,575	£			
Jamaica and Dependencies	12,019	£			
British Guiana	18,184	£			
Germany	82,027	£			
Netherlands	34,995	£			
France	1,400	£			
Switzerland	918	£			
Spain	1,342	£			
Iraq	6,983	£			
St. Domingo	1,143	£			
Venezuela		£			
Other countries		£			
Totals	1,881,512	£	Totals	2,354,374	£

* At current market value. † Coin which is of legal tender in the United Kingdom is entered at its face value and is shown in *italics*. Other coin is entered at current market value.

IMPORTS AND EXPORTS OF SILVER

Silver Imported into Great Britain and Northern Ireland, week ended August 22, 1935			Silver Exported from Great Britain and Northern Ireland, week ended August 22, 1935		
From	Bullion*	Coins†	To	Bullion*	Coins†
Aden and Depend- encies	...	1,725	Irish Free State ..	...	4,98
British India	21,141	...	France	873	...
British Malaya	3,421	353	U.S.A.	1,430,435	...
Hong Kong	782,500	100,000	Other countries ...	1,592	...
Australia	22,217	{			
New Zealand	...	57,188			
Canada	16,097	{			
Jamaica and De- pendencies	...	16,408			
U.S.S.R.	39,494	5,000			
Germany	6,477	...			
Belgium	25,874	65			
France	19,253	633			
Egypt	5,040	1,360			
Iraq	389	14,112			
Japan	318,853	...			
Argentina	2,607	3,407			
Other countries ...	322	{			
		1,249			
		698			
Totals	1,263,885	{	Totals	1,432,900	4,08
		63,437			
		138,761			

WEEKLY TRAFFIC RETURNS RAILWAYS OF GREAT BRITAIN AND IRELAND

(b) Week ended August 23, 1935 (c) Week ended August 24, 1935	Miles Open	Gross Receipts, week ended August 25, 1935 (£000)					Aggregate Gross Receipts 1935 compared with 1934 34 weeks (£000)					
		Passen- ger, &c.	Merchandise, &c.	Coal and Coke	Total Goods	Total Receipts	Passen- ger, &c.	Merchandise, &c.	Coal and Coke	Total Goods	Total Receipts	
Great Western	1935	3,749	285	171	102	273	558	7,105	6,063	3,290	9,353	16,458
(c) L. & N.	1934	3,749	271	177	105	282	553	6,977	6,011	3,324	9,335	16,312
Eastern	1935	6,336	407	284	224	508	915	10,944	10,356	7,426	17,782	28,726
L. M. & S.	1934	6,336	402	281	223	504	908	10,646	10,364	7,418	17,762	28,628
Scottish	1935	6,925	564	443	218	661	1,225	16,871	14,983	7,633	22,616	39,487
1934	6,925	564	443	218	668	1,244	1,225	16,479	14,923	7,535	22,536	39,035
Southern	1935	2,171	386	63	30	93	478	10,360	2,049	993	3,042	13,402
1934	2,176	387	68	33	101	479	10,061	2,173	1,041	3,214	13,275	
Total	1935	19,181	1,642	961	574	1,535	3,177	45,280	33,451	19,342	52,793	98,073
1934	19,181	1,636	971	584	1,555	3,191	44,163	33,469	19,618	53,087	97,250	
(b) Brilfast & Co Down	1935	80	3-6	...	...	5-4	4-1	89-5	...	...	17-0	106-5
1934	80	3-5	...	...	...	4-3	3-9	88-4	...	...	17-5	105-8
1934	543	...	...	...	...	8-2	21-3	363-1	...	...	305-7	668-8
1934	362	13-8	...	...	...	8-5	22-3	343-9	...	...	290-7	633-7
(b) Great Southern	1935	2,124	33-9	...	...	31-6	65-5	843-6	...	...	1147-3	1990-9
1934	2,128	32-2	...	...	...	31-3	63-5	825-1	...	...	1073-7	1898-8

COMPARISONS WITH CORRESPONDING PERIODS, 1933 AND 1934 (000's omitted)					
	Great Western	L.M.S.	L.N.E.R.	Southern	
Second half-year 1934, compared with second half-year, 1933:					
Gross increase or decrease.....	+ 148	+ 659	+ 528	+ 168	
First half-year 1935, compared with first half-year 1934:					
Gross increase or decrease.....	+ 78	+ 299	- 26	+ 8	
Second half-year 1935, compared with second half-year, 1934:					
Gross increase or decrease.....	+ 68	+ 153	+ 124	+ 119	
Weekly average second half 1935 Latest week 1935 compared with 1934.....	+ 8½	+ 19½	+ 15½	+ 14½	

LONDON TRANSPORT

Week ending August 24, 1935	*Takings £519,400	Compared with cor- responding period of last year — 4,500
Aggregate 8 weeks ending August 24, 1935.....	£4,308,200	+ 79,500

* For an explanation of the manner in which the figures are made up, see the *Economist*, March 17, 1934, page 610.

Note.—The receipts this year include receipts of bus and coach undertakings not absorbed by London Transport in the corresponding period of last year. In order to make a comparison with the previous year, the figures for that year have been adjusted on the basis of the best information available.

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Receipts	Gross Receipts for Week	Gross Aggregate Receipts
				1935	+ or -
INDIAN					
Assam Bengal	17	July 31	Rs. 1,330	Rs. 1,412,000	Rs. 10,98,200
Barri Lt. Ry.	16	July 29	Rs. 292	Rs. 1,04,078	Rs. 6,78,500
Bengal & N.Western	16	July 29	Rs. 2,114	Rs. 28,03,243	Rs. 32,892,109
Bengal-Nagpur	16	July 29	Rs. 3,268	Rs. 21,14,000	Rs. 1,02,141,261
Bombay, Bar. & C.I.	20	Aug. 20	Rs. 3,072	Rs. 22,26,000	Rs. 5,000,410
Madras & S. Mahr.	17	July 31	Rs. 3,230	Rs. 118,36,000	Rs. 3,41,105,249
Rohilk'd & Kumaon	16	July 31	Rs. 546	Rs. 11,34,705	Rs. 14,203,213
South Indian	16	July 29	Rs. 2,526	Rs. 14,99,534	Rs. 39,870,170

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Deben- ture Interest	Amount Available for Distri- bution	Appropriation			Corresponding Period Last Year	
					Dividend		Carried to Reserve, Deprecia- tion, etc.	Balance Forward	Net Profit
					Prefere.	Ordinary			
					Amount	Amount	Rate		Divi- dend
Breweries									
Hall's Oxford Brewery.....	June 30 (c)	£ 58,151	(c) £ 42,392	£ 100,543	£ 5,500	£ 33,750	16½ (c)	£ 61,293	£ 57,105
Financial Land, etc.									
Finance and Industrial Trust	June 30	Dr. 4,767	1,394	Dr. 3,373	32,500	20,000	2	Dr. 12,500	Dr. 50
Industrial Finance, &c. ...	June 30	14,129	34,431	48,560	...	...	...	1,000	54,636
Rosehaugh Co.	June 30*	10,792	1,673	12,465	...	...	...	11,465	...
Iron, Coal and Steel									
Insoles, Ltd.	June 30	Dr 112,017	Dr 14,735	Dr 126,752	...	...	...	Dr 126,752	7,466
Neepsend Steel and Tool....	Mar. 31	9,079	44,539	53,638	2,368	33,632	20	5,000	24,869
Motor, Cycle and Aviation									
Renold and Coventry Chain Co.	June 30	12,938	96,598	119,536	13,002	52,606	7½	38,000	85,942
Other Companies									
Carter and Co.	May 31	12,047	25,501	37,548	13,300	8,060	10	4,000	22,809
Fodens, Ltd.	June 30	Dr. 14,878	Dr. 40,978	Dr. 55,856	...	2,382	1	Dr 58,238	7,449
Initial Services	June 30	20,154	238,388	258,542	32,000	95,625	(b) 50	111,861	219,792
Meccano, Ltd.	Feb. 28	32,916	24,945	57,861	7,000	5,000	2½†	11,813	17,817
Yorkshire Amalgamated Pro- ducts	Mar. 31	...	12,390	12,390	...	5,893	6	6,497	(a) Nil

(a) Balance of profit and loss account at March 31, 1934, was absorbed in reconstruction scheme. (b) Also scrip bonus 100 per cent.
(c) For nine months compared with one year. * For half-year. † Free of income tax.

CANADIAN

Canadian National	33	1935	23734	3,139,888	+ 269,989	104,279,333	+ 2,143,745
Canadian Pacific	33	Aug. 21	12711	2,388,000	+ 57,000	74,726,000	+ 184,000

SOUTH AMERICAN

Antofagasta (Chili and Bolivia).....	34	1935	Aug. 25	830	£ 11,730	£ 8,960	£ 417,620	£ 53,370
Argentine N.E.	8	24	753	£ 153,500	+ 4,600	1,096,300	+ 1,200	
B.A. and Pacific ...	8	24	2,806	£ 9,014	+ 372	64,407	+ 1,383	
B.A. Central	4	July 27	...	£ 1,222,000	+ 15,000	9,841,000	+ 63,000	
B.A. Gt. Southern	8	Aug. 24	5,085	£ 71,756	+ 1,704	490,100	+ 19,100	
B.A. Western	8	24	1,930	£ 128,300	+ 2,200	15,681,000	+ 1,662,000	
Central Argentine .	8	24	3,700	£ 123,371	+ 3,501	921,249	+ 76,785	
Central Uruguayan	8	24	273	£ 680,000	+ 50,000	5,403,000	+ 749,000	
C. Ur. (N. Ext.) ..	8	24	115	£ 36,994	+ 2,472	317,427	+ 36,554	
C. Ur. (S. Ext.) ..	8	24	211	£ 1,946,500	+ 389,300	16,259,000	+ 2,026,650	
C. Ur. (W. Ext.) ..	8	24	211	£ 114,298	+ 21,268	955,222	+ 97,098	
Cordoba Central....	8	24	1,218	£ 7,758	+ 8,511	127,590	+ 14,610	
Entre Rios	8	24	810	£ 1,359	+ 58	104,391	+ 20,786	
G. Westn. of Brazil	34	24	1,082	£ 884	+ 221	64,937	+ 7,769	
Leopoldina.....	34	24	1,918	£ 573,000	+ 34,000	4,594,000	+ 253,000	
Leopoldina Termal.	34	24	...	£ 33,650	+ 2,370	269,920	+ 8,950	
Nitrate	7½†	15	401	£ 221,100	+ 24,100	1,648,300	+ 174,200	
Paraguay Central..	7	17	274	£ 12,983	+ 1,550	96,855	+ 11,998	
Salvador	8	24	100	£ 4,900	+ 1,100	252,300	+ 3,200	
San Paulo	33	18	153½	Ms 198,000	+ 108,000	47,631,000	+ 1,742,000	
United of Havana.	8	24	1,365	£ 21,432	+ 9,280	511,231	+ 152,906	

* Converted at average official rate during week ended Aug. 24—17.03 pesos to the £.
† Free market rate.
‡ Receipts in Argentine Pesos.
§ Comparative figures for 1934 converted at official rate ruling in 1935.
¶ Converted at the "free" rate as a result of a decision of the High Court.

OTHER OVERSEAS

Egyptian Delta Light Railways..	18	1935	Aug. 10	623	£ 16,090	£ 118	£ 70,235	£ 1,151
Egyptian Markets..	34	22	...	...	£ 1,391	27	£ 54,648	1,394
Gr. Southn. of Spain	32	19	...	...	Ps. 31,210	27,584	1,394,384	253,780
Mexican Railway...	34	21	483	£ 212,700	+ 4,300	1,785,100	+ 131,000	

† 10 days.

TRAMWAYS WEEKLY GROSS RECEIPTS

Anglo-Argentine ...	34	1935	Aug. 26	328	£ 620,361	+ 14,141	21,301,871	+ 690,020
B. Aires Lacroze ...	4	July 28	...	...	£ 61,081	- 250	256,710	+ 10,271
Burley, Colne and Nelson Jt. Trst.	2	Aug. 24	76	£ 4,907	+ 88	...	...	...
Calcutta Tramways	2	Aug. 24	...	...	Rs. 1,16,951	+ 3,359	...	+ 1,53,445
Isle of Thanet Elec.	32	14	...	...	£ 6,414	+ 599	110,188	+ 7,893
Liverpool Corp.....	19	21	...	...	£ 28,596	+ 485	600,782	+ 11,479
Madras Electric ...	7½†	15	...	...	Rs. 54,421	+ 2,080	803,111	+ 15,637

† Months.

MONTHLY TRAFFICS

Company	Months	Ending	Des- cription	Receipts for Month		Receipts to Date	
				1935	+ or -	1935	+ or -
Barcelona Traction	7	July 31	Gross	Ps 9,350,461	+ 613,057	70,641,679	+ 2,869,126
B. Aires Lacroze ...	4	July 28	Net	Ps 5,897,288	+ 485,331	44,817,102	+ 1,111,131
Canadian National	7	July 31	Gross	\$ 14,886,392	+ 893,117	95,029,714	+ 1,539,692
Rys.	7	July 31	Net	\$ 1,121,381	+ 432,937	3,300,445	+ 1,766,540
Canadian Pacific...	7	July 31	Gross	\$ 11,130,000	+ 413,000	67,659,000	+ 269,000
Zafra and Huelva (Spain)	7	July 31	Net	\$ 1,526,000	+ 15,000	7,588,000	+ 1,978,000

REPORTS AND NOTICES

MISCELLANEOUS

ASSOCIATED BRITISH PICTURE CORPORATION.—The ordinary shares of this Corporation are of 5s. denomination, and not, as incorrectly stated in last week's issue (page 385) £1 nominal.

THE SUSSEX BRICK COMPANY, LIMITED.—This Company is to purchase the share capital of the Dorking Brick Company, Ltd. The Company proposes to increase its Capital to £540,000 by the creation of 120,000 new 8 per cent. Cumulative Preferred Ordinary Shares of £1 and 280,000 new Deferred Shares of 5s., which will be offered to existing shareholders on bonus terms, and underwritten by The Charterhouse Investment Trust, Limited.

ROAN ANTELOPE COPPER MINES.—A substantial increase in earnings is shown in the quarterly statement to June 30, 1935. Gross revenue amounted to £481,500, compared with £454,272 in the preceding three months. Operating expenditure, including London and mine administration charges, totalled £295,500, leaving an estimated surplus of £186,000, or £57,300 more than in the March quarter. After providing for debenture interest and premium on redemption £23,000 and reserve for depreciation £37,500, the profit, subject to taxation, is £125,500, as against £68,241 in March.

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

The majority of commodity markets have again been quite active, and the general trend of prices has been upwards. Industrial raw materials were in good demand. Quotations for lead and spelter continued to rise, partly owing to the revision of British import duties. Copper is scarcely changed on the week, but there was a sharp recovery in the price of "spot" tin, because supplies on the market remain small. Demand for coal by British industry continues at a high level, but the position in South Wales has deteriorated owing to the decline in exports to Italy. Moreover, the reduction in the French import quota by 10 per cent. from September 1st, discussed in a Note of the Week, will increase the difficulties of Welsh collieries. Transactions in iron and steel materials have tapered off since the beginning of August, but business is expected to be resumed on a large scale early in September. Prices of linseed and linseed oil have declined a little owing to better crop reports from Argentina. Dealings in rubber were a little more active, but quotations are scarcely changed on the week.

The event in the market for textile raw materials was the erratic movement of cotton prices due to conflict of opinion at Washington concerning the policy to be adopted in respect of the 1935 crop. It now seems fairly certain, however, that loans to farmers will be continued at the rate of 10c. per lb. instead of at 9c. per lb. as first proposed. The implications of the change in the policy of the United States Government are discussed in a Note of the Week. The market in wool has been firm, and it is expected that the improvement in quotations will be maintained during the sales in Australia which begin next Monday. The price of Italian and Japanese raw silk was marked up a little. Jute was slightly cheaper than a week ago, but hemp and flax were practically unchanged in price.

Foodstuffs were generally dearer than a week ago. As a result of the colder weather demand for meat increased at rising prices. Bacon prices continued to fall, but quotations for butter and cheese were higher than last week. At the Mincing Lane tea auctions keen competition drove up prices. Most kinds of fruit are dearer than a year ago. Liverpool wheat quotations are scarcely changed on the week.

In the United States the recent upward movement of commodity prices appears to have been temporarily checked. Moody's index of the dollar prices of staple commodities, based on December 31, 1931, stood at 164.5 on Wednesday, compared with 167.1 a week earlier, 162.4 a month earlier and 155.3 on the corresponding day last year.

COAL

SHEFFIELD.—Demand for steam coal is being well maintained and export enquiry is rather more active. Bunkering coal is a brisker market than for a long time. Inland demand for industrial fuels is maintained at former high levels. The market is recovering

WIGGINS, TEAPE AND COMPANY, LTD.—The following is a comparative statement of the results of the company and its subsidiaries:—

	Two Quarters ended June 30th	
	1934	193

COMPARATIVE AVERAGES OF GRAIN—The following table gives the estimated sale of home-grown wheat during the harvest years 1931-32 to 1934-35:—

	1931-1932	1932-1933	1933-1934	1934-1935
Estimated sales of home-grown wheat—				
1 week to August 24	Cwts. 40,854	Cwts. 340,650	Cwts. 176,562	Cwts. 337,193
52 weeks to August 24	4,055,499	9,178,560	6,837,443	14,344,806
Average price of English wheat per cwt.	s. d. 6 2	s. d. 5 0	s. d. 5 3	s. d. 4 5

The following is a statement showing the quantities sold and the average price of British corn in the past two weeks, and for the corresponding week in each of the years from 1931 to 1934:—

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
Aug. 22, 1931	Cwts. 24,780	Cwts. 935	Cwts. 7,250	s. d. 6 4	s. d. 8 5	s. d. 6 2
Aug. 27, 1932	40,854	9,003	16,148	6 2	7 5	6 11
Aug. 26, 1933	340,650	63,649	46,420	5 0	11 0	5 5
Aug. 25, 1934	176,562	29,743	30,706	5 3	10 5	6 4
Aug. 17, 1935	137,807	14,079	42,814	4 7	7 7	6 3
Aug. 24, 1935	337,193	27,899	41,399	4 5	9 0	6 2

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks, with comparative figures for 1933 and 1934:—

NEAREST FUTURE	Jan. 4, 1933	Jan. 3, 1934	Aug. 29, 1934	Jan. 2, 1935	Aug. 21, 1935	Aug. 28, 1935
Winnipeg (No. 1, Manitoba)	46½	65½	81½	82½	87½	85
Chicago (No. 2 Winter)	46½	84½	102½	98½	89½	87½

The visible supply of wheat in Canada, at 126,337,000 bushels, shows an increase of 1,385,000 bushels on the week. Supplies a year ago amounted to 98,257,000 bushels.

OTHER FOODS

BACON.—Prices were again marked down on Friday of last week, but have subsequently been fairly steady for the majority of descriptions. Demand for English and Irish has been disappointing, but the advent of cooler weather should lead to a general improvement in demand. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 83s. to 85s.; Canadian, 76s.; Danish, 83s.; as against 87s. to 89s., 78s. and 87s. respectively, last week. Arrivals in London last week included Danish, 16,876 bales; Canadian, 3,380; Dutch, 2,818; Lithuanian, 1,979; Polish, 3,011; against 17,560, 3,120, 2,879, 2,000 and 3,802, respectively, in the previous week.

BUTTER.—Under the influence of a firm demand, prices have shown some recovery during the past week. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 96s.; Australian, choicest salted, 95s.; Danish, 108s. to 110s., compared with 94s. to 95s., 93s. to 94s. and 108s. to 109s., respectively, last week.

CHEESE.—New Zealand cheese has been a firm market, its price having risen during the week. Quotations for most other descriptions have been steady. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English finest farmers', 56s. to 65s.; Canadian, finest coloured (new), 52s. to 53s.; New Zealand, finest coloured, 49s. 6d., as against 56s. to 65s., 50s. to 52s. and 48s., respectively, last week.

COCOA.—The "spot" quotation in New York on Wednesday was 5 cents per lb., against 5 cents per lb. last week. On the London market, Accras were quietly steady. On Wednesday last good fermented old crop, "October-December," was quoted 21s. 7½d. per 250 kilos, c.i.f. Continent, against 21s. 9d. last week. Last week's movements of cocoa in London were as follows: Landed, 4,355 bags; delivered, for home consumption, 5,830 bags; exported, 3,480 bags; stocks, 146,287 bags, against 243,502 bags a year ago.

COFFEE.—The New York spot market has had a quiet undertone, with prices steady. The spot market in London has ruled quietly steady throughout the week. In New York on Wednesday, Rio No. 7 (cash) was quoted at 6½ cents per lb., as compared with 6½ cents No. 7 (cash) and 6½ cents per lb. a month ago. Movements per lb. last week and 6½ cents per lb. were as follows: Brazilian, landed, of coffee in London last week were as follows: Brazilian, landed, 14,560 cwt., against 28,331 cwt. a year ago. Central stocks, 14,560 cwt.; delivered, for home consumption, American, landed, 313 cwt.; delivered, for home consumption, 1,896 cwt.; exported, 2,398 cwt.; stocks, 140,586 cwt., against 102,638 cwt. last year. Other kinds, landed, 568 cwt.; delivered, for home consumption, 1,455 cwt.; exported, 1,937 cwt.; stocks, 158,903 cwt., against 95,587 cwt. last year.

EGGS.—The Tooley Street Market showed weakness on Monday and prices at Smithfield are now a little lower than those ruling a week ago. The cooler weather should stimulate consumption shortly. At Smithfield Market on Wednesday, English (ordinary packing, Grade I, about 15-15½ lb.) realised 15s. to 16s. per 120,

against 15s. 6d. to 16s. a week earlier, while Danish (15½ lb.) made 11s. 6d. to 12s. per 120, against 11s. 9d. to 12s. 3d. last week.

FRUIT.—A steady trade has been in progress at Covent Garden, with prices well above the average for August, states *The Fruit Grower*. Plums have made a rather better showing, but have been cleared without difficulty each morning. The moderate supplies of English dessert apples are meeting a good demand. Worcester showing colour fetch up to 8s. per half-sieve and 7s. to 9s. per half-box. Australian and New Zealand apples from store hold their price at from 14s. to 18s. per box. Fair quantities of English pears have been coming forward. Hothouse grapes have been a rather slow trade, but English and Belgian are about unchanged in price; Dutch are cheaper. Melons have not done quite so well, but peaches are in rather short supply and are dearer. Blackberries are a steady trade, while Kent cobnuts are now arriving. All varieties of oranges have eased in price, on account of a less active demand. Grape fruit are going out better. Lemons are a little easier, although still dear.

MEAT.—The undertone at Smithfield Market has been rather better than in recent weeks, with chilled beef clearing well at higher prices. Most other descriptions have been in quiet demand at unchanged rates. On Wednesday last, Argentine chilled hind-quarters were quoted at 10s. to 4s. 6d. per 8 lbs., as compared with 3s. 6d. to 4s. last week. New Zealand frozen mutton was 2s. 10d. to 3s. 6d. per 8 lbs., against 2s. 10d. to 3s. 6d. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 8,153 tons, an increase of 391 tons on the corresponding week last year. Beef and veal accounted for 4,444 tons, mutton and lamb 2,675 tons, and pork and bacon 565 tons, as compared with 4,209, 2,542 and 536 tons, respectively, in the same week of 1934.

PEPPER.—Wednesday's spot price for Lampung was 2½d. per lb., against 2½d. last week. Movements of pepper in London during the past week were as follows: Black, landed, nil; delivered, 38 tons; stocks, 1,709 tons, against 194 tons a year ago. White, landed, nil; delivered, 213 tons; stocks, 17,871 tons, against 6,444 tons a year ago.

RICE.—The spot price of Burma No. 2, cleaned, new crop, was 8s. 6d. per cwt. on Wednesday, as compared with 8s. 6d. per cwt. a week ago, while the forward quotation, at 7s. 9d. per cwt., shows a rise of 3d. on the week. Movements in London during the past week were as follows: Landed, nil; delivered, 4 tons; stocks, 9,930 tons, against 2,269 tons a year ago.

SUGAR.—The spot market in New York has had a firm undertone, and prices are higher on the week. In London, trading has been quiet, with quotations a shade easier. The spot price in New York on Wednesday was 3-50 cents per lb., as compared with 3-45 cents per lb. last week and 3-20 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "December delivery" at 4s. 3½d., against 4s. 5d. last week. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 27,239 tons, against 20,543 in the previous week and 12,400 in the same week of last year; deliveries, 17,346 tons, against 14,999 and 15,766 respectively; stocks, 159,344 tons, against 149,451 and 158,304 tons respectively.

TEA.—The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account in recent weeks:—

Week ending	Northern India	Southern India	Ceylon	Java	Sumatra	Nyasa-land	Total
Aug. 23, 1934	13-16	11-85	12-63	9-98	9-56	11-47	12-38
July 18, 1935	11-61	11-89	13-69	10-00	9-22	10-51	12-09
July 25, "	11-53	11-91	13-68	10-01	8-84	10-41	12-11
Aug. 1, "	11-36	11-26	13-37	9-52	8-46	10-29	11-81
Aug. 15, "	11-84	10-82	12-99	9-44	8-61	10-28	11-81
Aug. 22, "	15-15	10-65	12-82	9-88	8-57	9-60	13-01

The quantities catalogued for this week's auctions comprised 42,875 packages of Indian and 25,555 packages of Ceylon tea. The Indian grades met a good market. Quality teas were again in active request, while medium and common sorts maintained recent rates. At the Ceylon auctions on Tuesday common tea was firm to dearer, while good qualities were keenly competed for at higher prices. Export demand continued good.

VEGETABLES.—*The Fruit Grower's* Covent Garden report states that the price of tomatoes, which had eased off last week, recovered over the week-end. Jersey outdoor are now in evidence, and are fetching 4s. to 4s. 6d. per dozen lbs. Cucumbers are rather easier in price. Good cabbage is firm in price, while green peas are steady on short supplies. Marrows have encountered a fairly good trade, but runner beans are cheaper. Mushrooms hold their price, and turnips are also unaltered. But carrots and cauliflower have cheapened this week. The Potato Marketing Board have made a new order prescribing a compulsory minimum riddle of 1½ in. for all varieties of potatoes sold for human consumption. The object of the regulation is to reduce supplies and to improve the quality of the samples marketed. Trade has been steady this week and, at the London Borough Market on Tuesday, King Edward ranged in price from 6s. to 7s. per cwt., the same as last week.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OILSEEDS.—The unsettled political situation and other adverse factors have created a very dull feeling, and trade continues within very narrow limits. With regard to linseed, reports of weather conditions in Argentina leave the probable area under linseed in doubt, but against a probable reduction there have to be set a large unsold balance of the old crop and the expected smaller requirements of the United States. With some pressure on

the part of re-sellers Plate is easier, and for early shipment has declined to about £9 2s. 6d. Indian shippers show no real disposition to meet the market and business is almost non-existent. The quantity of linseed now afloat for Europe is 92,700 tons (including 400 tons from India) 14,000 tons less than last week; and for the United States 22,800 tons (all from the Plate), against 28,500 tons a year ago. Cottonseed is in active demand, and a good trade in Egyptian at advanced prices is reported. Old crop is held for £7 and upwards, and for new up to £6 8s. 9d. September loading and 6 5s. October have been paid.

Linseed oil is in fair demand, and is easier in sympathy with seed. Raw oil ex Hull August delivery is now quoted £22 and September-December £22 2s. 6d. per ton (naked). Cotton oil is steady. Egyptian crude ex Hull is available at £23 10s., and refined at £26 10s.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM

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

LONDON, August 28th			The prices in the following are revised with the assistance of an eminent firm in each department.		
CEREALS AND MEAT			POTATOES—		
Wheat—			English, new per cwt.		
No. 2, N. Man. 496 lb.			SPICES—		
Eng. Gaz. av., per cwt.			Pepper, per lb.—		
Barley, Eng. Gaz. av.,			Black Lampong		
Jata,			Cinnamon—1st sort, per lb.		
Maize, La Plata, landed,			Cloves—Zanzibar per lb.		
480 lb.			Ginger—per cwt.—		
Flour, Lon. stan. ex mill,			African		
280 lb.			Jamaica, ord. to good.		
Rice, No. 2 Burma, per cwt.			Mace		
Lapioa, per cwt.—			Nutmegs, 65's		
Fair Flake, Singapore ..			SUGAR—		
Beef, per 8 lbs.—			(Duty, 11/8 per cwt.)		
English long sides			Centrifugals, 98%, prpt.		
Argentine chilled hinds			shipm., c.i.f. U.K./Cont.		
Mutton, per 8 lbs.—			B.W.I., crystallised ..		
English wethers			Java, white, c. & f. India		
N.Z. frozen ..			May-June		
Lamb, per 8 lbs.—			Refined—London—		
N.Z. frozen ..			Yellow Crystals		
Pork, English, per 8 lbs.			Cubes		
Danish			Crushed		
Dutch			Granulated		
RAMS—			Home Grown		
Canadian			TEA—		
American			Indian—per lb.—		
BUTTER—			Pekoe		
Australian			Broken Pekoe		
New Zealand			Orange Pekoe		
Danish			Broken Orange		
CHEESE—			Ceylon—per lb.—		
Canadian			Pekoe		
New Zealand			Broken Pekoe		
English Cheddars			Orange Pekoe		
Dutch			Broken Orange		
COCOA—			TOBACCO—		
(Duty, British grown,			(Duty, 9/8-10/8 per lb.,		
11/8; foreign, 14/- cwt.)			English grown, 7/5-8/3		
Accra, f.f., per cwt.			8/3 per lb.)		
Trinidad			Virginia leaf—		
Grenada			Common to fine		
COFFEE—			Rhodesian leaf		
(Duty, British grown,			Nyasaaland leaf		
4/8; foreign, 14/- cwt.)			Strips		
Santos sup. c. & f. cwt.			East Indian leaf		
Colombian, good			Strips		
Costa Rica, med. to good			TEXILES		
East Indian ..			COTTON—		
Kenya, medium			d. 6-29		
BGGS			Mid-American		
English			Sakellariadis, f.g.f.		
Danish			Yarns, 32's twist		
FRUIT—Oranges—			60's twist		
South African			FLAX—		
Brazilian			Livenian ZK		
Lemons, Sicilian			Lithuanian		
Lemons, Sicilian			Siam, African		
Apples: Amer. (var.) brls.			JUTE—		
(var.) boxes ..			Native 1st mks.		
Australian ..			c.i.f. H.A.R.B.		
Onions—			Aug.-Sept. (new)		
Valencia, case			Daisee 2/3 c.i.f. Dundee		
Egyptian, bags			Oct.-Nov. (new)		
Grapes, Lisbon, 1 boxes			SILK—		
Grapefruit S. African ..			Canton		
Amer.			Tussah		
LARD—			Japan		
Irish bladders, per cwt.			Italian—raw, fr. Milan		
U.S. 56 lbs. boxes ..			↑ These prices are for fuel oil for inland consumption—other than for use in Diesel engine road vehicles—and do not include the Government tax.		

UNITED STATES

(New York quotations, unless otherwise stated.)

Aug. 29, 1934				Aug. 29, 1935					
Cents				Cents					
Wheat, No. 2, Winter, nearest future, Chicago, per bushel...	102½	93½(b)	89½(c)	87½(c)	Sugar, Cuban Centrifugals, 96 deg., spot, per lb.....	3-28	3-20	11-65	10-95
Maize, nearest future, Chicago, per bushel	79	84½(b)	74½(c)	70½(c)	Cotton, middling, spot, per lb....	13-30	12-10	11-65	10-95
Oats, nearest future, Chicago, per bushel	51½	42½(b)	27½(c)	25½(c)	Rubber, smoked sheet, spot, per lb.....	15 ⅞	12 ⅞	11 ⅞	11 ⅞
Rye, nearest future, Chicago, per bushel	84½	45½(b)	43½(c)	41½(c)	Petroleum, Pennsylvania crude standard grades, per barrel.....	207-222	152-167	152-167	152-167
Barley, nearest future, Chicago, per bushel	81½	(a)	(a)	(a)	Copper, "Electrolytic," Domestic, spot, per lb.....	6-87½	7-50	7-97½	8-02½
Coffee, Rio No. 7, cash, per lb. ..	9½	6½	6½	6½	Copper, "Electrolytic," Export, prompt, per lb.....	7-12½	7-72½	8-20	8-25
„ Santos No. 4, cash, per lb.	11½	8	8½	8½	Speiter, East St. Louis, spot, per lb.....	4-25	4-40	4-60	4-60
Cocoa, Accra, nearest future, per lb.....	4-74	4-64	4-68	4-70	Lead, spot, per lb.	3-70	4-15	4-30	4-35
					Tin, " Straits," spot, per lb. ...	51-45	52-65	51-00	49-15
(a) Nominal			(b) July futures		(c) September futures				

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THE CURTAIN RISES

ON Wednesday the curtain was rung up on what the world expected to be an epic drama. The most critical of all League Councils then began its public session to consider a dispute which has vexed and harassed the world for very nearly a year—the Italo-Abyssinian controversy. No sooner, however, was the curtain rung up by Mr Eden's report on the abortive Paris negotiations between Italy, France and Great Britain than Baron Aloisi, on Signor Mussolini's instructions, abruptly and completely rang it down again. The real drama did not begin.

The British representative, in a short but deeply impressive speech, indicated for the first time the full implications of the extent to which a still integral and sovereign Ethiopia was prepared to go to meet Italian claims upon her. Mr Eden informed the Council that France and Great Britain had drawn up a series of suggestions in order to meet the Italian desire that Italy's predominant political and economic interests in Abyssinia should be recognised. The proposals, which they believed Abyssinia would accept, were to serve as a basis of discussion. They envisaged "assistance" for Abyssinia's development under the aegis of the League; but in effect they gave to Italy the power to reorganise Abyssinia's economic life, by the control of economic, financial, commercial and constructional developments, of foreign settlement, of anti-slavery measures, of communications, and of frontier and other police services. Mr Eden reminded the Council that Italy had rejected these proposals.

The British representative, however, went on to clarify once again the British Government's position in the dispute. This was a welcome statement; for the news late last week of the amazing, but now fortunately cancelled, mineral concession obtained from the Ethiopian Emperor for an American company by a British subject, had unloosed once again those foreign tongues which are only too easily unbridled for the purpose of imputing veiled and sinister motives to the policies and diplomacy of the British Government. We discuss on a later page the sorry *entr'acte* provided by Mr Rickett and the concession. Mr Rickett seems to have played no greater rôle than the little dog who invariably runs across the road in front of the

big procession. Mr Eden's task was to assure the Members of the Council of his Government's good faith and firm intentions. This he did to good purpose. The British Government, he said, "are acutely conscious of their responsibilities as members of the League," and "are prepared to fulfil their share of such responsibilities." He assured the Council of the most whole-hearted British co-operation to that end. And he issued a blunt warning that a failure by the League in this dispute would mean that it would collapse, together with the new conception of international order for which it stands, and for which the nations—Italy not the least of them—had striven since the war. "There is," he went on, "in this dispute between Italy and Ethiopia no question of any political or economic conflict between the United Kingdom and Italy." And, again, "the nature of the task which lies before the Council is plain. It is our duty to use the machinery of the League that lies to our hand." Though many observers had expected that M. Laval would express different views on the report presented by Mr Eden, M. Laval, on behalf of France, expressed appreciation of Mr Eden's speech, and issued a reminder that the Covenant bound all Members of the League. "We are all anxious to respect the obligations of the Covenant," he concluded; "we all have the will to serve peace."

Events were quickly to prove that M. Laval was over-sanguine. For Baron Aloisi at once characterised the Paris offer as wholly unacceptable, and launched a vitriolic attack upon Abyssinia. It was a country, he said, which ought never to have been admitted to the League. Italy recognised she had made a mistake in 1923 in sponsoring the Abyssinian application for membership. "Ethiopia cannot have either equality of rights or equality of duties as compared with civilised States." Italy withdrew all confidence in Ethiopia; would not recognise her as an equal in the discussions before the League of Nations; and reserved her right to settle accounts with Ethiopia in her own way. And to the journalists, after the meeting, Baron Aloisi was even more uncompromising. Was Ethiopia, a Member of the League, to be treated as an outlaw because Italy said so? he was asked. That would be the best way

of putting it, he admitted. Italy's decision, he told them, was "final and irrevocable."

The Council, thus flouted and nonplussed, could only adjourn; but not before the Ethiopian representative had pointed out that Italy's allegations against Ethiopia infringed one of the provisions of the Covenant which was inserted at the request of, and is most jealously regarded by, the smaller Powers—the provision in Art. XV, s. 8, that the internal affairs of a country should not be made a pretext for inroads upon its sovereignty. On Thursday evening the Council met again; but the Italian delegate walked out when the Ethiopian representative began to speak. Moreover the Italians objected to the inclusion of France and Britain in a Committee of Five which the Council proposed to charge with the examination of the dispute. Signor Mussolini has thus defied the Council and dared it to proceed to the exhaustive examination of his dispute with Abyssinia, for which it was expressly convoked. In these circumstances it is evident that the Council should proceed on its own lines and leave it to Signor Mussolini to quit the Council table and begin that aggression upon which he is so inflexibly set. Then will be the time for the Governments of France and Britain—with the already evident and impressive support of the Scandinavian, Little Entente and Balkan States, Spain, and others—to implement their protestations of fidelity to the obligations of League membership.

The Italian dictator has enlarged his affront to the moral opinion of the world into an affront to the entire post-war system of pacific settlement of disputes. He tells the League Council he will have none of their mediatory efforts. Indeed, he will not have peace at all. He has himself confirmed what *The Times* said of him last week: "Signor Mussolini is out for blood. He means to have a war." He has presented not one shred, not one jot or tittle of a legal "case" against Abyssinia at Geneva, as many hoped he would. He has flouted covenants to which his own hand had affixed Italy's seals. He repudiates peaceful methods and plumps for the old rule of "bloody arbitrament." He does this because he considers Italy has the right to outlaw Abyssinia both from the comity of sovereign nations and from the protection of the League. And he does it despite the fact that the two Italian representatives on the Conciliation Commission have this week concurred in a unanimous report, under the able presidency of M. Politis, the fifth arbitrator, that "no one was really to blame" for the unfortunate Walwal affray last November. Like the sinister Isvolsky, rubbing his hands at the sight of the 1914 conflagration, the Duce exclaims: *C'est ma guerre!*

The greatest danger lies in delay. Delay in League procedure plays the Duce's game and runs the risk of facing France and Britain, who should lead the League and its supporters, with a *fait accompli* in Abyssinia. This week all the French working-class organisations and the entire Labour movement in this country have urged upon their Governments the vital need to employ all the means envisaged by the League to prevent Italian aggression. Signor Mussolini must be made to feel, forthwith, that the old policy of "bullying the little chap" will not even be permitted to become effective or profitable. The League Covenant and Kellogg Pact were brought into existence to outlaw that policy. Those—including Italy—who signed these instruments forswore the use of the bludgeon. Peaceful progress, ordered change, modifications of treaties and political situations by negotiation and agreement—all these are foreseen and provided for within the League framework. In this country in the last few days there has been abundant evidence of growing support for British recognition of the needs of "expanding nations." But these needs can only be met by negotiated agreements. And there can be no other forum for such negotiations than Geneva. In flouting Geneva, Signor Mussolini flouts the forum from which he has most to hope, for the least expenditure of blood and money. He pins his faith on war. In the face of such wilful perversity the decision of our own Government, of the French Government, and of the Council of the League which waits upon their attitude, must be unhesitating and unequivocal. The strength and authority of the League must be made manifest. Any other way lies confusion worse confounded.

THE NATION'S HEALTH

It is a comfort to be reminded that, despite wars and rumours of wars, the active care of the State for the health and welfare of the people has steadily, if slowly, advanced in this country in the last 25 years. Every year the development of these health services in all their bewildering multiplicity is reviewed by the Ministry of Health's Report. The current issue of this massive but far from inhuman document seizes the occasion of the King's Jubilee to survey in retrospect the achievement of 25 years. It is a remarkable story. For the very services, the mere suggestion of which aroused bitter controversy and vehement opposition 25 years ago, are now accepted by all persons and all parties as one of the foundations of Great Britain's social structure.

Twenty-five years ago only the germ of our present health services existed, in the form of the old Poor Law and a rudimentary Old-Age Pension scheme. There was not even a "Ministry of Health." Under that name it came into being in 1919 as a result of the amalgamation of the National Health Insurance Commissioners and the Local Government Board. Unquestionably the most important event, however, in the field of health during the reign was the creation of the scheme of National Health Insurance in 1912. The scheme provided for the payment of cash benefit in time of sickness, for medical benefit, for maternity benefit and sanatorium benefit. The number of persons affected, estimated in 1912 to amount to 11 millions, had grown in the last year of record to 16,450,000. Medical service is now provided by 16,500 insurance practitioners; and in the last 10 years over £150 millions have been disbursed in statutory sickness and maternity benefits and over £90 millions in medical benefit. And so prudently have the finances of the scheme been conducted that it has been possible to spend another £53 millions in additional benefits. In 1925 the insurance system was extended by the establishment, also on a contributory basis, of a widows', orphans' and old-age pension scheme. Under this scheme £232,981,000 has been expended, and this is additional to the £103 millions paid since 1926 under the Old-Age Pensions Acts, 1908-24.

Equally remarkable has been the expansion of local government services in the last 25 years. The Report illustrates this with the following table showing the expenditure, other than out of capital, on some of the main services in the two periods:—

	1910-11 £ million	1932-33 £ million
Education	29	83
Highways, etc.	15	47
Relief of the Poor ..	13	33
Housing	1	39
Public Health	12	46

This tremendous growth of municipal activity has naturally given rise to a whole series of administrative and financial problems; and the first big attempt to solve these, the "Derating" Act of 1929, was clearly no more than a fragmentary beginning. Similarly, in the work of housing and town-planning, the third branch of the Ministry's activities, comparatively little advance has yet been made in the attack on two formidable social evils.

Accordingly, when we turn from Sir Kingsley Wood's survey of the last 25 years to his more controversial account of the Ministry's stewardship in the past year (March 31, 1934-March 31, 1935), we find that the problem of housing occupies the centre of the picture. This undoubtedly reflects the general public conviction that now that our education, old-age, sickness and unemployment services have reached maturity, if not perfection, the task of providing decent houses for the workers remains the crux of the social problem. The housing campaign is now proceeding on the three fronts of the slum-clearance programme, the overcrowding provisions of the new Act, and the still continuing boom in unsubsidised private building. The implication contained in the Report that the whole succession of the Government's housing measures, from the abolition of the subsidy in 1932 to its reintroduction in the Overcrowding Bill of 1935, were a coherent series carefully thought out in advance, and in no way influenced by the pressure of public criticism, may perhaps be taken with a

few grains of salt. But, however this may be, the Government's policy must be judged by its fruits. The professed object of the slum clearance programme, initiated in 1933, was the clearance in five years of 280,000 houses and the erection of 300,000 new houses in their stead. The total number of new houses actually built under this programme up to March 31, 1935, was 41,231, of which 23,662 were completed during the year. Slum-clearance, in fact, is proceeding at an increasing tempo; but the acceleration will have to be much greater still if the full programme is to be accomplished by 1938.

Unsubsidised private building achieved during the year the record output of 286,050 houses. This is claimed by the Report as a "substantial justification" of the policy of "reliance upon private enterprise." How many of these houses, however, can be classed as available for the poorer-paid workers? The number of houses built, according to the Report, of a rateable value of £13 (£20 in Greater London) or less was 105,344. Of these 33,103 were "occupied by persons other than their owners"—i.e. let. The Report also adds the following rather dubious reassurance:—

Many of the houses built by private enterprise for sale are of the working-class type, and many persons who in the past would have looked to Local Authorities to provide them with housing accommodation are, thanks to the financial facilities for house purchase now readily available, able to buy their own houses.

No one will deny that there is some truth in this. But the figure of 33,103 small houses built to let in the last year shows conclusively that though the output of workers' houses by unsubsidised private enterprise is increasing, it is nowhere near great enough either to rehouse the great mass of the poorer-paid workers, or to occupy the building industry to anything like full capacity when the middle-class demand dwindles, as dwindle it must. The practical effect of the overcrowding Act, passed into law in August, will consequently be watched with the closest attention.

In the case of town-planning, as of housing, the chief difficulty is to stimulate the enthusiasm of the local authorities. Whether the whole system which leaves so much responsibility to the local authorities may not be in principle wrong, the Report does not of course consider. But it has to admit that progress in town-planning also is still extremely slow. At present the town-planning powers available to local authorities are negative and not constructive. Yet even though the first scheme came into operation in 1913, only 150,000 acres are covered by schemes in operation to-day. It is true that if all schemes in the various preliminary stages of preparation are considered, some 15 millions out of the 37 million acres in England and Wales may be said to be covered. And there have been some successes during the year. A joint planning committee for the Lake District, representing the various local authorities concerned, has been established; and the London County Council's offer of £2,000,000 towards the creation of a "Green Belt Round London" has made the realisation of this long-planned project a reasonable certainty. At the same time the amount spent by local authorities on the purchase of land for preservation as open spaces has increased substantially during the year. On the other hand, the failure of the scheme for the preservation of the South Downs, due to an unresolved dispute between the East Sussex County Council and the County Borough Council of Brighton, illustrates how many obstacles still remain. And it is a melancholy reflection that the sum of our housing and planning legislation still provides no effective supervision whatever of the appearance and architecture of new houses. The general architectural deterioration that has taken place in England since the municipal building era of 1919-1931 is the most lamentable, and not the least important, feature of the present private building boom.

Taken as a whole, the Report prompts the conclusion that the foundations of our health services have been well laid—but only the foundations. A mere reading of the Report shows how much has been accomplished in 25 years. A glance at the actual world around us, however, shows how much there still remains to do. And comparing the conditions now existing with the record of 25 years' advance, one cannot help wondering what conditions must have been like 30 years ago, when there were no old-age pensions, no health

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or unemployment insurance, and no housing subsidies. Even in the Report itself—which in places inclines to complacency—there is much material for concern. It is, no doubt, good to read that the misguided municipal economy campaign of 1931-33 has now been abandoned, and that the loans to local authorities sanctioned by the Minister for purposes other than housing rose from £20,344,465 in 1933-34 to £26,026,397 in 1934-35. But there is a regrettable lack of sympathy or even interest in the Report in the possibility of combating malnutrition by the extension of direct or indirect grants to specially necessitous consumers. Moreover, the obstinate increase in maternal mortality continued this year; while a further growth in the number of persons receiving poor relief suggests that the ravages of the depression in exhausted savings and diminished employability are being felt more keenly by the Ministry of Health if less keenly by the Ministry of Labour. And it may perhaps be remarked that if the total sums spent on health since 1910 were compared with the total spent on armaments, the figures would not look quite so edifying. While we congratulate ourselves, therefore, on the achievement of the last 25 years, we must conclude that the need is still for an acceleration, and not a slackening, in the development of our national health services.

BUTTER AND CHEESE

ALMOST two years have elapsed since the inauguration of the Milk Marketing Scheme for England and Wales. That scheme set out to organise the production and marketing of milk and to secure an adequate return to producers; but, in the event, it has raised the price of milk to the consumer, and in so doing has stimulated a vast increase in domestic production of milk. The milk which consumers have not been able and willing to buy has gone to the "manufacturing market," and caused a glut there. At the same time, the prices of butter and cheese in this country fell sharply, and imports rose. Thus, the Milk Marketing Board has not only had to face criticisms of its management of milk supplies; it has also had to meet very effective competition from abroad in the two chief derivatives of milk—butter and cheese. And this foreign competition has even led to demands for further protection of milk producers, either by a tariff or quota on imports of these vitally important products of milk. Such protection would be a definite blow to the standard of living of the people of this country.

The evolution of the British market for butter and cheese during the past few years is well described in a recent Report of the Imperial Economic Committee.* It is there shown that, although the home farmer has a virtual monopoly of the domestic market for fresh milk, this is by no means the case with butter. Although precise information is unobtainable, it is safe to say that home production has accounted

* "Dairy Produce Supplies in 1934." H.M. Stationery Office. 1s. 6d. net.

for less than one-tenth of the total supplies of butter sold on the United Kingdom market in recent years. In the census year 1930-31, production of farm butter in Great Britain was put at 702,800 cwts., while the Imperial Economic Committee estimates that British production of creamery butter amounted to about 63,300 cwts. in the calendar year 1930. Total production in Northern Ireland was 166,500 cwts. in 1930-31. While it is not possible to estimate home production in 1934, the Imperial Economic Committee points out that "the total production of farm and creamery butter in 1930-31, amounting to 932,600 cwts., may be taken as representing production in each succeeding calendar year."

Imports of butter into the United Kingdom have been steadily increasing in recent years, and the annual value of such imports is now greater than that of any other food-stuff. There is a tariff of 15s. per cwt. on imports of foreign butter, but under the Ottawa Agreements Empire butter was given the privilege of free entry to the United Kingdom market for three years, from November 15, 1932. Until last year Denmark was our principal source of overseas supplies, but the Anglo-Dutch trade agreement provides that imports of Danish butter shall not exceed 2,300,000 cwts. per annum, unless total imports exceed 8,100,000 cwts., in which case Denmark is to be allotted "an equitable share" of the excess. Since 1932, imports of Danish butter have shown a slight decline; and in 1934 Denmark yielded first place to New Zealand, whose exports to the United Kingdom reached a record total in that year. Supplies from Australia have shown an even more rapid rise during the past decade, and the Commonwealth is now our third most important source of supply. Despite this substantial relative increase in Dominion imports, supplies from non-Empire countries have continued to expand since 1929.

UNITED KINGDOM—BUTTER IMPORTS AND PRICES

Year	Imports ('000 cwts.)					Prices (a) (per cwt.)	
	From New Zealand	From Australia	From Denmark	Total(b)	Empire Percentage	New Zealand	Danish
1929	1,304	768	2,204	6,397	41.5	s. d. 173 9	s. d. 182 0
1930	1,564	951	2,319	6,822	45.0	131 3	150 0
1931	1,926	1,558	2,486	8,980	49.5	114 6	130 0
1932	2,139	1,795	2,584	8,364	51.8	103 0	119 0
1933	2,512	1,692	2,519	8,832	52.8	82 6	104 3
1934	2,677	2,104	2,486	9,703	54.4	73 3	99 0

(a) Annual average prices for first quality on the London Provision Exchange. Source: Imperial Economic Committee.
(b) Including other countries not separately specified.

This movement is largely traceable to the tightening up of quota restrictions by importing countries desirous of fostering their domestic production, and the consequent diversion of supplies to the United Kingdom market. There is now scarcely a single foreign exporting country whose butter exports are not subsidised in one way or another.

That it has not been possible to market these heavily increased supplies without a substantial reduction of prices, is made abundantly clear in the above table. The depression may be held responsible for some part of this slump in prices, but it is significant that no improvement was experienced during the "recovery" years, 1933 and 1934. To complete the picture, however, it must be noted that prices this year have been well above those ruling in 1934. In view of the cheapness of butter, however, considerable interest attaches to a report current this week that the Danish Government intends to invite the co-operation of Australia and New Zealand in an effort to control the international market. Butter production overseas has doubtless yielded a poor return in recent years, but the British consumer has reaped no small benefit from the decline in prices. There is solid ground for satisfaction in the knowledge that the *per capita* consumption of so valuable a food as butter increased from 18.7 lbs. in 1930 to 25.2 lbs. in 1934 (according to the estimates of the Imperial Economic Committee). Some part of this increase was undoubtedly at the expense of margarine.

The history of the butter market during the past few years is therefore the story of heavily increasing supplies and steeply falling prices. The case of cheese, although similar in some respects, offers certain interesting contrasts. Turning first to the question of home production, we find a similar paucity of statistical material. The computations

of the Imperial Economic Committee, however, afford some light. It may be concluded that home production did not vary appreciably between 1931 and 1934, but amounted to about 1,000,000 cwts. in each of these years. As a result of the operation of the Milk Marketing Scheme, however, the past two years have witnessed a substantial change-over from farm-cheese production to factory-cheese production in Great Britain. As home supplies account for about one-quarter of all the cheese consumed in this country, domestic production of cheese is relatively more important than that of butter.

In recent years the relative stability of our home production of cheese has been equalled by the steadiness of imported supplies. In marked contrast to the case of butter, imports of cheese have been fairly stable, at a total of some 3,000,000 cwts. per annum. Imports from New Zealand have been slowly rising since 1930 and now account for about 70 per cent. of total imports. Imports of Canadian cheese, on the other hand, have tended downwards, and a further sharp contraction took place last year. Australian supplies, although relatively small, have been mounting steadily during the past decade and reached a record total in 1934. In view of the fact that our supplies of cheese from foreign countries are subject to a tariff of 15 per cent. *ad valorem*, whereas Empire supplies are duty free, it is not surprising that foreign imports (principally from the Netherlands and Italy) showed a gradual relative decline between 1930 and 1933. This tendency was, however, arrested in 1934. The *per capita* consumption of cheese in the United Kingdom now amounts to some 9½ lbs. per annum.

UNITED KINGDOM—CHEESE IMPORTS AND PRICES

Year	Imports ('000 cwts.)					Prices (a) (per cwt.)	
	From New Zealand	From Canada	Total Foreign	Total(b)	Empire Percentage	New Zealand White	Canadian White
1929	1,801	723	418	2,994	86.0	s. d. 91 3	s. d. 104 9
1930	1,961	678	407	3,112	84.1	77 6	90 6
1931	1,733	707	361	2,886	87.5	59 0	72 0
1932	1,849	747	314	3,003	89.7	60 6	69 0
1933	2,059	630	244	3,040	92.0	47 3	61 0
1934	2,092	529	254	2,989	91.5	46 9	54 6

(a) Annual average prices for first quality on the London Provision Exchange. Source: Imperial Economic Committee.
(b) Including other Empire countries not separately specified.

The past six years have witnessed a gradual decline in prices realised for Dominion cheese, although the steadiness of supplies has prevented the fall from being quite as acute as in the case of butter. Quotations for New Zealand qualities, which had suffered a sharp reduction in 1933, fell only slightly last year, and were actually well above the previous year's level in the early months of 1935. Since June, however, this gain over 1934 has been lost. The Canadian cheese exporters in recent months have been more fortunate; for the reduced supplies of matured Canadian qualities have been marketed this year at prices which have consistently shown a substantial gain over those of 1934. Home-produced Cheddar, Cheshire and Caerphilly became still cheaper between 1933 and 1934, but the decline in the price of the former has been checked during the present year. Prices for English Cheshire, on the other hand, have been running materially below the 1934 level in recent months.

Certainly our domestic producers of butter and cheese have a problem to face. It is greatly to be hoped, however, that the policy of "protection first; reorganisation now" will not be pursued in the case of two such important constituents of our standard of living as butter and cheese. We have had a pretty taste of that policy with milk and bacon; and the adoption of the same policy for the iron and steel industry has made so hard-bitten a protectionist as Lord Nuffield cry out against it. The moral is that a thoroughgoing reorganisation of the butter-and-cheese-producing sections, is urgently needed. The rising figures for the consumption per head of dairy products demonstrate that low prices and imports from abroad mean a rising standard of living. To set out merely to raise prices again by shutting out imports, without effecting a cut in costs of production and distribution by reorganisation, is to take a big step backwards.

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PROGRESS IN PALESTINE

(BY A CORRESPONDENT)

PALESTINE is the one country which has forged ahead in the world economic depression. Her immigration, her heavy imports of capital, her rapid industrial and agricultural development, her rising exports and imports—all these are evidences of a state of affairs which can scarcely be paralleled in any other country during the last few years. Nor has the general movement slackened in the current year.

The industrial expansion of Palestine, which was so marked during the past two years, has been well maintained this year. The large increase of immigrants bringing with them investment capital has stimulated economic activity and strengthened the forces of recovery. Considerable sums of capital for further use are now becoming available, for wide areas of citrus plantations have reached the period of maturity. In the course of 1934, £10 millions were invested in building, citrus fruit cultivation and industry. But of this sum building accounted for more than half the total. It is, significantly enough, the shortage in housing facilities that is the most spectacular feature of Palestine's present economic development. Consequently, the productive forces of the country are now being diverted from citriculture and manufactures to solve this acute problem.

The feverish pace of building has failed to ease the housing situation, and rents are expected to soar still higher at the next moving season. A survey conducted by the Jewish Federation of Labour in the city of Tel Aviv at the end of 1934 showed that in six hundred apartments and bungalows with 3,653 rooms, chosen as a representative sample, the average density of population per room was 2.07, while in the suburbs the figure rose to 5.50. Monthly rents for unfurnished rooms varied from £1.5 to £3.5 in the most recently constructed buildings. As immigration in the first six months of this year is equal to that for the whole of 1933, the prospect that the problem will abate in the near future appears very remote.

While domestic architecture in Palestine is very compact—largely due to the high price of land—the scarcity of room space is directly related to the shortage of labour. Out of a Jewish labour force of 64,000 in May of this year, 15,000 were employed in building, and another 20 per cent. were engaged in subsidiary industries. The high wage rates obtaining in this field raised the general level of wages throughout the country, but not sufficiently to halt the drain of labour to the building trades from other branches of economic activity. While labour is cheap throughout the whole of the Near East, plasterers in Tel Aviv received as much as £10.9 per day at the end of last year. Again, due to the housing shortage, building costs rose 26 per cent. in 1934 over the level prevailing two years previously. This increase was mainly induced by the labour shortage, as the price of materials only rose 10 per cent., while wages rose 60 per cent. The mechanism of free prices and wages is

no longer adequate to ensure the supply of the building industry with the requisite amount of labour; and pressure is being brought to bear on the Government to relieve the strain on the national economy by an increase in the number of immigration certificates allotted bi-annually.

Year	Jewish Immigration		Factories and Workshops			Imports	Exports
	Total	Capitalist (Possessing £1,000 or more)	Em- ployees	Capital	Output		
1933	30,327	3,250	19,510	Mn. £P 5.27	Mn. £P 5.40	Mn. £P 11.1	Mn. £P 2.6
1934	42,859	5,124	25,000	6.50	5.40	15.2	3.3
1935 (6 months) (1st quarter)	30,474	2,112	...	...	...	4.4	2.8

The industrial development of the country is largely concentrated in the vicinity of Tel Aviv and Haifa. The latter, for which the new settlements in the Valley of Jezreel constitute the hinterland, is rapidly assuming importance as the gateway to the Near East. As the southern terminus of the Mosul pipeline, the port of Haifa is gaining strategic significance; this will be enhanced when the projected railroad tapping the Middle East is completed. Tel Aviv, on the other hand, is developing medium sized industries, while the large-scale, heavy units tend to gravitate towards the northern shipping centre. The bulk of industrial capital is being invested in large factories. The last census undertaken by the Jewish Agency in 1933 indicated that of 3,388 establishments investigated, these constituted only 7 per cent. of the total number, but accounted for 81 per cent. of the capital invested, 57 per cent. of the output, and 44 per cent. of the labour force. This tendency has been accentuated in the past year. During the first quarter of the present year the importation of machinery rose more than 75 per cent. over that for the first quarter of 1934. The efficiency of Palestinian industry has grown perceptibly and the quality of local products has greatly improved in the last two or three years. One or two examples of the rate of industrialisation are significant.

The Palestine Electric Corporation, serving practically the entire country with the exception of Jerusalem, nearly doubled its sales of power for industrial purposes during 1934. A new station is being erected at Haifa, and current will be generated with oil supplied by the Iraq Petroleum Company. Palestine Potash, Limited, which is exploiting the mineral deposits of the Dead Sea, has increased its productive capacity for potash from 10,000 to 25-30,000 tons annually, and the output of potash and bromine rose by 50 per cent. during 1934. The Portland Cement Company, Nesher, working at full capacity, is able to supply only about half the needs of the country. From being an exporter of this product, Palestine has become an importer on a relatively large scale.

The steep rise in labour costs is at present restricting the avenues of investment in Palestine. Funds are not deficient; bank deposits in March, 1935, totalled £16

millions, an increase of £P3.5 millions in a period of twelve months; and there has also been an accumulation of capital in the special accounts which the Reichsbank maintains for transfer to Palestine. German Jews desiring to export their capital may deposit it in one of two accounts, depending on whether they desire clearance in the near future or at a later date. The Havarah, Limited, acting as trustee in Palestine, attempts to find customers for machinery and building materials manufactured in Germany, so as to establish a credit with the Anglo-Palestine Bank or the Bank Der Tempelgesellschaft, which is the agent of the Reichsbank. The account in Germany is utilised for paying the exporter, and the funds collected by the Havarah, Limited, against the eventual sales are deposited, at a discount, to the credit of the person originally transferring the capital. The rapidity of transfer depends on the amount which is currently being deposited in Germany and on the ability of the trustee to dispose of the German products. The recent worsening of the position of the Jews in Germany has resulted in the accumulation of large balances at the German end, while in Palestine investment is limited by the rising industrial costs. No further deposits have been accepted since February, and there is now a large body of capital held abroad waiting to be invested. For any estimate of Palestinian economic potentialities this sum should be added to the redundant money lying idle in the banks of Palestine.

The rapid and extensive economic expansion of the country has been accomplished with relatively little external borrowing. Thus Palestine will escape the obligation of remitting large sums abroad on interest account. Despite an investment of £P6 millions in buildings (twenty largest centres) during 1934, the chief mortgage companies did relatively little business, which suggests that a collapse of real estate prices would in the first instance only lead to a technical readjustment of values, rather than to widespread hardship. Interest rates have steadily declined, and the technical position of Palestinian industry has been strengthened by several substantial reductions by the Palestine Electric Corporation in the price of power.

From this short survey of Palestine's economic position one fact stands out with inescapable clarity: the Palestinian national economy is suffering from acute shortage of labour. This sounds almost heretical in a world of unemployment; but it is not too much to say that unless Palestine can alleviate the burden of excessive labour costs on her national economic structure, no matter how much capital and savings she borrows or piles up, its profitable utilisation, both in domestic and foreign trade, must remain severely circumscribed. Sufficiency of capital; deficiency of labour; that is Palestine's problem.

LEAGUE AND AGGRESSOR

In view of the extreme importance of the Council session which began in Geneva on Wednesday, we print the relevant sections of the Covenant below, together with a summary of the more important precedents of League action in respect of "aggression," and a review of the Italo-Ethiopian dispute to date.

PRESIDENT WILSON'S FOURTEENTH POINT

"A general association of nations must be formed under specific covenants for the purpose of affording mutual guarantees of political independence and territorial integrity to great and small States alike."

THE RELEVANT ARTICLES OF THE COVENANT

ART. X.: "The Members of the League undertake to respect and preserve as against external aggression the territorial integrity and existing political independence of all Members of the League. In case of any such aggression or in case of any threat or danger of such aggression the Council shall advise upon the means by which this obligation shall be fulfilled."

ART. XI.: (1) "Any war or threat of war, whether immediately affecting any of the Members of the League or not, is hereby declared a matter of concern to the whole League, and the League shall take any action that may be deemed wise and effectual to safeguard the peace of nations. In case any such

emergency should arise the Secretary-General shall on the request of any Member of the League forthwith summon a meeting of the Council.

(2) It is also declared to be the friendly right of each Member of the League to bring to the attention of the Assembly or of the Council any circumstance whatever affecting international relations which threatens to disturb international peace or the good understanding between nations upon which peace depends."

ART. XII.: (1) "The Members of the League agree that if there should arise between them any dispute likely to lead to a rupture they will submit the matter either to arbitration or judicial settlement or to inquiry by the Council, and they agree in no case to resort to war until three months after the award by the arbitrators or the judicial decision or the report by the Council.

(2) In any case under this Article the award of the arbitrators or the judicial decision shall be made within a reasonable time, and the report of the Council shall be made within six months after the submission of the dispute."

ARTS. XIII. and XIV. provide for arbitration, for non-recourse to war against a State complying with an arbitral or judicial decision, for the Council's powers to propose what steps shall be taken in default of compliance, and for the Council's right to refer questions to the Permanent Court of International Justice at the Hague, set up under Art. XIV.

ART. XV.: (1) "If there should arise between Members of the League any dispute likely to lead to a rupture, which is not submitted to arbitration or judicial settlement in accordance with Art. XIII., the Members of the League agree that they will submit the matter to the Council. Any party to the dispute may effect such submission by giving notice of the existence of the dispute to the Secretary-General, who will make all necessary arrangements for a full investigation and consideration thereof.

(2) For this purpose the parties to the dispute will communicate to the Secretary-General, as promptly as possible, statements of their case with all the relevant facts and papers, and the Council may forthwith direct the publication thereof.

(3) The Council shall endeavour to effect a settlement . . .

(4) If the dispute is not thus settled, the Council either unanimously or by a majority vote shall make and publish a report containing a statement of the facts of the dispute and the recommendations which are deemed just and proper in regard thereto.

(5) Any Member of the League represented on the Council may make public a statement of the facts of the dispute and of its conclusions regarding the same.

(6) If a report by the Council is unanimously agreed to by the members thereof other than the Representatives of one or more of the parties to the dispute, the Members of the League agree that they will not go to war with any party to the dispute which complies with the recommendations of the report.

(7) If the Council fails to reach a report which is unanimously agreed to by the members thereof, [other than the disputants] "the Members of the League reserve to themselves the right to take such action as they shall consider necessary for the maintenance of right and justice.

(8) [excepts matters within domestic jurisdictions of parties].

(9) The Council may in any case under this Article refer the dispute to the Assembly. The dispute shall be so referred at the request of either party to the dispute provided that such request be made within fourteen days after the submission of the dispute to the Council."

(10) [provides for voting procedure in the Assembly].

ART. XVI.: (1) "Should any Member of the League resort to war in disregard of its covenants under Arts. XII., XIII., or XV., it shall *ipso facto* be deemed to have committed an act of war against all other Members of the League, which hereby undertake immediately to subject it to the severance of all trade or financial relations, the prohibition of all intercourse between their nationals and the nationals of the covenant-breaking State, and the prevention of all financial, commercial, or personal intercourse between the nationals of the covenant-breaking State and the nationals of any other State, whether a Member of the League or not.

(2) It shall be the duty of the Council in such case to recommend to the several Governments concerned what effective military, naval or air force the Members of the League shall severally contribute to the armed forces to be used to protect the covenants of the League.

(3) The Members of the League agree, further, that they will mutually support one another in the financial and economic measures which are taken under this Article, in order to minimise the loss and inconvenience resulting from the above measures, and that they will mutually support one another

in resisting any special measures aimed at one of their number by the covenant-breaking State, and that they will take the necessary steps to afford passage through their territory to the forces of any of the Members of the League which are co-operating to protect the covenants of the League.

(4) Any Member of the League which has violated any covenant of the League may be declared to be no longer a Member of the League by a vote of the Council concurred in by the Representatives of all the other Members of the League represented thereon."

[Note.—The League Assembly in October, 1921, passed a resolution containing the following passage: "It is the duty of each Member of the League to decide for itself whether a breach of the Covenant has been committed. The fulfilment of their duties under Art. XVI. is required from Members of the League by the express terms of the Covenant, and they cannot neglect them without breach of their treaty obligations."]

THE PRINCIPAL PRECEDENTS

1921: *The Yugoslav-Albanian Dispute*.—In 1921, Albania, a Member of the League whose boundaries had not yet been settled, appealed to the League under Art. XI. in consequence of Serb and Greek activities on Albanian frontiers. The Council set up a Commission of Inquiry, but owing to delays to meet Italy's wishes, the Serbs invaded Albania. The British Government telegraphed to the Secretary-General, urging instant convocation of the Council. Serbia was threatened with the application of Art. XVI. Albania's frontiers were delimited, and in November the Council secured the withdrawal of the Serb armies behind the Albanian frontiers.

1923: *The Corfu Dispute*.—In 1923, while a Commission set up by the Council of Ambassadors was delimiting the Greco-Albanian frontier, the Italian members, including General Tellini, were ambushed and killed on Greek territory. Italy sent a 24-hour ultimatum to Greece, to which Greece duly replied, at the same time as she appealed to the League under Arts. XII. and XV., stating her willingness to accept arbitration. A few hours later, the Italian Government bombarded and occupied the Greek island of Corfu, denying the Council's competence to handle the dispute, on the grounds that the Conference of Ambassadors was seized of the points at issue. The Council affirmed its right to deal with any dispute that could lead to war; but the Conference modified the terms of a settlement in favour of Italy, on condition that Signor Mussolini evacuated Corfu. As Greece paid the 50 million lire originally demanded by Italy, Italy evacuated Corfu.

1925: *The Greco-Bulgarian Dispute*.—Frontier incidents led to a Greek invasion of Bulgaria, who appealed to the League under Arts. X. and XI. The President of the Council was empowered to send a telegram ordering both sides to cease fire, and to summon the Council forthwith. The Council insisted on the withdrawal of all troops within national boundaries, and requested France, Great Britain and Italy to send a Commission of military officers to the frontier to supervise the execution of the Council's requirements. A Commission of Inquiry later assigned responsibility to Greece and fixed an indemnity on behalf of Bulgaria. The Council adopted this report and both sides concurred in the settlement.

1931-32: *The Annexation of Manchuria by Japan*.—In September, 1931, the Japanese army, alleging that a railway incident in Manchuria constituted "provocation" by China, overran Manchuria.

China appealed to the League under Art. XI. on September 21, 1931. On October 14th, despite Japanese objections, the U.S.A. was invited to join the League Council's deliberations, as a State concerned in the matter and as a signatory of the Kellogg Pact. Japan proposed an impartial inquiry; the Council agreed; and the Lytton Commission sailed for China in February, 1932. But on January 3rd, China, in view of threatened developments in Shanghai, appealed again to the League under Arts. X. and XV. The League Assembly therefore became seized of the dispute, and a special session was convened for March, 1932.

As Russia and U.S.A. were intimately concerned, but were not League Members and could offer no undertakings to apply sanctions, the dispute was referred by the Assembly to a Committee of Nineteen. Nothing was done till the Lytton Report, which condemned Japan's action, and proposed an autonomous province of Manchuria under Chinese sovereignty, was published on October 2, 1932. In February, the Assembly adopted the Report of the Committee of Nineteen, which stated that Chinese sovereignty should be maintained, condemned Japan's actions, and called on Japan to retire to the railway zones. Japan refused, and gave notice of retirement from the League instead. No sanctions were ever applied by the League.

THE ITALO-ETHIOPIAN DISPUTE AND THE LEAGUE

Ethiopia appealed to the League on January 3, 1935, under Art. XI. At the January Council meeting it was decided with the consent of both parties, that conciliation should be attempted, as provided in the Italo-Abyssinian Treaty of 1928, failing which the dispute should come up in May. At the May Council meeting, Signor Mussolini agreed to the two Abyssinian members of the Conciliation Commission, recognised the Council's right to handle the dispute by August 25th if arbitration failed to reach a settlement, and by July 25th if the two Italian and two Abyssinian arbitrators had not agreed on the fifth arbitrator. The arbitration proceedings came to a complete deadlock, and the Council met on July 31st. It was decided to attempt progress along two lines: first, by the Council's securing the appointment of the fifth arbitrator, and secondly, by tripartite negotiations in Paris between Italy, France and Great Britain.

The Council, however, then passed a second resolution, as follows: "The Council decides to meet in any event on September 4th to undertake the general examination in its various aspects of the relations between Italy and Ethiopia." The tripartite negotiations evolved a Franco-British offer of wide economic powers in Ethiopia to Signor Mussolini which was ignored by him; and the Paris meeting broke up.

The Italo-Ethiopian dispute on the League Council's agenda this week does not specify under which Article of the Covenant it is to be discussed. Since January, Ethiopia appealed to the League a second time, but under Art. XV., mentioning also Art. X.; Italy, however, declined to discuss the dispute under Art. XV., in view of the conciliation proceedings.

The five arbitrators of the Conciliation Commission, however, reported unanimously on September 4th that no final responsibility for the Walwal affray could be assigned to either side. This apparently leaves the dispute before the League under Arts. X., XI. and/or XII. and/or XV.

THE PRESENT COUNCIL

The following States are Members of the present Council of the League: Great Britain, France, Italy, U.S.S.R., Czechoslovakia, Mexico, Poland, Denmark, Argentina, Australia, Portugal, Chile, Spain and Turkey. Germany is still technically a Member, but sends no delegates.

NOTES OF THE WEEK

The Abyssinian Oil Concession.—The world was astounded on Saturday of last week to learn that a concession covering the exploitation of oil and many other minerals in the whole eastern half of Abyssinia had been granted by the Emperor to the African Exploitation and Development Corporation, through the agency of a British subject, a certain Mr Rickett. The Corporation was incorporated by nominees in the United States some months ago, and its beneficial owners were unknown. This news could not possibly have come at a more unfortunate time. The real owners of the concession could not be discovered, but the suspicion was immediately aroused, and freely expressed, both in Italy and in other countries, that it was an attempt of British diplomacy to forestall Signor

Mussolini's designs upon the natural wealth of Abyssinia. The British Government took what steps it could. It disclaimed all knowledge of the concession, expressed its emphatic disapproval of it, and conveyed its formal advice to the Emperor to disavow it. Nevertheless the suspicion remained. The effect on Italian opinion could perhaps be ignored, since the Italian press has from the start attributed Great Britain's attitude to consideration for her selfish interests alone. But on other countries, and most particularly upon France, the effect was to impair, if not destroy, confidence in Great Britain's disinterestedness. Fortunately, the mystery was solved in the nick of time before the Council meeting. On Tuesday representatives of the Socony-Vacuum Oil Company (a merger of the Standard

Oil Company of New York with the Vacuum Oil Company) asked for an interview with the American Secretary of State and informed him that the African Exploitation and Development Corporation was, in fact, a subsidiary of the Standard Oil group of companies, which were therefore the sole beneficiaries of the concession. The Secretary of State is reported to have expressed forcible disapproval of the whole incident, and he secured from the company the abandonment of the concession. It was also announced in Washington that "not a shilling of British money" was involved in the transaction. The affair thus had a comparatively happy ending; and Mr Cordell Hull's prompt and statesmanlike handling of the matter is significant of both the American Government's anxiety not to prejudice the labours of the peacemakers, and of the strength of American public opinion when roused against the anti-social activities of large concerns. The motives of H.M. Government are cleared of suspicion, and the concession itself, which might have been a source of legitimate irritation to Italy, is abandoned. But it would be idle to deny that a very nasty taste has been left in the mouth of the general public. It was perhaps natural that the Emperor, in his desperate need of cash, should have been ready to sell such a concession; though he cannot have been unaware of the political repercussions, unfavourable to Abyssinia's cause, which it would necessarily have. But the discovery that there are still oil companies prepared to advance their private gain under the cloak of anonymity, careless of the effect their actions may have upon the peace of the whole world, is enough to confirm the very worst suspicions of "oil diplomacy" which have ever been uttered. There is some satisfaction to be drawn from the fact that Mr Rickett's nationality—and his honorarium—were the only connections of Great Britain with the affair. But the moral to be drawn surely is that it should be made impossible for British subjects, by transactions which profit only themselves, to thwart the policy and diplomatic effort of their country.

A Papal Pronouncement.—On August 27th the Pope gave audience, at Castel Gandolfo, to the members of an international congress of Catholic trained nurses. He was speaking to a group of Catholics who, if war did break out, would be called upon at once to take an active part in mitigating its horrors; and he took the occasion to make a noteworthy pronouncement on war in general and, in particular, on the threat of war between Italy and Abyssinia. At first reading, some commentators were inclined to criticise the Pope's words as being over-diplomatically non-committal. But this is not how they strike anyone who studies them with a knowledge of the traditional style of Papal pronouncements and of the extreme caution which the Popes have—wisely and rightly—been apt to use in modern times in any public statement on the burning religious and moral issues of the day. The Pope began by giving a fair statement of what the Italian Government's present policy looks like to foreign and to Italian eyes respectively. He then went on to lay down certain propositions of his own which will be supported not only by Catholics but by people of all religions who have at heart a really just and reasonable solution of the present crisis. In the first place, the Pope declared unequivocally that a sheerly offensive war (if Italy were proved to be contemplating that) would be an unjust war. Having said so much, he did not need to underline the implications; for it is notorious that, according to the doctrines of Christian theology, an unjust war is a sin which the Church is bound not only to condemn in the abstract and in general but also to prohibit her members, as individual souls, from committing or abetting. In the second place the Pope declared that the distinction between a legitimate and an illegitimate war must be drawn sharply and strictly. "The right of defence has certain limits which must be observed if this defence is not to become guilty." In the third place, he suggested that other ways than war could and should be found for meeting the need for expansion, and for access to the world's controlled resources and markets. When these three points are taken together and allowance is made for the difference between the style of the Vatican and the

parliamentary language of Westminster, we shall be struck by the close agreement between the Pope's pronouncement of last week and Sir Samuel Hoare's speech in the House of Commons just before the beginning of the recess. In both we find a balanced insistence upon the same dual policy; on the one hand a clear condemnation of the resort to aggressive force; on the other a wise and reasonable recognition that, if you want to prevent an explosion you must not only reinforce the boiler-plates but must also open the safety-valve.

The T.U.C. and Unemployment.—The outstanding declaration in the field of home policy at the Trades Union Congress this week was Mr Bevin's offer to co-operate with the Government in a specific plan to rescue the distressed areas. The T.U.C. has clearly despaired of any rapid solution of the problem. A committee of the Council recently expressed the view that large scale unemployment would persist in the distressed areas for some time, whether a Conservative or a Labour Government was in power. And a report recommending specific palliatives was adopted by the Council on Tuesday. This report proposes that the Special Areas Commissioners should be given full powers, unhampered by Departmental control, to promote economic development in the areas; and that they should be provided with much more generous funds than those at present available. The report also supports many of Mr P. Malcolm Stewart's recommendations, including those for the State ownership of mining royalties, the raising of the school-leaving age and the extension of old-age pensions. The most specific proposal was for the "thorough spring-cleaning" of the derelict parts of South Wales, and their development as a tourist area by the construction of a new trunk road and a road bridge over the Severn. In moving this report, Mr Bevin made the further suggestion that if the Prime Minister would set up a Commissioner's Council, and allow it a grant of £20 millions the T.U.C. would willingly co-operate in the attempt to rescue the still distressed areas. There is no doubt that some much bolder interim policy than the Government's present improvisation will have to be adopted before long. But such a policy must be fitted into a general plan designed to re-employ in really productive activities the resources now being wasted in South Wales, the N.E. coast and the Clyde district. And this will be impossible, in any reasonable space of time, unless our export trades are revived. If they do not revive, the areas will become distressed once more, as soon as the suggested £20 millions have been spent. The most hopeful and realistic suggestion in the T.U.C. report is that for development of part of South Wales as a tourist area. Cornwall has already shown how the ever-expanding tourist industry can absorb a great deal of labour released from a contracting industry in its midst. But unfortunately the mining population of South Wales is very many times that of Cornwall; and something more than the tourist industry, growing and likely to grow though it is, will be necessary if all the unemployed in the special areas are to be absorbed.

A Democratic Dispute.—The activities of "disruptive elements"—more particularly Communists—in the ranks of the trade unions were discussed by the T.U.C. on Tuesday. This danger, and the measures taken by the Council to meet it, have been greatly agitating the trade union movement during the past year. The General Council had addressed two circulars during the year, one to the unions and the other to trade councils. The first asked the executive committees of unions to consider drawing up or amending regulations "so as to empower them to reject the nominations of members of disruptive bodies for any official position." The second circular—known to dissentients as the "black circular"—made a ruling that any trades councils which admitted delegates associated with Communist or Fascist organisations should be removed from the list of councils recognised by the Congress. The circular had been approved by 283 trades councils; and only 18 had objected to it. Nevertheless, a considerable volume of opposition was manifested at the

Conference. The arguments urged against the circulars were two: first, that they were unwarrantable interferences by the General Council with local affairs; and secondly, that no ban should in any case be placed on the political opinions of any union members. The General Council was defended by Sir Walter Citrine, Mr Bevin and Mr G. Hicks, all of whom maintained that it was the Council's duty to protect the trade union movement against externally organised attempts at disruption. Mr J. Bromley, of the locomotive engineers and firemen, was found among the opposition, and the Miners' Federation moved a resolution to refer back the first of the circulars. This resolution was only defeated by 1,869,000 votes to 1,427,000. A vote of censure on the General Council, however, was defeated by 1,944,000 to 539,000. The debate as a whole demonstrated that sympathy for Communist methods is extremely rare in the ranks of British labour. Indeed, almost every one of the General Council's critics expressed his disapproval of Communist activities. Paradoxically enough, it was the strength of the delegates' desire to preserve the fully democratic character of the trades unions that led them to oppose the Council. Similarly on Wednesday the reluctance of Congress to accept instructions from externally controlled bodies impelled it to reject the proposal for collaboration with the Communist Trade Union International. Indeed, there was never a more vivid demonstration than this week's Congress how deep and instinctive is the attachment to democratic methods of the average British trade unionist.

Taking Position for Geneva.—As usual, the forthcoming meetings of the League Council and Assembly have been preceded by local meetings between the representatives of the various European blocs of States. This year, these meetings are of special interest in a most critical international situation. The Foreign Ministers of the four Scandinavian countries met at Oslo last week and issued a statement announcing their intention to work for the maintenance of the principles of justice represented by the League, and for a settlement of the Italo-Abyssinian dispute in conformity with the Covenant. This statement has since been followed up by speeches in the same sense from both the Norwegian Foreign Minister, M. Koht, and the former Swedish Foreign Minister, M. Undén. The speech of the former Swedish Foreign Minister grappled boldly with the question of possible collective sanctions. This is, of course, the attitude which the Scandinavian countries might have been expected to adopt. Nevertheless, it is good news that they have definitely taken this stand and that they have made their policy public. For the Scandinavians have a moral influence in the world which is out of proportion to their "man power" or their economic or military strength. Their lead will embolden all the other small countries to range themselves, in this crisis, in support of principles, and in defence of an institution, in which they know well that their one hope of salvation lies. If it is true, as we argued last week, that the salvation of the British Empire—and, for that matter, the salvation of France—is likewise bound up with the League, we may hope to find strong support forthcoming at Geneva for any Power or Powers that take the lead there in launching a bold and statesmanlike policy.

Politics in Central Europe.—The members of the partially overlapping Little Entente and Balkan groups, which have also been meeting in council, belong, like the Scandinavians and ourselves, to the category of States whose supreme national interest is the maintenance of international order. Three out of the five—namely, Yugoslavia, Greece and Turkey—are more afraid of aggression from the Italian side than from any other quarter. All five States are the natural allies of France so long as she constitutes herself the champion of the reign of law in international relations. But their position is embarrassing now that they have to deal with a France who is now—very humanly—struggling with a temptation to purchase Italy's friendship at the sacrifice of what has hitherto been the cardinal point of French foreign policy. It is perhaps significant that the

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conference of Little Entente Foreign Ministers at Bled last week has given prominence to the Little Entente's opposition to a Habsburg restoration at either Vienna or Budapest. For while this is a point on which Czechoslovakia wholeheartedly agrees with Yugoslavia and Roumania, it is a matter on which France is indifferent and on which there is a direct conflict of policy between the Little Entente and Italy. At the same time, the Little Entente seems inclined to accept an invitation to a Danubian Conference for safeguarding the independence of Austria on the basis of a Franco-Italian proposal which has been submitted not only to the Little Entente States, but also to Germany, Hungary, Poland and Austria herself. The proposal is reported to contain suggestions for a multilateral pact in four clauses: one guaranteeing the independence of Austria; one binding the signatures to mutual non-interference in one another's internal affairs; one committing them to the principle of non-aggression; and one providing for consultation (not sanctions) in an emergency. Presumably the Little Entente Council's latest pronouncement against a Habsburg restoration is intended to refer specifically to clauses 2 and 3 of this Franco-Italian project. It has always been recognised that the negotiation of this Danubian Pact will be a difficult business, and it is rather surprising to learn that the proposed conference is expected to meet at the end of this month. Do the French and Italian Governments expect to see the Abyssinian crisis happily disposed of, by that date, to the satisfaction of all parties? Or is this a timely warning that France and Italy are standing "at the ready" in Central Europe?

Church and State in Germany.—The struggle of wills among the present rulers of Germany on the question what the religious policy of the Third Reich is to be is evidently still undecided. The week before last, when the Catholic Bishops of Germany were holding their annual conference at Fulda, a conciliatory gesture was made by Herr Kerrl, the recently appointed Reich Minister for Church Affairs. He sent an official of his department to Fulda with friendly messages. No doubt it was his intention to stave off an open breach between the Catholic Church and the Reich Government; and in this he has succeeded. Yet the Pastoral Letter, drawn up by the Bishops of Fulda, which was read from all Catholic pulpits in Germany last Sunday, has proved to be sufficiently unpalatable to Nazi tastes for the authorities to have forbidden the Press to print it. The Bishops have, indeed, given their sorely harassed flock a clear lead on the fundamental issues between religion and the totalitarian State. The two crucial passages in the Pastoral Letter are as follows:—

(1) If the law of the State comes into conflict with the law of Nature and the Commandment of God, the word applies, "We must obey God rather than man"; (2) It is said that religion has nothing to do with politics, but it must be replied that a man cannot be a Christian at home and a heathen in the street.

These are two fundamental issues on which a compromise is really impossible, and since the Nazi zealots seem as full of determination at present as the Christians, we may prophesy that the present lull is unlikely to last very long and that, sooner or later, the storm is bound to break. Moreover, the Nazis' efforts are proving as unsuccessful on the Protestant front as on the Catholic. After a personal

conference with Herr Hitler, Herr Kerri has proposed to the Protestants that—as a “provisional” measure for putting an end to the present “chaos”—all the Protestant churches in Germany shall accept a State control not only over their finances and administration, but even over their ecclesiastical discipline. This proposal has been rejected by the leaders of the Confessional Movement, on the ground that the whole issue of the Church conflict was the preaching of the true faith. It is becoming daily clearer that the German Catholics and the German Protestants are fighting the same battle. He would be a bold man who prophesied complete victory for the State on such a battlefield.

* * *

A G.W.R. Centenary Decision.—On August 31st, three days before Sir Malcolm Campbell made a new land speed “record” by driving a motor car over a measured mile at an average of 301.129 miles per hour, the Great Western Railway “Centenary train” covered the 117½ miles between Bristol and Paddington (*via* Badminton) in 105 minutes 29 seconds, at an average speed of 66.9 miles per hour. The difference between the two speeds may be striking, but each, in its own sphere, was a triumph of engineering and organisation. Sir Malcolm’s feat, however, far-reaching as its technical implications may be, was merely an intrepid *tour de force*, executed once and for all by a single driver of superlative skill at considerable personal risk. The Great Western’s achievement, though a “record” for a scheduled run of over 100 miles in Great Britain, was merely the “send-off” for a new service which will make the journey in the same time, both ways, once a day from next Monday onwards. Every suggestion of a “stunt” was studiously excluded by those responsible for this new landmark in British railway history. The engine was the famous “King George V,” which has been working regularly since its construction at Swindon as long ago as 1927. The train consisted of eight coaches, 265 tons loaded, in which over 100 people travelled at a maximum speed of 88 miles per hour, with so high a degree of safety and comfort that no drop was spilled from any teacup in the course of the whole journey. The company could have paid no fitter compliment to the City of Bristol, whose business men and institutions played so decisive a part in the inauguration of the Great Western a hundred years ago. It is a far cry to the days of the 1840’s, when, on the opening of the original Great Western line, the fastest London to Bristol train had a schedule of 4 hours 10 minutes, and unhappy third-class passengers made the journey, in 9½ hours, in open vehicles whose ends and sides extended a bare six inches above the seat level. The new service, incidentally, will not be the fastest, start to stop, in the world—nor even on the Great Western itself. For the last three years the latter’s famous “Cheltenham Flyer” has been booked to cover the 77.3 miles between Swindon and London in 65 minutes, at an average speed of 71.4 miles per hour. The German “Flying Hamburger” has a faster time, but is not a steam train. In Canada, some years ago, the C.P.R. introduced a train covering the 124 miles between Smiths Falls and Montreal West at a start-to-stop average of 68.9 miles per hour, and recent developments in the United States of America have also resulted in the establishment of faster times than those of the Great Western’s services. Nevertheless, the British company may take pride in an achievement which is designed, like its predecessors, not as a spectacular feat, but as a permanent addition to the amenities of the travelling public.

* * *

The “Terriers.”—A decision of considerable importance, and of historic interest, was announced on Wednesday. From October 1st next the responsibility for all military services affecting the British Territorial Army will be transferred from the Parliamentary Under-Secretary of State for War to the appropriate Military Member of the Army Council; and thenceforward each member of the Army Council will have the same responsibility for the Territorial Army as he now has for the Regular Army within his particular sphere. This change-over of responsibilities inside the War Office places the “Terriers”

within the same organisation as the “Regulars,” and thus gives belated recognition to their great importance. It is worth recalling that the late Lord Haldane’s great achievement at the War Office in 1908 was his organisation of the Territorial Army on a national scale. And it was one of the greatest of our early war-time blunders when Lord Kitchener affected to belittle the “Terriers’” capacities, and set about raising an army of raw recruits when he had the results of Lord Haldane’s work ready to his hand. The present decision is thus as much a belated recognition of Lord Haldane’s foresight—a recognition never publicly accorded to him in his lifetime—as it is of the fitness of the “Terriers” for the purposes of the Army Council. This week’s decision may well herald a revival in recruiting for a non-Regular service which is now recognised as of great importance in our system of national defences.

* * *

Art in Industry.—Materialism need not mean crudity. Why should not the new machinery of the industrial age spread beauty and elegance, rather than ugliness and vulgarity? This question has begun to stimulate even Government Departments to action. The Board of Trade in January, 1934, appointed a Council for Art in Industry, and this council has just issued a report called “Education for the Consumer.” The report goes straight to the heart of the matter, lays most of the blame for the present low standards of our articles of everyday use on the poor taste and lack of appreciation of consumers; decides perfectly correctly that the only way to improve the situation is by education of the children; and recommends the overhaul of the system of teaching Art in our elementary and secondary schools. It concludes that the children should give far more of their time to art; that wood and metal work should be taught as subjects related to design and not merely as technologies; that the School Certificate examination should be modified to correct the present emphasis on “abstract” subjects desired by Universities for academic degrees; that art should be a compulsory subject in training colleges; that the training of teachers should be greatly improved; and that there should be a great improvement in the standards of school buildings and equipment. “The whole course of art should aim at enriching the stock of images and impressions which the child gathers at school. Art should cease to be a thing apart, and should permeate all the activities of the school . . . British manufacturers will then be encouraged—they may even be compelled—to pay more and more attention to design.” Reform of education is necessarily slow, but with 600,000 children leaving elementary and secondary schools every year, an enormous amount of good could be done in even so short a time as ten years. Any Government should be ready and willing to help in the task of arresting “uglification.”

* * *

Sir J. Stamp on Stabilisation.—There is a growing body of opinion which favours the attempt to discover some workable compromise between the old “automatic” gold standard of the past and the freely fluctuating exchange movements of to-day. This week Sir Josiah Stamp, speaking at the international conference of building societies at Salzburg, made a further contribution to the debate. On the whole, Sir Josiah seems to advocate something rather nearer to the old rigidly conceived gold standard than either Sir Arthur Salter in his recent articles in the *Economist* or the international conference of economists held in Belgium in July—unless of course Sir Josiah is relegating the “ultimate” stage of his plan to a very distant future. The reconstruction of the international gold standard, Sir Josiah said, must be approached in successive stages. First, the true parities between the principal currencies, irrespective of speculative factors, must be ascertained with reasonable accuracy. Secondly, there must be a *de facto* establishment of such parities “provisionally, with ample scope for adjustment during a trial period.” Thirdly must come the “closing up of the zone of exchanges into narrow ranges, with experience, and the establishment of periods of trial.” Fourthly and finally would come the institution of a com-

plete international gold standard in which “goods and services must be paid for by goods and services,” and “creditor nations must not receive their debts predominantly in gold.” With these ultimate aims, and with the proposal for successive stages of advance, there will be fairly general agreement among those who realise the value of a world monetary standard, but recognise that it cannot be built in a day. When Sir Josiah goes on, however, to lay down that “movements of gold must be allowed to have full measure of effect upon the volume of credit and the level of prices and wages,” he raises many anxious questions. Does he mean, for instance, that an over-valued currency must always be adjusted by a deflation of money costs and not an alteration in the gold parity of the currency? And when he says that the standard “must be managed by co-operative effort working to a common and intelligent end,” does he mean merely that the value of gold should be internationally managed, or that individual gold parities should be alterable by agreement? These fundamental questions will have to be answered before much further progress towards an international standard can be made. For the experience of the last ten years has lent weighty support to the view that the process of re-adjusting currency values by an alteration in cost levels is often not only painful but impossible.

* * *

Indo-Japanese Trade Pact.—Figures recently published by the Government of India on the first year’s operation of the Indo-Japanese trade agreement appear at first glance to throw a very favourable light on its possibilities. The cotton protocol embodied in the terms of the agreement provided that if Japan bought 1,000,000 bales of cotton from India in a year, she would be automatically entitled to export to India 325 million square yards of cotton piece-goods during the same period, this amount being distributed in a fixed proportion among four categories of cloth; and, further, that if she increased her import of Indian cotton to 1,500,000 bales she could, in return, export 400 million square yards, this being the maximum export permitted. The agreement came into operation on January 8th last year. During 1934 India’s net exports of raw cotton to Japan amounted to 2,053,534 bales, and during the first quarter of this year exports amounted to 392,078 bales. Against this Japan was entitled to export to India for the period from January 8, 1934, to March 31, 1935, a total of 477,997,260 square yards. But actually Japan’s exports to India amounted to no more than 401,169,574 square yards. The following table, showing the development of India’s exports of raw cotton to Japan and of her imports of Japanese piece-goods during the past three years, suggests that the balance of advantage arising from the trade agreement has so far been in India’s favour.

Year ended March—	Indian Exports of Raw Cotton to Japan		Indian Imports of Piece-goods from Japan	
	Tons	Sq. yds.	Tons	Sq. yds.
1933	193,686	509,516,012	182,566	300,652,248
1934	182,566	300,652,248	359,033	335,671,020
1935	359,033	335,671,020		

But it is probable that, in addition to the Indo-Japanese trade agreement, other influences contributed to the remark-

able increase of India’s exports of raw cotton to Japan in 1934. Until a few years ago Japan’s imports of Indian cotton normally exceeded her purchases from the United States. It was only in 1932, following the heavy slump in the price of United States cotton, that Japan’s imports of the American fibre began to exceed her purchases in India. In 1934, however, prices of United States cotton were raised deliberately by means of crop restriction and other measures. As quotations for Indian cotton did not rise proportionately, Japan probably found it profitable to increase her purchases of Indian cotton at the expense of United States cotton. Thus, Japanese consumption of Indian cotton during the six months ending January 31, 1935, once more exceeded her consumption of United States cotton. Moreover, total consumption of raw cotton in Japan rose from 3,094,000 bales in the year ended January 31, 1934, to 3,545,000 in the following year. It seems, therefore, too early to attempt to assess the effect of the agreement itself on Indo-Japanese trade.

* * *

Shipping Freight Index.—As measured by our monthly index number, the general level of whole cargo shipping freights fell by 1.0 per cent. during August, following a fall of 1.2 per cent. during July. The current figure of 82.1 compares with 89.6 in August last year and 81.4 in August, 1933. Details of the index number are as follows:—

	(1898-1913=100)				
	Average, 1913	August, 1934	June, 1935	July, 1935	August, 1935
European waters	110.0	91.1	91.4	91.7	88.5
North America	113.1	77.4	79.8	79.5	78.2
South America	123.4	85.4	82.4	82.5	82.3
India	108.3	96.1	86.5	83.4	83.3
Far East and Pacific	117.4	91.5	77.7	73.6	77.7
Australia	127.9	96.1	86.4	87.2	82.8
	116.3	89.6	84.0	83.0	82.1

Hull reports that rates are being well maintained, though there is little expansion in the demand for tonnage. The Liverpool market remains dull and Newcastle states that owners are holding tonnage as they can get better business from the near Continental coal ports. At Newport rates have shown a downward tendency following a slight improvement in freights, but at Swansea the coasting market is particularly slow and inquiry for both the Bay and Mediterranean is poor. There is little activity in the Glasgow market. Movements of the various sections are as follows:—

	Index No.	Inc. or Dec. Points		Index No.	Inc. or Dec. Points
Home trade	83.1	- 2.6	South America—		
Bay—outwards	111.9	+ 3.6	Outwards	64.0	- 1.5
Bay—homewards	82.3	- 8.0	Homewards	100.6	+ 1.1
Mediterranean—			India—outwards	81.4	- 1.4
Outwards	91.8	- 10.0	India—homewards	85.2	+ 1.3
Homewards	79.1	+ 0.7	Far East, etc.	77.7	+ 4.1
North America	78.2	- 1.3	Australia	82.8	- 4.4

Expressed as a percentage of the average for 1913, the complete figure of our index number for August is 70.6, compared with 71.3 for July and 77.0 for August, 1934.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

THE UTILITIES BILL PASSED

THE closing hours of the Congressional session became a stampede, as an incredible number of major Acts were passed so rapidly that there was barely mention, much less discussion, of them in the Press. The passing of the Railway Pension Bill was a distinct surprise, as it had been understood that it would be held over for the January session. This Act provides the taxation to finance the pension scheme.

The much-discussed Holding Company Bill passed, including the compromise “death sentence.” This granted a certain element of administrative discretion in regard to holding companies that are immediate combinations of locally proximate operating companies; its administration is entrusted to the Securities and Exchange Commission. Curiously enough, Wall Street had persuaded itself that either the Bill would not pass or that at the eleventh hour it would be reduced to some innocuous form. On this hypothesis a great bull market had developed in the securities of precisely the companies that were most vitally affected, and whose securities had previously been most

depressed by anticipatory apprehensions. Between the middle of March and the middle of August the common indices of utility equities showed an advance of just one hundred per cent.; but far greater increases were common in numerous individual issues. The passage of the Bill in full severity was followed immediately by the appointment to the S.E.C. of a new *ad hoc* member, regarded by the financial community as completely in accord with the Act. The result was heavy liquidation of the shares which had been most violently bulled.

The weakness of the Government security market has now persisted over some weeks, and while it has not been severe, it has attracted attention and a certain amount of discussion. The professional explanation is that the Treasury's recent experiment of selling periodically long-term 2½ per cent. bonds at auction has resulted in poor distribution that has weakened the technical position of the market, particularly in advance of the large refunding operations set for October, when the last of the fourth 4½ per cent. Liberty Loan will be refinanced. Another more fundamental reason may be mentioned. In the first half-year the Treasury made no demands for fresh money, and drew upon its previously accumulated cash balances. This created an ideal situation for the great refunding operations of the period, and long-term Government issues rose to a figure which gave a return well under 3 per cent. Since the end of June the Treasury has been making continuous demands for fresh money, and there is sound reason to expect that these demands will continue, since the recent session of Congress made appropriations of over \$8,000 millions and perhaps close to \$10,000 millions, of which much less than half is covered by anticipated revenues. This creates a situation for the last half-year quite different from that of the first half, for the Treasury must conduct its refinancing operations concurrently with large demands for new money.

COTTON PRICES AND SENATOR HUEY LONG

With the entire legislative programme passed, save what was regarded as a routine deficiency Bill, Congress was on the point of adjourning when the Administration proposed, in lieu of the 12 cents a pound loan on cotton, a scheme for lending 9 cents plus a subsidy up to 3 cents a pound to all who would sign the crop-reduction agreement. The advantages of this proposal are obvious. Presumably it would increase consumption of American cotton by reducing the price to the American processor, and also stimulate exports. The plan was, however, met with a storm of protest from Southern Congressmen, who were committed to the 12 cent loan plan. A provision for the 12 cent loan was immediately appended to the deficiency Bill, and a complementary proviso for loan of 90 cents a bushel on wheat added for good measure.

The incident illustrates three important facts: (1) In general this country is now deeply committed to Governmental price fixing of agricultural commodities; (2) in the case of cotton two facts are apparent: (a) that there is little prospect of reducing the crop to domestic requirements, and (b) no disposition on the part of the producer to accept the world price; (3) when some special advantage is given to one crop, protagonists of other crops are quick to demand equivalent advantage—a sectional adaptation of the "most favoured nation" principle. Broadly speaking, the Government has so far, under the old Farm Board and later under the A.A.A., followed the practice of buying the unexported cotton surplus under a variety of euphemisms.

The problems of compensating advantage are illustrated by the new potato control. Potatoes can be and are grown in every part of the United States, and with the curtailment of other specific crops farmers all over the country have expanded potato production, to the disadvantage of the sections which specialise in potatoes. The potato control permits a farmer to grow five bushels for his own consumption, but any production beyond that amount is permitted only under licence from the Secretary of Agriculture. The penalty provided for buying as well as selling bootleg potatoes is more severe than that prescribed for infractions of the liquor law during prohibition, when selling only was an offence.

A compromise was finally reached on the cotton programme along the lines proposed by the Administration,

except that the loan price was raised to 10 cents and the producer given an unqualified guarantee of 12 cents on condition that he "signs up" for next year's curtailment, whose magnitude is not yet divulged. The Senate, however, had already voted to adjourn at midnight of August 26-27, and a five-hour filibuster by Senator Huey Long, who advocated the 12-cent cotton and 90-cent wheat loans, killed the deficiency Bill to which they were attached—a matter of no small embarrassment to the Administration, as the appropriations it carried were required for the operation of several recent legislative Acts.

With Congress adjourned, the next focus of political interest will be the sessions of the Supreme Court, which re-assembles in October. The spring session included such historic decisions as that relating to the gold clause, the railway pensions, the Frazier-Lemke farm moratorium, and the N.R.A.; it is expected that the winter session will include decisions on the processing tax and possibly the Guffey Coal Act. Payments under the processing tax have largely been suspended, and a decision adverse to the A.A.A. would probably provoke far more controversy than the N.R.A. case; for when all is said, N.R.A. had many enemies and, outside of Washington, few friends. The constitutional issue, at present dormant, is likely to become active before Congress reassembles in January.

The Neutrality Act perhaps provoked more interest abroad than here; for it was hurriedly passed in Congress and scarcely mentioned in the Press. In a general way, however, it probably reflects public opinion, which can only be described as definitely isolationist.

BUSINESS NEWS EXCELLENT

Business news continues excellent, except in textiles, where the uncertainty over the price of cotton is restraining activity. Rayon, however, is rather active, and there has been a sudden and exceptionally strong demand for silk. The bright spots of the situation continue to be automobile output and residential building, whose increase this year has been phenomenal. It is especially noteworthy that, although new automobile models are at hand, there is little anticipatory slackening of demand. In regard to the residential building, it is worth while to note the part played by obsolescence. While at the beginning of this year there was probably a real housing shortage in certain localities (at least, the statistical data pointed that way), the factor of obsolescence seems to be of almost equal importance. New houses sell readily, houses ten years old with some difficulty, and dwellings older than ten years are rated as obsolete.

Steel production is now at about 48 per cent. of capacity, which compares well with the spring levels, an unusual condition for this period of the year. If, instead of classifying goods as light or heavy, or as consumer goods and capital goods, they are classified by the purchaser as goods for individual consumption and goods for corporate use, it will be observed that there is an excellent (almost a booming) demand for all articles of individual consumption, whether summer vacations, shoes, electric refrigerators, automobiles or dwelling houses; but the demand for distinctly producers' goods, by corporations, is relatively low and is limited to machine tools and lighter types of machinery, probably for replacement rather than for original installation. Nevertheless, this demand is well above that of last year.

NEW YORK, August 27.

FRANCE

REVENUE RECEIPTS STILL FALLING

THE Minister of Finance has just published the revenue figures for July, which were 3,168 million francs. The deficiency, compared with the estimates, was 484 million francs, or a figure sensibly higher than the average monthly deficiencies in 1934 (the last quarter excepted) and 1935. Thus for the first seven months of the year the deficit, compared with the estimates, was 2,540 million francs. If ordinary Budgetary receipts for this year are compared with those of 1934, a shrinkage of 1,568 million francs is apparent. The turnover tax yielded only 543 million francs

in July, or a deficiency of 140 million francs compared with the estimates, which is double the monthly average deficiency of this tax's yield during the first quarter of the year.

These poor results demonstrate the absence of any business recovery and the seriousness of that absence. Such a recovery, the Government realises, can alone result in Budgetary equilibrium, and can alone permit such a reduction in taxes and lowering in the rate of interest as would produce the desired fall in the cost of living. Such a fall, the Government declares, is not incompatible with a rise in the price of farm products, since the discord between agricultural and industrial prices is principally due to excessive taxation and interest rates combined with a very small turnover. A rise in the purchasing power of the farmers, resulting from higher prices, is nevertheless desired by the Government.

The Government is therefore pleased with the rapid rise in wheat prices caused by the recent decree-laws permitting the resumption of forward quotations on the Paris wheat market, and also of the easy credit given to the farmers who withhold their crops from the market. Within two weeks the price of wheat has risen from 62 francs (official lowest) to 83 francs per quintal, and is expected to continue to soar. It is noticeable that a rise of 30 francs per quintal on a crop of 75 millions of quintals would increase the purchasing power of the farmers by more than 2,000 million francs.

REDUCTIONS IN PROPERTY TAXES

In another decree-law the Government has reduced the special tax on first sales of real estate and the special tax on first sales of business concerns. These measures do not compensate the interests concerned for the 10 per cent. cut in the *rentes* which was made in July. It has nevertheless been welcomed by financial interests, which are constantly agitating for a reduction in taxation. There are also hopes that a recovery in building activity might result from these tax changes. At present building activity is at its lowest ebb, with an index in June of 62 (1913 = 100), against 65 in May, 70 in April, 76 in February, and an average of 82 in 1934, 91 in 1933 and 100 in 1922.

Recovery should at least be assisted by the abundance of money which has been apparent in the last few weeks. It is hampered, on the other hand, by foreign events. The general feeling, however, is that the rise in *rentes* would be accelerated if a favourable issue was assured to the Abyssinian conflict.

The Stock Exchange is well satisfied with the first measures of the Laval Government, and particularly with the rise in wheat prices. The *rentes* are rising steadily, and the 4½ per cent. "A," for instance, is at its highest since April, 1935.

A decree-law has just created a new bank, the "Credit Colonial." This step has been taken owing to the difficulties experienced by the colonies in raising short-term credits. It is a first realisation of the recommendations made by the last Imperial Conference. The loans granted by the new bank may be guaranteed by the Governments of the colonies and protectorates. The initial capital of the bank, amounting to 20 million francs, will be subscribed by the Credit National, Banque de l'Indochine, Banque de l'Afrique Occidentale, Banque de Madagascar, Banque de la Martinique, and Banque de la Guyane. The bank is from now on authorised to issue debentures for an amount up to 500 million francs.

PARIS, September 5.

GERMANY

FURTHER RISE IN FOOD PRICES

THE prices of livestock, animal products and fodder have again risen. After a conference in Berlin between provincial and party authorities, which was made necessary by the rise in food prices, new measures have been taken, based on the principle that in general the rise must cease. The Reich Food Minister had declared on August 24th that this was his special domain, since the question of the pro-

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longation of the Reich Prices Commissary Law, which expired on July 1st, had not been settled. Under the new regulations the producers' prices of food potatoes have been reduced by varying amounts up to 50 pfennigs a centner lower than those of the crop of 1934. The reduction is to be passed on to the consumer. The prices of pork, pork lard, beef and beef suet are to be reduced to the level of March 31, 1935, but finer qualities of beef are not affected. The Reich Board for oils and fats has been required to fix producers' maximum prices for these products; and producers' prices for one sort of cheese are to be fixed and consumers' prices to be reduced. A later ordinance forbids price increases for sausages.

These measures hardly meet the situation, for the main complaint lately has been the rise in the price of eggs, vegetables and fruit. The unsatisfactory fodder crop of 1934 caused increased slaughtering and a decline in the number of pigs. There is a shortage of foodstuffs in certain markets, and retail dealers from time to time have nothing to sell. The Food Ministry admits a shortage of meat, vegetables and fruit, but affirms that this is temporary, being in the case of vegetables and fruit due to the cold spring. The shortage of eggs is also officially attributed to the weather, and an advance in prices has been permitted in order to encourage production and to reduce consumption by farmers. But it is not proposed to allow the average price of eggs in the whole farm year to rise above that of 1934-35. Increasing reluctance is being shown by farmers to market certain kinds of goods. The grain-producing farmers were discontented with the regulation of prices in 1934, which they complain gave them insufficient compensation for the reduced volume of their crops.

LARGER COAL EXPORTS TO ITALY

The Railway Corporation's car loadings in July were 7.9 per cent. higher than in July, 1934. In July, for the first time since the depression, the Corporation's revenue covered not only the operating outlay but also the fixed charges and the contribution to the Reich, and even left a small surplus. Coal output in July was 11,985,000 tons, and in the first seven months 79,257,000 tons. Coal exports to Italy have sharply increased, and reached 601,000 tons in July, as against 453,000 tons in July, 1934, and 223,000 tons in July, 1933. The pig iron market is active. The trade press deals with the prospect of Russian competition in exports of heavy iron and steel. The Berlin Soviet Trade Mission recently published an optimistic account of Russia's export capacity. German exports of tubes have greatly increased, but export prices have fallen. An agreement has been reached for regulating production and prices in the seamless and welded tube trades.

In the last week the credit market has developed a sharp tension, which is attributed in part to increasing activity in home trade and to the harvest demand. In fact, however, it seems to have been also due to public borrowing plans. In spite of the general money market liquidity and very low interest rates, August witnessed considerable borrowing; and September began with signs of credit expansion. In

August, nevertheless, the Gold Discount Bank was able to absorb further money. Its maturing promissory notes were prolonged and further sales were effected, so that by the end of the month some Rm. 600 millions of these notes were in circulation. The August month-end settlement demand was nevertheless much greater than had been expected; and by Tuesday this week the strain had not perceptibly relaxed. In consequence a considerable parcel of maturing promissory notes, for the first time since the original issue in May, was not prolonged, and the sales of Reich Treasury bills and bonds fell to a minimum.

In the last week of August the Reichsbank's credits and investments rose by the large sum of Rm. 519 millions to Rm. 4,753 millions; note circulation by Rm. 393 millions to Rm. 4,032 millions; and total circulation by Rm. 541 millions to Rm. 6,153 millions, of which Rm. 1,565 millions consisted of token coins. While the demand for cash for the new Railways Corporation Treasury bonds accounts for part of this considerable expansion, it seems that the two Reich loans announced last week had begun to cast their shadows ahead; and it is surmised that the need for cash for taking up these will cause considerable selling of the older Reich short-term issues and of the Gold Discount Bank's notes. The official policy, as often announced, is to capture as much of the money that is investible either on short or on long term for Reich purposes, in order to cover the invisible deficits caused by work-creation and rearmament. In particular, the aim is to mobilise for long-term investment the superfluous money market funds which have been so much in evidence since the spring.

The Reich debt continues to be the subject of newspaper conjectures. According to the official schedule it increased in June by Rm. 64 millions, whereas the unscheduled tax-credit-certificate debt declined by Rm. 44 millions, so that the admitted increase is only Rm. 20 millions. The debts of the States are returned for March 31, 1935, at Rm. 2,560 millions, which is Rm. 45 millions lower than at the end of 1934.

BERLIN, September 4.

AUSTRIA

ECONOMIC RECOVERY CONTINUING

ECONOMIC activity in Austria is still expanding. Production and turnover in many trades are rising; even though most of the statistics are not available for August, which coincided with the height of the foreign tourist season, and a not unfavourable harvest. In July, energy output in Austria amounted to 104 million kilowatt hours against 91 millions last year. The output of iron ore rose from 54,000 in June to 71,000 tons in July (56,000 in July, 1934). The index of crude iron production jumped in the same period from 44 to 69, and of crude steel from 82 to 87. Output in the paper industry has reached a record level. But there has been some relapse in the cotton spinning and weaving mills.

Most important, however, is the fact that after a long regression, turnover in most trades is beginning slowly to improve, or at least, to cease falling. In June the index of commodity turnover rose from 80 to 84 (79 last year), after falling in June. Consumption of foodstuffs and footwear has at last been increasing, while in the clothing industry there is a slight fall. In almost all cases, however, the figures are higher than those of last year. And in the middle of August there were in Austria only 215,000 unemployed in receipt of the dole, against 254,000 a year ago.

Austria has practically no commercial relations with Abyssinia. Indeed, the only commercial relation existing with that country has probably been destroyed by present events. For many decades the Vienna Mint has been making the coins used in Abyssinian commerce, i.e. the Maria Theresa thaler or dollar. For some time now orders for the minting of such coins have not been received; and if the reports that Abyssinia intends to take its currency off silver and to base it on the pound sterling are confirmed, this last remnant of the respect once commanded by Austria in the African continent will also disappear. Italy placed large orders for a while in Austria, mostly for various kinds of timber, but the preference quotas for Austrian goods are

now largely exhausted, so that these exports have come to a halt, especially as the payment transfers have slowed down. A decline is also reported in the number of visitors from Italy, though the weakening of the lira has meant keener competition by Italy for foreign tourist traffic.

SUCCESSFUL TOURIST SEASON

The slackening in Austrian exports, which has been observable for several months, has been fully compensated by a simultaneous rise in foreign tourist traffic. The success of the touring season is of significance politically, as much of the economic discontent due to the losses caused by the German 1,000-marks tourist tax has vanished. Austria is now very popular with tourists, especially this year in view of the Salzburg Festival and the opening of the wonderful road over the Grossglockner. A general increase of something over 30 per cent. in tourist traffic since last year is reported.

Austrian exports fell in June for the first time for a long period, but the total balance for the first half-year is still active. Imports of pure merchandise traffic have fallen from 563.5 to 559.2 millions, while exports have risen from 411.1 to 423.1 million schillings:—

	Raw Materials and Semi-manufactured Goods (Millions of Schillings)	(Percentage of Total Imports)	Finished Goods (Millions of Schillings)	(Percentage of Total Imports)
Imports:—				
1st half-year:				
1934 ...	225.8	39.1	178.0	30.8
1935 ...	218.3	38.4	178.2	31.4
Exports:—				
1st half-year:				
1934 ...	115.3	27.2	284.6	67.2
1935 ...	122.6	28.6	285.0	66.4

Imports from Germany fell from 99.8 to 90.1 million schillings, while exports rose from 63.3 to 76.2 million schillings. Imports from Hungary declined from 61.4 to 59.1 million schillings, and exports rose from 43.2 to 47.8 million schillings. Exports to Italy jumped up from 46.2 to 60.4 million schillings, and imports from 26.5 to 30 million schillings. The improvement in the Austrian balance of foreign trade has been achieved almost entirely in relations with these three countries.

The holdings of foreign currencies at the National Bank are steadily increasing, in spite of the slight decline in foreign trade registered in recent months. Since April 1, 1935, foreign holdings have risen from 32 to 103 million schillings. This increase is practically due to improving tourist traffic and to an influx of foreign capital.

VIENNA, September 3.

POLAND

TROUBLE WITH SOVIET RUSSIA

THE death of Marshal Pilsudski four months ago provided the Soviet Government with an excellent opportunity, if they desired one, for moving towards an improvement in Polish-Soviet relations. The present leaders of the Government and Army, it was pointed out, are probably less deeply moved by anti-Russian sentiments than the late Marshal. Unhappily, the Soviet leaders have reacted in the opposite direction to the Marshal's death, and relations between Warsaw and Moscow have grown steadily worse since May 12th. The recent expulsion from Moscow of M. Berson, who represented almost the entire Polish Press, and the manner in which it was done, made a very unfavourable impression here and provoked bitter attacks in the Press on the Soviet Government and the Comintern.

When the Polish diplomatic scales tilt upwards against Soviet Russia, they tilt downwards in favour of Germany, although the Polish Government would like to keep them even. Difficulties with the Soviets also have an immediate adverse reaction on Polish-Czech relations, and start the Poles off on a more active Baltic policy. Ordinarily, they might be expected to exacerbate Franco-Polish relations, but they have not done so in the present instance. Perhaps

because Poland has serious doubts about the permanence of Franco-Soviet friendship. The pact of mutual assistance has not yet been ratified.

The official attitude towards the Italo-Abyssinian crisis is one of extreme reserve, the authoritative Press declining to "take a position." Poland is not directly interested in Abyssinia, nor violently in love with the League, but she does value highly her friendly relations both with Italy and Great Britain, and desires to see the "Stresa front" maintained. It seems safe to venture the opinion, therefore, that Poland will follow the lead of France at the forthcoming meeting of the League Council.

ELECTIONS ON SEPTEMBER 8TH

Polling will take place on September 8th for the election of 208 Deputies for the first Sejm under the new Constitution, and on September 15th for the election of 64 Senators. The President of the Republic in the week following will appoint 32 Senators to complete the Senate membership of 96. The public is taking not the slightest interest in the electoral campaign, and everything has been "cut and dried," so that the new Parliament will cause the Government no trouble. All the leading Opposition parties are boycotting the so-called elections. The Cabinet will be reconstructed after the elections, and it is expected that all the forces of the Government will then be concentrated on economic recovery and financial reforms. The Budget deficit in the first four months of the present fiscal year (April-July) amounted to 106 million zlotys, the average monthly deficit for the past four years having been between 20 and 25 million zlotys.

The volume of foreign trade continues to be very small. Exports in the first seven months of this year amounted to a value of 519 million and imports to 490 million zlotys, as compared with 554 millions and 463 millions respectively in 1934. The decline from 91 to 29 million zlotys in the active balance is serious, and is partly due to the tariff reductions provided for in the commercial treaty negotiated with the United Kingdom early this year. While the long-deferred problem of "motorization" (Poland has the lowest *per capita* motor vehicle registration of any European country) has not been solved by the new treaty, increased imports of other commodities from the United Kingdom, as will be seen from the table below, are steadily reducing the surplus of Polish exports to England.

	JANUARY TO JUNE			
	Imports into Poland	Exports from Poland	(Percentage of Total Trade)	
	1934	1935	1934	1935
United Kingdom.....	9.9	11.6	20.0	17.7
Germany	12.0	14.5	17.4	16.5
United States	15.4	14.2	2.4	5.4
France	6.1	5.2	4.5	3.6
Czechoslovakia.....	4.0	4.1	5.3	5.6
Soviet Russia	1.8	1.3	4.8	2.1

The decrease in exports to, and increase in imports from, Germany is not unwelcome because of currency transfer difficulties. Poland is understood to have a substantial sum tied up in Germany as a result of existing restrictions.

The harvest is above the average of recent years. Grain prices, however, are at their lowest point since the war, and agricultural distress is very acute. This problem and the Budget deficit are now the major concerns of the Government.

WARSAW, September 1.

JAPAN

MINISTER'S WARNING AGAINST INFLATIONARY LOANS

THE Government departments have now submitted to the Treasury the estimates for the next fiscal year. The new items of expenditure in the departmental estimates amount in the aggregate to over 1,100 million yen, which, together with fixed charges, brings up the Budget total to about 2,800 million yen, if they are budgeted *in toto*. Since there is no other way in the circumstances to meet such colossal claims than by fresh borrowing, the Treasury intends to cut down these demands to the order of 600

million yen, which can be prudently financed by loans, and keep down the Budget total to somewhere about the same amount, or even less, than that of the current year. As the fighting services, however, account for more than half of the new charges, and the War Ministry and the Admiralty will not easily acquiesce in any drastic reduction, a hard fight with them over the Defence Estimates is expected.

This has impelled Mr Takahashi, the Finance Minister, to warn both the Cabinet and the public against the danger involved in the deficit-covering loan policy. In a statement which he gave out just before he took a summer vacation he elaborates his standpoint and pours cold water on a growing optimistic belief that the financing of the Budget by borrowing can be pursued indefinitely without bringing about any inflationary effects. With all his vast experience and immense prestige, however, it remains to be seen how far he can stand up to the military chiefs.

PROFITS AND FOREIGN TRADE STILL INCREASING

The earnings statements so far published of important industrial companies for the past half-year show that industrial recovery in this country has still been continuing throughout the broad range of industry. A large number of concerns in iron and steel, mining, shipbuilding, machinery and tools, electricity and gas, shipping, railways and tramways, sugar, breweries and milling groups have fared considerably better, and the mid-summer dividends have been generally maintained. The textile results, however, have been rather adverse; all leading cotton mills, except the Kanegafuchi, recorded heavy decreases in profits. The experiences of the big banks for the June half-year are varied; net profits of Yasuda rose from 4,288,000 yen to 4,712,000 yen, while those of Dai-ichi fell from 4,712,000 yen to 4,264,000 yen.

The returns of our foreign trade for July continue the story of steady progress as a whole, making favourable comparison with both those of the previous month and those of a year ago. Imports, at 198,436,000 yen, were 28,905,000 yen, or 17 per cent., in advance of those of July, 1934; while exports, at 207,113,000 yen, were up by 27,853,000 yen, or 13.8 per cent. Nearly 12 million yen of the increase in imports was in textile materials. Raw cotton imports, which had been decreasing in recent months, have again expanded. On the export side, an encouraging feature is the marked increase in the raw silk trade. Exports of cotton piece-goods and silk and rayon manufactures were also well maintained, although their expansion continues to slow down noticeably.

The downward tendency in commodity prices has apparently been arrested. The Bank of Japan's wholesale index number for July remained unchanged at 180.2. Increases in cereals and silk and silk manufactures were offset by decreases in cotton manufactures, fertilisers and most building materials. Security prices have moved up. The aggregate value of all shares quoted at the Tokyo Stock Exchange on August 1st was up by 54.2 million yen to 5,849.5 million yen as against a month ago. Textile production, on the other hand, shows a decline. The output of cotton yarn in July totalled 113,082,000 lbs., a decrease of 8,716,000 lbs. over June, and rayon production during last month amounted to 18,545,000 lbs., or 71,000 lbs. less than in the preceding month.

The decline in the output of textile yarns during last month is mainly attributable to restriction. Since

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July 1st cotton mills which belong to the Cotton Spinners' Association have been run at 72.4 per cent. of capacity, or 3.8 per cent. less than in June, and rayon factories also inaugurated organised curtailment of operations by 20 per cent. on July 1st. Rayon producers have again cut down operations by a further 10 per cent. as from August 10th. Cotton spinners also are talking over a further restriction of output.

TOKYO, August 9.

NEW ZEALAND

THE MEAT AGREEMENTS WITH GREAT BRITAIN

The agreements on the regulation of meat imports into Great Britain have been received with general satisfaction throughout the Dominion, and have improved confidence in the future of meat products. A striking and immediate result was a substantial rise in the prices of store sheep. New Zealand had always imagined that regulations and quotas necessarily meant restriction of exports. The quota agreements reached appear to fix limits at least equal to the maximum amounts yet exported of both sheep and beef products. This result supports the view that quotas mean expansion for the British farmer, the *status quo* for Empire supplies, and contraction for foreign supplies. New Zealanders recognise the difficulties of the British farmer, but they regard Britain's meat difficulty as mainly a beef problem which New Zealand's small supply can affect but little; and they are particularly anxious that mutton and lamb, on which New Zealand depends so largely, should not be restricted.

Recent movements of both wool and butter prices have also been upward. Local dealers estimate that New Zealand wool prices are now about 30 per cent. above the average level of last season and hope that the rise will continue until the local sales begin in November. New Zealand butter, which has been very low and touched 65s. per cwt., is now about 90s. in London, and the statistical position is regarded as favourable to further advances.

Export prices are of very real importance; for the Dominion's exports average 42 per cent. of the total value of its production, and fluctuations in export values are quickly reflected in internal business. For the year ending June, 1934, exports were valued at £N.Z. 49 millions; and for the year ending in June, 1935, the value is N.Z. 43 millions, a decline of £N.Z. 6 millions. But on account of high wool prices the 1933-34 figure was regarded as somewhat exceptional, and though it stimulated business expansion, the rate of expansion appears to have been retarded but little by the subsequent fall.

IMPROVED BUDGET RESULTS

A significant indication of the improvement that has occurred is found in the returns for public revenue and expenditure for the latest financial year. For the first time since 1930 a substantial surplus is shown without the aid of reserves brought in as revenue. Taxes were increased in 1933-34, but the rates of taxation for 1934-35 remained unchanged. Consequently the increase in the yield of taxation, from £N.Z. 17.06 millions to £N.Z. 20.18 millions, or of 18 per cent., demonstrates a useful expansion of the sources of taxation. Unemployment taxation, paid into a special fund and excluded from the Budget, falls on practically all incomes and yielded £N.Z. 4.41 millions in 1933-34 and £N.Z. 4.56 millions in 1934-35. But the rate was reduced from 1s. in the £1 in the earlier year to 10d. in the £1 in the latter. Hence the increased yield denotes an increase in taxable income of more than 20 per cent. Taxation, total revenue and expenditure for the past three years were as follows:—

	£N.Z. millions		
	1932-33	1933-34	1934-35
Customs and excise	6.78	7.14	8.09
Sales tax	0.04	1.85	2.17
Highways taxes	1.68	1.70	1.91
Stamp and death duties	3.00	2.71	3.52
Income tax	3.55	2.96	3.80
Other taxes	0.55	0.70	0.69
Total taxation.....	15.60	17.06	20.18

	£N.Z. millions		
Other revenue	4.47	4.43	5.94
From reserves	2.50	2.00	...
Total revenue.....	22.57	23.49	26.12
Expenditure	22.53	24.20	24.50
Surplus	0.04	0.71*	1.62

* Deficit.

Tax revenue appears to include a windfall in death duties for the latest year, and other revenue includes a windfall of £N.Z. 1.36 million, being the profit accruing to the public account from about £N.Z. 1.3 million of gold coin exported by the Reserve Bank during the year. The estimate allowed for the taking of £N.Z. 300,000 of reserves into revenue for 1934-35, but they have not been required. Parliament is expected to meet later in August, after the return of the Ministerial party from London; and in view of the last surplus, the buoyancy of revenue, and the general election to be held at the end of the year, an optimistic Budget is anticipated for 1935-36.

The Reserve Bank, which fixed its discount rate at 4 per cent. when it opened on August 1, 1934, has just lowered that rate to 3½ per cent. No business was recorded at the old rate, and in view of the abundance of money and the low rates paid on fixed deposits, it seems doubtful whether the rate is yet nearly low enough to attract business. With £N.Z. 61 millions deposits and £N.Z. 43½ millions advances, the trading banks have less than £N.Z. 500,000 discounts. It has been repeatedly stated, however, that, through the agency of the Reserve Bank, it is hoped to develop a short money and discount market. The lowering of the Bank rate may be a first exploratory move in that direction. At the end of June the Reserve Bank's resources totalled £N.Z. 27.9 millions. On the liabilities side were capital and reserve £N.Z. 1.5 million, bank notes £N.Z. 9.1 millions (note circulation £N.Z. 6.1 millions), State deposits £N.Z. 13.3 millions, and banks' deposits £N.Z. 3.9 millions. The chief assets were gold £2.8 millions (at face value), sterling exchange £N.Z. 22.8 millions, and investments £N.Z. 2.1 millions.

CHRISTCHURCH, August 1.

LETTER TO THE EDITOR

FINANCING SMALL CONCERNS

TO THE EDITOR OF THE ECONOMIST

SIR,—As the volume of employment afforded by the smaller and medium-sized businesses is a matter of national importance, while heavy taxation imposed by the State is in part responsible for the difficulty in finding finance for such concerns, it appears that this class of undertaking has a claim for State help in obtaining the necessary financial assistance. It is not suggested that the State should directly supply capital; but as it is already interested in the fortunes of individual companies through the Trade Facilities and Agricultural Credit Acts some similar assistance might be granted to an institution formed to finance small concerns. With this aid the finance company could borrow at advantageous rates, thus allowing it to build up the necessary reserves without requiring to charge very high rates for the capital provided.

One of the difficulties facing such a finance house would be that of getting into touch with concerns requiring capital, not only around London, but all over the country. This, however, would be largely overcome if it could be arranged that every bank branch would act as an agent. An additional advantage would be that the bank managers would be able to supply information about local industrial conditions and the character of the various applicants for assistance, while no doubt they would also be able to reduce the number of unsuitable applications.

There is also a class of investor who wishes to take an interest in a particular concern, but who has not the experience or facilities for thoroughly "vetting" the proposition, and if the finance house would undertake to carry out investigations for the general public it would be of additional service. The fees from this class of work would help to reduce the overhead charge of the expert staff necessary for the ordinary business of the finance house.

Yours faithfully,
ALEXANDER KENNEDY.

Ardvoulin,
Ayr.

BOOKS AND PUBLICATIONS

AMERICA'S ECONOMIC CAPACITY

IN no country is the search for facts and figures pursued more diligently than in the United States. And not the least prolific of the numerous American research centres is the Brookings Institution, which is at present engaged in a study of "the relation of the distribution of national wealth and income to economic progress."

The purpose of the investigation is "to determine whether the existing distribution of income in the United States among various groups in society tends to impede the efficient functioning of the economic system." The three volumes under review set out the facts. In a fourth book we are promised suggestions of "ways and means of bringing about a more effectively functioning economic system."

In the first volume* Mr Nourse and his associates investigate the productive capacity of the United States and the extent to which it has been utilised in the past. The approach to the problem is essentially technical. Nevertheless, the results are interesting. Thus, it appears that the margin of unutilised capacity was not, in general, increasing in mining or manufacturing during the past thirty years. Between 1925 and 1929 between 80 and 83 per cent. of the capacity of available plant was utilised. Similar estimates for agriculture, transport and merchandising cannot be made owing to the lack of sufficient data, but it would seem that transport facilities in relation to demand were greater in 1929 than in 1900. The authors contend that technically production in 1929 could have exceeded actual output by 20 per cent. and that the income of 15 million families could have been increased by \$1,000 each. The authors also conclude that the United States was not living beyond its means in 1929 in the sense that it was failing to make adequate provision for replacement of plant and equipment.

An examination is then undertaken of the amount, distribution and disposition of the national income.† If allowance is made for changes in prices and for the growth of the population the national income in 1929 (in "real" terms per head of the population), showed an increase of about 38 per cent. as compared with the year 1900. In 1929 manufacturing contributed about 23 per cent. to the total income. Wholesale and retail trade contributed approximately 17 per cent., agriculture 10 per cent., transport and communications 9 per cent., Government activities 8 per cent. and services about 11 per cent. The distribution of the national income in 1929 was approximately as follows: employees, 66 per cent.; non-corporate entrepreneurs, 16 per cent.; investors in corporate securities and other property, 18 per cent. The share of the national income going to investors was fairly stable between 1909 and 1929. About 80 per cent. of the national income in 1929 represented remuneration for current effort and 20 per cent. went to the owners of property.

It appears that 10 per cent. of the families, those with incomes above \$4,600, contributed no less than 86 per cent. of the total savings made in 1929; 12 per cent. of the total savings were made by those whose income varied between \$3,100 and \$4,600; while 80 per cent. of the population, with incomes below \$3,100, contributed only 2 per cent. to the total amount saved. The percentage of the aggregate of individual incomes which is saved has tended to increase since the beginning of the century, especially during the post-war years when the distribution of the national income favoured the rich. On the other hand, the authors did not discover any significant change in corporate savings. While the total amount saved by companies hastened to increase with the increase in profits, there is no evidence of an increase in the proportion of profits retained in businesses between 1909 and 1929. The

* "America's Capacity to Produce." By Edwin G. Nourse and Associates. The Brookings Institution, Washington, U.S.A. 608 pages. \$3.50.

† "America's Capacity to Consume." By M. Leven, H. G. Moulton, and C. Warburton. The Brookings Institution. 272 pages. \$3.00.

authors conclude that "the unfulfilled desires of the American people are large enough to absorb an output many times that achieved in the peak year 1929"—a conclusion which might have been hazarded even without an elaborate statistical inquiry!

Mr Harold G. Moulton, President of the Brookings Institution, deprecates the absence of "any thorough analysis of the economic implications of the process of capital formation in a capitalistic society."‡ He has little sympathy with Professor Hayek's analysis. "The assumptions on which he (Hayek) predicates his whole argument are not in accordance with the facts of the business world." On the basis of the evidence afforded by the industrial history of the United States, Mr Moulton reaches the following conclusions. "New capital is constructed on an extensive scale when consumption is expanding rather than when it is contracting." Moreover, "in a period when the output of both consumption and capital goods is being increased, there is an expanding flow of funds through both consumption and investment channels." Finally, "the growth of new capital is adjusted to the rate of expansion of consumptive demand rather than to the volume of savings available for investment." Incidentally, the rate of interest and its rôle in the process of capital formation are scarcely mentioned in Mr Moulton's analysis.

The information contained in these three books is most interesting and valuable, and will be very useful to all economic inquirers—whether or not they accept the positive analysis and conclusions promised in the final volume of the series.

‡ "The Formation of Capital." By H. G. Moulton. The Brookings Institution. 207 pages. \$2.50.

SHORTER NOTICE

"The History of the Canadian Bank of Commerce." By A. St. L. Triggs. Volume III, 1919-1930. Toronto: Bous and Mann, Ltd.

Books on economics are often arid. The reader will come with surprised delight upon this intensely interesting history of banking under the peculiar circumstances of Canada. He will not be disappointed in his search for hold-ups, successful and baffled; for curious notions about the nature of banks and banking; for lights upon banking development in new lands; and for shrewd and instructive comments, ushered in without the least ostentation, upon practical banking problems. The many handsome illustrations, of old devices when banking was young, of new sky-scrapers now that the Canadian Bank of Commerce stands four-square against all the winds of commercial panics, add to his pleasure.

BOOKS RECEIVED

Monetary Mischief. By G. B. Robinson. (London) H. Milford. 188 pages. 10s. net.

Smithsonian Institution, 1933: Annual Report of the Board of Regents. (Washington) Smithsonian Institution. 476 pages. No price stated.

The Democratic Process. By Beni Prasad. (London) H. Milford. 301 pages. 10s. 6d. net.

A Finding-List of British Royal Commission Reports, 1880-1936. (London) H. Milford. 66 pages. 4s. 6d. net.

Most valuable reference book for all who need to turn up "blue books."

Pareto's General Sociology: A Physiologist's Interpretation. By L. J. Henderson. (London) H. Milford. 119 pages. 5s. 6d.

Official Year Book of the Commonwealth of Australia, 1934. (Canberra) Commonwealth Bureau of Statistics. 942 pages.

Vecchi e Nuovi Indirizzi nella scienza delle Finanze. By B. Griziotti. (Padua) Casa Editrice Dott. Antonio Milani. 114 pages. No price stated.

Di chi la colpa della grande crisi? By Lionel Robbins. (Turin) Giulio Einaudi Editore. 223 pages. L. 12.

This is an excellently produced translation of Professor Robbins' recent work, "The Great Depression," which was reviewed in the *Economist* for September 8, 1934.

MONEY AND BANKING

WILL THE MARK BE DEVALUED?

(BY A CORRESPONDENT)

IN the reconstruction of international currency relations, Germany holds a peculiar place. She does not belong to the group of countries with depreciated currencies, since she formally maintains her old parity. Neither does she belong to the gold *bloc*. For her currency has been surrounded with a barbed-wire fence of compulsory regulations for the control of foreign exchanges, which prevent the export of gold and the free purchase of foreign exchange, this being the only way whereby Germany has been able, artificially, to maintain the stability of her currency. Germany and Italy are the only great industrialised countries in this position.

Leading Government and economic circles in Germany have for some time been earnestly studying the problem. A year or two ago the belief still persisted that Germany might be spared the necessity of taking drastic decisions about the Reichsmark. To-day, there is but one view on the matter, at any rate among the leading economists. It is assumed now in Germany, that a depreciation of the gold *bloc* currencies is bound to take place sooner or later. The attempts of the countries with depreciated currencies (in particular the United States) to bring about a rise in prices have not hitherto met with nearly enough success to relieve the position of the gold *bloc*. On the other hand, further deflation in the gold *bloc* countries is very difficult to achieve, if for no other reason than the social tension it would provoke. The vague hope that the inflationary efforts of the countries with depreciated currencies and the deflationary efforts of the gold *bloc* countries might meet half way and thus enable Germany to join a somewhat reorganised world economy system without either deflating prices or devaluing the currency has thus perforce been abandoned.

The movements of the German internal price-level are of course the most important among the factors which are pushing Germany towards devaluation. Wholesale prices in Germany rose by 11 per cent. between April, 1933, and April, 1935—a movement which entirely detached the German price-level from those either of the off-gold countries or of the gold *bloc* countries. As a result of this rise of prices, Germany now has a higher price-level, measured in gold, than any other country, in spite of the sharp deflation of 1930-32. There is another method of measuring the extent to which the German price level is out of line with that of the rest of the world: the 1,000 million Reichsmarks which Germany spends on export subsidies gives an approximate idea of the magnitude of this deviation. This sum represents no less than 25 per cent. of the present total value of exports from Germany. This means that German exports, amounting to some 4,000 million marks per annum, are rendered possible by means of Government subsidies to the tune of 1,000 million marks; the internal value of the total volume of German exports amounts, therefore, to 5,000 million marks. According to these figures a devaluation of one-fifth would be needed to maintain even the present attenuated volume of exports. If, in addition to this, an allowance is made for the increase in the prices of imported raw materials which would follow a devaluation, the minimum necessary devaluation would amount to 25 per cent.

But over and above such a devaluation Germany would undoubtedly need a provision for an increase in exports above their present level, for, being a debtor State, she has to achieve a surplus in foreign trade. The question of foreign indebtedness, in combination with the problem of prices, forms the pivot for a devaluation: if Germany is at all willing—as we presume she is—to satisfy her foreign creditors, she can do so only by increasing her exports. Confronted with this fact, the creditor countries which are

at the same time importers of German goods or competing against these goods on other markets, find themselves in a peculiarly embarrassing position. Germany's foreign debts were contracted in the creditors' currencies. The value of the Reichsmark is therefore of no interest to the creditors, whose only interest is in the highest possible volume of German exports. But as competitors, it is not in their interest that the competing power of German exports be increased inordinately. This is not, of course, a new dilemma; and it would be too much to expect, even after all these years, that the creditor countries will recognise the dilemma, still less that they will take the initiative in resolving it. But if the initiative is to be left to Germany, a resumption of debt payments necessitates a drastic devaluation of the Reichsmark.

Several other reasons are driving Germany towards devaluation. A devaluation would afford new reserves for purposes of further credit expansion. The state of public finances is another reason. The internal State indebtedness has grown rapidly in the course of the last two years and a devaluation, if accompanied by a rise in prices, would relieve the burden. At this point, however, an objection may be raised which has a strong hold on German opinion: German monetary policy has for some time been pursuing with great energy the funding of the floating debt. Would not a devaluation thwart these efforts? Would it not destroy the confidence which is necessary for large-scale conversion? British, and lately Belgian, experience—the latter particularly impressive—shows that confidence in the capital market is certainly not weakened by devaluation of the currency. Germany is, however, particularly sensitive in all matters involving confidence, and it might be advisable to delay currency reorganisation until the possibilities of consolidation have been exhausted.

This raises the question of what would be the appropriate moment for a German devaluation. The answer is that Germany has plenty of time. Under the present "settlement" of her foreign debts, Germany will probably be in a position to maintain an approximate equilibrium of her foreign trade by means of export subsidies on the one hand, and of compensation agreements, etc., on the other. The choice of the time for devaluation will also be influenced by the fact that Germany is hardly in a position to let her currency find its own level after the present parity has been abandoned. Even remembering that, in addition to the known gold reserves of some 94 million marks, there are still secret reserves, the sum total would still be inadequate to form a large enough manipulation fund, such as is indispensable in a case of this kind. Germany would therefore be compelled to establish at once a new fixed relation to gold at the same time that she devalued. But this would be a risky thing to do before the international exchange outlook has fully cleared. The moment of devaluation will therefore in all probability be deferred—since there is no immediate technical compulsion to depreciate the currency—until the leading gold *bloc* and depreciated currency countries stabilise their currencies. Even then much will depend on whether this stabilisation is provisional, as has frequently been recommended, or permanent.

There is still another objection which used at one time to be frequently raised in Germany, and which has a special bearing upon the ethics of currency manipulation. It used to be the current opinion in official circles some time ago that it would be more advantageous for Germany not to devalue, but to maintain exchange restrictions, thereby depressing German obligations on foreign Stock Exchanges, and then to devote part of the export profits to the repurchase at low prices of these obligations. The system thus practised in 1933 and 1934 is well known. Germany has

actually succeeded in redeeming at favourable rates large portions of her foreign indebtedness. But she has also expended for this purpose a good deal of her foreign currency reserves, and for months now has not been in a position to continue the game, so that direct export subsidies have now taken the place of the former repurchases of bonds and scrips. This argument has therefore now lost its validity. There has also been some weakening of the belief that a nation which only ten years ago experienced an inflation of exceptional magnitude cannot yet afford a second currency devaluation without confidence being seriously shaken for a long time. The numerous successful devaluations, especially the recent Belgian one, which have been carried through by Germany's neighbours and have resulted in increased prosperity in the countries concerned, constitute, it must be presumed, a good psychological preparation for Germany. Even the German people are gradually realising the difference between the unrestrained inflation of 1920-23 and a limited reduction of the external value of a currency, such as has been effected by most countries of the world during the last few years. For the rest, the National-Socialist regime has succeeded in mastering even more difficult psychological problems, and drastic changes in currency policy are easier to enact under a dictatorship than in countries with a parliamentary constitution.

FINANCIAL NOTES

Brazil's Exchange Problem.—The rally in Brazilian Government bonds this week has been due to a return of confidence following publication of the June trade figures. Owing to larger shipments of cotton and coffee, exports in that month rose by £450,000 (gold), and, with a decrease of about the same amount in imports, the active balance of trade for the month was £1,135,000 (gold), compared with £1,922,557 (gold) for the whole of the first five months of the year. For the first half of 1935, Brazil's export surplus has therefore reached over £3,000,000 (gold); and, although this compares with £5,250,000 (gold) for the same period of last year, it would appear that the service of the foreign debt is reasonably safe, always provided Brazil's exports are maintained. At present, exchange obtained from exports is subject to two quotas, i.e. 65 per cent. for the commercial exchange market and 35 per cent. for official purposes. Assuming exports of over £16,000,000 (gold) during January-June, 1935, a 35 per cent. quota for the whole year should be amply sufficient to meet the present reduced service of the bonded debt and the Frozen Credit Agreements and leave a margin to be added to the 65 per cent. quota to pay for imports. However, further expansion in exports is probably necessary to meet other exchange requirements, such as Consular expenses abroad, private remittances, and dividends, etc., while the present tendency is to restore the balance of payments by a restriction in imports. It is therefore perhaps not surprising that, rather than provide direct exchange remittances, Brazil should endeavour to obtain a London bank credit for the £1,000,000 cash payments provided for under the Anglo-Brazilian Agreement of March last to meet small commercial arrears due to British traders. Delay in making this payment, as well as in issuing the 4 per cent. bonds, has probably been—apart from exchange uncertainties—also due to the necessity of compiling details of the debts. In any case, negotiations for a special banking credit of £1,000,000 are understood to be proceeding in London, presumably to be of a short-term nature with prior security. Evidently financial authorities derive sufficient satisfaction from the June trade figures to consider that the exchange position may warrant the advance.

The Foreign Exchanges.—Both the dollar and the chief gold *bloc* currencies have moved against the pound during the last week; the dollar from 4.96½-7½ on August 30th to 4.94½-95 on Thursday of this week, and the franc from 75½-¾ on the earlier date to 74½-75½. But the chief gold currencies have been weaker on New York. This probably reflects a general desire on the part of holders of

liquid funds to "get into dollars." There is evidence from the Continent that, as a result of Continental fears about the European political situation, a movement of this kind set in last week. Considerable buying of dollars on Continental account would naturally be reflected in a dearer quotation in sterling for dollars. The spot lira is being held, but the rate for conversion of "clearing lire" into sterling at the Bank of England went against Italy on and after Tuesday, from 60.60 to the pound to 60.67. The forward rates have been erratic. Three-months' dollars, which stood at 1½-¾ cents premium over the week-end, cheapened to 1½-¾ on Tuesday and Wednesday and remained there on Thursday. This may reflect forward sales of dollars as a "hedge" against spot buying. While the discount on three-months' French francs has narrowed slightly from 1½-¾ francs discount on Monday to 1½-¾ on Thursday, the three-months' guilder has been very much on offer, the one-month rate widening from 5-6 cents discount over the week-end to 5½-7½ cents discount on Wednesday and 6-8 on Thursday. Three-months' guilders cheapened from 18½-20½ cents discount last Friday to 21-23 cents discount on Wednesday and 21½-3½ on Thursday. The Brussels and Zürich rates have been steady.

The Money Market.—Money rates were firmer at the end of last week. The usual payments of dividends and interest on Monday were of the order of £25 millions. This influence, the hesitancy of the Stock Exchange to borrow, and the lack of interest in the gilt-edged market, combined to cause a glut of funds in the money market, which was exceptionally easy. The banks bought very few bills; and in any case the market was disinclined to sell. Hot Treasuries were bought at ½-¾.

	Aug. 15, 1935	Aug. 22, 1935	Aug. 29, 1935	Sept. 5, 1935
Bank rate.....	2	2	2	2
Clearing banks' deposit rate ...	½	½	½	½
Short Loan rate:—				
Clearing banks.....	½-1	½-1	½-1	½-1
Others.....	½	½	½	½-¾
Discount rates:—				
Treasury bills	½	½	½	½
Three months' bank bills ...	½-¾	½-¾	½-¾	½-¾

Last week, the market secured all it wanted in the £45 millions Treasury tender, the rate rising to 12s. 1.73d. against 11s. 4.93d. the week before. Another £45 millions are on offer this Friday; and the outstanding amount of bills by tender will then be about £530 millions, or £100 millions above last year's figure.

The Bank Return.—This week, the note circulation is up by £2 millions, as a result of month-end influences; and public deposits are down by £3½ millions, probably as a result of the September disbursements on Government securities.

BANK OF ENGLAND					
	Sept. 5, 1934	Aug. 14, 1935	Aug. 21, 1935	Aug. 28, 1935	Sept. 4, 1935
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	191.8	192.8	193.3	193.4	193.4
Note circulation	381.3	405.5	400.4	399.6	401.6
Banking Department:—					
Reserve	71.0	47.8	53.5	54.5	52.5
Public deposits.....	29.6	16.8	15.9	9.4	5.9
Bankers' deposits	88.9	86.3	93.9	96.9	100.1
Other deposits.....	36.9	37.0	36.9	36.5	38.6
Government securities.....	85.0	82.0	83.5	81.3	83.4
Discounts and advances	6.9	15.2	13.0	12.9	14.1
Other securities	10.8	13.2	15.0	12.3	12.8
Proportion	45.6%	34.1%	36.4%	33.1%	36.3%

The rise of £2.1 millions in Government securities may reflect Government borrowing on Ways and Means advances for the above-mentioned disbursements; and both Discounts and Advances and Other Securities have risen. Perhaps as a result of the fall in Public Deposits and of the rise in all securities, Other Deposits have risen sharply by over £2 millions. Bankers' Deposits are still rising; while the "Proportion" has this week dropped back again.

THE STOCK EXCHANGE

A CHANGED MARKET OUTLOOK?

EVENTS have not been kind to evangelists of "planning" in the stock markets. Though the close season of August and September, as a rule, lends itself readily to the consideration of autumnal perspective, a series of untoward developments has this year brought the business of policy-making completely to a standstill. A market, like a democracy, can usually be relied on to give a soundly realistic verdict on broad principles, when it has had ample time to review the evidence. Its instinct, however, when confronted with a situation whose basic causes it fails clearly to comprehend, is to play for time.

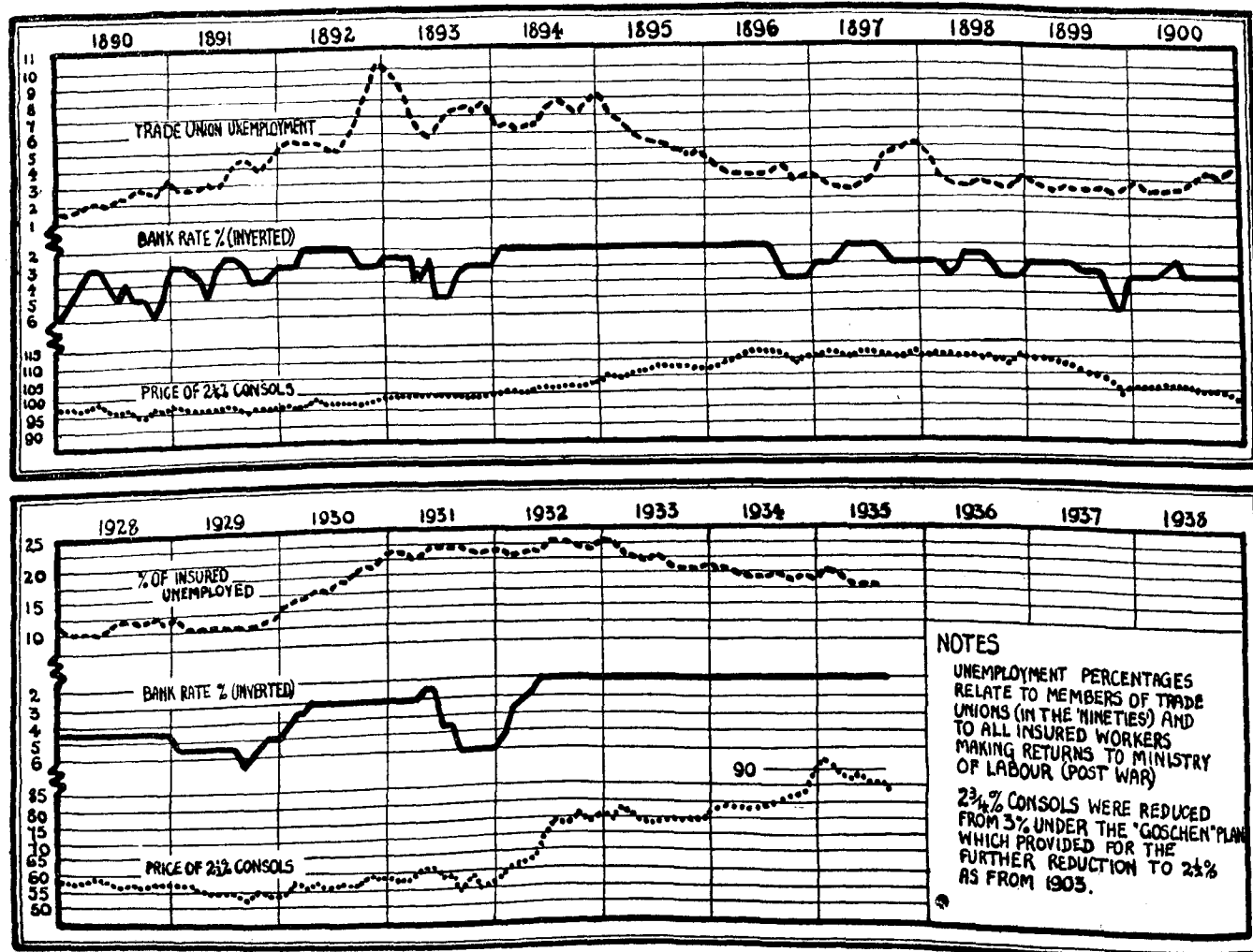
For the last three years, against a background of rising prices, the markets have been almost exclusively pre-occupied with domestic factors. They were unprepared for the sudden re-orientation of the outlook implied by tardy recognition of the international implications of the Italo-Ethiopian dispute. Since August 14th, when the abortive Eden-Laval negotiations opened, the *Financial News* ordinary share index has dropped from 104.2 to 98.5 (with a partial recovery to 100.5) and the fixed-interest security index from 138.8 to 136.4. The volume of dealings has been reduced, and "sentiment" has varied from hour to hour, as rumour has painted the prospects of this week's League meeting in glowing or sombre colours.

Technically, the equity share markets were vulnerable, in mid-August, to any unfavourable external development. The last upward movement in equity shares, which started in April, had travelled faster and further, without pause for breath-taking, than any of its predecessors since "recovery" began. Normally, a temporary recession might have been expected to find dealers and "shops" more than willing to take in stock, in order to replenish their depleted supplies. Their unwillingness to do so has given some

colour to the charge that the reaction has been partly a vote of "no confidence" by the market in its own stability. A wide marking down of prices may have tended to defeat its purpose, by encouraging rather than discouraging further liquidation. Many people, to-day, hold securities showing a handsome profit which they may be reluctant to consolidate on a minor reaction, but are anxious to safeguard on any formidable threat to basic price levels.

It is an axiom that war is the investor's greatest enemy. The South African War brought to an end the long period of low interest rates and high security values of the 'nineties of last century. The Great War of 1914 was associated with the temporary closure of the Stock Exchange, and a decline in gilt-edged quotations to the lowest level for a century. Investors, at the moment, are inclined to dwell—perhaps over-pessimistically—on the alternative that "intervention" by Great Britain in the present crisis may ultimately be incompatible with a 2 per cent. Bank rate and all that it means, while non-intervention may be purchased at the cost of an era of intensive re-armament whose financial consequences may be scarcely less unfortunate. With this week's events at Geneva, and their background, we deal on earlier pages of the *Economist*. At this stage, it may be less profitable to attempt to anticipate the findings of the League, for good or ill, than to reach a clear understanding of the forces which will determine the main lines of investment policy, in the absence of "alarms without." The charts on the following page may be of service in this respect. They show the course of prices and yields on "Old Consols," and on representative industrial debenture, preference and ordinary securities (according to the Actuaries' Index), at quarterly intervals for the entire period from 1928 onwards.

ECONOMIC PHENOMENA IN THE "NINETIES" AND THE "THIRTIES"



It will be seen that fixed-interest stocks reached their nadir in the autumn of 1931, when Britain left gold, and industrial equities in the middle of 1932. After a sharp subsequent upward movement—representing, presumably, the passing of the *crise de confiance* of 1931—a steadily rising trend has been common to all groups. The "Old Consols" curve, inversely reflecting "pure interest rates" has, in fact, been the most irregular of the four. Since the beginning of 1935 it has suffered a noteworthy setback. Industrial ordinary share values have had a series of ups and downs in the last twelve months, but their *trend*, on the whole, has been progressive.

A scrutiny of the "yields" chart, however, conveys a somewhat different impression. Before the yield on "Consols" reached its lowest point, at the end of last year, the

similarity of movement of certain economic "pointers," such as employment, Bank Rate and gilt-edged prices, in the last few years and in the historic low-interest phase of the 'nineties. The charts on the opposite page show that if the year 1928 is regarded as comparable with 1890, the "fit" of the respective curves is remarkably close. Bank Rate reached its minimum level within much the same number of months in both periods. The unemployment curve attained and maintained a high plateau and thereafter declined with a more or less identical time-sequence in either case. The upward movement in "Consols" prices, though more rapid and irregular in the 'thirties than in the 'nineties, has so far had much the same timing.

Historical comparisons should not be pushed too far. The low-interest period of the 'nineties, in any case, ended with the South African War, which was, in its way, as "abnormal" an event as any likely to emerge from the present international situation. For what it is worth, however, the chart of the earlier period reveals that, on the attainment of the stage which the present cycle appears, by analogy, to have reached, short-term interest rates became increasingly firm about eighteen months before gilt-edged security values started their secular decline. The activity of trade, however, as evidenced by a low unemployment figure, continued for at least another three years.

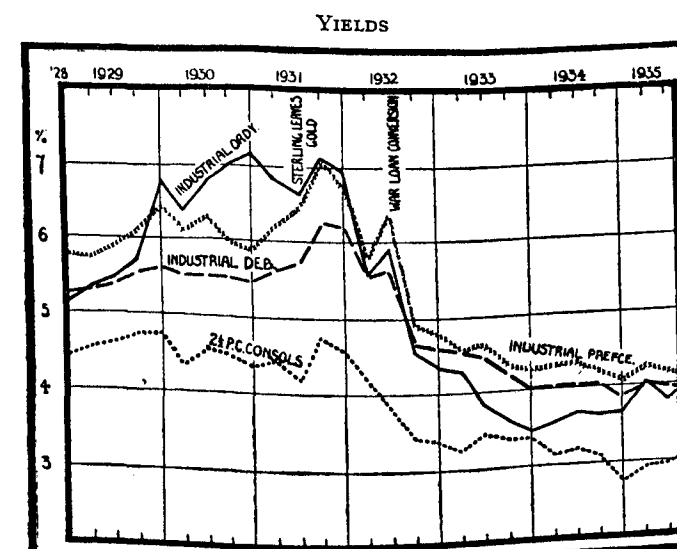
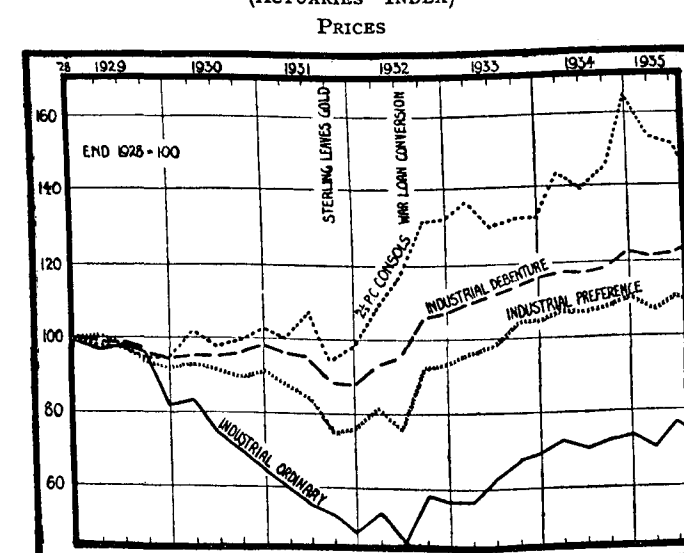
We may suggest that though the evidence considered in this article is far from conclusive, it is consonant with the view that the markets, in the last few months, have reached and passed the rubicon dividing one major stage in the "recovery" cycle from another. The "overlap" of exceptionally low interest rates and increasing industrial activity, characteristic of the first stage of recovery after earlier depressions, has invariably had a limited duration. For some time past industrial ordinary shares appear to have been fulfilling their characteristic function in the succeeding phase of the cycle, by preserving intact the capital of their holders at a time when long-term interest rates have been showing firmer symptoms. Apart from the consequences of any breakdown of international relations, there is no reason to doubt that prospects of a further rise in industrial earnings and dividends, possibly for the next three years or more, may be well founded. Already the revival, which started mainly in the capital-producing trades like steel and building, is tending to percolate through the national economy.

In the gilt-edged market, however, the atmosphere appears subtly to have changed since the Treasury permitted the resumption of new borrowing, three months ago, under conditions suggesting that they were more anxious to secure the subscription of new loans than to maintain any arbitrary price-level for old securities. The subsequent appearance of the London Transport issue, coupled with Olympian hints that the authorities have an open mind on the subject of public works borrowing (whether for "constructive" purposes or for armaments is immaterial), may be the signal that the "conversion period," in the gilt-edged market, is at an end. The Treasury, on this argument, is no longer determined to starve the market, to secure a given price-level, but to feed it with new securities at such prices as are likely to ensure subscription.

If this interpretation of official intentions is correct, then the period of steadily rising gilt-edged quotations is almost certainly over. Even if the Italo-Abyssinian crisis were, after all, to achieve a peaceful settlement, investors could not necessarily look for a return to the conditions ruling in the recent past. An outbreak of war, in Europe or elsewhere, would probably tend to accentuate factors making for lower fixed-interest security values, and to cause a sharp differentiation, in the ordinary share market, between securities with and without an "armament equity." In the absence of disturbing external factors, however, the incidence of firmer interest rates may still have to be reckoned with. If rising dividends on ordinary shares appear to offer a sanctuary for capital values, the vested interest of certain institutions, like the banks, in the maintenance of the gilt-edged market, by reason of their exceptionally large present holdings of Government securities, may be insufficiently powerful to off-set all the consequences of a transfer of mobile resources from the less to the more promising field of investment.

We have on earlier occasions drawn attention to the

PRICES AND YIELDS OF BRITISH SECURITIES, 1928-35



INVESTMENT NOTES

"Soviet Sevens."—Some discussion has been prompted this week by reports that the Soviet Government is to place a line of 7 per cent. gold bonds in this country. It is understood, however, that the bonds in fact form part of a 7 per cent. Second Five-Year Plan Internal Loan (issue of the first year). This loan, which is the only Russian issue available for overseas purchasers, is in gold roubles, and may be bought at current exchange rates in sterling. Interest, on a gold basis, is similarly converted, and the bonds may be re-sold to the issuing agents at the exchange equivalent of their face rouble value. These bonds have been advertised for sale in the United States for some months by the Soviet American Securities Corporation of New York. There would appear to be no immediate intention of a "placing" of the bonds in London, and, in any case, the Treasury's sanction would presumably be required. Nor has the availability of the bonds in London, through the agency of the Moscow-Narodny Bank, attracted any considerable publicity. The credit of the U.S.S.R. has improved in recent years, but its recent record in commercial transactions is not the sole determinant of its long-term investment status. The London market would not necessarily be averse to a resumption of long-term lending, but its terms would certainly include some consideration, partial though it might be, of outstanding British claims. Formal assumption of these responsibilities on the part of the Union would undoubtedly secure a better response than the bait of a high-yielding bond, offered in a roundabout way, on the assumption that by-gones were by-gones.

Peruvian Debt Provision.—Peruvian issues have received support this week on cabled reports that the Budget makes provision (to an extent at present unknown) for some payment on the foreign debt. The decision will be welcomed by bondholders, who have observed the improvement in economic conditions in the Republic, for the foreign exchange position is sound, and the trade and Budgetary situation reasonably satisfactory. The Peruvian Government has thus shown itself willing to meet the requests of the creditors' representatives for renewed consideration of their claims. Until further details are available, however, as to the amount of the provision and its proposed application, comment must necessarily be reserved. Two points, however, would appear to merit particular attention. Reasonable balance should be preserved, when payments are resumed, between interest and sinking fund provision. Investors cannot afford to countenance, in any way, the recent tendency of certain States to re-purchase their bonds at default levels, while the holders are receiving attenuated interest payments. Secondly, the position of the American issues would seem to call for special treatment. The outstanding amounts of American lending to Peru during 1927 and 1928 exceed \$91½ millions. By comparison, the British balances of £3,393,800 appear insignificant. It is strongly felt in London, however, that the somewhat extravagant generosity of American lenders, who were late entrants into a field previously restricted mainly to "seasoned" British loans, should be appropriately discounted in the terms of any temporary arrangement.

A Free State Conversion.—The Irish Free State Government has given notice that it intends to redeem or convert the First National Loan at the earliest possible date, which is December 1st of this year. This loan, which was issued at 95 in 1923, carries interest at the rate of 5 per cent. It contains unusually onerous sinking fund obligations, and its conversion will prove a substantial relief to the Free State taxpayer. The original amount of the loan was £10,000,000, of which £7,248,007 is outstanding. The

terms of the conversion issue have not yet been announced, but it is believed in Dublin that not more than 3½ per cent. will be offered. Its success seems almost a foregone conclusion, as the loan is held largely by trustees, charities and corporations. Whether the Government will find it possible to effect any new borrowing at an equally low rate is less certain in view of the reception afforded to the Fourth National Loan and of the general hardening of interest rates in the Free State, where the demand for capital appears to have outrun the supply of new savings.

Industrial Management and the Investor.—It is not often that the Transactions of the British Association provide discussion of matters of direct importance to the investor. The Department of Industrial Co-operation, however, covers a wide field of industrial management problems at its meetings, and the often neglected place of the investor in this field received constructive treatment in a paper read by Mr Hargreaves Parkinson before the Department on September 6th. The author established the general case for a financial democracy of relatively small investors, jointly responsible for the provision of the immense resources involved in the development of large-scale industrial units. The legal conception of the limited company, however, is in practice considerably modified. Any attempt by shareholders to exert their legal powers towards effective joint action is qualified by a growing unwieldiness of company memberships, and by a species of "constitutional oligarchy" which is exerted by the board of directors. The machinery of the proxy system, for instance, almost invariably works in favour of the board, and effective criticism of questionable policy may be repeatedly blocked by the poll, until crisis welds an unorganised body of shareholders in common purpose. Under present conditions, as the author pointed out, it is impossible and undesirable to permit the shareholder to interfere at will with the day-to-day management of his company. It is, however, equally difficult to present effective criticism of arbitrary policy, since the average board is, for practicable purposes, unassailable. The first suggestion made in this week's paper, for the more effective working of the financial Demos, envisages the publication to shareholders of detailed information so that their control may be rationally exercised. This reform would include the provision of fully documented annual reports, improved holding company accounts and detailed quarterly progress reports. There is no case for withholding this information for, in many industries, businesses commonly know more of the internal affairs of their competitors than the latter's shareholders. This suggestion will meet little informed criticism, in view of recent financial disclosures. The second suggestion, however, breaks new ground. It proposes that a small representative committee of shareholders should be elected by the members of each company, not necessarily in virtue of their interests, but of their probity and business judgment. The committee would be furnished by the management with sufficient information to enable it to decide at its regular meetings on matters which are now, theoretically, within the ambit of shareholders' sanction. The committee, it is proposed, would have no other function in its relations with the management. Its recommendations would be submitted to the shareholders before the latter were called to decide on matters affecting them. The suggestion may be commended to the attention of managers of leading companies and their progressive shareholders. Its adoption, in practice, would seem to turn upon—and would undoubtedly assist—the gradual development of propitious relations between the board room and the shareholders' assembly room. In cases where the atmosphere has been strained, however, a board is hardly likely to greet more effective supervision in shareholders' interests with any ready show of favour. As a "constitutional convention" in the realm of finance, the organisation of such committees could undoubtedly protect the shareholder and encourage the highest management capacity. But like all such conventions, its development will probably be best achieved by a growing body of non-statutory precedent, fostered by a small number of influential concerns.

Actuaries' Investment Index.—The continued timidity in the share market, which has prevailed since the belated recognition of the implications of the Italo-Ethiopian dispute, is reflected in a further fall in the Actuaries' Index to 75.9, compared with 76.4 a week ago, and 78.2 in Bank Holiday week (December 31, 1928 = 100). The yield figure is unchanged at 3.91 per cent. compared with 3.81 per cent. a month ago. A selection of component indices follows:—

Group (and No. of Securities)	Prices (Dec. 31, 1928=100)			Yield (%)		
	Month Ago (Aug. 6)	Week Ago (Aug. 27)	This Week (Sept. 3)	Month Ago (Aug. 6)	Week Ago (Aug. 27)	This Week (Sept. 3)
Banks and discount co.'s (12)	116.0	115.5	114.4	4.04	4.06	4.10
Insurance co.'s (24)	122.0	120.0	119.1	3.45	3.50	3.52
Electric Light and Power (16)	134.3	131.4	129.9	3.78	3.87	3.92
Gas (7)	132.5	133.8	132.9	4.51	4.47	4.50
Iron and steel (8)	64.6	63.4	64.5	3.13	3.21	3.17
Breweries and distilleries (19)	134.0	130.6	128.7	4.07	4.24	4.29
Miscellaneous (52)	70.6	69.0	68.9	3.96	4.06	4.07

In almost every group, quotations have more than lost the unseasonal gains recorded in the middle of August. The movement of "fixed-interest equity" shares, including the "money" and public utility groups, illustrates the effects of a waning gilt-edged market. The fall in brewery shares over the month has been rather spectacular, in view of the reports which will shortly be due. Investors retain their trust in iron and steel shares as an armaments "hedge," although the valuation of certain counters is by no means modest.

Problems for Rubber Shareholders.—Since we reviewed the outlook for the rubber share market, in conservative terms, in our issue of July 20th last, page 132, the price of the commodity has broken away from the moderate level of 6d. a pound, at which it had been "anchored" (but not "pegged") for several months, and now stands at 5½d., after falling as low as 5½d. this week. The decision of the International Committee, which may be meeting in the next few weeks to consider its policy as regards restriction quotas and percentages for 1936, will thus be a matter of prime moment for holders of rubber shares. Events so far have certainly failed to bear out the optimistic prophecies of those who maintained that declining production percentages of 75 for the first quarter, 70 for the second quarter and 65 for the remainder of this year, would produce a progressive tightening of the market. Stocks of crude rubber in the United Kingdom have, in fact, increased, since the end of last year, by 41,778 tons to a total of 176,705 tons. The latest available figures for the United States disclose that while total stocks declined, in the first five months of this year, from 355,000 tons to 319,284 tons, a subsequent reversal of the tendency raised the total to 330,528 tons at the end of July. The consumer, in fact, appears to have been successfully "playing" the restriction scheme. Despite the activity of the motor industry in many countries, apparent consumption in the United States, for the first seven months of this year, has risen only from 293,743 tons to 295,162 tons, while in the United Kingdom, consumption has been only 53,251 tons against 63,427 tons, and in the rest of the world 194,203 tons against 219,670 tons. Manufacturers, in fact, have been drawing on supplies acquired in restriction's earlier days, in anticipation of such a decline in the price as has now materialised. The market has largely played into their hands. It is understood that there is an extensive bull position to be liquidated in October-December rubber. The herd of "stale bulls" has been gratuitously augmented by certain Malayan producers, who have shipped well under their permissible total of exports, and must make up the deficiency (amounting to 17,124 tons for the fourteen months to July last) before the end of September, or lose their export licences. While all indications point to a recovery in the price, once the present concatenation of unfavourable factors has dispersed, no one will envy the Committee its immediate task. Meanwhile, the share

market has continued to register disillusionment, and many quotations are lower than at the inception of the restriction scheme in April last year, as the following table suggests:—

Company	Share De- nomina- tion	Prices				Yield on Last Dividend (%)
		End April, 1934	Highest, 1934	Highest, 1935	Present	
Allied Sumatra	£1	16/9	20/3	17/1½	11/9	4 4 6
Anglo-Dutch	£1	23/3	29/3	25/3	19/-	4 4 0
Anglo-Java	1/-	1/-	1/5	1/0½	-7/8	3 15 0
E. Asiatic	2/-	2/10½	3/6	2/9½	1/10½	5 6 6
Grand Central	£1	17/-	21/6	19/6	14/4½	5 11 0
Gula Kalumpang	£1	21/3	29/4½	25/-	20/-	5 0 0
Linggi	£1	20/-	25/7½	20/7½	16/3	Nil
Merlimau Pegoh	2/-	2/6	3/10	3/6	2/7½	5 14 0
Tanjong Malin	£1	22/6	28/9	29/7½	22/6	4 9 0
U. Serdang	2/-	3/10½	4/6	3/10½	2/10½	4 3 9

In practically every case, the highest prices of the last seventeen months were reached shortly after last year's announcement of restriction.

New Issues in August.—The new issue total for August, amounting to £2,419,000, reflects the usual holiday quietness, although the contrast is heightened this year by the high figure recorded in July, resulting from the London Electric Transport and Cables Investment issues. Recent comparisons are set out below:—

Monthly Average	(000's omitted)			
	United Kingdom	Excluding Conversions British Possessions	Foreign Countries	Total
1931	4,542	3,209	761	8,512
1932	13,589	2,129	24	15,742
1933	17,520	2,429	449	20,398
1934	11,474	2,494	125	14,093
Monthly Total	Govt. Other			
June, 1934	Dr. 150 3,857	3,683	90	7,480
June, 1935	Dr. 150 14,274	669	Nil	14,793
July, 1934	Dr. 300 13,624	3,753	Nil	17,077
July, 1935	Dr. 300 53,833	3,273	256	57,062
August, 1934	50 1,500	471	Nil	2,021
August, 1935	Dr. 200 949	1,670	Nil	2,419

Only two public issues appeared during the month, on behalf of Trinidad Government and Odhams (Watford).

COMPANY NOTES

Armament Shares.—When we last discussed the prospect for armament shares we concluded that, despite the very low level to which yields had already fallen, the outlook remained good, owing to the large replacement requirements which had accumulated during the depression—if for no more sinister reason. Unhappily, our forecast has been more than fulfilled. Writing in this week of September, 1935, however, it is not easy to forecast the course of armament shares over the next few years. Fundamentally, the prospect depends on whether League principles fail or triumph at the present session. In retrospect, it can be seen that so long as the Disarmament Conference was in prospect or in existence, an appreciable effort was made, particularly in this country, to restrict armament orders. That effort is reflected in the poor, or relatively poor, profits of armament firms or armament departments of composite firms, whose results for recent years are set out in the annexed table. Stalemate at the Disarmament Conference happened to coincide with incipient economic recovery. The first increases in national armaments expenditure could thus be attributed to the "overtaking of arrears of defensive equipment," which contributed to some "natural" recovery in armaments profits. Latterly, however, a new argument for re-armament has been heard, which does not speak of "arrears" but of "dangers." So far, this happens mainly to have affected the Air Force in this country, but it is a general policy applicable to all

forces. This would appear to indicate a new degree of demand, unknown so long as Disarmament Conference hopes remained. In addition, it is undoubted that our own Navy is equipped with ships much above the usual age. A "normal" replacement demand of considerable dimensions is likely to show itself as soon as the new agreements of this and next year are settled. The general prospect for armaments demand is thus "good" independently of any catastrophe which may occur in Abyssinia or Europe. It should be realised, however, that in the event of any sudden

(Profits in £'000)							
	1929	1930	1931	1932	1933	1934	1935
Birmingham Small Arms (July 31):							
Earned for pref.	336.4*	148.0	Dr204.2	Dr797.9	135.7	15.2	...
Earned % for ord.	13.8*	5.6	Nil	Nil	Nil	Nil	...
Ord. div. %	6*	5	Nil	Nil	Nil	Nil	...
Cammell Laird (Dec. 31):							
Gross profit	89.9	110.2	32.8	17.0	89.8	67.8	...
No preference dividend paid.							
Projectile and Engineering (Dec. 31):							
Earned for ord.	13.7	10.7	3.4	5.5	3.7	10.4	...
Earned %	11.8	8.9	2.7	4.4	3.0	8.3	...
Div. %	7½	7½	5	5	5	10	...
John I. Thornycroft (July 31):							
Earned for pref.	123.7	90.9	4.9	Dr177.6	Dr101.1	Dr65.9	...
Earned % for ord.	32.8	20.5	Nil	Nil	Nil	Nil	...
Ord. div.	17½	13	Nil	Nil	Nil	Nil	...
Vickers, Ltd. (Dec. 31):							
Earned for ord.	523.8	357.7	156.3	110.8	125.2	195.1	...
Earned %	15.9	11.3	5.1	3.6	4.1	6.1	...
Div. %	8	8	5	4	4	6	...
Webb & Scott (Dec. 31):							
Earned for pref.	0.8	Dr0.7	Dr2.8	Dr8.5	Dr8.9	Dr8.1	...
No preference dividend paid.							
Yarrow & Co. (June 30):							
Earned for ord.	3.3	9.7	16.2	18.5	20.1	37.0	...
Earned %	2.8	6.9	12.7	14.8	16.2	29.0	...
Div. %	Nil	5	5	5	5	10	...

* Half-year's profits multiplied by two.

pressure on the manufacturers for national re-equipment, profits are certain to be closely limited by State action and public opinion. Revival from depression, rather than great positive prosperity, would therefore be in prospect. Investors who do not wish to speculate should also reflect that if League principles are upheld in such a way as to prevent war, the opportunity may occur for a new start towards collective security and some measure of arms limitation. In any event, investment should only be in the concerns which have a sound record. Bargain-hunting can be left to specialists.

"Unilever" Stores' Position.—For some time past falling profits and dividends have suggested that the Unilever group of retail stores have been meeting unusual difficulties. It is now announced that the interim dividends of the Home and Colonial and Maypole Dairy concerns are to be passed after an unbroken period of more than a decade. The directors state, in each case, that since the beginning of the year they have been engaged in reorganising selling policy, with a view to re-establishing the turnover on a larger basis. The improvement in trading justifies the continuation of the policy, although it entails a temporary reduction in profits. For the inauspicious trend of both companies, recently, various reasons have been adduced, such as the effect of falling butter prices or margarine consumption, depression in basic industrial areas, and falling commodity prices. These factors, however, have been common to provision retailing in general. The experience of the group (which also includes Lipton and Meadow Dairy) appears difficult to reconcile with the satisfactory results of such a competing organisation as the International Tea Company's Stores, or with the increase of 6.2 per cent. in retail sales of food and perishables during a period of relatively stable prices from February to July, compared with the same period of 1934. The late chairman of Home and Colonial described a new policy of decentralised management to the length at the meeting in March. The latest announcement that modernisation of shops is in progress may therefore mark the supersession of the earlier

policy, whose advantages in a chain organisation would presumably be exhausted at an early stage. Shareholders will anxiously await the eventual results of the new policy, for recent events have taken their toll of share prices.

Investment Trust Recovery.—The improvement in investment trust revenues continues, in modest fashion, to reflect the general advance on the home industrial front. It is still tempered, however, by the difficulty, at this insular phase of the recovery cycle, of obtaining an adequate return upon foreign portfolios. Nevertheless, recent profit figures, as a whole, show a significantly larger percentage increase compared with the previous year, than those published earlier in the year. During May to July, the advance ranged between 15.6 and 20.5 per cent., after debenture interest had been met. The following table analyses seven recent reports, on the model adopted in our Investment Trust Supplement of December 1, 1934:—

(Amounts in £'000)							
Years ending	Bankers Investment (a)	British Steamship (a)	Continental and Industrial (a)	Industrial and Gen. (a)	Investment Trust Corp. (a)	Trustees Corp. (a)	Witan Investment
Date of accounts	Apr. 30	June 30	May 31	Mar. 31	May 1	May 31	Apr. 15
Total income, all sources, before debenture interest, after income tax—							
1930.....	169.6	259.3	221.5	477.4	462.2	180.5	234.0
1934.....	97.3	157.7	120.3	233.8	292.3	111.2	151.8
1935.....	110.0	154.8	132.7	276.0	301.0	130.7	162.0
Amount earned for ordinary, after income tax—							
1930.....	107.3	163.2	130.2	339.4	292.0	125.2	182.5
1934.....	37.6	64.7	33.4	100.6	135.0	50.4	85.8
1935.....	49.0	60.3	44.6	140.0	146.2	69.0	111.7
Amount paid on ordinary after income tax—							
1930.....	80.8	155.7	110.0	248.3	211.9	82.7	114.4
1934.....	34.5	68.9	30.6	122.0	133.0	50.4	85.8
1935.....	38.6	69.8	34.9	130.6	135.8	57.9	88.7
Percentage earned on ordinary before income tax—							
1930.....	15.3	11.5	16.3	24.2	27.1	17.9	15.9
1934.....	5.4	4.7	4.4	7.4	12.2	7.6	9.7
1935.....	7.0	4.3	5.8	10.2	12.9	10.1	10.1
Percentage paid on ordinary before income tax—							
1930.....	11½	11	14	18	20	12	10
1934.....	5½	5	4	9	12	7½	8
1935.....	5½	5	4½	9½	12	8½	8
Current quotation for ordinary stock	132½	113½	74½	257	305	212½	224½
Yield per cent. on earnings	5.5	9.3	15.9	9.3	15.9	15.0	18.0
Yield per cent. on dividends	4.3	0.4	8.2	6.0	9.3	13.1	11.3

(a) For particulars relating to "ordinary," read "deferred" throughout.

The revenue figures have been adjusted, where necessary, to a net basis, after income tax and, to preserve comparability, exceptional credits, such as tax repayments, have been excluded. On this basis, the sample shows an advance of 8.8 per cent. in total income during the latest year. Equity earnings, however, have increased by as much as 18 per cent., as a result of the "gearing" factor. In four cases dividends have been increased, usually by ½ per cent., and with one exception, all are well covered by increased earnings. The assets position shows general improvement. The British Steamship, Continental and Industrial, and Investment Trust Corporation all report appreciable reduction in portfolio depreciation, which is covered substantially—and in the last case handsomely—by available reserves. The Trustees Corporation book values are fully covered, while Witan Investment has achieved a further increase in investment appreciation. The tide of investment trust fortunes has ceased to ebb, and in the absence of international calamity the guarded optimism displayed by recent chairmen's speeches may well be justified.

Triplex Safety Glass.—Although this company's trading profit has fallen, in the year to June 30 last, from £130,787 to £126,692, the precise trend of earnings is difficult to ascertain. The latest figure includes a 10 per cent. dividend (£3,797 net) from Triplex (Northern), Limited,

against nothing in the previous year, but is shown after charging the cost of certain patent rights acquired during the year. Since the company returned 10s. per £1 share to holders three years ago its capitalisation has been distinctly low in relation to its earning power, and this year's increased dividend of 30 per cent. is paid out of earnings of nearly 56 per cent.

	Years to June 30,		
	1933	1934	1935
Profit from trading	97,225	130,787	126,692
Other income*	2,715	1,562	6,239
Total income	99,940	132,349	132,931
Directors' fees and bonus	2,750	3,084	850
Depreciations and obsolescence	19,058	23,094†	20,578
Income tax	22,500	31,000	25,000
Ordinary {			
Earned	55,632	75,171	86,503
Paid	37,500	38,750	46,500
Earned (%)	38.9	48.5	55.8
Paid (%)	25	25	30
To reserve	25,000	37,500‡	50,000§
Total carried forward	14,411	13,331	3,335

* Transfer fees, interest on investments, profit on realisation of investments, etc. † Including royalties, £45. ‡ Written off goodwill. § It is not the present intention of the board further to increase reserve.

The company already appears to be well on the way towards the establishment of a dominant position in its trade comparable, *mutatis mutandis*, with that of Courtaulds in the rayon industry, after much the same experience of over-production and weak selling by competitors formed during a market boom. That, however, is now very much past history. The company's products are standard on most British motors, and their increased use on military and civil aircraft (not to mention such vehicles as armoured cars) gives the shares a "rearmament equity" whose interest, under contemporary conditions, need not be stressed. The management is showing commendable zeal in developing new products. In 1933-34 the whole cost of the plant for manufacturing "toughened" glass was met out of liquid resources. Within the last twelve months the rights in a new type of glazing glass, "Thermolux," have been acquired, and a new subsidiary, Quickfit and Quartz, Limited, has introduced a proprietary scientific glassware on the market. The 10s. shares, at 74s. 9d. xd, yield £4 os. 3d. per cent. on a 30 per cent. dividend, and as much as £7 9s. 3d. per cent. on earnings, and would seem to hold appreciable future promise.

Sussex Brick Merger Questions.—Last week's announcement that this company had purchased the share capital of Dorking Brick Company has been amplified by a circular to shareholders dated August 30th. Certain points emerge from this document, however, on which shareholders may consider further information desirable. The purchase price involved is £257,500, to be financed by the issue of 120,000 £1 preferred ordinary shares and 280,000 5s. deferred shares. The assets involved are not specifically valued, but are included in a statement of combined net assets of the two companies. Since the Sussex Brick figures are based on the balance sheet at September 30, 1934, shareholders are therefore under a disability in calculating the amounts attributable to the Dorking undertaking. The respective positions of the two concerns, on this basis, appear to be as shown below:—

	Combined Statement†	Sussex Brick as at Sept. 30, 1934	Dorking Brick computed 123,393
Fixed assets	433,462	310,069	123,393
Current assets—			
Stock	44,046	36,813	7,233
Debtors, etc.	49,506	33,487	16,019
Cash	51,900	54,837	Dr. 2,937
Subsidiary Co's. ...	6,698	6,698	...
Current liabilities ...	65,298	54,377	10,921
Net current assets ...	86,852	77,458	9,394
Net total assets	520,314	387,527	132,787

† Sussex Brick figures based on balance sheet as at September 30, 1934; Dorking Brick fixed assets on valuation dated August 17, 1935, and current items on balance sheet as at September 30, 1934.

From this analysis it would appear that the net assets involved are valued at £132,787, leaving a presumptive balance of £124,713 to represent valuation of goodwill. This would represent between six and seven years' purchase of the average "adjusted" profits of Dorking Brick for the last three years. The profits, after depreciation and after such adjustments as are "appropriate," in the opinion of the auditors, have risen from £13,697 for the year to September 30, 1932, to £26,044 for 1933-34. The latter figure, however, takes no account of the results of the Old Crown Derby China Works, formerly conducted by the Dorking Company, but recently sold. No information is available regarding the terms of this disposal, since the Dorking Company's fixed assets are taken at a valuation dated August 17, 1935, presumably after the transfer had been effected, and the current assets at balance-sheet figures as at September 30, 1934. The profits of the Dorking Company are stated to be in excess of those for the corresponding period last year "exclusive of a non-recurring loss" accruing from the China Works business. No information is given as to the issued capital and directorate of Dorking Brick. From the latest return at Somerset House, it would appear that the issued capital amounts to £55,000 in £1 shares, after a bonus issue of 100 per cent. in January last. The directors are given as Gerald Thomas Gorst, Francis Edward Howard Paget and Joan Florence Paget. The terms of the bonus issue would appear somewhat surprisingly favourable to the preferred ordinary shareholders, who, though they are pure "preference" holders, without any equity rights, are entitled to four new shares for every five held, at 23s. per share against a current quotation of 27s. 9d., compared with rights to seven deferred shares for every twenty held, at 9s. against the present marking of 12s. 3d. In view of the attractive bonus terms in each case, the decision to underwrite the issue at 1 per cent. would appear equivalent to "paying twice over" to ensure subscription. An explanation of the points raised in this Note might, we suggest, be given at next Tuesday's extraordinary meeting before shareholders are asked to authorise the necessary increase of capital.

TRIPLE SHELL LUBRICATING OIL



Debenhams Improvement.—Early in 1934, this company (which owns a direct controlling interest in many famous retail businesses, including Bobby's, Drages, Harvey Nichols, Plummer Roddis, Stagg and Russell, etc.), overhauled a somewhat unwieldy financial organisation, its subsidiaries, Debenhams Securities and Drapery Trust, being absorbed into its own undertaking on terms involving a considerable writing-down of capital. The company has subsequently made gratifying progress. Its capital structure is still decidedly "high geared," some £9,151,411 of debenture and preference capital ranking ahead of £500,000 ordinary shares. Thus an increase of 11 per cent. in profits, from £585,992 to £654,928 for the year ended July 31st last, more than doubles the percentage earnings on the ordinary shares—if an amount equal to the requirements of the Third Preference shares, which did not rank for dividend until August 1, 1934, be allowed for in calculating the ordinary earnings of the preceding year:—

	Years to July 31 1934	1935
Balance of profit and loss account*	585,229	654,929
Total profits	585,992	654,928
Debenture interest and fees	146,253	145,427
Directors' fees	Nil	1,500
Preference— 6½% first	130,000	130,000
6½% second	140,000	130,000
7% third	Nil†	119,000
Ordinary— Earned	167,739	129,001
Paid	Nil	62,500
Earned (%)	43.8†	29.7
Paid (%)	Nil	12½
To reserve fund	50,000	50,000
Total carried forward	119,740	136,241

* Including dividends from subsidiary companies and other investments, rents and interest receivable, and after providing for income tax. † Third preference shares did not rank for dividend till August 1, 1934. Had they ranked for year to July 31, 1934, earned rate on ordinary would have been 13.1 per cent.

The recovery in profits appears to be due both to an increased volume of sales and to improved internal arrangements. The company has recently acquired an old-established business at Great Yarmouth, and disposed of the undertaking of J. and E. Bumpus, whose island site has

been leased for 99 years. The balance sheet suggests that subsidiary and other loan and current accounts with the parent company are being steadily reduced, with beneficial results to the latter's cash position. Market interest has been chiefly concentrated, recently, (a) on the Third Preference 10s. shares, which are covered 1.34 times by last year's profits and yield £6 4s. 3d. per cent. at their present price of 11s. 3d.; and (b) on the ordinary 1s. shares which stand at 3s. 4½d., to yield £8 16s. per cent. on earnings and £3 14s. per cent. on a 12½ per cent. dividend. The latter necessarily have speculative possibilities—so long as total profits are rising.

Other Company Results.—This week's reports, summarised on page 494, include the results of 13 additional concerns. Improvement is shown in three "heavy industry" reports. In this group the net profits of *R. and W. Hawthorn, Leslie and Company*, have advanced from £16,157 to £23,194, despite depressed conditions on Tyne-side, and the dividend is increased from 4½ per cent. to 5 per cent. *J. Blakeborough and Sons*, the Yorkshire engineers, also report a substantial recovery, and ordinary dividends are resumed with a 5 per cent. payment. Interesting dividend announcements in this group come from *Lockgelly Iron and Coal*, which is to pay 4 per cent. for the year, after 8 years' absence from the list, and *Sheffield Forge and Rolling Mills* whose 5 per cent. payment is the first for fourteen years. In the stores group, *Harvey, Nicholls and Company*, the Debenhams subsidiary, report net profits of £103,211. Owing to the capital changes effected when the business was converted into a public company in May, 1934, this result is not directly comparable with the previous year. Textile reports continue to make a poor impression. Both *Leigh Mills* and *Wardle and Davenport* report lower earnings, but dividends are maintained at the previous year's levels. *D. Gestetner* reports an advance in net profits from £121,364 to £156,056, the dividend being increased from 30 to 35 per cent. It is proposed to make a 12½ per cent. capital bonus. The Imperial Chemical Industries ordinary interim dividend is maintained at 2½ per cent. Associated Portland Cement is to pay a maiden interim of 5 per cent., and British Portland announces an increased payment of 7½ per cent. against 5 per cent.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the Palestine Electric Corporation and the City of San Paulo Improvements and Freehold Land Company. At the Palestine Electric meeting the Marquess of Reading stated that during the past year the Corporation had connected 13,463 additional consumers and increased its sales of energy by over 70 per cent. Mr Herbert Guedalla informed shareholders of City of San Paulo Improvements that sales of all properties had shown a pleasing increase.

THE WEEK IN THE MARKETS THE LONDON STOCK EXCHANGE

SETTLING DAYS

TICKET SEPTEMBER 10 | ACCOUNT SEPTEMBER 12

THE market's traditional distaste for the muddy waters of international affairs has not been alleviated during this week's unfolding of the Italo-Abyssinian dispute in Paris and Geneva. The early reverberations aroused by the now notorious Standard Vacuum oil concession quickly died away. The market's chief concern for peace may have contributed to a rather hopeful tone on Tuesday, but later news suggested that the wish largely fathered the thought. Wednesday's proceedings at Geneva were studied with partial relief on the mild outline of French policy, but dealers showed continued reluctance to take a view of the

course of events, owing to Italy's uncompromising policy. Tuesday's "bump" and a milder recovery on Thursday provided the only relief from a week of sagging gilt-edged prices. The rise, however, was largely confined to the sensitive irredeemable issues. Early relief from a previous display of nervous selling was partially maintained, but the unpromising start at Geneva prompted a dull tone late on Wednesday. India loans followed a similar fluctuating course. Canada issues turned weak, following the importunities of Calgary, from the land of Social Credit, for Federal assistance to avert default on its September debt payments.

Foreign bonds continued uneasy. Austrian issues were sold on Monday, but responded later to the progress in the Danubian Pact negotiations. German bonds moved in similar fashion, although the Potash issues were talked higher on current sales estimates. Peruvian issues attracted some attention on the reported provision for foreign debt service in the Budget, discussed on page 476. Chilean bonds were reactionary, but irregular support assisted Brazilians.

The market's expectation of better rail traffics was confirmed this week, although the figures were anything but exciting and rather disturbing as to mineral traffic. After a quiet uneasy opening, improvement set in on Tuesday, but the fractional gains established were not wholly maintained as the market relapsed into quietude. Idle conditions prevailed in the foreign rail section, but prices were broadly maintained.

The industrial markets took their cue from gilt-edged. Nervousness was temporarily allayed on Tuesday, but quieter—though possibly less uneasy—conditions set in later. Throughout the week fair support was evident in certain sections, primarily with an armament interest. Iron and steel issues, including Hadfields, John Brown and South Durham, received steady and widening attention, and aircraft issues, particularly Bristol Aeroplane, responded to reports of high pressure business. Motor shares, after initial uncertainty, maintained Tuesday's firmer tendency, Standard providing a strong feature. Brewery issues tended to recover after a poor start, on more confident consideration of the July production figures. Dullness prevailed among electrical equipment shares and rayons became easier. In the stores group, the Unilever concerns were depressed on the passing of the interim dividend, discussed on page 478. Bear covering strengthened leading tobacco issues, but irregularity ensued in mid-week. Among leading miscellaneous counters, an easier tendency followed Tuesday's improvement, which was evidently due in part to bear covering. Imperial Chemical ordinary were in demand on dividend anticipations, although the declaration was in fact unchanged, and many building issues recovered more than their initial losses. Triplex continued in request on the profits figures, set out on page 478. Electricity supply shares recovered from initial easiness, and firmer conditions prevailed among bank and insurance shares as the week progressed.

Oil shares opened in dull fashion, largely on account of the Californian price cutting. Precautionary marking down of leading issues, however, attracted buyers, and firmer conditions were assisted by increased Continental interest on Tuesday. Renewed easiness appeared later, however, in sympathy with the general tone.

Conditions in the rubber market were anything but happy. The sharp weakening in the price of the commodity brought down share quotations in its train. The mid-week recovery relieved the market of considerable selling pressure, but it was insufficient to recoup early losses. The share outlook is discussed on page 477. After a certain hesitation, the tea share market developed a firmer tendency in mid-week, for the rising tendency in the Mincing Lane sales attracted buyers to a market rather short of shares.

The opening tendency in the Kaffir market suggested a continuation of the depressed tone which has overhung the market for many weeks. Prices were marked down on Monday almost without exception, and it appeared that forced selling was still in progress. On Tuesday, however, "shop" support was at times in evidence, and a slight widening of demand had a rather flattering effect upon quotations. Even the Cape appeared as buyer on Wednesday.

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day, and the August returns encouraged a brighter tone, particularly in the "heavies." West African counters staged a partial rally on Tuesday, which was not maintained, while Australian issues remained extremely quiet. Rhodesian copper shares showed little change, while tin shares, with the exception of Malayan issues, ruled dull on Wednesday's sharp fall in the metal.

"FINANCIAL NEWS" DAILY BARGAIN INDEX
(Approximate number of Bargains recorded in Stock Exchange Lists)

	Week to Aug. 30, 1935	Aug. 29, 1935	Aug. 30, 1935	Sept. 2, 1935	Sept. 3, 1935	Sept. 4, 1935	Sept. 5, 1935
Government and Municipal Loans	5,344	1,018	1,044	1,237	1,122	955	1,119
Transport, Communications, and Public Utilities	4,110	758	773	817	753	807	801
Commercial and Industrial*	15,213	2,727	3,096	3,143	3,009	2,999	3,371
Banks, Insurance and Financial	2,629	481	549	534	362	501	548
Mines (including Nitrate)	5,862	1,144	1,119	1,100	867	801	814
Oil	655	120	138	159	117	96	100
Rubber, Tea and Coffee	878	172	143	224	256	236	197
Total	34,691	6,420	6,862	7,214	6,486	6,395	6,950
Corresponding day in 1934	...	7,876	7,564	7,911	6,583	6,997	7,565

* Including Iron and Steel and Breweries.

REVISED "FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (July 1, 1935 = 100)

Highest of 1935 (Aug. 19)	Lowest of 1935 (Mar. 27)	Aug. 29, 1935	Aug. 30, 1935	Sept. 2, 1935	Sept. 3, 1935	Sept. 4, 1935	Sept. 5, 1935
104.2	87.4	99.0	99.2	98.7	99.6	99.9	100.5

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS. (1928 = 100)

Highest of 1935 (Feb. 1)	Lowest of 1935 (Mar. 29)	Aug. 29, 1935	Aug. 30, 1935	Sept. 2, 1935	Sept. 3, 1935	Sept. 4, 1935	Sept. 5, 1935
141.0	135.9	136.7	136.6	136.4	136.5	136.4	136.4

FOREIGN STOCK EXCHANGES

NEW YORK

SINCE Congress took its leave of Washington, the strong market movement, on which so many hopes are being built, has failed to gather its expected headway. Many operators prolonged Monday's Labour Day holiday, and it was only at the end of a very quiet session on Wednesday that signs of increased activity and higher prices were manifest. The recent quietude has probably been seasonal, political and not unhealthy. Despite America's much-advertised isolation from the war problems of a troubled Europe, this week's critical discussions at Geneva have been closely followed by professionals and public alike. So far as domestic possibilities go, time is being profitably spent on a study of the heterogeneous output of the closing hours of the Congressional session, and neither first nor second impressions are wholly reassuring. The prophets of a resumption of market activity, which are still in a large majority, base their case on non-legislative recovery forces—the more than seasonal advance in industrial operations, the increase in retail business, the revival of demand for "capital goods" and, above all, the indications of growing activity in the building trades. For the moment, however, the markets are awaiting a new buying lead. The strongest securities this week have been Government bonds, helped by the speedy over-subscription of the Treasury's issue of \$500 millions in three-year notes. Unex-pected weakness, however, has been evident in bank shares, after the reduction of the dividend of the Central Hanover

(Continued on page 484)

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THE INVESTOR'S
BEST INVESTMENT

(a) Interim dividend. (b) Final dividend. (c) Last two yearly dividends. (d) Nine months. (e) Less bonus from capital accretions. (f) Includes 13% from capital accretions. (g) Based on a dividend of 15 per cent. (h) Calculated on basis of 7½ annas dividend per share paid for 1934-35. Taken at 16 annas to one rupee. (i) Annas per share. (j) Also bonus 300 per cent. from reserves in A shares. Yield worked on a 25 per cent. basis. (k) Worked on a 7½ per cent. basis. † Free of Income Tax.

(Continued from page 481)

Bank and Trust Company from \$1.50 to \$1. Amusement shares have been one of the firmest features of the general market. Although heavy selling of oil shares tended to abate, early in the week, on hopes of an early settlement of the Californian "war," no more hopeful news has as yet been received from the scene of hostilities. Public appreciation of the methods of great oil companies has not been enhanced by the denial, admission and subsequent renunciation, by the American Standard Vacuum Oil Company (jointly owned by Socony-Vacuum and Standard Oil of New York), of interest in the Abyssinian concession obtained on behalf of the African Development and Exploration Corporation by the mysterious Mr Rickett.

Aug. 28, 1935	Sept. 4, 1935	Sept. 11, 1935	Aug. 28, 1935	Sept. 4, 1935	Sept. 11, 1935
Atchafalaya	48½	50	Atchafalaya	48½	50
Atchafalaya	48½	50	Atchafalaya	48½	50
Atchafalaya	48½	50	Atchafalaya	48½	50
Atchafalaya	48½	50	Atchafalaya	48½	50
Atchafalaya	48½	50	Atchafalaya	48½	50
Atchafalaya	48½	50	Atchafalaya	48½	50
Atchafalaya	48½	50	Atchafalaya	48½	50
Atchafalaya	48½	50	Atchafalaya	48½	50
Atchafalaya	48½	50	Atchafalaya	48½	50

Aug. 28, 1935	Sept. 4, 1935	Sept. 11, 1935	Aug. 28, 1935	Sept. 4, 1935	Sept. 11, 1935
Am. Can.	138	139½	Am. Tel. and Tel.	134½	138½
Amer. Smelting ..	44½	45½	Interboro R.T.	18½	18½
Anaconda	19	19½	Int. Tel. Tel.	9½	10½
Atchafalaya	48½	50	Utilities P. & L.	2½	3
Atchafalaya	48½	50	W. Union Tel.	4½	4½
Atchafalaya	48½	50	W. Union Tel.	4½	4½
Atchafalaya	48½	50	W. Union Tel.	4½	4½
Atchafalaya	48½	50	W. Union Tel.	4½	4½
Atchafalaya	48½	50	W. Union Tel.	4½	4½

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

	1934		1935		Be- ginning of Year 1935	Aug. 21, 1935	Aug. 28, 1935	Sept. 4, 1935
	Lowest Sept. 19	Highest Feb. 21	Lowest Mar. 20	Highest Aug. 14				
851 Industrials ...	74.3	90.5	74.5 (h)	96.6	83.1	96.0	94.1	95.3
83 Rails	34.0	51.4	27.4	37.2	35.6	36.5	35.1	36.1
87 Utilities	55.2	83.4	52.2	85.8	57.9	84.4	77.4	80.7
Total, 421 Stocks	65.6	82.1	63.1	85.2	71.0	84.4	81.7	83.3
Average yield of 50 Industrial Common Stocks	2.78%	3.90%	3.09%	4.06%	3.62%	3.39%	3.48%	3.42%

‡ December 26th. † February 7th. (s) September 12th.
(t) March 13th. (v) August 14th.

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

Highest of 1935 (Aug. 14)	Lowest of 1935 (Mar. 15)	Aug. 28, 1935	Aug. 29, 1935	Aug. 30, 1935	Aug. 31, 1935	Sept. 2, 1935	Sept. 3, 1935	Sept. 4, 1935
108.9	78.6	105.1	105.5	106.0	106.6	Closed (s)	105.8	107.3

TOTAL DEALINGS IN NEW YORK

	Aug. 29, 1935	Aug. 30, 1935	Aug. 31, 1935*	Sept. 2, 1935	Sept. 3, 1935	Sept. 4, 1935
Stock Exchange— Shares (Thous.) ...	900	830	490	Closed (s)	900	1,000
Bonds (Value Thous. \$) ...	10,850	8,840	3,320	Closed (s)	9,020	9,300
Curb— Shares (Thous.) ...	200	181	132		179	191

* Two-Hour Session. (s) Labour Day.

PARIS

The Bourse opened irregularly on Monday, partly on Abyssinian fears, but mainly in view of the incidence of the ordinary monthly settlement. Subsequently, however, the market showed a disposition to take an optimistic view of possibilities at Geneva, and a moderate amount of buying produced a fair rising tendency in an oversold market. Renten became steady, after losing over a point on Monday. Bank shares recorded fractional rises on Tuesday, but tended to slip back later. The *Coulisse* was fairly active, diamond shares in particular making headway, while gold mines, at long last, ceased to recede.

Aug. 28, Sept. 2, Sept. 4, 1935 1935 1935	Aug. 28, Sept. 2, Sept. 4, 1935 1935 1935
Banque de France	9,850 9,875 9,925
Credit Lyonnais	1,715 1,700 1,700
Suez Canal	17,800 17,575 17,940
Chargeurs Réunis	140 144 141
Rio Tinto	1,286 1,270 1,288
Royal Dutch	19,650 19,050 19,220
Wagons Lits	47 45 45
Mexican Eagle	20 18 19
Chartered	83 83 83
Ford	53 59 57
De Beers	395 390 395
"Johnnies"	260 267 271

BERLIN

Last week, markets were the dullest of the whole year, many important stocks being, at times, unquoted. Shipping shares showed a tendency to recover, but most other quotations had a downward trend. Heavy selling occurred at the beginning of this week. By the end of Tuesday declines of 2 to 4 points in quotations were common. Although shipping shares were again relatively steady, weakness was shown by lignite, steel and electrical issues and by a number of public utility shares. Reichsmark bonds were also on offer, though average prices showed only a small net decline. Falls of 2 to 3 points were common among dollar bonds. The general tone remained uncertain in mid-week.

Aug. 28, Sept. 2, Sept. 4, 1935 1935 1935	Aug. 28, Sept. 2, Sept. 4, 1935 1935 1935
Reichsbank	184.25 184.50 182.50
D.D. Bank	92.25 91.50 90.50
Dresdner (New) ...	92.25 91.50 90.50
I. G. Farben- industrie	156.10 155.50 153.40
Norddeutscher Lloyd (New) ...	16.90 17.25 17.40
A. E. G.	40.40 39.25 38.75
Siemens and Halske	177.50 176.75 173.50
A. K. U.	61.40 59.50 57.50
Hamburg-Amer. ("Hapag New") ...	15.40 16.10 16.25

AMSTERDAM

Markets opened in unsatisfactory fashion, pessimism over possible developments at Geneva being accentuated by the news of the alleged Abyssinian oil concession. Considerable liquidation occurred in certain shares, Royal Dutch in particular losing 4 points on Monday. Rubber shares were also weak, on the persistently downward trend of the commodity. Next day, however, the Bourse was quieter, and although dullness was common to most sections, the volume of liquidation appeared to have been checked. Oil shares recovered on the news that the American interests concerned had renounced their Abyssinian rights. Both rubber and sugar shares were steadier. In the industrial market, however, a slump occurred in Philips Lamps, which dropped 7 points on Wednesday on the postponement of the dividend declaration.

Aug. 28, Sept. 2, Sept. 4, 1935 1935 1935	Aug. 28, Sept. 2, Sept. 4, 1935 1935 1935
2½% Dutch Loan ...	66½ 66½ 67½
5½% German	16½ 16½ 17½
Unilever N.V.	101½ 99 99½
Philips Lamps ...	260½ 256½ 251½
Netherlands Ship 11 ton	37½ 36½ 36½
Steel Common	26 26 25½
A. K. U.	28 28 28½
Ford Motor	271½ 273 266
Deli Batavia Tob.	137½ 138 138½
Royal Dutch	192½ 188 187
Handels Ams.	173½ 168½ 168½

CAPITAL ISSUES

THE capital issue market, like the rest of the City of London, is waiting on events at Geneva before resuming normal post-holiday operations on a normal scale. The sole public issue of the week is an offer by an established ironmongery and plumbers' merchant business, *Kennedy's (Bournemouth)*. Profits, which are set out for ten years, have had their ups and downs, but the outlook appears relatively good, though the shares, which will have a narrow market, may be regarded as possessing primarily a local interest. The week's advertisements "for public information," relate to placings by a large Midland electric power distributing company, an hotel and property-owning concern, and the *County Borough of Southend-on-Sea*. The latter's £914,703 of 3 per cent. redeemable stock, 1950, is a trustee offer, whose total amount is well in excess of the Stock Exchange limit of £250,000 for London market "placings." The issue, however, is on a similar footing to a recent Dundee

OFFER TO NEW READERS

Any reader who makes his first acquaintance with this Journal with this week's issue is invited to fill up the attached:
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operation, some £824,703 having been placed by the corporation direct, by way of conversion of mortgage loans. The remaining £90,000, for new capital expenditure, will be raised by cash subscriptions.

ISSUES OF THE WEEK

By Prospectus or Offer for Sale

Amount previously recorded, Jan. 1 to Aug. 31, 1935, including conversions, £249,754,718.
Amount previously recorded, Jan. 1 to Aug. 31, 1935, excluding conversions, £124,771,645.

	Nominal Capital £	Con- versions £	New Money £	First Payment £	Further Liability £
To the Public					
Kennedy's (Bournemouth), 14,420 6% "B" Pref. Shares £1 at par.....	14,420	...	14,420	1,802	12,618
Do., 22,395 Ord. £1 at 25s.	22,395	...	27,994	2,799	25,195
Total	36,815	...	42,414	4,601	37,813

	Nominal Capital £	Con- versions £	New Money £	First Payment £	Further Liability £
Total Shareholders only					
Broken Hill Proprietary Co., 1,493,854 Shares £1 at 30s.	1,493,854	...	2,240,781	...	2,240,781
Total Offered for Subscription— Including Conversions					
Jan. 1 to date—					
1935	251,987,913	127,004,840	410,980,300	169,108,700	1934
1934	291,847,297	117,324,559	467,921,500	244,780,500	1933
1933	231,027,427	133,801,861	2,699,684,265	188,909,963	1932
1932	291,409,990	162,665,325	1931	114,290,666	102,044,291
1928	456,647,587	284,546,694	1928	693,100,056	369,058,073

(a) This figure includes £1,920,000,000 for conversion of 5% War Loan into 3½% War Loan.

	Debtentures	Preference	Ordinary	Total
January 1 to date—				
1935	22,619,783	25,746,587	28,647,502	127,004,840
1934	72,197,528	12,656,356	32,470,675	117,324,559
Whole year—				
1928	212,817,900	45,062,600	111,177,600	369,158,100
1933	222,084,300	12,733,700	9,982,500	244,780,500
1934	102,769,300	21,461,000	44,878,400	165,108,700

By Stock Exchange Introduction

	Capital Introduced	Approximate Price Dealings Began	Cash Involved
Amount previously recorded	22,619,783	...	33,509,380
Total to date, 1935	22,619,783	...	33,509,380
Total to date, 1934	20,920,032	...	32,153,068

PUBLIC OFFER

Kennedy's (Bournemouth), Ltd.—Issue of 14,420 6 per cent. "B" cumulative £1 preference at par, and 22,395 £1 ordinary shares at 25s. Wholesale builders' merchant business. Net assets, excluding present issues, £97,447. Profits, years to November 30: 1932, £7,938; 1933, £12,618; 1934, £16,970. Issues not underwritten.

BY STOCK EXCHANGE INTRODUCTION

Southend-on-Sea Corporation.—Particulars of £914,703 3 per cent. redeemable stock. Proceeds as to £824,703 for converting mortgage loans; balance for capital purposes. Issued at par for conversion and cash. Redeemable finally, March 31, 1950. Population, 134,000; rateable value, £1,420,281; present rate, 10s. 5d. in the £. Net debt, £3,584,124, of which £1,571,868 reproductive undertakings.

Midland Electric Corporation for Power Distribution, Ltd.—Particulars of £300,000 3½ per cent. first mortgage debenture stock. Incorporated 1897, and serves 90 square miles. Stock secured by specific first mortgage; redeemable at par June, 1973, or from January, 1965, on three months' notice. Purchased by Telephone and General Trust, Ltd., at £99 per cent.

Brownsea Haven Properties, Ltd.—Issued capital 80,000 6 per cent. cumulative £1 preference and 100,000 ordinary 5s. shares. Outstanding mortgage of £41,250 at 5½ per cent., redeemable after December, 1936, on six months' notice. Incorporated November 4, 1925. Principal asset freehold property called the Haven Hotel, Bournemouth. Net profits, after depreciation, before tax, years to May 31st: 1933, £9,107; 1934, £10,471; 1935, £11,322. Total assets May 31, 1935, £193,080.

ISSUE TO SHAREHOLDERS ONLY

The Broken Hill Proprietary Company, Ltd.—It has been decided to make an immediate issue to shareholders of 1,493,854 shares of £1 each equal to one share for each two existing shares. Price of issue 30s. per share. Dividends declared pro rata to amount paid provided instalment has been paid six months at least prior to declaration.

CONVERSIONS AND REPAYMENTS

Irish Free State 5 per Cent. Stock, 1935-45.—The whole of this stock will be redeemed at par with accrued interest on December 1, 1935.

OTARD'S
ESTABD 1795

THE BRANDY WITH A PEDIGREE

Ford (J. J.) and Sons.—This company will pay off the 6½ per cent. perpetual debentures on March 2, 1936, at 105 per cent., together with interest from October 1, 1935, to March 2, 1936.

London County Council.—Local bonds for housing, due September 30, 1935, will be paid off at par on that date.

United States 2½ per Cent. Bonds and 1½ per Cent. Notes.—The United States Treasury announces an optional offer of 2½ per cent. 10- to 12-year bonds or 1½ per cent. 3½-year notes in exchange for \$1,250,000,000 (£250,000,000) Fourth Liberty 4½ per cent. bonds to be redeemed on October 15th. In addition, the Treasury is issuing for cash \$500,000,000 (£100,000,000) 1½ per cent. 3½-year notes to be dated September 16th. Oversubscribed in one day.

India Government 6 per cent. Bonds, 1935-37.—Holders are reminded that bonds of the loan bearing coupons due April 15, 1936, and all subsequent coupons should be lodged at the Dividend Pay Office, Bank of England, 3 Bank Buildings, Princes Street, E.C.2, for redemption on October 15, 1935.

Canadian Government Loan.—The Canadian Government has obtained a five-months' loan of \$20,000,000 (£4,000,000) from a group of Canadian and New York banks at an interest rate of three-quarters of 1 per cent. The proceeds are for the redemption of the outstanding £23,740,000 of 7 per cent. Grand Trunk Railway debentures, maturing on October 1st.

CALLS DUE SEPTEMBER 9, TO SEPTEMBER 14, 1935

The grand total of calls falling due in September, 1935, was £16,099,085, which compares with £4,766,761 which fell due in September, 1934.

Nominal amount of Stock	Company	Amount of Call	When payable	Making Paid
Stock	Dundee Corporation 3% Red. Stock, 1956-58 £1,000,000, at £100%	£45%	Sept. 11	£70%
Stock	London Electric Transport Finance Corporation £32,000,000 2½% Guar. Deb. Stock, 1950-55, at £97%	£15%	Sept. 12	£32%
Stock	Midland Electric Corporation (£300,000 3½% 1st Mort. Deb. Stock, 1965-73, at £99%)	£99%	Sept. 12	All
5/-	Ridgmont Fletton Brick (240,000 new Ordinary Shares to Shareholders registered July 30th, at par)	1/- p.s.	Sept. 9	1/- p.s.
Stock	Savoy Hotel (£500,000 4% (Strand) Deb. Stock, at par)	£90%	Sept. 10	All
£1	United Dominions Trust (175,000 Ord. Shares, at 90/-)	60/- p.s.	Sept. 12	All

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Amt. paid	Price, Aug. 28, 1935	Price, Sept. 4, 1935
Australia 3%	100	5	1½-1½ pm	1½-1½ pm
Briggs Motor Bodies Ord.	25/-	12/6	2½-2½ pm	1½-2½ pm
Do. 4½% 1st Deb.	103	53	2½-1½ dis	2½-1½ dis
British (Guest Keen & Baldwins) 4% deb.	100	40	1½-1½ pm	1½-1½ pm
Cables Investment Trust Pref. £10	101½	1	5½-5½ pm	5½-5½ pm
Do. 3½% Deb.	99	10	4½-4½ pm	4½-4½ pm
Daily Sketch 4½% 1st Deb.	104	64	3½-3½ pm	3½-3½ pm
Dundee 3%	100	27	4½-4½ pm	4½-4½ pm
Earls Court Ord. 5/-	5/-	3/-	1½-1½ dis	1½-1½ dis
Do. 5½% 2nd Deb.	£100	£20	6½-4½ dis	6½-4½ dis
Green (J. W.) Ord. £1.	£1	...	56½-57½	56½-57½
Hamilton Taverns 4/-	4/-	...	22½-23½	22½-23½
Harding Tilton	5/-	2/6	1½-1½ pm	1½-1½ pm
Hills (R. H. O.) Ord. 5/-	21/-	10/-	10½-11½ pm	10½-11½ pm
Do. 6% Pref. £1	98	18	1½-1½ pm	1½-1½ pm
India 3%, 1949-52.	104	24	2½-3½ pm	2½-3½ pm
Kelly's Directories 4% Deb.	104	24	2½-3½ pm	2½-3½ pm
Lanarkshire Steel 6% Pref.	20/-	...	21½-21½ dis	21½-21½ dis
Leeds 3% Stock	99½	19½	1½-1½ pm	1½-1½ pm
Leeds and Wakefield Breweries 6% Pref. 20/-	24/6	10/6	6d dis-par	6d dis-par
Lewis (John) Properties 4½% Pref.	20/6	10/6	1½-1½ dis	1½-1½ dis
Do. 3½% Deb.	96	31	2½-1½ dis	2½-1½ dis
Liverpool 3%	99½	59½	1½-1½ pm	1½-1½ pm
London County Freehold Properties 20/-	97	17	1½-1½ pm	1½-1½ pm
London Electric Transport 2½% Deb.	98	18½	1½-1½ pm	1½-1½ pm
Lowestoft 3%	96	6/6	7½-7/9	7½-7/9
Mann and Overton Ord. 5/-	20/-	20/-	19½-20/3	19½-20/3
Do. 6% Pref. £1	98½	21/-	1½-1½ pm	1½-1½ pm
New Zealand 3%	101	51	1½-1½ pm	1½-1½ pm
Odhams (Watford) 5½% Pref.	100	45	1½-1½ pm	1½-1½ pm
Ribblecliffe Cement 4% Deb.	5/-	...	8/9-9/3	8/9-9/3
Trinidad 3% Stk.	100	45	1½-1½ pm	1½-1½ pm
Ultra Electric (Holding) 5/-	100	25	par-1½ pm	par-1½ pm
West Bromwich 3%	7/-	4/6	1½-1½ pm	1½-1½ pm
Westland Aircraft 5/-	100	50	1½-1½ dis	1½-1½ dis
W. Lon. Prop. 4% Deb.	5/-	5/-	4/9-5/3x	4/9-5/3x
W. Spaarwater 5/-	...	...	...	...

BY TENDER

South Essex Waterworks.—Issue of £150,000 ordinary 5 per cent. maximum stock at a minimum price of £125 per cent. Dividend on present issue covered with estimated surplus of £7,025. Undivided profit, £88,450. Supplies 160 square miles. Total consumers 122,700. Tenders close September 11th at 11 a.m.

FORTHCOMING ISSUE

International Rubber Powder Company.—A public issue of capital is expected to be made by this company.

RESULTS OF ISSUES

Federal Farm Mortgage Corporation.—Tenders for the United States Treasury's offering of \$100,000,000 (£20,000,000) Federal Farm Mortgage Corporation 1½ per cent. four-year bonds totalled only \$85,295,000 (£17,059,000). The average price was approximately 99 per cent. Both principal and interest are guaranteed by the Government.

Basle City 4 per Cent. Loan.—It is stated that the public subscribed less than one-half of the sum required.

AMERICAN RAILROADS
MONTHLY GROSS AND NET RECEIPTS

Company	Month	Ending	Description	Receipts for Month Ended June 30, 1935, compared with Month of June 1934	Aggregate Six Months 1935 compared with Six Months 1934
Atlantic Coast Line	6	June 30	Gross	3,062,890	22,093,860
			Net	18,053	1,696,127
Atchafalaya	6	June 30	Gross	10,781,261	61,623,627
			Net	999,951	4,728,250
Baltimore and Ohio	6	June 30	Gross	12,131,850	68,996,170
			Net	2,383,073	14,308,181
Boston & Maine	6	June 30	Gross	3,672,691	21,825,267
			Net	602,817	2,965,014
Central of New Jersey	6	June 30	Gross	2,690,515	14,801,249
			Net	826,673	3,973,679
Chesapeake and Ohio	6	June 30	Gross	10,220,731	54,396,076
			Net	4,939,660	23,117,276
Chicago and N. Western	6	June 30	Gross	6,516,054	35,386,728
			Net	Dr. 392,493	275,273
Chicago, Burlington and Great Lakes	6	June 30	Gross	6,097,434	36,667,754
			Net	1,685,467	9,422,990
Chicago, Rock Island and St. Paul	6	June 30	Gross	1,880,680	7,188,755
			Net	9,947	47,519
Delaware and Hudson	6	June 30	Gross	7,064,171	41,392,336
			Net	Dr. 1,026,467	1,103,604
Delaware, Lackawanna and Western	6	June 30	Gross	5,195,975	28,770,702
			Net	Dr. 369,025	1,024,343
Denver & Rio Grande W.	6	June 30	Gross	2,082,879	11,840,669
			Net	275,983	1,237,851
Erie Railroad	6	June 30	Gross	3,826,912	22,811,651
			Net	298,971	2,317,572
Great Northern	6	June 30	Gross	1,453,506	8,779,588
			Net	Dr. 124,493	233,268
Illinois Central	6	June 30	Gross	6,384,741	36,338,944
			Net	1,190,768	5,984,336
International Gt. Northern	6	June 30	Gross	6,308,246	32,095,046
			Net	1,839,474	5,788,248
Lehigh Valley	6	June 30	Gross	7,902,858	46,883,759
			Net	945,500	5,151,398
Long Island Railroad	6	June 30	Gross	927,271	5,697,452
			Net	95,593	1,048,060
Louisville and Nashville	6	June 30	Gross	3,600,809	20,767,248
			Net	631,828	3,133,315
Min. St. Paul and Sault	6	June 30	Gross	2,131,047	11,527,103
			Net	639,837	2,262,786
Missouri, Kansas & Texas	6	June 30	Gross	6,054,621	36,333,832
			Net	1,489,862	8,197,275
Missouri Pacific	6	June 30	Gross	2,008,187	10,352,343
			Net	92,879	75,058
N. York, N. England and Hartford	6	June 30	Gross	2,096,665	12,092,025
			Net	Dr. 122,461	2,704,736
Norfolk and Western	6	June 30	Gross	5,718,557	34,636,416
			Net	7,748	1,492,645
Northern Pacific	6	June 30	Gross	25,065,411	150,525,322
			Net	2,576,101	15,660,858
Pennsylvania Railroad	6	June 30	Gross	5,867,566	28,874,670
			Net	817,537	3,291,675
Reading Co.	6	June 30	Gross	6,429,129	36,469,258
			Net	2,360,631	10,826,378
Seaboard Air Line	6	June 30	Gross	3,733,186	22,795,113
			Net	Dr. 206,096	25,308
Southern Pacific	6	June 30	Gross	31,676,595	178,853,949
			Net	6,105,599	32,656,018
Southern Railway	6	June 30	Gross	4,715,955	26,665,078
			Net	1,330,250	6,151,218
St. Louis-San Francisco	6	June 30	Gross	2,523,842	18,081,008
			Net	138,300	3,896,477
Texas & Pacific	6	June 30	Gross	13,274,237	75,653,497
			Net	1,337,783	6,903,591
Union Pacific	6	June 30	Gross	6,428,885	32,982,486
			Net	700,033	4,590,534
Wabash	6	June 30	Gross	3,268,449	19,346,166
			Net	Dr. 280,378	630,197
			Gross	1,924,237	10,979,948
			Net	371,800	1,936,725
			Gross	9,397,843	56,111,249
			Net	457,591	4,050,673
			Gross	3,113,830	20,304,230
			Net	48,270	2,227,134

† Net operating income.

OIL OUTPUTS

BRITISH CONTROLLED OILFIELDS, LTD.—Production for week ended August 24th: Venezuela, 15,673 barrels; Trinidad, 33,365 barrels; total, 49,038 barrels. Production for week ended August 31st: Venezuela, 15,871 barrels; Trinidad, 32,058 barrels; total, 47,929 barrels.

TRANSVAAL AUGUST, 1935, OUTPUTS, &c.

Note.—Value of gold calculated at £7 0s. 0d. per ounce in all cases.

The Johnnies Group	Tons milled, August, 1935	Estimated Value, August, 1935	Estimated Costs per ton, August, 1935	Estimated Profit, including Sundry Revenue August, 1935	July, 1935 Profit at £7 0/6 per fine ounce
		Gross	Per ton		
Government Areas (Modderfontein)	221,000	£ 514,484	s. d. 46 7	s. d. 17 1	£ 329,118
Langlaagte Estate	98,000	113,158	23 1	17 2	30,023
New State Areas	125,000	270,822	43 4	17 11	160,190
Randfontein Estates	372,000	447,532	24 1	17 1	133,221
Van Ryn Deep	104,000	141,341	27 2	18 0	48,184
Witwatersrand	85,000	92,517	21 9	18 10	13,437
Totals	1,005,000	1,579,654	...	17 5	714,173

Anglo-American Corporation Group	Tons Milled, August, 1935	Total Revenue, August, 1935	Working Costs, August, 1935	Profit, June, 1935	Profit, July, 1935	Profit, August, 1935
			Per ton			
Brakpan Mines	132,000	£ 240,105	s. d. 20 2-4	£ 106,634	£ 109,889	£ 106,782
Daggafontein Mines, Ltd.	122,500	248,470	19 9-01	126,549	127,081	127,494
Springs Mines, Ltd.	114,000	262,625	19 9-93	149,085	149,494	149,609
West Springs, Ltd.	102,500	111,949	14 10-83	31,487	34,948	35,574

The Central Mining Company Rand Mines Group	Tons Crushed, August, 1935	Yield in Fine Gold Ounces, August, 1935	Value, August, 1935	Profit, August, 1935	Working Cost per ton August, 1935
City Deep, Ltd.	106,000	20,511	£ 143,770	£ 23,752	s. d. 22 7-7
Consolidated Main Reef Mines and Estate, Ltd.	131,000	26,901	187,951	50,541	20 11-7
Crown Mines, Ltd.	352,000	83,529	585,444	268,201	18 0-3
Durban Roodepoort Deep, Ltd.	54,000	12,476	87,425	19,086	25 3-7
East Rand Proprietary Mines, Ltd.	201,000	44,128	309,416	96,374	21 2-4
Geldenhuis Deep, Ltd.	85,500	12,371	86,368	14,040	16 11-0
Modderfontein B. Gold Mines, Ltd.	91,000	15,712	109,573	46,285	13 11-0
Modderfontein East, Ltd.	102,000	21,841	153,050	54,463	19 4-0
New Modderfontein Gold Mining Co., Ltd.	195,000	45,843	321,544	185,862	13 11-0
Nourse Mines, Ltd.	80,000	17,267	71,037	29,698	22 10-0
Rose Deep, Ltd.	69,000	10,809	125,803	11,672	18 10-3

General Mining Group	Tons Milled, August, 1935	Total Revenue, August, 1935	Estimated Costs per ton, August, 1935	Profit, June, 1935	Profit, July, 1935	Profit, August, 1935
Van Ryn Gold Mines	62,000	£ 65,217	s. d. 16 7	£ 24,187	£ 14,143	£ 14,150
West Rand Consolidated	164,000	213,891	15 7	90,060	90,013	88,011

(s) Profit includes £10,500 in respect of farm and other estate revenue for the financial year to June 30, 1935.

Goldfields Group	Tons crushed, August, 1935	Yield, August, 1935	Value, August, 1935	Profit, July, 1935	Profit, August, 1935	Working Cost per ton August, 1935
Simmer and Jack Mines	92,100	22,578	£ 157,324	£ 46,006	£ 45,009	s. d. 24 6-1
Robinson Deep	103,500	25,882	181,036	76,415	76,630	20 2-1
Sub Nigel	54,000	41,524	290,670	198,304	200,202	33 6-1

Union Corporation Group	Tons crushed, August, 1935	Yield, August, 1935	Value, August, 1935	Profit, June, 1935	Profit, July, 1935	Profit, August, 1935
East Geduld Mines	103,800	31,652	£ 221,553	£ 125,596	£ 132,072	£ 127,248
Geduld Proprietary Mines	100,500	28,078	197,888	123,299	124,857	125,328
Modderfontein Deep Levels	49,800	12,822	89,996	54,401	52,873	50,387

Other Companies	Tons Milled, August, 1935	Total Revenue, August, 1935	Working Costs, per ton, August, 1935	Profit, June, 1935	Profit, July, 1935	Profit, August, 1935
Glynn's Lydenburg	46,500	£ 68,933	s. d. 21 2	£ 5,031	£ 5,224	£ 5,224
Luipaards Vlei Estate	8,500	18,095	30 3-4	21,744	22,186	20,902
New Kleinfontein Co.	58,100	74,350	20 2-8	12,181	13,639	15,577
Transvaal Gold Mining	22,800	29,581	21 2-4	5,678	5,146	5,412
Witwatersrand Deep	54,500	73,585	...	14,073	...	14,334

COMPANY MEETINGS, &c.

PALESTINE ELECTRIC CORPORATION, LIMITED

MANY NEW CENTRES CONNECTED

The twelfth ordinary general meeting of The Palestine Electric Corporation, Limited (Incorporated in Palestine), was held, on the 5th instant, at the Offices, 3 Bedford Square, London.

The Most Honourable the Marquess of Reading, P.C., G.C.B., G.C.S.I. (chairman of the company), presided, and, in moving the adoption of the report said that the results of the company's operations for the twelve months of 1934 had proved satisfactory in all respects. During the year they had connected 13,463 additional consumers, and their sale of energy had increased by over 70 per cent. The net profit for the year being £165,511. Adding £34,051 carried forward from last year, they obtained the amount of £199,562 shown in the balance sheet. The board proposed to set aside £70,000 to general reserve, bringing this reserve up to £100,000, and a further £25,000 for British income tax and other contingencies. They recommended a dividend for the year 1934 on the ordinary shares of the corporation of 7½ per cent., free of British income tax.

The capital expenditure for the year was £392,161, of which £223,387 was in respect of the New Haifa Power Station, £12,473 on the second circuit of the 66,000-volt transmission line from Haifa to Tel-Aviv, £80,584 on high tension transmission lines, £31,002 on low tension distribution lines, £13,117 on various civil engineering works in connection with the Jordan hydro-electric development, £15,055 on plant and equipment, mainly in respect of the extension of the Tel-Aviv transformer station, £16,264 on meters and £279 on various small works.

The directors had continued their policy of extension of supply, and many new centres were now connected to their system of distribution. The new Haifa power house was now completed, and both the 6,000- and the 12,000-kw. turbo-generators had been in commercial operation for some time. The present total generating capacity of all the power stations belonging to the corporation amounted to 41,275 kw.

FURTHER EXTENSIONS

In order to cope with the demand for energy, they were compelled to carry out further extensions, and one additional turbo-generator of 12,000 kw. capacity, together with the necessary boiler plant, transformer and switchgear was now on order for the new Haifa power house. Material was also on order for a second 66,000-volt transmission line from the first Jordan power house to Tel-Aviv, as the existing line would soon become inadequate for carrying the growing load. Surveys were being carried out at present for the purpose of examining and preparing projects for and estimates of further hydro-electric development between Lake Huleh, in the upper reaches of the Jordan, and Lake Tiberias.

Their rates for electrical energy were reduced very considerably in January, 1932. Since then further revisions had been made from time to time, the last reduction having been introduced as from July 1st last. It was the policy of the directors, in the interests of the consumers and of the economic development of the country as a whole, to keep the rates as low as possible, and further reductions in the rates would be introduced as and when conditions might make it possible.

The capital of the corporation had been reconstructed since their last meeting. Issues had been made of the 600,000 "A" ordinary shares at 25s. per share, and of the 600,000 redeemable cumulative preference shares at par. The main object of the issue of new capital was the provision of funds for the redemption of the then outstanding debentures and debenture stock, for construction of the new Haifa power house and for extensions of the transmissions and distribution lines. The issue of the preference shares to the public met with remarkable response, the issue having been oversubscribed thirty-two times.

The development of Palestine in practically every field of economic activity had been extraordinary during the past few years, and in this development electricity had played a leading part. The demand for electricity and the gross revenue of the corporation had continued to increase during the present year. The expansion of their works had necessitated the increase of their staff in practically every department of their organisation, and it gave him much pleasure to record their great appreciation of the loyal and efficient service rendered by their officers and employees in all departments.

The Rt. Hon. Lord Hirst of Witton seconded the motion, which was unanimously approved.

CITY OF SAN PAULO IMPROVEMENTS AND FREEHOLD LAND COMPANY, LIMITED

BETTER CONDITIONS

The chairman, Mr Herbert Guedalla, F.C.A., presided at the twenty-third ordinary general meeting held, on the 5th instant, at River Plate House, London, and in dealing with the balance sheet emphasised that the assets and liabilities in Brazil had been taken at the fixed exchange of 6d. per milreis. There had been a pleasing increase in the sales of all properties, particularly of Jardim America, which was now nearly all disposed of. Attention was being paid to Pacaembu, where it was proposed to build a stadium to seat 40,000 spectators, and negotiations to this end with the San Paulo Municipality were progressing. Profits showed a material increase, and the selling prices, taken at 6d. per milreis, continued well above the valuation in the balance sheet. Both of the subsidiary companies had made small profits, which had been carried forward.

Some remittances had been received, but at the present time there was great difficulty in effecting transfers of funds. Conditions in San Paulo showed a continuing improvement. The population was growing and cost of living had not much increased. Brazil was rich and self-supporting, but the balance of trade in her favour had decreased by reason of large imports early in 1935. This state of affairs no doubt affected exchange, and it was understood that measures were being taken to control the situation. He thought that such measures would be supported by Brazil's foreign creditors. Another factor in the milreis problem was the deficiency on the Brazilian Budget. Unless remedied, that must affect the buying power of the milreis and economic position of the country. The directors had to consider whether it was wise to turn land into debtors in currency, which might depreciate, but on the other hand they must earn enough revenue to cover outgoings, obligations to debenture holders, etc. The directors had decided that at present the question of exchange could not be dealt with in the balance sheet. The large amount of debtors was payable over a long period of years. Prices of certain estates had been raised, and examination was being made of the position in order to establish values which would perhaps compensate for the drop in value of the milreis.

The report and accounts were adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended August 31, 1935, amounted to £7,910,000, against ordinary expenditure of £10,366,211. After allowing for a decrease in Exchequer Balances of £417,211, the operations for the week, as shown below, increased the gross National Debt by £2,040,000 to approximately £8,104 millions.* (000's omitted)

Public Dept. Advances	+ 3,300	Treasury Bills	- 835
		National Savings Certificates	- 50
		P.O. & Telegraph Cap. Expenditure	- 25
		British Shipping Assistance	- 35
	+ 3,300		- 1,260

* Including £375 millions on Account of Exchange Equalisation Fund and Borrowing or Statutory Sinking Fund.

A complete analysis of the approximate position of the National Debt on June 30, 1935, appeared in the *Economist* for July 6.

REVENUE	Estimate for the year 1935-36	April 1, 1935, to Aug. 31, 1935	April 1, 1934, to Sept. 1, 1934	Week ended Aug. 31, 1935	Week ended Sept. 1, 1934
ORDINARY REVENUE					
Inland Revenue—					
Income Tax	£ 232,500,000	48,404,000	47,339,000	2,557,000	3,

REVENUE	Estimate for the year 1935-36	Total Receipts into the Exchequer				
		April 1, 1935, to Aug. 31, 1935	April 1, 1934, to Sept. 1, 1934	Week ended Aug. 31, 1935	Week ended Sept. 1, 1934	
SELF-BALANCING REVENUE	£	£	£	£	£	
Post Office	64,070,000	24,300,000	22,350,000	1,750,000	1,400,000	
Motor Vehicle Duties apportioned to Road Fund	26,230,000	6,580,000	7,737,000	400,000	...	
Total Self-Balancing Revenue	90,300,000	30,880,000	30,087,000	2,150,000	1,400,000	
Total	...	275,143,208	267,092,278	10,060,000	9,988,865	

EXPENDITURE	Estimate for the year 1935-36	Total Issues out of the Exchequer to meet Payments				
		April 1, 1935, to Aug. 31, 1935	April 1, 1934, to Sept. 1, 1934	Week ended Aug. 31, 1935	Week ended Sept. 1, 1934	
ORDINARY EXPENDITURE	£	£	£	£	£	
Interest and Management of National Debt	224,000,000	95,318,401	103,898,359	266,261	7,682,858	
Payments to Northern Ireland Exchequer	6,750,000	2,073,536	2,254,425	230,393	...	
Other Consolidated Fund Services	3,700,000	1,252,085	1,033,105	26,259	14,897	
Post Office Fund	1,130,000	...	...	...	...	
Total	235,580,000	98,644,022	107,185,889	522,913	7,707,755	
Total Supply Services (excluding Post Office)	508,440,000	195,011,098	180,038,319	9,843,298	8,423,169	
Total Ordinary Expenditure	744,020,000	293,655,120	287,224,208	10,366,211	16,130,924	
SELF-BALANCING EXPENDITURE	£	£	£	£	£	
Post Office	64,070,000	24,300,000	22,350,000	1,750,000	1,400,000	
Road Fund	26,230,000	6,580,000	7,737,000	400,000	...	
Total Self-Balancing Expenditure	90,300,000	30,880,000	30,087,000	2,150,000	1,400,000	
Total	...	324,535,120	317,311,208	12,516,211	17,530,924	

The aggregate revenue and expenditure to August 31, 1935, is shown below:—

FINANCIAL YEAR, 1935-36, APRIL 1, 1935, TO AUGUST 31, 1935 (000's omitted)	
Revenue	244,263
Gross increase in borrowing £51,600	
Less	
New Sinking Fund	2,458*
Net borrowing	49,142
293,655	293,655

* Authority will be sought in the Finance Bills to meet the amount of the Statutory Sinking Funds in 1935 by borrowing.

POSITION OF THE FLOATING DEBT

	Sept. 1, '34	Mar. 31, '35	Aug. 31, '35	Aug. 31, '35
Ways and Means Advances Outstanding—	£	£	£	£
Advances by Bank of England	...	...	...	...
Advances by Public Departments	50,450,000	34,060,000	19,700,000	+ 3,300,000
Treasury Bills outstanding	817,735,000	799,320,000	878,510,000*	835,000

Total Floating Debt

* Includes £3,000, the proceeds of which were not carried to the Exchequer within the period of the Account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £45,000,000 Treasury bills were opened on August 30, 1935, and the total amount applied for was £65,955,000. Tenders were accepted for Treasury bills at three months dated Monday to Saturday at 99 1/8s. 11d., about 51 per cent., and above in full. The average rate per cent. was 12s. 1.73d. The amount allotted was £45,000,000. The following table shows the weekly record at various dates:—

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
January 8 1933	£ 45,000,000	73,830,000	45,000,000	10 10-84
July 7	45,000,000	83,890,000	42,000,000	0 10 4-85
October 6	45,000,000	100,450,000	45,000,000	0 12 9-98
January 5 1934	35,000,000	76,280,000	30,000,000	0 18 11-5
April 6	40,000,000	80,390,000	38,000,000	0 17 9-01
July 6	35,000,000	82,745,000	32,000,000	0 16 4-14
October 5	35,000,000	65,280,000	31,510,000	0 15 9-702
January 4 1935	30,000,000	49,580,000	27,500,000	0 6 1-64
July 5	40,000,000	76,095,000	40,000,000	0 10 2-93
August 16	40,000,000	60,905,000	40,000,000	0 12 4-32
July 28	40,000,000	58,800,000	40,000,000	0 10 9-77
August 2	40,000,000	61,270,000	40,000,000	0 11 9-13
August 9	40,000,000	60,805,000	40,000,000	0 11 9-37
August 16	40,000,000	56,110,000	40,000,000	0 11 1-94
August 23	40,000,000	60,525,000	40,000,000	0 11 4-93
August 30	45,000,000	65,955,000	45,000,000	0 12 1-73

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended August 10, 1935	457,985	£ 343,489
Week ended August 17, 1935	558,648	418,986
February, 1916, to August 17, 1935	1,234,377,276	972,220,796

At the end of July, 1935, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £392,278,349.

The OCEAN

Accident & Guarantee Corporation, Limited

Head Office : 36-44 Moorgate, London, E.C.

FOR ALL CLASSES OF INSURANCE

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, September 4, 1935

ISSUE DEPARTMENT		Government Debt	
Notes Issued:—			
In Circulation	401,622,167	Other Government Securities	11,015,100
In Banking Department	51,732,607	Other Securities	246,805,035
		Discounts and Advances	841,522
		Silver Coin	1,538,343
		Amount of Fiduciary Issue	260,000,000
		Gold Coin and Bullion	193,354,774
		453,354,774	453,354,774

BANKING DEPARTMENT

Proprietors' Capital	14,553,000	Government Securities	83,414,999
Reserve	3,707,403	Other Securities	246,805,035
Public Deposits	5,860,025	Discounts and Advances	841,522
Other Deposits:—		Securities	12,840,988
Bankers'	£100,062,601		26,921,501
Other Accounts	£38,646,382		51,732,607
	138,708,983		760,304
	162,829,411		162,829,411

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

Both Departments	Amount, Sept. 4, 1935	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	401,622,167	+ 2,057,520	+ 20,338,590
Public deposits	5,860,025	+ 3,499,683	+ 23,775,026
Bankers' deposits	100,062,601	+ 3,127,503	+ 11,115,684
Other deposits	38,646,382	+ 2,192,542	+ 1,715,944
Seven-day bills	546,191,175	+ 3,877,882	+ 9,390,122
Total outside liabilities	18,260,403	+ 20,000	+ 5,143
Capital and rest	341,035,134	+ 2,139,637	+ 458,842
Government debt and securities	14,080,503	+ 1,145,916	+ 7,145,323
Discounts and advances	13,682,520	+ 580,449	+ 2,640,899
Other securities	1,538,343	+ 363	+ 1,720,830
Silver coin in issue department	194,115,078	+ 31,517	+ 1,786,815
Coin and bullion (bank's reserves)	52,492,911	+ 2,026,003	+ 18,551,975
Reserves of notes and coin in banking department			
(a) Banking Department only ("proportion")	36-3%	+ 1-8%	+ 9-3%
(b) Gold stocks to deposits and notes ("reserve ratio")	35-5%	+ 0-3%	+ 0-3%

(000's omitted)

Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits		
1935							
Aug. 7	452,774	411,838	17,240	82,682	37,845	Nil	209
" 14	452,774	405,546	16,718	86,275	37,021	Nil	209
" 21	453,252	400,440	15,902	93,898	36,900	477 in	209
" 28	453,355	399,565	9,360	96,935	36,454	103 in	209
Sept. 4	453,355	401,622	5,860	100,063	38,646	Nil	209

(000's omitted)

Date	Issue Department		Both Depts.		Banking Department			Reserve and the "Proportion"
	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio	Govt. Securities	Dis-counts & Advances	Other Securities		
1935								
Aug. 7	257,909	544	193,344	35 1/2	87,201	14,078	13,115	41,508
" 14	257,934	527	193,370	35 1/2	82,045	15,171	13,154	47,824
" 21	257,732	729	193,909	35 1/2	83,490	12,952	15,002	53,499
" 28	257,820	842	194,084	35 1/2	81,275	12,935	12,281	64,519
Sept. 4	257,620	842	194,115	35 1/2	83,415	14,051	12,841	62,483

BANKERS' CLEARING RETURNS

LONDON

(000's omitted)

	Town	Metropolitan	Country	Total
1935				
January 1 to August 21	20,993,365	1,217,983	2,057,784	24,269,132
Week ended August 28	525,261	29,032	49,717	604,010
Week ended September 4	623,280	34,247	57,163	714,690
Total to date, 1935	22,141,906	1,281,262	2,164,664	25,587,832
Total to date, 1934	20,651,305	1,190,466	2,006,209	23,847,980
Increase or decrease in 1935	+1,490,601	+ 90,796	+ 158,455	+1,739,852
	= 7-2%	= 7-6%	= 7-9%	= 7-3%
Total for year 1934	30,740,117	1,759,528	2,934,512	35,434,157
Total for year 1935	27,714,489	1,656,675	2,766,471	32,137,636
Increase or decrease in 1934	+3,025,637	+ 102,853	+ 218,041	+3,346,531
	= 10-8%	= 6-2%	= 7-8%	= 10-4%

PROVINCIAL

(000's omitted)

No. of working days:	Week ended August 31		Month of August			Aggregate Totals January 1 to August 31	
	1934	1935	1934	1935	Inc. or Dec.	1934	1935
BIRMINGHAM	1,825	1,995	8,012	9,207	+14-9	79,623	82,247
BRADFORD	769	806	2,934	3,422	+16-6	30,965	30,248
BRISTOL	1,046	1,114	4,834	4,914	+1-6	39,828	39,603
DUBLIN	4,907	5,161	...	...	...	179,042	183,511
HULL	619	651	2,964	3,218	+ 8-5	25,175	25,463
LEEDS	791	838	3,557	3,594	+ 1-0	32,454	31,441
LEICESTER	454	503	2,084	2,505	+20-2	207,743	199,226
LIVERPOOL	5,067	4,864	24,727	24,791	+ 0-2	332,032	335,195
MANCHESTER	8,307	7,871	36,825	37,798	+ 2-6	51,741	46,399
NEWCASTLE	1,299	1,332	5,891	5,075	-13-8	15,233	16,328
NOTTINGHAM	321	347	1,671	2,011	+20-3	28,620	29,025
SHEFFIELD	629	612	3,356	3,715	+10-6	...	...
	26,034	25,594	96,855	100,250	+ 3-5	1,044,212	1,041,377

* Restricted area from April 1, 1935. † Extended area from November 26, 1934.

OVERSEAS BANK RETURNS

NOTE.—The latest return of the Bank of International Settlements, Denmark, in August 10, Lithuania in August 24, Canada, Netherlands, Estonia, Egypt, Austria, Czechoslovakia, Jugoslavia, Latvia and Poland in August 31.

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

	Sept. 5, 1934	Aug. 15, 1935	Aug. 22, 1935	Aug. 29, 1935	Sept. 5, 1935
Resources					
Gold Certificates on hand and due from the Treasury	4,960,080	6,365,770	6,441,510	6,482,230	6,481,630
Total reserves	5,193,080	6,624,280	6,689,850	6,729,760	6,708,080
Total cash reserves	208,110	238,990	227,650	227,120	206,400
Total bills discounted	23,640	6,150	7,110	9,410	10,710
Bills bought in open market	5,220	4,690	4,690	4,680	4,680
Total bills on hand	28,860	10,840	11,800	14,090	15,390
Industrial advances	...	29,150	29,280	29,450	29,490
Total U.S. Govt. securities	2,431,810	2,430,200	2,430,240	2,430,330	2,430,210
Total bills and securities	2,461,940	2,470,200	2,471,320	2,473,870	2,475,040
Total resources	8,233,500	9,739,790	9,755,110	9,765,050	9,792,090
LIABILITIES					
Federal Reserve notes in actual circulation	3,149,660	3,321,030	3,340,980	3,352,060	3,413,930
Aggregate of excess member- bank reserves over requirements	...	...	...	2,780,000	2,670,000
Federal Reserve Bank notes in circulation	31,430	...	...	...	...
Deposits — Memberbank— reserve account	3,907,170	5,254,280	5,291,500	5,346,440	5,228,150
Government deposits	162,990	33,800	53,720	49,880	...
Total deposits	4,273,050	5,538,760	5,575,180	5,806,660	5,593,850
Capital paid in and surplus	284,940	314,180	314,240	319,250	312,380
Total liabilities	8,233,500	9,739,790	9,755,110	9,765,050	9,792,090
Ratio of total reserves to deposit and Federal Reserve note liabilities combined	70.0%	74.8%	75.0%	75.1%	75.0%

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

Assets	Sept. 1, 1934	Aug. 3, 1935	Aug. 10, 1935	Aug. 17, 1935	Aug. 24, 1935	Aug. 31, 1935
Gold	113,480	112,030	111,890	111,140	108,170	108,770
Silver	28,513					
Discounts, advances, and other investments	73,060	78,400	77,510	77,580	75,780	78,580
Foreign bills	1,130	1,850	1,310	1,970	1,830	2,300
Other assets	11,510	12,280	11,390	11,470	11,170	10,620
LIABILITIES						
Notes in circulation	182,340	168,830	170,710	167,740	164,720	165,280
Deposits and bills payable	33,890	24,420	20,010	23,020	20,880	23,520

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

Assets	Aug. 31, 1934	July 31, 1935	Aug. 7, 1935	Aug. 15, 1935	Aug. 23, 1935	Aug. 31, 1935
Gold	1,734,508	1,289,327	1,300,923	1,318,720	1,339,042	1,366,088
Of which held abroad	142,838	154,349	165,095	181,720	200,187	206,831
Discounts	51,525	123,908	105,418	93,967	90,001	106,883
Bills of the Confederation						
Advances	11,875	52,905	51,545	50,345	50,095	49,845
Securities	74,663	95,063	93,511	88,600	90,770	89,442
LIABILITIES						
Notes in circulation	1,369,524	1,281,151	1,251,267	1,229,627	1,230,046	1,283,020
Deposits	519,155	306,582	313,973	341,896	346,178	337,614

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

Assets	Aug. 20, 1934	July 20, 1935	July 31, 1935	Aug. 10, 1935	Aug. 20, 1935
Gold coin and bullion	6,340,600	5,623,800	5,657,600	5,657,600	4,901,600
Foreign bills and balances abroad	37,000	381,400	355,400	362,200	430,000
Other cash	502,700	402,100	414,400	454,600	467,000
Gold deposited abroad by the State	1,772,800	1,772,800	1,772,800	1,772,800	1,772,800
Discounts	3,212,200	3,457,200	3,528,300	3,622,300	3,628,000
Advances	1,315,200	1,564,500	1,918,700	1,899,900	2,059,900
Credit with "Institute for Industrial Reconstruction"	1,075,700	949,200	949,200	846,700	846,700
Government securities	1,384,200	1,381,100	1,381,100	1,382,300	1,381,800
LIABILITIES					
Notes in circulation	13,023,500	13,266,500	13,856,200	13,841,500	13,707,500
Public deposits	978,700	309,000	407,200	187,900	514,500
Other deposits and drafts	1,322,300	905,300	929,400	818,600	965,900
Ratio of reserve to note and sight liabilities combined	43.54%	40.66%	37.21%	36.25%	35.61%

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

Assets	Aug. 23, 1934	July 31, 1935	Aug. 7, 1935	Aug. 15, 1935	Aug. 23, 1935
Gold reserve	27,694	356,493	356,638	356,706	357,911
Government securities—Swedish	176,062	108,639	108,639	108,639	78,639
Foreign	46,559	48,915	48,915	48,915	49,616
Other Swedish bonds quoted on foreign bourses	...	...	...	4,344	4,344
Gold abroad not included in the gold reserve	94,465	8,750	8,398	8,292	8,019
Bills payable abroad	351,560	423,209	423,204	423,222	423,347
Balance abroad	72,638	150,150	146,288	146,545	145,891
Advances	27,475	34,760	34,971	33,182	33,647
LIABILITIES					
Notes in circulation	568,162	685,471	661,496	680,210	645,603
Government deposits	157,914	173,904	173,503	178,235	171,782
Private deposits	363,699	291,173	313,527	302,137	290,144

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

Assets	Aug. 31, 1934	Aug. 7, 1935	Aug. 15, 1935	Aug. 22, 1935	Aug. 31, 1935
Coin and bullion—Gold	118,389	118,831	118,831	118,831	118,830
Balance abroad and foreign bills	7,548	24,622	23,422	23,508	24,292
Funds provisionally placed in gold not included in the gold reserve	16,379	66,178	66,288	66,288	66,288
Norwegian and Foreign Government securities	31,584	36,888	37,215	37,552	37,884
Discounts and loans	273,009	195,963	195,407	195,978	196,871
LIABILITIES					
Notes in circulation	321,346	326,470	324,887	324,824	330,472
Deposits at sight	59,475	71,946	74,953	73,186	72,859

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

Assets	Sept. 1, 1934	Aug. 3, 1935	Aug. 10, 1935	Aug. 17, 1935	Aug. 24, 1935	Aug. 31, 1935
Gold	2,264,726	2,269,345	2,269,334	2,269,387	2,269,430	2,269,430
Silver	684,209	702,645	699,126	698,727	702,302	703,389
Loans and Discounts	2,507,616	2,493,055	2,454,414	2,396,940	2,383,793	2,466,902
Spanish 4% stock	344,475	344,475	344,475	344,475	344,475	344,475
Advances to Treasury	150,000	150,000	150,000	150,000	150,000	150,000
LIABILITIES						
Notes in circulation	4,587,462	4,632,469	4,658,291	4,629,271	4,587,861	4,601,375
Deposits	960,468	889,551	890,111	923,768	926,366	913,774

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

Assets	Aug. 15, 1934	July 17, 1935	July 24, 1935	July 31, 1935	Aug. 7, 1935	Aug. 14, 1935
Gold	899,067	909,168	909,176	909,197	909,233	845,080
Advances	338,461	439,124	446,325	453,942	473,057	473,057
Discounts	313,821	320,216	319,868	324,062	323,565	330,133
Government loans	1,050,106	1,047,483	1,047,483	1,047,483	1,047,483	1,047,483
LIABILITIES						
Notes in circulation	1,894,308	2,036,599	2,047,108	2,115,670	2,102,595	2,109,334
Government deposits	380,606	386,393	400,202	427,869	459,077	471,921
Bankers' deposits	437,235	402,197	388,040	321,585	326,193	318,958
Other deposits	50,284	68,024	64,831	54,733	47,084	42,839
Foreign commitments	75,834	21,357	21,340	21,334	21,335	21,343

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

Assets	Aug. 23, 1934	July 31, 1935	Aug. 7, 1935	Aug. 15, 1935	Aug. 23, 1935
Metal reserve—Gold coin and bullion	78,932	78,936	78,936	78,936	78,936
Foreign Exchange	14,409	17,239	17,711	16,717	16,059
Token money	11,993	9,979	9,742	10,220	11,013
Inland bills, warrants and securities	536,412	502,889	491,109	488,961	495,298
Advances to Treasury	47,400	65,796	65,741	65,741	65,741
LIABILITIES					
Share capital (gold crowns 30,000,000*)	34,756	34,756	34,756	34,756	34,756
Notes in circulation	315,256	375,817	357,114	345,646	327,882
Current accounts, deposits, etc.	85,191	78,204	87,737	92,060	116,900
Cash certificates	117,722	109,065	109,065	109,065	109,065
Other liabilities	177,105	155,578	153,273	158,035	158,001

* Calculated at pre-war parity of exchange.

NATIONAL BANK OF ROUMANIA.—In lei (000's omitted)

Assets	July 21, 1934	June 30, 1935	July 6, 1935	July 13, 1935	July 20, 1935
Gold and gold exchange	10,136,736	10,653,224	10,662,230	10,667,319	10,677,291
Commercial bills	5,658,186	5,009,348	4,972,516	4,971,359	4,914,289
Agric. and urban advances	4,926,386	2,757,965	2,744,065	2,740,468	2,739,725
Treasury bills issued against losses on currency	...	4,540,138	4,558,701	4,563,055	4,572,428
State debt, advances to Treasury	5,668,269	5,644,552	5,644,552	5,644,552	5,644,552
LIABILITIES					
Notes in circulation	20,904,714	21,261,146	21,268,378	21,365,334	21,383,919
Other sight liabilities	7,421,946	8,624,596	8,921,364	8,877,302	8,851,276
Long-term liabilities	4,000,121	3,009,478	3,007,144	3,029,511	3,056,624

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

Assets	Aug. 15, 1934	July 23, 1935	July 31, 1935	Aug. 7, 1935	Aug. 15, 1935
Gold and silver holdings	1,546,675	1,582,875	1,582,875	1,582,875	1,582,875
Balances abroad and foreign currencies	116,634	220,376	198,030	206,875	154,286
Discounts and advances	1,034,566	889,432	881,144	876,891	887,069
Advances to the Treasury	2,782,525	2,697,817	2,697,817	2,697,817	2,697,817
LIABILITIES					
Reserves	500,000	1,259,245	1,258,802	1,258,782	1,258,126
Bank notes in circulation	2,659,742	2,073,628	2,133,178	2,155,899	2,157,339
Sight liabilities	1,670,273	2,036,911	2,014,986	2,002,643	1,966,435
Deposits	142,780	128,622	128,622	132,717	128,622

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

Assets	Aug. 23, 1934	July 31, 1935	Aug. 7, 1935	Aug. 15, 1935	Aug. 23, 1935
Gold and gold exchange	3,590,756	3,493,832	3,520,159	3,508,245	3,561,983
State Gold Bonds	638,542	575,035	567,169	567,169	567,169
Bills discounted	238,756	270,089	284,522	286,377	286,788
Advances	1,511,072	2,703,089	2,917,788	2,959,500	2,972,111
Debt to the State	2,714,111	2,714,111	2,714,111	2,714,111	2,714,111
LIABILITIES					
Notes in circulation	5,227,751	5,365,683	5,364,408	5,345,891	5,341,055
Deposits and current accounts	3,376,068	8,893,317	8,880,780	3,919,258	3,895,920
Foreign exchange liabilities	70,689	95,520	153,806	132,717	185,814

CENTRAL BANK OF TURKEY.—In ₺T (000's omitted)

Assets	Aug. 23, 1934	Aug. 3, 1935	Aug. 17, 1935	Aug. 24, 1935
Gold coin and bullion	18,753	22,698	22,935	22,979
Other coin and notes	20,592	17,256	18,125	20,934
Free foreign exchange	4,289	633	18,254	20,934
Treasury bonds	149,264	148,108	148,108	148,108
Bills	31,118	35,183	35,183	35,617
LIABILITIES				
Capital—Ordinary	15,000	15,000	15,000	15,000
Supplementary	149,264	148,108	148,108	148,108
Sight liabilities	8,688	10,000	10,000	10,000
Deposits at notice	34,049	27,161	28,140	29,617

BANK OF FINLAND.—In F. Marks (000's omitted)

Assets	Aug. 23, 1934	July 31, 1935	Aug. 7, 1935	Aug. 15, 1935	Aug. 23, 1935
Gold	322,610	324,780	324,780	324,780	324,780
Balance abroad and foreign bills	1,325,154	1,438,817	1,424,904	1,412,089	1,377,029
Finnish and Foreign bonds	421,242	435,218	435,095	439,618	438,513
Discounts and loans	839,736	783,261	779,985	766,821	765,678
LIABILITIES					
Notes in circulation	1,150,898	1,309,677	1,291,085	1,282,700	1,246,213
Deposits at notice	490,485	588,423	583,110	592,939	598,845

BANK OF DANTZIG.—In Danzig gulder (000's omitted)

Assets	Aug. 11, 1934	July 13, 1935	July 20, 1935	July 27, 1935	Aug. 3, 1935	Aug. 10, 1935	Aug. 17, 1935
Gold coin and bullion	457,634	483,817	484,494	485,462	485,977	486,891	486,891
Other coin and bullion	46,071	44,711	44,847	44,024	42,728	40,759	40,759
Discounts	603,887	556,155	560,380	563,285	562,831	564,864	564,864
Advances	85,675	128,189	129,132	130,551	131,046	130,111	130,111
Advances on foreign bills	130,183	29,975	29,975	31,309	101,153	120,870	120,870
Govt. bonds	453,005	416,341	416,341	416,341	416,341	416,341	416,341
LIABILITIES							
Notes in circulation	1,088,364	1,164,263	1,142,917	1,223,435	1,213,988	1,196,576	1,196,5

UNITED TURKEY RED.—Dividend on 4 per cent. first cumulative preference for half-year to June 30th, payable September 26th. Company is not to pay dividend on 5½ per cent. second cumulative preference or ordinary shares at this time. (Second preference dividend paid to end December, 1933.)

Current approximate quotations:—Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 6d.; best drys, 18s. 9d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams (washed), 13s. to 13s. 6d.; seconds, 12s. 6d. to 13s.; coking smalls, 13s. 6d. to 14s.; anthracite, best large, 36s. to 40s.; Red Vein, large, 22s.

BARCLAYS BANK
LIMITED

HEAD OFFICE: 54, Lombard St., London, E.C.3
and over 2,000 Branches in England and Wales

TRUSTEE DEPARTMENT

CHIEF OFFICE: 37, King William St., London, E.C.4

The Bank has power to act as EXECUTOR and TRUSTEE under Wills and Settlements, and as Trustee for Debenture Holders. A Pamphlet stating terms and conditions for transacting business may be obtained from the Manager of the Trustee Department, or from the Manager of any Branch of the Bank.

AGENTS IN CANADA:
BARCLAYS TRUST COMPANY OF CANADA
MONTREAL

to 27s.; machine-made cobbles, 35s. to 51s.; French nuts, 35s. to 51s.; stove nuts, 34s. to 49s.; rubbly culm, 11s. to 11s. 9d.; special foundry coke 37s. 6d. to 40s.; patent fuel (Crown), 21s.; pitwood, ex ship, French 24s. 6d.; Portuguese, 22s. 6d.

IRON AND STEEL

MIDDLESBROUGH.—Shipments of pig iron, manufactured iron and steel from the Tees during August amounted to 50,028 tons and of this quantity pig and manufactured iron exported was 4,620 tons and manufactured steel 26,831 tons. Large quantities of steel have gone to China, Denmark, India and South Africa. Shipments of pig iron to Scotland reached 5,010 tons, the position there having returned to normal after the holidays in July. The pig-iron market is more active, traders having now returned, and more inquiries are circulating. There are practically no stocks of pig iron and demand from foundries in this area and Scotland fully absorbs production. East Coast hematite pig iron is in good request by home users, but export business is quiet. It is reported that Italian buyers are again in the market, but business is not likely until satisfactory financial arrangements are made. Prices are firmly maintained on the basis of 67s. 6d. per ton delivered locally for No. 3 Cleveland foundry pig iron and 71s. per ton for No. 1 East Coast hematite.

Steel works in this area have made a good start after the holidays. Demand for finished and semi-finished steel is very heavy and specifications are coming in freely. In some cases, more steel furnaces have been lighted and rolling mills are working three shifts.

Heavy steel scrap is scarce, with prices firm at 52s. 6d. per ton delivered works here. Foreign ore is based on best Bilbao rubio at 17s. 6d. per ton c.i.f. Tees, whilst good Durham blast-furnace coke is nominal at 19s. per ton delivered furnaces.

SHEFFIELD.—The local steel and allied industries remain in a very strong position. An increased demand for steel, especially for naval shipbuilding, aircraft and automobile construction during the winter months is regarded as a certainty. Steel makers are showing their confidence in the future by placing contracts for ores for next year's deliveries. Makers of stainless steels are constantly being asked to deal with new applications of the material for industrial purposes. Basic steel furnaces, rolling mills and forges are well employed and are booking fresh business. Business in acid steel, which has been comparatively quiet, is improving. The bar-iron trade is none too brisk. The seasonal revival of demand for cutlery and plate is making its appearance and normal conditions henceforward are likely. Unemployment in the iron and steel trades is declining, but there are many colliers out of work.

GLASGOW.—Steelmakers in the West of Scotland find demand increasing from various consumers and plants are working to capacity. Output is being rapidly absorbed, order books are still well filled, and there is every prospect of continued activity. Makers of semis are also busy and supply a large proportion of the requirements of local consumers. At the tube works business is plentiful and full-time working general. Sheet makers are supplying large quantities of highly finished sheets for various manufacturing purposes in this country, and the bulk of their output is being utilised for home manufacturers. Export demand is slow to expand, but makers in this district are able to keep a considerable proportion of their plant regularly employed. Re-rollers of steel bars, etc., are working steadily.

CARDIFF.—There is a steady inquiry for tinplates, but demand for galvanised sheets continues unsatisfactory, although a slight improvement was reported on the Swansea Metal Exchange on Tuesday from one or two markets. Quotations for both products are unaltered, and steel bars are also unchanged at £5 5s. per ton. Exports of tinplates at Swansea last week totalled 71,580 boxes, compared with 40,200 boxes the previous week and 117,798 boxes in the corresponding week last year, but owing to the reduced outputs stocks totalled less than 50,000 boxes, as against nearly 102,000 boxes a year ago.

OTHER METALS

COPPER.—The market has been slightly easier this week—a development which was not unnatural in view of the recent rapid rise. But the international political situation may give grounds for a further hardening of quotations before very long. Supplies are at present more abundant than was anticipated when the restriction scheme came into operation. Northern Rhodesia, which was allotted a quota of 10,731 tons under the scheme, produced a record total of 12,750 tons in July, against 9,356 tons in June. United States exports in the same month again exceeded the quota by over 150 per cent., amounting to 21,978 short tons, against a quota of 8,000 short tons. Of this total, 5,887 tons were shipped to Japan, 5,034 tons to the United Kingdom and 4,288 tons to Italy. Production in Chile is also reported to be running at a record level. In this country, stocks in official warehouses reached the high level of 87,006 tons last week-end, an increase of 1,698 tons on the week. In the circumstances there is little immediate danger of any shortage of supplies. In the United States, deliveries reached the new high record of 124,600 tons in August, so that some falling off in high record is not improbable in the near future—especially in view of the fact that at least two-thirds of last month's deliveries were used to augment consumers' stocks.

Sales on the London Metal Exchange: 1,550 tons on Monday, against 3,600 tons last week; 1,625 tons on Tuesday, against 2,100 tons last week; 1,500 tons on Wednesday, against 3,500 tons last week. Domestic spot was quoted at 7-92½ cents per lb. in last week. New York on Wednesday, against 8-02½ cents a week ago and 7-72½ cents a month ago. Wednesday's official closing price for standard cash in London was £32 16s. 3d. to £32 17s. 6d., compared with £33 3s. 9d. to £33 5s. a week ago. Stocks of refined copper in

British official warehouses at the end of last week, at 75,572 tons, show an increase of 1,623 tons, while stocks of rough copper, at 11,434 tons, show an increase of 75 tons on the week.

LEAD AND SPELTER.—The tendency in both these markets has been somewhat irregular during the past week and the introduction of the new contract has obviously had little effect upon prices hitherto. Nevertheless, its adoption is regarded as a long step forward towards a healthier market situation. At one time during the past week, spelter was only 3s. 9d. cheaper than lead and it looked as though the price of the former might soon equal that of lead. Although the difference widened again later, it is probable that the price of spelter will move nearer to that of lead in the near future, especially if the expected Zinc Conference is held in the course of the next few weeks. According to the statistics of the Metallgesellschaft, world production of smelter zinc rose from 106,321 metric tons in June to 110,392 metric tons in July. The increase was mainly due to a rise in the output of Canada, Mexico and Belgium.

Sales of lead on the London Metal Exchange: 600 tons on Monday, against 500 tons last week; 800 tons on Tuesday, against 400 tons last week; 850 tons on Wednesday, against 800 tons last week. The New York quotation on Wednesday was 4-35 cents per lb., against 4-35 cents a week ago and 4-20 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £15 11s. 3d. per ton, compared with £16 a week ago.

Sales of spelter on the London Metal Exchange: 800 tons on Monday, against 900 tons last week; 200 tons on Tuesday, against 1,100 tons last week; 1,000 tons on Wednesday, against 1,025 tons last week. Wednesday's quotation in East St. Louis was 4-60 cents per lb., against 4-60 cents the week before and 4-50 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £14 18s. 9d. per ton, against £15 8s. 9d. last week.

TIN.—The market in tin has also had an easier tendency during the past few days. Interest at present centres upon next week's meeting of the International Tin Committee, for the quota for the fourth quarter of the year will be fixed at this meeting, and the decision reached will give a definite indication as to the future policy of the Committee. The first effects of the recent increase in production quotas are reflected in the August statistics. According to A. Strauss and Company, the supply rose from 6,486 tons in July to 9,160 tons in August. But since August also witnessed an increase in deliveries to 9,321 tons (against 7,404 tons in July) and a drop of 484 tons in the Straits carry-over, stocks declined by 645 tons to 14,218 tons. In view of the fact that the increase in the quota will be fully felt during the next few weeks, however, a rise in stocks is likely to take place during the current month. Meanwhile the American tinplate industry is rather less active, but Welsh tinplate makers are well employed. Price movements are likely to be small until after next week's meeting of the Committee, but if the present quota of 65 per cent. is maintained, some decline in quotations may be expected.

Sales of tin on the London Metal Exchange: 200 tons on Monday, against 130 tons last week; 231 tons on Tuesday, against 115 tons last week; 375 tons on Wednesday, against 90 tons last week. The New York quotation on Wednesday was 48-55 cents per lb., against 49-15 cents a week ago and 52-37½ cents a month ago. Wednesday's official closing quotation in London for standard cash was £219 10s. to £220 per ton, compared with £220 10s. to £221 last week. Stocks of tin in London and Liverpool at the end of last week totalled 1,325 tons, a decrease of 382 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted at £100 per ton. Nickel, for home and export, at £200 to £205 per ton, remains unchanged. Quicksilver, on the spot, was again quoted at £11 7s. 6d. to £11 10s. per flask of 76 lbs. Chinese antimony was quoted at £69 to £70 per ton ex warehouse, this price being unchanged on the week. Chinese wolfram for September-October shipment at 32s. to 33s. per unit c.i.f. remains unchanged. Platinum (refined) remains unchanged in price at £7 per ounce.

TEXTILES

COTTON.—Manchester.—Business has not shown any expansion, and buyers continued their policy of operating from hand to mouth. Uncertainty exists concerning the future price of raw cotton, and there has been nervousness with regard to the outcome of the deliberations at Geneva. Traders have been slow in recovering from the effects of the new scheme of the United States Government for controlling cotton supplies and prices. It is anticipated that raw cotton will now be more freely offered by growers, and exports from America are expected to increase. There is every probability of considerable hedge selling during the next month or two. On Monday next the Washington Government will publish further crop statistics, and it is generally believed that the production estimate will be over 12,000,000 bales, against 11,798,000 bales a month ago. In the futures market the difference between near and distant positions has been narrowed.

Business in piece goods has been generally unimportant. A certain amount of buying has taken place in light fabrics and fancies, but heavier styles continue to move off slowly. Numerous manufacturers are harassed by the absence of practicable demand for India and looms are running out of work, especially in the Blackburn district. Printed and dyed goods have been sold in moderate quantities for the Dominions, the Crown Colonies, South America and the Continent. Not more than necessary buying has taken place in home trade fabrics. In American yarns sales have increased somewhat, especially in coarse counts. Egyptian qualities remain quiet. There is much difference of opinion amongst

Egyptian spinners as to the details of a more permanent scheme to take the place of the "Gentleman's" Agreement which is now in force.

		1935				Corresponding Date	
		Aug. 14	Aug. 21	Aug. 28	Sept. 4	1933	1934
Raw Cotton—Mid. American	per lb.	6-44	6-58	6-29	6-04	5-34	7-09
Sakellaridis Fully Good Fair	per lb.	8-11	8-12	7-95	8-04	7-23	8-67
Yarns—32's twist	per lb.	10	10½	10	9½	9	10½
" 40's twist	per lb.	10½	10½	10	10	9½	10½
" 60's twist (Egyptian)	per lb.	15½	16	15½	15½	15½	17
32-in. Printers 116 yds., 16 by 16, 32's and 50's	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
36-in. Shirts, 75 yds., 19 by 19, 32's and 40's	17 3	17 4½	17 1½	17 0	16 3	19 6	
38-in. ditto, 88 yds., 18 by 16, 10 lb.	24 3	24 4½	24 1½	24 0	20 6	24 6	
39-in. ditto, 37½ yds., 16 by 15, 8½ lb.	10 4	10 4	10 3	10 2	10 3	11 3	
	9 2	9 3	9 2	9 1	9 1	10 1	

COTTON OVERLOOKERS' WAGES DISPUTE SETTLED.—There was some surprise in Manchester on Tuesday last when it was officially announced, that the threatened strike of loom overlookers in the weaving section of the Lancashire cotton industry had been averted by the employers conceding the demands of the trade union. At a meeting of representatives of the Cotton Spinners' and Manufacturers' Association and the Northern Counties Textile Trades Federation the manufacturers agreed to recommend to their members that overlookers' wages should be restored to the basis existing prior to July 15th, that is to the Uniform List, plus 67 per cent. This decision means that overlookers will not suffer any reduction in their earnings as a result of the changes in the wage rates of the weavers, which have been legalised under a new list. For the time being this development brings peace in the weaving section of the industry. But amongst the operatives there is considerable dissatisfaction at the cuts in wages in the new legalised list. Moreover, despite the fact that the new list only came into operation in the middle of July, the Weavers' Amalgamation has asked for a joint meeting with the Manufacturers' Association to discuss certain changes, and this joint conference has been arranged for Friday, September 13th. It is understood that the weaving employers are formulating plans for a general reduction in the wages of all work-people in the weaving sheds other than weavers, and if action is taken, overlookers will be included.

WOOL.—Bradford.—The event of the week, writes our correspondent, was the opening of a new selling season in Sydney, the eyes of the whole trade interested in the course of wool values being turned to that centre. Cables so far received clearly indicate a very strong market, for prices have advanced more than anticipated. Private cables indicate that while there is a difference of opinion as to the actual cost of tops, it is patent that warp 64's are going to cost 33½d. and average 64's 33d., with 70's ½d. to 1d. more. These prices exceed all expectations, and are being very largely dictated by Japan and the Continent. As a matter of fact, during the first two days of the current series, Japan secured about 50 per cent. of the offerings, and France and Germany bought bigger quantities than was anticipated. The home trade has been taken by surprise, and no firm is able to sell on to-day's cost basis. Home consumers expected to buy on a basis of about 25½-26d. clean Bradford for good average top-making wools, but good 64's wools are selling on a clean basis of about 28½d. and average 28d., with 60-64's pieces and bellies at 26d. Raw material prices have thus been carried to a point which is too high for home consumers. It would seem as if the activity in the wool textile world abroad is even more pronounced than it is in the West Riding of Yorkshire, and a very different feeling will have to inspire spinners and manufacturers at home before they can pay current prices for wool. However, prices seem to be rising, with merinos still leading.

The effect of the rise in prices upon consuming centres has been to improve the position of merinos in particular. Stocks are exceedingly low in consuming centres, and at one price or another several Bradford topmakers must cover forward sales. The home trade feels disposed at the moment to let foreign buyers go ahead, because prices ruling overseas to-day are substantially beyond what home spinners and manufacturers can pay, in the absence of an increase in the price of finished products. If current prices are going to last, this is bound to have a beneficial effect upon the course of crossbreds, for these are still relatively cheap. Probably the home trade will not do a great deal until London sales open on September 16th, when offerings are likely to be more than the majority expected. The whole position is an interesting one, and as far as we can see, the rise in wool prices was justified.

JUTE.—Dundee.—A slump in prices of Calcutta goods has been the principal feature of the jute trade in recent days. This has been brought about by the fact that the Indian Jute Mills' Association has now decided to unseal next February the remaining 5 per cent. of the 15 per cent. of their looms sealed up since 1931. On November 1st last year, the first quota of 2½ per cent. of these sealed looms were unsealed, another on May 1st, and another on August 6th, while, according to agreement still another 2½ per cent. will be unsealed on November 11th next. The decision to unseal the remaining 5 per cent. next February is the result of some dissatisfaction expressed by some members of the Association with the competition from mills outside the Association which have no restriction of hours or machinery.

Stocks of both hessians and heavy goods have shown a considerable increase. During August, stocks of hessians rose 11½ million yards to 104½ million yards, and saskings increased by 20 million yards to 176½ million yards. Trade, therefore, is not

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increasing to an extent to absorb the extra production of the unsealed looms, which, when the whole 15 per cent. are working again, will require the disposal of an additional 360 million yards of cloth.

The total jute crop is forecast at 6,396,700 bales for this season, compared with the revised figures of last season of 8,525,000 bales, but the actual quantity received last season was 9,793,000 bales. World consumption is now estimated to be at the rate of over 10 million bales per annum, so that, if the forecast figures are assumed to be correct, the supply of fibre for this season will be about 3½ million bales short of requirements. Yet prices for raw jute have displayed weakness and down to £15 15s. has been quoted for Daisee-2/3 full group and a good business done at £16, to which the price has recovered, with Daisee-4 at £15 5s., Tossa-2/3 quoted at £16 12s. 6d. and four's at £15 17s. 6d., October/November. First Marks are named at from £20 5s., and Lightnings at £18 15s., with Hearts at from £17 10s., August/September.

Jute yarns are very quiet and nominal. Though 1d. less might be accepted, spinners are not quoting less than 2s. 0d. for common 8 lb. cops and 2s. 1d. for 8 lb. spools. Spinners continue quite busy with orders on hand and they are not pressing for fresh business. Other yarns continue unchanged.

Only trifling lots of jute cloth are being bought for immediate use, with buyers unwilling to purchase any distance ahead in view of the lower rates quoted for Calcutta goods. Quotations are steady at 2½d. for 10 oz. 40 in. and 2d. for 8 oz., but less might be taken with a good order. Linoleum hessians are very firm, and heavy goods continue in moderate request at unchanged rates.

Calcutta hessians have been sold at 17s. 5d. to 17s. 7d. for 10 oz. 40 in., and from 14s. to 14s. 3d. for 8 oz., according to position of shipment.

GRAIN MARKETS

WHEAT.—Chicago quotations have recovered somewhat during the period under review, the movement being traceable to renewed reports concerning the poor quality of the American spring wheat crop. It is reported that millers in Minneapolis are experiencing difficulty in securing the class of wheat required to maintain their flour standards. The Canadian Wheat Board has not yet indicated the price at which it will buy from growers, and quotations in Winnipeg have been irregular during the past week. Trading in Liverpool has been active and prices have been well maintained.

According to the *Corn Trade News*, total shipments of wheat and flour during the past week were 1,889,000 quarters, against 1,241,000 quarters in the preceding week. On Wednesday last, "September" futures were quoted in Chicago at 88½ cents per bushel, against 87½ cents the week before and 90½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 33s. 6d. per 496 lbs., against 33s. 9d. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 32s. 9d., against 33s. a week ago.

FLOUR.—Demand for both home-milled and imported has shown some improvement this week and prices are rather firmer. Shipments from North America in the past week totalled 77,000 sacks, compared with 95,000 in the previous week. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered country, 27s. per 280 lbs., against 27s. a week ago; delivered London, 26s., as compared with 26s. a week ago. Manitoba patents, ex store, 25s. 3d. to 26s. 9d., against 25s. 6d. to 27s. a week ago. Australian, ex store, 20s. to 20s. 6d., against 20s. to 20s. 9d. a week ago.

BARLEY.—English malting qualities have been in rather better demand this week, but quotations show little alteration. The trade is now awaiting the decision of the Import Duties Advisory Committee on the application for an increase in the duties on imported barley. "October" futures were quoted at 32½ cents per bushel in Winnipeg on Wednesday, against 34½ cents last week and 35½ cents a month ago. Quotations per 448 lbs. in London on Wednesday were: "English feed" (new) at farm, 21s. to 23s., as against 21s. to 23s. last week; "English malting" (new) at farm, 30s. to 56s.

OATS.—The market in oats has shown no new features this week. On Wednesday, "September" futures were quoted at 25 cents per bushel in Chicago, against 25½ cents a week ago and 30½ cents last month. Quotations in London, Wednesday: "English Black" (old), at farm, 22s. per 336 lbs., against 22s. a week ago; "English White" (old), at farm, 22s., against 22s. last week; "Chilean White," landed, 27s. per 320 lbs., against 27s. a week earlier.

MAIZE.—Chicago prices have recovered during the past week, but Liverpool quotations are a shade lower than those ruling a week ago. "September" futures were quoted on Wednesday at 73½ cents per bushel in Chicago, against 70½ cents a week ago and 75½ cents last month. Quotations in London, Wednesday: "Plate," landed, 16s. 9d. per 480 lbs., compared with 16s. 9d. a week ago; "Plate," ex ship (new), 15s. 9d., as against 15s. 9d. a week ago; "Plate," ex ship (old), 15s. 9d., against 15s. 9d. a week ago. Yellow maize "August," 15s. 9d., was quoted at £4 10s. to £4 12s. 6d. per ton, against £4 10s. to £4 12s. 6d. a week ago.

COMPARATIVE AVERAGES OF GRAIN—The following table gives the estimated sale of home-grown wheat during the harvest years 1931-32 to 1934-35:—

	1931-1932	1932-1933	1933-1934	1934-1935
Estimated sales of home-grown wheat—				
1 week to August 31	90,165	346,869	356,281	429,655
53 weeks to August 31	4,145,664	9,525,429	11,734,996	14,774,461
Average price of English wheat per cwt.	s. d. 5 9	s. d. 4 10	s. d. 5 2	s. d. 4 6

The following is a statement showing the quantities sold and the average price of British corn in the past two weeks, and for the corresponding week in each of the years from 1931 to 1934:—

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
Aug. 29, 1931	Cwts. 21,500	Cwts. 2,625	Cwts. 8,751	s. d. 6 3	s. d. 9 2	s. d. 6 3
Sept. 3, 1932	90,165	21,658	34,734	5 9	8 2	6 7
Sept. 2, 1933	346,869	295,398	42,986	4 10	11 0	5 3
Sept. 1, 1934	356,281	110,998	33,883	5 2	10 10	6 5
Aug. 24, 1935	337,193	27,899	41,399	4 5	9 0	6 2
Aug. 31, 1935	429,655	87,699	55,085	4 6	9 6	6 1

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks, with comparative figures for 1933 and 1934:—

NEAREST FUTURE	Jan. 4, 1933	Jan. 3, 1934	Sept. 5, 1934	Jan. 2, 1935	Aug. 28, 1935	Sept. 4, 1935
Winnipeg (No. 1, Manitoba)	46½	65½	82½	82½	85	82½
Chicago (No. 2 Winter)	46½	84½	104½	98½	87½	88½
Cents per 60 lb.						

The visible supply of wheat in Canada, at 126,635,000 bushels, shows an increase of 298,000 bushels on the week. Supplies a year ago amounted to 98,164,000 bushels.

OTHER FOODS

BACON.—English and Irish bacon have again been in rather slow request, but a better inquiry is reported for other descriptions and prices are about steady. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 79s. to 85s.; Canadian, 76s.; Danish, 83s.; as against 83s. to 85s., 76s. and 83s. respectively, last week. Arrivals in London last week included Danish, 17,337 bales; Canadian, 3,486; Dutch, 2,929; Lithuanian, 1,973; Polish, 3,816; against 16,876, 3,380, 2,818, 1,979 and 3,011 cwts. respectively, in the previous week.

BASIC PIG PRICE.—In accordance with the provisions of the present contract, the Pigs Marketing Board announce that the price of the Class I, Grade C pig for the month of September is 11s. per score, against 11s. 4d. per score in August.

BUTTER.—Following the rise of last week, a further substantial improvement in quotations has taken place during the past few days. Supplies have been shorter and demand good. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 102s. to 103s.; Australian, choicest salted, 102s.; Danish, 118s., compared with 96s., 95s. and 108s. to 110s., respectively, last week.

CHEESE.—The market has again been firm, with Colonial descriptions showing a rise on the week. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English finest farmers', 56s. to 65s.; Canadian, finest coloured (new), 52s. to 55s.; New Zealand, finest coloured, 50s. 6d., as against 56s. to 55s., 52s. to 53s. and 49s. 6d., respectively, last week.

COCOA.—The "spot" quotation in New York on Wednesday was 5½ cents per lb., against 5 cents per lb. last week. On the London market, Accras were quietly steady. On Wednesday last good fermented new crop, "October-December," was quoted 11s. 10½d. per 250 kilos, c.i.f. Continent, against 21s. 7½d. last week. Last week's movements of cocoa in London were as follows: landed, 3,518 bags; delivered, for home consumption, 9,658 bags; exported, 654 bags; stocks, 139,493 bags, against 236,537 bags year ago.

COFFEE.—After an early price decline, the New York spot market has been steady. Trading in London has been quiet. In New York on Wednesday, Rio No. 7 (cash) was quoted at 6½ cents per lb., as compared with 6½ cents per lb. last week and 6½ cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, nil; stocks, 14,293 cwt., against 15,555 cwt. a year ago. Central American, landed, 649 cwt.; delivered, for home consumption, 2,337 cwt.; exported, 1,221 cwt.; stocks, 137,677 cwt., against 100,724 cwt. last year. Other kinds, nded, 536 cwt.; delivered, for home consumption, 3,040 cwt.; exported, 1,001 cwt.; stocks, 155,398 cwt., against 94,060 cwt. at year.

EGGS.—Prices for most descriptions remain unchanged, and a steady tendency was in evidence at the London Egg Exchange is week. At Smithfield Market on Wednesday, English (ordinary

packing, Grade I, about 15-15½ lb.) realised 15s. to 16s. per 120, against 15s. to 16s. a week earlier, while Danish (15½ lb.) made 11s. to 11s. 9d. per 120, against 11s. 6d. to 12s. last week.

FRUIT.—The Fruit Grower states that trading at Covent Garden has been good, moderate supplies of most of the leading lines clearing at prices above the normal for the time of year. Good supplies of English cooking apples are meeting an improved demand, while dessert apples are also a good market. New Zealand and Australian are now practically all cleared. Pears are selling well, and plums are a steady trade; only limited quantities of greengages are available. Blackberries have been in consistent demand at 4d. to 6d. per lb. Cob nuts are now more plentiful and cheaper. Hothouse grapes are in rather larger supply and encounter a somewhat slow trade. Melons are not selling so well, and peaches are cheaper owing to increased supplies of Italian. Oranges are a shade dearer on rather shorter supplies, but lemons have eased, although still relatively dear. Grapefruit sell rather better, but supplies are plentiful and prices a point lower on the week.

MEAT.—Trading has been rather slow this week, although chilled beef realised rather better prices. On Wednesday last, Argentine chilled hindquarters were quoted at 4s. 6d. to 4s. 10d. per 8 lbs., as compared with 4s. to 4s. 6d. last week. New Zealand frozen mutton was 2s. 10d. to 3s. 6d. per 8 lbs., against 2s. 10d. to 3s. 6d. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 8,900 tons, an increase of 517 tons on the corresponding week last year. Beef and veal accounted for 4,897 tons, mutton and lamb 2,736 tons, and pork and bacon 693 tons, as compared with 4,262, 2,782 and 734 tons, respectively, in the same week of 1934.

PEPPER.—Wednesday's spot price for Lampung (in bond) was 2½d. per lb., against 2½d. last week. Movements of pepper in London during the past week were as follows: Black, landed, nil; delivered, 26 tons; stocks, 1,683 tons, against 239 tons a year ago. White, landed, nil; delivered, 149 tons; stocks, 17,722 tons, against 6,464 tons a year ago.

RICE.—The market has continued steady during the past few days. The spot price of Burma No. 2, cleaned, new crop, was 8s. 6d. per cwt. on Wednesday, as compared with 8s. 6d. per cwt. a week ago, while the forward quotation, at 7s. 9d. per cwt., remains unchanged on the week. Movements in London during the past week were as follows: Landed, 99 tons; delivered, 633 tons; stocks, 9,424 tons, against 2,520 tons a year ago.

SUGAR.—Prices in New York suffered a decline at the end of last week, but have since been steady. The London market was quiet at the beginning of the period under review, but showed a firmer tendency later. The spot price in New York on Wednesday was 3.45 cents per lb., as compared with 3.50 cents per lb. last week and 3.16 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "December delivery" at 4s. 4½d. to 4s. 5d., against 4s. 3½d. last week. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 7,630 tons, against 27,239 in the previous week and 8,457 in the same week of last year; deliveries, 22,180 tons, against 17,346 and 14,976 respectively; stocks, 144,794 tons, against 159,344 and 151,785 tons respectively.

TEA.—The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account in recent weeks:—

Week ending	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
Aug. 30, 1934	d. 13-66	d. 11-65	d. 12-45	d. 9-70	d. 9-48	d. 11-41	d. 12-59
July 25, 1935	11-53	11-91	13-68	10-01	8-84	10-41	12-11
Aug. 1, "	11-36	11-26	13-37	9-52	8-46	10-28	11-81
Aug. 15, "	11-84	10-82	12-99	9-44	8-61	10-28	11-81
Aug. 22, "	15-15	10-65	12-82	9-88	8-57	9-60	13-01
Aug. 29, "	17-26	10-76	13-08	9-99	8-44	10-09	14-12

The quantities catalogued for this week's auctions comprised 45,164 packages of Indian and 24,976 packages of Ceylon tea. Trading was active for all descriptions, and prices again showed a rising tendency.

VEGETABLES.—According to *The Fruit Grower's* Covent Garden correspondent, tomatoes have steadily declined in price during the past week. Cucumbers are also not doing so well. Greenstuff ran rather short at the end of last week, and prices of cabbage, green peas, marrows and best samples of scarlet runners showed a firmer tendency. Some outdoor mushrooms are on the market and are selling at 8d. to 10d. per lb. Horse-radish is in short supply and dear. Supplies of potatoes on the various London markets remain on a fairly liberal scale, although the new riddle regulation has done something to reduce loadings. Trade has not been quite so good this week and prices are occasionally easier. Thus, at the Borough Market on Tuesday, King Edward ranged from 6s. to 6s. 6d. per cwt., against 6s. to 7s. a week ago.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OILSEEDS.—The improved crop outlook in Argentina and the large quantities afloat for Europe have influenced the linseed market in the direction of easier prices. Plate September loading to Hull has been sold at 9 1s. 3d. per ton, but has recovered somewhat, while October is at a premium over earlier positions. Reports of the prospects in Argentina are rather more favourable, though it is generally accepted that the area under linseed will be substantially less than last season. Shipments of the old crop proceed steadily and the balance available for export has been reduced to 545,000 tons (estimated), as against 420,000 tons actually shipped in the remainder of 1934. New Indian linseed is moving off very

slowly indeed, and although quotations are now lower they are still not low enough to attract business. The quantity now afloat for Europe is 111,100 tons (including 1,300 tons from India), 18,400 tons more than last week; and for the United States and Canada 34,500 tons, against 30,700 tons a year ago. A little of old crop Egyptian cottonseed on spot is held for 7 2s. 6d. and for new seed early October 6 8s. 9d. has been paid.

Linseed oil is in fair demand and steady at about unchanged prices on the week. Raw oil for delivery to April next year ex Hull is quoted around 22 5s. per ton, naked. Cotton oil is firmer and for Egyptian crude ex Hull 24 10s. is now asked. Oilcakes are in better demand and dearer.

RUBBER.—The London spot price for ribbed smoked sheet shows a fall of ½d. on the week, and at one period quotations dipped to

5½d. per lb. The obscurities of the international political outlook and the heavy increase in shipments from Malaya during August were the factors mainly responsible for this sagging tendency. In view of the present position of the markets, the meeting of the International Regulation Committee on September 24th is awaited with considerable interest. The spot price on Wednesday was 11½ cents per lb., compared with 11½ cents per lb. a week ago. Wednesday's official closing price for standard ribbed smoked sheet in London was 5½d. per lb., as against 5½d. on the corresponding day last week. In forward positions, business has been done at 5½d. to 5¾d. for October-December, 1935, as against 5½d. to 5½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 176,705 tons, against 175,363 tons a week earlier. A year ago stocks amounted to 104,638 tons.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM

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

LONDON, September 4th				a. d. s. d.				a. d. s. d.								
GRAIN—				a. d. s. d.				a. d. s. d.								
Wheat—				a. d. s. d.				a. d. s. d.								
No. 2, N. Man. 496 lb.				32	9			English Southdown, greasy, per lb.				13				
Eng. Gaz. av., per cwt.				4	6			" Lincoln hog, washed				7½				
Barley, Eng. Gaz. av.				9	6			Queensland, ad. super. emabg.				25				
Oats, " "				6	1			N.S.W. greasy, super. emabg.				15½				
Maize, La Plata, landed				16	9			T.N., grsy., half-bred 50-56				11½				
480 lb.				24	9			Tops ————— Crossbred 40-4½ ..				34				
Flour, Lon. stan. ex mill,				7	9			Merinos 70's				3½				
280 lb.				24	9			" 64's				3½				
Rice, No. 2 Burma, per cwt.				7	9			Crossbred 48's				13				
Tapioca, per cwt.—								" 46's				12				
Fair Flake, Singapore ..																
MEAT—								MINERALS								
Beef, per 8 lbs.—								COAL—				a. d. s. d.				
English long sides				3	6	4	6	Welsh, best Ad'ly ... ton				19	6			
Argentine chilled hinds				4	6	4	10	Durham, best gas, f.o.b.								
Mutton, per 8 lbs.—								Tyne				14	8			
English wethers				4	8	5	4	Sheffield, best house, at								
N.Z. frozen				2	10	3	6	pits				22	0			
Lamb, per 8 lbs.—								IRON AND STEEL—								
N.Z. frozen				4	4	5	2	Pig, Cleveland No. 3, d/d.								
Pork, English, per 8 lbs.				5	4	6	0	" ton				67	6			
BACON—								Bars, M'brough				192	6			
English				79	0	85	0	Steel rails, heavy				170	0			
Irish				78	0	84	0	Tin plates				per box	18	2		
Danish				83	0			METALS—				f. s. d.				
Dutch				79	0			Copper, electrolytic, ton				36/15/0	37/5/0			
CANADIAN				108	0	110	0	Standard				32/16/3	32/17/8			
American				106	0	108	0	Lead Eng. pig ... per ton				17/10/0				
BUTTER—								Soft foreign				15/11/3	15/12/6			
Australian				102	0			Spelter G.O.B.				14/18/9	15/5/0			
New Zealand				102	0	103	0	Tin—English ingots ..				219/15/0				
Danish				118	0			Standard cast				219/10/0	220/0/0			
CHEESE—								MISCELLANEOUS								
Canadian				52	0	55	0	CHEMICALS—				a. d. s. d.				
New Zealand				50	0			Acid, citric, per lb., less 5% ..				0	11½	1	0	
English Cheddars				56	0	65	0	Nitric				0	2½	0	4	
Dutch				45	0	53	0	Oxalic, net				0	0	5		
COCOA—								Tartaric, English, less 5% ..				12	0	1	0½	
(Duty, British grown,								Alcohol, Plain Ethyl								
11/8; foreign, 14/- cwt.)								Alum, lump				per ton	8	15	9	0
Acra, f.i.				23	0	23	8	Ammonia, carb.				ton	27	10	28	0
Trinidad				38	0	46	0	Sulphate				6	14	6/14/6		
Grenada				32	0	36	0	Arsenic, lump				per ton	35	0		
COFFEE—								Bleaching powder, per ton				8	9	10		
(Duty, British grown,								Borax, gran.				per cwt.	13	0		
4/8; foreign, 14/- cwt.)								Do., powder				14	6			
Santos sup. c. & f. cwt.				37	0			Nitrate of soda ..				per cwt.	7	9		
Colombian, good				45	0	55	0	Potash—Chlorate, net				0	4½	0	5	
Costa Rica, med. to good				48	0	70	0	Sulphate				per cwt.	11	0	11	6
East Indian				50	0	70	0	Soda Bicarb.				per cwt.	10	0	11	0
Kenya, medium				38	0	52	0	Crystals				per cwt.	5	0	5	3
EGGS—								Sulphate of Copper, per ton				15	0			
English				15	0	16	0	CEMENT, best Eng. Portland, d.d. site,								
Danish				11	0	11	9	Japan, refined ..				per lb.	2	1		
FRUIT—Oranges—								(charged and credited at 1/6d. each)								
South African, f. cases				10	6	15	0	paper bags 20 to ton (free, non-return-								
Brazilian				10	0	12	0	able)								
Lemons, Malaga f. cases								4 ton loads and upwards 40/- per ton								
Sicilian				18	0	25	0	1 and up to 4 ton loads 42/- per ton								
Apples: Amer. (var.) bris.				28	0	33	0	COPRA—								
(var.) boxes				13	0	14	0	S.D. Straits S.i.f., per ton				11/7/6				
" Australian								Smoked South Africa				10/0/0				
Onions—								DRUGS—								
Valencia, case				6	8	7	6	Camphor—								
Egyptian, bags				5	0	11	0	Japan, refined ..				per lb.	2	1		
Grapes, Lisbon, f. boxes				14	0	18	6	Ipecacuanha				per lb.	4	9		
Grapefruit S. African ..				15	0	18	6	MILDS—								
" Amer.				16	0	21	0	Wet salted—Australian								
LARD—								per lb.				0	4½	0	4½	
Irish bladders, per cwt.				75	0	78	0	West Indian				0	2½	0	3½	
U.S. 2/28 lbs. boxes				70	0	74	0									
↑ These prices are for cash sale and consumption—other than for use in Diesel engine road vehicles—and do not include the Government tax.																

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THE ECONOMIST

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BRITAIN TAKES HER STAND

WITHOUT hysteria, but with just the right amount of emphasis, Sir Samuel Hoare has told the world that Britain has taken her stand. Simply and without qualification he declared at Geneva Great Britain's intention to fulfil her obligations under the League Covenant if others will do the same. To the simple-minded, the statement that a country will keep its word would scarcely seem to constitute a great historic announcement. Yet historic it undoubtedly was; and the cynics may yet prove correct in their belief that if nations faithfully carried out their mutual obligations the results would amaze the diplomats of the world.

The fact is, of course, that during the 'twenties there have been two fears in English minds about our commitments under the Covenant. One was that we should be very embarrassed if we had to take action against a State, such as Germany, which revolted against treaty provisions that we believed to be unreasonable. In short, we became less and less willing to underwrite the Treaty of Versailles with all its extravagances. The other cause of hesitation was that we were not prepared to implement the "economic sanctions" under Art. XVI of the Covenant, if that meant falling foul of the United States. If we ourselves felt a doubt on these scores, it was natural that other countries questioned the sincerity of our undertakings. Subsequently, the Japanese seizure of Manchuria in 1931 and the later failures and shortcomings of the League have further undermined its prestige and shaken confidence in its ability to prevent a war of aggression. Would any single country run any risk to enforce the League's authority against any offender, small or great?

Such was the question at the back of every mind when Sir Samuel Hoare rose to speak to the Assembly on Wednesday. The declaration he then made represented nearly all shades of opinion in this country. Britain, in fact, has come to the conclusion that civilisation must choose between the rule of law in international affairs and reversion to the rule of the jungle. Britain is on the side of law; and if other countries will play their part, she is ready to shoulder her full responsibility for its enforcement. This declaration has given fresh, and much-needed, impetus to

support for the League principle; and if in the next few days it commands equally definite support from other members, it should empower the League to prevent aggression by Italy against Abyssinia, or at all events to stop the war if it breaks out. If the League does this, the vindication of law in international affairs will have been achieved. It is a task supremely worth while; and if it succeeds it will have set the world once more on the upward path.

From the British point of view the case could not have been better put. Great Britain has not supported the League from selfish motives. We have seen the old alliance system force the world to the brink of destruction; our only hope is a collective system for ensuring peace. Such a system is not a super-state, but implies an undertaking to co-operate in preventing war. It not merely involves machinery for dealing with disputes; it also presupposes that armaments should be limited to the minimum necessary for national safety and the enforcement of common action. Further, it provides the possibility of bringing about peacefully and without resort to war such economic and political changes as become inevitable in the changing circumstances of the world. But the system has not given the necessary sense of security—the most obvious proof of which is the rising scale of armaments throughout the world. There are also several "vacant chairs" at Geneva. The obligations of the Covenant remain, but their burden on League members has been increased manifold.

What, then, is to be done? To this Sir S. Hoare's answer—always on the assumption that the risks are borne collectively—was given in the following declaration:—

On behalf of His Majesty's Government in the United Kingdom, I can say that they will be second to none in their intention to fulfil, within the measure of their capacity, the obligations which the Covenant lays upon them. The ideas enshrined in the Covenant have become a part of our national conscience.

The British Foreign Secretary went on to refer to the need of provision for economic changes. He offered the co-operation of Great Britain in an inquiry into the distribution of colonial raw materials in order that "all fear of

exclusion or monopoly may be removed once and for all." As an earnest of British desire to meet legitimate grievances this offer is of the greatest value, though it may be objected that colonies are more desirable, in the eyes of the "Have-Nots," as markets and as fields of endeavour for settlers and traders than as sources of raw materials.

Finally, this British attitude in support of the League was not one taken merely for the present occasion:—

I cannot believe that it will be changed so long as the League remains an effective body and the main bridge between the United Kingdom and the Continent remains intact.

While the general tenor of this speech reflects British public opinion as it is at present, from the leaders of the T.U.C. to the learned correspondents of *The Times*, it is equally true that the last paragraph means what it says: The League Covenant is the only basis on which Britain can co-operate with Europe. If the Covenant is not made effective, then Great Britain will undoubtedly revert increasingly to "isolation."

Will the Foreign Secretary meet with a response? The small nations, represented by Holland, Belgium and Sweden, spoke emphatically in support on the following day. Among the Dominions, although Mr Bennett, faced with a general election, has taken refuge in vague generalities, General Hertzog has been most outspoken in his demand that the League should do its duty. It is a moment when no country—least of all the European countries—can afford to answer lightly; for the Italo-Abyssinian dispute has reached a stage where a clash between Italy and the League would seem almost inevitable.

During the past week, Italy has circulated her much-advertised statement of the case against Abyssinia. It is a case which contains very little, if anything, that is new. There is, however, a great deal of detail to prove that Abyssinia is a backward country; that the Emperor's writ does not always run in outlying parts of the country; that border raids occur; that slavery still persists; and that cruelty is still rife among a primitive people. But many of the facts date from the time of Abyssinia's admission to the League or earlier. And although some of the accusations might be justified, the solution was surely to be found in a request to the League to insist on the speedier enforcement of the commitments concerning slavery which Abyssinia undertook in 1923; and in a fuller observance of her treaty with Italy. Failing satisfaction, a possible modification of Abyssinia's status in the League might fairly have been requested. None of the Italian charges or contentions justifies Signor Mussolini in taking the law into his own hands and repudiating his obligations to a fellow member of the League. Italy's attitude at Geneva has been one of no compromise, and at the moment of writing the Committee of Five set up by the Council is being compelled to report that, owing to Italian intransigence, the situation is one of complete deadlock.

In these circumstances, the lining-up of France and other countries with Great Britain means in effect saying to the Duce: "You must not tear up all your promises to Abyssinia by taking the law into your own hands and invading her territory. That will constitute an act of war against all of us, and—whatever may be the merits of the issues which you have refused to discuss round the table—we must see to it that your private war against Abyssinia does not succeed." Will France stand for such a policy? Clearly, its consequences may be serious. But that it would lead to a German-Italian alliance we do not believe. Although Herr Hitler's system may owe much to Fascism, the Führer himself has always believed that Germany should avoid getting herself into a position of antagonism to England and France. Nor do his personal relations with the Duce suggest that he would find such a companion congenial. True, France cannot lightly ignore all possibilities. Yet she would undoubtedly be the gainer if it were known that the covenants of the League were a reality, and that all could count on concrete and collective support against aggression.

When these considerations have been duly weighed, we cannot doubt what the answer will be. It will then be for Signor Mussolini to decide whether these declarations are to be put into practice in the world's first police action, or whether Italy is ready to bow to such a demonstration of the League's solidarity and determination.

BRITISH LABOUR

If any proof were needed that British labour has a great deal more to lose than its chains, last week's Trades Union Congress would supply it. In the T.U.C. the outlook and interests of the average working man are more accurately reflected than anywhere else. And, by common consent, no Congress since the war has been more "conservative" in temper than that held this year. The British trade union movement is the strongest in Europe, perhaps in the world; and this week the T.U.C. General Council was able to report that membership is again increasing. Unquestionably the movement owes its survival and its success mainly to the fact that, throughout its history, it has been realistic rather than dogmatic, preferred the substance to the shadow, and known—with some exceptions—when to preserve existing benefits and when to ask for more. And equally unquestionably the present leaders of the T.U.C. are in the tradition; shrewd and severely practical men who understand a bargain, distrust catchwords, and know well enough that as long as the British working man's hours and wages are protected, he cares little whether his leaders call themselves comrades, knights, baronets or dukes.

Nowhere has the good sense of the T.U.C. been more apparent than in the decisive enthusiasm with which it has rallied to the defence of democratic institutions. There have been some superficial critics who supposed that the episode of the General Strike and the firm stand made by the T.U.C. against Mr MacDonald in 1931 were evidence of a contempt among trade unionists for the essentials of Parliamentary Government. And in the last few years there have been various, if insignificant, "disruptive elements" within the Labour movement itself which, largely on doctrinal grounds and for factional ends, have attempted to weaken the workers' attachment to Parliament. This year's Congress, even more than that of a year ago, has demonstrated the futility of both sets of critics. Not only did the delegates formally uphold the General Council's decision to refuse co-operation with all non-democratic groups; but even the critics of the anti-Communist resolutions showed that they were inspired, not by a love of Communism, but by a desire to preserve the democratic character of the trade union movement itself. The leaders of the General Council were in some danger of being called "dictators" for attempting to enforce the exclusion of anti-democratic elements! Without doubt the T.U.C. is now as powerful a force within the Labour movement making for strictly Parliamentary methods as the co-operative movement is making for freer trade. This is because the British trade unionist has read aright the lessons of the last 15 years of Continental history. He realises that democracy is everywhere the greatest friend of working-class interests; that in democratic countries the workers' standard of living is highest and in "authoritarian" countries lowest; and that it is the very success of democracy in promoting a juster distribution of wealth that has in fact led to attacks upon it by the privileged classes. If the British trade unions forgot all the other lessons of history, they would assuredly not forget this one.

There will of course be some to maintain that the General Council is getting too conservative; that it is in danger of becoming a vested interest concerned only to further, like any other monopolist, the advantage of a certain section of producers; and that it is not even solicitous for working men who happen not to be members of trades unions. Nobody who reads last week's debates, however, can maintain that the T.U.C. is forgetting the unemployed, resting content with benefits already secured, or disregarding the need for progress in the work of social reform. A whole debate was spent in discussing the distressed areas; and Mr Ernest Bevin made a very striking and sensational offer to co-operate with the Government in carrying out a comprehensive relief programme based on the recommendations of Mr P. Malcolm Stewart. The raising of the school-leaving age was again unanimously urged, as well as the provision of old-age pensions of £1 a week at 60; and plans for the co-ordination of the coal and cotton industries under Government control were also approved. These are all proposals which, whatever may be thought of their details and immediate practicability, remain within the British tradition of gradual but effective

reform. And in offering its "maximum assistance" to the miners in the coming wage conflict, the Congress showed that it is still true to the primary purpose of trade union existence—though the wording of the resolution suggested that the lessons of 1926 have not been forgotten.

Finally, in calling for the immediate introduction of the 40-hour week without reductions in wages, the Congress was consciously building on the solid gains of the past, even if in this instance it allowed its enthusiasm to blind it somewhat to some very genuine practical snags. It is natural that a working-class organisation, impressed by the coincidence of mechanisation, unemployment and apparent over-production, should turn to reduction of hours as the obvious remedy; just as it is inevitable that individual employers and individual countries should point out that shorter hours without lower wages must mean higher costs. The obstacles to the introduction of a 40-hour week are more substantial than most speakers at the Congress cared to admit. But the end is in itself desirable; and we may consequently welcome the persistent pressure towards it which the T.U.C. quite properly maintains.

The sharpest test of all in the conflict between the General Council's "realist" policy and the utopian aspirations of some of the delegates came in the debate on the League and the possible use of sanctions against Italy. The occasion was the more dramatic for the presence of Mr Lansbury, who remains staunchly opposed, as a matter of conscience, to the use of armed force in any circumstances whatever. His attitude, and its unquestioned sincerity, will be understood and respected by everyone; even though, to those who do not share it, its application in a cynical and sordid world would appear no more than gratuitous folly and weakness. There were some at the Trades Union Congress who agreed with Mr Lansbury in opposing force on principle. And there were even a few who still hankered after the old peace policy—which had some attractions before the collapse of trade unionism in Central Europe and the entry of Russia into the League—of international trade union action to stop war. But this is a dream which is steadily losing support among British trade unionists, even if Sir Stafford Cripps appeared to give it a blessing in a speech on Sunday, in which he spoke of the imposition of League sanctions as a "capitalist war"—thus ranging himself to the Left of Stalin. The vast majority of the Congress were content to accept the world as it exists; and a resolution was carried by 2,962,000 votes to 177,000 calling upon the British Government, in co-operation with the other members of the League, to use all measures provided by the Covenant to prevent Italy's "unjust and rapacious attack on the territory of a fellow member of the League."

It is sometimes remarked that the inclination of the T.U.C. towards radicalism or moderation depends on the movement of the price level and the cost of living. When the price level rises, it is said, the unions move to the Left; and when it falls, they move to the Right. In 1920 their policy was aggressive and radical; while to-day, since the cost of living has not yet started to rise, they are correspondingly moderate. There is some truth in this. But it must not be forgotten that the occasions on which the T.U.C. came nearest to extremism since the war were 1926 and 1931; and at both these moments the purpose of their action was a resistance to wage reductions necessitated by monetary deflation. The fact is that either a marked fall or a marked rise in prices forces the trade union movement into a combative attitude. Doubtless in theory the unions ought to be prepared to accept reductions in money wages when the cost of living is falling. But too often there is a lag before the cost of living falls; and in any case the money income a man receives is a more immediately tangible thing than the prices of the things he buys. In an imperfect world the workers' representatives must consequently look first to the level of money wages, and seek to defend it when prices are falling and raise it when they are rising. It is consequently only in periods when prices are reasonably stable that the T.U.C. can peacefully co-operate, as this year it showed its desire to do, in the steady advancement of social reform. This is a reflection which at once emphasises the great responsibility of those formulating our monetary policy, and the intimate concern of the unions with the manner of its formulation.



7, CHANCERY LANE, LONDON

THE SEVENTY-FOURTH CONGRESS—I

THE adjournment of Congress on August 27th clearly marks the end of the second phase of the New Deal. The first phase was the hectic period of emergency legislation and of the assumption by President Roosevelt of almost dictatorial powers in the summer of 1933. That phase ended with the emergency itself. The Congressional sessions of 1934 and 1935 have been of a very different temper from that of 1933. The President has, on the whole, retained his leadership. He has had some rebuffs, as any President must have, so long as the separation of powers is the ruling dogma of American constitutional law. He has had to exercise patience and reach his ends by the devious route of compromise and negotiation. But he has attained his major objective of consolidating the legislative basis of his policy. A few days after the adjournment Mr Roosevelt wrote to a correspondent that his programme was now substantially complete and that there was little need for further legislation. The third phase, which is now opening, is thus intended by the President to be one of steady development of the policies already laid down, attended and assisted, as he hopes, by "substantial and widespread recovery." With the Presidential election approaching these are the obvious political tactics. Whether they can be carried out depends upon two factors neither of which is in the President's control. The first is the continuance of the present strong upward tendency in business activity. If there were to be a relapse, Congress would be forced to make at least some show of activity. The second is the fate of the basic New Deal Acts in the autumn session of the Supreme Court. The Court's veto on the N.R.A. had comparatively little political effect, since the usefulness and popularity of the N.R.A. were already exhausted. But if the Agricultural Adjustment Act were to be declared unconstitutional, the fat would indeed be in the fire; for the Act is popular with the farmers, who have great power in Congress and whose votes are essential for Mr Roosevelt's re-election. But unless he is forced into activity, the President foresees no more great Acts either of relief, of recovery or of reform.

The Acts passed by this year's Congress can therefore be regarded as the final instalment of the New Deal. The list of Acts is long, and many of them are important. Most of them were the subject of violent disagreements between the Senate and the House of Representatives, and in many cases the final text was not agreed upon until the last hours before adjournment. It will accordingly be useful to summarise the main provisions of the more important enactments.

Some part of the time of Congress was spent in the last two months of the session in amending the more important Acts of the New Deal in such a way as to bring them within the bounds of constitutionality laid down by the Supreme Court in the Schechter case in May. Thus the

A.A.A. Amendment Act seeks to defend the original Act against the charge of excessive delegation of legislative power to the Executive by reciting at length the precise details of the schemes put into effect by the Secretary of Agriculture and by ratifying all the action taken under the original Act. The operations of the Act are also carefully confined to interstate and foreign commerce. The other provisions of the Amendment Act are mainly detailed extensions of the scope of A.A.A. Potatoes are added to the list of crops to which the restriction programme can be made to apply, and the special compulsory restriction schemes for cotton and tobacco are continued. Another Act contains some minor extensions of the already very liberal system of Government credit for farmers. The Frazier-Lemke Farm Mortgage Act is an attempt to reenact in a modified form an Act of the same name passed by the last Congress but since vetoed by the Supreme Court. It provides that any farmer threatened with foreclosure may be declared bankrupt; his property is then appraised at its current value and he is left in undisturbed possession of it for three years upon payment of such rent as may be fixed by the Court. At the end of the three years he may regain complete possession by paying the amount of the appraisal, whatever the amount of the mortgage. In other words, the Act provides for a three-year moratorium, together with a reduction in the amount of mortgages to the present value of the property. It remains to be seen whether this Act will fare any better than its predecessor at the hands of the Supreme Court.

With some ten million unemployed in the country, it is only natural that relief should have been one of the most important subjects of legislation, and the gigantic Work Relief Act, passed in April, possibly qualifies as the leading enactment of the session. The Act appropriates \$4,000 millions, together with balances of \$880 millions remaining from previous appropriations, for the purposes of relief. Eight broad categories of projects are identified, with sums earmarked against them, but otherwise the President's discretion in spending the money is virtually unfettered. When the Act was passing through Congress an attempt was made by the Labour interests to insert a provision compelling the payment of the prevailing standard of wages on all projects. The President successfully resisted this proposal, and the Act, as passed into law, directs that prevailing wages shall be paid only on strictly Federal building projects (i.e. buildings which would have been erected in any case). The payment of wages below the standard has already caused sporadic strikes in New York and elsewhere, but the Administration takes the view that it is impossible to pay standard wages to all the unemployed. As it is, the vast sum appropriated may be insufficient. The President wishes to employ 3,500,000 persons for a year, which means a sum, after providing for projects already under construction, of little more than \$1,100 per head. This will not permit public works projects in the normal sense, which have been found to cost about \$2,130 per man employed. "Work relief" is therefore likely to prove to be more relief than work, although an effort will be made to keep up the appearance of demanding work in return for all assistance granted.

The Social Security Act can also be included under the heading of relief. This Act provides for the institution of a contributory old-age pension system. Taxes are to be imposed equally on employers and workers, rising to a total of 6 per cent. of wages by 1949. The payment of pensions is to start in 1942 and the pensions will range from \$10 to \$85 a month, depending upon the amount of contributions. A similar tax on wages is instituted for the purpose of financing unemployment insurance schemes, but the details of the schemes are left to the States, who will receive grants-in-aid out of the proceeds of the Federal tax. The Act also provides for Federal grants to the States for a variety of purposes. The most important of these is the provision of immediate pensions for aged needy persons. The Federal Treasury will double the State contribution up to a total for the Federal share of \$15 a month. Other provisions are for payments to needy dependent children, health services (with particular reference to mothers and children) crippled and homeless children and the blind.

The collapse of N.R.A. re-opened the whole question of industrial rehabilitation, and Congress passed Acts relating to three individual industries. The most important of these was the Guffey-Snyder Coal Act. This imposes a tax of 15 per cent. on all coal mined, but allows a rebate of nine-tenths of the tax to all producers who comply with the terms of a Bituminous Coal Code. This Code is to include provisions for price-fixing in twenty-three districts and labour provisions similar to those in the original N.R.A. The device of a tax has been resorted to in an attempt to get round the Supreme Court's veto, but this is the Act which the President asked Congress to pass in spite of their reasonable doubts of its constitutionality, and those doubts will persist until the Act has come before the Court. The other two industrial Acts are one prohibiting the shipment across State lines of so-called contraband or "hot" oil, and one permitting the reorganisation of bankrupt railroads by the Courts over the objections of a minority, and in some cases even a majority, of the creditors and shareholders.

In the field of labour the only important Act was the Wagner-Connery Labour Relations Act. This reaffirms the right of collective bargaining, and declares that the representatives of more than half the employees in any unit shall be entitled to be the sole representatives of the workers. It lays down five "unfair labour practices" by forbidding employers to interfere with workers in the exercise of the collective bargaining rights, to dominate or assist any labour organisation (i.e. to organise "company unions"), to discriminate against union members, to discharge employees for giving evidence on labour matters or to refuse to bargain collectively. A National Labour Relations Board is appointed to supervise the operation of the Act. This is another Act whose constitutionality will be in grave doubt until a test case has been heard.

A second article will summarise the provisions of the Banking Act, the Public Utility Holding Company Act, and the other principal measures passed in the recent session.

ANOTHER EMPIRE'S PROBLEMS

THE "great depression" of world prices began with the prices of primary commodities. Many of the countries producing these commodities were the colonial possessions of one or other of the great industrialised Powers; and the continual increase in the burden of all costs and indebtedness, due to the catastrophic fall in prices, constituted a grave problem for the colonial Powers themselves.

In the Dutch empire deflation seems to have reached the goal of a new equilibrium between costs and prices at a lower level. Moreover, this has occurred despite the dependence of the Netherlands East Indies' exports upon certain primary commodities which have been the most injured victims of both economic nationalism and the collapse of world prices—sugar, rubber, coffee and tea. The Netherlands East Indies' Budget totals since 1929 show that great progress in adaptation has been made; though the Governor-General has had to cut expenditure to the irreducible minimum for order and security.

Year	Revenue	Expenditure	Surplus (+) or Deficit (-)
1929	524.0	515.0	+ 9.0
1930	439.0	524.0	- 85.0
1931	380.0	481.0	- 101.0
1932	284.0	424.0	- 140.0
1933	252.0	376.0	- 124.0
1934	267.0	349.0	- 82.0
1935*	250.0	300.0	- 50.0

* Estimates.

Despite voluntary debt conversion and budgetary economies, a succession of deficits increased the consolidated national debt to Fl. 1,261.1 millions at the end of 1933 and to Fl. 1,369.2 millions at the close of last year. On the other hand, the floating debt declined from Fl. 251.0 to Fl. 139.4 millions in the same period.

By a final effort, consisting of an additional tax on the use of petrol and of an export duty on plantation rubber, the Government expect that budgetary equilibrium will be restored in 1936.

In the depression, all prices slumped together; but in the last year or so some prices have begun to move sharply upwards. True, in the principal cases this has only been due to restriction schemes in which the Netherlands East Indies participated (tin, rubber, tea, tobacco) or from which it benefited (petroleum). In the case of sugar, a restriction scheme has profited the Netherlands East Indies nothing, while the lamentable British speculation in pepper has actually led to extended cultivation. In various other cases (coffee, palm oil, kapok, copra) effective restriction has either not yet begun or is only in its initial stages. The effects of price movements on the quantities exported can be gauged from the following table, the several commodities in which account for roughly four-fifths of Netherlands East Indies' total exports:—

PRINCIPAL EXPORTS OF NETHERLANDS EAST INDIES

Commodity	1929		1933		1934	
	'000 m. tons	Mill. Fls.	'000 m. tons	Mill. Fls.	'000 m. tons	Mill. Fls.
Rubber	314.5	234.4	351.4	36.9	465.5	88.1
Sugar	2,981.3	311.6	1,386.1	62.1	1,388.5	45.8
Coffee	83.4	89.5	72.3	25.6	83.2	22.6
Tea	82.8	86.1	81.6	26.4	72.9	22.6
Fibres	81.1	35.0	121.6	26.5	94.9	22.6
Petroleum, fuel, etc.	4,440.0	185.2	4,874.3	105.0	5,154.5	99.6
Copra	484.6	97.6	548.2	42.8	434.6	17.8
Palm oil and kernels	42.8	12.1	140.0	11.9	147.0	9.7
Deil tobacco	17.2	64.4	9.6	20.8	11.3	24.4
Vorstenland tobacco	10.0	10.4	10.1	9.9	9.3	9.1
Java tobacco	47.1	7.6	29.9	6.4	23.9	5.5

In 1933, total export proceeds were only a third of their 1929 figure, though much greater quantities of rubber, fibres, petroleum, copra, palm oil and palm kernels were exported in that year. Only sugar and tobacco then showed substantially smaller exports. Last year total export proceeds were again up, mainly due to the rubber, tea and tobacco restriction schemes.

The exports of the Netherlands East Indies have been severely curtailed, for they are mainly those which suffered the greatest falls in prices. Java's sugar production is down to one-sixth of the pre-depression peak, at 500,000 against 3,000,000 metric tons. This has enabled stocks to be reduced, and these will be cleared by early in 1937; but half the industry is idle. The Government proposes to stabilise the annual output at 1.5 million metric tons, of which only 1.2 millions could be exported; in 1933 and 1934, however, even with exports from stocks, only 1.39 millions could be exported. The industry therefore accounts for much unemployment and a reduction in the colony's purchasing power; nor can any other crop be substituted for sugar at present.

The Government's control of native-produced rubber, for the sake of the restriction scheme, is a perpetual problem. Perhaps purchases of the natives' rubber plants with the proceeds of the export tax would make restriction really effective; but then the plants must be destroyed and the land only given back to the natives on condition that they do not use it for rubber. What else they could use it for is a puzzle. For the tea restriction scheme has not brought the expected benefits; prices have risen in sterling (India and Ceylon) more than in florins. Consumption in the United States has fallen as consumption of alcohol has risen; and London tea stocks have risen. Tobacco is doing better and finding new markets for better qualities; so that cultivation is to be increased by 10 per cent., not to increase final production, but to give a greater field for selection of leaves. Coffee production has practically been wiped out as a result of over-production in Brazil, which absolutely controls the world price. Though Netherlands East Indies' coffee is imported free into Holland, the Mother Country has only taken a quarter of the total Netherlands East Indies' production in the last six years. Exports remain stable at about 85,000 metric tons, but coffee cultivation is manifestly unprofitable.

On the other hand, the International Tin Restriction Scheme has worked out very favourably for Java and Sumatra. The fusion of the State mines with the smaller

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concerns of the Billijon Mij will yield larger profits to the State, while absolving the latter from direct administration. The price of palm oil is again improving, after the collapse caused by the raising of the United States' tariff. In the production of cinchona bark, kapok and pepper, prices are still depressed, following earlier expansion of production, and export of cinchona can now only be made under licence. Petroleum output, which is under the control of the Shell concern, has latterly been on the increase. Thus, on the whole, the basic situation in Netherlands East Indies is healthier than for many years past. But what is the trading position?

The greatly reduced purchasing power of the Netherlands East Indies' population is apparent in the following table. The fall in the prices of exported primary products has cut the value of exports by two-thirds since 1928-29, and that of imports—which are mainly manufactures—by almost three-quarters.

NETHERLANDS EAST INDIES' BALANCE OF VISIBLE TRADE
(In million florins)

Year	1927	1928	1929	1930	1931	1932	1933	1934
Exports	1,658	1,590	1,488	1,191	798	574	493	528
Imports	927	1,030	1,166	922	610	410	331	300
Export surplus	729	560	322	269	188	164	162	228

The surprising maintenance of the export surplus, at levels sufficient to cover all services on Netherlands East Indies' external debt, has only been possible because the sources of manufactured imports have been changed, to the disadvantage of the Mother Country and to the advantage of countries with depreciated currencies, e.g. Japan and the sterling area. Japan's share in Netherlands East Indies' imports has risen phenomenally. The following table shows the percentage distribution of Netherlands East Indies' foreign trade among the principal countries:—

PERCENTAGE OF NETHERLANDS EAST INDIES' TOTAL IMPORTS AND EXPORTS FROM OR TO VARIOUS COUNTRIES

From or to	Netherlands East Indies' Imports			Netherlands East Indies' Exports		
	1931	1933	1934	1931	1933	1934
Holland	19.4	12.8	12.9	20.7	22.0	27.2
U.K.	7.6	9.7	9.9	8.9	5.3	7.2
Germany	8.9	7.5	7.1	2.2	2.2	2.5
France	1.0	0.9	1.0	3.0	3.9	3.2
Belgian-Luxembourg	1.6	1.9	1.4	13.1	11.4	10.7
U.S.A.	8.8	6.0	6.1	4.3	4.7	3.6
Japan	16.0	30.8	31.6	18.4	16.1	16.9
Singapore	11.2	10.9	11.9	...	...	...
British India	5.5	3.4	2.7	...	...	...
Australia and New Zealand	4.0	3.1	3.4	3.1	3.7	4.6

The expansion of Japan in the Netherlands East Indies' market has been aggravated by a reduction of Japan's sugar and coffee imports from Netherlands East Indies, owing to her extended cultivation in Formosa, and by the increased amount of Japanese shipping in the carrying trade to and from the Netherlands East Indies. The only

rejoinder the Netherlands East Indies' Government can make is by quotas, and these have not so far stemmed Japan's advance. Moreover, the already severely reduced purchasing power of the Netherlands East Indies' population can scarcely be further curtailed by restrictions of the cheapest imports. For this reason the Netherlands East Indies' authorities have recently devised the motto "Industrialisation" as a reply to Japan's advances and already the Netherlands East Indies' factories producing soap, beer, biscuits, Goodyear tyres, cement and textiles have shown that the native workers can rival the Japanese on even lower wages, and turn out goods of better quality.

Fundamentally, however, the Netherlands East Indies have to solve a long-run problem. The prevailing troubles of Netherlands East Indies are due to a sudden frustration of expectancies in various branches of primary production for a world market. That world market has collapsed and left Netherlands East Indies grievously over-equipped. Can these colonies of an already industrialised Motherland solve their problems by a rapid turnover to industrialisation in the hope of achieving, at best, an Autarkic equilibrium?

GERMANY'S DEBT

It is not often that the utterances of Dr. Schacht strike anything but apprehension into the hearts of Germany's creditors. Recently, however, his minatory manner, which he has practised upon creditors so often in the past, was reserved for the extremists of the Nazi regime. In vigorous terms, in a recent speech, he denounced the Jew-baiters, the inflationists, the extravagant spenders of public money, and the debt repudiators.

"We must not forget," declared the president of the Reichsbank, "that not Governments but thousands of private persons who have lent us their savings are our creditors. We greatly regret that Germany is not able to meet her obligations to the full, and I shall not cease to continue the fulfilment of existing claims as far as it is possible."

This was a courageous statement, for which creditors will be duly grateful, though there is little else in the German scene to give them comfort.

The tale of German debts and default, as Dr. Harris relates it in a book recently published under the auspices of the Royal Institute of International Affairs,* is one of questionable faith and dubious ingenuity, ornamenting a history of economic and political misfortune that would have been evil enough in itself.

German apologists, including Dr. Schacht himself, have been at pains to shift the responsibility for the present state of affairs from Germany to the creditor countries, accusing them on the following five counts. The exaction of reparations, together with the other penalties of Versailles, caused the inflation of 1923, destroyed Germany's internal sources of credit and forced her to borrow abroad. The debts incurred before 1930 merely balanced reparation payments, and in this way the rest of the world got its money back. The creditors pressed the loans on Germany, often investing recklessly. Germany's inability to pay is due to the refusal of creditor countries to accept her goods, the only means whereby payment can effectively be made. And clearing agreements, entered into for the purpose of collecting their debts from Germany, have in practice strangled German exports. It is impossible categorically to refute any of these charges, but in Dr. Harris's comprehensive and impartial narrative there is much evidence with which to parry them. He shows, for instance, that between 1924 and 1930 Germany's borrowings totalled between 2½ and 3 times as much as she paid in reparations. She used them to build up reserves of working capital, to rationalise her industries, and to finance a very substantial increase in the German standard of living. As for the effect of clearings, the figures quoted by Dr. Harris from the *Economist* show that German exports to non-clearing countries have fallen quite as fast as those to countries with which she has clearing

agreements; their effect is rather to equalise imports and exports by promoting the former while hindering the latter. It is plain, therefore, that a clearing agreement is far from being a guarantee of debt payment.

But the fundamental question is, how far must Nazi Germany herself take responsibility for her present inability to transfer her debt service abroad. The maintenance of a sufficient credit balance of trade after 1931 required either depreciation of the reichsmark or a course of strict deflation designed to drive down the German price level. Germany has done neither of these things. She has adopted internal policies that have speedily and substantially raised the price level and increased industrial costs. And she has maintained the nominal parity of the reichsmark, while attempting to secure by various devices the same stimulation of exports as would derive from a depreciation—largely at the expense of the creditors, who have been obliged to cut their losses by selling blocked marks at a discount, or by reselling to Germany, at bargain prices, bonds debased in value through Germany's own action.

The story of enforced losses can be read between the lines of Dr. Harris's statement, that "by the beginning of 1934 the total of Germany's foreign indebtedness must have been reduced to about 11 milliards, rather less than half of its original total." A good deal of this reduction was due to depreciation of the pound and the dollar; but that only benefited Germany because she maintained, *vis-à-vis* the outside world, the nominal value of the reichsmark.

There is no evidence that any German leader deliberately planned, as a long-term programme, the development of Germany's external economy, financial and commercial, towards its present condition—which a famous character of Mr A. P. Herbert's would have described as "too fallacious." A series of day-to-day experiments appears to have been improvised as occasion arose, rather as a desperate financier staves off exposure and collapse by one ruse after another. Internally as well as externally, Germany has been building a house with the cards of economic fiction. There is an echo of Whittaker Wright finance in the chain of transactions—Reichsbank rediscounting, guarantees by the Golddiskontbank, Papen tax-remission certificates, institutional "bearers" of work-creation and rearmament bills, and so on—whereby short-term credits are transmuted into long-term obligations. "We have financed from the future" confessed Dr. Schacht in his speech of August 18th. Eventually the day of reckoning must come; and he warned the German people that "at some future date" the sums that have been needed for the work schemes and for rearmament, which "are of unheard-of magnitude judged by a normal standard . . . will have to be funded by the work and the savings of the German people." Dr. Schacht, unlike some National Socialist leaders, can see beyond the end of his own nose, and much more than the shape of other people's.

The task of funding is not going to be easy; for it means the reversal of that deflationary trend which has hitherto been evident in Germany's national economy. The short-term financing, however skilfully covered up, has had its inevitable result in an expansion of the currency and credit basis, and in a rise of both the wholesale and retail price levels. There is an ominous pressure for higher wages, which Dr. Schacht found it necessary categorically to beat back. "Again and again," he declared, "we must tell the German people that they do not live in a land which flows with milk and honey." How many enthusiasts for Hitler thought that milk and honey would flow when the Nazis had thrown off the "tyranny of interest" and vigorously, and how successfully, can the Nazi regime pursue the deflationary programme that Dr. Schacht's pronouncement implies—if he really means what he says? How great is Dr. Schacht's authority in relation to those Nazi elements of which Herr Streicher is the most notorious protagonist, and which this very week are splendidly arrayed on the rostrum, together with Herr Hitler, at the every creditor of Germany is bound to ask when estimating the value of the Reichsbank's president's speech. They are, moreover, questions the answers to which must determine much more than economic developments in the Third Reich during the months that lie ahead.

NOTES OF THE WEEK

Tariffs and Gold.—The spread of economic nationalism and the possibility of reconstructing an international monetary standard, were discussed by Professor J. G. Smith in his presidential address to the Economic Science section of the British Association at Norwich last Friday. Professor Smith's account of the growth of economic nationalism was illuminating; and he clearly emphasised the fallacies implied in the pursuit of "autarky." His diagnosis, however, seems to have been a little equivocal in some respects. Is it really true that mass production has supplied a rational ground for economic nationalism? Could it not just as easily be argued that the economies of mass production can only be secured in the widest possible market, and that the loss resulting from artificial limitation of markets has consequently become greater than ever? And is it true that existing trade restrictions are the result of a long-term movement? Are they not really due, at any rate mainly, to the attempts of embarrassed nations to protect themselves from the internal effects of the deflation that began, for whatever reason, in 1929? Similarly, when Professor Smith comes to recommend this country to return to gold, he recognises that many preliminary conditions must be fulfilled; but he is inclined to under-rate the effect of monetary maladjustments in originating and perpetrating trade barriers. He repeats the traditional argument that fluctuating exchanges are a formidable barrier to trade. Unquestionably they are such a barrier. But there are others; and among them is the existence of currencies attached to gold at artificial parities. Anyone who examines impartially the history of the last two years will be forced to conclude that the attempt to maintain artificial gold parities by such countries as France, Holland and Switzerland, not to mention Germany and Italy, has led to a contraction of international trade; while the abandonment of such parities by Belgium, Argentina, South Africa and others has led to an expansion. Phrases like "monetary chaos" are misleading. It is sometimes forgotten that a world of gold currencies fixed to gold at false parities is a form of monetary chaos much worse confounded than a world of freely fluctuating exchanges. The real task, if international trade is to be restored, is to find the right exchange ratios first and then consider how to maintain them.

A National Food Policy.—A most admirable paper on nutrition and agriculture was read by Sir John Orr at Norwich on Tuesday. The problems of agriculture and nutrition, Sir John Orr said, should be considered together. If the money incomes of the mass of consumers were increased, it would be possible to raise the price of home-produced food without any restriction of overseas supplies. Consequently we needed a "national food policy into which both agricultural and public health interests can be fitted and reconciled." Investigation, Sir John Orr stated, had shown that consumption of those foodstuffs like potatoes and bread, which were the cheapest suppliers of energy, was relatively uniform throughout the whole population. But in the case of more expensive suppliers of energy like milk, eggs, fruit and vegetables, consumption rose uniformly with income. In families with an income of not more than 10s. per head per week, consumption of liquid milk averaged not more than a pint per head. In the highest income groups it rose to five pints per head. The same was true of eggs and fruit. Not until one reached incomes of £1 a week per head was "the diet, according to modern standards, adequate for maintaining health." It was estimated, Sir John Orr said, that there were about 20 millions of the population of Great Britain below this economic level. To raise the diet of these consumers to a level of 25s. a week per head would mean an increased consumption of about 20 per cent. and increased purchases of about £200 millions a year. The percentage increases in consumption necessary to reach this would be: milk, 42; butter, 27; eggs, 28; fruit and vegetables, 53. How is this

most desirable joint solution of the agricultural and health problems to be achieved? "It is probable," Sir John Orr suggested, "that the solution will be found by modifying the functions of marketing boards in the direction of making them public utility companies which will run the processing centres—slaughter houses, bacon factories and milk depots." Some lowering of retail prices would thus be made possible as a result of reduced costs of production. But Sir John Orr did not attempt to pretend that a really adequate nutrition standard could be established without State assistance.

The rest of the gulf (he said) between what the farmer would get to give a remunerative price and what the consumer is asked to pay should be bridged by a direct subsidy from the State paid to these boards. The subsidy should be regarded as more in the interests of public health than of agriculture.

The degree of financial assistance which can be given for this purpose must of course depend on the amount of funds that are available. But there is no doubt that public money could not possibly be spent in a more beneficial way. Sir John Orr is to be congratulated on indicating the principles of the sort of national food policy that is likely to be of great importance in the future.

The Fraternal Totalitarians.—It was surely not to be expected that the Fascist dictator of Italy—condemned in his peculiar form of external diplomacy by the virtual unanimity of world opinion—would not lift his eyes to the Northern Italian hills from whence might come some help. Only a distance of 50 miles across these hills separates Italy from Germany, that other European Great Power which, like Italy, is a dictatorship and a totalitarian State. Italy once feared German aggression upon Austria; and last January she sank her differences with France in order to prevent Nazi expansion into Central Europe, and so to the Brenner Pass from which the Nazis might look down upon hundreds of thousands of their kith and kin in the Italian Trentino, or South Tyrol. That once seemed a cogent argument to Signor Mussolini. Now, however, he has apparently decided that there is, after all, a mystical affinity between two dictatorships, two totalitarian States which so plainly urge their need of territorial expansion, two nations which have their own special reasons for disliking an "effete and disunited Parliamentaryism," and for despising—even for quitting—the comity of nations which abjures war as an instrument of national policy. The Duce therefore took the occasion of the new Italian Ambassador's presentation of his credentials to Herr Hitler in Berlin last Sunday to offer an Italian olive-branch to the Nazi Führer. The gesture was graciously welcomed, and these were the significant phrases and expressions of mutual esteem which were then recorded. At the present moment, said the Italian Ambassador, German-Italian relations were full of extraordinary significance for "peace and the balance of strength." In the future they may acquire it "in still higher degree." Italy demanded "understanding for her legitimate interests" equal to that which she has and will have for those of others. To the Italian protestations of amity and community of interests with the Nazi State, Herr Hitler replied that Italo-German relations would certainly be of the greatest importance for future political development; and the German Press organ which reflects the German Foreign Office's views confirmed this next day. But a doubt here assails the observer of this totalitarian fraternisation. Can Herr Hitler view the lightning conversion of the Duce to sympathy with Germany's "legitimate interests" as a compliment and with equanimity? Is Austria henceforth to become a "legitimate interest" of Germany in Signor Mussolini's eyes, after the intense diplomatic zeal of the Duce during the last year or so to prevent such a recognition? Will Herr Hitler, the mainstay of whose policy is Anglo-German friendship, cheerily

* "Germany's Foreign Indebtedness." By C. R. S. Harris. (London) Oxford University Press. 5s.

a brother dictator who counters British insistence on international obligations with a threat of forcible aggression? We credit Herr Hitler with a profounder sense of political realities and a stronger flair for diplomacy than Signor Mussolini has lately shown. He may, at present, well pray to be spared the attentions of an embarrassing friend.

* * *

A Breathing Spell.—With Congress safely out of the way, President Roosevelt has once more abruptly changed the tack of the New Deal. Replying to a friendly enquiry which was made at the appropriate moment the President announced that the legislative part of his programme was virtually complete. He has not departed, he says, from his original aims, which were "to seek a wise balance in American economic life, to restore our banking system to public confidence, to protect investors in the security markets, to give labourers the freedom to organise and protection from exploitation, to safeguard and develop the national resources, to set up protection against the vicissitudes of old age and unemployment, to relieve destitution and suffering, and to relieve investors and consumers from the burden of unnecessary machinery." The President goes on to say "it seemed to Congress and to me better to achieve these objectives as expeditiously as possible, in order that not only business but the public generally might know those modifications in conditions and rules in economic enterprise which are involved in our programme. This basic programme, however, has now reached substantial completion and the 'breathing spell' is here—very decidedly so." This is in appearance, if not in fact, a very sudden *volte face*, for it is only a few weeks since the President was forcing upon a reluctant Congress measures as radical as the Public Utilities Holding Company Act and the so-called "Soak the Rich" tax programme. But a halt in the stream of Acts was clearly called for on political, if not economic, grounds. The President expects to get his main support in the Presidential election from the South and West; but although his position in the South will be strengthened by the assassination of Senator Huey Long (to which reference is made in the following Note) he needs to carry at least one or two States in the industrial East and Near West to be sure of re-election. The tide of industrial recovery appears to be flowing more strongly at the moment than at any time since the onset of the depression; the business news, as our New York correspondent reports, is almost uniformly satisfactory. There is a fairly general belief, by no means confined to Wall Street and Big Business, that the more recent phases of the New Deal have been more of a drag upon than an incentive to recovery, and the President's action can therefore be construed as an attempt to reassure the industrial East that the convalescence of confidence will not be disturbed by any further changes of treatment at the hands of the legislative physician. Recovery, if it can be secured, will be a far more valuable ally to the President than any of the interests, vested or other, that might be served by new legislation.

* * *

Huey Long.—Huey Long, Senior United States Senator from Louisiana and virtual dictator of that State, was shot in the State capitol at Baton Rouge on Sunday evening and died early on Tuesday morning. His assailant, who was killed by the Senator's bodyguard, appears to have been inspired by political hatred, and, though he acted alone, he was undoubtedly fulfilling the wishes of a large section of the people of Louisiana, embittered by the ruthless way in which Long had in the last few years entirely perverted the democratic system of the State to his own personal uses. This crime removes from the stage of American politics one of the most picturesque figures that has ever occupied it. Huey Long's career did not differ very much from that of the ordinary American politician until 1928, when he was elected Governor of Louisiana by a minority vote in a three-cornered contest. Once in office, however, he showed himself particularly adept at attracting a personal following. In part his tactics were those of the "machine" familiar to most American States—that is, the use of patronage and the power of appointment to reward

adherents and punish enemies. In a word, Huey Long's control was founded upon graft, carried further and applied more ruthlessly than by any save the most notorious Tammany regimes. But he also strengthened his electoral position by a vast programme of building roads, bridges and schools. This was financed by reckless borrowing, but since the poorer voters were relieved of direct taxation, the increase in the State debt did not lessen Long's popularity. Even his opponents concede that he showed himself to be an uncommonly energetic and competent administrator. In 1932 he was secure enough to hand over the Governorship to an adherent and have himself elected Senator, but even from Washington he kept a firm hand on his State and it was at the end of a special session of the Legislature called to pass a batch of laws strengthening the dominance of the Long "machine" that he was shot. In the Senate he started as a firm supporter of President Roosevelt, but he soon became disgusted with the President's moderation, turned into a savage opponent and started building up a "Share-the Wealth" campaign. In Washington, the offensive personalities and the obstructive tactics in which he indulged made him universally execrated, but he had made himself into one of the best-known, if not most popular, figures in the country. He had recently announced that he would be a candidate for the Presidency in 1936. Nobody conceded him any chance of election, but some observers thought that he might succeed in detaching enough votes from Mr Roosevelt to secure the election of the Republican candidate. In recent months, however, his influence had appeared to be smaller than had been thought, and an attempt to extend his control from Louisiana to the neighbouring State of Mississippi had failed. His death unquestionably strengthens the President's position, for he was the only potential leader of the left-wing Radicals who had any practical experience of politics or any nucleus of political backing.

* * *

The Swastika Flag.—Some weeks ago a band of demonstrators eluded the police and tore down the swastika flag from the *Bremen* just as she was about to sail from New York harbour. Last week, a New York magistrate, Mr Brodsky, bound over the men accused of rioting. And on Saturday the German Ambassador at Washington, Dr. Luther, made a verbal protest to the Secretary of State, Mr Cordell Hull, over the action of the New York magistrate. Mr Brodsky may have been right for all that we can tell, on the merits of the case, in the extreme leniency of his treatment of the alleged offenders. It would be difficult, however, to approve the magistrate's action in expressly basing his leniency on the ground of the existence of extenuating circumstances, and then explaining what he meant by making a vehement and even vituperative attack upon the Nazi regime in Germany. The fact that the magistrate happens to be a Jew accounts for, without excusing, his behaviour. At the same time, of course, it reduces to vanishing point any moral effect which he may have intended his political tirade to produce. If it is pleaded that it was only human for a Jewish magistrate to take this line about anti-Nazi rioters, it must be answered that a judge who gives way to his own human feelings is unfit to sit on the bench. Mr Brodsky has, in fact, behaved exactly as he himself, on his own showing, would expect to see a Nazi magistrate in Germany behave if he were called upon to try a gang of Nazis who had been rioting against the Jews; and he has done no service to the cause of freedom and democracy by doing his worst to reduce the standard of justice in one great democratic country to the lowest of Nazi levels. Incidentally, he has exceeded his powers in going out of his way to deal with foreign affairs, which are the Federal Government's prerogative; but it is one of the awkward features of the old-fashioned constitution of the United States that the Federal Government has no effective means of disciplining the State and municipal authorities. The United States Government's embarrassment and the German Government's annoyance are also both accentuated by the notorious fact that Mr Brodsky's anti-Nazi strictures accurately reflect the sentiments of the great majority of his fellow-countrymen—Aryans as well as non-Aryans—and probably of most of the world outside Germany.

The Swiss Referendum.—The referendum which was taken this last Sunday in Switzerland on a proposal for a revision of the Federal Constitution of 1874 has resulted in a decisive victory for the constitutional *status quo*. The proposal was defeated by 501,000 votes against 194,678, and in 21 cantons out of 25. This result is contrary to general expectation, which was that the proposal would be carried by a small majority. The Swiss Constitution is both old-fashioned and awkwardly complicated by the legislation and the referendum decisions that have come into force to supplement it during the past sixty years. On common-sense grounds, therefore, there is a strong case to-day for consolidating and bringing it up to date. And we may conjecture that if the present referendum had been taken in, say, September, 1913, it would have resulted as a matter of course in the adoption of the proposal. What has defeated the attempt at constitutional reform in Switzerland this year is the political history of the last twenty years in other parts of Europe: the rise of extremist parties of both the Right and the Left; the violent seizure of power by these extremists; and—most pertinent to the present situation in Switzerland—the insidious capture of power by constitutional or semi-constitutional means in order to break or abolish the existing Constitution when once the crypto-revolutionaries have entrenched themselves in office. The Swiss have not been blind to what has been going on all round them in Italy, Austria, Germany and Russia. Evidently, the fate of the present Swiss proposal was sealed in advance when the Swiss extremists, such as they are, came out in support of the proposal as a possible opening for really fundamental constitutional changes. No doubt their chances of being able to use the present proposal for this ambitious purpose were very slender; but the moderate majority of the electorate seems to have made up its mind, in these circumstances, to take no chances at all. Yet the friends of parliamentary democracy, in Switzerland and abroad, can scarcely congratulate themselves on the result. For an institution cannot be in a very healthy state when one dares not reform. When parliamentary democracy is under so heavy a fire of hostile criticism nothing can do greater harm to the cause than the rigid maintenance of obsolete parliamentary Constitutions which are not working well. Though the Swiss anti-democrats may be weak in numbers to-day, they have time on their side; for the voting on Sunday seems to have gone largely by age. Sooner or later Swiss statesmanship will have to take the risk of opening the safety-valve if it is to avoid the greater risk of an explosion.

* * *

The Resignation of General Hayashi.—We have lately had occasion to comment on the courage and the statesmanship which General Hayashi has been showing as Minister for War at Tokyo. He has been grappling manfully with the social evil under which Japan has been labouring since 1931: the dictation of public policy by army officers. The force which has been leading—or pushing—the Japanese Government and people into an aggressive foreign policy during the last four years has been a faction in the Army (represented in greatest strength among the junior officers) which has believed in the Army's right and duty to play a political rôle, and has thrown itself into politics with the avowed purpose of "gingering them up." The more desperate spirits among these soldiers in politics have not hesitated to remove by assassination any older and more responsible statesmen who have attempted to restrain them. The list of Japanese victims of Japanese political crimes of violence during these years includes some of the most distinguished people in Japan, from a Prime Minister downwards. In dealing with these wild-cats, General Hayashi must have been aware that he was taking his life in his hands. His method has been to remove the leaders of the militant political faction from key-positions in the Army, or even to put them on the retired list. He won his crowning victory in July, when he dismissed from the post of Inspector-General of Military Education his opponent General Mazahi, who was openly resisting his chief over the question of further changes affecting no less than 4,700 officers. General Hayashi has had his way; his policy has been carried through. And the news of his

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resignation on September 4th is almost certainly not to be taken as meaning that his enemies have been too strong for him. We may judge this from the name of his successor, General Kawashima, who is hailed as a neutral but is reported to have given General Hayashi his effective support in the July crisis. The new War Minister may be expected to confirm and maintain the results of General Hayashi's policy, even if he does not carry the policy further. General Hayashi's own purpose in resigning is no doubt to set the seal upon what he has done by a gesture of moral appeasement. The officers who have lost their positions are probably expected to accept the *fait accompli* with a better grace when they see the Minister who has dismissed them imposing the same discipline upon himself.

* * *

Greek Diplomacy.—The issue between Monarchists and Republicans in Greece, which has persisted ever since the breach between King Constantine and M. Venizelos in 1915, is being fought out sooner than we anticipated. In a Note in these columns on July 27th we commented on this cardinal issue of Greek politics and emphasised the need for a "less unanimous setting" for the plebiscite which was to decide finally in favour of one or the other forms of constitution. Since then, however, the Monarchists have drawn General Kondylis, the War Minister, ever nearer to leadership of their cause; and Monarchist activities have redoubled in pertinacity, in order to reap all possible benefit from the public disapprobation of the Venizelist (Republican) revolt of last May. The Mayor of Athens has lately been in London as an emissary, so it is said, to ex-King George. And the Greek Premier, M. Tsaldaris, has been steadily manoeuvred into a dilemma: resignation, which leaves the Royalists an open field, or dependence on a forcible Royalist faction in his Cabinet. On Monday the tension reached breaking-point. General Kondylis then proceeded to remove General Panayiotakos, leader of the Anti-Monarchist group in the Army, from the scene of politics by having him arrested on the very threshold of the Cabinet Council Chamber. General Panayiotakos had tried to prevent the War Minister from assuming complete ascendancy over the Premier and so forcing M. Tsaldaris to declare himself—and *ipso facto* his Cabinet—in favour of the Monarchy. The Republican general's reward was a bayonet wound which landed him in hospital under a strong guard; and the *coup* by General Kondylis was then utilised to bring pressure on the Premier. M. Tsaldaris promptly made an announcement that he personally favoured a Monarchy, which should be both limited and constitutionally democratic. This placed the President of Greece himself, M. Zaimis, in a quandary; for the Premier should logically have proceeded either to convoke the National Assembly for the plebiscite, or else to reshuffle the Cabinet on purely Monarchist lines. Meanwhile all that is certain in the Greek situation is a pretty general condemnation of the rôle played by the Monarchist War Minister. As long as

events move in Greece on the lines followed this week, foreign observers can only conclude that both the Greek constitution and Greek politics provide little more than an arena for the personal ambitions and rivalries of political and military cliques.

* * *

Denmark and Depreciation.—For some time now a sectional organisation of pig-breeders and dairy farmers in Denmark, known as the "L.S. farmers," have been urging upon their Government the need for further depreciation of the currency. Not content with normal political methods of persuasion, these farmers have threatened to withhold from the banking authorities the sterling proceeds of their co-operatives' exports of bacon. This would naturally deplete Denmark's supply of foreign exchange and so force down the krone. The threats of the L.S. farmers have recently attained formidable dimensions, for it is rumoured that they even intended to have the proceeds of their bacon exports and dairy produce to the United Kingdom sent back to Denmark in the shape of good British pound notes. These they would promptly hoard, thus forcing the krone down to the desired level of 25 or even 30 to the pound. The Danish Ministry of Commerce has met these threats with an official announcement reminding all Danish exporters of their duty, under the law of December 22nd last, to repatriate without undue delay all foreign exchange arising from exports, and to pay it into Danish banks. Any form of non-compliance with this law is strictly illegal. Our Copenhagen Correspondent telegraphed on Thursday that the situation is viewed with equanimity by the Government, as the threats of the farmers arise from only a few separatist groups which have no substantial following among the co-operative slaughteries and creameries. Moreover, the proceeds of Danish exports pass through a strictly limited number of exporting concerns; and in the last month Denmark's foreign exchange position has improved slightly. Thus the extraordinary expedients envisaged by the dissident Danish farmers are not likely to coerce their Government and bring about a drop in the krone. That is all to the good; for any fresh Danish currency depreciation would inevitably have unfavourable repercussions on Denmark's foreign trade, in the shape of increased tariffs or decreased quotas abroad.

* * *

India and Lancashire.—Is the old quarrel between Indian and Lancashire cotton manufacturers going to break out again? Since October 28, 1933, relations between the two principal groups supplying the Indian market have been regulated by the agreement then signed by Mr (now Sir) H. P. Mody on behalf of the Millowners' Association, Bombay, and Sir William Clare-Lees, on behalf of the British Textile Association. This agreement stabilised the Indian duties on British cotton yarns and textiles and artificial silk textiles until December 31, 1935. This position was statutorily confirmed in the Government of India's Indian Tariff (Textile Protection) Amendment Act which was passed on May 1, 1934; but the Commerce Member, Sir Joseph Bore, then made it clear that after December 31, 1935, the needs of India's textile industry for its "reasonable protection" (in the words of the 1933 agreement) would have to be revised. The Government of India have therefore this week appointed a Tariff Board, under the chairmanship of Sir Alexander Murray, to inquire into the need of the Indian industry for protection from British competition. The following are the terms of reference to the Board:—

To recommend on a review of present conditions and in the light of the experience of the effectiveness of the existing duties, the level of the duties necessary to afford adequate protection to the Indian cotton textile industry against imports from the United Kingdom of (a) cotton piece goods, (b) cotton yarn, (c) fabrics of artificial silk, and (d) mixture fabrics of cotton and artificial silk. By adequate protection is meant duties which will equate the prices of imported goods to the fair selling prices for similar goods produced in India.

The Board will give a full opportunity to the cotton textile industry, whether in India or the United Kingdom, to

present its case, and, if necessary, to answer the cases presented by other interested parties. The definition of "adequate protection" above is none other than that on which most tariffs are mistakenly raised—the "equating of costs of production" theory. "Mistakenly" because equating costs at their highest level never leads to the greatest possible amount of trade; nor is it likely to do so for India in this case. It is greatly to be hoped that the Indian textile manufacturers, having warded off Japanese competition, will not set out to achieve a monopoly of the home market by securing so "adequate" a protection that no opportunity whatever is afforded to Indian textile consumers to purchase Lancashire's products.

* * *

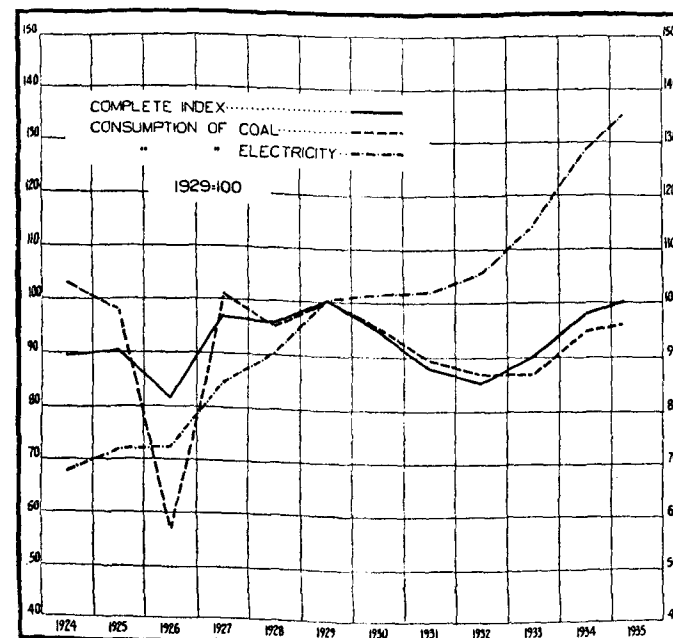
The Price of Milk.—The Milk Marketing Board, fortified by their victory in the poll of their constituents taken last month, have been negotiating with the distributors of milk the terms of the annual contract for the supply of milk for liquid consumption, and the negotiations have reached deadlock. This contract runs from October 1st to September 30th each year and it specifies not only the price at which milk will be sold at wholesale to the dairymen but the minimum price at which it may be sold at retail. The dairymen proposed reductions in the wholesale price of eightpence per twelve gallons throughout the year, and in the retail price of fourpence per gallon for two summer months. In other words, the distributors' margin was to be left untouched. The Board responded with a demand for an increase of fivepence per dozen gallons in the wholesale price with no increase in the retail price. The Board propose, in accordance with the terms of the scheme, to enforce their views, subject only to confirmation by a statutory Investigating Committee. This autumnal wrangle is an annual affair and the only change brought about by the Milk Marketing scheme is that it is the farmers rather than the distributors who now have the power, in the last analysis, to override the other side. In the present instance, both sides are attempting to reduce the other's profits, the distributors in order to lower the retail price, the farmers in order to line their own pockets. It may be suggested that both parties are about equally at fault. The continued and increasing profits of the milk distributing companies suggest that the distributors' margin might well be reduced without any damage either to equity or to efficiency. As for the farmers, it is well known that the whole future of the scheme is threatened by the continuing enormous increase in the production of milk. It is true that as a larger and larger proportion of the total production of milk has to go into manufacture, the average price received for milk falls, and it is understandable that the farmer, led by his spokesmen to believe that the scheme would guarantee him higher prices, is setting up a howl and putting pressure upon the Board to raise the price of liquid milk. But it is obvious that an increase in the price will stimulate a still greater spate of unsaleable milk and produce further embarrassments for the luckless Board. Anyone who can take his eyes off the politics of the matter can see quite clearly that the only reasonable course is to reduce the retail price of milk by lowering both the wholesale price and the distributors' margin. If it is impossible for a Board elected by the producers ever to agree to such a course, that demonstrates not the unreasonableness of the suggestion but the utter unsoundness of attempting to regulate a complicated market by a body unable to regulate production and unwilling to lower prices in any circumstances at any time.

* * *

Power Consumption in Britain.—A country's consumption of fuel and power is a good index of its economic development. How has consumption of power moved in this country in recent years? The chart below shows changes in the relationship between total consumption of coal, consumption of electricity by industry, and general business activity in the United Kingdom during the past ten years. The general trend of economic activity in this country is represented by the annual figures of our new Index of Business Activity. The scope and

method of construction of the new index were explained in the Trade Supplement to the *Economist* of June 29th. The indices of coal and electricity consumption are two of the fourteen constituents of the complete Index of Business Activity. The index of coal consumption is based on the average daily output of saleable coal, less exports of coal, manufactured fuel and coal shipped for the use of steamers, and is corrected for variations of stocks at pit-head. The index of the consumption of electric power by industry represents the first attempt to measure changes in industrial consumption of electricity in this country. The index is based on the average daily output of "authorised undertakers," less units generated for domestic purposes and for use in traction and public lighting.

ECONOMIST INDICES OF BUSINESS ACTIVITY



It will be seen that coal consumption has followed the trend of general business activity fairly closely since 1928, though the divergence between the two indices has tended to increase during the past two years. The fact that the decline of coal consumption between 1929 and 1932 and the increase since then was smaller than the contraction and expansion of general business activity during this period may be ascribed to the relatively inelastic demand for house coal. In contrast to the decline of coal consumption, demand for electric power by industry has doubled in the past ten years. Thus, the depression only retarded, but did not arrest, the rapid growth of electrification in this country.

* * *

The Rise in Wheat Prices.—At this time of the year wheat markets are notoriously unstable and easily swayed by crop reports or rumours which subsequently prove exaggerated. The rise in wheat prices during the past four weeks has been very substantial. Liverpool wheat futures are about 20 per cent. dearer than they were in the middle of August. Although complete details of this year's world crop are not yet available, it was fairly evident a month ago that the requirements of importing countries during the season ending in July, 1936, would be about the same as in the 1934-35 season. The main cause of the sharp rise of wheat prices in recent weeks is the deterioration of crop prospects in North and South America and in Australia. The reduction in the supplies of wheat in exporting countries justified a moderate rise in prices. But the improvement was to some extent anticipated by the Canadian Prime Minister, Mr Bennett, who announced on September 6th that the Government had fixed the minimum price for the 1935 crop at 8½ cents per bushel for No. 1 Northern wheat, Fort William basis. As Canada is likely to be the principal exporting country this season, Mr Bennett's decision exerted a strong pull on wheat prices in other coun-

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tries. The improvement has been well maintained during the past few days, and on Wednesday the quotation for October futures at Liverpool actually exceeded 6s. per cental. It now appears that the yield of Canada's crop will be little better than last year. The first official crop estimate, published on September 11th, indicates a crop of about 290.5 million bushels, as compared with 275.8 million bushels harvested last year. The official estimate of the United States crop, issued on September 10th, is lower than the August forecast. The total wheat crop in that country is now estimated at 595 million bushels, against a yield of 608 million bushels expected a month ago. Moreover, and this is of considerable importance, a substantial proportion of North American wheat will be unfit for milling. If current estimates of world supplies and demand for wheat are reasonably accurate, free-market prices during the present season may show an improvement on the average price in 1934-35.

* * *

Tin Quota Decision.—The International Tin Committee decided at their meeting in Brussels on Wednesday to recommend to the Governments of British Malaya, Nigeria, the Dutch East Indies and Bolivia that the production quotas for the last quarter of the current year should remain unchanged at 65 per cent. of the 1929 standard tonnages, to which figure they had been raised on August 9th. This welcome decision certainly suggests that the Tin Committee have decided to adopt a more reasonable policy. Nor need they regret this step, for the immediate reaction on the market has been distinctly favourable. The price of "spot" tin was actually marked up from £219 2s. 6d. per ton on Wednesday to £221 17s. 6d. on Thursday morning, while the quotation for three months' tin advanced from £209 2s. 6d. per ton to £210 10s. per ton. The difference between the quotations for "spot" and three months' tin is thus still substantial, but the divergence may become smaller when increased supplies come on to the market. It is stated in the official *communiqué*, issued by the Tin Committee, that proposals for the extension of the restriction scheme beyond 1936 had been considered and that a final decision need not be taken prior to the date of expiry of the scheme at the end of next year. It is to be hoped that the concession to tin consumers in the shape of increased supplies from the original restriction countries will be continued at the next meeting of the Committee on December 6th; for "starvation" of the tin market benefits no one, least of all the actual producers themselves.

* * *

Sterling and International Prices.—British and American wholesale commodity prices continued their upward trend during the past fortnight. As will be seen from a comparison of the indices of primary products with the more comprehensive indices, the upward movement has been most marked in raw materials and crude foodstuffs. It is interesting to note that the renewed upward trend of wholesale prices in France is largely due to an increase in quotations for domestic products. The prices of commodities included in the index which France has to import have

scarcely changed since the beginning of August. As is only to be expected, commodity prices in Italy continue to rise.

SEPTEMBER 18, 1931 = 100

Date	Economist Indices			U.S.A., Irving Fisher	France, Statistique Générale	Italy, Milan Chamber of Commerce	Germany, Statistische Reichsamt
	British Complete Index (sterling)	Primary Products (sterling)	Price of Gold (sterling)				
1932							
Jan. 27th	108.3	115.7	93.8	140.9	93.5	95.8	91.6
Apr. 20th	103.8	105.4	83.6	129.5	89.6	97.0	90.3
July 27th	99.5	103.5	84.1	136.9	88.3	91.3	88.5
Oct. 19th	103.1	112.8	84.0	143.8	88.8	92.7	88.8
1933							
Jan. 25th	101.3	107.7	78.0	142.6	80.5	90.2	83.8
Apr. 19th	98.7	104.6	88.7	141.4	82.8	87.5	83.4
July 26th	108.1	120.6	124.7	145.7	100.9	89.7	86.6
Oct. 18th	106.4	112.8	109.1	155.4	103.7	87.5	84.6
1934							
Jan. 31st	108.8	118.0	124.8	156.7	105.6	87.2	88.5
Apr. 25th	108.2	119.8	125.3	159.5	106.0	85.4	87.7
July 18th	109.5	124.8	136.7	162.4	113.2	81.4	83.2
Oct. 24th	107.9	124.2	146.2	164.5	114.3	79.8	84.4
1935							
Jan. 2nd	109.4	123.7	154.5	165.8	115.1	77.1	85.2
Jan. 30th	110.8	124.6	152.4	167.2	118.3	79.1	85.8
Feb. 19th	109.6	123.4	154.5	167.5	119.5	78.9	85.5
Feb. 27th	109.9	123.9	153.9	169.6	119.9	78.4	87.0
Mar. 13th	108.7	121.9	148.6	174.2	118.5	77.7	87.8
Mar. 27th	109.4	123.3	147.6	171.0	116.9	77.7	88.4
Apr. 10th	109.9	124.4	150.1	168.9	118.5	78.4	91.3
Apr. 24th	110.5	124.5	151.6	169.1	118.6	78.2	91.7
May 8th	111.3	124.1	149.5	169.5	119.2	78.2	92.8
May 22nd	113.5	127.7	151.4	167.1	119.9	79.6	93.5
June 5th	112.7	126.2	146.1	168.2	120.1	79.3	92.9
June 19th	112.7	125.6	144.2	165.9	118.9	78.9	96.4
July 3rd	111.8	124.5	143.0	168.5	118.5	78.0	96.9
July 17th	111.6	124.3	143.6	166.0	118.5	76.6	97.2
July 31st	112.7	126.7	146.2	165.6	120.2	75.9	98.2
Aug. 14th	111.4	125.3	141.6	164.9	121.4	75.7	99.7
Aug. 28th	112.4	125.5	141.4	164.7	122.2	77.5	101.8
Sept. 11th	113.3	127.7	143.5	165.8	122.5*	78.0*	102.4*

* These figures relate to Sept. 4th

Details of the group indices comprising the complete *Economist* index number on the date of our suspension of the gold standard and for recent dates are given below:—

"ECONOMIST" INDEX

(1927 = 100)

	Sept. 18, 1931	Aug. 14, 1935	Aug. 28, 1935	Sept 11, 1935
Cereals and meat	64.5	67.0	69.0	69.6
Other foods	62.2	58.3	58.0	59.0
Textiles	43.7	55.6	56.4	57.3
Minerals	67.4	79.8	81.0	80.7
Miscellaneous	65.8	74.7	74.4	74.9
Complete index...	60.4	67.3	67.9	68.4
1913 = 100	83.1	92.6	93.4	94.2
1924 = 100	52.2	58.2	58.6	59.1

With the exception of the index for minerals, comprising coal, iron and steel materials and non-ferrous metals, all the group indices showed a rise during the past fortnight. The sharp rise in wheat prices, discussed on page 511, is reflected in the index for cereals and meat. Butter, cheese

and meat are responsible for the advance of the index for "Other foods," and wool, hemp and Egyptian cotton for the rise in the "Textiles" index.

A Further Rise in Employment.—Employment in this country is forging ahead in a most encouraging way. In Great Britain, as revealed in the official returns, it scored a further improvement during August. There were 10,424,000 insured persons (aged 16 to 64) in employment on August 26th, this total being 43,000 higher on the month and 244,000 more than at the corresponding date last year. The number of registered unemployed fell from 1,972,941 in July to 1,947,964 in August, this contraction of 24,977 being of approximately normal seasonal dimensions. An increase of 32,000 in the number wholly unemployed was more than counterbalanced by a substantial reduction in those "temporarily stopped." Total unemployment shows a drop of 188,614 over the past year. How the improvement affected some of our more important industries is shown in the table below:—

INSURED PERSONS UNEMPLOYED IN GREAT BRITAIN

	Aug. 20, 1934	July 22, 1935	Aug. 26, 1935
Coal mining	307,433	293,839	256,489
Iron and steel manufacture	48,889	40,191	37,356
General engineering	74,789	64,440	61,668
Shipbuilding and repairing	69,994	62,962	61,500
Motor vehicles, cycles and aircraft	30,817	26,158	24,725
Cotton	121,421	99,824	98,904
Woolen and worsted	53,881	30,824	29,229
Jute	9,746	17,485	8,186
Tailoring	34,321	26,880	33,801
Boot and shoe manufacture	35,352	21,614	21,333
Building	142,077	133,805	130,994
Dock and harbour service	47,743	47,421	49,503
Distributive trades	200,037	193,641	199,765
All persons registered	2,136,578	1,972,941	1,947,964

Recovery still continues in coal mining, engineering, iron and steel manufacture, building and in the construction of motor vehicles, cycles and aircraft. In the textiles group employment in the cotton trade shows a marked improvement over last year, although not to the same extent as in the woollen and worsted trades. In both cases unemployment again declined during August. There was also a substantial reduction last month in the number of "temporarily stopped" in the jute industry, due to the termination of local holidays. It may also be pointed out that there was a heavy increase in juvenile unemployment—which might have been avoided if the school-leaving age had been raised. An encouraging feature of the returns is the drop in unemployment in the distressed areas of the North-East and Scotland. A smaller improvement was recorded in the Midlands and in the London area. On the other hand, unemployment increased substantially in the North-Western area and, to a lesser extent, in Southern England.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

BUSINESS RECOVERY MAINTAINED

INSTEAD of the usual decline in industrial activity in July, the rate was so well sustained as to lift the seasonally adjusted index of manufactures. The following table shows the data:—

FEDERAL RESERVE BANK'S BUSINESS INDICES

(1923-25=100. Adjusted for seasonal)

	July, 1934	June, 1935	July, 1935
Industrial production (total)	76	86	86
Manufactures	74	84	84
Minerals	85	98	36
Construction contracts (total)	27	30	25
Residential	12	24	46
All others	39	36	80.4
Factory employment	79.4	79.9	65.3
Factory payrolls	60.5	66.4	58
Freight car loadings	61	63	80
Department store sales	73	80	

EMPLOYMENT AND PAYROLLS

(Unadjusted)

	May, 1935	June, 1935	July, 1935
Factory employment	81.1	79.6	79.5
Factory payrolls	68.5	66.4	65.3

The figures of the National Industrial Conference Board for the same months show a minute decline in hourly rates

between May and July (from \$.599 to \$.598), an equally minute increase in weekly hours worked (from 36.3 to 36.4), with the average weekly pay approximately unchanged (\$21.76—\$21.75). Of the 25 industries tabulated by the National Industrial Conference Board, only two reported average hours of work per week in excess of 40 in July, and none over 41. Although the standard N.R.A. week was 40 hours, the data show that only in exceptional industries was this figure even approached. While there have certainly been numerous scattered adjustments in hours and wages in concerns not covered or partially covered by the data, this fact must be set against the coincident fact that the period covered from May through June and July is ordinarily one of seasonal recession which has been absent this year. On the other hand, the testing period has not been long enough to prove anything, and it is quite possible that these microscopic changes indicate a trend. At all events, organised labour is increasingly emphasising the 30-hour week as the panacea for unemployment.

RIISING COMMODITY PRICES

The rising cost of food is becoming increasingly onerous upon the urban population, and in some instances is leading to public protest. The National Industrial Conference Board's cost of living index shows a rise of about 5 per cent. in the past year, the advance in food and rent of about 10 per cent. being partly offset by a fall in clothing and fuel. The Bureau of Labour Statistics index of retail food prices for mid-August was 122.3, compared with 111.8 for mid-August, 1934, and 107.4 in the middle of April, 1934. The following table shows the movement of the groups in that interval; April 10, 1934, is used as the base, as it immediately preceded the culmination of the Great Drought:—

RETAIL FOOD PRICES

	1913=100	April 10, 1934	Aug. 19, 1934	Aug. 13, 1935
All foods	107.4	111.8	122.3	122.3
Cereals	144.7	149.6	150.6	150.6
Meats	110.5	121.1	161.3	161.3
Dairy products	99.7	103.4	104.6	104.6
Eggs	69.5	87.8	104.3	104.3
Fruits and vegetables	130.3	116.1	106.2	106.2

The rise has principally been in the price of meat and eggs; and the price of meat has become distinctly high compared with that of other foods. The retail price of cereals was little affected by the drought, which made the previous official controls somewhat more effective. The drought was a much greater influence on wholesale prices; and the following table shows its general course. The drought was recognised late in April, 1934; its effect on prices seems to have reached its maximum about the end of the year; and since that time the movement has been irregular, persisting longest in livestock and meat prices.

PRICE CHANGES IN REPRESENTATIVE COMMODITIES

	(Cents per unit)	April 15, 1933	April 16, 1934	Jan. 2, 1935	Aug. 31, 1935
Wheat	63.00	80.50	105.50	104.50	104.50
Maize	33.50	43.00	91.75	75.00	75.00
Oats	21.75	27.88	56.88	28.75	28.75
Rye	46.00	52.75	77.50	46.25	46.25
Cattle	5.05	6.30	8.15	10.80	10.80
Hides	6.70	11.00	9.00	10.50	10.50
Hogs	3.75	3.90	7.35	10.75	10.75
Lard	4.48	5.33	12.75	15.88	15.88
Wool	40.285	79.18	63.93	65.07	65.07
Cotton	6.70	11.80	12.85	10.65	10.65
Cottonseed oil	3.90	5.25	10.80	10.17	10.17
Flaxseed	118.25	172.00	197.75	152.50	152.50
Butter	20.00	23.50	32.75	25.75	25.75
Eggs	13.25	18.00	29.00	26.50	26.50
Sugar	1.10	1.42	1.75	2.55	2.55
Scrap steel	10.25	14.50	13.25	13.25	13.25
Copper	5.15	8.50	9.00	8.50	8.50
Lead	3.25	4.25	3.70	4.35	4.35
Zinc	3.10	4.40	3.75	4.60	4.60
Silver	28.75	45.50	55.00	65.38	65.38
Tin	25.70	55.10	50.75	49.12	49.12
Silk	124.00	132.00	146.00	190.00	190.00
Rubber	3.55	11.94	13.74	11.79	11.79
Copper	7.50	10.13	9.62	6.38	6.38
Cocoa	3.40	5.25	5.25	4.90	4.90

In the metals and the imported commodities, and even the distinctively industrial agricultural commodities, cotton

and wool (but not silk, or, of course, silver) there has been little rise since April, 1934; perhaps even a down trend. The immediate influence of the Great Drought on agricultural prices culminated about the turn of the year, and with the new crops many prices weakened badly. In livestock and meat prices the shortage is still effective.

But the basic fact is that the economy of the United States has, not only since the spring of 1933, but since the summer of 1934, been under the influence of forces which have powerfully moved commodity prices. In part, these have been monetary; more, they have been the result of direct measures of price control; and, still more, they have reflected the consequences of the drought.

A 2½ PER CENT. GOVERNMENT CONVERSION

The Secretary of the Treasury has announced that the last block of the Fourth 4½ per cent. Liberty Loan will be exchanged on October 15 for 10-12 year bonds bearing a 2½ per cent. coupon. The sum involved is \$1,250 millions, out of a maximum total of about \$8,000 millions, and the terms offered are more favourable to the Treasury than any of the preceding offers; the first block was converted on a 3½ per cent. basis. At the same time the Treasury is asking for \$500 millions of new money in 1½ per cent. 4½ year notes. This latter announcement seems to mark the ending of the auction issues (except of Treasury bills) which had aroused the active resentment of the financial community and had worked none too well for the Treasury—the last offer having been only partially subscribed.

The United States is coming to have an extremely complex debt structure, owing to the popularity of the issue of notes of intermediate term. For example, the distribution of the public debt has developed as follows:—

PUBLIC DEBT OF UNITED STATES

(\$'000,000)

	Total	Bonds	Notes	Certificates	Bills	Non-interest bearing
June, 1932...	19,487	14,250	1,465	2,831	616	326
June, 1933...	22,539	14,223	4,780	2,200	954	381
June, 1934...	27,053	16,510	6,932	1,635	1,404	573
July, 1935...	29,210	14,576	11,065	254	2,028	1,196

The certificate of indebtedness, once the standard short-term issue, has disappeared except for special funds, while the Treasury bills, originally three-month issues, have been lengthened out in instances to a year. For its new money the Treasury has been relying more and more on the note, of which about \$2,000 millions are now scheduled to mature each year between 1936 and 1940, in which period there are no bond maturities; the latter begin in 1941, with about \$1,000 millions a year to 1945. The general scheme of the debt structure at present consists, therefore, of about \$2,000 millions of Treasury bills maturing within any given year; and an aggregate maturity of various note issues amounting to \$2,000 millions a year, followed by the long-term debt, none of which matures before 1941, and comparatively little before 1945. This structure is supported by a set of money rates extremely advantageous to the Treasury, varying from the nominal on the bills to about 3 per cent. on the longest issues, while the increased debt charge (carried by the mounting deficit) has been almost completely offset by the combination of refundings and the very low rates prevailing on the short issues. It will be noted, however, that the whole system of deficit financing has come to depend upon the availability of bank credit created to that end; and its success, or even its maintenance, depends upon the continued supply.

NEW YORK, September 3.

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FRANCE

FARMERS AND PRICES

In a speech on Sunday, M. Cathala, Minister for Agriculture, emphasised the recovery in the price of wheat, which has risen from 60 to 86 francs. He declared that this was due partly to the small crop, but also partly to the measures adopted by the Government with the aid of the Bank of France to raise prices. He added that the Cabinet was aware of the risk that higher prices might provoke excessive sowing which would resuscitate the danger of surplus crops. That, he said, was why the Government had decided to create, with the aid of farmer delegates, a central organisation of the agricultural industry. After insisting that the rise in wheat prices would have been impossible without the budgetary decree laws which provoked a return of confidence, M. Cathala announced that the Bank of France had agreed to accord the wine growers the same credit facilities which the farmers were already enjoying. This may be an event of great importance at the moment of the grape harvest and on the eve of the elections of senatorial delegates.

The August figures of the "Statistique Générale de la France," which have just been published, show that wholesale prices are rising while the cost of living continues to drop. The general wholesale price index was 343 at the end of August, compared with 334 in July; while the "material products" index had risen from 353 to 366. The "alimentary products" index is much higher at 339, against 320 (vegetables: 294 against 267) whilst the "industrial products" index is nearly unchanged. The quarterly cost of living in Paris has fallen from 526 in the first quarter of 1934, to 494 in the first quarter of 1935, and 490 in the second quarter of 1935.

The Government, politicians, press and public opinion are baffled by the problem of prices, i.e. the maladjustment between wholesale prices and the cost of living. Many examples are noted daily. Thus, an ox worth 1,600 francs has its price increased by 500 francs of transport, duties, slaughter rates, etc., before it is delivered to the butcher, who in his turn adds several hundred francs. The price which the producer of a pig receives never exceeds 50 or 60 per cent. of the price finally paid by the consumer. The margin between the price of wheat and bread, which was 50 per cent. of the cereal value in 1914, is now 120 per cent. This margin between wholesale prices and the various fixed costs which enter into retail prices is the principal cause of the present economic crisis. Consequently, all economists agree in emphasising the absolute necessity of a reduction in interest charges.

The Government's programme depends on cheap long-term money and a wholesale conversion of public and private interest rates. Prices of rentes are at the moment rising:—

	Highest	Lowest	1935 July 4th	Sept. 10th
3 per cent.....	84.97½	75.05	76.45	80.10
5 per cent. 1920.....	120	105	104.80	110.65
4 per cent. 1918.....	89.75	77.60	77.15	83.70
4½ per cent. "A" 1932	95.85	82.65	82.85	90.25
Treasury bonds 5 per cent. 1934.....	1,035	930	939	972
Treasury bonds 4½ per cent. 1934.....	1,025	928	937	971

All these rentes had their interest reduced by 10 per cent. in July.

The rise is slow but regular. It is being assisted by purchases by the public saving banks and by a certain return of confidence, principally due to the fall in rates on day to day loans (1 per cent. in the last 8 days), by an increase in deposits in the public saving banks, and by a cessation in the rise in unemployment (which is now almost stationary on a level 15 per cent. higher than a year ago). Confidence is also fostered by the firm tendency on Wall Street to which Paris is very attentive; but the Italo-Abyssinian conflict, on the other hand, is disturbing. The recent firmness of the market was also helped by the increase of 150 million francs of gold in the last statement of the Bank of France (a small fraction, however, of the 10,000 millions which left France

during the June monetary crisis). It is also being suggested that the rise in rentes might be accelerated by a new lowering of the bank rate.

HOPES OF EXCHANGE STABILISATION

So acute is the internal economic problem that the French public were not very excited by the recent rumours about eventual Anglo-American negotiations for the fixing of new gold parities. The visit to Portugal of Mr Morgenthau and the recent speech of Sir Josiah Stamp at Salzburg are considered as halts on a long voyage. Economic writers here believe that the idea of a return to the gold standard is making progress in certain quarters in London. But they still insist that the fixing of new parities as foreshadowed by Sir Josiah would not affect the currencies now on the gold standard. It is still believed here that M. Laval's deflationary experiments may provoke disheartening and so stimulate an internal recovery here, similar to that in the United States and Great Britain; and this, it is argued, might pave the way for a revision of the trade relations between the three great powers. Such a procedure, it is added, would conform to the conditions which have always been laid down by British official statements as necessary preliminaries to a fixing of gold parities.

PARIS, September 12.

GERMANY

WORKERS' DISCONTENT WITH FOOD SHORTAGE

THE cost-of-living index number for August was 124.5, as against 124.3 for July. As the index number for January, 1933, was 117.4, a rise during the Nazi administration of only 6 per cent. is officially admitted. A maximum producers' price for eggs was decreed last week. The existing minimum prices were slightly reduced and traders' margins were limited. In Berlin shops last week certain food products, some native, some foreign, could not be bought. Among industrial workers there is continued serious discontent with the high prices and the scarcity of food. The chief of the German Labour Front, Dr. Ley, speaking recently to Neunkirchen miners, affirmed that honour and not wages was the chief interest of German workmen.

The main issue with the workman (he said) is not his ridiculous wage-pennies but the dignity of his position; and ultimately wage-questions settle themselves if the worker respects himself. In the last resort, the mine worker cannot be paid with money at all; what he receives is only a petty remuneration for his unremitting labour. It is therefore all the more ridiculous for people to begin to haggle about such little things.

Such treatment of a social question that every day becomes more serious is not to the taste of the working-class population. The worker sees before his eyes the increasing wealth and the ostentation of numerous party officials and magnates, and the passing into their hands by unknown means of valuable properties formerly owned by private citizens.

The number of unemployed at the end of August is returned at 1,706,000, which is 48,000 fewer than at the end of July. In August, 1934, the number of unemployed declined by 28,000 to 2,398,000. Last month building and most of the heavy industries improved, but the number of short-time workers in the textiles trade increased. The footwear trade, which was long depressed, seems to be reviving. The Leipzig Autumn Fair, in spite of a large number of exhibitors and visitors, developed very unsatisfactorily and according to some accounts catastrophically. The relatively favourable newspaper reports are alleged by traders and experts to have been untrue. The cause of this unfavourable development seems to have been the stagnation in the consumption goods trades. A report to the members' assembly at the Ruhr Coal Syndicate states that, in consequence of marketing difficulties, the number of passed shifts increased from 605,000 in June to 629,000 in August. The report states that competition in all the syndicate's markets is undiminished, being sharpest of all

in South Germany. Saar business has been injured by the import of English coal; and from the coast far into the interior, and also in the Berlin market, offers of English coal have increased. Belgian coal goes to South Germany, Dutch coke is competing in South Germany and on the coast, and Upper Silesian coal is competing in Central and South Germany.

The home steel market continues to be fairly active, but it is threatened with loss of business through the reduction to 15,000 tons a month of railway corporation orders for permanent-way materials. Till lately these orders were 26,000 tons a month and in 1934 were 40,000 tons. The corporation pleads the need for economy. Both home and foreign orders for machinery are increasing. In January-July, however, exports of machines were only 116,824 tons, against 130,598 tons in the same months of 1934. According to newspaper figures 29 per cent. of the combined German-British-American machinery exports in the first half of this year was German, whereas Germany's share before the depreciation of sterling was 55 per cent. The British share increased in the same period from 21 to 35 per cent.

THE REICHSBANK'S POSITION

The short-term credit market last week and early this week was under the influence of the new Reich loans. The market was tighter. The interest rate on day loans was 3½ to 3¾ per cent., and the demand for the Reich short-term issues and for Gold Discount Bank promissory notes was small. As in the preceding week maturing series of the latter were not prolonged. Although no official figures have been issued, the marketing of the Rm. 500 millions 4½ per cent. Treasury bonds (effective yield 4.68 per cent.) is described as a success. According to newspaper reports between two-thirds and three-quarters of the total issue had been placed by September 10th. In order to avoid disturbance of the money market the actual subscriptions to this loan have been spread over three months, the first instalment of 30 per cent. not being payable until October 3rd. The Reichsbank's return for September 7th nevertheless indicates that substantial payments by members of the bank syndicate have already taken place, probably also preliminary payments by the Girozentrale on account of the second (also Rm. 500 millions) long-term Savings Bank loan. On the other hand, an increase in the Reichsbank's holding of Reich Treasury bills, and a sharp decline in deposits, show that the commercial banks have been realising cash for meeting the impending demand for money by private subscribers to the Treasury bonds issue.

The preliminary payments on account of the loans substantially reduced the Reichsbank's holding of "work-creation" bills. The bills portfolio declined by the large sum of Rm. 254 millions, and the total sum involved in bills, advances and securities dropped by Rm. 256 millions, which is 49.3 per cent. of the August month-end increase, as against a decline of 30.5 per cent. in the corresponding week of 1934. This change in the Reichsbank's position seems to conflict with the tension in the money-market witnessed since the end of August. The usual market fluidity after the turn of the month was not observed. The Reichsbank's position has, nevertheless, greatly improved. In reality the new borrowing measures, by eliminating a part of the work-creation bills, have attained their aim of consolidating some of the floating debt—in so far as the replacement of floating debt by middle term Treasury bonds can be described as consolidation. In a new official report it is claimed that about Rm. 1,750 millions of the floating debt has been consolidated in the last year. This estimate includes the long-term loan (supposed to have been nominally Rm. 500 millions) secretly imposed on the insurance companies. But the official report admits strangely that the sum obtained from the Insurance Loan is not known.

The authorities' success in expanding credit for work-creation and rearmament, without admitting the process to any considerable extent in the Reichsbank's balance-sheets, is a considerable technical achievement. The weekly returns for September 7, 1935 and 1934 are very much alike. The gold reserve rose in the year from Rm. 75 to Rm. 95 millions; the exchange reserve was nearly unchanged; the holding of securities valid as currency-cover (open market purchases) fell from Rm. 416 to Rm. 341

TRADING ABROAD

The existence of restrictions in a given country may temporarily prohibit dealings in forward exchange, but up-to-date information on this and on all points bearing on Forward Exchange generally may be obtained through any branch of the Westminster Bank. For any who may be unfamiliar with the facility, a very brief outline entitled *Forward Exchange* is always available at its counters

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millions; bills increased from Rm. 3,435 to Rm. 3,746 millions; deposits from Rm. 668 to Rm. 696 millions; and circulation rose from Rm. 3,709 to Rm. 3,881 millions. The circulation of Rentenbank notes increased from Rm. 306 to Rm. 384 millions, and the total circulation, including coins, from Rm. 5,629 to Rm. 5,951 millions.

BERLIN, September, 11.

ITALY

THE NEW FINANCIAL DECREES

THE reaction of the markets to the new emergency financial decrees issued at Bolzano on August 28th was immediate and considerable; but the lost ground is already being gradually recovered. The market was naturally mainly interested in the decree which limits variable dividends distributed by commercial industrial companies and firms. No dividend higher than 6 per cent. of the paid capital or the average dividend paid in the last three years may be distributed in the next three years. The excess profits must be invested in State securities, which remain the property of the company or firm, but are not disposable for the next three years. It is not clear if the limitation of dividends concerns only joint stock companies, or if it will be extended to private companies with unlimited liability which do not publish and are not obliged to compile yearly balance sheets.

The reinvestment problem will perhaps be the most thorny. During the war, when a similar limitation of dividend was enacted, companies were free to invest non-distributable profits in the enlargement of their plants or operations. What will happen now if a company has to invest in new plant? Profits not being realisable, it will be obliged to resort to the market or to the banks, and to compete with the State for the supply of new savings. Probably application will be made to the Treasury for authorisation to invest excess profits. As the establishment of new plant or the extensions of old must already in most cases be authorised by the Government, the present dividend limitation will have the effect of extending the authorisation system to all companies or firms.

Not less significant is the imposition of a tax of 10 per cent. on all dividends, interest coupons, bonuses and benefits accruing to bearer shareholders and to debenture holders or bondholders. Only State securities are exempt from the tax. This tax reproduces the main features of the 15 per cent. war-time tax, which was abolished at the beginning of the present regime. It is not a compulsory tax, as the holder, by registering the security, can avoid the liability to pay it. Its aim cannot therefore be considered mainly and directly fiscal. But it will induce a number of holders to register; thus reducing the possibility

of evading the personal income tax (supertax, as distinct from schedule income tax, for which the problem of evasion does not exist). Possibly the most important result, however, of the tax, coupled with the limitation of dividends, will be to make variable-dividend and private fixed-interest securities more similar to State securities. Savers will not discriminate between State securities, which have a fixed capital value, and fixed-interest and variable-dividend securities, the income from which many people hoped to see rising in consequence of present circumstances.

Markets proved immediately sensitive to the changed outlook for security yields. The following table shows the nominal capital, the most recent dividend and the market price of several representative variable-dividend securities:

	Denomi- nation of div. share.	Last div.	Price quoted on (Lire)		
			Aug. 28	Aug. 29	Sept. 3
Bank of Italy	600	60	1,420	1,420	1,420
Olcese cotton mill ..	200	12	326	240	274
Snia Viscosa	230	16	429	335	353
Montecatini (fertilisers, etc.)	100	8	194	160	175
Fiat (motor-car)	200	10	445	342	360
Edison (electricity) ..	600	48	797	721	764
Eridania (sugar)	250	20	412	380	398
Italgas	10	0.70	13.75	12.50	13.30
Risanamento (real es- tate)	450	45	975	905	940
Pirelli (rubber)	500	47.50	1,226	1,030	1,105

The Bank of Italy's shares did not move, because they are registered and therefore not liable to the 10 per cent. tax, and also because dividends were already limited to 60 lire.

THE MOBILISATION OF FOREIGN SECURITIES

The Stock Exchange was much less interested in the third emergency decree, which made it compulsory for Italian citizens living in Italy to cede against cash all credits held in foreign countries and to sell against nine-year Treasury 5 per cent. bonds all foreign securities (at the price current on August 28, 1935) and Italian securities issued in foreign countries (at the price current on December 8, 1934). On December 8th it was declared compulsory to make a statement of these credits and securities; and a part of them has already been sold by agreement to the Treasury. The amount of the remaining part, which the Treasury can now take over, is not known. Two authoritative statements can be quoted: (1) Signor Azzolini, Governor of the Bank of Italy, in his report of March 30, estimated at about 6,000 million lire the investments made by Italians in foreign countries from 1928 to May, 1934. Investments previous to 1928 ought to be added; and investments in unsaleable securities, in frozen credits, in lands, real estate and industrial ventures must be deducted; (2) Signor Angeloni, Commercial Counsellor to the Italian Embassy in Washington, estimates at 388.5 million dollars the total amount of Italian securities issued in the United States. Reimbursements reduced the total to 282 million dollars, of which about 50 per cent. are held by foreigners. The Italian Treasury, therefore, can still purchase the rest, viz. about 140 million dollars, which are the property of Italian citizens living in Italy. A part of this has already been purchased since December 8, 1934.

The Italian economic system is being more and more controlled by State Agencies. The recent creation of a Government monopoly for coal, tin, copper and nickel was designed to facilitate purchases and payments through the State Railway Agency, and the limitation, by order of the Superintendent of foreign exchange, of private compensations between imports and exports to amounts included in the general import quotas, excludes the possibility of increasing imports against old exports. Before December 31, 1937, all motor vehicles used for public or private passenger transport must be adapted from oil or nafta to gasogenous or other substitute systems. Industrial *autarky* is expected to reduce the deficit in the balance of foreign payments. So far, however, the task is proving extremely arduous. In the first seven months of the year, imports decreased from 4,572.5 in 1934 to 4,412.3 million lire in 1935; but exports decreased from 3,023.5 to 2,816.6 millions, leaving an import surplus of 1,595.7 this year against 1,549 millions in 1934.

TURIN, September 8.

BELGIUM

SUCCESS OF DEVALUATION

It is now possible to assess more clearly the economic results of the devaluation in March. Broadly speaking, the results have been exactly what the advocates of devaluation expected. Unemployment has fallen by about 37 per cent. since the beginning of the year. This is partly seasonal; but the greater part of it is due to a fundamental recovery. The number of unemployed in Belgium in 1935 has been as follows:—

At the end of the month—	Totally Unemployed	Partially Unemployed
January	223,300	158,400
February	220,800	157,200
March	206,500	148,400
April	181,000	127,400
May	159,500	114,500
June	146,500	104,000

Since the end of June unemployment has been stationary; and some seasonal rise is likely as autumn approaches.

The railway traffic figures show clearly that a general economic improvement has occurred. At the beginning of the year railway traffic was 7 per cent. less than in the same period of 1934. In April there was an increase of 11 per cent., in May of 15 per cent., in June of 6 per cent., and in July of 2 per cent. The number of cars loaded in August again showed an increase, and was 8 per cent. greater than in August, 1934, and 15 per cent. greater than the average for the first quarter of the year. In the first quarter the railways showed a loss of 100 million francs, and in the second quarter of only 13 millions. In the third quarter an appreciable net profit will probably be recorded. This will, of course, be in part due to exceptional receipts attributable to the Brussels Exhibition.

Opponents of the devaluation have now been driven to ascribe the nation's economic recovery, which they can no longer deny, to this Exhibition. It is true that business has been stimulated by the Exhibition. But employment must have been improved *before* its opening. At one time 15,000 to 20,000 workmen were engaged on the preparation of the Exhibition, and this aid to employment vanished in the Spring when the Exhibition was opened—and the devaluation was achieved. The Exhibition is not employing any more men now than a year ago.

Belgium's shipping trade has advanced steadily. Exporters have followed the advice of the Government not to reduce their export prices; and their restraint has astonished everyone in Belgium. The volume of the export trade has consequently only increased a little. And the increase in export values has not been as great as the "coefficient of devaluation." In July exports were 30 per cent. greater in value than in the same month of last year, while the "devaluation coefficient" is 39 per cent.

GREAT IMPROVEMENT IN BUDGETARY SITUATION

The Budgetary situation which was critical in the first quarter of 1935, is now so changed that Budgetary equilibrium has in fact been achieved. The total deficit has been officially estimated at 450 million francs for the fiscal year 1935. But this deficit is due almost entirely to the first quarter of the year; ever since the devaluation revenue has balanced expenditure or even shown a small surplus.

The following table records the astonishing improvement in the receipts from certain taxes which is, of course, due to the business recovery following devaluation. The first figures relate to the registration tax imposed on sales of real estate, and the second to stamp dues inclusive of the heavy sales tax of 2½ per cent. on all transactions and of the luxury tax.

RECEIPTS FROM INDIRECT TAXES

(compared with receipts in 1934)

	Registration	Stamp Dues
	%	%
First quarter	-13	-11
April (after devaluation) ..	+58	+19.6
May	+42	+22.9
June	+48	+9.2
July	+46	+15.8

The devaluation has thus enormously improved the general situation. The movement of prices is particularly satisfactory. The wholesale price index is now stabilised at a point 19 per cent. above the devaluation level, which increase is about half the "devaluation coefficient." So far, retail prices have risen by only 6½ per cent. The advocates of devaluation estimated that the total increase would ultimately be 10 to 15 per cent.

LOUVAIN, September 1.

GREECE

RESTORATION OF THE MONARCHY

A RESTORATION of the monarchy may be considered as certain. During his brief stay at Bled, in Yugoslavia, the Greek Premier, M. Tsaldaris, is reported to have discussed with Prince Nicholas of Greece the question of the restoration and the internal policies to be followed after the return of the King. In usually well-informed circles it is believed that a digression from orthodox Parliamentary rules through the creation of a so-called "dynamic" State is envisaged and, indeed, may become inevitable, considering that a large percentage of the population is Republican. On his return from Bavaria, M. Tsaldaris, the Premier, is expected to pronounce himself, as his ally General Kondylis has already done, in favour of the restoration, but at the same time to declare that his Government will remain, as already promised, neutral during the forthcoming plebiscite. Thus the two parties forming the Government would commit themselves to work for the Royalist regime. To many people this professed neutrality seems, in the circumstances, inconceivable.

A DECLINE IN ECONOMIC ACTIVITY

The index of economic activity published by the Bank of Greece shows a sharp fall in March, from 106.4 to 88.3. A year ago it showed a rise from 85.8 to 94.7. This decline is largely the result of the revolt which broke out at the beginning of March last. The index for subsequent months has not yet been established, but the Superior Economic Council reports that during the first half-year of 1935 some slackening of general economic activity occurred as compared with the corresponding period of last year. Foreign trade, on the other hand, expanded during the first six months of this year as compared with a year ago. But the passive trade balance has also increased, while emigrants' remittances have declined at the same time.

In the circumstances, the cover in gold and foreign exchange of the Bank of Greece has been reduced by some 357 million drachmas, and its proportion to the circulation has fallen from 78.1 per cent. to 67.44 per cent. Meanwhile the index number for wholesale prices and that for the cost of living have continued their upward movement.

The public revenue amounted in the first six months of this year to Drs. 4,872 millions, compared with Drs. 4,365 millions in the corresponding period of last year, or an increase of Drs. 507 millions, due chiefly to larger receipts from import duties, the result of more imports. Expenditure during April and May—for which months only have returns been published—amounted to Drs. 1,090 millions, against Drs. 772 millions for the same months of 1934.

A committee has recently been set up, named the "Superior Economic Defence," under the chairmanship of the Prime Minister and with the Ministers of Foreign Affairs, Finance, Agriculture and National Economy, and the Governor of the Bank of Greece, as members. The purpose of this body is to co-ordinate the activities of the State on questions concerning the national currency, credit, savings, and agricultural, industrial and commercial policy. At the most recent meeting of the Committee the foreign exchange position was thoroughly investigated, in view of the steady decline of the Bank's reserves. The Minister of Finance has stated that the fall in the reserves is due to delay on the part of exporters of currants in surrendering foreign exchange.

ATHENS, August 20.

FINLAND

BUDGET REVENUES INCREASING

THE Government has completed its Budget estimates for 1936, and they will be submitted to the Diet this month. The principal items, compared with the corresponding figures in the Budget for 1935 and the finance accounts for 1934, are as follows:—

	1934	1935	1936
	Mill. Mks.	Mill. mks.	Mill. mks.
Revenue:			
Current revenue	3,366.9	3,173.9	3,307.0
Loans issued	503.6	...	300.0
Other capital revenue	265.2	181.9	193.0
Total	4,135.7	3,355.8	3,800.0
Expenditure:			
Current expenditure	2,599.2	2,677.0	2,730.5
Redemption of loans	394.2	93.2	364.9
Other capital expenditure	1,107.3	584.7	703.9
Total	4,100.7	3,354.9	3,799.3
Surplus	35.0	0.9	0.7

Expenditure on defence and education has been increased. The increase in the current revenue is principally due to expectations of a greater yield from existing taxes on account of the improvement in economic conditions.

Foreign trade was very lively in July. Imports increased heavily, and exports were maintained at the same level as in 1934. The figures are as follows:—

	Imports		Exports	
	Volume	Mill. mks.	Volume	Mill. mks.
1932	100	300.5	100	498.6
1933	115	350.1	141	692.3
1934	158	418.4	135	761.0
1935	171	490.9	137	712.5

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The considerable increase in imports this year is due to a great extent to imports of raw materials, while the comparatively poor export figures are a result of lower prices.

FURTHER FALL IN UNEMPLOYMENT

Industrial production, which expanded markedly in 1933 and 1934, has been less active this year. The index of the volume of industrial production, indeed, was 139 for the first half-year, compared with 130 last year and only 97 in 1931; but in June it dropped to 129, as against 136 a year ago. This fall is due to slacker conditions in the exporting industries, especially as regards the saw-mills. Unemployment has fallen month by month during the year, partly owing to seasonal causes. The number of unemployed at the end of July, when the seasonal position is usually at its best, had dropped to 3,732, in comparison with 10,988 last year and over 23,000 in 1932.

There has been a growing easiness in the money market. Deposits increased further, and amounted to the following totals (in all banks and savings institutions) during January-June:—

1933.....	298 million marks.
1934.....	547 " "
1935.....	551 " "

The total credits of the joint stock banks increased in January-July by 222 million marks. At the same time their deposits grew by 477 million marks.

The strong position of the Bank of Finland also reflects the ample supply of cash. At the end of July its credits amounted to 783.3 million marks, as against 855.5 and 942.1 millions a year ago and two years ago; while the reserve of foreign currency amounted to 1,352.8 million marks, compared with 969.4 and 782.2 millions in the two previous years.

HELSINKI, September 1.

ARGENTINA

RAILWAY COSTS AND REVENUES

THE general economic situation in Argentina remains good. The recovery, which followed the devaluation of the currency, has now resulted in a widespread expansion of production, employment and foreign trade. The movement is being carried further by the Government's cheap money policy.

The conversion of 7 per cent. Buenos Aires Municipal bonds met with entire success. Out of a total holding of \$43,000,000, holders of only \$1,493,000 have failed to accept the conversion offer. The Municipality have consequently decided to convert their 6½ per cent., 1923 bonds. These are divided into three series as follows: circulation, A, \$48,507,250; B, \$16,150,300; C, \$2,394,800. Series B and C, if unconverted, will be redeemed at par on October 1st and series A on January 1st. It is expected that this conversion will meet with the same favourable reception as the former.

The Decree controlling the Press, which has been criticised by both foreign and local Press interests, is shortly to be repealed, as certain clauses have been pronounced to be contrary to the Constitution.

Some interesting figures have recently been published showing the expenditure and revenue of railways in the Argentine during the past ten years. Taking 1924-25 as a basis, receipts for 1933-34 were down by 21 per cent., whereas expenditure showed a reduction of only 11 per cent. Comparing these figures with those obtaining in the United States and Great Britain during similar periods, which showed reductions of 51 per cent. and 54 per cent. respectively in the case of the former country and 26 per cent. and 24 per cent. in the case of the latter, it is apparent that whereas in the United States and Great Britain it has been possible to offset the decline in receipts by reducing expenditure, it has not in the Argentine. The text of the

arbitral resolution issued by President Justo for modifying working regulations on the railways has just been made public. These regulations will, it is hoped, make it possible for the railways to effect considerable economies in running expenses without in any way interfering with the service which they give to the public.

WHEAT HARVEST PROSPECTS

Owing to the rains which fell during the early part of the month, sowings of linseed have taken place on a fairly large scale and in certain places late-type wheat has also been put down. Reports from the interior are, however, far from satisfactory, as except in the Province of Buenos Aires germination is poor and wheat is, in consequence, patchy.

There has been considerable discussion in Congress about the basic price of \$4.40 per 100 kilos. which the Government are paying for maize. The producers are clamouring for an increase. During the discussions it was pointed out that between November, 1933 and August, 1935, the Government had made a profit on their exchange operations, of some \$197,000,000, and that a proportion of these profits should go to the producers of maize and other grain. This profit has actually been allotted as follows:—\$69,500,000 to the Government for payment of debt services; \$9,100,000 to the grain board; \$3,100,000 to the milk regulating board; \$300,000 to the cotton industry; and \$3,000,000 to the meat trade. The balance is being utilised as an exchange equalisation fund.

Imports for the month of July were the highest registered since November, 1934, which was a record month, and as a result of this big increase, combined with the falling off of exports, the export surplus for July was only slightly in excess of \$9,000,000.

MARKET VALUES IN FIRST SEVEN MONTHS

Item	1934	1935	Increase or Decrease
Imports	\$ 598,590,473	\$ 668,703,778	+11.7%
Exports	835,068,572	951,558,853	+13.9%
Balance of trade	+236,478,099	+282,855,075	+13.0%

ARGENTINE IMPORTS, ACCORDING TO COUNTRIES OF ORIGIN DURING FIRST SEVEN MONTHS OF 1935 AND 1934

Countries of Origin	1934	1935	1934	1935
	\$	\$	Percentage	
United Kingdom....	123,841,975	136,468,179	22.8	22.1
United States	80,770,080	91,608,279	14.9	14.8
Germany	58,654,111	53,313,947	10.8	8.6
Belgium	24,175,715	39,843,050	4.5	6.4
Italy	41,685,520	29,117,593	7.7	4.7
Brazil	26,731,325	28,122,941	4.9	4.6
France	28,847,984	27,072,173	5.3	4.4
Japan.....	10,232,536	26,897,486	1.9	4.4

Despite the decrease in the export surplus in July the surplus for the first seven months of 1935 is considerably greater than last year. An analysis of imports continues to show a falling off in foodstuffs and tobacco and a considerable increase, both in tonnage and value, of textiles, iron, machinery and vehicles, and fuel and lubricants. There has been a falling off in production of petroleum by the State oil fields.

Budget revenue and expenditure figures for the first eight months of 1935 and 1934 have now been published.

	1934	1935	Increase
	\$	\$	\$
Revenue	636,543,330	676,103,471	40,560,141
Expenditure	637,928,529	675,789,671	37,861,142

Inland revenue shows a falling off of \$12,000,000 due to the increased share allotted to the Provinces under the scheme for unification of taxes. Income tax, sales tax and customs and ports have all produced considerably larger revenue this year, and it has accordingly been possible to make less use of credit operations and still meet current expenditure. Revenue from credit operations is actually down by some \$14,000,000. Salaries and miscellaneous expenditure both show large increases; but public debt services, due to the various conversion measures adopted during last year, are down by \$42,000,000.

BUENOS AIRES, September 7.

BOOKS AND PUBLICATIONS

OUR STRICKEN PORTS*

FOUR years ago, when the Conservative Party was agitating for tariffs to cure the depression, it was pointed out by innumerable critics that protection, however it might favour certain inland industries, would infallibly ruin our export trades and our ports. The present Government, denying that any such thing would happen, introduced a sweeping tariff. To-day our ports and our export trades are duly ruined, and the Government, contemplating them with perplexity, refers to them as "special areas," and devises trifling and ephemeral palliatives in its futile efforts to revive them.

In this pamphlet, compiled by the Liberal Free Trade Committee, and in particular by Mr F. W. Hirst, Sir Norman Hill and Professor W. A. Bone, the bitter and inescapable facts about our stricken seaports are unambiguously set out. The authors give the figures for imports and exports, in volume and value, and for unemployment for each district in turn, both before and after the introduction of tariffs. The comparison between 1929 and 1933 is perhaps a little unfair in some respects, since 1933 was a year of much greater cyclical depression than 1929. But in general the statistics tell a rigidly objective story of crushing and chronic depression in our seaports.

The trade of Liverpool, which made a rapid recovery after the depression of 1921-2, has scarcely made any during the recovery of the last two years. Unemployment in Liverpool and Birkenhead rose from 60,388 in May, 1929, to 104,247 in May, 1935. In Manchester between 1929 and 1933 imports fell from £68,880,000 to £35,520,000 and exports from £30,390,000 to £10,910,000; and unemployment doubled between May, 1929 and May, 1935. Newcastle's imports fell from £22 millions to £11 millions, and exports from £19 millions to £9 millions between 1929 and 1933; and unemployment rose from 43,210 in 1929 to 74,780 in 1934. At Stockton-on-Tees imports actually fell from £766,000 in 1929 to £33,000 in 1933, and exports from £140,000 to £6,000. The same melancholy tale can be told of Hull, Newport, Cardiff, Swansea and innumerable smaller towns. London, almost alone among our ports, is handling a greater tonnage of seaborne trade to-day than before the depression. This is partly due to the shift in the economic centre of gravity of the country, but also partly to the fact that commodities like petrol, oil and tobacco, which have not been affected by protective duties, figure largely among London's imports.

It is a remarkable fact that almost every one of the following important seacoast towns had 100 per cent. more unemployed in May, 1935, than in May, 1929: Liverpool, Birkenhead, Manchester, Barrow-in-Furness, Sunderland, Newcastle-on-Tyne, Stockton-on-Tees, Middlesbrough, Hartlepool, Grimsby, Ipswich, London, Portsmouth, Southampton, Newport, Cardiff and Swansea. There could be no more overwhelming condemnation of the policy of attempting to cure unemployment by fostering internal trade alone. Mr Hirst and his colleagues have done a most valuable service in preparing this excellent pamphlet, and so calling attention once again to the ever more insistent need for a determined effort to revive our foreign trade.

* "British Ports Under Protection." With an Introduction by Francis W. Hirst. The Liberal Free Trade Committee. 131 pages. 1s.

SHORTER NOTICES

"Monetary Mischief." By George Buchan Robinson, Columbia University Press. (London) H. Milford. 10s. net.

This book is a vigorously-expressed criticism of United States monetary policy. The author has a profound belief in the efficacy of the Federal Reserve System and in the gold standard—always provided that those in authority do not sin against the light. Accordingly, he believes that control of the monetary system should remain outside political control.

He also points out the paradox that the United States, the greatest creditor in history, has devalued her currency by repudiation of her gold certificates and by her tremendous creation of "printing press money."

"Was Europe a Success?" Joseph Wood Krutch. Methuen. 116 pages. 3s. 6d.

In a foreword to this book Mr C. E. M. Joad claims for Mr Krutch that he answers the question why intelligent men and women are not to be found in the ranks of the Communist Party. The answer he gives, is that Communism intends to, and would, destroy those very conditions which made intelligence possible and Europe a success. These conditions are individualism, freedom and variety. It is these conditions which, according to Mr Krutch have made "European art and thought superior to all others," and the European man "the most successful in exploring that realm of consciousness which appears to be exclusively human." That individualism, freedom and variety are the *sine qua non* of European civilisation, Mr Krutch firmly believes. Communism, on the other hand, through its ruthless suppression of all opposition, its subordination of the individual to a tyrant State, its emphasis on collectivity and on man only as an economic animal is, according to Mr Krutch, the absolute enemy of European culture, which alone gives Europe the right to be called a success. It is even, he affirms, the avowed aim of communism to destroy this "bourgeois" culture.

It is a pity that Mr Krutch, in a really praiseworthy attempt to defend liberal culture, has not examined more deeply the essence of that culture and the attitude of Communism to it. This attitude has changed considerably in the last few years. Soviet writers now claim openly to be the real defenders of European culture through their earnest desire to widen the basis of the society which supports it. There are threats to European culture at least as subtle as, and more immediate than Communism, and we regret that a book in defence of liberal culture should be unworthily slight and superficial.

BOOKS RECEIVED

Randlords. By P. H. Emden. (London) Hodder and Stoughton. 368 pages. 15s. net.

National Public Works. Addendum. League of Nations. Official No. C. 482. M. 209. 1934. VIII. (London) Allen and Unwin. 226 pages. 8s. net.

Chamber of Shipping of the United Kingdom, 1934-1935: Annual Report. (London) Witherby and Company, 15 Nicholas Lane, E.C.4. 149 pages. No price stated.

India's New Constitution. By J. P. Eddy and F. H. Lawton. (London) Macmillan. 239 pages. 6s. net.

Labour's Way to Plan Prosperity. By David R. Grenfell, M.P. (London) Methuen and Company, Ltd. 118 pages. 2s. 6d. net.

Economics and Sociology. By Dr. A. Löwe. (London) Allen and Unwin. 156 pages. 5s. net.

The Problem of the Far East. By Sobei Mogi and H. Vere Redman. (London) Gollancz. 348 pages. 5s. net.

OFFICIAL PUBLICATIONS

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

Ministry of Health: Second Report of the Committee on the Standardisation and Simplification of the Requirements of Local Authorities. 6d. net.

Guide to Current Official Statistics of the United Kingdom. Vol. 13. 1934. 1s. net.

Imperial Economic Committee: Dairy Produce Supplies in 1934. 1s. 6d. net.

Roumania No. 2 (1935): Anglo-Roumanian Payments Agreement, August 3, 1935. Cmd. 4976. 2d. net.

Fruit Supplies in 1934 (including Vegetables, Flowers and Bulbs). Supplement to weekly Fruit Intelligence Notes. Prepared in the Intelligence Branch of the Imperial Economic Committee. 1s. 6d. net.

Education in 1934. Cmd. 4968. 3s. 6d.

Colonial Report. No. 1708. Johore, 1934. 2s. 6d. net.

MONEY AND BANKING

AMERICA'S BALANCE OF PAYMENTS

THE preliminary figures of the Balance of Payments of the United States in 1934 were printed and discussed in the *Economist* of May 11, 1935 (page 1070). Since then the Department of Commerce has issued the usual detailed study,* and it is possible to analyse the figures at somewhat greater length. It is impossible, however, in the scope of an article to exhaust, or even adequately to summarise, the information in this 76-page pamphlet, the regular publication of which can only be the subject of envious admiration on the part of students of international economics whose own Governments do not treat them with such statistical generosity. The annual bulletin usually includes the results of some special study relating to the Balance of Payments. This year there has been a special inquiry into receipts and payments of insurance funds, and the Department is also instituting a census of foreign holdings of American securities. This census is not yet complete, but the preliminary results have already shown that foreign holdings—and the equivalent payments of interest and dividends—are much larger than had previously been suspected.

The figures of the balance of payments for 1934 are shown in the following table, together with the figures for 1929 and 1933:—

BALANCE OF INTERNATIONAL PAYMENTS OF THE UNITED STATES
(Millions of dollars)

	1929			1933			1934		
	Cr.	Dr.	Balance	Cr.	Dr.	Balance	Cr.	Dr.	Balance
Merchandise trade...	5,241	4,400	+841	1,675	1,450	+225	2,133	1,741	+392
Shipping and freight	206	272	-66	49	65	-16	61	96	-35
Tourist expenditures	183	821	-638	71	292	-221	94	314	-220
Immigrant remittances, charity, etc.	24	289	-265	3	135	-132	5	129	-124
Interest and dividends	979	414	+565	487	103	+384	453	126	+327
War debts	207	...	+207	20	...	+20	1	...	+1
Govt. transactions	60	152	-92	32	85	-53	39	68	-29
Miscellaneous current items (net)	...	...	-105	...	...	+8	...	...	+68
Balance on current account	...	...	+447	...	...	+215	...	...	+380
Gold movements (net)	...	...	-120	...	...	+173	...	...	-1217
Currency movements (net)	...	...	-15	...	...	-90	...	...	-48
Total	...	...	-135	...	...	+83	...	...	-1265
Long-term capital movement	2,328	2,484	-156	1,505	1,456	+49	1,160	958	+202
Short-term capital movement (net)	...	...	-80	...	...	-385	...	...	+184
Balance on capital account	...	...	-217	...	...	-336	...	...	+386
Residual item	...	...	-95	...	...	+38	...	...	+499

Commenting last year upon the 1933 figures, we remarked that they did not show any of the results normally to be expected of a country whose currency has been depreciated, and suggested the explanation that the effects of a depreciating currency are likely to be different from, and frequently opposite to, those of a depreciated currency. The 1934 figures confirm this diagnosis. The dollar was devalued and stabilised at the end of January, 1934, and the exchange rates between New York and the rest of the world were tolerably steady throughout the year. The effects are chiefly noticeable in the figures for merchandise trade. Both imports and exports increased, but the positive balance was considerably larger. It would have been larger still had it not been for the heavy imports of silver. Excluding silver, the positive balance is the largest since 1930, and the largest in proportion to total trade since 1921. The largest increases in exports were to countries whose currencies depreciated earlier than the dollar; increases in exports to Japan and the United Kingdom alone made up half the increase in the merchandise export balance. The

* "The Balance of International Payments of the United States in 1934." By Amos E. Taylor. Department of Commerce Trade Information Bulletin No. 826. (Washington) Government Printing Office. 10 cents.

increase in imports was fairly widely spread over the world, and the balance of merchandise trade with each of the continents moved in favour of America. It is interesting to note that the increased exports were of manufactured and semi-manufactured goods.

The service items are not greatly different from 1933. The larger debit balance for shipping and freight represents in part an increase in dollar freights as a result of devaluation, in part an increase in trade. Tourist receipts and payments both increased, leaving the balance unchanged. Expenditures of American tourists in Europe declined, while expenditures in Canada and Mexico increased. Immigrant remittances and charitable payments were lower, but the report notes a substantial increase, for the second year, in payments sent abroad by Jewish organisations. The reduction in the net receipts of interest and dividends was due both to reductions in receipts and to increases in payments. The reductions in receipts are stated to be due in the main to the repatriation of American banking funds in Europe and to repurchase by foreign nations of their bonds listed on the New York market.

As a result of these various changes, the balance on current account has increased substantially. It is interesting to note that it is larger than the net receipt of interest and dividends. In other words, the United States in 1934 did not take any part of her interest receipts in the shape of goods and services.

The capital account also shows interesting movements. Under the heading of short-term capital a net inflow is shown for the first year since 1927. There was an increase of \$86 millions in foreign balances and short-term banking assets in the United States, while similar balances and assets held abroad by American banks were reduced by \$106 millions (mainly owing to reduction of German Standstill credits). The long decline of New York as an international banking centre is thus apparently at an end, although at the end of 1934 America's foreign banking assets exceeded her liabilities by \$400 millions. Non-banking short-term capital movements are entered as a net debit of \$8 millions, but, as is pointed out below, this figure is probably far from correct. The movements on long-term capital account are shown in the following table:—

LONG-TERM CAPITAL ACCOUNT, 1933-34			
Inflow (+) or Outflow (-) of Capital			
	1933	1934	
New foreign issues publicly made in United States.....	- 71	- 9	
Less refunding issues, commissions, discounts, etc.	+ 61	+ 9	
Bond redemption and sinking-fund payments:			
Received from foreigners.....	+123	+114	
Paid to foreigners	- 50	- 25	
Direct investments:			
New direct investments abroad and privately-taken foreign issues...	- 91	- 48	
Direct investments of foreigners in United States	+ 7	+ 12	
Resale to foreigners of direct investments made in previous years	+ 50	+ 14	
Purchase and sale of existing securities:			
Purchases by Americans of foreign securities.....	-685	-405	
Sales by Americans of foreign securities.....	+565	+510	
Purchases by foreigners of American securities	+760	+480	
Sales by foreigners of American securities	-580	-480	
Net result of arbitrage transactions.....	- 40	+ 30	
Balance of long-term capital account	+49	+202	

The last group of items is much the most interesting. I.

1933 Americans were buying foreign securities while foreigners were buying American securities. In 1934 there was a closer approach to unanimity. Foreigners' purchases and sales cancelled out, while Americans tended to sell their foreign holdings.

There were thus positive balances on current account and on both long-term and short-term capital account, aggregating in all \$766 millions. This sum would in any case have had to be settled in gold. As it was, imports of gold and currency came to \$1,265 millions, most of the gold being imported in the weeks immediately following upon the devaluation, and in the course of the gold *bloc* "scare" in the autumn. These excessive gold imports compel the Department of Commerce to enter a "Residual item" of no less than \$499 millions. The report suggests that from \$175 millions to \$325 millions of the total is to be ascribed to the import in 1934 of gold earmarked in foreign countries during 1933 for American governmental authorities who make no public returns of their holdings, and to unrecorded purchases and sales of securities. The balance must be represented by an inflow of private funds. It is suggested that the largest part was due to a reduction by American non-banking firms of their foreign balances, which had been swollen during 1933 by leaving abroad the proceeds of exports. If these movements could have been recorded, they should have gone to increase the figure shown for the net import of non-banking short-term capital.

The year 1934 was clearly abnormal, and it is perhaps unnecessary to point out that the world, whether on the gold standard or not, cannot afford to send America \$1,265 millions, or even \$766 millions, in gold every year. The indications are that the figures for 1935 will have a more normal appearance. It is certainly to be hoped so, for no form of international monetary system will be workable unless the current accounts of the nations' Balances of Payments are approximately offset by normal capital movements, without the need either for gigantic movements of gold or for excessive fluctuations of the exchange rates.

FINANCIAL NOTES

The Money Market.—Despite the market's disappointment with last week's tender, rates have not hardened, for the general uncertainty on the Stock Exchange has made money even more abundant. One or two banks have been persistent buyers of bills at the usual $\frac{1}{2}$ per cent., and "hot" bills have been taken at the slightly higher rate:

	Aug. 22, 1935	Aug. 29, 1935	Sept. 5, 1935	Sept. 12, 1935
Bank rate.....	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Clearing banks' deposit rate ..	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Short Loan rate:—				
Clearing banks.....	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Others.....	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Discount rates:—				
Treasury bills	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Three months' bank bills	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$

The general feeling in the market is that there is no reason to expect a further rise in the rate on Treasury bills on Friday of this week, when another £45 millions are on offer. The money market has been extremely inactive throughout the week.

The Foreign Exchanges.—The cessation of silver buying in America, the consequent free play of the seasonal demand for dollars, and the continuance of the "flight into dollars" from the Continent all combined last week-end to intensify the rise in the dollar which began a fortnight ago. On Monday, however, the pound "came back" after dollars had been officially sold from New York, and silver purchases for the American Treasury had begun again. The dollar cheapened from 4.92 $\frac{1}{2}$ to 4.93 $\frac{1}{2}$; and the gold *bloc* currencies were all cheaper in sympathy. The raising of the Italian bank rate on Monday did not avail to support the

lira which closed at 60 $\frac{1}{2}$, while three months lire were cheaper at 5 $\frac{1}{2}$ lire discount. On Tuesday and Wednesday, sterling was sold by the British control to arrest the upward tendency of the pound; but on the latter day commercial buying of dollars set in again, and the pound, though steady against Continental centres, yielded $\frac{1}{8}$ cent to the dollar on the day's business. Forward dollars have been steady. The Paris, Amsterdam, Brussels and Milan three-months rates all widened to larger discounts early in the week, but on Wednesday and Thursday they narrowed again and were quoted at 1-1 $\frac{1}{2}$ francs, 21-23 cents, 9-11 centimes and 5-6 lire respectively. Far Eastern and South American rates were steady.

The Bank Return.—This week, the only noteworthy movement was the redistribution of £10 millions from bankers' and other deposits to public deposits.

BANK OF ENGLAND

	Sept. 12, 1934	Aug. 21, 1935	Aug. 28, 1935	Sept. 4, 1935	Sept. 11, 1935
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	191.8	193.3	193.4	193.4	193.4
Note circulation	379.0	400.4	399.6	401.6	400.3
Banking Department:—					
Reserve	73.4	53.5	54.5	52.5	54.0
Public deposits.....	16.5	15.9	9.4	5.9	16.0
Bankers' deposits	103.2	93.9	96.9	100.1	91.0
Other deposits	36.8	36.9	36.5	38.6	37.8
Government securities.....	84.9	83.5	81.3	83.4	84.5
Discounts and advances	6.3	13.0	12.9	14.1	12.4
Other securities	10.2	15.0	12.3	12.8	12.2
Proportion	46.8%	36.4%	38.1%	36.3%	37.2%

The increase in public deposits is probably to be ascribed to the incidence of the increased payments made in recent weeks for Treasury bills.

August Clearing Bank Averages.—The August returns of the nine London clearing banks show a sharp rise in cash and deposits from the figures in August of last year; but both items are slightly less than in July of this year:—

	August, 1934	May, 1935	June, 1935	July, 1935	August, 1935
Capital and reserves.....	123.4	125.7	125.7	125.7	125.7
Acceptances, etc.	108.7	113.8	109.1	97.3	93.5
Deposits (including undivided profits, etc.).....	1,818.5	1,923.4	1,965.9	1,981.8	1,976.0
Total liabilities	2,050.6	2,162.9	2,200.7	2,204.8	2,195.2
Cash	193.4	215.5	213.0	216.2	210.2
Cheques, balances and items in transit.....	43.4	52.7	59.9	50.9	44.7
Money at call.....	135.2	136.9	138.7	140.7	143.8
Discounts	220.0	215.9	242.3	272.0	285.2
Investments	540.2	603.5	608.0	599.1	599.1
Loans and advances	740.7	755.4	760.5	759.6	749.7
Investments in affiliated banks	24.6	25.2	25.2	25.1	25.1
Cover for acceptances, premises, etc.	153.1	157.8	153.1	141.2	137.4
Total assets	2,050.6	2,162.9	2,200.7	2,204.8	2,195.2

This time last year there was definite evidence of some credit contraction, for both cash and deposits had fallen to the lowest levels since November, 1932. The August figures this year show not only a balance sheet total higher than in August of 1934 by £145 millions at £2,195 millions; they also show a rise of £39 millions above the total in August, 1933. The distribution of the credit expansion in the last year among the different items is interesting. Deposits are now £157.5 millions up on the year, while the banks' acceptance business has definitely declined. On the assets side of the sheet, cash is up proportionately, and the item "cheques, balances and items in transit" shows a slight rise. There is a good deal more money at call, and £65 millions more in discounts, the latter being a sharp movement back towards the 1933 level of £357.1 millions. There is an equally steep rise in investments to a new August "high" record of £599.1 millions; but there is a slight, but welcome, rise in advances, which still stand, however, at only £5.4 millions above the figure in August, 1933.

THE STOCK EXCHANGE

PALESTINE AND THE INVESTOR

At a time when shortage of capital and excess of labour supplies are the common problems of Western Nations, the description of conditions in Palestine, given by a correspondent on page 459 of last week's *Economist* may have occasioned surprise, amounting almost to incredulity, in the minds of some readers. Here is a country which, though its modern economic development is hardly a decade old, is already over supplied with capital relatively to its labour resources. It is the purpose of the present article to see how far the British investor has played his traditional rôle in an area of undoubted economic promise.

Palestine's adequacy of funds has, in fact, been largely provided "from within." Unhappy political trends in Europe, combined with natural Zionist aspirations, have encouraged a large wave of Jewish immigration, seeking new opportunities for its enterprise and capital. The growing percentage of Jewish immigrants with a capital exceeding £1,000—as much as 12 per cent. of the total 1934 influx—explains Palestine's ability to finance her progress without substantial recourse to international capital markets. Thus, the dangers of excessive borrowing have been avoided. Investors, with the chastening example of many South American States in mind, will not underestimate the relevance of this factor, as regards the security for the limited amounts of capital which have actually been raised in Great Britain.

Palestine has certainly taken a wide view of her economic potentialities. The war period left her with the basis of a modern transport system. She has since built up an electrical network stretching from Lake Tiberias to Haifa and extending south to Tel Aviv. The port of Haifa has been constructed with deep-water quays, and now forms the seaboard outlet of the southern branch of the Iraq oil pipeline. Industrial areas have been developed in the Haifa and Tel Aviv hinterlands and citrus culture has been reorganised and extended on "capitalist" lines. Company registrations have moved in step with this ample progress. The majority are small local companies, but at least three established concerns have offered shares to British investors. Their favourable reception, at a time when overseas industrial investments are not enthusiastically regarded, may reflect the market's confidence that concession terms have been fairly devised, and will be adequately protected. All foreign persons may, in fact, hold land on equal terms with Palestinians, and no economic discrimination is practised. Factors making for discontent, largely among Arab Nationalists and Jewish settlers have yet to reach final settlement, but the Government has effected a gradual improvement in public security.

This reassuring view as regards investment status has been attested by the readiness of important London institutions to afford facilities to Jewish interests in Palestine. The Prudential Assurance Company, for example, has indicated the conditions under which it would consider a loan, not exceeding £1,000,000, to the municipality of Tel Aviv, for public works and repayment of existing debt. The terms contemplate redemption within 25 years, and interest at 4½ per cent. Various conditions proposed for the compliance of the municipality, however, require the approval of the authorities, both in Palestine and in this country, and early completion is not expected. Again, Lloyds Bank has advanced £500,000, at 4 per cent. minimum, for 15 years to the Jewish Agency. This organisation is concerned with the provision of essential services for the establishment of the Jewish National Home, which this country is pledged to assist under the terms of the Palestine Mandate. The work of the Agency in assisting the development of electricity supplies, mortgage finance, potash exploitation and industrial finance has been an invaluable factor in the development of Palestine.

The credit standing of the area, in short, is high by comparison with that of other partially developed regions. The Government, however, has no independent loans outstand-

ing. The 5 per cent. stock, of which £4,475,000 is in issue, is fully backed by British Treasury guarantee. The proceeds were employed for purchase of railways and equipment, and the Haifa harbour construction. Guarantee powers for further loans up to £2 millions have been taken by the Treasury. There would appear to be little present likelihood that the guarantees will need to be implemented. Since the beginning of 1932 healthy budget surpluses have accumulated, amounting to over £2½ millions at March, 1934, and estimated at £4.7 millions at March last. For this result, the buoyancy of revenue is largely responsible, though expenditure upon public services has shown substantial expansion, and the desirability of providing against the possibility of future agricultural depression has been recognised.

To the general investor, however, a gilt-edged stock, standing at a high premium, and redeemable at the borrower's option in seven years, may not be the most attractive of investment media. The choice of industrial securities offered by the London "Lists" is not, in fact, very wide. It includes the preference shares of a bank, the preference and equity issues of two public utility undertakings, and the shares of a company recovering potash from the Dead Sea. The recent trend of earnings and prices is set out in the accompanying table:—

Company (and Date of Accounts)	Total Profits	Ordinary Dividends	Quoted Issues (all Shares £1 or £1 denom.)	Quotations	Yield (%)
Palestine Govt. 5% guar. stock, 1942-67.....	...	...	£4,475,000 stk.	119	4 5 3a 2 5 0b
Anglo-Palestine Bank (Dec. 31)—					
1933	19,780	6 1/2 t.	250,000 4½% red. pref. (c)	21/-	4 5 6c
1934	113,843	8 1/2 t.			
Jerusalem Electric and Public Service (Mar. 31)					
1933	25,047	2	225,000 7% pref.	30/-	4 13 3
1934	30,350	3	200,000 ord.	38/-	2 2 0
1935	44,174	4			
Palestine Electric (Dec. 31)					
1932	145,512	Nil	600,000 4½% red. pref.	22/6	4 0 0d
1933	221,128	5 1/2 t.	837,825 ord.	50/6	2 19 3½
1934	363,900	7½ f.t.	600,000 "A" ord.	50/6	2 19 3½d
Palestine Potash (Dec. 31)					
1934	23,176	Nil	350,000 5½% red. part. pref.	19/-	5 15 9d
			377,182 ord.	19/10½	Nil

(a) Flat. (b) To redemption. (c) Issued August, 1935, at par. † Free of income tax. (d) Issued February, 1935. Prospective yield on last ordinary dividend.

The Anglo-Palestine Bank was incorporated as long ago as 1902 and is controlled by the Jewish Colonial Trust. The head office at Tel Aviv is served by ten branches. Its deposits were almost trebled between 1932 and 1934. Over the same period a loss of £3,748 has been replaced by a profit of £113,843. For 1934 some £90,000 was transferred to reserve fund, raising the balance to £140,000, against an ordinary capital of £300,854. The provision for the 4½ per cent. redeemable preference shares, which were placed at par last month and now stand at 21s., is well assured on the latest earnings, irrespective of the increased activities of the bank, to which the proceeds will be devoted. The shares, however, carry an appreciable redemption risk, since they are optionally callable after June, 1940, at 2s. 6d. premium, and subsequently at lower premiums until final redemption from July, 1950, at 21s. per share.

Of the two electricity undertakings, Jerusalem Electric and Public Service Corporation is a "Balfour Beatty" company. It operates over 480 square miles in and around Jerusalem, under a concession for 44 years from 1928, with contingent powers to the High Commissioner to extend the period for a further 16 years. The High Commissioner receives a moiety in surplus profits after provision for depreciation and reserves and a 10 per cent. dividend on capital spent on the concession. Between 1933, when the

INVESTMENT NOTES

first dividend was paid, and 1935 (years to March 31st), net operating receipts, including sundries, rose from £25,047 to £44,174, and equity earnings from 9.4 per cent. to 14.9 per cent. The surplus of net income over the modest dividend payments has been applied in clearing away issue expenses, and the way may have been prepared for increased payments.

A second utility company, the Palestine Electric Corporation, operates a hydro-electric station on the River Jordan, together with three other power-houses, and has 1,393 kilometres of transmission lines. The Corporation was assisted at its birth in 1923 by the Jewish Foundation Fund, and holds two concessions with a duration of 70 years from 1926. Its terms of operation confer valuable equity rights on ordinary and "A" ordinary shareholders. It is provided that if the Corporation is unable, after March, 1936, to pay a dividend of 8 per cent., tax free, on its expended capital, after provision for depreciation and reserves, it has the right to increase its rates to cover such a distribution. The terms of participation in profits by the High Commissioner, to be applied to reduction of rates, and the power of optional purchase at 10-yearly intervals from the 37th to the 67th year of the concession, do not appear unduly onerous. Sales of current have been quadrupled since 1931, and existing installations are being vigorously expanded to meet growing consumption. The issue in February last of redeemable preference and "A" ordinary shares provided for repayment of outstanding debentures, and for important works at Haifa. The latest year's profits, related to the new capital structure, show that earnings available for the increased equity amount to over 9 per cent., irrespective of the prospective return on the plant extensions. The equity prospects of the Corporation, construed from the latest accounts and from Lord Reading's speech at last week's meeting, may appeal to the long-term investor.

The progress of Palestine Potash has been less spectacular. The company's initial development has synchronised with a period of depressed agricultural purchasing power and of acute competition in the potash market. The prospectus accompanying an issue of 5½ per cent. redeemable participating preference shares, in February last, recognised that earnings might fail, for the next two years, to provide ample cover for dividends. Fixed payments have in fact been guaranteed by the Anglo-Palestine Bank up to July, 1937. To the speculative nature of the industry, moreover, must be added a "redemption risk," since the preference shares are callable on any dividend date at 2s. 6d. premium. Partial equity conversion rights, however, are available, and the prospects of eventual participation in profits may be regarded as a compensating factor. At this stage the shares must be regarded as making their primary appeal to the speculative investor, who looks for a continuance of the rising trend of potash consumption in competition with other fertilisers. In the meantime, the development of bromine and other chemical products may afford additional "bread-and-butter" revenue.

It will be seen that the British investor's direct interest in Palestine is at present confined mainly to a limited number of large-scale undertakings in traditionally "capitalist" industries. The growth of indigenous activities like fruit-growing, however, may indirectly benefit the Palestine-domiciled public utility and banking undertakings, together with such concerns as Barclays Bank (D. C. and O.), I.C.I. (Levant), Tilbury Dredging (Egypt) and numerous exporting concerns in the British electrical, motor, oil and heavy industries. The foundations of the new order appear, in general, to have been soundly laid, though there are certain adverse features in the current position, such as the high level of labour costs, particularly in the building industry, and the present dependence of citriculture upon a narrow export market, in which the United Kingdom and Germany predominate. The former factor, however, is a function of the Government's immigration policy, and co-operative selling organisation may lead to better diversification of export markets. Ultimately the establishment of self-government, contemplated under the terms of the British Mandate, may involve investors in a political risk, but the policy of the administration since 1922 is of good augury for the future relations of the two countries.

London, New York and Europe.—The impression left in the City by Sir Samuel Hoare's speech, on Wednesday, was that the initiative in Europe's crisis had passed squarely from Italy to the League, and that a courageous British policy might win many converts in quarters which had hitherto held that peace could not be too dearly purchased. The Foreign Secretary's reference to international freedom of access to raw materials prompted a natural question whether such an ideal would be compatible with the maintenance of restriction schemes for materials like rubber and tin, to which a very small number of countries were parties. Though the volume of Stock Exchange business on the eve of Sir Samuel's speech had continued on a reduced scale, and prices had not been fully maintained, the general tone had shown firmness contrasting forcibly both with the weakness of the later days of August and the gravity of the issues involved. Some conservative quarters, indeed, have questioned whether investment sentiment has as yet been adequately re-adjusted to an outlook which, whatever course events may take, is certainly not identical with that of even a few months ago. To the insular-minded (who are all the more numerous in view of the commanding rôle of domestic revival during the last two and-a-half years), such indicators as the satisfactory August figures of employment, electrical generation and steel production, appear strong arguments for the retention of sound industrial equity shares. Even the present check to new investment in fixed-interest stocks is described as a forerunner of increased pressure and higher gilt-edged prices. The latter thesis, however, may be questioned in the light of the conditions indicated in our leading article on the market outlook in last week's *Economist* (p. 474). Any investment policy, as regards ordinary shares, which omits to take account of the possible repercussions of a European trial of strength on Britain's domestic economy, may be hazardous to the point of danger. With the firing of the first shot by any aggressor an exodus of capital from more than one European country would doubtless be set in motion. That part of this capital would come to London, even if Britain were directly or indirectly a party to the struggle, would appear almost a foregone conclusion. That, however, could scarcely be the whole story. Current events have conspired to enhance the "pull" of New York as a potential repository for liquid resources, quite apart from her position as a non-member of the League, separated by some thousands of miles from a discordant Europe. The President's promise of a prolonged breathing space from legislative innovation, coming after several months of business revival and a rise of 32½ per cent. in share values from the lowest point of the year, may well re-awaken public ardour for market speculation which has been largely dormant since 1929. Further currency experimentation, involving an appreciable exchange risk for foreign investors, appears to be excluded by the President's self-denying ordinance. It may be suggested, therefore, that investors on this side, in reviewing the outlook the next few weeks or months, should pay due regard both to the effect of Continental possibilities on British market psychology and to the potential economic consequences of further American revival.

Canadian Debt Policy.—Mr R. B. Bennett, Prime Minister of Canada, in a broadcast address on Monday evening, made an eloquent plea for a "new deal" in the matter of Canada's debts. It was the country's intention, he declared, to pay all her obligations as long as possible, but it would be "unwise, unprofitable, unpatriotic and profligate" to continue to bear a burden which might finally crush the country. The Government, accordingly, would invite the Canadian people to convert their holdings in Dominion, Provincial, municipal and railway stocks at substantially lower rates of interest. As regards her external obligations, Canada held a proud place among nations as a country whose word was as good as her bond.

but external debts could only be paid in goods and services. The debt to the United Kingdom paid itself in this way; that to the United States did not, but a treaty was under negotiation which was calculated to achieve that "highly desirable adjustment." Mr Bennett's suggestion for a Loan Council closely follows the lines advocated in a Note in these pages on August 31st (page 432), in which we drew attention to the numerous points of similarity between Canada's present position and that of Australia some time ago. British investors, however, may be cautious in assuming that events will necessarily follow the same happy course in both instances. In the first place, Mr Bennett is hardly in a position to make a firm offer on the eve of a general election whose result, so far as he is concerned, is anything but a foregone conclusion. It cannot be assumed that a Dominion Government, of different though "orthodox" party views, would necessarily be hostile to a financial programme whose broad wisdom may be generally recognised, and whose inception is overdue. A request to internal bondholders to accept a reduced income is, however, scarcely an election-winning plank, and it may be doubtful whether Mr Mackenzie King, for instance, will, as a matter of tactics, acknowledge himself to be bound in any way by Mr. Bennett's suggestion—at least until the election is over. In the second place, the success of Australia's policy was due, not merely to its innate virtues, but to a subsequent rise in wool prices which beneficially affected both her national income and her overseas payments balance. In Canada's case, there is no guarantee that Fate, in an economic context, will be so kindly disposed. Investors will remember, further, that, before Australia evolved her famous "Premiers' Plan," the Federal Government had already assumed responsibility, as guarantor and ultimate controller, for the overseas debts of the individual States. Is the Dominion Government, in Canada, prepared to undertake such a responsibility, *de jure* as well as *de facto*? The decision would involve, on the one side, the relinquishment of valued constitutional rights and, on the other, a shouldering of financial obligations whose potential gravity is graphically illustrated, *inter alia*, by the news that Mr Aberhart, the new "social credit" Premier of Alberta, has negotiated a loan of \$2½ millions this week from the Dominion authorities. Finally, Canada is much more deeply indebted than Australia to the United States of America. Her negotiators may be on the horns of an awkward dilemma. Failure, in the last resort, to meet her external obligations in full would prejudice Canada's credit in New York, whose goodwill, as a basis for future borrowing, Canada cannot afford to lose. On the other hand, Washington is unlikely to be moved to grant demonstrably favourable terms to Canada in any forthcoming commercial treaty by an implied threat in the matter of debt payments, which Canada may, in any case, be unable and unwilling to enforce.

"Goodwill" in Share Values.—One of the principal investment canons in depression or recovery is the necessity for basing share valuation on a solid basis of earning power. Conservative investors examine the earnings record of a company, and base their computations upon the average achievement. These tests, however, are apt to be overlooked when speculative appetites thrive by what they feed upon. For those who wish to know whether they are buying assets or prospects—more or less speculative—it is possible to devise fairly simple rough tests. We have set out in the following table an analysis of the "goodwill" element in recent market prices of pairs of leading shares in six industries. The "assets available for equity" figures are derived from a net worth balance-sheet analysis, after deduction of intangible assets. In other words, they represent the total ordinary capital, *plus* all free reserves and carry forward, *minus* all intangibles. The results necessarily assume that the book value of the fixed assets represent their true value, but this may be a large postulate in some cases. The amounts under this heading are deducted from the total market valuation of the ordinary shares, giving a figure which roughly represents the current valuation which the market is placing upon the "goodwill" of the business.

Finally, this valuation is divided by the latest year's earnings for ordinary shares revealing the number of year's purchase of recent earnings in current share prices. The figures for the six pairs of companies require careful interpretation. They are necessarily affected by any arbitrary element in either assets or profits. Any temporary market influences may seriously qualify the results. Moreover,

Company	Total Market Valuation of Equity Cap.	Assets available for Equity Cap.	Computed value of "Goodwill"	Earnings for Ord., Latest Year	No. of Years' Purchase of "Goodwill"
Aerated Bread	£'000 1,748	£'000 1,410	£'000 338	£'000 87	4
Lyons (J.)	12,286	4,228	8,058	519	16
General Electric	11,450	7,684	3,766	438	9
Associated Electrical Ind.	8,330	5,911	2,419	249	10
Imperial Tobacco	255,700	44,632	211,068	8,737	24
Carreras	13,940	4,037	9,903	683	15
Stewarts and Lloyd†	8,340	6,802	1,538	462	3
United Steel Cos.	10,590	7,062	3,528	498	7
Bass Ratcliff and Gretton	13,850	4,075	9,775	491	20
Ind Coope and Ailsopp	7,820	2,615	5,205	339	15
Marks and Spencer	23,740	3,018	20,722	811	26
Woolworth (F. W.)	82,500	9,364	73,136	3,560	21

† Deferred and liaison deferred shares.

comparisons should properly be made with data covering identical periods. Broadly, however, the comparisons shown should be capable of explanation to justify purchases of individual shares. Investors should be put on inquiry by such differences as between Imperial Tobacco and Carreras. There may be in this, and many other cases, an explanation sufficient to meet the point, but such analysis challenges the investor to satisfy himself that the reasons offered are adequate.

Industrial Profits in August.—We received 38 company reports last month, showing an aggregate rise in profits of 5.93 per cent. by comparison with the previous year. Figures for recent months are shown below:—

Reports published in	No. of Companies	Rise or Fall in Profits*	Reports published in	No. of Companies	Rise or Fall in Profits*
1934—		%	1935—		%
June	201	+ 20.44	January	111	+ 14.15
July	197	+ 27.10	February	218	+ 8.43
August	30	+ 35.47	March	261	+ 22.54
September	89	+ 40.63	April	242	+ 16.49
October	165	+ 49.70	May	244	+ 11.07
November	143	+ 33.97	June	191	+ 21.72
December	159	+ 25.09	July	232	+ 13.44
			August	38	+ 5.93

* After payment of debenture interest.

The reports of the month disclose net profits of £1,563,366, as compared with £1,475,889 in the preceding year. The figures, however, are scarcely representative, since they include few major industrial reports. Ten concerns in the miscellaneous section, including Associated British Pictures and Initial Services, show an advance in profits from £549,786 to £660,120. In the remaining twelve groups, however, the results published by twenty-eight companies are equally divided between small gains and losses.

A New Finance House.—Following on the news that certain partners of J. P. Morgan and Company and Drexel and Company, have formed a new company in America for the purpose of underwriting and financing under the name of Morgan, Stanley and Company, comes the announcement of the incorporation, in London, of a new finance company to be called First British-American Corporation. The new company will act as the correspondent of the First Boston Corporation, whose European interests it will take over. The First Boston Corporation is the "security offshoot" of the First National Bank of Boston, which has paid dividends and avoided recourse to the

American Treasury throughout the financial crisis. The First British-American Corporation will not be actually controlled by the First Boston Corporation, but the latter will have three directors on the board, namely, Messrs. J. W. Hambuechen, Nevil Ford and A. M. Pope. The first-named, who will be chairman, is also a partner of the private banking house of Michelis and Company of Zurich and was formerly a partner of A. E. Wassermann of Berlin. The fourth director of First British-American will be Mr Robert Boothby, M.P., lately a partner in a well-known firm of London stockbrokers. Anglo-American co-operation in the field of international finance, always welcome, is doubly so at a time when sterling is unattached to gold or to any gold currency. The new development may be symptomatic of the tendency of economic nationalism in foreign countries to drive international bankers back to London as the most profitable financial centre.

Actuaries' Investment Index.—The somewhat improved resistance to political factors which the share markets displayed early this week is reflected in the movement of the Actuaries' Investment Index, which is calculated at 76.5 on Tuesday last, 75.9 a week ago and 79.4 a month ago (December 31, 1928 = 100). The corresponding yield figures are 3.83, 3.91 and 3.77 per cent. respectively. A selection of component indices which have strengthened during the week is set out below:—

Group (and No. of Securities)	Price (Dec. 31, 1928 = 100)			Yields (%)		
	Month Ago (Aug. 13)	Last Week (Sept. 3)	This Week (Sept. 10)	Month Ago (Aug. 13)	Last Week (Sept. 3)	This Week (Sept. 10)
Banks and Discount Co.'s (12)	117.8	114.4	115.2	3.98	4.10	4.07
Building Materials (4)	95.1	89.9	91.5	4.26	4.50	4.43
Electric Light and Power (16)	135.2	129.9	131.4	3.77	3.92	3.87
Iron and Steel (8)	67.7	64.5	65.8	3.01	3.17	3.12
Motors (5)	58.4	52.7	54.0	4.47	4.90	4.85
Home Rails (4)	65.9	61.6	62.7	1.52	1.64	1.61
Breweries and Distill. (19)	135.2	128.7	130.9	4.08	4.29	4.22

Investment equities, such as bank and electricity shares, appear to have checked their recent sympathetic fall with gilt-edged. Greater support has been forthcoming for building and iron and steel issues, based on dividend declarations and upon the argument that domestic recovery stands apart from the threatening consequences of the Italo-Abyssinian dispute. Perennial Tuesday optimism put home rail issues higher, and brewery investors tended to show more confident anticipation of forthcoming reports.

COMPANY NOTES

Aircraft Companies.—In earlier comment on the prospect for aircraft shares, we have dealt with both the favourable general prospect for the industry and the fluctuations to which the profits of individual companies must nevertheless be liable. Recent developments have not affected the position fundamentally. By substantially increasing the "favourable" general prospect, however, they have to some extent reduced the individual fluctuation risk for *established* companies. Thus, in commenting on the 1935-36 Air Estimates the then Under-Secretary for Air put the R.A.F. total purchases of machines (including replacements) at "over 1,000," and added that the 1935-36 orders for machines would be "nearly 100 per cent. more" than those for 1934-35. Subsequently, on May 23rd, Mr Baldwin declared that under the newly accelerated programme for the home defence force "the Air Ministry would require from the aircraft industry within the next two years a good deal more than the number of machines which the Under-Secretary of State mentioned in the course of his speech on this year's estimates." As these figures compare with a total output for the whole industry for all purposes of 1,434 machines in the census year 1930, it is evident that the output for R.A.F. purposes alone this year

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and next is likely to employ the industry fully. It is known, in fact, that the resources of the producers are being taxed even when resort is had to the device of sub-contracting models in demand to manufacturers whose models are

(Profits in £'000)

	1929	1930	1931	1932	1933	1934	1935
Armstrong-Siddeley Development (Sept. 30)—							
Earned for ord.	113.0	82.0	79.3	97.0	93.7	93.7	...
Earned %	29.0	27.2	26.3	33.3	32.2	31.1	...
Div. %	Nil	6½	6½	10	6½	10	...
Bristol (Dec. 31)—							
Prospectus profit	...	142.0	136.5	117.3	128.9	217.1	...
De Havilland (Sept. 30)—							
Earned for div.	48.7	36.5	27.7	2.2	63.4	60.1	...
Earned %	16.2	10.3	7.6	0.6	18.6	14.3	...
Div. %	10	5	5	2½	7½	7½	...
Fairey (Sept. 30)—							
Earned for div.	132.0	113.0	113.9	128.1	62.5	Dr 5.0	...
Earned %	31.2	22.6½	22.8½	25.6½	16.7	Nil	...
Div. %	7	7½	10½	10½	10	5	...
Handley Page (Dec. 31)—							
Surplus	20.6	23.2	Nil	Nil	Nil	24.7	...
Ptg. pref. div. %	12½	12½	10	10	10	15	...
Hawker (Mar. 31)—							
Earned for ord.	...	...	118.4*	143.3*	151.6*	77.4	116.5
Earned %	...	...	...	...	...	25.0	35.4
Div. %	...	...	...	...	...	15	20
Napier (Sept. 30)—							
Gross profit	192.3	171.3	81.6	19.0	0.5	12.7	...
Earned for ord.	155.3	132.8	43.2	Nil	Nil	Nil	...
Earned %	127.2	27.2	10.6	Nil	Nil	Nil	...
Div. %	60	15	Nil	Nil	Nil	Nil	...
Rolls-Royce (Dec. 31)—							
Earned for div.	117.2†	97.2	99.2	106.0	162.7	201.6	...
Earned %	15.4†	12.3	12.7	13.8	20.4	24.9	...
Div. %	10	10	10	10	17	20	...

* Prospectus profits on different basis from those for 1934 and 1935.
† Tax free. ‡ 14 months reduced to 12 by simple proportion. § Available for pref. participation and for ord. after fixed 10 per cent. pref. div.

not at present so widely used. This operates, temporarily at least, to flatten out the tendency to fluctuations, both because the companies which have been in eclipse are provided with ample, if not highly remunerative, work, and

because certain limitations on the royalties claimable by the successful manufacturers seem likely to prevent soaring profits for them. The Government has also declared its intention of seeing that no undue profits are earned. In general, however, the total "dividend" which the aircraft industry will have to share out between its individual units over the next two years is virtually certain to be larger than in any recent year. The present international situation is likely, if anything, to raise that "dividend" by permanently increasing home and foreign demand. The liability to individual fluctuations, nevertheless, remains. It is possible that the considerable reduction recently made by the Air Ministry in the time of the experiment-tenders-trial order-establishment cycle may reduce the length of the fluctuation periods. It will not eliminate them, however, any more than the annual cycle of the motor industry has eliminated them there. Nor is there any guarantee of prosperity to newly promoted concerns without an established product, even in the most "favourable" conditions of general demand. The possibilities latent in civil and commercial flying have been developed materially in the last two years and may become highly important in the future. But the present prospect for aircraft companies (a selection of whose recent results appears in the annexed table) is dominated by the British, and to a less extent the foreign, Air Force demand. The conclusion would appear to be that, while present yields on aircraft shares may justify themselves for the leaders, the market must be prepared for disappointments. Investors would be well advised to close their ears to "tips," "rumours," and market hearsay generally.

* * *

Beet Sugar Finance.—The amalgamation of all the United Kingdom beet sugar factories into one corporation, proposed in a recent White Paper (Cmd. 4964, July, 1935), may be viewed (writes a correspondent) in the light of the company statements published under the British Sugar (Subsidy) Acts, 1925 and 1934, by the Ministry of Agriculture. It is understood that certain companies are pressing for effective recognition of the fact that some of the producers built their factories in less attractive situations "at the wish of the Government, in order to relieve unemployment." Presumably, such "recognition," if granted, would be reflected in higher capitalisation of the merger company. It may be of interest, therefore, to see how present fixed asset values compare among different companies. The following table, which is based on official data, takes as a measuring rod the book values of factories, expressed in terms of the tonnage of beet in the 1934-35 campaign.

Company	Year when Factory opened	No. of Factories	Book Value of Beet, 1934-35 Campaign
<i>Anglo-Dutch Group</i>			
English Sugar Beet Corporation	1912	1	£ s. d. 0 14 9
Home-Grown Sugar	1921	1	0 17 0
Ely Beet Sugar Factory	1925	1	0 12 3
Ipswich Beet Sugar Factory	1925	1	1 4 3
King's Lynn Beet Sugar Factory	1927	1	1 5 3
<i>Anglo-Scottish Group</i>			
Anglo-Scottish Beet Sugar Corporation	1924	2	1 7 3
Second Anglo-Scottish Beet Sugar Corporation	1926	3	2 1 0
West Midland Sugar Company	1925	1	1 7 9
<i>Bury Group</i>			
United Sugar Company	1925	1	0 16 0
Central Sugar Company	1926	1	0 14 9
Yorkshire Sugar Company	1927	1	1 16 0
Shropshire Beet Sugar Company	1927	1	1 19 6
<i>Lincolnshire Group</i>			
Lincolnshire Sugar Company	1927	1	1 4 9
Second Lincolnshire Sugar Company	1928	1	1 13 9
<i>Wissington Group</i>			
British Sugar Manufacturers	1925	1	1 15 0

The differences are striking, and suggest that, if the basis of capitalisation is the position of the weakest companies,

appreciable "watering" may result. During the present year, some £740,000 has been distributed from reserves by three of the Anglo-Dutch companies and dividends for the 12 months ended March 31, 1935, have been paid by all the companies in this group and the Bury group, and by the West Midland Sugar Company, Ltd. We show the year of establishment, in each case, in view of the contention made, quite reasonably, by the chairman of the Lincolnshire Sugar Company at the shareholders' meeting on June 25th last, that, as the company had not come into existence until three years after the Subsidy Act began to operate, it missed the three fat years of high subsidy and sugar prices.

* * *

Courtaulds and Staple Fibre.—Courtaulds' ordinary shares rose on Monday from 54s. to 56s. 3d. (with a subsequent relapse to 54s. 6d.), following the announcement of a Treasury order, on the recommendation of the Import Duties Advisory Committee, removing the excise duty on staple fibre and other artificial silk waste, as from September 10th, and providing for certain consequent modifications of drawbacks from January 10, 1936. The duty was reduced from 6d. to 3d. per pound in July, 1934. Staple fibre consists of artificial silk cut into short lengths at the time of manufacture, with a view to subsequent spinning into yarn, either by itself or mixed with wool or cotton. It is recognised by the Committee as affording a valuable alternative material for the older textile industries, and yielding a product with qualities of its own. Its use, widely developed abroad, has been hampered by excise duties in this country. A duty on a raw material is difficult to defend at all times, and in this particular case, its incidence was calculated to impair development in certain of the more depressed branches of the older textile trades, without yielding any considerable revenue to the Exchequer. The market's instinct in fixing upon Courtaulds as the most immediate beneficiary was probably sound. The company, which is already the chief producer of staple fibre, has secured a start of some months in the race to take advantage of the Treasury's clemency, by its decision, last year, to build a new factory at Greenfield, North Wales. On the latter's completion, the company will have a productive capacity of 9,000 metric tons per annum. At present, Japan is the largest contributor to a total world production of staple fibre which reached 16,200 metric tons in the first half of this year, with Italy, Germany, France and Great Britain next in order. Courtaulds, however, has wisely followed its own precedent, by reducing its price of staple fibre rayon not only by the amount of the reduction in the excise duty, but by a further 1½d. per pound, the new price being 11d. against 15½d. As always, the company's objective would appear to be to stimulate a demand to which no present limit can be placed, rather than to maintain any arbitrary profit margin per unit. Altogether, it may be presumed that though this week's Treasury announcement has not fundamentally affected the dictum of the company's interim dividend statement—"the present trading position does not warrant the expectation of a higher total dividend distribution than for 1934"—it may be regarded as one of numerous factors making for confidence in the company's eventual position.

* * *

An Electrical Dispute.—Unity, as a virtue, commands a premium in the boardroom. Shareholders in Southern Areas Electric Corporation, Ltd., who have been called upon to adjudicate (at an extraordinary meeting on September 20th) in a dispute between two directorial parties, will trust that settlement, one way or the other, may come quickly, for the sake of their future profits. The company was registered in 1933 to acquire holdings in electricity supply undertakings. In 1934, four of its subsidiaries agreed to employ as their manager, for five years, a company called Power Management, Ltd., owned by W. H. Botsford and Company, Ltd. At the end of last May, after an annual meeting at which the chairman, Lord Elibank, had made a hopeful speech on the outlook, a directors'

meeting resolved, by the exercise of the chairman's casting vote, that the performance of its duties by the managing company was not satisfactory. In June, the four subsidiary companies gave notice to terminate their agreement, this action automatically bringing the arrangement between the parent company and the management company to an end. The Power Management Company contends that the increase in units sold by the subsidiaries is convincing testimony to the adequacy of its management and that the decisive resolution was, in effect, sprung on its representatives on the board without warning. Subsequently representatives of the subsidiary companies have joined the board. The reply of the Power Management representatives has been to requisition a meeting to authorise the election of sufficient additional directors to give them a majority on the board. Shareholders will trust that more detailed information regarding the basic matters in dispute will be furnished before they are asked to make a difficult decision. It may be questioned, indeed, whether they should, in any case, have been given the invidious duty of intervention at this stage. A shareholders' meeting is not the most effective of bodies for adjudication on difficult matters of fact, and, in this instance, the machinery provided in the original agreements does not appear to have been fully utilised. The latter provided for impartial arbitration in case of dispute; and as the two sides have so far failed to agree on an arbitrator, it may be asked why recourse has not, apparently, been had to the power to apply to the President of the Institution of Electrical Engineers to nominate one. At the moment, shareholders are unaware of the reasons for the alleged unsatisfactory performance by the managing company of its duties. The published facts, so far as they go, do not suggest any *prima facie* case for such a conclusion. That the dissatisfied directors are gentlemen of high repute and standing, and that their policy is apparently supported in certain "market" quarters, are facts which are immaterial to the main issue. It may be suggested, therefore, that if the difficulties between the two parties prove, unhappily, irreconcilable, a disinterested arbitrator should be appointed, or, if the appeal to Cæsar is persisted in, shareholders should not be required to furnish a decision on indirect and inferential evidence.

* * *

Second Alliance Trust.—The adverse influence of the dollar exchange, which in the previous year was responsible for a reduction in the dividend of this successful company from 22 per cent. to 18 per cent., is again reflected in the latest accounts to July 31st last. Total income, however, is some £5,000 higher at £180,866. Expense items show little change, with the exception of interest, which shows a modest reduction, and presumably will be further reduced by the debenture funding operations during the year. The available earnings cover the 18 per cent. dividend comfortably, but the transfer to Contingent Reserve is reduced from £25,000 to £10,000, leaving the balance at profit and loss slightly increased. Comparative revenue figures for three years follow:—

	Years to July 31st		
	1933	1934	1935
Investment and other income	190,474	175,649	180,866
Expenses and fees	8,406	8,194	8,894
Taxation	31,788	30,340	30,050
Interest	60,026	58,649	56,074
Preference dividend	23,822	24,216	24,675
Ordinary shares—			
Earned	66,432	54,250	61,173
Paid	58,231	48,431	49,350
Earned %	25.1	20.2	22.3
Paid %	22	18	18
Contingent reserve and other provisions	946†	25,994†	10,742†
Carried forward	31,624	11,449	12,531

† Includes expenses of debentures, £946, £994, and £742 respectively.

Broadly, the latest results suggest that the effective increase in income has been as satisfactory as that of most other old-established trusts recently. The yield from the American mortgage business, it is true, remains small, but the Trusts' interests in this field have been reduced to small

dimensions after steady liquidation. The assets position has substantially improved, for the depreciation of about 1 per cent. shown in the latest report compares with 8½ per cent. in the previous year. The outlook for the current year, apart from additional exchange difficulties, appears progressive, and the ordinary stock, quoted at 46s ex dividend to yield £3 17s. 6d. per cent., may be placing a reasonable valuation on recovery prospects.

* * *

Rand Mining Taxation.—A pronounced but short-lived effect upon the Kafir share market (writes our mining correspondent) followed the news of the appointment of a Departmental Committee to take evidence on the existing method of taxation of the gold mines and to report thereon to the Ministry of Finance. The Committee is to comprise Mr A. F. Corbett, a Commissioner of Inland Revenue, Mr S. M. Hill, Chief Clerk to the Income tax department, Dr. Hans Pirow, Government Mining Engineer, Mr E. W. Snell, Assistant Commissioner of Inland Revenue, Mr H. J. Dewar, Chief Accountant of the Treasury, and Mr H. S. H. Donald, Government Mining Surveyor. The official side will obviously be well represented, but the Committee includes no representatives of the mining industry as such. The latter, however, can safely be relied upon to neglect no opportunity of stating its case. How far shareholders are likely to benefit cannot, at the moment, be estimated. Mr Havenga has stated his willingness to consider any reasonable proposal, provided the Union Government receives the full amount of the increased profits to which it considers itself entitled. It would appear, therefore, that effective recommendations will be confined to removal of existing anomalies and other unnecessary, but irritating, complications. Such action might benefit some companies but prove to the detriment of others. In any case, no alteration can be made before the next Union Budget is presented in March or April, 1936.

* * *

Dividends of the Week.—If current company news were the only factor affecting the markets, something of a post-holiday boomlet might now be in progress. In last week's issue we reported that *Associated Portland Cement* had decided to pay the first interim in its history, at the rate of 5 per cent., while its subsidiary, *British Portland Cement*, had increased its interim distribution from the long-standing 5 per cent. to 7½ per cent. The *Imperial Chemical Industries* interim was maintained at 2½ per cent.—not, perhaps, a surprising decision in view of the impending action in the Courts concerning the deferred capital reduction. A number of concerns have inaugurated interim dividend payments this week. Among them *Cerebos* is to pay 10 per cent. interim in respect of the thirteen months to December next, as compensation to shareholders for waiting an additional month. *British Power and Light* announces an interim payment of 2 per cent., compared with an annual rate of 5 per cent. paid in the previous period. It was stated earlier in the year that steady progress had been recorded by every subsidiary concern. In announcing a final dividend of 4½ per cent., increasing the dividend for the year from 5½ per cent. to 7 per cent., the directors of *United Steel Companies* state that profits have improved. The dividend was below the best estimate, however, and the shares fell rather sharply on the announcement. Increased payments have also been announced by *Bolsover Colliery* (2½ per cent. interim, against 1½ per

SOUTHERN CROSS GOLD DEVELOPMENT, LTD.

Notice to Holders of Option Certificates to Bearer

NOTICE IS HEREBY GIVEN that the Directors have decided to extend the period during which the option to subscribe for shares in the capital of the Company as conferred by the outstanding Option Certificates to Bearer can be exercised from the 30th September, 1935, to the 31st March, 1936. Option Holders are invited to present their certificates at the registered offices of the Company, 341, Salisbury House, London Wall, London, E.C.2, for endorsement.

By Order of the Board,
R. BACKER, Secretary.

September 5th, 1935.

cent.), and *Ketton Portland Cement*, whose final dividend of 5 per cent. raises the total distribution from 5 per cent. to 7½ per cent. Disappointing announcements have come from *Whitworth and Mitchell*, whose sharply reduced profits only permit a 6½ per cent. distribution, compared with 10 per cent. for the previous year, and *Whitehall Court*, whose final payment of 3½ per cent. brings the total dividend to 7½ per cent., against 10 per cent. *Gaumont-British* dividends are unchanged, though profits show a small rise.

Other Company Results.—The profit and loss accounts of 16 additional companies are summarised in our usual table on page 541. This week's textile results are prominent, if depressing, for they record a further setback in earnings. The full report of *Calico Printers* confirms the preliminary figures discussed in the *Economist* dated August 24th on page 384, but no explanation of the sharp fall in earnings is given. The equally disheartening fall in the profits of *Whitworth and Mitchell* from £100,849 to £70,749 is attributed almost entirely to overseas trade restrictions, with its corollary of over-production in the home market. The report refers to the possibility that, in the absence of a revival in overseas trade, a return of capital may be considered. The report of *Grosvenor House (Park Lane)* shows that net profits have advanced from £50,000 to £61,464. The debenture conversion expenses are now written off, and the balance of new construction costs has been wiped out by a profit on re-sale of the freehold of the site. Among home industrial concerns, *Ketton Portland Cement* shows the fruits of the building boom and a firmer price structure in the industry by a sharp increase in profits from £34,957 to £50,249. The full report of *Lochgelly Iron and Coal* reveals that profits have jumped from £14,375 to £40,511. The improved outlook resulting from the trade agreements with Northern European countries has encouraged the directors to increase operations on properties which were on the point of liquidation two years ago. An equally spectacular recovery is shown by *W. H. Dorman*, whose profit of £11,596 against £1,030 suggests that, after a long period of difficulty, the production of Diesel engines may bring prospects of financial rehabilitation. The poor results of *British Lion Film Corporation* are accompanied by details of a reorganisation scheme which is stipulated before additional working capital can be provided.

THE WEEK IN THE MARKETS

THE LONDON STOCK EXCHANGE

SETTLING DAYS
TICKET SEPTEMBER 24 | ACCOUNT SEPTEMBER 26

THE behaviour of the market this week has been as good as most investors could expect, and, possibly, better than most student of foreign politics would have dared to predict. The new account opened with a firmness of tone in marked contrast to the positive uneasiness which characterised the previous fortnight. Perhaps the Stock Exchange, whose insight into foreign politics seems often to come by a species of spasmodic revelation and more seldom by analysis, is still avoiding the full implications of Sir Samuel Hoare's frank statement of policy at Geneva. The atmosphere of almost placid calm in later dealings on Wednesday, at any rate, was altogether at variance with the repercussions in political circles. Popular appeals to investors to maintain faith in domestic recovery have been reinforced by the continued improvement in employment, electrical output and steel production. There has, in fact, been little disposition to sell, and more than a disposition to expect the best from a situation which contains so many elements for the worst. Whether markets will observe the prudence of a more substantial discounting of the situation may turn on the reactions to M. Laval's speech on Friday.

The Gilt-edged market opened quietly, but its steady tone waned as the week progressed. The dearth of new business

had little effect upon quotations until Wednesday, when a fuller volume of unsupported selling—particularly of Old Consols and War Loan—brought a general half-point setback. Steadier conditions, moreover, were not sustained on Thursday, and further losses were recorded. Some demand was reported earlier in the week for home corporation stocks, but it proved short-lived. Dominion issues were quiet, Canadian issues making no response to Mr Bennett's assurances regarding debt reorganisation, discussed on page 523.

In the European list, Italian and Austrian bonds moved irregularly lower, the latter being affected by fears of an Italo-German understanding. Brazilian bonds staged an early revival on the trade debt arrangements and hopes of prompt payment of the October coupons. The advance attracted profit-takers, but was largely regained on Thursday. Chinese issues were firmer, Tuesday's dealings revealing considerable interest in the outcome of Sir Frederick Leith-Ross' visit.

The home rail market opened steadily, borrowing its tone yet again from hopes of satisfactory traffics, with the inevitable reaction when the poor results became known. The only feature was provided by London Transport "C" stock, which was carried to a new "high" of 102 in anticipation of next month's dividend announcement. Argentine issues derived support early in the week from the advance in wheat, and reports of rains, but tended to ease from mid-week.

The industrial market receded in hesitant fashion, but the tone was leavened by a number of features. On Monday, for example, Courtaulds advanced sharply on the announcement (see page 526) that the duty on staple fibre was to be removed. Motor shares derived support from the registration figures, Standard again being active, but the tone was not sustained. Brewery shares reflected confident anticipation of the August output figures, but did not hold their early improvement. Trans-Atlantic issues responded to Wall Street's bright tone, International Nickel and U.S. Steel receiving best support. Aviation shares were less active, although there were individual speculative features. Iron and steel shares opened firm, but activity in mid-week reflected the tendency to take profits after a sustained rise. Electricity supply issues failed to respond to the generation figures, and equipment issues lacked life. Textile shares showed more promise at the beginning of the week, but it proved short-lived. In the miscellaneous section building issues received early support, which declined in later dealings, and the miscellaneous leaders, which showed advances of 3d. to 6d. on Monday, lost as much on Tuesday and Wednesday.

Business in the oil market was very restricted, and both leading and speculative issues were unable to resist the dwindling tendency of quotations. The Californian oil situation continued to depress the market, for the latest output figures suggested that substantial over-production was still proceeding.

Tea shares came back to favour during the first part of the week, although Thursday brought a check to the sustained upward movement. Indian shares took the lead, but Ceylon issues caught up on Tuesday. The market resisted profit-taking in mid-week, and investment demand found dealers with limited supplies of shares. Rubber shares showed a rather paradoxical firmness on early days of the week in view of the dull conditions in Mincing Lane. Little business, however, was in progress, and investors seemed disposed to await the slow development of restriction in effecting the long-expected reduction of stocks.

The Kaffir market staged a sharp recovery on Monday in anticipation of taxation developments, but later news that a committee of enquiry was to be set up (see page 527) brought the realisation that its fruits would inevitably be slow to mature. Early support for "heavy" shares was encouraged by Cape purchases, but the movement could not be sustained. Hesitancy spread on Tuesday and continued on the two following days, as public support was reduced to a minimum. Speculative counters suffered most in the quieter conditions, but even finance issues were not fully maintained. Early interest in West African counters soon waned, and East Africans became uncertain after opening confidence. Australian gold shares also turned recessionary. Business in Rhodesian copper issues was

small, and tin shares made a negative response to favourable dividend announcements.

"FINANCIAL NEWS" DAILY BARGAIN INDEX (Approximate number of Bargains recorded in Stock Exchange Lists)

	Week to Sept. 6, 1935	Sept. 5, 1935	Sept. 6, 1935	Sept. 9, 1935	Sept. 10, 1935	Sept. 11, 1935	Sept. 12, 1935
Government and Municipal Loans	5,440	1,119	1,007	1,099	1,032	1,105	1,011
Transport, Communications, and Public Utilities	3,979	801	801	926	844	984	897
Commercial and Industrial	16,297	3,371	3,775	3,632	3,379	3,011	2,208
Banks, Insurance and Financial	2,350	548	405	394	741	726	504
Mines (including Nitrate)	4,648	814	1,066	1,162	1,035	944	629
Oils	593	100	121	141	146	83	107
Rubber, Tea and Coffee	1,218	197	305	415	473	397	169
Total	34,525	6,950	7,480	7,769	7,650	7,250	5,525
Corresponding day in 1934	...	7,565	7,306	7,358	6,481	7,372	7,398

* Including Iron and Steel and Breweries.

REVISED "FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (July 1, 1935 = 100)

Highest of 1935 (Aug. 13)	Lowest of 1935 (Mar. 27)	Sept. 5, 1935	Sept. 6, 1935	Sept. 9, 1935	Sept. 10, 1935	Sept. 11, 1935	Sept. 12, 1935
104.2	87.4	100.5	100.6	101.2	100.7	100.2	99.6

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS. (1928 = 100)

Highest of 1935 (Feb. 1)	Lowest of 1935 (Mar. 29)	Sept. 5, 1935	Sept. 6, 1935	Sept. 9, 1935	Sept. 10, 1935	Sept. 11, 1935	Sept. 12, 1935
141.0	135.9	136.4	136.3	136.3	136.1	136.0	135.6

FOREIGN STOCK EXCHANGES

NEW YORK

THE boom, which for a space did fail, trebly thundered at the end of last week, when the President, in reply to Mr Roy W. Howard, of the Scripps-Howard newspaper chain, declared that the basic reformist programme of the Administration had reached "substantial completion" and that a breathing spell was at hand. This, the most favourable news the market had had since the summer of 1933, caused, naturally, a disposition to extract from the latest figures of production and business activity a prophetic virtue which, on a first reading, had been strangely overlooked. The violent death of Senator Huey Long, subsequently, was scarcely a market factor except to the extent that an obscure local vendetta removed one demagogic opponent from the President's electoral path next year. Last Saturday's Wall Street turnover of 1,290,000 shares was the highest for any half-day for nineteen months, rises of 1 to 4 points occurring in leading utilities, industrial and farm equipment shares. On Monday, business was again heavy, but the tone became more hesitant. Profit-taking, however, was sharply checked on Tuesday afternoon, and next day the market pressed forward on a wide front. The movement was publicly supported and not unduly discriminative, a general sense of increased well-being finding expression in purchases of market leaders as such, rather than with any precise reference to the prospects of their individual industries. Most prominent counters in the motor, chemical, engineering, railroad, distilling and amusement industries—particularly the last-named—were all in the van of buying. Apart from a little irregularity in Government issues, the domestic bond market was consistently firm. An issue of \$24 millions in 4½ per cent. bonds, by Republic Steel, reached a 4 point premium after speedy sale. Many industrial pointers, admittedly, are favourable. "Iron Age" puts this week's steel mill output at 52.5 per cent. of capacity, against 50.5 last week, though no increase in demand is reported from the automobile industry. Last week's power output was as much as 12 per cent. higher than that of the corresponding week last year. The possibility of tacit ratification of the Government's silver buying policy has been widely canvassed.

Efforts to obtain a voluntary curtailment agreement to end the Californian oil "war" are meeting serious resistance, but will be continued for the present.

	Sept. 4, 1935	Sept. 11, 1935	Sept. 11, 1935, Eng.	Sept. 4, 1935	Sept. 11, 1935	Sept. 11, 1935, Eng.
Lb. Ln. 4½ "38-39100"	100½	101½	101½	Natl. Biscuit ...	28½	29½
Atchison ...	50	52½	53½	Phelps Dodge ...	21	21½
Illinois Central ...	11½	12½	12½	Pullman ...	41	38½
N.Y. Central ...	23½	26½	26½	Sears Roebuck ...	58½	60½
Pennsylvania ...	27½	29½	29½	Un. Fruit ...	72½	73½
Southern Pacific ...	19½	20½	21½	U.S. Leather ...	7½	8½
Southern Ry. ...	9½	10½	10½	U.S. Rubber ...	13½	15½
Union Pacific ...	98½	103	104½	U.S. Steel ...	44	47½
				Westinghouse ...	66½	79½
				Woolworth ...	61	63½
Am. Can. ...	138	144½	146½	Am. Tel. and Tg. ...	138½	144½
Amer. Smelting ...	45½	47	47½	Interboro R.T. ...	18½	20½
Anaconda ...	19	20½	20½	Int. Tel. Teleg. ...	10½	11½
Bethlehem Steel ...	37½	39½	40½	Utilities P. & L. ...	3	2½
Chrysler Motor ...	63½	72½	73½	W. Union Tg. ...	46	51½
Corn Products Rf. ...	66½	68½	68½			
Eastman Kodak ...	149½	157	158½	Shell ...	33½	33½
Gen. Electric ...	31½	34½	35½	Shell Union ...	9½	9½
Gen. Motors ...	43½	46½	48½	Std. California ...	33	33½
Int. Harvester ...	53½	57½	58½	Do. N.J. ...	45½	45½
Mont. Ward ...	34½	36½	37½			

† Calculated at \$4.94 to £.

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

	1934	1935	1935	1935	1935	1935	1935
	Lowest Sept. 19	Highest Feb. 21	Lowest Mar. 20	Highest Sept. 11	Beginning of Year 1935	Aug. 28, 1935	Sept. 4, 1935
351 Industrials ...	74.3	90.5	74.5(1)	98.7	83.1	94.1	99.7
33 Rails ...	34.0	51.4	38.0	35.6	35.1	36.1	38.0
37 Utilities ...	55.2	63.4	52.2	185.8(2)	57.9	80.7	84.2
Total, 421 Stocks	65.6	82.1	69.1	86.4	71.0	81.7	86.4
Average yield of 50 Industrial Common Stocks	2.78%	3.90%	3.09%	4.08%	3.62%	3.48%	3.25%

‡ December 26th. (f) March 13th. (g) August 14th.

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

Highest of 1935 (Sept. 11)	Lowest of 1935 (Mar. 15)	Sept. 4, 1935	Sept. 5, 1935	Sept. 6, 1935	Sept. 7, 1935	Sept. 9, 1935	Sept. 10, 1935	Sept. 11, 1935
112.4	78.6	107.3	108.1	109.4	111.0	110.7	111.9	112.4

TOTAL DEALINGS IN NEW YORK

	Sept. 5, 1935	Sept. 6, 1935	Sept. 7, 1935*	Sept. 9, 1935	Sept. 10, 1935	Sept. 11, 1935
Stock Exchange—Shares (Thous.) ...	1,890	2,150	1,290	2,000	1,980	2,590
Bonds (Value Thous. \$)	13,200	13,390	6,650	13,810	12,860	12,799
Curb—Shares (Thous.) ...	331	424	221	313	239	334

* Two-Hour Session.

PARIS

Investment activity was overclouded by uncertainty over the outcome of the week's momentous Geneva discussions. The Bourse opened with a firm tone on Monday, but the volume of new orders proved disappointing. Rentes were steady, and bank shares were firm on balance. On Tuesday, however, a hesitant opening was followed by fairly extensive selling, from which bank shares particularly suffered, though lower quotations were common to most groups. In the middle of the week business became greatly restricted, and even Rentes, which had

(Continued on page 532)



SECURITY FIRST

TOTAL FUNDS EXCEED
£45,000,000

CLAIMS PAID, OVER
£200,000,000

Head Offices:

LIVERPOOL
North John St.
LONDON
Lombard St.

LONDON ACTIVE SECURITY PRICES AND YIELDS

NOTE—Shares with a New York Quotation or with definite American interest are distinguished by italics

In calculating yields on fixed interest stocks quoted below allowance is made for interest accrued since the last date of payment, less income tax at the standard rate. Where stocks are definitely redeemable at a certain date the yield includes any profit or loss on redemption; where stocks are redeemable at or before a certain date the final date of repayment is taken when the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated by reference to the latest dividends, account being taken of any enhancement or reduction of interim dividends. Allowance is made for accrued dividends in calculating the yield on "cum div." shares.

Prices, Year 1935				Prices, Year 1934				Prices, Year 1935				Prices, Year 1934				Prices, Year 1935				Prices, Year 1934											
Jan. 1 to Sept. 11, inclusive				Jan. 1 to Sept. 11, inclusive				Jan. 1 to Sept. 11, inclusive				Jan. 1 to Sept. 11, inclusive				Jan. 1 to Sept. 11, inclusive				Jan. 1 to Sept. 11, inclusive											
High-est				Low-est				High-est				Low-est				High-est				Low-est				High-est				Low-est			
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(Continued from page 529)

previously resisted depressing influences, were affected by the general atmosphere. International counters made a firmer showing. Though gold mining, rubber and oil shares were less widely marked down than other issues, speculators showed extreme reluctance to commit themselves on either tack. A revival of activity was regarded as unlikely until the international situation, one way or the other, had become clearer.

	Sept. 4, 1935	Sept. 9, 1935	Sept. 11, 1935		Sept. 4, 1935	Sept. 9, 1935	Sept. 11, 1935
Banque de France	9,925	9,880	9,780	Wagons Lits	45	45	44
Crédit Lyonnais	1,700	1,718	1,700	Mexican Eagle	19	20	20
Suez Canal	17,940	17,995	17,830	"Chartered"	83	83	82
Chargers Réunis	141	144	140	Ford	57	57	55
Rio Tinto	1,288	1,300	1,280	De Beers	395	392	387
Royal Dutch	19,220	19,440	19,320	"Johnnies"	271	270	272

BERLIN

In the first part of last week the market had a depressed appearance. Before the week-end, however, a general recovery was in evidence, under the leadership of chemical shares. Saturday's buying was active, and as the market was not well supplied with stock some leading issues, particularly potash shares, made substantial gains. A prominent exception to the improved trend, however, was Reichsbank, which dropped several points during the week on sustained selling. The present week opened inauspiciously, declines being common to most stocks. A dull and uncertain tendency continued on Tuesday. Reichsbank bonds had a weak appearance and certificated dollar bonds were lower. Russian pre-war loans, however, were bought on talk of a Soviet borrowing transaction in London. (The nature of this reported "borrowing transaction" was indicated in a Note on page 476 of last week's *Economist*.) The market was somewhat more cheerful in the middle of the week, industrials generally tending to improve. The rally, however, was by no means universal. The official Bourse index number (1924-26 = 100) has been calculated at 95.48 for August against 94.66 for July, and the bond index at 95.35 against 95.29.

	Sept. 4, 1935	Sept. 9, 1935	Sept. 11, 1935		Sept. 4, 1935	Sept. 9, 1935	Sept. 11, 1935
Reichsbank	182.50	180.80	183.25	A. E. G.	38.75	39.60	39.60
D.D. Bank	90.50	91.50	90.50	Siemens and Halske	173.50	178.00	176.40
Dresdner	90.50	91.50	90.75	A. K. U.	57.50	59.50	59.25
I. G. Farben	153.40	154.75	156.25	Hamburg-Amer.	16.25	16.50	16.10
Norddeutscher Lloyd (New)	17.40	18.50	18.10	"Hapag New"	16.25	16.50	16.10

AMSTERDAM

Although the Bourse, on the whole, was firmer than in the preceding week, business remained on a very small scale and tended to become erratic as the week progressed. Among industrial shares, Philips Lamps made a good recovery on Monday and Tuesday, but subsequently reacted. Oil shares were neglected, and rubber shares were dull on the published scales of duty on the commodity in the Dutch East Indies. A fair buying movement occurred in Netherlands Shipping Union. The tendency of Dutch Government bonds continued downwards.

	Sept. 4, 1935	Sept. 9, 1935	Sept. 11, 1935		Sept. 4, 1935	Sept. 9, 1935	Sept. 11, 1935
2½% Dutch Loan	67½	70	69½	Steel Common	25½	27½	28½
5½% German	17½	18	17½	A. K. U.	28½	29	29
Unilever N.V.	99½	98½	98½	Ford Motor	286	287½	288
Philips Lamps	251½	245	247½	Delix Estavia Tob.	138½	139	141
Netherlands Ship Union	36½	37½	38½	Royal Dutch	187	190	189
				Handels Ama.	168½	170½	172½

CAPITAL ISSUES

ISSUES OF THE WEEK

By Prospectus or Offer for Sale

Amount previously recorded, Jan. 1 to Sept. 7, 1935, including conversions, £251,987,913.
Amount previously recorded, Jan. 1 to Sept. 7, 1935, excluding conversions, £127,004,840.

	National Savings Certificates.	Net receipts, Week to September 7, 1935, Dr. £100,000.					
	Nominal Capital	Conversions	New Money	First Payment	Further Liability		
To the Public							
To Shareholders only							
Total Offered for Subscription—	Including Conversions	Excluding Conversions					
Jan. 1 to date—							
1933	251,987,913	126,904,840					
1934	293,393,297	118,177,069					
1935	254,589,943	136,413,111					
1932	291,409,990	162,685,325					
1928	457,732,317	285,631,694					
(a) This figure includes £1,920,000,000 for conversion of 5% War Loan into 3½% War Loan.							

	Debtures	Preference	Ordinary	Total
January 1 to date—				
1935	72,510,751	25,746,587	28,647,502	126,904,840
1934	72,190,038	13,066,536	32,920,875	118,177,069
Whole year—				
1935	212,917,900	45,062,600	111,177,600	369,158,100
1934	222,064,300	12,733,700	9,982,500	244,780,500
1933	102,769,300	21,461,000	44,878,400	168,108,700

By Stock Exchange Introduction

	Capital Introduced	Price Began	Cash Involved
Amount previously recorded	22,619,783	...	33,509,380
Midland Electric Corporation, £300,000 3½% Deb. Stk., 1985-73, at 99	297,000	101½	303,750
Total to date, 1935	22,916,783	...	33,813,130
Total to date, 1934	22,101,032	...	33,452,318

BY STOCK EXCHANGE INTRODUCTION

Monks Investment Trust, Ltd.—Particulars of issue of £100,000 3½ per cent. first debenture stock ranking *pari passu* with existing first debenture stock. Redeemable at par on December 31, 1980, or from December 31, 1975, on three months' notice. £80,000 stock placed privately at £97½ per cent., balance of £20,000 in course of being placed.

PRIVATE PLACING

Young Accumulator.—The Young Accumulator Company (1929) has placed privately a line of nearly 60,000 shares of 2s. each to provide funds for the expansion of the company's business.

BONUS ISSUE

Gestetner (D.).—At the general meeting on September 27th a resolution is to be submitted that a sum of £31,875, part of the undivided profits standing to the credit of the reserve fund, be capitalised and applied in paying up in full 127,500 unissued ordinary shares of 5s., such shares credited as fully paid-up to be allotted to ordinary shareholders registered on September 27th, in the proportion in which they would have been entitled thereto if distributed by way of dividend.

CONVERSIONS AND REPAYMENTS

Godfrey Phillips, Ltd.—At an extraordinary general meeting held September 10th the recently issued 184,500 £1 ordinary shares were converted into stock.

International Power and Paper Company of Newfoundland.—The International Power and Paper of Newfoundland has called a meeting for October 4th, at Winchester House, of holders of £1,890,900 5½ per cent. "B" debenture stock. It is proposed to issue "A" mortgage debenture stock under guarantee of the Treasury for purpose of providing for redemption of 4½ per cent. "A" mortgage debenture stock, and new mortgage debenture stock is to be issued to the Treasury in exchange for 4½ per cent. extended "A" stock. If sanctioned, notice will be given to "A" stockholders of redemption at par of the whole of outstanding "A" stock on January 15th, 1936.

OFFERS ABROAD

German Treasury Bonds.—The Foreign Currency Control Office invites foreign owners of "blocked reichsmark credits" to subscribe to the 500,000,000 rmks. 4½ per cent. Treasury bonds which form part of the 1,000,000,000 rmks. loan recently issued by the Reichsbank for the consolidation of unfunded Government credits.

Republic Steel Company.—A public offer of \$24,000,000 (£4,800,000) of convertible 4½ per cent. bonds at par was made September 10th in connection with that concern's merger with the Corrigan McKinney Steel Company. The bonds are to be convertible into common stock at \$20.50 per share. The proceeds are for the retirement of \$6,419,000 of the Republic Steel Company's 5½ per cent. bonds and \$7,346,000 of various bonds in subsidiary concerns. The balance is to be utilised for working capital.

FORTHCOMING ISSUES

William Hartley, Ltd.—This company is considering making a 3½ per cent. preference shares.

Nations'ists (Proprietary), Ltd.—This company is about to issue £75,000 7 per cent. cumulative participating preference shares.

Projectile and Engineering Company.—It has been decided to offer 125,000 ordinary shares of 10s. at 17s. 6d. to shareholders in proportion of one new share for each two held.

AVAILABLE TO MANUFACTURERS—
ELECTRICAL ENERGY for
POWER, HEATING AND ALL INDUSTRIAL PURPOSES.
NORTH-EASTERN ELECTRIC SUPPLY Co. Ltd.
Carloli House, NEWCASTLE-UPON-TYNE
SITES FOR WORKS Apply to above address for particulars

DIVIDEND ANNOUNCEMENTS

Name of Company	Rate % per Annum, except where marked % or Stated in Cash	Interim or Final	Date of Payment	Interim or Final Comparison with Last Year	Latest Year	Previous Year
RAILWAYS						
Barsi Light Railway	3½%	...	...	3½%	5	6
BANKS						
Eastern Bank	3%	Sept. 28	Unchanged	...	...	...
Guaranty Trust of New York	3%	Oct. 1	5%	...	8	9½
Java Bank	10	...	Unchanged	...	...	...
Yokohama Specie Bank	10	...	Unchanged	...	...	...
INSURANCE						
Britannic Assurance	125%	...	Unchanged	...	...	...
TEA AND RUBBER						
Bajoe Kidol Rubber	...	Sept. 24	...	5	6	10
Bantam (Java) Rubber	...	Sept. 27	...	4	2½	3
Banteng (Selangor) Rubber	...	Sept. 24	...	4	3	5
Langkapeera (Sumatra) Rubber	...	...	...	4	5	10
Seaport (Selangor) Rubber	...	...	...	7½	10	...
Tismoda Estates	...	...	...	...	...	...
MINING						
Ayer Hitam Tin	5%	Sept. 27	2½%	...	...	...
Great Boulder Proprietary	12½%	Oct. 15	Unchanged	...	...	...
Idris Hydraulic Tin	2½%	Oct. 12	...	7½	5	...
Kamuning (Perak) Rubber and Tin	2½%	Sept. 28	Unchanged	...	...	...
Kinta Tin Mines	9d. p.s.	Oct. 10	6d. p.s.	...	...	...
Mount Morgan (S.-I.)	5%	...	...	...	...	...
South Crofty	2½%	Sept. 28	...	...	...	...
Southern Trough Tin	5%	Sept. 28	2½%	...	...	...
Sungei Besi Mines	2½%	Oct. 16	Unchanged	...	...	...
Taiping Tin Dredging	5%	Sept. 30	2½%	...	...	...
Tronoh Mines	5%	...	...	...	...	...
OTHER COMPANIES						
Alliance and Dublin Gas	3½%	...	Unchanged	...	...	...
American Investment and General Trust (Deferred)	2%	Sept. 30	Unchanged	...	...	...
Asprey and Co.	5%	Sept. 21	Nil*	4	4	...
Associated Portland Cement	3%	Oct. 15	...	...	...	...
Baldwins (6% "A" pref.)	3%	...	...	...	...	...
Birmingham and District Invest.	3%	Oct. 1	Unchanged	...	...	...
Bolsover Colliery	2½%	Oct. 11	1½%	...	...	...
British Portland Cement	7½%	Sept. 21	5%	...	...	...
British Power and Light	11 p.s.	Oct. 1	Unchanged	...	...	...
Canadian Cottons (com.)	75 cts. p.s.	Oct. 1	Unchanged	...	...	...
Canadian General Electric Cum.	11%	Oct. 1	Unchanged	...	...	...
Do. Pref.	11%	Oct. 1	Unchanged	...	...	...
Carriacs (Caterers)	3%	Oct. 1	Unchanged	...	...	...
Cerebos	10%	Oct. 1	Nil	...	...	...
Clerical Investment Trust	2½%	...	...	5	6½	...
Cooper, McDougall and Robertson	2½%	Sept. 30	Unchanged	...	...	...
Electric Supply Corporation	3½%	Sept. 25	Unchanged	...	...	...
Engineering Components	3%	Sept. 21	Nil	...	...	...
Gestetner (D.)	(c) 20%	Oct. 1	(b) 17%†	(d) 35	30(d)	...
General Investors and Trustees	4%	Oct. 1	Unchanged	...	...	...
Imperial Chemical Industries	2½%	Nov. 1	Unchanged	...	...	...
Kay's Atlas Brewery	5%	...	...	10	10	...
Kelton Portland Cement	5%	...	2½%	7½	5	...
Killamash and District Electric	10%	Sept. 30	Unchanged	6	5	...
Lawrence (Frederick)	10%	Oct. 1	Unchanged	...	...	...
London and South American Investment 5% cum. pref.	2%	Oct. 1	(1% for arrears current year)	5	5	...
Manica Trading	3%	Oct. 1	Unchanged	...	...	...
Natal Land and Colonisation	3%	Oct. 1	Unchanged	...	...	...
National United Laundries	4½%	Sept. 30	Unchanged	...	...	...
Riddings District Gas	4½%	Sept. 15	Unchanged	8	8	...
River Plate Trust Loan and Agency ("A")	5%	Oct. 1	Unchanged	...	...	...
Do. ("B")	5%	Oct. 1	Unchanged	...	...	...
Rose (L.) and Co.	25%	Oct. 1	Unchanged	...	...	...
Second Scottish American Trust	8%	Oct. 1	Unchanged	...	...	...
Shanghai Waterworks (£20) "A"	15 p.s.	Sept. 27	Unchanged	...	...	...
Do. "B" and "C"	38%	Sept. 27	Unchanged	...	...	...
Slough Estates	4%	Oct. 1	Unchanged	...	...	...
South-Eastern Gas	3%	Sept. 30	Unchanged	...	...	...
Sweeten and Wells	2½%	Oct. 15	Unchanged	2½	2½	...
Tebbit Brothers	2½%	Oct. 1	Unchanged	...	...	...
Thom (Alexander) and Co.	2½%	Oct. 15	Unchanged	3½	2½	...
Tor Investment Trust	2½%	...	...	...	...	...
Trinidad Sugar (7½% Pref.)	3½%	Oct. 31	(Half year to Sept. 30, 32)	5	5	...
United Indigo and Chemical	4½%	Oct. 26	Unchanged	7	5½	...
United Steel Cos.	4½%	Oct. 26	Unchanged	...	...	...
Wales	15%	Sept. 30	Unchanged	...	...	...
West Riding Automobile	3½%	Oct. 1	6½%†	7½	10	...
Whitehall Court	3½%	Oct. 1	5%†	6½	10	...
Whitworth and Mitchell	3½%	...	...	...	...	...
Wool Exchange and General Investments	...	...	...	4	...	...

(g) Payable in Sydney in Australian currency. (h) Absorbed £89,250. (i) Absorbed £83,750. (j) Also capital bonus of 20 per cent. (£42,500) from general reserve. † Free of income tax.

THE BOLSOVER COLLIERY COMPANY, LTD.—An interim dividend in respect of 1935 on ordinary shares of 2½ per cent., less income tax, will be paid October 11, 1935. This represents an increase of 1 per cent. as compared with the previous year and is in conformity with the statement made by the chairman at the last annual general meeting in regard to interim dividends.

FOREIGN GOVERNMENT BOND TRUST.—Municipal and General Securities Company announces the third income distribution by the Foreign Government Bond Trust of 5d. per bond-unit, tax free, payable October 1st on presentation of Coupon No. 3 at the City office of the trustee, Lloyds Bank, Ltd., 72 Lombard Street, London, E.C. The distribution covers a period of six months from September 6, 1935, and is derived from the interest received on the foreign Government bonds selected from the list of 117 bonds in which the trust is permitted to invest. The distribution for the corresponding period last year was 5d. for the initial five months and 6d. on April 1st for the half-year.

The Sussex Brick Company, Ltd.—At meetings which were held at Horsham September 10th, resolutions increasing the capital of the company to £540,000 by the creation of 120,000 new 8 per cent. cumulative preferred ordinary shares of £1 each and 280,000 new deferred shares of 5s. each were passed unanimously. The company is increasing its capital to purchase the whole of the issued share capital of the Dorking Brick Company, Ltd.

Macleans, Ltd.—List will open on September 17th for issue of 750,000 6 per cent. cumulative redeemable preference shares at 21s. per share.

Crown Flour Mills.—An issue of £160,000 4½ per cent. debenture stock will be made shortly.

Ruberoid Company.—An offer of 300,000 5½ per cent. redeemable preference shares will be made next month.

J. Brockhouse and Company (Ireland).—A public issue by this company will shortly be made in Dublin.

CALLS DUE SEPTEMBER 16, TO SEPTEMBER 21, 1935

The grand total of calls falling due in September, 1935, is £16,099,085, which compares with £4,766,761 which fell due in September, 1934.

Nominal amount of Stock	Company	Amount of Call	When payable	Making Paid
Stock	American Trust (£875,000 3½% Deb. Stock, at £98½%)	£741	Sept. 20	All
£1	Cheltenham Original Brewery (45,000 Ord. Shares, at 45/-)	25/- p.s.	Sept. 16	All
Stock	Colwyn Bay 3% Stock, 1935-55 (£400,000 at £98½%)	£400	Sept. 16	All
£1	Lewis (John) Properties (450,000 4½% Red. Cum. Pref. at 20/8)	5/- p.s.	Sept. 20	15/6 p.s.
Stock	Lewis (John) Properties (£825,000 3½% 1st Deb. at £98½%)	£85	Sept. 20	All
Stock	Manchester Corporation 3% Red. Cons. Stock, 1952-55 (£4,000,000 at £99%)	£400	Sept. 20	All
Stock	North Eastern Electric Supply (£1,500,000 3½% Deb. at £100%)	£50	Sept. 19	All
Stock	Yorkshire Electric Power (£1,000,000 3½% Deb., 1955-65, at £100%)	£30	Sept. 18	£50%

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Amt. paid	Price, Sept. 4, 1935	Price, Sept. 11, 1935
Australia 3%	100	5	1-1 pm	1-1 1/2 pm
Briggs Motor Bodies Ord.	25/-	12/6	1/9-2/3 pm	2/9-3/3 pm
Do. 4 1/2% 1st Deb.	103	53	21-1 dis	21-1 1/2 dis
British (Guest Keen & Baldwins) 4% Deb.	100	40	1-1 pm	1-1 1/2 pm
Cables Investment Trust Pref. 6%	104 1	51-5 1/8 pm	5-5 1/8 pm	5-5 1/8 pm
Do. 3 1/2% Deb.	98 1/2	10	1-1 pm	par-1 pm
Daily Sketch 4 1/2% 1st Deb.	104	64	31-31 pm	41-41 pm
Dundee 3%	100	70	par-1 pm	dis-1 1/2 pm
Earis Court Ord. 5/-	5/-	3/-	1/6-1/- dis	1/6-1/- dis
Do. 5 1/2% 2nd Debs.	£100	£20	7-5 dis	61-4 1/2 dis
Green (J. W.) Ord. £1	£1	...	56/6-57/6	56 1/2-57 1/2
Hamilton Taverns 4%	4/-	...	4/3-4/4	4/3-4/4
Harding Tilton	5/-	...	22/9-23/3	22/9-23/3
Hills (R. H. O.) Ord. 5/-	7/8	2/6	1/-1/6 pm	1/6-2/- pm
Do. 6% Pref. £1	21/-	10/-	10 1/2-11 1/2 pm	10 1/2-11 1/2 pm
India 3%, 1949-52	98	18	1-1 dis	1-1 dis
Kelly's Directories 4% Deb.	104	24	21-24 pm	21-24 pm
Lanarkshire Steel 6% Pref.	20/-	...	21/41-21/10 1/2	21/41-21/10 1/2
Leeds 3% Stock	99 1/2	19 1/2	1-1 1/2 pm	1-1 1/2 pm
Leeds and Wakefield Breweries 6% Pref.	20/-	...	...	...
Do.	24/6	10/6	6d dis-par	3d dis-3d pm
Levin (John) Properties 4 1/2% Pref.	20/6	10/6	1/3-9d dis	1/3-9d dis
Do. 3 1/2% Debs.	96	31	3-2 dis	31-23 dis
Liverpool 3%	99 1/2	59 1/2	24-28 pm	1-1 1/2 pm
London County Freehold Properties 20/-	46/-	30/-	21-1/6 dis	2/3-1/6 dis
London Electric Transport 2 1/2% Debs.	97	17	dis-par	1-1 pm
Lowestoft 3%	99 1/2	19 1/2	1/8-3/3	8/-3-9/3
Mann and Overton Ord. 5/-	20/-	6/6	19/9-20/3	19/9-20/3
Do. 6% Pref. £1	20/-	20/-	dis-1 1/2 pm	1/6-2 1/2 pm
New Zealand 3%	98 1/2	5	1/6-2 1/2 pm	1/6-2 1/2 pm
Odhams (Watford) 5 1/2% Pref.	21/-	10/-	1-1 1/2 pm	1-1 1/2 pm
Ribbledale Cement 4% Debs.	101	51	1-1 1/2 pm	1-1 1/2 pm
Trinidad 3% Sck.	100	45	8/6-9/3	8/6-9/3
Ultra Electric (Holding) 5/-	5/-	25	dis-1 1/2 pm	dis-1 1/2 pm
West Brownwich 3%	7/-	4/6	1/3-1/6 pm	1/3-1/6 pm
Westland Aircraft 5/-	100	50	12-14 dis	12-14 dis
W. Lon. Prop. 4% Debs.	100	50	4/3-4/bx	4/6-5/-
W. Spaarwater 5/-	5/-	5/-	...	...

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

RESOURCES	Sept. 15, 1934	Aug. 22, 1935	Aug. 29, 1935	Sept. 5, 1935	Sept. 12, 1935
Gold Certificates on hand and due from the Treasury	4,961,000	6,441,510	6,482,230	6,481,630	6,536,040
Total reserves	5,212,350	6,689,850	6,729,760	6,775,200	6,775,200
Total cash reserves	228,310	227,630	227,120	206,400	217,950
Total bills discounted	23,340	7,110	9,410	10,710	11,180
Bills bought in open market	5,200	4,690	4,680	4,680	4,680
Total bills on hand	28,540	11,800	14,090	15,390	15,860
Industrial advances	29,280	29,280	29,430	29,430	29,550
Total U.S. Govt. securities	2,431,310	2,430,240	2,430,330	2,430,210	2,430,210
Total bills and securities	2,461,480	2,471,320	2,473,870	2,475,040	2,475,620
Total resources	8,267,220	9,755,110	9,765,050	9,792,090	9,873,130
LIABILITIES					
Federal Reserve notes in actual circulation	3,148,450	3,340,980	3,352,060	3,413,930	3,422,830
Aggregate of excess member-bank reserves over requirements	...	...	2,780,000	2,670,000	28,200,000
Federal Reserve Bank notes in circulation	31,130	...	...	...	...
Deposits — Memberbank — reserve account	3,948,300	5,291,500	5,346,440	5,228,150	5,388,280
Government deposits	138,730	49,880	103,060	27,340	27,340
Total deposits	4,300,060	5,755,180	5,608,860	5,254,350	5,601,830
Capital paid and surplus	285,050	314,240	314,250	312,380	302,100
Total liabilities	8,267,220	9,755,110	9,765,050	9,792,090	9,873,130
Ratio of total reserves to deposit and Federal Reserve note liabilities combined	70.0%	75.0%	75.1%	75.0%	75.1%

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

	Sept. 12, 1934	Aug. 22, 1935	Aug. 29, 1935	Sept. 5, 1935	Sept. 12, 1935
Total gold reserves	1,723,570	2,786,940	2,809,670	2,782,720	2,764,580
Total bills discounted	14,390	4,100	5,930	6,450	6,980
Bills bought in open market	1,930	1,810	1,800	1,800	1,800
Total U.S. Govt. securities	777,750	759,320	759,320	744,320	744,320
Total bills and securities	794,180	762,200	754,030	756,530	760,120
Deposits — Memberbank — reserve account	1,572,160	2,559,560	2,605,560	2,534,910	2,589,450
Ratio of total res. to dep. and Federal Res. note liabilities combined	71.0%	80.6%	80.6%	80.4%	80.0%

AUSTRALIAN COMMONWEALTH BANK.—In £'s (000's omitted)

ASSETS	Aug. 5, 1935	Aug. 12, 1935	Aug. 19, 1935	Aug. 26, 1935	Sept. 2, 1935	Sept. 9, 1935
Gold and English sterling	15,994	15,994	15,994	15,994	15,994	15,994
Other coin, bullion and cash	8,473	6,635	6,479	6,519	6,202	6,437
Money at short call—London	17,223	16,757	16,555	16,937	16,897	16,692
Conversion funds in London	317	328	345	365	345	345
Short-term loans	5,569	5,705	6,195	6,284	6,564	6,611
Securities	70,846	70,846	70,796	70,811	70,811	70,811
Discounts and advances	7,145	6,972	6,972	7,122	7,130	7,025
Other assets	4,531	4,481	4,227	4,067	4,215	4,089
LIABILITIES						
Notes issued	47,044	47,044	47,044	47,044	47,044	47,044
Reserve premium on gold	3,896	3,896	3,896	3,896	3,896	3,896
Deposits	68,269	67,654	67,879	68,309	68,326	68,125
Other liabilities	2,951	2,998	2,921	2,912	2,985	2,908

BANK OF CANADA.—In \$'s (000's omitted)

ASSETS	Aug. 14, 1935	Aug. 21, 1935	Aug. 28, 1935	Sept. 4, 1935
Reserve of which:				
Gold coin and bullion	194,013	193,855	198,938	191,509
Dominion Government securities	180,103	180,160	180,191	180,159
LIABILITIES				
Note circulation	77,986	78,405	79,913	81,664
Deposits:—				
Dominion Government	29,845	32,878	25,873	19,963
Chartered banks	189,375	182,646	183,738	192,540
Ratio of reserves to notes and deposit liabilities	65.3%	65.8%	65.1%	65.0%

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

ASSETS	Sept. 7, 1934	Aug. 9, 1935	Aug. 16, 1935	Aug. 23, 1935	Aug. 30, 1935	Sept. 6, 1935
Gold coin and bullion	18,056	27,942	28,210	28,029	26,542	25,770
Bills discounted: Foreign	9,916	3,297	3,451	3,651	4,751	4,750
Investments	1,725	1,726	1,726	1,726	1,726	1,726
Loan & Advances to Govt.	1,600	1,200	800	1,400	...	...
Other assets	7,118	14,933	14,734	14,881	15,884	13,246
LIABILITIES						
Notes in circulation	11,929	12,822	12,726	12,026	13,589	13,074
Government deposits	1,275	1,234	1,747	1,913	1,680	1,398
Bankers' deposits	21,236	28,521	29,379	28,578	31,072	26,664
Ratio of cash reserves to liabilities to public	50.1%	59.6%	60.4%	60.2%	55.8%	80.0%

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

ASSETS	Aug. 16, 1935	Aug. 23, 1935	Aug. 30, 1935	Sept. 6, 1935
Gold coin and bullion	44,42,17	44,42,17	44,42,17	44,42,17
Rupee coin	55,79,89	56,27,89	57,05,46	56,89,55
Balances abroad	10,98,12	12,46,88	13,82,54	14,86,07
Sterling securities*	65,19,27	65,19,27	65,19,27	65,19,27
Indian Government rupee securities*	26,49,21	26,49,29	26,49,36	26,49,63
Investments	6,13,94	6,23,70	6,29,07	6,29,07
LIABILITIES				
Note circulation	1,57,52,80	1,56,32,57	1,54,47,74	1,57,59,65
Deposits:—				
Government	11,53,68	11,82,06	12,83,15	10,09,14
Other	29,77,28	32,62,52	35,74,57	35,96,15
Ratio of gold and sterling to liabilities	57.2%	57.0%	56.8%	56.8%

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

ASSETS	Sept. 7, 1934	Aug. 16, 1935	Aug. 23, 1935	Aug. 30, 1935	Sept. 6, 1935
Gold	82,098,928	71,661,243	71,608,847	71,741,663	72,056,934
Foreign balances abroad	10,278	7,787	7,187	7,269	7,800
Bills discounted	3,504,499	6,272,160	6,724,613	7,795,868	7,091,204
Negotiable bills abroad	847,706	1,007,948	1,007,948	1,007,948	1,007,948
Advances against sec.:					
To the State	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
Other advances	3,126,948	3,807,683	3,497,715	3,646,121	3,583,891
Negotiable Bonds, Sinking Fund Dept.	5,898,204	5,800,402	5,800,402	5,800,402	5,800,402
Other assets (excluding forward exch.)	5,292,609	4,984,572	4,973,552	5,011,892	5,144,038
LIABILITIES					
Notes in circulation	81,016,752	81,064,006	80,685,062	82,240,468	81,993,635
Public deposits	3,701,370	3,262,500	3,290,296	3,243,564	3,120,329
Private deposits	17,087,033	10,189,577	10,489,375	10,480,324	10,514,805
Other liabilities	2,173,586	2,225,282	2,253,930	2,245,404	2,227,161
Ratio of gold reserve to sight liabilities	80.5%	76.7%	75.7%	74.6%	75.4%

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

ASSETS	Sept. 7, 1934	Aug. 23, 1935	Aug. 31, 1935	Sept. 7, 1935
Gold	2,849,274	3,518,688	3,518,688	3,518,688
Of which deposited abroad	74,937	94,755	94,779	94,799
Reserve in foreign currencies	3,777	5,371	5,301	5,344
Bills of exchange and cheques	3,444,402	3,539,213	4,035,103	3,794,580
Silver and other coin	219,540	226,719	111,884	148,842
Notes of other German banks	9,872	13,086	4,761	8,044
Advances	96,110	31,864	54,091	38,429
Investments	739,734	663,827	664,272	664,705
Other assets	604,280	678,984	664,252	684,003
LIABILITIES				
Share capital	150,000	150,000	150,000	150,000
Reserves	472,797	471,184	471,184	471,184
Notes in circulation	3,708,940	3,638,468	4,031,831	3,881,445
Other daily maturing obligations	667,526	768,698	742,602	695,558
Other liabilities	193,389	225,469	238,626	240,559
Cover of note circulation	2.12%	2.75%	2.48%	2.57%

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

ASSETS	Sept. 6, 1934	Aug. 8, 1935	Aug. 15, 1935	Aug. 22, 1935	Aug. 29, 1935	Sept. 5, 1935
Gold	2,849,274	3,518,688	3,518,688	3,518,688	3,518,688	3,518,688
Silver and other coin	67,743	54,338	52,836	54,338	54,338	54,338
Securities	673,227	1,415,457	1,407,793	1,388,106	1,373,211	1,359,289
Advances	57,901	117,555	130,346	126,085	120,181	125,816
LIABILITIES						
Notes in circulation	3,557,714	4,138,724	4,129,129	4,100,173	4,115,152	4,149,987
Deposits	45,028	41,412	20,419	17,171	19,265	25,868
Other	220,904	1,119,765	1,156,900	1,140,164	1,071,891	953,628

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

ASSETS	Sept. 10, 1934	Aug. 12, 1935	Aug. 19, 1935	Aug. 26, 1935	Sept. 2, 1935	Sept. 9, 1935
Gold	863,409	589,931	585,820	591,268	593,352	599,708
Silver	22,202	23,588	23,975	23,934	22,128	21,830
Home bills discounted	26,541	42,643	43,003	40,712	45,888	47,120
Loans and advances in current account	145,324	161,397	158,073	142,341	170,583	143,605
LIABILITIES						
Notes in circulation	898,761	799,798	793,172	794,970	826,525	803,678
Deposits	184,418	38,542	38,839	39,542	41,733	36,219

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

ASSETS	Sept. 8, 1934	Aug. 10, 1935	Aug. 17, 1935	Aug. 24, 1935	Aug. 31, 1935	Sept. 7, 1935
Gold	113,463	111,890	111,140	108,170	108,770	108,860
Silver	28,466	...	...	...	...	...
Discounts, advances, and other investments	75,650	77,510	77,580	75,780	78,580	80,520
Foreign bills	1,227	1,310	1,970	1,830	2,300	2,040
Other assets	11,150	11,390	11,470	11,170	10,620	10,730
LIABILITIES						
Notes in circulation	185,868	170,710	167,740	164,720	165,280	169,260
Deposits and bills payable	32,518	20,010	23,020	20,880	23,520	21,340

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

ASSETS	Sept. 7, 1934	Aug. 7, 1935	Aug. 15, 1935	Aug. 23, 1935	Aug. 31, 1935	Sept. 7, 1935
Gold	1,754,374	1,300,923	1,318,720	1,339,042	1,366,088	1,372,249
Of which held abroad	149,244	165,095	181,720	200,187	206,831	207,071
Discounts	40,183	105,418	93,667	90,001	106,883	102,813
Bills of the Confederation	11,875	51,545	50,345	50,085	49,845	53,467
Advances	76,955	95,511	88,600	90,770	89,442	88,375
Securities	53,250	55,431	55,428	55,223	55,218	55,065
LIABILITIES						
Notes in circulation	1,346,953	1,251,267	1,229,627	1,230,046	1,283,020	1,261,666
Deposits	547,200	313,973	341,896	346,178	337,614	355,410

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

Assets	Aug. 31, 1934	Aug. 7, 1935	Aug. 15, 1935	Aug. 23, 1935	Aug. 31, 1935
Gold reserve.....	278,308	356,638	356,706	357,911	358,087
Government securities—Swedish	176,062	108,639	108,639	78,639	78,639
Foreign	46,559	48,915	48,915	48,916	50,077
Other Swedish bonds quoted on foreign bourses	...	...	4,344	4,344	4,344
Gold abroad not included in the gold reserve.....	94,372	...	...	...	...
Bills payable in Sweden	443	8,398	8,292	8,019	8,127
Bills payable abroad	369,590	423,204	423,252	423,347	414,343
Balance abroad	63,744	146,438	146,545	145,891	153,667
Advances	27,414	34,971	33,182	33,647	28,031
LIABILITIES					
Notes in circulation	642,841	681,496	680,210	645,603	722,247
Government deposits	135,885	173,503	178,235	171,782	157,783
Private deposits	314,956	319,527	302,137	290,144	229,032

BANK OF JAPAN.—In yen (000's omitted)

ASSETS	Aug. 18, 1934	July 20, 1935	July 27, 1935	Aug. 3, 1935	Aug. 10, 1935	Aug. 17, 1935
Gold coin and bullion	457,869	484,494	485,462	485,977	486,891	487,812
Other coin and bullion	44,227	44,947	44,024	42,728	40,759	40,848
Discounts	652,889	560,330	563,285	562,881	564,884	562,655
Advances on foreign bills	86,093	129,132	130,551	131,046	130,111	131,165
Govt. bonds	128,541	29,975	31,309	101,153	120,870	105,886
Govt. deposits	436,257	455,921	470,786	463,751	459,543	458,929
Other deposits	83,577	73,981	70,335	62,260	55,914	63,556
LIABILITIES						
Notes	1,117,194	1,142,917	1,223,435	1,213,868	1,196,576	1,136,625
Govt. deposits	436,257	455,921	470,786	463,751	459,543	458,929
Other deposits	83,577	73,981	70,335	62,260	55,914	63,556

LONDON MONEY RATES

Bank rate (changed from 24% June 30, 1932)	Sept. 5, 1935	Sept. 6, 1935	Sept. 7, 1935	Sept. 9, 1935	Sept. 10, 1935	Sept. 11, 1935	Sept. 12, 1935
Market rates of discount—							
60 days' bankers' drafts	2	2	2	2	2	2	2
3 months' do.	2	2	2	2	2	2	2
6 months' do.	2	2	2	2	2	2	2
Discount Treasury Bills—							
2 months'	2	2	2	2	2	2	2
3 months'	2	2	2	2	2	2	2
Loans—Day-to-day	1	1	1	1	1	1	1
Short	1	1	1	1	1	1	1
Deposit allowances—Bank	2	2	2	2	2	2	2
Discount houses at call	2	2	2	2	2	2	2
At notice	2	2	2	2	2	2	2

Comparison with previous week—

1935	Short Loans	Bank Bills			Trade Bills		
		3 Months	4 Months	6 Months	3 Months	4 Months	6 Months
Aug. 15	1	2	2	2	2	2	2
" 22	1	2	2	2	2	2	2
" 29	1	2	2	2	2	2	2
Sept. 5	1	2	2	2	2	2	2
" 12	1	2	2	2	2	2	2

LONDON RATES OF EXCHANGE

I.—Spot Rates

(Range of the day's business)

London on	Par of Exch. per £	Sept. 6, 1935	Sept. 7, 1935	Sept. 9, 1935	Sept. 10, 1935	Sept. 11, 1935	Sept. 12, 1935
New York, \$	4.84	4.93-4.94	4.92-4.93	4.92-4.94	4.93-4.94	4.93-4.94	4.93-4.94
Montreal, \$	4.88	4.94-4.95	4.94-4.94	4.93-4.95	4.94-4.95	4.94-4.95	4.94-4.95
Paris, Fr.	124.21	74.18-75.4	74.18-75.4	74.18-75.4	74.18-75.4	74.18-75.4	74.18-75.4
Brussels, Bel	35.00(a)	29.33-35	29.33-35	29.33-35	29.33-35	29.33-35	29.33-35
Milan, Li.	92.46	60.1-61	60.1-61	60.1-61	60.1-61	60.1-61	60.1-61
Zurich, Fr.	25.22	15.16-20	15.14-19	15.14-20	15.16-21	15.16-20	15.16-19
Athens, Dr.	375	517*	517*	517*	517*	517*	517*
Hels'fors, Mk.	193.23	226.1-227	226.1-227	226.1-227	226.1-227	226.1-227	226.1-227
Madrid, P.	110	109.1-110	109.1-110	109.1-110	109.1-110	109.1-110	109.1-110
Lisbon, Esc.	12-107	7.29-32	7.28-31	7.28-32	7.30-33	7.30-32	7.30-32
Amst'dm, Fl.	20.43	12.25-29	12.23-27	12.22-27	12.25-30	12.25-30	12.25-29
Berlin, Mk.	20.43	12.25-29	12.23-27	12.22-27	12.25-30	12.25-30	12.25-29
Registered Marks—							
Vienno, Sch.	34.58	25.1-27	25.1-27	25.1-27	25.1-27	25.1-27	25.1-27
Bu'pest, Pen.	27.82	18.1-19	18.1-19	18.1-19	18.1-19	18.1-19	18.1-19
Prague, Kc.	110.4	119-119	119-119	119-119	119-119	119-119	119-119
Danzig, Gul.	25.00	26-26	26-26	26-26	26-26	26-26	26-26
Warsaw, Zi.	43.38	26-26	26-26	26-26	26-26	26-26	26-26
Riga, Lat.	25.22	14.1-15	14.1-15	14.1-15	14.1-15	14.1-15	14.1-15
Bucharest, Lei	813.6	625*	624*	624*	625*	625*	625*
Const'ple, Pst.	110	614*	614*	613*	613*	613*	613*
Belgrade, Din.	276.32	212-222	212-222	212-222	212-222	212-222	212-222
Kovno, Lit.	48.68	29-30	29-30	29-30	29-30	29-30	29-30
Sofia, Lev.	679.66	385-415	385-415	385-415	385-415	385-415	385-415
Tallinn, E.Kr.	18-159	17.1-18	17.1-18	17.1-18	17.1-18	17.1-18	17.1-18
Oslo, Kr.	18-159	19.35-45	19.35-45	19.35-45	19.35-45	19.35-45	19.35-45
St'helm, Kr.	18-159	19.35-45	19.35-45	19.35-45	19.35-45	19.35-45	19.35-45
Cop'h'gen, Kr.	18-159	22.35-45	22.35-45	22.35-45	22.35-45	22.35-45	22.35-45
Alex'dria, Pst.	97	97	97	97	97	97	97
Bombay, Rup.	18	18	18	18	18	18	18
Calcutta, Rup.	18	18	18	18	18	18	18
Madras, Rup.	18	18	18	18	18	18	18
Hong Kong, \$	24.58	14	14	14	14	14	14
Kobe, Yen	24.58	17.1-18	17.1-18	17.1-18	17.1-18	17.1-18	17.1-18
Singapore, \$	24.58	28-28	28-28	28-28	28-28	28-28	28-28
Batavia, F.	12.11	7.26-30	7.24-27	7.24-29	7.26-30	7.27-32	7.27-32
Rio, Mil.	15.89	21-21	21-21	21-21	21-21	21-21	21-21
B. Aires, \$	11.45	18-40-50	18-40-50	18-40-50	18-40-50	18-40-50	18-40-50
Valparaiso, \$	40	17-04	17-04	17-04	17-04	17-04	17-04
M'video, \$	51.4	19-20	19-20	19-20	19-20	19-20	19-20
Lima, Sol.	17.38	20-75	20-75	20-75	20-75	20-75	20-75
Mexico, Pes.	9.78	17-18	17-18	17-18	17-18	17-18	17-18
Manila, Pes.	124.66	24-24	24-24	24-24	24-24	24-24	24-24
Moscow, Rbls	9.458	5.70-72	5.70-72	5.70-72	5.70-72	5.70-72	5.70-72
Bangkok, Bht	121.82	21-22	21-22	21-22	21-22	21-22	21-22

Usance: T.T., except Alexandria (Sight); Rio de Janeiro, Lima, Valparaiso (90 days), Pence per unit of local currency. Par, 8-23½ since dollar devaluation on February 1, 1934. Par, 197-10½ since koruna devaluation on February 17, 1934. (a) Prior to devaluation on April 2, 1935. (b) Official Rate. (c) Per cent. discount. (d) Latest "export" rate. (e) Official rate is 4½d. sellers. (f) Official rate is 4½d. buyers. (g) Rate for \$15 sellers. (h) Average remittance rate for importers. (i) Rate for conversion of lire into sterling for payments to the Bank of England in respect of debts due to persons in Italy for goods and freights. (j) Nominal. (k) Rate for conversion of Turkish currency into sterling for payments to the Bank of England in respect of debts due to persons in Turkey for Turkish goods. (*) Sellers.

II.—Forward Rates (Closing quotations)

London on	Sept. 6, 1935	Sept. 7, 1935	Sept. 9, 1935	Sept. 10, 1935	Sept. 11, 1935	Sept. 12, 1935
New York, cent.	1 Month (a) 1-1 1/2 (b) 1-1 1/2 (c) 1-1 1/2 (d) 1-1 1/2 (e) 1-1 1/2 (f) 1-1 1/2	2 " 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2	3 " 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2	1 Month (b) 1-1 1/2 (c) 1-1 1/2 (d) 1-1 1/2 (e) 1-1 1/2 (f) 1-1 1/2	2 " 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2	3 " 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2
Paris, fr.	1 Month (b) 1-1 1/2 (c) 1-1 1/2 (d) 1-1 1/2 (e) 1-1 1/2 (f) 1-1 1/2	2 " 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2	3 " 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2	1 Month (b) 1-1 1/2 (c) 1-1 1/2 (d) 1-1 1/2 (e) 1-1 1/2 (f) 1-1 1/2	2 " 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2	3 " 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2
Amsterdam, cent.	1 Month (b) 1-1 1/2 (c) 1-1 1/2 (d) 1-1 1/2 (e) 1-1 1/2 (f) 1-1 1/2	2 " 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2	3 " 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2	1 Month (b) 1-1 1/2 (c) 1-1 1/2 (d) 1-1 1/2 (e) 1-1 1/2 (f) 1-1 1/2	2 " 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2	3 " 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2
Brussels, cent.	1 Month (b) 1-1 1/2 (c) 1-1 1/2 (d) 1-1 1/2 (e) 1-1 1/2 (f) 1-1 1/2	2 " 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2	3 " 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2	1 Month (b) 1-1 1/2 (c) 1-1 1/2 (d) 1-1 1/2 (e) 1-1 1/2 (f) 1-1 1/2	2 " 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2	3 " 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2
Geneva, cent.	1 Month (b) 1-1 1/2 (c) 1-1 1/2 (d) 1-1 1/2 (e) 1-1 1/2 (f) 1-1 1/2	2 " 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2	3 " 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2	1 Month (b) 1-1 1/2 (c) 1-1 1/2 (d) 1-1 1/2 (e) 1-1 1/2 (f) 1-1 1/2	2 " 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2	3 " 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2
Milan, lire	1 Month (b) 1-1 1/2 (c) 1-1 1/2 (d) 1-1 1/2 (e) 1-1 1/2 (f) 1-1 1/2	2 " 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2	3 " 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2	1 Month (b) 1-1 1/2 (c) 1-1 1/2 (d) 1-1 1/2 (e) 1-1 1/2 (f) 1-1 1/2	2 " 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2	3 " 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2 1-1 1/2

(a) Premium, i.e. "under spot." (b) Discount, i.e. "over spot."

OVERSEAS BANK RATES

Changed	From	To	Changed	From	To
Albania	Nov. 16, 1933	8 1/2	Madrid	Oct. 29, 1934	6 1/2
Amsterdam	Aug. 2, 1935	6 1/2	Oslo	May 24, 1933	4 1/2
Athens	Oct. 14, 1933	7 1/2	Paris	Aug. 8, 1935	4 1/2
Batavia	July 1, 1935	4 1/2	Prague	Jan. 25, 1933	4 1/2
Belgrade	Feb. 1, 1935	6 1/2	Pretoria	May 15, 1933	4 1/2
Berlin	Sept. 22, 1932	5 1/2	Tallinn	Jan. 28, 1932	6 1/2
Brussels	May 14, 1935	2 1/2	Riga	Jan. 1, 1933	6 1/2
Bucharest	Dec. 15, 1934	6 1/2	Rome	Sept. 9, 1935	4 1/2
Budapest	Aug. 28, 1935	4 1/2	Sofia	Aug. 15, 1935	7 1/2
Calcutta	Feb. 16, 1933	4 1/2	Stockholm	Dec. 1, 1933	8 1/2
Copenhagen	Aug. 21, 1935	4 1/2	Swiss Bank	May 2, 1935	2 1/2
Danzig	May 2, 1935	4 1/2	Tokio	July 2, 1933	4.38 3/8
Helsingfors	Dec. 3, 1934	4 1/2	Vienna	July 10, 1935	4 1/2
Kovno	Jan. 1, 1934	7 1/2	Warsaw	Oct. 26, 1933	6 1/2
Lisbon	Dec. 13, 1934	5 1/2	Irish	June 30, 1932	3 1/2
New York Fed.	Feb. 1, 1934	2 1/2	Warsaw	Oct. 26, 1933	6 1/2
Reserve Fed.	Feb. 1, 1934	2 1/2	Warsaw	Oct. 26, 1933	6 1/2

Central Bank of Chile.—Discount rate for member banks, 6%; discount rate for the public, 7%. (a) 5½% applied to banks and credit institutions. (b) 6% applied to private persons and firms.

NEW YORK MONEY AND EXCHANGE RATES

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

Call money	Sept. 12, 1935	Sept. 14, 1935	Sept. 15, 1935	Sept. 16, 1935	Sept. 17, 1935	Sept. 18, 1935
Time money (90 days' mixed coll.)	1	1	1	1	1	1
Bank acceptances—						
Members—eligible, 90 days	1	1	1	1	1	1
Non-mem.—eligible, 90 days	1	1	1	1	1	1
Commercial accept., 90 days	1	1	1	1	1	1

Rates of Exchange, New York on—		Par Level	Sept. 12, 1934	Aug. 28, 1935	Sept. 4, 1935	Sept. 11 1935
London—						
60 days	Dollars for £1	Old par	4.9925	4.9587	4.9375	4.9237
Cable		4.8666	5.01	4.9775	4.9512	4.9412
Cheques		New par	5.01	4.9775	4.9512	4.9412
		4.8397				
Paris	Cents for 1 franc	6.83	6.6775	6.6225	6.5975	6.5912
Brussels	Cents for 1 belga	23.54	23.78	16.88	16.815	16.87
Switzerland	Cents for 1 franc	32.67	33.08	32.69	32.57	32.54
Italy	Cents for 1 lira	8.91	8.695	8.18	8.16	8.1550
Berlin	Cents for 1 mark	40.33	40.36	40.28	40.20	40.25
Vienna	Cts. for Austr. shg.	29.82	19.18	19.00	18.90	18.91
Madrid	Cents for 1 peseta	32.67	18.34	13.735	13.675	13.66
Amsterdam	Cents for 1 guilder	68.06	68.33	67.80	67.87	67.86
Copenhagen	Cents for 1 kroner	22.69	22.225	22.115	22.06	
Oslo		25.18	25.015	24.89	24.83	
Stockholm		25.85	25.67	25.54	25.485	
Athens		1.294	0.961	0.944	0.944	0.94
Montreal	Cents for 1 drachma	189.31	1031	992	992	9911
Yokohama	Cents for 1 yen	84.40	29.97	29.45	29.23	29.08
Shanghai	Cents for 1 dollar	35.58	37.15	37.37	37.50	
Calcutta	Cents for 1 rupee	61.80	37.80	37.63	37.44	37.37
Buenos Aires	Cents for 1 peso		33.39	33.18	33.00	32.93
Rio de Janeiro,	Cents for 1 milreis	11.96	8.44	8.39	8.34	8.32

COMPARISONS WITH CORRESPONDING PERIODS, 1933 and 1934

(000's omitted)				
	Great Western	L.M.S.	L.N.E.R.	Southern
Second half-year 1934, compared with second half-year, 1933:				
Gross increase or decrease.....	+ 148	+ 659	+ 528	+ 168
First half-year 1935, compared with first half-year 1934:				
Gross increase or decrease.....	+ 78	+ 299	- 26	+ 8
Second half-year 1935, compared with second half-year, 1934:				
10 weeks to September 8, 1935	+ 54	+ 181	+ 101	+ 119
Weekly average second half 1935	+ 6½	+ 22½	+ 12½	+ 14½
Latest week 1935 compared with 1934	- 18	+ 17	- 28	- 5

LONDON TRANSPORT

	Compared with corresponding period of last year	Compared with corresponding period of last year
Week ending September 7, 1935	£531,900	2,000
Aggregate 10 weeks ending September 7, 1935	£5,364,800	+ 75,200

* For an explanation of the manner in which the figures are made up, see the *Economist*, March 17, 1934, page 610.

Note.—The receipts this year include receipts of bus and coach undertakings not absorbed by London Transport in the corresponding period of last year. In order to make a comparison with the previous year, the figures for that year have been adjusted on the basis of the best information available.

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Percent Mileage	Gross Receipts for Week		Gross Aggregate Receipts	
				1935	+ or -	1935	+ or -

INDIAN

	1935		Rs.	Rs.	Rs.	Rs.	
Assam Bengal	18	Aug. 10	1,330	£4,13,700	- 63,702	56,76,332	- 11,61,902
Barsi Lt. Ry.	20	20	292	37,400	- 1,100	7,92,200	- 58,200
Bengal & N.Western	20	20	2,114	£7,24,118	+ 27,743	1,34,35,543	- 3,24,168
Bengal-Nagpur	17	July 31	3,268	£21,96,000	+ 68,477	2,87,10,165	+ 14,46,164
Bombay, Bar. & C.I.	21	Aug. 31	3,072	£23,26,000	- 1,29,000	4,33,52,000	- 3,30,000
Madras & S. Mahr.	20	3,220	16,91,000	- 2,67,979	2,83,36,336	- 31,07,084	
Rohilk'd & Kumaon	20	20	546	£1,20,012	- 14,438	25,35,321	- 1,18,077
South Indian	20	20	2,526	£13,16,154	- 1,68,270	2,13,30,412	- 5,47,484

† 10 days.

CANADIAN

		1935		\$	\$	\$	\$
Canadian National.	35	Sept. 72	3714	3,127,368	- 67,101	112,356,426	+ 2,139,517
Canadian Pacific ...	35		717224	2,460,000	- 291,000	81,055,000	- 554,000

SOUTH AMERICAN

Antofagasta (Chili and Bolivia).....	36	1935 Sept. 8	830	£ 12,110	-	£ 4,980	440,120	-	£ 66,710
Argentine N.E.	10	7	753	*151,200	+	16,000	1,395,300	+	20,700
B.A. and Pacific ...	10	7	2,906	*£8,878	+	995	81,964	+	2,633
B.A. Central	8	Aug. 24	...	*121,200	...	...	12,243,000	+	69,000
B.A. Gt. Southern	10	Sept. 7	5,085	*£71,169	+	498	719,205	+	16,901
B.A. Western	10	7	1,930	*117,200	+	23,700	984,000	+	73,600
Central Argentine ..	10	7	3,700	*£2,055,000	+	126,000	19,843,000	-	1,502,000
Central Uruguayean	10	7	273	*£120,669	+	8,191	1,165,641	-	65,600
C. Urg. (East Ext.) ..	10	7	311	*£74,000	+	11,000	6,986,000	-	596,000
C. Urg. (N. Ext.) ...	10	7	185	*£43,805	+	7,070	403,334	-	26,988
C. Urg. (W. Ext.) ...	10	7	211	*£109,900	-	114,500	20,014,800	-	2,405,500
Cordoba Central.....	10	7	1,218	*£106,230	-	5,933	1,175,750	-	117,437
Entre Rios	10	7	810	£8,648	-	8,907	82,700	-	83,444
G. Westn. of Brazil ..	36	7	1,082	£1,642	+	102	13,393	-	88
Leopoldina	36	7	1,918	£884	+	140	6,994	+	2,303
Leopoldina Termml.	36	7	1,918	£584,000	+	46,000	5,728,000	+	1,043
Nitrate	36	7	1,082	*£34,290	+	2,920	336,510	-	184,000
Paraguay Central ..	10	7	1,218	*£217,600	+	11,400	2,082,400	+	199,400
Salvador	10	7	810	*£12,777	+	754	122,325	+	13,660
United of Havana ..	10	7	1,363	£4,800	+	1,500	262,300	+	7,200
B.A. and Pacific	10	7	2,906	*£179,900	+	97,000	51,268,000	-	1,820,000
B.A. Central	8	Aug. 31	...	*£19,350	+	5,529	610,403	-	168,220
B.A. Gt. Southern	10	Sept. 7	5,085	*£343,000	+	31,000	10,863,000	+	176,000
B.A. Western	10	7	1,930	*£27,524	+	3,000	101,134	+	6,069
Central Argentine ..	10	7	3,700	*£2,371,000	+	129,500	16,520,000	+	7,883,000
Central Uruguayean	10	7	273	*£11,675	+	3,375	119,486	+	19,919
C. Urg. (East Ext.) ..	10	7	311	*£29,200	+	635,000	71,770,000	+	7,697,000
C. Urg. (N. Ext.) ...	25	1	1531	*£24,808	-	17	896,228	-	84,333
C. Urg. (W. Ext.) ...	10	7	211	*£15,123	-	2,209	178,123	-	2,389

* Converted at average official rate during week ended Sept. 7.—17-03 pesos to the £.
 † Months.
 ‡ Receipts in Argentine Pesos.
 § Free market rate.
 ¶ Comparative figures for 1934 converted at official rate ruling in 1935.
 f Converted at the "free" rate as a result of a decision of the High Court.

OTHER OVERSEAS

		1935		£	—	£	£	—	£
Egyptian Delta Light Railways...	20	Aug. 20	923	£5,971	—	68	76,206	—	1,219
Egyptian Markets...	36	Sept. 5	...	1,405	+	59	57,453	—	1,360
Gr. Southn. of Spain	35	Aug. 31	104	Ps. 77,051	+	15,732	1,565,591	—	265,832
Mexican Railway...	36	Sept. 7	483	\$232,900	+	17,500	2,399,300	+	190,800

† 10 days.

TRAMWAYS WEEKLY GROSS RECEIPTS

	1935						
Anglo-Argentine ...	36	Sept. 9	328	\$625,006	+ 27,385	22,529,476	+ 732,421
B. Aires Lacroze ...	36	Aug. 25	...	\$65,053	- 957	513,394	+ 13,095
Bunbury, Colne and Nelson Jt. Trspt.	1	Sept. 7	76	\$5,262	+ 333	...	...
Calcutta Tramways ...	34	Aug. 28	...	Rs. 1,20,580	+ 3,284	122,207	+ 8,806
Isle of Thanet Elec.	1	Aug. 28	...	£6,000	+ 521	658,660	+ 12,217
Liverpool Corp.....	21	Sept. 4	...	£29,182	+ 728	8,52,970	+ 12,919
Madras Electric	8†	Aug. 31	...	Rs. 49,839	- 2,718	...	...

† Months.

MONTHLY TRAFFICS

Company	Months		Ending	Description	Receipts for Month		Receipts to Date	
					1935	+ or -	1935	+ or -
Algoma Central	7	July 31	Gross		\$151,192	+ 44,809	848,522	+ 90,866
Bilbao River and Cantabrian	8	Aug. 31	Gross		£1,162	- 196	14,340	- 2,143
Bolivar	8	Aug. 31	Gross		£5,600	+ 300	50,300	+ 1,150
La Guaira	1	Aug. 31	Gross		£8,587	- 158	...	...
La Plata Elec. Trans.	1	Aug. 31	Gross		£8,717	- 361	...	...
Mexican Light & Power	7	July 31	Gross		Can. \$664,112	- 29,449	4,461,814	- 413,968
			Net		Can. \$183,341	- 46,084	1,262,864	- 478,955
Midland of W. Australia	1	July 31	Gross		£11,008	- 889	...	...
Midland Uruguay	2	Aug. 31	Gross		\$62,000*	+ 11,000	120,000	+ 9,000
			Net		\$5,433	- 2,655	10,651	- 6,898
N. Western of Uruguay	2	Aug. 31	Gross		£14,000*	+ 914	28,000	+ 415
			Net		£1,227	- 847	2,436	- 1,875
Peruvian Corporation	2	Aug. 31	Gross		£74,684	+ 4,636	148,497	+ 25,832
Samana and Santiago	8	Aug. 31	Gross		£700	+ 143	21,950	+ 1,142
Uruguay Northern	2	Aug. 31	Gross		\$6,500	+ 100	13,300	+ 200
			Net		£570	- 445	1,182	- 889

* 1935 figures at "controlled free" rate.

REPORTS AND NOTICES

BANKS

THE NATIONAL BANK OF AUSTRALASIA LTD.—The National Bank of Australasia Ltd., announce the establishment of a local Board of Advice in Sydney, N.S.W. The first members of this Board of Advice, which will be similar to those already in existence in London and Brisbane, are Sir Colin Stephen, Mr Hunter White and Lieutenant-Colonel Hon. T. A. J. Playfair, D.S.O., O.B.E., V.D., M.L.C.

MINES

SOUTHERN CROSS GOLD DEVELOPMENT, LTD.—The directors have decided to extend the period during which the option to subscribe for shares in the capital of the company as conferred by the outstanding option certificates to bearer can be exercised from September 30, 1935, to March 31, 1936. Option holders are invited to present their certificates at the registered offices of the company, 341 Salisbury House, London Wall, London, E.C.2, for endorsement.

RUBBER

KUALA MUDA RUBBER ESTATES, LTD.—Profit for year ended March 31, 1935, amounted to £31,320, as compared with £19,427 in previous year. Debenture interest absorbed £12,600. Interest on 7 per cent. notes, £2,500. Redemption of 7 per cent. notes (1st series) £12,600. Transfer to income tax reserve, £2,281. Carry forward, £716. The crop collected during the year amounted to 2,577,060 lbs. The average cost f.o.b. was 2-55d. per lb. The estates' standard production for 1935 has been fixed at 3,244,600 lbs. The average gross price realised for all grades of rubber was equivalent to 6-64d. per lb. London landed terms.

MISCELLANEOUS

FIRST BRITISH AMERICAN CORPORATION, LTD.—The official announcement is made of the incorporation of a new financial company in London, "First British American Corporation, Ltd.," with an initial capital of £200,000 to carry on the business of a financial house and will act as correspondents of First Boston Corporation, New York, whose European interests it will take over. It will commence business on September 16th, at 3 Lombard Street, E.C.3. The chairman will be Mr J. W. Hambro, who is a director of the First Boston Corporation and of Michels and Company, of Zürich, and the board will include Mr Allan M. Pope and Mr Nevil Ford, president and vice president respectively of The First Boston Corporation. Mr Robert Boothby, M.P., who has tendered his resignation as a member of the Stock Exchange will join the board as soon as his resignation has been accepted. Mr Willem van Tets, who has hitherto represented The First Boston Corporation in London, will join the management of the new corporation.

CERTIFIED ACCOUNTANTS.—The next examinations of the London Association of Certified Accountants will be held on December 3rd, 4th and 5th in Belfast, Birmingham, Bristol, Cardiff, Cork, Dublin, Edinburgh, Glasgow, Hull, Leeds, Liverpool, London, Manchester, Newcastle-on-Tyne, Nottingham, Plymouth and Sheffield. Women are eligible under the Association's regulations to qualify as certified accountants upon the same terms and conditions as are applicable to men. Particulars and forms are obtainable at the offices of the Association, 50, Bedford Square, London, W.C.1.

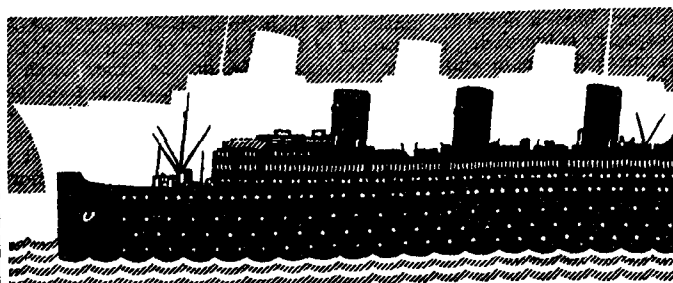
BRITISH LION FILM CORPORATION.—The report to March 31, 1935, shows that gross profits on trading increased from £42,128 to £52,875. Net profits increased from £5,801 to £14,891. Film stocks increased from £50,187 to £94,833. Reconstruction proposals provide for capital increase from £210,000 to £750,000. 300,000 6 per cent. convertible debenture stock to be created. £125,000 in debentures, and £25,000 in ordinary shares will be subscribed by Mr S. W. Smith, Mr N. L. Nathanson and Mr A. P. Holt. Present 12s. 6d. preferred ordinary shares to be converted into 7½ per cent. non-cumulative participating preference shares. The present holders will receive five new preference shares for each four at present held, and given the option to subscribe for one ordinary share for each preference share at any time within five years at par. Present deferred shares of 4d. each nominal to be converted into new preference shares at the rate of 30 deferred shares for one new preference share. Present deferred shareholders to have the option at any time within five years of subscribing for new ordinary shares at par at the rate of three new ordinary shares for each preference share held. Meeting, Holborn Restaurant on October 3rd.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Deben- ture Interest	Amount Available for Distri- bution	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Deprecia- tion, etc.	Balance Forward	Net Profit	Divi- dend
					Prefce.	Ordinary					
						Amount	Amount					Rate
Breweries		£	£	£	£	£	%	£	£	£	%
Kay's Atlas Brewery	June 30	39,742	12,888	52,630	3,069	9,688	10	...	39,873	12,574	10
Financial Land, etc.											
Grosvenor House (Park Lane)	June 30	53,680	61,464	115,144	30,000	25,000	5	23,725	36,419	50,000	5
Gas											
Alliance and Dublin Gas ...	June 30*	32,729	61,119	93,848	...	54,315	7	Dr. 904	40,437	53,445	7
Iron, Coal and Steel											
Lochgelly Iron and Coal ...	May 31	...	40,511	40,511	7,437	11,454	4	10,000	11,620	14,375	Nil
Motor and Cycle											
Dorman (W. H.) and Co.....	Mar. 31	Dr. 70,463	11,596	Dr. 58,867	...	...	...	...	Dr 58,867	1,030	...
Rubber, etc.											
Kuala Muda	Mar. 31	Dr. 2,648	18,247	15,599	...	...	...	14,882	717	7,442	...
Kuala Pergau	Mar. 31	...	1,546	1,546	...	...	...	...	1,546	...	...
Textiles											
Calico Printers' Association	June 30	47,663	42,969	90,632	150,805	...	...	Dr 100,000	39,827	164,872	...
May (Joseph) and Sons	June 30	14,800	30,800	45,600	15,000	12,000	6	3,000	15,600	30,102	6
Whitworth and Mitchell ...	June 30	4,518	70,749	75,267	30,000	28,563	6½	11,500	5,204	100,849	10
Trusts											
Second Alliance Trust	July 31	11,449	85,106	96,555	24,675	49,350	18	10,000	12,530	77,473	18
Tor Investment Trust	July 31	...	13,481	13,481	6,975	2,933	3½	3,573	...	11,734	2½
Other Companies											
Assocd. Automatic Machine	Mar. 31	Dr. 4,029	Dr. 1,266	Dr. 5,295	...	...	...	...	Dr. 5,295	Dr. 982	...
British Lion Film Corpn....	Mar. 31	Dr. 535	14,891	14,356	...	...	...	...	14,356	5,802	...
Ketton Portland Cement ...	June 30	10,145	50,249	60,394	12,583	11,625	7½	21,568	14,618	34,957	5
Linotype and Machinery ...	June 30	206,916	98,179	305,095	53,036	...	...	...	252,059	106,004	...
United Cannery	May 31	2,179	5,443	7,622	...	2,616	2½	2,058	2,948	3,829	Nil

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
Sept. 5, 1931	Cwts. 42,758	Cwts. 22,434	Cwts. 17,859	s. d. 5 1	s. d. 10 2	s. d. 6 7
Sept. 10, 1932	118,467	56,087	45,968	5 8	8 4	6 7
Sept. 9, 1933	385,595	356,831	48,605	4 9	10 10	5 3
Sept. 8, 1934	476,680	378,572	36,882	5 1	11 0	6 6
Aug. 31, 1935	429,655	87,899	55,085	4 6	9 6	6 1
Sept. 7, 1935	420,944	212,810	53,889	4 6	10 0	6 0

(a) Nominal.



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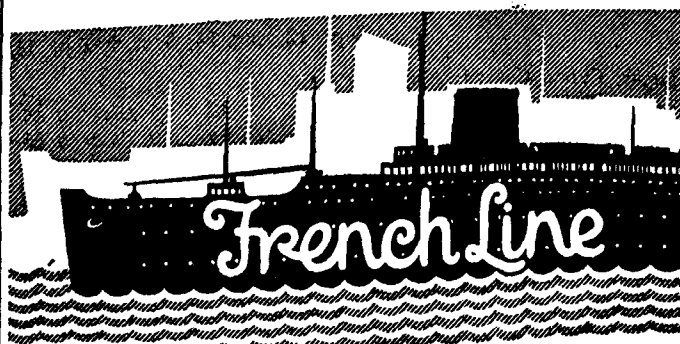
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Perhaps your paper has been too much occupied in pleading its own case—pro-League—anti-League—or whatever it may be—that it has scarcely bothered to help you understand the day-to-day facts at all.

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Perhaps the financial pages that you read have just never bothered about it—have never even taken the trouble to tell you how the machinery of the League works in a case like this, still less attempted to relate it to the market position.

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AN OMINOUS CALM

THE chief characters in the Italo-Abyssinian drama are at present off-stage. An interval has arrived. But in this brief respite, the scene, both at Geneva and elsewhere, is being rapidly set for a momentous decision; and there can only be a very short lapse of time now before the fateful words are uttered.

The delay in the last week, after Sir Samuel Hoare's and M. Laval's firm speeches at Geneva, has given the Council's Committee of Five, and its drafting sub-committee of three, time to elaborate the League's official offer to both parties in this critical dispute. On Wednesday, Señor Madariaga, the Chairman of the Committee of Five, presented its report to the representatives of Italy and Ethiopia. What this report contains has not been officially disclosed. It is known, however, that it proposes a system of international assistance to Abyssinia, designed to establish the authority of the central Government, secure the abolition of slavery, maintain order in frontier provinces, and generally develop the country's potentialities in accordance with the cardinal principles of Western civilisation and under the ægis of the League. Apparently a surrender of Abyssinian territory to Italy is also envisaged; and in compensation Ethiopia is to receive a corridor to the Red Sea through the colonial territories of France and Great Britain.

Much of this plan for international "assistance" to Ethiopia admits, by implication, the validity of many criticisms of Ethiopian administration contained in the Italian "case." But the Committee's report gives no special and overriding privileges to Italy in the Ethiopian gendarmerie, or in other administrative departments; and—no doubt due to the insistence of the British representative—it is very careful to ensure that no infringement of Ethiopian sovereignty has been counselled. The report is described as less favourable to Italian claims than the famous offer made by the French and British delegates at Paris last July. And Signor Mussolini, in his turn, is reported to have said that, if that forecast were correct, the Committee's proposals could only be regarded as a derisory offer.

The Italian Cabinet met on Wednesday and was adjourned until Saturday, after approving a number of new

or increased taxes and the arrangements for a "voluntary" internal War Loan. The implications of these emergency financial measures are discussed in a Note on page 569 of this issue. Of greater importance are the hopes aroused by the adjournment of the Italian Cabinet—hopes that wiser counsels might yet prevail upon Signor Mussolini. Yet though this preliminary instalment of the financial burdens Italy will be called on to bear may have a sobering effect, the Cabinet adjournment does not, in itself, indicate that the Italian Government is engaged in second thoughts. It may mean that Signor Mussolini and his henchmen are not so foolish as to announce a decision before they have seen the Council Committee's report.

But there is some ground for thinking that the warning utterances of loyal Italians have reached the ears of Signor Mussolini. They will have pointed to the crushing economic burden which he must inevitably impose on the country if, as he threatened to do last week-end, he insists on "going right ahead." The heads of the Italian Services cannot have left him in much doubt about Italy's predicament in the possible event of naval, as well as economic, action in restraint of Italian aggression under Art. XVI of the League Covenant. The Duce appears to have abated the provocation in his speeches—though not that in the articles of his well-drilled Press—during the last few days. It would therefore be an error, in our view, to assume that the present interval in the drama is merely formal. These are, however, genuinely fateful hours; and M. Laval did well to urge Baron Aloisi to go to Rome, even though the Duce subsequently refused to receive any "advice from Geneva."

What will be the background of the Duce's reflections? There has been no change of position whatever in Great Britain's fundamental attitude. Despite the resignation of Lord Ponsonby from Labour Party leadership in the House of Lords and despite the attitude of Mr Lansbury and of the Socialist League, there is no important body of opinion in this country which does not now support in its entirety the doctrine contained in Sir Samuel Hoare's speech last week. As a nation we are prepared to shoulder our share of the responsibility for sanctions, should they prove

necessary to maintain the international order embodied and safeguarded in the League Covenant. On this point, the country is as united as it was in its determination to honour its pledge to Belgium in 1914. Indeed, for many people our present attitude would appear no more than a debt of honour which we owe to those who fought for an international ideal in the Great War. Moreover, the determination of the British Cabinet to give the fullest support to the attitude taken by our representatives at Geneva is shown by the movements of certain units of the Home Fleet to Gibraltar. Among these vessels are the battle-cruisers "Hood" and "Renown"; and the former is the most powerful warship in the world. It will not have escaped Italy's attention that the strength of the British Navy in the Mediterranean has been nearly doubled since the end of July.

But what is France prepared to do? Taken at its face value, M. Laval's declaration in specific terms that France would not fail in her obligations under the Covenant was unimpeachable. Yet a grave doubt remains. It is persistently and not incredibly reported that M. Laval has given a personal pledge to Signor Mussolini that he will not be a party to any action against Italy beyond the limits of "economic sanctions"; and it is also reported that M. Laval is eagerly seeking, now in this direction and now in that, for a way of escape from France's obligations under the League Covenant. If by such endeavours the French Prime Minister can secure a fair settlement between Italy and Ethiopia without war, he will have deserved well of humanity. But if his policy is to exploit the opportunities that Geneva only too clearly offers for procrastination and delay until Italy presents us all with a *fait accompli*; or, alternatively, if he, in the name of France, limits the League's efforts to some ineffective sanctions of a minor character—such as refusing to lend Italy money—then he will have done both the League and his own country a scarcely reparable disservice. It cannot be too clearly stated at this juncture that the world is not interested in legalistic questions whether this or that Article of the Covenant should be invoked. The fundamental issue is whether a threatened act of aggression can or cannot be prevented or arrested by the collective powers of the League. If the Members of the League merely do something that makes Italy feel a little more uncomfortable than she is in any case going to feel, but does not prevent or arrest her unwarrantable invasion of Ethiopia, the League will have failed and will have proved its impotence—its impotence on behalf of France or of anyone else. If Signor Mussolini attacks Abyssinia, the future course of history will depend not on whether the League will act or not, but on whether it will act effectively. If M. Laval is not prepared to face this acid test, it is very much in the interests of France that he should hand the responsibility to someone who will. If France and Britain cannot lead the League boldly and in unison, in the face of all eventualities, the outlook for both of them—and for Europe—is black indeed.

RECOVERIES AND RECOVERY

UNHAPPY the few countries in the world that cannot show some measure of economic recovery in the last year or so! Consider the course of the world depression since 1929, and the defensive measures it has elicited in all countries: currency devaluation in most of the world, exchange controls and clearings, "blocking" of debt services, steep increases in tariffs, strangulation of imports by quotas, subsidisation of exports, embargoes on foreign lending, Government-sponsored public works on Government-induced cheap money, multiplication and aggrandisement of State subsidies to national producers, statutory control of production and fixation of prices—in brief, all the regressive artifices which render national self-sufficiency more profitable for domestic producers by increasing the burden of indirect taxation on domestic consumers. Add to this of intensification of re-armament in a feverishly distraught world. Now if there were no economic recoveries to be recorded in the various national units after five years of such disruptive economic zeal, the fruit of human effort would surely be but dust and ashes in the mouth. The

wonder is not that there should be some measure of specific economic recovery within the various countries of the world, but that, after Herculean strivings, it should be so uneven and so limited. As for any general recovery in the world as a whole and in trade between the different countries—well, like Dr. Johnson's dog that walked on its hind legs, the wonder is not that it does it badly, but that it can do it at all!

These considerations are prompted by the receipt of the fourth annual World Economic Survey of the League of Nations, that for the year July, 1934-July, 1935.* Mr J. B. Condliffe has the unenviable, but necessary, task which is cheerfully shouldered by any small boy watching a conjurer—that of explaining miracles in terms of prestidigitation! In analysing the world's economic progress year by year, Mr Condliffe probes the administrative prestidigitation of the chief trading countries, and presents both his narrative and his conclusions with a range of illustrative charts and statistics which is unequalled in economic documentation.

According to the latest Survey, "the economic outlook at the beginning of 1935 was distinctly more confused and unpromising than it had been a year earlier." A year ago the Survey noted that the indices of recovery in the majority of the more fortunate countries—mostly those which had devalued their currencies or allowed them to depreciate—had come to a halt; and that, in any case, "recovery" had not been translated to the sphere of international trade. Now, a year later, the new Survey has to record a slow continuance of recovery in the indices of separate countries, but, in the words of the Director of the International Labour Office in his latest Report, the recovery has been "superficial rather than fundamental." Production remains low; there are still vast, stagnant pools of unemployment in the chief industrial countries; and in the world's primary-producing countries there are unemployed plantations and labourers. Despite the extension of self-sufficiency measures and the building and re-armament booms in most countries, production in most countries had not even regained the 1929 level six years thereafter. The trading world by mid-1935 was still parcelled up into distinct sections. Among these the divergent movements of price-levels, exchange controls and rapidly rising trade barriers prevented the accomplishment of a basic equilibrium, on which trading relations could once more safely impose a general economic recovery. The gold bloc were still deflating prices and throttling imports. The pseudo-gold countries with exchange controls—e.g. Germany, Hungary, Roumania and, within the last year, Italy—were engaged in equalising imports and exports with individual countries all round. The United States developed its active balance of trade even further in 1934 and early 1935 as a result of an undervalued dollar, of the repatriation of American capital in 1934, and of a flight of European capital to America in 1935; and thus, despite heavy silver purchases, drained gold from the rest of the world. And, finally, the sterling area as a whole developed an increase in its passive trade balance, *vis-à-vis* the outside world, from £129.8 millions in 1933 to £213.4 millions in 1934, which drove sterling down by 5 per cent. between the close of 1934 and March of this year.

As the Survey is quick to note, industrial production, especially the production of steel, textiles and buildings, in the world as a whole forged ahead in 1934; and employment increased while unemployment declined. But "the characteristic feature of the recovery that has been proceeding slowly and unevenly since the middle of 1932 is its dependence upon national markets and national policies... international trade shows little sign of revival." Where wholesale prices have risen, as in the sterling group of countries, the Survey concludes that "restriction of the supply of important commodities, rather than an increase in demand," is the cause; and such a rise of prices was offset by falling prices and dwindling imports in the gold bloc countries, which has only made for unbalance. Even currency depreciation itself, Mr Condliffe points out, has so far been as potent in deflating prices in foreign markets as in raising them in domestic markets.

* "World Economic Survey." By J. B. Condliffe. Publications of the Economic Intelligence Service of the League of Nations. London: Allen and Unwin. 300 pages. 6s. net.

A most striking feature in national recoveries is the general effect in the industrialised countries with depreciated currencies of tariff insulation and cheap money policies on building costs and activity. In an illuminating series of tables the Survey shows that the sharp reduction in the long-term interest rate due to cheap money has been the most potent stimulant of that building boom which has developed in these countries—and this despite rigidity of wages and in the price of building materials. Building and re-armament together can account for much of the domestic recoveries in Britain, Germany, Japan and Sweden. The primary producing countries, on the other hand, have found their markets in the industrial countries shrinking as a result of the safeguarding of the home producers in the latter. They have therefore had recourse to accelerated industrialisation as their national solvent of depression—often on the untransferable debt services which the industrial creditor countries refuse to accept in the form of primary imports! Thus, the international division of labour becomes less extensive and more national; world trade remains at a low ebb; and the unbridged debtor-creditor hiatus persists.

In the field of industrial relations, the Survey shows that the industrial real wages of those in employment, after rising by about 10 per cent. between 1929 and 1933, began to fall during 1934; for the rise in the national cost-of-living levels outran a slight rise in money wages. Entrepreneurs, on the other hand, both in industrialised and primary producing countries, have contrived to exert sufficient pressure, either on their Governments or on markets, to maintain and even raise prices by restricting production and by roping off their markets. Thus, the profitability of enterprise—and to a lesser extent of agriculture—re-emerges at lower levels of production; but the communal wellbeing is scarcely benefited. Mr Condliffe notes a redressment, by these methods, of the great gap between the prices of primary products and those of manufactured goods, by which the onset of the depression was first signalled; but he is careful to point out that the maintenance of the, at present, narrowed "spread" between them implies continuance in the future of the Governmental and other measures which have raised primary prices by restricting production. That possibility is open to grave doubt.

On the financial side, the Survey points out that international exchange problems to-day impose a great strain, even on national recoveries. In the under-valuation of the dollar and the over-valuation of the gold bloc currencies lie the main reasons for the strain. On the other hand, gold reserves are now greatly increased in the world; and there is a strong and dangerous possibility that a sharp credit inflation and rise of prices may gather speed once it is let loose, say, in America, and lead to another unbalanced industrial boom. In that case, the perennial peril of vast short-term capital funds may play havoc with the exchanges once again. These considerations urge the necessity for the establishment of greater freedom in trade and of correct relationships between national currencies. The most interesting fact which the Survey shows under this heading is the drastic narrowing down of both active and passive trade balances in all countries between 1929 and 1934. As these balances have both dwindled, together with the volume of "invisible" trade, the available funds for the transfer of international debt services have shrunk; and the problem of shifting them has become more acute. While "blocked" funds in debtor countries have been reduced, new "blockings" on commercial account have emerged under bilateral clearings; and it would seem that only Satan has driven out Beelzebub.

The impression left by the League's survey in the mind of the observer is scarcely comforting. The conjuring tricks of the world's Governments in the economic sphere are not so very impressive; and when this prestidigitation is so scrupulously analysed they become less so. Millions of unemployed; "distressed areas" in both industrial and primary countries; cheap money, but a predominant desire to "keep it liquid"; and an international political tension which waxes with economic self-sufficiency. These are the inescapable facts we must set against the slightly—but only slightly—improved indices of so many purely domestic recoveries. The League Survey concludes that in the summer of this year the signs of economic improve-

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ment were "more encouraging than at any preceding period since the depression began, . . . given economic peace and international co-operation." Will the nations and their Governments pay this smaller price for a wider recovery, or will they go on paying the higher price for sectional improvements?

SHEEP'S CLOTHING

In our last survey of the wool situation* we reached the conclusion that the boom in wool prices during 1933 had been liquidated, but that a sharp rise in prices in the coming months was unlikely. Actually, prices remained fairly steady between September, 1934, and March, 1935; but since then quotations have again moved sharply upwards. Thus, prices at the opening of the Australian wool auctions on September 2nd this year showed an increase of 15-20 per cent. over the closing quotations in June, and of 25-30 per cent. as compared with those realised at the opening of the sales a year ago. Although quotations have since declined a little, they remain well above the level of a year ago.

Wide fluctuations in the price of wool influence to a great extent the dimensions of the national income of the leading wool producing countries, and vitally affect their capacity to purchase commodities from other countries. For example, the total value of Australia's wool sales, as estimated by Messrs Dalgety and Company, Ltd., declined from £A.52,165,778 in the season ended June, 1934, to £A.38,526,025 in 1934-35, and the price realised per lb. fell from 16d. to 10d. during the period. New Zealand's wool bill declined even more sharply, from £N.Z.10,451,565 in 1933-34 to £N.Z.4,486,479 in 1934-35, and the average price per lb. fell from 11d. to 6½d. It is, therefore, important to know if the recent rise in prices was justified and if it is likely to be maintained.

Although estimates of supplies available during the season ended June 30, 1936, are still based on a considerable element of surmise, they appear by no means excessive. Such evidence as is available suggests that the carry-over of wool into the current season was smaller than a year ago, both in producing and consuming countries. Thus, stocks at selling centres in Australia declined from 65 million lbs. at the end of June, 1934, to 26 million lbs. at the close of the past season. Similarly, supplies of unsold wool at South African ports fell from 23 million lbs. to only 4 million lbs. On the other hand, New Zealand's carry-over in 1935, at 87 million lbs., showed an increase of 37 million lbs. on the previous year. But the increase in the carry-over of crossbred wool in New Zealand and Argentina was more than offset by a decrease in stocks elsewhere.

Moreover, supplies in consuming countries at the end of the past wool season also appear to have been lower than a year before. Stocks at the principal British ports and at railway and canal depots in Yorkshire declined

* Economist, September 29, 1934.

from 220 million lbs. at the end of June, 1934, to 172 million lbs. at the end of the past season. The principal warehouses in Japan contained 48.5 million lbs. of wool at the end of May, as compared with 76.9 million lbs. a year ago. Similarly, raw wool held by dealers, manufacturers and topmakers in the United States fell from 176 million lbs. at the end of June, 1934, to 142 million lbs. a year later. Supplies of tops and noils in the United States were also appreciably smaller than a year ago; and stocks of tops at the principal commission combing establishments of Belgium, France, Germany and Italy fell from 67 million lbs. at the end of June, 1934, to 50.9 million lbs. at the end of the past season.

While stocks at the end of last season were lower than a year ago, it is already fairly evident that the 1935-36 wool clip may probably be smaller, but certainly not heavier, than last year's production. As the following table shows, the clip of 1934-35, like that of the preceding year, was appreciably smaller than production in 1928-32:—

WORLD WOOL PRODUCTION
(In millions of lbs., "greasy" basis)

Season	Production						Index of Wool Prices (July, 1914=100)
	Australia	Argentina	New Zealand	Union of South Africa	United States	United Kingdom	
1928-29..	968	347	272	290	384	114	3,888
1929-30..	938	353	273	309	400	112	3,915
1930-31..	912	361	271	302	433	111	3,820
1931-32..	1,007	378	283	314	460	113	3,822
1932-33..	1,062	388	288	330	435	119	3,832
1933-34..	985	385	301	284	450	120	3,714
1934-35..	1,020	385	292	213	438	114	3,668
1935-36..	950	...	...	240	...	...	...

† The figures in this column refer to the earlier calendar year. ‡ Provisional.
Sources: Production, Imperial Economic Committee. Price Index, Weekly Wool Chart.

The decrease in world production during the past two seasons was mainly due to smaller clips in Australia and in South Africa. The severe decline in South Africa's clip was caused by the disastrous drought of 1933, which depleted the sheep population of that country. As the flocks in South Africa have partially recovered from the drought, the clip is expected to show an increase of about 27 million lbs. during the present season. New Zealand's sheep population increased slightly, from 28.6 millions in 1934 to 29.0 millions in 1935, and as the flocks are in good condition, production of wool may show some increase in the current season. But a slight expansion of output in South Africa and New Zealand will probably be more than offset by the reduction, estimated at 70 million lbs., in Australia's clip. Moreover, the clips of Argentina and Uruguay are not expected to show an increase, especially as weather conditions in these countries have been unfavourable during the summer. Total supplies of raw wool in 1935-36 are, therefore, likely to be somewhat smaller than in the previous season.

On the other hand, there are no grounds for expecting a decline in consumption during the present season. Statistics of retained supplies, compiled by the Imperial Economic Committee, reveal a considerable redistribution between various countries in recent years. It is noteworthy that since 1929 the United Kingdom has regained its position as the world's leading consumer of raw wool:—

RETAINED SUPPLIES OF RAW WOOL
(In millions of lbs.)

Year	United Kingdom	United States	France	Germany	Italy	Japan	U.S.S.R.	Total*
1928	523	621	542	386	151	115	472	3,102
1929	556	669	594	373	164	107	480	3,288
1930	591	585	606	356	163	115	378	3,107
1931	591	618	492	328	142	189	280	3,027
1932	677	489	503	335	198	204	199	2,896
1933	691	602	590	366	225	239	201	3,150
1934	605	544	378	338	183	181	204	2,683

* Including Belgium, Canada, Czechoslovakia, Poland and Spain.

The severe reduction in the imports of the leading consuming countries in 1934 indicates that they had bought in excess of requirements during the boom in the preceding year. But the excessive stocks then acquired had been largely worked off by the spring of 1935. The re-stocking movement which began last April arose, therefore, from

the need to replenish stocks. This re-stocking movement, which was the direct cause of the rise in prices, was not yet reflected in the import statistics of the first five months of the current year. During that period, the ten leading consuming countries imported 1,100 million lbs., a fall of 5 per cent. from the figure for the corresponding period in 1934, and one of 13 per cent. as compared with 1933. Since then, however, a number of countries appear to have imported larger quantities than a year ago. For example, British imports rose from 89 million lbs. in July-August, 1934, to 144 million lbs. during the past two months. But although the re-stocking movement has probably not yet gone too far, there is a danger that it may develop into a "scramble" like that of 1933. This would inevitably be followed by a collapse of prices. While it is true that the underlying conditions of supply and demand justified a moderate rise in price, they do not seem to justify a further rise.

THE SEVENTY-FOURTH CONGRESS—II

The first article, published last week, summarised the main provisions of those Acts passed in the recent session of Congress which were concerned with Agriculture, Relief, Social Security and Labour.

THE Banking Act excited a great deal of controversy in the course of its passage through Congress. It was considerably amended, especially at the instance of Senator Carter Glass, and is a much more conservative measure as finally enacted than it was when originally drafted. It abolishes the Federal Reserve Board, substituting for it a Board of Governors, each Governor being appointed by the President for a fourteen-year term. The President will designate one of the Governors as chairman for four years. The heads of the twelve Federal Reserve Banks are to be re-named Presidents; they are to be appointed by the directors of the Banks, subject to approval by the Board of Governors. The Act creates a Federal Open Market Committee, consisting of the seven Governors and five representatives of the Reserve Banks. This Committee is to decide on the purchase or sale of securities in the open market, the Reserve Banks being given no discretion in the matter. The limitations on purchase of United States Government bonds by the Reserve Banks are removed, but it is provided that these bonds may only be bought in the open market. To assist in controlling credit, the Board of Governors is given power to increase, up to double the present figure, the minimum reserves required to be kept with the Reserve Banks by member banks of the Federal Reserve System. Changes in discount rates are to continue, as at present, to be proposed by the Reserve Banks and approved by the Board.

The member banks are empowered by the Act to increase their investments in real estate. They may lend up to 60 per cent. of the value of properties for not more than ten years, but the total of such loans may not exceed the capital and surplus of the bank or 60 per cent. of its time and savings deposits, whichever is greater. This is a surprising provision in view of the part that real estate loans played in undermining the American banking system. It is doubtless inspired by the anxiety to increase building activity, but whether valour in the cause of recovery has outrun discretion in the matter of banking liquidity will remain to be tested by the next real estate boom. Finally, the Act continues the deposit insurance scheme. Deposits up to \$5,000 per depositor are to be fully insured, the funds being raised by an annual assessment upon banks of one-twelfth of 1 per cent. of their deposits. Insurance will only apply to banks which are members of the Federal Reserve System.

The net effect of this Act will be to continue the process of centralising the authority of the Federal Reserve System in Washington, as the twelve Federal Reserve Banks will henceforth be virtually the servants of the Board of Governors. Centralisation of control will not, however, mean political control, for the Governors are to have long terms, and are not eligible for re-appointment. Moreover, the Secretary of the Treasury and the Comptroller of the Currency, both political appointees of the President in office, are no longer to be members of the Board. Finally, the

Reserve Banks are forbidden to purchase Treasury obligations except in the open market, a provision which forces the Treasury to submit its credit to the test of the market. In its earlier stages, the Bill included a clause withdrawing the prohibition, imposed in the Banking Act of 1933, on banks engaging, directly or through subsidiaries, in the issue of securities. The banks and private banking houses have always provided a large part of the machinery of the new issues market, and their elimination has undoubtedly been partly, if not largely, responsible for the paucity of new issues. Enmity to the banks, however, secured the elimination of the clause in the passage of the Act through Congress. It is impossible not to suspect that in this instance penal fervour has been allowed to obstruct the course which would most have assisted recovery. Since the Act was signed, several of the partners of J. P. Morgan and Company have resigned to form a new firm, Morgan, Stanley and Company, which is to engage in the issue of securities. If several more strong issuing houses can be formed in this way with the personnel of the banks and banking houses, a resumption of activity in the New York market may perhaps be looked for.

Before leaving the subject of finance, the Gold Clause Act should be mentioned. This makes all "gold clause" obligations of the United States immediately payable, with a view to their conversion into new bonds without the gold clause. The Act also forbids all suits against the United States claiming damages under the gold clause.

Congress has also devoted considerable attention to the subject of electrical power. An Act was passed reinforcing the Tennessee Valley Authority in its struggle with the courts. It is given specific powers to generate and sell power, whether to private persons or to local authorities, and to make loans to municipalities for the purpose of enabling them to buy their own distribution facilities. More important than this reaffirmation of the "yardstick" policy, however, is the Public Utility Act, designed to dissolve the holding companies which have always been a conspicuous, and not always a happy, feature of American public utility finance. A fierce controversy has raged between the two Houses of Congress over this measure. The Senate Bill, with the concurrence of the President, declared roundly that holding companies should go, except such as could establish grounds for exemption. The House rejected this "death sentence" and put the onus of proof upon the Government. The final compromise is much closer to the Senate version. The Securities and Exchange Commission, which is to administer the Act, is given the power to grant exemption, but the exemptions are severely limited. To secure exemption a company must control only "geographically integrated" operating companies and it must be separated from them by not more than one intervening layer of holding companies. A holding company may not, without the permission of the S.E.C., issue bonds secured upon its holdings of securities, and it may not supply services, either of a financial or of a constructional nature, to its subsidiaries except upon a strict cost basis. These two provisions will prevent the growth of excessive pyramiding of financial structures and the "milking" of operating companies by holding companies for various more or less fictitious "services," which has been the major source of income of many holding companies. This Act is drastically severe, almost punitive, in character. It will involve the liquidation, possibly in most unfavourable circumstances, of many of the largest utility systems and can hardly fail to inflict injury upon many investors.

The last of the great controversial measures of the session is the Revenue Act, imposing the so-called "Soak-the-Rich" taxes. The President originally proposed that in addition to the existing estate taxes, which are levied on the estate of the deceased, there should be inheritance taxes levied upon the bequests received by each inheritor. Congress, however, preferred to increase the estate taxes. The rates are increased on all estates, the increase ranging from 1 per cent. at \$10,000 to 10 per cent. over \$50,000,000. The highest rate is to be 70 per cent. Gift taxes, at three-fourths of the rate of the corresponding estate taxes, are also imposed. The income surtaxes are also increased on all incomes over \$50,000, the increase in the rate on the highest incomes being from 59 per cent. to 75 per cent. The tax

on the income of corporations, formerly at a flat rate of 13½ per cent., is to be graduated from 12½ per cent. to 15 per cent. The capital stock tax, excess profits tax and the tax on dividends of personal holding companies are all increased and a new tax is imposed on intercorporate dividends. These new taxes and tax increases, which affect almost exclusively corporations and rich individuals, are estimated to produce an additional revenue of \$250 millions.

Among the miscellaneous enactments of the past session, mention may also be made of the Home Mortgage Relief Act, and of the Neutrality Act. The former Act, which liberalises the requirements for loans on mortgage to be made by the Federal Home Loan Banks, is another illustration of the importance that is attached to a revival of house building. The Neutrality Act is the embodiment of the national passion for avoiding "foreign entanglements." It makes it mandatory upon the President, until the end of February, 1936, to forbid the export of munitions to all belligerent States. In addition the President may (without limit of time) remove American protection from all American citizens travelling in ships belonging to belligerent nations. There are also provisions for securing publicity for all exports of munitions.

This, then, is the completed framework of the New Deal. The President's supporters will say that it constitutes a nice balance of Relief, Recovery and Reform. His opponents will say that the punitive Reform measures effectively impede Recovery and thus themselves cause the need for Relief. In the thirteen months between now and the Presidential election, Mr Roosevelt's programme will have to stand the test of economic events. And at the end of that time the electorate will have to judge whether he has gone too far or not far enough, or whether they consider the New Deal to be, as the President claims, a balanced and successful effort by a sovereign Democracy to be the master of its own economic fate.

PROGRESS IN EDUCATION

It is probably easier to teach the young mind how to shoot than to equip it for playing a part in a highly complicated industrial civilisation. In this country in recent years more and more schoolchildren have been entering an already congested labour market at the age of 14; and the growth in juvenile unemployment has compelled all thinking observers to ask: Are we training our children in the best way for industry, as well as for citizenship? The needs of primary, secondary and part-time education in this country have thus become more and more insistent. It is already nine years since the Hadow Report recommended the division of our primary school education into two sections, separated at the age of 11, and the complete reorganisation of the schools themselves. In recent years these reforms have been held up by lack of funds; and the raising of the school-leaving age to 15 has still not been realised.

The recently published Annual Report of the Board of Education* shows that reorganisation along the lines of the Hadow Report has now been resumed. More than 53 per cent. of the children over 11 were in reorganised schools by the end of March, 1934; and the number of schools on the "Black List" was further reduced during 1934. Capital expenditure of £4,449,000 was sanctioned during the nine months ended December 31, 1934—an increase of £886,000 on the amount approved for the whole financial year 1933-34. The number of classes in elementary schools containing more than 50 pupils has declined almost continuously from 17.0 per cent. of the total in 1924 to 5.5 per cent. in 1933, and 4.1 per cent. in 1934. This is progress; but how far has it gone?

In elementary schools roughly one-third of the classes still contain between 30 and 40 pupils, and another third between 40 and 50. The number of uncertificated teachers—i.e. those with no degree or training college experience—though it is less than in former years, amounts still to 28,284 out of a total of 173,906 teachers. And yet training colleges are being forced, at a loss to themselves, to cut

* "Education in 1934." Being the Report of the Board of Education and the Statistics of Public Education for England and Wales. H.M. Stationery Office. Cmd. 4968. 3s. 6d.

down the number of their admissions, owing, as the Report of the Board of Education points out, to the decreased opportunities of available employment. The present level of teachers' qualifications is worst in rural areas. In 800 small village schools in England and Wales even the head teacher is not certificated. In secondary schools similar conditions exist. Out of a total of 17,730 teachers, 1,928 are untrained non-graduates; while the number of classes of over 30 rose from 5,274 in October, 1933, to 5,632 in October, 1934. This is, of course, due to the temporary increase in the total number of children of secondary school ages. The remedy for this situation recommended by the Board of Education to Local Education Authorities (Circular 1441) is not to extend facilities, even temporarily, but to draw their attention to the need for regulating admissions to schools. Of course, if the main road is definitely blocked, the traffic must be diverted. But it should at least be along roads going in the same direction, and not into the waste land.

Owing to changes in the birth rate, the school population has now passed its maximum. On March 31, 1934, there were 5,634,920 elementary school children, compared with 5,576,752 a year earlier; and the total number of children in each yearly age group from 13-14 to 6-7 was lower than in the one above, ranging from 772,000 to 595,000. The number of children in 1934 aged 12 to 15 was abnormally high, therefore, and as these children grow up, the secondary school population will show a tendency to increase. It rose indeed, from 441,883 in March, 1933, to 448,421 in March, 1934; and at the beginning of the school year 1934-35, the number of admissions showed an increase of 4.5 per cent. compared with the previous year. This expansion, however, will automatically cease. What folly, then, say some critics, to build new schools, train new teachers and expand medical services for children who will not be there! But it is surely not too much to hope that our conception of adequate standards of education, even for a smaller school population, may develop in coming years. A decent minimum standard of equipment for the present generation of school children will not appear lavish in a few years' time, even if all allowance is made for the decline in the number of pupils. Indeed, it would be absurd, in any circumstances, if the numbers of secondary schools were allowed to decline.

But when we have collected the children into healthy surroundings with enough qualified teachers to go round, the fundamental problem still remains. What is the aim of all this State education? On what lines are the curricula of our 6 million English school children to be planned? At the deliberations of the recent World Education Conference at Oxford, representing many important international teachers' organisations, one guiding principle did seem to emerge and to be accepted by traditionalist and modernist alike. This was the conclusion that no instruction is of any real value or significance to a child unless it bears some relation to its everyday life and environment.

Along these lines, two different aspects of education, in particular, have come to be studied and emphasised in recent years. First, there is the idea of "Education for Citizenship," on which a special course for teachers was organised by the Board of Education in 1934. The importance of this idea and its dangers as a weapon in

unscrupulous hands, has been emphasised by the very efficient mass political education now provided by totalitarian States, and also by the power of certain strong sectional interests to influence uneducated opinion through the press and the cinema.

The second aspect of education which has recently gained some prominence is the vocational. This has found expression in the growth of both part- and full-time technical institutions of various kinds, and in the introduction of practical instruction into almost all secondary schools. This problem of technical education has been brought to the fore by the decline of apprenticeship and, in the past two years, by the obligations laid on Local Authorities by the Unemployment Act of 1934 to provide courses for unemployed juveniles up to the age of 18. Hitherto, girls and boys could only be compelled to attend courses by the threat of withdrawal of benefit. But as this was not payable until the age of 16½, those aged 14 to 16½ were only provided for in so far as they chose voluntarily to attend courses. The result of the new legislation is to necessitate the provision of a large number of new centres and classes under the joint supervision of the Board of Education and the Ministry of Labour. This raises the question of the ground they ought to cover, and the advantages of encouraging use of such classes by juveniles who are already in employment, and by those who do not leave school at 14, but wish to enter industry later. In 1933-34 there were 32,751 full-time students at junior technical and commercial schools and at trade and art schools, compared with 32,113 in the previous year. But the Report points out that of the existing 31 trade schools, 27 are in or near London, and that 17 County Boroughs and many large towns of over 60,000 inhabitants do not even possess a junior technical school. This is due, as is the inadequacy of equipment in many art schools and classes, to the lack of co-operation between Local Education Authorities, which do not find it worth while to set up separate technical institutions for their own areas, and have not yet evolved suitable regional schemes. Work is, however, progressing along these lines. The value of this type of education is undoubted, and its cost well repaid, by the increased efficiency of the young people who become workers. In certain large firms where investigations have been made, it has been found that the proportion of children from technical schools who rise to staff positions before the age of 21 is far above the average.

The numbers of part-time students are rising slowly and amounted to 938,691 in 1933-34, compared with 888,675 in the previous year. But at present, only 3 per cent. of part-time students at technical institutes are allowed any working time for study purposes by their employers. Attendance at such classes, therefore, must involve considerable mental and physical strain on those students who come from a long day's work. It is surprising that more employers do not realise the value to themselves of trained recruits to industry, especially as in many industries there are now continual complaints about the lack of young skilled labour. Until the school leaving age is raised, technical education, even of a fairly general nature, can only be carried on under some part-time arrangement made with industry. If the labour market is not to be glutted with untrained recruits, and if the skill and working capacities of the rising generation are to be raised, industry has an important rôle to play.

NOTES OF THE WEEK

Labour Dissensions.—The Labour Party has not been able to preserve a wholly united front in its attitude to the League of Nations and the use of sanctions against Italy. In the report issued by the National Executive of the Party on Monday, as a preliminary to next week's Conference, the official Party policy of full support for the Covenant was reformulated, and the Government was criticised for not making its intentions clear to Italy at an earlier date. Last week's decision of the T.U.C. in support of sanctions was thus again reaffirmed. During the week-end, however, there were renewed signs of the persistence of extreme pacifist doctrines in certain sections of

the Labour Party. At a series of "anti-war" conferences, summoned by the Socialist League, but consisting of various Labour organisations, considerable dissensions appeared. At Manchester Mr Clynes spoke strongly in favour of sanctions. In London, however, Sir Stafford Cripps, who was recently urging the use of military force against Japan, apparently argued that since the imposition of sanctions against Italy would be a piece of British Imperialism, only economic and not military sanctions should be used. Of all possible attitudes, this seems the most irrational and irresponsible. And it is completely at variance with the Party's declared policy. It was not very surprising therefore to learn

on Thursday that Sir Stafford had resigned from the National Executive of the Party. Fortunately, the influence of the Socialist League, even in the Labour Party, is negligible; and if it were to secede on the present issue, its departure would be no more of a loss to the Party than its present opposition to sanctions is an embarrassment to the Government. With Lord Ponsonby, however, who resigned the leadership of the House of Lords on Wednesday, more sympathy will be felt. Like Mr Lansbury, he finds himself conscientiously opposed to the use of armed force in any circumstances. Lord Ponsonby's resignation, however, is no more likely to influence the Party than that of Sir Stafford Cripps. The League policy advocated in the Executive's report is certain to be endorsed by the coming Party Conference, however animated the discussions may be.

An Offer from France.—An offer to reduce trade barriers in return for agreements by other countries to stabilise exchange rates was made by M. Bonnet, French Minister of Commerce, in a speech to the Assembly of the League on Wednesday. This is a notable offer which might, given favourable conditions, lead to a real advance in international economic co-operation. Much, however, depends on the details of M. Bonnet's proposals, and these have not yet been made very clear. If M. Bonnet is asking for a permanent, unconditional stabilisation of exchange rates, Great Britain neither will, nor should, acquiesce. The advantages of our freedom to pursue an internal economic policy unhampered by gold and exchange movements have been shown by the last two years' experience to be much greater than any which could be obtained from a stabilisation of exchanges and a slight liberalisation of French tariff policy. If, on the other hand, M. Bonnet is proposing individual trade agreements which would remain valid as long as exchange rates remain stabilised, it would only be worth Great Britain's while to accept if France would agree to devaluation before stabilisation. There are two very good reasons for this. In the first place, nobody who studies the present economic state of France (which is discussed in the succeeding Note) can really believe any mitigation of trade barriers to be possible, as long as the present deflation continues. The French farmers at the moment are vehemently demanding a series of heavy *increases* in tariffs and restrictions. Secondly, even if formal tariff reductions were made, nobody in this country would expect any increase in trade to result as long as the internal deflation in France continues. Great Britain has found in the last two years that her exports to countries with overvalued currencies are contracting, and her exports to countries with readjusted currencies expanding. The only offer, in fact, which Great Britain would be prepared to consider would be one of provisional stabilisation in return for devaluation and a reduction of trade barriers by the gold countries. At the same time the British Government should show its willingness to reduce our own tariff rates. British opinion regards the maintenance of a low bank rate as of far greater importance than the fixing of exchange rates; and there is no belief here in the possibility of a lasting recovery in the gold countries without devaluation. Until the French, Dutch and Swiss authorities realise these facts, little advance towards agreement is likely.

Deflation in France.—The French Government's deflationary measures are having their inevitable effects. Such measures, though appearing to alleviate the crisis for the moment, merely render its subsequent intensification the more certain. When the policy of a high bank rate and Budget cuts was adopted last June, we ventured to point out that it would only result in reduced purchasing power, an intensified maladjustment between prices and fixed costs, a further contraction in economic activity and consequently in the yield of taxes, and eventually in a recrudescence of the Budget deficit at a lower level. All this has already begun to happen with a rapidity that must have startled even those who most expected it. The forcible reduction in the cost of living has brought the

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selling prices both of retailers and farmers into complete disequilibrium with their costs. A representative of the Paris Bakers' Association made the following statement this week:—

The recent rise in the price of wheat would make a rise in the price of bread inevitable. Given the present price of flour, bread ought to cost 1.60 francs instead of 1.50 francs. If the price of wheat should rise by another 20 per cent., as both the Government and the farmers hoped, the price of bread would have to be raised to an even higher figure.

The price of wheat, however, though uneconomically high for the bakers, is at the same time uneconomically low for the farmers. The leader of the Front Paysan, speaking at Châteaubriant on Saturday, said that "low incomes and high costs" were ruining the farmers; and he threatened the organisation of a quasi-Fascist movement if nothing was done to raise prices. The farmers in general are now refusing to pay taxes; and in the vine-growing district a bitter strike against reductions in wages is in progress. The whole situation, which is no more than a repetition of the familiar and inevitable impact of a deflationary price policy on fixed costs, is apparently most puzzling to French critics, who describe it as the "problem of prices," utter vague threats against the "parasitic" middleman, and do not stop to inquire why no such problem existed and the middleman was not parasitic until a few years ago. Meanwhile the next stage in the downward movement has begun. The revenue is already shrinking once more. In July total revenue was 15 per cent. below the estimates, and the yield of the turnover tax over 25 per cent. below. Clearly it is now merely a matter of time till the Budget crisis comes again to the surface. Deflation has had as fair a trial in France as it ever could have anywhere. It has been pursued comprehensively and ruthlessly, and supported by an almost fanatical popular belief in the sacrosanctity of the present gold parity of the franc. Yet it has encountered, just as surely as any other post-war deflation, innumerable and ineradicably fixed costs permeating the system; and it has just as visibly failed. It is difficult to believe that the French people, with the example of Belgium's recovery before their eyes, will protract much longer their present self-inflicted sufferings.

—And in Holland.—Holland, with the examples of Belgium and France also before her, still prefers deflation to recovery. Trade, production and employment are still dwindling; on Monday the bank rate had to be raised to 6 per cent. to ward off a new attack of the now chronic flight of capital which this week cost the Bank 37 million guilders in gold losses. On Tuesday the Government's latest bout of budgetary deflation was introduced into the Chamber. The deficit, thanks to the prevailing depression, now stands at 119 million guilders. This is to be met by a cut of 5 per cent. in the wages

of all Government officials; by cuts in expenditure on social insurance, pensions and unemployment relief; and by increases of 20 per cent. in the turnover tax, stamp duty and registration duty, of 30 per cent. in death duties, and in the dividends, bonus and pension taxes. Altogether about 95 million guilders will be saved by economies, and about 20 million guilders raised by increased taxation. It will be noted that no cut has been made in the interest on Government securities, as in the case of the Laval economies. All the above measures are calculated to intensify the depression in Holland. Yet devaluation was described in the speech from the Throne as "impossible to consider," without any reasons being given. It is true that the Government is to attempt to stimulate economic activity by subsidies to various industries, and public works such as the reclamation of the Zuyder Zee are to be continued. Unfortunately, however, these isolated reflationary efforts cannot hope to be effective, as long as the general deflation necessary to support the present gold parity of the guilder is maintained. The fact is that Dr. Colijn's policy, like M. Flandin's and M. Laval's, is hopelessly contradictory. It does not seem even yet to be generally realised that reflation and the maintenance of overvalued exchange parities are utterly incompatible policies.

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The Indian Financial Inquiry.—Before any steps can be taken to introduce provincial autonomy under the new Government of India Act, it is laid down that an Inquiry into India's finances shall be made. The need for such an inquiry was recognised in H.M. Government's original ("White Paper") proposals for Indian Constitutional Reform put forward by the Government in 1933; and it arises by reason of the intricacies of the Central and Provincial Governments' finances in India and of allocations of resources between them. The Act lays down the main lines of India's future Federal finances; but it is provided that the allocation by the Centre of a share in the income tax and jute export duty proceeds among the Provinces, and the fixing of central grants-in-aid to necessitous Provinces, shall be settled by Order-in-Council, of which drafts will have been laid before Parliament. It was announced on Tuesday that H.M. Government have decided that a special inquiry is to be held, "so that they and Parliament may be furnished with an independent review of the financial position of the Provinces and the Centre, and with technical advice upon these financial questions, which have to be determined by Order-in-Council." On the invitation of the Secretary of State, Sir Otto Niemeyer, G.B.E., K.C.B., has agreed to undertake this inquiry during the forthcoming cool season in India. The terms of reference are fairly wide, for they include "any ancillary matters arising out of the financial adjustments between the Government of India and the Provincial Governments regarding which H.M. Government may desire a report." "Alternative expedients" to a re-allocation of resources between Central and Provincial Governments are to be given "due consideration." Sir Otto's fitness for this important task is not open to question; for he was Controller of Finance in the Treasury from 1922 to 1927, and since then he has been a high official at the Bank of England, a Director of the Bank for International Settlements, and, since 1922, a member of the Financial Committee of the League of Nations. He has also conducted expert inquiries at the request of the respective Governments into the finances of Australia, Brazil and Argentina. It is good news that the inquiry is to be made without delay; and it is worth recalling that on May 23rd last Sir Samuel Hoare, then Secretary for India, said in the House of Commons in regard to India's finances:—

As at present advised I see no reason why, when this (Government of India) Bill reaches the Statute Book, provincial autonomy should not be brought into operation in a very short time, and why from the financial point of view there should be any delay in subsequently setting up the all-India Federation.

The Government have not been slow to give India this earnest of their good intentions.

Egypt and Britain.—With Libya on one side Abyssinia on the other, and the Suez Canal running through her own territory, Egypt is in the thick of the present international *imbroglio*. During the last few days there have been cryptic statements in the Egyptian Press on the subject of Anglo-Egyptian relations. Last Saturday it was reported, and on Sunday denied, that the Prime Minister of Egypt had received verbal assurances, from the second-in-command of the Mediterranean Fleet, that this country was disposed to look after Egypt's defence. On Monday, the Egyptian Press declared that the British High Commissioner had given the Egyptian Government a written undertaking that Britain would not infringe any rights enjoyed by Egypt, and that the British authorities would not take any special measures in Egypt except by agreement with the Egyptian Government. These reports must be treated with reserve, pending confirmation; but we may surmise that the British and Egyptian Governments are nearer to being in accord with one another over the Italo-Abyssinian crisis than they have been over most of the problems which they have had to discuss in the past. The Egyptians naturally sympathise with a small African nation which is being put under pressure by a great European Power. At the same time, they are fully alive to the difference between British whips and Italian scorpions, and aware of the probability that a release from their present irksome relations with this country would merely expose them to the danger of falling into far more unpleasant relations with Italy. It is unfortunate both for Egypt and for this country that the combined statesmanship of their Governments has not yet succeeded in replacing the present anomalous relations between them by a treaty. Our position in Egypt still rests upon our unilateral declaration of February 28, 1922, in which we recognised Egypt as an independent sovereign State, while provisionally reserving to our own discretion four points: (a) The security of the communications of the British Empire in Egypt; (b) the defence of Egypt against all foreign aggression or interference, direct or indirect; (c) the protection of foreign interests in Egypt and the protection of minorities; (d) the Sudan. Thereafter, on March 15, 1922, H.M. Government instructed British diplomatic representatives in all foreign capitals to notify the Governments to which they were accredited that "the termination of the British protectorate over Egypt involves no change in the *status quo* as regards the position of other Powers in Egypt itself"; and that H.M. Government "would regard as an unfriendly act any interference by another Power in the affairs of Egypt." These declarations still govern the situation to-day. If, to-day, Anglo-Egyptian relations were regulated by a comprehensive treaty, and if Egypt were a member of the League of Nations it would have been better for both of us.

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Germany and her Laws.—At the special session of the Reichstag which was held last Sunday at Nuremberg during the Nazi Party rally three new laws were read by General Göring and were duly passed by a mechanical legislature. The first law makes the party flag into the national emblem of the Reich. This is harmless enough; for the Nazis have as good a right to impose the Swastika upon Germany as the Bolsheviks have to impose the Red Flag upon Russia. The other two laws are more serious. One provides for German citizenship and divides the population of the Reich—on lines long since foreshadowed—into the two categories of active citizens and passive subjects. Presumably it is the intention to degrade to this second category those citizens against whom the Nazi regime has a racial or political bias (e.g. Jews, Communists and Pacifists). It seems to be still uncertain whether loss of active citizenship will carry with it a loss of economic rights as well. If this is the effect, then the Jews in Germany will have been virtually thrust back into the ghetto without even being allowed to earn their living within the ghetto walls. But if the *jus commercii* is still in suspense, there is no doubt about the *jus connubii*, for this is expressly denied to the Jews by the third new law "for the protection of the German blood and the German honour." This lays down that "marriage between Jews and citizens of the nation of German or kindred blood are forbidden. Marriages entered into despite

this decree are considered invalid, even if they are entered into abroad for the purpose of circumventing this law"; and "sexual intercourse outside of the marriage covenant between Jews and citizens of the nation of German or kindred blood is forbidden." This caste legislation marks a terrible social regression—and this precisely in a field in which the Modern State has hitherto displayed one of its principal virtues. Even those who have deplored the march of the State toward "totalitarianism" in modern times have found some consolation in the fact that this omnipotent state did at least confer the boon of equality before the law upon all its subjects. And equality—even in servitude—is something. In the Third Reich, however, we are now to witness a totalitarian state which has not even this compensating advantage. Germany is to be a totalitarian caste-state on the lines of the old Ottoman Empire with its "human cattle," or of ancient Sparta with her Helots. How speedily have these ancient barbarisms returned to the Western World of the twentieth century!

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And now Memel!—The approaching elections in the Memel territory of Lithuania are likely to be a critical event in the history of Europe and of the League. On September 12th the three Powers, France, Great Britain and Italy, who are guarantors of the Memel Statute of 1924, made strong representations to the Lithuanian Government in which they asked for an assurance that the elections would be conducted as the Statute provides. Last Sunday Herr Hitler made a reference to Memel in his speech at the Nazi rally at Nuremberg. The reference was strictly correct in substance and moderate in tone; for what Herr Hitler demanded was that the guarantor Powers in particular, and the League in general, should take adequate steps to insure that the Statute would be loyally observed. The Lithuanian Government are reported to have invited the guarantor Powers to send representatives to the spot to watch how the elections are conducted. Such an offer ought certainly to be accepted. But it does not solve the problem; for it is possible that the result of the elections may be improperly decided in advance by a high-handed manipulation of the electoral rolls. In fact, alterations in the Lithuanian electoral laws were introduced last month, and put into force on September 7th, with a view to disfranchising persons implicated (justly or unjustly) in charges of treasonable activities against the Lithuanian Government as a result of the recent monster treason trial of German Memellanders. It is said that this new legislation may disqualify as many as 8,000 German voters in the Memeland; and it is also rumoured that the Lithuanian authorities have smuggled about 10,000 non-Memellander Lithuanian citizens on to the Memeland register of electors. These alleged figures are impossible to check—though it seems certain that the new law has disqualified two prominent German candidates—an ex-President of the Memeland Directorate, and an ex-Mayor of the City of Memel. Vast mischief will have been done, however, if there is even a colourable pretext for the charge that these Memel elections have been "rigged" with the guarantor Powers' acquiescence. For Germany will then have a pretext for declaring that no remedy remains, except direct action on her part, for righting the wrongs of an oppressed German minority. And, of all places in Europe, the Memeland is, of course, the one place where a German *putsch* could be made with a prospect of impunity—considering the weakness of Lithuania and the complacency which Poland would be likely to show towards Germany in any anti-Lithuanian Nazi move. We do not underestimate the difficulties of the Lithuanian Government's position. A Nazified German minority is no doubt very difficult to handle. Yet for Lithuania herself, as well as for the guarantor Powers, it is of vital importance that the whole conduct of these Memeland elections should be above reproach.

* * *

The Settlement of the Assyrians.—While the supreme question for the League—"to be or not to be"—is on the razor's edge, there is a grain of comfort in the news that, last week, the League came within sight of a solution of the long-standing Assyrian problem. The Assyrians, it will be

remembered, are a refugee Nestorian Christian community from the highlands of Turkish Kurdistan who found asylum behind the British lines in Iraq during the war, and afterwards settled down, during the period of British tutelage, in the expectation of becoming permanent residents in Iraqi territory. This expectation has been disastrously disappointed. The Assyrians have been victims of the political emancipation of Iraq in 1932. The head-on collision between the Assyrians and the Iraqi Government was partly due to the truculence of the Assyrians themselves; partly to the chauvinism of the Iraqis; and partly to our own anxiety (for motives that were honourable in themselves) to liquidate our semi-mandatory responsibilities in Iraq at the earliest possible moment—at a risk of leaving the Iraqis to paddle their own canoe before they were completely competent to navigate all the shoals and rapids that lay ahead of them. For the last two years the Assyrians have been living from hand to mouth, partly still in Iraq itself, and partly in the adjoining French mandated territory. There have been proposals to settle the Assyrians in Brazil, in British Guiana, and in the French West African territory in the bend of the Niger; but these suggestions have all broken down. Now, however, at last we have—thanks to the French Government—a practicable scheme for settling the Assyrians in a highland country with a good soil, where they can grow the crops and live the life to which they have been accustomed. The settlement site in question lies in the Alouite district of the French mandated territory—a hill country, overlooking the Mediterranean, to the north of the Lebanon. Incidentally, this scheme has the financial advantage of bringing down the cost of transportation to a minimum. A favourable report has been made to the League Council by a committee which has been looking into the proposal. It remains to find the money. The total cost is estimated at about £600,000. The British Government are to be commended for having undertaken to contribute five-twelfths of this (apart from their *pro rata* share in any League contribution) on three conditions: first, that the special British contribution shall not exceed £250,000; second, that Iraq shall make a special contribution of an equal amount (i.e. double her present offer of £125,000); and, third, that the League itself shall raise the rest. It is profoundly to be hoped that this scheme will become a reality.

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The Milk Controversy.—The announcement at the end of last week that the Milk Board intended to impose upon the distributors the terms for the annual contract period beginning on October 1st, which they had rejected in negotiation, has stirred up a fierce battle of manifesto and counter-manifesto. The Board's terms secure an increase in the wholesale price from an annual average of 15s. 1½d. to 15s. 6½d. per dozen gallons. The Board also have power to fix in the contract the minimum price at which milk may be sold retail. This has been left unchanged, so that the farmers' gain is the distributors' loss. The dairymen have the statutory right to appeal to the Minister of Agriculture for the terms to be reviewed by the Committee of Investigation. This they have promptly done and at the same time retailers have been warned not to sign any contracts, as they might not be subject to adjustment in the case of the terms being altered. Much is being made of the possibility that this may involve some stoppage of supplies in the first days of October, but it is inconceivable that the cause of either party would be advanced by putting the public to any inconvenience. From the array of facts quoted by either side the onlooker can take his choice. He can learn, for example, that in the London region the distributors' margin of 11½d. per gallon is larger than the farmers' average receipt of 10d. per gallon. He can also learn that "on every contract since the Milk Marketing Board commenced business the price to the consumer has been put up." But it is unlikely that he will be convinced of the righteousness of either side. He will observe the omission of any defence by the distributors of the equity of their existing margin. He will note the failure of the Board to explain how an increased price can have any effect but to intensify the already almost overwhelming surplus of milk. And he will conclude that the milk scheme, with its producer-elected monopoly, will soon prove utterly

unworkable without some independent tribunal to fix prices. It is axiomatic that it is useless to control prices without also controlling the volume of production; but such control is far too dangerous a weapon to be entrusted to a Board which is compelled to serve one particular selfish interest with all the myopia induced by annual elections.

Oil Development.—Quite a flutter was caused in the City on Monday when it was officially announced that Sir Edward Mountain and Mr L. C. Patterson had resigned their directorships of Mosul Oil Fields, Ltd., and an associated concern, British Oil Development Company, Ltd. The B.O.D. Company was formed in close association with Mr F. W. Rickett, who obtained the recent Abyssinian mineral concession; and it was granted a concession for the development of oil in a 45,000-mile area by the Iraqi Government. Mosul Oil Fields, Ltd., was registered as a private company on November 23, 1932, to acquire and hold the whole or any portion of the shares of the B.O.D. Company and to carry on the business of producing, refining, transporting, etc., petroleum and its products. It was at first reported that the reason for the resignations of the two above-named directors was the acquisition by Italian interests of a majority shareholding in both companies, which were formerly managed by British interests. There is no reason to suppose that this is so. As the Somerset House return reveals, these two directors had both resigned on or before July 9th last; and one would expect any increase of foreign participation to have occurred before that date. It is therefore interesting to examine the Mosul Company's development. The authorised capital of Mosul Oil Fields was originally £1,000,000, but it was subsequently increased and reorganised. It is now £2,333,333 6s. 8d. in 4,000,000 "A" ordinary shares of 6s. 8d. each and 1,000,000 ordinary £1 shares. Up to January 10th of this year £465,418 had been paid in cash on 201,610 ordinary and 791,424 "A" shares; and £788,579 was "considered as paid" on 788,579 ordinary shares. It is interesting to note that under an agreement as long ago as December 12, 1933, "relating to the formation of a company to exploit an oil concession in Iraq obtained by B.O.D. Company, Ltd.," it was decided not to form the said company; and 160,000 shares were allotted to F. W. Rickett or his nominees in satisfaction of all claims and demands on his part against the Mosul Company, the B.O.D. Company, and other parties to the agreement. On January 10th of this year the largest ordinary shareholder in the Mosul Company was the Azienda Generale Italiana Petroli, Rome, with 248,470 ordinary and 625,000 "A" shares; and a group of Continental interests, mainly Swiss, Dutch, and German, accounted for a further 220,000 ordinary shares and 143,000 "A" shares, of which latter 106,500 were allotted for cash in March of this year. No recent transfers have been registered. Viscount Goschen, a director of the Westminster Bank, remains chairman of both companies, which, according to a statement by Mr Rickett on Tuesday, are now foreign-controlled. It is understood that a condition of the original Iraqi concession was that the operating company or companies should be registered in London and managed by British interests. Now that two British directors have resigned, however, there are only four British directors of Mosul Oil Fields—Viscount Goschen, Mr W. R. Brown, Lord Glenconner and Mr Percy L. Hunting; of nine other directors, one is French, two are German, one is Iraqi and five are Italian. What, in these circumstances, does "management" mean? Does the majority of foreign directors now actually control the operations and dividend policy of two companies? These are the questions the City is asking; but as the Mosul Company is only producing very heavy oil at present, and as it is not yet on a revenue-producing basis, the answers to these questions can safely be awaited without undue perturbation.

Speculation in Commodities.—The commodity markets have recently been providing a happy hunting ground for speculators. Reasoning seems to have given way to willing credulity. The markets have been swayed by mass psychology and prices subjected to wide fluctuations, to the detriment of both producers and consumers.

The recent "scramble" for a number of important commodities can scarcely be justified by reference to changes in the underlying conditions of demand and supply. For example, the price of Liverpool wheat futures has risen by no less than 30 per cent. since the middle of August to the highest level since September, 1930. A moderate rise in wheat prices was probably justified by the deterioration of crops in the principal exporting countries. But rumours of an imminent world shortage of this cereal have no substance whatever. The fact that prices of linseed and linseed oil in Argentina advanced merely because of the rise in wheat prices reveals the frame of mind prevailing among dealers in commodities. On Wednesday, cotton prices advanced under the influence of extensive buying from Bombay and the Continent. The explanation given for the purchases by India is the fear that Indian cotton exports may be held up in the event of hostilities between Italy and Ethiopia. Owners of cotton in India, therefore, decided to guard against this risk by selling Indian and buying United States cotton as a "hedge." Again, expectations of an increase in the demand for war materials are mainly responsible for the scramble for non-ferrous metals during the past week. Thus, sales of copper on the London Metal Exchange rose from 5,400 tons during the first three days of last week to 11,550 tons between Monday and Wednesday this week. During the same period the turnover in lead and spelter rose from 1,650 tons to 14,600 tons and from 400 tons to 2,550 tons, respectively. Quotations for these metals advanced under the influence of heavy purchases. The price of lead reached the highest level since 1930, and the quotation for copper in the United States rose to 9 cents per lb., which was the price fixed under the copper code. There is a danger that this rush to buy raw materials and crude foodstuffs will run ahead of actual requirements and will be followed by a collapse in prices which would harm the slow progress of economic recovery.

Labour in the Cotton Industry.—The manufacturing section of the cotton industry is still beset with dissatisfaction among the operatives. The leaders of the Weavers' Amalgamation last week placed their case before the employers' organisation, requesting an upward revision in wage rates for those operatives who have suffered severe wage reductions as a result of the legalised wages agreement. These workers, who number some thousands, are engaged in towns such as Nelson, Colne and Skipton, where fine and fancy fabrics are woven. The Central Committee of the Cotton Spinners' and Manufacturers' Association considered the request on Tuesday and decided to resist the application. The operatives' trade union has been informed of this decision, and it now remains to be seen whether other steps will be taken to change the employers' views. The employers themselves are faced with difficulties, but in another respect. Although the legalised wage agreement is supposed to be in operation, it is known that a number of firms are breaking the agreement. This is more or less proved by wide disparities in cloth prices, which are obvious to all traders on the Manchester Royal Exchange. The employers have had evidence placed before them of the particular firms which are alleged to be paying wages below the official rates, but it is difficult to obtain definite evidence which would be accepted in a Court of Law. The assistance of the Ministry of Labour is being sought in the matter, and a full statement on the position has been forwarded this week to Mr F. W. Leggett, the Chief Conciliations Officer in London. It is proposed that authority should be given to the Home Office Factory Inspectors to inspect mills and interrogate weavers with a view to ascertaining if the firm is paying the legalised wage rates. Those employers who are observing the agreement are earnestly hoping that definite charges will soon be made and that the guilty employers will be heavily fined, as provided for in the Act of Parliament.

Overseas Trade in August.—The figures of our overseas trade in August show that imports (on a daily basis) continued on their downward trend which started in May and were lower than a year ago, especially in the

textile group. Exports, on the other hand, rose fractionally compared with July, and were more than 10 per cent. higher than a year ago. The following tables give figures both for August and for the first eight months of the year:

OVERSEAS TRADE—MONTH OF AUGUST
(000's omitted)

	1933	1934	1935	Change between 1934 and 1935	
Imports	£ 56,875	£ 59,371	£ 59,145	- 826	- 1.4
British Exports	30,997	32,090	34,883	+ 2,793	+ 8.7
Re-exports	4,300	3,302	4,186	+ 884	+ 26.8
Total exports	35,297	35,392	39,069	+ 3,677	+ 10.4
Excess of imports over exports	21,578	24,579	20,076	- 4,503	- 18.4
Transshipments under bond	2,350	2,019	2,024	+ 5	+ 0.2

OVERSEAS TRADE—FIRST EIGHT MONTHS
(000's omitted)

	1933	1934	1935	Change between 1934 and 1935	
Imports	£ 430,163	£ 479,393	£ 479,092	- 301	- 0.1
British exports	236,179	255,089	277,737	+ 22,648	+ 8.9
Re-exports	33,775	36,431	36,744	+ 312	+ 0.9
Total exports	269,954	291,521	314,481	+ 22,960	+ 7.9
Excess of imports over exports	160,209	187,872	164,611	- 23,261	- 12.4
Transshipments under bond	15,592	15,651	15,818	+ 167	+ 1.1

The increase in exports, both in August and in the preceding months was not confined to any one class of goods, but ranged from meat and dairy produce to wool, oil, and vehicles, machinery and iron and steel products. As August is usually an industrially slack month, the figures indicate that the general position has been well maintained.

Volume of Overseas Trade.—The movements in our imports and exports of particular commodities in August are given in the following tables. They show no significant change from the movements in previous months:—

RETAINED IMPORTS
Month of August

Item and Measure	1933	1934	1935
Wheat	'000 cwts. 8,158	7,906	7,023
Beef and veal	'000 cwts. 1,225	1,111	1,309
Mutton and lamb	'000 cwts. 525	634	505
Sugar (unrefined)*	'000 cwts. 3,731	3,189	3,579
Iron ore and scrap	'000 tons 240	400	403
Wood and timber, soft sawn	'000 loads 100	99	113
Planned or dressed*	'000 loads 988	903	754
Other than planned or dressed*	'000 loads 1,094	956	555
Raw cotton	'000 cents 176	142	187
Sheep's and lambs' wool	'000 cents 463	436	445
Raw silk and waste	'000 lbs. 15,724	16,325	17,329
Flax, hemp and jute*	'000 galls. 27,289	44,750	45,617
Crude petroleum	'000 tons 136	100	117
Hides, wet and dry	'000 cwt. 180	176	194
Wood pulp	'000 tons 102	814	318
Rubber	'000 cents 11,989	19,027	22,976
Unwrought copper*	'000 tons 22,258	30,658	26,798
Pig lead	'000 tons 2,929	4,127	3,421
Tin	'000 tons 214	1,101	1,450
Ore and concentrates	'000 tons 79,574	101,972	74,040
Blocks, ingots, slabs and bars	'000 tons 3,951	6,995	5,146
Iron and steel manufactures	'000 tons		
Machinery	'000 tons		

* Total imports.

The reduction in the value of imports was mainly due to reduced purchases of wheat and tea (in spite of a fall in prices) and by lower quotations for barley and maize. More butter, beef and fresh fruit of almost all kinds was imported than in either 1933 or 1934. Imports of raw and partly manufactured materials reveal an expansion of demand among manufacturers of textiles other than cotton, but a falling-off from the high level of last year in imports of machinery, iron and steel manufactures, timber and certain non-ferrous metals, all of which are the materials of the heavy industries. In general, the trend of imports suggests that home industry does not seem to expect much further expansion of activity in the manufacture of capital goods in the immediate future; but demand for consumption goods both from home and abroad is being well maintained. Our exports showed a rapid increase in the later part of 1934, so that a comparison of recent monthly figures with those of last year is now beginning to appear less encouraging than in previous months.

BRITISH EXPORTS
Month of August

Item and Measure	1933	1934	1935	
Coal	'000 tons	3,202	3,269	3,451
Iron and steel scrap	'000 tons	21,130	19,555	9,568
Pig iron and ferro-alloys	'000 tons	9,335	13,843	12,077
Railway materials	'000 tons	8,041	30,201	28,979
Total iron and steel manufactures	'000 tons	155	193	202
Textile machinery	'000 tons	4,418	5,245	5,135
Total machinery	'000 tons	23,256	25,903	28,339
Cotton yarns	'000,000 sq. yds.	149	169	161
Cotton piece-goods	'000 lbs.	3,722	2,650	3,634
Wool tops	'000 lbs.	3,892	2,527	2,503
Worsted yarns	'000 sq. yds.	6,742	7,671	8,025
Woollen tissues	'000 sq. yds.	3,748	3,343	3,946
Worsted tissues	'000 sq. yds.	6,132	5,354	4,492
Linon piece-goods	doz. pair	46,126	33,337	30,494
Leather boots and shoes	cwts.	25,457	16,521	19,831
Leather	'000 cwts.	337	313	323
Paper and cardboard	'000 cwts.	1,838*	632	1,191
Locomotives (complete and parts)	Number	3,212	4,036	4,406
Motor vehicles and chassis				

* Complete only.

Exports of coal to all important countries except Italy and Norway have gone up. There has been a continued increase in exports of iron and steel goods (especially of steel plates to Australia), machinery (mainly mining, electrical and Diesel engines to British countries), cutlery, motor vehicles and locomotives. The South African and Indian markets for all these commodities show no signs of contraction. A notable increase in exports of woollen goods is also evident, particularly to Germany and Japan. This is mainly due to the very low level to which stocks abroad had been allowed to fall. Exports of other textiles and of consumption goods do not make such a good showing; but, in general, the August figures show that our sales abroad are being well maintained.

Chile's Finances.—Whereas revenue from exports of nitrate of soda was formerly a leading item in the Chilean national Budgets, these now exclude that item, which is earmarked for the foreign debt service fund. The latter is presumably accumulating pending arrangements with the bondholders. It is therefore particularly encouraging to note that a fiscal equilibrium has been achieved in Chile during the past year or so; and it is expected that 1935 will close with a surplus of some 50 million pesos, while some expectations are that the surplus will be as high as 100 million pesos. In the estimates of the 1936 Budget, income is estimated at 1,209.3 million pesos, against expenditure of 1,208.4 millions, showing an estimated surplus of 900,000 pesos; and, as the estimates appear to have been drawn up in the same conservative manner as in the two preceding years, it may well be that this surplus may not only be realised but even exceeded. A feature of the national accounts, however, is the steady expansion in the figures, those for 1936 given above comparing, for example, with an estimated expenditure in 1935 of 1,013.5 million pesos, and an income of 1,013.6 millions. Expenditure has expanded mainly by reason of the Decree which has increased by 25 per cent. the salaries of civil servants and the armed forces, as well as of the State school teachers, which altogether account for nearly 100 million pesos per annum. It is also proposed to repeal the extremely unpopular 2 per cent. turnover tax and substitute a 4 per cent. tax on imports and a 2 per cent. tax on all sales from the national factories and wholesale warehouses. In presenting the 1936 estimates to Congress, the Minister of Finance has rightly emphasised the necessity for national economy, particularly by the abrogation of certain national services of doubtful utility. So far as the general Chilean position is concerned, there are indications—including pressure on exchange for remittances—that the limit of present internal recovery has probably been reached. Imports during the first half of 1935 were more than 50 per cent. higher than in the same period of 1934—due in the main to heavy purchases of machinery, etc., for the rapidly expanding national industries.

Iron and Steel Production in August.—The British iron and steel industry continued to make headway during the past month. The returns of the British Iron and Steel Federation reveal a substantial increase in production of

pig iron and steel between August, 1934, and the past month. Since exports of iron and steel in August were only slightly higher than a year ago, the greater part of the increase in home production is due to the curtailment of imports. In contrast to the normal decline between July and August, the output of crude steel rose this year from 32,100 tons in July to 32,400 in August:—

(In thousands of tons)

Period	Production		Foreign Trade	
	Pig Iron	Steel Ingots and Castings	Total Imports	British Exports
1913—Monthly Average	855.0	638.6	185.9	414.1
1929	692.4	803.0	233.2	364.9
1932	297.8	438.5	132.7	157.4
1933	344.7	585.3	80.9	160.2
1934	498.2	738.3	113.9	187.8
1934—July	528.3	718.2	126.4	197.1
" August	503.3	667.0	102.2	193.4
" September	500.3	734.7	89.5	198.0
" October	527.1	812.0	120.2	220.9
" November	507.6	766.0	104.1	219.9
" December	513.5	654.5	114.5	186.8
1935—January	521.2	757.8	130.5	181.2
" February	483.1	769.5	103.3	172.9
" March	554.2	841.9	128.0	175.8
" April	526.3	808.7	62.7	210.9
" May	558.9	853.3	86.4	213.9
" June	529.3	770.0	98.2	195.1
" July	547.3	803.3	90.2	205.7
" August	543.4	759.9	74.3	202.5

Imports of iron and steel materials continued to decline in August. Imports from Belgium alone declined from 44,415 tons in August, 1934, to 26,735 tons in the past month. The percentage fall in imports from Germany and Luxemburg was even more marked. On the other hand, imports from British countries, other than India, rose from 5,916 tons to 11,491 tons during this period. Exports of iron and steel in August were slightly lower than in July, but showed some improvement on the corresponding month a year ago. South Africa, British India, Australia and the U.S.S.R. substantially increased their purchases from this country, but exports to Canada were lower than in August, 1934. The reduction in exports over the year was

most marked in the case of China, Japan, Norway, Italy and Brazil. Exports to China alone decreased from 23,348 tons in August, 1934, to 7,699 tons last month. Meanwhile, the outlook for the principal consuming industries remains encouraging, and production of iron and steel is expected to continue its upward trend in coming months.

* * *

Transvaal Output in August.—The Transvaal Chamber of Mines has issued its customary statistics for August which reveal a slightly increased output of gold at 929,331 fine ounces, compared with 927,803 fine ounces in July, and 881,861 fine ounces in August, 1934. The gold produced in August, 1935, was valued at £7 per fine ounce as compared with £7 os. 6d. for July, 1935, and £6 18s. for August, 1934. The following table shows the monthly production since the beginning of 1929:—

Month of	1929	1930	1931	1932	1933	1934	1935
January ...	876,452	882,801	914,576	936,784	867,457	907,641	890,875
February ...	815,284	818,188	839,837	914,012	883,145	826,363	821,246
March ...	866,529	888,370	910,998	960,035	946,883	874,112	882,309
April ...	872,123	868,606	882,377	949,796	895,097	865,822	869,956
May ...	897,598	916,213	910,279	965,844	944,604	898,418	916,035
June ...	856,029	887,867	897,750	959,011	918,633	868,129	888,026
July ...	889,460	912,652	916,843	981,160	923,671	876,084	927,803
August ...	889,601	921,081	916,425	981,322	934,714	881,861	929,331
September ...	849,553	903,178	916,024	961,501	901,799	857,442	...
October ...	888,680	926,561	945,113	974,965	908,888	885,827	...
November ...	861,593	884,753	900,510	978,716	896,468	878,847	...
December ...	851,134	808,492	923,353	980,618	894,156	866,037	...
Total ...	10,414,096	10,719,760	10,874,145	11,553,564	11,017,485	10,496,393	7,126,581

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

	Dec., 1934	Jan., 1935	Feb., 1935	Mar., 1935	April, 1935	May, 1935	June, 1935	July, 1935	Aug., 1935
Gold mines	252,036	257,683	257,953	259,417	262,678	264,067	267,209	268,409	269,905
Coal mines	12,981	13,347	13,355	13,476	13,385	13,677	13,945	14,097	14,150
Total...	265,017	271,030	271,308	272,893	276,063	277,744	281,154	282,506	284,055

The number of natives employed shows a further increase.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

"ABOUNDING CONFIDENCE"

LABOUR DAY (the first Monday in September) in American economic theory marks the division between summer slackness and autumn recovery. This year there was no summer slackness; but industry enters the autumn with abounding confidence. The headlines in the Press, in so far as they relate to business, employ only comparatives or superlatives—that industry is "better" than at some past time or is the "best" for so many years. The general tone of the articles conveys the impression, not of "recovery" or "improvement," but of actual prosperity and incipient boom. To a considerable extent this attitude of exuberance is based upon comparison with the slump of last September; but in many industries conditions are excellent, judged by any standard. This is true of the groups generally catalogued as consumer industries; it is still more true of what may be called the luxury consumer industries, such as the automobile and liquor industries, floor coverings, electric refrigerators, etc. Summer resorts were generally crowded this season, and attendance at motion pictures is equal to the best. The rapidity of the rise in residential building has been phenomenal; owing to the late spring residential building showed almost no increase over depression levels in the first quarter of the year, but in the second and third quarters it developed with almost explosive rapidity.

While the industries which are doing best are still those which cater for the individual consumer, they are not the "consumption goods" industries, but rather the durable consumer goods—automobiles, farm machinery, dwellings,

etc. Indeed, the industries not yet recovered are for the most part those whose corporate customers are still under a cloud—railroad equipment and heavy electric installations. The railways are not yet earning profits, and the utility companies still face an uncertain future. Industrial building is almost completely stagnant, as most concerns find their present space adequate; but industrial re-equipping is active, and this has brought prosperity to the electrical equipment industries in spite of the absence of their former largest customers. In short, the change in atmosphere since last spring is almost incredible; it is out of proportion to the change in the indices of production, which for August will hardly be as high as they were in the first quarter, for example; but it is not inconsistent with them, for they have maintained month after month a level which they barely touched in 1933 and held but briefly in 1934.

11,000,000 STILL UNEMPLOYED

The skeleton at this feast is the fact that unemployment is virtually at peak level. The Federation of Labour still estimates the number of unemployed at 11,000,000; and if this figure is at all accurate it is equal to the total of unemployment in 1932 and only exceeded by the estimates of 13,000,000 made at the time of the bank holiday. The National Industrial Conference Board gives a figure of about 10,000,000. Estimates from two such diverse sources must be given credence, although admittedly both are but based on samples. The only official figures come from the relief rolls, which in May (the last reported date) numbered 4,817,000, representing 19,250,000 dependent persons. This figure represents a small decline from the absolute mid-winter peak, but the figures have shown only minor changes from the first. Of course, many unemployed are

not so destitute as to "go on relief"; on the other hand, a single family on relief may include more than one unemployed person; hence the discrepancy between the relief statistics and the unemployment estimates is not so wide as appears at first.

It will be recalled that the Administration programme announced in January contemplated division of the persons on relief into two categories. Some 1,500,000 classed as "unemployables" were to be returned to the local authorities; the other 3,500,000 were to be put on public works projects. This undertaking has proved more formidable than was at first supposed, partly because the public works projects originally outlined were geographically remote from the unemployed, and partly because the appropriation of only \$4,800 millions, divided among so many claimants, precluded undertakings which had any considerable cost of machinery, materials or overheads. The result is that eight months after the programme was announced only about 800,000 persons have been provided for: 500,000 in civilian conservation camps (an increase of about 200,000); 250,000 on works projects, and 70,000 on other projects. In some States, the entire burden of relief is assumed by the Federal Government, in others only a fraction. In May (the latest published figure) Federal relief expenditures were \$144 millions, State expenditures \$20 millions and local expenditure \$24 millions. Assuming that aggregate was apportioned equally among the 5,000,000 cases, it would work out at less than \$40 a month. Actual relief allowances to April are stated to have averaged \$28.95; but of course on works projects the payment was higher than on simple relief. Information on the subject of "turnover" is extremely limited, although there have been "news releases" that have mentioned the increased proportion of "white collar" cases on relief.

In many of the Northern cities a disproportionately large percentage of the relief cases are negroes. The northward migration of the southern negro became a marked phenomenon after the war, but it seems to have been accelerated by the depression and by the cotton curtailment programme. In the South, the coloured population is largely agricultural and rural; in the North it has become congested in the cities, and being less securely rooted, and probably less trained for urban activity than its white competitors, gives rise to a major problem of relief.

This is the paradox of the American recovery. Probably the revival of industrial activity from the depth of depression will compare favourably in this country with that in any other major industrial country. Our economy has reached a stage which can be graded as "prosperous," although one would have to limit this adjective with some geographical qualifications. But so far as the statistical data show, only in the first phase of the rebound was there any considerable absorption of the unemployed; and the autumn of 1935 presents the paradox of seeming widespread prosperity combined with unemployment of all but maximum proportions. So far, the whole problem has merely been charged to the Federal deficit and handled by a succession of alphabetical agencies which are practically indistinguishable. In other words, the unemployed have been cared for by the Federal Treasury; but the problem of unemployment remains almost exactly where it was in the nadir of the depression.

NEW YORK, September 10.

FRANCE

A PLEA FOR EXCHANGE STABILISATION

FRENCH public opinion welcomed the plea for exchange stabilisation which M. Bonnet, the French Minister of Commerce, put forward at Geneva this week. Coming after the suggestion of Mr. Morgenthau, it is thought to mark a new step on the way towards general exchange stabilisation. M. Bonnet's proposal to push forward simultaneously the expansion of trade and the stabilisation of exchanges has been inspired by the will to reconcile the English desire for freer trade with the French intention to maintain the present gold parity of the franc.

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The estimates of Budget expenditure in 1936, after having been approved by the Cabinet, are to be laid before the Parliamentary Committee in the next few days. The total of these estimates will be reduced to Frs. 42,000 millions, which represents a diminution of more than Frs. 5,000 millions in comparison with the preceding Budget, which was Frs. 47,500 millions. An extraordinary Budget will probably be added to the ordinary one, and it will cover expenditure which was till recently charged to the Treasury but is now to be financed by loans. Thus the total financial liabilities of the State will be made plain.

The presentation of the Budget gives rise to another question, that of the voting by Parliament of the decree-laws of last July. Will the decree-laws be inserted at once in the next Budget Bill? This seems to be necessary, if the Frs. 42,000 millions estimate is to be attained. Supporters of the Cabinet are nevertheless pointing out that if M. Laval did this he would risk the life of the Cabinet, although he has been authorised to wait until December 31st before securing Parliamentary approval of his measures.

These deflationary decrees are attacked daily by the Opposition. The summer holidays are now over, politics are starting again, and the chances of the Laval Cabinet are already under discussion. M. Leon Blum, the Socialist leader, is strongly opposed to the decrees, whilst the Radical-Socialists, the moderate ones in particular, remain supporters of the Government. On the other hand, certain Conservatives, knowing that it is not the desire of the Opposition to take over the Government before the elections of next May, are discussing the possibility of a Ministerial crisis which would force the Front Populaire to take the helm in a Cabinet headed by such a personality as M. Paul-Boncour, who recently advocated a union of all national parties against private interests in order to institute a new "managed" economy. An accord between the Left parties, however, seems at the moment very difficult; as was proved by the recent discussions of the "Left delegation," a body representative of various Left Parliamentary parties, which is co-operating with extra-parliamentary or revolutionary groups to devise a programme which would rally all the Left parties in a "Front Populaire."

The "Left delegates" differ for one thing on financial policy and the control of the Bank of France. And if certain politicians of the Right (anti-capitalist) and the Left (supporters of a "planned economy") are ready for national planned attacks on private capitalism, others are led by more political considerations. M. Blum, whose troops are gliding towards the Communist Party, seems to favour a coalition of all the Left "without the Radicals." Meanwhile the Soviet authorities would like to see a Government supported by the Radicals, and able to maintain in France a financial and military strength sufficient to face the German danger.

All these political constructions depend, however, on the prevalence of calm in the field of foreign policy. The

whole position would be drastically altered if the Abyssinian question or new German threats should stir national sentiment here. The speeches at the Nürnberg Congress contained certain menaces for peace, and any defeat for the Government's peace policy would reinforce its internal position. First indications of coming political changes will be given in the senatorial elections on October 20th, in which M. Laval is a candidate. Five days after, from October 25th to 28th, the Radical-Socialist Congress will take place, in which the Right Wing supporters of M. Herriot will have to face again the Left Wing supporters of M. Daladier.

FOREIGN TRADE STILL DWINDLING

The following table contains the returns of foreign trade in August:—

	July, 1935	August, 1935
Imports:—		
Foodstuffs	474,934	529,916
Raw materials	976,339	915,021
Manufactured goods	290,728	252,647
Totals	1,742,001	1,697,584
Exports:—		
Foodstuffs	175,131	162,144
Raw materials	323,432	312,278
Manufactured goods	604,576	699,727
Totals	1,103,139	1,174,149

In the first eight months of 1935 French imports amounted in value to Frs. 14,044,000, compared with Frs. 15,980,000 in the same period of 1934, a decline of 12 per cent. Exports fell by 11 per cent., from Frs. 11,577,000 to Frs. 10,234,000. In volume eight months' imports are down by 1,250,000 tons and exports by 1,078,000 tons.

The Statistique Générale has just published its monthly figures showing industrial production in France (1913 = 100):—

	July, 1934	May, 1935	June, 1935	July, 1935
General index	98	92	92	92
Engineering	99	95	95	95
Iron and steel	80	81	80	80
Textiles	58	63	64	64
Mines	102	101	101	98
Building (adjusted figures)	81	65	62	62
Leather (" ")	98	90	91	93
Paper (" ")	157	132	132	133
Rubber (" ")	836	758	767	760
Motors (" ")	463	422	421	412

In July 13,187 automobiles and 1,536 lorries were put on the road, compared with 13,544 and 1,555 in June.

The figures for the cotton industry are as follows:—

	April, 1935	May, 1935	June, 1935	July, 1935
Spinning (average per spindle in kilograms) :—				
Production	1-272	1-442	1-408	1-536
Deliveries	1-356	1-486	1-443	1-533
Stocks	2-083	2-148	2-145	2-117
Unfulfilled orders	3-877	4-690	4-477	4-353
Weaving (average per loom in pieces of 100 metres) :—				
Production	3-60	4-28	4-26	4-69
Deliveries	3-61	4-36	4-44	4-75
Stocks	9-83	9-89	8-32	9-89
Unfulfilled orders	12-09	14-91	16-96	16-41

The figure of bankruptcies in August was 722, compared with 1,100 in July and 890 in June. Bankruptcies and judicial liquidations were 1,027 in August, compared with 1,460 in July and 1,252 in June.

PARIS, September 19.

GERMANY

THE NEW ANTI-JEWISH LAWS

ALTHOUGH outwardly an impressive affair, the Nazi Party's demonstration at Nürnberg brought less changes in legislation than was expected. The foreshadowed Ghetto law for Jewry has been postponed. The monopoly given by a new law to the Swastika flag might possibly be considered a victory over the military-aristocratic element, whose nationalist sentiments are associated with the pre-war flag. But it seems that the new law was designed as a protest

against foreigners as a result of the "Bremen" disorders in New York. More than once the Nazi Party has justified purely domestic measures on the ground of its desire to confound the outside world. The native military-aristocratic element cares less than is supposed about the new flag monopoly. This is one of several matters of mere demonstration which may be left safely to the nominal rulers so long as power in important matters remains in careful hands. The Nürnberg meeting was mainly a demonstration—primarily against the Jews. Although the denunciations of Russian Communism were even lengthier and more vehement than the denunciations of the Jews, Communism was presented as a mere phase of the Jewish question. Indeed, towards Communism, independently of its alleged Jewish associations, National-Socialism is ambiguous. It dislikes the system as much as but no more than it dislikes other non-Nazi systems; it co-operates with Communism as with other systems when co-operation seems profitable.

Aversion to the Jews is the one sentiment common at all times to all Nazis. But the new anti-Jewish legislation passed at the close of the Nürnberg demonstration has little practical importance. Marriages between Jews and German "Aryans," henceforth prohibited, have of late been prevented by illegal official action and by mob violence. The new law of nationality and citizenship is not clear. While expressly depriving the Jews of Reich citizenship, and enacting that only Reich citizens shall have full political rights, it neglects to define the last term, therefore leaving unsettled the question whether Jews are to be denied the vote. The laws bear signs of careless preparation, and were apparently drafted at the last moment in order to crown the Party demonstration with formal measures that would satisfy enthusiasts.

THE "SECRET" INTERNAL DEBT

An optimistic summary of the Reich Finances was presented to the Nürnberg Congress by Herr Reinhardt, the Secretary of State, of the Finance Ministry. Herr Reinhardt estimated that tax reductions totalling Rm. 1,135 millions a year have been granted by the present administration; and that the official interest-reduction measures have resulted in an annual saving of Rm. 235 millions a year to the States, municipalities and private business. On the subject of Reich borrowing, on which Herr Reinhardt threw no light, the Finance Minister has published data in a periodical journal. Like Dr. Schacht, in a recent speech, Herr Schwerin von Krosigk admits that doubt about the magnitude of the debt is not confined to foreigners. But he attributes to foreigners the current "fantastic" estimates of new indebtedness. The alleged secret debt of Rm. 10,000 millions to Rm. 16,000 millions (in reality even higher figures have been mentioned) is, he says, a fiction. This had been alleged to be a bill debt; but the total bill circulation, public and private, has risen by only Rm. 4,500 millions since the beginning of 1933. In handling the not identical question of the total increase in the debt since early 1933, Herr Schwerin von Krosigk treats the question as one of estimate and conjecture; and puts the increase roughly at between Rm. 6,000 and Rm. 7,000 millions. Only for the part of the Reich debt, long-term and short-term, which is always precisely returned does he give precise figures; but his figures do not agree with the usually returned figures. His table shows this debt to have actually declined in the first two Nazi years, putting it at Rm. 12,200 millions on January 1, 1933, and at only Rm. 11,600 millions on January 1, 1935. It must be concluded that the Finance Ministry is unaware of the amount of the debt; and if, as is conjectured, Reich Finance is confused with party and party organisation finance this ignorance can be understood. The Finance Minister puts the combined Reich, State and municipal debt on January 1, 1935, at Rm. 26,900 millions, as against Rm. 26,600 millions on January 1, 1933; but these figures, he admits, do not contain the so-called "secret" debt, the total of which he only estimates.

Money this week is easier, and the day-loans rate on Tuesday was down to 3-3½ per cent. The Reichsbank's return for September 14th shows a moderate increase in credits and investments.

The wholesale price index number for September 11th was 102.1, unchanged. The rise in retail prices and the

shortage of necessities in Berlin and in some other cities continue. It has been impossible to buy various staple kinds of meat. The population has been officially advised to consume canned meat. The Berlin Police President, acting as price-supervision authority, announces that the food supply of a large city cannot always be expected to meet the wishes of housewives; it is the duty of housewives, he affirms, to adapt their buying to the condition of supply. The same authority has prescribed rigid maximum prices for the chief kinds of meat. He reports that whereas formerly the price regulations were in general observed, of late there have been hundreds of cases of violation. In fact, at least as regards meat, the regulations are ignored by dealers without exception. The official prices have practically no relation to market conditions, and in consequence both sellers and consumers treat the price schedules as demonstrations designed to comfort the official mind. The prices actually charged in shops are up to 100 per cent. higher, sometimes more, than those in the official list; in the open-air markets they are a little lower than in the shops.

The foreign trade return for August shows a decline of imports and an increase in exports, both in part due to seasonal causes. The export surplus of Rm. 50 millions is the largest since December, 1933. As compared with August, 1934, in which the same seasonal influences operated, the trade balance improved by Rm. 59 millions. The passive balance in the first eight months of the year is only Rm. 86 millions, as against Rm. 265 millions in the same months of 1934. In August, contrary to recent tendencies, the decline in imports fell mainly to European countries:—

	July (Millions of Marks)	August	Jan.-Aug.
Imports:—			
Livestock	2-2	3-3	24-6
Foodstuffs	70-1	64-8	634-0
Raw and half-manufactured materials	212-6	209-7	1,719-3
Manufactured goods	45-6	39-8	397-2
Totals	330-5	317-6	2,775-1
Exports:—			
Livestock	0-2	0-1	1-7
Foodstuffs	7-4	5-6	45-8
Raw and half-manufactured materials	60-0	61-0	485-2
Manufactured goods	291-4	300-9	2,156-0
Totals	359-0	367-6	2,689-0

The number of unemployed is officially returned as having fallen in August by 48,000 to 1,706,000. At Nürnberg it was officially stated that the real number of unemployed is only a little over 1,000,000. Another official report puts the effective intensity of occupation of industry at considerably higher than the monthly returns show. These returns are based on the percentage of working places filled and on the percentage of the maximum working time actually worked. The latest percentages are respectively 65.8 and 59.4. A new official report states that certain trades have already nearly attained the highest practically possible intensity of occupation if considerations of profitable working are taken into account. In such branches operation to the theoretically full extent would be automatically prevented by higher working cost. Pig-iron production in August was 1,144,900 tons, against 1,093,000 tons in July; in the first eight months it was 7,840,500 tons, against 5,461,800 tons in the same months of 1934.

BERLIN, September 17.

HOLLAND

NEW FLIGHT FROM THE GUILDER

A DECIDEDLY nervous tendency has been predominant on the money, foreign exchange and stock markets at Amsterdam, throughout the week. Premonitions about the approaching encounter between Parliament and the new Cabinet at the reassembly of Parliament on Tuesday exerted their influence days in advance, just as if Holland's monetary future would be decided on that day. Advancing

money rates on the open market (5½ per cent.), actually exceeded the official discount rate of the Netherlands Bank. The exchange rate approached the gold export point against both the dollar and the franc. The flight from the guilder was steadily gaining impetus, and guilders for future delivery were quoted at a big discount. Renewed selling pressure also manifested itself again on the stock markets; and 4 per cent. state loans fell to a new low level at 91½ per cent. The flight from the guilder, necessitating an export of gold, is not the only cause of the tightness on the Amsterdam money market. Another cause is the effort of the big Dutch banks to keep their assets as liquid as possible in preparation for what may happen.

The exports of gold are tying up funds to a large extent. The weekly return of the Netherlands Bank shows that gold stocks have been depleted by 37 million guilders in the past week. The Bank is not only releasing gold to maintain the guilder rate, but has also been selling French francs at a rate of 9.79 on the exchange market. All these transactions have resulted in further withdrawals of funds from the Amsterdam money market. A consequence of the resulting scarcity of money has been that on two successive occasions the Minister of Finance's issues of Exchequer Bonds have been a failure.

The return of the Bank also shows for the item of "loans" a rise of 27 million guilders to 170 millions, as well as an increase in "home bills discounted" by 10 millions to 57 millions. The credits outstanding were accordingly 37 millions larger than a week ago. The circulation of bank notes dropped by 11 millions to 792 millions, with the result that the gold coverage of the bank's liabilities at call decreased from 71.4 per cent. to about 67 per cent. The shipments of 37 millions worth of gold, as well as the Bank's further expansion of credit by 37 millions, necessarily involved a rise in the official rate of discount last Tuesday, and the rise announced was from 5 per cent. to 6 per cent. This measure, which is more a reflection of the serious position on the Amsterdam money market, than a measure to defend the guilder, simply resulted in interest rates on the open market running up to 6 per cent. On the foreign exchange market the guilder was a trifle firmer, although the dollar remained above the gold export point.

The speech from the Throne, delivered by the Queen at the reassembly of Parliament on Tuesday, did not result in any measure of relaxation. The general course of policy set forth by the Government in the speech was devoid of anything likely to improve the general situation. Once more it was stated that the Government did not regard devaluation or abandonment of the gold standard as beneficial to the community at large. An increase in certain taxes is announced, as well as additional cuts. The fostering of further industrialisation in the country by the foundation of an industrial finance company is also proposed. But there is no sign of the slightest modification of the Government's fundamental policy of deflation. The Parliamentary debates are accordingly being awaited eagerly, as well as the publication of the Budget figures for the coming fiscal year. Until then the tension will most likely continue. Exports of gold are still going on.

PRODUCTION AND EMPLOYMENT STILL DECLINING

Trade and production is still steadily declining. The strike in the Tilburg woollen industry, occasioned by the announcement of an additional wage cut of 5 per cent., has spread. The number of strikers is now well over 4,000, and almost the entire woollen cloth industry is at a standstill. There are no signs of a settlement of the dispute, which has been in progress for weeks.

The statistics for the second quarter of 1935, published by the Rotterdam Chamber of Commerce, demonstrate in striking fashion the alarming decline in the traffic of the Port of Rotterdam. Between April and June, 1935 (inclusive), the number of sea-going vessels entering the Port of Rotterdam was 2,684, compared with 2,888 during the corresponding period of last year. The net tonnage was 4,395,110, compared with 4,515,195 last year. The maritime goods traffic in Rotterdam amounted to 6,609,621 tons, compared with 7,206,823 tons last year. For Antwerp the corresponding figures were 5,291,184 and 4,990,985 respectively. The arrivals of ore at Rotterdam and Vlaardingen amounted to 1,593,633 tons (last year 1,689,350). The

quantity of grain dealt with by the grain elevators declined from 926,637 tons to 546,604 tons.

Unemployment is still increasing. On August 10th, the number of unemployed was 340,635, an increase of 6,703, compared with a fortnight before. A Government bill is now being drafted to provide for restrictions on the employment of female labour with a view to extending the employment of male labour.

The official trade returns issued by the Central Statistical Bureau are summarised below:—

(In millions of guilders, excluding gold and silver)

	July 1935	August 1934	August 1935	Jan.-August 1934	Jan.-August 1935
Imports	76	87	76	710	607
Exports	54	69	61	466	434
Percentage of imports covered by exports ...	70.9	79.0	80.6	65.5	71.4

Imports of gold and silver in August, 1935, amounted to 14,217,449 guilders and exports to 21,141,295 guilders.

AMSTERDAM, September 18.

HUNGARY

A CHEAP MONEY POLICY

THE Bank rate was reduced on August 29th from 4½ per cent. to 4 per cent., the lowest level in the history of the National Bank of Hungary. Dr. Fabinyi, the Finance Minister, declared that the reduction of the Bank rate is in full harmony with the Government's financial measures, and it is generally expected that the Government will endeavour to pursue a cheap money policy. For almost three years there has been no change in the Bank rate, which had stood at 4½ per cent. since October, 1932, and it seemed that that level was regarded by the authorities as the lower limit. But successful efforts of other countries to liquidate financial burdens of the past by means of cheap money have finally convinced the National Bank that they must keep up with the times.

The new policy should help to relieve debtors of their onerous burdens. With the reduction of the Bank rate to 4 per cent., maximum interest charges have been reduced to 7½ per cent. on short-term debts; and a Government decree is in preparation to relieve the still heavily indebted farmers. As the larger part of the farmers' long-term debts affect foreign creditors a final settlement is not expected; but the present limitation of interest payments to 5 per cent., instead of the original 7 and 7½ per cent., will probably be extended for another year, pending a general scaling down of interest rates in harmony with the capacity of debtors.

THE BUDGET DEFICIT

Provisional figures for the budgetary year ended on June 30th, as compared with the previous financial year, are as follows:—

	1933-34 (In million pengö)	1934-35
Expenditure:—		
Actual budgetary.....	717.0	728.1
Actual extraordinary	86.3	84.2
Total	803.3	812.3
Receipts:—		
Actual budgetary.....	758.6	762.9
Actual extraordinary	6.6	6.8
Total	765.2	769.7
Deficit	38.1	42.6

The above figures of expenditure include the non-transferred portion of the League Loan service, which amounted to 20.3 million pengö, so that the actual cash deficit in 1934-35 totalled only 22.3 million pengö, the financing of which did not cause any difficulty. The budgetary position has considerably improved since 1931, and were it not for the large deficit on the State railways and ironworks the Budget would be balanced. The extraordinary expenditure recorded above was spent mostly on financing the deficit of the railways and the ironworks. The Financial Committee of the League of Nations, having examined the budgetary

situation, concludes that the Treasury's position is decidedly more favourable now than it was in 1934 or 1933. Furthermore, the Committee states that the cash deficit is not causing any trouble, as the Government can re-borrow the untransferred amounts of its debts service.

In the long run the Government will benefit greatly by the new cheap money policy, especially if the Bank rate is again reduced, partly because lower debt burdens will improve the taxpayer's capacity, and partly because with the reduction of the Bank rate the interest payable on internal Treasury bills will also be reduced. Provided that expenditure in the current budgetary year does not exceed that of 1934-35, there is a reasonable hope that the Treasury's position will continue favourable, in spite of the drought which is adversely affecting the farmers' capacity to meet tax payments in the distressed areas. On the other hand, indirect taxes, especially the turnover tax, are likely to continue to bring in good yields on account of the rise in wholesale prices, which is now beginning to affect retail prices. In the first seven months of the year the wholesale price index averaged 87, as against 76 in the similar period of 1934. The increase was chiefly due to higher agricultural prices, though the discrepancy between agricultural and industrial prices is still very considerable.

BUDAPEST, September 12.

CHINA

NANKING AND CANTON

THE chief political event of the last few weeks has been the resignation of Mr Wang Ching Wei, President of the Executive Council, and his subsequent decision to resume office. For a time the political horizon was clouded by the possible collapse of the Central Government through the withdrawal of Mr Wang and his friends, and the situation was serious enough to bring Marshal Chiang Kai Shek back to Nanking after an absence of eight months. However, calm is once more restored and Marshal Chiang has returned to his particular task of supervising the anti-Communist campaign.

The possible retirement of Mr Wang caused surprisingly little excitement in Canton. This may have been because the present administration there is in the midst of negotiations with Nanking for the repayment of various advances, amounting to \$20 to \$30 millions, made during 1926. These funds were provided by the Cantonese to finance the Northern Expeditionary Force, which, under the leadership of Chiang Kai Shek, marched from Canton to the Yangtse and ultimately established the Central Government in Nanking. One would have regarded these loans as in the same category as war debts, but possibly the demand for repayment may be merely a Chinese way of asking for a subsidy. Canton's three-year reconstruction plan is probably proving a more expensive matter than its authors bargained for, and as the conversion of various private enterprises into provincial monopolies has so far done nothing to improve the economic condition of the people the local Government are looking to the Central Government for help. For this reason relations between Canton and Nanking are probably more friendly than they have been for some years.

DEPRESSION IN HONGKONG

Trade conditions in Hongkong remain very unsatisfactory. All branches of trade are depressed and purchasing power is at a very low ebb. The statistics of trade for the first half of 1935 show a small decline compared with the corresponding period of 1934, but there has been a big falling off since 1932, as the following table shows:—

	1932	First six months 1933	1934	1935
		(000,000 omitted)		
Merchandise.....	335	259	195	191
Gold and silver...	43	16	29	24
Total	378	275	224	

		EXPORTS			
Merchandise.....	242	211	157	142	
Gold and Silver...	54	63	55	38	
Total	296	274	212	180	

Japanese imports increased from 8 per cent. of the total in the first half of 1934 to 11.5 per cent. for the present year, while the percentage for imports from the United Kingdom fell from about 8 per cent. to 6½ per cent. This latter figure compares with 13 per cent. for the first half of 1932, which was perhaps an abnormal period owing to the anti-Japanese boycott. On the other hand, imports from U.S.A. have risen from 6.5 per cent. to 7.4 per cent. As will be seen from the above table, the movement of treasure continues on a large scale in proportion to the value of mercantile trade. While the export of gold bars during the past six months has diminished in volume, compared with the outflow of the last three or four years, shipments of bar silver and silver coin have increased. It is partly due to this efflux of silver that the note issue of the Colony has contracted since the beginning of the year from \$158 millions to \$130 millions.

Certainly the spending power of the Colony is very much reduced. Rents have been forced down to uneconomic levels; clothing in the piece is priced at so many yards to the dollar; cinemas report decreased takings, despite reduced prices; the returns of all public utility companies appear to be on the decline; and in various other directions there are unmistakable signs that the public is feeling the pinch. The Government has suffered considerably, and although there is still a substantial surplus from past years, the Budget, to be presented next month, will probably reflect the ravages of the depression.

As a result of the recent report of the Economic Commission, efforts are now being made to encourage tourist traffic by systematic advertisement of the charms of Hongkong and the provision of facilities to render the stay of visitors a pleasant one. A travel association has been formed under the auspices of the local Government, who have made a grant of \$25,000 to the funds of the association. The first object of the association is to attract tourists from other parts of the East, and already the cool, dry climate of the winter months is bringing to the Colony a growing stream of visitors from Malaya. A low rate of exchange is, of course, an advantage in this respect, and the greater the decline in the dollar the cheaper Hongkong will become as a holiday centre for those whose income is on a sterling basis. Visitors from Australia are also on the increase, and there seems to be ample scope for the travel association to prevail upon American tourists in the Far East to break their journey in Hongkong.

Unfortunately, the Colony still lacks regular air communications with other parts of the world. There is some apprehension here lest Hongkong be altogether left out of air travel systems, now that China has many regular lines and the trans-Pacific service may shortly connect Manila with Canton. It is known that various plans for linking Hongkong with Imperial Airways are under consideration, but it is to be hoped that a service, even if only of a trial nature, will not be long delayed.

HONGKONG, September 1.

CANADA

MR ABERHART'S PLANS

THE amazing result of the provincial election in Alberta, and the appearance of a "Social Credit" Government, caused a great sensation which has not yet died down. Events in Alberta are being watched with keen interest, not merely by the politicians and financiers, but by the whole country. The United Farmer Ministry of Mr R. G. Reid was left without a single seat in the legislature, and Mr Aberhart lost no time in forming a Social Credit Ministry of eight members. Their names are unknown outside their own communities; but Mr Aberhart, who has to find himself a seat, has taken along with the Premiership the Ministry of Education and left the key position of Pro-

vincial Treasurer, which he was expected to take, to a certain Mr Charles Cockroft. This gentleman runs a general store in the village of Gadsby. His financial prestige is derived from experience gained in the accounting department of a chain store organisation in Alberta. But apparently the right-hand man of Mr Aberhart is to be Mr E. F. Manning, who headed the poll in Calgary and has been brought into the Ministry. Rumour credits Mr Manning with being the real inspirer of the Social Credit crusade, and it is also said that he imbibed the gospel of Major Douglas while studying in Great Britain with the aid of a scholarship given every year by Mr R. B. Bennett.

The Aberhart Ministry embarks on its official career in circumstances of grave difficulty. The result of the polling on August 22nd caused both a slump in all securities connected with the Province and a demand for payment of provincial savings certificates on an ominous scale, with the result that a few days later the outgoing Reid Government found it necessary to suspend repayment of these certificates. A large part of the money derived from their sale had been invested in Provincial bonds; and when these had slumped badly and become a drug upon the market it became obvious that the claims for repayment could not be met indefinitely. Furthermore, the Provincial Treasury is reported to be almost bare of cash and to have had scarcely enough in hand to pay the salaries of civil servants for August.

Mr Aberhart seems quite cheerful, nevertheless. He has issued several reassuring statements to the effect that there is not the slightest ground for alarm on the part of holders either of savings certificates or provincial bonds, and that his Government, although it will persevere with its resolve to inaugurate a new credit regime, will sternly maintain the general credit of the Province and redeem its pledge to pay 100 per cent. on both bonds and certificates. Meanwhile he has laid his plan for an exhaustive investigation of the exact state of the Provincial finances, and has been carefully explaining that considerable time must elapse before a workable Social Credit scheme can be involved. Moreover, he has decided to forswear his feud with Major C. H. Douglas, who still remains upon the pay-roll of the Government of Alberta as financial adviser. He has now been called in to advise.

NEGOTIATIONS WITH MR BENNETT

But a depleted Treasury, pressing obligations and anxious creditors constitute problems of compelling urgency, and Mr Aberhart has already found it necessary to make approaches to Mr Bennett by telephone for financial succour, as obviously the normal channels for raising money are now closed to him. According to a statement issued by Mr Bennett, the Premier of Alberta estimated that a sum of at least \$12 millions would be required within the next year to enable his Government to meet its debt obligations and discharge its liabilities for unemployment relief and other problems, and he was assured by Mr Bennett that Alberta would be treated fairly by the Federal Government and would be given whatever reasonable assistance was possible for the purpose of coping with its financial difficulties.

Furthermore, the situation in Alberta promises to bring to a head the whole complicated problem of the Provincial finances, since the Federal Government's finances are inextricably involved in them through the substantial loans which it has made during the depression, not only to Alberta but to other Provinces. It is becoming plain that whatever Government is in power in Ottawa after October 14th will be compelled to face the problem with bold reconstructive measures; and it looks as if there will soon have to be undertaken a national effort for the stabilisation of Canadian public finances through the co-operation of the Dominion and Provincial Governments. The solution which is being suggested is a general conversion loan, which would reduce the aggregate debt burden, and the establishment of a National Loan Council on the Australian model which would exercise budgetary control over the Provinces.

Simultaneously an impetus would be given to the demand for constitutional reform designed to reinforce the powers of jurisdiction and the taxation authority of the Federal Government. The Province of Quebec might, as the result

of recent developments in Alberta, become more favourable to constitutional changes which would strengthen the central authority. But if the Aberhart Ministry decided to launch an experiment in Social Credit it would perforce resist any changes which would weaken its scope of jurisdiction and impair its taxing powers. Meanwhile the Social Credit Party has rejected overtures for an alliance with Mr H. H. Stevens's Reconstruction Party, but it has decided to nominate its own candidates, at least in Alberta, for the Federal elections which are to be held on October 14th.

The Western crop survey of the Bureau of Statistics, published on August 20th, is again a pessimistic document. In the districts of Manitoba and Saskatchewan, where the rust attack was most severe, there has been a progressive deterioration of the crop; and the report states that "there will be very little bread wheat worth threshing in Manitoba since the yields are low and the grades poor, while durum wheat is also seriously effected." Further West there has been freezing temperatures and a snowfall, and "spotty but heavy frost damage" is reported from the Peace River district of Alberta and over a 250-mile stretch of country running from west of Edmonton, Alberta, to Scott, Saskatchewan. The superintendent of the Dominion Experimental Farm at the latter place describes this "as the most serious summer frost ever experienced while grain was standing." In quite a large area, however, which has so far escaped both frost and rust, the grain crops are good. But the harvesting operations have been delayed by the inclement weather, and owing to the heavy straw, which is badly tangled and lodged, they are proving both expensive

and laborious. Accordingly estimates of the Western wheat crop are now being reduced to below 300 million bushels.

Despite the adverse crop reports from the West, there has been a distinct improvement in business in the past month. The general economic index of the Bureau of Statistics for the week ending August 10th climbed to 101.6, a gain of 2.3 over the figure for the preceding week and of 7.2 over that for the parallel week of 1934. The following are the data for three of the chief components of the latest index with the comparative figures:—

	Carloadings	Wholesale prices	Bank clearings
Aug. 10, 1935 ...	69.9	71.7	101.9
Aug. 3, 1935	72.5	71.8	81.9
Aug. 11, 1934 ...	70.7	72.9	86.1

Considerable stimulus has come from the generous programme of public works which is being promoted by the Federal Government. All industries interested in building operations have benefited, and some of the depressed durable goods industries have been able to increase their scale of operations. The newsprint industry is also doing better; and exports of newsprint for July were valued at \$7,446,820, compared with \$7,263,463 in July, 1934.

Imports in July were valued at \$48,414,397, a gain of \$1,700,000 over the June figure. Exports were valued at \$57,786,238, a gain of \$5,000,000. This is satisfactory in a month which usually shows recessions in both figures. The percentage increases over the figures for July, 1934, were 9.7 for imports and 1.8 for exports.

OTTAWA, September 2.

BOOKS AND PUBLICATIONS

AURI SACRA FAMES

THE entrepreneur has long wandered vaguely and uneasily through the economic text-books. In this book* he parades in full flesh, pioneer in the most speculative of industries, risking wealth and prestige on the unknown potentialities of a desert called the Witwatersrand. Mr Emden writes for the economist, the moralist and the mere gossip, and his narrative, although slipshod at times, is usually able and invariably interesting. His collection of short biographies has a persuasive "through the keyhole" atmosphere, which suggests effectively the drama and intrigue of the first twenty years of the Rand.

The origin of the Rand, as the author shows, lay in the diamond mines of Kimberley. The latter threw up three great powers—Rhodes, Barnato and Beit—whose newly-made fortunes, imagination and strategy were essential to turn a "ten pennyweight proposition" into an industry which has produced gold valued at £1,227 millions in its fifty years' history. Rhodes came from a vicarage in Bishop's Stortford, a studious but restless youth who set foot in South Africa at seventeen. Barnato, quick witted, flamboyant and unsteady, was the son of a Whitechapel shopkeeper. Beit, who had learned what diamonds really looked like (unlike some of the early prospectors), arrived in Kimberley as a buyer at the age of twenty-two, and established himself as a speculator of longer vision than his fellows.

Of these three, Rhodes is the centre, but for all his legendary far-sightedness, he nearly missed his chance on the Rand. Gold he regarded as a gamble; diamonds as a certainty. It seems fair to say that his major success was the consolidation of the De Beers diamond mine, after long negotiation and financial warfare with Barnato. He made mistakes on the Rand, and the formation of the Gold Fields group, for all the financial swashbuckling which marked its inception, was by no means a pioneer achievement. Rhodes had the manner of the superb adventurer; ends, and not means, were his concern. He could thus proceed with the formation of the Chartered Company "whose only substratum was in fact imagination," but he also depended

upon the financial insight of Beit to prepare the market for his ideas. The Jameson Raid marked the tragic peak of his career, not because it was an unwarrantable attempt to usurp power in the Transvaal, but rather because it was an ill-conceived and clumsy failure.

Barnato was one of the few to stand aside in this venture, and, indeed, "made Kruger see reason" after its leaders had been sentenced to death. The Raid, nevertheless, was symptomatic of the pressure for political power of a dominant *emigré* mining group over the established simple farming community who distrusted gold and the adventurers who came in its search. But the united front of the Uitlanders from 1897 made a final struggle for power inevitable; and the Boers were in the end unseated in the Transvaal.

Mr Emden's book, however, is chiefly concerned with these events as they affect his gallery of personalities. The history of the Raid, and the adventurous figure of "Dr. Jim" must be pieced together from too many references to make a satisfactory account from the historian's point of view. Mr Emden is at his best in his descriptions of the conquistadores of the Rand. His account makes it clear that they were something more than the "Park Lane millionaires" who formed the contemporary butt of music-hall humour. Robinson, however, was certainly among their ranks. With his elephantine self-confidence, he could not tolerate working in partnership with Wernher Beit, and turned, mistakenly as it afterwards proved, to the west. His personal animosity against the success of the "Corner House" and Rhodes reached the fantastic lengths of an attempt to break the De Beers monopoly. The story of his frustrated desire for a peerage, which unhappily coincided with serious financial revelations, and his settlement in Park Lane complete a life whose personal ambition and unappeased vanity can rarely have been equalled.

Such figures, however, are more characteristic of the early days of the field. Beit was of sounder stuff, and in partnership with Wernher—"they think I am only Beit's Christian name"—he adopted the principle of floating undertakings only when they had reasonable prospects of success. This combine formed the basis of the present Central Mines and Rand Mines group. A sounder prospecting technique, encouraged by German engineers, replaced

the early speculation. By the mid-'nineties, ten groups controlled the Rand, and their financial power on the European Bourses was paramount. At that time an international share boom was in full swing, and the concentration of sound shares in the hands of the mining finance companies led to an astonishing demand for rubbish. The crash was inevitable, and Mr Emden's account suggests more than a suspicion that the Rand financiers engineered and profited by it. But the industry had been consolidated, and its major personalities had risen to the surface—accompanied by a certain amount of scum—secure in their lucky triumphs. If Kaffir shareholders require insight into the pioneer days on the Rand, this is the book for them. But if they cherish a belief in the unsullied idealism of our South African Empire builders, they had perhaps better leave it unopened.

SHORTER NOTICES

"Industrial Profits in the United States." By Ralph C. Epstein. (New York) National Bureau of Economic Research. (London) Macmillan. 678 pages. 21s.

This exhaustive study is based upon official material collected by the Department of Commerce for the Committee on Recent Economic Changes. Professor Epstein has been fortunate in having behind him the statistical resources of the National Bureau of Economic Research, with the result that his book is probably the most thorough inquiry into industrial profits which has ever been published. The broad findings are summarised first; then the earnings of large corporations, divided under eighteen industrial groups; then the earnings of small corporations similarly treated; finally, a group of chapters on "Problems of Estimation and Interpretation." Professor Epstein is well aware of the many pitfalls which beset the path of the statistician who would estimate average profits, but his findings are nevertheless definite enough to provide plenty of interesting material.

"The Economics of Inflation." By H. Parker Willis and John M. Chapman, Columbia University Press. (London) Milford. 430 pages. 22s. 6d. net.

This book embodies the work of the Banking Seminar of the School of Business, Columbia University. It consists of two parts, the first twelve chapters being a discussion by Professors Willis and Chapman on "Contemporary Aspects of American Inflation," the remainder of the book being a collection of essays by various members of the seminar on different aspects of inflation.

The purpose of Part I we are told in the conclusion, "was to present the theoretical aspects of what is termed inflation in such a way as to permit the average reader easily to form an idea of the issues involved in the subject." It cannot be said that this excellent object has been achieved. While some useful and interesting points are made, the argument is wholly one-sided. The authors appear to have been so carried away by their opposition to the policy of the present Administration in the U.S.A. that they have omitted entirely to present the case for the expansionist point of view. That so much nonsense should be poured out on the inflationist side, does not really excuse the scientific critic from maintaining an objective attitude.

From the start the discussion is confused by a failure satisfactorily to define the term "inflation." This is certainly no easy task. But some of the essays in Part II tackle it far better than Professor Willis. To say, as Professor Willis does, that "What is called inflation in the United States is essentially a debate about the redistribution of the national income and wealth" is scarcely adequate. Such an approach implicitly ignores what is to the plain man the dominating fact to-day—namely, the existence at the outset of unused resources and economic disequilibrium. Little attempt is made to distinguish between the major Continental inflations, the 1924-29 boom in America, and the present attempts at monetary expansion.

The essays in Part II fall into two classes. There are some interesting statistical and applied studies, and there are some articles of a purely theoretical character. Of the former, Mr Radice's analysis of "Inflation and the Distribution of Income" deserves special mention. The conclusions are interesting and based on a careful and lucid discussion of the available statistics. Of the latter, Mr Schumacher provides a long and closely-argued essay on inflation and production which will interest the more academic reader, and Mr

Heilperin and Dr. Machlup write cogently on over-production and decreasing costs respectively. While the second half of the book contains work of a much more profound character than the first, many of the essays are also marred by hasty generalisations and half truths springing apparently from the same strong deflationist bias which influences the authors of Part I.

BOOKS RECEIVED

Japan in Crisis. By H. Vere Redman. (London) George Allen & Unwin. 223 pages. 6s. net.

Confederate Purchasing Operations Abroad. By S. B. Thompson. University of North Carolina Press, Chapel Hill, North Carolina, U.S.A., and (London) H. Milford. 137 pages. 11s. 6d. net.

The Village Organiser. By E. F. Stucley. (London) Methuen and Company, Ltd. 147 pages. 3s. 6d. net.

International Labour Office Year Book, 1934-35. Vol. II: Labour Statistics. (Geneva) International Labour Office. 252 pages. 4s. net.

The Jews in Germany. By L. G. Montefiore. (London) Anglo-Jewish Association, Upper Woburn Place. 23 pages. No price stated.

The Ways of Czechoslovakia and its Magyar Minority. (Budapest) Odón Tarjan. 84 pages. No price stated.

A Handbook of Marxism. Edited by Emile Burns. (London) Gollancz. 1,087 pages. 5s. net.

Schools at the Cross Roads. Prepared by the Educational Workers' International. (British Section.) (London) Martin Lawrence. 39 pages. 6d. net.

Marx and the Trade Unions. By A. Lozovsky. (London) Martin Lawrence. 188 pages. 5s. net.

The Insurance Blue Book and Guide for 1935. (London) Ritchie and Darling. 517 pages. 10s. 6d. net.

Commercial Egg Farming. An Economic Study of Representative Enterprises in the North and West. By the Advisory Agricultural Economics Branches of Armstrong College and Harper Adams Agricultural College. (Shrewsbury) Wilding and Son, Ltd. 44 pages. 2s.

Migration and Planes of Living. By Carter Goodrich, Bushrod W. Allin and Marion Hayes. (London) Humphrey Milford. 111 pages. 4s. 6d.

The Calendar of the London School of Economics for the Forty-first Session, 1935-36. 490 + xx pages. 3s. 6d.

The Alliance Year Book for 1935. Edited by George B. Wilson. (London) United Kingdom Alliance. 223 pages. 2s.

Soviet Trade from the Pacific to the Levant. Oxford University Press. 238 pages. 10s. 6d. net.

The Sky's the Limit: Plain Words on Plane Profits. By Francis Williams. Labour Publications Department. 7 pages. 1d. An account of recent flotations of aircraft shares.

Money and the Economic System. By E. M. Bernstein. The University of North Carolina Press (U.S.A.). English agent: Oxford University Press. 516 pages. 13s. 6d.

Scotland: That Distressed Area. By George Malcolm Thomson. (London) Faber and Faber. 127 pages. 3s. 6d.

OFFICIAL PUBLICATIONS

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

Department of Overseas Trade. Economic Conditions in Denmark, May, 1935. 2s. 6d. net. *Economic Conditions in Newfoundland, March, 1935.* 2s. net.

Canned and Dried Fruit Supplies in 1934: Supplement to Canned and Dried Fruit Notes. Prepared in the Intelligence Branch of the Imperial Economic Committee. July, 1935. 1s. 6d. net.

Report by the Council for Art and Industry: Education for the Consumer—Art in Elementary and Secondary School Education. 1s. net.

Customs Tariffs of the Colonial Empire: Part II.—Eastern, Mediterranean and Pacific. Amending Leaflet No. 2. 3d. net; *Part III. West Indies. Amending Leaflet No. 2.* 3d. net.

Colonial Reports: No. 1709. British Solomon Islands Protectorate, 1934. 1s. net. *No. 1710. Nigeria, 1934.* 3s. 6d. net.

Finance Accounts of the United Kingdom for the Financial Year ended March 31, 1936. 1s. 6d. net.

Treaty Series No. 33 (1935) Agreement between the Government of the United Kingdom and the Polish Government in regard to Trade and Commerce. Cmd. 4984. 1s. 3d. net.

Report by His Majesty's Government in the United Kingdom of Great Britain and Northern Ireland to the Council of the League of Nations. Colonial No. 107. Togoland under British Mandate, 1934. 2s. 6d. net; *Colonial No. 108. Cameroons under British Mandate, 1934.* 2s. 6d. net.

* "Randlords." By Paul H. Emden. Hodder and Stoughton. 368 pages. 15s.

MONEY AND BANKING

BRITAIN'S OVERSEAS INVESTMENTS

SOME years ago the *Economist* conducted an investigation into British overseas investments, the results of which were published in a series of articles in 1930. About the same time Sir Robert Kindersley began his investigations into the same subject, which were originally confined to bonds but were later extended to cover all marketable securities. In the September issue of the *Economic Journal* Sir Robert Kindersley has revised his detailed analysis of British investments abroad up to the year 1933, with provisional estimates for 1934. For purposes of convenience, Sir Robert classifies securities into (a) Empire and foreign Government and municipal loans, (b) bonds and shares of registered British companies operating entirely or mainly abroad, and (c) bonds and shares of Dominion, Colonial and foreign companies registered and operating abroad, but quoted on the stock exchanges of the United Kingdom. In addition, a rough estimate has been made of foreign securities held in the United Kingdom, but not dealt in regularly in British markets; other private investments abroad such as property and mortgages; and the overseas assets of British companies whose main activities are in the United Kingdom.

Despite an increase in repayments of capital from £39.7 millions in 1932 to £49.4 millions in 1933, the nominal value of British capital invested in Empire and foreign government and municipal loans rose from £1,432 millions in 1932 to £1,480 millions in 1933. The increase in the nominal value of these investments is in part due to certain new foreign loans in 1933 issued for the funding of unpaid interest and frozen balances. An example is the Argentine Government 4 per cent. loan for £13½ millions, issued in exchange for balances awaiting remittance to the United Kingdom in accordance with the Anglo-Argentine Trade Convention of May, 1933. New cash subscribed to foreign loans in 1933 amounted to only £5 millions, as compared with repayments from abroad of nearly £11 millions. On the other hand, the new issue market for Dominion loans was active in 1933, for Empire countries took advantage of the improvement in their financial status. Indeed, new issues for Dominion loans in 1933 totalled £116 millions, of which £79 millions was subscribed in cash, the balance representing conversions.

An interesting feature is the persistent decline in the proportion of our total investments in Government and municipal loans which is invested in foreign countries. Thus, the nominal value of Empire loans rose from £1,036 millions at the end of 1928 to £1,109 millions at the end of 1932 and £1,147 millions at the end of 1933; but the amount invested in foreign loans declined from £364 millions at the end of 1928 to £333 millions at the end of 1933. As a result the proportion of foreign loans to total Government and municipal loans declined from 26 per cent. at the end of 1928 to 22.5 per cent. at the end of 1933. It is perhaps no coincidence that the pronounced preference for Empire investments has been accompanied in recent years by a similar reorientation in Britain's overseas trade, the trade with the sterling area having increased noticeably at the expense of trade with other foreign countries. As a result of an increase in trade within the sterling area, reinforced by the revival of activity in gold production, remittances between the constituent countries in that area have been facilitated, and scope for investment in these countries increased.

Preliminary information for 1934 indicates that income from foreign bonds was maintained in that year. Moreover, the interest on new Empire and Colonial loans has probably offset a reduction in interest rates on old loans, due to conversions.

The nominal value of British investments in bonds and shares of registered British companies operating entirely or mainly abroad rose from £1,205 millions at the end of 1932 to £1,211 millions at the end of 1933. There was a

slight reduction in loan capital from £389 millions to £387 millions; but the amount invested in share capital rose from £816 millions in 1932 to £823½ millions in 1933. The reduction in the nominal value of loan capital is largely due to an increase in repayments from abroad, from £4.8 millions in 1932 to £7.8 millions in 1933. Similarly, the decline in the total income from these investments from £42.5 millions in 1932 to £41.9 millions in 1933 is largely due to a reduction of approximately £1 million in interest on loan capital.

Dividends distributed by British companies operating abroad rose from £29.4 millions in 1933 to £33.2 millions in 1934, and the average return on capital invested increased from 3.6 per cent. to 4.0 per cent. during this period. The improvement was due partly to an increase in the demand for raw materials and partly to the rise in the prices of tin, tea and rubber engineered under restriction schemes.

The results of Sir Robert Kindersley's examination of British holdings in Dominion, colonial and foreign companies are less reassuring. The nominal value of British investments in these securities declined from £719 millions in 1932 to £695 millions in 1933. Both dividend and interest income fell in 1933, but in the following year there was a sharp improvement, the dividends paid, at £23.5 millions, exceeding those of any year since 1930. The increase of £3 millions in the dividends paid between 1933 and 1934 was due to general improvement in the sterling area as well as to a further depreciation in the gold value of sterling, which was responsible for another advance in the average price of gold from 124s. 9d. per ounce in 1933 to 137s. 8d. per ounce in 1934. The dividends received by British investors from their holdings in gold-mining shares alone are estimated to have increased by £1½ millions between 1933 and 1934.

We can now summarise the changes in British overseas investments as a whole in recent years. After declining from £3,410 millions at the end of 1931 to £3,355 millions at the end of 1932, the nominal amount of British overseas investments in quoted securities rose to £3,386 millions at the end of 1933. Repayments of loan capital had risen from £26.8 millions in 1931 to £48.0 millions in 1932 and £66.8 millions in 1933. Sir Robert Kindersley's estimate of the nominal amount of other British investments abroad is £285 millions at the end of 1932 and £280 millions at the end of 1933. On this evidence, the total British capital involved in all forms of overseas investment increased from £3,640 millions at the end of 1932 to £3,666 millions at the end of 1933. Although the absolute change in the nominal amount is of little importance, the reversal in 1933 of the downward trend which had been noticeable since 1930 is significant. Changes in the annual income from British overseas investments since 1929, as estimated by Sir Robert Kindersley, are shown below:—

BRITAIN'S OVERSEAS INVESTMENT INCOME, 1929-34
(In millions of £'s)

	1929	1930	1931	1932	1933	1934*
Dominion, Colonial and Foreign Government and Municipalities	64.7	64.7	65.9	62.4	61.1	61.0
British Companies (registered in the U.K.)	86.0	76.5	48.8	42.5	41.9	45.7
Foreign and Colonial Companies (registered abroad)	61.7	51.0	40.8	39.2	35.3	39.3
Other Investments (not covered by above)†	18.5	16.8	13.2	12.3	11.4	12.1
Total	230.9	209.0	168.7	156.4	149.7	158.3

* The figures for 1934 are provisional.
† The average rate of income derived from these investments is assumed to be the same as that obtained from negotiable securities.

Caution should be used in quoting the absolute amounts of these figures. To begin with, the *Economist's* investigations suggested that Sir Robert Kindersley's earlier

figures were too low. Furthermore, the totals include dividends and interest distributed only. They do not cover other homeward remittances, such as reserve appropriations, which have to be allowed for in the balance of international payments. But the variations in Sir Robert Kindersley's totals have nevertheless a direct bearing on the balance-of-payments situation.

The estimated increase in our overseas investment income from £149.7 millions in 1933 to £158.3 millions in 1934, does not fully reflect the improvement in our foreign assets. During the years of the depression, large sums were drawn from reserve to meet dividend payments and other commitments, while the usual allocations to provide for depreciation and obsolescence were well below normal. The increase in earnings in 1934 provided British companies with an opportunity to improve their financial position, with the result that the proportion of profits placed to reserve during that year rose sharply.

Prospects of further improvement are fairly encouraging. Income from Government and municipal bonds is unlikely to suffer from serious loss through further default, while, on the other hand, there is hope for an improvement in income as a result of negotiations for at least partial resumption of service. Moreover, the expansion of trade within the sterling area, and the probability of a continued high price for gold and for higher raw material prices may lead to an increase in the earnings of a large number of British companies operating abroad. But there is little hope that the increase from British overseas investments will again reach the level of 1926 and 1927, when it amounted to £300 millions per annum; for even with a large increase in international trade a return to the pre-slump level of prices for raw materials is out of the question.

FINANCIAL NOTES

The Money Market.—Lombard Street was very dull this week. The market, having frightened "stags" of Treasury bills last week by dropping the tender rate by 1s. 9d. per cent. to 10s. 7.02d. per cent., held on to its bills and declined to sell. The banks could have taken more bills, though they avoided the "hot" Treasuries; and one bank on Thursday started buying early December maturities. Money rates have been even easier. Small amounts have been lent at under ½ per cent. The latest rates are as follows:—

	Aug. 29, 1935	Sept. 5, 1935	Sept. 12, 1935	Sept. 19, 1935
Bank rate.....	2	2	2	2
Clearing banks' deposit rate ..	1	1	1	1
Short Loan rate:—				
Clearing banks.....	1-1	1-1	1-1	1-1
Others.....	1	1-1	1-1	1
Discount rates:—				
Treasury bills	11	1	1	1-11
Three months' bank bills	11-1	11-1	11-1	11-1

There has been very little "outside" borrowing from the market, which is an indication of the prevalent desire for liquidity. There is consequently little ground for expecting a rise in the tender rate this week, when another £45 millions of Treasury bills are on offer, despite their popular end-December maturity.

The Foreign Exchanges.—The guilder was under heavy pressure early in the week. By Friday it already stood below the gold export point against the French franc. On Monday and Tuesday there was some recovery due to the raising of the Bank rate from 5 per cent. to 6 per cent., though by that time much gold had been lost. The recovery was continued on Wednesday, and the guilder still stood well above the gold export point on Thursday afternoon. The other gold currencies did not reflect the weakness of the guilder early in the week. There was a tendency throughout the week, however, for the dollar to continue its

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recent rise. The dollar-sterling rate moved from 4.95 on Saturday to 4.92½ on Thursday. On Tuesday and Wednesday sterling weakened slightly against the gold currencies also, and the Paris rate moved below 75. The official rate for lire remained around 60½, but forward discounts increased further in a nominal market. Far Eastern and South American currencies have shown little movement on balance.

New York Money and Banking.—Brokers' loans by Member banks of the New York Federal Reserve for their own account increased by \$51 millions last week to \$903 millions. There was a slight drop in loans "to others," leaving total loans higher by \$37 millions at \$1,621 millions. Bank clearings of the leading 47 cities in the United States in the week ended September 17th were \$4,686.8 millions, an increase of 7.3 per cent. over the corresponding week last year. The gold flow into the United States continues unabated. It is coming from Canada, France, Holland, England, India and even China. In the last seven days gold to a total of over \$25 millions has been engaged for shipment to America; and over \$13 millions had been actually imported. Within the last fortnight \$759 millions out of the \$1,250 millions of the called Fourth Liberty bonds have been converted. As a result, \$331 millions have been converted into bonds and \$428 millions into notes. The conversion is lagging somewhat. Short-term money rates continue at low levels.

The Bank Return.—A further return of notes in circulation after the holiday season is recorded in this week's bank return; the figure is now once more at the June level. The reserve was correspondingly increased by £2.2 millions, and the proportion has risen to 38.1 per cent., as compared with 48.1 per cent. a year ago.

BANK OF ENGLAND

	Sept. 19, 1934	Aug. 28, 1935	Sept. 4, 1935	Sept. 11, 1935	Sept. 18, 1935
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	191.8	193.4	193.4	193.4	193.5
Note circulation	376.4	399.6	401.6	400.3	398.1
Banking Department:—					
Reserve	76.1	54.5	52.5	54.0	56.2
Public deposits.....	20.4	9.4	5.9	16.0	17.5
Bankers' deposits	99.8	96.9	100.1	91.0	92.0
Other deposits	37.5	36.5	38.6	37.8	37.6
Government securities.....	81.7	81.3	83.4	84.5	83.2
Discounts and advances..	6.1	12.9	14.1	12.4	11.9
Other securities	12.2	12.3	12.8	12.2	14.2
Proportion	48.1%	38.1%	36.3%	37.2%	38.1%

No substantial changes have occurred in the Banking Department.

THE STOCK EXCHANGE

WALL STREET HOROSCOPE

Six months ago, the American stock markets, after nearly two years of "gliding," started an upward movement more purposive, to outward appearance, than any since the short-lived semi-boom which followed President Roosevelt's assumption of office. Anxious watchers in Wall Street, last July, saw the share index clear all previous "highs" of the Roosevelt period. Its subsequent progress has suggested reserves of power and energy possessed by few of its short-lived predecessors since 1929-30. Despite breath- and profit-taking setbacks, like that which occurred at the beginning of this week, average share values have already risen by 35 to 40 per cent. from the lowest point of this year. Commentators, hitherto conservative to the point of cynicism, have been accomplices in a whispering campaign to propagate the view that in a year's time quotations may have shown a net hundred per cent. rise. Is the much-propheesied "Big Recovery" at hand?

Certainly, the economic background is favourable in many respects to market activity. By the beginning of 1935 the effects of currency devaluation (which left the dollar under- rather than over-valued internationally), had had time and space to work and spread. The influence of the "Brain Trust"—particularly its gold manipulatory section—over Presidential policy had tended, like the proverbial old soldier, not so much to die as to fade away. The Administration, it is true, remained divided in allegiance between Reform and Recovery. During the course of the spring and summer, however, it became evident that American business was regaining sufficient confidence in its own vitality to withstand both the discovery that much of the New Deal was unconstitutional, and the President's determination that Congress should not adjourn without passing new "reformist" measures whose constitutionality, in some instances, appeared equally questionable. Contemporary Stock Exchange revival in America, in fact, has been built largely on the same four pillars as its counterpart in Great Britain—devaluation, domestic business revival, returning confidence, and cheap money.

Current American market analyses are concerned largely with the differing prospects of individual groups of stocks. To authorities further removed from the centre of affairs, however, at least equal importance appears to attach to the tendency, over the last six years, for the prices of many groups to move, at critical periods, more or less in unison. We may check this impression by close examination of the following table, for which we are indebted to the courtesy of the Standard Statistics Company of New York. It summarises the market history of numerous share groups since 1929:—

STOCK PRICES
(Standard Statistics Indices: 1926=100)

Group (and No. of Securities)	1929, Highest	1929-35, Lowest	1934, Highest	1935		
				Lowest	Beginning of August	Latest
Automobiles (13).....	294.4	23.8	121.0	75.7	118.1	130.3
Building equipment (12).....	174.8	16.8	72.8	56.4	84.1	88.9
Machinery (10).....	193.9	26.2	91.9	91.9	119.4	125.9
Mining & smelting (10).....	347.2	28.6	152.2	111.0	143.5	156.5
Retail trade (26).....	206.9	28.8	81.3	66.8	84.5	86.8
Steel and iron (11).....	255.0	20.1	70.5	37.8	58.5	66.3
Textiles (28).....	144.3	19.5	66.4	42.2	49.7	52.6
All industries (357).....	218.9	31.9	90.5	74.5	94.2	98.7
Railroads (38).....	173.5	13.0	51.4	27.4	34.6	37.6
Utilities (37).....	330.4	52.2	83.4	52.2	78.9	81.9
All stocks (421).....	228.1	32.3	82.1	63.1	82.0	85.9

The initial impression of widespread disparity owes much to the choice of a year so far back as 1926 as a base for the indices, and to the fact that the high prices of 1929 (which many Americans, consciously or unconsciously, still regard as a measuring rod), had the irrationally wide "spread" typical of the most violently speculative boom ever known.

In fact, during the subsequent depression, every group shown in the table reached its low point in the same month—June, 1932—with the sole exception of utility shares, which, after being singled out as special objects of Rooseveltian reforming zeal, were at their nadir in March this year. The remaining groups, for the most part, attained their "highs" of 1934 in February of that year, and their "lows" of 1935 in March last. Railroad stocks, admittedly, have lost most and regained least. Utilities, whose prestige has been impaired, temporarily at least, by matters outside their control, have also lagged in recovery. Both these groups may be less responsive than industrial shares generally to revivalist influences, though neither is likely to be wholly neglected by investors who can discriminate between good, bad and indifferent companies in any industrial or legislative context. Industrials, however, have been the spearhead of the rise in British equity values, and appear to be cast for the same rôle in America. There they suffered a common fate in the depths of depression, when prices in practically every group fell to something between one-third and one-fifth of the 1926 base level. In the initial stages of recovery, with one or two significant exceptions, they tended on the whole to move in unison. It is only in comparatively recent months that "selectivity" has been conspicuously in evidence, and the spread of quotations has tended to broaden. Selectivity, however, is normally associated less with primary than with secondary stages of revival, when the true outlines of economic affairs can be distinguished with progressively increasing clarity. Along what channels is the tide of recovery flowing? The annexed tables may suggest an answer:—

PERCENTAGE CHANGE, COMPARED WITH 1934

	1935			
	Jan.-Mar.	April-June	July	August
Automobile production.....	+ 47.1	+ 21.4	+ 27.5†	+ 27.3†
Steel output.....	+ 23.3	+ 20.1	+ 46.6	+ 46.6
Freight car loadings.....	+ 0.5	+ 2.0	+ 3.7	+ 0.1†
Electric power.....	+ 6.4	+ 3.7	+ 7.8	+ 10.4†
Machine tool orders.....	+ 18.4	+ 80.0	+ 245.2	...
Value of building contracts‡.....	+ 35.5	+ 1.6	+ 33.0	+ 41.1
Bank debits*.....	+ 12.0	+ 9.7	+ 19.5	+ 13.5
Factory payrolls.....	+ 13.7	+ 3.3	+ 8.1	...
Farm incomes.....	+ 6.5	+ 19.7	+ 4.5	...
Cost of living (all items).....	+ 5.1	+ 5.5	+ 4.5	...
Wholesale prices.....	+ 8.4	+ 8.3	+ 6.1	+ 6.1†
Life insurance (No. of policies).....	+ 0.3	+ 5.8	+ 11.5	...
Newspaper advertising (No. of lines).....	+ 6.2	+ 2.4	+ 5.1	...

* Excluding New York City. † Provisional estimate. ‡ In 37 States.
§ These figures include "Benefit Payments." If the latter are excluded, the increases for the first quarters of this year are 0.9 and 13.7 per cent., respectively.
(a) Percentage increase in pig iron production over corresponding month in 1934: July, 24.1 per cent.; August, 67 per cent.

The table deals with the latest phase of America's recovery. The four sets of data to which pride of place has been given—automobile production, steel output, freight car loadings, and electric power—are pre-eminent among the "pointers" on whose contemporary behaviour market operators are accustomed to base week-to-week judgments. The automobile figures are encouraging, if due allowance be made for the fact that, in the second quarter of 1934, their rise tended to out-distance that of any other economic indicator. This year's movements in the index of freight car loadings have been disappointing. The same phenomenon has been common to the goods traffic figures of the British railways. There is more than a suspicion that road transport competition is affecting the reliability of this index in most countries. The electric power figures suggest that the revival in national activity as a whole has gained breadth and pace in the last few weeks. The steel output figures are, perhaps, the most significant of all, particularly when related to the index of building contracts and, still more, that of orders for

INVESTMENT NOTES

Janus in the Markets.—Investors, who of all men have a vested interest in peace, have been anxiously watching outside the Temple of Janus this week. Will twentieth-century Rome decide, in the face of a world opinion with which Numa had not to reckon, that the gates must be opened? The eventful meeting between Signor Mussolini and his Cabinet has been postponed, as we write, to the end of this week, but responsible international commercial and financial interests, while hoping for the best, are taking precautions against a different outcome. On Monday last a meeting of Lloyd's underwriters decided to cancel the "war risk" clause at present included in all open contracts. On the expiration of the necessary ten days' notice to merchants, separate "war" contracts will be made at special rates, subject to 48 hours' notice. In the commodity markets, also, a disposition is evident to discount the consequences of a possible breach of the peace. With the movement of prices of important materials like wheat, cotton, copper, etc., we deal in a Note of the Week on page 556. Investors, rightly, are showing little disposition as yet to search for gains in these troubled waters, since it is clear that speculative anticipation rather than firm current demand will play a leading part in any further sharp upward movement, and that quotations may be subject to incalculable fluctuation as the kaleidoscope of world prospects changes. The London Stock Exchange, meanwhile, continues to pursue a waiting policy. The volume of business has contracted further. Though large-scale liquidation is as little in evidence as ever, prices have again receded, despite the inclination of dealers, in the gilt-edged market and elsewhere, to raise quotations fractionally on every piece of news which, by any stretch of imagination, can be regarded as hopeful. The market's policy, in short, is to "even its book" at the end of each day and leave the rest to providence.

* * *

Italy and London.—The week's financial developments in Italy have been followed with detached and critical interest in London. The terms of Signor Mussolini's offer of "Rendita" 5 per cent. bonds, at 95 per cent. (with facilities for holders of 3½ per cent. State bonds to convert to the extent of 80 lire per 100 lire nominal of their present holdings), have been interpreted as evidence of the Duce's determination to render subscription as attractive as possible. Five per cent. is a rate of interest with many historical "war" associations. In every country, Governments have recognised means of bringing pressure on various financial institutions to secure a large response to "defence" issues, and there is little doubt but that history will repeat itself, by way of a heavy subscription, in the present instance. The market is much more concerned with the possible extent of the Italian authorities' holdings of British securities, as a result of their requisition of foreign bonds from their nationals. Part of this week's conspicuous weakness in Paris has been due to the belief that Italian Treasury holdings of French rentes and other bonds are significantly large. Though British holdings may be less considerable, the market would be reassured if authentic information were forthcoming as to their amount. The course of the foreign exchange market suggests that the "pull" of America, to which we refer in a leading article on this page, is becoming increasingly evident, though the movement of capital is not, as yet, on a very serious scale. In the London new issue market, despite the appearance of a Treasury-guaranteed "conversion" prospectus, large-scale trustee borrowing has not been resumed, and it is unlikely that the authorities will take any risk while the international outlook remains obscure. Broadly, it is believed that, if a peaceful solution is secured at the twelfth hour, on any terms, a strong upward movement in prices will follow immediately, in all markets from gilt-edged to gold mining shares. If "economic sanctions" are found necessary, a further seepage of values is looked for, without any catastrophic break in the markets. Any threat of a spread of warlike measures outside the African field, however, would undoubtedly have more serious consequences.

machine tools. In Great Britain recovery has been built on increased production in the "capital" industries, particularly steel and housing. In America this development, which implies a certain harmony between industry and its environment, has come much later. Its emergence at this particular moment, however, lends special significance to the President's announcement of a truce to new "reformist" legislation.

There are many factors, however, which may apply an effective brake to any dramatic market movement. Though the index of bank debits, in the table above, shows evidence of better use of the nation's ample credit facilities, the implications of the indices bearing on popular purchasing power are less certain. Factory pay-rolls are still slowly expanding, but both wholesale prices and the cost of living continue to rise. On the other hand, the farmers are definitely better off this year, and in recent months their increased income has not been due entirely to "benefit payments." Is the nation spending more? The evidence is inconclusive. Department stores sales have certainly been running higher this summer than last, but the trend of sales by mail order houses and by "ten cent" companies like F. W. Woolworth is less certain. Subsidiary indices like the number of new insurance policies taken out and the acreage of advertising space in the leading newspapers, suggest that the latest phase of "recovery at the base" has still to permeate through much of the national economic structure.

Cautious Wall Street "bulls," however, maintain that such permeation is only a matter of time, and that it is the business of stock markets to discount reasonable probabilities. If they are right, prices will scarcely go much higher without inviting serious investment attention on this side of the Atlantic. At the moment, the London market (as we showed in a leading article a fortnight ago), has been reduced to a state of nervous indecision by the unexpected emergence of a "war risk," at a time when industrial recovery is still in full swing but the rise in gilt-edged securities is showing perceptible signs of having spent its main force. The fear of exchange losses through further reduction of the dollar's gold content is no longer a bogey for British investors. The danger of an epoch of uncontrollable "inflation," though not exorcised, has been relegated by Wall Street—perhaps somewhat optimistically—to the indefinite future.

America's "pull" for European investors, however, may be mitigated by numerous factors. In the first place, the present share market recovery is certainly not starting from scratch. The index for all equity stocks stands at little more than a third of the fantastic level reached in 1929. It is, nevertheless, nearly three times as high as at the bottom of the slump. Earnings yields are low, or, as regards the common stocks of numerous companies, non-existent. Allowing for the fact that industry has already taken the main impact of increased costs under the New Deal, which will henceforth be recurrent but not progressive, it would still appear that present prices are discounting the effect of increased activity on profits in 1935 and, probably, part at least of 1936. The market does not look for sensational repercussions from the Government's unemployment relief programme, though its financing may be a disturbing agent in the bond market. The outlook for a really big bull movement in Wall Street appears to be dependent on the re-attraction of a clientele which burned its fingers badly in 1929, and has shown only incipient and sporadic interest in subsequent rallies. Recent legislation, designed to curb the manipulative aspects of security speculation, may handicap but will not exclude such a clientele, if its imagination is again fired by the hope of vast capital gains.

That time, however, is not yet. The market, for all its cheerfulness, is still critical, discriminating, and at least one part professional. The omens, in short, favour a further rise, particularly in the shares of companies in the "heavy" and constructional industries. The movement, however, lacks one essential constituent of the classical boom. Its inspiration is drawn from hopeful estimation of "orthodox" tendencies in national revival. Miracles are at a discount. The Wall Street rise has still a fair way to go before the market loses contact with solid earth.

More Capital Schemes.—The unsettled international situation has not halted the process of company capital reorganisation, which has been steadily progressing for months past. Three announcements, made in the last few days, have a bearing on this matter. Shareholders in the *Associated Automatic Machine Corporation*, a former Hatry company, agreed to the writing-off of over £1,000,000 of dead assets from the company's capital last June. The scheme now awaits the sanction of the Court. At a meeting on Wednesday the chairman was able to declare that the subsidiary company, *British Automatic* (of whose capital *Associated Automatic* holds 98 per cent.), hoped to distribute a dividend next year. The old-established tank steamer-owning and broking business of *John I. Jacobs* has notified its shareholders of a proposal to write down its issued and ordinary capital by £160,000, reducing the nominal value of each share from 20s. to 12s. This reduction will largely wipe out the deficiency of £170,000 which has been revealed by a recent valuation of assets. The 7 per cent. cumulative preference shareholders are unaffected by the scheme, and as the reduction in the nominal value of the ordinary shares leaves their equity entirely unimpaired, no opposition is expected. Finally, the textile fabric manufacturing business of *William Hollins and Company*, established at Mansfield as far back as 1784, proposes to repay 75 per cent. of its £360,000 of 5 per cent. cumulative preference capital by making holders a cash return of 15s. per £1 share. The company, at the end of last year, had municipal short-term investments and cash totalling nearly £305,000, and this aggregate has subsequently been increased by a further £100,000. In the five years to 1929 the company's annual profits averaged nearly £138,000, but since the depression began they have on three occasions failed fully to cover the £18,000 required for preference dividends, though the latter have been regularly paid. The company has a large interest in the export trade, and the directors believe that, under present conditions, there is little prospect of their being able to employ surplus assets profitably, either for investment or business expansion. The scheme will benefit both the company and its shareholders. It will relieve the former of three-fourths of a 5 per cent. obligation through the sale of cash and securities returning a present income of well under 3, and possibly under 2, per cent. The preference shareholders will be repaid at the equivalent of par in respect of 75 per cent. of a total holding valued on the Stock Exchange at 16s. 9d. per £1 share, i.e. at a discount of 16 per cent. The operation, however, can hardly be taken as a precedent by any of the numerous companies whose preference shares carry dividends, say, of 7 per cent. or more, and command a substantial market premium.

Oil in California.—The lack of improvement in the oil situation in America is a matter of disappointment to investors and producers alike. The trouble has its origin in California, where, on the breakdown of the cartel following on the Schechter decision of the Supreme Court, production from independent sources increased rapidly and price-cutting developed in the gasoline market. At the moment California is producing about 100,000 barrels a day above the "allowable," but now academic, figure fixed by the restricting authorities. The Oil Bill, rushed through Congress before its adjournment, did nothing to relieve the situation. Its official approval of the so-called Inter-State Oil Compact merely allowed the oil-producing States to agree to co-operate in measures of restriction if they were willing to do so. California, so far, has not been willing. In an attempt to put a stop to independent price-cutting the Standard Oil Company of California cut the price of crude oil on August 29th from \$1 to 50 cents per barrel and followed this cut on September 5th by reducing gasoline prices by 2 cents per gallon throughout the territory where prices had remained normal. Attempts are now being made to bring the independent oil producers in California into line, and at a conference this week of over 400 independent producers 85 per cent. on a barrelage basis agreed to sign a curtailment agreement. Until the erring

15 per cent. have also, however, come into line, restriction in California is not likely to be effective. The following table gives the latest outputs of the principal oil-producing States as compared with the "allowables":—

	CRUDE OIL PRODUCTION—Barrels daily	
	Present Week	Above or below September Allowable
Oklahoma	449,550	— 56,450
Texas (estimated).....	1,027,000	— 32,900
California	613,500	+ 113,800
Total U.S.	2,660,100	+ 47,100

Negotiations are still proceeding with a view to obtaining the consent of the independent producers of California to restrict output to a daily level of 531,000 barrels. Whether these succeed or not, the reassuring fact is that consumption of oil products is still increasing.

Actuaries' Investment Index.—Markets have quickly lost the slight signs of confidence which were evident early last week. The downward movement, which has affected all sections of the market, has brought prices to the levels prevailing before the vigorous upswing during the summer. On Tuesday this week the general level of 158 industrial shares, according to the Actuaries' Index, was 75.4, compared with 76.5 last week and 78.5 a month ago (December 31, 1928 = 100). The corresponding yield figures are 3.89, 3.83 and 3.82 per cent. respectively. A selection of group indices illustrates the general nature of the fall:—

Group (and No. of Securities)	Prices (Dec. 31, 1928=100)			Yields (%)		
	Month Ago (Aug. 20)	Last Week (Sept. 10)	This Week (Sept. 17)	Month Ago (Aug. 20)	Last Week (Sept. 10)	This Week (Sept. 17)
Insurance (24)	122.0	118.9	117.8	3.44	3.53	3.57
Coal (6)	92.4	88.2	86.7	3.99	4.26	4.35
Electric light and power (16)	133.8	131.4	128.5	3.75	3.87	3.96
Oil (5)	68.1	65.6	64.0	4.61	3.47	3.55
Home rails (4)	65.3	62.7	60.9	1.59	1.61	1.63
Stores and catering (15)	82.8	80.2	78.4	4.07	3.90	3.99
Breweries and distilleries (19)	132.3	130.9	128.7	4.17	4.22	4.29

Although contemporary market uncertainty has a major common factor in the development of the Italo-Abyssinian dispute, other influences are also operative in certain sections of the market. Home rails, for example, reflect a series of indifferent coal and merchandise traffics in recent weeks and a certain dwindling of interest in rating appeal possibilities. A recurrence of price-cutting has depressed oil shares, and there are early signs of disagreeable labour developments in the coal industry.

COMPANY NOTES

Companies "In the Household."—In earlier notes it has been suggested that trades producing articles of durable household consumption may expect a substantial revival in profits as economic recovery becomes general. The recent profits of the various groups have tended to confirm this view. Replacements of household furniture, furnishings and apparatus can be deferred in times of depression, but accumulate to form a powerful latent demand, which is released as recovery restores purchasing power. It happens that the present recovery movement has added the factor of a boom in house construction to stimulate "original" as well as "replacement" demand. In some sections of the household equipment group, the prosperity of revival contrasts particularly sharply with the difficulties of the depression period which has seen a very sudden curtailment of purchasing. In the furniture trade this is particularly noticeable, and is emphasised by the credit risk on hire-purchase accounts. Though the proportion of bad debts incurred on hire-purchase contracts was much lower than critics of the system had feared, a relatively small propor-

tion of bad debts can have serious effects in a trade where the outstanding accounts due on hire-purchase contracts are commonly twenty times the normal net profit. Another characteristic of household equipment trades is their liability to serious price cutting when depression opens. Partly because the production of many classes of household equipment has only relatively recently been organised on a large scale, and partly because constant improvement in manufacturing costs is becoming a normal factor in modern industry, the manufacturers are able during prosperous years to increase their profit margin by cost reduction. There is thus room for price-cutting as soon as demand flags. Furniture, linoleum, wallpaper and electrical apparatus provided examples of this tendency during the last depression. In revival, trade agreements tend to emerge

(Profits in £'000)							
	1929	1930	1931	1932	1933	1934	1935
Castings							
Allied Ironfounders (March 31):							
Earned for ord....	...	4.2	33.2	43.5	Dr 4.1	113.3	120.3
Earned %	...	0.5	4.3	5.9	Nil	14.8	12.5
Div. %	...	Nil	Nil	Nil	Nil	7½	12½
Apparatus							
Brit. Vacuum Cleaner (Sept. 30):							
Earned for div....	6.6	1.3	9.3	6.4	11.8	29.8	...
Earned %	27.9	5.5	37.7	24.7	47.3	119.8	...
Div. %	Nil	Nil	12½	12½	16½	39½	...
Marco Refrigerators (Sept. 30):							
Earned for div....	...	Dr 9.5*	Dr 5.9	0.8	6.1	2.0	...
Earned %	...	Nil	Nil	1.1	7.7	2.5	...
Div. %	...	Nil	Nil	Nil	Nil	Nil	...
Parkinson & Cowan (Dec. 31):							
Earned for pref.	88.3	88.1	25.3	1.1	38.7*	14.9	10.9
Earned % for ord.	14.4	13.1	Nil	Nil	Nil	Nil	Nil
Ord. div. %	10	10	2½	Nil	Nil	Nil	Nil
Radiation (Dec. 31):							
Earned for ord....	243.8	244.7	244.8	239.8	251.0	274.8	...
Earned %	13.4	13.9	14.1	14.1	14.8	15.7	...
Div. %	12½	12½	12½	12½	12½	15	...
Linoleum							
Barry and Staines (Jan. 31):							
Earned for ord.	220.0†	81.5†	126.4†	52.6†	95.0†	169.4†	...
Earned %	26.1§	6.0	9.6	4.0	7.2	12.5	...
Div. %	22§	7½	10	5	6	10	...
Nairn & Greenwich (Dec. 31):							
Earned for div.	231.1	215.5	207.8	213.5	191.9	230.3	...
Earned %	13.1	12.6	12.5	12.5	11.6	13.5	...
Div. %	12½	12½	12½	12½	12½	12½	...
Wallpaper							
Wall Paper Mfrs. (Aug. 31):							
Earned for div....	443.6	365.2	286.8	291.2	328.2	390.2	...
Earned %	24.0	19.2	15.8	16.1	17.9	19.3	...
Div. %	15	15	10	10	11½	12½	...
Furniture							
British and Colonial (June 30):							
Earned for ord.	36.1	60.7	80.1	45.2	56.8	63.0	...
Earned %	...	65.4	93.6	48.1	65.5	75.9	...
Div. %	...	20	10	20	10	Nil	...
Drages (Dec. 31):							
Earned for ord.	72.0	55.9	0.4	Dr 79.4	Dr 36.5	Dr 39.2	...
Earned %	96.0	55.9§	0.5	Nil	Nil	Nil	...
Div. %	62½	25½	Nil	Nil	Nil	Nil	...
Smart Bros. (Dec. 31):							
Earned for ord.	132.9	85.2	32.3	Dr 8.6	71.4	133.4	...
Earned %	33.2	20.9	8.2	Nil	18.1	32.8	...
Div. %	15	12½	5	Nil	10	10	...

* Broken period equated to 12 months. † Varying periods equated to 12 months and related to year in which greater part of the period fell. § Tax free.

(cf. the linoleum and wallpaper industries) to restore the price level. It thus appears that household equipment trades as a whole are subject to somewhat wide fluctuations in earning power which limit their appeal to the general investor, but enhance their attractions for the skilled operator. The figures shown in the annexed table, for representative companies, suggest that fluctuations are cyclical and tend to affect the trades as a whole, thus differing from the fluctuations common in the motor, aeroplane and radio industries, in which the fortunes of individual companies differ widely according to the success of their current models. As an exception, large holding concerns such as *Radiation* (gas fires) or *Michael Nairn and Greenwich* (linoleum) may be able to flatten out the fluctuations by a profits or dividend stabilisation policy.

A "Deal" in Coast Lines?—For some time past unofficial but persistent reports have referred to the possibility of a "deal" in the 2,000,000 £1 ordinary shares of Coast Lines. At present, the majority of these shares are held by or on behalf of the following:—

Lord St. Davids } R.M. Realisation Company.....	893,000
Prudential Ass'ce. }	
H. and W. Nelson	130,000
McGregor, Gow and Holland } R.M. Realisation	74,000
David McIver and Co.*	25,000
Sir W. McLintock (Lampont and Holt Debenture Trustees)	276,000
James Moss and Co. (a Lampont and Holt subsidiary)*.....	90,000
Duke of Abercorn } E.D. Realisation	230,000
Sir Samuel Scott.....	
Union Castle	275,000
	£1,993,000

* In liquidation.

A "deal" on the lines suggested would obviously give effect in part to the purposes for which the realisation companies were formed. R.M. Realisation would be the principal interest affected, and a successful placing would raise the question of the position of the latter's 4 per cent. first debentures, which are redeemable at the company's option at 102 up to January 1, 1938. If a public offer on reasonable terms were contemplated the shares would in all probability attract good support. The coasting trade is in a comparatively sheltered position. Its earnings, though seriously reduced, were never as severely affected during the depression as those of overseas shipping. During the last three years the coasting trade has in fact regained a substantial measure of prosperity. Coast Lines itself showed small net profits even in 1932, and results have subsequently improved sharply, and have permitted the discharge in cash of accumulated arrears of preference dividend. On the basis of 1934 results—allowing for normal preference dividends—the ordinary shares appear to be on a 3½ per cent. earnings basis. It is typical of the financial structure on which the Royal Mail group was

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constructed that as a result of interlocking shareholdings the revenue of Coast Lines for 1935 will presumably reflect the discharge of the company's own preference dividend arrears. During 1935 arrears and current distributions to the tune of £645,000 have been distributed. Of this sum some £300,000 may have found its way back to Coast Lines itself through the latter's holdings in British and Irish Steam Packet, Belfast Steamship and (indirectly) City of Cork Steam Packet. Each of these concerns has a substantial interest in Coast Lines 6 per cent. preference. It may be sincerely hoped that a simplification of this structure will be effected if the ordinary shares become a public market.

Staveley Progress.—The results of this important Midland coal and iron company confirm the satisfactory impression made by the announcement of an increased dividend at the end of August. Net trading profits and dividend receipts for the year to June 30th last have advanced by £50,000 to £518,983, and since the provision for depreciation is slightly lower, the amount available for the "straight" ordinary capital has increased from £264,774 to £316,289. This amount, with a small draft on retained profits, suffices for the higher dividend and the repeated transfer of £50,000 to general reserve. Profits for the last three years are analysed below:—

	Years to June 30		
	1933	1934	1935
Profit and dividend receipts, after management expenses and taxation.....	404,820	468,973	518,983
Depreciation.....	177,485§	197,748§	196,242§
Directors' fees.....	6,667	6,451	6,452
Ordinary shares			
Earned.....	220,668	264,774	316,289
Paid.....	169,267	220,048	270,828
Earned %†.....	6.5	7.8	9.3
Paid %†.....	5	6½	8
General reserve.....	50,000	50,000	50,000
Carried forward.....	108,556	103,282	98,743

† Free of income tax. § Includes £10,000 additional depreciation of workmen's houses in each year.

These results are attributable mainly to the high level of activity in the construction trades. It is reported, for example, that the output of sand-spun iron pipes has again advanced. These products are in keen demand by contractors for drainage and other purposes. Four blast furnaces have been operated in the pig-iron section, the increase of one unit following an improved demand and a clearance of stocks. If the coal section had prospects of more than the "very slight improvement" shown last year, the already favourable outlook in the other departments would be enhanced. Reports from Sheffield indicate that important plant extensions are projected. The pipe foundries are to be extended to increase the output of small-sized pipes used in the building trades, and a reduction in costs of the order of 30s. per ton is anticipated. Handling equipment has been installed, and the widening chemical departments will be further extended by the erection of a sodium chlorate plant. The shares are a suitable medium for participation in the high level of constructional activity, but they may be less adversely affected than building shares if and when a set-back occurs. Even in 1931-32 the low level of earnings covered the 5 per cent. tax-free dividend adequately, and the financial position of the company is thoroughly sound. The £1 ordinary shares are quoted at 43s. 9d. to yield £3 13s. 2d. net and £4 14s. 4d. gross.

Gaumont British Position.—The accounts of the largest cinema concern in this country are not generous of information regarding the position of the group as a whole, as distinct from that of the holding company. The figure for "Profit, including income from investments, etc.," shows an advance from £692,214 to £720,483. Inasmuch, however, as shares and debentures in and advances to subsidiary companies amount to £10,372,068

out of total assets of £13,745,513, shareholders would welcome the supplementing of this information by a consolidated statement of group profits, assets and liabilities. *Prima facie*, the corporation has achieved a relatively small expansion of earnings in the latest year, as compared with a considerable rise a year earlier. The absence of any charge for income tax, however, may reflect a more substantial advance than the figures in themselves suggest:—

	Years to March 31		
	1933	1934	1935
Profit, including income from investments, etc.	462,612	692,214	720,483
Income tax	34,306	27,866	(a)
Depreciation	28,643	28,307	28,936
Debenture interest, sinking fund and expenses	88,687	216,871	287,407
Preference dividend.....	93,750	163,750	178,750
Ordinary and "A" Ordinary shares—			
Earned.....	217,226	255,420	225,390
Paid.....	175,000	210,000	210,000
Earned %.....	9.3	9.0	7.7
Paid %.....	7½	7	7

Reserve..... (b) (c) —
Carried forward..... 129,455 134,875 150,265
(a) No charge shown. (b) Transfers from reserve £954,545 bonus share issues, and £675,287 redemption premiums, issue expenses, and depreciation of investments. Remaining balance, £1,000,000. (c) £43,224 added to reserve, of which £40,000 from revenue. Balance reduced to £500,000 after writing off General Theatre Corporation shareholding, and sundry commissions and premiums. † And 20 per cent. capital bonus.

The increase in earnings during the last two years has been insufficient to maintain the rate of earnings on the increased ordinary capital, after meeting a higher total for prior charges. The current position is not altogether liquid. Cash holdings are as low as £6,555, while the secured bank overdraft has risen from £133,172 to £667,537. Possibly this advance may be associated with the expansion of "other debtors" than subsidiaries; from £152,591 to £587,450. The chairman at the last year's meeting declared that an issue of £500,000 debentures was impending. So far, however, only £160,000 would appear to have been placed at 3½ per cent. discount, and some measure of further "funding" may be in the board's mind. The 10s. ordinary and 5s. "A" ordinary shares, at 11s. and par respectively, yield £6 12s. and £7 5s. 6d. per cent. These figures are eloquent of the conservative attitude of investors in a somewhat speculative industry.

Eastwoods' Increased Profits.—Shareholders in Eastwoods, Limited, brick manufacturers and dealers in builders' materials, may congratulate their directors on the company's ample participation in the increased activity of the building trades. Within a couple of years, earnings on the company's £300,000 of ordinary capital have risen from 11 per cent. to nearly 28 per cent., and the latest dividend is at twice the rate paid for 1932-33. The results for the last three years are shown below:—

	Years to March 31		
	1933	1934	1935
Profit, after depreciation*	62,490	91,871	110,720†
Expenses, salaries and debt provision... ..	14,871	14,718	19,421
Directors' and auditors' fees	1,260	1,260	1,260
Taxation reserve	5,220	2,500	5,000
Preference dividend	10,500	10,500	10,500
Ordinary			
Earned	30,639	62,895	74,539
Paid	22,500	37,500	45,000
Earned %	11.1	23.4	27.8
Paid %	7½	12½	15
General reserve	10,000	22,500	22,500
Investment reserve	—	1,411	†
Total carried forward	9,289	10,773	16,811

* Including receipts from subsidiary companies. † Plus £11,194 profit on realisation of investments, transferred direct to investments reserve. ‡ See preceding footnote.

The report ascribes increased profits to further substantial expansion in trading in all departments. It may be pre-

sumed that, in addition, the company has benefited from "price stabilisation measures" in the cement industry, to which the chairman made approving reference at the last meeting. It is clear, moreover, that the company is pursuing its policy of acquiring additional works as opportunity offers. Such additions, last year, added £34,273 to the total of fixed assets, before depreciation, and the new properties would appear to have been profitable. Although "current" items in the balance sheet suggest that the company and its subsidiaries are handling a progressively increasing volume of business, the position remains thoroughly liquid. The £1 ordinary shares, for some time past, have been on a fairly high yielding basis. At the present price of 58s., cum 10 per cent. final dividend, they return £5 3s. 4d. per cent. on dividends and £9 12s. per cent. on earnings.

Anglo-Siam Corporation.—A slight improvement in Eastern conditions has brought welcome expansion of business to the general trading branches of the Anglo-Siam Corporation, but its important teak forests are unable, as yet, to make their due contribution to revenue. Trading profits show a rise from £3,917 to £19,054. This result is not unsatisfactory in existing conditions, but until teak prices can be raised above the present low level there can be little prospect of a return to the highly successful experience of the Corporation between 1925 and 1929. Forest operations have again been restricted, but the saw-mill has been operating since October last year to meet the moderate increase in sales, albeit at unremunerative prices. Dividend and interest receipts are also rather higher at £21,941, and the total profit, after crediting non-revenue items in respect of investment profits, tax recovery and reserves written back, has increased from £41,799 to £48,045. Since expense items show little variation, the inclusive net profits, at £23,529, are broadly increased to the same extent. For the first year since 1931-32 the increased ordinary dividend of 8½ per cent. is partially

covered out of current earnings, which represent nearly 4½ per cent. on the ordinary capital, before including the non-recurrent items. The principal changes in the balance sheet reflect the improved trading turnover. The shares are quoted at 45s. to yield £3 17s. 3d. per cent.

Other Company Results.—We summarise, in the weekly table on page 588, the results of 25 additional companies. This week's list is expanded by a number of interesting home industrial reports covering the year to June last. *Ardath Tobacco* profits are little changed at £460,427, the dividend being repeated at 12 per cent. tax free. *Cohen, Weenen and Company* report a slight reduction in net profits from £70,306 to £67,377, but the repeated 8 per cent. dividend is covered with a small margin. A number of new industries provide a feature this week. *Ferranti*, the radio and electrical equipment manufacturers, disclose an appreciable fall in profits, from £68,245 to £54,304, but here also the repeated 6 per cent. dividend is well covered by earnings. *Press Caps*, which manufactures bottle-sealing devices, shows a further expansion in profits from £19,287 to £25,561, the dividend on the increased ordinary capital being increased from 7½ to 10 per cent. *Qualcast*, makers of precision castings, announce a record turnover. Profits show relatively small expansion, since they reflect a further reduction in prices and a progressive wage policy, but they afford generous cover for the 20 per cent. dividend. The profits of *London Express Newspaper* are slightly lower at £146,042, although the report refers to substantial increases in the advertising revenues of the group. It would appear, therefore, that provision for contingencies, which is set aside before striking disclosed profits, has been increased during the latest year. *Sir J. L. Hulett*, which owns sugar refineries and plantation interests in Natal, has achieved a substantial improvement in earnings during a difficult year. Net profits, at £178,307, compare with £133,435 in the previous

NEW MODDERFONTEIN GOLD MINING COMPANY, LIMITED.

(Incorporated in the Union of South Africa)

Extracted from the Annual Report for the Year ended 30th June, 1935
Issued Capital, £1,400,000, in 2,800,000 Shares of 10s. each

DIRECTORATE

J. MARTIN (Chairman).
SIR ABE BAILEY, Bart., K.C.M.G.
W. A. MACKENZIE.

W. H. A. LAWRENCE.
R. W. FFENWELL.
MAJOR C. S. GOLDMAN.

S. C. BLACK.
F. RALEIGH.

Tonnage Milled, 2,175,000

Total Working Revenue	£2,838,456	9 10	Per ton milled. £1 15 4
Total Working Expenditure	1,558,250	0 0	0 14 4
Working Profit	£2,280,206	9 10	£1 1 0
Net Profit for the year	£2,272,875	14 5	
Balance unappropriated at 30th June, 1934	224,888	7 11	
Forfeited Dividends Account	1,105	4 7	
	£2,498,669	6 11	

This amount has been dealt with as follows:—
Government and Provincial Taxes—Provision for Income-tax, etc. (£445,614 13s. 0d.), Excess Profits Duty (£213,743 8s. 1d.) and Gold Profits Surplus for six months ended 30th June, 1935 (£113,881 0s. 0d.) £773,239 | 1 1 | || Miners' Pensions—Provision on account of Outstanding Liability as at 31st July, 1934 | 21,470 | 0 0 | |
| | 794,709 | 1 1 | |

Dividends declared during the year—No. 57 of 5½ per cent. and No. 58 of 50 per cent. £1,703,960 | 5 10 | || Leaving a balance unappropriated of | 1,505,000 | 0 0 | |
| | £185,960 | 5 10 | |

The Ore Reserve has been re-estimated and is as follows:—

	AVAILABLE.			UNAVAILABLE.			TOTAL.		
	Tons.	Value Dwt.	Width. Inches.	Tons.	Value Dwt.	Width. Inches.	Tons.	Value Dwt.	Width. Inches.
South Reef	1,151,500	3-3	45-2	129,000	4-4	42-7	1,280,500	3-5	44-9
N.A. 6 and 7	720,200	3-4	41-9	128,500	5-8	42-5	848,700	3-8	42-0
N.A. 3, 4 and 5	541,000	3-1	42-6	35,800	3-3	41-1	576,800	3-1	42-5
N.A. 1 and 2	2,972,800	4-0	47-5	279,300	5-8	46-4	3,252,100	4-2	47-4
Main Reef Leader	2,486,700	8-3	50-4	860,500	6-3	55-3	3,347,200	7-8	51-6
Total	7,872,200	5-1	47-1	1,433,100	5-9	50-8	9,305,300	5-3	47-5

Compared with the previous year, the available tonnage shows an increase of 112,100 tons, the average value is lower by 0.4 dwt. and the stoping width is 0.3 inch greater. The increase in tonnage is due chiefly to the inclusion of ore which has become payable owing to a further increase in the value of gold and a decrease in working costs. The lower value of the reserve is accounted for by the low value of the ore developed and the inclusion of the low grade ore referred to.

In all the above estimates of ore reserve and ore developed, the figures are based upon the working costs and price of gold prevailing at the time the estimates were made.

The full Report and Accounts (with Plan of Workings) may be obtained from the London Secretaries, A. MOIR & Co., No. 1, London-wall Buildings, E.C.2.

year, and provide for the increased dividend of 7½ per cent. Crop and locust conditions are stated to be more favourable for the current season. Improved trading conditions are evident from the report of *Leyland and Birmingham Rubber*, whose net profits have increased from £50,307 to £66,218. Among basic industry reports, that of *S. Instone* again witnesses the difficult conditions prevailing in the South Wales coal export and shipping trades. The small group of rubber reports shows no regular trend of profits, for those of *Bantam (Java)* are nearly halved at £7,746, while *Banteng (Selangor)* and *Langkapoera (Sumatra)* report increased profits and dividends. A number of industrial concerns, including *British Insulated Cables*, *Scottish Power* and *Indestructible Paint*, have announced unchanged interim dividends.

MINING NOTES

Johannesburg Consolidated Report.—The preliminary statement of results of Johannesburg Consolidated for 1934-35, issued contemporaneously with the dividend declaration, showed a setback of some £200,000 in net profits. Doubtless the decline is attributable mainly, if not entirely, to the slightly less favourable market conditions which prevailed during the period. In the December six months the Kaffir market experienced a severe shake-out, chiefly as the outcome of over-speculation in Johannesburg; while during the past six months taxation has loomed large. Last year's accounts include what the directors describe as "a substantial amount" from realisations. That the sum, however, is less than before may be inferred from the reduction in the appropriation to reserve. Investments show a moderate expansion, but the principal current change in the balance sheet is an improvement of appreciable extent in the cash position. A table of significant items in the accounts for the past three years follows:—

	Year ended June 30		
	1933	1934	1935
Stocks and shares	4,896,450	6,454,150	6,626,260
Mining properties and advances ..	151,390	133,871	127,400
Real estate and buildings	320,300	223,638	214,020
Loans on mortgage	189,570	194,213	116,330
Loans at short call	73,320	222,688	220,420
Sundry debtors and dividends ..	541,720	442,049	509,960
Cash	621,700	301,222	241,490
Sundry creditors*	1,188,220	1,908,026	1,636,370
Net profit	824,270	1,347,576	1,142,031
Dividends	592,500	790,000	790,000
Rate per cent.	15%	20%	20%
From reserve	473,640	...	...
To reserve	700,000	£550,000	350,000
Carried forward	161,070	168,643	170,673

* Including dividend. † Includes £100,000 to staff pension fund.

Perhaps the most interesting item in the directors' report is the announcement that the company has recently secured from the Union Government the lease of a large area south of the Durban Roodepoort Deep. In view of the expansion of the company's borders through absorption of the New Steyn Estate, this ground must constitute a distinctly deep level. Boring is to be carried out as soon as possible. Encouraging references are made to the improvement in the diamond trade and to the prospects for copper—the latter being rather out of date. On the basis of the dividends of the past two years the indicated yield is just under 6 per cent.

Four Rand Companies.—The annual reports of the quartette of Witwatersrand Gold subsidiaries of the Rand Mines-Central Mining group, whose financial years terminate on June 30th, show in every instance an expansion in ore reserves, though this feature is more prominent in the case of Consolidated Main Reef and Modder East than in that of the other two companies. Comparison with earlier figures is affected by the qualification that in 1932-33 and 1933-34 tabulated particulars in the consulting engineers' report excluded additional material brought into the payable category by the higher price of gold. The figures, how-

ever, are now made up in the light of current conditions, and, as might be expected, there is a decline in average values as measured in dwts. Some salient statistics relative to the past three years are set out below:—

	Working Profit	Dividends	%	Carried forward	Ore Reserves	Value, dwt.
	£	£	%	£	Tons	dwt.
Con. M. Reef:						
1932-33...	410,380	166,700	13½	149,840	3,431,260	5.6
1933-34...	601,306	212,160	17½	181,420	5,787,090	5.1
1934-35...	624,290	296,310	23½	200,920	7,130,300	4.7
Modder East:						
1932-33...	390,980	209,430	22½	132,580	3,994,700	4.7
1933-34...	606,550	232,700	25	151,950	4,186,100	4.7
1934-35...	615,220	255,970	27½	132,820	5,142,300	4.7
New Modder:						
1932-33...	2,049,470	1,435,000	102½	205,850	7,617,700	6.1
1933-34...	2,304,860	1,470,000	105	224,690	7,760,100	5.5
1934-35...	2,280,210	1,505,000	107½	198,960	7,872,200	5.1
Nourse:						
1932-33...	228,910	107,750	13½	94,780	3,611,700	4.9
1933-34...	370,050	146,940	18½	110,290	3,580,800	4.9
1934-35...	350,580	146,940	18½	98,330	4,007,100	4.7

Consolidated Main Reef has acquired a large amount of additional ground, comprising the undermining rights of 522 claims and, in addition, a partially worked-out area of 111 claims. As the claims now owned total 2,932, the question of "life" will scarcely arise for some time to come. Capital expenditure for the year totalled £163,280, less £13,080 from the sale of ex-enemy shares. Taxation, at £238,540, shows a small decrease as compared with the preceding year. Included in the balance forward is £83,910 profit on the sale of ex-enemy shares. **New Modder** has largely reduced the grade of ore milled, last year's average being just under 5 dwts., against 6.7 dwts. in 1932-33. That the ore reserves now show a small increase is attributable to the inclusion of quantities of very low-grade ore. On the whole, prospecting on the various subsidiary ore bodies has disclosed somewhat indifferent values. Like Consolidated Main Reef, **Modder East** has extended its borders, but to a limited extent, the additional ground comprising some 106 claims. A marked decline is shown in the value of the ore milled, the latter having fallen slightly below the average of the reserves, against a figure of 5.56 dwts. for 1932-33. Encouraging results attended work on the claims in Modderfontein No. 6, recently leased from the Union Government. Payable ore developed amounted to 1,650,910 tons, that figure being substantially greater than the total extracted from the mine. No striking feature emerges from the **Nourse** statistics. The shares give a satisfactory yield.

Australian Mining Results.—*Gold Exploration and Finance Corporation of Australia* was floated last year under influential auspices. The market ran the shares up to 15s., but the present price is only about 8s. The company acquired the interests of various Australian and British-owned undertakings in the Commonwealth, the largest holdings comprising shares in Western Mining Corporation, Triton, Gold Mines of Australia, Bendigo, Napoleon and Carshalton Mines, plus options over large blocks of shares in four of these undertakings. Subsequently, the holding in Western Mining Corporation has been largely increased, and a further company, Gold Mines of Kalgoorlie, was floated in London, in which Gold Exploration received 300,000 shares and has purchased an additional 59,400. The accounts show a cash balance at March 31st of £125,000, irrespective of share holdings. The report is accompanied by a lengthy statement by Mr G. Lindesay Clark, which does not lend itself to concise comment. Considerable possibilities exist, but in all probability additional resources will be required. Since its formation *Gold Mines of Kalgoorlie* has relinquished some of the options taken over and has exercised others, besides acquiring additional ground from the Gold Exploration and other concerns. At one time last year the shares were rushed up on a rich "strike" in the Iron Duke property, immediately adjoining the area of the North Kalgurli. In subsequent work, however, the values were not maintained. Results of mixed character have been indicated by work on various leases. As certain of the properties acquired, however, had been partially developed and operated by previous owners, the company

is already in a position to start milling operations on a small scale. An arrangement is being made with the Lake View and Star for use of the old mill of the Associated Gold Mines. The actual and probable ore reserves so far developed are estimated at 113,000 tons, assaying 8 dwts. A feature of the accounts is the strength of the financial position, the actual cash available on March 31st exceeding £400,000. At the meeting of *Commonwealth Mining and Finance* on Tuesday the chairman set at rest queries which had been raised regarding the state of the finances by mentioning that the company still had £328,000 in hand. He also mentioned that the value of the ore reserves on the Yellowdine property (in which a 50 per cent. interest is held) might be assumed to be approaching £2,000,000. A favourable account was given of developments on other properties controlled.

The Spaarwater "Strike."—The Spaarwater Gold Mining Company was floated partly in view of the situation of the property in relation to that of Sub Nigel, and partly on geological indications. At the date of flotation, drives at three different levels were being made from the Sub Nigel into the Spaarwater area. Up to this week results were not particularly encouraging. The company, however, has now announced the intersection of high-grade reef on both sides of the dyke encountered in the No. 28 West haulage. During the March and June quarters the whole of the driving at this level was off the reef, but a diamond drill intersected the ore in the footwall, the core assaying 7.6 dwts. over 24 inches. During the June quarter in these various workings some 505 feet were sampled, of which 205 feet (or 40.6 per cent.) was payable, averaging 23.4 dwts. over a reef channel of 15.3 inches, or 358 inch-dwts. According to latest advices 10 feet sampled on the west side of the dyke gave 576 inch-dwts., while on the east side of the dyke fifteen feet sampled gave 724 inch-dwts. These values are of similar tenor to those recorded in the Sub Nigel mine itself some time ago. The new developments, however, are considered to be outside any hitherto known shoot, and may represent the first of a series of high-grade ore bodies parallel with those occurring in the Sub Nigel property. If this view proves correct, optimistic expectations in regard to Spaarwater's ultimate prospects may be justified. The 5s. shares are now quoted around 14s. 6d. ex option, as against 19s. 6d. cum option earlier in the year.

Company Meetings of the Week.—On later pages of this issue will be found reports of the meetings of Commonwealth Mining and Finance, and Grosvenor House (Park Lane). The speech of the chairman of Commonwealth Mining is dealt with in a Note on "Australian Mining Results" on page 574. At the Grosvenor House meeting the chairman, Mr A. O. Edwards, declared that the venture of constructing a new ballroom had been successful. Income from hotel rooms had shown encouraging increase for the first six months, but progress had since been somewhat disappointing. The great expectations of the "Silver Jubilee" period, in the luxury trades, had not been altogether fulfilled.

THE WEEK IN THE MARKETS

THE LONDON STOCK EXCHANGE

SETTLING DAYS

TICKET
SEPTEMBER 24

ACCOUNT
SEPTEMBER 26

THE behaviour of the market this week has been extremely sensitive, but suggestive of a certain want of cohesive policy. Investors have taken no further steps in preparation either for peace or war, and the mood has reflected a tendency to clutch at each recurrent news item, sometimes without too close examination of its *bona fides*, and to act



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solely upon its short-term implications. Since the defining of a unanimous opposition to aggression on the part of the League powers is itself only a week old, the markets' attitude is not inherently unreasonable, for the economic and political potentialities of League resistance are not appreciably clearer than a week ago. The effects of political uncertainty have perhaps been somewhat limited by consideration of domestic industrial prospects, but this week's movements have clearly shown that the confident mood which persisted long after the Italian attitude had been made clear has completely evaporated. Gilt-edged have again fallen this week to a low level for the year, while the behaviour of industrial equities contrasts with the striking activity in the commodity markets which has reflected war-hedging purchases.

The gilt-edged market opened under pressure from nervous sellers, and was unable to muster appreciable support when quotations fell by as much as 1 point. Its condition on Tuesday can only be described as "loose," for it was beguiled, about mid-day, by rumours of an Italian compromise, only to lose its advance when the story was questioned. Thereafter conditions became steadier, although the trend of business did not suggest that quotations were very firmly established. India and Dominion stocks were depressed in sympathy with gilt-edged, although their movements were steadier in mid-week.

In the foreign bond market, Brazilian Funding issues enjoyed good support, the market's uneasiness regarding the October coupons having been set at rest. The European group was thoroughly disturbed, Italian issues remaining a nominal market and Austrian issues reflecting that country's invidious position in the event of a breach of peace. Chinese bonds maintained their firm tone, but Japanese issues tended to lose ground.

The home rail market, already disturbed by market conditions, also bore the burden of a further week of disagreeable traffic returns. London and North Eastern issues were weak on the substantial fall in receipts, but the entire market was in a very depressed state. London Transport "C" stock also failed to maintain its high level. In the foreign section, Cordoba debentures received speculative support in response to reports suggesting the eventual possibility of the exercise of the Argentine Government's option to purchase. The Argentine and Brazilian sections remained quietly steady, while American and Canadian Pacific issues improved during the week.

The industrial market maintained a tentative attitude, with the uncertain political situation in mind and the end of the account in prospect. Selling did not appear important, but certain sections sometimes lacked the benefit of supporting orders. The international group, headed by International Nickel, continued "set fair," although British-domiciled stocks were not always happy. A number of recent favourites, regarded only a fortnight ago as satisfactory "armaments cover," tend to fade from interest. Aviation issues, for example, lost impetus, while iron and steel issues, after moving irregularly for two days, eventually took the downward course. The motor section was stirred solely by premature expectation of the Austin announcement, and was otherwise barely steady. Both electrical equipment and supply issues tended to lose ground, although they were not active. Brewery issues continued uncertain, and fractional losses were recorded until the tone improved slightly on Thursday. Leading tobacco issues also failed to maintain Tuesday's rather firmer front. Apart from Harrods, store issues showed little change. United Dairies, however, fell sharply to 59s. (with a subsequent rally to 60s.) on the open breach between the Milk Marketing Board and the distributors regarding the terms of the new contracts. The features of the dispute are reviewed in a Note of the Week on page 555. The Unilever issues opened firmly on guilder devaluation

suggestions, but lost ground after Dr. Colijn's reaffirmation of policy. Rayon issues were broadly maintained. Although miscellaneous industrial shares included a few firmer features on Tuesday, after an indifferent opening, they were largely confined to the building group. Limited support was accorded to the investment leaders, however, later on Thursday.

Business in oil shares remained limited. There were signs of moderate support as the week progressed, but it had a somewhat spasmodic character. Rubber shares opened under the pall of rubber at 5½d. in markedly depressed fashion, and since speculative support was limited the market found little relief from extreme dullness. Selling was restricted to small lines, but there were few buyers disposed to anticipate the much-publicised future reduction in stocks. The recent recovery in tea shares lost impetus, for profit-taking, which particularly affected Assam issues, outweighed the continued advance in Mincing Lane.

Interest in Kaffir shares broadened this week, with assistance from Johannesburg, a number of favourable annual reports, and news of a "strike" on Spaarwater. Speculative issues met with more support, but finance and "heavy" shares also improved. West African issues showed less consistency and again turned recessionary after Tuesday's mild improvement, and Australian issues followed a similar trend. Rhodesian copper issues were firmer on the course of the metal market, with a possible Roan Antelope dividend as additional bait. Tin shares were slightly firmer in mid-week, although the London Tin preference dividend postponement overshadowed the mining shares.

"FINANCIAL NEWS" DAILY BARGAIN INDEX
(Approximate number of Bargains recorded in Stock Exchange Lists)

	Week to Sept. 13, 1935	Sept. 12, 1935	Sept. 13, 1935	Sept. 16, 1935	Sept. 17, 1935	Sept. 18, 1935	Sept. 19, 1935
Government and Municipal Loans	5,437	1,011	1,190	1,055	1,121	911	991
Transport, Communications, and Public Utilities	4,781	897	1,130	968	706	669	741
Commercial and Industrial	14,970	2,208	2,740	3,546	3,056	2,987	2,647
Banks, Insurance and Financial	3,081	504	716	603	534	485	390
Mines (including Nitrates)	4,620	628	850	891	891	1,047	1,256
Oil	657	107	180	151	129	96	101
Rubber, Tea and Coffee	1,839	169	385	282	184	153	120
Total	35,385	5,525	7,191	7,496	6,621	6,348	6,246
Corresponding day in 1934	...	7,398	8,553	8,553	8,457	7,983	8,328

* Including Iron and Steel and Breweries.

REVISED "FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (July 1, 1935 = 100)

	Highest of 1935 (Aug. 13)	Lowest of 1935 (Mar. 27)	Sept. 12, 1935	Sept. 13, 1935	Sept. 16, 1935	Sept. 17, 1935	Sept. 18, 1935	Sept. 19, 1935
104.2	87.4	99.6	99.9	99.5	99.5	99.2	98.4	98.4

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS. (1928 = 100)

	Highest of 1935 (Feb. 1)	Lowest of 1935 (Sept. 19)	Sept. 12, 1935	Sept. 13, 1935	Sept. 16, 1935	Sept. 17, 1935	Sept. 18, 1935	Sept. 19, 1935
141.0	134.5	135.6	135.8	135.5	135.2	134.9	134.5	134.5

FOREIGN STOCK EXCHANGES NEW YORK

WALL STREET, engrossed in its own future, has nevertheless been compelled to give a certain attention to European war clouds this week. Whether the undecided tendency of the market at the beginning of this week was, even indirectly, a reflection of the doubts and fears of most European Bourses may be gravely doubted. Wednesday, which witnessed a revival of expansionist sentiment in Wall Street, was one of the worst of Paris's "bad days." When the quarrels of the Old World assume a particularly

threatening aspect, most American investors thank providence for the Atlantic and President Monroe, and a minority buy so-called "war stocks." Those who can see a little further than their colleagues, however, are aware that a decisive trial of strength between the League and a potential aggressor, whatever its outcome, may affect American business in a variety of ways. Its possibility, in itself, has had striking repercussions in the commodity markets—especially those of wheat and cotton—this week. The prospect that substantial amounts of European capital may seek sanctuary in America, again, is not being overlooked, though the movement as yet is not thought to have assumed more than moderate proportions. Meanwhile, there is no evidence to suggest that the quieter tendency of markets, before their mid-week rally, was more than a normal phase in a rise which has still a good distance to go. The main economic indicators remain, on the whole, favourable. Electric power production last week was 11.9 per cent. greater than in the corresponding week of 1934. The Iron Age puts steel mill activity at 52 per cent., against 52.5 per cent. last week. The pig-iron market has tended to improve on renewed fears of a bituminous coal strike, but opinion is divided on the possibility of averting "direct action." The customary change-over by motor-car manufacturers to new models—a feature which recurs each autumn with the falling leaf—is reported to be encountering certain difficulties. When these are overcome, an increased demand for steel is expected. The most prominent group in this week's market revival was railroad stocks, which improved by anything up to 3 points on Wednesday. Among industrial shares, motors, steels and chemical counters were chiefly in demand. The downward tendency of Government bond quotations, early in the week, was a subject of unfavourable comment, on the ground that the banks were tending to show increased reluctance to add to their large holdings of Treasury issues. This phenomenon goes *pari passu* with a rise in the banks' excess reserves, and where the financial institutions must buy Government paper willy nilly, they are showing a marked preference for short-term maturities. It is announced that, out of the \$1,250 millions of "called" Fourth Liberty Bonds, some \$759 millions have been converted in the first fortnight, including \$331 millions converted into bonds and \$428 millions into notes. The Treasury has made no comment on these figures, but the market regards them as evidence of a slightly lagging tendency which may, however, be corrected in due course.

	Sept. 11, 1935	Sept. 12, 1935	Sept. 13, 1935	Sept. 16, 1935	Sept. 17, 1935	Sept. 18, 1935	Sept. 19, 1935
Lb. Ln. 4½% 39-99	100½	100½	101½	101½	101½	101½	101½
Am. Can.	144½	144½	146½	146½	146½	146½	146½
Am. Smelting	47	49	49½	49½	49½	49½	49½
Anacosta	20½	21½	21½	21½	21½	21½	21½
Bethlehem Steel	38½	40½	41½	41½	41½	41½	41½
Chrysler Motor	72½	72½	73½	73½	73½	73½	73½
Corn Products Rf.	66	66½	66½	66½	66½	66½	66½
Eastman Kodak	157	159½	161½	161½	161½	161½	161½
Gen. Electric	34½	34½	34½	34½	34½	34½	34½
Gen. Motors	46½	46½	47½	47½	47½	47½	47½
Int. Harvester	57½	59½	60½	60½	60½	60½	60½
Mont. Ward	36½	37½	38½	38½	38½	38½	38½
Am. Tel. and Tlg.	144½	144½	146½	146½	146½	146½	146½
Interboro R.T.	20½	21½	21½	21½	21½	21½	21½
Int. Tel. Teleg.	11½	11½	11½	11½	11½	11½	11½
Utilities P. & L.	2½	2½	2½	2½	2½	2½	2½
W. Union Tlg.	51½	51½	51½	51½	51½	51½	51½
Natl. Biscuit	29½	29½	29½	29½	29½	29½	29½
Phelps Dodge	21½	21½	21½	21½	21½	21½	21½
Pullman	38½	38½	38½	38½	38½	38½	38½
Sears Roebuck	80½	80½	80½	80½	80½	80½	80½
Un. Fruit	70½	70½	70½	70½	70½	70½	70½
U.S. Leather	73½	73½	73½	73½	73½	73½	73½
U.S. Rubber	15½	15½	15½	15½	15½	15½	15½
U.S. Steel	46½	46½	46½	46½	46½	46½	46½
Westinghouse	79½	79½	79½	79½	79½	79½	79½
Woolworth	62½	62½	62½	62½	62½	62½	62½

† Calculated at \$4.93½ to £.

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

	1934	1935	1935	1935	1935	1935	1935
	Lowest Sept. 19	Highest Feb. 21	Lowest Mar. 20	Highest Sept. 11	Be-ginning of Year 1935	Sept. 4, 1935	Sept. 11, 1935
351 Industrials	74.9	90.5	74.5(1)	98.7	88.1	95.8	98.7
38 Rails	84.0	81.4	82.4	88.0	85.0	89.1	87.6
87 Utilities	85.21	89.41	82.2	85.8	87.9	80.7	81.9
Total, 421 Stocks	85.6	82.1	83.1	86.4	71.0	83.3	86.4
Average yield of 50 Industrial Common Stocks	2.78%	3.80%	3.09%	4.06%	3.62%	3.42%	3.25%
	(1)	(2)	(3)	(4)	(5)	(6)	(7)

‡ December 26th. † February 7th. (a) September 12th. (1) March 13th. (2) August 14th.

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

	Highest of 1935 (Sept. 11)	Lowest of 1935 (Mar. 15)	Sept. 11, 1935	Sept. 12, 1935	Sept. 13, 1935	Sept. 14, 1935	Sept. 16, 1935	Sept. 17, 1935	Sept. 18, 1935
112.4	78.6	112.4	111.0	111.3	111.1	110.7	110.8	111.8	111.8
TOTAL DEALINGS IN NEW YORK									
	Sept. 12, 1935	Sept. 13, 1935	Sept. 14, 1935*	Sept. 16, 1935	Sept. 17, 1935	Sept. 18, 1935			
Stock Exchange—Shares (Thous.)	1,880	1,730	630	1,490	1,330	1,940			
Bonds (Value Thous. \$)	14,130	16,120	5,130	9,100	14,530	12,060			
Curb—Shares (Thous.)	300	306	126	232	223	327			

* Two-Hour Session.

PARIS

The absence of a settlement, or even the prospect of one, at Geneva has thrown a shadow over dealings on the Bourse this week. On Monday losses ranging up to one point were common among Rentes, and all banking shares (except Bank of France) were lower. Industrial share dealers, finding their "books" unduly heavy, marked down quotations on an appreciable scale. The recurrence of a Dutch guildler "scare" also had a depressing effect. Although the latter had ceased to be operative by the middle of the week, Wednesday's markets were even more uncertain than those of earlier sessions. Suez Canal was particularly weak, despite a further improvement in traffic figures. Rentes gave further ground, the market being affected by a press agency report that the Italian Treasury had acquired 500 million francs of these securities and Treasury bonds by requisitioning the holdings of its nationals. It was subsequently declared, however, that if the question of a sale should arise, the necessary operations would be carried out without recourse to the Bourse.

	Sept. 11, 1935	Sept. 16, 1935	Sept. 18, 1935	Sept. 11, 1935	Sept. 16, 1935	Sept. 18, 1935
Banque de France	9,780	9,500	9,205	44½	42	38½
Credit Lyonnais	1,700	1,668	1,640	20	19	18½
Suez Canal	17,830	17,505	17,005	82½	81½	83½
Chargeurs Réunis	140	138½	135	55	54	53
Rio Tinto	1,280	1,278	1,298	387½	381	380
Royal Dutch	19,320	19,610	19,140	272½	270½	269

BERLIN

Although a certain amount of foreign buying of chemical and public utility issues was reported last week, the share market in general was dull and reactionary. Temporary rises were recorded in lignite, shipping and a number of textile issues, but steel, engineering and electrical shares, as a rule, were one to two points lower. The paper and pulp group of companies were particularly weak. On Monday the market opened with a further decline. On Tuesday, however, a firmer tendency supervened. Although declines occurred in textile share prices, various steel and electrical shares were marked higher. The bond market had a weaker tone, Reichsmark bonds and municipal issues being sold, while certificated and converted dollar bonds were irregular. On Wednesday the Bourse became more depressed, with a substantial setback in prices all round.

	Sept. 11, 1935	Sept. 16, 1935	Sept. 18, 1935	Sept. 11, 1935	Sept. 16, 1935	Sept. 18, 1935
Reichsbank	183.25	181.00	179.00	39.60	39.00	37.75
D.D. Bank	80.50	80.25	80.50	176.40	172.00	169.00
Dresdner	80.75	80.25	80.00	59.25	58.25	55.10
I. G. Farben	156.25	154.00	152.00	16.10	15.50	15.40
Norddeutscher Lloyd (New)	18.10	17.75	17.25			

AMSTERDAM

The raising of the Dutch Bank rate to 6 per cent. strengthened the bond market, but caused an inevitable setback in shares like Royal Dutch, which had been bought as a hedge against guildler devaluation. The Speech from the Throne, with its somewhat gloomy tenor, generated little enthusiasm in the share market, where almost all equities were marked down. A "deflationary" Budget checked sentiment still further in mid-week. Philips' Lamps showed a fresh decline, on the further postponement of the dividend declaration. Ford of Holland were one of the few exceptions to the prevailing trend. Rubber and shares were quiet, sugar shares lost fresh ground, and shipping shares were weak. Government bonds made a

OTARD'S
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THE BRANDY WITH A PEDIGREE

slight recovery on the Government's renewed declaration against currency changes, but quickly relapsed into their former dull condition.

	Sept. 11, 1935	Sept. 16, 1935	Sept. 18, 1935	Sept. 11, 1935	Sept. 16, 1935	Sept. 18, 1935
2½% Dutch Loan	69½	70	70½	Steel Common	28½	28½
5½% German	17½	17½	17½	A. K. U.	29	29½
Unilever N.V.	98½	103½	99½	Ford Motor	268	268
Philips Lamps	247½	248½	239½	Deli Batavia Tob.	141	139½
Netherlands Ship Union	38½	41½	39½	Royal Dutch	189	189
				Handels Ams.	172½	176

CAPITAL ISSUES

A TENTATIVE "re-opening" of the new capital market has been effected this week, but a resumption of activity on any considerable scale is unlikely so long as the international situation remains clouded. A profitable conversion operation is represented by the issue of 2 per cent. guaranteed debenture stock, with a life of 12 to 16 years, by the *African Railway Finance Company*, charged on "B" preference shares in Tanganyika Concessions, the parent company. The issue is fully guaranteed by the Treasury, and replaces a 5 per cent. stock. The offer, at 98½, is of a type much sought after by trustees, and the price fully reflects this condition. A company of manufacturing chemists, *Maclean's, Ltd.*, has issued 6 per cent. redeemable cumulative preference shares at a premium of 5 per cent. The offer is of the familiar "proprietary product" type, with large and rapidly increasing profit figures, comparatively small net fixed assets in relation to total capital and, consequently, a large goodwill element in the purchase consideration. In fact, out of a total of £1,400,000 under the latter heading, some £1,163,557 is attributable to goodwill and trade marks. Next week, a debenture stock issue will be made by *Crown Flour Mills*, which has acquired the capital of a concern in the State of Oregon. The advertisements "for public information" of the week include particulars relating to a Melbourne company controlling a Fijian gold mining enterprise, and a well-established British engineering concern manufacturing components which are in wide demand from the aircraft industry.

ISSUES OF THE WEEK

By Prospectus or Offer for Sale

Amount previously recorded, Jan. 1 to Sept. 14, 1935, including conversions, £251,887,913.
Amount previously recorded, Jan. 1 to Sept. 14, 1935, excluding conversions, £128,904,840.

	Nominal Capital	Conversions	New Money	First Payment	Further Liability
National Savings Certificates. Net receipts, Week to September 14, 1935, Nil.					
To the Public					
Maclean's, Ltd., 750,000 6% red. cum. pref. £1 at 21/-	750,000	...	787,500	93,750	693,750
African Railway Finance, 1987,600 2½% guar. deb. stk., 1947-51, at 98½% (to repay 5% guar. deb. stk., 1951)	987,600	967,848	...	49,380	918,468
Total	1,737,600	967,848	787,500	143,130	1,612,218
To Shareholders only					
Projectile and Engineering Co., 250,000 new ord. 10/- at 17½	125,000	...	218,750	31,250	187,500
Sussex Brick, 120,000 pref. ord. £1 at 23/-	120,000	...	138,000	45,000	93,000
Do. 280,000 deferred 5/- at 9/-	70,000	...	128,000	70,000	58,000
Scottish Power, 538,333 ord. £1 at 32½	538,333	...	861,331	...	861,331
Total	853,333	...	1,344,081	146,250	1,197,831
Total Offered for Subscription—Including Conversions					
Jan. 1 to date—	254,987,342	129,036,421	...	...	...
1935	307,615,607	120,831,906	...	...	...
1934	255,287,443	137,110,611	...	...	...
1933	292,009,990	162,983,325	...	...	...
1932	462,585,817	290,485,194	...	...	...

(a) This figure includes £1,920,000,000 for conversion of 5% War Loan into 3½% War Loan.

(Continued on page 580)

LONDON ACTIVE SECURITY PRICES AND YIELDS

NOTE—Shares with a New York Quotation or with definite American interest are distinguished by italics

In calculating yields on fixed interest stocks quoted below allowance is made for interest accrued since the last date of payment, less income tax at the standard rate. Where stocks are definitely redeemable at a certain date the yield includes any profit or loss on redemption; where stocks are redeemable at or before a certain date the final date of repayment is taken when the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated by reference to the latest dividends, account being taken of any enhancement or reduction of interim dividends. Allowance is made for accrued dividends in calculating the yield on "cum div." shares.

Prices, Year 1934				Prices, Year 1935 Jan. 1 to Sept. 18, inclusive				Last two Half-yearly Dividends				Name of Security				Price Sept. 11, 1935				Price, Sept. 18, 1935				Rise or Fall				Yield, Sept. 18, 1935			
High-est		Low-est		High-est		Low-est		(a) (b) (c) % % %		(a) (b) (c) % % %																					
£ s. d.		£ s. d.		£ s. d.		£ s. d.																									
93 1/2	73 1/2	94 1/2	81 1/2	Consols	83 1/2	82 1/2	-1 1/2	3	0	7	4 1/2	dis	5 1/2	dis	Nil	Nil	Anglo S. A. 10 5/8 pd.	5 1/2	dis	5 1/2	...	Nil	Nil	...	Nil	Nil	...	Nil	Nil		
120	100	118 1/2	110 1/2	Do. 4% Red. at par on or after Feb. 1957 (a) ..	103 1/2	101 1/2	-2 1/2	3	6	3	47 1/2	42 1/2	5 1/2	dis	Nil	Nil	American B. 1 1/2 fy. pd.	6 1/2	6 1/2	...	-1 1/2	3	18	6	0	0	0	0			
102 1/2	92 1/2	103 1/2	91 1/2	Conversion 2 1/2% 1944-49 ..	103 1/2	101 1/2	-2 1/2	3	10	0	38 1/2	35 1/2	6 1/2	dis	Nil	Nil	Bank of N. Zealand 1/2 ..	3 1/2	3 1/2	...	-1 1/2	3	18	6	0	0	0	0			
106 1/2	96 1/2	107 1/2	93 1/2	Do. 3% 1948-53 ..	104 1/2	102 1/2	-2 1/2	3	15	0	78 1/2	71 1/2	7 1/2	dis	Nil	Nil	Bank of England Stk. ..	36 1/2	36 1/2	...	-1 1/2	3	15	0	0	0	0	0			
111 1/2	101 1/2	112 1/2	102 1/2	Do. 4% after 1961 (a) ..	111 1/2	109 1/2	-2 1/2	3	6	6	41 3/4	34 1/4	21 1/2	dis	Nil	Nil	Barclay B. (1 1/2) ..	75 1/2	74 1/2	...	-1 1/2	3	12	0	0	0	0	0			
116 1/2	106 1/2	117 1/2	107 1/2	Do. 5% 1944-64 ..	116 1/2	114 1/2	-2 1/2	3	15	0	51 1/2	44 1/2	21 1/2	dis	Nil	Nil	Barcl. (Dom. &c.) A 1/2 ..	38 1/2	38 1/2	...	-1 1/2	3	15	0	0	0	0	0			
121 1/2	111 1/2	122 1/2	112 1/2	Funding 3% 1939-69 ..	121 1/2	119 1/2	-2 1/2	3	0	0	41 3/4	34 1/4	21 1/2	dis	Nil	Nil	Bk. of Montreal (\$100) ..	134 1/2	132 1/2	...	-2 1/2	4	18	0	0	0	0	0			
104 1/2	94 1/2	105 1/2	91 1/2	Funding 3% 1939-69 ..	104 1/2	102 1/2	-2 1/2	3	0	0	26 1/2	21 1/2	5 1/2	dis	Nil	Nil	Bk. of N.S. Wales (200) ..	26 1/2	25 1/2	...	-1 1/2	3	0	0	0	0	0	0			
121 1/2	111 1/2	122 1/2	112 1/2	Funding 4% 1939-69 ..	121 1/2	119 1/2	-2 1/2	3	0	0	98 1/2	80 7/2	6 1/2	dis	Nil	Nil	British Overseas A 1/2 ..	85 1/2	85 1/2	...	-1 1/2	3	1	2	0	0	0	0			
103 1/2	93 1/2	104 1/2	94 1/2	3% Treasury Bds. 33-42 ..	103 1/2	101 1/2	-2 1/2	3	15	0	16 1/2	12 1/2	7 1/2	dis	Nil	Nil	Chtd. of India (5) ..	13 1/2	13 1/2	...	-1 1/2	3	5	0	0	0	0	0			
119 1/2	109 1/2	110 1/2	100 1/2	Victory Bonds 4 1/2 ..	119 1/2	117 1/2	-2 1/2	3	11	0	14 1/2	11 1/2	24 1/2	dis	Nil	Nil	Comcl. Bk. of Aus. 10/1 ..	13 1/2	13 1/2	...	-1 1/2	3	18	6	0	0	0	0			
109 1/2	99 1/2	110 1/2	100 1/2	War Lns (after 1952) (p) ..	109 1/2	107 1/2	-2 1/2	3	5	6	86 1/2	77 1/2	8 1/2	dis	Nil	Nil	Dist. A 1/2, 1 1/2 pd.	86 1/2	85 1/2	...	-1 1/2	3	3	12	9	0	0	0			
96 1/2	86 1/2	87 1/2	76 1/2	Local Loans 3% ..	96 1/2	94 1/2	-2 1/2	3	4	10	53 1/2	50 1/2	5 1/2	dis	Nil	Nil	Do. B 1 1/2 fully paid ..	55 1/2	55 1/2	...	-1 1/2	3	12	9	0	0	0	0			
104 1/2	94 1/2	105 1/2	91 1/2	Austria 3% 1933-53 ..	104 1/2	102 1/2	-2 1/2	3	16	0	90 7/2	82 1/2	11 1/2	dis	Nil	Nil	Eng. Scot. & Aust. 5 1/2 pd.	80 1/2	78 1/2	...	-2 1/2	3	16	0	0	0	0	0			
83 1/2	73 1/2	84 1/2	63 1/2	India 2 1/2% ..	83 1/2	81 1/2	-2 1/2	3	11	5	110 1/2	102 1/2	6 1/2	dis	Nil	Nil	Hambros 10, 12 1/2 pd.	11 1/2	11 1/2	...	-1 1/2	3	4	1	9	0	0	0			
93 1/2	83 1/2	94 1/2	73 1/2	Do. 3% ..	93 1/2	91 1/2	-2 1/2	3	14	8	140 1/2	112 1/2	3 1/2	dis	Nil	Nil	Hong. and S. (12 1/2) ..	110 1/2	108 1/2	...	-2 1/2	3	5	4	9	0	0	0			
99 1/2	89 1/2	90 1/2	78 1/2	Do. 4% 1934-59 ..	99 1/2	97 1/2	-2 1/2	3	15	6	63 1/2	57 1/2	6 1/2	dis	Nil	Nil	Lloyds 5 1/2, with 1 1/2 pd.	59 1/2	57 1/2	...	-2 1/2	3	1	6	0	0	0	0			
118 1/2	108 1/2	109 1/2	105 1/2	Do. 5% 1934-59 ..	118 1/2	116 1/2	-2 1/2	3	11	3	72 1/2	66 1/2	7 1/2	dis	Nil	Nil	Martins 120, 124 pd.	8 1/2	8 1/2	...	-1 1/2	3	9	2	0	0	0	0			
107 1/2	97 1/2	108 1/2	98 1/2	U.K. & Arg. 4 1/2% (1947) ..	107 1/2	105 1/2	-2 1/2	3	6	3	94 1/2	87 1/2	7 1/2	dis	Nil	Nil	Midland 1 1/2, fully pd.	92 1/2	90 1/2	...	-2 1/2	3	18	0	0	0	0	0			
117 1/2	107 1/2	118 1/2	108 1/2	Dom. & Colonial Govts.	117 1/2	115 1/2	-2 1/2	3	14	5	45 1/2	40 1/2	9 1/2	dis	Nil	Nil	Nat. of India 25, 12 1/2 pd.	42 1/2	41 1/2	...	-1 1/2	3	5	8	0	0	0	0			
107 1/2	97 1/2	108 1/2	98 1/2	Australia 5% 1945-75 ..	107 1/2	105 1/2	-2 1/2	3	6	9	15 1/2	13 1/2	7 1/2	dis	Nil	Nil	Nat. Prov. 120, 14 1/2 pd.	14 1/2	14 1/2	...	-1 1/2	3	4	2	6	0	0	0			
119 1/2	109 1/2	110 1/2	100 1/2	Canada 4% 1940-60 ..	119 1/2	117 1/2	-2 1/2	3	5	0	482 1/2	453 1/2	8 1/2	dis	Nil	Nil	Royal Bk. of Scotland ..	46 1/2	45 1/2	...	-1 1/2	3	4	2	6	0	0	0			
119 1/2	109 1/2	110 1/2	100 1/2	Gold Coast 4 1/2% 1939-69 ..	119 1/2	117 1/2	-2 1/2	3	5	7	15 1/2	13 1/2	5 1/2	dis	Nil	Nil	St. of A. 120, 15 pd.	14 1/2	14 1/2	...	-1 1/2	3	4	2	6	0	0	0			
117 1/2	107 1/2	118 1/2	108 1/2	Nigeria 5% 1950-60 ..	117 1/2	115 1/2	-2 1/2	3	10	9	95 7/2	85 1/2	9 1/2	dis	Nil	Nil	Westminster 1 1/2, 1 1/2 pd.	90 1/2	89 1/2	...	-1 1/2	3	4	2	6	0	0	0			
117 1/2	107 1/2	118 1/2	108 1/2	N. Zealand 5% 1946 ..	117 1/2	115 1/2	-2 1/2	3	17	7	82 1/2	76 1/2	10 1/2	dis	Nil	Nil	Alexanders 12, 1 1/2 pd.	87 1/2	86 1/2	...	-1 1/2	3	6	9	0	0	0	0			
119 1/2	109 1/2	110 1/2	100 1/2	Queensland 5% 40-60 ..	119 1/2	117 1/2	-2 1/2	3	2	6	13 1/2	11 1/2	5 1/2	dis	Nil	Nil	National A 12 1/2 fly pd.	12 1/2	12 1/2	...	-1 1/2	3	18	0	0	0	0	0			
119 1/2	109 1/2	110 1/2	100 1/2	S. Africa 5% 1945-75 ..	119 1/2	117 1/2	-2 1/2	3	2	6	68 1/2	62 1/2	7 1/2	dis	Nil	Nil	Union 5, 12 1/2 pd.	11 1/2	11 1/2	...	-1 1/2	3	4	6	0	0	0	0			
101 1/2	91 1/2	102 1/2	92 1/2	Foreign Governments ..	101 1/2	99 1/2	-2 1/2	4	0	0	257	243 1/2	3 1/2	dis	Nil	Nil	Atlas 1 1/2, fully pd.	30 1/2	29 1/2	...	-1 1/2	3	1	9	0	0	0	0			
95 1/2	85 1/2	96 1/2	86 1/2	Argentina 4% Resc. 1952 ..	95 1/2	93 1/2	-2 1/2	4	0	0	13 1/2	11 1/2	5 1/2	dis	Nil	Nil	Alt. 1 1/2, 1 1/2 pd.	14 1/2	14 1/2	...	-1 1/2	3	19	0	0	0	0	0			
68 1/2	58 1/2	59 1/2	48 1/2	Austria 7% 1957 ..	68 1/2	66 1/2	-2 1/2	7	19	9	12 1/2	11 1/2	12 1/2	dis	Nil	Nil	Com. Un. 1 1/2, fully pd.	10 1/2	10 1/2	...	-1 1/2	3	10	0	0	0	0	0			
114 1/2	104 1/2	105 1/2	94 1/2	Do. 4 1/2% 1934-59 ..	114 1/2	112 1/2	-2 1/2	5	16	9	31 1/2	28 1/2	4 1/2	dis	Nil	Nil	Gen. Accident 5 1/2, 1 1/2 pd.	23 1/2	21 1/2	...	-2 1/2	3	1	9	0	0	0	0			
30 1/2	20 1/2	21 1/2	10 1/2	Belgian 7% red. by 1956 ..	30 1/2	28 1/2	-2 1/2	6	0	8	15 1/2	13 1/2	7 1/2	dis	Nil	Nil	Lon. & Lanc. 5 1/2, 1 1/2 pd.	32 1/2	30 1/2	...	-2 1/2	3	1	9	0	0	0	0			
91 1/2	81 1/2	82 1/2	71 1/2	Bulgaria 7 1/2% Loan ..	91 1/2	89 1/2	-2 1/2	6	5	9	48 1/2	42 1/2	12 1/2	dis	Nil	Nil	N. Brit. & Merc. 5 1/2, 1 1/2 pd.	47 1/2	45 1/2	...	-2 1/2	3	1	9	0	0	0	0			
30 1/2	20 1/2	21 1/2	10 1/2	Brazil 5% Fund. 1914 ..	30 1/2	28 1/2	-2 1/2	6	5	9	20 1/2	18 1/2	35 1/2	dis	Nil	Nil	Northern 10, 1 1/2 pd.	20 1/2	19 1/2	...	-1 1/2	3	16	0	0	0	0	0			
86 1/2	76 1/2	77 1/2	66 1/2	Chili 6% (1929) ..	86 1/2	84 1/2	-2 1/2	6	5	9	18 1/2	16 1/2	17 1/2	dis	Nil	Nil	Pearl 1 1/2, fully paid ..	21 1/2	21 1/2	...	-1 1/2	3	2	7	0	0	0	0			
100 1/2	90 1/2	91 1/2	80 1/2	China 5% (1912) ..	100 1/2	98 1/2	-2 1/2	6	5	9	18 1/2	16 1/2	17 1/2	dis	Nil	Nil	Phoenix 1 1/2, fully pd.	16 1/2	16 1/2	...	-1 1/2	3	2	7	0	0	0	0			
110 1/2	100 1/2	111 1/2	100 1/2	Do. 5% (1913) ..	110 1/2	108 1/2	-2 1/2	7	12	6	22 1/2	19 1/2	23 1/2	dis	Nil	Nil	Prudential 1 1/2, 1 1/2 pd.	34 1/2	34 1/2	...	-2 1/2	3	1	0	0	0	0	0			
89 1/2	79 1/2	80 1/2	69 1/2	Czechoslovakia 8% ..	89 1/2	87 1/2	-2 1/2	7	12	6	10 1/2	8 1/2	11 1/2	dis	Nil	Nil	Do. 1 1/2, with 1 1/2 pd.	10 1/2	10 1/2	...	-1 1/2	3	2	6	0	0	0	0			
95 1/2	85 1/2	86 1/2	75 1/2	Danish 3% ..	95 1/2	93 1/2	-2 1/2	7	12	6	10 1/2	8 1/2	11 1/2	dis	Nil	Nil	Royal Exchange (1 1/2) ..	9 1/2	9 1/2	...	-1 1/2	3									

(Continued from page 577)

Nature of Borrowing				
	Debentures	Preference	Ordinary	Total
January 1 to date—				
1935	72,510,751	26,534,087	29,951,583	129,036,421
1934	73,215,038	13,066,356	34,550,512	120,831,906
Whole year—				
1928	212,917,900	45,062,600	111,177,600	369,158,100
1933	222,064,300	12,733,700	9,982,500	244,780,500
1934	102,769,300	21,461,000	44,878,400	165,108,700

By Stock Exchange Introduction

	Capital Introduced	Approximate Price Dealings Began	Cash Involved
Amount previously recorded	22,916,783	...	33,813,130
Brownsea Haven Properties, 80,000 6% Pref. £1	80,000	19/-	76,000
Emperor Mines Limited, 2,000,000 Shares 10/-	1,000,000	22/14	2,212,500
Hobson (H.M.) Aircraft, 125,000 Shares 5/- at 8/-	31,250	11/14	69,531
Total to date, 1935	24,028,033	...	36,171,161
Total to date, 1934	22,101,032	...	33,452,318

PUBLIC OFFERS

African Railway Finance Company, Ltd.—Issue of £987,600 2 per cent. guaranteed debenture stock, 1947-51, at £98 10s. per cent. Repayable from 1936 to 1951 by sinking fund at or under par, or from April 15, 1947, on three months' notice at par. Specifically charged on 758,984 "B" preference shares of Tanganyika concessions and floating charge on remaining assets. Guaranteed by H.M. Treasury and by Tanganyika Concessions. Holders of up to £956,500 5 per cent. debenture stock offered conversion at par, plus £2 15s. cash. List closed 11.5 a.m. September 16th. Conversion list closes on or before September 23rd.

Macleans, Ltd.—Issue of 750,000 6 per cent. redeemable cumulative £1 preference at 21s. per share. Acquires proprietary chemists business established 1919. Proceeds to provide cash consideration £650,000, and £100,000 working capital. Net assets acquired £213,443 for £1,400,000, of which £650,100 cash and £749,900 in £1 ordinary shares. Goodwill, net, £1,163,557. Profits of vendor, after advertising and depreciation, years to June 30th: 1933, £105,049; 1934, £134,558; 1935, £157,804. Preference shares redeemable at 23s. from September, 1938, at three months' notice, and at 22s. 6d. by 1 per cent. sinking fund from March, 1937. List closed 9.5 a.m. September 17th. Heavily oversubscribed.

Crown Flour Mills, Ltd.—Issue of £160,000 4½ per cent. debenture stock at 98 per cent. Incorporated September, 1935, to acquire share capital of Crown Mills (Oregon, U.S.A.), milling all grades of flour. Net assets (sterling equivalent) of vendor, £379,459. Shares acquired for £376,700, £156,800 cash and £219,900 in "A" and "B" ordinary shares. Profits (sterling equivalent) years to March 31st: 1933, £17,031; 1934, £12,122; 1935, £28,776. Stock secured on shares acquired, redeemable between 1939 and 1966 by sinking fund, or from 1939 at £101 per cent. on three months' notice. List opens next Monday.

BY STOCK EXCHANGE INTRODUCTION

Emperor Mines, Ltd.—Issued capital: 2,000,000 10s. (Aust.) shares. Formed July, 1935, to acquire 100,000 £1 shares in Emperor Gold Mining and mining leases in Fiji for £A.300,000 cash and 600,000 10s. shares, together with option over 350,000 shares at par for eighteen months from September 15, 1936.

H. M. Hobson (Aircraft and Motor) Components, Ltd.—Issued capital 600,000 5s. shares. Incorporated August, 1935, to acquire businesses and certain assets of H. M. Hobson, Ltd., Floats, Ltd., and Accuracy Works, Ltd., for £118,750 in 5s. shares. Total net assets, £48,117; patents, designs and goodwill represented by £70,633. Combined profits of three companies before interest and depreciation: 1932, £14,791; 1933, £19,267; 1934, £30,003; half year to June 30, 1935, £21,885. Messrs J. W. Nicholson and Sons subscribe for 125,000 5s. shares at 8s. per share.

PRIVATE PLACING

United Kingdom Gas Corporation, Ltd.—This corporation are placing through Messrs Haes and Sons £400,000 3½ per cent. debenture stock at par, redeemable October 1, 1960, at 102, and 100,000 4½ per cent. £1 preferred ordinary shares at 21s.

BY TENDER

Liverpool Corporation Bills.—Tenders will be received at Bank of England, London, on September 25th, for Liverpool Corporation Bills, £1,000,000, to be issued under Liverpool Corporation Act, 1921. The bills will be in amounts of £1,000, £5,000, or £10,000, and will be dated September 30, 1935, and will be payable on September 30, 1936.

ISSUES TO SHAREHOLDERS ONLY

Scottish Power Company, Ltd.—The directors will offer as rights to the ordinary shareholders registered September 7, 1935, one ordinary share for every six ordinary shares at 32s. per share, involving the issue of 538,333 new shares.

Welshpool Lighting and Power.—The Severn Valley Gas Corporation, Ltd., offers to acquire the shares of Welshpool Lighting and Power in exchange for cash or shares of the Corporation, on the basis for every four shares of £25 nominal, or every ten shares of £10 nominal, or every 50 shares of £2 nominal of the Welshpool Company £135 in cash or 120 ordinary shares of £1 of the Corporation, together with £1 10s. cash. Fractions will be paid at the rate of £1 2s. 6d. for each ordinary share of the Corporation.

CONVERSIONS AND REPAYMENTS

Anglo-Spanish Construction.—The board has decided to make a further repayment on September 25th of 5 per cent. on the 6 per cent. registered debentures.

John Brown and Company, Ltd.—Holders of John Brown and Company's 6 per cent. first debentures, which are due to be redeemed on April 1, 1936, have been notified of an offer of immediate redemption, at the rate of £106 4s. in respect of each £100 debenture.

John I. Jacobs and Company, Ltd.—In order to bring the paid-up share capital into conformity (as nearly as practicable) with the true values of the assets, it is proposed to write off £160,000 of such capital, amounting to 8s. on each issued £1 ordinary share.

City of Amsterdam 5½ per cent. Sterling Loan of 1924.—The outstanding bonds of this loan will be redeemed at par, plus accrued interest, on October 1, 1935.

NEW FIXED TRUSTS

British General Fixed Trust Series "B."—Units consist of shares in 27 industrial companies, with alternative list of ten industrial shares and all trustee securities for replacement of eliminated securities, if considered expedient by managers. Trust is cumulative, having 20 years' life, during which provision for management is made. Service charge less than ½ of 1 per cent. per annum during full life. Managers guarantee repurchase not lower than net break-up price. Trustee, General Accident Fire and Life Assurance Corporation.

Provident Investors Trust.—A new fixed trust, sponsored by Dawnay Day interests, is to be launched shortly under this name.

FORTHCOMING ISSUES

The Central Provinces Manganese Ore Company, Ltd.—The board will shortly offer further 100,000 shares of 10s. at a premium of 10s. per share to shareholders in proportion of one new share for every ten shares. Shares to rank for final dividend for 1935.

Ruberoid Company, Ltd.—An issue is expected next week of 300,000 5½ per cent. redeemable cumulative preference shares £1 at 20s. 6d.

OTHER RESULTS OF ISSUES

Reich Treasury Bonds, 1935.—Owing to oversubscription 88 per cent. of the Rm. 500,000,000 (£41,666,000) 4½ per cent. Reich Treasury bonds, 1935, will be allocated.

South Essex Waterworks.—In response to the offer for sale by tender of £150,000 ordinary 5 per cent. maximum stock, bids were received for an amount heavily in excess of the amount offered.

United Kingdom Gas Corporation.—The United Kingdom's Gas Corporation's offer to stockholders of Scarborough Gas to purchase their stocks has been accepted to the extent of 77.3 per cent. of 1867 preference stock, 91 per cent. of consolidated ordinary stock and 94.5 per cent. of new ordinary stock. The corporation's offer to holders of consolidated ordinary stock of Aylesbury Gas Company has been accepted to the extent of 87.96 per cent.

CALLS DUE SEPTEMBER 23 TO SEPTEMBER 28, 1935

The grand total of calls falling due in September, 1935, is £16,099,085, which compares with £4,766,761 which fell due in September, 1934.

Nominal amount of Stock	Company	Amount of Call	When payable	Making Paid
Stock	General Investors and Trustees (£900,000 3½% Red. Debenture Stock, 1955-85, at £101%)	£91%	Sept. 23	All
5/-	Sussex Brick, Ltd. (280,000 New Deferred Shares to Deferred Shareholders, at 9/- per Share, in proportion of seven new Shares for every twenty held)	5/- p.a.	Sept. 24	5/- p.a.
£1	Sussex Brick, Ltd. (120,000 New 8% Cum. Preferred Ordinary Shares to Preferred Ordinary Shareholders registered August 30, at 23/- per Share, in the proportion of four New Preferred for every five held)	7/6 p.a.	Sept. 24	7/6 p.a.
Stock	West Bromwich Corporation 3% Red. Stock, 1954-56 (£900,000, at £100%)	£30%	Sept. 24	£55%

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Amt. paid	Price, Sept. 11, 1935	Price, Sept. 18, 1935
Australia 3%	100	5	1-14 pm	1-14 pm
Briggs Motor Bodies Ord.	25/-	12/6	2/9-3/4 pm	2/11-2/7 1/2 pm
Do.	100	53	2-1-11 dis	2-1-11 dis
British (Guest Keen & Baldwin) 4% deb.	103	40	1-14 pm	1-14 pm
Cables Investment Trust Pref. £10	10 1/2	1	5/-5/6 pm	4/3-4/9 pm
Do.	99	10	par-1 pm	par-1 pm
Daily Sketch 4½% 1st Deb.	104	64	4-1-11 pm	4-1-11 pm
Dundee 3%	100	70	1/6-1/7 dis	1/9-1/3 dis
Earls Court Ord. 5/-	5/-	3/-	6-1-11 dis	6-1-11 dis
Do.	£100	£20	56/6-57/6	56/6-57/6
Green (J. W.) Ord. £1	£1	...	22/9-23/3	22/9-23/3
Harding Tilton	5/-	...	1/6-2/- pm	1/8-2/- pm
Hills (R. H. O.) Ord. 5/-	21/-	10/-	10 1/4-11 1/4 pm	10 1/4-11 1/4 pm
Do.	5/-	...	1-14 pm	1-14 pm
Hobson (H. M.) 5/-	98	18	1-14 pm	1-14 pm
India 3%, 1949-52	104	24	21-24 pm	21-24 pm
Kelly's Directories 4% Deb.	99 1/2	19 1/2	21-24 pm	21-24 pm
Lanarkshire Steel 6% Pref.	99 1/2	19 1/2	1-14 pm	1-14 pm
Leeds 3% Stock	24/6	10/6	3d dis-3d pm	3d dis-3d pm
Leeds and Wakefield Breweries 6% Pref.	20/6	10/6	1/3-9d dis	1/3-9d dis
Lewis (John) Properties 4½% Pref.	96	31	3-1-21 dis	3-1-21 dis
Do.	99 1/2	59 1/2	1-14 pm	1-14 pm
Liverpool 3%	97	22	2/3-1/9 dis	2/3-1/9 dis
London County Freehold Properties 20/-	97	22	1-14 pm	1-14 pm
London Electric Transport 2½% Deb.	99 1/2	18 1/2	1-14 pm	1-14 pm
Lowestoft 3%	98 1/2	18 1/2	1-14 pm	1-14 pm
Mann and Overton Ord. 5/-	6/6	6/6	8/-8/6	7/9-8/3
Do.	20/-	20/-	19/9-20/3	19/9-20/3
New Zealand 3%	98 1/2	18 1/2	1-14 pm	1-14 pm
Odams (Watford) 5½% Pref.	21/-	10/-	1-14 pm	1-14 pm
Ribblesdale Cement 4% Deb.	101	51	1-14 pm	1-14 pm
Trinidad 3% Stock	100	45	1-14 pm	1-14 pm
Ultra Electric (Holding) 5/-	5/-	...	8/6-9/3	8/6-9/3
West Bromwich 3%	100	25	1-14 pm	1-14 pm
West London 5/-	7/-	4/6	1-14 pm	1-14 pm
W. Lon. Prop. 4% Deb.	100	50	1-14 pm	1-14 pm
W. Sparwater 5/-	5/-	5/-	4/6-5/-	4/6-5/-

LONDON TRANSPORT

Week ending September 14, 1935	*Takings	Compared with corresponding period of last year
Aggregate 11 weeks ending September 14, 1935...	£5,908,900	+ 8,800
		+ 84,000

* For an explanation of the manner in which the figures are made up, see the *Economist*, March 17, 1934, page 610.

Note.—The receipts this year include receipts of bus and coach undertakings not absorbed by London Transport in the corresponding period of last year. In order to make a comparison with the previous year, the figures for that year have been adjusted on the basis of the best information available.

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week		Gross Aggregate Receipts	
				1935	+ or -	1935	+ or -
INDIAN							
				Rs.	Rs.	Rs.	Rs.
Assam Bengal	20	Aug. 20	1,330	\$3,97,300	- 55,199	60,73,632	12,17,10
Barsi L. Ry.	20	Aug. 20	292	37,400	- 1,100	7,92,200	- 58,20
Bengal & N. Western ..	21	Aug. 21	1,114	\$7,24,408	+ 74,483	1,41,60,051	- 2,49,68
Bombay-Nagpur	18	Aug. 18	3,268	\$20,18,000	+ 2,10,594	3,07,28,165	+ 16,56,75
Bombay, Bar & C.I.	23	Sept. 10	3,072	\$22,28,000	- 3,22,000	4,55,80,000	- 8,52,00
Madras & S. Mahr.	20	Aug. 20	3,230	\$16,91,000	- 2,67,979	2,83,36,338	- 6,37,08
Robhil'd & Kumam	31	Aug. 31	546	\$11,35,478	- 1,284	28,70,799	- 1,19,36
South Indian	20	Aug. 20	2,526	\$13,16,154	- 1,68,270	2,13,30,412	- 5,47,48

† 11 days ‡ 10 days

CANADIAN

Canadian National	35	Sept. 7	23714	3,127,368	67,101	112,356,428	2,139,517
Canadian Pacific	36	Sept. 14	17224	2,949,000	7,000	84,004,000	547,000

SOUTH AMERICAN

				1935	1934	1933	1932	1931
				Sept. 15	Sept. 15	Sept. 15	Sept. 15	Sept. 15
Antofagasta (Chili and Bolivia)	37	14	830	13,740	2,930	453,860	1,559,100	49,300
Argentine N.E.	11	14	753	1,163,800	28,600	91,582	4,392	88,000
B.A. and Pacific	11	14	2,806	11,211,000	20,000	13,454,000	18,614	115,000
B.A. Central	10	7	...	136,500	14,600	1,239,900	1,688	9,600
B.A. Gt. Southern	11	14	5,085	12,257,000	132,000	22,100,000	1,370,800	56,908
B.A. Western	11	14	1,930	132,531	8,697	1,298,172	518,000	22,153
Central Argentine	11	14	3,700	164,000	78,000	7,514,000	2,415,950	117,187
Central Uruguay	11	14	273	1,121,022	250	1,266,772	92,303	1,015
C. Ur. (East Ext.)	11	14	311	77,317	8,857	14,704	2,450	965
C. Ur. (N. Ext.)	11	14	185	7,747	146	11,378	7,741	181,000
C. Ur. (W. Ext.)	11	14	211	150,000	23,000	6,232,000	2,880	2,880
Cordoba Central	11	14	1,218	229,500	1,580	368,100	215,400	1,688
Entre Rios	11	14	810	214,200	16,000	2,296,600	215,400	9,600
G. West. of Brazil	37	14	1,082	5,578	2,400	268,000	1,934,000	176,930
Leopoldina	37	14	1,918	Ms188,000	114,000	53,166,000	10,949,000	6,997
Leopoldina Termal.	37	14	...	20,799	8,710	631,202	10,949,000	6,997
Nitrate	15	14	...	268,000	7,000	105,970	21,296,000	104,800
Paraguay Central	11	14	27	24,543,000	158,000	129,411	22,434	79,726
Salvador	11	14	100	Col. 9,925	2,519	73,770,000	8,132,000	4,067
San Paulo	26	8	1531	2,121,667	1,808	904,297	79,726	1,678
United of Havana	11	14	1,365	17,313	1,678	195,436	1,678	4,067

* Converted at average official rate during week ended Sept. 14—17-03 pesos to the £.
† Months. ‡ Receipts in Argentine Pesos.
§ Free market rate.
|| Comparative figures for 1934 converted at official rate ruling in 1935.
f Converted at the "free" rate as a result of a decision of the High Court.

OTHER OVERSEAS

				1935	1934	1933	1932	1931
				Sept. 12	Sept. 12	Sept. 12	Sept. 12	Sept. 12
Egyptian Delta Light Railways	21	Aug. 31	923	18,539	54	82,745	1,165	3,322
Egyptian Markets	37	Sept. 12	...	...	38	58,789	277,886	...
Gr. South. of Spain	7	...	...	Ps. 40,810	12,054	1,606,401	277,886	...
Mexican Railway	36	7	483	232,900	17,500	2,399,300	190,300	...

† 11 days

TRAMWAYS WEEKLY GROSS RECEIPTS

				1935				
				Sept. 16				
Anglo-Argentine ...	37	10	328	\$640,325	13,564	23,169,801	745,005	16,666
B. Aires Lacroze	...	...	...	\$65,116	1,487	642,231	...	...
Burnley, Colne and Nelson Jt. Trapt.	1	14	76	£4,899	117	...	...	...
Calcutta Tramways	3	1	14	Rs. 1,22,482	4,288	127,710	9,222	9,222
Canal of Thames Elec.	31	...	...	\$5,503	496	...	...	...
Liverpool Corp.	22	11	...	£2,142	824	687,803	13,000	13,000
Madras Electric	81	13	...	Rs. 55,008	2,924	9,07,978	9,079	9,079

COMPANY MEETINGS, &c.

COMMONWEALTH MINING AND FINANCE, LIMITED

POTENTIAL VALUE OF COMPANY'S PROPERTIES

The annual general meeting of Commonwealth Mining and Finance, Limited, was held, on the 17th instant, in London.

Colonel Sir W. R. Campion, K.C.M.G., D.S.O. (the chairman), said that an examination of the cash position of the company showed that they had a net total of £328,924 cash in hand. During the last half of the year under review, so much attention had been focussed on the discovery and subsequent developments at Yellowdine that it was possible that the company's holdings in other parts of the State and in Northern Territory might have been overlooked, or at least given less attention than was due to them. That was an attitude very easy to adopt, for the widths of the Yellowdine ore bodies and the concentration of their gold content were so unusually great that they were apt to overshadow the results which were being achieved by developments on their other properties. It was important, however, that those latter should be seen in their proper perspective and it should be realised that the year's work on their five original mines had provided ample evidence that in them they had potential producers of great tonnages of payable, and in some cases decidedly rich ore.

All the mines were now at an extremely interesting stage of development, and in view of satisfactory developments they had not hesitated to exercise their options on the Aladdin, Atlas and Hercules properties. A great deal of effective and informative work had been done, the value of which would be more apparent when the full development stage was reached.

With regard to Yellowdine, he would like clearly to impress the fact that they still held the controlling interest in the property, and there were good reasons to believe, having regard to the results already achieved, that that mine would rapidly become one of the most important in Australia. It was not unreasonable to suppose that the ore reserves at Yellowdine had been considerably augmented and that their value might now be assumed to be approaching £2,000,000 sterling.

MANAGING DIRECTOR'S VIEWS

Mr Claude de Bernales (managing director), seconding the resolution, said that there was growing evidence that the Aladdin mine might eventually develop into one of those most attractive types of gold mine, namely, a producer of medium-grade ore on a large scale. The results of development work on the Atlas gold mines indicated somewhat similar possibilities to those shown in the Aladdin property. The general outlook at the Hercules mine was particularly satisfactory. Work at the Phoenix gold mines had been directed towards restoring the old shafts and workings to good condition in order that a full comprehensive sampling of the mine could be made.

Regarding the company's substantial interest in the Yellowdine mine, he would like to express his great pleasure that the expectations he had formed of that truly wonderful property had been realised to the fullest by the development work carried out, and nobody could contemplate the future other than with the greatest satisfaction and happy anticipation. The treatment plant now under order should be ready for operating by April next year. The recent developments at the 100-ft. level could reasonably be accepted as earmarking the mine as a great property.

A cable just received from the mine management informed them of a most valuable new development in the property. At a point 126 ft. north in the north drive at the 50 ft. level from No. 5 shaft a crosscut had been put out and at 18 ft. an ore body had been encountered which had already been driven on north for a distance of 53 ft. and ore was still in the face. Over a full width of 6 ft. the assay in gold values per ton of that drive were from 1 to 18 ft., average 1 oz. 15 dwts.; from 18 to 29 ft., nil, greenstone; from 29 to 53 ft., average 2 ozs. 5 dwts. That continuation of high gold values and substantial size of ore body as they drove north was exceedingly encouraging and satisfactory, and augured well for the future of the mine and for its capabilities of returning handsome dividends to those interested in its welfare. He thought they were all justified in congratulating themselves on that wonderful result.

They were all entitled to be very happy with the position of the company, not only on account of its excellent liquid cash resources, but because of the favourable results which had attended the major portion of their efforts.

The report and accounts were unanimously adopted.

GROSVENOR HOUSE (PARK LANE), LIMITED

SUCCESS OF THE NEW BALLROOM

The seventh ordinary general meeting of Grosvenor House (Park Lane), Limited, was held, on the 16th instant, at Grosvenor House, Park Lane, London, W.

Mr A. O. Edwards (chairman of the company), who presided, said that the net profit for the year of £64,114 compared with £52,393 last year. The directors were of opinion that to clear the balance sheet of all intangible assets was the best policy in the interests of the company, and regarded the recommendation to pay a final dividend of 2½ per cent. as well justified.

Their bold venture of constructing a new ballroom had met with success. Grosvenor House had now the largest hotel ballroom in Europe, of which he had heard nothing but praise. Lettings for the past year had been good, and those for the forthcoming year encouraged him to have every confidence in the future of that side of the business.

Regarding the hotel rooms, income for the first six months had shown an encouraging increase, but to the board's disappointment that progress had by no means been maintained during the second six months. The great expectations held for the period of the Silver Jubilee had not been altogether fulfilled so far as the luxury trades were concerned.

The better trading conditions in Great Britain had helped Grosvenor House, which was now thoroughly established throughout the world. In that connection he would like to protest against the very small appropriation of £4,000 which the British Government made to the "Travel and Industrial Development Association of Great Britain and Ireland," which existed in order to make known the attractions of Great Britain as a holiday and trade centre. Professor F. W. Ogilvie, dealing with the tourist movement purely from an economic point of view, estimated that the visitors to Great Britain last year had represented an income to this country of no less than £25,500,000. He, the speaker, thought it would be good politics as well as good economics for the Government to spend a little more money on organisations designed to encourage travel, especially as visitors from abroad were realising more than ever that London was the perfect holiday centre.

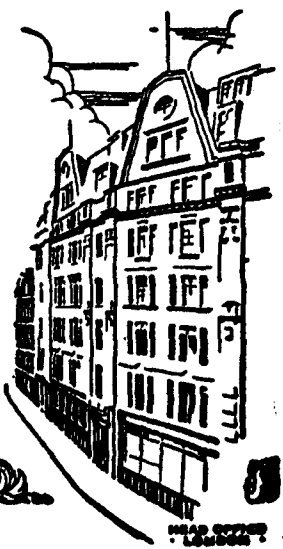
The report and accounts were unanimously adopted.



The ANGLO-SOUTH AMERICAN BANK Ltd

117, OLD BROAD ST. LONDON. E.C.2

THE Bank is represented
by Branches and
Affiliated Institutions
throughout Latin America
and Spain, and affords
complete facilities for the
transaction of every des-
cription of modern bank-
ing business.



GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended September 14, 1935, amounted to £8,021,500, against ordinary expenditure of £12,724,000. After allowing for an increase in Exchequer Balances of £140,769, the operations for the week, as shown below, increased the gross National Debt by £4,844,000 to approximately £7,970 millions.*

(000's omitted)

Treasury Bills.....	+ 8,970	Public Dept. Advances.....	- 2,700
		N. Atlantic shipping issues.....	- 26
		Road Fund temp. advances.....	- 900
		P.O. and Tel. cap. expdite.....	- 500
	+ 8,970		- 4,126

* Including £375 millions on Account of Exchange Equalisation Fund and Borrowing for Statutory Sinking Fund.

A complete analysis of the approximate position of the National Debt on June 30, 1935, appeared in the *Economist* for July 6.

REVENUE	Estimate for the year 1935-36	Total Receipts into the Exchequer			
		April 1, 1935, to Sept. 14, 1935	April 1, 1934, to Sept. 15, 1934	Week ended Sept. 14, 1935	Week ended Sept. 15, 1934
ORDINARY REVENUE					
Inland Revenue—					
Income Tax.....	232,500,000	50,182,000	49,697,000	766,000	990,000
Sur-tax.....	51,500,000	5,330,000	7,160,000	60,000	110,000
Estate, etc., Duties.....	80,000,000	40,320,000	38,440,000	1,170,000	1,210,000
Stamps.....	25,000,000	8,920,000	8,590,000	280,000	290,000
Excess Profits Duty and Corporation Profits Tax	1,700,000	...	...	...	...
Land Tax and Mineral Rights Duty.....	800,000	130,000	140,000	...	...
Total Inland Revenue.....	391,500,000	105,062,000	104,027,000	2,276,000	2,600,000
Customs and Excise—					
Customs.....	188,570,000	89,297,000	85,792,000	4,218,000	3,676,000
Excise.....	106,350,000	45,200,000	43,966,000	1,149,000	1,298,000
Total Customs and Excise	294,920,000	134,497,000	129,758,000	5,367,000	4,974,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,212,000	1,651,000	4,000	121,000
Post Office (Net Receipts).....	11,850,000	8,250,000	9,700,000	350,000	300,000
Crown Lands.....	1,330,000	610,000	570,000	...	...
Receipts from Sundry Loans	3,900,000	3,000,000	2,867,000	24,516	1,115,929
Miscellaneous Receipts.....	25,970,000	10,978,441	6,870,980	8,021,516	9,110,929
Total Ordinary Revenue	734,470,000	263,617,880	255,468,998	8,021,516	9,110,929
SELF-BALANCING REVENUE					
Post Office.....	64,070,000	26,000,000	23,850,000	850,000	750,000
Motor Vehicle Duties apportioned to Road Fund.....	26,230,000	6,784,000	7,737,000	125,000	...
Total Self-Balancing Revenue	90,300,000	32,784,000	31,587,000	975,000	750,000
Total.....	...	296,401,880	287,055,998	8,996,516	9,860,929

EXPENDITURE	Estimate for the year 1935-36	Total Issues out of the Exchequer to meet Payments			
		April 1, 1935, to Sept. 14, 1935	April 1, 1934, to Sept. 15, 1934	Week ended Sept. 14, 1935	Week ended Sept. 15, 1934
ORDINARY EXPENDITURE					
Interest and Management of National Debt.....	224,000,000	104,133,157	105,296,057	331,369	368,508
Payments to Northern Ireland Exchequer.....	6,750,000	2,303,929	2,481,068	...	...
Other Consolidated Fund Services.....	3,700,000	1,252,085	1,033,105	...	...
Post Office Fund.....	1,130,000	...	...	...	...
Total.....	235,580,000	107,689,171	108,810,230	331,369	368,508
Total Supply Services (excluding Post Office)	508,440,000	218,154,098	202,003,319	12,393,000	12,700,000
Total Ordinary Expenditure.....	744,020,000	325,843,269	310,813,549	12,724,369	13,068,508
SELF-BALANCING EXPENDITURE					
Post Office.....	64,070,000	26,000,000	23,850,000	850,000	750,000
Road Fund.....	26,230,000	6,784,000	7,737,000	125,000	...
Total Self-Balancing Expenditure.....	90,300,000	32,784,000	31,587,000	975,000	750,000
Total.....	...	358,627,269	342,400,549	13,699,369	13,818,508

The aggregate revenue and expenditure to September 14, 1935, is shown below:—

FINANCIAL YEAR, 1935-36, APRIL 1, 1935, TO SEPTEMBER 14, 1935

(000's omitted)

Expenditure.....	325,843	Revenue.....	263,618
Increase in balances.....	60	Gross inc. in borrowing.....	£66,577
		Less	
		New Sinking Fund.....	4,292*
		Net borrowing.....	62,285
	325,903		325,903

* Authority will be sought in the Finance Bills to meet the amount of the Statutory Sinking Funds in 1935 by borrowing.

POSITION OF THE FLOATING DEBT

	Sept. 15, '34	Mar. 31, '35	Sept. 14, '35	Sept. 14, '35
Ways and Means Advances Outstanding—	£	£	£	£
Advances by Bank of England.....	48,750,000	34,080,000	21,520,000	-2,700,000
Advances by Public Departments.....	825,240,000	799,320,000	893,220,000	+8,970,000
Treasury Bills outstanding.....	873,990,000	833,380,000	914,740,000	+6,270,000
Total Floating Debt.....	1,347,980,000	1,166,780,000	1,229,460,000	+62,700,000

* Includes £4,000, the proceeds of which were not carried to the Exchequer within the period of the Account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £45,000,000 Treasury bills were opened on September 13, 1935, and the total amount applied for was £71,480,000. Tenders were accepted for Treasury bills at three months dated Monday to Saturday at £99 17s. 4d., about 81 per cent., and above in full. The average rate per cent. was 10s. 7.02d. The amount allotted was £45,000,000. The following table shows the weekly record at various dates:—

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
1933				
January 8.....	45,000,000	73,850,000	45,000,000	0 18 10-84
July 7.....	45,000,000	83,980,000	45,000,000	0 10 4-85
October 6.....	45,000,000	100,450,000	45,000,000	0 12 9-98
1934				
January 5.....	35,000,000	76,280,000	30,000,000	0 18 11-5
April 5.....	40,000,000	80,390,000	38,000,000	0 17 9-01
July 6.....	35,000,000	62,745,000	32,000,000	0 18 4-14
October 5.....	35,000,000	65,280,000	31,510,000	0 15 9-702
1935				
January 4.....	40,000,000	49,560,000	27,500,000	0 6 1-64
April 5.....	40,000,000	76,095,000	40,000,000	0 10 2-83
July 5.....	40,000,000	60,905,000	40,000,000	0 12 4-32
August 9.....	40,000,000	60,805,000	40,000,000	0 11 9-37
August 16.....	40,000,000	60,525,000	40,000,000	0 11 1-94
August 23.....	40,000,000	65,955,000	45,000,000	0 12 1-73
August 30.....	45,000,000	75,640,000	45,000,000	0 12 4-84
September 6.....	45,000,000	71,480,000	45,000,000	0 10 7-02
September 13.....	45,000,000	71,480,000	45,000,000	0 10 7-02

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended August 24, 1935.....	550,996	£413,247
Week ended August 31, 1935.....	573,974	£430,481
February, 1916, to August 31, 1935.....	1,235,589,002	£973,129,590

At the end of July, 1935, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £392,278,349.

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, September 18, 1935

ISSUE DEPARTMENT

Notes Issued:—	£	Government Debt.....	11,015,100
In Circulation.....	398,149,572	Other Government Securities.....	246,415,705
In Banking Department.....	55,328,136	Other Securities.....	1,029,844
		Silver Coin.....	1,539,351
	453,477,708	Amount of Fiduciary Issue.....	280,000,000
		Gold Coin and Bullion.....	193,477,708
			453,477,708

BANKING DEPARTMENT

Proprietors' Capital.....	£14,553,000	Government Securities.....	83,159,999
Reserve.....	3,720,564	Other Securities:—	
Public Deposits*.....	17,464,679	Discounts and Advances.....	£11,852,658
Other Deposits:—		Securities.....	£14,159,650
Bankers'.....	£92,018,504		26,012,308
Other Accounts.....	£37,581,219	Notes.....	55,328,136
	129,599,723	Gold and Silver Coin.....	897,528
			165,357,968

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

Both Departments	Amount, Sept. 18, 1935	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation.....	398,149,572	- 2,106,710	+ 21,769,828
Public deposits.....	17,464,679	+ 1,428,969	+ 8,034,380
Bankers' deposits.....	92,018,504	+ 982,390	+ 7,810,715
Other deposits.....	37,581,219	+ 261,547	+ 80,261
Seven-day bills.....	...	+ 43,102	+ 10,991,932
Total outside liabilities.....	545,213,974	+ 16,393	+ 16,923
Capital and rest.....	18,273,564		
Government debt and securities.....	340,590,804	- 1,562,160	+ 2,912,555
Discounts and advances.....	11,852,658	- 566,176	+ 5,714,820
Other securities.....	15,189,494	+ 2,100,140	+ 1,220,410
Silver coin in issue department.....	1,539,351	- 444	+ 1,620,445
Coin and bullion (bank's reserves).....	194,315,231	+ 98,135	+ 1,881,515
Reserves of notes and coin in banking department.....	58,165,659	+ 2,194,845	- 19,888,311
Proportion of reserve to outside liabilities—			
(a) Banking Department only.....	38.1%	+ 0.9%	- 10.0%
(b) Gold stocks to deposits and notes ("reserve ratio").....	35.6%	...	- 0.4%

(000's omitted)

Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Notes	Circulation	Public Deposits	Bankers' Deposits	Other Deposits		
1935							
Aug. 21	453,252	400,440	15,902	93,898	36,900	477 in	2 1/2
Aug. 28	453,355	399,565	9,360	96,935	36,454	103 in	2 1/2
Sept. 4	453,355	401,622	5,860	100,063	36,646	Nil	2 1/2
" 11	453,402	400,256	16,036	91,036	37,843	8 in	2 1/2
" 18	453,478	398,150	17,465	92,018	37,581	75 in	2 1/2

(000's omitted)

	Issue Department		Both Depts.		Banking Department				
Date	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio		Govt. Securities	Dis-counts & Advances	Other Securities	Reserve and the "Pro-portion "	
1935	£	£	193,909	%	83,490	12,952	15,002	53,480	%
Aug. 21	257,732	729	194,084	85 1/2	81,275	12,935	12,281	54,519	36 1/2
Aug. 28	257,820	842	194,115	85 1/2	83,415	14,051	12,841	52,493	36 1/2
Sept. 4	257,820	842	194,227	85 1/2	84,556	12,419	12,232	53,971	37 1/2
Sept. 11	257,603	857	194,315	85 1/2	83,160	11,853	14,160	56,166	38 1/2
Sept. 18	257,431	1,030							

BANKERS' CLEARING RETURNS

LONDON
(000's omitted)

	Town		Metropolitan		Country		Total
	1935	1934	1935	1934	1935	1934	
January 1 to September 4	22,141,906	21,811,262	1,281,262	1,281,262	2,184,684	2,184,684	25,587,832
Week ended September 11	489,644	31,559	31,559	31,559	65,778	65,778	586,781
Week ended September 18	530,743	30,772	30,772	30,772	57,457	57,457	618,972
Total to date, 1935	23,162,293	23,162,293	1,343,393	1,343,393	2,287,899	2,287,899	26,793,585
Total to date, 1934	21,612,764	21,612,764	1,249,417	1,249,417	2,120,116	2,120,116	24,982,297
Increase or decrease in 1935	+1,549,529	+1,549,529	+93,976	+93,976	+167,783	+167,783	+1,811,288
	= 7.2%	= 7.2%	= 7.5%	= 7.5%	= 7.9%	= 7.9%	= 7.2%
Total for year 1934	30,740,117	30,740,117	1,759,528	1,759,528	2,984,512	2,984,512	35,484,157
Total for year 1935	27,714,480	27,714,480	1,656,675	1,656,675	2,768,471	2,768,471	32,137,626
Increase or decrease in 1934	+3,025,637	+3,025,637	+102,853	+102,853	+216,041	+216,041	+3,346,531
	= 10.9%	= 10.9%	= 6.2%	= 6.2%	= 7.8%	= 7.8%	= 10.4%

PROVINCIAL
(000's omitted)

	Week ended September 14		Month of August			Aggregate Totals January 1 to September 14	
	1934	1935	1934	1935	Inc. or Dec.	1934	1935
No. of working days :			26	26			
	£	£	8,012	9,207	+14.9	£83,634	£86,581
BIRMINGHAM.....	1,887	1,602	8,012	9,207	+14.9	83,634	86,581
BRADFORD.....	525	739	2,934	3,422	+16.6	32,177	31,897
BRISTOL.....	1,029	1,094	4,834	4,914	+1.6	42,941	43,088
DUBLIN.....	4,326	4,918				188,024	193,939
HULL.....	549	792	2,964	3,218	+8.5	26,554	26,973
LEEDS.....	542	508	3,557	3,594	+1.0	33,768	32,958
LEICESTER.....	601	632	2,084	2,505	+20.2	22,968	23,972
LIVERPOOL*.....	5,651	4,409	24,727	24,791	+0.2	218,479	208,814
MANCHESTER.....	7,858	8,104	36,825	37,798	+2.6	349,272	353,447
NEWCASTLE.....	1,313	1,030	5,891	5,075	-13.8	54,517	48,834
NOTTINGHAM.....	333	365	1,671	2,011	+20.3	16,024	17,255
SHEFFIELD.....	596	629	3,356	3,715	+10.6	30,337	30,819
	25,010	24,822	98,855	100,250	+3.5	1,098,895	1,098,554

* Restricted area from April 1, 1935. † Extended area from November 26, 1934.

OVERSEAS BANK RETURNS

NOTE.—The latest return of the Banks of Estonia, Egypt and Latvia appeared in the Economist for August 31. New Zealand, Roumania, Danzig and Norway, in September 7. International Settlements, Denmark, Finland, Lithuania, Greece, Java and Turkey in September 14.

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

RESOURCES	Sept. 19, 1934	Aug. 29, 1935	Sept. 5, 1935	Sept. 12, 1935	Sept. 19, 1935
	1934	1935	1935	1935	1935
Gold Certificates on hand and due from the Treasury	4,957,820	6,482,230	6,481,830	6,536,040	6,551,130
Total reserves	5,210,740	6,729,780	6,708,080	6,775,200	6,789,880
Total cash reserves	229,730	227,120	206,400	217,950	218,050
Total bills discounted	21,970	9,410	10,710	11,180	9,640
Bills bought in open market	5,200	4,680	4,680	4,680	4,680
Total bills on hand	27,170	14,090	15,390	15,860	14,320
Industrial advances	2,430,720	2,430,330	2,430,210	2,430,210	2,430,270
Total U.S. Govt. securities	2,459,740	2,473,870	2,475,040	2,475,820	2,474,820
Total bills and securities	8,290,330	9,765,050	9,792,090	9,873,130	9,998,110
LIABILITIES	Sept. 19, 1934	Aug. 29, 1935	Sept. 5, 1935	Sept. 12, 1935	Sept. 19, 1935
Federal Reserve notes in actual circulation	3,146,600	3,352,060	3,413,930	3,422,830	3,428,790
Aggregate of excess member-bank reserves over requirements	...	2,780,000	2,670,000	2,820,000	2,960,000
Deposits—Member-bank—					
reserve account	3,989,360	5,346,440	5,228,150	5,388,280	5,196,130
Government deposits	210,480	49,880	103,060	27,340	224,300
Total deposits	4,299,840	5,808,860	5,524,350	5,601,880	5,605,040
Capital paid in and surplus	285,050	314,250	312,380	302,100	299,640
Total liabilities	8,290,330	9,765,050	9,792,090	9,873,130	9,998,110
Ratio of total reserves to deposits and Federal Reserve note liabilities combined	70.0%	75.1%	75.0%	75.1%	75.2%

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

	Sept. 19, 1934	Aug. 29, 1935	Sept. 5, 1935	Sept. 12, 1935	Sept. 19, 1935
Total gold reserves	1,777,830	2,809,870	2,762,720	2,764,580	2,732,020
Total bills discounted	13,630	5,930	6,450	6,980	6,140
Bills bought in open market	1,930	1,800	1,800	1,800	1,800
Total U.S. Govt. securities	777,750	739,320	744,320	744,320	744,320
Total bills and securities	793,450	754,030	750,530	750,530	750,530
Deposits—Member-bank—					
reserve account	1,581,110	2,605,560	2,534,910	2,589,450	2,433,590
Ratio of total res. to dep. and Federal Res. note liabilities combined	71.8%	80.6%	80.4%	80.0%	79.9%

FEDERAL RESERVE MEMBER BANKS

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

	Sept. 5, 1934	Aug. 7, 1935	Aug. 14, 1935	Aug. 21, 1935	Aug. 28, 1935	Sept. 4, 1935
Loans	7,880	7,359	7,367	7,417	7,345	7,388
Investments	9,877	11,130	11,110	11,150	11,188	11,226
Reserve with Federal	2,924	3,857	3,905	4,080	4,129	4,013
Demand deposits	12,936	15,455	15,661	15,799	15,950	15,919
Time deposits	4,508	4,420	4,426	4,398	4,367	4,380
Government deposits	1,098	516	520	522	516	496
Due from banks	1,512	1,832	1,894	1,885	1,891	1,901
Due to banks	3,780	4,486	4,543	4,580	4,575	4,684

AUSTRALIAN COMMONWEALTH BANK.—In £'s (000's omitted)

	Aug. 12, 1935	Aug. 19, 1935	Aug. 26, 1935	Sept. 2, 1935	Sept. 9, 1935	Sept. 16, 1935
Gold and English sterling	15,994	15,994	15,994	15,994	15,994	15,994
Other coin, bullion and cash	6,835	6,479	6,519	6,202	6,437	6,555
Money at short call—London	16,757	16,555	16,937	16,897	16,692	17,562
Conversion funds in London	326	345	365	341	343	350
Short-term loans	5,705	6,195	6,284	6,564	6,811	7,793
Securities	70,846	70,796	70,796	70,811	70,811	70,811
Discounts and advances	6,972	6,972	7,122	7,130	7,025	6,789
LIABILITIES	Aug. 12, 1935	Aug. 19, 1935	Aug. 26, 1935	Sept. 2, 1935	Sept. 9, 1935	Sept. 16, 1935
Notes issued	47,044	47,044	47,044	47,044	47,044	47,044
Reserve premium on gold	3,896	3,896	3,896	3,896	3,896	3,896
Deposits	67,854	67,879	68,309	68,326	68,125	70,075

BANK OF CANADA.—In \$'s (000's omitted)

	Aug. 21, 1935	Aug. 28, 1935	Sept. 4, 1935	Sept. 11, 1935
Assets				
Reserve of which	193,855	198,838	191,509	189,706
Gold coin and bullion	180,160	180,191	180,159	179,938
Dominion Government securities	102,317	102,618	124,472	100,954
LIABILITIES	Aug. 21, 1935	Aug. 28, 1935	Sept. 4, 1935	Sept. 11, 1935
Note circulation	78,405	79,913	81,664	83,155
Deposits—				
Dominion Government	32,878	25,873	19,963	20,674
Chartered banks	182,948	183,738	192,540	183,902
Ratio of reserves to notes and deposit liabilities	65.8%	65.1%	65.0%	65.8%

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

	Sept. 14, 1935	Aug. 16, 1935	Aug. 23, 1935	Aug. 30, 1935	Sept. 6, 1935	Sept. 13, 1935
Assets						
Gold coin and bullion	18,055	28,210	28,029	26,542	25,770	25,751
Bills discounted—Foreign	11,238	3,451	3,651	4,751	4,750	5,781
Investments	1,725	1,726	1,726	1,726	1,726	1,726
Loan & Advances to Govt.	1,200	1,200	1,200	1,200	1,200	1,200
Other assets	6,565	14,734	14,861	15,864	13,246	13,322
LIABILITIES	Sept. 14, 1935	Aug. 16, 1935	Aug. 23, 1935	Aug. 30, 1935	Sept. 6, 1935	Sept. 13, 1935
Notes in circulation	11,484	12,276	12,026	13,589	13,074	12,468
Government deposits	1,564	1,747	1,913	1,680	1,398	1,798
Bankers' deposits	22,068	29,379	28,578	31,072	26,664	28,080
Ratio of cash reserves to liabilities to public	49.7%	60.4%	60.2%	55.8%	60.0%	58.6%

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

	Aug. 23, 1935	Aug. 30, 1935	Sept. 6, 1935	Sept. 13, 1935
Assets				
Gold coin and bullion	44,421.17	44,421.17	44,421.17	44,421.17
Rupee coin	56,27.89	57,05.46	56,89.55	57,02.07
Balances abroad	12,48.88	13,82.54	14,86.07	16,09.50
Sterling securities*	65,19.27	65,19.27	65,19.27	65,19.27
Indian Government rupee securities*	28,49.29	26,49.36	26,49.36	26,49.36
Investments	6,23.70	6,23.07	6,23.07	6,23.07
LIABILITIES	Aug. 23, 1935	Aug. 30, 1935	Sept. 6, 1935	Sept. 13, 1935
Note circulation	1,56,32.57	1,54,47.74	1,57,59.65	1,57,92.45
Deposits—				
Government	11,82.06	12,83.15	10,09.14	10,55.35
Other	32,62.52	35,74.57	35,96.45	36,30.52
Ratio of gold and sterling to liabilities	67.0%	58.8%	56.8%	56.8%

LONDON RATES OF EXCHANGE

I.—Spot Rates

(Range of the day's business)

London on	Par of Exch. per £	Sept. 13, 1935	Sept. 14, 1935	Sept. 15, 1935	Sept. 16, 1935	Sept. 17, 1935	Sept. 18, 1935	Sept. 19, 1935
New York, \$	14.864	14.934-94	14.941-95	14.941-95	14.934-94	14.922-93	14.922-93	14.922-93
Montreal, \$	4.863	4.941-96	4.961-97	4.961-97	4.961-97	4.961-97	4.961-97	4.961-97
Paris, Fr.	124.21	741-75	751-76	751-76	741-75	741-75	741-75	741-75
Brussels, Bel	35.00(a)	29-25-30	29-27-32	29-25-30	29-24-27	29-20-25	29-17-23	29-17-23
Milan, L.	92.46	601-2	601-2	601-2	601-2	601-2	601-2	601-2
Zurich, Fr.	25.224	15-16-22	15-19-23	15-20-24	15-19-24	15-19-23	15-16-22	15-16-22
Athens, Dr.	375	517*	517*	517*	517*	517*	517*	517*
Hels'fors, M.	193.23	2261-2272	2261-2272	2261-2272	2261-2272	2261-2272	2261-2272	2261-2272
Madrid, P.	25.224	361-2	361-2	361-2	361-2	361-2	361-2	361-2
Lisbon, Esc.	170	1091-1103	1091-1103	1091-1103	1091-1103	1091-1103	1091-1103	1091-1103
Amst'dm, Fl.	12.107	7-301-341	7-34-35	7-32-36	7-31-33	7-28-32	7-27-30	7-27-30
Berlin, Mk.	20.43	12-24-29	12-26-30	12-26-30	12-25-20	12-22-27	12-22-26	12-22-26
Registered Marks...								
Vienna, Sch.	34.584	251-271	251-271	251-271	251-271	251-271	251-271	251-271
Bu'pest, Pen.	27.82	161-6	161-6	161-6	161-6	161-6	161-6	161-6
Prague, Kc.	1164	1191-1191	1191-1191	1191-1191	1191-1191	1191-1191	1191-1191	1191-1191
Danub, Gul.	25.00	26-26	26-26	26-26	26-26	26-26	26-26	26-26
Warsaw, Zl.	43.38	26-26	26-26	26-26	26-26	26-26	26-26	26-26
Riga, Lat.	25.224	141-151	141-151	141-151	141-151	141-151	141-151	141-151
Bucharest, Lei	813.6	625*	625*	625*	625*	625*	625*	625*
Constantinople, Pst.	110	613*	613*	613*	613*	613*	613*	613*
Belgrade, Din.	276.32	212-222	212-222	212-222	212-222	212-222	212-222	212-222
Kovno, Lit.	49.66	29-30	29-30	29-30	29-30	29-30	29-30	29-30
Sofia, Lev.	673.66	385-415	385-415	385-415	385-415	385-415	385-415	385-415
Tallinn, E. Kr.	18.159	171-181	171-181	171-181	171-181	171-181	171-181	171-181
Oslo, Kr.	18.159	19-85-95	19-85-95	19-85-95	19-85-95	19-85-95	19-85-95	19-85-95
Stockholm, Kr.	18.159	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45
Cop'ngen, Kr.	18.159	22-35-45	22-35-45	22-35-45	22-35-45	22-35-45	22-35-45	22-35-45
Alex'ria, Pst.	971.8	971-8	971-8	971-8	971-8	971-8	971-8	971-8
Bombay, Rup.	18d.	181-8	181-8	181-8	181-8	181-8	181-8	181-8
Calcutta, Rup.	18d.	181-8	181-8	181-8	181-8	181-8	181-8	181-8
Madras, Rup.	18d.	181-8	181-8	181-8	181-8	181-8	181-8	181-8
Hong Kong, \$	24.25	24-25	24-25	24-25	24-25	24-25	24-25	24-25
Kobe, Yen	24.58d.	141-14	141-14	141-14	141-14	141-14	141-14	141-14
Shanghai, \$	28d.	28-28	28-28	28-28	28-28	28-28	28-28	28-28
Singapore, \$	12.11	7-27-32	7-30-34	7-28-33	7-27-30	7-24-29	7-24-29	7-24-29
Batavia, F.	15.88d.	21-21	21-21	21-21	21-21	21-21	21-21	21-21
Rio, Mil.	11.45	18-30-40	18-30-40	18-30-40	18-30-40	18-30-40	18-30-40	18-30-40
B. Aires, \$	40	17-034	17-034	17-034	17-034	17-034	17-034	17-034
Valparaiso, \$	51d.	191-20	191-20	191-20	191-20	191-20	191-20	191-20
M'video, \$	17.38	391-6	391-6	391-6	391-6	391-6	391-6	391-6
Lima, Sol.	9.76	171-181	171-181	171-181	171-181	171-181	171-181	171-181
Mexico, Pes.	24.66d.	241-24	241-24	241-24	241-24	241-24	241-24	241-24
Manila, Pes.	9.458	5-691	5-691	5-691	5-691	5-691	5-691	5-691
Moscow, Rbls	121.82d.	211-221	211-221	211-221	211-221	211-221	211-221	211-221

Usance: T.T., except Alexandria (Sight); Rio de Janeiro, Lima, Valparaiso (90 days). Pence per unit of local currency. Par, 8.234 since dollar devaluation on February 17, 1934. Par, 197.104 since koruna devaluation on February 17, 1934. (a) Latest "export" rate. (b) Official rate. (c) Par cent. discount. (d) Rate for conversion of the lire sterling for payments to the Bank of England in respect of debts due to persons in Italy for goods and freight. (e) Nominal. (f) Rate for conversion of Turkish currency into sterling for payments to the Bank of England in respect of debts due to persons in Turkey for Turkish goods. (g) Sellers. (h) Average rate for payment for imports. (i) Rate for conversion of the Turkish currency into sterling for payments to the Bank of England in respect of debts due to persons in Turkey for Turkish goods. (j) Sellers.

II.—Forward Rates (Closing quotations)

London on	Sept. 13, 1935	Sept. 14, 1935	Sept. 15, 1935	Sept. 16, 1935	Sept. 17, 1935	Sept. 18, 1935	Sept. 19, 1935
New York, cent.	(a) 1 Month	(a) 2 "	(a) 3 "	(a) 1 Month	(a) 2 "	(a) 3 "	(a) 1 Month
Paris, fr.	(b) 1 Month	(b) 2 "	(b) 3 "	(b) 1 Month	(b) 2 "	(b) 3 "	(b) 1 Month
Amsterdam, cent.	(c) 1 Month	(c) 2 "	(c) 3 "	(c) 1 Month	(c) 2 "	(c) 3 "	(c) 1 Month
Brussels, cent.	(d) 1 Month	(d) 2 "	(d) 3 "	(d) 1 Month	(d) 2 "	(d) 3 "	(d) 1 Month
Geneva, cent.	(e) 1 Month	(e) 2 "	(e) 3 "	(e) 1 Month	(e) 2 "	(e) 3 "	(e) 1 Month
Milan, lire	(f) 1 Month	(f) 2 "	(f) 3 "	(f) 1 Month	(f) 2 "	(f) 3 "	(f) 1 Month

(a) Premium, i.e. "under spot." (b) Discount, i.e. "over spot."

OVERSEAS BANK RATES

Changed	From	To	Changed	From	To
Albania	Nov. 16, 1933	8	Madrid	Oct. 29, 1934	6
Amsterdam	Sept. 17, 1935	5	Oslo	May 24, 1935	4
Athens	Oct. 14, 1933	7	Paris	Aug. 5, 1935	3
Batavia	July 1, 1935	4	Prague	Jan. 25, 1933	4
Belgrade	Feb. 1, 1935	6	Pretoria	May 15, 1933	4
Berlin	Sept. 22, 1932	5	Tallinn	Jan. 28, 1932	6
Brussels	May 14, 1935	2	Riga	Jan. 1, 1933	6
Bucharest	Dec. 15, 1934	4	Rome	Sept. 9, 1935	4
Budapest	Aug. 28, 1935	4	Sofia	Aug. 15, 1935	7
Calcutta	Feb. 16, 1935	2	Stockholm	Dec. 1, 1933	3
Copenhagen	Aug. 21, 1935	4	Swiss Bank	May 2, 1935	2
Danzig	May 2, 1935	4	places	July 2, 1935	4
Helsinki	Dec. 8, 1934	4	Tokio	July 10, 1935	4
Kovno	Jan. 1, 1934	7	Vienna	Oct. 26, 1933	6
Lisbon	Dec. 13, 1934	5	Warsaw	June 30, 1932	3
New York Fed.	Oct. 1, 1934	2	Irish	June 30, 1932	3

Central Bank of Chile.—Discount rate for member banks, 6%; discount rate for the public, 7%. (a) 5% applied to banks and credit institutions. (b) 6% applied to private persons and firms.

NEW YORK MONEY AND EXCHANGE RATES

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

Call money	Sept. 19, 1935	Sept. 18, 1935	Sept. 17, 1935	Sept. 16, 1935	Sept. 15, 1935	Sept. 14, 1935	Sept. 13, 1935
Time money (90 days' mixed coll.)	1	1	1	1	1	1	1
Bank acceptances:—							
Members—eligible, 90 days	1	1	1	1	1	1	1
Non-mem.—eligible, 90 days	1	1	1	1	1	1	1
Commercial accept., 90 days	1	1	1	1	1	1	1
Rates of Exchange, New York on—							
London—							
60 days	4.9862	4.9875	4.9827	4.9150			
90 days	5.0050	4.9512	4.9412	4.9337			
Cable—	5.0050	4.9512	4.9412	4.9337			
Cheques—							
Paris	6.63	6.68	6.5975	6.5912	6.5925		
Brussels	23.54	23.79	18.815	18.87	18.89		
Switzerland	32.67	33.05	32.54	32.45	32.45		
Berlin	8.91	8.685	8.16	8.1580	8.14		
Vienna	40.33	40.5	40.20	40.25	40.26		
Madrid	23.82	19.18	18.90	18.91	18.88		
Amsterdam	32.67	13.85	13.675	13.66	13.665		
Copenhagen	68.06	68.7	67.69	67.60	67.62		
Oslo	22.37	22.115	22.06	22.03	22.03		
Stockholm	25.83	25.54	25.455	25.45	25.45		
Athens	1.29	0.96	0.94	0.94	0.94		
Montreal	169.51	103.18	99.8	99.13	99.13		
Yokohama	84.40	29.93	29.23	29.08	29.94		
Shanghai	35.87	37.37	37.50	38.87	38.87		
Calcutta	61.80	37.73	37.44	37.37	37.33		
Buenos Aires	38.36	33.00	32.93	32.87	32.87		
Rio de Janeiro	11.98	8.44	8.34	8.32	8.31		

SOUTH AFRICAN EXCHANGE RATES

(BUYING RATES PER £100 STERLING)

	T.T.	Sight	30 days' sight	60 days' sight	90 days' sight
London on:—					
Rhodesia	£100 5 0	£100 17 8	£101 7 8	£101 17 8	£102 7 8
South Africa	£100 17 6	£101 7 6	£101 17 6	£101 17 6	£102 17 6
(SELLING RATES PER £100 STERLING)					
London on:—					
Rhodesia	£ 5 0	£ 10 15 0	£ 10 15 0	£ 10 15 0	£ 10 15 0
South Africa	£ 100 2 6	£ 100 2 6	£ 100 2 6	£ 100 2 6	£ 100 2 6

THE ANGLO-SOUTH AMERICAN BANK, LTD., has received telegraphic advice from the Madrid Branch that the gold surcharge for the payment of Spanish Customs duties has been fixed for the period September 11th to 20th at 138.29 per cent. The previous rate was fixed as from September 1st at 137.75 per cent.

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES

THE ANGLO-SOUTH AMERICAN BANK, LTD., issues the following details relative to quotations for certain of the South and Central American exchanges. All these exchanges, with the exception of that of Bolivia, are related to the United States dollar, and the approximate sterling rates may be obtained by applying the dollar-sterling exchange rate:—

Bolivia.*	Official market: Sight rate, 20-26 bolivianos per £ sterling on July 19, 1935. Export selling rate 80 bolivianos per £.
Colombia.*	Sight rate, 180 pesos per 100 United States dollars on September 14, 1935. This rate applies to holders of permits buying in the "open" market.
Ecuador.*	"Free" market sight rate on September 2nd, 10-50 sucres per United States dollar.
Guatemala.	Sight rate on New York is maintained at 1 quetzal per United States dollar, but a commission of 1 per cent. is charged by the Banco Central for the sale of drafts.
Nicaragua.*	Official selling rate was established at 110 cordobas per 100 United States dollars on November 26, 1934.
Salvador.	Sight rate on September 6, 1935, 2.51 colones per United States dollar.
Venezuela.	Sight rate on New York is at present maintained at 3.89 bolivares per United States dollar.

* Exchange controls are operative in these countries.

OVERSEAS DOMINION RATES

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND

	London on Australia and New Zealand						Australia and New Zealand on London*			
	Buying			Selling			Buying		Selling	
	Australia	New Zealand	Australia (any Mail)	New Zealand (any Mail)	Australia	New Zealand	Australia (any Mail)	New Zealand		
T.T.				125	124		125	124	125	124
	Air Mail	Ord. Mail	Air Mail	Ord. Mail		Air Mail	Ord. Mail		Air Mail	Ord. Mail
Sight.....	126	126	125	125	125	124	124	124	124	124
30 days..	126	126	125	126	...	...	124	124	125	124
60 days..	127	127	126	126	...	...	124	124	125	124
90 days..	127	127	126	127	...	...	124	123	125	124

* All rates (Australian and New Zealand) now based on £100—LONDON

GOLD AND SILVER

The following statistics of imports and exports of gold and silver for week ended September 19, 1935, are issued by the Statistical Department of H.M. Customs and Excise:—

IMPORTS AND EXPORTS OF GOLD

From	Bullion*	Coined†	To	Bullion*	Coined†
British S. Africa	788,540	...	Palestine	1,013	£ 4,145
Tanganyika	7,826	...	Netherlands	159,611	33,000
Kenya	7,751	...	France	557,936	20,197
Uganda	2,200	...	Switzerland	6,610	67,750
British India	1,688,242	...	U.S.A.	1,652,057	113,147
British Malaya	13,105	...	Other countries	674	600
New Zealand	10,220	...			
Germany	2,254	45,733			
Netherlands	6,930	226,481			
France	146,777	4,000			
Switzerland	868	150			
S. Domingo	2,800	9,876			
Venezuela	26,098	...			
Other countries	3,380	...			
Totals	2,706,991	52,883	Totals	2,437,901	65,442

IMPORTS AND EXPORTS OF SILVER

Silver Imported into Great Britain and Northern Ireland, week ended September 19, 1935			Silver Exported from Great Britain and Northern Ireland, week ended September 19, 1935		
From	Bullion*	Coined†	To	Bullion*	Coined†
British S. Africa....	£	£ 100,000	Norway.....	£ 1,437	£
British India	21,208	...	France	840	...
U.S.S.R.	22,850	...	U.S.A.	1,469,165	...
Poland	37,261	...	Other countries ...	444	566
Belgium.....	29,727	2,525			
France	28,647	1,029			
Guatemala	...	1,262			
Other countries ...	...	4,248			
		773			
Totals	139,493	£ 100,000	Totals.....	1,471,886	566
		2,837			

REPORTS AND NOTICES

APOLLINARIS AND PRESTA.—Holders of 5 per cent. irredeemable debenture stock and 5 per cent. debenture deferred interest certificates are informed that the payment of interest must be deferred until the results of the present year's trading are known.

BANK OF ENGLAND.—At the half-yearly Court of the Bank of England, held September 19th, Mr. Montagu Norman announced that the profits for the six months to August 31st amounted to £675,704. This compares with £675,572 in the previous half-year and £676,876 in the corresponding period of 1934. The usual half-yearly dividend of 6 per cent. was declared payable on October 5th.

BRITISH INDUSTRIES FIXED TRUST—FIRST PORTFOLIO.—The trustees announce an income distribution of 5.6591 pence per sub-unit, free of income tax, for the half-year ended August 31, 1935. Dividend warrants will be posted on September 28th to certificate holders registered on August 31st.

BRITISH ROPES, LTD.—This company paid a half-year's dividend on the 6 per cent. cumulative preference shares on July 1st in respect of the period from January 1st to June 30, 1935, and the directors have declared a dividend on 7 per cent. preferred ordinary shares for the same period payable on October 1st. It is proposed to deal with the question of dividend on the ordinary share capital when the accounts for the completed year are out.

CENTRAL ARGENTINE RAILWAY.—The directors have decided to pay the balance of the dividend declared in November, 1933, on the 4½ per cent. preference stock. Although the full total was originally declared, it was payable only when sufficient funds were available in England.

CORDOBA CENTRAL RAILWAY COMPANY, LTD.—The board has decided to postpone payment of the half-year's instalments of interest on the company's first debenture stock which fell due on October 1, 1934, and April 1, 1935, as well as of the further half-year's instalment of such interest which falls due on October 1, 1935. Although for the year ended June 30, 1935, there was a small increase in the gross receipts in Argentine currency, and some decrease in expenses, the exchange loss on remittances was much greater than in the previous year.

E. W. TARRY AND COMPANY.—This company announces a dividend of 10½ per cent. on the £150,000 6 per cent. cumulative preference capital. This payment represents 1½ years' arrears of dividend which had been paid to September 30, 1930. No dividend has been paid on the £150,000 ordinary capital since 1929.

INTER-STATE ROYALTY.—Quarterly of 28 cents per "A" share in Inter-State Royalty Corporation and of 16 cents per "A" share in Second Inter-State Royalty Corporation, payable October 1st to holders on record as at September 15th.

LONDON TIN CORPORATION, LTD.—The directors have decided to postpone consideration of any further dividend on the preference shares until the accounts to April 30, 1936, are available.

PLATT BROTHERS (HOLDINGS).—The directors have decided to pay on September 30th arrears of dividend in respect of the 4½ per cent. preference shares for the year ended September 30, 1934.

THE RIO NEGRO (ARGENTINA) LAND.—The accounts for year ended June 30, 1935, show a profit of £9,482. Adding the balance of £7,024 brought forward, there is a balance of £16,506 to the credit of revenue account. The board recommend a dividend of 3 per cent., less income tax, which would absorb £9,000, leaving a balance of £7,506 to be carried forward.

SECOND BRITISH FIXED TRUST.—Coupon No. 6 (payable September 16, 1935), 6½d. per sub-unit, free of tax.

Lord Kennet has accepted a seat on the board of the Equity and Law Life Assurance Society.

Mr Stuart Colquhoun Sheppard has been elected chairman of the Rio de Janeiro Flour Mills and Granaries in place of Mr A. G. Weigall, deceased, and Mr Richard Stewart Nosworthy has been elected to a seat on the board.

BANKS

THE YOKOHAMA SPECIE BANK, LTD.—The accounts for the half-year ended June 30, 1935, show net profit for the past half-year of Yen 16,153,102.20, including Yen 8,941,325.02 brought forward from the preceding half-year. The amount was distributed as follows:—To reserve fund, Yen 1,650,000; dividend at 10 per cent. per annum, Yen 5,000,000; balance carried forward, Yen 9,503,102.20. It has been possible not only to maintain the dividend at 10 per cent. per annum, but to place a further sum of Yen 1,650,000 to reserve, so bringing this fund to Yen 127,450,000 and to carry forward an amount of Yen 9,503,102.20.

MISCELLANEOUS

SOUTH AFRICAN TORBANITE MINING AND REFINING COMPANY, LTD.—An agreement has been ratified between this company and the South African Motor Trade Association, Ltd., for the distribution of the total output of this company's petrol.

LEVER BROTHERS, LTD.—Lever Brothers, Ltd., have won a long-drawn-out patent suit. The case is expected to go before the Supreme Court for a final disposition. The plaintiffs asked for \$5,000,000 damages, alleging infringement of their Lamont patent for the manufacture of inflated soap granules in Lever Brothers' product, Rinso, which competes with the plaintiffs' soaps, Supersuds and Ivory Snow. Judge Slick ruled that Lever Brothers' process was a reasonable improvement on the Lamont patent and does not infringe the plaintiffs' rights. The \$5,000,000 requested was the plaintiffs' estimate of Lever Brothers' profits from Rinso in the seven years prior to 1934.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Dividend Interest	Amount Available for Distribution	Appropriation				Corresponding Period Last Year	
					Dividend		Carried to Reserve, Depreciation, etc.	Balance Forward	Net Profit	Dividend
					Prefce.	Ordinary				
					Amount	Amount	Rate			
Breweries										
Lichfield Brewery	June 30	£19,619	(1) £19,031	£38,650	£5,000	£13,725	7½	£19,925	£26,708	10
Financial Land, etc.										
Clarendon Property Co.	July 31	9,452	33,598	43,050	14,919	13,950	6	12,481	38,819	6
Rio Negro (Argentina) Land	June 30	7,024	9,482	16,506	...	9,000	3	7,506	15,772	4
Hotels, Restaurants, etc.										
Rubens-Rembrandt Associated Hotels	June 30	309	379	688	...	...	...	688	Dr. 992	...
Iron, Coal and Steel										
Horseley Bridge and Thomas Piggott	June 30	Dr. 873	(v) 1,104	231	...	...	...	231	Dr. 2,186	...
Instone (S.) and Co.	June 30	123,000	13,005	136,005	...	...	...	136,005	18,736	...
Sheffield Forge and Rolling Mills	June 30	...	9,710	9,710	...	3,168	5	4,000	2,542	Nil
Staveley Coal and Iron	June 30	103,282	326,290	429,572	...	270,829	8½	60,000	98,743	6½
Rubber, etc.										
Bantam (Java)	June 30	1,687	7,746	9,433	...	7,500	5	1,933	15,155	10
Banteng (Selangor)	Apr. 30	8,977	4,398	13,375	...	3,960	4	9,415	2,127	2½
Langkapoera (Sumatra)	June 30	3,923	3,785	7,708	1,500	2,239	4	3,969	2,758	3
Pahang Para	Apr. 30	Dr. 1,618	484	Dr. 1,134	...	...	...	Dr. 1,134	Dr. 129	...
Shops and Stores										
Maynards, Ltd.	June 30	29,322	32,379	61,701	3,390	27,272	7	2,500	28,539	7
Tea										
Maturata	June 30	598	957	1,555	360	750	2½	...	445	Nil
Textiles										
Kirklees, Ltd.	June 30	3,774	25,021	28,795	...	7,500	3	10,000	11,295	Nil
Other Companies										
Anglo-Siam Corporation	Mar. 31	45,338	23,530	68,868	4,550	17,000	8½	3,000	44,318	7½
Ardath Tobacco	June 30	232,994	460,427	693,421	84,000	360,000	12½	...	249,421	12½
Bursledon Brick	June 30	6,302	8,125	14,427	...	860	15	100	6,443	15
Cohen, Weenen and Co.	June 29	41,789	67,377	109,166	48,000	18,000	18	...	43,166	18
Eastwoods, Ltd.	Mar. 31	9,773	90,038	99,811	10,500	45,000	15	27,500	16,811	12½
Ferranti, Ltd.	June 30	51,659	54,304	105,963	35,000	18,000	6	2,929	50,034	6
Gaumont-British Picture	Mar. 31	134,875	491,832	626,707	178,750	210,000	7	87,692	150,265	447,477
Hulett (Sir S. L. and Sons)	Apr. 30	26,049	178,307	204,356	16,875	54,750	7½	100,000	32,731	133,435
Leyland and Birmingham										
Rubber	June 30	13,603	66,218	79,821	6,000	45,000	7½	5,000	23,821	50,307
London Express Newspaper	June 30	93,409	146,042	239,451	105,000	40,800	10	...	93,651	148,001
Press Caps, Ltd.	June 29	2,891	25,561	28,452	334	7,440	10	17,560	3,118	19,287
Qualcast	June 30	38,036	33,186	71,222	4,069	19,375	20	...	47,778	32,540
Stone (J. and F.) Lighting and Radio										
Stone (J. and F.) Lighting	June 30	137	25,155	25,292	...	15,500	10	8,527	1,265	...
Theatre Royal, Drury Lane	June 30	301	Dr. 15,647	Dr. 15,346	...	...	...	Dr. 13,453	Dr. 1,893	Dr. 61,311

(i) Nine months.

(v) Fifteen months.

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

In striking contrast to conditions on the Stock Exchange, where the uncertainties of the political outlook are reflected in an absence of business and a weakening of quotations, the commodity markets presented a picture of considerable activity during the past week. As we point out in a Note of the Week, the scramble for certain crude foodstuffs and raw materials has brought about a substantial upward movement of quotations. The rise in grain prices continued this week, when Liverpool wheat futures touched the highest point for five years. The consequent advance in the price of flour has led to the decision to raise the price of the quarter loaf in London from 7½d. to 8d. on Monday next.

The persistent scarcity of tin is reflected in a further increase in prices and a decrease in United Kingdom stocks. An active demand for copper this week led to a renewed spurt in the price of this metal, while a number of other non-ferrous metals shared in the advance. Among textile raw materials, cotton and hemp were dearer, but certain descriptions of wool and jute were marked down in price. The weakness of the guilder has led to fear of devaluation and this, coupled with a certain pessimism regarding the outcome of the meeting of the International Rubber Regulation Committee next Tuesday, had a depressing effect upon the market in rubber.

Competition at the Mincing Lane tea auctions was again active, and the upward movement of quotations continued. Raw sugar also shows a rise on the week, but coffee and cocoa were practically unchanged in price. Colonial butter eased in price on a rather quiet demand, but quotations for both bacon and cheese on the London Provision Exchange continued steady. Loadings of potatoes were fairly heavy and, with demand only moderate, stocks rose and prices showed a weaker tendency. Meat and eggs are practically unchanged in price.

The gradual upward movement in the prices of primary products in the United States continued. Moody's index of the dollar prices of staple commodities (December 31, 1931 = 100) stood at 171.6 on Wednesday last, against 170.1 a week earlier, 166.9 a month ago and 151.6 on the corresponding day last year.

COAL

SHEFFIELD.—The export position continues, as before, with a scarcity of particular kinds of coal. Inland demand for manufacturing fuel is strong and prices are firm. Blast-furnace coke is selling more freely than formerly, with an increasing output. More overseas inquiries for coal are coming in for forward delivery, but owing to the uncertainty of supplies in the future, business is difficult to negotiate. The house-coal market is comparatively brisk.

Quotations: Yorkshire Association hards, 18s. to 18s. 6d.; washed trebles, 16s. 6d. to 17s.; screened gas coal, 16s. 6d. to 18s.; washed steam smalls, 13s. 3d. to 13s. 9d.; Derbyshire best hards, 17s. 6d. to 18s. (all f.o.b.); Yorkshire best house, 20s. to 22s. at pits; best Derbyshire, 19s. to 21s. at pits; furnace coke, 13s. 6d. at ovens.

NEWCASTLE-ON-TYNE.—There is a steady trade in Northumberland screened steam coals, inquiries being on a large scale for both foreign and home account. Graded steams are also in fairly good demand and smalls are being cleared without difficulty. The Durham export market remains quiet, there being little fresh trade in coking or gas coals, and bunker requirements show little improvement. But the improvement in the local demand for industrial fuel continues and enables production to be maintained at last year's level. Prime brands of foundry coke are firm, but ordinary sorts are offered.

Current f.o.b. prices for export: NORTHUMBERLAND—D.C.B. screened, 14s. 3d.; smalls, 11s.; Howards, Bentinck, Newbiggin screened, 14s.; smalls, 10s. 6d.; Tyne prime large, 13s. 6d.; smalls, 11s.; Hartley Main large, 13s. 6d.; smalls, 11s. 6d.; Lambton/South Hetton screened steam, 15s. 2d.; smalls, 12s. 6d.; Wear special gas, 15s.; Holmside, Ryhope, Boldon unscreened gas, 14s. 6d.; second-class gas, 13s. 2d.; coking unscreened and/or smalls, 13s. 2d.; prime unscreened bunkers, 13s. 9d.; second-class unscreened bunkers, 13s. 3d.; prime foundry coke, 18s. 6d.; Newcastle and District gas coke, 20s.

GLASGOW.—Though short-time working is still the rule in some districts, the general position is fairly satisfactory. Last week's shipments, at 288,000 tons, showed a considerable improvement. Scandinavian business is satisfactory, but Italy, France and other European markets remain poor. The London trade in nuts is opening up, and in view of the curtailment of supplies, due to short-time working, prices for these are strong as a rule, the smaller sizes in particular being tightly held. Industrial business is very well maintained, and as household trade is now increasing, prospects in the home market are quite bright.

Current export prices: LANARKSHIRE.—Ell best, 14s. 6d.-15s.; splint prime, 17s. 6d.; splint second, 15s.-15s. 6d.; navigation, screened, 14s. 9d.-15s.; navigation, unscreened, 13s. 6d.; Hartley, 16s.; steam, 13s.-13s. 6d.; trebles, 13s. 6d.-14s.; doubles, 13s. 6d.; singles, 12s. 9d.; pearls, 11s. 3d.-11s. 6d.; dross, 10s. FIVE.—Best unscreened navigation, 12s. 9d.-13s.; unscreened navigation, 12s. 6d.-12s. 9d.; first-class steam, 13s. 6d.-14s.; third-class steam, 12s. 3d.-13s.; trebles, 13s. 6d.-16s. 6d.; doubles, 13s. 6d.-14s. 6d.; singles, 12s. 9d.-13s.; pearls, 11s.-11s. 6d. LOTHIAN.—Best splint, 14s. 6d.; prime steam, 13s. 6d.-13s. 9d.; secondary steam, 12s. 6d.-12s. 9d.; unscreened navigation, 12s. 9d.; trebles, 13s. 9d.-14s. 3d.; doubles, 13s. 3d.-13s. 6d.; singles, 12s. 9d.-13s.; pearls, 11s. Ayrshire.—Best unscreened navigation, 14s. 3d.; steam, 12s. 6d.-12s. 9d.; trebles, 14s.; doubles, 13s.-13s. 6d.; singles, 13s. 6d.; pearls, 13s.; dross, 11s. 6d.

CARDIFF.—Business at South Wales ports has suffered considerably this week from the gales. Movements of a large number of vessels have been impeded, and only just over 40 berths have been occupied at the docks during the earlier days of the week. Colliery stems have consequently been disorganised, and work at some of the pits interrupted. Last week shipments in the foreign and coastwise trades totalled only 340,700 tons compared with 354,500 tons the previous week, and 438,730 tons in the corresponding period last year. Foreign demand shows no sign of expansion; on the contrary, shipments to Italy have further declined, and the Canadian anthracite season is rapidly drawing to its close.

Prices show no change, and the following may be taken as the current approximate quotations: Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 3d.; best dross, 18s. 9d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams (washed), 13s. to 13s. 6d.; coking smalls, 13s. 6d. to 14s.; seconds small steams, 12s. 6d. to 13s.; anthracite best large, 36s. to 40s.; Red Vein large, 22s. to 27s.; machine-made cobbles, 35s. to 51s.; stove nuts, 34s. to 49s.; French nuts, 35s. to 51s.; rubbly culm, 10s. 6d. to 12s.; special foundry coke, 37s. 6d. to 40s.; patent fuel (Crown), 21s.; pitwood, ex ship, Portuguese, 23s., French, 24s. 6d.

IRON AND STEEL

MIDDLESBROUGH.—The pig-iron market is very steady, with prices firm. There is now very little surplus foundry pig iron for sale, demand from local foundries and from Scotland absorbing supplies. Although small quantities continue to be exported, makers have no need to press for overseas business. Hematite pig iron continues to meet with a steady demand from home consumers. A further small parcel of about 600 tons has been shipped to Italy by special arrangement, but further business could be done with consumers there if the difficulty concerning financial arrangements could be overcome. The official minimum prices to home consumers are firmly adhered to, being 67s. 6d. per ton for No. 3 foundry pig iron and 71s. per ton for No. 1 East Coast hematite delivered in the Middlesbrough area. Total shipments of all classes of pig iron from the Tees during the first 17 days of September amounted to 6,701 tons, as compared with 6,391 tons for the same period in August.

Steel departments are very busy, and manufacturers have good orders on their books for all classes of semi-finished and finished steel, with the exception of rails. An order for a 7,000-ton vessel was placed during the past week by Cardiff shipowners with West Hartlepool shipbuilders. This will benefit the plate mills there. Heavy steel melting scrap is changing hands at 52s. 6d. per ton delivered at the works, but merchants are not keen to commit themselves too far ahead at this price.

Best Bilbao rubio ore is nominally 17s. 6d. per ton c.i.f. Tees. Good Durham blast-furnace coke is quoted at 19s. per ton delivered works, but could probably be obtained at a slightly lower figure.

SHEFFIELD.—The Sheffield steel industry is experiencing none of the quietude reported in certain departments in other centres of the trade. Production of basic semi-steel can scarcely keep pace with consumption and the demand for acid steel increases steadily. Exports of iron and steel manufactures last month were up a little, but foreign business continues disappointing. Sheffield appears to have an advantage over other districts in the possession of a number of valuable special products of steel, some of these being monopolies, or nearly so. The development of new industries up and down the country, too, has brought a lot of business to Sheffield for machine knives, steel parts and cutters of many kinds. This addition to local trade represents in the aggregate a considerable amount of work and turnover. The autumn trade is now in full swing and there are excellent winter prospects. The tool sections continue busy, but business in electro-plate and cutlery is relatively quiet, especially in overseas markets.

GLASGOW.—Conditions continue to improve in this district and practically all branches are busy. Steelmakers have well-filled order books and new business is on a gratifying scale despite the small tonnage from the shipyards. The demand of the various branches of engineering and tubemakers is substantial and has increased in volume within recent weeks. It is reported this week that Messrs Lithgows, Ltd., of Port Glasgow, have received orders for two cargo vessels from the Hain Steamship Company, Ltd., of London, and that Messrs David Rowan and Company, Ltd., of Glasgow, will supply the propelling machinery for these vessels. The number of mills operating in the sheet trade is considerable. These are largely employed on sheets for the home trade, which continues to expand. There is some improvement discernible in export business both in black and galvanised sheets, but this branch is still unsatisfactory. Steel bar re-rollers are all busy and a steady business is maintained.

JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED.

REPORT OF DIRECTORS.—To be submitted to the Shareholders at a Meeting to be held in the Board Room, Johannesburg Consolidated Investment Company, Limited, Consolidated Building, Fox Street, Johannesburg, on Tuesday, the 26th November, 1935, at 11 o'clock in the forenoon.

ACCOUNTS.—1. The Company's Balance Sheet as at 30th June, 1935, and Profit and Loss Account for the year ended on that date, are submitted herewith.

PROFIT AND LOSS.—2. After making provision for Income Tax and for all charges, including the net amount required to adjust the values of quoted securities to cost or market value, whichever was the lower, at 30th June last, and to provide where considered necessary for possible loss in respect of unquoted securities and other assets, the profit for the year amounted to ... £1,142,030 12 5 To which is added the balance brought forward from the preceding year ... 168,642 15 5

Giving an available balance of ... £1,310,673 7 10 As the profit for the year again includes a substantial amount arising from share dealings, the Directors decided to transfer to Reserve Fund the sum of ... £350,000 0 0 On 10th July the Directors declared a Dividend of 5s. and a Bonus of 1s. per share, both less United Kingdom Income Tax. The Dividend and Bonus are payable on and after 19th September, 1935, to Shareholders registered on the Company's books at 31st July, 1935, and the gross amount absorbed is ... 790,000 0 0

Leaving a balance to be carried forward amounting to ... £170,673 7 10

RESERVE FUND.—3. With the addition of the amount of £350,000 transferred from Profit and Loss Account the Reserve Fund now stands at £2,300,000.

VALUE OF SHAREHOLDINGS.—4. In cases where market quotations were available the Company's shareholdings appear in the books at cost or market value, whichever was the lower, at 30th June, 1935. Unquoted securities have been valued by the Directors on a conservative basis and in no case above cost. In aggregate the market value of the shareholdings shows a large surplus over the book value. The strong financial position of the Company has been maintained.

GOLD MINING INTERESTS.—5. Further changes in the basis of taxation of the gold mines have been made and a surtax of 10 per cent. on profits has been introduced. The position with regard to taxation is unsatisfactory and disturbing, but it is gratifying to note that the Government has promised to set up a Departmental Committee of Enquiry.

The periodical reports and accounts issued by the Gold Mining Companies of the Group contain full information regarding operations. The Group's production of gold for the year ended 31st December, 1934, amounted to 2,657,209 fine ounces, as compared with 2,998,804 fine ounces for the year ended 31st December, 1935.

The following is a comparison of some of the principal details in the reports and accounts of the Gold Mining Companies:—

	Government Gold Mining Areas (M) Consol. dated, Ltd.	New State Areas Ltd.	Langlaagte Estates and G.M. Co., Ltd.	Randfontein Estates G.M. Co., Ltd.	Van Ryn Deep, Ltd.	Witwatersrand G.M. Co., Ltd.	TOTALS AND AVERAGES
Tons milled	1934 2,482,000	1,122,000	1,007,000	3,791,000	944,000	958,000	10,304,000
Yield per ton (dwts.)	1933 2,478,000	1,085,000	949,000	3,160,000	912,000	879,000	9,463,000
Working costs per ton	1934 7-38	7-86	5-92	5-85	5-17	5-17	5-16
Working profit	1933 8-34	9-12	5-26	5-25	5-40	5-31	6-34
Taxation and Government's share of profit	1934 17s. 10d.	20s. 6d.	19s. 3d.	19s. 7d.	19s. 4d.	19s. 1d.	19s. 2d.
Dividends	1933 17s. 10d.	21s. 1d.	19s. 9d.	20s. 2d.	19s. 1d.	19s. 2d.	19s. 4d.
Six months to June 30, 1935	£4,131,568	£1,909,911	£400,084	£1,352,308	£615,609	£139,014	£8,548,514
Ore reserves, December 31, 1934	£4,241,921	£1,938,604	£640,822	£2,008,813	£661,763	£125,916	£9,617,839
Ore reserves, December 31, 1935	£2,401,772	£1,423,690	£82,233	£219,640	£224,534	£70,049	£4,421,918
Gold at £6 10s. per fine oz.	£2,479,213	£1,442,205	£368,396	£1,063,481	£357,282	£30,403	£5,740,980
Assay value (dwts.)	1934 125%	271%	221%	131%	321%	15%	...
Stopping width (inches)	1933 120%	25%	20%	10%	20%	10%	...
Ore reserves, December 31, 1935	60%	124%	10%	10%	15%	10%	...
Gold at £6 per fine oz.	11,782,000	4,212,000	1,383,000	13,007,000	3,384,000	1,204,000	34,972,000
Assay value (dwts.)	7-3	7-3	4-2	4-7	4-2	3-3	...
Stopping width (inches)	55	50	44	46	50	58	...
Ore reserves, December 31, 1935	11,318,000	3,860,000	1,090,000	9,019,000	3,090,000	954,000	29,331,000
Assay value (dwts.)	7-8	7-7	4-2	5-1	4-7	3-4	...
Stopping width (inches)	57	48	42	43	48	57	...

OTHER GOLD MINING INTERESTS.—The Company has recently obtained from the Government the lease of a large area of ground to the south of the Durban Roadport Deep, Limited. The area is a promising one and boring will be carried out as soon as possible in order to ascertain whether the reefs lie at a workable depth. If the results of boring are satisfactory shaft sinking and development will then be proceeded with.

At the property of Randfontein Gold Mining Company Limited, steady progress is being made. In addition to the good values being obtained in development generally, the satisfactory values which are being disclosed in the Main Reef are also a pleasing feature. This reef was not explored by the Companies which formerly held this area, and the values found, together with the considerable width of the reef, augur well for the future of this mine.

Both Vogelstruisbult Gold Mining Areas, Limited, and East Daggafontein Mines, Limited, are making excellent progress, and the development so far accomplished is of an encouraging nature.

Exploration in the Murchison goldfield is proceeding. The reefs are irregular in character and, though good values have been found, further work is necessary before it can be decided whether they are sufficiently extensive to justify the equipment of a mine.

DIAMONDS.—6. The diamond trade, which in 1934 showed some signs of improvement, has made a decided advance in 1935.

The reorganization scheme of marketing which came into operation at the

beginning of 1934 has worked smoothly and satisfactorily, and is obviously tending to inspire confidence in the trade. The improvement has also been assisted by the renewal of the contracts with outside producers and by increasing confidence and freer spending in many countries, including America. It is well known that the first signs of improving times generally appear in the diamond trade, and it is to be hoped that the progress already made will continue and develop.

COPPER.—7. During the early part of this year an agreement between copper producers was arranged which had the promise of helping the price of copper materially and generally stabilizing the position. The immediate effect of this agreement was to bring about a hardening in price; then came the decision of the Supreme Court of the United States that the Codes which had been established in that country were illegal. As it was under the Copper Code that the price of copper had been stabilized in America, this decision led to a considerable amount of uncertainty as to what would happen there, resulting in realizations and a fall in price. At the moment it is uncertain what can be done, but the need for restriction of output and the regulation of the market is so fully realized by all copper producers that there is every hope that some way out of the difficulty will be found and that the work of the Conference held this Spring will prove not to have been in vain.

In the meantime, work goes on with increasing efficiency and entirely satisfactory results from the technical point of view, in the two Northern Rhodesian mines in which the Company is interested. N'kana is an established mine, and Mufulira is now a regular producer with a most promising future.

PLATINUM.—8. The market for platinum has been steady at a somewhat low level as regards price. The Rustenburg Platinum Mines, Limited, have worked regularly. The copper ore is now becoming exhausted, and it will be necessary to turn more and more to the working of sulphide ore. Certain metallurgical changes will be necessary, but no difficulty is anticipated. What is needed is a higher price and an increased demand, conditions which can only be brought about by a general return to prosperity throughout the world.

COAL.—9. Dividends were paid by Consolidated Collieries, Limited, and New Springs Colliery, Limited. The position of The Natal Cambrian Collieries, Limited, continues to show improvement.

SOUTH AFRICAN BREWERIES, LIMITED.—10. The profits of The South African Breweries, Limited, for the year ended 31st March, 1935, show a considerable increase over the profits of the preceding year, and the dividend on the ordinary shares was increased to 17½ per cent., free of income tax, as compared with 15 per cent., free of income tax, for the previous financial year. Further desirable interests have been acquired, the full effects of which have not yet been reflected in the accounts.

SOUTH AFRICAN CARBIDE AND BY-PRODUCTS CO., LTD.—11. The demand for carbide continues to expand and the enlarged plant of South African Carbide and By-Products Co., Ltd., places the Company in a position to take advantage thereof.

ESTATES AND TOWN PROPERTIES.—12. There has been a considerable demand for stands on the Company's residential estates, and satisfactory sales have to be recorded.

ARTICLES OF ASSOCIATION.—13. As will be seen from the notice which accompanies this Report, Special General Meetings have been called at which the Shareholders will be asked to adopt new Articles of Association.

The present Articles are substantially in the same form as when the Company was incorporated, and it will be appreciated therefore that considerable alterations are now necessary to bring them into line with modern requirements.

STAFF PENSION FUNDS.—14. Arrangements are practically completed for the establishment of Pension Funds for the office staffs in Johannesburg and London, for which the sum of £100,000 was allocated last year.

CONSULTING ENGINEER.—15. Mr. Kenneth Richardson, the Assistant Consulting Engineer of the Company, has been appointed Joint Consulting Engineer with Mr. G. H. Beatty in South Africa.

DIRECTORS.—16. In terms of the Company's Articles of Association the four following Directors retire by rotation, and being eligible offer themselves for re-election: viz., Sir Robert N. Kotzé, M.P., Sir Reginald A. Blankenberg, K.B.E., and Messrs. F. L. Johnson and J. H. Crosby.

ELECTION OF AUDITORS.—17. Messrs. S. Thomson and F. Dix, the Auditors of the Company in Johannesburg, and Messrs. Kemp, Chatteris, Nichols, Sendell & Co. the Auditors in London, retire from office and offer themselves for re-election.

By Order of the Board,

19th September, 1935.

A. W. CHRISTIE, } Secretaries.
F. H. P. ROOME, }

Dr.	BALANCE SHEET, 30th JUNE, 1935.	Cr.
CAPITAL AND LIABILITIES.		
Authorised Capital— (Under Resolution of 23rd November, 1905) of which £4,345,000 is Registered Capital.	£ 4,500,000 0 0	£ 4,500,000 0 0
Capital Issued	£ 3,950,000 0 0	£ 3,950,000 0 0
Reserve Fund	£ 1,950,000 0 0	£ 1,950,000 0 0
Transfer from Profit and Loss Account	£ 350,000 0 0	£ 350,000 0 0
Sundry Creditors, including Reserves for Income Tax and Contingencies	£ 846,371 10 7	£ 846,371 10 7
Dividend (No. 43) of 3s. and a Bonus of 1s. per Share, subject to United Kingdom Income Tax, declared 10th July, 1935	£ 790,000 0 0	£ 790,000 0 0
Profit and Loss Account— Balance	£ 170,673 7 10	£ 170,673 7 10
Contingent Liabilities— Uncalled Capital on Investments	£ 255,374 1 0	£ 255,374 1 0
	£ 8,057,044 18 5	£ 8,057,044 18 5
ASSETS.		
Stocks and Shares	£ 6,626,259 11 7	£ 6,626,259 11 7
Mining Properties, including Advances to Mining Companies	£ 127,400 17 0	£ 127,400 17 0
Real Estate and Buildings	£ 214,019 6 9	£ 214,019 6 9
Office Furniture, etc.	£ 15,173 0 7	£ 15,173 0 7
Loans on Mortgage and Real Estate	£ 116,328 4 3	£ 116,328 4 3
Loans at Short Call on Market and other Securities	£ 220,423 17 6	£ 220,423 17 6
Sundry Debtors and Dividends Accrued	£ 505,955 5 1	£ 505,955 5 1
Cash at Bankers and in Hand	£ 241,486 15 8	£ 241,486 15 8
	£ 8,057,044 18 5	£ 8,057,044 18 5

J. B. JOEL, Chairman, } Directors.
J. FRIEDLANDER, }

A. W. CHRISTIE, Secretary.

We report to the Shareholders that we have audited the accounts of the Johannesburg Office of the Johannesburg Consolidated Investment Company, Limited, dated 30th June, 1935, and have obtained all the information and explanations we have required. The Balance Sheet of the Johannesburg Office of the Company is, in our opinion, properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs in Johannesburg according to the best of our information and the explanations given to us, and as shown by the books of the Company in Johannesburg. We have also verified the securities in South Africa. The Company has kept proper books and records.

SAM'L THOMSON, Chartered Accountant. } Auditors.
FRANCIS DIX, Incorporated Accountant. }

Johannesburg, 6th July, 1935.

Dr.	PROFIT AND LOSS ACCOUNT for the year ended 30th June, 1935.	Cr.
To Directors' Fees, Salaries and other Expenses, less Amounts received from other Companies	£ 36,986 6 2	£ 36,986 6 2
To Balance carried down	£ 1,142,030 12 5	£ 1,142,030 12 5
	£ 1,179,016 18 7	£ 1,179,016 18 7
To Reserve Fund	£ 350,000 0 0	£ 350,000 0 0
To Dividend No. 43 of 3s. and Bonus of 1s. per share, subject to United Kingdom Income Tax, declared 10th July, 1935	£ 790,000 0 0	£ 790,000 0 0
To Balance per Balance Sheet	£ 170,673 7 10	£ 170,673 7 10
	£ 1,310,673 7 10	£ 1,310,673 7 10

CARDIFF.—Slightly more active conditions in the tinplate trade were reported on the Swansea Metal Exchange on Tuesday. There were more foreign inquiries and sales were more numerous. There was a slight improvement also in the market for galvanised sheets. Prices, however, remain unaltered, with tinplates ruling at the scheduled c.i.f. scale based on 18s. 2d. per box f.o.b., galvanised sheets at £11 5s. per ton, and steel bars at £5 5s. per ton. Shipments of tinplates at Swansea last week totalled 32,356 boxes, as against 63,466 boxes the previous week and 105,993 boxes a year ago, and stocks were reduced from 61,391 to 44,319 boxes.

OTHER METALS

COPPER.—The undertone of the market has been firm, the principal stimulus coming from the United States. Towards the end of last week, American deliveries were heavy in anticipation of the increase in the domestic price (from 8½ to 9 cents per lb.) which was made effective on Monday. American sales reached the high level of 38,000 short tons during the first half of September, but since consumers in that country are well supplied with stocks, demand is likely to show some slackening in consequence of the increase of the domestic price. In the circumstances, it would not be surprising if export pressure from the American customs smelters, which had almost disappeared in recent weeks, again made itself felt. All things considered, the optimistic forecasts for the immediate future contained in many broker's circulars appear to be somewhat exaggerated. The unofficial statistics registered a reduction of almost 20,000 short tons to 549,830 short tons in world stocks, during August. This is encouraging, but it must be remembered that this figure does not include stocks in consumers' hands. These must have risen sharply last month in consequence of the high level of deliveries. The warehouse stocks of the London Metal Exchange have also risen by no less than 3,051 tons during the past week, thus reaching a new high level of 89,908 tons—compared with 56,047 tons at the end of 1934 and only 32,266 tons a year earlier.

Sales on the London Metal Exchange: 5,300 tons on Monday, against 1,800 tons last week; 3,750 tons on Tuesday, against 1,150 tons last week; 2,500 tons on Wednesday, against 2,450 tons last week. Domestic spot was quoted at 8-37½ cents per lb. in New York on Wednesday, against 8-02½ cents a week ago and 7-97½ cents a month ago. Wednesday's official closing price for standard cash in London was £34 10s. to £34 11s. 3d., compared with £33 13s. 9d. to £33 15s. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 78,449 tons, show an increase of 3,026 tons, while stocks of rough copper, at 11,459 tons, show a rise of 25 tons on the week.

LEAD AND SPLICER.—Quotations for both these metals advanced during the past week, although there were no new developments in either market. The statistical position continues healthy, thus demonstrating that the improvement in prices since the beginning of the year was justified. Spelter still seems rather cheap relatively to lead, but it appears that the negotiations for the renewal of the Zinc Cartel have encountered certain obstacles. It is not possible yet to assess the effects of the introduction of the new British duties since they came into operation at a time when unsettled political conditions induced consumers to exercise caution.

Sales of lead on the London Metal Exchange: 1,550 tons on Monday, against 800 tons last week; 1,100 tons on Tuesday, against 150 tons last week; 1,950 tons on Wednesday, against 700 tons last week. The New York quotation on Wednesday was 4-35 cents per lb., against 4-35 cents a week ago and 4-30 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £16 10s. per ton, compared with £15 13s. 9d. a week ago.

Sales of spelter on the London Metal Exchange: 600 tons on Monday, against 200 tons last week; 525 tons on Tuesday, against 10 tons last week; 1,425 tons on Wednesday, against 200 tons last week. Wednesday's quotation in East St. Louis was 4-75 cents per lb., against 4-60 cents the week before and 4-60 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £15 10s. per ton, against £15 2s. 6d. last week.

TIN.—The sharp rise in prices during the past week and the further fall in British warehouse stocks to 1,107 tons afford further evidence of the scarcity of tin. Demand is only moderate, since buyers are tending to wait for an increase in supply and a decline in prices. In the United States the activity of tin consuming industries (mainly

We report to the Shareholders that we have audited the Accounts of the London Office of the Johannesburg Consolidated Investment Company, Limited, dated the 30th June, 1935, and have obtained all the information and explanations we have required. The Audited Accounts of the Johannesburg Office have been properly incorporated in the above Balance Sheet and Profit and Loss Account, and, in our opinion, the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given to us and as shown by the books of the Company. We have also verified the securities in London. The Company has kept proper books and records.

KEMP, CHATTERIS, NICHOLS, SENDELL & CO., } Auditors.
Chartered Accountants. }

London, 1st August, 1935.

Dr.	PROFIT AND LOSS ACCOUNT for the year ended 30th June, 1935.	Cr.
By Profits realised on Stocks and Shares, Dividends, and Sundry Revenue, less provision for Income Tax and amounts written off	£ 1,179,016 18 7	£ 1,179,016 18 7
By Balance brought down	£ 1,142,030 12 5	£ 1,142,030 12 5
By Balance of Profit and Loss Account at 30th June, 1934	£ 168,642 15 5	£ 168,642 15 5
	£ 1,310,673 7 10	£ 1,310,673 7 10

the tinplate industry) has shown a considerable contraction recently and no significant increase appears probable in the immediate future.

Sales of tin on the London Metal Exchange: 245 tons on Monday, against 265 tons last week; 245 tons on Tuesday, against 215 tons last week; 290 tons on Wednesday, against 325 tons last week. The New York quotation on Wednesday was 49-25 cents per lb., against 48-60 cents a week ago and 51-00 cents a month ago. Wednesday's official closing quotation in London for standard cash was £226 17s. 6d. to £227 2s. 6d. per ton, compared with £219 to £219 5s. last week. Stocks of tin in London and Liverpool at the end of last week totalled 1,107 tons, a decrease of 56 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted at £100 per ton. Nickel, for home and export, at £200 to £205 per ton, remains unchanged. Quicksilver, on the spot, was firm at £11.15s. per flask of 76 lbs., as compared with £11 7s. 6d. to £11 10s. per flask a week earlier. Chinese antimony was quoted at £69 to £70 per ton ex warehouse, this price being unchanged on the week. Chinese wolfram for September-October shipment was quoted at 31s. to 33s. per unit c.i.f., against 32s. to 33s. last week. Platinum (refined) at £7 10s. per ounce, was 10s. dearer on the week.

TEXTILES

COTTON.—Manchester. — Following a period of comparative steadiness in raw cotton prices, quotations advanced on Wednesday due to extensive covering by Bombay and Continental interests. There was a scarcity of contracts in Liverpool and with practically no selling operations, prices stiffened. Cables received from New York have expressed a fear regarding the war scare. The movement in prices, however, has been contrary to the period immediately preceding the outbreak of the European war in 1914, for on that occasion prices slumped, but later advanced. Operators to-day seem to expect that an outbreak of hostilities by a European power would cause prices to rise. News from the American cotton belt has been mixed. Most traders, however, believe that the ultimate crop will be around 12,000,000 bales, which would be equal to the probable world consumption during the current season.

There has been more activity in the cloth section and the larger demand has been well maintained. A feature of interest has been the improvement in the turnover for India, freer operations taking place for Karachi, Calcutta and the up-country districts. There has also been more demand for Rangoon. Useful support has been given by South and West Africa and South America. There has not been much activity in home trade fabrics. American and Egyptian yarns have been sold more freely. It is estimated that during the past fortnight the turnover as compared with actual production has been larger than at any time this year.

COTTON PRICES

	1935				Corresponding Date	
	Aug. 28	Sept. 4	Sept. 11	Sept. 18	1933	1934
Raw Cotton—Mid. American	6-29	6-04	6-22	6-39	5-67	7-02
Sakellaria Fully Good Fair	7-05	8-04	8-15	8-29	7-48	8-12
Yarns—32's twist	10 10	9 10	10 10	10 10	9 10	10 10
" 40's twist	10 10	10 10	10 10	10 10	9 10	10 10
" 60's twist (Egyptian)	18 18	15 15	15 15	15 15	15 15	16 16
32-in. Printers 116 yds., 16 by 16, 32's and 50's	17 1 17 0	17 1 17 0	17 1 17 0	17 1 17 0	16 6	19 4
36-in. Shirtings, 75 yds., 19 by 18, 32's and 40's	24 14 24 10	24 14 24 10	24 14 24 10	24 14 24 10	24 4	24 4
38-in. ditto, 38 yds., 18 by 16, 10 lb.	10 8 10 2	10 8 10 2	10 8 10 2	10 8 10 2	11 2	11 2
39-in. ditto, 37 yds., 18 by 15, 8 lb.	9 2 9 1	9 1 9 1	9 1 9 1	9 1 9 1	9 3	10 1

EGYPTIAN COTTON YARN PRICES SCHEME.—A scheme for controlling prices and production by means of a pool and quota system in the Egyptian spinning section of the Lancashire cotton industry has been adopted by the special committee appointed by the Master Cotton Spinners' Federation. The proposals have been circulated to spinners, and it is expected that they will appear in the Press by the time these lines are in print. The scheme affects 18,000,000 spindles comprising roughly 200 mills. A mass meeting of all firms interested will be held in Manchester on September 27th. The leaders hope that the proposals will be

Cloth orders are small, but inquiries are made for fair quantities.

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
Sept. 12, 1931.....	Cwts. 64,859	Cwts. 92,809	Cwts. 22,850	s. d. 4 9	s. d. 10 2	s. d. 5 8
Sept. 17, 1932.....	133,328	137,074	42,175	5 8	9 2	6 6
Sept. 16, 1933.....	411,784	402,053	58,829	4 9	10 8	5 4
Sept. 15, 1934.....	532,140	682,692	44,340	5 1	11 3	6 8
Sept. 7, 1935.....	420,944	212,810	58,886	4 6	10 4	6 0
Sept. 14, 1935.....	435,043	428,223	65,733	4 8	10 4	6 2

MILK.—Under the new contracts, the provisions of which come into force on October 1st, the farmers in Great Britain are to receive 5d. per dozen gallons more for their milk than during the past twelve months. The implications of this decision and the threat of the distributors not to sign the contracts are discussed in a Note of the Week. Information regarding the operation of the scheme

The Full Report and Accounts (with Plans of Workings) may be obtained from the London Secretaries, A. MOIR & CO., No. 1 London Wall Buildings, London, E.C.2.

SUGAR.—In New York, an upward spurt of quotations was recorded at the end of last week, but the rise was not fully held.

OVERSEAS TRADE RETURNS

IMPORTS (Value C.I.F.)

	Month ended August 31		Eight Months ended August 31	
	1934	1935	1934	1935
I.—Food, Drink and Tobacco—				
A. Grain and Flour	4,446,792	4,100,441	33,101,430	34,682,201
B. Feeding-stuffs for Animals	518,716	536,304	4,247,453	4,973,954
C. Animals, Living, for Food	375,371	277,059	3,088,303	3,057,711
D. Meat	7,221,569	6,560,860	55,785,980	53,903,622
E. Dairy Produce	4,447,122	5,027,923	35,854,159	37,532,586
F. Fresh Fruit and Vegetables	2,594,374	2,993,304	25,391,571	26,816,274
G. Beverages and Cocoa Preparations	3,706,694	3,286,039	27,876,599	25,362,282
H. Other Food	3,123,366	3,445,589	28,625,854	28,753,752
I. Tobacco	908,323	744,747	7,095,891	6,643,612
Total, Class I	27,342,527	26,972,266	220,867,239	221,726,954
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	1,237	1,696	16,263	12,677
B. Other Non-Metalliferous Mining and Quarry Products and the like	355,829	365,684	2,477,726	2,729,255
C. Iron Ore and Scrap	372,927	404,561	3,018,546	3,328,944
D. Non-Ferrous Metalliferous Ores and Scrap	979,153	962,262	6,380,889	7,414,612
E. Wood and Timber	5,242,892	4,344,248	24,817,591	21,550,402
F. Raw Cotton and Cotton Waste	3,057,466	1,824,838	24,165,186	20,473,318
G. Wool, Raw and Waste, and Woollen Rags	1,046,174	1,739,928	30,805,514	26,720,595
H. Silk, Raw, Knobs and Noils	100,889	106,397	860,743	8,395
I. Other Textile Materials	459,400	467,171	5,665,638	6,867,286
J. Seeds and Nuts for Oil, Oils, Fats, Resins and Gums	1,966,340	1,932,400	14,772,806	16,858,745
K. Hides and Skins, Undressed	1,028,883	1,063,382	10,630,337	9,225,525
L. Paper-making Materials	871,929	904,340	7,308,393	6,838,341
M. Rubber	1,116,545	925,781	6,510,423	7,656,396
N. Miscellaneous Raw Materials and Articles mainly Unmanufactured	953,533	936,548	5,067,292	5,078,433
Total, Class II	17,553,197	15,979,236	142,561,168	135,615,462
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and Manufactured Fuel	4,598	907	26,581	30,030
B. Pottery, Glass, Abrasives, etc.	649,610	626,914	4,345,389	4,506,592
C. Iron and Steel and Manufactures thereof	724,816	616,529	6,300,855	5,586,297
D. Non-Ferrous Metals and Manufactures thereof	1,942,511	2,812,438	13,931,327	17,340,622
E. Cutlery, Hardware, Implements and Instruments	447,571	517,771	3,733,501	3,944,999
F. Electrical Goods and Apparatus	311,184	265,146	1,943,701	1,818,180
G. Machinery	1,079,613	1,089,446	7,595,187	8,702,904
H. Manufactures of Wood and Timber	414,900	509,900	3,675,522	3,983,916
I. Cotton Yarns and Manufactures	176,651	184,017	1,495,580	1,495,476
J. Woollen and Worsted Yarns and Manufactures	166,327	203,737	1,658,088	1,582,792
K. Silk Yarns and Manufactures	221,141	233,115	2,090,493	2,034,237
L. Manufactures of other Textile Materials	498,639	521,220	4,749,286	4,424,373
M. Apparel	639,039	608,457	5,516,161	5,329,994
N. Chemicals, Drugs, Dyes and Colours	919,936	1,005,741	7,514,285	7,376,574
O. Oils, Fats and Resins, Manufactured	2,857,428	2,874,783	20,961,221	22,079,281
P. Leather and Manufactures thereof	537,334	681,426	5,126,144	5,291,312
Q. Paper, Cardboard, etc.	1,169,478	1,207,062	8,349,132	8,567,872
R. Vehicles (including Locomotives, Ships and Aircraft)	394,496	237,619	2,457,058	3,051,150
S. Rubber Manufactures	111,715	90,099	943,813	871,287
T. Miscellaneous Articles wholly or mainly Manufactured	1,480,100	1,482,948	11,023,411	11,365,367
Total, Class III	14,747,087	15,769,275	113,436,465	119,383,255
IV.—Animals, not for Food	156,102	224,780	850,529	1,117,831
V.—Parcel Post	171,780	199,550	1,677,837	1,248,370
Total	59,970,693	59,145,107	479,393,038	479,091,872

Prices are, however, still above those ruling a week ago. In London, raw sugar was a steady market, quotations for futures showing a rise on the week. The spot price in New York on Wednesday was 3.47 cents per lb., as compared with 3.45 cents per lb. last week and 3.45 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "December delivery" at 4s. 5d. to 4s. 6½d., against 4s. 3½d. last week. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 16,544 tons, against 26,371 in the previous week and 2,454 in the same week of last year; deliveries, 14,266 tons, against 14,190 and 15,119 tons respectively; stocks, 149,253 tons, against 146,975 and 124,198 tons respectively.

TEA.—The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold at Mincing Lane on Garden Account in recent weeks:—

Week ending	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
Sept. 13, 1934	d. 13-09	d. 10-97	d. 12-16	d. 9-29	d. 8-77	d. 10-65	d. 12-19
Aug. 15, 1935	d. 11-84	d. 10-82	d. 12-99	d. 9-44	d. 8-61	d. 10-28	d. 11-81
Sept. 13, 1935	d. 15-15	d. 10-65	d. 12-82	d. 9-88	d. 8-57	d. 10-09	d. 14-12
Sept. 6, 1935	d. 17-26	d. 10-76	d. 13-08	d. 9-99	d. 8-44	d. 10-07	d. 14-29
Sept. 22, 1935	d. 16-80	d. 11-04	d. 13-32	d. 10-07	d. 8-91	d. 10-73	d. 14-74
48 lb.	d. 17-17	d. 11-54	d. 14-06	d. 10-50	d. 9-30	d. 10-73	d. 14-74

carpet quantities catalogued for this week's auctions comprised cloth packages of Indian and 24,507 packages of Ceylon tea. The

EXPORTS OF PRODUCE AND MANUFACTURES OF THE UNITED

KINGDOM (Value F.O.B.)

	Month ended August 31		Eight Months ended August 31	
	1934	1935	1934	1935
I.—Food, Drink and Tobacco—				
A. Grain and Flour	151,404	150,599	1,083,635	1,250,764
B. Feeding-stuffs for Animals	41,571	29,736	412,733	397,301
C. Animals, Living, for Food	8,200	318	18,292	4,894
D. Meat	55,086	68,962	476,188	528,055
E. Dairy Produce	100,671	113,518	594,909	669,693
F. Fresh Fruit and Vegetables	12,092	7,961	119,887	124,710
G. Beverages and Cocoa Preparations	595,622	730,911	6,243,255	5,718,073
H. Other Food	1,105,906	1,111,103	7,464,677	7,603,780
I. Tobacco	324,056	313,059	2,887,920	2,824,280
Total, Class I	2,394,608	2,525,867	19,301,496	19,121,530
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	2,581,270	2,784,952	20,803,365	21,106,831
B. Other Non-Metalliferous Mining and Quarry Products and the like	85,561	97,091	676,180	719,947
C. Iron Ore and Scrap	45,197	28,510	341,531	298,040
D. Non-Ferrous Metalliferous Ores and Scrap	66,966	150,832	801,835	1,122,283
E. Wood and Timber	7,496	7,536	70,971	64,686
F. Raw Cotton and Cotton Waste	107,459	81,354	449,896	808,572
G. Wool, Raw and Waste, and Woollen Rags	370,572	489,669	4,110,384	5,436,629
H. Silk, Raw, Knobs and Noils	352	612	11,170	8,395
I. Other Textile Materials	33,776	23,965	234,151	248,001
J. Seeds and Nuts for Oil, Oils, Fats, Resins and Gums	92,326	207,381	949,067	1,984,440
K. Hides and Skins, Undressed	48,229	67,782	495,694	659,587
L. Paper-making Materials	83,639	80,519	753,381	725,563
M. Rubber	9,896	15,267	64,554	104,683
N. Miscellaneous Raw Materials and Articles mainly Unmanufactured	109,897	105,640	1,762,441	1,745,163
Total, Class II	3,642,656	4,141,010	31,524,620	35,032,820
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and Manufactured Fuel	277,169	281,565	1,673,065	1,847,020
B. Pottery, Glass, Abrasives, etc.	681,156	735,139	4,984,021	5,420,611
C. Iron and Steel and Manufactures thereof	2,894,342	3,166,199	21,993,167	24,350,789
D. Non-Ferrous Metals and Manufactures thereof	778,317	1,173,868	7,814,161	9,292,947
E. Cutlery, Hardware, Implements and Instruments	606,732	650,678	4,729,285	5,259,418
F. Electrical Goods and Apparatus	621,100	719,549	4,859,106	5,913,728
G. Machinery	2,590,150	2,939,977	20,713,368	25,145,179
H. Manufactures of Wood and Timber	82,407	91,372	673,741	680,299
I. Cotton Yarns and Manufactures	5,044,893	4,984,932	39,149,892	40,422,756
J. Woollen and Worsted Yarns and Manufactures	2,824,737	2,952,740	19,813,165	20,310,683
K. Silk Yarns and Manufactures	88,942	89,544	651,941	722,599
L. Manufactures of other Textile Materials	1,281,011	1,245,928	10,114,961	10,404,182
M. Apparel	980,456	1,010,621	7,074,688	6,888,842
N. Chemicals, Drugs, Dyes and Colours	1,616,421	1,507,189	12,907,456	13,261,004
O. Oils, Fats and Resins, Manufactured	341,002	402,690	3,080,846	3,531,437
P. Leather and Manufactures thereof	253,132	295,136	2,145,257	2,527,405
Q. Paper, Cardboard, etc.	513,757	527,309	4,026,889	4,244,438
R. Vehicles (including Locomotives, Ships and Aircraft)	1,695,877	2,292,653	15,144,108	19,134,466
S. Rubber Manufactures	137,645	138,798	1,118,021	1,130,605
T. Miscellaneous Articles wholly or mainly Manufactured	1,793,956	1,978,211	14,282,142	15,673,764
Total, Class III	25,085,202	27,184,096	196,928,280	216,180,142
IV.—Animals, not for Food	33,382	64,995	389,004	402,615
V.—Parcel Post	934,181	966,987	6,945,924	7,019,844
Total	32,090,009	34,882,955	255,088,324	277,736,951

market was again strong and the recent upward movement of quotations was continued.

VEGETABLES.—The Fruitgrower's Covent Garden correspondent states that tomatoes have not been selling too well recently, prices having declined. Cucumbers have also been a slow sale, with quotations easier. Mushrooms are a shade lower in price this week. Celery is now arriving and is in good condition. Cabbage and marrows have been firm in price. The London markets have been liberally supplied with potatoes and, with demand remaining quiet, stocks have accumulated. Demand has been concentrated on the best samples, prices for other grades being frequently lower on the week. But at the Borough Market on Tuesday, King Edward were again quoted at 5s. 6d. to 6s. 6d. per cwt., ex market.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OILSEEDS.—A sharp rise in linseed following the excitement in grain markets brought business practically to a standstill. Earlier, in a firm market, up to £9 10s. had been paid for Plate, October shipment to Hull, and £11 16s. 3d. for Calcutta November-December. Forward positions generally are at a premium over September, but demand has been restricted and crushers' purchases confined to near seed. Shipments from the river Plate are at a moderate level and the statistical position remains satisfactory, available supplies being considered equal to requirements until the new Plate seed comes along. The quantity afloat for Europe is now 125,400 tons (including 3,000 tons from

India), 4,600 tons more than last week; and for the United States and Canada 33,100 tons, against 37,000 tons a year ago. Trade in cottonseed is desultory. For new crop Egyptian, November loading, £6 5s. and December, £6 2s. 6d. have been paid at Hull.

Linseed oil had been in good demand before a sharp advance in prices caused buyers to hold back. In sympathy with seed raw oil has advanced to £24 delivery per ton naked ex Hull for September-December and January-April. Cotton oil is quiet but steady. Egyptian crude ex Hull is quoted £25 and refined £27 per ton. Oilcakes are in improving demand and "linseeds" are dearer.

RUBBER.—The unfavourable political outlook and fears of a devaluation of the Dutch guilder, coupled with some pessimism

regarding the outcome of the meeting of the International Rubber Regulation Committee next week, have exerted a depressing effect upon the market. Prices, both in this country and the United States, are again lower on the week. The spot price in New York on Wednesday last was 11½ cents per lb., compared with 11½ cents per lb. a week ago and 11½ cents a month earlier. Wednesday's official closing price for standard ribbed smoked sheet in London was 5½d. per lb., as against 5½d. on the corresponding day last week. In forward positions, business has been done at 5½d. to 5½d. for October-December, 1935, as against 5½d. to 5½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 178,012 tons, against 177,258 tons a week earlier. A year ago stocks amounted to 110,502 tons.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM

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

LONDON, September 18th				UNITED STATES			
GRAIN, OREALS AND MEAT				POTATOES—			
Wheat—				English, new per cwt.			
No. 2, N. Man. 496 lb.				5 6 6 6			
Eng. Gaz. av. per cwt.				SPICES—			
Barley, Eng. Gaz. av.				Pepper, per lb.			
Oats				Black Lampong			
Maize, La Plata, landed,				White Muntok			
480 lb.				Cinnamon—1st sort, per lb.			
Flour, Lon. stan. ex mill,				Cloves—Zanzibar per lb.			
280 lb.				Ginger—per cwt.			
Rice, No. 2 Burma, per cwt.				Almonds			
Fair Flake, Singapore				Mace			
MEAT—				Nutmegs, 65's			
Beef, per 8 lbs.—				SUGAR—			
English long sides				(Duty, 11/8 per cwt.)			
Argentine chilled hinds				Centrifugals, 96%, prpt.			
Mutton, per 8 lbs.				shipm., c.i.f. U.K./Cont.			
English wethers				B.W.I., crystallised			
N.Z. frozen				Jawa, white, c. & f. India			
N.Z. frozen				May-June			
Lamb, per 8 lbs.—				Refined—London			
N.Z. frozen				Yellow Crystals			
Pork, English, per 8 lbs.				Cubes			
BACON—OTHER FOODS				Crushed			
English				Granulated			
Irish				Home Grown			
Danish				TEA—			
Dutch				Indian—per lb.			
HAMS—				Pekoe			
Canadian				Broken Pekoe			
American				Orange Pekoe			
Butter—				Broken Orange Pekoe			
Australian				Ceylon—per lb.			
New Zealand				Pekoe			
Danish				Broken Pekoe			
CHEESE—				Orange Pekoe			
Canadian				Broken Orange			
New Zealand				TOBACCO—			
English Cheddars				(Duty, 9/6-10/6 per lb.,			
Dutch				Orange Pekoe, 7/5½			
COCOA—				8/8½ per lb.)			
(Duty, British grown,				Virginia leaf			
11/8; foreign, 14/- cwt.)				Common to fine			
Acacia, f.i., per cwt.				Rhodesian leaf			
Trinidad				Nyasaland leaf			
Grenada				" strips			
COFFEE—				East Indian leaf			
(Duty, British grown,				" strips			
4/8; foreign, 14/- cwt.)				TEXTILES			
Santos sup. c. & f. cwt.				COTTON—			
Colombian, good				Mid-American			
Costa Rica, med. to good				Sakellaridis, f.i.f.			
East Indian " "				Yarns, 2's twist			
Kenya, medium				" 3's twist			
EGGS—				FLAX—			
English				Livonian 2K			
Dutch				Pernau HD			
FRUIT—Oranges—				Slanetz Medium 1st sort			
Brazilian				HEMP			
Lemons, Malaga				Italian P.C.			
" Sicilian "boxes				Manilla, Oct.-Dec. " J "			
Apples: Amer. (var.) bris.				Sisal, African			
(var.) boxes				Native 1st mks.			
" Australian				c.i.f. H.A.R.B.			
Onions—				Sept.-Oct. (new)			
Valencia, case				Daisy 2½ f. Dundee			
Egyptian, bags				Oct.-Nov. (new)			
Grapes, Lisbon				SILK—			
Grapefruit S. African				Canton			
" Amer.				Tussah			
LARD—				Japan			
Irish bladders, per cwt.				Italian—raw, fr. Milan			
U.S. 2/28 lbs. boxes				Lard			

† These prices are for fuel oil for inland consumption—other than for use in Diesel engine road vehicles—and do not include the Government tax.

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Founded in 1836

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and foreign news

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(With this Issue appears our Monthly Trade Supplement)

THE LEAGUE GOES AHEAD

AFTER so many and varied vicissitudes, the initiative in the Italo-Ethiopian dispute has once more reverted to the full Council of the League. Last Saturday the Italian Council of Ministers continued their adjourned session. They decided that the proposals for "assistance" to Abyssinia contained in the report of the League Committee of Five were "unacceptable"; and, though on Sunday Baron Aloisi proffered certain reasons for their unacceptability to the Chairman of the Committee, Señor de Madariaga, his hints of a basis on which Signor Mussolini might be prepared once more to discuss a pacific solution of the dispute were on Monday characterised by the Italian Government as "unofficial." On Sunday also, on the other hand, the State Council of Ethiopia decided to accept the Committee's proposals as a basis for negotiations. There was thus nothing to be gained by withholding the Committee's report from public scrutiny; and on Monday it was duly published, together with an agreed version of the notes which Señor de Madariaga had made of Baron Aloisi's verbal objections to it.

The official text of the report of the Committee of Five contains no surprises; for its terms had been fairly comprehensively anticipated. There are, however, many observers, both at Geneva and in the world at large, who think the report goes too far in advocating so drastic a version of League "assistance" in developing a sovereign State-Member of the League. It is reported that the Russian representative, M. Litvinov, and one or two representatives of the smaller Powers on the Council, have been unfavourably impressed by the extent to which the Committee in its Charter of Assistance recommended control under League auspices over gendarmerie, police, Budget, economic exploitation, etc., in Abyssinia. These critics affect to see in all this not only a derogation from that sacred principle of national sovereignty which is both the basic principle and weakness of the League itself, but something more sinister—the cloaking of capitalist or imperialist aggrandisement beneath the mantle of the League. Now, although Italy has outraged the moral opinion of the world in her behaviour and avowed pretensions over Ethiopian

independence, and although Mussolini's Italy insisted on Ethiopia's entry into the League in 1923 in the face of British doubts and opposition, it is necessary to hold fast a sense of proportion. After over ten years of League membership, Ethiopia has not been able, of her own strength, to achieve such progress towards the standards of Western civilisation as would justify any complacency on the part of the League. Indeed, not only has the League—the League, be it noted, and not any Great Power, as the Italian dictator arrogantly contends this week—the right to examine Ethiopia's continued eligibility for League membership; but the Ethiopian Emperor himself has admitted, on earlier occasions than the present, his need of truly international assistance in the great and clamant task of developing, both socially and economically, his backward country. The Committee of Five, in short, have acted well within the framework of the League's rightful concerns, and the terms of their report are adequate to the occasion.

When all this is said, however, the "observations" of Baron Aloisi in rejection of the Committee's report reveal—with grim and stark finality—the gulf of contrast between Mussolini's contentions and the position of the League. Indeed, the agreed version of these Italian observations, as now published, abundantly demonstrates not only that the Italian dictator persists in his obduracy and remains inflexible in his claims and designs against Abyssinia, but that he has even stiffened an already rigid attitude. The order to conjure the palest ghost of an Abyssinian "threat" to Italy suggest a state of mind bordering on hysteria. Not only did Baron Aloisi reiterate the unwarrantable claim that Italy has the right unilaterally to expel Ethiopia from League membership and protection. He went on to arrogate to Italy the right to "rescue" non-Amharic tracts of Abyssinia from the Emperor's rule. He described Ethiopia as a country where "conditions of barbarism are accompanied by a powerful modern armament"—this of a country which cannot even yet, by reason of the Great Powers' desire not to ruffle Italian susceptibilities, obtain the means for legitimate self-defence, and where

each soldier has on the average but four rounds of dubious ammunition! He said Italy saw in Ethiopia "her special and most dangerous enemy"; and that international supervision of Ethiopian civil and military administration, as proposed by the League Committee, could answer neither Italy's aims nor those of the League. He declared that Italy had always opposed the cession to Ethiopia of an outlet to the sea; and that he must now oppose the Franco-British offer to "facilitate territorial adjustments between Italy and Ethiopia" by granting the latter an outlet to the sea in their own territories, for that would make of Ethiopia "a maritime Power, thus heightening the real threat that she constitutes to Italy." This travesty of a "case" can only be taken as calculated effrontery to the collective intelligence of the world, or else as the product of persecution mania. There is none so blind as he who will not see; and it is more charitable to the Duce to conclude that the "reasons" for the Italian Government's rejection of the League Committee's report are due to the latter cause.

What happens now? The full League Council is now once more charged with the handling of the dispute; and on Thursday morning they decided to proceed, under s. 4 of Art. XV of the Covenant, to appoint a Committee of the whole Council—excluding, of course, Italy—whose duty it will be, either unanimously or by majority vote, to "make and publish a report containing a statement of the facts of the dispute and the recommendations which are deemed just and proper in regard thereto." There is no reason whatever, in view of the long tale of Italian intransigence throughout this dispute, and in the face of the Duce's latest declarations, why the Council's report should take more than two or three days to prepare. What its recommendations for a settlement should contain is surely evident already. Perhaps one, or at the most two, of the States on the Council might abstain from voting; and the report would still be unanimous. Then it will be for the dictator of Italy to decide if he will automatically commit an act of war against all Members of the League by defying the Council's recommendations and declaring his war on Abyssinia, and thus challenge the League as a whole to proceed to the most rigorous sanctions envisaged in Art. XVI of the Covenant. If there is no unanimity on the Council—though, given a continuation of the bold and firm British lead at Geneva, we think it is possible of achievement—each country is free to take its own measures to maintain "right and justice." There remains now only one thing which the Council should forthwith, and without question, agree to do. That is, to accede to the Ethiopian Emperor's urgent request on Wednesday that the League should send a commission to the Ethiopian frontiers to ensure that the Abyssinian troops keep well within them, and that no act of aggression against Italy takes place. In fact, Mussolini must be made to keep the peace, until he himself decides wantonly to break it. This is the least that the Council, in common decency, can do for a League Member who has strictly and uncomplainingly observed all the requirements of diplomatic decency, in the face of severe provocation.

But suppose the Council, as it should do, rapidly and even unanimously draws up both report and recommendations; and suppose Italy, inflamed with hysteria, flouts the Council and makes war on Abyssinia; what then? Then comes the inevitable and crucial test of the League; the test, not of the League's judicial procedure or administrative machinery, but of its *capacity to perform* what it has itself decided. The League is a cumbersome apparatus, true enough; but if that cumbrousness cannot be transformed into effective execution, then the Powers of the world—Great and Small alike—will be driven helter-skelter to makeshift alliances and perilous expedients in a vain search for peace and national security. The world after the indecorous interment of the League will have to "try again." It is scarcely credible that the world will find a better way of peace than that of the League. It is altogether beyond belief that the scourge of aggressive warfare can be eradicated along any other path.

The next, and most fateful, move is thus with the Council of the League. Will it be checkmate to Italy, or stalemate for the world? It can only be one or the other. And for the sake of the world we trust it will be the first.

A DEFENCE LOAN?

ON the main issue of foreign policy—the question for what purpose Great Britain's armed forces should be used—the principal political parties are more united than for a very long time. On the question whether those forces should or should not be increased, there is more room for serious disagreement. In a speech at Kelso on Saturday last Mr Neville Chamberlain advocated a substantial measure of rearmament by this country. He maintained that "our defence forces have fallen to a dangerously low level"; and he urged a strengthening of those forces on the grounds both that we must maintain our "self-respect" and power of self-defence, and that we must be able to fulfil our obligations in the system of collective security. The present state of our arms, in Mr Chamberlain's opinion, has "shaken the confidence of our friends in our ability to carry out our obligations." Some surprise will no doubt be felt that Mr Chamberlain should have chosen this precise moment to proclaim to the world the ineffectiveness of Great Britain's armed forces. It is also questionable whether he expressed the matter altogether justly. There is more than a little ground for thinking that if our friends have underrated, and our possible foes have pooh-pooh'd, the value of Britain's support, it is because both have doubted our will to act decisively rather than the efficiency of the weapons at our command. Signor Mussolini, at all events, has left no doubt that in his opinion it is not material armaments that are changing the balance of power, but the fact that British character has become soft and British leadership effete.

Two questions are involved in this proposal which must be kept distinct. The first is whether we need to re-arm and if so on what scale; and, secondly, whether it is desirable that any re-armament that may be necessary should be carried out by means of a special loan or should be paid for, in accordance with Britain's almost unbroken tradition, out of revenue.

It is vital to realise that a precise answer to the first and more important of these questions cannot at this moment be given; for it must to a large extent depend on the outcome of the present crisis. Nevertheless, it is probable that next week's Conservative Conference will endorse Mr Chamberlain's plea for a greatly increased expenditure on the Navy and the Air Force; and that while the Labour Party at Brighton is discussing the ethics of rearmament, the Conservatives at Bournemouth will be recommending the immediate financing of it by the fashionable expedient of the moment—viz. a national defence loan of £150 to £250 millions. Let us briefly consider, however, the state of our defence forces. Protestations like Mr Chamberlain's remark that "we have tried unilateral disarmament in the hope that other countries would follow" are not wholly unfounded. But they are apt nevertheless to strike many other nations besides Germany as somewhat hypocritical. After the Armistice and the sinking of the German fleet, the Navy was reduced considerably; and it has still not been built up to the maximum strength agreed upon at Washington. Moreover, it has grown more and more out of date with the passing of the last seventeen years. The great majority of our existing capital ships date from the war or immediate post-war period; and if no change in the naval treaties were made after 1936 we should expect to begin replacing the Navy from top to bottom in the coming decade. But although we have not seriously begun our naval replacement programme, the Navy remains as powerful as any in the world and more powerful than any in Europe. In capital ships alone, despite obsolescence, we remain overwhelmingly more powerful than any European nation; though in destroyers, submarines and naval aircraft the position is not so strong. Our Air Force, as a whole, like the Navy, was radically diminished after the war, and no attempt was made to attain a one-Power standard even in relation to European nations. Last spring, however, an expansion was undertaken designed to maintain our air strength at least on a level with Germany's.

If no fresh challenge is forthcoming and nothing is done in the way of limitation, it looks as though Great Britain may find itself in the position of having to rebuild the Navy over a series of years on the scale of the Washington and London Treaties (though this scale may be increased if the

United States abandon all idea of limitation of size or if Japan builds on a wildly lavish scale), and of creating a one-Power standard Air Force, which on present indications seems likely to mean some 1,500 front-line machines.

Though we shall happily be spared any necessity to inflate our land forces, these two tasks will impose a very heavy burden. It will be greater still if some war-minded country throws all discretion to the winds. It may be very much less if elementary common sense—stimulated possibly by economic pressure—begins to make itself felt.

Which of these will happen depends—as we have said—on the issue of the present crisis. If the League succeeds, whether by the threat or the use of collective force, in effecting an agreed settlement, two things will have been decisively demonstrated: first, that collective security can work; and, secondly, that Britain's present forces are not in present conditions inadequate to fulfil her *collective* obligations. The problem would then once more become that of supplementing collective security with a collective limitation of armaments. A beginning has already been made in this direction by the Anglo-German naval agreement of last summer.

If, on the other hand, the League fails in the present crisis, faith in the collective system will vanish, and the only hope of preventing an unlimited scramble for armaments will be that economic exhaustion will induce the nations to impose some maximum—albeit a very high one—on these competitive programmes.

For Great Britain, as for other countries, therefore, the moment for decision has not arrived; and at such a moment it would be folly to launch out on a programme that would be regarded as a challenge by the suspicious and a confession of despair by those who are seeking to establish the rule of international law.

In any case, however, it is improbable that we shall escape without any measure of rearmament. The question, therefore, remains whether it is wise and proper that at this stage in our history we should proceed by way of loan. Our answer is emphatically: No. It is true that all the arguments in favour of loans for public works have been and will be brought forward in favour of this plan. And it is, indeed, true that in present conditions the raising of such a loan would have some inflationary effects—though, of course, the spending of it would be spread over many years, while its effect on particular depressed industries would be no greater than if the expenditure were made out of revenue.

Against the argument for an inflationary armament loan there are two arguments which in our view are decisive. The first is that loan expenditure designed to stimulate recovery should be expended on social assets, such as better housing, which are desirable in themselves and will remain of lasting benefit to the nation. An armaments loan is "dead weight" debt in the fullest sense of the term. Unlike earning assets, such as roads and houses or amenities which add to social wealth and rateable value, an armaments loan will contribute nothing whatever towards its amortisation and interest charges. The second and final argument is political. If Great Britain gives the lead in renewing its armaments by loans of which no one at the moment feels the burden, our example will be copied all over the world. And if once the nations get it into their heads that we can get these pretty toys for nothing, and that such expenditure can incidentally make unemployment disappear as if by magic, we may as well throw in our hand at once and abandon hope of saving the world from destruction. We sincerely hope that whatever the measure of rearmament—if any—to which we are driven, we shall have the courage to meet it out of the tax revenue of the country and not attempt to disguise the burden which the nation is condemned to bear.

AMERICAN RECOVERY

FOR some months the business news coming from the United States has been almost uniformly favourable. Our New York correspondent has reported the developments as they occur, and there has rarely been a week since the early summer when there was not some news of industrial revival. Wall Street, that sensitive indicator both of indus-

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trial prospects and of business psychology, started rising in April and, brief hesitations apart, has been rising ever since, and is now well above the highest level touched in 1933 or 1934. There has been a pause in the last week or two, as is only natural and healthy after so long-continued and so rapid a rise, but the underlying sentiment is still definitely optimistic.

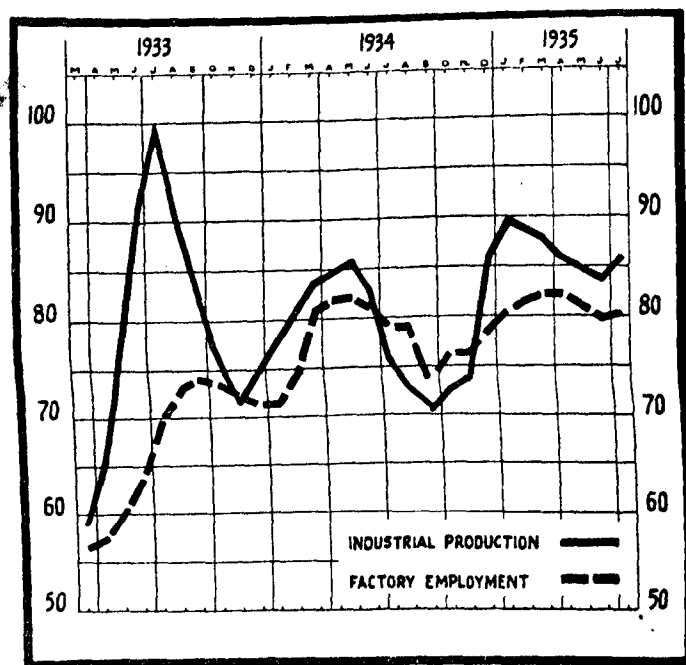
There have been several previous periods of optimism since 1929—rearguard actions in the declining years 1930-32 and "false starts" in the years of slow recovery since 1933. But there have been none which have lasted so long as the present improvement. Hitherto, no upward movement has continued for more than four months without a definite reversal of trend. But on this occasion the improvement has been maintained for at least six months, and there is no sign of a drastic setback in the immediate future. Moreover, there are several elements in the present situation which give promise of more soundly based and less speculative advance than at any time since the depression began. Still it is only necessary to glance at the statistical data of industrial activity to realise how unequal has been the extent of recovery. For example, car-loadings on the railways—an index which has in the past, as have the similar figures in Great Britain, served as a comprehensive guide to industrial activity—have been disappointingly stagnant. To some extent, however, this is due to smaller movements of grain and livestock, which must not be taken as indications of adversity. But the combined index of car-loadings is less than two-thirds of the average level of 1923-25. Electric power production, on the other hand, is higher than ever before. Indeed, it is running in excess of the computed normal, and in August was more than 10 per cent. above the same month of last year. Of the two indices there can be no doubt that electric power production is the surer guide to the movement of general activity; for the railways are affected, in the United States as elsewhere, by the very rapid development of other forms of transport.

This fact is also shown in the continued strength of the demand for automobiles. The motor industry has had a surprisingly favourable record throughout the depression years, indicating perhaps that it now ranks almost as a consumer's necessity. But that has not prevented it from leading the way in recovery. Production has been very high since the beginning of the year, and although there has been some slackening in recent months in preparation for the opening of the new season, there is every indication that next year will exceed this year. Moreover, it is most significant, and most useful as a corrector of the railway loading figures, to observe that the demand for commercial vehicles appears to be outstripping that for passenger cars. In June, for example, registrations of new passenger cars were 25 per cent., those of new commercial vehicles nearly 44 per cent., better than in June, 1934. The steel industry has benefited from this continued activity of the motor industry, and production this year has never fallen below 37 per cent. of capacity (except at holiday time), although last year the figure fell at times below 20 per cent. At the

beginning of August production was still running at over 45 per cent., compared with only 25 per cent. at the same time last year.

It would be wrong, however, to give the impression that these facts are typical of the whole of industry. The textile industries are not nearly so happy. In cotton spinning, for example, the activity of the mills is only a shade greater than twelve months ago, though wool and rayon are both more active. In general, however, consumers' demand is holding up well, as is shown by the figures of retail sales. The Federal Reserve Board's index of department store sales, for example, stood at 80 in July (1923-25 = 100), compared with 73 in July, 1934. There seems to have been little rise in retail prices, other than those of food, in the last twelve months, so that the increase in total sales almost certainly reflects an increase in sales by volume. The chart below, based on Federal Reserve indices, shows the main lines of industrial development in America since March of 1933:—

U.S.A. INDUSTRIAL PRODUCTION AND EMPLOYMENT



It is not in the field of consumers' goods, however, that the greatest encouragement is to be found. Throughout the depression the greatest inertia has been shown by the durable goods industries. But in recent months there has been a distinct stirring of dry bones in the construction industry. This is not fully revealed in the index of contracts awarded, for this includes the Public Works programme, which is now in the stage of actual construction rather than of awarding contracts. But privately financed construction is beginning to increase rapidly, and the index of contracts for residential building is double its last year's figure. Residential building in the United States depends almost entirely upon the state of the mortgage market. So long as the mortgage institutions were being forced by the financial crisis to contract, foreclosures were common, rents were depressed and new construction did not pay. A revival of construction had to wait upon an increase in rents for existing houses and a revival of mortgage lending. Both these have now occurred. Rents are about 12 per cent. higher than at the beginning of 1934, while mortgage lending by 47 leading life insurance companies in 1935 has been at the rate of about \$3 millions a week, compared with less than \$700,000 a week in 1934 or 1933. Building costs, after a rise of some 25 per cent. as a result of N.R.A., have been declining for the past twelve months. In view of the part played by building in the British recovery, both as cause and as symptom, the significance of these facts can hardly be exaggerated.

In this industrial revival, the farmer is not being neglected. Except for fruit and market garden produce, his prices are all higher than last year and his income, including the payments he receives from the Government for restricting production, was about 13 per cent. greater in the first half of 1935 than in the first half of 1934. This calculation is confirmed by an increase amounting to

almost 20 per cent. in the sales of the two great mail order businesses.

This brief survey will have indicated the widespread character of the current upward movement. Unfortunately it is impossible to assess statistically, even with the wealth of figures available in the United States, the prospects for the continuance of the movement. Any temptation to indulge in excessive optimism can be sobered in a moment by the reflection that there are still some ten million unemployed in the United States. Even in this direction some progress has been made, and the Trade Union percentage of unemployment among their members has been brought down from an average of 24.3 in 1933 to 18.3 in June, 1935. It can at least be said in the present movement's favour that it is fairly evenly spread both between different industries and different areas. The capital goods industries are for the first time getting their fair share of the improvement. As for geographical distribution, out of fifty trading areas in the country, in only two was there no increase in the total of bank debits (cheques drawn) between July, 1934, and July, 1935, and in those two there was no recession.

Another favourable point is that the improvement is not proceeding too fast. Indeed, the chief danger is lest it should accelerate too rapidly and open the door, as it was opened in 1933, to excessive speculation and the inevitable collapse that would follow. Money is not only plentiful in the United States, but excessively plentiful. According to the latest available figures, the member banks are using only half of the cash balances they hold. Of a total of \$5,100 millions on July 31st, no less than \$2,513 millions were "excess"—that is, held in excess of the reserves required to be held against deposit liabilities. With this enormous pressure of unused money, member bank deposits are increasing very rapidly—at the rate, over the last twelve months, of 20 per cent. per annum. Moreover, bank debits are increasing even more rapidly, so that both the volume of money and its average velocity are rising. For the moment, this is all to the good; indeed, industrial recovery would be impossible without some degree of monetary expansion. But in the long run (which is not so long as to be dismissed from the mind) there is more cause for alarm. The potential volume of money is almost unlimited. The Federal Reserve authorities have never yet been able to control an expansion of credit. Even with the new weapon of an increase in minimum reserve ratios in their hands, will they have the political courage to use it, especially since the Treasury must finance an enormous deficit and re-finance the constantly recurring maturities of its very large short-term debt? These are some of the doubts and queries that beset the prophet who attempts to look more than a few weeks into the future. But for the moment they are but doubts and queries, and if the pace does not become too hot, there would seem to be no reason for quarrelling with the sober optimism which is now beginning to spread over the American scene.

SAFETY ON THE RAILWAYS

DURING the past year there have been three serious railway accidents at Winwick Junction, King's Langley and Welwyn Garden City, directly due to the failure of signalmen to carry out the rules of "block working." A fourth disaster, at Glasgow, though directly due to a driver's error, revealed certain weaknesses in the local application of the block regulations.

The block system was made compulsory by law about fifty years ago. Briefly it operates as follows:—Take first three successive signal boxes, A, B and C, on a double line consisting of an up and a down track. Consider the equipment of box B. There are the levers working the signals for each direction, and also a shelf of bells and block instruments. The signalman in charge has two bells and two keys for bell communication between him and A and C, and also four block instruments—down line from A, down line to C, up line from C, up line to A. Each instrument has a needle, which can be made to point to "line closed," "line clear," or "train on line." The block in-

struments for the down line from A and up line from C have switches, by which he controls both his own needles for those instruments and the corresponding needles in the other boxes. The needles on his two remaining instruments are controlled, respectively, by switches in A and C boxes.

The simplest way to see how it works is to imagine oneself in box B during the passage of a down express from A to C. The first intimation of its approach is four beats on the bell worked by signalman A. That means: "Is line clear for an express train?" If B knows the line is clear to his box, he repeats the four bells on his bell key to A and then turns his switch so that both his down needle from A and A's down needle to B indicate "line clear." This is A's authority to lower his signals. Later on B gets two bells from A. This means: "Train entering section" (i.e. passing A on the way to B). B repeats two bells and switches both needles to "train on line." He immediately sends four bells to C. C in turn acknowledges and puts his own down needle from B, and B's down needle to C, to "line clear." So soon as B is given "line clear" in this way, he lowers his signals and waits for the train. As the train passes him, he sends C two bells, and C acknowledges and switches his and B's needle to "train on line." At the same time B sends a different bell signal to A—"train out of section"—and switches his own down needle from A, and A's down needle to B, back to "line closed." Finally, he receives "train out of section" from C, and his down needle to C is restored by C to "line closed."

Only after "line clear" has been given may the signals be lowered for a train. Only after "train out of section" has been given for the first train may "line clear" be asked for or given for a second train. If these simple rules are followed implicitly, it is only possible for one train at a time to be in the section between two adjacent signal boxes.

How does this work in practice? On balance, very well, but the reports on these four accidents suggest the existence of certain dangers. We have seen that even the smallest box on a double line contains two bells and keys and four block instruments. When there are four tracks, eight instruments are needed—and this is so at King's Langley and Winwick Junction. At Welwyn Garden City there were four main tracks and two single branch lines, necessitating eight needles for the main lines, and further needles for the branch lines. Also at Hatfield, to the immediate south of Welwyn, the up and down tracks were controlled by different signal boxes, so that Welwyn Garden City had to have a separate bell for each up and each down track, instead of one bell for a pair of up and down tracks. Altogether this box had eleven bells, and the signalman in charge had to be able to identify by its tone each separate bell. Furthermore most signalmen have further duties besides the signalling of trains. They have telephones to answer and telegraph instruments to operate—often on general traffic messages. It is a serious thought that at Winwick Junction the attention of the signalman's booking boy was called to the telephone just before the accident to take particulars of alterations in future excursion train running; while at Welwyn, where the signalman was alone, he had, at what turned out to be a critical moment, to transmit a telephone inquiry about a lost parcel.

Let us see how things can go wrong. First a signalman can lower his signals before receiving "line clear." Next a signalman can give "out of section" for a train and accept a following train, before the first train has reached him. This definitely happened at Winwick Junction. King's Langley provided a variant upon this irregularity. A train broke down in the section, and the signalman in advance telephoned the signalman in rear and said "Haven't I cleared it?" On being told "No," he assumed that the train had passed him unnoticed, and promptly gave "out of section" and accepted the following train. This inevitably ran into the broken-down train.

At Welwyn Garden City there is no doubt that a down train was similarly cleared before it reached the signalman, and the next down train was accepted from Hatfield so that it ran into the first train. There is also no doubt that possibly because of the lost parcel inquiry the signalman delayed signalling through the first train, and the resulting check to it was a primary cause of the accident. As it happened, there was an up train passing at the time, and

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the signalman had to give "out of section" for it to Welwyn North. It is possible that, by mistake, he gave "out of section" on the down line bell and instrument back to Hatfield, and when Hatfield promptly offered the next down train he unfortunately accepted it.

If this was the true sequence of events, it shows that a signalman surrounded by a multitude of block instruments and bells must keep a very clear head, and to the layman it would appear fatally easy to clear the wrong instrument. Also when a signalman is dealing with four tracks and perhaps as many as eight trains (four in advance and four in rear) it appears easy to think that a train has passed unnoticed and to clear it to the box in rear when it has not gone through at all.

It is necessary to keep a sense of proportion and to remember the vast number of trains which run safely, but there is equally a case for inquiring whether it should not be made compulsory by law to strengthen the block system in certain ways. These ways might include:—

(1) The adoption of electrical devices designed to ensure the proper adoption of the block system. These should include the interlocking of block instruments and signal levers, so that a train could only be signalled forward after "line clear" had been given specifically for that train, while "line clear" could only be given after the signals had been replaced behind the previous train. The improper clearing of trains before they had arrived can only be prevented by continuous track circuiting, by which the train automatically maintains the instruments at "train on line." Their universal adoption would be slow and costly, but there is a strong case for compelling their adoption on routes where the risk of failure is greatest—that is on routes consisting of four or more tracks carrying fast intensive traffic. If continuous track circuiting is deemed impracticable, cheaper devices exist whereby "line clear" for a second train can only be given after the first train has passed over a treadle or short length of track circuit at the end of each section.

(2) There is an obvious psychological danger in telephone conversations between signalmen about whether a train has cleared or not. As the Welwyn and King's Langley reports say, such conversations must take a precise form, and a written record must be kept of them. They should refer to a specific train, and not simply to "the last train."

(3) Bells should be provided with indicators, and a signalman should not have to distinguish between eight or more different tones. Block instruments should be grouped on the instrument shelf in the way best calculated to avoid confusion. It is a question whether it is wise to mount two separate needles (referring to two separate sections) and also a bell-key in the same casing, as is done at Welwyn and elsewhere. Separate telephone circuits, operated by the station staff, should be provided for all matters not connected with the actual signalling of trains.

(4) Merit rather than seniority should govern the selection and promotion of signalmen. The Welwyn inquiry disclosed certain weaknesses in this direction.

Most of these suggestions are based upon the official reports of these accidents, and one or two, though of importance, are hardly matters for legislation, but rather for the strengthening of the companies' own rules. There is a distinct case for revising legislation passed fifty years ago,

when most of the modern electric devices such as track-circuiting had hardly been invented. The question of cost and the economic position of the railways must obviously be considered; but at least there is need for thorough investigation by a competent body with power to make detailed recommendations. Then the Government and public opinion must decide how extensively and how quickly these recommendations are given the force of law.

LOAN EXPENDITURE IN JAPAN

(BY A CORRESPONDENT)

MORE than any other country Japan has carried into practice the principle of promoting prosperity by loan-financed Government expenditure. From the Budget of 1913-14 to that of the current fiscal year expenditure has risen—in nominal yen figures—by 845 per cent. The official figures are rather lower, but have been corrected here by adding, after 1934, the Post Office Budget which was then separated from the ordinary Budget. Reducing nominal figures to the purchasing values of 1913-14, the increase of State expenditure amounts still to 186 per cent. On the same basis, State revenue has risen by only 80 per cent. The difference, as is well known, has been met by loans, with the result that by the end of the past fiscal year the internal debt had risen to some 8,000 million yen (1914, 1,036 millions; 1932, 4,942 millions). The external debt amounted to 1,403 million yen (1914, 1,525 millions). It will be noticed that the greater part of the increase in the debt has come in the last few years, during which, following the depression of 1931, a deflationary policy of loan expenditure has been pursued. Japan is now beginning to realise that the capacity of the money market to absorb loans is not unlimited, and that it depends to a dangerous degree upon the continuation of the present boom in that section of industry which has benefited most from the great increase of exports and of Government orders for armament purposes. Mr Takahashi, the veteran Minister of Finance, is essentially a "sound finance" man. He is said to be anxious to return to more orthodox methods at the earliest opportunity. An examination of present expenditure and revenue, however, shows that it will be very hard to correct the balance by changes on either side of the Budget.

The political situation appears to provide little chance of a cut in defence expenditure. The service Budgets have risen between 1913-14 and 1935-36 by 433 per cent., calculated in the purchasing power of the currency in the former period. Their share of total expenditure has risen from 33 per cent. in 1913-14 to 47 per cent. of the current Budget. Moreover, 22 per cent. of total expenditure is now needed for the service of the national debt. Even if it should be possible in coming years to reduce defence expenditure, so many urgent claims, such as agricultural relief, education, public health, and relief for bankrupt municipalities, have accumulated that any funds set free could hardly be utilised for improving the Budget balance.

Together, the defence Budget and debt service require an amount which exceeds the total revenue of the State by 13 per cent. If both items are really to be taken as inflexible, an improvement of the Budget position would seem to depend on the possibility of raising national revenue. It is often said that Japan's natural resources have increased so substantially that the State could at any time increase its revenue. The report on economic conditions in Japan recently published by the Department of Overseas Trade maintains that "a country which is rapidly increasing production can more safely depart from financial orthodoxy than one where production is stationary." At first glance, there is considerable evidence in support of this argument. Between 1914 and the current year Japan's population has increased by 30 per cent.; railroad mileage by 100 per cent.; goods traffic by 100 per cent.; passenger traffic by 400 per cent.; the value of industrial production by 600 per cent.; the value of foreign trade by 300 per cent.; consumption of electricity by 2,000 per cent.; bank deposits and bank clearings by 600 per cent.; post office savings deposits by 1,300 per cent.; and insurance policies held by 900 per cent. Rice crops, however, increased by only 20 per cent.

The foregoing list, however, is misleading. So is the generalisation that Japan's industrial production is steadily

rising. Prosperity is, in fact, strictly limited to a small group of industries such as iron and steel, chemicals, and textiles. Even in these industries only the large modernised concerns are flourishing. The vast mass of small and medium concerns, which supply some 50 per cent. of Japan's export goods, are eking out a precarious living in the face of terrific competition. All industries working for home consumption, as well as the whole of agriculture—still by far the greatest industry in the country—are in the grip of stern deflation, with falling wages and prices. The surest sign that prosperity is not general is the fact that since 1931-32, when revenue was at a low record, the proceeds of indirect taxes and monopolies have risen by less than 6 per cent., which in actual fact represents a decline, because the devaluation of the yen, which was accompanied by some depreciation in its internal commodity value, came between the two periods. It is true that revenue from direct taxes, excluding the new excess profit tax, has nearly doubled since 1931-32. But apart from the fact that this figure is seriously disputed, the increase seems to be due chiefly to a change in the methods of tax collection. It has been stated in Parliament that the present collecting methods "border on violence." In any case, opportunities in that direction seem to have been exhausted.

Direct taxes, which together amount to 30 per cent. of ordinary revenue, and meet only 19 per cent. of total Budget expenditure, consist of income tax, land tax, business profit tax, and various less important capital taxes. Of these, income tax is the largest single item. The tax-free income amounts to only 100 yen (some £6 at present rates) per month; yet even in the comparatively prosperous city of Tokyo, with 5½ million inhabitants, only 133,000 persons are paying income tax. They are paying an average of only 200 yen a year. National figures are not available, but are admitted to be far below that average. In the current fiscal year a new excess profits tax has been added. It is estimated to apply to about 10,000 taxpayers, and to bring in some 30 million yen, less than one-sixth of the income tax yield. The incidence of direct taxes is modified by the custom of granting tax exemption, as a form of subsidy, to certain industries of national importance. As these grants are likely to be increased with growing trade difficulties, they will further worsen revenue prospects.

Indirect taxes amount to 26 per cent. of ordinary revenue. There is a tax on rice wine, beer and spirits; a rather high tax on sugar; and a consumption tax on all non-cotton yarn and fabrics. Together with Customs revenue, which amounts to 9 per cent. of revenue and may also be regarded as a kind of indirect taxation, these items bring in considerably more than all direct taxes. If the proceeds of these taxes, as has been shown, have hardly increased during the last four years, during which Japan experienced the greatest expansion of production and exports, they cannot be expected to increase in the near future, because wages are falling and exports are no longer expanding.

More than one-fourth of State revenue is derived from the profits of Government undertakings and monopolies. It is typical of the attitude of the State that the railways, as a strategic asset, are allowed to use their substantial profits entirely for expansion and replacement without contributing to the Budget. Income is received, however, from the tobacco, salt and camphor monopolies; from the post office and forestry administration, etc. Unless the railway policy is reversed, which is improbable, there is no opportunity in this field for increasing revenue. The only conceivable way in which future deficits could be covered, or at least reduced, by revenue would be a radical reform of the present system of taxation. This would presuppose a fairer distribution of burdens; in particular, the cessation of the policy of tax exemption which, for example, leaves the entire iron industry, in spite of its high profits, completely tax free. But the powers of Japanese Governments are restricted. Mr Takahashi seems to have taken the correct measure of present possibilities when he stated, a short time ago, that a thorough tax reform was urgently needed but impossible to achieve in the near future. And even if reform were possible, a rapid extinction of the present huge deficit might overwhelm the Japanese economy in a general deflationary collapse. The next two years of Japanese economic policy will consequently be highly interesting and significant.

NOTES OF THE WEEK

American Preparations for an Embargo.—Last Saturday the State Department at Washington announced that an Office of Arms and Munitions control had been set up as a branch of the Department's own organisation. And it is declared that this new piece of American administrative machinery could begin to operate efficiently within fifteen minutes of the issue of a Presidential proclamation on the outbreak of war between two or more foreign countries. This administrative action has been taken to implement the "neutrality resolution" passed by Congress before it went into recess. Before 1917, the main concern of Americans in the event of a war in which the United States was neutral, had been to uphold the traditional right of neutrals to trade with belligerents in all commodities—with the sole exception of arms and munitions in an area where one of the belligerents had established an effective blockade. The course of events in 1914-18 convinced most Americans that, under present conditions, this traditional American policy threatens to involve the United States in becoming a belligerent herself sooner or later. In other words, in order that some American citizens may enjoy the benefit of a commercial windfall, the whole American body politic has nowadays to be placed in jeopardy of being drawn into other people's wars—with the immense loss of life, as well as wealth, which this consequence may entail. On this showing, American opinion has declared itself decidedly in favour of sacrificing neutral trading profits to the maintenance of neutrality itself; and it has made up its mind that this can only be done by making it incumbent on the President to prohibit American trade with both belligerents in all compromising commodities. The crux, of course, is to decide what the list of these commodities is to be; and in the "neutrality resolution" Congress has given the President very wide discretion on this point. Are the "implementations of war" on which there is to be an export embargo to be interpreted in a wider or a narrower sense? There are indications that President Roosevelt intends to interpret the term in the broad sense of all commodities that would help to make it possible for a belligerent to carry on hostilities; and, if the experience of 1914-18 is to be a guide, this is certainly the logical way of giving effect to the American people's intentions. For the moment, he has only banned exports of weapons, flame-throwers, etc. If the United States now does take the comprehensive view of what "implementations of war" are to mean, this will enormously ease the League's task of taking economic sanctions against an aggressor; for it will relieve the League Powers of the nightmare that they might be compelled to impose a blockade on American goods and American ships.

The Memel Elections.—There has been on the whole an improvement in the situation with regard to the momentous elections in the Memelland which are to take place on Sunday, September 29th. Undoubtedly the representations which have been made, at Geneva as well as at Kovno, by the guarantor Powers have been both sincere and emphatic; and the latest news of the preparations for polling day is distinctly better than the earlier rumours. The number of Memellanders who have been actually deprived of Lithuanian citizenship so far appears not to be more than twenty. A larger number, however, appear to have been disfranchised without having lost their citizenship; and it is said that these disqualified citizens will not learn that they have forfeited their vote until they present themselves on Sunday at the polling booths. In this category, again, the numbers are said not to be large—that is, not to include the ordinary members of the allegedly subversive German political organisations, but only the leaders and organisers. What is more serious is that all these leaders will probably be debarred from offering themselves as candidates. From the Lithuanian point of view this veto is natural enough. No Government would care to see persons who were frankly working to shake off its authority being returned as members of a parliamentary body which is the legislature of the separatists' *terra irredenta*. At the same time, a "tame" diet in which the German members in-

cluded none of the genuine leaders of the German community in Memel would be worse than useless. Its installation would simply be a signal to the German irredentists to abandon parliamentary methods altogether and to turn all their energies to "direct action." It now becomes incumbent on the observers sent by the guarantor Powers to see that the elections enable the population of the Memelland to express its wishes in fact as well as in form. Meanwhile the Nazi press in Germany is rather naively showing annoyance at the steps to this end which the guarantor Powers have been taking; and this German reaction, perverse though it is, may be of good augury as an indication that the guarantor Powers and the Lithuanian Government, between them, may be going to deprive the Third Reich and the German Memellanders of the substance of their grievance. In Poland, again, there has been a distinct change of tone from *désintéressement* in Memel towards a concern for the avoidance of anything in the nature of a *Putsch*. Second thoughts at Warsaw will not have escaped observation in Berlin.

Danzig, Geneva and Warsaw.—At least one of the affairs that were taken in hand by the League Council last May has been satisfactorily settled this week. On Monday, Mr Eden reported to the Council on the petitions from certain sections of the population of Danzig in which it had been complained that the present Nazi Senate of Danzig had been trespassing beyond the bounds of the constitution in its treatment of the non-Nazi citizens of the Free City. Mr Eden's report, which found that the complaints were substantially justified, was approved by the Council. The President of the Danzig Senate, Herr Greiser, thereupon intimated that the Senate proposed to bring its actions into conformity with the constitution for the future. Mr Eden began by pointing out that this was no question of Danzig's external relations, but a matter between two sections of the population of the Free City; and he submitted that the Danzig Senate ought not to have made it necessary for the High Commissioner to bring an internal question to Geneva for settlement. The High Commissioner himself, Mr Lester (Irish Free State), made the point that the citizens of Danzig whose constitutionally assured rights were being overridden were not Poles, but were people of German culture; and he reminded the Council that, in the elections which were held in Danzig a few months ago on the issue of altering the constitution in a Nazi direction, more than 40 per cent. of the electors declared their opposition to constitutional change. We may add, for our part, that this 40 per cent. probably represents much less than the total proportion of the Danzig electorate which is actually opposed to a policy of Nazification; for the elections had been preceded and accompanied by an intensive Nazi campaign of propaganda and intimidation. Evidently it is recognised, both by the Nazi Senate of Danzig and by the Nazi Government of the Third Reich, that the recent attempts to Nazify Danzig by non-constitutional methods are indefensible. This may also go some way to explain why the Danzig Senate agreed on Tuesday to settle their outstanding economic dispute with Warsaw. Under the new agreement the Danzig Senate agrees to make the necessary foreign exchange available against Danzig gulden, and also to restore Danzig-Polish trade to its normal proportions; and Poland agrees to restore the transit trade through Danzig, which has been severely curtailed to the advantage of Gdynia. In fact, both the political and economic news this week from Danzig is very encouraging.

France's Budget Spiral.—France's 1936 Budget estimates, published this week, illustrate once again the depths of the deflationary spiral in which she has become involved. Ever since 1932, when the deflationary descent began, the Budget has been balanced on successively lower levels. Each year a new reduction of expenditure has been made, only to be followed by a new reduction in revenue. Total

expenditure has now reached the level of 40,000 million francs, compared with 53,500 millions in 1930-31. It is estimated that at this level expenditure will be just covered by revenue. The deflationary situation has so far been taken into account this time as to estimate revenue not on the basis of recent figures, but at a level 20 per cent. below them. This is regarded by the Finance Minister as rendering his Budget a "sincere" one; and it should certainly help to stave off the appearance of a new deficit as long as economic activity remains merely stagnant and does not relapse further. Despite this "sincerity," however, the Minister has prepared a "loan Budget" which somewhat mitigates the austere outlines of France's present financial policy. The "loan Budget" amounts to 6,600 million francs, of which 6,230 millions is to be spent on "national defence." Some 1,000 millions will be required for the expansion of the Air Force alone. It is true that the 1936 "loan Budget" is smaller than the 1935 one, which amounted to 10,500 millions. Nevertheless, France has clearly moved a few steps towards the policy of financing re-armament by inflationary borrowing by means of which Germany and Italy have escaped the worst deflationary rigours of the contemporary gold standard. It seems likely that France's "defence loan" policy has to some extent cancelled the depressing effects of the recent Budget cuts and so prevented the present industrial decline from degenerating into a collapse. Expenditure on armaments out of loans seems to be the only form of economic stimulus which the nations can now nerve themselves to take! But France is unfortunately not in a position to take any stimulus at all. For the more effective the stimulus becomes, the more impossible will it be to maintain the franc's present gold parity—unless by a miracle world commodity prices should continue their present rise sufficiently to offset the overvaluation of the franc.

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Nutrition and Agriculture.—It has taken a long time for the world's producers of foodstuffs to realise that, if only consumers were given a chance to achieve the nutritional standards established by experts, both a burdensome plenty and a crushing poverty might disappear. On September 19th the Second Committee of the League Assembly at Geneva discussed a proposition by Mr Bruce, on behalf of the Australian Government, which was supported by eleven other Governments, including the British. Briefly, Mr Bruce's plan is "to marry health and agriculture"; to eradicate both malnutrition on the one hand and the depression in world agriculture on the other, by increasing the consumption of foodstuffs per head. "In the less developed countries," said Mr Bruce, "the great masses are living on a bare subsistence level. . . . Even in the most advanced countries there is a stratum of people which is unable to obtain adequate nourishment." Mr Bruce asked why adequate nutrition, especially for mothers and children, should wait upon the slow progress of economic recovery in a world where each country tried desperately to make self-sufficiency in foodstuffs "pay"—at the cost of falling consumption. He pointed to the great gulf fixed between producers' prices and retail prices; and he cogently urged that the millions of pounds now spent in the world on bonuses, subsidies and other forms of assistance to agriculture—only to keep prices at levels which retard consumption—might be better spent in bringing about greater consumption of agricultural products, and in particular of milk and dairy products, fruit and vegetables, eggs and meat. Lord de la Warr, Parliamentary Secretary to the Ministry of Agriculture, confessed to grave scepticism about those Government measures which set out to solve the problem of "poverty amid plenty" by abolishing plenty. "It was not sufficient," however, "merely to resist a policy of restriction. Something more positive was needed." It might have to be deliberate action to increase consumption. An example of the form such action might take is afforded by the recent experiment of the Potato Marketing Board at Bishop Auckland, on which a report has just been issued. The report shows that the opportunity given to the unemployed to fetch potatoes from a special depot at a price of 4d. instead of 7d. a stone resulted in a total increase of consumption in the whole area

of 69 per cent. This is most interesting; but as Sir John Orr pointed out at the recent British Association meeting (see the *Economist*, September 14th, page 507), and as *The Times* confirmed on September 18th, not even the transfer of all distributive and retail functions to the Marketing Boards in this country would enable the retail prices of foodstuffs to be reduced to levels which would permit those with the lowest incomes to obtain the right kind of food. In the end, if the present "surplus" foodstuffs are to be conveyed to those who need them, subsidies to consumers may be necessary; and it would be ridiculous to propose that the subsidies should be paid for by consumption taxes levied on those very foodstuffs. Even when restriction is abandoned and marketing improved, Governments will have to face this issue.

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The Milk War.—The milk dispute has been provisionally settled. Last Friday the Minister of Agriculture decided to refer the distributors' complaint to an investigating committee under the terms of the Agricultural Marketing Act. The Committee consists of Sir Percy Greenaway, Mr C. J. C. Palmour, Sir Arthur Pugh, and Professor W. R. Scott. It will not, of course, be able to report before October 1st, when the new milk contract comes into force. But the Milk Marketing Board at once consented to accept the Committee's findings retrospectively; and agreement on these lines was reached on Thursday. Until the Committee reports, the prescribed contract will be endorsed with supplementary conditions. Meanwhile the verbal controversy over the rights and wrongs of the producers' and distributors' earnings continues in full blast. During the week the National Farmers' Union and the Central Landowners' Association have rallied, not unexpectedly, to the support of the Milk Board; and some sections of the co-operative movement, rather more unexpectedly, to that of the distributors. The producers continue to maintain that the retail price should remain unchanged and the distributors' margin be reduced, and the distributors to retort that the retail price should be reduced and their own margin be left unchanged. Mr A. V. Alexander, Secretary of the Parliamentary Committee of the Co-operative Congress, urges that the retail price should be reduced and that the cost of the reduction should be shared between the distributors and producers. This is a much more moderate and defensible proposal. Nothing that has been said by either side this week has altered our opinion that both the retail and wholesale prices should be reduced—the one in order to increase consumption, the other in order to stop the present indefinite increase in production. Ultimately there can be only two possible solutions of the problem: either a subsidy to consumers of liquid milk, or else a curtailment of production. Meanwhile the public is not likely to acquiesce very long in the spectacle of an essential service being conducted by two warring private monopolies.

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Rising Wages.—Increasing prosperity in various industries in this country has stimulated many demands from trade unions for higher wages during the past year. To a great extent, these demands have been successful, especially in the industries enjoying the largest measure of recovery—building and engineering. In the first eight months of this year, increases in wages affecting over two million workers and involving an increase in the annual wage outlay of over £8,000,000 were recorded by the Ministry of Labour. They included wage increases in the textile, iron and steel manufacture, building and engineering branches of industry. Rates for building craftsmen and labourers in almost all districts were increased by 1d. per hour in July, with the promise of a further increase of the same amount in January, 1936. All male workers over 21 in engineering shops secured a rise of 1s. per week in May, and a further rise of 1s. in July. At the time of the negotiations, the unions concerned asked for an increase of 2d. per hour, which would have cost approximately £10 millions, as against the £2,000,000 actually conceded; and the reiteration of this demand is to be discussed very shortly at a joint conference of the metal trade and engineering trade

unions in York. Other unions are also renewing their campaigns for higher wages, but are likely to meet with less success. The three railway unions and the railway shopmen have decided to press for restoration of the remaining 2½ per cent. of the 10 per cent. wage cut imposed in 1931, and for the renewal of the variations in overtime, night and Sunday wage rates. These changes would affect about 580,000 men and involve an additional cost to the companies of approximately £3½ millions. Recent railway returns, however, do not afford very solid ground on which to base arguments for such an increase. Shipyard workers have recently asked for an increase of 2d. an hour for time-workers, and equivalent increases for piece-workers. The request has been unanimously refused by the Shipbuilding Employers' Federation on the grounds, first, that the claim for an increase was based only on hopes of future prosperity in the industry, and secondly, that the recent slight increase in the cost of living is far more than counteracted by the fall since 1930, when current rates were fixed. Lastly the miners, on whom the burden of depression has weighed longest and heaviest, are preparing a fresh onslaught to improve their lamentably low standards of living. This month, at Margate, the T.U.C. gave them moral support, which has now been implemented by an order from the General Council to the General Purposes Committee to "stand by" for consultation with the Mineowners' Federation over two questions: first, the proposed increase of 2s. per day for all mine workers and secondly, the demand for a more exacting "assessment" of the companies' profits in order to determine the need for changes in wage rates. Certain injustices have been virtually recognised by the employers themselves, so that some compromise in this matter should be fairly easily reached. It would certainly do much to improve the atmosphere in which the negotiations on other questions must be carried on. It will be remembered that the arbitrators in the South Wales wages dispute last year stated that the outlook for the coal trade was too uncertain to justify the imposition of any great variation in the charges on colliery undertakings. Since then no substantial improvement can be recorded to justify increases in wage rates. Although in the coal-mining industry they are admittedly low, any increase at this stage without an equivalent "set-off" to the companies would only prejudice the slow revival now discernible in the industry.

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Mr Bennett and His Rivals.—The fun grows faster and more furious in the Canadian election campaign. Mr Bennett, speaking at Vancouver on Monday, announced that he had nearly been kidnapped by Communists last July, when, he tells us, a plot to set up a Soviet Government in Ottawa had been discovered. Despite this, however, and despite the efforts of Mr Aberhart, who, in the words of *The Times* correspondent, "grateful for the recent loan from Ottawa, is trying to prevent his Party from opposing Mr Bennett," there will, in fact, be three candidates, representing the Liberals, the C.C.F. (Farmer-Labour), and the Social Credit League, competing with the Prime Minister in West Calgary. His election must certainly be accounted doubtful. The most significant change in the whole situation in the last few weeks has been the advance of Mr Stevens's Reconstruction Party, which is said to be winning the allegiance of a great many younger voters. In the Prairie Provinces the Social Credit League and the Reconstruction Party are both likely to gain considerably at the expense of the Conservatives and Liberals. In British Columbia the issue seems to be mainly between the C.C.F. and the Liberals; while the industrial East does not yet appear to be as disillusioned as the rest of Canada with the two traditional parties. At the moment Mr Bennett is exploiting the high protectionist appeal to the full, and hoping to placate the farmers meanwhile by the present high price of wheat engineered by the Government. Mr Mackenzie King, conscious of the inroads of the various radical parties in the Prairie Provinces, is shifting the burden of his hopes towards the industrial East, and, consequently, denouncing Mr Bennett's high tariffs with slightly diminished ardour. He has also decided definitely in favour of State control—as opposed to independent bank-

ing control—over the Bank of Canada. On the issue of foreign policy, both Mr King and Mr Bennett are apparently explaining that while, on the one hand, the League of Nations must be preserved, no Canadian citizen, on the other, must ever be asked to take part in the imposition of sanctions. It seems a pity that the reformist forces in Canada have become so hopelessly divided, since the fervent desire of the mass of Canadian citizens for far-reaching economic and social reforms is now clear beyond all doubt. Yet, acute as the Opposition's dissensions are, nothing but magic—not even a 20 per cent. rise in wheat prices—can now save the Conservatives from defeat. And a clear victory for the Liberals on October 14th still seems the most probable outcome.

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Australian Recovery Continues.—In company with the rest of the sterling area, Australia continues her gradual but steady recovery. The new Budget figures, now published, mark a further step forward. Total revenue in 1934-35 was £76,252,000 and total expenditure £75,541,000; leaving a surplus of £711,000, compared with an estimate of £14,000. Revenue exceeded the estimate by £4,059,000, the principal increases being in receipts from Customs and Excise, sales tax and income tax. These increases were due to the general revival in economic activity, stimulated in particular by the high wool prices obtained in the previous season. Last season wool prices were lower; but they have now recovered once more, in company with butter and wheat prices. Exports decreased slightly in 1934-35, and imports increased; and the export surplus accordingly fell from £37,000,000 to £16,000,000. The latter figure is insufficient to cover Australia's foreign interest obligations. Year-to-year variations in the export surplus are inevitable, however, and Australian holdings in London are fully sufficient to meet present requirements. Of last year's Budget surplus of £711,000, £500,000 is to be devoted to non-recurring grants to States and £211,000 to reduction of past deficits. Revenue for 1935-36 is estimated at £77,190,000 and expenditure at £77,173,000. Expenditure includes £4,160,000 for defence equipment. Further taxation relief is provided, including a reduction from 6s. to 5s. in the special property tax rates, further exemption from sales tax, and certain reductions in primage and Excise duties. The budgetary picture is certainly a bright one. But it must not be forgotten that unemployment is still at an extraordinarily high level in Australia. True, it has fallen from 30 per cent. in 1932 to 16 per cent. to-day. But at 16 per cent. it remains a formidable challenge. In Australia, as in Great Britain and the United States, though production is rising, unemployment obstinately persists. In all three countries it is still the dominating economic, social and political problem.

* * *

Lancashire's Looms.—We have heard very much lately of Lancashire's redundant spindles; and the reorganisation of the cotton trade has become identified with reorganisation of its spinning section alone. But, besides redundant spindles, there are redundant looms in Lancashire, and the weaving side of the cotton industry has been hard pressed for years. The recent decision, therefore, of the employers' association in the manufacturing section of the industry to elaborate some method of improving the selling prices of cloth is scarcely surprising. No definite proposals have been submitted to the section as a whole by the central organisation, but the different district associations, which cover the whole of the manufacturing area of Lancashire, have been asked to discuss the question and put forward suggestions. Owing to the diversity of the

BRITANNIC
ASSURANCE COMPANY LIMITED
(Established 1866)
Annual Income : : : : £5,900,000
Funds : : : : £24,000,000
All classes of Life, Fire, Accident,
Motor and General Insurances transacted
Chief Office : BROAD STREET CORNER, BIRMINGHAM

trade and the multiplicity of manufacturers, it would seem impossible for this branch of the textile trade to obtain unanimity on any selling policy. Enough trouble has been encountered in the spinning sections, where control can be far more easily achieved. It is considered probable therefore that the principal move will be to deal with redundant looms; and when the Central Committee of the Cotton Spinners' and Manufacturers' Association hold their next meeting it is expected that a special Drafting Committee will be set up to examine the problem. So far the manufacturing section has taken no step to deal with the question of surplus machinery. The redundancy proposals in the spinning and finishing sections, however, are rather forcing the issue, for it is feared that unless manufacturers get rid of the surplus capacity, they will be forced into an uneconomic position when they have to adjust their selling prices. They may very soon find themselves sandwiched between the spinning and finishing sections, which will be able, together, to combat any attempt on the part of traders to reduce prices. If the spinners and finishers are able to resist any attack on their prices, buyers will then be forced to exert pressure on the cloth manufacturers, who, by reason of the large amount of surplus machinery, will be placed in a relatively weak position. It is estimated that of the 500,000 looms in existence to-day, fully 150,000 can be considered as redundant. The prospective capacity of the industry might be as low as 300,000 looms, which compares with 800,000 looms in existence in 1914. It will be interesting to observe whether this *démarche* by the weaving section of the industry will force upon the spinners, finishers and merchants the need to reorganise the cotton industry as a whole, and not in segments.

War Risks.—Since 1918 insurance contracts on cargo have usually included war risks. But it has been the general rule for underwriters to protect themselves against a sudden change in conditions with a clause entitling them to cancel war risks on giving ten days' notice. On September 16th, Lloyd's underwriters and the companies gave this notice; their example was followed by most foreign markets, and from September 26th onwards the risk is covered only by special agreement between clients and underwriters. On Wednesday last, after much discussion, Lloyd's underwriters announced a scale of rates which they proposed to charge for the war risk until further notice. The rates are naturally highest in the Mediterranean, 5s. per cent. being quoted for Mediterranean shipments except to or from Italian ports, 1s. 6d. per cent. for Indian and Eastern shipments via the Cape, 1s. per cent. for South and West African shipments, and 3d. per cent. for shipments to and from the Continent. These rates are revocable at a moment's notice, and many merchants have protected themselves by taking out cover for three months at a fixed rate on Mediterranean shipments, the rates varying from 10s. to 20s. per cent. In the event of serious developments, these covers will prove a good thing for the merchants, as they will save them from paying the much higher rates that may be anticipated. Several shipping companies which normally use the Suez Canal are diverting their boats to the Cape, giving as their reason the laudable desire to save their shippers from paying very high war rates on their cargo. But it seems doubtful whether $\frac{1}{4}$ or $\frac{1}{2}$ per cent. insurance rate is really enough to justify the change. A German fleet is being covered against war risks for several months ahead in the London market—a gratifying sign of the Germans' confidence in the immediate future of Anglo-German relations.

Sterling and International Prices.—The advance in wholesale prices has continued during the past fortnight, and in some respects has become more rapid and widespread. The advance is partly due to technical reasons connected with specific commodities. Wheat has risen owing to drought in the Argentine, and to the fixation by the Canadian Government of a new selling price. Cotton is higher because of the reduction in the American crop estimate shown by the latest official crop forecast. Tin has

advanced under the influence of a shortage of supplies, while there has been heavier buying of lead. The rise in rubber is due to the reduction in the export quota. At the same time, the possibility of war has undoubtedly stimulated the buying of commodities, partly because of the uncertainty attaching to the stability of the leading currencies. British wholesale prices have risen during the fortnight, by 2.1 per cent. for all commodities, to the highest point for the year, while primary products have risen by 3.2 per cent. to a new record for the year. In the United States primary products have advanced by 3.6 per cent., but the Irving Fisher general index number is practically unchanged. There has been some advance in Continental wholesale prices, which naturally enough is most pronounced in Italy.

SEPTEMBER 18, 1931 = 100

Date	Economist Indices			U.S.A., Irving Fisher	France, Statistique Générale	Italy, Milan Chamber of Commerce	Germany, Statistisches Reichsamt
	British Complete Index (sterling)	Primary Products British (sterling) American (dollar)	Price of Gold (sterling)				
1932							
Jan. 27th	108.3	115.7	93.8	140.9	93.5	95.8	91.6
Apr. 20th	103.8	105.4	89.6	129.5	89.6	95.3	90.3
July 27th	99.5	103.5	84.1	136.9	86.3	91.3	88.1
Oct. 1933	103.1	112.3	84.0	143.8	88.8	92.7	86.8
1933							
Jan. 25th	101.3	107.7	78.0	142.6	80.5	90.2	83.8
Apr. 19th	98.7	104.6	89.7	141.4	82.8	86.2	83.4
July 26th	108.1	120.6	124.7	145.7	100.9	86.2	88.6
Oct. 18th	106.4	112.8	109.1	153.4	103.7	87.5	88.1
1934							
Jan. 31st	108.8	118.0	124.8	156.7	105.6	87.2	88.5
Apr. 25th	108.2	119.8	125.3	159.5	106.0	85.4	87.7
July 18th	109.5	124.8	136.7	162.4	113.2	81.4	91.1
Oct. 24th	107.9	124.2	146.2	164.5	114.3	79.8	93.0
1935							
Jan. 2nd	109.4	123.7	154.5	165.8	115.1	77.1	92.8
Jan. 30th	110.9	124.6	152.4	167.2	118.3	79.1	92.8
Feb. 13th	109.6	123.4	154.5	167.5	119.5	78.9	92.8
Feb. 27th	109.9	123.9	153.9	169.9	118.9	78.4	92.7
Mar. 13th	108.7	121.9	148.6	174.2	118.5	77.7	92.6
Mar. 27th	109.4	123.3	147.6	171.0	116.9	77.7	92.6
Apr. 10th	109.9	124.4	150.1	168.9	118.5	78.4	92.6
Apr. 24th	110.5	124.5	151.6	169.1	118.6	78.2	92.6
May 8th	111.3	124.1	149.5	169.5	119.2	78.2	92.6
May 22nd	113.5	127.7	151.4	167.1	119.9	79.6	93.5
June 5th	112.7	126.2	146.1	166.2	118.9	79.3	93.5
June 19th	112.7	125.6	144.2	165.9	118.9	79.3	93.5
July 3rd	111.8	124.5	143.0	166.5	118.5	78.0	93.0
July 17th	111.6	124.3	143.6	166.0	118.5	78.6	92.7
July 31st	112.7	126.7	146.2	165.6	120.2	75.9	93.6
Aug. 14th	111.4	125.3	144.6	164.7	118.9	76.4	93.0
Aug. 28th	112.4	125.5	141.4	164.7	121.4	75.7	94.1
Sept. 11th	113.3	127.2	143.5	165.8	123.4	78.0	94.1
Sept. 25th	115.7	131.3	148.6	166.0	123.5	78.4	94.0

* These figures relate to Sept. 18th

Details of the group indices comprising the complete *Economist* index number on the date of our suspension of the gold standard and for recent dates are given below:—

"ECONOMIST" INDEX
(1927 = 100)

	Sept. 18, 1931	Aug. 28, 1935	Sept. 11, 1935	Sept. 25, 1935
Cereals and meat	64.5	69.0	69.6	71.7
Other foods	62.2	58.0	59.0	60.6
Textiles	43.7	56.4	57.3	58.2
Minerals	67.4	81.0	80.7	82.0
Miscellaneous	65.8	74.4	74.9	76.0
Complete index...	60.4	67.9	68.4	69.9
1913 = 100	83.1	93.4	94.2	96.1
1924 = 100	52.2	58.6	59.1	60.4

In the cereals and meat group there was a general advance in grain, mutton and bacon, but beef prices were lower. Among other foodstuffs there were increases in tea, butter and cheese. In the textiles group cotton, hemp and jute were higher, but there was some reaction in wool. All non-ferrous metal prices advanced. Among miscellaneous materials there were increases in rubber, leather, linseed oil and tallow, but a slight reduction in hides.

Rubber Under Control.—Growing dissatisfaction among those with a stake in the industry who had hoped for quick results apparently prompted the International Rubber Regulation Committee to tighten the screw of restriction at their meeting last Tuesday. Contrary to general expectations, the Committee decided to reduce export quotas for the last quarter of 1935 from 65 per cent. of allotted tonnages, at which level they had been fixed on

March 26th, to 60 per cent. The implications of this decision for the investor are discussed on page 617. While it is true that the reduction in stocks since the inauguration of the new restriction scheme has so far been very small, it must not be forgotten that prices, though somewhat lower than a year ago, are still three times as high as they were three years ago. Moreover, the decline in world consumption from 511,286 tons in the first half of 1934 to 475,285 tons during January-June this year is probably not entirely unconnected with the sharp rise in prices. Further, the relatively small reduction in the stocks afloat and those held in Singapore and Penang, in the United Kingdom and

in the United States, from 678,731 tons at the end of May, 1934, to 653,187 tons at the end of August, 1935, is not only due to the disappointing level of world consumption, but also in part to the failure of the control of "native" rubber shipments from the Dutch East Indies. It is to be hoped that the Committee's decision does not portend a race between restriction and consumption. As we pointed out in a leading article in the *Economist* of September 8th last year, the equating of production with consumption might be most profitably achieved for the industry as a whole by a price policy aimed at increasing consumption to the potential level of production.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

PUBLIC WORKS AND RELIEF

THE business news continues excellent. Car loadings are seasonally at the highest level so far this year, and steel operations have virtually regained the best figures reported last spring.

The controversy between Mr Ickes, the Public Works Administrator, and Mr Hopkins, Works Progress Administrator, has been referred to the President, who has decided in favour of the latter. There was in reality little option. Public works have been given a thorough test over many months, and have shown little capacity to affect the problem of relief. On the other hand, work relief, under various initials beginning with the C.W.A. and now known as W.P.A. (in contrast with P.W.A., the Public Works Administration), has at least the merit of reaching the needy, even if the projects on which they are employed are of less intrinsic merit. The problem, after all, is one of simple arithmetic. There are 3,500,000 or 5,000,000 persons now theoretically transferred to local agencies, and the aggregate sum available is just under \$5,000 millions, from which must be deducted certain earmarked sums, but to which may be added extra funds from the States. Division gives a *per capita* sum which precludes any considerable expenditure on material or machinery; while prevailing wage controversies have shown that it is impossible to keep labour costs, on projects requiring any skill, down to the indicated *per capita* allowance.

Last winter, in New Jersey, one person in seven was dependent on relief. The New Jersey Relief Administration has conducted a survey of 10,000 families out of a total of about 165,000 on relief in that State. Of these, 40 per cent. are native white, 34 per cent. foreign-born white and 26 per cent. negro. The last group is five times as numerous as its proportion to the total population. In the typical case unemployment has been continuous for two years or more. Of the total about one-fifth are classed as economically incapable of self-support at any future time, partly from old age or illness, but more commonly from the fact that the "family" consists of a woman with young children, the father being dead, in prison or absent.

Realisation of the gravity of the problem seems to be increasing in official circles. At the past week's regular Press conference the President forecast that, if production returned to the levels of 1929, only 80 per cent. of the workers then employed would find re-employment. And current production is far from the level of 1929.

The present figure is as debatable as ever. Officially there are about 5,000,000. But the Federation of Labour estimates 11,000,000; the National Industrial Conference Board 10,015,000; and the Alexander Hamilton Institute 13,019,000—all for July, 1935. This disparity is not only wide in itself, but difficult to reconcile with the official 5,000,000; even more disconcerting is the fact that each of these three calculations shows an increase since October, 1933. Still more astonishing, that although the Federal Reserve Board's index of production rose from 75 in

November, 1934, to 90 in February, 1935, the employment figures showed no increase whatever.

The popular explanation is that these data are evidence of "technological unemployment"; but supporting evidence from the other side is lacking. The machinery companies, which might be regarded as the producers of technological unemployment, were extremely inactive during the depression and, while far busier in recent months, have not yet reached the levels of output characteristic of the '20's.

PROFITS RISING

The tabulations of corporate profits stand in contrast with the employment figures. The following table was compiled by the Federal Reserve Bank of New York:—

CORPORATE NET PROFITS (First six months, \$000,000)

	1933	1934	1935
Automobiles	45.5	69.9	99.0
Auto accessories	0.6	19.5	31.8
Aviation	1.2	-0.3	0.5
Building supplies	-4.0	2.7	3.9
Chemicals and drugs	31.0	50.8	50.0
Clothing and textiles	1.6	2.0	1.3
Coal and coke	-2.4	2.2	1.2
Electrical equipment	-2.1	10.4	19.1
Food and food products	61.7	65.9	51.9
Household equipment	10.0	16.1	15.7
Leather and shoes	5.4	7.1	5.5
Machinery and tools	-6.7	4.1	6.9
Metals and mining (ex. coal)	6.1	26.1	26.3
Motion pictures and amusement	-4.5	3.4	5.1
Office equipment	1.6	7.1	7.3
Oil	-32.3	24.9	32.1
Papers and paper products	0.5	1.4	1.8
Printing and publishing	2.3	5.9	6.9
Railroad equipment	-3.9	1.6	0.9
Rubber and tyres	-3.3	4.1	4.6
Shipping	0.2	-0.5	-0.9
Steel	-50.9	14.7	19.0
Stores	4.9	15.6	16.5
Tobacco	0.5	1.7	1.3
Miscellaneous	13.9	24.3	29.9
Total 388 industrial companies ...	77.0	380.7	437.6
149 Class I railroads	-101.2	-23.2	-62.0
59 Telephone companies	85.3	96.9	93.7
66 Public utility companies ...	131.2	125.5	124.9

It is somewhat surprising to note that consumers' trades' earnings compare unfavourably with those of other trades. Such important groups as clothing, food, household equipment, leather and shoes, tobacco and public utilities show earnings for the first six months of 1935 actually lower than in the first six months of 1934; several other groups in that category, such as stores and rubber and tyres, show only negligible increases. Indeed, of the industries, show only negligible increases. The cause of the lower earnings of the consumer goods industries is not entirely clear. In some instances it probably reflects lower inventory profits; with the utilities it is partly lower rates applied against increased volume. With the rail trade it is higher costs against about the same traffic.

But there can be little doubt that a major factor is increased taxes, particularly local taxes, but including the widening processing taxes. The increased local taxes are, of course, attributable directly to the relief problem.

Nevertheless none of the Federal expenditure for unemployment relief is met out of taxation. In many localities only a part of the local relief expenditure is covered by taxation; and in his recent defence of the Administration Tax Bill passed at the last session of Congress, the President asserted that it was impossible to widen the base of Federal taxation because of the present high levels of consumption taxes, which bore most heavily upon the average family.

NEW YORK, September 16.

FRANCE

A BALANCED BUDGET AND "LOAN BUDGET"

THE Budget for 1936 has been approved by the Cabinet. The figures are as follows:—

	Frs.
Revenue	40,019,347,606
Expenditure	40,010,194,522
Estimated surplus	9,153,084

Expenditure exceeded 53,500 millions in 1930-31, and the new Budget would have reached 48,000 millions, despite the economies effected between 1932 and 1934, if the recent decree-laws had not made still further cuts in expenditure. The saving in the ordinary Budget due to these cuts was nearly 8,000 millions. This, however, does not cover the whole of France's public expenditure. An extraordinary Budget is also provided, which will include various non-recurrent items of expenditure, which have till now been charged to the Treasury and financed by loans. This second Budget, amounting to over 6,000 millions, mostly consists of military expenditure and additions to the Air Force, but also of expenditure on public works, etc. The total of this exceptional expenditure, however, reached 10,000 millions in 1935. If, therefore, one takes into account the 3,500 millions of debt amortisation, which will be effected in 1936, the new loans to be issued will not increase the public debt by much more than 2,500 millions.

The official declaration accompanying the Budget emphasises its "sincerity." By this is meant that full parliamentary control will be secured, that the inclination of certain deputies toward generous expenditure will be restrained, and that confidence will be given to rentiers. The figures have been drawn up after a very close examination of public expenditure in each department. The revenue estimates also have been given the most scrupulous criticism. Whereas receipts for the first seven months of 1935 showed a deficit of 14 per cent. on the 1935 estimates, the 1936 estimates have been lowered by 17 per cent. in comparison with the former. For both direct and indirect taxation new methods of estimation have been used, based on 1934 and the first six months of 1935.

DEFLATION AND CHEAP MONEY

The Government regards its financial and economic policy as aiming at the mean between budgetary prodigality and excessive parsimony. The need to issue loans makes it necessary to balance the Budget. But this policy of reducing expenditure to the low level of revenue is regarded by the Government as not necessarily a policy of deflation, which would entail credit restriction. Budgetary deflation is to be supplemented by a cheap money policy. It is still hoped that tax reductions will permit of such a lowering of French prices as will adjust them to international prices—which are now rising.

A quite small economic recovery would stabilise fiscal receipts at about 40,000 millions a year. On the other hand, the estimate of 6,600 millions for the "loan" Budget will probably be exceeded owing to new emergency expenditure. The railways' borrowing needs have been reduced by 50 per cent.; but the Government does not explain how this deficit is to be met.

French tourist receipts reached 4,000 millions in 1934, against 2,000 millions in 1933, and 12,000 millions in the

best post-war year. This improvement, however, has been offset by the expenditure in foreign countries of French tourists favoured by the high value of the franc. In order to protect the tourist industry, which is protesting vigorously against restrictions on persons wishing to visit France, the Government is to impose a special tax on French tourists visiting foreign countries. This decree will not apply to persons travelling on public missions, or residing abroad or travelling on business; and it will not take effect until diplomatic negotiations have failed to obtain the suppression of the foreign restrictions.

Officially recorded unemployment in France fell by 3,684 to 377,499 in the week ended September 14. It was 326,127 a year ago.

PARIS, September 26.

GERMANY

ABYSSINIA AND MEMEL

ALTHOUGH Germany professes not to be concerned with the Abyssinian question, events in Geneva, Rome, London and Paris are being watched with very great interest. In the Press, which never ventures to transcend official instructions, the merits of the dispute have so far been ignored. No opinion is expressed concerning the rights and wrongs of Italian policy; and in consequence the whole proceedings of the League of Nations and the leadership of Great Britain are both persistently condemned and derided. This attitude expresses rather than denies the fact that Germany is very much interested. In the event of sanctions against Italy she might even be directly involved. She would have either to participate or to abstain; and the continuation of her trade relations with Italy if she abstained would probably lead to unpleasant incidents, should sanctions go beyond the passive stage.

More important is the so far unforeseen reaction of the dispute on international policy. In spite of Herr Hitler's repudiation at Nürnberg of diplomatic "combinations," it is plain that any at present conceivable solution of the Abyssinian question must affect international events in ways that will concern Germany. It seems, indeed, that Germany's position must be strengthened. Germany regards herself as being permanently opposed by the Great Powers of Western Europe acting more or less solidly together; and she is unfriendly to the League, considering it as at best a useless machine for handling diplomatic issues, and as at worst an organisation designed merely to protect the *status quo* established by the Peace Treaty. Germany claims that the League would never dare to fulfil its obligations at the cost of any Western Great Power. Should the League fail to prevent war between Italy and Abyssinia owing to a reluctance to take sufficiently drastic action, this last German thesis would be confirmed. Should it succeed by such means, a result might easily be the permanent alienation of Italy from Great Britain and perhaps from France; and with this the new international "combinations," even if not designed, would come into being automatically. It is an old notion of Herr Hitler, temporarily confounded by the recent struggle for Austria, that Italy could be counted on for an attack upon France; and it is a new notion of some Germans that should France fail Great Britain in the present issue, the British Government, if only in order to facilitate the release of naval forces from North Europe, might turn towards Berlin.

The present undue prominence of the Memel question is the outcome of such considerations. The electoral rights of a few German-speakers in Memel are not sufficient ground for a German action against Lithuania which might embroil all Europe. Indeed, there seems to be no foundation for foreign stories that Germany has any immediate plans of action. But in expanding this grievance inordinately, and simultaneously conducting an agitation against Latvia, on even more meagre grounds, the German Press is certainly not without official inspiration. These questions will probably not become dangerous if diplomatic solidarity in West Europe is maintained; but with discord

between the Western Powers opportunity for easy adventures in Baltic lands would be given, and should it be taken, a conflict between Germany and Russia would come into sight. The German Press represents Moscow as the instigator of Kovno, and regards all three Baltic States as Russia's vassals. Indeed, Herr Hitler, expounding his plan for conquering "new land and soil," describes the frontier states which are to deliver up this "land and soil" as subject-states of Russia.

RECORD STEEL OUTPUT

The industrial position is little changed. Coal production in the first eight months was 91,360,000 tons, against 80,864,700 tons in the same months of 1934. Since March, 1935, the Saar output has been included. Ruhr coal sales increased slightly in August. The Stahlwerksverband's report for August states that business in semi-products and most rolling-mill products was stable, and that export business in tubes was increasingly active. Ingot steel output in August was 1,495,900 tons, against 1,448,400 tons in July. Steel production is therefore now at the rate of nearly 18 million tons a year, and is well above the 16,300,000 tons of 1927, the best post-war year.

According to data published by the Reich Bureau of Statistics, the nominal national income from all sources in 1934 was Rm. 65,707 millions, as against Rm. 59,762 millions in 1933, Rm. 56,938 millions (recent lowest) in 1932 and Rm. 74,812 millions (recent highest) in 1929. On the basis of the cost-of-living index of 1928, the real national income was: 1934, Rm. 65,475 millions; 1933, Rm. 59,930 millions; 1932, Rm. 56,708 millions; 1929, Rm. 72,348 millions. In 1934, the nominal income from agriculture and forestry increased most and recovered to above the level of 1930. The nominal income from wages and salaries in 1934 was Rm. 29,503 millions, as against Rm. 25,980 millions in 1933, and Rm. 43,045 millions in 1929.

The advance of meat prices in Berlin has ceased. The prices of most sorts of sausages have been decreed to be not higher than those of March. "Work books" for employees in agriculture, fisheries, mining, textiles, public utilities, domestic service and some other branches will be issued on October 1. Retail shopkeepers have been forbidden to embark on the sale of goods other than those included in their customary trade.

Last week money again became plentiful. On Friday the Discont-Kompagnie reduced its rate for day deposits from 2½ to 2 per cent. This week day-loans in the market are quoted at 3-3½ per cent. The demand for Reich Treasury bills and Treasury bonds has revived; but the circulation of Golddiscount Bank promissory notes seems to have declined in consequence of non-prolongation, due to the need of cash by the banks for advance payments on account of the Rm. 500 millions Reich loan. The commercial banks' balance sheets for August 31st show a decline in deposits and an increase in loans, the latter being attributed partly to harvesting needs, partly to an increased demand by industry. The official balance of foreign payments, which usually appears in June, has this year not been published. For the item "Shipping," the Verband Deutscher Reeder has compiled its own statistics, which show the active balance in 1934 at Rm. 233 millions, as against a lowest recent figure of Rm. 193 millions in 1933 and a highest recent figure of Rm. 545 millions in 1929.

The "New Plan" for improving the balance of payments, in so far as this is determined by foreign trade, celebrated its anniversary on September 24th. Technically, the plan is now working smoothly at the cost of much bureaucratic elaboration. The currency reserves slightly increased during the twelve months, but no substantial improvement in the balance of payments has ensued, and it seems that none is officially desired. The chief change in the plan in the past year was the requirement of official permission for all imports from certain countries and for certain important groups of imports from all other countries. In so far as foreign raw materials are concerned, the plan has been made workable by internal rationing and by the regulation of prices and stocks.

BERLIN, September 25.

AUSTRIA

EFFORTS TO EXPAND EXPORTS

THE foreign exchange side of Austria's economic problem can already be regarded as solved. The deficit in the balance of trade has been so greatly reduced that it is covered by other items and does not constitute any danger. This improvement, which has taken place in the last two years, has been chiefly due to an increase in exports. During the last few months, however, the increase has been slowing down, and the chief task of the Austrian commercial policy is to revive it. It is largely due to the initiative of the Minister of Commerce, Herr Stockinger, that the foreign tourist receipts have increased by 42 per cent. this year, and that English tourist traffic to Austria was 80 per cent. higher in August. The import surplus is now covered by tourist receipts. The same policy is to play an important rôle in the trade-treaty negotiations which have just begun with Czechoslovakia.

Among exporters to Austria, Czechoslovakia takes the second place, among importers from Austria the fourth. The balance of trade with that country is very unfavourable to Austria:—

	January to July	1934	1935
	In millions of schillings		
Imports from Czechoslovakia	85.7	81.3	
Exports to Czechoslovakia	37.5	35.1	

On the other hand, there is a heavy tourist traffic from Czechoslovakia to Austria. Also at the moment rumours that the Czech crown is again to be devalued are leading to a flight of capital from Czechoslovakia to Austria.

There are also to be negotiations with Poland. These will be of interest, because the present Austro-Polish treaty is perhaps the only open preference agreement in Central Europe, and because it has meant no improvement at all for Austria. In the first seven months of the year the import surplus with Poland has increased from 35.5 to 38.1 million schillings. Austria's biggest import from Czechoslovakia and Poland is coal. If this were bought in larger quantities from Germany, it would certainly be possible to export more to Germany.

All these efforts to increase exports by means of commercial negotiations are, however, regarded by Austrian industrialists as insufficient, so long as they are not supplemented by internal assistance to the export trade. The subsidies given to the export trade in Germany have been felt seriously by Austrian industry, and it is claimed that Austria must resort to similar steps. The Industrial Association has elaborated a programme which includes the grant of export bounties.

VIENNA, September 21.

HOLLAND

INTENSIFIED CRITICISM OF THE GOVERNMENT

THE internal political situation is commanding even more attention than the international crisis. The 1936 Budget, introduced into Parliament last week, has provoked considerable protest from many quarters. With expenditure estimated at 710 million guilders and revenue at 601 million

The British and Polish Trade Bank A.G., Danzig

Paid-up Capital and Reserves: D. Gulden 5,378,542

Chairman: Dr. Roman Górecki.

Vice-Chairman: Sir William Grenfell Max-Muller, G.B.E., K.C.M.G.

Joint Managers: Wacław Kondorski and Philip Frederick Rann.

Assistant Manager: Aleksander Kowalski.

The Bank was formed to facilitate Exports and Imports from and to Poland, including Danzig.

INQUIRIES SOLICITED.

guilders, the Budget shows a deficit of 109 million guilders; and this will be increased to 119 million guilders by reductions in certain Excise taxation. The retrenchment scheme already submitted to Parliament covers 76.9 million guilders of this deficit. In addition, 15.9 million guilders is to be saved by further economies (mostly postponements of expenditure); and 26.2 million guilders are to be met by new taxation. An increase of 20 per cent. on the turnover taxes will provide 12 million guilders.

The criticism most generally levelled against the Government is that the economic problem cannot be solved by increases in taxation; for, although the Budget has been balanced on paper, it will prove unbalanced in practice. Besides the deficit on the current fiscal year, amounting to 75 million guilders, is still uncovered. The previous Colijn Government always declared that the utmost limit of taxation had been reached; recovery depended on further retrenchments and "readjustment"; and reductions in taxation were held in prospect. The present Colijn Government, however, proposes to increase taxation to the tune of 26 million guilders. The increase in the turnover tax in particular has encountered violent criticism, on the ground that it strikes a direct blow at commerce and industry. The much-vaunted ideal of "readjustment"—i.e. deflation—is farther than ever from realisation, now that the constant increases in the Excise duties on wheat, etc., have involved another rise in the price of bread. Other primary necessities, too, have advanced in price, so that there are no signs yet of the much-desired drop in the cost of living, with the result that wage cuts are difficult, if not impossible.

The Netherlands Union of Employers has issued the following observations:—

In the Speech from the Throne we fail to find any programme of reconstruction to be pursued by the Government in the near future. We are extremely sceptical about the possibility of providing employment for tens of thousands by the means proposed by the Government. The fostering of industrialisation, that is to say the stimulation of industrial activity, is very welcome as a means of combating the problem of unemployment, but to achieve this it is necessary that costs and charges in the Netherlands should be brought down to a lower level, and the Speech from the Throne evades this subject completely. . . . The additional taxation proposed strikes one as being decidedly dangerous. . . . The increase in the turnover tax, in particular, is a great disappointment. Apparently it has not been realised what a grave handicap has thereby been placed upon trade and industry. . . .

"CONTROLLED DEVALUATION OR UNCONTROLLED INFLATION"

The Roman Catholic Association of Employers express themselves in still stronger terms:—

The advocates of an active policy of increasing prosperity cannot possibly be satisfied as long as there is no certainty about the fundamental factors of that policy, viz., the level of prices and costs. Through the lack of any certainty whether business will be remunerative or not, the monetary problem remains a leaden burden (or rather a golden one) upon the nation. The Speech from the Throne cautiously evades any reference to the policy of "readjustment." But it is only too clear that the old criticism of the Government is still justified, viz., that they are directing their energies primarily towards achieving a balanced budget, and leaving national prosperity to play a secondary part in their considerations. An example of this is the increases in taxation, which have been introduced in lieu of the tax reductions which had been held in prospect before. . . . The dilemma between acceptance or rejection of a controlled and voluntary devaluation may soon become a choice between "controlled devaluation or uncontrolled inflation."

The guilder crisis is solely attributable to the fact that the Government is defending the guilder by word of mouth and by manipulation of the bank rate, and is failing to take the measures requisite for instilling confidence anew into the Dutch economic system.

In these circumstances, further internal political developments are being eagerly awaited, more especially as the balance of trade has depreciated materially in the last three months.

The following table shows imports and exports month by month during the years 1933, 1934 and 1935:—

	IMPORTS			EXPORTS		
	(In millions of guilders)					
	1933	1934	1935	1933	1934	1935
January	95	100	76	58	56	55
February	86	81	70	55	51	51
March	99	94	80	65	61	54
April	89	85	78	54	54	50
May	97	87	78	61	57	58
June	97	89	73	62	59	51
July	104	86	76	56	58	54
August	105	87	76	62	69	61
September	111	78		74	69	
October	109	87		74	69	
November	109	88		63	60	
December	108	75		52	56	

Yesterday afternoon the Second Chamber resumed the debate on the Retrenchment Bill for the first time since last July; and Dr. Colijn, the Prime Minister, was the first to address the House. He stated that, despite the wish of the Government to maintain the gold parity of the guilder, it would be difficult to avoid devaluation if the Dutch public resorted to flights into foreign currencies. If they refrained from this, and if they kept calm, the Government believed that it would prove possible to avert devaluation unless unforeseen circumstances occurred. Referring to the repeatedly urged dilemma between "consistent deflation"—i.e. a reduction in all interest charges—or devaluation, Dr. Colijn said that consistent deflation would involve too serious a shock to monetary confidence, and would entail a flight of capital and consequently devaluation. The Minister of Finance subsequently stated that if it came to a choice between devaluation or destruction of the credit system, he would choose the former.

AMSTERDAM, September 25.

SWEDEN

RECORD EMPLOYMENT FIGURES

LAST year's pronounced improvement in Swedish economic conditions persisted during the first four months of 1935, but towards the middle of the year there was a slight slackening in the pace of recovery. This slackening became more noticeable in August and September, when the political unrest in the world grew worse, and the decline of prices for some Swedish staple articles, particularly timber products, was accentuated. Industrial production has, on the whole, been satisfactory, though there has been a slight slackening in some export industries. Employment has been steadily improving, with peak figures in August. Foreign trade has increased both in volume and in value; but the increase has been largely due to an expansion of imports. The cost of living remained stable in August, while wholesale prices for domestic goods rose slightly.

The foreign trade figures for the first eight months of the year are as follows:—

	1934	January–August 1935 (In million kronor)	
Imports	821.9	910.3	+ 88.4
Exports	794.3	801.0	+ 6.7
Total	1,616.2	1,711.3	+ 95.1

Raw materials accounted very largely for the marked increase in imports. Exports of sulphate pulp have been satisfactory, despite low prices, and at the end of July the current year's production was practically sold. On account of low prices and special conditions on the British timber market, total timber exports in the first eight months of 1935 have been far below those of last year, both in volume and in value.

Swedish employment figures in 1935 are better than for many years. The Social Board's employment index in August reached 3.71 (3 = average good employment, 5 = very good), which is the highest index figure recorded

since 1920. Employment was best in the building and mining industries.

Production in the iron industry is on a satisfactory scale, and output is being well absorbed by the domestic building market. Owing to an exceptional abundance of money and a shortage of other investment possibilities for insurance companies and savings banks, the building industry has displayed an almost unprecedented activity.

FARMERS AND BRITISH BACON QUOTA

According to harvest reports from the main farming districts, the current year's crops, although slightly below last year's figures, can be considered as fairly good. But alarm has been caused among pig breeders by the forthcoming 12.5 per cent. reduction in the British bacon import quota, which will hit the Swedish pig-breeding industry and cause a fall in bacon prices on the domestic market.

Great easiness still prevails in the money market, and a marked shortage of suitable investment possibilities is embarrassing the savings banks and insurance companies. At the same time, the joint-stock banks have found it difficult to find employment for their abnormally high cash holdings; and this explains the exceptionally low rates for three-month Treasury bills, which were recently allotted at the low rate of 0.349 per cent. Deposits at the joint-stock banks fluctuated during the period January–August, 1935, between 3,600 and 3,700 million kronor. There was a marked credit expansion up till May, after which a falling off in advances occurred. The Bank of Sweden's gold reserve has steadily risen from 351 million kronor (gold kronor) on January 1st to 363 million kronor on September 14th. On August 31st the Bank of Sweden's and the 28 Swedish joint-stock banks' foreign currency reserve and foreign bond holdings reached the peak figure of 838 million kronor, after a steady rise throughout the year.

After having been well supported, with a considerable turnover in January, stock market prices declined during February and March. A new rise set in, however, at the beginning of April, and lasted until the first days of August. During the later part of August and in September the trend was again downward.

STOCKHOLM, September 21.

ARGENTINA

EXPORTS LOWER IN AUGUST

EXPORTS for August showed a marked decline, both in tonnage and value, and for the first time this year the monthly figure was below that of the corresponding month last year. But the figures for the first eight months of 1935 are still well above those for the same period of 1934.

The following are the quantities exported and average prices obtained during the first eight months of 1934 and 1935:—

	Quantities (tons)		Prices	
	1934	1935	1934	1935
Pastoral products:				
Chilled beef	228,781	227,504	368.32	374.65
Frozen beef	22,005	19,585	239.94	246.78
Frozen mutton	33,828	34,203	377.34	453.40
Unwashed wool	76,602	94,506	1,138.39	788.61
Agricultural products:				
Wheat	3,331,682	3,127,896	60.32	67.51
Maize	3,843,723	4,415,645	51.72	46.56
Linseed	964,665	1,275,813	124.96	118.43
Barley	493,261	382,109	45.58	56.97
Oats	275,296	342,797	41.48	53.01

The total quantities exported in the first eight months of 1934 and 1935 were as follows:—

	Tons		Increase or Decrease	
	1934	1935	Per cent.	
Pastoral products	744,909	792,888	+6.4	
Agricultural products	9,484,463	10,337,886	+9.0	
Total	10,611,969	11,460,450	+8.0	

The value, in pesos, of exports in the first eight months of 1934 and 1935 was as follows:—

			Increase or Decrease
	1934	1935	Per cent.
Pastoral products	325,998,485	337,630,702	+3.6
Agricultural products	603,577,678	679,068,289	+12.5
Total	981,930,475	1,065,750,231	+8.5

The increase or decrease of average prices for the chief commodities in the first eight months of 1935, compared with similar period of 1934, was as follows:—

	Per cent.		Per cent.
	1934	1935	
Chilled beef	+1.7	Butter	+34.6
Frozen beef	+2.9	Wheat	+11.9
Frozen mutton	+20.2	Maize	+10.0
Salted cowhides	+1.9	Linseed	—5.2
Unwashed sheepskins	—27.6	Oats	+27.8
Unwashed wool	—30.7	Barley	+25.0

Maize and linseed shipments show a marked improvement, but wheat exports are below those of last year. Wool shipments show a satisfactory increase in tonnage, but, owing to a large falling off in price, the value is below that of the previous year.

The decree imposing strict regulations on those employed in transmitting news has now been repealed, and new regulations issued which in no way curtail the freedom of the Press. The first debate on the question of the Transport Co-ordination Bill took place on September 11th, and the scheme, as was expected, was opposed by the Socialist Party who considered that the matter had been insufficiently studied.

In the foreign exchange market, despite the falling off in exports, the "free" rate continues to improve. This is, undoubtedly, due to the operations of the exchange equalisation fund. With the exceedingly poor prospects for next year's wheat crop, due to the recent drought, it is difficult to foretell what trend the exchange rate will take.

TERMINAL GRAIN ELEVATORS PROPOSED

The special committee which have been studying the advisability of building grain elevators in the Argentine have now issued their report. They conclude that the construction of terminal elevators should be begun as soon as possible. The cost of these elevators would be about \$60 millions. It would appear that, if the full benefit of the elevators is to be obtained, terminal elevators alone will not be sufficient and that, in consequence, country elevators will eventually have to be constructed.

Although further rains have fallen during the last week, they have come too late to assist the wheat crop to any great extent. Linseed has, however, been sown in some districts and heavy maize sowings are expected. Added to the disastrous effects of the drought in certain zones of Argentina, the Province of Santa Fé is now threatened with an invasion of locusts which would be disastrous to the young crops.

BUENOS AIRES, September 14.

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BOOKS AND PUBLICATIONS

SANCTIONS

THE Information Department of the Royal Institute of International Affairs already has many enlightened and enlightening publications to its credit. The latest publication* is a particularly ambitious and comprehensive study of the vexed question of the day—sanctions. The result is a very able piece of exposition. It is encouraging to note that the present memorandum is based on the work of a study group at Chatham House, whose complete report is to be published early next year. In this small memorandum we have sanctions treated for the first time "from the ground up": their nature and purpose, their place within the League framework, the comparative feasibility and efficacy of the various kinds of collective sanctions in restraining or arresting forcible aggression, and their manifold methods of application.

The study begins by warning us against facile comparisons between the sanctions of national legal systems, within a well-defined *corpus juris*, and the measures envisaged in the Covenant of the League for the restraint of an aggressor in the international sphere. The word "sanctions" does not occur in the Covenant; but it is provided that certain measures are to be collectively taken in restraint of aggression; and the initiation of such measures by the essential collective action constitutes international "sanctions." Thus, the Covenant envisages both precautionary measures in case of war or a threat of war (Arts. X and XI) and sanctions against a wrongdoer, potential or actual (Arts. X, XI, XIII, XV, XVI and XVII). Art. XVI is the only article which prescribes definite measures to be applied against a State which has, by resorting to war in violation of its engagements under the Covenant, proved itself a transgressor. The other articles charge the Council with the duty of determining the nature of a dispute and of making recommendations. Unanimity is not required under Art. XV for a report and recommendations by the Council in the event of the non-settlement of a dispute; and non-compliance with such report or recommendations would automatically lay the dissident disputant open to "legal" sanctions by even a majority of League Members under Art. XV, s. 7; for under that section, if the Council's report is not unanimous, League Members reserve to themselves "the right to take such action as they shall consider necessary for the maintenance of right and justice." It is clear from the examination of the legal bases of sanctions with which the study opens that collectivity and effective co-operation are the conditions precedent of any League decision on an act of aggression, an aggressor, and the measures to be adopted; for every State Member has the right to decide for itself, before applying the measures envisaged, whether the specific conditions upon which its League obligations depend have been fulfilled.

De jure semper disputandum. On the less pedantically legal side, however, the study usefully reminds us that, although "the unilateral action of the defaulting State cannot create a state of war" with all Members of the League, the other Members are automatically free to commit acts of war against it independently of the League "sanctions" laid down in Art. XVI. And this enables them legally to claim and exercise, in relation to other League Members, belligerent rights including that of "visit and search," if they decide to enforce their right of blockading the defaulting State Member.

Of greater interest to readers of this review will be the long section on the character of sanctions. It is there clearly shown that purely financial measures, e.g. preventing all credits, loans and financial resources from reaching a defaulting State, are likely, by themselves, to prove too tardy or too difficult of application to be effective. The embargo on the export of certain raw materials essential for war purposes is much more effective, provided the "ring" can be made comprehensive and the absence of leakages can be guaranteed. Most effective of the economic sanctions

appears the embargo on all imports from a defaulting State. This is easy to apply through the Customs administration; it need not be imposed by all other countries in order to cause the defaulting State serious and immediate difficulties; and it inflicts less hardship on domestic importers than an embargo on exports inflicts upon domestic exporters. But more effective still is the complete international boycott, which means the prevention of all social and economic intercourse with the defaulting State, on the lines envisaged under Art. XVI of the Covenant. All economic sanctions, however, depend for their efficacy on a greater or lesser degree of universality, and their imposition may entail military action. Military action of a blockading kind seems the only really effective sanction to arrest aggression; but it is pointed out that the military sanction needs concerted preparations and should be capable of immediate application. Indeed, the latter considerations apply to all sanctions, if they are to prove speedily effective.

It was high time such a valuable study was made available in English, and the present publication is most opportune.

SHORTER NOTICE

"Controlling Depressions." By Paul H. Douglas. Allen and Unwin. 281 pages. 7s. 6d.

Professor Douglas starts his inquiry into the trade cycle with the sensible reflection that the modern economic system, in its monetary aspect, is not something which is naturally in equilibrium and only unbalanced by exceptional factors, but something which will never be in equilibrium unless it is deliberately kept there. In the nature of things, it is subject to the cumulative diseases of deflation or inflation. What was it that infected it with deflation in 1929? Professor Douglas is yet another of the many critics who think that the failure of money wages to rise between 1924 and 1929 in America caused an artificial profit boom. This huge concentration of purchasing power in a few hands meant that labour and capital had to be transferred wholesale to a few luxury industries. The transfer proved too difficult; and when the resulting deflationary tendencies developed, monopolistic practices prevented the fall in prices that might have stimulated demand once more.

Professor Douglas would attack the trouble on two main fronts. First, he would hold a public works programme and an unbalanced Budget in readiness as instruments of monetary policy; and at the same time bring the principal credit institutions under public control. Secondly, he would get rid of monopolistic practices by the rather surprising method of socialising the offending industries—and presumably running them as competitive trusts. As a whole, Professor Douglas's book is a clear and intelligent exposition of the policy of stabilising the general price level and of averting the danger of a profit inflation by redistributive taxation.

BOOKS RECEIVED

Abyssinia. By Vigilantes. *The New Statesman and Nation.* 62 pages. 6d.

The Economic and Financial Position of Italy. Issued by the Information Department of the Royal Institute of International Affairs. Second Edition Revised. 59 pages. 2s.

The First Hundred Years of the National Provident Institution, 1835-1935. By Stanley Hazell. Cambridge University Press. 98 pages. Copy sent on application to the Secretary at Head Office, 48 Gracechurch Street, E.C.3.

The Science of Prices. By John A. Todd. Fourth edition, revised. (London) H. Milford. 264 pages. 6s. net.

Textbook of Economics. Third edition, revised. By Milton Briggs and Percy Jordan. (London) University Tutorial Press, High Street, New Oxford Street. 695 pages. 10s. 6d. net.

City of Manchester: Abstract of Accounts, 1934-35. (Manchester) City Treasurer, Town Hall. 838 pages. No price stated.

The Co-operative Way Through the Economic Wilderness. By W. Henry Brown. (Manchester) National Co-operative Men's Guild. 48 pages. 6d. net.

MONEY AND BANKING

A FLIGHT INTO DOLLARS?

A DECIDED change has come over the foreign exchange markets since the end of August, the dominant features in which are now the definite strength of the dollar and a steady drain of gold to New York from London, Paris, Amsterdam and other centres. Actual exchange fluctuations appear comparatively limited. The pound has only depreciated in the last month from \$4.96½ to just under \$4.92, while the Paris-New York exchange has moved from Frs. 15.12½ to Frs. 15.18 to the dollar, at the worst. This last rate, however, represents the export gold point, and hence gold has flowed from Paris to New York. Moreover there has lately been a further scare in Amsterdam which has led Dr. Colijn to hint that the Dutch Government might not be able to keep Holland indefinitely on the gold standard. All these signposts point to a growing sense of *malaise* which is spreading throughout the world.

The root cause of this uncertainty is easy to detect. It is the super-imposition of a war scare upon the already sensitive monetary and economic situation of the world, as it existed a few weeks ago. At the end of August, just before fears of war became gravely insistent, exchange dealers were anticipating a normal seasonal strengthening of the dollar as a result of the usual autumn crop payments. Sterling at that time was relatively strong, but its strength largely arose from heavy official American silver purchases in London. These have since ceased, and simultaneously the autumn purchases of dollars have begun. Hence, quite apart from any fear of war in Europe, some weakening of sterling would have been natural.

But the *gold bloc* currencies have been in a worse situation. The future of these currencies and the internal economic positions of France, Holland and Switzerland have been the causes of doubts and fears all through the summer. The situation of these countries has in no way been improved by the Italo-Abyssinian crisis. On the contrary, any threat of serious international disturbance can only have weakened it. It must not be forgotten that, in effect, the Banque de France is the only central bank in Europe which is prepared to ship gold freely. The Bank of England need not, and does not, ship gold at all; and the British Exchange Equalisation Account only buys and sells gold in Paris. The Dutch and Swiss central banks only ship gold to other central banks in the *gold bloc*—that is, in practice, to the Banque de France. The result is that any drain of gold from Europe falls naturally upon the Banque de France, and this means that the franc occupies the position of the fulcrum which has to bear any leverage exerted by the dollar. The principal source of relief to the franc arises from shipments of private hoards of gold from Amsterdam and elsewhere, and, more important, from such purchases of new and hoarded gold as are made on American account in the London bullion market.

To sum up this preliminary survey, the threat of war has fallen upon the exchange markets at a time when they were ill-equipped to bear it. Sterling was beginning to feel the seasonal pressure from America, and the *gold bloc* currencies hardly commanded confidence in the world. Moreover, for all the years of the depression there have been in existence excessive supplies of floating money, whose owners have by now become accustomed to move it without warning from one centre to another, solely in search of safety. The international situation has latterly made the United States appear the safest centre in which to hold funds; it is scarcely surprising, therefore, that the dollar has strengthened, or that gold has gone to the United States. On this showing alone, wider exchange fluctuations and heavier gold movements than actually took place might easily have occurred.

There are several reasons which have turned New York into the chief magnet for the world's floating funds. First and foremost there is its political and geographical remoteness from any threatened conflict. Whatever happens in Africa or Europe, America will surely remain immune.

Next, the improvement in American business has made American securities appear more attractive just at a time when British and Continental securities were hesitant or falling heavily. A third point is that a few years ago, when the position of the dollar was open to doubt, a certain amount of American "panic" money was lodged in London. To some extent this took the form of actual gold, for British securities with their low yield were unattractive, especially as Americans had to take into account the need to "hedge" against possible falls in the sterling exchange. The prevailing fear of war makes the future of sterling seem less assured than that of the dollar, with the result that these American funds have lately been going home. The view has been expressed in the City that this repatriation of American money had just as important an effect upon the exchange as any flight of European money to New York. Certainly there is no evidence of any flight of British capital; nor has there been any sudden and substantial demand by the British investor for American securities, though it is evident that this demand has latterly been on the increase.

The total size of the United States gold imports since the end of August is to some extent a matter of conjecture; the more so as it is not always possible to distinguish between gold "engaged for shipment" and gold actually "arrived" in America. Actual exports of gold bullion from Great Britain to the United States for the four weeks ended September 26th are returned at £12.3 millions; and £8.6 millions of this gold went during the last of these weeks. It is very likely that shipments have recently been accelerated through fear of a rise in insurance rates. An unofficial source states that shipments engaged between September 1st and September 25th amounted to \$45 millions from Great Britain, \$63 millions from France, and \$37 millions from Holland, making a total of \$145 millions, or nearly £30 millions, from these three countries alone. These totals appear large, but it must not be forgotten that foreign hoards in London alone probably exceed £200 millions. This suggests that, proportionately, the amount of gold which has lately gone to America is still on a fairly small scale.

Whether or not any steps to minimise exchange fluctuations have been taken by the British, French and American authorities in co-operation has not been disclosed. It is common knowledge that the British Exchange Equalisation Account has large holdings of ear-marked gold in Paris. It would be simple to sell this gold to the Banque de France for francs, and then to sell the francs for dollars, which finally would be offered for pounds in the market in order to support sterling. This action would weaken the franc against the dollar, and would add to the gold efflux from France; but in return the Banque de France would gain gold from the British Exchange Equalisation Account. The net result would be that, like the *gold bloc* countries, we would be using Paris and the Banque de France as a channel for shipping gold to the United States.

The outlook for the exchanges obviously depends on how the Italo-Abyssinian dispute develops. If at the last moment a peaceful settlement is reached, or if it becomes abundantly clear that Italy cannot resist, in the economic or military sense, the combined pressure of the rest of the world for more than a few weeks or months, then there may well be a sharp reaction in favour of the pound and franc. The fall in British security prices has appeared severe, in face of the continued improvement in trade; and they may well hold out a temptation to those who have at the moment taken their money to New York. The seasonal buying of dollars is also reported as well below normal, and the United States may even have to import wheat. Again, official American silver purchases may at any time be renewed. In theory, the more gold the United States imports the more silver the Treasury has to buy in order to

* *Sanctions.* Information Dept. Papers, No. 17, Royal Institute of International Affairs. 64 pages. 2s. net.

get closer to the statutory 3:1 ratio of gold to silver in the reserves.

On the other hand, it is impossible to rely upon the return to London of the American funds which have just been repatriated. They came to London through mistrust of the dollar, and they have gone back through mistrust of sterling. For them to return yet once more to London there must be a recrudescence of doubt in the dollar, as well as a restoration of confidence in sterling; and at present there seems little likelihood of the doubt. All that can be said is that the departure of this money is no serious loss to London.

Again we have taken the most hopeful view of the international situation—either peace, or rapidly successful pressure to arrest aggression. If matters drag on too long, the exchange uncertainty will continue, and will become aggravated—the more so if the internal financial stability of the gold bloc countries cannot be maintained, or if abnormal expenditure in Great Britain necessitates the raising of loans or a rise in the long-term rate of interest. Our own opinion is that this is too pessimistic a view to take; but it would be rash to ignore it. Taking everything into consideration we conclude that the stage was set a few weeks ago for a natural weakening of the dollar, quite apart from any fears of international upsets. Seasonal influences, gold bloc weaknesses, and the cessation of American silver purchases would have been sufficient by themselves. Then came the war scare, which intensified the pressure upon the pound and gold bloc currencies. Whether or not this abnormal pressure will be relieved, with a consequent rebound in the pound and franc, is the main question of the immediate future.

FINANCIAL NOTES

Guilder Uncertainties.—The outlook for the guilder remains very obscure. A week ago, our Dutch correspondent writes, there was a sharp rally. This began with the weakening of sterling, and led to heavy Dutch sales of British securities and a withdrawal of Dutch funds from London. These movements of funds also caused an improvement in the guilder against the French franc and dollar, with the result that the exchange rates came within the export gold point. This put an end to Dutch gold losses and also enabled the Netherlands Bank to cover some of its previous sales of francs. This week, however, there has been a turn the other way. Dr. Colijn's speech indicating that his Government might in the end be driven to abandon the gold standard had a serious effect, while the indecisive attitude of the Catholic opposition towards devaluation added to the markets' doubts. The gold outflow has therefore begun again, and three months' guilders have weakened in London from 22 to 30 cents discount. The position of the Netherlands Bank remains strong, but its recent gold losses have been largely accompanied by an expansion in its loans and discounts, suggesting that the banking system is having to make good its losses of funds by obtaining increased accommodation from the central bank. The contraction in the note issue has by no means equalled the Bank's gold losses.

The Foreign Exchanges.—The London market has experienced a difficult week, and movements have been very uncertain. The two chief trends are the renewed weakness of the guilder and the continued demand for dollars. Holland was still shipping gold as late as last Thursday, and on that day three months' guilders were quoted in a narrow market at 31 cents discount. There was, however, little actual selling. Three months' Swiss francs were quoted at 39 centimes discount in an equally narrow market, while three months' lire stand at Lit. 6 discount, with dealings practically impossible. As regards the demand for dollars, spot sterling was quoted on Thursday afternoon at \$4.91½ and French francs at Frs. 74½ to the pound. Definite commercial buying as well as transfers of funds were noticeable. The British Control intervened heavily in Paris in support of sterling at the end of last

week, and it is unofficially believed in London that it sold as much as Frs. 300 millions. There have been heavy gold shipments from Paris to New York, but after allowing for the gold influx from Holland and Italy, and for British Control sales of gold to the Banque de France, it is doubtful if France has lost much gold on balance.

The Money Market.—Conditions remain very easy. The Stock Exchange is taking very little money, the more so as jobbers are trying to reduce the amount of stock on their books. In consequence there are ample funds available for the discount market, and very little calling was in evidence last Thursday. The banks are buyers of Treasury bills of all dates up to mid-December at their minimum rate of ½ per cent.

	Sept. 5, 1935	Sept. 12, 1935	Sept. 19, 1935	Sept. 26, 1935
Bank rate.....	2	2	2	2
Clearing banks' deposit rate ...	1	1	1	1
Short Loan rate:—				
Clearing banks.....	1-1	1-1	1-1	1-1
Others.....	1-1	1-1	1	1
Discount rates:—				
Treasury bills	1	1	1-1½	1
Three months' bank bills	1-1	1-1	1-1	1

Last week's Treasury bill tender rate averaged 10s. 6.58d. per cent., against 10s. 7.02d. per cent. the week before. £45 millions of bills were allotted against maturities of £40 millions. This raises the total of tender bills outstanding to £540 millions, against £520 millions at the end of July.

The Bank Return.—The note circulation is practically unchanged since a week ago, and in the absence of any appreciable gold movements there is no alteration in the reserve. Since a year ago the note circulation has increased by £21.2 millions.

BANK OF ENGLAND					
	Sept. 26, 1934	Sept. 4, 1935	Sept. 11, 1935	Sept. 18, 1935	Sept. 25, 1935
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	191.9	193.4	193.4	193.5	193.6
Note circulation	377.0	401.6	400.3	398.1	398.2
Banking Department:—					
Reserve	75.5	52.5	54.0	56.2	56.2
Public deposits.....	37.9	5.9	16.0	17.5	19.5
Bankers' deposits	82.0	100.1	91.0	92.0	87.2
Other deposits	36.8	38.6	37.8	37.6	39.0
Government securities.....	81.6	83.4	84.5	83.2	83.2
Discounts and advances..	7.2	14.1	12.4	11.9	12.4
Other securities	10.6	12.8	12.2	14.2	12.2
Proportion	48.1%	36.3%	37.2%	38.1%	38.6%

Only minor changes have occurred in the banking department.

New York Money and Banking.—Money in Wall Street remains very easy. During the week ended September 18th New York member banks' loans to brokers were reduced from \$903 to \$872 millions. Other loans made against securities rose from \$718 to \$719 millions. The provisions of the new Banking Act are now taking effect. Mr. Marriner S. Eccles, who hitherto has been Governor of the Federal Reserve Board, has been appointed by President Roosevelt to be chairman of the new "Board of Governors of the Federal Reserve System." This appointment only indicates a change of title, in accordance with the terms of the Banking Act. Certain banks have also taken advantage of the provisions of the new Act to withdraw from the Federal Deposit Insurance scheme. The withdrawals include eight mutual savings banks with total deposits of \$89.2 millions, and twenty-six commercial banks with deposits of \$118.0 millions. The number of accounts affected is 474,627, of which 465,596 are fully insured. The main development in New York has been the heavy influx of gold, estimates of which are given in the leading article on the preceding page. Silver imports for the week ended September 13th were \$5,135,000, of which \$1,902,000 came from Mexico and only \$1,914,000 from England. Imports from England are far below the level of August.

THE STOCK EXCHANGE

CANADIAN NEWSPRINT FINANCE

THE effects of economic depression from which Canadian industry is slowly recovering have been severe on her largest manufacturing industry and her second staple export—pulp and paper production. In a quarter of a century the industry's growth has been prodigious, but the very scale of its expansion in post-war years has involved it in troubles compared with which the normal depression difficulties of "heavy" industries seem of a minor order.

Nearly ten years ago the Canadian mills displaced those of the United States from their supreme position in newsprint production. Between 1926 and 1929 production rose by 44 per cent. and capacity by 48 per cent. When the crash came in America, however, the industry, being dependent upon the American market for 87 per cent. of its exports, was virtually forced into bankruptcy. The wide fluctuations of the last decade are illustrated in the following table:—

	Canada		United States		World Production
	Production	Exports	Production	Imports from Canada	
	Tons	Tons	Tons	Tons	Tons
1926	1,889,208	1,731,988	1,677,484	...	7,304,000
1929	2,725,331	2,515,495	1,386,564	1,533,000	6,275,000
1932	1,919,205	1,776,764	1,009,000	1,545,000	6,421,000
1933	2,021,965	1,838,105	946,000	1,956,000	7,342,000
1934	2,569,000	2,399,624	957,000	...	...
7 months to July 1934	1,471,522	(c)	566,982	(a)	...
1935	1,519,160	(c)	634,595	(a)	...

(a) All imports to U.S.A., 6 months to June: 1,062,703 short tons 1934, and 1,100,124 short tons 1935. (b) 1927 estimate, 6,420,000 tons. (c) Value of exports, all paper, chiefly newsprint, 6 months to June: 1934, \$41,103,000; 1935, \$42,741,000.

The sharp reduction in exports and prices, however, is but part of the disaster which has threatened the industry during the last five years. A large part of its issued capital is necessarily invested in "fixed" assets. In such an industry, so long as some small return can be secured on fixed charges, depression is more likely to produce a regime of price-cutting than of reduced output capacity. In fact, newsprint prices fell from 86.5 in 1929 to 54.0 in 1934-35 (1926=100) as individual producers strove to maintain their share of a reduced market. Under such conditions, the unfortunate effect of the industry's "high geared" capital structures adopted during the years of expansion from 1925 to 1929 became plainly evident. A relatively small contraction in output would have been sufficient to wipe out common stock earnings; the actual reduction left few prior charges unscathed. What efforts were possible to correct this over-expansion when conditions of depression became established? In the autumn of 1930 a merger of the Eastern Canada mills was canvassed, including Abitibi, Canada Power and Paper, St. Lawrence, and the Canadian mills of International Paper and Power. The suggestions, however, were doomed to failure, for although the necessary elimination of surplus capacity might have improved the profits of the group, the latter could not guarantee the prior charge services of the constituent companies, operating and closed down. As an alternative, it was suggested that falling prices, say to \$40 per ton, would eventually drive the United States mills out of business, and the resultant transfer of demand would ensure rising prices and an adequate operating ratio. Such expectations were bound to be falsified. In the event, the industry lapsed into a species of monopolistic competition. In 1931 six concerns, each representing a cluster of companies, controlled about 80 per cent. of capacity, but despite various interlocking interests and directorates, their joint power was not effective. The Canadian Newsprint Institute, despite some earlier success in strengthening the price structure, had failed in its purpose by 1930. Left to themselves, the position of the companies rapidly

deteriorated. Price Brothers became bankrupt, Abitibi and the Backus-Brooks group were in receivership, while Canada Power and Paper and Donnacona were severely re-organised. It was not, indeed, until the advent of N.R.A. that the possibility of stronger organisation became feasible. Although price-fixing was never practicable (owing, largely, to the opposition of powerful newspaper groups), the Canadian producers were induced to prevent underselling, and to establish the Newsprint Export Manufacturers' Association to co-operate with the Code Authority. The 1934 price was by this means stabilised at \$40 per ton (New York delivered), and some pooling of tonnage was arranged. In November, Mr. Bennett declared that exports would be subjected to Federal control, in order to achieve higher prices, if the provincial Governments made a formal request. Mr. Taschereau, Premier of Quebec, had already taken measures to that end when St. Lawrence Paper entered into new contracts at the 1934 price at a time when 1935 increases were under consideration. American consumers, however, had the last word, and the move towards higher prices was performed abandoned.

On its recent record, therefore, the industry has proved itself incapable of effecting and maintaining a higher price policy. It is not clear whether the omens favour higher expectations for the future. Mr. A. E. Forsey, in a recent issue of the *Canadian Journal of Economics*, has drawn attention to a peculiar feature relating to newsprint contracts. It appears that every contract contains a provision that the price shall not exceed that charged to any customer by any mill with a capacity of over 100,000 tons. Bad judgment or the indiscretion of one salesman can therefore involve the industry in a grotesque form of competition. Mutual confidence has been dissipated, either by individualist or opportunist policies, and the larger mills have been reluctant to enter into tonnage pooling agreements.

The impact of these conditions on earning power may be inferred from the following survey of leading company results:—

(Results in \$'000)					
Company	1926	1929	1933	1934	Current Quotations
International Paper Co. (Dec. 31): (a)					
Net revenue	6,078	7,867	1,279	4,107	...
Net income after interest	3,275	2,518	Dr. 5,344	Dr. 2,414	...
Surplus after dividends	326	Dr. 6,719	Dr. 3,344	Dr. 2,414	...
5% bonds (range)	84-96½	39-68	57-82½	77½	...
6% bonds (range)	96½-100½	86-97	10-49	38½-73	56½
7% preferred (range)	89-100	77-94½	2½-21½	10-25	...
Canadian Int. Paper (Dec. 31): (b)					
Operating profit	5,444	4,156	1,948	2,288	...
Balance after interest payments	2,156	92	Dr. 4,250	Dr. 3,985	...
6% bonds (range)	...	92-95	96 Sale	103½ bid	69
Int. Power and Paper of Newfoundland (Dec. 31): (c)					
Net profit	...	2,463	1,217	1,040	...
Balance after interest	...	1,012	Dr. 169	Dr. 263	...
Abitibi Power and Paper (Dec. 31):					
Net operating profits	4,255½	8,377	1,642½	1,956	...
Net income after interest	3,117	4,112	(e)	(e)	...
Surplus after dividends	1,829	1,949	10½-33½	18½-48½	30½
5% bonds (range)	81-85	81-85	1-10	3-11	4½
6% preferred (range)	106½-115	69-88½	1-4	2-2½	0-85
Common (range)	70½-98	34½-57½	...	...	...
Consolidated Paper (Mar. 31): (d)					
Operating income	...	6,083½	1,541	2,017	...
Net profit after interest	...	1,896½	Dr. 235	1,048	...
Surplus after dividends	...	1,261	Dr. 22	Nutt	...
Common (range)	...	16½-19½	1½-4½	1-3½	1
Price Bros. (Feb. 28): (f)					
Profit after depreciation	2,522	2,079	(f)	...	...
Net profit after interest	1,617	1,351	...	...	...
Surplus after dividends	308	58	39½-85½	85½-98½	86
6% bonds (range)	100½-103½	101½-104	4-13	7-37½	18½
6½% preferred (range)	97-103½	99½-105½	1-4½	0-95-6	2
Common (range)	57-78½	74½-90½	...	...	...

(a) Controlled by International Paper and Power Co. (b) Controlled by International Paper and Power Co. (c) Controlled by International Paper and Power Co. (d) Results shown under preceding year. (e) No provision for depreciation and bond interest in default since June, 1932. (f) Loss for 10 months to December, 1932, \$57,910 before interest, depreciation and depletion. † Not consolidated figures. ‡ Predecessor company, year to December 31. § Period September, 1932, to December, 1933. †† Net profit and \$72,662 profit on sale of securities applied to depreciation.

The figures suggest that the relief derived from expanding output during 1934 was severely restricted by low selling prices. Only Consolidated Paper covered its interest payments last year. Abitibi bonds have been in default since, June 1932, and those of Price Brothers since August, 1932. The Canadian markets showed some inclination during 1934 to budget for a fairly substantial measure of recovery, but increased output, although satisfactory enough, has proved less impressive when translated into dollars. Recent quotations have tended to reflect the view that a further substantial increase in production during the current year may be achieved, but that, in the meantime, an effective price-raising policy can be ruled out. Though even partially covered bonds command a not ungenerous market valuation, the loss sustained, since 1924, by holders of preferred and common stocks has been enormous. Present quotations represent little more than option money on reconstruction possibilities.

The industry, clearly, has made but slight progress towards the setting of its own house in order. Is it likely to be saved, *malgré lui*, by a healthy revival in consumption? The world's production (though not that of Canada) has now largely regained the level of 1929. The problem of excessive capacity and unremunerative prices, however, would remain even if "peak" output were fully restored. Last year's rapid advance in American imports has been maintained, if not improved, this year, despite the disappointing trend of United States production. American publishers strongly favour Canadian newsprint, although they exert preferences among the available makes, and the recovery phase in the United States has already brought an increase in newspaper size, as measured by advertising lineage. Canadian newsprint is likely to remain on the United States free list following the investigation into the possibility of American self-sufficiency, for although available resources are claimed to be sufficient for such a policy, considerations of reciprocal trade have so far prevailed.

Nevertheless, it would appear unwise unduly to discount the extent of United States competition. She has it within her power considerably to enlarge her capacity, irrespective of Federal assistance. For Canada, therefore, the problem turns upon the reduction of high fixed costs, the development of other markets, and some effective measure of concerted action within the industry. The average improvement in operations during 1934, to some 80 per cent. of capacity, obscures the fact that individual mills operated between 36 per cent. and 100 per cent. of capacity. Vigorous financial reorganisation—on the lines followed, for example, by Consolidated Paper—may reduce bond interest, but until operations and prices are increased a return to adequate profitability may be delayed. Joint provincial action to raise prices, however, may be as difficult to bring about, and as unsatisfactory when achieved, as the industry's internal search for financial salvation has been hitherto.

The prospects of substantially increased consumption over the next decade are therefore clouded by an intractable technical and financial problem. Meanwhile, Canada is "giving away" her timber and her mills, and cutting farther into her forests. That a large increase in world demand is possible is beyond question. Figures computed by the Royal Bank of Canada show that whereas *per capita* consumption in 1934 amounted to 57.5 lbs. and 48.0 lbs. in Great Britain and the United States respectively, the calculations for France, Scandinavia, Japan, Germany, Italy and Russia were all lower than 20 lbs. per head. For the moment, however, long-term potentialities must yield place to urgent contemporary financial problems. The industry, it must be concluded, offers little scope, under its present auspices, for the long-term investor, and not much more for the speculator. Short-term operations may offer possibilities to those in close contact with Canadian sources of information regarding current events. Until the industry has reorganised itself, however, its resumption of due investment status will be tardy. The market would be more favourably impressed if a reconstruction scheme like that of Price Brothers, whose negotiations have dragged on for a couple of years, could be brought to a successful conclusion. The industry lacks a *deus ex machina*—or suffers from over-supply of candidates for that position.

INVESTMENT NOTES

Markets—A Suspended Crisis?—One verdict only is relevant to the behaviour of the security markets during the past few days. For the investor their condition is much less satisfactory than it appears on the surface; for the speculator it is potentially dangerous. Last Friday, September 20th, the markets looked over the edge of a precipice and, for a moment, lost their nerve. Gilt-edged stocks declined during that day by as much as 1½ points, and for a time British Government credit was near a 3½ per cent. basis. Industrial shares showed declines of 2s. 6d. to 5s., and dealing quotations were significantly widened. Wall Street was similarly depressed, a wave of selling reducing the prices of leading market stocks by anything up to three points, and European bourses showed a similar sharp reaction. At the beginning of this week, however, the market returned to its former attitude of dogged persistence in the belief that the Italo-Abyssinian dispute would be settled by peaceful means, and quotations showed a recovery scarcely less impressive than the decline which preceded it. On Thursday even the incidence of an uncomfortable settlement failed to affect the firm tone of markets generally. The following table shows the extent of fluctuations in representative securities during the past few days:—

PRICES OF BRITISH SECURITIES

	Highest 1935 (to date)	Close, Thurs., Sept. 19,	Close, Friday, Sept. 20,	Close, Thurs., Sept. 26,
Fixed Interest				
Consols 2½%	94½	81½	81	83
War Loan 3½%	110½	103½	101½	103½
Funding 4%	121½	113½	112½	113½
L.M.S. 1923 Pref.	58½	50	48	49½
Egyptian 4% Unified	109½	99½	99	101½
Italian 20 Year "B"	107	54	50	52½
Ordinary				
Rolls-Royce (£1)	172/8	150/7½	141/3	151/10½
Imperial Tobacco (£1)	145/7½	136/-	132/8	136/3
Courtaulds (£1)	60/7½	53/9½	51/6	54/1½
Guinness (£1)	150/7½	140/1½	138/6	141/-
General Electric (£1)	63/-	62/3	60/-	62/6
Turner and Newall (£1)	59/9	55/-	53/6	55/1½
Vickers (6/8)	17/7½	16/3	15/11	17/3
Hawker Aircraft (5/-)	33/6	30/-	27/-	30/4½
Imperial Chemical (£1)	38/7½	34/4½	33/9	34/4½
United Suez Betong (£1)	61/10½	47/9	48/-	50/-
Consol. Tea (£10)	22½	21½	20½	21½
"Shell" (£1)	77/2½	70/-	66/3	70/-
Sub-Nigel (10/-)	£14½	£12½	£11½	£12½
Roan Antelope (5/-)	30/10½	28/10½	27/10½	27/9
S. Malayan Tin (5/-)	16/10½	14/7½	14/6	15/-

The week's developments suggest two conclusions. In the first place, dealers and "shops" are revealing a marked disinclination to carry any considerable volume of stocks, and quotations, consequently, are liable to move within wide limits on every change in popular sentiment. In the second place, the attitude of the market towards the outcome of the League's present deliberations is definitely more optimistic than that of quarters which, being nearer to the heart of political affairs, are better able to judge of the balance of probabilities. The markets, indeed, do not appear wholly to have overcome their tacit resentment of the intrusion of a gratuitous political crisis into a domestic investment environment which, backed by uninterrupted industrial "recovery," appeared in every way promising. If war clouds were removed, fundamentally bullish factors would doubtless reassert themselves. The imposition, however, by the League of any form of "sanctions" (except those which were purely derisory), or even the establishment of a direct breach with Italy, might find the markets mentally unprepared for a far-reaching reorientation of their outlook, and technically vulnerable even to a moderate amount of liquidation. In these conditions, there may be much to be said for a policy of caution on the part of substantial investors. If, after all, fear proves a foolish prophet, investors will have lost little, in the meantime, by such an attitude. If the ultimate outcome is less happy, optimism may have been dearly purchased.

Argentine Transport Legislation.—News has been received this week to the effect that the Argentine Government has presented to Congress a Bill to unify the laws affecting the railways and to facilitate their working by the companies concerned. A feature of the Bill is stated to be that it authorises the amalgamation of certain groups of lines with other means of transport in order to avoid competition. As we go to press we are informed that a Bill providing for the co-ordination of the B.A. Great Southern and the B.A. Western railways has been passed by the Chamber of Deputies by a majority of 27. The Chamber is also reported to have approved the first reading of a Bill for the co-ordination of road and rail transport and approved the construction of an air port at Buenos Aires. The general position in regard to transport legislation in Argentina (writes a correspondent) is obscure, owing partly to the wide extent of the preliminary investigations undertaken by Government Committees and the controversial nature of their reports, but chiefly to a certain dilatoriness on the part of the Chamber of Deputies. Some few months ago a measure was brought forward for the complete co-ordination of transport facilities in the Municipality of Buenos Aires, but at about the same time a Bill was also drafted based on the report of a committee appointed some two years ago to investigate transport conditions throughout the country. This measure—which is separate from the Bill dealing with traffic in the City of Buenos Aires—has been modified and remodelled, but decisive action by the Chamber has hitherto been repeatedly postponed. The Bill, whose first reading has now been approved, doubtless relates to the recommendations of the Government Board issued in April last, which suggested, *inter alia*, that steps should be taken to lessen the losses of the railways by permitting, for instance, remittances to be effected at preferential rates of exchange, as well as more economical working and the abolition of obsolete regulations. Regulations affecting working hours and transfers of surplus employees between the companies have already been decreed, but the Labour leaders are opposing the new rules, and this may lead to labour troubles before long.

Rubber Shares and the "Quota."—We deal on page 606 of this issue with the unexpected decision of the International Rubber Committee to reduce the export quota under the restriction scheme from 65 to 60 per cent. for the last quarter of this year. The announcement induced a professional marking up of share values, as the following table reveals:—

Company	Share Denomination	Prices				Present Yield on Last Dividend (%)
		Highest, 1935	Lowest, 1935	Sept. 20, 1935	Sept. 26, 1935	
Allied Sumatra	£1	17/1½	11/3	12/6	13/3	£ s. d. 3 17 3
Anglo-Dutch	£1	25/3	18/3	19/9	21/6	3 15 3
Anglo-Java	1/-	1/0½	-7½	-9	-9	3 6 9
E. Asiatic	2/-	2/9½	1/10	1/10½	2/1½	4 14 0
Grand Central	£1	19/6	14/6	15/-	15/-	5 6 9
Gula Kalumpung	£1	25/-	18/6	20/-	20/-	5 0 0
Linggi	2/-	20/7½	15/6	16/3	16/3	Nil
Merimau Pegoh	£1	3/6	2/6	2/7½	2/9	5 9 0
Tanjong Malim	£1	29/7½	21/9	23/9	23/9	4 4 0
U. Serdang	2/-	3/10½	2/7½	3/-	3/1½	3 17 0

The Committee's decision, coming after its change of mind in March, when percentages for the second and succeeding quarters of 1935 were revised downwards, may suggest to rubber company shareholders that the Committee is following a somewhat opportunist policy and that, perhaps unwittingly, it is being driven by events to a standpoint approximating rather more closely to that of the Tin Committee than the more moderate viewpoint of the Tea Committee. Presumably, the authorities regard the necessity of reducing visible rubber stocks (i.e. of bringing current production below visible absorption), as of greater immediate moment than the encouragement of consumption itself. Even if this policy tends still further to widen the margin between "allowable" and "actual" rubber shipments from Dutch native areas, it may nevertheless succeed



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in its immediate purpose, by enforcing a more than compensatory reduction in those areas where the Committee's writ runs. Nevertheless, it is not without serious future danger for holders of rubber shares. At 60 per cent. production, a much higher price than 6d. per pound will be necessary to support anything like the present market prices of rubber shares. With every "cut" in output, with its accompanying rise in working costs per pound, the temptation to aim at a greatly increased price level becomes stronger. Almost involuntarily, the industry may be forced into a position differing only in degree from that which now obtains in the tin industry, in which prices are maintained at twice or thrice the cost of production, while a large part of the industry's productive capacity is condemned to indefinite idleness. Past experience, however, has suggested that the long-term trend of rubber consumption is very sensitive to price factors. For this reason we should regard every penny increase in the price, above 6d., not as a bull point but a progressively increasing bear point for shareholders, since it would tend to the establishment of a vicious circle from which the industry would find it increasingly difficult to extricate itself.

Copper Share Outlook.—The raising of the domestic copper price in the United States last week to the former Code figure of 9c. per lb. has provided the cue for considerable activity in the London market. The connection, of course, is indirect, inasmuch as the stronger trend of the American domestic market tends to ease any pressure which may arise upon the export trade. Domestic improvement in the United States is therefore regarded as a bull point for the European restriction scheme. In addition, copper has shared, with other non-ferrous metals, an active demand for war purposes, although industrial requirements continue on a substantial scale. Notwithstanding the recurrence of profit-taking in the copper market during recent sessions, the metal is standing at a high level for the year. As an additional fillip to shareholders, Rhokana Corporation has announced this week a first dividend of 12½ per cent., less tax, on the ordinary and "A" ordinary shares. It is stated that substantial amounts have been added to the reserve funds, which for the year to June, 1934, absorbed £112,486. The statement covering the latest year, issued in July, showed estimated revenue, subject to tax, and after debenture interest, depreciation and development of £325,000, apparently comparing with £391,937 for the previous year. Following the preference share issue of December, 1934, however, some £26,562 will be required from the former sum for preference dividends, leaving a balance of £298,438 available for the ordinary capital, equivalent to 12.2 per cent. These approximate calculations, based on the preliminary statement, suggest that the dividend is covered by current earnings. The Roan Antelope quarterly reports show that estimated profits, on the same basis, totalled £330,647 for the year to

June last, against £389,564 during the previous year, thus reflecting low prices during the early period of the financial year. The indicated earnings subject to tax represent 21.2 per cent. on the ordinary capital, against 25 per cent. in the previous year. The market may be on more confident ground, this year, in anticipating a maiden dividend from this concern, which was deterred last year from a dividend distribution owing to the low copper price then prevailing. On a short view, the outlook for Rhodesian copper shares appears more favourable than for some time past, but speculative investors may feel inclined to lay greater stress upon a further expansion in industrial demand than upon an artificial stimulus based on "war prospects."

* * *

Fixed Trust Developments.—Of the making of fixed trusts there is no end. Management salesmanship, with each successive formation, seeks to outvie the efforts of earlier competitors. This procedure has both advantages and disadvantages. So far as innovation is pursued, not for its own sake, but to give substantial benefit to certificate holders, competition will undoubtedly work for good. Already improvement has been far-reaching. For example, the separation of yield figures into income and bonus items is undoubtedly an advance. Further, the majority of the trusts are now committed to the repurchase of sub-units at net break-up value, thus assuring a ready market to their clientèle who wish to dispose of their holdings. A more recent innovation provides for the extension or transmutation of the trust after the expiration of the trust period, by virtue of which sub-unit holders may exchange their certificates for, say, shares in a managed investment trust. This provision might avoid the undesirable liquidation of underlying securities whose record and prospects suggested impressive equity possibilities, although it might involve problems of management capacity which are not in question at the moment. These developments and others of similar character are adopted in the latest fixed trust formation, "Keystone Certificates," which breaks new ground in offering instalment purchase facilities for its sub-units. In addition the managers offer certificate holders an equal participation in management profits. These profits are defined as those remaining "after charging all the expenses of the managers in operating the trust, including income-tax, and after making due provision for the proper maintenance of the trust," and will be certified by the auditors of the management company. The value of this right, it would appear, rests upon the management expenses which are involved in operating the trust, and also upon the initial loading charge which is made. In the case of "Keystone Certificates" the loading charge amounts to 8 per cent., covering a trust period of ten years. This compares with charges ranging from 5 to 7 per cent. for the majority of existing trusts, whose life is usually twenty years, and of 6 to 10 per cent. for ten-year trusts. On an annual basis, therefore, the income available for participation would appear to be derived from a charge which exceeds that of a number of fixed trusts, although the management of the larger portfolio will presumably tend to increase expenses. Such participation provisions represent an interesting "selling point," but the security of the sub-unit holder is none the less closely connected with the original choice of the portfolio, and with safeguards for sale and continuity of management.

* * *

Actuaries' Investment Index.—The latest calculations of the Actuaries' Investment Index reveal the effects of the market's realisation, a month ago, that the Italo-Abyssinian dispute might wear a more serious aspect if conciliation, eventually, were to prove ineffective. The month's movements, somewhat surprisingly, have been of least effect upon "irredeemable" gilt-edged issues. A proper interpretation of the latest figure for 2½ per cent. "Consols," however, which is calculated at 147.4 on Tuesday's prices compared with 147.9 a month ago, could not disregard the striking recovery which began after a threatened

débâcle on Friday of last week. The aggregate figure for 158 ordinary shares, on the other hand, has fallen during the period to 74.2, against 76.4 last month, and compares with 72.7 a year ago. The yield figures are calculated at 3.95, 3.91 and 3.65 per cent., respectively. The following table sets out some significant changes of the month in the fixed interest and ordinary share indices:—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100)			Yields (%)		
	Year Ago (Sept. 25, 1934)	Month Ago (Aug. 27, 1935)	This Week (Sept. 24, 1935)	Year Ago (Sept. 25, 1934)	Month Ago (Aug. 27, 1935)	This Week (Sept. 24, 1935)
Fixed Interest						
2½% "Consols".....	144.9	147.9	147.4	3.08	3.02	3.02
Misc. indus. debenture (13) ..	122.7	126.1	125.2	4.10	3.85	3.88
Do. preference (44) ..	117.1	120.2	117.8	4.35	4.28	4.36
Ordinary						
Banks and discount cos. (12) ..	112.3	115.5	111.0	4.18	4.06	4.22
Coal (6) ..	89.2	89.5	84.7	4.17	4.16	4.52
Electric light and power (16) ..	131.0	131.4	126.7	3.80	3.87	4.03
Iron and steel (8) ..	52.2	63.4	63.7	1.26	3.21	3.34
Home rails (4) ..	78.3	62.0	60.3	1.49	1.64	1.65
Stores and catering (15) ..	81.9	81.7	77.1	4.05	4.13	4.06
Breweries and distill. (19) ..	113.7	130.6	126.7	3.88	4.24	4.36

Iron and steel shares have the sole distinction of an advance during the month, and together with breweries they maintain a substantial premium over last year's levels. In the fixed interest section, it is perhaps significant that preference shares have shown the greatest fall, on consideration of the possible effects of firmer interest rates and the potential industrial repercussions of a threat to peace. Interest factors have clearly affected bank and electric power shares. Coal issues have been depressed on wage developments, and home rails have experienced a depressing set of coal and merchandise traffics in recent weeks. Broadly, the month's movements suggest that the market has taken reasonable, but decidedly modest, steps to discount the possibility of untoward events beyond, and this side of, Suez.

COMPANY NOTES

Shipping Companies.—During this year the market has written up shipping shares to levels very considerably higher than those of 1934. Various factors have contributed to the improvement, including the British Government's £2,000,000 subsidy to tramp shipping for the calendar year 1935, the subsequent agreements for minimum freight rates on the River Plate, St. Lawrence and Australian routes, and the appearance of more than one market review seeking bargains in one of the still depressed industries which includes concerns of the highest standing. It may be questioned, however, whether the improvement in shipping conditions equals the rise in share prices. Conditions are admittedly better. International trade has increased slightly, and the tonnage laid up at United Kingdom ports at July 1st had fallen to some 588,000 tons net, compared with 1,042,000 tons a year before. General freight levels, however, have failed to rise, and, as the recent speech of the Hon. A. Shaw demonstrated, the evils of foreign subsidised competition are undiminished. Even the fall in laid-up tonnage reflects continued sales and scrapping rather than any substantially greater activity on voyages. The earnings prospect, therefore, is only for quite a modest improvement on 1934—an impression confirmed by the consensus of chairmen's speeches. It should, consequently, be borne in mind that 1934, though an improvement both on 1933 and on the disastrous results of 1932, was still a year of extremely meagre profits (as the accompanying table suggests), not nearly sufficing in the case of the average tramp-owning concern to cover depreciation and barely sufficing even in the case of liner companies. Since the first care of a shipowner must be to put aside depreciation funds to replace his obsolescent vessels, it is inevitable that, even when appreciable recovery does set in, a very conservative dividend policy will be necessary—unless a permanent reduction of tonnage is intended. Discounting of vigorous recovery is therefore unwise. Moderate hopes, however, may be held. The Government's subsidy and normal shipping policy has put pressure on the industry to

co-ordinate its operations to some effect, as the minimum freight agreements are demonstrating. The tanker section, which had already worked out its own scheme before the Government took action, is now considered to be earning full depreciation plus a return on capital even for ships laid up and receiving the compensation rates. The conference to be held this winter in an attempt to agree on international measures for stabilising freight rates may conceivably produce better conditions. Meanwhile the general rising trend of shipping companies' liquid assets over recent years

	(Profits in £'000)						
	1929	1930	1931	1932	1933	1934	1935
Cairn Line (Dec. 31)							
Earned for Div.	8.1	Dr. 1.5	Dr. 3.4	5.6	Dr. 8.1	3.0	...
Earned %	1.7	Nil	Nil	1.2	Nil	0.6	...
Div. %	5	Nil	Nil	Nil	Nil	Nil	...
Canard (Dec. 31)							
Earned for Pref.	809.6	18.6	Dr. 553.2	Dr. 927.3	Dr. 245.0	24.4*	...
Earned for Ord.	674.6	Dr. 116.4	Nil	Nil	Nil	Nil	...
Earned %	13.2	Nil	Nil	Nil	Nil	Nil	...
Div. %	7.5	Nil	Nil	Nil	Nil	Nil	...
Furness, Withy (Apr. 30)							
Earned for Ord.	343.4	286.2	84.6	64.4†	123.4†	21.0†	37.0†
Earned %	10.7	9.1	2.7	2.1	2.7	0.5	0.8
Div. %	10	10	7½	6	3	Nil	Nil
Houlder Line (Dec. 31)							
Earned for Ord.	5.7	47.6	28.6	22.9	18.1	37.4	...
Earned %	1.3	11.2	6.9	5.5	4.4	8.8	...
Div. %	10	10	8	7½	7½	7½	...
Orient S.N. (June 30)							
Earned for Ord.	284.6	130.4	4.0	Nil	60.3	108.1	...
Earned %	27.3§	12.5§	0.4§	Nil	5.8§	10.4§	...
Div. %	12½	7½	5§	Nil	5§	5§	...
P. & O. (Sept. 30)							
Earned for Def.	476.9	425.7	276.2	Dr. 90.4	Dr. 8.4	Dr. 17.3	...
Earned %	10.4§	9.3§	6.0§	Nil	Nil	Nil	...
Div. %	12§	10§	6§	Nil	Nil	Nil	...
United Brit. SS. (Dec. 31)							
Earned for Div.	62.3	1.1	Dr. 13.7	Dr. 16.1	Nil	Nil	...
Earned %	6.7	0.1	Nil	Nil	Nil	Nil	...
Div. %	5	Nil	Nil	Nil	Nil	Nil	...

* Earnings returned on a different basis owing to Atlantic assets having been made over to Cunard-White Star. † After transfer of approximately £100,000 from reserve each year. § Tax free.

demonstrates that they will in general be able to take early advantage of improved conditions. The broad conclusion appears to be that the shipping industry is making progress in adjusting itself to very difficult conditions, partly by reducing costs, and ridding itself of obsolete tonnage, and partly by seeking local or international agreements; but that, despite the slightly improving tendency, the conditions themselves still preclude any but the most meagre profits. The effects of warfare on a considerable scale might be "favourable," but are incalculable at present.

* * *

United Steel Companies.—Future historians will be unable to trace the unfortunate circumstances which surrounded the early years of this large steel merger from the most careful examination of its impressive subsequent annual reports. The market may profess disappointment regarding the 7 per cent. dividend paid for the latest year to June last, but the accounts are a study in the economics of prudent reserve policy. Strict comparability with the preceding year is vitiated by the incidence of taxation, but the directors' report indicates that the combined trading profit of the group, before interest, depreciation and income tax, was approximately £150,000 higher. The amount earned for the ordinary shares has advanced from £497,680 to £534,205, for although provision for income tax charges and reserves are nearly £60,000 lower at £244,198, the first provision for debenture redemption and increased welfare provisions have approximately offset the saving. Earnings on this basis are calculated at 10.4 per cent. In addition £275,000 allocated to central depreciation reserve, transfers of £100,000 from revenue and £200,000 directly from an exceptional credit have been made to general reserve, while the balance carried forward is some £75,000 higher at £521,305. Such moderation may not be entirely to the market's taste, but as a principal factor in long-term

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financial stability it will certainly appeal to the investor. A three-year profit analysis follows:—

	Years to June 30th		
	1933	1934	1935
Trading profit, and dividends from subsidiary cos.	506,034†	1,191,665†	1,243,981§
Directors' fees	6,770	7,053	6,999
Income tax	63,667	303,638†	244,198†
Staff fund, and welfare	...	25,000	48,500
Debenture and other interest and redemption	84,159	83,294	135,079
Central depreciation reserve	250,000	275,000	275,000
Ordinary shares—			
Earned	101,438	497,680	534,205
Paid	Nil	282,023	358,937
Earned %	2.0	9.7	10.4
Paid %	Nil	5½	7
General reserve	...	...	100,000
Carried forward	230,380	446,037	521,305

§ Not strictly comparable with £1,191,665 for previous year, owing to incidence of taxation. Combined trading profit of company and subsidiaries approximately £150,000 higher than for 1933-34. † Less reserve for losses of subsidiary companies. ‡ Of which £153,638 directly charged, and £150,000 provided for taxation reserve in 1933-34; net charge in 1934-35, £24,198, after transfer of £118,500 from taxation reserve, plus £220,000 provided for taxation reserve.

The balance sheet is appreciably clearer as a result of the consolidation of the group's loan capital. In a full year some £34,115 will be saved in interest by the substitution of the parent company's 4 per cent. stock for a fixed loan and the debentures of the Appleby and Frodingham concerns. At the same time, reductions have been effected in subsidiary companies' current and advance accounts, accompanied by an increase in shareholdings in subsidiaries from £1,393,736 to £3,838,025. Fixed assets of £10,107,000, including properties of the parent concern and the par value of its subsidiary interests and advances, are covered by depreciation and other reserves totalling £1,914,000. The balance sheet position, by all tokens, must be accounted satisfactory. Investors, however, whose speculative appetites have been appeased by the rise in the £1 ordinary shares from 21s. 6d. in May last year, to the current level of 32s. ex dividend, may regard the latest accounts as the sign for a revaluation of long-run prospects. The earnings position is undoubtedly favourable, but the geometric increase which in earlier years resulted from the "high geared" technical basis of the industry, has spent much of its force owing to the approach towards capacity production. Since the ordinary shares are themselves definitely "low geared," a spectacular future advance in earnings is difficult to envisage. The long-term prospects of the company, internally efficient and quick to benefit from the higher prices now prevailing, apparently justify the present equity valuation on a 4½ per cent. basis, granted the maintenance of domestic recovery conditions.

* * *

Harrisons and Crosfield Report.—Although the directors of Harrisons and Crosfield describe the profits for the year to June 30th last (which are the highest for five years) as "satisfactory in face of the continuing difficulties which handicap international trading," shareholders may feel a little disappointment that the improvement in earning power, so conspicuous in the preceding two years, has been checked by conditions outside the company's control. The enhanced yield from the company's rubber interests, in a period broadly corresponding to the first year of restriction, has been largely negated by decreased income from its tea shareholdings—and, possibly, by somewhat

lower returns from its general Eastern business. Results for the last three years are shown below:—

	Years to June 30		
	1933	1934	1935
Profit on working*	214,339	261,504	268,284
Directors' remuneration	15,000	†	†
Preference dividend	37,800	37,800	37,800
Preferred ordinary dividend	100,000	100,000	100,000
Total deferred ordinary dividend	38,666	77,333	81,022
Total dividend on management shares	2,500	41,166	43,011
Deferred { Earned (%)	13.5	20.9	20.8
Ordinary { Paid (%)	10	20	20
Total carried forward	129,351	134,556	141,007

* After providing for bad and doubtful debts, depreciation and income tax. † Directors drew £12,500 in 1934 and £15,000 in 1935, but refunded these amounts, paid on account, in view of amended Article 92 of company's articles, which relates such refunds to the amounts paid on management shares.

That results have not entirely fulfilled the board's legitimate expectations may be inferred, *inter alia*, from the tendency of net liquid assets to increase. A year ago the directors commented favourably on the company's progress, which had enabled "more of its resources to be employed in the business." As this year's 20 per cent. deferred ordinary dividend absorbs practically the whole of the year's surplus earnings, the market price of the stock would be vulnerable to any setback in profits. Much, therefore, depends on the incipient recovery in tea prices, and on the degree of success which attends the increasingly Spartan policy of the International Rubber Committee, which we discuss on pages 606 and 617 of this issue. The balance-sheet position, however, remains as satisfactory as ever. Despite the decline in market quotations, the valuation of the company's investments, last June, exceeded the £1,199,257 (an increase of £97,478) at which they appeared in the balance sheet, leaving intact the special reserve of £350,000 held against them. The present price of the £1 units of deferred ordinary stock is 122s. 6d. Under the company's articles of association, holders are entitled to subscribe at par for new shares equivalent to one-half of the amount by which a given dividend exceeds 10 per cent., less income tax (at 4s.). In the present instance the amount of such par subscription will be £4 per £100 of stock. The net price, *ex final dividend and "rights,"* is therefore £5 16s. 3d., and the yield, on a 20 per cent. dividend, is £3 9s. per cent.

"Gas Holding Companies."—In a leading article under this title, in the *Economist* of August 24th last (page 380), we contrasted *inter alia*, the figures of capitalisation, output, costs of acquisition, etc., of three large companies recently formed in Great Britain to hold the shares of operating companies in the gas industry. It has been suggested, in quarters concerned with the movement in certain of its main aspects, that our methods of numerical comparison, though in conformity with the definitions stated in the article, tended to stress disparities which different methods of computation would have thrown into less sharp relief. We may, therefore, for purposes of illustration, mention certain alternative bases of calculation which have been suggested and leave our readers to draw their own conclusions. For example, our "cost of acquisition" figures assumed that compensation to directors in subsidiary companies was a species of holding company "formation expense" which would be written off either from share premiums (as in the case of South-Eastern Gas and Severn Valley Gas) or from revenue. It may, however, be argued that costs of this nature represent a productive capital item, since the holding companies, indirectly, will receive all future directors' fees, and that these, if obtained, say, on a six to seven years' purchase basis, may be a profitable "investment." On our original assumption, "cost of acquisition and formation" items, expressed as a proportion of total issued share capital, came out at 5.9 per cent. in the case of the South-Eastern Gas Corporation (as at March last), 8.2 per cent. in that of the Severn Valley Gas Corporation, and 11.4 per cent. in that of the South-Western Gas and Water Corporation. If, however, compensation to directors is excluded from preliminary

expenses, properly so-called, the latter items are reduced to 1.7, 2.0 and 4.1 per cent. of the issued share capitals of the respective companies. If debenture capital is included with share capital (without allowance for capital duty which may have been paid on any proportion of the total which, though "authorised," is not yet issued), the percentages are 1.4 per cent. for the South-Eastern and 3.2 per cent. for the South-Western company. The latter company's percentage would be further reduced if allowance were made for the duty paid on approximately £1,000,000 of authorised capital which had not been issued at the date of the last accounts. Calculations as regards the purely "gas" assets of the last-named company, in any case, are somewhat difficult owing to the fact that the company has also acquired two water concerns. The cost of the latter's acquisition was £112,906. If adjustments be made for the proportions of share capital thus represented, the total capital per million cubic feet of annual "make" of the gas subsidiaries would appear to be reduced from £1,160 to £961. These figures do not include any adjustment for holding of cash or "additional" investments. It will be seen that the adoption of these suggestions does not upset the main conclusions, from the purely investment aspect, suggested in our article. As regards more technical matters, such as the effects of acquisition of subsidiary companies which may not, in every case, be equally numerous or geographically compact, and may not have reached identical stages of development, we are content to leave the ultimate verdict to those most familiar with the industry—and to the lessons of experience.

Other Company Results.—Our usual summary of profit and loss accounts on page 637 includes the results of 19 additional concerns. In the iron and steel group progress is well maintained by *Manvers Main Collieries*, whose profits have advanced from £84,897 to £103,784, and comfortably provide for the increased dividend of 4½ per cent. These figures are closely paralleled by *Sheepbridge Coal and Iron* with an increase from £85,870 to £105,085, the dividend being raised from 5 to 6½ per cent. In the Stores group, the full report of *Prices Tailors* confirms the impressive expansion in earnings announced some time ago, but *Selfridge Provincial Stores* profits show little advance at £107,371, and the dividend remains at 2½ per cent. Reports from *City and International Trust* and *C.L.R.P. Investment* reveal a moderate increase in profits, and among the more specialised financial concerns, *Brick Investments* reports net profits of £22,519 for the latest year, against £24,693 for the previous fifteen months. In this week's dividend list chief interest attaches to the *Austin Motor* declaration of 50 per cent. The market optimists professed disappointment with the result, which is equivalent to 200 per cent. on the former capital, compared with a 100 per cent. payment in the previous year. The directors of *Electric and Musical Industries* announce a dividend of 12½ per cent. against 10 per cent. Profits amount to £451,002 (against £420,710) and profits on investment sales amount to £114,544. The figures are apparently struck before tax, but after administration and general expenses. *Ideal Building and Land Development* has reduced the interim dividend from 5 to 4 per cent. The directors refer to increased competition, and to the possibility of employing resources in non-residential building.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following company meetings:—Second Alliance Trust, Industrial Finance and Investment, Gold Exploration and Finance Company of Australia, Gold Mines of Kalgoorlie, Great Boulder Mining and Finance, Eastwoods, and Prices Tailors. The chairman of the Second Alliance Trust declared that the appreciation in the value of the company's security holdings over the past year had been greater than that in security prices as a whole. Shareholders in Industrial Finance and Investment learned that a reduction of nearly £200,000 had been effected in loans in countries practising exchange restriction. Mr L. C. M. S. Amery informed shareholders in Gold Exploration and Finance of Australia of the progress made by the company's interests, particularly the Triton, Central

Norseman, East Bendigo, and Gold Mines of Kalgoorlie properties. At the meeting of the last-named the chairman declared that revenue from small-scale operations would largely assist in the financing of the major programme of development. Mr Claude de Bernales, presiding at the Great Boulder Mining and Finance meeting, declared that the company controlled, or had options over, 2,764 acres, apart from its interest in Yellowdine. The chairman of Eastwoods stated that, for the first time since the war, all the company's works had been run to capacity. At the meeting of Prices Tailors, the chairman recorded an increase from 244 to 267 in the number of depôts.

THE WEEK IN THE MARKETS

THE LONDON STOCK EXCHANGE

SETTLING DAYS
TICKET OCTOBER 8 | ACCOUNT OCTOBER 10

It may, perhaps, be doubted if those "diplomatic circles," whose every hint has been examined this week by an anxious world, would have shared the market's more cheerful interpretation of the course of events. Technically, conditions were "set fair" for recovery on really favourable developments. This week's movements, however, have suggested a willingness to make bricks without adequate diplomatic straw, and to build expectations upon the trustful assumption that the representatives of the Powers mean less than they say, and that serious disturbance is "unthinkable." Whether this attitude is a really satisfactory investment hypothesis at a time when the real differences in the dispute have shown no sign of narrowing, may well be questioned.

Its effects, however, were very evident in the gilt-edged markets. Although business was not active, successive days showed a continuation of the more confident tendency which set in on Monday after open distress at the end of last week. Foreign selling was quenched, and the bears appeared to seek protection. Irredeemable stocks led the advance. "Old Consols" advanced by nearly a point a day during the first half of the week, while War Loan and Victory Bonds were well supported. An easier tendency set in on Thursday. African Railway Finance scrip opened at 2 discount, following the substantial under-subscription. India stocks got into stride with gilt-edged, but Dominion issues were less impressive and did not find a steadier course until mid-week.

In the foreign bond list, Brazilian Funding issues met a better demand after a certain amount of early selling. Austrian issues derived support from the more confident view of the European aspects of the Italo-Abyssinian problem, and other European issues became firmer in mid-week trading. Purchasers were also in evidence for Sino-Japanese bonds.

The gilt-edged recovery assisted the market in home rail prior charges, which had suffered rather considerably in previous weeks, and demand for preference issues, marginal and covered, tended to expand. There were no great expectations for the traffics, and consequently little disappointment when they were published. In the foreign market, Argentine issues became more active on the reported approval, in principle, of the Argentine Co-ordination Bill (discussed on page 617).

The industrial markets were in confident fettle this week, although attention was largely directed to those speculative favourites which had been most affected by the recent unsettlement. Aviation issues returned to favour, Rolls-Royce in particular responding to news of a large export order. Iron and steel issues returned to the centre of the stage, and were cheered by the United Steel profits, set out on page 619. Among motor shares, Austin were in good demand, but the effective doubling of the dividend disappointed the more optimistic speculators. Good support was accorded to Standard, Ford, and Leyland. The better trend in the gilt-edged market assisted electricity supply shares, while buyers reappeared for leading equip-



ment issues after displaying coolness in recent weeks. Textile shares became firm without finding impressive form, although in the rayon group Courtaulds attracted bargain hunters at Monday's low level. Stores shares were not among this week's active groups. Among provision issues, United Dairies recovered on Thursday's settlement of the contract dispute, while *arbitrageurs* supported the Unilever issues. Brewery shares were firmer, although they lacked impressive support from their traditional provincial friends. Improvement in the tobacco group was well spread among the leaders. Miscellaneous industrial leaders were more actively supported, and chemical, building, rubber manufacturing and milling issues made steady progress during the week. Moderate support induced a firmer tone among bank and insurance shares.

Although the oil share market was disinclined to broaden to any considerable extent, the firmer support for leading issues was evident throughout the week. The rubber share market was stimulated by the largely unexpected decision of the International Committee to tighten the screw in the last quarter of the year. We discuss some implications of the decision in a Note on page 617. Buyers were attracted by hope of a confident recovery in the price of the commodity. Mid-week events suggested, however, that such prospects might have more relevance to the long than to the short period, and initial share advances were not held.

The Kafir market was in distinctly better spirits this week, and the leading investment issues found an appreciable measure of "shop" support. Speculative issues, including Marievale, also quickly responded to the improved tone. East African issues tended to improve, and conditions in the "Jungle" and among Westralian issues became more confident. Copper shares improved steadily, in the light of factors discussed on page 617, and miscellaneous base metal and tin issues were rather firmer.

"FINANCIAL NEWS" DAILY BARGAIN INDEX
(Approximate number of Bargains recorded in Stock Exchange Lists)

	Week to Sept. 20, 1935	Sept. 19, 1935	Sept. 20, 1935	Sept. 23, 1935	Sept. 24, 1935	Sept. 25, 1935	Sept. 26, 1935
Government and Municipal Loans	5,198	991	1,120	1,327	1,049	1,074	1,006
Transport, Communications, and Public Utilities	3,941	741	857	956	861	891	878
Commercial and Industrial*	14,855	2,647	2,619	3,516	3,499	3,517	3,422
Banks, Insurance and Financial	2,484	390	472	529	504	466	530
Mines (including Nitrate)	5,265	1,256	1,180	1,097	800	1,010	1,162
Oils	614	101	137	166	83	146	144
Rubber, Tea and Coffee	873	120	134	233	203	297	271
Total	33,230	6,246	6,519	7,824	6,939	7,401	7,422
Corresponding day in 1934	...	8,328	8,928	9,031	7,584	7,279	7,234

* Including Iron and Steel and Breweries.

REVISED "FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (July 1, 1935 = 100)

Highest of 1935 (Aug. 13)	Lowest of 1935 (Mar. 27)	Sept. 19, 1935	Sept. 20, 1935	Sept. 23, 1935	Sept. 24, 1935	Sept. 25, 1935	Sept. 26, 1935
104.2	87.4	98.4	95.6	97.1	98.2	99.0	99.1

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS. (1928 = 100)

Highest of 1935 (Feb. 1)	Lowest of 1935 (Sept. 20)	Sept. 19, 1935	Sept. 20, 1935	Sept. 23, 1935	Sept. 24, 1935	Sept. 25, 1935	Sept. 26, 1935
141.0	133.4	134.5	133.4	133.4	133.7	134.1	133.6

FOREIGN STOCK EXCHANGES

NEW YORK

CONFIDENCE in America's "insulated isolation" from European troubles was rudely shaken on Friday of last week, when, on a war scare, leading issues dropped from 1 to 3 points. Liquidation was of both home and foreign origin—but chiefly of the former, for the course of the exchanges registered a contemporaneous flow of funds towards America. The movement lasted only a few hours, but left an unpleasant reminder of the vulnerability of the market after half a year's almost uninterrupted rise. Dealings, indeed, did not regain their stride this week, though quotations were distinctly firm. The volume of business was much reduced, the daily total of "shares traded" remaining around the million mark. The whole market, indeed, was in a waiting mood, ready most to discount what it most desired but unsure of its own judgment. Railroad stocks made sporadic and fractional advances. Metal, motor and aviation shares were also prominent. The bond market was barely steady. So far, conversions of "called" Fourth Liberty 4½ per cent. bonds have aggregated only \$800 millions, or about half the desired total. Industrial activity shows no fundamental change. Employment in manufacturing industries increased slightly during August, but the outbreak of the long-threatened trouble in the bituminous coal industry is a bear point. The *Iron Age* puts steel mill output at 51.5 per cent. of capacity this week against 52 per cent. last week, the decline being attributed to further delay among the automobile manufacturers in putting new models into production. The appointment of Mr James M. Landis as the new chairman of the Securities and Exchange Commission, has evoked neither enthusiasm nor apprehension in Wall Street. The new chairman has shown an aptitude to profit by his experience as a member of the Commission, and under his leadership no far-reaching change in general policy is expected.

	Sept. 18, 1935	Sept. 25, 1935	Sept. 25, 1935, Eng. Equiv.†		Sept. 18, 1935	Sept. 25, 1935	Sept. 25, 1935, Eng. Equiv.†
Lb. Ln. 4½% '35-39	100½	99½	100½	Natl. Biscuit	28½	31	31½
Atchafalpa	52	49	49½	Phelps Dodge	22½	22½	24
Erie	12½	11½	11½	Fullman	37½	32	33
Illinois Central	16½	16½	16½	Seam Roebuck	58½	56½	57½
N.Y. Central	25½	24	25½	Un. Fruit	70½	69½	70
Pennsylvania	29½	27½	28½	U.S. Leather	9	8½	8½
Southern Pacific	20½	18½	19½	U.S. Rubber	14½	13½	13½
Southern Ry.	10½	9½	9½	U.S. Steel	47½	45½	46½
Union Pacific	101	99½	101½	Westinghouse	78½	75½	77
				Woolworth	62½	61½	62½
Am. Can.	144½	101½	143½	Am. Tel. and Tlg.	140	139½	141½
Amer. Smelting	49	48½	49½	Interboro R.T.	19½	21½	21½
Anaconda	21½	21	21½	Int. Tel. Tele.	10	10	10½
Bethlehem Steel	40½	38	38½	Utilities P. & L.	2	2	2½
Chrysler Motor	72½	70½	72	W. Union Tlg.	50½	47½	48½
Corn Products Rf.	63½	63	64				
Eastman Kodak	159½	156	158½	Shell	33	33	33½
Gen. Electric	34½	33½	34½	Shell Union	9½	9½	10½
Gen. Motors	46½	45½	45½	Sid. California	33½	32½	32½
Int. Harvester	59½	56½	57½	Do. N.J.	43½	43	44½
Mont. Ward	33½	32½	33				

† Calculated at \$4.92 to £.

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

	1934	1935	1935	1935	1935	1935	1935	1935	1935
	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest
	Sept. 19	Feb. 21	Mar. 20	Sept. 11	Jan. 1 to Sept. 25	Be-ginning of Year	Sept. 11, 1935	Sept. 18, 1935	Sept. 25, 1935
351 Industrials	74.3	90.5	74.5	98.7	83.1	98.7	98.7	97.1	97.1
83 Rails	34.0	51.4	27.4	38.0	35.6	38.0	37.6	38.1	38.1
97 Utilities	55.2½	83.4½	52.2	85.8½	57.9	84.2	81.9	80.9	80.9
Total, 421 Stocks	65.6	82.1	63.1	86.4	71.0	86.4	85.9	84.5	84.5
Average yield of 50 Industrial Common Stocks	2.78%	3.90%	3.09%	4.06%	3.62%	3.25%	3.27%	3.32%	3.32%

† December 26th. ‡ February 7th. (s) September 12th.

§ March 13th. (v) August 14th.

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

	Highest of 1935 (Sept. 11)	Lowest of 1935 (Mar. 15)	Sept. 18, 1935	Sept. 19, 1935	Sept. 20, 1935	Sept. 21, 1935	Sept. 23, 1935	Sept. 24, 1935	Sept. 25, 1935
	112.4	78.6	111.8	109.4	106.6	107.2	107.9	109.3	109.9

TOTAL DEALINGS IN NEW YORK

	Sept. 19, 1935	Sept. 20, 1935	Sept. 21, 1935*	Sept. 23, 1935	Sept. 24, 1935	Sept. 25, 1935
Stock Exchange—Shares (Thous.)	1,920	2,200	680	1,010	1,000	1,090
Bonds (Value Thous. \$)	10,660	15,910	5,630	7,290	8,860	9,650
Curb—Shares (Thous.)	324	329	118	172	227	299

* Two-Hour Session.

PARIS

The Bourse was depressed at the end of last week, only rentes resisting the general tendency. A more cheerful tone prevailed, however, on Monday, thanks mainly to favourable constructions placed on the phraseology of Italy's latest "No." Bears also hastened to cover on the Finance Minister's statement that the Budget for 1936 provided for a further significant reduction in expenditure. Rentes were a full point better. Bank shares also showed improvement, and Suez Canal, which had suffered severely in the previous week, staged a strong rally. The turn for the better was maintained on subsequent days, though the best prices were not fully held in mid-week.

	Sept. 18, 1935	Sept. 23, 1935	Sept. 25, 1935		Sept. 18, 1935	Sept. 23, 1935	Sept. 25, 1935
Banque de France	9,205	9,180	9,290	Wagons Lits	38½	38½	39
Crédit Lyonnais	1,640	1,648	1,649	Mexican Eagle	18½	18	18½
Suez Canal	17,005	17,080	17,320	"Chartered"	83½	81½	81½
Chargeurs Réunis	135	138	135	Ford	154½	154	154
Rio Tinto	1,298	1,286	1,290	De Beers	53	53	53½
Royal Dutch	19,440	19,100	19,540	"Johnnies"	269	254	264

BERLIN

An unbroken decline in prices was registered last week. All classes of shares in the domestic list, and both shares and bonds in the foreign list were heavily sold. The decline, however, was somewhat retarded by supporting purchases made by the banks, and certain textile shares, in particular, were in demand, against the general trend. On Saturday a partial recovery occurred on a more optimistic interpretation of Abyssinian possibilities, but the tone at the beginning of this week was irregular. Textile shares remained relatively firm, but other leading industrial counters, particularly electrical shares, continued to lose ground. The tone on Tuesday was again dull. The market for domestic bonds was reactionary, Reich and municipal conversion loans being marked down. Among dollar bonds, public loans dropped a couple of points. On Wednesday, however, firmer conditions prevailed, although price movements were narrow. The electrical group showed a fair recovery, but shipping shares were easier.

	Sept. 18, 1935	Sept. 23, 1935	Sept. 25, 1935		Sept. 18, 1935	Sept. 23, 1935	Sept. 25, 1935
Reichsbank	179.00	174.00	172.50	A. E. G.	37.75	38.90	38.40
D.D. Bank	89.50	87.25	87.75	Siemens and			
Dresdner	90.00	87.75	87.75	Halske	169.00	171.00	170.00
I. G. Farben-							
industrie	152.90	149.60	149.00	A. K. U.	55.10	53.00	52.90
Norddeutscher				Hamburg-Amer.			
Lloyd (New)	17.25	17.10	16.75	("Hapag New")	15.40	15.40	15.00

AMSTERDAM

The course of Stock Exchange dealings was dominated by international political uncertainties. On Friday of last week liquidation occurred on a large scale. Philips Lamps, which declined by 12 per cent. during the day, showed at one time a loss of as much as 40 per cent. as compared with the price prevailing a few weeks earlier, though the fall was accentuated by specially bearish factors in the company's dividend outlook. On Monday, the Bourse opened more optimistically, but became less assured before the close of business. In mid-week, the domestic political situation, in its turn, became an unsettling factor. Government bonds showed wide movements. Buying of domestic equities, as a "hedge" against the guilder, was sharp but sporadic. The decision to reduce the rubber export percentage caused an initial buying of rubber shares, but the movement quickly lost its impetus.

	Sept. 18, 1935	Sept. 23, 1935	Sept. 25, 1935		Sept. 18, 1935	Sept. 23, 1935	Sept. 25, 1935
2½% Dutch Loan	70½	69½	70½	Steel Common	28½	27	28½
5½% German	17½	17½	18	A. K. U.	27½	25½	26½
Unilever N.V.	90½	90½	91½	Ford Motor	27½	28½	27½
Philips Lamps	239½	227½	235½	Deli Batavia Tob.	136½	133	137½
Netherlands Ship				Royal Dutch	190	186	191½
Union	39½	39½	40½	Handels Ams.	173½	175½	177½

CANADA

The Canadian stock markets, after showing considerable liveliness and strength during the first half of August, fell into a sluggish and reactionary condition about the middle of the month. Business uncertainty created by the Federal election campaign was increased by the evidence of widespread radical discontent revealed by the triumph of the Social Credit party in the Alberta provincial election. The latest western crop reports, further, were not encouraging as regards prospects of an improvement in western business during the winter. After the first week of September, however, an upward movement in New York brought a sympathetic response in Canada. The bond market was depressed, however, by the Social Credit victory in Alberta, all bonds connected with that Province falling sharply. The market, however, was little affected by Mr Bennett's announcement that his Government, if returned to power, would embark upon a nation-wide refunding operation for all Dominion, provincial, municipal and State railway bonds. The mining market has been fairly brisk, base metal stocks being active and firm.

	Price, July 24, 1935	Price, Sept. 25, 1935	Price, Sept. 25, 1935, Eng. Equiv.†		Price, July 24, 1935	Price, Sept. 25, 1935	Price, Sept. 25, 1935, Eng. Equiv.†
Bell Telephone	129	131½	131	Dominion Glass	110	93½	93½
Canadian Car and Foundry	6½	5½	5½	International Petro-	34½	34½	34½
Do. pref.	13½	10½	10½	Brazil Traction	8½	7½	7½
Power Corporation	37½	40½	40½	British Columbia	22½	23½	23½
Dome Mines	13½	12½	12½	Do. "B"	2½	3½	3½
Hollinger	39½	38½	38½	Power "A"	22½	23½	23½
McIntyre	185½	154½	154	Do. "B"	2½	3½	3½
Bank of Montreal	154½	154	154	Canada Cement	6½	5½	5½
Bank of Nova Scotia	249	249	249	Do. pref.	54	52½	52½
Royal Bank of Canada	147	138	138½	International Nickel	27½	30½	30½
Canadian Bank of Commerce	143½	125	125½	Massey Harris Com.	41	40	40
Canadian Pacific Ry.	10½	10½	10	Montreal Light	31½	30½	30½
Cockshutt Flow	7½	7½	7½	Ogilvie Flour Mills	152	150	150½
				Quebec Power	13½	13½	13½
				Shawinigan Water	16½	16½	16½
				Steel Co. of Canada	49½	48½	48½

† Calculated at \$4.98½ to £.

CAPITAL ISSUES

PREVAILING conditions remain inclement for new borrowers. The trustee issue made last week on behalf of the African Railway Finance Company appeared at an unfortunate moment, and underwriters were left with 97 per cent. A prospectus offer was made this week by the *Ruberoide Company*, whose redeemable cumulative preference shares are covered satisfactorily by profits. The week's announcements "for public information" relate to a debenture issue by *Selfridge and Company*, a placing on behalf of a warehousing company, and a Western Australian gold mining proposition. The debenture issue of *Crown Flour Mills*, made this week, was summarised in last week's *Economist*.

ISSUES OF THE WEEK

By Prospectus or Offer for Sale

Amount previously recorded, Jan. 1 to Sept. 21, 1935, including conversions, £254,987,342.
Amount previously recorded, Jan. 1 to Sept. 21, 1935, excluding conversions, £129,036,421.

	Nominal Capital £	Conversions £	New Money £	First Payment £	Further Liability £
To the Public					
Crown Flour Mills, £160,000 4½% Deb. Stk. at 98%	160,000	...	156,800	16,000	140,800
Ruberoide Co., 300,000 5½% Red. Cum. Pref. £1 at 20/6	300,000	...	307,500	37,500	270,000
Total	460,000	...	464,300	53,500	410,800

	Total Offered for Subscription—Including Conversions	Excluding Conversions	Total Offered for Subscription—Including Conversions	Excluding Conversions
To Shareholders only				
Nanwa Gold Mines, 1,002,892 shares 1/- at par	50,144	...	50,144	50,144
Total Offered for Subscription—Including Conversions				
Jan. 1 to date—	255,451,786	129,500,865	410,952,651	189,108,700
1935	312,208,910	125,425,209	437,634,119	244,780,500
1934	396,037,443	227,103,611	623,141,054	389,909,963
1933	292,009,990	162,685,325	454,695,315	289,324,665
1932	469,062,067	296,961,444	766,023,511	486,286,009
1928				
(a) This figure includes £1,920,000,000 for conversion of 5% War Loan into 3½% War Loan.				

	Debtentures £	Preference £	Ordinary £	Total £
Nature of Borrowing				
January 1 to date—	72,617,551	26,841,587	30,041,727	129,500,865
1935	75,051,038	13,408,856	37,001,315	125,425,209
1934				
Whole year—	212,917,900	45,062,600	111,177,600	369,158,100
1935	222,064,300	12,733,700	9,982,500	244,780,500
1934	102,769,300	21,461,000	44,878,400	169,108,700

By Stock Exchange Introduction

	Capital Introduced	Approximate Price Dealings Began	Cash Involved
Amount previously recorded	24,028,033	...	36,171,161
Selfridge and Co. £750,000 4% Deb. Stk. at 97½%	731,250	100½	753,750
Total to date, 1935	24,759,283	...	36,924,911
Total to date, 1934	22,101,032	...	33,452,818

PUBLIC OFFER

The Ruberoide Company, Ltd.—Issue of 300,000 5½ per cent. redeemable cumulative £1 preference shares at 20s. 6d. Acquires assets of Diorebur, Ltd., manufacturers of roofing and other building materials, amounting to £200,152, for £550,000, of which £250,100 cash and balance in £1 ordinary shares. Goodwill, £349,848, less value of profits to date, estimated £32,000. Profits, after depreciation: 1932, £51,237; 1933, £61,108; 1934, £55,300. Proceeds of issue for £250,000 loan repayment in connection with cash consideration and £32,500 additional working capital. Redeemable by sinking fund from 1937 at 22s., or from September, 1938, on three months' notice at 22s. 6d. List closed 10.15 a.m. September 26th.

BY STOCK EXCHANGE INTRODUCTION

Grattan Warehouses, Ltd.—Issued capital, 250,000 5 per cent. cumulative redeemable £1 preference and 1,000,000 5s. ordinary shares. Acquires mail-order warehouse business founded 1912, owns all the issued capital of George Lodge and Company, and will acquire issued capital of F. Bessant and Company, Ltd., and J. E. York, Ltd., from proceeds of 250,000 preference share issue which Shaw Loeb and Company will subscribe for at 21s.. Average combined profits last three financial periods, £82,275. Assets valued £87,735.

Imperial Gold Mines, Ltd.—Issued capital, 800,000 5s. shares. Formed March, 1935, to acquire the Imperial Mining Company of Kalgoorlie. Purchase price £193,125, of which £3,125 cash and £190,000 in 800,000 5s. shares, 4s. 9d. paid up. The 3d. per share liability has been paid. Working capital, £43,000.

Selfridge and Company, Ltd.—Issue of £750,000 (part of £1,000,000 authorised) 4 per cent. first mortgage debenture stock. Redeemable by sinking fund by October, 1965, or on six months' notice at £105 before October 1, 1945, at £102 between 1945 and September 30, 1955, and thereafter at par. Issue provides funds for repayment of mortgages and of £221,400 5 per cent. first debentures and for general purposes. Secured by specific charge on main block of Oxford Street store. Prudential Assurance Company, Ltd., will subscribe for £750,000 stock at 97½ and for balance of £250,000 at that price on April 1, 1936.

BY TENDER

Chester United Gas.—This company is offering for sale by tender of not exceeding £40,000 4 per cent. preference stock at a minimum price of £100 per cent. Issue for increasing the capacity of plant, to repay bank overdraft, and general purposes. Tenders must be sent in to reach the company not later than October 4th.

ISSUE TO SHAREHOLDERS ONLY

Nanwa Gold Mines.—1,002,892 shares of 1s. are offered to shareholders registered on September 9th at par in proportion of one new for every three shares held.

(Continued on page 626)

OFFER TO NEW READERS

Any reader who makes his first acquaintance with this journal with this week's issue is invited to fill up the attached: To Publisher, "Economist Newspaper Ltd., 8 Bouverie Street, E.C.4.

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LONDON ACTIVE SECURITY PRICES AND YIELDS

NOTE—Shares with a New York Quotation or with definite American interest are distinguished by italics

In calculating yields on fixed interest stocks quoted below allowance is made for interest accrued since the last date of payment, less income tax at the standard rate. Where stocks are definitely redeemable at a certain date the yield includes any profit or loss on redemption; where stocks are redeemable at or before a certain date the final date of repayment is taken when the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated by reference to the latest dividends, account being taken of any enhancement or reduction of interim dividends. Allowance is made for accrued dividends in calculating the yield on "cum div." shares.

Prices, Year 1934		Prices, Year 1935		Name of Security	Price, Sept. 18, 1935	Price, Sept. 25, 1935	Rise or Fall	Yield, Sept. 25, 1935	Prices, Year 1935	Last two Half-yearly Dividends	Name of Security	Price, Sept. 18, 1935	Price, Sept. 25, 1935	Rise or Fall	Yield, Sept. 25, 1935
High-est	Low-est	High-est	Low-est												
93 1/2	73 1/2	94 1/2	80 1/2	British Funds	82 1/2	83 1/2	+ 1	3 0 1	4 1/2	dis 5 1/2	dis	Nil	Nil	Nil	Nil
102 1/2	92 1/2	103 1/2	97 1/2	Consols 2 1/2%	101 1/2	101 1/2	...	3 6 3	4 1/2	dis 5 1/2	dis	Nil	Nil	Nil	Nil
106 1/2	97 1/2	107 1/2	101 1/2	Do. 4% Red. at par on or after Feb. 1937 (m)	111 1/2	111 1/2	...	3 6 3	4 1/2	dis 5 1/2	dis	Nil	Nil	Nil	Nil
111 1/2	101 1/2	112 1/2	100 1/2	Conversion 2 1/2% 1934-49	100	98 1/2	-1 1/2	2 12 2	381	350	6(a)	6(b)	6(c)	6(d)	6(e)
116 1/2	108 1/2	114 1/2	108 1/2	Do. 3% 1948-53	103	102	-1	2 12 2	78/101	71	7(b)	7(a)	7(b)	7(a)	7(b)
124 1/2	115 1/2	124 1/2	117 1/2	Do. 3% 1948-53	103	103 1/2	+ 1/2	3 6 0	41 3/4	34/104	21(a)	21(b)	21(a)	21(b)	21(a)
104 1/2	98 1/2	106 1/2	98 1/2	Do. 4 1/2% 1940-44	110 1/2	109 1/2	-1	2 6 6	81	81	4(b)	4(a)	4(b)	4(a)	4(b)
120 1/2	113 1/2	121 1/2	112 1/2	Do. 5% 1944-49	119 1/2	118 1/2	-1 1/2	2 17 3	11	11	8(a)	8(c)	8(a)	8(c)	8(a)
103 1/2	96 1/2	103 1/2	96 1/2	Funding 4% 1934-49	101 1/2	101 1/2	...	3 5 0	99 1/2	80	5(c)	5(b)	5(c)	5(b)	5(c)
109 1/2	109 1/2	110 1/2	110 1/2	Funding 4 1/2% 1934-49	101 1/2	101 1/2	...	3 5 0	99 1/2	80	5(c)	5(b)	5(c)	5(b)	5(c)
109 1/2	109 1/2	110 1/2	110 1/2	Victory Bonds 4%	101 1/2	101 1/2	...	3 5 0	99 1/2	80	5(c)	5(b)	5(c)	5(b)	5(c)
109 1/2	109 1/2	110 1/2	110 1/2	War Loan 3% after 1932 (p)	103 1/2	103 1/2	...	3 5 6	88 3/4	77 1/2	8(b)	8(a)	8(b)	8(a)	8(b)
98 1/2	86 1/2	98 1/2	90 1/2	Local Loans 3%	92 1/2	92 1/2	...	3 5 6	88 3/4	77 1/2	8(b)	8(a)	8(b)	8(a)	8(b)
104 1/2	101 1/2	104 1/2	101 1/2	Austria 3% 1933-53	103	102	-1	2 18 0	90 7/4	74	21(a)	21(b)	21(a)	21(b)	21(a)
83 1/2	61 1/2	86 1/2	67 1/2	India 2 1/2%	70	70	...	3 15 0	114/102	102	3(a)	3(b)	3(a)	3(b)	3(a)
93 1/2	74 1/2	95 1/2	76 1/2	Do. 4 1/2% 1934-49	92 1/2	93 1/2	+ 1/2	3 15 0	63 1/2	57 1/2	6(b)	6(a)	6(b)	6(a)	6(b)
118 1/2	108 1/2	119 1/2	114 1/2	Do. 4 1/2% 1934-49	115 1/2	115 1/2	...	3 11 11	94 1/2	87 1/2	8(b)	8(a)	8(b)	8(a)	8(b)
107 1/2	105 1/2	108 1/2	106 1/2	U.K. & Arg. 4% (1947)	107 1/2	106 1/2	-1	3 10 9	94 1/2	87 1/2	8(b)	8(a)	8(b)	8(a)	8(b)
117 1/2	107 1/2	118 1/2	106 1/2	Dom. & Colonial Govts.	111	108	-3	4 2 8	43 1/2	38 1/2	11(b)	11(a)	11(b)	11(a)	11(b)
107 1/2	103 1/2	108 1/2	104 1/2	Australia 5% 1945-75	103	101	-2	3 15 0	15 1/2	14 1/2	9(a)	9(b)	9(a)	9(b)	9(a)
119 1/2	113 1/2	119 1/2	114 1/2	Canada 4 1/2% 1940-60	119	116	-3	3 12 0	48 1/2	44 1/2	8(a)	8(b)	8(a)	8(b)	8(a)
120 1/2	113 1/2	120 1/2	116 1/2	Gold Coast 4 1/2% 1936-56	120	116	-4	3 13 6	15 1/2	13 1/2	5(b)	5(a)	5(b)	5(a)	5(b)
117 1/2	109 1/2	115 1/2	110 1/2	Nigeria 5% 1936-60	113	111	-2	3 17 3	95 1/2	85 1/2	9(a)	9(b)	9(a)	9(b)	9(a)
106 1/2	104 1/2	110 1/2	103 1/2	N.Z. 5% 1946	105	105	...	3 17 7	92 1/2	88 1/2	9(a)	9(b)	9(a)	9(b)	9(a)
119 1/2	112 1/2	118 1/2	113 1/2	Queensland 5% 40-60	116	114	-2	3 8 9	92 1/2	88 1/2	9(a)	9(b)	9(a)	9(b)	9(a)
101 1/2	89 1/2	101 1/2	98 1/2	S. Africa 5% 1945-75	100 1/2	100 1/2	...	4 0 0	13 1/2	11 1/2	12(a)	12(b)	12(a)	12(b)	12(a)
95 1/2	89 1/2	101 1/2	94 1/2	Argentine 4% Resc. 1952	90	88 1/2	-1 1/2	8 1 0	12 1/2	11 1/2	12(a)	12(b)	12(a)	12(b)	12(a)
95 1/2	89 1/2	101 1/2	94 1/2	Austria 7% 1957	90	88 1/2	-1 1/2	8 1 0	12 1/2	11 1/2	12(a)	12(b)	12(a)	12(b)	12(a)
95 1/2	89 1/2	101 1/2	94 1/2	Do. 4 1/2% 1934-50	83	82 1/2	-1/2	5 17 6	81 1/2	78 1/2	21(a)	21(b)	21(a)	21(b)	21(a)
95 1/2	89 1/2	101 1/2	94 1/2	B. Aires (Prov.) 3 1/2%	58	58	...	6 0 8	81 1/2	78 1/2	21(a)	21(b)	21(a)	21(b)	21(a)
114 1/2	108 1/2	112 1/2	106 1/2	Belgian 7% red. by 1956	109 1/2	108 1/2	-1 1/2	6 10 0	15 1/2	13 1/2	13(a)	13(b)	13(a)	13(b)	13(a)
80 1/2	19 1/2	20 1/2	15 1/2	Bulgaria 7 1/2% Loan	15 1/2	15 1/2	...	16 2 6 1/2	12 1/2	10 1/2	20(b)	20(a)	20(b)	20(a)	20(b)
91 1/2	72 1/2	84 1/2	48 1/2	Brazil 5% Fund. 1914	57 1/2	57 1/2	...	8 13 9	48 1/2	44 1/2	28(a)	28(b)	28(a)	28(b)	28(a)
30 1/2	16 1/2	23 1/2	14 1/2	Chili 6% (1929)	15 1/2	15 1/2	...	6 6 6	48 1/2	44 1/2	28(a)	28(b)	28(a)	28(b)	28(a)
86 1/2	80 1/2	91 1/2	74 1/2	China 5% (1912)	81	80	-1	6 6 6	48 1/2	44 1/2	28(a)	28(b)	28(a)	28(b)	28(a)
100 1/2	87 1/2	100 1/2	84 1/2	Do. 5% (1913)	108	105 1/2	-2 1/2	7 4 3	22 1/2	18 1/2	12(a)	12(b)	12(a)	12(b)	12(a)
110 1/2	101 1/2	113 1/2	103 1/2	Czechoslovakia 8%	95	95	...	3 3 6	17 1/2	15 1/2	30(a)	30(b)	30(a)	30(b)	30(a)
99 1/2	82 1/2	103 1/2	93 1/2	Danish 3%	60	57 1/2	-2 1/2	10 18 6	38 1/2	32 1/2	12(a)	12(b)	12(a)	12(b)	12(a)
99 1/2	82 1/2	103 1/2	93 1/2	Danish 6%	60	57 1/2	-2 1/2	10 18 6	38 1/2	32 1/2	12(a)	12(b)	12(a)	12(b)	12(a)
111 1/2	104 1/2	109 1/2	98 1/2	Egypt United 4%	101	101 1/2	+ 1/2	4 0 0	110 1/2	91 1/2	137(a)	137(b)	137(a)	137(b)	137(a)
28 1/2	22 1/2	30 1/2	22 1/2	French 4 1/2% (British)	20 1/2	27 1/2	+ 7 1/2	4 8 0	11 1/2	8 1/2	11(a)	11(b)	11(a)	11(b)	11(a)
95 1/2	46 1/2	78 1/2	57 1/2	German 7% Dawes Ln.	59	58	-1	12 7 6	9 1/2	8 1/2	33(a)	33(b)	33(a)	33(b)	33(a)
69 1/2	50 1/2	58 1/2	39 1/2	Do. 5 1/2% (Young Ln.)	41	41	...	13 8 3	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
36 1/2	31 1/2	37 1/2	24 1/2	Greek 6% Stab. Ln.	36	34	-2	...	8 1/2	6 1/2	18(a)	18(b)	18(a)	18(b)	18(a)
43 1/2	37 1/2	45 1/2	38 1/2	Hungary 7%	41 1/2	41 1/2	...	9 0 9 1/2	18 1/2	18 1/2	17(a)	17(b)	17(a)	17(b)	17(a)
46 1/2	39 1/2	41 1/2	38 1/2	Japanese 5 1/2% 1936-85	89	88	-1	6 6 0	25 1/2	24 1/2	31(a)	31(b)	31(a)	31(b)	31(a)
95 1/2	84 1/2	97 1/2	85 1/2	Do. 6% (1924) red 1959	92	91	-1	6 6 0	25 1/2	24 1/2	31(a)	31(b)	31(a)	31(b)	31(a)
139 1/2	98 1/2	144 1/2	113 1/2	Norwegian 4 1/2% 1911	125	125	...	3 5 0	53 1/2	45 1/2	14(c)	14(b)	14(c)	14(b)	14(c)
50 1/2	25 1/2	50 1/2	42 1/2	Peru 7 1/2% 1922	47 1/2	47 1/2	...	7 3 10	14 1/2	7 1/2	21(a)	21(b)	21(a)	21(b)	21(a)
95 1/2	84 1/2	100 1/2	93 1/2	Poland 5%	90	89 1/2	-1/2	7 10 0	24 1/2	22 1/2	6(b)	6(a)	6(b)	6(a)	6(b)
20 1/2	14 1/2	16 1/2	8 1/2	Roumania 5% 1922	13	13	...	2 13 10	94	93 1/2	11(a)	11(b)	11(a)	11(b)	11(a)
119 1/2	102 1/2	113 1/2	108 1/2	Swedish 3 1/2% 1908	130	130	...	4 13 6	141	134	3(b)	3(a)	3(b)	3(a)	3(b)
81 1/2	54 1/2	84 1/2	78 1/2	U.K. & Argentine 1933	78 1/2	78 1/2	...	3 16 6	25 1/2	25 1/2	6(b)	6(a)	6(b)	6(a)	6(b)
53 1/2	18 1/2	37 1/2	24 1/2	Do. C. Certs. (3% Max.)	25 1/2	25 1/2	...	4 5 0	18/101	13/6	2(c)	2(b)	2(c)	2(b)	2(c)
120 1/2	114 1/2	120 1/2	115 1/2	Corporation Stocks	115	115	...	3 13 6	24/101	19/6	6(a)	6(b)	6(a)	6(b)	6(a)
122 1/2	115 1/2	122 1/2	117 1/2	Berlin 6% 1935-70	117	116 1/2	-1/2	3 5 0	109	109	109	109	109	109	109
97 1/2	79 1/2	95 1/2	60 1/2	Bristol 5% 1948-58	119	118 1/2	-1/2	3 7 2	109	109	109	109	109	109	109
121 1/2	113 1/2	125 1/2	121 1/2	Bristol 5% 1948-58	119	118 1/2	-1/2	3 7 2	109	109	109	109	109	109	109
107 1/2	103 1/2	108 1/2	104 1/2	Danish 7% 1935-45	67 1/2	62 1/2	-5 1/2	11 4 0 1/2	8 1/2	4 1/2	10(c)	10(b)	10(c)	10(b)	10(c)
97 1/2	87 1/2	94 1/2	81 1/2	E. London 5% 1960-70	122	122	...	3 13 8	213	182	24(a)	24(b)	24(a)	24(b)	24(a)
107 1/2	103 1/2	108 1/2	104 1/2	Johannesb. 5 1/2% 1937-52	104	104	...	3 8 1	217	185	24(a)	24(b)	24(a)	24(b)	24(a)
97 1/2	87 1/2	94 1/2	81 1/2	L.C.C. 3%	93	92	-1	3 5 0	224	195	5(b)	5(a)	5(b)	5(a)	5(b)
...	...	103 1/2	101 1/2	Seine (Dpt. of) 4 1/2% 1952	102 1/2	103	+ 1/2	4 5 0	18/101	13/6	2(c)	2(b)	2(c)	2(b)	2(c)

Prices, Year 1935										Prices, Year 1935									
Jan. 1 to Sept. 25, inclusive		Last two Half-yearly Dividends		Name of Security	Price, Sept. 18, 1935	Price, Sept. 25, 1935	Rise or Fall	Yield, Sept. 25, 1935	£ s. d.	Jan. 1 to Sept. 25, inclusive		Last two Half-yearly Dividends		Name of Security	Price, Sept. 18, 1935	Price, Sept. 25, 1935	Rise or Fall	Yield, Sept. 25, 1935	£ s. d.
High-est	Low-est	(a)	(b) (c)							High-est	Low-est	(a)	(b) (c)						
18 1/2	13 1/2	Nil	Nil	Iron, Coal, &c.—contd.	17 1/2	18 1/2	+ 6d	Nil		27 1/2	25 1/2	5(c)	5(c)	Aerated Bread 1/2	26 1/2	26 1/2	— 6d	3 16	
7 1/2	3 1/2	Nil	Nil	Haddfields 10%	6 1/2	6 1/2	...	Nil		32 1/2	24 1/2	5(c)	7(c)	Alfred Neapap 1/2	31 1/2	31 1/2	— 6d	4 11	
24 1/2	19 1/2	31 1/2	12 1/2	Har. & W.H. 6% Cm. Pl.	20 1/2	20 1/2	...	5 0 0		10 1/2	6 1/2	15(c)	Nil(c)	Amal. Dental Def. 1/2	8 3/8	8 3/8	...	4 11	
28 1/2	18 1/2	31 1/2	12 1/2	Horden Collieries 1%	20 1/2	20 1/2	...	5 0 0		25 1/2	18 1/2	4(c)	5(c)	Amal. Metal. 1/2	24 1/2	24 1/2	+ 9d	4 0	
13 1/2	8 1/2	3(c)	2(c)	Lambert Bros. Ord. 1/2	20 1/2	18 1/2	— 1 1/2	4 9 6		21 1/2	18 1/2	5(c)	6(b)	Amal. Press 10 1/2	20 1/2	20 1/2	...	5 9	
6 1/2	3 1/4	Nil	Nil	Ocean Coal & Wilsons 1/2	8 1/2	8 1/2	...	4 11 6		34 1/2	27 1/2	31/2	4 1/2	Army and Navy 10 1/2	32 1/2	30 1/2	— 2 1/2	4 3	
22 1/2	16 1/2	11 1/2	4 1/2	Pease and Partners 10 1/2	17 1/2	16 1/2	— 3d	Nil		5 1/2	4 1/2	10(c)	5(c)	Assoc. Brit. Picture 5 1/2	7 1/2	7 1/2	— 1 1/2	6 7	
28 1/2	21 1/2	14 1/2	5 1/2	Sheepbridge Cl. In 1/2	24 1/2	24 1/2	...	6 17 0		26 1/2	20 1/2	20(c)	20(c)	Assoc. Newspr. Of. 5 1/2	23 1/2	23 1/2	...	5 7	
55 1/2	33 1/2	Nil	3(c)	S. Durham 1/2 Ord. 1/2	51 1/2	50 1/2	— 1 1/2	3 12 0		14 1/2	18 1/2	Nil(c)	Nil(c)	Assoc. P. Cement 1/2	57 1/2	57 1/2	...	5 7	
22 1/2	13 1/2	Nil	3(c)	Steel & Iron 1/2 Ord. 1/2	24 1/2	23 1/2	— 9d	2 10 6		79 1/2	72 1/2	10(b)	5(c)	Baird Television, (Def. 5 1/2)	7 1/2	8 1/2	+ 1 1/2	Nil	
22 1/2	13 1/2	Nil	3(c)	Stanton Ironworks 1/2	50 1/2	49 1/2	— 7 1/2	4 1 0		51 1/2	45 1/2	6(b)	5(c)	Barker (John) 1/2	75 1/2	75 1/2	— 7 1/2	4 0	
47 1/2	37 1/2	13 1/2	15 1/2	Staveley Coal, &c., 1/2	43 1/2	43 1/2	...	3 13 2		67 1/2	41 1/2	6(b)	6(a)	Barry & Staines Lino.	48 1 1/2	47 1/2	— 7 1/2	4 12	
35 1/2	28 1/2	Nil	3(c)	Stewarts & Lloyds 1/2	32 1/2	32 1/2	— 6d	3 1 9		51 1/2	45 1/2	10 20(c)	20 20(c)	Berger (Lewis) Ord. 1/2	62 1/2	63 1/2	+ 1 1/2	3 14	
24 1/2	13 1/2	Nil	3(c)	Swan, Hunter 1/2	22 1/2	24 1/2	+ 1 1/2	2 10 0		18 1/2	11 1/2	Nil(c)	21(c)	Boat's Pure Drug 5 1/2	48 1/2	48 1/2	...	3 1	
9 1/2	4 1/2	Nil	6(c)	Thomas (Richard) (6/8)	26 1/2	26 1/2	...	3 19 3		11 1/2	11 1/2	Nil(c)	21(c)	Borax Deferred 1/2	17 1/2	17 1/2	...	2 17	
88 1 1/2	28 1/2	Nil	6(c)	Thornycroft, John, 1/2	14 1/2	14 1/2	...	4 7 8 1/2		48 1/2	28 1/2	5(c)	7 1/2	Bovril Deferr'd 1/2	42 1/2	41 1/2	— 1 1/2	4 0	
18 1/2	9 1/2	Nil	Nil	U. States Steel \$100	34 1/2	34 1/2	— 2	Nil		40 1/2	34 1/2	12 1/2	14 1/2	British Aluminium 1/2	37 1/2	36 1/2	— 1 1/2	3 1	
35 1/2	24 1/2	24 1/2	4 1/2	United Steel Cos.Ord. 1/2	33 1/2	32 1/2	— 1	4 7 6		121 1/2	71 1/2	4(c)	11 1/2	British Match 1/2	107 1/2	106 1/2	— 1 1/2	2 16	
17 1/2	8 1/2	4(c)	6(c)	Vickers (6/8)	16 1/2	17 1/2	+ 9d	2 6 9		8 1/2	7 1/2	15 1/2	20 1/2	Carraes "A" Ord. 1/2	7 1/2	7 1/2	...	4 11	
147 1/2	99 1/2	10 1/2	20 1/2	Weardale Steel&C. Def. 1/2	30 1/2	31 1/2	+ 1 1/2	3 18 0		34 1/2	21 1/2	10 1/2	20 1/2	Cole (E. K.) Ord. 1/2	30 1/2	30 1/2	+ 3d	4 13	
				Whitehead Iron & Stil. 1/2	11 1/2	11 1/2	...	5 5 0		66 1/2	51 1/2	21 1/2	7 1/2	DeHavilland Aircraft 1/2	61 1/2	60 1/2	— 1 1/2	2 10	
										66 1/2	51 1/2	21 1/2	7 1/2	Dowry (John) 1/2	58 1/2	58 1/2	...	3 18	
										64 1/2	48 1/2	5(c)	5(c)	Eastwoods Ord. 1/2	61 1/2	61 1/2	...	3 18	
										34 1/2	24 1/2	Nil(c)	10(c)	Elec. & Musical Ind. 10 1/2	26 1/2	27 1/2	+ 3d	3 12	
										142 1/2	85 1/2	5 1/2	12 1/2	Ever Ready Co. 5 1/2	22 1/2	22 1/2	...	8 0	
										68 1/2	61 1/2	5(c)	5(c)	Fairley Aviation 10 1/2	28 1/2	26 1/2	— 3d	3 18	
										64 1/2	48 1/2	5(c)	5(c)	Finlay (James) & Co. 1/2	67 1/2	65 1/2	— 2 1/2	3 18	
										14 1/2	10 1/2	11 1/2	5(c)	Gallagher Ltd.Ord. 1/2	132 1/2	132 1/2	...	2 15	
										133 1/2	117 1/2	15 1/2	5(c)	Gasometer (D. 10 1/2)	46 1/2	45 1/2	— 6d	3 19	
										38 1/2	33 1/2	5 1/2	2 1/2	Gestetter (D. 10 1/2)	46 1/2	45 1/2	— 1 1/2	3 19	
										11 1/2	7 1/2	1(c)	2(c)	Goodlass Wall & Co.(10 1/2)	13 1/2	13 1/2	...	4 11	
										15 1/2	8 1/2	Nil(c)	Nil(c)	Harrisons & Cros.Def. 1/2	121 1/2	122 1/2	+ 1 1/2	3 6	
										74 1/2	61 1/2	11 1/2	5(c)	Harrods 1/2	79 1/2	80 1/2	+ 7 1/2	4 0	
										33 1/2	24 1/2	15(c)	20(c)	Hawker Aircraft (5 1/2)	30 1/2	31 1/2	+ 9d	3 4	
										11 1/2	7 1/2	Nil(c)	Nil(c)	Home & Col. Str. 4 1/2	5 1/2	5 1/2	...	4 11	
										38 1/2	33 1/2	5 1/2	2 1/2	Imperial Oil 1/2	34 1/2	34 1/2	...	4 12	
										11 1/2	7 1/2	1(c)	2(c)	Imperial Ref. (10 1/2)	8 1/2	8 1/2	...	2 7	
										15 1/2	8 1/2	Nil(c)	Nil(c)	Imperial Smelt. Ord. 1/2	14 1/2	14 1/2	— 9d	Nil	
										74 1/2	61 1/2	11 1/2	5(c)	Imperial Tobacco 1/2	6 1/2	6 1/2	...	3 6	
										33 1/2	24 1/2	15(c)	20(c)	Inter. Nickel of Can.	33 1/2	33 1/2	...	4 11	
										36 1/2	30 1/2	12 1/2	18 1/2	International Tea 5 1/2	34 1/2	33 1/2	— 1 1/2	4 11	
										33 1/2	29 1/2	3 1/2	3 1/2	Leaver (John) 1/2	32 1/2	32 1/2	...	4 18	
										88 1/2	72 1/2	10 1/2	20 1/2	Leaver (John) 1/2	32 1/2	32 1/2	...	4 18	
										88 1/2	72 1/2	10 1/2	20 1/2	Leaver (John) 1/2	32 1/2	32 1/2	...	4 18	
										88 1/2	72 1/2	10 1/2	20 1/2	Leaver (John) 1/2	32 1/2	32 1/2	...	4 18	
										88 1/2	72 1/2	10 1/2	20 1/2	Leaver (John) 1/2	32 1/2	32 1/2	...	4 18	
										88 1/2	72 1/2	10 1/2	20 1/2	Leaver (John) 1/2	32 1/2	32 1/2	...	4 18	
										88 1/2	72 1/2	10 1/2	20 1/2	Leaver (John) 1/2	32 1/2	32 1/2	...	4 18	
										88 1/2	72 1/2	10 1/2	20 1/2	Leaver (John) 1/2	32 1/2	32 1/2	...	4 18	
										88 1/2	72 1/2	10 1/2	20 1/2	Leaver (John) 1/2	32 1/2	32 1/2	...	4 18	
										88 1/2	72 1/2	10 1/2	20 1/2	Leaver (John) 1/2	32 1/2	32 1/2	...	4 18	
										88 1/2	72 1/2	10 1/2	20 1/2	Leaver (John) 1/2	32 1/2	32 1/2	...	4 18	
										88 1/2	72 1/2	10 1/2	20 1/2	Leaver (John) 1/2	32 1/2	32 1/2	...	4 18	
										88 1/2	72 1/2	10 1/2	20 1/2	Leaver (John) 1/2	32 1/2	32 1/2	...	4 18	
										88 1/2	72 1/2	10 1/2	20 1/2	Leaver (John) 1/2	32 1/2	32 1/2	...	4 18	
										88 1/2	72 1/2	10 1/2	20 1/2	Leaver (John) 1/2	32 1/2	32 1/2	...	4 18	
										88 1/2	72 1/2	10 1/2	20 1/2	Leaver (John) 1/2	32 1/2	32 1/2	...	4 18	
										88 1/2	72 1/2	10 1/2	20 1/2	Leaver (John) 1/2	32 1/2	32 1/2	...	4 18	
										88 1/2	72 1/2	10 1/2	20 1/2	Leaver (John) 1/2	32 1/2	32 1/2	...	4 18	
										88 1/2	72 1/2	10 1/2	20 1/2	Leaver (John) 1/2	32 1/2	32 1/2	...	4 18	
										88 1/2	72 1/2	10 1/2	20 1/2	Leaver (John) 1/2	32 1/2	32 1/2	...	4 18	
										88 1/2	72 1/2	10 1/2	20 1/2	Leaver (John) 1/2	32 1/2	32 1/2	...	4 18	
										88 1/2	72 1/2	10 1/2	20 1/2	Leaver (John) 1/2	32 1/2	32 1/2	...	4 18	
										88 1/2	72 1/2	10 1/2	20 1/2	Leaver (John) 1/2	32 1/2	32 1/2	...	4 18	
										88 1/2	72 1/2	10 1/2	20 1/2	Leaver (John) 1/2	32 1/2	32 1/2	...	4 18	
										88 1/2	72 1/2	10 1/2	20 1/2	Leaver (John) 1/2	32 1/2	32 1/2	...	4 18	
										88 1/2	72 1/2	10 1/2	20 1/2	Leaver (John) 1/2	32 1/2	32 1/2	...	4 18	
										88 1/2	72 1/2	10 1/2	20 1/2	Leaver (John) 1/2	32 1/2	32 1/2	...	4 18	
										88 1/2	72 1/2	10 1/2	20 1/2	Leaver (John) 1/2	32 1/2	32 1/2	...	4 18	
										88 1/2	72 1/2	10 1/2	20 1/2	Leaver (John) 1/2	32 1/2	32 1/2	...	4 18	
										88 1/2	72 1/2	10 1/2	20 1/2	Leaver (John) 1/2	32 1/2	32 1/2	...	4 18	
										88 1/2	72 1/2	10 1/2	20 1/2	Leaver (John) 1/2	32 1/2	32 1/2	...	4 18	
										88 1/2	72 1/2	10 1/2	20 1/2	Leaver (John) 1/2	32 1/2	32 1/2	...	4 18	
										88 1/2	72 1/2	10 1/2	2						

(Continued from page 623)

CONVERSIONS AND REPAYMENTS

Brown (John) and Company.—The directors are prepared to pay off on September 30, 1935: (a) The first debentures (falling due on April 1, 1936) at £106 4s. per £100 debenture; and (b) the second debentures (falling due on January 1, 1936) at £104 15s. 10d. per £100 debenture. These sums represent the actual net amount holders would be entitled to

CALLS DUE SEPTEMBER 30 TO OCTOBER 5, 1935

The grand total of calls falling due in September, 1935, is £16,099,085, which compares with £4,766,761 which fell due in September, 1934.

Nominal amount of Stock	Company	Amount of Call	When payable	Making Paid
Debs.	Amarilla Gold Mines (1,240 7½% Conv. Deb. £25 at par)	£10	Sept. 30	All
Stock	Australia 3% Reg. Stk., 1939-41 (issue of £13,469,981)	£98%	Oct. 1	All
Stock	Birkenhead 3% Stk., 1932-55 (£1,000,000, at 99%)	£45%	Oct. 4	All
Debs.	Brancepeth Gas (£325,000 5% Reg. Debs., at 98%)	£40%	Oct. 1	£60%
£1	Briggs Motor Bodies (400,000 Ord. Shares, at 25/-)	12/6 p.s.	Oct. 1	All
Stock	Briggs Motor Bodies (£1,000,000 4½% Deb. Stock, at £103%)	£50%	Oct. 1	All
Stock	British (Guest, Keen, Baldwins) Iron and Steel (£2,250,000 4% Deb. Stock, at par)	£30%	Sept. 30	£70%
£1	British Oxygen (278,186 Ord. Shares at 70/-)	20/-	Sept. 30	40/-
Stock	Brown (John) and Company (£2,000,000 4½% 1st Mort. Deb. Stock, at £102½%)	£25	Sept. 30	£77%
Stock	Brunner Investment Trust (£300,000 3½% Deb. Stock, 1930-55, at 97½%)	£50%	Oct. 1	All
Stock	Dormann, Long and Company (£600,000 4% Red. Prior Lien Stock, at £102½ net)	£25%	Oct. 1	£50%
5/-	Gold Coast Selection Trust (1,000,000 Shares, at 15/-)	5/- p.s.	Sept. 30	All
£1	Great Universal Stores (300,000 5% Cum. 2nd Pref. Shares, at par)	5/- p.s.	Sept. 30	15/- p.s.
£1	Leeds and Wakefield Breweries (175,000 6% Cum. Pref. Shares, at 24/6)	7/- p.s.	Oct. 1	17/6
£1	Lincolnshire and Central Electric (£400,000 4% Deb. Stock, at 98½%)	£25%	Sept. 30	£73½%
Stock	Liverpool 3% Stock, 1935-58 (£3,000,000, at 99½%)	£40%	Oct. 4	All
Stock	Lowestoft 3% Stock, 1955 (£250,000, at 98½%)	£40%	Oct. 1	£58½%
£1	Metal Industries (500,000 5% Cum. Pref. Shares, at 21/8)	10/- p.s.	Sept. 30	All
Stock	Milcom and Askan Iron (£200,000 5% Deb., 1938-55, at £100%)	£30%	Sept. 30	All
Stock	New Zealand 3% Stock, 1952-55 (£8,000,000, at 98½%)	£93½%	Oct. 1	All
Stock	North Metropolitan Electric (£700,924 Ord. Stock, at £2)	20/-	Sept. 30	All
£1	Northampton Electric (£14,000 Ord. Shares, at 44/-)	20/- p.s.	Oct. 3	All
Stock	Nuneham 3% Stock, 1934-56 (£250,000, at 97 5/8% net)	£87½%	Sept. 30	All
£1	Odhams (Watford) (450,000 5½% Cum. Pref. Shares, at 21/-)	11/-	Oct. 1	All
5/-	Rest Hotels (160,000 Shares, at par)	2/6 p.s.	Oct. 1	All
£1	St. Austell Electric (6,000 Ord. Shares, at 35/-)	10/-	Oct. 1	25/-
£1	Scottish Mortgage and Trust (75,000 4% Cum. Pref. Shares, at par)	19/- p.s.	Sept. 30	All
£1	Scottish Power (offer, to Ord. Shareholders registered Sept. 7, of 538,333 new Ord. Shares, at 32/-)	15/-	Oct. 4	15/-
Stock	Stewarts and Lloyds of South Africa (£350,000 3½% Stg. Deb. Stock, at 98%)	£48%	Sept. 30	All
1/-	Sunlight Laundries (Local and Western) 1,000,000 Ord. Shares, at 3/-	1/- p.s.	Oct. 5	All
£1	Do. 75,000 Pref. Shares, at 27/-	10/- p.s.	Oct. 5	All
Stock	West London Property (£1,000,000 4% 1st Mort. Deb. Stock, at par)	£25%	Sept. 30	£75%

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Amt. paid	Price, Sept. 18, 1935	Price, Sept. 25, 1935
African Railway Finance 2% Deb.	98½	5	1-1½ dis	21-1½ dis
Australia 3%	100	5	1-1½ pm	1/8-2/7½ pm
Briggs Motor Bodies Ord.	25/-	12/6	2/11-2/7½ pm	21-1½ dis
Do. 4½% 1st Deb.	103	53	1-1½ dis	1-1½ pm
British (Guest Keen & Baldwins) 4% Deb.	100	40	1-1½ pm	2/3-2/9 pm
Cables Investment Trust £10	101	1	4/3-4/9 pm	1 dis-1½ pm
Do. 3½% Debs.	99	10	par-1 pm	4½-4½ pm
Daily Sketch 4½% 1st Deb.	104	64	4½-4½ pm	1-1½ dis
Dunder 3%	100	70	1-1½ dis	1/71-1/11 dis
Earls Court Ord. 5/-	£100	£20	6½-4½ dis	8/6 dis
Do. 5½% 2nd Debs.	£1	...	56/6-57/6	56/-57/-
Green (J. W.) Ord. £1	£1	...	22/9-23/3	22/6-23/-
Harding Tilton	7/6	2/6	1/6-2/- pm	1/6-2/- pm
Hills (R. H. O.) Ord. 5/-	21/-	10/-	10½d-1/1½ pm	10½d-1/1½ pm
Do. 6% Pref. £1	5/-	...	10/7½-10/10½	21-2½ dis
Hobson (H. M.) 5/-	98	18	2½-2½ pm	21-2½ pm
India 3%, 1949-52	104	24	2½-2½ pm	21½-21½ dis
Kelly's Directories 4% Deb.	20/-	...	21½-21½ dis	1-1½ pm
Lanarkshire Steel 6% Pref.	99½	59½	1-1½ pm	1-1½ pm
Leeds 3% Stock	24/6	10/6	3d dis-3d pm	3d dis-3d pm
Leeds and Wakefield Breweries 6% Pref.	99½	59½	1½-1½ pm	1½-1½ pm
Liverpool 3%	46/-	30/-	2/3-1/9 dis	2/8-2/3 dis
London County Freehold Properties 20/-	97	22	1½-1 dis	2½-2½ dis
London Electric Transport 2½% Debs.	98½	18½	1-1½ pm	1-1½ pm
Lowestoft 3%	21/-	11/-	1-1½ dis	par-3d pm
Maclean's 6% Pref. 20/-	98½	5	1-1½ dis	1½-1½ pm
New Zealand 3%	21/-	10/-	1/9-2/3 pm	1/71-2/11 pm
Odhams (Watford) 5½% Pref.	101	51	1½-1½ pm	1½-1½ pm
Ribblesdale Cement 4% Debs.	100	45	1½-1½ dis	8/3-8/9
Trinidad 3% Stock	100	55	1½-1½ dis	1½-1½ pm
Ultra Electric (Holding) 5/-	7/-	4/8	10½d-1/4½ pm	2½-1½ dis
West Bromwich 3%	100	50	2½-1½ dis	4/9-5/3
Westland Aircraft 5/-	5/-	...	...	...
W. Lon. Prop. 4% Debs.	100	50	2½-1½ dis	4/9-5/3
W. Spaarwater 5/-	5/-	...	...	...

receive from the company up to the date of redemption, less a discount for the prompt cash payment at the rate of 2½ per cent. per annum.

Burton-upon-Trent Corporation.—This corporation intends to repay its 3 per cent. stock, 1913-43, at par, with accrued interest, on and after October 31, 1935.

Canadian General Electric Company.—The Canadian General Electric Company intends to repay its 7 per cent. preference stock at 115 per cent. and of replacing it by a 5 per cent. issue. Stock outstanding \$8,557,750.

FIXED TRUST

"Keystone" Profit-Sharing Certificates.—British Keystone Securities Trust announces issue of above certificates. Underlying securities consist of shares in 53 industrial concerns. Trustee: Midland Bank Executor and Trustee Company, Ltd. Managers undertake to repurchase at net break-up value, provide reserve for continuity of management, and have power of elimination and distribution of cash proceeds. Bonus shares sold and distributed in cash. Trust period, ten years; management charge, 8 per cent. Certificate holders participate as to 50 per cent. in managers' profits.

OFFER ABROAD

Canadian Conversion Loan.—Issue of \$135,000,000, \$45,000,000 in one-year 1½ per cent. bonds on basis which will yield 1.9 per cent., and \$90,000,000 of three-year bonds on a 2 per cent. basis, yielding 2½ per cent. Purpose to repay \$25,000,000 of 4 per cent. 3-year bonds, maturing October 15th, and \$89,000,000 of 3½ per cent. 2-year bonds, maturing on the same date.

FORTHCOMING ISSUE

Easterns, Ltd.—Meeting October 11, 1935, to consider increase in capital by issue, as soon as possible, of 135,000 redeemable 6 per cent. cumulative preference shares £1.

OTHER RESULTS OF ISSUES

Severn Valley Gas Corporation.—The offer to shareholders of Welshpool Lighting and Power has been accepted by holders of a substantial majority of the issued share capital of that company.

African Railway Finance Company.—Underwriters have had to take up about 97 per cent.

The Sussex Brick Company, Ltd.—The recent issue of 120,000 new 8 per cent. cumulative preferred ordinary shares and 280,000 new deferred shares was oversubscribed.

Liverpool Corporation Bills.—Tenders for £1,000,000 twelve-months' bills. The total amount applied for was £2,480,000. Amount allotted, £1,000,000. Tenders at £99 receive about 4 per cent.; above in full. Average rate per cent. per annum, 18s. 1.10d.

OIL OUTPUTS

ANGLO-EQUADORIAN OILFIELDS, LTD.—The production for August is cabled as 17,394 tons.

ANGLO-IRANIAN OIL COMPANY, LTD.—Production in Iran for the month of August amounted to 662,000 tons, making a total of 4,928,000 tons for the first eight months of 1935.

THE ATTOCK OIL COMPANY, LTD.—Production for August: 5,980 barrels.

THE BRITISH BURMAH PETROLEUM COMPANY, LTD.—A cablegram has been received from Burma reporting the production of crude oil by this company for the month of August as 28,563 barrels.

BRITISH CONTROLLED OILFIELDS, LTD.—Production for week ended September 7th: Venezuela, 14,808 barrels; Trinidad, 31,575 barrels; total, 46,383 barrels. Production for the week ended September 14th: Venezuela, 15,259 barrels; Trinidad, 30,408 barrels; total, 45,667 barrels. Production for August: Venezuela, 69,356 barrels; Trinidad, 148,158 barrels; total, 217,514 barrels. Shipments for August: Venezuela, 57,755 barrels; Trinidad, 133,153 barrels; total, 190,908 barrels. Production for the week ended September 21st: Venezuela, 15,483 barrels; Trinidad, 29,233 barrels; total, 44,716 barrels.

DACIA ROMANO PETROLEUM SYNDICATE, LTD.—Gross production for August: Dacia, 3,692 tons; Perimeter X: 4,792 tons; Star-naphtha: 623 tons.

LOBITOS OILFIELDS, LTD.—The production of the Peruvian Company for August is cabled as 24,361 tons.

THE MEXICAN EAGLE OIL COMPANY, LTD.—Production for the week ended August 17, 1935, was 441,000 barrels. Production for the week ended August 24, 1935, was 446,000 barrels. Production for the week ended August 31, 1935, was 451,000 barrels. Production for the week ended September 7, 1935, was 435,000 barrels. Production for the week ended September 14, 1935, was 465,000 barrels.

COMPANY MEETINGS, &c.

SECOND ALLIANCE TRUST COMPANY, LIMITED

INCREASED NET REVENUE—FAVOURABLE CAPITAL POSITION

MR JAMES PRAIN'S REVIEW

The annual ordinary general meeting of the Second Alliance Trust Company, Limited, was held, on the 20th instant, in the company's office, Meadow House, 64 Reform Street, Dundee.

Mr James Prain presided, and after formal evidence of the proper calling of the meeting had been submitted, the Assistant Secretary read the auditors' report to the shareholders.

The Chairman, in moving the adoption of the annual report, said:—I have now to move the adoption of the directors' report and accounts for the past year, which have been in your hands for the statutory period and with which you have no doubt familiarised yourselves. I think you will agree that they make a satisfactory showing.

INCREASED REVENUE—IMPROVED CAPITAL POSITION

Last year I pointed out to you the considerable influence which the dollar rate of exchange has in some years on our revenue. In 1933 we showed an exchange profit of no less than £13,800, while last year there was still a profit of £875. This year there is an actual loss of £729, yet after deducting interest on borrowed money we show an increase on net revenue over last year of £7,633.

The capital position is also satisfactory. We have made the usual valuation of our bond and stock investments at the closing date of our year, July 31st, and this shows a very satisfactory improvement on last year's figures. It is true that there has been a general appreciation in market values during the year, but I think it will be found that our appreciation is fully greater than that shown by securities as a whole. I see from the *Bankers' Magazine* that their index, which includes 365 representative securities, shows at July, 1935, a rise in value for the year of 3.9 per cent., whereas we show, you will observe, an appreciation of fully 7½ per cent.

MARKET VALUES AND REVENUE

This is, of course, so far as it goes, a testimony to the quality of our company's investments, but personally I am not much concerned with these market values which are here to-day and may be gone to-morrow. I prefer to look upon our revenue showing as the cardinal feature, and I may point out that the figures before you show earnings equivalent to 22.28 per cent. on our ordinary capital. After all, the earning of revenue is the business of an investment company, and if we keep our attention fixed on that object we shall, I am sure, not only take the best course to obtain immediate revenue, but we shall adopt the surest method of supporting our capital position.

And this is true not only because we shall thereby obtain surplus revenue to regularly buttress our reserves, but also because investments chosen with a single eye to the revenue they may be expected to produce are much more likely to stand the test of time than those chosen because for a variety of reasons we believe or guess they will show a rise in the stock markets. In other words, revenue should be our main manufacture, capital appreciation its by-product.

With regard to the small part of our funds still remaining in the mortgage business, I shall not trouble you with any detailed account of our troubles. You will understand that we are doing all we can to speed up the difficult process of liquidation, subject to the preservation of your interests, and that, on the other hand, it is quite impossible in present circumstances to place any reliable valuation on the remaining assets we have in the mortgage business. We may be thankful that the process of liquidation was started in good time to save the company from serious difficulty.

ENCOURAGING TRADE FIGURES

With regard to the future, I do not propose to indulge in what has been called "that gratuitous form of error"—prophecy, but recent trade and other figures enable us to enjoy that sound stimulus to human endeavour—hope. The figures for our internal trade are very encouraging. The monthly return of retail trade published in the *Board of Trade Journal* shows that the money value of sales for July, 1935, increased by 6.7 per cent., against value of sales for July, 1934, following an average rise to the end of June of 4.6 per cent., and the improvement has been general, sales having risen in every district from April onwards.

The statistics of the country's external trade are equally satisfactory, notwithstanding the failure of international trade as a whole to make real recovery. The volume of the latter measured

in gold values is still falling, though measured in sterling—which has itself depreciated against gold—the position shows a slight improvement. Britain's own external trade, however, has made a substantial advance. Our foreign trade returns show an increase for the seven months to July 31st last of 7.5 per cent. in exports, and of .2 per cent. in imports against the same period in 1934. July itself showed an increase of 8.2 per cent. in exports and 6.5 per cent. in imports—a very healthy position indeed. The August figures for our external trade have now been issued, and with an increase in exports of 10.4 per cent. over August, 1934, make a still better showing. Now, we are, of course, interested in many companies for whom these excellent figures of the immediate past indicate improvement, and we may justifiably hope that they will be reflected in the results which these concerns may provide us in the immediate future.

BRITAIN'S OVERSEA INVESTMENT INTERESTS

I should also like to refer to some figures which have just been given with regard to Britain's overseas investment interests in the customary annual article which Sir Robert Kindersley contributes to the *Economic Journal*. He includes in our overseas investments foreign and Colonial loans and the shares and obligations of British companies registered in the United Kingdom, but operating abroad, and, of course, in foreign and Colonial companies both registered and operating abroad.

The income from these sources received in this country he shows to have amounted to about £231,000,000 in 1929, and to have sunk to £149,000,000 in 1933. The figure, however, for 1934 showed an advance for the first time since the depression set in to over £158,000,000, and he adds the observation—based on the estimates compiled by the *Economist*—that that year provided many of the companies involved with an opportunity to improve their financial structure, of which they took advantage, with the result that the proportion of profit placed to reserve during the year rose very sharply.

PROSPECT OF FURTHER IMPROVEMENT

It would also appear from Sir Robert's discussions of the factors responsible for the rise that the outlook for still further improvement is better than for some time past. Income from foreign Government and municipal bonds is unlikely to suffer further serious loss through default, and there is hope for an improvement as a result for at least partial resumption of payments—for instance, take the case of Chile. The operation of restriction schemes in various commodities may afford a higher level of earnings for a large number of British companies operating abroad, and so on. We must not, of course, expect that without a real increase in trade throughout the world and a general advance in world prices we can see anything like a return to pre-depression figures, but the point is that the outlook is for further improvement rather than for a renewal of the decline.

I have mentioned these various matters because they appear to me to bear generally on the interests of this company. There will, of course, be offsets and dangers. Perhaps the greatest of the dangers is involved in the international political outlook, but at least we have these encouraging figures to stimulate our hopes and continue our efforts in your interests.

DIVIDEND MAINTAINED

As to the actual results which we may be able to lay before you next year, it is too early to make any promises. Meantime, your directors are very glad to be able not only to recommend the maintenance of last year's dividend of 18 per cent. but to put a sum to the credit of contingent fund which tends to become exhausted through the discharge of its function of writing off the losses and depreciations which in common with our neighbours we have suffered during the years of depression.

I have once more to acknowledge the valuable assistance of our staff, and shall now conclude by moving that the directors' report and accounts for the year ended July 31, 1935, be adopted and approved, and that the final dividends be declared at the rates therein recommended on £700,000 preference stock at the preferential rate of 4½ per cent. per annum, and on £350,000 ordinary stock at the rate of 18 per cent. per annum, all subject to income tax.

The report and accounts were adopted, and resolutions declaring dividends, re-electing the retiring director, and appointing auditors were unanimously passed.

The report was unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended September 21, 1935, amounted to £13,904,000, against ordinary expenditure of £7,526,000. After allowing for a decrease in Exchequer Balances of £236,298, the operations for the week, as shown below, decreased the gross National Debt by £6,400,000 to approximately £7,959 millions.*

(000's omitted)

REVENUE	Estimate for the year 1935-36	April 1, 1935, to Sept. 21, 1935	April 1, 1934, to Sept. 21, 1934	Week ended Sept. 21, 1935	Week ended Sept. 22, 1934
Treasury Bills	+807	Public Dept. Advances	-6,950		
		N. Atlantic shipping issues	-27		
		Road Fund temp. advances	-180		
		National Savings Certificates	-50		
	+807		-7,207		

* Including £375 millions on Account of Exchange Equalisation Fund and Borrowing for Statutory Sinking Fund. Figure revised as from September 14th, owing to revision of March 31st figure since official publication of Sinking Fund and other transactions for 1934-35.

A complete analysis of the approximate position of the National Debt on June 30, 1935, appeared in the *Economist* for July 6.

REVENUE	Estimate for the year 1935-36	Total Receipts into the Exchequer			
		April 1, 1935, to Sept. 21, 1935	April 1, 1934, to Sept. 21, 1934	Week ended Sept. 21, 1935	Week ended Sept. 22, 1934
ORDINARY REVENUE					
Inland Revenue	£232,500,000	£51,018,000	£49,977,000	£856,000	£280,000
Income Tax	51,500,000	5,610,000	8,210,000	80,000	1,050,000
Sur-tax	80,000,000	45,090,000	39,069,000	4,770,000	620,000
Estate, etc., Duties	25,000,000	9,160,000	8,640,000	240,000	50,000
Stamps	1,700,000	...	...	...	...
Excess Profits Duty and Corporation Profits Tax	1,700,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	130,000	150,000	...	10,000
Total Inland Revenue	391,500,000	111,008,000	106,037,000	5,946,000	2,010,000
Customs and Excise—					
Customs	188,570,000	93,227,000	89,649,000	3,930,000	3,857,000
Excise	106,350,000	54,000,000	49,400,000	5,800,000	5,404,000
Total Customs and Excise	294,920,000	144,227,000	139,049,000	9,730,000	9,261,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,104,000	1,451,000	Dr 108,000	Dr 200,000
Post Office (Net Receipt)	11,850,000	6,550,000	8,150,000	Dr 170,000	Dr 155,000
Crown Lands	1,330,000	610,000	570,000	...	...
Receipts from Sundry Loans	3,900,000	3,008,239	2,862,008	...	...
Miscellaneous Receipts	25,970,000	11,014,831	6,897,504	36,390	26,514
Total Ordinary Revenue	734,470,000	277,522,070	265,016,512	13,904,390	9,547,514
SELF-BALANCING REVENUE					
Post Office	64,070,000	28,750,000	26,400,000	2,750,000	2,550,000
Motor Vehicle Duties apportioned to Road Fund	26,230,000	6,892,000	7,937,000	108,000	200,000
Total Self-Balancing Revenue	90,300,000	35,642,000	34,337,000	2,858,000	2,750,000
Total	...	313,164,070	299,353,512	16,762,000	12,297,514

EXPENDITURE	Estimate for the year 1935-36	Total Issues out of the Exchequer to meet Payments			
		April 1, 1935, to Sept. 21, 1935	April 1, 1934, to Sept. 21, 1934	Week ended Sept. 21, 1935	Week ended Sept. 22, 1934
ORDINARY EXPENDITURE					
Interest and Management of National Debt	224,000,000	104,355,095	105,621,128	221,938	325,071
Payments to Northern Ireland Exchequer	6,750,000	2,303,929	2,481,068	...	...
Other Consolidated Fund Services	3,700,000	1,305,835	1,427,244	53,750	394,139
Post Office Fund	1,130,000	...	...	...	...
Total	235,580,000	107,964,859	109,529,440	275,688	719,210
Total Supply Services (excluding Post Office)	508,440,000	225,404,098	206,703,319	7,250,000	4,700,000
Total Ordinary Expenditure	744,020,000	333,368,957	316,232,759	7,525,688	5,419,210
SELF-BALANCING EXPENDITURE					
Post Office	64,070,000	28,750,000	26,400,000	2,750,000	2,550,000
Road Fund	26,230,000	6,892,000	7,937,000	108,000	200,000
Total Self-Balancing Expenditure	90,300,000	35,642,000	34,337,000	2,858,000	2,750,000
Total	...	369,010,957	350,569,759	10,383,688	8,169,210

The aggregate revenue and expenditure to September 21, 1935, is shown below:—

FINANCIAL YEAR, 1935-36, April 1, 1935, to SEPTEMBER 21, 1935 (000's omitted)

Expenditure	333,369	Revenue	277,522
		Decrease in balances	177
		Gross inc. in borrowing	£60,177
		New Sinking Fund	4,507*
		Net borrowing	55,670
	333,369		333,369

* Authority will be sought in the Finance Bills to meet the amount of the Statutory Sinking Funds in 1935 by borrowing.

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POSITION OF THE FLOATING DEBT

Ways and Means Advances Outstanding—	Sept. 22, '34	Mar. 31, '35	Sept. 21, '35	Sept. 21, '35	Movement week ended
Advances by Bank of England	£44,250,000	£34,080,000	£14,570,000	£6,950,000	
Advances by Public Departments	825,280,000	799,320,000	894,025,000*	+ 805,000	
Treasury Bills outstanding	869,530,000	833,380,000	908,595,000	- 6,145,000	
Total Floating Debt	...	...	...	...	...

* Includes £2,000, the proceeds of which were not carried to the Exchequer within the period of the Account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £45,000,000 Treasury bills were opened on September 20, 1935, and the total amount applied for was £65,165,000. Tenders were accepted for Treasury bills at three months dated Monday and Tuesday at £99 17s. 4d., about 62 per cent., and above in full; Wednesday at £99 17s. 5d., and above in full; Thursday at £99 17s. 4d., and above in full; Friday and Saturday at £99 17s. 4d., about 62 per cent., and above in full. The average rate per cent. was 10s. 6-58d. The amount allotted was £45,000,000. The following table shows the weekly record at various dates:—

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
1933				
January 6	45,000,000	73,830,000	45,000,000	£ s. d.
July 7	45,000,000	83,890,000	45,000,000	0 18 10-84
October 6	45,000,000	100,450,000	45,000,000	0 10 4-65
1934				
January 5	35,000,000	76,280,000	35,000,000	0 12 9-98
April 6	40,000,000	80,390,000	40,000,000	0 18 11-5
July 6	35,000,000	82,745,000	35,000,000	0 17 9-01
October 5	35,000,000	65,260,000	35,000,000	0 18 4-14
1935				
January 4	30,000,000	49,580,000	27,500,000	0 15 9-702
April 5	40,000,000	76,095,000	40,000,000	0 8 1-64
July 5	40,000,000	80,905,000	40,000,000	0 10 2-99
August 16	40,000,000	58,110,000	40,000,000	0 12 4-82
August 23	40,000,000	58,110,000	40,000,000	0 11 1-94
August 30	45,000,000	65,525,000	45,000,000	0 11 9-9
September 6	45,000,000	75,640,000	45,000,000	0 12 1-73
September 13	45,000,000	71,480,000	45,000,000	0 12 4-84
September 20	45,000,000	65,165,000	45,000,000	0 10 8-58

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended September 7, 1935	582,966	£437,224
Week ended September 14, 1935	513,370	385,028
February, 1916, to September 14, 1935	1,236,685,338	973,951,842

At the end of July, 1935, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £392,278,349.

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, September 25, 1935

ISSUE DEPARTMENT

Notes Issued:—	£	Government Debt	£
In Circulation	398,164,188	Other Government Securities	246,285,708
In Banking Department	55,408,385	Other Securities	1,147,831
		Silver Coin	1,541,284
		Amount of Fiduciary Issue	280,000,000
		Gold Coin and Bullion	193,572,573
	453,572,573		453,572,573

BANKING DEPARTMENT

Proprietors' Capital	£14,553,000	Government Securities	83,164,999
Reserve	3,721,358	Other Securities	...
Public Deposits*	19,491,362	Discounts and Advances	£12,411,483
Other Accounts	£87,241,298	Securities	£12,190,570
Bankers' ...	£38,955,911		24,602,053
Other Accounts	£38,955,911	Notes	55,408,385
	126,197,209	Gold and Silver Coin	787,492
			163,962,929

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

Both Departments	Amount, Sept. 25, 1935	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	398,164,188	+ 14,616	+ 21,136,128
Public deposits	19,491,362	+ 2,026,683	+ 18,366,807
Bankers' deposits	87,241,298	+ 4,777,206	+ 5,201,399
Other deposits	38,955,911	+ 1,374,692	+ 2,188,030
Seven-day bills	543,852,759	- 1,361,215	+ 10,153,690
Total outside liabilities	18,273,358	+ 206	+ 11,127
Capital and rest	340,475,804	- 115,000	+ 2,836,223
Government debt and securities	12,411,483	+ 558,825	+ 5,207,944
Discounts and advances	13,338,401	+ 1,851,093	+ 1,850,221
Other securities	1,541,364	+ 2,012	+ 1,563,708
Silver coin in issue department	194,380,065	+ 44,834	+ 1,834,137
Gold and bullion (bank's reserves)	56,195,877	+ 30,218	- 19,301,991
Reserves of notes and coin in banking department			
Proportion of reserve to outside liabilities			
(a) Banking Department only ("proportion")	38.5%	+ 0.4%	- 9.6%
(b) Gold stocks to deposits and notes ("reserve ratio")	35.7%	+ 0.1%	- 0.4%

(000's omitted)

Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits		
1935							
Aug. 28	453,355	389,565	9,380	96,935	36,454	105 in	2
Sept. 4	453,355	401,822	5,980	100,063	38,646	Nil	2
" 11	453,402	400,256	16,036	91,036	37,843	8 in	2
" 18	453,478	398,164	17,465	92,018	37,581	75 in	2
" 25	453,573	398,164	19,491	87,241	38,956	95 in	2

(000's omitted)

Date	Issue Department		Both Depts.		Banking Department			Reserve and the "Proportion"
	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio	Govt. Securities	Discounts & Advances	Other Securities	Reserve and the "Proportion"	
1935								
Aug. 28	257,620	842	194,084	35	81,275	12,935	12,261	54,519
Sept. 4	257,620	842	194,115	35	83,415	14,051	12,841	52,493
" 11	257,603	857	194,227	35	84,556	12,419	12,252	53,671
" 18	257,431	1,030	194,315	35	83,160	11,853	14,160	56,166
" 25	257,311	1,541	194,360	35	83,165	12,411	12,191	56,196

BANKERS' CLEARING RETURNS

LONDON
(000's omitted)

	Town	Metropolitan	Country	Total
1935				
January 1 to September 11	22,631,550	1,312,821	2,250,442	26,174,813
Week ended September 18	530,743	30,772	57,457	618,972
Week ended September 25	541,553	29,871	54,505	625,929
Total to date, 1935	23,703,846	1,373,264	2,342,404	27,419,514
Total to date, 1934	22,125,473	1,278,243	2,170,255	25,573,971
Increase or decrease in 1935	+1,578,373	+95,021	+172,149	+1,845,543
	= 7.1%	= 7.4%	= 7.9%	= 7.2%
Total for year 1934	30,740,117	1,759,528	2,984,512	35,484,157
Total for year 1935	27,714,480	1,656,675	2,766,471	32,137,626
Increase or decrease in 1934	+3,025,637	+102,853	+218,041	+3,346,531
	= 10.8%	= 6.2%	= 7.8%	= 10.4%

PROVINCIAL
(000's omitted)

No. of working days :	Week ended September 21		Month of August			Aggregate Totals January 1 to September 21	
	1934	1935	1934	1935	Inc. or Dec.	1934	1935
	£	£	26	26	%	£	£
BIRMINGHAM.....	1,536	1,951	8,012	9,307	+14.9	85,169	88,511
BRADFORD.....	608	754	2,934	3,422	+16.6	32,785	32,655
BRISTOL.....	1,224	1,107	4,834	4,914	+1.6	44,165	44,119
DUBLIN.....	4,406	5,090				192,430	199,032
HULL.....	713	709	2,964	3,218	+8.5	27,202	27,688
LEEDS.....	863	947	3,557	3,594	+1.0	34,631	33,590
LIVERPOOL.....	498	590	2,084	2,505	+20.2	23,464	24,956
MANCHESTER.....	4,817	24,727	24,791	+0.2	224,977	213,633	213,633
NEWCASTLE.....	6,498	8,421	36,825	37,798	+2.6	357,676	361,868
NOTTINGHAM.....	1,352	1,186	5,891	5,075	-13.8	55,869	50,022
SHEFFIELD.....	383	360	1,671	2,011	+20.3	16,347	17,611
	723	964	3,356	3,715	+10.6	31,080	31,811
	27,146	26,928	96,855	100,250	+3.5	1,125,775	1,125,468

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

Assets	Sept. 21, 1934	Aug. 30, 1935	Sept. 6, 1935	Sept. 13, 1935	Sept. 20, 1935
Gold	82,204,580	71,741,663	72,056,934	71,995,894	71,878,879
Sight balances abroad	9,861	7,269	7,800	8,246	8,118
Bills discounted	3,438,594	7,795,866	7,091,204	6,906,233	7,404,376
Negotiable bills abroad	761,462	1,007,948	1,007,948	1,007,948	1,007,948
Advances against sec.	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
To the State	3,104,175	3,104,175	3,104,175	3,104,175	3,104,175
Other advances	5,898,204	5,800,402	5,800,402	5,800,402	5,800,402
Negotiable Bonds	5,107,236	5,011,892	5,144,038	5,008,869	4,984,314
Sinking Fund Dept.					
Other assets (excluding forward exch.)	80,059,456	82,240,468	81,993,635	81,523,728	81,308,497
Public deposits	3,544,565	3,243,564	3,120,329	3,108,956	3,061,039
Private deposits	17,999,209	10,480,324	10,314,805	10,289,143	10,235,309
Other liabilities	2,120,880	2,245,404	2,227,161	2,381,242	2,310,559
Ratio of gold reserve to sight liabilities	80.8%	74.6%	75.4%	75.7%	75.4%

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

Assets	Sept. 22, 1934	Aug. 22, 1935	Sept. 7, 1935	Sept. 14, 1935	Sept. 21, 1935
Gold	1934	1935	1935	1935	1935
Of which deposited abroad	74,993	94,799	94,799	94,817	94,742
Reserve in foreign currencies	20,851	29,620	29,620	29,736	29,736
Bills of exchange and cheques	3,383,859	3,794,580	3,838,111	3,645,737	3,645,737
Silver and other coin	283,098	148,842	164,811	164,811	164,811
Notes of other German banks	16,883	8,044	11,528	11,528	11,528
Advances	81,851	38,429	32,992	33,682	33,682
Investments	753,878	664,705	665,920	668,182	668,182
Other assets	597,280	684,003	687,511	697,727	697,727
LIABILITIES					
Share capital	150,000	150,000	150,000	150,000	150,000
Reserves	472,797	471,184	471,184	471,184	471,184
Notes in circulation	3,368,751	3,861,445	3,855,546	3,751,793	3,751,793
Other daily maturing obligations	205,551	240,559	241,978	244,841	244,841
Other liabilities	2,200	2,570	2,680	2,670	2,670
Cover of note circulation	2.20%	2.57%	2.68%	2.67%	2.67%

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

Assets	Sept. 20, 1934	Aug. 22, 1935	Sept. 5, 1935	Sept. 12, 1935	Sept. 19, 1935
Gold	2,655,488	3,494,137	3,464,079	3,412,618	3,412,618
Silver and other coin	70,269	54,834	54,663	53,373	53,373
Securities	667,922	1,388,106	1,373,211	1,339,289	1,339,353
Advances	46,823	126,085	120,131	123,713	118,722
LIABILITIES					
Notes in circulation	3,510,377	4,100,173	4,115,152	4,149,987	4,141,572
Deposits: Govt.	62,387	17,171	19,265	18,721	22,493
Other	243,010	1,140,164	1,071,881	953,628	969,298

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

Assets	Sept. 24, 1934	Aug. 26, 1935	Sept. 2, 1935	Sept. 9, 1935	Sept. 16, 1935	Sept. 23, 1935
Gold	864,141	591,268	593,332	599,708	562,941	541,911
Silver	22,334	23,934	22,128	21,830	21,838	21,787
Home bills discounted	25,601	40,712	45,888	47,120	57,538	63,995
Loans and advances in current account	145,030	142,341	170,583	143,605	170,726	181,792
LIABILITIES						
Notes in circulation	881,962	794,970	826,525	803,678	793,605	786,139
Deposits	202,248	39,542	41,793	36,219	42,822	46,958

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

Assets	Sept. 22, 1934	Aug. 23, 1935	Aug. 31, 1935	Sept. 7, 1935	Sept. 14, 1935	Sept. 21, 1935
Gold	1,786,124	1,399,042	1,366,088	1,372,248	1,372,248	1,372,248
Of which held abroad	149,247	100,000	106,831	107,071	107,071	107,071
Discounts	21,514	90,001	106,831	102,813	88,361	84,376
Bills of the Confederation	10,975	50,095	49,845	53,467	53,267	52,785
Advances	73,999	90,770	89,442	88,375	86,710	90,973
Securities	53,237	55,223	55,218	55,065	54,684	54,684
LIABILITIES						
Notes in circulation	1,323,919	1,230,046	1,283,020	1,281,668	1,248,039	1,244,457
Deposits	578,716	346,178	337,614	355,410	360,786	358,281

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

Assets	Sept. 10, 1934	Aug. 10, 1935	Aug. 20, 1935	Aug. 30, 1935	Sept. 10, 1935
Gold, coin and bullion	6,327,000	5,057,000	4,901,800	4,704,000	4,582,900
Foreign bills and balances abroad	31,100	362,200	430,000	438,100	432,000
Other cash	296,500	454,600	467,000	484,300	516,800
Gold deposited abroad due by the State	1,772,800	1,772,800	1,772,800	1,772,800	1,772,800
Advances	3,258,700	3,622,300	3,628,000	3,650,000	3,648,700
Discounts	1,270,000	1,899,900	2,059,300	2,189,300	2,309,400
Credit with "Institute for Industrial Reconstruction"	1,073,800	846,700	846,700	846,000	845,300
Government securities	1,384,800	1,382,300	1,381,800	1,381,800	1,381,500
LIABILITIES					
Notes in circulation	13,129,100	13,941,500	13,707,500	14,094,200	14,234,600
Public deposits	1,278,700	187,600	514,500	1,191,100	978,700
Other deposits and drafts	974,800	818,600	865,900	870,600	837,200
Ratio of reserve to note and sight liabilities combined	44.15%	36.25%	35.61%	33.69%	32.49%

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

Assets	Sept. 15, 1934	Aug. 22, 1935	Aug. 31, 1935	Sept. 7, 1935	Sept. 16, 1935
Coin and bullion—Gold	118,411	118,831	118,830	118,829	118,836
Balance abroad and foreign bills	18,994	23,508	24,292	26,193	26,462
Funds provisionally placed in gold not included in the gold reserve	16,379	66,288	66,288	66,288	66,288
Norwegian and Foreign Government securities	43,701	37,552	37,884	36,912	37,020
Discounts and loans	251,437	195,978	196,871	192,941	191,592
LIABILITIES					
Notes in circulation	811,843	324,824	330,472	325,579	322,021
Deposits at sight	70,594	73,186	72,859	72,692	78,053

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

Assets	Sept. 15, 1934	Aug. 23, 1935	Aug. 31, 1935	Sept. 7, 1935	Sept. 15, 1935
Cash	1934	1935	1935	1935	1935
Gold coin and bullion	241,723	242,354	242,366	242,380	242,391
Other foreign exchange	39,329	112,118	118,788	128,422	129,951
Bills discounted	254,090	231,591	231,297	229,928	230,195
Federal debt	624,444	624,444	624,444	624,444	624,444
LIABILITIES					
Share capital	54,960	54,960	54,960	54,960	54,960
Reserve fund	11,280	7,302	7,302	7,302	7,302
Notes in circulation	913,812	875,437	863,901	869,734	869,734
Deposits	224,234	324,784	344,230	309,542	312,061

* In dollar and sterling only.

† In accordance with Art. 53 of the Statutes.

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

Assets	Sept. 14, 1934	Aug. 23, 1935	Aug. 31, 1935	Sept. 7, 1935	Sept. 14, 1935
Metal reserve	1934	1935	1935	1935	1935
Gold coin and bullion	78,932	78,936	78,936	78,936	78,936
Foreign Exchange	16,170	16,059	17,219	15,557	15,464
Token money	8,813	11,013	7,268	8,055	8,042
Inland bills, warrants and securities	549,912	495,298	536,267	514,450	501,700
Advances to Treasury	47,323	65,741	65,741	65,604	68,602
LIABILITIES					
Share capital (gold crowns 30,000,000*)	34,758	34,758	34,758	34,758	34,758
Notes in circulation	334,526	327,882	390,602	361,861	344,095
Current accounts, deposits, etc.	78,468	116,900	90,409	97,027	106,884
Cash certificates	117,722	109,085	109,085	109,085	109,085
Other liabilities	177,688	158,001	161,266	159,888	159,212

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K. (000's omitted)

Assets	Sept. 14, 1934	Aug. 23, 1935	Aug. 31, 1935	Sept. 7, 1935	Sept. 14, 1935
Gold	2,663,157	2,693,269	2,693,155	2,693,114	2,693,055
Balance abroad and foreign currency	66,868	214,223	199,028	139,752	126,255
Discounts and advances	1,638,790	1,032,629	1,015,315	1,047,530	1,208,404
State notes debt balance	2,115,377	2,063,507	2,062,859	2,061,986	2,061,986
Other assets	824,960	1,148,543	1,138,997	1,034,901	1,040,544
LIABILITIES					
Bank notes in circulation	5,461,178	5,359,246	5,523,623	5,735,544	5,728,100
Check account balances	918,046	893,094	855,404	376,718	508,621
Other liabilities	471,718	431,248	461,739	396,433	424,788

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

Assets	Sept. 15, 1934	Aug. 31, 1935	Sept. 8, 1935	Sept. 15, 1935
Cash reserve	1934	1935	1935	1935
Gold at home and abroad	1,830,299	1,341,507	1,341,578	1,341,674
Foreign exchange	111,974	32,287	32,287	43,578
Other foreign exchange	64,387	221,821	226,694	242,504
Bills and advances against security	1,835,947	1,787,483	1,772,978	1,797,328
Government advances	1,720,040	1,092,681	1,678,822	1,678,844
LIABILITIES				
Notes in circulation	4,227,302	4,660,711	4,668,459	4,657,077
Sight deposits	1,231,219	1,215,038	1,195,493	1,275,858
Time deposits	832,544	233,700	226,000	221,300

NATIONAL BANK OF ROUMANIA.—In lei (000's omitted)

Assets	Aug. 18, 1934	July 27, 1935	Aug. 3, 1935	Aug. 10, 1935	Aug. 17, 1935
Gold and gold exchange	10,216,898	10,686,243	10,700,911	10,701,232	10,705,578
Commercial bills	5,624,815	4,902,592	5,112,847	5,094,651	5,067,443
Agric. and urban advances	4,253,874	2,734,971	2,738,506	2,735,546	2,733,346
Treasury bills issued against losses on credits		4,575,003	4,587,980	4,590,662	4,591,932
State debt, advances to Treasury	5,668,269	5,644,552	5,644,552	5,644,552	5,644,552
LIABILITIES					
Notes in circulation	21,423,580	21,233,901	21,464,943	21,481,379	21,662,402
Other sight liabilities	7,247,107	9,015,171	8,849,711	8,612,455	8,678,577
Long-term liabilities	3,505,074	3,148,627	3,366,276	3,528,124	3,593,768

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

Assets	Sept. 15, 1934	Aug. 23, 1935	Aug. 31, 1935	Sept. 7, 1935	Sept. 14, 1935
Gold and gold exchange	3,783,164	3,581,983	3,548,636	3,537,577	3,572,597
State Gold Bonds	245,932	587,109	567,169	567,169	567,169
Bills discounted	1,520,525	2,972,111	3,006,578	3,133,128	3,209,305
Advances	2,714,111	2,714,111	2,714,111	2,714,111	2,714,111
Debt to the State					
LIABILITIES					
Notes in circulation	5,728,723	5,341,055	5,493,427	5,624,857	5,651,630
Deposits and current accounts	3,103,984	3,895,820	3,721,204	3,698,396	3,856,630
Foreign exchange liabilities	88,638	155,814	143,774	155,714	141,241

CENTRAL BANK OF TURKEY.—In L (000's omitted)

ASSETS	Sept. 13, 1934	Aug. 24, 1935	Aug. 31, 1935	Sept. 7, 1935	Sept. 14, 1935
Gold coin and bullion	18,910	22,979	22,995	23,006	23,012
Other coin and notes	17,259	20,934	20,541	18,788	17,974
Free foreign exchange	5,086	571	876	1,048	1,008
Treasury bonds	149,284	148,108	148,108	148,108	148,108
Bills	32,240	35,617	35,619	35,839	35,843
LIABILITIES					
Capital	15,000	15,000	15,000	15,000	15,000
Note issue					
Ordinary	149,284	148,108	148,108	148,108	148,108
Supplementary	8,686	10,000	10,000	10,000	10,000
Sight liabilities	33,465	29,617	30,002	30,933	
DANIEL, GILBERT & CO.					

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES

THE ANGLO-SOUTH AMERICAN BANK, LTD., issues the following details relative to quotations for certain of the South and Central American exchanges. All these exchanges, with the exception of that of Bolivia, are related to the United States dollar, and the approximate sterling rates may be obtained by applying the dollar-sterling exchange rate:—

Bolivia.*	Official market: Sight rate, 20.26 bolivianos per £ sterling on August 22, 1935. Export selling rate 80 bolivianos per £.
Colombia.*	Sight rate, 176½ pesos per 100 United States dollars on September 18, 1935. This rate applies to holders of permits buying in the "open" market.
Ecuador.*	"Free" market sight rate on September 2nd, 10.50 sucres per United States dollar.
Guatemala.	Sight rate on New York is maintained at 1 quetzal per United States dollar, but a commission of 1 per cent. is charged by the Banco Central for the sale of drafts.
Nicaragua.*	Official selling rate was established at 110 cordobas per 100 United States dollars on November 26, 1934.
Salvador.	Sight rate on September 6, 1935, 2.51 colones per United States dollar.
Venezuela.	Sight rate on New York was maintained in July last at 3.90½ bolívares per United States dollar.

* Exchange controls are operative in these countries.

OVERSEAS DOMINION RATES

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND

		London on Australia and New Zealand				Australia and New Zealand on London*			
		Buying		Selling		Buying		Selling	
		Australia	New Zealand	Australia (any Mail)	New Zealand (any Mail)	Australia	New Zealand	Australia (any Mail)	New Zealand
T.T.	Air	125	124	125	124	125	124	125	124
Sight	Ord.	125	124	125	124	125	124	125	124
30 days	Mail	125	124	125	124	125	124	125	124
60 days	Ord.	125	124	125	124	125	124	125	124
90 days	Mail	125	124	125	124	125	124	125	124

* All rates (Australian and New Zealand) now based on £100—LONDON

GOLD AND SILVER

The following statistics of imports and exports of gold and silver for week ended September 26, 1935, are issued by the Statistical Department of H.M. Customs and Excise:—

IMPORTS AND EXPORTS OF GOLD

Gold Imported into Great Britain and Northern Ireland, week ended September 26, 1935			Gold Exported from Great Britain and Northern Ireland, week ended September 26, 1935		
From	Bullion*	Coin†	To	Bullion*	Coin†
British W. Africa.....	151,301	£	Palestine	1,000	£
British S. Africa.....	1,373,364	...	Sweden	511,331	...
Tanganyika	4,402	...	Norway	14,540	1,710
Kenya	3,600	...	Netherlands	21,380	4,238
Anglo-Egyptian	672	...	France	32,859	95,437
Aden and Depend-	550	...	Switzerland	91,207	11,693
encies	1,057,664	...	U.S.A.	8,655,957	15,581
British India	602,739	200			180,232
Australia	16,055	...			
New Zealand	425	73			
Jamaica and De-	4,158	...			
pendencies	41,594	4,479			
Trinidad and	6,452	1,000			
Tobago	12,150	8,889			
	2,016	...			
	2,197	95			
		588			
Totals	3,279,339	5,774	Totals	9,328,274	71,118
		20,225			323,421

* At current market value. † Coin which is of legal tender in the United Kingdom is entered at its face value and shown in italics. Other coin is entered at current market value.

The directors of the Legal Insurance Company, Ltd., announce the election of Col. H. Gifford Mead to a seat on the head office board.

Mr Hugh J. Stevenson has been appointed to the board of directors of Hugh Stevenson and Sons, Ltd.

Mr J. M. Niall has resigned the position of chairman of Goldsbrough, Mort and Company, Ltd. Mr K. M. Niall, the vice-chairman, has been elected in his stead. Mr J. M. Niall retains the position of managing director.

IMPORTS AND EXPORTS OF SILVER

Silver Imported into Great Britain and Northern Ireland, week ended September 26, 1935			Silver Exported from Great Britain and Northern Ireland, week ended September 26, 1935		
From	Bullion*	Coin†	To	Bullion*	Coin†
British W. Africa	£	£	Sweden	£	£
Anglo-Egyptian	1,500	496	Norway	3,420	...
Aden and Depend-	1,468	...	France	1,779	...
encies	...	25,322	U.S.A.	6,789	16
British India	463,670	9,022	Other countries	1,458,516	...
British Malaya	12,880	...			...
Hong Kong	3,097,400	1,041			...
Australia	39,390	1,681			...
Jamaica and De-	...	1,840			...
pendencies	35,005	...			...
U.S.S.R.	28,908	1,864			...
Belgium	...	788			...
France	...	1,597			...
Portuguese E. Africa	2,310	1,700			...
Egypt	268	14,064			...
Arabia	721,571	1,296			...
Iraq	2,451	269			...
Japan	...	1,900			...
Other countries	...	...			...
Totals	4,405,301	18,311	Totals	1,471,380	500
		60,473			66

* At current market value. † Coin which is of legal tender in the United Kingdom is entered at its face value and shown in italics. Other coin is entered at current market value.

GOLD MOVEMENTS: BANK OF ENGLAND

1935		1935	
ARRIVALS	WITDRAWALS	ARRIVALS	WITDRAWALS
Sept. 20	Nil	Sept. 20	Nil
" 21	Nil	" 21	Nil
" 22	Nil	" 22	Nil
" 23	Nil	" 23	Nil
" 24 Bar gold	94,866	" 24	Nil
" 25	Nil	" 25	Nil
" 26	Nil	" 26	Nil
Total	94,866	Total	Nil
Movement September 20, 1935, to September 26, 1935 (inclusive)			
Movement during year 1934			
Movement during 1935 (January 1 to September 26, 1935, inclusive)			
Movement April 29, 1925, to September 26, 1935 (inclusive)			
Movement September 21, 1931 (gold standard suspended), to September 26, 1935 (inclusive)			

GOLD MARKET

Messrs Samuel Montagu and Company write on September 25, 1935, as follows:—

The Bank of England gold reserve against notes amounted to £193,477,708 on the 18th inst., as compared with £193,402,325 on the previous Wednesday. During the week the Bank announced the purchase of £94,866 in bar gold. At the daily fixing about £1,600,000 of bar gold changed hands during the week, but the open market has been active and considerable business was transacted afterwards.

The appreciation of the dollar in terms of European currencies, due to the political situation and seasonal causes, caused a movement of gold to the United States of America, large amounts having been shipped from France and Holland as well as from this country; the amounts shipped or engaged to be shipped during the past week are estimated to be £9,000,000 from Great Britain, £8,000,000 from France and £3,000,000 from Holland.

Quotations during the week:—

September 19	Per fine ounce	Equivalent value, of £ sterling
" 20	141s. 0d.	12s. 0.60d.
" 21	141s. 4d.	12s. 0.26d.
" 22	141s. 5d.	12s. 0.18d.
" 23	141s. 6d.	12s. 0.09d.
" 24	141s. 6d.	12s. 0.09d.
" 25	141s. 1d.	12s. 0.52d.
Average	141s. 3.67d.	12s. 0.29d.
September 26	141s. 3½d.	12s. 0.30d.

The s.s. "Naldera," which sailed from Bombay on the 21st inst. carries gold to the value of about £566,000, of which £540,000 is consigned to London and £26,000 to New York.

SILVER MARKET

The market continued to show a steady tone during the past week and prices showed only small variations.

There have been no fresh features, China has sold moderately, whilst speculators and the Indian Bazaars have both bought and sold, although the latter have perhaps been more inclined to buy.

Purchases for account of the American Treasury have been more in evidence; possibly influenced by the firmness of the dollar, the limit at which they were willing to buy was raised and appreciable amounts of cash silver were acquired yesterday at the price of 29½d.; to-day, however, with the exchange moving in favour of sterling, the limit reverted to 29½d.

There is no change in the immediate outlook, the market at the present level having a steady appearance with a good undertone.

Quotations during the week:—

IN LONDON		IN NEW YORK	
Bar silver per oz. std.	Cash Two Months' delivery	Ounce	Cents per
Sept. 19	29½d.	Sept. 18	65½
" 20	29½d.	" 19	65½
" 21	29½d.	" 20	65½
" 22	29½d.	" 21	65½
" 23	29½d.	" 22	65½
" 24	29½d.	" 23	65½
" 25	29½d.	" 24	65½
Average	29.260d.		
Sept. 26	29½d.		

The highest rate of exchange on New York recorded during the period from the 19th inst. to the 25th inst. was \$4.93½ and the lowest \$4.90½.

Stocks in Shanghai on the 21st inst. consisted of about 279,000,000 dollars and 41,600,000 ounces in bar silver as compared with about 278,000,000 dollars and 42,300,000 ounces in bar silver on the 14th inst.

COMPANY NEWS

DIVIDEND ANNOUNCEMENTS

Name of Company	Rate % per Annum, except where marked % or Stated in Cash		Dividend for Whole Year	
	Interim or Final	Date of Payment	Latest Year	Previous Year
INSURANCE				
General Accident Assurance	7½ p.s.*	Nov. 1	6½ p.s.*	...
TEA AND RUBBER				
Bajoe Kidol Rubber	2½%	...	3½%	...
Bukit Panjong Rubber	2½%	Oct. 31	5½%	...
Ceylon Tea Plantations	2½%	Oct. 8	Same	...
F.M.S. Rubber Planters	3½%	Oct. 1	6½%	...
Kampong Kuantan Rubber	...	Oct. 26	...	...
Lanka Plantations	7½%	...	Same	...
Malayalam Plantations	7½%	Oct. 12	...	...
Patani Para Plantations	...	...	...	...
Sengat Rubber	...	...	2½	4
Tanjong Rubber	...	...	...	...
MINING				
Naraguta Karama Areas	5½%	Oct. 22	Nil*	...
Naraguta Tin Mines	3½%	Oct. 18	Same	...
Rambutan	2½%	Oct. 26	...	...
Rand Selection Corporation	...	Oct. 31	First div.	40
Rhokana Corporation Ltd.	...	Oct. 31	First div.	12½
Do. A shares	2½%	Oct. 14	1½%	...
Takka-Talping	2½%	Oct. 28	Same	...
Transvaal Gold Mining Estates	5½%	Oct. 31	15	...
Southern Kinta Consolidated	6½%	Oct. 31	...	...
Do. do.	...	...	...	...
OTHER COMPANIES				
Anglo-Continental Guano	...	Oct. 11	...	7½
Argentine Land and Investment	4½%	...	5½%	...
Argus Press	4½%	...	Same	6
Assoc. Provident Picture Houses	4½%	Oct. 31	...	100(s)
Austin Motor Ord.	...	Oct. 31	...	100(s)
Do. A. Ord.	5½%	Oct. 18	4½%	...
Barry and Staines Linoleum	...	...	...	5
Bucknall (Henry)	1½%	Oct. 1	Same	...
Calgary Power (Com.)	10c. p.s.	Oct. 15	...	...
Canadian General Investments	...	...	...	5
Clyde Paper	5½%	Oct. 1	Same	...
Colombo Gas and Water	5½%	...	Same	7½
Constable Hart and Co.	1½%	...	5½%	...
Direct Supply Aerated Water	9½%	...	Same	...
Edinburgh Investment Trust (Def.)	5½%	Oct. 1	Same	...
Electrical Finance and Securities	20c. p.s.	Sept. 26	...	...
Freemile Co.	2½%	...	Same	...
Fullers	5½%	Oct. 15	Nil*	...
Handley (Prof.)	...	...	...	6
Hilton (Thos.) and Co.	3½%	Sept. 28	Same	7½
Hong Kong and China Gas	4½%	Oct. 31	Nil*	...
Hopkinson	2½%	Oct. 8	5½%	...
Ideal Building and Land	4½%	...	...	6
India Rubber, Gutta Paroba and Telegraph Works Ord.	...	...	...	Nil
International Paint	3½%	...	Same	...
Lamson Paragon Supply	2½%	Oct. 7	Same	...
London and Strathclyde Trust 5%	...	...	...	...
Cum. Pref.	3½%	Oct. 24	...	...
Maldenhead Brick (Fed.)	5½%	...	Same	...
Marconi International Marine	2½%	Oct. 18	Same	10
Marles Steaming Co.	5½%	...	...	10½
McEwan (William) and Co.	13½%	Oct. 1	12½%	...
Melbourne Hart and Co.	2½%	...	1½%	...
Metal Industries (A and B)	3½%	Oct. 26	Same	...
Meux's Brewery	5½%	Oct. 15	Same	...
Midland Electric Corporation	\$0.37½	Oct. 31	Same	7½
Montreal Light, etc.	5½%	...	...	6
Nevett	2½%	Oct. 15	Same(t)	...
Phillips (Godfrey)	...	Oct. 25	...	10
Ransome and Miles Bearing	1½%	...	Same	...
Scottish and Canadian General In-vestment	2½%	Sept. 28	Nil*	2½
Seaham Harbour Dock	2½%	...	...	2½
Selbridge Provincial Stores	2½%	...	...	...
S. G. B. (Dudley)	2½%	Oct. 1	Same	...
Smithfield and Argentine Meat	10½%	Oct. 1	Same	...
Southalls (Birmingham)	2½%	Nov. 1	Same	...
Spillers, Ltd.	2½%	...	...	5
Sie Macleane Sugar	2½%	Oct. 1	Same	...
Swan Estates	4½%	Oct. 11	1st interim	2½
Taylor (C. F.) and Co.	...	...	...	5
Tebbit Brothers	...	...	...	2½
Trafford Park Dwellings	75c. p.s.*	Oct. 15	Same	...
Ulcan Foundry	...	Oct. 7	...	2
West London and Provincial Elec-tric and General Trust	1½%	Oct. 1	Same	...

† Free of income tax.

(t) Latest dividend paid on a larger capital.
(s) Also spec bonus 300 per cent. Dividend this year absorbed £311,230 against £160,000 a year ago.

ASSOCIATED FISHERIES LTD.—The directors have declared on account of the year to February 28, 1936, an interim dividend of 5 per cent. (3d. per share) on the deferred ordinary shares, and an interim additional dividend of 965 per cent. (1.157d. per share) on the 7½ per cent. cumulative participating preferred ordinary shares, both payable, on the 7th inst. The transfer registers of the company will be closed from 10 a.m. on September 28th to September 30th, both days inclusive.

AUSTIN MOTOR COMPANY, LTD.—The directors recommend the payment of the following dividends and cash bonus for the year ending July 31, 1935: Cash shown in following dividends, 20 per cent. on preferred ordinary shares, less income tax at 4s. 6d. gross amounts, 25 per cent. on ordinary and "A" ordinary shares, less income tax at 4s. 6d. in £, £155,615; 25 per cent. cash bonus on ordinary and "A" ordinary shares, less income tax at 4s. 6d. in £, £155,615; total, £311,230. Annual general meeting, October 14, and, if approved, the dividend warrants will be paid on October 31st. The transfer books relating to the preferred ordinary, ordinary and "A" ordinary shares

will be closed from October 7 to 19, 1935, both days inclusive. The total payments of dividend interest, preference and ordinary dividends and bonus for the year to July 31, 1935, will amount to £611,150 gross.

AMALGAMATED FIXED TRUST CERTIFICATES.—Williams Deacon's Bank announces that third income distribution, covering period from March 18 to September 15, 1935, will be paid to holders registered September 15th at rate of 5.1790d. net per sub-unit on October 15th (against 5.3604d.).

BRITISH ALUMINIUM.—This company has decided to await the full year's trading results before consideration of the payment of a dividend on the £2,000,000 ordinary share capital. No interim dividends have been paid since 4 per cent. was declared in 1930. The final dividend then was 6 per cent. For the whole of 1934 a distribution of 7½ per cent. was made, compared with 5 per cent. for the previous three years. Payment of the half-yearly dividend on the 6 per cent. preference shares will be made on October 1.

CHOSEN CORPORATION, LTD. (Change of Dividend Dates).—As Nurupi Company, from which almost whole of company's revenue is derived, makes up its accounts half-yearly to March 31st and September 30th, and semi-annual meetings are held in Japan, at which dividends are declared, the board have decided in future to pay dividends half-yearly instead of quarterly. Next dividend will be declared in respect of period ending September 30, 1935.

GENERAL ACCIDENT, FIRE AND LIFE ASSURANCE CORPORATION, LTD.—The directors have declared an interim dividend (on account of the year ending December 31, 1935) of 2½ per cent. on the preference shares and of 7s. per share, compared with 6s. last year, on the ordinary shares, both subject to income tax and payable on November 1,

WEEKLY TRAFFIC RETURNS RAILWAYS OF GREAT BRITAIN AND IRELAND

(b) Week ended Sept. 20, 1935 (c) Week ended Sept. 21, 1935	Miles Open	Gross Receipts, week ended September 22, 1935 (£000)					Aggregate Gross Receipts 1935 compared with 1934 38 weeks (£000)				
		Passen- ger, &c.	Merch- andise, &c.	Coal and Coke	Total Goods	Total Receipts	Passen- ger, &c.	Merch- andise, &c.	Coal and Coke	Total Goods	Total Receipts
Great Western	1935	3,749	221	186	96	282	503	8,079	6,800	3,684	18,563
(c) L. & N.	1935	3,749	221	186	96	282	503	8,079	6,800	3,684	18,563
Eastern	1935	6,336	331	324	219	543	874	12,383	11,604	8,293	32,280
L. M. & S.	1935	6,336	331	324	219	543	874	12,383	11,604	8,293	32,280
Scottish	1935	6,336	331	324	219	543	874	12,383	11,604	8,293	32,280
Southern	1935	6,336	331	324	219	543	874	12,383	11,604	8,293	32,280
Total	1935	19,181	1,047	577	1,624	2,994	51,279	37,541	21,626	59,167	110,446
1934	1934	19,181	1,047	577	1,624	2,994	51,279	37,541	21,626	59,167	110,446

COMPARISONS WITH CORRESPONDING PERIODS, 1933 and 1934 (000's omitted)					
	Great Western	L.M.S.	L.N.E.R.	Southern	
Second half-year 1934, compared with second half-year, 1933:					
Gross increase or decrease.....	+ 148	+ 659	+ 528	+ 168	
First half-year 1935, compared with first half-year 1934:					
Gross increase or decrease.....	+ 78	+ 299	- 26	+ 8	
Second half-year 1935, compared with second half-year, 1934:					
12 weeks to Sept. 22, 1935.....	+ 26	+ 186	+ 59	+ 126	
Weekly average second half 1935 Latest week 1935 compared with 1934.....	+ 2½	+ 15½	+ 4½	+ 10½	
	- 20	+ 4	- 15	+ 2	

LONDON TRANSPORT

Week ending September 21, 1935	*Takings £456,500	Compared with corre- sponding period of last year
Aggregate 12 weeks ending September 14, 1935...	£453,400	+ 92,500

* For an explanation of the manner in which the figures are made up, see the Economist, March 17, 1934, page 610.

Note.—The receipts this year include receipts of bus and coach undertakings not absorbed by London Transport in the corresponding period of last year. In order to make a comparison with the previous year, the figures for that year have been adjusted on the basis of the best information available.

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Receipts	Gross Receipts for Week	Gross Aggregate Receipts
				1935	+ or -
				1935	+ or -
INDIAN					
Assam Bengal	21	Aug. 31	Rs. 1,330	Rs. 1,330	Rs. 1,330
Barelly Rly.	21	Aug. 31	Rs. 1,330	Rs. 1,330	Rs. 1,330
Bengal & N.Western	20	Sept. 10	Rs. 1,330	Rs. 1,330	Rs. 1,330
Bengal-Nagpur	20	Aug. 20	Rs. 1,330	Rs. 1,330	Rs. 1,330
Bombay, Bar. & C.I.	24	Sept. 20	Rs. 1,330	Rs. 1,330	Rs. 1,330
Madras & S. Mahr.	21	Aug. 31	Rs. 1,330	Rs. 1,330	Rs. 1,330
Rohilk'd & Kumaon	23	Sept. 10	Rs. 1,330	Rs. 1,330	Rs. 1,330
South Indian	21	Aug. 31	Rs. 1,330	Rs. 1,330	Rs. 1,330

CANADIAN

		1935		\$	\$	\$	\$
Canadian National.	36	Sept. 14	23714	3,722,356	+ 134,362	116,078,782	+ 2,273,879
Canadian Pacific ...	37	21	17224	3,225,000	+ 307,000	87,229,000	- 240,000

SOUTH AMERICAN

Autofagasta (Chili and Bolivia).....	38	Sept. 22	830	£ 9,070	- 2,650	462,930	- 72,290
Argentine N.E.	12	21	753	£153,500	+ 28,600	1,712,600	+ 77,900
B.A. and Pacific	12	21	2,806	£120,000	+ 57,000	1,486,000	+ 148,000
B.A. Central	10	7	...	£136,500	+ 14,800	1,239,900	- 115,000
B.A. Gt. Southern ..	12	21	5,085	£120,243	+ 10,409	1,427,415	- 46,499
B.A. Western	12	21	1,930	£154,000	+ 54,000	1,688,000	- 464,000
Central Argentine ..	12	21	3,700	£138,403	+ 3,418	1,479,787	- 18,735
Central Uruguayana	12	21	273	£127,745	+ 22,258	1,424,517	- 94,929
C. Urug. (East Ext.)	12	21	311	£18,600	+ 10,087	98,937	- 1,567
C. Urug. (N. Ext.) ..	12	21	155	£1,453	- 552	16,157	- 1,567
C. Urug. (W. Ext.) ..	12	21	211	£1,030	+ 302	12,408	+ 2,752
Cordoba Central.....	12	21	1,218	£458,000	+ 23,000	6,890,000	- 138,000
Entre Rios	12	21	810	£26,890	+ 1,530	392,990	- 1,330
G. Westn. of Brazil	38	21	1,082	£203,900	+ 14,900	2,500,000	+ 230,300
Leopoldina	38	21	1,918	£11,973	+ 953	146,876	+ 15,841
Leopoldina Termal.	38	21	1,918	£5,500	+ 4,500	273,500	- 14,100
Nitrate	81½	15	401	Ms193,900	+ 149,000	55,105,000	- 1,785,000
Paraguay Central.	11	14	274	£21,652	+ 4,601	852,854	- 181,531
Salvador	12	21	100	Ms 290,000	+ 19,000	11,239,000	+ 188,000
San Paulo	27	15	153½	£2,540,000	+ 158,200	21,296,000	+ 1,048,000
United of Havana.	12	21	1,365	£2,430,000	+ 4,320	142,361	- 26,754
				Ms250,000	+ 678,000	76,270,000	+ 8,800,000
				£27,812	+ 452	934,943	- 76,425
				£13,619	- 377	209,055	+ 8,980

* Converted at average official rate during week ended Sept. 21—17.03 pesos to the £.
 † Free market rate.
 ‡ Comparative figures for 1934 converted at official rate ruling in 1935.
 § Converted at the "free" rate as a result of a decision of the High Court.

OTHER OVERSEAS

Egyptian Delta Light Railways...	23	Sept. 10	923	£ 76,124	- 828	£ 88,869	- 1,993
Egyptian Markets...	38	19	...	£ 1,311	- 98	£ 60,100	- 1,420
Gr.South.of Spain	37	14	104	Ps. 34,021	- 37,571	£ 1,640,422	- 315,457
Mexican Railway...	38	21	483	£ 199,800	+ 12,700	£ 2,893,400	+ 249,100

TRAMWAYS WEEKLY GROSS RECEIPTS

Anglo-Argentine ...	38	Sept. 23	328	\$622,992	+ 23,523	23,792,793	+ 769,508
B. Aires Lacroze ...	10	10	...	\$65,116	+ 1,487	642,231	+ 16,669
Burnley, Colne and Nelson Jt. Trapt.	1	14	76	£4,899	+ 117	...	...
Calcutta Tramways	1	21	...	Rs. 1,22,174	+ 6,623	...	...
Isle of Thanet Elec.	36	11	...	£5,160	+ 576	132,869	+ 9,868
Liverpool Corp.....	23	18	...	£29,020	+ 379	716,823	+ 13,421
Madras Electric ...	8½	15	...	Rs. 55,008	- 2,924	9,07,978	+ 9,995

MONTHLY TRAFFICS

Company	Months	Ending	De- scription	Receipts for Month	Receipts to Date
				1935	+ or -
				1935	+ or -
Brazilian Traction ...	8	Aug. 31	Gross Net	\$2,561,896	- 160,165
Mashonaland Rly. ...	1	July 31	Net	\$1,393,427	- 74,094
Rangoon Elec. Tram- way	1	Aug. 31	Gross	Rs. 1,59,629	+ 1,100
Rhodesia Rlys.	1	July 31	Gross	£199,144	+ 6,699
Santa Fe	8	Aug. 31	Gross	£114,365	+ 2,060
Shanghai Electric ...	8	Aug. 31	Net	\$328,059	- 40,529
Singapore Traction ..	11	Aug. 31	Gross	£177,000	+ 59,000
State of Bahia S. Wes- tern	4	Aug. 31	Gross	£4,015	- 1,193

REPORTS AND NOTICES

RAILWAYS

BENGUELA RAILWAY COMPANY.—Railway results for the second quarter of 1935: Gross railway receipts, Escudos, 7,689,000.00; net railway receipts, Escudos, 2,589,000.00.

MISCELLANEOUS

BELFAST OMNIBUS TRANSFER.—A meeting of shareholders of Belfast Omnibus Company, Ltd., is called for September 25th, to confirm the action of the directors in entering into a provisional contract with the Northern Ireland Transport Board for the transfer of the company's undertaking to the Board. The company is to receive by way of compensation £146,887 Northern Ireland Transport "A 1" stock, bearing interest at 4 per cent., and £271,250 Northern Ireland Transport "B" stock, bearing interest at varying rates. The company will be entitled to retain the benefit of its trading for the period from October 1, 1934, to September 30, 1935. Resolution passed unanimously.

SOUTHERN AREAS ELECTRIC CORPORATION.—At an extraordinary meeting of the Southern Areas Electric Corporation, held in London September 20th, proposals (1) to increase the number of directors from seven to eleven, and (2) to appoint four additional directors, were heavily defeated.

CABLE AND WIRELESS (AUGUST TRAFFIC INDEX).—Cable and Wireless traffic index for August is 67.1, against 66.7 in July and 70.7 in August, 1934.

IMPERIAL CHEMICAL INDUSTRIES (PLASTICS AGREEMENT).—A ten-year contract between Imperial Chemical Industries and Toledo Synthetic Products, Toledo, U.S.A., has been signed. These concerns have contracted to exchange all technical, commercial and other information relating to the agreement products and processes. They have agreed also to grant each other free licences under their patents which already exist or which they may secure during the life of the contract.

HALL'S OXFORD BREWERY.—Ind Coope and Allsopp, Ltd., offers to acquire preference shares of this company on following terms: (1) Nine fully-paid 6½ per cent. cumulative preference shares of £1 of Ind Coope in exchange for every two 5½ per cent. cumulative preference shares of this company; (2) payment of 16s. in place of half-share fractions. To prevent loss of interest Ind Coope will pay in cash 4½d. per share purchased. Offer conditional on its being accepted by 90 per cent. of holders of preference shares of this company.

AMERICAN STEEL MERGER COMPLETED.—The merger of the Republic Steel Corporation and the Corrigan McKinney Steel Company, under a plan of acquisition of Corrigan McKinney, became effective September 26th, with the completion of final legal and financial details.

PROVIDENT INVESTORS TRUST.—Martins Bank, Ltd., will be the trustee in the new Provident Investors Trust, to be launched shortly by Dawnay Day interests, with a portfolio consisting of shares in thirty companies supplying household necessities. The trust will be strictly cumulative, and all capital bonuses will be retained.

TRUST OF INSURANCE SHARES, LTD.—Insurance unit certificates are now available to investors either in "bearer" or in "registered" form. The managers now undertake at any time, if desired by a certificate holder, to purchase his units at the net realised or realisable value on the Stock Exchange of the underlying securities. The managers have now made arrangements whereby the half-yearly dividend may be regularly invested in additional units. The requisite forms can be supplied on request. The trust is changing its address on October 1st to 29 and 30 Cornhill, E.C.3. Telephone: Mansion House 3326 (4 lines).

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Deben- ture Interest	Amount Available for Distri- bution	Appropriation			Corresponding Period Last Year	
					Dividend		Carried to Reserve, Deprecia- tion, etc.	Balance Forward	Net Profit
					Prefere. Amount	Ordinary Amount Rate			
Financial Land, etc.									
Brick Investments	June 30	£ 6,223	£ 22,519	£ 28,742	£ 7,641	£ 3,983	10	£ 8,629	£ 4,489
Harrisons and Crosfield.....	June 30	134,556	253,284	387,840	137,800	81,022	20	141,007	249,004
Whitehall Court	June 30	5,994	19,470	25,464	...	28,011	(c)	4,021	6,443
Gas									
Deal and Walmer Gas	June 30	1,730	8,090	9,820	1,694	5,631	7½	750	1,745
Iron, Coal and Steel									
Manvers Main Collieries ...	June 30	20,398	103,784	124,182	11,000	31,500	4½	50,000	31,682
Sheepbridge Coal and Iron	June 30	83,271	105,085	188,356	10,460	73,197	6½	20,000	84,699
United Steel Companies ...	June 30	446,037	1,115,205	1,561,242	...	358,937	7	681,000	521,305
Ward (Thos. W.)	June 30	34,721	(a) 91,351	126,072	83,175	...	...	2,366	40,531
Rubber, etc.									
Bajoe Kidoel	Mar. 31	41,622	12,913	54,535	...	12,448	5	42,087	13,282
Seaport (Selangor)	June 30	19,316	6,408	25,724	...	5,812	4	19,412	6,800
Shops and Stores									
Easterns, Ltd.	Aug. 31	3,518	33,762	37,280	5,799	11,546	12½	16,500	3,435
Prices, Tailors, Ltd.	June 30	45,295	302,500	347,795	42,626	88,156	65	124,007	93,006
Selfridge Provincial Stores	Aug. 31	5,968	107,371	113,339	...	58,125	2½	44,277	10,937
Textiles									
Leethams (Twilfit)	June 30	7,786	44,724	52,510	14,063	16,875	9	13,764	7,808
Trusts									
City and International Trust	Aug. 31	31,106	43,827	74,933	30,000	10,000	2½	34,933	38,259
C.L.R.P. Investment	Aug. 31	5,631	20,746	26,377	14,119	2,835	1½	3,000	6,423
Other Companies									
Assoc. Prov. Picture Houses	May 31	45,721	102,876	148,597	7,500	42,000	6	47,714	51,383
Bucknall (Henry) and Sons	May 31	2,546	22,007	24,553	18,000	4,000	5	2,553	22,917
Constable, Hart and Co. ...	June 30	16,061	17,702	33,763	...	15,612	7½	17,151	15,280
Sun Electrical Co.	Apr. 30	4,012	18,594	22,606	9,375	5,599	6	3,500	4,132
Tebbit Brothers	June 29	9,274	2,375	11,649	...	2,709	2½	8,940	1,955

(a) After writing off £5

213,000 tons being some 75,000 tons below the previous month's figure. These delayed shipments have had an upsetting effect on the market generally, and a week or two may elapse before arrears are completed. In the meantime, demand is now showing an improving trend. Most classes of screened coal are strongly held, and nuts are showing an upward trend. London trade in nuts is increasing.

Prices all round are firm, with export rates as follows, f.o.b. district ports:—LANARKSHIRE.—Ell best, 14s. 6d.—15s.; splint best, 17s. 6d.; splint second, 15s.—15s. 6d.; navigation, screened, 14s. 9d.—15s.; navigation, unscreened, 13s. 6d.; Hartley, 16s.; steam, 13s.—13s. 6d.; trebles, 13s. 6d.—14s.; doubles, 13s. 6d.; singles, 12s. 9d.—13s.; pearls, 11s. 3d.—11s. 6d.; dross, 10s.. FIFE.—Best unscreened navigation, 12s. 6d.—12s. 9d.; unscreened navigation, 12s. 3d.—12s. 6d.; first-class steam, 13s. 6d.—14s.; third-class steam, 12s. 3d.—13s.; trebles, 13s. 6d.—16s. 9d.; doubles, 13s. 6d.—14s. 6d.; singles, 12s. 9d.—13s.; pearls, 11s.—11s. 6d. LOTHIAN.—Best splint, 14s. 6d.; prime steam, 13s.—13s. 3d.; secondary steam, 12s.—12s. 6d.; unscreened navigation, 12s. 9d.—13s.; trebles, 14s.—14s. 6d.; doubles, 13s. 6d.; singles, 12s. 9d.—13s.; pearls, 11s. AYRSHIRE.—Best unscreened navigation, 14s. 6d.; steam, 12s. 6d.—12s. 9d.; trebles, 14s.; doubles, 13s.—13s. 6d.; singles, 13s. 6d.; pearls, 13s.; dross, 11s. 6d.

CARDIFF.—With the abatement of the recent gales there was a considerable improvement during the week-end in the supply of tonnage at South Wales docks, and loading operations were consequently fairly active during the earlier part of the present week. According to the returns of the Great Western Railway Company, shipments in the foreign and coastwise trades totalled last week only 272,000 tons, compared with 340,700 tons the previous week, and 431,932 tons in the corresponding week last year; but with weather conditions normal, it is hoped that this week's figures will be much more favourable. Current business has included a contract for 24,000 tons for bunker coals placed by a Lisbon shipping company, and inquiries by the Egyptian State Railways for an additional 120,000 tons, and by the Palestine Government Railway for 12,000 tons. In other respects the market has been featureless, and quotations are nominally unchanged. For the last quarter of the year the price of French pitwood under the barter deal of June, 1934, has been fixed at 24s. 3d. c.i.f., compared with 24s. 6d. for the September quarter. For Portuguese timber the current quotation is 23s. ex ship. In view of the national agitation for a flat 2s. per shift increase in the wages of miners, the South Wales Miners' Federation has temporarily suspended official relations with the colliery owners under the Conciliation Board Agreement, and have accordingly withdrawn its recent application for a local increase pending the result of the national movement.

Current approximate quotations:—Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 6d.; best drys, 18s. 9d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams (washed), 13s. to 13s. 6d.; seconds, 12s. 6d. to 13s.; coking smalls, 13s. 6d. to 14s.; anthracite, best large, 36s. to 40s.; Red Vein, large, 22s. to 27s.; machine-made cobbles, 35s. to 51s.; French nuts, 35s. to 51s.; stove nuts, 34s. to 49s.; rubby culm, 10s. 6d. to 12s.; special foundry coke, 37s. 6d. to 40s.; patent fuel (Crown), 21s.; pitwood, ex ship, French, 24s. 6d.; Portuguese, 23s.

IRON AND STEEL

MIDDLESBROUGH.—There is no outstanding change in the iron market position this week. Production of iron and steel is maintained and further inquiries are being received. Home demand is fully absorbing the production of both Cleveland foundry pig iron and East Coast hematite, and minimum prices are being strictly adhered to, as follows: 67s. 6d. per ton delivered Middlesbrough for No. 3 Cleveland foundry pig iron; 71s. per ton delivered Middlesbrough for No. 1 East Coast hematite. Export trade is still quiet, although it is reported that merchants here have received payment against iron shipped to Italy some months ago, and it is expected that this will enable further sales to be arranged.

The steelworks are very busy both on small material and on heavy constructional steel. Semi-finished material is also in good request. Specifications for shipyard work are coming through slowly, however, and the rail departments are still quiet.

New business in foreign ore is not very active. Works are receiving deliveries against contracts made some time ago. For Mediterranean ores the market is inclined to stiffen in sympathy with the firmer tendency of freights, but best Bilbao rubio is nominally 17s. 6d. per ton c.i.f. Middlesbrough. Good Durham blast-furnace coke is in good supply, although producers are quoting 19s. per ton delivered at the furnaces. Heavy steel melting scrap is unchanged at 52s. 6d. per ton delivered works.

WORKINGTON.—Business continues steady in the North-West Coast hematite pig-iron trade. A very slight diminution of the volume of forward buying has taken place, and as far as the iron that goes to the spill-over is concerned, makers possess orders to keep them occupied for twelve months to come. It is largely the Midland and South Walian users who take the iron that the steelworks at Workington and Barrow do not require, but there is a steady if slight Scottish and Continental demand to satisfy. The further forward buying is stated to have been stimulated by the apprehension that prices may be advanced again. At present, however, quotations remain at the agreed minimum, Bessemer mixed numbers being quoted at £3 15s. per ton at Glasgow; £4 1s. at Manchester; £4 4s. 6d. at Birmingham; and £4 6s. at Sheffield, with low-phosphorus iron an additional 2s. 6d. to 5s. per ton. There is a good market for refined iron, and also for malleable iron at £5 18s. per ton delivered at Birmingham, and for ferro-manganese

at from £10 15s. to £11 5s. per ton home. Steelmakers, already well off for orders, are booking new business, and the expectation is that operations on the present scale can be maintained until early next year. Workington is rolling rails, billets, bars and slabs, and Barrow is on rails, hoops and strip. Native ore is in steady local request. Needs of Scottish, East Coast and South Walian smelters represent a very meagre tonnage.

GLASGOW.—All branches of the iron and steel industry are busy, and the amount of work on hand is sufficient to ensure continuous employment for some time to come. During the present week the tonnage booked by steelmakers shows some slight falling off compared with recent weeks, but in the present state of the order books this does not cause anxiety. Demand for semis and re-rolled bars is steady. Sheetmakers, who recently put a few more mills into operation, are still finding employment for the increased number. Tube makers are fully employed. During the week substantial orders have been placed with machinery makers and boiler makers, and in all the heavy engineering trades full-time working is general. There is a large amount of ship-repair work being carried out at Clyde yards this week.

CARDIFF.—Conditions in the South Wales tinplate trade have improved slightly during the past week. On the Swansea Metal Exchange on Tuesday it was reported that inquiries were more active and that these affected galvanised sheets as well as tinplates. Quotations, however, were nominally unchanged for steel bars as well as for plates and sheets. Shipments of tinplates at Swansea last week were seriously hampered by the tonnage position and totalled only 35,290 boxes, compared with 92,356 boxes the previous week, and 181,862 boxes in the corresponding week last year. Stocks consequently increased from 44,319 boxes to 92,921 boxes.

OTHER METALS

COPPER.—Little change has taken place in the tendency of the market this week, although prices have recorded a further modest rise. British warehouse stocks rose by an additional 672 tons last week, to the record level of 90,580 tons. The market is at present largely under the influence of changes in the international political situation, for copper is the chief non-ferrous metal used for war purposes. Any increase in armaments will therefore tend to bring about a rise in the price of copper.

Sales on the London Metal Exchange: 2,400 tons on Monday, against 5,300 tons last week; 3,250 tons on Tuesday, against 3,750 tons last week; 2,250 tons on Wednesday, against 2,500 tons last week. Domestic spot was quoted at 8.45 cents per lb. in New York on Wednesday, against 8.37½ cents a week ago and 8.02½ cents a month ago. Wednesday's official closing price for standard cash in London was £34 16s. 3d. to £34 17s. 6d., compared with £34 10s. to £34 11s. 3d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 79,171 tons, show an increase of 722 tons, while stocks of rough copper, at 11,409 tons, show a decrease of 50 tons on the week.

LEAD AND SELLER.—Both metals scored a fresh advance this week. Although the recent change in import duties has improved the position, supplies of lead remain rather small. Moreover, production has recently been running at a low level and there has been a strike in Mexico, so that supplies are unlikely to show an immediate increase; consumers' demand remains satisfactory. Spelter is also benefiting from a better demand, but the relatively high production prevents a sharp upward movement of prices. Spelter is therefore considerably cheaper than lead at the present time.

Sales of lead on the London Metal Exchange: 1,600 tons on Monday, against 1,550 tons last week; 1,500 tons on Tuesday, against 11,100 tons last week; 1,600 tons on Wednesday, against 1,950 tons last week. The New York quotation on Wednesday was 4.50 cents per lb., against 4.35 cents a week ago and 4.35 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £17 3s. 9d. per ton, compared with £16 10s. a week ago.

Sales of spelter on the London Metal Exchange: 350 tons on Monday, against 600 tons last week; 1,150 tons on Tuesday, against 525 tons last week; 1,200 tons on Wednesday, against 1,425 tons last week. Wednesday's quotation in East St. Louis was 4.75 cents per lb., against 4.75 cents the week before and 4.60 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £15 18s. 9d. per ton, against £15 10s. last week.

TIN.—After a setback on Monday and Tuesday, prices recovered on Wednesday and closed higher on the week. Supplies remain finding sufficient labour to enable them to increase their output quickly, to the permitted quota of 65 per cent. The increased fore be tardy in making their appearance on the market. The immediate outlook is uncertain.

Sales of tin on the London Metal Exchange: 250 tons on Monday, against 245 tons last week; 200 tons on Tuesday, against 245 tons last week; 240 tons on Wednesday, against 290 tons last week. The New York quotation on Wednesday was 49.50 cents per lb., against 49.25 cents a week ago and 49.15 cents a month ago. Wednesday's official closing quotation in London for standard cash was £227 to £230 per ton, compared with £226 17s. 6d. to £227 2s. 6d. last week. Stocks of tin in London and Liverpool at the end of last week totalled 836 tons, a decrease of 271 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted at £100 per ton. Nickel, for home and export, at £200 to

£205 per ton, remains unchanged. Quicksilver, on the spot, was steady at £11 15s. per flask of 76 lbs. Chinese antimony was quoted at £68 per ton ex warehouse, duty paid, against £69 to £70 a week earlier. Chinese wolfram for September-October shipment was quoted at 33s. to 34s. per unit c.i.f., against 31s. to 33s. last week. Platinum (refined) at £7 10s. per ounce, was unchanged on the week.

TEXTILES

COTTON.—Manchester.—Trading has continued rather more active. The hardening tendency in raw material prices at the end of last week forced out more inquiry in yarn and cloth. Although the upward movement has been checked during the last few days the undercurrent of demand remains healthier. Raw cotton markets have been more or less dominated by the Italo-Abyssinian dispute. On one or two occasions there has been heavy covering by Bombay and Continental interests. The future course of prices is very uncertain, but it is probable that any pronounced downward movement will be prevented by the shortage of contracts in Liverpool. On the other hand there is a likelihood of hedge selling on a freer scale before very long.

COTTON PRICES

	1935					Corresponding Date	
	Sept. 4	Sept. 11	Sept. 18	Sept. 25		1933	1934
Raw Cotton—Mid. American per lb.	6.04	6.22	6.39	6.36	6.55	7.01	
Sakelardis Fully Good Fair Egyptian per lb.	8.04	8.15	8.29	8.39	7.33	6.41	
Yarns—32's twist per lb.	92	10	10	10	92	104	
" 40's twist per lb.	102	104	104	104	94	104	
" 60's twist (Egyptian) per lb.	152	154	154	154	154	154	
32-in. Printers 116 yds., 16 by 16, 32's and 50's per lb.	17	0	17	17	17	16	9
36-in. Shirtings, 75 yds., 18 by 18, 32's and 40's per lb.	24	0	24	24	24	20	24
36-in. ditto, 80 yds., 18 by 18, 10 lb. per lb.	10	2	10	10	10	10	11
36-in. ditto, 87½ yds., 16 by 15, 82 lb. per lb.	9	1	9	9	9	10	1

There has been a persistent demand in cloth for the outlets abroad and an encouraging business has been done. Better advances have been received from India and the freer operations for that market have been maintained. A substantial business is still pending. The turnover for China has again been within narrow limits, but fancies have attracted rather more attention for Singapore. Slightly more business has been done with Egypt. Exports to West Africa at the present time are on a large scale and further buying has been in evidence. Inquiry in home trade fabrics has broadened somewhat and a better turnover has taken place in dress materials, poplins and over-all cloths. American yarn quotations have been more firmly held. Some spinners have sold more freely than for several months back. Producers, however, still find it difficult to secure more remunerative prices. A slightly improved inquiry has come through in Egyptian qualities with business patchy.

GRAIN MARKETS

WHEAT.—The gradual upward trend of prices on American markets has continued this week, but quotations in London closed on Wednesday a shade lower on the week. Trading in both countries has been irregular and prices have tended to fluctuate in accordance with changes in the political outlook. Any improvement in the position at Geneva tends to make sellers less anxious to hold, and thus produces an easier tendency in the market.

According to the *Corn Trade News*, total arrivals of wheat and flour at principal ports of Europe during the past week were 489,000 quarters, against 1,085,000 quarters in the preceding week. On Wednesday last, "September" futures were quoted in Chicago at 98½ cents per bushel, against 97 cents the week before and 87½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 37s. 3d. per 496 lbs., against 37s. 6d. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 36s., against 36s. 6d. a week ago.

FLOUR.—A further rise of 1s. per sack was recorded this week. Shipments from North America in the past week totalled 129,000 sacks, compared with 77,000 in the previous week. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered country, 30s. 6d. per 280 lbs., against 29s. 6d. a week ago; delivered London, 29s. 6d., as compared with 28s. 6d. a week ago. Manitoba patents, ex store, 28s. 9d. to 30s. 3d., against 28s. 6d. to 30s. a week ago. Australian, ex store, 22s. 9d. to 23s., against 22s. 6d. a week ago.

BARLEY.—Trading in both imported and English barley continues active, although quotations show little alteration this week. "October" futures were quoted at 36½ cents per bushel in Winnipeg on Wednesday, against 37 cents last week and 34½ cents a month ago. Quotations per 448 lbs. in London on Wednesday were: "English feed" (new) at farm, 23s. to 24s., as against 22s. to 24s. last week; "English malting" (new) at farm, 30s. to 56s., against 30s. to 56s. a week ago.

OATS.—A fair demand for home-grown oats has been in evidence this week, but imported descriptions have been a quiet market. The upward movement of prices in Chicago has continued. On Wednesday, "September" futures were quoted at 29½ cents per bushel in Chicago, against 28½ cents a week ago and 25½ cents last month. Quotations in London, Wednesday: "English Black" (old), at farm, 22s. per 336 lbs., against 22s. a week ago; "English White" (old), at farm, 22s., against 22s. last week; "Chilean White," landed, 27s. per 320 lbs., against 27s. a week earlier.

MAIZE.—Demand for Plate maize, although still active, has eased off a little and prices in London are a shade lower on the week. Chicago quotations show a further advance. "September" futures were quoted on Wednesday at 84 cents per bushel in Chicago, against 81½ cents a week ago and 70½ cents last month. Quotations in London, Wednesday: "Plate," landed, 18s. 6d. per 480 lbs., compared with 18s. 9d. a week ago; "Plate," ex ship (new), 17s. 6d., as against 17s. 9d. a week ago; "Plate," "September," 17s. 6d., against 17s. 9d. a week ago. Yellow maize meal, ex wharf, was quoted at £5 to £5 2s. 6d. per ton, against £5 a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sale of home-grown wheat during the harvest years 1932-33 to 1935-36:—

	1932-1933	1933-1934	1934-1935	1935-1936
Estimated sales of home-grown wheat—	Cwts.	Cwts.	Cwts.	Cwts.
1 week to September 21.....	188,043	434,992	599,600	589,614
3 weeks to September 21.....	439,839	1,202,369	1,578,420	1,445,601
Average price of English wheat per cwt.	s. d. 5 8	s. d. 4 10	s. d. 5 1	s. d. 5 0

The following is a statement showing the quantities sold and the average price of British corn in the past two weeks, and for the corresponding week in each of the years from 1931 to 1934:—

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
Sept. 19, 1931.....	Cwts. 52,388	Cwts. 151,358	Cwts. 24,468	s. d. 4 8	s. d. 9 9	s. d. 5 7
Sept. 24, 1932.....	188,043	198,535	53,055	5 8	8 9	6 6
Sept. 23, 1933.....	434,992	482,967	55,335	4 10	10 11	5 4
Sept. 22, 1934.....	599,600	294,021	76,372	5 1	10 0	6 8
Sept. 14, 1935.....	435,043	426,223	63,733	4 8	10 4	6 2
Sept. 21, 1935.....	589,614	531,699	69,066	5 0	10 4	6 2

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks, with comparative figures for 1933 and 1934:—

NEAREST FUTURE	Jan. 4, 1933	Jan. 3, 1934	Sept. 26, 1934	Jan. 2, 1935	Sept. 18, 1935	Sept. 25, 1935
Winnipeg (No. 1, Manitoba) —Cents per 60 lb.	46½	65½	81½	82½	92½	91½
Chicago (No. 2 Winter) —Cents per 60 lb.	46½	84½	104½	98½	97	99½

OTHER FOODS

BACON.—Bacon has been in active demand during the past week. Prices were marked up last Friday, and there has subsequently been a firm tendency. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 83s. to 87s.; Canadian, 79s.; Danish, 85s., against 81s. to 85s., 76s. and 83s. last-week. Arrivals in London last week included Danish, 14,933 bales; Canadian, 2,318; Dutch, 2,606; Lithuanian, 1,420; Polish, 3,670; against 15,350, 2,830, 2,871, 1,471 and 3,938 cwts., respectively, in the previous week.

BUTTER.—The market has been very firm during the past few days. Colonial descriptions have recovered from the easier tendency evident a week ago, while Danish has scored a further rise.

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Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 114s. to 115s.; Australian, choicest salted, 114s. to 115s.; Danish, 130s.; compared with 108s. to 109s., 108s. to 109s. and 128s., respectively, last week.

CHEESE.—After a firm opening on Monday, trading was rather quiet on Wednesday, but Canadian and New Zealand descriptions are higher on the week. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, finest farmers', 59s. to 68s.; Canadian, finest coloured (new), 58s.; New Zealand, finest coloured, 57s. 6d. to 58s., as against 59s. to 68s., 55s. to 56s. and 54s. 6d., respectively, last week.

COCOA.—The "spot" quotation in New York on Wednesday was 5½ cents per lb., against 5½ cents per lb. last week. On the London market, Accras were quiet. On Wednesday last good fermented new crop, "October-December," was quoted 22s. 4½d. per 250 kilos, c.i.f. Continent, against 22s. 6d. last week. Last week's movements of cocoa in London were as follows: Landed, 15,423 bags; delivered, for home consumption, 5,607 bags; exported, 1,378 bags; stocks, 142,291 bags, against 217,186 bags a year ago.

COFFEE.—On the New York spot market, conditions have been steady, with Rio unchanged and Santos a little dearer on the week. Trading in London has been quiet. In New York on Wednesday, Rio No. 7 (cash) was quoted at 6½ cents per lb., as compared with 6½ cents per lb. last week and 6½ cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 237 cwt.; delivered, for home consumption, 55 cwt.; exported, 29 cwt.; stocks, 13,669 cwt., against 27,858 packages a year ago. Central and other South American, landed, 460 cwt.; delivered, for home consumption, 2,603 cwt.; exported, 1,738 cwt.; stocks, 123,898 cwt., against 93,450 packages last year. Other kinds, landed, 830 cwt.; delivered, for home consumption, 3,823 cwt.; exported, 2,022 cwt.; stocks, 141,841 cwt., against 88,524 packages last year.

EGGS.—No new features have been in evidence this week. The market has been steady, with prices showing little alteration from those ruling a week ago. At Smithfield Market on Wednesday, English (ordinary packing, Grade I, about 15-15½ lb.) realised 15s. 6d. to 16s. per 120, against 15s. 6d. to 16s. 6d. a week earlier, while Danish (15½ lb.) made 11s. to 11s. 9d. per 120, against 11s. to 11s. 9d. last week.

FRUIT.—The recent gales have caused the markets to be flooded with fallen fruit, which has had to be sold without delay at low prices. Some growers have suffered heavy losses in consequence. Trade in English apples, pears and plums, says *The Fruitgrower*, has been largely governed by this factor, but as the fallen fruit is being cleared, the market is becoming more steady. Blackberries have been a firmer market, while cob nuts are higher in price. Some improvement has also been shown by hothouse grapes. Some Bulgarian Muscat grapes are arriving. Italian peaches are now finished, and English are firmer. Oranges have not been quite so good a market, but prices of grapefruit are well maintained, and lemons continue very dear.

MEAT.—Beef has encountered a rather slow demand, and prices are a shade easier. Mutton and lamb have, however, met a moderate trade, and are a little dearer on the week. Demand for veal and pork has improved. On Wednesday last, Argentine chilled hind-quarters were quoted at 3s. 9d. to 4s. 2d. per 8 lbs., as compared with 4s. to 4s. 4d. last week. New Zealand frozen mutton was 3s. to 3s. 6d. per 8 lbs., against 2s. 10d. to 3s. 6d. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 9,065 tons, an increase of 457 tons on the corresponding week last year. Beef and veal accounted for 4,640 tons, mutton and lamb, 2,623 tons, and pork and bacon 1,074 tons, as compared with 4,357, 2,568 and 975 tons, respectively, in the same week of 1934.

PEPPER.—Wednesday's spot price for Lampung (in bond) was 3½d. per lb., against 2½d. last week. Movements of pepper in London during the past week were as follows: Black, landed, nil tons; delivered, 44 tons; stocks, 1,580 tons, against 296 tons a year ago. White, landed, nil; delivered, 252 tons; stocks, 17,114 tons, against 7,306 tons a year ago.

MILK.—The dispute between the Milk Marketing Board and the Central Milk Distributive Committee has continued this week but, as we go to press, agreement is in sight. The dispute, which is further discussed in a Note of the Week, arose over the refusal of the distributors to sign the new contract, giving the producer an extra 5d. per dozen gallons (without any increase in the retail price) during the coming year. The matter was referred by the Minister of Agriculture last Friday to a committee of investigation, under the Agricultural Marketing Acts. This committee cannot meet before the new contract is due to come into force, but the Milk Board have now agreed that any alteration in prices, made as a result of the findings of the committee, shall apply to all contracts retrospectively. It is now unlikely that there will be any stoppage of supplies on October 1st.

RICE.—Prices have continued to rise this week. The spot price of Burma No. 2, cleaned, was 9s. 1½d. per cwt. on Wednesday, as compared with 8s. 9d. per cwt. a week ago, while the forward quotation, at 8s. 7½d. per cwt., shows a rise of 6d. on the week. Movements in London during the past week were as follows: Landed, 311 tons; delivered, 252 tons; stocks, 9,004 tons, against 3,196 tons a year ago.

SUGAR.—Spot quotations for raw sugar on the New York market have advanced this week, although a slight reaction took place on Wednesday. The London market has been quiet, with prices showing little change. The spot price in New York on Wednesday was 3.57 cents per lb., as compared with 3.47 cents per lb. last

week and 3.50 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "December delivery" at 4s. 6½d. to 4s. 7d., against 4s. 5d. to 4s. 6½d. last week. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 15,457 tons, against 16,544 in the previous week and 15,638 in the same week of last year; deliveries, 14,148 tons, against 14,266 and 15,046 tons respectively; stocks, 150,562 tons, against 149,253 and 124,790 tons respectively.

TEA.—The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold at Mincing Lane on Garden Account in recent weeks:—

Week ending	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
Sept. 20, 1934	12-25	10-67	12-01	9-20	8-70	10-26	11-72
Aug. 22, 1935	15-15	10-65	12-82	9-88	8-57	9-60	13-01
Aug. 29, "	17-28	10-76	13-08	9-99	8-44	10-09	14-12
Sept. 4, "	16-80	11-04	13-32	10-07	8-91	10-07	14-29
Sept. 11, "	17-17	11-54	14-06	10-50	9-30	10-73	14-74
Sept. 18, "	17-52	11-92	14-54	10-77	9-79	10-82	15-31

The quantities catalogued for this week's auctions comprised 48,501 packages of Indian and 23,563 packages of Ceylon tea. On the whole, the rising trend recorded in recent weeks was continued. The Indian auctions on Monday had a strong tone, but the market was rather quieter on Wednesday. The Ceylon grades met with active competition on Tuesday and quotations recorded a fresh advance.

VEGETABLES.—Business in the vegetable section at Covent Garden has not been quite so active as recently, and prices are frequently lower. According to *The Fruitgrower*, demand for tomatoes has eased off during the past week and, with heavier arrivals of Jersey outdoor, prices have declined. Cucumbers have been a slow trade, and are consequently cheaper. On the other hand, mushrooms have recovered in price. Best samples of green peas and scarlet runners are firm in price, while marrows are steady. Supplies of potatoes at the London markets have continued heavy and, with demand only moderate, lower prices have been accepted for any samples showing scab. Quotations for good quality potatoes are, however, well maintained and, at the London Borough Market on Tuesday, King Edward again realised from 5s. 6d. to 6s. 6d. per cwt.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OLSEEDS.—Linseed and linseed oil have been very excited markets and prices have advanced almost consistently day by day. The advance in Buenos Aires options influenced by political events in Europe, coupled with adverse reports of the new crop in Argentina and the rise in grains have been the main factors. Buyers, however, hesitate to follow, although a fair business in Plate to Hull was done around £10 10s. for October, and £10 12s. 6d. for November, loading. Interest in Indian linseed has also been aroused and up to £12 7s. 6d. for Calcutta October and £12 10s. for November have been paid. Shipments from the River Plate are rather heavier. The quantity now on passage to Europe is 128,500 tons (including 4,300 tons from India), 3,100 tons advance on the week. That afloat for the United States and Canada is 32,900 tons against 30,200 tons a year ago. Trade in cottonseed is active at the lower prices and black Egyptian to Hull has been sold at £6 5s. September loading, £6 3s. 9d. October to £6 December-March.

Linseed oil has been rapidly rising in sympathy with seed and a fair demand from consumers. Prices have advanced £2 per ton in a week and £4 since the beginning of the month. The current quotation ex Hull mill for September and October-December deliveries is £26 5s. per ton, naked, and for January-April, £26 10s. Cotton oil is quiet but steady. Egyptian crude ex Hull is held for £25 and refined for £27 per ton spot. Demand for oilcakes continues to improve and prices are steady.

FURS.—On Tuesday next the autumn series of fur auctions will open in London with the sales of the Hudson's Bay Company. These will be followed by Lamson and Innings' Chinese and Australian sales and, later, by auctions of silver foxes. The series, which will last for three or four weeks, will close with the sale of Russian and American furs. The offerings will be of moderate proportions and the quality only average, for the bulk of the supply consists of furs which were unsold at earlier auctions this year. In the circumstances, it seems probable that prices will be generally below those realised at the spring and summer sales—especially in view of the fact that it is now too late for furriers and manufacturers to cover their requirements for the winter season. Moreover, they will certainly prefer the new supply, which will be marketed at the January and spring sales, for their next year's selections. The tendency on the open market has also been easier in recent weeks; although good sales have been made in London, exports to Italy have suffered a decline in consequence of the unsatisfactory operation of the Anglo-Italian clearing agreement.

TIMBER.—Imports of building and joinery woods from European and Canadian sources were moderate in August and supplies during the first eight months of the present year have been well below last year's level. Heavier supplies at the beginning of the year caused nervousness among importers, who have been purchasing cautiously on a falling market. But demand from the building trades has increased this year and, with dock stocks lower, the market would seem favourable for a re-stocking movement. Prices have been low recently, for the Continent has been a poor buyer and the weight of unsold wood in the hands of Finnish and Swedish shippers is known to be heavy. The latter have shown a disposition to hold for better prices, while importers should now be buying more for close-navigation stocks. It remains to be seen which side will give way.

shipbuilding woods are in increasing demand. The hardwood rket generally is steady. August imports were not heavy, but eight months' receipts are well up on last year. Meanwhile, stocks are moderate and demand is better. Plywood imports this year have risen to a record level—a fact which reflects the upward movement of business activity.

RUBBER.—The event of the week was the unexpected decision of the International Rubber Regulation Committee to reduce the export quotas for the last quarter of the current year. On March 26th last, the permissible export quota for the October-December quarter was fixed at 65 per cent. of the basic quotas. As a result of Tuesday's meeting of the Committee, which is further discussed

in a Note of the Week, this percentage has been reduced to 60. The market responded to the announcement of this decision with a sharp advance in quotations. Subsequently, however, profit-taking took place, and prices closed below the best. The spot price in New York on Wednesday last was 11½ cents per lb., compared with 11½ cents per lb. a week ago and 11½ cents a month earlier. Wednesday's official closing price for standard ribbed smoked sheet in London was 5½d. per lb., as against 5½d. on the corresponding day last week. In forward positions, business has been done at 5½d. to 6d. for January to March shipment, as against 5½d. to 5½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 177,733 tons, against 178,012 tons a week earlier. A year ago stocks amounted to 112,952 tons.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM

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

LONDON, September 25th				POTATOES—				WOOL—				CEREALS AND MEAT			
GRAIN, Etc.—				English, new per cwt.				English Southdown, greasy, per lb.				Cape			
Wheat—				SPICES—				Lincoln hog, washed, per lb.				Dry and Drvsalted Cape—			
No. 2, N. Man. 496 lb.				Pepper, per lb.—				Queensland, scd. super cmbg.				Market Hides, Manch'tr			
Eng. Gas. av. per cwt.				Black Lampung				N.S.W. greasy, super cmbg.				Best heavy ox and beef			
Barley, Eng. Gaz. av.				White Muntok				N.Z. grsy., half-bred 50-56				Best cow			
Oats				Cinnamon—1st sort, per lb.				Tops—				Crossbred 40-44			
Maize, La Plata, landed,				Cloves—Zanzibar per lb.				Merinos 70's				Best calf			
480 lb.				Ginger—per cwt.—				Crossbred 48's				INDIGO—			
Flour, Lon. stan. ex mill,				African				Crossbred 46's				Bengal, gd. red.-vino, to fine			
280 lb.				Jamaica, ord. to good.				" 46's				per lb.			
Rice, No. 2 Burma, per cwt.				Mace								LEATHER—			
Tapioca, per cwt.—				Nutmegs, 65's								Sole Bonds 8/12 lb.—			
Fair Flake, Singapore..				SUGAR—				MINERALS				per lb.			
MEAT—				(Duty, 11/8 per cwt.)				COAL—				Bark Tanned Sole			
Beef, per 8 lbs.—				Centrifugals, 96%, prpt.				Welsh, best Ad'ty ... ton				Shoulders in DS Hides			
English long sides				Shippr., c.i.f. U.K./Cont.				Durban, best gas, f.o.b.				Type			
Argentine chilled hinds				B.W.I. crystallised				Sheffield, best house, at pits				Fug. or WS do.			
Mutton, per 8 lbs.—				Java, white, c. & f. India				IRON AND STEEL—				Belles from DS do.			
English wethers				May-June				Pig, Cleveland No. 3, d/d.				Do. Eng. or WS do.			
N.Z. frozen				REFINED—London—				Bars, M'brough				Dressing Hides			
Lamb, per 8 lbs.—				Yellow Crystals				Steel rails, heavy				Ro. Eng. Calf, 20/20 lb.			
N.Z. frozen				Cubes				Tin plates				Aust. Bonds			
Pork, English, per 8 lbs.				Crushed				Tin plates				VEGETABLE OILS—			
BACON—OTHER FOODS				Granulated				METALS—				Linsed, naked, p. ton net			
English				Home Grown				Copper, Electrolytic, ton				Rape, refined			
Irish				Indian—per lb.—				Sheets (strong)				Cotton-seed, crude			
Danish				Pekoe				Standard				Coconut, crude			
Dutch				Broken Pekoe				Spelter G.O.B.				Palm			
HAMS—				Broken Orange Pekoe.				Tin—English ingots				Oil Seeds Linsed—			
Canadian				Ceylon—per lb.—				Standard cash				La Plata, p. ton, Sept.			
American				Pekoe				Sulphate of Copper, per lb., less 5%				Calcutta—per ton			
BUTTER—				Broken Pekoe				Nitric				Turpentine, per cwt.			
Australian				Orange Pekoe				Oxalic, net				PETROLEUM PRODUCTS—			
New Zealand				Broken Orange				Tartaric, English, less 5%				Motor Spirit, No. 1, London			
Danish				TOBACCO—				Alcohol, Plain Ethyl.				do			
CHEESE—				(Duty, 9/6-10/6½ per lb.)				Alum, lump				Petroleum, Amer. rfd.			
Canadian				Empire growth, 7/5½				Ammonia, carb.				Ld. London, per gal.			
New Zealand				8/3½ per lb.)				Sulphate				Fuel oil, in bulk, for contracts, ex instal.			
English Cheddars				Virginia leaf				Arsenic, lump				Thames—			
Dutch				Common to fine				Bleaching powder, per ton				Furnace—per gall.			
COCOA—				Rhodesian leaf				Borax, gran.				Diesel —per gall.			
(Duty, British grown,				Nyassaland leaf				Do, powder				ROSIN—			
11/8; foreign, 14/- cwt.)				strips				Nitrate of soda				American			
Accra, f.f., foreign, per cwt.				East Indian leaf				Potash—Chlorate, net				per ton 12/7, 6/14, 15/0			
Trinidad				strips				Sulphate				RUBBER—			
Grenada				COTTON—				Arsenic, lump				St. ribbed smoked sheet			
COFFEE—				Mid-American				Bleaching powder, per ton				per lb.			
(Duty, British grown,				Sakellaris, f.f.				Do, powder				Fine Hard Para per lb.			
4/8; foreign, 14/- cwt.)				Yarns, 32's twist				Nitrate of soda				St. ribbed smoked sheet			
Santos sup. c. & f. cwt.				60's twist				Potash—Chlorate, net				per lb.			
Colombian, good				FLAX				Sulphate				SHELLAC—			
Costa Rica, med. to good				Lyonian TK ... per ton				Soda Bicarb. ... per cwt.				TN Orange ... per cwt.			
East Indian				Pernau RD.				Crystals				SHEELS—			
Kenya, medium				Slaneet Medium 1st sort				CEMENT, best Eng. Portland, d.d. site				W. Aust. M.o.-P.			
EGGS—				HEMP—				London area, jute sacks, 1½ to ton (charged and credited at 1/6d. each) or paper bags 20 to ton (free, non-returnable)				TALLOW—			
English				Italian P.C. ... per ton				1 and up to 4 ton loads and upwards 40/- per ton				s. d.			
Danish				Manilla, Oct.-Dec. " J ".				1 and up to 4 ton loads 42/- per ton				s. d.			
FRUIT—Oranges—				Sicilian				S.M.D. Straits Sea, ... per ton				s. d.			
South African				(var.) boxes				Sanded South Sea, ... 10, 8, 9				s. d.			
Brazilian				Australian				DRUGS—				s. d.			
Lemons, Malaga				Native 1st mks. ... per ton				Camphor—				s. d.			
Sicilian				Sept.-Oct. (new)				Japan, refined per lb.				s. d.			
Apples: Amer. (var.) 16				Daisee 2.3 ctf. Dundee				Ipecacuanha				s. d.			
" (var.) boxes				Oct.-Nov. (new)				Wet salted—Australian				s. d.			
" Australian				SILK—				per lb.				s. d.			
Onions				Canton				Tussah				s. d.			
Valencia, case				Tussah				Japan				s. d.			
Egyptian, bags				Japan				Italian—raw, fr. Milan				s. d.			
Grapes, Lisbon, boxes				Italian—raw, fr. Milan								s. d.			
Grapefruit Jamaica												s. d.			
" Amer.												s. d.			
LARD—												s. d.			
Irish bladders												s. d.			
U.S.												s. d.			

† These prices are for fuel oil for inland consumption—other than for use in Diesel engine road vehicles—and do not include the Government tax.

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(With this Issue appears our Quarterly Index)

ZERO HOUR

THIS week the shadow of war has been rapidly approaching; and as these words are written it appears that the reality itself has actually arrived. Although the rains have not yet ceased entirely in Abyssinia, the Negus notified the Council at Geneva on Wednesday that the Italians had advanced into Abyssinian territory at the point where the Eritrean frontier adjoins French Somaliland. This is, of course, the spot from which a move designed to cut the Djibuti-Addis Ababa railway would naturally start. The Italians have claimed that this is an area where the frontier is undemarcated, and that the move is therefore not an invasion of Abyssinian territory. But the point is not of great importance; for everything which happened in Italy this week made it clear that it was only a matter of hours before action was taken. For example, in his short but flamboyant speech to the 20 million persons who were mobilised on Wednesday to demonstrate Italian solidarity, the Duce declared that "for many months the wheel of destiny under the impulse of our calm determination moves towards a goal. In this last hour the rhythm has become faster and cannot now be stopped." Nor does Signor Mussolini appear to be seriously concerned to prove Abyssinia the aggressor; for we must assume that the draftsman of the *communiqué* issued after last Saturday's meeting of the Italian Cabinet was speaking ironically when he wrote these words:—

The announcement made by the Negus at Geneva that he had ordered his troops to withdraw 30 kilometres cannot be taken quite seriously by the Italian Government or by any Government worthy of the name. Such an expedient has a strategic objective and not a pacific scope—to mask better the preparations in the interior and to take up a stronger line on more solid positions. In view of this situation departures of our divisions have in the last few days been notably accelerated.

War fever is, alas, so blinding in its effects that such statements as this may conceivably be taken in Italy at face value. Elsewhere it will remain on record as an unusually flagrant example of the wolf accusing the lamb of muddying the water. Apparently, however, the "defensive offensive" is still to be the *mot d'ordre*. On Wednesday, after

explaining that "in that part of the world there are no frontiers" the official Italian spokesman stated:—

There had been movements of troops within the last few days; but they had been taken for purely defensive purposes, in order to assume better positions. They had been provoked by the threatening attitude of the Abyssinians, who had not returned to the 30 kilometres that they had claimed. On the contrary, in some places they were in full view of the Italian advanced posts.

On Thursday, however, all pretence was dropped. Though news is inevitably uncertain and unreliable at such a moment, there seems no doubt that Adowa has been bombed and that the Italian advance has begun. In face of these events, it is clearly high time for the nations to cease hypothetical disputations, to put what interpretation they may on the Duce's declaration and to decide as quickly as possible what action they can take to prevent, or avert the consequences of, aggression—in other words, to decide what sanctions to put into effect.

The exhortations of the Italian dictator to the people of Italy were couched in bold, and even bombastic, terms. But evidently the Duce was anxious to impress upon his 20 million hearers that any action the League might take would not be of a vital character or disastrous to the ambitions of Italy. Indeed, he appealed to the "true" peoples of France and Britain to remember their collaboration with Italy in the last war; and he refused to believe that either Power would galvanise the League into activity in imposing sanctions against Italy. Secondly, the Duce made it abundantly plain that he would not take economic sanctions as a *casus belli*; and that he was not, on his side, willing to extend the conflict to Europe.

To sanctions of an economic character we will reply with our discipline, with our sobriety, and with our spirit of sacrifice. To sanctions of a military character we will reply with orders of a military character. To acts of war we will reply with acts of war. . . . We will do everything possible to avoid a colonial conflict assuming the character and bearing of a European conflict.

Now, this is nothing but an open invitation to those in France and this country who are content to argue on these

lines: "What are the Abyssinians, anyway? Our interests are not involved. Let Mussolini have his colonial fling, as long as he leaves Europe quiet. The League is ineffective, in any case." Those who so argue are negligible in this country; for, as Sir Samuel Hoare pointed out to the French Government, the British public takes this as the test of League principles. But they are not negligible in France, where, over and above a natural unwillingness to destroy a newly-fledged Italo-French *entente*, useful against German aggression in Europe, there exists the notorious venality of the Paris Press. Signor Mussolini, we may presume, hoped to intensify, by his speech, the timidity of French and British waverers who would finally paralyse the League, and so deliver over every small nation to the rule of might and forcible aggression.

Will the nations succumb to the soft words of the Italian dictator, or will they stand fast to the declarations so proudly proclaimed from the rostrum at Geneva? Clearly the world's hope of future peace largely depends upon the answer given; and on Britain and France rests the chief responsibility for deciding what the answer is to be. Are the members of the League able and willing to impose effective restraint upon Italy, and, if so, what are the measures that will constitute effective restraint? These measures, in the first place, should be economic in character—as foreseen in Article XVI of the Covenant; but for the reasons set out in a later article in this issue they should be immediate and drastic. Economic sanctions of sufficiently drastic a nature to be speedily effective in arresting aggression may well necessitate, before long, measures of blockade; and Signor Mussolini may elect to take this as an "act of war" by one or more League members. All the more necessary, therefore, that the discussions between the French and British naval and air staffs should be pressed forward; and that the Council at Geneva should proceed at once to call upon both Italy and Abyssinia not to advance one step beyond determined limits. Meanwhile, the Council should forthwith examine and co-ordinate proposals for the collective imposition of the most stringent economic sanctions against Italy, if she fails to comply with the Council's requirements.

None would attempt to belittle the magnitude of the risks and of the responsibilities involved in these measures. But the issues for Europe and the world are of a commensurate magnitude. We believe that the people of France, and those of this country, will unhesitatingly support Governments who, without lightheartedness but without fear, accept those risks and responsibilities which are the lot of every true and clear-sighted statesman. Democracies cannot afford to be more hesitant in action and more afraid of responsibilities, however onerous they may prove, than dictators.

THE MIXTURE—AS BEFORE

IN accordance with long-established custom, the dinner given, last Tuesday, by the Lord Mayor of London to the Chancellor of the Exchequer and representatives of the banking and financial interests of "the City" enabled Mr Chamberlain, as the Government's mouthpiece, to restate the Cabinet's considered views on far-reaching questions of trade recovery, currency stabilisation, and international trade. The threatening political situation, inevitably, ran like a dark thread through Mr Chamberlain's discourse, and no one to-day ventures to assess the future without weighing the possible effects of sinister developments abroad. If, however, we leave these contingencies out of account, the state of trade and industry is not unpromising. During the past summer unemployment in Great Britain has continued to decline, against the normal seasonal trend. The total of insured workers unemployed in Great Britain in August was 200,000 less than a year earlier, and the present total of 10,424,000 in employment is the highest on the Ministry of Labour's records. The value of British exports for the first eight months of this year was 9 per cent. higher than in 1934. Retail sales in August were 4.7 per cent. above last year's level. During the past year, total note circulation has risen

by 5½ per cent., bank clearings by 10 per cent., and even bank advances, which have been among the last of the traditional revival indicators to move, have risen by £9 millions since August of last year. As a corollary of all this, the national revenue is buoyant. Customs duties for the first six months of the financial year are running well above anticipation, and the behaviour of old-established stalwarts of the revenue, like beer and tobacco, is "entirely satisfactory" to the Chancellor.

The national reaction to this tale of achievement is aptly typified by the recent attitude of investors on the Stock Exchange, who have doggedly refused to sell industrial securities on a widespread scale. To them the Abyssinian dispute has appeared as a gratuitously distracting influence in a wholly favourable market environment. A similar sense of disappointment forms the ground-bass of much of Mr Chamberlain's theme. Emphasis on domestic revival in a "policy-speech" is, of course, inevitable, seeing that, before the next "Bankers' Dinner," the Government must needs appeal to the country for a renewal of its mandate. Are we, then, justified in assuming that, international complications apart, the trade barometer is really standing at set fair? So far a fortunate conjuncture of the economic planets has accompanied every stage of Britain's progress from the depths of depression. She abandoned the gold standard and adopted a moderate tariff policy at a time when world prices of food and raw materials were falling. Depression itself has redistributed the national income along lines favourable to enhanced spending. Wage rates have declined much less rapidly than costs of living, and the impact of reduced total income has fallen mainly on company profits and reserves and on the "saving" classes of the population generally. To the impetus which these developments were bound, sooner or later, to give to the consuming trades has been super-added a growing volume of "replacement" demand for capital goods, stimulated both by tariff policy and by low interest rates. In particular, a stimulus has been given to new residential building, though not very markedly, as yet, to industrial building.

Can it be confidently assumed that this happy sequence of cause and effect will be indefinitely maintained? Once the readjustment of the national economy in favour of home consumption has been completed, may not a further expansion in domestic demand be dependent on an expansion in capital investment on the one hand and in foreign trade on the other? Mr Chamberlain clearly showed that he was alive to the need of expansion in these directions, while the Governor of the Bank and Lord Plender were both positive in the view that the condition of further recovery was renewed progress in international trade. What are the prospects in these directions? Expanding investment is bound up with many factors. One of them is the persistence or otherwise of cheap money. Another is the extent to which enhanced demand for non-residential building construction and re-housing activity under the Government's schemes may suffice to offset any possible slackening in the demand for medium-sized owner-purchased houses in the near future.

Progress in international trade presupposes an advance in a direction where improvement has hitherto been least conspicuous. Mr Chamberlain has been at pains, this week, to claim a place among those who believe that "efforts to promote the flow of goods and services throughout the nations of the world" are essential to the permanence of recovery. Some of his hearers may have been pleasantly surprised to find the Government's warmest protagonist of tariffs and price-raising schemes declaring that the main principle of British policy is "rather to increase consumption than to restrict production." Here, indeed, is Saul among the prophets, and Daniel come to judgment! A closer analysis of the Chancellor's interpretation of "measures to increase consumption," however, suggests only too clearly that the Government still interprets this objective in terms of action by other nations while Great Britain maintains full freedom to "regulate the . . . British market for foodstuffs in the interests of food producers generally," and to "adapt her policy in regard to price-levels and cheap money to her own domestic requirements."

In short, Mr Chamberlain has made a welcome step forward in his definition of the Government's economic

objectives. As regards the means for their attainment, however, he still falls back on the old formulas. He gives his blessing to the recommendations of the Economic Committee of the League and other bodies in favour of the lowering of barriers to international trade. When it comes to the point, however, it is clear where his sympathies lie. The Economic Committee's memorandum contained a suggestion that measures for promoting trade freedom should be taken by a group of countries sufficiently numerous to constitute an influential joint market for each other's products—i.e. a species of low tariff club. The resolution moved, however, by the British delegate, Dr. Burgin, Parliamentary Secretary to the Board of Trade, and carried by the Second Committee of the Assembly, recommended bilateral agreements, backed by the most-favoured-nation clause. On this matter we find ourselves, for once, in agreement, not with Mr Chamberlain and the Government, but with Mr Amery, hitherto regarded as the arch-apostle of high protectionism. The latter, at the International Parliamentary Commercial Conference in London on Thursday, moved the following resolution:—

This conference considers that the unconditional most-favoured-nation clause has, under modern conditions, become an obstacle to the development of mutual trade between nations and to the economic recovery of the world, and should be modified; in particular that it should not, in future, apply as against States which are prepared to establish a system of mutual economic co-operation on a regional or historical and political basis.

Finally, it is clear that in Mr Chamberlain's view there is no prospect whatever of a re-tying of sterling to gold in the near future. His answer to the advocacy of stabilisation by M. Bonnet, the French Minister of Commerce, before the League Assembly, is categorical. In the present tense condition of European affairs even the most tentative approach to stabilisation is "quite unthinkable." We discuss this point in a later Note.

The Government, in short, has no new contribution to make to the problem of facilitating recovery in international trade, either by way of currency measures—where it may claim, not unjustly, to be governed by *force majeure*—or by way of commercial treaty negotiation on a broad basis—where the will to act, if it were present, might find an easier way. Its policy is "the mixture—as before." For the time being, then, an early and far-reaching advance in international trade must be reluctantly ruled out. The domestic horoscope remains more promising as regards the immediate future. It is clear, however, that, if foreign trade activity continues to flag, the home market in itself does not offer any guarantee of continuous recovery for an indefinite period. We need not labour the consequences of any injection of a new element of European political embitterment in the outlook. An armaments "boom" would unbalance Britain's Budget, increase, in all probability, her national debt, and purchase an immediate accession of activity in a limited range of industries at the cost of a certain ultimate recession in the entire body economic.

A QUARTER'S NEW CAPITAL

THE "new capital" market in London is an important indicator of the country's economic pulse. But not all the "new issues" to the public represent strictly new capital; they generally, in fact, represent a transfer to the long-term investing public of concerns and securities formerly held in private hands. Even then, however, the payments made by the public for the "transfer" are available for fresh investment; and the capital market is thus kept in funds.

In this article we publish the figures of new capital issues on Government and private account during the last quarter, issues for purely "conversion" purposes being excluded. The third quarter is always the slackest in the new capital market. This year it has been no exception, for £57 millions out of the £64 millions raised in the quarter were issued in July; and of these £57 millions no less than £31 millions were raised for the London Electric Transport Finance Corporation, which was formed to issue 2½ per cent. 1950-55 debenture stock at 97, under Treasury guarantee, for the

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new London transport electrification scheme. Apart from this one large issue, the amount of new capital raised in the quarter was below the corresponding figures in 1935 and 1933.

The distribution of the total sums raised in recent years among the different classes of borrowers is shown below:—

NEW CAPITAL ISSUES: CLASSES OF BORROWERS
(£ millions)

	Total	British Government	Foreign and Colonial Govt.	British Colonial and Foreign Corps.	Foreign Railways	Mines, Finance, and Exploration	Rubber and Oil	Balance (Mainly Home Industry)
Whole year 1928	369.0	83.8	58.1	26.4	3.1	49.7	8.7	141.2
" " 1929	285.2	65.4	30.0	12.1	7.8	41.5	6.4	122.0
" " 1930	267.8	65.6	70.3	44.7	7.6	11.5	9.3	58.8
" " 1931	102.1	10.7	32.2	8.0	2.9	12.2	0.2	35.9
" " 1932	188.9	102.8	23.8	28.9	Nil	2.7	0.8	29.9
" " 1933	244.8	150.8	29.4	24.6	Nil	6.1	0.2	39.7
" " 1934	169.1	44.1	8.4	36.1	Nil	23.9	1.9	54.7
1934—1st quarter	20.1	1.3	1.5	5.7	Nil	3.1	0.2	8.8
2nd "	76.8	41.6	6.9	6.3	Nil	7.0	0.1	14.9
3rd "	28.5	Dr. 0.8	Nil	4.0	Nil	7.1	0.1	16.8
4th "	43.7	1.4	Nil	20.1	Nil	6.7	0.8	14.7
Total 1934	169.1	44.1	8.4	36.1	Nil	23.9	1.9	54.7
1935—1st quarter	27.3	3.0	Nil	3.1	Nil	4.1	0.1	17.0
2nd quarter	38.0	Dr. 0.6	Nil	12.9	Nil	3.0	0.1	23.1
3rd quarter	64.2	Dr. 0.7	1.7	32.9	Nil	15.5	Nil	14.8

Again the British Government has paid out more than it borrowed during the quarter, our figures showing a net deficit between new purchases and encashments of Savings Certificates. The Trinidad Government accounts for the entry under Foreign and Colonial Government borrowing; foreign railway companies and rubber and oil concerns are still absentees from the market; and the amount raised for "mainly home industry," at £14.8 millions, is two millions less than in the third quarter of 1934, though it is £11½ millions more than in that of 1933.

The geographical distribution of borrowings in the first nine months of this year is as follows:—

DESTINATION OF NEW CAPITAL

	First Nine Months					
	1913	1931	1932	1933	1934	1935
United Kingdom—Government	Nil	12,550,000	101,639,200	150,813,800	42,650,000	1,800,000
Other	25,595,200	38,146,900	43,514,100	46,550,400	57,389,300	117,974,000
	25,595,200	50,696,900	145,153,300	197,364,000	100,039,300	119,774,000
British Possessions—Government	20,003,800	30,571,600	18,041,200	21,968,800	8,481,200	1,670,000
Other	36,944,200	7,872,800	1,453,500	2,434,900	15,521,700	7,800,900
	56,948,000	38,444,400	17,494,700	24,403,700	23,982,900	9,470,900
Foreign countries—Government	24,021,500	1,740,000	Nil	5,298,600	Nil	Nil
Other	43,756,700	7,383,900	27,000	36,600	1,403,000	256,000
	67,778,200	9,123,900	27,000	5,335,200	1,403,000	256,000
Grand total	150,321,400	98,265,200	162,674,800	227,103,600	125,425,200	129,500,900

While British Government borrowing has now fallen to the lowest nine months' total for very many years, the total of new domestic borrowing on behalf of "commercial, municipal and public bodies" is actually more than that of the year 1929. Borrowing by Governments and other entities in British possessions was the lowest nine months' total for this category since long before the war; and foreign borrowing stands at almost as derisory a level as in 1932.

The next table shows the borrowers in their various categories, together with the amounts raised by them in the different periods of this year and last:—

ANALYSIS OF NEW CAPITAL APPLICATIONS

Description	First Half- Year, 1935	Third Quarter, 1935	Total Nine Months to September 30	
			1934	1935
British Government Loans	£ 2,500,000	Dr. 700,000	£ 42,650,000	£ 1,800,000
Colonial Government Loans	Nil	1,670,000	8,461,200	1,670,000
Foreign Government Loans	Nil	Nil	Nil	Nil
British Corporation, County and Public Board Loans	15,440,200	32,886,200	15,974,900	48,326,400
Colonial Corporations and Public Board Loans	Nil	Nil	Nil	Nil
Foreign Corporations	Nil	Nil	Nil	Nil
British railways	Nil	Nil	Nil	Nil
Colonial railways	Nil	Nil	178,500	Nil
Foreign railways	Nil	Nil	Nil	Nil
Australian mines	1,209,000	2,940,800	835,700	4,149,800
South African mines	1,100,000	1,172,200	3,888,100	2,272,200
Other mines	1,172,000	285,400	6,069,600	1,457,400
Exploration, financial and invest- ment trusts	3,676,100	11,193,000	6,661,900	14,869,100
Breweries and distilleries	575,000	451,900	1,478,000	1,026,900
Merchants, importers, etc.	50,000	Nil	Nil	50,000
Stores and trading	3,528,000	330,000	629,800	3,858,000
Estate and land	2,958,200	286,900	740,700	3,245,100
Rubber	115,000	Nil	584,400	115,000
Oil	Nil	Nil	469,300	Nil
Iron, coal, steel and engineering ..	4,476,800	561,800	13,794,900	5,038,600
Electric lighting, power and tele- graph	2,630,800	3,816,700	3,482,200	6,447,500
Tramways, omnibuses, etc.	Nil	Nil	Nil	Nil
Motor traction and manufacturing	945,000	1,590,400	2,153,600	2,535,400
Gas and water	2,726,600	62,600	Nil	2,789,200
Hotels, theatres and entertainments	317,400	955,400	1,027,800	1,272,800
Patents and proprietary articles ..	1,065,000	195,000	3,896,800	1,260,000
Docks, harbours and shipping	Nil	Nil	Nil	Nil
Banks and insurance	1,529,400	Nil	Nil	1,529,400
Manufacturing and miscellaneous ..	19,285,700	6,502,400	12,627,300	25,788,100
Total	65,300,200	64,200,700	125,425,200	129,500,900

Apart from the Treasury-guaranteed issue mentioned above, almost the same amount has been borrowed so far this year for British public boards, corporations and municipalities; but Dundee, Lowestoft and West Bromwich in July together account for the extra £1.8 millions borrowed last quarter, over and above the London Electric Transport Finance total of £31 millions. Australian gold mines, and those of South Africa, India and Bolivia, account for the entries last quarter under the three mining categories. Property companies, investment trusts and holding companies are going merrily ahead. This expansion during the depression reflects to a certain extent the cultivation of new fields for investment of a "fixed-interest" and "realisable security" type. Provincial electric light and power and automobile concerns have been borrowing a little more than a year ago and than in the first half of this year; and in the manufacturing and miscellaneous section, aircraft manufacture and engineering account for £2 millions. Other borrowing in the last category was principally for publishing, building and domestic equipment, chemical and patent food concerns.

The distribution of the new capital raised this year among the various categories is as follows:—

NATURE OF BORROWING

	Debtures, Bonds, etc.	Preference Shares	Ordinary Shares	Total
Year 1930	230,354,800	15,834,600	22,090,100	268,279,500
" 1931	74,935,600	6,911,900	20,296,800	102,144,300
" 1932	170,172,800	12,773,800	5,963,400	188,910,000
" 1933	222,064,300	12,733,700	9,982,500	244,780,500
" 1934	102,769,300	21,461,000	44,878,400	169,108,700
ment in -				
normal se 1931	75,165,300	6,223,000	16,876,800	98,265,100
unemploye 332	149,022,000	8,045,700	5,607,100	162,674,800
than a year				
employment 33	213,084,841	7,329,566	6,689,204	227,103,611
records. T				
months o 1934	75,051,038	13,408,856	36,965,315	125,425,209
Retail sal				
level. Du	1935 72,617,551	26,841,587	30,041,727	129,500,865

It is evident that the "come-back" staged by the equity share is being well consolidated; that the debenture is definitely a star on the wane—as is to be expected when "recovery" has once proceeded on its course; and that issuing houses are having increased recourse to the preference share as a channel for public participation in established businesses, whose control, through the ordinary shares, is retained largely in "inside" hands.

Borrowers are still entering the capital market by the circuitous route of a "Stock Exchange introduction."

CASH INVOLVED IN ISSUES BY STOCK EXCHANGE INTRODUCTION

	United Kingdom	Dominions and Colonies	Abroad	Total
Year 1933—				
1st quarter	£ 4,599,300	£ 3,342,300	£ Nil	£ 7,941,600
2nd quarter	11,774,100	2,410,300	Nil	14,184,400
3rd quarter	6,569,400	Nil	Nil	6,569,400
4th quarter	8,918,900	1,404,800	Nil	10,323,700
Total year 1933	31,861,700	7,157,400	Nil	39,019,100
Year 1934—				
1st quarter	6,995,500	Nil	Nil	6,995,500
2nd quarter	6,363,500	Nil	Nil	6,363,500
3rd quarter	7,349,200	10,784,000	1,331,700	19,464,900
4th quarter	4,619,700	4,046,100	Nil	8,665,800
Total year 1934	25,327,700	15,450,700	1,331,700	42,310,100
Year 1935—				
1st quarter	16,422,100	1,927,000	519,400	18,868,500
2nd quarter	8,912,100	90,000	Nil	9,002,100
3rd quarter	6,841,800	2,212,500	Nil	9,054,300
Total	32,176,000	4,229,500	519,400	36,924,900

Borrowings by this method for British domestic purposes, despite the overclouding of the new issue market by fears of international conflicts, were at virtually the same level as those of the third quarter during the last two years; they are very much higher so far this year than in the first nine months of the last two years, the total this year being already more than the full year's totals in 1934 or 1933.

The process of converting former issues of fixed-interest stocks to new stocks at lower rates of interest continues.

TOTAL OF CONVERSION OPERATIONS

Period	Total Conversions	Period	Total Conversions
Whole year 1928	£ 324,041,983	Whole year 1932	£ 2,510,774,302(a)
Whole year 1929	203,525,540	Whole year 1933	223,141,000(b)
Whole year 1930	187,088,084	Whole year 1934	241,871,600(c)
Whole year 1931	12,246,375	First nine months 1935	125,950,921

(a) Includes British Government conversions of £2,478,967,382.
(b) Includes British Government conversions of £50,757,000.
(c) Includes British Government conversions of £105,000,000.

Of the nine months' total, £55 millions was for conversions by the Governments of India, Australia and New Zealand; Argentina raised £2.9 millions for conversion; and the City of Bergen £922,000. British corporations, municipalities and public boards have this year issued £24½ millions for conversion. Thus, the broad category of industry as a whole, including foreign industrial and commercial concerns, has this year reduced the charge on about £43 millions of fixed-interest capital. This is about £10 millions more than during the first nine months of last year.

The following table shows the principal issues of the last quarter, with their issue prices and latest quotations:—

PRINCIPAL ISSUES OF THE QUARTER

Month of Issue, 1935	Name and Description	Nominal Amount	Issue Price	Price, Oct. 2, 1935
July	New Zealand 3% Ins. Stk., 1932-35	8,000,000†	98½	98-98
July	Yorkshire Electric Power, 3½% Deb. Stk., 1935-65	1,000,000	par	101½-103½
July	India 3% Stk., 1949-52	10,000,000†	98	98½-99½
July	London Electric Transport 2½% Guar. Deb., 1930-55	32,000,000	97	93-95
July	Hawker Siddeley Aircraft 5% Cum. Pref. £1	250,000	15½	22½-23½
July	West London Property 4% Deb. Stk.	1,000,000	par	19½-20½
July	Cables Investment Trust 3½% Deb. Stk.	1,000,000	par	98½
July	Do. 4½% Red. Cum. Pref. £10	3,000,000	99	98½-99½
July	Australia 3% Stk., 1939-41	2,000,000	104	10½-10½
July	West Bromwich 3%, 1934-56	13,469,981†	par	98½-100
July	Dundee Corporation 3%, 1936-58	800,000	par	98-100
July	Brigg's Motor Bodies Ord. £1	1,000,000	25½	27½
August	Do. 4½% Deb. Stk.	400,000	103	98-102
September	Trinidad 3% Stk., 1965-70	1,000,000	par	98-99
September	African Railway Finance 2nd Deb., 1947-51	1,670,000	98½	97-99

† All for conversion purposes.

The New York Trust Company

Capital Funds \$32,500,000

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The uncertainty overhanging the Stock Exchange is evident in a general recession to a discount of current quotations for these latest issues, as compared with their issue price. This serves to point the moral; which is that, so long as the fear of war and of grave interruptions of trading relations, markets and sources of supply prevails in the City, the market for issues of new long-term capital must be dull and hesitant. To no other reason is the striking and abnormal lack of August and September new issues ascribable. In these circumstances, the Treasury advisers of the London Electric Transport Finance Company showed themselves shrewd or lucky prognosticators when they decided to raise the whole £31 millions last July. The "going" was then still good. For the immediate future during the last quarter of the year, the "going" in the new capital market seems likely to be heavy and uneven.

IRON ORE SUPPLIES

(BY A CORRESPONDENT)

THE consumption of iron ore in Great Britain is regulated by the demand for pig iron. This in turn is largely dependent on the production of steel, and the relative attractions to the steel producer of pig iron and scrap, as raw materials. Certain limits to the proportion of scrap used in the manufacture of steel are set by the technical requirements of the process adopted. Thus, in the electric process, very little pig iron is used, while for acid Bessemer steel the consumption of pig iron is normally 18-20 cwts. per ton of steel produced, and that of scrap only 2-5 cwts. Steel manufactured by the open hearth process constitutes about 95 per cent. of the total British output and in this case there is a greater degree of flexibility. The relative quantities of scrap and pig iron consumed are determined largely by the prices of the two commodities.

The quantity of pig iron used in the manufacture of all qualities of steel in the United Kingdom declined from 9.99 cwts. per ton of steel in 1930 to 8.38 cwts. in 1932, increasing again to 8.47 cwts. in 1933; while the quantity of scrap consumed increased from 11.12 cwts. to 12.86 cwts. in 1932, and 12.93 cwts. in 1933. The reason for these variations must be sought in the depression in the engineering and shipping industries which threw large quantities of machinery on to the scrap market, with the result that the price of scrap declined to about 50 per cent. of that of pig iron. Since then, however, quotations for scrap have registered a sharp rise, and the proportion of pig iron used in the manufacture of steel has risen again. Thus, production of pig iron rose by 44.5 per cent. between 1933 and 1934, as compared with a rise of only 26.0 per cent. in the output of steel.

The 1934 production of pig iron required the consumption of 14,940,000 tons of iron ore, or 2.5 tons of ore per ton

of pig iron. The latter figure varies with changes in the proportions of home-produced and imported ore consumed, the average metal content of the home-produced ore being 30 per cent., and that of imported ore somewhat over 50 per cent. British production of iron ore in 1934 amounted to 10,584,389 tons, of which a negligible amount was exported, while imports totalled 4,358,896 tons. On the basis of metal content, home production supplied about 60 per cent. of consumption and imports 40 per cent. in that year.

During the depression, when the demand for ore fell to just over 9 million tons, there was a tendency to curtail imports rather than home production, and the proportion of consumption supplied by the latter reached 78 per cent. An upper limit to this figure is, however, set by the fact that production in this country—with the exception of that in Cumberland and Lancashire which amounts to only about 8 per cent. of the total—consists of phosphoric ore which is useful only for making basic steel; the bulk of the requirements of non-phosphoric or hematite ore needed for making acid steel has to be imported. So long as acid steel is considered essential for certain purposes, we cannot entirely dispense with imports of ore.

The bulk of the home production of ore consists of inferior oolite which is obtained from South Lincolnshire, Northamptonshire and Rutland, and has a metal content of about 32 per cent.; of Lower Lias ironstone, with a metal content of 22 per cent., from Frodingham, North Lincolnshire; and of Middle Lias ironstone from South Lincolnshire, Leicester, Northamptonshire and Oxford, with a metal content of 26 per cent., and from Cleveland, North Yorkshire, with a metal content of 29 per cent. Owing to the gradual exhaustion of deposits, the output of the Cleveland district has declined considerably since the War, from 6 million tons or 48 per cent. of the total production in 1913 to 1,640,000 or 15.5 per cent. in 1934. On the other hand, production in Lincolnshire and the neighbouring counties increased from 41 per cent. of the total in 1913 to 75 per cent. (7,840,000 tons) in 1934. Further impetus has recently been given to production in this district by developments at Corby, where preparations were begun in 1932 for the production of basic Bessemer steel, supplies of which had previously been imported. Of the remainder, 8 per cent. consisted of hematite ore from Cumberland and Lancashire, with a metal content of 53 per cent.; while the remaining 2 per cent. consisted of coal measure ironstones, principally from the North Staffordshire coalfield, and of iron ore from the Llanharry mine, Glamorgan. Our principal ore reserves are in Northamptonshire and Huntingdonshire. The reserves of coal measure ironstones in Staffordshire, Derby and Nottinghamshire are also considerable, but any substantial increase in production from these sources is improbable owing to high production costs.

In spite of the high proportion of home-produced ore consumed by British blast furnaces, imports of iron ore into this country are exceeded only by those of Belgium and Germany. The main sources of imports into this country

are Spain, North Africa, Sweden and Norway. The proportion supplied by each of these sources varies considerably from year to year; but in 1933, of the total imports of 2,707,023 tons (including 7,682 tons of manganiferous ore imported chiefly from Egypt) Spain supplied 32 per cent., North Africa (Tunis, Algeria and Spanish North Africa) 35 per cent., Sweden 12 per cent., and Norway 10 per cent. The British Empire supplied only 1.5 per cent., most of which came from Sierra Leone and Newfoundland.

The total Spanish production of iron ore was 1,970,000 metric tons in 1934 against 1,815,000 metric tons in 1933. During the past few years the North African mines have been more than usually dependent on the British market. Thus exports from Algeria to Great Britain in 1934 amounted to 949,000 metric tons, or 70 per cent. of the total, and those to Germany to only 184,000 metric tons, or 13.5 per cent., while similar conditions prevailed in Tunis. Sweden has not been so preponderantly dependent as Spain and North Africa on the British market. An agreement between the Swedish ore producers and the German smelters, under which the latter agreed to base their purchases of Swedish ore on the volume of the German crude steel output, has resulted in a considerable increase of German imports of Swedish ore, from 2,257,000 metric tons in 1933 to 4,965,000 metric tons in 1934. Total Swedish exports rose from 3,150,000 metric tons in 1933 to 6,860,000 metric tons in 1934, so that in 1934 shipments to Germany represented about 73 per cent. of the total.

The sources of supply of the other principal European iron ore producing companies may also be examined briefly. Since the war the important mines of Lorraine were transferred from Germany to France, and France has become the largest producer of iron ore. Production in 1934 amounted to 31,900,000 metric tons, against 30,410,000 metric tons in 1933, the latter figure being about 34 per cent. of world production in 1933. Only about 5 per cent. of this production, however, has a phosphoric content of less than 1.7 per cent., which probably explains the fact that imports in 1934 amounted to 940,800 metric tons. Exports in 1934 were 12,641,380 metric tons, and went principally to Belgium, Germany and Holland.

Germany is normally the largest importer of iron ore, though during the last few years imports have been on a very reduced scale. Even in 1913, before Lorraine was transferred to France and Luxemburg seceded from the economic union with Germany, German imports of iron ore amounted to 14,019,000 metric tons. The majority of the deposits left to Germany since the war consist of very low-grade ore, which must for the most part be mixed with higher grade ore before treatment. Efforts to develop the German mines, which have recently been intensified, cannot therefore progress very far towards self-sufficiency. In 1934, German imports of ore amounted to 8,265,000 metric tons, of which 56.9 per cent. were obtained from Sweden, 19.5 per cent. from France and 7.7 per cent. from Spain.

During the last few years Belgium has been the largest importer of iron ore, imports into Belgium and Luxemburg in 1934 amounting to 10,260,500 metric tons, of which 9,861,700 metric tons, or 96 per cent., were obtained from France. At the present time, however, producers in Sweden, Spain and North Africa are primarily dependent on the British and German markets. These are still expanding. Thus, German imports of iron ore increased from 4,583,592 metric tons in the first seven months of 1933 to 8,075,261 metric tons in January-July, 1935. It appears, therefore, that the improvement which took place in the fortunes of the majority of iron ore producers during 1934 is likely to continue during the remaining months of 1935.

SANCTIONS

THE League Council has this week, in Committee of Thirteen, been drafting its report on the Italo-Ethiopian dispute and its recommendations for a settlement without resort to war. The report will be mere colourless chronology; but the Council's recommendations, which must be made under Article XV by reason of Abyssinia's appeal to the League under that Article, are another matter. The Council does not require unanimity for its recommendations; although, if they are only by majority vote, League Members are

free to take "such action as they consider necessary" to maintain "right and justice." But if the Council's report is unanimous, and if Abyssinia accepts it, Italy cannot go to war with Abyssinia without violating Section 6 of Article XV. If she goes to war before the report of the Council has been drawn up, she tears up Article XII, under which she has agreed "in no case to resort to war until three months after the . . . report by the Council." And in either of these cases of aggression by Italy, Article XVI, the famous "sanctions Article," comes automatically into force. This Article begins with the following provisions:—

"Should any Member of the League resort to war in disregard of its covenants under Articles XII . . . or XV, it shall *ipso facto* [i.e. automatically] be deemed to have committed an act of war against all other Members of the League, which hereby undertake immediately to subject it to the severance of all trade or financial relations, the prohibition of all intercourse between their nationals and the nationals of the covenant-breaking State, and the prevention of all financial, commercial or personal intercourse between the nationals of the covenant-breaking State and the nationals of any other State, whether a Member of the League or not."

Other sections of this Article provide for mutual financial and military assistance as between the States-Members of the League, by reason of the unequal incidence of the burdens of these "sanctions" under Article XVI, and of the potential dangers to which certain States involved in the imposition of military "sanctions" may be exposed. It is also laid down in that Article that the League Council shall "recommend to the several Governments concerned what effective military, naval or air force the Members of the League shall severally contribute to the armed forces to be used to protect the covenants of the League." Thus, on the face of it, Article XVI seems to arouse little doubt of the intentions of the framers of the Covenant. The aggressor is to be restrained, at first by the immediate and automatic imposition of a complete economic boycott; but subsequently, if the Council Members all agree, by all the strength or forces at the command of the League.

But what is "resort to war"? Who decides if the covenants of the League have been broken? Who, then, is the aggressor? And then, again, are all the measures envisaged in Article XVI to be applied at once, simultaneously, or *seriatim*; in full force, or by slow degrees? What dangers are evoked by the prevention of personal and commercial intercourse between nationals of the covenant-breaking State and those of a State not a Member of the League? How are the concerted action and co-ordination of the League Members' separate endeavours to be secured and regulated? Does the automatic commission of an "act of war" by a covenant-breaking State imply that all the League Members are henceforth in a "state of war" with the defaulting State?

It is easy to answer some of these questions; most difficult to give a clear reply to others. Obviously, no general "state of war" (in the sense that a general war between the aggressor and all the League Members has been declared or broken out) is at once created by a State which breaks its League covenants by making war on a League Member. The other League Members, however, are automatically "legally" free (i.e. without themselves infringing the Covenant) to commit acts of war against the defaulter, if they wish to do so. And as all the sanctions provided in Article XVI might well be taken as acts of war by the aggressor, Article XVI itself thus legalises them.

Secondly, it is *not* possible for the Council, as if it were a sovereign judicial body set over the States of the League, simply to declare that a breach of the Covenant has been committed and so to call on the League to apply sanctions.

"It is the duty of each Member of the League to decide for itself whether a breach of the Covenant has been committed. The fulfilment of their duties under Art. XVI is required from Members of the League by the express term of the Covenant and they cannot neglect them without breach of their treaty obligations."*

Thus no League Member can plead the bad faith of another League Member, and so absolve itself from its duty to decide if a breach of the Covenant has occurred. The duty is "joint and several," not "joint" alone. Therefore

* Assembly Resolution, Oct. 1921.

each individual Member must decide honestly; and if in the affirmative, *must* automatically proceed to apply the economic measures of restraint which it has agreed automatically to impose in these circumstances.*

Thirdly, "resort to war"—as Sir John Fischer-Williams has shown,† as the League's Blockade Committee reported in 1921, and as the League Council confirmed in their Note to the Governments of Bolivia and Paraguay on September 27, 1932—is to be taken as "resort to armed force" or as "armed action" undertaken against a State Member of the League, rather than as resort to a legal declaration of war. The following citation is apt: "The Covenant cannot 'achieve security' for Members of the League if it allows other States, and particularly Member States, to invade their territory, bombard their towns and give battle to their troops without violating the obligations which it imposes."‡

Fourthly, however, the League Council provides the only obvious and effective medium for the co-ordination of economic and, if necessary, military measures for restraint of aggression. It should therefore proceed at once, on the report of aggression, to consider how the collective imposition of sanctions under Article XVI, once the States-Members are agreed that a breach of the Covenant has occurred, can be made most effective. It is clearly the Council which should at once decide how the "sanctions" of Article XVI are to be applied; the precise date when, how far, and by what stages they should be imposed. Such, in effect, were the main interpretative recommendations of the International Blockade Committee of 1921, which formed the basis of the Assembly's "resolution regarding Article XVI" adopted by them on October 4, 1921. These interpretative resolutions are not binding on Members of the League; but they were then accepted by the Council as "rules for guidance which the Assembly recommends, as a provisional measure, to the Council and to the Members of the League in connection with the application of Article XVI."

The Council Members could, if they desired, now

* Cf. Letter in *The Times*, Oct. 3, 1935, from Mr Cyril Asquith; and also "Some Aspects of the League Covenant," by Sir John Fischer-Williams, Oxford University Press, 1934.

† *The Covenant of the League of Nations and War*, Cambridge Law Journal, 1933, pp. 1-21; reprinted as an appendix in *op. cit.*

‡ *Op. cit.*, p. 307.

NOTES OF THE WEEK

Labour Decides.—The overwhelming vote in favour of sanctions at the Labour Conference on Wednesday demonstrated how very largely personal is the much-advertised "split" in the Party. A majority of 2,168,000 to 102,000, or over 20 to 1, was recorded in support of the League Covenant. Dr. Hugh Dalton, who proposed the resolution embodying the official Party policy, made a clear, crushing and unanswerable case.

Sanctions (he said) do not necessarily mean war. On the other hand the scrapping of sanctions as a reserve force behind international law certainly means war—war soon and in a far more terrible form than even a war between Italy and Abyssinia. A threat of sanctions may be enough to prevent war. . . . But if Mussolini is so lunatic as to resist the united League of Nations by force, let it be so. He will order the firing of the first shot and he will take the consequences of that order.

That this was the opinion of the vast majority of the delegates, was proved by the final vote. Before the vote was taken, however, there was a long and dramatic debate in which the picturesque personalities of the minority spokesmen did something to conceal the numerical weakness of their supporters. Sir Stafford Cripps, most of whose adherents appeared to be in the public gallery, argued that he had changed his mind about the League because he had only recently come to the conclusion that it was a League of sated imperialist Powers—an "international burglars'

proceed along many lines. They could, by unanimous vote, "recommend" (i.e. call upon) both Italy and Abyssinia to respect a neutral zone determined by the Council. They could dispatch a League commission to inspect and supervise the disputed frontiers and see that no aggression took place; or, if it did, who was the aggressor. If the Council was too late to prevent Italian invasion of Ethiopian territory, they could at once set out to determine that fact, to decide that a breach of the Covenant had been committed by Italy, and declare Italy the aggressor. That opens the way to the final consideration: the efficacy of "sanctions."

Nothing emerges with greater clarity from an examination of the implications of this legal term than the need, at the outset, for two things. First, economic "pin-prick" sanctions—as, for example, stopping credits to an almost insolvent aggressor State—provide no restraint. Economic sanctions must be either of a definitely drastic or of a "delayed-action" kind; and the latter will, we fear, prove ineffective in arresting aggression and war. Even the most drastic purely economic sanctions—the economic boycott under Article XVI of an aggressor State, or embargoes on both exports to, and imports from, the aggressor State—will only exert their pressure gradually. Stocks must become depleted; credit or gold resources exhausted; and most non-Members of the League may insist on their rights of trade with the aggressor.

This last consideration points to the second necessity. Behind the ability and the will to impose such economic sanctions as may prove, in time, an effective restraint on the aggressor, there must be the ability and the will to meet with collective military measures the possible recourse by a desperate aggressor to an attack on one or more of the States imposing economic sanctions. Here arises the relevance of the British request to the French Government this last week. Moreover, as the covenant-breaker has *ipso facto* committed an act of war against all Members of the League, the Members are free to declare a blockade of the covenant-breaking State, and it is up to that State to decide whether it will take the blockade as a *casus belli* against one or more of the League Members. In any case, if that blockade is effective, then in international law the Members of the League can publish a list of contraband and legally exercise the right of "visit and search" over "neutral" (i.e. non-League States') ships suspected of carrying goods to and from the defaulting State-Member.

leaving the Government on a side issue. It might yet prove to be the most important issue in the world.

* * *

Gold and Tariffs.—Further evidence has been forthcoming in the past week of the desire of certain Continental nations that Great Britain should return to gold. But British opinion, at any rate as represented by Government spokesmen, appears to be growing less, rather than more, inclined to tie up sterling in any foreseeable future. In the Assembly of the League, Dr. Burgin, for Great Britain, spoke in reply to the French delegates' plea for tariff reductions and exchange stabilisation. He welcomed the opportunity for a move towards more liberal commercial policies; but he reiterated British adherence to the most-favoured-nation clause, and offered little hope of any substantial tariff concessions. The official "remarks" of the League Economic Committee gave a definite blessing to multi-lateral agreements of the "low-tariff-club" order; but Dr. Burgin remained obstinately bilateral. The "message" sent by Mr Cordell Hull, United States Secretary of State, on the subject of the Committee's recommendation, also seemed to favour bilateral agreements and the most-favoured-nation clause. We are most grateful, however, for the general welcome which Mr Hull gives to the movement towards more liberal commercial policies; and we trust that something tangible may before long emerge from so many excellent sentiments. On the monetary issue, Dr. Burgin merely pointed out that Great Britain now attaches the greatest importance to cheap money as a cure for industrial depression. The Assembly accordingly adopted the following resolution, drafted by Great Britain:—

The Assembly notes the inimical effects on international trade of arbitrary restrictions, notes also the desire of a return to the international gold standard, and considers that effective steps might first be taken to facilitate the exchange of goods, also that as many countries as possible might conclude bilateral agreements towards a more liberal economic policy. Such agreements, if thought necessary, should have a proviso that if the rate of exchange between the two countries varies greatly, there should be power to vary the agreement at short notice.

Similarly, Mr Chamberlain, on Tuesday, both at the "Bankers' Dinner" and at the International Parliamentary Commercial Conference, argued that the fixing of sterling in terms of gold was for the moment "unthinkable." His reasons for rejection, it is true, seem to have altered a little since the time when a rise in commodity prices was given as the principal pre-requisite of a return to gold. Mr Chamberlain's chief objection now is that such a return might compel this country to deflate once more and so sacrifice all the gains of the last four years. Here, however, he is without doubt faithfully reflecting British opinion, which would rather make the adjustments necessitated by gold losses through exchange movements than through deflation. Stable exchanges are, however, necessary if there are to be agreements leading to more international trade. The crucial question is whether nations are prepared to make sufficiently drastic changes of tariff policy to bring stabilisation within the range of practical politics. It will not escape notice here that, while M. Bonnet was this week advocating freer trade at Geneva, the French Government, impelled by the deflationary situation at home, was issuing a whole series of further quota restrictions.

* * *

The British Note.—The British Note in reply to the French Government's inquiry about the British attitude towards the League was published last Monday. It has served the secondary purpose of answering the Italian Cabinet's *communiqué* of last Saturday—though it had actually been drafted, approved and dispatched before the Italian Cabinet met. The Italians have, of course, professed all along to believe that the alleged British concern for the Covenant and for the principles embodied in it was simply in the present case a specious cloak for the pursuit of selfish British Imperial interests in East Africa, with which the ambitions of Italy might conceivably clash. The Italian *communiqué* is virtually an offer to compound with Great Britain over these supposed local British interests, if only

the British Government will stop beating Italy with the handy League of Nations stick. The true answer has been given by Sir Samuel Hoare in one of the re-affirmations, in his Note, of the points which he made in his Geneva speech. The Foreign Secretary has once again made it clear what the real basis of British policy is: the ideas embodied in the Covenant, and in particular the aspiration to establish the rule of law in international affairs. And His Majesty's Opposition will certainly not dispute Sir Samuel Hoare's contention that the support of the League by His Majesty's present Government is a national policy which would be supported at least as strongly by any alternative administration. Sir Samuel Hoare is speaking for the whole nation when he says that "the League stands, and this country stands with it, for the collective maintenance of the Covenant in its entirety, and particularly for steady and collective resistance to all acts of unprovoked aggression." The provisos that the risks involved in carrying out the Covenant must be taken collectively; that the nature of the appropriate League action may vary according to circumstances; and that "elasticity is a part of security" are all points which will be appreciated by reasonable opinion in France. There can have been few Frenchmen who really expected us to say that, in Europe, we should always interpret the Covenant, *à priori*, in accordance with a French conception of French national interests. In Europe, just as in Africa, the Covenant must be applied—according to the circumstances and the merits of each particular concrete case arising—for the unvarying general purpose of "establishing the rule of law" and "collectively resisting unprovoked aggression." This is the fundamental French as well as British interest; and it is an interest which neither nation need be ashamed of avowing.

* * *

The Memel Elections.—As we go to press, the tellers of the votes cast in the Memel election are still at work on their colossal task. It is a relief, however, to record that the dominant note in the electoral proceedings has been farcical rather than atrocious. There has been only one breach of the peace; and in this minor disorder—in which the assailants were German voters and the victims of aggression were the Lithuanian police—the provocation which caused the explosion of temper was not any cynical denial of electoral rights, but the boredom of having to stand in a queue through the livelong day while the voters at the head of the queue each struggled in turn with his or her tome of 187 printed sheets. The Government at Kovno had chosen to introduce a voting mechanism which would tax the professional skill of an expert official in the postal sorting office of one of the world's great cities. The authorities responsible for the conduct of elections in this country would not dream of trying to impose a voting system of this fantastic cumbrousness on the British public, and they would never hear the last of it if they did! But we would suggest that the Lithuanian Government's ineptitude is, at any rate, an undesigned evidence of good faith; for a Government which turns the act of polling into an intelligence test is giving a notable electoral advantage to the educated minority of the electorate; and in the Memelland this educated minority is composed almost entirely of urban German voters. To tear the right 29 sheets out of the 187, and to remember which bundle was to be placed in an envelope and which in an incinerator, is an intelligence test in which we should expect the poor Lithuanian peasant to come off badly and the German *bürger* to excel. In the actual circumstances, we can see nothing more sinister in the Lithuanian authorities' provisions than the *naïveté* of a half-fledged national State which has made up its mind to "lick creation" in the Democratic character of its electoral methods. With Herr Hitler in the offing at Königsberg, and with the results of the polling still to be announced, it may be premature to take an altogether light-hearted view. But, after all, the representatives of the French, British and Italian Governments have been on the spot to make sure that the comedy does not turn into a tragedy. Whatever the vote may prove to have been, Dr. Göbbels will have a pretty problem in propaganda if he is to paint these proceedings at Memel in the lurid colours which are evidently the German order of the day.

General Gömbös's Excursion.—We sincerely hope that it was an excursion, and not an alarm, that carried the Hungarian Prime Minister, General Gömbös, to Germany by a German aeroplane last week. The official "excursionist" version is that the Hungarian General flew to share the fun of a hunting party which was being provided by the German General Göring for some Polish generals and diplomatists. But an unofficial version of the story declares that the air was the object as well as the medium of the Hungarian Prime Minister's visit. Only the night before General Gömbös left for Berlin, an official of the German Air Ministry, General Milch, had arrived in Budapest *via* Warsaw; and this tour is said to have been the outcome of secret German-Polish conversations. In fact, it is alleged that what is really on foot is the negotiation of some kind of air convention between Germany, Poland and Hungary as a retort to the recent understanding between the Soviet Union, Czechoslovakia and Roumania. Unfortunately, this explanation is not unconvincing. Both Czechoslovakia and the Soviet Union have been profoundly alarmed at the Third Reich's almost open avowal of aggressive intentions eastwards; they have begun to discuss ways and means of joint defence; and latterly Roumania has shown signs of taking a hand. Undoubtedly an air understanding between these three countries might open the way for Russian air power to operate from a Bohemian base; and here already we see the vicious circle of insecurity closing in upon its victims. For an arrangement which may be designed, *bona fide*, to restore security to Czechoslovakia and Russia in face of a potential German threat may at the same time genuinely threaten the security of Germany and her friends. In fact, in this re-grouping of the countries of Eastern Europe into two rival armed camps we see the line-up for the next war which lies in wait for Europe if the League system of collective security fails to vindicate itself in the test case of Italy and Abyssinia. If, to-morrow, the Covenant does prove itself effective in Africa, then we may look forward, with some confidence, to seeing the clouds now gathering over Central and Eastern Europe begin to disperse. But if the League is proved impotent to arrest Italian aggression, then we are on the eve of a new constellation of power in Central and Eastern Europe. In this new alignment, it is already evident that Germany and Russia will be the antagonists, and that their henchmen will consist of the former Central European satellites of France and Italy. The Little Entente and the Balkan Entente will gravitate away from France towards Russia, Poland away from France towards Germany, and Hungary and Austria away from Italy towards Germany. Italy will be exhausted by her African adventure, France paralysed by the breakdown of the Stresa front, and Great Britain once again in full flight from Continental complications. These are the penalties for a failure of the League.

Italian Foreign Trade.—In view of the possible importance which may attach, in the development of the international crisis, to the details of Italy's foreign trade, we give below a table showing Italian imports and exports from and to the twelve most important foreign countries in the last two complete years and in the first halves of 1934 and 1935:—

ITALIAN FOREIGN TRADE
(Million lire)

Countries	Italian Imports				Italian Exports			
	1933	1934	1st half 1934	1st half 1935	1933	1934	1st half 1934	1st half 1935
U.S.S.R.	225.5	221.1	118.0	88.4	124.9	124.0	63.4	27.2
Germany	1086.9	1211.4	587.0	639.9	727.8	833.1	369.2	408.1
Great Britain ...	724.9	702.3	353.7	339.5	681.5	530.6	277.6	226.2
France	409.7	436.6	218.5	211.0	458.1	352.2	180.5	159.6
Switzerland	270.4	292.6	141.7	130.0	482.7	440.1	236.6	179.2
Austria	176.6	189.6	94.0	125.4	131.9	122.9	70.4	70.5
Czechoslovakia ...	88.2	97.4	50.6	49.0	92.8	87.1	48.5	36.7
Yugoslavia	188.9	204.5	101.1	95.4	124.4	140.2	70.7	89.5
U.S.A.	1113.2	956.5	541.7	464.8	517.7	387.4	201.5	162.8
Canada	58.3	45.3	18.3	19.5	24.7	21.6	10.1	10.2
Argentina	248.5	274.4	156.3	148.9	383.2	216.2	114.4	85.6
India and Ceylon ...	297.4	351.9	205.7	135.8	113.8	119.3	45.4	33.4
Other countries...	2524.4	2683.0	1486.0	1395.0	2116.1	1850.7	965.6	969.6
Total	7412.9	7666.6	4072.6	3842.6	5979.7	5225.3	2653.9	2429.6

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The largest volume of trade, both inwards and outwards, it will be seen, is with Germany. Moreover, trade with Germany has been increasing since 1933, doubtless due in part to the workings of clearing agreements. The only other country from which Italy buys more than 10 per cent. of her total imports is the United States. Great Britain comes third in the list of imports, but the figures have been declining. On the export side, Great Britain is second only to Germany, although here again trade has been declining. In 1933, the United States held third place, but in 1934, and so far in 1935, it has been lost to Switzerland. France is fourth in order of imports and fifth in order of exports. It will also be noticed that Italy has a passive balance of trade (i.e. a net excess of imports) with each of the countries in the table except Switzerland.

—And her Financial Position.—The latest official figures throw a most significant light on Italy's economic and financial position. The assets of the Bank of Italy are steadily dwindling and its liabilities steadily growing. The Bank's gold reserve, which was 7,092 millions at the end of December, 1933, had fallen to 5,057 millions on August 10, 1935. Since then it has been rapidly and continually falling, and on September 20th had shrunk to 4,334 millions. "Foreign bills and balances abroad," which appear to have been replenished at the expense of the gold reserve in August, has fallen subsequently from 438 millions on August 31st to 418 millions on September 20th. Meanwhile, liabilities have risen equally steadily. Between August 20th and September 20th discounts rose from 3,622 millions to 4,420 millions, advances from 1,900 millions to 2,630 millions, and notes in circulation from 13,941 to 14,917 millions. It will be remembered that in the last week of July the statutory requirement of a 40 per cent. metallic cover for the note issue and sight liabilities was "temporarily suspended." The ratio had fallen to 36 per cent. by August 20th, and on September 20th it stood at 29.46 per cent. Meanwhile, the wholesale price index (September 18, 1931 = 100) has risen from 85.5 on February 13th to 103.4 on September 25th, and the official cost-of-living index (1927 = 100) from 69.7 in January to 72.0 in July—the latest figure available. The rapid shrinkage of the Bank's gold and foreign exchange reserve naturally raises the question what other foreign assets Italy can find. By a decree of August 28th it was made compulsory for Italians living abroad to cede to the Bank against cash or bonds all credits or securities held in foreign countries. The exact amount of such securities is not known, but it is certainly considerable. The Governor of the Bank of Italy, in his report on March 30th, estimated the total of investments made abroad by Italians between 1928 and May, 1934, at 6,000 millions (about £100,000,000). An estimate recently made by the Italian Commercial Counsellor in Washington suggests that the total value of securities held by Italians in the United States is about 140 million lire. The most reliable figures available of Italy's balance of payments also show that Italy's interest and dividend receipts from abroad are normally exceeded by her out payments to an amount of about 1,000 million lire. In any case, the figure is a negligible one in comparison with that of tourist expenditure and emigrants' remittances. In 1930, the last

year for which figures are available, Italy's balance of foreign payments may be summarised as follows:—

IN PAYMENTS		OUT PAYMENTS	
Exports	12,119	Imports	17,350
Shipping	1,450*	Interest and dividends	
Emigrants' remittances	2,000*	(net)	975*
Tourist expenditure	2,150*		

* Approximate

The general inference seems to be that Italy cannot pay for heavy and sustained imports in any other way than by exports, emigrants' remittances and tourist expenditure.

See-Saw Politics in Spain.—The President of the Spanish Republic has now taken a hand to end the deadlock in political opinion which has paralysed the various successive Governments headed by Señor Lerroux. Just before the reassembly of the Cortes (September 24th) the Minister of Marine, Señor Royo Villanova, who is opposed to demands for Catalan autonomy, resigned in protest against resumption by the Catalan Government of control over the local public services. His colleague of the Agrarian Party, Señor Martínez Velasco, followed suit. Then it was discovered that the ex-Minister of Marine had made a special agreement which excluded the two major Catalan ports of Barcelona and Tarragona, whose transfer to the Generalitat evoked alarming prospects for Señor Villanova. On this flimsy pretext, the President initiated consultations for a new Cabinet. Having a shrewd idea that the tide of opinion in the bigger towns was once more flowing to the Left, the President was no doubt hoping to broaden the basis of the present coalition. But his main object was to replace Señor Lerroux himself, who has made many enemies on the Left, by some political figure more adapted to the President's own declared "policy of appeasement." After five days of crisis the outgoing Minister of Finance, Señor Chapaprieta, a henchman of Don Santiago Alba, the Speaker and former Liberal Minister under the Monarchy, managed to form a Cabinet—including Señor de Velasco. The only change of complexion is the inclusion of a representative of the Catalan *Lliga* (the party of Señor Cambo), which has twenty-four members in the Chamber. That means that the President has been disappointed in his hopes of a "National" Government which would include members of the Left. The principal task of the new Cabinet is to stop the rot in the public finances. There is a considerable deficit in the Budget, which it is proposed to meet by stringent economies, including the elimination of three "redundant" Ministries (Agriculture, Industry and Commerce, for example, being now fused into one, as also Public Works and Communications) and several under-secretariats. But one can hardly believe that Señor Chapaprieta will be spared political convulsions so as to start "all square" with the beginning of the next financial year in January; for the question of constitutional reform and new elections is no nearer solution. Señor Gil Robles, as Minister of War, has entrenched the Catholic parties; but the country is restive under the threat of "Fascism." As the crisis between Italy and the League comes to a head, there is much the same sharp cleavage as was seen during the war between a powerful section on the Right, which is pro-Fascist, and the mass of the politically literate population staunchly upholding Señor de Madariaga and a League policy at Geneva.

Dissolution in Denmark.—The Danish farmers' attempt to force the Government's hand has resulted in the dissolution of the Lower Chamber. The farmers want a further devaluation of the krone from 22.40 to 30 to the pound sterling, and have attempted to enforce it by withholding their sterling credits. As soon as the new session started, therefore, M. Stauning, the Socialist Prime Minister, announced that there would be a dissolution and general election in order that the country might decide the issue raised by the farmers. The election will be held on October 22nd. There seems little reason to believe that the dissident farmers will muster enough support even to deprive the present Socialist-Radical Government of its slender majority. On the whole, despite the British bacon quota, Denmark has benefited greatly from the Govern-

ment's policy of attaching the currency to sterling. The Finance Minister this week was able to show a surplus of Kr. 18,000,000 on the 1934-35 Budget. Cheap money and the trade agreement with Great Britain have served Denmark well in the last few years; and employment has revived under the influence of local building activity. A big turnover of votes against the Government consequently seems unlikely.

A Commodity "Scramble."—During a period of uncertainty, when rumours hold the field, commodity and security markets are swayed by mass psychology. Thus, anxiety over the possible consequences of the Italo-Ethiopian dispute has given rise to a scramble for some of the leading primary products by manufacturers. Consumers suddenly discovered that their stocks had been allowed to fall to a low level, and they decided, as a precautionary measure, to lay in supplies for all contingencies. Speculators, taking advantage of the re-stocking movement, entered the commodity markets, thus accentuating the upward movement of prices. The rise in the quotations of some of the leading commodities since the middle of August is shown below:—

PRICES OF IMPORTANT COMMODITIES

	August 14	September 25	October 3	Percentage rise since August 14
Copper, standard cash, per ton	£ 31 17 6	£ 34 16 3	£ 35 5 0	10.6
Tin, standard cash, per ton	211 0 0	227 0 0	225 0 0	6.6
Lead, soft foreign, per ton	15 15 0	17 3 9	17 17 6	13.5
Spelter, G.O.B., per ton	14 6 3	15 18 9	16 10 0	15.3
Wheat, Liverpool futures, per 100 lbs.	5 1 1/2	6 7 1/2	7 0 1/2	37.0
Linseed oil, per ton	21 10 0	25 0 0	27 0 0	25.6
Cotton, American futures, per lb.	5.85	5.86	6.00	2.6
Rubber, smoked sheet, per lb.	5 1/2	5 1/2	5 1/2	—

With the exception of rubber, all the commodities enumerated above experienced a sharp rise in prices during the past six weeks. The upward movement was accelerated on Thursday by the news of the advance of Italian troops into Ethiopia. In the case of a number of commodities, a moderate increase in prices was justified. For example, the short wheat crop in a number of important exporting countries has brought about a reduction in world supplies of this cereal. Similarly, the increase in the price of linseed oil is partly due to the expectation of a short crop in Argentina. The statistical position of non-ferrous metals is also better than a year ago. But there can be no doubt that the greater part of the rise in prices is due to a re-stocking movement, the end of which cannot be prophesied. Unlike the position in 1914, the world's available supplies to-day are much greater than the volume of potential demand.

Revenue and Expenditure.—The revenue and expenditure figures for the half-year, which are given in full on page 653, show that we have been distinctly lucky in the moment at which we have incurred heavier expenditure for defence. Thanks to the general expansion in trade and production in the sterling countries, revenue has increased in the half-year by almost as much as expenditure. Otherwise the Budgetary position would be once more becoming shaky. Total ordinary revenue for the half-year was £286,899,959, compared with £273,833,086 in 1934; and total ordinary expenditure was £346,347,079, compared with £328,526,930 in 1934. Revenue has thus increased by £13,016,873 and expenditure by £17,820,149; and the normal half-yearly deficit has risen from £54,643,844 to £59,447,120. Some part of the increase in revenue cannot be depended upon to continue for the second half-year. Income tax, which is mostly collected in the second half-year, is up by nearly £2,000,000, though surtax is more than correspondingly down; and death duties, which appear to include the recent £3,500,000 payment on the Woolavington estate, are up by over £6,000,000. Since income tax this year, however, has been paid at 4s. 6d. in the £ compared with 5s. last year, the increase is striking evidence of the rise in industrial profits. "Miscellaneous receipts"

THE REVENUE

I.—An Account of the TOTAL REVENUE of the UNITED KINGDOM, in the undermentioned periods of the Year ending March 31, 1936, as compared with the corresponding periods of the preceding year.

	Quarter from July 1 to September 30, 1935, compared with the corresponding Quarter of the preceding Year				Period from April 1, 1935, to September 30, 1935, compared with the corresponding Period of the previous Year			
	Quarter ending Sept. 30, 1934	Quarter ending Sept. 30, 1935	Increase	Decrease	Period ending Sept. 30, 1934	Period ending Sept. 30, 1935	Increase	Decrease
Ordinary Revenue	£	£	£	£	£	£	£	£
Inland Revenue								
Income Tax	36,789,000	38,407,000	1,618,000		51,485,000	53,297,000	1,812,000	
Sur-tax	3,000,000	1,730,000		1,270,000	8,470,000	5,800,000		2,670,000
Estate, etc., Duties	17,570,000	23,120,000	5,550,000		40,200,000	46,620,000	6,420,000	
Stamps	5,270,000	6,440,000	1,170,000		9,150,000	9,710,000	560,000	
Excess Profits Duty and Corporation Profits Tax	30,000	20,000		10,000	150,000	130,000		20,000
Land Tax and Mineral Rights Duty								
Total Inland Revenue	62,659,000	69,717,000	8,338,000	1,280,000	109,455,000	115,557,000	8,792,000	2,690,000
Customs and Excise								
Customs	46,961,000	50,013,000	3,052,000		93,291,000	97,639,000	4,348,000	
Excise	25,900,000	25,890,000		100,000	50,300,000	51,900,000	1,600,000	
Total Customs and Excise	72,861,000	75,813,000	3,052,000	100,000	143,591,000	149,539,000	5,948,000	
Motor Vehicle Duties (Exchequer share)	415,000	422,000	7,000		1,431,000	1,104,000		327,000
Post Office (Net receipt)	2,600,000	1,750,000		850,000	7,500,000	5,950,000		1,550,000
Crown Lands	350,000	380,000	30,000		620,000	640,000	20,000	
Receipts from Sundry Loans	2,329,212	2,745,467	416,255		2,862,008	3,008,239	146,231	
Miscellaneous Receipts	4,510,050	6,716,527	2,206,477		8,424,078	11,101,720	2,677,642	
Total Ordinary Revenue	145,724,262	157,543,994	14,049,732	2,230,000	273,883,086	286,899,959	17,583,873	4,567,000
Self-Balancing Revenue			£11,819,732 Net Increase				£13,016,873 Net Increase	
Post Office	15,200,000	16,700,000	1,500,000		28,050,000	30,500,000	2,450,000	
Motor Vehicle Duties apportioned to Road Fund	3,857,000	3,255,000		602,000	7,957,000	6,892,000		1,065,000
Total Self-Balancing Revenue	19,057,000	19,955,000	1,500,000	602,000	36,007,000	37,392,000	2,450,000	1,065,000
Total	164,781,262	177,498,994	15,549,732	2,832,000	309,890,086	324,291,959	20,033,873	5,632,000
			£12,717,732 Net Increase				£14,401,873 Net Increase	

II.—An Account showing the RECEIPTS into and ISSUES out of the EXCHEQUER in the Period ending September 30, 1935, as compared with the corresponding period of the preceding Year.

Receipts	Period ending Sept. 30, 1934	Period ending Sept. 30, 1935	Issues	Period ending Sept. 30, 1934	Period ending Sept. 30, 1935
Ordinary Revenue, as shown in Account I.	£ 273,883,086	£ 286,899,959	Ordinary Expenditure	£ 106,776,136	£ 105,826,395
Self-Balancing Revenue as shown in Account I.	36,007,000	37,392,000	Interest and Management of National Debt	2,707,711	2,534,321
Total Revenue	309,890,086	324,291,959	Payments to Northern Ireland Exchequer	1,500,764	1,520,264
Temporary Advances Repaid—			Other Consolidated Fund Services		
Interest on Exchequer Bonds under the Capital Expenditure (Money) Act, 1904	...	...	Post Office Fund	...	...
Road Fund	...	...	Total	110,984,611	109,880,980
Under the Unemployment Insurance Acts, 1920 to 1931	910,000	...	Supply Services—		
Under Section 4 (1) of the Newfoundland Act, 1933	1,458,292	...	Army, Navy and Air Votes	52,275,000	57,800,000
Under the Cattle Industry (Emergency Provisions) Acts, 1934 and 1935	...	1,050,000	Civil and Revenue Votes (excluding Post Office)	165,267,319	178,668,089
Money Raised by Creation of Debt—			Total, Supply Services (excluding Post Office)	217,542,319	236,466,089
(a) For Capital Expenditure Issues—			Total Ordinary Expenditure	328,528,930	346,347,079
Under the Post Office and Telegraph (Money) Acts, 1931 and 1935	2,850,000	4,950,000	Self-Balancing Expenditure		
(b) For other Issues—			Post Office	28,050,000	30,500,000
By Treasury Bills	1,877,514,000	2,007,931,000	Road Fund	7,957,000	6,892,000
By 3 per Cent. Funding Loan, 1939-69	149,243,837	12,350,000	Total Self-Balancing Expenditure	36,007,000	37,392,000
By National Savings Certificates	686,610,000	540,360,000	Total Expenditure	364,535,930	383,739,079
(c) Ways and Means Advances			Temporary Advances—		
Repayments—			Interest on Exchequer Bonds under the Capital Expenditure (Money) Act, 1904	8,612	...
In respect of Issues under Land Settlement (Facilities) Acts, 1919 and 1921	73,955	69,746	Road Fund, under Section 27 of the Finance Act, 1928	160,000	1,501,000
	3,042,350,170	2,891,002,705	Issues under Section 4 (1) of the Newfoundland Act, 1933	21,616	...
			Under the Cattle Industry (Emergency Provisions) Acts, 1934 and 1935	250,000	1,050,000
			Issues to meet Capital Expenditure—		
			Under the Post Office and Telegraph (Money) Acts, 1931 and 1935	2,850,000	4,950,000
			Unemployment Insurance Acts, 1920 to 1931—		
			Repayment of Amounts Borrowed	910,000	...
			Redemption of Debt—		
			Treasury Bills paid off	1,854,235,000	1,900,715,000
			Principal of National Savings Certificates paid off	14,350,000	13,706,000
			Principal of National Savings Bonds paid off	95,444	95,444
			Principal of Treasury Bonds paid off	116,000,000	10,115,000
			Other Debt under the War Loan Acts, 1914 to 1919	1,753,050	...
			Ways and Means Advances Repaid	682,660,000	566,880,000
			New Sinking Fund (1928) (Finance Acts, 1928 and 1935)	3,606,733	4,688,916
			Issued under Section 1 (1) of the North Atlantic Shipping Act, 1934	1,037,000	581,985
			Issued under Section 4 (3) of the British Shipping (Assistance) Act, 1935	...	56,500
Balances in Exchequer on April 1st—				Sept. 30, 1934	Sept. 30, 1935
Bank of England	2,092,585	2,100,996	Balances in Exchequer—	£ 2,034,755	£ 5,049,163
Bank of Ireland	458,128	438,965	Bank of England	490,187	479,879
			Bank of Ireland	2,524,942	5,529,042
				3,044,900,883	2,893,542,666

Treasury, September 30, 1935.

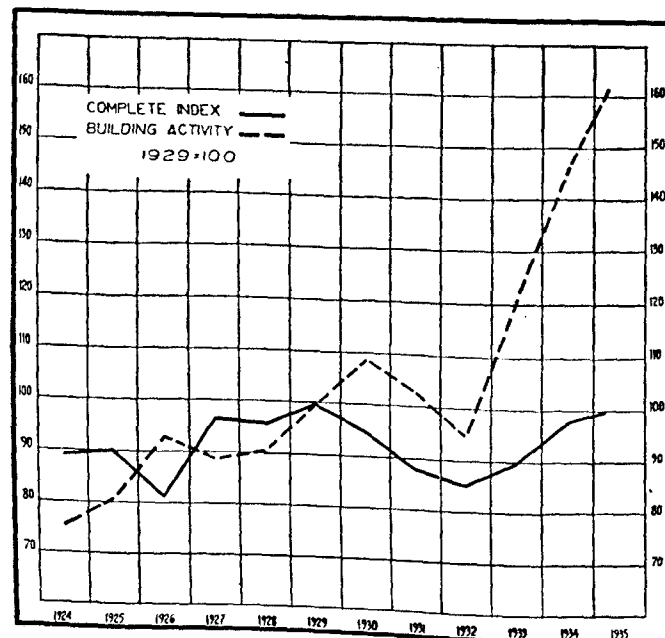
Mem.—Floating Debt, outstanding March 31, 1935.	£ 833,380,000
	Sept. 30, 1934
Ways and Means Advances Outstanding—	£
Advances by Bank of England	48,850,000
Advances by Public Departments	823,085,000
Treasury Bills outstanding	871,935,000
Total Floating Debt outstanding	914,120,000
Net Increase	80,740,000

* Includes £50,000 the proceeds of which were not carried to the Exchequer within the period of the account.

—another fickle and fluctuating source of revenue—also increased by nearly £3,000,000. Much more reassuring is the rise in Customs receipts of nearly £4,000,000 and in Excise of £1,600,000. These are indubitably due to better trade, and should be maintained in the next six months. On the expenditure side interest on the national debt was lower by about £1,000,000 at £105,826,395; a figure which gives promise that the estimate of £224,000,000 for the year will again prove excessive—unless unforeseen events should raise interest rates substantially. Supply services, on the other hand, increased heavily from £217,542,319 to £236,466,099. Of this £5,525,000 is attributable to defence items and £13,398,780 to the remainder. Defence, at first sight, appears to be showing no sign of exceeding the estimates, which (supplementaries included) provide for an increase of £15,874,000 in the year. Whether the accounts, however, have as yet taken the full impact of inevitable increases in expenditure may be doubted. Of the remaining increase £1,200,000 is due to the enhanced rate of unemployment benefit. The returns do not analyse the rest of the increase in full; but it is believed to be in part due to the breakdown of the new unemployment relief system. In general, therefore, we are spending more both on unemployment and on armaments. And, so far, an increase in revenue, partly due to reviving trade and partly to human mortality, has been fortunately sufficient to foot the bill.

* * *

The Building Boom.—The unprecedented expansion of building activity in this country since 1933, which has played so large a part in British trade recovery, is a two-edged weapon; for any faltering tendency in the building trade without a compensating movement in other directions, might well be the harbinger of general recession. The chart below shows changes in the relationship between the volume of construction and general business activity during the past ten years. The general trend of economic activity in this country is represented by the annual figures of our new Index of Business Activity, published in the monthly Trade Supplement to the *Economist*. The index of building activity, which is one of the components of the complete Index, is based on a twelve-month moving average of the value of building plans passed by 146 local authorities, adjusted for changes in building costs.



It will be seen that the volume of construction continued to rise between 1929 and 1930, but followed the downward movement of general business activity in 1931 and 1932. Both indices began to rise in 1933, but the volume of construction has since shot far ahead of general business activity. The enormous expansion in building activity in 1933 is largely due to the increase in the construction of dwelling-houses by private enterprise. The speed of the upward movement has been maintained during the past year by a rapid recovery in other forms of construction. Building by private enterprise, significantly, increased throughout the depression, the number of houses completed in England and Wales without State assistance rising from 64,740 in 1928-29 to 143,437 in 1932-33. In the following year the number of houses completed without State assistance rose to 209,836, and in the year ended March, 1935, it reached 291,983. The spurt in unassisted dwelling-house construction in 1933 is undoubtedly due to the coincidence of a rise in real wages with a decline in building costs and a reduction in interest rates made effective by the building societies. The future trend of this form of construction, which gave rise to the boom, will be largely influenced by the interaction of these three variables.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

HUGE INCREASE IN IMPORTS

THE August foreign trade figures again illustrate the remarkable change which has occurred in the United States balance of trade. Merchandise exports, at \$172 millions, were almost identical with those of 1934; but imports at \$170 millions were \$50 millions greater than in August, 1934. It is true that the August, 1934, import figures were unusually low, reflecting the slump in the summer of that year; while the August imports were at about the average monthly rate so far in 1935. Nevertheless, in the first eight months of 1934 the United States had accumulated an active balance of \$260 millions on merchandise account; and this year the eight months' balance is active by only \$27 millions. Curiously enough, the eight months' exports were identical in both years—\$1,370 millions; the change has come in our imports, which have risen by \$230 millions.

The detailed figures are available through July, and these are adequate to show the main forces at work. The Department of Commerce reports imports under nine major classifications as follows.

IMPORTS FOR CONSUMPTION BY MERCHANDISE GROUPS FOR SEVEN MONTHS ENDING (\$000,000)

	July, 1934	July, 1935
Animals and animal products, edible	28	44
Animals and animal products, inedible	74	85
Vegetable food products, and beverages	259	350
Vegetable products, inedible	132	164
Textile fibres and manufactures	147	160
Wood and paper	101	108
Non-metallic minerals	48	55
Metals and manufactures	79	98
Machinery and vehicles	8	8
Chemicals and related products	42	42
Miscellaneous	38	45

The largest increase was in vegetable foods; and in this group the largest single element was sugar. The character of this increase in imports gives no assurance that it represents a permanent change in the trade balance. That most groups showed some increase is an argument in that direction; but the fact that most of the increase occurred in foods suggests impermanence.

Against an active merchandise balance in August of \$2 millions, gold imports were \$45 millions, and silver imports \$49 millions. For the eight months, merchandise exports exceeded imports by \$27 millions, but net silver imports

were \$136 millions and net gold imports were \$866 millions. That is, with a merchandise balance almost exactly in equilibrium, the United States has in eight months imported \$1,000 millions of precious metals—slightly more than in the first eight months of last year, when more gold and less silver was imported. Imports of gold and silver this year are almost equal to total merchandise imports—the latter having amounted to \$1,342 millions for the eight months. It is impossible to account for this except on the assumption of a continuous flow of capital into this country, not necessarily of a magnitude precisely equal to the movement of the metals, but much larger than is commonly supposed.

THE RISE IN COMMODITY PRICES

American commodity prices have reached new high levels. Moody's index of 15 speculative commodities, which was below 80 in early 1933, has passed 170, an advance of well over 100 per cent. Furthermore, this index understates the actual advance in these primary commodities. Of the 15 commodities, five of the most important carry processing taxes—wheat 30 cents a bushel, cotton 4.2 cents, hogs \$2.25 a hundredweight, maize 5 cents a bushel, and sugar $\frac{1}{2}$ cent a pound. Except for the small tax on maize (which reaches the consumer as a cumulation on the hog tax), these are substantial excises paid by the intermediate or ultimate consumer as an element of his cost price.

The fact that an index of primary commodity prices has risen by more than 100 per cent. in two years suggests comparison with the price advance in the Bureau of Labour Statistics index from 1914 to 1920, which at its peak was about 150 per cent., distributed over about five years. It also stands in contrast with the recent rise in the B.L.S. index of about 30 per cent. In short, whereas in 1914-20 there was a general rise in prices, in the current advance there has been a great rise in a comparatively few commodities, while prices in general have remained firm rather than rising; and most of the advance in the B.L.S. index can probably be attributed to the exceptional advances in these basic commodities. However, the lifting of so comprehensive an index by 30 per cent. is an economic phenomenon of the first importance.

Qualitatively, the current advance differs radically from that of 1914-20. The war advance was attributable to intensity of demand; the current price movement is essentially a consequence of limitation of supply. Supply has been reduced in three principal ways: (1) By Governmental withdrawal of a surplus, as exemplified by cotton loans and purchases; (2) by systematic limitation of production under Governmental auspices, as in certain agricultural commodities, oil, etc.; and (3) by a succession of three unfavourable weather seasons. Obviously, demand has played some part in the price rise; but it is demand acting on a limited rather than a "normal" supply.

Prices have thus risen extensively in the past two years and a half; and such a rise in prices was the stated objective of American monetary policy. In furtherance of this objective, the dollar was depreciated 40 per cent. and bank deposits have been increased by about 50 per cent. The depreciation of the dollar certainly influenced the prices of commodities entering actually or potentially into international trade; but its effect is obscured, as the monetary influence operated in the presence of limitations of supply—for example, in tin and rubber among imported commodities and cotton among exported commodities. As for the increase in the quantity of money, the influence on prices is even more obscure, for the increase in deposits has been accompanied by a less than proportionate increase in the turnover of money. Debits to individual accounts amounted to \$22,628 millions in April, 1933, and to \$30,375 millions in August, 1935, which is rather less of an increase than the gain in demand deposits. The increase in deposits is, of course, due partly to metallic imports and partly to deficit financing.

BUSINESS STILL GOOD

Business news continues favourable, showing little net change from week to week or month to month. Steel production is just under 50 per cent.—a level which it has maintained since the first of the year with remarkably little variation except for the brief, sharp decline at mid-year. Automobile production has fallen abruptly, as would be

TRADING ABROAD

The existence of restrictions in a given country may temporarily prohibit dealings in forward exchange, but up-to-date information on this and on all points bearing on Forward Exchange generally may be obtained through any branch of the Westminster Bank. For any who may be unfamiliar with the facility, a very brief outline entitled *Forward Exchange* is always available at its counters

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expected as a prelude to the introduction of new models in November. Residential building contracts, however, are running at almost double the average figure of 1933 and 1934. The rapidity with which residential building activity developed in the second quarter of 1935 is one of the outstanding features of the year. From a few localities there are now coming reports of industrial building. In comparison with the building activity of the 'twenties, these levels are low; but compared with the complete stagnation in private building (exclusive of Government projects) in 1932-3-4 the present levels seem high.

Indeed, a shortage of building labour is reported in some localities; and this echoes a rumour from a number of other trades or industries. In the years following 1929 few apprentices entered any craft requiring skill or training; while the older hands were reduced by death, removal, or shift of occupation. Hence there is no inconsistency in the paradoxical reports of rather widespread local shortages of specific skilled labour and the almost undiminished number of the unemployed.

NEW YORK, September 24.

FRANCE

REVENUE AGAIN FALLING

FISCAL receipts for August were Frs. 2,580 millions, of which Frs. 2,405 millions were ordinary receipts. In comparison with the estimates, the deficit was Frs. 423 millions, which is very much higher than the monthly average deficits of 1934 and 1935 (with the exception of the fourth quarter of 1934, when it was Frs. 499 millions). Though lower in absolute figures than the July, 1935, deficit, which was Frs. 484 millions, the August deficit is nevertheless 18 per cent. of the estimates, against 15.4 per cent. in July.

For the first eight months of the year the revenue results are as follows (ooo's omitted), in comparison with 1934:—

Direct taxes	4,274,000	— 1,018,000
Registration and stamp duties	3,507,000	— 117,000
Luxury tax	187,000	— 254,000
Alcohol and powder	1,994,000	+ 821,000
Custom and indirect taxes	10,056,000	— 1,052,000
Estate	112,000	+ 13,000
Total	20,141,000	— 1,607,000

The deficit in comparison with the estimates (direct taxation excluded) reaches Frs. 2,969 millions. These figures show that the Minister of Finance was not unduly pessimistic in estimating the 1936 Budget receipts at 17 per cent. below the 1935 estimate.

M. Laval and M. Rénier, Minister of Finance, will appear before the Finance Committee of the Chamber on

October 8. Since the original Budget total was Frs. 47,500 millions, the Government had to find Frs. 7,500 millions of economies, or rather Frs. 9,000 millions, if one takes into account certain new charges, as, for instance, the Frs. 712 millions of interest on the new (1935) public indebtedness. But the economies made by decree-laws brought only Frs. 5,150 millions; for Frs. 2,300 millions of military expenditure was transferred from the Ordinary to the Extraordinary Budget. And the resulting Budget, Ordinary or Extraordinary, takes no account of such items of expenditure as the financing of the ex-soldiers' pension deficit and the special advances for the railway deficit. To this the Minister of Finance will reply that the "sincerity" of the estimates and the presentation of a Frs. 40,000 millions Budget were inspired by the wish to introduce new tax reductions as soon as economic recovery makes itself felt in the fiscal receipts. The Budget and the estimates are, of course, ultimately dependent on this economic recovery.

THE MATCH MONOPOLY

A decree-law has just transferred the charge of the Match Monopoly to the Caisse d'Amortissement, which already manages the Tobacco Monopoly. The net annual yield of this monopoly, nearly Frs. 200 millions, will be applied by this department to a supplementary portion (Frs. 231 millions) of the amortisation of the public debt; and the Ordinary Budget will be relieved of this charge. As a consequence of these decisions, the Government has decided to denounce the agreement made with the Swedish Match Company in 1927, which was renewed for five years in 1932. The match production concerned will thus be handed over to French industry.

"The lowering of the rate of interest, in order that the whole French economy may benefit from the recovery of the public finances, the revalorisation of farmers' products in order to increase the purchasing power of the most important class of the French people, and commercial agreements for the revival of international business," is the Government's economic programme, as defined by M. Marcel Régnier, the Finance Minister, in his speech last Sunday. A rise from Frs. 60 to Frs. 86 a quintal in the price of wheat, an appreciable rise in the price of wine products and also in the livestock markets, should have perceptible results on farmers' orders to industry; and these orders, added to those resulting from public works and military expenditure, should make themselves felt in industrial recovery.

A TRADE UNION AMALGAMATION

This hypothetical recovery, however, is being hampered by external events which have an immediate effect on a nervous public opinion and on a Stock Exchange where daily rumours about the Abyssinia or the Memel questions are most disturbing. Considerable importance is also attached to the new formal union of the Socialist C.G.T. (General Confederation of Labour), the members of which are principally civil servants, and the C.G.T.U. (Communist Labour Federation), which chiefly includes manual workers. This association, which follows the recent amalgamation of the Socialist and Communist Parties (Popular Front), is faced by the Nationalist Associations of the Right, the Croix de Feu and the Volontaires Nationaux, the farmer supporters of M. Dorgères, the Taxpayers' Association, etc.; and the activity of these organisations, which are preparing for the spring elections to the Chamber, is not favourable to a revival of business in a country which is clamouring for peace and employment. It is to be noticed, however, that the first consequence of the creation of the "Agricultural Front" might be to transfer votes from the Radicals to the Popular Front. This explains the efforts made by the latter in its so-called "Agricultural Congress of Limoges," to capture the sympathies of the farmers, and at the same time the Government's new decree-laws are extending the assistance given by the "Crédit Agricole" to the farmer.

No doubt British public opinion will notice that the speech of M. Germain-Martin, the former French Finance Minister, at the International Parliamentary Commercial Conference, took account of British insistence on the financial, commercial and political obstacles to a quick stabilisation of currencies. M. Germain-Martin pointed out that

an agreement between the pound, dollar and franc might be insufficient, since it might be upset by a new devaluation of the Reichsmark or the lira. As a whole, M. Germain-Martin's speech appears as a faithful expression of present French opinion, which has moved lately in the direction of British ideas. It seems that if a return to the gold standard is still considered as a first condition of a financial and economic recovery, the mystical belief that such a recovery must be preceded by stabilisation has lost some of its strength. It is hoped that the French budgetary deflation, and the signs of rising international prices, may favour an internal recovery without creating new obstacles to French commercial negotiations.

Production in French coal mines during August, 1935, totalled 3,769,119 tons in twenty-six working days, against 3,833,594 in July (twenty-seven working days) and 3,918,839 tons in August, 1934 (twenty-six working days). The average daily production was therefore 144,966 tons, against 141,985 tons in July and 150,725 tons in August. The number of men employed was 224,197 at the end of August, against 225,505 at the end of July and 233,606 at the end of August, 1934. The production of coke in the coke plants of the coal mines was 316,174 tons in August, against 318,218 tons in July and 343,058 tons in August, 1934.

The reorganisation of the liquidated Citroën company has been accomplished by the issue of Frs. 60 millions of new capital increase and the appointment of a new board, of which M. Michelin, of the Michelin Tyre Company (a principal creditor of Citroën) becomes president, assisted by M. Aubrun, representing Lazard Frères, and M. Wibratte, of the Banque de Paris et des Pays-Bas.

PARIS, October 3.

GERMANY

FOOD SCARCITY MORE ACUTE

THE shortage of foodstuffs last week and early this week became serious. It was impossible to purchase butter, lard, margarine, pork or bacon. Food queues outside the retail shops were seen for the first time. At the moment of writing, favoured customers in the better parts of the City can get small doles of butter; but for a couple of days none was to be had by anyone. The first official method of meeting the emergency was to keep the facts out of the newspapers; and although yesterday's journals advertised the alleged plight of Russia under the heading "Soviet shops without goods," they suppressed the fact that shops round the corner were in fact without goods.

Official Press measures, though usually effective in preventing publicity for minor, localised events, naturally fail to prevent general knowledge of facts within the individual's personal experience; and the food shortage is as well known as if it were fully reported. Indeed, it is too much known, for the suppression of publicity has fostered alarmism, and citizens who in reality only know that they and their neighbours cannot buy food, conclude precipitately that the whole Reich is hungry. This alarmism tends to aggravate the shortage by strengthening the motives of interests that are withholding goods from the market in the hope of extra profits. First among these are the farmers. The farmers are thoroughly dissatisfied with the State price-fixing systems, in particular with the refusal of a sufficient rise in price to compensate them for the small crops of 1934. The withholding of goods from the market by farmers was admittedly one cause of the recent famine in eggs; indeed, special measures had to be taken to check excessive consumption on the farms in consequence of discontent with prices. To-day farmers are keeping back other foodstuffs, claiming that prices, though very much higher than in the world-market, are insufficient. Dealers, afraid to pay more than the official prices, sometimes induce farmers to sell by simultaneously buying from them unmarketable produce or pure rubbish at fancy prices. This, if it somewhat increases the supply, tends to make goods still dearer to the consumer.

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position in many respects is considered to be similar to Italy's. Sir Samuel Hoare's reference in his Geneva declaration to "the distribution of colonial raw materials" did not pass unnoticed here, and it has raised hopes that courageous and enlightened statesmanship still exists in Europe—even if it has not yet gone beyond a rhetorical gesture.

The Polish position is felt to be such that a definite public statement on foreign policy could not be made without running serious risk of offending either France, Germany or Soviet Russia, to say nothing of Czechoslovakia, Roumania or the Baltic States. The general observation might be made, however, that if Italy definitely entered the revisionist camp—or were forced into it—Poland would be likely to follow.

The General Election for the first Sejm and Senate under the new Constitution took place last month, and the No-party Parliament of 206 Deputies and 96 Senators will assemble shortly. The elections were somewhat of a farce, but it is too early yet to condemn the experiment in "controlled democracy" as a failure. The response of the public to the apparent loss of their political rights has been curiously apathetic—the Poles having always been willing fighters in the cause of other people's political independence. But it is generally felt that the present period is one of transition, and that this is not the time to "rock the boat." A reconstruction of the Cabinet is imminent, and a new programme for "combatting the financial and economic crisis" is understood to be in preparation. The first point of attack is expected to be the Budget deficit, which now amounts to nearly 30,000,000 zlotys a month.

GOLD LOSSES AND MONETARY POLICY

The depletion of the foreign exchange reserve made it necessary last month for the Bank of Poland to sell gold in order to meet external debt commitments, which are unusually heavy at this season. The Bank's statement covering the period September 10-20 showed a decline in the gold stock from 512,000,000 to 488,000,000 zlotys. The gold "cover" at 47 per cent. is still 17 per cent. above the legal minimum, but the bank-note circulation is exceptionally low at 931,000,000 zlotys for a nation of 34,000,000. The new financial programme is understood to contemplate an increase in bank-note circulation and a moderate expansion in credit operations, so that the gold loss comes at an inconvenient time. It is hoped, however, that the foreign exchange reserve will be built up in the meantime so that further sales of gold for external debt payments will not be necessary next spring when the "heavy season" comes around again. There has been a considerable repatriation of Polish bonds from the United States during recent years.

The preliminary crop figures are as follows:—

	Year 1935	Yearly Average, 1930-34
	(Yield in Millions of Metric Quintals)	
Wheat	20.0	20.2
Rye	63.9	64.6
Barley	14.3	14.5
Oats	25.7	24.6
Potatoes	293.9	307.3

The Government seems to be unpleasantly embarrassed by the collapse of its plan to combine "fair profits" and "fair prices" with an adequate supply. While not admitting that there is any crisis, it has found scapegoats and has dismissed two directors of the Reich Board for Animals and Animal Products. Inquiries designed to discover the offenders in other food trades are under way; and there is vigorous Party propaganda against "the bureaucrats" who, now that Jews are excluded from the trade in foodstuffs, are the obvious victims. The Berlin Police President has paid surprise visits to the butchers' shops, and discovered, what the public already knew, that stocks of pork were being kept out of the market. The rationing of pig slaughtering has been decreed; and it is understood that measures to increase imports of meat and butter immediately are being taken. Reassuring facts of this kind appear in newspapers which do not mention the prime fact of the shortage; and the same newspapers are allowed to affirm that the housewives by asking for butter are among the culprits, and simultaneously to argue that a food shortage due to increased prosperity caused by State schemes is no misfortune. In general, the food position and the official attitude to it are very like those prevailing in Russia, as is natural in view of the general uncritical imitation by Germany of Soviet methods.

The half-yearly reports of the commercial banks state that business has this year developed satisfactorily. This information, though no figures were given, induced an advance of bank shares on last week's Bourse. Borrowing from the banks seems to be still increasing, possibly owing to the decline in the liquidity of industry caused by the recent Reich loans. Money for the September monthly and quarterly settlements was in heavy demand. The day-loan rate last week rose $\frac{1}{2}$ per cent. above the rate of the corresponding period of August. On September 27th, the market discount rate, which had been 3 per cent. since May, was advanced to $3\frac{1}{4}$ per cent.

ECONOMIC RELATIONS WITH RUSSIA

It is announced that Russia has repaid the last Rm. 10 millions instalment of the German bank syndicates' Rm. 140 millions credit of 1933. Originally repayment was due in September, 1934, but the account was prolonged for a year. Some progress has been made in executing the Russo-German agreement of April 9th. Substantial German export deals are under negotiation; and it is expected that Russian orders to nearly the full agreed sum of Rm. 200 millions will be placed before the end of this year. Prominence is also being given to Russia's appearance as an exporter of pig iron to Sweden, more than half of whose demand Germany normally satisfies. There were earlier reports of Russian sales or offers of iron or steel to Estonia, Turkey, Persia, Egypt and Palestine; and the Soviet Trade Mission journal published here indicates that Russia is making special preparations to adapt her iron industry to this class of export.

The official report for August on intensity of occupation in industry shows that 66.1 per cent. of possible working-places were occupied, as against 65.9 per cent. in July. Contrary to the recent rule, the consumption-goods trades this time shared in the advance. Textiles, however, continued to decline. The retail trade turnover in August was 2 per cent. above that of August, 1934. In view of the rise in prices, this means a decline in quantity. In particular, sales of clothing and footwear diminished.

BERLIN, October 1.

POLAND

PUBLIC OPINION AND ITALY

THE Polish delegates do not appear to have signed any blank cheques at Geneva, and the position this country will take, if and when the League decides to move against Italy, is by no means certain. Signor Mussolini, in a recent interview given to a Warsaw newspaper, praised the attitude of Colonel Beck, the Polish Foreign Minister, at Geneva, and significantly referred to "the solid basis for friendship between Poland and Italy." Signor Mussolini is no doubt aware that Poland, too, is increasingly feeling the need of outlets for her surplus population, and her

This year's yield is lower than had been expected, and grain prices have risen appreciably since the publication of the figures. All agricultural prices, in fact, have risen during the past month, partly because of war fears, but mainly because of a shortage of pigs. Polish preserved meats, especially hams, are finding a ready market in Great Britain and the United States, and this trade could be greatly extended if adequate supplies were available.

The foreign trade returns for August valued exports at 77,000,000 and imports at 72,000,000 zlotys. A new commercial treaty with Germany, containing the most-favoured-nation clause, is expected to be signed in the near future. Germany is indebted to Poland to an amount of £2,000,000 or more for the supply of goods and transit traffic across Polish territory, and there does not seem to be much prospect of collecting this in cash. Nor does the agreement initialled on September 21st between Poland and Danzig, for the liquidation of the recent dispute, hold out the promise of an early settlement in cash of Polish claims against the Free City.

Disappointment is felt, but not yet publicly expressed, at the outcome of the coal marketing agreement concluded with the United Kingdom last December. The decline in United Kingdom coal exports this year has diminished the amount which Poland under the agreement is permitted to export, and the increase in prices expected to compensate adequately for the decrease in the quantity exported has not materialised. Orders for the Italian market are being held up pending the conclusion of a clearing agreement.

WARSAW, October 1.

JAPAN

BETTER AGRICULTURAL PROSPECTS

At this time of year the agricultural situation comes into the centre of the picture. Though, owing to the unfavourable weather conditions prevailing during recent weeks, the growth of the rice crop has been retarded in north-eastern provinces and Hokkaido, the situation this year is nothing like so bad as it was a year ago. In most other districts of the country the crop will be, it is estimated, about or even above the average. The ultimate yield of wheat is a little less than what was expected, but the loss will be more than compensated for by the higher price. Reflecting a sharp recovery in raw silk prices, summer and autumn cocoons which are now arriving at the markets are quoted at 4.30 yen per kamme on an average, which is nearly twice as high as a year earlier. The agricultural situation is thus rather reassuring, if not cheerful.

According to the tentative estimates of the balance of international payments in 1934, lately published by the Treasury, Japan had a credit balance of 73.2 million yen in her international transactions, as against 33.9 million yen in 1933. While the excess of merchandise imports and net Government payments made abroad totalled 247.7 million yen, or 49 million yen more than in 1933, the official estimate of invisible exports was put at 320.9 million yen, or was 88.3 million yen larger. The increase in income is rather evenly distributed over all items. Invisible items, on balance, are set out below in comparison with the preceding year:—

OFFICIAL CALCULATION OF BALANCE OF PAYMENTS

(In million yen)			
Debit		1933	1934
Excess of merchandise imports and silver bullion and specie.....		77.9	129.3
Net Government payments made abroad		120.8	118.4
Total		198.7	247.7
Credit			
Net income from overseas investments and business		51.5	88.0
Net national shipping income		126.0	157.5
Net receipts from other sources		55.1	75.4
Total		232.6	320.9
Excess of income over expenditure		33.9	73.2

As for capital movements, net Japanese investments abroad last year were 146.5 million yen, most of which was directed to Manchukuo, while foreign withdrawal of capital amounted, on balance, to 63.6 million yen.

The earnings statements of all the big Japanese joint-stock banks, covering the June half-year, have now appeared, and they are more disappointing than six months ago. The combined net profits of the six leading banks in the first half of this year totalled 28,162,000 yen, as compared with 28,806,000 yen in the preceding half-year and 30,819,000 yen in the corresponding half of 1934. The records of individual banks, however, are by no means uniform; Sumitomo, Mitsubishi and Dai-ichi disclosed considerable decreases, while Yasuda revealed a marked increase and Mitsui and Sanwa remained practically unchanged. But in every case dividends were maintained.

EXPORT INCREASE SLACKENING

According to preliminary figures of Japanese foreign trade, our exports last month maintained the recent characteristic of being larger than in the corresponding month of the previous year. But, at 213,623,000 yen, they were only 4,015,000 yen, or a little less than 2 per cent., more than in August, 1934. The increase is mainly accounted for by raw silk, which was up by 8.4 million yen, while cotton piece-goods, by far the most important single item, fell by 6 million yen. Imports, on the other hand, at 170,964,000 yen, decreased by 11,976,000 yen, or 6½ per cent.; and imports of raw cotton again substantially declined. The active balance of trade for the month is 42,659,000 yen against 26,668,000 yen last year. For the eight months of 1935 the excess of imports over exports is 111,078,000 yen, which is 7,459,000 yen less than for the corresponding period of 1934.

After the downward trend of the last five consecutive months, commodity prices have definitely turned upwards. The Bank of Japan's wholesale index number for August rose 1½ per cent. in the month. Security prices continue to appreciate. The aggregate value of all shares listed at the Tokyo Stock Exchange on September 1st was up by 341.6 million yen, or 5½ per cent., against a month earlier. Textile production, on the other hand, was again smaller. Output of cotton yarn during August totalled 112,862,000 lbs., a decrease of 368,000 lbs. over July, and rayon yarn production during last month amounted to 17,819,000 lbs., or 725,000 lbs. less than in the preceding month.

TOKYO, September 12.

CANADA

NEW SOCIAL CREDIT MOVES

THE Federal election campaign is now in full blast, and with five rival parties in the field the country is being subjected to an unparalleled deluge of oratory and propaganda. The confusion of voices and issues has lately been increased by the decision of the Social Credit Party, flushed with its victory in the Alberta election, to invade the Federal arena. It will nominate candidates for practically all the seventeen Federal seats in Alberta and for others in adjacent Western Provinces. Its entry into the contest impairs the prospects of Liberal gains in the West; and the earlier confidence of the Liberal Party that it would roll up a commanding majority on October 14th has been greatly modified in recent weeks, not only by this development, but by the evidence of the formidable strength of the new Reconstruction Party. Mr Stevens has been gaining ground steadily at the expense of the three older parties, the Liberals, the Conservatives and the C.C.F. He has probably made his greatest inroads upon the Conservatives; but he has induced several prominent Liberals to run as his candidates, and with their help has been accumulating support in Liberal strongholds like Nova Scotia and Western Ontario. He is also attracting some of the Labour and Radical votes, which seemed destined to go to the C.C.F.

Mr Bennett, in the four broadcasts with which he opened his campaign, based his appeal for a new mandate on the records of his Government, and particularly upon its tariff policy, which he claimed had saved the country from an industrial debacle. He pledged himself to continue the reformation of the capitalist system in Canada on sane and progressive lines. He even undertook that, if returned, he would lessen the national debt burden by a comprehensive refunding of the Federal, Provincial, Municipal and State railway debts, and that he would devise measures for withdrawing from the labour market some 125,000 workers over 60 years of age, and take other steps to fulfil the pledge which he had made in 1930 to end unemployment. He disappointed the advocates of a railway merger, however, by evading any commitment about it and announcing that he proposed to instruct the National Economic Council, whose creation was authorised by Parliament last session, to study the whole transport problem. If it reported in favour of a merger, Mr Bennett said, the verdict of the people would be sought. But since the Economic Council does not yet exist, this move is regarded merely as the indefinite postponement of any solution of the railway problem.

Mr Bennett has now gone to the West, and he is being followed there by Mr Mackenzie King who, in a general arraignment of the Bennett Ministry, is laying chief stress upon the evil effects of its high tariff policy, and is promising to take prompt measures for a lowering of duties and removal of "tariff excrescences." In his later speeches he has been less emphatic in his pronouncements on the tariff, but his Western supporters will insist upon explicit declarations in favour of drastic reductions when he reaches the Prairies. He has also been making great play with Mr Bennett's dictatorial tendencies and insisting that a Liberal victory is needed for the restoration of proper Parliamentary control over Government. Mr H. H. Stevens continues to inveigh against the selfishness of "big interests," and the general tone of his speeches is not markedly different from those of the Co-operative Commonwealth Federation (farmer-labour) leaders.

The Social Credit Ministry of Mr Aberhart, when it assumed power, inherited a difficult legacy from its predecessor in the shape of an almost bare Treasury and pressing financial obligations. So Mr Aberhart repaired to Ottawa in suppliant guise and asked the Bennett Ministry for a loan of 18 million dollars to meet the obligations of the Province up till next March. Mr Bennett received him sympathetically and agreed to advance the Alberta Government 2½ million dollars, a sum just sufficient to tide over their difficulties till October 14th, the date of the Federal election. On his way homeward Mr Aberhart stopped at Detroit to confer with Father Coughlin, and in interviews he has reiterated his intention of persevering with his Social Credit experiment, in whose evolution Major C. H. Douglas is expected to assist.

RECOVERY IN THE WHEAT MARKET

The Bureau of Statistics has published its first provisional estimate of the principal field crops of Canada for 1935; and the data, with the figures for 1934 given in brackets, are as follows:—

Fall wheat, 13,267,000 bushels (6,724,000); spring wheat, 277,274,000 (269,125,000); all wheat, 290,541,000 (275,849,000); oats, 449,297,000 (321,120,000); barley, 94,550,000 (63,742,000); fall rye, 11,934,000 (4,305,000); spring rye, 2,320,300 (1,118,000); flaxseed, 1,636,100 (910,400).

The yields per acre are given as follows:—

Fall wheat, 23.9 (15.8); spring wheat, 11.8 (11.4); all wheat, 12.0 (11.5); oats, 31.9 (23.4); barley, 24.3 (17.6); fall rye, 17.7 (7.3); spring rye, 16.0 (7.6); all rye, 17.4 (7.4); flaxseed, 7.6 (4.0).

The yield of the wheat crop of the Prairie Provinces is placed at 272 million bushels, as compared with 263 million bushels in 1934, but it is added that the former figure includes 16 million bushels of durum wheat and about 60 million bushels of ordinary wheat so badly shrunk by rust and frost as to be useless for milling purposes. Since

the Government fixed the price of wheat at 87½ cents (No. 1 Northern) there has been a remarkable revival of activity in the wheat market and prices have climbed steadily upward till they are now several cents above the fixed price. Export demand has been strong, and in the week ending September 14th export sales in Winnipeg exceeded 5 million bushels, the largest figure for a long time.

Business conditions are still adversely affected by the distracting election campaign and the uncertainty about tariff and other policies created by it, while lumbering and other industries on the Pacific Coast are being hard hit by the trade war now in progress with Japan. But wholesale and retail trade has received a stimulus from the seasonal buying which invariably follows the arrival of cool autumn weather. So the general business index of the Bureau of Statistics has been maintained at a satisfactory level and after falling sharply from 103.3 for the week ending August 24th to 98.7 for the week ending August 31st, it rose in the first week of September to 102.4.

The trade returns for August, compared with August, 1934, are as follows:—

	August, 1934	August, 1935
	\$	\$
Imports	43,507,331	49,653,986
Exports	55,847,064	71,699,760

The yield of the Federal revenues for August was disappointing. The aggregate return from the chief sources of taxation was only \$23,073,661, compared with \$23,307,777 for August, 1934. For the first five months of the fiscal year the total revenue collected is \$153,450,277, compared with \$141,215,848.

TRADE NEGOTIATIONS WITH WASHINGTON

Mr Bennett has made public the general proposals made by the Canadian Government to the United States as the basis for a trade agreement. The proposals are of four kinds:—

- (1) A mutual undertaking to maintain during the lifetime of any agreement reached the unrestricted free entry of any commodities now on the free list of either country;
- (2) The mutual concession of most-favoured-nation treatment which would mean the extension to the United States of Canada's intermediate tariff, involving reductions in the present rates of duty on some 700 tariff items and also a number of further reductions below the intermediate tariff rates;
- (3) The reduction by 50 per cent. of the existing American rates of duty on a specified number of natural products, including lumber, fish, potatoes, milk, cream, live cattle and certain minerals;
- (4) The reduction of the present American rates on a number of partly or wholly manufactured Canadian products.

The Canadian trade and tariff experts who have been in Washington have now returned; and, while some progress is reported to have been made in the negotiations, it is considered unlikely that an agreement can be concluded before polling day. The suspicion prevails that the Americans will stave off any final bargain until they see what sort of Ministry is in power at Ottawa after October 14th.

OTTAWA, September 21.

THE INTERNATIONAL MONEY MARKETS

By John T. Madden and Marcus Nadler

Everyone who wants to find out the truth about the working of the money markets and the collapse of the world's monetary systems should read this interesting book. It describes the developments and upheavals in modern finance and the causes which have led up to the existing conditions of the financial world. The currency and banking legislation enacted in America and other countries is also described. The book will be found of great value to students and others concerned with the subject. **21/- NET**

Order from a bookseller, or direct from

PITMAN, Parker Street, Kingsway, W.C.2

BOOKS AND PUBLICATIONS

AN ICONOCLAST

PROFESSOR CASSEL has always been something of an iconoclast in economics. And in this short, readable and witty volume* it is with the air of a prophet smashing the images of false gods that he sweeps away, or endeavours to sweep away, those economic conceptions that he considers antiquated and fallacious. The general idea behind these seven essays is that anything which is not quantitatively measurable should not be tolerated in economics.

It is questionable whether Professor Cassel's desire for absolute clarity, so highly laudable in itself, does not sometimes drive him into simplifications so simple as to be actually incorrect. He seems at times, for instance, to fall into the egregious philosophical fallacy of thinking that nothing is real which cannot be measured in units. For when he says a thing must be "quantitative" he means that it must be thus measurable, not merely that it must admit of less or more. This does not perhaps impair his ferocious criticism of the Austrian conception of an "average period of production," which, he says, "with all the many imaginary constructions that have been built upon it, should be entirely eradicated from economic science." Nor does it greatly affect his attack on the idea of an "absolute value of money" or his description of "marginal productivity" as a "phantom."

But it seriously undermines his attempt to expel from economics any account of desire or need or sacrifice. Professor Cassel is infuriated by the persistence with which these conceptions—"mystical," as he contemptuously calls them—continue to crop up, despite his life-long efforts to dispatch them. May not the explanation, however, of this persistence perhaps be that needs and desires are real things after all and also of some importance in economics? The classical economists believed economics to be concerned with "wealth"; and the plain man certainly expects that the satisfaction of material wants should be its ultimate consideration. There is some danger that if Professor Cassel and his school insist on maintaining that economics has no concern with such things, and is merely a system of simultaneous equations, the plain man will justifiably retort that in that case it has nothing to do with him.

In surveying the monetary controversies of the last few years, Professor Cassel lends the weight of his authority to the objective of stabilising the general level of wholesale prices, as the best attainable guide to practical policy. He advocates stable prices *plus* rising wages; and ridicules the idea that price stabilisation must lead to disguised "inflation." He also points out most convincingly that, as far as the economic system is concerned, enough purchasing power should normally be generated by the production process itself to enable the goods produced to be remuneratively sold. And he shows how technological progress normally leads, not to increasing unemployment, but to transfers of labour and generally expanding consumption. This argument in particular is illustrated by statistical examples taken from British experience. Professor Cassel recognises the danger of deflation, however; but argues that a monetary disturbance must be met by a monetary, and not an economic, remedy.

Professor Cassel seems perhaps to underrate the possibility of a discrepancy between savings and investment, in the sense in which Mr Keynes has used those terms, and consequently to ignore the risk of such a discrepancy being itself the cause of monetary deflation or inflation. No doubt deflation cannot take place without a reduction in the effective supply of money. But may not such a reduction be occasioned by both monetary and non-monetary causes? In his contention that the trade cycle is merely an "oscillation" and not really a cycle, Professor Cassel also seems to neglect the statistical argument advanced by Professor D. H. Macgregor in his book "Enterprise, Purpose and Profit." In general, however, Professor Cassel supports English economic opinion in regarding cheap and plentiful money as the surest remedy for depression.

* "On Quantitative Thinking in Economics." By Gustav Cassel. Oxford University Press. 181 pages. 6s.

SHORTER NOTICE

"Industrial Organisation in India." By P. S. Lokanathan. Allen and Unwin. 391 pages. 15s.

This volume presents the results of much the most detailed and scientific study of Indian industrial organisation and finance that has yet been undertaken. Dr. Lokanathan has not only investigated his subject at first hand in India, but is also well acquainted with Western theory and practice in this sphere. The importance and wide influence of the "managing agent" system is naturally emphasised, and a most enlightening analysis is given of the functions, methods and results of that system. The author also discusses the relations of Indian industrial enterprises and financial institutions in general with the problems connected with the localisation and size of industrial concerns and units; and concludes with an excellent summary of available evidence about the efficiency of Indian industrial workers.

Dr. Lokanathan points out that certain very important aspects of his subject—such as the methods of promoting industrial concerns in India, and a number of defects in accepted ideas and practices in the sphere of industrial finance (including the widespread under-capitalisation of industrial concerns, and the tendency to depend upon short-term deposits for long-term purposes)—have hitherto been almost entirely neglected, and he produces many facts and figures not hitherto made available in support of his views and arguments. In particular, attention is called to the necessity for distinguishing between the merits and defects of the managing system *per se*, and of the entrepreneurs who actually work the system. It is suggested that certain defects due primarily to weaknesses in industrial leadership have been erroneously attributed to the system. Dr. Lokanathan's conclusion with regard to the managing agent system is that what is required is not (as has sometimes been suggested) that the whole system should be scrapped, but that it should be reformed—partly by legislation, but largely by enlightened internal reorganisation. He advocates, in particular, the establishment of supervisory boards of control, and of an association of managing agents which should set up professional standards or principles to which its members should be obliged to adhere.

The whole study shows a refreshing objectivity and impartiality, and the remedies suggested reveal a keen sense of proportion.

BOOKS RECEIVED

Britain in Depression: A Record of British Industries since 1929. Prepared by a Research Committee of the Economic Science and Statistics Section of the British Association. (London) Pitman. 473 pages. 10s. 6d.

Jews in Palestine. By A. Revusky. (London) P. S. King and Son, Ltd. 390 pages. 15s. net.

The Price Level: A Further Problem in National Planning. By Lt.-Col. K. E. Edgeworth. (London) Allen and Unwin. 166 pages. 4s. 6d.

The Rebuilding of Britain. By W. Craven-Ellis, M.P. (London) Allen and Unwin. 98 pages. 2s. 6d.

Economia Corporativa. Contributi dell' Istituto di Scienze Economiche. Serie Prima. (Milan) Società Editrice "Vita e Pensiero." 236 pages. L. 15.

Banking in New Zealand. By B. A. Moore and J. S. Barton. (Wellington) New Zealand Bank Officers' Guild. (London) Macdonald and Evans, 8 John Street, Bedford Row, W.C.1. 503 pages. 20s.

An Economic History of the British Isles. By Arthur Birnie. (London) Methuen. 391 pages. 10s. 6d. net.

Rates and Taxes: Why Pay Too Much? By J. H. Burton. (London) P. S. King and Son, Ltd. 140 pages. 3s. 6d. net.

OFFICIAL PUBLICATIONS

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

Imperial Economic Committee: Wool Production and Trade, 1928-1934. 1s. 6d. net.

Colonial Reports: No. 1711. State of Kelantan, 1934. 2s. 6d. net. No. 1712. Hong Kong, 1934. 2s. net.

MONEY AND BANKING

THE STABILITY OF THE DOLLAR

THE drain of gold to the United States continues, and there is no doubt that at the moment the dollar is regarded as the safest of the world's currencies. From the international standpoint it is easy to appreciate this view, for the United States is not in the least likely to become involved directly in the Italo-Abyssinian dispute. The flight to the dollar, however, raises a different question which has lately been in abeyance. How far can the internal stability of the dollar be taken for granted?

Before answering this question it is necessary to have regard to the present-day monetary and banking structure of the United States. Considerable light is thrown upon this by a series of tables published in the July issue of the Federal Reserve Bulletin and relating to June 29, 1935. Broadly speaking, the basis of the monetary structure of the United States is the Treasury holdings of gold and silver. On the date in question gold stocks amounted to \$9,115 millions. Of these \$2,795 millions were segregated in the Treasury (mainly in the Stabilisation Fund), while gold certificates were issued, dollar for dollar, against the remaining \$6,320 millions. Silver bullion and standard silver dollars disclosed in the returns amounted to \$870 millions, the bulk of which was employed as backing to \$810 millions of silver certificates. \$32 millions of standard silver dollars and \$313 millions of subsidiary silver coinage were also in circulation. This makes a gross total of \$1,183 millions of silver coin and bullion.

Neglecting reserves of gold and silver held by the Treasury and also coin in circulation, we are brought next to the \$6,320 millions of gold certificates and \$810 millions of silver certificates. At once an important contrast arises. \$6,203 millions of the gold certificates were held by the Federal Reserve System, and only \$117 millions were in circulation: whereas \$701 millions of the \$810 millions of silver certificates were in circulation. Thus the banking structure depends on gold certificates, while silver certificates were used almost entirely as a medium of circulation.

We come next to the Federal Reserve or central banking structure. As it stood last June, its cash basis consisted of \$6,180 millions of gold certificates and \$223 millions of other cash, including \$108 millions of silver certificates. This made total cash of \$6,403 millions. Its earning assets amounted to \$2,480 millions, of which \$2,433 millions were Government securities. On the other side of the account, Federal Reserve notes in circulation, which form over half the total currency circulation, amounted to \$3,222 millions, and member bank reserve balances totalled \$4,979 millions. The ratio of cash to notes and member bank reserves was 78.2 per cent., while notes in circulation alone were backed by cash nearly twice over.

The final storey in the banking structure is that represented by the commercial banks. Considering member banks alone, their reserve balances at the Reserve Banks equalled \$4,979 millions, to which must be added some \$300 or \$400 millions of till-money. Deposits totalled \$31,003 millions, so that the ratio of cash to deposits was about 17 per cent. Excess reserves were computed at \$2,438 millions, which equals 7.8 per cent. of deposits. Legal reserves and till-money were not quite 10 per cent. of deposits.

Member banks' loans and investments totalled \$28,794 millions. Loans were \$10,420 millions, or 33.6 per cent. of deposits. Loans secured by stocks and bonds were \$3,121 millions (10.0 per cent.) and loans against real estate were \$2,278 millions (7.3 per cent.). Investments totalled \$16,815 millions, or 54.3 per cent. of deposits, those in Government securities being \$9,870 millions, or 31.8 per cent. of deposits.

This completes the broad picture of the monetary and banking structure as it existed at the end of last June. It should be emphasised that these statistics represent aggregate figures for all banks, and reveal nothing as to the relative strength or weakness of different Federal Reserve areas or individual banks. Complete details for a date

later than June are not available, but the Reserve Bank statement for September 18th shows that gold certificates held by the Reserve Banks have risen from \$6,203 to \$6,551 millions, Federal Reserve notes from \$3,222 to \$3,427 millions, and member bank reserves from \$4,979 to \$5,136 millions. These movements arise mainly from the gold influx since June 29th, and show that its effect is to swell member bank reserves and the Reserve Banks' holdings of gold certificates. Had it not been for the expansion in the note circulation, presumably due to the revival in business, the increase in member bank reserves would have been still greater. "Other cash" held by the Reserve Banks, which includes silver certificates not in circulation, fell from \$223 to \$218 millions. The heavy silver imports of the past quarter are thus not going to swell the cash reserves of the Federal Reserve system, although payment for them by the Treasury with funds that have not been raised by taxation obviously contributes to monetary ease.

The first impression is that the currency position is thoroughly sound. Gold and silver certificates have a 100 per cent. metallic backing, while the Federal Reserve notes, which are the most important of the various note issues, are adequately backed by gold certificates, which in turn are fully backed by gold. Nor is there any weakness in the condition of the Federal Reserve Banks as a whole. Their latest ratio of total reserves to deposits and notes is returned at 75.2 per cent., which is three times the minimum ratio of 25 per cent. which is to-day regarded as suitable for central banks.

A statistical presentation of the position does not sufficiently take into account the differences between British and American practice. For example, the difference between the American cash ratio of 17 per cent. and the British ratio of 10 per cent. may not seem excessive, in view of the difference between a centralised and a diffused system. Moreover, the legal minimum ratios are admittedly on the low side. But the fact remains that the American banks have never, until the present, kept any reserves above the legal minimum, knowing that they could always borrow from the Reserve Banks. The present total of member bank reserves is more than twice, and after deducting borrowings from the Reserve, nearly four times, the figure of June, 1929. Similarly, the ratio of member banks' holdings of Government securities to total deposits, though it is no higher than the British figure, is three times the 1929 figure.

The American authorities, like the British authorities, hold substantial reserves with which to meet pressure on the dollar. The gold reserves of the General Fund and the Stabilisation Fund alone amounted last June to \$2,639 millions, and this gold can presumably be used either to offset a drain of funds to foreign countries or an internal withdrawal of funds from the banking system. The American silver acquisitions since the passing of the 1934 Act have had little influence upon the general banking position. So far as the silver is being used at all, it is being used as the backing to silver certificates, most of which are in circulation, and comparatively few of which are held by the Reserve Banks. In particular, the heavy silver purchases of July and August do not appear to have had the smallest effect. Whatever may have been the original motives behind the new policy, all it has so far done is to raise and support the price of silver, to the benefit of American silver interests and to the confusion of the Far East. This appears a lamentably small result in exchange for the damage caused to Chinese interests.

The internal outlook for the dollar obviously depends upon other factors besides the technical condition of the banking system considered in the aggregate, and these include the state of the national finances. But the banking situation by itself shows that reserves of cash, in every sense of the term, are lying unemployed and sterilised all along the line. This obviously leaves room for a big credit expansion so soon as a new demand arises of a type which bankers are willing to satisfy.

The willingness of bankers to lend may be tempered by the strict Governmental control over them, but the fact that the American system consists of thousands of independent banks suggests that in the aggregate there may be no great reluctance. As regards the future demand for bank credit, it is easy to detect several possibilities. Trade is recovering and stock market activity is growing, and while both movements are in their infancy the boom of 1927-29 shows how rapidly easy money can cause a top-heavy situation to develop. Over and above this there is the prospect of the continual growth in the National Debt, which may force both the Reserve Banks and the member banks to add more and more to their holdings of Government securities, which already are approaching the limits of prudence. Nor must it be overlooked that the Administration has increased its control over the banking system in the last few years, both through the Deposit Insurance system and by the activities of the Reconstruction Finance Corporation. Finally, if the inflation of credit and the rate of recovery in trade and prices is not sufficient to satisfy Congress, there is always the danger that Congress may force the further devaluation of the dollar from 59.06 per cent. to the lower statutory limit of 50 per cent. of its former parity.

The dollar is thus immune from external attack, and there would seem to be little risk of another internal "liquidity crisis" such as came to a head in March, 1933. Indeed, the major danger arises not from too little liquidity but from too much. The long-term outlook, however, depends upon the future course of politics, Government borrowing, the possibility of a "prosperity boom," and even upon the risk of a fresh devaluation of the dollar. These dangers make it well to reserve judgment on the permanence of the present impressive appearance of stability.

FINANCIAL NOTES

Lithuanian Exchange Control.—On October 1st, the Lithuanian Government announced that henceforward all dealings in foreign exchange would be subject to official control. The exact terms of the decree are not yet available, and there is no news yet that any permits have so far been granted. It is understood that a Foreign Exchange Control Commission will be set up, and that it may operate on the lines of the Latvian system of control. This provides for the concentration of all receipts of foreign exchange in the hands of the Commission and also for the licensing of all imports. Some attempt is made to discriminate between essential and non-essential imports, but traders have to discover through experience how the discrimination works in practice. A paradoxical situation has recently been developing in Lithuania, for while the trade balance has been active there has been a steady drain on the foreign exchange reserves. One explanation may be that in the absence of any clearing agreement delays are occurring in recovering payments for exports to Germany, but it is also estimated that Jewish emigration to Palestine has led to an exportation of lita 10 millions of capital. The budget situation is poor, and there is some peasant agitation for higher prices and currency devaluation. Finally, there is the Memel controversy. In these circumstances the Government may have felt bound to take precautions, but the active trade balance suggests that they may be directed more against the capital movements than against imports.

The Foreign Exchanges.—The demand for dollars has continued and by Wednesday sterling had weakened to \$4.078. The British Control then intervened and sold French francs for pounds in large quantities. This had the dual effect of pulling sterling up against the franc and on Thursday afternoon, and sending the Paris-New York cross-rate to Frs. 15.19½, or to beyond the export gold point. Further gold shipments from France to New York were at once arranged, and it is understood that available steamers are fully booked up and that all the finance available to cover gold withdrawals from the Banque de France has for the moment been used up. In effect gold is available from the British Control's holdings via Paris to New York.

The pound is being held against the franc at Frs. 74.47. There are no London dealings in lire at the official pegged rate of Lit. 60.50, but "black market" quotations of Lit. 65-75 are reported in London, and Lit. 85 in Italy. The view is held in the City that the lira will be openly quoted at over Lit. 100 to the pound by Christmas, while "registered lire" on the German model may be introduced.

The Money Market.—This week the market has been upset by the vagaries of the calendar. June 30th was a Sunday, and so there were no Treasury bill maturities to put the market in funds on Monday, September 30th. The market, however, had concentrated its application for fresh Treasury bills to be paid for this week on bills issued and paid for last Monday, so that the market could secure bills maturing on December 31st. The result was a slight temporary shortage of money, accentuated to a small extent by some calling of loans to provide funds for the repayment of a maturing Australian long-term loan.

	Sept. 12, 1935	Sept. 19, 1935	Sept. 26, 1935	Oct. 3, 1935
Bank rate.....	2	2	2	2
Clearing banks' deposit rate ...	1	1	1	1
Short Loan rate:—				
Clearing banks.....	1-1	1-1	1-1	1-1
Others.....	1-1	1	1	1
Discount rates:—				
Treasury bills.....	1	1-12	1	nom.
Three months' bank bills....	1-1	1-1	1	1-1

Since then the market has been completely idle. Bill brokers had no bills to pay for, and so were unwilling to sell bills held by them. The banks are now prepared to buy Treasury bills maturing up to the middle of December. They refuse to buy "hot" Treasury bills, their object being to deter excessive application by stags, which in the past have weakened the rate.

The Bank Return.—Currency requirements by the public over the end of the month have raised the note circulation by £3.8 millions. Together with the Treasury bill payments, they have also reduced bankers' deposits.

BANK OF ENGLAND					
	Oct. 3, 1934	Sept. 11, 1935	Sept. 18, 1935	Sept. 25, 1935	Oct. 2, 1935
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold.....	191.9	193.4	193.5	193.6	193.6
Note circulation.....	380.8	400.3	398.1	398.2	402.0
Banking Department:—					
Reserve.....	71.7	54.0	56.2	56.2	52.4
Public deposits.....	13.7	16.0	17.5	19.5	25.5
Bankers' deposits.....	107.0	91.0	92.0	87.2	80.9
Other deposits.....	37.1	37.8	37.6	39.0	39.1
Government securities.....	81.7	84.5	83.2	83.2	82.5
Discounts and advances.....	12.7	12.4	11.9	12.4	17.3
Other securities.....	10.1	12.2	14.2	12.2	11.6
Proportion.....	45.4%	37.2%	38.1%	38.5%	36.0%

In the banking department, the rise in public deposits is explained by Monday's heavy Treasury bill payments. The increase in discounts and advances is unconnected with the London money market.

New York Money and Banking.—During the week ended September 25th New York member banks' loans to brokers were reduced from \$872 to \$856 millions. Other loans against securities increased from \$719 to \$728 millions. Gold imports remain unabated. According to one estimate total engagements for September 25th included \$19.7 millions from the United States, \$18.2 millions from France, \$6.3 millions from England and \$6.0 millions from India. Imports for the following week so far announced include \$35.8 millions from France, \$44.6 millions from England, \$23.7 millions from Holland and \$44.6 millions from India. Silver imports for the week ended September 20th were \$16.0 millions, of which \$14.3 millions came from England. The United States is thus beginning to buy again in the London market and this will help to support sterling.

THE STOCK EXCHANGE

COMPANY LAW REFORM

It is now seven years since British Company Law received its last comprehensive overhaul, for which investors had been waiting for nearly a quarter of a century. How far have the results justified the complaints of those who, like ourselves, criticised the Companies Acts of 1928 and 1929 as excellent in intention, but lacking the complete courage of their convictions? An ideal body of law which would encourage all sound enterprises throughout their career and stifle all dishonest ventures at birth will never be enacted, but at least the law may be expected to keep abreast of its time. The Act of 1928 (that of 1929 was a consolidating measure) was unfortunate in the period of its conception; for, though it was enacted at the height of a speculative boom, it was based mainly upon an experience which ended two or three years earlier. It would be unjust, therefore, to lay at the door of its draughtsmen all responsibility for the fact that there have been crowded into the succeeding years more company "scandals" and *causes célèbres* than in any similar period in living memory. The Hatry case developed before the latest Act was well on the Statute Book and did not primarily turn on questions of company law. The Royal Mail Steam Packet Company, whose failure shook the faith of investors in the virtues of published company statements, was, in fact, incorporated under Royal Charter, and the provisions of the Companies Act, consequently, did not apply to it. Nevertheless, the last quinquennium has revealed sufficient gaps in the armour of the law to leave investors far from happy over the prospect of no further amendment for a considerable time ahead, which appears to be suggested by recent replies by the President and the Parliamentary Secretary to the Board of Trade in the House of Commons. Along what lines have the deficiencies of the Act been most strikingly apparent?

Undoubtedly, the sections of the Act on which most criticism from responsible quarters has centred are those relating to holding companies. The expansion of the "group system" of company finance has been a leading feature of the history of recent years. Nowadays, the typical structure in large-scale industry tends to consist of a central holding, or parent company, controlling a planetary system of operating satellites or subsidiary companies. The system, in modern industrial conditions, is legitimate and even indispensable. There are many reasons why an expanding business which is buying up competing companies or launching out into new fields of production may divide its personality amongst a number of subsidiaries. Unfortunately, *corruptio optimi pessima*. Astute and unscrupulous financiers have been quick to see the potentialities of the group system as a source of wealth, not for innocent investors, but for themselves. The device which came into favour in 1928 was to obtain control of a reputable company possessing substantial cash resources. These resources were then used to buy control of another company in the same line of business, thus giving the directors of the first company control of the cash resources of the second. These, in turn, were used either to buy up new businesses, or, if necessary, to support the market in the shares of the first company. Thus the process continued. On the basis of a very small capital of their own, the promoters were able to gain control of a whole group of allied businesses. The public was lured in by all the old devices of market manipulation and glowing prospectuses and progress reports, and by the magic of the new word "rationalisation." The cash resources of each newly acquired company were squandered in buying up shares in yet further companies at inflated prices. When the market turned adverse and the public would no longer buy, the group collapsed, leaving a wreckage of once-prosperous businesses, denuded of working capital and crippled by debts.

It may be true that men cannot be made either moral or prudent by Act of Parliament. It is no less true, however, that, but for certain definite weaknesses in the Company Law, the 1928 bubble would never have swollen to gargantuan dimensions, but would have been pricked earlier. The law prescribes that a company must at least once a year lay before its shareholders a balance sheet setting forth its assets and liabilities on a selected day, and the clauses of the 1929 Act insist upon a much ampler classification of assets and liabilities than was formerly required. Shareholdings in and loans to subsidiary companies must now be separately stated, as must amounts owing by subsidiaries. "Fixed" and "floating" assets must be separated, and the method of valuation of the former indicated. "Goodwill," patents and trade marks must be given under a separate heading. Investments in subsidiary companies can no longer be merged in one single "portmanteau" item, along with other, and more easily realisable, investments. Fixed plant, current assets and goodwill can no longer be lumped together. The 1929 Act, however, stopped short of pursuing the holding company question to its logical conclusion—namely, that the parent company and its subsidiaries are a single enterprise in everything except legal form, and should therefore have a consolidated balance sheet. Under the new regime, as under the old, subsidiaries can be organised as private companies, which need not issue accounts at all, or as public companies issuing their balance sheets at different dates. The cash holding of every member of a group can, in case of need, have its window "dressed" successively. The stage army (to vary the metaphor) can march round without ever appearing in view of the audience as a whole.

The case for consolidated balance sheets does not, of course, rest entirely on the danger of unscrupulous exploitation of the present system. It is sound common sense that the law, which requires a "unitary" company to publish an intelligible balance sheet, should make the same requirement of a company which chooses, for its own convenience, to organise its departments as subsidiary companies.

A further source of abuse of the present company law, in the last few years, has been the inadequacy of its provisions on the subject of profits disclosure. Before 1929, it was not even necessary for directors to submit a profit and loss account. To-day, such an account must be laid before the shareholders in general meeting, though it need not be sent to them with the balance sheet. The law, however, gives no definition of either "profit" or "loss," and makes no provision for certification of the profit-and-loss account, as such, by the auditors. While there may be some doubt as to the precise obligations of directors in the matter, it is quite certain that they are not bound to disclose the true profit earned by any company in any given year. The Royal Mail case turned on the fact that in seven years that company had distributed in dividends over £5,000,000, derived not from current profits, but from non-recurring items of revenue and undisclosed transfers of hidden reserves. Though Lord Kylsant was acquitted of the charge of issuing a fraudulent balance sheet—his conviction was on the charge of publishing a debenture prospectus in which these transfers from reserves were not disclosed—it is clear that directors would now run great risks in including as profit unspecified transfers from reserves without drawing obvious attention to their inclusion. But there is nothing whatever to prevent them from including as profit in the profit-and-loss account of a holding company dividends paid by subsidiaries out of reserves. All that the law requires is that the directors shall state how the aggregate profits and losses of subsidiaries have been dealt with in the accounts of the parent company and, in particular, to what extent provision for the losses of a subsidiary has

been made in the accounts either of the subsidiary, or of the parent, and to what extent losses of a subsidiary have been taken into account by the directors of the parent company in arriving at its profits or losses. It is not necessary to specify the actual amounts of the profits or losses of any subsidiary.

This weakness of the law gives quite gratuitous support to obscurantist company directors. Several bodies representative of accountants and traders, including the Association of British Chambers of Commerce, have felt so strongly on the matter that they have appointed committees to draw up recommendations for the improvement of the law. The Society of Incorporated Accountants and Auditors has urged that amending legislation should be considered by a Departmental Committee and that it should include provisions requiring (a) that the profit-and-loss account should show the true balance of profit for the period; (b) that debits or credits which are abnormal in character and reserves from previous periods, no longer required, should be stated separately; (c) that "free reserves," but not reserves against losses or expenses not yet definitely ascertainable, should be disclosed in the balance; and (d) that the total profits or losses of subsidiary or sub-subsidiary companies (the framers of the 1929 Act, incidentally, forgot all about sub-subsidiary companies) should be stated in the accounts of the holding company in so far as they had not been brought into the profit-and-loss account of the holding company.

In some respects these requirements are more drastic than all reformers would care to insist upon. That credits to profit-and-loss account representing transfers from previously accumulated reserves or such "special" items as profits on sales of securities should be separately stated will only be disputed by the frankly obscurantist type of mind. But should one insist on disclosure of the opposite process? Is it necessary that appropriations to reserves out of the year's profits should be compulsorily disclosed? The profit for the year shown in the profit-and-loss account must certainly be no greater than the "true" profit, but may it not be less? Similarly with subsidiaries: where the profit brought into the holding company's profit-and-loss account is greater than the true profit earned by the subsidiaries in the relevant period the excess should certainly be disclosed. Must a deficit be also disclosed? Again, insistence on disclosure of "free reserves" in a balance sheet raises similar questions of expediency. It would clearly be difficult, if not impossible, to devise a satisfactory definition of "free" in this connection. The principles upon which the amount of legitimate reserves against "contingencies" should be calculated have never yet been clearly defined.

Whatever the difficulties of precise definition, however, one thing is clear. In all company accounts the proper bias should always be towards greater and not less publicity. Arguments for suppression usually spring either from interested motives or from exaggerated fears. We should not demand less, however, as a first instalment, than an amendment of the law relating to profit-and-loss accounts which would ensure, broadly, that dividends were not paid in excess of current profits without disclosure of the amount and sources of the excess.

There are numerous other directions in which the Company Law stands in need of amendment. Provision, for instance, should be made for the immediate disclosure of changes in the directorate of a public company, so that resignations of directors, arising from serious disagreements on policy, may not be suppressed from the shareholders for months after they have taken place. Another much-needed reform is that the directors of a company should be required to state the aggregate amount of their remuneration, including that of managing directors and that paid by subsidiaries. The 1929 Act does not require the salaries of managing directors to be included in the returns of directors' fees, except on the demand of shareholders controlling not less than 25 per cent. of the voting power of the company—which is a Utopian requirement in most cases. Reference to published company reports suggests that, since the passing of the Act, the number of managing directors deemed indispensable to the effective conduct of the nation's business has shown a most remarkable increase. Finally, the time has certainly come for the abrogation of the troublesome and useless provision, now evaded on

wholesale lines by the conversion of shares into stock, that the shares of a company must each bear an identifying number.

Despite the urgency of many of these suggestions, the reform of the clauses relating to balance-sheet and profit-and-loss publication transcends them all in importance. The need for an amending Act is urgent. It is true that the great majority of British companies are honestly run, and that directors ought to be free from unnecessary legal restrictions to conduct their businesses as they deem best. These two truths, however, afford no excuse for inaction where the need for action has been conclusively demonstrated.

INVESTMENT NOTES

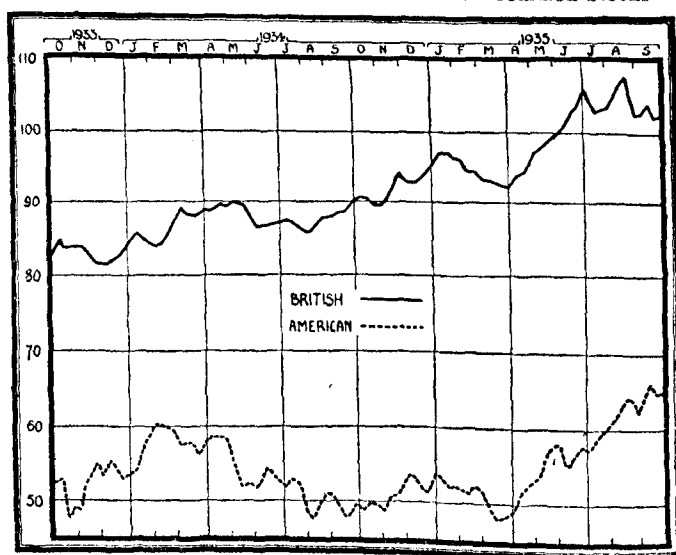
Course of Share Values.—In the past month, the course of share values has followed an opposite course in London and New York, for reasons which need little explanation. Wall Street has been able to concentrate its attention mainly on domestic economic revival, while London has been continuously overshadowed by European war clouds. The chart shown on this page is significant, as regards the latest phase of the "British" curve, as a record of our resistance to an increasingly threatening environment. The check to the upward movement in July was a normal technical development after an upward trend of longer uninterrupted duration than any of its predecessors since revival began. In August the rising tendency

BRITISH AND AMERICAN INDUSTRIAL SHARE VALUES OVER THE PAST TWO YEARS

(1928 = 100)

British: "Financial News" Index of 30 Ordinary Shares (adjusted to 1928 base)

American: "Standard Statistics" Index of 50 Common Stocks



was resumed—again in a "normal" fashion—but in the middle of the month the market became aware, at long last, that it had underestimated the dangers of European political complications. The succeeding decline, however, merely cancelled out the month's earlier rise, and throughout September—apart from a spasm of fear on "Black Friday," September 20th—the market obstinately refused to believe that the worst could come to the worst. This week's events have brought a clearer realisation of possibilities. Undoubtedly, the technical position is good in the sense that there is still a considerable amount of money awaiting investment. In another sense, however, the position is vulnerable to the point of danger. Signor Mussolini's speech and actions this week leave the market with no illusions, and if a strongly downward tendency develops, it is unlikely that professional quarters will be willing to take in any large amounts of stock. Much may depend on the nature of any sanctions which may be applied. "Weak" sanctions might make a dull market, but "strong" sanctions would have a much more far-reaching effect. Gilt-edged securities have difficulties peculiar to themselves, inasmuch as increased British expenditure on

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Goodlass Wall & Lead Industries Ltd.

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Powell Duffryn Ltd.
Shell Transport & Trading Co. Ltd.
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armaments, which now appears inevitable in any case, may well involve either the abandonment of all hopes of lower taxation, or the issue of new Government loans, or both. As regards industrial shares, the computations of the Actuaries' Investment Index show the extent of the decline from the middle of August up to Tuesday last, before the reaction on the Duce's speech. The total index of 158 ordinary shares (December 31, 1928 = 100) has fallen from 79.4 to 74.3, while the average yield figure has risen from 3.77 per cent. to 3.95 per cent. Indices for separate groups of securities are given below:—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100)			Yields (%)		
	Mid-August (Aug. 13)	Week Ago (Sept. 24)	This Week (Oct. 1)	Mid-August (Aug. 13)	Week Ago (Sept. 24)	This Week (Oct. 1)
Banks and Discount Cos. (12)	117.8	111.0	111.5	3.98	4.22	4.21
Building Materials (4)	95.1	87.6	88.7	4.26	4.63	4.57
Elec. Light & Power (16)	135.2	126.7	127.5	3.77	4.03	4.00
Motors (5)	58.4	52.2	50.7	4.47	5.02	5.24
Oil (5)	72.0	62.5	61.8	4.36	3.59	3.61
Home Rails (4)	69.9	60.3	59.1	1.52	1.65	1.69
Breweries & Distill. (19)	135.2	126.7	127.3	4.08	4.36	4.34

Though Wall Street cannot be wholly unaffected by happenings in Europe, any significant recession in London or on the Continental bourses will almost inevitably enhance the appeal to investors on this side of a market removed by some thousands of miles from the storm centre and backed by a strong and hitherto persistent "recovery" movement of its own.

Argentine Railway Position.—The decisions of the boards of Buenos Aires Western and Buenos Aires Great Southern Railways to halve the dividends on their respective 4½ per cent. and 6 per cent. preference stocks for the year to June last came as a shock to the market on Wednesday. The boards, it is stated, are of opinion that higher distributions could not be justified, having regard to the earnings of the past year, and to the general situation. Those responsible for this prudent, though disappointing, decision may, ultimately, deserve well of the stockholders, for full payment would have made further inroads into resources depleted by last year's full payments and exchange losses. Since the partial restoration of wage cuts was effected in January, it would appear that increased wage costs may be largely responsible for the less hopeful "general situation," and further claims have recently been reported. An additional adverse factor, however, may be found in the recent course of peso traffic receipts, and the unpromising wheat haulage prospect. The most favourable development ahead is clearly the prospect of effective transport co-ordination in the Argentine. Latest advices state that the Chamber of Deputies has accepted a majority report upon the Co-ordination Bill drafted by the Committee of Communications and Transport. A separate Bill to deal with transport problems in the City of Buenos Aires alone has also passed its first reading. Yet a third legislative proposal is before Congress which is intended to effect co-operation between the railway companies by authorising more economical working and amalgamations between railways and other transport undertakings. Whilst the proposals will not again come up for consideration until Congress reassembles in May next year—unless a Special Session be called—demonstrations of hostility on the part of labour interests have already occurred. It is understood that the unions have addressed to the Director-General of Railways a memorandum opposing the new Government regulations affecting working hours and conditions, due to take effect on November 1st next. The nature of these objections may be more readily appreciated than the labour attitude towards the new transport Bills. The proposed legislation has been far from hastily drawn up, and it is generally conceded that comprehensive regulation of Argentine transport services is long overdue, having regard to the financial circumstances of the British railway companies and their importance in Argentine's economy.

Home Railway Prospects.—The end of the third quarter of the home railway year finds the market deflated and dispirited. The trend of traffic receipts during the summer period of heavy passenger movement was encouraging, but the figures published during September have revealed a steady deterioration. In the latest week, indeed, the four lines together show a "loss" of £86,000—though the London and North Eastern's contribution of £67,000 may be partly a statistical accident, due to the taking in of a number of "differences" in the 1934 figures for earlier weeks. The accompanying table shows, for each railway and for each of the three main classes of traffic, a comparison of the receipts for the first nine months of 1935 with the receipts during the same period of 1934:—

(£'000)						
1935 compared with 1934	Great Western	London Midland and Scottish	London and North Eastern	Southern	Four Companies	
PASSENGER TRAFFIC:						
First half-year	+ 74	+ 277	+ 196	+ 145	+ 692	
4 weeks 27-30	- 7	+ 49	+ 32	+ 71	+ 145	
4 weeks 31-34	- 61	+ 66	+ 70	+ 83	+ 280	
5 weeks 35-39	+ 8	- 7	- 20	+ 31	+ 12	
Third Quarter	+ 62	+ 108	+ 82	+ 185	+ 437	
MERCHANDISE TRAFFIC:						
First half-year	+ 30	+ 10	- 80	- 102	- 142	
4 weeks 27-30	+ 30	+ 54	+ 59	- 5	+ 138	
4 weeks 31-34	- 8	- 2	+ 13	- 47	- 14	
5 weeks 35-39	- 7	+ 40	- 63	- 30	- 50	
Third Quarter	+ 15	+ 92	+ 19	- 52	+ 74	
COAL AND COKE:						
First half-year	- 26	+ 12	- 142	- 35	- 191	
4 weeks 27-30	+ 7	- 4	- 25	- 6	- 28	
4 weeks 31-34	- 15	- 10	- 25	- 7	- 57	
5 weeks 35-39	- 59	- 8	- 59	- 3	- 115	
Third Quarter	- 64	- 6	- 109	- 21	- 200	
ALL TRAFFIC:						
First half-year	+ 78	+ 289	- 26	+ 8	+ 359	
4 weeks 27-30	+ 30	+ 99	+ 66	+ 60	+ 255	
4 weeks 31-34	+ 38	+ 54	+ 58	+ 59	+ 209	
5 weeks 35-39	- 55	+ 41	- 132	- 7	- 153	
Third Quarter	+ 13	+ 194	- 8	+ 112	+ 311	

The passenger receipts, on the whole, make a favourable comparison. For the four railways combined, and for the Southern and Great Western, the gain in the third quarter has been more than half that of the first two quarters. This impression, however, is largely destroyed by an examination of the results of the three monthly periods within the third quarter. July and August were excellent months for passenger travel (except for July on the Great Western), but September has been disappointing and the receipts on the two largest lines have actually been running below last year. Goods traffic has been patchy. The coal and coke figures are definitely disappointing. Taking all traffics together, for the last quarter, the Southern has made a large increase on last year, in spite of its poor merchandise record. The L.M.S. has also done proportionately better in the third than in the first two quarters. In the case of the G.W.R. the improvement is at a lower rate, but it is still an improvement. Only the L.N.E.R., which most needs additional revenue, has failed to get it. But in every case the monthly figures tell a different story. Except on the Great Western, August made a worse showing than July, and in every case September made a much worse showing than August. So far, earnings for the second half-year are running at the rate of about 1½ per cent. on L.M.S. 1923 preference, 2½ per cent. on L.N.E. first preference, 1 per cent. on Great Western ordinary, and 4 per cent. on Southern preferred ordinary. In view of the present trend of traffic receipts, however, these "earnings margins" may not necessarily obtain by the year-end. Whatever the attitude of the managements towards pressure from the unions for increased wages, it is unlikely that the market will regain its popularity in the immediate future. Even London Transport "C" stockholders, whose final dividend, announced as we go to press, is 2½ per cent. (together with one-half per cent. in respect of 1933-34) may have to await the promised accounts before a new favourable turn occurs in the market.

Chilean Bond Prospects.—The brief review of Chile's finances in our issue of September 21st indicated the steady improvement of the country's budgetary position under the present Government. On September 9th the Minister of Finance was able to lay before the Parliamentary Mixed Budget Committee a review of the situation, in the course of which he claimed a succession of four balanced Budgets since the worst period of the crisis, when the Government took over. His firm declarations in favour of a balanced Budget policy encourage the hope that stability will be maintained despite the temptations of returning relative prosperity. Investors, however, should not confuse such improvement with hopes of any substantial payments on Chilean bonds. The Minister's statement gives the direct foreign currency debt at December 31, 1934, as the equivalent of 2,743,857,721 old pesos (i.e. pesos of 6d. gold), to which must be added the indirect guaranteed external debt of 1,123,545,886 old pesos, making some 4,000 millions in all. Taking a rough rate of 7½ per cent. on this total to cover full interest and amortisation, the service requirement would be 300,000,000 old pesos. As, however, the peso is now linked to sterling at 1½d. per peso instead of 6d., the cost of meeting the full service in sterling and dollars (not gold) would be some 1,200,000,000 pesos. This is approximately equal to the entire anticipated revenue of the State for 1935 (1,225,000,000 pesos). Under Law No. 5580 of January 31, 1935, the liability for the debt service is removed from the Budget and made over to the Caja Autonoma de Amortizacion, which office is to meet debt service to the extent of its receipts from the State's share in nitrate profits plus the copper tax. The summary calculation made above, however, indicates the proportions of the matter. At present it is not possible to estimate what payments will actually be made under Law 5580. But it is evident that they can only be a small fraction of the nominal amounts due.

Industrial Profits in September.—We received 77 company reports last month, showing an aggregate rise in profits of 9.28 per cent. by comparison with the previous year. Figures for recent months are shown below:—

Reports published in	No. of Companies	Rise or Fall in Profits*	Reports published in	No. of Companies	Rise or Fall in Profits*
1934—			1935—		
August	30	+35.47	March	261	+22.54
September....	89	+40.63	April	242	+16.49
October	165	+49.70	May	244	+11.07
November ...	143	+33.97	June	191	+21.72
December....	159	+25.09	July	232	+13.44
1935—			August	38	+5.93
January	111	+14.15	September...	77	+9.28
February....	218	+8.43			

* After payment of debenture interest.

The reports of the month disclosed net profits of £6,257,611, as compared with £5,726,074 in the preceding year. The principal feature in a fairly quiet month is provided by the iron, coal and steel group. Twelve concerns, including United Steel, Staveley, Sheepbridge, Manvers Main and Thos. W. Ward, report an increase in net profits from £1,542,651 to £1,866,131. Shops and stores also record a substantial advance on the previous year's profits. Obstinate depression still afflicts textile earnings, Calico Printers Association being responsible for a heavy fall in this section. The remaining groups bear witness to the wider spread of profits recovery, although recent increases are tending to lose the spectacular proportions of a year ago.

COMPANY NOTES

Tobacco Companies.—During most of the post-war decade the tobacco manufacturing industry enjoyed advantages which are seldom found in combination—stability and vigorously expanding prosperity. The well-established organisation of the Imperial-British American group had built solidly enough to give firmness to the entire trade. A world-wide leaf-buying organisation fed the industry with unfailing supplies, while an equally sound distribution system disposed of the product as fast as it was turned out.

Further, the general conditions of the industry's market were singularly favourable to high earnings. Cigarette consumption was rising fast both at home and abroad (between the Census years of 1924 and 1930 home cigarette consumption rose by over 45 per cent. and exports by over 110 per cent.), while the mechanical equipment of the

	(Profits in £'000)						
	1929	1930	1931	1932	1933	1934	1935
British American Tob. (Sept. 30)							
Earned for ord.	6,032.8	5,946.6	4,719.4	4,953.3	4,818.1	4,868.0	...
Earned %	25.6†	25.2†	20.1†	20.6†	20.4†	20.6†	...
Div. %	25†	25†	20†	20†	20†	20†	...
Carreras (Oct. 31)							
Earned for ord.	996.8	738.3	667.8	704.2	778.6	682.9	...
Earned %	70.9†	53.8	38.6	35	35	35	...
Div. %	50†	50	35	35	35	35	...
Cohen Weeten (June 30)							
Earned for ord.	44.9	51.0	44.2	44.3	28.8	21.3	19.0
Earned %	51.6	55.4	46.9	47.0	29.3	22.2	19.3
Div. %	18	36	36	36	27	18	18
Gallagher (Dec. 31)							
Earned for ord.	98.6	127.2	143.5	158.1	187.2	286.5	...
Earned %	10.8	16.4	19.1	19.8	23.4	34.7	...
Div. %	6†	8	10	10	11	18	...
Imperial (of G.B. & I.) (Oct. 31)							
Earned for ord.	9,114.9	9,324.8	9,023.9	7,784.7	6,741.4	8,736.6	...
Earned %	24.3†	24.9†	24.1†	20.8†	18.0†	23.3†	...
Div. %	23†	23†	22†	20†	20†	22†	...
Godfrey Phillips (Dec. 31)							
Earned for ord.	146.0	110.0	112.4	70.7	61.9	149.1	...
Earned %	24.5	15.4	17.6	10.2	8.0	20.8	...
Div. %	10	10	5	6	7½	10	...

† Tax free.

industry was being steadily improved to reduce manufacturing costs. Above all, though the average selling price of cigarettes was not reduced by much more than the small reduction in the duty, the average cost of raw leaf tobacco fell from nearly 1s. 9d. per lb. in 1924 to 1s. 2½d. in 1930 and to below 1s. during a great part of the depression. Profits therefore came easily to the manufacturers. It may be

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questioned, however, whether such extremely favourable conditions are likely to be maintained. The total output of the industry, both for the home and the export markets, is likely to expand further with reviving prosperity and with the continued replacement of a non-smoking generation of women by a smoking generation. Even in 1934 the British output of manufactured tobacco exceeded the previous record of 1930; and 1935 is running ahead of 1934. The price of raw leaf, however, is no longer falling. For the first eight months of 1935 the average import price has been about 1s. 3d. per lb., against 1s. 0½d. for the first eight months of 1934. As manufacturers normally hold two or three years' stocks maturing, the rise in price when averaged over the stock will not immediately be serious; but if the rising trend continues it must become an important cost factor tending to offset the continued improvement in plant. Rising consumption has to some extent eased the pressure of competition, illustrated by the coupon war which lasted through the worst of the depression and until December, 1933. But it is unlikely that manufacturers will be able to pass on much of the higher leaf cost in the form of higher prices to the public. The general prospect, therefore, appears to be for fairly stable conditions and not for a continuation of the brilliant trend of earnings during the 'twenties. Within these general conditions, however, there may be room for individual companies to advance. The rise of Carreras during the 'twenties and of Gallahers during the 'thirties illustrates a characteristic of the tobacco industry, in which special ability in selling or in detecting new possibilities of improvement may be rewarded by a rapidly expanding share of the market. Profits do not fluctuate sharply, but among the smaller companies the prosperity of the successful seems to be secured, to some extent, at the expense of the more stable concerns. Such a concern as Cohen, Weenen, which is largely interested in pipe tobacco, does not benefit from the expanding cigarette market to the same extent as companies predominant in the cigarette trade.

The Brewery Prospect.—During the last few weeks the brewery share market has, on balance, lost much of the impetus which was inspired by the declaration of increased dividends by Guinness and Watney at the end of July. Closer study of the July output figures, which reached a "high" for recent years at 1,691,784 standard barrels, prompted the expectation of even better returns for August. Although the actual return showed a seasonal decline to 1,550,000 standard barrels, the latest figures suggest that the trend of consumption is rising compared with the year before the "penny off the pint" Budget—1933—if monthly variations are smoothed out. For the first seven months of 1935 the increase is of the order of 6½ per cent. Climatic factors have, on the whole, been favourable, for a warm holiday season followed by a cold spring, but greater benefit has been derived from further industrial recovery, especially in the iron and steel trades, whose workers are traditionally influential customers. In the following table we set out some recent profits figures and a selection of companies whose reports are due early in November:—

Company	Total Profits		Ordinary Dividends			Ord. Shares or Stock (£1 denom.)	
	1934	1935	1933	1934	1935	Quota-tion	Yield (%)
<i>Recent Reports*</i>							
Guinness	1,912,144	2,173,114	27	27	29	134/6	4 6 3
Watney Combe Reids...	2,420,671	2,446,645	10	13	16	71/-	4 10 3
Friary Holroyd and Healy's	229,070	238,253	7½	10	11	48/-	4 11 9
<i>Prospective Reports†</i>							
Mitchells and Butlers...	1933	1934					
Bristol Brewery Georges	454,580a	659,610b	11½	15½c	6½	91/3	3 5 9½
Anells	288,362	304,878	20½	20½d	6½	96/6	2 1 3½
Bass, Ratchiff & Gretton	206,394	346,240	10	15	7½	100/-	3 0 0
Wolverhampton and Dudley	1,103,159	1,251,752	15½	20½	5½	120/6	3 6 3½
	204,728	225,923	20e	25f	5	78/-	3 3 6

* All to June 30th. † All to September 30th. ‡ For ordinary read deferred.
 (a) Year to June 30th. (b) Profits for fifteen months to September, 1934, reduced to twelve months basis. (c) Free of income tax. (d) 18½ per cent. actual shown as annual equivalent. (e) And 50 per cent. capital bonus. (f) Including 2½ per cent. free of tax. (g) And 100 per cent. capital bonus. (h) Based on last annual dividend.

Increased interim dividends have already been paid by Bristol Brewery Georges, Wolverhampton (both after

allowance for last year's capital bonus), and Anells, with third the tax-free 6 per cent. payment of Mitchells and Butlers inflated 1 per cent. higher than the conventional rate which prevailed from 1925 to 1932. Brewery profits, clearly, are still in the recovery phase, but the longer outlook is much more quite so clear. Previous expansion after fiscal favours has been postponed rather than reversed the long-term trend towards declining beer consumption. So far it has been offset by of internal technical economies, whose scope is not exhausted but may be narrowing. Reconstruction of licensed premises, again, may need to be expected if custom is to be re-attracted from modern competitors.

Electric and Musical Industries.—The directors of this premier music-making concern deserve congratulation on their defeat of the calendar by three clear days in making their results for the year to September 30th last available, in preliminary form, on September 27th. The dividend has been increased by the addition of a 2½ per cent. bonus to the previous year's 10 per cent. distribution. The profit for the year, subject to audit, amounts to £451,002, and there is a further profit on investments realised amounting to £114,544, which presumably may be regarded as windfall to reserves. The announcement is silent as to the point at which the latest figure for working profit has been struck, but on the assumption that general expenses, depreciation and fees have been deducted, it would compare with £420,710 for 1933-34. Calculated "before tax" the profits for the latest year, apart from the windfall, appear equivalent to slightly over 14½ per cent. on the reconstituted ordinary capital. The rapid recovery in earning power, after the merger had survived two unhappy years which necessitated a drastic writing down of investments and other assets in 1934, testified to successful exploitation of the radio market, to which the company brings ample technical knowledge and resources. This policy has been extended to household appliances, and to television, the latter in conjunction with Marconi's Wireless Telegraph. The ordinary shares, at 24s. 4½d., yield 5 8s. per cent., after allowance for the dividend, and occupy a prominent place in an expanding but competitive industry.

United Steel Meeting.—The annual speeches of Mr W. Benton Jones to shareholders of United Steel Companies invariably provide an authoritative review of the industry's progress and prospects, in relation to the company's own position. At this week's meeting the chairman demonstrated that Great Britain had regained the 1929 level of steel production, well in advance of Western Europe and of the United States. This achievement, however, was due to the expansion of demand in a sheltered home market, for the expansion both of imports and exports from the trough of 1932-33 has been very limited. A significant passage in the speech suggested that the increase in total production for the year to June last had been supplied from fuller employment in districts where the company does not operate. The peak level at which the company had operated in the previous twelve months had nevertheless been maintained with a comfortable margin. Shareholders may find some difficulty in interpreting these statements. If an increase in operating profits by some £150,000 was not derived from higher selling prices, what proportion can be attributed to higher output and what to internal economies? An upward limit to the latter, particularly in the case of an already efficient company, may be reached sooner rather than later. The projected three-year programme of capital extensions, however, should ensure that the company's position in the industry will be well maintained. If, however, it obtains something less than a proportionate share of the industry's expansion of output—and demand is now remaining at a record level—shareholders might be unwise to budget for a return to the substantial advances in profits, which, until the latest year, have characterised the company's annual progress. Such evidence as is available, coupled with the growing use of scrap and the company's own modernisation programme, may tend to confirm the board in its policy of financial conservatism.

Baird Television Reorganisation.—A reorganisation of the highly complicated capital structure of Baird Television has long been overdue. During the last six months there have been persistent and wide anomalies in the prices of the different classes of capital, and the market has been erratic and artificial. The new scheme, therefore, would have been very welcome had it dealt equally with the claims of each class of shareholder. The company has a capital of £875,000 in 5s. shares, consisting of 200,000 "A" ordinary, 2,100,000 preferred ordinary, and 1,200,000 deferred ordinary shares. The first class receives one-half of the equity. From the other half the preferred shares receive a 10 per cent. non-cumulative dividend, and the remainder is divided between them and the deferred shares in the ratio of forty to sixty. The new scheme proposes to consolidate the whole capital into ordinary 5s. shares. For every hundred of their old shares, the three classes of shareholder receive 875, 42 and 72 new ordinary shares respectively. The effect of this, broadly, is to retain to the "A" ordinary shareholders one-half of the equity and to divide the other half equally between the preferred and deferred shareholders. The relevance of this proposal obviously depends upon the level of profits which may reasonably be expected. The following table compares the participation of the three classes under the present and proposed arrangements:—

Profits	"A" Ordinary		Preferred		Deferred	
	Old	New	Old	New	Old	New
£	(%)	(%)	(%)	(%)	(%)	(%)
25,000	25	25	24	12	Nil	2.1
50,000	50	50	4.8	2.4	Nil	4.2
100,000	100	100	9.5	4.8	Nil	8.3
150,000	150	150	11.7	7.1	4.5	12.5
200,000	200	200	13.6	9.5	9.5	16.7
500,000	500	500	25.1	23.8	39.5	41.7
750,000	750	750	34.6	35.7	64.5	62.5

Of the unsatisfactory nature of the scheme, from the preferred shareholders' point of view, there can be no question. If profits were less than £105,000—and the present market valuation of the "A" shares, on a 7½ per cent. yield basis, envisages a profit of £82,500—they would lose one-half of their income. Their loss decreases as profits increase, until at £630,000 they would receive the same under the new as under the old dispensation. The deferred shareholders, of course, stand to gain substantially in the lower profit region, and would lose only if the profit exceeded £630,000. If the scheme succeeds, the board proposes to increase the capital to £3,750,000 by the issue of more ordinary shares, thus tending to defer the possibility of high percentage earnings. The preferred shareholders, no doubt, will hasten to organise opposition to the scheme. Their task, however, is by no means eased by the fact that 60 per cent. of the deferred capital, and 32 per cent. of the "A" ordinary, is—or at any rate was at the beginning of July—controlled by the Gaumont-British group through International Acoustic Films, Limited, which is now in voluntary liquidation.

A Cable Amalgamation.—News has been published this week of an amalgamation of the submarine cable interests of Telegraph Construction and Maintenance Company and Siemens Brothers, which promises to place this business on a more profitable basis in future. The development of overseas wireless services has greatly reduced world demand for submarine cables in recent years, and reasonable profit margins have been difficult to secure. The concentration of output at one factory, it is anticipated, will ensure profitable production for many years. To give effect to the amalgamation, the new concern, Submarine Cables, Ltd., with £220,000 capital shared by the two companies, will lease the specialised works of Telegraph Construction at East Greenwich. Recent technical progress suggests that, so far from being a dying medium of communication, the modern submarine cable offers some advantages by way of reliability and secrecy over wireless transmission. The new company will take over a reorganised works, and will be the sole producer in the British Empire. It would appear, therefore, that the unification of the submarine cable business may sensibly im-

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prove the prospects for a resumption of dividends by Telegraph Construction, granted a continuation of the steady improvement in demand.

Some Reports and Notices.—This week's company announcements, on the whole, have been favourable, but their significance for the Stock Exchange has inevitably been eclipsed by the continued deferment of hope regarding the prospect of peace in Abyssinia and elsewhere. The Murex final dividend of 10 per cent., together with a 2½ per cent. share bonus, stirred the market, but speculators were prompt to take their profits. In addition, the oil share market was pleasantly surprised by the 5 per cent. increase in the Trinidad Leaseholds dividend to 17½ per cent., and the shares provided a feature in Tuesday's quiet trading. The Rover profit figures came up to expectations. A further sharp advance in working profits from £133,938 to £214,739 is reported, and the net balance, together with surplus reserves, has restored the profit and loss account in credit, after carrying forward heavy debit balances for some years. The statement of the Dunlop directors, explaining their decision not to pay an interim dividend for 1935, was not warmly received, for it referred to the adverse effect of rising raw material costs upon current profits, and to the difficulty of immediate adjustment of the prices of manufactured goods to offset reduced profit margins. The apparent determination of the Rubber Restriction Committee to secure a higher price has suggested the possibility that the time lag may be somewhat prolonged on a rising commodity market, and the shares have been a weak feature. The market, however, was not disappointed with the Roan Antelope Copper Mines maiden dividend of 20 per cent. Although equivalent to a very modest yield at the prevailing quotation, the dividend may prove substantially below the level of current earnings, owing to the substantial rise in copper prices since the end of the company's financial years. Among other dividend announcements, those of Gallaher and Joseph Lucas are unchanged.

Other Company Results.—Our table of profit and loss accounts on page 685 includes results from 24 additional concerns, which reveal a steady expansion in earning power, although there are few of the representative market leaders in the list. In the engineering group, Vulcan Foundry reports a considerable expansion of output, and profits have increased, despite competitive contracting, from £17,358 to £52,422. The sluggish condition of the shipbuilding industry has limited the expansion of Parsons Marine Steam Turbine profits, which have advanced from £11,124 to £12,271. Plantation concerns make the largest numerical contribution to this week's list and present a rather mixed appearance. The Malayalam Plantations report reveals that lower prices for a restricted tea crop are largely responsible for a fall in net profits from £148,676 to £100,072. Among the rubber concerns the trend is towards improvement, although there are small reductions in profits in certain cases. In the Finance and Land group, Argentine Land and Investment shows a small improvement in land sales and investment income. The slightly increased net profits of Trafford Park Estates arise from differences in internal adjustments in respect of reserves and underwriting costs, and total rent and dividend income shows a slight fall. Among the miscellaneous industrial concerns, Herrburger, Brooks, the piano manufacturers, report substantial progress, and the dividend has been raised from 7 to 10 per cent. We discuss the continued progress of Rover and some dividend announcements of the week in an earlier Note on this page.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following company meetings: Manila Railway (1906), Anglo-Siam Corporation, City and International Trust, E. W. Tarry and Company, D. Gestetner, Kirklees, Gaumont-British Picture Corporation, Southern Cross Gold Development and West Spaarwater, Ltd. Mr Kiek, chairman of City and International Trust, said that in the supervision of their widely distributed holdings the directors were striving to improve the "grading." The chairman of Kirklees, Limited, attributed the progress of the company to its policy of specialisation and constant improvement of manufacturing methods. The chairman of Gestetner announced a record profit for the company. The chairman of E. W. Tarry and Company reported a year of comparatively good trade with encouraging prospects. Mr Mark Ostrer, of Gaumont-British, said that the company was expanding rapidly in all parts of the world, and had made a very successful entry into the American field. The chairman of Southern Cross Gold Development said the engineers were highly optimistic about the prospects of the Fraser group, and emphasised the directors' confidence in the Southern Cross property. The chairman of the Anglo-Siam Corporation reported a small increase in profits as a result of a larger turnover in general trade, but the teak branch of the corporation's business shows a negligible return. At the meeting of the Manila Railway the shareholders agreed to the board's proposal to sell the company's holdings of Southern Lines bonds of the subsidiary, Manila Railroad. Mr Marks, of West Spaarwater, reported that the sinking and equipment of the first vertical shaft was about to be undertaken.

THE WEEK IN THE MARKETS THE LONDON STOCK EXCHANGE

SETTLING DAYS

TICKET
OCTOBER 8

ACCOUNT
OCTOBER 10

THE market has been tested this week as severely as at any time since 1931. Early in the week the realisation spread abroad that earlier hopes of a peaceful outcome of the Italo-Abyssinian dispute had been too long deferred, and the market proceeded quietly to consolidate its position, without any semblance of panic, in resignation to the Duce's categorical imperative. The grave news of Thursday's hostilities proved that the market's recent steady preparations had been well-founded, and a further general fall in every section was inevitable.

The gilt-edged market was entirely friendless this week. Some assistance was expected from the Chancellor's speech on Tuesday evening, but his linking of a buoyant revenue with increased armament expenditure left dealers with an inescapable conclusion regarding Budget prospects. Quotations consequently suffered a renewed fall, "Old Consols" and Local Loans inevitably suffering most. Sales, although persistent, were not heavy, but dealers were very averse from taking a position while the shadow of a major crisis continues to darken the market. India stocks showed sympathetic weakness, but in addition the reverse suffered by the Mohmand punitive expedition depressed quotations early in the week.

In the foreign bond market, European issues were thoroughly uneasy. Austrian, Italian and German bonds fell steadily throughout the week, and Egyptian and French issues weakened. Brazilian issues opened in fairly confident style, assisted by coupon payments, but support dwindled later, despite the legislative approval of the agreement for unfreezing debts. San Paulo coffee issues lacked support, and no interest was taken in Argentine bonds. Some selling of Japanese issues led to a general decline, but Chinese bonds remained relatively steady.

No optimists were abroad in the home rail market this week, and the dismal traffics (analysed on page 666) and wages factors in the mining and railway industries reinforced a persistent sagging tendency on earlier days. Preference stocks, covered and marginal, were also affected, but the fall stopped short of the debentures. London

Transport stocks held firm, in anticipation of the final dividend noted on page 666.

The Argentine rail market was severely tried by the halving of the second preference dividends by B.A. Great Southern and B.A. Western (discussed on page 666). These stocks fell $1\frac{1}{2}$ and $3\frac{1}{2}$ points, and sympathetic movements were common to the prior charges and ordinary stocks. American rails fell appreciably in reflection of Wall Street's concern for their financial position.

The industrial markets were depressed and uneasy. Industrial news was not unfavourable in certain respects, but the developments in the international situation, coinciding with the closing days of the account clearly demanded a cautious attitude both from investors and dealers. Even the "armaments risk" favourites, such as iron and steel and aviation issues (apart from Tube Investments, which responded to the dividend and bonus) were dogged by the same uneasiness. Motor shares, coincident with the announcement of new models, suffered from neglect, and brewery shares, in the face of favourable output figures and impending dividends, were marked down. Leading tobacco issues lost the turn on successive days. Apart from Telegraph Construction, which advanced on amalgamation news (see page 669), electrical equipment shares sustained fractional losses, and lower prices were quoted for supply shares. Almost without exception the leading textile, stores and provision shares ruled lower. The miscellaneous leaders were similarly depressed. Dunlop were steadily realised, on considerations suggested by last week's announcement (see page 669). The building issues lacked confidence, and Imperial Chemical, British Oxygen, and Murex could not resist the market movement.

The oil share market was temporarily stirred from endemic quiescence by the surprising increase in the Trinidad Leaseholds dividend to $17\frac{1}{2}$ per cent. As a market factor, however, this proved of little account, compared with the increased October "allowables" in California, and fears of selling on French account.

The weaker course of rubber in Mincing Lane reinforced the cheerless condition of the share market, and a limited volume of selling, as in the past, proved sufficient to depress quotations. Tea shares opened idly, to close distinctly weak owing to unsupported selling on Wednesday.

It was left to the mining markets to show a firm front on Monday, but the tone could not be maintained, despite some early support from the Cape and satisfactory, if unexciting, mining returns. Demand at home was at low ebb, and Paris offered no assistance. In mid-week dealings the falls became disproportionately severe, owing to dealers' caution, and a general relapse affected West African and Australian counters. Base metal issues became easier, and copper shares were dull, despite activity in the metal markets.

"FINANCIAL NEWS" DAILY BARGAIN INDEX
(Approximate number of Bargains recorded in Stock Exchange Lists)

	Week to Sept. 27, 1935	Sept. 26, 1935	Sept. 27, 1935	Sept. 30, 1935	Oct. 1, 1935	Oct. 2, 1935	Oct. 3, 1935
Government and Municipal Loans	5,397	1,006	941	1,066	985	1,004	1,123
Transport, Communications, and Public Utilities...	4,357	878	771	917	741	800	957
Commercial and Industrial*	16,953	3,422	3,059	3,455	3,247	3,505	3,972
Banks, Insurance and Financial	2,479	539	441	488	470	428	506
Mines (including Nitrate)	4,889	1,182	820	896	763	1,004	1,116
Oils	648	144	109	166	100	145	170
Rubber, Tea and Coffee	1,171	271	167	213	130	144	198
Total	35,894	7,422	6,308	7,201	6,436	7,030	8,042
Corresponding day in 1934	...	7,234	7,771	8,784	8,201	8,081	8,470

* Including Iron and Steel and Breweries.

REVISED "FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (July 1, 1935 = 100)

	Highest of 1935 (Aug. 13)	Lowest of 1935 (Mar. 27)	Sept. 26, 1935	Sept. 27, 1935	Sept. 30, 1935	Oct. 1, 1935	Oct. 2, 1935	Oct. 3, 1935
	104.2	87.4	99.1	99.1	98.5	97.7	96.3	

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS. (1928 = 100)

Highest of 1935 (Feb. 1)	Lowest of 1935 (Oct. 3)	Sept. 26, 1935	Sept. 27, 1935	Sept. 30, 1935	Oct. 1, 1935	Oct. 2, 1935	Oct. 3, 1935
141.0	131.9	133.6	133.4	133.1	132.9	132.4	131.9

FOREIGN STOCK EXCHANGES

NEW YORK

WAIT and see continued to be Wall Street's watchword at the close of last week and the beginning of this. Movements became more erratic as the certainty of war in Abyssinia increased, and on Wednesday leading issues fell from one to three points. Public utilities and industrials were generally lower, but mines and oils were steadier. Railways were weak, and New York Central stocks and bonds fell sharply. Concern over the domestic railway situation added to the confusion. Treasury bonds were weaker and little progress was made during the week in conversions of the Fourth Liberties, which fell to a new "low." Not even Mr Sloan's claim that recovery now outweighs deflation could buttress the sagging market. Senator King declared that he does not anticipate any change in the Silver Purchase Act in the next Congress; yet in the price paid for quietness among the silver senators must be included a drop of 72 per cent. in American exports to China in the year to the end of August. New issues in September were slightly lower than in August, but it is reported that \$1,000,000,000 new financing issues are being negotiated and \$250 millions have already been registered. The *Iron Age* puts steel mill output at 52.5 per cent. of capacity this week, against 51.5 per cent. last week, due in part to increased demand from automobile manufacturers, which will not reach full force, however, for another two weeks. Power output was 12.6 per cent. over the corresponding week last year. The Federal Trade Commission has registered a complaint against the National Electrical Manufacturers' Association for combination in restraint of trade, and the Associated Gas and Electric has been buying properties in Virginia and Maryland to obtain a connected system and fulfil the requirements of the new Holding Company law.

	Sept. 25, 1935	Oct. 2, 1935	Eng. Equiv.†		Sept. 25, 1935	Oct. 2, 1935	Eng. Equiv.†
Lb. L. 4½ "33-39	99½	100½	102½	Natl. Biscuit ...	31	29½	30½
Atchafalaya	49	45½	46½	Phelps Dodge	23½	22½	23½
Erie	11½	9	9½	Pullman	32½	30½	31½
Illinois Central	16½	13½	13½	Sears Roebuck	56½	53½	54½
N.Y. Central	24	20	20½	Un. Fruit	69½	62	63½
Pennsylvania	27½	25½	25½	U.S. Leather	8½	6½	6½
Southern Pacific	18½	16½	16½	U.S. Rubber	13½	12½	12½
Southern Rly.	9½	8	8½	U.S. Steel	45½	42½	43½
Union Pacific	99½	93½	95½	Westinghouse	75½	73½	74½
				Woolworth	61½	60½	61½
Am. Can.	101½	138	140½	Am. Tel. and Tlg.	135½	135½	138½
Amer. Smelting ..	48½	46½	47½	Interboro R.T.	21½	18	18½
Anaconda	21	18½	19½	Int. Tel. Tele.	10	8½	9½
Bethlehem Steel ..	38	35	35½	Utilities P. & L.	2½	2	2½
Chrysler Motor ..	70½	69½	70½	W. Union Tlg.	47½	45½	46½
Corn Products Rf. ..	63	60½	61½				
Eastman Kodak ..	156	151	152½	Shell	33	32½	32½
Gen. Electric	33½	31½	32½	Shell Union	9½	8½	8½
Gen. Motors	45½	44½	45	Std. California	32½	32½	32½
Int. Harvester	56½	56½	57½	Do. N.J.	43½	42½	43
Mont. Ward	32½	30½	30½				

† Calculated at \$4.90 to £.

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

	1934	1935	1935	1935	1935	1935	1935
	Lowest Sept. 19	Highest Feb. 21	Lowest Mar. 20	Highest Sept. 11	Beginning of Year 1935	Sept. 18, 1935	Sept. 25, 1935
351 Industrials ..	74.3	90.5	74.5(1)	98.7	83.1	98.7	93.9
38 Rails	34.0	51.4	27.4	38.0	35.6	37.6	33.2
97 Utilities	55.2†	83.4†	52.2	85.8†	57.9	81.9	77.2
Total, 421 Stocks	65.6	82.1	63.1	86.4	71.0	85.9	81.3
Average yield of 50 Industrial Common Stocks	2.78%†	3.90%†	3.09%†	4.06%†	3.82%	3.27%	3.32%
	(s)	(s)	(s)	(s)	(s)	(s)	(s)

‡ December 28th. † February 7th. (s) September 12th.
(1) March 13th. (v) August 14th.

(Continued on page 674)

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LONDON ACTIVE SECURITY PRICES AND YIELDS

NOTE—Shares with a New York Quotation or with definite American interest are distinguished by italics

In calculating yields on fixed interest stocks quoted below allowance is made for interest accrued since the last date of payment, less income tax at the standard rate. Where stocks are definitely redeemable at a certain date the yield includes any profit or loss on redemption; where stocks are redeemable at or before a certain date the yield is calculated on the basis of the date of redemption taken when the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated by reference to the latest dividends, account being taken of any enhancement or reduction of interim dividends. Allowance is made for accrued dividends in calculating the yield on "cum div." shares.

Prices, Year 1935 Jan. 1 to Oct. 2, inclusive	Prices, Year 1935 Jan. 1 to Oct. 2, inclusive	Name of Security	Price, Sept. 25, 1935	Price, Oct. 2, 1935	Rise or Fall	Yield, Oct. 2, 1935	Prices, Year 1935 Jan. 1 to Oct. 2, inclusive	Prices, Year 1935 Jan. 1 to Oct. 2, inclusive	Name of Security	Price, Sept. 25, 1935	Price, Oct. 2, 1935	Rise or Fall	Yield, Oct. 2, 1935
High-Low	High-Low						High-Low	High-Low					
831	731	941	801	Consols 2½% 1954-59	831	81	-21	3 1 9	44 1/2	5 1/2	dis	Nil	Nil
120	109	118	109	Do. 4% Red. at par on after Feb. 1957 (n)	111	111		3 6 9	47 1/2	4 1/2	5(a)(d)	5(b)(d)	Nil
102	92	103	97	Conversion 2½% 1944-49	102	102		2 12 3	38 1/2	38 1/2	6(a)	6(b)	Nil
106	97	107	101	Do. 3% 1948-53	102	102		2 17 0	78 1/2	71 1/2	7(a)	7(b)	Nil
111	101	112	101	Do. 3½% after 1961 (s)	103	102	-1	3 8 3	41 3/4	34 1/4	21(b)	21(a)	Nil
116	108	114	108	Do. 4½% 1940-44	103	102	-1	3 8 3	41 3/4	34 1/4	21(b)	21(a)	Nil
124	118	124	118	Do. 5% 1935-69	103	102	-1	3 8 3	41 3/4	34 1/4	21(b)	21(a)	Nil
104	98	104	98	Funding 3½% 1935-69	99	98	-1	2 18 10	41 3/4	34 1/4	21(b)	21(a)	Nil
121	111	121	111	Funding 4% 1960-90	114	112	-2	3 1 3	26 1/2	22 1/2	5(c)(n)	5(c)(n)	Nil
103	101	102	101	3% Treasury Bds. 33-42	101	101		3 5 10	98 1/2	80 1/2	6(c)	6(c)	Nil
109	109	110	110	Victory Bonds 4%	111	111		2 15 0	16 1/2	12 1/2	7(b)	7(b)	Nil
109	101	110	110	War 1931 after 1952 (p)	101	101		3 10 0	14 1/4	11 1/4	21(a)(c)	21(a)(c)	Nil
89	88	89	88	Local Loans 3%	101	101		3 7 0	36 1/2	30 1/2	8(a)	8(a)	Nil
104	101	104	101	Austria 3% 1933-53	92	90	-2	2 19 3	90 7/8	73 1/4	21(b)	21(a)	Nil
83	81	86	81	India 2½%	70	68	-2	3 13 6	11 1/2	10 1/2	61(a)	61(a)	Nil
93	74	95	76	Do. 3%	80	78	-2	3 16 5	11 1/2	10 1/2	61(a)	61(a)	Nil
99	84	100	90	Do. 3½%	93	92	-1	3 16 1	11 1/2	10 1/2	61(a)	61(a)	Nil
118	108	119	114	Do. 4½% 1958-68	115	114	-1	3 10 9	94 1/2	87 1/2	8(b)	8(a)	Nil
107	105	108	106	U.K. & Arg. 4½% (1947)	106	106		3 10 9	94 1/2	87 1/2	8(b)	8(a)	Nil
117	107	113	106	Dom. & Colonial Govts.									
107	103	108	106	Australia 5% 1945-75	108	108		4 2 8	45 1/2	40 1/2	9(b)	9(a)	Nil
119	113	119	114	Canada 4% 1940-60	101	101		3 15 7	15 1/2	13 1/2	71(b)	71(a)	Nil
120	113	120	114	Gold Coast 4½% 1956	111	111		3 12 0	40 1/2	35 1/2	81(b)	81(a)	Nil
117	109	115	113	Nigeria 5% 1950-60	116	116		3 13 6	15 1/2	13 1/2	81(b)	81(a)	Nil
109	104	109	104	Zealand 5% 1945	111	111		3 17 3	95 7/8	85 1/2	2(b)	2(b)	Nil
119	111	118	113	Queensland 5% 40-60	105	104	-1	3 19 6	92 1/2	79 1/2	10(b)	9(a)	Nil
101	89	101	88	S. Africa 5% 1945-75	114	114		3 8 9	92 1/2	79 1/2	10(b)	9(a)	Nil
95	89	101	84	Argentine 4% 1952	100	100		4 0 0	6 1/2	5 1/2	5(b)	5(a)	Nil
83	78	83	78	Austria 7% 1957	88	88		3 16 6	12 1/2	10 1/2	121(b)	121(a)	Nil
114	108	114	108	Do. 4½% 1934-59	88	88		3 16 6	12 1/2	10 1/2	121(b)	121(a)	Nil
301	19	20	16	Bulgaria 7% 1956	108	108		16 2 6	12 1/2	10 1/2	121(b)	121(a)	Nil
91	72	84	48	Brazil 5% Fund. 1914	57	57		8 15 3	3 1/2	2 1/2	194	194	Nil
301	16	23	14	Chili 6% (1929)	152	151	-1	6 10 0	15 1/2	13 1/2	20(b)	20(a)	Nil
86	80	86	80	China 5% (1912)	80	78 1/2	-1 1/2	6 10 0	15 1/2	13 1/2	20(b)	20(a)	Nil
100	87	100	84	Do. 5% (1913)	89	89		6 10 0	15 1/2	13 1/2	20(b)	20(a)	Nil
102	101	103	102	Czechoslovakia 8%	105	103 1/2	-1 1/2	7 12 0	22 1/2	18 1/2	35(a)	35(a)	Nil
89	82	89	82	Danish 3%	95	95		3 6 17	15 1/2	13 1/2	30(a)	30(b)	Nil
89	76	89	51	Danish 6%	57	55 1/2	-1 1/2	11 14 3	36 1/2	32 1/2	192(c)	192(a)	Nil
111	104	109	98	Egypt Unified 4%	101	101		4 2 0	11 1/2	9 1/2	137(a)	137(a)	Nil
28	28	30	22	French 4% (British)	27	27		12 8 0	9 1/2	8 1/2	33(a)	33(b)	Nil
85	46	78	56	German 7% Dawes L.	58	58		13 14 3	5 1/2	4 1/2	81(b)	81(a)	Nil
88	81	88	81	Do. 5% Young L.	41	39	-2	4 1/2	4 1/2	4 1/2	13(a)	13(b)	Nil
139	88	144	113	Greek 6% Stab. L.	28	28		4 1/2	4 1/2	4 1/2	13(a)	13(b)	Nil
50	25	50	42	Do. 7% Refugee	34	34		9 8 3	19 1/2	15 1/2	130(b)	130(a)	Nil
88	76	91	78	Hungary 7%	41	40	-1	6 16 0	25 1/2	24 1/2	31(a)	31(a)	Nil
139	88	144	113	Japanese 5½% 1936-65	88	88		6 16 0	25 1/2	24 1/2	31(a)	31(a)	Nil
50	25	50	42	Do. 6% (1924) red. 1939	91	91		3 5 0	53	45	14(c)	14(c)	Nil
95	84	100	93	Norwegian 4% 1911	125	125		7 3 10	7 3/4	4 1/4	11(c)	11(c)	Nil
20	14	16	8	Peru 7% 1922	47	47		7 3 10	7 3/4	4 1/4	11(c)	11(c)	Nil
139	88	144	113	Poland 7%	97	97		7 3 10	7 3/4	4 1/4	11(c)	11(c)	Nil
139	88	144	113	Romania 4% Con. 1922	82	81	-1	2 12 0	8 1/2	7 1/2	14(c)	14(c)	Nil
113	102	113	106	Swedish 3½% 1908	116	116		2 12 0	8 1/2	7 1/2	14(c)	14(c)	Nil
81	54	84	76	U.K. & Argentine 1933	110	108	-2	4 15 6	14 1/4	13 1/4	30(a)	30(a)	Nil
53	18	37	24	S.A. B. Certs. (1951)	78	78		3 16 6	330	288	7(b)	5(a)	Nil
120	114	120	115	Do. C. Certs. (3% Max.)	78	78		3 16 6	330	288	7(b)	5(a)	Nil
122	114	122	115	Berlin 6% 1932-57	25	25		18 8	12 1/2	10 1/2	21(a)	21(a)	Nil
131	124	131	122	Birmingham 5% 1916-56	108	108		1 10 0	15 1/2	13 1/2	61(a)	61(a)	Nil
124	114	124	115	Bristol 5% 1918-58	118	118		2 9 0	309	260	6(b)	6(b)	Nil
124	114	124	115	Danish 7% 1935-45	62	62		11 4 0	8 1/2	4 1/2	10(c)	41(c)	Nil
124	114	124	115	E. London 5% 1960-70	122	122		3 13 8	213	182	24(a)	6(b)	Nil
107	103	108	104	Johannesburg 5% 1937-52	104	104		3 8 1	217	185	24(a)	6(b)	Nil
97	86	98	90	L.C.C. 3%	92	91	-1	3 6 0	224	195	5(b)	3(a)	Nil
...	...	...	...	Seine (Dpt. of) 4½% 1952	103	103		4 5 0					Nil

(a) Interim dividend. (b) Final dividend. (c) Last two yearly dividends. (d) Paid in New Zealand Currency. (e) Yield worked on a 15% basis. (f) Yield worked on a 10% basis. (g) Yield worked on a 5% basis. (h) Yield worked on a 2½% basis. (i) Yield worked on a 1½% basis. (j) Yield worked on a ¾% basis. (k) Yield worked on a ½% basis. (l) Yield worked on a ¼% basis. (m) Yield worked on a 1/8% basis. (n) Yield worked on a 1/16% basis. (o) Yield worked on a 1/32% basis. (p) Yield worked on a 1/64% basis. (q) Yield worked on a 1/128% basis. (r) Yield worked on a 1/256% basis. (s) Yield worked on a 1/512% basis. (t) Yield worked on a 1/1024% basis. (u) Yield worked on a 1/2048% basis. (v) Yield worked on a 1/4096% basis. (w) Yield worked on a 1/8192% basis. (x) Yield worked on a 1/16384% basis. (y) Yield worked on a 1/32768% basis. (z) Yield worked on a 1/65536% basis. (aa) Yield worked on a 1/131072% basis. (ab) Yield worked on a 1/262144% basis. (ac) Yield worked on a 1/524288% basis. (ad) Yield worked on a 1/1048576% basis. (ae) Yield worked on a 1/2097152% basis. (af) Yield worked on a 1/4194304% basis. (ag) Yield worked on a 1/8388608% basis. (ah) Yield worked on a 1/16777216% basis. (ai) Yield worked on a 1/33554432% basis. (aj) Yield worked on a 1/67108864% basis. (ak) Yield worked on a 1/134217728% basis. (al) Yield worked on a 1/268435456% basis. (am) Yield worked on a 1/536870912% basis. (an) Yield worked on a 1/1073741824% basis. (ao) Yield worked on a 1/2147483648% basis. (ap) Yield worked on a 1/4294967296% basis. (aq) Yield worked on a 1/8589934592% basis. (ar) Yield worked on a 1/17179869184% basis. (as) Yield worked on a 1/34359738368% basis. (at) Yield worked on a 1/68719476736% basis. (au) Yield worked on a 1/137438953472% basis. (av) Yield worked on a 1/274877906944% basis. (aw) Yield worked on a 1/549755813888% basis. (ax) Yield worked on a 1/1099511627776% basis. (ay) Yield worked on a 1/2199023255552% basis. (az) Yield worked on a 1/4398046511104% basis. (ba) Yield worked on a 1/8796093022208% basis. (bb) Yield worked on a 1/17592186044416% basis. (bc) Yield worked on a 1/35184372088832% basis. (bd) Yield worked on a 1/70368744177664% basis. (be) Yield worked on a 1/140737488355328% basis. (bf) Yield worked on a 1/281474976710656% basis. (bg) Yield worked on a 1/562949953421312% basis. (bh) Yield worked on a 1/1125899906842624% basis. (bi) Yield worked on a 1/2251799813685248% basis. (bj) Yield worked on a 1/4503599627370496% basis. (bk) Yield worked on a 1/9007199254740992% basis. (bl) Yield worked on a 1/18014398509481984% basis. (bm) Yield worked on a 1/36028797018963968% basis. (bn) Yield worked on a 1/72057594037927936% basis. (bo) Yield worked on a 1/144115188075855872% basis. (bp) Yield worked on a 1/288230376151711744% basis. (bq) Yield worked on a 1/576460752303423488% basis. (br) Yield worked on a 1/1152921504606846976% basis. (bs) Yield worked on a 1/2305843009213693952% basis. (bt) Yield worked on a 1/4611686018427387904% basis. (bu) Yield worked on a 1/9223372036854775808% basis. (bv) Yield worked on a 1/18446744073709551616% basis. (bw) Yield worked on a 1/36893488147419103232% basis. (bx) Yield worked on a 1/73786976294838206464% basis. (by) Yield worked on a 1/147573952589676412928% basis. (bz) Yield worked on a 1/295147905179352825856% basis. (ca) Yield worked on a 1/590295810358705651712% basis. (cb) Yield worked on a 1/1180591620717411303424% basis. (cc) Yield worked on a 1/2361183241434822606848% basis. (cd) Yield worked on a 1/4722366482869645213696% basis. (ce) Yield worked on a 1/9444732965739290427392% basis. (cf) Yield worked on a 1/18889465134718580854784% basis. (cg) Yield worked on a 1/37778930269437161709568% basis. (ch) Yield worked on a 1/75557860538874323419136% basis. (ci) Yield worked on a 1/151115721077748646838272% basis. (cj) Yield worked on a 1/302231442155497293676544% basis. (ck) Yield worked on a 1/604462884310994587353088% basis. (cl) Yield worked on a 1/1208925768621989174706176% basis. (cm) Yield worked on a 1/2417851537243978349412352% basis. (cn) Yield worked on a 1/4835703074487956698824704% basis. (co) Yield worked on a 1/9671406148975913397649408% basis. (cp) Yield worked on a 1/19342812297951826792898816% basis. (cq) Yield worked on a 1/38685624595903653585797632% basis. (cr) Yield worked on a 1/77371249191807307171595264% basis. (cs) Yield worked on a 1/154742498383614614343190528% basis. (ct) Yield worked on a 1/309484996767229228686381056% basis. (cu) Yield worked on a 1/618969993534458457372762112% basis. (cv) Yield worked on a 1/1237939987068916914745544224% basis. (cw) Yield worked on a 1/24758799741378338294911088448% basis. (cx) Yield worked on a 1/49517599482756676589822177936% basis. (cy) Yield worked on a 1/99035198965513353179644355872% basis. (cz) Yield worked on a 1/198070397931027066359288711744% basis. (da) Yield worked on a 1/396140795862054132718577423488% basis. (db) Yield worked on a 1/792281591724108265437154846976% basis. (dc) Yield worked on a 1/1584563836448216530874297939952% basis. (dd) Yield worked on a 1/3169127672896433061748595879904% basis. (de) Yield worked on a 1/6338255345792866123497191759808% basis. (df) Yield worked on a 1/12676510691585732246994383519616% basis. (dg) Yield worked on a 1/25353021383174664493988767397232% basis. (dh) Yield worked on a 1/50706042766349328987977534794464% basis. (di) Yield worked on a 1/10141208553269865797595506958912% basis. (dj) Yield worked on a 1/20282417106539731595191011917824% basis. (dk) Yield worked on a 1/40564834213079463190382023835648% basis. (dl) Yield worked on a 1/81129668426158926380764047671296% basis. (dm) Yield worked on a 1/162259336852317852761528095345192% basis. (dn) Yield worked on a 1/324518673704635705523056190690384% basis. (do) Yield worked on a 1/649037347409271411046112381380768% basis. (dp) Yield worked on a 1/1298074694818542822092246722761536% basis. (dq) Yield worked on a 1/2596149389637085644184489445523072% basis. (dr) Yield worked on a 1/5192298779274171288368988891046144% basis. (ds) Yield worked on a 1/10384597558548342576777977782092288% basis. (dt) Yield worked on a 1/20769195117096685153555555564184576% basis. (du) Yield worked on a 1/41538390234193370307111111128369152% basis. (dv) Yield worked on a 1/83076780468386740614222222256738304% basis. (dw) Yield worked on a 1/166153560936773481284444444411476608% basis. (dx) Yield worked on a 1/33230712187354696256888888882295321

(Continued from page 671)

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

Highest of 1935 (Sept. 11)	Lowest of 1935 (Mar. 15)	Sept. 25, 1935	Sept. 26, 1935	Sept. 27, 1935	Sept. 28, 1935	Sept. 30, 1935	Oct. 1, 1935	Oct. 2, 1935
112.4	78.6	109.9	110.0	109.7	109.9	110.1	109.2	105.8

TOTAL DEALINGS IN NEW YORK

	Sept. 26, 1935	Sept. 27, 1935	Sept. 28, 1935*	Sept. 30, 1935	Oct. 1, 1935	Oct. 2, 1935
Stock Exchange—Shares (Thous.)	1,000	1,120	520	1,260	1,420	2,190
Bonds (Value Thous. \$)	9,400	8,330	3,520	8,440	10,560	14,390
Curb—Shares (Thous.)	269	254	108	208	242	333

* Two-Hour Session.

PARIS

Abyssinia and Mamel cast their shadows over the Bourse on Monday, and neither Renten nor Bank shares were able to resist the general downward tendency. Renten fell a full point and the Banque de France share reached the lowest figure for some time. Suez Canal reacted from last week's rally and were considerably weaker. The volume of business continues to be small, and a slight recovery toward the middle of the week was swamped by pessimistic second thoughts. The outlook was not improved by the outbreak of Mussolini's war, nor by the increasing sign of domestic difficulties.

	Sept. 25, 1935	Sept. 30, 1935	Oct. 2, 1935	Sept. 25, 1935	Sept. 30, 1935	Oct. 2, 1935
Banque de France	9,290	8,725	8,900	Wagons Lits	39	381
Crédit Lyonnais	1,649	1,600	1,580	Mexican Eagle	181	174
Suez Canal	17,320	16,460	16,400	Chartered	814	801
Chargeurs Réunis	135	134	130	Ford	551	551
Rio Tinto	1,290	1,265	1,290	De Beers	379	370
Royal Dutch	19,540	19,050	18,900	Johnnies	264	2641

BERLIN

The share market last week was dull. At first, prices moved irregularly, steel and electrical issues being offered, while certain textiles advanced. The resumption of dividend payments by Hoesch brought support to the steel market in the middle of the week, and special activity developed in the engineering section. Commercial banks tended to improve and foreign issues, apart from Italians, recovered. The new week opened with little change in prices. On Tuesday, however, the market was very weak, some of the higher-priced shares losing 3 to 4 points. Further selling was reported in mid-week, Farbenindustrie and the electrical group recording substantial falls. Reichsmark bonds were slightly lower and dollar bonds irregular, but there was little trading.

	Sept. 25, 1935	Sept. 30, 1935	Oct. 2, 1935		Sept. 25, 1935	Sept. 30, 1935	Oct. 2, 1935
Reichsbank	172.50	173.50	170.00	A. E. G.	38.40	38.60	36.10
D.D. Bank	87.75	89.00	86.00	Siemens and Halske	170.00	170.25	162.50
Dresdner	87.75	89.00	86.00	A. K. U.	52.90	52.60	50.75
I. G. Farbenindustrie	149.00	149.90	146.25	Hamburg-Amer.	15.00	15.50	14.75
Norddeutscher Lloyd (New)	16.75	16.75	16.25				

AMSTERDAM

On Friday of last week, under the stimulus of Dr. Colijn's declaration on monetary policy, Government bonds improved 2 to 3 points. They continued their upward

OFFER TO NEW READERS

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Name.....

Address.....

course until the mid-week, when there was a slight reaction. The Italo-Abyssinian crisis exercised its depressing influence, as in other centres, and with few exceptions business has been dull. Philips' Lamps continued their fall until mid-week, when they recovered 5 points on the favourable dividend. Rubber shares were still dull in spite of the increased export duty on native rubber, but tin shares joined in the upward movement of commodity prices.

	Sept. 25, 1935	Sept. 30, 1935	Oct. 2, 1935		Sept. 25, 1935	Sept. 30, 1935	Oct. 2, 1935
21% Dutch Loan	701	724	71	Steel Common	281	274	261
5% German	18	184	182	A. K. U.	261	261	241
Unilever N.V.	981	971	951	Ford Motor	2761	2781	2771
Philips Lamps	2351	2361	2391	Debi Batavia Tole	1371	1381	129
Netherlands Ship Union	491	391	371	Royal Dutch	1911	1891	1841
				Handels Ams.	1771	1731	1731

CAPITAL ISSUES

ISSUES OF THE WEEK

By Prospectus or Offer for Sale

Amount previously recorded, Jan. 1 to Sept. 28, 1935, including conversions, £255,451,786. Amount previously recorded, Jan. 1 to Sept. 28, 1935, excluding conversions, £129,500,965.

National Savings Certificates.

Net receipts, Nine days to September 30, 1935, Dr. £50,000.

To the Public	Nominal Capital	Conversions	New Money	First Payment	Further Liability
Nil	£	£	£	£	£
To Shareholders only					
Calcutta Electric Supply 180,000 new ord. £1 at £2 5s.	180,000	...	405,000	...	405,000
Cheshire United Salt, 1,100,464 5s. pref. ord. shares 1/-, at par	55,023	...	55,023	55,023	...
Total Offered for Subscription—					
Including Conversions	...	...	...	...	...
Excluding Conversions	...	...	...	...	...
Jan. 1 to date—	255,951,783	130,000,842	Whole year—	410,980,330	169,108,700
1935	315,702,708	128,919,007	1934	467,921,101	184,780,500
1934	400,695,390	226,911,658	1933	2,689,684,265	188,509,963
1933	307,232,205	163,593,325	1932	114,280,666	102,044,281
1932	474,684,817	302,584,194	1931	693,100,056	369,053,075
1928			1928		
(a) This figure includes £1,920,000,000 for conversion of 5% War Loan into 3½% War Loan.					

COMPANY MEETINGS, &c.

THE ANGLO-SIAM CORPORATION, LIMITED

GRATIFYING INCREASE IN PROFITS

APPRECIATION OF STERLING INVESTMENTS

MR W. GREAVES'S REVIEW

The thirty-eighth annual ordinary general meeting of the Anglo-Siam Corporation, Limited, was held, on the 1st instant, at 5 St. Helen's Place, London, E.C.

Mr William Greaves presided in the absence, through illness, of Mr J. M. Ryrie, the chairman of the corporation.

In reviewing the conditions for the past year of the various countries with which the corporation's trade is carried on, Mr Greaves mentioned that, although Siam has marketed a record quantity of rice, the total value of the exports was not so satisfactory at ticals 46½ per ton when compared with ticals 123½ per ton in 1929. Tin and rubber figured increasingly in the exports from Siam, but teak, which at one time was second on the list, now amounted to a total export of £400,000 only.

With the advent of the rubber restriction scheme a distinct improvement had taken place in Malaya, as evidenced by the marked expansion of both imports and exports.

Dealing with the accounts, Mr Greaves pointed out that there had been a gratifying, if small, increase in the profits as the result of a larger turnover in general trading. Prices of teak, however, continued at a low level, and this important branch of the corporation's business again showed a negligible return. Apart from the investments depreciation fund, there was a substantial appreciation in the value of the corporation's sterling investments at March 30th last as compared with the book costs.

RUBBER PROSPECTS

As regarded the Siam-Malay Rubber Company, Limited, in which the corporation had invested £52,678, arrangements had been concluded to amalgamate this company's estate—known as the Glencoe Estate—with the estates belonging to the Sedenak Rubber Estates, Limited, and the Pontian (Malay) Rubber Company, Limited.

The amalgamation would be conducted in the name of the Sedenak Rubber Estates, Limited, and in exchange for the holding of 45,195 shares of \$10 each in the Siam-Malay Rubber Company, Limited, the corporation had been allotted 48,423 fully-paid shares of £1 each in the Sedenak Rubber Estates, Limited.

The corporation's Singapore branch would continue to act as the Eastern agents of the amalgamated company, the management in London being in the capable hands of Messrs Yule, Catto and Company, Limited.

The soundness of the financial position in Siam was brought out in the financial adviser's report on the Budget for 1934-35, but as a successor to Mr James Baxter, who had resigned the post of financial adviser, had not been announced there might be some delay in the issue of another report.

OUTLOOK FOR THE CURRENT YEAR

As regarded the outlook for the current year, Mr Greaves mentioned that the monsoon in India had given good rains and crop prospects were encouraging, while the bright spot in the trade of Siam at the moment was the marketing of a good crop of rice at a much-needed improvement in price. Unfortunately, there had recently been several Chinese bank failures in the Far East, as a result of which some important rice mills in Bangkok had failed.

Commenting on the particular handicaps applying to Siam teak, Mr Greaves remarked that there was as yet no sign of these adverse factors being offset by better market conditions, and he could hold out no hope of this side of the corporation's business making any substantial contribution to profits in the near future.

In Malaya the improved conditions which had set in last year had not been maintained owing to the recent fall in the price of rubber and other produce, but he hoped the present position would prove to be no more than a temporary setback.

The directors' report and statement of accounts for the year ended March 31, 1935, were adopted, and final dividends of 3½ per cent. on the preference shares and 5 per cent. on the ordinary shares were declared, making a total distribution of 8½ per cent., less tax, on the ordinary shares for the year.

Mr J. M. Ryrie was re-elected a director and Messrs Turquand, Youngs and Company were appointed auditors for the current year.

CITY AND INTERNATIONAL TRUST, LIMITED

INCREASED PROFIT

The meeting of the City and International Trust, Limited, was held, on the 1st instant, at Winchester House, London.

Mr Louis H. Kiek (chairman and managing director) presided, and in moving the adoption of the report and accounts said: It is a source of the greatest satisfaction that the improved revenue from our substantial holdings in the United Kingdom and elsewhere has more than made up for reductions and defaults inflicted upon us from some other quarters.

There is a net profit of £43,800, or an increase of 14½ per cent. on 1933-4. Last year's carry forward of £31,100 brings this figure to £74,900, and after payment of 5 per cent. dividend on the £600,000 of preferred stock there remains £44,900 to be dealt with.

We recommend payment of a dividend of 2½ per cent. on the £400,000 of ordinary stock, which will leave £34,900 to be carried forward.

Encouraging as may be the growing evidence that at long last the shrinkage in trust companies' revenue appears to have been arrested, let us not forget—and recent events surely do not allow us to forget—that we have a good deal of ground still to recover before we can hope to attain adequate results. After eliminating all sources of income of a non-recurring character, we have in the past year earned practically £4 11s. 6d. per cent. on the total book value of our investments, and after allowing for debenture and loan interest £4 18s. per cent. on our combined preferred and ordinary capital. If you will bear in mind that our dividend and interest earners at present still have to carry a fairly heavy burden of non-revenue producers, you will, I trust, derive, as we do, some encouragement for the future from this relatively satisfactory earning power under difficult conditions. Calculated on book value, our British and Dominion holdings yielded us within a fraction of 5 per cent.; Central Europe, moratoria and currency troubles notwithstanding, 5½ per cent.; our Latin American securities only 2½ per cent.; and holdings in the United States and all other countries 3½ per cent. In the supervision of these widely distributed holdings we are constantly striving to improve the "grading" in order to attain, as far as practicable, improved security and increased protection of revenue.

The report and accounts were unanimously adopted.

D. GESTETNER, LIMITED

RECORD PROFITS — BONUS SHARE DISTRIBUTION

The ordinary general meeting of D. Gestetner, Limited, was held, on the 27th ultimo, at the company's registered office, Fawley Road, Tottenham Hale, London, N.17, Mr Sigmund Gestetner (the chairman and managing director) presiding.

The Chairman, in the course of his speech, said: The profit for the twelve months just ended marks a new high record in the history of this company, and it is one of which I think we can all be justifiably proud.

After careful consideration of all the factors, we have come to the conclusion that the interests of our shareholders can best be served by a further distribution of bonus shares, and we accordingly recommend to you a capital bonus in the proportion of one new ordinary share in eight. I would especially direct your attention to the fact that the whole of the sum now being distributed as a capital bonus was earned during the year covered by these accounts.

Our research departments at the works have again been successful in effecting important improvements. During the year models, which we are glad to be able to report are finding a satisfactory market.

A number of shareholders have asked me to say something regarding the outlook for the future, but I am not going to be beguiled into making forecasts. I will, however, say this: the whole Gestetner organisation enters into the new year full of expectation and hope—expectation that we shall equal the result achieved last year—hope that we shall beat it.

I may refer, in passing, to the decision we arrived at last year to publish figures of net profits half-yearly. We felt that it was desirable that shareholders should be informed of the progress of the company at more frequent intervals, and our decision has, I understand, been much appreciated. So you will have six months' figures before you next March, and you will then be able to judge whether the little note of optimism, which perhaps has found its way into my speech, has been justified or not.

In conclusion, I feel that it will be your wish that I should record our thanks to our staff at home and abroad.

The report and accounts were unanimously adopted.

GAUMONT-BRITISH PICTURE CORPORATION, LIMITED

OUTSTANDING PRODUCTIONS

The eighth annual general meeting of Gaumont-British Picture Corporation, Ltd., was held, on the 27th ult., at Film House, Wardour Street, London, W., Mr Mark Ostrer (the chairman and managing director) presiding.

The Chairman, in the course of his speech, said that the total net profit for the year, including income from investments, was higher than the profit for the previous year by £28,268, at £720,483. The directors recommended a final dividend of 4 per cent. on the two classes of ordinary shares, making 7 per cent. for the year. That the popularity of their news reel, "The Gaumont-British News" was on the upward grade, was borne out by the fact that it was supplied twice weekly to 1,500 theatres. Their studio at Shepherd's Bush had been responsible for the creation of some really outstanding British pictures.

Amongst those films was, perhaps, the most remarkable production of any year, "The Thirty-Nine Steps," which was now completing the truly remarkable run of five continuous months' record business in the West End of London, while the reception accorded the film in New York had been equally enthusiastic.

Its production had been followed by others of an equally high standard, as to which the board felt sure that their reception would be sufficiently enthusiastic to mark them as outstanding successes of 1935.

Abroad, they entered the American field at the beginning of this year's selling season fully organised and equipped with product calculated to make a successful appeal to the American public, and through their New York headquarters they were now selling in America a full programme of their pictures known across the Atlantic as "The Sixteen Star-Spangled Specials." The company's business throughout the other parts of the world had been expanding in a most satisfactory manner.

After the directors had been congratulated on their foresight in taking an interest in Baird Television, the report was unanimously adopted.

The meeting terminated with a cordial vote of thanks to the chairman and directors.

E. W. TARRY AND COMPANY, LIMITED

INCREASED TURNOVER AND PROFITS

The annual general meeting of this company was held on the 27th ultimo, at Southern House, Cannon Street, London.

Sir J. Fortesque Flannery, Bt., D.L. (the chairman), in the course of his speech, said that the hopes he expressed a year ago as to the company's prospects had been fulfilled and he was able to report upon a year of comparatively good trade. As a result of the continued high price of gold, their branches more closely connected with the gold mining industry—especially Johannesburg—had been very busy, and had shown still better results than last year.

The diamond mines at Kimberley had been out of operation for over three years, so that good business at their branch in that town could hardly have been looked for, but it was expected that a factory for the chilling of meat, principally for export, would be established within a short period, the Government having patriotically voted £20,000 towards the cost, and, as Kimberley was the centre of a large livestock farming area, and was geographically well situated to handle this trade, the future prospects were more encouraging. The company's branches in Northern Rhodesia had done a larger business with increased profits.

The gross profit for the past year—reflecting a greater turnover—was £112,940, and showed the very satisfactory increase of £30,160 on that of the previous year. The net profit was £37,493, compared with £18,898 in the preceding year—a most gratifying result. A dividend of 1½ per cent. on the preference shares was paid on January 1st last, and it was proposed to pay a further 10½ per cent. next week. This would dispose of the arrears up to June, 1932, and, with business continuing as at present, he hoped they would soon be in a position to reduce the arrears still further. The directors, however, were not unmindful of the ordinary shareholders, and it would be their aim to build up when possible a substantial reserve account. With this object they were making a first contribution of £15,000 towards the restoration of the reserve.

The company's sales for the first five months of the current year were somewhat larger than those of the corresponding months of last year, and there appeared to be every prospect of a good result at the end of their financial year on March 31st next.

The report and accounts were unanimously adopted.

SOUTHERN CROSS GOLD DEVELOPMENT LIMITED

PROGRESS OF OPERATIONS

The first ordinary general meeting of Southern Cross Gold Development Limited, was held, on the 27th ultimo, at River Plate House, London.

Mr Claude A. de Bernales, who presided owing to the illness of the chairman, Mr John Waddington, said that revenue receivable by the company for the period under review amounted to £3,363, and, after charging London and Adelaide expenses and providing for Australian taxes on interest receivable, there remained a net debit balance of £3,516 to be carried forward.

The total cash resources of the company at the date of the accounts amounted to £77,554 sterling. Shares under option until March 31, 1936, should, when exercised, provide an additional £118,585, so that the company would be well situated financially to ensure its subsidiary completing its already decided policy of development, and funds would be available to erect the treatment plant when called for. The directors had decided to extend the period during which the option to subscribe for shares in the capital of the company as conferred by the outstanding option certificates to bearer could be exercised from September 30, 1935, to March 31, 1936.

Operations to March 31 last had consisted chiefly in the erection of machinery and subsequent dewatering of the property. Good progress had been made in all directions, and the bulk of the reconditioning work was now well advanced. The sinking of the main shaft from 238 ft. to 500 ft. was in hand, and at the 21st inst. the depth of the shaft was 331 ft.

An underground diamond drill bore at a point 474 ft. from the main west crosscut at the 224 ft. level of Fraser's main shaft had passed through 6 ft. of lode of an estimated average value of 8 dwts. per ton, which was considered to be a most important development. Fraser's lode could be traced by shafts and other openings for a lineal distance of at least 7,000 ft. The engineers were highly optimistic as to the prospects of the Fraser Group. He again emphasised the directors' confidence in the prospects of the Southern Cross property, and they had every reason to believe that their hopes would ultimately be realised.

The report was unanimously adopted.

MANILA RAILWAY COMPANY (1906), LIMITED

DIRECTORS' SCHEME APPROVED

The twenty-eighth ordinary general meeting of the Manila Railway Company (1906), Limited, was held, on the 3rd instant, at Winchester House, Old Broad Street, London.

Lt.-Col. C. A. Reid-Scott, D.S.O. (the chairman), said that income from the investments in the Manila Railroad Company showed that the interest on the refunding mortgage bonds had been paid in United States dollars, producing £133,832, as compared with £129,747, while the interest on the Southern Lines bonds had been paid in Swiss francs, producing in sterling £111,749, as compared with £104,672. Had the interest on the Southern Lines bonds been collected at New York it would have produced in sterling only £66,659. There was a balance of revenue of £43,951, including the amount of £11,014 for accrued interest on the Southern Lines bonds which would be received on November 1st next. Deducting that sum, there was left £32,937, from which the directors recommended that a dividend of 3 per cent., less tax, should be paid on the preference shares.

Regarding the operation of the Manila Railroad Company, the gross income from 1934 had been 1,922,758 pesos, and deducting interest on funded debt, exchange expenses, etc., there was a loss of 1,115,650 pesos comparing with a surplus of 21,431 pesos. If the operation of the Northern Lines and the Southern Lines for 1934 were segregated, the net income for the Northern Lines had amounted to 1,062,938 pesos, as against a net loss of the Southern Lines of 2,218,589 pesos, while the figures for the four months to April last showed that the net loss on the combined lines was 154,803 pesos, compared with a corresponding profit of 1,096,903 pesos for 1934.

The report and accounts were unanimously adopted.

At the meetings which followed to consider the proposals of the board for the sale of the company's holding of Southern Lines gold bonds of the Manila Railroad Company, the scheme was approved by a large majority at the extraordinary general meeting, and was carried both on a show of hands and on a poll at the meeting of the holders of the 5 per cent. debentures. Meetings of the holders of the "A" and "B" debentures were adjourned until October 24th in the absence of a quorum.

EXPENDITURE	Total Issues out of the Exchequer to meet Payments			
	April 1, 1935, to Sept. 30, 1935	April 1, 1934, to Sept. 30, 1934	9 days ended Sept. 30, 1935	8 days ended Sept. 30, 1934
ORDINARY EXPENDITURE	£	£	£	£
Interest and Management of National Debt	105,826,395	106,776,136	1,471,300	1,155,008
Payments to Northern Ireland Exchequer	2,534,321	2,707,711	230,392	226,643
Other Consolidated Fund Services	1,520,264	1,500,764	214,429	73,529
Post Office Fund	...	...	...	...
Total	109,880,980	110,984,611	1,916,121	1,455,171
Supply Services (excluding Post Office)	236,468,099	217,542,319	11,062,001	10,839,000
Total Ordinary Expenditure	346,347,079	328,526,930	12,978,122	12,294,171
SELF-BALANCING EXPENDITURE				
Post Office	30,500,000	28,050,000	1,750,000	1,650,000
Road Fund	6,892,000	7,957,000	...	20,000
Total Self-Balancing Expenditure	37,392,000	36,007,000	1,750,000	1,670,000
Total Expenditure	383,739,079	364,533,930	14,728,122	13,964,171

The aggregate revenue and expenditure to September 30, 1935, is shown below:—

FINANCIAL YEAR, 1935-36, APRIL 1, 1935, TO SEPTEMBER 30, 1935 (000's omitted)

Expenditure	346,347	Revenue	286,900
Increase in balances	2,990	Gross Inc. in borrowing	607,127
		Less	
		New Sinking Fund	4,690*
		Net borrowing	62,437
			349,337

* Authority will be sought in the Finance Bill to meet the amount of the Statutory Sinking Funds in 1935 by borrowing.

POSITION OF THE FLOATING DEBT		Movement	
	Sept. 30, '34	Mar. 31, '35	Sept. 30, '35
Ways and Means Advances Outstanding	£	£	£
Advances by Bank of England	48,850,000	34,060,000	7,540,000
Advances by Public Departments	823,085,000	799,320,000	906,580,000*
Treasury Bills outstanding	871,935,000	833,380,000	914,120,000
Total Floating Debt	1,343,870,000	1,226,760,000	1,631,240,000

* Includes £2,000, the proceeds of which were not carried to the Exchequer within the period of the Account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £45,000,000 Treasury bills were opened on September 27, 1935, and the total amount applied for was £61,385,000. Tenders were accepted for Treasury bills at three months dated Monday at £99 17s. 3d., and above in full; Tuesday to Friday at £99 17s. 2d., and about 57 per cent., and above in full; Saturday at £99 17s. 3d., and above in full. The average rate per cent. was 10s. 6.87d. The amount allotted was £45,000,000. The following table shows the weekly record at various dates:—

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
1933				
January 6	45,000,000	73,830,000	45,000,000	0 16 10-84
July 7	45,000,000	83,890,000	42,000,000	0 10 4-85
October 6	45,000,000	100,450,000	45,000,000	0 12 9-98
1934				
January 5	35,000,000	76,280,000	30,000,000	0 18 11-5
April 6	40,000,000	80,390,000	38,000,000	0 17 9-01
July 6	35,000,000	62,745,000	32,000,000	0 16 4-14
October 5	35,000,000	65,260,000	31,510,000	0 15 9-702
1935				
January 4	30,000,000	49,560,000	27,500,000	0 6 1-84
April 5	40,000,000	76,095,000	40,000,000	0 10 2-93
July 5	40,000,000	60,905,000	40,000,000	0 12 4-32
August 23	40,000,000	80,525,000	40,000,000	0 11 4-93
August 30	45,000,000	65,955,000	45,000,000	0 12 1-73
September 6	45,000,000	75,640,000	45,000,000	0 12 4-34
September 13	45,000,000	71,480,000	45,000,000	0 10 7-02
September 20	45,000,000	65,185,000	45,000,000	0 10 6-58
September 27	45,000,000	61,385,000	45,000,000	0 10 6-87

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended September 7, 1935	582,966	437,224
Week ended September 14, 1935	513,370	385,028
February, 1916, to September 14, 1935	1,236,685,338	973,951,842

At the end of July, 1935, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £392,278,349.

The OCEAN

Accident & Guarantee Corporation, Limited

Head Office : 36-44 Moorgate, London, E.C.

FOR ALL CLASSES OF INSURANCE

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, October 2, 1935

ISSUE DEPARTMENT

Notes Issued:—	£	Government Debt	£
In Circulation	402,033,339	Other Government Securities	11,015,100
In Banking Department	51,609,494	Other Securities	246,316,174
		Silver Coin	1,130,013
		Silver	1,538,713
		Amount of Fiduciary Issue	260,000,000
		Gold Coin and Bullion	193,642,833
	453,642,833		453,642,833

BANKING DEPARTMENT

Proprietors' Capital	14,553,000	Government Securities	82,519,999
Reserve	3,754,476	Other Securities:—	
Public Deposits*	25,452,723	Discounts and Advances	£17,251,788
Other Deposits:—		Securities	£11,596,732
Bankers'	£80,874,574	Notes	28,848,520
Other Accounts	£39,134,834	Gold and Silver Coin	51,809,494
	120,009,408		791,594
	163,769,607		163,769,607

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

Both Departments	Amount, Oct. 2, 1935	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	402,033,339	+ 3,869,151	+ 21,217,158
Public deposits	25,452,723	+ 5,961,361	+ 11,749,657
Bankers' deposits	80,874,574	+ 6,366,724	+ 26,165,884
Other deposits	39,134,834	+ 178,923	+ 2,002,304
Seven-day bills	...	...	5,090
Total outside liabilities	547,495,470	+ 3,642,711	+ 8,798,173
Capital and rest	18,307,476	+ 33,118	+ 26,018
Government debt and securities	339,851,273	+ 624,531	+ 2,219,607
Discounts and advances	17,251,788	+ 4,840,305	+ 4,577,864
Other securities	12,726,745	+ 611,656	+ 1,873,664
Silver coin in issue department	1,538,713	+ 2,651	+ 1,520,902
Coin and bullion (bank's reserves)	194,434,427	+ 74,362	+ 1,873,954
Reserves of notes and coin in banking department	52,401,088	+ 3,794,789	+ 19,343,202
Proportion of reserve to outside liabilities—			
(a) Banking Department only ("proportion")	36.0%	— 2.5%	— 9.4%
(b) Gold stocks to deposits and notes ("reserve ratio")	35.5%	— 0.2%	— 0.3%

(000's omitted)

Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits		
1935							
Sept. 4	453,355	401,622	5,880	100,063	38,646	Nil	9 1/2
" 11	453,402	400,256	16,036	91,036	37,843	8 in	9 1/2
" 18	453,478	398,150	17,465	92,018	37,581	75 in	9 1/2
" 25	453,573	398,164	19,491	87,241	38,956	95 in	9 1/2
Oct. 2	453,643	402,033	25,453	80,875	39,135	70 in	9 1/2

(000's omitted)

Date	Issue Department		Both Depts.	Banking Department			Reserve and the "Proportion"
	Govt. Debt and Securities	Other Securities		Govt. Securities	Discounts & Advances	Other Securities	
1935							
Sept. 4	257,620	842	194,115	83,415	14,051	12,841	52,493
" 11	257,603	857	194,227	84,556	12,419	12,232	53,971
" 18	257,431	1,030	194,315	83,160	11,853	14,160	56,166
" 25	257,311	1,541	194,360	83,165	12,411	12,191	58,196
Oct. 2	257,331	1,130	194,434	82,520	17,252	11,597	52,401

BANKERS' CLEARING RETURNS

LONDON

(000's omitted)

	Town	Metropolitan	Country	Total
1935				
January 1 to September 18	23,162,293	1,343,393	2,287,899	26,793,585
Week ended September 25	541,553	29,871	54,505	625,929
Week ended October 2	679,782	36,567	58,180	774,529
Total to date, 1935	24,383,628	1,409,831	2,400,584	28,194,043
Total to date, 1934	22,746,941	1,308,682	2,220,205	26,275,828
Increase or decrease in 1935	+1,636,687	+101,149	+180,379	+1,918,215
	= 7.2%	= 7.7%	= 8.1%	= 7.3%
Total for year 1934	30,740,117	1,759,528	2,984,512	35,484,157
Total for year 1933	27,714,480	1,656,675	2,766,471	32,137,626
Increase or decrease in 1934	+3,025,637	+102,853	+218,041	+3,346,531
	= 10.9%	= 6.2%	= 7.8%	= 10.4%

PROVINCIAL
(000's omitted)

	Week ended September 28		Month of September		Inc. or Dec.	Aggregate Totals January 1 to September 28	
	1934	1935	1934	1935		1934	1935
No. of working days:	25	25					
BIRMINGHAM	1,622	1,696	7,788	8,333	+ 6.9	86,791	90,269
BRADFORD	872	1,131	2,359	3,734	+ 30.6	33,658	33,782
BRISTOL	1,064	1,074	4,501	4,689	+ 4.1	45,229	45,269
DUBLIN	4,666	4,791	19,097	20,320	+ 6.4	197,097	203,820
HULL	601	670	2,740	3,007	+ 9.7	27,798	28,352
LEEDS	493	545	2,394	2,631	+ 10.0	25,357	25,108
LEICESTER	839	1,016	2,300	2,549	+ 10.8	35,463	34,919
LIVERPOOL	6,100	6,318	24,175	21,014	- 13.0	231,077	218,949
MANCHESTER	8,541	8,911	35,996	38,233	+ 6.2	366,217	370,280
NEWCASTLE	1,272	998	5,788	4,798	- 17.1	57,141	51,018
NOTTINGHAM	321	367	1,517	1,737	+ 14.5	16,668	17,982
SHEFFIELD	597	598	3,037	3,549	+ 16.8	31,657	32,411
	26,982	26,615	93,895	95,274	+ 1.4	1,152,753	1,152,099

* Restricted area from April 1, 1935. † Extended area from November 26, 1934.

OVERSEAS BANK RETURNS

NOTE.—The latest return of the Bank of Estonia appeared in the *Economist* for August 31. New Zealand in September 7. International Settlements, Denmark-Lithuania, in September 14. Bulgaria in September 21. Australian Commonwealth India, South Africa, Egypt, Netherlands, Latvia, Finland, Norway, Greece in September 28.

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

	Oct. 3, 1934		Sept. 12, 1935		Sept. 19, 1935		Sept. 26, 1935		Oct. 3, 1935
	1934	1935	1935	1935	1935	1935	1935	1935	1935
U.S.F.R. BANKS									
Gold Certificates on hand and due from the Treasury	4,958,540	6,536,040	6,551,130	6,551,130	6,551,130	6,551,130	6,551,130	6,551,130	6,551,130
Total reserves	5,191,790	6,775,200	6,789,680	6,794,750	6,816,260	6,816,260	6,816,260	6,816,260	6,816,260
Total cash reserves	211,450	217,850	218,050	223,580	206,950	206,950	206,950	206,950	206,950
Notes in circulation	15,290	11,180	9,640	9,550	10,490	10,490	10,490	10,490	10,490
Liabilities	5,810	4,880	4,680	4,690	4,690	4,690	4,690	4,690	4,690
Total bills on hand	21,070	15,860	14,320	14,240	15,180	15,180	15,180	15,180	15,180
Industrial advances	29,550	30,230	30,130	30,130	30,070	30,070	30,070	30,070	30,070
Total U.S. Govt. securities	2,431,160	2,430,210	2,430,270	2,430,270	2,430,210	2,430,210	2,430,210	2,430,210	2,430,210
Total bills and securities	2,455,000	2,475,620	2,474,820	2,474,820	2,475,620	2,475,620	2,475,620	2,475,620	2,475,620
Total resources	8,255,460	9,873,130	9,998,110	9,998,110	9,998,210	9,998,210	9,998,210	9,998,210	9,998,210
Federal Reserve notes in actual circulation	3,175,670	3,422,830	3,426,790	3,430,170	3,481,910	3,481,910	3,481,910	3,481,910	3,481,910
Aggregate of excess member bank reserves over requirements	30,190	2,820,000	2,560,000	2,620,000	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000
Deposits—Member bank—									
Reserve account	3,894,630	5,388,280	5,136,130	5,235,730	5,223,620	5,223,620	5,223,620	5,223,620	5,223,620
Government deposits	156,390	27,340	224,500	112,230	90,840	90,840	90,840	90,840	90,840
Total deposits	4,233,430	5,601,830	5,605,040	5,609,520	5,620,820	5,620,820	5,620,820	5,620,820	5,620,820
Capital paid in and surplus	285,180	302,100	299,840	298,990	298,770	298,770	298,770	298,770	298,770
Total liabilities	8,255,460	9,873,130	9,998,110	9,998,110	9,998,210	9,998,210	9,998,210	9,998,210	9,998,210
Ratio of total reserves to deposits and Federal Reserve notes	70.1%	75.1%	75.2%	75.2%	75.4%	75.4%	75.4%	75.4%	75.4%
U.S.F.R. BANKS AND TREASURY COMBINED									
Monetary Gold Stock	...	...	...	9,297,000	9,414,000	9,414,000	9,414,000	9,414,000	9,414,000
Treasury and National Bank Currency	...	...	...	2,382,000	2,399,000	2,399,000	2,399,000	2,399,000	2,399,000
LIABILITIES									
Money in Circulation	...	...	...	5,626,000	5,688,000	5,688,000	5,688,000	5,688,000	5,688,000
Treasury Cash and Deposit with Federal Reserve Banks	...	...	...	2,778,000	2,814,000	2,814,000	2,814,000	2,814,000	2,814,000

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

	Oct. 3, 1934		Sept. 12, 1935		Sept. 19, 1935		Sept. 26, 1935		Oct. 3, 1935
	1934	1935	1935	1935	1935	1935	1935	1935	1935
Total gold reserves	1,812,980	2,764,580	2,792,020	2,741,940	2,848,240	2,848,240	2,848,240	2,848,240	2,848,240
Total bills discounted	7,280	6,980	6,140	6,860	7,590	7,590	7,590	7,590	7,590
Bills bought in open market	2,170	1,800	1,800	1,810	1,800	1,800	1,800	1,800	1,800
Total U.S. Govt. securities	777,750	744,320	744,320	744,320	744,320	744,320	744,320	744,320	744,320
Total bills and securities	787,330	760,120	759,570	760,090	761,010	761,010	761,010	761,010	761,010
Deposits—Member bank—									
Reserve account	1,843,730	2,589,450	2,433,590	2,499,480	2,588,070	2,588,070	2,588,070	2,588,070	2,588,070
Ratio of total reserves to deposits and Federal Reserve notes	72.4%	80.0%	79.9%	80.0%	80.6%	80.6%	80.6%	80.6%	80.6%

FEDERAL RESERVE MEMBER BANKS

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

	Sept. 19, 1934		Aug. 21, 1935		Aug. 28, 1935		Sept. 4, 1935		Sept. 11, 1935		Sept. 18, 1935	
	1934	1935	1935	1935	1935	1935	1935	1935	1935	1935	1935	1935
Loans	7,799	7,417	7,345	7,388	7,454	7,465	7,465	7,465	7,465	7,465	7,465	7,465
Investments	9,957	11,150	11,188	11,226	11,215	11,619	11,619	11,619	11,619	11,619	11,619	11,619
Reserve with Federal Reserve Banks	2,891	4,080	4,129	4,013	4,163	3,947	3,947	3,947	3,947	3,947	3,947	3,947
Demand deposits	12,943	15,799	15,950	15,919	16,111	16,222	16,222	16,222	16,222	16,222	16,222	16,222
Time deposits	4,478	4,398	4,387	4,380	4,396	4,408	4,408	4,408	4,408	4,408	4,408	4,408
Government deposits	1,091	522	518	486	490	677	677	677	677	677	677	677
Due from banks	1,514	1,865	1,891	1,901	1,858	1,868	1,868	1,868	1,868	1,868	1,868	1,868
Due to banks	3,779	4,580	4,575	4,684	4,804	4,816	4,816	4,816	4,816	4,816	4,816	4,816

BANK OF CANADA.—In \$'s (000's omitted)

	Sept. 4, 1935		Sept. 11, 1935		Sept. 18, 1935		Sept. 25, 1935	
	1935	1935	1935	1935	1935	1935	1935	1935
Assets								
Reserve of which	191,500	189,706	191,707	191,707	191,707	191,707	191,707	191,707
Gold coin and bullion	180,159	179,938	180,526	180,526	180,526	180,526	180,526	180,526
Domination Government securities	124,472	100,954	102,555	102,555	102,555	102,555	102,555	102,555
LIABILITIES								
Note circulation	81,664	83,155	84,777	84,777	84,777	84,777	84,777	84,777
Deposits—								
Domination Government	19,963	20,674	20,668	20,668	20,668	20,668	20,668	20,668
Chartered banks	192,540	183,902	185,118	185,118	185,118	185,118	185,118	185,118
Ratio of reserves to notes and deposit liabilities	65.0%	65.8%	65.8%	65.8%	65.4%	65.4%	65.4%	65.4%

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

	Sept. 28, 1934		Sept. 6, 1935		Sept. 13, 1935		Sept. 20, 1935		Sept. 27, 1935	
	1934	1935	1935	1935	1935	1935	1935	1935	1935	1935
Assets										
Gold	82,280,962	72,056,034	71,995,894	71,978,879	71,981,596	71,981,596	71,981,596	71,981,596	71,981,596	71,981,596
Sight balances abroad	10,197	7,800	8,246	8,118	7,911	7,911	7,911	7,911	7,911	7,911
Bills discounted	4,365,320	7,091,204	6,906,233	7,404,376	8,277,038	8,277,038	8,277,038	8,277,038	8,277,038	8,277,038
Negotiable bills abroad	732,805	1,007,948	1,007,948	1,007,948	1,007,948	1,007,948	1,007,948	1,007,948	1,007,948	1,007,948
Advances against sec.										
To the State	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
Other advances	3,133,589	3,583,891	3,376,876	3,295,758	3,289,371	3,289,371	3,289,371	3,289,371	3,289,371	3,289,371
Negotiable Bonds										
Sinking Fund Dept.	5,898,204	5,800,402	5,800,402	5,800,402	5,800,402	5,800,402	5,800,402	5,800,402	5,800,402	5,800,402
Other assets (excluding forward exch.)	5,054,266	5,144,038	5,008,869	4,984,314	4,823,144	4,823,144	4,823,144	4,823,144	4,823,144	4,823,144
LIABILITIES										
Notes in circulation	81,479,069	81,993,635	81,523,726	81,308,487	82,398,688	82,398,688	82,398,688	82,398,688	82,398,688	82,398,688
Public deposits	3,673,802	3,120,329	3,108,956	3,061,039	3,051,366	3,051,366	3,051,366	3,051,366	3,051,366	3,051,366
Private deposits	17,438,970	10,314,805	10,289,143	10,235,309	10,595,222	10,595,222	10,595,222	10,595,222	10,595,222	10,595,222
Other liabilities	2,083,500	2,227,161	2,381,242	2,310,559	2,311,144	2,311,144	2,311,144	2,311,144	2,311,144	2,311,144
Ratio of gold reserve to sight liabilities	80.0%	75.4%	75.7%	75.4%	74.7%	74.7%	74.7%	74.7%	74.7%	74.7%

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

	Sept. 29, 1934	Sept. 14, 1935	Sept. 21, 1935	Sept. 30, 1935
ASSETS				
Gold	75,010	94,817	94,742	94,772
Of which deposited abroad	20,851	29,620	29,376	29,376
Reserve in foreign currencies	3,895	5,438	5,518	5,511
Bills of exchange and cheques	3,829,312	3,838,111	3,645,737	4,183,471
Silver and other coin	192,414	164,811	213,293	121,366
Notes of other German banks	1,061,598	1,324,438	1,324,438	1,413,366
Advances	147,730	32,992	3,882	73,096
Investments	755,231	665,920	668,182	669,838
Other assets	690,925	687,511	697,727	644,586
LIABILITIES				
Share capital	150,000	150,000	150,000	150,000
Reserves	472,797	471,184	471,184	471,184
Notes in circulation	3,918,848	3,855,546	3,751,793	4,143,366
Other daily maturing obligations	884,598	784,438	784,438	773,822
Other liabilities	228,375	244,678	244,481	242,477
Cover of note circulation	2-01%	2-62%	2-67%	2-42%

SOUTH AMERICAN

Name of Company	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601	600	599	598	597	596	595	594	593	592	591	590	589	588	587	586	585	584	583	582	581	580	579	578	577	576	575	574	573	572	571	570	569	568	567	566	565	564	563	562	561	560	559	558	557	556	555	554	553	552	551	550	549	548	547	546	545	544	543	542	541	540	539	538	537	536	535	534	533	532	531	530	529	528	5
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COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

THE gradual deterioration in the international situation this week has been accompanied, *pari passu*, by a further rise in commodity prices, culminating on Thursday, when, with few exceptions, quotations recorded a substantial advance. The war scare, while making holders of commodities more reluctant to sell, has prompted consumers to cover their requirements, and has given the cue to speculators who have been frightened out of the stock markets. These tendencies have been reflected in the Liverpool and Chicago wheat markets, where a fresh rise in quotations has taken place. The market in vegetable oils and oilseeds displayed a similar movement, the jump in prices on Thursday being considerable.

As might have been expected, business in metals has continued active, copper, lead and spelter all being dearer than a week ago. Tin is becoming increasingly scarce and the price of this metal continued its recent rise during the early part of the week. On Wednesday, however, an announcement that an emergency meeting of the International Tin Committee had been called for Thursday took the market by surprise; the prospect of a further increase in production quotas, coupled with heavy selling in the Straits at declining prices, produced a setback here. By way of contrast to the general tendency, the rubber market has continued to wear a listless air and quotations have weakened. Among textile raw materials cotton, wool and hemp have been firmer; jute has been easier and silk remained unchanged in price.

Prices of foodstuffs in general have continued their recent rise. On the London Provision Exchange bacon, butter and cheese have again been marked up this week. At the Mincing Lane tea auctions competition has been active, with recent prices well maintained, while raw sugar has scored a further modest rise. Eggs and meat are practically unchanged in price on the week, but many descriptions of fruit and vegetables, supplies of which continue heavy, were cheaper than a week ago.

In the United States, primary products have again risen in price. The upward movement is reflected in Moody's index of the dollar prices of staple commodities (December, 1931 = 100) which reached 173.6 on Wednesday, compared with 173.1 a week earlier and 165.0 a month ago. On the corresponding day last year the index stood at 145.6.

COAL

SHEFFIELD.—Conditions in the export section are unchanged. Supplies are more plentiful, but demand for prompt shipment is quiet although improving, and recent returns disclose a reduction in exports. Hopes are entertained of increased business henceforward. On inland account, deliveries and inquiries for best steams are broadening, and the same may be said of all descriptions of fuel for manufacturing industry. Gas coal is moving more freely. Trade in house coal has increased and winter prices are now in force. There is a good demand for furnace coke with abundant supplies.

Quotations: Best hards, 18s. to 18s. 6d.; Derbyshire do., 17s. 6d. to 18s.; washed trebles, 17s. to 17s. 6d.; screened gas coal, 16s. 6d. to 18s.; best slacks, 10s. 9d. to 11s. (all f.o.b.); best Yorkshire house, 20s. to 22s.; best Derbyshire do., 19s. to 21s. (at pits); furnace coke, 13s. to 13s. 6d. (at ovens).

NEWCASTLE-ON-TYNE.—Prices of large screened steam coals remain firm and prospects for the next few months are bright. Inquiry is good, the latest being from the Swedish State Railways for 84,500 tons, October–December shipment. Steam smalls are cleared readily, and sized nuts are in better demand with the approach of winter. There is a little more activity in Durham gas coals, but the general position in this coalfield is much the same, there being abundant supplies of unscreened coking and bunkers. Prime brands of coke are firm and almost unobtainable, but ordinary makes are freely offered.

Current f.o.b. prices for export: NORTHUMBERLAND—D.C.B. screened, 15s.; smalls, 11s.; Howards, Bentinck, Newbiggin screened, 14s. 3d.; smalls, 10s. 6d.; Tyne prime large, 13s. 9d.; smalls, 11s.; Hartley Main large, 13s. 9d.; smalls, 11s. DURHAM—Lambton/South Hetton screened steam, 15s. 2d.; smalls, 12s. 6d.; Wear special gas, 15s.; Holmside, Ryhope, Boldon unscreened gas, 14s. 6d.; second-class gas, 13s. 2d.; coking unscreened and/or smalls, 13s. 2d.; prime unscreened bunkers, 13s. 9d.; second-class unscreened bunkers, 13s. 3d.; prime foundry coke, 18s. 6d.; Newcastle and district gas coke, 20s.

GLASGOW.—There has been a fair recovery in the rate of shipments, and the market generally remains steady in tone, with

nuts usually better placed than large coal. The freight position continues to be a source of some worry, there being still a shortage of boats in certain trades, and a stiffening of rates has affected the calculations of exporters working on a c.i.f. basis. Fifeshire remains the busiest district, and some short-time working is the rule in most districts. Prices generally are fairly firm.

Export prices (f.o.b. district ports): LANARKSHIRE—Ell best, 14s. 6d.-15s.; splint best, 17s. 6d.; splint second, 15s.-15s. 6d.; navigation, screened, 14s. 9d.-15s.; navigation, unscreened, 13s. 6d.; Hartley, 16s.; steam, 13s.-13s. 6d.; trebles, 13s. 6d.-14s.; doubles, 13s.-13s. 3d.; singles, 12s. 9d.-13s.; pearls, 11s. 3d.-11s. 6d.; dross, 10s. FIFE—Best unscreened navigation, 12s. 6d.-12s. 9d.; unscreened navigation, 12s. 3d.-12s. 6d.; first-class steam, 13s. 6d.-14s.; third-class steam, 12s. 3d.-13s.; trebles, 13s. 6d.-16s. 9d.; doubles, 13s. 6d.-14s. 6d.; singles, 12s. 9d.-13s.; pearls, 11s.-11s. 6d. LOTHIANs—Best splint, 14s. 6d.; prime steam, 13s.-13s. 3d.; secondary steam, 12s.-12s. 6d.; unscreened navigation, 12s. 9d.-13s.; trebles, 14s.-14s. 6d.; doubles, 14s.; singles, 12s. 9d.-13s.; pearls, 11s. Ayrshire—Best unscreened navigation, 14s. 6d.; steam, 12s. 6d.-12s. 9d.; trebles, 14s.; doubles, 13s.-13s. 6d.; singles, 13s. 6d.; pearls, 13s.; dross, 11s. 6d.

CARDIFF.—The colliery owners and the workmen in the South Wales coalfield have withdrawn their applications for a review of the minimum and subsistence wages, and, subject to the result of the national agitation for an increase of 2s. per shift, local rates will thus continue in force for another twelve months. Non-unionist stoppages at two colliery groups employing over 14,000 workmen have been in progress since Monday, and it is feared that, although the men are expected to report to the colliery companies in the course of the next day or two that they are ready to resume work, many pits will remain closed pending an improvement in trade. Conditions at the South Wales ports this week have been almost featureless. It appears that a considerable part of the arrears owing to South Wales exporters in respect of deliveries up to the end of last March has been liquidated by the Italian Government, but differences over payment conditions for current supplies continue, and shipments to Italy remain below the normal average. The Egyptian State Railways are expected to place a contract for 280,000 tons of large and small coals at an early date. Quotations for practically all classes are unchanged. In the pitwood trade, Portuguese timber eased under the influence of a temporary surplus, and was quoted on Wednesday at 21s. 6d., ex ship, which compares with the fixed price of 24s. 3d. for French wood under the coal-pitwood barter agreement. Shipments in the foreign and coastwise trades of the South Wales docks last week totalled 401,100 tons, compared with 272,100 tons the previous week, and 451,370 tons in the corresponding week last year; while for the whole of September exports to foreign destinations were 1,127,063 tons as against 1,271,000 tons the previous month, and 1,373,000 tons in the corresponding month last year. Shipments to Italy at 71,180 tons were 43,000 tons less than in August, and 127,000 tons less than in September, 1934.

Current approximate quotations: Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 18s. 3d.; best drys, 18s. 9d. to 19s.; Black Veins, 18s. 3d. to 19s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams (washed), 13s. to 13s. 6d.; seconds, 12s. 6d. to 13s.; coking smalls (washed), to 14s.; anthracite best large, 36s. to 40s.; coking smalls, 13s. 6d. to 27s.; machine-made cobbles, 35s. to 51s.; French nuts, 35s. to 51s.; stove nuts, 34s. to 49s.; rubble to 51s.; French nuts, 35s. special foundry coke, 37s. 6d. to 40s.; patent fuel (Crown), 21s.; pitwood, ex ship, 24s. 3d. French, 21s. 6d. Portuguese

IRON AND STEEL

MIDDLESBROUGH.—Total shipments of pig iron and manufactured iron and steel from the Tees during the month of September amounted to 44,486 tons as compared with 50,028 tons during August. Shipments of pig iron to Scotland were fully maintained, the quantity shipped to that destination during September being 5,160 tons against 5,010 tons during August. The quantity of manufactured steel shipped to foreign destinations during September was 19,340 tons, as compared with 26,831 tons during August. The chief customers for steel during the past month were Denmark, India, Northern Rhodesia, Russia and South Africa.

At the end of September there were 26 furnaces in blast in this area, as follows:—Three on Cleveland foundry iron, 10 on hematite iron, and 13 on the manufacture of other kinds. The iron market remains active. Although most buyers have covered their requirements for some time ahead, transactions covering small lots are being made from day to day. The orders which makers are fulfilling are chiefly from home users. Prices are maintained at the fixed minimum bases of 67s. 6d. per ton for No. 3 Cleveland foundry pig iron and 71s. per ton for No. 1 East Coast hematite, all delivered locally. Export business is dull and difficult to negotiate. Steel producers continue to expand.

Steel producers continue to experience a heavy demand for semi-manufactured steel, whilst orders for constructional steel for all purposes are keeping the works well employed. The local plate mills are expecting to derive some benefit from the orders placed with Tyne shipyards this week for two tankers and three other vessels.

Heavy steel melting scrap is in good demand, and works are paying 52s. 6d. per ton delivered. Best Bilbao rubio is inclined to be firmer on account of the higher freight asked by shipowners from the Bay. Good Durham blast furnace coke is offered by makers at 19s. per ton delivered at the furnaces, but it is understood that this price could be shaded.

SHEFFIELD.—Open-hearth basic steel plants can scarcely keep pace with demand, and United Steel Companies at their Templeborough plant have found it necessary to put two additional furnaces into commission. There are 14 sixty-ton furnaces at work, except when one of them needs repair. Many firms have full order books for steel required for armaments, aircraft, electrical machinery, and automobiles. Requirements of general engineering are fairly good. Overseas business continues to expand, but very slowly, and is quiet with several foreign countries. The local position is affected adversely by the development of steel production in Russia, Japan, Spain, South Africa and India. Unemployment figures are steady. Favourable reports are received from tool makers, especially engineers' small tools, but inland competition is keen, owing to the increase of the productive capacity of the trade. The plate and cutlery industries are experiencing some seasonal revival, but there is a good deal of slackness in this section.

GLASGOW.—Conditions in the West of Scotland remain satisfactory. The current level of activity is likely to be maintained in many branches for some months. Steel makers experience a good demand for almost all sections, and the tonnage placed during the last week is encouraging. In the sheet trade, home users are absorbing a very large tonnage. Mills are kept fully employed, mainly on home business. Export demand maintained at about recent levels for both black and galvanised sheets. Tube makers are very busy, and full time working at the plants is general. Carriage and wagon builders in the Motherwell district have secured further orders which will provide considerable employment in the district. Re-rollers of steel bars are benefiting from the restriction of foreign imports and employment is more plentiful. As regards Clyde shipbuilding, the orders recently placed for motor tankers will provide work for a large number of men for many months in the various districts.

CARDIFF.—The recent improvement in the condition of the tin-plate trade is being maintained. Last week the deliveries from works to warehouses totalled 90,079 boxes, compared with 83,892 boxes the previous week, and the shipments 95,271 boxes, compared with 35,290 boxes. Prices, however, are unchanged, although there has been a sharp rise during the past few days in the cost of tin. Galvanised sheets are very quiet, and foreign inquiries continue very slack. Sheets are quoted at £11 5s. per ton f.o.b., and steel bars are unaltered at £5 5s. per ton delivered.

OTHER METALS

COPPER.—Prices continued to rise this week and, for the first time since 1933, passed the £35 mark on Tuesday. Although liquidation has been heavy, the supply was easily absorbed, and turnover has therefore remained at a high level. The United States market has become more normal. American sales, which amounted to 85,100 short tons last month, will probably show a decline in October, unless political developments generate a fresh buying wave. The American export quota of 8,000 tons does not seem to wave. The American exporters in that country, for shipments again exceeded 25,000 tons during August. As soon as the market settles down again this violation of the agreement by United States shippers might lead to serious difficulties. Meanwhile, Italy has raised the restrictions on imports of copper. It is doubtful, however, whether this step will lead to any significant increase in exports to Italy, for London and American merchants have been exercising caution and generally ask for payment before shipment or against documents. Unless Italy is prepared to buy on these terms she will have difficulty in securing the additional supplies of copper which she needs. In France it is proposed to use more aluminium in place of copper for high-tension electric cables. A similar proposal in 1929 met with considerable success, and the new project may, therefore, be worth consideration.

Sales on the London Metal Exchange: 1,950 tons on Monday, against 2,400 tons last week; 3,500 tons on Tuesday, against 3,250 tons last week; 3,450 tons on Wednesday, as against 2,250 tons last week. Domestic spot was quoted at 8-52½ cents per lb. in last week. New York on Wednesday, against 8-45 cents a week ago and 7-92½ cents a month ago. Wednesday's official closing price for standard cash in London was £35 to £35 1s. 3d., compared with £34 16s. 3d. to £34 17s. 6d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 79,181 tons, show an increase of 10 tons, while stocks of rough copper, at 11,484 tons, show an increase of 75 tons on the week.

LEAD AND SVELTER.—Both markets recorded a further improvement as a result of the strength of demand. According to the American Bureau of Metal Statistics, world output of lead fell by 1,900 short tons to 126,700 short tons in August. On the other hand, world production of spelter, according to the same authority, rose by 3,300 to 122,200 short tons. The trend of recent months was therefore continued. If the expansion of spelter production and the contraction of lead production continue, there is little prospect that the prices of the two metals will move closer together in the near future.

Sales of lead on the London Metal Exchange: 1,400 tons on Tuesday, against 1,600 tons last week; 1,850 tons on Tuesday, against 1,500 tons last week; 750 tons on Wednesday, against 1,600 tons last week. The New York quotation on Wednesday was 4:50 cents per lb., against 4:50 cents a week ago and 4:35 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £17 10s. per ton, compared with £17 3s. 9d. a week ago.

Sales of spelter on the London Metal Exchange: 900 tons on Monday, against 350 tons last week; 700 tons on Tuesday, against 1,150 tons last week; 1,600 tons on Wednesday, against 1,200 tons last week. Wednesday's quotation in East St. Louis was 4-75

cents per lb., against 4.75 cents the week before and 4.60 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £16 16s. 3d. per ton, against £15 18s. 9d. last week.

TIN.—The tin position continues delicate. British warehouse stocks had fallen to less than 600 tons last week-end, while, according to Messrs. A. Strauss and Company, world stocks declined by no less than 2,583 tons, to 11,635 tons, during September. This is the lowest stock figure for many years. All principal producing countries are now behind-hand with their exports. Although a considerable increase was expected in September, actual exports decreased by 1,461 tons to 7,699 tons. At the same time, deliveries were maintained at the high level of 9,000 tons. It was not surprising, therefore, that tin prices recorded a sharp rise in the early part of the period under review, at one time touching £233 per ton. Subsequently, however, a slump took place and, at the close on Wednesday, prices were £4 lower on the week. This decline was due to the announcement that a special meeting of the International Tin Committee had been convened for Thursday, and to the anticipation that production quotas would then be further increased. Whether such an increase would be effective in removing the existing scarcity in a short time is, however, doubtful; for most of the producing countries had difficulty in finding sufficient labour to increase their output rapidly to the 65 per cent. level. The decision of the Committee has not been made public up to the moment of going to press.

Sales of tin on the London Metal Exchange : 200 tons on Monday against 250 tons last week; 210 tons on Tuesday, against 200 tons last week; 360 tons on Wednesday, against 240 tons last week. The New York quotation on Wednesday was 49-1½ cents per lb., against 49-50 cents a week ago and 48-85 cents a month ago. Wednesday's official closing quotation in London for standard cash was £23 to £225 per ton, compared with £27 to £30 last week. Stocks of tin in London and Liverpool at the end of last week totalled 587 tons, a decrease of 249 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted at £100 per ton. Nickel, for home and export, at £200 to £205 per ton, remains unchanged. Quicksilver, on the spot, was unchanged at £11 15s. per flask of 76 lbs. Chinese antimony was quoted at £68 per ton ex warehouse, duty paid, the same as a week earlier. Chinese wolfram for October–November shipment was again quoted at 33s. to 34s. per unit c.i.f. Platinum (refined) at £7 10s. per ounce, was unchanged on the week.

TEXTILES

COTTON.—**Manchester.**— Conditions in the market have been rather quieter, but demand for yarn and piece-goods has been stimulated by the rising tendency of raw cotton prices. There has been increased activity in the cotton futures market in Liverpool at advancing prices, and there has continued a healthy demand for actual cotton, especially American and Peruvian descriptions. The tight spot position is a factor of importance. Stocks on this side are very small and spinners experience difficulty in obtaining suitable qualities. The American Government Bureau report will be published next Tuesday and the opinion is gaining ground that the crop estimate will be rather smaller than a month ago, when it was 11,489,000 bales. There has been more interest in the Egyptian staple, it being recognised that if there is any trouble in the Mediterranean, prices may advance rather sharply.

Although the general inquiry in piece-goods for abroad has been fairly well maintained, actual sales have been rather smaller. Some moderate lines have again been put through for India, chiefly in mulls and bleached shirtings for Karachi and fancies for Bombay and the up-country markets, with a slight improvement in demand for dhooties for Calcutta. Scattered transactions have been reported in fancies for China and the minor outlets of the Far East. Some manufacturers of finishing qualities have done rather better in South America, and there has been increased activity in sheetings for South Africa and the home trade. Yarn quotations have risen.

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AGENTS IN CANADA:

BARCLAYS TRUST COMPANY OF CANADA
MONTREAL

shipment, and £10 10s. for new crop, January-February. More interest has been shown in Indian varieties, which remain firm. The quantity now afloat for Europe is 121,300 tons (including 4,100 tons from India), 7,200 tons less than last week; and for the United States and Canada 25,800 tons, against 40,300 tons a year ago. A fair trade is reported in Egyptian cottonseed, January-March, Hull, around £6 to £6 2s. 6d.

Linseed oil is in fair demand. After some reaction at the close of last week prices are again firm and advancing. The current price of raw oil ex Hull mill for October delivery is £26 5s., and for November-December £26 10s., with later positions at a premium. Cotton oil is scarce and firm. Late quotations ex Hull are maintained, with Egyptian crude at £25 and refined at £27 per ton, naked. Oilcakes are in improved demand and firm.

RUBBER.—The tone of the rubber market during the past week has offered a striking contrast to that of the majority of commodity markets. A listless feeling has been in evidence and quotations again sagged, despite last week's decision of the International Committee to cut the export quotas for the present quarter. The spot price in New York on Wednesday last was 11½ cents per lb. compared with 11½ cents per lb. a week ago and 11½ cents a month earlier. Wednesday's official closing price for standard ribbed smoked sheet in London was 5½d. per lb., as against 5½d. on the corresponding day last week. In forward positions, business has been done at 5½d. to 5½d. for January to March shipment, as against 5½d. to 6d. a week ago. Stocks in London and Liverpool at the end of last week totalled 176,958 tons, against 177,753 tons a week earlier. A year ago stocks amounted to 113,507 tons.

WHOLESALE COMMODITY PRICES UNITED KINGDOM

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

LONDON, October 2nd				CEREALS AND MEAT			
GRAIN, Etc.—				POTATOES—			
Wheat—				English, new per cwt.			
No. 2, N. Man. 496 lb.				SPICES—			
Eng. Gaz. av., per cwt.				Pepper, per lb.—			
Barley, Eng. Gaz. av.,				Black Lampong			
Oats—				White Muntok			
Maize, La Plata, landed,				Cinnamon—1st sort, per lb.			
480 lb.				Cloves—Zanzibar per lb.			
Flour, Lon. stan. ex mill,				Ginger—per cwt.—			
280 lb.				Alfalfa, ord. to good.			
Rice, No. 2 Burma, per cwt.				Mace			
Tapioca, per cwt.—				Nutmegs, 65's			
Fair Flake, Singapore..				SUGAR—			
MEAT—				(Duty, 11/8 per cwt.)			
Beef, per 8 lbs.—				Centrifugals, 96's, prpt.			
English long sides				Shipon, c.i.f. U.K. (cont.)			
Argentine chilled hinds				B.W.I., crystallised ..			
Mutton, per 8 lbs.—				Java, white, c. & f. India			
English wethers				May-June			
N.Z. frozen				REFINED—London—			
Lamb, per 8 lbs.—				Yellow Crystals			
N.Z. frozen				Cubes			
Pork, English, per 8 lbs.				Crushed			
BACON—OTHER FOODS				Granulated			
English				Home Grown			
Irish				TEA—			
Danish				Indian—per lb.—			
Dutch				Pekoe			
HAMS—				Broken Pekoe			
Canadian				Orange Pekoe			
American				Broken Orange Pekoe..			
BUTTER—				Ceylon—per lb.—			
Australian				Pekoe			
New Zealand				Broken Pekoe			
Danish				Orange Pekoe			
CHEESE—				Broken Orange			
Cheddar				TOBACCO—			
Dutch				(Duty, 9/8-10/8½ per lb.)			
COCOA—				Empire growth, 7½-8½			
(Duty, British grown,				8½ per lb.)			
11/8; foreign, 14/- cwt.)				Virginia leaf—			
Accra, f.i., per cwt.				Common to fine			
Trinidad				Rhodesian leaf			
Grenada				Nyasaland leaf			
COFFEE—				" strips			
(Duty, British grown,				East Indian leaf			
4/8½ foreign, 14/- cwt.)				" strips			
Santos sup. c. & f. cwt.				TEXTILES			
Colombian, good				COTTON—			
Costa Rica, med. to good				Mid-American			
East Indian				Sakellandis, f.g.f.			
Kenya, medium				Yarns, 32's twist			
EGGS—				60's twist			
English				FLAX—			
per 120				Livonian ZK			
FRUIT—Oranges—				Pernau HD			
South African				Slanetz Medium 1st sort			
Brazilian				HEMP—			
Lemons, Malaga				Italian P.C.			
Sicilian				Manilla, Oct.-Dec. "J"			
Apples: Amer. (var.) bbls.				Sisal, African			
(var.) boxes				JUTE—			
" Australian				Native 1st mks.			
Onions—				c.i.f. H.A.R.B.			
Valencia, case				Oct.-Nov. (new)			
Egyptian, bags				Daisee 2/3 c.i.f. Dundee			
Grapes, Lisbon, ½ boxes				Oct.-Nov. (new)			
Grapefruit Jamaica				SILK—			
Amer.				Canton			
LARD—				Tussah			
Irish bladders				Japan			
U.S.				Italian—raw, fr. Milan			

† These prices are for fuel oil for inland consumption—other than for use in Diesel engine road vehicles—and do not include the Government tax.

UNITED STATES

(New York quotations, unless otherwise stated.)

	Oct. 3, 1934		Sept. 4, 1935		Sept. 25, 1935		Oct. 2, 1935	
	Cents		Cents		Cents		Cents	
Wheat, No. 2, Winter, nearest future, Chicago, per bushel...	95½		88½		98½(b)		106½(b)	
Maize, nearest future, Chicago, per bushel	73½		73½		57½(b)		61½(b)	
Oats, nearest future, Chicago, per bushel	47		25		28½(b)		29½(b)	
Rye, nearest future, Chicago, per bushel	69½		40½		50½(b)		54½(b)	
Barley, nearest future, Chicago, per bushel	73½		43		(a)		45	
Coffee, Rio No. 7, cash, per lb.	9½		6½		6½		6½	
" Santos No. 4, cash, per lb.	11½		8½		8½		8½	
Cocoa, Accra, nearest future, per lb.....	4.46		4.73		4.83		4.77	
	(a) Nominal.		(b) December futures.					
Sugar, Cuban Centrifugals, 96 deg., spot, per lb.....	3.00		3.45		3.57		3.65	
Cotton, middling, spot, per lb....	12.40		10.70		10.90		11.40	
Rubber, smoked sheet, spot, per lb.....	13½		11½		11½		11½	
Petroleum, Pennsylvania crude standard grades, per barrel...	207-222		152-167		152-172		152-172	
Copper, "Electrolytic," Domestic, spot, per lb.....	6.50		7.92½		8.45		8.52½	
Copper, "Electrolytic," Export, prompt, per lb.....	6.55		8.15		8.67½		8.75	
Spelter, East St. Louis, spot, per lb.....	3.87½		4.60		4.75		4.75	
Lead, spot, per lb.	3.60		4.35		4.50		4.50	
Tin, " Straits," spot, per lb. ...	50.87½		48.55		49.50		49.12½	

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(With this Issue appears our Autumn Banking Supplement)

OVER THE RUBICON

SIGNOR MUSSOLINI, faithful to Cæsarian precedent, has crossed the Rubicon. In this case, it is a small stream on the frontier between Ethiopia and Eritrea which has been crossed by the Italian armies. But the effect is the same: a dictator has flouted all his commitments. For, by his action, the Duce has broken his solemn engagements under the Covenant of the League of Nations, the Pact of Paris which outlawed war as "an instrument of national policy," and the 1928 Treaty of Amity between Italy and Ethiopia. "With, without, or against Geneva"—to quote his own words—the Italian dictator has launched his long heralded offensive, and by so doing has outraged the public opinion of the world.

Whether his armies will have an easy "walk over" in Abyssinia, as the Italian people have been led to believe, remains to be seen. The Italian news from the seat of war is naturally heavily censored; while the reports from Addis Ababa, whose means of communication with the various fronts are very primitive, are inevitably meagre. All we know

think that they will, at the outset, consist of (1) raising the arms embargo so far as Abyssinia is concerned, (2) restricting some, if not all, of Italy's exports to foreign countries, (3) prohibiting exports to Italy of certain materials needed for armaments, and (4) placing a complete embargo on Italian borrowing from abroad. It is possible also that this programme may be completed by the withdrawal of ambassadors from Italy.

These measures, though they cannot in any way be described as innocuous, are nevertheless of a "mild" character, and certainly will not bring the war to a very speedy end. Although Italy is already finding the greatest difficulty in raising financial resources abroad, experience has shown how difficult it is to prevent a great country from securing its minimum needs by hook or by crook. In an article on a later page, it is shown that Italy could obtain the wherewithal to pay for the coal she must import from the proceeds of the goods which she sells to Germany, Austria and the United States—three countries which will not take part in economic sanctions. The stopping of Italian exports will undoubtedly prevent her from buying many of the things she normally imports. But Signor Mussolini has already gone far towards making Italy self-sufficient; and though these schemes will cause the Italian people inconvenience, which may ultimately develop into distress, we cannot assume that they will quickly bring her to her knees. Nor will the prohibition on the export of war materials to Italy have any effect for a considerable time. It may be assumed that Italy already possesses ample munitions in East Africa for carrying on the campaign until next spring, by which time she may expect to have attained her initial objectives. Finally, lifting the embargo on arms to Abyssinia will come too late in the day to affect the issue—at least as far as the current winter campaign is concerned. It must be assumed, therefore, that those who advocate this programme, cannot be looking for any quick result, unless such a result is to be caused by psychological tension inside Italy.

And yet speed is vital. At the moment the League is united. No one can say that it will be six months hence. If, at a moment when a flagrant breach of the Covenant has been made, the members of the League are unwilling to take more than "mild" action, it is almost unthinkable that some moment will occur during the campaign when they will all agree to take sterner measures. It is much more likely that many of them will find reasons for abandoning even the moderate stand they have now taken. Again, a reasonable solution of the Abyssinian problem has been drawn up, and it might be applied to-day. It would be much more difficult to bring it into effect six months hence if at that time there were no effective government in Ethiopia, but only a number of guerilla chiefs maintaining scattered, if effective, resistance. Finally, a method which permits war with all its suffering to drag on, and seeks to attain peace by the slow torture of economic pressure on the Italian people, is hardly one which can recommend itself to the League of Nations.

On the other hand, strong sanctions, amounting to a blockade and the severance of communications between Italy and Africa would be decisive. If the chief members of the League were prepared for this step—and there are many precedents for "pacific blockade" in international history—the results of such a step would not be in doubt for a moment.

In contrast with the method of slow pressure which is likely to combine the minimum of effectiveness with the maximum of illwill, this step would establish the prestige of the League and ensure the maintenance of peace more decisively than any other. By so doing, it would confer the greatest security on France and other countries that the world has in its power to offer. Action on these lines would ensure peace in Europe for a generation. It constitutes our only hope of arresting the armaments race upon which we have all recently embarked.

In his short speech to the Assembly on Thursday, Mr Eden declared, on behalf of His Majesty's Government, "our willingness to take our full part" in whatever action the League of Nations may collectively determine. He added that, since it is our duty so to fulfil our obligations, "such action should be prompt." But effectiveness is every whit as essential as promptitude.

PARTIES AND THE ELECTION

NORMALLY, as a general election approaches, political parties become more and more convinced of their own infallibility and the sinfulness of their opponents. Catchwords invade the scene, and common sense retires. Last week's Conservative and Labour Conferences, however, left exactly the opposite impression. The speeches of the leaders at least were marked by a moderation which, on some fundamental issues, implied an undercurrent of agreement between the two Parties. This was, of course, in the main due to the irruption of an ominous international crisis which for the moment overshadows every single domestic issue. The truth is that the basic agreement of all parties on foreign policy which existed from 1919 to 1931, but was shattered by the episode of Manchuria and Sir John Simon's Foreign Secretaryship, has now been restored.

The rumour that the Government has decided on an election in November is accordingly all the more surprising. Now that the two principal parties in the State are in agreement on the Government's sanctions policy, it is absurd to pretend that an election is necessary to secure a popular mandate for that policy. A November election, if fought on foreign issues, would be dangerous; and, if not fought on foreign issues, would be unnecessary. In these circumstances a final decision to hold the election in November would be widely interpreted as a discreditable and unpatriotic attempt to exploit national unity for party purposes.

Fundamental disagreement on foreign policy is clearly most dangerous to the working of democratic Government. And the speeches of Mr Baldwin and the Labour leaders at last week's Conferences showed that no such conflict now in fact exists. The positive contentions of both sets of speeches were the same: that the best practical hope of peace lies in the preservation of a system of collective security. They differed principally in that Mr Baldwin had to defend himself against the isolationists, and Mr Bevin and Mr Morrison against the pacifists. Addressing the isolationists, Mr Baldwin spoke plainly:—

I believe isolation to be dangerous on national and imperial grounds. I believe it, in short, to be impossible.

He then specifically referred to the Labour Party's vote in favour of sanctions, and remarked that he "rejoiced in the fact that that resolution was passed."

Naturally, speaking at an official Conservative gathering, Mr Baldwin had to undertake that Great Britain's Navy and Air Force would not be allowed to become inferior to those of any other nation. But he was much more restrained than Mr Churchill and, it is to be feared, than Mr Chamberlain. A resolution had originally been moved by Sir Edward Grigg calling for both a strengthening of our air defence forces, and for a renewed attempt to secure agreed disarmament. In response to Mr Churchill, however, and with the approval of Mr Chamberlain, a new resolution was adopted which watered down the disarmament clause and pledged the conference to "support any safety, however great the sacrifice may be." Mr Chamberlain, in contrast to Mr Baldwin, spoke as if he did not mind what happened to disarmament and collective security, so long as Great Britain's Navy and Air Force were substantially expanded. It is certainly a regrettable departure from British tradition that the Chancellor of the Exchequer should himself be the foremost advocate of increased expenditure on armaments. And it certainly will not help to promote national agreement on foreign policy if collective security is to be used as an excuse for unilateral re-armament by Great Britain. If the Government went to the country on such a hypocritical cry as this, they would deserve humiliating defeat.

Last week's Conferences, however, were merely concerned with foreign policy. In the debates on domestic issues some of the currents which are running towards the general election could be discerned. Mr Baldwin's liberal attitude, as it happened, extended to domestic issues also; and he went out of his way to emphasise the crucial importance of a strong and independent trade union movement in preserving democracy in a great industrial State. "A free trade unionism," he said, "is a bulwark of popular liberty." The Conference, as a whole, however, having temporarily forgotten re-armament, was thinking

of the two internal issues which are likely to be most important at the election: agriculture and the distressed areas.

The change which has come over Mr Elliot's attitude to agricultural policy since the crude protectionism of two years ago is one of the most significant features in the liberalisation which the Government seems to have undergone in the last eighteen months. Two years ago Mr Elliot argued that international trade had become unnecessary in the modern world; that "self-sufficiency" was a marvelous new economic system made possible by scientific invention; and that the "regulation" of industrial and agricultural production in the interests of the producers would at once solve all our difficulties. This week his tune was very different. It would be a grave responsibility, he said, for any Minister of Agriculture seriously to reduce our food imports "because that would throw men out of employment at home and the increased consumption of food would not be secured." Moreover, we must not raise the price of food out of the reach of the housewife by artificial means." On the contrary:—

The people of this country can undoubtedly consume far larger quantities of foodstuffs than they are getting at present, but to do that, we must have purchasing power and employment. Therefore agriculture is bound up with the prosperity of the country as a whole.

Finally, Mr Elliot mentioned Mr S. M. Bruce's call for a policy that would "marry health and agriculture" and Sir John Orr's desire for an increased consumption of health-giving foods; and he gave an undertaking that Conservative policy was now evolving along these lines.

The emergence of the idea of a "national food policy" in British politics is an event of the first importance. Its origin in the last two years has been most curious. On the one hand, the widespread criticisms of Mr Elliot's own policy of restricting food supplies, and, on the other, the scientific controversy about "nutrition" standards, have propagated the idea that the food consumption of the mass of the people is too low and ought to be increased. There is perhaps some irony in the implication that this "problem" never existed before; and already a tendency is observable to imagine that health and agriculture can be "married," and the surplus foodstuffs conveyed to necessitous consumers, by some unexplained economic wizardry. Neither the Conservative nor Labour Conference showed much disposition to face the issue honestly. Yet the fact is that the two problems can only be solved if adequate purchasing power is put into the hands of the consumers who now lack it. And this can only be done in two ways: by a direct consumers' subsidy out of the Budget, or by the provision of increased employment through normal economic revival. The second will not be possible until the two parties embark on more liberal fiscal policies than either of them last week showed much inclination to adopt. The first can only be effective if the suggested consumers' subsidy is financed out of taxation on less necessitous classes, and not, as Mr Elliot still disquietingly hints, out of taxation on imported food.

The connection between agriculture and the distressed areas was explicitly recognised in Mr Elliot's remark that if we could put another 1,000,000 men to work we should enormously expand the demand for British agricultural produce. And the Labour Conference's decision to support the miners' campaign for better wages was yet another reminder of the plight of our exporting areas. But both the Conservative and Labour Parties are still apparently hoping that, without any substantial revival of our export trade, some magical solution of the problem of the distressed areas can be found. Something to alleviate the present distress can doubtless be done by relief action; and the Government's response to Mr P. Malcolm Stewart's report and Mr Bevin's offer to co-operate in carrying it out will, consequently, be awaited with interest. But whatever palliatives may be adopted, it is clear that the real issue is not being faced, and that the spectre of the distressed areas will still be here to haunt all parties when the general election comes.

It would unquestionably be disastrous if that election were to be fought on an issue of foreign policy. At the East Fulham by-election, two years ago, it looked as if the



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menace of war might prove electorally advantageous to the Labour Party. Last spring, on the other hand, the re-armament of Germany seemed to be provoking a reaction of feeling in favour of the National Government. Now we have happily reached a situation in which party dissension on foreign policy is substantially at an end. Do the Government really intend to jeopardise this piece of national good fortune, to improvise an unnecessary election, and to drag down the League of Nations once more into the dust of party conflict? To do so would certainly be inconsistent with the spirit of Mr Baldwin's speech last week. The issues which really divide us in this country to-day are internal: the distressed areas, unemployment assistance, and the future of agriculture and the coal industry—on all of which, incidentally, the Government's policy has lately become more liberal. On these issues alone can an honest election be held. And it should not be held on any account until the international crisis has subsided.

ITALY'S ECONOMIC VULNERABILITY

ARTICLE SIXTEEN of the Covenant of the League of Nations, which was put into effect against Italy by the decision of the Council on Monday, imposes upon Members who endorse that decision the obligation to undertake "the severance of all trade or financial relations, the prohibition of all intercourse between their nationals and the nationals of the Covenant-breaking State." That these so-called "economic sanctions" were not intended by the framers of the Covenant to be either exclusive of, or alternative to, the use of armed force is clearly implied by other sentences in the same Article. But it is clear, on grounds both of law and of policy, that economic and financial measures will in any case be the sanction of first resort, whether or not they are backed up, or followed, by the use of armed force. Whether that armed force will later be necessary depends upon whether the economic and financial sanctions can by themselves be effective in restraining the Covenant-breaker. It will accordingly be useful to inquire how far Italy can be expected to be vulnerable to purely economic pressure.

The problem of economic sanctions is undeniably complicated by the fact that there are nations outside the League. In the case of Italy, the two extra-League powers of which notice must be taken are the United States and Germany, since Italian trade with Japan and Brazil is very small. The American President has prohibited the export of munitions to the belligerents. He has further denied in advance any protection to American citizens trading with Italy if they should be restrained by the League powers. Short of such restraint, however, which would involve a blockade, which in turn might be regarded by Italy as an act of war, trade between Italy and the United States will continue. Germany is unlikely to join in a League-imposed

policy of economic sanctions. Even if sanctions pass over into a definitely military phase, it may be impossible to prevent trade between Italy and Germany because of the geography and politics of Austria, which divides them. Some doubts have been expressed about the attitude of Switzerland to sanctions. Speaking in the Assembly on Thursday, the Swiss delegate said that Switzerland could not be a party to such sanctions as would endanger her neutrality. But he was careful to draw a distinction between military and economic sanctions and to emphasise Switzerland's solidarity with the other members of the League. In view of this declaration, Swiss participation in economic sanctions may be assumed, at least for the time being. On the other hand, Austria and Hungary have declared their inability to take any part in applying sanctions. In the preliminary period, then, when the League is applying economic sanctions, but has not yet decided to use armed force (in the sense of blockade), Italy, will in all probability be free to trade with the United States, Germany, Austria and Hungary.

These loopholes in the wall of a League embargo are important in the particular case of Italy. Italian trade with the four countries named made up 33.8 per cent. of Italy's imports and 28.3 per cent. of Italy's exports in the first six months of the present year. The loophole is consequently a large one. Before we can decide how important it is, however, it is necessary to analyse Italian foreign trade in rather more detail. The following table shows Italy's imports in 1934 of thirteen materials from the six most important countries:—

CHIEF IMPORTS INTO ITALY: 1934
(in million lire)

Commodity	Switzerland	Germany	Austria	France	United Kingdom	U.S.A.	Total (all countries)
Wheat	...	...	...	7.2	...	89.4	185.6
Cotton and cotton goods	12.0	25.0	2.6	12.8	11.0	454.9	790.6
Wool and woollen goods	5.7	28.4	4.2	34.3	100.7	2.3	615.6
Iron and steel goods	14.8	85.5	15.6	89.7	22.6	41.8	362.2
Machinery	33.6	136.1	5.9	19.6	40.0	43.1	371.0
Coal	...	360.1	...	13.9*	297.7	4.1	775.5
Mineral oils and by-products	...	2.2	...	8.8	1.4	62.5	297.7
Wood and timber	0.3	2.1	54.1	3.5	...	40.1	271.8
Hides and skins ...	1.0	42.3	1.8	25.1	48.3	22.1	319.6
Copper	5.3	18.3	...	3.6	5.3	39.8	156.1
Other non-ferrous metals	2.4	8.7	2.0	1.7	15.4	7.4	100.2
Of which nickel..	1.1	2.0	...	0.6	8.2	5.2	22.0
Of which tin.....	...	0.8	...	0.3	6.5	0.8	54.4

Other important sources of supply (million lire) :—

Wheat.—Hungary, 28·6; *Cotton*.—Egypt, 138·8; Br. India and Ceylon, 108·6. *Wool*.—Argentina, 82·4; S. Africa, 56·3; Australia. *Iron and steel*.—Belgium, 31·3. *Coal*.—Poland*, 71·4; Holland*, 17·7; U.S.S.R., 45·5. *Mineral oils and by-products*.—Roumania, 78·2; U.S.S.R., 53·6. *Wood and timber*.—Yugoslavia, 101·1; U.S.S.R. 34·5. *Tin*.—Malaya. *Copper*.—Chile, Portuguese Africa.

* Including coke.

In the case of cotton, which is the largest single import, it will be seen that nearly 58 per cent. comes from the United States, and almost all the remainder from Egypt or India. Germany supplies 46½ per cent. of the coal, Great Britain 38½ per cent. (though this proportion has fallen to 34 per cent. in 1935). In iron and steel, France is the largest supplier, with nearly 25 per cent., but Germany sends 24½ per cent., Austria 4.3 per cent. and the United States 11½ per cent., making over 40 per cent. for the powers who will not impose economic sanctions. In machinery, over 66 per cent. comes from these latter countries; and in copper 38 per cent. The United States supplies 21 per cent. of the oil and Russia and Roumania between them nearly 30 per cent. Only in wool have the League powers an overwhelming superiority.

These facts suggest that the cutting off of Italy's supplies by the League, though it would, of course, be highly inconvenient, would hardly be crippling. Moreover, the question of stocks has to be taken into account. A table in the *Economist* of August 24th gave Italian imports of important materials in the last three complete years and in the first five months of 1934 and 1935. Several commodities have been imported in larger quantities recently, especially the non-ferrous metals. Coal imports were 34 per cent. higher in 1934 than in 1933 and 30 per cent. higher in the first five months of 1935 than in the corresponding period

of 1934. These increased imports may, or may not, still be available in the form of stocks in Italy, but there is nothing to suggest that, in general, stocks are very high.

These considerations suggest that a more fruitful approach to the question of economic sanctions can be found through cutting off Italy's *exports* rather than her *imports*. The following table shows the destination of the more important of those exports:—

CHIEF EXPORTS FROM ITALY: 1934
(in million lire)

Commodity	Switzerland	Germany	Austria	France	U.K.	U.S.A.	Total (all countries)
Cheese	11.4	1.8	1.1	26.9	20.3	77.6	152.4
Rice	9.5	36.8		12.9	0.2	0.6	120.0
Citrus fruit	20.4	81.2	19.8	10.5	60.5	4.7	278.9
Dried fruit	7.3	93.6	5.4	15.3	14.8	5.1	174.0
Wine & vermouth	53.9	21.8	3.6	3.6	6.4	27.0	146.1
Kaw silk	17.4	34.9	3.6				55.9
Artificial silk	43.8	117.1	13.8	12.9	5.8	1.8	97.2
Hemp	8.7	42.2	4.8	21.1	64.2	21.9	557.3
Cotton goods	5.0	6.8	1.0	3.6	23.5	2.3	128.6
Woolen goods ...	1.6	11.6	3.3		10.0		492.7
				5.6	1.1	25.7	255.9

Other important markets (million lire) :—

Rice: Netherlands, 12·9; Jugoslavia, 10·4. *Citrus fruits*: Czechoslovakia, 18·1; Hungary, 13·1. *Artificial silk*: Hungary, 31·0; Netherlands, 28·9; British India, 26·2; Spain, 22·8. *Hemp*: Belgium, 21·2; Spain, 11·4. *Cotton goods*: Argentina, 88·4; Jugoslavia, 77·7; Roumania, 53·2; Egypt, 43·6; Greece, 18·2. *Woolen goods*: British India, 33·1; Hungary, 18·8. *Tobacco*: Poland, 26·8. *Machinery and scientific instruments*: U.S.S.R., 48·3.

Two facts may be noted about these exports. First, none of them can be regarded as essential by its recipients. And secondly, no one country takes a large proportion of the total Italian export. The only large exception to this statement is in the case of citrus and dried fruit, of which, taken together, Germany absorbs 38½ per cent. Let us suppose that the League powers refuse to buy any goods from Italy. She would presumably still be able to sell to Germany, America, Austria and Hungary. But it is safe to assume that these four countries would be unwilling to take any larger quantities of Italian goods than at present. In the first six months of this year, Italy sold to these countries 688.3 million lire of goods. But in the same period she bought from them 1,299.0 million lire of goods. Unless she had other resources to draw upon, she would thus not even be able to keep up her present rate of imports from these four countries, still less increase her purchases to replace the goods denied her by the League powers.

What other resources are available? They can take three forms: first, reserves of foreign currencies; second, the proceeds of invisible exports; and third, the proceeds of loans. As for foreign exchange reserves, Italy's currency difficulties have already largely reduced these. It was reported some weeks ago that the Italian Treasury had acquired 500 million francs (say, 400 million lire) of French Government securities by requisitioning the holdings of Italian nationals. But even if the report is true, the amount is not large. In the United States, it has been estimated that Italy has assets amounting to some \$400 millions (5,000 million lire), but very few of these assets are realisable, the liquid assets being very small. In Great Britain, Italy's available resources are very small. Moreover, financial sanctions would presumably impound any assets in London and Paris, so far as they could be identified. Italy's two great invisible exports are her tourist traffic and her emigrants' remittances. With war a possibility, tourist traffic will come to a standstill without the need for action on the part of the League. Emigrants' remittances amounted to 2,000 million lire in 1930. The greater part comes from the United States, and these were estimated by the United States Department of Commerce to have fallen to \$16,500,000 (say 200 million lire) in 1934. As for loans, it has been reported in recent weeks that Italy has been obtaining some accommodation in Paris. But this should cease with the application of sanctions and it may safely be assumed that there is no other country which would grant loans to Italy. An Italian loan in the United States would fall under the ban of the Johnson Act.

From the incomplete data thus available it may be concluded that Italy might, with some difficulty, be able to keep up her present rate of importation from the four "non-conformist" countries, but that she could not

increase it. In other words, the stoppage of *exports* from Italy promises to be a surer way of cutting off her supplies of raw materials than the stoppage of her imports from the League powers alone. Unfortunately, there is no evidence from experience of the degree of paralysis which such stoppage would cause. That its effect in the long run would be very large cannot be denied. But in the long run Abyssinian independence, the League of Nations and the system of collective security may all be dead.

A QUARTER'S INDUSTRIAL PROFITS

INDUSTRIAL profits—acid test of “recovery,” yardstick of management and fountain of dividends—are still being carried on the tide of recovery which started almost exactly two years ago. Our analysis, for the quarter just ended, covers the reports of 345 companies, made up to dates ranging, for the most part, between April and July last, and shows a total increase of 12½ per cent. in earnings:—

NET PROFITS (AFTER PAYMENT OF DEBENTURE INTEREST, ETC.)

	No. of Companies	Reports published in		Increase (+)	
	1934	1933	1934	£	%
Third quarter ...	318	13,425,013	17,139,932	+ 3,714,919	+27·7
Fourth quarter ...	468	21,520,526	28,611,449	+ 7,090,923	+32·9
	1935	1934	1935		
First quarter	592	58,577,585	67,137,496	+ 8,559,911	+14·6
Second quarter ...	694	67,975,150	80,076,325	+12,101,175	+17·8
Third quarter ...	345	20,026,208	22,471,189	+ 2,444,981	+12·2

At a first glance, comparison of the latest percentage figures with those of earlier quarters appears to suggest that, although the upward movement in earnings is still healthy and vigorous, it is losing momentum. This impression, however, is subject to two qualifications. First, the September quarter's returns are invariably the least numerous and therefore the least representative of any quarter in the year. The reports which we received during the past three months cover, in fact, only 16½ per cent. of the companies and 11½ per cent. of the total profits included in our analyses for the last twelve months. Secondly, the maintenance of any given *percentage* increase involves a "geometric" rise in profits, which investors do not normally expect even of the strongest recovery movement. As our next table shows, the revival in earnings has now been proceeding, without serious setback, for the last eight quarters:—

PERCENTAGE COMPARISON WITH PRECEDING YEAR

	1929-30	1930-31	1931-32	1932-33	1933-34	1934-35	1935-36
Third quarter	+ 3.0	- 6.4	- 35.5	- 28.6	- 5.5	+ 27.7	+ 12.2
Fourth quarter	+ 1.4	- 18.1	- 53.9	- 2.9	+ 30.3	+ 32.9	...
First quarter	+ 1.9	- 10.6	- 14.3	- 8.9	+ 5.3	+ 14.6	...
Second quarter	+ 8.6	- 19.4	- 21.8	+ 3.3	+ 18.2	+ 17.8	...
Year ending June 30	+ 3.7	- 14.7	- 26.5	- 6.7	+ 12.1	+ 19.5	...

If the 345 companies, which reported in the last three months, had shown the same percentage increase in 1934 as the 318 companies which actually reported in the corresponding quarter of last year, their total earnings would have registered a rise of £4.35 millions for 1934, with a further rise of £2.44 millions in 1935. It would appear, therefore, that a certain slackening of the upward movement is, in fact, being recorded, of which the Treasury, the Stock Exchange and other authorities directly interested in industry earning power may well take note. There is no sign, however, of any serious check to revival, or any early substitution of "minus" signs for "plus" signs in our quarterly tables. Incidentally, the downward phase of profits during the depression of 1930-33 was continuous for the best part of three years, whereas the recovery phase has lasted, as yet, for less than two.

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In the next table we give a summary of the results recorded by various industrial groups in the last three months:—

NET PROFITS (AFTER PAYMENT OF DEBENTURE INTEREST,
ETC.)

	No. of Reports	Reports published in Quarter ended Sept. 30		Increase	Decrease	
		1934	1935			
Breweries	20	5,968,785	6,471,461	502,676	8·4	...
Electric lighting and power	2	55,229	65,149	9,920	17·9	...
Financial, land and investment	39	1,690,008	1,724,586	34,578	2·0	...
Gas	2	55,202	62,677	7,475	13·5	...
Hotels and restaurants	3	21,895	39,994	18,099	82·6	...
Iron, coal and steel	30	2,445,590	2,902,879	457,289	18·7	...
Motor cycle and aviation	2	86,972	118,194	31,222	35·9	...
Oil	4	110,019	190,636	80,617	73·3	...
Rubber	59	242,609	611,928	369,319	152·2	...
Shipping	2	398,559	441,432	15,873	3·9	...
Shops and stores	11	2,046,724	2,435,147	388,423	18·9	...
Tea	40	693,075	146,150	...	...	546,925 78·
Textiles	18	969,972	649,827	...	...	320,145 33·
Tramway and omnibus	1	<i>Dr. 584,003</i>	<i>Dr. 219,951</i>	364,052	...	...
Trusts	22	921,682	1,080,276	158,594	17·2	...
Waterworks	3	19,737	22,280	2,543	12·9	...
Building materials	13	432,125	446,815	14,690	3·4	...
Food, confectionery and drink	10	378,713	450,828	72,115	19·4	...
Electrical equipment	2	82,450	72,898	...	...	9,552 11·
Newspapers, printing, etc.	7	399,198	417,746	18,548	4·6	...
Tobacco	2	530,512	527,804	...	...	2,708 0·
Warehouse and trading	3	57,179	61,609	4,430	7·7	...
Miscellaneous	52	3,093,976	3,777,824	773,848	25·7	...
Total	345	20,026,208	22,471,189	2,444,981	12·2	...

The figures are an apt commentary on the unequal distribution of recovery through the length and breadth of British industry. If groups showing the results of less than five companies be omitted, as being insufficiently comprehensive to be representative, it would appear that out of twelve groups in the table, ten have achieved higher profits in the latest financial year. The palm goes to the rubber plantation industry, where the rise in the price of the commodity, following the inception of output restriction last year, has increased the earnings of 59 companies two and a half times over, though the prospect of a further rise is not, unfortunately, encouraging at the moment. Increases of more normal dimensions have been secured (a) by companies in "capital-producing" industries like iron and steel; (b) by "consumption trades" like food, confectionery and brewing; (c) by the retail trades, where an increase of nearly 19 per cent. in the profits of "shops and stores" is particularly gratifying; (d) by investment trusts, whose results usually follow those of industry, at home and abroad, with a time lag of about twelve months; and (e) by the composite residual group of "miscellaneous" companies, where the percentage increase is twice the average for the whole 345 companies. The only frankly disappointing results in the table are those of the tea plantation industry,

in which a restriction scheme, temperately administered, has failed to maintain the price level initially established, and the textile trades, where an improved tendency among the smaller artificial silk concerns has been more than offset by lower earnings in the wool textile and finishing trades.

How far is the "pull" of a few large companies likely to distort the aggregate figures? An approximate answer is suggested by the next table:—

Company	Profits, 1933	Profits, 1934
Distillers.....	£ 2,140,622	2,212,133
Arthur Guinness.....	1,745,174	2,013,209
Watney, Combe, Reid.....	989,867	1,044,122
United Steel Companies.....	947,680	1,115,305
International Tea Stores.....	645,860	755,315*
Debenhams.....	439,740	508,001
General Electric.....	803,452	1,076,928
Total (7 companies).....	7,722,395	8,724,013

* On larger capital.

It will be seen that seven large companies alone accounted for nearly two-fifths of the aggregate profits for 1935 of the 345 concerns which reported during the past quarter. Their percentage increase in earnings was 11.3, against 12.2 for the whole quarter's sample. The element of "distortion," therefore, is inconsiderable.

Our next table shows how aggregate profits have been distributed between dividends and reserves, etc., in recent quarters:—

	Net Profits after payment of Debenture Interest	Ordinary Dividend	Preference Dividend	To Reserve, etc.
1934				
Third quarter ..	£ 17,139,932	£ 9,738,898	56.8	4,228,115
Fourth quarter ..	28,611,449	17,149,005	59.9	5,600,522
1935				
First quarter ...	67,137,496	40,175,817	59.8	13,968,058
Second quarter ..	80,076,325	41,418,843	51.7	20,376,163
Third quarter ..	22,471,189	11,596,410	51.6	5,349,416

The figures strongly suggest that, with every rise in profits, dividend policy is becoming increasingly conservative. This is a characteristic phenomenon of a recovery which has become well established. It is the function of a sound policy of profit distribution to ensure that, in good and bad times alike, the income of shareholders fluctuates between narrower limits than earnings. In periods of revival, moreover, opportunities for the profitable employment of increased liquid capital are proportionately increased. The analysis of profits distribution by industrial groups, given on page 732 of this issue, shows, naturally, wide variation between different industries. Groups like iron and steel, which have achieved prosperity after accumulating arrears of depreciation, etc., during years of extreme depression, are tending, quite properly, to be relatively generous in their reserve policy. At the other end of the scale, the tea and textile companies, whose earnings have fallen this year, have tempered the wind to the lamb by drawing on past profits for grants-in-aid of dividends.

The next table shows the ratio of net profits and of reserve allocations to total ordinary and preference capital:—

	No. of Companies	Total Ordinary and Preference Capital	Net Profits after Payment of Debenture Interest	Carried to Reserve, etc.
1934				
Third quarter	318	£ 264,076,256	£ 17,139,932	6.5
Fourth quarter	468	401,504,146	28,611,449	7.1
1935				
First quarter	592	754,001,613	67,137,496	8.9
Second quarter	694	980,620,210	80,076,325	8.3
Third quarter	345	286,270,471	22,471,189	7.8

Earnings in the latest quarter bear a lower ratio to total ordinary and preference capital than those of the two preceding quarters, but are appreciably higher than those of the September quarter of 1934. The latest "reserve ratio," however, is fully up to the high standard of the two earlier quarters. It would appear, on the basis of this year's results, that "savings" (i.e. additions to effective working capital), through the medium of company reserves, are running at a rate equivalent to nearly 2 per cent. of existing share capital. In the third quarter of 1929, net profits were 11.2 per cent. and reserve appropriations 2.3 per cent. of total capital, while in the same quarter of 1932, which registered the low-water mark of depression, the corresponding percentages were 4.2 and 0.1 respectively. That the fruits of recovery are being equitably distributed between shareholders and "the business," is suggested by the next table, which shows the rates paid, since 1932, on various forms of capital:—

	On Debenture Capital				On Preference Capital				On Ordinary Capital			
	1932	1933	1934	1935	1932	1933	1934	1935	1932	1933	1934	1935
1st quarter	4.80	4.77	4.73	4.64	4.9	5.0	4.9	5.1	5.1	7.5	7.5	8.3
2nd "	5.01	4.97	4.75	4.75	4.9	4.9	5.2	5.7	5.7	5.0	5.7	6.7
3rd "	5.09	4.94	4.88	4.67	3.6	4.4	4.1	4.9	4.3	5.3	6.0	6.7
4th "	5.16	5.04	4.93	...	3.6	3.2	3.7	...	4.9	5.2	6.8	...
Year	5.01	4.99	4.82	...	4.2	4.6	4.8	...	5.9	5.8	6.5	...

The popular view that fixed interest stockholders as a whole are receiving a lower return on their capital to-day than before the fall in general interest rates, is not borne out by these figures. The process of repayment and conversion has certainly reduced the average rate of interest paid on debenture capital, by "third quarter" companies since 1932, from 5.09 per cent. to 4.67 per cent. During the same period, however, the average "third quarter" return on preference capital has increased from 3.6 per cent. to 4.9 per cent. This tendency is due partly to recent issues of relatively high-yielding preference capital by companies whose equity control has been retained in inside hands, but mainly to the fact that higher profits have brought many "depressed" preference shares back into the earnings zone. On the whole, fixed-interest stockholders as a class, would appear to be, if anything, in a more favourable income position to-day than three years ago. Reference to the table on page 732, in which interest and dividend rates for each industrial group are separately shown, reveals that the 345 companies included in the present analysis have a total debenture capital of £84 millions, and a total preference capital of £112 millions, the ratio of debenture to preference capital thus being 1:1.33. The much larger sample of 2,072 companies, whose results were discussed in our last review (see the *Economist*, July 13, 1935, page 60), had debentures of £555 millions, against a preference capital of £882 millions—i.e. a ratio of 1:1.59. Of the improved position of equity shareholders there is no question. The latest "third quarter" ordinary dividend rate of 6.7 per cent. compares with 6.0 per cent. a year ago and only 4.3 per cent. in 1932.

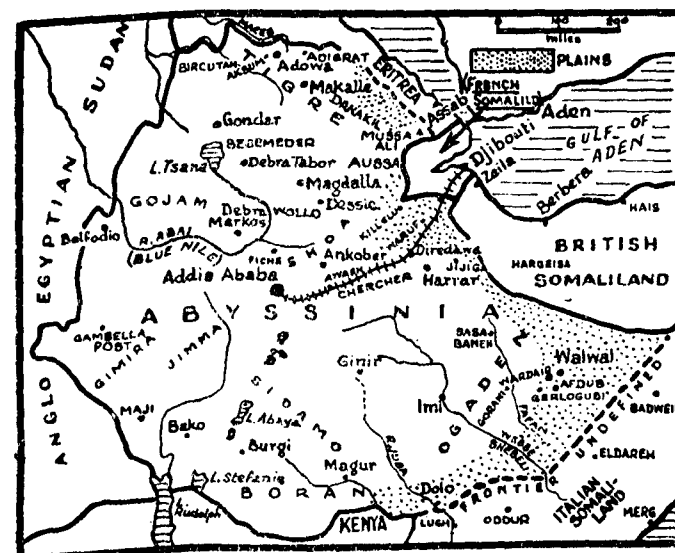
The conclusions which may be drawn from the present survey are threefold. Making due allowance for an inevitably lean quarter, it would appear that profits may be entering a secondary stage of revival, during which the pace of their increase, both absolute and relative, while retaining much of its strength and direction, may be losing some of its momentum. Though both dividend and reserve allocations are on a rising scale, company "saving" is tending to increase more rapidly than "spending." This, again, is a characteristic sign of a revival which has become well established. Finally, there is reason to believe that the increased benefits accruing to the equity shareholder are not being financed, over the whole range of industry, even in part at the expense of the fixed-interest holder. A moderate reduction in average income on debenture capital has been more than offset by a higher percentage rise in the return on a larger volume of preference capital.

STRATEGY IN ABYSSINIA

THIS week, there has been a great increase in the likelihood that the non-military kind of pressure which is prescribed in the Covenant will be brought into play in the hope of stopping Italian aggression and restoring peace in East Africa with justice and honour. If economic sanctions prove effective, the success of the experiment may well change the whole future complexion of international relations. At the same time, at a moment when the aggressor has actually taken his plunge into war, it is impossible to leave the military factor out of our reckoning.

Is it likely that Abyssinia will be overrun this autumn with the ease and rapidity with which the considerably larger area of Manchuria was overrun by the Japanese Army in the autumn of 1931? From a military point of view, Italy's military task may be compared more usefully with that of France in Morocco. The Abyssinians, though not more warlike than the Berbers of the Atlas and the Rif, are more united, better organised and better led, and their country is an even finer natural fastness. The distance from Naples to Massawa is about twice, and to Mogadisho about three times, as great as from Marseilles to Casablanca. The area of Abyssinia is between three and four times as great as that of Morocco, and almost as large a proportion of this greater area is covered by mountains. Moreover, the lowlands which lie between the Abyssinian mountains and the Danakil and Somali coasts are either desert or semi-desert—in contrast to the lowlands between the Atlantic coast of Morocco and the Atlas, which are a fertile, well-watered country with a European climate.

ABYSSINIA



Finally, the Abyssinian highlands are still more intractable for mechanical transport than the Moroccan highlands, since the river valleys which intersect the Abyssinian Plateau are precipitous-sided cañons. The significance of these facts is obvious, for the French have taken a quarter of a century to complete the subjugation of the Moroccan tribesmen—and this when the Emperor of Morocco was already a French protégé, so that the tribes were officially in rebellion against their own lawful sovereign.

So much for the main politico-geographical features. Among points of detail in the strategical situation, the first is that none of the theatres of war is on open steppe-country, like North-Western Manchuria or Northern Arabia, in which aeroplanes and armoured cars naturally have the upper hand over cameliers or horsemen. Though the Danakil desert is open, it is less a likely scene of operations than an inferno to be crossed by any Italian force advancing from Assab against Dessie. On the other hand, the bush-covered, nullah-scored semi-desert of the Ogaden affords good cover for guerillas and presents considerable obstacles to the passage of artillery and tanks.

The crucial region, however, lies not in any of these lowland fringes of the Abyssinian Plateau, but on the Plateau itself. Strategically, as well as politically and racially, the Plateau is the heart of the Ethiopian Empire. Its northern end is within striking distance (without any intervening desert) of Massawa; best of all the ports or roadsteads on the coasts of Italian East Africa. Indeed,

the main strength of Italy's striking force appears to be concentrated on this front. What is the nature of the *terrain*—about 350 miles deep as the crow flies—lying between the present front line from Adowa to Adigrat, and Addis Ababa?

On the whole, the lie of the land is as unfavourable as could be to any European army employing artillery, tanks and mechanical transport. The physical relief of the country can be compared most aptly with one of those contraptions—consisting of paving stones set on edge, one behind the other, with open slots left between—which are sometimes erected in this country to prevent cattle from straying along a human thoroughfare. On the Abyssinian Plateau, lines of mountains alternate with cañons, both running approximately east and west, i.e. at right angles to the Italian line of advance. The Mareb cañon, which constitutes the frontier between Eritrea and Abyssinia, and the line of hills to the south of it which screen Adowa and Adigrat, are the first and the smallest of the obstacles in the series. South of the Mareb cañon comes the Oakesse cañon, with tributary cañons ramifying, fanwise, to the east. South of the Oakesse come the terrific mountain *massif* of Semyen and the hardly less formidable mountains round Debra Tabor and Magdalla. Then comes the Blue Nile cañon, which makes two slots instead of one, thanks to its hair-pin bend. Then come the mountains of Shoa. Only when these have been crossed can an invader catch his first glimpse of Addis Ababa as he descends into the valley of the Awash.

The truth probably is that no European army could, or would, attempt to advance across this country on a broad front. For practical purposes, its pathway narrows down to two corridors. One runs south-westwards at the western foot of the Plateau, the other due south—down longitude 39 east of Greenwich—above the brow of the steep eastern escarpment. Of these routes, the western, which skirts the frontier of the Anglo-Egyptian Sudan, may again be left out of account. It runs through trackless tropical forest and jungle, and in the end leads nowhere. We are thus left with the eastern corridor running from Adigrat to Addis Ababa via Makalle, Magdalla, Dessie and Ankober (see the attached map of Abyssinia). The average breadth of this corridor cannot be much greater than fifty miles, and at a number of points it reduces itself to a single pass. Any army advancing southward along this hog's back which swerved a few miles to the east, would drop over the escarpment of the Plateau into the burning fiery furnace of the Danakil Desert. If it swerved a few miles to the west, it would trip itself up in the cañons into which the rivers plunge, a short distance below their springs on the Plateau's extreme eastern verge.

The importance may now be appreciated of the Abyssinian headquarters at Dessie, the central position from which the Abyssinian forces can take best advantage of their possession of the interior lines. Dessie is the point where the routes from Adigrat to Addis Ababa and from Assab to Addis Ababa converge. An Abyssinian force established here can block both these routes at once. At the same time it can reinforce Harrar—the second city of Ethiopia, which lies about two hundred miles south-west of Dessie, in the mountain-range on the opposite side of the open valley of the Awash.

This brief review of Abyssinia's military geography suggests first that the task of any invading force must necessarily be arduous, formidable and, probably, prolonged; and secondly, that the advantages of the employment of modern weapons of warfare may be at a discount. It is clear that analogy with the time-table, say, of the Japanese advance in Manchuria, will be dangerously misleading.

THE LEAGUE AND ITALY

A full summary of the *Italo-Ethiopian dispute up to the failure of the Conciliation Committee on September 4th last, together with the chief provisions of the Covenant, will be found in the ECONOMIST of September 7th last, page 460.*

THE *Italo-Ethiopian dispute* originated in November, 1934, in an affray at the wells of Walwal. A Committee of Conciliation under the *Italo-Ethiopian Treaty of 1928* unanimously

agreed last month that responsibility for the affray could not be allotted. Ethiopia appealed to the League on January 3, 1935, under Article XI, and she appealed under Article XV on March 17th. September 4, 1935, has been accepted by the Council (sitting as Committee of Thirteen, minus the Italian delegate) as the date when the appeal under Article XV became effective. As tripartite negotiations between Italy, France and Great Britain in Paris in August, under the terms of the 1906 Treaty between those Powers, had proved abortive, the League Council set up a Committee of Five in September to draw up a basis for a settlement. This Committee reported in favour of League "assistance" for the development of Ethiopia; but on September 21st the Italian Government rejected their report as a basis of discussion, and the League Council again had to handle the dispute directly, this time under Article XV. The Council went into Committee of Thirteen to draw up its report and recommendations as envisaged under Article XV, but on October 2nd, before these were ready, Italian troops entered Ethiopian territory and began an attack on Adowa.

THE REPORT OF THE COMMITTEE OF THIRTEEN

The Council's report and recommendations under Article XV were thus circumvented—but only by Italian violation of Article XII, whereby all disputants agree not to resort to war until three months after the report by the Council under Article XV. Nevertheless, the Council reported on October 5th. The report of the Council (as a Committee of Thirteen) is in two parts. Part I, s. 1, sets out the events at Walwal and the conciliation procedure, and s. 2 describes the chronological sequence of events since the Conciliation Committee's report. Part II sets out the terms of the treaties and agreements by which the relations between Italy and Ethiopia, as well as with other affected Powers, are governed; describes Ethiopia's entry into the League and the terms on which it was made; and compares the conduct of the two disputants throughout the dispute.

In Part II, the Committee conclude that Ethiopia enjoys the rights and is bound by the obligations of all League Members; and that the Covenant, Kellogg Pact, Italo-Ethiopian Treaty of 1928, and the Optional Clause of the Hague Court Statute (accepted by Ethiopia) are for both disputants "solemn undertakings which exclude resort to arms for the settlement of disputes between the two countries." The Council alone, say the Committee, are competent to examine any question of Ethiopia's fulfilment of her League obligations, and to make recommendations to the Abyssinian Government. The Committee summarise Italy's contentions under three heads: (1) Insecurity of Italian frontiers; (2) Non-fulfilment by Ethiopia of League obligations (slavery, arms traffic); and (3) Internal situation in Ethiopia which precludes fulfilment of her treaties with foreigners, and makes it impossible to satisfy Italy's economic interests.

The report admits that "searching and impartial inquiry" into the facts adduced by Italy against Ethiopia would be necessary, but adds that "the events which have taken place while this report was being drafted by the Committee (of Thirteen) make it impossible for the Council now to consider the possibility of such an inquiry." But the Council (Committee of Thirteen) go on to point out that certain facts can be established in connection with the Italian "case." In respect of frontiers, the adequate settlement of such problems, by diplomatic methods and without recourse to the Council, by France and Great Britain, who also have common frontiers with Ethiopia, is adduced. "Incidents and raids along the frontier of Ethiopia were not in the nature of aggression sought for or encouraged by the Central Government." In respect of Ethiopia's League obligations, "there is no reason to believe that the Abyssinian Government deliberately or systematically violated" the "essential provisions" of the 1930 Treaty with France, the United Kingdom and Italy, regulating the arms traffic. As to the internal situation of Ethiopia, the Council observe that the Governments which supported Ethiopia's entry into the League in 1923 [the Italian Government strongly supported it, and the British opposed it] were aware of Ethiopia's internal conditions. Indeed, they urged that her entry into the League—

would not only afford her further guarantee for the maintenance of her territorial integrity and independence, but would help her to reach a higher level of civilisation. There does not appear to be more disorder and insecurity in Ethiopia to-day than was the case in 1923. On the contrary, the country is better organised and the central authority is better obeyed.

The Council remark that Italy, whatever her grievances, made no attempt to submit them to the organs of the League until September 4th last. Ethiopia recognised her need for

external co-operation in her own development by appealing to the League for it on September 11th; and the Committee of Five took this appeal into consideration in drawing up their scheme of assistance for Ethiopia, which Italy had rejected. The Council, in noting the Italian delegate's contention that the Committee of Five did not meet Italy's claims, point out that "the Committee of Five's plan had necessarily to be based upon the principles of the Covenant, of the Pact of Paris, and also of the treaties which Italy had concluded with Abyssinia, more particularly the Treaty of Amity of 1928. Any solution of the problem of Italo-Ethiopian relations had to be founded on the respect due to the independence, territorial integrity, and security of all the States-Members of the League." And the Council observe that, whereas Ethiopia's first appeal to the Council was made on December 14, 1934, "the Italian Government opposed the consideration of the question by the Council on the ground that the only appropriate procedure was that provided for in the Italo-Abyssinian Treaty of 1928." Not until September 4th last was the Italian Memorandum laid on the Council table. "Throughout the whole of that period, moreover, the dispatch of Italian troops to East Africa was proceeding. . . . From the outset of the dispute the Abyssinian Government has sought a settlement by passive means." And only when the Walwal dispute had been unanimously settled by arbitration, to the effect that responsibility could be assigned to neither disputant, did the Italian Government submit a detailed Memorandum to the Council, claiming that the dispute was not amenable to the means provided in the League Covenant, and that Italy reserved to herself complete liberty of action to safeguard Italian interests and to treat Ethiopia as undeserving of all confidence.

"Such are the circumstances," say the Council, "in which hostilities have broken out between Abyssinia and Italy."

The Council, further, decided on its "recommendations" under Article XV in private meeting on October 5th. These were:—

For the time being, the only recommendation which it makes is that any violation of the Covenant should immediately be brought to an end. The Council reserves the right to make subsequently such other recommendations as it may consider advisable.

Thus, the question whether Italy had violated Article XII of the Covenant, and so led to the automatic functioning of Article XVI ("sanctions") was left to be determined. The Ethiopian Government invoked Article XVI ("sanctions") on October 5th.

THE COMMITTEE OF SIX

On the same day, therefore, the Council set up a Committee of Six "to study the situation and report to the Council so as to enable it to take decisions with full knowledge of the matters involved." This Committee reported on October 7th, in terms containing the following:—

Without prejudice to the other limitations to their right to have recourse to war, the members of the League are not entitled, without having first complied with the provisions of Articles XII, XIII and XV, to seek a remedy by war for grievances they consider they have against other members of the League. The adoption by a State of measures of security on its own territory and within the limit of its international agreements does not authorise another State to consider itself free from its obligations under the Covenant. . . .

It is not necessary that war should have been formally declared for Article XVI to be applicable.

The Committee have come to the conclusion that the Italian Government has resorted to war in disregard of its covenants under Article XII of the Covenant of the League of Nations.

By a unanimous vote of those entitled to express their views—in which Ethiopia concurred and from which Italy dissented—the Council adopted this finding of its Committee of Six on October 7th.

Thus, Italy has committed an "act of war" against all members who concur in the Council's report. Such members have agreed under Art. XVI to sever all economic, financial and personal connection with her nationals. The League Assembly was convened for October 9th, so that non-Council members should join with the Council in deciding what action the League as a whole should take. Only Austria and Hungary dissociated themselves from the Council's report. The Assembly then decided to set up a coordinating Committee of the full Assembly to determine the nature and extent of the measures of restraint upon Italy, to which League members—save Austria, Hungary and possibly Albania—were now committed.

NOTES OF THE WEEK

President Roosevelt's Proclamation.—History has been made by President Roosevelt's proclamation—issued just before midnight last Saturday—as well as by the League Council's decision on Monday. The proclamation is of momentous importance in two ways. In the first place, it is the earliest official declaration, on the part of any national or international public authority, that a state of war exists between Italy and Abyssinia. In the second place, it has assured the States Members of the League, in advance, that they will have no American complications to fear when they now set themselves to bring this state of war to an end by putting the League Covenant into execution. The proclamation fulfils the duty laid upon the President by the joint resolution of Congress which was passed on August 31st. It gives a list of arms, ammunition and articles of war which may not be supplied by American citizens to either belligerent. An American citizen who now attempted to trade in any of these articles with either Italy or Abyssinia would be committing an offence for which he would be punishable under United States law; and the Administration is taking energetic measures to see that the law is kept. If this were all it would, of course, be disappointing; for the list, as far as it goes, is conservative in the sense that it does not take account of the fact that—in "*la guerre totale*" as waged by a totalitarian State—all commodities, on a realistic view, are articles of war. The prohibition of aircraft and their parts, without limitation to aircraft which are technically intended for military purposes, is the only item in the list itself in which this new state of affairs is taken into account. The great surprise, however—and it is an immensely welcome surprise—is contained in the preamble to the proclamation, the second paragraph of which runs as follows:—

In these specific circumstances [i.e. the existence of a state of war between Italy and Abyssinia], I desire it to be understood that any of our people who voluntarily engage in transactions of any character with either of the belligerents do so at their own risk. [Italics ours.]

For the purposes of this war, the United States has thus waived the "neutral rights" which it might still have claimed as a non-member of the League. It has taken this step on its own initiative. And it has thereby immensely facilitated the task, to which States Members have been committed since Monday evening, of carrying out their obligations against Italy under Article XVI. The proclamation, taken together with the preamble, reconciles two desires which might have seemed mutually incompatible—in spite of the fact that a great majority of the American people entertains them both at once. The first American desire is to avoid all possibility of the United States becoming involved in hostilities; the second is to see aggressive warfare restrained and frustrated. The President has taken action which may well fulfil both these desires simultaneously.

The French Reply to the British Inquiry.—The French Government's reply to the British Government's inquiry of September 24th was made public on Monday. It is fortunate for the prospects of Franco-British collaboration in the organisation of collective security that this time it has been the British Government that has taken the initiative in raising the question of mutual military, naval and air assistance at a time when an aggressive breach of the peace is being threatened by some third party. Perhaps the British Government will demur somewhat to the French formulation of its own question. We did not ask the French what they would do if we were attacked by Italy while we were "making the necessary preparations to" the fulfilment of our obligations under Article XVI of the Covenant. We asked them what they would do if we were attacked—simply because we had announced our intention to act up to the Covenant—before any question of preparing to take sanctions under the Covenant arose. The French, in their reply, agree to assist us, but make three conditions. The undertaking must be reciprocal, it must apply to any unprovoked attack, whether by land, sea or air, on the Power which is preparing to implement the

Covenant. And finally, the mutual support must cover instances where a non-League Power is involved as "aggressor." The French Government also emphasise the need for co-ordination for these purposes. This matter by now has become academic in regard to the present crisis, since Article XVI is now already in play in the Italo-Abyssinian conflict. But it is a matter of great intrinsic importance, because any intending aggressor is always likely enough to try to get in his own blow first. In the nature of the case he holds the initiative in the first chapter of the story; for it is he who, *ex hypothesi*, is taking the action which sets the Covenant working. Any collective constitutional procedure is likely to take a certain time to catch up with an aggressive war-lord's first pounce. The French reply marks a valuable step forward towards reaching a precise solution of this practical problem. Nor can we have any quarrel with the French stipulation that an aggressor who is not a member of the League is to be dealt with (as the Covenant itself prescribes) on the same footing as a member; or with the other stipulation that any arrangement for mutual assistance in the preliminary period shall apply to the Locarno Pact as well as to the League Covenant. If this exchange of views leads to an Anglo-French understanding, the effect of which is to define and to reduce to practical terms the steps which each will take to secure the honouring of treaty obligations, this may be another foundation-stone laid in the structure of collective European security.

The Memel Result.—The elections which were held in the Memel territory on September 29th have resulted in giving the Germans a majority of 24 out of 29 seats in the Memelland Diet. By the terms of the Memel Statute, this majority will give them control of the local Government. The election results show that the Lithuanian Government has made up its mind to play fair and to take pains to avoid giving any legitimate grievance to Germany. This happy change for the better in Lithuanian policy is presumably due in part to the representations of the three guarantors of the Memel Statute. We may also suspect that Lithuania's Latvian and Estonian associates in the Baltic entente will have been using their influence in the same direction. By the terms of the Baltic Pact, Lithuanian disputes with Germany over Memel and with Poland over Vilna are implicitly but definitely excluded from the scope of the agreement. Yet, in spite of this safeguard, the Latvians and Estonians must desire to see Lithuania become a less embarrassing associate than she has sometimes been hitherto. If the Memelland does henceforth enjoy a genuine autonomy under an administration representing the majority of the population, there seems to be no reason why such an arrangement should not work. The German Memellanders' grievances will become very much attenuated the moment they become masters in their own house and are assured that their local liberties and their German culture are not going to be stamped upon by the Government at Kovno in violation of both equity and treaty rights. As for the Lithuanian-speaking Protestant peasantry of the Memelland countryside, they are unwilling—as the election results have shown once again—to be simply merged in a Lithuanian national State in which they would find themselves culturally alien. In culture, they belong, like their German neighbours in the city of Memel, to the world of German Protestantism. On the other hand, if they were re-annexed to Germany their mother-tongue might be imperilled. Assuredly, the present regime of local autonomy is just what meets their case. May we not hope that a good understanding between German and Lithuanian-speaking Memellanders in a genuinely autonomous Memelland may open the way for an equally good understanding between Lithuania and the Third Reich?

Mr Lansbury Resigns.—Mr Lansbury resigned his position as Leader of the Parliamentary Labour Party at a meeting of the Party on Tuesday. A resolution was carried asking him to reconsider his position, but he felt

himself unable to do so. Mr Attlee, the deputy-Leader and an experienced and indefatigable Parliamentarian, was elected to succeed him for the remainder of the present session. Public opinion, which has already shown unanimous respect for Mr Lansbury's pacifist convictions, will certainly approve the course he has now taken. The continuance as leader of one who disagrees with his Party on a fundamental issue could not fail to be embarrassing to the Party, disturbing to Parliament and confusing to the public. Nevertheless, Mr Lansbury's position as a general supporter of the Labour Party and a crusader for the ideal of peace will be enhanced by his resignation.

* * *

Canadian Election Prospects.—The Canadian General Election, to be held on Monday, has aroused a remarkable degree of public interest. The record number of 892 candidates have been nominated for 245 seats. Party candidates are as follows: Liberals, 242; Conservatives, 231; Reconstruction Party, 173; Co-operative Commonwealth Federation (farmer-labour), 118; Social Credit, 46. Mr Bennett and Mr Mackenzie King both have four opponents, and four-cornered fights are common throughout the Dominion. Our Ottawa correspondent telegraphs that Mr Bennett is fighting the Conservatives' battle almost single-handed. He represents his Government as having proved themselves the saviours of Canadian industry, the architects of the Ottawa Agreements and the most zealous reformers of the capitalist system. His speeches, our correspondent reports, have undoubtedly heartened the Conservatives and recaptured a certain number of deserters from the cause. But the counter-attacks resulting from them have found Mr Bennett without any effective lieutenants. His high tariff policy is very unpopular with primary producers and importers, though the rising price of wheat is at the moment helping him in the West. The Liberals, after losing ground in the early stages of the campaign, are now recovering, partly as a result of the threat of European war, which is being exploited unrestrainedly in Quebec, and partly because of the desire of business leaders who are normally Conservative to see a strong majority Government in power. Liberal criticism of Mr Bennett concentrates on his mis-handling of unemployment and his high tariff policy, which is being denounced more vehemently in the West than in the East. The Liberals are also promising to revise the Ottawa Agreements. Mr H. H. Stevens's Reconstructionists declare that both Liberals and Conservatives are hopelessly subservient to Big Business, but they still reject the Socialist remedies advocated by the C.C.F. The C.C.F. has lost ground owing to the emergence of the Social Credit and Reconstruction Parties. Social Credit dominates Alberta, and is threatening Liberal seats in Saskatchewan. Early this week, our correspondent reports, experts were estimating the probable results as follows:—Liberals, 135 seats; Conservatives, 50; Reconstructionists, 30; Social Credit 20; C.C.F., 10. This would give the Liberals a clear majority over all other parties.

* * *

The Conspiracy in Bulgaria.—On October 2nd a state of emergency was proclaimed in Bulgaria; the detection of a conspiracy was announced; and a number of arrests were made. The persons whom the Government accuses of treasonable conduct are a mixed company: politically-minded military officers; peasants of Stamboliski's Agrarian school; Fascists; brigands; and Pan-Yugoslavists. Several of those named have actually been on opposite sides in some of the previous alarms and excursions in post-war Bulgaria. Their common aim now (it is alleged, or at any rate hinted) is to overthrow the dynasty and to carry out the *Anschluss* of Bulgaria to Yugoslavia. Two of the ringleaders, Colonel Velchev and Brigand Uzunov, are reported to have entered Bulgaria from Yugoslavia a few days ago in order to carry out their nefarious intentions. For a moment it looked as if this Bulgarian sensation might have unfortunate effects upon Bulgar-Yugoslav relations, which have been improving so notably and so auspiciously during the past eighteen months. But this complication seems to have been already averted by the good sense of both the peoples and Governments concerned.

On October 4th, the Bulgarian Minister for Foreign Affairs, who was on his way home to Sofia from the session of the League Assembly at Geneva, broke his journey at Belgrade to have a talk with the Prime Minister of Yugoslavia. He afterwards informed the Yugoslav Press that the plot had been organised in Bulgarian territory, and that it had no connection with any other country. He took the same occasion to recall a conversation which he had once had with the late King Alexander, in which the King of Yugoslavia expressed his conviction that the understanding between the two countries was a genuine expression of the national will in both. This statesmanlike action on the Bulgarian Foreign Minister's part will doubtless have allayed any resentment that may have been aroused in Yugoslavia by the suggestion that the alleged abortive plot in Bulgaria was hatched on Yugoslav soil. With the miracle of the Græco-Turkish *entente* before our eyes, we may look forward to seeing Bulgar-Yugoslav friendship completed and confirmed.

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Mr Keynes and Exchange Stabilisation.—In this month's issue of *Lloyds Bank Monthly Review* Mr Keynes joins the discussion on exchange stabilisation in which Sir Arthur Salter, Sir Josiah Stamp and others have already taken part. Like these other writers, Mr Keynes thinks that stabilisation must come in successive stages. First it is necessary to discover *de facto* rates which are in "reasonable equilibrium." The ascertainment of this equilibrium would depend not on any calculations based on index numbers and "purchasing power parities," but on the ability of a country to maintain a given rate "without undue strain" and without excessive gold movements. Mr Keynes makes it plain that, in fact, he would not regard any *de facto* stabilisation as possible until emergency exchange restrictions had been removed and until the gold *bloc* currencies had been effectively devalued. Supposing this had been achieved, however, and tested in a short experimental period, stabilisation of the rates would raise two main problems: first the handling of short-term disturbances, and secondly the adjustment of national economies to "persistent" economic changes. For the correction of short-term fluctuations Mr Keynes assumes that alterations in Bank rate and the volume of credit must not be made. He consequently proposes four technical weapons:—

- (1) The widening of the gold points.
- (2) Dealings by central banks in forward exchange, designed to establish what might be called an external as well as an internal bank rate.
- (3) The monopolising of all gold supplies by central banks.
- (4) "A strict though not pedantic" control of the rate of new foreign lending.

Adjustments to meet violent or deep-seated changes should, in Mr Keynes's opinion, be made by alterations in the gold parities of currencies (one can scarcely imagine "alterations" upwards!). But each country should commit itself to maintain short-term stability, to refrain from alterations except in emergencies, and to submit to some "test" before alterations were made. The mere enumeration of Mr Keynes's suggestions illustrates with melancholy emphasis how very difficult any progress towards more stable exchanges is likely to be in the political world of to-day. English opinion will certainly support Mr Keynes in requiring, first, that an experimental period of *de facto* stabilisation should precede any more ambitious programme; and secondly, that neither short-term nor long-term adjustments should be left to be made by alterations in cost levels. Any general advance towards stabilisation seems at the moment to depend on the extent to which existing gold parities are to be regarded by the nations as sacrosanct.

* * *

Congestion in the Suez Canal.—The gradual recovery of world economic activity since 1932 has been accompanied by an expansion of the volume of traffic passing through the Suez Canal. In 1934 the net tonnage of vessels passing through the famous toll-gates was higher than in 1930, but the increase in traffic receipts was less marked owing to the reduction in charges. This improve-

ment, however, was not maintained during the first quarter of 1935, when both tonnage and receipts showed a reduction on the corresponding period of 1934. This feature is clearly revealed by the following summary of the traffic returns, which will in future be regularly brought up to date in the statistical section of the *Economist*:—

SUEZ CANAL TRAFFIC						
	Number of Vessels*	Net tonnage* (In thousands)		Receipts (In thousand francs)		
		British	Total	Goods*	Passengers*	Total (Incl. Miscellaneous Receipts)
1930	5,761	17,600	31,609	1,023,013	13,834	1,044,107
1931	5,366	16,624	30,028	917,836	12,231	936,499
1932	5,032	15,721	28,340	783,498	11,814	800,142
1933	5,423	16,733	30,677	840,135	11,434	856,508
1934	5,663	17,238	31,751	843,837	11,803	860,757
1934. January	497	1,482	2,726	77,188	994	80,324
February	437	1,250	2,379	65,903	788	66,918
March	480	1,402	2,732	75,591	1,355	77,268
April	508	1,416	2,894	74,964	1,331	76,668
May	494	1,219	2,617	72,087	849	73,172
June	412	1,192	2,516	61,312	745	62,223
July	437	1,243	2,698	64,457	700	65,571
August	463	1,241	2,636	6,611	...	67,800†
September	468	1,482	2,726	73,085	1,025	76,027
1935. January	487	1,250	2,379	63,497	1,475	65,154
February	410	1,250	2,379	63,497	1,475	65,154
March	484	1,402	2,732	72,642	2,305	75,211
April	506	1,416	2,894	76,898	2,279	79,522
May	481	1,219	2,617	69,780	2,313	72,320
June	458	1,192	2,516	66,568	1,955	68,751
July	487	1,243	2,698	69,654	2,063	72,132
August	503	1,241	2,636	...	...	71,640†
September	531	...	...	...	...	73,410†

* Excluding small vessels and local traffic.
† Provisional; excluding miscellaneous receipts.

After the second quarter of this year the unfavourable trend of the traffic returns was arrested by the Italian adventure in Ethiopia, which necessitated heavy shipments of men and machinery. The net tonnage of Italian vessels passing through the Canal increased from 167,000 tons in January to 533,000 tons in July, and receipts from goods and passengers have recently shown an appreciable increase over last year. In recent weeks the traffic has grown to such an extent that frequent congestion and delay have ensued. Truly, it is an ill wind that blows nobody any good! What will be the bill for the return journey, and who will pay it?

* * *

The Englishman's Bacon.—Hard on the heels of the milk dispute comes the news of a breakdown in the negotiations regarding the 1936 contract for bacon pigs. Under the Pigs and Bacon Marketing Schemes, bacon pigs are sold on contracts between feeders and curers, the terms of which are negotiated annually by the Pigs and Bacon Boards. The price paid by the curers now varies in accordance with fluctuations in the price of feeding stuffs on the one hand and of bacon and offals on the other. It is unfortunate that the present discussions are taking place at a time when the basic pig price has fallen to 10s. 2d. per score lbs.—the lowest level touched this year. The pig feeders are complaining that production is unremunerative at this figure, and the Pigs Marketing Board has therefore refused to agree to the continuance of the present contract terms. The main point at issue is the price which curers shall pay for pigs when the wholesale price of bacon falls below 90s. a hundredweight. The recent decline in quotations was partly traceable to a temporary increase in imports of bacon from Denmark. The Minister of Agriculture is now reported to have given an assurance of stricter enforcement of the quota arrangements, in order that the wholesale price of bacon shall not fall below the 90s. level. In other words, the consumers—whose interests are unrepresented in this annual tug-of-war between the two Boards—must foot the bill. All this lends point to a letter from Mr A. P. McDougall, published by *The Times* on Monday. Mr McDougall concludes that two years of "rationalisation" under the Pigs Marketing Board have done practically nothing for the British farmer, but have successfully bled the home consumer. Indeed, the main benefit of higher prices paid for a smaller supply of bacon has accrued to the Danish producer! We trust that the

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new Bacon Development Board will achieve its task of squaring the circle by so reorganising bacon production in this country as to reconcile an adequate return to the producer with a reasonable price to the consumer.

Employment in September.—The view expressed in our Trade Supplement a fortnight ago that business activity had apparently been "marking time" for some weeks is confirmed by the latest employment returns published by the Ministry of Labour. Although the number of insured workers (aged 16-64) in employment on September 23rd at 10,435,000 shows an increase of 11,000 over the total for the previous month, the number of registered unemployed has actually increased by 10,646. A reduction in the number of workers "temporarily stopped" has been more than counterbalanced by an increase in the "wholly unemployed," the numbers on the registers of employment exchanges in Great Britain having thus risen from 1,947,964 to 1,958,610. During the past year employment among insured workpeople has increased by 192,000, while the numbers unemployed have fallen by 123,377. Unfortunately, unemployment among boys and girls has shown an opposite tendency.

INSURED PERSONS UNEMPLOYED IN GREAT BRITAIN

	Sept. 24, 1934	Aug. 26, 1935	Sept. 23, 1935
Coal mining	258,785	256,489	243,105
Woolen and worsted	40,340	29,229	23,453
Cotton	113,695	98,904	97,501
Hosiery	13,440	11,771	9,019
Boot and shoe manufacture	24,543	21,333	18,945
Motor vehicles, cycles and aircraft...	30,400	24,725	23,186
Building	150,541	130,994	138,790
Public works contracting	120,679	121,439	124,719
Shipbuilding and ship repairing	70,607	61,500	63,833
General engineering	74,410	61,668	63,681
Hotel and boarding house service....	57,061	48,871	59,459
Distributive trades	212,356	199,765	207,845
All persons registered	2,081,987	1,947,964	1,958,610

Apart from public works contracting and hotel and boarding house service, all the enumerated groups shared in the improvement of the past year. Between August and September unemployment declined in such important industries as coal-mining, textiles, footwear, iron and steel, metal goods' manufacture, and the motor vehicle, cycle and aircraft industry, but increased in hotel and boarding house service, the distributive trades and important capital equipment industries such as building and public works contracting, shipbuilding and ship-repairing, and general engineering. Much of the increase, however, is seasonal. Geographically, the most significant movements of the month were a considerable increase in unemployment in Wales, Southern England and Scotland, and a substantial decrease in the Midlands and the North-East.

* * *

A Change in "Tin" Policy.—On Thursday last week, the International Tin Committee decided to recommend to the signatory Governments that the production of tin should be increased from 65 to 70 per cent. of the standard tonnages, with retrospective effect from July 1st. As the quota of the original signatory countries—British Malaya, Bolivia, the Dutch East Indies and Nigeria—now exceeds 65 per cent., the other members of the restriction scheme will also be permitted to increase

production. The output quotas of the four original signatory countries had previously been increased from 50 to 65 per cent. of the standard tonnages on August 10th. The Committee has thus given further proof of the adoption of a more moderate policy. Available supplies of tin have been at a low level for many weeks, and "spot" tin commanded an appreciable premium over "three months" tin. The "squeeze" was intensified by the restocking movement set in motion by the war scare. The decision of the Committee to ease the situation by a further increase in quotas was, therefore, a wise one. Nor need they regret the change in policy, for, after an initial decline from £224 17s. 6d. to £221 10s. per ton on Friday last week, the quotation for spot tin rose to £229 7s. 6d. per ton last Wednesday. Although "spot" tin still commands a premium of about £10 per ton over "three months" tin, the divergence may become smaller when increased supplies come on to the market.

* * *

Retail Sales in August.—Retail trade is slowly, but steadily, making headway. The latest returns, published in the *Board of Trade Journal*, reveal a seasonal decline in the money value of sales between July and August, but an increase of 4.7 per cent. as compared with August last year. The value of retail sales has risen by about 10 per cent. during the last three years, but unfortunately the absence of statistics precludes a comparison with the pre-depression year:—

INDEX OF VALUE OF RETAIL SALES, GREAT BRITAIN
(Average Daily Sales in 1933 = 100)

Period	Food	Other Merchandise	Total
1932	102	99	101
1933	100	100	100
1934	103	103	103
1934—July	98	107	102
August	100	79	90
September	101	92	97
October	102	109	105
November	106	110	108
December	121	148	134
1935—January	102	108	105
February	106	83	95
March	107	92	100
April	110	112	111
May	110	112	110
June	110	108	109
July	105	113	109
August	107	81	94

With the exception of Central and West End London, all the other districts experienced an increase in sales over August, 1934, varying from 3.2 per cent. in Scotland to 6.9 per cent. in South England. Sales of food and perishable articles, amounting to 56 per cent. of the total sales reported, rose by 7.1 per cent. as compared with August, 1934. On the other hand, sales of other merchandise increased by only 1.9 per cent. during this period. The relatively small increase in sales of merchandise other than food and perishable articles is due to a reduction in the turnover of piece-goods, women's wear and sports and travel equipment. The money value (at cost) of stocks at the end of August was only 0.8 per cent. higher than a year ago. The outlook for retail trade is still regarded as encouraging.

* * *

Sterling and International Prices.—The advance in sterling prices has continued during the past fortnight. Indeed, so rapid has the rise been that the *Economist* complete British index is now four points higher than a month ago and six points higher than two months ago—after over two years of comparative stability. In the past fortnight the British complete index has risen by 1.9 per cent., while primary products alone have risen by 2.4 per cent. In the United States, wheat, cotton, non-ferrous metals and rubber are all higher than a fortnight ago, but there has been a heavy seasonal fall in maize and bacon. This is due to the fact that the new maize crop, which is of normal dimensions, is now coming on the market in place of last year's crop, which was extremely small. As a result of these diverse movements, the primary products index number has fallen by 1.5 per cent., while the general Irving Fisher index number is practically unchanged. Continental wholesale prices continue to advance,

and there is no doubt that the general world trend remains upwards.

SEPTEMBER 18, 1931 = 100									
Date	Economist Indices			U.S.A., Irving Fisher	France, Statistique Générale	Italy, Milan Chamber of Commerce	Germany, Statistisches Reichsamt	Price of Gold (sterling)	
	British Complete Index (sterling)	Primary Products British (sterling)	American (dollar)						
1932									
Jan. 27th	108.3	115.7	93.8	140.9	93.5	93.6	95.8	91.9	
Apr. 20th	103.8	105.4	83.6	129.5	89.6	97.0	95.3	90.3	
July 27th	99.5	103.5	84.1	136.9	88.3	91.3	88.5	88.1	
Oct. 19th	103.1	112.3	84.0	143.8	88.6	88.8	92.7	86.8	
1933									
Jan. 25th	101.3	107.7	78.0	142.6	80.5	88.1	90.2	83.8	
Apr. 19th	99.7	104.6	88.7	141.4	82.8	87.5	86.2	83.4	
July 26th	108.1	120.6	124.7	145.7	100.9	89.7	86.2	86.6	
Oct. 18th	106.4	112.8	109.1	155.4	103.7	87.5	84.6	88.1	
1934									
Jan. 31st	108.8	118.0	124.8	156.7	105.6	87.2	84.4	88.5	
Apr. 25th	108.2	119.8	125.3	159.5	106.0	85.4	83.2	87.7	
July 18th	109.5	124.8	136.7	162.4	113.2	81.4	83.2	91.1	
Oct. 24th	107.9	124.2	146.2	164.5	114.3	79.8	84.4	93.0	
1935									
Jan. 30th	110.3	124.6	152.4	167.2	118.3	79.1	85.6	92.8	
Apr. 24th	110.5	124.5	151.6	169.1	118.6	78.2	85.6	92.8	
May 8th	111.3	124.1	149.5	169.5	119.2	78.2	85.6	92.8	
May 22nd	113.5	127.7	151.4	167.1	119.9	79.6	85.6	92.8	
June 5th	112.7	126.2	146.1	166.2	120.1	79.3	85.3	92.9	
June 19th	112.7	125.6	144.2	165.9	118.9	78.9	86.4	93.0	
July 3rd	111.8	124.5	143.0	165.8	118.5	78.0	86.9	93.0	
July 17th	111.6	124.3	143.6	166.0	118.5	76.6	87.2	93.6	
July 31st	112.7	126.7	146.2	165.6	120.2	75.9	88.2	93.9	
Aug. 14th	111.4	125.3	141.6	164.9	121.4	75.7	89.7	94.1	
Aug. 28th	112.4	125.5	141.4	164.7	122.2	77.5	101.8	94.1	
Sept. 11th	113.3	127.2	143.5	165.8	123.4	78.0	102.5	93.8	
Sept. 25th	115.7	131.3	148.6	166.0	124.0	78.2	103.7	94.1	
Oct. 9th	117.9	134.5	146.4	166.9	124.1	78.2	104.7	94.2	

* These figures relate to Oct. 2nd

Details of the group indices comprising the complete *Economist* index number on the date of our suspension of the gold standard and for recent dates are given below:—

"ECONOMIST" INDEX (1927 = 100)				
	Sept. 18, 1931	Sept. 11, 1935	Sept. 25, 1935	Oct. 9, 1935
Cereals and meat	64.5	69.6	71.7	72.8
Other foods	62.2	59.0	60.6	61.5
Textiles	43.7	57.3	58.2	59.8
Minerals	67.4	80.7	82.0	83.7
Miscellaneous	65.8	74.9	76.0	77.6
Complete index...	60.4	68.4	69.9	71.2
1913 = 100	83.1	94.2	96.1	98.0
1924 = 100	52.2	59.1	60.4	61.5

Grain prices were higher than a fortnight ago, with the exception of barley. Meat and bacon prices also advanced, with the exception of English mutton. Among other foods, tea, coffee and cheese rose in price, but there was a reduction in coco-oil. There was a general advance in textile prices, which was most marked in the case of hemp. Non-ferrous metal prices continued to rise. Among miscellaneous materials, leather, linseed oil, tallow, rubber and soda crystals were all dearer, but there was a slight reduction in the price of hides.

* * *

Co-operative Trade Improving.—The directors of the Co-operative Wholesale Society express the view that "the industrial recovery continues"; but they emphasise the fact that "higher prices rather than greater quantities of goods sold" have been largely responsible for the 6 per cent. increase in the value of co-operative trade during the half-year ending July 13th, as compared with the corresponding period of 1934. Total sales amounted to £45,985,617, of which £15,608,913 were from the co-operative factories and works. The latter was an advance of 9½ per cent., which is regarded as a justification of the new policy, inaugurated early in the year, of giving the society members an additional trade dividend of 3d. in the £ on purchases of C.W.S. productions, to supplement the usual dividend of 4d. in the £ on general trade. A repetition of this distribution will be recommended to the delegates at the meetings to be held in the various districts this month. Greater values of trade have been recorded at each of the three distributing centres, the increases being 6½ per cent. at Manchester, 4½ per cent. at Newcastle-on-Tyne and 7½ per cent. in the London area; the accelerated rate of progress thus continues in the South as compared with the North. Three quarters of the turnover was in the grocery departments. During the half-year the sales of tea were

31,878,649 lbs. at a value of £2,428,915. Coffee still shows a downward trend, the sales having been only £67,745—a falling-off of 6 per cent. There were substantial increases in the output of the C.W.S. biscuit and preserve works, the lard refinery, and the flour mills; the output of the eight flour mills was £3,863,193. The margarine trade has continued its decline from £512,612 in the last half of 1932 to £306,042 in the first six months of the present year. On the other hand, the supplies of butter through the society's own butter factories in Somerset and elsewhere were just over £1,000,000—an advance of 10 per cent. as between the first half of 1934 and 1935. The opening of the new garment, clothing and furniture factories has increased the turnover of those sections by 25 per cent., 4 per cent. and 15 per cent. respectively, and the output of the woollen mills has risen to £426,932. The steady improvement in the position is shown in the expansion of deposits and withdrawals in the C.W.S. Bank during the half-year, which together

reached £334,174,638. The upward trend of co-operative trade and the lessened unemployment among trade unionists has increased the bank's business. Owing to amalgamations, several co-operative bank accounts have been closed, and there are now only 898 societies with current accounts, as compared with over a thousand three or four years ago. Trade union accounts have risen to 9,975; and 17,391 current accounts are now being operated for private individuals as against 15,518 at the beginning of 1934. Two agricultural societies in Warwickshire and Lancashire are applying for membership of the C.W.S., which is closely watching the working of the Milk, Pig and Bacon Boards. The value of the milk products in co-operative creameries was £72,853; supplies from its bacon factories were £433,624; and 21 acres of freehold land at Great Warley in Essex have been acquired for development of the creamery enterprises. Thus, co-operative trading in this country is making big strides forward.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

FRANCE

PUBLIC OPINION AND ITALY

AFTER having been seriously unsettled by the Abyssinian conflict rentes have again risen on the general assumption that the scope of the dispute will not become widened, and that a pacific solution will now be found at Geneva. Public opinion, however, is perplexed by the League verdict against Italy as an aggressor and the preparation of economic sanctions. The French people are certainly attached to the League, but above all to the maintenance of peace. And they are surprised by the tenacity with which the procedure of Geneva is being applied. If the peaceful intentions of Great Britain are not doubted in Paris, it is feared, nevertheless, that economic sanctions may provoke accidentally a serious conflict, which would complicate the situation and have disturbing effects on Germany. It is evident that France places its desire for peace and its necessarily equal attachment to Great Britain and Italy above any other consideration whatever. This fact is determining the policy of M. Laval, and he is supported by the whole Cabinet and the whole country.

It is no secret that the restoration of the internal financial and economic situation is encountering serious difficulties. But the situation has become, on the whole, better in the last few months. The coming Senatorial elections will certainly not result in any serious changes in internal policy. The Radical-Socialists, who hold the key of the situation, will not take any very violent initiative.

HEAVY BORROWING BY THE TREASURY

M. Rénier, Minister of Finance, has been examined by the Finance Committee of the Chamber. M. Laval will be examined when he returns from Geneva. The political question of the decree laws has thus not been raised. The Minister of Finance declared that since the Government came to power it had borrowed 5,000 million francs for the various needs of the Treasury, of which 3,500 millions was secured by the issue of Treasury bonds on the money market. The rest was obtained from the Bank of France by the rediscounting of bonds. Thus, 14,000 millions of these bonds have already been issued, whilst the authorised maximum is 15,000 millions. The burden on the Treasury is heavy, but the means to support it for many weeks have been arranged—even if no amelioration of the situation occurs. Fiscal receipts for September show some improvement.

A close examination of the Budget Bill seems to show that, if revenue has been conservatively calculated, expenditure has again been under-estimated. The resources of the Loterie Nationale will not be sufficient to cover ex-Servicemen's pensions; no provision seems to have been

made for the reimbursement of the 1921 Crédit National bonds (486 millions); and the same may be said of the P.T.T. loans. If these sums, and the railway deficit, are taken into account and added to the 6,000 millions of the Extraordinary Budget, the whole amount to be covered by loans will reach nearly 11,000 millions. Considerable as this figure may appear, it is at least an improvement on the preceding Budget, which necessitated loans for 2,000 millions a month.

The heaviness of current borrowing explains the efforts of the Government to provoke a revival of business, which would result in an increase of fiscal receipts. The Bank of France has therefore agreed to increase the rate of its advances to the wheat producers from 45 to 50 francs per quintal, on wheat stocked by co-operatives, and from 35 to 40 francs per quintal to individual farmers. This procedure has already raised the price of wheat from 60 to 86 francs per quintal, and it seems that the increase in the purchasing power of the farmers has begun to provoke a certain recrudescence of orders to certain branches of industry. Moreover, this measure should alleviate discontent in rural areas.

At the same time, unemployment is steadily decreasing. Nevertheless, after a new drop of 3,552 last week the total, at 373,446, is still 50,000 higher than a year ago.

A new decree, submitted by the Minister of Labour, has just raised the expenditure of the State on the Public Works programme from 2,984 million francs to 4,241 millions. The original six-year programme will be completed in three years. The Minister for Public Works revealed in a speech this week that these Works had already mobilised 20,000 workers, and that from November onwards they would employ 8,000 more.

PARIS, October 10.

GERMANY

ATTITUDE TO ABYSSINIAN WAR

THE outbreak of war in Abyssinia had little visible effect on business conditions. In the credit market no nervousness was shown, and although rentes were slightly weaker, shares, which had been declining since the dispute became acute, recovered on the first four days of hostilities. Owing to the prospect of a growing demand for tonnage, and to the belief that the earning-power of German vessels would increase should economic sanctions be imposed, there was buying of shipping shares. The advance in industrial shares seems to have been due to expectations of a world price-rise and of intensified rearmament. The meaning of the announcement that Germany is neutral, which was

expected in view of the earlier official reserve and of the Press impartiality during the whole course of the controversy, is not clear. While the announcement certainly promises military neutrality in the immediate Italo-Abyssinian war, it implies nothing about Germany's attitude towards wider international complications. In the event of economic sanctions, Germany could hardly pursue even a passive, much less an active, policy without favouring either the League or Italy. This circumstance threatens her with a dilemma in view of her visible reluctance to embarrass Great Britain and of her interest nevertheless in regaining Italian friendship should Italy be alienated from Great Britain and France. It is, therefore, probable that the Reich government will give no indication of its intentions until after the nature of the League's measures has been made clear.

The scarcity of necessary foods which continues in Berlin is, in the main, confined to pork, lard, butter, and margarine. As far as can be ascertained, a similar scarcity prevails throughout the country, but the Press, although giving publicity to official exculpations and to proposed remedies, does not venture to report the food shortage itself. It is officially argued that there is an antithesis between the interests of "work-creation" and of the national food supply, and that the latter must give way; that consumers show unreason in demanding scarce commodities; and even that the main cause of the trouble is hoarding by housewives in unfounded fear about future supply.

In general, hoarding is precluded by the circumstance that there is nothing to hoard. Supplies sufficient for a single day cannot be purchased. The butter famine, when not, in the above senses denied, is officially attributed to the failure of the fodder-crop in 1934. This hardly agrees with the statistics which show home butter production in 1934 to have been the same as in 1933, and in 1935, as estimated, considerably higher. Consumption increased very much in 1925-1930, but has since changed little. A main cause is the artificial restriction of imports, which last year were only 61,000 tons against over 130,000 tons in 1929 and 1930. The ratio of butter imports to consumption has consequently fallen to one half. This year so far imports have been larger than last year and according to a Danish official statement there will be a further increase of Denmark's deliveries (also of eggs and cheese) in the next half-year, after which a new German-Danish trade agreement will be concluded.

AN ATTACK ON "PLANNING"

The food question is primarily a question of State policy, in which "planning," which involves the regulation of production and imports and also price-determination, is the main factor. Although incomplete in scope, German planning has materially influenced home output both as regards sorts and quantities, and (owing to the simultaneous limiting of the profit-margins of traders) has also affected distribution. As the Nazi Government has declared for planning in principle and has executed it in practice, it sometimes finds it necessary to explain why deterioration in the national food supply has occurred since it attained power in 1933. Sometimes the shortage of foreign exchange is cited. This shortage, however, is largely a consequence of planning and price-regulation. In his speech at the Harvest Festival Herr Hitler emphasised the necessity and the benefits of Governmental *Planwirtschaft* (a word coined by the Social-Democrats during their abortive Socialisation measures of fourteen years ago). Herr Hitler pronounced for unitary regulation from above, and declared in particular that the State must regulate and guarantee prices. The price-regulation part of this programme was entrusted in 1934 to Dr. Goerdeler as Price-Commissar. The Commissar's measures had little success, and his power over food supply and prices was this year transferred to the Ministry concerned. Apparently, on the basis of his experience, Dr. Goerdeler has now delivered himself of sharp criticism of "planning" in theory and practice:—

All such attempts have invariably increased and aggravated the consequences of defective estimates (in a free economy). If one thousand directors of business concerns engaged in a branch of production are allowed a free hand, the result is a certain degree of equilibrium. . . . If I,

however, operating from a single position of authority, instruct the thousand directors as to what and how much they are to produce, and if from this position of authority mistakes are made, then the equilibrium is not attained. . . . The mistakes, however, cannot be avoided. A nearly divine insight would be needed if the whole domain of trade were to be judiciously regulated in advance for even a single nation.

Money became easier last week. The day-loan rate early this week was 3-3½ per cent. A reduction of the market discount-rate from 3½ to the former 3 per cent. is expected. The first subscription to the Treasury bonds Reich loan had no effect on the market, the commercial banks having paid in the whole sum in advance. The Reichsbank's return for September 30th shows, however, that the advance payments imposed a considerable strain, credits having increased during the week by Rm. 577 millions, as against Rm. 498 millions in the same week of 1934, and circulation (including the Rentenbank issue) by Rm. 409 millions, against Rm. 351 millions.

BERLIN, October 9.

DENMARK

GENERAL ELECTION ON OCTOBER 22

The ordinary session of the Rigsdag began as usual on October 1, but a few hours afterwards both Houses were dissolved and a general election will take place on October 22nd. The main reason for the dissolution is a disagreement between the Government and the Opposition (which has a majority in the Landsting) about the prolongation of the Exchange Control Law, which expires on December 31st.

During the short Rigsdag session there was time for the Minister of Finance to introduce the 1936-37 Budget, from which the following figures may be given:—

(Million kroner)	
Revenue—	
Income tax, customs and excise, etc.	425
State lottery	3
Other revenue	3.3
Total revenue	431.3
Expenditure—	
H.M. The King	1
Foreign Office	6.3
Ministry of Agriculture	11.1
Ministry of Social Affairs	141.0
Ministry of Defence	54.7
Interest (net)	9.1
Total expenditure	429.1
Surplus	2.2

The audited accounts for the year 1934-35 reveal a surplus of 18.2 million kroner, and the surplus for the present year (1935-36) is estimated at 12 million kroner, against the original surplus of 1.3 million kroner.

The distribution of import licences for the last four months of 1935 has caused much disappointment among importers, and the heavy reductions imposed have surpassed the worst expectations, especially in certain lines such as iron, cloth, fruit and timber. It is the avowed policy of the National Bank, however, to improve the foreign exchange situation of the country and to damp down the building boom, which the Bank regards as dangerous to the economic life of the country. From this point of view it is quite understandable that the Bank should use its power through the Exchange Control Office. The state-improvement in the foreign exchange position of about 4½ million kroner, and this in spite of the farmers' "Exchange Strike," which has had no influence at all on the Bank. Unemployment, however, remains at about 15 per cent.

According to the accounts of the National Bank, which were closed as at July 31st, the net profit for the year was only 1,973,005.22 kroner (the two previous years' profits were 7.5 and 4.5 million kroner). Moreover, 11 million kroner have been transferred from the reserves to write down the bond holdings to their present value. The bond holdings are now down to 121.7 million kroner, against

145.3 million kroner last year. Gold stocks have gone down to 118 million gold kroner, against 133 million gold kroner last year, as the 15.1 million gold kroner which in August, 1934, were deposited with the Bank of International Settlements at Basle have been used for the repayment of a loan of 20 million Swiss francs taken up in 1932.

Conversations have recently begun between the Government and the United Steamship Company, Limited, on the question of a continuation of the Scandinavian American Line (Copenhagen-New York). At present the service is maintained by one liner, which is now twenty years old, and the company claims that it is unable to continue unless two new liners are built and subsidies granted under some form to maintain the service, which is considered necessary from the point of view of national prestige. Many Danish shipowners, however, are on principle opposed to Government subsidies.

INCREASE IN IMPORTS AND EXPORTS

The foreign trade returns for the first eight months of the present year show an increase in both imports and exports, viz.:—

	(In million kroner)	
	Jan.-Aug., 1934	Jan.-Aug., 1935
Imports	834.2	851.0
Exports	778.8	815.3

Exports of bacon and other meat products have fallen by about 17 million kroner; while exports of butter, milk, cream and cheese have risen by about 13 million kroner, vegetable oil products and the like by about 10 million kroner, and ships by no less than 16 million kroner. Imports of feeding stuff have increased by 3 million kroner and paper by 2 million kroner. At present Danish wharves have new shipping aggregating about 100,000 tons under construction. The rising prices of commodities during the last month have specially favoured Denmark's exports.

A surprising speculation has recently been apparent in steamship shares, reminiscent of the Great War; and the day of Mussolini's first attack on Adowa witnessed a veritable boom in shipping shares on the Stock Exchange. The National Bank, however, has issued a warning against any undue speculation and tightened its conditions of loans against collateral.

COPENHAGEN, October 8.

JUGOSLAVIA

THE GOVERNMENT AND POLITICAL REFORM

POLITICAL life, in spite of many alarms and excursions, is showing little definite change. Having to some extent met the most pressing need for more political and civic freedom, Dr. Stojadinovic appears to be concentrating on the building up of the new Government Party, the Yugoslav Radical Union, a combination of the former Serbian Radicals, the Slovenian Clericals and Bosnian Mohammedans. A certain fear is therefore felt among the Opposition that, preoccupied with this task, he may indefinitely postpone the further measures necessary for a full restoration of normal democracy in Yugoslavia: the election law, the Press law, and other laws dealing with political and civic liberties. Some of the Opposition, in fact, already profess to notice a slowing down of the reforming efforts of the new Government and the appearance of more conservative tendencies. Such tendencies are, of course, favoured by the development of the European situation and the excesses of some of the more extreme Croats, with whom the consciousness of somewhat greater freedom after accumulated repression is running riot. Among more moderate Croats, however, the feeling is gaining ground that, just as in the past the Serbs could not enforce their solution of the Croat problem on the Croats, so now the Croats cannot enforce their solution on the Serbs; but that the remedy lies in mutual accommodation and agreement. This is, in fact, gradually bringing the Croats nearer to the Serbian Opposition, and although Dr. Macek keeps a guarded silence, forced on him perhaps for tactical reasons, the prospects of a working agreement appear to be brighter than for some time.

Economic activity is marking time and is on the balance approximately where it was last year at this time. The harvest has throughout been only middling, and there will be less than the normal quantities for export. The export of fodder, has, in fact, been prohibited by the Government. On the other hand, there has been a greater demand for timber and for ores, while foodstuffs are also fetching better prices in view of the increased requirements of Italy. Trade statistics show, therefore, small changes as compared with last year.

	1934		1935	
	Exports	Imports	Exports	Imports
July	Tons 273,500	Mill. dinars 293.3	Tons 277,900	Mill. dinars 305.8
August	332,400	366.6	297,200	310.3
Eight months...	2,165,400	2,249.5	2,155,700	2,391.1
Balance		567,500		584,200
		2,302.6		2,323.2
		-53.1		+67.9

HIGHER PRICES AND LOWER WAGES

The rise of prices is likely to hit the salaried and wage-earning classes fairly hard this winter, especially in view of the cut of 7 per cent. in Government salaries and wages coming into force on October 1st. The average wage has also dropped to 21.56 dinars a day, as against 23.33 in 1933 and 26.56 in 1930. These cuts, which have been received with displeasure by State officials, have been made necessary by the state of the Treasury. Receipts for the first four months of the Budgetary year 1935-36, it is true, compare quite favourably with those of the preceding year, being 2,129 million dinars, as against 2,108. On the other hand, the increased expenditure during the elections, the lowering of many taxes and impositions, cheaper railway fares and freights, together with a more modest harvest and the uncertainties of the European situation are putting a strain on the Treasury.

One of the most harassing problems for the Government is that of peasants' debts. Its difficulty may be seen from the fact that Government after Government has postponed a radical solution, merely introducing or prolonging temporary measures. Officially, these debts weigh on 32 per cent. of the peasants; but in reality the percentage is considerably higher. The chief difficulty is that the debts were contracted under greatly varying conditions, at different times and for a great variety of purposes. In some cases, owing to usurious rates, the peasants have repaid the moneylender more than twice the original amount without any appreciable change in the size of the debt. In others the money was lent under fair conditions, squandered by the borrower, and the lender was therefore victimised. The whole problem weighs like a heavy blanket on Yugoslavia's economic life.

BELGRADE, October 4.

ARGENTINA

RAILWAY PROFITS AND LOSSES

ALTHOUGH there has been a steady increase in gross railway profits since 1932-33, net profits show an equally steady decline owing to heavy exchange losses. The actual figures for 1934-35 are as follows:—Capital, \$3,460 millions; gross profit, \$105 millions; exchange loss, \$57 millions; net profit, \$48 millions; yield, 1.39 per cent.

According to figures recently made public by the Ministry of Finance, the 1934 Budget shows a deficit of only \$200,000. Certain items of unproductive expenditure, how-

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ever, seem to have been paid for by loans. For example, \$866,400 of the expenditure on armaments was covered by loan issues. Nevertheless, revenue for 1934 exceeded the budgeted figure by some \$31 millions, chiefly owing to a marked improvement in Customs and ports revenue. This improvement has been continued in the present year, and the latest figures show that for the first eight months of 1935 Customs and port revenue was up by over \$20 millions, or nearly 11 per cent. above the figure for the corresponding period last year. The Ministry of Finance, in a recent report, states that the National Debt increased during 1934 by some \$66 millions, but that this was more than counterbalanced by the execution of public works to a total of \$119,100,000.

Recent statistics published by the Ministry of Agriculture show that Argentine sowings of grain and linseed are down by 3,238,700 hectares, or 23.1 per cent., compared with last year. The area sown with wheat is down by 1,913,000 hectares. Apart from the reduction in area sown, the actual crops are not expected to give good yields owing to the continuance of bad weather and the ravages of locusts. The following are figures showing the area sown during previous years as compared with this year:—

AREA SOWN IN HECTARES					
	Wheat	Linseed	Oats	Barley	Rye
Av. 10 years....	8,063,789	2,957,711	1,419,909	569,338	515,203
1934-5	7,613,000	3,279,000	1,428,000	815,000	863,600
1935-6	5,700,000	2,480,000	1,160,000	780,000	650,000

During the past week, partly as a result of the European situation and partly because of poor crop prospects, grain prices have soared. Wheat exceeded \$9 per 100 kilos, linseed went up to \$14.70 and maize to over \$5. There has since been a certain amount of profit taking, but prices are still high. The exportable surplus of wheat and linseed is very low.

INCREASE IN EXPORT SURPLUS

The following figures show the balance of trade for the first eight months of 1935 as compared with that for a similar period of 1934:—

IMPORTS AND EXPORTS FOR FIRST EIGHT MONTHS (in pesos)		
	1934	1935
Imports	700,318,646	778,764,840
Exports	981,930,475	1,065,750,231
Export surplus.....	281,611,829	286,985,391

ARGENTINE IMPORTS ACCORDING TO COUNTRY OF ORIGIN, FOR FIRST EIGHT MONTHS (in pesos)				
	1934	1935	1934	1935
United Kingdom	146,060,302	159,105,186	23.0	22.0
United States ...	96,112,798	105,648,124	15.1	14.6
Germany	66,146,286	62,699,533	10.4	8.7
Belgium	29,858,090	46,046,316	4.7	6.4
Brazil	29,723,257	33,044,268	4.7	4.6
Italy	46,719,440	32,808,154	7.4	4.5
France	33,476,143	31,449,866	5.3	4.4
Japan.....	12,785,236	31,007,950	2.0	4.3

Imports in August amounted to over \$110 millions, the highest figure since March, 1931. All classes of imports show an increase over last year, except foodstuffs, tobacco and rubber. The largest percentage increase registered is in the machinery section, and the greatest improvement in tonnage and value is in fuel and lubricants. Great Britain continues to hold her position as top of the list of countries exporting to Argentina, but her percentage of the total shows a small reduction, due possibly to the competition of Japanese textiles.

Several very important Bills have been approved by the Chamber of Deputies, including the 1936 Budget. The first of these Bills provides that the Government may authorise the transference of concessions, fusion of companies, traffic pools, suspension of services, etc. The second Bill, known as the City Transport Co-ordination Bill, provides for the formation of a corporation in which will be merged all passenger services in the city of Buenos Aires. It is regarded as almost certain that neither of the above Bills will be enacted this year.

BUENOS AIRES, October 1.

AUSTRALIA

THE NEW BUDGET

THE Commonwealth Budget has been received somewhat critically in business circles. Reductions in taxation under various headings are proposed to the extent of £510,000; but after giving effect to this, the total Commonwealth tax revenue for 1935-36 is estimated at £59,050,000, which compares with £56,146,036 for 1932-33, showing an increase of nearly £4,000,000 at an interval of three years. The total Commonwealth revenue under all heads for 1935-36 is finally estimated at £77,190,000 and expenditure at £77,173,000, leaving an estimated surplus of £17,000.

The official defence of the scale of expenditure is that the various items are inescapable. The Government is also still raising loan money for public expenditure, as a result of which the public debts of the Commonwealth and States have risen to a total of £1,242,115,000 at June 30, 1935, against £1,187,828,000 at three years previously.

After the substantial increase in bank advances in Australia during the past twelve months there is now a tightening tendency, as although prospects for the 1935-36 export season are favourable, the effect of the reaction in the total value of exports during 1934-35 from the high level of the preceding season is now being felt. Commonwealth Government securities have eased, and yields on those with the longer terms ranging up to 1961 are now slightly over 4 per cent.

AN INSURANCE RECOVERY

The last published reports of life insurance companies with head offices in Australia and New Zealand, relating mainly to 1934 transactions, show that as regards new business the decline which took place a few years ago has been largely recovered. The field of operations of the leading companies includes the United Kingdom and some other parts of the Empire. In 1929 the aggregate new business in the ordinary department was approximately £54 millions, from which it fell to £50 millions in 1930 and £39 millions in 1931. Then followed a recovery to £40 millions in 1932, £44 millions in 1933, and £51 millions in 1934. The total ordinary department premiums have risen to £16,349,699 for 1934, against £15,813,269 for 1933 and £15,352,536 for 1932, the total increase in two years being nearly £1,000,000. The interest yield on the ordinary department funds, before deducting taxation, was 4.70 per cent for 1934, against 4.84 for 1933, having followed the general tendency to lower rates in recent years. Against this the effect of the reductions in taxation on life insurance business is shown in the 1934 figures, the total taxation of all kinds in the ordinary department being £608,442, against £1,380,712 for 1933 and £1,552,364 for 1932.

MELBOURNE, September 24.

IRISH FREE STATE

GREAT BRITAIN AND THE ECONOMIC WAR

IN a recent speech on the Statute of Westminster, Mr Thomas reaffirmed his refusal to separate the economic and political issues in the Anglo-Irish dispute. That the misunderstanding over the land annuities could be easily settled he admitted, but he refused to explore the avenues to peace on this matter unless an attempt was made to settle also the major political issues that have arisen. This attitude is most unfortunate, because, whereas both countries have much to gain from the immediate termination of the "economic war," neither can hope to gain anything by a new discussion of the political controversy at the present time. In the case of the economic war, every consideration weighs on the side of an early settlement, while

on the political front both parties will probably find that delay will make peace easier in the end. A premature reopening of conversations might lead to an even more complete impasse.

The fact is that the conditions of a permanent political settlement are not present in the existing situation. Mr de Valera has no intention of proclaiming an independent republic for the Free State area, and the inclusion of Northern Ireland in an all-Ireland State, whatever it might be called, is out of the question while Ulster Unionism remains in its present mood. No politician in the Free State could carry the country to ratify any arrangement with Great Britain which involved both the partition of Ireland and the maintenance of the Imperial connection, and it would therefore appear that the existing situation (which is admittedly unsatisfactory) is the only alternative to a final rupture between the Free State and the Empire. The lesson of recent South African history is that time has a wonderful healing effect, and that the exercise of patience enables even the most difficult problems of status and of internal organisation to become soluble. It is probable that the next generation of Irishmen, North and South, will be more reasonable than those now living, who have had their tempers inflamed by revolution and bloodshed.

"THE UNJUST STEWARD"

The very remoteness of the political settlement emphasises the need for reopening the economic and financial dispute. In view of the fall of agricultural prices and of the partial closing of the British market to Irish farm products, a very good case could be made for remitting the annuities on the ground of the Free State's incapacity to pay. Great Britain has excused the payment of her own debt to the United States on this ground, and the British Government could not with decency adopt the rule of the unjust steward by refusing to allow the same accommodation to her debtors that she is demanding from her creditors.

The settlement of the economic war will not restore the conditions which prevailed before it began, as the Free State has definitely embarked on the policy of self-sufficiency. All that the economic war is doing is to increase the pace of the progress in that direction. Indeed, the pace has become embarrassingly rapid in some respects, and even the most ardent enthusiast for a self-sufficient country does not like to be rushed along towards his objective at breakneck speed. The termination of the economic war would enable the Irish Government to choose the rate at which it would proceed, but no change would take place in the direction of its policy. The industrial tariff would certainly not be lowered, and it is improbable that the protection of wheat, beet, butter and feeding stuffs would be discontinued. The present Government is committed to a policy of redistribution of the national income in favour of primary producers and the poor at the expense of the possessors of fixed incomes; and the measures of self-sufficiency in industry and agriculture are part of the machinery for carrying this policy into effect.

LIVING ON CAPITAL?

The very rapidity with which the transition is being at present accomplished is having the effect of increasing imports temporarily. Large quantities of capital goods are necessarily being imported, while many of the new industries have to obtain their raw material from abroad. The resulting adverse balance of trade is financed partly by invisible exports and partly by the realisation of some of the country's external assets. There is no doubt that the Free State is, for the time being at least, maintaining its standard of living by the repatriation of its outside investments. How long this condition of affairs will remain necessary remains to be seen; but there is no reason why it should not continue for many years, as the creditor position of the country is extraordinarily strong. But the process is debilitating, and can be justified only if the new investment at home proves at least as productive as the investment relinquished abroad.

DUBLIN, October 1.

LETTER TO THE EDITOR

COMPANY LAW REFORM

TO THE EDITOR OF THE ECONOMIST

SIR,—One or two comments seem to be called for on the admirable article in the current issue on Company Law Reform. The writer says that "provision . . . should be made for the immediate disclosure of changes in the directorate of a public company." This would seem to have been covered by Section 144 (2) of the Act of 1929 which provides for the registration of a return containing particulars of any change among a company's directors within fourteen days of the happening thereof.

In the second place it is suggested that the writer would have done well to transfer some of the emphasis he gives to the Consolidated Balance Sheet to a form of Consolidated Revenue Statement. At its best a balance sheet is a set of figures (to call them "values" would be a misnomer) drawn up on highly conventionalised lines. The information which the investing public really requires is the aggregate of the earnings, less losses of the group for the period which the accounts cover, together with the assurance that adequate provision has been made for the wastage of the assets, and the indication of any abnormal expenditure or income which has affected the accounts.—Yours faithfully,

E. KENNETH WRIGHT.

"The Wainhouse," The Chine,
Grange Park, N.21.
7th October, 1935.

[The Act of 1929 does not ensure publicity for changes in directorates, since investors may long remain ignorant of additions to files at Bush House. The uses of a consolidated revenue account are manifold. We fully agree with our correspondent's suggestion, but regard a joint balance sheet as indispensable, e.g. as a guide to a group's liquid assets position.—ED. Econ.]

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BOOKS AND PUBLICATIONS

COLLECTIVE SECURITY AND THE AIR

DISCUSSION of international politics is dominated at the present moment by one supreme issue—the application of Sanctions. Yet it is important to realise that, even if the League succeeds—and still more if success is in dispute—the general problem of peace organisation remains, presented perhaps even more acutely than ever before. To this problem Mr Griffin's book on air policy is a valuable contribution.

If there are any who still doubt the significance of modern air armaments for war, or hesitate to take seriously the two proposals to internationalise civil aviation and to establish an international air police force, Mr Griffin will surely convert them. His book is a sincere and passionate plea for these two proposals. It is brilliantly argued, well documented and devastatingly thorough. Even those who remain sceptical must admit the great strength of his case.

The general line of the argument is familiar. There is no direct defence against air attack—"the bomber will always get through"—there never can be an adequate force of interceptor 'planes. The possibility of retaliation, no great comfort to civilian populations, is questionable, and in any case can never be sufficiently certain to deter the aggressor. This is also the fundamental, vital weakness of the "Air Locarno" proposals. It is highly improbable, Mr Griffin points out, that any Government would involve itself in a retaliatory war on behalf of a State which had already been crushed by swift and overwhelming air attack. While Cabinets and Councils talk of aggression, the speed of the air gives victory to the Power which strikes the first blow. The inescapable conclusion, therefore, is that national air forces should be abolished. But this is impossible unless the problem of civil aviation is also tackled. Hence the need for internationalising civil aviation.

Mr Griffin then puts forward his plan of "World Airways," already published elsewhere, and proceeds to elaborate the details and reply to criticism. He admits that it is possible that an aggressor State might seize the internationally-owned civil aircraft in its territory and convert it to military uses. His answer is that to deal with such an eventuality and to give security there must be an international air police force. He accepts in the main the scheme for such a force published by Mr Noel Baker. In a discussion of this and the civil aviation proposals, he makes considerable use of the records of the Disarmament Conference.

In spite of the author's enthusiasm it is difficult at some points in the book to avoid a feeling of depression. One is conscious of the urgency of Mr Griffin's proposals and of the lack of any real alternative. But there are serious obstacles which Mr Griffin weighs a little too lightly. Of these perhaps the most formidable is the interconnection of all disarmament. The existence of the air arm has strengthened some countries and weakened others. Will those countries who are now stronger agree to the abolition of air forces alone? Can they be given sufficient security by an international air police force?

Mr Griffin very sensibly prints in an appendix some of the documents from the Air and General Commissions of the Disarmament Conference in 1932-33. He writes about them:—

They show, I believe, two things: First, that the internationalisation of air power came in 1933 much nearer to political realisation than most people had any chance of knowing—and that great chance may come again. Secondly, that the creative technical work is largely done.

If that chance is to be recaptured, there is not much time to lose.

* "Britain's Air Policy." By Jonathan Griffin. Gollancz. 224 pages. 5s.

SHORTER NOTICE

"The Great Crisis and its Political Consequences." By E. Varga. (London) Modern Books, Ltd.

Professor Varga of Moscow reviews in this book the economic problems raised by the world crisis. Unfortunately the detail of Marxist analysis is clouded with rival dogmas and varying interpretations. The theory of value has justly been claimed to be the centre of Marx's economic categories. Yet the priests of Marxism are in schism on this important issue. Recent British communists have accused their "capitalist" critics of ignorance for supposing that "value" in Marx's terminology should be equal to price. This followed from the fact that the "value" of a good depended on the proportion of variable capital (=wages) used in its production, and this of course might be different in goods of the same price. But the capitalist critic, having painfully learnt this elementary doctrine, finds Professor Varga quoting Marx himself, in the opposite sense!

In a word, Marxist theory appears to contain at least as many contradictions as it alleges against capitalism. The descriptive account in this book, however, of the main features of the economic crisis is not uninteresting. The later chapters contain a vigorous condemnation of imperialist designs in China; but Professor Varga weakens the force of the condemnation by making it appear that soldiers fighting on the side of Communism have an exclusive claim to heroism. If this is Marxism, it is not coherent or satisfactory as a system; and if it is propaganda, it is written in language too intellectual to make a wide appeal. The book as a whole is a provoking mixture of illuminating observations and unsound arguments.

BOOKS RECEIVED

Land and Freedom. By Frederick Verinder. (London) The Hogarth Press, 52 Tavistock Square, W.C.1. 199 pages. 2s. 6d. net.

A restatement of Henry George's Land Taxation proposals.

Socialism and "Social Credit." The Labour Party, Transport House, Smith Square, London, S.W.1. 34 pages. 2d. net.

The Official Year Book of New South Wales, 1932-33. Compiled by T. Waites. Government Statistician. (Sydney) Alfred James Kent, Government Printer. 854 pages. No price stated.

Tea-Producing Companies, 1935. Issued by Mincing Lane Tea and Rubber Share Brokers' Association. (London) "The Financial Times," Ltd., 72 Coleman Street, E.C.2. 337 pages. 3s. 6d.

The City and Port of Hull. Edited by H. R. Wright. (London and Hull) A. Brown and Sons, Ltd. 140 pages. No price stated.

Wettbewerbsrecht und Markenschutz in Ungarn. By Dr Stefan Banyasz and Dr Ernst Steinhaus. (Budapest) Ungarische Rundschau für Recht und Wirtschaft. Hold-utca. 29. 135 pages. Rm. 5-50.

Secretarial Practice: The Manual of the Chartered Institute of Secretaries of Joint Stock Companies and other Public Bodies. Fifth edition. (Cambridge) W. Heffer and Sons, Ltd. 1,012 pages. 12s. 6d. net.

Die Vertriebsplanung für die industrielle Ausfuhr. By Wilhelm Gurge. (Berlin) Deutscher Betriebswirte-Verlag. 128 pages. Rm. 6.

Odd John. By Olaf Stapledon. (London) Methuen. 282 pages. 7s. 6d. net.

Life Insurance. By S. S. Huebner. Revised and enlarged. (London) D. Appleton-Century Co., Inc. 692 pages. 12s. 6d. net.

OFFICIAL PUBLICATIONS

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

Board of Trade: Bankruptcy, 1934. 9d. net.

Colonial Report: No. 1713. British Honduras, 1934. 1s. 3d. net.

Report of the Chief Registrar of Friendly Societies for the year 1934: Part 3. Industrial and Provident Societies. 2s. 6d. net.

Department of Overseas Trade: Economic Conditions in Canada (1934-1935). 4s. net.

MONEY AND BANKING

EMPIRE CENTRAL BANKS

THE stability of the British Empire has been an accepted fact for so many years that it is difficult to remember that it is of comparatively modern growth and that the economic and financial relations of its constituent parts are only now being worked out. For example, the past year has witnessed the opening of central banks in New Zealand, Canada and India, while it is only very recently that the Commonwealth Bank of Australia has completed its transition from a commercial to a central bank. Even the South African Reserve Bank, which is the *doyen* of the Empire central banks, was founded several years after the war.

The simultaneous foundation of central banks in two Dominions and India, to which we refer in the autumn Banking Supplement of the *Economist*, published with this issue, is the main Empire banking event of the year. The first question is: If these Dominions have existed so far without central banks, why has it become necessary to make the change? This question cannot be summarily dismissed. The Irish Free State still has no central bank, and the consensus of banking opinion would probably be that the existing structure of Irish banking and its close link with England and Ulster render the foundation of a central bank undesirable. The institution of the Bank of Canada evoked keen opposition from the commercial banks, who predicted that the partial loss of their right of note issue, with the profits accruing therefrom, would force them to close down their more unremunerative branches. Nor is the future of the Bank of Canada in its present form assured, for Mr Mackenzie King has declared in favour of its formal nationalisation in his election programme. The New Zealand Reserve Bank also found itself launched on troubled waters, for its first major decision was upon the future of the rate of exchange upon London, which had become in New Zealand a matter of political controversy. Finally, the Indian Reserve Bank has before it the numerous problems which will arise out of the impending change in the system of Government.

Moreover, it may be conceded that so far either the Dominions have escaped an acute monetary crisis or that if difficulty has arisen it has been due to general economic or political causes unconnected with the absence of a central bank. The Dominions, too, had evolved a successful currency and credit system for themselves, operated partly by their Governments and partly by their commercial banks. Nevertheless, the completion of the chain of Empire reserve banks marks a definite move forward in the history of the Empire and fills up a number of gaps. First and foremost, the machinery for the supply and distribution of credit was indefinite and incomplete. To some extent it was bound up with the general machinery of Government finance, and quite apart from any question of private or public ownership, the function of the central bank should be separate from those commonly performed by the Treasury. Next, there is the absence of a money market in most of the Dominions. This was frequently brought forward as an argument against the establishment of a central bank, for it was urged that without a money market a central bank would be deprived of its normal instruments of control. Alterations in its rediscount rate would be an empty gesture, while it could not "intervene in the open market" if no such market existed. This argument cuts both ways, for the foundation of the central bank should help to create a money market, which in many ways would be very beneficial. Within recent years the Federal Government of Australia has obtained temporary finance through the issue of Treasury bills. In new and relatively undeveloped money markets, Treasury bills may provide a useful outlet for short-term funds, though in the absence of limitations of time and amount the practice may be open to abuse.

There is undoubted scope for the right kind of money market in all the Dominions. To a large extent they are primary producers, which means that there is a strong seasonal ebb and flow of credit. Here is an obvious function which a well-organised banking system and discount

market could perform. There is no necessity for a slavish imitation of the London discount market, and it does not even follow that three months is the most suitable tenor for internal Dominion bills. These are technical questions which the Dominions must solve for themselves, and on which the new central banks could give a valuable lead.

The most important consequence of the completion of the chain of Empire central banks is, however, the co-ordination of Empire monetary policy and technique. The wrong kind of stress must not be laid upon such an objective. The different central banks have been founded independently, and their constitutions rightly differ in important details. Also the chain has been completed at a time when the economic affairs of the world are in a state of flux, and when sterling itself is unstabilised. For these reasons alone, it would be wrong to make the Dominion central banks conform to a rigid pattern or even to insist that existing Empire exchange rates should be regarded as sacrosanct.

Still, there already exists a certain similarity between the different central banks. With the exception of the Indian Reserve Bank, where special conditions existed, all have shaken themselves free of the fetish of a 40 per cent. minimum gold reserve. Three out of the five allow sterling as well as gold to rank as part of their reserves. In most of the Dominion central banks there either have been or exist to-day close personal connections with the Bank of England. Both the Governor of the New Zealand Reserve Bank and the Deputy-Governor of the Bank of Canada had held important posts in the Bank of England immediately before their appointment. There is no suggestion that they will be unduly biased by this fact. Still, these personal links will make it easier to evolve a common body of Empire monetary technique and doctrine, which should contribute to the strengthening of the Empire.

There are one or two facts which need attention at once. The Dominion central banks' powers of control are not only weakened by the absence of money markets, but by the easy money conditions now prevalent throughout the Empire. In most Dominions the commercial banks are obliged to maintain minimum balances with their reserve banks, but to-day they are so replete with funds that their balances are far in excess of the minimum. They are also carrying substantial balances on their own account in London, dating from before the foundation of the Empire Reserve Banks. It may be argued as logical and desirable that these funds should be concentrated in the Reserve Banks' hands, the commercial banks receiving in exchange local cash resources which could be used for the development of bill markets in the Dominions. Such a development would give the central banks more direct control over the exchanges and would also add to their powers of control at home. To achieve these objectives the Reserve Banks might be prepared to render it worth the while of the commercial banks to hand over the necessary balances, by offering them the possibility of earning higher interest rates at home than were obtainable outside.

The establishment of a chain of Empire central banks should, in the long run, have a helpful bearing on the development of Empire economic policy on the broadest lines. Both at Ottawa and at the World Economic Conference there was a spontaneous expression of opinion from Great Britain and the Dominions in favour of closer economic co-ordination. Naturally such co-ordination must be tempered by elasticity and freedom of action on the part of the Dominions. The risk of internal political pressure to induce independent action on the part of one or more members of the Empire, however, would be greatly lessened—though it could never be removed—by the growth of an Empire central banking system, inspired by common, though elastic, canons of monetary technique. The most enduring contribution of the new central banks to the Empire may be the establishment of a body of economic doctrine to serve as a guide to British and Dominion statesmen alike.

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FINANCIAL NOTES

September Clearing Bank Averages.—The main changes in the accounts of the nine English clearing banks between August and September were an increase in deposits to a new high record of £1,986.6 millions, a reduction in cash from £210.2 to £204.7 millions, and an increase in discounts from £285.2 to £297.7 millions. Investments were slightly higher, and there was a small reduction in advances.

	September, 1934	June, 1935	July, 1935	August, 1935	September, 1935
Capital and reserves.....	123.4	125.7	125.7	125.7	125.7
Acceptances, etc.....	112.1	109.1	97.3	93.5	90.4
Deposits (including undivided profits, etc.).....	1,821.1	1,965.9	1,981.8	1,976.0	1,986.6
Total liabilities.....	2,056.6	2,200.7	2,204.8	2,195.2	2,202.7
Cash.....	203.9	213.0	216.2	210.2	204.7
Cheques, balances and items in transit.....	43.2	59.9	50.9	44.7	48.3
Money at call.....	133.2	138.7	140.7	143.8	142.4
Discounts.....	210.9	242.3	272.0	285.2	297.7
Investments.....	545.6	608.0	599.1	599.1	602.2
Loans and advances.....	738.6	760.5	759.6	749.7	747.9
Investments in affiliated banks.....	24.7	25.2	25.1	25.1	25.1
Cover for acceptances, premisses, etc.....	156.5	153.1	141.2	137.4	134.4
Total assets.....	2,056.6	2,200.7	2,204.8	2,195.2	2,202.7

The key to the movements is the expansion in the tender issue of Treasury bills from £505 millions on August 3rd to £540 millions on September 28th. The banks have taken up a large proportion of these new bills and that has both added to their deposits and absorbed part of their surplus cash. Lloyds Bank in particular has reduced its cash ratio from 12.0 per cent. in August to 10.7 per cent. in September, and the contraction of £5.5 millions in bank cash was mainly confined to that bank. During the past few weeks the Exchange Equalisation Account must have been taking up additional bills to replace its gold losses, but the floating debt has been steadily increasing, and so the tender issue of Treasury bills has continued to expand. The general impression of the September returns is that Government expenditure and borrowing are beginning to absorb surplus short-term funds.

The Foreign Exchanges.—Up to the middle of this week the demand for dollars persisted, and from Wednesday to Friday of last week the British Control was selling francs at the rate of about Frs. 250 millions a day. The pressure was less intense this week, and on Wednesday New York came in as a buyer of sterling. It is conceivable that some operators had oversold sterling and were driven to cover, while it is also reported that the United States has been buying silver privately in London. A third but more doubtful explanation is that the American authorities have been stemming the gold influx by buying sterling. As a

result of this change, spot sterling rallied from \$4.89½ to \$4.90½ and from Frs. 74½ to Frs. 74½, and the British Control promptly ceased its intervention. The Paris-New York cross rate has also strengthened from Frs. 15.19 to Frs. 15.17½. This last rate is just inside the export gold point of Frs. 15.17½, and has presented shippers of gold with the nice problem of whether or not to cancel shipments already arranged. No cancellations are so far reported, and the City holds that the pressure in favour of the dollar is not yet at an end. United States gold imports for September are returned at \$156.8 millions, including \$40.4 millions from France, \$37.1 millions from England and \$37.7 millions from Holland. British gold exports to the United States for the week ended October 3rd are returned at £4.8 millions.

The Money Market.—Money was a little less plentiful this week, and clearing bank calling was in evidence on Wednesday and Thursday. Their September returns showed that the clearing banks have now been able to invest much of their surplus cash in bills, while the Bank return reveals a substantial absorption of funds in public deposits. Even so, there was no difficulty in obtaining funds, but the general tone of the market is a shade firmer.

	Sept. 19, 1935	Sept. 26, 1935	Oct. 3, 1935	Oct. 10, 1935
Bank rate.....	2%	2%	2%	2%
Clearing banks' deposit rate ..	1½	1½	1½	1½
Short Loan rate :—				
Clearing banks.....	1½	1½	1½	1½
Others.....	1½	1½	1½	1½
Discount rates :—				
Treasury bills.....	1½-1½	1½	nom.	1½-1½
Three months' bank bills ..	1½-1½	1½	1½-1½	1½

Last week's Treasury bills went at an average rate of 12s. 8.05d. per cent., against 10s. 6.87d. per cent. the week before. The rise in the rate is due to the fact that bills maturing in January are now being issued, and January is not a useful maturity. Only £44.0 millions of bills were allotted out of the original offer of £45.0 millions. This week the clearing banks bought bills dated the end of November and bills maturing at any date in December at ½ per cent., but they are not yet buying January bills. Hot Treasury bills were offered freely at ½ per cent. and over, but there were very few buyers.

The Bank Return.—The only significant movements are a further increase of £10.5 millions in public deposits, which now stand at the high level of £35.0 millions; and an offsetting contraction of £5.8 millions in bankers' deposits, which are now down to £75.1 millions. Judged by recent experience, this last is a very low figure, and amply explains the firmer tendency of the money market.

	Oct. 10, 1934	Sept. 18, 1935	Sept. 25, 1935	Oct. 2, 1935	Oct. 9, 1935
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department :—					
Gold.....	191.9	193.5	193.6	193.6	193.7
Note circulation.....	379.5	398.1	398.2	402.0	402.1
Banking Department :—					
Reserve.....	73.0	56.2	56.2	52.4	52.3
Public deposits.....	18.6	17.5	19.5	25.5	36.0
Bankers' deposits.....	107.6	92.0	87.2	80.9	75.1
Other deposits.....	36.9	37.6	39.0	39.1	38.6
Government securities.....	83.4	83.2	83.2	82.5	85.5
Discounts and advances.....	14.0	11.9	12.4	17.3	17.6
Other securities.....	10.3	14.2	12.2	11.6	11.8
Proportion.....	44.7%	38.1%	38.5%	36.0%	34.9%

Most of the increase in public deposits is due to an excess of Treasury bill payments over maturities. Both payments and maturities were light during the latter part of last week, but there were no maturities on Monday, and fairly heavy payments during the early part of this week. Current indications are that by next week funds should have moved back from public to bankers' deposits, especially as the Government has no need to accumulate funds at present. The heavy operations of the Exchange Equalisation Account may also be a partial explanation, but this is more open to doubt.

THE STOCK EXCHANGE

WOOL TEXTILE SHARES

Wool textile shares, as a group, rarely engage the active interest of the London Stock Exchange. Although the industry is the oldest of British textiles, its historical development and technical division of labour have combined to restrict the capitalisation of its representative concerns. A wool textile company with a share capital of over a million is uncommon. Nevertheless, the experience of certain leading concerns during depression is reassuring from the viewpoint of stability of earnings. Wool textiles are less dependent than cotton upon export markets, and the sharp reduction in overseas trade since 1929 has not prevented the majority of cloth manufacturers—though not the knitters and hosiers—from earning "bread and butter" profits in the home market. Here considerations of "quality" gave producers sound protection against imports of coarse tissues, even before the imposition of the tariff.

The first thing the investor desires to know, in assessing the prospects of any company, is the extent to which fluctuations in wool prices are likely to affect the value of its stock-in-trade. In the spinning section, the "inventory risk" is capable, on occasion, of wiping out a whole year's profit. Between April, 1934, and April, 1935, the average price of raw Queensland scoured super combing wool fell from 31.7d. to 22.8d. per lb. The net profits of Patons and Baldwins, the leading spinning concern, were reduced from £514,908 to £363,233. The combing companies may be affected by changes in general activity in the industry, but as their business is largely on a commission basis, they escape both the disadvantages and the benefits (if any) of changes in wool prices. The leading manufacturing concerns stand between these two extremes. Their stocks move in conformity with wool prices, but a large proportion of the price of their finished goods represents value added during manufacture.

At the moment, however, all the factors in the industry appear to be pointing towards a period of increased profitability. Home demand is well maintained in all sections, and the raw wool position is moving favourably for spinning profits. Wool supplies are likely to be smaller this season than last, owing to substantial reduction in the Australian and South African carry-over and a smaller Australian clip. Australia is predominantly a merino producer, and since a stronger demand for botany cloths is expected, merino prices may continue to rise. Moreover, re-stocking, if it were affected by "sanctions" or the threat of war arising out of the Italo-Abyssinian crisis, might degenerate into a short-sighted and damaging scramble. A temperate rise would help the spinning section, but past history is eloquent of the danger to these interests of any inflated buying movement.

The present tendency of raw wool prices, however, has important implications within the manufacturing industry. On the woollen side, for example, the relative cheapness of crossbred wools, and the sustained popularity of tweed fabrics, continue to bring steady employment to the mills. Ultimate benefit may also be derived from improving conditions in the United States, where demand has been stimulated by Government contracting and by expansion in the automobile furnishing and dress goods markets. On the worsted side, however, the effect of the recent rise is more debatable. Low prices have helped to "popularise" the better quality cloths. A substantial rise in merino quotations might compel manufacturers to resort to cheaper wools, since cloth prices are incapable of rapid adjustment. On a short view, however, both spinners and manufacturers may be justified in budgeting for a prosperous "worsted" season, in view, particularly, of the recent increase in inquiries from Dominion markets for medium-weight suitings.

What progress has the industry as a whole been making recently? The following table throws light on the answer:—

Year	Average Prices (per lb.)			Employment			Trade	
	Raw Wool*	Merino Tops 64's	Worsted Yarn, 2-48's	Nos. Insured	Per-centage Unemployed	Index of Wages†	Net Imports, Yarns and Manufactures	British Exports, Yarns and Manufactures
1924.....	d. 68	d. 72.7	d. 88.0	(000) 260.9	(%) 7.0	128.9	(£000) 12,848	(£000) 67,797
1929.....	38	38.5	56.5	239.0	13.9	116.4	13,942	52,883
1931.....	21	23.3	38.2	238.9	28.3	91.5	12,421	25,150
1932.....	19	22.1	36.3	233.6	20.8	93.3	1,623	24,004
1933.....	23	28.5	41.3	230.9	14.2	98.2	1,629	25,582
1934.....	27	31.4	45.1	229.6	16.0	97.4	1,889	28,846
Eight mos. to August 1934 ..	28.7	34.1	48.1	...	16.6	74.9	1,229	19,821
1935 ..	22.9	26.6	40.0	...	14.9	97.3	1,339	20,116

* Queensland scoured super combing. † Board of Trade Index, 1930=100.

Although the average price figures for this year show an appreciable decline, a fair improvement has, in fact, occurred from the lower levels prevailing earlier in the year, and the trend is still rising. The steady decline in the number of insured workers has been due mainly to the loss of export business during the last decade, but partly to recent elimination of redundant capacity, particularly in the combing section. The formation of Woolcombers' Mutual Association in 1933 has had a marked influence in this direction. More than 90 per cent. of the combing capacity to which the scheme relates is represented by commission and top-making combers who are parties to it. The Association's activities have already strengthened combing rates, and this section is well placed to take advantage of increased turnover.

There are, naturally, many uncertain features in the wool textile outlook. The partial supersession of wool by artificial silk has started a long-period movement, whose ultimate effects cannot, as yet, be assessed. This applies particularly to the recent remission of excise duty on staple fibre and the contemporaneous price reduction by Courtaulds. On the whole, this new raw material may turn out to be a "bull-point" for the investor. "Fibro" has been adapted for use on standard worsted machinery. Its increased employment in mixed wool tissues, of light and general weights, may be expected if technical details of dyeing and finishing can be satisfactorily arranged. Wholesale displacement of wool, however, is unlikely.

Investors, on this showing, may budget for a moderate rise in wool textile profits—always provided that the industry does not suffer unduly as a result of any sanctions that may be imposed upon Italy. The table on the next page sets out the profits of representative companies in the three main divisions of the industry in recent years, and the present prices and yields of their share and debenture capital.

Steady progress has been achieved by Woolcombers, whose recent dividends have been well inside earnings. Wider profit variations, naturally, are revealed in the spinning section. The chairman of Illingworth, Morris, however, has expressed fair optimism regarding the current year, given a fairly regular price for wool. Similar considerations were voiced at the Patons and Baldwins meeting in July, and shareholders were advised not to fear current prospects if values were maintained. A restoration of earning power to the 1933-34 level might justify the present quotation for the shares. Within the manufacturing section investment must largely be guided by individual choice, assisted by a closer contact with the industry than is possible to the average investor. Few of the manufac-

Company (and Date of Accounts)	Total Profits	Available for Shares (a)	Ordinary Shares		Share Quotations and Yields		
			Earned	Paid	Denomination	Quotation, Oct. 9	Yield (%)
Combining Woolcombers (Dec. 31):	£	£	%	%			£ s. d.
1929	151,013	74,396	14.6†	11½†	£1 7½ cum.	33/9	4 8 11
1933	189,156	134,711	29.7†	21½†	pref.		
1934	173,707	137,874	30.5†	26½†	£1 ord.	137/6	3 16 6†
Holden (Isaac) & Sons (June 30):							
1930	10,891	Dr. 5,634	Nil	10†	£1 5½ cum.	22/-	4 10 9
1934	64,371	38,896	14.1†	11½†	pref.		
1935	50,208	33,033	11.3†	11½†	£1 ord.	53/9	4 3 9†
Spinning Illingworth Morris (March 31):							
1930*	57,767	Dr. 935	Nil	Nil	6½ deb. stk.	100½	5 19 5
1934	136,526	86,495	Nil	Nil	15½-8½ cum.	157/8½	11 6 0
1935	48,002	1,707	Nil	Nil	4/- ord.	2/6	Nil
Patons & Baldwins (Apr. 30):							
1930	113,610	17,596	Nil	2.5	4½ deb. stk.	101½ xd	3 18 10
1934	514,908½	330,301	14.7	10	6½ cum. pf. stock.	30/7½ xd	4 5 0
1935	363,233½	243,649	10.4	10	£1 ord. stock	58/9	3 8 1
Manufacturing Hollins (Wm.) (Dec. 31):							
1929	124,430	114,848	7.7	7½	£1 5½ cum.	18/-	5 11 0
1933	4,392	Dr. 5,351	Nil	Nil	pref.		
1934	17,867	434	Nil	Nil	£1 ord.	8/9	Nil
Kelsall & Kemp (June 30):							
1929(b)	44,217	16,209	Nil	2½	£1 7½ cum.	23/4½	5 15 0
1934(c)	44,775	33,657	6.5½	3½	pref.		
1935	41,347	19,396	Nil	Nil	£1 ord.	16/-	Nil
Salts (Salthaire) (March 31):							
1930	Dr. 170,678	Dr. 255,843	Nil	Nil	5½ deb. stock	101½	4 18 6
1934	297,404	189,917	103.4	25	10s. 7½ non-cum. pref.	9½	7 16 0
1935	224,942	132,124	41.3	25	1s. pref. ord.	8½	12 10 9
					1s. ord.	2/9	9 1 9
Wolsey (Dec. 31):							
1929	207,252	131,821	5.8(d)	5(d)	£1 6½ cum.	12/6	4 0 0(e)
1933	92,839	20,325	Nil	Nil	pref.		
1934	40,053	860	Nil	Nil	£1 "A" ord.	4½	Nil

(a) Including preference shares. * Year to May 31st. † Dividend paid to March, 1931. ‡ After provision for exchange losses and, in 1934, for fall in wool values. † Free of income tax. (b) Year to December 31st. (c) Six months to June 30th. (d) Actual for six months. (e) "A" ordinary shares. (f) Yield worked on 2½ per cent. basis. (f) 2½ per cent. tax free and 7½ per cent. less tax.

turing concerns have an impressive profits record during recent years, and this section of the market suffers from a certain lack of general investment interest. Preference share yields are uniformly high, and may appeal to the more speculative investor. Preference shareholders in William Hollins have this week agreed to the return of 15s. per £1 share, on the reasonable argument that the concern has too large a working capital for profitable employment for investment or productive purposes.

The equity shares in the list, however, have yet to come into their own. A substantial revival of trading—and more adequate profit margins—may be essential in many cases before dividends become practical politics. The yield on Salts (Salthaire) shares takes full account of the enormous gearing of the equity counters, small preferred and ordinary issues of £60,000 each ranking after as much as £1,600,000 of debenture and preference capital. Discrimination is obviously necessary to investors anxious to participate in possible recovery in the industry. They may be well advised to confine their attention to the concerns least exposed to raw wool fluctuations. In the spinning section, above all, they should be prepared for prompt action if and when a decline in values is threatened.

INVESTMENT NOTES

Markets and Sanctions.—The reaction of the security markets to trend of events at Geneva continues to display all the characteristic signs of a dogged rearguard action. Having been compelled to abandon their original thesis of non-interference by the League, markets have fallen back on the view that sanctions will be sufficiently "mild" to leave Italo-Abyssinian hostilities effectively alised." How far this outward expression of a

"fortnightly complex" (the average Stock Exchange Account lasts 14 days) squares with possibilities, either on a short or a long view, we leave our readers to judge, in the light of the facts disclosed in earlier articles of this issue. Technically, markets remain "narrow," and day-to-day price movements are correspondingly exaggerated. So far as domestic factors are concerned, an early general election, with "defence" as its keynote, might be a "bull point" for armament shares, but scarcely for gilt-edged securities. As regards the incidence of possible "sanctions" in the European dispute, our analysis on page 693 suggests that the direct consequences of a severance of commercial relations with Italy would be confined mainly to trades of secondary investment interest, with the important exception of the coal industry. South Wales has already suffered some contraction of its export markets, and for most of this year has had difficulty in securing payment for the exports which it has made to Italy. A complete closing of the Italian market, however, might have an appreciable effect on the great exporting companies of South Wales, including Powell Duffryn and Ocean Coal and Wilsons. In the anthracite section, the loss of Italian trade would be relatively less serious. In 1934 Italy took 8.2 per cent. of our anthracite exports. The Amalgamated Anthracite Collieries, however, can ill afford to lose any substantial block of business, particularly in a market which absorbs certain low-grade qualities not easily placed elsewhere. The only other export in which Italy accounts for a considerable percentage of our market is raw wool, which concerns the investor indirectly, on lines discussed in our leading article on page 711. As regards imports from Italy, no major British company would be directly affected, though our dependence on Italy for 75 per cent. of citrus fruit imports (excluding oranges) might present special problems to such companies as Kia Ora, Ltd. (which owns properties in Messina) and, possibly, Idris, Ltd. The exclusion of our large import of Italian gloves might be a matter of interest to Dent, Allcroft and Company, whose fortunes have already begun to revive since the imposition of the tariff. Buttons, Ltd., again, might find some advantage in the absence of Italian buttons from our market. Among "invisible" traders with Italy, the shipping lines with Mediterranean routes would suffer some inconvenience, though the handicap imposed on subsidised Italian competition might compensate them. Imperial Airways might well suffer both inconvenience and expense through the diversion of routes, and International Sleeping car would feel the loss of a favourite tourist country. Outside these companies and groups it is difficult to foresee any important direct effects of sanctions on individual investments.

Wall Street and Throgmorton Street.—During the past fortnight Wall Street has been hesitant and has not yet recovered the levels which prevailed before the sudden realisation of the gravity of the European crisis brought a sharp reaction. It would be premature, however, to assume that the upward tendency has run its course. Should it be resumed, especially if European markets are still suffering from nervousness, American shares will undoubtedly exercise a strong attraction for the British investor. There are, of course, many British investors, both individual and corporate, whom long experience has made equally at home in Wall Street and Throgmorton Street. Those who have not enjoyed this experience may find profitable interest in an article by Sir William Wiseman in the Supplement on "American Finance and Industry" which is to be published by the *Financial News* next Monday. Sir William, an English-born partner in Kuhn, Loeb and Company, who has had experience in both cities, is well qualified to draw distinctions. He points out that the origins of the two Stock Exchanges were very similar. Both found their *raison d'être* in a rapid growth in the supply of negotiable instruments of a national debt. Both were originally merely sections of an Exchange mainly devoted to trading in commodities. Both after their severance from the parent body conducted their business in the open air, with recourse in inclement weather to the hospitality of a neighbouring coffee house. There, however, the resemblance ends. The London Stock Exchange is still a great cosmopolitan market



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place, mainly devoted, whatever its detractors may say, to the business of investment. The New York Stock Exchange is almost exclusively concerned with the domestic affairs of the United States, and speculation has always been much more evident there than in London. Even to-day, in spite of depression and Securities Acts, the capital profit is still as completely monarch in Wall Street as the income yield is in Throgmorton Street. Though the *Financial News* supplement contains a wealth of other material, both on the details of investment in Wall Street and on the broader subject of American industry, investors need not go far beyond Sir William Wiseman's article to find the key to essential differences in the outlook of the two greatest Stock Exchanges in the world.

★ ★ ★

Rand Possibilities.—The views recently expressed by Dr. Pirow regarding the extension of Rand mining to about 10,000 feet, with a consequent increase in reserves put at £280 millions, raise difficult technical questions. The main problem to be solved is that of ventilation. To prevent phthisis, "wet mining" has been generally adopted, but as greater depths and temperatures are attained, it is clear that a high degree of humidity at a temperature approaching blood heat may presently reach the limit of human endurance. The surface refrigerating plant at Robinson Deep should shortly provide valuable information on this subject. It is hoped that a reduction of temperature will quickly be attained in those areas which approach critical conditions in the summer, with a resulting setback of some 1,500 feet in depth. Apart from "wet mining," however, it is possible that methods may eventually be evolved to drill "dry," and to filter the greater part of the dust from the air. While this may be possible with machine drills in development faces, it is difficult at the moment to see how such appliances could be used with mobile jack-hammers in stoping. In this respect research may enable the Rand gradually to be exploited to considerably greater depths. Scientific methods have certainly been of valuable assistance to West Witwatersrand Areas, where thorough geophysical and magneto-metrical surveys have been carried out, indicating the presence of the Main Reef Series in depth throughout the area. These conclusions have been confirmed by boreholes, many of which have given satisfactory values, although this is of secondary importance. The ground controlled may be sufficient to contain at least six separate mines. The first of these, Venterspost, has started operations, and is sinking a shaft through difficult water-bearing rock. Another subsidiary, taking in the Libanon farm, may be formed quite shortly. Both for developing concerns and established producers, however, the excess profits taxation is a most unsatisfactory and complicated arrangement, although expectations are general that it will be modified well before the new concerns are ready to produce. It would be rash to anticipate the findings of the Commission appointed to make recommendations to the Government regarding future taxation. It has been suggested in some quarters that the new basis should be a flat rate of 35 per cent. of the profits of all mines. In this event, and if the mines increase their grade to the value of their ore reserves, the Government's share of profits should meet their taxation requirements. On the other hand, such an arrangement would hardly be palatable to certain mining groups which have been able to work a lower grade of ore advantageously, and any new taxation legislation may be followed by certain adjustments in the miners' wages.

★ ★ ★

Actuaries' Investment Index.—The reaction in ordinary shares which set in a month ago has continued during the latest week. The course of the Actuaries' Index of 158 ordinary shares, however, suggests that the decline is due to market precaution, and not to any real change of view as regards the "mildness," or otherwise, of sanctions. The index figure, based on Tuesday's quotations, has declined to 73.9, compared with 74.3 a week ago and 76.5 a month ago, the corresponding yield figures

being 3.94, 3.95 and 3.83 per cent. respectively. Movements among component groups are illustrated below:—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100)			Yields (%)		
	Month Ago (Sept. 10)	Last Week (Oct. 1)	This Week (Oct. 8)	Month Ago (Sept. 10)	Last Week (Oct. 1)	This Week (Oct. 8)
<i>Lower this week:</i>						
Insurance Cos. (24).....	118.9	117.9	115.8	3.53	3.59	3.64
Building Materials (4).....	91.5	88.7	86.7	4.43	4.57	4.68
Elec. Light & Power (16).....	131.4	127.5	126.2	3.87	4.00	4.04
Electric Supplies (8).....	118.2	118.7	117.3	4.35	4.32	4.37
Breweries & Distill. (19).....	130.9	127.3	125.1	4.22	4.34	4.40
<i>Higher this week:</i>						
Iron and Steel (8).....	65.8	64.3	66.5	3.12	3.34	3.29
Oil (5).....	65.6	61.8	63.4	3.47	3.61	3.51

While a wide range of industrial equities show the effects of the market's resignation to the prospective results of League intervention in the present Italian campaign, interest and activity are still largely confined to the armaments and aviation groups on "re-armament" talk.

COMPANY NOTES

Motor Companies.—Publicity for motor shares associated with the annual Show, which opens this year on October 17th, has an eminently favourable setting in 1935. The salient features of the industry are now tolerably well known to investors. Within a vigorous general expansion of the industry the fortunes of individual concerns fluctuate widely from year to year, according to the success of the

	(Profits in £'000)						
	1929	1930	1931	1932	1933	1934	1935
Alvis (Dec. 31):							
Surplus*	3.9	Nil	Nil	15.8	24.1	19.9	...
Ord. earned %	5.1	Nil	Nil	22.3*	32.3*	17.5	...
Ord. div. %	5	Nil	Nil	Nil	7†	15	...
Austin (July 31):							
Earned for ord.	369.5	468.0†	393.2	205.0	321.2	471.7	434.1
Earned %	318.0	403.4†	269.5	182.2	285.5	405.8	360.0†
Div. %	20	102.8†	100	50	100	100	200†
Ford (Dec. 31):							
Earned for div.	714.0	790.4	Dr 134.5	Dr 735.9	742.2	483.7	...
Earned %	12.8	14.6	Nil	Nil	11.4	6.9	...
Div. %	10	10	Nil	Nil	Nil	5	...
Humber (July 31):							
Earned for pref.	Dr 73.2††	42.3	Dr 96.2	Dr 215.0	72.3	224.6	...
Morris (Dec. 31):							
Earned for ord.	814.1	730.4	313.9	464.0	135.0	327.9	...
Earned %	40.7	36.5	17.2	23.2	6.8	16.4	...
Div. %	10	10	5	10	5	10	...
Riley (Aug. 1):							
Earned for ord.	63.7	73.2	78.8	66.9	67.9	36.8	...
Earned %	55.6	65.9	69.8	58.3	58.0	23.1	...
Div. %	10	10	20	20	20	20	...
Rover (July 31):							
Earned for div.	120.2	37.2**	Dr 77.5	Dr 340.6	12.5	94.4	154.0
Earned %	35.7	11.5**	Nil	Nil	4.0	29.0	38.2
Div. %	5	Nil	Nil	Nil	Nil	Nil	...
Singer (Dec. 31):							
Earned for div.	141.7	93.3	14.5	Dr 33.9	Dr 62.95	73.78	Dr 49.05
Earned %	22.3	18.0	2.2	Nil	Nil	14.89	Nil
Div. %	17½	18.43	Nil	5	Nil	Nil	Nil
Standard (Aug. 31):							
Earned for div.	Dr 17.8	40.2	70.3	160.7	92.0	86.8	...
Earned %	Nil	17.3	31.2	71.4	40.9	37.3	...
Div. %	Nil	Nil	Nil	15	15	15	...
Vauxhall (Dec. 31):							
Earned for ord.††	Dr 301.8	Dr 100.5	38.0	105.3	447.9	638.0	...
Earned %	Nil	Nil	12.6	32.5	132.7	183.0	...
Div. %	Nil	Nil	Nil	Nil	Nil	75	...

* For ord. div. and pref. participation, ord. rate earned for 1932 and 1933 shown after one year's pref. div. † After normal pref. divs. 1930 7 months equated to 12. 1935, reorganisation makes "earned" and "div." figures, valueless. ** 1930, 11 months equated to 12. †† 1933, 5 months equated to 12. 1934 and 1935 after charging pref. div. §§ After charging normal pref. divs. each year.

latest models. It is notoriously unsafe, therefore, to argue from the general prosperity of the trade to the presumed prosperity of any given company. Some further observations, however, may be added to this well-known thesis. The industry can be divided into two classes of concerns, the popular makers, and the specialists. The popular makers have in the past led the movement to lower prices

and lower running costs. They have long been aware of the remarkable elasticity of demand for private cars and the surprisingly rapid extension of the total market resulting from lower costs and expenses. Realising that "running costs" for the small motorist include the invisible costs of "troublesomeness," the popular makers have aimed at trouble-free running and maintenance as well as low prices. They have not, however, made refinement a first object, though many popular models have in the course of their development achieved a considerable degree of refinement as an incidental. The "specialist" makers include most of those outside the popular leaders. In their varying classes they each make refinement an object of importance. It would seem that manufacturers who have definitely established themselves in one class or the other enjoy a relative stability, though they cannot altogether escape the fluctuations inherent in the trade. There remain, however, certain manufacturers who are apparently undecided whether to aim at specialisation or "popularisation." It is in this class that fluctuations are most severe. With neither the turnover to allow of really popular prices nor the goodwill attaching to a name famous for quality, the "undecided" concerns are thrown back on a gambling chance on the year's model. The larger concerns can afford to give the smaller manufacturers a year's start on any successful idea. It follows, therefore, that a single year's success may not spell permanent prosperity to an "undecided" maker. It is thus incumbent on investors to decide (or to seek advice) in what class to place any individual motor company which may interest them. Even the popular manufacturer will not be proof against fluctuations. As the industry, however, has prudently adopted a conservative dividend policy, both he and the established specialist can, normally, be counted on not to alter dividends very considerably from year to year. The "undecided" manufacturer, on the other hand, may jump in one season from a five-figure profit to a six-figure loss, or vice versa. The evidence of profits in the annexed table suggests that the remarkable expansion in the total market for British cars is allowing some general improvement in profits, which may well continue for some time ahead. But any check to expansion would rapidly discover the weaker units. There would appear to be room for further amalgamations, especially among the "undecided" makers, to promote strength and turnover. Practicable schemes of amalgamation, however, have hitherto been slow to take shape.

★ ★ ★

Joseph Lucas' Profits.—The latest results of this important motor accessories concern are not at first sight impressive in view of the record activity in the motor industry during the past year. An expansion of little over £6,000 to £266,168 in disclosed profits, however, may not be a wholly reliable indicator of the effective progress which has been made during the year, since the figures are struck after undisclosed provision for contingencies. Nevertheless, the recent rate of progress has certainly slowed down, despite the increased activity of the motor trade. A slight increase in the reserve allocation leaves no room for increase in the dividend. The recent course of profits is analysed below:—

	Year to August 31,		
	1933	1934	1935
Profit after depreciation, taxation and contingencies.....	251,627	259,882	266,168
Staff funds.....	10,000	10,000	10,000
Directors' fees and remuneration	3,200	2,500	2,500
"A" and "B" preference dividends.....	10,387	10,561	10,734
Ordinary shares—			
Earned.....	228,040	236,821	242,934
Paid.....	182,869	189,739	189,933
Earned %.....	31.2†	15.6	16.0
Paid %.....	25†	12½	12½
Reserve.....	50,000†	50,000	56,007
Carried forward.....	64,278	77,383§	74,377

† On half present capital, before capital bonus of 100 per cent. at end of year. ‡ £281,407 credited direct to reserve from surplus on realisation of investments in subsidiaries. § After crediting £16,023 surplus on realisation of Government securities.

The balance sheet shows significant changes. Stocks have again risen substantially, evidently financed from sales of gilt-edged holdings. Further extensions have been made to properties and plant, and the balance sheet exhibits its customary strength. Investors may regard the latest profits as a corroboration of the main argument of the preceding Note. A willingness to reduce profit margins, however, should tend to stabilise the company's position in the industry. The £1 ordinary shares, at a current quotation of 61s. 3d. xd, offer an "investment" yield of £4 1s. 6d. per cent., in keeping with this situation.

★ ★ ★

Austin Motor Results.—The Austin Motor Company is the leading "popular" car manufacturer in whose equity capital the share market has a substantial interest. The company's profit for the year to July 31st last, shows a decline from £1,505,212 to £1,469,144, in a period during which it produced and sold 23 per cent. more vehicles in the home market and 30 per cent. more in the export market. This result has obvious relevance to the conditions described in an earlier Note. The company has fully maintained its position in an expanding market, but only at the expense of a significant reduction in its profit margin. The explanation is, apparently, twofold. In the first place, raw material prices have tended to rise under the tariff. In the second, the company decided, a year ago, to make moderate reductions in its selling prices and simultaneously to provide purchasers with an improved product. This policy has paid the industry well in the past, but its re-emergence at this moment may be as much a symbol of renewed intensity of competition as of deliberate policy. The company's results for the last three years are summarised below:—

	Years to July 31,		
	1933	1934	1935
Ordinary capital.....	150,000	150,000	622,459*
Profit.....	1,188,440	1,505,212	1,469,144
Income tax.....	125,000	160,000	150,000
Maintenance and depreciation.....	482,387	626,932	628,596
Debtenture service.....	71,255	55,000	64,625
Directors' fees.....	3,000	2,000	2,000
7% preference.....	13,125	13,344	13,562
6% preference.....	60,000	60,000	60,000
20% preferred ordinary.....	112,500	116,250	116,250

Ordinary—			
Earned.....	321,173	471,686	434,111
Paid.....	112,500	116,250	241,202
Earned (%).....	285.5	405.8	90.0†
Paid (%).....	100	100†	50‡

To capital reserve.....	70,396	50,000	...
To general reserve.....	100,000	300,000	185,000
Total carried forward.....	357,497	362,933	370,842

* Including £472,459 in "A" ordinary shares, distributed as capital bonus. † Plus capital bonus of 300 per cent. in "A" ordinary. ‡ Equivalent to 360.0 per cent. and 200 per cent., respectively, on capital before bonus.

Although the quadrupling of the company's high-g geared ordinary capital last year has been, as was expected, the signal for a considerable upward adjustment of dividends, the financial policy is still conservative. Though the company has spent £344,122 on new plant, equipment and



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buildings in the last twelve months, this year's allowance out of revenue for maintenance and depreciation is equivalent to no less than 22 per cent. of the total balance sheet valuation of fixed assets. Despite last year's bonus issue, total reserves and "carry-forward" still exceed total paid-up ordinary capital by £263,383. It should be well within the directors' capacity to reconcile the maintenance of future 50 per cent. dividends with continued financial prudence. Investors, however, obviously cannot take figures of increased sales, either by the company or the industry generally, at their full face value under current conditions. This applies particularly to returns for short periods, such as the eight weeks to September 28th, during which, according to the Austin report, home market sales have increased by a further 62 per cent. and exports by 118 per cent. Encouraging as these figures are, after all qualifications, the yield of £5 17s. 6d. per cent. on the 5s. ordinary shares at their present price of 45s., appears to pay no more than due regard to conditions in the industry.

Murex Progress.—The full report of this welding and alloy concern, which also has valuable patent rights relating to ore concentration and separation, will be received as favourably as the recent dividend and bonus announcement. Evidence of substantial progress is everywhere apparent. Trading profits have risen sharply from £123,867 to £190,391, and net earnings show a corresponding increase. Profits expansion is thus still in the geometric stage, and the report refers to a substantial and profitable increase in business during the year. For a period of industrial progress, coupled with increased armaments and mining activity, it would be surprising if results were otherwise. The generous scale of the increased profits, however, is certainly impressive. As a result of the 100 per cent. share bonus in January last, and of further cash issues, the rate of dividend is reduced from 35 to 20 per cent., but the amount distributed shows an increase from £58,419 to £83,698, as the following table reveals:—

	Years to June 30,		
	1933	1934	1935
Trading profit	69,583	123,867	190,391
Other income	9,138	32,945	39,002
Total profit	78,721	156,812	229,393
Expenses and fees	10,044	9,620	11,712
Depreciation and obsolescence ..	5,265	20,567	22,421
Taxation	8,000	25,190	38,000
Other provisions	...	36,000†	14,000‡
Preference dividends	3,500	3,500	3,500
Ordinary shares—			
Earned	51,912	64,935	139,760
Paid	41,966	58,419	83,698
Earned %	37.1	38.9	33.4
Paid %	30	35	20a
General reserve	...	...	40,000
Carried forward	44,150	50,666	77,730†

† To staff pensions fund. § To investment reserve. ‡ After crediting £14,000 refund by Murex Welding Processes towards staff pensions fund. (a) 100 per cent. capital bonus declared January, 1935, on £270,000 capital, and 2½ per cent. capital bonus with final dividend.

The expansion in the company's trading opportunities and responsibilities may have suggested the desirability of a conservative cash distribution, tempered for shareholders by a modest scrip distribution. The cash and current position revealed by the balance sheet is strong enough to provide for a further generous expansion in a business which, either for armaments or peace, seems destined to achieve increasing industrial importance. At 6½% cum rights, the £1 ordinary shares yield nearly £3 5s. per cent., which may discount future prospects fairly reasonably.

Central Argentine Railway.—The early publication of the Central Argentine results for the year to June last will do nothing to reassure a market which, last week, was dismayed by the halving of second preference dividends by B.A. Great Southern and B.A. Western. Briefly, the operating profit of the Central Argentine has been divided between exchange differences and interest requirements,

leaving only a slight increase in the amount earned for the preference stocks. Sterling traffics show a small decline at £9,865,160 owing to a sharp reduction in Government traffic collections, for general traffics are some £539,312 higher. The increase in total income, which results from a reduction in operating expenses by some £50,000, is more than swallowed by the further advance in the provision for exchange differences, although in the absence of the special allocation in the previous year for writing down "C" certificates of the Convention Trust to par, net revenue has risen from £51,866 to £175,362. The course of recent profits is set out below:—

	Years to June 30,		
	1933	1934	1935
Gross receipts	9,749,195	9,870,864	9,865,160
Working expenses	7,849,021	7,210,962	7,158,446
Operating income	1,900,174	2,659,902	2,706,714
Other income	4,665	23,522	33,592
Total income	1,904,839	2,683,424	2,740,306
Exchange differences	365,479	1,004,819	1,228,623
Debiture, note and general interest and Western annuity ..	1,199,130	1,319,834	1,336,321†
Provision for writing down "C" certificates in U.K. and Argentine Trust to par	...	306,906	...
Net revenue	340,230	51,866	175,362
4½ per cent. preference dividend ..	436,307	...	...
Carried forward	446,520	498,385	673,747

† Includes £8,322 income tax account.

Stockholders will undoubtedly be disappointed by the realisation that a modest recovery of \$5,873,850 in peso receipts to a total of \$108,351,350 for the year has disappeared in the course of transit owing to the heavy depreciation of the peso, and there is clearly little hope of recovery, so far as they are concerned, while provision is required on this enormous scale. The board has made smaller provision for renewals, which on a par basis have cost £314,096, compared with £600,000 for 1933-34. The traffic returns show a fair increase in maize freights, despite the withholding of supplies by farmers, but wheat has fallen abruptly by as much as 38.2 per cent. to £847.158. The effects of the reduced wheat area and sustained drought on the company's current business and on Argentine economic conditions in general suggest that present prospects are not auspicious. Such relief which may be derived from transport co-ordination, revision of regulations and, possibly, the granting of special exchange facilities to the railways may be eventual rather than imminent.

Trinidad Leaseholds.—The oil share market was satisfied with the results of Trinidad Leaseholds for the year ending June 30, 1935. Trading profits increased by 28 per cent. and the amount available for the ordinary shares by 46 per cent. The final dividend was increased from 7½ per cent. to 12½ per cent., making 17½ per cent. for the year, as against 12½ per cent. for the previous year. The directors attribute the improvement in results to a greater volume of sales, a decline in unit operating costs and a slight improvement in sale prices. The company is probably beginning to derive full benefit from the expansion of its distributing organisation in Great Britain, though in its last financial year it enjoyed the benefit of the penny rise in the price of petrol for two months only. Profits have now fully recovered from the set-back experienced in 1933-34:—

	Years to June 30,		
	1933	1934	1935
Total profit	521,187	443,650	570,431
Expenses and directors' remuneration	26,640	28,391	31,745
Depreciation	242,799	235,756	243,552
Taxes	55,000	15,000	55,000
Earned for dividend	196,748	184,503	240,134
Earned (%)	15.0	12.5	18.3
Paid (%)	15.0	12.5	17.5
To reserve	Nil	Nil	10,000
Carried forward	68,992*	69,550	70,161

* After bringing in £4,979 reserve in respect of claim against subsidiary company no longer required.

The company's balance sheet shows an improvement in the financial position. The surplus of current assets over current liabilities is £1,138,000, as compared with £888,000 in the previous year, cash having risen from £63,000 to £542,000. At the present price of 3¼, the shares yield £5 2s. per cent. on a 17½ per cent. dividend.

Leach's Argentine Estates.—The Scheme to cover the settlement of preference dividend arrears by this company, submitted with the report to March last, appears sound and equitable. The sums unpaid amount to £244,125 net, which will be reduced to £210,025 by a payment of 8.8 per cent. out of the latest profits. In return for the cancellation of arrears, preference shareholders are to receive registered funding certificates bearing cumulative interest at 5 per cent., ranking before the preference dividend, and redeemable by appropriation of 15 per cent. of surplus profits, after preference dividends have been paid. At the same time advances and debentures amounting to £266,833 are to be satisfied by an issue of registered notes and advances of \$557,455 (paper pesos) in the Argentine will be extended. Profits remaining after the funding certificate redemption allocation will be applied towards a 6 per cent. non-cumulative ordinary dividend. Of the balance 15 per cent. will be devoted to redemption of registered notes, and the remainder distributed to preference, ordinary and deferred stockholders in the respective proportions of 25, 50 and 25 per cent. The directors recognise that any forecast of trading results, or of the course of the Argentine exchange, is impossible. On the basis of present rates, however, the current year's profits should be sufficient for the fixed preference dividend and an ordinary dividend. In view of the final amortisation of the debentures in 1936, the residual participation rights attaching to the preference shares may become operative if present conditions are maintained.

Base Metal Share Prospects.—While the market's interest in industrial equities—outside the armaments range—and even gold shares remains under the baneful influence of political factors which are none of its seeking, the continued strength of base metals is a more natural reflection of current war reports. The prospect for copper was

Company, Denomination, and Date of Accounts	Total Profits	Earned for Ordinary	Ordinary Shares		Quotation	Yield (%)
			Earn'd	Paid		
Broken Hill South £1 (June 30):						
1932	183,749	91,883	11.5	10	80-1	6 0 0
1933	331,467	214,286	26.8	15		
1934	314,257	190,550	23.8	25		
Burma Corp. Rs. 10 (June 30):						
1932	565,529	215,441	2.1†	2½	11/8½	5 17 0†
1933	550,201	312,836	3.1†	3½		
1934	564,992	332,775	3.3†	3½		
San Francisco 10/- (Sept. 30):						
1932	56,405	Dr 112,247	Nil	Nil	14/6	Nil
1933	16,727	Dr 40,205	Nil	Nil		
1934	166,902	Dr 70,423	Nil	Nil		
Treppa Mines 5/- (Sept. 30):						
1932	510,301	114,348	10.5	10	13/9	4 6 0
1933	679,375	221,333	21.1	16		
1934	682,551	160,551	15.1	12		
Zinc Corporation 10/- (Dec. 31):						
1932	795,501	23,680	8.0	5	49/4½	3 1 0
1933	816,211	42,489	13.2	12½		
1934	833,820	53,683	16.9	15		

† Free of income tax. (a) Calculated at 7½ annas per share dividend, 1934-35. (b) Based on a dividend of 30 per cent. in Australian currency. Yield allows for rate of exchange.

outlined in our issue of September 28th, but lead and spelter have also been actively supported on similar considerations. Tin shares have also responded to the further increase in production which was decided at last week's meeting of the International Committee. For the first time for many years, the prices of silver, lead and zinc have substantially improved, and are not, as so often in the past, moving in counterpoint. With the lower level of silver dealings obligingly pegged by the

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American Treasury, the bugbear of unremunerative "by-product" silver output is temporarily removed for that majority of base metal concerns whose ores consist of silver-lead-zinc associates. It is, of course, a dangerous policy to base even a speculative investment programme on the purely sentimental reactions of war rumours. If, at this late stage, the Italo-Abyssinian question were to be promptly settled, the subsequent course of demand might reveal that industrial consumers had somewhat anticipated their requirements in recent weeks, and a temporary subsidising of purchasing might occur as a natural consequence. Meanwhile, however, the market is impressed by the long-term industrial prospects, assisted by the assumption that, whether war is an imminent factor or not, prevailing political conditions will in any case encourage some considerable expansion in arms. The present scale of consumption of lead and zinc, in relation to available reserves, suggests the likelihood of a firm long-period trend in prices. An improvement in the profits of representative concerns producing these metals, which are given in the accompanying table, would certainly be assisted by the appreciable cost reductions which have been secured in recent years. It would be wise, however, to recognise three points: a political risk attaches to certain issues in the table; the Australian concerns have received appreciable benefit from the depreciation of the exchange; and, finally, the development in certain sections of the Burma Corporation property has proved less auspicious than originally anticipated.

Other Company Results.—Our table of summarised profit and loss accounts on page 734 shows the results of 34 additional companies. Among these, *Leach's Argentine Estates* (whose preference funding scheme is discussed on this page), has secured a moderate profits recovery from £97,570 to £107,891. It has been something of a motoring week, for in addition to companies discussed in earlier Notes, the report of S.S. Cars has also been published, showing profits of £27,895, which cover the 10 per cent.

dividend adequately, while *Henlys'* profits are slightly higher at £42,916. Further recovery in the engineering trades is illustrated by the *Kayser Ellison* and *Ransome and Marles* reports. This week's plantation results are mainly from smaller concerns, and show a rather divergent trend, although *Lanka Plantations* has increased its net profit from £12,343 to £13,137. In the shipping group, *Manchester Liners* have earned higher profits, and the investment trust trend is still upward. The net earnings of *Robinson and Cleaver* show a sharp fall from £24,115 to £10,321. In the miscellaneous group, such widely differing concerns as *Clyde Paper*, *Genatosan, H. and M. Rayne* and *Steel Ceilings* have achieved satisfactory trading results, while "*The Times*" *Publishing Company* reports a substantial increase in profits from £74,741 to £132,855, the ordinary dividend being doubled. Among the less fortunate, however, *Brown, Hopwood and Gilbert*, and *Burt, Boulton and Haywood* show falling earning power, which in the case of the latter has resulted in a loss for the year. Among the week's dividends, the 50 per cent. distribution of *O.K. Bazaars* has stimulated the market, but the maintenance of the *Burmah Oil* interim at 3½ per cent. has disappointed some optimists. A further full year's payment on *British Celanese* first preference shares, announced on Thursday, meets these dividends up to April, 1934. *United Dairies* have maintained the final dividend of 7½ per cent., making 12½ per cent. on a larger capital.

* * *

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Tali Ayer Rubber Estates, Malayalam Plantations, Bajoe Kidoel Rubber and Produce, Southern Kinta Consolidated, Goode Durrant and Murray, and Herrburger, Brooks. The present price level of rubber is definitely too low, according to Mr Miller, chairman of Bajoe Kidoel Rubber and Produce Company, who announced a year's result which might be considered satisfactory in the circumstances. The same argument was advanced by Mr Maguire of Tali Ayer Rubber Estates, who said that in the twelve months to end June, 1936, world stocks may be reduced by 100,000 tons. Mr John Howeson, of Southern Kinta Consolidated, said that the demand for tin continued to increase, and that no company was better equipped to take advantage of more settled conditions in the industry. Addressing Malayalam Plantations shareholders, Mr H. J. Welch reviewed the prospects of rubber and tea market movements, and declared them favourable. The chairman of Goode Durrant and Murray described the advantages of the company's close collaboration with D. and W. Murray. The chairman of Herrburger, Brooks ascribed the increase in profits to expansion of business and to economies which had been effected.

THE WEEK IN THE MARKETS

THE LONDON STOCK EXCHANGE

SETTLING DAYS	
TICKET OCTOBER 22	ACCOUNT OCTOBER 24

The market this week has, on the whole, retained its composure regarding the international situation, and having been convinced that the majority of the League powers mean business, is still confident that this does not imply big business. The first day of the new account, on this reasoning, was the most confident for some weeks, and although second thoughts tempered the advance for a time, the reservations by Austria and Hungary at the Assembly were interpreted in bullish fashion by a market which would willingly hear the last of "sanctions" and war.

Gilt-edged securities opened the new account in the same confident fashion which marked the closing stages of the previous week, and after a pause on Tuesday, resumed

their tentative advance. The undated stocks proved most sensitive in the list, and were not disturbed by renewed canvassing of a November general election. Some investment support was given to the Dominion group, but business tended to become quieter when interest revived in the gilt-edged market.

The foreign bond market made somewhat irregular progress. Brazilian issues, which opened in fair style, became unsettled on a proposed Budget amendment striking out the debt service appropriation and were slow to recover. Argentine bonds remained dull. The German bond market became more confident on news of higher payments on the dollar tranches of the "Dawes" and "Young" issues, but other European issues were little more settled than in recent weeks. Chinese bonds continued firm, and were joined later in the week by Japanese issues, which responded to the South Manchuria repayment.

The home rail market was in more cheerful mood this week. The bears were driven out and there was some scouring of the market for cheap stock. Prior charges were consistently firm, and although equities and marginal preference issues were checked on Tuesday, the traffics brought fresh support. Quiet conditions ruled in the Argentine rail market, and prices tended to sag further. The early publication of the Central Argentine accounts, discussed on page 716, with their depressing record of provision for exchange differences in recent years, resulted in a further weakening of support. American rails were still uncertain this week, and a falling tendency prevailed.

The narrowness of this week's markets was illustrated by the course of industrial shares. The general upward movement on Monday resulted from fairly moderate expansion of demand, but induced a prompt willingness to take profits. The market's interpretation of the week's events at Geneva was broadly to its liking, and in consequence the tone showed cautious improvement after more hesitant conditions on Tuesday. Aviation and steel issues opened firmly, continued moderately active, and were well supported on Thursday. Coal shares were moderately supported, despite the "sanctions" argument outlined on page 712. Motor shares, prominent in this week's industrial and company news, gave good account of themselves, without responding markedly to the August registrations. Brewery issues opened with a general improvement, but displayed no real drive later in the week. Tobacco issues, on the other hand, displayed a somewhat firmer tone after an easier interlude. Woollen textile issues, whose prospects are discussed in a Leading Article on page 711, showed steady fractional improvement, but leading rayon shares failed to maintain their initial promise. Miscellaneous industrial leaders reflected the market tone fairly faithfully. A number of strong features emerged from Monday's dealings among oxygen, chemical, asbestos and metal shares, and building issues were confidently supported. Although dealings were inclined to hang fire on Tuesday, a quiet revival of interest marked succeeding days.

The oil share market opened fairly cheerfully, and business in the leading issues was more active than for some time. Interim dividends, in fact and prospect, influenced the course of quotations, for the market entertained hopes of resumed "Shell" payments, and showed disappointment with the *Burmah* announcement.

Rubber shares had their day on Tuesday, on the announcement that the Dutch authorities had decided to purchase export coupons from estate producers totalling 20,000 tons. This step to check the excess of native exports, which had exercised the market's concern recently, was received favourably in Mincing Lane and the Stock Exchange, but the stimulus proved somewhat short-lived. Tea shares were firm initially, but tended to lose drive in mid-week.

Conditions in the mining markets were more cheerful this week. After attracting increased attention at the end of the previous week, "Kaffirs" opened in brighter style, and although activity tended to taper off, the tone remained firm until Thursday, when selling from the Cape induced a dull tendency. Development news was good, and while West Witwatersrand were in prominent demand other new concerns were also supported. Established producers and finance shares were in better demand early

in the week, and received less support from mid-week. "Jungle" and Australian issues, however, maintained a firm front. Copper shares were sold by profit-takers when the metal reacted on Tuesday, but tin and base metal shares were well supported throughout the week.

"FINANCIAL NEWS" DAILY BARGAIN INDEX

(Approximate number of Bargains recorded in Stock Exchange Lists)

	Week to Oct. 4, 1935	Oct. 3, 1935	Oct. 4, 1935	Oct. 7, 1935	Oct. 8, 1935	Oct. 9, 1935	Oct. 10, 1935
Government and Municipal Loans	5,242	1,123	1,084	1,208	990	1,166	1,095
Transport, Communications, and Public Utilities	4,275	957	860	961	877	771	962
Commercial and Industrial	18,221	3,972	4,042	4,163	3,834	3,538	3,642
Banks, Insurance and Financial	2,389	506	497	531	580	531	478
Mines (including Nitrates)	4,794	1,116	1,015	1,357	1,191	1,049	1,112
Oils	751	170	170	196	175	305	231
Rubber, Tea and Coffee	877	198	192	229	245	311	236
Total	36,549	8,042	7,840	8,645	7,892	7,671	7,756
Corresponding day in 1934	...	8,470	8,282	8,939	7,297	7,759	8,319

* Including Iron and Steel and Breweries.

REVISED "FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (July 1, 1935 = 100)

Highest of 1935 (Aug. 13)	Lowest of 1935 (Mar. 27)	Oct. 3, 1935	Oct. 4, 1935	Oct. 7, 1935	Oct. 8, 1935	Oct. 9, 1935	Oct. 10, 1935
104.2	87.4	95.2	97.0	98.1	98.1	98.4	98.9

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS. (1928 = 100)

Highest of 1935 (Feb. 1)	Lowest of 1935 (Oct. 3)	Oct. 3, 1935	Oct. 4, 1935	Oct. 7, 1935	Oct. 8, 1935	Oct. 9, 1935	Oct. 10, 1935
141.0	131.9	131.9	132.0	132.3	132.0	132.3	132.5

FOREIGN STOCK EXCHANGES

NEW YORK

TOWARDS the end of last week Wall Street overcame its pessimism, and decided that the troubles with Italy might not last long, and that in any case foreign investors would turn to America for at least temporary refuge. A steady rise all round the market was led by securities likely to benefit from war; aviation and copper shares were particularly strong, and were followed by motors and accessories, steel and rubber. Treasury issues and bonds were strong. The rise was maintained this week, but although turnover fell in mid-week and the market became more uncertain, copper continued strong and the domestic copper price was raised. The present hesitancy shows that the League crisis continues to overshadow the market, although the President's war embargo seemed to pass almost unnoticed. The strike in the soft coal industry has reduced car-loadings and railways have been weak. The hard coal industry is working for an increase of 150 per cent. in the tariff on Russian coal. Business reports continue to be good. Power output in the week ended October 5th was 12.3 per cent. higher than a year ago, mainly due to increased industrial activity in the Central States. The Securities and Exchange Commission has issued rules for the registration of holding companies, but there can be little progress until the Supreme Court has passed on the Act. The New York Central Railroad is quarrelling with the Reconstruction Finance Corporation about short-term debt conversion. The United States Rubber Company is consolidating its European and English operations. The "Iron Age" estimates steel mill activity at 52 per cent. of capacity, compared with 52.5 per cent. last week. Demand from the automobile industry has increased, but motor stocks are hesitant owing to rumours that prices of Ford's new models will be cut by 10 per cent.

ELECTRICAL ENERGY AT ECONOMIC RATES IN NORTH-EAST COAST AREA

NORTH-EASTERN ELECTRIC SUPPLY Co. Ltd.

Carlisle House, NEWCASTLE-UPON-TYNE

SITES FOR WORKS. Apply to the above Address for details

	Oct. 2, 1935	Oct. 9, 1935	Oct. 9, 1935, Eng. Equiv.†		Oct. 2, 1935	Oct. 9, 1935	Oct. 9, 1935, Eng. Equiv.†
Lb. Ln. 4½% '33-39	100 ½	100 ½	102 ½	Natl. Biscuit ...	29 ½	31 ½	31 ½
Atchison ...	45 ½	44 ½	45 ½	Phelos Dodge ...	22 ½	25 ½	25 ½
Erie ...	9 ½	9 ½	9 ½	Pullman ...	30 ½	31 ½	31 ½
Illinois Central ...	13 ½	14 ½	14 ½	Sears Roebuck ...	53 ½	55 ½	56 ½
N.Y. Central ...	20 ½	21 ½	21 ½	Un. Fruit ...	62 ½	65 ½	66 ½
Pennsylvania ...	25 ½	25 ½	25 ½	U.S. Leather ...	6 ½	8 ½	9 ½
Southern Pacific ...	16 ½	16 ½	17 ½	U.S. Rubber ...	12 ½	12 ½	13 ½
Southern Ry. ...	8 ½	8 ½	8 ½	U.S. Steel ...	42 ½	43 ½	44 ½
Union Pacific ...	93 ½	91 ½	93 ½	Westinghouse ...	73 ½	75 ½	77 ½
				Woolworth ...	60 ½	59 ½	60 ½
Am. Can. ...	138 ½	139 ½	141 ½	Am. Tel. and Tlg.	135 ½	139 ½	141 ½
Amer. Smelting ...	46 ½	50 ½	51 ½	Interboro R.T. ...	18 ½	20 ½	20 ½
Anaconda ...	18 ½	22 ½	22 ½	Int. Tel. Teleg.	8 ½	9 ½	9 ½
Bethlehem Steel ...	35 ½	36 ½	37 ½	Utilities P. & L.	2 ½	2 ½	2 ½
Chrysler Motor ...	69 ½	73 ½	74 ½	W. Union Tlg.	45 ½	49 ½	49 ½
Coru Products Rf.	60 ½	61 ½	62 ½				
Eastman Kodak ...	151 ½	153 ½	155 ½	Shell ...	82 ½	85 ½	85 ½
Gen. Electric ...	31 ½	33 ½	34 ½	Shell Union ...	8 ½	9 ½	9 ½
Gen. Motors ...	44 ½	46 ½	47 ½	Std. California	32 ½	32 ½	33 ½
Int. Harvester ...	56 ½	54 ½	55 ½	Do. N.J.	42 ½	44 ½	45 ½
Mont. Ward ...	30 ½	31 ½	32 ½				

† Calculated at \$4.91 to £.

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

	1934		1935		Be- ginning of Year 1935	Sept. 25, 1935	Oct. 2, 1935	Oct. 9, 1935
	Lowest Sept. 19	Highest Feb. 21	Lowest Mar. 20	Highest Sept. 11				
851 Industrials ...	74.3	90.5	74.5 (i)	98.7	83.1	97.1	93.9	96.8
33 Rails ...	34.0	51.4	27.4	38.0	35.6	36.1	33.2	33.5
87 Utilities ...	55.2	83.4	52.2	85.8 (v)	57.9	80.9	77.2	80.2
Total, 421 Stocks	65.6	82.1	63.1	96.4	71.0	84.5	81.3	83.8
Average yield of 50 Industrial Common Stocks	2.78%	3.90% (s)	3.09% (s)	4.06% (i)	3.62%	3.32%	3.50%	3.38%

‡ December 28th. † February 7th. (s) September 12th.
(i) March 13th. (v) August 14th.

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

Highest of 1935 (Sept. 11)	Lowest of 1935 (Mar. 15)	Oct. 2, 1935	Oct. 3, 1935	Oct. 4, 1935	Oct. 5, 1935	Oct. 7, 1935	Oct. 8, 1935	Oct. 9, 1935
112.4	78.6	105.8	107.1	108.4	109.3	110.1	109.1	109.7

TOTAL DEALINGS IN NEW YORK

	Oct. 3, 1935	Oct. 4, 1935	Oct. 5, 1935*	Oct. 7, 1935	Oct. 8, 1935	Oct. 9, 1935
Stock Exchange—Shares (Thous.) ...	1,480	1,420	700	950	1,180	880
Bonds (Value Thous. \$) ...	13,360	10,660	4,820	8,451	10,930	9,960
Curb—Shares (Thous.) ...	231	268	122	198	239	214

* Two-Hour Session.

PARIS

The Bourse interprets Geneva's delay in dealing with the Abyssinian dispute as good news for investors, if not for the League, and accordingly prices recovered at the end of last week. "Surely the bitterness of death is past," said the Bourse, and hoped into this week that the struggle would be "localised." Rentes and banking shares were strong, and even Suez Canal shares gained after the directors had decided that the canal could not be closed for political reasons. The rise spread to international and foreign securities, particularly German "Young" Loan. Copper was strong on war rumours. But as Geneva became firmer toward the middle of this week, and sanctions became a probability rather than a possibility, the Bourse changed its tone and prices started to sag. Mines, foreign and international securities, rentes and banking shares all

(Continued on page 722)

IN calculating yields on fixed interest stocks quoted below allowance is made for interest accrued since the last date of payment, less income tax at the standard rate. Where stocks are definitely redeemable, the period of the yield includes the period to redemption; where stocks are redeemable at or before a certain date the final date of repayment is taken when the stock stands at any subsequent date when the quotation is above par. The return on ordinary stocks and shares is calculated by reference to the latest dividends, account being taken of any enhancement or reduction of interim dividends. Allowance is made for accrued dividends in calculating the yield on "cum div." shares.

Prices, Year 1935 Jan. 1 to Oct. 9, inclusive				Last two Half-yearly Dividends		Name of Security	Price, Oct. 9, 1935		Price, Oct. 9, 1935		Rise or Fall	Yield, Oct. 9, 1935					
High- est	Low- est	(a) %	(b) %	High- est	Low- est		(a) %	(b) %	f	s		d					
19.3	13.6	Nil	Nil	Iron, Coal, &c.—contd.	17.6	18.9	+1.3	Nil	27.9	25.7	5(c)	5(c)	Aerated Bread £1	26.3	26.3	...	3 16 2
8.02	3.4	31(b)	14(a)	Har. & Wlf. 6% Cm. Pl.	6.9	7.3	+6d	Nil	32.6	24-	5(c)	7(c)	Allied Newspapers £1	30.6	30.6	...	4 11 0
25.1	18.1	31(b)	14(a)	Lorden Collieries £1	20-	18.9	-1.3	5 6 9	10.3	6	15(c)	Nil(c)	Amal. Dental Ref. £1	7.9	7.9	-3d	Nil
23.7	18.1	31(b)	14(a)	Lombert Bros. Ord. £1	18.9	20.2	+2.3	5 6 9	25.6	18.3	4(c)	5(c)	Amal. Metal £1	24.9	25.6	+3d	4 0 0
13.9	7.9	31(c)	2(c)	Ocean Coal & Wilsons £1	8.9	8.9	...	4 11 6	27-	18.4	5(b)	5(b)	Archer (10/-)	20.3	20.3	...	3 6 0
6.6	3.4	Nil	Nil	Pearce and Partners 10/-	21.3	21.3	...	Nil	9/-	5.11	4(a)	6(b)	Army and Navy 10/-	30/-	28.9	-1.3	4 4 6
21.10	17.9	Nil	Nil	Stewart & Lloyds £1	22.1	21.3	-9d	6 17 0	26.6	23.4	20(c)	26(c)	Assoc. Brit. Picture 5/-	7.9	7.9	-4d	6 9 0
22.4	21.1	Nil	Nil	Powell Duffryn £1	16.6	17.3	+9d	5 17 0	26.6	23.4	20(c)	26(c)	Assoc. Newspr. D. 5/-	23.9	25.7	+1.3	5 6 0
26.3	23.3	Nil	Nil	Sheepbridge Cl. & In £1	24.4	24.4	...	6 10 0	59.9	39-	10(c)	5(a)	Assoc. P. Cement £1	56.6	57.6	+1.6	3 9 7
25.1	18.1	31(b)	14(a)	S. Durham £1	50-	50-	...	3 12 0	79-	72.9	10(b)	5(a)	Barker (John) £1	75-	75-	...	4 0 0
26.3	23.3	Nil	Nil	Steel & Iron 1 B Ord. £1	24.4	25.5	+7.3d	2 8 0	51.7	45-	6(b)	5(b)	Barry & Steeles Ltd.	47.6	47.6	-10d	4 14 0
48.3	47-	4(a)	6(b)	Stanton Ironworks £1	49.4	46.10	+7.3d	3 8 0	67-	41.10	29(c)	29(c)	Berges (Lewis) Ord. £1	62.6	62.6	...	3 2 0
35.9	26.3	24(c)	5(c)	Staveley Coal, &c. £1	42.1	31.6	-6d	3 4 0	18.3	11.6	Nil	21(c)	Borax Pure Drug 5/-	48.6	48-	-6d	3 2 0
27.3	13.10	Nil	Nil	Stewarts & Lloyds £1	24.6	26.10	+2.4d	2 4 0	20-	13.3	3(c)	3(c)	Borax Deferred £1	17-	16.9	-3d	2 18 0
9.6	26-	Nil	Nil	Swan, Hunter £1	8.9	9-	...	4 11 0	46-	28.6	5(c)	7(c)	British Aluminium £1	15-	15-	...	4 0 0
88.1	8-	Nil	Nil	Thomas (Richard) (6/8)	29.6	29-	-6d	4 6 8	40.4	34-	+2.4d	14(b)	British Match £1	36.1	35.1	-1/-	3 8 6
18.1	8-	Nil	Nil	64% Cm. Tax free Pl. £1	14.4	14.4	...	Nil	64	5.11	20(c)	120(c)	Brit-Am. Tobacco £1	54	54	+4	3 10 0
48.1	28.1	24(a)	4(b)	Thornycroft, John, £1	44.4	44.4	...	Nil	64	5.11	20(c)	120(c)	British Oxygen £1	7.4	7.4	+1	2 17 0
85.4	24.6	24(a)	4(b)	U. States Steel £100	44.4	44.4	...	Nil	64	5.11	20(c)	120(c)	Caracas "A" Ord. £1	7.4	7.4	+1	5 2 0
20.3	8.9	4(c)	6(c)	United Steel Cos. Ord. £1	31-3d	34.3	+6d	2 1 6	39	7.1	15(a)	10(b)	Cole (E. K.) Ord. 5/-	28.6	29.6	+1.1	5 2 0
35.9	24.4	6(c)	6(c)	Vickers (6/8)	17.6	31.3	+2/-	3 18 0	66.3	51.3	24(c)	74(c)	DeHavilland Aircraft £1	30-	30-	...	2 10 0
147.6	99.6	10(a)	2(c)	Weardale Steel & Sl. £1	116.6	117.6	+5	5 2 0	53.4	33.9	8(c)	8(c)	Dunlop £1	35-	35.6	+6d	4 10 0
70-	36.10	5(c)	10(c)	Yarrow & Co. £1	62.6	62.6	...	3 4 0	64.3	48-	5(a)	10(b)	Eastwoods Ord. £1	53.9	53.9	...	5 11 6
5.81	4.6	5(c)	5(c)	Textiles	5-	5-	...	5 0 0	34.10	23.7	10(c)	12(c)	Elec. & Musical Ind. 10/-	25.3	25.3	-3d	5 0 0
7.104	4.6	Nil	Nil	B. Ctn. Wool Ds. 5s.	5.3	5.3	...	Nil	24.9	18.6	10(a)	25(b)	Fair Ready Co. 5/-	22.3	22.3	-3d	1 8 0
11.6	6.9	Nil	Nil	Bleachers £1	5.3	5.3	...	Nil	30-	19.4	10(c)	5(c)	Fairly Aviation 10/-	26.9	26.9	...	3 10 0
16.81	8.3	Nil	Nil	Bradford Dyers (£1)	8.11	8.11	...	Nil	69.6	61.6	5(c)	74(b)	Callaher Ltd. Ord. £1	125-	123.9	d	3 0 0
12.6	7.3	Nil	Nil	Brit. Celanese Ord. (10/-)	11.3	11.3	+9d	Nil	13.9	8.6	3(c)	4(b)	Gaumont-Brit. (10/-)	9.9	9.9	...	7 3 0
68.6	59.10	138(c)	21(a)	Calico Printers £1	60.71	60.71	...	4 10 0	47.3	35.6	15(a)	20(b)	Gestetter D. (5/-)	45-	37.8	b	4 13 3
60.71	39.6	138(c)	21(a)	Courtaulds P. (£1)	52.6	53.11	+7.4d	2 16 6	114.10	11.7	5(c)	6(c)	Goodstall Wall & Co. (10/-)	13.1	13.1	-2.9	4 11 6
40.6	39.6	74(b)	24(a)	English Swg. Ctn. £1	42-	42.2d	+6d	4 16 0	133.9	121.3	15(b)	5(a)	Harrisons & Cros. Def. (£1)	122.6	118.9	-2.9	3 7 6
13-	8.74	5(c)	3(c)	Fine Cotton Spinners £1	6.3	6.10	+7.1d	6 0 0	84.9	71.10	11(b)	5(a)	Harrods £1	30-	30-	+2-	4 2 0
31-	25.10	3(b)	3(a)	Henry (A. & S.) Ord. £1	10-	10-	...	6 0 0	33.6	24.3	15(c)	20(c)	Hawker Aircraft £1	6.3	6.3	+3d	3 16 0
9.104	50-	110(c)	8(c)	Linen Thread Stk. (£1)	27.6	27.6	...	4 7 3	117.7	50-	Nil	6(c)	Imperial Airways £1	47.6	47.6	...	2 10 6
9.104	50-	110(c)	8(c)	Listers (£1)	6.3	6.3	...	3 8 0	38.7	33.3	54(b)	21(c)	Imperial Ord. £1	33.6	35-	+1.6	4 11 6
85.71	37.6	3(a)	3(b)	Compton Baldwin £1	42.6	42.6	...	Div. 8%	11-	7.9	1(c)	2(c)	Chemical Def. (10/-)	8-	8-	+3d	2 9 0
31.6	18.3	3(a)	3(b)	Sasa Viscosa Lire 200-	20.7	20.7	-1.3	6 18 8	15.9	8.6	Nil	Nil(c)	Imperial Smetl. Or. £1	14-	15.6	+1.6	Nil
35.71	18.3	3(a)	3(b)	Whitworth & Mitchell £1	34-	34-	...	3 11 0	7.4	6.1	115(b)	17(a)	Imperial Tobacco £1	6.1	6.1	...	3 7 0
38.41	23.9	3(c)	6(c)	Associated Elec. (£1)	34-	34-	...	3 8 6	33.1	22.4	Nil(c)	50(c)	Inter. Aircraft £1	33.1	33.1	...	4 11 0
41.4	27-	10(b)	5(a)	British Insulated (£1)	87.6	87.6	...	4 1 0	33.7	29.9	34	34	International Tea 5/-	33-	33-	...	4 13 3
74.81	66.9	5(a)	10(b)	Callenders (£1)	72.6	72.6	-2.6	0 18 0	33.7	29.9	34	34	Lever 7% Cum. £1	31.6	31-	-6d	5 3 0
72.81	32-	6(a)	6(b)	Compton Baldwin 5/-	16.10	16.3	-7d	Nil	80.9	72.3	10	10	Do. 20% Cm. Pl. Ord. £1	76.10	76.10	...	5 3 9
20.71	5.104	8(c)	10(c)	English Electric £1	62.6	62.6	...	3 4 0	88.4	75.10	20(c)	22(c)	London Brick £1	79.4	78.9	-7.1d	5 13 6
63.8	45.9	74(a)	22(b)	General Electric (£1)	6.1	6.1	-4	4 8 6	7.4	6.1	18(a)	21(b)	Lyons (J.) Ord. £1	6.1	6.1	+4	3 7 0
47.9	27-	21(a)	5(b)	Henleys (W. T.) (£1)	41.3	41.3	...	3 12 9	60.9	56-	91(b)	4(a)	Manbre and Garton £1	56.3	57.3	+1.3	4 13 0
25.6	19.6	4(c)	4(c)	Siemens & Philips £1	22.6	22.6	...	3 11 0	117.6	79.11	10(b)	25(b)	Mark & Spencer A. 5/-	80-	78.9	-1.3	2 1 0
31.6	18.3	3(a)	3(b)	Siemens £1	22.6	22.6	...	3 11 0	48.6	39-	74(b)	24(a)	Maypole Dairy 2/-	7.3	7.3	...	3 1 0
21.10	17.9	Nil	Nil	Electric Light, &c.	7.71	7.71	...	3 19 0	46-	37.6	10(b)	74(b)	Philips (Godfrey) £1	42.6	42.6	...	4 13 0
81-	74.6	9(b)	6(a)	Brazil Trac. no par	77.6	77.6	...	3 19 0	46-	37.6	10(b)	74(b)	Pinchin Johnson 10/-	39-	40-	+1/-	4 7 6
32-	22.9	31(b)	24(a)	British Power & Light £1	30.7	29.6	-6d	3 7 0	78.9	59	34	34	Potash 5% 7% Gds.	65.1	65.1	...	10 12 0
49.4	35.3	3(a)	3(a)	City of London £1	37.6	37.6	-6d	4 1 0	73	59	34	34	Of Germany 6% Bld.	63	63	...	10 4 3
34.9	35.3	3(a)	3(a)	Clyde Valley Elec. £1	41-	40-	-1	4 0 0	74.3	63-	114(b)	34(a)	Radiation Ord. £1	67.6	66.3	-1.3	4 10 0
49.4	35.3	3(a)	3(a)	County of London £1	53.6	53.6	-6d	3 17 6	116.3	102.6	222(c)	222(c)	Reckitt & Sons Ord. £1	110-	107.6	-2.6	4 3 0
46.3	39.9	3(a)	24(b)	Edmundsons £1	41-	40-	-1	4 0 0	45.3	36-	9(c)	8(c)	Salt Union £1	41.10	40.7	-1.10	4 10 0
60.3	35.11	5(b)	41(a)	Lancashire Electric £1	36.1	36.1	...	4 0 0	24.3	21.74	81(c)	131(b)	Sanger £1	23.3	23.3	-9d	5 1 6
56.74	49.3	7(b)	3(a)	Metro. Electric £1	51-	51-	-6d	3 8 0	23.1	21.74	81(c)	131(b)	Schoy Hotel £1	23.9	23.9	...	4 7 0
40.6	35.2	24(a)	44(b)	Midland Counties £1	36.1	36.1	-6d	3 14 6	18.7	14.6	184(b)	+5(a)	Sears (J.) Ord. 5/-	16.3	16.3	...	3 19 0
36.9	29.9	3(a)	24(b)	Norfolk & Norwich £1	57.6	57.6	...	3 10 0	26.7	15-	34(b)	24(a)	Smithfield & Arg. Meat £1	23.9	22.6	-7d	5 6 9
65.9	56.6	6(b)	4(a)	North Metropolitan £1	38.9	38.9	...	4 2 9	65.7	55-	124(b)	24(a)	Spillers Ord. £1	58-	57.6	-6d	5 3 0
45.3	38.9	5(b)	3(a)	Scottish Power £1	42.6	42.6	...	3 15 0	54.6	42-	15(c)	15(c)	Do. Deferred £1	46-	44.6	-1.6	6 15 0
49.3	39.3	5(b)	3(a)	Yorkshire Electric	26.3	26.3	-3d	4 2 9	25.7	12.11	Nil	Nil	Swed. Match. B. (Ar. 25)	17.6	16.10	-7.6	3 2 0
22.9	24.10	24(b)	22(a)	Gas Light & Coke £1	20.6	20.6	...	4 1 0	112.6	77.6	61(b)	61(b)	Tate and Lyle £1	78.9	80.7	+1.10	3 0 0
28.2	19.0	5(a)	24(b)	Imp. Continental Stk.	26.7	26.7	...	4 6 0	101.3	73.11	14(b)	5(a)	Tilling, Thos. £1	56.3	56.3	...	3 4 0
27.14	24	24(a)	24(b)	Newcomen Trane £1	123	123	-1	4 14 0	79.4	61.3	25(c)	30(c)	Tobacco Secs. Ord. £1	83.9	81.3	-2.6	1 4 0
15.8	12.01	3(a)	21(a)	S. Metropolitan Stk.	28.1	28.1	...	4 10 0	65.3	44.6	10(c)	10(c)	Triplex Safety G. (10/-)	72.6	71.3	-1.3	4 1 9
30.1	15.1	Nil	Nil	Telegraphs, &c.	22	23	+1	Nil	59.9	51.7	74(b)	24(a)	Tube Investments £1	62.6	65-	+2.6	3 1 9
10.5	8.01	24(c)	4(c)	Cable & T. A. Ord. Stk.	6.1	6.1	...	4 9 9	31.6	23.1	34(a)	34(b)	Turner & Newall £1	54-	55.7	+1.7	3 10 0
10.5	8.01	24(c)	4(c)	Wireless B. Ord. Stk.	95.1	95.1	...	4 9 9	61.3	51.7	51(a)	74(b)	Unilever £1	28.11	27.6	-1.3	4 11 0
42	37.2	20(a)	24(a)	Holding 51% Cm. Prof.	95.1	95.1	...	4 9 9	61.3	51.7	51(a)	74(b)	Unilever £1	28.11	27.6	-1.3	4 11 0
39.6	29.9	5(b)	21(a)	Great Northern (10/-)	31.3	30.74	-1.1d	5 2 0	12.3	11.5	20(c)	26(c)	United Molass £1	61.3	62.6	+1.3	4 0 0
47.3	33.9	51(c)	50(c)	Marconi Marine £1	38.9	40-	+1.3	4 1 3	61.6	52.6	74(b)	5(a)	Utd. Tob. (South) Ord. £1	12.3	13.3	+9	3 17 0
58.71	41.3	51(c)	50(c)	Auton 5/-	48.9	48.9	-5/-	5 14 3	40.6	32.6	3(a)	5(a)	Wallpaper Mfrs. Def. £1	55-	53.9	-1.3	4 12 6
14.3	22.3	100(b)	33(a)	Birm. Sm. Arms £1	10.9	11.104	+1.11	Nil	115.9	100.6	50(b)	30(a)	Wiggins, Teape Ord. £1	38.3	39.6	+1.3	4 1 0
38.9	30.11	Nil	5(c)	Dennis 1/-	27.6	27.6	...	4 15 0	61.7	47.71	85(c)	75(c)	Woolworth (F.W.) Or. 5/-	111.10	109.4	-2.6	3 13 0
60-	60.9	24(a)	10(b)	Ford Motors £1	33.9	33.9	-7.1d	3 0 0	12.7	7.9	124(c)	15(b)	Ashtari Goldfields (4/-)	52.3	53.6	+1.3	5 10 0
72.6	40.10	5(c)	12(c)	Guy Motors (10/-)	1.9	61.3	+9d	4 1 9	22.2	20.1	5(a)	71(b)					

(Continued from page 719)

lost ground. The Bourse fears, like Agag, that it may have spoken too soon.

	Oct. 2, 1935	Oct. 7, 1935	Oct. 9, 1935	Oct. 2, 1935	Oct. 7, 1935	Oct. 9, 1935
Ranque de Franco	8,900	9,050	8,850	Wagons Lits.	37½	38
Credit Lyonnais	1,580	1,619	1,595	Mexican Eagle	17½	18½
Suez Canal	16,400	17,220	17,060	"Chartered"	29½	32½
Changours Réunis	130	127	134	Ford	356	370
Rio Tinto	1,260	1,323	1,306	De Beers	260½	262
Royal Dutch	18,900	19,280	19,440	Johnnies	260½	263

BERLIN

After a sharp decline in the first half of last week, the share market recovered; electricals, chemicals and, later, steel shares rose several points, and shipping shares were particularly strong. Reichsbank shares remained weak, but commercial bank securities advanced. Italian securities were weak. The new week opened with a further recovery, with shipping shares still firm, but on Tuesday after an irregular opening the market weakened. Young Loan declined last week to 101, but was firmer this week. Other bonds were predominantly lower, but declines were small. Certificated dollar issues of the States and banks were weaker; other dollar bonds irregular. Wednesday opened with general losses, but there was an improvement later which left the position substantially unchanged. The official index number of share prices (1924-26 = 100) for September was 92.68, against 95.48 for August; the index number of bond prices was 95.14, against 95.35.

	Oct. 2, 1935	Oct. 7, 1935	Oct. 9, 1935		Oct. 2, 1935	Oct. 7, 1935	Oct. 9, 1935
Reichsbank	170.00	172.50	172.00	A. E. G.	36.10	38.90	37.90
D.D. Bank	86.00	89.00	88.50	Siemens and			
Dresdner	86.00	89.00	88.50	Halske	162.50	170.50	167.00
I. G. Farben-				A. K. U.	50.75	53.90	53.25
industrie	146.25	151.10	150.50	Hamburg-Amer.			
Norddeutscher				("Hapag New")	14.75	16.60	16.00
Lloyd (New)	16.25	18.60	18.00				

AMSTERDAM

The Bourse at the end of last week decided to make the best of the international crisis, and many prices recovered sharply. Rising commodity prices, particularly for Java sugar, increased interest in commodity shares. Rubber, oil, and shipping shares were strong, and activity continued into this week with tin and tea shares making marked gains. Uncertainty developed at the middle of the week, with speculative activity still centred on American issues and on commodity shares. Industrial shares were weak and Government issues dull. Business seems largely confined to finding a refuge from the crisis in American issues or sharing in the profits of war.

	Oct. 2, 1935	Oct. 7, 1935	Oct. 9, 1935		Oct. 2, 1935	Oct. 7, 1935	Oct. 9, 1935
2½% Dutch Loan	71	70½	70	Steel Common	26½	26½	25½
5½% German	18½	18½	19½	A. K. U.	24½	25½	24½
Unilever N.V.	95½	96½	96½	Ford Motor	277½	257½	257
Philips Lamps	239½	240	240½	Deli Batavia Tob.	129	134	135
Netherlands Ship				Royal Dutch	184½	187½	188½
Union	37½	41½	39½	Handels Ams.	173½	181½	180½

CAPITAL ISSUES

In the present state of markets, new borrowers have been largely forced to exercise their patience. This week, however, two issues have appeared despite the inclement conditions. The *International Power and Paper Company of Newfoundland* has taken the opportunity to issue a 3 per cent. debenture stock backed by Treasury guarantee, in replacement of an existing 4½ per cent. issue which has been called for January next. Since the issue is thus secured, and is of trustee ranking, the company's falling profits in recent years are irrelevant to its security. Although the cash price is £97 per cent. the stock's attractions as an under-par fixed-date issue are partially tempered by a full life of 28 years. The mixed issue of *Wood, Rozelaar and Wilkes* is somewhat small, and aggregate profits of the vendor concerns are below the peak level of 1933. The earnings cover, however, may improve if the directors' anticipations regarding recent extensions of business are fulfilled. Statements for information only have been published by *Morton Sundour Fabrics*, *Rugby Portland Cement* (whose recent profits have risen sharply) and *Peglers, Limited*, a plumbing supply concern with an expanding profits record.

ISSUES OF THE WEEK

By Prospectus or Offer for Sale

Amount previously recorded, Jan. 1 to Oct. 5, 1935, including conversions, £255,761,899.
Amount previously recorded, Jan. 1 to Oct. 5, 1935, excluding conversions, £129,810,888.

National Savings Certificates.
Net receipts, Five days to October 5, 1935, Dr. £150,000.

	Nominal Capital £	Conver- sions £	New Money £	First Payment £	Further Liability £
To the Public					
International Power and Paper of Newfoundland £1,877,600 3% Guar.					
"A" Mt. Deb. Stk., 1955-75 at 97	1,877,600	1,821,272	...	93,880	1,727,392
(To redeem 4½% "A" Deb. Stk.)					
Wood, Rozelaar and Wilkes, 200,000	100,000	...	100,000	20,000	80,000
6 per cent. Cum. Pref. 10/- at par	20,000	...	20,000	4,000	16,000
Do., 40,000 Ord. 10/- at par	...	...	...	...	...
Total	1,997,600	1,821,272	120,000	117,880	1,823,392

	Nominal Capital £	Conver- sions £	New Money £	First Payment £	Further Liability £
To Shareholders only					
House Property and Investment, 100,000 6 per cent. "B" Cum. Pref. £1 at 25/-	100,000	...	125,000	37,500	87,500
Scottish Mortgage and Trust, £150,000 3½ per cent. Deb. Stk., 1980-85, at 105	150,000	...	150,000	...	150,000
Anglo-Ceylon and General Estates, £250,000 4½ per cent. Deb. Stk. at par. (To redeem £250,000 6 per cent. Deb. Stk. at 103)	250,000	250,000	...	12,500	237,500
Montevideo Waterworks, £250,000 5 per cent. Notes at par. (To redeem 6 per cent. Notes)	250,000	250,000	...	...	...
Northern American Trust, £67,810 3 per cent. Deb. Stk., 1965-75, at 90 per cent. (To redeem Term. Debentures)	67,810	61,020	...	...	...
Third Scottish American Trust, £40,180 3 per cent. Deb. Stk., 1965-75, at 90 per cent. (To redeem Term. Debentures)	40,180	36,090	...	...	...
Kirkstall Brewery, 55,000 5 per cent. Cum. Pref. £1 at par	55,000	...	55,000	...	55,000
Associated Fisheries, 160,000 Deferred Ord. 5/- at 10/-	40,000	...	80,000	...	80,000
Total	952,990	597,110	410,000	50,000	610,000

	Including Conversions £	Excluding Conversions £		Including Conversions £	Excluding Conversions £
Total Offered for Subscription—			Total Offered for Subscription—		
Jan. 1 to date—			Whole year—		
1935	258,560,191	130,190,888	1934	410,080,300	169,170,700
1934	323,931,371	137,015,070	1933	467,921,500	214,780,500
1933	413,984,870	227,349,785	1932	2,699,681,265	188,909,963
1932	458,783,877	163,780,575	1931	114,290,666	102,044,291
1931	400,852,417	317,951,794	1928	693,100,056	369,058,073
(a) This figure includes £1,920,000,000 for conversion of 5 per cent. War Loan into 3½ per cent. War Loan.					

	Debtentures £	Preference £	Ordinary £	Total £
Nature of Borrowing				
January 1 to date—				
1935	72,467,551	27,121,587	30,601,750	130,190,888
1934	83,719,788	15,398,856	37,896,426	137,015,070
Whole year—				
1928	212,917,900	45,062,600	111,177,600	369,158,100
1933	222,064,300	12,734,700	9,982,500	244,781,500
1934	102,769,300	21,461,000	44,878,400	169,108,700

By Stock Exchange Introduction

	Capital Introduced £	Approximate Price Began £	Cash Involved £
Amount previously recorded	25,209,283	...	37,984,661
Rugby Portland Cement 559,920 5/- shares at 6/-	167,976	77½	853,878
Total to date, 1935	25,377,259	...	38,842,539
Total to date, 1934	23,240,568	...	34,887,775

PUBLIC OFFER

Wood, Rozelaar and Wilkes, Ltd.—Issue of 260,000 6 per cent. cumulative 10s. preference and 40,000 10s. ordinary shares at par. Acquires two old-established printing and box-making businesses for £160,000, payable £80,000 in cash and £80,000 in 10s. ordinary shares. Combined net assets acquired £142,912, the balance, £17,088, being for goodwill. Net assets, including proceeds of present issue, £179,912. Combined net profits, after depreciation, years ended March 31: 1933, £19,349; 1934, £15,214; 1935, £16,622. List closed at 1.30 p.m. October 9th.

BY STOCK EXCHANGE INTRODUCTION

Morton Sundour Fabrics, Ltd.—Issued capital, 300,000 5 per cent. first cumulative £1 preference, 210,000 5 per cent. second cumulative £1 preference, and 600,000 1s. ordinary shares. Established 1914 and manufactures textile fabrics, etc. Total assets, £842,154. Net profits to June 30, 1935, £9,751, from which half-year's first preference dividend was paid. Goodwill written down to £100. The company must maintain reserve of £60,000 for securing dividend on the 5 per cent. first preference shares.

Rugby Portland Cement Company, Ltd.—Issued share capital, 100,000 6 per cent. cumulative £1 preference and 600,000 5s. ordinary shares. Combined profits of companies acquired before depreciation and income tax: 1933, £5,300; 1934, £10,609; half-year to June 30, 1935, £19,519 (after providing £2,901 for depreciation). Total assets, £191,351. For 559,920 ordinary 5s. shares at 6s. per share payable in full immediately after permission to deal has been granted.

Total net assets, June 30, 1935, including £167,976 proceeds of ordinary shares to be issued, £298,099. Permission to deal was granted October 9th. Dealings commenced at 7s. 9d.—8s. 1½d.

Peglers, Ltd.—Issued share capital 78,000 5½ per cent. cumulative £1 preference, 160,000 5s. "B" ordinary, and 288,000 5s. "A" ordinary shares. Incorporated March 5, 1914, to acquire business of brassfounders, etc. Total assets, March 31, 1935, £314,213 including £25,000 goodwill. Profits after depreciation, years ended March 31: 1933, £25,671; 1934, £42,456; 1935, £57,621.

PRIVATE PLACINGS

Lancashire Electric Light and Power.—The directors have placed privately 46,975 ordinary shares of £1 each.

Star Brewery, Bournemouth.—The directors have placed privately 25,000 5 per cent. cumulative preference shares of 20s. each. The new issue has been made to provide funds for the expansion of the company's business.

ISSUES TO SHAREHOLDERS ONLY

Scottish Mortgage and Trust.—Issue of £150,000 3½ per cent. debenture stock, 1980-85, at par, to rank *pari passu* with existing debentures and debenture stocks.

House Property and Investment.—Issue of 100,000 "B" 6 per cent. cumulative preference shares £1 at 25s., to repay existing mortgages and other charges.

Kirkstall Brewery Company.—Issue of 55,000 5 per cent. cumulative preference shares £1 at par to present holders of preference or ordinary shares, debenture and noteholders and loan creditors. List closes October 25th.

Associated Fisheries, Ltd.—Issue of 160,000 deferred ordinary shares 5s. each to shareholders on register September 30th in proportion of eight deferred ordinary 5s. shares at 10s. per share in respect of every 27 deferred ordinary shares held. Proceeds to pay off all money borrowed by subsidiary companies and to finance further extensions.

CONVERSIONS AND REPAYMENTS

Monte Video Waterworks.—Holders of £250,000 6 per cent. 5-year notes, maturing November 1, 1935, have the right to receive in exchange for present holding new registered 5 per cent. notes for five years, ending November 1, 1940.

Northern American Trust, Ltd.—Issue of £67,810 3 per cent. redeemable debenture stock (1965-75) at 90 per cent., which will be utilised in the redemption of terminable debentures.

Third Scottish American Trust, Ltd.—Issue of £40,180 3 per cent. redeemable debenture stock (1965-75) at 90 per cent., which will be utilised in the redemption of terminable debentures.

Woolcombers, Ltd.—This company will convert all preference and ordinary shares into stock of the same classes. Meeting October 14th.

Anglo-Ceylon and General Estates.—This company will redeem £250,000 6 per cent. first debenture stock on April 4, 1936, at 103 by issuing £250,000 4½ per cent. debenture stock at par. The £3 difference, together with 15s. per cent., less tax, for interest will be paid to holders in cash on April 4, 1936.

Falkirk Iron.—All outstanding 6 per cent. debentures will be redeemed at par on January 1, 1936.

Selfridge and Company.—This company will redeem its £221,400 5 per cent. first mortgage debentures on April 1, 1936.

International Power and Paper Company of Newfoundland, Ltd.—Issue of £1,877,600 3 per cent. guaranteed "A" stock on January 15, 1936, to provide for mortgage debenture stock at 97 per cent. to provide for redemption of existing 4½ per cent. "A" stock on January 15, 1936. Guaranteed as to principal and interest by British Government. Sinking fund commencing in 1936 is calculated to redeem whole of the stock on or before July 15, 1973, or at par from January 15, 1955, on three months' notice. Profits before interest or depreciation, years: 1932, £2,481,543; 1933, £1,842,200; 1934, £1,644,543. No dividends have yet been paid.

South Manchurian Railway 4½ per cent. Bonds.—The Japanese Government will redeem the outstanding South Manchurian Railway Company 4½ per cent. sterling bonds on January 1, 1936.

William Hollins and Company, Limited.—At a separate class meeting of 5 per cent. cumulative preference shareholders and at a subsequent extraordinary meeting held October 10th, resolutions authorising the repayment of 15s. in cash in respect of each issued £1 preference share and the resultant reorganisation of the capital were passed unanimously at both meetings.

FIXED TRUST

Trust of Bank and Insurance Shares.—The formation of this trust is announced by Trust of Insurance Shares, Ltd. It will have a permitted range of investment in 24 bank, 8 discount company and 25 insurance shares. Uncalled liabilities will

be covered by insurance or holdings of trustee securities. Trust period, 21 years. Loading charge 5 per cent. included in price of units, and annual management charge of ½ of 1 per cent. on mean market value of portfolio. Not more than 7½ per cent. of funds of trust may be held in one company, and not more than 5 per cent. of issued share capital of any company. Proportion of insurance shares not to fall below 35 per cent. Managers undertake to repurchase units at net realisable value.

FORTHCOMING ISSUES

Colonial Gas Association.—This association intends to offer to holders early in November 115,000 ordinary shares at par (sterling) on basis of one share for every eight preference and ordinary shares combined.

North Ashanti Mining Company, Ltd.—The programme is being prepared of operations on Nyafoman No. 2 concession in readiness for the formation of Ashanti-Wallis (Banket) Goldfields, Ltd., which it is proposed to issue as soon as the general market conditions are suitable.

Follis Metals, Ltd.—An issue of capital is expected to be made by this company.

Talbot Alluvials, Ltd.—A meeting will be held on October 18th to consider an offer to shareholders of 300,000 new 5s. shares (English currency) at par in proportion of one new share for each two held.

Norvic Shoe Company.—An issue of preferred ordinary and 5 per cent. preference shares is expected to be made by this company.

Aircraft Industries Corporation, Ltd.—Formed with an authorised capital of £150,000. The company has already made an arrangement to make three public issues as soon as the present political situation is clearer.

OTHER RESULTS OF ISSUES

Zurich Loan.—City of Zurich 4½ per cent. six-year loan at 98½ per cent. was only half subscribed for.

CALLS DUE OCTOBER 14 TO OCTOBER 19, 1935

The grand total of calls falling due in October, 1935, is £10,514,679 which compares with £3,366,662 which fell due in October, 1934.

Nominal amount of Stock	Company	Amount of Call	When payable	Making Paid
Stock	African Railway Finance (£571,000 2% Deb. Stk., 1948-1951, at £99½%)	£45%	Oct. 16	All
Stock	Alliance Investment (£100,000 3½% Deb. Stk., 1965-75, at £100%)	£50%	Oct. 15	All
5/-	Earls Court (1,600,000 Ord. Shares, at par)	1/- p.s.	Oct. 15	4/- p.s.
Stock	Do. (£400,000 5½% 2nd Mort. Deb. Stk., at par)	£40%	Oct. 15	£60%
Notes	Lewis's Invest. Trust (£400,000 3½% 15-Year Red. Notes, 1945-50, at £99½%)	£49½%	Oct. 15	All
10/-	Projectile and Engineering (£125,000 Ord. Shares to Ord. Shareholders registered September 10th, at a premium of 7/6 per Share)	2/6 p.s.	Oct. 15	2/6 p.s.

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Amt. paid	Price, Oct. 2, 1935	Price, Oct. 9, 1935
African Railway Finance 2% Deb.	98½	5	21-1½ dis	21-1½ dis
British (Guest Keen & Baldwin) 4% Deb.	100	70	1-1½ pm	1-1½ pm
Cables Investment Trust Pref. (10/-)	10½	1	1/3-2/9 pm	1/3-1/9 pm
Do. 3½% Deb.	99	10	1-1½ dis	1-1½ dis
Crown Flour 4½% Deb.	98	40	36-38	37½-38½
Daily Sketch 4½% 1st Deb.	104	64	4½-4½ pm	24-31 pm
Dunder 3%	100	70	1-1 dis	1½-2 dis
Earls Court Ord. 5/-	5/-	5/-	1/9-1/3 dis	1/9-1/3 dis
Do. 5½% 2nd Deb.	£100	£20	8½-6½ dis	8½-6½ dis
Hills (K. H. O.) Ord. 5/-	7/6	2/6	1½-2½ pm	1½-2½ pm
Do. 6% Pref. £1	21/-	10/-	10½d-1/1½ pm	10½d-1/1½ pm
Hobson (H. M.) 5/-	5/-	...	11/7½-11/10½	12½-12½
India 3%, 1949-52	98	18	3½-2½ dis	3½-2½ dis
Kelly's Directories 4% Deb.	104	24	2½-2½ pm	2½-2½ pm
Leeds 3% Stock	99½	59½	1 dis-par	1 dis-1½ pm
Leeds and Wakefield Breweries 6% Pref.	24/6	17/6	3d dis-3d pm	3d dis-3d pm
London County Freehold Properties 20/-	46/-	30/-	2/9-2/3 dis	2/9-2/3 dis
London Electric Transport 2½% Deb.	97	22	3½-2½ dis	2½-2½ dis
Lowestoft 3%	98½	58½	1 dis-1 pm	par-1 pm
Maclean's 6% Pref. 20/-	21/-	11/-	1d dis-1½ pm	par-3d pm
Ribblesdale Cement 4½% Deb.	101	51	1-1½ pm	1-1½ pm
Rutland 5½% Pref.	20/6	10/6	1½d dis-4½d pm	1½d dis-4½d pm
Selfridge and Co. 4% Deb.	100	...	...	10½-10½
Trinidad 3% Stock	100	45	1½-1½ dis	2½-1½ dis
Ultra Electric (Holding) 5/-	5/-	...	8½-8½	8½-8½</

COMPANY MEETINGS, &c.

MALAYALAM PLANTATIONS, LIMITED

TEA AND RUBBER OUTLOOK

The annual meeting of the Malayalam Plantations, Limited, was held, on the 10th instant, at 19 Fenchurch Street, London.

Mr H. J. Welch (the chairman) said that it appeared probable that prices for low and low medium types of teas would advance still further in the near future. The present high stocks were unnecessary and undesirable from the point of view of consumers, as tea now reached them at an average of seven to eight months after its arrival in this country. It would be beneficial to producers, distributors and consumers alike if the bonded stock could be further reduced by about 50 million lbs. The preferential duty applicable to Empire-grown teas was displacing them in foreign markets and it should be removed or materially reduced.

RUBBER STOCKS

In relation to rubber, "visible" stocks had fallen during the past eight months of the year by 47,000 tons, and, he estimated, would fall by a further 50,000 tons at least during the remainder of the year. "Invisible" stocks also, he thought, had been reduced, but total stocks were still excessive. Actual absorption had not, in his opinion, declined this year. If apparent absorption for this year proved equal to that of 1934, the total reduction of "visible" stocks during the year would exceed 125,000 tons, but on a conservatively low estimate of absorption for the last four months they should be reduced by at least 97,000 tons. The total absorption this year by the United States was expected to be a record and to exceed their previous highest figure attained in 1929. Rubber goods manufacturers in this and several other countries were maintaining a high standard of activity.

The International Regulation Committee had shown its capacity to control supplies and achieve the very desirable reduction of surplus stocks. It was, however, in increasing consumption that the great hopes of the industry must lie, and in relation to this he was optimistic.

The fall in the company's profits and dividend was more than accounted for by the fall of the selling price of its teas. By transfers from the reserve accounts and of £17,384 from revenue the balance of the buildings, machinery and plant account had now been written down to £1.

THE COMPANY'S ESTATES

The company possessed 32 square miles of planted tea, 28 square miles of planted rubber and 50 square miles of reserve lands. Practically the whole of the tea would reach maturity this year and the whole of the rubber by the end of 1938. The issued capital of the company was equal to £45 per planted acre, but, if net surplus assets were deducted, the planted areas, buildings and equipment equalled only £39 per planted acre net. This was considerably below their replacement value. After paying the dividend proposed of 5 per cent. the carry-forward would be increased to £98,222.

Plantation companies in India were in a favourable position owing to the comparatively large markets for local consumption of tea and rubber. New rubber factories had been, or were being, started by Indians and Europeans, and the company was securing its fair share of local sales without export licences. The new national quotas for rubber export from India which had been agreed upon would benefit the company. Each rd. per lb. profit on tea this year would equal £40,000, or 2.2 per cent. upon the company's capital, and each rd. per lb. profit on rubber about £24,000, or 1.3 per cent. upon such capital. In view of the better tea and rubber prices, it was gratifying to know that about three-fourths of the tea crop and two-thirds of the rubber crop for the present financial year of the company had yet to be realised.

They had budgeted to produce in the current year 9,630,000 lbs. of tea at a lower cost than last year, and 5,655,000 lbs. of rubber at an increased cost of approximately ½d. per lb., but still comparing very favourably with the average cost in Ceylon and Malaya. The company's standard assessment of rubber for 1935 was 5,935,000 lbs, and they are now expected to be permitted to export about 3,950,000.

The report was unanimously adopted, and a dividend of 5 per cent., less income tax, was declared.

A hearty vote of thanks was accorded to the chairman and directors, as well as to the agents and staff in the East, and the proceedings terminated.

TALI AYER RUBBER ESTATES, LIMITED

STRONG FINANCIAL POSITION

The twenty-fourth annual general meeting of the Tali Ayer Rubber Estates, Limited, was held, on the 9th instant, at the registered offices of the company, 85 Gracechurch Street, London. Mr F. E. Maguire (the chairman) presiding.

The Chairman, in the course of his speech, said: The profit earned during the year was £11,450 3s. 8d., which compares with £13,031 2s. 1d. for 1933-34. We recommend the payment of a dividend of 4 per cent., which will absorb the sum of £12,000 and leave us with a balance on revenue account of £50,457 12s. 9d., which will be carried forward to the next year's accounts.

The company is in a very strong position financially. In addition to the reserve of £7,500 and the substantial carry-forward, there is an appreciation on the gilt-edged securities, which at the date of the balance sheet amounted to £18,882.

This appreciation, I might remind you, is the result of our having sold a substantial proportion of our holdings in Government stocks in April, 1933. The profit on these sales was deducted from the book cost of the remainder, which, therefore, stand in our books at the low figure of £17,223 18s. 2d.

REGULATION SCHEME AND COSTS

You will no doubt wish me to say something about the working of the rubber regulation scheme, which has now been in force for sixteen months, and I cannot do better than repeat what I have already said this morning when addressing the shareholders of the Rubana Rubber Estates.

The state of the rubber market during the last few months has been very disappointing, and to-day's price of 5½d. cannot be looked upon as at all satisfactory to producers.

A year ago the price was 6½d., but at that time the export cut was 20 per cent., whereas to-day it is 40 per cent., so that the fall in profit is greater than the fall in price.

I am rather afraid that shareholders do not always realise the effect of restriction upon costs and forget that a large proportion of a rubber company's expenditure consists of fixed charges, which include such items as staff salaries, rent and cultivation. As this expenditure has to be spread over the total crop, it is obvious that the cost per pound becomes higher each time the exportable percentage is lowered, so that an increased price is necessary before we can even keep level.

For example, if a company had produced a full crop of rubber at an all-in cost of 4d. per pound and half that had represented fixed charges, then, with a cut of 35 per cent., which was the rate from July to September, that all-in cost of 4d. per pound would have been increased by slightly over 1d., and the further cut of 5 per cent. which has recently been announced would mean an increase of another ½d., bringing the all-in cost on the reduced crop up to just over 5½d. per pound.

WORLD STOCKS OF RUBBER

For this reason to-day's price is, as I have said, most disappointing, but it is to be hoped that when the increased cut is reflected in a substantial reduction of world stocks the price will rise to a level which will allow a reasonable profit to the producer.

You have no doubt seen various forecasts of the reduction in world stocks that will be effected during the 12 months from July, 1935, to June, 1936. Based on a cut of 35 per cent., those forecasts ranged from 100,000 to 200,000 tons. As we do not know how much rubber the world will consume during the period present conditions, even after allowing for the maintenance of the further cut of 5 per cent. from October onwards, it looks as if the total reduction for the 12 months in question will be nearer the lower figure than the higher.

Even so, such a quantity would represent a very substantial inroad upon world stocks, and I think that, if such progress were objects of the regulation scheme, which was to reduce world stocks to a normal figure, the attainment of the second object—the maintenance of a fair and equitable price to efficient producers—should follow as a natural consequence.

The regulation scheme is working more slowly than we expected, but it is working none the less effectively. Looking back at what happened when the Stevenson scheme was in operation, I cannot help feeling that in times to come we may be grateful for that very slowness which we now find so irksome.

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

BAJOE KIDOEL RUBBER AND PRODUCE COMPANY, LIMITED

DIVIDEND OF 5 PER CENT.

The annual general meeting of this company was held, on the 8th instant, at 19 Fenchurch Street, London.

Mr H. Eric Miller, the Chairman, said that the standard production assigned to the Java Estates for 1935 was 1,825,184 lbs., and to the Celebes Estates 490,375 lbs. The aggregate standard was thus 2,315,559 lbs., of which about 1,400,000 lbs. would be exportable in the year ending March 31st next, subject to any variation in the exportable percentage of the 1936 standard production. With cuts of this magnitude in force the present price level was definitely too low, especially for companies operating in the Netherlands East Indies.

In the acreage statement appended to the report were set out approximate figures showing the area in process of rejuvenation on each of the three Java estates, aggregating 2,152 acres. Apart from these areas they had a considerable acreage carrying fully-mature rubber in which the interplanted coffee bushes were so heavily over-shadowed that only very small coffee crops could be looked for, even in a favourable season, and it had been decided to eliminate the coffee from about 1,750 acres of mature rubber on the Java estates.

The estate managers had made renewed efforts to reduce cost of production further, but weather conditions at blossom time were very unfavourable both in 1933 and 1934, and on this account the 1935-36 crop of coffee was estimated at 20,500 piculs (against 24,600 piculs last season and 33,000 piculs the year before that) on which they could not avoid booking a loss.

The credit balance in profit and loss account for the year enabled them to pay a dividend of 5 per cent. and to increase the carry forward slightly: a result which under all the circumstances might be considered satisfactory.

They had just been advised by cable that the Netherlands East Indies Government proposed to purchase and cancel some 20,000 tons of export licences valid during the October-December quarter from estates at 27 cents per kilogramme in Java and 29 cents per kilogramme in Sumatra, thus removing all doubt as to their ability to conform to the terms of the International Agreement.

The report was adopted.

SOUTHERN KINTA CONSOLIDATED LIMITED
SATISFACTORY RESULTS OF CONSOLIDATION

The first ordinary general meeting of Southern Kinta Consolidated, Limited, was held, on the 8th instant, in London.

Mr John Howeson, the chairman, who presided, in moving the adoption of the report and accounts, said although the results under review covered a period of 14½ months, they did not reflect 14½ months' working of the six dredging enterprises now merged within the structure of their company. It was not until five months of the period had elapsed that the merger with the Southern Kampar, Kampar Malaya and Kinta Dredging companies was arranged, and the company itself adopted the more appropriate style of Southern Kinta Consolidated, Limited, Changkat Tin Dredging, Limited, having been subsequently absorbed.

No time was then lost in pursuing what might be considered possibly the greatest of the many benefits attending upon a consolidation of that nature—the ability to produce the combined quotas with the most efficient plant and from the most suitable ground. From February to July of the current year the whole of their permitted output had been produced by the Southern Kampar and Kampar Malaya plants.

The profit and loss account showed a credit of £154,448, a very satisfactory figure in the circumstances, and the fact that they had every reason to expect still better results during the current year had influenced the board in recommending a final dividend which would leave only £5,391 to be carried forward and in deciding upon an increased first interim dividend.

Regarding the prospects of the metal, the demand for tin continued to show a healthy upward trend, and consumers showed no disposition to quarrel with the present not unsatisfactory price level. They had, however, to remember that the consumption of tin was still at least 80,000 tons a year behind the existing output capacity of the mines, and the continued control of producing was therefore indispensable to the welfare of the industry.

Subject to that, they might view the future of the industry with every confidence. No company was better equipped to take advantage of more settled conditions.

The report and accounts were unanimously adopted, and the final dividend of 5 per cent., making 15 per cent. for the year, approved.

HERRBURGER, BROOKS, LIMITED

RETURN OF CAPITAL FORESHADOWED

The fifteenth annual general meeting of Herrburger, Brooks, Limited, was held, on the 10th instant, at the Euston Hotel, London.

Mr Louis Sterling (the chairman) said that the balance sheet had undergone a considerable change during the year and reflected a healthy state of affairs. The directors had always considered it advisable to adopt very conservative methods with regard to their financial resources, and, in order to keep the assets as liquid as possible and be in a position to provide for all eventualities, had from time to time built up large holdings capable of being immediately turned into cash. As a consequence at June 30, 1934, the sum of no less than £170,941 appeared in the balance sheet as "Investments in Government Securities," valued at the actual cost of such investments. Low money rates had had the effect of increasing the value of these investments, but in the rather uncertain state of affairs, not only domestic but international, some concern was felt as to whether the high price of these Government securities would be maintained and the possibility of a drop in value became apparent. The directors felt, therefore, that in all the circumstances it was their duty to consolidate these cash resources, and during the year the Government securities were sold. As it had since transpired, a favourable moment was used for the sale, as the values of the securities had since shown an appreciable decrease. As a result of the sale a profit of £13,682 was brought into account this year. Even after the payments to the Shenstone Trust and Bansall and Sons no less than £165,546 remained in the balance sheet as cash held, of which £150,000 was on deposit account at the company's bankers. The rate of interest earned on this deposit was small, and as the amount of capital represented by cash was considerably in excess of any likely requirements for the next few years, the directors considered that it was right that a portion of this cash should be returned to the shareholders.

As a consequence, steps were being taken to effect repayment of 5s. per share and reduce the capital of the company accordingly. The nominal value of the shares would thus be reduced from 20s. to 15s. without, however, affecting the earning capacity of the company. An application to the Courts would be necessary, but it was hoped to effect the repayment before the end of 1935.

It was pleasing to note that the improvement of trade referred to last year had been maintained, and an increase in net profits of nearly £6,000 had been obtained. This increase, however, was not wholly due to increased trading, but also partly to the economies effected by the working directors. In view of the profit on the sale of Government securities, the directors thought that in the special circumstances it was due to the shareholders that almost the whole of the trading profit should be passed to them, and therefore a final dividend of 7 per cent., less tax, was proposed, making 10 per cent. for the year. The final dividend would absorb £19,600, and the balance carried forward would amount to £21,019.

As to the future, up to now trade had shown an improvement on last year's figures, but with the general world unrest it would be foolish to endeavour to anticipate what was likely to happen from now onwards. Under normal conditions it was confidently anticipated that the increasing and returning popularity of the piano would result in further gradual but progressive improvement in the trade, in which case the company should obtain its share.

The report was unanimously adopted.

OFFER TO NEW READERS

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

To Publisher, "Economist Newspaper Ltd.,"

8 Bouverie Street, E.C.4.

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

Name.....

Address.....

GOODE, DURRANT AND MURRAY, LIMITED

GREATLY IMPROVED RESULTS

The thirty-seventh ordinary general meeting of Goode, Durrant and Murray, Limited, was held, on the 10th instant, at Winchester House, London.

Mr William E. Pennick (the chairman) said the year under review had been one of considerable difficulty to most wholesale merchants in Australia, and particularly to those whose chief interests lay in the agricultural and pastoral States of South and Western Australia. At their meeting in April last the attitude of the board regarding the prospects for the year was as a whole one of restrained optimism, but the cheerful promise of the first six months was not fulfilled in the second half of the year.

For the period with which they were dealing, the Australian income from the export of wool had been estimated at £18,000,000 less than in the year ended June, 1934, although a much greater quantity was exported. In spite of this, it was generally recognised that the actual position of the farmers and pastoralists had improved to some extent during the past two years, but the accumulation and dead weight of those debts which were of a preferential character had not yet permitted any material benefit to be passed on to the country storekeepers and to the wholesale merchants.

The amalgamation of those parts of the business of D. and W. Murray, Limited, previously carried on in Adelaide and Perth, had now been consolidated, and the general position disclosed by the balance sheet showed some of the advantages which had accrued.

The balance sheet showed that, whereas last year the liabilities, exclusive of the notes, were covered three times by liquid assets, this year the liabilities, at £185,000, were covered by £800,000 of liquid assets, or nearly 4½ times. A year ago the bank overdraft stood at £158,886, but this had been reduced to £7,694.

The profit for the year, £1,878, was the first credit balance shown since 1930, and although not up to expectations it did mark a turning point in the company's fortunes, and was over £40,000 better than last year.

With regard to the future, the board felt confident of ultimate success, but in the present unsettled state of world affairs it would be unwise to prophesy. The wool sales for the current year had shown a satisfactory rise in prices, but the clip for the season was expected to be lower than in previous years. Wheat was showing an extraordinary rise in price, but that was largely owing to the abnormal conditions of war and rumours of war existing to-day. The report and accounts were unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended October 5, 1935, amounted to £14,480,000, against ordinary expenditure of £26,096,000. After allowing for a decrease in Exchequer Balances of £2,551,528, the operations for the week, as shown below, increased the gross National Debt by £9,215,000 to approximately £7,975 millions.*

(000's omitted)

Public Dept. Advances	+ 13,100	Treasury Bills	- 3,715
Land Sett. Temp. Advances ..	+ 7	N. Atlantic shipping issues ..	- 27
		National Savings Certificates ..	- 150
	+ 13,107		- 3,892

* Including £375 millions on Account of Exchange Equalisation Fund and Borrowing or Statutory Sinking Fund.

FOR BANKING
IN FINLAND

KANSALLIS-OSAKE-PANKKI

ESTABLISHED 1889

Head Office: HELSINGFORS

OUR NETWORK OF BRANCHES
BY FAR THE LARGEST IN
FINLAND, COMPRISING

189 BRANCHES

ENSURES PROMPT AND EFFICIENT
EXECUTION OF YOUR

COLLECTIONS AND PAYMENT ORDERS

A complete analysis of the approximate position of the National Debt on September 30, 1935, appeared in the *Economist* for October 5th.

REVENUE	Estimate for the year 1935-36	Total Receipts into the Exchequer			
		April 1, 1935, to Oct. 5, 1935	April 1, 1934, to Oct. 6, 1934	5 days ended Oct. 5, 1935	6 days ended Oct. 6, 1934
ORDINARY REVENUE					
Inland Revenue—					
Income Tax	232,500,000	57,839,000	56,276,000	4,512,000	4,791,000
Sur-tax	51,500,000	6,030,000	8,690,000	230,000	220,000
Stamp	80,000,000	47,690,000	41,730,000	1,070,000	1,530,000
Stamps	25,000,000	9,710,000	9,200,000	...	50,000
Excess Profits Duty and Corporation Profits Tax	1,700,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	130,000	150,000	...	...
Total Inland Revenue	391,500,000	121,399,000	116,046,000	5,842,000	6,591,000
Customs and Excise—					
Customs	188,570,000	100,921,000	97,392,000	3,282,000	4,101,000
Excise	106,350,000	53,000,000	51,500,000	1,100,000	1,200,000
Total Customs and Excise	294,920,000	153,921,000	148,892,000	4,382,000	5,301,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,104,000	1,687,000	...	256,000
Post Office (Net Receipt)	11,850,000	6,400,000	7,450,000	450,000	Dr. 50,000
Crown Lands	1,330,000	610,000	620,000	...	...
Receipts from Sundry Loans	3,900,000	3,058,037	2,912,198	49,798	50,188
Miscellaneous Receipts	25,970,000	14,857,862	8,517,869	3,755,112	93,821
Total Ordinary Revenue	734,470,000	301,379,899	286,125,095	14,479,940	12,242,009
SELF-BALANCING REVENUE					
Post Office	64,070,000	31,200,000	29,200,000	700,000	1,150,000
Motor Vehicle Duties apportioned to Road Fund	26,230,000	6,892,000	7,957,000	...	...
Total Self-balancing Revenue	90,300,000	38,092,000	37,157,000	700,000	1,150,000
Total	...	339,471,899	323,282,095	15,179,940	13,392,009

EXPENDITURE	Estimate for the year 1935-36 (including Supplementary Grants)	Total Issues out of the Exchequer to meet Payments			
		April 1, 1935, to Oct. 5, 1935	April 1, 1934, to Oct. 6, 1934	5 days ended Oct. 5, 1935	6 days ended Oct. 6, 1934
ORDINARY EXPENDITURE					
Interest and Management of National Debt	224,000,000	122,289,860	123,829,088	16,463,465	17,052,952
Payments to Northern Ireland	6,750,000	2,764,714	2,934,354	230,393	226,643
Other Consolidated Fund Services	3,700,000	1,522,561	1,503,061	2,297	2,297
Post Office Fund	1,130,000	...	...	...	...
Total	235,580,000	126,577,135	128,266,503	16,696,155	17,281,892
Total Supply Services (excluding Post Office)	508,140,000	215,866,099	227,906,319	9,400,000	10,451,000
Total Ordinary Expenditure	744,020,000	372,443,234	356,262,822	26,096,155	27,735,892
SELF-BALANCING EXPENDITURE					
Post Office	64,070,000	31,200,000	29,200,000	700,000	1,150,000
Road Fund	26,230,000	6,892,000	7,957,000	...	...
Total Self-balancing Expenditure	90,300,000	38,092,000	37,157,000	700,000	1,150,000
Total	...	410,535,234	393,419,822	26,796,155	28,885,892

The aggregate revenue and expenditure to October 5, 1935, is shown below:—

FINANCIAL YEAR, 1935-36, APRIL 1, 1935, TO OCTOBER 5, 1935 (000's omitted)

Expenditure	372,443	Revenue	301,380
Increase in balances	438	Gross inc. in borrowing	770,341
		Less	
		New Sinking Fund	4,840*
		Net borrowing	71,501
	372,881		372,881

* Authority will be sought in the Finance Bills to meet the amount of the Statutory Sinking Funds in 1935 by borrowing.

POSITION OF THE FLOATING DEBT

Ways and Means Advances Outstanding—	Oct. 6, '34	Mar. 31, '35	Oct. 5, '35	Oct. 5, '35
Advances by Bank of England	£	£	£	£
Advances by Public Departments	58,700,000	34,000,000	20,640,000	+13,100,000
Treasury Bills outstanding	829,310,000	799,320,000	992,820,000*	-3,760,000
Total Floating Debt	888,010,000	833,320,000	923,460,000	+4,140,000

* Includes £5,000, the proceeds of which were not carried to the Exchequer within the period of the Account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £45,000,000 Treasury bills were opened on October 4, 1935, and the total amount applied for was £71,245,000. Tenders were accepted for Treasury bills at three months dated Monday to Friday, at £99 16s. 8d., about 32 per cent., and above in full; Saturday at £99 16s. 9d., and above in full. The average rate

per cent. was 12s. 8-05d. The amount allotted was £44,000,000. The following table shows the weekly record at various dates:—

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
1933				
January 6	£ 45,000,000	£ 73,830,000	£ 45,000,000	£ s. d. 0 16 10-84
July 7	45,000,000	83,890,000	42,000,000	0 10 4-85
October 6	45,000,000	109,450,000	45,000,000	0 12 9-98
1934				
January 5	35,000,000	76,260,000	30,000,000	0 18 11-5
April 6	40,000,000	80,390,000	38,000,000	0 17 9-01
July 6	35,000,000	62,745,000	32,000,000	0 16 4-14
October 5	35,000,000	65,260,000	31,510,000	0 15 9-702
1935				
January 4	30,000,000	49,560,000	27,500,000	0 6 1-64
April 5	40,000,000	76,095,000	40,000,000	0 10 2-93
July 5	40,000,000	60,905,000	40,000,000	0 12 4-32
August 5	45,000,000	65,955,000	45,000,000	0 12 1-73
September 6	45,000,000	75,640,000	45,000,000	0 12 4-34
September 13	45,000,000	71,480,000	45,000,000	0 10 7-02
September 20	45,000,000	65,165,000	45,000,000	0 10 6-58
September 27	45,000,000	61,385,000	45,000,000	0 10 6-87
October 4	45,000,000	71,245,000	44,000,000	0 12 8-05

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended September 14, 1935	513,370	£ 385,028
Week ended September 21, 1935	569,585	427,189
February, 1916, to September 14, 1935	1,237,441,971	£ 974,519,316

At the end of August, 1935, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £391,993,585.

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, October 9, 1935

ISSUE DEPARTMENT

Notes Issued:—	£ 402,115,807	Government Debt	11,015,100
In Circulation	51,557,459	Other Government Securities	246,364,300
In Banking Department		Other Securities	1,081,133
		Silver Coin	1,539,467
		Amount of Fiduciary Issue	280,000,000
		Gold Coin and Bullion	193,673,266
	453,673,266		453,673,266

BANKING DEPARTMENT

Proprietors' Capital	£ 14,553,000	Government Securities	85,494,999
Reserve	3,092,394	Other Securities	...
Public Deposits	35,990,691	Discounts and Advances	£ 17,618,947
Other Deposits	75,078,275	Securities	£ 11,848,372
Bankers'	38,595,963	Notes	29,467,319
Other Accounts	113,674,238	Gold and Silver Coin	51,557,459
			790,516
	167,310,293		167,310,293

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

Both Departments	Amount, Oct. 9, 1935	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	£ 402,115,807	+ 82,468	+ 22,565,182
Public deposits	35,990,691	+ 10,537,938	+ 17,354,176
Bankers' deposits	75,078,275	- 5,796,299	- 32,519,858
Other deposits	38,595,963	- 538,871	+ 1,729,154
Seven-day bills	551,780,706	+ 4,285,236	+ 9,123,594
Total outside liabilities	17,645,394	- 662,082	- 8,673
Capital and rest			
Government debt and securities	342,874,399	+ 3,023,126	+ 3,694,357
Discounts and advances	17,618,947	+ 367,159	+ 3,586,667
Other securities	12,929,505	+ 202,760	+ 1,449,554
Silver coin in issue department	1,539,467	+ 754	+ 1,473,928
Coin and bullion (bank's reserves)	194,463,782	+ 29,355	+ 1,875,617
Reserves of notes and coin in banking department	52,347,975	- 53,113	- 20,689,565
Proportion of reserve to outside liabilities—			
(a) Banking Department only	34-9%	- 1-1%	- 9-8%
(b) Gold stocks to deposits and notes ("reserve ratio")	35-2%	- 0-3%	- 0-3%

(000's omitted)

Date	Issue Department		Banking Department			Gold In or out of Bank	Bank Rate
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits		
1935							
Sept. 11	£ 453,402	400,256	16,036	91,036	37,843	8 in	2 1/2
" 18	453,478	398,150	17,465	92,018	37,581	7 1/2 in	2 1/2
" 25	453,573	398,164	19,491	87,241	38,956	95 in	2 1/2
Oct. 2	453,643	402,033	25,453	80,875	39,135	70 in	2 1/2
" 9	453,673	402,116	35,991	75,078	38,596	50 in	2 1/2



(000's omitted)

Date	Issue Department		Both Depts.	Banking Department				
	Govt. Debt and Securities	Other Securities		Gold Coin and Bullion and Reserve Ratio	Govt. Securities	Discounts & Advances	Other Securities	Reserve and the "Proportion"
1935								
Sep. 11	257,603	857	194,227	354	84,556	12,419	12,232	53,971
" 18	257,431	1,080	194,315	354	83,160	11,853	14,160	56,166
" 25	257,311	1,541	194,360	354	83,165	12,411	12,191	56,196
Oct. 2	257,331	1,130	194,434	354	82,520	17,252	11,597	52,401
" 9	257,379	1,081	194,464	342	85,495	17,619	11,848	52,348

BANKERS' CLEARING RETURNS
LONDON

(000's omitted)

	Town	Metropolitan	Country	Total
1935				
January 1 to September 25	£ 23,703,846	£ 1,373,264	£ 2,342,404	£ 27,419,514
Week ended October 2	679,782	36,567	58,180	774,529
Week ended October 9	607,164	43,981	84,157	735,302
Total to date, 1935	24,990,792	1,453,812	2,484,741	28,929,345
Total to date, 1934	23,279,624	1,353,556	2,298,447	26,931,627
Increase or decrease in 1935	+1,711,168	+ 100,256	+ 186,294	+1,997,718

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

U.S.F.R. BANKS	Oct. 10, 1934	Sept. 19, 1935	Sept. 26, 1935	Oct. 3, 1935	Oct. 10, 1935
Gold Certificates on hand and due from the Treasury	4,960,600	6,551,130	6,551,130	6,634,650	6,725,860
Total reserves	5,186,390	6,789,680	6,794,750	6,861,260	6,952,160
Total cash reserves	204,630	218,050	223,580	206,950	207,250
Total bills discounted	12,040	9,640	9,550	10,490	9,590
Bills bought in open market	5,810	4,680	4,690	4,690	4,680
Total bills on hand	21,560	14,320	14,240	15,180	14,270
Industrial advances	...	30,230	30,130	30,070	32,720
Total U.S. Govt. securities	2,430,200	2,430,270	2,430,200	2,430,210	2,430,210
Total bills and securities	2,452,060	2,474,820	2,474,560	2,475,460	2,477,380
Total resources	8,196,970	9,998,110	9,991,760	9,995,210	10,022,010
LIABILITIES					
Federal Reserve notes in actual circulation	3,184,560	3,426,790	3,430,170	3,481,910	3,498,790
Aggregate of excess member-bank reserves over requirements	29,680	2,560,000	2,620,000	2,600,000	2,720,000
Deposits—Member-bank—					
reserve account	3,978,520	5,136,130	5,235,730	5,223,620	5,329,810
Government deposits	51,390	224,500	112,230	90,840	60,330
Total deposits	4,212,940	5,605,040	5,609,520	5,620,820	5,703,020
Capital paid in and surplus	285,080	299,640	298,990	298,870	298,870
Total liabilities	8,196,970	9,998,110	9,991,760	9,995,210	10,022,010
Ratio of total reserves to deposit and F.R. note liabilities combined	70.1%	75.2%	75.2%	75.4%	75.6%
U.S.F.R. BANKS AND TREASURY COMBINED					
Monetary Gold Stock	...	...	9,297,000	9,414,000	9,463,000
Treasury and National Bank Currency	...	...	2,382,000	2,399,000	2,396,000
LIABILITIES					
Money in Circulation	...	...	5,626,000	5,688,000	5,698,000
Treasury Cash and Deposit with Federal Reserve Banks	...	...	2,778,000	2,814,000	2,747,000

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

	Oct. 10, 1934	Sept. 19, 1935	Sept. 26, 1935	Oct. 3, 1935	Oct. 10, 1935
Total gold reserves	1,772,470	2,732,020	2,741,940	2,848,240	2,829,490
Total bills discounted	6,860	6,140	6,690	7,590	7,210
Bills bought in open market	2,170	1,800	1,810	1,800	1,800
Total U.S. Govt. securities	777,750	744,320	744,320	744,320	744,320
Total bills and securities	777,070	759,570	760,090	761,010	760,630
Deposits—Member-bank—					
reserve account	1,665,860	2,433,590	2,499,480	2,588,070	2,574,190
Ratio of total res. to dep. and Federal Res. note liabilities combined	72.0%	79.9%	80.0%	80.6%	80.4%

AUSTRALIAN COMMONWEALTH BANK.—In £'s (000's omitted)

ASSETS	Aug. 26, 1935	Sept. 2, 1935	Sept. 9, 1935	Sept. 16, 1935	Sept. 23, 1935	Sept. 30, 1935
Gold and English sterling	15,994	15,994	15,994	15,994	15,994	15,994
Other coin, bullion and cash	9,542	9,542	9,542	9,542	9,542	9,542
Money at short call—London	16,937	16,897	16,892	17,562	16,661	15,179
Conversion funds in London	365	341	343	350	359	412
Short-term loans	6,284	6,564	6,611	7,793	8,277	9,500
Securities	70,796	70,811	70,811	70,811	70,531	70,531
Discounts and advances	7,122	7,130	7,025	6,789	6,995	6,880
LIABILITIES						
Notes issued	47,044	47,044	47,044	47,044	47,044	47,044
Reserve premium on gold	3,896	3,896	3,896	3,896	3,896	3,896
Deposits	68,309	68,326	68,125	70,075	70,000	69,042

BANK OF CANADA.—In \$'s (000's omitted)

ASSETS	Sept. 11, 1935	Sept. 18, 1935	Sept. 25, 1935	Oct. 2, 1935
Reserve of which	189,706	191,707	195,408	185,507
Gold coin and bullion	79,938	180,328	181,341	181,372
Dominion Government securities	109,954	102,555	104,553	104,199
LIABILITIES				
Note circulation	83,155	84,777	83,730	85,067
Deposits—				
Dominion Government	20,674	20,668	31,951	20,705
Chartered banks	183,902	185,118	182,248	183,829
Ratio of reserves to notes and deposit liabilities	65.8%	65.8%	65.4%	63.9%

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

ASSETS	Oct. 5, 1934	Sept. 6, 1935	Sept. 13, 1935	Sept. 20, 1935	Sept. 27, 1935	Oct. 4, 1935
Gold coin and bullion	19,414	25,770	25,751	25,749	25,748	25,747
Bills discounted: Foreign	10,136	4,750	5,781	6,151	6,796	6,731
Investments	1,724	1,726	1,726	1,728	1,728	1,728
Other assets	7,533	13,246	13,322	13,518	13,694	13,693
LIABILITIES						
Notes in circulation	12,169	13,074	12,488	12,110	13,350	13,374
Government deposits	1,314	1,398	1,798	2,329	2,481	1,864
Bankers' deposits	21,452	26,664	28,080	27,530	27,077	26,893
Ratio of cash reserves to liabilities to public	51.7%	60.0%	58.6%	57.8%	57.0%	56.8%

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

ASSETS	Oct. 5, 1934	Sept. 13, 1935	Sept. 20, 1935	Sept. 27, 1935	Oct. 4, 1935
Gold	82,346,943	71,995,694	71,878,879	71,951,998	72,093,149
Sight balances abroad	10,837	8,246	8,118	7,913	22,762
Bills discounted	3,615,298	6,906,233	7,404,376	8,277,039	7,878,487
Negotiable bills abroad	704,138	1,007,948	1,007,948	1,007,948	1,007,948
Advances against sec. to the State	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
Other advances	3,192,499	3,376,876	3,295,758	3,289,378	3,608,844
Negotiable Bonds	5,898,204	5,800,402	5,800,402	5,800,402	5,800,402
Sinking Fund Dept. Other assets (excluding forward exch.)	5,298,661	5,008,969	4,984,314	4,823,140	5,082,947
LIABILITIES					
Notes in circulation	81,309,592	81,523,726	81,308,487	82,398,689	83,337,486
Public deposits	3,306,281	3,108,956	3,051,362	2,957,820	2,957,820
Private deposits	17,289,701	10,289,143	10,289,143	10,595,226	9,914,680
Other liabilities	2,961,036	2,381,242	2,310,559	2,311,141	2,483,154
Ratio of gold reserve to sight liabilities	80.7%	75.7%	75.4%	74.7%	74.8%

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

	Sept. 6, 1935	Sept. 13, 1935	Sept. 20, 1935	Sept. 27, 1935
Gold coin and bullion	44,42,17	44,42,17	44,42,17	44,42,17
Rupee coin	56,89,55	57,02,07	57,02,07	57,02,07
Balances abroad	14,86,07	16,09,50	15,95,02	15,83,82
Sterling securities*	65,19,27	65,19,27	65,19,27	65,19,27
Indian Government rupee securities*	28,49,53	28,49,53	28,49,53	28,49,53
Investments	6,29,07	6,29,07	5,43,29	5,43,29
LIABILITIES				
Note circulation	1,57,59,65	1,57,92,45	1,57,95,04	1,56,31,58
Deposits—				
Government	10,09,14	10,55,35	9,73,85	13,44,96
Other	35,99,45	36,39,52	38,93,83	35,79,18
Ratio of gold and sterling to liabilities	56.8%	56.8%	57.1%	57.0%

* Held against notes.

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

ASSETS	Oct. 6, 1934	Sept. 21, 1935	Sept. 30, 1935	Oct. 7, 1935
Gold	78,561	94,742	94,742	94,308
Of which deposited abroad	20,851	29,376	29,376	28,467
Reserve in foreign currencies	3,907	5,518	5,511	4,490
Bills of exchange and cheques	3,679,952	3,645,737	4,183,471	3,971,338
Silver and other coin	204,653	213,239	121,360	134,048
Notes of other German banks	8,970	13,214	4,026	9,198
Advances	77,979	33,682	73,090	40,833
Investments	756,365	668,182	669,838	670,271
Other assets	631,750	697,727	644,580	660,282
LIABILITIES				
Share capital	150,000	150,000	150,000	150,000
Reserves	472,797	471,184	471,184	471,184
Notes in circulation	3,772,631	3,751,793	4,143,362	4,004,691
Other daily maturing obligations	798,026	754,583	773,929	690,172
Other liabilities	248,684	244,481	258,173	268,731
Cover of note circulation	2.18%	2.67%	2.42%	2.46%

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

ASSETS	Oct. 4, 1934	Sept. 5, 1935	Sept. 12, 1935	Sept. 19, 1935	Sept. 26, 1935	Oct. 3, 1935
Gold	2,657,903	3,416,740	3,412,618	3,412,618	3,412,618	3,412,618
Silver and other coin	71,054	53,373	53,759	56,901	57,562	55,929
Securities	667,889	1,339,289	1,345,177	1,339,553	1,349,584	1,349,015
Advances	55,069	125,816	123,713	118,272	113,859	122,164
LIABILITIES						
Notes in circulation	3,568,578	4,149,987	4,141,572	4,112,815	4,140,423	4,196,495
Deposits: Govt.	38,743	25,868	18,721	22,463	36,515	17,442
Other	220,083	953,628	969,298	987,075	957,281	941,840

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

ASSETS	Oct. 8, 1934	Sept. 9, 1935	Sept. 16, 1935	Sept. 23, 1935	Sept. 30, 1935	Oct. 7, 1935
Gold	872,383	599,708	562,941	541,911	536,081	555,737
Silver	21,167	21,830	21,838	21,787	21,083	20,328
Home bills discounted	25,436	47,120	57,538	63,995	65,411	56,392
Loans and advances in current account	145,885	143,605	170,726	181,732	212,591	170,571
LIABILITIES						
Notes in circulation	901,873	803,678	793,605	786,139	819,494	805,839
Deposits	188,917	36,219	42,622	46,056	42,117	34,029

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

ASSETS	Oct. 6, 1934	Sept. 7, 1935	Sept. 14, 1935	Sept. 21, 1935	Sept. 28, 1935	Oct. 5, 1935
Gold	113,489	108,860	107,960	106,230	103,490	103,700
Silver	839	2,040	2,180	2,260	2,700	2,500
Discounts, advances, and other investments	75,909	80,520	81,000	76,290	78,140	80,110
Foreign bills	11,280	10,730	10,510	10,210	10,300	10,290
Other assets	...	...	...	...	...	...
LIABILITIES						
Notes in circulation	189,473	169,260	167,870	163,440	163,220	165,990
Deposits and bills payable	29,661	21,340	22,210	19,970	19,840	18,860

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

ASSETS	Oct. 6, 1934	Sept. 7, 1935	Sept. 14, 1935	Sept. 21, 1935	Sept. 28, 1935	Oct. 5, 1935
Gold	1,821,565	1,372,248	1,372,380	1,372,415	1,372,415	1,375,309
Of which held abroad	152,364	207,071	207,071	207,071	207,071	210,080
Discounts	49,023	102,813	88,361	84,376	96,847	92,151
Bills of the Confederation	9,975	53,467	53,267	52,785	58,773	57,273
Advances	74,441	88,375	86,710	90,973	111,293	102,417
Securities	53,340	55,065	54,684	54,684	55,127	55,107
LIABILITIES						
Notes in circulation	1,372,623	1,261,666	1,248,039	1,244,457	1,316,505	1,296,126
Deposits	592,660	355,410	369,786	358,281	332,841	334,218

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

		(000 s omitted)				
ASSETS		Oct. 6,	Sept. 14,	Sept. 23,	Sept. 30,	Oct. 5,
Gold reserve		1934	1935	1935	1935	1935
Government securities	Swedish	281,213	362,676	362,704	362,872	376,169
	Foreign	174,487	78,639	78,639	78,639	78,639
Other Swedish bonds quoted on		46,557	56,968	64,305	64,870	69,806
foreign bourses		...	...	...	...	...
Gold abroad not included in the		...	4,344	4,344	4,344	4,344
gold reserve		...	...	...	...	...
Bills payable in Sweden		93,181	...	...	...	...
Bills payable abroad		10,497	8,242	8,967	9,160	9,088
Balance abroad		320,632	414,321	405,321	408,365	408,465
Advances		192,137	142,234	169,015	184,222	184,210
		28,302	28,157	27,515	27,944	28,492
LIABILITIES						
Notes in circulation		646,740	701,063	680,598	770,915	723,077
Government deposits		117,487	150,262	139,643	111,452	108,688
Private deposits		316,964	250,906	307,590	277,481	335,001

BANK OF LITHUANIA.—In Lt. (000's omitted)

Assets	Sept. 30, 1934	July 31, 1935	Aug. 15, 1935	Aug. 31, 1935	Sept. 15, 1935	Sept. 30, 1935
Gold	53,238	41,537	39,331	36,814	34,020	34,021
Silver and other coins	3,728	3,708	3,580	3,448	3,285	3,245
Foreign currency	8,633	4,540	5,280	5,150	5,038	5,838
Discounts	71,753	82,179	82,775	82,642	76,110	77,171
Advances	9,660	11,713	11,773	11,688	11,751	11,881
Capital	12,000	12,000	12,000	12,000	12,000	12,000
Reserve	2,230	2,300	2,300	2,300	2,300	2,300
Bank notes in circulation	85,740	91,208	90,729	93,183	92,225	95,838
Current accounts	30,436	24,429	23,435	19,485	16,461	17,785
Deposits	24,604	21,344	22,730	21,660	23,649	23,945

BANK OF JAPAN.—In yen (000's omitted)

Assets	Sept. 15, 1934	Aug. 17, 1935	Aug. 24, 1935	Aug. 31, 1935	Sept. 14, 1935
Gold coin and bullion	459,318	487,812	488,640	489,672	490,496
Other coin and bullion	44,538	40,848	40,581	40,402	42,014
Discounts	595,832	562,655	574,610	646,739	597,643
Advances	88,182	131,165	132,901	134,124	134,653
Advances on foreign bills	108,112	105,886	120,308	153,542	114,780
Govt. bonds	344,249	458,929	427,331	422,198	382,212
LIABILITIES					
Notes	1,043,698	1,136,625	1,175,747	1,296,296	1,160,953
Govt. deposits	389,062	421,225	414,810	383,799	393,230
Other deposits	59,873	63,556	54,823	74,289	63,117

MONEY AND EXCHANGE RATES
LONDON MONEY RATES

	Oct. 3, 1935	Oct. 4, 1935	Oct. 5, 1935	Oct. 7, 1935	Oct. 8, 1935	Oct. 9, 1935	Oct. 10, 1935
Bank rate (changed from 2½ June 30, 1932)	2	2	2	2	2	2	2
Market rates of discount—							
60 days' bankers' drafts	1½	1½	1½	1½	1½	1½	1½
3 months' do.	1½	1½	1½	1½	1½	1½	1½
4 months' do.	1½	1½	1½	1½	1½	1½	1½
6 months' do.	1½	1½	1½	1½	1½	1½	1½
Discount Treasury Bills—							
2 months'	1½	1½	1½	1½	1½	1½	1½
3 months'	1½	1½	1½	1½	1½	1½	1½
Loans—Day-to-day	1	1	1	1	1	1	1
Short	1	1	1	1	1	1	1
Deposit allowances: Bank	1	1	1	1	1	1	1
Discount houses at call	1	1	1	1	1	1	1
At notice	1	1	1	1	1	1	1

Comparison with previous week—

	Short Loans	Bank Bills				Trade Bills		
		3 Months	4 Months	6 Months	3 Months	4 Months	6 Months	
1935	%	%	%	%	%	%	%	
Sept. 12	1-1	1-1	1-1	2-2	2-2	2-2	2-3	
" 19	1-1	1-1	1-1	2-2	2-2	2-2	2-3	
" 26	1-1	1-1	1-1	2-2	2-2	2-2	2-3	
Oct. 3	1-1	1-1	1-1	2-2	2-2	2-2	2-3	
" 10	1-1	1-1	1-1	2-2	2-2	2-2	2-3	

LONDON RATES OF EXCHANGE

I.—Spot Rates (Range of the day's business)

London on	Par of Exch. per £	Oct. 4, 1935	Oct. 5, 1935	Oct. 7, 1935	Oct. 8, 1935	Oct. 9, 1935	Oct. 10, 1935
New York, \$	14 80	14 88½-90	14 88½-89½	14 88½-90	14 88½-90	14 90-91	14 90-90½
Montreal, \$	4 80	4 88½-91	4 87-98½	4 85-96½	4 85-96½	4 86-97½	4 86-97½
Paris, fr.	124 21	74½-75	74½-75	74½-75	74½-75	74½-75	74½-75
Brussels, Bel	35 00a	28 97-98	28 97-98	29 01-02	29 01-02	29 02-03	29 04-13
Milan, Lit.	92 46	60 40-41	60 40-41	60 40-41	60 40-41	60 40-41	60 40-41
Zurich, Fr.	25 22½	15 03-07	15 02-05	15 02-06	15 04-07	15 04-08	15 04-08
Athens, Dr.	375 23	226½-227	226½-227	226½-227	226½-227	226½-227	226½-227
Hels'fors, Mk	193 23	35½-36	35½-36	35½-36	35½-36	35½-36	35½-36
Madrid, Pt.	110	109½-110	109½-110	109½-110	109½-110	109½-110	109½-110
Lisbon, Esc.	112 107	7 24-26	7 23-24	7 23-24	7 24-26	7 24-26	7 23-26
Amst'dm, Fl.	20 43	12 16-20	12 14-18	12 15-18	12 16-19	12 16-20	12 16-20
Berlin, Mk							
Registered							
Vienna, Sch	(c) 34 58½	48 53	48 53	48 53	48 53	48 53	48 53
Pest, Pen	27 82	16½-17	16½-17	16½-17	16½-17	16½-17	16½-17
Paris, Fr.	116½	118-118½	117½-118½	117½-118½	117½-118½	117½-118½	118½-118½
Danzig, Gul.	25 00	25½-26½	25½-26½	25½-26½	25½-26½	25½-26½	25½-26½
Warsaw, Zl.	43 38	25½-26½	25½-26½	25½-26½	25½-26½	25½-26½	25½-26½
Riga, Lat.	25 22½	14½-15½	14½-15½	14½-15½	14½-15½	14½-15½	14½-15½
Bucharest, Lei	813 6	62½	62½	62½	62½	62½	62½
Constant'ple, Pst.	110	61½	61½	61½	61½	61½	61½
Belgrade, Din.	276 32	209-219	209-219	209-219	210-220	210-220	210-220
Kyov, Lit	48 66	28½-29½	28½-29½	28½-29½	28½-29½	28½-29½	28½-29½
Sofia, Lev.	673 66	385-415	385-415	385-415	385-415	385-415	385-415
Tallin, E.Kr.	18 159	17½-18½	17½-18½	17½-18½	17½-18½	17½-18½	17½-18½
Oslo, Kr.	18 159	19 85-95	19 85-95	19 85-95	19 85-95	19 85-95	19 85-95
St'holn, Kr.	18 159	19 35-45	19 35-45	19 35-45	19 35-45	19 35-45	19 35-45
Cop'bg'n, Kr.	18 159	22 35-45	22 35-45	22 35-45	22 35-45	22 35-45	22 35-45
Alex'ndria, Pt	97½	97½-98	97½-98	97½-98	97½-98	97½-98	97½-98
Bombay, Rup.	18d.	18½-19	18½-19	18½-19	18½-19	18½-19	18½-19
Calcutta, Rup.	18d.	18½-19	18½-19	18½-19	18½-19	18½-19	18½-19
Madras, Rup.	18d.	18½-19	18½-19	18½-19	18½-19	18½-19	18½-19
Hong Kong, \$	24 58d.	14 14½	14 14½	14 14½	14 14½	14 14½	14 14½
Kobe, Yen	181 9	181 9	181 9	181 9	181 9	181 9	181 9
Shanghai, \$	28d.	28-28½	28-28½	28-28½	28-28½	28-28½	28-28½
Singapore, \$	12 11	7 22-25	7 22-25	7 22-25	7 22-25	7 22-25	7 22-25
Batavia, F.	15 899d	21 47	21 47	21 47	21 47	21 47	21 47
Rio, Mil.		17 80-90	17 70-90	17 80-90	17 80-90	17 80-90	17 80-90
B. Aires, \$	11 45	17 02½	17 02½	17 02½	17 02½	17 02½	17 02½
Valparaiso, \$	40	119	119	119	121	121	121
M'video, \$	51d.	20½-21	20½-21	20½-21	20½-21	20½-21	20½-21
Lima, Sol.	17 38	19 50	19 50	19 50	19 50	19 50	19 50
Mexico, Pes.	9 76	17½-18½	17½-18½	17½-18½	17½-18½	17½-18½	17½-18½
Manila, Pes.	24 66d	24½	24½	24½	24½	24½	24½
Moscow, Rbl.	9 458	5 63½-67½	5 63½-67½	5 63½-67½	5 63½-67½	5 63½-67½	5 63½-67½
Bangkok, Bht.	21 82d	21½-22½	21½-22½	21½-22½	21½-22½	21½-22½	21½-22½

Usance: L.L. except Alexandria (Sight), Rio de Janeiro, Lima, Valparaiso (90 days),
 † Pence per unit of local currency. ‡ Par. 8-25½ since dollar devaluation on
 February 1, 1934. § Par. 197-10½ since koruna devaluation on February 17, 1934.
 (a) Prior to devaluation on April 2, 1935. (b) Official Rate. (c) Per cent. discount.
 (d) Latest "export" rate. (e) Official rate is 4½d. sellers. (f) Official rate
 is \$15 sellers. (g) Average remittance rate for importers. (h) Rate for
 conversion of lire into sterling for payments to the Bank of England in respect of
 debts due to persons in Italy for goods and freights. (i) Nominal. (j) Rate for
 conversion of Turkish currency into sterling for payments to the Bank of England in
 respect of debts due to persons in Turkey for Turkish goods. (k) Sellers.

II.—Forward Rates (Closing quotations)

London on	Oct. 4, 1935	Oct. 5, 1935	Oct. 7, 1935	Oct. 8, 1935	Oct. 9, 1935	Oct. 10, 1935
New York, cent	1 Month (a) 1½-1½	(b) 1½-1½	(c) 1½-1½	(d) 1½-1½	(e) 1½-1½	(f) 1½-1½
Paris, frs.	1 Month (a) 1½-1½	(b) 1½-1½	(c) 1½-1½	(d) 1½-1½	(e) 1½-1½	(f) 1½-1½
Amsterdam, cent	1 Month (a) 1½-1½	(b) 1½-1½	(c) 1½-1½	(d) 1½-1½	(e) 1½-1½	(f) 1½-1½
Brussels, cent	1 Month (a) 1½-1½	(b) 1½-1½	(c) 1½-1½	(d) 1½-1½	(e) 1½-1½	(f) 1½-1½
Geneva, cent	1 Month (a) 1½-1½	(b) 1½-1½	(c) 1½-1½	(d) 1½-1½	(e) 1½-1½	(f) 1½-1½
Milan, lire	1 Month (a) 1½-1½	(b) 1½-1½	(c) 1½-1½	(d) 1½-1½	(e) 1½-1½	(f) 1½-1½

(a) Premium, i.e. "under spot."

(b) Discount, i.e. "over spot."

OVERSEAS BANK RATES

Changed	From	To	Changed	From	To
Albania	Nov. 16, 1933	8 7½	Madrid	July 15, 1935	5½
Amsterdam	Sept. 17, 1935	5 6	Oslo	May 24, 1933	4 3½
Athens	Oct. 14, 1933	7½	Paris	Aug. 8, 1935	3½
Calcutta	July 1, 1935	4½	Pretoria	Jan. 25, 1933	4½
Belgrade	Feb. 1, 1935	6½	Tallin	Oct. 26, 1934	5½
Berlin	Sept. 22, 1932	5 4	Riga	Jan. 1, 1933	6½
Brussels	May 14, 1935	2½	Rome	Sept. 9, 1935	4½
Bucharest	Dec. 15, 1934	4½	Sofia	Aug. 15, 1935	7 6
Budapest	Aug. 28, 1935	4½	Stockholm	Dec. 1, 1933	3 2½
Calcutta	Feb. 16, 1933	4½	Swiss Bank		
Copenhagen	Aug. 21, 1935	2½	Tokio	May 2, 1935	2 2½
Danzig	May 2, 1935	4½	Vienna	July 2, 1933	4-38 9-45
Helsingfors	Dec. 3, 1934	4½	Warsaw	Oct. 26, 1933	6 5
Kovno	Jan. 1, 1934	7 6	Lisbon	Dec. 13, 1934	5½
Lisbon	Dec. 13, 1934	5½	New York Fed.	Feb. 1, 1934	2 1½

Central Bank of Chile.—Discount rate for member banks, 4½%; discount rate for the public, 6%. (a) 5½% applied to banks and credit institutions. (b) 6% applied to private persons and firms.

NEW YORK MONEY AND EXCHANGE RATES

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

Call money	Oct. 10, 1935	Oct. 11, 1935	Oct. 18, 1935	Oct. 25, 1935	Oct. 2, 1935	Oct. 9, 1935
Time money (90 days' mixed coll.)	1½	1½	1½	1½	1½	1½
Bank acceptances—						
Members—eligible, 90 days	1½	1½	1½	1½	1½	1½
Non-members—eligible, 90 days	1½	1½	1½	1½	1½	1½
Commercial accept., 90 days	1½	1½	1½	1½	1½	1½

Rates of Exchange, New York on—	Par Level	Oct. 10, 1934	Sept. 25, 1935	Oct. 2, 1935	Oct. 9, 1935
London—					
60 days					
Cable					
Cheques					
Paris					
Brussels					
Switzerland					
Italy					
Berlin					
Vienna					
Madrid					
Amsterdam					
Copenhagen					
Oslo					
Stockholm					
Athens					
Montreal					
Yokohama					
Shanghai					
Calcutta					
Buenos Aires					
Cents for 1 peso					
Cents for 1 milreis					

SOUTH AFRICAN EXCHANGE RATES

(BUYING RATES PER £100 STERLING)	T.T.	Sight	30 days' sight	60 days' sight	90 days' sight
London on—					
Rhodesia	£100 5 0	£100 17 6	£101 7 6	£101 17 6	£102 7 6
South Africa	£100 17 6	£101 7 6	£101 17 6	£102 7 6	£102 17 6
(SELLING RATES PER £100 STERLING)	T.T.	Sight	30 days' sight	60 days' sight	90 days' sight
London on—					
Rhodesia	£100 5 0	£100 17 6	£101 7 6	£101 17 6	£102 7 6
South Africa	£100 17 6	£101 7 6	£101 17 6	£102 7 6	£102 17 6

THE ANGLO-SOUTH AMERICAN BANK, LTD., has received telegraphic advice from the Madrid Branch that the gold surcharge for the payment of Spanish Customs duties has been fixed for the period October 1st to 10th at 138.88 per cent. The previous rate was fixed as from September 21st at

COMPARISONS WITH CORRESPONDING PERIODS, 1933 and 1934

(000's omitted)				
	Great Western	L.M.S.	L.N.E.R.	Southern
Second half-year 1934, compared with second half-year, 1933:				
Gross increase or decrease.....	+ 148	+ 659	+ 528	+ 168
First half-year 1935, compared with first half-year 1934:				
Gross increase or decrease.....	+ 78	+ 299	- 26	+ 8
Second half-year 1935, compared with second half-year, 1934:				
14 weeks to Oct. 6, 1935.....	+ 25	+ 231	+ 10	+ 129
Weekly average second half 1935	+ 11	+ 16	+	+ 9
Latest week 1935 compared with 1934.....	+ 12	+ 37	+ 18	+ 17

LONDON TRANSPORT

	Takings	Compared with corresponding period of last year
Week ending October 5, 1935.....	£55,100	+ 2,500
Aggregate 14 weeks ending October 5, 1935.....	£7,566,800	+ 105,200

* For an explanation of the manner in which the figures are made up, see the *Economist*, March 17, 1934, page 610.

Note.—The receipts this year include receipts of bus and coach undertakings not absorbed in London Transport in the corresponding period of last year. In order to make a comparison with the previous year, the figures for that year have been adjusted on the basis of the best information available.

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week	Gross Aggregate Receipts
				1935	1935
				+ or -	+ or -

INDIAN

			Rs.	Rs.	Rs.	Rs.
Assam Bengal.....	24	Sept. 20	1,330	£4,40,000	63,187	73,55,571
Barsi Lt. Ry.....	23	10	292	£34,800	1,300	8,64,800
Bengal & N.Western	24	20	2,114	£6,52,942	54,734	1,54,64,012
Bengal Nagpur.....	21	Aug. 31	3,268	£24,65,000	1,49,689	3,54,75,633
Bombay Bar & C.I.	26	Sept. 30	3,072	£26,92,000	1,41,000	5,07,25,000
Bombay & S. Mahr.	23	10	3,230	£16,09,000	3,36,434	3,20,43,275
Rohilla & Kumaon	24	20	546	£1,20,802	24,513	29,49,317
South Indian.....	23	10	2,526	£14,02,713	2,01,027	2,43,20,238

† 11 days ‡ 10 days.

CANADIAN

			\$	\$	\$	\$
Canadian National.....	38	Sept. 30	237,114	£5,146,030	£673,033	125,133,179
Canadian Pacific.....	38	30/12/24	391,722	£4,811,000	£1,389,000	92,040,000

SOUTH AMERICAN

			£	£	£	£
Antofagasta (Chili and Bolivia).....	40	Oct. 6	830	£11,220	£7,170	487,090
Argentine N.E.....	14	5	753	£8,813	434	118,891
B.A. and Pacific.....	14	5	2,806	£1,260,000	91,000	17,176,000
B.A. Central.....	13	Sept. 28	...	£74,000	5,628	1,008,914
B.A. Gt. Southern.....	11	Oct. 5	5,085	£113,925	1,286	1,670,583
B.A. Western.....	14	5	1,930	£653,000	3,000	9,527,000
Central Argentine.....	14	5	3,700	£38,367	333	559,610
Central Uruguay.....	14	5	273	£2,003,750	114,509	28,258,600
C. Urg. (E. Ext.).....	14	5	311	£117,723	7,182	1,659,908
C. Urg. (N. Ext.).....	14	5	185	£11,422	218	18,703
C. Urg. (W. Ext.).....	14	5	211	£1,118	156	14,712
Cordoba Central.....	14	5	1,218	£504,000	57,000	7,675,000
Entre Rios.....	14	5	810	£29,610	3,450	450,840
G. Westn. of Brazil.....	40	5	1,982	£199,300	16,000	2,917,400
Leopoldina.....	40	5	1,918	£11,172	888	1,171,363
Leopoldina Termal.....	91	Sept. 30	401	£18,100	4,300	289,000
Nitrate.....	14	5	274	£327,000	11,000	11,852,000
Paraguay Central.....	14	5	100	£4,181	2,274	110,154
Paraguay.....	29	Sept. 29	1,532	£1,904,000	104,000	27,362,000
San Paulo.....	14	5	1,365	£16,025	7,115	168,565
United of Havana.....	14	5	1,365	£1,904,000	104,000	27,362,000

* Converted at average official rate during week ended Oct. 5—17-02 pesos to the £.
 † Free market rate. ‡ Months. § Receipts in Argentine Pesos.
 ¶ Comparative figures for 1934 converted at official rate ruling in 1935.
 / Converted at the "free" rate as a result of a decision of the High Court.

OTHER OVERSEAS

			£	£	£	£
Egyptian Delta Light Railways.....	24	Sept. 20	923	£16,260	£882	95,138
Egyptian Markets.....	40	Oct. 3	...	£1,540	188	63,004
Gt. Southn. of Spain.....	39	Sept. 28	104	£1,540	39,401	1,739,590
Mexican Railway.....	39	30	483	£301,500	92,400	3,224,300

† 10 days.

TRAMWAYS WEEKLY GROSS RECEIPTS

			£	£	£	£
Anglo-Argentine.....	40	Oct. 7	328	£633,121	19,725	25,212,568
B. Aires Lacroze.....	13	Sept. 29	...	£80,824	14,978	856,484
Burnley, Colne and Nelson Jt. Trspt.	1	Oct. 5	76	£5,338	177	...
Calcutta Tramways	1	7	...	Rs. 1,25,942	7,763	...
Isle of Thanet Elec.	39	Sept. 25	...	£3,153	109	149,649
Liverpool Corp.....	25	Oct. 2	...	£24,678	1,038	775,306
Madras Electric.....	39	Sept. 30	...	Rs. 26,510	1,506	9,54,488

† Months.

MONTHLY TRAFFICS

Company	Months	Ending	Description	Receipts for Month	Receipts to Date
				1935	+ or -
Algoma Central.....	8	Aug. 31	Gross	£156,288	+ 45,428
Bilbao River.....	9	Sept. 30	Gross	£1,160	- 695
Bolivar.....	9	Sept. 30	Gross	£5,000	- 200
Cape Elec. Trams.....	1	Aug. 31	Gross	£42,234	+ 950
Costa Rica.....	2	Aug. 31	Gross	£16,672	+ 1,698
La Plata Elec. Trams.....	1	Sept. 30	Gross	£8,956	- 94
Midland of W. Australia.....	2	Aug. 31	Gross	£12,044	- 2,011
Midland Uruguay.....	3	Sept. 30	Gross	£60,000	- 8,500
N.W. of Uruguay.....	3	Sept. 30	Gross	£15,500	- 1,731
Peruvian Corporation.....	3	Sept. 30	Gross	£15,342	- 1,437
Rangoon Electric.....	8	Aug. 31	Gross	£69,275	+ 5,502
Samana and Santiago.....	9	Sept. 30	Gross	Rs. 4,45,093	+ 16,489
Shanghai Electric.....	9	Sept. 30	Gross	£1,240	- 498
Singapore Traction.....	12	Sept. 30	Gross	£351,799	- 45,487
Uruguay Northern.....	3	Sept. 30	Gross	£183,000	- 68,000

A QUARTER'S INDUSTRIAL PROFITS

(See page 695)

INDUSTRIAL PROFITS

	Debiture Capital	Rate of Int.	Preference Capital	Rate of Int.	Ordinary Capital	Rate of Div.	Rate of Div. a year ago
Breweries.....	£11,600,406	4.4	£10,697,014	4.9	£31,585,892	15.2	15.3
Electric lighting and power.....	220,000	6.0	675,000	1.9	250,000	7.4	...
Financial, land and investment.....	13,100,325	4.7	12,961,530	5.9	18,356,568	4.2	4.5
Gas.....	187,000	4.0	...	...	787,934	7.1	6.9
Hotels and restaurants.....	929,729	5.3	574,773	5.6	790,568	1.6	2.9
Iron, coal and steel.....	10,419,350	4.3	10,333,201	2.7	32,115,829	4.6	3.4
Motor cycle and aviation.....	190,976	7.4	529,608	2.4	978,798	5.4	4.1
Oil.....	1,883,450	...	950,007	11.2	4,576,624	0.3	Nil
Rubber.....	108,963	6.6	250,451	4.7	11,959,798	3.8	2.3
Shipping.....	6,448,917	4.5	1,500,000	3.9	6,409,212	0.3	0.4
Shops and stores.....	242,500	6.4	14,492,880	5.7	9,379,408	9.5	9.0
Tea.....	4,010,500	4.1	1,185,750	3.5	5,248,948	2.7	7.9
Textiles.....	10,341,025	4.6	6,589,146	4.7	8,055,762	4.4	4.2
Tramway and omnibus.....	12,736,664	4.3	2,700,000	...	Nil	...	...
Waterworks.....	49,831	1.4	11,878,000	4.3	12,100,509	3.0	2.6
Building materials.....	22,405	5.0	162,775	10.0	10.0	4.5	...
Food, confectionery and drink.....	750,000	4.7	1,955,000	5.8	2,565,000	6.9	7.2
Electrical equipment.....	Nil	...	625,000	7.1	393,311	6.0	6.3
Trusts.....	857,836	4.5	3,046,795	6.6	2,393,475	5.2	4.9
Tobacco.....	Nil	...	2,000,000	6.6	3,100,000	12.2	10.9
Warehouse and trading.....	400,000	3.8	545,312	4.2	399,500	6.2	4.6
Miscellaneous.....	9,696,631	4.7	23,782,310	6.1	17,529,783	6.6	5.1
Total.....	81,078,043	4.6	112,110,977	4.9	174,159,191	6.7	6.0

NOTE.—The figure in the last column of the above table for the rate of dividend in the third quarter of 1934 does not correspond with the figure given for that quarter in the historical table in the text on page 695, as the number of companies reporting in 1934 was 318, against 345 in 1935.

	Net Profit	Ordinary Dividend	Preference Dividend	To Reserve, etc.
Breweries.....	£6,471,161	£4,793,904	74.1	£528,752
Elc. Lighting and Power.....	65,149	18,406	26.3	12,206
Financial, Land & Investment.....	1,724,586	760,465	44.1	770,131
Gas.....	62,677	55,875	89.1	Nil
Hotels & Restaurants.....	39,994	12,467	31.1	32,342
Iron, Coal and Steel.....	2,902,879	1,479,552	50.9	279,466
Motor Cycle & Aviation.....	118,194	52,606	44.5	11.0
Oil.....	190,636	15,009	7.8	106,551
Rubber.....	611,928	460,620	75.3	11,954
Shipping.....	414,432	20,460	4.9	58,125
Shops & Stores.....	2,435,147	800,037	36.7	823,710
Tea.....	146,150	141,674	96.9	41,381
Textiles.....	648,827	352,858	54.3	311,926
Tramway and Omnibus.....	Dr 219,551	Nil	...	Nil
Trusts.....	1,080,276	365,832	33.9	510,777
Waterworks.....	22,280	16,324	73.2	1,107
Building Materials.....	446,815	257,951	57.7	74,723
Food, Confectionery and Drink.....	450,828	176,651	39.2	114,186
Elect. Equip-ment.....	72,898	23,599	32.4	44,375
Newspapers, Printing, etc.	417,746	125,710	30.1	201,544
Tobacco.....	527,804	378,090	71.5	132,000
Warehouse and Trading.....	61,609	24,779	40.2	22,730
Miscellaneous.....	3,777,824	1,170,550	30.9	1,458,428
Total.....	22,471,180	11,596,110	51.6	5,549,416

DIVIDEND ANNOUNCEMENTS

Name of Company	Rate % per Annum, except where marked % or Stated in Cash		Interim or Final Comparison with Last Year	Dividend for Whole Years	
	* Interim div.	† Final div.		Latest Year	Previous Year
RAILWAYS					
Bengal Douars Railway.....	4%*	...	Same	% 7	% 7
London Transport "C" Stock.....	2½%*	Oct. 31	}	4	3½
Do. on account of 1933-34.....	1%*	Oct. 31		3½	3½
Metropolitan Assented Stock.....	2½%*	Oct. 23	Same	6½	8
Royal Insurance.....	3½ ps.*	Jan. 1, '36	4½%†	6½	8
South Indian Railway.....	3½%†	...	...	...	...
INSURANCE					
Economic Insurance.....	110%*	Oct. 31	Same	...	...
Liverpool and London and Globe.....	13½ ps.*	Nov. 15	Same	...	...
Royal Exchange Assurance.....	11%*	Nov. 6	Same	...	...
Royal Insurance.....	3½ ps.*	Nov. 15	Same	...	...
World Marine and General.....	14½ ps.*	Oct. 30	Same	...	...
TEA AND RUBBER					
Bukit Lintang Rubber.....	4%†	...	7½%†	8	7½
Central Sumatra Rubber.....	...	...	...	3	5
Ceylon Land and Produce.....	...	...	...	2½	7½
Ceylon Proprietary Tea.....	2½%*	Nov. 9	Same	...	...
Chulsa (Selangor) Rubber.....	Nil*	...	4%*	...	...
Galapiakande (Ceylon) Estates.....	Nil*	...	First	3	...
Inch Kenneth Kajang Rubber.....	Nil*	...	2½%*	...	...
Kuala Kubu Rubber.....	...	...	...	2½	2½
Lindola Tea.....	2½%*	Oct. 28	Same	12½	12
New Dimbulu Co. (Malay) Rubber.....	9%†	Oct. 29	7%†	7	5
Pant-Birus (Pant-Birus) Rubber.....	5%*	Oct. 25	...	...	...
Standard Tea of Ceylon.....	5%*	Oct. 31	Same	7	8
Sungkar Para Plantations.....	...	...	...	13½	15
Tanjong Malim Rubber.....	...	...	...	...	...
MINING					
Kamra Tin.....	2½%*	Nov. 1	...	...	...
Pahang Consolidated, ord.....	10%†	Nov. 20	Same	15	15
Do. Pref.....	8½%†	Nov. 20	Same	12	12
Tenong Tin.....	2½ ps.*	Oct. 21	1½ ps.*	...	...
Wanderer Consolidated.....	6½%*	Nov. 14	5%†	11½	10
West African Diamond.....	24%*	Oct. 26	First	...	...
OTHER COMPANIES					
Access Investment.....	5%†	...	Nil	6½	6
Acme Tea Cist ord.....	5%†	...	Nil	7½	Nil
Do. participating pref.....	5%†	...	...	11	6
African City Properties Trust.....	4%*	Nov. 1	Same	...	...
Anglo-American Debenture Corp.....	34%*	Nov. 1	Same	...	...
Anglo-Continental Guano Works.....	5%*	...	Same	7½	7½
Ashby's Staines Brewery.....	17½%†	...	Same	25	25
British Piston King.....	10%*	Oct. 31	16%*	...	...
Bryant and May.....	3%*	Nov. 6	Same	...	...
Burnah Oil.....	31%*	Oct. 19	3%*†	4	5
Burt Boulton and Haywood.....	31%*	Nov. 1	Same	...	...
Calcutta Tramways.....	...	...	...	5	2
Clyde Paper.....	4%†	Oct. 22	2½%†	6½	5
Delany (John).....	4%*	Nov. 1	Same	...	...
Eleonore Container.....	2½%*	Nov. 9	Same	...	...
English Sewing Cotton.....	...	...	...	...	...
Foreign American and General Investments Trust (defd.).....	11%*	Oct. 19	Same	...	...
Freehold Assets.....	31%*	...	Same	35	35
Genatosan.....	5%*	Oct. 31	Same	...	...
Hall and Co.....	10%†	Oct. 31	8%*	14	12
Hedgsons' Kingston Brewery.....	10%*	Oct. 31	First since 1929	...	...
Hofmann Manufacturing.....	14%*	Oct. 17	...	3	3
Holland Bank Union.....	...	...	...	...	...
Hutton (John W.) 10% non-cum. ord.....	2½%*	Oct. 17	Same	...	...
Industrial and General Trust.....	3%*	Nov. 1	Same	...	...
Kayser, Ellison and Co.....	...	...	...	5	4½
Lambert Brothers.....	(s)5%*	Nov. 1	5½%*	...	...
Lawsons (Glasgow).....	5%*	Oct. 31	Same	...	...
Lewis's Royal Polytechnic.....	...	...	...	10	5
Longman Glenlivet Distilleries.....	...	...	...	5	120
Manchester Liners.....	...	...	...	...	...
Manchesters (L.) and Co.....	5%*	...	24%*	Nil	Nil
McNeill (F.) and Co.....	...	...	Nil since 1928-29	...	...
Murray (D.) and W.), ord.....	...	...	In arrears since Oct., 1930	Nil	Nil
Do. pref.....	...	...	...	...	...
Napier (D.) and Son 8% non-cum. pref.....	Nil*	...	Nil since 1930-31	...	...
National Biscuit (com.).....	40cts ps.*	Oct. 15	First	50	...
O.K. Bazaars.....	...	...	...	...	...
Portsmouth and Sunderland Newspapers.....	7½%*	Oct. 8	Same	7½	5
Queen Anne Mansions.....	12%*	Nov. 1	...	15	15
Ranks, Ltd.....	12%*	...	...	10	7½
Ransome and Marles Bearing.....	12½%*	...	10%*	17	15
Rayne (H. and M.).....	Nil*	...	4½%*	...	...
Richmond Park Laundry, ord.....	34%*	Nov. 1	Same	6	6
Do. 7½% cum. pref.....	3%*	...	Same	...	...
Robinson and Cleaver.....	5%*	...	Same	...	...
Robinson (E.) and Sons.....	5%*	Nov. 4	Same	...	...
Rolls Royce.....	...	...	...	...	...
Scottish and Dominions Trust 5% Cum. Pref.....	...	...	(1% in arrear)	4	4
Second American Trust (5½% cum. pref.).....	5½%†	...	4%†	7	5
Second Edinburgh Investment.....	...	...	...	...	...
Second Scottish Northern Investment Trust.....	2%*	Oct. 25	Nil*	15	12½
Serek Radiators.....	4%*	Nov. 8	Same	6½	6
Shanghai Electric Construction.....	...	Oct. 23	First	10	...
Simons and Co.....	...	...	...	...	...
S. S. Cars.....	...	...	...	...	...
Tata Power (Rs. 1,000).....	3½%*	Oct. 15	5%*	4	8
Tea Share Trust.....	...	...	...	10	1
Tecka (Argentine) Land.....	...	...	...	6	5
"The Times" Publishing Co.....	...	...	...	10	Nil
Thomas Smith's Stamping.....	(s)7½%†	...	Same	12½	12½
United Dairies.....	...	...	...	...	...

pared with \$639,395,000. On September 30th, the capital of the bank consisted of \$50,000,000 preferred stock and \$100,270,000 common stock and \$50,000,000 surplus, unchanged from June 29, 1935. Undivided profits on September 30th were \$18,947,000 as compared with \$20,851,000 on June 29th. Semi-annual preferred and common dividends amounting to \$6,083,333.80 were paid to shareholders on August 1, 1935.

MISCELLANEOUS

EDMUNDSONS ELECTRICITY CORPORATION, LTD.—The results of operations of the Edmundson group of companies during August, 1935, as compared with August, 1934, show an increase of 18 per cent. of units sold. September, 1935, results as compared with September, 1934, show an increase of 18 per cent. of units sold.

GERRARD INDUSTRIES, LTD.—This company has acquired 45,320 shares of £1 in Technicolor, Ltd.; 20,000 were paid for in cash at a premium of 4 per cent. and 25,320 were received in consideration of the surrender to London Film Productions for cancellation of twenty 6 per cent. convertible cumulative income debentures previously given to this company by London Film Productions, Ltd., in exchange for 100,000 shares in Colourgravure, Ltd. The surrendered debentures were compulsorily convertible into 100,000 deferred ordinary shares in London Film Productions, Ltd., on November 9, 1939.

ROLLS-ROYCE LIMITED.—Rolls-Royce, Ltd., have received an order from the Yugoslavia Government to the value of nearly £250,000. The engines will be fitted into aircraft for service in the Yugoslavia air force. The directors at their board meeting on October 4th decided to pay an interim dividend of 5 per cent. on account of the present financial year, to be paid on November 4, 1935.

ARGENTINE NAVIGATION COMPANY MIHANOVICH LTD.—Gross takings and those of the associated concern, Cia Uruguaya de Navegacion, Ltd., together amounted to Arg. Paper \$2,539,284 for the month of August, and following is a comparison with previous figures. Gross takings, both companies: August, 1935, Arg. Paper \$2,539,284; August, 1934, \$2,131,185; increase \$408,099—19.1 per cent. January–August, 1935, \$20,028,107; aggregate, January–August, 1934, \$17,150,273; increase, \$2,877,834—16.8 per cent.

WARD OF COLEMAN STREET (ELECTION OF COMMON COUNCIL-MAN).—At a ward mote for the election of a common councilman for the Ward of Coleman Street, in place of Colonel R. W. Eaton, who was recently elected alderman, Mr W. G. Hislop was unanimously elected. Mr Hislop has been in business in the ward for over thirty years and is a member of the firm of A. Moir and Company, who act as London secretaries of the Central Mining-Rand Mines group of companies. He is a past president of the Chartered Institute of Secretaries; member of the British National Committee of the International Chamber of Commerce; president of the United Wards Club of the City of London; and a member of the council of the City Livery Club.

LEACH'S ARGENTINE ESTATES, LTD.—A scheme of reconstruction provides for the issue to preference shareholders of £210,000 5 per cent. cumulative funding certificates in satisfaction of arrears of dividend amounting to £210,025 on the basis of 42 of funding certificates for every 100 preference shares. Redeemable by a redemption fund of 15 per cent. of surplus profits after paying certificate interest and preference dividend commencing in year ending March 31, 1937. The company proposes to issue £246,833 5 per cent. cumulative registered notes in satisfaction of advances due, and will give an undertaking that no mortgage or charge upon its fixed assets will be created without consent of noteholders.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Deben-ture Interest	Amount Available for Distribution	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Deprecia-tion, etc.	Balance Forward	Net Profit	Divi-dend
					Prefce.	Ordinary					
						Amount	Amount					Rate
Breweries		£	£	£	£		%	£	£	£	%
Longmorn-Glenlivet Distill.	July 31	17,546	3,234	20,780	750	1,500	10†	600	17,930	8,743	20†
Financial Land, etc.											
Leach's Argentine Estates...	Mar. 31	...	107,891	107,891	44,000	...	...	...	...	97,570	...
Tecka (Argentina) Land ...	June 30	9,525	24,912	34,437	...	20,000	10	63,891	...	21,743	8
Hotels, Restaurants, etc.											
Queen Anne Residential Mansions and Hotel	June 24	30,369	19,179	49,548	8,750	8,438	7½	2,000	30,360	13,396	5
Iron, Coal and Steel											
Kayser, Ellison and Co.....	June 30	12,847	40,967	53,814	6,000	18,750	7½	15,000	14,064	30,015	5
Ransome and Marles Bearing	June 30	22,004	72,985	94,989	...	38,750	10	30,000	26,239	44,055	7½
Motor and Cycle											
Austin Motor	July 31	362,933	623,923	986,856	73,562	{ 116,250 241,202 }	20 (b) 50 (c)	185,000	370,842	661,280	{ 20b 100c }
Henlys, Ltd.	Aug. 31	6,341	42,916	49,257	14,063	15,000	50	11,000	9,194	41,451	50
Lucas (Joseph)	Aug. 7	77,384	263,667	341,051	10,734	189,933	12½	66,007	74,377	273,405	12½
S.S. Cars	July 31	1	27,895	27,896	3,792	12,000	10	10,921	1,183	...	...
Oil											
Trinidad Leaseholds	June 30	69,550	240,134	309,684	...	229,523	17½	10,000	70,161	188,566	12½
Rubber, etc.											
Bantardawa	June 30	Dr. 7,198	1,018	Dr. 6,180	...	...	...	...	Dr. 6,180	1,981	...
Bernam-Perak	June 30	1,470	1,498	2,968	...	...	...	...	2,968	1,470	...
British Borneo Para	Apr. 30	Dr. 4,631	Dr. 275	Dr. 4,906	...	...	...	...	Dr. 1,906	28	...
Broome Plantations	June 30	689	7,730	8,429	...	6,289	10	...	...	...	...
Indian Peninsula	June 30	1,910	Dr. 1,592	318	...	...	...	1,665	475	4,337	8½
Java Produce	Mar. 31	Dr. 11,610	2,639	Dr. 8,971	...	...	...	...	318	3,253	2½
Johore Rubber Lands	Mar. 31	6,773	3,083	9,856	...	2,744	2½	...	Dr. 8,971	1,061	...
Layang	June 30	16,719	7,137	23,856	...	6,975	4	1,800	7,112	1,745	Nil
Sungkap Para	June 30	5,025	6,069	11,094	...	4,900	7	1,500	4,694	9,648	8
Shipping											
Manchester Liners	June 30	17,360	46,231	63,591	22,886	17,252	5	...	23,453	40,155	5
Shops and Stores											
Mappin Stores (Brazil)	Feb. 28	2,813	13,070	15,883	...	...	...	16,030	Dr. 147	5,673	...
Tea											
Lanka Plantations	June 30	1,651	13,137	14,788	1,800	7,500	5	3,500	1,988	12,343	5
Textiles											
Robinson and Cleaver	July 31	73,998	10,321	84,319	7,749	11,625	6	...	64,945	24,115	6
Trusts											
Second Broadmount Trust	Sept. 14	3,183	12,399	15,582	6,975	3,294	8½	1,000	4,313	11,679	7½
Windsor Trust	Sept. 30	2,988	1,075	4,063	...	1,200	60	Dr. 123	2,986	...	...
Other Companies											
Brooks Wharf & Bull Wharf	June 30	10,944	13,572	24,516	8,899	...	...	2,500	13,117	7,828	...
Brown, Hopwood & Gilbert	June 30	14,854	14,777	29,631	1,260	14,250	15†	1,000	13,121	17,328	15†
Burt, Boulton and Haywood	June 30	9,363	Dr. 5,447	3,946	8,138	16,517	4	Dr. 25,000	4,291	43,739	5
Clyde Paper	June 30	15,286	74,384	89,670	16,875	15,000	5	47,744	10,051	56,840	2
Genatosan, Limited	June 30	11,985	64,776	76,761	13,320	35,000	35	15,000	13,441	50,142	35
Murex, Limited	June 30	47,668	231,681	279,349	3,500	83,698	20(d)	114,421	77,730	150,192	35
Rayne (H. & M.)	Aug. 20	22,727	26,143	48,870	...	17,500	17½	4,999	26,371	24,137	15
Steel Ceilings	June 30	Dr. 8,131	11,421	3,290	...	...	...	1,994	1,296	3,605	...
"The Times" Publishing	June 30	126,614	132,855	259,469	23,027	64,500	10	40,000	131,942	74,741	5
Thomas Smith's Stamping	Aug. 3	10,310	13,830	24,140	...	11,625	6	...	12,515	9,482	Nil

† Free of income tax. (b) Preferred ordinary. (c) Ordinary shares and "A" ordinary shares. The 100 per cent. dividend year ago absorbed £116,250. (d) Paid on a larger capital. Last year's dividend of 35 per cent. absorbed £58,419.

TRANSVAAL SEPTEMBER, 1935, OUTPUTS, &c.

Note.—Value of gold calculated at £7 0s. 0d. per ounce in all cases.

The Johnnies Group	Tons milled, Sept., 1935	Estimated Value, September, 1935		Estimated Costs per ton, Sept., 1935	Estimated Profit, including Sundry Revenue Sept., 1935	August, 1935 Profit at £7 0s. 0d. per fine ounce
		Gross	Per ton			
Government Areas (Modderfontein)	206,000	479,866	46 7	17 4	304,822	329,118
Langlaagte Estate	90,000	105,462	23 5	17 5	28,230	30,023
New State Areas	115,000	257,359	44 9	18 11	150,070	160,190
Randfontein Estates	360,000	433,112	24 1	17 0	130,149	133,221
Van Ryn Deep	100,000	137,093	27 5	17 11	48,076	48,184
Witwatersrand	83,000	89,519	21 7	18 8	13,061	13,437
Totals	954,000	1,502,411	...	17 7	674,208	714,173

Anglo-American Corporation Group	Tons Milled, Sept., 1935	Total Revenue, Sept., 1935	Working Costs, Sept., 1935	Profit, July, 1935	Profit, August, 1935	Profit, Sept., 1935
Brakpan Mines	132,000	239,908	132,677	109,889	106,782	107,231
Daggafontein Mines, Ltd.	123,500	250,072	121,669	127,081	127,494	128,403
Springs Mines, Ltd.	113,700	261,276	111,433	149,494	149,609	149,843
West Springs, Ltd.	103,000	111,860	76,159	34,948	35,574	35,701

The Central Mining Company Rand Mines Group	Tons Crushed, Sept., 1935	Yield in Fine Gold Ounces, Sept., 1935	Value, Sept., 1935	Profit, Sept., 1935	Working Cost per ton Sept., 1935
City Deep, Ltd.	103,000	19,935	139,722	£ 24,821	s. d. 22 3-7
Consolidated Main Reef Mines and Estate, Ltd.	140,000	28,201	197,423	52,559	20 8-3
Crown Mines, Ltd.	335,000	80,394	563,646	261,903	18 0-4
Durban Roodepoort Deep, Ltd.	54,300	12,481	87,464	18,909	25 3-0
Durban Roodepoort Mines, Ltd.	196,000	43,027	301,385	93,677	21 2-3
East Rand Proprietary Mines, Ltd.	82,200	11,920	83,667	14,104	16 11-1
Goldenhuis Deep, Ltd.	88,000	15,142	106,366	45,014	13 11-2
Modderfontein B. Gold Mines, Ltd.	95,000	20,401	142,850	51,068	19 3-9
Modderfontein East, Ltd.	185,000	43,481	304,968	176,611	13 10-5
New Modderfontein Gold Mining Co., Ltd.	78,000	16,610	116,433	29,666	22 3-0
Nourse Mines, Ltd.	66,500	10,579	73,996	11,651	18 9-0
Rose Deep, Ltd.	...	...	...	...	...

Other Companies	Tons Milled, Sept., 1935	Total Revenue, Sept., 1935	Working Costs, per ton, Sept., 1935	Profit, July, 1935	Profit, August, 1935	Profit, Sept., 1935
Glynn's Lydenburg	8,300	£ 17,688	s. d. 30 1-0	£ 5,224	£ 5,204	£ 5,204
Luipaards Vlei Estate	45,500	67,204	29 6-0	22,186	20,902	20,804
New Kleinfontein Co.	56,600	72,496	20 2-2	13,639	15,577	15,373
Transvaal Gold Mining	22,200	29,341	21 6-1	5,146	5,412	5,466
Witwatersrand Deep	51,300	67,359	...	...	14,334	13,502

General Mining Group	Tons Milled, Sept., 1935	Total Revenue, Sept., 1935	Estimated Costs per ton, Sept., 1935	Profit, July, 1935	Profit, August, 1935	Profit, Sept., 1935
Van Ryn Gold Mines	61,000	£ 63,676	s. d. 16 5	£ 14,143	£ 14,150	£ 14,086
West Rand Consolidated	161,000	211,915	15 7	90,013	88,011	88,014

Goldfields Group	Tons crushed, Sept., 1935	Yield, Sept., 1935	Value, Sept., 1935	Profit, August, 1935	Profit, Sept., 1935	Working Cost per ton Sept., 1935
Simmer and Jack Mines	92,000	Fine ozs. 22,217	£ 155,522	£ 45,909	£ 46,017	s. d. 23 11
Robinson Deep	102,000	25,525	178,674	76,630	76,066	20 2
Sub Nigel	50,000	39,442	276,093	200,202	191,450	33 10-3

Union Corporation Group	Tons crushed, Sept., 1935	Yield, Sept., 1935	Value, Sept., 1935	Profit, July, 1935	Profit, August, 1935	Profit, Sept., 1935
East Geduld Mines	97,000	Fine ozs. 30,092	£ 210,611	£ 132,072	£ 127,248	£ 122,088
Geduld Proprietary Mines	97,000	27,345	193,380	124,857	125,326	122,880
Modderfontein Deep Levels	46,400	11,447	80,342	52,873	50,397	44,900

Other Companies	Tons Milled, Sept., 1935	Total Revenue, Sept., 1935	
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in some cases business continues to be handicapped by a scarcity of boats. Italian trade remains at a standstill. Scandinavian business is maintained and collieries are also benefiting from an expanding Irish trade. There has been a reduction in short-time working throughout the industry.

Current export prices, f.o.b. district ports: LANARKSHIRE.—Ell best, 14s. 6d.—15s.; splint best, 17s.—17s. 6d.; splint second, 15s.—15s. 6d.; navigation, screened, 14s. 9d.—15s.; navigation, unscreened, 13s. 6d.; Hartley, 16s.; steam, 13s.—13s. 6d.; trebles, 13s. 8d.—13d. 9d.; doubles, 13s. 3d.—13s. 6d.; singles, 12s. 6d.—12s. 9d.; pearls, 11s. 3d.—11s. 6d.; dross, 10s. FIFE.—Best unscreened navigation, 12s. 6d.—13s.; unscreened navigation, 12s. 3d.—12s. 6d.; first-class steam, 14s.; third-class steam, 13s.—13s. 6d.; trebles, 15s.—17s.; doubles, 13s. 6d.—15s.; singles, 13s.; pearls, 11s. 6d.—11s. 9d. LOTHIAN.—Best splint, 14s. 6d.; prime steam, 12s. 6d.—13s. 6d.; secondary steam, 11s. 9d.—12s.; unscreened navigation, 12s. 9d.—13s.; trebles, 15s.—15s. 6d.; doubles, 14s.—14s. 6d.; singles, 13s. 3d.—13s. 6d.; pearls, 11s. 3d.—11s. 6d. AYRSHIRE.—Best unscreened navigation, 14s. 6d.; steam, 13s.; trebles, 14s. 6d.; doubles, 13s. 9d.—14s.; singles, 13s. 6d.; pearls, 13s.; dross, 12s.

CARDIFF.—The non-unionist stoppages at two important groups of collieries employing approximately 15,000 workmen have terminated, and operations have been resumed at all the collieries affected. Shipments from South Wales ports last week totalled 380,300 tons, compared with 401,100 tons the previous week, and 407,940 tons in the corresponding week last year. The tonnage position this week has been comparatively good, and in spite of the diminished trade with Italy, exports to the Bay and Mediterranean markets show an improvement. Early in the week intimations were received by local exporters of the acceptance of their tenders for increased supplies to the Egyptian State Railways, but since those tenders were invited, the freight rate for Alexandria has increased by from 2s. 6d. to 3s. per ton, and it has been mutually agreed to make amended offers. Partly owing to the requisition by the Italian Government of Italian owned vessels, and by the British Government of a fairly considerable number of British owned vessels, freights generally are better in the outward market than they have been for some years past. F.o.b. prices, however, are unaltered, and with few exceptions are ruling at the scheduled minimum figures. The question of raising the average inland price level continues to receive the attention of the Central Council, and it is possible that the present system of allocation for inland supplies may be amended in the near future with a view to facilitating the achievement of this object.

Current quotations: Best Admiralties, 19s. 6d.: seconds, 18s. 9d. to 19s. 3d.; best dries, 18s. 9d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams (washed), 13s. to 13s. 6d.; second steams, 12s. 6d. to 13s.; coking smalls, 13s. 6d. to 14s.; anthracite, best large, 36s. to 40s.; Red Vein, large, 22s. to 27s.; machine-made cobbles, 35s. to 51s.; French nuts, 35s. to 51s.; stove nuts, 34s. to 50s.; rubbly culm, 10s. 6d. to 12s.; special foundry coke, 37s. 6d. to 40s.; patent fuel (Crown), 21s.; pitwood, ex ship, French, 24s. 3d., Portuguese, 21s. 6d.

IRON AND STEEL

LONDON.—The official report of the London Iron and Steel Exchange draws attention to an increase in business in the iron and steel markets. In several departments producers are extending the periods in which they can give delivery. The pig iron market is in a particularly strong position, and in some cases contracts have been placed for delivery over the first quarter of next year. As stocks in makers' hands have been reduced to comparatively small proportions, there is some reluctance on their part to enter into further far forward commitments. The situation in the semi-finished steel department is satisfactory and many of the producing works have important running contracts and are operating at capacity. New business is active and there is considerable pressure on the part of consumers to obtain delivery. In the finished steel section some irregularity is noticeable in the volume of new business, due partly to the fact that important users have covered their requirements for some time ahead. Specifications are reaching the works on a satisfactory scale, however, and the general tendency is for the demand to expand.

MIDDLESBROUGH.—Requirements of pig iron by home consumers are heavy, and deliveries of Cleveland foundry pig iron and hematite pig iron are well maintained. Forward purchases are taking place, and it is reported that in some cases foundries are purchasing for delivery during the first quarter of next year. Prices are maintained at 67s. 6d. per ton for Cleveland No. 3 foundry pig iron, and at 71s. per ton for No. 1 East Coast hematite, delivered locally. The unsettled international position, and the difficulties of obtaining payment, are restricting export trade.

The steel departments continue to be very busy, and semi-manufactured steel is in good request. Requirements in connection with the re-armament programme are expected to increase the demand for steel locally.

Business in foreign ore is almost suspended, except where buyers are covered under existing contracts. There has been an increase in the freights from the Mediterranean ore ports and from the Bay.

Good Durham blast furnace coke is offered at 19s. per ton delivered works. Heavy melting steel scrap is in increased demand, and the price is firmly maintained at 52s. 6d. per ton, delivered works.

SHEFFIELD.—Conditions in the local steel trade do not change much, except that the manufacture of armaments is bringing additional work to numerous factories. Non-corrosive and other special alloy steels are being used extensively in modern ships of war and munitions generally. This tendency benefits Sheffield

more than any other centre. Nevertheless, more attention is being paid to the manufacture of alloy steels on the North-East Coast, whereby Sheffield monopoly is becoming confined to certain special lines. The price of stainless steel, suitable for cutting purposes, has been reduced to rather more than a fourth of what it was when first introduced nearly twenty years ago, and now is cheaper than the non-stainless steel formerly used by cutlers.

All the large steel firms are working to capacity. Business is less brisk at the smaller firms, but all the rolling mills and forgesserving the finished trade are fully employed. A few good overseas orders are on hand, and the export outlook is rather better. Trade in wrought iron is maintained at former levels, but there is no rush of orders in this department. Work from the building trade continues on a heavy scale and the iron foundries are busy on fireplaces and various building castings. All the tool shops are well employed. Engineers report fairly good order books. The seasonal trade in cutlery and plated goods develops but slowly. The latest unemployment returns show some increase, but a fair number of unemployed miners have been absorbed during the last month.

GLASGOW.—Steelmakers in this area are very busy. Orders from users of almost every class of material are on a large scale, and at some plants manufacturers are finding difficulty in meeting requirements for delivery. Demand for shipbuilding material is still on a small scale, but an early improvement in this branch is looked for as a result of the important orders placed with Clyde yards within the past week or two. Local makers of semis are also fully employed and have a considerable amount of work on hand. Sheetmakers find orders from home consumers still increasing, and the tonnage required is sufficient to keep employed a large proportion of the mills and of the galvanising plant. Export trade is still unsatisfactory, but shows some increase this week. Manufacturing trades in this district are all busy, and full time working is general.

CARDIFF.—Comparatively quiet conditions prevail in the tinplate trade. Last week deliveries to dock warehouses were less than in the previous and corresponding weeks, while shipments from Swansea were nearly 14,000 boxes lower than in the previous week, but about 8,000 boxes more than a year ago. Scheduled c.i.f. prices are unchanged on the basis of 18s. 2d. per box f.o.b. Galvanised sheets have also been featureless with prices unchanged at £11 5s. per ton, while steel sheet and tinplate bars are unaltered at £5 5s. per ton delivered. The President of the Board of Trade has arranged to receive a public deputation on October 23rd in connection with the projected scheme of Messrs. Richard Thomas and Company to erect a tinplate mill at Redbourn.

OTHER METALS

COPPER.—Despite a substantial volume of liquidation, the London market was again firm during the past week, and the quotation for standard cash at one time exceeded £36 per ton—the highest since 1933. In the United States, the domestic price was raised by a further ½ cent to 9½ cents per lb.—a higher level than at any time since July, 1931. The principal reason for the upward movement was, of course, the war scare. After a bout of profit-taking on Tuesday, the rise was resumed on Wednesday and, in the absence of any clarification of the political outlook, a further advance seems probable. But leading copper restrictionists are watching the rise with some anxiety, and it is learned on excellent authority that, in the event of a further jump in prices, measures would probably be taken to increase production and to check the upward movement. Early this week a rumour was circulating to the effect that a world copper conference was to be held immediately to deal with an Italian order, amounting to approximately 60,000 tons, for delivery in 1936. The new Italian import monopoly certainly invited tenders for the supply of copper to cover its requirements next year, while Italy's imports during the past three years have averaged approximately 60,000 tons per annum. But Rhodesian companies have heard nothing about such a conference, and it is reported from Rome that Italy does not want to import the whole year. It would appear, therefore, that there was very little basis for the rumour or for the alarm which it appears to have occasioned in some quarters.

Sales on the London Metal Exchange: 6,500 tons on Monday, against 1,950 tons last week; 5,700 tons on Tuesday, against 3,500 tons last week; 3,400 tons on Wednesday, against 3,450 tons last week. Domestic spot was quoted at 8-72½ cents per lb. in New York on Wednesday, against 8-52½ cents a week ago and standard cash in London was £35 16s. 3d. to £35 17s. 6d., compared with £35 to £35 1s. 3d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 81,208 tons, show an increase of 2,027 tons, while stocks of rough copper, at 11,434 tons, show a decrease of 50 tons on the week.

LEAD AND SPELTER.—Prices for both metals registered a substantial speculative increase. The important position of lead in the armament industry—it is used for munitions and in batteries for tanks, aeroplanes, etc.—combined with a scarcity of supplies, pushed up the price of this metal. At one time the quotation touched £19 15s. a ton—the highest since 1930. In view of the fact that lead production has experienced a decline, this rise in prices seems to be more healthy than that which has taken place in connection with other non-ferrous metals. Spelter also received a substantial measure of support from speculative purchasers. This was due not only to the position of spelter in the armaments industry, but also to the consideration that the metal must be regarded as cheap at the present price level.

Sales of lead on the London Metal Exchange: 2,400 tons on Monday, against 1,400 tons last week; 3,200 tons on Tuesday, against 1,850 tons last week; 1,700 tons on Wednesday, against 750

tons last week. The New York quotation on Wednesday was 4-60 cents per lb., against 4-50 cents a week ago and 4-35 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £19 2s. 6d. per ton, compared with £17 10s. a week ago.

Sales of spelter on the London Metal Exchange: 2,400 tons on Monday, against 900 tons last week; 1,000 tons on Tuesday, against 700 tons last week; 1,600 tons on Wednesday, against 1,600 tons last week. Wednesday's quotation in East St. Louis was 4-85 cents per lb., against 4-75 cents the week before and 4-60 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £16 15s. per ton, against £16 6s. 3d. last week.

TIN.—Following the unexpected decision of the Tin Committee not only to raise production quotas from 65 to 70 per cent., but to make the increase retrospective, prices slumped on Friday of last week. But a recovery set in later. The agreement with the "new-comers" to the tin scheme (who have fixed quotas) permits of a certain increase in their outputs when the quotas of the "signatory" countries are raised above 65 per cent.; hence last week's quota increase will lead to a slightly greater rise in production than former 5 per cent. increases in the quota. Nevertheless, the price rose by no less than £7 15s. between Friday and Wednesday—a fact which affords fresh evidence of the severity of the present "squeeze." It is clear that some time must elapse before the increase in the quota has a tangible effect upon available supplies. The position of this metal is further discussed in a Note of the Week.

Sales of tin on the London Metal Exchange: 425 tons on Monday, against 200 tons last week; 375 tons on Tuesday, against 210 tons last week; 345 tons on Wednesday, against 360 tons last week. The New York quotation on Wednesday was 51-25 cents per lb., against 49-12½ cents a week ago and 48-60 cents a month ago. Wednesday's official closing quotation in London for standard cash was £229 5s. to £229 10s. per ton, compared with £223 to £225 last week. Stocks of tin in London and Liverpool at the end of last week totalled 678 tons, an increase of 91 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted at £100 per ton. Nickel, for home and export, at £200 to £205 per ton, remains unchanged. Quicksilver, on the spot, was quoted at £12 to £12 2s. per flask of 76 lbs., as against £11 15s. per flask last week. Chinese antimony was quoted at £69 per ton ex warehouse, duty paid, as against £68 last week. Chinese wolfram for October–November shipment was quoted at 33s. 6d. to 34s. 6d. per unit, c.i.f., as against 33s. to 34s. per unit last week. Platinum (refined) at £7 10s. per ounce, was unchanged on the week.

TEXTILES

COTTON.—Manchester.—Demand has shown some expansion, and more orders have been forced out for yarn and piece-goods, chiefly as a result of the further upward movement in raw cotton prices. Bearish crop statistics, however, from the United States and Egypt have brought an easier tendency in New York, Liverpool and Alexandria. Demand for raw cotton has continued active, most of the buying being in American, Egyptian and Peruvian qualities. The opinion is generally held that prices are not likely to fall appreciably in the near future.

COTTON PRICES

	1935					Corresponding Date	
	Sept. 18.	Sept. 25.	Oct. 2.	Oct. 9.	1933	1934	
Raw Cotton—Mid. American..... per lb.	6-39	6-36	6-41	6-51	5-37	6-74	
Saleable Fully Good Fair Egyptian..... per lb.	8 29	8-39	8-58	8-64	7-14	7-87	
Yarns—32's twist..... per lb.	10 10	10 10	10 10	10 10	9 10	10 10	
40's twist..... per lb.	10 10	10 10	10 10	10 10	9 10	10 10	
60's twist (Egyptian)..... per lb.	15 16	16 16	16 16	16 16	16 16	16 16	
32-in. Printers 116 yds., 16 by 16, 32's and 50's.....	17 17	17 17	17 17	17 17	16 6	19 0	
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's.....	24 11	24 11	24 11	24 11	24 3	24 0	
38-in. ditto, 88 yds., 18 by 18, 10 lb.....	10 21	10 21	10 21	10 21	10 4	11 0	
38-in. ditto, 37½ yds., 16 by 15, 8½ lb.....	9 11	9 11	9 11	9 11	9 2	9 11	

Inquiry for cloth for foreign outlets has broadened. There has been rather more activity in a variety of goods for India, a feature of interest being the improved inquiry for Calcutta, but most offers have been unworkable. Useful lines have been booked in light whites for Karachi and dyed fancies for Bombay and the up-country markets. Some manufacturers have met with increased support from South America, the Dominions and the Crown Colonies. Certain home trade buyers have displayed more interest in prices. Some makers of drills, sheetings and heavy materials have more work to go on with than a month ago. The yarn market has continued firmer. Spinners of coarse American counts have again sold freely and some firms that could give delivery out of stocks a month ago now require three to four weeks for the completion of contracts. An increased demand has also been experienced for Egyptian qualities.

BEARISH COTTON STATISTICS.—At the beginning of this week the Governments of the United States and Egypt published important statistics relating to the cotton crops in those countries. It was announced from Washington that the Department of Agriculture estimated the growth for this season at 11,464,000 bales against 11,489,000 bales a month ago. The total was slightly

larger than expected. The condition was given as 64-0 per cent. against 64-5 per cent. a month ago, the yield per acre being 191-5 lb. as compared with 192-0 lb. at the beginning of September. So far this season 4,230,000 bales have been ginned against 4,958,000 bales a year ago, the smaller amount being due to the crop being late. The crop of last season was 9,636,000 bales. Favourable picking and ginning weather in the latter part of September about offset the effects of the heavy rains and storms experienced in the south-eastern States early in September. In Texas and Oklahoma, which are the two most important producing States, the crop has shown little recovery from a late start, there being an increasing menace of frost damage. This year's crop in Egypt has been estimated by the Government at 8,255,000 cantars, against a total crop for last season of 7,378,000 cantars.

GRAIN MARKETS

WHEAT.—The sharp rise in wheat prices in recent weeks, due partly to an improvement in the international wheat situation and partly to the war scare which affected most commodities, has been followed by the inevitable reaction. Wednesday's quotations in Liverpool, Chicago and Winnipeg were all lower than a week ago. The downward movement was probably accentuated by the news that the drought in Argentina had at last broken.

According to the *Corn Trade News*, total arrivals of wheat and flour at principal ports of Europe during the past week were 1,005,000 quarters, against 767,000 quarters in the preceding week. On Wednesday last, "December" futures were quoted in Chicago at 104½ cents per bushel, against 106½ cents the week before and 93½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 38s. per 496 lbs., against 36s. 9d. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 36s. 9d., against 35s. 9d. a week ago.

FLOUR.—Business in flour was fairly active at higher prices early in the week, but subsequently demand was less brisk. Shipments from North America in the past week totalled 79,000 sacks, compared with 87,000 in the previous week. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered country, 30s. 6d. per 280 lbs., against 29s. 6d. a week ago; delivered London, 29s. 6d., as compared with 28s. 6d. a week ago. Manitoba patents, ex store, 29s. to 30s. 6d., against 28s. 6d. to 30s. a week ago. Australian, ex store, 23s. 6d., against 22s. 9d. a week ago.

BARLEY.—There was a strong demand for feeding barley—especially Russian descriptions—at rising prices. "October" futures were quoted at 34½ cents per bushel in Winnipeg on Wednesday, against 37½ cents last week and 35½ cents a month ago. Quotations per 448 lbs. in London on Wednesday were: "English feed" (new) at farm, 23s. to 24s., as against 23s. to 24s. last week; "English malting" (new) at farm, 30s. to 56s., against 30s. to 56s. a week ago.

OATS.—The market in oats was also active, and quotations showed a firm tendency. On Wednesday, "December" futures were quoted at 28½ cents per bushel in Chicago, against 29½ cents a week ago and 26½ cents last month. Quotations in London, Wednesday: "English Black" (old), at farm, 22s. per 336 lbs., against 22s. a week ago; "English White" (old), at farm, 22s., against 22s. last week; "Chilean White," landed, 27s. 9d. per 320 lbs., against 27s. a week earlier.

MAIZE.—Heavy purchases of Argentine maize during the past week gave rise to an increase in quotations. "December" futures were quoted on Wednesday at 61½ cents per bushel in Chicago, against 61½ cents a week ago and 57 cents last month. Quotations in London, Wednesday: "Plate," landed, 19s. per 480 lbs., compared with 18s. 3d. a week ago; "Plate," ex ship (new), 18s. as against 17s. 3d. a week ago; "Plate," "October," 18s., against 17s. 3d. a week ago. Yellow maize meal, ex wharf, was quoted at £5 2s. 6d. to £5 5s. per ton, against £5 a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sale of home-grown wheat during the harvest years 1932–33 to 1935–36:—

	1932–1933	1933–1934	1934–1935	1935–1936
Estimated sales of home-grown wheat—				
1 week to October 5.....	Cwts. 333,392	Cwts. 392,971	Cwts. 547,666	Cwts. 508,203
5 weeks to October 5.....	1,063,724	2,045,802	2,774,732	2,419,036
Average price of English wheat per cwt.	s. d. 5 8	s. d. 4 11	s. d. 5 1	s. d. 5 6

The following is a statement showing the quantities sold and the average price of British corn in the past two weeks, and for the corresponding week in each of the years from 1931 to 1934:—

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
	Cwts.	Cwts.	Cwts.	s. d.	s. d.	s. d.
Oct. 3, 1931.....	81,910	390,676	38,956	4 10	9 3	5 9
Oct. 8, 1932.....	333,392	246,045	80,464	5 8	7 11	6 3
Oct. 7, 1933.....	392,971	458,285	64,916	4 11	10 7	5 5
Oct. 6, 1934.....	547,666	423,192	66,973	5 1	9 9	6 7
Oct. 3, 1931.....	487,232	472,190	74,179	5 4	9 9	6 3
Oct. 8, 1932.....	506,203	400,823	63,717	5 8	9 7	6 3

(c) September futures.

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THE LEAGUE IN ACTION

A FORTNIGHT ago Signor Mussolini launched his offensive against Abyssinia. A week later the Assembly of the League endorsed, by 50 votes to 2, the Council's report that Italy had resorted to war in defiance of Article XII of the Covenant. This decision placed upon the members of the Assembly the duty of imposing on Italy the automatic sanctions provided in Article XVI. In the second week of the war, while Signor Mussolini's armies have been consolidating their position on the heights round Adowa and preparing a new advance, the League has been engaged in trying to set in motion its untried and cumbersome machinery for restraining an aggressor.

These efforts have given the impression of clumsiness and absence of any unity of idea in the League's procedure—an impression which is almost inevitably created by any discussion of definite action in a public meeting. But when it is remembered that the League enters upon this contest without plan, without either an economic or a military general staff, and without any experience of the kind of co-operation now being attempted, the wonder is not that progress has been slow, but that so much has been accomplished in a week. The credit for the results achieved, and for those now in sight, must go chiefly to Mr Eden, on whose persistence at Geneva, in face of the "ca' canny" policy of France, everything has depended. Apart from the French Government's prevarications—manœuvres which, significantly enough, have not been endorsed by the French High Command, nor apparently by the French permanent officials at Geneva—the smaller Powers of the League, including all France's European allies, have been solidly behind Mr Eden.

The formulation of the League's plan of campaign began on Friday of last week, when the Committee of the whole Assembly decided to advise members to impose an embargo on the shipment to Italy of arms and implements of war and to raise the embargo in the case of Abyssinia. The second step was taken on Monday, when the Committee of Eighteen proposed, and the Co-ordinating Committee of the whole Assembly accepted, the prohibition of financial transactions between League members and Italy. The details of these resolutions are set forth on page 747 of this issue. The League resolution prohibits both the raising of

loans, credits or new capital in League countries by the Italian Government or by private Italian corporations or other persons or by intermediaries; and also the continuation of existing credit contracts. These measures would prevent any kind of new credit accommodation to Italy, as well as the continuation of existing contractual credit accommodation; but they would not prevent the transfer of existing Italian securities to foreign accounts, which are, in effect, sales of Italian assets. Here is a loophole whereby Italy might raise funds in League countries.

To reach agreement even on such comparatively simple matters as these within the space of three or four days, and in a situation where everything had to be improvised, was fairly rapid progress. Whether these or other sanctions will have any effect or not, and if so after what delay, depends, however, not upon Geneva's action but upon the rapidity with which the countries put these recommendations into practice. So far some dozen countries—including both Great Britain and France—have given effect to the resolution on trading in arms. The Committee urged that the credit regulations should take effect forthwith. There is as yet no means of knowing whether individual countries will consider it necessary to legislate or take other special action on them. The Committee of Eighteen's sub-committee of jurists has simply reminded all the 50 members who are pledged to sanctions that they are each bound to take steps to put these measures into effect "with all requisite rapidity."

It must be admitted, however, that these two decisions are not in themselves of great importance. The lifting of the embargo on the sale of arms to Abyssinia comes too late in the day seriously to affect that country's power of resistance during the present winter campaign. Moreover, it is not the task of the League to prevent Italy's aggression from being successful by stiffening Abyssinia and enabling the Negus to win the war. That would be highly undesirable, not only as a method of establishing world peace but also for its possible effects on the relations between the coloured and white races in Africa and elsewhere. It is the task of the League itself to restrain the aggressor. Nor will a credit embargo greatly affect the situation. For there is hardly any country in the world at the present

moment where Italy could raise a loan. This sanction, when all is said, does little more than put into categorical form an embargo which has already been established by Italy's own actions.

The third and fourth sanctions, to which the League next turned its attention, are very much more significant. They are, respectively, a proposal to stop all imports from Italy; and another to prohibit the export to Italy of certain materials useful for war purposes. For reasons which we elaborated last week, even these sanctions are not likely to be very rapid in their effect; and the Italian Government has defiantly replied with the announcement that if these sanctions are imposed, Italy will boycott British and other goods. But though they will not be immediate in their effect, these devices will begin to exercise pressure on the Italian people. They will mean that the countries co-operating at Geneva will definitely have passed from words to deeds. The proposals in their broadest form have been laid on the table by the British delegate (they are printed in full on page 747 of this issue); and it is anticipated that they will be approved either on Saturday or Sunday. The discussion over the advisability of their immediate imposition has revealed, perhaps for the first time, the extremely complicated issues raised by such economic sanctions. The two most important of these issues are: whether the countries imposing sanctions must legislate to regularise a situation which necessarily upsets their treaty relations with Italy, and, owing to the most-favoured-nation clause, introduces complications into their treaty relations with other countries; and, secondly, whether, and if so in what form, "compensation" should be given to those countries who suffer more severely than others from the rupture of economic relations with Italy.

It remains to add that all these proceedings, and, in particular, the preparation of the economic sanctions, have taken place in the face of delaying tactics on the part of France's delegate. In the latter half of the week the League was pressed to postpone its decisions for some days in order that M. Laval might make yet one more effort to secure peace by his own mediation. The attempt quickly failed. Apparently the minimum terms offered by Italy were that the greater part of Abyssinia should be handed over to Italy for administration under mandate; and that the small upland territory which was to be left to the present Emperor should be placed under a League mandate in respect of which Italy would have the predominant voice. These suggestions are, of course, quite unacceptable. Indeed, no terms can be considered by the League which do not involve the withdrawal of the Italian troops from Abyssinian territory. Clearly, the gulf between the pretensions of Signor Mussolini and the principles of the Covenant is at present quite unbridgeable.

Accordingly, the proceedings of the week have given rise to some sharp exchanges between the British and French Governments. As early as last Monday the Members of the Assembly reaffirmed the phrase in Article XVI, in which States Members declare that they will "mutually support one another in resisting any special measures aimed at one of their number by the Covenant-breaking State." This seemed to the British Government to make France's position clear. But when they asked the French Government to confirm that French concurrence with this decision meant France would support Great Britain if the latter were attacked in the Mediterranean, the reply given was evasive. It was followed by the suggestion that, if Great Britain would withdraw her naval reinforcements from the Mediterranean simultaneously with the withdrawal of Italian troops from Libya, it would greatly help to create a favourable atmosphere for M. Laval's fresh effort at mediation. This preposterous request—which implies that there is a private quarrel raging between England and Italy, and that by its fleet movements this country has acted provocatively—has naturally been answered with an emphatic "No." Further, the occasion has been seized by the British Government to ask France, bluntly and frankly, whether she intends to act up to her obligations under the Covenant fully and wholeheartedly, or not. The answer will be eagerly awaited; for the time has come when members of the League must know, once and for all, whether France is prepared to back the League not by words only, but by deeds.

To a British observer it is incredible that there can be any but one answer. It is true that France was urged by successive British statesmen to make friends with Italy; that France had reason to doubt—until recent months—the genuineness of our active support of the League; and that for internal reasons certain British statesmen had decried the efficiency of the British Navy and of our military forces generally. It must also be remembered that France has, for a decade and a half, thought of the League purely as an additional form of defence for herself against Germany, and has not taken seriously the possibility of League action farther afield. But what the League can or cannot do in the present dispute is the touchstone of its effectiveness in any future dispute. If its procedure is so slow that territory in Africa is ravished by an invading army before decisions are reached, what ground is there for thinking that it will act more speedily in Europe? If it is prepared to compromise with a successful aggressor at the expense of one of its smaller members, what hope is there that it will be more steadfast for justice in other cases? To be precise, if the League cannot effectively restrain Italy, what are the chances that it could deal more effectively with Germany? When all unessentials have been stripped away, this is how the problem presents itself to a third party. Presumably M. Laval knows the answer.

THE END OF MR BENNETT

MR BENNETT has departed from the Canadian scene and taken his party with him. In Monday's General Election the sweeping Conservative victory of five years ago was dramatically reversed, and Mr Mackenzie King's Liberals gained once more not only a clear majority over all parties, but the biggest majority in Canadian history. The result of the election, compared with that of 1930, was as follows:—

	1930	1935
Liberals	87	174
Conservatives	138	42
C.C.F.	3	9
Reconstruction	0	1
Social Credit	0	17

In the Maritime Provinces the Conservatives have almost disappeared, and they have only five seats left in Quebec. Even in their traditional stronghold of Ontario they lost 33 seats, though they still retain some footing here as well as a few seats in British Columbia. The new "splinter parties," it will be observed—the Co-operative Commonwealth Federation (farmer-labour), Mr H. H. Stevens's "Reconstructionists," and the Social Credit League—have hardly succeeded in making a scratch on the traditional surface of Canadian politics. Historic party allegiances, combined with the swing of the pendulum after five years of depression, have duly carried the Liberals to their long-expected victory.

In 1930, after one year of depression and unemployment, Mr Bennett attained power, little knowing that he and his Government had three years of ever increasing difficulty to face. The only cure he had to offer to relieve all troubles was higher and higher protection. During the election he had urged this far from original panacea as a certain guarantee not merely of high profits, but of high wages and employment also. Accordingly, not long after the election, a new, comprehensive and drastically high tariff was bestowed upon Canadian industry.

Immediately afterwards Mr Bennett launched forth on to the inter-Imperial stage. An Imperial Conference was due to be held in London at the end of the year. At its opening Mr Bennett made a sensational offer: he would grant a ten per cent. preference to British imports into Canada if Great Britain, in return, would impose a duty on her own imports of foreign wheat. It soon appeared, however, that Mr Bennett's preference was to be granted not by the lowering of tariffs on British goods, but by the raising of those on foreign goods. As Canada's tariff on British goods was already in many cases prohibitive, Mr Bennett's offer was regarded with much scepticism by the other delegates to the Conference. In the end the Conference turned to mere constitutional matters, and Mr Bennett returned empty handed.

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On his return he discovered that, despite his sky-high tariff, depression had actually deepened during his absence. Not only were agricultural prices falling—which could be attributed to the unneighbourly refusal of the British to tax foreign wheat—but industrial profits and employment were shrinking steadily and fast, and Budget deficits and public debts, Federal and Provincial, were obstinately growing. This process continued unabated throughout 1931, at the end of which a new Government appeared in Great Britain. And that Government, as luck would have it, believed in Imperial Preference. It was accordingly arranged that a new Imperial Conference—this time an economic one—should be held in July, 1932, and held appropriately enough in Ottawa, the political home of Canada's Prime Minister and great Imperial Statesman. The Conference was preceded by several months of preliminary oratory on both sides of the Atlantic. It would meet, the British Ministers assured their audiences, "in no bargaining spirit." It would be concerned, Mr Bennett echoed, not with sordid commercial gain, but with the cementing of Imperial friendship. Finally the Conference opened in a burst of oratory that must have severely taxed even the vocal powers of a statesman accustomed to address the Canadian House of Commons for five hours at a time.

The British delegates—Mr Baldwin, Mr Chamberlain, Mr Runciman, Mr Thomas, Lord Hailsham and Mr Elliot—were committed, before they arrived, to the "success" of the Conference on any terms. They had told their supporters that it would succeed, and therefore succeed it must. In these circumstances Mr Bennett's task was easy. He asked for a duty on foreign wheat imports into Great Britain, and he got it; though everyone knew that, since the Empire was a net exporter of wheat, a British duty on foreign wheat could do little to assist the Canadian farmers. He asked for quotas on other British food imports, and he got these too. In return he offered a few trivial tariff reductions, and a hypothetical series of further reductions to be made by a "non-political" tariff board. His offer was accepted by the British delegation.

When Mr Baldwin's team had sailed for home, the reductions in the Canadian tariff proved so slight as to leave it in most cases well above the level at which Mr Bennett found it in 1930. And this was not all. For the Tariff Board soon discovered that the formula of "competitive production costs," according to which Canadian tariffs were to be adjusted, could not be calculated in practice; and, finally, it transpired that the Minister of National Revenue had the power to fix arbitrary valuations for duty purposes on goods imported into Canada under British preference.

The principal result of Ottawa, in fact, has been to divert a certain small proportion of the Empire's overseas trade from foreign to inter-Imperial channels. Of all parts of the Empire, Canada has undoubtedly benefited most by the diversion. This advantage, however, was not sufficient to halt the downward slide of Canada's economy, and the depression continued to deepen until the time of Mr Roose-

velt's devaluation of the dollar. With America's recovery came steady recovery in Canada. It came too late, however, to prevent a series of by-elections being lost by Mr Bennett to the Liberals. Worse still, in January, 1934, Mr H. H. Stevens, Mr Bennett's Minister of Trade, made a speech attacking certain "unfair and unethical practices of Canadian business." Mr Bennett expressed disapproval of the speech; but Mr Stevens was supported by large sections of public opinion, and Mr Bennett eventually had to appoint a Committee to inquire into the alleged malpractices. The Committee, later converted into a Royal Commission, revealed shocking conditions of labour in various important industries. In July, 1934, Mr Stevens specifically charged certain business interests with "indefensible wage-cutting, stock-watering and other unethical practices." Mr Bennett again protested, and Mr Stevens, rather than retract, resigned from the Cabinet and subsequently formed his own "Reconstruction Party."

By the end of 1934 the Conservative's electoral fortunes had fallen extremely low. And in January of this year Mr Bennett, after trying in vain to persuade Mr King to form a National Government, suddenly announced a remarkable political conversion. "Any attempt to operate capitalism, under the old system," he declared in a broadcast speech, "is doomed to failure owing to the low scale of wages in comparison with profits and interest." A New Deal of expanding social services was thereupon promised; and some rudimentary reforms were subsequently passed through Parliament. Despite this death-bed repentance, however, despite the artificial raising of the price of wheat a month before the election, and despite the indefatigable audacity of his election campaign, Mr Bennett has fallen, at last, and brought down the Conservative Party with him.

Now that Mr McKenzie King is with us once more, with the largest Liberal representation in Canadian history, it is pertinent to ask what his policy is likely to be. Its main plank will clearly be the liberalisation of Canada's tariff and, in particular, the revision of the Ottawa Agreements. And for this appearance at length of at least one free trade Government the world as a whole may be truly, and indeed greedily, grateful. Mr King's victory this week may well be the signal for the re-orientation of Imperial economic policy away from the "closed door" programme so fatally initiated at Ottawa. He has already declared his sympathy with the original objective laid down by Mr Baldwin for Ottawa: the expansion of inter-Imperial trade rather than the contraction of the Empire's trade with the outside world. Much in future world history may hang on the issue of this choice.

Apart from fiscal policy, however, and his decision to nationalise the Bank of Canada, Mr King has not been lavish with promises. In this he is lucky; and if the present rise in wheat prices and the general revival in America continue, the prospects before his Government should be reasonably bright. What will happen five years hence, nobody of course can predict. But we shall be very surprised if the present election does not prove to be, without reprieve, the end of Mr R. B. Bennett.

RISING COMMODITY PRICES

THE Italo-Ethiopian dispute has prompted investors to seek safety in "liquidity" and manufacturers to increase their supplies of primary products. The recent sharp rise in the prices of important industrial raw materials and crude foodstuffs is, to that extent, the outward and visible sign of a widespread "re-stocking" movement, accentuated by the inevitable co-operation of speculative operators. A rise in prices of the magnitude of recent weeks must necessarily have important repercussions both on manufacturing costs and on the purchasing power of primary producers. Every sustained rise in the prices of crude materials, further, tends, *pro tanto*, to relieve the difficulties of the gold bloc countries. Will the present rise continue?

It is necessary, at the outset, to distinguish, in any causal analysis, between short-term psychological factors and changes in underlying conditions of supply and demand. Moreover, as the majority of primary products are subject to international arbitrage, it is of interest to examine variations in commodity prices in terms of gold. Recent experience suggests that a rise in commodity prices, generated by psychological factors only, has been invariably followed by a setback, which has caused inconvenience to consumers who have bought at high price levels and brought disappointment to producers. On a superficial view, the rise in the prices of primary products in recent weeks does not differ from previous spurts due to short-lived "re-stocking" movements. Closer analysis reveals, however, that these changes in *sterling* prices have usually been accompanied by a decline in the gold value of sterling, and as the upward surge of prices has frequently exceeded the decline in the gold value of sterling, each of these movements has been followed by a partial setback. Thus, our index of the sterling prices of primary products (September 18, 1931 = 100) rose from 103.5 on July 27, 1932, to 112.3 on October 19th, only to decline again to 107.7 by January 25, 1933. During the same period, our index of the sterling price of gold (September 18, 1931 = 100) rose from 136.9 to 143.8, and subsequently declined to 142.6. Similar movements took place in 1933 and in 1934. In general, the trend of our index of the sterling prices of primary products before the latest upward movement followed fairly closely, though, of course, inversely, the gradual decline in the gold value of sterling. Thus, a rise of 20.8 per cent. in our index of primary products between July 27, 1932, and July 17, 1935, was accompanied by a fall of 21.3 per cent. in the gold price of sterling.

PRICES OF IMPORTANT COMMODITIES

	1934		1935			
	Oct. 10		Aug. 14	Oct. 9	Oct. 17	Percentage rise since Aug. 14
Copper, standard cash	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	%
per ton	25 12 6	31 17 6	35 16 3	35 0 0	35 0 0	9.8
Lead, soft foreign	10 3 0	15 15 0	19 2 6	18 0 0	18 0 0	14.3
Spelter, G.O.B., per ton	11 15 0	14 6 3	16 15 0	16 1 3	16 1 3	12.2
Tin, standard cash	230 5 0	211 0 0	229 5 0	231 10 0†	231 10 0	9.7
per ton	228 12 6	208 10 0	219 10 0	221 10 0	221 10 0	6.2
Cotton, American, spot	0 0 6-74	0 0 6-44	0 0 6-51	0 0 6-13	0 0 6-13	-4.8
per lb.	0 1 11	0 2 0	0 2 0½	0 2 0½	0 2 0½	0.1
Wool, Queensland	21 15 0	24 0 0	28 15 0	28 10 0	28 10 0	18.8
per lb.	0 0 6½	0 0 5½	0 0 5½	0 0 6½	0 0 6½	9.9
Linseed oil ... per ton	5 7 0	5 9 6	6 10 0	6 14 0	6 14 0	22.4
Rubber, smoked sheet	0 4 5½	0 4 4½	0 4 10½	0 5 0	0 5 0	14.3
per lb.	0 1 0-94	0 0 11-81	0 1 3-4½	—	—	—
Butter, Danish, per cwt.	0 5 3	0 5 1	0 6 5	0 6 5½	0 6 5½	27.1
Sugar, Cuban, 36°	7 2 6	7 0 1	7 1 10	7 1 6	7 1 6	1.0
per cwt.						
Tea, auction average, per lb.						
Wheat, Liverpool (Dec. futures) ... per 100 lbs.						
Gold, per fine ounce....						

† On October 14th the cash price of tin rose to £248 per ton.

The latest rise in the prices of important primary products, however, contrary to precedent, has not been accompanied by any significant change in the relationship between sterling and gold. A rise of 8.2 per cent. in our index of the sterling prices of primary products, for example, between July 17th and October 9th syn-

chronised with a fall of only 0.5 per cent. in the gold price of sterling. Similarly, Moody's index of the dollar prices (i.e. the "gold" prices) of staple commodities rose by 10 per cent. between July 17th and October 9th. Such an increase is the more significant since it is not explainable solely by the war "scare."

There is reason to believe, indeed, that the movements in the table above have been due, in part at least, to improvement in underlying conditions of supply and demand. Apart altogether from "war-forestalling" purchases, demand for primary products has recently tended to expand with the gradual revival of world economic activity, which has reduced the burden of visible stocks. Between August 14th and October 14th, for example, quotations for wheat at Liverpool (December futures) rose by about 28 per cent. to the highest level registered since September, 1930. Demand for wheat, the staple alike of combatants and non-combatants, is likely to be disturbed by any threat to peaceful international relations. It is now clear, however, that, in any case, this year's crops will probably fall short of the world's requirements. The wheat surplus, consequently, should be further reduced during the 1935-36 season. The sharp rise in the price of linseed oil is partly a reflection of prolonged drought in Argentina. World stocks of raw sugar, again, have been reduced considerably by the curtailment of production in Cuba and Java. According to Messrs C. Czarnikow, Ltd., the world's visible supplies of raw sugar declined from 7,415,000 tons on August 1, 1933, to 6,853,000 tons in 1934 and 5,487,000 tons on the corresponding date in 1935. As a result of a restriction scheme, tea is also dearer than a year ago.

The rise in the price of rubber during the past two years is also due largely to organised "restriction." Although extravagant hopes of "shilling rubber" have been disappointed, it is only three years since rubber was selling below 2d. per lb. The absence of an improvement in raw cotton prices, on the other hand, reflects, partly, a change in the loan policy of the United States, which will probably lead to increased exports, and partly a rapid increase in cotton production outside the United States. The majority of non-ferrous metals are substantially dearer than a year ago, and many have risen substantially in recent weeks. Here the influence of "armaments" demand, actual or potential, is clearly discernible. In the case of tin, where a "squeeze" has developed, despite recent upward adjustments of the production quota, available supplies have become dangerously attenuated.

In general, the facts cited in this article appear to suggest that at least three distinct forces have united to bring about the present upward movement in prices. The first is a recovery in world trade activity, which, though unequally distributed, is perceptible and persistent. The second is a desire to replenish consumers' stocks, which in some instances had been allowed to run low. The third reason is wholly "abnormal," since not even the furthest-sighted market operator could have foreseen, a few months ago, the implications of a dispute between a great European Power and the League of Nations. If current fears of war's incendiary proclivities are happily disproved, a certain reaction may be inevitable, after a species of commodity "scramble." As the latter, however, has been a powerful but not a unique factor, its disappearance would not necessarily restore the *status quo*.

BRITISH MOTOR CARS

THE annual exhibition organised by the Society of Motor Manufacturers and Traders opened in London on Thursday, October 17, under encouraging auspices. The British private car industry is looking back on a most successful year, in which production, exports and home sales have all established new records; and the increase in the number of cars in use in Great Britain and Northern Ireland, from 1,333,050 to 1,493,000, has been the largest ever recorded. Recent progress is shown in the following table.

PRIVATE CARS—PRODUCTION AND SALES

Year ended September	New Registrations		Net Imports	Exports	Total British Production
	Great Britain	Northern Ireland			
1929.....	167,517	2,852	21,871	32,915	181,413
1930.....	153,855	2,805	12,048	26,388	170,800
1931.....	141,392	2,820	4,731	18,816	158,297
1932.....	143,053	2,821	1,999	25,354	169,229
1933.....	178,574	3,472	3,780	41,358	219,624
1934.....	215,526	3,984	9,629	45,114	254,995
1935*.....	260,000	5,000	13,700	50,000	301,300

* Figures partly estimated.

Despite last year's remarkable increase in total production, the experience of individual manufacturers has been anything but uniform. No official figures are available, but it is clear that Morris has regained the premier output position, with a total production figure probably in excess of 100,000 units, of which two-fifths came within the 8-h.p. class. The Austin figures (which are probably of the order of four-fifths of the Morris total) show an increase of 23 per cent. in home sales and 30 per cent. in export sales, compared with total figures for the whole industry of 21 per cent. and 11 per cent. respectively. These two concerns alone are now, apparently, responsible for about half the total British output. Altogether, in the 1933-34 season it is estimated that six large British manufacturing groups supplied 74 per cent. of the home market.

The larger firms continue to maintain, and even extend, the range of their models, in order to insure against the vagaries of demand. The six leading manufacturing groups will begin the new season with 45 models in production. Frequent changing of models is a further source of expense, but is inevitable since, in any given year, spectacular success is not infrequently scored by firms which have made the most striking changes. In the long run, the cost of these changes must necessarily be passed on to the public, since unsuccessful must be carried by successful models. If demand could be forecast at all accurately, reductions in selling prices would certainly be possible. During the last two seasons reductions have been confined largely to the higher-powered cars, under the stimulus of American competition (which indirectly affects the market for medium-sized cars), and have scarcely affected small cars up to 10 h.p. The small car buyer, who accounts for over 60 per cent. of the total demand, requires cheap motoring first and foremost. Though it may be claimed that reductions are unnecessary in present conditions of expanding demand, the extent to which the small car market might be increased by such a policy remains unknown. The public is becoming increasingly "road-minded," partly as a result of rehousing and dispersion of the population from town centres. Some of the 4,000,000 additional users of pedal cycles since 1929 might be potential car owners on a further reduction in motor taxation. The industry, however, is unlikely to tackle the question of reducing the gap between the production costs of popular models and their selling prices to the public so long as the present expansion of sales continues.

The growth of car imports, which began in March, 1934, seems likely to be checked by the transfer of the manufacture of the 30-h.p. Ford V.8 and the new 22-h.p. Ford V.8 from Canada to Dagenham. New registrations of 30-h.p. cars during the year have been approximately 6,000. The great majority are Ford V.8's, whose manufacture in this country will seriously affect the import figures, which totalled 13,700 last year. The trend of imports in recent years has been as follows:—

CAR IMPORTS

Year ended September	Complete Cars	Chassis for Cars	Total (Cars and Chassis)	Average Declared Value of Complete Car
1929.....	13,576	8,295	21,871	£ 187
1930.....	6,127	5,921	12,048	202
1931.....	3,655	1,076	4,731	181
1932.....	1,565	434	1,999	238
1933.....	3,016	784	3,780	189
1934.....	8,988	641	9,629	157
1935*.....	12,650	1,050	13,700	155

* Figures partly estimated.

The most important effect of the American export campaign has been to awaken home manufacturers to the existence of an unsatisfied demand for cheap large cars and to stimulate them to produce competitive cars. It has frequently been claimed that the horse-power tax, which effectively protects the greater part of the home market against competition, has prevented British manufacturers from making suitable export models owing to the alleged absence of a domestic market from which to build up sales. The 25 per cent. reduction of tax last January should, *per contra*, facilitate wider development of the export trade—though events must be left to show how far this expectation is likely to be fulfilled.

At present, undoubtedly, exports are the least satisfactory feature in the picture. Their recent trend is shown below:—

CAR EXPORTS

Year ended September	British Exports				Average Declared Value of Complete Car	British Exports as Percentage of World Total
	Complete Cars	Chassis	Total Cars and Chassis	Percentage to Empire		
1929.....	23,418	9,497	32,915	90.0	£ 183	6.5
1930.....	20,453	5,935	26,388	89.9	185	8.4
1931.....	16,877	1,939	18,816	87.2	162	11.2
1932.....	22,124	3,230	25,354	73.7	133	23.2
1933.....	34,389	6,959	41,358	63.4	126	27.3
1934.....	34,956	10,158	45,114	78.5	136	17.9
1935*.....	42,000	8,000	50,000	76.8	127	15.6

* Figures partly estimated.

Since the American export campaign began, there has been a substantial recovery in world demand. Only a small share, however, has accrued to the benefit of the British industry. The success of the American car has been common to all markets, including the Dutch and Belgian, no less than the Argentine and South African. On the long view, nevertheless, there may be increasing scope for the cheap British small car, as income strata are reached, in importing countries, where only the cheapest motoring is possible. The present loss of ground, indeed, may be due mainly to the fact that certain manufacturers have been working to capacity to supply the home market.

A rapidly developing side-line of the motor industry proper is the manufacture of motor boats. Pleasure craft of this type are becoming increasingly popular. Some 10,000 motor boats are estimated to be in use, and their number is said to be increasing at the rate of about 10 per cent. per annum. Exact information is, however, unobtainable, since there is no general licensing system.

Owing to differences in the composition of exports between one year and another, it is difficult to say to what extent there has been a real fall in prices in the motor-car trade. There is evidence, however, of an appreciable reduction in labour costs during the past year. Unless this has been swallowed by higher raw material costs it should leave room for some shading of prices. This may appear difficult to reconcile with the lower profit figures declared, e.g. by Austin. It is not unusual, however, for manufacturers to charge considerable new capital expenditure against current income.

During the past year private car production has increased by 18 per cent. and commercial vehicle production by 9 per cent. There has been concurrently an increase in motor-cycle and aircraft construction. The mean rate of unemployment among workers engaged in motor vehicle and aircraft construction and repair, nevertheless, has been as high as 8.9 per cent., against 10.6 per cent. in the previous year. Unless an unparalleled increase has occurred in the number of registered workpeople (which cannot be definitely ascertained until the Ministry of Labour publishes its annual figures, but appears unlikely from other evidence), there would appear to have been a substantial increase in the output per worker employed. The industry would be well advised to pass on "economies" to the public, to encourage the largest possible increase in the motoring population. The demand for motor cars is probably more elastic than for the products of almost any other industry. There are undoubtedly sections of the community who would be willing to buy cars if the prices of the cheaper models were only a little reduced. The industry has a great opportunity.

EUROPE AND AFRICA

This week the representatives of fifty nations at Geneva have been considering how best to give practical effect to the letter and spirit of the League Covenant against a Covenant-breaking Power. That much, at least, we owe to our plighted word. But at such a time it is not only legitimate but also reasonable, wise and right that we should explore and implement, with equal vigour and determination, those other complementary provisions of the Covenant which are not coercive but constructive. It was, indeed, the supreme merit of the Foreign Secretary's historic speech in the Assembly that he opened the safety-valve besides putting on the brake.

If resistance to aggression were the only way in which it was possible for Great Britain and France to perform their duty under the Covenant, the duty would remain, but the prospect would be grim. Fortunately, however, in this case, the two League Powers that have the principal responsibility under Article XVI of the Covenant have also the principal opportunity under Article XIX. For, as it happens, the challenge to the Covenant has been delivered in Africa and not in Europe; and in Africa Great Britain and France, between them, at present hold the lion's share of the assets—economic and political, material and spiritual—in which Italy claims a share for herself. For implementing, in Africa, the constructive side of the Covenant the French and British peoples hold the initiative; and the firmer their stand in defence of Abyssinia, the more active their statesmanship ought to be in promoting the effective application of Article XIX to tropical Africa as a whole.

What are the principles that ought to govern the relations between Africa and Europe? The first is that, while there are obvious possibilities in Africa for a gross abuse of European power, there is also a legitimate task in Africa which Europeans can perform to the mutual advantage of the inhabitants of the two continents. This right relation between Europe and Africa consists in the fulfilment of "the dual mandate": a phrase coined by Lord Lugard and expounded in his book which bears that title. We Europeans have, in Africa, a twofold duty. On the one hand, in virtue of our more advanced civilisation, we are our African brothers' keepers, and it is our duty both to educate these African wards and to protect them against exploitation and oppression. At the same time, it is our duty to see that the backwardness of the African peoples does not prevent the material resources of Africa from being developed for the benefit of the world as a whole.

This general conception of what the relations between Europe and Africa ought to be happens to have been given its classic expression by one of the English pioneers in the opening up of Africa; but the conception itself is certainly not peculiar to Lord Lugard and his countrymen. It has presided, all the time, over the opening up of Africa by European enterprise ever since the beginning of the movement in the 'eighties of last century. This was the idea that inspired a series of international conventions for the suppression of the slave trade and slavery in Africa; for the regulation of the arms traffic and the liquor traffic; and for the maintenance of free trade. It was the idea for which King Leopold professed to work when he persuaded Europe to let him found the Congo Free State; and it was the idea to which Gordon whole-heartedly devoted himself both on the Congo and on the Nile. The same idea prevailed upon the victorious Powers in the Great War to hold and administer under mandate the territories which they had conquered by force of arms from their German adversaries. No doubt this principle of "the dual mandate" has often been eclipsed, and sometimes cynically abused for improper purposes. But it has never ceased to live; and, now or never, its hour of fulfilment has come.

At this point some critics may ask what further fulfilment is needed? Are not the British, French and Belgian Colonial administrations actually carrying out Europe's dual mandate in Africa very creditably, as it is? What is wrong with the present state of affairs? This question brings us to the heart of the present crisis. What is turn-

ing Italy savage is the fact that to-day this European mandate in Africa is almost entirely monopolised by three or four privileged European "colonial Powers." Here is the "injustice" which Signor Mussolini has proclaimed and Sir Samuel Hoare has admitted. At Geneva, the other day, Sir Samuel Hoare took a great step forward when he offered, on this country's behalf, to discuss practical ways of relaxing the monopoly so far as access to raw materials was concerned. We do not wish to minimise the importance of this offer or the urgency of following it up. But there is also perhaps a risk of making a false start if we try to solve the problem in exclusively economic terms. Suppose that not only the sources of supply but also the markets in the whole of tropical Africa were thrown open to Italian and German and Polish economic enterprise to-morrow as fully as they are open to British and French and Belgian enterprise, would that entirely remove the present grievance of the non-colonial European Powers? Manifestly not; for, to do the non-colonial Powers justice, we must recognise that the European assets in Africa in which they want a share are political as well as material. They want to be taken into partnership with ourselves in administering the European mandate in Africa in all its aspects. The practical problem which we have to solve is how to find a way of satisfying this demand without prejudice to that European trusteeship for the native Africans which, like the control of African economic assets, is at present mainly in British, French and Belgian hands.

Our duty towards the native Africans is clearly the paramount obligation of "the dual mandate." To take the extreme case which is causing the present international crisis, it would be preposterous for Italy to obtain the larger participation in the European mandate, to which she is in principle entitled, by wantonly attacking and conquering the independent African Empire of Ethiopia.

Nor is it admissible to transfer African populations which are already under European rule from one national European administration to another just for the sake of remedying the present inequality of colonial opportunity as between the European Powers. There is something to be said for handing back—under mandate—the ex-German colonies in Africa to their former German rulers; but little or nothing to be said for handing over, let us say, the Anglo-Egyptian Sudan to Italy or the French Congo to Poland. With the possible exception of the ex-German colonies, which are a special case, it would assuredly be wrong to force a change of rulers upon African populations for European convenience.

But this does not mean that nothing effective can be done in Africa to satisfy the legitimate political, as well as material and economic, demands of the European Powers that at present have either no share, or only a derisory share, in the administration of Europe's African mandate. There are two big things that could be done to give the whole of Europe a genuine share in this common African task. In the first place, without prejudice to existing sovereignties, the whole of tropical Africa—from Atlantic to Indian Ocean and from Sahara to Kalahari—could be placed under a mandatory regime. The League Council's Committee of Five proposed that a measure of supervision should be voluntarily accepted by the independent African State of Abyssinia; and the Emperor of Abyssinia agreed. If this system is practical politics in an independent African State, it is surely practical, *a fortiori*, in British and French and Belgian and Portuguese colonies and protectorates. This is one thing that can be done. The other is to apply, throughout tropical Africa, our Indian expedient of dyarchy. If it is our duty to be conservative in contemplating changes of regime which might adversely affect the personal welfare of the native peoples of Africa, it is equally our duty to be radical in taking steps to pool the material resources of Africa for the legitimate benefit of Europe as a whole. Let us make a separation, in African administration, between the human and the economic side; and let us throw open the economic services, throughout tropical Africa, to citizens of all European countries without national distinction. Here are two proposals which may have been Utopian yesterday, but are surely more practical to-day than a policy of sitting on the safety-valve till we have produced an explosion.

THE LEAGUE'S SANCTIONS

THE ARMS EMBARGO

The Sub-Committee of Military Experts on the embargo of exports of arms and munitions to Italy, who were appointed to revise the list of arms and war material attached to "Proposal No. 1" of the Assembly Committee, issued their report with a revised list of these goods on Wednesday. The new list is as follows:—

Category I

(1) Rifles and carbines and their barrels. (2) Machine-guns, automatic rifles and machine pistols of all calibres and their barrels. (3) Guns, howitzers, and mortars of all calibres, their mountings, barrels and recoil mechanisms. (4) Ammunition for the arms enumerated under (1) and (2) above; filled and unfilled projectiles for the arms enumerated under (3) above and prepared propellant charges for these arms. (5) Grenades, bombs, torpedoes and mines, filled or unfilled, and apparatus for their use or discharge. (6) Tanks, armoured vehicles and armoured trains. Armour of all kinds.

Category II

Vessels of war of all kinds, including aircraft carriers and submarines.

Category III

(1) Aircraft assembled or dismantled, both heavier and lighter than air and their propellers or airscrews, fuselages, aerial gun mounts and frames, hulls, tail units and undercarriage units. (2) Aircraft engines.

Category IV

Revolvers and automatic pistols of a weight in excess of 1 lb. 6 oz. (630 grammes) and ammunition therefor.

Category V

(1) Flame throwers and all other projectors used for chemical or incendiary warfare. (2) Mustard gas, Lewisite, ethyldichlorarsine, methyldichlorarsine and all other products destined for chemical or incendiary warfare. (3) Powder for war purposes and explosives.

FINANCIAL MEASURES

The report of the financial sub-committee, which was accepted by the Committee of the States of the Assembly, is as follows:—

With a view to facilitating for the Governments of the Members of the League of Nations the execution of their obligations under Article XVI of the Covenant, the following measures should be taken forthwith:—

The Governments of the Members of the League of Nations will forthwith take all measures necessary to render impossible the following operations:—

(1) All loans to or for the Italian Government and all subscriptions to loans issued in Italy or elsewhere by or for the Italian Government;

(2) All banking or other credits to or for the Italian Government and any further execution by advance, overdraft, or otherwise of existing contracts to lend directly or indirectly to the Italian Government;

(3) All loans to or for any public authority, person, or corporation in Italian territory and all subscriptions to such loans issued in Italy or elsewhere;

(4) All banking or other credits to or for any public authority, person, or corporation in Italian territory and any further execution by advance, overdraft, or otherwise of existing contracts to lend directly or indirectly to such authority, person, or corporation;

(5) All issues of shares or other capital flotations for any public authority, person, or corporation in Italian territory, and all subscriptions to such issues of shares or capital flotations in Italy or elsewhere.

(6) The Governments will take all measures necessary to render impossible the transactions mentioned in paragraphs (1) to (5) whether effected directly or through intermediaries of whatsoever nationality.

The Governments are invited to put into operation at once such of the measures recommended as can be enforced without fresh legislation and to take all practicable steps to secure that the measures recommended are completely put into operation by October 31, 1935. Any Governments which find it impossible to secure the requisite legislation by that date are requested to inform the Committee, through the Secretary-General, of the date by which they expect to be able to do so.

Each Government is requested to inform the committee, through the Secretary-General, within the shortest possible time of the measures which it has taken in conformity with the above provisions.

THE BRITISH PROPOSAL

The text of the British proposal on Wednesday for a general embargo on all imports from Italy is as follows:—

The Governments of the Members of the League of Nations will prohibit the importation into their territories of all goods (other than gold or silver bullion and coin) consigned from or grown, produced, or manufactured in Italy or Italian possessions, from whatever place arriving.

Goods grown or produced in Italy or Italian possessions which have been subjected to some process in another country, and goods manufactured partly in Italy or Italian possessions and partly in another country, will be considered as falling within the scope of the prohibition unless 25 per cent. or more of the value of the goods at the time that they left the place from which they were last consigned is attributable to processes undergone since the goods last left Italy or Italian possessions.

Goods the subject of existing contracts will not be excepted from the prohibition.

Goods *en route* at the time of imposition of the prohibition will be excepted from its operation. In giving effect to this provision Governments may, for convenience of administration, fix an appropriate date having regard to the normal time necessary for transport from Italy, after which goods will become subject to the prohibition.

Personal belongings of travellers from Italy or Italian possessions may also be excepted from its operation.

NOTES OF THE WEEK

Rushing the Election.—There is now little doubt that the General Election is to be held on November 14th—eight days after the Royal Wedding and three days after Armistice Day. The news of the Government's haste has come as a shock to those anxious to maintain national unity of opinion in support of British efforts at Geneva; and Mr Chamberlain's apologetic speech on Monday has done nothing to dispel this impression. The contention that the Government needs a national mandate for its sanctions policy is frankly absurd. When the Government and the Opposition are agreed on essentials, the way to secure a national mandate is to summon Parliament, not to dissolve it. The proceedings at Westminster next week could have been a great demonstration of the solidarity of British opinion; they could have been an object lesson at once of the common sense and determination of a free democracy in face of one of the great crises of the world; Parliament could by its example have invited the democracy of France to stage a similar demonstration in favour of international law and the rights of small nations. In short, next Tuesday could have been a landmark in Parliamentary history. Instead of all this, Parliament is to meet under

sentence of death; and far from presenting a picture of national solidarity, the speakers will inevitably be forced into party apologetics. It was not thus that the Government behaved in the crisis of the Great War. Moreover, in the present instance the argument for seeking a fresh League policy mandate is particularly threadbare, since it is generally realised on all sides that the election will certainly end in the loss of many Government seats. If, on the other hand, the Government wants a mandate not for sanctions, but for rearmament, then it is a gratuitous confusion of the public mind to hold an election while the struggle to uphold the League is still continuing. The Government will only have itself to thank if it is accused of trying to steal the peace vote for rearmament. Indeed, after Mr Chamberlain's speech, the Opposition may be forced into the position of representing the Government as the protagonist of rearmament *par excellence*. Vital issues will be confused, and the public prevented from expressing a clear and calm judgment. For the real question is not whether we rearm or do not rearm; but whether our armaments are to be determined in accordance with a collective agreement and on the basis of our collective

responsibility, or whether we unilaterally increase them on a scale which we shall now proceed to determine for ourselves. If the Government adopt the latter alternative, they will be acting contrary to the spirit of the very League policy on which they appear to be relying in order to win a dubious electoral victory.

* * *

The South Wales Miners' Strike.—The "stay in" strike of 68 miners at the Nine Mile Point Colliery, Monmouthshire, spread to a great part of the South Wales coalfields this week. The strike began as a protest against the introduction of imported non-union labour at the Nine Mile Point Colliery during the recent strike against non-unionism. By Wednesday, about 1,400 men in the pits, and about 6,500 men altogether, were on strike. The South Wales Miners' Federation issued a statement describing the importation of non-union labour as a "definite challenge to the authority of the South Wales Miners' Federation," and demanding that the imported labour should be dismissed before negotiations were begun. Captain Crookshank, Minister for Mines, offered his services as mediator early in the week, but found that the colliery owners refused to negotiate while the men remained below ground. A delegate conference of the South Wales Miners' Federation, summoned on Wednesday, was not prepared to assume the responsibility for calling a general district stoppage, and eventually it was agreed that the union and the employees should negotiate on the issue and that the strike should be called off. This, however, has not satisfied all the strikers, some of whom are still refusing to leave the pit. The union issue is, of course, one which always raises the strongest feelings, and there is no doubt about the strength or extent of the resentment felt by the miners in this instance. To some extent, of course, it is symptomatic of the general bitterness about the wage issue apparent throughout the coalfields. This week's meeting of the Federation Executive, which opened on Thursday and adjourned, will consequently be watched with anxiety.

* * *

The Abyssinian Campaign.—As the days pass, it becomes more and more obvious that the Italian advances into Abyssinia—from Eritrea in the north-east and from Somaliland in the south-east—have hitherto encountered no planned and sustained resistance. In the north-east, General de Bono has made a triumphal entry into Adowa and unveiled a memorial to the Italians who fell in 1896; and the Italians have extended their front towards the Sudan by taking the "holy city" of Aksum. The Ethiopian Emperor has announced that neither here nor at Adowa was any military defence offered; Abyssinia's tactics, so he informed foreign journalists, were to retire to the natural mountain fastnesses while harrying the slowly advancing enemy, and to offer organised resistance only in these apt theatres of guerilla warfare. The most disturbing element in the situation, from the Abyssinian viewpoint, is the defection of Ras Gugsa, the Emperor's son-in-law, with an undetermined number of his followers, to the Italian side in the Adigrat sector. He was to have stemmed the advance of the Italian left-wing towards the strategic centre of Makalle, of which he was Governor; and his treachery has necessitated the rapid reinforcement of that sector by its new commander-in-chief, Ras Seyyum, the uncle of Gugsa. Rumours persist, from Italian sources, that more Abyssinian chieftains will desert in the Tigré province, and that Gugsa is to be proclaimed "puppet Emperor" of a new State under Italian tutelage, *à la Japonais*; but there is no evidence that this is even a likely development. At present the Italians are merely consolidating their strategical advance in the north-east, and combining reconnaissance forays with a gradual advance over the desert of the Ogaden in the south-east. Trial of the issue by open combat has yet to be begun.

* * *

Tension in France.—The internal situation in France is the key to the puzzle of French hesitancy at Geneva. Although the Socialists and Communists have contrived to form a common front, the only effective coalition of the Left is that which also embraces the

Radical-Socialists; and this Front Populaire is still more difficult to hold together. All parties of the Left have certain extremely important aims in common. They are all alike concerned to save France from being captured by the Fascist "private armies" of the Croix de Feu and the more extreme Solidarité Française; while in the field of foreign affairs they all want to make the League of Nations genuinely effective in stopping Italian aggression against Abyssinia. On the question of constructive domestic policy, however, the Socialist and the Radical-Socialist (i.e. Liberal) wing of this rather nebulous Front Populaire are poles apart; and the cleavage on this point is a formidable obstacle to practical co-operation. The question whether France can continue to carry on at home upon the basis of M. Laval's decree laws—and, if she cannot, what the alternative is to be—is an issue which cannot be evaded. In our own country there is to-day a virtually nation-wide agreement, transcending party differences, on two points: the nation is determined to abide by its traditional system of parliamentary constitutional government at home, and at the same time it means to do its utmost to make the League of Nations a living reality in the international field. To translate the French situation into English terms, we must imagine the relative strengths of the Baldwinite and the Ameryite wings of the Conservative Party inverted; and must then do our magnified Mr Amery the injustice of crediting him with a readiness to use Sir Oswald Mosley's methods. We must frankly face the fact that a disturbingly large section of the French Right is Fascist on the home front, and therefore, quite consistently, pro-Mussolini, anti-League, and anti-British in its attitude to French foreign policy. Moreover, it can make two popular appeals: on the home front to the discredit into which parliamentary institutions in France have latterly fallen; in foreign affairs, to the French nation's obsession with the supposed peril from Germany. The danger is that M. Laval, through the acrobatic postures by which he is trying to maintain his own perilous position, may play Dr. Brüning's rôle of preparing the advent of a French Hitler. On this analogy, he may flinch from the reassembly of the Chamber, which is due to take place early next month. But it is to be hoped that the Chamber will insist upon meeting. The Chamber has the right and duty and power to clear the thickening air.

* * *

The Coup d'Etat in Greece.—The abrupt change of regime which occurred in Greece on October 10th will not affect Greek policy at Geneva, nor the good relations of Greece with Turkey and her other Balkan neighbours. At the same time, it is a matter of regret for foreign well-wishers of Greece who are absolutely neutral in regard to the eminently domestic issue: Republic *versus* Monarchy. It seems extremely regrettable that M. Tsaldaris's Government should have been overthrown, before the holding of the plebiscite, by a junta of naval and military officers under the leadership of General Kondylis, who was actually the Minister for War in M. Tsaldaris's own Cabinet. M. Tsaldaris's policy would appear to have been as statesman-like as it was honourable. He is a convinced royalist himself; and he was already in office as Prime Minister at the time of the indefensible armed outbreak of the Venizelists a few months ago. Thus, he neither had, nor has, any personal motive for being unduly partial to republicanism. His whole concern has been to ensure, if possible, that the expression of the Greek national will shall be both genuine and definitive. The pretext on which the Venizelists sought to excuse their armed outbreak was that a restoration of the Monarchy was being plotted, clandestinely, by the anti-Venizelist Government in office. M. Tsaldaris has so admirably kept his head—both during the insurrection and since its suppression—that he has set himself to disprove the Venizelist contention. The points on which he insisted were that the constitutional issue should be settled by a plebiscite; that this plebiscite should not be held until tempers, on both sides, had had time to cool down; and that, meanwhile, the pre-insurrection constitutional *status quo* should be maintained. If only M. Tsaldaris had been allowed by his military and naval fellow-monarchists to

carry this admirable programme out it might have been prophesied with some assurance that the forthcoming plebiscite would have put an end to a twenty-years-long stasis. This would have far transcended whatever the difference may be between Republic and Monarchy, on their merits, as ideal constitutions for Greece. M. Tsaldaris's supplanters have not had the face to cancel the plebiscite. They have, however, proclaimed Greece a monarchy again in advance, as from the date of their own seizure of power. This is surely not the way to secure that domestic peace and reconciliation which they profess to desire. And it has not, apparently, commended itself to ex-King George of Greece.

* * *

British Trade with Italy.—In an article on "Italy's Economic Vulnerability" last week we gave tables showing the proportions of Italy's import and export trade with certain important countries. It appears likely that British exports to Italy will be seriously reduced, whether by a League embargo on exports to Italy or the exhaustion of Italy's ability to buy through a stoppage of her exports. In this connection, relevance attaches to the following table, showing, for 1933 and the first nine months of 1935, Britain's chief exports to Italy as a percentage of her total exports of the same commodities:—

BRITISH EXPORTS TO ITALY

Commodity	Year 1933		Jan.-Sept., 1935	
	British Exports to Italy	Proportion of Exports to Italy to Total	British Exports to Italy	Proportion of Exports to Italy to Total
Food, Drink and Tobacco—	£'000	%	£'000	%
Herrings	175	8.7	23	1.9
Raw Materials and Semi-Manufactured Goods—				
Coal	3,841	12.2	2,516	10.7
Wool, raw and noils	641	12.1	445	7.5
Manufactures—				
Coke	251	9.4	90	4.3
Cotton yarns and piece-goods	128	0.3	68	0.2
Machinery	653	2.4	623	2.2
Iron and steel and manufactures	224	0.75	196	0.7
Non-ferrous metals and manufactures	237	1.95	240	2.3
Vehicles	329	1.5	204	1.0
Woolen and worsted goods	475	1.85	386	1.7

This table includes almost all categories in which exports to Italy exceed 5 per cent. of the total. Two small trades, raw cotton and steel scrap, are omitted because of the lack of recent figures, but in 1933 Italy took 6.7 per cent. and 10.0 per cent. respectively of our total exports of these commodities. The table suggests that coal is the only large industry likely to be substantially affected. Italy's coal purchases come largely from South Wales, of whose export trade they have composed more than a quarter in recent years. Italy also takes a substantial proportion of our exports of raw textiles and textile waste and of steel scrap; but these trades are neither of great national importance, nor vitally interested in export trade. Coke is the only manufactured product of which more than a tiny fraction is exported to Italy.

* * *

Far Eastern Frontier Incidents.—Last week-end there were reciprocal accusations of violations of the frontier between the Soviet Union and "Manchukuo." On the Russian side it was alleged that about 50 Japanese and "Manchukuo" troops had violated Soviet territory near the confluence of the Amur with the Ussuri. On the "Manchukuo" side, it was alleged that about 50 Russian troops had violated "Manchukuo" territory at a different point, higher up the Amur. The Soviet Ambassador has made prompt and rather emphatic representations in Tokyo; and he has accompanied his protest with a constructive proposal for the establishment of a Russo-Manchu-Japanese mixed frontier commission, for the purpose of guarding against the recurrence of such incidents, or disposing of them if they do recur. The Japanese Government is reported to have replied that it has no official information about the incidents; while, in the matter of the proposed commission, Mr Hirota is said to have suggested that a delimitation of the frontier between "Manchukuo" and

the Soviet Union should be part of its duties. In the present tense international situation, this news from the Far East has made a doubly unpleasant impression. First, such mutual accusations are common form (as we know from experience much nearer home, in Europe) on frontiers where all is not well. Secondly, the Japanese are famous for timing their own strokes to coincide to a nicety with their neighbours' embarrassments. This sudden recrudescence of alarming reports from the Far East may have some connection with the events of the last few days in East Africa and at Geneva. Granting, for the sake of argument, however, that Japan may be tempted to take the present opportunity for making another forward move, she is less likely to choose Russia for the target than to choose China. The policy of the aggressive powers—at least in these early stages—is to hit the weak and not the strong, and the Soviet Government has undoubtedly used the last four years to good effect in making itself militarily and aerially very strong indeed in the Far East. In the course of the next few weeks or months, the proclamation of a Japanese Monroe Doctrine over Eastern Asia, which was tentatively made last year, may possibly be re-proclaimed in stronger terms. That this is more than a possibility is shown by the meeting of the chief Japanese officers stationed in China and "Manchukuo" at Dairen at the beginning of the week. Major-General Okamura had been sent thither on a mission to expound the views of the General Staff, which, it is reported, the Japanese Foreign Office had endorsed. What these views may be we can only surmise; but it looks as if the General Staff were again about to call a Japanese tune in China.

* * *

The Nation's Health.—With certain grave exceptions, —the chief of which are the high level of maternal mortality and the continued increase in deaths from cancer—the Report of the Chief Medical Officer of the Ministry of Health* suggests a general improvement in the health of the people. It is also eloquent of an increasing appreciation on the part of the Ministry and of local authorities of their responsibilities, not only in the detection and analysis of disease, but in the removal of the causes leading to ill-health. The rate of infant mortality is lower than ever before, while deaths from tuberculosis have declined steadily from an average for the years 1921-30 of 1,012 deaths per million of the population to 764 in 1934. The number of fatal cases of the other two most important infectious diseases, measles and diphtheria, increased considerably compared with 1933. In the latter case, however, there appears to be a fairly regular cycle, which is at the moment on the up-grade. The increase cannot, therefore, be put down to any deterioration in general health. The death rate from influenza last year was very much lower than in recent periods. The maternal death rate per 1,000 total births was 5.61 in 1934, compared with 5.69 in 1933 and 5.39 in 1928. As regards this question, which is engaging the serious attention of the authorities, an analysis of about 80 per cent. of the 1934 deaths revealed that, in 29 per cent. of the cases on which an opinion was given, absence or inadequacy of ante-natal care was reported. In 19 per cent. there was absence of adequate attendance, medical aid or ordinary equipment, but in only 5 per cent. of the cases was the unsatisfactory home condition or general health of the patient given as a contributory factor. The provisional conclusion would seem to be that, whatever the effect of under-nourishment on a mother's powers of resistance to infection, a rise in the standard of living will not of itself do away with the present high rate of maternal mortality. The Report, for the rest, testifies to the Ministry's recognition that not the least important of its duties is to assure to the nation a pure, adequate and balanced dietary. As regards purity alone, it is clear that much remains to be done. "Meat inspection throughout the country remains as unstandardised as ever, varying from a thorough examination of every carcass in some districts to almost nothing in others." In spite of the increase in the number of milk producers with licences for

* On the State of the Public Health: Annual Report of the Chief Medical Officer of the Ministry of Health for the year 1934. H.M. Stationery Office. 3s. net.

tuberculin-tested milk, "the amount of tuberculin infection in herds has not been materially reduced." Little real progress can be made in this or any other direction until the nation demands from local authorities whole-hearted co-operation in the carrying out of the Ministry of Health's suggestions, for health, like charity, begins at home.

Overseas Trade in September.—The overseas trade figures for September, though moderately encouraging, show a slight reversal of recent tendencies. On the basis of average daily figures, total imports are higher than in either July or August, and are somewhat above the level of a year ago; while exports, though higher than in September, 1934, are lower than in any previous month this year.

OVERSEAS TRADE IN SEPTEMBER
(000's omitted)

	1933	1934	1935	Change between 1934 and 1935	
Imports	£ 57,727	£ 57,913	£ 60,831	+ 2,917	+ 5.0
British Exports	32,252	33,957	34,098	+ 141	+ 0.4
Re-exports	3,404	3,250	3,811	+ 561	+ 17.3
Total exports	35,656	37,207	37,909	+ 702	+ 1.9
Excess of imports over exports	21,071	20,706	22,922	+ 2,215	+ 10.7
Transshipments under bond	2,033	1,858	2,046	+ 187	+ 10.0

The increase in imports (due mainly to larger purchases of dairy produce, non-ferrous metals and oils) contrasts with a net decrease in the first eight months of the year. The rise in re-exports, as compared with a year ago, is due entirely to an increase of £620,000 in sales of imported non-ferrous metals to the Soviet Union.

OVERSEAS TRADE—FIRST NINE MONTHS
(000's omitted)

	1933	1934	1935	Change between 1934 and 1935	
Imports	£ 487,639	£ 539,905	£ 539,488	+ 2,583	+ 0.5
British exports	288,416	289,048	311,796	+ 22,748	+ 7.9
Re-exports	37,162	39,674	40,554	+ 880	+ 2.2
Total exports	305,578	328,722	352,350	+ 23,628	+ 7.2
Excess of imports over exports	182,061	208,183	187,138	- 21,045	- 10.5
Transshipments under bond	17,624	17,504	17,975	+ 471	+ 2.7

Recovery, as measured by exports, has been maintained, but only maintained. The expansion of imports occurs mainly in so-called manufactured articles. Some of these, e.g. non-ferrous metals, may have rearmament associations; otherwise, the rise is a welcome sign of increased domestic prosperity. With nine months gone, the visible balance is, officially, £21 millions more "favourable" than at this time last year. The practical significance of the change, however, in a world of blocked currencies, is doubtful.

Volume of Trade.—The following tables give details of trade in September in the most important commodities:—

RETAINED IMPORTS
Month of September

Item and Measure	1933	1934	1935
Wheat	10,611	9,521	7,287
Beef and veal	1,086	1,129	953
Mutton and lamb	575	474	413
Sugar (unrefined)	1,851	3,125	3,651
Iron ore and scrap	125	403	468
Wood and timber, soft sawn:—			
Planned or dressed*	938	714	684
Other than planned or dressed	83	99	99
Raw cotton	984	713	569
Sheep's and lambs' wool	181	157	225
Raw silk and waste	509	438	401
Flax, hemp and jute*	16,586	15,982	12,653
Crude petroleum	32,051	42,891	48,137
Hides, wet and dry	117	93	150
Wood pulp	163	161	176
Rubber	100	259	256
Unwrought copper*	9,840	20,654	25,639
Pig lead	20,636	22,844	18,641
Tin:—			
Ore and concentrates	943	1,467	3,728
Blocks, ingots, slabs and bars	149	681	283
Iron and steel manufactures	89,207	89,349	89,063
Machinery	3,538	5,380	5,576

* Total imports.

There has been a marked decline in imports of wheat, mainly from Australia and Argentina. The reduction in

imports of beef and mutton has been accompanied by a downward movement of prices. An abnormal feature of the returns was an increase of as much as £1.1 millions (62 per cent.) in imports of tobacco as compared with a year ago. Purchases of heavy industrial materials such as non-ferrous metals, iron and steel manufactures and machinery continued to increase, though somewhat erratically. The increase in imports of machinery consisted mainly of tractors for agriculture. Imports of cotton further declined, but wool imports were substantially higher. Figures of exports of representative British finished products are given in the next table:—

BRITISH EXPORTS
Month of September

Item and Measure	1933	1934	1935
Coal	3,418	3,541	2,929
Iron and steel scrap	17,157	19,898	9,920
Pig iron and ferro-alloys	8,475	9,343	12,914
Railway materials	8,386	23,741	20,441
Total iron and steel manufactures	157	198	187
Textile machinery	3,924	5,388	5,191
Total machinery	24,872	27,197	29,564
Cotton yarns	11,684	9,509	10,123
Cotton piece-goods	163	178	150
Wool tops	3,727	2,842	3,717
Woolen tissues	3,438	2,580	2,482
Worsted tissues	5,683	6,327	6,419
Linen piece-goods	2,893	2,518	3,057
Leather boots and shoes	42,843	44,285	32,918
Paper and cardboard	33,181	17,820	21,254
Locomotives (complete and parts)	326	290	332
Motor vehicles and chassis	106*	767	1,298
	2,470	5,091	5,723

* Complete only.

Half the decrease in our exports of coal was accounted for by the reduction in our sales to Italy in the past month. On the whole, Empire markets for iron and steel manufactures, machinery, electrical goods and vehicles continued to expand. Exports of textiles other than cotton piece goods were well maintained.

Absorbing the Milk Surplus.—Since the inauguration of the Milk Marketing Scheme for England and Wales milk production in this country has steadily increased. As we have repeatedly pointed out, however, the consumption of liquid milk has been held in check by the maintenance of prices—with the inevitable consequence that increasing quantities have had to be utilised for manufacturing purposes. A further stimulus to production was afforded by the Milk Act of 1934, which provided for a guaranteed price of 5d. a gallon from April to September and of 6d. a gallon from October to March for milk sold for manufacturing purposes. How has the growing "surplus" thus called forth been absorbed? The following table, based on returns issued by the Board, supplies the answer:—

UTILISATION OF MILK FOR MANUFACTURE IN ENGLAND AND WALES
(000 Gallons)

	1934		1935			Percent. of Total in August
	January	August	January	July	August	
Cheese	3,482	4,890	5,698	10,435	9,685	25.1
Butter	2,610	3,736	4,748	9,155	9,740	26.3
Condensed milk	1,828	4,420	3,820	6,235	5,380	20.8
Fresh cream	2,196	3,318	2,838	5,720	5,200	20.3
Tinned cream	269	725	536	816	589	2.3
Milk powder	472	798	667	1,328	846	3.3
Other manufactures	347	236	222	340	230	0.9
Total	11,204	18,123	18,537	34,029	25,620	100
Per cent. of total contract sales	21	29	29	42	36	...

Although the quantity of milk manufactured has substantially increased over the period covered by the figures, the proportions utilised by the different outlets have been by no means constant. Cheese production has hitherto been the main outlet, but its relative importance has declined during the present year owing to the substantial increase in the output of factory butter. Factory butter has been rapidly displacing farm butter, for the creameries have been enabled to purchase milk more cheaply than many farm butter-makers could produce it. In the cheese market a similar tendency has been evident, but since much of the factory cheese produced in recent months has been of poor quality,

the Board is endeavouring to encourage the farmhouse cheesemakers by offering them more favourable terms in the new contracts. The quantity of milk used in the manufacture of fresh cream and condensed milk has shown considerable expansion since the scheme came into force. Price reductions in recent months have given a fillip to sales of fresh cream, whilst overseas markets have absorbed increasing quantities of condensed milk. Unless some amendments are introduced into the Milk Marketing Scheme, it seems probable that the milk year now commencing will witness a further expansion in the output of milk products in this country—accompanied, probably, by a renewed agitation for the partial exclusion of dairy produce from overseas.

Iron and Steel Production.—The expansion of production in the iron and steel industry continued during the past month. The returns of the British Iron and Steel Federation for September reveal a substantial increase in the output of iron and steel over the corresponding month a year ago. Production of steel last month was higher than in September, 1929, and the output in the first nine months of 1935 was only 68,000 tons less than during the corresponding period in the pre-depression year:—

(In thousands of tons)

Period	Production		Foreign Trade	
	Pig Iron	Steel Ingots and Castings	Total Imports	British Exports
1913—Monthly Average	855.0	638.6	185.9	414.1
1929 " "	632.4	803.0	235.2	364.9
1932 " "	297.8	438.5	132.7	157.4
1933 " "	344.7	585.3	80.9	160.2
1934 " "	498.2	738.3	113.9	187.8
1934—August	503.3	667.0	102.2	193.4
September	500.3	734.7	89.5	198.0
October	527.1	812.0	120.2	220.9
November	513.5	654.5	114.5	186.8
December	521.2	757.8	130.5	181.2
1935—January	483.1	769.5	103.3	172.9
February	554.2	841.9	126.0	175.8
March	526.3	808.7	62.7	210.9
April	558.9	853.3	86.4	213.9
May	529.3	770.0	98.2	195.1
June	547.3	803.3	90.2	205.7
July	543.4	759.9	74.3	202.5
August	529.6	855.9	89.3	187.2
September				

The bulk of the increased production continues to be absorbed by the home market. The output of finished steel, recorded in the *Statistical Bulletin* of the British Iron and Steel Federation, rose from 520,000 tons in July, 1934, to 588,100 tons last July. Nearly half of the increase was due to a growing demand for sections, girders, joists and beams, rounds, squares and flats. Production of plates, wire rods, galvanised sheets and of hot rolled hoop and strip in July was also appreciably higher than a year ago, but the output of nails showed a decline. Imports of iron and steel materials in September were little changed as compared with a year ago, but exports were lower, largely owing to a sharp drop in exports to China from 18,963 tons to 2,465 tons. Home prospects remain encouraging.

Shipping Freight Index.—As measured by our monthly index number, the general level of whole cargo shipping freights rose by 5.4 per cent. during September, following a fall of 1.0 per cent. during August. The current figure of 86.6 compares with 89.9 in September last year and 83.3 in September, 1933. Details of the index number are as follows:—

(1898-1913 = 100)

	Average, 1913	September, 1934	July, 1935	August, 1935	September, 1935
European waters	110.0	90.3	91.7	88.5	92.8
North America	123.4	82.8	79.5	78.2	78.7
South America	106.3	98.6	83.4	82.3	82.3
India	117.4	93.5	73.6	77.7	90.4
Far East and Pacific	127.9	95.3	87.2	82.8	86.4
Australia					
	116.3	89.9	83.0	82.1	86.6

Hull reports that rates are steady. At Liverpool there was fair activity homewards from the River Plate at the end of

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September and there was some enquiry for cargo space from Australia to Europe at fixed rates. Newcastle reports that chartering for West Italy is practically at a standstill, though other directions are fairly steady and the Baltic is firm. Demand has fallen off at Cardiff and Newport. Swansea, however, reports a better enquiry for the North of France and rates have hardened. At Glasgow demand is chiefly confined to the Baltic section. Movements of the various sections are as follows:—

	Index No.	Inc. or Dec. Points		Index No.	Inc. or Dec. Points
Home trade	87.7	+4.6	South America—		
Bay—outwards	113.8	+1.9	Outwards	64.2	+0.2
Bay—homewards	87.1	+4.8	Homewards	100.4	-0.2
Mediterranean—			India—outwards	80.0	-1.4
Outwards	100.4	+8.6	India—homewards	97.7	+12.5
Homewards	79.9	+0.8	Far East, etc.	90.4	+12.7
North America	78.7	+0.5	Australia	86.4	+3.6

Expressed as a percentage of the average for 1913, the complete figure of our index number for September is 74.4 compared with 70.6 for August and 77.3 for September, 1934.

Coal Mining Results.—In contrast to iron and steel, the coal trade has as yet made little headway. Though the Mines Department statistics for the second quarter of 1935 compare favourably with the corresponding figures for 1934, the increases in production and profits per ton are almost negligible.

Period	Tonnage Disposable (Mill.)	Costs per Ton		Proceeds per Ton	Profit per Ton	Output per Manshift	Earnings per Manshift
		Wages	Total net				
1930							
1st quarter...	60.0	9 2	13 4	14 5	1 1	21.94	9 3
2nd " "	51.6	9 5	14 1	13 11	-0 2	21.32	9 3
3rd " "	50.1	9 5	13 11	13 9	-0 2	21.34	9 4
4th " "	52.6	9 3	13 7	14 1	0 6	21.84	9 4
1931							
1st quarter...	52.2	9 2	13 6	14 3	0 9	21.78	9 2
2nd " "	47.5	9 3	13 11	13 10	-0 1	21.44	9 2
3rd " "	45.3	9 4	14 0	13 10	-0 2	21.35	9 2
4th " "	50.9	9 1	13 6	14 1	0 7	21.86	9 2
1932							
1st quarter...	49.6	9 1	13 6	14 0	0 6	21.98	9 2
2nd " "	46.1	9 1	13 10	13 8	-0 2	21.78	9 2
3rd " "	40.9	9 3	14 2	13 7	-0 5	21.50	9 2
4th " "	48.9	8 9	13 2	13 11	0 9	22.62	9 2
1933							
1st quarter...	49.9	8 9	13 1	13 11	0 9	22.87	9 1
2nd " "	42.8	8 11	13 9	13 4	-0 4	22.07	9 1
3rd " "	42.1	8 11	13 3	13 3	-0 5	22.05	9 1
4th " "	50.2	8 6	12 9	13 6	0 7	23.23	9 1
1934							
1st quarter...	53.1	8 5	12 7	13 7	1 0	23.32	9 1
2nd " "	48.9	8 8	13 1	13 2	0 0	22.59	9 1
3rd " "	46.3	8 8	13 3	13 1	-0 1	22.55	9 1
4th " "	52.0	8 6	12 11	13 6	0 7	23.23	9 1
1935							
1st quarter...	51.3	8 6	12 9	13 6	0 8	23.40	9 1
2nd " "	47.6	8 7	13 2	13 2	0 0	23.10	9 1

The slight increase in the commercially disposable output between April-June, 1934, and the second quarter of 1935

is due to an improvement in home consumption. The quantity exported and shipped for the use of steamers actually declined by 0.9 million tons. Total proceeds in the second quarter of 1935 amounted to £31.5 millions, compared with £34.7 millions in the preceding quarter and £30.9 millions in the corresponding quarter of 1934, but costs of production were £31.4 millions, against £32.9 millions and £30.8 millions respectively. The "profit"

was thus £0.13 million, as compared with £1.8 millions and £0.12 million respectively. Four of the eight districts shown separately in the return, however, including Northumberland, Durham, South Wales, and Lancashire, Cheshire and North Staffordshire, showed a loss in the second quarter of 1935. The increase in the output per man-shift suggests that mechanisation has made further progress.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

EMPLOYMENT AND WAGES

THE August business indices of the Federal Reserve Board show only minor changes from July, but are considerably above those of August, 1934, which measured almost the bottom of the summer slump of that year:—

FEDERAL RESERVE BOARD BUSINESS INDICES 1923-25 = 100. (Adjusted for seasonal)			
	Aug., 1934	July, 1935	Aug., 1935
Industrial production—total	73	86	86
Manufactures	72	86	87
Minerals	80	84	81
Construction contracts—total ..	27	35	37
Residential	10	25	23
All other	40	43	48
Factory employment	79.3	80.4	81.6
Factory pay-rolls	62.2	65.3	69.7
Freight car loadings	59	58	60
Department store sales	77	80	79

Residential building is more than double the figure of a year ago, and pay-rolls are about 10 per cent. higher, although employment is little greater. The increase in residential building has led to a substantial rise in the prices of building materials. The increase in pay-rolls is especially interesting in view of the widespread apprehension that the abolition of N.R.A. presaged wage cuts and an increase in unemployment:—

PAY-ROLL AND EMPLOYMENT DATA 1923-25 = 100

	May, 1935	Aug., 1935
Factory employment	81	81.6
Factory pay-rolls	69	69.7

From these data, both employment and pay-rolls, after a slight sag during the early summer, had by August exceeded the last month in which N.R.A. was in force. In fact, despite the unemployment, the demand for skilled labour appears to be steadily pushing up wages. Though the cost of living has also risen, real wages, as calculated by the National Industrial Conference Board, are now a shade higher than in the base year, 1923; hourly wages, on the same computation, are much higher, but are compensated by the shortening of the working week. This same computation shows something like a 10 per cent. increase in weekly real wages in the past year, the combined result of an increase in hourly wages and an increase in average hours worked. The combination of these two has more than offset an increase in the cost of living computed at about 4 per cent.

During the first eight months of 1935 the stability of the production and price indices was remarkable, especially in contrast with the violent fluctuations of the previous two years:—

F.R.B. INDEX OF INDUSTRIAL PRODUCTION

	1933	1934	1935
January	65	78	91
February	63	81	89
March	59	84	88
April	66	86	86
May	78	86	85
June	91	84	86
July	100	76	86
August	91	73	86
Average	77	81	87

The same feature is seen in the price index:—

B.L.S. PRICE INDEX

	1933	1934	1935
January	61	72	79
February	60	74	80
March	60	74	79
April	60	73	80
May	63	74	80
June	65	75	80
July	69	75	79
August	70	76	80.5
Average	63	74	80

The first eight months of 1934 brought a rather strong increase in commodity prices, accompanied by an upturn in production, followed by a sharp decline. In 1935, on the other hand, both prices and production have held a level line.

Whether one attributes the recovery to the increased demand for automobiles or the increased demand for automobiles to the recovery, the automobile industry has been the most conspicuous element of the recovery. The following sub-index of the Federal Reserve Board emphasises this. In this table, as in others, seasonal variations have been corrected:—

AUTOMOBILE PRODUCTION

	1933	1934	1935
January	48	56	104
February	33	71	103
March	27	78	106
April	44	85	110
May	51	78	86
June	56	82	100
July	70	78	95
August	61	61	64
Average	50	74	96

While steel production is to some extent dependent on the motor output, its operations have been lower because of the small demand for its heavier products:—

PRODUCTION OF IRON AND STEEL

	1933	1934	1935
January	30	56	80
February	31	63	80
March	22	66	72
April	35	76	67
May	49	84	66
June	72	85	66
July	100	47	69
August	80	38	81
Average	41	64	73

The following table shows production of a typical consumers' good:—

BOOT AND SHOE PRODUCTION

	1933	1934	1935
January	93	101	114
February	102	116	116
March	93	118	117
April	107	130	123
May	129	133	121
June	131	109	107
July	131	107	115
August	110	104	*
Average	112	115	116†

* Not available.

† Seven months.

Finally, as a contrast to the series given above, the residential building data illustrates a belated recovery:—

RESIDENTIAL BUILDING

	1933	1934	1935
January	8	12	12
February	8	12	14
March	8	11	16
April	10	12	18
May	11	11	21
June	13	12	24
July	13	12	25
August	12	10	23
Average	11	12	19

The contrast between residential building and shoes, for example, is especially marked. Non-residential building has followed a fitful, even erratic, course. Owing to public works expenditures, it was at no time so depressed as residential building, and the trend of recovery is less distinct owing to the continued presence of public works.

NON-RESIDENTIAL BUILDING

	1933	1934	1935
January	33	80	39
February	27	70	39
March	18	51	35
April	17	48	33
May	20	38	32
June	23	38	36
July	28	39	43
August	33	40	48
Average	25	51	38

The sudden appearance of very high figures in early 1934 is, of course, public works; but in 1935 there has been some increase in industrial building. It is estimated that upwards of 40 million persons, say one-third of our population, receive all or a substantial part of their income directly from the Federal Treasury, including Federal workers, the unemployed, and farmers receiving benefit payments.

The net impression given by the data above is that production in the first eight months of 1935 has been maintained on a level substantially higher and more regular than that reported in the first eight months of 1934; but that, except in residential building, which has risen smartly, the trend of these eight months has been more distinguished for horizontal regularity than by any pronounced tendency to rise or fall.

RIISING COMMODITY PRICES

Primary commodities showed another remarkable advance in September, and the price indices are in new high ground; although, on the whole, the year to date has experienced a greater degree of price stability than any recent year:—

PRICES OF REPRESENTATIVE PRIMARY COMMODITIES

	Oct. 1, 1934	Jan. 2, 1935	July 1, 1935	Oct. 1, 1935
Wheat	106.75	105.50	99.50	125.75
Maize	79.25	91.75	82.75	81.50
Oats	54.50	56.88	39.75	33.38
Rye	74.00	77.50	54.88	53.50
Hogs	6.00	7.35	8.90	10.15
Cattle	8.05	8.15	10.00	10.45
Butter	26.00	32.75	23.75	26.75
Eggs	22.25	29.00	24.75	26.00
Cotton	12.50	12.85	12.15	11.05
Wool	65.35	63.93	64.48	70.81
Silk	1.23	1.46	1.42	2.00
Hides	7.25	9.00	10.00	11.00
Lard	9.15	12.75	13.60	14.75
Cottonseed oil ..	8.00	10.80	9.80	10.25
Flaxseed	190.00	197.75	160.50	179.00
Sugar	2.08	1.75	2.39	2.70
Coffee	9.38	9.62	6.50	6.75
Cocoa	4.60	5.25	4.60	5.05
Rubber	14.28	13.74	12.38	11.82
Copper	9.00	9.00	8.00	9.00
Lead	3.60	3.70	4.00	4.50
Zinc	3.95	3.75	4.30	4.75
Tin	50.95	50.75	51.75	50.12
Scrap steel	10.25	13.25	12.00	13.75
Silver	50.00	55.00	69.75	65.38

Domestic commodities have been stronger than imported and exported commodities. It is not easy to determine the effects of "war buying," if any. The price quoted for copper is a domestic price, and only recently has the export price risen to the domestic price. Neither lead nor zinc are

exported, and they have risen materially; scrap steel is exported in volume, and it too has risen.

Such data for September business as has been published is uniformly good, but not very different from that of August. There was almost a complete absence of the so-called "summer let-down," and a corresponding absence of any conspicuous autumn pick-up. In virtually all lines activity is substantially higher than a year ago; but this comparison is blunted by the fact that the summer months of 1934 experienced a rather severe recession. Broadly speaking, one can say that after a summer which maintained practically the spring levels of industry and trade, the autumn to date is equalling or surpassing the spring. From virtually all sections of the country, and widely diverse industries, one hears murmurs of a shortage of skilled craftsmen—or, if not a shortage, at least a narrow margin between present available skilled labour and a shortage.

NEW YORK, October 8.

FRANCE

SUNDAY'S SENATORIAL ELECTIONS

THE poll for the re-election of a third of the Senate will take place on Sunday. M. Laval is a candidate in Aubervilliers and Clermont-Ferrand. On the eve of this election and of the Radical-Socialist Congress internal politics seem relatively calm. Various speeches by Radical-Socialists show that that party sympathises for electoral purposes with the Popular Front (Socialists and Communists), though it is not in favour of overthrowing the Laval Cabinet. In foreign policy the Radical-Socialists are opposed to any sort of war whatever. In internal politics they are opposed to the political "leagues," including the "Farmers' Front," against which they intend to organise a "Republican Farmers' Front." Finally, instead of accepting the Popular Front's claim for political discussion on the decree-laws before any examination of the Budget, the Radical-Socialists have begun to study the Budget Bill. Predictions of the circumstances of the reassembly of Parliament, which will take place on or about November 20th, are thus still favourable to the Cabinet.

The City of Paris is issuing a 720 million franc loan bearing 5 per cent. interest and redeemable within thirty-nine years by annual drawing or buying on the market. The offer of 1,000 francs bonds was made at 967.50, with a premium. This money is required for the financing of public works and notably for the extension of the Metro to the suburbs. The yield of the issue is 5.05 per cent., against 5.50 per cent. for the last City of Paris loan (5 per cent. issued at 900 francs in December, 1934) and 5.9 per cent. for the last State loan (P.T.T. 5 per cent. issued at 910 in May, 1935). The present loan has been easily sold by the banks. It is to be noticed that ordinary 5 per cent. loans, which are affected by the 10 per cent. cut made in the July decree-laws, are quoted at about 880, in effect practically at par.

The public debt on January 1, 1935, was 322,380,241,299 francs, against 303,537,033,212 francs on January 1, 1934. Of this increase of more than 18,000 millions during 1934, the various items were as follows:—

	1934 Fr.	1935 Fr.	Difference Fr.
"Perpetual" debt	52,133,992	51,640,087	- 493,906
Redeemable debt	185,456,702	196,192,293	+ 10,735,591
Medium and short-term debt	16,522,774	24,639,396	+ 8,116,622
Floating debt	49,423,565	49,908,465	+ 484,901
Total	303,537,033	322,380,241	+ 18,843,208

The interest charge has increased at the same time from 15,099 million francs to 16,075 millions.

DECLINING BANK DEPOSITS

The Big Four banks' deposits at the end of July show a new decline of 500 million francs, which must be added to the 1,500 millions decline in the first six months of the year.

	Dec. 31, 1934 Fr.	June 30, 1935 Fr.	July 31, 1935 Fr.
Crédit Lyonnais ...	11,801,200,937	11,301,289,892	11,048,700,821
Société Générale ...	9,922,216,562	9,418,144,900	9,240,595,994
Comptoir d'Escompte	7,602,206,331	7,172,221,922	7,099,468,983
Crédit Industriel et Commercial.....	1,436,342,555	1,463,922,132	1,415,011,342

Total 30,761,966,387 29,335,578,846 28,803,777,140

The fall in deposits is causing no anxiety to the banks, since their liquidity is adequate. But the desire to maintain this liquidity is preventing the banks investing their funds in State loans.

In the past the "thirty days advances on two years maturity bonds" greatly unbalanced the flexibility of the day-to-day loan market, which is the base of the whole money market. These loans now are made against National Defence bonds and Treasury bonds instead of Bank of France deposits. This innovation has greatly facilitated subscription to short-term State bonds.

The Statistique Générale has just published its August figures showing industrial production in France (1913 = 100):—

	August, 1934	June, 1935	July, 1935	August, 1935
General index	97	93	93	93
Engineering	100	95	95	96
Iron and steel.....	81	80	80	79
Textiles	55	64	67	68
Mines	101	101	98	98
Building (adjusted figures)	81	64	65	66
Leather (" ")	96	91	93	93
Paper (" ")	149	132	129	127
Rubber (" ")	856	767	760	761
Motors (" ")	468	421	412	405

In the motor industry 8,760 automobiles and 1,507 lorries were put on the road in August, compared with 13,187 and 1,536 in July. The figures for the cotton industry are as follows:—

	May, 1935	June, 1935	July, 1935	August, 1935
Spinning (average per spindle in kilograms):				
Production.....	1,442	1,408	1,536	1,520
Deliveries.....	1,486	1,443	1,533	1,563
Stocks.....	2,148	2,145	2,117	2,041
Unfulfilled orders	4,690	4,477	4,353	4,160
Weaving (average per loom in pieces of 100 metres):				
Production.....	4.28	4.26	4.69	4.58
Deliveries.....	4.36	4.44	4.75	5.17
Stocks.....	9.89	8.32	9.89	9.25
Unfulfilled orders	14.91	16.96	16.41	13.59

The figure of bankruptcies in September is 457, compared with 722 in August and 1,098 in July.

The index of wholesale prices in September shows a further advance at 345, against 343 in August and 334 in July. The rise is particularly marked for food products. Retail prices (13 articles, 1914 = 100) are steady at 401, against 397 in August, 1935, and 467 in September, 1934.

PARIS, October 17.

GERMANY

GENEVA, SANCTIONS AND AUSTRIA

THE proceedings so far at Geneva have made a strong impression on the German public and Press, which had professed to believe that the League would never act on a contentious issue, or that if it did act it would not venture to oppose any of the Great Powers in whose interests it was alleged to have been created. Indeed, so long as the Geneva decisions are not complete some scepticism will prevail and a breakdown is still being predicted. As, independently of its alleged political bias, the League is obnoxious to Nazi Germans as a form of international democracy or parliamentarism, its clear and relatively rapid decisions are naturally attributed to British "dictatorship"—"the League is now a British vassal"—although it was clear that if anything was to be done a Great Power must lead.

The German attitude towards the Abyssinian war itself and towards the dispute between Italy and the League is still non-partisan. The violent Press attacks now being

made on France on the alleged ground that she is playing a double game or deliberately impeding Great Britain, proceed not from any desire for the success of the League but from Germany's permanently hostile attitude towards France. The only important official utterance is that of Dr. Frick, the Reich Minister of the Interior, who, speaking at Saarbrücken, asserted that the League had in no wise pursued its professed policy of furthering peace and reconciliation between the nations, and was, on the contrary, a cause, and a provoker, of wars. Being a mere echo of Italian assertions, this judgment might be taken to imply anti-League sentiment on the Abyssinian issue. It is inconsistent, however, with the reserve shown by more responsible Ministers, and was probably merely meant as a demonstration on the second anniversary of Germany's withdrawal from the League.

The motives given by Austria for not participating in sanctions have not simplified Germany's diplomatic position. If the alienation of Italy from Great Britain and France is to become complete, it would obviously be to Germany's advantage to throw her influence and her resources against the League, and this she could easily do without formal partisanship. But Austria's representative at Geneva virtually affirmed the existence of a permanent anti-German understanding between Vienna and Rome. It is inferred from this that any attempt to draw Italy into a German group for general diplomatic purposes would fail; and that as Great Britain, alone among the interested Powers, has shown clear decision and resolution it would be inadvisable to cross her. Such a policy would require that Germany should segregate herself from Italy.

In any event, effective German neutrality is hardly practicable. Should sanctions be maintained, Germany's commercial policy must inevitably favour either Italy or the League. The maintenance of normal trade relations with Italy, the correct course if Germany is entirely neutral and disinterested, would in effect operate against the League, all the more if Germany, as might be expected, delivered to Italy in increased quantities those goods which the League countries withheld. On the other hand, any trade restrictions likely to embarrass Italy would in effect involve support of the League. It is believed in competent quarters, however, that this dilemma may soon disappear. Commercial and financial sanctions, it is explained, will not terminate the war within visible time; and as the League and Great Britain will not be willing to sit down and watch passively the ineffectiveness of their peaceful measures, they will have to use, or threaten, force as the only alternative to abandoning the whole undertaking against Italy. In that event Germany would be able to maintain a really effective neutrality.

THE FOOD SCARCITY

Further measures, in part punitive, have been taken to ensure a better or cheaper food supply. The slaughtering and meat distribution trades have been once more minutely regulated. Margarine this week reappeared in the market, but butter and pork are still hardly to be had. As according to a new official explanation the only remedy lies in increasing home production, it may be expected that the food shortage will last some time. The price regulations are still imperfectly observed or are evaded by various easy expedients; and in consequence the richer consumers can purchase products of which there is supposed to be no local supply at all.

The number of unemployed at the end of September is returned at 1,714,000, having increased during the month by 8,000. In September, 1934, unemployment declined by 116,000. The increase this September is attributed to the discharge of emergency works employees. The number of these fell from a maximum of 631,000 in March, 1934, to 155,000 at the end of August this year. When the present Government took office there were only 24,000 emergency workers; but the number was intentionally increased by official, financial and other measures, and therefore rose it correspondingly contributed. The decline since March 1934, was due to official restrictions on the system. The Reich Unemployment Board has now again increased facilities, and the number will probably increase during the winter.

Industrial reports are in general favourable. The Steel Trust reports the production of pig iron at 1,327,000 tons and of steel at 1,452,000 tons in the third quarter of the year, against 1,133,654 tons and 1,265,523 tons respectively in the preceding quarter. The Trust's steel output is the highest attained for many years. Machinery exports have somewhat increased. Orders in the cotton-weaving industry in September were unsatisfactory. The cotton-spinning trade reports that the difficulty of obtaining raw material has been overcome. Stocks of manufactured textiles and of some other sorts of consumption goods have increased, and wholesale and retail business in consumption goods is generally dull.

Money last week became more plentiful. The market discount rate was reduced from 3½ to 3 per cent. Day money this week is obtainable at 3-3¼ per cent. There has been some demand for Reich short-term securities, but little for the promissory notes of the Gold Discount Bank, and the market is not as fluid as it was before the issue of the two Reich loans. Subscription to the second Savings Bank loan has proceeded less rapidly than the Treasury bonds issue, and still imposes a certain strain on the market.

The Reichsbank's return for the first week of October shows that 42 per cent. of September month-end credits has been repaid. This movement, and the decline of the total circulation to Rm. 6,093 millions, are about normal. At present one quarter of the circulation (Rm. 1,546 millions) consists of token coins. The gold reserve has slightly decreased, owing mainly to deliveries to industry, with the aim of maintaining the jewellery export. From the viewpoint of the exchange balance this export is highly profitable.

The changes in the structure of the trade balance in consequence of the foreign debt crisis, the exchange control and the New Plan are shown anew in a report of the Konjunkturstudien. Whereas in 1931, the year of the largest active trade balance, the export surpluses with those countries with which at present clearing or payment agreements exist, totalled Rm. 3,036 millions, the total fell in 1934 to Rm. 503 millions, and in the first half of 1935 to Rm. 27 millions. With the non-agreement countries, the trade balance in 1931 was Rm. 164 millions passive; in 1934 Rm. 787 millions passive; and in the first half of 1935 Rm. 192 millions passive.

BERLIN, October 16.

ITALY

PRODUCTION AND EMPLOYMENT

STATISTICS concerning production, employment, prices, the cost of living and consumption would be more interesting if it were possible to have up-to-date figures. A lag of a few months, however, is now usual. Indices of production (yearly or monthly averages; average for 1929 = 100) are as follows:—

	Textiles	Iron and Steel and Engineering	Paper	Building	Elec- tricity and Gas	General Index
1929 ...	101.7	104.6	107.8	139.6	106.5	109.1
1932 ...	64.4	70.7	103	78.9	110.3	73
1934 ...	73.6	76.7	120.5	136	125.5	88.3
1934— July	73.6	78.5	126.2	162.7	132.4	91.7
1935—						
May	94.3	100.8	153.5	186.5	135.8	113.6
June	72.5	99.2	146.8	182	149.9	102.1
July	52.4	106.3	149.9	180.4	143.8	92.9

The indices for 1935 are generally and markedly better than those for past years. The exception of the textile industry is due to the influence of the crisis in the silk (spinning) industry, which is very depressed owing to the high prices of cocoons and the suspension of imports of cheap foreign cocoons. Accordingly, the silk production index fell in July as low as 9.5, against 50.6 and 103 in the same month of 1934 and 1930 respectively.

Rayon production, on the other hand, is buoyant. The index was 261.5 in July, 1935, against 189.7 in July, 1934, and 121 in 1930. In the iron and steel group activity is general; and copper and quicksilver are the only exceptions (52.3 and 50.5, respectively, for July, 1935). A pro-

duction record was achieved by aluminium, the index of which rose in July to 525.5. The two most representative indices are, however, those for electricity and gas, which supply energy to all industries; and these both show a high degree of activity. The drop in July, compared with June, is almost wholly attributable to the textile group.

It is not surprising, in face of the production figures, that the number of unemployed in August was 238,235 less than in August, 1934. The only mystery in the unemployment statistics is that there are still 628,335 unemployed. A relatively small number of these can be considered as true unemployed, perhaps not many more than the 104,043 men who at the end of May were in receipt of unemployment benefit. The most general complaint among employers is that men, however urgently required, are not forthcoming. Employed men are also being more fully utilised. From June to July the percentage of men employed for less than 40 hours and from 40 to 45 hours weekly decreased, respectively, from 34.1 to 27.1 and from 44.2 to 40.2.

PRICES RISING

The working classes are being affected at once by increased employment and by rising prices. Wholesale prices are rising fast. The Milan Council of Economics' general wholesale price index is 339.5 (1913 = 100) for the fourth week in September, against the low point of 272.9 reached in July, 1934. Retail prices are rising more slowly. The national cost-of-living index was 71.6 in July, 1935, against 68.76 in July, 1934. Industrial wages in June, 1935, stood at 83, against 82.50 in June, 1934 (average for 1930 = 100). In agriculture the wage index was unchanged. As since 1930 the cost-of-living index has fallen by 21 per cent., it may be concluded that industrial employees are slightly better off.

An interesting sidelight on the condition of the working classes is given by the systematic inquiry conducted by the Milan Retailers' Federation on the sales of 58 retail shops. The sales index (January, 1934 = 100) was as follows:—

	1934	1935
April	101.8	95.8
May	100.8	94.1
June.....	99.2	90.7
July	86.6	76.5
August.....	72.8	64.3

The statistics of commodities taxed in the 92 most important Italian cities are perhaps more representative. There is a decrease between the first seven months of 1934 and of 1935 in the consumption of wine (4,871,742 hectolitres, against 5,201,845), but no appreciable change in consumption of fresh meat. Consumption of salted meat increased from 9,410 to 10,185 tons, lard from 5,973 to 6,480 tons, and salted fish from 10,664 to 11,662 tons. Cheese consumption increased also from 33,584 to 36,158 tons.

Subscriptions to the new 5 per cent. Consols, issued at 95, are as yet not open to the general public, but only to public institutions and banks. The issue is not really a new one, and nobody is being asked to pay 95 lire for a security which can be easily bought at a lower price. The issue is another name given to an offer of a gigantic conversion of the existing 61,000 million lire 3½ per cent. redeemable stock into a 5 per cent. consolidated stock. By paying 15 lire cash and surrendering the 3½ per cent. redeemable bearer is entitled to receive a new 5 per cent. Consol guaranteed for 20 years against future conversions. As the offer is attractive (additional interest of 1½ per cent., against a capital payment of 15 lire) and as Italian savers do not attach much importance to the redemption value of the present 3½ per cent. stock, it is probable that the conversion will be a success. If all holders accept, the Treasury will receive 9,000 million lire, a sum which will go towards defraying extraordinary war expenditure. From the market point of view, the conversion will require some aid, as nobody thinks that 9,000 million lire are to-day available or can become available in a few months. Nor does the Treasury need the whole sum at once. The banks and the Treasury will undoubtedly strive to ease payments so that subscribers are not forced to have recourse to Bank of Italy advances. In fact, subscriptions ought to be used to reduce the amount of notes issued, which in recent years has been increasing at a disquieting rate. Between June 30th and September 20th, the Bank of Italy's notes were increased from 13,028,600 million to 14,917,200 million lire. As soon

as payments for conversion are made to the Bank, the amount of notes issued ought to decrease. The ideal circulation, i.e. that circulation which could be regarded as in equilibrium with the foreign exchange rate, can be said to be roughly between 11,000 and 13,000 million lire. The regulation of the note issue is strictly dependent on the success of the conversion.

TURIN, October 9.

SWITZERLAND

SOCIALISTS AND COMING GENERAL ELECTION

ACTIVITY is great in Swiss political circles in anticipation of the coming Parliamentary election. Little change is expected in the composition of the Council of States—or first Chamber of Parliament—in which each Canton has two representatives, and which has a more or less Conservative character. The struggle is concentrated on the National Council—or Second Chamber of Parliament—which is elected on the proportional principle, each Canton being entitled to one deputy in 20,000 inhabitants.

The Socialist Party hopes to conquer a larger number of seats in the National Council and possibly to outnumber the Radical Party, which is the most powerful and has had a majority in the Government since 1848. The House at present consists of 52 Radicals, 44 Roman Catholic Conservatives, 30 Peasants, 10 Liberals, 49 Socialists and 3 Communists. Dissensions among the bourgeois parties and the creation of new political groups in German-speaking Switzerland may result in Socialist progress in that region, but it is rather unlikely that the Socialists will secure more than 54 to 56 seats. The Radicals—though they are a Left Wing party—have flatly refused to ally themselves with the Socialists.

BALANCING THE BUDGET

Recovery from the economic crisis and the restoration of Federal finances are the avowed policies of all the parties. The Socialists are mainly insisting on the necessity of balancing the Federal Budget by new taxes and not cuts in expenditure. The bourgeois parties, on the other hand, are advocating a general reduction in State expenditure. According to the latest estimates the Federal deficit for the current year is likely to exceed 50 million francs, while the deficit of the Federal railways will be over 45 millions. There is a growing feeling here that the Government lacks the resource required to tackle the problems resulting from the crisis.

In a recent statement in Parliament, Federal Councillor Meyer, chief of the Federal Finance Department, outlined the financial programme he intends to submit to the new Parliament. He proposes to make a total saving of about 24 million francs by further reductions in State salaries and wages and by a 10 per cent. cut in all State subsidies. He also intends to obtain nearly 42 million francs by further increases in Customs duties, by the levying of a tax on bank deposits and by an increase in the "Crisis Tax."

GENEVA, October 13.

BOOKS AND PUBLICATIONS

BACK TO THE LAND?

AGRICULTURAL policy continues to excite a surprising volume of discussion, frequently on a very high plane of argument and disinterestedness. Two books* recently published deserve wide reading. Both are brief and clear, moderate and yet definite, and both reach the same conclusion.

Lord Astor and Mr Seebohm Rowntree had each, in earlier independent inquiries, favoured a rapid extension of smallholding settlement. But being troubled by doubts they

* "The Agricultural Dilemma: A Report of an Enquiry Organised by Viscount Astor and Mr B. Seebohm Rowntree." (London) P. S. King and Son, Ltd. 101 pages. 2s. 6d.
"Back to the Land." By C. S. Orwin and W. F. Darke. (London) P. S. King and Son, Ltd. 93 pages. 3s. 6d.

LETTER TO THE EDITOR

CONSUMERS' PURCHASING POWER

TO THE EDITOR OF THE ECONOMIST

SIR,—May I, as a monetary heretic, comment on your leading article last week?

You state, rightly I think, that the two problems of agriculture and the distressed areas can only be solved if adequate purchasing power is put into the hands of the consumers who now lack it. This can only be done, you suggest, either by following the beaten track of "more liberal fiscal policies"—a remedy which presupposes an economic "disarmament," as unobtainable under present world conditions, I venture to suggest, as the other kind—or by means of a direct consumers' subsidy out of the Budget.

It is clear from your following remarks that you are not prepared to look outside the field of orthodoxy. I am one of those who, without being a Douglasite or a Socialist in the party sense, am convinced that the nineteenth-century trend of production and trade has to be reversed, that home development and not loan-built foreign trade is the way out of the economic trough. Not selfishness but science, which has created present-day plenty (actual and potential) dictates the new economic nationalism. Mr G. D. H. Cole, in his book on "Principles of Economic Planning," argues that a clear idea of what monetary policy ought to be in the new conditions of abundance must take precedence of theorising on the basis of the scarcity-economics of the text-books. Is it not about time the authorities explored, without preconceived antagonism, the suggestion of social dividends based on the actual figures of national productivity?

Many of us to-day are won over to the idea that production for social needs rather than private profit is inevitable. But that requires first of all a clear definition of the area of your community. When you, Sir, support the traditional liberal economics, you seem to overlook its essential characteristic—the fact that it takes the world for its province. Indeed, the orthodox economic theory, derived from nineteenth-century practice, has no meaning except on that basis. But, on the other hand, such a "world" economic system is only conceivable on the assumption that its author and begotter, Great Britain, continues to rule the roost. It was, after all, Britain's political sway, expressed in her predominant sea power, that made possible such a rich harvest of profits for capitalists. Yet this question of area is all-important. The forms assumed by an economy based on the profit-motive in a compact, virtually self-supporting unit such as the U.S.A. will be entirely different from "capitalist" expedients tried out in countries whose production is organised for a world market which no longer exists. Britain's capitalists may still be comparatively wealthy; her privileged position as patentee of modern capitalism has gone for ever. And the unit of economic organisation henceforth, as Mr Walter Elliot alone of our political leaders seems to appreciate, is willy-nilly the nation (or compact bloc of nations). The question then arises whether the old wine can be pressed into the new bottles without producing a ferment of Fascism and/or revolutionary Communism induced by ever-increasing unemployment and suffering.

I am, Sir,
Yours, etc.,
W. HORSFALL CARTER.

Savile Club,
Brook Street, W.1.

[In speaking of "consumers' subsidies out of the Budget," we had in mind nothing more than an extension of the system by which education, health services, free meals for school-children, etc., are financed out of taxation on higher incomes. We do not accept the view that either the progressive creation of new money, or the possession of a political Empire, is necessary to the continuance of the present economic order.—Ed. Econ.]

organised a small Committee of Enquiry, which included, among others, Mr H. D. Henderson (who has drafted the Report), Sir Robert Greig and Sir Frederick Keeble. The Report will gain considerably in weight from the fact that its conclusions are the reverse of those previously held by its sponsors. The Enquiry sets out to answer two questions: first, whether a large increase in the agricultural population was practicable; and second, whether smallholdings in particular might be established with advantage on a much larger scale. Both questions are answered substantially in the negative.

The Report ascribes the depression of world agriculture to three causes—the slowing-down in the increase in population, the rapid advance of agricultural technique, and the agrarian protectionism of Continental Europe. All three

are likely to continue. Agriculture, therefore, will be a depressed industry in the world as a whole. To make it prosperous, nevertheless, in Great Britain would involve either a reduction of imports or an increase in consumption. Both these possibilities are thoroughly explored. Certain foods—vegetables, fruits, eggs and poultry—which are particularly suitable for smallholdings in this country are not vital industries of the countries from which we have bought them in the past. But imports of these commodities have already been cut down since 1931 as much as is prudent, without, however, inducing any increase in the agricultural population. To reduce the imports of staple foodstuffs would still further ruin the export trades; it would be "to turn round upon one of the basic principles to which we owe our progress in the past. . . . It would be in glaring conflict with the main needs of the economic situation." It would involve both a higher cost of living and an aggravation of unemployment. The Enquiry also examines, and rejects, the argument that a greater production of foodstuffs at home is necessary for security in time of war. Wheat is the chief case in point, and supplies of wheat could be very much more cheaply assured by storing a year's supply.

The possibilities of increased consumption are more significant. Consumption will naturally increase as the standard of living rises, but it is likely that agricultural efficiency will increase still faster. A national Nutrition policy is both desirable and probable, but Budgetary considerations will probably limit it to the provision of "protective foodstuffs" for children and for "persons suffering palpably from malnutrition." Even if the consumption of one-fifth of the population were increased by 20 per cent., the total consumption of food would increase only by 4 per cent. The answer given to the first question is, then, the pessimistic one that an increase in the agricultural population would be difficult to secure without a restriction of food imports and would be most uneconomic if it were so secured. This conclusion assumes a more modest margin of potential demand than that which has been accepted by some other recent investigations on this subject.

But this analysis of consumption and of agricultural technique does not in any case dispose of the argument for small holdings, for there might be a case for increasing the number of small producers, even if the total population engaged in agriculture did not increase. This second question is dealt with at greater length in the book by Mr Orwin and Mr Darke, who are more concerned with the technique of agriculture and the place that smallholdings fill in it. They point out that the history of smallholdings is one of small results from large hopes. There is an unmistakable tendency for the numbers both of small and of large holdings to fall; the only size which is increasing is that between 50 and 150 acres. There are sound economic reasons for this. The small farmer works on too small a scale to reap the economies of recent technical advances, while the large farmer is handicapped by his rigid wage costs. The family farm (largely supported, be it said, by the milk market, a reed which is already bending) has established itself as the most economic unit. If the smallholder is to survive in competition he must accept a lower standard of living.

Smallholdings are not utterly condemned. They will remain as the bottom rung of the ladder for farm labourers. There is also a very strong case for allotments and even for subsidised subsistence homesteads. But no substantial body of the industrial unemployed can be made to support themselves on the land. Much, however, will be accomplished if the trend to the town is stopped by a wise agricultural policy; for this migration has for long been a cause of urban unemployment. Moreover, the change in the quality and character of our agricultural production will give increased employment in ancillary occupations—canning, transport and the like. All this means "back to the countryside," if not "back to the land."

In any case, we may well refuse, with the Astor-Rowntree Committee, to be depressed by the result at which they have arrived. For the troubles of agriculture have their source in the disappearance of those twin nineteenth-century bogeys, the law of diminishing returns in agriculture, and the Malthusian law of population. "We cannot admit that the removal of these age-long obstacles to progress should be greeted with a sour look, merely because it has the incidental result of increasing the difficulty of settling men upon the land."

SHORTER NOTICE

"On Economic Planning." Edited by Mary Van Kleeck and Mary L. Fledderus. (New York) Friede. \$3.00.

The question set for the conference at which these papers were delivered was "What kind of economic planning can end unemployment, establish security and raise standards of living in proportion to productive capacity?" The authors first define the problem; then Mr Valerian Ossinsky contributes a rosy picture of the well-ordered progress of the second five-year plan in the U.S.S.R.; there follows a series of attacks on the recovery programmes of President Roosevelt—this part of the book loses some point by overlapping; finally, "the need for a workers' and technicians' plan" is demonstrated by quotations from the Communist Manifesto.

The contributors are not perhaps to blame if they found criticism of N.I.R.A. easier than suggestions for a different policy. Section 7A of the N.I.R.A., which gave employees the right to organise and bargain collectively through representatives of their own choosing, is shown to have brought "sad disillusionment to those who saw in it a high promise of labour betterment." The suggestion for self-government for industry is rejected as leading to all the evils familiar to Americans in the great trusts and combines. The diagnosis of over-production and therefore the remedy of curtailing supplies, is also easily disposed of. Miss Kleeck, on the contrary, urges the need for increasing productive output and raising the standard of living, as far as is compatible with the maintenance of circulating capital.

The book does not tell us what political force or administrative staff is to direct America in its ideal planning. Secondly, it is rather airily implied that a proletarian dictatorship (if *per impossible* it were to arrive) would solve economic problems automatically. America is not Russia, and the problem of the allocation of resources there requires vast expert work. This work might be undertaken by social workers whatever their view of the future. Problems that are being practically experimented upon by the Tennessee Valley Authority are given no hearing by these intransigent writers, and their chief merit is their capacity to expose some of the follies of over-production theories, and their energy in flogging that, by now, highly dead horse—the burning of coffee in Brazil.

BOOKS RECEIVED

- Industry and Humanity.* By the Rt. Hon. W. L. Mackenzie King. New and shorter edition. Macmillan in Canada. 265 pages. 5s. 6d.
The Ethics of Competition, and other Essays. By Frank Hyneman Knight. Allen and Unwin. 359 pages. 12s. 6d.
City of Chester: Abstract of Accounts, 1935. (Chester) City Accountant. 238 pages. No price stated.
Labour's Way to Use the Land. By Tom Williams, M.P. (London) Methuen. 120 pages. 2s. 6d. net.
Land and Unemployment. By James F. Muirhead. (London) H. Milford. 211 pages. 7s. 6d.
New Trends in Socialism. Edited by G. E. G. Catlin. Lovat Dickson. 15s.
Tariff Policy. By O. Paragana. (London) H. Milford. 223 pages. 6s. net.
Great Britain and the German Navy. By E. L. Woodward. (London) H. Milford. 524 pages. 21s. net.
Le Statut légal des Banques et des Banquiers en Belgique. By Luc Hommel and F. A. Smets. (Brussels) Emile Bruylant, 67 rue de la Régence. 162 pages. 30 fr.
The Scientific Method of Thinking. By E. Conzé. (London) Chapman and Hall. 168 pages. 5s. net.
American Bank Failures. By C. D. Bremer. (London) P. S. King and Son, Ltd. 144 pages. 10s. 1d. net.
The Canada Year Book, 1934-35. 1,235 pages. (London) Office of the High Commissioner of Canada. No price stated. (Ottawa) J. O. Patenaude, King's Printer. \$1.50.

OFFICIAL PUBLICATIONS

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

- Colonial Reports:* No. 1714. St. Vincent, 1934. 1s. net. No. 1716. State of Trengganu (Unfederated Malay States), 1934. 2s. net. No. 1717. Gibraltar, 1934. 1s. net.
Ministry of Agriculture and Fisheries: Report on the Work of the Land Division of the Ministry for the year 1934. 1s. net.
Department of Overseas Trade: Economic Conditions in Egypt, July, 1935. 3s. net; Economic Conditions in Palestine, July, 1935. 3s. net.

MONEY AND BANKING

HOLLAND AND THE GOLD DRAIN

(BY OUR AMSTERDAM CORRESPONDENT)

HOLLAND'S position within the gold *bloc* has seemed in jeopardy during recent months. The outward gold drain has been extremely heavy; and the protagonists of deflation and devaluation have been calling Holland's political stability in question. On Wednesday of this week, however, the Bank rate was reduced from 6 to 5 per cent., and the private discount rate from 5½ to 4½ per cent.; while the stock and money markets took on a favourable aspect. Does this herald better times for Holland? Is she out of the wood yet? What underlying forces are at work in her financial system? Has the gold drain now ended? These are the questions on every observer's lips.

Until last June, external factors were mostly responsible for the export of gold from Holland. Among such factors were the failure of the 1933 World Economic Conference, the devaluation of the dollar, successive Government crises in France, and, last but not least, the devaluation of the belga on April 1st of this year. These factors have caused a gradual withdrawal of foreign capital from the Netherlands, which, since the end of 1933, has caused a continual weakening of the position of the Netherlands Bank. In 1933 the Bank's average holding of gold was 1,000 million guilders, but by the spring of 1935 it had dropped to 813 millions. The biggest drain of gold, however, set in after the devaluation of the belga. Then a considerable flight of capital from the guilder took place. This was later intensified by many internal causes, e.g. the resignation of the Minister of Economic Affairs, Dr. Steenberghe, owing to his convictions on devaluation, in June; and, in July, the cabinet crisis caused by the resignation of Dr. Colijn, which brought internal tension almost to breaking point. The following table aptly illustrates the course of events:—

POSITION OF NETHERLANDS BANK
(In million guilders)

	Sept., 1931	Jan. 2, 1934	Mar. 26, 1935	June 10, 1935	July 22, 1935	Sept. 30, 1935
Gold	665	923	813	618	688	536
Immediately realisable assets in foreign gold currencies ..	298	13	6	4	3	4
Loans and internal bills dis- counted	137	179	154	214	159	278
Note circulation	944	940	848	833	812	819
Balances on current account ..	168	206	121	41	62	42

In September, 1931, i.e. before the depreciation of sterling, the Netherlands Bank held, in addition to 665 million guilders of gold, foreign exchange in gold-covered currencies to the value of 298 million guilders. Actually, therefore, the gold reserve and foreign exchange at the end of September, 1935, compared with September, 1931, had fallen by 129 *plus* 294 millions, or 423 million guilders in all. On the other hand, the note circulation fell by only 125 million guilders, while loans and bills discounted rose by 141 millions. Compared even with March of this year the present situation shows a serious deterioration, the effects of which have been widely felt.

The prolonged flight of capital from the Netherlands caused a scarcity of funds on the money market. The rate for prolongation money rose, and it was necessary, despite high official discount rates, to have recourse to the Netherlands Bank. Accordingly, balances on current account with the Bank declined, while credits outstanding increased, so that the technical position of the Bank was constantly deteriorating. Thus, the situation is now such that every further efflux of gold leads to further expansion of the credit position of the bank. Although at the end of last June and the beginning of July the Netherlands Bank experienced some relief, the situation since then has been aggravated; and the improvement in the last week is too recent to admit of ready optimism. In these circum-

stances, the position of the Dutch commercial banking system is obviously of great importance. The Dutch private banks are primarily deposit banks, like the English "Big Five," and are not engaged in industrial financing. They thus escaped the most disastrous effects of the depression, and ample reserves served to offset their frozen credits in Germany. Consequently, apart from the troubles of a few small local banks, the Netherlands have been saved from grave banking difficulties. In view of the flight of capital the big banks, however, are now mindful of their liquidity, and they are temporising with applications for prolongation funds; indeed, some of them have resorted temporarily to rediscounting at the Netherlands Bank. It is clear, however, that the Dutch private banks are sound and liquid. This is confirmed by the reorganisation which a couple of the banks operating in the Dutch East Indies had recently to undergo in consequence of losses sustained there. The reorganisation has not been prejudicial to their liquidity, and it was effected without recourse to the Netherlands Bank.

The gold drain is therefore rather the exact reflection of Holland's exchange difficulties than of any weakness in her internal banking structure. The Netherlands Bank, despite all difficulties, has been releasing gold freely as soon as the rates of exchange have moved beyond the gold export point. The Bank releases gold at the price of 1,653.44 guilders per kilogramme for fine bars and at a corresponding rate for gold coin. No gold is issued for internal purposes; the stock is thus entirely reserved for the maintenance of the exchange rates. The Netherlands Bank issues gold for export only to those countries which, in their turn, release gold for the Netherlands when the rates of exchange warrant their doing so. It is difficult, however, to determine what gold is imported and exported on account of private parties. This can only be approximately computed. The official returns of the Central Statistical Bureau at The Hague show that the total exports of gold and silver in the eight months January to August, 1935, were:—

(In million guilders)

Exports	408.0
Imports	126.5
Export surplus	281.5

The stock of gold of the Netherlands Bank was 842 millions on January 1st of this year and 591 millions on August 31st. If we compare the export surplus of gold and silver of 281.5 millions with the 251 millions by which the stocks of the Netherlands Bank have been depleted, we find that there is a difference of 30 million guilders, and this is a rough indication of what has been exported on account of third parties. In addition, however, there is the possibility that private banks have purchased gold on the London market and deposited it there. Transactions of that kind are naturally not recorded in the foreign trade statistics.

As pointed out above, the heavy exports of gold have indirectly caused a steep advance in money rates. The course of rates will be seen from the following table:—

	1935	Official Discount	Private Discount	Prolongation Rate
Average—		%	%	%
January		2.50	0.51	1.00
February		2.50	0.56	1.00
March		2.50	0.61	1.00
April		4.07	3.57	3.23
May		4.24	3.81	2.95
June		4.87	4.39	3.82
July		4.00	3.12	2.77
August		5.06	4.78	4.74
September		5.47	...	5.64

The prolongation rate at one time reached 6½ per cent., and even at that rate no funds were forthcoming on several days. The high money rates have exerted their influence on the investment market in particular. The reaction there came to a halt a fortnight ago, but the recent recovery

may, again, be evanescent. The 4 per cent. Netherlands State Loan dropped from above par to about 91 before rising to 95. The 3½ per cent. State Loan, which, too, had passed the 100 mark, is now quoted just over 90.

The introduction of the State Budget for 1936, too, failed to reassure the gilt-edged market and so to lower interest rates. The total budgetary deficit is a matter of 119 million guilders, which has only been balanced on paper; and, in addition, no scheme has yet been advanced for covering the deficit of 72 millions of 1935. State revenue is constantly on the decline, while expenditure still continues to increase. Thus, the balancing of the Budget becomes continuously more difficult. The national debt has moved as follows in recent years:—

('000 guilders)

January 1—		January 1—	
1929	2,585,786	1933	2,475,282
1930	2,461,752	1934	2,722,844
1931	2,387,798	1935	2,701,103
1932	2,338,471		

The floating debt amounted to 730 million guilders last September, against which there are several claims on the Netherlands Indies and for credits extended abroad, totalling about 360 million guilders. Moreover, the financing of the floating debt, owing to high money rates, has to be effected at constantly higher rates of interest; and, at the same time, the marketing of Exchequer bonds has become more difficult on each successive occasion. Consequently, the Minister of Finance has already had to have recourse to the Netherlands Bank by placing with it directly a large block of Exchequer bonds.

In view of all these circumstances, it is evident that, if the present reversal of the upward trend in money rates proves only temporary, grave difficulties must beset Holland. The drain of gold, too, will have to be arrested; for it is clear that the Netherlands Bank cannot withstand a further drain of large dimensions on its gold stock. If, therefore, the export of their capital on the part of Dutch citizens does not cease, it is clear that the Colijn Government will in due course have no alternative but devaluation. Nothing but a revival of confidence in the policy of the Government can bring deliverance from threatened dangers and a change for the better. The great problem in the domestic affairs of the country consists in reducing the cost of living and in bringing about a permanent improvement in the gap between costs and prices—between the burden of taxation and the power to bear it. Something more than the support of individual distressed industries is needed from the Government to solve these problems.

FINANCIAL NOTES

The City and Sanctions.—So far the City has accepted very calmly the list of financial sanctions against Italy which has been adopted by the League Assembly. There is no suggestion yet of extending them to cover Italian dealings in securities, and as is shown in an Investment Note on page 763, the Stock Exchange has not yet had to consider taking any action. As far as banking business is concerned, the sanctions do not prohibit exchange dealings or the remittance of funds to or from Italy. Such remittances are proceeding in the normal way, and are only subject to such restrictions as are imposed by Italy. Italian balances in London remain quite free. The sanctions, however, do prohibit the opening of further bank credits or the extension of overdraft or other facilities on behalf of Italy, but here it is largely a case of locking an already empty stable. For some time past most London banks have been reducing their Italian credit lines as quickly as they can, and have also been refusing to open fresh credits; and they have done this as a matter of banking prudence, for the reason that Italy's credit has been steadily deteriorating. London acceptors have also experienced delays in receiving the sterling needed to place them in funds against their maturities. All the League Assembly has done is to lend its force to a policy which was adopted in the City of London a considerable time ago. If an embargo is placed upon Italian assets in London or upon the remittance of funds, then the City will carry it into practice.

Sweden's Balance of Payments.—Sweden is one of the most fortunate members of the "sterling area." The official figures of her balance of payments in 1934, now available, show that, on trading and "services" account, she still enjoys a net surplus of income from abroad:—

SWEDEN'S BALANCE OF PAYMENTS
(in million Kronor)

INCOME FROM ABROAD	PAYMENTS TO ABROAD
(1) Exports of goods (f.o.b.)	(1) Imports of goods (c.i.f.)
(2) Bullion and gold coin	(2) Bullion and gold coin
(3) Interest and dividends	(3) Interest and dividends
(4) Freight	(4) Payments by Swedish vessels in foreign ports
(5) Emigrants' remittances to Sweden	(5) Expenditure by Swedish tourists abroad
(6) Expenditure by foreign tourists in Sweden	(6) Other payments
(7) Other income items	(7) Reparation of Swedish securities
(8) Exports of Swedish securities	(8) Swedish purchases of foreign securities
(9) Exports of foreign securities from Sweden	(9) Net decrease in Swedish short- term debt abroad
(10) Net increase in Swedish short- term debts abroad	(10) Net increase in Swedish short- term assets abroad
(11) Net decrease in Swedish short- term assets abroad	(11) Swedish capital issues for abroad
(12) Redemption of Swedish assets abroad	
(13) Balance due to incomplete in- formation	
Total	Total

By a coincidence, imports and exports were exactly equal last year, whereas in 1933 there was an import surplus of Kr. 15 millions. The amount of exports to Great Britain last year amounted to Kr. 324 millions. Two-thirds of Sweden's long-term investments abroad are in American dollars, so item (3) on the income side was abnormally low in 1934, following the devaluation of the dollar. Great Britain paid Kr. 70 millions of the Kr. 240 millions which Sweden received from abroad for her shipping services under item (4). In item (7) on the income side are included commissions, payments for transit, transport, etc. On the expenditure side, imports from Great Britain amounted to Kr. 254 millions out of the Kr. 1,319 millions under item (1). Item (4) is for dues, bunkers, etc., in foreign ports; item (6) includes commissions, amounts taken by emigrants, etc. There is an increase of Kr. 105 millions over the 1933 figure for item (8), mainly due to increased Scandinavian loans floated in Stockholm. Item (9) is much higher than in 1933; Kr. 80 millions of it is due to a reduction in credits raised abroad by Swedish exporters with a view to the avoidance of exchange losses. Though raised in earlier years, such loans have now been taken into the accounts for the first time. Item (10) is much below the Kr. 400 million figure in 1933, when the Riksbank was making heavy purchases of foreign currencies. The figures for commodity trade and "services" together (items 1, 3-7 on the income side; and 1 and 3-6 on the payments side) show that Sweden still has a net income on foreign trading account of Kr. 206 millions, against Kr. 212 millions in 1933. The prospects for 1935, according to our Stockholm correspondent, are not so satisfactory, for Sweden's rapid domestic recovery has sharply increased imports, while the general hindrances to industrial exports have held back her exports.

The Foreign Exchanges.—Sterling has become definitely stronger during the week, and was quoted on Thursday last at \$4.92 and Frs. 74½, against \$4.90½ and Frs. 74½ the week before. The New York-Paris cross-rate has been steady at Frs. 15.17½, or about the export gold point, during the whole of the week. Owing to the recovery in the pound, the British Control has not had to intervene directly in the foreign exchange market, but it is believed that the heavy gold sales made in London early in the week could be traced back to the Control, and that these were also a cause of the recovery in the pound. The main improvement, however, occurred on Thursday, and this is attributed to American silver purchases in New York, inspired by the drop of ½d. per ounce in the London price of silver. Meanwhile the British Control has made a good book profit on its previous purchases of sterling at rates of Frs. 74½ and Frs. 74½. In the forward market, three months' dollars have been steady at 1½ cents premium, while three months' francs eased on Thursday from 75 centimes to Frs. 1.00 discount. Three months' guilders are unchanged at cents 14½ discount, while three months' Swiss francs have eased from 25 to 27 centimes discount, and were offered on Thursday at the higher of these rates.

The Money Market.—The accumulation of funds in public deposits at the Bank, referred to below, has made money distinctly less abundant, and for the first time for many weeks there was calling by the clearing banks for making-up purposes on the first four days of this week. The clearing banks have also been very reluctant to buy bills, and this has increased the demand for loans, as bill-brokers are having to carry more bills themselves. Hence there has been a good demand for money on every afternoon of this week.

	Sept. 26, 1935	Oct. 3, 1935	Oct. 10, 1935	Oct. 17, 1935
Bank rate.....	2	2	2	2
Clearing banks' deposit rate ...	1	1	1	1
Short Loan rate :—				
Clearing banks.....	1-1	1-1	1-1	1-1
Others.....	1	1	1	1
Discount rates :—				
Treasury bills.....	1	nom.	1-1	1
Three months' bank bills	1	1-1	1-1	1-1

Last week's Treasury bill tender rate was 12s. 1.82d. per cent., against 12s. 8.05d. per cent. the week before. Only £41 millions of bills were allotted out of the original offer of £45 millions, and this week's tender is cut down to a maximum of £40 millions. Hot Treasury bills were dealt in among bill-brokers at $\frac{9}{16}$ per cent., but the banks are not yet buying January bills, and only bought a very few December bills at $\frac{1}{2}$ per cent. Three months' bank bills are quoted at $\frac{5}{8}$ - $\frac{1}{2}$ per cent.

The Bank Return.—This week there has only been a small reduction in public deposits, which remain at a very high figure. Theoretically it is possible that discrepancies in the dates of Treasury bill payments and maturities have been inflating public deposits in the middle of each week, and that if the Bank return were made up at the end of each week it would reveal a different position. This does not entirely explain, however, the steady increase in public deposits (and consequent contraction in bankers' deposits) since the beginning of September :—

BANK OF ENGLAND					
	Oct. 17, 1934	Sept. 25, 1935	Oct. 2, 1935	Oct. 9, 1935	Oct. 16, 1935
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department :—					
Gold.....	191.9	193.6	193.6	193.7	193.7
Note circulation.....	377.2	398.2	402.0	402.1	399.6
Banking Department :—					
Reserve.....	75.4	56.2	52.4	52.3	54.9
Public deposits.....	17.5	19.5	25.5	36.0	32.1
Bankers' deposits.....	104.5	87.2	80.9	75.1	78.8
Other deposits.....	37.4	39.0	39.1	38.6	37.8
Government securities.....	81.3	83.2	82.5	85.5	86.2
Discounts and advances..	9.5	12.4	17.3	17.6	13.7
Other securities.....	11.0	12.2	11.6	11.8	11.6
Proportion.....	47.2%	38.5%	36.0%	34.9%	36.9%

Another explanation which is theoretically possible is that part of the sterling received by the Exchange Equalisation Account in payment for its sales of gold or *devisen* has been lodged in the Bank of England instead of being invested in Treasury bills. Once again, it is impossible to prove or disprove this theory. The fact remains that for some unknown reason the Government is at the moment accumulating cash while bankers' deposits are being depleted.

New York Money and Banking.—During the week ended October 9th New York member banks' loans to brokers were reduced from \$879 to \$825 millions. The latest return represents a definite drop below those for September, which at one time ran up to above \$900 millions. Other loans by member banks against securities remained unchanged during the week at \$742 millions. Gold continues to arrive in large quantities. Actual arrivals for the week ended October 9th included \$19.8 millions from France, \$11.4 millions from Holland, and \$9.9 millions from England. Imports so far reported between October 12th and 17th were considerably heavier, for they included \$68.4 millions from France and \$25.8 millions from England. Imports from Holland were negligible. Engagements for shipment reported on October 12th and 16th were \$14.9 millions from France and \$10.7 from

England. Total engagements from September 9th up to October 12th are estimated at \$350.8 millions. This includes \$173.3 millions from France, \$90.5 millions from England and \$55.5 millions from Holland. At the week-end it was reported that the rally in Paris exchange to within the export gold point had led to some cancellations of shipments, but to judge from the returns cited above these appear to have been inconsiderable, and the gold influx is obviously continuing.

The American Gold Influx.—In discussing the recent huge gold influx into the United States, our New York correspondent points out that this is no isolated movement inspired solely by the war atmosphere in Europe, but is the continuance of a major movement of capital which has been in progress during the past year. Details of American gold imports are given below :—

GOLD IMPORTS INTO THE UNITED STATES			
(\$ million)			
1934, September	19*	1935, April	149
October.....	11	May	140
November.....	121	June.....	230
December.....	92	July.....	16
1935, January.....	149	August.....	46
February.....	123	September.....	152†
March.....	13		

* Export.

† Provisional figure.

Over the past twelve months American gold stocks have risen by about \$1,200 millions. According to our correspondent, the American view is that most of this gold has not come out of the monetary gold stocks of other countries, but instead represents new gold and also a certain transference of gold previously hoarded in Europe. Over the first half of 1935 there was an active trade balance of only \$29 millions, much more than offset by gold imports of \$802 millions and silver imports of \$79 millions. The Department of Commerce estimates that there was a net influx of \$100 millions of long-term funds and \$560 millions of short-term funds. These calculations leave a wide discrepancy, and it is impossible to distinguish between the repatriation of American funds and an influx of foreign-owned money. Meanwhile the rising trend of imports suggests that the dollar is no longer undervalued, at least in terms of typical commodities.

Anglo-South American Bank.—The accounts of this bank for the year ended June 30, 1935, show that international banking business in South America is still very difficult and unremunerative. Any benefit from the improvement in trade has been offset by further exchange depreciation and by extended legislation for the protection of debtors. In consequence, gross profits have fallen from £976,000 in 1933-34 to £912,000 in 1934-35, and while some reduction has been made in expenses, net profits are reduced from £60,782 to £37,019. The whole of the net profits are transferred to legal reserves and contingencies, and there is no question of any dividend. The balance sheet shows a general contraction in both liabilities and assets, coupled with an increase of £815,000 in the suspense account covering depreciation of capital employed abroad. The report states, however, that this year the bank's Chilean assets and liabilities have been converted into sterling at the export draft rate of 118.25 pesos to the pound, whereas last year the official rate of 49 pesos, then current, was employed. The effect of this is to reduce the sterling value of these items by more than half, and it is probable that an equally conservative exchange valuation has been applied to the remainder of the bank's foreign assets. This explains the increase of £815,000 in the suspense account, and while this is equivalent to a loss, it should be a non-recurring item. An equally important point is that this year's balance sheet has taken full account of exchange depreciation, and in that respect is a sounder document. The stability of the bank is well assured, for against deposits of £22,796,000 it holds cash totalling £6,100,000, giving a cash ratio of 26.8 per cent. The real difficulty is that the depressed state of South America's international trade makes it difficult for the bank to do much more than earn its expenses.

THE STOCK EXCHANGE

AMERICAN RAILROADS

Of all important groups of American securities, railroad stocks, having lost much during depression, have regained least in "recovery." The Standard Statistics weekly indices show representative industrial equities at 100 per cent., utilities at 82 per cent. and railroads at only 35 per cent. of the level, not of the boom year 1929, but of a more "normal" year, 1926. In earlier market revivals, railroad stocks have usually been well to the fore. What is holding them back to-day?

Comparison with 1926 is, perhaps, invidious for the railways. Traffic receipts for that year were, in fact, the highest in history. A fairer idea of the effect of depression may be gathered from a contrast of last year's figures with those of 1929. During that quinquennium the four British group railways showed a loss of 17 per cent. in operating revenue, of 15 per cent. in operating expenses, and of 31 per cent. in net revenue (including miscellaneous receipts, etc.). That the incidence of reduced traffic has been far more severe on the American railroads as a whole may be gathered from the following detailed table :—

AMERICAN RAILROADS, 1929 AND 1934			
	1929	1934	Change,
	Per cent.	Per cent.	Per cent.
Return on property investment	4.84	1.78	...
Ratio of debt to capital	55.9	55.7	...
	Mill. \$	Mill. \$	
Cash dividends paid	490.1	132.8	-72.7
Taxes paid	396.7	239.5	-39.6
Total operating revenues	6,280	3,271	-47.9
Total operating expenses.....	4,506	2,442	-45.8
	Per cent.	Per cent.	
Operating ratio	71.8	74.6	...
	Mill. \$	Mill. \$	
Capital expenditure.....	853.7	212.7	-75.1
	Mill.	Mill.	
Revenue ton-miles	447,322	269,006	-39.8
Revenue passenger-miles	31,074	18,036	-42.0
	Per cent.	Per cent.	
Freight cars awaiting repair	6.0	14.6	...
Locomotives awaiting repair	16.3	32.6	...
Average number of employees.....	1,660,850	1,008,995	-39.3
Average annual earnings per employee	\$1,744	\$1,506	-13.6

In brief, the volume of traffic has been reduced by approximately 40 per cent., and the labour force has fallen in about the same proportion. Operating revenues have dropped by approximately \$3,000 millions, and operating expenses by \$2,000 millions. The total "return on property investment" has declined from 4.84 per cent. to 1.78 per cent., and total cash dividends have fallen to little more than one-fourth of the 1929 figure.

Trade depression, road and water competition, and reduced national purchasing power have played leading rôles in reducing railway net income. Congress has also played its part. Railroad baiting is popular in most American States, and as soon as one legislative hurdle is overcome a new one appears. The Railroad Pension Law, declared unconstitutional on May 6th last, was replaced a few weeks ago by a second Railroad Pension Law, to be financed by a new tax on the railways for which a complementary law provides. The new legislation, like the old, will inevitably be contested, and may be found equally unconstitutional. From March 1st next a tax equivalent to 7 per cent. of pay-rolls is to be levied, half being found by the railways and half by the workers. On 1934 wages the yield would be \$122,500,000.

The action of Congress, however, has not been wholly inimical to the railroads, though some of its favours may have been dictated by political expediency rather than tenderness. Before adjourning at the end of August, Congress, at long last, passed a Motor Carrier Act, placing the control of inter-State road transport under a new division of the Interstate Commerce Commission. Certain of its provisions, relating to the filing of road rates, came into

force on October 1st. The law, indeed, carries regulation of hauliers by road, in some respects, further than ever before, since the strict system of regulation hitherto in force has applied only to transport within State boundaries. The new regime should be in full working order during 1936, and should bring considerable relief to the railroads' finances. Its objects, as in Great Britain and other countries, will be, first to secure some measure of stability, and subsequently to eliminate, gradually, the irresponsible rate-cutting operator with low wages and unsatisfactory conditions of employment.

In other respects, the last session of Congress was not unfruitful of helpful transport legislation, though unfortunately it did not witness the passage of overdue measures to regulate carriers by water, along the lines strongly advocated by the Co-ordinator of Transportation, Commissioner J. B. Eastman. Nevertheless, the revision of the Federal Bankruptcy Act has paved the way for substantial progress in the financial reorganisation of some of the largest railroads, such as Chicago, Milwaukee, St. Paul and Pacific, Missouri Pacific and Chicago and North-Western. On the other hand, Congress has refused to support bills sponsored by the railway unions, which sought to control the length of trains, the numbers of their crews, the inspection of signals and track, etc., and to enforce a six-hour day. The railroads have thus been saved, for the time being at least, from the necessity of additional expenditure running into many million dollars.

Investors who desire to estimate the income prospects of the railroads this year, on the basis of available figures, would do well to bear two additional facts in mind. In the first place, the final restoration of the remainder of the temporary 10 per cent. deduction from salaries and wages was made on April 1st last. Wages rates are thus officially at their maximum pre-depression level—indeed, present hourly wage rates have been estimated to be approximately 175 per cent. above those prevailing before the war and about 3.5 per cent. higher than those of 1929. In fact, total labour expenditure continues to be well below the pre-depression level, in view of the considerable decline in total employees and the prevalence of short time.

A second point of importance for investors is the decision of the Interstate Commerce Commission, after a long-drawn-out hearing, to allow an increase of rates. The so-called "Emergency Charges" came into effect during April and will expire at the end of June, 1936. The railroads, in fact, asked for an increase estimated to yield additional revenue of \$170 millions, but the Commission granted them only about \$85 millions by way of an increment equivalent to about 7 per cent. on existing rates, though not a flat increase. The decision has not apparently been very effective in increasing earnings so far. For the first seven months of this year the return on property investment was only 1.69 per cent., as compared with virtually 2 per cent. for the same months of 1934. During August, however, car-loadings began to pick up, and continued to improve during September. For the country as a whole, the first nine months' figures for this year will probably run close to those of last year. For the investor, however, such generalisations may be misleading. He is interested, not in all the Class I railroads, but in comparatively few financially strong lines.

Between individual companies there is a wide variety of experience—even as regards railways serving similar territories. This makes any forecasting of financial results for separate companies over the whole year difficult and untrustworthy. The disparity of current traffic trends is well brought out by the table on the next page.

Even in April last individual lines in similar areas showed almost inexplicable variations both in comparative gross receipts and in the amounts of gross revenue retained as net earnings. The Atchison, for example, retained only

1935 COMPARED WITH 1934
(Thousand \$)

Company	April Earnings		August Earnings	
	Gross	Net	Gross	Net
Western Lines				
Atchison	+ 834	+ 93	+ 118	- 358
Chicago, Milwaukee	+ 347	+ 4	- 138	- 1,090
Great Northern	+ 866	+ 1,330	+ 1,082	+ 1,087
Missouri Pacific	+ 46	- 288	- 47	+ 11
Northern Pacific	+ 363	+ 53	- 609	- 390
Southern Line				
Southern	- 12	- 224	+ 557	+ 539
Eastern Trunk Lines				
Baltimore and Ohio	- 125	- 168	+ 623	+ 150
New York Central	+ 240	- 105	+ 927	+ 467

\$93,000 of an April gross increase of \$834,000, while the Great Northern recorded a net gain of \$1,330,000 against a gross increase of \$866,000. Similar divergences are characteristic, also, of the August returns—the latest available. Monthly net figures, in short, may be seriously misleading, since they may reflect, in greater or less degree, exceptional outgoings for new rolling stock, track renewal work or tax payments.

A truer impression may be obtained from the figures for the first half of 1935 as a whole, supplemented by such later returns as are available. During that period Class I railroads together had a net deficit of about \$62 millions, as compared with about \$23 millions in 1934. The large American railroads which had net income left over after earning their fixed charges can be counted on the fingers of two hands. First and foremost come the two coal roads, the *Chesapeake and Ohio* and the *Norfolk and Western*; the former almost retained its net earnings of 1934 with \$13,487,586 net income this year, while the *Norfolk and Western* dropped only from about \$10,600,000 to just under \$10,000,000. The effect of the short-lived coal strike on the fortunes of both these systems can, happily, be regarded as negligible.

The *Pennsylvania*, for the first half of 1935, had net income (after charges) of \$9,700,000, nearly \$2,000,000 below 1934. It is too early, however, as yet to measure the financial effect on this great system of its large electrification scheme to Washington. The *Louisville and Nashville* continues to do well under adverse circumstances, thanks largely to its diversified traffic. Though it is not retaining its 1934 position it is covering its fixed charges with a considerable surplus. The *Union Pacific*, similarly, remains strong. Its competitor, the *Atchison*, has recently recorded increases in gross, but not in net operating income. In the east the *Reading*, whose interests are so closely linked to coal, notably anthracite, succeeded in retaining a large net income, though the total was slightly lower than in 1934. Among railroads which did not earn fixed charges, the *Southern Pacific*, the *Great Northern* and the *New York Central* have been attracting considerable attention from the American investor. These lines would derive noteworthy advantage from any continued improvement in American trade and production.

The current position of leading stocks mentioned in preceding paragraphs is indicated in the table which follows:—

Company	Income after Fixed Charges		Net Operating Income for First Eight Months		Stock (and 1934 Dividend)	Prices of 1935	
	1929	1934	1934	1935		Highest to Oct. 4	Latest
Chesapeake and Ohio	(\$'000) 32,192	28,062	24,085	23,524	Com. (\$2.80)	47½	44½
Norfolk and Western	41,907	20,280	14,772	15,099	Com. (\$10.00)	193	187½
Pennsylvania	101,378	18,816	41,909	42,268	Com. (\$1.00)	30½	27
Louisville and Nashville	11,108	10,810	8,315	8,251	Com. (\$3.00)	47½	42½
Union Pacific	49,256	18,715	10,415	7,153	Pref. (\$4.00)	90½	88
Atchison, T., and Santa Fe	81,037	7,001	10,443	8,778	Com. (\$6.00)	11½	94½
Reading	15,509	5,682	8,873	7,489	Pref. (\$5.00)	91	82½
Southern Pacific	47,435	408	10,135	10,122	Com. (\$2.00)	57½	47½
Great Northern	25,669	Dr 1,074	6,139	10,366	Com. (\$3.00)	434	344½
New York Central	78,277	Dr 7,882	21,314	20,251	Com. (Nil)	21½	18½
					Pref. (Nil)	27½	25½
					Com. (Nil)	27½	22½

American trading conditions are notoriously liable to rapid change. Forecasting of the results of large railroads is proportionately difficult. The weight of contemporary evidence, however, appears to suggest that a policy of selective investment in American railroads may legitimately take account of the possibility, during forthcoming autumn and early winter months, of an improvement in the position of the stronger railroads. In particular, favourable consideration may be extended to those lines which, during the last year or two, have been steadily reducing arrears of maintenance which accrued during the earlier years of depression.

INVESTMENT NOTES

East and West.—While the British Government has been steering a straight course, in heavy weather, at Geneva, the London Stock Exchange has been rather uneasily becalmed, with a drift, on the whole, towards lower prices. So far as markets have any policy at all, their predilections are towards mild sanctions as the next best thing to none at all. Domestically, preparations for a General Election are always a bear point while they last, but the "House" is already discounting the return of a National Government with a strong majority drawn predominantly from the party which the Stock Exchange likes best. The possibility that the authorities of the "House" may be required to co-operate in the implementation of financial measures against Italy, is causing little or no concern. It is argued, indeed, that developments so far merely give formal recognition to a situation in Lombard Street which has effectively existed for some weeks. The Stock Exchange Committee and members would doubtless be prepared to make all necessary arrangements on the receipt of any request from high quarters designed to limit the disposal and transfer of Italian assets. There is no indication as yet, however, that such co-operation has been or is likely to be invited. The Stock Exchange itself would regard any measures savouring of the impounding of the property of foreign nationals as standing on altogether a different footing from the limitation of trading and credit facilities by common League action. It is doubted, further, whether any substantial volume of Italian-owned securities is domiciled in London. Meanwhile, though the East continues to provide little that is grateful to the Stock Exchange, a small crumb of good news has come from the West. Mr Mackenzie King's success in the Canadian Elections has been regarded as a check to possibly dangerous "experimentalism" in at least one British Dominion. The new Premier may have his own ideas regarding the nationalisation of central banking, but his regime, the City hopes, may be associated with some sort of a check to the process of debt creation. His hostility to the merging of the Canadian Pacific with the Canadian National railway system (as opposed to possible joint working of the two separate systems) is on all fours with London's view. Stock Exchange congratulations have taken the most appropriate form of a rescission of the ban on official quotation of Vancouver bonds, which had been maintained since the end of January despite the refusal of the Premier of British Columbia to countenance the desire of Vancouver's mayor to effect enforced "conversion." Possibly, the authorities of the "House," with a fine sense of the dramatic, regarded Mayor McGeer's defeat in his candidature for a seat in the Dominion Parliament as an excellent opportunity to bury the hatchet.

Chronique de Défaut.—Bondholders have learned, with great regret, that Roumania has already defaulted on her agreement of July last year regarding the 4½ per cent. loan of 1913 and the 4 per cent. Consolidation loan of 1922 October coupons. The provision of 35 per cent. of the coupons has been effected by the Ministry of Finance at the National Bank in lei. The Bank, however, declares that it has insufficient foreign exchange to effect the

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transfer. This plea has been criticised in London—the more so since coupons due in Berlin have been paid, in apparent disregard of the “most-favoured-nation” intention of Article 5 of the 1934 Agreement. If reports are correct that the proceeds of increased wheat sales by Roumania to this country have been applied towards increased imports from Germany, discrimination would appear to have been aggravated. Meanwhile, the Greek Government continues to offer 35 per cent. payments on its coupons as they fall due, notwithstanding the fact that the agreed payments at that rate expired on March 31st of this year. The bondholders’ representatives have repeatedly declared that Greece is in a position to make larger payments, and they maintain their recommendation that holders should not cash their coupons in the absence of an improved offer. Whether recent political changes in Greece will assist a resumption of negotiations is not clear at the moment.

Rubber and Tea Problems.—The speeches of Mr H. Eric Miller at the annual meetings of Harrisons & Crosfield are invariably regarded by a wide circle of investors as among the most authoritative of pronouncements on rubber and tea prospects, due allowance being made for the warmth of the speaker’s convictions of the basic merits of a restriction policy. At present, the outlook for both industries is a little clouded, despite the upward tendency of prices which both have experienced in the last few weeks or days. The rubber restriction scheme is junior to that of the tea industry by a year, but both have shown much the same traits. An initial “psychological” spurt in prices has been followed in both cases by a period of disappointment, with a tendency for quotations to settle at a level sufficient to enable the best situated producers to pay their way, but not to earn the profits which are regarded, rightly or wrongly, as appropriate to “speculative” industries. So far as tea prospects are concerned, Mr Miller is a qualified optimist. He believes that the willingness of “out-markets” to take larger quantities of tea from the East has relieved the statistical position in London; that good quality teas are coming into their own again; and that greater prosperity at home will afford the buying public an opportunity to give practical effect to its growing realisation that the cheapest tea is not the most economical. The chairman of Harrisons & Crosfield, however, sees no prospect that the industry will be able to stand on its own feet, without restriction, after 1938, when the present agreement expires. So far as the rubber industry is concerned, Mr Miller, while disclaiming any intention, as a member of the International Committee, of speaking out of school, recognised that the application of export regulating machinery at short notice had “presented certain difficulties.” This week’s news from Amsterdam has shown clearly what these difficulties were. In order to check exports of native-produced rubber, which have been running this year from 20,000 to 25,000 tons above their quota, the Dutch Government has imposed an export tax which, on Wednesday last, was raised to 24 guilders per 100 kilogrammes dry weight. At this figure, which is equivalent to approximately 4d. per pound, it is questionable whether the return to many native growers has not been forced down below subsistence level. Presumably, the authorities have considered both the question of the equity of this differential tax, as between native and “estate” producers, and the possibility of unfavourable social consequences, in native areas, if it is unduly prolonged. Recognition that, at all events, action on these lines has reached its limit, appears to be implicit in the further decision of the Dutch authorities, announced last week, to purchase up to 20,000 tons of export licences from estate growers. It may be regretted that Mr Miller did not feel himself at liberty to discuss this aspect of the rubber position at any length. His analysis, indeed, was largely confined to a somewhat emphatic condemnation of the rubber speculator, a denial of the suitability of joint marketing of the crop of all companies domiciled in the United Kingdom, and an optimistic review of consumption possibilities on the longer view. Investors might, perhaps, have been interested in an esti-

mate from so high a quarter of the possibility either of an early rise in the price of rubber to 7d. or 8d., or a relaxation of quota restrictions—for the present combination of severe regulation and a price of around 6d. does not hold out possibilities of handsome dividends for shareholders.

Oil and Politics.—The proposal from the major companies to increase the “allowable” output has brought a surprise move in the Californian oil “war.” Having failed to bring the independent producers into a restriction scheme, the major companies are now attempting to frighten them into submission with the threat of a flood of crude oil and distressed prices in the gasoline markets. California is now producing substantially in excess of the “allowable” output, although Oklahoma and Texas, the other two important oil States, are keeping within their quotas, as shown below:—

Crude Oil Production (barrels daily)	Week ended October 5th	Difference on October Allowable
Oklahoma	475,450	— 17,450
Texas	1,021,000	— 4,500
California	627,500	+ 129,800
Total United States	2,719,600	+ 165,400

In spite of the over-production of crude oil in California, the increase in consumption has prevented any deterioration in the American oil situation as a whole. For the two months ending September, stocks of crude oil declined by 7½ million barrels to approximately 300 million barrels, and gasoline stocks by 6 million barrels to 48 million barrels. Even in California, where it is estimated that 7 million barrels of crude oil have been over-produced since the breakdown of the cartel, stocks have not increased appreciably. The over-production of oil in America may be a vital factor in the application of economic sanctions against Italy by members of the League. If exports of oil are cut off by the League members, only America remains as a potential source of supply. Even if the major exporting companies in America acted in harmony with the League members, a number of independent companies would be pleased to sell oil to Italy if they could receive payment. This emphasises the importance of an embargo on Italian exports, for the availability of exchange will be the deciding factor in the sale of American oil. If the report is true that Italy does not hold more than two or three months’ supply of oil in storage, the question of an oil “sanction” becomes all-important.

Insurance Share Index.—The waning tendency recently evident in the gilt-edged market has inevitably affected all faithful satellites of the fixed-interest group. The latest calculation of our insurance share index thus shows a moderate fall during the latest quarter, but the general level is well above the 1934 average. The details of the index are given in the following table, which shows the course of an investment of £1,000, in 1913, in the ordinary shares of each of twenty-four leading insurance companies, and the corresponding average values:—

	1929	1931	1933	1934	Mar. 29, 1935	June 28, 1935	Sept. 30, 1935
Alliance	1,675	1,475	1,979	2,208	2,295	2,289	2,247
Atlas	3,532	2,869	3,182	3,452	3,428	3,746	3,619
Calcedonian	5,700	4,041	4,655	4,820	4,780	5,284	5,158
Commercial Union	4,545	3,540	3,918	4,449	4,571	4,517	4,351
Employers Liability	2,725	2,088	2,162	2,355	2,162	2,252	2,252
Equity & Law	2,069	1,866	2,784	3,733	4,419	4,419	4,464
General Accident	8,133	7,189	9,114	10,165	10,799	12,266	12,266
Gresham Fire	2,872	2,248	3,238	4,651	5,143	5,143	4,762
Guardian	2,596	2,340	3,158	3,272	3,271	3,474	3,378
Legal & General	6,536	5,696	7,580	10,068	10,710	12,022	11,148
Life Association of Scotland	1,989	2,036	2,669	3,186	3,542	3,685	3,685
London & Lancashire	4,548	3,731	4,409	4,673	4,848	5,116	4,923
London Assurance	2,128	1,653	2,280	2,687	2,814	2,959	2,911
Nth. Brit. & Mercantile	4,514	3,857	4,866	4,984	5,414	6,051	5,860
Northern	1,945	1,700	2,078	2,149	2,209	2,418	2,328
Phoenix	2,011	1,569	1,945	1,970	2,030	2,063	2,063
Prudential	2,163	2,027	2,740	3,195	3,213	3,501	3,281
Royal Exchange	3,227	2,772	3,664	4,204	4,621	4,990	4,744
Royal	2,882	2,460	2,656	2,828	2,993	3,054	3,054
Scottish Life	2,680	2,352	3,174	3,708	4,270	4,270	4,270
Scott. Union & National	5,213	3,928	4,365	4,732	4,806	5,102	4,880
Sun Fire	2,853	2,347	2,889	3,088	3,156	3,378	3,244
Sun Life	2,237	2,023	2,349	2,632	2,871	3,174	2,922
Yorkshire	3,041	2,441	3,212	3,401	3,298	3,504	3,298
Average	3,406	2,840	3,535	4,025	4,228	4,522	4,379

The figures are based on the mean of the highest and lowest prices in each year, except for the quarterly quotations during 1935, which are based on middle market prices on the respective dates. In all cases where an issue of bonus shares has been offered it has been assumed that the rights have been sold, and the proceeds utilised to purchase an additional holding in the original shares. It will be seen that seventeen shares have fallen during the third quarter, while five have been stationary. The average decline in the period, amounting to just over 3 per cent., may be regarded as modest in view of disturbed market conditions.

Actuaries' Investment Index.—The latest calculation of the Actuaries' Index shows the widest movement for some weeks. The average level of 158 industrial shares, based on December 31, 1928, prices, has recovered to 75.2, compared with 73.9 a week ago, and the movement has virtually restored the index to the figure of 75.4 registered a month ago. The corresponding yield figures are 3.91, 3.94 and 3.89 per cent. respectively. The following selection of component indices illustrates the general character of the improvement:—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100)			Yields (%)		
	Month Ago (Sept. 17)	Last Week (Oct. 8)	This Week (Oct. 15)	Month Ago (Sept. 17)	Last Week (Oct. 8)	This Week (Oct. 15)
Building Materials (4)	90.1	86.7	89.5	4.50	4.68	4.54
Cotton (6)	40.4	38.3	43.3	2.27	2.32	2.28
Electric Light and Power (16)	128.5	126.2	127.4	3.96	4.04	4.00
Electric Light and Power (16)	52.6	50.5	52.4	4.95	4.14	4.00
Motors (5)	14.3	13.7	16.0	...	...	...
Shipping (3)	128.7	125.1	127.2	4.29	4.40	4.34
Breweries and Distilleries (19)	68.8	67.2	68.0	4.05	4.15	4.11
Miscellaneous (52)	...	...	...	...	...	...

The more favourable interpretation of political factors may be inferred from the diffused nature of the improvement. Motor shares, however, have benefited from “Show” publicity and company news, while the shipping group has been supported on recent advances in freight rates.

COMPANY NOTES

Commercial Motor Companies.—The movement of commercial motor manufacturers’ profits, of which a representative selection is given in the annexed table, suggests that the trade is particularly sensitive to the influences of the business cycle. It is probable, however, that both the boom profits of the late ‘twenties and the losses of the early ‘thirties were exaggerated by circumstances peculiar to the commercial motor industry. In the late ‘twenties realisation of the potentialities of road transport was relatively recent. Vehicles were being placed on the road at an abnormal rate, enhanced, in the case of passenger vehicles, by the knowledge that the Road Traffic Act of 1930 would close the way to new entrants. The passing of the Act was naturally followed by a lull in passenger vehicles. Simultaneously the goods vehicle business was beginning to feel the effects of depression. It soon passed into an acuter phase, when the first anticipations of the 1933 Road and Rail Traffic Act combined with the rise of the Diesel engine to postpone purchases until buying policy had become clearer. Meanwhile, the Diesel manufacturers were added as a new competitor on the heavy side of the trade, while the rapidly growing light and medium side was being catered for more and more by competitors among the “private car” manufacturers, such as Ford and Morris. In these difficult conditions the manufacturers were condemned to incur considerable expenses in re-designing their models. The chief reason for holding hopes of better profits in the commercial motor business now is not that conditions are particularly favourable, but that the particularly unfavourable conditions of the recent past seem to be fading. Stability of legislative conditions is assured for some time to come. New models have been evolved, and the change-over to the Diesel engine for the heavier vehicles is more or less accomplished. Trade revival is helping in some degree

and exports are improving. So far, however, the revival has affected light and medium vehicles (in which the “private” manufacturers compete) more than the true type of heavy commercial vehicles. Moreover, it is now a characteristic of the commercial vehicle market, and particularly of the ‘bus section of it, that a period of abnormally active sales, such as occurred in the late ‘twenties,

(Profits in £'000)						
	1929	1930	1931	1932	1933	1934
Albion (Dec. 31)—						
Earned for ord.	55.0	37.2	Dr. 27.0	Dr. 19.9	Dr. 14.5	36.6
Earned %	13.4	9.4	Nil	Nil	Nil	10.0
Div. %	12½	7½	Nil	Nil	Nil	5
Assoc. Equipment (Sept. 30)—						
Earned for div.	94.6	141.0	150.5	127.5	73.1*	102.0
Earned %	8.6†	10.5†	10.0†	8.5†	6.5*	8.8
Div. %	8†	10†	10†	7½†	6.7*	8½
Dennis Bros. (Sept. 30)—						
Earned for div.	336.6	286.8	135.7	74.1	74.3	104.0
Earned %	472.5	410.3	183.0	98.6	98.9	139.8
Div. %	350	283½	175	100	100	133½
Gilford (Sept. 30)—						
Earned for div.	...	26.2*	Dr. 28.3	Dr. 33.6	Dr. 38.4	Dr. 14.0
Earned %	...	29.8*	Nil	Nil	Nil	Nil
Div. %	...	15	Nil	Nil	Nil	Nil
Guy (June 30)—						
Earned for div.	66.2	Dr. 149.5*	£	Dr. 173.8	Dr. 69.8	Dr. 23.2
Earned %	19.1	Nil	£	Nil	Nil	Nil
Div. %	15	Nil	£	Nil	Nil	Nil
Leyland (Sept. 30)—						
Earned for ord.	507.6*	360.7*	200.9	65.9	Dr. 30.6	154.2
Earned %	68.2*	51.5*	29.8	9.8	Nil	22.1
Div. %	Nil	20	10	10	5	12½
Maudslay (Aug. 31)—						
Earned for div.	20.0	Dr. 19.8	Dr. 13.8	Dr. 18.8	Dr. 3.8	Dr. 2.6
Earned %	25.0	Nil	Nil	Nil	Nil	Nil
Div. %	10	Nil	Nil	Nil	Nil	Nil
Scammell (Dec. 31)—						
Earned for div.	38.7	16.1*	0.7	Dr. 52.6	Dr. 22.6	Dr. 1.1*
Earned %	34.3	14.0*	0.6	Nil	Nil	Nil
Div. %	20	Nil	Nil	Nil	Nil	Nil

* Broken periods equated to 12 months’ basis. † Tax free.
‡ No accounts published.

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leaves a long and marked legacy of subnormal sales. This is due to the relative lack of a second-hand market. It is probable, however, that some time in the next year or two a high proportion of the exceptional 1928-29 purchases will begin to reach the end of their re-engined life, and a second wave of orders would be expected. Given a continuation of general recovery, better profits may reasonably be expected for manufacturers. Investors who lack inside knowledge, however, may choose to confine their attention to the leading concerns, such as Leyland, Associated Equipment, and Dennis.

* * *

Armament Companies.—The market's preoccupation with armament shares, which has driven down the yields obtainable on the leaders to the 2 per cent. level, clearly shows more confidence in the prospects of a new "defence" policy—reiterated this week by the Chancellor of the Exchequer—than fear of any adverse eventual recommendation by the Royal Commission which is now studying the industry. Some of the evidence already heard by the Commission, however, is of tangible current interest to investors. The statement put in by the Union of Democratic Control, for example, contains many important contentions regarding the financial organisation and commercial interests of the companies in the industry. Much of the financial description, it is true, is founded upon presumption. The burden of suggestion, however, seeks to establish a more closely integrated financial structure in certain units than is generally known. The statement declares that only three firms manufacture armour plate and heavy ordnance steel: English Steel Corporation, which is indirectly controlled, according to the Union, by Vickers; William Beardmore, which is stated to be closely linked with Vickers; and Thomas Firth and John Brown, in which English Steel holds a moiety. Hadfields are stated to be the most important shell firm, and it is declared that these concerns are largely associated by financial ties and common supply of raw materials. Small arms are manufactured by Vickers, B.S.A. and Projectile and Engineering. The list of firms interested in naval construction includes Vickers-Armstrongs, John Brown, Swan Hunter and Wigham Richardson, and Cammell Laird. The first controls English Steel, which took over the Vickers and Cammell Laird armament and high-speed steel interests. It may be noted that, according to the statement, Harland and Wolff and R. and W. Hawthorn Leslie build large warships "on occasion," but their naval shipbuilding is described as small in comparison with their ordinary work. Among those concerns which have considerable non-armaments interests, in addition to certain companies already cited, Babcock and Wilcox equips a large proportion of the mercantile and naval fleets of the world with boilers. This brief summary of the Union's evidence suggests that the field for armaments investment is narrower than is sometimes supposed, and that certain interests outside the recognised leaders may have a distinctly limited "arms equity" in present circumstances.

* * *

Shipping Shares.—The market for shipping shares, a laggard in recovery, has recently reflected the hardening of freight rates on many cargo routes. The advance, which has been substantial in some instances, has been due partly to gradual reduction of the world's "surplus" tonnage and partly to increased demand and rising prices for many commodities. Disturbed international relations have induced consumers in certain cases to anticipate their normal requirements, particularly on Mediterranean and Suez routes, while the Italo-Abyssinian dispute has itself entailed some diversion of tonnage. Substantial progress towards co-operation has also been effected by the shipping industry. For example, differentials have recently been fixed between tramp and liner rates in the Plate trade, which should ensure the observance of minimum rates on the homeward route. In the Australian trade, minimum scales were raised last week to establish conformity with the effective rates now prevailing. These movements may

gratify patient shipping shareholders, but they reflect, so far, only the first phase of recovery. The latest calculation of our shipping freight index shows an improvement from 82.1 for August to 86.6 for September (1898-1913 = 100), but the latter figure remains below that of 89.9 recorded for September, 1934. In September, 1929, the index stood at 110.9. The full £2 millions of the Government subsidy, incidentally, will be payable if average rates this year are below 93 per cent. of the 1929 average. Under present conditions, clearly, investment interest may best be confined to concerns which can claim a reasonable dividend record during depression. The recent trend of shipping earnings is illustrated below:—

(PROFITS IN £'000)

Company (and Date of Accounts)	1929	1931	1933	1934	Ordinary Shares		
					Dividend	Yield	Yield
					(%)	(%)	(%)
Furness Withy (April 30):							
Available for dividends	403.4	142.7	179.7	78.2†	£1	17/6	Nil
Earned for Ord. (%)	10.7	2.7	2.7	0.5†			
Ord. div. (%)	10	7½	3	Nil†			
Houlder Bros. (Dec. 31):							
Available for dividends	107.2	56.9	32.3	35.7	5½*	5 0	0*
Earned for Ord. (%)	12.7‡	6.4‡	3.4‡	3.8‡			
Ord. div. (%)	10‡	8‡	4‡	4‡			
Manchestr. Liners (June 30):							
Available for dividends	72.9	49.9	27.2	40.2‡	£1	23/-	4 7 0
Earned for Ord. (%)	11.2‡	8.1	1.3	5.0‡			
Ord. div. (%)	10‡	10	5	5‡			
Orient Ste. Nav. (June 30):							
Available for dividends	366.8	86.3	142.5	190.3	£1	47/6	2 2 1‡
Earned for Ord. (%)	27.3‡	0.4‡	5.8‡	10.4‡			
Ord. div. (%)	12.5‡	5‡	5‡	5‡			
Peninsular and Oriental (Sept. 30):							
Available for dividends	628.9	428.2	143.6	134.7	£1	18/6	Nil
Earned for Ord. (%)	10.4‡	6.0‡	Nil	Nil			
Ord. div. (%)	12‡	6‡	Nil	Nil			

* 5½ per cent. cumulative preference shares. † Corresponding figures for 1935: £95,100; 0.8 per cent.; nil. ‡ Free of income tax. § Corresponding figures for 1935: £46,230; 6.8 per cent.; 5 per cent.

While recent freight increases have provided encouragement for speculative operations, the scope for the conservative investor is still narrow.

* * *

Anglo-Chilean Debenture Scheme—and Lautaro.—The most interesting feature of the scheme for modifying the interest and sinking fund rights of the Anglo-Chilean Nitrate Corporation's 7 per cent. first mortgage debentures lies outside the scheme itself. In an explanatory circular the directors state that the profits available for distribution in each financial year are expected to be "at least sufficient" to provide the revised 5 per cent. service on the stock. This is the first substantial evidence the investor has had of the profits which the nitrate companies may expect from the new nitrate production and sales system in Chile. The 5 per cent. service on the £2,979,178 of outstanding stock will cost just under £150,000 a year. Anglo-Chilean now draws much the greater part of its revenues from its dividend receivable from the Chilean Nitrate and Iodine Sales Corporation, in which the profits of the entire Chilean nitrate industry are centralised. In addition, there is a certain revenue from the Corporation's railway and by-products. Consequently, if the greater part of the £150,000 a year is to come from the Anglo-Chilean share of 26.77363 per cent. in the Sales Corporation's surplus profits, the total surplus profits anticipated must be at least some £500,000 to £550,000 per annum. On the Lautaro Company's share of 36.9731 per cent. in surplus profits, the Lautaro income would be some £200,000. The Anglo-Chilean scheme itself appears equitable. The first debentures, of which just under £3,000,000 are outstanding, rank ahead of £12,700,000 twenty-year 7 per cent. debentures and £16,965,000 7 per cent. secured bonds taken over from Cosach. No settlement is yet offered to these junior issues, so that the offer of 4½ per cent. interest plus ½ per cent. sinking fund, together with 50 per cent. of any surplus profit as additional sinking fund, appears to allow adequately for the sterling debentures' first charge. In pricing the stock at about 48½ the market is valuing it on a 9½ per cent. yield basis.

Canadian Pacific Position.—The recent figures of the Canadian Pacific system raise many perplexities for stockholders. Gross receipts have shown truly remarkable progress during the last two weeks. Up to September 21st the total traffics were some \$240,000 short of the previous year's level. The next return, for the nine days to September 30th, showed a prodigious increase of \$1,380,000 over the same nine days of 1934. In the subsequent week the increase was as much as \$711,000. In little over a fortnight, therefore, the traffic position has been outwardly transformed, an aggregate increase of \$1,851,000 for the period to October 7th affording striking contrast with a deficit, at the end of March, of some \$1,048,000. The following table, however, suggests a need for cautious interpretation:—

(\$000's)

Period	Gross Receipts				Net Receipts			
	Total		Cumulative Total		Total		Cumulative Total	
	1934	1935	1934	1935	1934	1935	1934	1935
January-March	27,487	26,439	27,487	26,439	3,226	2,101	3,226	2,101
April-June	29,723	30,061	57,211	56,529	4,829	5,961	8,054	6,062
July	10,717	11,130	67,928	67,659	1,511	1,526	9,566	7,583
August	10,930	10,937	78,858	78,595	1,070	508	10,637	8,096
Week to September 7 ..	2,751	2,460	81,609	81,055	...	...	...	...
" " 14 ..	2,942	2,949	84,551	84,004	...	...	...	...
" " 21 ..	2,918	3,225	87,469	87,229	...	...	...	...
Nine days to Sept. 30 ..	3,431	4,811	90,900	92,040	...	...	...	...
Week to October 7 ...	2,605	3,316	93,505	95,356	...	...	...	...

The relation of net to gross receipts is difficult to trace month by month. The figures seem to suggest that the improved course of earnings has been accompanied by increased maintenance provision. It might be somewhat optimistic to budget for continued traffic increases on the recent scale. The wheat crop is smaller in volume than a year ago. Any liberation of "pool" policy which may be effected by the new Liberal Government will probably be gradual, and will hardly help this year's traffics. Investors may also be reminded that the Canadian Pacific has American skeletons in its cupboard. In particular, the Minneapolis, St. Paul ("Soo") line has continued to suffer badly from depression. Possibly, further C.P.R. allocations for losses in respect of controlled United States lines (which cost \$4,000,000 in each of the last two years) might be charged to revenue, rather than surplus, if improvement on the Canadian system were sustained.

* * *

Ranks' Report.—The directors of this flour-milling holding company, registered as recently as November, 1933, provide little information in their annual report. Shareholders are merely informed that for the year to June last the dividend income from Joseph Rank, Ltd. (the operating company), amounted to £748,852, leaving undistributed "a substantial amount, which the directors consider to be a sufficient reserve, out of the profits for the year." Substantially, therefore, the profit-and-loss account consists of gross dividends and income-tax items, while the balance sheet, totalling £7,743,453, comprises three asset items, the largest of which is an entry of £7,295,593, representing the cost of shares in Joseph Rank. The accounts, drafted on the narrowest holding company lines, afford no basis for an investment appraisal of the concern, since essential information regarding the position of the operating group is withheld. So far as the formal figures are concerned, the holding company received £749,952 in dividends and other income for the year to June 29th last, compared with £478,389 for the preceding 7½ months, equivalent to approximately £765,000 in a full year. Whether these figures imply a stationary earnings experience for the operating group one cannot say, for the directors' report is silent as to trading conditions. The dividend is maintained at 15 per cent. per annum, and a rather higher balance of £54,139 is carried forward. Though the group appears to have been conservative in its profits distribution, it is impossible to place a firm valuation on the shares in the absence of knowledge of group profits. The 5s. shares stand at 17s. 3d., to yield £4 10s. per cent.

* * *

Witwatersrand Nigel.—The second report of this Far Eastern Rand concern shows that considerable progress was made during the year to June last. Two shafts have been sunk to intersect the Nigel Reef Horizon at about 600 feet, and early development work on the Reef shows average values of 1.46 dwts. over 23.3 inches. The development on the Upper Leader shows 653 feet of payable ore, averaging 10.30 dwts. over 32.2 inches. The consulting engineer's report regards these latter developments as indicating payable ore-shoots in this area. There is evidence of considerable faulting, but more development is necessary before the potentialities of the area can be assessed. Meanwhile, the company is well supplied with resources for further development. Excluding £27,500 resulting from the recent share issue, the net cash holding at the end of June was £179,685.

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Other Company Results.—The weekly summary table of profit and loss accounts on page 783 shows the results of 41 additional companies from a wide range of industries. The increase in the profits of *Seager, Evans* is a tribute to the continued enterprise of this distilling firm in offering its products directly to the public in forms which follow the trend of fashion. *Lambert Brothers*, the coal factors, have also secured a gratifying increase in profits from £16,495 to £42,142, in spite of the continued difficulties of the coal trade. *Sneyd Collieries* has also succeeded in doubling its rate of profit. The companies in the rubber group nearly all show improved results, some of them, such as *Jabi, Morib, Parit-Bruas* and *Karmen*, having secured substantial increases. Only *Strathisla (Perak)* is an exception to the rule, its profits having fallen from £10,028 to £6,634. Another overseas commodity producer is *Ste. Madeleine Sugar*, which has also increased its profits. Among the miscellaneous companies, the most interesting results are connected with the building trades. *François Cementation* shows recovery from a loss of £9,012 to a profit of £9,178, but *Venesta*, the makers of plywood, reveals only a very moderate net rise. *John Delaney*, whose interests are in lime, also show an increase. *General Theatre Corporation* has secured an increase in net profit of £21,042, but since no provision has to be made for debenture stock sinking fund, under the scheme of arrangement recently approved, the net profit has risen by a much larger amount, a net loss of £27,015 being converted into a profit of £67,851. *Erinoid*, which makes casein products, has had a setback, profits falling from £45,159 to £35,008. *Serck Radiators* has shared in the activity of the motor trade, for its profits have increased from £20,624 to £27,819. The profits of *Prices Trust* amount to £87,955, and an ordinary dividend of 15 per cent. is recommended. *Imperial Airways* announce profits of £133,769 after providing £192,960 for obsolescence, and the 6 per cent. dividend is supplemented by a bonus of 1 per cent.

* * *

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following company meetings:—Central Argentine Railway, Trinidad Leaseholds, Leach's Argentine Estates, Anglo-Continental Guano Works, Harrisons and Crosfield, Chungloon Rubber Estate, and Java Produce Company. The chairman of Central Argentine Railway, commenting upon exchange difficulties and unfair State competition, said that all the railways asked for was a square deal, which they were not getting to-day. The chairman of Trinidad Leaseholds said that during the year there had been an all-round increase of efficiency and reduction of costs. Chungloon Rubber Estate finds that increase in rubber prices has more than offset the increase in costs due to restriction. The chairman of Harrisons and Crosfield said the actual rubber position seemed to him stronger than was generally recognised, and argued for an extension of the tea agreement beyond 1938. Leach's Argentine Estates, according to the chairman, are now selling from current production instead of drawing on

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stocks. The chairman of Anglo-Continental Guano Works declared that fertiliser business had been well maintained. Mr Llewellyn, chairman of Java Produce Company, said that the early months of the rubber restriction scheme had an effect more sentimental than economic and restriction should only be a temporary expedient to tide over short periods of over-production.

THE WEEK IN THE MARKETS

THE LONDON STOCK EXCHANGE

SETTLING DAYS
TICKET | ACCOUNT
OCTOBER 22 | OCTOBER 24

THE market has shown little disposition towards movement from the "mild sanctions—safe election" position this week, and the small downward changes in prices can be attributed largely to the small volume of business and to the end of a quietly uneasy account. The "House," indeed, has shown considerable indifference to the demand of the British delegate for stronger sanctions, and little more interest in general election prophecies, whose outcome is awaited with composure.

Nor did Mr Chamberlain's further warning regarding armament policy take more than temporary toll in the gilt-edged market, which gradually acquired a firmer tone, despite an evident paucity of business. War Loan provided an active feature, in anticipation of the half-year's interest deduction. The irredeemable issues, however, showed only a fractional improvement, and were a shade easier on Thursday.

The election results were signalled by a firmer tone in the Canadian list, and by the restoration of Vancouver bonds in dealers' lists, but quotations, although lowered, remained largely nominal. Other Dominion and Indian issues were quiet.

In the foreign bond market, Brazilian issues recovered from early weakness on an indefinite statement from the Finance Minister regarding economic reconstruction. Argentine issues were quite firm, and Far Eastern issues, after an easier interlude, regained their stride. European issues were poor without exception, Roumanian bonds in particular reacting to the unsatisfactory debt position (see page 762).

This week's disturbances on the South Wales coalfield were of more concern to the home rail market than a batch of mildly satisfactory traffics. Losses among the ordinary stocks were fractional, and prior charges ruled dull and recessionary. The market is now resigned to the view that rating relief cannot affect this year's figures. It is understood that the appeal in the Southern Railway case, which was expected to be heard next week, may be postponed, possibly by as much as a month. Argentine rails continued friendless, showing no marked changes in anticipation of the forthcoming accounts. Brazilian stocks also tended to seek lower levels, but American rails, whose prospects are discussed in a leading article on page 761, were adjusted to Wall Street's higher levels.

The industrial markets opened in fairly confident vein, but without any perceptible increase in public encouragement. Later in the week movements became rather undecided, and the approaching end of the account exerted a fuller influence. In contrast, trans-Atlantic issues were well supported on the renewed progress on Wall Street. Iron and steel issues, recently the most active domestic group, reacted on intermittent profit-taking, and coal shares showed nervousness. The aviation group lacked its long-sustained impetus, and no general movements were seen among motor shares, the Austin speech, which confirmed the reduced profit-margin hypothesis suggested in last week's *Economist*, tending to offset this week's Motor Show publicity. Standard fluctuated rather widely before the 20 per cent. dividend announcement.

A number of industrial groups followed the common course of the market. Electrical equipment issues, for example, lost their early firmness, and in an easier textile group Courtaulds only rallied on Thursday. Provision shares made but limited response to higher commodity prices. A slight rally occurred in mid-week among brewery

shares, but the tobacco leaders were rather neglected. No regular trend was apparent among miscellaneous issues. The leaders lost ground on Monday, together with the building supply shares, and despite a partial mid-week rally in the latter group, the market as a whole lacked drive. Shipping shares responded to recent advances in freight rates, discussed on page 766, but the movement was largely speculative. The bank share list showed improvements among Canadian institutions, following the election results.

The oil share market opened quietly, but a later rally developed into more active mid-week conditions. The market received the latest excess production figures from California (discussed on page 764) without comment, but selling from Continental centres checked the incipient rise.

Rubber shares fluctuated considerably. A firm opening signalled the market's satisfaction with Dutch native policy and the restoration of sixpenny rubber. After a pause for profit-taking, there was a good mid-week response to the further raising of the Dutch native export duty. Tea shares commenced in fair style, but subsequently share levels, except for Ceylon issues, tended to recede.

The mining markets reverted to hesitant mood this week. Opening support for developing and producing concerns tended to wane, and the market drifted. Finance issues also moved lower. East African issues provided the week's feature and were well supported on Wednesday. The "Jungle" and Westralian groups, however, lost their early leeway. Base metal issues were weaker in conformity with declining metal prices.

"FINANCIAL NEWS" DAILY BARGAIN INDEX (Approximate number of Bargains recorded in Stock Exchange Lists)

	Week to Oct. 11, 1935	Oct. 10, 1935	Oct. 11, 1935	Oct. 14, 1935	Oct. 15, 1935	Oct. 16, 1935	Oct. 17, 1935
Government and Municipal Loans	5,547	1,095	1,088	1,193	1,182	1,264	1,482
Transport, Communications, and Public Utilities...	4,595	962	1,024	1,163	1,058	872	467
Commercial and Industrial*	19,346	3,642	4,169	4,711	4,378	3,926	4,212
Banks, Insurance and Financial...	2,692	478	572	639	643	601	599
Mines (including Nitrates)	6,137	1,112	1,428	1,658	1,312	1,052	1,073
Oils	1,075	231	168	192	190	175	179
Rubber, Tea and Coffee	1,365	236	344	512	367	312	279
Total	40,757	7,756	8,793	10,068	9,130	8,202	8,291
Corresponding day in 1934	...	8,319	8,334	8,926	7,766	8,078	7,774

* Including Iron and Steel and Breweries.

REVISED "FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (July 1, 1935 = 100)

Highest of 1935 (Aug. 12)	Lowest of 1935 (Mar. 27)	Oct. 10, 1935	Oct. 11, 1935	Oct. 14, 1935	Oct. 15, 1935	Oct. 16, 1935	Oct. 17, 1935
104.2	87.4	98.9	89.2	99.6	98.8	98.4	98.1

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS. (1928 = 100)

Highest of 1935 (Feb. 1)	Lowest of 1935 (Oct. 3)	Oct. 10, 1935	Oct. 11, 1935	Oct. 14, 1935	Oct. 15, 1935	Oct. 16, 1935	Oct. 17, 1935
141.0	131.9	132.5	132.6	132.7	132.6	132.6	132.5

FOREIGN STOCK EXCHANGES

NEW YORK

WHILE the Secretary of the U.S. Treasury says in Paris that there is no concern in America over the present flight of gold to the States, Wall Street has found the powder barrel under its own feet more exciting than the explosive situation in Europe. As American gold reserves cross the \$9,500 millions mark, and bankers' excess reserves swell, Mr Gay, President of the New York Stock Exchange, points to the danger of credit inflation and a stock market boom which, in theory at least, could outshadow any 1929 boom. The

Chairman of the Securities and Exchange Commission agrees with this warning, and Wall Street is acting accordingly. There has been an all-round rise in a broadening market, which continues to be firm in spite of profit taking. Motors and motor accessories, amusements and farm implements have been prominent, and even railway shares have begun to think a little better of themselves. The Dow Jones index reached a new post-depression high of 135.03. The Federal Government has been so much concerned in the last two years to manage currency and expand the credit base that, with all the good intentions in the world, it will be difficult to reverse its policy with any speed, should inflation psychology begin to spread. The bond market is firm. The Fourth Liberty refunding offer is now closed and it is announced that about \$1,000 millions were refunded and \$250 millions cashed. This marks the end of an \$8,200 millions two-year programme of refunding. There are continued skirmishes with the New Deal legislation. The State of Georgia has filed suit against the Bankhead Cotton Control Act; vulnerable utility holding companies are slowly conforming with the conditions of the Holding Company Act; the A.A.A. proposes to hold a referendum among farmers on its agricultural restriction programme of paying subsidies for not producing. The reduced production of foodstuffs is leading to high prices which are very much criticised in the Eastern industrial States. In general business, reports continue to be good. Automobile output increased slightly, but the rate of steel mill production is held back by lack of railroad orders and declining tinplate production.

	Oct. 9, 1935	Oct. 16, 1935	Oct. 16, 1935, Eng. Equiv.†		Oct. 9, 1935	Oct. 16, 1935	Oct. 16, 1935, Eng. Equiv.†
U.S. 2½% Treas. Bds. 1945-47	102½	100½	100½	Natl. Biscuit	31	31½	32½
Atchafalca	44½	47½	48½	Phelps Dodge	25½	24½	24½
Erre	9½	10½	10½	Pullman	31	31½	32½
Illinois Central	14½	14½	15½	Sears Roebuck	55½	58½	59½
N.Y. Central	21½	22½	23½	Un. Fruit	65½	68½	69½
Pennsylvania	25½	27½	27½	N.S. Leather	16½	17½	18½
Southern Pacific	16½	18½	18½	U.S. Rubber	12½	13	13½
Southern Ry.	8½	9	9½	U.S. Steel	43½	45½	46½
Union Pacific	91½	94½	95½	Westinghouse	75½	84½	86½
				Woolworth	59½	59	60½
Am. Can.	139½	144	146½	Am. Tel. and Tlg.	139	141½	143½
Amer. Smelting	50½	52½	53½	Interboro R.T.	20½	20½	20½
Anaconda	22½	20½	21½	Int. Tel. Teleg.	9½	9½	9½
Bethlehem Steel	36½	38½	38½	Utilities P. & L.	2½	2½	2½
Chrysler Motor	73	80½	82½	W. Union Tlg.	49	57	58
Corn Products Rf.	61½	64½	65½				
Eastman Kodak	153	156½	159½				
Gen. Electric	33½	34½	35½	Shell	35	34½	35
Gen. Motors	46½	49	49½	Shell Union	9½	9½	9½
Int. Harvester	58½	57	57½	Std. California	32½	33	33½
Mont. Ward	31½	32½	33½	Do. N.J.	44½	45	45½

† Calculated at \$4.91½ to £.

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

	1934		1935		Be- ginning of Year 1935	Oct. 2, 1935	Oct. 9, 1935	Oct. 16, 1935
	Lowest Sept. 19	Highest Feb. 21	Lowest Mar. 20	Highest Oct. 16				
851 Industrials	74.3	90.5	74.5(u)	100.3	83.1	93.9	98.8	100.3
33 Rails	34.0	51.4	27.4	38.0x	35.6	33.2	33.5	34.9
37 Utilities	55.2½	83.4½	52.2	85.8u	57.9	77.2	80.2	81.9
Total, 421 Stocks	65.6	82.1	63.1	86.7	71.0	81.3	83.8	86.7
Average yield of 50 Industrial Common Stocks	2.78%	3.90% (s)	3.09% (v)	4.06% (t)	3.62%	3.50%	3.38%	3.29%

† December 26th.

(f) March 13th.

† February 7th.

(v) August 14th.

(s) September 12th.

(x) September 11th.

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

Highest of 1935 (Oct. 15)	Lowest of 1935 (Mar. 15)	Oct. 9, 1935	Oct. 10, 1935	Oct. 11, 1935	Oct. 12, 1935	Oct. 14, 1935	Oct. 15, 1935	Oct. 16, 1935
114.1	78.6	109.7	111.7	111.8	Closed	113.3	114.1	113.6

|| Columbus Day.

(Continued on page 772)

THE COMING BOOM IN AMERICAN MOTORS

By L. L. B. Angus

Send cheque for 4/- to:—

BROOKMIRE CORPORATION, 351 FIFTH AVENUE, NEW YORK

LONDON ACTIVE SECURITY PRICES AND YIELDS

Note—Shares with a New York Quotation or with definite American interest are distinguished by italics

In calculating yields on fixed interest stocks quoted below allowance is made for interest accrued since the last date of payment, less income tax at the standard rate. Where stocks are definitely redeemable at a certain date the yield includes any premium or loss on redemption; where stocks are redeemable at or before a certain date the final date of repayment is taken when the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated by reference to the latest dividends, account being taken of any enhancement or reduction of interim dividends. Allowance is made for accrued dividends in calculating the yield on "cum div." shares.

Prices, Year 1934	Low- est	High- est	Name of Security	Price, Oct. 16, 1935	Price, Oct. 16, 1935	Rise or Fall	Yield, Oct. 16, 1935	Last two Half-yearly Dividends	Name of Security	Price, Oct. 16, 1935	Price, Oct. 16, 1935	Rise or Fall	Yield, Oct. 16, 1935
93 1/2	73 1/2	94 1/2	Consols 2 1/2%	82 1/2	82 1/2	—	3 1 0	4 1/2	Anglo S. A. 10 1/2% (5 p.)	5 1/2	5 1/2	—	Nil
120	102 1/2	118 1/2	Do. 4% Red. at par on or after Feb. 1937 (n)	111	111 1/2	+	3 5 8	47/8	American B. 1 1/2% (5 p.)	5 1/2	5 1/2	—	Nil
102 1/2	92 1/2	103 1/2	Do. 3 1/2% 1944-49	98 1/2	98 1/2	—	2 12 6	38 1/2	Bank of N. Zealand £1	42 1/2	42 1/2	—	3 19 0
106 1/2	97 1/2	107 1/2	Do. 3 1/2% 1948-53	101 1/2	101 1/2	—	2 18 0	78/101	Bank of England Stk.	352	352	—	3 8 0
111 1/2	101 1/2	112 1/2	Do. 3 1/2% after 1961 (n)	103	103 1/2	+	3 7 0	41/3	Barclay B. (£1)	73 1/2	73 1/2	—	3 14 0
116 1/2	106 1/2	117 1/2	Do. 4 1/2% 1940-44	109 1/2	109 1/2	—	2 18 0	41/3	Barcl. (Dom. & C.) A £1	37 1/2	37 1/2	—	2 12 0
124 1/2	114 1/2	125 1/2	Do. 5 1/2% 1944-44	116 1/2	116 1/2	—	2 18 0	41/3	Bk. of Australasia (£5)	81	81	—	4 7 0
104 1/2	94 1/2	105 1/2	Funding 3 1/2% 1950-69	99 1/2	99 1/2	—	3 0 0	26 1/2	Bk. of Montreal (\$100)	43 1/2	43 1/2	—	3 3 0
124 1/2	114 1/2	125 1/2	3% Treasury Bds. 33-42	101 1/2	101 1/2	—	2 15 0	16 1/2	Bk. of N. Wales (£20)	24 1/2	24 1/2	—	7 10 0
109 1/2	99 1/2	110 1/2	Victory Bonds 4%	111 1/2	111 1/2	—	3 9 0	14 1/2	Chtd. of India (£5)	13 1/2	13 1/2	—	3 5 9
109 1/2	99 1/2	110 1/2	War Ldn 3 1/2% after 1952 (p)	103 1/2	103 1/2	—	3 6 0	14 1/2	Comcl. Bk. of Aus. 10 1/2%	12 1/2	12 1/2	—	4 2 0
98 1/2	88 1/2	89 1/2	Local Loans 3%	91 1/2	91 1/2	—	3 12 6	58 1/2	Do. B. 1 1/2% fully paid	55 1/2	55 1/2	—	3 12 9
94 1/2	84 1/2	85 1/2	Austria 3 1/2% 1933-53	101	101	—	3 12 6	58 1/2	Eng. Scot. & Aust. £5 1/2% (3 p.)	75 1/2	75 1/2	—	3 16 0
93 1/2	83 1/2	84 1/2	India 2 1/2%	79 1/2	79 1/2	—	3 15 0	114 1/2	Hambros (£10, £25 paid)	101 1/2	101 1/2	—	4 5 0
93 1/2	83 1/2	84 1/2	Do. 3 1/2%	93 1/2	93 1/2	—	3 15 0	114 1/2	Hoag. & S. (£125)	101 1/2	101 1/2	—	4 5 0
91 1/2	81 1/2	82 1/2	Do. 4 1/2% 1958-68	113 1/2	113 1/2	—	3 14 0	9 1/2	Lloyds (£5, with £1 p.)	59 1/2	59 1/2	—	4 10 0
107 1/2	97 1/2	108 1/2	U.K. & Arg. 4 1/2% (1947)	106 1/2	106 1/2	—	3 10 9	84 1/2	Martins (£20, £25 p.)	90 1/2	90 1/2	—	4 10 0
117 1/2	107 1/2	118 1/2	Dom. & Colonial Govts.	108	108	—	4 1 1	92 1/2	Midland (£1, fully pd.)	90 1/2	90 1/2	—	4 10 0
107 1/2	97 1/2	108 1/2	Argentina 4 1/2% 1940-60	101	101	—	3 2 8	45 1/2	Nat. of Egypt (£10)	39 1/2	39 1/2	—	3 8 0
119 1/2	109 1/2	110 1/2	Canada 4 1/2% 1940-60	101	101	—	3 15 0	45 1/2	Nat. of India (£25, £100 p.)	41 1/2	41 1/2	—	5 8 0
120 1/2	110 1/2	121 1/2	Gold Coast 4 1/2% 1950-60	113	113	—	3 12 6	48 1/2	Nat. Prov. £20, £4 p.	144	144	—	4 3 0
117 1/2	107 1/2	108 1/2	Nigeria 5 1/2% 1950-60	116	116	—	3 13 6	15 1/2	Royal Bk. of Scotland	450	450	—	4 3 0
109 1/2	99 1/2	110 1/2	N. Zealand 5% 1948	111	111	—	3 17 3	95 1/2	St. of S. At. (£25, £5 p.)	14 1/2	14 1/2	—	4 0 0
119 1/2	109 1/2	110 1/2	Queensland 5% 40-60	105	105	—	3 14 0	85 1/2	Westminster £4, £1 p.	89 1/2	89 1/2	—	4 0 0
119 1/2	109 1/2	110 1/2	S. Africa 5 1/2% 1945-75	114	114	—	3 8 9	92 1/2	Alexanders (£2, £1 p.)	82 1/2	82 1/2	—	4 12 0
101 1/2	91 1/2	92 1/2	Foreign Governments	100	100	—	4 1 1	124 1/2	National A. (£2, £1 p.)	61	61	—	4 14 0
95 1/2	85 1/2	86 1/2	Argentina 4 1/2% 1952	85	85	—	8 13 4	102 1/2	Union £5, £1 p.	11	11	—	4 11 0
95 1/2	85 1/2	86 1/2	Austria 7 1/2% 1957	85	85	—	8 13 4	102 1/2	Union £5, £1 p.	11	11	—	4 11 0
95 1/2	85 1/2	86 1/2	Do. 4 1/2% 1954-59	81 1/2	81 1/2	—	6 6 0	102 1/2	Union £5, £1 p.	11	11	—	4 11 0
95 1/2	85 1/2	86 1/2	B. Aires (Prov.) 3 1/2%	58	58	—	5 16 8	102 1/2	Union £5, £1 p.	11	11	—	4 11 0
95 1/2	85 1/2	86 1/2	Belgian 7 1/2% red. by 1956	108	108	—	6 8 0	102 1/2	Union £5, £1 p.	11	11	—	4 11 0
95 1/2	85 1/2	86 1/2	Bulgaria 7 1/2% Loan	151	151	—	16 2 6	102 1/2	Union £5, £1 p.	11	11	—	4 11 0
95 1/2	85 1/2	86 1/2	Chili 6 1/2% 1929	151	151	—	9 0 3	102 1/2	Union £5, £1 p.	11	11	—	4 11 0
95 1/2	85 1/2	86 1/2	China 5 1/2% (1912)	77 1/2	77 1/2	—	6 5 5	102 1/2	Union £5, £1 p.	11	11	—	4 11 0
95 1/2	85 1/2	86 1/2	Do. 5 1/2% (1913)	90	90	—	5 10 0	102 1/2	Union £5, £1 p.	11	11	—	4 11 0
95 1/2	85 1/2	86 1/2	Czechoslovakia 8%	100	100	—	7 16 0	102 1/2	Union £5, £1 p.	11	11	—	4 11 0
95 1/2	85 1/2	86 1/2	Danish 3%	95	95	—	3 6 6	102 1/2	Union £5, £1 p.	11	11	—	4 11 0
95 1/2	85 1/2	86 1/2	Danzig 6 1/2%	53 1/2	53 1/2	—	12 14 9	102 1/2	Union £5, £1 p.	11	11	—	4 11 0
95 1/2	85 1/2	86 1/2	Egypt United 4%	102	102	—	4 1 0	102 1/2	Union £5, £1 p.	11	11	—	4 11 0
95 1/2	85 1/2	86 1/2	French 4 1/2% (British)	27	27	—	4 10 0	102 1/2	Union £5, £1 p.	11	11	—	4 11 0
95 1/2	85 1/2	86 1/2	Germany 7 1/2% Dawes Ln.	38	38	—	12 1 3	102 1/2	Union £5, £1 p.	11	11	—	4 11 0
95 1/2	85 1/2	86 1/2	Do. 5 1/2% (Young Ln.)	40	40	—	13 0 0	102 1/2	Union £5, £1 p.	11	11	—	4 11 0
95 1/2	85 1/2	86 1/2	Greek 6 1/2% Stab. Ln.	26	26	—	2 2 2	102 1/2	Union £5, £1 p.	11	11	—	4 11 0
95 1/2	85 1/2	86 1/2	Do. 7 1/2% Refugee	32	32	—	3 3 1	102 1/2	Union £5, £1 p.	11	11	—	4 11 0
95 1/2	85 1/2	86 1/2	Hungary 7 1/2%	40 1/2	40 1/2	—	9 5 3	102 1/2	Union £5, £1 p.	11	11	—	4 11 0
95 1/2	85 1/2	86 1/2	Japanese 5 1/2% 1936-65	86	86	—	6 7 2	102 1/2	Union £5, £1 p.	11	11	—	4 11 0
95 1/2	85 1/2	86 1/2	Do. 6 1/2% (1924) red 1959	91	91	—	6 12 6	102 1/2	Union £5, £1 p.	11	11	—	4 11 0
95 1/2	85 1/2	86 1/2	Norwegian 4 1/2% 1911	125	125	—	3 5 0	102 1/2	Union £5, £1 p.	11	11	—	4 11 0
95 1/2	85 1/2	86 1/2	Peru 7 1/2% 1922	45 1/2	45 1/2	—	7 12 2	102 1/2	Union £5, £1 p.	11	11	—	4 11 0
95 1/2	85 1/2	86 1/2	Poland 7 1/2%	96	96	—	9 2 2	102 1/2	Union £5, £1 p.	11	11	—	4 11 0
95 1/2	85 1/2	86 1/2	Roumania 4 1/2% Con. 1922	81	81	—	7 1 1	102 1/2	Union £5, £1 p.	11	11	—	4 11 0
95 1/2	85 1/2	86 1/2	Swedish 3 1/2% 1908	135	135	—	2 12 0	102 1/2	Union £5, £1 p.	11	11	—	4 11 0
95 1/2	85 1/2	86 1/2	U.K. & Argentine 1933	108	108	—	4 15 0	102 1/2	Union £5, £1 p.	11	11	—	4 11 0
95 1/2	85 1/2	86 1/2	5 1/2% (Certs. 1951)	103	103	—	3 18 6	102 1/2	Union £5, £1 p.	11	11	—	4 11 0
95 1/2	85 1/2	86 1/2	Do. Certs. (3% Max.)	76 1/2	76 1/2	—	3 18 6	102 1/2	Union £5, £1 p.	11	11	—	4 11 0
95 1/2	85 1/2	86 1/2	Corporation Stocks	76 1/2	76 1/2	—	3 18 6	102 1/2	Union £5, £1 p.	11	11	—	4 11 0
95 1/2	85 1/2	86 1/2	Berlin 6 1/2% 1932-57	25 1/2	25 1/2	—	3 7 0	102 1/2	Union £5, £1 p.	11	11	—	4 11 0
95 1/2	85 1/2	86 1/2	B'ham 5 1/2% 1946-56	115	115	—	3 9 0	102 1/2	Union £5, £1 p.	11	11	—	4 11 0
95 1/2	85 1/2	86 1/2	Bristol 5 1/2% 1948-58	116	116	—	3 9 0	102 1/2	Union £5, £1 p.	11	11	—	4 11 0
95 1/2	85 1/2	86 1/2	Danzig 7 1/2% 1935-45	62 1/2	62 1/2	—	11 4 0	102 1/2	Union £5, £1 p.	11	11	—	4 11 0
95 1/2	85 1/2	86 1/2	E. London 5 1/2% 1960-70	122	122	—	3 13 8	102 1/2	Union £5, £1 p.	11	11	—	4 11 0
95 1/2	85 1/2	86 1/2	Do. 5 1/2% 1937-52	104	104	—	3 8 1	102 1/2	Union £5, £1 p.	11	11	—	4 11 0
95 1/2	85 1/2	86 1/2	L.C.C. 5 1/2% 1937-52	91	91	—	3 6 0	102 1/2	Union £5, £1 p.	11	11	—	4 11 0
95 1/2	85 1/2	86 1/2	Seuie (Dpt. of) 4 1/2% 1952	103	103	—	4 5 0	102 1/2	Union £5, £1 p.	11	11	—	4 11 0

Prices, Year 1935 Jan. 1 to Oct. 16, inclusive	Low- est	High- est	Name of Security	Price, Oct. 16, 1935	Price, Oct. 16, 1935	Rise or Fall	Yield, Oct. 16, 1935	Last two Half-yearly Dividends	Name of Security	Price, Oct. 16, 1935	Price, Oct. 16, 1935	Rise or Fall	Yield, Oct. 16, 1935
19 1/2	13 1/2	19 1/2	Iron, Coal, &c.—contd.	18 1/2	18 1/2	—	27 1/2	25 1/2	Aerated Bread £1	26 1/2	26 1/2	—	3 16 2
24 1/2	18 1/2	24 1/2	Har. & Wif. 6% Cm. Pf.	32 1/2	32 1/2	—	24 1/2	24 1/2	Allied Newspapers £1	30 1/2	30 1/2	—	4 11 0
23 1/2	18 1/2	23 1/2	Horden Collieries £1	18 1/2	18 1/2	—	5 6 9	20 1/2	Amal. Dental Def. £1	7 1/2	7 1/2	—	Nil
19 1/2	7 1/2	19 1/2	Lambert Bros. Ord. £1	20 1/2	20 1/2	—	5 0 0	20 1/2	Amal. Metal £1	25 1/2	25 1/2	—	4 0 0
6 1/2	3 1/2	6 1/2	Ocean Coal & Wilsons £1	8 1/2	8 1/2	—	4 18 0	21 1/2	Amal. Press (£10-)	28 1/2	28 1/2	—	5 9 0
22 1/2	17 1/2	22 1/2	Pease and Partners 10/-	21 1/2	21 1/2	—	5 1 0	24 1/2	Armoury and Navy 10/-	28 1/2	28 1/2	—	4 4 0
22 1/2	17 1/2	22 1/2	Riston & Hornby £1	17 1/2	17 1/2	—	7 7 9	24 1/2	Assoc. Brs. Picture 5/-	25 1/2	25 1/2	—	6 6 0
22 1/2	17 1/2	22 1/2	Powell Duffryn £1	17 1/2	17 1/2	—	5 1 0	24 1/2	Assoc. Newspr. Df. 5/-	25 1/2	25 1/2	—	5 8 0

(Continued from page 769)
TOTAL DEALINGS IN NEW YORK

	Oct. 10, 1935	Oct. 11, 1935	Oct. 12, 1935	Oct. 14, 1935	Oct. 15, 1935	Oct. 16, 1935
Stock Exchange— Shares (Thous.) ...	1,860	2,050		1,590	2,579	2,240
Bonds (Value Thous. \$) ...	9,440	10,080	Closed ||	9,720	13,090	12,240
Curb— Shares (Thous.) ...	380	434		290	384	355

|| Columbus Day.

PARIS

Prices on the Bourse have spent the week see-sawing rather aimlessly, encouraged at one time by the firmness of Wall Street, discouraged at another by the outlook at Geneva, which is strangling speculative activity. The fortnightly account closed on Tuesday with a slightly more favourable tendency which was forgotten next day. Mining shares, which were strong at the end of last week, were unable to maintain their position this week. Rentes, banking shares and Suez Canal shared in the general lack of direction. In general, there were no movements of any importance, and the Bourse continues to pray for a sign.

	Oct. 9, 1935	Oct. 14, 1935	Oct. 16, 1935		Oct. 9, 1935	Oct. 14, 1935	Oct. 16, 1935
Banque de France	8,850	8,970	8,850	Wagons Lits	37	38	38½
Crédit Lyonnais	1,585	1,605	1,605	Mexican Eagle	18	18½	18½
Suez Canal	17,080	16,950	17,075	"Chartered"	82½	87	86
Chargeurs Réunis	134	130½	133½	Ford	53	53½	52
Rio Tinto	1,306	1,313	1,315	De Beers	366	390	389
Royal Dutch	19,440	19,410	19,430	"Johnnies"	263	266½	261

BERLIN

Last week's share market was inactive, and the number of companies with quotations was the lowest of the year. Foreign buying with blocked marks was reported. The tendency was irregular, gains, however, exceeding losses. The commercial banks were slightly weaker, but Reichsbank recovered. Stahlverein and some other steels, Siemens and Halske, and Farbenindustrie rose; Mannesmann, Harpener Coal and Deutsche Erdoel fell. Potash shares and shipping shares had hardly any market. The new week opened with a general decline and Tuesday was irregular with a firmer tendency, and a slight rise in the shipping and some other groups. Reich loans were firmer, and in the bonds list slight gains predominated. Among certificated dollar bonds state issues advanced, but bank issues reacted. On Wednesday the market was generally weaker, but shipping shares held their position.

	Oct. 9, 1935	Oct. 14, 1935	Oct. 16, 1935		Oct. 9, 1935	Oct. 14, 1935	Oct. 16, 1935
Reichsbank	172-00	172-25	172-50	A. E. G.	37-90	36-90	36-90
D.D. Bank	88-50	87-00	86-50	Siemens and			
Dresdner	88-50	87-00	86-50	Halske	167-00	168-00	168-50
I. G. Farben:				A. K. U.	53-25	50-90	51-75
Industrie	150-50	149-75	149-10	Hamburg-Amer.			
Norddeutscher				("Hapag New")	16-00	15-90	16-40
Lloyd (New)	18-00	17-50	18-40				

AMSTERDAM

Last week's interest in commodity issues collapsed towards the end of the week, and the Bourse became stagnant in most sections. The rise on Wall Street had no influence on Amsterdam prices. Conditions improved this week with sugar and rubber issues leading as a result of increased prices and larger sales for Java sugar, and the adoption of the Dutch Indies Government's plan to buy up export licences while increasing still further the tax on native rubber. Tobacco shares and Dutch Indian banks were strong, and the bond market was firm. On the whole, industrial shares were dull and oil shares fell during the week.

	Oct. 9, 1935	Oct. 14, 1935	Oct. 16, 1935		Oct. 9, 1935	Oct. 14, 1935	Oct. 16, 1935
2½% Dutch Loan	70	71	73	Steel Common	25½	26½	27½
5½% German	19½	18½	20½	A. K. U.	24½	24½	24½
Unilever N.V.	96½	87½	98½	Ford Motor	257	255	254½
Philips Lamps	240½	241½	245½	Delit Batavia Tob.	135	135½	139½
Netherlands Ship				Royal Dutch	189½	188½	188
Union	39½	39½	39½	Handels Ams.	180½	184½	197½

CAPITAL ISSUES

THE new issue market remains quiescent. The only public issue of the week, on behalf of *Easterns, Limited*, is a 6 per cent. redeemable £1 preference offer at 1s. 3d. premium. The shares rank after an existing 6½ per cent.

issue, and carry a deferred redemption risk, being redeemable at any time from 1945 at 22s. subject to repayment of the prior issue. The profits record set out for three years shows a marked expansion during the latest year, which covers the shares with a reasonable margin. The amount of the issue, however, is small, and the total issued capital of £369,184 is divided among three classes of shares. Statements "for information" have been published by *The Light Production Company*, an engine components concern with an expanding profits record, *Bearmans, Limited*, an established drapery and furnishing business, and *Great Northern Investment Trust*, which has placed a line of 3½ per cent. debenture stock at 99 per cent.

ISSUES OF THE WEEK

By Prospectus or Offer for Sale

Amount previously recorded, Jan. 1 to Oct. 12, 1935, including conversions, £258,560,191.
Amount previously recorded, Jan. 1 to Oct. 12, 1935, excluding conversions, £130,190,888.

National Savings Certificates.
Net receipts, Five days to October 12, 1935, Dr. £100,000.

To the Public	Nominal Capital	Conversions	New Money	First Payment	Further Liability
Easterns, 135,000 6 per cent. cum. red. pref. £1 at 21/3	135,000	—	143,437	33,750	109,687
Total	135,000	—	143,437	33,750	109,687
Shareholders only					
Upson's, 212,500 new ord. £1 at £1 2s.	212,500	—	233,750	—	233,750
Central Provinces Manganese Ore, 100,000 shares 10/- at 20/-	50,000	—	100,000	100,000	—
Singapore Traction, £100,000 5% conv. deb. stk. at par	100,000	—	100,000	10,000	90,000
West Springs, 107,000 shares £1 at 32/6	107,000	—	173,875	—	173,875
Total	469,500	—	607,625	110,000	497,625

Total Offered for Subscription—	Including Conversions	Excluding Conversions	Total Offered for Subscription—	Including Conversions	Excluding Conversions
Jan. 1 to date—			Whole year—		
1935	259,211,253	130,841,950	1934	410,980,300	169,108,700
1934	332,651,871	143,551,320	1933	467,921,500	244,790,500
1932	414,643,324	227,917,884	1932	2,699,684,265a	188,909,963
1931	464,764,031	169,110,729	1931	114,290,666	102,044,291
1928	497,282,468	323,252,737	1928	693,100,056	369,058,073

(a) This figure includes £1,920,000,000 for conversion of 5 per cent. War Loan into 3½ per cent. War Loan.

Nature of Borrowing

	Debentures	Preference	Ordinary	Total
January 1 to date—				
1935	72,467,551	27,265,124	31,109,375	130,841,950
1934	89,699,788	15,548,856	38,302,676	143,551,320
Whole year—				
1928	212,917,900	45,062,600	111,177,600	369,158,100
1933	222,964,300	12,733,700	9,982,500	244,780,500
1934	102,769,300	21,461,000	44,878,400	169,108,700

By Stock Exchange Introduction

	Capital Introduced	Approximate Price Dealings Began	Cash Involved
Amount previously recorded—			
Peglers, Ltd., 158,300 "B" ord. 5/-	25,377,259	—	38,842,539
Do. 78,000 5½% cum. pref. £1	—	22/-	174,130
Total to date, 1935	25,494,834	—	39,102,469
Total to date, 1934	23,340,568	—	34,989,025

PUBLIC OFFER

Easterns, Ltd.—Issue of 135,000 redeemable 6 per cent. cumulative £1 preference shares at 21s. 3d. Rank after 115,000 6½ per cent. redeemable £1 preference shares in issue, and after their redemption, present issue redeemable on three months' notice at 2s. premium. Furnishing and drapery business in London districts, with net assets £372,617. Net profits after depreciation, years to August 31st: 1933, £23,534; 1934, £23,905; 1935, £34,791. Proceeds for repayment of bank loans £45,000, and for working capital. Lists closed 9.5 a.m. October 17th. Over-subscribed.

BY STOCK EXCHANGE INTRODUCTION

Bearmans, Ltd.—Issued capital 50,000 £1 ordinary shares. Cumulative £1 preference and 70,000 £1 ordinary shares. Incorporated September, 1935, to acquire retail drapery business founded in 1898. Total net assets £122,464 acquired for £120,000, £15,000 cash and £105,000 in ordinary and preference shares. Profits, after depreciation and income tax, years ending February 19th: 1933, £15,133; 1934, £16,311; 1935, £16,545.

Great Northern Investment Trust, Ltd.—Particulars of issue of £100,000 3½ per cent. debenture stock at 99 per cent. Redeemable at par October 1, 1967, or after October 1, 1957, on three months' notice. Ranks *pari passu* with existing £1,213,360 5 per cent. debenture stock.

The Light Production Company, Ltd.—Issued capital 10,000 shares. Incorporated April, 1919, and became public company July, 1935. Manufactures engine components for aircraft, motors, etc. Total assets April 30th, 1935, £67,449. Net profits, before British income tax and depreciation, years

ended April 30th: 1933, £11,703; 1934, £13,488; 1935, £18,297. Ordinary dividends 30 per cent. and 50 per cent. share bonus 1933-34, and 35 per cent. and 100 per cent. share bonus 1934-35.

PRIVATE PLACING

Scottish Power Company.—This company has placed privately 31,667 ordinary shares £1.

BONUS ISSUE

Union Cinema Company.—This company proposes to distribute a bonus share of one in twenty, requiring £5,471 of the capital reserve of £37,972.

ISSUES TO SHAREHOLDERS ONLY

Central Provinces Manganese Ore.—100,000 shares 10s. are offered to shareholders as on October 2nd at 20s. per share in proportion of one new share for every complete ten shares held. The new shares will rank equally with the existing shares for any final dividend which may be declared in respect of 1935.

Singapore Traction.—A further £100,000 5 per cent. convertible debenture stock was offered at par to the debenture stockholders.

Upsons, Ltd.—212,500 new ordinary shares £1, ranking for dividend and in all other respects *pari passu* with existing ordinary shares, are offered at £1 2s. to existing holders in proportion of one share for each two ordinary shares held.

West Springs, Ltd.—The directors estimate they will require the capital sum of £385,000 for development, and propose to raise a proportion of it by an offer of new shares to shareholders registered on October 31st. Up to November 21st they can subscribe for 89,650 new shares at 32s. 6d. (South African currency) in proportion of one for each 20 held. The Anglo-American Corporation of South Africa will underwrite the issue free of cash commission, and will subscribe for 17,350 new shares at 32s. 6d. (South African currency).

CONVERSIONS AND REPAYMENTS

Newfoundland Power and Paper Company, Ltd., 4½ per cent. "A" Mortgage Debenture Stock.—The balance outstanding of this stock will be redeemed on January 15, 1936.

Compania Salitrera Anglo-Chilena.—This company proposes to modify the rights of the holders of the £2,979,178 7 per cent. debenture stock. It is proposed to extend the date of maturity of the debentures from January 1, 1950, to January 1, 1961. All arrears of interest and sinking fund payments are to be waived and the interest reduced to 4½ per cent., payable yearly instead of half-yearly.

State of San Paulo 7 per Cent. Coffee Realisation Loan, 1930.—Bonds of this loan for £320,200 nominal of the sterling issue and \$875,000 nominal of the U.S.A. dollar issue have been purchased and cancelled completing redemption requirements for the first half of the year ending March 31, 1936.

Cinzano, Ltd.—The directors recommend that the "A" and "B" ordinary shares 15s. be converted into three shares of 5s. each. It is proposed also to convert the 336,407 unissued "A" ordinary shares in the same way.

OFFERS ABROAD

Anaconda Copper Mining Company.—This company issued on October 15th £35,000,000 4½ per cent. debentures at 98½.

Argentine Internal Loan.—The Argentine Government has issued, through the Bemberg financial consortium, an internal loan of 50,000,000 pesos of 4½ per cent. bonds at 86.7 per cent. for public works.

Cork Corporation.—Issue of £400,000 in 4 per cent. stock at 98, redeemable at par within 40 years. Proceeds for housing and cost of erection of the New City Hall and a new School of Commerce.

FORTHCOMING ISSUES

Weyburn Engineering Company, Ltd.—Lists will open on Tuesday next for an issue of 120,000 6 per cent. cumulative 10s. preference shares at par, and 160,000 5s. ordinary shares at 6s. 3d. The prospectus will show that the company acquires an established precision engineering business, supplying components to motor and aviation concerns, paying the principal vendor £52,000 in cash, and discharging debentures and loans of £15,846. Profits after depreciation for years to October 31st: 1933, £6,129; 1934, £11,112; 8 months to June 30, 1935, £9,130, equivalent to approximately 22 per cent. per annum on the issued ordinary shares.

OTARD'S
ESTABD 1795

THE BRANDY WITH A PEDIGREE

Alpha Cement Company, Ltd.—A meeting will be held on October 22nd at Winchester House, London, to consider an immediate issue to shareholders at par of 200,000 5½ per cent. cumulative preference shares £1 and 48,500 ordinary shares at 30s.

International Rubber Powder Company.—It is proposed to offer shareholders in the Rubber Powder Company shares in this new company in the proportion of 1½ new 2s. shares for each 1s. share now held. In addition, 750,000 2s. ordinary shares will be offered for public subscription.

Klerksdorp Consolidated Goldfields, Limited.—1,500,000 shares of 5s. will be offered for public subscription in a subsidiary company entitled Dominion Reefs (Klerksdorp), Ltd. Shareholders in Klerksdorp Consolidated Goldfields will receive preferential consideration in allotment.

McDougalls Trust, Ltd.—It is understood that arrangements are being made for the introduction to the market of a line of £1 ordinary shares in McDougalls Trust, Limited.

Norvic Shoe Company.—An issue is expected early in November of 150,000 5 per cent. preference shares £1 and 150,000 preferred ordinary shares £1. It is expected that both classes will be issued at a premium.

OTHER RESULTS OF ISSUES

Monte Video Waterworks.—The conversion list closed October 11th for issue £250,000 5 per cent. registered notes.

Wood Rozelaar and Wilkes.—Underwriters of the preference shares will have to take up 57 per cent. The directors agreed to subscribe for any ordinary shares not taken by the public.

International Power and Paper Company of Newfoundland, Ltd.—The list for cash applications for the issue of £1,877,600 3 per cent. guaranteed "A" mortgage debenture stock, 1955-73, was closed at 10.5 a.m. October 11th.

CALLS DUE OCTOBER 21 TO OCTOBER 26, 1935

The grand total of calls in October, 1935, is £10,514,679, which compares with £3,366,662 in October, 1934.

Nominal amount of Stock	Company	Amount of Call	When payable	Making Paid
5/-	Associated Fisheries (160,000 Deferred Ord. 10/- eight Shares for each 27)	5/-	Oct. 21	5/-
Stock	Dundee Corporation 3% Red. Stock, 1956-58. (£1,000,000 at £100%)	£30%	Oct. 23	All
£1	Kirkstall Brewery. (55,000 5% Cumulative Preference Shares at par)	2/- p.s.	Oct. 25	2/- p.s.

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Amt. paid	Price, Oct. 9, 1935	Price, Oct. 16, 1935
African Railway Finance 2% Deb.	98½	23½	2½-1½ dis	2½-1½ dis
British (Guest Keen & Baldwins) 4% Deb.	100	70	1-1½ pm	1-1½ pm
Cables Investment Trust Pref. £10	104	1	1/3-1/9 pm	1/9-2/3 pm
Do. 3½% Deb.	99	10	1-1 dis	1-1 dis
Crown Flour 4½% Deb.	98	40	37½-38½	2½-2½ dis
Daily Sketch 4½% 1st Deb.	104	64	2½-3½ pm	1½-2½ pm
Dundee 3%	100	70	1½-1 dis	1½-1 dis
Earls Court Ord. 5/-	5/-	5/-	1/9-1/3 dis	2/6-3/- dis
Hills (R. H. O.) 5% 2nd Deb.	£100	£20	8½-6½ dis	8½-6½ dis
Do. 5½% 2nd Deb.	£100	£20	1/6-2/- pm	1/6-2/- pm
Do. 6% Pref. £1	21/-	10/-	10½-11½ pm	10½-11½ pm
Hobson (H. M.) 5/-	5/-	5/-	12½-12½	12½-12½
India 3%, 1949-52	98	18	1½-2½ pm	1½-2½ pm
Kelly's Directories 4% Deb.	104	24	1½-1½ pm	1½-1½ pm
Leeds 3% Stock	99½	59½	1½-1½ pm	1½-1½ pm
Leeds and Wakefield Breweries 6% Pref.	24/8	17/8	3d dis-3d pm	3d dis-3d pm
London County Freehold Properties 20/-	46/-	30/-	2/9-3/3 dis	3/3-2/9 dis
London Electric Transport 2½% Deb.	97	22	2½-1½ dis	2½-1½ dis
Lowestoft 3%	98½	58½	par 1 pm	1½-1½ pm
Macleans 6% Pref. 20/-	101	51	par 3d pm	par-3d pm
Ribblesdale Cement 4% Deb.	20/6	10/6	1½ dis-1½ pm	1½ dis-1½ pm
Ruberoil 5½% Pref.	100	—	10½-10½	10½-10½
Selfridge and Co. 4% Deb.	100	45	2½-1½ dis	2½-1½ dis
Trinidad 3% Stock	5/-	—	8/-8/6	99½-100½
Ultra Electric (Holding) 5/-	100	55	1½-1½ dis	1½-1½ dis
United Kingdom Gas 3½% Deb.	100	75	2½-1½ dis	2½-1½ dis
West Bromwich 3%	10/-	5/-	—	9d-1/3 pm
W. Lon. Prop. 4% Deb.	10/-	5/-	—	6d dis-par
Wood, Rozelaar, etc., 10/-	10/-	5/-	—	—
Do., 6% Pref. 10/-	10/-	5/-	—	—

COMPANY MEETINGS, &c.

HARRISONS AND CROSFIELD, LIMITED

THE TEA AND RUBBER POSITION

Mr Eric Miller's speech at the annual meeting of Harrisons and Crosfield, Limited, held on the 15th instant, included a comprehensive review of the tea and rubber industries, prefaced as usual by his comments on the company's balance sheet, which shows an increase in the already strong liquid position. The carry-forward now exceeds the amount required to pay a full year's dividends on both the 6 per cent. preference and the 10 per cent. preferred ordinary stock.

Speaking about tea, he said:—The first half of 1935 was disappointing, but with smaller arrivals in the United Kingdom, where deliveries were keeping up well, the stock figures were 10 million lbs. less at the end of August than at the same date in 1934. During September buyers wakened up to the fact that the stock position had improved, and under more active buying the price of clean common tea had risen by the end of that month to 11½d. A very satisfactory feature of the changed position is that good quality teas are coming into their own again and show a relatively greater improvement; since the new season's Indian crop came to auction practically all the gardens producing fine tea are realising from 4d. to 6d. per lb. more than their corresponding average a year ago, when, as I told you last year, there was too small a premium being paid for quality teas as against common.

The greater prosperity which this country has enjoyed during the past twelve months has enabled people to spend a little more freely and to indulge their fancy for a somewhat higher grade of tea, because the public are beginning to realise that the cheapest tea is not the most economical. The advertising which has been done by the Propaganda Department of the International Committee in this direction has undoubtedly helped. They are extending this propaganda over a wide field, and it is being very wisely co-ordinated in favour of tea in general rather than tea from any particular country. With the exception of Japan tea and fancy grades of China, the tea we drink with so much enjoyment is a scientific blend of many different growths from different countries, and it is no disadvantage to any one producing country or estate that propaganda on their behalf should be done under the all-embracing name of tea. The potential producing capacity of the existing gardens is well ahead of current world consumption. Co-operative efforts to expand consumption are a main plank in the functions of the International Tea Committee, but the present agreement runs only till 1938, and as the industry cannot, even in the best event, hope to be able to dispense with regulation of exports by that time, it is essential in the interests of all concerned that the agreement should be continued for a further period thereafter.

THE RUBBER INDUSTRY

He then turned to the rubber industry, and stated that any opinion he expressed must not be taken as representing the views of the International Rubber Regulation Committee. He compared price movements under the present international scheme with those that followed the introduction of the Stevenson scheme, and examining the stock position in general, not merely the London and Liverpool figures at which speculators looked mainly, he estimated that world stocks had declined by over 40,000 tons between June 1, 1934, and August 31, 1935, whilst invisible stocks in the hands of manufacturers had also declined appreciably. As United Kingdom stocks would have to be drawn on to meet immediate demand from any quarter, the actual position seemed to him stronger than was generally recognised.

Continuing, he said:—The raising of the price of rubber to a fair and equitable level which will be reasonably remunerative to efficient producers and maintaining it there, as laid down in the International Agreement, may be slow so long as surplus stocks are heavy, but adjustment of supply to demand is the only effective means whereby this object can be safely attained.

This adjustment of supply to demand when carried out by open agreement on a basis which all who run may read, is sometimes referred to as an organised attempt to create scarcity and condemned off-hand on that score, but in the case of the rubber plantation industry the exact converse is true, the regulation of exports having as one of its principal objects the maintenance in efficient working order of the trees which are at present surplus to requirements, but whose product will, we hope and believe, be required at some not too distant date to satisfy the world's increasing consumption of our most useful raw material.

The report and accounts were unanimously adopted.

CENTRAL ARGENTINE RAILWAY, LIMITED

ATTITUDE OF THE GOVERNMENT

The ordinary general meeting of the Central Argentine Railway, Limited, was held, on the 17th instant, at River Plate House, London.

Mr W. Howard-Williams, C.B.E. (the chairman), said that what had once again most adversely affected them, as indeed all the railways and other Anglo-Argentine public utility companies, was the item of exchange differences, which had increased beyond last year's high figure.

He wanted to remind his friends in Argentina of facts material to themselves and to the company. There was not a thinking Argentine who would not admit that the wealth of his country was directly due to the railways constructed there by British capital long before the country had had the means to build railways, and that capital had gone into the country whatever the ruling conditions had been, and always with confidence that it would ever enjoy the protection and guarantees of the Argentine Constitution, and on the face of which £277,000,000 had been expended in constructing and equipping the large mileage which served the country. He was sorry to say that the railway problem in Argentina was not being tackled by the authorities in the broad-minded spirit to which they felt they were entitled. It had been publicly announced that the State railways would reach the Federal capital, not with the sole view of obtaining a greater return on the capital already invested in those lines, but as a means of bringing about an adequate reduction in transport tariffs. That could have but one meaning, that all the railways running into Buenos Aires from Cordoba and the North were going to be faced with still further competition. It was unpleasant to have to place on record, as he was frankly doing, that evidence of premeditated antagonism towards foreign capital, the liberal provision of which had made Argentina what it was to-day.

In view of the seriousness of the situation, the board had asked him to go out to the Argentine forthwith. In spite of everything, he would arrive in Argentina with unshaken faith as to its future, because he believed that the Argentines themselves could not fail to realise that their country could not progress without the consistent aid of the railways. All the railways asked was that they should have a square deal, and they were not having that to-day.

The report was unanimously adopted.

ANGLO-CONTINENTAL GUANO WORKS, LIMITED

ANOTHER SUCCESSFUL YEAR

The eighteenth ordinary general meeting of the Anglo-Continental Guano Works, Limited, was held, on the 15th instant, at Southern House, London.

Sir Archibald Mitchelson, Bt. (the chairman), in the course of his address, said: We have again had a satisfactory year, having regard to the continuing difficulties attaching to the agricultural industry. The benefit arising from the wheat subsidy has been offset, to some extent, by disappointment in the dairying industry, uncertainty among sugar beet growers, the low prices of other farm products, and the low values of livestock. Nevertheless, our fertiliser business has been well maintained.

Alterations to our Silvertown acid plant have given us an increased production at a lower cost. Our Broadfield Superphosphate plant continues to produce, at a minimum cost of working, an excellent superphosphate, dry and free-running, with which our buyers are perfectly satisfied. Taken as a whole, the complete fertilisers in which our group of companies specialises, containing Guano and other organic materials, have not only held their own but have increased in output in face of unusually keen competition.

The accounts show a net profit of £72,937, or a little in excess of that of the previous year. It is proposed to pay a dividend of 7½ per cent., less tax, on the ordinary capital; to transfer to debenture redemption sinking fund £3,750; to depreciation reserve (making this up to £35,000) £5,000; and to reserve fund (raising it to £60,000) £5,000. There remains £42,932 to be carried forward, against £37,245 brought in.

Our investments have further improved in value. Our controlling interest in Genatosan, Limited, continues to yield very pleasing results. That company has had another year of great success, the profits being substantially in excess of those of the previous year. The ordinary dividend of 35 per cent. has been again repeated and the financial position further strengthened. The market value of this investment is not very far short of the total amount at which our investments stand in the books. The current year has started quite well, and I hope the results will again be of a satisfactory nature.

The report was unanimously adopted.

LEACH'S ARGENTINE ESTATES, LIMITED

A GREATLY IMPROVED POSITION

The twenty-third ordinary general meeting of Leach's Argentine Estates, Limited, was held, on the 11th instant, in London.

Mr Ambrose Alexander, the chairman, who presided and moved the adoption of the report and accounts, first dealt in detail with the balance sheet. There was a profit on trading, he said, of £195,478—an increase of £13,158—and a net profit of £107,890, of which £44,000 had been allocated to a dividend of 8.8 per cent. on the preference shares, the balance of £63,890 being transferred to general reserve.

He hoped shareholders would agree that the increased trading figures for the year ended March 31, 1935, were satisfactory, especially so as they followed improved results last year.

The trading profit, which in 1931 was £97,979, had been increased to £182,320 in 1934, while the company's financial indebtedness had been gradually reduced from £893,195 at March 31, 1932, to £588,249 at March 31, 1935.

The sugar trading account again showed satisfactory results, being yet a further improvement on the previous figures. Their surplus stocks of sugar had been reduced by a further 3,262 tons as at May 31, 1935, a week prior to the commencement of this season's milling. The company's monthly quota sales had been regularly absorbed by the market at satisfactory prices, and the company, having reduced its surplus stocks of sugar, was now in the happy position of selling out of current production instead of drawing on accumulated stocks.

The subsidiary businesses of the company continued to show good results.

As to the scheme recommended for the settlement of the arrears of the preference dividend and the issue of notes, after many years of great difficulties he need hardly say how glad the directors were to submit a scheme which should place all classes of shareholders in a position to participate in the profits of the company.

The report and accounts were unanimously adopted, and the chairman announced that in respect of the scheme the board had already received proxies in favour representing 57 per cent. of the preference shares, 86 per cent. of the ordinary shares, 46 per cent. of the deferred shares, and for the extraordinary general meeting 66 per cent.

JAVA PRODUCE COMPANY (1932), LIMITED

MR LLEWELLYN ON RESTRICTION

The third ordinary general meeting of this company was held, on the 16th instant, at 58 Mark Lane, London, Mr G. R. P. Llewellyn (the chairman) presiding.

The Chairman, in the course of his speech, said: The profit on rubber amounted to £9,238, the cost of production having been 3.8d., and the average sale price 5.3d. On coffee there was a loss of £1,570, the cost of production having been, at Exch. F.7.30, 34s. 2½d., and the sale price 30s. 5d. per cwt.

You will have noted in the report that in the trading account the florin has this year been converted at the average rate realised over the financial year and not, as previously, at F.12 to the £. As a result of this change one must be careful in comparing figures in this report and in that of last year.

So far as companies producing rubber in the Dutch East Indies are concerned, the most that can be said for the restriction scheme is that, without it, things would probably have been even worse than they have been up to now. As I foretold in my speeches in 1933 and 1934, costs of production were bound to rise as soon as the price of rubber improved at all.

The early months of the restriction scheme had an effect, in the nature of things, more sentimental than economic. Hope told too flattering a tale. Restriction, after all, should only be a temporary expedient to tide over short periods of over-production. Only the prospect of new or increased demands for rubber on a very large scale can justify rubber growers in continuing as they are doing. The rubber industry has mainly grown upon the wheels of the motor-car industry. It is a healthy sign that whereas fifteen years ago the motor-car industry absorbed 75 per cent. of the world's output of rubber, it now only absorbs about 50 per cent. Moreover, in the past four years of world economic depression, the actual consumption of rubber (after deduction of stocks) has increased by about 6 per cent., so that given a return to international prosperity and with the prospect of an increase of new uses for rubber, it is reasonable to hope that consumption may increase considerably in the course of the next five or ten years.

The report and accounts were unanimously adopted.

CHUNGLOON RUBBER ESTATE (1932), LIMITED

STRONG FINANCIAL POSITION DISCLOSED

A FIRST CLASS ECONOMIC UNIT

MR E. B. RIDSDDEL'S SPEECH

The third ordinary general meeting of the members of the Chungloon Rubber Estate (1932), Limited, was held, on Thursday the 17th instant, at the registered offices of the company, 411/419 Salisbury House, London Wall, London, E.C., Mr E. B. Ridsdel presiding.

The representative of the secretaries and commercial agents (Messrs. E. B. Ridsdel and Company, Limited), having read the notice convening the meeting and the report of the auditors,

The Chairman said: Gentlemen, the report and accounts having been in your hands for the requisite period, with your permission I propose to take them as read. From the report it will be seen that during the year we harvested a crop of 234,985 lbs., compared with 257,061 lbs. during the previous year, and that the net sale price realised was a little over 5½d. per lb., compared with 3½d. per lb. for the year to March 31, 1934. The decreased crop under Restriction, coupled with the increased wages we have had to pay, has, of course, affected our cost of production. On the other hand, the better selling price obtained has more than offset the increase in cost.

RESULT OF YEAR'S OPERATIONS

As will be seen from the accounts, the profit earned, after allowing for depreciation and other charges, amounts to £1,778 16s. 8d., to which we have to add the balance brought forward from last year, namely £934 11s. 4d., making a total of £2,213 8s. From this sum there falls to be deducted £626 18s. 9d. in respect of the interim dividend of 2½ per cent. paid on January 31st last, and we are, therefore, left with a balance of £2,086 9s. 3d. to deal with. Out of this sum, it gives us pleasure to recommend the payment of a final dividend of 2½ per cent., making 5 per cent., less tax, for the year, which will absorb £626 18s. 9d., leaving a balance of £1,459 10s. 6d. to be carried forward.

Turning to the balance sheet, it will be observed that our financial position is sound. Cash in hand, War Loan investment, debtors and rubber stocks total £5,197 8s. 7d., and, if from this figure we deduct the amount due creditors in London and the East, namely £494 15s. 4d., it will be seen that the net liquid assets of the company, after allowing for the interim dividend paid in January last of £626 18s. 9d., amount to £4,702 13s. 3d., or approximately 20 per cent. of the issued capital of the company.

Other items in the balance sheet show little change and do not call for special comment.

CONDITION OF ESTATE

As regards the condition of the estate, I paid a visit to the property last month and I am pleased to tell you that I was very satisfied with all I saw. The planted area, namely, 817.66 acres, is perhaps on the small side, but later on it may be possible to purchase about 100 acres adjacent to the company's property, which is planted with first-class rubber, and if this can be done we will then have a really first-class economic unit.

Working costs are satisfactory; in fact, for the month of August last—the last month for which we have received accounts from the East—the f.o.b. cost, after charging all general expenses incurred, only amounted to 3.15d. per lb.

The assessment granted the company, namely, 277.845 lbs., is well within our capacity to produce, but as output is now restricted to 65 per cent. of assessment granted, we are taking advantage of the opportunity offered us to rest certain areas, the benefit of which will be reflected in the future yielding capacity of the estate.

THE OUTLOOK

As regards the future, everything depends on the selling price of the commodity. There is not much more that I can tell you, but before formally moving the adoption of the report and accounts, I would like to express on behalf of the board, and on your behalf if I may, our thanks to all concerned in the East for the attention given to estate affairs during the past year.

I now propose:—"That the directors' report and statement of accounts for year ended March 31, 1935, together with the auditors' report thereon, be and they are hereby approved and adopted." I will ask Mr Martin to second this resolution, but, before putting it to the meeting, I shall be pleased to answer to the best of my ability any questions you may care to put to me.

Mr W. Egerton Martin, J.P., seconded the resolution, and it was carried unanimously without question or comment.

The dividend as recommended was approved; the retiring director, Mr R. de la Bere, was re-elected; the auditors, Messrs Fitzpatrick, Graham and Company, were reappointed; and the proceedings terminated with a vote of thanks to the chairman and also to the staff in the East.

TRINIDAD LEASEHOLDS, LIMITED

SATISFACTORY RESULTS—IMPROVED FINANCIAL POSITION

The 22nd ordinary general meeting of Trinidad Leaseholds, Limited, was held, on the 16th instant, in London.

Mr A. W. Rogers (the chairman) said that the features of the accounts were the satisfactory trading results of the year and the substantial improvement in the financial position of the company. The oil profits and other revenue amounted to £549,492, an increase of £118,813 over the previous year. A feature of the oil business in the past year or two had been the raising of the quality of products sold—particularly petrol—and that process continued to operate. In order to maintain their position in that very competitive business, they had to prepare to meet altered conditions and higher demands. Their business continued to be progressive.

The year had been one of steady progress on all fields, the general effect of which was noticeable in an all-round increase in efficiency and reduction in costs. The organisation was sound and effective, and a high level of efficiency had been attained. In the early part of this year he visited the fields in Trinidad and was greatly impressed by the notable technical advances which had been made in all sections of the work. The volume of sales showed an increase from 6,678,505 barrels to 7,364,792 barrels. Average realisation was slightly improved. Sales of Regent Spirits in the United Kingdom market had again expanded in conformity with the growth of the motor industry.

It was extremely disappointing that he had once again to inform shareholders that, despite the resolution unanimously passed by the Trinidad Legislative Council urging the Home Government to grant a preference to Empire-produced oil products, no assistance of the kind had been granted. It seemed to him essential, in view of the importance of petroleum and its derivatives to the United Kingdom, both in times of war and in the everyday needs of its people, that every encouragement should be given by the Government to the search for new sources of supply within the bounds of the Empire.

The results for the current year had so far been satisfactory.

The report was adopted, and a final dividend of 12½ per cent. approved.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended October 12, 1935, amounted to £12,009,000, against ordinary expenditure of £8,808,000. After allowing for a decrease in Exchequer Balances of £547,051, the operations for the week, as shown below, decreased the gross National Debt by £3,670,000 to approximately £7,971 millions.*

(000's omitted)

Treasury Bills	— 434
Public Department Advances	— 2,600
National Savings Certificates	— 100
P.O. and Teleg. capital expenditure	— 300
Road Fund temporary advances	— 200
N. Atlantic shipping issues	— 36
	— 3,670

* Including £375 millions on Account of Exchange Equalisation Fund and Borrowing for Statutory Sinking Fund.

A complete analysis of the approximate position of the National Debt on September 30, 1935, appeared in the *Economist* for October 5th.

REVENUE	Estimate for the year 1935-36	Total Receipts into the Exchequer			
		April 1, 1935, to Oct. 12, 1935	April 1, 1934, to Oct. 13, 1934	Week ended Oct. 12, 1935	Week ended Oct. 13, 1934
ORDINARY REVENUE					
Inland Revenue—					
Income Tax	232,500,000	60,483,000	57,105,000	2,644,000	829,000
Sur-tax	51,500,000	6,210,000	8,920,000	180,000	230,000
Excise, etc., Duties	80,000,000	48,740,000	42,090,000	1,050,000	960,000
Stamps	25,000,000	10,210,000	9,990,000	500,000	790,000
Excess Profits Duty and Corporation Profits Tax	1,700,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	130,000	150,000	...	...
Total Inland Revenue	391,500,000	125,773,000	118,855,000	4,374,000	2,809,000
Customs and Excise—					
Customs	188,570,000	105,565,000	101,119,000	4,614,000	3,727,000
Excise	106,350,000	54,600,000	53,294,000	1,600,000	1,794,000
Total Customs and Excise	294,920,000	160,165,000	154,413,000	6,244,000	5,521,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,614,000	2,078,000	510,000	391,000
Post Office (Net Receipts)	11,850,000	7,050,000	8,050,000	650,000	600,000
Crown Lands	1,330,000	640,000	820,000	...	...
Receipts from Sundry Loans	3,900,000	3,058,037	2,912,196	...	...
Miscellaneous Receipts	25,970,000	15,089,157	8,520,604	231,295	2,705
Total Ordinary Revenue	734,470,000	313,389,194	295,448,800	12,009,295	9,323,705
SELF-BALANCING REVENUE					
Post Office	64,070,000	31,900,000	29,850,000	700,000	650,000
Motor Vehicle Duties apportioned to Road Fund	26,230,000	6,892,000	8,170,000	...	213,000
Total Self-balancing Revenue	90,300,000	38,792,000	38,020,000	700,000	863,000
Total	...	352,181,194	333,468,800	12,709,295	10,186,705

EXPENDITURE	Estimate for the year 1935-36 (including Supplementary Grants)	Total Issues out of the Exchequer to meet Payments			
		April 1, 1935, to Oct. 12, 1935	April 1, 1934, to Oct. 13, 1934	Week ended Oct. 12, 1935	Week ended Oct. 13, 1934
ORDINARY EXPENDITURE					
Interest and Management of National Debt	224,000,000	123,183,651	124,331,900	893,791	502,812
Payments to Northern Ireland Exchequer	6,750,000	2,764,714	2,934,354	...	...
Other Consolidated Fund Services	3,700,000	1,522,561	1,689,840	...	186,779
Post Office Fund	1,130,000	...	...	...	...
Total	235,580,000	127,470,926	128,956,094	893,791	689,591
Total Ordinary Expenditure (excluding Post Office)	508,440,000	253,780,099	233,876,319	7,914,000	5,880,000
SELF-BALANCING EXPENDITURE					
Post Office	64,070,000	31,900,000	29,850,000	700,000	650,000
Road Fund	26,230,000	6,892,000	8,170,000	...	213,000
Total Self-balancing Expenditure	90,300,000	38,792,000	38,020,000	700,000	863,000
Total	...	420,043,025	400,852,413	9,507,791	7,432,591

The aggregate revenue and expenditure to October 12, 1935, is shown below:—

FINANCIAL YEAR, 1935-36, APRIL 1, 1935, TO OCTOBER 12, 1935 (000's omitted)

Expenditure	£ 381,251	Revenue	£ 313,389
		Decrease in balances	110
		Gross inc. in borrowing	£ 72,871
		Less New Sinking Fund	4,919*
		Net borrowing	67,752
			381,251

* Authority will be sought in the Finance Bills to meet the amount of the Statutory Sinking Funds in 1935 by borrowing.

POSITION OF THE FLOATING DEBT

Ways and Means Advances Outstanding—	Oct. 13, '34	Mar. 31, '35	Oct. 12, '35	Oct. 12, '35
Advances by Bank of England	£	£	£	£
Advances by Public Departments	55,300,000	34,060,000	18,040,000	2,600,000
Treasury Bills outstanding	830,745,000	799,320,000	902,385,000*	435,000
Total Floating Debt	886,045,000	833,380,000	920,425,000	3,035,000

* Includes £4,000, the proceeds of which were not carried to the Exchequer within the period of the Account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £45,000,000 Treasury bills were opened on October 11, 1935, and the total amount applied for was £60,300,000. Tenders were accepted for Treasury bills at three months dated Monday to Friday, at £99 16s. 11d., about 74 per cent., and above in full; Saturday at £99 17s. 0d., and above in full. The average rate

per cent. was 12s. 1-82d. The amount allotted was £41,000,000. The following table shows the weekly record at various dates:—

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
1933				
January 6	45,000,000	73,830,000	45,000,000	0 16 10-84
July 7	45,000,000	83,890,000	42,000,000	0 10 4-85
October 6	45,000,000	100,450,000	45,000,000	0 12 9-98
1934				
January 5	35,000,000	76,260,000	30,000,000	0 18 11-5
April 6	40,000,000	80,390,000	38,000,000	0 17 9-01
July 6	35,000,000	62,745,000	32,000,000	0 16 4-14
October 5	35,000,000	65,260,000	31,510,000	0 15 9-702
1935				
January 4	30,000,000	49,560,000	27,500,000	0 6 1-64
April 5	40,000,000	76,985,000	40,000,000	0 10 2-93
July 5	40,000,000	60,905,000	40,000,000	0 12 4-32
September 6	45,000,000	75,640,000	45,000,000	0 12 4-34
September 13	45,000,000	71,480,000	45,000,000	0 10 7-02
September 20	45,000,000	65,165,000	45,000,000	0 10 6-58
September 27	45,000,000	61,385,000	45,000,000	0 10 6-87
October 4	45,000,000	71,245,000	44,000,000	0 12 8-05
October 11	45,000,000	60,300,000	41,000,000	0 12 1-82

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended September 21, 1935	569,585	£ 427,189
Week ended September 28, 1935	506,254	£ 379,691
February, 1916, to September 28, 1935	1,237,959,868	£ 974,907,740

At the end of August, 1935, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £391,993,585.

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, October 16, 1935

ISSUE DEPARTMENT

Notes Issued:—	£	Government Debt	11,015,100
In Circulation	399,618,105	Other Government Securities	246,368,875
In Banking Department	54,055,161	Other Securities	1,079,859
		Silver Coin	1,538,066
		Amount of Fiduciary Issue	260,000,000
		Gold Coin and Bullion	193,673,266
	453,673,266		453,673,266

BANKING DEPARTMENT

Proprietors' Capital	14,553,000	Government Securities	86,154,999
Reserve	3,114,741	Other Securities	...
Public Deposits*	32,120,070	Discounts and Advances	£11,659,966
Other Deposits	£ 78,800,888	Securities	25,308,775
Bankers'	£ 78,800,888	Notes	54,055,161
Other Accounts	£ 37,760,814	Gold and Silver Coin	830,578
	116,561,702		166,349,513
			166,349,513

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

Both Departments	Amount, Oct. 16, 1935	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	399,618,105	— 2,497,702	+ 22,400,870
Public deposits	32,120,070	+ 3,870,591	+ 14,604,006
Bankers' deposits	78,800,888	+ 3,722,613	+ 25,689,919
Other deposits	37,760,814	— 835,149	+ 317,104
Seven-day bills	548,299,877	— 3,480,829	+ 11,627,001
Total outside liabilities	17,667,741	+ 22,347	+ 16,070
Capital and rest			
Government debt and securities	343,536,974	+ 662,575	+ 6,446,349
Discounts and advances	13,659,966	+ 3,958,981	+ 4,191,633
Other securities	12,728,768	— 200,737	+ 546,492
Silver coin in issue department	1,538,066	— 1,401	+ 1,460,910
Coin and bullion (bank's reserves)	194,503,844	+ 40,062	+ 1,919,507
Reserves of notes and coin in banking department	54,885,739	— 2,537,764	— 20,481,363
Proportion of reserve to outside liabilities			
(a) Banking Department only ("proportion")	36-9%	+ 2-0%	— 10-3%
(b) Gold stocks to deposits and notes ("reserve ratio")	35-5%	+ 0-3%	— 0-4%

(000's omitted)

Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits		
1935							
Sept. 18	453,478	398,150	17,465	92,018	37,581	75 in	2
Sept. 25	453,573	398,164	19,491	87,241	38,958	95 in	2
Oct. 2	453,643	402,038	25,453	80,875	39,135	70 in	2
" 9	453,673	402,116	35,991	75,078	38,596	33 in	2
" 16	453,673	399,618	32,120	78,801	37,761	Nil	2

(000's omitted)

Date	Issue Department		Both Depts.	Banking Department			
	Govt. Debt and Securities	Other Securities		Govt. Securities	Dis-counts & Advances	Other Securities	Reserve and the "Proportion"
1935							
Sep. 18	£ 257,431	£ 1,030	194,315	35½	83,160	11,853	14,160
Sep. 25	257,311	1,541	194,360	35½	83,165	12,411	12,191
Oct. 2	257,331	1,130	194,434	35½	82,520	17,252	11,597
" 9	257,379	1,081	194,464	34½	85,495	17,619	11,848
" 16	257,382	1,080	194,504	35½	86,155	13,660	11,649

BANKERS' CLEARING RETURNS

LONDON

(000's omitted)

	Town	Metropolitan	Country	Total
1935	£	£	£	
Week ended October 2	679,782	36,567	58,180	774,529
Week ended October 9	607,164	43,981	84,157	735,202
Week ended October 16	609,291	35,977	65,173	710,441
Total to date, 1935	26,073,863	1,514,579	2,590,397	30,178,839
Total to date, 1934	24,371,015	1,414,866	2,407,871	28,193,752
Increase or decrease in 1935 {	+ 1,702,848	+ 99,713	+ 182,526	+ 1,985,087
	= 7-0%	= 7-2%	= 7-7%	= 7-1%
Total for year 1934	30,740,117	1,759,528	2,984,512	35,484,157
Total for year 1935	27,714,480	1,656,675	2,766,471	32,137,626
Increase or decrease in 1934 {	+ 3,025,637	+ 102,853	+ 218,041	+ 3,346,531
	= 10-9%	= 6-2%	= 7-8%	= 10-4%

FEDERAL RESERVE MEMBER BANKS

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

	Oct. 3, 1934	Sept. 4, 1935	Sept. 11, 1935	Sept. 18, 1935	Sept. 25, 1935	Oct. 2, 1935
Loans	7,794	7,388	7,454	7,465	7,512	7,556
Investments	10,017	11,226	11,215	11,619	11,614	11,524
Reserve with Federal Reserve Banks	2,891	4,013	4,163	3,947	4,066	4,029
Demand deposits	13,083	15,919	16,111	16,222	16,385	16,308
Time deposits	4,471	4,380	4,386	4,408	4,410	4,430
Government deposits	1,094	486	490	677	677	669
Due from banks	1,515	1,901	1,958	1,968	1,931	1,969
Due to banks	3,830	4,684	4,804	4,816	4,896	4,821

AUSTRALIAN COMMONWEALTH BANK.—In £'s (000's omitted)

	Sept. 9, 1935	Sept. 16, 1935	Sept. 23, 1935	Sept. 30, 1935	Oct. 7, 1935	Oct. 14, 1935
Assets						
Gold and English sterling	15,994	15,994	15,994	15,994	15,994	15,994
Other coin, bullion and cash	6,437	6,358	6,467	6,241	6,202	5,884
Money at short call—London	16,692	17,562	16,661	15,179	14,943	15,153
Conversion funds in London	343	350	359	412	775	780
Short-term loans	6,611	7,793	8,277	9,500	9,277	8,903
Securities	70,811	70,811	70,831	70,531	70,388	70,388
Discounts and advances	7,025	6,789	6,995	6,880	6,955	7,132
LIABILITIES						
Notes issued	47,044	47,044	47,044	47,044	47,044	47,044
Reserve premium on gold	3,896	3,896	3,896	3,896	3,896	3,896
Deposits	68,125	70,075	70,000	69,042	68,618	68,449

BANK OF CANADA.—In \$'s (000's omitted)

	Sept. 18, 1935	Sept. 25, 1935	Oct. 2, 1935	Oct. 9, 1935
Assets				
Reserve, of which	191,707	195,408	186,474	187,353
Gold coin and bullion	180,526	181,341	181,872	181,682
Dominion Government securities	102,555	104,553	104,224	102,515
LIABILITIES				
Note circulation	84,777	83,730	86,573	89,715
Deposits:				
Dominion Government	20,668	31,951	22,179	24,550
Chartered banks	185,118	182,248	181,655	176,846
Ratio of reserves to notes and deposit liabilities	65.8%	65.4%	64.0%	64.3%

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

	Oct. 12, 1934	Sept. 13, 1935	Sept. 20, 1935	Sept. 27, 1935	Oct. 4, 1935	Oct. 11, 1935
Assets						
Gold coin and bullion	20,035	25,751	25,749	25,748	25,747	25,746
Bills discounted: Foreign	9,810	5,781	6,151	6,796	6,731	6,796
Investments	1,724	1,726	1,726	1,726	1,726	1,726
Other assets	7,995	13,322	13,518	13,694	13,663	13,471
LIABILITIES						
Notes in circulation	11,595	12,488	12,110	13,350	13,374	12,803
Government deposits	1,522	1,798	2,329	2,481	1,864	2,001
Bankers' deposits	21,979	28,080	27,530	27,077	26,893	27,893
Ratio of cash reserves to liabilities to public	53.5%	58.6%	57.8%	57.0%	56.8%	57.1%

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

	Sept. 20, 1935	Sept. 27, 1935	Oct. 4, 1935	Oct. 11, 1935
Assets				
Gold coin and bullion	19,385	19,385	19,385	19,385
Rupee coin	44,417	44,417	44,417	44,417
Balances abroad	57,641	58,094	57,858	58,179
Foreign exchange	15,950	15,832	14,219	12,650
Sterling securities*	66,183	66,183	66,183	66,183
Indian Government rupee securities*	25,503	25,503	25,512	25,511
Investments	5,432	5,432	5,432	5,432
LIABILITIES				
Note circulation	1,57,95,04	1,56,31,58	1,60,64,80	1,61,96,99
Deposits:				
Government	9,73,85	13,44,96	10,47,57	10,91,86
Other	38,93,83	35,79,18	31,79,08	29,28,08
Ratio of gold and sterling to liabilities	57.1%	57.0%	57.0%	57.0%

* Held against notes.

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

	Oct. 12, 1934	Sept. 20, 1935	Sept. 27, 1935	Oct. 4, 1935	Oct. 11, 1935
Assets					
Gold	82,406,541	71,878,879	71,951,998	72,093,149	77,122,424
Sight balances abroad	9,995	8,118	7,913	22,762	7,342
Bills discounted	3,668,798	7,404,376	8,277,039	7,878,487	7,794,107
Negotiable bills abroad	7,044,138	1,007,948	1,007,948	1,007,948	1,007,948
Advances against sec.					
To the State	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
Other advances	3,187,923	3,295,758	3,289,378	3,808,844	3,398,703
Negotiable Bonds					
Sinking Fund Dept.	5,898,204	5,800,402	5,800,402	5,800,402	5,800,402
Other assets (excluding forward exch.)	5,209,283	4,984,314	4,823,140	5,082,947	5,021,682
LIABILITIES					
Notes in circulation	80,383,798	81,308,487	82,398,689	83,337,486	83,023,045
Public deposits	3,734,586	3,061,039	3,051,362	2,957,820	2,941,930
Private deposits	17,858,253	10,235,309	10,595,226	9,914,680	9,944,052
Other liabilities	2,308,245	2,310,559	2,311,141	2,483,154	2,271,395
Ratio of gold reserve to sight liabilities	80.7%	75.4%	74.7%	74.8%	75.1%

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

	Oct. 11, 1934	Sept. 12, 1935	Sept. 19, 1935	Sept. 26, 1935	Oct. 3, 1935	Oct. 10, 1935
Assets						
Gold	2,633,851	3,412,618	3,413,451	3,418,827	3,434,281	3,471,185
Silver and other coin	71,699	53,759	56,901	57,562	55,929	54,244
Securities	641,281	1,343,177	1,339,353	1,349,584	1,349,015	1,371,612
Advances	49,996	123,713	118,272	113,859	122,164	116,830
LIABILITIES						
Notes in circulation	3,558,209	4,141,572	4,112,815	4,140,423	4,196,495	4,217,196
Deposits: Govt.	31,003	18,721	22,463	36,515	17,442	18,390
Other	182,140	969,298	987,075	957,281	941,840	972,495

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

	Oct. 15, 1934	Sept. 16, 1935	Sept. 23, 1935	Sept. 30, 1935	Oct. 7, 1935	Oct. 14, 1935
Assets						
Gold	877,717	562,941	541,911	536,081	555,737	561,814
Silver	21,371	21,838	21,787	21,083	20,328	20,333
Home bills discounted	25,370	57,538	63,995	65,411	56,392	53,988
Loans and advances						
In current account	147,361	170,726	181,732	212,591	170,571	158,560
LIABILITIES						
Notes in circulation	892,165	793,605	786,139	819,494	805,839	796,128
Deposits	204,942	42,622	46,056	42,117	34,029	40,237

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

	Sept. 30, 1934	Aug. 31, 1935	Sept. 10, 1935	Sept. 20, 1935	Sept. 30, 1935
Assets					
Gold coin and bullion	6,213,000	4,704,000	4,562,900	4,334,000	4,251,400
Foreign bills and balances abroad	27,300	438,100	432,000	417,900	392,500
Other cash	293,400	484,300	516,800	550,400	452,000
Gold deposited abroad due by the State	1,772,800	1,772,800	1,772,800	1,772,800	1,772,800
Discounts	3,274,900	3,950,300	4,048,700	4,419,600	4,559,700
Advances	1,471,600	2,189,300	2,303,400	2,630,300	3,006,600
Credit with "Institute for Industrial Reconstruction"					
Government securities	1,088,900	846,000	845,300	845,300	845,300
Government securities	1,387,600	1,381,800	1,381,500	1,382,200	1,382,100
LIABILITIES					
Notes in circulation	13,155,300	14,094,200	14,234,600	14,917,200	15,271,700
Public deposits	1,082,300	1,191,100	978,700	497,600	772,400
Other deposits and drafts	954,300	870,600	837,200	914,900	1,064,800
Ratio of reserve to note and sight liabilities combined	42.43%	33.69%	32.49%	29.46%	27.9%

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

	Oct. 7, 1934	Sept. 15, 1935	Sept. 23, 1935	Sept. 30, 1935	Oct. 7, 1935
Assets					
Cash reserve	1934	1935	1935	1935	1935
Gold coin and bullion	241,066	242,391	242,400	242,412	242,422
Other foreign exchange*	40,583	129,951	132,316	139,072	141,907
Bills discounted	252,834	230,195	228,484	229,935	228,817
Federal debt	624,444	624,444	624,444	624,444	624,444
LIABILITIES					
Share capital	54,960	54,960	54,960	54,960	54,960
Reserve fund	11,280	7,302	7,302	7,302	7,302
Notes in circulation	917,996	907,476	873,678	852,910	810,058
Deposits	219,691	312,061	348,137	273,816	310,585

* In dollar and sterling only.

† In accordance with Art. 53 of the Statutes.

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

	Oct. 7, 1934	Sept. 14, 1935	Sept. 23, 1935	Sept. 30, 1935	Oct. 7, 1935
Assets					
Metal reserve	1934	1935	1935	1935	1935
Gold coin and bullion	78,932	78,936	78,936	78,936	78,936
Foreign Exchange	13,269	15,464	14,202	15,238	17,489
Token money	7,957	9,042	10,240	936,228	527,611
Inland bills, warrants and securities	573,290	501,700	502,089	502,089	502,089
Advances to Treasury	47,119	68,607	68,602	72,600	72,476
LIABILITIES					
Share capital (gold crowns 30,000,000*)	34,756	34,756	34,756	34,756	34,756
Notes in circulation	356,103	344,095	332,547	388,704	372,070
Current accounts, deposits, etc.	74,955	106,884	119,469	97,085	104,342
Cash certificates	117,722	109,065	109,065	109,065	109,065
Other liabilities	177,135	159,212	158,904	161,493	163,970

* Calculated at pre-war parity of exchange.

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

	Oct. 8, 1934	Sept. 22, 1935	Sept. 30, 1935	Oct. 8, 1935
Assets				
Cash reserve	1934	1935	1935	1935
Gold at home and abroad	1,820,526	1,339,576	1,396,385	1,301,585
Foreign exchange	131,632	44,306	280,470	291,831
Other foreign exchange	52,059	259,482	1,807,807	1,818,438
Bills and advances against security	1,824,709	1,793,993	1,679,120	1,679,435
Government advances	1,720,215	1,078,947	1,679,120	1,679,435
LIABILITIES				
Notes in circulation	4,294,190	4,653,918	4,777,125	4,819,663
Sight deposits	1,188,365	1,356,014	1,261,928	1,253,182
Time deposits	809,529	216,700	214,700	203,250

CENTRAL BANK OF TURKEY.—In ₺ (000's omitted)

	Oct. 4, 1934	Sept. 14, 1935	Sept. 21, 1935	Sept. 28, 1935	Oct. 5, 1935
Assets					
Gold coin and bullion	19,172	23,012	23,035	23,044	23,072
Other coin and notes	12,764	17,974	16,065	16,202	12,195
Free foreign exchange	3,166	1,008	1,722	1,938	2,029
Treasury bonds	149,123	148,108	148,108	148,108	147,998
Bills	32,630	35,843	36,063	36,190	36,256
LIABILITIES					
Capital	15,000	15,000	15,000	15,000	15,000
Note Issue:					
Ordinary	149,123	148,108	148,108	148,108	147,998
Supplementary	8,688	10,000	10,000	10,000	

NEW YORK MONEY AND EXCHANGE RATES

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

	Oct. 17, 1934	Sept. 18, 1935	Oct. 2, 1935	Oct. 9, 1935	Oct. 16, 1935
Call money	1	1	1	1	1
Time money (90 days' mixed coll.)	1	1	1	1	1
Bank acceptances:—					
Members—eligible, 90 days	1	1	1	1	1
Non-mem.—eligible, 90 days	1	1	1	1	1
Commercial accept., 90 days	1	1	1	1	1
Rates of Exchange, New York on—					
London—					
60 days	4.8666	4.9162	4.8812	4.8925	4.8925
Cable	4.8666	4.9162	4.8812	4.8925	4.8925
Cheques	4.8666	4.9162	4.8812	4.8925	4.8925
Paris	23.54	23.58	16.90	16.895	16.84
Brussels	23.54	23.58	16.90	16.895	16.84
Switzerland	23.54	23.58	16.90	16.895	16.84
Italy	8.91	8.6450	8.1425	8.1450	8.1450
Berlin	40.33	40.68	40.22	40.25	40.25
Vienna	23.82	19.08	18.86	18.88	18.88
Madrid	32.67	13.80	13.66	13.66	13.66
Amsterdam	68.06	68.45	67.68	67.69	67.76
Copenhagen	22.42	21.885	21.925	21.925	21.925
Oslo	45.37	24.80	24.625	24.68	24.68
Stockholm	25.45	25.275	25.325	25.325	25.325
Athens	0.951	0.941	0.941	0.941	0.941
Montreal	169.31	102	98	98	98
Yokohama	84.40	28.70	28.72	28.71	28.71
Shanghai	34.50	38.25	37.37	37.12	37.12
Calcutta	61.80	37.21	37.03	37.03	37.11
Buenos Aires	32.89	32.67	32.73	32.74	32.74
Rio de Janeiro	11.96	8.31	8.26	8.26	8.26

SOUTH AFRICAN EXCHANGE RATES

(BUYING RATES PER £100 STERLING)

	T.T.	Sight	30 days' sight	60 days' sight	90 days' sight
London on—					
Rhodesia	£100 5 0	£100 17 6	£101 7 6	£101 17 6	£102 7 6
South Africa	£100 17 6	£101 7 6	£101 17 6	£102 7 6	£102 17 6
(SELLING RATES PER £100 STERLING)					
London on—					
Rhodesia	£ 99 15 0	£ 99 15 0	£ 99 15 0	£ 99 15 0	£ 99 15 0
South Africa	100 2 6	100 2 6	100 2 6	100 2 6	100 2 6

THE ANGLO-SOUTH AMERICAN BANK, LTD., has received telegraphic advice from the Madrid Branch that the gold surcharge for the payment of Spanish Customs duties has been fixed for the period October 11th to 20th at 138.61 per cent. The previous rate was fixed as from October 1st at 138.88 per cent.

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES

THE ANGLO-SOUTH AMERICAN BANK, LTD., issues the following details relative to quotations for certain of the South and Central American exchanges. All these exchanges, with the exception of that of Bolivia, are related to the United States dollar, and the approximate sterling rates may be obtained by applying the dollar-sterling exchange rate:—

Bolivia.* Official market: Sight rate, 20.26 bolivianos per £ sterling on August 22, 1935. Export selling rate 80 bolivianos per £.

Colombia.* Sight rate, 171½ pesos per 100 United States dollars on October 9, 1935. This rate applies to holders of permits buying in the "open" market.

Ecuador.* "Free" market sight rate on September 2nd, 10.50 sucres per United States dollar.

Guatemala. Sight rate on New York is maintained at 1 quetzal per United States dollar, but a commission of 1 per cent. is charged by the Banco Central for the sale of drafts.

Nicaragua.* Official selling rate was established at 110 cordobas per 100 United States dollars on November 26, 1934.

Salvador. Sight rate on September 27, 1935, 2.51 colones per United States dollar.

Venezuela. Sight rate on New York was maintained in August at 3.90½ bolívares per United States dollar.

* Exchange controls are operative in these countries.

OVERSEAS DOMINION RATES

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND

	London on Australia and New Zealand				Australia and New Zealand on London*			
	Buying		Selling		Buying		Selling	
	Australia	New Zealand	Australia (any Mail)	New Zealand (any Mail)	Australia	New Zealand	Australia (any Mail)	New Zealand
T.T.	Air ...	Ord. ...	Air ...	Ord. ...	Air ...	Ord. ...	Air ...	Ord. ...
Sight	126½	126½	125½	125½	125½	124½	124½	124½
30 days	126½	126½	125½	125½	125½	124½	124½	124½
60 days	127½	127½	126½	126½	126½	125½	125½	125½
90 days	127½	127½	126½	126½	126½	125½	125½	125½

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

GOLD AND SILVER

The following statistics of imports and exports of gold and silver for week ended October 17, 1935, are issued by the Statistical Department of H M Customs and Excise:—

IMPORTS AND EXPORTS OF GOLD

Gold Imported into Great Britain and Northern Ireland, week ended October 17, 1935			Gold Exported from Great Britain and Northern Ireland, week ended October 17, 1935		
From	Bullion*	Count†	To	Bullion*	Count†
British W. Africa ..	49,174	£	Palestine	£ 900	7,700
British S. Africa ..	1,563,311	...	Poland	...	1,710
Tanganyika	12,988	...	Netherlands	3,560	29,250
Kenya	10,638	...	France	11,709	148,532
British India	563,792	...	Switzerland	79,057	5,335
British Malaya	11,034	...	U.S.A.	5,928,186	150
Australia	59,340	...	Other countries ..	792	...
Canada	...	2,340			
British Guiana	5,033	...			
Germany	2,318	...			
Netherlands	2,979	808			
Belgium	772	...			
France	22,440	230			
Switzerland	3,574	6,534			
Spain	3,618	1,149			
Venezuela	25,477	...			
Other countries ..	2,118	...			
Totals	2,338,606	230	Totals	6,024,204	165,682
		10,831			59,508

IMPORTS AND EXPORTS OF SILVER

Silver Imported into Great Britain and Northern Ireland, week ended October 17, 1935			Silver Exported from Great Britain and Northern Ireland, week ended October 17, 1935		
From	Bullion*	Count†	To	Bullion*	Count†
British India	£ 42,836	£	Sweden	£ 5,500	...
British Malaya	2,276	134	Denmark	1,066	...
Hong Kong	1,453,800	6,445	Netherlands	23,198	...
Australia	38,828	24,116	France	863	...
New Zealand	3,062	1,010	Italy	1,093	...
Canada	17,200	...	U.S.A.	1,746,484	361
U.S.S.R.	36,800	...	Other countries ..	1,339	...
Netherlands	3,666	...			
Belgium	38,365	...			
France	12,790	209			
Abyssinia	...	114			
Ja'an	222,235	58,430			
Other countries ..	875	1,612			
Totals	1,872,733	1,353	Totals	1,779,543	361
		90,717			

* At current market value. † Coin which is of legal tender in the United Kingdom is entered at its face value and is shown in italics. Other coin is entered at current market value.

GOLD MOVEMENTS: BANK OF ENGLAND

1935	ARRIVALS	1935	WITHDRAWALS
Oct. 11	Nil	Oct. 11	Nil
" 12	Nil	" 12	Nil
" 14	Nil	" 14	Nil
" 15	Nil	" 15	Nil
" 16	Nil	" 16	Nil
" 17	Nil	" 17	Nil
Total	Nil	Total	Nil
Movement October 11, 1935, to October 17, 1935 (inclusive)	Nil	Movement during year 1934	Nil
Movement during 1935 (January 1 to October 17, 1935, inclusive)	£1,570,984 in		
Movement April 29, 1925, to October 17, 1935 (inclusive)	£1,368,597 in		
Movement September 21, 1931 (gold standard suspended), to October 17, 1935 (inclusive)	£25,309,738 in		
			£57,715,190 in

GOLD MARKET

Messrs Samuel Montagu and Company write on October 16, 1935, as follows:—

The Bank of England gold reserve against notes amounted to £193,673,266 on the 9th instant, as compared with £193,642,833 on the previous Wednesday.

In the open market the total amount which changed hands at the daily fixing during the week was about £2,800,000, most of which was taken for the United States of America, prices having been ruled at about dollar parity. Shipments of gold from France to New York have tended to diminish.

Quotations during the week:—

	Per fine ounce	Equivalent value
October 10	141s. 9d.	11s. 11.84d.
" 11	141s. 9½d.	11s. 11.80d.
" 12	141s. 9d.	11s. 11.84d.
" 14	141s. 9½d.	11s. 11.80d.
" 15	141s. 9d.	11s. 11.84d.
" 16	141s. 9½d.	11s. 11.80d.
Average	141s. 7½d.	11s. 11.96d.
October 17	141s. 8.92d.	11s. 11.85d.
The s.s. "Viceroy of India," which sailed from Bombay on the 12th instant, carries gold to the value of about £112,000 consigned to London.	141s. 6d.	12s. 0.09d.

SILVER MARKET

Until to-day, when the forward quotation eased ½d., prices for cash and 29½d. for two months' delivery.

There have been no new features, purchases for the American Treasury still being the chief support, but there has been buying by the Indian Bazaars, although the same quarter also made

re-sales; there were further offerings from China and some selling by speculators to liquidate bull commitments.

The market has been rather quiet, but the tone is quite steady and no change of importance is anticipated in the near future.

Quotations during the week:—

IN LONDON			IN NEW YORK		
	Cash	Two Months'		Ounce	999 fine
October 10	29½d.	29½d.	October 9	65½	
" 11	29½d.	29½d.	" 10	65½	
" 12	29½d.	29½d.	" 11	65½	
" 14	29½d.	29½d.	" 12	65½	
" 15	29½d.	29½d.	" 14	65½	
" 16	29½d.	29½d.	" 15	65½	
Average	29.375d.	29.427d.			
October 17	29½	29½			

The highest rate of exchange on New York recorded during the period from the 10th instant to the 16th instant was \$4.91½ and the lowest \$4.90.

Stocks in Shanghai on the 12th instant consisted of about 281,000,000 dollars and 39,600,000 ounces in bar silver, as compared with about 280,000,000 dollars and 40,200,000 ounces in bar silver on the 5th instant.

NOTICE
Mr Jerome William John Leven, late Eastern secretary of Atlas Assurance Company, Ltd., at Calcutta, has been appointed assistant secretary at the head office.

COMPANY NEWS

AMERICAN RAILROADS
MONTHLY GROSS AND NET RECEIPTS

Company	Months	Ending	Description	Receipts for Month Ended Aug. 31, 1935, compared with Month of Aug., 1934	Aggregate Eight Months 1935 compared with Eight Months 1934
				\$	\$
Atlantic Coast Line	8	Aug. 31	Gross	2,561,625 + 130,289	27,086,706 - 659,303
			Net	5,441 + 52,336	1,418,606 - 1,595,715
Aitchison Topeka	8	Aug. 31	Gross	11,852,671 + 117,792	85,971,439 + 1,188,147
			Net	1,733,078 - 358,288	8,777,700 - 1,865,957
Baltimore and Ohio	8	Aug. 31	Gross	11,929,925 + 622,886	91,698,807 - 967,700
			Net	2,298,703 + 150,246	14,824,085 - 1,067,233
Boston & Maine	8	Aug. 31	Gross	5,573,119 - 245,983	28,831,179 + 442,751
			Net	504,469 + 4,141	3,823,209 - 227,280
Central of New Jersey	8	Aug. 31	Gross	2,377,670 + 21,573	19,560,764 + 33,483
			Net	119,837 + 64,415	1,935,340 - 375,277
Chesapeake and Ohio	8	Aug. 31	Gross	9,725,464 + 689,165	72,450,324 - 558,984
			Net	3,666,393 + 685,767	23,524,009 - 580,731
Chicago and N. Western	8	Aug. 31	Gross	7,326,052 - 77,096	49,234,755 - 1,182,912
			Net	462,994 - 742,395	51,177,560 - 721,085
Chicago, Bur- lington, etc.	8	Aug. 31	Gross	7,840,288 + 405,062	52,505,338 - 4,346,579
			Net	1,413,640 - 132,905	9,784,718 - 212,550
Chicago Great Western	8	Aug. 31	Gross	1,402,528 - 180,084	9,784,718 - 212,550
			Net	156,032 - 133,233	89,512 - 559,920
Chicago, Mil. and St. Paul	8	Aug. 31	Gross	8,644,862 - 137,732	57,385,701 + 77,144
			Net	Dr. 85,648 - 1,090,097	43,326,946 - 1,548,856
Chicago, Rock Island, etc.	8	Aug. 31	Gross	5,970,559 - 75,024	Dr. 1,553,121 - 2,571,505
			Net	51,152 - 429,140	15,232,295 - 580,660
Delaware and Hudson	8	Aug. 31	Gross	1,692,676 - 44,748	Dr. 97,229 + 31,563
			Net	Dr. 97,229 + 31,563	987,933 - 177,205
Delaware, Lac- kawanna & Western	8	Aug. 31	Gross	3,392,245 - 192,960	29,387,515 - 880,158
			Net	Dr. 311,636 - 569,345	1,458,601 - 1,772,360
Denver & Rio Grande Wn.	8	Aug. 31	Gross	1,852,069 - 89,891	12,254,356 + 6,950,034
			Net	71,841 - 157,776	268,795 - 928,315
Frie Railroad....	8	Aug. 31	Gross	6,169,278 + 148,970	48,326,112 - 2,649,319
			Net	755,241 + 103,313	7,200,473 - 1,884,859
Great Northern	8	Aug. 31	Gross	8,449,277 + 1,081,985	47,803,494 + 3,739,679
			Net	2,805,912 + 1,087,567	10,385,562 + 4,226,529
Illinois Central	8	Aug. 31	Gross	7,880,512 - 101,424	62,134,495 - 2,433,603
			Net	852,263 - 80,828	5,865,402 - 2,611,757
International Gt. Northern	8	Aug. 31	Gross	19,719 - 56,547	341,019 - 655,390
			Net	2,954,928 + 73,151	26,719,770 - 270,637
Lehigh Valley....	8	Aug. 31	Gross	Dr. 115,588 - 5	2,767,720 - 488,210
			Net	2,238,149 - 28,029	16,075,832 - 398,280
Long Island Railroad	8	Aug. 31	Gross	158,320 - 156,267	526,788 - 892,278
			Net	1,582,320 + 448,643	4,474,759 + 1,068,892
Louisville and Nashville	8	Aug. 31	Gross	5,897,860 + 194,153	8,255,652 - 64,999
			Net	1,030,581 - 76,858	14,675,313 - 59,999
Min., St. Paul and Sault	8	Aug. 31	Gross	2,173,972 + 76,858	Dr. 158,204 - 409,779
			Net	106,905 - 194,218	16,973,814 - 795,005
Missouri, Kan- sas & Texas	8	Aug. 31	Gross	2,516,658 + 194,218	Dr. 17,003,633 - 1,342,662
			Net	Dr. 122,414 + 147,685	37,403,362 - 1,762,420
Missouri Pacific	8	Aug. 31	Gross	6,542,932 - 46,575	2,332,764 - 2,706,000
			Net	508,506 + 10,613	198,269,204 - 1,068,930
New York Central	8	Aug. 31	Gross	24,941,383 + 926,528	2,921,424 - 221,949
			Net	2,792,161 + 467,685	2,868,196 - 622,420
N. York, Chic- ago, & St. Louis	8	Aug. 31	Gross	2,775,445 + 89,900	3,748,423 - 221,949
			Net	516,052 + 158,402	46,309,009 - 311,110
N. York, New Haven and Hartford	8	Aug. 31	Gross	5,781,110 + 325,858	5,429,451 + 1,411,155
			Net	548,952 + 403,647	49,002,678 + 307,000
Norfolk and Western	8	Aug. 31	Gross	6,629,320 + 627,594	15,098,725 - 327,177
			Net	2,571,346 + 682,282	32,182,377 - 861,918
Northern Pacific	8	Aug. 31	Gross	1,020,349 - 389,885	1,237,741 - 2,947,477
			Net	30,096,653 + 1,928,421	238,459,439 + 4,928,280
Pennsylvania Railroad	8	Aug. 31	Gross	4,706,855 - 198,200	42,267,811 + 358,118
			Net	2,227,608 - 285,317	2,713,714 + 558,588
Pere Marquette Rail	8	Aug. 31	Gross	296,639 + 165,356	2,389,114 - 1,068,930
Reading Co.	8	Aug. 31	Gross	3,588,912 - 353,178	7,489,293 - 1,383,935
			Net	690,400 + 158,663	22,600,217 - 658,800
Seaboard Air Line	8	Aug. 31	Gross	2,304,378 - 7,315	1,152,902 - 319,190
			Net	Dr. 198,024 - 48,221	104,091,977 + 5,305,055
Southern Pacific	8	Aug. 31	Gross	14,455,789 + 869,902	10,121,627 - 131,130
			Net	1,784,837 - 56,968	53,035,390 + 836,160
Southern Rail- way	8	Aug. 31	Gross	6,983,520 + 557,057	7,486,612 - 548,820
			Net	1,239,066 - 539,489	27,066,125 - 1,068,930
St. Louis-San Francisco	8	Aug. 31	Gross	3,968,270 + 90,513	Dr. 40,173 - 272,478
			Net	2,055,063 + 114,611	13,035,012 + 376,209
Texas & Pacific	8	Aug. 31	Gross	453,884 + 44,948	2,390,709 - 209,676
			Net	12,432,730 - 192,269	78,796,454 + 1,891,811
Union Pacific....	8	Aug. 31	Gross	2,458,771 - 202,171	7,153,004 - 3,262,820
			Net	3,383,782 + 161,921	26,883,977 + 967,850
Wabash	8	Aug. 31	Gross	245,673 + 18,447	2,704,759 - 195,767

WEEKLY TRAFFIC RETURNS

RAILWAYS OF GREAT BRITAIN AND IRELAND

(b) Week ended Oct. 11, 1935 (c) Week ended Oct. 12, 1935	Miles Open	Gross Receipts, week ended October 13, 1935 (£000)					Aggregate Gross Receipts 1935 compared with 1934 41 weeks (£000)				
		Passen- ger, &c.	Merchan- dise, &c.	Coal and Coke	Total Goods	Total Receipts	Passen- ger, &c.	Merchan- dise, &c.	Coal and Coke	Total Goods	Total Receipts
Great Western	1935 3,749	182	197	105	302	486	8,663	7,380	3,992	11,372	20,035
(c) L. & N.	1934 3,749	182	197	97	294	476	8,517	7,335	4,072	11,407	19,924
Eastern	1934 6,339	293	344	246	590	885	13,294	12,616	9,004	21,620	34,914
L. M. & S.	1934 6,339	293	344	230	582	875	13,001	12,688	9,211	21,919	34,920
Scottish	1934 6,928	451	482	221	703	1,154	20,435	18,273	9,245	27,518	47,953
Southern	1935 2,171	267	63	30	33	360	20,046	18,156	9,207	27,363	47,409
(c) 1934 2,176	263	66	28	94	357	357	12,293	2,649	1,249	3,898	16,191
Total	1935 19,181	1,190	1,087	620	1,707	2,897	55,030	40,767	23,440	64,203	119,233
(c) 1934 19,101	1,189	1,097	576	1,673	2,862	2,862	53,857	40,828	23,759	64,587	118,444

COMPARISONS WITH CORRESPONDING PERIODS, 1933 AND 1934

	(000's omitted)			
	Great Western	L.M.S.	L.N.E.R.	Southern
Second half-year 1934, compared with second half-year, 1933:				
Gross increase or decrease.....	+ 148	+ 659	+ 528	+ 168
First half-year 1935, compared with first half-year 1934:				
Gross increase or decrease.....	+ 78	+ 299	- 26	+
Second half-year 1935, compared with second half-year, 1934:				
15 weeks to Oct. 13, 1935.....	+ 33	+ 245	+ 20	+ 132
Weekly average second half 1935	+ 2½	+ 16½	+ 1½	+ 8½
Latest week 1935 compared with 1934.....	+ 8	+ 14	+ 10	+ 3

LONDON TRANSPORT

Week ending	October 12, 1935.....	*Takings last year			
		£554,400	+ 3,700	+ 108,900	
Aggregate 15 weeks ending	October 12, 1935.....	£8,121,200			

* For an explanation of the manner in which the figures are made up, see the *Economist*, March 17, 1934, page 810.

Note.—The receipts this year include receipts of bus and coach undertakings not absorbed by London Transport in the corresponding period of last year. In order to make a comparison with the previous year, the figures for that year have been adjusted on the basis of the best information available.

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week		Gross Aggregate Receipts	
				1935	+ or -	1935	+ or -
INDIAN							
Assam Bengal	24	Sept. 20	1,330	Rs. 4,40,000	- 63,187	Rs. 73,55,571	- 14,20,074
Barisi Lt. Ry.	24	20	292	443,800	+ 7,709	9,10,000	- 55,000
Bengal & N.Western ..	26	30	2,114	7,12,000	+ 64,548	1,61,76,018	- 28,557
Bengal-Nagpur	23	10	3,268	19,63,000	+ 56,726	3,74,38,633	+ 26,55,443
Bombay, Bar. & C.I.	27	Oct. 10	3,072	11,57,000	+ 2,88,000	5,34,92,000	- 3,21,000
Madras & S. Mahr.	24	Sept. 20	3,230	17,10,000	- 2,23,956	3,37,52,275	- 38,44,595
Rohilk'd & Kumaon	26	30	546	11,41,015	+ 6,132	30,90,332	- 1,15,459
South Indian	24	20	2,526	11,19,389	- 2,03,017	2,57,39,637	- 11,30,043

† 10 days.

CANADIAN

		1935		\$	\$	\$	\$
Canadian National.	39	Oct. 7	23714	3,942,766	+ 616,720	129,072,945	+ 3,784,190
Canadian Pacific ...	39	7	17224	3,316,000	+ 711,000	95,356,000	+ 1,851,000

SOUTH AMERICAN

Antofagasta (Chali and Bolivia).....	41	Oct. 13	830	{ £ 10,190,- £ 128,000	£ 5,970 £ 2,300	£ 497,280 £ 2,150,100	£ 88,990 £ 104,200
Argentine N.E.	15	12	753	{ £ 7,403 £ 1,330,000	£ 109 £ 149,000	£ 126,294 £ 18,506,000	£ 7,775 £ 499,000
B.A. and Pacific	15	12	2,806	{ £ 78,143 £ 152,000	£ 8,998 £ 12,000	£ 1,087,057 £ 1,668,400	£ 44,000 £ 61,200
B.A. Central B.A. Gt. Southern	13 15	Sept. 28 Oct. 12	28 5,085	{ £ 1,988,000 £ 116,804	£ 55,000 £ 3,631	£ 30,429,000 £ 1,787,387	£ 1,096,000 £ 38,300
B.A. Western	15	12	1,930	{ £ 623,000 £ 26,604	£ 27,000 £ 1,450	£ 10,150,000 £ 585,214	£ 482,000 £ 19,200
Central Argentine .	15	12	3,700	{ £ 12,083,900 £ 112,438	£ 11,450 £ 241	£ 30,342,500 £ 1,782,344	£ 1,832,000 £ 80,617
Central Uruguay	15	12	273	{ £ 8,804 £ 71,433	£ 9,578 £ 176	£ 125,826 £ 20,141	£ 13,687 £ 1,900
C. Ur. (East Ext.)	15	12	311	{ £ 1,031 £ 722	£ 80 £ 101	£ 15,743 £ 11,065	£ 3,040 £ 900
C. Ur. (N. Ext.)	15	12	185	{ £ 1,031 £ 722	£ 80 £ 101	£ 15,743 £ 11,065	£ 3,040 £ 900
C. Ur. (W. Ext.)	15	12	211	{ £ 722 £ 481,000	£ 101 £ 46,000	£ 11,065 £ 8,156,000	£ 900 £ 1,000
Cordoba Central.....	15	12	1,218	{ £ 28,260 £ 170,700	£ 2,790 £ 37,800	£ 479,100 £ 3,088,100	£ 7,060 £ 168,400
Entre Rios	15	12	810	{ £ 10,029 £ 110,000	£ 2,178 £ 3,500	£ 181,392 £ 299,000	£ 12,176 £ 25,000
G. Westn. of Brazil	41	12	1,082	{ £ 10,029 Ms175800	£ 3,500 £ 102,000	£ 299,000 £ 60,980,000	£ 25,000 £ 1,146,000
Leopoldina.....	41	12	1,918	{ of £ 19,778 Ms181000	£ 4,510 £ 35,000	£ 720,575 £ 21,000,000	£ 136,604 £ 250,000
Leopoldina Termal.	41	12	1,918	{ of £ 19,778 £ 4,184	£ 4,510 £ 2,734	£ 720,575 £ 12,100,154	£ 136,604 £ 9,200
Nitrate	9†	Sept. 30	401	{ £ 4,184 £ 139,000	£ 2,734 £ 982,000	£ 12,100,154 £ 29,000,000	£ 9,200 £ 143,200
Paraguay Central.	15	Oct. 12	274	{ £ 139,000 £ 9,977	£ 982,000 £ 2,633	£ 29,000,000 £ 178,542	£ 143,200 £ 35,500
Salvador	15	Oct. 12	274	{ £ 9,977 Ms250000	£ 2,633 £ 655,000	£ 178,542 £ 83,600,000	£ 35,500 £ 108,500
San Paulo	30	6	1,532	{ of £ 27,656 £ 11,840	£ 3,731 £ 1,556	£ 1,017,482 £ 248,856	£ 71,500 £ 2,200
United of Havana.	15	12	1,365	{ £ 11,840 £ 11,840	£ 1,556 £ 1,556	£ 248,856 £ 248,856	£ 2,200 £ 2,200

* Converted at average official rate during week ended Oct. 12—17-02 pesos to the £.
† Months.
‡ Receipts in Argentine Pesos.
§ Comparative figures for 1934 converted at official rate ruling in 1935.
|| Converted at the "free" rate as a result of a decision of the High Court.

OTHER OVERSEAS

Egyptian Delta		1935		£	£	£	£
Light Railways.	26	S.pt. 30	925	17,362	- 203	102,500	- 2,672
Egyptian Markets.	41	Oct. 10	...	1,574	- 206	64,578	- 1,953
Gr.Southn.of Spain	40	5	104	P. 35,745	- 30,407	1,774,335	- 426,438
Mexican Railway...	40	Sept. 30	483	\$239,100	- 16,200	3,463,400	- 387,100

† 10 days.

TRAMWAYS WEEKLY GROSS RECEIPTS

1935							
Anglo-Argentine ...	41	Oct. 14	328	₹25,648	164,578	25,898,216	732,578
B. Aires Lacroze ...	13	Sept. 29	...	₹80,824	14,978	856,484	37,974
Burnley, Colne and Nelson Tr. Trsp.	1	Oct. 12	76	₹5,041	68	...	...
Calcutta Tramways	...	12	...	Rs. 1,08,219	13,342	...	...
Isle of Thanet Elec.	30	2	...	2,897	390	113,546	10,716
Liverpool Corp.	26	Oct. 9	...	29,255	627	804,555	15,527
Madras Electric	9	Sept. 30	...	Rs. 46,510	1,503	9,54,488	8,492

† Months.

MONTHLY TRAFFICS

Company	Months	Ending	Description	Receipts for Month		Receipts to Date	
				1935	+ or -	1935	+ or -
Dorad	9	Sept. 30	Gross	£12,200	+ 3,000	105,500	+ 14,800
Dorad (Ropeway Ext.)	9	Sept. 30	Gross	£3,700	+ 1,100	40,400	+ 2,500
La Guairt Harbour	1	Sept. 30	Gross	£10,501	+ 1,487	...	...
Mashonaland	1	Aug. 31	Gross	£117,688	- 2,919	...	...
Mexican Light & Power	8	Aug. 31	Gross	Can. \$689,506	- 18,981	5,122,320	- 394,985
	8	Aug. 31	Net	Can. \$101,315	- 24,700	1,454,179	- 454,255
Rangoon Electric	1	Sept. 30	Gross	Rs. 1,57,568	- 470	...	...
Rhodesia Railways	1	Aug. 31	Gross	£203,069	- 5,376	...	...

REPORTS AND NOTICES

Mr Cyril H. Kleinwort and Mr J. C. Scott have been appointed directors of the North British and Mercantile Insurance Company.

The Trustees Corporation, Ltd., announce that Mr William Heathcote Tatham has been appointed a director.

Mr Geoffrey J. Joel, M.C., has been appointed a director of the Johannesburg Consolidated Investment Company, Ltd.

The Hon. Arthur M. Asquith, D.S.O., has been elected a director of the Rio de Janeiro City Improvements Company, Ltd.

Bank of New South Wales, London, have received a telegram from Sydney dated October 4, 1935, to the effect that George Roland Love has been appointed director on the Sydney board, in place of Charles Binnie resigned.

The board of directors of Herbert Morris, Ltd., have appointed Mr F. M. Morris as vice-chairman and managing director. They have also appointed Mr George Macbriar and Mr H. G. Purnell as directors of the company.

BANKS

CHEMICAL BANK AND TRUST COMPANY, NEW YORK.—The balance sheet, dated September 30, 1935, shows assets totalling \$574,111,764, the chief items being cash and due from banks, \$131,027,010; U.S. Government obligations, \$189,853,709; State and municipal bonds, \$29,519,571; loans and discounts, \$92,628,018. Capital, surplus and undivided profits stand at \$69,606,666, and deposits amount to \$486,384,381.

MINES

THE ASSOCIATED NORTHERN BLOCKS (W. A.), LTD.—At the extraordinary general meeting held October 11th, Mr E. J. Morris presiding, resolutions for voluntary liquidation were passed, and Edward H. Fenson, F.C.I.S., of 39/41 New Broad Street, E.C.2, was appointed liquidator. In exchange for their present holdings, shareholders will shortly receive an equivalent number of fully-paid shares of 5s. each in Great Boulder Mining and Finance, Ltd.

MISCELLANEOUS

GENERAL THEATRE CORPORATION, LTD.—This company secured a profit of £214,977 for the year to March 31, 1935, as compared with £193,934 for the year ended March 31, 1934. After deducting income tax, reserve for amortisation and depreciation and debenture interest, a balance of £67,851 is carried forward. No provision has been made for the debenture stock sinking fund for 1934, suspended in accordance with the arrangement. Messrs C. M. and M. Woolf have resigned from the board. It is not proposed to fill these vacancies. The meeting will be held at Film House, 142-150 Wardour Street, London, W.1, on October 28th at 12.15 p.m.

THE NORTH AMERICAN COMPANY.—The electric output of subsidiaries of the North American company for the third quarter of 1935 was greater than for any three-months' period in the history of the company's present subsidiaries, and showed an increase of approximately 14 per cent. compared with the third quarter of 1934. For the twelve months ended September 30, 1935, there was an increase of approximately 8 per cent. compared with the corresponding period ended September 30, 1934, and an increase of about 1 per cent. over the previous twelve-months' record for the period embracing the last half of 1929 and the first half of 1930. The highest weekly output in the history of the company's present subsidiaries was recorded for the week ended October 3, 1935.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Deben- ture Interest	Amount Available for Distri- bution	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Deprecia- tion, etc.	Balance Forward	Net Profit	Divi- dend
					Prefce.	Ordinary					
						Amount	Amount					Rate
					£	£	%	£	£	£	%
Banks		£	£	£							
Anglo-South American Bank	June 30	158,963	37,020	195,983	...	...	...	37,020	158,963	60,783	...
Breweries											
Seager Evans and Co.	July 31	...	(s)32,357	32,357	...	...	...	...	32,357	21,877	...
Financial Land, etc.											
African Lakes Corporation	Jan. 31	342	6,200	6,542	...	4,844	2½	...	1,698	Dr 11,004	...
Caledonian Property Invest.	July 31	...	3,300	3,300	...	1,712	5½	1,588	...	...	...
International Financial So- ciety.....	Sept. 30	...	10,220	10,220	13,950	...	...	Dr. 3,730	...	3,390	...
New London Properties.....	June 24	Dr. 28	18,222	18,194	...	...	...	17,443	751	...	...
Iron, Coal and Steel											
Braithwaite & Co., Engineers	Mar. 31	Dr. 10,410	Dr. 8,762	Dr. 19,172	...	...	...	Dr. 12,612	Dr. 6,560	Dr. 4,745	...
Lambert Brothers	June 30	73,433	42,142	115,575	10,313	28,125	5	...	77,137	16,495	2½(n)
Sneyd Collieries	June 30	100,924	77,190	178,114	7,650	37,500	12½	32,003	100,961	38,193	10
Rubber, etc.											
Chungloon	Mar. 31	935	1,779	2,714	...	1,255	5	...	1,459	1,258	Nil
Federated (Selangor).....	June 30	185	2,539	2,724	...	1,734	3	479	511	2,136	2½
Jabi	Mar. 31	1,433	4,542	5,975	...	3,250	5	...	2,725	2,729	Nil
Karmen	May 31	12,202	4,864	17,066	...	4,000	4	4,000	9,066	2,528	3
Lewa	June 30	2,571	2,557	5,128	1,930	2,350	1½	...	848	2,418	Nil
Morib	June 30	2,580	3,508	6,088	...	3,500	5	...	2,588	1,657	3
Parit-Bruas (Malay)	June 30	106	3,960	4,066	...	3,500	7	413	153	2,278	5
Strathisla (Perak)	June 30	6,182	6,634	12,816	...	6,000	7½	100	6,716	10,028	10
Tangoel	June 30	1,766	Dr. 7	1,759	...	...	...	...	1,759	Dr. 369	...
Tonghurst	Mar. 31	388	2,022	2,410	...	1,257	5	...	1,153	1,310	Nil
Tea											
Korale.....	June 30	2,900	1,904	4,804	2,935	...	...	...	1,869	6,412	...
Sudalur (Nilgiri)	June 30	Dr. 7,072	Dr. 798	Dr. 7,870	...	...	...	...	Dr. 7,870	Dr. 2,260	...
Trusts											
British Canadian	Aug. 31	9,065	12,782	21,847	4,418	5,890	6	2,500	9,039	10,760	6
Second American	Aug. 31	6,377	23,289	29,666	23,898	...	...	...	5,768	13,279	...
Other Companies											
Anglo - Continental Guano	June 30	37,246	59,187	96,433	28,125	11,625	7½	13,750	42,933	58,225	7½
Castle Brothers (Furniture)	Aug. 3	...	12,343	12,343	1,720	8,525	10	358	1,740	...	...
Delaney (John)	July 31	1,603	8,493	10,096	...	6,546	6½	1,475	2,075	5,378	5
Erinoid, Ltd.	July 31	8,445	35,008	43,453	1,279	21,312	10	14,115	6,747	45,159	11½
Fison, Packard and Prentice	June 30	17,931	71,751	89,682	12,416	32,479	9	24,670	20,117	63,225	7½
Francois Cementation	Mar. 31	12,292	9,178	21,470	...	...	...	...	21,470	Dr. 9,012	...
General Theatre Corporation	Mar. 31	...	67,851	67,851	...	...	...	...	67,851	Dr 27,015	...
Kayan (F.M.S.) Coconut ...	June 30	7,371	1,378	8,749	...	1,163	2½	...	7,586	202	Nil
Levers Optical Co.	Aug. 31	...	6,065	6,065	...	1,920	6	2,000	2,145	...	6
London United Laundries...	June 29	6,282	8,665	14,947	...	4,235	7	4,500	6,212	7,996	...
Morris (Herbert).....	July 31	22,990	69,766	92,756	10,000	34,875	15	20,374	27,507	55,948	10
Ranks, Ltd.	June 29	33,604	575,246	608,850	195,603	359,108	15	...	54,139	(r) 366,430	15
Rich (E.) and Co.	June 30	4,233	2,671	6,904	...	2,280	1½	...	4,624	2,713	1½
Sadler and Co.	June 30	3,865	15,817	19,682	...	9,170	7	7,500	3,012	6,862	6
Serck Radiators	Aug. 3	6,221	27,819	34,040	...	17,437	15	10,000	6,603	20,624	12½
Simons and Co.	June 30	6,528	26,415	32,943	8,719	9,300	6	8,000	6,924	23,043	6
Ste Madeleine Sugar	June 30	45,347	79,414	124,761	...	34,979	5	40,000	49,782	53,419	5
Union Cinema Co.	Mar. 31	34,279	23,696	57,975	567	16,958	20(v)	...	40,450	23,775	10
Venesta, Ltd.	June 30	117,144	82,245	199,389	49,000	...	...	50,000	100,389	81,958	...

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

THERE are signs of a lull in the re-stocking movement which set in a few weeks ago and was accompanied by a sharp rise in the prices of important primary products. The nature and implications of the re-stocking movement are discussed in a leading article. Quotations for a number of leading primary products have tended to decline this week, an indication that manufacturers are not anxious to continue increasing their stocks for the time being.

For example, Wednesday's quotations for copper, lead, spelter and tin were all lower than on the corresponding day last week. The "squeeze" in the tin market this week was worse than ever. The cash price rose to over £240 per ton before it declined again on rumours that production quotas might be increased further at the meeting of the International Tin Committee next Tuesday.

The tendency of wheat prices was also easier owing to Canadian selling pressure and reports of an improvement in Argentina's crop prospects. Moreover, fears that the change of the Canadian Government may portend a change in Canada's wheat policy led to heavy liquidation and a decline in prices in Chicago. Quotations for linseed were marked down in sympathy with the decline in wheat prices.

Among textile raw materials, American cotton was marked down in price, but the market in wool remained firm. The gradual improvement in the international raw sugar position is reflected in a further slight rise in prices. Rubber was also dearer than a week ago, partly as a result of the determined attempt by the Government of the Dutch East Indies to keep exports within the quota and partly because of an expansion in demand.

The trend of quotations for primary products in the United States was downwards. Moody's index of the dollar prices of stable commodities (December 31, 1931 = 100) to 173.2 on Wednesday last, against 175.3 a week earlier and 171.1 a month ago. On the corresponding day last year the index stood at 145.6.

COAL

SHEFFIELD.—A new pooling arrangement for the export trade in South Yorkshire will come into operation at the end of October. It provides that coalowners who have not used the whole of their export quota at the end of each month shall pass from 25 to 50 per cent. of it into a pool. Exporting owners who cannot provide sufficient coal to meet orders may ask for an allotment from the pool. There will be a charge of sixpence a ton on the coal supplied from the pool. The export situation is unchanged, the prompt demand being quiet and steady. Inland trade is brisk in all sections and prices firm. Demand for foundry coke is expanding week by week.

Quotations: Association hards, 18s. to 18s. 6d.; washed trebles, 17s. to 17s. 6d.; screened gas coal, 18s. 6d. to 19s.; rough slacks, 11s. to 11s. 3d.; Derbyshire hards, 17s. to 17s. 6d. (all f.o.b.); Yorkshire best house, 20s. to 22s.; Derbyshire best house, 19s. to 21s. (all at pits); blast-furnace coke, 13s. 6d. (at ovens).

NEWCASTLE-ON-TYNE.—Northumberland screened steam coal prices remain firm under a steady demand from Scandinavia and English coasting ports. Sized steam coals are moving freely and a steady trade in these grades appears to be assured for the winter months. In the Durham section there is a little more activity in gas coals, but collieries in the northern part of this coalfield, who have been accustomed to supplying large quantities of coking coal to Italy, are now having to face considerable loss of business. Prime brands of patent oven coke are firm.

Current f.o.b. prices for export: **NORTHUMBERLAND.**—D.C.B. screened, 15s. 6d.; smalls, 12s. 6d.; Howards, Bentinck, Newbiggin, screened, 14s. 6d.; smalls, 11s.; Tyne Prime, large, 14s.; smalls, 11s. 6d.; Hartley Main, large, 14s. 6d.; smalls, 12s.; **DURHAM.**—Lambton/South Hetton screened steam, 15s. 2d.; smalls, 12s. 6d.; Wear Special gas, 15s.; Holmside, Ryhope, Boldon, unscreened gas, 14s. 6d.; second-class gas, 13s. 2d.; coking, unscreened and/or smalls, 13s. 2d.; Prime unscreened bunkers, 13s. 9d.; second-class unscreened bunkers, 13s. 3d.; Prime foundry coke, 20s. 6d.; Newcastle and District gas coke, 20s.

GLASGOW.—Business is moving very steadily in the Scottish trade. Last week's shipments, at 282,000 tons, show a rise of 21,000 tons on the week. The Scandinavian markets remain prominent. Some business has also been done with Spain and South America. Some difficulties continue to be experienced by shippers owing to the rise in freight rates. Home trade remains brisk both in respect of household and industrial demand, and business with Ireland and the South of England is improving.

Current export prices f.o.b. district ports: **LANARKSHIRE.**—Ell best, 14s. 6d.-15s.; splint best, 17s.-17s. 6d.; splint second, 15s.-15s. 6d.; navigation, screened, 14s. 9d.-15s.; navigation, unscreened, 13s. 6d.; Hartley, 16s.; steam, 13s.-13s. 6d.; trebles, 14s.; doubles, 13s. 3d.-13s. 6d.; singles, 12s. 6d.-12s. 9d.; pearls,

11s. 3d.-11s. 6d.; dross, 10s. 6d. **FIFE.**—Best unscreened navigation, 12s. 9d.-13s. 3d.; unscreened navigation, 12s. 6d.; first-class steam, 14s. 6d.; third-class steam, 13s.-13s. 6d.; trebles, 15s. 6d.-17s.; doubles, 14s.-15s.; singles, 13s.; pearls, 11s. 9d. **LOTHIANS.**—Best splint, 14s. 6d.; prime steam, 12s. 6d.-13s. 6d.; secondary steam, 11s. 6d.-12s.; unscreened navigation, 12s. 9d.-13s.; trebles, 15s.-15s. 3d.; doubles, 14s.-14s. 3d.; singles, 13s.-13s. 3d.; pearls, 11s.-11s. 3d. **AYRSHIRE.**—Best unscreened navigation, 14s. 6d.; steam, 13s.; trebles, 14s. 6d.; doubles, 13s. 9d.-14s.; singles, 13s. 6d.; pearls, 13s.; dross, 12s.

CARDIFF.—Trade conditions show little change. Shipments in the foreign and coastwise trades last week totalled 362,800 tons, compared with 360,300 tons the previous week, and 399,284 tons in the corresponding week last year. During the past few days tonnage supplies at the docks have been comparatively scarce, and with freight rates also decidedly firmer it is feared that this week's volume of trade will be below the average. The Egyptian State Railways have placed contracts for 400,000 tons at an f.o.b. price of 18s. 9d. per ton Cardiff or Newport. Quotations continue to adhere closely to the minimum schedules; for patent fuel they are steady; while pitwood is ruling firmly at 21s. 6d. for Portuguese supplies.

Current approximate quotations: Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 3d.; best drys, 18s. 9d. to 19s.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams (washed), 13s. to 13s. 6d.; coking smalls, 13s. 6d. to 14s.; second steams, 12s. 6d. to 13s.; anthracite, best large, 36s. to 40s.; Red Vein, large, 22s. to 27s.; machine-made cobbles, 35s. to 51s.; French nuts, 35s. to 51s.; stove nuts, 34s. to 50s.; rubbly culm, 10s. 6d. to 12s.; special foundry coke, 37s. 6d. to 40s.; patent fuel (Crown), 21s.; pitwood, ex ship, French 24s. 3d., Portuguese 21s. 6d.

IRON AND STEEL

LONDON.—The official report of the London Iron and Steel Exchange indicates that markets are active, and that demand in most branches shows a tendency to expand. Deliveries to consuming industries are heavy, and consumers are showing a disposition to buy forward; but in several sections of the market producers are reluctant to increase their already large forward commitments. Stocks of pig iron at blast furnaces are not heavy. A feature of the position in the semi-finished steel department is the pressure from consumers to secure delivery. Most consumers are working at a high rate, and although many of them have contracts extending for some months ahead, their requirements of supplementary tonnages amount to a heavy total. In most sections of the finished steel market a good volume of business is passing. Substantial deliveries are being made of ship-plates and sections, and most of the heavy steel works have sufficient orders on their books to keep them well employed for several months.

MIDDLESBROUGH.—Home demand for pig iron and steel continues active. Whilst there is little surplus pig iron available for export, the opportunities of doing business for shipment abroad are becoming fewer owing to the difficulties of payment, quotas, etc. Some fairly big shipments of steel are, however, being made to the Colonies. Whilst the total output of semi-finished and finished steel continues to increase, makers are having difficulty in some cases in meeting the demand for early delivery. In some instances deliveries of semi-manufactured steel are in arrears.

Pig iron prices are unchanged, Cleveland No. 3 foundry iron being 67s. 6d. per ton and No. 1 East Coast hematite 71s. per ton delivered in the Middlesbrough area. Foreign ore under existing contracts is coming in fairly regularly, but, owing to the uncertain freight position, sellers are unable to quote for new business. Good Durham blast furnace coke is freely obtainable, and is quoted at 18s. 6d. to 19s. per ton delivered at the furnaces. Buyers are offering 52s. 6d. per ton for heavy steel melting scrap, for which there is a good demand with merchants not inclined to sell far ahead at this figure.

SHEFFIELD.—Sheffield products did not fare too well in the export markets in September. Iron and steel and their manufactures were down 15,000 tons on August, and 11,000 tons on September last year. The losses were chiefly in railway steel, rolling stock, special steels, tinplates and ferro-alloys, these being offset by gains in electrical apparatus and machinery. Tools also did well. The local situation is as strong as ever, and Sunday working has been introduced in the armament departments. Orders for tool steels have been quieter for several months. The open-hearth steel plants are running to capacity; the demand for billets is not easy to meet, and complaints of arrears of delivery are heard. Full time working in the Lincolnshire furnaces and mills are also on full time. Favourable reports come from the tool and wire factories. Cutlery and plate mechanics is causing some inconvenience at some of the engineering shops.

GLASGOW.—There is increased activity at the steel works in the West of Scotland. Works are very busy, and are finding it difficult to give the delivery required by consumers. Tonnage on the books for practically all sections is large, and the outlook as regards the heavy trades is satisfactory. Makers of semis are also finding difficulty in meeting the demand in some branches, and on the whole they are comfortably off as regards work for the immediate future. There has been a better export business in galvanised sheets, largely for India, and home demand both for black and galvanised is maintained at the recent high levels. Tube makers are fully employed at most of the plants. The position continues to improve in regard to re-rolled steel bars and a good steady business is being done in the West of Scotland.

AUSTIN MOTORS

YEAR TO 31st JULY, 1935.

Dividends & Cash Bonus { 20% Preferred Ordinary
50% Ordinary and 'A' Ordinary Shares

Debenture Interest & Dividends for year gross - - - - £611,150

TRADING PROFIT inc. £362,933 brought for'd. - - - - £1,832,077

TO:—
MAINTENANCE AND DEPRECIATION - - - - 628,596
GENERAL RESERVE - - - - 185,000
FEES AND INCOME TAX (£150,000 due 1/1/37) - - - - 152,000
DIVIDENDS (net) AND DEBENTURE SERVICE - - - - 495,639
CARRY FORWARD - - - - 370,842
£1,832,077

INCREASED NUMBER OF CARS SOLD:—
1934/5 over 1933/4
8 weeks to 28th Sept. 1935
over same period 1934

HOME 23%
EXPORT 30%
62% 118%

TOTAL ASSETS £6,163,498 - - - - LIQUID ASSETS £3,047,458
CASH AND SECURITIES - - - - 1,492,718
RESERVES AND CARRY FORWARD - - - - 1,102,926

NINE FINANCIAL PERIODS (8 years 10 months).

1st Oct., 1926, to 31st July, 1935
Gross Trading Profit - - - - £10,596,545
Maintenance and Depreciation - - - - 4,017,023
Capital Expenditure - - - - 2,407,190
Income Tax - - - - 1,313,177
Debenture Interest and Dividends (Inc. Arrears) gross - - - - 4,055,235

Average p.a.
£1,199,609
454,757
272,512
148,661
459,083

CARDIFF.—On the Swansea Metal Exchange on Tuesday it was reported that limitations have been placed temporarily by the Central Committee of the International Cartel on exports of British tinplates in order that other members of the Cartel may secure their allotted shares of the total world trade. A similar procedure was adopted last year. It was also stated that the scheduled c.i.f. prices have been amended to conform with an increase in the f.o.b. price from 18s. 2d. to 18s. 9d. per basis box, presumably because of the rise in the price of tin. Inquiries by the inland trade were moderately active. Galvanised sheets are unaltered at £11 5s. per ton f.o.b., and tinplate bars at £5 5s. per ton delivered locally. Shipments at Swansea last week totalled 102,063 boxes, compared with 71,437 boxes the previous week, and 108,063 boxes in the corresponding week last year. Stocks in warehouse at Swansea have fallen to 67,187 boxes, as against 105,695 boxes in the corresponding week of 1934.

OTHER METALS

COPPER.—The market experienced a setback both on Monday and Wednesday, which brought the cash price below the £35 level. The reaction was caused by a heavy volume of liquidation traceable to the belief that the war danger is now definitely confined to East Africa. An improvement in the technical position of the market has resulted, leading certain observers to the conclusion that a further rise is likely. Whether or not this view is justifiable remains to be seen, but it must be remembered that European and American consumers are now well supplied with copper and might be inclined to restrict their purchases for a while. At the moment, the situation of the market resembles that which obtained shortly after the Schechter judgment and much depends upon what decisions are taken at Geneva. If it were decided to place an embargo upon exports of copper to Italy, there might be a further setback instead of a rise. According to the unofficial statistics, world stocks showed a further decline of 18,000 short tons during September to 531,600 short tons at the end of the month. This movement took place although world primary production rose by no less than 5,000 tons to 121,500 short tons.

Sales on the London Metal Exchange: 2,750 tons on Monday, against 6,500 tons last week; 2,450 tons on Tuesday, against 5,700 tons last week; 4,450 tons on Wednesday, against 3,400 tons last week. Domestic spot was quoted at 8-52½ cents per lb. in New York on Wednesday, against 8-72½ cents a week ago and 8-37½ cents a month ago. Wednesday's official closing price for standard cash in London was £34 17s. 6d. to £34 18s. 9d., compared with £35 16s. 3d. to £35 17s. 6d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 80,793 tons, show a decrease of 415 tons, while stocks of rough copper, at 11,384 tons, show a decrease of 50 tons on the week.

LEAD AND SPELTER.—Profit-taking and a temporary decline in consumers' demand were responsible for a reaction in both lead and spelter this week. At the close on Wednesday lead was £1 7s. 6d. below the week's best, while spelter lost exactly £1. But the statistical position of lead remains good and a further rise in this metal is quite possible—especially since production shows no signs of an early increase. According to the latest statistics of the Metallgesellschaft, the position of spelter has also improved. World production registered a decline of 315 metric tons to 109,810 metric tons in August. The daily rate of production (at 3,542 tons) was the lowest this year. In America, stocks of spelter fell by 6,129 short tons during September to 106,316 short tons—the lowest level reached this year. Deliveries in America rose during the same period by 3,017 to 42,217 short tons—the highest figure for the year.

Sales of lead on the London Metal Exchange: 1,350 tons on Monday, against 2,400 tons last week; 1,250 tons on Tuesday, against 3,200 tons last week; 1,150 tons on Wednesday, against 1,700 tons last week. The New York quotation on Wednesday was 4-50 cents per lb., against 4-60 cents a week ago and 4-35 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £18 2s. 6d. per ton, compared with £19 2s. 6d. a week ago.

Sales of spelter on the London Metal Exchange: 700 tons on Monday, against 2,400 tons last week; 800 tons on Tuesday, against 1,000 tons last week; 475 tons on Wednesday, against 1,600 tons last week. Wednesday's quotation in East St. Louis was 4-85 cents per lb., against 4-85 cents the week before and 4-75 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £16 2s. 6d. per ton, against £16 15s. last week.

TIN.—The sole remaining advantage of the restriction scheme—stability of prices—has now been lost. The fluctuations of the cash price during the past week have covered a range of no less than £20. While the "backwardation" at one time amounted to a similar figure, but on Wednesday the "backwardation" declined to £11 figure. The market "squeeze" reached its most acute point per ton. At the end of last week British warehouse stocks this week. At the end of last week the lowest total in many years. Although consumption in America declined considerably during the past fortnight, the market situation there has also become alarming and shipments from Malaya are mainly directed to the United States. Clear evidence of the labour shortage in Bolivia is contained in Mr. J. Blum's estimate that shipments from that country during September amounted to only 1,377 tons, against 1,990 tons in August. Exports of ore from Nigeria are also behind schedule, since dredging operations are being handicapped by the dry season. But stocks at Arnhem (Holland) have reached a fair level, and it is

OVER ONE HUNDRED YEARS OF SERVICE

SCOTTISH UNION & NATIONAL

INSURANCE COMPANY

ASSETS - EXCEED - £16,000,000

FIRE LIFE ACCIDENT MARINE

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anticipated that these will be shipped to this country. A further increase in production quotas is expected as a result of the meeting of the International Committee next Tuesday. Whether or not such an increase would have sufficient psychological effect to exercise a continuous pressure on prices depends on the size of the bear account in the market. It is possible that substantial quantities of forward tin were sold in anticipation of lower prices after the increase in the quota to 65 per cent. on August 9th. These sales must be settled early next month, when supplies may still be scarce.

Sales of tin on the London Metal Exchange: 450 tons on Monday, against 425 tons last week; 235 tons on Tuesday, against 375 tons last week; 475 tons on Wednesday, against 345 tons last week. The New York quotation on Wednesday was 51.50 cents per lb., against 51.25 cents a week ago and 49.25 cents a month ago. Wednesday's official closing quotation in London for standard cash was £228 to £229 per ton, compared with £229 5s. to £229 10s. last week. Stocks of tin in London and Liverpool at the end of last week totalled 431 tons, a decrease of 247 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted at £100 per ton. Nickel, for home and export, at £200 to £205 per ton, remains unchanged. Quicksilver, on the spot, was quoted at £12 to £12 2s. 6d. per flask of 76 lbs., as against £12 to £12 2s. per flask last week. Chinese antimony was quoted at £75 to £76 per ton ex warehouse, duty paid, as against £69 last week. Chinese wolfram for October-November shipment was quoted at 35s. to 36s. per unit, c.i.f., as against 33s. 6d. to 34s. 6d. per unit last week. Platinum (refined) at £7 10s. per ounce, was unchanged on the week.

TEXTILES

COTTON.—Manchester. —The market has continued more active, and numerous spinners and manufacturers have booked orders freely. The bulk of the demand has been for coarse and heavy cloths, but in other sections inquiry has tended to broaden. There is some uncertainty concerning the effect upon international trade of the embargoes which are now being placed by the League of Nations on Italy, but Lancashire is not likely to suffer to any particular extent. There has been a slightly easier movement in raw cotton prices. This is the time of the year when farmers are expected to put out hedges, and on the whole this selling pressure is being well absorbed as a result of the larger trade demand. The crop in the United States will probably be 11,500,000 bales, but it is believed that world consumption will be fully equal to that amount. Latest weather advices from the belt have been rather better, but plants are late and there is a danger of frost having an adverse influence upon yield.

COTTON PRICES

	1935				Corresponding Date	
	Sept. 25	Oct. 2	Oct. 9	Oct. 16	1933	1934
Raw Cotton—Mid. American	d. 6.36	d. 6.41	d. 6.51	d. 6.42	d. 5.48	d. 6.98
Sakellandis Fully Good Fair Egyptian	8.39	8.58	8.64	8.67	7.03	8.28
Yarns—32's twist	10 1/2	10 1/2	10 1/2	10 1/2	9 1/2	10 1/2
" 40's twist	10 1/2	10 1/2	10 1/2	10 1/2	9 1/2	10 1/2
" 60's twist (Egyptian).....	16 1/2	16 1/2	16 1/2	16 1/2	16 1/2	16 1/2
32-in. Printers 116 yds., 16 by 16, 32's and 50's	s. d. 17 1/2	s. d. 17 1/2	s. d. 17 1/2	s. d. 17 1/2	s. d. 16 1/2	s. d. 19 2
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	24 1/2	24 1/2	24 1/2	24 1/2	20 8	24 3
38-in. ditto, 88 yds., 18 by 16, 10 lb.	10 2 1/2	10 2 1/2	10 2 1/2	10 4	10 5	11 1
39-in. ditto, 87 1/2 yds., 16 by 15, 8 1/2 lb.	9 1 1/2	9 1 1/2	9 2	9 3 1/2	9 3	10 0

A better feeling has continued to prevail in the cloth market. Inquiry for India has definitely increased and in one way and another a more encouraging turnover has taken place in a variety of goods, especially light bleaching descriptions and prints. A few fancies have been booked for China and the minor outlets of the Far East. A steady business has been done for the Dominions and the Crown Colonies. A feature of importance has been the freer buying of heavy goods for the home trade. Makers of sheetings, twills, drills and similar cloths have extended their order lists. Some contracts are pending in the market which must be associated with war requirements. Spinners of American yarns have had another encouraging week, there being a considerable business, especially in coarse counts. Inquiry for medium and fine numbers has increased. The improved demand for Egyptian qualities has been maintained and this section is more favourably situated than two or three weeks ago.

WOOL.—Bradford. —Healthy progress can be reported in the wool trade since the close of the London sales a fortnight ago. Australia has responded to the increased call for the raw material on the part of Japan and the home trade, and the slight rise in prices has done much to create confidence throughout the industry. There is every prospect of the demand for wool continuing, at least up to the end of the year. There is some concern throughout the

home trade regarding future supplies. Stocks in the West Riding are very light. Insurance rates have been trebled, but that is not a serious matter, provided there is no interference with the arrival of cargoes.

South African wool sales are proceeding satisfactorily, with an excellent demand at all centres. So far French buyers have been the most active, and it is significant that the bulk of their purchases are for the home trade. Continental customers of French houses are doing practically nothing on account of the uncertain international situation, the result being that French buying brokers are now concentrating upon Bradford, competing very keenly with old firms, who for many years have specialised in the Cape wool trade. Prices at the Cape are fully equal to the best in Australia, and stocks in this country are very light. Machinery continues to be well employed, and the outlook is good.

JUTE.—Dundee. —Prices of jute goods are very firm as the result of a very good business having been done during the past two weeks. Spinners and manufacturers are comfortably situated with orders for delivery a good distance ahead, and many good inquiries are still coming in. An occasional slight weakness displayed by the raw material and Calcutta goods is now causing buyers to act with caution. Prices of the fibre are generally £2 dearer than they were a fortnight ago, the advance bringing out a considerable trade. Prices of finished materials have risen in sympathy. Included in the business done is an order for one million sand bags for export, over one million yards of linoleum hessians and another for half a million medium-sized bags, also for export. The vexed question as to the future action on the part of the Indian Jute Mills' Association has been forgotten recently, but the matter still remains a source of uncertainty.

Daisee-2/3 was advanced to £18 10s. for full group, but has since reverted to £18 5s., with fours at from £17 5s., Tossa-2/3 quoted at £19 2s. 6d. and fours at 20s. less. Good quality fibre is rather scarce this season and high prices are demanded for the higher grades. Good First Marks are named at £22 2s. 6d. and good Lightnings at from £20 5s., with Hearts at from £19 5s. for SCC-H to £19 7s. 6d. for Ram-D/E, all October-November.

Jute yarns have been heavily bought and the price of common 8 lb. cops has been raised to 2s. 1d. and 8 lb. spools to 2s. 2d. Buyers are not keen to pay these prices, and the position is quiet now, but not before spinners have been able to consolidate their order books for some months ahead. Twist is very firm and dearer at 3½d. for 3 ply 8 lb., and sacking yarns rule from 2½d. for 24 lb. weft and 3½d. for 8 lb. chains. Rove was raised to £19 for 48 lb. and £15 for 200 lb., while the Rio yarns are also quotably dearer, but quiet. Carpet 14 lb. warp is now lowest at 3½d.

The quoted rates for jute cloth are all higher, with manufacturers unable to give delivery reasonably early. Many good orders have been placed and there are indications that more will follow. For 10 oz. 40 in., 2½d. is now the lowest price, and for 8 oz., 2½d. has been paid. Tenders for the supply of 4,200,000 sand bags for the British War Office are now in the hands of the authorities and the placing of these is hourly anticipated. Linoleum hessians are very firm and tending dearer, after a large business done, while heavy goods are in quite moderate demand.

Calcutta goods have wavered slightly after a good advance. The present rates are 18s. 9d. for 10 oz. 40 in. and 15s. 6d. for 8 oz., October, 18s. 8d. and 15s. 4d. November-December and 18s. 7d. and 15s. 2d. January-March, with Liverpool twills at 50s. 4½d. and "B" twills at 44s. 3d., October-March.

GRAIN MARKETS

WHEAT.—The tendency of prices on the wheat markets was a little easier during the last few days as a result of Canadian selling pressure and reports of an improvement in Argentina's crop prospects. Fears that the change of the Canadian Government may involve a change in Canada's wheat policy prompted a wave of liquidation in Chicago.

According to the *Corn Trade News*, total arrivals of wheat and flour at principal ports of Europe during the past week were 919,000 quarters, against 1,005,000 quarters in the preceding week. On Wednesday last, "December" futures were quoted in Chicago at 100½ cents per bushel, against 104½ cents the week before and 98½ cents a month ago. Quotations in London, Wednesday: against 38s. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 35s. 9d., against 36s. 9d. a week ago.

FLOUR.—Wednesday's London quotations (excluding quota payments) were: Straight run, delivered country, 30s. per 280 lbs., against 30s. 6d. a week ago; delivered London, 29s., as compared with 29s. 6d. a week ago. Manitoba patents, ex store, 28s. 6d. to 30s., against 29s. to 30s. 6d. a week ago. Australian, ex store, 30s. 6d., against 23s. 6d. a week ago.

BARLEY.—Business in imported barley has tended to fall off and prices showed an easier tendency. Home demand for English 33½ cents per bushel in Winnipeg on Wednesday, against 34½ cents last week and 37 cents a month ago. Quotations per 448 lbs. in 23s. to 24s., as against 23s. to 24s. last week; "English malting" (new) at farm, 30s. to 56s., against 30s. to 56s. a week ago.

OATS.—On Wednesday, "December" futures were quoted at 27½ cents per bushel in Chicago, against 28½ cents a week ago and 28½ cents last month. Quotations in London, Wednesday: week ago, "English White" (old), at farm, 22s. per 336 lbs., against 22s. last week; "Chilean White" (old), at farm, 22s., against 22s. 27s. 9d. a week earlier.

MAIZE.—Although demand for maize by the principal European importing countries has been well maintained, prices have tended to sag. Shipments from Argentina, which is at present the principal source of imports, showed a heavy increase last week. "December" futures were quoted on Wednesday at 60½ cents per bushel in Chicago, against 61½ cents a week ago and 58½ cents last month. Quotations in London, Wednesday: "Plate," landed, 18s. 9d. per 480 lbs., compared with 19s. a week ago; "Plate," ex ship (new), 17s. 9d., as against 18s. a week ago; "Plate," "October," 17s. 9d., against 18s. a week ago. Yellow maize meal, ex wharf, was quoted at £5 2s. 6d. per ton, against £5 2s. 6d. to £5 5s. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sale of home-grown wheat during the harvest years 1932-33 to 1935-36:—

	1932-1933	1933-1934	1934-1935	1935-1936
Estimated sales of home-grown wheat—	Cwts.	Cwts.	Cwts.	Cwts.
1 week to October 12	360,142	317,238	426,155	495,987
6 weeks to October 12.....	1,423,866	2,363,040	3,200,887	2,915,023
Average price of English wheat per cwt.	s. d. 5 8	s. d. 4 10	s. d. 5 0	s. d. 5 11

The following is a statement showing the quantities sold and the average price of British corn in the past two weeks, and for the corresponding week in each of the years from 1931 to 1934:—

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
Oct. 10, 1931.....	Cwts. 68,580	Cwts. 354,479	Cwts. 52,639	s. d. 5 4	s. d. 9 3	s. d. 6 2
Oct. 15, 1932.....	360,142	356,237	69,372	5 8	7 11	6 3
Oct. 14, 1933.....	317,238	527,304	38,598	4 10	10 6	5 5
Oct. 13, 1934.....	426,155	453,715	68,250	5 0	9 8	6 7
Oct. 5, 1935.....	506,203	400,823	63,717	5 8	9 7	6 3
Oct. 12, 1935.....	495,987	587,548	58,078	5 11	9 7	6 3

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks, with comparative figures for 1933 and 1934:—

NEAREST FUTURE	Jan. 4, 1933	Jan. 3, 1934	Oct. 17, 1934	Jan. 2, 1935	Oct. 9, 1935	Oct. 16, 1935
Winnipeg (No. 1, Manitoba) —Cents per 60 lb.	46½	65½	78½	82½	92½	88½
Chicago (No. 2 Winter) —Cents per 60 lb.	46½	84½	100½	98½	104½	100½

The visible supply of wheat in Canada amounts to 141,499,000 bushels, against 138,987,000 bushels last week and 111,312,000 bushels in the corresponding week of last year.

OTHER FOODS

BACON.—The recovery of bacon prices continues. With an active demand and moderate supplies, prices have shown a further rise this week. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 94s. to 96s.; Canadian, 90s.; Danish, 95s., against 88s. to 91s., 84s. and 89s. last week. Arrivals in London last week included Danish, 13,037 bales; Canadian, 1,824; Dutch, 2,014; Lithuanian, 1,509; Polish, 3,225; against 16,262, 1,825, 2,326, 1,394 and 3,635 bales, respectively, in the previous week.

BUTTER.—Supplies of butter have been rather short, and prices have again been marked up this week. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 127s.; Australian, choicest salted, 127s.; Danish, 134s.; compared with 123s., 122s. and 130s., respectively, last week.

CHEESE.—Demand for English has continued active, but Colonial descriptions have encountered a quiet trade at slightly easier rates. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, finest farmers', 60s. to 70s.; Canadian, finest coloured (new), 61s. to 62s.; New Zealand, finest coloured, 61s. to 61s. 6d., as against 60s. to 70s., 62s. and 62s., respectively, last week.

COCOA.—The "spot" quotation in New York on Wednesday was 5½ cents per lb., as against 5½ cents per lb. last week. On the London market, Accras have been in quiet demand. On Wednesday last, good fermented new crop, "October-December," was quoted 22s. 4½d. per 250 kilos. c.i.f. Continent, against 22s. 6d. last week. Last week's movements of cocoa in London were as follows: Landed, 1,363 bags; delivered, for home consumption, 6,119 bags; exported, 315 bags; stocks 130,503 bags, against 189,572 bags a year ago.

COFFEE.—The spot markets have been quietly steady, with prices generally unchanged. In New York on Wednesday, Rio No. 7 (cash) was quoted at 6½ cents per lb., as compared with 6½ cents per lb. last week and 6½ cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, nil; delivered, for home consumption, 85 cwt.; exported, nil; stocks, 13,119 cwt., against 27,592 packages a year ago. Central and other South American, landed, 119 cwt.; delivered, for home consumption, 1,966 cwt.; exported, 6,291 cwt.; stocks, 106,840 cwt., against 87,852 packages last year. Other kinds, landed, 1,192 cwt.;

delivered, for home consumption, 3,700 cwt.; exported, 954 cwt.; stocks, 128,988 cwt., against 81,129 packages last year.

EGGS.—With shorter supplies and an active demand, prices have registered a seasonal advance. At Smithfield Market on Wednesday, English (ordinary packing, Grade I, about 15-15½ lb.) realised 16s. 3d. to 16s. 9d. per 120, against 15s. 6d. to 16s. a week earlier, while Danish (15½ lb.) made 14s. to 14s. 6d. per 120, against 13s. to 13s. 6d. last week.

FRUIT.—Supplies in general remain moderate, and quotations at Covent Garden are inclined to be firmer. *The Fruitgrower* states that the spell of mild weather has resulted in an improved demand for citrous fruit, dessert apples and pears. British Columbian apples are increasing in quantity, and encounter a steady demand; Nova Scotian barrels are somewhat easier on heavier arrivals. Pears are required for at firm rates. Hothouse grapes have encountered a slow demand at easier rates, large supplies of cold house grapes being still available. Melons and peaches show little variation in price. Blackberries continue to sell well, but cob nuts are a point easier. Oranges have been in better demand at advancing prices. Lemons continue very dear, but grape fruit are easier, the market being well supplied.

MEAT.—Trading at Smithfield Market has been slow this week, with prices showing a sagging tendency. On Wednesday last, Argentine chilled hindquarters were quoted at 3s. 11d. to 4s. 4d. per 8 lbs., as compared with 4s. 2d. to 4s. 6d. last week. New Zealand frozen mutton was 3s. 2d. to 3s. 8d. per 8 lbs., against 3s. 2d. to 3s. 6d. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 9,726 tons a decrease of 21 tons on the corresponding week last year. Beef and veal accounted for 4,695 tons, mutton and lamb, 2,921 tons, and pork and bacon 1,326 tons, as compared with 4,758, 2,655 and 1,360 tons, respectively, in the same week of 1934.

MILK.—Information relative to the operation of the Milk Marketing Scheme during September, as issued by the Milk Marketing Board, is given in the following table, together with comparable statistics for earlier months:—

	Sept., 1934	June, 1935	July, 1935	August, 1935	Sept., 1935
Regional pool prices* (per gallon)	d.	d.	d.	d.	d.
Northern	10½	9½	10	10	12½
North-Western	10½	9½	9½	10	12½
Eastern	11	10	10½	10½	13
East Midland	10½	9½	10	10	13
West Midland	10½	9½	9½	9½	12½
North Wales	10½	9½	9½	10	12½
South Wales	11	9½	10	10½	12½
Southern	11	10	10½	10½	13
Mid-Western	10½	9½	9½	9½	12½
Far Western	10½	9½	9½	9½	12½
South-Eastern	11½	10½	10½	10½	13½
Liquid milk price (per gallon, all regions)	12½	12	13	13	16
Manufacturing price (per gallon, average)	5-63	5-13	5-38	5-73	5-54
Total sales under contract	59-12	85-90	80-86	70-65	66-06
For liquid consumption	43-42	46-00	46-83	45-03	46-01
For manufacturing	15-70	39-90	34-03	25-62	20-05

* On account to the nearest farthing. † 13d. per gallon in the South-eastern Region.

PEPPER.—Wednesday's spot price for Lampong (in bond) was 3½d. per lb., against 3½d. last week. Movements of pepper in London during the past week were as follows: Black, landed, 10 tons; delivered, 22 tons; stocks, 1,533 tons, against 432 tons a year ago. White, landed, nil; delivered, 273 tons; stocks, 16,110 tons, against 8,412 tons a year ago.

RICE.—The spot price of Burma No. 2, cleaned, was 9s. 9d. per cwt. on Wednesday, as compared with 9s. 10½d. per cwt. a week ago, while the forward quotation, at 8s. 9d. per cwt., remains unchanged on the week. Movements in London during the past week were as follows: Landed, nil; delivered, 335 tons; stocks, 7,903 tons, against 4,145 tons a year ago.

SUGAR.—After declining 10 points at the end of last week, the spot price of raw sugar in New York has shown a firmer tendency. London prices have advanced. The spot price in New York on Wednesday was 3.60 cents per lb., as compared with 3.68 cents per lb. last week and 3.47 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "December delivery" at 5s. to 5s. 0½d., against 4s. 10½d. to 4s. 10½d. last week. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 3,692 tons, against 23,605 in the previous week and 14,969 tons in the same week of last year; deliveries, 14,985 tons, against 12,883 and 14,496 tons respectively; stocks, 154,964 tons, against 166,257 and 122,972 tons respectively.

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ESTABLISHED 1835

OVERSEAS TRADE RETURNS

	IMPORTS (Value C.I.F.)		Month ended September 30		Nine Months ended September 30	
	1934	1935	1934	1935	1934	1935
I.—Food, Drink and Tobacco—						
A. Grain and Flour	5,631,534	4,413,920	38,716,778	39,076,255		
B. Feeding-stuffs for Animals	531,406	530,995	4,776,659	5,502,571		
C. Animals, Living, for Food	397,550	505,712	3,485,593	3,563,423		
D. Meat	6,786,237	5,897,244	62,568,841	59,702,510		
E. Dairy Produce	3,676,483	4,999,303	39,518,771	42,532,104		
F. Fresh Fruit and Vegetables	2,217,906	3,155,052	27,505,099	29,836,688		
G. Beverages and Cocoa Prepara- tions	3,655,006	3,806,504	31,251,575	29,150,791		
H. Other Food	4,513,438	3,558,520	33,129,874	32,260,518		
I. Tobacco	1,775,302	2,811,651	8,871,169	9,455,468		
Total, Class I	29,184,862	29,588,901	249,824,359	251,080,328		
II.—Raw Materials and Articles Mainly Unmanufactured—						
A. Coal	1,975	1,255	18,238	13,932		
B. Other Non-Metalliferous Min- ing and Quarry Products and the like	289,118	365,275	2,766,541	3,093,779		
C. Iron Ore and Scrap	360,013	493,492	3,359,753	3,810,424		
D. Non-Ferrous Metalliferous Ores and Scrap	599,335	956,123	6,995,062	8,374,274		
E. Wood and Timber	4,430,393	3,906,528	29,241,400	25,443,910		
F. Raw Cotton and Cotton Waste	2,281,891	1,828,648	26,445,113	22,288,740		
G. Wool, Raw and Waste, and Woolen Rags	859,678	1,332,824	31,655,290	28,039,450		
H. Silk, Raw, Knobs and Noils	100,216	100,370	1,024,849	960,832		
I. Other Textile Materials	358,311	344,513	6,018,376	7,214,727		
J. Seeds and Nuts for Oil, Oils, Fats, Resins and Gums	1,643,661	1,997,795	16,410,789	18,854,560		
K. Hides and Skins, Undressed	1,080,682	1,158,471	11,717,668	10,367,711		
L. Paper-making Materials	880,083	837,908	8,168,260	7,666,926		
M. Rubber	1,260,036	887,829	7,764,536	8,432,436		
N. Miscellaneous Raw Materials and Articles mainly Un- manufactured	1,039,618	1,145,998	6,102,857	6,220,828		
Total, Class II	15,165,010	15,256,029	157,688,732	150,782,147		
III.—Articles Wholly or Mainly Manufactured—						
A. Coke and Manufactured Fuel	2,013	1,739	28,579	32,549		
B. Pottery, Glass, Abrasives, etc.	574,591	598,669	4,921,561	5,103,128		
C. Iron and Steel and Manu- factures thereof	615,559	712,595	6,915,647	6,296,179		
D. Non-Ferrous Metals and Manu- factures thereof	1,678,087	2,515,944	15,580,260	19,851,191		
E. Cutlery, Hardware, Imple- ments and Instruments	448,013	530,446	4,180,259	4,476,002		
F. Electrical Goods and Apparatus	240,425	267,428	2,187,225	2,084,920		
G. Machinery	866,549	998,907	8,463,935	9,700,259		
H. Manufactures of Wood and Timber	462,081	444,152	4,136,726	4,425,915		
I. Cotton Yarns and Manufactures	166,233	211,868	1,661,231	1,707,610		
J. Woollen and Worsted Yarns and Manufactures	193,855	226,981	1,851,204	1,808,289		
K. Silk Yarns and Manufactures	251,907	236,212	2,341,935	2,270,467		
L. Manufactures of other Textile Materials	493,656	582,026	5,243,426	5,006,252		
M. Apparel	664,807	616,476	6,180,958	5,946,360		
N. Chemicals, Drugs, Dyes and Colours	986,196	1,049,689	8,441,958	8,426,500		
O. Oils, Fats and Resins, Manu- factured	2,181,093	2,696,773	23,111,468	24,684,442		
P. Leather and Manufactures thereof	544,206	650,782	5,669,517	5,942,920		
Q. Paper, Cardboard, etc.	1,140,330	1,304,198	9,490,494	9,868,211		
R. Vehicles (including Locomo- tives, Ships and Aircraft) ..	240,441	288,474	2,696,534	3,340,201		
S. Rubber Manufactures	91,853	90,743	1,035,480	962,139		
T. Miscellaneous Articles wholly or mainly Manufactured	1,354,962	1,517,914	12,378,157	12,882,707		
Total, Class III	13,196,257	15,542,016	126,496,574	134,816,241		
IV.—Animals, not for Food	174,629	186,638	1,025,627	1,303,812		
V.—Parcel Post	192,577	257,113	1,870,214	1,505,483		
Total	57,913,335	60,830,697	536,905,506	539,488,011		

TEA.—The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold at Mincing Lane on Garden account in recent weeks:—

Week ending	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
Oct. 11, 1934	13-10	11-48	14-20	10-00	9-52	10-98	12-94
Sept. 11, 1935	17-17	11-54	14-06	10-50	9-30	10-73	14-74
Sept. 18, "	17-52	11-92	14-56	10-77	9-79	10-82	15-31
Sept. 25, "	16-42	12-37	15-48	11-27	9-90	11-45	15-18
Oct. 3, "	16-20	12-53	15-82	12-60	10-17	11-70	15-20
Oct. 10, "	15-63	12-87	16-95	12-74	10-88	11-90	15-42

The quantities catalogued for this week's auctions comprised 51,322 packages of Indian and 20,812 packages of Ceylon tea. Competition was not quite so active, but prices for the better grades showed little change. Medium and low medium sorts, however, showed irregularity, with quotations a shade easier on the week.

VEGETABLES.—On account of the milder weather, states *The Fruitgrower*, the demand for tomatoes at Covent Garden has improved this week. Cucumbers, lettuce and mushrooms have also been in better request. Green peas are now in limited supply, while runner beans are firm for the best samples. Cabbage and cauliflower have an easier tendency. Supplies of potatoes at the London markets have been moderate, and have met a steady demand. Best King Edward ranged from 5s. 6d. to 7s. per cwt. at the Borough Market on Tuesday, against 5s. 6d. to 6s. 6d. a week earlier.

EXPORTS OF PRODUCE AND MANUFACTURES OF THE UNITED

	KINGDOM (Value F.O.B.)		Month ended September 30		Nine Months ended September 30	
	1934	1935	1934	1935	1934	1935
I.—Food, Drink and Tobacco—						
A. Grain and Flour	159,608	139,729	1,243,243	1,390,493		
B. Feeding-stuffs for Animals	44,561	32,752	457,294	430,102		
C. Animals, Living, for Food	1,517	224	19,809	5,118		
D. Meat	68,123	79,418	544,311	607,473		
E. Dairy Produce	75,689	92,493	670,598	762,079		
F. Fresh Fruit and Vegetables	7,599	6,792	127,498	131,502		
G. Beverages and Cocoa Prepara- tions	741,103	854,275	6,984,358	6,573,335		
H. Other Food	1,171,231	1,218,201	8,634,924	8,821,593		
I. Tobacco	358,613	332,175	3,246,533	3,156,435		
Total, Class I	2,628,044	2,756,059	21,928,556	21,878,130		
II.—Raw Materials and Articles Mainly Unmanufactured—						
A. Coal	2,847,137	2,427,892	23,650,502	23,534,723		
B. Other Non-Metalliferous Min- ing and Quarry Products and the like	82,285	86,353	758,407	806,300		
C. Iron Ore and Scrap	47,250	27,084	388,476	325,147		
D. Non-Ferrous Metalliferous Ores and Scrap	140,708	126,307	942,543	1,244,568		
E. Wood and Timber	8,143	5,195	79,114	69,706		
F. Raw Cotton and Cotton Waste	134,278	64,200	584,174	871,896		
G. Wool, Raw and Waste, and Woolen Rags	389,238	525,665	4,499,601	5,962,328		
H. Silk, Raw, Knobs and Noils	10,865	1,449	22,035	18,078		
I. Other Textile Materials	41,617	24,477	275,768	272,478		
J. Seeds and Nuts for Oil, Oils, Fats, Resins and Gums	134,299	161,954	1,083,264	2,145,843		
K. Hides and Skins, Undressed	39,225	535,198	807,508	718,078		
L. Paper-making Materials	92,063	82,191	845,465	117,286		
M. Rubber	10,298	12,603	74,852	117,286		
N. Miscellaneous Raw Materials and Articles mainly Un- manufactured	128,808	108,810	1,891,159	1,853,973		
Total, Class II	4,106,214	3,712,671	35,630,558	38,739,678		
III.—Articles Wholly or Mainly Manufactured—						
A. Coke and Manufactured Fuel	285,770	264,335	1,958,835	2,111,855		
B. Pottery, Glass, Abrasives, etc.	648,904	675,544	5,633,242	6,096,107		
C. Iron and Steel and Manu- factures thereof	3,152,745	2,931,653	25,145,585	27,236,992		
D. Non-Ferrous Metals and Manu- factures thereof	1,119,181	1,177,096	8,933,342	10,469,677		
E. Cutlery, Hardware, Imple- ments and Instruments	628,851	662,016	5,358,584	5,919,816		
F. Electrical Goods and Apparatus	681,778	890,876	5,539,756	6,804,786		
G. Machinery	2,642,136	3,062,247	23,354,136	28,225,668		
H. Manufactures of Wood and Timber	87,383	84,818	761,189	765,257		
I. Cotton Yarns and Manufactures	4,967,457	4,589,540	44,117,471	45,012,271		
J. Woollen and Worsted Yarns and Manufactures	2,473,722	2,563,791	22,288,910	22,874,211		
K. Silk Yarns and Manufactures	91,762	93,866	743,703	816,709		
L. Manufactures of other Textile Materials	1,302,076	1,273,402	11,416,485	11,677,610		
M. Apparel	1,066,487	1,084,304	8,145,943	7,970,911		
N. Chemicals, Drugs, Dyes and Colours	1,572,547	1,592,791	14,479,787	14,852,505		
O. Oils, Fats and Resins, Manu- factured	471,441	363,107	3,552,180	3,894,462		
P. Leather and Manufactures thereof	282,403	341,131	2,427,285	2,868,044		
Q. Paper, Cardboard, etc.	532,872	564,768	4,809,491	4,809,491		
R. Vehicles (including Locomo- tives, Ships and Aircraft) ..	218,606	2,124,240	17,333,934	21,255,664		
S. Rubber Manufactures	160,175	140,420	1,278,196	1,271,025		
T. Miscellaneous Articles wholly or mainly Manufactured	1,990,680	2,252,000	16,250,537	17,925,383		
Total, Class III	26,347,776	26,732,445	223,278,591	242,858,425		
IV.—Animals, not for Food	39,438	64,560	428,442	467,175		
V.—Parcel Post	835,778	832,530	7,781,700	7,852,374		
Total	33,957,248	34,098,265	289,047,847	311,795,782		

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OLSEEDS.—The excitement in commodity markets has subsided, and in sympathy with wheat, linseed has declined some shillings per ton. An additional factor is the favourable reports regarding the new Argentine crop. Provided weather conditions continue good, the crop is likely to give a much better yield than was anticipated a month ago. However, in view of the fact that the area under linseed is 25 per cent. less than a year ago, a reduced production appears inevitable. In the meantime, there is a substantial unsold balance of old crop available for export which, with what is expected to be shipped from India, gives a total of 465,000 tons, as against 297,000 tons actually shipped in the remainder of last year. Shipments from Argentina are heavier. The quantity now afloat for Europe is 130,200 tons (including 4,700 tons from India), 1,500 tons more than last week; and for the United States 27,600 tons, against 50,900 tons a year ago. Demand for Egyptian cottonseed is active and a good business to Hull is reported at prices rising to £6 15s. for new crop, October loading.

Linseed oil is somewhat easier in sympathy with seed, but demand continues satisfactory. The current price of raw oil ex Hull mill for October-December delivery is £26 12s. 6d., and for January-April, £26 15s. per ton, naked. Refined cotton oil is in good demand for export and dearer. Egyptian crude is held for

£26 and refined for £29 per ton ex Hull. Other edible oils are firmer. Oilseeds are in improved request and firm.

FURS.—The London silver fox auctions closed firm, with prices from 10 to 15 per cent. above those ruling at the previous auction and in the open market. The rise was surprising in view of the fact that the supply consisted mostly of skins withdrawn or unsold at earlier auctions this year. But the firm tone was not maintained at the auction of Australian furs which followed. Australian red foxes, wallaby and ringtail were unchanged in price. The supply of opossum was confined to a limited quantity of New Zealand and Tasmanian skins of medium quality, so that prices were unrepresentative and not comparable with those ruling at the spring series. The opening of the Russian auction, which we shall discuss in detail next week, was easy. The attendance has become even more sparse than at the commencement of the series. Visitors

consist mainly of London and American merchants, the Continent being scarcely represented.

RUBBER.—The past week witnessed an appreciable rise in prices, due partly to the efforts of the Government of the Dutch East Indies to keep exports within the quota and to an improvement in demand. The spot price in New York on Wednesday last was 12½ cents per lb., compared with 12½ cents per lb. a week ago and 11½ cents a month earlier. Wednesday's official closing price for standard ribbed smoked sheet in London was 6½d. per lb., as against 5½d. on the corresponding day last week. In forward positions, business has been done at 6½d. to 6¾d. for January to March shipment, as against 6½d. to 6¾d. a week ago. Stocks in London and Liverpool at the end of last week totalled 176,544 tons, against 177,381 tons a week earlier. A year ago stocks amounted to 114,735 tons.

WHOLESALE COMMODITY PRICES
UNITED KINGDOM

LONDON, October 16th		The prices in the following are revised with the assistance of an eminent firm in each department.														
CEREALS AND MEAT		POTATOES—					WOOL—					INDIGO—				
GRAIN, Etc.—		English, new per cwt.					English Southdown, greasy, per lb.					Cape				
Wheat—		5 6 7 0					13					a. d. s. d.				
No. 2, N. Man. 496 lb.		SPICES—					" Lincoln hog, washed					Dry and Dried Calcutta				
Eng. Gaz. av., per cwt.		Pier, per lb.—					74					0 4 0 4				
Barley, Eng. Gaz. av.		Beng. Lampong					Queenland, seed, super cumbg.					Marked "Hides, Manch'tr.				
Oats, " "		White Muntok					N.S.W. greasy, super cumbg.					Best heavy or cut and heifer				
Maize, La Plata, landed,		Cinnamon—1st sort, per lb.					N.Z., gray, half-bred 50-56					Best cow				
480 lb.		0 8 1					Tops—					Best calf				
Flour, Lon. stan. ex mill,		Cloves—Zanzibar per lb.					Merinos 70's					0 5 0 5 1/2				
280 lb.		0 7					" 64's					0 5 0 5 1/2				
Rice, No. 2 Burma, per cwt.		Ginger—per cwt.—					Crossbred 40-44					0 5 0 5 1/2				
Tapioca, per cwt.—		African					Crossbred 48's					13				
Fair Flake, Singapore..		Jamaica, ord. to good.					" 48's					12				
...		1 2 2 4														
		Mace														
		Nutmegs, 65's														
		1 1														
		SUGAR—														
		(Duty, 11/8 per cwt.)														
		Centrifugals, 98", prpt.														
		ships, c.i.f. U.K./Cont.														
		B.W.I., crystallised														
		Java, white, c. & f. India														
		Oct. Dec.														
		7 0														
		REFINED—London—														
		Yellow Crystals														
		18 3														
		Cubes														
		22 4 1/2														
		Crushed														
		20 1 1/2														
		Granulated														
		18 7 1/2														
		Home Grown														
		18 3 18 6														
		TEA—														
		Indian—per lb.—														
		Pekoe														
		1 7														
		Broken Pekoe														
		0 11 1/2														
		Orange Pekoe														
		1 0 1/2														
		Broken Orange Pekoe														
		0 11 1/2														
		Ceylon—per lb.—														
		Pekoe														
		1 0 1/2														
		Orange Pekoe														
		1 0 1/2														
		Broken Orange														
		1 1														
		2 3 1/2														
		1 0 1/2														
		2 10														
		TOBACCO—														
		(Duty, 9/6-10/6 per lb.)														
		Empire growth, 7/5-														
		8/34 per lb.)														
		Virginia leaf—														
		Common to fine														
		0 10 3														
		Rhodesian leaf														
		0 10 3														
		Nyasaland leaf														
		0 9 1														
		Strips														
		0 8 2														
		East Indian leaf														
		0 6 1/2														
		Strips														
		0 6 1														
		TEXTILES														
		COTTON—														
		d.														
		Mid-American														
		per lb.														
		8 42														
		Sakellaridis, f.g.f.														
		8 67														
		Yarns, 32's twist														
		10 1/2														
		60's twist														
		16														
		FLAX														
		f. s. f. s.														
		73 0 75 0														
		Lithuanian ZK														
		per ton														
		73														
		Pernau HD														
		82 0 84 0														
		Slanetz Medium 1st sort														
		HEMP—														
		nominal														
		Italian P.C.														
		per ton														
		30 0														
		Manilla, Oct.-Dec. "J 2"														
		25 0 27 0														
		Sisal, African														
		JUTE—														
		Native 1st mks.														
		per ton														
		c.i.f. H.A.R.B.														
		Oct.-Nov. (new)														
		£19/0/0														
		Daisoe 2/3 c.i.f. Dundee														
		Oct.-Nov. (new)														
		£18/5/0														
		SILK—														
		a. d. s. d.														
		Canton														
		per lb.														
		3 6 4 6														
		Tussah														
		7 9 9 3														
		Japan														
		7 6 10 0														
		Italian—raw, fr. Milan														

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THE FINANCIAL NEWS

Special articles due to appear next week on the Leader Page of THE FINANCIAL NEWS are as follows:

MONDAY, OCTOBER 21—ROOSEVELT AND SILVER. In the last few months, important fresh developments have been taking place in President Roosevelt's Silver Policy. Faced with the necessity of buying large amounts of precious metals abroad in order to prevent an unwarranted rise in the Dollar, the American Government has had to leave silver and buy large amounts of gold. The silver reserve programme is consequently further behind-hand than ever.

TUESDAY, OCTOBER 22—"Minotaur," whose article on the BRIGHTER PROSPECTS FOR TIN SHARES a fortnight ago was the signal for a revival in the tin share market, this week provides a third instalment on this group of mining shares, taking as his subject SOUTHERN KINTA and KAMUNTING.

WEDNESDAY AND THURSDAY, OCTOBER 23 and 24—THE BREWERY INDUSTRY. Brewery shares are par excellence the concern of the long-term investor. The long-term factors and influences, therefore, are those which require investigation and analysis from the investment point of view. These articles set out to give the investor the background against which he can assess the prospects for Brewery Shares over a period of years. They deal with the questions of fundamental importance, such as the trend of beer consumption in the areas where population is expanding and the way in which the Brewery Companies have employed an intensive rationalisation in order to maintain efficiency and earning power in the face of the decline in consumption.

FRIDAY, OCTOBER 25—FINANCING THE DEVELOPMENT OF NEW INVENTIONS AND PATENTS, by O. W. Roskill. A survey of the means and facilities at present existing for financing new developments of this type and the procedure generally adopted.

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SATURDAY, OCTOBER 26, 1935

No. 4809

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(With this Issue appears our Monthly Trade Supplement)

THE LEAGUE STAYS ITS HAND

THE League Committee has this week put the final touches to the first set of economic sanctions against Italy. The scheme, however, has not been brought into operation forthwith, for mysterious forces have apparently come at the last moment into play. The Committee has adjourned until October 31st with a request to all Governments participating in sanctions that they shall indicate in the meantime by what date they can take the necessary steps to put them into effect. Only on its reassembly will the Committee name the day on which the economic screw will be given its first twist.

The cause of this change of tactics is not far to seek. At the end of last week a number of events revealed the fact that M. Laval—who was triumphantly elected to the Senate on Sunday by two constituencies—was making one more attempt at conciliation; and it was evident that the delay at Geneva was designed to give him a free run until the end of the month. This new effort was inaugurated by yet one more visit of Sir Eric Drummond to Signor Mussolini, the purpose of which was to assure the Duce that England was not planning any hostile act, and that she had no intention to go beyond the common policy that might be decided upon by the League. The visit appears to have produced a relaxation of the diplomatic tension, which has been evident in the modification of attacks on England in the Italian Press.

At present, we have no means of judging whether there is any hope of an acceptable settlement. It cannot be said that expectations on this score run very high, either in Paris or in London. Certainly, the terms which M. Laval was rumoured, at one time on Thursday, to have conveyed to Sir George Clerk from Signor Mussolini were as far as ever from the ideas of Geneva. All that can be positively asserted is that negotiations are in progress through the old diplomatic channels, and that these negotiations have induced the British Government to acquiesce in the slowing down of the League's machinery.

As a result of these obscure events, Parliament met on Tuesday for its much-heralded debate on the international situation in an atmosphere of uncertainty and suspense. Textually, the positive declarations made in Sir Samuel Hoare's opening speech on Britain's obligations towards the League closely followed those of his famous statement at Geneva six weeks ago. But somehow the tone of Tuesday's utterance contrived to be much less convincing than that of the Geneva speech. While the statement before the Assembly was regarded—and rightly regarded—as a definite invitation to the rest of the world to line up boldly with Great Britain in strict execution of our obligations under the Covenant, the Foreign Secretary now talks of recent events as an experiment which, if successful, will be looked back upon as one of the world's greatest achievements for peace. In the light of the hesitations that have occurred at Geneva, and of the half-hearted support that has been given by certain members of the League during the course of the last few weeks, this lack of conviction seems ominous. The House had clearly expected a more robust call to the nations to perform the task to which they had set their hands, and the speakers from the Opposition benches did not hesitate to express their misgivings. The change of tone has been welcomed in Italy, has been noted with profound disappointment in Addis Ababa, and has been widely regarded in other countries as an indication that Great Britain has weakened. This impression has not been entirely dissipated by the emphatic statements of Mr Eden on Wednesday, such as that in which he declared that: "If the League fails now, we shall have shattered for a generation, and may be more, the hopes which mankind has placed in this new endeavour to avoid war"; or by the much milder statement of Mr Baldwin that the League had done better in tremendously difficult circumstances than was expected when it entered upon its labours.

What definite ground is there for thinking that our tactics have changed? Formally, the Government are sticking to

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their guns. The Foreign Secretary has categorically stated that any settlement of the Italo-Ethiopian dispute must be acceptable alike to the League, to Abyssinia, and to Italy. Moreover, Sir Samuel Hoare, the Prime Minister and Mr Eden were all at pains to remark that our hopes and our policy alike would in future have to be based on the principle of collective security.

"Looking to the future," said Mr Baldwin, "I tremble to think of what may be the fate of Europe if some form of collective security is not devised, and for that reason I wish to repeat . . . what I said at Worcester last Saturday, and that is this: that even if we find after trying to the utmost to work the League as it is, that it fails to fulfil our hopes and expectation, I shall not give up the struggle because of that."

Further, most of the Government speakers expressed their belief that purely economic sanctions would "ultimately" prove effective in materially shortening the duration of the war. So far, so good.

But against these formal asseverations of loyalty to the League Covenant must be set the unequivocal declarations of the Government's spokesmen that military sanctions had never been envisaged or discussed; and that the unanimity essential for anything more than economic sanctions had not existed, did not exist and—according to the first version of the Foreign Secretary's speech, which seems to have been modified later—would not exist in the future. This reduces almost to zero, if it does not actually eliminate, any probability that the Government would be prepared, if economic sanctions proved ineffective, to propose to the League the sanction of a blockade of Italy. The abandonment of the thesis that the League's will must prevail even if, in the last resort, it requires the use of force, is responsible for the impression—particularly in Italy and France—that we have weakened. We have said, in effect: "Our money is on economic sanctions; we hope they will not cause trouble and we shall take no further risks."

To many, the mild detachment of these utterances on Tuesday and Wednesday will seem the more surprising, in that they follow so rapidly upon the French reply to our inquiry whether France would render us "mutual assistance" in the event of our being attacked in the Mediterranean. The French answer, so Sir Samuel Hoare informed the House, was "Yes"; though it has yet to be disclosed whether this answer was hedged about with qualifications and conditions, and if so what these conditions were. The answer, however, would seem to have ensured Anglo-French solidarity in the last resort if a crisis should develop, and to that extent it should have strengthened the confidence of the League in defence of its covenants. But no sooner was the answer received than the British Cabinet—presumably as a *quid pro quo*—set out to smooth down and reassure Signor Mussolini. It appears, as we go to press, that Mussolini has "authorised M. Laval" to inform the world that he has ordered the withdrawal of one division of troops from Libya. And it is being widely anticipated on the Continent that announcements of British fleet movements will follow.

Now there is no logical connection between the disposition of Italian troops and the movements of our fleet in the Mediterranean—especially as Italy is waging a war in East Africa, while we are concerned only to guard against all the eventualities of so strained a situation. But if Mr Eden's confidence that an agreement for a settlement acceptable to the League, to Abyssinia and to Italy may be reached before the end of this month, is justified by events, then clearly anything calculated to relax the tension between Italy and the Members of the League would be both right and prudent. Nevertheless, let the Government not mistake the feeling in this country. If no agreement be forthcoming by October 31st, the verdict of the country—then and at the General Election—will be for the strengthening of the League's action to arrest Italian aggression. The most drastic of economic sanctions will have to be imposed without further procrastination. For there is only one cardinal principle on which the British people desire that their Government's foreign policy should be founded. That is, that Mussolini's war, condemned by 51 nations of the world, should be stopped by the League. At that object alone, both the present temporisation and the action which has been suspended, should be aimed.

THE MINERS' CASE

THE Mineworkers' Federation of Great Britain decided last week that a ballot should be held to determine whether or not the demand for a wage increase of 2s. a day should be supported by a national strike. On Monday of this week representatives of the Federation were in consultation with the Ministry of Mines; but two days later, in a letter to the Federation, the owners reiterated their refusal to take part in national negotiations. On Thursday, however, the Minister of Mines met both owners and miners in turn. Thus the plight of the miners, quiescent but not contented since 1926, has once more been forced on the attention of the public. The sense of injustice in the coalfields is so keen, and the threatened conflict likely to be so grave, that it is worth inquiring carefully into the basis of the miners' case.

Immediately after the war, for various temporary reasons, the coal mines were comparatively prosperous. Production and employment were as high as they had ever been, and profits were probably higher. Money wages in 1921 were on the average 100 per cent. higher than in 1914; but the cost of living had risen in substantially the same proportion. And miners' real wages could not have been called high in relation to the income structure of the country as a whole even in 1920 and 1921. From 1921 onwards, with a brief respite in 1923 due to the invasion of the Ruhr, deep and persistent depression, caused by international changes which are well known, invaded the British coalfields. Since then coal mining has been far the most important of all our declining industries. In conditions which had in any case reduced its potential market overseas, it bore the brunt, successively, of deflation necessitated by the return to the gold standard in 1925, of the persistent overvaluation of sterling that followed, and finally of the great depression and collapse of world trade after 1929. As a result, despite very great reductions in costs, due partly to wage cuts and partly to mechanisation, profitability has never been restored and employment has steadily fallen. There were 600,000 fewer coal miners employed in the summer of 1934 than in the summer of 1923; and ever since 1926 the miner, together with the agricultural labourer, has been indisputably the lowest-paid worker in the country.

In its efforts to save the individual miner from the effects of the industry's decline, the Mineworkers' Federation has been fighting on three main fronts: wages, hours and national negotiations. The story of the latter two struggles is quickly told. The principle of national negotiation between owners and miners was accepted after the war, after the release of the industry from Government control. National negotiations were continued until the autumn of 1926, when, at the tail end of that year's stoppage, the owners' Association refused to meet the Federation any longer, on the ground that wage disputes could best be locally determined. This attitude has been maintained by the Association ever since.

The story of hours worked in the industry is also simple. The working day was reduced to seven hours as a result of the Sankey Report in 1919 from the eight hours which had been worked since the Act of 1908. In the middle of the 1926 stoppage, however, an Act was passed permitting the reimposition of the eight-hour day. Finally, the Labour Government, by the Coal Mines Act of 1930, compromised on a 7½-hour day, eventually modified by the "spread-over" clause introduced by the House of Lords, which permitted a 90-hour fortnight. The 7½-hour day remains in force.

The story of the decline in wages, which is summarised in its main bearings in the accompanying table, is very much more complicated:—

(Last quarter's figures in each case)							
	1914	1921	1922	1925	1927	1931	1935*
Cash earnings per man-shift	6/6	12/8	9/5	10/5	9/7	9/2	9/3
Cost of living (July 1914 = 100)	100	203	180	176	169	146	145
Output per man-shift (cwt.)	17.73	18.10	18.3	16.0	20.82	21.86	23.10
Proceeds per ton	23/-	18/6	16/0	13/10	14/1	13/3	13/3
Net costs per ton	22/8½	17/-	14/5	14/10	13/6	13/2	13/2
Profit per ton, or loss	+ 3½d.	+ 1/6	+ 1/7	- 1/-	+ 7d.	+ 1d.	+ 1d.

* Quarter ending September 30th.

Broadly, the story is one of steadily declining money earnings, accompanied by steadily increasing output per manshift. Between 1921 and 1935 money earnings per manshift have declined from 12s. 8d. to 9s. 3d., while output per manshift increased from 17.73 cwt. to 23.10 cwt. At the same time, proceeds per ton, and non-wage costs, have fallen much more steeply than wages. The decline in money wages during the period has fully kept pace with the decline in the cost of living; and to-day the miners' average real wages are slightly below the 1914 level, money earnings being 42 per cent., and the cost of living 45 per cent., above the pre-war figures.

Behind this general picture lie a great many detailed changes and complications. Wages, for instance, have always been lower in the exporting districts of South Wales, Lancashire and the N.E. coast than in Yorkshire and the Midlands, which sell mainly in domestic markets. The system of wage payments has varied from time to time and from district to district. The main principle of payment, however, has remained that of the national agreement of 1921. By this agreement it was established that a minimum of, in most areas, about 85 per cent. of the net proceeds of the sale of coal should accrue to wages, and the remaining 15 per cent. to profits. When the wage payable under this agreement fell below an absolute minimum, the employers were to make it up to that minimum even if this involved losses. This system, which has undoubtedly protected the wages of the worst paid men in the most depressed periods, has, with modifications after the 1926 stoppage, remained the basis of the wage-system till the present day. Meanwhile the actual course of money earnings was upward during the recovery in profits of 1923-25, and downwards in 1926-27 as a result of the reductions imposed in the local agreements reached after the stoppages.

The Coal Mines Act of 1930, which had been intended to raise wages as well as to shorten hours by means of general rationalisation and amalgamation, unfortunately coincided with the onset of the world depression. If the Act did not raise prices and wages, however, it undoubtedly limited the extent of their fall; and if the more far-reaching provisions of the Act had been applied in practice, actual improvements might have been secured. In fact, however, there was a considerable fall of money earnings between 1927 and 1931; and since then there has been practically no recovery. It must also be remembered that much more short time is being worked to-day than before the depression, and that the fall in earnings per manshift consequently underestimates the fall in weekly earnings. The average weekly earnings of the British miner to-day are about 45s., but many thousands do not earn more than 30s. a week.

The miner's general case rests on the contention that he is receiving a real wage lower than that of 1914 and too low in relation to that paid in other industries, despite a great increase in his output; and that he has in effect been made the principal victim of the blizzard which the national economy as a whole has suffered intermittently since 1921. This sense of protracted neglect and injustice is undoubtedly the mainspring of the present strike movement. But the miners also claim to have an economic case. If it is objected—in reply to their claim—that though wages are undoubtedly low, they are shown by the quarterly ascertained to be all that the industry can pay, the miners have two retorts. First, they allege that since the system of quarterly ascertained was established, the financial structure of the industry has been so altered that the ascertained have become misleading. The suggestion is that subsidiary marketing companies buy from producing companies at an artificially low price, and that though the producing companies consequently show little or no profits, the subsidiaries continue to thrive. The whole arrangement is regarded by the miners as no more than a device to hold down wages. Their contention, as far as South Wales is concerned, was admitted to have a certain substance by the Bridgeman Arbitration Committee last year. The Government might well appoint a committee of inquiry with special powers to ascertain the validity of the miners' claim. Secondly, the miners contend that the sum available for wages could be greatly increased if the various rationalisation projects contemplated by the Coal Mines Act of 1930 were resolutely

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carried out. They maintain that prices could be raised, and non-wage costs reduced, if further amalgamations could be effected, redundant pits eliminated, and organised selling undertaken. Exactly how far they are justified in this claim, nobody can say; but it is commonly admitted that the general financial and economic rationalisation of the industry in recent years has not kept pace with the actual mechanisation of individual pits. It is only too true, of course, that a strike would not assist efficiency. But to this the miners would reply that they have waited nine years for the promised rationalisation, and that patience so far seems to have availed them nothing.

Relying on these claims, and on the recent tendency for some increase in coal-mining dividends, the members of the Federation may well poll a two-thirds vote next month in favour of a national strike. It is not probable that any of them expect to gain the proposed 2s. a day rise. But they are almost certainly ready to strike for the principle of national negotiations; and it is unlikely that the promise of such negotiations alone without any increase in wages will be sufficient to avert a strike. For the Trades Union Congress and the official Labour Party have already undertaken to give their support to the movement. In these circumstances, it seems to be the duty of the Government to do all in its power to promote national negotiations, to press on much more forcibly with the reorganisation of the industry, and to ascertain meanwhile whether the existing financial position does not warrant some small increase in the existing scale of wages.

EMPIRES AND RAW MATERIALS

SINCE the British Foreign Secretary proposed at Geneva, on September 11th, an international examination of the problem of "free access to the world's raw materials," public interest in many countries has centred on the problem. True, access to the world's natural resources is generally free, except in time of war, to all comers who can pay for them—like the Ritz Hotel. But, as Sir Samuel Hoare recognised and as Sir Herbert Samuel reminded the House of Commons this week, the "dissatisfied" Great Powers of the world nurse what is, to them, a potent and dangerous grievance. They are reluctant to acquiesce in a state of affairs in which a few—a very few—Powers and Empires can say, at any time, in relation to the world's chief economic resources: "The gates are mine to open and the gates are mine to close."

Even in the present hampered condition of the world's international trade, it goes without saying that producers of raw materials in any country, Empire or dependency, must sell them or go bankrupt; that, till now, the world has, thanks to national restriction of national markets, been cumbered with a superfluity of nearly all the raw materials and foodstuffs; and that, in strictly economic terms, *markets* are more important than *resources* to the

different regions of the world, and so have different needs to fulfil and different products to offer in exchange. Nevertheless, the figures in the table on page 794 are striking enough. They give no indication of the economic profitability—or liability—which possession of these regions of the earth's surface may connote in a world which prefers to restrict international trade, and therefore restricts the production of raw materials. But they do show that, on the face of it, the "Have-not" nations' psychology is understandable, and that the "Haves" stand in a relation of quasi-trusteeship to the world as a whole.

THE HOUSING BOOM—I

THERE is an increasing consensus of opinion that the remarkable expansion of building activity during the past three years has been a major factor—indeed, the major factor—in British economic recovery. The full acceptance of this fact has coincided with an almost equally widespread belief that a collapse in building may shortly reverse the trend and initiate another cycle of depression. The truth or falsity of this prediction is of the utmost importance to all who are compelled to base their actions upon a forecast of the future. In this and a following article, accordingly, an attempt will be made to analyse the causes of the sustained activity in the industry and to discuss the factors which will determine its future course.

Several facts about the housing boom can be very briefly recorded. First, it is certainly a boom—never before have houses been built at a rate approaching that of the present time. Second, it is a housing boom and not a building boom. Judging by the figures of plans approved by local authorities, building other than residential was below the level of 1929 until the beginning of the present year and is not very much above that level even now. The building of dwelling houses, on the other hand, is running at almost double the 1929 level in value—which means more than double in volume, in view of the fall in building costs. Third, the houses built in such unparalleled numbers are not in the main those of the very cheapest class. Out of 286,050 houses built in the year 1934-35 by private enterprise without State assistance (which comprised 87 per cent. of all houses built) only 105,344 were in the cheapest class, and of these 105,344 only 33,103 were built to let.

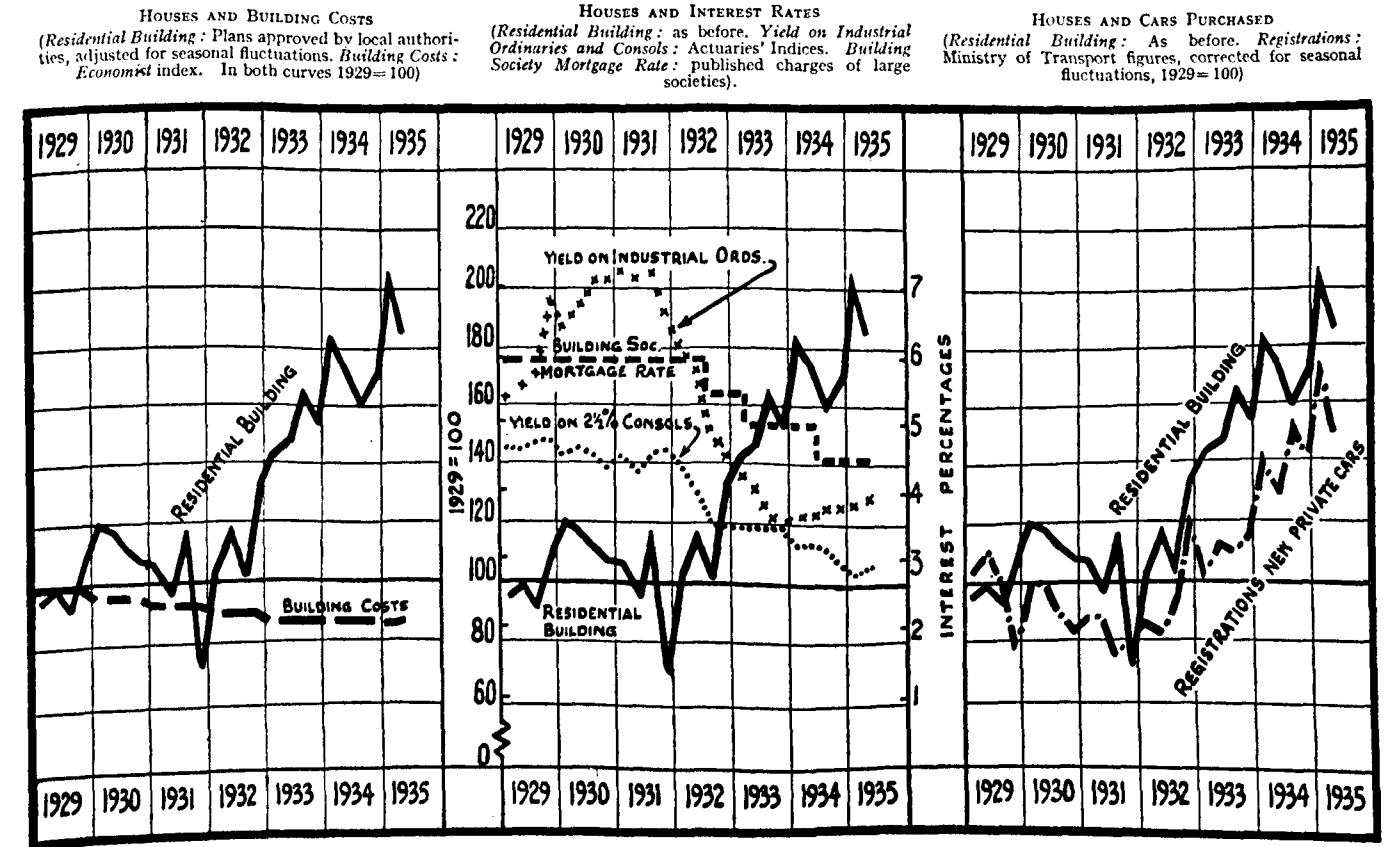
The phenomenon to be analysed is consequently the emergence of an enormous demand for new houses on the part of the middle and lower middle classes. The increase

has been fairly well spread over the country, and was actually slower in getting under way in the prosperous South than in the depressed areas. The suddenness of its emergence can be seen from the curve of plans passed by local authorities for the construction of dwelling houses which appears in each of the three graphs at the foot of this page. The figures are shown quarterly, in the form of an index number (the average of the year 1929 being 100), and have been roughly corrected for purely seasonal fluctuations. From 1929 to the middle of 1932 the curve is almost level. With the exception of the "crisis quarter" at the end of 1931, it only once either falls to the 1929 level or exceeds it by more than 20 per cent. Suddenly, in the last quarter of 1932, the curve rises to 134. Since the middle of 1933 it has never been below 150.

What was the cause of this radical change? The charts may afford some guidance in this respect. The first compares the course of residential building with that of building costs, based on the *Economist* index, which may, on the whole, tend to exaggerate the fall in the costs of those types of house most prominent in the boom. It appears wholly out of the question that the reduction of costs can have been a major causal factor. It is impossible to suppose that demand for houses is so elastic that a 100 per cent. increase can be evoked by a 10 per cent. fall in costs.

The second chart compares building activity with the course of interest rates, to which there is a strong *prima facie* case for ascribing the boom. The rise of the building curve is certainly preceded by a fall in the yield on industrial ordinary shares and on gilt-edged securities. The buyer of a £600 to £700 house, however, does not usually hold many industrial ordinary shares and his average holding of gilt-edged is small. The curve of rates charged on mortgages by the large building societies is more relevant. Though the tendency to lengthen the term of mortgages may have slightly reduced the overall charge to borrowers for some years before 1932, the effect of this was almost certainly very small. The actual mortgage interest rate did not fall until August, 1932, and then only to 5½ per cent. It would be contrary to the whole experience of the building societies to suggest that so small a reduction in interest rates should in so few weeks have produced so substantial an increase in building. Moreover, building other than residential, which could be expected to react both more quickly and more fully to cheap money, showed virtually no increase until the beginning of 1934. In view of all these facts it seems reasonable to assign to cheap money a much smaller rôle in the causation of the boom than might be thought at first.

THE COURSE OF THE HOUSING BOOM



The third chart compares residential building with the registrations of new motor cars—an index almost completely unaffected by cheap money. The two curves (both of which are roughly corrected for seasonal fluctuations) show a remarkable similarity. Both were fairly level, though tending to decline, throughout 1930 and 1931. Both suddenly shot up well above their previous highest points in the last quarter of 1932. Although motor-car registrations appeared to hang fire in 1933 both curves have remained well above their 1929-31 level ever since. This close correlation suggests a strong presumption that the *major* cause was the same in both cases. What was this cause?

The summer of 1932 was, in fact, associated with a wave of more favourable psychology, following the War Loan conversion scheme and the Lausanne Conference. This "convalescence of confidence" released a large volume of spending power hitherto pent up by fear, but it was the confidence of the *consumer*. Residential building picked up; factory building did not. Registrations of private cars increased; those of commercial vehicles did not. The explanation is that when confidence returned to the consumer in the autumn of 1932 *he had more money to spend*. According to Mr Colin Clark's calculations,* the total of wages and salaries, which on the average of the years 1924, 1926 and 1927, was £2,207 millions, had fallen in 1932 only to £2,143 millions—a fall of £64 millions. But Mr Feavear-year has calculated† that between 1924-27 and 1932 the expenditure of the public on food, clothes, liquor and tobacco had fallen from £2,115½ millions a year to £1,797 millions, a fall of £318½ millions a year. Caution is necessary in basing precise calculations on relatively small differences between large numbers which may themselves be subject to an appreciable margin of approximation. That there has been a large increase in the "free" margin of purchasing power, however, is scarcely disputable, and the figures as they stand suggest that the wage and salary earners of the nation, after buying their food, drink, tobacco and clothes, had something like £250 millions a year *more* left over in 1932 than in 1924-27. The value of *all* the dwelling houses built in a year, even at the present rate, is probably less than £200 millions, while the value of the *total* of new private cars registered is only about £50 millions a year. The *increases* since 1932 are, of course, considerably smaller in each case.

The causation of a complicated phenomenon such as the housing boom cannot be explained by any one fact. The reduction in building costs and in interest rates and the return of confidence undoubtedly all contributed to the boom. Confidence, in particular, was perhaps more responsible than any other element for the fact that the boom started precisely when it did. But the fundamental fact, without which the others would have been futile, is almost certainly to be found in the increased purchasing power of the mass of the consuming public. And that in turn was due to the great reductions in the prices of food and clothes. In a second article an attempt will be made to apply this analysis to prospects for the future.

A FATUOUS QUOTA

(BY A CORRESPONDENT)

ADVOCATES of trade limitation by quota rather than by tariff, as applied to agricultural imports, are accustomed to contend that no other method is half so effective in raising the price obtained by the farmer. Mr Elliot is even reported to have eulogised the quota, in the House of Commons, as being "in the interests of the world quite as much as of our producers." An analysis of the operation of this beneficent principle, on the other side of the Irish Sea, may be an apt commentary on Mr Elliot's dictum.

Towards the end of 1933 the export of fat cattle from the Irish Free State was reduced from its normal annual level of about 300,000 to 150,000. Apart from the slight modification introduced by the coal-cattle pact in the spring

of 1935, the quota has since remained near that figure. The normal annual consumption of beef in the United Kingdom is about 4 million carcasses. Fresh beef (which includes the Free State contingent of fat cattle and about 300,000 "store" beasts) accounts for about 45 per cent. of the whole by weight, and chilled and frozen beef for about 55 per cent.

The decision had no material effect on prices in the United Kingdom, which at that time were below 40s. per cwt., live weight, though the reduction of available supplies by 4 per cent. may have slightly arrested a falling tendency. But the price of fat cattle in the Free State—which, in spite of the £6 tariff imposed in July, averaged 35s. per cwt. in 1932—had an average of only 25s. in 1933 and fell to less than 20s. in 1934. The contention that it is in the interests of agricultural exporting countries that supplies to the British market should be controlled clearly requires further examination.

The quota system is operated by import licences, which are sent by the British Government to the Irish Free State Ministry of Agriculture for distribution to those who have fat cattle for export. As the normal annual consumption of beef in the Irish Free State does not exceed 150,000 carcasses, the immediate effect of the British quota was to increase the home market supply by 100 per cent. The result of a 4 per cent. reduction of supplies in Great Britain may be debatable, but there is no doubt whatever about the effect of a doubling of the amounts compulsorily thrown on the Free State market. An immediate scramble for licences ensued, in which the dealers came off better than the farmers. The differential value attaching to the right of admission to the favoured market attached to the licence rather than to any particular animal. The precious documents were frequently secured by men who were neither regular cattle dealers nor farmers. If common report may be believed, the members of the new and prosperous profession of dealers in cattle licences have obtained their stock-in-trade gratis from the officials of a bewildered Department, and have put them in circulation like a novel form of paper currency. Fat cattle licences are reported to have changed hands readily for as much as £3 to £4.

Of the 150,000 fat cattle that failed to achieve licensed export in 1934, it is probable that nearly 100,000 took part in conducted tours across the Border under the guidance of experts in the smuggling profession. About 50,000 were required to follow a course of slimming exercises on bare winter pastures. Many of these, reappearing as lean and hungry "stores," may have been successful in gate-crashing their way into the British market in a subsequent season. The licence regulations for "stores" are less strict than those for fat cattle.

In March, 1934, Mr Ormsby-Gore, answering a question in the House of Commons, reported that the price of fat cattle of over 18 months in Naas (in the Irish Free State) was £7 10s. per head, while in Camlough (in Northern Ireland) it was £13 10s. The difference was the exact amount of the £6 tax. The significance of the quotation of £7 10s., however, is not quite clear. Every fair and cattle market in the Irish Free State reflects the price levels of two artificially separated national markets. The prices quoted, reported, and averaged in official statistics are, in nearly every case, a combination in some unknown proportion of the prices of licensed and unlicensed cattle. Too often farmers who have fat cattle for sale must needs buy the licences. In their work on the "Planning of Agriculture," Lord Astor and Dr. Murray have pointed out that the quota restriction on Argentine chilled meat has given the increase in the price not so much to the Argentine farmer as to the importing house. The experience of the Irish Free State differs only in degree. Quite frankly, as a measure for increasing the prices received by non-British farmers, Mr Elliot's control of supplies must be written down a dismal failure.

It is probable, indeed, that quota restriction on the export of fat cattle from the Irish Free State has inflicted more serious and permanent injury on that country's agricultural economy than the taxes originating in the annuities dispute, which are still maintained. These taxes bring in about £5,000,000 annually to the British Treasury. They are serious enough, in all conscience, to the smaller country, but tariffs, at all events, are compatible with commercial freedom. Production will be maintained, and

the necessary adjustments effected, so long as the farmer is assured that he can sell all he can produce, at some price or other. The quota restriction, however, imposes on Free State farmers the necessity of drastically reducing the output of their most economic product. There are about 120,000 holdings of 30 acres or more in the Free State. About three-fourths of the 140,000 paid farm workers are employed on these farms, and nearly three-fourths of the cattle "two years old and over" are produced on them. These are the cattle whose value has depreciated most seriously since the introduction of the quota. This section of the agricultural community is the key-stone in the arch, not only of the agricultural economy, but of the national economy as a whole. So far it has stood the strain. But suppose it collapses?

It is true that holdings of 30 acres or more represent only 33 per cent. of the total agricultural holdings by number. In a democratic age minorities, apparently, must suffer. The tariff policy of Mr Thomas and the quota policy of Mr Elliot have dove-tailed exactly into the social policy of Mr de Valera. The best land in the East Midlands of Ireland, second to none in Europe, can be bought for £5 an acre, which is about one-third of its value in 1926. It is now being acquired by the State for the settlement of "landless men." Under the guise of a tariff war with Great Britain, in short, an agrarian revolution is being carried out in the Irish Free State.

THE LEAGUE'S SANCTIONS

We published last week the texts of the League's special sub-committee's Proposals 1 and 2, defining the League's embargoes on the exports of arms, and on financial assistance, to Italy. We also published the text of the British proposal (No. 3) for a League embargo on all Italian exports. Proposals 1 and 2 were adopted by the Committee of the whole Assembly last week; and Proposal 3 was adopted on October 20th. We print below a summary of Proposals 4 and 5, comprising respectively the embargo on the export of essential raw materials to Italy and the memorandum on mutual assistance, which were also adopted on October 20th.

PROPOSAL NO. 4

(1) The following items are to be added to the list of articles on whose export or re-export to Italy an embargo has been placed under Proposal No. 1:—Transport animals, rubber, bauxite, aluminium and aluminium oxide, iron ore and scrap iron, chromium, manganese, nickel, titanium, tungsten vanadium, their ores and ferro-alloys (and also ferro-molybdenum, ferro-silicon, ferro-silicon-manganese, and ferro-silicon-manganese-aluminium), tin and tin ore.

(2) The Governments of the Members of the League will take steps to see that their exports of the above articles to

other countries than Italy will not be reconsigned on Italian account.

(3) The measures in (1) and (2) above apply to current contracts.

(4) Goods *en route* "at the time of the imposition of the prohibition" are exempted. "Each Government is requested to inform the Co-ordination Committee . . . as soon as possible and not later than October 28th, of the date on which it could be ready to bring these measures into operation. The Committee of Co-ordination will meet on October 31st for the purpose of fixing, in the light of the replies received, the date of the coming into force of the said measures."

The above proposal may be extended to cover other articles.

PROPOSAL NO. 5

"The Co-ordination Committee draws the special attention of all Governments to their obligations under para. 3 of Art. XVI of the Covenant, according to which the members of the League undertake mutually to support one another in the application of the economic and financial measures taken under this Article."

I. To this end, the Governments of League Members will:

(a) Adopt immediately measures to assure that no action taken under Art. XVI will deprive any country imposing sanctions of the advantages of most-favoured-nation treatment, under agreements between the sanctions-imposing States and Italy.

(b) Take appropriate steps to replace "within the limits of the requirements of their respective countries," imports from Italy by the import of similar products from the participating States.

(c) "Be willing, after the application of economic sanctions" to negotiate, with any participating country suffering a loss of its Italian market, for increases in its sales of goods.

(d) Abstain from claiming most-favoured-nation treatment in connection with benefits accorded under (b) and (c) above, provided they themselves have suffered no losses.

II.—With the above objects, participating Governments will, if necessary, with the help of the Sub-Committee mentioned below, and within the limits of their existing obligations, study the possibility of adopting these measures:—

(1) Increase of their imports from countries suffering loss of Italian markets by reason of the application of sanctions.

(2) In order to facilitate this increase, consider the trade advantages which non-participating League Members would obtain from the imposition of sanctions, "in order to reduce . . . imports coming from these countries."

(3) and (4) Foster trade relations with a view to making good the deficiency of trade caused by sanctions.

"They will also examine under the same conditions, the possibility of financial or other measures to supplement the commercial measures in so far as these latter may not ensure sufficient international mutual support."

III.—The Co-ordinating Committee sets up the Special Committee envisaged under II above.

NOTES OF THE WEEK

The Election Campaign.—The fear which we expressed last week that the holding of an early election would detract from the impressiveness of this week's debate on foreign affairs has proved only too well founded. With the sword suspended over their heads, it has proved utterly impossible for members to keep their thoughts from straying to the constituencies; and the sense of national unity which existed a month ago has naturally been shattered. A brave attempt has, however, been made by the Peace and Reconstruction Council to prevent the election degenerating into the usual party dog-fight by supplying a focus for moderate opinion and thus restraining the fervours of the extreme wings of the Conservative and Labour Parties. Two manifestoes, one on Peace and one on Reconstruction, have been issued by the Council this week. In that on Peace the Council "accepts the League of Nations as the basis of its policy, but considers that if it is to accomplish its purpose the League must assure to its members by collective action not only security against aggression, but satisfaction for their just needs." The specific suggestion is made that the Government should propose a five-year armaments truce, and that during the period of the truce the Disarmament Conference should

be re-convened. At the same time, Great Britain should offer to make suitable concessions if others were willing to do the same. In its manifesto on Reconstruction the Council proposes a long-range programme designed to revive international trade, combined with a short-term campaign of public works and housing development. The nationalisation of mining royalties and the revision of the constitution of the Bank of England are also recommended. The Council will endeavour to secure pledges from all parties to support a policy on these lines as an immediate political objective. Meanwhile, however, bitter criticisms of the Government's decision to hold a snap election are being made by both sections of the Opposition. The Conservative Party, Sir Herbert Samuel said at Darwen on Saturday, "did not hesitate to exploit the sincere public spirit which supported its present action" in defence of the League. Mr Baldwin, in defence of his decision, said little on Wednesday except that it is "a good thing to get it over quickly," and that the international situation—in which he foresaw a lull at the moment—might be much worse in January. It is difficult to see how there can be a breathing space for four weeks except on the assumption that League action will be delayed for that period. The

* In "The National Income, 1924-1931" (Macmillan, 1932); and "The National Income and the Theory of Production." (*Economic Journal*, June, 1933).

† In "The National Expenditure, 1932." (*Economic Journal*, March 1934).

indication of Mr Baldwin's judgment can only be given if his Cabinet on returning to power carries out even more forcefully the League policy which rallied the nation so remarkably to his support last month. Meanwhile, this week's speeches, both in Parliament and outside, suggest that the main issue at the election will be the Opposition's charge that the Government is insincere in its support of the League and secretly desires unilateral re-armament. Mr Chamberlain has tried to raise the issue of the Labour Party and the banks; but the vehicle he has chosen—a letter to the municipal electors of Birmingham—seems a little inappropriate. The municipal elections, to be held throughout the country on November 1, may afford some indication of the political temper of the people. At present, however, all the indications are that the fight for the League still dominates the public's attention.

★ ★ ★
Mr Arthur Henderson.—The death of Mr Arthur Henderson removes one of the small band of men who through their association with the work of the League of Nations have attained world-wide renown. Starting from a modest position in the trade union world on the North-East Coast, Mr Henderson won for himself a foremost place in the Labour Movement, which brought him the responsibilities of a Cabinet Minister during the War and of the chief administrative officer of the Labour Party in the decade which succeeded it. As secretary of the Party he steered Labour to its victories in 1923 and 1929. But it was not until "Uncle Arthur" became Foreign Minister in the latter year that his qualities reached their full flower. In a sphere for which he had no special training whatever, his honesty and singleness of purpose—combined, however, with strong native shrewdness and a quick sense for distinguishing the essential from the unessential—won for him the confidence and esteem of the diplomatic world of Europe. No higher compliment could have been paid to Arthur Henderson than his selection as Chairman of the Disarmament Conference; and it is in that capacity that he would most desire to be remembered. His work has appeared to fail; yet it may prove that the years of negotiation and of discussion that took place under his guidance laid the foundations of an agreement that will one day put an end to the nightmare of competitive armaments.

★ ★ ★
The War in Abyssinia.—The focus of interest in the Abyssinian war has shifted during the last week from the North-East (Adowa-Adigrat) front to the South-East—where an Italian force under General Graziani is zealously advancing across the Ogaden desert. The Italians of General de Bono (now under Marshal Badoglio) in the North-East are at present mainly engaged in road-making, perfecting their communications, and propagating disaffection by land and air among the Abyssinian natives of the Tigré province in order to cajole others to emulate Ras Gugsa's defection from the Abyssinian cause. To this end, General de Bono has proclaimed Ras Gugsa Governor of Tigré, and these Italian tactics in the North-East may prove more effective than tanks and bombs in sabotaging Ethiopian resistance. The combined strategy of the Italian armies is now apparent. It is to consolidate in the North-East before advancing slowly along the Eastern foothills of the central highlands through Makalle towards Dessie, and so to the Jibuti-Addis Ababa railway at Diredda where the highlands begin. Meanwhile, a second—and smaller—Italian force will probably penetrate Abyssinia, skirting French Somaliland, from Assab, and make for Diredda. Finally, the Southern Italian Army in the Ogaden is now hotly pressing the key-post of Gorahai in the Ogaden. If this cross-roads station falls, this Italian army will also probably press on towards Harar and Diredda. While the three Italian armies would probably advance in unison and as fast as the speed of the slowest would dictate, it now seems reasonably certain, as we anticipated in an article on "Strategy in Abyssinia" in the *Economist* of October 12th, that they are intending to effect a junction in the central valley which the railway follows in its course to Addis Ababa. The next engagements of note will therefore be a North-Eastern advance towards Makalle and (eventually) Dessie; and a

more rapid, more hotly contested advance in the South-East to Gorahai, and thence towards Harar. On the Abyssinian side, munitions now seem to be coming into the country in greater amounts, and there is no evidence that the Abyssinian resistance will crumble before the invaders of her difficult territory. And general economics as well as general geography is aiding Abyssinia. At the end of September the Italian Treasury Accounts showed a total deficit for the first quarter of the present financial year, of over £7 millions, exclusive of the East African campaign, which accounted in July, August and September for a further deficit of nearly £2½ millions. Moreover, the gold reserve of the Bank of Italy fell by another 225 million lire between September 30th and October 1st, 4,025,344,000 lire and the note circulation rose to a high record at 15,425,518,000 lire. Signor Mussolini's "gesture" is likely to be costly, both in money and men.

★ ★ ★
France and the Senatorial Election.—The elections in which one-third of the seats in the French Senate were involved last Sunday have resulted in a very slight shift towards the Left. But the balance in the Senate will continue, as before, to be held by the Radical-Socialists, whose losses have entailed no effective diminution of strength. The outstanding personal event is M. Laval's victory in both the constituencies—one Parisian and the other in his native Auvergne—for which he was standing. The polling day was subsequent to M. Laval's affirmative reply to the British Government's question about French naval support, and also subsequent to the French concurrence in the Geneva decision to include refusal of Italian exports among economic sanctions. We may perhaps take it, therefore, that the French public has approved the President of the Council's definite—if rather belated and obviously reluctant—decision fully to implement French obligations under the Covenant. It is more certain that the public approves M. Laval's determination to take the lead in continued attempts at conciliation, while participating in measures for economic coercion. None should quarrel with this aspect of French policy, as long as it is not carried to the lengths of weakening the effectiveness of sanctions or condoning Italian depredations under colour of a pacific compromise. Above all, nobody—except, perhaps, Signor Mussolini in a gambler's mood—would have wished to see M. Laval defeated on Sunday. For it is extremely doubtful whether any Ministry led by a statesman standing further to the Left than M. Laval stands could keep the Right within constitutional limits. And while it is extremely doubtful whether, in France, a Fascist *Putsch* could be successful, it is certain that any attempt at it would be a grave calamity for the world, as well as for France herself. Meanwhile, M. Laval's increased strength on the home front is reflected in the decrees, which his Government approved on Thursday, on the subject of the right of demonstration, public meetings, and the import, sale and possession of arms. In addition, the Garde Républicaine Mobile is to be increased. These measures are aimed at the Fascist private armies; and, while some of M. Laval's Radical-Socialist colleagues might have wished their cautious Prime Minister to go rather further, the decrees, even as far as they do go, are likely to have an important psychological effect as definite acts of resistance to Fascist encroachments which have too long gone unchecked.

★ ★ ★
The Change of Government in Austria.—In Europe, the test case for Italy is the way things are moving in Austria; and the man of destiny into whose hands the present trend of events in Austria is playing must surely be, not Signor Mussolini, but Herr Hitler. Italy's action in Africa is forcing the Austrian issue. Even before Italy went to war, the position of Chancellor Schuschnigg's regime in Austria was difficult enough. For it had to bear up against the simultaneous hostility of the Austrian Social-Democrats, the Austrian Nazis, and the Third Reich. But at least it could claim that it represented a coalition between Austrian Catholicism and an Austrian Fascist movement which stood for a distinctly Austrian tradition. It could also point out that the policy for which this Catholic-Heimwehr coalition stood had the backing of three out of four Euro-

pean Great Powers. Finally, the Austrian Government could claim that—in standing for the maintenance of Austrian independence against violence promoted from abroad—Austria was acting as an exponent of the principles of the League of Nations. In these circumstances the public feeling in Austria that the Schuschnigg Government was "the running dog" of Signor Mussolini was a sentiment which could be ignored. Now, however, Signor Mussolini's own action has rudely stripped the mask from the unfortunate Austrian Government's countenance. Herr Schuschnigg's Government has found itself constrained to declare for Mussolini and against the League at a moment when the Austrians under Italian rule in South Tyrol have been conscripted to fight for an Italian cause which the League has condemned. This has lighted up the traditional popular hostility in Austria towards Italy, which had been smouldering all the time. The instantaneous increase in internal tension has now compelled the momentarily dominant force in the Austrian Government to strip off another layer of *camouflage*. The reconstruction of the Austrian Government which was carried out on October 17th under threat of a *Putsch* has not only tilted the balance of power still further against the numerically strong Catholics, in favour of the numerically weak Heimwehr. More significant still, the change has expelled from office those Heimwehr leaders, first and foremost Major Fey, who have disapproved of Prince Starhemberg's out-and-out Italian orientation. The immediate practical gain which Prince Starhemberg has secured is a mandate from Herr Schuschnigg's reconstructed Government to bring all private armies—the Catholic and the non-Italophil section of the Heimwehr, as well as his own—under his own authority. One thing, however, is already certain. Signor Mussolini's action is compelling the Austrian Government to testify to the truth of almost everything that Herr Hitler has been saying about them. And this strange confession may ultimately have dire and far-reaching consequences.

★ ★ ★
Social-Democrats' Success in Denmark.—The elections to the Danish Folketing (Lower House) on Tuesday resulted in a second national endorsement of the policy pursued by the Stauning Cabinet since it came into power in 1929. The Danish people have thus shown approval of the moderate Radical-Socialist programme of the Government. Our Copenhagen correspondent reports that the Government parties gained six seats, and the distribution of seats in the new Folketing will be as follows:—

GOVERNMENT PARTIES	
Social-democrats	68 seats (+6)
Radicals	14 " (unchanged)
	82
OPPOSITION	
Left (Farmers' Party)	29 seats (—7)
Free Peoples' Party (Farmers' Dissident Party)	5 " (+2)
Conservatives	26 " (—1)
Liberals (" Retsstat ")	4 " (unchanged)
Communists	2 " "
Slesvig Party	1 " "
	67

A comparison between the results of the two previous elections and those on Tuesday reveals the continued growth of the Social-Democrat Party. The votes cast were as follows (leading Parties only):—

	1929	1932	1935
Social-Democrats	590,415	660,783	759,071
Radicals	151,718	145,135	151,497
Left	492,072	381,222	292,273
Conservatives	235,237	289,527	293,286
Communists	3,642	17,166	27,141

One of the consequences of this election will be a continuation of Denmark's present foreign policy under the leadership of Dr Munch (Radical). Further, the Exchange Control Office will be maintained as the Government's instrument for carrying out Denmark's obligations incurred under trade treaties with foreign countries. The electoral success of the Social-Democratic Government after six years of power, is most interesting. It shows that, in periods of economic recovery, continuous stable government is perfectly possible in democratic countries.

★ ★ ★
Tramp Shipping Subsidy.—The Tramp Shipping Administrative Committee, set up under the British Shipping (Assistance) Act early this year, has issued an interim report covering the first six months of the subsidy scheme. The Administrative Committee is not responsible for the actual disbursement of the subsidy, which is entrusted to a Subsidy Committee. Its duty is to organise such co-operation among shipowners as will prevent the diffusion of the subsidy, improve freight rates, and assist the competition of British shipping with foreign subsidised vessels. The Committee has some evidences of encouraging progress to report. In the River Plate trade it was able to negotiate with foreign shipowners an agreement to stabilise freight rates, and a limitation on ships going out to the Plate in ballast unfixed homewards (i.e. with no homeward charter) has lessened competition in Argentina. Similar arrangements have been made in the St. Lawrence coal-outwards grain-homewards trade and in the Australian grain trade. The Committee claims as a result of these schemes that the proportion of British ships to total tonnage engaged in these trades has increased, and that freight rates have been stabilised, thus preventing any dissipation of the subsidy. It is undeniable that freight rates, according to the Chamber of Shipping Index, have risen by 4 per cent. on the controlled routes and fallen by 5 per cent. on the uncontrolled routes. It is probable that this is at least in part due to the agreements. But the agreements themselves would probably not have been possible without a perceptible increase in the volume of trade in these markets. Indeed, as the figures in the following Note indicate, there has recently been considerable progress in reducing the gap between the supply of shipping and the demand for its services. Similarly, the Committee overstates its case by claiming for the Subsidy Act exclusively such a catholic list of benefits as the rescue of British shipping from collapse, the prevention of abnormal transference of British ships to foreign flags, increased employment of British ships, the reduction of domestic competition and the establishment of co-operation among shipowners both at home and abroad. The Committee is naturally anxious for a continuation of the subsidy which was granted for one year only. It is to be hoped, however, that the Government will first make a very thorough and discriminating enquiry. As we wrote when the Act was before Parliament, the subsidy will have been justified if it is instrumental in getting rid of the whole regime of shipping subsidies. The Committee says nothing about this, for the excellent reason that there is no progress to report. But the subsidy was intended to perform more than purely eleemosynary services to the British shipping industry, and proof that British shipowners are £2,000,000 better off than before is not in itself sufficient to justify its indefinite continuance at the taxpayers' expense.

★ ★ ★
Idle Shipping.—The gradual decline in the tonnage of laid-up shipping in Great Britain and Ireland continued during the third quarter of 1935. Nevertheless, the latest statistics of the Chamber of Shipping show that idle tonnage on October 1st was still very large, especially when compared with the position in more normal years:—

NUMBER AND TONNAGE LAID-UP							
		No. of ships	Net tons (000's)			No. of ships	Net tons (000's)
Jan. 1, 1933	.....	760	1,971	July 1, 1934	...	421	1,042
April 1,	"	760	1,864	Oct. 1,	"	330	818
July 1,	"	793	1,958	Jan. 1, 1935	...	323	878
Oct. 1,	"	612	1,589	April 1,	"	322	706
Jan. 1, 1934	.....	482	1,239	July 1,	"	250	586
April 1,	"	453	1,079	Oct. 1,	"	224	502

Of the total laid-up tonnage on October 1st, 213,333 net tons have been out of commission for a year or more. The

BRITANNIC ASSURANCE COMPANY LIMITED

(Established 1866)
 Annual Income : : : : £5,900,000
 Funds : : : : £25,000,000

All classes of Life, Fire, Accident,
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total of idle ships also includes 39 tankers of 143,216 net tons. In the July-September quarter there was a reduction of 114,000 gross tons in the tonnage on the United Kingdom Register. Since laid-up tonnage decreased, in all, by 168,000 gross, the increase in the tonnage employed appears to have been only some 54,000 gross tons.

Chronic Unemployment.—It is often forgotten that the army of two million unemployed in this country is not constant; it is highly variable in its composition. Nevertheless, there is a very large nucleus, particularly of men, who may be described as "chronically unemployed." At the end of July over 361,000 men—more than a quarter of the total number registered at Employment Exchanges—had been out of work for a year or more. Among women the proportion is very much lower, at 8 per cent. The Ministry of Labour has recently made an interesting analysis of the age and distribution among industries of this section of the unemployed on July 29th of this year. Almost 25 per cent. of the chronic unemployment among men is accounted for by the coal industry; while among men who have been out of work for five years or more this proportion rises to over 30 per cent. of the total in that class. Similarly among women, the cotton industry accounts for almost 40 per cent. of those who have been out for more than a year; and for nearly 75 per cent. of those with five years or more unemployment. In the distributive trades, on the other hand, the proportions are 7.6 and 3.8 per cent. respectively for men, and 11.8 and 2.7 per cent. for women. The following table shows how the total number of (1) insured persons, (2) unemployed persons, and (3) persons unemployed for more than a year are distributed among the industries of the country:—

	Proportion of total number insured, July, 1934	Proportion of total number unemployed, July, 1935	Proportion of total number unemployed for a year or more
Men—	%	%	%
Coal mining	10.6	18.2	24.5
Public works contracting	3.0	7.6	12.7
Distributive trades	12.7	9.2	7.6
Building	9.9	8.3	5.7
Women—	%	%	%
Cotton industry	9.2	20.6	39.7
Distributive trades	20.9	12.8	11.8
Jute industry	0.6	3.6	8.0

For men, the other industries which had a more than proportionate share of long-term unemployment were shipbuilding and ship-repairing, engineering and iron and steel manufacturing. This incidence of chronic unemployment is already well known. Even more interesting is the analysis of the age distribution of this group of the unemployed. The longer the period of unemployment, the larger the proportion of older men and women. Of the 361,577 men aged 18-64 who had been out of work for a year or more, 47.6 per cent. were aged 45-64; but of the 32,500 who had been out for five years or more, 63.9 per cent. were over 45. This tendency is observable in all industries, but is least marked in the case of the distributive trades, where 6,767 (over 24 per cent. of the total) of the men who had been unemployed for more than a year were between the ages of 25 and 34. This chronic unemployment among young men in what has been, even during the depression, an expanding industry, is an indication of the blind alleys into which this industry leads many of its members. Of the young and middle-aged men in other industries, some might be re-absorbed by recovery in the export trades and by the resumption of capital development by local authorities. But the Ministry of Labour's study suggests that the 46,000 men over 60—perhaps even the 172,000 men over 45—who have been out of work for more than a year may have fallen permanently out of the industrial life of the country.

Poor Relief.—Unemployment figures do not tell the whole story of depression in Great Britain. There are also the Poor Relief figures, which rose sharply immediately the Government's tightening-up of the Unemployment Regulations began at the end of 1931. Except in the week

following the Easter and Whitsun holidays, however, the number of persons in receipt of Poor Relief (including dependants) fell continuously during the second quarter of this year from an average of 1,183,166 in March to 1,130,144 in June. This is a reduction of 25,000 since the previous June, but an increase of 404,000 compared with June, 1931. The seasonal decline is normal, due to the less urgent need for fuel and clothing in the summer; but this year it is confined to persons "ordinarily engaged in regular occupation," who numbered 511,000 in June. The number of persons not so engaged continues to increase, and amounted to 618,839 in June, compared with 589,692 in June of last year. If we take the figures at the end of the quarter, the districts which relieve the largest percentages of population show, on the whole, considerable improvement compared with last year. Liverpool is a marked exception. There has been an increase in that city of more than 5 per cent. in the numbers relieved. In any case, the magnitude of these Poor Relief totals must be set against the greatly improved unemployment figures when we talk of "domestic recovery."

America's Balance of Payments.—The United States Department of Commerce has followed its own excellent precedent by issuing an estimate of the Balance of Payments for the first half of the current year. The figures are shown in the following table, together with those for the first six months and for the whole of 1934:—

UNITED STATES BALANCE OF PAYMENTS (\$ millions)				
	Whole Year, 1934	January-June, 1934	January-June, 1935	
Merchandise trade (excluding silver)	+ 478	+ 173	+ 29	
Tourists' expenditure	- 220	- 80	- 103	
Immigrants' remittances	- 124	- 58	- 64	
Miscellaneous service items	+ 5	- 36	- 17	
Interest and dividends	+ 327	+ 160	+ 145	
Balance on current account	+ 466	+ 159	- 10	
Gold movements	- 1,217	- 920	- 802	
Silver movements	- 86	- 12	- 79	
Currency movements	- 48	- 30	- 11	
Total	- 1,351	- 962	- 892	
Long-term capital	+ 202	+ 310	+ 100	
Short-term capital	+ 184	+ 250	+ 560	
Balance on capital account	+ 386	+ 560	+ 660	
Unrecorded items	+ 499	+ 243	+ 242	

Much the most significant change is the appearance of a negative balance on current account. America's out-payments, both for tourists' expenditure and for freight services, are larger in the second than in the first half of the year. There is, therefore, some probability that the complete year will show a negative balance, for the first time since the war. The change is very largely due to the decline in the "favourable" balance of merchandise trade—a strange result for a country with an undervalued currency. It would appear that the stimulus to exports of manufactures given by undervaluation has been largely offset by the decline in agricultural exports, due to crop restriction. There has, however, also been a considerable increase in imports, mainly, it is to be presumed, of raw materials, although grain imports have also increased. Tourists' expenditures are estimated to have increased. The reduction in the net receipt of interest and dividends is due entirely to a recalculation of the payments of interest and dividends by American companies to foreign investors. The import of gold is almost as high as last year, and will probably be higher by the end of the year. This flow of gold is probably due more, in 1935, to European nervousness than to the repatriation of refugee American capital, which was the explanation in 1934. American currency policy is thus less directly responsible for the woefully lopsided appearance of the Balance of Payments than it was in 1934. But attempts to resurrect an international currency system, with more or less fixed parities of exchange, have a hazardous appearance so long as the richest country in the world is so far out of equilibrium in its external financial relations.

Tin Quota Increased Again.—Last Tuesday, the International Tin Committee decided to recommend to the original signatory Governments that the production quotas should be increased from 70 to 80 per cent. of the standard tonnages, with retrospective effect from October 1st. This is the third increase in production quotas since August 10th, when they stood at 50 per cent. of the standard tonnages. Recent market developments reflect little credit to the management of the restriction scheme. Their policy has allowed stocks to fall to a dangerously low level. At the end of last week stocks at warehouses in Liverpool and London amounted to only 462 tons, equal to about one week's consumption. The shortage of available supplies in tin has led to abnormal fluctuations in prices. On October 14th the cash price rose to £248 per ton, while "three months" tin, at £225 per ton, was £23 per ton cheaper. When last Tuesday's decision was taken, "spot" tin fell to £216 10s. and "three months" tin to £209 10s. It would seem that the price can only be maintained at about £230 per ton if the market is starved of supplies. Whether or not the latest increase in quotas was influenced by pressure from the Colonial Office, it is commendable. The provision of a "cushion" in the form of adequate stocks is the only way in which the Tin Committee can regain the market's lost confidence.

Transvaal Output in September.—The Transvaal Chamber of Mines Report for September shows output of gold at 902,333 fine ounces, compared with 929,331 fine ounces in August and 857,442 fine ounces in September, 1934. The gold produced in September, 1935, was valued at £7 per fine ounce. The following table shows the monthly production since the beginning of 1929:—

Month of	1929	1930	1931	1932	1933	1934	1935
January ...	876,452	882,801	914,576	936,784	967,457	907,641	890,875
February ...	815,294	818,188	839,937	914,012	883,145	826,368	821,246
March ...	866,529	889,370	910,998	960,035	946,863	874,112	882,309
April ...	872,121	868,606	882,337	949,796	895,037	865,822	869,956
May ...	897,598	916,213	910,279	965,644	944,604	898,418	916,035
June ...	856,029	887,867	897,750	959,011	918,633	868,129	889,028
July ...	889,601	912,652	916,843	981,160	923,671	876,094	927,803
August ...	889,601	921,081	916,425	991,322	934,714	881,861	929,331
September ...	849,553	903,176	916,024	961,501	901,799	857,442	902,333
October ...	888,690	926,561	945,113	974,965	908,888	885,627	...
November ...	861,593	884,753	906,510	978,716	898,468	878,847	...
December ...	851,134	908,492	923,353	980,618	894,186	866,037	...
Total ...	10,414,066	10,719,760	10,874,145	11,553,564	11,917,485	10,486,383	8,028,914

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

	Jan., 1935	Feb., 1935	Mar., 1935	April, 1935	May, 1935	June, 1935	July, 1935	Aug., 1935	Sept., 1935
Gold mines	257,633	257,959	259,417	262,678	264,067	267,209	268,408	269,905	269,775
Coal mines	13,347	13,355	13,476	13,385	13,677	13,945	14,097	14,150	14,247
Total...	271,030	271,308	272,893	276,063	277,744	281,154	282,506	284,055	284,022

Sterling and International Prices.—The recent advance in world wholesale prices has for the moment been checked, and the past fortnight witnessed irregular movements. The *Economist's* complete British index number

continued to rise, but the advance was only 0.4 per cent. The British index number of primary products fell by 0.7 per cent., while in the United States primary products fell by 1.0 per cent. The Irving Fisher general index number for the United States is also fractionally lower. On the Continent, French wholesale prices are unchanged, and there were slight advances in Italy and Germany.

SEPTEMBER 18, 1931 = 100								
Date	Economist Indices			U.S.A., Irving Fisher	France, Statist- ique Générale	Italy, Milan Chamber of Com- merce	Ger- many, Statist- isches Reichs- amt	
	British Complete Index (sterling)	Primary Products						Price of Gold (sterling)
		British (sterling)	American (dollar)					
1932								
Jan. 27th	108.3	115.7	93.8	140.9	93.5	93.6	91.6	
Apr. 20th	103.8	105.4	83.6	129.5	89.6	97.0	90.3	
July 27th	99.5	103.5	84.1	136.9	88.3	91.3	88.5	
Oct. 19th	103.1	112.3	84.0	143.8	88.6	88.8	86.8	
1933								
Jan. 25th	101.3	107.7	78.0	142.6	80.5	88.1	90.2	
Apr. 19th	98.7	104.6	88.7	141.4	82.8	87.5	83.4	
July 26th	108.1	120.6	124.7	145.7	100.9	89.7	86.2	
Oct. 18th	106.4	112.8	109.1	155.4	103.7	87.5	84.6	
1934								
Jan. 31st	108.8	118.0	124.8	156.7	105.6	87.2	88.5	
Apr. 25th	103.2	119.8	125.3	159.5	106.0	85.4	87.7	
July 18th	109.5	124.8	136.7	162.4	113.2	81.4	91.1	
Oct. 24th	107.9	124.2	146.2	164.5	114.3	79.8	93.0	
1935								
Jan. 30th	110.3	124.6	152.4	167.2	118.3	79.1	92.8	
Apr. 24th	110.5	124.8	151.8	169.1	118.6	78.2	91.7	
May 8th	111.3	124.1	149.5	169.5	119.2	78.2	92.3	
May 22nd	113.5	127.7	151.4	167.1	119.9	79.6	93.5	
June 5th	112.7	126.2	146.1	166.2	120.1	79.3	95.3	
June 19th	112.7	125.6	144.2	165.9	118.9	78.9	96.4	
July 3rd	111.8	124.5	143.0	168.5	118.5	78.0	96.9	
July 17th	111.6	124.3	143.6	166.0	118.5	78.6	97.2	
July 31st	112.7	126.7	146.2	165.6	120.2	75.9	98.2	
Aug. 14th	111.4	125.3	141.6	164.9	121.4	75.7	99.7	
Aug. 28th	112.4	125.5	141.4	164.7	122.2	77.5	101.8	
Sept. 11th	113.3	127.2	143.5	165.8	123.4	78.0	102.5	
Sept. 25th	115.7	131.3	148.6	166.0	124.0	78.0	103.7	
Oct. 9th	117.9	134.5	146.4	166.9	124.4	78.9	106.6	
Oct. 23rd	118.4	133.6	144.9	166.4	124.0*	78.9*	106.0*	

* These figures relate to Oct. 16th

Details of the group indices comprising the complete *Economist* index number on the date of our suspension of the gold standard and for recent dates are given below:—

"ECONOMIST" INDEX (1927 = 100)				
	Sept. 18, 1931	Sept. 25, 1935	Oct. 9, 1935	Oct. 23, 1935
Cereals and meat	64.5	71.7	72.8	72.7
Other foods	62.2	60.6	61.5	61.9
Textiles	43.7	58.2	59.8	60.8
Minerals	67.4	82.0	83.7	82.4
Miscellaneous	65.8	76.0	77.6	78.5
Complete index...	60.4	69.9	71.2	71.5
1913 = 100	83.1	96.1	98.0	98.4
1924 = 100	52.2	60.4	61.5	61.8

In the first group there was a general decline in grain prices, with the exception of English wheat, and beef was also cheaper. There were advances in mutton and bacon. In the other food group, tea, butter and coco-oil all advanced, but there was a slight fall in cheese. There was a moderate but general increase in textile prices. In the minerals group, tinplate and house coal were dearer, but there was a reaction in all non-ferrous metal prices. In the miscellaneous group, there was a sharp rise in leather, and smaller increases in rubber, tallow and hides. Linseed oil has reacted after its previous sustained advance.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

BUSINESS STILL GOOD

IN comparison with last year, autumn trade and production make an excellent showing. In comparison with the first half of the year they show little change. In comparison with the exuberant optimism of the summer, current actualities are somewhat disappointing. Such indices as general carloadings, steel production and retail

trade show no great change from the figures of August. The year 1935 has been distinguished for its maintenance of a volume of trade and production at a level about equal to the peaks briefly touched in 1933 and 1934, but with the summer showing almost no decline from the spring, and the autumn as yet showing no marked advance above the summer.

This condition is readily explicable from generalisations based on sources of estimated income. Farm income is estimated to be about 10 per cent. above 1934; but this

is a smaller increase than between 1933 and 1934. Furthermore, this farm income is rather well distributed, in contrast to the condition of a year ago where areas affected by the drought had little income and undamaged areas had windfall profits. Cattle and hog prices are very high, but they are high because few cattle and hogs are available for market. Wheat of milling grade is rather scarce, as much of the crop is of low grade; and while in bushels we have a crop equal to domestic needs, we shall import perhaps 25 to 50 million bushels. Not since Colonial days has the United States found itself under the necessity of importing wheat. The cotton crop is larger than a year ago, but the price is slightly lower. A 10 per cent. increase in farm income is gratifying, but it is not sensational.

Urban industrial employment probably is almost the same as a year ago. It is true that a number of estimates (e.g. the estimates of the American Federation of Labour) state industrial employment to be lower than a year ago; but assuming the accuracy of the calculation, it is probable that there has been a compensatory increase in employment in fields not covered by the sampling. The conclusion is that the number of employed is not very different from the figures of a year ago; that hourly wage rates are a little higher; that the work-week is a little longer; and the cost of living somewhat higher. The sum of these items leads to the conclusion that the dollar income of employed urban labour is a little higher than a year ago, but that much of the increase (perhaps all) has been absorbed by the higher cost of living; but this conclusion may err on the side of pessimism.

Relief payments or other forms of distribution of federal funds are not greatly changed—certainly not enough to affect general conditions to any marked extent. Synthesising these elements of our economy, one would say that farm income is higher both in money and purchasing power than a year ago; and that urban industrial income is higher in money, but not much higher in purchasing power; and that the aggregate of individual incomes is higher than a year ago, but probably by not over 10 per cent.

SMALL DEMAND FOR PRODUCERS' GOODS

It is monotonous to repeat, but it is important to remember, that the United States' economy still has a remarkably high demand for consumers' goods, but a very limited demand for producers' goods. Neither the railroads nor the utilities are in the market on the scale that has characterised former periods. Technological change has developed on the railways to a greater degree than in almost any other part of our economy, both in the type of material preferred for rolling stock and in innovations in traction power; but the earning power of the railways is small and their credit consequently poor. The utilities were extremely well equipped during the 20's, but the persistent growth of demand for electric power suggests that they may expand their facilities if their status under recent legislation becomes improved. As yet, however, they have done little in that direction.

As far as miscellaneous industry is concerned, it is only in recent months that there have been any indications that existing facilities of production were not entirely adequate. In general, industry possesses both cash and credit; but as yet its demand for producers' goods has been limited to minor installations for repairs and replacements. Such orders have brought a substantial revival in the machine and machine-tool industries, but their magnitude does not exert great influence on the economy as a whole. In fact, while in 1934 the United States passed from a distinctly consumers' goods economy to an economy which made some demands upon durable (or semi-durable) goods, such as residences, motor cars, and machinery (farm and industrial), it is still in 1935 a limited economy.

For a long time the absence of demand for producers' goods was ascribed to the Securities Act. This was partially valid. The capital markets were practically closed between the passage of the Act and its modification early this year. The changes in the Act released a great volume of capital issues, but so far they have been almost exclusively refunding operations. The absence of demand for producers' goods is the outstanding deficiency in our economy, and it seems clear that reasons outside the

Securities Act are quite specific, although diverse, for each of the three major potential sources of demand.

In contrast to the rather steady rhythm of industry and trade this year, is the continued climb in primary commodity prices. Moody's index of primary commodity prices has risen almost 24 per cent. in the past twelve months. Curiously enough, the Bureau of Labour Statistics' price index reflects little of this movement, having advanced only about 5 per cent. in the period. Since the end of 1934 Moody's index has risen 40 per cent. and the B.L.S. index about 15 per cent. However, the B.L.S. index is insensitive and the primary index is extremely sensitive. The change in relation between the two indices is almost what it was in 1930 and also in 1913.

The Supreme Court has convened, and its earliest suit will concern the processing taxes. Payments on these have nearly ceased, as company after company has obtained injunctions. The legal status of the processing taxes is complicated. Under the original Act, these taxes were not levied by Congress, but by the Secretary of Agriculture, under the discretionary powers so liberally delegated to the executive department in the legislation of 1933. This delegation of the taxing power was of extremely dubious constitutionality. The legal status of these taxes was changed in the last session of Congress, and they are now levied by the direct authority of that body. In other words, the original tax may have been unconstitutional, and the present tax constitutional, as far as source of authority is concerned. There are, of course, other objections, the principal one being that they are extremely high excise taxes on the necessities of life; and this accounts for their unpopularity. But such considerations are irrelevant to the Court.

The Federation of Labour continues, or rather is intensifying, its pre-Congress campaign for the 30-hour week. In 1913 the work-week in industry was a little over 50 hours; in the 20's about 48 hours was the standard week. In the course of the depression, largely under the spread-the-work policy, the week was reduced to about 34 hours on an average. The N.R.A. promoted the idea of the 40-hour week, but, in fact, that has rarely been attained in industry, 37 or 38 hours being more frequent. The theory of the Federation is that compulsory reduction to 30 hours would necessitate the employment of more workers; the objection is that a 30-hour week at the present weekly pay (say, a 20 per cent. increase in hourly rate) would increase costs of production and limit the demand for goods. So widespread is the resentment against the present scheme of relief, both on the part of those on relief and on the part of their employed neighbours, that any alternative suggestion would command substantial support.

NEW YORK, October 15.

FRANCE

M. LAVAL AND MR BALDWIN

MR BALDWIN's declaration this week that "the object of the League of Nations is peace and not war" exactly reflects his speech with great relief. It is hoped that this will afford M. Laval a new chance to induce Signor Mussolini to make certain concessions for a general understanding. It is also being suggested here that the trend of international prices has not for a long time been so favourable to monetary collaboration between the United States, Great Britain and France as at present. The stability of the pound since the beginning of the Abyssinian conflict is regarded here as a very favourable index for this purpose. Peace thus appears as the first condition for a renewed co-operation between the Great Powers. French commentators on Mr Baldwin's speech were very specially struck by his expressed wish to bring back to the League the nations which have withdrawn from it.

Moreover, Mr Baldwin's speech came as an unexpected blessing on the eve of the senatorial elections, which ended in a striking personal victory for M. Laval in the Puy-de-Dôme and also in the Seine, where he was the only member

of his list to be elected at the first ballot. His election was in fact rendered possible by the "trahison," as M. Blum, the Socialist leader, calls it, of members of the Popular Front, since the Front constantly denounces "the man of the decree-laws" and the "man who has allied himself with the Duce against sanctions." In general the elections have slightly favoured the Left and have shown a desire to send younger men to the Senate. The liberals have suffered the principal losses; but the electors have shown their suspicion of all extremist associations. Long farmers have even voted against the Fascist leagues, including those which claim to be working in their especial interests.

M. Laval and M. Régnier appeared before the Finance Committee of the Chamber this week to describe the situation of the Budget and the Treasury. M. Laval explained that the external situation had postponed at least until the end of the year the hope of large conversions, but he recalled that Great Britain's recovery took four years. The new decree-laws, to be published before October 31st, would bring neither important tax reductions nor new cuts. The Prime Minister argued that the decree-laws could not produce an immediate lowering of prices. Finally, he urged the Committee to examine the Budget Bill at once, so that it could be voted before December 31st. But the Left-wing members of the Committee objected that a debate on the decree-laws should be taken first, and the Radical-Socialist majority decided to adjourn its decision until Tuesday next, that is until after the Party Congress.

M. Régnier explained the great difficulties of the Treasury, which were only being overcome with the assistance of the Bank of France, the great banks and the Caisse d'Amortissement. The disclosed position of the Bank of France, he said, was "sincere," and the item "Bills discounted" contained only 2,000 million francs of Treasury bonds and 500 millions of railway bonds, that is 40 per cent. of its total, the rest being represented by commercial bills. Treasury borrowing for the last quarter of 1935 and January, 1936, would reach 3,000 million francs, and the Treasury had the necessary authorisations for borrowing these sums. The recent success of the City of Paris loan proves that the market is well prepared. For the whole of next year the Treasury will have to borrow nearly 11,000 million francs, that is 6,000 millions for the Extraordinary Budget, 1,500 millions for Algeria and the P.T.T., 1,500 millions for ex-Servicemen's pensions, the railways and various items and for the deficit of the ordinary Budget—a figure which will depend on economic activity in the country during the next few months.

REVENUE NOW 22 PER CENT. BELOW ESTIMATES

The necessity of expanding business activity, if a new deflationary bout is to be averted, is again proved by the fiscal receipts for September, which were 2,468 million francs only; involving a deficit of 523,122,900 francs, or 22 per cent., in comparison with the estimates. (This is the highest deficit in the year, and compares with 15.4 per cent. in July and 18 per cent. in August.) The official statistics are as follows:—

	September, 1935	In comparison with September, 1934
	Frs.	Frs.
Direct taxation	393,405,000	— 98,901,000
Indirect taxation	1,861,151,000	— 85,714,000
Special Receipts	16,822,400	— 9,310,700
	2,271,378,400	— 193,925,700

For the first nine months of 1935 the total deficit in comparison with the estimates amounted to 3,492,433,700 francs, and in comparison with 1934 receipts to 1,800,210,000 francs.

Total foreign trade in September shows a new contraction to 2,688,485,000 francs, against 2,871,733,000 in August. Imports were 1,508,042,000 francs, against 1,697,584,000 francs in August and 1,653,141,000 francs in September, 1934. Exports were 1,180,443,000 francs, against 1,174,149,000 francs in August and 1,518,143,000 francs in September, 1934.

Total foreign trade figures for the first three quarters of 1935 were as follows.

NATIONAL BANK OF GREECE

Established in 1841

Head Office: Athens

Branches and Agencies throughout Greece

Branches and Agencies in Egypt:

CAIRO, ALEXANDRIA, ZAGAZIG

Affiliated Bank:

HELLENIC BANK TRUST COMPANY,

51 Maiden Lane, NEW YORK

Capital paid up and Reserves Drs. 1,205,000,000

	('000 omitted)		
	First Nine Months of 1934	First Nine Months of 1935	Difference
	Frs.	Frs.	Frs.
Imports:—			
Foodstuffs	5,578,569	4,553,419	— 1,025,105
Raw materials	8,811,918	8,349,530	— 462,388
Manufactured goods.....	3,241,232	2,649,292	— 591,940
Totals	17,631,719	15,552,241	— 2,079,478
Exports:—			
Foodstuffs	1,734,213	1,777,163	+ 42,950
Raw materials	3,865,386	3,137,030	— 728,356
Manufactured goods.....	7,481,070	6,499,912	— 981,158
Total	13,080,669	11,414,105	— 1,666,564

These figures pointedly illustrate the general contraction still continuing in French economic activity.

PARIS, October 24.

GERMANY

WAR AND BUSINESS

INDUSTRY and trade continue to be almost unaffected by the international unrest. The prices of textiles, raw materials, hides, and rubber have again risen, while non-ferrous metals have declined. Share fluctuations are within narrow limits, and credit conditions are unchanged. It is still believed that a prolonged war, even if localised, would accelerate the recovery in world prices. A certain banking journal, indeed, predicts that the war, independently of price movements, will re-animate trade, even in remote countries. It is declared that if the economic sanctions come into full force, which is doubted, German trade with Italy will not materially weaken them, since no great increase of Germany's exports is likely. It would hardly be possible suddenly to increase exports of iron and steel. The present large output of iron and steel is being absorbed mainly by domestic undertakings; and, in addition to the technical difficulties facing a sudden increase in production, there is the difficulty of importing the necessary raw materials.

Some of the more important commodities on the League embargo list are not produced in Germany, or are produced in quantities insufficient for home consumption. Coal, chemicals, and some other goods could, no doubt, be exported in much increased quantities; but no credit will be given to Italian buyers, and Italy could not pay with goods needed by Germany. These circumstances probably accord with German policy; for while there is no wish to antagonise Italy, there is also no desire to appear as an impediment to League policy, even though no formal complaint could be made against any purely commercial consequences of Germany's neutrality. On the basis, however, of the past week's events, it is conjectured that these questions may never arise; for the postponement of sanctions, the reported Franco-Italian negotiations for a settlement at Abyssinia's expense, and the speech in Parliament of Sir Samuel Hoare

are regarded as signs of the weakening of the League, which many Germans expected.

A substantial export surplus in September has very nearly balanced the foreign trade account for the first three-quarters of the year. The import surplus this year is down to Rm. 29 millions, as against Rm. 265 millions in the same part of 1934. The September export surplus of Rm. 55 millions is the largest since October, 1933:—

	Aug.	Sept.	Jan.- Sept.
	(Millions of Marks)		
Imports—			
Livestock	3.3	2.6	27.1
Foodstuffs	64.8	69.8	703.8
Raw and half-manufactured materials	209.7	205.5	1,924.8
Manufactured goods	39.8	40.0	437.2
Totals	317.6	317.9	3,092.9
Exports—			
Livestock	0.1	0.2	1.9
Foodstuffs	5.6	6.4	52.2
Raw and half-manufactured materials	61.0	66.8	551.9
Manufactured goods	300.9	299.6	2,456.0
Totals	367.6	373.0	3,062.0

Total imports in September were unchanged. An increase in foodstuffs (eggs, butter, meat and lard) was counterbalanced by a decline in raw materials. As in September, 1934, but in less degree, exports increased; but whereas last year the increase fell to manufactured goods, this year manufactures were practically unchanged, while raw material exports rose. Among countries taking more goods were Great Britain, Italy, Belgium and Denmark.

FOOD SHORTAGE CONTINUING

The shortage of butter and pork continues; but the negotiations with Denmark for increased deliveries as against increased German exports have been successful. The German vegetable harvest is described as below the average.

The value of industrial production in the first half of 1935 is returned at Rm. 28,000 millions, as against Rm. 24,000 millions in the same half of 1934. Consumption of electricity in August was 13 per cent. above that of August, 1934. Pig iron production in September was 1,112,600 tons, against 1,144,000 tons in August; and ingot steel 1,378,100 tons, against 1,496,000 tons. The average daily production of both declined slightly.

In consequence of repayments of Reich short-term loans and Gold Discount Bank bills, money is very plentiful. The Diskont-Kompagnie has now a uniform 1 per cent. rate for day deposits. Day loans in the market are nominally 3-3½ per cent., but, in fact, are lower. The Reichsbank's mid-October return shows a loss of Rm. 5½ millions of gold, exported, it is stated, to pay for increased raw material imports. The simultaneous increase in the German gold deposit in foreign central banks indicates that a further gold loss is expected. An official report puts the quantity of gold hoarded in the world outside the central banks in August at Rm. 4,655 millions, of which Rm. 2 millions had passed into hoards since December, 1934. The balance sheet total of the five leading banks for September 30th shows a decline of Rm. 78 millions. Deposits decreased by Rm. 80 millions. This decrease, and the fact that the banks' holdings of public loans rose very little, indicates that private subscribers have already taken up the greater part of the Reich Treasury bond issue of Rm. 500 millions.

The German Labour Front, which replaced the trades unions and employers' associations, and which later incorporated the Organisation of Business and the Nourishment Corporation, declares its assets at Rm. 250 millions. This sum includes the expropriated property of the trades unions, the realisation of which presented considerable difficulties. It is claimed that the administration of the F. it, in so far as it concerns former trades union functions, has been much cheapened, and that the workers' average contribution is only Rm. 1.52 monthly, as against Rm. 3.50 formerly paid by trades union members. Labour Front expenditure and revenue have balanced since July 1.

BERLIN, October 24.

HOLLAND

UNEMPLOYMENT STILL INCREASING

ALTHOUGH some relaxation of the economic tension has become perceptible as a result of the rise in commodity prices and the fall in the bank rate, the financial and economic situation of the Netherlands still remains critical. The number of unemployed is still increasing, and the revenue continues to decline. In September, revenue yielded about 30 million guilders, or 3,161,976 guilders below the estimate. For the first nine months of the year arrears aggregated 24,992,026 guilders. Import duties and turnover tax in particular have yielded 8,013,362 and 16,734,760 guilders respectively below the estimates. The Government has now submitted to the Second Chamber a Bill providing for the prevention of unreasonable foreclosure of mortgages. The Bill aims at giving emergency assistance to mortgagors who have regularly fulfilled their financial commitments.

Exports are still declining. The figures for September and the first nine months of the year (excluding gold and silver) are as follows:—

	(Value in million guilders)			
	September 1934	1935	Jan.-Sept. 1934	1935
Imports	78	76	788	683
Exports	69	59	534	493
Percentage of imports covered by exports	88.4	78.2	67.8	72.2
				80.6

Imports of gold and silver in September, 1935, amounted to 9,548,649 guilders, and exports to 64,110,893 guilders. In the third quarter of the year Dutch foreign trade has made a decidedly worse showing than in the two preceding quarters. Exports in the third quarter were 21 million guilders less than in the corresponding period of last year, whilst the increase in the exports in the third quarter, as compared with the second quarter, was this year only 15 millions, as against 24 millions last year. Dutch imports and exports, quarter by quarter, are shown in the following table, with comparisons in recent years:—

	Imports							
	(In million guilders)							
	1932	1933	1934	1935	1932	1933	1934	1935
First quarter...	356	279	276	226	218	178	168	160
Second quarter	320	283	261	229	200	178	171	159
Third quarter	293	321	251	228	207	192	195	174
Fourth quarter	330	326	250	...	221	178	177	...
	(In thousand tons)							
First quarter...	5,181	5,536	4,650	...	3,032	3,212	2,948	...
Second quarter	5,765	5,622	5,069	...	3,215	3,369	3,023	...
Third quarter	6,781	5,994	5,401	...	3,424	3,532	3,118	...
Fourth quarter	6,254	5,553	...	...	3,097	3,211	...	...

Of great significance to the Netherlands is the recent advance in the prices of the various colonial products, such as tea, tin, and last, but not least, sugar. Attention in the Netherlands has been focussed in particular upon the course of sugar prices. The Nivas organisation, which has the monopoly of the sale of Java sugar, has been in a position to raise its selling prices on several occasions, and substantial sales have been effected at the enhanced prices. It is true that the prevailing prices are not yet sufficient to cover the cost of production of the majority of the Java sugar works, but satisfaction is felt that the extensive old stocks of sugar are being sold at higher prices, especially as the big stocks in the hands of the various sugar companies have been written down to a very low value. The sales of the Nivas organisation so far this month have aggregated about 140,000 tons, compared with 100,000 tons in September and 23,500 tons in August. In view of the increase in sales during recent weeks, exports of Java sugar in the first ten months of 1935 will certainly exceed those in the corresponding ten months of 1934.

The advance in the price of other items of colonial produce, such as tin, tea, fibre, etc., is also of the greatest importance for the Netherlands Indies, and an improvement in the economic situation of the Colonies is bound to improve conditions at home, in view of the large amount of Dutch capital invested in the colonial plantations.

AMSTERDAM, October 22.

BELGIUM

BUDGET DIFFICULTIES OVERCOME

THE Government proposes neither to make cuts nor to impose new taxes in the forthcoming 1936 Budget. Undoubtedly the prospects for the financial year 1935 were hopeless when devaluation was effected in March. The dwindling of fiscal receipts in the first quarter of the year seemed to foreshadow a deficit for the whole year of between 850 million and 1,250 million francs. In fact, however, as a result of devaluation, the deficit for the financial year 1935 will probably be reduced to 200 million or even 160 million francs; and even this deficit is due to the fiscal results of the pre-devaluation first quarter of the year.

In the new Budget expenditure and revenue will amount to 10,300 million francs. This total is 300 millions higher than that of the previous year. But expenditure for that year was manifestly under-estimated, so that in effect the 1936 Budget is on the same level as that for 1935. The balancing of the new Budget has been made possible by reductions in expenditure due to falling unemployment. On the basis of expenditure in the first quarter of 1935 some 960 million francs had been allocated to this item for the whole year. The general improvement of the economic situation since devaluation has enabled these estimates to be reduced to 825 million francs.

Increased taxation receipts have also assisted the balancing of the Budget. The recovery in the turnover tax has been most pronounced. The yield of all indirect taxes increased from 1,230 million francs in the first quarter of 1935 to 1,445 millions in the third quarter; and the increase should amount to 860 million francs in the whole year. These estimates, of course, depend on the maintenance of economic recovery.

The economic indices point to continued moderate improvement. The devaluation "boom" is now over, as well as the reaction which followed. Since the beginning of August Belgium has entered a period of slow but sure recovery. This is evident from the increased fiscal receipts of August and September. Electrical consumption has also been rising. In June it was 9 per cent. above June, 1934, in July 12 per cent. above July, 1934, and in August 14 per cent. above August, 1934. The retail sales of the big stores remain satisfactory.

UNEMPLOYMENT FALLING

The number of unemployed workmen, which was stationary in July and August, is again declining. From a total of 170,000 unemployed two months ago the total had fallen to 161,500 by the beginning of October. The highest level reached last winter, before devaluation, was 275,000. The coming winter should cause a seasonal increase in unemployment, however; and the closing of the Brussels Exhibition on November 4th may have some adverse effects.

A large scheme of public works has been drawn up in order to accelerate the reduction in unemployment, which is one of the most important points in the Socialists' policy. Since the Government has a surplus of 3,700 million francs accruing from the revaluation of the gold reserve of the National Bank, which still totalled 12,500 millions at the time of devaluation, the financing of the public works programme will present no difficulties. This surplus, however, will not be used to balance the ordinary Budget, and the Government will not even allocate it specifically to the financing of public works. These will be paid for out of the proceeds of taxes and loans. The surplus of 3,700 million francs will, however, make it possible for the Bank to advance these loans. The Government is adopting this cautious policy, since the big available gold reserve will allow it to take the necessary measures if a danger of inflation should arise.

The size of the present gold reserve also makes it possible to face with equanimity the departure of the capital which has lately taken refuge in Belgium. The amount of this refugee capital has been estimated at about 3,000 million francs (£20 millions). At present Belgium possesses 20,000



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million francs of gold (say £150 millions), inclusive of the above-mentioned surplus, but exclusive of the hidden reserve of the Central Bank.

The general economic situation of the country has manifestly improved; and the estimates, made seven months ago by the advocates of devaluation, have been almost mathematically confirmed. But the restoration of general confidence is very slow, and the long-term capital market has only become a little easier.

LOUVAIN, October 21.

HUNGARY

"MORAL OBLIGATION TO ITALY"

THE special position of Hungary made it impossible for her to join other League Member States in economic sanctions against Italy. As was explained in the Chamber of Deputies by the Minister of Foreign Affairs, M. de Kánya, Hungary felt that, owing to the valuable services rendered to Hungary's cause by Italy, Hungary was under a moral obligation to stand by Italy. On the other hand, he explained, it would be erroneous to presume that by refusing to join in economic sanctions Hungary wanted to weaken the League or the cause of peace. M. de Kánya declared that Hungary earnestly hoped that the League of Nations would be able to preserve the peace of Europe, and asserted that Hungary was anxious to co-operate to strengthen the League in settling international disputes by peaceful methods.

It is greatly regretted here that the British Press condemned Hungary's attitude. When the Treaty of Friendship was concluded with Italy in 1927, public opinion welcomed it because it was known that the traditional policy of Italy was to side with Britain. The Hungarian Government is deeply concerned about the differences which have arisen between Italy and the League, and between Italy and Britain, as Hungarian public opinion is unanimous in desiring the maintenance of the most cordial relations with Britain. The valuable assistance of Mr Eden in the peaceful settlement of the Hungarian-Yugoslav dispute has not been forgotten in Hungary; and, in spite of the differences of opinion about the application of sanctions, no nation stands as high in the esteem of the Hungarians as the British. All political parties emphatically declared that the goodwill of Great Britain is vital to Hungary, and the hope is not abandoned here that England will in the future help the just cause of Hungary.

The Financial Committee of the League, which is in close touch with the finances of Hungary and is fully aware of the extreme difficulties which would result from the loss of the Italian market, will, it is hoped, use its good offices to smooth out the present ill feelings. Austria, Germany and Italy are the principal outlets for Hungary's agricultural goods. More than 70 per cent. of Hungary's cattle exports

goes to Italy, and large amounts go to Germany and Austria. If the Italian market were lost, cattle, which is Hungary's basic export, would be practically unsaleable; because neither Austria nor Germany could increase their purchases at present.

A DIFFERENTIAL WHEAT PRICE

In the Rome Agreement in 1934 Italy agreed to buy Hungarian wheat at a price considerably above the world price, and, thanks to that agreement, it was possible to maintain not only exports at satisfactory prices, but also to ensure an internal price which enabled farmers to cover their cost of production. Wheat prices have risen from 10 to 16 pengő per metric quintal as a result of the Rome Agreement in 1934. It is true that the recent rise of wheat prices would make it both possible and advantageous to sell wheat in Austria instead of Italy, but Hungarian public opinion is fully behind the Government in believing that the Rome Agreement which helped Hungary to go through difficult times should not be violated at Italy's expense.

In the first six months of 1935 exports to Italy amounted to 27.8 million pengő, that is 14.5 per cent. of total exports. Imports amounted to 14.8 million pengő, or 8.5 per cent. of the total. No detailed figures are available for the July-September quarter, but the percentage of exports going to Italy has probably increased. Considering that there is already a large export surplus in trade with Italy, some slowing down in exports is likely, because Hungary, being in a very precarious financial position, cannot afford to sell without corresponding imports. The foreign exchange situation will certainly be adversely affected by the present position of the lira, as the amount of freely convertible currency available to pay for the services of Hungary's external debt will be diminished. The trade returns for the first nine months of 1934 and 1935 are as follows:—

	1934	1935
	(In million pengő)	
Exports	279.2	299.1
Imports	247.1	267.3
Export Surplus	32.1	31.8

The major part of Hungary's trade is with Austria, Germany and Italy, i.e. countries with no freely convertible exchanges. Many of Hungary's exports are financed with blocked pengő balances, so that the export surplus shown does not imply a corresponding amount of free exchange available for the foreign debt service.

BUDAPEST, October 21.

ARGENTINA

INCREASE IN REVENUE AND EXPENDITURE

BOTH revenue and expenditure continue to increase. General revenue was up by \$8,470,000 in September and revenue from credit operations was greater by \$8,793,000. Total expenditure was \$12,189,000 more than for September last year. The figures for the first nine months show increases, as compared with last year, of \$57,000,000 in revenue and \$50,000,000 in expenditure.

On the final day of the ordinary sessions a Bill proposing the construction of a chain of grain elevators was passed by the Senate. The cost of these elevators is estimated at some \$50,000,000, which will be taken out of the Government's exchange profit fund. It appears to be only just that the cost of these elevators should be borne by this fund as, originally, the Government's profits on exchange were intended to assist the farmers. The main object of the elevators should be to facilitate and cheapen the handling of grain and at the same time allow for better grading with a view of obtaining improved prices. The financing of grain operations will also be made easier by the use of grain warrants.

TRANSPORT CO-ORDINATION BILLS

The various Bills for co-ordinating transport throughout the Republic did not pass the Senate. The matter was referred to a committee which will study the whole question

during the coming months. During the micro-bus strike, which took place as a protest against these Transport Bills, and which lasted six days, the Anglo-Argentine Tramways Company, Ltd., carried some 1,900,000 passengers more than for the same period of last year.

The following figures show the value and quantity of exports during the first nine months of the present year, compared with those for the same period of last year.

QUANTITIES EXPORTED DURING THE FIRST NINE MONTHS OF 1934 AND 1935

	(Quantities in tons)	
	1934	1935
Chilled beef.....	256,457	257,809
Frozen beef.....	23,706	21,703
Frozen mutton.....	36,530	38,107
Salted and dried cowhides.....	90,478	99,616
Unwashed wool.....	77,942	97,042
Wheat.....	3,751,834	3,404,412
Maize.....	4,307,027	5,042,299
Linseed.....	1,058,687	1,395,859
Oats.....	322,468	359,309
Rye.....	510,073	390,088

The value of exports during first nine months of 1934 and 1935 is shown below:—

	Value (paper pesos)	Percentage
	1934	1935
Pastoral products ...	352,958,484	371,471,936
Agricultural products	688,933,040	755,128,555
		+5.2
		+9.6

The percentage increase or decrease in average prices in the first nine months of 1935 as compared with 1934 was as follows:—

Chilled beef	+ 1.2	Wheat.....	+ 12.1
Frozen beef	+ 2.9	Maize	— 13.2
Frozen mutton	+ 18.0	Linseed	— 5.1
Salted cowhides	+ 3.6	Oats.....	+ 23.8
Unwashed sheepskins	— 26.3	Barley.....	+ 21.7
Unwashed wool	— 30.5	Butter.....	+ 32.6

The quantity exported in tons during September was lower than in any previous month during the year, and both quantity and value were less than in September, 1934. The figures for the year, however, are still well above those for the same period of 1934.

BUENOS AIRES, October 15.

LETTERS TO THE EDITOR

BRITISH AND DUTCH MONETARY POLICY

TO THE EDITOR OF THE ECONOMIST

SIR,—In your very interesting survey on "A Changed Market Outlook" in your issue of September 7th you come to the conclusion that, war or no war, "the incidence of firmer interest rates may still have to be reckoned with"; and indeed the whole of your argument clearly points to the inevitability of dearer money in England in the near future.

In the face of this, your own prognosis, what interpretation is to be placed on your Note of the Week of September 21st to the effect that "British opinion regards the maintenance of a low Bank rate as of far greater importance than the fixing of exchange rates, and there is no belief here in the possibility of a lasting recovery in the gold countries without devaluation"? As you require the French, Dutch and Swiss authorities to realise these facts before any agreement can be reached, it obviously is of some importance to know what kind of monetary policy the gold countries are to expect from Britain, should they be willing—just to please British opinion, and not because they believe in its necessity or desirability—to consider devaluation. Are they, in return for such complaisance, blandly to submit to the vagaries of a sterling policy that cares neither for exchange stability with, nor apparently for the economic needs of, other countries, but will only consider the need for cheap money of British industry and British Treasury finance? And if you look forward to tighter money and higher rates of interest in Britain, does not this mean that we must expect your monetary authorities to meet this trend by depressing sterling—or allowing it to fall—lower and lower still? How can you, in such circumstances, suggest to the gold countries any agreement whatsoever?

On the same page, you somewhat scornfully comment upon Dutch financial policy and the Speech from the Throne, describing—as you say—devaluation as "impossible to consider," "without any reasons being given." But these reasons have been given not once but many times in the weighty statements made by Dr. Colijn in explaining and defending his policy; statements which have so impressed the Dutch public that the overwhelming

majority both in and out of Parliament are absolutely convinced that devaluation would not help us but might, on the contrary, make things very much worse for this country as a whole. Why is it that the British financial press generally, and even a journal of such distinction as yours, should never have troubled to reproduce Dr. Colijn's authoritative views, but persist in condemning Dutch monetary policy on the strength of arguments or comparisons with other countries which take no account of Holland's peculiar difficulties; conveniently ignore the part British policy has played, and still plays, in these difficulties; and finally suggest that our authorities—that is, men with an international reputation like Dr. Colijn and Dr. Trip—simply do not know what they are doing!

How could devaluation ever help Holland to get over the barbed-wired walls of Mr Chamberlain's and Mr Elliot's protectionism, or to jump Dr. Schacht's hurdles and pitfalls? On the other hand, devaluation would undoubtedly raise the cost of raw materials and everything else we have to import for our industries and for our living, and only part (a diminishing part!) of which we can cover by our heavily reduced exports and our equally lessened income from capital and services. In other words, it would raise the cost of living and force us, even more than we are doing now, to import part of our necessities of life by drawing on our melting capital reserves—which, by the very act of devaluation, would become still more reduced.

As for the suggestion (in your Note of the 21st ultimo) that Budgetary deflation is necessary in Holland "to support the present gold parity of the guilder," thus implying that our Budget deficit would automatically disappear with devaluation, it may be pertinent to ask if the fall of the pound saved Britain from a very drastic Budgetary deflation afterwards, or if the pound has become less vulnerable to further depreciation since the British Budget was balanced.

It is widely believed on the Continent that British monetary policy aims, before everything else, at restoring London's financial supremacy; and that the British authorities, having recognised that sterling, owing to the innate weakness of the British post-war economic structure, can never become a strong independent gold currency again, prefer a dog-in-the-manger attitude, hoping in the end to wear down the remaining gold currencies and to force the whole world on a sterling standard—manipulated, of course, for the benefit of British trade and industry. This may or may not be true, but certainly the unhelpful British attitude to the world's monetary troubles lends colour to that hypothesis, while Mr Chamberlain's latest utterance about stabilisation endangering sterling's "independence" almost seems to confirm it. But the gold currencies can hardly be expected to surrender their own independence—which they are perfectly able to defend in open contest and on equal terms by means of their very ample gold reserves—to a currency that, after four years of almost incessant drooping, has still to be supported, day by day, by what a witty Frenchman termed the "occult" operations of a £350 million Exchange Equalisation Fund of borrowed (mostly foreign-borrowed) money.

Yours truly,
J. H. COHEN STUART.

Amsterdam.

[The best answer to Mr Stuart is to refer him to the facts. He maintains that Holland's economic troubles are not mainly due to Dr. Colijn's deflationary policy, but to the "barbed-wired walls of Mr Chamberlain's and Mr Elliot's protectionism" and to "Dr. Schacht's hurdles and pitfalls." We agree with Mr Stuart in lamenting the restrictive activities of these three gentlemen. But Holland is not the only country which has to contend with them. Belgium, Denmark and Sweden, and a host of other countries which have mastered the depression by devaluing their currencies, have to contend with them also. And if Mr Stuart will turn to page 805 he will find that in Belgium, despite Dr. Schacht, Mr Elliot and Mr Chamberlain, unemployment is falling steadily and Budget revenue increasing. And on page 804 he will read that in Holland unemployment is increasing and Budget revenue falling. Nor is it true that Holland's main difficulties are "peculiar." Belgium's difficulties, before devaluation, were fundamentally the same. So are France's to-day.

In arguing that the depreciation of sterling did not save England from Budgetary deflation, Mr Stuart is guilty of a serious error of fact. The British Budget cuts of 1931 were not made *after* the abandonment of gold but *before*, in an unsuccessful attempt to avoid it. And as a result of the recovery subsequent to the depreciation of the pound the cuts have been restored, and imports have begun to increase once more. Further, in suggesting that devaluation would not relieve the Budgetary situation in Holland, Mr Stuart is flying in the face of all the evidence. He will find (page 805) that the recovery of Belgian Budget revenues after devaluation was so immediate and substantial that the deficit incurred during the first quarter of the year (before devaluation) has already been practically wiped out. In Holland (see page 804) the yield of turnover tax and import duties is still falling. Mr Stuart also maintains that devaluation would seriously raise the cost of living and the price of imported raw materials. Yet in Belgium, where many of the relevant factors are the same as in Holland, the cost of living has only risen by 6 per cent.; and such rise as there has been in the price of raw materials has not prevented a substantial industrial recovery.

The explanation of the contrast between Dutch and Belgian experience is not far to seek. The principal disadvantage of an overvalued currency is not so much that it hampers foreign trade, as that it makes for exchange tension and gold losses, which in their turn make for high Bank rates and dear money and consequently for general economic depression. A readjustment of money values reverses the whole train of causes. This has been proved up to the hilt throughout the world in the last four years.

Mr Stuart complains that the objective of British monetary policy is uncertain, and asserts that Holland intends to maintain a "strong independent gold currency," cost what it may. We can assure Mr Stuart that the primary and defined object of British monetary policy is not to maintain a "strong independent gold currency," but to increase, by means of the lowest practicable interest rates and a reasonably stable price level, the employment and consumption of the people.—Ed. Econ.]

ARMAMENTS AND HYPOCRISY

TO THE EDITOR OF THE ECONOMIST

SIR,—While I was very pleased to read the article on "Parties and the Election" in your issue of October 12th, and I fully endorse your views on the subject of unilateral rearmament, I cannot help feeling that your case is stronger than it is made out to be. I base this statement on the fact that Great Britain is still the strongest Power: is far stronger, in fact, than she pretends to be. It is a commonplace to compare each fighting service with its mightiest counterpart abroad; thus, the Territorial Army is compared with that of Germany, the Navy with that of the United States, and the Air Force with that of France. If these are taken together, Great Britain is still the strongest Power; and, further, her strength lies also in her unique strategic position. For instance, Gibraltar, Malta, the Suez Canal, Aden, Singapore, Hong Kong—all these cannot be valued in terms of aeroplanes or army corps.

Still further, Britain's authority on the Continent is vastly increased by her excellent political and strategic position. It is well-known abroad that Britain could never stand alone. Britain *versus* Germany means Britain *plus* France *versus* Germany.

I should like to point out that there is some bitter feeling on the Continent at the hypocritical attitude of Britain in ignoring these factors and in insisting continually that she is going to the dogs and has been since the Battle of Hastings. The Continent knows that Britain has never been attacked, and that she has won three major wars in the last three hundred years.

Yours faithfully,

PETER BAUER.

Gonville and Caius College, Cambridge.
October 22, 1935.

BOOKS AND PUBLICATIONS

QUEEN VICTORIA AS A POLITICIAN*

In the nineteenth century radical politicians rarely, but more frequently than nowadays, from the Manchester School to Joseph Chamberlain, proclaimed republican sentiments. But the influence of the monarchy on British politics was delicately exercised; and it is hard to obtain information about it in precise form. Mr Frank Hardie's historical study courageously attempts to reach conclusions nevertheless. The published information about the period, the letters, the speeches and the biographies are ransacked and summarised by him in this book. There could be no

* "The Political Influence of Queen Victoria." By Frank Hardie. Oxford University Press. 258 pages. 8s. 6d.

better introduction, nor any more interesting review of the voluminous material available. To the story of the last forty years of the Queen's life Mr Hardie adds very little; the comedy and semi-tragedy of her relations with Disraeli and Gladstone are a familiar theme. But he brings to the narrative a sense of political reality. He is anxious to weigh, to measure and to give judgment.

Perhaps his compression might in places provoke the accusation of a slight bias. Mr Hardie makes the following comment on two of the Queen's letters of 1894:—

It certainly was awkward that the Queen's Minister possessed the confidence of the elected representatives of the nation even though they did not possess the confidence

of the Crown, and that this fact could not be allowed to escape the Royal memory.

But the second letter was written on the very day that Gladstone had tendered his resignation, so that in no real sense did the Queen's Ministers possess the confidence of the Commons. The idea that the Queen was in any sinister sense "making enquiries as to whether it was not possible for Gladstone to be replaced by Lord Salisbury" is not substantiated here.

The story of the parting with Gladstone indeed fails in some details to put in the Victorian colour of outward constitutional pedantry, personal decorum and cordiality, that perhaps gave each incident its deepest sting. The drama is also less intense where one character is supposed to be less capable of feeling, contradictory and mixed though her feelings might be, than she really was. Mr Hardie writes:—"Very different had been the Queen's parting from one of her Conservative Ministers. Then it was she who had wept . . ."—now it was Mrs Gladstone. But in recounting that last interview with the wife of the Queen's greatest Prime Minister, Mr Hardie omits Morley's account of how the Queen nearly came to break down, nor does he sketch in such slight friendly gestures as the Queen's kiss, or her offer (in a letter) of a peerage to Mr Gladstone. Mr Hardie rightly ends his chapter with the typical remark, quoted from the journal of the Queen, that Gladstone "was very clever and full of ideas," but "alas! I am sure involuntarily, he did at times a good deal of harm."

On the general issue Mr Hardie makes the following cautious observation:—

It is arguable [as an extreme example], that between 1914 and 1918 Englishmen and Germans who had no real grievances against one another, indulged in an orgy of mutual slaughter, partly at any rate because of a certain coldness in the attitude of Queen Victoria to the Emperor William II on account of the latter's treatment of his widowed mother, and partly because of a more open conflict between the Emperor and his uncle, Edward VII, which had broken out as early as 1888.

A quotation made from the Queen's letter to Lord Salisbury is very much to the point:—

As regards the political relations of the two Governments, the Queen quite agrees that that should not be affected (if possible) by these miserable personal quarrels; but the Queen much fears that, with such a hot-headed, conceited and wrong-headed young man, devoid of all feeling, this may at ANY moment become impossible.

Mr Hardie prudently draws the moral of this interesting quotation.

Taken as a whole, his book is sober and balanced. And as such it makes an important contribution to our understanding of the evolution of the British monarchy.

SHORTER NOTICES

"Stabilisation of Employment." Edited by C. F. Roos. (Bloomington, Indiana) The Principia Press, Inc. (London) Williams and Norgate, Ltd. 300 pages. 15s.

This volume consists of papers presented at the Atlantic City meeting of the American Association for the Advancement of Science in 1932. The seventeen chapters cover a wide variety of topics, ranging from "The Present Day Viewpoint of Science," by Mr C. F. Kettering, to "Actuarial Aspects of Unemployment Insurance," by Prof. H. L. Rietz. Naturally, some of the questions discussed have lost direct practical interest, though they retain their theoretical importance. Unfortunately, however, the theoretical implications of, for instance, technological unemployment or public works policy cannot be traced fully in the twenty pages or less given to each topic.

One of the facts clearly brought out by the volume is the practical difficulty of inaugurating public works schemes. To be of any use, public works must be planned over a long period. Similarly, unemployment insurance must be planned on the basis of wide experience, because the risk of unemployment cannot be deduced *a priori*.

One of the most interesting chapters is that on international capital movements. In this, Prof. Alvin Hansen argues that the depression was to some extent due to the disrupting forces

let loose by the war. "The facility with which foreign securities could be floated in the United States served to ease up and counteract the strains which developed in various parts of the world." It is interesting to note the contrast between Prof. Hansen's view that the trouble was due to the artificial propping up of the world price-level and the views of other writers, notably Prof. Fisher and Dr. Roos. Prof. Fisher contributes a very short chapter on the relation of employment to the price-level, and states that "if employment varies with price change, its variability may be reduced if price change is reduced to zero or as near zero as possible."

Dr Roos, in his chapter on securities, suggests that the Reconstruction Finance Corporation and the Federal Reserve Board should be made departments of the United States Treasury. Then "the Secretary of the Treasury might be charged with the responsibility of controlling credit and money so that a commodity price index did not vary more than one or two per cent., and removed for incompetence if the index varied more than, say, three per cent."

"Aircraft Manufacture." By R. McKinnon Wood. New Fabian Research Bureau and Gollancz. 6d.

In this pamphlet Mr McKinnon Wood describes the present structure of the aircraft industry and emphasises the small number of firms, the reliance on military demand and the wasteful gap between experiment and designing. He puts forward proposals for socialisation which he believes would increase efficiency as well as remove a vested interest in war. His short essay naturally leaves many questions unanswered and invites criticism at certain technical points. Still, it is a serious piece of work and may be commended as a first attempt on a difficult and untouched subject.

BOOKS RECEIVED

The Simple Case for Socialism. By G. D. H. Cole. (London) Gollancz. 288 pages. 5s. net.

Lectures on Political Economy. Vol. II. By Knut Wicksell. Edited by Lionel Robbins. (London) George Routledge and Sons, Ltd. 238 pages. 8s. 6d. net.

La Circulation Monétaire et le Crédit. By R. G. Hawtrey. (Paris) Librairie du Recueil Sirey. 645 pages. 50 frs.

A French translation of Mr Hawtrey's "Currency and Credit," with a foreword by M. Charles Rist.

Economic Thought and its Institutional Background. By Harvey W. Peck. (London) Allen and Unwin. 379 pages. 12s. 6d.

A Century of Municipal Progress, 1835-1935. By Professor Elie Halévy and others. (London) Allen and Unwin. 511 pages. 21s. net.

An Introductory History of England and Europe. By Mrs H. A. L. Fisher. (London) Gollancz. 852 pages. 8s. 6d. net.

Social Democracy in Britain. By H. W. Lee and E. Archbold. (London) Social-Democratic Federation. 288 pages. De Luxe Binding, 10s. 6d. Cloth, 7s. 6d. Paper, 3s. 6d. net.

An Economic History of the British Isles. By A. Birnie. (London) Methuen. 391 pages. 10s. 6d.

Analysis of Usury. By Jeffrey Mark. (London) J. M. Dent and Sons, Ltd. 128 pages. 6s. net.

To Suppress the Crime of War. The Henri-Demont 1908 Plan enlarged and proposed to the Allies in 1918. (Paris) 130, rue de Rennes. 269 pages. No price stated.

Democratic Governments in Europe. By E. P. Chase, R. Valeur and R. L. Buell. (London) T. Nelson & Sons, Ltd. 597 pages. 10s. 6d. net.

Communism in the United States. By E. Browder. (London) Martin Lawrence, Ltd. 352 pages. 5s. net.

In Workless Civilization and the Way Out. By Wm. Shadforth. (London) The Queensway Press. 94 pages. 1s. net.

Economics for Beginners. Third Edition. By M. C. Buer. (London) G. Routledge and Sons, Ltd. 267 pages. 4s. 6d.

The Institute of Actuaries Year Book, 1935-1936. Cambridge University Press. 208 pages. 2s. 6d. net.

Government in Business. By S. Chase. (London and New York) Macmillan and Company. 296 pages. 8s. 6d. net.

OFFICIAL PUBLICATIONS

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

Ministry of Health: Report of the Sub-Committee on the Unemployment: Blind. 6d. net.

Ministry of Health: Aluminium in Food. 9d. net.

MONEY AND BANKING

MONETARY EXPANSION IN AMERICA

AN expansionist monetary policy is almost the only thread which has run consistently through the perplexing changes of the New Deal. Indeed, it is the only economic policy which Presidents Hoover and Roosevelt have in common, for it was the former who, in the spring of 1932, started a deliberate large-scale expansion of bank credit. The ultimate effects of this expansionist policy will be embodied in, and indistinguishable from, the success or failure of the Roosevelt economic policy as a whole. But the purely financial results are more easily traceable. The following table shows the salient figures relating to the Federal Reserve Banks at five crucial dates in the last six years, together with the latest figures available:—

POSITION OF FEDERAL RESERVE BANKS, 1929-1935

	July 31, 1929	Jan. 31, 1932	Jan. 31, 1933	May 31, 1933	Feb. 28, 1934	Aug. 31, 1935
Gold or gold certificates	2,924	2,976	3,256	3,520	3,886	6,482
Discounts (Member Bank borrowings).....	1,076	899	274	302	64	11
Government securities	147	746	1,763	1,890	2,432	2,432
Total reserve credit*....	1,347	1,856	2,077	2,218	2,567	2,485
Member Bank reserves	2,355	1,947	2,446	2,167	3,093	5,305
of which, excess	...	35	584	417	891	2,738
Money in circulation	4,717	5,647	5,645	5,813	5,355	5,630

* Including other small items.

The first three columns tell the story of contraction, the last three of expansion. The vital item is that of Member Bank Reserves, for it is this which forms the basis upon which the Member Banks can build. The other items illustrate the influences working upon this item. Between 1929 and February, 1934, the total of Member Bank Reserves was the resultant of conflicting forces. An increase of almost \$1,000 millions in the gold holding (which would, of course, tend to increase Member Banks' deposits with the Reserve Banks, just as, in England, it would increase Bankers' deposits at the Bank of England) had been partly offset by an increase of \$638 millions in Money in Circulation. The Reserve Banks had bought almost \$2,300 millions of securities in the open market. This had enabled the Member Banks to repay almost all their borrowings and yet have enough left over to increase their Reserves by over \$700 millions. But the scale of their operations had shrunk so much that they actually had need of less reserves than in 1929. Accordingly nearly \$900 millions of their reserves were in excess of legal requirements.

In the eighteen months between February, 1934, and August, 1935, there have been radical changes. In the first place the gold reserves of the Reserve Banks have risen from \$3,900 millions to \$6,500 millions. This is due in part to the inflow of gold from Europe. But it is also indirectly due to the revaluation of the Treasury's gold stock in January, 1934. This revaluation gave the Treasury a cash balance of over \$3,000 millions, and as this balance is spent, whether on financing the deficit or on stabilisation operations, it finds its way through the Member Banks into the Reserve Banks. In English terminology, Public Deposits, having been enormously swollen by the revaluation, are slowly being transferred to Bankers' Deposits, which are also being increased by the influx of gold. The Reserve Banks have not, on their own account, been expanding credit at all. On the other hand, they have refrained from selling any of their holdings of securities. The net result has been to raise Member Bank Reserves to more than double their 1929 level. Of these swollen Reserves, less than half are actually being used as the basis of credit.

Before enquiring into the possibilities for the future, it will be convenient to glance at the figures, for closely corresponding dates, for the Reporting Member Banks (i.e. the larger commercial banks of the country). These show clearly how the great increase in reserves has enabled the member

banks to repay the whole of their borrowings from the Reserve Banks:—

REPORTING MEMBER BANKS, 1929-1935

(\$ millions)

	July 31, 1929	Jan. 27, 1932	Feb. 1, 1933	May 31, 1933	Feb. 28, 1934	Aug. 28, 1935
Reserve with Reserve Bank..	1,707	1,482	1,994	1,624	2,271	4,129
Loans on securities	7,788	5,596	4,259	3,713	3,520	2,899
Other loans	9,270	7,259	5,907	4,772	4,665	4,446
Government securities	2,747	3,841	5,253	4,948	6,249	8,237
Other securities	2,802	3,296	3,306	2,993	2,966	2,951
Demand deposits	13,395	11,453	11,899	10,918	11,398	15,950
Time deposits	6,712	5,771	5,648	4,282	4,370	4,387
Borrowings from F.R. Bank	767	467	81	76	12	...

In spite of larger reserves, there is no sign of any increase in loans, and the banks have been forced to increase very considerably their holdings of Government securities. In the last eighteen months there has, however, been a rapid increase in demand deposits, which are now considerably higher than in 1929. This increase in deposits—even though they are demand deposits—has not resulted in a proportional increase in the amount of cheques drawn, as is shown by the following table, compiled from the Standard Statistics Company's index of bank debits. The index excludes New York City and is corrected for seasonal fluctuations:—

BANK DEBITS (1920-24=100)

	1929	1930	1931	1932	1933	1934	1935
First quarter	152	136	110	80	66*	74	83
Second quarter	148	136	109	76	64	80	88
Third quarter	159	123	99	69	73	76	90*
Fourth quarter	155	118	89	65	68	77	...

* Two months only.

It is not easy to draw a conclusion from the comparison of the bank deposit and bank debit figures. The increase in bank deposits has clearly been "created" chiefly by buying securities from the Treasury or through the expenditure by the Treasury of its "free" balance—i.e. in either case as a result of the deficit. And the evidence of the bank debit figures would seem to show that much of this Treasury expenditure, after its first disbursement in relief payments, etc., seems to get "stuck" in stagnant bank deposits. In short, the deficit plus the policy of monetary expansion is not having complete success in "priming the pump."

It does not, however, follow that it will never have any success. The Member Banks have reserves which would enable them to expand credit to more than double the 1929 peak. Moreover, there is every reason to anticipate a further increase in "excess reserves." The Treasury's "free balance" is still over \$2,500 millions and will probably continue to be drawn on. Again, there is little sign of the inflow of gold from Europe coming to an end.

The Federal Reserve system is thus hardly in a position to put a brake on expansion. In theory it could sell its holding of Government securities. But there are four practical reasons against any such course. First, the Treasury will have to continue financing the deficit for a long time to come, and it could not permit the dumping on the market of \$2,400 millions' worth of Government securities. Secondly, it is extremely doubtful whether such an amount could be sold in the existing market. Thirdly, the Reserve Banks depend entirely upon these securities for their income. And fourthly, even if they were sold, there would still be \$300 millions of excess reserves, and the market would still be out of control. In the Banking Act of 1935 the Board of Governors is given the alternative weapon of requiring an increase, up to double, of the minimum reserves of the Member Banks. It is almost certain that there would be an enormous outcry by the country banks

against any use of this weapon, and the country banker wields very potent political influence. But even if required reserves were doubled, there would still be some excess reserves left, the Member Banks would not be forced to borrow, and the market would still be out of control.

It is impossible, therefore, to come to any but one conclusion. If a vigorous demand for credit should arise, there is almost nothing to prevent a very large expansion of the American credit structure—in a word, inflation. Will such a demand arise? Monetary history would seem to show that when a given volume, or potential volume, of credit is available, it will sooner or later be used. But the position of the United States in 1935 is in many respects unique in history. Can there be an inflation in a country with ten million unemployed and with surplus capacity in every industry? Alternatively, can an inflation be avoided in a country whose monetary authorities have no means of preventing an expansion, to double its present size, of the monetary circulation? A rhetorical question is one which does not require an answer. But in this case the art of forecasting the future is to know which rhetorical question not to answer.

FINANCIAL NOTES

An Improvement in Amsterdam.—There is further evidence of at least a temporary relaxation of the recent tension in Amsterdam. During the three weeks ended October 1st the following significant changes occurred in the position of the Netherlands Bank:—

	Sept. 30th Fl. mill.	Oct. 21st Fl. mill.	Intervening Change Fl. mill.
Gold	536	591	+55
Discounts	65	52	-13
Advances	213	142	-71
Note circulation	819	784	-35
Deposits	42	43	+1

While the Bank's gold holdings have increased, there has been a definite decline in the note circulation and a still greater decrease in discounts and advances, which represents the assistance given by the Netherlands Bank to the banking system and the money market. All these changes point to easier conditions, and these are reflected in the recent downward trend of money rates. The Bank rate, which on October 15th stood at 6 per cent., has since been reduced first to 5 per cent. and now to $4\frac{1}{2}$ per cent. The market discount rate has fallen since mid-September from 6 to $3\frac{1}{2}$ per cent., and there have been equivalent reductions in short-term loan rates. The foreign exchange position is also easier. All these reductions will assist the Government in its immediate debt funding programme, which includes the issue of Fl. 35 millions of Exchequer bonds. The rising trend of world commodity prices is helping to lessen the over-valuation of the guilder, while prospects of balancing the Budget are also better than at the end of the summer. But even to-day's money rates are on the high side, while it is still impossible to say that the outlook is assured.

The Foreign Exchanges.—Conditions this week have been irregular. Political developments were regarded as favourable to sterling, and the market expected the pound to improve simultaneously with the recovery on the Stock Exchange. There has been a moderate improvement to \$4.92 since the reaction to \$4.90 $\frac{1}{2}$ on October 18th, but it was checked early in the week by commercial buying of dollars. Three months' dollars, however, have weakened from 1 $\frac{11}{16}$ to 1 $\frac{3}{8}$ cents premium. The Paris spot rate has been steady at Frs. 74 $\frac{3}{4}$, and there was no intervention either way by the British Control. Three months' francs improved to 75 centimes, but have since widened to 95 centimes discount, French politics being the main influence. Registered marks now stand at the wide discount of 52 $\frac{1}{2}$ per cent., equivalent to Rm. 25.75 to the pound. The new prohibition upon the reimportation of Reichsmark notes into Germany has also caused the rate for these to depreciate, and the final rate is Rm. 20 to the pound, offered. The Shanghai rate has fallen during the week from 17 $\frac{1}{4}$ d.

to 16 $\frac{1}{4}$ d. This movement may be due to Chinese buying of silver.

The Money Market.—There is still a fair demand for money every afternoon, and some of the clearing banks have had to call again on their making-up days. Public deposits at the Bank are still unusually large, and now appear likely to remain so until the Funding and Conversion Loan dividends are paid on November 1st.

	Oct. 3, 1935	Oct. 10, 1935	Oct. 17, 1935	Oct. 24, 1935
Bank rate.....	2	2	2	2
Clearing banks' deposit rate —	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Short Loan rate:—				
Clearing banks.....	$\frac{1}{2}$ -1	$\frac{1}{2}$ -1	$\frac{1}{2}$ -1	$\frac{1}{2}$ -1
Others.....	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Discount rates:—				
Treasury bills	nom.	$\frac{9}{16}$ - $\frac{1}{2}$	$\frac{9}{16}$	$\frac{9}{16}$
Three months' bank bills	$\frac{9}{16}$ - $\frac{1}{2}$	$\frac{9}{16}$ - $\frac{1}{2}$	$\frac{9}{16}$ - $\frac{1}{2}$	$\frac{9}{16}$ - $\frac{1}{2}$

Last week's Treasury bills went at an average tender rate of 12s. 10.81d. per cent., against 12s. 1.82d. per cent. the week before; £40 millions of bills were allotted against maturities of the same amount, so that the total tender issue remains unchanged at £550 millions. This week some of the banks have bought mixed parcels of December and January bills at $\frac{1}{2}$ per cent., and the banks are also buying bills maturing during the first twelve days of January at $\frac{9}{16}$ per cent. Hot Treasury bills hardened during the week from $\frac{1}{2}$ to $\frac{9}{16}$ per cent.

The Bank Return.—The note circulation usually contracts towards the end of October, for this is the mid-way date between the summer holidays and the period of Christmas buying. This explains the current week's contraction of £2.6 millions.

	Oct. 24, 1934	Oct. 2, 1935	Oct. 9, 1935	Oct. 16, 1935	Oct. 23, 1935
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	192.0	193.6	193.7	193.7	194.3
Note circulation	374.7	402.0	402.1	399.6	397.0
Banking Department:—					
Reserve	78.0	52.4	52.3	54.9	58.2
Public deposits.....	22.4	25.5	36.0	32.1	35.3
Bankers' deposits	100.7	80.9	75.1	78.8	78.7
Other deposits	37.6	39.1	38.6	37.8	37.1
Government securities.....	81.3	82.5	85.5	86.2	86.8
Discounts and advances..	8.2	17.3	17.6	13.7	11.4
Other securities	10.9	11.6	11.8	11.6	12.5
Proportion	48.5%	38.0%	34.9%	36.9%	38.1%

In the banking department there has been an increase of £3.2 millions in public deposits, which to some extent is due to the heavy excise payments which reach the Exchequer in the middle of each month. Bankers' deposits are practically unchanged.

New York Money and Banking.—There has been a further drop from \$825 to \$818 millions in New York member banks' loans to brokers. Other loans against securities fell from \$742 to \$736 millions. Money remains very easy, and this week's issue of \$100 millions of Treasury bills was placed at rates of 0.109 per cent. for 145-day bills and 0.177 per cent. for 273-day bills. An arrangement has been made through the Export and Import Bank to extend a credit of \$6 millions to the Government of Cuba. The credit will be used for the purchase of about 7,500,000 ounces of American silver bullion, which will be minted at Philadelphia into 10 million standard Cuban pesos. This will provide Cuba with additional currency, which is now beginning to be needed. Gold imports for the week ended October 16 included \$83.8 million from France, \$26.0 millions from England and \$4.3 millions from India. This week the gold influx has apparently been slackening. Arrivals so far reported include only \$9.1 millions from France, \$11.9 millions from England and \$2.3 millions from India. Still, new engagements for shipment consist of \$5.9 millions from France, \$30.5 millions from England, and \$2.2 millions from India, so that gold continues to come from London in appreciable quantities. The influx of gold from Holland has now ceased.

THE STOCK EXCHANGE

BREWERY SHARES

HAVE brewery shares an "election equity"? Is the market discounting, as a bull point, the prospective continuance for another four or five years of a predominantly Conservative Government? It is a matter of record that the only fiscal kindnesses which have come the industry's way since the war were associated with Mr Baldwin's Treasury regime of 1923 and Mr Chamberlain's of 1933. With increased armament expenditure on the horizon, what better insurance policy could the industry have against Exchequer acquisitiveness than the retention of office by a statesman who, two and a-half years ago, declared that the beer tax had passed the point of optimum return?

In April, 1933, when the much-discussed penny was taken off the pint, the Actuaries' Index of 19 brewery shares (December 31, 1928 = 100), stood at 70.9. It has subsequently risen by 80 per cent. to a level of 128.2. This spectacular return of popularity is not wholly a vote of thanks to Mr Chamberlain. Recent fiscal changes, by a freak of circumstance, have been so timed as to coincide with major changes in the economic cycle, and to exaggerate their effects on the industry. Lord Snowden made beer dearer, in September, 1931, when general trade recession had already left its imprint on national consumption; Mr Chamberlain made beer cheaper when recovery had just begun to gain momentum. Nature considerably provided two successive hot summers and the industry has added its own contribution by way of increased internal efficiency. As a result, brewery profits are within hailing distance of 1929, though production is still well below that year's level.

Sound brewery ordinary shares are selling on a yield basis of approximately 4 $\frac{1}{2}$ per cent. This is high enough to suggest that the market is not inclined to discount a *progressive* increase of future dividends at the rate of the last two years, but low enough to suggest that the general outlook inspires confidence. If increased taxation can be avoided, the short-term barometer certainly appears indeed to have passed from "change" to "fair." British industrial recovery continues—the rise in our "Business Activity" index this week, indeed, is the largest for some months past. Increased expenditure on armaments may give a temporary fillip to earnings in various trades whose workers are traditionally among the industry's best clients. On a longer view, however, investors can scarcely ignore various conservative tendencies which have been obscured but not eliminated by the course of recent events. Their nature may be appreciated by reference to the following table:—

	Production (Thous. Standard Barrels)	Average Specific Gravity*	Amount of Tax	Total Registered Workers (a)		Yield of Beer Taxation*	Average Divi- dends on Brewery Ordinary Shares (b)
				Drink In- dustries	Hotels, etc.		
1924	20,732	Degrees 1,043.2	Shillings 100†	108,900	289,920	£'000 81,987	Per cent. 14.5
1929	19,435	1,043.0	100†	108,530	333,700	77,151	16.4
1930	18,811	1,042.6	103†	109,530	350,870	75,698	16.6
1931	16,377	1,041.1	134†	112,470	384,290	75,211	14.8
1932	13,228	1,039.5	134†	108,080	381,930	73,725	12.0
1933	14,314	1,040.9	24†	110,490	398,780	58,855	12.0
1934	15,521	...	24†	110,200	410,040	58,693	13.6

* Year beginning April 1st of year shown. † Per standard barrel, less rebate of 20s. per bulk barrel. ‡ Per bulk barrel of specific gravity of 1,027°, plus 2s. per additional degree. (a) July of each year. (b) Based on our analyses of brewery reports published during twelve months to June of following year.

Since 1924, the total labour force of the "catering industries," as a whole, has considerably increased. Total registered workers in the "drink industries" have risen slightly, and in the "hotel, etc., trades" by no less than 42 per cent. The brewing industry, however, has not shared, *pari passu*, in this development. The reduction in taxation and increase in specific gravities of 1933 have been followed by a sizeable enhancement of beer production and brewery dividends. Output, however, has not yet returned to anything like the level of 1929. Even in the pre-depression period, between 1924 and 1929, when the level of

taxation was steady, the beer production figures and the yield of the beer tax tended, on the whole, to decline. The increased dividend-paying power of the industry in this period was largely the result of increased efficiency. During the past decade, for example, closer concentration of productive effort has reduced the number of commercially operating breweries by 44 per cent. from 2,148 to 1,197.

Recent economic and fiscal changes, indeed, would appear to have stimulated rather than checked a long-term trend towards reduced beer consumption. Though the tendency is commonly attributed to the effects of the Great War, in fact, it largely ante-dated them. In 1899, the *per capita* consumption of beer in the United Kingdom was 32.53 gallons. In 1933, in Great Britain, it was 12.05 gallons.

How far the *post-war* trend has been due to changed national habits, how far to legislative restrictions on hours of business, etc., and how far to higher taxation and "retail" prices is a moot point. Mr George B. Wilson has estimated the total national expenditure on beer at £104.7 millions (United Kingdom) in 1913, and £142.9 millions (Great Britain) in 1934. The increase corresponds fairly closely to the additional £45 millions to £50 millions received by the Exchequer from beer taxation in 1934 as compared with the pre-war years. Brewing is by no means the only trade which has enjoyed the onerous privilege of making a greatly increased contribution to national revenue since the war. The tobacco industry, in a like case, found salvation by tapping a new market, thanks to the growth of the habit of cigarette smoking among women. The distilling industry has developed a subsidiary and largely untaxed product to a point of high importance, for some 68 $\frac{1}{2}$ per cent. of its current output consists of methylated spirit and industrial alcohol, against only 27 per cent. as recently as in 1924. Neither of these "reliefs" is open to the brewing industry, but the latter enjoys one compensating advantage denied to the tobacco and spirit trades. It controls a significant part of its own retail marketing organisation, through ownership of "tied houses." If the contemporary cult of open-air life, and the steady growth of "satisfactions" competitive with beer drinking have combined with high taxation to reduce consumption of the brewers' main product, they have equally presented a growing market on the "general catering" side. And here the brewery industry finds itself strategically well placed.

If long-term losses on the swings of beer consumption can be recouped on the roundabouts of refreshment, in its broadest sense, investors may be justified in refusing to write down brewery shares as equities in a declining industry. They may be well advised, however, to allow for the probable incidence of such a development on earnings and dividend policy for some years to come. This possibility may best be illustrated by an analysis of the recent financial results of some large brewery companies shown overleaf.

Earnings have quickly responded to the increased activity of the industry since 1933, and directors have shown no reluctance to pass on the fruits of recovery to ordinary shareholders. Dividend policy, however, remains distinctly conservative. Broadly speaking, the companies shown in the table required something between a third and a fourth of their latest year's profits for the payment of fixed charges, while total outpayments, including ordinary dividends, absorbed something between three-fourths and four-fifths of the whole. The "retained" percentage was distinctly higher than that of British industry generally. It was higher, as our table shows, in the case of breweries owning numerous "tied houses"—like Ind Coope, Watney, and Mitchells and Butlers—than in that of breweries whose products are nationally marketed—like Bass and Guinness.

It is highly desirable that the industry should finance the modernisation of its properties and any change in its main activities out of its own earnings. Some of the largest

Company (and Balance Sheet Date)	Bass (Sept. 30)	Guinness (June 30)	Courage (Dec. 31)	Ind. Coope & Allsopp (Sept. 30)	Watney, Combe (June 30)	Mitchells and Butlers (Sept. 30)
Total profits (£'000):						
1933	1,583	1,634	448	431	2,225b	455c
1934	1,252	1,912	471	627†	2,421b	824d
1935	...	2,173	...	...	2,447b	...
Earned for Ordinary or De- ferred (%):						
1933	18.0†	24.5	24.3	28.2	22.4	11.9†
1934	22.0†	28.8	29.4	33.2†	28.2	18.7†e
1935	...	33.0	...	...	29.1	...
Paid on Ordinary or De- ferred (%):						
1933	15†	27	17	20	10	11†
1934	20†	27	20	(a)	13	15†e
1935	...	29	...	...	16	...
Proportion (%) of Latest Year's Earnings:						
Taken by Fixed Charges	1-35	1-5	1-24	1-29	1-36	1-12
Paid in Ord. Divs.	36-94	6-88	25-80	30-77	37-75	13-83
Retained	95-100	89-100	81-100	78-100	76-100	84-100
(X) Total Value Fixed Assets (£'000)	7,947	8,146	4,791	7,683§	16,766	7,397
(Y) Total "Retained Profits"	296	340	434	427	1,621	661
Last Five Years (£'000)	3.7	4.2	9.1	5.6	9.7	9.0
Percentage of (X) to (Y)						
Present Price, Ordinary or Deferred	122/-	141/-	92/-	112/-	71/9	97/-
Yield on Last Div. (%)	3.28†	4.11	4.35	4.02†	4.46	3.10†

† Tax free. ‡ Of which £391,724 trading profit and £234,949 dividends received. Ordinary capital increased from £874,218 to £1,475,698 after amalgamation. (a) 6 per cent. interim on Ind. Coope Ordinary, and 16½ per cent. final on amalgamated company's capital. (b) Before trade expenses, etc. (c) Year to June 30, 1933. (d) Fifteen months to September 30, 1934. (e) Per annum. (f) Based on 22½ per cent. dividend. § Compared with £1,582,000 in preceding year.

breweries have followed such a policy for years past. It may be the best insurance policy against the future, but investors should recognise its implications. The necessity to set aside substantial sums for property developments may affect both the level of expenditure allowed before annual profits are struck, and the extent to which net earnings are really divisible.

The conclusion must be that dividend yields of 4 to 4½ per cent. on brewery shares are not unreasonable, but do not leave wide scope for future appreciation of share values. Brewery profits over the next few months, like those of other consumption trades, will be mainly a function of the continuance of general industrial recovery. On a longer view, there is still room for a further rise in earnings through increased efficiency. Although the industry has made great strides recently, both in its advertising and its internal administration, it is still carried on by a multiplicity of units, many of which have a purely local organisation and territory. Such amalgamations as those lately effected between Ind. Coope and Allsopp, and Charrington and Hoare, may advantageously be the precursors of many others. In the long run, however, the investment appeal of brewery shares will be governed by the industry's ability to adapt itself to its new environment. Those in control appear conscious both of their responsibility and their opportunity. A sound policy, however, may not be capable of being reconciled with an arithmetical increase of unlimited duration in future ordinary dividend rates.

INVESTMENT NOTES

London and New York.—The London Stock Exchange continues to underwrite a "favourable" settlement of international difficulties in a strictly Pickwickian sense—a settlement, that is, which will secure peace on any terms, in the shortest possible time, with the least application of "sanctions." Sir Samuel Hoare's speech was read in Throgmorton Street as a reinforcement, in high quarters, of such a possibility. Although the scope of current dealings remained narrow—in market phraseology, there were "more bids than business"—the prices of all equity shares, from the least to the most speculative, were marked up, and gilt-edged quotations enjoyed a strong recovery. Between Monday and Wednesday, indeed, 2½ per cent. Consols rose by as much as 2½ points and War Loan by 1½ points. New York, simultaneously, resumed its advance, which was partially interrupted at the end of last week. It remains to be seen whether events belie the markets' faith in Signor

Mussolini's willingness, at this juncture, to stop, look and listen. The persistent firmness of prices, however, is undoubtedly significant. The result of the general election has already been discounted, and it may well be that, in the absence of Italo-Abyssinian factors, the market would now have been experiencing something like boom conditions. This impression is strengthened by examination of the following table, which shows the high and low points reached in successive price advances and setbacks in London and New York:—

LONDON*			NEW YORK†		
Date (1935)	Index	Remarks	Date (1935)	Index	Remarks
Mar. 27	87.4	Lowest of year.	Mar. 15	78.6	Lowest of year.
Aug. 13	104.2	Peak before "war" years.	Aug. 14	108.9	Intermediate high.
Aug. 27	98.5	Recession.	Aug. 28	105.1	Secondary recession.
Sept. 10	100.7	Partial recovery.	Sept. 11	112.4	Advance resumed.
Sept. 20	95.6	Recession.	Sept. 20	106.6	Setback.
Sept. 27	99.1	Partial recovery.	Sept. 30	110.1	Partial recovery.
Oct. 3	95.2	Recession.	Oct. 2	105.8	Recession.
Oct. 14	99.6	Recovery.	Oct. 15	114.1	Advance resumed.
Oct. 18	97.6	Slight setback.	Oct. 18	112.8	Slight check.
Oct. 24	99.5	Recovery.	Oct. 23	117.3	Advance continues.

* "Financial News" Index of 30 Ordinary shares (1928 = 100, subsequently revised to July 1, 1935, base). † "Standard Statistics" Index of 50 common stocks (1926 = 100).

There has been a remarkably close correspondence in the timing of recent equity share movements in the two centres. Both reached their lowest points for the year in March. Both enjoyed an almost uninterrupted rise until the middle of August. Despite New York's distance from the European cockpit, her share price index, like that of London, declined in the second half of August. Thereafter, the two indices moved in the same directions at the same times; but whereas London failed to regain the mid-August "high," Wall Street broke beyond it in the first part of September and, for all its ups and downs, has continued to show a steadily rising trend. It is not unreasonable to infer that the same stimulus—faith in continued economic recovery—is operative in both centres, but that international factors are more effective as a brake in London than in New York.

Cables and Wireless Possibilities.—The market has been impressed by the Cables and Wireless traffic figure for September, which, at 75.5, reached the highest level attained since March this year. Compared with recent months a substantial improvement in receipts may be presumed, but the simple mean for the current year is only 72.3, and shows an increase compared with the corresponding period of 1934 of no more than half a point. Undue importance should not be attached to the figure for a single month, but since the latest figure shows an improvement of 5.2 compared with September, 1934, and general international trade pointers are moderately favourable, there may be ground for hoping that the slow secular uptrend since July, 1932, will be projected further. The market's interest in the concern, however, is by no means confined to the traffic position. It has been widely assumed that the recent repayment of £6,453,407 5½ per cent. preference stock may be the prelude to some more broadly conceived reorganisation plan, embracing the question of the accumulated preference dividend arrears and some substantial writing down of the "A" and "B" capital. The official view is that an equitable scheme would be very difficult to come. On this substantial ground, it would probably be unwise to anticipate any early developments. It is interesting to note, however, that, including the payment due later to a gross total of £2,080,000. Assuming that the preference arrears might be discharged by allotting a portion of the equity interest to preference stockholders. At the present approximate prices of 26 and 7½ respectively the "A" ordinary is capitalised at £5,400,000 and the "B" at £650,000. If, therefore, a new issue of equity the three classes of preference, the "A" and the "B" ordinary stockholders in the ratio of (a) the nominal

amount of arrears, (b) ruling market capitalisations, the division would roughly result in 25 per cent. allotment in satisfaction of preference arrears, with 66 per cent. to "A" ordinary holders and only 9 per cent. to "B" ordinary holders.

Baird—A Welcome Decision.—In view of the unfavourable criticism aroused by the Baird Television reorganisation scheme (to which we took objection in our issue of October 5th, page 669), shareholders will be relieved to hear that the directors have decided to abandon it. Although the scheme was prepared on expert advice, the choice of current Stock Exchange values as a basis for permanent re-allocation of rights involved a glaring anomaly between the position of the preferred and deferred shareholders. On annual profits of less than £105,000, indeed, the former would have lost one-half of their income. The board have shown every disposition to meet the wishes of important holders and of the Shareholders' Protection Association. A new scheme has been evolved which has secured the latter's unanimous approval, and details will be submitted to shareholders as quickly as possible. In the meantime, the meetings convened for next Thursday have been cancelled. It is understood that the new scheme secures the desired objective of a simplification and reduction of the existing capital structure, to clear the way for a new issue on equitable terms, without involving hardship to any single class of proprietors. If this be so, investors will congratulate the board on their reasonable attitude and the Shareholders' Protection Association on an example of fruitful intervention, which appears precisely to fulfil the objects for which the Association was formed.

New Fixed Trusts.—Of the making of new fixed trusts there is still no end. The movement increasingly reflects waves of fashion, and the latest exemplars have exceeded all their earlier competitors in their comprehensiveness. The Century, issued by the "National" group, has a portfolio of 100 securities, and it is understood that the Dawnay-Day group has a new issue in preparation with a similar number of underlying securities. In the case of British Empire Comprehensive, there are as many as 150 individual holdings. On the basis of the lists of securities which have been published by the first and third of these trusts, it is perhaps difficult to estimate the precise advantages of the latest macroscopic trend. Greater industrial and geographical diversification will undoubtedly be permitted, but the enlargement of portfolios to such dimensions may tend to reinforce the duplication of market leaders which has for some time been apparent, and to open the way for the inclusion of a range of investments with a somewhat higher speculative interest. Recent developments in the movement are tending to raise the question whether the formation of new units—not infrequently totalling three in a week—may not shortly outrun reasonable expectations of demand. Clearly, so far as successive formations offer a mere duplication of facilities, the result may be to divide a remunerative market among a number of competing managements, depriving each of any prospect of reasonable return. Doubtless the total market for fixed trust sales is capable of further expansion, but this very fact may tempt the extension of facilities on a scale which may afterwards involve a problem of "surplus capacity" within the movement.

Actuaries' Investment Index.—The latest figures of the Actuaries' Investment Index show a continued slight improvement in the market for ordinary shares as a whole. The average price index of 158 industrial ordinary shares (December 31, 1928 = 100) stood on October 22nd at 75.6, compared with 75.2 on October 15th, and with the highest figure for recent months of 79.4 on August 13th. The corresponding yield figures are 3.89, 3.91 and 3.77 per cent.

INVESTMENTS FOR THE PRUDENT

The undermentioned six fixed trusts, all of which are managed by interests under the same control, cater for most investment needs. Sub-unit holders in any of these trusts know that their capital is prudently spread over first-class dividend-paying companies in the most stable and secure industries and is thus well protected from the risks and uncertainties of the present time.

Name of Trust	Gross Annual Yield ★
Investors General Fixed Trust ... <i>Trustees: Royal Exchange Assurance</i> <i>Bankers: Barclays Bank Limited</i>	Over-subscribed
Investors Second General Trust ... <i>(Successor to Investors General Fixed Trust)</i> <i>Trustees: Royal Exchange Assurance</i> <i>Bankers: Barclays Bank Limited</i>	5½%
Investors Gas & Electric Trust ... <i>Trustees: Royal Exchange Assurance</i> <i>Bankers: Barclays Bank Limited</i>	4%
Investors Gold Share Trust ... <i>Trustees: Royal Exchange Assurance</i> <i>Bankers: Barclays Bank Limited</i>	8%
Provident Investors Trust ... <i>Trustees: Martins Bank Limited</i> <i>Bankers: Martins Bank Limited</i>	4½%
Security First Trust ... <i>Trustees: Lloyds Bank Limited</i> <i>Bankers: Lloyds Bank Limited</i>	5½%

★ Approximate yield based only on the cash dividends paid by the underlying companies in the past year. No capital bonuses are included in the computation of yield. All such bonuses are additional.

The first five of these trusts are managed by Investors Specialised Fixed Trusts Ltd., and the sixth by Security Trust Managers Ltd. Both companies are controlled by interests associated with Dawnay, Day & Co. Ltd., Merchant Bankers, 15 Moorgate, London, E.C.2.

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respectively. The following table shows the movements of a selection of the component series:—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100)			Yields (%)		
	Month Ago (Sept. 24)	Last Week (Oct. 15)	This Week (Oct. 22)	Month Ago (Sept. 14)	Last Week (Oct. 15)	This Week (Oct. 22)
Banks and Discount Co.'s (12)	111.0	111.8	112.2	4.22	4.19	4.18
Insurance Co.'s (24)	116.4	117.8	118.4	3.61	3.57	3.55
Coal (6)	84.7	84.9	83.3	4.52	4.52	4.62
Iron and Steel (8)	63.7	65.9	64.5	3.34	3.29	3.33
Motors (5)	52.2	52.4	53.7	5.02	4.00	3.89
Oil (5)	62.5	64.5	67.4	3.59	3.50	3.38
Stores and Catering (15)	77.1	77.4	79.4	4.06	4.04	3.95

Changes in the international political situation have brought increases in bank and insurance shares, which closely follow the gilt-edged market. At the same time, the lessening of international tension and the slightly less urgent prospective demand for armaments have led to a slight weakening of iron and steel shares and their close allies, coal shares. Reports from the Motor Exhibition have kept the market for motor shares firm.

COMPANY NOTES

Motor Accessory Shares.—The motor accessory trade like the motor industry itself, appears to be attaining its commercial majority. As we pointed out in a Note a year ago, the accessory market depends not only on the total output of cars (together with aeroplanes, bicycles and kindred vehicles), but also upon the number of accessories

(Profits in £'000)							
	1929	1930	1931	1932	1933	1934	1935
Bluemel Bros. (Sept. 30)—							
Earned for ord.	12.5	3.6	Dr. 1.1	Dr. 0.04	7.1	11.5	...
Earned %	15.6	4.8	Nil	Nil	8.0	13.6	...
Div. %	13½	10	5	5	7½	10	...
J. Lucas (Aug. 7)							
Earned for ord.	219.8	212.2	196.7	207.6	228.0	236.8	242.9
Earned %	33.5	28.1	26.9	28.4	31.2	15.6*	16.0*
Div. %	25	25	20	20	25	12½	12½
Mullins (Holdings) (Dec. 21)							
Earned for divs.	13.5	15.0	11.0	17.3	22.9	25.9	...
Pfd. ord. earned %	10.0	10.0	7.4	15.4	12.1	12.5	...
Ord. earned %	5.4	5.8	Nil	Nil	16.6	19.8	...
Pfd. ord. div. %	10	10	Nil	12	11½	11½	...
Ord. div. %	4½	2½	Nil	Nil	10	12	...
Serek Radiators (July 31)							
Earned for div.	28.9	25.7	19.8	14.3	15.4	20.6	27.8
Earned %	30.1	27.7	21.9	15.9	17.1	22.2	23.9
Div. %	17½	17½	15	12½	12½	12½	15
Simms Motor Units (Dec. 31)							
Earned for ord.	38.3	9.3	Dr. 27.7	Dr. 26.5†	Dr. 16.5†	Dr. 6.1†	...
Earned %	16.8	4.1	Nil	Nil	Nil	Nil	...
Div. %	10	2½	Nil	Nil	Nil	Nil	...
S. Smith and Sons (July 31)							
Earned for div.	36.4	22.5	0.9	5.1	24.4	36.4	...
Earned %	81.4	46.5	2.0	12.1	49.7	59.9	...
Div. %	37½	18½	Nil	Nil	25.0	25.0	...
Triplex (June 30)							
Earned for div.	10.2	36.7	34.5	30.8	60.4	75.2	85.5
Earned %	3.4	12.0	11.5	10.3	40.2	48.5	55.1
Div. %	5	5	10	10	25	25	30

* On capital as increased by 100 per cent. capital bonus declared in 1933.
† Assuming payment of full normal pref. div.

which the public demands on the individual vehicle. Consequently the effects of depression were mitigated in some degree by the increasing number of individual fitments which users came to expect during the period. This, however, had the effect rather of hastening the revival of the leaders than of producing a general rise in profits. The boom of the late 'twenties had multiplied the accessory manufacturers—particularly, for example, in safety glass—and the motor manufacturers, in their search for economies, were able to obtain concessions from the accessory makers even though the volume of their total orders may not have been greatly reduced. Highly competitive conditions resulted, in which the ranks of the accessory makers were

noticeably thinned. As the annexed table shows, the majority of concerns which have survived that difficult period have been amply rewarded by the subsequent revival of their profits. Not only has their competitive position been greatly strengthened by the elimination of weak sellers, but the "recovery" expansion of the motor, aeroplane and bicycle markets has exceeded expectations. It would seem unlikely that the recent rate of expansion in the most favoured section of the trade can be maintained. Thus, the Triplex company has benefited not only from the elimination of competitors but also from the rise of the saloon car with "all safety glass" equipment as standard, and from a remarkable reduction of production costs. After the rapid rise in gross profits between 1932 and 1934 there has been a levelling out in 1935. Further increases may result from the company's new products, but they are outside the motor accessory business. Moreover, the appearance of the £100 Ford four-seater may indicate the beginning of a new wave of price reductions by the leading popular manufacturers, in which the accessory makers may have to bear some share. The conclusion would appear to be that while the general prospect for the well-established accessory makers is good, it would be imprudent to measure their future possibilities by their recent rate of revival. The leaders offer a sound medium for taking an interest in the expansion of the motor industry, without having to face any serious risk on "the year's model."

B.A. Great Southern.—The moderate recovery in peso net receipts from \$36.3 millions to \$38.8 millions in the twelve months to June 30th last, will be of modest comfort to B.A. Great Southern stockholders. The apparent increase in sterling receipts, calculated at par, has purely formal significance in the light of the very heavy losses which have been sustained on remittances. The provision under this heading is nearly doubled, from £896,589 to £1,736,071. The firmer trend of the peso in the free market has brought some appreciation of currency floating assets compared with the previous year, but the total cost of exchange differences still exceeds that of the previous year by £104,988 at £1,552,722. The board is justified in halving the 6 per cent. preference dividend, for the latest year's improvement in net revenue from £301,052 to £411,367 still leaves the first preference dividend barely covered, and the 3 per cent. payment on the second preference stock almost wholly uncovered. In the absence of a transfer from contingencies, the net revenue account would have shown an adverse balance. The disappointing story of the last three years is analysed below:—

Years to June 30			
1933	1934	1935	
Operating receipts	£10,560,668	£10,516,260	£10,957,684
Operating expenses	7,417,265	7,347,472	7,571,296
Operating profit	3,143,403	3,168,788	3,386,388
Dividends, interest, and discounts received	Cr. 192,408	Cr. 206,216	Cr. 204,758
Exchange loss on remittances	264,540	896,589	1,736,071
Depreciation of currency floating assets	249,350	551,145	Cr. 183,348
Payments under working agreements	546,679	541,139	541,977
Debt interest and other fixed charges	1,060,279	1,085,079	1,085,079
Earned for dividends	1,214,962	301,052	411,367
Preference dividends	880,000	880,000	640,000
Carried forward	766,127	187,179	†28,547

† After crediting £70,000 transferred from Bahia Blanca and North Western Railway contingencies fund.

Analysis of the year's working reveals that goods traffic has provided the substantial proportion of the increased takings, with an increase of £344,350. So much was to be expected from the improved economic conditions of the past year. The effects of drought, particularly in the Northern Provinces, suggest that the current outlook for this predominant wheat line is appreciably less propitious. Passenger traffic receipts have been severely affected by road competition, particularly in Buenos Aires. Since consideration of the Transport Co-ordination Bill has been deferred by the Senate until next year, any relief from road

competition will be further delayed. The co-ordinated working with B.A. Western may bring some operating economies, but its benefits in relation to road competition and the enormous cost of exchange remittances can hardly prove substantial. It is stated that general renewals cost £242,987 net, compared with £213,120 in the previous year, but the general renewals fund has this year been credited with only £120,000, compared with £246,585 in the previous year. The 5 per cent. non-cumulative preference stock is quoted at 55½xd to yield 6 per cent., and the 6 per cent. issue at 44½xd to yield 6 15s. per cent. on a 3 per cent. payment.

B.A. Western.—This undertaking (which is closely related, on the management side, to the B.A. Great Southern) has been unable to offset the difficulties common to all Argentine railways. Both peso gross and net receipts are lower, and the rise in working expenses—which must be attributed to increased labour costs—has increased the operating ratio from 78.6 to 83.9 per cent. Translated into sterling, net receipts have fallen from £773,870 to £564,283. Remittances have cost over £179,000 more in exchange losses, and despite the improved sterling valuation of local current assets, the total exchange provision has been reduced only by £36,818. After payment of fixed charges, the result for the year is a deficit of £40,312, compared with a net surplus of £108,486 for the previous year. In consequence, the full payment on the 5 per cent. and half payment on the 4½ per cent. non-cumulative preference stocks are wholly short-earned, as the following table shows:—

Years to June 30th			
1933	1934	1935	
Operating receipts	3,546,426	3,612,117	3,513,204
Operating expenses	2,893,942	2,838,247	2,948,921
Operating profits	652,484	773,870	564,283
Rentals, dividends and other receipts	Cr. 276,081	Cr. 232,468	Cr. 246,749
Exchange loss on remittances	44,353	259,247	438,464
Depreciation of currency floating assets	98,750	88,120	Cr. 127,920
Payments under working agreements	74,218	66,717	70,027
Debt interest	483,774	483,774	470,773
Earned for dividends	227,470	108,486	Dr. 40,312
Preference dividends	129,855	129,855	72,428
Carried forward	189,542	168,173	55,433

These poor results, in comparison with the B.A. Great Southern, must be largely attributed to a fall of 7.4 per cent. in goods traffic receipts. Wheat tonnage proved disappointing, but the shorter average haul—despite the larger total goods tonnage handled—also reduced receipts. On cereals alone, the fall in revenue was as much as 15 per cent., for the increased movement of maize and rye fell far short of recouping a severe loss on wheat. During the year renewals expenditure has been kept as low as £81,096, and the renewal fund, which shows a balance of £2,993,313, has not been supplemented during the past year. In view of the reduced current wheat crop, and the loss of tonnage which last year resulted from increased Bahia Blanca shipments, the present prospect is only re-

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lied by the co-ordination of working with the Great Southern system, whose fruits, in any event, are likely to mature only gradually. The 5 per cent. non-cumulative preference stock is quoted at 62xd to yield 8 rs. 4d. per cent., and the 4½ per cent. non-cumulative preference stock at 42½xd yields 5 5s. 11d. per cent. on the latest half-payment.

B.A. and Pacific.—Although this system showed an increase of £395,991 in gross receipts, operating expenses were only £28,893 higher at £4,670,779. After the substantial savings which have been effected in recent years, the moving of an additional 120,000 tons at a relatively slight increase in costs is commendable. As a result, operating profits have advanced from £1,202,087 to £1,569,185, while the deficit on net revenue account has been substantially reduced from £1,254,379 to £830,668. The resultant debit carried forward now amounts to £3,295,551, compared with a balance of £2,251,665 on general reserve and with total reserves including specific provisions of £3,149,711. With the exception of the first debentures of the company and of its two associates, Argentine Great Western and Villa Maria, debenture interest, although charged, has not been paid since December, 1931, under the 1932 Scheme. The gross and net revenue position is analysed below:—

Years to June 30th			
1933	1934	1935	
Operating receipts	5,827,691	5,843,973	6,239,964
Operating expenses	4,835,125	4,641,886	4,670,779
Operating profits	992,566	1,202,087	1,569,185
Interest and other receipts	Cr. 134,111	Cr. 87,098	Cr. 149,012
Exchange loss on remittances	162,524	850,217†	915,881
Depreciation of currency floating assets			Cr. 112,820
Debt interest*	844,075	879,115	914,155
Rent charges*	681,817	710,233	738,649
Income tax	132,000	104,000	93,000

Net revenue Dr. 693,739 Dr. 1,254,379 Dr. 830,667
Carried forward Dr. 1,210,504 Dr. 2,464,884 Dr. 3,295,551
† £664,719 in respect of remittances and £502,545 for depreciation of currency floating assets, less £317,047 in respect of previous years charged to general reserve. * Including interest on arrears except first debenture stocks met on due dates.

In common with other Argentine systems, wheat and fruit traffics have proved very disappointing, but maize, other cereals and, in particular, wine show satisfactory improvement. Stockholders may ask, however, whether increased maintenance charges will not be called for in the future. There is now evidently little scope, to judge from the General Manager's report, for retrenchment without affecting the standard of maintenance, for labour conditions make it difficult to adjust staff to practical requirements. The fruit industry is progressing in the company's zone, but quality and yield must be greatly improved before it becomes of substantial importance to traffic receipts. The 4 per cent. first debenture stock is quoted at 64½, to yield 6 6s. 3d. per cent., allowing for accrued interest.

Imperial Airways Position.—The full accounts of the leading Empire air service for the year to March last show a considerable advance in disclosed revenues. Before charging the provision of £50,000 for staff welfare, the amount earned for the ordinary shares has increased from £51,071 to £97,519. As in previous years, the amount received in respect of Government subsidies is not disclosed, but evidently the improvement is in large part due to increased traffics, which for the eleven months to

February last rose by nearly 20 per cent. to £1,412,000. An analysis of the recent results is given below:—

	Years to March 31,		
	1933	1934	1935
	£	£	£
Balance from trading account after crediting subsidies	266,150	314,661	366,446
Total income	267,932	321,023	376,847
Directors' fees	6,500	6,500	6,500
Insurance	25,409	28,803	24,655
Obsolescence of aircraft	171,683	191,336	192,960
Depreciation, etc.	23,946†	28,313‡	40,213‡
Taxation	15,000	15,000	15,000
Staff provident scheme	...	...	50,000
Ordinary shares—			
Earned	25,394	51,071	47,519
Paid	23,403	29,018	33,855
Earned (%)	5.4	10.3	9.8
Paid %	5	6	7
Contingencies reserve	...	...	30,000
Carried forward	27,192	49,245	64,503†

† Includes £2,500 in 1933 and 1934 and £6,250 in 1935 for writing off consideration for waiving Air Ministry claims for repayment of subsidy; also £10,000 in 1933 and 1934 and £15,000 in 1935 written off cost of interests in African route. ‡ After crediting £31,593, recoveries on claims not attributable to the year.

The Government have now informed the directors that the company will continue to be the Government's chosen instrument for the operation and development of Empire air routes, and that all first-class mails to the Dominions will be carried by present routes. A long-term agreement to give effect to these proposals is under discussion. The future of the company may thus be settled satisfactorily to investors. Calculations of subsidy expectations in the current year may lose something of their force in the light of this announcement, but it is not without interest that those amounts receivable, which can be controlled from official sources, show a fall from £481,000 to £395,000 for the current year. Since the balance after working expenses amounted to £366,446 in the latest year, while eleven months' traffics amounted to £1,412,000, it is possible to offer some tentative estimates of working experience. If the March traffics are taken at £130,000, and if the company received the whole of the subsidy payments shown in the last Estimates at £561,000, the total revenue would amount to £2,103,000, and operating expenses to £1,736,554. A repetition of last year's traffic increases may be required to offset the reduction in subsidy payments, for the real operating ratio, so far as these tentative estimates can be relied upon, is of the order of 113 per cent. The increase in receipts for the June quarter, it may be noted, amounted to £77,939, equivalent to 20.7 per cent., on the corresponding quarter of 1934. The accounts, which are very informative on all points except the subsidy, are supplemented by a consolidated statement, and by a helpful annotated comparison with the previous year. The current position has again been considerably strengthened by the improved trading results and obsolescence provision. The £1 ordinary shares are quoted at 48s. 1½d. ex dividend, yielding the comparatively low return of £2 18s. 2d. per cent. on the 7 per cent. distribution.

United Dairies Results.—Owing to the inclusion of 15 months' profits from the engineering and utensil subsidiaries in the revenues of this premier dairying concern, the total profits of £652,904 are not strictly comparable with £627,114 recorded for the previous year. The report, however, specifically refers to the increase of 12.7 million gallons in the quantity of milk handled. The market's concern, a few weeks ago, was clearly not aroused by the prospect of these latest results. Although it has always been assumed that the engineering and utensil sections contribute an appreciable share of profits, the absence of the necessary information permits no inference as to the course of dairying profits, as such, on the increased turnover. The amount earned for the ordinary capital after last year's bonus issue is £435,918, compared with £405,487 for the previous year, and the percentage

earnings, as the following table shows, are very slightly lower:—

	Years to June 30,		
	1933	1934	1935
	£	£	£
Dividends and interest received..	493,274	510,781	540,224
Rents	90,597	102,652	107,262
Other income	28,768†	13,681†	5,418
Total income	612,638	627,114	652,904
Interest	15,150	12,577	6,603
Directors' fees	14,050	14,050	15,383
Preference dividend.....	195,000	195,000	195,000
Ordinary shares—			
Earned	388,439	405,487	435,918
Paid	280,000	280,000	308,000
Earned %	19.0	19.7	19.2
Paid %	12½	12½	12½

Reserve

Carried forward

† Includes £17,121 from profit on sale of temporary investments in 1933 and £7,761 in 1934. ‡ And capital bonus of 10 per cent. requiring capitalisation of £224,000 from reserve. § After writing off £3,079 issue expenses.

During the year as much as £192,569 was spent upon plant extensions to cope with increased business, and a profit of £15,831 from the sale of redundant properties has been utilised to reduce book values. The balance sheet reflects, as usual, a strong position, but since shares in, and net advances to, subsidiary concerns amount to £4,210,137 out of total assets of £7,283,031, and apparently provide £540,224 towards total income of £652,904, the advantage of consolidated statements for both sections of the accounts would be appreciable. The £1 ordinary stock units, which fell as low as 58s. during the recent contract dispute, have since recovered to 61s. 6d., at which they yield £4 1s. 3d. per cent. It may be remembered, however, that the Committee which was appointed to consider the new contract terms has yet to report to the Minister of Agriculture, and the possibility that profit margins may be reduced on the current year's milk business cannot, at this stage, be ignored.

British Celanese.—The report of British Celanese for the year to June 29th last is slightly disappointing. The higher earnings level established a year ago has not been fully maintained, for trading profit shows a decline of 9 per cent. at £2,350,491. Only one year's depreciation, however, requires to be written off this year, whereas twelve months ago the company had three years' arrears to clear off:—

	Year to July 1, 1933	Year to June 30, 1934	Year to June 29, 1935
Balance of trading account ...	1,685,550	2,593,028*	2,350,491
Total income (including interest, etc.)	1,690,446	2,598,138	2,359,420
Miscellaneous working expenses†	1,077,622	1,410,957	1,041,132
Research, advertising and patent write-off‡	117,340	127,036	148,331
Directors' remuneration	...	5,000	13,076
Provision for depreciation	...	287,462	304,000
Commutation of royalties, written off	...	61,146	61,142
Debt interest and premium redemption	287,612	274,131	215,601
Income tax provision	...	...	133,000
Balance	207,872	432,406	443,138
Non-recurring receipts	30,000||	189,553¶	...
Special allocations	Nil	760,618††	25,000§
First pref. dividends	...	54,250**	325,500**
Total carried forward	252,463	59,554	152,192

* Including dividends receivable from subsidiary companies. † "General sales and administrative expenses, royalties, Excise Duty, adjustments of stock values, etc." ‡ Proportion of last three years' research and advertising expenditure, and year's additions to patent rights, written off. || Income tax provision written back of £13,602 income tax written back, and £175,951 surplus on realisation of investments. ¶ Expenses of mortgage debenture issue, reserve, £8,068; depreciation for three years ended July 1, 1933, £727,478. § Underwriting commission on debenture stock issue written off. ** 1933-34, half-year's dividend to April, 1931; 1934-35, 3 years' dividends to April, 1934, including one year's payment announced since date of accounts.

It is stated that the reduction of the Excise Duty from 1s. to 6d. per lb. involved a large loss on stocks, but the record level of production brought a substantial increase in net profits, despite this exceptional adverse factor. The directors regard prospects for future profits as "very favourable," in the absence of a setback in national trade, and estimate profits for the first quarter of the present year at approximately 70 per cent. above those of the corresponding months of last year. Shareholders, however, will be reluctant to budget for the continuance of anything like this high ratio of increase through the year. Immediate attention centres rather on the company's plans for capital reconstruction which, after the re-establishment of a satisfactory earnings basis, should not now be long delayed. The position as regards depreciation has been cleared up, and various payments on the First Preference shares have brought the arrears up to April, 1934. When the latter have been paid off, presumably in the next few months, five years of arrears, totalling £1,593,750, will remain on the Second Preference shares. The possibility has been canvassed of a funding scheme based on the issue of ordinary shares to Second Preference shareholders—accompanied, possibly, by an invitation to the latter to accept some modification of their rights to 25 per cent. of surplus profits up to a maximum dividend of 10 per cent. A thorough-going clean up of the balance sheet, however, would involve further readjustment, for it is inconceivable that the company will desire permanently to carry among its assets goodwill, patents and patent rights valued at £1,913,118 and commutation of royalties valued at £1,100,558. Until these arrangements have been settled, investors will be unable to put any firm valuation on the 10s. Ordinary shares, which are at present quoted at 12s. 3d. The Second Preference shares, at 21s. 10½d., are the more interesting speculative counter. A moderate increase in earnings might make their preferential prospects attractive. For the moment, however, any rights which might accrue to them as a result of the treatment of their arrears in a reconstruction, must be regarded only as a species of deferred equity.

Other Company Results.—The results of thirty-four additional concerns are published in summarised form in our usual table on page 833 of this issue. The appearance of a number of important results this week marks the commencement of the seasonal output of large reports during coming weeks. The latest announcements have been favourably received by the market. *Standard Motor* profits, for example, have stimulated provincial purchasing of the shares at new high levels, on the increase from £106,795 to £157,546. Similarly, *Prices Trust*, which holds the equity interest of the well-known tailoring business, publishes a maiden profit of £87,955, and pays 15 per cent. on the ordinary shares. The recent progress of *New Hudson* has now cleared the debit balance at profit and loss. The latest profits amount to £18,025, compared with £17,165, and the modest but reassuring credit of £2,090 goes forward. The latest rubber results continue to display a certain irregularity. Among the larger concerns, *Eastern Sumatra* and *K.M.S. (Malay States)* show a satisfactory improvement, but some of the smaller companies have apparently been unable to offset the effects of reduced output. Among the miscellaneous concerns, *British and Colonial Furniture* shows a substantial increase in earnings, and pays a 10 per cent. dividend. *Tecalemit*, a concern made public as recently as October, 1934, reports net profits of £53,687 for the period to July 31st last, covering the 14 per cent. dividend with a substantial margin. Only slight improvement is disclosed by the *D. and W. Murray* report, which shows that a loss of £8,923 has been converted into a small profit of £3,873, leaving the heavy debit of £279,459 to go forward.

MINING NOTES

Rhokana Corporation.—The past year will rank as an eventful period in the history of this important Northern Rhodesian copper producer. The electrolytic refinery came into operation early in the year, and later in the period the

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THOMSON McLINTOCK & CO., 71, Queen Street, London, E.C.4. Chartered Accountants.

restriction scheme was drawn up by the principal producers. On the financial side, the company's capital structure was changed by an issue of 1,500,000 preference shares, the expenses of which, together with provision for debenture redemption—totalling £111,180—have been written off from general reserve. Production in the latest year amounted to 69,230 long tons, as compared with 62,180 tons in the preceding year, and costs were slightly lower at £22.2 per ton. The fact that the profit, at £481,290, fell somewhat below the earnings of 1933-34 is attributable to difference between stock valuations. The preference dividend for the broken period absorbed £26,560, and the initial distribution of 12½ per cent. on the ordinary shares required £305,290. After allocating £150,000 to general reserve, a balance of £287,620 is carried forward, against £429,910 brought in. Capital expenditure for the year totalled £693,700. The company's various properties have been written down to a nominal figure, while its holding of 2,758,600 shares in Mufulira is entered at £1,007,730. The first year's operations on the part of this undertaking are expected to show a loss, but ultimately a good return is "confidently expected." On the basis of the maiden dividend, Rhokana £1 shares at a current quotation of just over £5 ex-dividend give a yield of about 2½ per cent. The market is thus making evident allowance for the improved results anticipated in the future.

Consolidated African Selection.—Last year's results, writes our mining correspondent, show a small decrease in revenue, accompanied by a higher total dividend, owing to a reduction in general expenditure. The income from diamonds, trading, etc., amounted to £261,070, as against £268,950. No provision has been required for debenture premiums, owing to the recent redemption, and the present accounts are relieved of issue expenses, which absorbed £15,200 out of the 1933-34 profits. A whole year's preference dividend, however, required £16,300, compared with £7,640, and £7,500 was set aside towards the preference redemption reserve. Taxation at £58,600 absorbed more than double the previous year's amount. The allocation to general reserve was unchanged at £25,000. The balance dividend of 40 per cent. makes a total of 65 per cent., against 60 per cent., but the balance carried forward has been reduced from £32,210 to £15,650. The directors describe the position on the Gold Coast as satisfactory, and mention that prospecting work in Sierra Leone has "indicated the existence of further large payable deposits of diamonds of good quality." Additional plant will shortly be in operation, permitting the company to raise its output to a level "more commensurable with the extent of the known reserves." The cash position is good, current assets totalling £382,840, against current liabilities of £199,000, including the final dividend. On the basis of last year's distributions the indicated yield is just under 6 per cent. With the prospects of a further expansion in the rate, this return may be regarded as adequate.

Cam and Motor.—A further expansion occurred in the latest results of this concern, which is the most important gold producer in Rhodesia. Unfortunately, the company continues its practice of setting out net receipts from the gold premium as a supplementary item in the profit-and-loss account. Thus the table of operating results may lead to erroneous conclusions. According to the manager's report, the net working profits of the mine amounted to £150,700, or 9s. 9d. per ton, in place of £156,280, and 10s. 2d., previously, reflecting the crushing of a slightly increased tonnage, since the improved recovery was offset by an advance in the costs. The available surplus for 1934-35 amounted to £329,180, compared with £248,650, and the dividends totalled 7s. per share, against 6s. Once again £50,000 was transferred to reserve, increasing the fund to £100,000. This appropriation appears necessary in view of the deficiency of £106,500 in cash assets on June 30th. Despite

the favourable developments at depth, the value of the ore reserves is 1s. per ton lower at 39s., the tonnage being 29,000 tons higher at 1,233,000 tons. On last year's dividends the shares yield 9 per cent.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Anglo-South American Bank, El Oro Mining and Railway, John Delaney, Tangoel Rubber Estates, Seager Evans and Company, and Morkwa. The chairman of Anglo-South American Bank, after explaining the difficulties with which the Bank is faced, said that he could see little in the world situation to encourage anybody who is prepared to look facts in the face. Mr Ernest T. Thornton-Smith, of Seager Evans and Company, said that the directors looked forward with considerable confidence to the future; sales of the company's gin had greatly increased. The chairman of El Oro Mining and Railway Company reported the best results for many years. The price of silver is most important to the company, and he expected the United States Silver Senators to keep up their agitation. The chairman of Tangoel Rubber Estates estimated that, with the present price of rubber, the company should be able to obtain satisfactory results. At the meeting of Morkwa, Ltd., the chairman drew attention to the great improvement in the company's cash position in the last two years and reported favourably on the exploitation of the properties in West Africa. The chairman of John Delaney reported an uneventful year, the chief event of which had been the renewal of an important contract for the supply of lime at a slightly higher price.

THE WEEK IN THE MARKETS THE LONDON STOCK EXCHANGE

SETTLING DAYS
TICKET NOVEMBER 5 | ACCOUNT NOVEMBER 7

The market's whole attention has been concentrated upon St. Stephen's this week, and it has not been disappointed. The Foreign Secretary's declaration against military sanctions and his elaboration of the meaning of "collective" action marked the turning point of the market's mild apprehensions regarding international politics, including in particular the recent diplomatic strain between Great Britain and Italy. Hopefulness developed into assurance as the general election had no effect on a market which can perhaps afford to count upon the return of a Government of predominant "House" complexion.

During the previous week operations in the gilt-edged market had been largely restricted to War Loan, pending the deduction of interest. This week's movements, however, were appreciably more buoyant. War Loan operation was in half-gallop, with the speculative operators busy in the "irredeemable" group. Dated stocks showed sound improvement, the Conversions advancing on Wednesday as much as three-quarters of a point. India stocks appreciated in sympathy with gilt-edged, and in a firm well supported.

In the European bond list, where "nerves" have been very evident in recent weeks, the improvement in the international situation brought renewed support for Austrian issues—the 7 per cent. loan reaching 87 in end-week dealings—and other depressed Central European issues were slightly more confident. The principal feature elsewhere was provided by the continued strength of Japanese bonds, which appreciated steadily by one point each day. The tone in the South American market was good, but rises tended to be fractional and somewhat irregular.

The temporary alleviation of the South Wales coal troubles brought early support to the Home Rail market, which was further stimulated in mid-week dealings by a batch of reasonably good traffics. The postponement of the

appeal in the Southern rating case to mid-November can now be regarded as authoritative. Although business was never more than moderately active, both ordinary and prior charge stocks moved to slightly higher levels. The Argentine rail market professed to find the latest results (discussed on pages 814 and 815) better than its gloomiest anticipations and prices were generally marked up. Further encouragement was derived from the week's traffic returns—despite their apparent irrelevance in view of the exchange position. A special rise in Antofagasta issues marked the decision to pay 2½ per cent. on the 5 per cent. preference stock, which surprised a market which had gone dividendless since 1932.

In the industrial market, the momentum steadily increased throughout the week. The market could not have expected more favourable confirmation of its own construction of international developments than Tuesday's statements from Westminster, and the quickening of professional interest was promptly followed by a confident volume of public support. Wall Street's influence, which provided most of the interest on Monday, tended to lose importance amid the general advance. An opening feature, however, was provided by Cables and Wireless stocks in response to the higher traffic index. Some possibilities in this group are discussed on page 812. Motor shares were active. Standard found a keen demand at strongly rising prices, while, in a strong commercial motor group, Dennis were tempted earlier in the week to discount increased dividend prospects. In the electrical market, both equipment and supply issues were in renewed demand, the former amid reports of capital bonus possibilities.

A prominent exception to the week's trend was found in the iron and steel group. Possibly some dealers inclined to the view that the recent advance discounted possibilities sufficiently far ahead. After the Prime Minister's speech, with its insistence upon increased defence provision, the market could not have been in any doubt regarding its prospects, but there was no stimulus to extend new purchasing. Aviation shares, similarly, ruled much quieter than of late.

Shares in the home consumption trades were firmer without exception. Among brewery shares the advance was general; distilling issues improved; and the leading tobacco issues were steadily supported. Provision issues, including Unilever and Tate and Lyle, responded to firm support, while United Dairies rose on the report (discussed on page 816). Textiles showed a firmer front, although British Celanese made a dull response to the report (analysed on page 817), which lacked the expected scheme to deal with the second preference arrears.

A cheerful tone suffused the miscellaneous section of the market. Business opened with modest confidence, and public support did not seem assured until mid-week. The tone became cheerful after the Foreign Secretary's speech, when building issues took the lead, and chemical, oxygen, metal and rubber shares found good support. Special activity developed in British Portland Cement on Thursday in anticipation of a new issue on bonus terms. Bank shares continued to improve slightly, and some fairly substantial investment buying was reported in the insurance share market.

Among oil shares, the account started well, and continued to improve. Short sellers promptly covered their positions, and the leading issues maintained an advance without any check. Interim dividend hopes were freely canvassed, but United States petrol movements were not without influence in a much more confident market.

The rubber share market, ever bullish so far as restriction possibilities are concerned, was further reassured this week by the publication by the Dutch East Indies Government of the financial provision for its stock-holding operations. This attempt to stem the native problem, assisted by the further increase in the export duty and by the general improvement in market sentiment, brought an appreciable influx of buying orders, which, not infrequently, were covered with some difficulty. Tea shares opened rather quietly, but certain tea cum rubber issues showed more life in mid-week dealings.

Interest in the mining markets broadened during the week, although professional activity remained an important factor. A long list of gains was established in open-

ing "Kaffir" dealings, but features were reserved for later days, when West Witwatersrand crossed the £4 mark, and other concerns in the development stage were well supported. Established producers, however, were not neglected, and both Daggafontein and Sub Nigel were prominent. The recovery spread its mantle over the East and West African markets, and Australian issues responded sympathetically rather than warmly. Buyers were attracted to the tin shares on the further increase in the quota, and the Rhokana report (discussed on page 817) was satisfactorily received by the Rhodesian copper market.

"FINANCIAL NEWS" DAILY BARGAIN INDEX
(Approximate number of Bargains recorded in Stock Exchange Lists)

	Week to Oct. 18, 1935	Oct. 17, 1935	Oct. 18, 1935	Oct. 21, 1935	Oct. 22, 1935	Oct. 23, 1935	Oct. 24, 1935
Government and Municipal Loans	5,833	1,058	1,136	1,370	1,168	1,295	1,309
Transport, Communications, and Public Utilities...	4,914	891	930	1,168	1,035	984	998
Commercial and Industrial	21,690	4,212	4,463	4,628	4,048	4,627	4,829
Banks, Insurance and Financial ...	3,083	599	601	584	612	568	591
Mines (including Nitrate) ...	8,322	1,073	1,227	1,293	1,125	1,461	1,608
Oils ...	889	179	153	330	236	173	257
Rubber, Tea and Coffee	1,685	279	215	570	349	483	558
Total	44,416	8,291	8,725	9,943	8,573	9,591	10,150
Corresponding day in 1934	...	7,774	8,210	8,438	7,584	7,279	7,234

* Including Iron and Steel and Breweries

REVISED "FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (July 1, 1935 = 100)

Highest of 1935 (Aug. 13)	Lowest of 1935 (Mar. 27)	Oct. 17, 1935	Oct. 18, 1935	Oct. 21, 1935	Oct. 22, 1935	Oct. 23, 1935	Oct. 24, 1935
104.2	87.4	98.1	97.6	98.1	98.5	99.2	99.5

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS. (1928 = 100)

Highest of 1935 (Feb. 1)	Lowest of 1935 (Oct. 3)	Oct. 17, 1935	Oct. 18, 1935	Oct. 21, 1935	Oct. 22, 1935	Oct. 23, 1935	Oct. 24, 1935
141.0	131.9	132.5	132.2	132.6	132.7	133.1	133.6

FOREIGN STOCK EXCHANGES NEW YORK

AFTER the middle of last week Wall Street paused to digest its advances, but on Saturday M. Laval's peace moves started the rise again, and the more fundamental stimulus of domestic business recovery carried prices upward to the middle of this week. Motor and motor accessory shares continued to lead the market; motor output is increasing slowly and the industry is awaiting the result of the New York Show, brought forward for the first time from Spring to November. General Motors has cut the charge to customers for financing instalment sales to 6 per cent. First-class industrials made substantial gains, and speculative issues were pushed up by increased interest from the public. Oil shares were firm in spite of increasing production which is being stored by Western producers. This week even Utility issues joined in the general rise, in expectation of a favourable decision from the Federal District Court of Baltimore in the American States Public Services Company case. This may lead to a rejection of the Public Utilities Act by the U.S. Supreme Court. The New York, New Haven and Hartford Railroad has filed a petition to reorganise under the Bankruptcy Act, because of low gross revenues and inability to raise new loans; yet railroad issues

THE COMING BOOM IN AMERICAN MOTORS

By L. L. B. Angas

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became one of the strongest features of the day on Wednesday. Interest in the bond market was centred mainly on low-priced issues and convertible rail bonds. All signs point to an expectation of inflationary recovery as the mainspring of the stock market enthusiasm, the daily share turnover running at 2,750,000. Imports of gold continue and member banks' excess reserves are now \$2,248,000,000. Interest rates are firmer in some parts of the country, and there is a slight increase in the demand for commercial loans. Bankers' acceptances increased over \$30,000,000 in September. Business activity during the first half of October was maintained at the September level; car-loadings are 15 per cent. above last year; electricity output for last week was 11.7 per cent. over last year; and "Iron Age" reports steel mill activity as 52.5 per cent. of capacity, against 52 per cent. last week.

	Oct. 16, 1935	Oct. 23, 1935	Oct. 23, 1935	Oct. 16, 1935	Oct. 23, 1935	Oct. 23, 1935
U.S. 2½% Treas. Bds. 1945-47 ...	102½	100½	102½	Natl. Biscuit ...	31½	31½
Atchafson ...	47½	49	49½	Phelps Dodge ...	24½	24½
Erne ...	10½	10½	10½	Fulman ...	31½	31½
Illinois Central ...	14½	15½	15½	Sears Roebuck ...	58½	59½
N.Y. Central ...	22½	23½	23½	Un. Fruit ...	68	67½
Pennsylvania ...	27	27½	28½	U.S. Leather ...	8½	8½
Southern Pacific ...	18½	18½	18½	U.S. Rubber ...	13	13½
Southern Ry. ...	9	9½	9½	U.S. Steel ...	45½	47½
Union Pacific ...	94½	96	97½	Westinghouse ...	84½	85½
				Woolworth ...	59	58½
Am. Can. ...	144	147½	149½	Am. Tel. and Tlg.	141½	142
Amer. Smelting ...	52½	53	53½	Interboro R.T.	20½	19½
Anacosta ...	20½	20½	21½	Int. Tel. Teleg.	9½	10½
Bethlehem Steel ...	38½	39½	40½	Utilities P. & L.	2½	2½
Chrysler Motor ...	80½	87½	88½	W. Union Tlg.	57	61½
Corn Products Rf. ...	64½	63½	64½			
Eastman Kodak ...	156½	163	165½	Shell ...	34½	36½
Gen. Electric ...	34½	34½	35½	Shell Union ...	9½	10½
Gen. Motors ...	49	51½	52½	Std. California ...	33	36½
Int. Harvester ...	57	59½	60½	Do. N.J. ...	45	48½
Mont. Ward ...	32½	33	33½			

† Calculated at \$4.92 to £.

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

	1934	1935	1935	1935	1935	1935	1935	1935
	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest
	Sept. 19	Feb. 21	Mar. 20	Oct. 23	Jan. 1 to Oct. 23	Be-ginning of Year 1935	Oct. 9, 1935	Oct. 16, 1935
851 Industrials ...	74.3	90.5	74.5	103.1	83.1	96.8	100.3	103.1
83 Rals ...	34.0	51.4	34.0	51.4	34.0	51.4	34.0	51.4
87 Utilities ...	55.2	83.4	55.2	83.4	55.2	83.4	55.2	83.4
Total, 421 Stocks	65.6	82.1	65.6	82.1	65.6	82.1	65.6	82.1
Average yield of 50 Industrial Common Stocks	2.78%	3.90%	2.78%	3.90%	2.78%	3.90%	2.78%	3.90%

† December 26th. (s) February 7th. (v) August 14th. (x) September 11th.

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

	Highest of 1935 (Oct. 23)	Lowest of 1935 (Mar. 15)	Oct. 16, 1935	Oct. 17, 1935	Oct. 18, 1935	Oct. 19, 1935	Oct. 21, 1935	Oct. 22, 1935	Oct. 23, 1935
117 ½	78.6	113.6	113.2	112.8	114.6	116.7	116.2	117.3	

TOTAL DEALINGS IN NEW YORK

	Oct. 17, 1935	Oct. 18, 1935	Oct. 19, 1935	Oct. 21, 1935	Oct. 22, 1935	Oct. 23, 1935
Stock Exchange—Shares (Thous.) ...	1,610	1,450	990	2,870	2,840	2,760
Bonds (Value Thous. \$) ...	11,280	10,650	4,770	9,720	14,160	14,720
Curb—Shares (Thous.) ...	322	290	177	431	518	598

PARIS

The Bourse ended last week with a firmer tone. Bears were cautious, since any lessening of the tension in the Mediterranean which might occur over the week-end would cause a collapse in their position. At the beginning of this week the anticipated political developments led to an all-round increase in prices, and the bear account was largely closed. Rentes gained over one point, Suez Canal and closed. Banking shares made appreciable gains; mining shares were fairly strong and commodity shares joined with rises in commodity prices. But the usual indecision set in at mid-

week, and profit-taking led to losses in a narrow market, with business confined mainly to professional operations. The Bourse is unable to find hope in either the position of France's domestic economy or the rapid changes in the international outlook.

	Oct. 16, 1935	Oct. 21, 1935	Oct. 23, 1935	Oct. 16, 1935	Oct. 21, 1935	Oct. 23, 1935
Banque de France	8,850	9,050	8,980	Wagons Lits	381	381
Crédit Lyonnais	1,605	1,635	1,605	Mexican Eagle	18½	18½
Suez Canal	17,075	17,550	17,605	"Chartered"	86	86½
Chargeurs Réunis	133½	142	143	Ford	52	51½
Rio Tinto	1,315	1,318	1,312	De Beers	389	389
Royal Dutch	19,430	19,730	19,920	"Johnnies"	261	261½

BERLIN

The share market last week was dull, and two-thirds of the industrials were at times unquoted. Prices of steels, chemicals and public utilities declined until Friday, but some electrical issues were firm. On Friday the market recovered, and the week closed firm. Reichsbank shares were stable, the commercial banks advanced after an initial decline, Aku rayon rose, and a special bull market developed in Westdeutscher Kaufhof (Tietz). The new week opened firmly, with gains by rayon issues, which continued to advance on Tuesday against a weakish market. Reich valorised loan rose, and in general mark bonds were steady. Among certificated dollar bonds, the State and bank issues were slightly lower. On Wednesday, all prices sagged, with the exception of Reichsbank shares, which gained over one point. The volume of business was small.

	Oct. 16, 1935	Oct. 21, 1935	Oct. 23, 1935	Oct. 16, 1935	Oct. 21, 1935	Oct. 23, 1935
Reichsbank	172.50	174.75	174.75	A. E. G.	96.90	97.00
D.D. Bank	85.50	87.25	85.75	Siemens and	168.50	170.50
Dresdner	86.50	87.25	85.75	Halske	168.50	170.50
I. G. Farben	149.10	149.40	148.00	A. K. U.	51.75	56.75
Industrie	18.40	17.90	17.75	Hamburg-Amer.	16.40	16.40
Norddeutscher Lloyd (New)				("Hapag New")	16.40	16.40

AMSTERDAM

Last week closed with a burst of activity on what were called optimistic hopes of the political situation; but since attention on the Bourse was concentrated on commodity issues, such as sugar and rubber, the optimism must have referred to "localisation" of the war, not to its termination. Industrials shared in the rise. Philips Lamps gained 7 points, and even shipping shares were buoyant. But enthusiasm fell this week, which opened with profit-taking. Shipping and industrials continued to be firm on Monday, but rubber issues were dull in spite of a large decrease in British stocks. Sir Samuel Hoare's speech was interpreted as a weakening of Britain's stand for the League, and, with receding hopes of war profits, commodity issues fell appreciably. In general, the Bourse held slight gains over a week ago, with bonds slightly higher.

	Oct. 16, 1935	Oct. 21, 1935	Oct. 23, 1935	Oct. 16, 1935	Oct. 21, 1935	Oct. 23, 1935
2½% Dutch Loan	73	73½	73½	Steel Common	27½	27½
5½% German	20½	19½	19½	A. K. U.	24½	27½
Unilever N.V.	98½	100½	101	Ford Motor	254½	252
Philips Lamps	245½	254½	248½	Deli Batavia Tob.	139	141
Netherlands Ship Union	39½	44½	41½	Royal Dutch	188	192
				Handels Ams.	197½	206½

CANADA

The Canadian stock markets reacted in the second half of September owing to the war scare in Europe, and stocks declined steadily. On October 3rd the Investors' Index published by the Bureau reached a low point since May, and both investors and speculators showed considerable nervousness regarding the outlook. Subsequently the tone has improved, and there is evidence of some renewal of investment buying. Trading, however, remains on a limited scale, and on the Montreal Exchange it has been running under 6,000 shares per day. Only bank stocks have shown real strength and some substantial advances have been registered. The bond market has been weak, and Government issues have been weaker following Mr Mac-scheme. The average price of seven high-grade Canadian bonds on October 8th was 107.62, as compared with 111.54 on August 31st. Mining shares have been fairly active but spasmodic. The rise in copper has brought speculative interest in copper shares. The Investors' Index of the Bureau of Statistics for the week ending October 3rd was

94.7, as compared with 95.8, 98.5 and 98.7 for the weeks ending September 26th, 19th and 12th respectively.

	Price, Sept. 25, 1935	Price, Oct. 23, 1935	Oct. 23, 1935	Price, Sept. 25, 1935	Price, Oct. 23, 1935	Oct. 23, 1935
Bell Telephone	131½	132	132½	Dominion Glass	93½	90
Canadian Car and Foundry	5½	4½	4½	International Petroleum	34½	36½
Do., pref'd.	10½	11	11	Brazil Traction	7½	7½
Power Corporation	7½	9½	9½	British Columbia Power "A"	23½	25½
Dome Mines	40½	39	39½	Do. "B"	3½	3½
Hollinger	12½	13½	13½	Canada Cement	5½	6½
McIntyre	38½	36	36½	Do. pref'd.	52½	54½
Bank of Canada	52	52½	52½	International Nickel	30½	31½
Bank of Montreal	154½	180½	180½	Mussey Harris Com.	4½	5½
Bank of Nova Scotia	249	257	257½	Montreal Light	30½	32½
Royal Bank of Canada	138	159½	159½	Ogilvie Flour Mills	150	155
Canadian Bank of Commerce	125	148½	148½	Quebec Power	13½	14½
Canadian Pacific Ry.	10½	9½	9½	Shawinigan Water	16½	18½
Cockshutt Plow	7½	7½	7½	Steel Co. of Canada	48½	53

† Calculated at \$4.99 to £.

CAPITAL ISSUES

THE new issue market has again been quiet this week, although there are signs that the more confident trend of the market may encourage a modest revival of activity. The only public offer, on behalf of *Weyburn Engineering*, met with a favourable reception. The profits of this precision engineering concern have shown a remarkable expansion since 1931, and the cover afforded by recent earnings on the relatively small capitalisation is satisfactory, and the purchase consideration appears reasonable. The small size of the mixed issue, however, may make for a somewhat narrow market. Among this week's "introductions," the most spectacular is that of *Short Brothers* 5s. "A" ordinary and ordinary shares. Some 250,000 of the latter were acquired by Erlangers, Ltd., at 23s. 4d. (together with options on two blocks of 37,500 shares at 25s. and 27s. 6d.). Dealings commenced at 29s. 9d., but the shares were rapidly bid as high as 33s. This "introduction" thus follows the pattern of some recent examples, where the high premiums established on opening dealings have raised the question whether advertisement "for information only" and the making of a market are appropriate in such cases. The profits of *Alex. Lawrie* show a decline during the last decade, but the average for the last six years shows satisfactory cover for the preference and ordinary shares. Two other concerns with overseas interests, *Rollo Tea Estates of Ceylon* and *Port of Beira Development*, have also published particulars "for information."

ISSUES OF THE WEEK

By Prospectus or Offer for Sale

Amount previously recorded, Jan. 1 to Oct. 19, 1935, including conversions, £259,211,253
Amount previously recorded, Jan. 1 to Oct. 19, 1935, excluding conversions, £130,841,950
National Savings Certificates.
Net receipts, Five days to October 19, 1935, Dr. £100,000.

	Nominal Capital	Conversions	New Money	First Payment	Further Liability
To the Public					
Weyburn Engineering Co., 120,000 6% cum. pref. 10/-, at par	60,000	...	60,000	12,000	48,000
Do. 160,000 ord. 5/-, at 6/3	40,000	...	50,000	16,000	34,000
Total	100,000	...	110,000	28,000	82,000
Issues to Shareholders only					
Alpha Cement, 48,500 ordinary £1 at 30/-	48,500	...	72,750	...	72,750
Do., 200,000 5½% cum. preference shares £1, at par	200,000	...	200,000	...	200,000
Total	248,500	...	272,750	...	272,750

	Including Conversions	Excluding Conversions	Including Conversions	Excluding Conversions
Total Offered for Subscription—				
Jan. 1 to date—				
1935	259,494,003	131,124,700	1934	410,980,300
1934	335,940,627	145,928,927	1933	467,921,500
1933	417,623,324	230,897,884	1932	2,689,684,265
1932	472,764,031	177,140,729	1931	114,280,686
1931	504,011,033	329,881,302	1930	693,100,058
(a) This figure includes £1,920,000,000 for conversion of 5 per cent. War Loan into 3½ per cent. War Loan.				

Nature of Borrowing

	Debtures	Preference	Ordinary	Total
January 1 to date—				
1935	72,367,551	27,525,024	31,232,125	131,124,700
1934	91,803,639	15,674,858	38,450,432	145,928,927
Whole year—				
1935	212,917,900	45,062,600	111,177,600	369,158,100
1934	222,064,300	12,733,700	9,982,500	244,780,500
1933	102,769,300	21,461,000	44,878,400	169,108,700



By Stock Exchange Introduction

	Capital Introduced	Approximate Price Dealings Began	Cash Involved
Amount previously recorded	25,494,834	...	39,102,469
Bearmans, Ltd., 50,000 6% Cum. Pref. £1	50,000	21/3	56,250
Light Production Co., 22,500 Ord. shares £1	22,500	19/6	21,938
Short Brothers (Rochester and Bedford), 250,000 Ord. Shares 5/- at 23/4	291,666	29/-	362,500
Lawrie (Alex.), 140,000 Ord. £1	140,000	35/4	247,825
Do., 120,000 6% Cum. Pref. £1	120,000	23/6	141,000
Rollo Tea (Ceylon), 45,000 5½% Cum. Pref. £1	45,000	21/3	47,812
Total to date, 1935	26,164,000	...	39,979,594
Total to date, 1934	23,640,568	...	35,326,525

PUBLIC OFFER

Weyburn Engineering Company, Ltd.—Issue of 120,000 6 per cent. cumulative 10s. preference shares at par and 160,000 5s. ordinary shares at 6s. 3d. per share. Acquires from July 1, 1935, engineering business, founded in 1913, for £52,000 payable in cash, and the discharge of debentures and bank loans amounting to £15,846, patent rights for £15,000, payable half in five years; and properties for £6,250 in 5s. ordinary shares. Profits years ended October 31st, before tax and interest: 1932, £4,067; 1933, £6,129; 1934, £11,112. Eight months to June 30, 1935, £9,130. Net assets acquired £78,394, plus £7,500 patent rights. Lists closed 9.5 a.m. October 22. Heavily oversubscribed.

BY STOCK EXCHANGE INTRODUCTION

Lawrie (Alex.) and Company, Ltd.—Issued capital, 120,000 6 per cent. cumulative £1 preference and 140,000 £1 ordinary shares. Operates merchanting and agency business established in 1878. Converted into a public company September 3, 1935. Profits, after charging all expenses other than management commission and income tax: 1932, £25,344; 1933, £36,869; 1934, £37,140; half-year to June 30, 1935, £12,760. Balance sheet, June 30, 1935, shows total assets £339,722.

West's Gas Improvement Company, Ltd.—Issued capital, 50,000 £1 ordinary; 99,805 10 per cent. participating £1 preference and 100,000 6 per cent. cumulative £1 preference shares. Business founded 1874; contractors for gas works plant, patentees of Glover-West Vertical Retort. Net profits, after all charges, years ended March 31st: 1933, £14,313; 1934, £2,396; 1935, £11,586.

Rollo Tea Estates of Ceylon, Ltd.—Issued capital, 40,000 5½ per cent. cumulative £1 preference shares and 79,088 £1 ordinary shares. Acquires from July 1, 1935, Ceylon tea estates valued at £111,559 for £111,588, payable £32,500 cash and £79,088 in fully-paid ordinary shares. Net profits, before charging depreciation and income tax, years ended June 30th: 1933, £5,389; 1934, £8,168; 1935, £12,669.

Short Brothers (Rochester and Bedford), Ltd.—Issued capital, 350,000 5s. ordinary and 250,000 5s. "A" ordinary shares. Founded 1908. Designers and manufacturers of aircraft. Converted to public company August 31, 1935, when 109,984 5s. shares were subscribed for in cash at par. Erlangers, Ltd., have since acquired 250,000 ordinary shares at 23s. 4d. per share, and have options to purchase 37,500 shares at 25s. and 37,500 shares at 27s. 6d. up to April 17, 1937. Net assets, excluding goodwill, £245,246. Profits, before charging income tax, years to August 31st: 1934, £12,467; 1935, £68,747, including £24,586 from sale of royalties, etc.

Port of Beira Development, Ltd.—Capital, 780,000 ls. "A" shares and 20,000 "B" ls. shares. Incorporated in 1922. Owns docks and quays at Beira and 90 per cent. of capital of Beira Works, Ltd. Latter earned surplus of £49,293 for year to March 31, 1935, after charging depreciation and debenture interest. Total assets of Port of Beira Development, Ltd., March 31, 1935, were £60,046.

BONUS ISSUE

London and Colonial Investment Corporation, Ltd.—This company announces a share bonus of one deferred share £1 for each complete £20 of deferred stock requiring £9,240 of reserve to rank for dividend as from October 1, 1935.

BY TENDER

West Hampshire Water Company.—Messrs A. and W. Richards offer 2,000 £10 4½ per cent. preference shares at minimum price of £12, and 1,5

LONDON ACTIVE SECURITY PRICES AND YIELDS

NOTE—Shares with a New York Quotation or with definite American interest are distinguished by italics

In calculating yields on fixed interest stocks quoted below allowance is made for interest accrued since the last date of payment, less income tax at the standard rate. Where stocks are definitely redeemable at a certain date the yield includes any profit or loss on redemption, where stocks are redeemable at or before a certain date the final date of redemption is taken when the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated by reference to the latest dividends account being taken of any enhancement or reduction of interim dividends. Allowance is made for accrued dividends in calculating the yield on "cum div." shares.

Prices, Year 1935 Jan 1 to Oct. 23, inclusive	Last two Half-yearly Dividends	Name of Security	Price, Oct. 23, 1935	Price, Oct. 23, 1935	Rise or Fall	Yield, Oct. 23, 1935	Price, Oct. 23, 1935	Price, Oct. 23, 1935	Rise or Fall	Yield, Oct. 23, 1935
High- est	Low- est	(a) (b) (c) %	(a) (b) (c) %	(a) (b) (c) %	(a) (b) (c) %	(a) (b) (c) %	(a) (b) (c) %	(a) (b) (c) %	(a) (b) (c) %	(a) (b) (c) %
93 734	94 80	Consols 2½% 1950-57	82½	83½	+1½	3 0 1	111 113	112 114	+1½	3 0 1
120 109	118 109	Do. 4% Red. at par on or after Feb. 1957 (m)	111½	113	+1½	3 4 6	111½	113	+1½	3 4 6
102 92	103 97	Do. 3½% 1948-49	101	103	+2	2 16 2	101	103	+2	2 16 2
101 91	102 100	Do. 3½% 1948-52	101	103	+2	2 16 2	101	103	+2	2 16 2
116 108	114 108	Do. 3½% after 1961 (s)	103½	104½	+1½	3 6 0	103½	104½	+1½	3 6 0
124 115	124 115	Do. 5% 1944-44	109	110	+1	2 10 7	109	110	+1	2 10 7
104 98	106 98	Do. 5% 1944-54	116	117	+1	2 16 6	116	117	+1	2 16 6
121 111	121 111	Funding 3½% 1959-69	99½	101	+1½	2 18 10	99½	101	+1½	2 18 10
103 101	102 101	Funding 4½% 1960-80	113	114	+1	3 8 0	113	114	+1	3 8 0
119 109	110 110	3½% Treasury Bonds 33-42	101	103	+2	2 16 2	101	103	+2	2 16 2
108 101	101 101	Victory Bonds 4½%	111½	113	+1½	3 4 0	111½	113	+1½	3 4 0
91 86	88 88	Local Loans 3½%	104	105	+1	3 12 5	104	105	+1	3 12 5
104 101	104 100	Austria 3½% 1933-53	91½	93	+1½	3 4 8	91½	93	+1½	3 4 8
83 61	86 66	India 2½% 1945-75	69	71	+2	3 10 4	69	71	+2	3 10 4
91 74	95 76	Do. 3½% 1945-75	79½	81½	+2	3 13 7	79½	81½	+2	3 13 7
99 86	100 90	Do. 4½% 1958-88	93½	94½	+1	3 14 6	93½	94½	+1	3 14 6
118 108	119 112	U.K. & A. 4½% (1947)	106½	108½	+2	3 7 8	106½	108½	+2	3 7 8
107 105	108 105	Dom. & Colonial Govts.	109	109	...	4 2 8	109	109	...	4 2 8
117 107	113 106	Australia 5% 1945-75	109	109	...	4 2 8	109	109	...	4 2 8
107 103	108 112	Canada 4½% 1940-60	102	102	...	3 15 0	102	102	...	3 15 0
119 113	119 112	Gold Coast 4½% 1956-80	114	114	...	3 12 6	114	114	...	3 12 6
120 113	120 116	Nigeria 5% 1950-80	115	117	+1	3 12 0	115	117	+1	3 12 0
117 109	115 110	N. Zealand 5% 1948-60	105	105	...	3 14 0	105	105	...	3 14 0
109 104	109 109	Queensland 5% 40-60	111	112	+1	3 15 0	111	112	+1	3 15 0
119 111	118 113	S. Africa 5% 1945-75	114	115	+1	3 7 6	114	115	+1	3 7 6
101 89	101 98	Argentine 4½% Resc. 1952	100	100	...	4 1 1	100	100	...	4 1 1
55 69	101 82	Austria 7% 1957	85	85	...	8 13 4	85	85	...	8 13 4
63 37	101 76	Do. 4½% 1954-59	78½	82½	+4	5 18 7	78½	82½	+4	5 18 7
114 108	112 106	B. Aires (Prov.) 3½%	60	60	...	16 2 6	60	60	...	16 2 6
101 74	84 84	Bulgaria 7½% Loan	15½	15½	...	9 0 3	15½	15½	...	9 0 3
30 16	23 13	Brazil 5% Fund. 1914	55½	55½	...	3 4 8	55½	55½	...	3 4 8
86 60	91 71	Chili 6% (1929)	14½	14½	...	6 8 3	14½	14½	...	6 8 3
100 87	100 84	China 5% (1912)	78½	77½	-1	5 10 0	78½	77½	-1	5 10 0
110 101	103 99	Do. 5% (1913)	92	92	...	7 18 0	92	92	...	7 18 0
99 82	103 93	Czechoslovakia 8%	101½	100½	-1	3 6 1	101½	100½	-1	3 6 1
99 76	89 83	Danish 6%	95	95	...	3 3 6	95	95	...	3 3 6
111 104	109 98	Egypt 4½% 1936-65	102	103	+1	4 0 0	102	103	+1	4 0 0
85 64	78 56	French 4% (British)	26	26½	+½	4 9 0	26	26½	+½	4 9 0
69 30	58 38	German 7% (Dawes)	58½	57½	-1	12 3 0	58½	57½	-1	12 3 0
36 31	37 26	Do. 5½% (Young)	41	41½	+½	13 8 0	41	41½	+½	13 8 0
43 37	45 31	Greek 6% Stab. L.	28	29	+1	...	28	29	+1	...
46 39	51 38	Do. 7% Ref. 1925	33	36½	+3½	...	33	36½	+3½	...
88 76	91 71	Hungary 7½%	40	39½	-½	9 7 3	40	39½	-½	9 7 3
88 76	91 71	Indonesia 7½% 1936-65	87½	87½	...	2 11 4	87½	87½	...	2 11 4
95 84	97 85	Do. 6% (1924) Red 1959	92	95	+3	6 11 0	92	95	+3	6 11 0
139 98	144 111	Norwegian 4½ 1911	125	125	...	3 5 0	125	125	...	3 5 0
50 25	50 42	Peru 7½ 1922	45½	45½	...	7 14 8	45½	45½	...	7 14 8
95 84	100 82	Poland 7% 1922	92½	90½	-2	...	92½	90½	-2	...
20 14	16 16	Roumania 4½ 1922	13½	13½	...	2 12 0	13½	13½	...	2 12 0
133 97	144 106	Sweden 3½ 1928	175	175	...	4 17 1	175	175	...	4 17 1
111 102	112 106	U.K. & Argentine 1933	109	107½	-1½	...	109	107½	-1½	...
53 18	37 24	Do. C. Certs. (1951)	76½	75½	-1	4 0 0	76½	75½	-1	4 0 0
120 114	120 114	Do. C. Certs. (3% Max.)	105	105	...	...	105	105	...	...
122 115	122 114	Berlin 6% 1932-57	25½	25½	...	...	25½	25½	...	...
131 108	122 114	B. B. 5% 1948-56	115	115	...	3 7 0	115	115	...	3 7 0
97 78	95 64	Bristol 5% 1948-58	116	116	...	3 7 0	116	116	...	3 7 0
124 114	124 114	Danish 7% 1935-45	82½	82½	...	11 0 0	82½	82½	...	11 0 0
107 103	108 104	Do. 6% 1935-45	122	122	...	3 13 8	122	122	...	3 13 8
97 78	95 64	E. London 1930-70	104	104	...	3 8 0	104	104	...	3 8 0
107 103	108 104	Do. 5½% 1937-52	91	92	+1	3 5 7	91	92	+1	3 5 7
97 78	95 64	L.C.C. 3%	91	92	+1	3 5 7	91	92	+1	3 5 7
...	...	Seine (Dpt. O.) 4½% 1952	103	103	...	4 5 0	103	103	...	4 5 0

(a) Interim dividend. (b) Final dividend. (c) Last two yearly dividends. (d) Paid in New Zealand Currency. (e) Yield worked on 15% basis. (f) Yield worked on 3½% basis. (g) Yield worked on redemption at par on Feb. 1, 1957. (h) Yield worked on redemption at par on December 1, 1952. (i) Yield worked on 8% basis. (j) Paid in Australian Currency. (k) Yield worked on 25% basis. (l) Yield worked on 25% basis. (m) Yield worked on 25% basis. (n) Yield worked on 25% basis. (o) Yield worked on 25% basis. (p) Yield worked on 25% basis. (q) Yield worked on 25% basis. (r) Yield worked on 25% basis. (s) Yield worked on 25% basis. (t) Yield worked on 25% basis. (u) Yield worked on 25% basis. (v) Yield worked on 25% basis. (w) Yield worked on 25% basis. (x) Yield worked on 25% basis. (y) Yield worked on 25% basis. (z) Yield worked on 25% basis. (aa) Yield worked on 25% basis. (ab) Yield worked on 25% basis. (ac) Yield worked on 25% basis. (ad) Yield worked on 25% basis. 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with maximum dividend of 7 per cent., at minimum price £17 5s. Net revenue year to June 30, 1935, £22,212. Available for ordinary share dividends £10,085. Revenue from water rates, etc., years to June 30th: 1933, £30,765; 1934, £33,775; 1935, £37,343.

ISSUE TO SHAREHOLDERS ONLY

Alpha Cement Company, Ltd.—Issue of 200,000 5½ per cent. cumulative preference shares £1 at par to existing preference and ordinary shareholders, the former having preferential consideration. The company is also issuing the balance of 48,500 unissued ordinary shares at 30s. per share in proportion of one new share for each 14 ordinary shares held. The new money is required for additional machinery and improvement of transport facilities.

CONVERSIONS AND REPAYMENTS

Tasmania 4 per Cent. Inscribed Stock, 1920-1940.—The whole of this stock will be repaid on December 2, 1935, at par.

Egyptian Consolidated Lands, Ltd.—With regard to non-interest-bearing debenture stock the company will on November 14, 1935, redeem at par all the balance outstanding.

Peebles Hotel-Hydropathic.—The directors have decided to reduce the capital by repaying the 3,513 issued 6 per cent. cumulative "A" preference £1 shares and 10s. per share on the 20,000 £1 ordinary shares. It is proposed to cancel the 6,487 unissued "A" shares. An extraordinary meeting will be held at Peebles on November 12th to sanction the proposals.

Kassala Cotton Company.—The Sudan Plantations Syndicate, which owns all the 250,000 £1 preference shares and 475,000 of the 1,000,000 ordinary 1s. shares, has agreed that if the ordinary shareholders will assent to the conversion of the 250,000 preference shares into 5,000,000 ordinary shares of 1s. each, ranking in all respects *pari passu* with the existing ordinary shares—making the total issued capital 6,000,000 ordinary shares 1s.—it will transfer to the holders of the 525,000 ordinary shares not owned by the syndicate, as registered on October 23, 1935, free of cost, two additional shares for every share held by them. Meeting, Winchester House, London, November 14th, at 11 a.m.

The El Oro Mining and Railway Company, Ltd.—The resolution for the conversion of the company's shares into stock, transferable in units of 5s., has been passed.

FIXED TRUSTS

British Empire Comprehensive Trust Certificates.—Managers, Fixed Trust Investments, Ltd. Trustees, Lloyds Bank, Ltd.; 150 underlying securities in unit. Trust period 20 years, with optional power to extend by three-fourths majority in meeting of certificate holders. Loading charge, 7 per cent. Power to eliminate securities in whole or part, and for re-investment on specified terms. Voting rights exercised by managers. Continuity of management provided by Escrow Fund. Managers undertake to repurchase sub-units at net realisable value.

Century Fixed Trust Certificates.—Managers, National Fixed Investment Trust, Ltd. Trustees, Midland Bank Executor and Trustee Co., Ltd. 100 underlying securities in unit. Trust period 15 years; service charge 5 per cent. Power to eliminate and distribute proceeds. Managers exercise voting rights. Escrow Fund provided for management and trustee fees. Managers undertake to repurchase sub-units at net realisable value.

FORTHCOMING ISSUES

Thrill Stores, Ltd.—It is expected that an issue of deferred shares will shortly be made to shareholders.

South African Internal Loan.—South Africa intends to raise a £10,000,000 3 per cent. internal loan in April, 1936, in order to provide for the investment of surplus funds.

Wade Potteries, Ltd.—London Industrial Finance Trust, Ltd., will shortly make an offer of 80,000 cumulative preference shares 10s. and 150,000 ordinary shares 2s. each at 4s. per share.

Sun Cycle and Fitting Co., Ltd.—The London Industrial Finance Trust, Ltd., are making underwriting arrangements for an issue on behalf of the Sun Cycle and Fitting Company, Ltd.

National Canning Company, Ltd.—It is understood that this concern is entering into an agreement with Messrs Burt, Boulton and Hawwood, Ltd., for the acquisition of that

company's fruit and vegetable canning business. Negotiations are also taking place for the acquisition of St. Martin Preserving Company, of Slough. A new issue of capital is expected to be made.

Severn Valley Gas Corporation.—Shareholders have approved a resolution increasing the authorised capital from £1,000,000 to £1,500,000 by the creation of £300,000 new 4½ per cent. £1 cumulative preference shares and £200,000 new £1 ordinary shares. The new capital, which will rank equally with existing issues is required to finance the continuance of the Corporation's policy of acquiring control of gas companies in its general area.

Irish Free State Conversion Loan.—It is understood that an announcement concerning the conversion of the first Free State National Loan will be made within the next few days. The amount to be funded will be approximately £6,500,000, and the terms of conversion are likely to be in the neighbourhood of 4 per cent.

OTHER RESULTS OF ISSUES

Cork Corporation 4 per Cent. Stock.—Issue of £395,400 4 per cent. stock at 98 was fully subscribed.

Associated Fisheries, Ltd.—The recent issue of deferred shares has been over-applied for. Underwriters have been relieved of their liability.

CALLS DUE OCTOBER 28 TO NOVEMBER 2, 1935.

The grand total of calls in October, 1935, is £10,514,879 which compares with £3,366,662 in October, 1934.

Nominal amount of Stock	Company	Amount of Call	When payable	Making Paid
Stock	British (Guest, Keen, Baldwins) Iron & Steel, £2,250,000 4% Deb. Stk., at par	£30%	Oct. 31	All
£1	British Oxygen, 276,186 Ord. Shares, at 70/-	30/- p.s.	Oct. 31	All
£1	Broken Hill Proprietary, 1,493,854 Shares, at 30/- (Australian Currency) (sterling equivalent to 24/- per Share)	4/- stg. p.s.	Oct. 31	4/- stg. p.s.
£1	Capital & County Laundries, 25,000 6% Cum. Pref. Shares, at 21/-	16/- p.s.	Nov. 1	All
Stock	Crown Flour Mills, £160,000 4½% Deb. Stock, at 98%	£58%	Nov. 1	All
Stock	Daily Sketch & Sunday Graphic, £1,000,000 4½% Guar. 1st Mort. Deb. Stock, at £104%	£50%	Nov. 1	All
£1	Fletcher & Cartwrights, 60,000 Ord. Shares, at par	10/- p.s.	Oct. 31	All
£1	Ilford, 500,000 5½% Cum. Pref. Shares, at 21/6	15/- p.s.	Oct. 28	All
£1	Initial Services, 800,000 new Ord. Shares, at par	2/6 p.s.	Nov. 1	2/6 p.s.
£1	Lancashire Electric Light, 369,000 Ord. Shares, at 30/-	9/- p.s.	Nov. 1	20/- p.s.
£1	London County Freehold & Leasehold Properties, 343,775 Ord. Shares, at 46/-	16/- p.s.	Oct. 31	All
Stock	London Electric Transport, £32,000,000 2½% Guar. Deb. Stock, 1950-55, at 97½%	£15%	Nov. 1	£47%
£1	Maclean's, £750,000 6% Red. Cum. Pref., at 21/-	10/- p.s.	Nov. 1	All
5/-	Nipah Distilleries of Malaya, 157,000 6% Cum. Part. Pref. Shares, at par	2/- p.s.	Oct. 31	All
£1	Ruberoide, 300,000 5½% Red. Cum. Pref. Shares, at 20/6	10/- p.s.	Nov. 1	All
5/-	Sussex Brick, 280,000 Def. Shares, at 9/-	4/- p.s.	Oct. 31	All
£1	Sussex Brick, 120,000 8% Cum. Pref. Ord. Stock, at 23/-	8/- p.s.	Oct. 31	15/6 p.s.
£1	Upsons, 212,500 new Ordinary Shares, at 22/-	22/- p.s.	Oct. 31	All
Stock	Yorkshire Electric, £1,000,000 3½% Deb. Stock 1955-65, at par	£50%	Nov. 1	All

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Amt. paid	Price, Oct. 16, 1935	Price, Oct. 23, 1935
African Railway Finance 2% Deb.	98½	23½	21-1½ dis	21-1½ dis
British (Guest Keen & Baldwins) 4% Deb.	100	70	1-1½ pm	1-1½ pm
Cables Investment Trust Pref. 10	101	1	1/9-2/3 pm	4/-4/6 pm
Do. 3½% Debs.	99	10	1-1½ dis	1-1½ dis
Crown Flour 4½% Debs.	98	40	2½-2½ dis	2½-2½ dis
Daily Sketch 4½% 1st Deb.	104	54	1½-2½ pm	1½-2½ pm
Dundee 3%	100	50	1-1½ dis	99½-100
Earls Court Ord. 8½	5/-	5/-	2/6-3/- dis	2/6-3/- dis
Do. 5½% 2nd Debs.	100	60	8½-6½ dis	8½-6½ dis
Hobson (H. M.) 5½	5/-	5/-	12/11-12/4½	11/10½-12/1½
India 3%, 1949-52	98	58	3½-3½ dis	2/1½ dis
Kelly's Directories 4% Deb.	104	24	1½-2½ pm	1½-2½ pm
Leeds 3% Stock	99½	59½	1 dis-1½ pm	par-1½ pm
Leeds and Wakefield Breweries 6% Pref.	24/6	17/6	3d dis-3d pm	3d dis-3d pm
London County Freehold Properties 20/-	46/-	30/-	3/3-2/9 dis	3/3-2/9 dis
London Electric Transport 2½% Debs.	97	32	24-1½ dis	1½-1½ dis
Maclean's 6% Pref. 20/-	98½	58½	4-4½ pm	1½ dis-1½ pm
Ribblesdale Cement 4% Debs.	21/-	51	1½-1½ pm	1½-1½ pm
Ruberoide 5½% Pref.	101	51	4-1½ pm	par-6d pm
Selfridge and Co. 4% Debs.	20/6	10/6	1½d dis-1½d pm	10½-10½
Short Brothers	100	5/-	5/-	31/6-32/8
Trinidad 3% Stock	5/-	5/-	2-1½ dis	2-1½ dis
Ultra Electric (Holding) 5/-	100	45	7/9-8/3	8/-8/6
West Bromwich 3%	5/-	55	1½-1½ dis	1-1 dis
W. Lon. Prop. 4% Debs.	100	75	2-1½ dis	1½-1½ dis
Wood, Rozelaar, etc., 10/-	100	5/-	9d-1/3 pm	3d dis-3d pm
Do., 6% Pref. 10/-	10/-	5/-	6d dis-par	

COMPANY MEETINGS, &c.

ANGLO-SOUTH AMERICAN BANK, LIMITED

POSITION AND PROSPECTS

SIR BERTRAM HORNSBY'S REVIEW

The forty-seventh annual general meeting of the Anglo-South American Bank, Limited, was held, on the 23rd instant, at Southern House, London, Sir Bertram Hornsby, C.B.E., presiding.

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

The Chairman, in the course of his speech, said:—In the course of my remarks to you a year ago I permitted myself a certain mild optimism regarding the future. I have since found cause to regret having done so, for considering the state of the world to-day, and in particular that of South and Central America, I can see but little to encourage anybody who is prepared to look facts in the face.

As explained in the directors' report, we have this year converted the figures of our business in Chile at the export draft rate of 118.25 pesos per £, as against the rate of 49 pesos—the then official rate—last year. In the course of the current year a new official rate of 96 pesos per £ has been established, but we have preferred to adopt a rate which, though not thoroughly effective, has a certain basis of reality. Further, owing to continued depreciation in the Brazilian exchange since December 31, 1934, at which date the British Bank of South America made up its accounts, we have written off the sum of £100,000 from the figure of £2,100,000 at which our shareholding in that bank previously stood.

The result of these two changes, combined with adjustments of a minor degree, is that suspense account—depreciation of capital employed abroad—has been increased from £2,033,000 to £2,848,000.

Judging from past experience it seems hardly likely that the present depreciated exchanges will recover to any substantial extent in any near future. If this be so, the best which can be hoped for is that bottom has now been reached.

There is one other matter connected with the exchanges to which I must refer. Inquiry seems to reveal that real property has not yet appreciated in value in correspondence with exchange depreciation, as in theory it should have done. It may be that in time theory will justify itself. In the meantime we cannot disregard the fact in so far as it affects the premises abroad, whether owned directly by the bank or indirectly through the Anglo-South American Real Property Company and the British Bank of South America, Limited.

LIQUID POSITION

As regards other headings of the balance sheet, comparison with last year's figures is vitiated by the conversion of the Chilean figures at the depreciated rate of exchange which I have already mentioned. I may say, however, that whereas both deposits on the one side and advances on the other show apparent important decreases, the actual currency figures show a satisfactory increase. In the same way, an apparent decrease in our holding of cash of some £1,220,000 is really represented in currency by a decrease of about £140,000 only.

The percentage of cash to deposits is at the satisfactory figure, from a liquidity point of view, of 26.76, as compared with 29.84 the previous year, the fall being due to the combined effect of the small decrease of cash just referred to and of an actual increase of deposits. Similarly, holdings in foreign banks—chiefly our shareholding in the Banco de A. Edwards y Cia., Chile—show an apparent decrease of £294,000, whereas in actual fact there is a small increase, due to our having been obliged to participate in the capital of the new Central Banks in the Argentine and in Salvador.

PROFIT AND LOSS ACCOUNT

The meagre balance of the profit and loss account is a great disappointment, the more so as the provisional figures of the first half of the year showed an improvement on those of the corresponding period of the year before. I am unable to put my finger on any one definite cause for the falling off. As I have stated on previous occasions, we are carrying a good many accounts on which prudence demands we should not take interest to profit. In addition to this, several countries have fixed maximum rates of interest which are well below what we had been charging, and indeed well below what are the proper rates if the element of risk be allowed for. Exchange continues to be under official control almost everywhere, and with this and the shrinkage of overseas

trade we are largely excluded from what was an important element of earning power.

Expenses, allowing for different rates of conversion, show no real decrease for the first time for several years. In this respect there comes a time when the limit of the scope for economy is reached if the affairs of an institution are to be conducted with any expectation of recovery. The largest item of expenditure consists of salaries—we have effected reductions both in salaries themselves and in the number of staff, and now we can do little more without detriment to the efficient running of the machine.

CHILEAN NITRATE INDUSTRY

I informed you last year that the nitrate position had been dealt with by a legal enactment of the Chilean Government, and mentioned that on certain debts of the old Cosach interest had ceased to run as from June 30, 1934. This latter fact has necessitated an addition to the footnote to the balance sheet setting out the bank's liability (ranking after deposits, etc.) as guarantor of the assets taken over from us. That liability extends not only to the £7,500,000 of capital but also to interest thereon, and this has now been specifically stated.

You will appreciate that, failing adequate banking profits, an added charge in respect of this interest may eventually be thrown on the bank's capital, and this matter is at present the object of serious examination. No payments in relief of the bank's guarantee have as yet been made on account of old debts either by the Cia. Salitrera de Tarapaca y Antofagasta or by the Lautaro Nitrate Company.

THE OUTLOOK

In conclusion, I regret I can only express the view that the outlook at the present time seems to offer but small encouragement. The whole world is passing through a period of stress and difficulty, and nowhere more than in those countries where the greater part of our business is conducted. My own view, for what it may be worth, is that we shall see no real recovery until present attempts at short cuts to prosperity have been tried out and have failed, as I think they must, and in their place we shall hear more of older-fashioned remedies. The longest way round is often the shortest way home.

The report and accounts were unanimously adopted.

EL ORO MINING AND RAILWAY COMPANY, LIMITED

SUCCESSFUL RESULTS

The thirty-sixth annual general meeting of this company was held, on the 22nd instant, at Southern House, Cannon Street, E.C. Mr J. H. M. Shaw (the chairman) presided.

The Chairman, in the course of his speech, said:—It gives your directors the liveliest satisfaction to be able again to put before you the best report for many years. You will see that at El Oro, against our receipts of £31,831, we had expenses amounting to £22,212, leaving a balance of £9,618, but it is from the operations at La Noria that we derive our very much increased income, for by interest on advances and by way of dividend, the Inversiones Company has paid us £95,920, which, after the deduction of £10,847 for Mexican taxes, leaves us a net income of £85,073 from this source.

We carry into the balance sheet £92,815, to which we have to add £3,799 brought forward, giving £96,595, out of which we have already paid the interim dividend of 6d. per share, leaving us available for distribution £67,907, which enables us to recommend a dividend of 1s. 2d. per share (less income tax).

The principal factors governing our operations are the price of silver and taxation.

As regards silver, it is the most important factor in our position, and the present price is a very satisfactory one to us. My guess for the present is that the silver party in America has such strength that they are likely to add to their past success by a further substantial advance in the price that the American Treasury will pay for silver.

As to taxation, there has been formed in Mexico a very strong consortium of the principal mining interests with a view to keeping prominently before the Mexican Government the true economics in the mining industry, and in this consortium we have borne, and will continue to bear, our share of the work. This is our best method of meeting the hard conditions forced upon us by the very high taxes we have to pay.

The report and accounts were adopted, and a resolution converting the shares of the company into stock, transferable in units of 5s., was unanimously adopted.

JOHN DELANEY, LIMITED

SOUND POSITION—IMPROVED PROSPECTS

The tenth annual general meeting was held at 11 and 12 Pall Mall, London, S.W.1, on Monday, the 21st instant.

The notice convening the meeting and the auditors' certificate were read.

The Chairman (Mr A. Woolley-Hart), who presided, said:—

There is very little that I can add to what is set out in the report, which has been duly circulated among you.

Before making any statement or answering any questions, I will propose that the directors' report and the audited accounts and balance sheet as presented, be and they are hereby approved and adopted, and that a final dividend of 4 per cent., less tax, making, with the interim dividend of 2½ per cent., less tax, a total of 6½ per cent., less tax, for the year, be paid forthwith to the holders of ordinary shares whose names appear in the register on this date. That a sum of £1,474 15s. be written off debenture expenses and redemption account (reducing that account to £5,000), and that the balance of £2,074 11s. 8d. be carried forward to next year's accounts.

(This was seconded by Mr J. H. W. Laverick, put to the meeting by the chairman, and carried unanimously.)

On the whole it has been rather an uneventful year. The main point is that we were fortunate enough to get back a very large contract for the supply of lime, which this company has held, with few exceptions, for many years past, and at a slightly higher price.

In the coming year, assuming that all other conditions remain as at present, the further saving referred to in the report in connection with the debenture service probably will enable us to pay a slightly larger dividend, as we have a sound position, with only one item in our balance sheet that will require any special provision in the years to come, which is that in regard to debenture expenses and redemption account, which, after the reduction made this year, will stand at £5,000, as against the £6,474 15s. at which it stands in the balance sheet now before you.

You will note that we have creditors on one side for £13,359 odd, as against sundry debtors and stock amounting to £27,400 odd. We have investments, outside the business, standing at £74,300 odd, and the bank overdraft shown in the balance sheet as £21,816 has, at the date of this meeting, been reduced to £6,323 18s. 1d.

INVESTMENT IN CRAVEN COMPANY

On this item I should like to explain to you that the directors had an offer of a considerable block of shares in the Craven Company which it decided to acquire, and made further purchases amounting in all to 20,160 shares at a cost of £14,616 7s. 9d. The Craven Company, as you are no doubt aware, is one of the three companies that work together under a long-term contract. Trade fell off some years ago to so great an extent that it was deemed advisable to close one quarry and leave the others working, Craven being the quarry that was closed. Owing to the contract above referred to, the other two companies have to find the proportion of the joint earnings that is due to the Craven Company under the contract. Therefore, having made this purchase, we get back for our company (John Delaney) approximately one half of whatever the Craven Company receives annually from the other two.

A shareholder stated that the only question he had to ask was: Why, in spite of the improvement in the iron and steel trade, we did not get a greater volume of business and larger profits therefrom? The chairman replied that unfortunately for the company most of the big steel and iron firms have reorganised and reconstructed their blast-furnace and other plant, and have also adopted newer methods which have been developed during the last few years, and, as a consequence, many of them have found that a much smaller amount of fluxing stone is required than has been the case in the past, and that he was afraid that there would have to be greater improvement in trade before we were likely to see any marked improvement in revenue from these sources. He stated, also, that the big corporations, including, of course, borough and county councils in purchasing lime, tarred granite and other road-stone, etc., were the hardest and keenest of buyers, and the competition which is considered by many to be so good for trade, has been found in this industry, as also in the coal trade, to be very injurious to the interests of the basic industries of this country, and especially to the interests of all grades interested in them.

It was duly proposed, seconded, and carried unanimously, that Messrs Joshua Wortley and Sons be appointed auditors for the ensuing year at the same remuneration as last year.

SEAGER EVANS AND COMPANY, LIMITED

IMPROVED POSITION AND PROSPECTS

The thirty-seventh annual general meeting of Seager Evans and Company, Limited, was held, on the 21st instant, at Caxton Hall, London, Mr Ernest T. Thornton-Smith (the chairman) presiding.

The Chairman said that the accounts covered 16 months, and, from the point of view of comparison, had worked out to the disadvantage of the period under review inasmuch as the months immediately prior to Christmas were recognised as those in which the bulk of the yearly profits were made, while two more or less unremunerative summer periods were now included.

The Board felt justified in looking back with some satisfaction on the achievements of the past few years. The decks were cleared, and the directors looked forward with considerable confidence to the future. The large new production plant for the preparation and bottling of the company's specialities had been completed.

LARGE INCREASE IN SALES

The company's investments in subsidiary companies were made on an exceptionally conservative basis, and there was every indication of those holdings becoming an increasingly valuable asset of the company, while the investments in associated companies, standing at £12,978, were, without exception, making satisfactory progress. Despite difficult times, the company had always retained a valuable goodwill in the wine and spirit trade, as had been witnessed in a most significant way by the splendid support the company had received from the whole trade following upon the big sales promotion and sales service scheme foreshadowed at the last meeting. The response had been very gratifying, and sales were very considerably up as against the corresponding period last year. Sales of the company's famous dry gin had been tremendously increased, and the sales of Seager's cocktails were by far and away the largest of ready-to-serve cocktails in the country.

The directors were satisfied that the company was only now beginning to reap in really tangible form the benefit of a far-sighted policy, and provided there were no untoward happenings results next year would even more fully demonstrate the profit-earning possibilities of the Seager Evans group.

The report was unanimously adopted.

TANGOEL RUBBER ESTATES, LIMITED

MR WALTER HILLIERS' SPEECH

The annual ordinary general meeting of the Tangoel Rubber Estates, Limited, was held, on the 22nd instant, at the registered office, Fenchurch House, 5 Fenchurch Street, London, Mr. Walter Hilliers, chairman of the company, presiding.

The Chairman, in the course of his speech, said: We had still to deliver during the year 30 tons, the balance of the old contract, and also we had to pay a substantial amount in taxation, which taxation could not have been expected. Were it not for these items and for charging a proportion of the expenditure on the Wonokerto estate to revenue, we would have been able to show a larger profit.

Taxation matters require constant and unremitting attention and negotiations, and we think, now that these matters have been settled, we might say that we have been fairly successful on the whole.

Conditions on our small estate, Wonokerto, which is quite near our Soekokoelon estate, and which was opened up at the time and brought to its present state out of past profits, are giving every satisfaction, and as soon as the necessary increase in the standard production can be obtained, tapping can be proceeded with.

It is, of course, to be regretted that the Dutch East Indian Government has found it necessary to impose an export duty on rubber, to come into operation as from January 1st next, which has been fixed at 1 cent per half kilo, equal to about one-third of a penny per pound. This duty is progressive, as for every cent increase in price beyond 20 cents a further ¼ per cent. per half kilo will be chargeable.

I will conclude by saying that, with the present price of rubber, and in view of an improvement in the market which we all consider is overdue, we should be able to obtain satisfactory results during the current year.

I will now move: "That the directors' and auditors' reports and audited balance sheet and accounts to June 30, 1935, as circulated to the members, be taken as read, and that the same be and are hereby adopted."

Sir Edward Rosling seconded the motion, which was unanimously adopted, and the proceedings terminated with a vote of thanks to the directors and staff.

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MORKWA, LIMITED

IMPROVED POSITION

The eighth ordinary general meeting of this company was held on the 24th instant, at Winchester House, E.C.

Mr J. M. Laird (the chairman) said:—Shareholders are to be congratulated on the greatly improved position of the company, but, as people are apt to forget, I will shortly recapitulate the changes in the last two years.

The capital has been increased to £100,000. Two years ago the company owed £6,700 to sundry creditors, and had an available cash balance of only £3. The present balance sheet shows creditors £293, while the cash in hand and at the bank is £45,440, and nearly £2,000 is invested in the shares of the Gold Coast Associated Companies, Limited, with which investment we are well satisfied, although for the moment it shows some depreciation.

The diamond properties have certainly increased in value, owing to the better demand for stones of the quality we have in our concessions, and the rent regularly received for the part let off brings in a substantial income, which will be more than doubled after the end of the second year if, as we expect they will, the lessees exercise their option to extend their lease for a further three years. Meantime, we are considering working some of the other areas with a plant of our own, and have been investigating other areas claimed to be diamondiferous.

We have deferred spending more money on the Prah River properties, since the return of the Engineer whose report is referred to in the directors' report because there is a chance that they may be included in a larger scheme of development with other important interests.

The Option Concession on the Prestea-Ashanti line of reef referred to in the report, is over an area of approximately 12 square miles, and is favourably situated for transport, being intersected by the Government Railway. Although not involving any large initial outlay, we hope this concession will be turned to advantage later on, whether by us alone or in conjunction with other important people who have acquired concessions in the same part of the Colony.

The report was unanimously adopted, and the retiring directors (Mr A. D. C. Cawood and Mr W. D. Stevens) were re-elected.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended October 19, 1935 amounted to £13,424,000, against ordinary expenditure of £12,474,000. After allowing for an increase in Exchequer Balances of £151,541, the operations for the week, as shown below, decreased the gross National Debt by £550,000 to approximately £7,971 millions.*

(000's omitted)

Public Department Advances ...	+ 4,350	Treasury Bills	— 4,558
		National Savings Certificates	— 100
		Road Fund Temporary Advances	— 200
		N. Atlantic Shipping Issue	— 37
		British Shipping Issue	— 5
	+ 4,350		— 4,900

* Including £375 millions on Account of Exchange Equalisation Fund and Borrowing for Statutory Sinking Fund.

A complete analysis of the approximate position of the National Debt on September 30, 1935, appeared in the *Economist* for October 5th.

REVENUE	Estimate for the year 1935-36	Total Receipts into the Exchequer			
		April 1, 1935, to Oct. 19, 1935	April 1, 1934, to Oct. 20, 1934	Week ended Oct. 19, 1935	Week ended Oct. 20, 1934
ORDINARY REVENUE					
Inland Revenue—					
Income Tax	£ 232,500,000	£ 61,316,000	£ 58,119,000	£ 833,000	£ 1,014,000
Sur-tax	51,500,000	6,440,000	9,030,000	230,000	110,000
Estate, etc., Duties	80,000,000	50,260,000	43,790,000	1,520,000	1,100,000
Stamps	25,000,000	10,510,000	10,140,000	300,000	150,000
Excise Profits Duty and Corporation Profits Tax	1,700,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	130,000	150,000	...	...
Total Inland Revenue	391,500,000	128,656,000	121,229,000	2,883,000	2,374,000
Customs and Excise—					
Customs	188,570,000	109,450,000	104,436,000	3,885,000	3,317,000
Excise	106,350,000	60,500,000	59,100,000	5,900,000	5,806,000
Total Customs and Excise	294,920,000	169,950,000	163,536,000	9,785,000	9,123,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,514,000	1,978,000	Dr 100,000	Dr 100,000
Post Office (Net Receipt)	11,850,000	7,900,000	9,200,000	850,000	1,150,000
Crown Lands	1,330,000	640,000	620,000	...	...
Receipts from Sundry Loans	3,900,000	3,058,037	2,912,196	6,335	2,035,790
Miscellaneous Receipts	25,970,000	15,095,492	10,556,394	...	...
Total Ordinary Revenue	734,470,000	326,813,529	310,031,590	13,424,335	14,582,790
SELF-BALANCING REVENUE					
Post Office	64,070,000	33,100,000	30,500,000	1,200,000	650,000
Motor Vehicle Duties apportioned to Road Fund	26,230,000	6,992,000	8,270,000	100,000	100,000
Total Self-balancing Revenue	90,300,000	40,092,000	38,770,000	1,300,000	750,000
Total	...	366,905,529	348,801,590	14,724,335	15,332,790

EXPENDITURE	Estimate for the year 1935-36 (including Supplementary Grants)	Total Issues out of the Exchequer to meet Payments			
		April 1, 1935, to Oct. 19, 1935	April 1, 1934, to Oct. 20, 1934	Week ended Oct. 19, 1935	Week ended Oct. 20, 1934
ORDINARY EXPENDITURE					
Interest and Management of National Debt	£ 224,000,000	£ 127,453,411	£ 128,764,967	£ 4,269,780	£ 4,433,067
Payments to Northern Ireland Exchequer	6,750,000	2,764,714	2,934,354	...	...
Other Consolidated Fund Services	3,700,000	1,727,150	1,689,840	804,589	...
Post Office Fund	1,130,000	...	...	...	...
Total	235,580,000	131,945,275	133,389,161	4,474,449	4,433,067
Total Supply Services (excluding Post Office)	508,440,000	261,780,099	242,976,319	8,000,000	9,100,000
Total Ordinary Expenditure	744,020,000	393,725,374	376,365,480	12,474,449	13,533,067
SELF-BALANCING EXPENDITURE					
Post Office	64,070,000	33,100,000	30,500,000	1,200,000	650,000
Road Fund	26,230,000	6,992,000	8,270,000	100,000	100,000
Total Self-balancing Expenditure	90,300,000	40,092,000	38,770,000	1,300,000	750,000
Total	...	433,817,374	415,135,480	13,774,449	14,283,067

The aggregate revenue and expenditure to October 19, 1935, is shown below:—

FINANCIAL YEAR, 1935-36, APRIL 1, 1935, TO OCTOBER 19, 1935

(000's omitted)

Expenditure	£ 393,725	Revenue	£ 326,813
Increase in Balances	42	Gross inc. in borrowing .. £72,121	
		Less New Sinking Fund	5,187*
		Net borrowing	66,934
	393,767		393,767

* Authority will be sought in the Finance Bills to meet the amount of the Statutory Sinking Funds in 1935 by borrowing.

POSITION OF THE FLOATING DEBT

Ways and Means Advances Outstanding—	Movement week ended		
	Oct. 20, '34	Mar. 31, '35	Oct. 19, '35
Advances by Bank of England	£ 52,550,000	£ 34,060,000	£ 22,390,000
Advances by Public Departments	832,275,000	799,320,000	897,825,000*
Treasury Bills outstanding	884,825,000	833,380,000	920,215,000
Total Floating Debt	1,369,650,000	1,166,760,000	1,240,430,000

* Includes £2,000, the proceeds of which were not carried to the Exchequer within the period of the Account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £40,000,000 Treasury bills were opened on October 18, 1935, and the total amount applied for was £65,470,000. Tenders were accepted for Treasury bills at three months dated Monday to Friday, at £99 16s. 8d., about 37 per cent., and above in full;

ASSETS	Oct. 15, 1934	Sept. 30, 1935	Oct. 8, 1935	Oct. 15, 1935
Cash reserve :—				
Gold at home and abroad	1,801,785	1,396,385	1,801,585	1,374,186
Foreign exchange	158,149		53,797	24,810
Other foreign exchange	33,283	780,470	29,831	28,818
Loans and advances against security ..	1,828,869	1,807,807	1,818,438	1,822,535
Government advances	1,720,157	1,679,120	1,679,435	1,679,438
LIABILITIES				
Notes in circulation	4,307,818	4,777,125	4,819,663	4,812,334
Check deposits	1,199,967	1,261,928	1,253,182	1,277,561
Time deposits	784,879	214,700	203,250	204,050

GOLD MOVEMENTS: BANK OF ENGLAND

<i>Bolivia.*</i>	Official market : Sight rate, 20-26 bolivianos per £ sterling on August 22, 1935. Export selling rate 80 bolivianos per £.
<i>Colombia.*</i>	Sight rate, 171½ pesos per 100 United States dollars on October 19, 1935. This rate applies to holders of permits buying in the "open" market.
<i>Ecuador.*</i>	"Free" market sight rate on September 30, 10-50 sucres per United States dollar.
<i>Guatemala.</i>	Sight rate on New York is maintained at 1 quetzal per United States dollar, but a commission of 1 per cent. is charged by the Banco Central for the sale of drafts.
<i>Nicaragua.*</i>	Official selling rate was established at 110 cordobas per 100 United States dollars on November 26, 1934.
<i>Salvador.</i>	Sight rate on September 30, 1935, 2-51 colones per United States dollar.
<i>Venezuela.</i>	Sight rate on New York was maintained in September at 3-90½ bolivares per United States dollar.

* Exchange controls are operative in these countries.

OVERSEAS BANK RATES							
	Changed	From %	To %		Changed	From %	To %
Albania	Nov. 16, 1933	5	7½	Madrid	July 15, 1935	5½	5½
Asterdam	Oct. 21, 1935	8	4	Oslo	May 24, 1933	3	3
Athens	Oct. 1, 1933	7½	7	Paris	Aug. 3, 1935	3½	3
Hatavia	July 1, 1935	4½	4	Prague	Jan. 25, 1935	4½	4½
Belgrade	Feb. 1, 1935	6½	5	Pretoria	May 15, 1933	4	3½
Berlin	Sept. 22, 1932	5	5	Tallinn	Oct. 1, 1935	5	4½
Brussels	May 14, 1935	2½	2	Riga	Jan. 1, 1933	6	5½
Buenos Aires	Aug. 26, 1935	6	4½	Rome	Sept. 9, 1935	4½	5
Budapest	Aug. 26, 1935	6	4½	Sofia	Aug. 15, 1935	7	6
Calcutta	Feb. 16, 1933	4	3½	Stockholm	Dec. 1, 1933	3	2½
Copenhagen	Aug. 21, 1935	2½	3	Swiss Bank			
Danzig	Oct. 21, 1935	6	5	places	May 2, 1935	2	2½
Fl.-singsfors	Dec. 3, 1934	4½	4	Tokio	July 2, 1934	4-38	3-48
Kovno	Jan. 1, 1934	7	6	Vienna	July 10, 1935	4	3½
Lisbon	Dec. 13, 1934	5½	5	Warsaw	Aug. 26, 1935	4	3½
Central Reserve	Feb. 1, 1934	2	1½	Frankfurt	Jan. 1, 1933	3½	3

COMMONWEALTH OF AUSTRALIA AND DOMINION OF
NEW ZEALAND

	London on Australia and New Zealand						Australia and New Zealand on London*					
	Buying			Selling			Buying			Selling		
	Australia	New Zealand		Australia (any Mail)	New Zealand (any Mail)		Australia	New Zealand		Australia (any Mail)	New Zealand	
T.T.	Air Mail	Ord. Mail	...	Ord. Mail	...	125	124	Air Mail	Ord. Mail	...	125	124
Sight	126 $\frac{1}{2}$	126 $\frac{1}{2}$	125 $\frac{1}{2}$	125 $\frac{1}{2}$	125	125	124	124 $\frac{1}{2}$	124 $\frac{1}{2}$	123 $\frac{1}{2}$	125 $\frac{1}{2}$	124 $\frac{1}{2}$
30 days	126 $\frac{1}{2}$	126 $\frac{1}{2}$	125 $\frac{1}{2}$	125 $\frac{1}{2}$	126	...	...	124 $\frac{1}{2}$	124 $\frac{1}{2}$	123 $\frac{1}{2}$	125 $\frac{1}{2}$	124 $\frac{1}{2}$
60 days	127 $\frac{1}{2}$	127 $\frac{1}{2}$	126 $\frac{1}{2}$	126 $\frac{1}{2}$	...	...	...	124 $\frac{1}{2}$	124 $\frac{1}{2}$	123 $\frac{1}{2}$	125 $\frac{1}{2}$	124 $\frac{1}{2}$
90 days	127 $\frac{1}{2}$	127 $\frac{1}{2}$	126 $\frac{1}{2}$	127	...	...	...	124	123 $\frac{1}{2}$	122 $\frac{1}{2}$	125 $\frac{1}{2}$	124 $\frac{1}{2}$

GOLD AND SILVER

The following statistics of imports and exports of gold and silver for week ended October 24, 1935, are issued by the Statistical Department of H.M. Customs and Excise:—

IMPORTS AND EXPORTS OF GOLD

Gold Imported into Great Britain and Northern Ireland, week ended October 24, 1935			Gold Exported from Great Britain and Northern Ireland, week ended October 24, 1935		
From	Bullion*	Count	To	Bullion*	Count
	£	£		£	£
British W. Africa	76,293	...	Bombay, via other		
British S. Africa	1,261,768	...	ports	5,020	...
Tanganyika	3,199	...	Netherlands	82,447	5,006
Kenya	2,641	...			6,232
Anglo-Egyptian		...	France	82,125	2,586
Sudan	3,411	...	Switzerland	50,205	10,639
British India	585,500	...			15,164
British Malaya	15,556	...	Austria	3,200	...
Australia	557,712	1,643	U.S.A.	4,156,175	...
New Zealand	39,459	...	Other countries	738	40
Germany	4,427	...			
Netherlands		1,304			
Belgium	2,856	...			
France	9,450	1,000			
Switzerland	1,635	10,863			
Spain		391			
Egypt	60	22,038			
Iraq	3,799	...			
Argentina		5,000			
Other countries	1,770	...			
Total	2,539,336	4,338	Total	4,359,910	27,341
		38,336			12,775

IMPORTS AND EXPORTS OF SILVER

Silver Imported into Great Britain and Northern Ireland, week ended October 24, 1935			Silver Exported from Great Britain and Northern Ireland, week ended October 24, 1935		
From	Bullion*	Coin†	To	Bullion*	Coin†
	£	£		£	£
Hong Kong		18,664	Rhodesia	...	24,685
Australia	43,961	1,200	Nyasaland	...	1,980
New Zealand	2,553	...	Norway	2,569	...
Germany	41,000	...	Netherlands	...	1,000
Netherlands	10,613	1,282	Liberia	...	...
Belgium	13,083	513	U.S.A.	1,545,755	...
France	2,500	...	Other countries ...	...	7
Egypt	...	8,690			
Iraq	9,093	357,431			
Persia	230,360	...			
Japan	...	5,200			
Costa Rica	3,745	4,030			
Argentina	...	1,237			
Other countries ...	...	1,000			
Total	356,911	2,437 396,810	Total	1,548,700	1,027,330

* At current market value. † Coin which is of legal tender in the United Kingdom entered at its face value and is shown in *italics*. Other coin is entered at current market value.

GOLD MOVEMENTS: BANK OF ENGLAND

1935	ARRIVALS	1935	WITHDRAWALS	£
18	Bar gold	450,232	Oct. 18	Nil
19	"	Nil	" 19	Nil
21	"	Nil	" 21	Nil
22	"	200,404	" 22	Nil
23	Bar gold	Nil	" 23	Nil
24	"	Nil	" 24	Nil
	Total	650,636	Total	Nil
Movement October 18, 1935, to October 24, 1935 (inclusive)				£650,636 in
Movement during year 1934				£1,570,992 in
Movement during 1935 (January 1 to October 24, 1935 inclusive)				£4,019,233 in
Movement January 1, 1935, to October 24, 1935 (inclusive)				£25,962,374 in
Movement September 21, 1931 (gold standard suspended), to October 24, 1935 (inclusive)				£58,3 67,928

GOLD MARKET

Messrs Samuel Montagu and Company write on October 23, 1935, as follows :—

The Bank of England gold reserve against notes amounted to £93,673,266 on the 16th instant, showing no change as compared with the previous Wednesday. During the week the Bank announced the purchase of £650,636 in bar gold. In the open market the amount disposed of at the daily fixing during the week under review was about £1,800,000, most of which was taken for the United States of America.

There have been further large shipments from this country and France to New York and, according to an announcement made in New York on the 21st instant, the total amount of gold engaged in shipment to the United States of America since September 9th last amounted to \$415,200,000. This would seem to permit of an additional purchase, under the Silver Purchase Act of 1934, of silver to the extent of \$103,800,000, representing about 158,000,000 ounces at current rates.

Quotations during the week :—

	Equivalent value.
£ 100 sterling	100
100 Indian Rupees	100
100 Chinese Taels	100
100 Japanese Yen	100
100 Hong Kong Dollars	100
100 Philippine Pesos	100
100 Thai Baht	100
100 Indonesian Rupiah	100
100 Malaysian Ringgit	100
100 Singapore Dollars	100
100 New Zealand Dollars	100
100 Australian Dollars	100
100 South African Rand	100
100 British Pounds	100
100 US Dollars	100
100 Canadian Dollars	100
100 Mexican Pesos	100
100 Argentine Pesos	100
100 Chilean Pesos	100
100 Peruvian Soles	100
100 Colombian Pesos	100
100 Venezuelan Bolivars	100
100 Ecuadorian Guanos	100
100 Bolivian Bolivars	100
100 Paraguayan Guaranis	100
100 Uruguayan Pesos	100
100 Brazilian Reals	100
100 Chilean Unidades	100
100 Argentine Unidades	100
100 Mexican Unidades	100
100 Cuban Unidades	100
100 Dominican Unidades	100
100 Haitian Unidades	100
100 Jamaican Units	100
100 Trinidadian Units	100
100 Guyanese Units	100
100 Surinamese Units	100
100 Guatemalan Quetzales	100
100 Salvadoran Colon	100
100 Honduran Lempiras	100
100 Nicaraguan Cordobas	100
100 Costa Rican Colon	100
100 Panamanian Balboas	100
100 El Salvador Colon	100
100 Honduras Lempira	100
100 Nicaragua Cordoba	100
100 Costa Rica Colon	100
100 Panama Balboa	100
100 El Salvador Colon	100
100 Honduras Lempira	100
100 Nicaragua Cordoba	100
100 Costa Rica Colon	100
100 Panama Balboa	100
100 El Salvador Colon	100
100 Honduras Lempira	100
100 Nicaragua Cordoba	100
100 Costa Rica Colon	100
100 Panama Balboa	100
100 El Salvador Colon	100
100 Honduras Lempira	100
100 Nicaragua Cordoba	100
100 Costa Rica Colon	100
100 Panama Balboa	100
100 El Salvador Colon	100
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100 Honduras Lempira	100
100 Nicaragua Cordoba	100
100 Costa Rica Colon	100
100 Panama Balboa	100
100 El Salvador Colon	100
100 Honduras Lempira	100
100 Nicaragua Cordoba	100
100 Costa Rica Colon	100
100 Panama Balboa	100
100 El Salvador Colon	

	Per fine ounce	of 2 sterling
October 17	141s. 6d.	12s. 0-09d.
" 18	141s. 34d.	12s. 0-30d.
" 19	141s. 74d.	11s. 11-96d.
" 21	141s. 5d.	12s. 0-18d.
" 22	141s. 7d.	12s. 0-01d.
" 23	141s. 44d.	12s. 0-22d.
Average	141s. 5-58d.	12s. 0-13d.
October 24	141s. 31d.	12s. 0-30d.

The s.s. "Rajputana," which sailed from Bombay on the 19th instant, carried gold to the value of about £596,000, of which £17,000 is consigned to London and £79,000 to New York.

SILVER MARKET

The price for cash delivery remained unchanged throughout the week at 29 $\frac{1}{2}$ d., at which price the American Government acquired large amounts. This demand for cash, and the fact that the continued offerings on China account have been mostly for forward dates, resulted in the price for two months' silver being quoted at a discount.

The Indian Bazaars and speculators have both bought and sold to a moderate extent.

The market may be affected by movements in the dollar-sterling exchange, but the undertone is steady.

IN LONDON

IN NEW YORK

COMPANY NEWS

WEEKLY TRAFFIC RETURNS

RAILWAYS OF GREAT BRITAIN AND IRELAND

		Gross Receipts, week ended October 20, 1935						Aggregate Gross Receipts compared with 1934 42 weeks (£'000)					
(b) Week ended Oct 18, 1935 (c) Week ended Oct 19, 1935		Miles Open	Pas- senger &c.	Merchan- dise, &c.	Coal & Coke	Total Goods	Total Receipts	Pas- senger &c.	Merchan- dise, &c.	Coal & Coke	Total Goods	Total Receipts	
Great Britain	1935	3,746	178	204	100	304	482	8,841	7,584	4,092	11,676	20,551	
Western	1934	3,749	184	195	97	288	472	8,701	7,526	4,189	11,695	20,538	
& N. Eastern	1935	6,338	287	351	237	586	875	13,581	12,667	9,241	22,208	35,771	
Eastern	1934	6,338	286	355	224	579	865	13,287	13,043	9,455	22,498	35,716	
W. M. & Scottish	1935	6,925	432	502	237	739	1,171	20,867	18,775	9,482	28,257	48,551	
Scottish	1934	6,926	434	486	223	709	1,129	20,405	18,891	9,330	28,072	48,515	
Southern	1935	2,171	265	68	32	101	366	12,303	2,564	1,230	3,794	16,565	
Southern	1934	2,176	284	69	29	98	352	12,547	2,719	1,277	3,996	16,555	
Total	1935	11,811	1162	1126	608	1732	2,894	56,192	41,890	24,045	65,935	122,111	
	1934	11,890	1168	1121	576	1774	2,832	55,015	41,930	24,331	66,261	122,121	
b) Belfast	1935	80	1-8	...	...	0-7 2-5	110-7	...	...	...	21-1	131-1	
c) Co. Down	1934	80	1-8	...	...	0-6 2-5	109-5	...	...	...	21-6	131-1	
b) Great Britain	1935	543	8-7	...	...	11-1 19-8	455-7	...	...	...	387-0	792-7	
c) Northern	1934	562	9-0	...	...	9-8 18-8	433-3	...	...	...	364-3	847-9	
b) Great Britain	1935	2,128	19-8	...	...	41-7 61-5	1062-9	...	...	...	1452-3	2251-9	
c) Southern	1934	2,154	19-6	...	...	38-9 58-5	1035-8	...	...	...	1363-4	2319-5	

b) Great	1933	2,124	19.6	...	...	38.9 58.5	1035.8	...	...	1363.4 2399.5
Southern	1934	2,158	19.6	...	...	38.9 58.5	1035.8	...	...	1363.4 2399.5

(a) Usance: 1. I except Alexandria (Sight); 2. Rio de Janeiro, Lima, Valparaiso (90 days);
 3. Ponce per unit of local currency; 4. Par, 8-23 1/2 since dollar devaluation on
 February 1, 1934. (b) Par, 197-10 1/2 since dollar devaluation on February 1, 1934.
 (c) Prior to devaluation on April 12, 1935. (d) *Comina* rate. (e) Per cent. discount.
 (f) Latest export rate. (g) Official rate for goods and sellers. (h) Official rate
 for latest exports. (i) Average remittance rate for importers. (j) Rate for
 conversion of the into sterling for payments to the Bank of England in respect of
 debts due to persons in Italy for goods and freight. (k) Rate for
 conversion of Turkish sterling for payments to the Bank of England in
 respect of debts due to persons in Turkey for Turkish goods. (l) Sellers.

THE ANGLO-SOUTH AMERICAN BANK, LTD., has received telegraphic advice from the Madrid Branch that the gold surcharge for the payment of Spanish Customs duties has been fixed for the period October 21st to 31st at 138.25 per cent. The previous rate was fixed as from October 11th at 138.61 per cent.

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES

THE ANGLO-SOUTH AMERICAN BANK, LTD., issues the following details relative to quotations for certain of the South and Central American exchanges. All these exchanges, with the exception of that of Bolivia, are related to the United States dollar, and the

COMPARISONS WITH CORRESPONDING PERIODS, 1933 and 1934

	Great Western	L.M.S.	L.N.E.R.	Southern
Second half-year 1934, compared with second half-year, 1933:				
Gross increase or decrease.....	+ 148	+ 659	+ 523	+ 168
First half-year 1935, compared with first half-year 1934:				
Gross increase or decrease.....	+ 78	+ 299	- 28	+ 8
Second half-year 1935, compared with second half-year, 1934:				
16 weeks to Oct. 20, 1935.....	+ 43	+ 273	+ 30	+ 146
Weekly average second half 1935	+ 2½	+ 17½	+ 1½	+ 9½
Latest week 1935 compared with 1934.....	+ 10	+ 28	+ 10	+ 14

LONDON TRANSPORT

	Compared with corresponding period of last year	Compared with corresponding period of last year
Week ending October 19, 1935.....	£554,300	+ 119,700
Aggregate 16 weeks ending October 19, 1935.....	£8,675,300	+ 119,700

* Takings. † Receipts. ‡ Receipts for bus and coach undertakings not absorbed by London Transport in the corresponding period of last year. In order to make a comparison with the previous year, the figures for that year have been adjusted on the basis of the best information available.

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week	Gross Aggregate Receipts
				1935	1935
				+ or -	+ or -

INDIAN

	1935	Rs.	Rs.	Rs.	Rs.
Assam Bengal.....	26	Sept. 30	1,330	1,330	1,330
Barsi Lt. Ry.....	26	Sept. 30	292	292	292
Bengal & N.Western	26	Sept. 30	2,114	2,114	2,114
Bengal-Nagpur.....	26	Sept. 30	3,268	3,268	3,268
Bombay, Bar. & C.I.	26	Sept. 30	3,072	3,072	3,072
Madras & S. Malabar	26	Sept. 30	3,230	3,230	3,230
Rohilk'd & Kumaon	26	Sept. 30	546	546	546
South Indian.....	26	Sept. 30	2,526	2,526	2,526

CANADIAN

	1935	\$	\$	\$	\$
Canadian National.....	40	Oct. 14	237,14	4,129,006	133,201,951
Canadian Pacific.....	40	Oct. 14	17,224	3,397,000	88,753,000

SOUTH AMERICAN

	1935	£	£	£	£
Antofagasta (Chili and Bolivia).....	42	Oct. 20	830	17,800	515,080
Argentine N.E.	16	19	753	130,600	2,280,700
B.A. & P.	16	19	2,806	1,177,380	19,823,000
B.A. Central.....	14	5	...	142,700	1,811,100
B.A. Gt. Southern	16	19	5,085	1,987,000	32,416,000
B.A. Western.....	16	19	1,930	1,116,745	1,904,132
Central Argentine ..	16	19	3,700	1,518,000	10,688,000
Central Uruguayana	16	19	273	130,435	636,649
C. Ury. (East Ext.) ..	16	19	311	118,311	1,890,655
C. Ury. (N. Ext.) ..	16	19	185	8,503	134,329
C. Ury. (W. Ext.) ..	16	19	211	11,176	21,317
Cordoba Central.....	16	19	1,218	1,181	16,600
Entre Rios.....	16	19	810	245	3,008
G. West. of Brazil ..	42	19	1,082	169,500	8,592,000
Leopoldina.....	42	19	1,918	1,169,500	3,257,600
Leopoldina Termal ..	42	19	1,918	1,169,500	3,257,600
Nitrate.....	91	15	401	1,169,500	3,257,600
Paraguay Central.....	16	19	100	1,169,500	3,257,600
San Paulo.....	31	13	1,532	1,169,500	3,257,600
United of Havana ..	16	19	1,353	1,169,500	3,257,600

* Converted at average official rate during week ended Oct. 19—17-02 pesos to the £.
† Months. ‡ Receipts in Argentine Pesos.
§ Comparative figures for 1934 converted at official rate ruling in 1935.
|| Converted at the "free" rate as a result of a decision of the High Court.

OTHER OVERSEAS

	1935	£	£	£	£
Egyptian Delta Light Railways.....	27	Oct. 17	925	18,919	111,419
Egyptian Markets.....	42	Oct. 17	104	1,866	68,444
Gr. Southern of Spain	41	12	104	Ps. 33,796	22,679
Mexican Railway.....	42	Oct. 14	483	£235,700	15,700

TRAMWAYS WEEKLY GROSS RECEIPTS

	1935	£	£	£	£
Anglo-Argentine.....	42	Oct. 21	328	£626,240	44,205
B. Aires Lacroze.....	14	5	...	£66,710	1,556
Burnley, Colne and Nelson Jt. Trst.....	1	19	76	£4,891	48
Calcutta Tramways ..	1	19	...	Rs. 1,04,932	10,374
Iale of Thanet Elec.	40	9	...	£2,742	253
Liverpool Corp.....	27	16	...	£29,018	505
Madras Electric.....	91	15	...	Rs. 54,759	1,855

MONTHLY TRAFFICS

Company	Months	Ending	De- scription	Receipts for Month	Receipts to Date
				1935	1935
				+ or -	+ or -
Brazilian Traction.....	9	Sept. 30	Gross	£2,493,316	22,833,491
British Columbia Power	3	Sept. 30	Gross	£1,329,338	12,301,936
Burma Electric Supply	1	Sept. 30	Gross	£1,117,002	3,333,073
Manchester Ship Canal	9	Sept. 30	Gross	£351,942	1,013,143
Santa Fe.....	1	Sept. 30	Gross	£48,452	893,410

DIVIDEND ANNOUNCEMENTS

Name of Company	Rate % per Annum, except where marked % or Stated in Cash	Interim or Final	Date of Pay- ment	Interim or Final Comparison with Last Year	Dividend for Whole Years	Latest Year	Previous Year
						%	%
RAILWAYS							
Antofagasta (Chili and Bolivia)	2½%	Dec. 2	Jan. 1	Nil	4	4	4
Railway (5% Cum. Pref.)	2½%	Dec. 2	Jan. 1	Nil	4	4	4
Bengal-Nagpur Railway	2½%	Dec. 2	Jan. 1	Nil	4	4	4
BANKS							
Bank of Montreal	\$2 p.s.*	Dec. 2	Same	...	...	...	...
Canadian Bank of Commerce	2%	Dec. 2	Same	...	...	...	...
National Bank of Australasia	2½%	...	Same	...	...	...	...
INSURANCE							
Guardian Assurance	50%*	Nov. 30	Same	...	...	...	...
Northern Assurance	35%*	Nov. 7	Same	...	...	...	...
Scottish Union and National Insurance "A"	6½ p.s.*	Dec. 2	Same	...	...	...	...
Do. "B"	24½ p.s.*	Dec. 2	Same	...	...	...	...
Thames and Mersey Marine Insurance	6½%	Nov. 15	Same	...	...	...	...
TEA AND RUBBER							
Anglo-Sumatra Rubber	2½%	Nov. 12	Same	...	...	...	...
Batu Lintang Rubber	2½%	Nov. 12	Same	...	...	...	...
Batu Matang Rubber	2½%	Nov. 12	Same	...	...	...	...
Buntar Rubber	2½%	Nov. 12	Same	...	...	...	...
Carolina Tea of Ceylon	2½%	Nov. 12	Same	...	...	...	...
Central Province Ceylon Tea	2½%	Nov. 12	Same	...	...	...	...
Craighead Tea	2½%	Nov. 12	Same	...	...	...	...
Jong-Landor Rubber	2½%	Nov. 12	Same	...	...	...	...
K.M.S. (Malay States) Rubber	3%*	Nov. 11	4%*	...	...	...	...
Klanang Produce	3%*	Nov. 11	4%*	...	...	...	...
Kota Tinggi (Johore) Rubber	2½%	Nov. 11	4%*	...	...	...	...
Kuala Kangsar Plantations	2½%	Nov. 11	4%*	...	...	...	...
Leugeng Rubber	2½%	Nov. 11	4%*	...	...	...	...
Lunuvu (Ceylon) Tea, etc.	3%*	Nov. 30	...	...	...	...	...
Mayfield (Dimpula) Tea	2½%	Nov. 4	2%*	...	...	...	...
Ratanui Rubber	3%*	Nov. 30	...	...	...	...	...
South Perak Rubber	2½%	Nov. 30	...	...	...	...	...
Tebrau Rubber	2½%	Nov. 30	...	...	...	...	...
MINING							
Broken Hill Proprietary	1½ p.s.*	Nov. 27	1½ p.s.*	...	...	...	...
Lake View and Star	12½%	Dec. 5	20%†	...	50	57½	57½
Do. (in respect of 1935-36)	12½%	Dec. 5	20%†	...	50	57½	57½
Mexican Corporation	12½%	Nov. 22	15%*	...	5	Nil	Nil
Pataling Royalties	12½%	Nov. 22	15%*	...	5	Nil	Nil
Pengkalen Pref. Ord. and Ord.	3d. p.s.*	Nov. 9	Same	...	...	...	...
Petaling Tin	7½%	Oct. 31	Same	...	...	...	...
Sungei Way Dredging	5%*	Oct. 31	Same	...	...	...	...
Union Corporation	20%*	Nov. 21	Same	...	...	...	...
United African Explorations (12½)	14d. p.s.	Nov. 21	13d. p.s.	...	...	...	...
Wiluna Gold	10%†	Nov. 21	12½%†	...	20	22½	22½
OTHER COMPANIES							
Aberdeen Trust	15%†	Dec. 2	Same	...	110	101	101
Adelaide Electric	15 p.s.*	Nov. 1	Same	...	...	...	...
Anglo-American Telegraph Ord.	30 p.s.*	Nov. 1	Same	...	12	9	9
Do. Do. Pref. Ord.	30 p.s.*	Nov. 1	Same	...	12	9	9
Anglo-Scottish Amalgamated	2½%	Dec. 1	...	...	2½	2½	2½
Anglo-Scottish Investment	2½%	Dec. 1	...	...	2½	2½	2½
Ashton Vale Iron	112%†(s)	Dec. 1	112%†(s)	...	118	120	120
Bristol Brewery (Georges and Co.)	112%†(s)	Dec. 1	112%†(s)	...	118	120	120
British and Colonial Furniture	2½%	Dec. 1	...	...	10	Nil	Nil
British Match Corporation	2½%	Dec. 1	...	...	20	20	20
Caterall and Swarbrick Brewery	2½%	Dec. 9	Same	...	...	...	...
City of London Real Property	2½%	Dec. 9	Same	...	...	...	...
Clark's Bread	7½%	Nov. 30	Nil*	...	...	...	...
Dutton's Blackburn Brewery	2½%	Nov. 30	Nil*	...	...	...	...
East of Scotland Trust	2½%	Nov. 30	Nil*	...	...	...	...
Eastwoods Lewes Cement	15%*(s)	Nov. 30	6%*	...	10	5	5
Erlsson Telephones	10%*	Nov. 30	Same	...	10	10	10
Ever-Ready Co. (Great Britain)	7½%	Nov. 30	Same	...	10	10	10
George Turton Platts and Co.	6%*	Nov. 1	Same	...	6	5	5
Gleaves Limited	6%*	Nov. 1	Same	...	6	5	5
Hardywick	7½%	Dec. 2	Same	...	...	...	...
Hedderley (W.T.) Telegraph Works	12½%	Nov. 11	Same	...	...	...	...
Highland Distilleries	2½%	Nov. 11	Same	...	...	...	...
Hope Brothers	2½%	Nov. 11	Same	...	...	...	...
Imperial Airways	5%*	Nov. 5	Same	...	...	...	...
Investment Trust Corporation (Def.)	2%*	Dec. 2	Same	...	...	...	...
Lake View Investment Trust.....	3%†	Dec. 2	Same	...	...	...	...
London and Colonial Investment	3%†	Dec. 2	Same	...	...	...	...
Madden and Ireland	3%*	Oct. 23	2%*	...	...	...	...
McDougalls Trust	31%*	Nov. 15	Same	...	...	...	...
Melbourne City Properties Trust	5%*	Nov. 15	Same	...	...	...	...
Metal Agencies	1%*	Nov. 15	...	...	15	10	10
Mid-European Corporation	5%*	Nov. 22	Same	...	...	...	...
Morris (Herbert)	5%*	Nov. 22	Same	...	...	...	...
Newnes (George)	7½%	Nov. 18	Same	...	...	...	...
N.V. Van den Bergh's Fabriek (Pref. Ord. "A")	2%	Dec. 10	Same	...	...	...	...
N. Zealand & Australian Land Ord.	2%	Dec. 10	Same	...	...	...	...
"A" Pref. Stk.	2%	Dec. 10	Same	...	...	...	...
Oregon Mortgage 4½ Cum. Pref.	21%	Nov. 11	Same	...	...	...	...
Prices Trust	25c. p.s.	Nov. 15	First Year	...	15	...	...
Quebec Power Co.	25c. p.s.	Nov. 15	First Year	...	15	...	...
Railway and General Investment Trust.....	...	...	...	...	3	3	3
Realisation and Debenture Corporation of Scotland (Def.)	5½%†	Nov. 8	4%†	...	7	5½	5½
Scottish Agricultural Industries.....	...	...	...	...	2½	Nil	Nil
Scottish National Trust.....	...	...	...	...	2½	Nil	Nil
Second Scottish Investment	...	...	...	...	2½	Nil	Nil
Second Scottish National Trust	...	...	...	...	2½	Nil	Nil
Second Guardian Trust	1%*	Nov. 1	Same	...	...	...	...
Shawfield Greyhound Racing	12c. p.s.	Nov. 15	...	...	20	10	10
Shawinigan Water and Power.....	3%†	Nov. 15	Same	...	5	5	5
South African and General Investment Trust.....	...	...	...	...	20	15	15
Standard Motor.....	14%	Nov. 15	First	...	...	...	...
Tecalemit	7½%	Nov. 15	Nil	...	...	...	...
Thrift Stores	4%*	Nov. 1	2½%*	...	...	...	...
Tweedales and Smalley	3%*	Nov. 1	Same	...	...	...	...
Urban Electric Supply	3½%	Nov. 1	Same	...	...	...	...
Viking Whaling (7% Pref.)	3½%	Nov. 1	Same	...	...	...	...

(s) Paid on a larger capital. † Free of income tax.
(m) Also bonus of one deferred share of £1 for each complete £20 deferred stock requiring £9,240 of reserve.

AUSTIN REED, LTD.—The directors have declared interim dividends at the rate of 10 per cent. per annum for the half-year on the ordinary shares, and at the rate of 8 per cent. per annum on the 8 per cent. cumulative preference shares. Also six months' dividend in respect of the 5 per cent. "A" cumulative redeemable preference shares.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Deben- ture Interest	Amount Available for Distri- bution	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Deprecia- tion, etc.	Balance Forward	Net Profit	Divi- dend
					Prefce.	Ordinary					
						Amount	Amount					Rate
					£	£	%	£	£	£	%
Banks		£	£	£	£	£	%	£	£	£	%
Commercial Banking Co. of Sydney.....	June 30	119,353	263,937	383,290	...	236,950	5	25,000	121,340	256,731	5
Breweries											
Backus and Johnston's	June 30	133	6,658	6,791	...	4,262	5	...	2,529	742	Nil
Financial Land, etc.											
Consolidated African Sele- ction	June 30	32,206	236,395	268,601	16,276	145,556	65	91,109	15,660	216,407	60
Electro Trust	June 30	10,724	14,549	25,273	8,370	4,650	5	...	12,253	13,149	4
Kassala Cotton	June 30	32,097	19,773	51,870	...	18,750	37½	...	33,120	1,399	Nil
London and Colonial Invest. Prices Trust	Sept. 30	9,587	17,091	26,785	5,720	7,877	5½(c)	...	13,081	16,383	5½
	Sept. 30	...	(a) 87,955	87,955	10,539	58,125	15	5,500	13,791	...	...
Hotels, Restaurants, etc.											
Glenburn Hydropathic Co. ...	Aug. 31	Dr. 1,992	Dr. 1,665	Dr. 3,657	...	...	...	...	Dr. 3,657	Dr. 2,532	...
Iron, Coal and Steel											
New-Hudson, Ltd.	July 31	Dr. 15,935	18,025	2,090	...	...	...	...	2,090	17,165	...
Stothert and Pitt	June 30	353	14,397	14,750	9,275	...	...	5,000	475	6,896	...
Motor and Cycle											
Standard Motor	Aug. 31	32,566	157,546	190,112	...	46,500	20	87,000	56,612	106,795	15
Rubber, etc.											
Beranang (Selangor)	June 30	2,631	2,872	5,503	...	2,615	3	...	2,888	2,038	3
British Estates of Java ...	June 30	9,761	5,982	15,743	...	...	...	...	15,743	...	...
Central Sumatra	June 30	6,793	3,547	10,340	248	2,903	3	...	7,189	4,975	5
Eastern Sumatra	June 30	4,988	19,349	24,337	...	14,745	4·16	5,000	4,592	16,661	4·16
Hoscote	June 30	2,500	6,289	8,789	...	3,804	2½	2,031	2,954	3,674	Nil
Incomati	June 30	Dr. 5,114	Dr. 5,908	Dr. 11,022	...	...	...	...	Dr. 11,022	4,317	...
K.M.S. (Malay States)	June 30	11,161	13,126	24,287	...	12,716	7½	...	11,571	7,347	5
Kuala Kubu	June 30	2,525	1,518	4,043	...	1,250	2½	1,000	1,793	2,437	2½
Mapalagama	June 30	709	678	1,387	...	834	2½	...	553	709	Nil
Rassak (F.M.S.)	June 30	Dr. 3,634	62	Dr. 3,696	...	...	...	...	Dr. 3,696	456	...
Sungei Kari (Sumatra).....	June 30	Dr. 6,649	240	Dr. 6,409	...	...	...	...	Dr. 6,409	1,371	...
Tebrau	June 30	7,000	6,959	13,959	...	6,394	5	...	7,565	6,486	5
Shipping											
Liverpool and North Wales Steamship	Sept. 28	7,334	7,402	14,736	...	4,937	10	...	9,799	5,780	10
Tea											
Mini Mini (Nyasaland)	June 30	1,877	7,075	8,952	...	3,340	15	4,500	1,112	...	...
Textiles											
British Celanese	June 29	113,804	783,280	897,084	271,250	...	...	365,142	260,692	621,959	...
North British Rayon	June 30	18,974	14,689	33,663	...	...	...	5,173	28,490	9,747	...
Trusts											
Scottish and Dominions ...	Sept. 15	3,506	14,228	17,734	14,119	...	...	...	3,615	9,809	...
Second Edinburgh Invest- ment	Sept. 30	68,074	37,749	105,823	21,262	16,538	7	...	68,023	27,426	5
Other Companies											
British & Colonial Furniture	June 30	102,869	120,937	223,806	42,334	11,000	10	31,000	139,472	106,359	Nil
Dumont Coffee	Dec. 31	Dr 125,628	Dr. 9,542	Dr 135,170	...	...	...	5,000	Dr 140,174	Dr. 9,241	...
Eastwood Lewes Cement ...	June 30	3,032	12,598	15,630	...	10,750	10	1,000	3,880	5,052	5
Imperial Airways	Mar. 31	49,245	165,362	214,607	...	33,854	7	116,250	64,503	78,572	6
Murray (D. & W.).....	July 19	Dr 283,332	3,873	Dr 279,459	...	...	...	...	Dr 279,459	Dr. 8,923	...
San Paulo Coffee	Dec. 31	Dr. 23,814	5,668	Dr. 18,146	...	...	...	5,000	Dr 23,146	Dr 11,599	...
Splintex Safety Glass	June 30	Dr. 48,488	866	Dr. 47,622	...	...	...	...	Dr 47,622	976	...
Tecalemit, Ltd.	July 31	...	(b) 53,687	53,687	...	13,793	14	34,282	5,612	...	...
United Dairies	June 30	65,195	627,838	693,033	195,000	308,000	12½	100,000	90,033	600,487	12½

"ARMAMENT COMPANIES."—In a Company Note under this title on page 766 of last week's *Economist* it was stated, in the course of an extract from evidence before the Royal Commission on Arms, that English Steel holds a moiety in Thomas Firth and John Brown, Ltd. In fact, however, English Steel has a half-share with Thomas Firth and John Brown, Ltd., in Firth-Vickers Stainless Steels, Ltd. It is also understood that the Vickers' group interest in William Beardmore is limited to a small holding of second preference shares, taken in satisfaction of a debt.

STANDARD MOTOR COMPANY, LTD.—Record profits and the raising of the bonus by 5 per cent. are announced by this company for the year ended August 31, 1935. The net profit of £157,546 is £50,751 more than last year, when earnings reached £106,795. In 1933 the figure was £131,962. The dividend is maintained at 10 per cent., less tax, but the cash bonus is increased by 5 per cent., to 10 per cent., making a total payment of 20 per cent., compared with 15 per cent. the three previous years. This will absorb £46,500, against £34,875 in 1934. The allocation to reserve is repeated at £50,000,

bringing this fund up to £250,000. A sum of £35,000 is placed to taxation reserve, against £20,000, while £2,000 is also transferred to benevolent fund. The carry-forward of £56,612 compares with £32,566 brought in. The meeting will be held at Coventry on October 29th at 12 noon.

PRICES TRUST, LTD.—Prices Trust, Ltd., which was registered last year, to acquire the ordinary share capital of Prices Tailors, has issued its first report. Revenue for the period from October 23, 1934, to September 30th last, totalled £88,606, being the 65 per cent. dividend from Prices Tailors, and sundry receipts and transfer fees of £450. Expenses and fees account for £651, leaving a profit for the period of £87,955. The final ordinary dividend is 10 per cent., making 15 per cent. for the period. After providing for the transfer to preference dividend reserve of £5,500 and the preference dividend for the period, a balance of £13,791 is to be carried forward, out of which it is proposed to pay the preference dividend for the six months to November 15, 1935. Meeting, Winchester House E.C.2, October 24th, at 12 noon.

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

As the war scare has receded into the background, the desire on the part of consumers to increase their stocks of important commodities has become less acute. This factor, coupled with a certain amount of profit-taking, was mainly responsible for the setback on the principal commodity markets this week. Thus, consumers of copper, lead and spelter now have ample stocks for immediate requirements, and demand for these metals has tended to flag during the past few days. The sharp fall in the price of tin was due to the raising of production quotas from 70 to 80 per cent. of the standard tonnages, which we discuss in a Note of the Week.

The wheat markets are still under the influence of political developments, operators being somewhat nervous and price movements rather erratic. But widespread rainfall in Australia and Argentina also contributed to the easier tendency of grain prices this week. Linseed declined in price for the same reason, and other vegetable oils and oilseeds were marked down in sympathy. Movements in the prices of textile raw materials were small, cotton being a trifle dearer and flax and jute a shade cheaper than a week ago. The gradual improvement in rubber prices, which began last week, has continued, the rise being due to trade buying rather than to speculative operations.

Sugar and coffee have been marking time this week, and a slightly easier tendency has been evident at the Mincing Lane tea auctions. The seasonal advance in egg prices continues, and the spell of rather colder weather caused some improvement in the demand for meat at Smithfield Market. On the other hand, demand for provisions on the London Provision Exchange fell away this week, with the result that bacon and colonial descriptions of butter and cheese declined in price. Potatoes were also slightly cheaper as a result of heavier supplies.

In the United States, the setback in grains and metals caused a decline in the level of staple commodity prices. Thus Moody's daily index (December 31, 1931 = 100) suffered a further fall from 173.2 on October 16th to 172.2 on Wednesday last. The index stood at 172.8 a month ago and at 144.5 on the corresponding day last year.

COAL

SHEFFIELD.—Demand for steam coal is brisk, especially for inland industrial purposes. Export trade, whilst far from good, is improving. Demand on forward account is distinctly encouraging. Best steams for shipment are in limited supply. There is very little to spare of washed singles for October, and small coal is absorbed immediately on arrival at the Humber ports. Inland works are taking bigger quantities. Demand for house coal expands slowly. Blast-furnace coke is well sold ahead and moving away freely.

Quotations: Yorkshire Association hards, 18s. to 18s. 6d.; washed trebles, 17s. to 17s. 6d.; washed doubles, 16s. to 16s. 6d.; washed singles, 15s. 6d. to 16s.; washed steam smalls, 13s. 3d. to 13s. 9d.; screened gas coal, 16s. 6d. to 18s.; Derbyshire best hards, 17s. 6d. to 18s. (all f.o.b.); best Yorkshire house, 21s. and 22s.; best Derbyshire house, 19s. 6d. to 21s. (at pits); blast-furnace coke, 13s. 6d. (at ovens).

WORKINGTON.—A difficult position has been created in the Cumberland coal trade by the stoppage of Whitehaven collieries, and short of the production of Haigh and William pits, the supply is not sufficient to satisfy demand. Owners are diverting most of their output to the landsale market, and Irish demand is therefore larger than can be met. Industrial fuel is in keen request, and smalls for coking purposes are still in short supply.

Prices are firm. Best round is quoted at 21s. 6d. per ton; washed doubles, 20s.; washed singles, 18s., all f.o.b.; smalls, 14s. 6d.; best house coal, 32s. 4d.; house nuts, 30s. 8d. at station; gas coal, 27s.; local coke, 15s. 6d. to 16s. 6d. per ton.

NEWCASTLE-ON-TYNE.—The Tyne continues to show decreases in shipments owing to the cessation of Durham trade with Italy. But shipments from the port of Blyth are at a high level, owing to active conditions in the Northumberland steam section. The steam coal market is firm for all grades, there being little Northumberland coal available for the next few months. Durham prime bunkers are much firmer under a heavy demand from foreign coaling stations, but there are no signs of any improvement in gas or coking coals.

Current f.o.b. prices for export: NORTHUMBERLAND.—D.C.B. screened, 15s. 6d.; smalls, 12s. 6d.; Howards, Bentinck, Newbiggin, screened, 14s. 6d.; smalls, 11s.; Tyne Prime, large, 14s.; smalls, 11s. 6d.; Hartley Main, large, 14s. 6d.; smalls, 12s. DURHAM.—Lambton/South Hetton screened steam, 15s. 2d.; smalls, 12s. 6d.; Wear Special gas, 15s.; Holmside, Ryhope, Boldon unscreened gas, 14s. 6d.; second-class gas, 13s. 2d.; coking, unscreened and/or smalls, 13s. 2d.; Prime unscreened bunkers, 13s. 9d.; second-class unscreened bunkers, 13s. 3d.; Prime foundry coke, 20s. 6d.; Newcastle and District gas coke, 20s.

GLASGOW.—Business continues to be handicapped to some extent by a stringent freight position. There is a marked scarcity of prompt boats, and this was largely the reason for the fall of last week's shipments by 26,000 tons to 255,000 tons. The tone of the market is strong. There has been a sharp improvement in the household trade. Industrial demand is good, and with coastwise trade also broadening, most of the collieries are now busier, with good order books for some time ahead. Trade with the South of England markets is improving.

Prices are firm all round, export rates, f.o.b. district ports, being as follows: LANARKSHIRE.—Lill best, 16s.; splint best, 16s.; splint second, 14s. 6d.—15s.; navigation, screened, 14s. 9d.—15s.; navigation, unscreened, 13s. 6d.; steam, 13s.—13s. 6d.; trebles, 14s. 6d.; doubles, 13s. 6d.—13s. 9d.; singles, 12s. 9d.—13s.; pearls, 11s. 6d.; dross, 10s. 6d. FIFE.—Best unscreened navigation, 12s. 9d.—13s. 3d.; unscreened navigation, 12s. 6d.; first-class steam, 14s. 6d.; third-class steam, 13s.—13s. 6d.; trebles, 15s. 6d.—17s.; doubles, 14s.—15s.; singles, 13s. 6d.; pearls, 11s. 9d. LOTHIAN.—Best splint, 14s. 6d.; prime steam, 12s. 9d.—14s. 6d.; secondary steam, 11s. 6d.—12s. 6d.; unscreened navigation, 12s. 9d.—13s.; trebles, 15s. 9d.—16s.; doubles, 14s. 3d.—14s. 6d.; singles, 13s. 3d.—13s. 6d.; pearls, 11s. 9d. Ayrshire.—Best unscreened navigation, 14s. 9d.; steam, 13s.; trebles, 15s.—15s. 6d.; doubles, 14s. 3d.—14s. 6d.; singles, 13s. 6d.—13s. 9d.; pearls, 13s.—13s. 3d.; dross, 12s.—12s. 6d.

CARDIFF.—Normal labour conditions have been almost completely restored in the South Wales coalfield. The last of the groups of miners who have been "staying-in" underground as a protest against the employment of non-federationists reached the surface on Wednesday, and it is expected that all the strikers will have returned to work before the end of the week. The official relations between the Coalowners' Association and the South Wales Miners' Federation have not been affected at all by the recent disturbances; it remains a condition of employment that no restrictions shall be imposed by the associated owners on the freedom of the individual worker in the choice of his trade union; but it is understood that individual colliery companies have made certain minor concessions in regard to the future recognition of the trade union representatives of their employees.

On the Cardiff coal market the position is practically unchanged. The stoppages have diminished the spot supplies of sized and other special grades, and for these qualities current quotations are firmer, but for most descriptions prices are still ruling at the scheduled minimum bases. The Brazilian Central Railways are inquiring for between 50,000 and 80,000 tons for delivery over the next three months. Pitwood has been comparatively quiet and parcels are reported to have been sold at below the French official price of 23s. 6d.; but the Portuguese exporters are stated to have fixed their quota for the next four weeks at 25,000 tons, and to have raised their existing price to 23s. per ton. Coke is firm, but patent fuel quiet.

Current approximate quotations: Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 3d.; best dries, 18s. 9d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best steam smalls (washed),

BRITISH CELANESE LIMITED

Directors:

Dr. HENRY DREYFUS (Chairman) } Jt. Managing Directors.
Dr. CAMILLE DREYFUS }
Brig.-Gen. SIR WILLIAM ALEXANDER, K.B.E., C.B., C.M.G., D.S.O., M.P.
ALEXANDER CLAVEL. R. A. MURRAY, C.A. WALTER MACLACHLAN.
Dr. M. SOLLER. G. H. SPILMAN, A.I.C. GEORGE H. WHIGHAM.

Bankers: MIDLAND BANK LIMITED, 5 Threadneedle Street, London, E.C.2. LLOYDS BANK LIMITED, 72 Lombard Street, London, E.C.3. MARTINS BANK, LTD., Hanover Square, London, W.1.

Solicitors: LINKLATERS & PAINES, 2 Bond Court, London, E.C.4.

Auditors: THOMSON McLINTOCK & Co., C.A., 71, Queen Street, London, E.C.4.

Secretary and Registered Office: W. H. POXON, F.I.S.A., Celanese House, 22 Hanover Square, London, W.1.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED JUNE 29th, 1935

To be presented at the Annual General Meeting of the Company to be held at The Great Hall, Southern House, Cannon Street Station, London, E.C.4, on Thursday, October 31, 1935, at 11.30 o'clock a.m.

The Directors herewith submit the Report and Statement of Accounts for the year ended June 29, 1935.

The Balance of Trading Account for the year (after charging cost of Production including Maintenance) amounted to £2,350,491

The profit for the year, after providing for General Sales and Administrative Expenses, Royalties, Excise Duty, adjustments of Stock Values, Research and Advertising, amounted to 1,156,881

DEDUCT:—

1. Depreciation for the year ended June 29, 1935 £304,000

2. Commutation of Royalties, proportion written off 61,142

3. Debenture Charges—Interest on and Premium on Redemption of 1st Mortgage 7% Debenture Stock £49,627
Interest on and Premium on Redemption of 5½% Mortgage Debenture Stock 165,974

Balance for the year ended June 29, 1935 580,743

Brought forward as at June 30, 1934 113,804
689,942

The Directors have made the following provisions:—

(a) Underwriting Commission on 5½% Mortgage Debenture Stock, amount written off £25,000
(b) Provision for Income Tax 133,000

Amount available for distribution 531,942

DEDUCT:—

Dividends (less Income Tax) on 1st Preference Shares:—

(a) Paid for 2 years ended October 31, 1932 £217,000

(b) Declared before but paid after June 29, 1935, for half-year ended April 30, 1933 54,250

Leaving to be carried forward at June 29, 1935 £260,692

The volume of the Company's production and sales shows a large increase as compared with the previous year and constitutes a record in its history, with the result that the net profit is substantially increased, in spite of a large loss sustained on Stocks through the reduction in the rate of Excise Duty from 1s. to 6d. per lb.

It is well known that there has been a general substantial increase in the production of Artificial Silk Yarn in Great Britain during the year, and the Directors are pleased to be able to state that the Company has already obtained more than a proportionate share of this increase. It is confidently anticipated that the Company's share of this increase will be further largely augmented by reason of the increasing variety and superior quality of its products, which facts are recognised by every branch of the textile industry.

The profit-earning capacity of the Company has been largely increased, and the estimated profits for the first quarter of the current year are approximately 70% more than for the corresponding period in the previous year. The Directors consider the prospects for the future to be very favourable, provided no material setback occurs in the trade of the country.

In addition to the dividends for two years paid on the 7% First Cumulative Preference Shares during the year under review, and the half-year's dividend paid on July 31st (which, having been declared before June 29th, is included in the Accounts) a further dividend for one full year has been declared and is payable on October 31, 1935. As at the latter date, therefore, arrears on these Shares will have been extinguished up to April 30, 1934.

CAPITAL EXPENDITURE—MAINTENANCE AND DEPRECIATION.

The Buildings, Plant and Machinery have been efficiently maintained, the amount of £373,192 having been expended under this head, as compared with £332,887 for the previous year.

In addition to this maintenance expenditure, £304,000 has been allocated to Depreciation, increasing the Depreciation Reserve to £2,785,606.

Capital Expenditure for the year amounted to £505,000. Additions and extensions charged to Capital during the last four years have amounted to approximately £1,600,000. At the close of the financial year commitments in respect of further additions and extensions to the amount of £319,000 were outstanding.

FIRST MORTGAGE DEBENTURE STOCK.

The Company redeemed during the year £64,405 First Mortgage Debenture Stock in accordance with the provisions of the Trust Deed. Since the end of the financial year a further amount of £68,503 has been deposited with the Trustees on account of the current year's redemption, which, when applied, will reduce the amount of Stock outstanding to £512,162.

RESEARCH AND ADVERTISING.

The amount written off under this head for the year is £148,331, including expenditure on new patents, and the amount carried forward is £163,998.

COMMUTATION OF ROYALTIES.

£61,142 has been written off, reducing the book figure to £1,100,558.

UNDERWRITING COMMISSION ON 5½% MORTGAGE DEBENTURE STOCK.

The amount of £25,000 has been written off, leaving a balance of £50,000 to be written off.

BOARD OF DIRECTORS.

Mr. O. V. G. Hoare resigned his seat on the Board and Mr. Walter MacLachlan was elected a Director to fill the vacancy. Mr. MacLachlan retires in accordance with the Articles of Association and offers himself for re-election.

The following Directors retire by rotation and, being eligible, offer themselves for re-election:—

MR. A. CLAVEL.
DR. M. SOLLER.
MR. G. H. WHIGHAM.

AUDITORS.

The Auditors, Messrs. Thomson McLintock & Co., retire and, being eligible, offer themselves for re-election.

By Order of the Board,

W. H. POXON, Secretary.

London, October 22, 1935.

13s. to 13s. 6d.; seconds, 12s. 6d. to 13s.; coking, smalls, 13s. 6d. to 14s.; anthracite, best large, 36s. to 40s.; Red Vein, large, 22s. to 27s.; machine-made cobbles, 35s. to 51s.; French nuts, 35s. to 51s.; stove nuts, 34s. to 50s.; rubbly culm, 10s. 6d. to 12s.; special foundry coke, 37s. 6d. to 40s.; patent fuel (Crown), 21s.; pitwood, ex ship, French 24s. 3d., Portuguese 20s. 6d.

IRON AND STEEL

LONDON.—The official report of the London Iron and Steel Exchange indicates that the recent improvement in the demand for iron and steel has been maintained, and that business was active in nearly all departments. There has been a fair amount of forward contracting in pig iron, and buyers have sought to place contracts for delivery, in some cases over the first half of next year. Producers however, are well booked, and are disinclined to enter into such far forward commitments. Many of them have good tonnages of orders on their books for delivery over the first quarter of 1936. Demand for semi-finished steel appears to be taxing the productive capacity of the works, and there is a tendency for the prices of uncontrolled materials to advance. In this department consumers report that it is not easy to obtain near delivery, and many of the manufacturers are only booking forward business. The market for finished steel materials is active, and a heavy volume of business is being transacted in structural steel. The recent contracts for ships will be reflected in substantial orders for steel. Business in plates and sheets has improved considerably, and prices for the latter have been advanced owing to the firmer quotations for raw materials.

MIDDLESBROUGH.—The confident feeling in the market for iron and steel is well maintained. The actual volume of transactions is not large, owing to the fact that makers are well sold ahead. Regular deliveries to home producers are fully absorbing the output. Shipments of foundry iron to Scotland continue fairly regularly. The price for this grade is maintained on the basis of No. 3 quality at 67s. 6d. per ton delivered in the Middlesbrough area. East Coast hematite makers are also in a very comfortable position, substantial deliveries going forward to the Midlands and Sheffield areas. The price is maintained on the basis of 71s. per ton delivered locally for No. 1 East Coast hematite.

The steel makers are very well employed, demand for semi-finished steel is strong. More specifications are being received for joists and sections. Shipbuilding departments are busier, whilst the rail departments have benefited by the orders placed recently by the London Passenger Transport Board for 2,675 tons of tramway rails with Dorman Long and Company, Ltd., and 3,000 tons of tramway rails with the Skinningrove Iron and Steel Company, Ltd. Messrs W. Gray and Company, Ltd., West Hartlepool, have booked an order during the past week for a new steamer of approximately 9,000 tons, whilst the announcement that the Admiralty have placed an order on Tyneside for a new cruiser will be beneficial to the steelworks in this area.

The advance of 5s. per ton in the price of sheets was not unexpected owing to the increase in the price of spelter. Black sheets are now £11 5s. per ton for delivery to home users and £9 5s. per ton f.o.b. for shipment abroad, whilst galvanised corrugated sheets become £13 5s. per ton to home users and £11 10s. f.o.b. for shipment overseas.

Heavy steel melting scrap is in good demand with makers continuing to offer 52s. 6d. per ton. Merchants, however, are selling slowly, as they expect to realise higher prices. Foreign ore is difficult to place, and prices are purely nominal, owing to the freight position. Blast furnace coke is in good supply, and is offered at 18s. 6d. per ton delivered at the furnaces here.

SHEFFIELD.—Sheffield is busier than ever on aircraft steel, projectiles and other munitions, the plants concerned being run under severe pressure. This demand reacts to the advantage of several other departments of the steel trade, notably tools. A revival of trade in alloy tool steels is reported. The smaller makers of this material were experiencing lean times until a few weeks ago, since then, their order books have filled up, and firms are now well provided with work. A scarcity of semi-steel necessitates the open-hearth plants maintaining maximum operation. The aggregate output of the steel works in Sheffield continues to expand. In Lincolnshire, an additional steel furnace has been put into commission at the works of United Steel Companies, Ltd. These works produced half a million tons of iron and steel in the first half of the year. By the end of the year the output will exceed a million tons. Favourable reports come from makers of all descriptions of tools. The improvement in trade continues to be mainly internal. Exports are not satisfactory, although tending upwards. Seasonal trade is causing activity in cutlery, electro-plate and silver goods, the present position being a little better than a year ago.

WORKINGTON.—Almost every week the volume of business done in the North-West Coast hematite pig-iron market represents a tonnage in excess of what is being smelted by the eight furnaces in blast between Workington and Barrow. A large proportion now concerns the early or immediate needs of users. Temporarily, at all events, forward buying has ceased to be of important extent. Makers, however, have already sold their output twelve months ahead, and that period is in process of being prolonged. The Midlands has become the chief buyer of both ordinary and special iron, one reason being the close link between the United Steel Company's iron and steel works at Workington and the similar undertakings in Sheffield. South Wales ranks next in importance. The Scottish and Continental demand expands but slowly. Local consumption continues to be heavy, accounting as it does for more than half of the entire output.

Prices are firm at the agreed minimum, but if the freight of foreign ore increases, it is probable that prices will be re-adjusted. Bessemer mixed numbers are quoted at £3 15s. 0d. per ton at

Glasgow: £4 1s. 0d. at Manchester; £4 4s. 6d. at Birmingham; and £4 6s. at Sheffield, with an additional 2s. 6d. to 5s. per ton for special brands. Refined iron is in brisk demand, and malleable iron is a lively trade, at £5 15s. per ton delivered at Birmingham. Ferro, which is being smelted at Workington, commands a ready market at from £10 15s. to £11 5s. per ton home. Steelmakers have plenty of orders, and anticipate remaining in full activity for several months to come. Workington is rolling rails, billets, bars and slabs but Barrow is not rolling this week on account of the storm damage to the plant. Native ore is merely a local trade, and it stands at from 13s. 6d. to 14s. 6d. per ton.

GLASGOW.—Activity in the iron and steel trades in this district continues to expand. All manufacturers of steel are very busy, and are indeed finding it difficult to meet the urgent demands of consumers. Makers of semis are very similarly placed. At the Clyde shipyards the position has improved considerably within the past month or so, and the announcement that the Fairfield Shipbuilding Company of Govan are to build a British cruiser, valued at approximately £2,000,000, still further improves the position. It is also announced that Messrs Yarrow of Scotstoun have contracted to build boilers and machinery for three destroyers for the Yugoslav Government, the value of this contract being about £500,000. Prices of black and galvanised sheets were advanced 5s. per ton at the end of last week; but makers find demand for both increasing, and rolling mills and galvanising plant are well employed.

CARDIFF.—On the Swansea Metal Exchange on Tuesday, steady conditions were reported in the tinplate market. The mills are producing at about 52.5 per cent. of capacity, and it is expected that the present rate of output will be maintained in spite of the Cartel restrictions on new export business. Quotations are firm at the revised c.i.f. schedule based on 18s. 9d. per box for export and 18s. 4½d. for the home trade. Galvanised sheets have been increased to £11 10s. per ton, but there has been little expansion in the volume of trade. Shipments of tinplates at Swansea last week fell to 49,410 boxes, compared with 102,956 boxes the previous week, and stocks have consequently increased from 67,187 to 95,802 boxes.

OTHER METALS

COPPER.—Although prices were subject to fluctuations, the general tendency was slightly easier during the past week. Supply was not excessive, but consumers' demand was insufficient to bring about any further improvement. As has previously been pointed out, consumers have recently been buying well in excess of their immediate requirements and are now fairly well supplied for some time ahead. In the absence of any further political complications, consumers will probably draw on their stocks, so that a further rise in prices seems unlikely in the near future. On the other hand, it is suggested in some quarters that the improvement in the international position may stimulate activity in certain "peace" industries, thus affording a new ground for a rise in prices. Although it would be unwise to ignore this possibility, it seems probable that increased industrial activity is already largely discounted in the current price level.

Sales on the London Metal Exchange: 2,350 tons on Monday, against 2,750 tons last week; 1,250 tons on Tuesday, against 2,450 tons last week; 1,600 tons on Wednesday, against 4,450 tons last week. Domestic spot was quoted at 8.47½ cents per lb. in New York on Wednesday, against 8.52½ cents a week ago and 8.45 cents a month ago. Wednesday's official closing price for standard cash in London was £34 12s. 6d. to £34 13s. 9d., compared with £34 17s. 6d. to £34 18s. 9d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 79,993 tons, show a decrease of 800 tons, while stocks of rough copper, at 10,934 tons, show a decrease of 450 tons on the week.

LEAD AND SPelter.—Although the basic position of both metals showed little change, quotations—especially in the case of lead—were easier this week. The major cause was a bout of profit-taking after the recent sharp rise, but it must also be remembered that consumers are now better supplied, although not to the same extent as in the case of copper. Hence some further fall in prices may be witnessed in the near future, although the position of both metals remains fundamentally sound.

Sales of lead on the London Metal Exchange: 1,400 tons on Monday, against 1,350 tons last week; 1,400 tons on Tuesday, against 1,250 tons last week; 1,850 tons on Wednesday, against 1,150 tons last week. The New York quotation on Wednesday was 4.50 cents per lb., against 4.50 cents a week ago and 4.50 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £17 11s. 3d. per ton, compared with £18 2s. 6d. a week ago.

Sales of spelter on the London Metal Exchange: 300 tons on Monday, against 700 tons last week; 450 tons on Tuesday, against 800 tons last week; 425 tons on Wednesday, against 475 tons last week. Wednesday's quotation in East St. Louis was 4.85 cents per lb., against 4.85 cents the week before and 4.75 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £16 2s. 6d. per ton, against £16 2s. 6d. last week.

TIN.—Fluctuations in this market were, of course, primarily associated with Tuesday's quota decision, discussed in a Note of the Week. Within the short period of two and a half months tin quotas have been increased in three instalments from 50 to 80 per cent. of the standard tonnages. The latest increase from 70 to 80 per cent. did not come as a surprise, for in some quarters it had even been anticipated that the quota might be raised to 100 per cent. for a short period. Some time must elapse before the higher quota can be reflected in actual supplies, for all the producing areas, with the exception of the Dutch East Indies, are behind-hand with their output, owing to the special circumstances (labour

shortage, etc.), which have been discussed in recent weeks. Nevertheless, some relief will be forthcoming in the immediate future, since it was officially stated on Friday last that considerable quantities of Dutch tin are on their way to England, and that additional supplies will follow almost immediately. This week's increase in the quotas naturally produced a setback in prices, but bears appear to have been much more cautious than after the decision of August 10th. The trend of prices in the immediate future must be dependent upon the rate at which the higher output becomes available on the London market.

Sales of tin on the London Metal Exchange: 75 tons on Monday, against 450 tons last week; 450 tons on Tuesday, against 235 tons last week; 625 tons on Wednesday, against 475 tons last week. The New York quotation on Wednesday was 50.87½ cents per lb., against 51.50 cents a week ago and 49.50 cents a month ago. Wednesday's official closing quotation in London for standard cash was £216 10s. to £217 per ton, compared with £228 to £229 last week. Stocks of tin in London and Liverpool at the end of last week totalled 362 tons, a decrease of 69 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted at £100 per ton. Nickel, for home and export, at £200 to £205 per ton, remains unchanged. Quicksilver, on the spot, was quoted at £12 5s. to £12 7s. 6d. per flask of 76 lbs., as against £12 to £12 2s. 6d. per flask last week. Chinese antimony was quoted at £75 to £76 per ton ex warehouse, duty paid, the same as last week. Chinese wolfram for October-November shipment was quoted at 36s. 6d. to 37s. 6d. per unit, c.i.f., as against 35s. to 36s. per unit last week. Platinum (refined) at £7 10s. per ounce, was unchanged on the week.

TEXTILES

COTTON.—Manchester. — An encouraging business has again been done in yarn and piece-goods. Most spinners and manufacturers have sold more than their output. In the circumstances there has been a tendency for engagements to be extended and delivery difficulties are increasing. There has not been any distinct change in the level of prices for American cotton. Heavy hedge selling by growers in the United States has been offset by the healthy trade demand. Weather advices from the belt continue rather better and there is a possibility of the Government crop estimate being increased at the beginning of November. Rather wide fluctuations have occurred in prices for Egyptian Sakel cotton. These changes have been largely due to diverse political news.

COTTON PRICES

	1935				Corresponding Date	
	Oct. 2	Oct. 9	Oct. 16	Oct. 23	1933	1934
Raw Cotton—Mid. American	d. 6.41	d. 6.51	d. 6.42	d. 6.43	d. 5.53	d. 6.93
Sakellaridis Fully Good Fair						
Egyptian	8.58	8.64	8.67	9.05	6.99	8.24
Yarns—32's twist	10 1/4	10 1/4	10 1/4	10 1/4	9 1/2	10 1/2
" 40's twist	10 1/2	10 1/2	10 1/2	10 1/2	9 1/2	10 1/2
" 60's twist (Egyptian)	16	16	16	16	16	16 1/2
32-in. Printers 116 yds., 16 by 16, 32's and 50's	s. d. 17 1/2	s. d. 17 3/4	s. d. 17 3/4	s. d. 17 3/4	s. d. 16 8	s. d. 19 2
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	24 1/2	24 1/2	24 1/2	24 1/2	20 8	24 3
38-in. ditto, 38 yds., 18 by 18, 10 lb.	10 2 1/2	10 3	10 4	10 4 1/2	10 5 1/2	11 1
39-in. ditto, 37 1/2 yds., 16 by 15, 8 1/2 lb.	9 1/2	9 2	9 3 1/2	9 4 1/2	9 3	10 0

A big inquiry has been experienced in piece-goods for foreign outlets. An increased turnover has taken place for India in grey, bleached and printed and dyed goods. Practically nothing has been done for China, but fancies have attracted rather more attention for Hong Kong. A varied business has been put through for the Dominions, especially South Africa, and a little more buying has occurred in shirtings and prints for West Africa. Home trade demand has again been active, there being considerable buying in heavy materials, whilst there are now signs of freer operations in dress goods. Taking the weaving section as a whole, the position is distinctly healthier than a month ago. A substantial business has again been done in the yarn market. Although most of the buying has been in coarse and medium American counts certain Egyptian spinners have had a fair week.

GRAIN MARKETS

WHEAT.—During the past week large arrivals of wheat in this country, coupled with a rather dull demand, caused a continuance of the downward tendency of prices noted a week ago. An improvement in the international outlook and widespread rainfall in Southern Hemisphere producing areas have promoted a bearish sentiment. Australia's crop is now officially estimated to yield 135 million bushels, against an average of 186 million bushels in the five years 1930-1934.

According to the *Corn Trade News*, total arrivals of wheat and flour at principal ports of Europe during the past week were 1,186,000 quarters, against 919,000 quarters in the preceding week. On Wednesday last, "December" futures were quoted in Chicago at 99½ cents per bushel, against 100½ cents the week before and 98½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 36s. 3d. per 496 lbs., against 36s. 9d. a week ago; No. 2 Northern Manitoba, ex ship, 35s. 3d., against 35s. 9d. a week ago.

FLOUR.—Demand continues quiet, with imported descriptions a little cheaper on the week. Shipments from North America in the last week totalled 158,000 sacks, as against 81,000 in the previous

week. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered country, 30s. per 280 lbs., against 30s. a week ago; delivered London, 29s., as compared with 29s. a week ago. Manitoba patents, ex store, 28s. 6d. to 30s., against 28s. 6d. to 30s. a week ago. Australian, ex store, 23s. 6d., against 23s. 6d. a week ago.

BARLEY.—Demand for imported feeding barley has again been dull, with prices tending to sag. Supplies of good quality English barley are limited this season and prices are well maintained. "October" futures were quoted at 31½ cents per bushel in Winnipeg on Wednesday, against 33½ cents last week and 36½ cents a month ago. Quotations per 448 lbs. in London on Wednesday were: "English feed" (new) at farm, 23s. to 24s., as against 23s. to 24s. last week; "English malting" (new) at farm, 30s. to 56s., against 30s. to 56s. a week ago.

OATS.—On Wednesday, "December" futures were quoted at 26½ cents per bushel in Chicago, against 27½ cents a week ago and 28½ cents last month. Quotations in London, Wednesday: "English Black" (old), at farm, 22s. per 336 lbs., against 22s. a week ago; "English White" (old), at farm, 22s., against 22s. last week; "Chilean White," landed, 28s. per 320 lbs., against 28s. a week earlier.

MAIZE.—Trading continues quiet and prices in this country have shown a renewed tendency to sag. On the other hand, Chicago quotations are rather higher on the week. "December" futures were quoted on Wednesday at 61½ cents per bushel in Chicago, against 60½ cents a week ago and 57½ cents last month. Quotations in London, Wednesday: "Plate," landed, 18s. 3d. per 480 lbs., compared with 18s. 9d. a week ago; "Plate," ex ship (new), 17s. 3d., as against 12s. 9d. a week ago; "Plate," "October," 17s. 3d., against 17s. 9d. a week ago. Yellow maize meal, ex wharf, was quoted at £5 to £5 2s. 6d. per ton, against £5 2s. 6d. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sale of home-grown wheat during the harvest years 1932-33 to 1935-36:—

	1932-1933	1933-1934	1934-1935	1935-1936
Estimated sales of home-grown wheat—	Cwts.	Cwts.	Cwts.	Cwts.
1 week to October 19	357,285	296,803	431,860	462,156
7 weeks to October 19	1,781,151	2,659,843	3,632,747	3,377,179
Average price of English wheat per cwt.	s. d. 5 7	s. d. 4 10	s. d. 5 0	s. d. 6 1

The following is a statement showing the quantities sold and the average price of British corn in the past two weeks, and for the corresponding week in each of the years from 1931 to 1934:—

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
Oct. 17, 1931.....	Cwts. 99,688	Cwts. 509,409	Cwts. 65,763	s. d. 5 9	s. d. 9 6	s. d. 6 4
Oct. 22, 1932.....	357,285	384,157	67,487	5 7	7 9	6 3
Oct. 21, 1933.....	296,803	476,392	43,097	4 10	10 2	5 5
Oct. 20, 1934.....	431,860	424,488	53,675	5 0	9 4	6 5
Oct. 12, 1935.....	495,987	587,548	58,078	5 11	9 7	6 3
Oct. 19, 1935.....	462,156	497,969	49,012	6 1	9 3	6 2

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks, with comparative figures for 1933 and 1934.

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† These prices are for fuel oil for inland consumption—other than for use in Diesel engine road vehicles—and do not include the Government tax.

	Oct. 24, 1934 Cents	Sept. 25, 1935 Cents	Oct. 16, 1935 Cents	Oct. 23, 1935 Cents		Oct. 24, 1934 Cents	Sept. 25, 1935 Cents	Oct. 16, 1935 Cents	Oct. 23, 1935 Cents
Wheat, No. 2, Winter, nearest future, Chicago, per bushel...	98½	98¼(c)	100½(b)	99¾(b)	Sugar, Cuban Centrifugals, 96 deg., spot, per lb.....	2-74	3-57		
Maize, nearest future, Chicago, per bushel	75	84½(c)	60¼(b)	61½(b)	Cotton, middling, spot, per lb....	12-65	10-90	11-25	11-40
Oats, nearest future, Chicago, per bushel	50½	29½(c)	27¼(b)	26½(b)	Rubber, smoked sheet, spot, per lb.....	14	11½	12½	13
Rye, nearest future, Chicago, per bushel	64½	49½(c)	49½(b)	50¼(b)	Petroleum, Pennsylvania crude standard grades, per barrel.....	207-222	152-172	152-172	152-172
Barley, nearest future, Chicago, per bushel	78	(a)	43½(b)	(a)	Copper, "Electrolytic," Domestic, spot, per lb.....	6-32½	8-45	8-52½	8-47½
Coffee, Rio No. 7, cash, per lb.	9½	6½	6½	6½	Copper, "Electrolytic," Export, prompt, per lb.....	6-92½	8-67½	8-75	8-70
" Santos No. 4, cash, per lb.	11½	8½	8½	8½	Spelter, East St. Louis, spot, per lb.....	3-85	4-75	4-85	4-85
Cocoa, Accra, nearest future, per lb.....	4-47	4-83	4-74	4-68	Lead, spot, per lb.	3-70	4-50	4-50	4-50
	(a) Nominal.		(b) December futures.		Tin, " Straits," spot, per lb. ...	51 25	49-50	51-50	50-87½
						(c) September futures.			

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THE SECRET OF THE BALLOT-BOX

THE Government has taken the grave responsibility of plunging the country into the vortex of a General Election in the middle of an unresolved international crisis. The party augurs have spoken; the Prime Minister has made up his mind. Parliament was dissolved on Friday, October 25th. The nation will poll on November 14th, and a new Parliament will be in session in the first week of next month.

If the first duty of any Government in its fifth year of office is to ensure its own perpetuation, then Mr Baldwin's advisers have revealed the true Machiavellian flair in timing their appeal to the country. An election this month means that candidates fighting under the Government's banner should benefit from the most striking manifestation of unity among all parties, in support of a national policy in foreign affairs, that has been witnessed since the Government took office.

Moreover, if gratitude wins elections, the Government can make a strong appeal to those who do not examine too closely into the relationship between cause and effect. Has it not put a million men into employment, raised the price of "Consols" from 49½ to 84, and restored Great Britain's prestige in the councils of the world?

Again, even its severest critics have reason to be thankful for the stability of our parliamentary system and for the steadiness of public opinion in these four years. For at a time when the stock of parliamentary institutions stood low in Europe, less on account of their alleged vice than of their indubitable inefficiency in certain countries, democracy in Britain was equal to the task of seeing the country through the severest economic depression of modern times to a haven of modest prosperity. And for this the Government may reap some of the credit.

The future historian, however, may view the Government's achievements from a somewhat different angle. Its "famous victories" were all in the domestic, and its most damaging failures in the international, sphere. It never

lacked courage, but its vision was restricted and its gait pedestrian. It transformed the national fiscal system when falling world prices masked the inevitable repercussions on the national standard of living. Of the long-term effect of its policy on the great exporting trades the Government remained oblivious until the plight of the Special Areas and the perennial troubles of the coal trade, like twin birds of ill omen, came home to roost on the eve of this month's election. Where economic tendencies were on the Government's side, its plodding genius was seen to best advantage. Its refusal to "experiment" with currency and credit, after the devaluation of the pound, went far to recreate public confidence and provide a favourable environment for a titanic War Loan conversion and a trade revival backed by cheap money. The reverse side of the medal, however, was revealed in the Treasury's maintenance of a narrowly restrictive policy in the market for new trustee issues. As a result, the benefits of low interest rates, so far as long-term borrowers were concerned, were largely confined to a limited number of authorities with "convertible" existing obligations.

Abroad, the Government's record might have been far happier for the world had it carried into its conduct of foreign affairs a tinge of the conviction revealed—to its lasting credit—in its handling of the India Bill. It lacked energy to oppose, or wisdom to regulate, German rearmament; and it must bear a substantial share of the blame for allowing ten years' anxious labour for disarmament to be brought to shipwreck. Its policies were not infrequently contradictory and self-cancelling. Mr Runciman's bilateral trade pacts, with their rigid most-favoured-nation clause, contributed little to world revival, and were irreconcilable with Mr Elliot's agricultural protectionism. The Government's bluff was frequently and successfully "called"—by Mr Bennett, for example, at Ottawa, and by Germany and Japan before the League. Not until last September did Signor Mussolini discover, to his pardonable

surprise, that the Government, for once, had the courage of its convictions—and the effect on public opinion, at home and abroad, was electrical.

On the whole, the Government's past record must be deemed a two-edged electoral weapon. It is not altogether surprising, therefore, that this time there is no request for a blank cheque, but a detailed Election Manifesto, compounded of most diverse ingredients, culled from the programmes of all parties. While fidelity to the League of Nations is re-affirmed, the failure to check the growth of the world's armaments is made the foundation for a mandate to increase Britain's own "Defence Forces." Restoration of international trade is to go hand in hand with a prosperous countryside. The Special Areas are not forgotten, but no promises are made in regard to them, except that "financial considerations will not be allowed to stand in the way of any practical and reasonable scheme"; that "ready-made factories" will be provided on a "trade estate"; and that workers who cannot be absorbed locally will be trained and transferred to other areas. The evils of overcrowding and the slums will continue to be energetically combated. Improved coal selling arrangements will be insisted upon, and mining royalties will be "unified." In its social programme, the Government includes the extension on a voluntary basis of contributory pensions to black-coated workers and other persons outside the present arrangements, the regularisation of Unemployment Assistance arrangements, the overhaul of the Means Test, the raising of the school-leaving age to fifteen (a suggestion with which we deal on a later page), and an effort to raise still further the general health of the nation. This is as comprehensive as a Woolworth counter. Gladstone would have called it Liberal; Disraeli would have muttered something about "dishing the Whigs." How far is it likely to decide the issue of this month's campaign? Alternatively, how far will the decision turn upon questions of party allegiance, mass emotion, and the "strategy" of the hustings?

Not for many years has the party position been so confused. The introduction of a general tariff has blurred the clear-cut issue which, broadly, has divided the parties of Left and Right since the beginning of this century. No party "test" of equal potency and controversy has yet emerged. The programmes of the Government and its opponents differ less in content than in emphasis. All parties stress their determination to seek peace and ensue it—with an insistence which is, perhaps, the most eloquent of all testimony to national uneasiness on that score. The Labour Party's Manifesto reads like a less detailed version of the Government's proposals for industry, agriculture, housing and education. Though it advocates the abolition of National Air Forces, it explicitly expresses its intention to maintain such defence forces as are necessary to Britain as a member of the League—and even Mr Baldwin specifically demands no more. The Labour Party's belief in "public ownership" of banking, certain key industries, and "the land" is reaffirmed, but more as a matter of habit than as a concrete election issue. And what of "the Liberal vote"? The Council of Action for Peace and Reconstruction, which is designed largely to mobilise it, as well as that of the "unattached" voter, has adopted an election strategy based, primarily, not on direct candidatures, but on the technique of the questionnaire, which is designed to commit as large a number of candidates as possible to a particular programme of measures for immediate application. It is a device for using the "free" vote to impose a policy which to a large extent cuts across party lines.

Which post-war precedent will be relevant to this month's result—the tradition that every election since 1923 has reversed the House of Commons majority established by its predecessor, or the historic fact that every administration during fourteen of the last seventeen years has drawn its voting power in the House of Commons predominantly from the Conservative Party? Will the result of 1935 fall half-way between those of 1929 and 1931? Or will the vagaries of our out-of-date and incalculable electoral system once again produce a lop-sided and unrepresentative Parliament? For good or ill, the events of the next fortnight will decide these questions.

THE FRENCH POLITICAL SCENE

OCTOBER 31, 1935, may well mark a turning-point in French politics. On that day the mandate to issue new decrees, which the Chamber and Senate conferred upon M. Laval on June 8th, expired, and the shadows of past difficulties were again thrown on the mist ahead. The gravity of the international situation; doubts about M. Laval's conduct of French policy in that crisis; the perpetual and protracted problem of dressing the next year's Budget and passing it through two Budget Commissions and two Chambers; the claims of a united peasants' front in a still predominantly agricultural, though still deflation-minded, country; the eternal insubstantiality of any Government majority in French politics; and the sorry, but unalleviated, burden of uninterrupted deflation... here is matter enough to disquiet any Prime Minister of France, even in normal times. In the last two years, however, times have not been normal in France; for the difficulties which every French Government expects to meet in both Chambers of Parliament have been immeasurably magnified by an ugly public temper which has already found violent expression in the streets of Paris. It may well be that, in the few weeks or months ahead of us before the French Chamber need meet—by December 31st, for budgetary purposes—the destinies of much more than M. Laval's Government and its policy will have been decided.

France has always had one greater enemy than Germany: her own political system. To many observers—and to very many Frenchmen—it now seems that recurrent crises within her political system bid fair to become a veritable *crise de régime*. Parliament itself, the rôle of the deputy, the deputy's individual responsibility only to his own electors, the "group system" which arises thence, these are all now in the crucible of public criticism. If this seems an over-statement, let us recall four significant facts. First, a number of anti-Parliamentarian bands have arisen, some (like the Action Française monarchist group) more than a generation old, others (like Colonel de la Rocque's Croix de Feu or the Jeunesses Patriotes) of recent origin; but all of them pledged to the overthrow of the existing Parliamentary regime as we know it. They differ widely in strength, discipline and military organisation; but together they number some 350,000 to 400,000 members; they are concentrated on Paris; and they have arms. Secondly, however, Parliament itself, and the function of the average deputy, have both fallen into grave disrepute: the former because of the endless shuffling of the group-controlled Governments, the latter owing to the sinister revelations of various financial scandals. Thirdly, as a combination of the first two factors, *la rue* has once again made a sinister re-entry on the French political scene. Last year two Prime Ministers of France, M. Chautemps and M. Daladier, were forced to resign by anti-Parliamentary riots in the streets of Paris, though they each possessed the assurance of ample majorities in the Chamber. Fourthly, and finally, owing to the general unwillingness in the Chamber to shoulder responsibility for continuous and remorseless deflationary measures in order to balance a perpetually self-disequilibrating Budget, government in France at the moment can only be carried on by emergency decrees. Thus, French democracy under the Third Republic ungracefully—and, as the *Ligues* say, disgracefully—abdicates its duties. What are the fundamental reasons for this political disintegration in France? Are we on the threshold of a great and epoch-making change in the structure of French politics?

The most obvious weakness of the whole French political system is its lack of any parties (in the Anglo-Saxon sense of the term) with strong Parliamentary discipline, programmes which bind their members, and nation-wide organisation. France, true to the Republican spirit of the Revolution, views each deputy as the representative of his constituents alone, bound to express their views and further their interests. Thus emerge the "groups" of the Chamber—which, with the exception of the Radical Socialists, Socialists and Communists, are little more than random alliances of like-minded individuals. Such groups have no "group programme"; at the most, one or two of the largest will affirm common principles at election time. Thus, they are driven to rely on opportunist tactics in

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Parliament and in the constituencies. The present composition of the Chamber is roughly as follows:—

Composition of Chamber in 1935: Elected May 1-8, 1932

LEFT—		CENTRE—	
Radical-Socialists and Radicals	157	Republicans of the Left, etc.	72
(Herriot).....	129	(Lardieu group, Flandin group, and others).....	—
Socialists (Blum).....	37	RIGHT—	—
Republican Socialists (formerly	11	Conservatives, and the Marin	81
Brand-Painlevé).....	12	group.....	16
Communists.....	346	Popular Democrats.....	28
		Independents.....	125
			—
LEFT CENTRE—		INDETERMINATE	10
Radical Left, and others of an	62		—
undefined Left.....		Total	615

In so ill-assorted a Chamber—which nevertheless faithfully reflects the overwhelmingly Leftward orientation of France as a whole—there have been patchwork Governments, under various "individuals," of whom M. Laval (a Senator) is one, leading finally to the emergency decrees of M. Laval. For all this there is only one real cause: the dissipation of the national will among innumerable splinter-parties. Add to this the virtual impossibility (though it remains constitutionally possible) of securing the Senate's agreement to any proposal by the President for a dissolution, and deadlock becomes inevitable. In fact, Rousseau's gibe at the English for only being "really free" once every few years is to-day more true of the French. The English Prime Minister can at any time seek the verdict of the nation by asking the King for dissolution. In France, ever since the fateful *Seize-Mai*, 1877, when Marshal MacMahon dissolved a Republican Assembly for Monarchist purposes, "dissolution, which is really only an appeal to the court of last instance—the people—appeared as an attempt on the nation's rights, as represented by the Chamber." Thus has Republicanism become the worst foe of democracy.

The second main weakness of France's political structure is that very unification and centralisation which the Revolution, and Napoleon more than anyone, set out to achieve. In France, local government and most administrative services are under the control of the various Ministries, the prefects of *départements*, or the mayors of communes. The prefect is appointed or retained by every new Government; he is therefore politically "amenable." Moreover, deputies and mayors and councillors-general of the *départements* are all elected by the same electors; so that local political interests control, ultimately, both central and local government, and also many important administrative posts. Finally, the French practice is for Ministers to have their own cabinets and "advisers," at their own discretion, many of whom can exercise considerable control over the particular service for which their Minister is responsible. The Oustric and Stavisky scandals showed that the very highest responsibility was involved in more than one Ministry. In the Stavisky case the partiality of the police, and its close connection with the Government, became the

match to the powder of popular resentment which exploded against Parliament. If we add to all this the venality of most of the Paris Press, and the tradition that a deputy exists to "serve" his constituents in many little ways, observers on this side of the Channel can scarcely wonder that Parliament has fallen into such disrepute in France.

But we think it would be both rash and illogical to conclude that Fascism is about to sweep away the Third Republic and its Parliament. The political *émeutes* of February, 1934, and after were confined to Paris; and Paris has never excelled in the *bourgeois* virtues. The anti-Parliamentary factions have been incited by a rabid abuse of the freedom of the Press on the part of their leaders, by the extreme laxity of the regulations about firearms in France, and by the spectacle of successive Governments persistently toppling. Yet France, the country where peasant proprietors are four-fifths of all agriculturalists and where agricultural voters greatly outnumber industrial voters, remains solidly, almost stolidly, Republican and Parliamentary. The Constitution of 1875 may be faulty; but the tradition of Republican Revolution is, unlike that of Germany, much older. That tradition has been constantly invoked. It has proved victorious against three kings and an emperor. Always the extremism of Paris has had to give in before the shrewd perspicuity of the provincial peasants and *bourgeois*.

With half an eye on these considerations, M. Laval can afford to be firmly Parliamentary in his internal policy. The one fatal thing, at this juncture, would be to permit anti-Parliamentary factions to pursue their avowed aims of overthrowing the essential institutions of Republican France. Few, we imagine—and, certainly, no deputies among them!—would grudge him strong powers to deal with the open *menaçants* of democracy. But all is not solved when the Fascist menace is averted. Fundamentally, France's crisis is only in part an administrative crisis within a given framework of political machinery. It is much more an economic crisis. To cope with it, Parliament has so far only been able to murmur, in the words of its standing orders, its confidence "that the Government will pursue a policy *nettement Républicaine*!" Republicanism is not enough. The emergency decrees have shown that orthodox deflation, too, is no solvent for France's crisis. The task before M. Laval—indeed, before any French Government willing to shoulder the responsibility of justifying Parliament by its works—is so to combine a policy of "ordered devaluation" with a policy of administrative reform as to command overwhelming support in the country. The sands are fast running out, for a general election is due next year; and devaluation is no subject for interminable Parliamentary wrangling or for the hustings. That election will, we devoutly hope for France's sake, indemnify any Government which decides on orderly devaluation, and will confirm France's Radical and Republican temper. To-day the world, no less than France herself, can ill afford to lose that temper.

THE HOUSING BOOM—II

IN last week's *Economist* we discussed the extent and origins of the housing boom. We reached the conclusion that although falling costs of building, lower rates of interest and reviving confidence had all played their parts in its generation, the dominant factor was the great increase in the purchasing power of the mass of the population, due on the one hand to the comparative stability of wages and salaries and on the other to the great reductions in the cost of food and clothes. The boom was thus due to a real increase in the demand for houses and not primarily to any of the factors entering into the price of houses. It remains to apply this conclusion to future prospects.

The factors of smaller importance may be eliminated first. Though building costs already show a slight upward tendency, following recent increases in wages, it is unlikely that changing costs will perceptibly influence the volume of building in the immediate future. The course of interest rates is unpredictable. The tendency may be slightly upward, but the building society mortgage rate is one of the "stickiest" of interest rates and any rapid return to the pre-1932 level seems most unlikely. "Confidence" is the most elusive factor of all. Commercial opinion, however, has been remarkably unperturbed, recently, by the menaces of the international situation and the disturbing factors incident to a general election. Summing up, we may conclude that tendencies have become, on the whole, slightly adverse to a continued increase in building activity, but the change, if any, is very small. And if the argument of our first article is correct, only a major reversal of trend could materially affect the volume of building.

Attention may be confined, therefore, to the prospective demand for houses. This springs from two causes—desire for new houses and ability to finance their purchase. Wide-spread publicity by the building societies of their financial facilities may have influenced recent events under both headings, but since 1932, at least, the really decisive factor has been the great reduction in the prices of the necessities of life. Are food prices likely to rise rapidly or substantially? Disequilibrium in world agriculture is unlikely to be speedily overcome, and, although British food prices are at the mercy of agricultural protectionism, it is unlikely that any Government would be ill-advised enough to engineer a substantial increase in the price of food in general. Cheap clothes are the result of cheap textile raw materials and far-reaching technical developments in the clothing trade. Wages and salaries, on the other hand, are again on the up-grade. On balance, public ability to buy new houses does not seem to be seriously threatened.

What of desire? In the volume on Housing in the 1931 Census Reports, the Registrar-General estimates that, in 1931-41, the increase in "families" will require 771,000 more dwellings. (The "family" in this sense does not necessarily refer to any particular degree of consanguinity, but merely to a group of persons living together.) Allowing 300,000 for re-housing of slum dwellers and 100,000 for ordinary replacement, the Registrar-General reaches a total of 1,200,000. If additional houses are built to provide separate dwellings for all "families" and to restore the percentage of vacancies to the normal pre-war level, a maximum estimate of 1,700,000, or 170,000 a year, is reached. The *Economist* (March 31, 1934) made an estimate not of the prospective firm demand for houses, but of the need for houses if a certain standard of housing were to be attained, the standard being the housing of the whole population "within a generation from the present in dwellings, large, sanitary and pleasant enough to make decent living possible." In the two decades 1931-1951, this envisaged 1,020,000 houses for overtaking the existing shortage, 714,000 for the prospective increase in the number of "families," 1,000,000 for slum clearance and 3,760,000 for obsolescence, making a total (for England and Wales) of 6,594,000, or 330,000 a year.

The actual rate of construction in the four years April, 1931-March, 1935, was, on the average, 249,000 houses a year and in the last two years of the period 297,000 houses a year. This greatly exceeds the Registrar-General's figure and approaches the "ideal maximum" of the *Economist*.

Of the latter, moreover, more than half was due to replacement, and there has been no indication in the last four years of any significant increase in the numbers of houses demolished. Slum clearance is increasing, but over the four years has probably been below the Registrar-General's figure. The proportion of vacancies, though not easily ascertainable, does not seem to be increasing rapidly. None of these factors—replacement, slum clearance, increase in vacancies—has been responsible for the boom. One is driven to conclude that an unexpectedly large increase has occurred in the number of "families"—i.e. of units requiring separate dwellings. The Registrar-General estimated an increase of 771,000 "families" in ten years, but there has been an increase of nearly 1,000,000 in four. This most significant social phenomenon is explainable only by a widespread tendency for families to "split"—for married children to cease living with their parents, for mothers-in-law to set up for themselves, and for lodgers to move into flats. A movement such as this, with its roots in the social life of the people, is not likely to come to a sudden end. But the 600,000 or so "families" that have appeared since 1931 in excess of the number predictable on the basis of birth and marriage rates, represent something like 6 per cent. of the total number of families. On general grounds, we can scarcely assume the indefinite continuance of so rapid an increase.

If the social movement behind the housing boom were to decline and disappear, the normal increase in families could be accommodated in less than 100,000 houses a year—a rate of building only about one-third that of the present. Where is a continuing demand for the other 200,000 houses to come from? The most obvious answer is—from slum clearance and the abolition of overcrowding. Since present programmes do not envisage building at this rate, there is the strongest economic argument for speeding up current efforts and widening contemporary definitions both of "slums" and of "overcrowding."

There is, however, another potential string to the housing bow. In Great Britain the present rate of "replacement" is almost negligible. The demolition of a dwelling house in order that another may be erected on its site is the rarest of occurrences. This general attitude is reflected in the Registrar-General's estimate of housing requirements, which allows 10,000 houses a year for the replacement, through obsolescence, of 10,200,000 existing dwellings—an average expectancy of life of a fraction over 1,000 years! Nobody, however, would maintain that the average of housing accommodation in this country was satisfactory or even adequate. In many respects—including sanitation, amenities, and external and internal appearance—we are far inferior to many nations with a lower general standard of living. Replacement has been discouraged by successive factors: a rapidly expanding population, the post-war shortage of houses, and, finally, improved transport facilities, which have encouraged extra-urban building. These reasons are losing force today, but the rate of replacement will probably increase very slowly, since the price differential between old and new property is not nearly large enough to make demolition and rebuilding economic except in special circumstances. Official intervention to buy up old properties is undesirable, since it would tend to maintain their market value, which is the opposite of what is desired.

The outlook is, then, for a decline in building activity. The increase in "families" will probably taper off slowly. A really vigorous policy of housing for the poor could do much to fill the gap, but even at its maximum it would hardly amount to 200,000 houses a year. The other potential source of demand for houses is through obsolescence. It is not inconceivable that we are on the verge of far-reaching developments in building technique which will materially reduce costs and accelerate obsolescence and replacement. In their absence, however, it is unlikely that increased replacement demand can develop rapidly enough to maintain the present level of building. On the other hand, most of the phenomena discussed in this article are slow-moving. A sudden reduction in building activity would presuppose either a rapid increase in food prices or a collapse of confidence. And there is every reason to hope that we shall avoid both.

OUTLOOK FOR COPPER

IN the last few months, the simultaneous operation of an international restriction scheme and an expansion of demand, fostered by re-armament and a re-stocking movement on the part of consumers, has slightly improved the copper position. Prices have quickly responded, the present quotation for standard copper in London being about 40 per cent. above last year's level. Nevertheless, the price is still less than one-half that of 1929. That the present level of demand can be satisfied at such a price is a striking commentary on the far-reaching changes which have occurred, in the interim, in the structure of the copper mining industry. The foundation of these changes was laid in October, 1926, on the formation of Copper Exporters Incorporated. This Cartel was essentially a device to maintain prices at a level at which the high-cost producers of the United States could operate at an appreciable profit. When the Cartel was formed, the price of electrolytic copper in the United States (which formed the basis of world prices) was 14.40 cents per lb. By April, 1929, the price had been raised to 24.38 cents, and, not unnaturally, the use of substitutes for copper had also increased, the French Government, for example, having substituted aluminium for copper in electric cables. Nemesis quickly overtook the Cartel. The American Customs smelters, in open violation of the agreement, supplied large quantities of copper to London metal dealers, with which the London Metal Exchange prepared a counter attack on the Cartel. The latter became inoperative, and at the end of 1932 was formally dissolved. By that time the price had fallen to about 4 cents per lb.

The most lasting consequence of the Cartel's intervention was its involuntary encouragement of the development of copper deposits outside the United States, who lost her unchallenged dominance of the world market to the Belgian Congo, Canada and Northern Rhodesia. In 1934 she was credited with less than 17 per cent. of the world's mine production of copper, as compared with nearly 50 per cent. in 1929. Recent developments of world production, consumption, stocks and prices are summarised in the following table:—

	1929	1930	1931	1932	1933	1934
Smelter output:						
United States	998.8	728.6	537.2	279.0	227.2	247.2
Chile	303.2	208.0	215.7	97.5	157.5	247.7
Canada	72.7	101.6	110.6	95.7	118.1	151.9
Northern Rhodesia	5.6	6.4	9.1	69.0	105.9	140.1
Belgian Congo	135.5	136.4	120.0	54.0	66.6	112.1
World	1,894.7	1,578.0	1,377.0	929.1	1,038.2	1,273.2
Consumption:						
United States	864.8	610.3	487.4	244.1	286.1	278.0
Germany	216.4	185.8	160.1	137.2	169.9	221.4
Great Britain	153.8	150.6	123.1	120.0	149.0	223.2
France	143.9	131.7	112.1	93.2	108.3	91.6
Japan	70.4	69.0	68.9	59.0	82.5	113.4
World	1,761.4	1,440.7	1,242.1	902.8	1,068.3	1,272.9
Stocks, end of year:						
(North and South America)	398.8	531.0	654.9	678.0	575.4	440.2
Average price:						
£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Standard cash, London, per long ton	75 9 7½	54 13 6½	38 7 9½	31 14 7½	32 11 4	30 6 4½

Sources: Output, consumption and prices: *Metallgesellschaft*. Stocks: American Bureau of Metal Statistics.

When last we discussed these changes in the redistribution of the world's copper production (see the *Economist*, May 19, 1934) the stage appeared to be set for improvement. As it happened, however, the expected rise in prices was delayed until early this year by unfavourable developments in the United States and by lack of co-operation among producers elsewhere. In April, 1934, the United States Copper Code, which enabled producers to raise the domestic price to 9 cents per lb., came into force. The Code forbade the use by United States manufacturers of copper produced by non-members, of metal produced in excess of the sales quota, and of existing surplus stocks. As might have been expected, foreign markets were swamped by "non-Blue Eagle" copper, United States' exports of copper rising from 124,805 short tons in 1933 to 262,366 short tons in 1934. The London quotation for "standard cash" copper consequently fell from £34 per ton in the spring to less than £26 per ton in the autumn of 1934.

This renewed fall not only provoked disappointment among London shareholders, but involved the Belgian

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Union Minière du Haut Katanga in some difficulty. Both interests set to work to improve the situation. A Copper Shareholders' Association, formed in London, demanded an international restriction scheme. The Union Minière sounded Rhodesian producers, with London headquarters, to the same end. The outcome was a new scheme, on which we commented on April 6th last, which came into operation from June 1, 1935. Superficially, it may be argued that, in its absence, the Rhodesian copper producers could have both weathered the storm without great damage and further increased their share of the world's market by virtue of their low production costs. The adherence of the three leading concerns of Northern Rhodesia—Rhokana, Roan Antelope and Mufulira—may, however, have been influenced by the fact that all these companies, having embarked on extensive development programmes, were dependent on financial support from British investors. These companies, under the agreement, have undertaken not to produce more than 10,731 tons of copper per month, allocated as to 4,200 tons each to Rhokana and Roan Antelope and as to 2,331 tons to Mufulira. Despite temporary restriction, however, mining development is proceeding apace. In other words, the restriction scheme is regarded as a temporary expedient, which is unlikely to affect the long-term prospects of the Rhodesian copper mines.

Canada, whose copper is produced as a by-product, does not formally adhere to the scheme. In fact, her production reached a new record last year and has continued to increase from 88,571 short tons in the first six months of 1934 to 107,500 short tons in the first half of 1935. The development of the copper deposits in the Belgian Congo has been accelerated by the devaluation of the belga, prospecting for new deposits having been energetically resumed in South Katanga. Little recent development, however, has taken place in Chile, whose productive capacity was greatly extended in the post-war decade. As far as the United States is concerned, the restriction scheme provides a breathing space which may slightly strengthen the position of producers in that country. But in view of the expansion of American domestic demand, that country is unlikely to make an attempt to recover her dominance of the world's copper market. Such an effort would probably fail in any case owing to the high costs of American production.

The restriction scheme has undoubtedly contributed to the rise in the price of copper during recent months; and if the present pace of rearmament is maintained, it is possible that the restriction of supplies may result, at least temporarily, in a further jump in quotations. World statistics of the quantity of copper used for armament purposes are not available. According to the American Bureau of Metal Statistics, the consumption of copper by the United States munition industry trebled between 1932 and 1934. But, as we have previously pointed out, the restriction scheme is by no means watertight. Except in the event of an international conflagration, prices are unlikely to rise to the pre-depression level. In the first place, a sharp rise in the price of copper would not only involve an expansion of production in countries outside the restriction areas, but would be met by large-scale substitution of aluminium for copper. Although, technically, aluminium is not a perfect substitute, its potentialities have been increased by recent research. In the second place, the production of secondary copper is flourishing as never before. According to the

United States Bureau of Mines, the output of secondary copper in that country rose from 187,700 short tons in 1932 to 292,500 short tons in 1934. Some 121,300 short tons of re-treated brass, moreover, were produced in the United States in 1934, compared with 130,000 and 86,400 short tons, respectively, in 1934 and 1933. Although similar figures for the world as a whole are not available, production of secondary copper, in the United States at any rate, exceeds the current output of primary copper.

The technical position of the copper market, however, is not the sole guarantee against an unreasonable rise in prices. The fate of Copper Exporters Incorporated is not likely to be forgotten by the industry. Copper producers seem intent on stimulating consumption at a reasonably profitable level of prices. It is probable that a further rise in prices would be met by an increase of the production quotas of the restricting countries. At a meeting of the Copper Development Association last spring Sir Auckland Geddes, chairman of the Rhokana Corporation, said:—

I feel sure that I voice the firm belief of all important copper producers when I say that, although we wish to see a remunerative price for copper, no one would wish to see a startling increase in the price . . . There is no desire anywhere to force prices up to a level at which substitute metals could become competitors.

With this sentiment we entirely sympathise. The adoption of a far-sighted policy is the more commendable at a moment when an expansion of demand might be exploited by unscrupulous operators. A reasonable price objective alone in the long run can benefit producers and consumers alike.

SOUND AND FURY

Is noise really the child of the internal combustion engine, and consequently a new menace to human happiness? Or have we merely, in a neurotic age, suddenly become more sensitive to it? The average citizen who, in an age of motor cars, gramophones, loud-speakers, and propagandists innumerable, is faced in the month traditionally consecrated to the festival of gunpowder by the noisiest of all political phenomena, a General Election, may find much that is relevant—though little that is consoling—in the recent deliberations of the experts. Some jaded and sleepless city dwellers would savagely deride the idea that there is anything imaginary or, as it were, psychological about noise. Yet the report, issued by the Anti-Noise League, of the recent Conference on Noise Abatement shows that even this problem is not nearly so simple as it ought to be. The interim report of the Departmental Committee on Noise, set up by the Ministry of Transport last August, points the same moral.

To define, and still more to measure, noise is not an easy matter. When is a sound a noise? Dr. G. W. C. Kaye, of the National Physical Laboratory, speaking at the Conference on Noise Abatement, suggested the answer that a hearer calls a sound a noise whenever he happens to dislike it. And this seems as good a definition as we are likely to attain. In the task of measuring noise, Dr. Kaye claimed to have devised a more objective criterion. A "reference standard of sound," he said, had been chosen:—

This standard, which consisted of a pure note of a frequency of one thousand cycles per second, played much the same part as a standard candle did in the photometry of electric lamps. The adjustable intensity of the standard note was measured on a scale of decibels above an arbitrary zero near the threshold of hearing; the corresponding loudness was then expressed on a numerically identical scale of phons.

The decibels and phons are ingenious and doubtless, so far as they go, legitimate. But surely they measure sound and not noise? For it is clear that a sound of a given number of phons would depend, so far as its intensity of noise was concerned, on whether the hearer was listening to it or not. It is unquestionably possible that if one's attention is somehow distracted from a sound, one simply may not hear it. What is noise to one man, in fact, may be sound to a second, and silence to a third.

Against this, the confirmed sufferer from noise will vigorously protest. He will justifiably point out that it is not in the power of the individual hearer to determine whether a given sound to him shall be sound, noise or silence. There must be hundreds of thousands of luckless men and women who have tried every known device, physical and psychological, to enable them to sleep in the middle of a modern industrial town, and have reached the hard conclusion that, do what you will, a noise remains a noise. Motor-horns have now been silenced at night, it is true. But a hoot is not the only noise a motor car can make. Doors slam, self-starters revolve, engines roar, gears change, and tyres skid and squeal. And a motor-bicycle driven through London at night must, on a conservative estimate, wake up 500 weary mortals a minute. Nor is this all. In the brief intervals of the night when motor traffic is temporarily silent, there are throbbing footsteps, strident voices, broadcast and otherwise, shunting trains, and clattering horses' hooves. The last are in themselves a puzzle. What are these mysterious troops of cavalry that incessantly pass and re-pass through the middle of London at night? And then—most gratuitous of all—there are the clocks, harping with melancholy and exasperating insistence on the irretrievable passage of time.

Many a tormented Londoner, after a succession of such nights, will anxiously seek the open country, in sure and certain hope of lasting quiet. He will stop the first evening, perhaps, at an inn on a moderately main road. Here resonant voices in the bar will make him uneasy till ten o'clock. After that blessed hour, however, he will tell himself, all will be quiet. But he is wrong. At ten the voices merely transfer themselves into the road under his window; and there they gossip on, or at least one last lingering pair of them, until well after midnight. Is there then silence? No. Every ten minutes throughout the night some motor vehicle passes with a concentrated, pitiless and protracted roar that London itself could not rival. Next night the disappointed seeker after quiet will decide to leave all roads behind him, and penetrate deep into the remotest unknown country. He will find a farm at the end of a muddy lane "unsuitable for motors," and here he will lie down to rest with the thought that any amount of squalor and dirt are worth enduring for silence. And here he will find the most heart-breaking noise of all. Crickets that chirp, dogs that bark, owls that hoot, rattling windows, banging doors, the hen that has laid an egg and the cow that lost its calf, rooks, seagulls, sparrows and starlings, the cock that salutes the morning, and the fox that howls at the moon—such is the silence of the country.

Why is it, the furious and disillusioned Londoner asks, that anybody ever thought the country quiet? The answer seems to be that what philosophers say of happiness is also true of silence: you only find it when you are not looking for it. When men sought the country primarily for beauty rather than quiet, they found quiet. But now that the noise of towns has become intolerable, we go to the country with our ears positively greedy for silence, and consequently we hear every sound. To a great extent, in fact, noise is a neurotic and psychological problem. The tricks, for instance, which habit can play with our hearing of noise are in themselves most surprising. It is possible to sleep peacefully for years in a house close to some loud and incessant noise, and then, on moving where the same noise is audible but less loud, to be kept awake by the very fact that it is diminished. And, for those who sleep in trains, it is of course a common experience to wake when the train stops.

The different national attitudes to noise are one of the most curious of all the problems of acoustic psychology. Paris is far noisier than London, and Rome far noisier than Paris. To arrive in Rome—or Milan—direct from London is like walking into the parrot house at the Zoo. And the remarkable thing is that the noise of Continental cities is almost entirely determined by one thing: employment of electric horns of a particularly high and hideous note. The use of this note is entirely unnecessary, as its complete absence in England proves; and its suppression would at once abolish nine-tenths of the noise that ravages Paris and Rome. The fact that its use in London would not be

tolerated for a day, shows how remarkably different the very perception of noise may be between one people and another.

If anything else were needed to prove how subjective a thing noise is, we have only to remember that the demand for houses along a by-pass is always keen, or to observe, that where four or five electric drills are gathered together, an interested and gaping crowd will be found assembled to watch, and presumably to listen, to them. Despite all this, however, it is unquestionable that a great many noises are offensive to all but the deaf and insane, and

consequently injurious to health, wealth and happiness. The evidence of Lord Horder before the Noise Abatement Conference here confirms the conclusions of ordinary common sense. We may consequently welcome the work of the Anti-Noise League, and heartily approve the efforts of the Minister of Transport to mitigate noise on the roads. And in the midst of a General Election, and in an age of dictators, propaganda and radio-priests, we may perhaps be forgiven the uncharitable suspicion that wherever there is sound and fury, there there will be a tale told by an idiot, signifying nothing.

NOTES OF THE WEEK

"Is It Peace?"—There has been a significant bustle, and much diplomatic coming and going, in London, Paris and Rome during the last week. At the end of last week the Quai d'Orsay asked Signor Mussolini to define his terms of peace; and the unanimity of the Press in Paris and Rome at the week-end suggested that these terms were of the following kind. Italy was to acquire control—by mandate or concession—over all non-Amharic Ethiopian territories, especially those bordering on her own colonies. She was to receive Tigré as it stands; Ethiopian armaments were to be effectively controlled; and the League was to accept full responsibility for Ethiopia's fulfilment of her obligations under the Covenant. These terms certainly indicate that Signor Mussolini now presents less full-blooded claims on Abyssinia; but they are of such a nature as to stultify any belief in the League as a safeguard against international gangsterdom. H.M. Government and the French Government have, it is understood, rejected them on the ground that they are not acceptable as they stand to Abyssinia or to the League. The initiative therefore devolves on them; and this week Mr Peterson, the Foreign Office expert on Abyssinia, and M. de St. Quentin, of the Quai d'Orsay, have been in consultation, presumably on the basis of new French proposals. Meanwhile, it was announced on Tuesday that Sir Samuel Hoare would follow Mr Eden to Geneva this week, where, as he said himself on Wednesday, he would have the opportunity of exchanging views with M. Laval. The latter, in his turn, has been continuously in consultation with the British and Italian Ambassadors in Paris; and on Wednesday he had a long consultation with the Papal Nuncio, which was taken by many observers to confirm the rumour from Rome that the Pope had urged upon Signor Mussolini the desirability of a speedy peace. Thus, there is good reason for the apprehensions which have begun to be voiced lest, amid the press of so many ardent fabricators of peace, the essential prerequisites of an honourable and durable peace may be stifled, to the everlasting discredit of the League. It was, therefore, reassuring to hear the British Foreign Secretary once again declare on Wednesday:—

Our policy has always been perfectly simple—namely, loyalty to the League and readiness to help with any honourable settlement of the dispute that is acceptable to the League, Italy, and Abyssinia.

This is the policy which the Government are asking electors to endorse. The electors, faced now with Ahab's query, "Is it peace?" will reply in Jehu's words, "What peace?" The Government will not be easily forgiven if they weaken in the fulfilment of their protestations.

Italy and Sanctions.—The League Assembly's Co-ordination Committee was convoked at Geneva on Thursday evening, and the "steering committee" of Eighteen met on Thursday morning. Both had to consider the views of the various League Members who had voted for sanctions against Italy, about the date on which the various sanctions should enter into force. At present, according to the Secretariat's report, 47 States have agreed to the Co-ordination Committee's proposal No. 1 for an embargo on arms and munitions; 45 States to proposal No. 2 for an embargo on financial accommodation to Italy; and 43 to proposals

3 and 4 for embargoes on exports of certain essential materials to Italy, and on all imports from Italy, respectively. Thus, the most important States-Members have agreed to impose the entire scheme of sanctions; Austria, Hungary, Albania and the minor Latin-American countries have not yet replied; and only the dates on which the complete set of sanctions should collectively enter into force need be decided. It seems that the principal States favour November 15 for the date on which the ban on imports of Italian goods should become generally effective. The financial embargo has apparently already been put into force by 19 Governments; and the ban on the supply of arms and implements of war to Italy by 32 Governments. To these measures, Signor Mussolini replied with a fighting speech last week-end, and by a set of restrictions on the use and sale of certain foodstuffs in Italy. Imports of meat are to be limited; butchers' shops are to be shut on Tuesdays; and the Nazi example of "one-course" meals is to be copied after November 5. A much longer list of such restrictions is expected to follow; and it is stated that Italy will in future import meat, fish, etc.—of which her needs are considerable—from the States not imposing sanctions. Presumably this means Austria, Germany, Hungary, Albania, and some Latin-American States; for Switzerland has agreed not to increase her imports from, or her exports to, Italy above the normal levels. Meanwhile, the indicators of Italy's internal economic position show no sign of a halt in their downward progress. Between October 10 and 20, the gold reserve of the Bank of Italy fell by a further 88.9 million lire to 3,936.5 millions; but the note circulation reversed its recent upward trend by declining from 15,425.5 millions to 15,270.6 millions. Wholesale and retail prices are still, however, rising steeply; while Stock Exchange quotations are weak. These factors, coupled with the first effects of sanctions, may account for the absence of major military developments in the Abyssinian campaign. Will they exert eleventh-hour pressure upon the Italian dictator to modify his aims and pretensions in East Africa?

The Election Campaign.—After the Dissolution of Parliament and the issue of the Government's Manifesto (with which we deal on page 841), the campaign for the General Election started in earnest last week-end. With only 22 days between the official announcement of the date of the election and the actual polling, all parties are making an intensive oratorical effort, and the average elector cannot keep pace with more than a fraction of the speeches delivered in the constituencies. One tendency, however, which was noticeable four years ago, has become even more striking. The separate fights in the constituencies are unified into a national contest by the wireless speeches of the leaders. The daily pronouncements of Cabinet Ministers and prominent members of the Opposition Parties, up and down the country, do not receive a tithe of the attention of a broadcast talk. They tend, indeed, to be increasingly devoted to refutation of what was said on the wireless the night before. Mr Baldwin, the first of the wireless speakers, devoted the larger part of his time to two subjects—the justification for a Dissolution at this time, and the need for modernisation of the Navy if Britain was to

play her proper part in upholding collective security through the League of Nations. We deal with this part of Mr Baldwin's speech in a later note. Neither argument, of course, was allowed to go unchallenged; Mr Lloyd George took particular exception to what he called "an attempt to snatch party advantage out of the international situation." Lord Snowden proved himself in 1931 to be one of the most effective practitioners of the radio technique. This year the Liberal Party astutely gave him one of the three broadcasts allotted to them. If the Conservative Party made the protest against this arrangement attributed to them by popular report, the event must have confirmed their forebodings, for no more strongly worded attack than Lord Snowden's can ever have been made upon a Government by one of its former members. Breach of pledges, political dishonesty and financial failure were almost the least of his charges. The best compliment to the effect of the speech was the unanimity with which the Government spokesmen devoted their subsequent efforts to answering it. Whatever the merits of Lord Snowden's arguments, it is a significant tribute to the power of the wireless that one man, without office or party, can, even for a day or two, monopolise a General Election campaign. On the Stock Exchange and elsewhere, there has been a tendency, in the last few days, to rate the prospects of the Government rather less highly than a week ago. But many more words will go out "on the air" before November 14th, and the result of the election will, as usual, not be predictable until the day after the polls.

* * *

Raising the School-leaving Age.—On the eve of the election the Government has produced an educational policy. Its manifesto declares that the school-leaving age is to be raised to 15; free places at the secondary schools and State scholarships to the universities are to be increased; and facilities for technical and physical education are to be improved. But, unfortunately, these generous-looking gifts are hedged around with conditions and qualifications. The raising of the school-leaving age will be subject to exemption for those children who are required for home duties or have the opportunity of "beneficial employment." Which branches of employment are "beneficial"? Will the term rule out all blind-alley occupations, or are only unemployed children, in fact, to be kept at school? No maintenance grants are to be given. Nor are we told how soon the essential change is to be made. The other proposals in the manifesto, though progressive and welcome in themselves, cannot be called substantial or epoch-making. The Government's policy is very far from being a full realisation, even at long last, of the neglected Hadow Report. Rather it is a salutary but tardy reversal of the short-sighted parsimony recommended by the May Committee, and adopted by the National Government, in 1931.

* * *

The Government and the Miners.—The prospect of a peaceful settlement of the coal-mining dispute has not brightened in the past week. Last week the Minister of Mines informed the Mineworkers' Federation that he expected to receive an assurance from the coalowners that selling organisations with central co-ordination would be established in all coalfields by next July. To this the Federation replied that it merely amounted to an undertaking from the owners to "do eight and a half months ahead what they ought to have done five years ago." They also pointed out that even if selling economies were actually secured they would accrue to profits and not to wages in the absence of any revision of wage rates. In these circumstances the Federation declared their intention to continue the campaign for national negotiations and an increase in wages of 2s. a day. This threat, and the imminence of the election, seem to have stimulated on the part of the Government at least some desire to give assistance to the miners. Both Mr Baldwin and Mr MacDonald spoke sympathetically of their case this week; and the Government's election manifesto contained a promise to "effect the unification of coal mining royalties." "Unification" means, presumably, nationalisation, i.e. a system by which

the collieries would pay royalties to the Government and the Government pay interest on some form of newly created bonds to the old royalty owners. The change would not directly affect the cost of producing coal nor the royalty owners' incomes. It is usually stated that royalties are a merely fractional element in costs. But they are certainly not negligible in relation to wages, and they differ very considerably from one district to another. Royalties per ton in various districts in the quarter ended September 30, 1935, are given by the Ministry of Mines as follows:—

Scotland	York-shire	Durham	South Wales	North Derby and Notts	Lancashire	Great Britain
6.04d.	4.83d.	5.94d.	8.6d.	4.82d.	4.87d.	5.80d.

Total costs per ton averaged 13s. 3d. The real advantage of nationalising royalties would be to make the State the legal owner of the coal and so to put it in a stronger controlling position in enforcing reorganisation of the mines. As a means of securing more scientific development of available coal-seams, without irrational checking, interruptions and detours owing to varying surface ownerships, its long-term possibilities would be considerable. This consideration influenced the judgment of those members of the Sankey Commission in 1919 who recommended nationalisation of royalties, and of the Samuel Commission, whose unanimous recommendation in 1926 was accepted by the Conservative Government of that day. Finally, a year ago Captain Euan Wallace, in his special report on the distressed area of Tyneside and Durham, urged the "unification" of royalties. At this late hour there is unfortunately no chance whatever that the realisation of this long overdue reform will in itself satisfy the miners. Indeed, if the Government has no answer but a blank negative to the demands either for national negotiations or an increase in wages, a national stoppage, with all its disastrous consequences, seems to be highly probable.

* * *

A Naval Conference in December.—Some months ago the British Government invited the views of the American, French, Italian and Japanese Governments on the possibility of a naval conference in London in October. The conference would have, as its task, the replacement of the Washington and London Naval Agreements, which expire at the end of next year, by a new instrument of naval limitation. The Japanese replied that they would only participate if Japan was given "parity" with the fleets of Britain and the United States. This the American Government would in any case have flatly refused; witness their recent decision to lay down seven new full-sized battleships. H.M. Government therefore suggested that the conference might still usefully take place, on the basis of "qualitative" limitation of tonnages, gun calibres and types of ship, and of mutual declarations of building programmes for a number of years in advance. To that suggestion the Japanese again replied with the demand that "parity" should first be accorded to them. The matter then lapsed, until, a few weeks ago, it was announced that the French, Italian and American Governments were prepared to attend a naval conference in London in the near future. This seemed to bode no good for the Japanese; since the American Government is well known to have decided absolutely firmly on "building Japan out of the water," if necessary. On Tuesday of this week it was announced in Tokyo that the Japanese Cabinet had approved a reply accepting the invitation of H.M. Government to a naval conference in London, and naming Mr Nagai and Admiral Nagano as delegates. The reply states that the Japanese delegation may not be able to arrive in London by December 2nd, the date of the opening of the conference. On Wednesday it was announced that Australia, New Zealand and South Africa would be represented at the conference. This will be the first "naval occasion" at which the Dominions have had their own representatives. It will thus be a full-dress affair, after all. But will it accomplish an effective scheme of naval limitation in place of the expiring London and Washington Treaties? That is, in the first place, for Japan to answer.

Is the Navy Out of Date?—In his broadcast speech last Friday, Mr Baldwin spoke of the risks involved in any extreme measures that might be necessary to fulfil our League obligations, and emphasised the need of bringing our armament up-to-date. To reinforce his point he made the somewhat alarmist statement that "only three of our capital ships to-day are of post-war design." But he omitted to add that there are no other full-sized battleships in the world of post-war design at all, with the possible exception of one United States ship. Yet this is the fact. The following table shows the dates of laying down of all the battleships in the British, American and Japanese navies:—

Laid down in	Great Britain	United States	Japan
1910	...	one	...
1911	...	two	one
1912	two	two	three
1913	six	one	one
1914	two	one	two
1915	two*	three	...
1916	one*	one	...
1917	...	two	one
1918	...	...	one
1919	...	one	...
1920	...	one	...
1921	...	...	...
1922	two	...	...

* Battle-cruisers.

It is apparent, therefore, that the British "Nelson" and "Rodney," laid down in 1922, and the United States "West Virginia," laid down in 1920, are the only full-sized capital ships in the world which can be said to be of post-war design. Moreover, the "Nelson" and "Rodney," three American and two Japanese ships, alone carry 16-inch guns. And all the remaining ten British battleships and three battle-cruisers have 15-inch guns; while the remaining American and Japanese ships only carry 14-inch guns. And the British battle-cruiser "Hood" remains the most powerful single warship in the world. The French and Italian Navies have no battleships of post-war design, and none carrying 15-inch or 16-inch guns. Indeed, Italy only possesses four battleships, all of pre-war design. Germany has two "pocket battleships" which may be said to be of "post-war design." But they are of only 10,000 tons and carry 11-inch guns. It is clear from these facts that the British Navy, as far as capital ships are concerned, is more up-to-date, and, with the possible exception of the United States Navy, more powerful than any in the world; and it will remain so unless the madness of the nations leads them to embark on an orgy of building more and more powerful ships.

* * *

Gathering Clouds in France.—The compactness of M. Laval's Government is being threatened by the old enemy—the Budget. M. Laval rushed more than 300 decrees through the Council of Ministers at the Elysée on Wednesday; for on Thursday his right to promulgate new decrees, conferred by Parliament last June, expired. The latest batch of decrees brings the total well above 450; but only a few of these are aimed directly at remedying the financial crisis and effecting economies in the Budget. Many of them are necessary administrative reforms—e.g. those which tighten the control of the executive over the finances of local authorities and *départements*—which the Chamber has always refused. Here is the first danger for M. Laval when the Chamber is convoked, as it must be before December 31st. The greater danger, however, arises from the continuous tendency of falling revenue to evoke a need for ever-new Budgetary economies. The proposals of M. Régnier, M. Laval's Minister of Finance, for new "cuts" in his 1936 Budget were severely criticised in the Chamber Finance Committee on Tuesday, and some were rejected outright in favour of amendments put forward by the Left groups' representatives. M. Laval has told M. Malvy, the chairman of the Committee, that they will be held responsible for all consequences of such a move; and this has angered the Left, who already suspect M. Laval as much of pro-Fascist sympathies in internal politics as in foreign affairs.

* * *

America Replies to the League.—The United States Government's reply to the communication from the League of Nations Co-ordinating Committee was received at Geneva last Sunday. Anyone who does not shut his eyes to "the limitations of American foreign policy," to which the Secretary of State refers, will recognise in this important State paper an earnest of the undertaking, which is made therein by Mr Hull in his country's name, that the United States will "at all times not only exercise its moral influence in favour of peace throughout the world," but will "contribute in every practicable way to that end." The reply concludes with a declaration that the United States "views with sympathetic interest the individual or concerted efforts of other nations to preserve peace or to localise and shorten the duration of war"; and the whole document is as plain an indication as the Administration at Washington could have been expected to give of its intention, not only to avoid doing anything on its own part which might make difficulties for the League in the present crisis, but also to discourage American nationals from attempting to exploit the League's sanctions against Italy for their private profit. Important as is the immediate effect of this American official attitude, its significance will become still greater if ever the League Co-ordinating Committee finds it necessary to strengthen its sanctions by a full-dress blockade. In deprecating so far-reaching a step in his Wolverhampton speech on Monday, Mr Baldwin said (as he has often said before) that he would not consent to this country's participation in a League blockade unless assured of the "sympathetic support" of the United States, Japan and Germany. For the moment, a blockade is not on the League's agenda; but it is worth taking note at once of the encouraging fact that Mr Hull has already gone far to allay Mr Baldwin's misgivings. And one point on which Mr Hull's note and Mr Baldwin's speech wholly agree is their common recognition of the difficulty of localising any war under modern conditions—with the corollary that any local outbreak of war in any part of the world is now everybody's concern. "War... even threatens the existence of civilisation." If we interpret this American reply in a "maximal" sense, we believe we shall not be misinterpreting the meaning of President Roosevelt.

* * *

The New Bacon-Pig Contract.—The Pigs and Bacon Marketing Boards have at last come to terms about the 1936 bacon-pig contract, and have thus, presumably, laid their differences to rest for another year. The scheme has been in danger of breakdown for the past ten months because the pig-feeders have been complaining that production was unremunerative. Their representatives on the Pigs Board have, however, been successful in securing

certain concessions from the curers in the new contract terms. Modifications have been introduced which will slightly raise the price of the basic pig and reduce the price difference between this and inferior grades. The insurance provisions have been altered slightly, but similar arrangements to those now in force have been made for bonus payments to producers who deliver a certain proportion of their pigs in the first four months of the year, when the supply normally tends to fall short of curers' requirements. It remains to be seen whether the new contract terms will induce the feeders to offer sufficient pigs to keep the bacon factories working steadily throughout the year, as the curers desire. But whether the machinery of the scheme works well or ill, the consumer of bacon still has the uncomfortable conviction that the curers are hoping for a rise in bacon prices next year, and that to achieve this end strenuous efforts may well be made to secure a reduction of import quotas.

* * *

Retail Sales in September.—Retail sales, like other indices of business activity, showed a marked increase between August and September. The latest returns, published in the *Board of Trade Journal*, register a rise of 8.1 per cent. in the money value of sales between September, 1934, and the past month. Sales in September, 1934, in turn, rose 4.1 per cent. above those of the corresponding month in 1933. Improvement during the last two years has thus been of the order of 12½ per cent. over 1933:—

INDEX OF VALUE OF RETAIL SALES, GREAT BRITAIN
(Average Daily Sales in 1933 = 100)

Period	Food	Other Merchandise	Total
1932	102	99	101
1933	100	100	100
1934	103	103	103
1934—August	100	79	90
September	101	92	97
October	102	109	105
November	106	110	108
December	121	148	134
1935—January	102	108	105
February	106	83	95
March	107	92	100
April	110	112	111
May	110	112	110
June	110	108	109
July	105	113	109
August	107	81	94
September	110	99	104

The increase, as compared with last year, was well spread geographically, ranging from 5.1 per cent. in Scotland to 10.1 per cent. in suburban London. It was most marked in the case of food and perishable articles, but as the official statistics are not adjusted for changes in prices, it is impossible to ascertain how much of the increase of 8.6 per cent. in the money value of sales was due to higher prices. Sales of other merchandise have risen by 7.6 per cent.—in fact, with the exception of piece goods, all the commodities shown separately in the return register an increase. The expansion of turnover was most pronounced in the case of men's and boys' wear (9.7 per cent.), women's wear (9.6 per cent.), boots and shoes (8.6 per cent.), hardware (8.4 per cent.), and furnishing goods (6.2 per cent.). Significance attaches to the relatively sharp increase in expenditure on clothing. The ratio of stocks to turnover continues to decline, for the value (at cost) of the former at the end of September was 1.6 per cent. smaller than a year ago. There are no visible indications of a setback to retail trade in the near future.

* * *

Rising Food Prices.—With a General Election in the offing, the trend of food prices in this country has inevitably excited some attention. The matter was raised in the House of Commons last week by Mr Dobbie, who asked the President of the Board of Trade whether he was aware of the increase in the wholesale prices of bacon, butter

and cheese; whether he could explain the reason for the movement; and what steps he proposed to take to counteract it. In view of the importance of these three commodities in working-class budgets, it is worth while examining the question more closely. For it is known that the retail price of, for instance, Danish butter has risen markedly in the last six months. The prices in the following table are those realised for first quality produce on the London Provision Exchange:—

WHOLESALE FOOD PRICES (per cwt.)

End of	Bacon		Butter		Cheese	
	English	Danish	New Zealand.	Danish	New Zealand.	Dutch
1934—October	s. d. 92 0	s. d. 87 0	s. d. 73 0	s. d. 124 0	s. d. 54 0	s. d. 53 0
1935—January	96 0	90 0	87 0	117 0	47 0	49 0
April	90 0	86 0	77 0	97 0	46 0	39 0
August	85 0	83 0	96 0	115 0	49 6	47 0
September	87 0	85 0	115 0	130 0	58 0	73 0
October	90 0	89 0	106 0	128 0	53 0	60 0

Bacon prices, in fact, are at approximately the same level as a year ago. A slight reduction in imports this year has been roughly offset by some increase in home supplies. Early in October bacon prices rose sharply, but demand was checked and prices have subsequently fallen back. In the case of butter and cheese there has been a substantial rise since the spring. The increase was partly seasonal; but, mainly as a result of a change in the position of supplies, prices are now well above last year's level. Butter production in Denmark, Australia and New Zealand (which account for the bulk of our imports) showed a decline this season, and there has been some diversion of Danish supplies from the United Kingdom to Germany. According to the figures of the Imperial Economic Committee, there has consequently been a substantial drop in butter stocks in this country and a considerable increase in the consumption of margarine. Supplies of cheese have been similarly reduced this season, and it is reported that the sharp rise in Dutch qualities which reached its peak in September was partly traceable to speculation on war account. Although prices are now easier, they are distinctly high compared with those of six months ago.

* * *

British Shipbuilding.—In contrast to the expansion of activity in other capital equipment industries, discussed in last week's Supplement to the *Economist*, the merchant shipbuilding industry in this country has lost ground in recent months. The latest returns issued by *Lloyd's Register* reveal a decline in the tonnage of mercantile vessels under construction at the end of September, both as compared with June and with the corresponding month last year. The gross tonnage under construction in this country at the end of September was 530,554, against 560,321 at the end of June and 604,296 a year ago. Work in hand abroad also declined, from 707,091 gross tons in September, 1934, to 667,415 gross tons at the end of the past month. The British proportion of the tonnage under construction in the world declined from 46 per cent. to 44 per cent. during the past year. But the tonnage under construction in this country for registration or for sale abroad rose from 13.6 per cent. of the total in September, 1934, to 21 per cent. at the end of last month. Of the total mercantile tonnage under construction at the end of September, Germany accounted for 268,340 gross tons, Sweden for 89,000 tons, Holland for 62,645 tons, Japan for 61,305 tons, and Denmark for 54,533 tons. It is interesting to note that oil engines accounted for 41 per cent. of the horse power of the mercantile vessels under construction in this country at the end of last month, as compared with 76½ per cent. in the case of vessels under construction abroad. The immediate outlook for the British shipbuilding industry is not very encouraging, for world trade is still making heavy weather. Nevertheless, the gross tonnage commenced increased slightly, from 108,122 in the second quarter to 118,979 in the third quarter of the current year.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

RECOVERY AND "INFLATION"

SINCE the recent speech of Mr Gay, President of the Stock Exchange, to the effect that "inflation" might be looked for as an eventuality, the conversation of Wall Street has centred on the theme of inflation more than at any time in recent months. This conversation strikes every note from forebodings of crash to adjurations to make hay while the sun shines. Autumn business, while hardly as brilliant as midsummer forecasts, is more than satisfactory, and in comparison with the autumn of 1934 extremely gratifying. Yet in the conversation of the financial district the discussion centres on the word "inflation" fully as frequently as it does upon the state of business, and it is many months since this has been the case. Yet in spite of all the talk, it is rare to encounter an individual or a corporation that is taking concrete action on the basis of inflation.

Exports of merchandise in September were valued at \$198 millions, and imports at \$162 millions, giving an active balance of \$36 millions. But September gold imports were \$157 millions, and net silver imports were \$44 millions, making total imports of the monetary metals \$201 millions, a sum substantially greater than our merchandise imports. A similar relation exists for the year to date; the nine months merchandise imports amount to \$1,503 millions; the net imports of the monetary metals totals \$1,204 millions, of which \$181 millions is silver, and \$1,023 millions gold. Merchandise exports in September were \$7 millions above those of September, 1934, but imports were \$30 millions greater. On merchandise account, our September balance was active by \$36 millions; but our total visible balance was passive by \$165 millions. For the nine months exports were \$1,568 millions and imports \$1,502 millions, giving an active balance of \$66 millions, but with net imports of the monetary metals of \$1,204 millions, our visible balance is passive to a sum just under \$1,200 millions.

LARGE INFLUX OF CAPITAL?

It is remarkable that gold and silver are not merely America's principal imports; together they are virtually equal to the total of our merchandise imports; and our merchandise trade, which formerly showed a characteristic export surplus, often of large proportions, is now (and has been for a year) practically in balance, as a consequence of an increase of imports. The cost of our metal imports is thrown upon the invisible items, and the only offset is a conjectured flow of capital into this country of very large proportions. So large are the sums indicated by this movement as to make it one of the most conspicuous economic phenomena of the year, yet from its character it does not lend itself to analysis or deduction. The silver imports of September (\$44 millions) were unusually large and offer a contradictory comment to the commonly expressed view that our "silver programme" is in abeyance. When Congress is not in session, interest in silver subsidies to the vanishing point. Something of the same sort may be said about "stabilisation." Although the financial community in general favours it, the introduction of the word "stabilisation" will evoke a variety of views. Yet the continuation of *de facto* stability between the dollar and sterling which has existed now over some 18 months is almost taken for granted.

The decision of the Supreme Court on the processing taxes is awaited with increasing interest. One of the first items on the calendar will probably be the Hoosac Mills case. The Hoosac Mills are in receivership, and the receivers recommended disallowance of the Federal Government claim for processing and flow taxes. The arguments were (a) that the object of the tax was to regulate cotton production, and that such an object was outside the power of the Federal Government; (b) that the powers exercised

by the Secretary of Agriculture represented an unconstitutional delegation of legislative power; (c) that if the processing taxes were direct taxes they were not apportioned constitutionally, while if they were excises, they were not uniform as required by the Constitution. The decision rendered in the case by the U.S. Circuit Court went almost beyond these arguments.

This line of reasoning has been followed in a considerable number of other cases which involved the bases of the agricultural benefit schemes. As the trend of court opinion became defined, collections under the processing taxes shrank to a quarter of their former amounts—a fact of importance, as the taxes are one of the largest sources of Federal revenue. Meanwhile the Secretary of Agriculture continues to make payments from a rapidly diminishing appropriation; and dispatches from Washington indicate that serious attention is being given to other and substitute forms of taxation to be imposed if the processing taxes should be invalidated. Every day it becomes clearer that agricultural subsidies are now an integral part of our political economy.

The bank statements from the end of August to the middle of October have not wholly reflected the gold movement, but they are significant:—

RESERVE BANK ITEMS
(\$000,000)

	Aug. 28, 1935	Oct. 16, 1935	Change
Monetary gold stock	9,197	9,584	+387
Member bank reserve balances	5,346	5,534	+188
Gold certificates	6,482	6,899	+417

That is, the Treasury has issued gold certificates to an amount about equal to the gold imports, but they have not yet been entirely translated into member bank reserves. The issue of gold certificates to replace the bonds formerly securing the national bank notes does not appear in these figures, although it is improbable that it has been completed. Member bank items have shown no more than the change which has now become almost conventional—an increase in net demand deposits at the rate of about \$300 millions a month.

REPORTING MEMBER BANK ITEMS
(\$000,000)

	Aug. 28, 1935	Oct. 16, 1935	Change
Total loans and investments	18,533	18,967	+434
Loans on securities	2,899	2,910	+11
Other loans	4,446	4,591	+145
United States and guaranteed securities	8,237	8,529	+292
Other securities	2,951	2,937	-14
Reserves	4,129	4,285	+156
Net demand deposits	15,952	16,376	+424

The increase in "other" loans has been a rare occurrence in recent years, and may be largely of a seasonal character. Probably more significant is the fact that the increase in deposits was reflected in a considerably larger increase in loans and investments than in excess reserves.

NEW YORK, October 22.

FRANCE

M. HERRIOT AND M. LAVAL

THE annual Congress of the Radical-Socialists closed without serious incident. The six Radical-Socialist members of the present Cabinet give it its Parliamentary support; and two Cabinets have been destroyed in the past as a result of ultimata from the Party Congress. The present Congress evaded the essential problems of the present: foreign policy and the financial decree-laws, although these are the principal subjects of the attacks made by the Opposition on the Cabinet. On foreign policy the Conference passed a resolution favourable to support of the League and

the Franco-British collaboration, of which M. Herriot was the strongest advocate.

In monetary policy the Congress declared itself favourable to "the stability of the currency on the national and international field." It urged a new reduction in taxes, and rejected "inflation," though its financial report emphasised the necessity for developing credit facilities. The most important fact of the Congress's deliberation was that concerning the Fascist Leagues, the danger of which was urged by the Left-Wing Radicals. In order to meet this attack, the Cabinet has recently published two decrees-laws completing the supervision of public assemblies and the reinforcement of penalties for the possession of prohibited arms. But the Left-Wing, led by M. Daladier, demanded further measures against the Leagues, in particular the "Croix de Feu," which has declared that it will bar the way to "the men of February 6, 1934." The Congress affirmed its confidence in its President, M. Herriot, who was re-appointed to the leadership for four more years; and the final resolution called for complementary measures against the Leagues, to be proposed and voted by Parliament on its return from the recess. The resolution ended with a declaration of sympathy for the Popular Front and the Union of the Left Parties, which has been effected in preparation for the Chamber elections of 1936.

THE END OF DECREE-LAWS

After this Congress, the political situation might be considered as cleared. But this is not entirely the case. The controversy between the Radical-Socialists and the Government is continuing in the Finance Committee of the Chamber. The Committee finally agreed to pass to the examination of the Budget Bill at once; but its Left-Wing members, without rejecting the decree-laws, are nibbling at the economies and proposing new means of raising revenue, such as the suppression of fiscal fraud, and the increase in inheritance taxes and the income tax, etc. This political uncertainty is embarrassing to the Treasury, where the situation is again delicate. The rentes are declining and the renewal of Treasury bills has become difficult. The Minister of Finance has thus had to issue recent loans at very high rates of interest: the 600 million francs of Algeria 5 per cent. bonds have been issued at 92, and 1,250 millions of railways 5½ per cent. bonds have been issued at 95.

The Laval Government has issued its last decree-laws, which are supposed to complete and correct the whole series issued since July 16th. The power of the Government to issue decree-laws ends to-day. Of 200 new decree-laws the most important concern the wheat market, the measures to be taken in Algeria against the economic crisis, the safeguarding of bondholders and stockholders, the social insurance schemes, the expansion of the State police, municipal finances, the administration of Alsace-Lorraine, the railways, etc.

The recommendations of the Committee for the reform of the Paris Stock Exchange have just been issued. The Committee proposes, in particular, the listing on the Paris Exchange of 150 or 200 prominent foreign stocks, principally from Wall Street and the London Stock Exchange.

The production of the French coal mines in September, 1935, totalled 3,787,454 tons in 25 working days, against 3,769,119 tons in August (26 working days), and 3,913,356 tons in September, 1934 (25 working days). The average daily production was therefore 151,498 tons, against 144,966 tons in August and 156,534 tons in September, 1934. The number of men employed was 223,099 at the end of September, against 224,197 at the end of August, and 232,192 at the end of September, 1934. The production of coke in the coke plants of the coal mines was 310,933 tons in September, against 316,174 tons in August, and 329,734 tons in September, 1934.

Registered unemployment in France was 415,738 in the week ending October 19th, or 5,594 more than in the preceding week.

PARIS, October 31.

[Current political alignments in France are discussed in an article on page 842, and the week's news in a Note on page 849.]

GERMANY

THE FOOD SHORTAGE AND "MANCHESTER LIBERALISM"

THE food shortage became more acute in the past week, but owing to the absence of reports in the Press the German citizens' knowledge of it is still confined to personal experience and observation. In Berlin the crowds waiting their turn outside the shops became more numerous and had to wait longer. Pork and butter could hardly be bought. After waiting in the street sometimes an hour, sometimes two hours, the customer received two ounces of butter or was turned away without any. The various "Black Bourse" operations are conducted according to Russian precedent. In the case of foodstuffs whose price is regulated, dealers, while in general observing the official prices, sell only to customers who buy free-priced goods at above market rates. Householders receive telephone messages from unknown persons that if they only . . . here follow the conditions . . . they will be supplied.

No sufficient measures have been taken to restore a normal food supply, and there is no prospect of immediate improvement. It is the traditional policy of the Nazi Party, maintained by the Nazi Government, to meet difficulties by agitation and propaganda. The Press and Ministers, so far as these have expressed themselves, assert that freedom is more important than food, and that if there is no pork, there are at least new barracks. The Reich Minister of Economy, Dr. Schacht, has recently spoken in this sense, and thereby implicitly reproached the citizens who will wait an hour for butter but not a minute for freedom. Curious is the denunciation of "Manchester Liberalism" as the cause of the food shortage, although the mere expression of this heresy has been suppressed since 1932. The same strange propaganda is being pursued in non-economic domains, even by the Reich Office of Health, which informs the public that as "Liberalism and Medicine are irreconcilable enemies," "medical Manchesterism must disappear"; and by the Minister of Propaganda, who reports that the first task of National-Socialism was the cleaning of German literature from the shameful literary legacy of the Liberal Age. It is being suggested that food cards might bring relief; but as the card system would also advertise the emergency, it would be inconsistent with the present—naturally futile—official policy of secrecy. Meatless and butterless days have been decreed in various parts of the country by local Nazi leaders. Meanwhile the Reich Nourishment Corporation calls attention to the recent rises in butter prices in Denmark, Holland and England, and draws an unfavourable contrast with Germany, where prices have remained unchanged. But the Corporation ignores the fact that one can buy butter at foreign prices but not at German ones.

The following are Berlin shop prices of October 29th in sterling at the official mean exchange of £1 = Rm. 12.23 of October 28th. The prices are those of about the best qualities. The German (metric) pound is equal to 1.1 lb. avoirdupois; the litre to 1.76 pints.

Home-produced or imported :	Prices per pound
Margarine.....	s. d.
Pig-lard	1 9½
Butter	1 11½
Cheese (German "Chester").....	2 7½
Soup-meat (beef)	2 7½
Veal steak.....	1 11½
Beef (steak)	3 7
Breakfast bacon.....	3 1½
Sugar	2 11½
Milk	0 8½
Eggs.....	0 4½ (litre)
Imported :	0 2½ (each)
Spaghetti	1 2½
Tea	11 5
Coffee	6 6½
Lemons.....	0 1½ (each)

The German official exchange rate has of course been unreal since 1931. The restriction of debt payments and of capital export alone justifies this statement. But in fact the Government's success in preventing formal depreciation of all marks has not been entirely due to this restriction, but also to various expedients for in-

fluencing the trade balance by subsidising exports. The formal depreciation of the German currency is confined to various kinds of blocked marks and to Reichsbank notes, which, in spite of the complete prohibition of export, sell abroad at around 18½ to the £. In so far, therefore, as the above prices have an international bearing, they are fictitious; and it is not possible to draw from them, or from the equally high prices of certain home-produced raw materials any conclusion about Germany's ability to compete in international trade.

WAGE REDUCTIONS AND "INFLATION PRICES"

The social consequences, however, are considerable. For whereas after 1931 wages were reduced on the ostensible ground that the mark's value must be maintained by deflation, the present prices of food are inflation prices. Even the prices of goods imported from countries with depreciated currencies and theoretically paid for with full-value marks, are mostly dearer here than abroad. The official value of the reichsmark, in fact, is yet another piece of propaganda. "During the tornado into which foreign currencies have been drawn," said the Minister of Economy yesterday, "our currency remains unshaken."

Money last week was plentiful; but there were signs of the usual increase in the month-end demand, which continued this week. Bank acceptances, Reich short-term securities, and Gold Discount-Bank promissory notes were sold. The nominal day-loan rate rose to 3½-3¾ per cent. The Reichsbank's return for October 23 shows that 90.5 per cent. of the September month-end credit increase was repaid in the first three October weeks, as against 98.4 per cent. in the same week of 1934. The Bank therefore enters November with further expanded credit. The discount portfolio total is Rm. 3,697 millions, as against Rm. 3,415 millions a year ago. There has been a further small loss of gold, the holding of which has fallen to Rm. 87½ millions.

According to an official report the stock of industrial raw materials has fallen since the end of 1934. As compared with the same period of 1934 the quantity of imports has declined by 5 per cent.; and while home output increased 10 per cent., consumption rose by 16 per cent. The volume of imports of raw materials this year is estimated at 80 per cent. of that of 1928 (1927, 111 per cent. of 1928); and home production at 101 per cent. of 1928 (1929, 106 per cent.). The value of retail trade turnover in September was 2 per cent. lower than in September, 1934; and the volume of turnover, allowing for the price-rise, was 4 per cent. lower. The percentage of working places occupied in all industry in September is returned at 66.3 per cent., as against 66.2 per cent. in August. The percentage for production-goods trades fell from 70.0 per cent. to 69.8 per cent., while that for consumption-goods trades rose from 61.4 per cent. to 61.7 per cent., a movement contrary to that of preceding months.

The report of Ruhr Coal Syndicate sales in September shows a considerable increase. The syndicate complains of Dutch and British competition in South Germany, and of the domination of British bunker coal on the Elbe. Italy imported very much more coal in the third quarter of the year than in the same period of 1934.

BERLIN, October 30.

AUSTRIA

INCREASED ORDERS FROM ITALY

THE figures which have been published by the Austrian Konjunkturinstitut and by the Federal Statistical Department for the summer months of 1935 present a picture of reviving business activity. Three factors have contributed to this revival: the far-reaching relaxation of the money market, due to the devaluation of the currency; the increase in domestic sales resulting from the Employment Campaign; and the beneficial effects of a particularly good foreign tourist season. The easiness of the money market has coincided with the return of refugee capital and the sale of considerable Austrian assets abroad. It is reported that

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£7,000,000

Total Assurances in force at November 15th, 1934, in Great Britain and Ireland

£67,000,000

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the holdings of "ready" money at the Credit-Anstalt-Wiener Bankverein amount to 180 million schillings, and the bank is contemplating the scarcely popular idea of forcing the lesser financial institutions to take care of their own reserves of ready money, instead of leaving them on deposit in charge of the large institutions. It cannot be said, however, that the presence of ready money has yet led to an expansion of loans and advances.

Activity in heavy industry was much greater in August than in August, 1934. The output of iron ore was 54 per cent. higher, of crude iron 65 per cent. higher, of crude steel 15 per cent. higher, and of rolled goods 8 per cent. higher. In the textile industry also the demand for war materials has resulted in an increase of orders, chiefly through the reduction of Italian orders in the Roumanian market. For this reason exports of cotton yarn have gone up by about 15 per cent., and the textile industry in Austria is now working at 100 per cent. of normal capacity. The only other trade equally active with steel and textiles is building, which, thanks to the Employment Campaign, has received during the past season orders amounting to about 350 to 400 million schillings.

The beneficial effects of the extraordinarily good foreign tourist season become clearer from week to week. Increased revenues, especially during the summer months, have swelled the foreign currency holdings of the Austrian National Bank by over 100 million schillings between April 1st and September 30th. Two-thirds of the Austrian import surplus is probably covered by revenue from foreign tourist traffic. As foreign trade again improved in August, it is calculated that the total import surplus this year will be more than 270 million schillings.

THE FALL IN UNEMPLOYMENT

In the middle of October the seasonal decline of unemployment came to an end. Since February, however, the number of unemployed receiving benefit has fallen from 337,000 to 205,000. It would be wrong to attribute this regression exclusively to improvement in trade. Other factors have influenced the statistics, including greater parsimony in paying benefit and also absorption of the unemployed by the "public security formations." Nevertheless, increased trade has played the chief part.

During the past few weeks temporary panic buying of various foodstuffs and commodities has taken place. It was a surprise to some that these hurried purchases were accompanied in some cases by price increases, but the increase in imports which was at once allowed brought a fall in prices, so that efforts made in recent years towards maintaining prices met with a temporary setback. This applies chiefly to the pig and fat market. The surprise was due to the fact that supplies of pigs are carefully regulated by a public department. Legislation has lately been passed with the object of bolstering up prices, and the prescribed "directive" and minimum prices will make themselves strongly felt when the present weakness of commodity prices gives place to a general rise. At present, however, both the wholesale price index and the cost-of-living index still remain pretty much where they were a year ago.

VIENNA, October 25.

SWEDEN

ITALIAN AGGRESSION CONDEMNED

SELDOM before has public opinion in Sweden been as unanimous as it now is in condemning Italy for her aggression against Abyssinia. The general belief in this country is that only a strong Anglo-French diplomatic solidarity can induce Signor Mussolini to abandon his present attitude. Whereas Mr Eden's resolute efforts in Geneva to strengthen the effectiveness of the League's economic pressure on Italy have won the whole-hearted approval of Sweden, M. Laval's mediatorial activity is distrusted. The Swedish public does not consider that an aggressor, who has been condemned by such an overwhelming majority of nations, should be allowed to discuss the terms on which he would consent to stop aggression. A French-Italian-British compromise at the expense of Abyssinia would, in the eyes of small countries, give the League the stamp of a Great Powers' political instrument and would alienate the Scandinavian countries from Geneva. The present situation may therefore strengthen the Swedish people's belief that a small country has to rely chiefly on the strength of its own national defences and that the protection of Scandinavian neutrality must be sought in a consolidation of the Northern bloc.

Prohibition of credit operations with Italy would only affect commercial credit facilities here, since Swedish banks ever since the beginning of the present political crisis have abstained from granting other loans to Italy. Goods at present imported from Italy can, if necessary, be found in other markets. Swedish exports to Italy consist to a large extent of chemical pulp, of which this year about 125,000 tons, most of it rayon cellulose for artificial silk, normally should have been exported to Italy. It was probably the threat that these exports might be hampered by Swedish credit prohibition that brought to Stockholm last week Signor Marinotti, general manager of the Snia Viscosa, which absorbs the bulk of the Swedish pulp supply to Italy.

FURTHER CREDIT EXPANSION

The immediate effect upon Sweden of the political uncertainty abroad has been a "flight into the krona," since Swedish exporters are anxious to get rid of their foreign balances. This has led to a strong contraction of Swedish banks' balances owned by foreign depositors and a proportionate increase in the foreign currency holdings of the Riksbank. To avoid a further repletion of its foreign currency reserve the Riksbank has recently resumed gold purchases in the open market, and its gold reserve on October 15th had risen to Kr. 379 millions. It is understood that a certain shift from sterling to dollar holdings has lately also taken place, although the Riksbank returns do not indicate transfers from one foreign currency to another. This flight into domestic currency has further accentuated the extreme easiness of the Swedish money market and has caused an increase in sight deposits and new peak figures for the joint-stock banks' cash holdings.

To a certain extent this tendency will be adjusted by the growing passivity of the foreign trade balance, which in September revealed a passive balance of Kr. 8 millions, as against an export surplus of Kr. 16 millions a year ago. The difference is mainly due to a decrease in wood exports and an increase in imports of petrol, mineral oils and textile raw materials. Sales of wooden goods to Great Britain increased in September, and total sales for the current year amounted to about 700,000 standards, with prices somewhat higher. Pulp sales showed also a slight increase with fairly good demand for sulphate pulp, but the sulphate pulp market continued to be dull. The latest harvest report reveals a better situation than was expected, especially for crops of the autumn sowings. A marked shortage of bacon has lately been noticed, since farmers have considerably reduced their pig breeding, which is not remunerative at the present price.

Employment figures improved again in September. The number of unemployed at the end of the month was 41,000, as against 41,700 in August and 78,000 in September, 1934. The share market, which was dull throughout September, recovered considerably during October, with marked gains for leading internationals. The bond market was weak.

STOCKHOLM, October 28.

ROUMANIA

THE GOVERNMENT'S CHANGE OF TACTICS

IN a recent important speech at Constantza the Prime Minister reviewed the internal political situation and sharply attacked the opposition parties. As he had so far advocated a policy of collaboration, this change of tactics caused no little surprise, and the parties attacked have not been slow in replying in the same strain. The political struggle, therefore, promises to become violent. Nevertheless, the Prime Minister's declaration that a dictatorship was not contemplated, as had been rumoured, and that the Government would be carried on as before on democratic lines is received with satisfaction. The Prime Minister also pointed to the disturbed European situation as necessitating increased expenditure on armaments. It is generally believed that the present Government is firmly established, but meanwhile martial law, which has been in force for nearly two years, has been prolonged for a further six months.

The export surplus continues to increase. For the seven months from January to July the figures are as follows, compared with last year:—

	1934		1935	
	Quantity Tons	Value Lei	Quantity Tons	Value Lei
Imports	330,478	7,220,527,000	262,660	5,940,210,000
Exports	4,859,383	7,183,134,000	4,989,879	8,008,513,000

The replacement of an import surplus of Lei 37,393,000 by an export surplus of Lei 2,068,303,000 is a testimony to the economic efforts made by Roumania. Nevertheless, the real position is far less satisfactory, as most of the surplus is obtained by clearing arrangements, and is therefore not available for the financial needs of the State.

Active negotiations have been going on with several countries during the summer months to conclude new commercial agreements corresponding to the foreign trade regulations which came into force in June. Those with Germany, Turkey and Switzerland have been successfully arranged. Considerable difficulties, however, are encountered with France. Trade with Italy during the first seven months of the year shows a balance of 873 million lei in favour of Roumania, which balance, in consequence of the regulations in Italy, has become frozen. Germany also holds a large amount of Roumanian money. The existing clearing arrangements with Austria and Hungary are considered contrary to Roumanian interests, and it has now been decided to terminate them; while the agreement with Germany, recently concluded, threatens already to become unworkable owing to the monetary situation in Germany.

FINANCIAL AGREEMENT WITH GREAT BRITAIN

The new payment agreement with Great Britain was concluded on August 3rd and has recently come into operation. It supersedes the previous agreement of February 3, 1935, and provides for the payment on or before August 15th of £100,000 as cover for the outstanding instalments of £50,000 each for May and June under the old agreement. This payment has been effected, and the payment of the old trade debts, which ceased in April last, has been resumed. The Roumanian Government further undertakes to export to the United Kingdom 50,000 tons of wheat and 30,000 tons of barley, the sterling proceeds of which must be received by the Bank of England by November 1st. Should this export not produce £270,000 the Roumanian Government will make further exports to the United Kingdom so that this figure is reached by December 1st. As from August 1, 1935, the proceeds of Roumanian exports to the United Kingdom will be allocated as follows:—

50 per cent. for the payment of Roumanian imports from the United Kingdom, 5 per cent. for commercial arrears, 30 per cent. for the requirements of the Roumanian Government, and 15 per cent. for the disposal of the National Bank of Roumania.

The instalment payable for August is fixed at £80,000. Provided that the payment of £270,000 is properly met,

the monthly instalments due from July 15, 1935, to January 15, 1936, will be limited to 5 per cent. of the value of the Roumanian exports to the United Kingdom for the preceding month. The sums already paid into the special account at the Bank of England under the old agreement, but not yet distributed, and the sums due under the present agreement will be allocated as follows: Full payment of all debts not exceeding £20; on account of larger debts payment of £20, or 20 per cent., whichever is the greater; to be followed by a further payment of 50 per cent. and a final payment of 30 per cent. on each debt. The new agreement remains in force until January 31, 1936.

BUCHAREST, October 20.

CANADA

AFTER MR BENNETT

THE General Election is now a matter of history. The Canadian voters condemned in the most emphatic manner the policies and programme of the Conservative Ministry of Mr Bennett, and responded beyond the most sanguine Liberal expectations to the appeal of Mr Mackenzie King to endow him with a majority which would leave his party free to carry out its programme. In one sense the new Parliament will be unhealthy, as the Government majority will be unwieldy, and the Opposition, composed of groups with hopelessly divergent views, too weak to be effective. Another unfortunate feature of the result is the revival of French-Canadian racial solidarity on the Liberal side so markedly that French-Canada is left virtually without representation in the Opposition. Undoubtedly the bitter memories of the unhappy conscription controversy of 1917, which still survive in Quebec, were very influential in the present utter defeat of the Conservatives in Quebec, where they only carried 5 out of 65 seats.

Mr Mackenzie King, in forming his Government, has made an effort to effect economies in administration by consolidating some departments which heretofore have had separate Ministers, and although he has still to secure legislative authority for these adjustments, he has reduced the number of his Cabinet to sixteen members, or five less than Mr. Bennett's. Again, he has departed from a hoary tradition in leaving two Provinces, Alberta and Prince Edward Island, without a Minister. And he proposes to take a step recommended as long ago as 1912 by Sir George Murray in appointing for the more important departments parliamentary secretaries, who will have a position analogous to that of under-secretaries in Britain. The Cabinet which he has constructed is thoroughly representative of all sections of the country and of all the varied shades of opinion in the Liberal Party, and it has on the whole had a good Press. He has dropped a brace of veteran Ministers who were returned; but he will have the advantage of the administrative experience of nine former colleagues, and he has brought in a judicious infusion of new blood. Two of the new Ministerial recruits have never before sat in Parliament. The banking and business community is very pleased at the return of Mr C. A. Dunning to the Ministry of Finance; and as he has also not forfeited the respect of the Western agrarians among whom he originally made his reputation, first as a co-operative leader and then as a politician, he should be one of the dominating figures of the Cabinet. There are some notorious protectionists in the Cabinet; but they are not so strong as the manufacturing interests would have liked.

Foremost among the problems left to the new Cabinet by the Bennett Ministry are unemployment and finance. There are still at least 1,250,000 Canadians getting some form or other of public relief, and the drain entailed by this is taxing to the limit the financial resources of Provincial and Municipal authorities. Only a series of timely advances by the Federal Treasury has averted default for the four Western Provinces, and such of their administrations as are politically sympathetic to the King Ministry will expect more generous succour from it than Mr Bennett pro-

vided. Mr Bennett advanced to the Social Credit Ministry of Alberta, which took over a bare Treasury, enough money to tide over its difficulties until the General Election. But Mr Aberhart, the Premier of Alberta, has estimated that he will need at least \$15 millions more to meet his obligations up to the end of the current fiscal year; and other Provinces will also want help on a smaller scale. Mr King has consequently invited the Provinces to attend a Dominion-Provincial conference at Ottawa early in November, at which the financial relations of the Provinces and the Dominion, unemployment, and other questions are to be discussed. The Liberals are pledged to abolish the unemployment relief system adopted by the Bennett Ministry and handle it through a National Unemployment Commission, which will be charged with the administration of relief and the evolution of schemes for the absorption of the unemployed. The coming conference will also review the industrial and social reform legislation of the late Ministry, whose validity was challenged by several of the Provinces on the ground that it was an invasion of their jurisdiction. It is highly probable that the constitutionality of a number of Mr Bennett's reform measures will be tested by references to the Supreme Court.

The Bennett Government has left the Federal and Provincial finances hopelessly intertwined. The Federal Budgetary position is not wholly satisfactory. While, during the first half of the current fiscal year 1935-36, Federal revenues have risen by about \$10 millions, there has, thanks partly to the social and industrial measures passed last session, been an increase of \$15 millions in expenditure. The aggregate national deficit, when the needs of the Canadian National railway system are taken into account, is therefore not likely to be smaller at the end of this fiscal year than it was in March, 1935. Plans will probably be discussed for lightening the Provincial debt burden, possibly by the method of a nation-wide refunding operation to which Mr Bennett has committed his party. Consideration of these problems can scarcely fail to bring into the foreground the thorny issue of constitutional reform.

MR KING AND THE TARIFF

The tariff is the third major problem which will demand the attention of the King Government. The Liberals are traditionally a low tariff party, and both their official platform and the utterances of their leaders during the campaign pledge them to tear down the inordinately high tariff barriers erected by the Bennett Ministry since 1930. But it happens that Liberal members have been elected for a larger number of industrial seats, interested in the preservation of some duty or other, than at any previous election; and also that the influence of the Western Wing of the party, only 32 strong out of a total of 176, will be feeble in the councils of Liberalism than in any recent Parliament. So the King Government will have to move cautiously in the matter of tariff reduction. The Liberals have all along contended that a high Protectionist Conservative Government in Canada had no chance of negotiating anything but a very trivial reciprocity bargain with the United States. And they are certain to try and enlarge the scope of the negotiations which Mr Bennett has been carrying on with the Roosevelt Administration. But the nearer a Presidential election in the United States, which is now only a year distant, comes, the smaller is the prospect of a comprehensive reciprocity because the Roosevelt

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Administration will not want to court the displeasure of agrarian and other interests now arrayed against any reciprocity pact. However, some agreement which would give better access to the American market for Canadian cattle, lumber and dairy products might be patched up since the King Ministry will be able to offer larger concessions to American manufactured products than its predecessor could.

REVISING OTTAWA

The Liberal Party has always been exceedingly critical of the Ottawa Agreements, and during the campaign Mr Bennett contended that a Liberal victory would be interpreted in the other countries of the Commonwealth as tantamount to their repudiation. But, although such a threat has been heard from Liberal lips, Mr King in his more recent speeches has been careful to say that he only proposed to revise them by friendly negotiation and bring them to a more equitable and permanent basis. The King Government will want above all things to frustrate any plans that Mr Elliot may have for diminishing Canada's share of the British market for foodstuffs. How profitable the Anglo-Canadian Ottawa Agreement has been to Canada can be gleaned from the fact that in the fiscal year ending March 31, 1934, her exports to Britain were valued at 228 million dollars, compared with 184 millions in the preceding fiscal year.

So the King Government will probably be willing to pay a price for the retention of the free preference by reduction of the duties on manufactured imports from Britain, and in doing so it would be able to fulfil its pledges to alleviate the burdens of protectionism for the primary producers. But when it comes to propose reductions in textile duties it may have trouble with some of its own supporters, as it happens that three-fourths of the Canadian textile mills are situated in constituencies now represented by Liberal members.

The Liberals, like the Conservatives, are committed to the maintenance of the Canadian National Railways as a public-owned and publicly controlled enterprise. And a substantial element of the Party is in favour of the recapitalisation of the Canadian National system for the purpose of reducing its fixed charges. One step, however, the Liberals are definitely pledged to take, namely the transfer of the now privately-owned Bank of Canada to Government ownership and control. But any Bill for this purpose is likely to encounter strong opposition from the Conservative majority in the Senate, which can hardly be obliterated during the present Parliament.

OTTAWA, October 24.

LETTERS TO THE EDITOR

THE MINERS' CASE

TO THE EDITOR OF THE ECONOMIST

SIR,—In the table with which you illustrate the article with this title in your last issue no figure is given for the year 1914 in respect of output per man-shift. The implication is that there was a steady rise during the whole period under review. That, however, is not so. You omit to say that the 1914 figure of 20.32 cwts. fell to 15.6 cwts. in 1919 and to 14.57 cwts. in 1920. Between 1922 and 1925, years omitted in your table, the figure declined from 18.02 cwts. to 17.83 cwts. in 1923 and to 17.59 cwts. in 1924. Nor, I think, do you make any reference to mechanisation of the mines as a leading cause of the recent increase of output.

This is not an attempt to justify lower earnings than the industry would like to see paid; merely the completion of your table.

Yours faithfully,

PHILIP GEE,

For the Mining Association of Great Britain.

[It is true that output per man-shift was greater in 1914 than 1919. But Mr. Gee omits to say that the shift was eight hours a day in 1914 and seven hours a day in the post-war years. We referred in our article to "very great reductions of cost, due partly to wage cuts and partly to mechanisation."—ED., *Econ.*]

BULL'S-EYES

TO THE EDITOR OF THE ECONOMIST

SIR,—Under the title "Bull's-Eyes" there is printed in your issue of July 27, 1935, a leading article whose opening paragraph refers to "the lack of imagination and elasticity of the 'expert' when faced with a new and unexpected situation," and contains the sentence: "One of the most striking examples of this woodenness of the official mind was the notorious episode of the British rifle orders placed in the United States." Mine was the official mind whose woodenness was responsible for the action which your article criticises, and I am moved to write in correction of some of the errors of fact with which it is sprinkled.

The substance of your criticism is that when the United States entered the war the American War Department did not take over and continue the enormous output of the three American factories, which were then approaching the end of their British engagement, and equip all the American troops with a new British rifle which they had been manufacturing for that Government—with the obvious advantages of celerity of supply and uniformity of ammunition with the British—as you state was urged upon it by the British Balfour Mission, which came to America on a co-ordinating task in the first month of America's participation in the war; and you find a motive for the action of the War Department in that "the head of the Ordnance Department (myself) was unfortunately a technician keenly interested in a new American rifle, which he claimed to be the best in the world." To the uninformed your criticism seems plausible enough, and I am afraid that the information required to estimate it correctly will be dull reading in comparison with somewhat dramatic charges, entertainingly made.

The Chief of Ordnance was not interested in any new rifle. The rifle with which the American troops had been armed for over ten years was the Springfield, of the model of 1903, and there was no thought of changing it, for it was believed to have no superior in the world. The supply on hand, however, together with the manufacturing capacity, was not sufficient for the equipment of the new American armies as fast as it was intended to raise them, and I at once took steps for utilising the three factories making the British rifle to make this same rifle for us; which steps were arranged for before the arrival of the Balfour Mission in America; so that no suggestion upon this point was needed from it. The Mission, however, did suggest that the machine plant for manufacturing the British rifles, which had passed—without the buildings—by modification of the contracts into the ownership of the British Government, and for which it would have no further use, should be purchased by the United States; a perfectly proper suggestion which met with American acceptance, and the plants were purchased by the Ordnance Department for 10 million dollars. This transaction had nothing to do with the decision for the American utilisation of the plants, but was regarded as the most equitable method for arranging compensation to the British Government for their use.

The Mission also urged, very strongly, that the American troops to be sent over should operate in the theatre of war with the British forces and, as appropriate to such an arrangement, that all the Americans should be armed with the American-made British rifle, firing the old model British ammunition. But a different decision as to operation was made by the American Political Government: that the American land forces should operate with the French, and the sea forces with the British; which practically nullified the importance of uniformity of the ammunition to be used by the British and by the American troops. The few American divisions which did subsequently operate, temporarily and in emergency, with the British, exchanged their superior American-made rifles for British rifles while so serving, for convenience of ammunition supply. But no American troops were at any time armed with French rifles, as erroneously stated in your article, nor was it ever suggested by anybody that they should be.

It would have been possible to arm the American troops going overseas entirely with the American-made British rifle; but there were strong reasons against such a course. It would have involved retiring some 500,000 Springfield rifles on hand, and retiring also the two Government factories, with a combined capacity of 1,500 rifles per day, either permanently or for some ten or twelve months, while the special tool and gauge equipment for making the British rifle was being substituted for their Springfield equipment; which last task would have occupied highly specialised technical capacity urgently needed for other war purposes. In addition, the Springfield type was considered the better of the two, and its ammunition very much better, being quite similar to that for which the new British rifle had been originally designed. Again, the American-made British rifle (which, by the way, came to be known in our service as the "American Enfield," in contradistinction to the old Lee-Enfield which was continued in use by the British forces in France) had very poor interchangeability of parts, a point regarded as of first degree importance by all military men. The American manufacture of the British rifle had been put into effect under such pressure for haste that the manufacturing equipment provided little interchangeability in the output of each single factory, and practically none at all as between the different factories.

For the above reasons the Springfield rifle was continued in service, and in initial supply and wartime manufacture contributed some 800,000 to the American armament. The issue of two types of ammunition to the American forces, for the Springfield and the American-Enfield rifles, was avoided by altering in manufacture the bore and chamber of the American-Enfield so that it should

use the Springfield ammunition; and at the same time such changes of the appropriate part of the equipment of the private factories were made as to produce very satisfactory interchangeability of parts in the output of all three of them.

In regard to these changes your article says: "But as so often happens, expert prejudice prevailed. Production was stopped while the machinery, jigs and gauges were changed over in the factories and adapted to the new rifle." This statement embodies the singular error of supposing that the great changes were made which would have been required for adapting the manufacturing equipment to the production of the Springfield rifle, spoken of earlier in your article as a "new American rifle" in which the Chief of Ordnance was keenly interested. Which was very far from the truth.

The changes not only gave the American troops uniformity of ammunition for the two types of rifle used by them and interchangeability of parts in the type which had lacked it, but greatly facilitated manufacture by standardising theretofore little standardised parts. For example: The best record of the three private factories, during production for the British, in the assembly of rifles had been 50 rifles per man per day. After the changes the best record was 280 per man per day, and the average was 250. And, incidentally, the cost was reduced by 25 per cent.

Your statement goes on to say: "Nothing was produced until the winter of 1917, and in the meantime millions of America's recruits were drilled with broomsticks." This ignores the continuing output of Springfields by the American Government factories; and is besides in error, in that the delivery of the "American Enfields" commenced in August, 1917, and was carried on at such a rate that, together with the contribution of Springfields by Government factories, all shortage was wiped out by January, 1918, never to reappear, or any threat of it, although recruits were called up in hundreds of thousands greater numbers than there was any possibility of transporting to Europe. The first drafts were enthusiastically called so fast that the reserve of Springfield rifles was not sufficient for their armament, even when supplemented for target practice by a further reserve of about 150,000 Krag-Jorgensen rifles, a good small-bore magazine bolt gun, which had been discarded for the model of 1903. There was not therefore, at first, a rifle for each man, although there were quite enough for training in target practice for everybody. Whence the "broomsticks" of your horrified comment; which were in reality wooden dummies with bayonets formed on them, such as are often used for training recruits in simple drill and bayonet exercise.

In your last paragraph, commencing "And now for the sequel," you give an interesting account of the way in which your National Rifle Association procured the use in this year's competition at Bisley of the American-made British rifles, come to be known with you as the "1914 pattern," of which your War Office had a certain number still in stock. This because of "the growing criticism of the Service rifle, which is no longer being manufactured." After describing the "phenomenal success" of these rifles you conclude: "And these 1914 type rifles, which have been lying in grease for nearly twenty years, are the despised and rejected weapons from Winchester and Remington whose supposed defects delayed for so long the training of America's armies." These rifles were not despised and rejected by any American authority. On the contrary, their good qualities were recognised from the beginning, and they were adopted and manufactured in enormous numbers for the American Service, with only the modification mentioned above, neither of which had anything to do with the merits of the type, but which made it a splendid gun, a worthy rival of the Springfield, although not quite its equal in the opinion of the American Service, which, after the war, retained

the Springfield and retired the "American Enfield"; although the supply of the latter had become much the greater because of the large capacity of the three private factories. And no significant delay whatever in the training of America's armies was incurred.

Most of the points mentioned in this letter are covered in the American War Department publication "America's Munitions," issued by the Government Printing Office in 1919, and in my book "Ordnance and the World War," published by Charles Scribner's Sons in 1920; save the story of the equipment of American troops with French rifles, because that particular error has never before, to my knowledge, appeared, but was left for commission by the *Economist*, seventeen years after.

The decision in this rifle matter was one of the most important taken with reference to the preparation of the American armies for participation in the great struggle. It was approved and confirmed at a conference presided over by the Secretary of War, at which were present the Chief of Staff, the President of the War College, the Commandant of Marines, General Pershing, who had already been designated to command the Expeditionary Force, and myself; and the outcome showed that there was no matter connected with the prosecution of the war in which the American forces were more adequately served than in this, the most important item of fighting material, the infantryman's rifle. The action was thoroughly vindicated by the result, and was taken under the shelter of such margin as appears from the fact that the supply of Springfield rifles on hand when the United States entered the war was more than twice as great as the total number of rifle-carrying troops which had been transported to Europe a full year later, before which time an abundant surplus had been accumulated.

It is astonishing to find so much error of fact and misconception of motive and result packed in this short editorial article of the usually careful and reliable *Economist*. The article has been republished in this city, where I am temporarily sojourning, and I am therefore handing a copy of this letter to the local Press. I request that you give the letter the same prominence in your columns that was accorded to the article to which it is a reply.

Sincerely yours,

WILLIAM CROZIER,

Major-General, U.S. Army, Retired.

C/o National City Bank of New York, Peiping.

August 22, 1935.

[We have given General Crozier's letter in full because it reveals so clearly the characteristics of the official mind. From amidst a great mass of material it emerges that the *Economist* story is substantially admitted. The factories manufacturing British 0.303 rifles were in full output when America came into the war in April, 1917. They were taken over, and production stopped while the factories were changed over to 0.300 calibre rifles. On General Crozier's own testimony, the consequent shortage of rifles was not made good until January, 1918, and in the meantime the American recruits were trained with "dummies." If ever the story is fully told, it will be found that precisely similar delays occurred in America's artillery and ammunition programme as a result of the "battle of the types." Ultimately the American War Department adopted French field and British heavy artillery. In the case of the latter, General Pershing's army was entirely supplied from British sources, and as late as October, 1918, the American representative signed a contract with the British Minister of Munitions for supplying the American army with heavy artillery in 1919, as the American programme had not matured.—ED. *Econ.*]

BOOKS AND PUBLICATIONS

JAPAN IN CRISIS *

THROUGH the barrage of Abyssinian news which fills our papers comes quietly but persistently daily word of a Japanese threat in Shanghai, a Japanese manoeuvre to sever more provinces in Northern China, a Japanese penetration into Mongolia. Japanese filtration in the Asiatic mainland continues its almost uninterrupted course, while the League struggles to arrest Italian advances into Africa. Of the League's past efforts to prohibit this Japanese subjugation of China there remain to-day only a disturbed confidence in League procedure and a pose of moral righteousness on the part of League members. In Mr Stimson's company we refuse to recognise the sham independent State that was once Manchuria; Japan may call it "Manchukuo," but we print the distasteful word in inverted commas and send our mail to the old address. It was morally unforgivable of Japan, we say, to go to war against China, because at her hand, if she chose to use it,

* "Japan in Crisis." By H. Vere Redman. George Allen and Unwin. 223 pages. 6s.

was an organisation through which she could have obtained peaceful justice.

This picture is sufficiently right to be attractive, sufficiently wrong to be dangerous. Its lines are too clear cut, its judgments too superficial. It is the great merit of Mr H. Vere Redman's "Japan in Crisis" that in a series of sixteen quiet letters and essays he blurs its lines and qualifies its judgments. Nations, he says, have their black and their white periods as well as their black and white individuals and groups; and he hopes that his letters will show something of how these qualities were distributed in the Manchurian crisis between 1931 and 1935. His hope is justified. In an unpretentious and business-like manner he pursues his purpose through a miscellany of topics: from the population problem to the limitations of the Japanese syllabary, from the views of "Suzuki," the man in the street, to the neo-nationalism of the Great Asia Federation, from a review of recent books on Japan to an analysis of comparative living standards and the rise of camp government.

When one reaches the end of this book the clear-cut lines of one's picture have disappeared, and one sees Japan's

expansion not as an unprovoked outburst of militarism but as a symptom of, and reaction to, economic and political pressure, exerted between Japan and the Western world. "Manchukuo" is a puppet State, but is not puppetry the time-honoured practice of all countries in their dealings with China? "Whether you were patriotic and called yourself 'Japan,' self-righteous and called yourself 'enlightenment,' or frankly mercenary and called yourself 'legitimate commercial interests,' you all adopted essentially the same technique, that of picking your puppet and ruling through him." The Open Door in China meant not freedom for the Chinese but freedom for the foreigner to exploit.

And Japan, we say, had in the League of Nations a peaceful method of obtaining justice. But her apologists may make what they can of the fact that it has taken the possibility of European complications to stimulate in the present British Government an active interest in the question of colonial justice and access to raw materials and markets. Some of the blame for the Manchurian incident must be laid at the door of the principal League Powers as well as to the warlike zeal of a Japanese military caste soaked in a feudal ideology.

Mr Redman suggests that Great Britain should give tacit recognition to the present situation and so induce the Nanking Government to give up its animosity as a bad job. The Japanese, he says, greatly—and naturally—prefer their own culture to ours, but they have every respect for our political "panache"; and it is on that basis that we should offer partnership in maintaining the peace of the world, recognising a Japanese Monroe Doctrine in the Far East. Mr Redman's solution may be the line of least moral resistance. But could we apply it, and, if we did, would Japan accept it? We must await the outcome of the League's present struggle before we know whether the world can find peace with flexibility and justice, or whether militarism will still seem the more efficient and seductive weapon.

SHORTER NOTICES

"La Circulation Monétaire et le Crédit," by R. G. Hawtrey, traduit par Georges Gaussel et Leonard Rist. Avec un avant-propos de Charles Rist. Recueil Sirey. 1935. xi + 646 pages.

This is a French translation of Mr R. G. Hawtrey's best-known work. In view of the economic and more especially the monetary policy of post-war France, the translation of the book is very much to be welcomed. There is still a tendency in France to confuse the concepts of depreciation, devaluation and inflation, and gold still makes a superstitious claim to some sort of absolute value.

Mr Hawtrey, in a new preface, very rightly emphasises the empirical—as opposed to the absolute—superiority of a metallic monetary standard in the present state of economic knowledge. He hopes that the steadying influence of an attachment of national currencies to a metallic anchor will one day be restored. But he justifiably points out the importance of realising that even the most universal gold standard is, in present circumstances, necessarily a managed standard. The reluctance to manage it results more often than not merely in mismanagement. The success of a second return to gold will therefore depend on the development of the factor which caused the failure of the first. That factor is the chance of excessive monetary disturbance leading to an upheaval in the value of gold in terms of other commodities.

The most interesting, not to say intriguing feature of the book, the foreword of Professor Rist, does not encourage many hopes. Indeed the small but courageous band in this country which would like to see an early stabilisation of currencies on a world-wide scale will receive it, as it received Professor Rist's contribution to a recent issue of *Lloyd's Bank Review*, with very much the same feeling as Wellington welcomed his Portuguese auxiliaries. Professor Rist still seems to find a mystical power in the precious metals which renders them the only possible measure of value. Such a view seems a little odd after the vagaries of gold and silver in the last decades. Some surprise may also be caused by Professor Rist's statement that Mr Hawtrey belongs to the "Cambridge School" and that his views are a subtle explanation and defence of the post-war monetary policy of the British Treasury.

"The Construction of Mortality and Sickness Tables—A Primer." By W. Palin Elderton and Richard C. Fippard. Third Edition. A. and C. Black, Ltd. 130 pages. 4s. 6d. net.

So many actuaries, practising to-day, made their first acquaintance with the theory and practice of mortality tabulation through "Elderton and Fippard," and so many actuaries of the future will approach the subject by the same medium, that a new edition of this primer is both inevitable and indispensable, seeing that the last revision took place in 1922. Of the original authors, one was not permitted to see the fruits of his labours, but Mr W. P. Elderton, happily, remains at the helm of a well-known insurance office, and has carried through the necessary alterations for the present edition. These consist mainly of a complete re-writing of the concluding chapter—one of the most important in the whole work—which deals with the results obtained by some of the best known extant tables. For the rest, the book remains as always, an invaluable primer combining a wealth of experience with a power to expound the most obscure considerations in the clearest terms.

BOOKS RECEIVED

A Century of Municipal Progress, 1835-1935. By Prof. Elie Halévy and others. (London) Allen and Unwin. 511 pages. 21s. net.

Bankers, Statesmen and Economists. By P. Einzig. (London) Macmillan and Company. 252 pages. 8s. 6d. net.

Basic Economics. By J. G. Evans. (London) H. Milford. 198 pages. 9s. net.

The Great Experiment: Result of Five-Year Plans. By Marcus Samuel, M.P., and L. Caplan. (London) John Murray. 133 pages. 3s. 6d. net.

Public Works in Prosperity and Depression. By A. D. Gayer. (London) Macmillan and Company. 460 pages. 12s. 6d. net.

A History of Abyssinia. By A. H. M. Jones and E. Monroe. (London) H. Milford. 188 pages. 6s. net.

Income and Economic Progress. Published by the Brookings Institution. (London) Faber and Faber. 191 pages. 9s. net.

Depression, Progrès, Technique et Dévaluation. By M. Bouniatian. (Paris) Librairie Générale de Droit et de Jurisprudence. 121 pages. 16 frs.

The Clash of Progress and Security. By Allan G. B. Fisher. (London) Macmillan and Company. 234 pages. 8s. 6d. net.

L'Autriche dans le Cadre Européen. Bulletin Nos. 4-5-6, 1935. By M. Pernot and others. (Paris) Publications de la Conciliation Internationale. No price stated.

New Forms of Community Work. In German, English and French. (Berlin) Herausgegeben vom Reichsarbeits und Reichswirtschaftsrat. 27 pages. No price stated.

Writers on English Monetary History, 1626-1730. By W. A. Shaw. (London) George Harding, 64 Gt. Russell Street, W.C.1. 214 pages. 21s. net.

China Year Book, 1935. Edited by H. G. W. Woodhead. (London) Simpkin Marshall, Ltd. 625 pages. 42s. net.

Money. Second edition, revised. By Hartley Withers. (London) Thomas Nelson and Sons, Ltd. 123 pages. 1s. 6d. net.

Complete Practical Income Tax. By A. G. McBain. (London) Gee and Company (Publishers), Ltd. 311 pages. 7s. 6d. net.

The Receiver and Manager in Possession. By A. Binnie and B. Manning. (London) Gee and Company (Publishers), Ltd. 128 pages. 7s. 6d. net.

Guide to the Income Tax Acts. By P. Seth-Smith. (London) Arthur Barker, Ltd. 254 pages. 10s. net.

Studies in Practical Banking. Being the Gilbert Lectures for 1932-35. By R. W. Jones. (London) Pitman. 333 pages. 7s. 6d. net.

The Banking Systems of Great Britain, France, Germany, and the United States of America. Second edition, revised by Kenneth Mackenzie. (London) Macmillan. 269 pages. 3s. 6d. net.

The Bills of Exchange Act, 1882. Second edition. By M. Megrah. (London) Pitman. 223 pages. 6s. net.

OFFICIAL PUBLICATIONS

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

Ministry of Agriculture and Fisheries: Agricultural Statistics, 1934. Vol. LXIX. Part 1. Acreage and Production of Crops and Number of Live Stock in England and Wales. 1s. 6d. net.

Colonial Report No. 1715: The Gambia, 1934. 2s. net.

Assistance to British Shipping: Interim Report of the Tramp Shipping. Cmd. 5004. 2d. net.

MONEY AND BANKING

INSURING PAYMENT IN STERLING

TEN months ago (see the *Economist*, December 22, 1934) we described the operations of the Export Credits Guarantee Department, which, under official auspices, insures British exporters against non-payment by their foreign customers. After the conclusion of the Anglo-German Payments Agreement of November 1, 1934, the Department's scope was extended to cover the transfer into sterling of sums due to British exporters to Germany, up to 75 per cent. of the amount involved in each invoice. This insurance against "blocked payments," though necessarily experimental, was a precedent clearly destined, if successful, to have far-reaching implications for British export trade as a whole, under a regime of omnipresent currency restriction. For this reason we welcomed the new departure and expressed a hope that it might ultimately be extended to our trade with other countries besides Germany.

This desire, happily, has now been realised. Last week it was announced in the House of Commons that the time was ripe for the general extension of the scheme, and the Export Credits Guarantee Department has subsequently declared its readiness, under certain conditions, to consider applications for the insurance of the transfer into sterling of debts due by any importer in a country which may impose future restrictions. The exporter is required to give the Department an estimate of his probable shipments to a given country during the succeeding three months. The Department quotes a premium at which it will insure the transfer of 75 per cent. of the total sum specified, the risk as regards the remaining 25 per cent. being carried by the exporter. Shipment is made in due course on ordinary commercial terms, and bills are drawn in the ordinary way. If any of these bills are not met on maturity, owing to difficulties in transferring the amount due, the exporter notifies the Department. A further six months then elapse, during which the exporter is required to make all reasonable efforts to recover his debt. If at the end of that time the sum due is still "blocked" in the importer's country, the Department meets the exporter's claim, taking over in return an equivalent amount of the blocked foreign currency.

A number of indispensable conditions are attached to the scheme. This form of insurance, for example, is offered only to those exporters who already insure the solvency of their customers through the Department. Here it is necessary to draw an important distinction. An exporter desiring to insure his customers may not pick and choose. He must insure the solvency of all his foreign customers, wherever they may be, or of none of them. As regards the additional facility of transfer insurance, however, a definite choice is permitted him. Having insured his customers' solvency in, say, France, Belgium, the United States of America and Ruritania, he may elect to insure the transfer of his debts from Ruritania alone.

A second condition is designed to prevent possible abuse of the scheme's facilities. The Department may ask an applicant to furnish details of his previous trade with any country in regard to which he seeks transfer cover. It is obviously not in the Department's interest that an exporter should be encouraged to expand his shipments inordinately and rashly, particularly if he is dealing with a country whose exchange position is at all questionable. Against such an endeavour, the possession by the Department of details of the volume and value of previous transactions is an indispensable protection.

The Department, further, will grant transfer insurance only in the case of goods invoiced in sterling. If an exporter quotes in foreign currency, he must assume the entire risk himself. This condition, it may be surmised, is based on expediency rather than on principle. Not many years ago British exporters were constantly being admonished to quote prices in their customers' currency.

They can, of course, secure themselves against exchange fluctuations by a forward sale of foreign currency, but this does not overcome the transfer risk. It may be presumed that the Export Credits Guarantee Department is reluctant to assume any direct foreign currency liability, since such a step would involve it in direct intervention in the exchange market, and possibly in the necessity of holding reserves in the form of foreign currency balances.

Finally, the new facilities are subject to the general limitations which apply to all the Department's operations. It will not consider applications based on dealings in re-exports or in munitions of war. The scheme, which assumes the finance of shipments by three months' bills, in practice embraces mainly consumers' goods. Other methods have been evolved for insuring long-term payments for the execution of contracts or the supply of machinery and other capital goods. For some time past these have included the insurance of the transfer of the funds, as well as the solvency of the buyer. Thus, when the Department assisted in the Westinghouse contract for the supply of railway plant for Poland, the arrangement with the Polish Government included the passage of special legislation exempting the transfer of the money due to the contractors from any present or future exchange restrictions.

The crux of any scheme of transfer insurance is the determination of the proper premium. *Prima facie*, the problem appears to be soluble only by the expensive and unsatisfactory method of trial and error. The Export Credits Guarantee Department, however, has already, in the course of its ordinary business, accumulated valuable basic information. It has at its disposal a mass of data on the status of individual traders in any given country. It has investigated numerous past cases of delayed remittance, which inquiry has shown to be due not to a default by the importer but to difficulties in obtaining permission to remit. More recently, it has gained direct experience from its operation of the German transfer insurance scheme. Under the new arrangements, in any case, the Department will need to look ahead only for the three months' period covered by the application for insurance, plus a further three months to cover bills drawn during that time. To assess in terms of an insurance premium the absolute risk that Ruritania or Kravonia may block all remittances within the next six months may not be particularly easy. To draw up a list of all the countries of the world, graded in order of "merit," may, however, be a less formidable proposition. It may even be possible to go further and decide that Kravonia presents a risk too great to be insurable.

Another test may be based on volume of demand. The Department's premiums are subject to variation from day to day. Once a premium has been fixed it will apply to the whole of the shipments specified, regardless of the date at which they are made during the ensuing three months. But if the same exporter comes back a few weeks later for further cover, or if a competitor approaches the Department the next day, a different premium may be quoted. Each exporter must take his chance of the "market," in the same way as he accepts the spot or forward rate of the moment in the foreign exchange market. A sudden general demand for transfer insurance of exports to one particular country, naturally, will tend to put the Export Credits Guarantee Department on its guard. It may not immediately raise its premium, but it will certainly have every inducement to overhaul its information on that country to discover evidence of any unexpected weakness. Conversely, absence of demand for transfer insurance may suggest that the premium has been fixed too high. The Department has a useful check on demand for its facilities, by way of the quarterly returns giving the total value of British export trade with every country.

The scheme is admittedly experimental. Several months may be necessary for "educating" exporters into its existence and its merits. Ultimately, its results should be desirable in every way. The experience of the past four years has shown how serious a deterrent to our overseas trade both existing exchange restrictions and the fear of further restrictions can be. Existing restrictions, unfortunately, are outside the scope of the scheme, for insurance is concerned with risks not with certainties. It may be found, consequently, that applications relating to trade with certain countries will be turned down out of hand. Insurance may be refused, again, in cases where the Government is negotiating for the recovery of old frozen debts and thinks it inadvisable for the foreign country to run up new debts to British exporters. With all its limitations, however, the scheme, by removing the fear of loss due to the future imposition of restrictions, should be of valuable assistance to British export trade. Like the Department's original scheme, it is intended to be self-supporting. It provides, in short, a new example of the way in which a Government Department may assist commerce without itself actively engaging therein.

FINANCIAL NOTES

Financial Sanctions.—An Order-in-Council under the Treaty of Peace Act, was issued at the week-end which enforces financial sanctions against Italy as from October 30th. The Order applies to loans or credits to or for the benefit of the Government of any Italian territory; any person (not being a body corporate) of any nationality resident in such territory; and any person (wherever resident) being a body corporate incorporated under the law of any such territory. Italians resident outside Italian territory are exempt from the Order, but branches of Italian corporations in other countries are not exempt. The Italian branches of foreign companies are exempt, but foreign residents in Italy are not exempt. As regards loans and banking credits, the order prohibits: (1) Loans, advances and guarantees to or for the benefit of Italians; (2) the acceptance or endorsement of any bill of exchange drawn by or for the benefit of any Italian; (3) the purchase of any bill of exchange (other than a bill payable on demand) from an Italian holder; (4) the issue of or subscription for shares in an Italian corporation. Other banking business which does not involve credit facilities is still permissible. Thus it is still possible to remit funds, to buy or sell currencies, stocks, shares and bonds, or to pay interest, dividends, coupons, etc. The Order also prohibits the giving of credit to or for the benefit of an Italian in connection with a sale of goods, and this prohibition overrides the terms of existing contracts. British exporters may accept payment through the Anglo-Italian clearing scheme instituted last April, provided that the Italian importer deposits his lire in the Italian clearing account on or before the delivery of the goods.

Italian Credits in London.—The issue of an Order-in-Council imposing financial sanctions raises several interesting banking points, especially when it is recalled that several months ago most London banks agreed to close down their Italian credit lines as quickly as they could. The unavailable portions of Italian credits, whether advance, overdraft, or acceptance credits, are cut off immediately by the Order—and, indeed, in most cases had been cut off by the banks themselves. Credits being made use of at the date of the Order are not cut off, but may not be renewed. Thus loans to Italians now outstanding will be continued until they fall due for repayment, and bills drawn against acceptance credits will be met on maturity. The Order states that London acceptors need not take up such bills before maturity. The further execution of any contract made with a non-Italian prior to October 25, 1935, is expressly permitted by the Order. Thus, where a credit

granted to or for an Italian has been confirmed to a non-Italian for some months ahead, the bank may continue to accept under the credit bills presented to it by the non-Italian. This may open a fairly wide door, but it must be remembered that Italians, like many other foreign bankers and traders, open credits in London to finance trade with all other parts of the world. The practice is for the foreign exporter or his bank to be instructed to draw direct against the London credit, and if this facility is to be denied to him, it should be through regulations imposed by his own Government rather than by the British Government. The true comment is that inasmuch as London is the financial centre of the world, further co-ordination of financial sanctions is needed between the various members of the League before the British financial sanctions can be made water-tight. This matter might well receive consideration at Geneva. There are more technical questions, which it is understood were considered on Thursday by a representative meeting of London bankers. For example, at what stage does avilment of a credit take place—on its advice to a third party or on the acceptance of a bill drawn against it? British visitors to Italy, who happen to be over-drawn at their bank at home, may wish to know whether they must slip across the frontier in order to cash a fresh cheque.

The Shanghai Exchange.—During recent months the vicissitudes of the Chinese dollar have been thrust into the background, first by the weakness of the gold bloc currencies and later by the appreciation of the American dollar. Yet throughout the whole of the past year China has been subject to the pressure of American silver buying, and while no exact estimate naturally exists, China's total loss of silver through smuggling must have been considerable. Such losses have further undermined her monetary and economic position, which was none too stable. It is not surprising, therefore, that last week a sudden panic, inspired by fears of impending devaluation, led to such heavy sales of Chinese dollars against sterling and gold currencies that the Chinese authorities were unable to resist them. The open bear position in Hong Kong alone is estimated at between £2,000,000 and £3,000,000 sterling. In consequence, the sterling value of the dollar, which only three weeks ago stood at 18½d., has fallen between October 23rd and 31st from 17½d. to 15½d. At the moment the total export duty, including the variable equalisation charge imposed a year ago to prevent an artificial appreciation of the dollar in sympathy with the rising trend of silver, is as high as 14½ per cent., and it is difficult to see how it can be raised much more without making smuggling even more lucrative than it is to-day. On the other hand, the parity rate for the Chinese dollar, adjusted to the current sterling price of silver but exclusive of export duty, is 24d.; while even after payment of duty it pays to ship silver so long as the rate is below 20½d. According to the latest reports the Chinese Exchange Stabilisation Committee has just adopted 20½d. as its "official" rate, but this is so much above the current market exchange rate of 15½d. as to be tantamount to a confession that the situation is completely out of hand. There are strong rumours that the Government are seriously considering devaluation, possibly with a view to linking-up the Chinese dollar with the yen. This would establish closer co-operation with Japan, and reduce the intensity of Japanese competition against Chinese industries. Whatever the substance of these rumours, the outlook is not hopeful, and it is difficult to hold that the recent slump in the dollar is unjustified.

The Foreign Exchanges.—The London market has been very quiet, and dealers have found it difficult to take a view. Commercial buying of dollars brought the New York spot rate back from \$4.92½ to \$4.91½ on Thursday, but the whole week's movements have been narrow. Three months' dollars were more offered at 1½ cents premium. There has been no intervention by the British Control this week, and the Paris-New York cross-rate has stood at Frs. 15.17½, or just inside the export gold point. Three months' francs are weaker in London at Frs. 1½

discount, and the immediate financial and political outlook in Paris is viewed with some doubt. Spot guilders and Swiss francs have strengthened this week against the French franc. The reason is that the forward sales of these currencies made during the July crisis have had to be covered this week, as they are not being renewed. This operation involves spot purchases of guilders and Swiss francs. The Netherlands Bank has taken the opportunity to replenish its gold stocks, but it is pointed out in London that the guilder has not yet appreciated against the franc to the gold import point, so that there is no scope for arbitrage operations involving a natural flow of gold from Paris to Amsterdam. Three months' guilders are steady at 13½ cents discount. Three months' Swiss francs have improved to 20 centimes discount, which is the best rate touched for some time.

The Money Market.—While the Bank Return reveals a small increase in bankers' deposits, several of the banks have again called on their making-up days, and a fair demand for loans has naturally resulted. The banks have also been fairly good buyers of bills, and this may be another reason why they found it necessary to replenish their cash by calling. The banks are still trying to buy December bills, but these are not easy to obtain, and in most cases they have had to be content with mixed parcels of December and January bills. These have been bought at ½ per cent. Some of the banks are also buying January Treasury bills of dates running up to January 19th. In some cases these bills have been taken at ½ per cent., but one or two banks have held out for ⅞ per cent.

	Oct. 10, 1935	Oct. 17, 1935	Oct. 24, 1935	Oct. 31, 1935
Bank rate.....	2	2	2	2
Clearing banks' deposit rate ..	½	½	½	½
Short Loan rate :—				
Clearing banks.....	½-1	½-1	½-1	½-1
Others.....	½	½	½	½
Discount rates :—				
Treasury bills	½-¾	¾	¾	¾
Three months' bank bills ...	¾	¾-1	¾	¾

Last week's Treasury bills went at an average tender rate of 11s. 9.24d. per cent., against 12s. 10.81d. per cent. the week before. For the second week in succession allotments, at £40 millions, were not in excess of maturities. The total number of tender Treasury bills outstanding is now stationary at £550 millions, against £360 millions at the opening of the current financial year.

The Bank Return.—This week's return records a further increase in the Bank's gold holdings, which have risen by one million during the past fortnight. End of the month currency withdrawals have added £2.9 millions to the note circulation, and the Reserve has fallen by £2.6 millions.

	BANK OF ENGLAND				
	Oct. 31, 1934	Oct. 9, 1935	Oct. 16, 1935	Oct. 23, 1935	Oct. 30, 1935
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department :—					
Gold	192.0	193.7	193.7	194.3	194.7
Note circulation	378.4	402.1	399.6	397.0	399.9
Banking Department :—					
Reserve	74.3	52.3	54.9	58.2	55.6
Public deposits.....	16.9	36.0	32.1	35.3	26.2
Bankers' deposits	100.4	75.1	78.8	78.7	82.5
Other deposits	39.8	38.6	37.8	37.1	38.6
Government securities.....	80.9	85.5	86.2	86.8	85.9
Discounts and advances..	8.9	17.6	13.7	11.4	11.2
Other securities	10.7	11.8	11.6	12.5	12.3
Proportion	47.2%	34.9%	36.9%	38.4%	37.7%

In the banking department there is a drop of £9.1 millions in public deposits, due no doubt to an excess of Treasury bill maturities over payments. This off-sets the increase of the previous weeks, which had raised public deposits to an abnormally high level. Bankers' deposits, however, have risen only by £3.8 millions, as they have been affected by the public's withdrawals of currency.

Foreign exchange dealers



Messrs. Marmolin, Rydberg, Holmberg, and Markland, of the SKANDINAVISKA KREDITAKTIEBOLAGET, Stockholm, offer you a complete foreign exchange service. Call Stockholm 0101

New York Money and Banking.—On October 30th the New York banks raised their rate for call money from ¼ to ½ per cent. The renewal rate was also fixed at ½ per cent. The time rate, for money up to six months, has also hardened from ¼ to ½ per cent. Discount rates for acceptances are unchanged, with 90-day bills still at ⅞-½ per cent. During the week ended October 3rd New York member banks' loans to brokers increased from \$818 to \$832 millions. Other loans against securities fell from \$736 to \$730 millions. During the week ended October 23rd gold imports included \$24.8 millions from England, \$11.7 millions from France and \$2.3 millions from India. The Department of Commerce, whose statistics cover a different week, give gold imports for the week ended October 18th at \$122.6 millions (\$83.8 millions from France and \$31.1 millions from England). Silver imports for the same week were \$14.8 millions, of which \$12.4 millions came from England. These purchases in London represent one important source of support to sterling. Arrivals and engagements of gold so far reported during the current week suggest that the gold influx is momentarily slackening, for actual imports include only \$10.7 millions from England and \$4.1 millions from France. Engagements for the week are still smaller, but it is now estimated that the total amount of gold which has been engaged for shipment since September 9th is \$449 millions. Most of this gold has actually arrived.

The Commercial Banking Company of Sydney.—The accounts of this bank, dated June 30, 1935, show that it continues to occupy a strong position. Compared with the previous year deposits have risen from £48.6 to £49.2 millions, while cash has increased from £7.7 to £7.9 millions. The main change is in the distribution of the bank's assets. Holdings of Australian Commonwealth Treasury bills have been reduced from £4.3 to £3.9 millions, while the bank's investments have been increased from £5.7 to £6.0 millions. Discounts and advances have also risen from £35.9 to £36.9 millions. These changes suggest that the bank has found more remunerative employment for some of its resources, while the increase in deposits has also added to its earning capacity. Net profits have therefore risen from £257,000 to £264,000. The dividend remains unaltered at 5 per cent., but the allocation to premises account has been raised from £20,000 to £25,000. At this year's annual meeting, Mr James Ashton, the chairman of the bank, discussed a number of important points. Perhaps the most interesting section of his speech was his analysis of Australia's meat problem. He stressed the practical difficulties of competing with Argentina in the supply of beef to England, and concluded that while Queensland beef producers should have a modest percentage of Britain's beef purchases secured for them, Australia's main interest lay in an expansion of the fat lamb trade. His examination of this question, complete and admirably detailed, should be studied carefully in Great Britain as well as in Australia.

THE STOCK EXCHANGE

ARGENTINE RAILWAY PROBLEMS

" Gradual but continued recovery has marked . . . the past twelve months, and . . . prospects for the future can be considered promising."

" Out of £277,000,000 of British capital invested in Argentine railways, £174,000,000 is earning no interest."

THE first of these pronouncements relates to Argentina as a whole, and is culled from the report of the chairman of the Local Committee of the Buenos Aires Great Southern Railway for the twelve months to June 30th last. The second is concerned with the present plight of an industry, overwhelmingly British-owned, which, since 1857, has been the pioneer of Argentina's economic development. The speaker was the chairman of one of the two largest British companies, at its annual stockholders' meeting on October 17th last. The two pronouncements, taken together, suggest the *raison d'être* for a fall in the market capitalisation of the equity stocks of the four leading British lines in Argentina from a maximum of £91,980,000 in 1929 to a present figure of £9,595,000. The Argentine, slowly but surely, is setting its house in order, and emerging from the depression which has overwhelmed all primary producing countries during the last five years. None of the fruits of revival has as yet been passed on to railway stockholders, or is likely to reach them in the near future. This unhappy paradox demands detailed explanation, for investors are anxious to know exactly where they stand.

Perhaps the most striking commentary on their present position is the following table, compiled by the recently inaugurated " Institute for Economic Studies in Transport," in Buenos Aires:—

ARGENTINE RAILWAY RESULTS: LAST SEVEN YEARS
(Thousands of Argentine Pesos)

	Gross Profits	Exchange Losses	Net Profits	Interest on Capital
1928-29	186,589	982	185,607	5.71
1929-30	135,588	8,345	127,243	3.80
1930-31	124,482	37,863	86,618	2.51
1931-32	114,109	32,849	81,260	2.36
1932-33	81,719	15,940	65,779	1.91
1933-34	95,310	32,473	62,837	1.82
1934-35*	105,000	57,000	48,000	1.39

* Provisional figures. Note: The figures relate to all privately owned railways in Argentina, except the Midland and Transandine.

Since 1932-33, when gross profits were less than half those of the peak year 1928-29, they have risen by 28.4 per cent. But the gain, literally, has been "lost in transit," for the depreciation of the peso has multiplied provision for exchange losses, and the net profits available for stockholders have fallen 27 per cent. below those of the "worst" traffic year. In November, 1933, the Argentine Government effectively "devalued" the peso by approximately 20 per cent. The latest exchange loss figures of the "Big Four" railways thus partially reflect the fact that twelve months' remittances were made in 1934-35 at the depreciated rate, against seven months in 1933-34:—

EXCHANGE LOSSES

Year to June 30, 1935	B.A. Gt. Southern	B.A. Western	Central Argentine	B.A. and Pacific
Loss on remittances	£ 1,736,070	£ 438,464	£ 1,225,623	£ 915,881
Corresponding figures for 1933-34	890,589	259,242	1,004,819	604,719
Corresponding figures for 1928-29	27,072	14,404	35,794	Nil
Depreciation of floating assets and other exchange differences	Cr. 183,348	Cr. 127,920	...	112,820
Corresponding figures for 1933-34	Dr. 551,145	Dr. 88,120	...	502,545
Corresponding figures for 1928-29	Nil	Nil	...	Nil
Total exchange losses	1,552,722	310,544	1,225,623	803,061
Corresponding figures for 1933-34	1,447,734	347,362	1,004,819	1,167,264†
Corresponding figures for 1928-29	27,072	14,404	35,794	Nil

(a) In addition, £801,920 loss on conversion of "Roca" bonds and "C" certificates charged direct to general reserve fund.
† Subject to deduction of £317,047 charged to general reserve in respect of earlier years.
* In addition, £308,906 to write down "C" Convention Trust certificates to par.

The credits of £183,348 and £127,920, taken by the B.A. Great Southern and B.A. Western Railways, respectively, from amounts set aside for exchange differences in earlier years, reflect the slight appreciation in the trend of the peso over the last twelve months. The consequent absence of necessity for further provision for floating assets depreciation this year has slightly reduced the net "differences" on the B.A. Western and B.A. Pacific lines. The crushing effect of the burden, however, in all four cases, can be appreciated from the next table:—

GENERAL RESULTS

Year to June 30, 1935	B.A. Gt. Southern	B.A. Western	Central Argentine	B.A. and Pacific
Gross receipts (£)	10,957,684	3,513,204	9,865,160	6,239,964
Compared with 1933-34	+ 4.3%	- 2.7%	- 0.1%	+ 6.8%
Compared with 1928-29	- 16.2%	- 33.4%	- 30.8%	- 31.8%
Working expenses (£)	7,571,296	2,948,921	7,158,446	4,870,779
Compared with 1933-34	+ 3.2%	+ 4.0%	+ 0.5%	+ 6.7%
Compared with 1928-29	- 13.5%	- 14.7%	- 26.8%	- 27.4%
Net receipts (£)	3,386,388	564,283	2,706,714	1,569,185
Compared with 1933-34	+ 6.9%	- 27.1%	+ 1.7%	+ 30.6%
Compared with 1928-29	- 21.5%	- 68.9%	- 38.9%	- 41.8%
Earned for fixed charges (£)*	1,566,447	430,462	1,405,287	915,136
Compared with 1933-34	+ 13.0%	- 27.3%	- 10.2%	+ 108.5%
Compared with 1928-29	- 58.7%	- 77.7%	- 65.8%	- 62.8%
No. of times debenture interest covered	1.45	0.91	1.14	0.73
Corresponding figures for 1933-34	1.28	1.22	1.30	0.35
Corresponding figures for 1928-29	5.22	4.00	5.44	1.72
No. of times total preference requirements covered	0.47	Nil	0.24	Nil
Corresponding figures for 1933-34	0.34	0.83	0.07	Nil
Corresponding figures for 1928-29	2.80	3.15	4.55	1.59
Earned P.d. (%)	Nil	Nil	Nil	Nil
Corresponding figures for 1933-34	Nil	Nil	Nil	Nil
Corresponding figures for 1928-29	8.1	8.0	7.7	7.0
Added to (+) or taken from (-) reserves and carry forward	£ 180,802	£ 116,050	£ 152,028	£ 936,391
Corresponding figures for 1933-34	- 1,180,868†	- 21,369	- 61,866	- 1,254,379
Corresponding figures for 1928-29	+ 5,431	+ 105,129	+ 578,977	+ 230,513

* After adding other income and deducting other expenses and exchange losses.
† £801,920 loss on conversion of "Roca" and "C" Trust securities charged direct to general reserve.

It will be seen that exchange losses swallowed up 45.8 per cent. of net receipts on the Great Southern, 55.1 per cent. on the Western, 45.4 per cent. on the Central Argentine and 51.2 per cent. on the Pacific. No company earned anything on its equity stock. Two—the Western and the Pacific—earned nothing on their preference capital, though the former paid a year's dividend on its senior preference and half a year's distribution on its junior preference. The Great Southern, which earned just under half its total preference requirements, similarly paid all its "first" and half its "second" preference dividends, at the cost of a draft on the balance brought forward. The Central Argentine earned about a quarter of its preference dividends, but again passed them all, its sole distribution being the outstanding balance of 2½ per cent. on its first preference dividend declared two years ago. All the companies met their debenture charges, except the unfortunate B.A. Pacific, which last August succeeded in making a payment of three half-years' arrears on its second debenture stocks, but has been compelled to secure an extension of the moratorium on these and certain other stocks till June, 1936, with possible extension to June, 1938. Stockholders may be somewhat disturbed to find the B.A. Western, which covered all its preference requirements with a margin in 1931-32 and 1932-33, among the companies which did not quite earn its debenture interest.

The trend of receipts and expenses may be inferred from the table at the head of the next column.

Variations in traffic figures from year to year, normally

WORKING RECEIPTS AND EXPENSES

Year to June 30, 1935	B.A. Gt. Southern	B.A. Western	Central Argentine	B.A. and Pacific
Receipts				
Total passenger receipts (£)	2,654,202	770,033	2,339,620	792,197
Compared with 1933-34	+ 0.3%	+ 4.7%	+ 6.9%	+ 7.7%
Compared with 1928-29	- 15.6%	- 34.9%	- 31.4%	- 44.5%
No. of passengers	52,888,638	20,797,255	43,065,481	12,163,202
Compared with 1933-34	- 0.3%	- 0.3%	+ 3.5%	- 3.7%
Compared with 1928-29	- 11.0%	- 11.7%	- 14.2%	- 26.4%
Total goods and livestock receipts (£)	6,596,049	2,373,651	6,444,567	4,792,440
Compared with 1933-34	+ 5.1%	- 4.0%	+ 5.4%	+ 7.0%
Compared with 1928-29	- 16.2%	- 32.9%	- 33.4%	- 30.6%
Total tonnage of goods	7,988,861	2,067,184	7,481,657	3,069,842
Compared with 1933-34	+ 10.3%	+ 0.9%	+ 2.0%	+ 2.4%
Compared with 1928-29	- 3.5%	- 26.6%	- 26.8%	- 29.0%
Number of livestock	8,390,233	4,416,256	914,068	1,161,229
Compared with 1933-34	- 9.1%	- 1.0%	- 12.6%	- 4.3%
Compared with 1928-29	- 5.9%	- 55.7%	- 36.1%	- 34.5%
EXPENSES				
Locomotive and traffic running (£)	4,297,919	1,709,000	4,048,441	2,541,708
Compared with 1933-34	+ 4.9%	+ 2.6%	+ 1.2%	+ 4.0%
Compared with 1928-29	- 6.5%	- 6.7%	- 11.6%	- 20.2%
Permanent way and works (£)	883,430	315,037	1,070,289	547,084
Compared with 1933-34	+ 7.0%	+ 1.2%	- 5.3%	+ 0.6%
Compared with 1928-29	- 40.9%	- 36.2%	- 50.9%	- 48.2%
Maintenance of locomotives, coaching and goods stock (£)	1,269,600	555,243	1,133,237	950,281
Compared with 1933-34	- 4.9%	+ 4.9%	- 5.4%	+ 16.5%
Compared with 1928-29	- 7.7%	- 19.4%	- 34.9%	- 38.7%

important, are dwarfed by the exchange factor, and last year's experience was not itself of decisive significance as a pointer to future results. The railways suffered from intensified road transport competition, especially in the metropolitan zone, but made a little progress on the longer-distance side, partly as a result of the special excursion arrangements associated with the Eucharistic Congress at Buenos Aires in October, 1934, and with the visit of the President of Brazil last May. Although goods receipts were higher on three lines, and the total tonnage was higher on all four, the year, on the whole, was slightly disappointing. Unfavourable harvesting weather reduced the 1934-35 wheat crop, and the marketing of a "record" maize crop was delayed by the decision of the farmers to hold back supplies for a higher price. From the former factor, the B.A. Western suffered especially, for its total cereal tonnage dropped by 4.65 per cent., and its average haul was reduced from 251 to 222 kilometres. The company has charged its renewals expenditure to renewals fund, but has not supplemented that fund from last year's earnings. The Central Argentine (which drew 27 per cent. of last year's total goods receipts from maize) increased its "normal" gross receipts by approximately £539,000, the apparent decline of some £6,000 being due to lower Government traffic collections, whose total in 1933-34 included substantial payments of arrears.

Altogether, the results of a period of modest but perceptible Argentine "recovery" have been profoundly disappointing to stockholders. The effect is seen in the following table of Stock Exchange prices and yields:—

STOCK EXCHANGE VALUES

	Highest, 1928-35	Lowest, 1928-35	Year 1935		Current Dividend Basis (%)	Yield % †
			Highest	Present		
B.A. Gt. Southern:						£ s. d.
4% deb. stk.	88	47	88	70	4	5 17 8
5% non-cum. pref. stk.	96	28	79	56½xd	5	8 17 0
6% non-cum. pref. stk.	112	27	77½	44½xd	3	6 14 10
Ordinary stock	110½	14½	27	15	Nil	Nil
B.A. Western:						
4% deb. stk.	87½	44½	87½	64	4	6 9 0
5% non-cum. pref. stk.	94½	48	76½	82xd	5	8 1 4
6% non-cum. pref. stk.	87½	25	68½	41½xd	2½	5 8 5
Ordinary stock	100½	11½	24	12	Nil	Nil
Central Argentine:						
4% deb. stk.	82	43½	74	58	4	7 0 3
5% deb. stk. 1967-87	95½	46	84	62½xd	5	8 2 0
4½% non-cum. pref. stk.	85	18½	38½	19	Nil	Nil
6% cum. conv. pref. stk.	110	19	38½	19	Nil	Nil
Ordinary stock	100½	7	17½	8	Nil	Nil
Deferred stock	93½	4	9	5	Nil	Nil
B.A. and Pacific:						
5% (1912) deb. stk.	95½	11½	22½	12½	Nil	Nil
4½% cons. deb. stk.	85	17	34	23	Nil	Nil
4½% cum. pref. stk.	106½	5½	11	6½	Nil	Nil
Ordinary stock	107½	5	10	5½	Nil	Nil

† Allowing for accrued dividends.

INVESTMENT NOTES

Course of Share Values.—The voice whose acid tones once reverberated from the Treasury Bench in the House of Commons retains some of its potency in another "House." Though dealings in "Majorities" are now officially discouraged on the Stock Exchange, the National Government's stock was written down somewhat, in the gilt-edged market and elsewhere, at the beginning of this week, and Lord Snowden's incisive broadcast speech tended to confirm this tendency. That the Government will be returned is not seriously doubted, but every election has a temporarily disturbing effect on Stock Exchange business, and the present is no exception. Meanwhile, our customary monthly chart of the course of equity share values in London and New York suggests that, while the former centre has been fighting a dogged rearguard action since the Abyssinian crisis became acute, the latter is still advancing into new

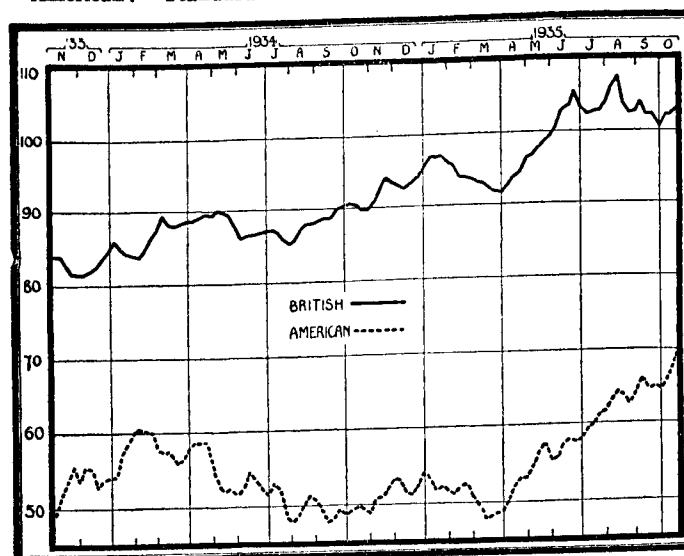
territory. Both markets, on the whole, were firm last month, for industrial recovery, actual and prospective, is a sound bull point in any political environment. The British index, however, is still five points below the high figure of last August, whereas the American level is the highest since May, 1931. Last month's gains, on this side of the Atlantic, were confined almost entirely to the equity share market, for the Actuaries' Index (December 31, 1928 = 100) showed a change of only a decimal point in "Consols,"

BRITISH AND AMERICAN INDUSTRIAL SHARE VALUES OVER THE PAST TWO YEARS

(1928 = 100)

British: "Financial News" Index of 30 Ordinary Shares (adjusted to 1928 base)

American: "Standard Statistics" Index of 50 Common Stocks



while the ordinary share index registered a net rise of over two points, from 74.2 to 76.5, the corresponding yield figures being 3.95 and 3.83 per cent. Movements in individual share groups are shown below:—

Group (and No. of Securities)	Prices (Dec. 31, 1928=100)			Yields (%)		
	Year Ago (Oct. 30, 1934)	Month Ago (Sept. 24, 1935)	This Week (Oct. 29, 1935)	Year Ago (Oct. 30, 1934)	Month Ago (Sept. 24, 1935)	This Week (Oct. 29, 1935)
Fixed Interest:						
2½% Consols.....	146.4	147.4	147.3	3.05	3.02	3.03
Miscell. indust. debentures (13)	122.7	125.2	124.5	4.08	3.88	3.90
Do. preference (44)	116.6	117.8	117.7	4.37	4.36	4.37
Ordinary:						
Insurance cos. (24)	112.1	116.4	121.3	4.18	3.61	3.47
Building materials (4)	80.6	87.6	91.3	4.43	4.63	4.47
Cotton (6)	44.1	39.2	43.9	2.35	2.31	2.21
Oil (5)	58.8	62.5	66.3	4.93	3.59	3.38
Electrical supplies (8)	98.5	117.2	121.0	4.34	4.37	4.23
Stores and catering (15)	81.1	77.1	79.6	4.07	4.06	3.94
Breweries and distilleries (19)	115.2	126.7	131.0	3.81	4.36	4.21

During the last twelve months as a whole, British share values have made surprisingly little net headway, except in individual groups like electric supplies and breweries. The rise, in fact, has not kept pace with the growth of dividends, for the 158 industrial shares in the Actuaries' Index, whose value has increased from 72.0 to 76.5, now yield 3.83 per cent., against 3.68 per cent. a year ago.

Fixed Trust Recognition.—It is possible that the Stock Exchange Committee may be within sight of the conclusion of its labours on the problem of fixed trust "recognition" and of cognate questions of permitting dealings in sub-units inside the "House." Some possible matters which the Committee might regard as essential before granting "recognition" were outlined in a Note in the *Economist* of March 23, 1935, on page 671. Since that time, however, the Committee has been in consultation with a number of management representatives, and may have taken the opportunity to revise, in some less important respects, its original intentions. It has been hinted, for

example, that its draft rules have now reached their eleventh edition, which may be taken as illustrative of the careful consideration which is being given to the problem. Among certain points, which may have been retained in their early form, the suggested ban on participation or indirect interest in a trust management company by "House" members may well remain, and the improvement in advertising matter, which, to the trusts' credit, is already in progress, could be further strengthened by the Share and Loan Department's supervision of circulars and advertisements. The Department might require particulars of the calculation of dealing prices on any given day, and it might also be advantageous if actual or prospective holders of sub-units could examine these details at the management offices. In this respect, the suggestion that the "rounding-off" of quotations should be limited to the nearest threepenny multiple is to be welcomed. The importance of this source of extra management profit was emphasised in our Fixed Trust Supplement of April last, and it is eminently desirable to limit its scope. It may, however, be said that managers generally are already working within the suggested limit. It would be commendable, also, if the Committee could impose a limit upon the proportion which the total holding of any one security in each trust, when full, bears to the total amount of the issue. Possibly the Committee may have a low percentage—such as 2½ per cent.—in mind, but the growing duplication of leading shares in recent formations increasingly tends to create a disproportionate interest in such shares by the fixed trust movement as a whole. If all the trusts now in issue were to become fully constituted, the danger of excessive fixed-trust interests in a number of securities might not be avoided even by the small individual percentage which has been suggested. In this connection the Committee may have considered the desirability of receiving, from time to time, particulars of the total number of units which have been issued by each "recognised" trust. Only with such information could steps be taken to avert the danger of an unwieldy market position. The management groups in a number of instances have already taken steps to introduce certain of these provisions. No management, however, is proof against the possibility of error. In this respect, the British General group deserves appreciation for its recent action in setting right an unfortunate mistake in the Trust Deed of its recently issued Series "B" units, whereby £170 5s. ordinary stock units of Ever Ready Company (Great Britain) were inserted instead of the intended 170 units. The requisite additional units have been purchased at the expense of the managers, and to the wholly unexpected profit of the sub-unit holders. The mistake, however, raises important considerations regarding the position of trustees, whose duty it is to receive the requisite number of shares before issuing sub-unit certificates. It would be regrettable if a momentary error of detail, as in this case, were to throw any doubt on the rightly-held view that the protection which the trustee affords is of crucial value to certificate holders.

Cotton Share Outlook.—The revival in cotton shares, which has been stirring this week, marks the news of a specious change of outlook in Lancashire. During the last month or more, business has been running at higher levels than in any similar period during recent years, and compared with the position three months ago, when short time was combined with virtual inability to earn profits per piece, the improvement has been substantial. So far, however, the recovery has been largely restricted to the coarse section of the trade, and it is impossible at this stage to be certain whether it represents anything more than forestalling business, due to the indirect effects of the Italo-Abyssinian war. The Indian demand, for instance, which normally expands at this season, may have come somewhat earlier this year owing to fears of interruption to shipping on Mediterranean routes. In addition, Italian export capacity may well have been deflected to serve home and war requirements. Although the latest improvement is of too short duration to act as the basis for a long-term investment policy, it would be precipitate to regard it solely as a bull point for the spinning section of the trade.

whose capital structure in many directions will require re-organisation before dividend payments are even remotely possible. The following table illustrates the course of profits in this branch and also in the more sheltered finishing section:—

Group and Company (and Date of Accounts)	Total Profits	Earned for Dividends	Debentures and Preference Shares				
			Stock or Share Rate and Denom.	1935 Quotations			Yield (%)
				High	Low	Present	
	£	£					£ s. d.
Spinners :							
Fine Cotton Spinners (Mar. 31) :							
1930	697,518	380,568	{ 5% £1 cum. pref. }	12/9	6/3	11/3	{ Nil ^a }
1934	157,252	Dr. 59,215					
1935	127,441	Dr. 88,690					
Lancashire Cotton Corp. (Oct. 31) :							
1930	Dr. 137,985	Dr. 162,368	{ 6½% £1 deb. stock }	76½	55½	68	9 11 3c
1933	Dr. 64,766	Dr. 199,776					
1934	44,867	Dr. 99,821					
Finishers :							
Bleachers' Assn. (Mar. 31) :							
1930	1,235,217	446,979	{ 5½% £1 cum. pref. }	13/6	5/9	11/3	Nil ^d
1934	370,092	Dr. 44,310					
1935	419,456	26,531					
Bradford Dyers (Dec. 31) :							
1930	147,300	Dr. 110,649	{ 5% £1 cum. pref. }	14/-	8/1½	11/1½	1 Nil ^e
1933	231,880	1,740					
1934	211,486	Dr. 9,332					
British Cotton & Wool Dyers (Mar. 31) :							
1930	110,226	57,585	{ 5s. ord. shares }	5/8½	4/6	5/6	4 10 6j
1934	110,056	47,845					
1935	111,066	41,171					
Calico Printers (June 30) :							
1930	710,794	69,187	{ 5% £1 cum. pref. }	19/-	12/1½	14/-	7 4 9j
1934	674,935	164,872					
1935	556,894	42,969					

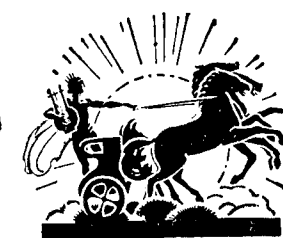
(a) Arrears since April, 1931. (b) Before depreciation each year. For 1933 and 1934 after charging first debenture interest paid by Guarantor. (c) Without allowance for redemption. (d) Arrears since June, 1933. (e) Arrears since December, 1932. (f) On 5 per cent. dividend.

If a partial recovery is in prospect in Lancashire, its advantages are likely to be more immediate in the finishing branch, which handles rayon and other textiles in addition to cotton, but a greater measure of improvement would be required from the finer sections of the trade before optimism could be justified. The recent profits record clearly indicates, in any case, that the market is of interest only to the more speculatively minded, and to those in close touch with events in the industry.

Capital Issues.—The market's caution during October has considerably reduced the level of activity in the new issue market, and is reflected in the reduction of the total sum raised from £4,729,000 in September to £2,679,000. Recent comparisons are set out below:—

Monthly Average	(000's omitted)			Total
	United Kingdom	Excluding British Possessions	Foreign Countries	
1931	4,542	3,209	761	8,125
1932	13,589	12,129	124	15,742
1933	17,520	2,429	449	20,398
1934	11,474	2,494	125	14,093
Monthly Total	Govt.	Other		
August, 1934	50	1,500	471	2,021
August, 1935	Dr. 200	949	1,670	2,419
September, 1934	50	6,759	2,148	9,257
September, 1935	Dr. 200	2,638	2,291	4,729
October, 1934	50	20,642	1,477	22,244
October, 1935	Dr. 600	2,425	854	2,679

The principal contribution to the month's figures is provided by issues to shareholders only, both for home and Empire destinations.



A '15 MOORGATE' TRUST

Announcing:

HUNDRED SECURITIES TRUST

through which you can spread your capital over as many as 100 first-class dividend-paying British securities covering the whole range of sound British Investment, including Government funds, banking, insurance, property, commerce and industry. The yield is

5½%

NOTE. This is the approximate Gross Annual Yield at the current price of approximately 20s. 3d. per sub-unit, calculated solely on the cash dividends paid in the past year on the 100 selected securities. Capital bonuses are excluded from the computation of yield and are additional. Such bonuses would, if sold, have added in the past year approximately a further ½ of one per cent. to the gross annual yield.

The Trust Investments are distributed as follows:

Government Funds	6%
Banking & Insurance	2%
Iron, Coal & Steel	11%
Transport & Communication	8%
Light, Power & Electrical Equipment	10%
Property, Building & Allied Trades	10%
Stores, Catering & Foodstuffs	5%
Breweries & Tobacco	10%
Gold Mining	4%
Textiles	4%
Oil	4%
Cinemas	7%
Newspapers & Paper Trades	7%
Miscellaneous	10%

LLOYDS BANK LIMITED

are the Trustees for investors. They issue the certificates representing ownership of sub-units, collect the dividends paid on the securities in the Trust, and distribute the income to investors on June 15th and December 15th each year during the 15-year life of the Trust.

HERE ARE SOME FURTHER IMPORTANT POINTS: The Managers strongly advise you to consult your bank manager or stockbroker for confirmation of the general desirability of the Trust as an investment for large or small sums.

1. Sums of approximately £20 and upwards may be invested through any bank or stockbroker.
2. The Managers have full power to make the Trust cumulative by retaining capital bonuses in the Trust if considered desirable, thereby augmenting the capital value and earning power of the investment.
3. All the securities in the Trust are quoted on the London Stock Exchange and constitute a list which is representative of the soundest elements in British financial, industrial and commercial life.
4. Provision for continuity of management has been made by the creation of a special fund administered by the Trustees. Security Trust Managers, Ltd., the Managers of the Trust, are controlled by interests associated with Dawson Day & Company, Ltd., Merchant Bankers, 15, Moorgate, London, E.C.2.
5. Sub-units are readily marketable since the Managers undertake to repurchase any sub-units offered to them, as explained in the Booklet.

For full particulars apply for Booklet HG to

SECURITY TRUST MANAGERS

LIMITED

15, Moorgate, London, E.C.2.

Telephone: Metropolitan 3622 (15 lines). Telegrams: Security, Stock, London.

COMPANY NOTES

Cycle and Motor Cycle Companies.—In recent years the fortunes of the motor cycle industry have been steadily declining while the fortunes of the "push" bicycle industry have equally steadily been rising. It is easy to find reasons for both movements. As a means of transport the motor cycle has suffered from the competition of the "bus and of the light car. Its almost complete lack of "all-weather" protection has increased its relative cost by comparison with the light car. The latter's original cost can be spread over potential journeys in any weather by night or day and in any garb, whereas the motor cycle can only be comfortably used in mild weather by day, with a driver suitably clothed. Finally, it only accommodates one passenger in reasonable safety and comfort. In brief, the motor cycle has been left behind by the development of the modern low-priced car—whose lead has presumably been still further increased by the introduction of the new £100 Ford. Many of the same objections, certainly, might be applied to the "push" bicycle. The latter, however, has a certain virtue as a means of exercise which the motor cycle lacks and has been found particularly well suited to the new housing estate and the new industrial area for transport to and from work or to and from stations. It is

(Profits in £'000)

	1929	1930	1931	1932	1933	1934	1935
Currys, Ltd. (Jan. 12) :—							
Earned for Ord.	25.3	25.3	28.0	28.6	30.7	42.1	65.2
Earned %	9.3	9.3	10.3	11.0	11.6	15.4	23.7
Div. %	5	5	5	5	6	10	15
Enfield Cycle (Aug. 31) :—							
Surplus*	30.9	25.2	Nil	2.7	19.9	23.3	...
Earned for Ord.	12.4†	13.0	10.6	10.8	10.6	12.0	...
Ord. Div. %	10†	10	5	3½	7½	8½	...
Halford Cycle (Sept. 30) :—							
Earned for Div.	46.3	39.8	27.6	21.9	22.7	24.48	...
Earned %	24.1†	20.7†	19.0	15.1	15.7	17.48	...
Div. %	15†	15†	15	15	15	15	...
Matchless M. Cycle (Aug. 31) :—							
Earned for Div.	21.5	28.8	Dr. 11.6	18.7	Dr. 1.1	9.6	...
Earned %	13.4	18.5	Nil	12.4	Nil	6.2	...
Div. %	12½	7½	Nil	Nil	2½	5	...
New-Hudson (July 31) :—							
Earned for Pref.	1.3	Dr. 17.6	Dr. 17.8	Dr. 25.8	7.6	17.2	...
		Pref. div. in arrears since 1930.					
Raleigh (Aug. 7) :—							
Prospectus profit	170.3	51.3	Dr. 23.6	73.6	201.5	334.0†	...
Triumph (Aug. 31) :—							
Earned for Pref.	10.0	38.8	6.4	Dr. 145.9	Dr. 168.7	Dr. 80.2	...
Earned for Ord.	7.4	36.3	3.9	Nil	Nil	Nil	...
Earned %	2.3	11.7	1.0	Nil	Nil	Nil	...
Ord. Div. %	5	5	Nil	Nil	Nil	Nil	...

* For "B" participating preference and ordinary shares. † Tax free.
† First year of operations as public company, not comparable with earlier figures.
‡ Year ended changed to September 30th from November 3. Profits for period equated to 12 months' basis.

to this, combined with the great improvement in road surfaces and the fall in selling prices, that the great increase in bicycle sales may be attributed. So far as can be judged, the increased use of bicycles is well founded. How long "expansion" demand will continue, however, and how far it will ultimately be maintained by "replacement" demand are points less easy to determine in the case of a product whose useful life may well be seven or ten years. The popularity of the pedal bicycle, however, suggests that if a reliable motor cycle could be produced at a really low price it would encounter a remarkably elastic demand. Tax is not a serious expense, and the increased radius of the motor cycle is a decided attraction. Until a sweeping reduction of price is achieved, however, the motor cycle trade will have only a minor claim on the investor. Some motor cycle companies, like Triumph, have extended their activities into the car industry, but results, in terms of earning power, have not as yet been striking. The leading bicycle manufacturers and dealers, however (e.g. Currys, in the annexed table), appear to offer a sound investment opening. The possibility of price warfare, to which the trade is liable, should not, however, be forgotten.

Mitchells and Butlers.—Although it is impossible to draw a direct comparison between the results of this prosperous Midlands brewery in the two latest reports, it would appear that steady rather than spectacular progress has been achieved during the latest year. It may be noted, however, that while the latest year's total profits of £674,438 compare with an annual rate of £659,610 during the previous fifteen months' period, both figures are struck after income tax, and the comparison may thus be affected by reduction in the standard rate in the 1934 Budget. A more helpful comparison between the earnings rate on the ordinary shares shows that the latest profits are equivalent to 19.1 per cent. free of tax, compared with 18.7 per cent. per annum during the previous period. The 17 per cent. tax-free dividend is thus comfortably covered, and represents an increase of 2 per cent. per annum on the previous rate for 1933-34. An analysis of recent profits follows:—

	Year to June 30, 1933	15 months to Sept. 30, 1934	Year to Sept. 30, 1935
Balance from trading account, after depreciation, tax, etc.	454,580	824,512	674,438
Directors' fees	1,925	2,500	2,411
Interest	28,321	36,965	29,486
Preference and max. ordinary divs.	73,257	93,402	75,699
Ordinary shares (tax free) :			
Earned	351,077	691,645	666,842
Paid	325,634	555,056	503,251
Earned %	11.9	18.7*	19.1
Paid %	11	15*	17

Reserve 25,000 75,000 60,000
Carried forward 479,109 549,775† 553,366
* Equivalent per annum, tax free. † Includes £9,077 surplus on realisation of investments.

It is possible, however, to stress comparison of disclosed profits too far, since the figures are struck after non-specified allocations for depreciation and other charges. The report refers to "increasing output," and the further recovery in industrial conditions in the Midlands has doubtless been of assistance to trading profits. The balance sheet is of customary strength, and of assets totalling £9,176,656 as much as £970,768 is held in cash. The £1 ordinary shares are quoted at 96s. 3d., to yield £3 12s. per cent. tax free, and represent a good brewery investment in an active industrial area.

* * *

Central Uruguay Group.—Unlike the Argentine railways, the Central Uruguay of Montevideo has since 1931 adopted the prevailing exchange value of currency items as the basis of the revenue accounts. The effects of exchange difficulties are equally apparent, however, by either method of treatment. During the latest year to June last, the Central Company has decided to present the figures at the "controlled free" rate equivalent, in place of the "official" rate which has hitherto been used. The sterling figures for this concern are therefore not comparable with those of the previous year, but the fall in operating profits is roughly proportionate to the reduction in net peso receipts. The figures for this company, and the two associated undertakings, are shown in the following table:—

Years to June 30	Central Uruguay of Montevideo		Central Uruguay Eastern Extension		Central Uruguay Northern Extension	
	1934	1935	1934	1935	1934	1935
Gross receipts	£845,537	£893,573	£177,735	£100,556	£102,548	£59,949
Working expenses	640,680	615,771	95,308	60,334	54,965	35,969
Operating profit	204,856	277,802	82,429	40,222	47,583	23,980
Other receipts	18,245	18,199	28,517†	25,307†	...	7,378†
Rent and guar. charges	83,503	108,879	...	...	...	...
Debt interest paid and accrued	126,865	126,865	57,333	57,333	31,358	31,358
Interest, tax, etc.	17,725	20,927	23,530	20,189	11,177	11,958
Other charges	(a)	49,449§	...	...	...	...
Earned for divs.	Dr. £ 282	Dr. 210,113	30,082	Dr. 11,903	5,048	Dr. 11,568
Carried forward	33,038	Dr. 177,076	63,055	51,062	Dr. 496	Dr. 12,454

(a) Profit on exchange, £32,328, together with £143,674 from general reserve transferred to special exchange reserve. † Government guarantee. § Comprising £13,385 written off shares in subsidiary company and renewals expenditure for year, £60,581, less transfer from renewals reserve of £24,524. ¶ Receivable from Central Uruguay under working agreement.

PRELIMINARY NOTICE.

DOMINION REEFS (KLERKSDORP) LIMITED.

SHARE CAPITAL :

Authorised Issued or to be Issued.
£650,000 divided into 2,600,000 Ordinary Shares of 5s. each - £625,000
There are no Debentures or Debenture Stock. No Shares of the Company are under option.

The Subscription List will open and close on Tuesday, the 5th day of November, 1935, for an

ISSUE AT PAR OF

1,500,000 Ordinary Shares of 5s. each

DIRECTORS :

CHARLES ALGERNON MOREING, M.Inst.C.E., 62, London Wall, London, E.C.2. (Chairman, Sons of Gwalia Limited.) (Chairman.)
DAN CAMPBELL HOLMES, B.Sc., O.B.E., Handfords, Yateley, Hants. (Director, Klerksdorp Consolidated Goldfields Limited.)
CUTHBERT BARING HORWOOD, D.Sc.(London), A.R.S.M., M.Inst.M.M., M.Inst.C.E., 18, Abbey House, Victoria Street, London, S.W.1. (Director, Klerksdorp Consolidated Goldfields Limited.)
WILLIAM MACCOLIN KIRKPATRICK, 9, Wedderburn Road, London, N.W.3. (Director, Cohen, Weenen & Co., Limited.)

BROKERS :

IAN ANDERSON & NAIRN, 1, Throgmorton Street, London, E.C.2, and Stock Exchange.

GENERAL MANAGERS IN SOUTH AFRICA :

BEWICK, MOREING & CO., 62, London Wall, London, E.C.2.

The Prospectus (WHICH WILL BE ADVERTISED ON MONDAY, NOVEMBER 4th, 1935) will show, *inter alia*, that :—

The mining properties and rights to be acquired by the Company total approximately 5,717 acres, and represent portions of the Dominion Reefs areas held by Klerksdorp Consolidated Goldfields Limited, upon part of which that Company has, over the past year, carried out an intensive programme of opening up and development work, including shaft sinking and driving, installation of surface and underground equipment, construction of buildings, roads, etc., and generally bringing the property to a stage precedent to production.

Messrs. Bewick, Moreing & Co., in their report upon the properties as set out in the Prospectus, state, *inter alia*—

"The development completed to the 30th September, 1935, totals 12,618 feet, the No. 1 level from the Main Shaft now extending over 2,000 feet. The payable ore developed at that date was 125,000 tons of an average value of 6 dwts., and 72,000 tons partly developed. It is estimated that at the present rate of progress the total payable ore developed at the end of December, 1935, will be approximately 250,000 tons.

"Development has already proved a large tonnage of 6 dwt. ore; recent work is adding to this at the rate of from 30,000 to 40,000 tons monthly. This fully justifies the immediate erection of a first unit mill of 20,000 tons monthly capacity.

"The fact that your mines will be worked for many years from the outcrop to relatively shallow depth is of great economic significance, implying low capital expenditure with low operating costs, permitting a high return on the capital invested."

The gross profits of the Company for the first full year's working, based on the facts and figures set out in Messrs. Bewick, Moreing's Report (assuming a crushing programme of 240,000 tons per annum and taking gold at 140s. per fine ounce) should be in excess of £295,000; and after making provision for overhead charges, management expenses (London and Johannesburg), depreciation, Directors' remuneration and South African normal tax, there should be available for reserves and dividends a sum in excess of £200,000.

Prospectuses and Forms of Application are NOW AVAILABLE from WESTMINSTER BANK LIMITED, New Issue Department, 9, Old Broad Street, London, E.C.2, and Branches, from Messrs. IAN ANDERSON & NAIRN, 1, Throgmorton Street, London, E.C.2, and from ANGLO-FRENCH CONSOLIDATED INVESTMENT CORPORATION LIMITED, Anglo-French House, Old Queen Street, Westminster, London, S.W.1.

The disappointing feature of the year's working is the sharp rise in the combined operating ratio of the group from 70.1 to 83.23 per cent., but it is pointed out that much of the expenditure originates in sterling and that the smaller net revenues are a function of exchange and not of falling pesos revenues. The effect of the further fall in the value of the peso has been so disastrous that the company has been compelled to seek a revision of the Scheme of Arrangement completely postponing existing liabilities until September next year. The reorganisation of the group's financial structure is now under study. Technically, the position is of serious import for stockholders. Although renewals have been cut to a minimum, the general renewals reserve is now entirely exhausted, and further expenditure must be provided out of revenue. The extension lines are now presenting a serious problem owing to the condition of their equipment, and the inevitable running restrictions over certain sections of track involve increased current expenditure. It is evident from the general manager's report that the expenditure on the main line cannot be reduced sufficiently to enable the Central company to meet its obligations to the extension companies and to its debenture holders. The latter, clearly, must be prepared for a vigorous cutting out of dead wood in due course, although it is to be doubted whether reorganisation in the absence of exchange stability will eventually prove effective. The 5 per cent. debenture stock of the parent concern is quoted at 25, to yield 10 per cent. on a half-interest basis.

Richard Thomas and Ebbw Vale.—The announcement on Wednesday that negotiations are on the point of completion for the acquisition of the Ebbw Vale Steel, Iron and Coal Company's works and iron-ore properties by Richard Thomas and Co. will be welcomed alike by South Wales and by patient holders of Ebbw Vale issues. It is understood that, if the scheme is completed, the original intention of Richard Thomas to transfer its activities to Redbourne and to erect a strip mill there will be abandoned. So far the agreement is tentative, but discussions between the two chairmen have reached an advanced stage, and a meeting of Ebbw Vale shareholders will shortly be called to confirm the draft agreement. Sir John Beynon, chairman of Ebbw Vale, has declared his conviction that the proposals will be confirmed. Full details of the scheme are not available at this stage, but it is understood that the melting shops, rolling mills and steelworks at Ebbw Vale will be rebuilt, and the blast furnaces erected during the war years retained. It is not definitely known, however, whether the erection of a modern strip mill forms part of the new Richard Thomas plan, although it is certainly intended to produce tinplates and sheets at Ebbw Vale. Although the total cost of remodelling the works may cost as much as £2½ millions, no purchase price has so far been suggested. The fixed assets of the Ebbw Vale group were entered in the last accounts at £4,958,000, but it was expressly stated that no opinion as to their current value was to be implied from the figures. The company has met the halved-interest payments on the 6 per cent. debentures. It is difficult at this stage to contemplate a purchase consideration which would provide a surplus after repayment of bank loans and debentures, totalling £1,539,000, and any payment to the three classes of shareholders which may be decided upon would presumably be of an *ex gratia* nature.

Singer Reconstruction Scheme.—A capital reconstruction scheme was foreshadowed at the annual meeting of this company last February. The scheme, published at the end of last week, follows the precedent set, e.g. by Richard Thomas, and envisages the offer to preference shareholders of part of the equity in satisfaction of dividend arrears. It is proposed to write down by £350,000 the value of plant, jigs, properties and stocks, which at the date of the last balance sheet stood at £1,805,000. Of the sum required, £250,035 is to be provided by a reduction of ordinary capital, and the balance of £99,965 will be found from reserves and profit and loss. After writing off 7s. 6d. from each ordinary share, two-sevenths of the equity will be allocated to preference shareholders in satisfaction of gross dividend arrears. This policy is commendable in principle, but preference shareholders may regret the absence from the

chairman's explanatory circular of any specific reference to future prospects and earning power—on which the real value of any share in the company's equity obviously depends. Something more would seem to be called for than general references to consequential improvement in the trading and financial position of the company.

Roan Antelope.—The development of this company in recent years, writes our mining correspondent, is closely parallel to that of Rhokana Corporation, whose report was discussed last week. It will be recalled that no dividend was paid in the previous year to June, 1934, owing to the low price and uncertain outlook for copper. The price factor continued for the earlier part of the past financial year, until the output restriction scheme was agreed upon. Consequently, although the production totalled 67,320 long tons of blister copper, compared with 65,150 tons in the previous year, and the all-in cost was reduced from £25.7 per ton to £23.2, the net profit was £61,600 lower at £571,770. Debenture interest and premiums required the somewhat reduced sum of £91,550, and again £150,000 was allocated for replacements and obsolescence reserve—previously called "depreciation reserve." During the latest year taxation required only £65,500, against £82,500, but the difference was more than balanced by an appropriation of £28,300 to cover the principal of the stock redeemed during the year. Payment of the initial dividend of 25 per cent., amounting to 1s. per share, absorbs £241,480, leaving the slightly reduced amount of £322,800 to be carried forward. Further capital expenditure has reduced the net current assets at the date of the balance sheet to £1,030,340, compared with £1,274,150 twelve months previously. The general manager's report shows the estimated ore reserves as 98,363,000 tons, a reduction of 9,637,000 tons since crushing commenced in 1931. The bulk of the difference represents tonnage withdrawn by mining; but pillar loss and underbreak account for some part of it. During the current year to date a substantial advance has occurred in the price of copper, and the metal market view is that if peace negotiations caused an initial setback after recent "war" purchasing, they would presently encourage the industrial consumption of copper. On the basis of last year's dividend the yield indicated is the modest one of 3½ per cent.

Other Company Results.—Our usual table of profit and loss accounts is again expanded this week, and includes the results of 43 other companies. The largest group in this week's table consists of rubber concerns, reporting for the year to June 30th last. The same individual irregularity is apparent as in earlier weeks. *Tanjong Malim* and *Sumatra Para* are among those concerns which show increased earnings, while *Lengging* and *Brooklands Selangor* are the largest companies to suffer a reduction in profits. Two reports from concerns operating overseas, which have recently been "in the news," show gradual recovery during the past year. *Perak River Hydro-Electric*, whose Scheme of Arrangement was sanctioned last August, helpfully presents balance sheets as at July 31st last before and after giving effect to the Scheme. The net profits, after interest, have shown satisfactory expansion from £40,669 to £108,482. In the case of *Peruvian Corporation* recovery is still confined to the negative phase of reducing losses. The latest deficit of £168,116 is struck after charging full debenture service and interest on arrears amounting to £290,182, but actual payments have been restricted to a half-year coupon due April, 1933. A number of investment trust reports, mainly to September 30th, indicate a steady flow of rising earnings. Such established trusts as *Realisation and Debenture*, *Second Investors Mortgage* and *Cedar* have been able to increase their ordinary dividends, while *Second Scottish Mortgage* also shows a satisfactory expansion in revenue. Among the industrial concerns, the most remarkable recovery is that of *Burberrys*, whose resumption of preference dividend payments on account of arrears has been well within the scope of the increase of net profits from £2,838 to £70,650. Among the week's interim dividend announcements, those of *Wm. Cory* and *Stanton Iron* have been maintained at the same rate. The raising of the *British Plaster Board* interim to 20 per cent. on an increased capital,

The Lists of Applications will Close not later than Saturday, 23rd November, 1935

IRISH FREE STATE CONVERSION LOAN (4% Registered and Inscribed Stock, 1950-1970)

Offer to holders of £7,000,000 5% National Loan 1935-1945
of conversion into 4% Conversion Loan 1950-1970 at par

Interest payable 1st June and 1st December
Six months' interest payable on 1st June, 1936

The following banks are authorised by the Government of the Irish Free State to offer to the holders of the outstanding £7,000,000 of 5 per cent. National Loan 1935-1945 (hereinafter referred to as the First National Loan) conversion of their holdings in whole or in part into stock of a new issue in terms of this prospectus:—

BANK OF IRELAND.
GUINNESS MAHON & CO.
HIBERNIAN BANK.
MUNSTER AND LEINSTER BANK.
NATIONAL BANK.

NATIONAL CITY BANK.
NORTHERN BANK.
PROVINCIAL BANK OF IRELAND.
ROYAL BANK OF IRELAND.
ULSTER BANK.

Notice of redemption of the First National Loan on 1st December, 1935, was given by the Government of the Irish Free State in the issue of *Iris Oifigiúil* of 30th August, 1935.

Conversion of stock of the First National Loan is offered into an equal nominal amount of stock of 4 per cent. Conversion Loan 1950-1970. The principal of the new stock will be repaid at par on 1st December, 1970, the Government of the Irish Free State having the option to redeem the stock in whole or in part at par on or after 1st December, 1950, on giving three calendar months' notice in *Iris Oifigiúil*. Both the principal and interest of the 4 per cent. Conversion Loan will be a charge on the Central Fund of the Irish Free State.

The half year's interest due 1st December, 1935, on the First National Loan will be paid as usual. Six months' interest on holdings of the new stock resulting from conversions will be paid on 1st June, 1936.

Holders of First National Loan desiring to have their holdings redeemed in whole or in part must apply for redemption on the form provided and lodge their applications with the Bank of Ireland, Dublin, on or before Saturday, 23rd November, 1935. Statutory powers are being sought to provide that where no valid application for redemption or conversion of any holding is in the hands of the Bank of Ireland at the close of business on the said date, conversion of such holding in accordance with the terms of this prospectus shall be deemed to have been applied for on that date.

ISSUE OF STOCK FOR PAYMENT IN CASH

The banks mentioned above are further authorised to offer for cash subscription at par Stock of the 4 per cent. Conversion Loan 1950-1970 to an amount which, when added to that resulting from conversions of First National Loan, will not exceed in the aggregate £7,000,000, but the Minister for Finance may reduce the amount to be allotted in respect of such subscriptions by a sum not exceeding any Sinking Fund available for the redemption of the First National Loan. The amount of such Sinking Fund will be £1,150,000 approximately.

Cash applications must be for sums of £10 or multiples thereof. Cash applications may be either—

- (1) Fully paid applications, when the whole sum payable must be lodged on application; or
- (2) Instalment applications, when instalments will be required as follows:

£10 per cent. on application,
£40 " " " allotment,
£30 " " " 4th February, 1936.
£20 " " " 4th March, 1936.

The first dividend payable on 1st June, 1936, will be as follows:—

On fully paid allotments £2 0 0 per cent.
On instalment allotments £1 12 0 per cent.

Payment of instalment applications may be made in full at any date after allotment, no discount being allowed. In case of default in the payment of any instalment at its due date the amount previously paid will be liable to forfeiture. In the case of a partial allotment, the balance of the amount lodged with a fully paid application will be returned and the balance of the amount lodged with an instalment application will be applied towards the payment of the subsequent instalments. Instalments may be paid without additional charge through any of the offices of the banks mentioned.

The stock of the 4 per cent. Conversion Loan 1950-70 is a trustee investment in the Irish Free State authorised by the Trustee Act, 1893, and trustees may invest therein even though the price at the time of investment exceeds the redemption value of £100 per cent.

Dividends on stock of this issue will be paid without deduction of income tax, but the income derived from such dividends will be assessable to income tax in the hands of recipients at the rates of tax appropriate to their respective incomes. Stock of this issue and the dividends payable thereon will be exempt from all taxation of the Irish Free State, present or future, if it is shown in the manner directed by the Minister for Finance that the stock is in the beneficial ownership of a person who is neither domiciled nor ordinarily resident in the Irish Free State.

The Government of the Irish Free State undertake to set aside on 1st June and 1st December of each year a sum equal to 2½ per cent. of the total nominal amount of the loan issued. After deducting therefrom the amount required for payment of interest, the balance of the sum so set aside will be carried to a Sinking Fund which will be applied to the purchase of the loan for cancellation or otherwise invested for the benefit of the Sinking Fund.

The Books of this issue will be kept as separate Registers at the Offices of the Bank of Ireland, Dublin and Cork. The Stock will be officially quoted on the Dublin and Cork Stock Exchanges.

A Commission of five shillings per cent. will be allowed to Banks, Stockbrokers and Financial Houses on conversion applications bearing their stamp and on allotments made in respect of cash applications bearing their stamp.

Forms for conversion applications or for cash applications may be obtained from any Bank, Post Office or Stockbroker in the Irish Free State; from the Department of Finance, Dublin; from the High Commissioner for the Irish Free State, 33 Regent Street, London; from Messrs. Guinness Mahon & Co., 53 Cornhill, London; from the National Bank, Ltd., 13 Old Broad Street, London; or from the Provincial Bank of Ireland, Ltd., 8 Throgmorton Avenue, London.

DEPARTMENT OF FINANCE,
DUBLIN.

31st October, 1935.

compared with 15 per cent. a year ago, was well received by the market. *Lewis Berger*, which also supplies the building trades, has announced a final dividend of 9 per cent., thus raising the total payment from 12 to 15 per cent. *Wallpaper Manufacturing* announces an increase of £57,778 in profits to £741,557. The deferred dividend is unchanged at 12½ per cent., but is paid on a larger capital. *Johnson and Phillips* have increased the interim dividend from 2½ to 5 per cent. and announce a new issue of 100,000 £1 ordinary shares at £2 to finance the electricity supply subsidiaries.

* * *

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Buenos Ayres and Pacific Railway, Buenos Ayres Great Southern Railway, Assam Railways and Trading, Rhokana Corporation, Imperial Airways, London Australian and General Exploration, Perak River Hydro-Electric Power, Cam and Motor Gold Mining (1919), Consolidated African Selection Trust, North British Rayon, British Rubber Estates of Java, Broome Rubber Plantations, and Hosco Rubber Estates. The chairman of the Buenos Ayres and Pacific Railway Company spoke of unfair competition from the State and of very bad prospects for fine cereals, but was able to report a year's results which were a considerable improvement over a year ago. Sir Follett Holt, of Buenos Ayres Great Southern Railway Company, said that the railway was carrying almost as much traffic as in 1929, but that rates had been undermined by road competition. Mr C. A. Moreing, chairman of London, Australian and General Exploration Company, described developments of property in the year and the formation of a subsidiary company to Klerksdorp Consolidated Goldfields. The chairman of Assam Railways and Trading Company said that improved earnings of the railway were offset by increases in expenditure, but the outlook was favourable due to the improvement in the tea industry. Mr A. Chester Beatty, at the meeting of Consolidated African Selection Trust, announced results slightly better than last year, and said that the Gold Coast Mines had been supplemented by the new diamond field in Sierra Leone. Sir Auckland C. Geddes, of Rhokana Corporation, said of the copper restriction scheme that so long as consumption figures continued to be satisfactory they could look forward to a still further improvement. Broome Rubber Plantations had exercised an option on a new property in Johore, and new issues would be made to finance the purchase. Mr James Davenport, of British Rubber Estates of Java (1932), thought there were indications of improvement in the rubber and tea markets. Mr L. E. B. Homan said that Cam and Motor Gold Mining Company's property had never looked in a more satisfactory position. Mr Eric Macfadyen, of Hosco Rubber Estates, said the company might replace some of their older areas with new high-yielding trees. The chairman of North British Rayon Company reported a 60 per cent. increase in net trading profit over a year ago, despite lower selling prices. Sir Eric Geddes, at the Imperial Airways meeting, said that the principal features of a long-term agreement had been agreed with the Government, as a result of which the company would look forward to further expansion. The chairman of Perak River Hydro-Electric Power reported a year of considerable expansion, sales of power having increased from 67 to 111 million units.

THE WEEK IN THE MARKETS

THE LONDON STOCK EXCHANGE

SETTLING DAYS

TICKET NOVEMBER 5 ACCOUNT NOVEMBER 7

THE Stock Exchange does not find the present interregnum both in the domestic and in the international political realms wholly distasteful. It is true that the domestic "lull" offered the occasion for a shiver of mild apprehension early this week, when some quarters in the "House" were inclined further to reduce the majority for the Government in the next House of Commons. On Wednesday, however, the

light political breezes were blowing in the reverse direction, assisted by a speech in the City by the Chancellor of the Exchequer, whose contribution had, possibly, quite as much electoral as economic significance.

The "House," with the 1928 boom in mind, noted with interest, however, his offer of the services of the Government Research Department as "assessors" where technical and scientific claims are made in prospectuses. The gilt-edged market reflected the daily changes in election sentiment fairly accurately, although it was not unaware that their basis in either direction left the balance of probabilities little changed. In mid-week, however, a partial improvement was evident, and even Old Consols and Local Loans found better form. India stocks, which had reflected the earlier dullness, also moved to higher levels, and firmer conditions were reported in the Dominion market, where Commonwealth loans attracted a good deal of attention at the beginning of the week.

Although exceptions were not uncommon, the general tone in the European bond market tended to improve. Roumanian and Bulgarian issues responded to hopes regarding the service, and German loans reflected something of the strength of the American *tranches*. Austrian bonds, however, were a disappointing feature. An early advance in the Japanese group suggested that the recent advance would proceed still further, but later days were largely devoted to profit-taking. Interest in the Brazilian group showed a partial revival, but could not be sustained.

The home rail market opened in rather leaden fashion, owing to continued apprehension regarding the coal position. For this reason the week's batch of satisfactory traffics was substantially discounted, for the rise in coal receipts seemed, in the circumstances, too true to be good. Nevertheless, a partial mid-week recovery was broadly sustained, although business continued on a small scale.

Argentine rail stocks continued in depressed mood, although the market was willing to clutch at such straws as came its way. The possibility of further arrears payments on the Pacific second debentures and the occasional glimpses of cheer in the Great Southern speech, however, were insufficient to stir the market as a whole, although such factors may have been instrumental in preventing a further fall in quotations. The outlook for the companies and the market is discussed in a leading article on page 862.

The industrial markets opened with a bout of profit-taking affecting most of the issues which had been prominent in last week's vigorous rise. Business showed but modest revival as the week progressed. In the electrical equipment group, Crompton Parkinson were active, although the reasons offered for the rise appeared rather inconsistent. The supply group provided little of interest, although Calcutta and Perak River were stronger among the overseas concerns. The week's feature in the iron and steel group was the sharp rise in Ebbw Vale debentures from 67 on Tuesday to 82½ on Thursday afternoon. The news of the Richard Thomas negotiations took the market by surprise, and buying orders could be filled only with difficulty.

In the motor group Standard were again active, and after an initial setback were in active demand following the new issue proposals. Leyland found good support among the commercial motor issues. Aviation issues were rather dull throughout the week.

Brewery shares attracted considerable attention in view of the impending dividend announcements, both Benskins and Charringtons recording a satisfactory improvement. The leading tobacco issues lost much of the confidence which marked last week's dealings. Occasional firmness was evident in the cotton textile group, following recent reports of trade improvement. Some investment aspects of the recovery are outlined on page 864. The leading store and provision issues tended to mark time, although Tate and Lyle after an early relapse staged a good rally. Shipping issues tended to improve on the *Lloyd's Register* annual report, and rumours concerning the marketing of shares of certain Royal Mail operating companies stimulated the Realisation issues. Real life among the miscellaneous leaders was reserved for mid-week, when cement shares received support and the leading chemical and oxygen issues were more active. By contrast, however, motor accessory issues turned somewhat easier.

The oil share market gradually gathered impetus as the week proceeded. The higher prices for California and Pennsylvania crude oil attracted attention, and in some quarters the possibility of an increase in United Kingdom petrol prices was canvassed. Cheerful conditions spread on hopes that interim dividends might shortly be announced by the three leading producers, and "Shell" and Royal Dutch were in prominent demand.

The rubber share market opened actively, but the initial rise was interrupted on Tuesday and not wholly regained. The market, wisely, forsook a somewhat indiscriminate buying policy on the realisation that better things must come from the commodity before present share values are justified in a number of cases. Tea shares ruled rather dull, following the less auspicious trend in Mincing Lane.

The Kaffir market left its revival until well into the week. The two opening days were uncertain, but the tone improved considerably, the valuation of the October output at 141s. acting as a delayed bull point. Central Mining were prominent among the finance shares, on hopes of an increased interim dividend. Both the West and East African markets remained quietly firm, and a mild improvement in the Australian section was not entirely maintained. Copper shares showed little response to the Roan Antelope report or to the Rhokana speech. Tin shares tended to recede owing to the falling price of the metal.

"FINANCIAL NEWS" DAILY BARGAIN INDEX

(Approximate number of Bargains recorded in Stock Exchange Lists)

	Week to Oct. 25, 1935	Oct. 24, 1935	Oct. 25, 1935	Oct. 28, 1935	Oct. 29, 1935	Oct. 30, 1935	Oct. 31, 1935
Government and Municipal Loans	6,330	1,309	1,188	1,378	1,242	1,136	1,004
Transport, Communications, and Public Utilities	5,077	998	892	1,139	1,040	971	921
Commercial and Industrial	22,518	4,829	4,386	5,505	4,780	4,332	4,270
Banks, Insurance and Financial	2,940	591	585	779	623	558	549
Mines (including Nitrate)	6,876	1,608	1,389	1,564	1,235	1,031	1,408
Oil	1,212	257	216	255	184	184	279
Rubber, Tea and Coffee	2,553	558	593	810	595	507	385
Total	47,506	10,150	9,249	11,430	9,699	8,719	8,816
Corresponding day in 1934	...	7,234	7,771	9,375	8,615	8,084	Closed

* Including Iron and Steel and Breweries.

REVISED "FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (July 1, 1935 = 100)

Highest of 1935 (Aug. 13)	Lowest of 1935 (Mar. 27)	Oct. 24, 1935	Oct. 25, 1935	Oct. 28, 1935	Oct. 29, 1935	Oct. 30, 1935	Oct. 31, 1935
104.2	87.4	99.5	100.2	99.6	99.5	99.5	99.8

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS. (1928 = 100)

Highest of 1935 (Feb. 1)	Lowest of 1935 (Oct. 3)	Oct. 24, 1935	Oct. 25, 1935	Oct. 28, 1935	Oct. 29, 1935	Oct. 30, 1935	Oct. 31, 1935
141.0	131.9	133.6	133.7	133.4	133.5	133.7	133.8

FOREIGN STOCK EXCHANGES

NEW YORK

WALL STREET continued its advance at the end of last week after it had listened to Mr Roosevelt's good news of recovery rather than to the opinion of the Chairman of the Senate Banking Committee that predictions of inflation were quite unjustified at the present time. Motor, machinery and rail equipment issues led the market, and merchandising issues benefited from improved retail trade returns. On the argument that the Federal Government will be forced to "take action" because of the crisis in China, silver issues rose, in convenient disregard of the fact that a further rise in the price of silver will only aggravate the Chinese crisis. This week opened with the Dow Jones' index at a new high of 141.47, but the market has since

THE INDUSTRIAL AREA OF THE NORTH-EAST COAST - - - - -

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been rather unsettled, with signs of greater firmness in mid-week. Utilities and rails weakened. In the bond market Government issues fell, with an increase in the renewal rate for call money. The Securities Exchange Commission is taking action against a member of the Stock Exchange for alleged manipulative practices, and is discussing separation of broker-dealer functions with representatives of 25 stock exchanges. Mr Ford is entering the large car market with a new 12-cylinder car, to be exhibited this week. Electric power output last week was 13 per cent. higher than a year ago, and the "Iron Age" estimates steel mill activity at 53.5 per cent. of capacity, compared with 52.5 per cent. last week. Steel prospects are encouraging, with pig-iron prices rising, and demand from the automobile industry and the railroads increasing.

	Oct. 23, 1935	Oct. 30, 1935	Oct. 30, 1935	Oct. 23, 1935	Oct. 30, 1935	Oct. 30, 1935
U.S. 2½% Treas. Bonds 1945-47	100 1/8	100 1/8	102 1/8	31 1/2	33 1/2	34 1/2
Atchafalaya	49 1/2	47 1/2	48 1/2	24 1/2	24 1/2	24 1/2
Erie	10 1/2	10 1/2	10 1/2	33 1/2	36 1/2	36 1/2
Illinois Central	15 1/2	15 1/2	15 1/2	59 1/2	59 1/2	59 1/2
N.Y. Central	23 1/2	22 1/2	22 1/2	67 1/2	68 1/2	69 1/2
Pennsylvania	27 1/2	27 1/2	27 1/2	8 1/2	8 1/2	8 1/2
Southern Pacific	18 1/2	18 1/2	18 1/2	13 1/2	13 1/2	13 1/2
Southern Ry.	9 1/2	9 1/2	9 1/2	47 1/2	45 1/2	46 1/2
Union Pacific	96 1/2	93 1/2	94 1/2	58 1/2	57 1/2	58 1/2
Natl. Biscuit	31 1/2	33 1/2	34 1/2	142	142	144 1/2
Phelps Dodge	24 1/2	24 1/2	24 1/2	19 1/2	19 1/2	19 1/2
Pullman	33 1/2	36 1/2	36 1/2	10 1/2	10 1/2	10 1/2
Sears Roebuck	59 1/2	59 1/2	59 1/2	2 1/2	2 1/2	2 1/2
Un. Fruit	67 1/2	68 1/2	69 1/2	61 1/2	60 1/2	61 1/2
U.S. Leather	8 1/2	8 1/2	8 1/2	36 1/2	36 1/2	37 1/2
U.S. Rubber	13 1/2	13 1/2	13 1/2	10 1/2	11 1/2	11 1/2
U.S. Steel	47 1/2	45 1/2	46 1/2	36 1/2	36 1/2	36 1/2
Westinghouse	85 1/2	83 1/2	84 1/2	48 1/2	48 1/2	48 1/2
Woolworth	58 1/2	57 1/2	58 1/2			

† Calculated at \$4.92 to £.

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

	1934		1935		Beginning of Year 1935	Oct. 16, 1935	Oct. 23, 1935	Oct. 30, 1935
	Lowest Sept. 19	Highest Feb. 21	Lowest Mar. 20	Highest Oct. 30				
351 Industrials	74.9	90.5	74.5(9)	103.3	83.1	100.3	103.1	103.3
33 Rails	34.0	51.4	27.4	38.0z	35.6	34.9	35.7	35.0
37 Utilities	55.2†	83.4†	52.2	86.8	57.9	81.9	84.6	86.8
Total, 421 Stocks	65.6	82.1	68.1	89.6	71.0	86.7	89.1	89.6
Average yield of 50 Industrial Common Stocks	2.78%	3.90%	3.09%	4.06% (v)	3.62%	3.29%	3.19%	3.15%

† December 26th. (f) February 7th. (s) September 12th.
(i) March 18th. (v) August 14th. (z) September 11th.

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

Highest of 1935 (Oct. 26)	Lowest of 1935 (Mar. 15)	Oct. 23, 1935	Oct. 24, 1935	Oct. 25, 1935	Oct. 26, 1935	Oct. 28, 1935	Oct. 29, 1935	Oct. 30, 1935
119.5	78.6	117.3	117.3	118.3	119.5	118.7	118.3	117.2

TOTAL DEALINGS IN NEW YORK

	Oct. 24, 1935	Oct. 25, 1935	Oct. 26, 1935	Oct. 28, 1935	Oct. 29, 1935	Oct. 30, 1935
Stock Exchange—Shares (Thous.)	2,160	2,470	1,180	2,110	1,170	2,150
Bonds (Value Thous. \$)	15,010	14,450	5,510	9,350	9,960	9,420
Curb—Shares (Thous.)	418	547	261	490	878	506

PARIS

After a slight recovery from the pessimism of the middle of last week, prices on the Bourse turned down again and continued to fall as this week's business opened. The volume of business is small and price movements are exaggerated. On Monday there were heavy declines as the application of sanctions against Italy became more and

(Continued on page 874)

STANDARD

Blackburn Aeroplane and Motor Company.—It is rumoured that this concern might soon make a public issue.

The Sun Cycle and Fittings Company, Ltd.—Arrangements for offer for sale of 275,000 ordinary shares of 4s. each at 5s. per share are now completed. It is expected that the list will open on November 6th.

OTHER RESULTS OF ISSUES

West Hampshire Water.—For the 2,000 $\frac{1}{2}$ per cent. preference shares the average price obtained was £12 10s. 6d. per share. For the 1,500 ordinary shares the average price obtained was £17 12s. 9d.

CALLS DUE NOVEMBER 4 TO NOVEMBER 9, 1935

The grand total of calls in November, 1935, is £9,759,149 which compares with £8,049,212 in November, 1934.

Nominal amount of Stock	Company	Amount of Call	When payable	Making Paid
£1 Stock	Connaught Estates, 15,000 Ord. Shares, at 20/6 Do., 28,000 6½% Cum. Pref. Shares, at 21/6 ... West Bromwich, 3% "A" Stk., 1954-56, £800,000 at £100/0	15/- 16/6 £45%	Nov. 9 Nov. 9 Nov. 7	All All £55%

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Amt. paid	Price, Oct. 27, 1935	Price, Oct. 30, 1935
African Railway Finance 2% Deb. ...	98½	23½	2½-1½ dis	2½-1½ dis
British (Guest Keen & Baldwins) 4% Deb. ...	100	70	4-1½ pm	4-1½ pm
Cables Investment Trust Pref. £10 ...	101	1	4-4/6 pm	4-4/6 pm
Do. 3½% Deb. ...	99	10	¾-¾ dis	¾-¾ dis
Crown Flour 4½% Deb. ...	98	40	2½-2 dis	2½-2 dis
Daily Sketch 4½% 1st Deb. ...	104	54	1½-2½ pm	1½-2½ pm
Earls Court Ord. 5/- ...	5/-	4/-	2/6-3/- dis	9d-3d dis
Do. 5½% 2nd Deb. ...	100	60	8½-8½ dis	9-7 dis
Hobson (H. M.) 5/- ...	5/-	3/-	11/10-12/1½	12-12/3
India 3½, 1949-52 ...	5/-	5/-	2-1½ dis	1½-1 dis
Kelly's Directories 4% Deb. ...	104	24	1½-2½ pm	1½-2½ pm
Leeds 3% Stock ...	99½	59½	par-1 pm	par-½ pm
Leeds and Wakefield Breweries 6% Pref. ...	24/6	17/6	3d dis-3d pm	3d-9d pm
London County Freehold Properties 20/- ...	46/-	30/-	3/3-2/9 dis	3/3-2/9 dis
London Electric Transport 2½% Deb. ...	97	32	1½-1½ dis	1½-1½ dis
Lowestoft 3% Pref. 20/- ...	98½	58½	1½-1½ pm	1½-1½ pm
Macclesfield Cement 4% Deb. ...	21/-	11/-	1½d dis-1½d pm	1½d dis-1½d pm
Ribblesdale 6% Pref. 20/- ...	101	51	¾-¾ pm	¾-¾ pm
Ruberoide 5½% Pref. ...	20/6	10/6	par-6d pm	6d-1½ pm
Selfridge and Co. 4% Deb. ...	100	5/-	10½-10½	10½-10½
Short Brothers ...	5/-	5/-	31/-32/-	31/-32/-
Trinidad 3% Stock ...	100	45	2-1½ dis	2-1½ dis
Ultra Electric (Holding) 5/- ...	5/-	5/-	8/-8/6	8/7½-9/1½
West Bromwich 3% ...	100	55	1½-1½ dis	1½-1½ dis
W. Lon. Prop. 4% Deb. ...	100	75	1½-1½ dis	1½-1½ dis
Weyburn Engineering 5/- ...	6/3	4/-	...	9d-1½ pm
Do. 6% Pref. 10/- ...	10/-	5/-	9d-1½ pm	9d-1½ pm
Wood, Rozelaar, etc., 10/- ...	10/-	5/-	3d dis-3d pm	1½d dis-1½d pm

WEEKLY TRAFFIC RETURNS RAILWAYS OF GREAT BRITAIN AND IRELAND

(b) Week ended Oct. 25, 1935	Miles Open	Gross Receipts, week ended October 27, 1935 (£000)				Aggregate Gross Receipts 1935 compared with 1934 43 weeks (£000)			
		Passenger	Merchandise	Coal and Coke	Total	Passenger	Merchandise	Coal and Coke	Total
(c) Week ended Oct. 26, 1935									
Great Western	1935 7,749	179	202	110	312	491	9,020	7,786	4,202
(c) L. & N. Eastern	1935 6,339	276	364	247	611	887	13,857	13,331	9,488
L. M. & Scottish	1935 6,925	412	483	250	733	1,145	13,558	13,406	9,682
Southern	1935 2,171	261	64	32	96	357	21,279	19,258	7,732
Total	1935 19,181	1,128	1,113	639	2,880	57,320	43,026	24,904	67,887
	1934 19,180	1,108	1,096	577	2,782	56,124	43,026	24,904	67,887

COMPARISONS WITH CORRESPONDING PERIODS, 1933 and 1934 (000's omitted)

	Great Western	L.M.S.	L.N.E.R.	Southern
Second half-year 1934, compared with second half-year 1933:				
Gross increase or decrease.....	+ 148	+ 659	+ 528	+ 168
First half-year 1935, compared with first half-year 1934:				
Gross increase or decrease.....	+ 78	+ 299	- 26	+ 8
Second half-year 1935, compared with second half-year 1934:				
17 weeks to Oct. 27, 1935.....	+ 69	+ 312	+ 56	+ 153
Weekly average second half 1935	+ 4½	+ 18½	+ 3½	+ 9
Latest week 1935 compared with 1934.....	+ 20	+ 30	+ 26	+ 7

LONDON TRANSPORT

Week ending	Takings	Compared with corresponding period of last year
October 26, 1935.....	£551,300	+ 10,000
Aggregate 17 weeks ending October 26, 1935.....	£9,226,800	+ 129,700

* For an explanation of the manner in which the figures are made up, see the Economist, March 17, 1934, page 610.

Note.—The receipts this year include receipts of bus and coach undertakings not absorbed by London Transport in the corresponding period of last year. In order to make a comparison with the previous year, the figures for that year have been adjusted on the basis of the best information available.

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week	Gross Aggregate Receipts
				1935	+ or -
				1935	+ or -
INDIAN					
Assam Bengal	27	Oct. 10	1,330	Rs. 4,75,700	Rs. 65,868
Barsi L. Ry.	26	Sept. 30	292	1,76,400	83,78,450
Bengal & N.Western	1	Oct. 10	2,114	17,70,051	985
Bengal-Nagpur ...	23	Sept. 10	3,288	19,63,000	56,728
Bombay, Bar. & C.I.	29	Oct. 20	3,072	31,41,000	3,74,38,693
Madras & S. Mahr.	28	Sept. 30	3,230	17,78,000	2,62,000
Rohilk'd & Kumaon	1	Oct. 10	546	11,31,827	74,742
South Indian	27	Oct. 25/26	2,526	15,28,152	2,07,202

CANADIAN

		1935					
Canadian National.	41	Oct. 21	23697	\$	\$	\$	\$
Canadian Pacific ...	41	21	17224	3,949,698	+ 331,746	137,151,649	+ 5,012,564
				3,161,000	+ 195,000	101,914,000	+ 2,678,000

SOUTH AMERICAN

Antofagasta (Chil. and Bolivia)	43	Oct. 27	830	£ 15,560	£ 2,090	£ 530,640	£ 87,830
Argentine N.E.	17	26	753	197,400	17,100	2,378,100	89,400
B.A. and Pacific ...	17	26	2,806	1,376,000	322,000	1,389,690	6,947
B.A. Central	15	13	...	£80,846	19,100	2,199,000	993,000
B.A. Gt. Southern	17	26	5,085	12,173,000	88,000	34,589,000	899,000
B.A. Western	17	26	1,930	£127,673	5,529	2,031,805	26,119
Central Argentine ..	17	26	3,700	£37,603	30,000	11,308,000	644,000
Central Uruguayana	17	26	273	£2,003,750	332,050	984,252	28,553
C. Urg. (East Ext.) ..	17	26	311	£117,729	19,797	3,489,700	1,488,500
C. Urg. (N. Ext.) ...	17	26	185	9,022	11,745	2,008,384	59,832
C. Urg. (W. Ext.)...	17	26	211	1,280	412	143,351	158,694
Cordoba Central	17	26	1,218	£955	105	17,545	3,113
Entre Rios	17	26	810	£48,000	21,000	12,837	820
G. Western of Brazil	43	26	1,082	£198,100	22,900	3,423,700	101,900
Leopoldina	43	26	1,818	£19,759	1,313	201,109	8,338
Leopoldina Termal.	43	26	1,818	£11,100	2,900	320,700	29,900
Nitrate	43	26	1,818	£20,797	159,000	64,709,000	585,000
Paraguay Central ..	43	26	1,818	£3,491	784,401	193,242	309,000
Salvador	43	26	1,818	£1,795,000	931,000	32,675,000	1,631,000
San Paulo	43	26	1,818	£1,795,000	931,000	32,675,000	1,631,000
United of Havana ..	43	26	1,818	£25,530	475,000	88,080,000	1,188,000

* Converted at average official rate during week ended Oct. 26—17.02 pesos to the £.
o Free market rate.
† Months.
‡ Receipts in Argentine Pesos.
§ Comparative figures for 1934 converted at official rate ruling in 1935.
f Converted at the "free" rate as a result of a decision of the High Court.

OTHER OVERSEAS

Egyptian Delta Light Railways...	27	Oct. 10	925	£ 18,919	£ 1,220	£ 111,419	£ 1,452
Egyptian Markets...	43	24	...	1,918	24	88,362	2,020
Gr. Southern Spain	42	19	104	Ps. 36,649	26,248	1,844,780	475,365
Mexican Railway...	43	21	483	£241,200	27,700	3,940,300	399,100

SUEZ CANAL RECEIPTS

Suez Canal	41	Oct. 20	...	£ 129,510,000	£ 445,000,000	£ 710,060,000	£ 229,400,000
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TRAMWAYS WEEKLY GROSS RECEIPTS

CROSS RECEIPTS									
1935									
Anglo-Argentine ...	43	Oct. 28	328	\$653,787	+	16,232	27,118,243	+	704,605
B. Aires Lacroze ...	15	13		\$65,817	+	10,845	989,012	+	28,684
Burnley, Colne and Nelson Jt. Trspt.	1	26	76	£4,971	—	33			...
Calcutta Tramways	1	26		Rs. 1,04,632	+	6,374			...
Isle of Thanet Elec.	41	18		£2,896	—	176	148,985	+	11,145
Liverpool Corp.	28	23		£28,686	—	57	862,280	+	15,975
Madras Electric ...	9½	15		Rs. 54,759	—	1,855	10,09,247	+	6,837
† Months									

MONTHLY TRAFFICS

Company	Months	Ending	Description	Receipts for Month	Receipts to Date
				1935	+ or -
				1935	+ or -
Barcelona Traction	9	Sept. 30	Gross	Ps. 9,935,028	+ 497,539
			Net	Ps. 6,563,480	+ 535,680
Canadian National	9	Sept. 30	Gross	\$15,901,121	+ 990,852
			Net	\$2,292,672	+ 282,428
Canadian Pacific ..	9	Sept. 30	Gross	\$13,446,000	+ 1,403,000
			Net	\$3,290,000	+ 257,000
Zafra and Huelva	9	Sept. 30	Gross	Rs. 321,496	+ 42,442

COMPANY MEETINGS, &c.

LONDON, AUSTRALIAN AND GENERAL EXPLORATION COMPANY, LIMITED

PROSPECTS AT ROSTERMAN MINES

The twenty-sixth annual general meeting of the London, Australian and General Exploration Company, Limited, was held, on the 29th ultimo, at 20 Copthall Avenue, London.

Mr C. Algernon Moreing (chairman and managing director), in the course of his speech, said: The operations for the year have resulted in a profit of £26,847 12s. 4d., compared with a loss of £508 8s. in the previous year, and naturally I and my colleagues are extremely gratified that we are now in a position to resume the payments of dividends. The amount of cash has increased from £5,430 to £57,036.

Through our large holding in the Tanami Gold Mining Syndicate, Limited, we are substantially interested in the Rosterman Gold Mine in Kenya. In February this year Rosterman Gold Mines, Limited, was formed to develop and equip this mine and the shares were offered for public subscription. The issue was a great success, being largely over-subscribed. Very good progress has been made with the work in hand, and crushing is expected to start in the early spring. This, I think, must be almost a record.

As a matter of interest you would, I think, like to know that the Rosterman Company acquired from the vendors a small pilot mill, consisting of two stamps only, and to the end of September last 1,874 oz. of gold have been recovered from 1,724 tons of ore treated by it. As there is no cyanide plant installed, a considerable portion of the gold in the ore has not been recovered, and is still left in the accumulated sands for future treatment, but the figures I have quoted give you an idea of the richness of the ore from this mine.

The company is largely interested in the Klerksdorp Consolidated Goldfields, Limited, and shareholders will be interested to hear of the progress made by that company. The Klerksdorp Company owns the mineral rights over about 90 square miles, which is underlaid by the whole of the Witwatersrand series of reefs. Active development work was begun on the Dominion Reef, which had been traced along the outcrop for a distance of about 16 miles, and since these operations were started over 125,000 tons of ore of an average grade of 6 dwt. had been developed by September 30 this year, and 72,000 tons of the same grade had been partly developed, and it is estimated that 250,000 tons of ore will be opened up and ready for stoping by December 31st this year. I think you will agree with me that this is a very remarkable performance, and reflects great credit on all concerned.

PROSPECTS OF THE NEW COMPANY

The directors of Klerksdorp Consolidated Goldfields, Limited, have been advised by their consulting engineers, Messrs Bewick, Moreing and Company, that the development work accomplished justifies the immediate erection of a mill of a capacity of 20,000 tons a month. They have decided on the formation of their first subsidiary, which is called Dominion Reefs (Klerksdorp), Limited. This new company will have a capital of £625,000, of which £375,000 will be issued for cash, and will acquire from the parent company some nine square miles of its territory, with about four miles of the outcrop of the Dominion reef. I have been asked to become chairman of the new company, and I have gladly given my consent. I can with confidence recommend it to your favourable notice. In my opinion it is not a speculation but a safe investment, which will earn very large profits as soon as the mill is at work. The issue will be made early next week.

This subsidiary company is acquiring only a small portion of the property of the Klerksdorp Consolidated Goldfields, which is still left with 80 square miles of mining rights and 12 miles of the Dominion Reef outcrops.

Whilst Captain Moreing was in Johannesburg in November last various business was submitted to him, and in March he flew out to Johannesburg, accompanied by Mr Mallet. Their visit resulted in the formation of a company—the Swaziland and General Gold Mining Company, Limited—sponsored by our friends and ourselves, which has acquired options upon various properties in the Barberton district of the Transvaal, upon which active development work is now in hand, work which is giving the most promising results.

Our company is in a sound position. The investments are valued on a conservative basis, and the enterprises in which it is interested are full of promise, and I look forward with confidence to a prosperous future.

The report and accounts were unanimously adopted.

IMPERIAL AIRWAYS, LIMITED

CONTINUED PROGRESS AND DEVELOPMENT

The eleventh ordinary general meeting of Imperial Airways, Limited, was held, on the 31st ultimo, at the Hotel Victoria, London.

The Rt. Hon. Sir Eric Geddes, G.C.B., G.B.E., K.C.B. (the chairman), in the course of his speech, said: We have been informed officially of the Government's decision that our company is to continue as the Government's chosen instrument for the development of the existing Empire lines.

The principal features of a long-term agreement have been agreed with the Government. Beyond that, I am not in a position to say more to-day except that, with the knowledge and consent of the Government, we have placed orders for new aircraft. The standard of accommodation for passengers will be superior to anything yet seen in aircraft.

The gross profit for the year amounts to £366,446, as compared with £314,661 for the previous year. The board recommends a dividend of 6 per cent., plus a bonus of 1 per cent., both less tax, leaving £64,503 to be carried forward.

The report indicates continued progress in the volume of traffic carried. All classes of traffic have contributed to this improvement on the regular services. Further great developments in the carriage of mails by air may be expected in the future, and I have no doubt that you took due note of the official statements that were made by the Under-Secretary of State for Air and the Postmaster-General at the end of last year to the effect that the Government has decided, as a matter of principle, that in the future letter mails within the Empire will, as far as is practicable, be carried by air.

During the year under review the traffic carried on our European services was not only again maintained, but somewhat improved, and in spite of increased competition at lower fares.

The aircraft that were employed on these services are, of course, approaching their replacement age and are, as regards speed, at a disadvantage compared with new craft, but their comfort and standard of service provided are still, we believe, second to none in the world. The company has ordered new aircraft for the European services, which will be larger and much faster than the existing main line fleet.

During the current year we have extended our activities in Europe by opening a new line between London and Budapest. It is too early to say more as to the results of this enterprise than that up to date they show good promise.

During last year, and taking the Continental routes in and out of London as a whole, our company carried more passengers than all the foreign air companies put together.

IMPERIAL SERVICES

During the year under review the new Australian company, Qantas Empire Airways, in which our company holds an equal interest with that pioneer Australian company, Queensland and Northern Territory Aerial Services, Limited (Qantas), commenced operations on the Singapore-Brisbane route under contract with the Commonwealth Government, thus completing the all-British air service between England and Australia.

The through service from England to Australia has now been in operation for about ten months, and the traffic, particularly mails, has grown to an extent that warrants an increase of frequency from once a week to twice a week.

The report and accounts were unanimously adopted.

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

The report was unanimously adopted.

The report and accounts were unanimously adopted.

The report and accounts were unanimously adopted.



BROOME RUBBER PLANTATIONS, LIMITED

A 10 PER CENT. DIVIDEND

The second annual general meeting of Broome Rubber Plantations, Limited, was held, on the 30th ultimo, at 19 Fenchurch Street, London, E.C.

The Chairman, Sir Lionel Smith-Gordon, Bart., who presided, said that the net profit for the year was £7,729 12s. 1d. The directors proposed that a dividend of 10 per cent., less tax, be paid. In distributing the profits up to the hilt they felt that shareholders were entitled to receive available revenue in view of the lean years experienced by the rubber industry, and bearing in mind that the company's finances permitted such a course.

The exportable crop under the rubber regulation enactment was 1,046,403 lbs., and realised a price equivalent to 6.17d. per pound, London landed terms. The f.o.b. cost of production was 3.6d. per pound, which included a ½d. per pound for quit rent and export duty paid to the Government.

The visiting agent's report had been satisfactory. The properties were in good order, tapping continued to be of a high standard and bark reserves adequate. The quality of the rubber manufactured was good, with a high percentage of No. 1 standard sheet.

In accordance with the board's policy of expansion, several properties had been considered during the year, but turned down. Details, however, had been given in the report of a property in Johore on which an option had been exercised. The directors considered that this was a most desirable acquisition and would prove to be a valuable reserve of first-class young rubber for the future. Some 261 acres were budded, and it would be possible to bud-graft still further young trees for that operation. The purchase of the property necessitated an increase in the nominal share capital of the company, and they proposed creating another 1,000,000 2s. shares. To provide the funds necessary for purchasing and developing the new property the directors had decided to create £100,000 of 6 per cent. debenture stock convertible into shares at just over 3s. per share and issuing forthwith £62,500 and 312,500 shares, and arrangements had been made for the necessary underwriting. The whole amount would be offered for subscription to shareholders and option holders.

The report and accounts were unanimously adopted.

NORTH BRITISH RAYON, LIMITED

REMARKABLE GROWTH OF CONSUMPTION

The ordinary general meeting of North British Rayon, Limited, was held, on the 31st ultimo, at the Incorporated Accountants' Hall, London.

Mr Ernest Walls (the chairman) said that the company's accounts showed an increase of 60 per cent. in net trading profit, despite the reduced selling price, as compared with the previous year. The earning on the ordinary capital was 7½ per cent.—a rate not exceeded by any of the rayon companies this year. The remarkable growth of rayon consumption had continued during the year. The company only attained complete output from its original unit as recently as January, 1931, yet in the short period since that date national consumption had increased 75 per cent.

Merely to maintain the company's relative position in the industry had therefore involved continuous expansion, involving constant capital expenditure. The national increase in consumption of rayon in the year ending June 30, 1935, was 16½ million lbs. In the previous year it was 22 million lbs. In his opinion increase in rayon consumption would be continuous and considerable for some years to come, but the increases of the next few years were likely to be at less spectacular rates. The year under review had the benefit of new import duties on rayon products. The excise duty reduction had some influence, but it could not have been great when it was realised that the total increase was one-third less than the previous year's increase and that most of it could be accounted for by the increased output of rayon products formerly imported and by the natural increase of rayon demand in a period of improved prosperity.

In his view it was very doubtful whether the recent reductions in the price of rayon due to several causes had actually contributed in any important way to the increased consumption. This increased consumption commenced before these events and actually slowed down after their occurrence. The natural growth of rayon was due to improvements in its production and to its versatility in use. It might very well be that this growth would actually be thwarted if rayon became too cheap. Many users of rayon considered that it was already in this category.

They were making steady progress in the programme which they had set before them, a programme they were determined to carry through.

The report was unanimously adopted.

HOSCOTE RUBBER ESTATES, LIMITED

2½ PER CENT. MAIDEN DIVIDEND

The third ordinary general meeting of the Hoscote Rubber Estates, Limited, was held, on the 28th ultimo, at 1-4 Great Tower Street, London.

Mr Eric Macfadyen (the chairman), who presided and was supported by Mr John Bruce, Mr P. E. Gourju and Mr John Mitchell, said that their planted area totalled 4,480 acres, of which approximately 3,500 were tappable during the year under review, the balance being clearings wholly or partially bud-grafted, which were now beginning to come into bearing. At the balance-sheet date their issued capital represented £34 5s. 7d. per acre planted, with £7 per acre planted of liquid assets, including working capital. After charging to revenue the year's expenditure on buildings, etc., which amounted to £785, they had a favourable balance of £6,289. At this early stage in the company's history it would be imprudent to pay away profits right up to the hilt, and, against a maximum possible distribution of 4 per cent., they were recommending the payment of a dividend of 2½ per cent., which was the company's maiden dividend. That would enable them to reduce by £1,000 the debit on account of capital reorganisation expenses and to write down to current values their small investment in another rubber company.

Last month he had had the opportunity of visiting their estates and had brought away a very satisfactory impression of their condition. Their standard production had been fixed for the time being at 1,839,550 lbs., and they would be entitled to increases in standard in each year of the control period. Their original estates were high yielding, and those they had lately acquired had improved their potentialities in the way of output. He was not sure that further expansion on equally advantageous lines might not still be possible. Their young areas, planted with improved material, promised such high yields that they might decide to take advantage of a period during which they were not permitted to produce their full crop to replace with similar new material some of their older areas, but he did not think that any large replanting programme would be called for in their case.

The report was unanimously adopted, and the retiring director, Mr P. E. Gourju, was re-elected.

BRITISH RUBBER ESTATES OF JAVA (1932), LIMITED

IMPROVING PROSPECTS

The third ordinary general meeting of this company was held, on the 29th ultimo, at 58 Mark Lane, London, Mr James Davenport, the chairman of the company, presiding.

The Chairman, in moving the adoption of the report and accounts, said that there was a working profit for the year of £21,859 19s. 7d., made up of £24,302 16s. 11d. profit on rubber, £2,516 5s. 4d. profit on tea, making a total profit of £26,819 2s. 3d. Deducting the loss on coffee of £4,959 2s. 8d., there remained the profit he had mentioned of £21,859 19s. 7d. The profit on rubber was £8,822 13s. 6d. more than they obtained in the previous period of six months. Unhappily, results from rubber had been adversely affected by an increase in production costs, and in their case the increase in costs at ½d. per pound was rather more than the increase in the net selling price.

Compared with the preceding period, their tea areas had produced a somewhat better result, and prospects from that culture were now more promising. The net price obtained by them last year—namely, 8.145d. per pound—was 0.661 of a penny higher than that of the preceding period, but there again the increase in the selling price was countered by an increase in the cost of production. Fortunately, the increase in cost for tea was not so large as that for rubber, being 0.435 of a penny.

Coffee had again produced a very adverse result—a loss of just under £5,000. He regretted that he was unable to hold out hopes of any change for the better in the coffee market in the immediate future.

With regard to the prospects for the present year, it was always dangerous, he said, to forecast the future, and he did not propose to attempt to do so. However, he thought he could say that there were indications that an improvement in the rubber and tea markets was not far distant. In point of fact, tea had already improved considerably, and at the present level of prices the company's estates were being worked at a profit—even on their heavily restricted crop. And with regard to rubber, they had had in October very welcome and very decided evidence that the Government in the Netherlands Indies intended to work the Rubber Control Agreement to the full extent of their undertaking.

The report and accounts were unanimously adopted.

CONSOLIDATED AFRICAN SELECTION TRUST, LIMITED

SUCCESSFUL RESULTS—GOOD PROSPECTS

The eleventh annual general meeting of the Consolidated African Selection Trust, Limited, was held, on the 30th ultimo, at 20 Aldermanbury, London, Mr A. Chester Beatty (the chairman) presiding.

The Chairman, in the course of his speech, said: The profit and loss account shows a balance of £236,395, which is slightly higher than the corresponding figure for the preceding year. The revenue item of £261,067, representing the balance from diamond production and trading account, dividends, interest and sundry receipts, compares with £268,953 in the year to June, 1934, but this apparent falling-off arises because we have included only that portion of the profits actually distributed by our subsidiary, Sierra Leone Selection Trust, Limited, by way of interim dividend before June 30, 1935.

Turning to the balance sheet, you will see that, in order to present our accounts on a conservative basis, we have included among the "Current Liabilities" a provision of £82,737 for the proposed final ordinary dividend for the year to June 30th last, and after taking that amount into consideration, and making ample reserves, the current assets, totalling £382,838, show an excess of £183,849 over current liabilities. Our general reserve has been augmented by a further appropriation of £25,000, bringing it up to a total of £250,000. The investments, including advances to subsidiary companies, stand at a total of about £198,000, and in our opinion the value of these holdings is greatly in excess of that figure.

To-day we shall have pleasure in submitting for your approval a resolution to pay forthwith a final dividend of 2s. per share for the year ended June 30, 1935, making a total distribution for the year of 3s. 3d. per share, equivalent to 65 per cent. This compares with 3s. per share for the preceding year.

Reviewing the position of our company, I think we have good reason to be satisfied with our past results. Our mines in the Gold Coast Colony, which have constituted our principal source of profit since the inception of the company in 1924, still have before them a long life, and this important asset has now been supplemented by our discovery and development of the new diamond field in Sierra Leone. In addition, we have other valuable investments, and, in my opinion, our company may look forward to continued and increasing prosperity.

The report and accounts were unanimously adopted.

BUENOS AYRES AND PACIFIC RAILWAY COMPANY, LIMITED

UNFAIR STATE COMPETITION

The ordinary general meeting of the Buenos Ayres and Pacific Railway Company, Limited, was held, on the 29th ultimo, at Winchester House, London.

The Viscount St. Davids (the chairman) dealt first with the position of railway competition in the Argentine, saying that the Government had commenced the construction of a line which, except for one small portion, would pass through absolutely barren land. It could develop no traffic and would merely take traffic away from the company's line. Up to now every Argentine Government had treated this company fairly, but was it possible for anyone to deny that in regard to the construction of that line it was being treated very badly indeed? Great Britain and Argentina had done an immense amount of business together, but it did not help business between two countries if the citizens of one country started with a deep sense of grievance and injury against the Government of the other. (Hear, hear.)

With regard to the results of the year under review, their net revenue amounted to £915,000, which showed a considerable improvement over that of a year ago. If they had actually had it to deal with, it would have met the annual interest on the first and second debentures and nearly 90 per cent. of that on the consolidated debenture stock and on the Argentine Great Western 5 per cent. debenture stock, but during the past financial year the remittances had not been sufficient to allow payments to be made for any of their debenture interest arrears. During June and July things had improved; they had obtained greater remittances and had been able to pay three coupons of the arrears on the Pacific and Argentine Great Western second debentures. They had also paid off the Bank loan and considerably reduced the arrears of income tax which they owed.

The prospects for the fine cereals were very bad as the result of the drought in May, June and July. If all went well now, the

OTARD'S

ESTAB^d 1795

THE BRANDY WITH A PEDIGREE

crop of wheat, linseed and oats would be under half that of the previous year. Rain had recently been much more plentiful, so that maize might do much to make up the deficiency in other cereals. In the next half-year there must be a big falling off in the wheat traffic, but maize might help them a good deal. All the same, he did not think that the result of the present year could be quite as good as that of the year under review.

There was one bright spot; money was continuing to come over with more freedom than it had done. He had been able to tell the moratorium meeting in June that there would soon be a payment on account of the arrears of the second debenture interest, and a week later had come the announcement of three coupons, paid on August 1st. He was glad to be able to tell the meeting that in a month from now they ought to pay two more coupons of arrears of interest on the second debenture of the Pacific and Argentine Great Western companies.

The report and accounts were unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended October 26, 1935 amounted to £9,467,000, against ordinary expenditure of £7,959,000. After allowing for an increase in Exchequer Balances of £99,671, the operations for the week, as shown below, decreased the gross National Debt by £1,408,000 to approximately £7,970 millions.*

(000's omitted)

Public Department Advances	£ 550
Treasury Bills	631
National Savings Certificates	100
Road Fund Temporary Advances	50
N. Atlantic Shipping Issue	27
P.O. and Teleg. Capital Expenditure	350
	— 1,408

* Including £375 millions on Account of Exchange Equalisation Fund and Borrowing for Statutory Sinking Fund.

A complete analysis of the approximate position of the National Debt on September 30, 1935, appeared in the *Economist* for October 5th.

REVENUE	Estimate for the year 1935-36	Total Receipts into the Exchequer			
		April 1, 1935, to Oct. 26, 1935	April 1 1934, to Oct. 27, 1934	Week ended Oct. 26, 1935	Week ended Oct. 27, 1934
ORDINARY REVENUE					
Inland Revenue—					
Income Tax	232,500,000	62,261,000	60,414,000	945,000	2,265,000
Sur-tax	51,500,000	6,580,000	8,240,000	140,000	210,000
Estate, etc., Duties	80,000,000	51,410,000	46,000,000	1,150,000	2,210,000
Stamps	25,000,000	10,830,000	10,840,000	320,000	700,000
Excess Profits Duty and Corporation Profits Tax	1,700,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	140,000	150,000	10,000	...
Total Inland Revenue	391,500,000	131,221,000	128,644,000	2,565,000	5,415,000
Customs and Excise—					
Customs	188,570,000	113,985,000	108,711,000	4,535,000	4,275,000
Excise	106,350,000	61,985,000	60,535,000	1,465,000	1,435,000
Total Customs and Excise	294,920,000	175,970,000	169,246,000	6,000,000	5,710,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,341,000	2,075,000	Dr 173,000	97,000
Post Office (Net Receipt)	11,850,000	8,650,000	9,450,000	750,000	250,000
Crown Lands	1,330,000	890,000	870,000	250,000	250,000
Receipts from Sundry Loans	3,900,000	3,058,037	2,912,196	74,938	110,968
Miscellaneous Receipts	25,970,000	15,170,430	10,867,357	...	...
Total Ordinary Revenue	734,470,000	336,280,467	321,864,553	9,466,938	11,832,963
SELF-BALANCING REVENUE					
Post Office	64,070,000	34,700,000	32,050,000	1,800,000	1,550,000
Motor Vehicle Duties apportioned to Road Fund	26,230,000	7,317,000	8,673,000	325,000	403,000
Total Self-balancing Revenue	90,300,000	42,017,000	40,723,000	1,925,000	1,953,000
Total	...	378,297,467	362,587,553	11,391,938	13,785,963

EXPENDITURE	Estimate for the year 1935-36 (including Supplementary Grants)	Total Issues out of the Exchequer to meet Payments			
		April 1, 1935, to Oct. 26, 1935	April 1, 1934, to Oct. 27, 1934	Week ended Oct. 26, 1935	Week ended Oct. 27, 1934
ORDINARY EXPENDITURE	£	£	£	£	£
Interest and Management of National Debt	224,000,000	127,830,785	129,288,918	377,374	523,951
Payments to Northern Ireland Exchequer	6,750,000	2,985,107	3,160,997	230,393	226,643
Other Consolidated Fund Services	3,700,000	1,727,150	1,689,840	...	...
Post Office Fund	1,130,000	...	...	...	...
Total	235,580,000	132,553,042	134,139,755	607,767	750,594
Total Supply Services (excluding Post Office)	508,440,000	269,131,599	249,998,319	7,351,500	7,022,000
Total Ordinary Expenditure	744,020,000	401,684,641	384,138,074	7,959,267	7,772,594
SELF-BALANCING EXPENDITURE					
Post Office	64,070,000	34,700,000	32,050,000	1,600,000	1,550,000
Road Fund	26,230,000	7,317,000	8,973,000	325,000	403,000
Total Self-Balancing Expenditure	90,300,000	42,017,000	40,723,000	1,925,000	1,953,000
Total	...	443,701,641	424,861,074	9,884,267	9,725,594

The aggregate revenue and expenditure to October 26, 1935, is shown below:—

FINANCIAL YEAR, 1935-36, APRIL 1, 1935, TO OCTOBER 26, 1935 (000's omitted)	
Revenue	336,280
Expenditure	401,684
Increase in balances	142
Less:	
New Sinking Fund	5,167*
Net borrowing	65,546
	401,826

* Authority will be sought in the Finance Bills to meet the amount of the Statutory Sinking Funds in 1935 by borrowing.

POSITION OF THE FLOATING DEBT

Ways and Means Advances Outstanding—	Oct. 27, '34	Mar. 31, '35	Oct. 26, '35	Oct. 26, '35
Advances by Bank of England	£	£	£	£
Advances by Public Departments	45,000,000	34,060,000	22,140,000	250,000
Treasury Bills outstanding	836,855,000	799,320,000	897,195,000*	630,000
Total Floating Debt	881,855,000	833,380,000	919,335,000*	880,000

* Includes £3,000, the proceeds of which were not carried to the Exchequer within the period of the Account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £40,000,000 Treasury bills were opened on October 25, 1935, and the total amount applied for was £66,695,000. Tenders were accepted for Treasury bills at three months dated Monday to Friday, at £99 17s. 0d., about 61 per cent., and above in full; Saturday at £99 17s. 1d., and above in full. The average rate per cent. was 11s. 9.24d. The amount allotted was £40,000,000. The following table shows the weekly record at various dates:—

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
1933	£	£	£	£ s. d.
January 6	45,000,000	73,830,000	45,000,000	0 16 10-84
July 7	45,000,000	83,890,000	42,000,000	0 10 4-85
October 6	45,000,000	100,450,000	45,000,000	0 12 9-98
1934				
January 5	35,000,000	76,260,000	30,000,000	0 18 11-5
January 5	40,000,000	80,390,000	38,000,000	0 17 9-01
April 6	35,000,000	62,745,000	32,000,000	0 16 4-14
July 6	35,000,000	65,260,000	31,510,000	0 15 9-702
October 5	30,000,000	49,560,000	27,500,000	0 8 1-84
January 4	40,000,000	76,095,000	40,000,000	0 10 2-93
April 5	40,000,000	69,905,000	40,000,000	0 12 4-32
July 5	45,000,000	65,165,000	45,000,000	0 10 6-58
September 20	45,000,000	61,385,000	45,000,000	0 10 8-07
September 27	45,000,000	71,245,000	44,000,000	0 12 8-15
October 4	45,000,000	60,300,000	41,000,000	0 12 1-82
October 11	40,000,000	65,470,000	40,000,000	0 12 10-81
October 18	40,000,000	66,695,000	40,000,000	0 11 9-24
October 25	40,000,000	66,695,000	40,000,000	0 11 9-24

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended October 12, 1935	582,189	436,642
Week ended October 19, 1935	554,055	443,041
February, 1916, to October 19, 1935	1,239,709,704	976,220,116

At the end of September, 1935, the amount remaining to the credit of investors in Saving Certificates, excluding interest, was £391,607,033.

The OCEAN

Accident & Guarantee Corporation, Limited
Head Office: 36-44 Moorgate, London, E.C.

FOR ALL CLASSES OF INSURANCE

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, October 30, 1935

ISSUE DEPARTMENT

Notes Issued:—	£	Government Debt	£
In Circulation	399,888,875	Other Government Securities	246,157,302
In Banking Department	54,795,100	Other Securities	1,285,181
		Silver Coin	1,542,417
Amount of Fiduciary Issue	260,000,000		
Gold Coin and Bullion	194,683,975		
	454,683,975		454,683,975

BANKING DEPARTMENT

Proprietors' Capital	£	Government Securities	£
Rest	14,553,000	Other Securities	85,889,999
Public Deposits*	3,148,351	Discounts and Advances	111,210,370
Other Deposits:—	26,225,911	Securities	112,270,367
Bankers' Deposits	£82,524,413		
Other Accounts	£38,552,152		
	121,076,565	Notes	23,480,737
	165,003,827	Gold and Silver Coin	54,795,100
			897,991
			165,003,827

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

Both Departments	Amount, Oct. 30, 1935	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	399,888,875	+ 2,674,533	+ 21,519,376
Public deposits	28,225,911	+ 9,098,789	+ 9,332,154
Other deposits	82,524,413	+ 3,818,682	+ 17,894,997
Seven-day bills	38,552,152	+ 1,467,744	+ 1,259,970
Total outside liabilities	547,191,351	+ 937,870	+ 11,691,523
Capital and rest	17,701,351	+ 10,183	+ 7,118
Government debt and securities	343,062,401	+ 1,052,135	+ 6,172,588
Discounts and advances	11,210,370	+ 75,381	+ 2,309,073
Other securities	13,555,549	+ 43,551	+ 1,746,865
Silver coin in issue department	1,542,417	+ 2,051	+ 1,401,627
Coin and bullion (bank's reserves)	195,521,986	+ 341,329	+ 2,871,942
Reserves of notes and coin in banking department	55,633,091	+ 2,533,204	+ 18,657,434
Proportion of reserve to outside liabilities—			
(a) Banking Department only	37.7%	— 0.7%	— 0.5%
(b) Gold stocks to deposits and notes ("reserve ratio")	35.7%	+ 0.1%	— 0.3%

(000's omitted)

Date		Issue Department		Banking Department			Gold in or out of Bank
		Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits	
1935							
Oct.	2	453,643	402,033	25,458	80,875	89,135	70 in
"	9	453,673	402,118	35,991	75,078	38,598	30 in
"	16	453,673	399,618	32,120	78,801	37,781	Nil
"	23	454,324	397,014	35,325	78,708	37,084	651 in
"	30	454,684	399,889	26,226	82,524	38,552	360 in

(000's omitted)

Date	Issue Department		Both Depts.		Banking Department			
	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio		Govt. Securities	Dis-counts & Advances	Other Securities	Reserve and the "Proportion"
1935	£	£	£	%	£	£	£	£
Oct. 2	257,331	1,130	194,434	85½	82,820	17,252	11,597	82,401
" 9	257,379	1,081	194,484	34½	85,485	17,619	11,848	82,548
" 16	257,382	1,080	194,504	35½	86,155	13,660	11,648	84,896
" 23	257,340	1,120	195,181	35½	86,775	11,386	12,478	86,166
" 30	257,172	1,285	195,522	35½	85,890	11,210	12,479	85,633

BANKERS' CLEARING RETURNS LONDON (000's omitted)

	Town	Metropolitan	Country	Total
1935	£	£	£	£
January 1 to October 16	25,660,083	1,489,789	2,549,914	29,699,786
Week ended October 23	525,782	35,884	60,122	621,788
Week ended October 30	672,824	34,358	37,324	744,506
Total to date, 1935	26,798,689	1,560,031	2,687,360	31,026,080
Total to date, 1934	24,933,209	1,454,655	2,466,085	28,853,949
Increase or decrease in 1935	+ 1,865,480	+ 105,376	+ 221,275	+ 2,192,131
	= 7.5%	= 7.2%	= 8.2%	= 7.5%
Total for year 1934	30,740,117	1,759,528	2,984,512	35,484,157
Total for year 1935	27,714,480	1,656,675	2,766,471	32,137,626
Increase or decrease in 1934	+ 3,025,637	+ 102,853	+ 218,041	+ 3,346,531
	= 10.9%	= 6.2%	= 7.8%	= 10.4%

PROVINCIAL (000's omitted)

No. of working days:	Week ended October 26		Month of September		Aggregate Totals January 1 to October 26	
	1934	1935	1934	1935	1934	1935
BIRMINGHAM	1,780	1,677	7,788	8,333	+ 8.9	95,447
BRADFORD	988	949	2,859	3,734	+ 30.6	36,886
BRISTOL	1,127	1,152	4,501	4,689	+ 4.1	50,237
DUBLIN	4,362	5,035	2,740	3,007	+ 9.7	220,057
HULL	594	697	2,740	3,007	+ 9.7	30,654
LEEDS	790	752	3,194	3,631	+ 13.6	38,854
LEICESTER	584	620	2,300	2,549	+ 10.8	28,512
LIVERPOOL*	5,340	4,817	24,175	21,014	- 13.0	256,067
MANCHESTER	8,843	8,337	35,998	38,323	+ 6.2	406,430
NEWCASTLE	1,367	1,082	5,788	4,798	- 17.1	62,863
NOTTINGHAM	343	380	1,517	1,737	+ 14.5	18,517
SHEFFIELD	577	576	3,037	3,549	+ 16.8	35,096
	27,295	26,084	93,895	95,274	+ 1.4	1,278,320
						1,274,822

* Restricted area from April 1, 1935. † Extended area from November 26, 1934.

OVERSEAS BANK RETURNS

NOTE.—The latest return of the Bank of New Zealand appeared in the *Economist* for September 7. Danzig in October 5. International Settlements, Roumania, Lithuania, Denmark, Bulgaria, in October 12. Estonia, in October 18. Reichsbank, Australian Commonwealth, Egypt, Italy, Norway, Finland, Portugal, Sweden and Java in October 28.

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

	Oct. 31, 1934	Oct. 10, 1935	Oct. 17, 1935	Oct. 24, 1935	Oct. 31, 1935
U.S.F.R. BANKS RESOURCES					
Gold Certificates on hand and due from the Treasury	4,966,480	6,725,660	6,898,650	5,979,120	7,026,620
Total reserves	5,211,920	6,952,160	7,136,010	7,230,200	7,285,300
Total cash reserves	223,410	207,250	218,900	232,390	238,950
Bills bought in open market	10,980	9,590	9,420	6,740	6,130
Total bills discounted	6,080	4,680	4,680	4,680	10,800
Industrial advances	17,060	14,210	14,100	12,640	10,870
Total U.S. Govt. securities	2,430,170	2,430,210	2,430,190	2,430,220	2,430,170
Total bills and securities	2,453,390	2,477,380	2,476,950	2,474,460	2,473,880
Total resources	8,228,750	10,022,010	10,465,510	10,362,620	10,381,300
LIABILITIES					
Federal Reserve notes in actual circulation	3,160,780	3,398,790	3,504,560	3,504,870	3,511,320
Aggregate of excess member-bank reserves over requirements	28,660	2,720,000	2,910,000	2,930,000	3,010,000
Deposits—Member-bank—reserve account	4,006,000	5,329,810	5,534,330	5,575,020	5,652,990
Government deposits	92,200	60,330	59,990	98,920	10,800
Total deposits	4,098,200	5,709,020	5,895,650	5,965,700	6,009,410
Capital paid in and surplus	288,000	298,870	298,700	298,740	298,710
Total liabilities	8,228,750	10,022,010	10,465,510	10,362,620	10,381,300
Ratio of total reserves to total liabilities and F.R. note liabilities combined	70.2%	75.6%	75.9%	76.3%	76.5%
U.S.F.R. BANKS AND TREASURY COMBINED RESOURCES					
Monetary Gold Stock	...	9,463,000	9,584,000	9,629,000	9,686,000
Treasury and National Bank Currency	...	2,396,000	2,404,000	2,397,000	2,401,000
LIABILITIES					
Money in Circulation	...	5,698,000	5,696,000	5,684,000	5,686,000
Treasury Cash and Deposit with Federal Reserve Banks	...	2,747,000	2,693,000	2,694,000	2,665,000

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

	Oct. 31, 1934	Oct. 10, 1935	Oct. 17, 1935	Oct. 24, 1935	Oct. 31, 1
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NATIONAL BANK OF HUNGARY.—In Hungarian Pengő (000's omitted)

Assets	Oct. 23, 1934	Sept. 30, 1935	Oct. 7, 1935	Oct. 15, 1935	Oct. 23, 1935
Metal reserve—					
Gold coin and bullion	78,932	78,938	78,938	78,938	78,938
Foreign Exchange	12,149	15,238	17,489	18,126	20,388
Token money	10,939	7,151	6,459	7,261	8,155
Inland bills, warrants and securities	553,431	536,228	527,611	519,146	517,072
Advances to Treasury	47,119	72,600	72,476	72,476	72,476
LIABILITIES					
Share capital (gold crowns 30,000,000*)	34,758	34,758	34,758	34,758	34,758
Notes in circulation	316,436	388,704	372,070	356,849	344,326
Current accounts, deposits, etc.	98,985	97,055	104,342	114,565	129,687
Cash certificates	115,136	109,065	109,065	109,065	104,298
Other liabilities	176,775	161,493	163,970	163,229	168,100

* Calculated at pre-war parity of exchange.

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K. (000's omitted)

Assets	Oct. 23, 1934	Sept. 30, 1935	Oct. 7, 1935	Oct. 15, 1935	Oct. 23, 1935
Gold	2,673,746	2,692,258	2,692,152	2,691,750	2,691,709
Reserves abroad and foreign currency	137,518	104,182	117,706	111,535	108,487
Discounts and advances	1,483,440	1,165,115	1,275,015	1,488,703	1,337,705
State notes debt balance	2,109,820	2,058,141	2,058,442	2,056,092	2,055,944
Other assets	1,054,356	1,068,193	1,012,061	1,020,192	999,792
LIABILITIES					
Bank notes in circulation	5,215,955	5,730,466	5,704,877	5,678,951	5,424,523
Check account balances	1,173,490	412,272	589,562	784,668	842,230
Other liabilities	617,425	477,568	412,349	436,087	456,296

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

Assets	Oct. 22, 1934	Oct. 8, 1935	Oct. 15, 1935	Oct. 22, 1935
Cash reserve—				
Gold at home and abroad	1,803,673	1,801,585	1,874,188	1,876,888
Foreign exchange	170,213	33,797	34,910	49,839
Other foreign exchange	34,008	281,631	284,818	274,679
Bills and advances against security	1,834,846	1,818,438	1,822,535	1,821,110
Government advances	1,720,225	1,679,435	1,879,498	1,879,714
LIABILITIES				
Notes in circulation	4,290,000	4,819,663	4,812,334	4,813,188
Sight deposits	1,256,000	1,253,182	1,277,561	1,349,834
Time deposits	775,079	203,250	204,050	188,250

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

Assets	Oct. 15, 1934	Sept. 23, 1935	Sept. 30, 1935	Oct. 7, 1935	Oct. 14, 1935
Gold and gold exchange	4,049,727	3,613,992	3,620,319	3,671,792	3,675,788
State Gold Bonds	638,542	567,189	567,189	567,189	567,189
Bills discounted	250,657	310,613	312,057	318,223	318,162
Advances	1,848,502	3,333,071	3,626,421	3,668,256	3,773,856
Debt to the State	2,714,111	2,714,111	2,714,111	2,714,111	2,714,111
LIABILITIES					
Notes in circulation	5,927,769	5,838,694	6,077,951	6,088,525	6,189,107
Deposits and current accounts	3,415,109	3,832,507	3,872,844	3,914,101	3,932,305
Foreign exchange liabilities	144,285	136,129	129,443	139,518	160,315

CENTRAL BANK OF TURKEY.—In ₺T (000's omitted)

Assets	Oct. 18, 1934	Sept. 28, 1935	Oct. 5, 1935	Oct. 12, 1935	Oct. 19, 1935
Gold coin and bullion	19,208	23,044	23,072	23,099	23,114
Other coin and notes	12,882	16,202	12,195	10,649	10,190
Free foreign exchange	5,764	1,938	2,029	2,827	2,513
Treasury bonds	149,123	148,108	147,998	147,998	147,998
Bills	32,571	36,190	36,256	36,358	36,360
LIABILITIES					
Capital—					
Ordinary	149,123	148,108	147,998	147,998	147,998
Supplementary	8,888	10,000	10,000	10,000	10,000
Sight liabilities	29,858	29,621	28,846	28,538	28,482

BANK OF POLAND.—In zloty (000's omitted)

Assets	Oct. 20, 1934	Sept. 20, 1935	Sept. 30, 1935	Oct. 10, 1935	Oct. 20, 1935
Gold	496,662	487,665	466,479	466,591	466,337
Foreign exchange and balances	38,933	18,328	27,077	28,018	19,903
Bills discounted	637,339	646,879	665,004	683,750	685,341
Loans against securities	48,788	54,688	74,161	66,081	70,058
Treasury bonds discounted	7,662	63,428	59,458	66,012	64,119
Securities	9,420	49,446	50,036	50,686	50,817
LIABILITIES					
Notes in circulation	949,109	931,380	980,523	989,480	989,753
Short-term bills	222,593	204,484	158,143	154,134	172,380

BANK OF LATVIA.—In lats (gold francs) (000's omitted)

Assets	Oct. 22, 1934	Sept. 23, 1935	Sept. 30, 1935	Oct. 7, 1935	Oct. 14, 1935	Oct. 21, 1935
Gold bullion and coin	46,325	46,367	46,368	46,368	46,369	46,371
Silver coin	16,132	5,416	5,229	5,948	6,136	6,301
Balance abroad	4,191	16,303	16,167	16,090	16,063	15,786
Treas. notes and small change	12,967	13,051	11,516	11,683	11,438	10,754
Short-term bills	61,761	52,703	52,190	52,278	52,166	52,166
Loans against securities	68,443	51,722	51,891	52,655	52,858	54,077
LIABILITIES						
Notes in circulation	33,190	34,701	35,575	35,644	35,795	36,379
Capital paid up	20,426	20,822	20,822	20,822	20,822	20,822
Reserve	5,028	5,187	5,187	5,187	5,187	5,187
Deposits	18,596	20,053	20,062	20,019	19,952	19,916
Current accounts	98,086	91,678	89,563	91,321	91,184	91,404
Government accounts	46,680	29,552	29,291	29,298	29,412	29,420

BANK OF JAPAN.—In yen (000's omitted)

Assets	Oct. 6, 1934	Sept. 7, 1935	Sept. 14, 1935	Sept. 21, 1935	Sept. 28, 1935	Oct. 4, 1935
Gold coin and bullion	480,671	490,496	491,218	491,653	492,057	493,191
Other coin and bullion	50,409	42,014	43,946	45,375	45,813	46,859
Discounts	626,750	597,643	571,715	572,460	675,859	683,176
Advances	89,843	134,655	136,827	136,718	136,923	138,934
Advances on foreign bills	129,195	114,780	129,091	128,939	144,105	137,130
Govt. bonds	342,594	382,212	341,047	330,448	342,313	314,308
LIABILITIES						
Notes	1,148,290	1,180,953	1,110,769	1,139,828	1,300,576	1,253,363
Govt. deposits	314,319	393,230	406,675	383,409	330,605	335,032
Other deposits	72,762	63,117	57,806	59,484	67,282	54,787

MONEY AND EXCHANGE RATES LONDON MONEY RATES

	Oct. 24, 1935	Oct. 25, 1935	Oct. 26, 1935	Oct. 28, 1935	Oct. 29, 1935	Oct. 30, 1935	Oct. 31, 1935
Bank rate (changed from 2½% June 30, 1932)	2	2	2	2	2	2	2
Market rates of discount—							
24% bankers' drafts	1½	1½	1½	1½	1½	1½	1½
60 days' do.	1½	1½	1½	1½	1½	1½	1½
8 months' do.	1½	1½	1½	1½	1½	1½	1½
4 months' do.	1½	1½	1½	1½	1½	1½	1½
Discount Treasury Bills—							
2 months'	1½	1½	1½	1½	1½	1½	1½
3 months'	1½	1½	1½	1½	1½	1½	1½
Loans—Day-to-day	1½	1½	1½	1½	1½	1½	1½
Short	1½	1½	1½	1½	1½	1½	1½
Deposit allowances: Bank	1½	1½	1½	1½	1½	1½	1½
Discount houses at call	1½	1½	1½	1½	1½	1½	1½
At notice	1½	1½	1½	1½	1½	1½	1½

Comparison with previous week—

	Short Loans	Bank Bills			Trade Bills		
		3 Months	4 Months	6 Months	3 Months	4 Months	6 Months
1935	%	%	%	%	%	%	%
Oct. 3	1-1	1-1	1-1	1-1	2-2	2-2	2-3
" 10	1-1	1-1	1-1	1-1	2-2	2-2	2-3
" 17	1-1	1-1	1-1	1-1	2-2	2-2	2-3
" 24	1-1	1-1	1-1	1-1	2-2	2-2	2-3
" 31	1-1	1-1	1-1	1-1	2-2	2-2	2-3

LONDON RATES OF EXCHANGE I.—Spot Rates (Range of the day's business)

I. Spot Rates (Range of the day's business)							
London on	Par of Exch. per £	Oct. 25, 1935	Oct. 26, 1935	Oct. 28, 1935	Oct. 29, 1935	Oct. 30, 1935	Oct. 31, 1935
New York, \$	14.864	4.914-91½	4.911-91	4.912-91½	4.911-92	4.911-92½	4.911-91
Montreal, \$	14.864	4.98-99	4.97-98½	4.96½-97½	4.96½-97½	4.96½-97½	4.97-97½
Paris, Fr.	124.21	74½-75	74½-75	74½-75	74½-75	74½-75	74½-75
Brussels, Bel	35.00(a)	29-18-22	29-17-21	29-16-20	29-16-20	29-16-20	29-17-22
Milan, Li.....	92.46	60½-1	60½-1	60½-1	60½-1	60½-1	60½-1
Zurich, Fr.	25-22½	15-11-14	15-11-14	15-11-14	15-10-13	15-11-15	15-12-15
Athens, Dr.	875	516½	516½	516½	516½	516½	516½
Helsinki, Mk.	193-28	226½-227½	226½-227½	226½-227½	226½-227½	226½-227½	226½-227½
Madrid, Ptas.	25-22½	35½-36	35½-36	35½-36	35½-36	35½-36	35½-36
Lisbon, Esc.	110	109½-110½	109½-110½	109½-110½	109½-110½	109½-110½	109½-110½
Amst'dm, Fl.	12-107	7-23-24½	7-23-24½	7-23-25	7-23-25	7-24-25½	7-23-24
Berlin, Mk.	20-43	12-20-23	12-20-23	12-20-23	12-20-23	12-20-24	12-20-24
Registered							
Marsh...	(c)	50-55	49-54	49-54	49-54	49-54	49-54
Vienna, Sch.	34-58½	25½-27½	25½-27½	25½-27½	25½-27½	25½-27½	25½-27½
B'pest, Ptas.	27-82	16½*	16½*	16½*	16½*	16½*	16½*
Prague, Kr.	116½	118½-119	118½-119	118½-119	118½-119	118½-119	118½-119
C. Danzig, Gul.	25-00	25½-26½	25½-26½	25½-26½	25½-26½	25½-26½	25½-26½
Warsaw, Zl.	43-38	26-26½	26-26½	26-26½	26-26½	26-26½	26-26½
Riga, Lat.	25-22½	14½-15½	14½-15½	14½-15½	14½-15½	14½-15½	14½-15½
Bucharest, Lei	818-6	625*	625*	625*	625*	625*	625*
Const'ple, Ptas.	110	613*	613*	613*	613*	613*	613*
Belgrade, Din.	278-32	210-220	210-220	210-220	210-220	210-220	210-220
Kyovo, Lit.	48-66	28½-29½	28½-29½	28½-29½	28½-29½	28½-29½	28½-29½
Sofia, Lev.	673-66	385-415	385-415	385-415	385-415	385-415	385-415
Tallinn, E.Kr.	18-159	17½-18½	17½-18½	17½-18½	17½-18½	17½-18½	17½-18½
Oslo, Kr.	18-159	19-85-95	19-85-95	19-85-95	19-85-95	19-85-95	19-85-95
Stockholm, Kr.	18-159	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45
Cop'hgen, Kr.	18-159	22-35-45	22-35-45	22-35-45	22-35-45	22-35-45	22-35-45
Alex'dria, Ptas.	97½	77½-78½	77½-78½	77½-78½	77½-78½	77½-78½	77½-78½
Bombay, Rup.	18½	18½-19	18½-19	18½-19	18½-19	18½-19	18½-19
Calcutta, Rup.	18½	18½-19	18½-19	18½-19	18½-19	18½-19	18½-19
Madras, Rup.	18½	18½-19	18½-19	18½-19	18½-19	18½-19	18½-19
Hong Kong, \$	18½	23½-1	23½-1	23½-1	23½-1	23½-1	23½-1
Kobe, Yen.	24-58½	14-14½	14-14½	14-14½	14-14½	14-14½	14-14½
Shanghai, \$	11	16-16½	16-16½	16-16½	15-16½	15-16½	14-15½
Singapore, \$	28½	28-28½	28-28½	28-28½	28-28½	28-28½	28-28½
Batavia, Fl.	12-11	7-21-24	7-21-23½	7-21-23½	7-21-23½	7-21-24	7-21-24
Rio, Mil...	15-899d	2½-1	2½-1	2½-1	2½-1	2½-1	2½-1
B Aires, \$	11	18-00-10	18-00-10	18-00-10	18-00-10	18-00-10	18-00-10
Valparaiso, \$	40-45	17-02½	17-02½	17-02½	17-02½	17-02½	17-02½
Mvideo, \$...	51d.	21½-22	21½-22	21½-22	21½-22	21½-22	21½-22
Lima, Sol...	17-38	39½	39½	39½	39½	39½	39½
Mexico, Pes.	9-78	17½-18½	17½-18½	17½-18½	17½-18½	17½-18½	17½-18½
Manila, Pes.	124-66d	24½-1	24½-1	24½-1	24½-1	24½-1	24½-1
Moscow, Rbls	9-458	5-66½	5-66½	5-66½	5-66½	5-66½	5-66½
Bangkok, Baht	121-82d	67½	68½	68½	68½	68½	68½
Insurance							
London on	100	21½-22½	21½-22½	21½-22½	21½-22½	21½-22½	21½-22½

Quotations during the week :—

	Per fine ounce	Equivalent value of £ sterling
October 24	141s. 3½d.	12s. 0.30d.
" 25	141s. 6½d.	12s. 0.05d.
" 26	141s. 6d.	12s. 0.09d.
" 28	141s. 6d.	12s. 0.09d.
" 29	141s. 4½d.	12s. 0.22d.
" 30	141s. 4d.	12s. 0.26d.
Average	141s. 5.08d.	12s. 0.17d.
October 31	141s. 5d.	12s. 0.18d.

The s.s. "Kaiser-i-Hind," which sailed from Bombay on the 26th instant, carries gold to the value of about £1,249,000, of which £1,125,000 is consigned to London and £124,000 to New York.

The Southern Rhodesian gold output for September, 1935, amounted to 57,328 fine ounces, as compared with 61,399 fine ounces for August, 1935, and 58,850 fine ounces for September, 1934.

SILVER MARKET

A rapid decline in the China exchanges, due to operations by speculators in Shanghai following further rumours of devaluation, resulted in heavy sales of silver on China account being made in the London Market; the movement also influenced other operators, and there has been a considerable amount of re-selling by speculators.

The cash price has been maintained at 29½d. as the American Treasury continued to give support at this level, purchases during the week being on a substantial scale.

Except for occasional inquiry from the Indian Bazaars, there has been little support for forward delivery and, as offerings were again mostly for forward dates, the difference between the cash and two months' quotations quickly widened under the pressure, the latter being quoted yesterday at a discount of ½d., narrowing, however, to ¼d. to-day.

Whilst the American support will doubtless keep the cash position steady, the forward position is uncertain, owing to conditions in Shanghai, and will be influenced by the course of events in that quarter.

Quotations during the week :—

IN LONDON		IN NEW YORK	
Bar silver per oz. std.	Cash Two Months' delivery	Bar silver per oz. std.	Cents per Ounce
October 24	29 ½d.	October 23	65 ½
" 25	29 ½d.	" 24	65 ½
" 26	29 ½d.	" 25	65 ½
" 28	29 ½d.	" 26	65 ½
" 29	29 ½d.	" 28	65 ½
" 30	29 ½d.	" 29	65 ½
Average	29.312d.		
October 31	29 ½		

The highest rate of exchange on New York recorded during the period from the 24th instant to the 30th instant was \$4.92½, and the lowest \$4.91½.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Debenture Interest	Amount Available for Distribution	Appropriation				Corresponding Period Last Year	
					Dividend			Carried to Reserve, Depreciation, etc.	Balance Forward	Net Profit
					Prefce.	Ordinary	Rate			
					Amount	Amount	Rate			Dividend
Breweries and Distilleries										
Brown (Matthew) and Co....	Sept. 30	£ 17,776	£ 72,782	£ 90,558	£ 62,500	£ ..	%	£ 3,000	£ 25,058	£ 63,139
Highland Distilleries	Aug. 31	40,871	22,820	63,691	...	14,822	12½	2,500	46,369	25,004
Longmore (William) and Co.	Sept. 30	5,125	4,243	9,368	...	4,069	15	5,299	4,731	12
Mitchells and Butlers	Sept. 30	549,775	642,541	1,192,316	46,500	503,250	17½	60,000	553,366	679,124
Rochdale & Manor Brewery	Sept. 30	13,481	5,255	18,736	2,604	29,200	7(a)	...	13,691	5,519
Electric Lighting, etc.										
Perak River Hydro-Electric	July 31	...	108,482	108,482	...	2,441	3	...	51,947	40,669
Financial Land, etc.										
Anglo-Scottish Amalgama-	Sept. 30	27,182	64,951	92,133	...	26,343	6	37,500	28,290	55,885
Delagoa Bay Development	June 30	17,885	9,232	27,117	1,197	6,550	3½	...	19,370	8,804
Gordon Selfridge Trust	Sept. 30	4,535	43,721	48,256	60,000	...	...	Dr. 15,000	3,256	32,119
Peruvian Corporation	June 30	Dr 607,150	Dr 168,116	Dr 775,266	...	...	...	5,000	Dr 780,266	Dr 203,984
Hotels, Restaurants, etc.										
Smedley's Hydropathic	Sept. 30	4,760	9,378	14,138	1,125	7,266	12½	...	5,747	8,184
Rubber, etc.										
Batu Matang	June 30	1,079	3,457	4,536	...	3,207	5	...	1,329	2,157
Batu Rata (Sumatra)	June 30	5,003	1,797	6,800	...	...	...	...	6,800	3,717
Brooklands Selangor	June 30	13,966	8,908	22,874	...	8,750	5	...	14,124	9,754
Galang Besar	June 30	6,402	909	7,311	900	...	...	...	6,411	1,220
Jong-Landor	June 30	6,123	3,124	9,247	...	2,685	3	3,119	3,443	812
Lenggeng	July 31	2,551	8,114	10,665	...	6,676	7	1,000	2,989	11,693
Mambau (F.M.S.)	June 30	1,354	3,780	5,134	3,200	...	...	547	1,387	2,522
Monerakelle	June 30	425	2,132	2,557	...	...	...	1,568	989	1,093
Permas	June 30	283	1,452	1,735	...	1,500	2	...	235	Dr. 862
Ratanui	June 30	...	4,047	4,047	...	1,800	3	...	1,463	...
Singapore United	June 30	3,524	2,791	6,315	...	3,487	2	784	1,463	...
South Malay	June 30	Dr. 403	253	Dr. 150	...	...	...	2,828	4,575	2
South Perak	June 30	575	2,613	3,188	...	1,500	2½	Dr. 150	487	...
Sumatra Para	June 30	10,489	9,533	20,022	...	9,444	4½	1,000	688	2,589
Tanjong Malim	June 30	21,439	26,814	48,253	...	18,750	3½	526	10,052	2,230
Tea										
Central Province Ceylon ...	June 30	5,478	11,823	17,301	3,000	4,200	6	5,000	5,101	17,732
Kadienlena	June 30	1,475	41	1,516	...	...	...	...	1,116	...
Kurugama	June 30	2,541	2,006	4,547	...	2,000	5	400	2,547	...
New Dimbula Co.	June 30	8,415	17,978	26,393	...	12,337	12½	5,864	8,192	13,092
Trusts										
Cedar Investment	Sept. 30	12,585	26,636	39,221	8,370	13,950	4	...	16,901	18,118
Colonial & General Investmt.	Sept. 30	8,248	8,062	16,310	6,592	...	...	...	9,718	9,541
Entesse Trust	June 30	Dr. 1,533	Dr. 469	Dr. 2,002	...	...	...	...	Dr. 2,002	Dr. 19,251
Phoenix Investment Trust...	Sept. 30	15,573	13,415	28,988	10,656	3,875	2	...	14,457	13,770
Realisation and Debenture										
Corporation of Scotland...	Aug. 31	80,216	52,671	132,887	23,594	22,021	7	40,000	47,272	43,780
Second Investors Mort. Sec.	Sept. 30	19,146	79,396	98,542	29,375	35,250	9	15,000	18,917	64,031
Second Scottish Mortgage	Sept. 30	14,025	30,476	44,501	15,623	8,881	4½	10,000	9,997	23,923
Other Companies										
Birrell, Ltd.	July 13	7,162	27,656	34,818	18,987	...	...	...	15,831	22,116
Brett's Stamping	Aug. 3	1,770	6,552	8,323	930	4,000	10½	...	1,392	6,344
Burberrys, Ltd.	Mar. 31	10,196	70,650	80,846	25,000	...	...	...	55,846	2,838
Gerrard Industries	Mar. 31	Dr. 4,710	4,035	Dr. 675	...	...	...	1,257	Dr. 1,932	Dr. 3,025
Glenboig Union Fire-Clay...	Aug. 31	106	8,729	8,835	...	...	...	6,500	2,335	347
Radcliffe's Edible Products	Jan. 31	2,750	4,147	6,897	4,575	...	...	...	2,322	3,032
Shaw (John) and Sons, Wol-	June 30	Dr 220,559	Dr. 45	Dr 220,604	...	...	...	17,123	Dr 237,727	Dr. 5,601
verhampton										

† Free of income tax. (a) On maximum ordinary shares. (b) Accounts for 15 months, making dividend 15 per cent. free of tax for year.

COMPANY NEWS

REPORTS AND NOTICES

The London committee of Companhia de Mocambique states that the customs receipts of the Port of Beira during August amounted to £27,342, compared with £27,305 for the corresponding period of 1934.

Mr E. A. H. Mosenthal has been elected a director of South African Distilleries and Wines to fill the vacancy caused by the resignation of Mr W. H. Hewertson.

Owing to advancing years the Marquess of Abergavenny has found it necessary to resign from the boards of the Sun Insurance Office and the Sun Life Assurance Society.

BANKS

THE BRITISH OVERSEAS BANK, LTD.—Sir James Caird, Bart., has been appointed deputy chairman of The British Overseas Bank, Ltd., for the ensuing year in succession to Mr Nigel L. Campbell, whose period of office terminated October 31, 1935.

MINES

WILUNA GOLD CORPORATION LTD.—Owing to industrial disputes operations at the Australian company's mines were entirely suspended for 1½ months in January-February, 1935. The profit and loss account for year to March 31, 1935, shows dividends received from the Australian company of £433,333 (Aust.), equal to £345,285 sterling. The net profit is £288,242, to which is added £42,709 brought in, making a total of £330,951, of which the interim dividend absorbed £155,901, leaving £175,050 available. Out of this the board recommends a final dividend of 2s., making a total of 20 per cent. for the year, leaving £19,149 to be carried forward.

WITWATERSRAND NIGEL, LTD.—The report for the quarter ended September 30, 1935, states that the Administrator of the Transvaal has given his consent to the sale to the company by the Municipality of Heidelberg of the mineral rights of an area of 208,361 morgen on the Heidelberg Townlands. The cession has been registered.

INSURANCE

PHOENIX ASSURANCE COMPANY, LTD.—The directors of the Phoenix Assurance Company, Ltd., announce that in succession to the late Sir John Pybus, Bart., they have elected Mr Arthur M. Walters, one of the deputy chairmen, to be the chairman of the company, Sir Thomas Royden, Bart., C.H., retaining his position as deputy chairman. The directors have elected the present general manager of the company, Mr R. Y. Sketch, F.C.I.I., to a seat on the board and have appointed him to fill the position of managing director.

MISCELLANEOUS

WELSH ASSOCIATED COLLIERIES.—A general meeting is to be held on November 15th, when accounts will be submitted for the three months to March 31, 1935; the date as from which the company's assets were sold to, and the liabilities assumed by, Powell Duffryn Associated Collieries. At an extraordinary general meeting to follow new articles of association will be submitted for approval. The board explain that numerous alterations and modifications made since the company's formation have rendered the present articles incapable of easy reference. Alterations to bring the articles up to date are also recommended. It is further proposed to convert the issued share capital into stock.

COMPANIA SALITREIRA ANGLO-CHILENA.—Holders of 7 per cent. first mortgage debenture stock are reminded of proposals, *inter alia*, to waive arrears of service and to reduce the rate of interest from 7 to 4½ per cent., to be non-cumulative and only payable out of profits. Holders in favour of the proposals who are unable to attend are requested to return proxies to Morgan Grenfell and Company, 23 Great Winchester Street, not later than November 5th.

SHELL UNION CORPORATION.—Gross operating earnings for the third quarter of 1935 amounted to \$57,322,783.53, as compared with \$52,452,869.16 for third quarter of 1934. Net profit amounted to \$3,882,914.89, against \$1,488,704.28 for third quarter of 1934. These results include writing off in full intangible development expenditures, which amounted to \$2,388,259.25 in third quarter 1935, as compared with \$1,891,838.69 in corresponding quarter 1934.

LEACH'S ARGENTINE ESTATES, LTD.—The separate general meetings of the preference, ordinary and deferred shareholders and the extraordinary general meeting unanimously passed the resolutions approving the scheme for the settlement of arrears of the preference dividend and the issue of notes and the conversion of shares into stock. It is proposed that the dividend of 8-8 per cent., less tax, on the preference stock be paid on November 9, 1935.

THOMAS W. WARD, LTD.—By order of the Court a contract has been confirmed for the sale of the whole of the assets of Marshall, Sons and Company, of Gainsborough, Lincs, to the Sheffield firm of Thomas W. Ward. At the present time some 930 workmen are engaged. It is understood that the whole position is being reviewed carefully by the present owners, whose first object, if at all possible, is to secure the continuance of the industry at Gainsborough.

THE DECCA RECORD COMPANY, LTD.—The directors announce that they have completed negotiations with Electric and Musical

Industries, Ltd., whereby they have granted the latter company the exclusive rights to its recordings, together with those of its American subsidiary, Decca Records, Inc., of New York, for certain territories in the Far East, including India, Australia and New Zealand, also for Chile, Argentina and Brazil. Decca Records, Inc., has obtained exclusive rights for the United States and Canada to recordings of certain companies in the Electric and Musical Industries group, namely, Carl Lindstrom Company of Berlin, the Parlophone Company of London, and N.V. Transoceanic Trading Company of Amsterdam.

LENNARDS, LTD.—Shareholders are being offered by Greenlees and Sons ("Easiephit" Footwear) 5s. for each £1 ordinary share and 6s. 8d. for each £1 preference share. The result is expected to be known about November 11th.

BAIRD TELEVISION, LTD.—Baird Television, Ltd., has satisfactorily concluded negotiations with the Australian Radio Manufacturers' Patents Association, Ltd., of Sydney, N.S.W., whereby that association has been appointed the exclusive representatives in Australia of the Baird Company, both for the construction and operation of television transmitting stations and the manufacture of television receivers under the Baird patents.

DIVIDEND ANNOUNCEMENTS

Name of Company	Rate % per Annum, except where marked % or Stated in Cash * Interim div. † Final div.			Dividend for Whole Years	
	Interim or Final	Date of Payment	Interim or Final Comparison with Last Year	Latest Year	Previous Year
BANKS					
English, Scottish and Australian Bank	2½%†	Nov. 27	Same	% 5†	% 5†
INSURANCE					
Licenses and General Insurance.....	6%*	Nov. 30	Same	...	...
Life Association of Scotland	22/6p.s.†	Nov. 11	Same	...	...
TEA AND RUBBER					
Consolidated Estates	6½%†	Nov. 30	10%†	8½	15
Gadiah Rubber	2½%†	...	Nil†	5	Nil
Glen Muar Estates	3%†	...	2½†	...	...
Kandapolla Tea	5%*	Nov. 12	Same	...	...
Killinghall Rubber	12½%†	...	...	20	12½
Kintyre Tea	...	...	...	8½	8½
Tebing Rubber	2½%†	...	Nil†	5	Nil
MINING					
Geevor Tin Mines	10%*	Nov. 5	Same	...	...
Minerals Separation	10%*	Nov. 11	5%*	...	...
North Kalgurli (1912)	37½%*	Dec. 10	25%*	...	...
Trepan Mines	15%†	Nov. 26	...	20†	12½
Wankie Colliery	...	...	...	15	12
OTHER COMPANIES					
Bankers' Investment Trust (def.)	2%*	Nov. 16	Same	...	...
Belfast Omnibus ord. (1/1)	...	...	...	3/- p.s.	1/6 p.s.
Do. deferred (1/1-)	...	...	...	8-096d.	4-048d.
Bellamy (Joseph) and Sons	3%*	...	First	...	...
Berger (Lewis)	9%†	...	6%†	15	10
Brampton Brewery	2½%*	...	Same	...	...
British Plaster Board	20%*	Dec. 1	15%*	...	...
British United Shoe Machinery...	17½%*	...	Same	...	...
Brown Bayley's Steel Works (5% Tax free Pref.)	10%*	...	Paid to July 31, 1932.	...	...
Buff Book	5%*	...	Same	...	...
Cairnes (Dublin)	...	...	...	Nil	4
Cedar Investment	...	Nov. 7	...	4	2½
City of Buenos Ayres Tramways...	1/3 p.s.*	Nov. 15	Same	...	...
Clay (Henry) and Book	10%*	Oct. 29	Nil*	...	...
Clydesdale Investment	3%†	...	Same	5	5
Colmer (James)	31%*	...	Same	...	...
Cory (William) and Son	5%*	Dec. 2	Same	...	...
Debenture Securities Investment...	31%*	Oct. 31	Same	...	...
Freehold and Leasehold Investment	...	...	...	...	...
Fuller Smith and Turner	5½%†	...	Same	8	8
Glenfield and Kennedy	1%*	Oct. 31	Same	...	...
Highland Distilleries	4%*	Dec. 1	3%*	...	...
Horden Collieries	31%*	Nov. 11	...	12½	5
Imperial Continental Gas	4%*	Nov. 29	Same	5	5
Ingils and Co.	11%*	Nov. 15	5%*	...	...
International Harvester (pref.)	\$10.75 ps	Dec. 2	Same	...	...
Irish Cinemas	5%†	...	...	8	...
John Dale Metal Containers	2½%*	...	First	...	...
London General Investment Trust	...	Nov. 23	...	2½	2
London General Investment (Def.)	8½%*	Nov. 30	Same	...	...
Meters	2½%*	...	Same	...	...
Metropolitan Industrial Dwellings	13%*	Nov. 13	Same	16	16
Mitchells and Butlers	11½%†	...	17½%†	17	115(u)
Montevideo Gas and Dry Dock	11½%*	Dec. 2	...	...	...
Montgomery and Co.	1/- p.s.*	Dec. 14	...	...	...
Moolooly Estates	7½%*	Nov. 4	4%*	...	...
Northampton Brewery	3%*	...	Same	12½	12½
Odham's Properties	7½%*	Jan. 1	Same	...	...
Reserves Securities Trust	2½%*	Nov. 13	1½%*	...	...
Rochdale and Manor Brewery	...	...	...	3	2½
Scottish Industrial and General Investment	2½%†	...	Same	4	3½
Scottish Tea and Rubber Trust	2%*	...	...	...	...
Second Investors Mortgage Security	6%†	...	5%†	9	8
Smedley's Hydropathic	7½%†	...	8½%†	12½	11½
Southern Stockholders Investment	...	...	...	2½	2
South Midland Gas	5½%*	...	Same	...	...
Stanton Ironworks	4%*	...	Same	...	...
Steel Company of Scotland	...	...	Same	10	10
Strand Hotel (part. pref. ord.)	2s.1-2d†	...	Same	2s. 9-6d.	2s. 9-6d.
Third Caledonian Trust	...	...	...	2	2
Tobacco Co. of Rhodesia and South Africa	...	...	...	5	Nil
Venezuelan Oil Concessions pref. and ord. (13/4 shares)	7½%*	Dec. 5	5%*	...	...
Ward and Goldstone	5%*	Nov. 30	Nil*	...	...
Weaver and Company	12½%*	Nov. 8	Same	...	...

THE WALL PAPER MANUFACTURERS, LTD.—The directors announce that the profit for the year ended 31st last, after providing for income tax, is £741,556 13s. 10d. and the dividend £883,778 14s. 3d. for 1934). After payment of debenture interest and preference dividend, the balance of interest paid under agreements for purchasing preference shares, and the balance of interest paid on the ordinary stock of the new businesses, they recommend a final dividend of 5 per cent. on the ordinary stock, making with the 5 per cent. interim dividend already paid 10 per cent. for the year, a final dividend of 7½ per cent. on the deferred stock, making with the 5 per cent. interim dividend of 12½ per cent. for the year, an allocation to staff and employees' pension funds of £100,000, an allocation of £100,000 in reduction of goodwill, and a reserve of £50,000, carrying forward a balance of £250,000 to the directors' reserve. The general meeting of the company will be called for November 18, 1935. The report and accounts will be sent to the stockholders on November 18, 1935, and it is proposed to post the ordinary dividend warrants on November 30th and the deferred warrants on December 12th.

MEXICAN EAGLE OIL AND CANADIAN EAGLE OIL.—Pending the hearing by the Supreme Court of Mexico of the company's appeal against the decision of the Tribunal Superior de Justicia in Mexico City, in the Amatlan case, the directors consider it wise further to postpone consideration of the payment of the dividend on the first preference shares of the company for the half-year to October 31, 1935, and also consideration of the dividend for the eighteen months to April 30, 1935. In the circumstances the Canadian Eagle Oil Company, Ltd., have similarly postponed consideration of the payment of the dividends on the first preference shares of that company for the same periods.

SHEFFIELD.—Conditions in the export market are without material change. Best hards are in demand for shipment, but only small lots are available, at firm prices. Exporters are anxious to test the efficacy of the export pool scheme which comes into operation

CARDIFF.—The Government's demand for the creation of district central selling schemes absorbs the attention of colliery owners and exporters. It would appear that the industry was told plainly that if it does not take immediate action, it will be compelled to do so by Act of Parliament. In South Wales approval has already been given by the colliery owners both to the principle of centralised selling and to the establishment of a system of fixed percentage allocations for the inland trade. It is understood that most if not all the other areas where local business is still competitive have also

GLASGOW.—In the West of Scotland all the steel plants are working to capacity, and output is being rapidly absorbed by the engineering and other industries. Bookings are heavy and specifications are coming in for practically all sections. Demand for semis is also heavy, and makers are finding it impossible to undertake work for early delivery. Sheet makers have found business improving for some weeks, and plant in operation is taxed to capacity. There is every prospect that makers in this district will soon be able to restart some of the idle mills. There is no change at the tube-making plants, at the majority of which there is still much work

TIN.—Tin prices enjoyed a sharp rise at the end of last week, but part of the gain has subsequently been lost. The early rise

BARCLAYS TRUST COMPANY OF CANADA
MONTREAL

was due to a rumoured shortage of ore supplies at Liverpool smelters and to the belief that the considerable quantities of Dutch East Indies' tin shipped to this country would not be sold on the open market, but used as a reserve against violent fluctuations. But British warehouse stocks rose by 216 tons to 578 tons during last week, and the receipt of this news was responsible for the bearish tendency which developed early this week. Meanwhile, the forthcoming October statistics are awaited with considerable interest. Stocks are expected to show a slight increase, although it is not now anticipated that Straits shipments will exceed 5,500 tons; earlier in the month shipments amounting to 7,500 tons had been expected.

Sales of tin on the London Metal Exchange: 240 tons on Monday, against 75 tons last week; 200 tons on Tuesday, against 450 tons last week; 545 tons on Wednesday, against 626 tons last week. The New York quotation on Wednesday was 50.75 cents per lb., against 50.87½ cents a week ago and 49.12½ cents a month ago. Wednesday's official closing quotation in London for standard cash was £217 15s. to £218 per ton, compared with £216 10s. to £217 last week. Stocks of tin in London and Liverpool at the end of last week totalled 578 tons, an increase of 216 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted at £100 per ton. Nickel, for home and export, at £200 to £205 per ton, remains unchanged. Quicksilver, on the spot, was quoted at £12 5s. to £12 7s. 6d. per flask of 76 lbs., the same as last week. Chinese antimony was quoted at £71 to £72 per ton ex warehouse, duty paid, as against £75 to £75 per ton last week. Chinese wolfram for October-November shipment was quoted at 34s. to 35s. per unit, c.i.f., as against 36s. 6d. to 37s. 6d. per unit last week. Platinum (refined) at £7 10s. per ounce, was unchanged on the week.

TEXTILES

COTTON.—**Manchester.**—The recent improvement in the cotton industry has been maintained. An increasing number of spinners and manufacturers have extended their order lists, and this has resulted in producers generally presenting a stiffer front to buyers. It is a long time since sellers were in the position of being able to turn down what they consider to be poor offers. Since the beginning of the week, however, there have been indications of a lull in activity. This has, to some extent, been due to the holidays in India and to the fact that many leading shippers and merchants have bought well ahead, and having satisfied their requirements, are now marking time.

An encouraging feature is the steadiness in American cotton prices. There has been a healthy demand for actual cotton, and merchants have experienced difficulty in supplying their customers with the desired qualities. Hedge selling has been well absorbed

by the trade; this movement will very soon be reduced, and if the present active demand is maintained, prices will be better supported. The United States ginning report, published last Friday, showed 6,590,000 bales up to October 17th as compared with 6,744,000 bales to the same date last year. The statement was about equal to market expectations. Prices for Egyptian Sakel cotton have fluctuated according to the Italo-Abyssinian war and the political situation in Europe.

COTTON PRICES

	1935				Corresponding Date	
	Oct. 9	Oct. 16	Oct. 23	Oct. 30	1933	1934
Raw Cotton—Mid. American	d. 51	d. 42	d. 43	d. 50	d. 51	d. 7.07
Sakellaridis Fully Good Fair	d. 51	d. 42	d. 43	d. 50	d. 51	d. 7.07
Egyptian	d. 51	d. 42	d. 43	d. 50	d. 51	d. 7.07
Yarns—32's twist	8.64	8.67	9.05	9.26	7.01	9.24
40's twist	10.1	10.1	10.1	10.1	9.1	10.1
60's twist (Egyptian)	16	16	16	16	16	16
32-in. Printers 116 yds., 16 by 16, 32's and 50's	s. d. 17 3	s. d. 17 6	s. d. 17 7½	s. d. 17 7½	s. d. 17 0	s. d. 18 8
38-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	24 3	24 6	24 9	24 9	21 0	24 0
38-in. ditto, 38 yds., 18 by 18, 10 lb.	10 3	10 4	10 4½	10 4½	10 6	10 10
38-in. ditto, 37½ yds., 18 by 15, 8½ lb.	9 2	9 3½	9 4½	9 4½	9 4	9 9

The large cloth demand has been well maintained, and further encouraging sales have taken place to India, the Straits Settlements, Hong Kong, the Empire markets and the Continent. There has been increased support from Egypt, but it cannot be discovered whether the ultimate destination of the contracts is Abyssinia. There have been further encouraging sales in standard makes and dress goods for the home trade. American yarn quotations have remained firmer, and both coarse and medium counts have been purchased freely. Production in this particular branch is now around 90 per cent. of capacity as against 70 per cent. two months ago. There has been rather more demand for Egyptian numbers.

COTTON WORKERS' WAGES.—The wages problem has not yet been settled. The recently legalised agreement between the Cotton Manufacturers' Association and the Weavers' Amalgamation laid down wage rates for all operatives except those who are classed as ancillary workers, which number about 30,000. At a joint meeting in Manchester on Tuesday with representatives of the trade unions affected, the employers tabled proposals which in effect meant reductions in actual earnings ranging from 5.7 per cent. to as much as 17½ per cent. Included with the ancillary workers are members of the General Association of Loom Overlookers who are the "key" men in the industry. The suggested wage reduction for these operatives is 15 per cent. Only two months ago the overlookers threatened a county strike when the employers attempted to reduce their wages by 5.7 per cent., so it is obvious that there will be the strongest opposition to the present proposals. The employers, however, have stated that the suggested wage cuts are not a definite demand, but are simply put forward as a basis for negotiations. The discussions were adjourned until November 26th, and in the meantime both sides expressed the view that the position should not be used in arguments or statements, either for or against candidates at the General Election.

WOOL.—**Bradford.**—There has been a very good turnover in wool and tops, particularly the former, during the past fortnight; in fact, October has been one of the most active months of the year. This is largely due to export requirements. America has purchased a larger quantity of wool during recent weeks than for several years. The Continent has also bought considerable weights, and Bradford Conditioning House giving evidence of this in the very much larger weight of raw wool which has been passed through for testing purposes. Even selling brokers in London have participated in this increased business, for private sales have been considerable, particularly in slipes, and at the next series of sales, these wools should all be cleared as well as big quantities of old greasy fleece. This has had a stiffening effect on prices, and where private sales have taken place, prices have increased anything from 5 to 10 per cent. The outlook has improved during the past month, and everything points to a very satisfactory series in London commencing on November 19th.

Turning to consuming centres, it is significant that more woollen and worsted machinery is running to-day than for several years, it being estimated that machinery in the West Riding of Yorkshire is working at 90 to 92 per cent. of capacity. There is a real scarcity of piecers and weavers, notwithstanding that new orders for dress goods for next spring are somewhat slow. More mills are running overtime in manufacturing districts than for years, and altogether the state of trade is most encouraging. Prices overseas are well maintained, and it looks as if there is going to be little change in prices until the large existing needs of users are satisfied.

RAYON OUTPUT EXPANSION.—The uninterrupted progress made by rayon the world over is revealed in the estimates of output for the first nine months of 1935. World output totalled 718,000 lbs., compared with 565,710,000 lbs. in the corresponding period of 1934. The United States leads with an output of 478,000 lbs., compared with 150,000,000 lbs. in the first nine months of last year. Japan is easily the second largest producer, with an advance in this important section of her textile trade of 25 per cent. pronounced, the figures for 1935 and 1934 being respectively 156,015,000 and 110,000,000 lbs. Italian production, which was 87,770,000 lbs. in January-September, 1935, against 84,195,000 lbs. in the corresponding period last year. British production, however, has been 84,195,000 lbs., against 64,490,000 lbs.; France, 84,195,000 lbs., against 64,490,000 lbs.; Germany, 81,000,000 lbs., against 71,600,000 lbs.; and Germany, 81,000,000 lbs., against 71,600,000 lbs.

52,700,000 lbs., against 47,500,000 lbs.; and Germany 81,000,000 lbs., compared with 71,600,000 lbs.

Meanwhile, progress in staple fibre production is equally remarkable, though Germany and Italy have been forced to use the short fibre on account of the restrictions placed upon importation of raw materials. The world output during the first nine months of the year is estimated at 56,075,000 lbs., compared with 33,991,000 lbs. in the first nine months of 1934. Germany, with 22,000,000 lbs., against 14,000,000 lbs.; Italy, with 20,000,000 lbs., against 13,500,000 lbs.; and Britain, with 4,085,000 lbs., against 2,250,000 lbs., were the leading producers. British production is likely to show a further notable advance with the stimulus given by the removal of the excise duty in September.

JUTE.—**Dundee.**—It is a long time since the jute trade of this country was in such a healthy state as at present. The volume of business recently done in jute yarns and cloth has been very large and has provided sufficient work for spinners and manufacturers for several months ahead, at the same time placing prices on a more remunerative level. The improvement in trade has immediately brought forth a request from the workers for an increase of 10 per cent. in their wages. Raw jute prices, however, have risen gradually in recent weeks, and, if the advance is maintained, the higher prices obtainable for yarns and cloth will be required to offset the increase in raw material prices. The placing of orders for over four million sand bags in Dundee has considerably strengthened the position of manufacturers, and, according to the volume of inquiry still being made, there are many more orders to be placed.

Arrivals of raw jute in Calcutta this season are considerably smaller than for the same period last season. From July 1st to September 30th this year, imports were 1,728,000 bales, compared with 2,427,000 bales last year, while the Indian Jute Mills have received during this period 1,081,000 bales against 1,567,000 bales. It will be remembered that the forecast for the whole season was 4,648,000 bales.

Daisee-2/3 full group advanced to £18 15s., at which some business has been done, with single marks at £19, and Daisee-4 at £17 15s., November-December. Tossa-2/3 is quoted at £19 10s. and four at from £18 15s., same shipment. Good First Marks rose to £22 12s. 6d. and good lightnings to £20 17s. 6d., with Hearts at from £19 12s. 6d., November-December. A fair number of sales have been reported during the past fortnight.

Jute yarns are strong and spinners are now quoting 2s. 2d. for common 8 lb. cops and 2s. 3d. for 8 lb. spools, after 4d. less having been paid, and a really good business done at 2s. 1d. and 2s. 2d. respectively. Quick delivery is now almost unobtainable. Twist is very firm at 3½d. for 3 ply 8 lb., and sacking yarns are firmer at 2½d. for 24 lb. left and 3½d. for 8 lb. chains. Rove is also dearer at £19 10s. for 48 lb. and £15 10s. for 200 lb., and the finer yarns are notably dearer at 2s. 5d. for fourth grade 8 lb. warp.

Buyers of jute cloth are finding it very difficult to get delivery this year, and they must contract for despatch after the New Year. Higher prices are being obtained and 2½d. is the lowest now for 10 oz. 40 in. hessians and 2½d. for 8 oz. Many inquiries are being made, but buyers are hesitating to pay these higher rates. Linoleum hessians are very firm and also dearer, while heavy goods are in good demand at steadily advancing terms.

Calcutta goods are steadier at the moment, but little change has been noticeable over the past fortnight.

GRAIN MARKETS

WHEAT.—Wheat prices continued to sag during the period under review. Uncertainty concerning the wheat policy of the new Canadian Government has led to heavy liquidation in Winnipeg futures and this factor, coupled with better crop news from Australia and Argentina, has had a depressing influence on Liverpool c.i.f. prices. Demand has been dull, despite the break in quotations.

According to the *Corn Trade News*, total arrivals of wheat and flour at principal ports of Europe during the past week were 885,000 quarters, against 1,186,000 quarters in the preceding week. On Wednesday last, "December" futures were quoted in Chicago at 97½ cents per bushel, against 99½ cents the week before and 106½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 35s. 3d. per 496 lbs., against 36s. 3d. a week ago; No. 2 Northern Manitoba, ex ship, 33s. 9d., against 35s. 3d. a week ago.

FLOUR.—Demand continues quiet, although prices have been marked down a little this week. Shipments from North America in the past week totalled 76,000 sacks, as against 158,000 in the previous week. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered country, 29s. 6d. per 280 lbs., against 30s. a week ago; delivered London, 28s. 6d., as compared with 29s. a week ago. Manitoba patents, ex store, 28s. to 30s., against 28s. 6d. to 30s. a week ago. Australian, ex store, 23s. to 23s. 3d., against 23s. 6d. a week ago.

BARLEY.—Imported feeding barley has again been in quiet demand, and quotations have declined in sympathy with maize. Imported and home-grown malting descriptions have been a quiet market, recent rates being maintained. "October" futures were quoted at 31½ cents per bushel in Winnipeg on Wednesday, against 31½ cents last week and 37½ cents a month ago. Quotations per 48 lbs. in London on Wednesday were: "English feed" (new) at 44s. 10s. to 24s., as against 23s. to 24s. last week; "English malting" (new) at 30s. to 56s., against 30s. to 56s. a week ago.

OATS.—Home-grown oats have been in steady demand at United Kingdom markets, quotations being well maintained. On Wednesday, "December" futures were quoted at 26½ cents per bushel in Chicago, against 26½ cents a week ago and 29½ cents last month.

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Quotations in London, Wednesday: "English Black" (old), at farm, 22s. per 336 lbs., against 22s. a week ago; "English White" (old), at farm, 22s.; against 22s. last week.

MAIZE.—The decline in maize prices continues. The bearish nature of the statistical position and the improvement in the international political outlook are the factors mainly responsible for the movement. "December" futures were quoted on Wednesday at 58½ cents per bushel in Chicago, against 61½ cents a week ago and 61½ cents last month. Quotations in London, Wednesday: "Plate," landed, 17s. 6d. per 480 lbs., compared with 18s. 3d. a week ago; "Plate," ex ship (new), 16s. 6d., as against 17s. 3d. a week ago; "Plate," "October," 16s. 6d., against 17s. 3d. a week ago. Yellow maize meal, ex wharf, was quoted at £4 15s. to £5 per ton, against £5 to £5 2s. 6d. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sale of home-grown wheat during the harvest years 1932-33 to 1935-36:—

	1932-1933	1933-1934	1934-1935	1935-1936
Estimated sales of home-grown wheat—	Cwts.	Cwts.	Cwts.	Cwts.
1 week to October 26	324,418	275,027	368,019	462,156
8 weeks to October 26	2,105,569	2,934,870	4,000,766	3,839,335
Average price of English wheat per cwt.	s. d. 5 7	s. d. 4 9	s. d. 5 0	s. d. 6 2

The following is a statement showing the quantities sold and the average price of British corn in the past two weeks, and for the corresponding week in each of the years from 1931 to 1934:—

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT		
	Wheat	Barley	Oats	Wheat	Barley	Oats
Oct. 24, 1931	Cwts. 98,451	Cwts. 429,907	Cwts. 66,381	s. d. 6 1	s. d. 9 0	s. d. 6 5
Oct. 29, 1932	324,418	378,011	56,462	5 7	7 10	6 2
Oct. 28, 1933	275,027	493,148	48,927	4 9	9 8	5 6
Oct. 27, 1934	368,019	428,997	46,273	5 0	9 2	6 7
Oct. 19, 1935	462,156	497,969	49,012	6 1	9 3	6 2
Oct. 26, 1935	461,621	527,992	52,880	6 2	9 2	6 3

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks, with comparative figures for 1933 and 1934.

NEAREST FUTURE	Jan. 4, 1933	Jan. 3, 1934	Oct. 31, 1934	Jan. 2, 1935	Oct. 23, 1935	Oct. 30, 1935
Winnipeg (No. 1, Manitoba) — Cents per 60 lb.	46½	85½	74½	82½	88½	85½
Chicago (No. 2 Winter) — Cents per 60 lb.	46½	84½	95½	98½	96½	97½

The visible supply of wheat in Canada amounts to 147,928,000 bushels, against 147,071,000 bushels last week and 118,408,000 bushels in the corresponding week of last year.

OTHER FOODS

BACON.—The recent jump in prices caused a substantial reduction in demand, and the official quotations were reduced all round at the end of last week. Business has since been decidedly slow. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 87s. to 90s.; Canadian, 82s.; Danish, 89s., as against 94s. to 96s., 90s. and 95s., respectively, a week ago. Arrivals in London last week included Danish, 13,741 bales; Canadian, 2,825; Dutch, 1,806; Lithuanian, 1,795; Polish, 2,791; against 13,233, 2,457, 1,180, 1,450 and 3,539 bales, respectively, in the previous week.

BUTTER.—Demand for butter at the London Provision Exchange has been very quiet this week, with prices displaying renewed weakness. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 106s.; Australian, choicest salted, 106s.; Danish, 126s. to 128s.; compared with 112s. to 114s., 112s. to 114s., and 134s. to 136s., respectively, last week.

AUSTRALIAN BUTTER SHIPMENTS.—According to the Imperial Economic Committee's *Weekly Dairy Produce Notes*, an arrangement for spreading Australia's butter shipments has been made by the Australian Dairy Produce Board. The regulation commences with butter graded on Monday next, and shipments may be expected to average 60,000 cwts. per week during the three weeks ending November 23rd, and 66,000 cwts. per week in the following four weeks. Supplies from Australia equal almost one-quarter of our total imports of butter, and production in that country is now showing a normal seasonal expansion.

THE FINANCIAL NEWS

Special articles due to appear next week on the Leader Page of THE FINANCIAL NEWS are as follows:

MONDAY, NOVEMBER 4—RUBBER AND THE INTERNATIONAL COMMITTEE. Has the International Rubber Committee followed a wise policy? Has it been successful? Is it now getting the position in hand? What will be its future aims? This article, by our Rubber Market Editor, seeks to answer these questions for the benefit of the rubber shareholder.

TUESDAY, NOVEMBER 5—"MINOTAUR," continuing his series on Tin Shares, which has proved so well timed, this week considers the position and prospects of PAHANG CONSOLIDATED.

WEDNESDAY, NOVEMBER 6—The Story of Famous Companies—No. 26. This issue will contain a full account of the rise, growth and present position of THE TRIPLEX SAFETY GLASS COMPANY, LTD.

THURSDAY AND FRIDAY, NOVEMBER 7 AND 8—BRICK SHARES OR CEMENT?—What is going to become of the building boom? Is it about to change its character, with a shift over from private residential building to slum clearance and industrial construction work? On the supply side, also, the building industries present knotty problems. As a reflection of investors' doubts, brick shares have fallen while cement shares have continued to appreciate.

These articles examine the reasons for the contrasting behaviour of bricks and cement. The different factors affecting demand, and the differences in the organisation of the two industries, are surveyed in order to arrive at conclusions regarding the prospects of each.

SATURDAY, NOVEMBER 9—THE COMMERCIAL MOTOR INDUSTRY, by C. T. Brunner. The Commercial Motor Exhibition opens on November 7. This article is an expert survey of current trends in the industry and their effect on the manufacturing companies.

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CHEESE.—The market has again been slow this week, with Dutch and Colonial descriptions lower in price. Quotations for English Cheddars were, however, well maintained. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, finest farmers', 62s. to 72s.; Canadian, finest coloured (new), 58s.; New Zealand, finest coloured, 53s., as against 60s. to 70s.; 60s. and 59s., respectively, last week.

COCOA.—The "spot" quotation in New York on Wednesday was 5 cents per lb., as against 5½ cents per lb. last week. On the London market Accras have been quietly steady. On Wednesday last, good fermented new crop, "October-December," was quoted 22s. per 250 kilos. c.i.f. Continent, against 22s. last week. Last week's movements of cocoa in London were as follows: Landed, 1,139 bags; delivered, for home consumption, 6,292 bags; exported, 341 bags; stocks, 119,823 bags, against 170,875 bags a year ago.

COFFEE.—The New York spot market has been dull, with Rio and Santos both easier on the week. Quotations in London have remained steady. In New York on Wednesday, Rio No. 7 (cash) was quoted at 6½ cents per lb., as compared with 6½ cents per lb. last week and 6½ cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 64 cwt.; delivered, for home consumption, 20 cwt.; exported, nil; stocks, 13,082 cwt., against 28,131 packages a year ago. Central and other South American, landed, 576 cwt.; delivered, for home consumption, 2,955 cwt.; exported, 3,182 cwt.; stocks, 95,090 cwt., against 83,903 packages last year. Other kinds, landed, 1,940 cwt.; delivered, for home consumption, 3,973 cwt.; exported, 1,358 cwt.; stocks, 119,952 cwt., against 76,456 packages last year.

EGGS.—Although demand has been fairly quiet, prices have further advanced owing to a seasonal reduction in supplies. At Smithfield Market on Wednesday, English (ordinary packing, Grade I, about 15-15½ lb.) realised 19s. 6d. to 21s. 6d. per 120, against 18s. 6d. to 20s. a week earlier, while Danish (15½ lb.) made 14s. 9d. to 15s. 3d. per 120, against 14s. 9d. to 15s. 3d. last week.

FRUIT.—Home-grown fruit continues rather scarce, good prices being made for best samples. According to *The Fruitgrower*, business at Covent Garden has been fairly good during the past week, supplies generally clearing easily. Demand for apples continues brisk, with home-grown firmer in price. Pears continue an active trade, and prices show little variation; supplies are below normal for the time of year. Demand for hothouse grapes has been only moderate, but prices are generally maintained. Melons are rather scarce, but green figs have made a better showing this week. Blackberries have enjoyed a steady sale, and cobs are a point firmer. Good supplies of oranges (especially South African) meet a steady sale at recent rates, but grape fruit have declined on heavier arrivals. Lemons are also a little cheaper this week.

MEAT.—Supplies at Smithfield this week have been above last year's level, while demand has been rather slow. Prices, however, show little alteration. On Wednesday last, Argentine chilled hindquarters were quoted at 3s. 8d. to 4s. 2d. per 8 lbs., as compared with 3s. 10d. to 4s. 2d. last week. New Zealand frozen mutton was 3s. 2d. to 3s. 8d. per 8 lbs., against 3s. 2d. to 3s. 8d. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 9,681 tons, an increase of 186 tons on the corresponding week last year. Beef and veal accounted for 4,940 tons, mutton and lamb, 2,596 tons, and pork and bacon 1,301 tons, as compared with 4,709, 2,860 and 1,114 tons, respectively, in the same week of 1934.

PEPPER.—Wednesday's spot price for Lampung (in bond) was 3½d. per lb., against 3½d. last week. Movements of pepper in London during the past week were as follows: Black, landed, nil; delivered, 17 tons; stocks, 1,486 tons, against 416 tons a year ago. White, landed, nil; delivered, 293 tons; stocks, 15,363 tons, against 8,536 tons a year ago.

RICE.—The spot price of Burma No. 2, cleaned, was 9s. 10½d. per cwt. on Wednesday, as compared with 9s. 10½d. per cwt. a week ago, while the forward quotation, at 8s. 9d. per cwt., shows a fall of 1½d. on the week. Movements in London during the past week were as follows: Landed, 6 tons; delivered, 245 tons; stocks, 7,519 tons, against 3,720 tons a year ago.

SUGAR.—The New York spot market has been steady at unchanged prices. Demand for raw sugar in London has been rather quiet, but quotations are generally well maintained. The spot price in New York on Wednesday was 3-60 cents per lb., as compared with 3-60 cents per lb. last week and 3-65 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "December delivery" at 4s. 11½d. to 5s., against 4s. 10½d. to 4s. 11½d. last week. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 34,739 tons, against 4,991 in the previous week and 5,701 tons in the same week of last year; deliveries, 17,058 tons, against 15,886 and 13,823 tons respectively; stocks, 161,740 tons, against 144,059 and 101,999 tons respectively.

TEA.—The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold at Mincing Lane on Garden account in recent weeks:—

Week ending	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
Oct. 25, 1934	12-49	11-35	14-63	9-96	9-29	10-85	12-73
Sept. 25, 1935	16-42	12-37	15-48	11-27	9-90	11-45	15-18
Oct. 3, "	16-20	12-53	15-82	12-60	10-17	11-70	15-20
Oct. 10, "	15-63	12-87	16-98	12-74	10-88	11-80	15-42
Oct. 17, "	15-34	12-79	16-76	13-15	11-05	11-85	15-16
Oct. 24, "	14-75	12-68	16-59	12-56	10-41	10-83	14-75

The quantities catalogued for this week's auctions comprised 54,500 packages of Indian and 20,498 packages of Ceylon tea. At the Indian sales on Monday and Wednesday, the market was irregular, and prices were generally lower than those ruling last week. Quotations for Ceylon grades also registered a decline on Tuesday, the fall in prices being partly traceable to a decline in quality. Leaf grades were, however, in active demand for export purposes, and realised satisfactory rates.

VEGETABLES.—Supplies of tomatoes are now decreasing but, according to *The Fruitgrower*, business at Covent Garden has been only moderate this week. Cucumbers have advanced on shorter supplies, while lettuce and mushrooms hold their price. Good cabbage, cauliflower and best sprouts have been in active demand at higher prices. Celery, although more plentiful, continues to sell well. Parsnips, carrots and turnips are all easy and beetroot is available at moderate prices. The spell of mild weather has reduced the demand for potatoes and, with supplies on a fairly heavy scale, prices have declined in some instances. At the London Borough Market on Tuesday, however, best silt soil King Edward ranged from 6s. to 6s. 6d. per cwt., against 5s. 6d. to 6s. 6d. a week earlier.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OLSEEDS.—Weakness, not altogether unconnected with the decline in grains, has developed in most classes of oilseeds and prices have taken a decidedly downward turn. Linseed has also been affected by the confirmation of expectations of a larger yield in Argentina consequent on improved weather conditions, and the fact that a good proportion of old crop remains unsold. Plate linseed has fallen 20s. per ton from the highest in October, but Indian has been affected to a much less extent. On a falling market business is very slow indeed and prices nominal. The quantity on passage to Europe is now 103,700 tons (including 10,000 tons from India), 5,700 tons more than last week; and to the United States 39,800 tons, against 32,900 tons a year ago. Argentina is estimated to have over 300,000 tons available for export, as against 220,000 tons shipped in the remainder of last year. India also has a larger surplus. Demand for cottonseed has eased and black Egyptian has declined to 65s. or thereabouts.

Demand for linseed oil is only moderate, despite a fall in prices of 20s. per ton on the week. Raw oil ex Hull for delivery to December is now quoted around £24 15s. per ton naked. Cotton oil is neglected and easier. Egyptian crude is offered at £25 10s. and refined at £28 10s. per ton ex Hull mill. Oilcakes are in good demand and steady.

POTASH.—Although it is now six months since the conclusion of a tentative agreement between Spain and the Franco-German Potash Cartel, nothing has since been heard of the signing of a permanent agreement. But recent events give ground for the view that co-operation between the two parties is in full swing. Competition in the potash market has been considerably reduced and prices are showing a firmer tendency. Exports of potash salts from Spain—which had risen from 25,000 metric tons in 1931 to a peak level of 267,000 metric tons in 1934—suffered a decline of 20 per cent. due to a reduction in shipments to the United States and Belgium. Since the preliminary arrangement with the cartel was only reached in April, it would appear that the reduction was partly due to Spain's increasing difficulty in selling abroad. In the circumstances, it seems likely that a final agreement between Spain and the cartel will be reached sooner or later—especially since Spain's present quota (14 to 15 per cent. of cartel exports) is regarded as satisfactory in that country.

NITRATE.—In our issue of September 14th last we referred to the nitrate agreements, which had just been concluded. Although no further details have since been made public, both the contract and Chile were registered last week in the Czechoslovakian cartel register. The object of the agreement with Chile is there described as "the regulation of sales of nitrogen fertilisers, with special reference to Chilean nitrate." The agreement between the European producers is stated to have as its object "the regulation of sales of domestic nitrogen fertilisers in foreign countries; mutual

guarantee of home markets and regulation of foreign nitrogen fertilisers within the cartel countries." In the past only the following were registered as full members of the cartel: the German Stickstoffsyndikat, the Czechoslovakian Stickstoffsyndikat, Imperial Chemical Industries and the Norsk Hydro of Oslo. At the present time, however, twenty more nitrogen-producing countries, representing the whole Belgian, Dutch, French, Italian, Polish and Swiss nitrogen industries, are registered as full members. It is obvious, therefore, that the European cartel must have been considerably strengthened as a result of the new agreement.

RUBBER.—During the week ended last Wednesday, quotations, both in the United States and in this country, recorded a further advance. Substantial buying on Continental account was one

factor bringing about the rise, while the conviction that United Kingdom stocks have been substantially reduced during October (for the first time since December, 1933) also contributed to a more bullish sentiment. The spot price in New York on Wednesday last was 13½ cents per lb., compared with 13 cents per lb. a week ago and 11½ cents a month earlier. Wednesday's official closing price for standard ribbed smoked sheet in London was 6½d. per lb., as against 6½d. on the corresponding day last week. In forward positions, business has been done at 6½d. for January to March shipment, as against 6½d. to 6½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 170,630 tons, against 173,734 tons a week earlier. A year ago stocks amounted to 120,002 tons.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM

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

LONDON, October 30th				The prices in the following are revised with the assistance of an eminent firm in each department.			
GRAIN, ETC.				POTATOES—			
Wheat—				English, new per cwt.			
No. 2, N. Man. 496 lb.				English Southdown, greasy, per lb.			
Eng. Gaz. av. per cwt.				Lancashire hog, washed			
Barley, Eng. Gaz. av.				Queensland, red super cmg.			
Oats—				N.S.W. greasy, super cmg.			
Maize, La Plaine, landed				N.Z., gray, half-bred 50-56			
Flour, Lon. stan. ex mill				Tops—			
Rice, No. 2 Burma, per cwt.				Merinos 70's			
Tapioca, per cwt.				84's			
Palm Flakes, Singapore				Crossbred 40-44			
MILK—				Crown 48's			
Beef, per 8 lbs.				SUGAR—			
English long sides				(Duty, 11/8 per cwt.)			
Argentine chilled hinds				Centrifugals, 96% prpt.			
Mutton, per 8 lbs.				Ships, c.i.f. U.K./Cont.			
English wethers				B.W. crystallised			
N.Z. frozen				Java, white, c. & f. India			
Lamb, per 8 lbs.				Oct.-Dec.			
Pork, English, per 8 lbs.				REFINED—London—			
BACON—OTHER FOODS				Yellow Crystals			
English				Cubes			
Irish				Crushed			
Danish				Granulated			
Dutch				Home Growers			
HAMS—				TEA—			
Canadian				Indian—per lb.			
American				Pekoe			
BUTTER—				Broken Pekoe			
Australian				Orange Pekoe			
New Zealand				Broken Orange Pekoe			
Danish				Ceylon—per lb.			
CHEESE—				Pekoe			
Duty, British grown, 11/8; foreign, 14/- cwt.				Australian			
Azeri, f.i.				Orange Pekoe			
Trinidad				Broken Orange			
Grenada				TOBACCO—			
COFFEE—				(Duty, 9/6-10/6 per lb.)			
Duty, British grown, 4/8; foreign, 14/- cwt.				Empire growth, 7/5-8/3 per lb.			
Santos sup. c. & f. cwt.				Virginia leaf—			
Colombian, good				Common to fine			
Costa Rica, med. to good				Rhodesian leaf			
East Indian				Nyassaland leaf			
Kenya, medium				" strips			
EGGS—				East Indian leaf			
English				" strips			
Danish				FIBRES—			
FRUIT—Oranges				COTTON—			
Brazilian, Malaga boxes				Mid-American			
Lemons, Malaga boxes				Sakelaria, f.i.			
Sicilian boxes				Yarns, 80's twist			
Apples: Amer. (var.) bbls.				80's twist			
(var.) boxes				FLAX—			
" Australian				Lithuanian ZK			
Onions—				Pernau HD			
Valencia, case				Siam Medium 1st sort			
Egyptian, bag				HAMP—			
Grapes, America, barrels				Italian P.C.			
Grapefruit Jamaica				Manilla, Oct.-Dec. "J2"			
Amer.				Sisal, African			
LARD—				JUTE—			
Irish bladders				Native 1st mks.			
U.S.				Oct.-Nov. (new)			

These prices are for fuel oil for inland consumption—other than for use in Diesel engine road vehicles—and do not include the Government tax.

UNITED STATES

(New York quotations, unless otherwise stated.)

Oct. 31, 1934				Oct. 31, 1935			
Cents				Cents			
Wheat, No. 2, Winter, nearest future, Chicago, per bushel				Sugar, Cuban Centrifugals, 96 deg., spot, per lb.			
Maize, nearest future, Chicago, per bushel				Cotton, middling, spot, per lb.			
Oats, nearest future, Chicago, per bushel				Rubber, smoked sheet, spot, per lb.			
Rye, nearest future, Chicago, per bushel				Petroleum, Pennsylvania crude standard grades, per barrel			
Barley, nearest future, Chicago, per bushel				Copper, "Electrolytic," Domestic, spot, per lb.			
Coffee, Rio No. 7, cash, per lb.				Copper, "Electrolytic," Export, prompt, per lb.			
Santos No. 4, cash, per lb.				Spelter, East St. Louis, spot, per lb.			
Cocoa, Accra, nearest future, per lb.				Lead, spot, per lb.			
				Tin, "Straits," spot, per lb.			

(a) Nominal.

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MADRAS GOVERNMENT

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THE ELECTOR'S CHOICE

THE election campaign proceeds apace. This week's nominations have revealed 1,347 valid candidatures for 615 seats, including 586 supporters and 761 opponents of the National Government. Some 40 candidates have been returned unopposed. Of the remaining seats, rather less than three-fourths will be contested next Thursday by two candidates, approximately one-fourth by three candidates, and only 1 per cent. by four candidates. In the main, the struggle lies between the Conservative and Labour Parties, whose candidates, numbering 515 and 552 respectively, count for nearly 80 per cent. of the total nominations. For the rest, the Government's supporters include 45 Liberal National and 20 National Labour candidates, while the Opposition musters 155 Liberal and 16 Independent Labour representatives. Thus, the main voting strength of the next Government in the new House of Commons is bound to be drawn either from the Conservative or the Labour Parties. But the predominance in the number of candidates of these two Parties does not correspond to their permanent voting strength in the country; and, in any case, under our electoral system of single-member constituencies, a small body of free votes may turn the scale on one side or the other. The result of the election will therefore largely depend on the way the Liberal and the "unattached" vote is cast.

A brief campaign necessarily makes for intensive electioneering. Before next Thursday the majority of British electors will have enjoyed an opportunity of hearing the voice (and in some cases of seeing the moving likeness) of leaders of all Parties and of no Party. Yet it is already evident that the election has failed to reproduce either the pulsating anxiety or the popular passions of its predecessor. The substance even of a last-minute emotional appeal, like the famous "Red Letter," whose influence at the election of 1924 was notorious and decisive, appears unusually difficult to discover on this occasion. Events bid fair to bear out the presumption that, in the absence of a sense of imminent domestic crisis, the "independent vote" will be cast much less solidly for the Parties of the Right than in 1931, and may well poll a lower proportion of its total

strength. The Government's most powerful opponents, in other words, are apathy and the "swing of the pendulum."

Whether these will be sufficient to deprive it of more than a part of the immense majority of 411 which it enjoyed at the dissolution of the last Parliament is more than doubtful. The Opposition Parties are labouring, not merely under the disadvantage of an election date chosen to suit the Government's own tactical convenience, but under the additional disability of four years' representation in the last Parliament at a mere fraction of their true strength. It is the peculiar evil of a landslide like that of 1931 that it virtually deprives an Opposition of the ability to fulfil its ultimate function in a democratic constitution—that of providing an alternative Government whose members enjoy national confidence. During the past four years the Labour Party has worked, more or less successfully, to close the gaps in its organisation in the constituencies. But the loss of many of its greatest figures, by death or defection, has temporarily weakened its leadership; and the reduction of its representation in the House of Commons to a mere rump has deprived many of its newer men of the opportunity to acquire parliamentary experience and national reputation alike. Excluded from the floor of the House, they have lacked both training ground and sounding board. In the matter of policy also the Party is unfavourably placed. It is fighting on ground not of its own choosing. The lines dividing popular opinion to-day, so far as they are discernible, are not primarily concerned with the "nationalisation" of economic resources. "To-day," declares Lord Snowden, "Socialism is not the issue." In reply to the Government's appeal to its record of improving trade, cheap money and increased employment, the answer of the Opposition is chiefly the negative one of opportunities neglected. The initiative lies with the Government.

What, then, is the Government's case? First and foremost, it asks for a vote of confidence. Its tenure of office has coincided with a revival of business confidence and a rise in national wealth. The country has replenished its empty cupboards. It has begun to lay up much goods, to

pull down its barns and build greater. "Gentlemen, we propose that the retiring directors be re-elected."

That the recovery, however, is attributable, even to a major extent, to Government policy is a claim which will hardly hold water. That its cheap money policy has contributed to the growth of confidence is unquestionable, and its tariffs have certainly helped certain industries and districts. But, on the other hand, it is equally certain that this country's adoption of a policy of trade restriction has helped to maintain similar obstacles in being and to increase them throughout the world, and has thus delayed very seriously the general process of recovery. Again, from the point of view of international politics, the position is obviously much worse than four years ago. If the Government cannot properly claim full credit for recovery, it would be equally improper to make it entirely responsible for the present state of the world. Though, at times, it has striven hard for peace it is equally open to the charge of having missed critical moments and of having done the right thing too late—notably in the spring of 1932.

The vote of confidence must therefore be qualified by the fact that we are facing the greatest international crisis since the war, that the world is rearming, and that we still have two millions unemployed.

But no Party ever places sole reliance on its record as an election-winning asset. Most democratic Governments are returned from a lively sense of favours still to come rather than from gratitude for benefits received. The Government has, therefore, reinforced its appeal by such offers as extended contributory pensions, a higher school-leaving age and expedited housing development. And as faith must be fortified by "works," Mr Neville Chamberlain announced on Saturday that a plan is in being for the expenditure of some £100 millions on roads in the next five years. The Government has also offered to guarantee £30 millions for railway improvement. To these sums may be added an unstated amount for new armaments—which has nowhere been estimated at less than £100 millions, and may be over £200 millions. We examine the road and railway schemes in a later column. One observation appears relevant here; namely, that not all the capital expenditure with which the Government has decked its election window can be regarded as equally "new." The suggested road expenditure, for example, appears to be little, if anything, more than the country was spending a few years ago, when the volume of road traffic was much less than it is to-day. Incidentally, its total is equivalent to little more than one-fourth of the amount which the roads are expected to contribute in taxation in the next five years. The Opposition's answer to all this is, of course, that it does not go nearly far enough to ensure prosperity, and that at best it is a death-bed repentance.

If the Government cannot guarantee prosperity, can it underwrite peace? It is here that it speaks with most divided voice and asks for the blindest of cheques. It declares its fidelity to the League of Nations and in the same breath asks for a mandate for increased armaments. Are electors justified in inferring the existence, in the present Cabinet, of a "League" party and an "armament" party, with Mr Baldwin riding uneasily over both?

The Government's appeal, in the last resort, looks uncommonly like a request for a vote of confidence in the statesmanship of Mr Baldwin himself. In his address to the Peace Society on October 31st, the Prime Minister ruled out "isolation" as far too expensive a policy for Great Britain. But he was less precise, and far less reassuring, in his delimitation of the scope of the Government's projected "defence" measures. Mr Baldwin is a leader whose common sense and liberal instincts are, by general consent, the greatest contemporary assets of his Party. There have been frequent occasions, however, in the last twelve years when Mr Baldwin has appeared to do too much honour to counsels less sound and progressive than his own.

If the Government returns to power for another four or five years, what factors are likely to have most influence on future policy? The answer appears to be twofold, namely, the influences surrounding the Prime Minister and the composition of his majority—Diehard or otherwise—on the one hand, and the strength of the Opposition on the other.

THE APPOINTED DAY

LAST Saturday the League's Committees at Geneva approved for action the five proposals for applying sanctions against Italy, which had been recommended to member-States before the adjournment, and named November 18th as the date for putting them into force.

This step, which was taken as the result of favourable replies from the overwhelming majority of League members, is distinctly encouraging. But the encouragement ought only to stimulate us into redoubling our efforts to make the system effective in bringing the war to an end. That we may legitimately entertain hopes of achieving this, is indicated by the accomplished fact; for the step now taken is one that the most sanguine believers in the League would hardly have ventured to predict with any confidence even as lately as a few months ago. At the same time, there is perhaps a certain latent danger in this measure of success. For we should be worse off than before if we allowed last Saturday's action to be taken as the end, and not as merely the beginning, of the collective effort to bring about a cessation of hostilities and a just peace. Sanctions are merely a means to that end, and not an end in themselves; and if this is true of the whole gamut of the sanctions that are prescribed in Article XVI of the Covenant, it is true *a fortiori* that we cannot salve our consciences with the instalment that is to come into force on the 18th of this month.

We have no quarrel with this date. For even though it is three days later than the day which had been contemplated by the French and British Governments, it is really a remarkable achievement to have secured concerted action on the part of some fifty States so quickly. Indeed, November 18th, as well as the 2nd, may prove to be an historic date. On this day the League is going to give the first turn to the screw of sanctions. But we must bear in mind all the time that we are making a first trial of a new instrument for the vindication of international law and order; that we do not know how effective for our purpose this first act is going to be; and that we must therefore be prepared to find it necessary to give the screw another turn, and perhaps another after that, up to the full measure of the extremely drastic action to which we are pledged by the Covenant.

We most sincerely hope that this necessity may not arise. But the likelihood of our having to resort to more drastic measures will be diminished in proportion to the clearness with which we show our determination not to shrink from taking these further measures if and when the necessity arises. The League should therefore decide forthwith how long it will allow the present measures to run before deciding whether they are likely to be effective or not. A reasonable time limit for this purpose would be the beginning of the New Year, or at any rate some day in January. If, by then, these first measures have not produced a settlement satisfactory to all parties concerned the screw should be given a further turn. This means that the Co-ordination Committee ought now to begin to consider what the next steps ought to be and to prepare its plans for carrying them out. It should, in fact, be setting up a general staff for handling what may be a long campaign. This would make it clear to Italy that November 18th is neither the last nor the blackest of the black days that await her if she persists in the violation of her international undertakings. She ought to know that within a relatively short time further formidable sanctions will come into effect for certain unless, by then, she has either accepted a settlement satisfactory to the League or else is very far advanced in negotiations tending towards that end.

Meanwhile, subject to these considerations, we may take note, with provisional and conditional satisfaction, of what has been already accomplished. The list of acceptances of the Co-ordinating Committee's five proposals is undoubtedly impressive. The arms embargo and financial boycott proposals have been accepted by fifty-one States members, and the proposals to refuse to accept any Italian exports, and to withhold from Italy certain commodities (in addition to arms) which Italy desires to import, have

been accepted by forty-nine States members. The mutual assistance proposal, which does not officially require an answer, has, in fact, received affirmative replies from forty-one States, and this does not exhaust the list of the States that intend to act on this proposal in practice. This means that, as the moment for action has approached, there has only been a negligible number of hesitations or defections beyond the three original lapses on the parts of Austria, Hungary and Albania. The defection of Paraguay, the hesitation displayed by Venezuela and Nicaragua, and the reservations made by Switzerland are offset by the keenness shown by two overseas States members, South Africa and Canada, and by the decision, in principle, to carry out the Co-ordination Committee's proposals which has been taken by one non-member, Egypt.

The Egyptian decision is important because Egypt might have been a near and convenient source for the supply of certain valuable commodities both to the Italian armies in the field in East Africa and to the factories in Italy itself. The Canadian keenness is significant because Canada might have been tempted to take the view that she is so remote from the conflict that she could only be expected to take a platonic interest in it. Her action, moreover, is peculiarly important; in the first place because it keeps the screw turning, and in the second place because Canada is the natural link between the League of Nations and the United States.

Both South Africa and Canada have made proposals which go beyond the five on which the decisions were taken last Saturday. South Africa has urged that the exports of key products should be rationed on a three-years' average to non-members—and also, presumably, to States members which are non-participants—in order to guard against the danger of re-exports to Italy. Canada has proposed that coal, oil, iron and steel shall be added to the embargo list if and when it appears that the principle of the embargo has been accepted widely enough to make its application to these materials reasonably effective. Both these proposals have been referred to the economic sub-committee, and the Canadian proposal has already been adopted by it.

Of the four additional commodities in question, oil is manifestly the most important. For it is becoming daily more evident that the Italian army in East Africa is relying upon its aeroplanes, its tanks, and its motor transport, and that its superiority of force over the Abyssinians might be converted into an actual inferiority if it were reduced to relying, as it had to rely in 1896, upon rifles, horse artillery, mules and camels. This would, however, be the prospect confronting the Italians if oil imports were cut off. Indeed, in order of effectiveness, we may perhaps rank the proposed oil embargo as the next most important sanction to the closure of the Suez Canal. This shows the importance of the Canadian proposal. The possibility of applying it depends, of course, principally upon the attitude of the United States (or of the American oil interests), and, in the second place, upon the action or inaction of Venezuela. As a final encouragement, it is understood that Germany will continue to prohibit the export of arms to either belligerent and will prevent any "extraordinary increase" in trade in certain raw materials and foodstuffs. And in America, though oil has not been added to the list of embargoed goods, public opinion is being mobilised to put pressure on the oil companies to limit their shipments.

This, then, is the background against which, during the next few weeks, the French and British Governments will be continuing to explore the possibility of bringing Signor Mussolini to satisfactory terms. The Co-ordination Committee as a whole did not much relish the "moral mandate" to prepare the ground for negotiations within the framework of the League which the Belgian representative wished the Committee to confer upon the two Powers. But such negotiations need not be dangerous, and may be valuable, if the French and British Governments act up to their assurances that they will look at no proposals which are not satisfactory to Abyssinia and to the League, as well as to Italy. The whole world will be watching to see that Sir Samuel Hoare and M. Laval are now as good as their word. Meanwhile, public opinion must be vigilant to see that "peace talk" is not allowed to serve as an excuse for postponing action, while the war drags on and the situation in Abyssinia itself sinks deeper into confusion.



7, CHANCERY LANE, LONDON

ELECTORAL MATHEMATICS

A small body of electors remained unpooled on the very last day. They were calculating and reflecting persons, who had not yet been convinced by the arguments of either party, although they had had frequent conferences with each. One hour before the close of the poll, Mr Perker solicited the honour of a private interview with these intelligent, these noble, these patriotic men. It was granted. His arguments were brief, but satisfactory. They went in a body to the poll; and when they returned, the Honourable Samuel Slumkey, of Slumkey Hall, was returned also. ("Pickwick Papers," chap. xiii.)

ELECTIONS in the fine old unreformed borough of Eatan-swill were a matter of precise scientific calculation. In the last analysis victory always went to the candidate who was most plentifully supplied with "brief but satisfactory" arguments. But since the unromantic progress of Democracy, by the instrumentality of the Corrupt Practices Acts, has compelled candidates to rely on arguments which are both less brief and considerably less productive of immediate satisfaction to the elector, many things have changed; and a General Election in the United Kingdom is nowadays about as far removed from precise scientific calculation and as closely akin to a game of chance as anything in the world of politics could well be. The system of single-member constituencies, especially when combined with the existence of three parties, very seriously distorts the voice of the people, as that oracle is revealed by individual votes in the constituencies. The distortion has never yet, it is true, converted "The Red Flag" in the constituencies into "Land of Hope and Glory" in the House of Commons. But it has sufficed on several occasions to change the key of the Voice from minor to major. This distortion can be gauged from the following table, which gives the total votes cast for, and the seats gained by, each party at the elections since the war.

VOTES CAST AND SEATS GAINED, 1918-31

	Conservative		Labour		Liberal	
	Votes	Seats	Votes	Seats	Votes	Seats
1918 (b).....	3,882,514(a)	360	2,370,240	63	2,770,985(a)	161
1922	5,565,843	347	4,251,011	142	4,113,012(c)	117
Change	+1,683,329	- 13	+1,880,771	+ 79	+1,342,027	- 44
1923	5,544,540	258	4,508,504	191	4,314,202	158
Change	- 21,303	- 89	+ 257,493	+ 49	+ 201,190	+ 41
1924	7,838,225	415	5,423,589	152	2,925,142	42
Change	+2,293,685	+157	+ 915,085	- 39	-1,389,060	-116
1929	8,664,243	260	8,379,978	298	5,301,127	59
Change	+ 896,018	-155	+2,956,389	+136	+2,375,985	+ 17
1931	11,925,312	471	6,648,023	52	2,320,310	72
Change	+3,261,069	+211	-1,731,955	-236	-2,980,817(d)	+ 13

(a) Coalition and Non-Coalition combined. (b) Great Britain only. (c) National and Independent combined. (d) Liberal and Liberal National combined.

It can be claimed for the existing system that it tends to produce substantial majorities in the House of Commons, and thus makes stable Governments more possible than in other countries. With the exception of 1931, for example, none of the three parties has recently received a majority of the votes. Yet four elections have given the largest party a comfortable majority in the House. But if the

statistician seeks to extract from the figures here presented some scientific principle by which he can determine in advance the effect upon a Government majority of a given prospective shift of the total vote, his labour will be in vain. There is no such principle.

Nevertheless, even with the arbitrary permutations of British electoral statistics, there is some small scope for the calculator. An attempt will be made in this article to delimit more precisely the boundary between the calculable and the incalculable in the impending General Election. Some major hypothesis is necessary before calculation can start. In the absence of any better guide it may reasonably be assumed that the result of the last election in 1931 will not be repeated. That was, in every way, an extraordinary election. The Liberal, and liberal-minded, vote was, for the first time since the war, cast preponderantly on the Conservative side. What is more, the National cause attracted a substantial number of voters who had supported Labour in 1929. Neither of these circumstances is likely to recur. Many Liberals will doubtless vote for National candidates: but many will also vote for Opposition candidates. The evidence of the by-elections suggests that the ranks of Labour have been largely re-formed. On the other hand, it is unlikely that Labour will do as well as in 1929. This, then, is the major hypothesis; that Labour will do better than in 1931 but not so well as in 1929.

A start can be made in certainty. Forty members have been returned unopposed, 26 of them being supporters of the Government, 14 of the Opposition. The next stage is almost equally certain. There are 90 seats (other than those in which there has been an unopposed return) in which the Conservative candidate received an absolute majority of all votes cast both in 1929 and in 1931. These can be counted safe Conservative seats. In the same way there are 36 safe Labour seats, in addition to those where there is no contest. So far the score stands—Government 116; Opposition 50.

The next stage is more conjectural. There are 146 seats which the Conservative Party won both in 1929 and in 1931, although the Conservative candidates did not in the former year poll an absolute majority of the votes cast. To beat the Conservative candidates in these seats this year, Labour would need either to win over some of the Tory voters of 1929, or else to secure more than half of the Liberal votes and of the new electors. Either possibility seems to be ruled out by the major hypothesis with which we started. These 146 seats must, therefore, be tentatively given to the Government. We have now dealt with 312 seats, and the score stands Government 262; Opposition 50.

The result of the election, however, rests with the remaining 303 seats. Of these, 108 were won by Labour with an absolute majority over all-comers in 1929, but lost in 1931; 117 were won by Labour on a minority vote in 1929, and also lost in 1931; 50 were won by Liberals in 1929; 28 are, for one reason or another, unclassifiable.

The great riddle of the election is—how many of these seats will Labour win in 1935? Up to this point we have been dealing either in certainties or in major probabilities. But to distribute these remaining seats between the parties is a matter of pure conjecture. These are the seats where the "small body of electors," the "calculating and reflecting persons," will cast the decisive votes, as they did at Eatanswill. Only in 85 of them will they have more than two candidates to choose from. Taking the whole 615 seats, there are fewer three-cornered fights than usual, though slightly more than in 1931. This is shown by the following table, which shows the total number of candidates, the number of unopposed returns, and the figure of "candidates per contested seat" (an abstraction for which the statistician may pray to be forgiven) at each of the last six elections:—

General Election	No. of Candidates	Unopposed Returns	Candidates per Contested Seat
1923	1,444	50	2.47
1924	1,421	32	2.38
1929	1,729	7	2.83
1931	1,286	67	2.22
1935	1,347	40	2.27

But the elimination of three-cornered fights in three-quarters of the doubtful seats does not make it any easier to forecast the opinions of the "intelligent, noble, patriotic

men" who are not attached to either of the larger parties. The only possible method of procedure is to make two sets of assumptions, one giving the luck of the poll to Labour, one to the Government, and then to apply each set of assumptions, with mathematical rigidity, to the three hundred doubtful constituencies. Any would-be prophet can make his own assumptions, and there is no reason, until the election is over, for preferring any one set to any other.

An example may, however, be given. Suppose it be assumed that, where the same parties are contesting the seat as in 1929, Labour suffers a net loss, as compared with that year, of 2,000 votes to the Conservatives, and that in those constituencies where the Liberal candidate has dropped out, the Liberal vote is divided equally between the two larger parties. In other words, let it be assumed that Labour does nearly, but not quite, as well as in 1929. On that basis—which, be it repeated, is given solely as an illustration—Labour will get about 260 seats and the Government's majority will be as low as 50. If, on the other hand, it be assumed that Labour will suffer an average net loss of 4,000 to the Conservatives, and will get the votes of only a minority of the Liberals, the Labour seats may be as few as 160 and the Government's majority as high as 250. The difference between a net loss of 2,000 and a net loss of 4,000—the turnover of 1,000 voters—means a difference of the all-but-vital hundred seats in the House of Commons. Elections, like prices, are determined at the margin.

These 100,000 voters are the people who will really decide the election. So much the patient calculator can foretell. What he would give his slide-rule to be able to predict, is how those 100,000 men and women will cast their vote on Thursday.

COMMERCIAL MOTOR VEHICLES

THE Commercial Motor Transport Exhibition, which is being held at Olympia, London, from November 7th to 16th this year, affords convincing testimony to the prosperity and technical efficiency of this branch of the motor trade. In reality, there are two commercial vehicle industries, comprising the manufacture of light- and middle-weight and of heavy vehicles respectively. The former includes such firms as Vauxhall, Ford, Morris Commercial and Rootes (and in the very light-weight category, Austin and Singer), who have adapted to commercial vehicle manufacture the mass-production methods which have gained them a dominant position in the private car market. The latter includes, *inter alia*, Leyland, A.E.C., Dennis and Albion, who are interested in omnibuses, motor coaches and heavy-weight lorries, and in the last two years have been turning their attention increasingly to heavy-oil engined vehicles. From their point of view the legislation of the past five years has been disturbing. Although the past year's production, in terms of total units, has been at a record level, prosperity has been unevenly spread. New registrations of goods vehicles of over 2½ tons unladen weight have actually decreased by 16 per cent. New registrations of omnibuses and coaches have risen by 35 per cent., but the year's total of approximately 4,600 is low compared with those of the two years preceding the Road Traffic Act of 1930. The following table shows the position of the industry during the past seven years:—

COMMERCIAL VEHICLES—PRODUCTION AND SALES							
Year Ended Sept.	New Registrations				Net Imports	Exports	Total British Production
	Lorries		Omnibuses				
	Great Britain	Northern Ireland	Great Britain	Northern Ireland			
1929	52,825	945	9,017	88	18,444	8,566	54,995
1930	52,370	961	8,320	107	3,991	6,566	64,333
1931	51,737	1,014	7,287	81	1,416	5,475	64,178
1932	45,944	938	4,915	120	557	7,304	58,664
1933	49,599	925	2,662	41	182	9,898	62,643
1934	66,368	981	3,393	74	1,458	12,236	81,594
1935*	68,300	1,450	4,800	40	1,840	14,889	87,439

* Figures partly estimated.

The 1930 Act caused a reduction of 7,000 in the number of omnibuses in operation and a consequent glut in the second-hand market. Its effects are now being felt less acutely. Omnibus operators are endeavouring, further, to secure reduced costs by increased employment of heavy oil vehicles. In the first eight months of 1935, sales of heavy-oil buses increased from 672 to 1,787, while sales of petrol buses fell from 2,081 to 1,876. The Diesel is making rapid progress on the passenger side, but the full effect of the increase in the heavy oil duty, last August, from 1d. to 8d. per gallon remains an unknown factor, especially in urban passenger transport.

On the goods side, many causes are combining to encourage the use of vehicles of smaller unladen weight. The scale of taxation on heavy-weight vehicles was made steeper in 1934. Stricter enforcement is being practised of speed limits which allow a maximum speed of 30 miles per hour to a vehicle of 2½ tons unladen weight or less, but restrict a vehicle of over 2½ tons to 20 miles per hour. Finally, under the present licensing system for road haulage fleets, the Traffic Commissioners usually pay more attention to the total unladen weight of the fleet than to the number of vehicles comprising it. As the heavy-oil vehicle is mainly confined to the heavy-weight class, the number of new "oilers" sold in the first eight months of this year has fallen from 1,214 to 1,174, although the proportion to total new vehicles of over 2½ tons has increased from 19 per cent. to 21 per cent. A certain tension exists between heavy-weight and other manufacturers, since the former, with their contracting market, are beginning to compete in the lighter classes, with whose production they have not hitherto been largely interested.

As in other branches of the motor industry, the larger concerns—particularly Leyland and the Associated Equipment Company—have increased their share of the market at the expense of the smaller companies. Some of these firms, which were not in a position to turn over to the manufacture of Diesel engines, have continued to build chassis, but have bought their engines from specialised manufacturers. From every point of view this has proved no better than a *pis aller*. Simultaneously, concentration of control among omnibus operators has made orders for new vehicles fewer and larger. Events, in short, have increased the differential advantages of the more important producers.

So much for the home market. On the export side, the industry has secured a larger share of available trade, though its absolute expansion has been limited by the strict control and regulation of commercial road transport in almost all countries in the interests of railway transport. Commercial vehicle exports for the past seven years are shown below:—

COMMERCIAL VEHICLE EXPORTS						
Year Ended Sept.	Exports			Per cent. to Empire	Average Declared Value of Complete Vehicles Exported	British Exports as per Cent. of World Total
	Complete Chassis	Chassis	Total Vehicles and Chassis			
1929	2,684	5,902	8,586	70.5	425	3.3
1930	3,205	3,361	6,566	80.2	442	4.5
1931	2,455	3,020	5,475	74.0	413	7.1
1932	1,981	5,323	7,304	58.5	266	18.0
1933	2,018	7,890	9,898	64.3	241	18.8
1934	2,389	9,847	12,236	72.5	265	10.7
1935	2,204	12,685	14,889	67.5	291	12.5 (Estimated)

The improvement in the average declared value of exports of complete vehicles suggests that heavy-weight manufacturers have met with greater success in the export markets than at home. British vehicles, with their strength and sound workmanship, are popular in many countries whose road development is backward. Recent progress has been made in non-Empire markets like Denmark, Sweden, Egypt and Persia. The outlook remains relatively favourable. A particularly successful section of the industry during the year has been the manufacture of agricultural tractors, demand for which has moved *pari passu* with the mechanisation of agriculture. The largest share of the market is at present held by Fordson vehicles.

The future of the heavy-oil vehicle is the most urgent problem of the commercial motor industry to-day. So far

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as passenger vehicles are concerned, there may be a certain loss of ground to the electric trolley-bus. To judge, however, by the renewal programmes of the large omnibus operators, the eventual replacement of the petrol omnibus by the heavy-oil vehicle is by no means improbable. On the goods side, the future may turn on the question whether middle-weight and light-weight "oilers" can be produced at prices competitive with those of the large manufacturers of petrol vehicles. So long as the "oiler" is the more expensive, weight for weight, its progress will tend to be confined to work involving high annual mileages, for which an increased initial outlay can be offset by economy in the fuel bill. There is now little difference in the price per gallon paid by large operators for petrol and heavy oil, but the latter gives a 75 per cent. better mileage. The improvement in the demand for new omnibuses (in which the future of the heavy-oil vehicle is assured) has tended to divert the attention of manufacturers from the lorry market. When this position has been righted, in due course, it will be easier to form an opinion of the lorry market's potentialities.

There are no signs of a revival in demand for steam vehicles, demand for which, after a long decline, was given the *coup de grâce* by last year's tax increase. Sales of electric vehicles, however, have risen during the first eight months of 1935 from 250 to 374. No progress whatever has been made with vehicles using coal gas or producer gas. There were ten of these vehicles in use in September, 1934, and only two new registrations have been effected this year.

"THEY"

(BY A CORRESPONDENT)

A DISTINGUISHED person, who had just received a title, was being congratulated by a friend.

"You ought to have had it long ago," said the friend.

"Well, actually three years ago they told me..."

"Excuse me," interrupted the friend, "but who are 'they'?"

There was no answer.

"I wish you'd tell me," said the friend. "I'm always hearing about 'they' and what 'they' do, and I've come to the conclusion that if only I knew who 'they' are, I should know who governs us."

Who does govern us? When we were very young indeed we used to think it was the King sitting on his throne with a crown perched on his head. Later on we knew that that was a childish fantasy. Really we were governed by the Prime Minister or by the Cabinet or by Parliament. Time passed, and we knew that that was a boyish fantasy. Really we were governed by the Civil Service—those bureaucrats. More time passed, and with the wisdom of age we came to suspect that that was a middle-aged fantasy. We no longer believed that we were governed either by this man or by that, by this one element in the constitution or by the other. The power behind

the Government and behind the Civil Service and behind (very much behind) public opinion is an anonymous, intangible, almost irresistible entity which is almost always referred to by the use of the third person plural and takes its place in the unwritten scheme of the Constitution as "they."

Mr Rudyard Kipling once wrote a short story which he called "They." It was a very mystical story; for they were the souls of dead children who haunted a garden and were very elusive indeed. But their presence could occasionally be detected by a trained sense which knew how to search for them and where. They who govern us are not, perhaps, quite such insubstantial fairies as they in Mr Kipling's garden, but they are scarcely less elusive or less difficult to detect; and although now and again by a miscalculation or mischance they are caught in the light of day, generally the observer has to know a good deal of their methods and movements before he begins to recognise their handiwork. In an age of publicity they do not court the limelight, and they prefer, as a rule, not to appear in person. In the intimacy of a room in Whitehall their arguments will be cogent and convincing; but they do not in the ordinary course make platform speeches, choosing rather to inspire and supervise the eloquence of others than to proffer their views and policy direct to the public. They like to do their business through a middle man, remaining themselves what the lawyers call "undisclosed principals." But for all their reticence and retirement there is no speech or language in which their voice is not heard. It is heard in the precise phrases of an Act of Parliament; in the undulating periods of an elder statesman; in the smooth pleadings of a barrister-politician; in the clarion calls of a great patriot; in the gruff pronouncements of a trades union leader; in the cultured voice of the talkie machine at the local cinema. Not one of these media will they in their catholicity disdain. But not often will you be allowed to catch the voice of Jacob in the speech of Esau.

Now and again some Paul Pry who has gone out hunting for vested interests will make a fuss and cause them a certain amount of embarrassment—will even, when he has had a good day's hunting, drag one of them head, shoulders, trunk, legs and feet into the public gaze. Paul Pry cannot often obtain publicity for his complaints and criticisms, but sometimes he succeeds. Then John Bull realises for a brief moment that they are producing quite an astonishing amount of some commodity that is no good for anything except to produce some other commodity, and that this second commodity is being sold only because John Bull is subscribing £1 out of his own pocket for every £1 that the commodity sells for. He discovers, but is apt to forget rather quickly, that they are doing very nicely and drawing very pleasant dividends at his expense and for their benefit. Or—still more embarrassing—an inquisitive Yankee will launch an inquiry into how they sell their guns and shells and to whom, and how they start their

panics and how they torpedo disarmament conferences, and into the stories they tell to the Press and the influence that they bring to bear in what is known as the Right Quarter. When that happens they must bestir themselves and set up the right smoke screen in the Right Quarter to obscure their past and future movements from sight and thought.

Sometimes even—and this is perhaps most painful of all—they will fall out among themselves and publicly accuse each other of not playing the game in the Right Way. Then you may hear one of them openly complaining that another of them has not done the proper thing by him. It will appear that measures put forward and put over for their mutual benefit are being used too much for the advantage of one of them and to the positive detriment of another of them. But happily, most happily, open disputes among them are not usual. For they are men of common sense, and they appreciate the fact that if one of them has put prices up too quickly for the convenience of another of them, it is much better to talk the little problem over between them in private than to air the grievance in public and so lead to possible misunderstandings in the mind of the public. Between them, after all, there must be give and take, and with mutual forbearance and patience and a decent reticence there is enough for all of them. And anyhow dog does not eat dog. This very sensible line of argument will always appeal to them, and any little burst of irritation from one of them will be forgotten, forgiven and not repeated.

In the last four years they have had a splendid time. What with tariffs and quotas and marketing boards and subsidies, their interests have grown more and more firmly vested, and (what is nicest of all) they have reason to think that they will have the whip hand in future. "It may be," they will murmur into the ear of the Right Person, "that the public is paying a good deal for our products and that our show is, as you say, preposterously uneconomic, but you daren't let us down. It is true that the Committee, which you so unnecessarily appointed to investigate, has reported unfavourably on us, but you daren't take its advice. If you do, we shall shut our factories, and then our workmen and our shareholders will suffer. And you will not forget that both our workmen and our shareholders (we refer, of course, to such of our shareholders as are of British nationality) have votes. Now be sensible. Go and make one of your perfectly splendid speeches showing how tariffs simultaneously raise prices for the producer and lower them for the consumer. And leave the rest to us."

So when we hear, as in time we doubtless shall, that a subsidy has been arranged out of public funds to encourage the growth of pineapples in Aberdeenshire, and that a marketing board has been set up for the better regulation of the sale of yellow trouser buttons in Great Britain and Northern Ireland, then we shall know that they, in the process of governing England, have seen the commercial possibilities of pineapples and yellow trouser buttons; and what they get they will hold.

NOTES OF THE WEEK

Armistice Day.—Seventeen years ago, on November 11, 1918, the last order, "Empty guns," was given. A Great Silence was broken by the sound of cheering men, from the sea to the mountains. The War to end wars was over; the world had been made safe for democracy. Seventeen years. . . . The youngest combatant in the Great War has reached middle-life, and the children of 1918 are on the threshold of manhood. Seventeen years. . . . But the reverberations of the guns have not died down; the drone of the bomb-carrying aeroplane has grown more insistent and oppressive. Do the people imagine a vain thing? Is it for nothing that "peace" is emblazoned on every party banner in this month's election? "Must the differences that arise . . . between nations be left to force . . . or shall we consciously and resolutely attempt to solve them by the ways of discussion and law that we all adopt as a matter of course for our private differences?"

. . . That question will in the end be answered not by Governments, but by peoples. . . . We have a great, an immeasurably great influence to throw in on the side of peace. . . . Our object is to end war, to end wars that may shake the world as we know it beyond all hope of recovery within the life of such as will still be alive at the task. But we accept it." The speaker is Mr Stanley Baldwin, Prime Minister of Great Britain. The voice is the voice of the British nation, conscious alike of its destiny and its responsibilities.

Election Fantasies.—The present General Election is living well up to the reputation of former campaigns for extreme and surprising statements. Perhaps the most remarkable made so far has been Mr Chamberlain's

on Saturday night that of the 348,000 new houses built in the United Kingdom in the year ending March 31st last, "90 per cent. were within the reach of the wage-earning class." How Mr Chamberlain would interpret the phrase "within the reach of the wage-earning class," we do not of course know. But it is merely fantastic to suggest that 90 per cent. of the houses built last year were available to let at a rent within the means of the average working man. The poorer working man cannot buy his house, even with the assistance of the building societies; and houses to let with a rateable value of more than £13 (£20 in Greater London) are beyond the means of all but the better-paid worker. Yet of the 286,050 unsubsidised houses built by private enterprise in England and Wales during the year in question, only 33,103, according to the Ministry of Health report, were houses to let of a rateable value of less than £13. From what source does Mr Chamberlain obtain his 90 per cent.? Another somewhat misleading statement is that of Mr Elliot that 19s. bought as much food in the first nine months of 1935 as 20s. in the first nine months of 1931. Mr Elliot did not say that the index of food prices was falling in 1931 and has been rising this year; or that it is now as high as in the corresponding period of 1931; or that the commodities which have fallen in price since then are in most cases exactly those which have not been affected by his own restrictionist schemes. Indeed, throughout the election so far a markedly hypocritical attitude towards the economic recovery of the last four years has been apparent on both sides. The Opposition scarcely admits that there has been any recovery at all. And the Government ignores the part played by such factors as the abandonment of the gold standard in 1931. Altogether the present election is producing its full quota of complacency, delusion and self-praise.

* * *

Miners and Owners.—There is as yet no sign of any weakening in the determination of the miners to press for an increase in wages. Fuller information was forthcoming this week about the owners' scheme for establishing central selling organisations by next July. An organisation for the complete control of the sale of coal will be set up in each district, with co-ordination between districts through the Coalowners' Central Council. All seventeen districts, including Northumberland, have now signified their assent to the Secretary for Mines. The new selling schemes will follow the model of that established in Lancashire and Cheshire last July. This scheme provides for a single selling agency. The various collieries sell exclusively to the executive board established under Part I of the 1930 Coal Mines Act; and evasions of the minimum price are consequently impossible. There are separate minimum prices, however, for each class of coal. The Board also controls distribution and transport arrangements, and fixes standards of quality in production. Unquestionably the extension of this scheme to the other coalfields will be a valuable and important step forward. The coal industry suffers from surplus capacity; it has been peculiarly unsheltered from the economic blizzards of recent years; it pays a distressingly low wage; and finally it is itself faced with important semi-monopoly buyers. The general adoption of central selling agencies should, therefore, in this instance, lead to a justifiable improvement in the industry's position. Unfortunately, however, the mere hope of such improvement will not satisfy the miners, who have already waited long and patiently for some alleviation of their plight. It is good news that the Mining Association met representatives of the Mineworkers' Federation on Wednesday to explain the new selling plans. But despite this evidence of a slightly more conciliatory attitude, the Association still refuses to discuss the wage issue with the Federation. The Federation have consequently announced that next week's strike ballot will not be cancelled. Is it now beyond the power of the Government to give some tangible and concrete promise of wage concessions, perhaps to be made simultaneously with the institution of selling agencies next July? If such a promise were made, the miners would be well advised to hold their hand till the summer. If it is not, however, nobody can be surprised if they vote next week for a strike.

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Road and Rail Development.—Considerable capital expenditure on both roads and railways has been announced by Government spokesmen in the course of the week. Last week Mr Chamberlain informed the nation that the Government were "embarking on a five-year road plan which would involve the expenditure of no less than £100 millions." Mr Chamberlain did not state whether the whole £100 millions was additional to normal road expenditure, nor did he say whether it excluded expenditure by local authorities. If the total were "inclusive" and not "additional," it would scarcely be on a greater scale than that adopted in the last few years, although the volume of road traffic has increased by nearly 50 per cent. since 1931. Mr Hore-Belisha has since stated that the £100 millions is "exclusive of certain large schemes such as the Severn Bridge scheme, which would cost another £3 millions." He also added that he had already approved this year grants for schemes costing £21,500,000. This in itself indicates that the £100 millions five-year plan is nothing revolutionary, but rather a continuation of the somewhat more liberal public works policy that the Government has pursued during the past eighteen months. Meanwhile the railways are to spend £30 millions on reconstruction and improvements; and the Government is to guarantee the principal and interest of a loan. The financial aspects of this scheme are discussed in an Investment Note on page 916. Several of the schemes are of considerable importance. They include the reconstruction of stations and the building of new lines, rolling stock and locomotives. The L.N.E.R. is to electrify the line from Sheffield to Manchester, and the Southern the lines from Surbiton via Guildford to Portsmouth, from Brighton to Portsmouth, from Dorking to Arundel, from Sevenoaks to Hastings, and from Gravesend to Chatham. This in itself is the most ambitious single scheme of main-line electrification that the Southern has yet undertaken. It will leave every main line from Hastings to Portsmouth electrified. Here again, however, it is not to be supposed that *none* of the schemes specified would have been undertaken without Government guarantee, although a Press statement on behalf of the Railway Companies' Association suggests that the present initiative came from the Government's side. The reconstruction of stations, locomotives, etc., probably represents a hastening of inevitable measures; and the Southern has long been known to be proceeding steadily with its electrification plans. Nevertheless, the new road and rail programmes represent at least some advance towards a vigorous policy of national development. Taken together with last summer's London Transport scheme, and with the continuance of the housing boom, they should go some distance to sustain the recovery movement. We welcome the conversion of the Government to the policy of national development so long advocated in these columns—even if it has taken the imminence of a General Election to make that conversion a reality.

Advance and Halt in Abyssinia.—On the northern front in East Africa the long-delayed Italian advance, launched last week-end, was brought to a temporary halt, some miles short of Makalle, in the middle of this week. Though the advance was resumed on Thursday, the occupation of Makalle had not been announced when we went to press. It is clear that the combination of *terrain* with distance is increasing the technical difficulty of the Italian campaign by geometrical progression. It would even appear that General de Bono has decided not to risk an encounter between the Italian infantry and the hitherto elusive Abyssinian forces unless he can move his infantry forward with a screen of tanks in front and a column of lorries in the rear. This involves road construction, and roads mean time—pending the Italian army's arrival, some sixty miles south of Makalle, in country where no amount of time will enable the Italian engineers to make a way for tanks and lorries. Meanwhile, we may ask on whose side time is working. It may help the Italians in so far as it exhausts the rations and the patience of the Abyssinians. The Emperor, however, must have counted on his own ability to continue his Fabian tactics. Provided he can keep his own troops calm and fed, time will eventually tell against an enemy whose results must be achieved before he feels the pinch of sanctions and the downpour of the next spring rains.

* * *

Egypt and Britain.—Incredible as it sounds, there seems to be a real danger that the blunder which British statesmanship committed towards Egypt in 1919 may be on the eve of repetition in 1935. The British occupation of Egypt has now lasted for more than half a century without being converted into a freely negotiated treaty-relationship. The inexorable facts of geography involve Egypt in any crisis affecting the British Empire in the East. To-day, Egypt is threatened with implication in political and military situations which may touch her vital interests, without having a voice in the control of her own destinies. In 1919, the British Government refused to consent to the representation of Egypt at the Peace Conference; and the result was the Egyptian rising of 1919 and a decade of unsuccessful attempts to repair the damage. The wheel has come round full circle to-day. The Egyptians have shown an honourable scrupulousness in refraining from taking advantage of present British difficulties. So far from having responded to Italian blandishments, they have been co-operating sincerely and effectively with the United Kingdom and with the other States members of the League. But they have, quite reasonably, made it clear that they do not at all want to be caught in the same situation for a third time. They desire an Anglo-Egyptian settlement now on a fair basis of give-and-take. At this precise instant comes a press message from London: "The moment is inopportune . . . Egypt must not seek to take advantage . . ." Though Egypt has, not unnaturally, assumed that this message conveys a semi-official snub from Downing Street, for our part we prefer to find its source in another capital—so perfectly does it suit Signor Mussolini's book. We anxiously await Sir Samuel Hoare's *démenti*; but that is not enough in itself. We made a mutually satisfactory treaty with Iraq; can we not do the same with Egypt? Surely, a Minister who forced the India Bill down the Die-hards' throats can make them swallow justice for Egypt!

* * *

Plebiscite in Greece.—The plebiscite in Greece on the issue of Monarchy *versus* Republic was held last Sunday according to plan. The official results show a majority in favour of the Monarchy which is overwhelming. The figures are 1,491,992 for the Monarchy, 32,454 for the Republic, and 3,268 spoilt voting papers out of a total of 1,527,714 votes cast. If these figures are correct, how can the issue have ever been a burning question of Greek domestic politics? On this showing, the Republicans are as minute and exotic a minority in Greece as the Mormons in the United States. How can these *rara aves* have made a formidable rebellion as lately as last March? By what means can they, even momentarily, have captured the best part of the Greek fleet and have made themselves masters

of Crete and Macedonia? And how were they able to poll more than twice as many votes as their Monarchist opponents in 1924, on the last occasion when a plebiscite on this issue was held? Is there a large floating vote which is given alternately to whichever faction happens lately to have been out of power and therefore exempt from unpopularity? On the contrary, the average Greek citizen is apt to be indelibly dyed with either a Republican or a Monarchist colour. Another possible explanation might be that the poll, this time, was very light, and that potential Republican votes were not recorded. But comparison with other polls suggests that the voting, on the contrary, was exceptionally heavy, even allowing for the fact that members of the armed forces were allowed to vote this time. The figures are still more extraordinary in detail than in the aggregate. We are asked to believe, for example, that the vote in favour of the Monarchy has been 124,497 to 2,154 at Salonika and 50,655 to 1,214 in Crete! These figures would have been difficult to swallow even if the polling day had not been anticipated by General Kondylis's Monarchist military *coup d'état*. We should have been sceptical of such results as these, even if the plebiscite had been conducted under the scrupulously neutral regime of M. Tsaldaris. As it is, we can only suggest that King George II, had he been consulted beforehand, would have preferred to see the Republican vote put into six figures instead of five. The transfer of one or two hundred thousands would have made the official results more convincing.

* * *

Japan and Northern China.—In the Far East, the Rising Sun continues to shine. On the 29th of last month, when the League of Nations Co-ordination Committee was on the eve of reassembling at Geneva to grapple with the Italo-Abyssinian crisis, the Japanese consular and military authorities in Eastern Asia were presenting simultaneous protests—against alleged anti-Japanese activities—to the representatives of the Chinese Government in Peiping and Tientsin. This double *démarche* reflects the perpetual struggle for power between the civil and military arms of the Japanese Government. No doubt it will count as a victory for the civilians that they were allowed to take part in the proceedings at all. The Foreign Office spokesman at Tokyo has described the words uttered as having been "warnings" and "not threats." But whatever they are to be called, they represent another step in the extension of Japanese control over Northern China and Eastern Inner Mongolia. The scope of these unthreatening warnings is reported to cover the eradication of anti-Japanese movements, the establishment of economic co-operation between Northern China and Manchukuo, and the prevention of Communism in the regions adjacent to Manchukuo. The situation can scarcely have been improved by the attempt on the life of the Chinese Prime Minister and Foreign Minister, Mr Wang Ching-wei, made at Nanking on November 1st. Happily, the victim of the crime seems likely to recover; but the would-be assassin was an ex-non-commissioned officer of the Nineteenth Route Army, which put up a stubborn defence against Japanese aggression at Shanghai in 1932. Mr Wang Ching-wei's aggression, in the criminal's eyes, was his policy of attempting to place footing. But what other policy can any Chinese Government pursue? The annexation of China piecemeal, nevertheless, is not the right solution for Japan's problems, any more than the conquest of Abyssinia is the right way out for Italy. The urgent task for international statesmanship is to find some equitable way of mitigating inequality as between the "Haves" and the "Have-Nots." It is no solution to throw the weak States to the wolves.

* * *

State Elections in America.—The first Tuesday in November is designated by the United States Constitution as Election Day. Last year there was a Congress to elect; next year there will be all the excitement of a Presidential contest. This year there were only a number of State elections. In the United States, more than in any other country, there is a world of difference between national and local politics, but this week's results, nevertheless,

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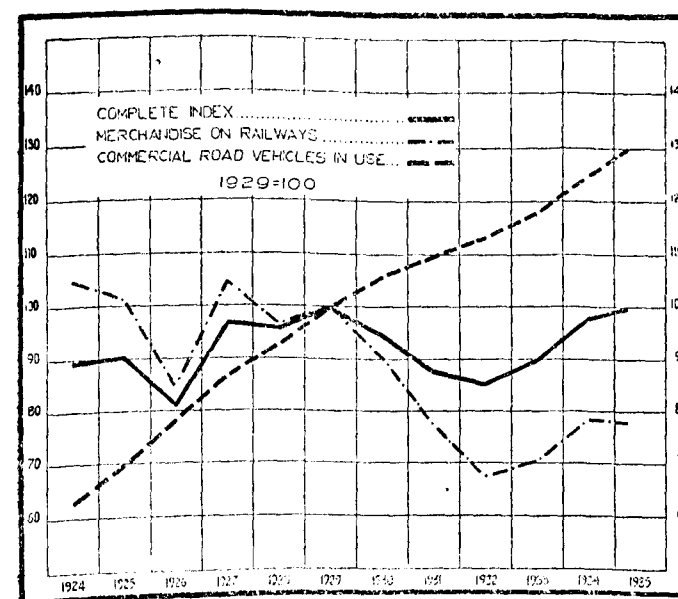
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have some bearing on the larger contest of next year, for the two large and crucially important States of New York and Pennsylvania were involved. New York State politics are a constant struggle between the Democratic City of New York and the Republican "up-State" districts. The constituencies for the State Assembly are so arranged as to give a definite advantage to the Republicans, and it is only at the peak of a Democratic tide that the Democrats can secure a majority. There was such a tide in 1932, but it is now ebbing, and at this week's election the Republicans resumed their normal majority. But for the election of the Governor of the State it is the total vote throughout the State that counts, and here the Democrats usually have, and have retained this week, a comfortable majority. In the Presidential election, too, New York's 47 votes (out of a total for the Electoral College of 531) are cast *en bloc* for the party with a majority, however small, of the State's total vote. So that, judging by this week's vote, Mr Roosevelt can be fairly sure of those 47 votes next year. The significance of Pennsylvania is that it is the second largest State, with 36 votes, which, with the sole exception of 1934, has a consistent Republican record. In the Congressional election of last year the Democrats captured the State for the first time. The interest of this year's election lay in the Democratic attempt to increase their gains by winning the Mayoralty of Philadelphia. In this they have failed, but it does not necessarily follow that they have also lost the State as a whole. The results of these two, and other State elections, have pleased the Republicans; and Wall Street, which is as Republican as Throgmorton Street is Conservative, has expressed its gratification by a substantial rise. But it is doubtful whether the President is really endangered. He will not do as well in 1936 as in 1932, just as the British Government will not do as well in this year's election as in 1931. But he still has a very much better chance of a majority than anybody else.

* * *

Goods Transport in Britain.—This week's excellent railway traffic has quickened hopes of recovery. The trend of railway freight traffic has long been considered as a fairly accurate guide to business conditions in this country. But the significance of this index has been considerably reduced by the increasing proportion of goods carried by road vehicles. The accompanying chart shows changes in the relationship between railway and road traffic, and general business activity in the United Kingdom during the past ten years. The

ECONOMIST INDICES OF BUSINESS ACTIVITY



general trend of economic activity in this country is represented by the annual figures of our new Index of Business Activity. The scope and method of construction of the new index were explained in the Trade Supplement to the *Economist* of June 29th. The indices of merchandise on railways and of commercial road vehicles in use are two of the fourteen constituents of the Complete Index of

* * *

The Municipal Elections.—The Municipal Elections were held in England and Wales on November 1st, in the shadow of the General Election. The results in the more important towns show small gains by the Conservatives and equally small losses by Labour, Liberals and Independents. The number of changes, however, was very small in comparison with those of other recent years. One-third of the members of borough councils retire each year, and the heavy Labour gains of the last two years were the reflection of their equally heavy losses in 1930 and 1931. This year, however, the seats being contested were those filled in 1929, when Labour made heavy gains, and in 1932, when there was no change on balance. Bearing in mind the gulf that separates municipal from national politics and the very slight changes shown by the results, the municipal elections provide very few "pointers" to the issue of the major conflict next week. Moreover, the Scottish elections, held three days later, showed net Labour gains almost equal to the net losses in England. In some individual municipalities the election brought considerable changes. The most interesting of these was in Leeds, where the Labour Party lost the majority it has had for the past two years. Labour in Leeds has been chiefly notable for its really vigorous and imaginative housing policy, and if the new Conservative majority were to abandon the programme that has been drawn up it would be a matter for regret far beyond the boundaries of the city.

* * *

Employment in October.—The latest returns of the Ministry of Labour reveal an increase of 14,000 in the number of insured persons aged 16 to 64 in employment in Great Britain during October. The total has risen to 10,492,000. The rise, however, is no more than a seasonal movement, due to greater activity in almost all branches of industry, except building and allied industries, and in the trades dependent on holiday activity, such as hotel, boarding-house and distributive services. The following table shows changes in unemployment in different industries.

INSURED PERSONS UNEMPLOYED IN GREAT BRITAIN

	Oct. 22, 1934	Sept. 23, 1935	Oct. 21, 1935
Coal-mining	281,089	243,105	219,043
Iron and steel manufacture	43,428	35,772	35,657
Engineering	97,863	84,750	79,802
Shipbuilding and ship repairing	71,509	63,833	62,187
Motor vehicles, cycles and aircraft	25,517	23,186	21,017
Cotton	109,159	97,501	84,907
Woolen and worsted	32,825	23,453	18,121
Hosiery	11,013	9,019	6,868
Boot and shoe	22,117	18,945	16,437
Building	160,132	138,790	142,315
Shipping service	46,870	38,373	41,816
Hotel and boarding-house service	71,747	59,459	73,627
Distributive trades	220,384	207,843	212,306

All persons on registers 2,119,635 1,958,610 1,916,390

The total number on the registers on October 21st was 42,220 less than on September 23rd and 203,245 less than a year earlier. The number of unemployed juveniles rose by 1,424, while the numbers of men and women fell by 173,707 and 30,962 respectively in the year. During October, there was actually an increase in the number wholly unemployed. Workers in industries which show a seasonal decline in the autumn fall into this category, whereas many unemployed coal and cotton operatives are registered as "temporarily stopped." Increased unemployment was registered, geographically, in London and the Southern divisions, but all other districts—even South Wales with its coal strikes—showed improvement.

Sterling and International Prices.—The sudden rise in world wholesale prices due to fears of war is now at an end, and prices are now returning to a more natural level. During the past fortnight the *Economist's* complete British index number has fallen by 0.6 per cent., while British primary products have fallen by 2.2 per cent. The decline is very marked in the case of food prices. American primary products have fallen by 0.7 per cent., and the complete Irving-Fisher index number has fallen by 0.4 per cent. On the Continent, the French and German index numbers are unchanged, but there is a slight drop in the Italian figure. Since the middle of August, British prices have risen by about 5.5 per cent. for all commodities and by about 4.5 per cent. for primary products. American wholesale prices have risen only by about 1.5 per cent., both for all commodities and for primary products. French wholesale prices have risen by 4.5 per cent., German by 0.5 per cent., and Italian by 7.5 per cent. The Italian advance is exceptional, but the other movements give some indication of how prices have been increased through the autumn revival in trade, apart from war fears.

SEPTEMBER 18, 1931 = 100

Date	Economist Indices			U.S.A., Irving Fisher	France, Statistique Générale	Italy, Milan Chamber of Com- merce	Ger- many, Statistisches Reichs- amt
	British Complete Index (sterling)	Primary Products (sterling)	Price of Gold (sterling)				
1932							
Jan. 27th	108.3	115.7	93.8	140.9	93.5	93.6	91.6
Apr. 20th	103.8	105.4	83.6	129.5	89.6	97.0	90.3
July 27th	99.5	103.5	84.1	136.9	88.3	91.3	88.1
Oct. 19th	103.1	112.3	84.0	143.8	88.6	92.7	86.8
1933							
Jan. 25th	101.3	107.7	78.0	142.6	80.5	90.2	83.8
Apr. 19th	99.7	104.6	88.7	141.4	82.8	87.5	83.4
July 26th	108.1	120.6	124.7	145.7	100.9	89.7	86.6
Oct. 18th	106.4	112.8	109.1	155.4	103.7	87.5	88.1
1934							
Jan. 31st	108.8	118.0	124.8	156.7	105.6	87.2	84.4
Apr. 25th	108.2	119.8	125.3	159.5	113.2	81.4	83.2
July 18th	109.5	124.8	136.7	162.4	113.3	79.8	84.4
Oct. 24th	107.9	124.2	146.2	161.5	114.3	79.8	84.4
1935							
Jan. 30th	110.3	124.6	152.4	167.2	118.3	79.1	85.6
Apr. 24th	110.5	124.5	151.6	169.1	118.6	78.2	91.7
May 8th	111.3	127.7	151.4	169.5	119.2	78.2	92.3
May 22nd	113.5	127.7	151.4	167.1	119.9	79.3	95.3
June 5th	113.5	126.2	146.1	166.2	120.1	78.9	96.4
June 19th	112.7	125.6	144.2	165.9	118.5	78.0	96.9
July 3rd	111.8	124.5	143.0	166.5	118.5	76.6	97.2
July 17th	111.6	124.3	143.6	166.0	120.2	75.9	98.2
Aug. 1st	112.7	126.7	146.2	166.0	120.2	75.9	98.2
Aug. 14th	112.4	125.5	141.4	164.7	121.4	75.7	98.7
Aug. 28th	112.4	125.5	141.4	164.7	121.4	75.7	98.7
Sept. 11th	112.7	127.2	143.5	165.8	123.4	78.0	100.7
Sept. 25th	113.3	131.3	148.6	166.0	124.4	78.9	106.0
Oct. 9th	117.9	134.5	146.4	166.9	123.7	79.1	107.3
Oct. 23rd	118.4	133.6	144.9	166.4	123.2*	79.1*	107.2*
Nov. 6th	117.7	130.7	143.9	166.4	123.2*	79.1*	107.2*

* These figures relate to Oct. 30th.

Details of the group indices comprising the complete

Economist index number on the date of our suspension of the gold standard and for recent dates are given below:—

"ECONOMIST" INDEX (1927 = 100)				
	Sept. 18, 1931	Oct. 9, 1935	Oct. 23, 1935	Nov. 6, 1935
Cereals and meat	64.5	72.8	72.7	70.2
Other foods	62.2	61.5	61.9	60.9
Textiles	43.7	59.8	60.8	61.6
Minerals	67.4	83.7	82.4	83.6
Miscellaneous	65.8	77.6	78.5	78.1
Complete index....	60.4	71.2	71.5	71.0
1913 = 100	83.1	98.0	98.4	97.8
1924 = 100	52.2	61.5	61.8	61.3

There has been a sharp and general fall in grain prices. Meat prices are irregular, but grain is cheaper. In the other food group, butter has fallen heavily and tea is also cheaper. Several other items register small declines. Among textiles, Egyptian cotton is again higher and wool is firmer. There was a fairly big rise in flax, but a reaction in hemp and jute. In the minerals group there was a seasonal rise in house coal, and a general advance in non-ferrous metals. Changes in miscellaneous materials include declines in leather and linseed oil, and a small advance in rubber.

The Volume of Overseas Trade.—The quarterly returns of the volume of British overseas trade, published recently in the *Board of Trade Journal*, show that the rate of increase in the volume of our exports continued to decline in the third quarter. The increase in the figure for the corresponding period a year ago fell from 11.9 per cent. in the first quarter to 8.2 per cent. in the second quarter and 6.1 per cent. in July-September, 1935. The volume of retained imports in the last quarter was slightly higher than in July-September, 1934. The average prices of exports have shown little change since 1934, but those of imports were somewhat higher than a year ago:—

VOLUME AND VALUE OF IMPORTS AND EXPORTS									
Period	Retained Imports				Exports of Domestic Produce				
	Declared Values	Index of Average Values	Values in terms of 1930	Index of Volume	Declared Values	Index of Average Values	Values in terms of 1930	Index of Volume	
	£ Million	1930 = 100	£ Million	1930 = 100	£ Million	1930 = 100	£ Million	1930 = 100	
1924	1,137	135.0	842	88.0	801	120.8	663	116.2	
1930	957	100.0	957	100.0	571	100.0	571	100.0	
1931	797	83.3	894	93.4	391	67.8	437	76.5	
1932	652	75.3	867	90.3	365	63.3	438	76.8	
1933	627	71.3	867	90.3	367	63.3	447	78.7	
1934	681	73.3	929	97.1	396	69.2	482	84.4	
1935									
1st quarter	177.3	78.4	226.1	94.5	92.3	84.2	109.7	76.9	
2nd "	153.4	75.3	203.9	85.2	94.7	84.3	112.3	78.7	
3rd "	150.5	72.7	207.1	88.5	84.1	82.0	102.5	71.9	
4th "	171.0	74.5	229.5	95.9	94.0	82.5	113.9	79.8	
1933									
1st quarter	146.6	70.1	209.3	87.4	89.7	81.7	109.7	76.6	
2nd "	148.5	70.2	211.5	88.4	86.6	80.3	105.9	74.2	
3rd "	155.5	71.5	217.4	90.9	93.1	81.8	113.7	79.7	
4th "	176.2	73.3	239.7	99.9	99.5	82.8	120.1	84.2	
1934									
1st quarter	168.9	72.4	233.4	97.6	94.7	82.1	115.4	80.9	
2nd "	164.2	72.4	227.0	94.9	95.0	82.6	115.0	80.6	
3rd "	163.9	73.0	224.6	93.9	99.3	82.2	120.8	84.7	
4th "	184.1	75.4	244.2	101.9	107.1	82.0	130.5	91.5	
1935									
1st quarter	164.4	74.3	221.4	92.5	105.5	81.7	129.2	80.5	
2nd "	166.1	73.2	227.0	94.9	101.0	81.2	124.4	87.2	
3rd "	168.4	74.5	226.0	94.5	105.3	82.1	128.3	89.9	

As compared with the corresponding quarter a year ago, both the volume and the average prices of retained imports of raw materials and articles mainly unmanufactured in the third quarter were slightly lower than in 1934. On the other hand, imports of food, drink and tobacco rose by 0.2 per cent. in volume and by 2.8 per cent. in price during this period. The rise in prices was most marked in the case of dairy produce and fresh fruit and vegetables, amounting to 13 per cent. and 7.6 per cent. respectively. As far as retained imports of articles wholly or mainly manufactured are concerned, these showed an increase of 4.5 per cent. in price and one of 4.0 per cent. in volume. Larger purchases abroad of manufactures of wood and

timber, cutlery and hardware, cotton and woollen and worsted yarns and manufactures, chemicals, oils and fats, leather and leather manufactures, paper and cardboard were mainly responsible for this increase. While the average prices of British manufactures exported remained practically unchanged, they registered an increase of 6.0 per cent. in volume over the third quarter in 1934. The expansion in the volume of British exports was shared by most industries. But exports of rubber manufactures, coke and manufactured fuel and cotton yarns and manufactures registered a decline. The recovery of British exports is encouraging, but it must be remembered that the volume of exports in the last quarter was still nearly 23 per cent. below the level of 1924.

Shipping Freight Index.—As measured by our monthly index number, the general level of whole cargo shipping freights rose by 12.3 per cent. during October, following a rise of 5.4 per cent. during September. The current figure of 97.2 compares with 87.5 in October last year and 84.1 in October, 1933. Details of the index number are as follows:—

	Average, 1913	October, 1934	August, 1935	September, 1935	October, 1935
European waters.....	110.0	87.8	88.5	92.8	106.4
North America	113.1	77.4	78.2	78.7	87.1
South America	123.4	78.1	82.3	82.3	87.7
India	106.3	96.3	83.3	88.9	110.0
Far East and Pacific	117.4	91.8	77.7	90.4	96.6
Australia	127.9	83.7	82.8	86.4	95.3
Total	116.3	87.5	82.1	86.6	97.2

Fears of war have led to a sharp rise in freights, which has spread to all markets. The Welsh coal ports state that there is now a scarcity of tonnage, and at Newport coal freights to Egypt have risen by nearly 50 per cent. Business at Swansea for the Mediterranean and the Bay is very limited, but rates are definitely higher. Liverpool reports a good demand for outward coal freights, and full rates have been obtained for homeward tonnage from the River Plate. North American rates are higher. Rates on the North-East

TRADING ABROAD

The existence of restrictions in a given country may temporarily prohibit dealings in forward exchange, but up-to-date information on this and on all points bearing on Forward Exchange generally may be obtained through any branch of the Westminster Bank. For any who may be unfamiliar with the facility, a very brief outline entitled *Forward Exchange* is always available at its counters

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Coast are also higher, but Newcastle noticed a slight tendency towards easier markets at the end of the month. Glasgow reports a shortage of tonnage to load coal, coupled with an advance in rates for European waters. Movements of the various sections are as follows:—

	Index No.	Inc. or Dec. Points		Index No.	Inc. or Dec. Points
Home trade	99.1	+11.4	South America :	68.2	+4.0
Bay—outwards	121.1	+7.3	Outwards.....	107.1	+6.7
Bay—homewards.....	95.2	+8.1	Homewards.....	94.7	+14.7
Mediterranean :			India—outwards.....	125.3	+27.6
Outwards.....	134.7	+34.3	India—homewards.....	96.6	+6.2
Homewards.....	89.2	+9.3	Far East, etc.	95.3	+8.9
North America	87.1	+8.4	Australia		

Expressed as a percentage of the average for 1913, the complete figure of our index number for October is 83.5, compared with 74.4 for September and 75.2 for October, 1934.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

FRANCE

THE EFFECTS OF M. LAVAL'S POLICY

DESPITE the issue in the last five months of no less than 500 decree-laws, the general economic situation of the country has not radically changed. This does not mean that the work done is without importance. Certain administrative measures, such as the reform of municipal finances, and certain commercial legislation, are welcomed as likely to counteract various forms of laxity which have developed recently. Other essential measures, such as the reorganisation of the wheat and wine markets, have increased purchasing power in some districts. A certain, though scarcely perceptible, revival of business exists, in addition to the modest recovery of the tourist industry. Slightly less unfavourable reports are also being received from various trades, including coal mines, textiles, warehouses, etc., and the situation has benefited from the present large public works expenditure and also from Italian orders.

It is nevertheless to be noted that two major objectives of the Laval programme have not been attained: the lowering of the rate of interest and the lowering of Customs duties. French prices remain too high.

This does not necessarily mean that a new crisis is imminent. Delicate as it appears, the Treasury situation is being ensured for a time by State loans which meet with

a ready reception on a market not tapped for many months. The Opposition has no financial plan which the Radical-Socialists could support. Thus when M. Laval goes on Friday before the Finance Committee of the Chamber to emphasise what he regards as the danger of the modifications which the Radical-Socialists intend to introduce into the decree-laws, he will no doubt argue that his policy has been in line with that of his predecessors. He will add, moreover, that he is ready to "humanise" certain decree-laws. M. Herriot has already made a strong protest against the attitude of the Radical-Socialist members of the Committee, and M. Malvy, its president, has declared that the Committee will not be "intransigent." Concessions will thus come from both sides in order to secure a rapid voting of the Budget, and the Cabinet seems consequently to be safe at least until the end of the year.

RUMOURS OF DEVALUATION

As to the future, the situation will be influenced by two main factors: first, the evolution of foreign prices and of economic recovery in England and America; and, secondly, the proximity of the Chamber elections. The decline of *rentes*, which followed the recent motion of the Finance Committee, has reawakened rumours of devaluation, and the market is buying foreign stocks. The Socialists are emphasising the "failure" of deflation, while the Communists declare that industrial leaders, after the Laval deflation, are now in favour of a new amputation of the franc.

Professional opinion, without actually recommending devaluation, is pointing to the intolerable burden of the public debt, at the present value of the franc, with an emphasis which suggests conversion. On the other hand, attention is being directed to the rising trend of American and English prices. It is argued that the Belgian experiment has been far from convincing; and even those favourable to an "alignment" of currencies always emphasise the absolute necessity of carrying out an ordered devaluation in the frame of an international agreement. On the whole it seems that no final decision will be reached just yet, since the professional case for devaluation is being countered by social and political fears.

PARIS, November 7.

GERMANY

HEAVY INDUSTRIES AND ITALY

THE heavy industries are still comparatively well occupied, and the special Christmas branches have done well. The international situation has induced a new reserve among exporters, who surmise that prolonged sanctions may cause permanent changes in the distribution of international trade. The prevailing view is that sanctions, owing to their partial character, will have to be imposed for a long time before they can yield any political consequences; and it is believed that their effect cannot be estimated independently of the military situation in Abyssinia. The postponement or failure of the Italian invasion, it is held, would be a more potent influence than mere economic pressure. German newspapers give prominence to Italian Press attempts to play Germany off against Great Britain and France; but they show in this matter a certain reserve. It is held that whatever the outcome of the war, Italy's military and financial weakness will be so serious that her friendship will have little political value.

The Railway Corporation's return of car-loadings in September shows a seasonal increase, compared with August, of 7.2 per cent. This is larger than the increase in September, 1934. After paying its way, including fixed charges, for some months the Corporation again has a deficit in September. The deficit on the first three quarters of the year is Rm. 117 millions. The engineering industry is reported to be better occupied. Production of private motor cars in January-September inclusive, was 157,000, as against 117,000 in the same months of 1934, of lorries 28,000, as against 19,000, and of bicycles 89,000, against 69,000. Exports of machinery in September declined, and in the first three quarters of the year amounted to only 179,000, or approximately 20,000 tons a month, as against a highest average monthly figure of 58,000 tons in 1930. The state of the international steel market is considered promising. The price advances in England, and those made by the International Wire Syndicate, are also attracting attention.

FOOD POSITION WORSE

The October cost-of-living index number is 122.8, against 123.4 for September. The October index of food prices is 119.6, and shows a decline of $3\frac{1}{2}$ per cent. since August, and a decline of 1 per cent. since August, 1934. These figures are contrary to the private experience of a general rise in food prices. They may be in part explained by the retention in index calculations of certain official maximum prices which are not observed by dealers, and in particular by the retention of official prices for certain food products which can scarcely be bought at all. Former consumers of pork, for instance, complain that they must either go meatless or pay for much more expensive meats whose price is not controlled.

In general the food position has become worse. Butter-cards, ostensibly private but in fact officially tolerated or encouraged, are in increasing use. Butter producers will henceforth be required to restrict their deliveries to the quantities actually delivered in August, and the same rule is to be imposed on wholesalers. The right of both to

despatch butter by post has been restricted. The official price supplements for quality wheat have been amended with the object of encouraging production of the hard wheat demanded by bakers, which was formerly imported.

On November 4th a new commercial agreement with Poland was signed, on the basis of most-favoured-nation treatment, and with provision for increased German-Polish trade. Payment is to be by clearing. Both Governments will establish committees, which will be in touch with one another, for the removal of difficulties in the execution of the agreement. The agreement is for a term of one year with provision for its automatic extension. The recently expired "compensation" agreement of October, 1934, and other special regulations hitherto in force, will disappear. Apparently equilibrium in the trade balance is aimed at.

After the October month-end settlement, the money market became liquid, partly owing to the repayment of a large sum of Gold Discount Bank promissory notes. Money was reinvested in the promissory notes and in the Reich Treasury bills and Treasury bonds, and there was even a shortage in the supply of short-term securities, and therefore a flow of superfluous cash to the Diskont-Kompagnie. This bank has adopted for its short-term deposits a new system of calculating interest which will have the effect of checking withdrawals towards the end of the month, and will tend to moderate fluctuations in supply and demand, and therefore relieve the Reichsbank, which was formerly almost the only source of supply for the month-end market. Day loans this week are nominally $3\frac{3}{4}$ per cent., in practice often lower. The market discount rate, which was raised last week, is again back to 3 per cent.

The Reichsbank's return for October 31st shows an increase of Rm. 434 millions in credits and investments, as against an increase of Rm. 326 millions in the same week of 1934. There was a large rise of Rm. 50 millions in the holding of Reich Treasury bills. An increase of Rm. 60 millions in "other assets" shows that the Reich, for the first time for many months, has been making use of its operating credit.

UNDISCLOSED BUDGET SECRETS

The cash position of the Reich has for months been a secret. As long as the Budget was public, the Finance Ministry appended to its monthly accounts of budgetary revenue and expenditure tabulated statements of the cash position, showing the use of receipts from short-term credit operations covering carried-over and current deficits, and also showing the cash balance. Even before the Budget of 1935-36 had been suppressed, the monthly accounts (for 1934-35), and with them the cash statements, ceased to appear; and there is now no public information whatever about current Reich finance. The latest official account, for August 31st, puts the total Reich debt at Rm. 13,533 millions, which is Rm. 1,800 millions more than in August, 1934. Allowing for a decline of around Rm. 100 millions in the foreign debt, this return admits new borrowings during the year of Rm. 1,900 millions. But the return, as usual, contains only Rm. 400 millions of Reich bills. The continued exclusion of very large bill debts contracted for "work-creation" makes the whole return misleading.

An official analysis of company profits, covering 2,867 companies with 89 per cent. of all company capital, shows that 1,166 companies paid dividends in 1933-34, as against 983 companies in 1932-33. But the ratio of dividends to net profits fell from 83 to 74 per cent.

BERLIN, November 6.

SWITZERLAND

GOVERNMENT LOSSES IN THE ELECTION

THE elections on October 27th did not bring any important changes in the composition of Parliament. The Council of States, or First Chamber, has hardly been modified, and the Socialists only succeeded in conquering two seats in it. The Socialists also failed to increase their representation in the National Council or Second Chamber. They made pro-

gress, however, in the Cantons of Basel Stadt, Basel Land, Thurgau, Berne and Valais, in each of which they won one seat; but they lost an equal number in the Cantons of St. Gallen, Grisons and Geneva. They also lost two seats in Zurich and one in Geneva, which are regarded as Socialist strongholds. The Left Wing—Socialists and Communists—now hold 52 seats out of a total of 189.

The Radicals, Roman Catholic Conservatives and Agrarians—who form the Government Parties—lost altogether 13 seats, but nevertheless retain 111 seats out of 189. The Liberal representation is unchanged.

A success was won at the election by a new group—whose leader is Herr Duttweiler, a Zurich business-man—which secured 7 seats. Herr Duttweiler is the creator of the "Migros," a commercial undertaking which sells all sorts of foodstuffs and goods by units of price instead of units of weight. The "Migros" has very few shops, but its motor lorries distribute in a wide area. Herr Duttweiler is also the creator of the so-called "Hotel Plan," providing for all-inclusive journeys to Switzerland and holidays there. Another striking event was the success of M. Musy, a former chief of the Federal Finance Department, who was returned by the Fribourg Canton. M. Musy resigned last year when he found it impossible to carry out his economy programme.

NEW BUDGET DEFICIT

The real potentialities of the new Parliament will be made clear within a few weeks, when it will be called upon to discuss the Budget for 1936, which has just been published. Revenue for the coming year is estimated at 419,400,000 francs and expenditure at 496,500,000 francs, leaving an estimated deficit of 77,100,000 francs. Revenue shows a drop of about 17 millions and expenditure a rise of 18 millions over the 1935 estimate. The interest on the Public Debt will absorb 90 millions, while the annual charge for the redemption of the Debt remains at 33 millions. The sum devoted to subsidising cereal production—which is controlled and financed by the Government—is to reach 39 millions. Some 7 millions will be spent on insurance for State officials and 8 millions is to be paid into the reserve fund for the financial reorganisation of the Federal Railways. Some 98 millions (69 millions in 1935) is to be devoted to national defence, of which 27 millions will be spent on armaments and equipment and 10 millions on the purchase of horses. Unemployment insurance, extraordinary assistance to the unemployed and the various schemes set up for combating unemployment, are to cost over 42½ millions; 23 millions is to be spent on social insurances and about 30 millions on subsidising agriculture.

The 1936 deficit of 77 millions—to which should be added another 30 millions, representing the deficit on the Federal Railways—is to be mainly met by the imposition of new taxes. Economies of about 21 millions, however, are also proposed. They are to be obtained by means of a cut in the salaries of State officials—which were reduced last year by 7 per cent.—and by general economies amounting to 11 millions on ordinary administration expenses. Some 32 millions is also to be secured from the tax on sugar and petrol; 10 millions from an increase in the rates of the "Crisis Tax"; 5 millions from a tax on bank deposits; 40 millions from a new tax on the receipts of industrial, commercial and banking undertakings; and 3 millions from the suppression of postal exemption granted to the Cantonal Governments. Altogether some 90 of 100 million francs will be raised in these ways.

GENEVA, November 3.

FINLAND

RECORD GOLD RESERVE

IN August and September the Bank of Finland increased its gold reserve, which had in general experienced very slight changes, from 324.8 to 460.7 million marks. The gold reserve has now reached a higher point than ever before. The gold recently purchased is being kept abroad for the present. The increase in the gold reserve was counterbalanced in August by a drop in the reserve of

foreign currency of 110.6 million marks, but in September the latter increased again by 17.2 millions and during the first fortnight in October by 8.5 millions to 1,267.9 million marks. The corresponding amount a year ago was 1,164.5 millions and two years ago 891.3 millions.

Credits granted by the Bank of Finland were reduced in September by 29.2 to 748.1 million marks, compared with 807.1 millions a year ago. The note reserve grew in September by 121.1 to 963.9 million marks. Thus the ordinary cover has increased to 92.0 per cent. of all liabilities payable on demand in comparison with 87.5 per cent. a year ago and 76.3 per cent. two years ago.

INCREASE IN IMPORTS AND EXPORTS

Foreign trade has been very lively. During the completed three quarters of this year the volume of imports was 9 per cent. larger than last year and 79 per cent. larger than during the period of greatest depression. The increase in exports was less, amounting to 3 per cent. and 42 per cent. respectively. The value of foreign trade is shown in the following figures:—

	Million marks					
	Imports 1933	Imports 1934	Imports 1935	Exports 1933	Exports 1934	Exports 1935
August.....	389	409	457	579	748	723
September....	379	426	468	563	620	601
Jan.-Sept....	2,768	3,440	3,819	3,780	4,497	4,412

The considerable increase in the value of imports, combined with a slight reduction of exports, has resulted in a smaller export surplus. At the end of September the exports surplus amounted to 593 million marks, as against 1,057 and 1,012 millions respectively in 1934 and 1933. Such a tendency is natural, seeing that imports have risen, partly owing to increased consumption and purchasing power among large classes of the population, and partly owing to the present investment activity in industry.

Industrial production increased in volume (1926 = 100) from 137 during the second quarter of 1935 to 139 during the third quarter; and was consequently slightly larger than during the corresponding quarter last year, when the index stood at 135. Owing to the downward tendency in prices, however, the index of the value of industrial production was only 114 last quarter, compared with 117 a year ago. In general, home industries, with the exception of the textile industry, record a great improvement, the index of volume for the third quarter being 146, as against 138 during the second quarter and 125 a year ago. Owing to the depressed state of the timber market, however, the sawmills have reduced their output, which has left its mark on the index of production for the exporting industries. Their volume of production was 130 during the third quarter of this year, as against 149 last year; and the value has decreased even more.

HELSINKI, November 1.

JAPAN

FURTHER RISE IN COMMODITY PRICES

MARKED improvement, partly seasonal, is evident in many home trade statistics. The Bank of Japan's index number of wholesale prices for September advanced a further 3.3 per cent. on the month, bringing the total up to 188.9, the highest since June, 1930. Output of cotton yarn during September totalled 115,708,000 lbs., an increase of 2,845,000 lbs. over August. Rayon yarn production during last month, however, amounted to 17,490,000 lbs., or 328,000 lbs. less than in the preceding month, owing to the restriction and the short month. The aggregate value

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of all shares listed at the Tokyo Stock Exchange on October 1st was up by 216.6 million yen, or 3.5 per cent. as against a month ago.

The trade returns for September are distinctly encouraging, so far as exports are concerned, but the import figures are far less satisfactory. Exports, at 227,389,000 yen, were 56,286,000 yen, or 32.9 per cent., in advance of those of September, 1934, while imports, at 135,711,000 yen, were down by 20,275,000 yen, or 13 per cent. The active balance of trade for the month amounted to 91,678,000 yen, as against 15,117,000 yen last year. The import surplus for the first nine months of the year has thus been reduced to the negligible amount of 17,584,000 yen, compared with 103,408,000 yen for the corresponding period of a year ago.

The Department of Agriculture and Forestry estimates the rice crop for the country as on September 20th at 60,564,000 koku, or an increase of 8,747,000 koku (16.9 per cent.) upon the actual yield of last year, but 440,000 koku (0.7 per cent.) below the five years' average. Another lean year is anticipated in North-Eastern Japan, where the crop failed last year. The Korean crop is reported to be somewhat better, and is officially placed at 17,815,000 koku, an increase of 1,098,000 koku (6.6 per cent.) upon the last year's actual yield. The wheat, rye and barley crops, however, have again been good this year. The total yield of wheat and allied grains for the country, excluding that of Hokkaido, amounted to 23,182,000 koku, an increase of 1,257,000 koku (5½ per cent.) as against last year, and 2,946,000 koku (14.5 per cent.) above the average for the last five years.

According to the report of the same Department, the output of spring cocoons totalled 44,211,000 kamme, a decrease of 4,178,000 kamme (8.6 per cent.) against last year, but its value was estimated at 162,099,000 yen, disclosing a considerable increase of 44,759,000 yen (38.1 per cent.). The estimated crop of summer and autumn cocoons was placed at 35,042,000 kamme, a heavy decline of 3,707,000 kamme (9.6 per cent.) upon the actual yield of a year ago. But their value is put at 157,689,000 yen, showing the remarkable advance of 71,181,000 yen (82.3 per cent.). The combined cocoon production for the year amounted to 79,253,000 kamme, valued at 319,788,000 yen, compared with 87,138,000 kamme at 203,847,000 yen for 1934.

INCREASED INDUSTRIAL PROFITS

According to Mitsui Gomei Kaisha's half-yearly analysis of the profit and loss accounts of Japanese joint-stock banks and industrial joint-stock undertakings, aggregate net profits of 250 banks for the first half of this year totalled 80,839,000 yen, a decline of 819,000 yen upon the second half of last year. The total net earnings of 1,000 industrial companies for the June half-year amounted to 385,150,000 yen, representing a substantial increase of 30,301,000 yen over those earned by the same concerns in the December half-year of 1934. The great majority of the trades, particularly breweries, sugar, iron and steel, machinery and tools, mining and electricity supply, show considerable increases in profits, while trusts, textiles, trading companies and stores, rubber and miscellaneous, disclose smaller earnings. The ratio of net profits to capital was 10.8 per cent., and that of amounts put to reserve was 3.15 per cent. of capital. In the preceding half-year the profit percentage was 10.2 per cent., and the reserve percentage was 2.85 per cent. The following table gives a comparison of profits in the last three half-years:—

(000's omitted)				
	No. of companies	First half year 1934	Second half year 1934	First half year 1935
		Yen	Yen	Yen
Banks	250	88,764	81,658	80,839
Industrial companies	1,000	304,188	354,848	385,150
Total	1,250	392,952	436,506	465,989

Out of the total, 62 industrial companies reported deficits for the June half-year, 1935, aggregate net losses amounting to 3,108,000 yen, as compared with 67 companies having the combined loss of 4,236,000 yen in the December half-year of 1934.

TOKYO, October 10.

ARGENTINA

NEW INTERNAL LOAN

A NEW internal loan, known as the "Credito Argentino Internal 4½ per cent., 1935," has recently been underwritten by a banking syndicate. The issue price to the public was 86.70 per cent. The total value of bonds issued was \$50,000,000, and the proceeds are to be used for public works. The Argentine public are becoming increasingly interested in internal bonds as an investment for their savings, and it is reasonable to suppose that, in the not very distant future, Argentina will endeavour to pay off her foreign indebtedness by means of internal loans.

An extremely interesting article has just been published in the *Argentine Economic Review* by the eminent Argentine economist, Dr. Bunge, on measures taken by Argentina to cope with the crisis. Dr. Bunge points out that throughout the last four years unemployment has never been really serious, as cultivation has not been reduced and industrial activity has actually increased owing to the various restrictions on imports. Dr. Bunge also gives some interesting figures of the tonnage and value of exports, comparing the five years from 1925-29 with 1930-34. Although the tonnage exported decreased only slightly during the latter period, the value showed an enormous decline, the figures being approximately \$4,400,000,000 in 1925-29 and \$1,800,000,000 in 1930-34. Statistics are also given showing the remarkable growth of local industries, which now employ 43 per cent. of the labour of the country, as against 22.6 per cent. employed in rural occupations. This increase is chiefly noticeable in the textile trade: there were 200,000 spindles in the textile trade in 1935, as against 60,000 in 1930; and of a total consumption of 15,000,000 kilos of woollen textiles, some 12,000,000 are now produced locally. The total production, importation and consumption per head of textiles in 1910 and 1933 is as follows:—

	Produced Locally	Imported	Total	Per Head
1910	1,400,000,000	862,000,000	2,262,000,000	343
1933	3,262,000,000	897,000,000	4,159,000,000	346

Between 1920 and 1927 consumption averaged over \$500 per head.

INCREASE IN IMPORTS AND EXPORTS

Although the weather has been more favourable recently, prospects are still not very bright, especially for wheat. The cattle situation has improved, however, as there is now ample pasturage owing to the recent rains.

The following figures show the balance of trade for the first nine months of 1934 and 1935.

	1934	1935	%
Imports	801,706,270	882,444,484	+10.1
Exports	1,100,478,313	1,181,932,470	+7.4
Exports Surplus..	+298,772,043	+299,487,986	+8.5

Imports according to country of origin in the same periods were as follows:—

	1934	1935	Percentage of Total
	\$	\$	1934 1935
U.K.	166,832,959	180,227,157	21.8 23.0
U.S.A.	110,980,530	121,649,127	14.7 15.3
Germany ..	74,070,643	72,163,668	8.7 10.2
Belgium	35,170,591	51,326,645	6.2 4.8
Brazil	34,106,627	38,276,293	4.6 4.7
Italy	51,622,943	36,348,066	4.4 7.1
France	38,203,698	36,204,257	4.4 5.3
Japan	15,423,509	35,594,264	4.3 2.1

The export surplus, which is still slightly greater than the 1934 figure, is below expectations, owing to the falling off in exports and the increase in imports during the last two months. Imports for September are the highest registered since 1931 both in value and tonnage. The only items which show a falling off in tonnage are tobacco, metals (excluding iron) and rubber. The values of imported

foodstuffs also show a decline as compared with 1934. The largest percentage increase in imports is in machinery, which is 56 per cent. higher than last year, and the largest actual increase is in the fuel and lubricants section with \$26,000,000 more than 1934.

BUENOS AIRES, November 1.

HONGKONG

THE BUDGET AND THE EXCHANGE RATE

HONGKONG is one of the more fortunate Crown Colonies in not having an unbalanced Budget. In the course of the post-war years surpluses have accumulated, and now amount to over \$12 millions. This is, of course, a very substantial reserve to meet contingencies, but the Secretary of State has ruled that it must not be allowed to fall below \$10 millions, and the Budget for 1936, as recently presented to the Legislative Council, requires the whole of the amount in excess of that limit. The estimates for 1936 with the revised estimate for the current year are as follows:—

	1936	1935
Revenue	26.6 millions	28.3 millions
Expenditure	29.5 "	28.4 "

The original estimate of the expenditure for 1935 was \$32.5 millions, but in view of the alarming falling off in revenue it was drastically reduced so as to avoid ending the year with a deficit. A further diminution in revenue is expected during 1936, and it will be seen from the above figures that a deficit of \$2.9 millions has been budgeted for. Over \$2 millions can be met from the surplus fund, and it is hoped that the remainder of the deficit will be extinguished by higher exchange, thus effecting a reduction in expenditure under the heading of sterling commitments. [Admittedly this amounts to a gamble in exchange, which by November looked like failing; for the Budget has been based on the rate of 1s. 8d., whereas the rate has now fallen to 1s. 5½d.]

The flourishing canvas-rubber shoe industry in Hongkong has been held up recently by what appears to be a policy of passive resistance on the part of the United Kingdom Customs authorities. When preferential rates of duty for Colonial goods were first introduced into the United Kingdom as a result of the Ottawa Conference Agreements, the Hongkong shoe qualified under Imperial Preference Regulations provided that it was certified to contain 25 per cent. Empire material and labour. There was no difficulty in complying with this regulation because the rubber used in manufacture here is imported from the Straits Settlements and the canvas from the United Kingdom.

In 1933 new regulations were introduced requiring a 50 per cent. Empire content in the case of shoes and certain other classes of Colonial goods. Costing certificates prepared by chartered accountants showed that the value of British raw material and labour expended in the Colony was considerably in excess of the required 50 per cent. In January of this year the Customs announced that, as from July 1st, the admission of the Hongkong-made shoe to preference would be subject to the submission of satisfactory costings in respect of each separate type of shoe, and costings prepared in accordance with the new requirements were sent by air mail to the Customs authorities on May 7th. No acknowledgment of these figures was received, and for over four months shippers were unable to ascertain from the Customs in London or from the Hongkong Government whether the costings were considered satisfactory and whether goods covered by them would be admitted to preference.

Hongkong exporters, being unable to book orders with local factories until this question was settled, saw substantial business jeopardised. The Colonial Office have now cabled that it is no longer considered necessary for detailed costings to accompany individual shipments, provided that the certificate of origin given by the manufacturer is suitably endorsed by chartered accountants and that, as from February 1, 1936, certificates of Empire origin in respect of raw materials used are forwarded periodically.

For the moment, therefore, shipments of rubber footwear have been resumed, but the constant changes in the require-

ments of the Customs and the delays in notifying whether new costings comply with these requirements have led to considerable uncertainty about the future of the trade. There seems to be some resentment on the part of home manufacturers against the marketing of Hongkong rubber footwear. No doubt it can be argued that the Ottawa Regulations were not intended to assist goods manufactured by cheap Oriental labour, although Hongkong shoes do not appear to compete with the high-grade shoe of British manufacture. On the other hand, the development of the rubber shoe trade in Hongkong has led, owing to preference, to the importation of British raw material such as canvas for uppers, tags and eyelets, as well as rubber from Malayan plantations. And Hongkong caters for the demand for a cheap shoe made by the Japanese amongst consumers who could not afford to pay for the home-manufactured article.

AIR MAIL COMMUNICATIONS

A liner of the Imperial Airways arrived here last week after a successful flight from Penang via French Indo-China. This flight was experimental, and further flights are to be carried out. It is hoped, however, that within a few months Hongkong will be definitely linked with the Imperial Airways service in Europe. This will mean a saving of at least five days in the transit of air mails between Hongkong and London. The use of the air mail service by commercial firms here is very considerable, but owing to dependence upon steamer connections with Singapore the quickest and most convenient service at present is that by the Dutch air line to Amsterdam.

To-morrow, the twenty-fifth anniversary of the founding of the Republic of China, the new head office of the Hongkong and Shanghai Banking Corporation will be opened by His Excellency the Officer Administering the Government. The new building stands on an area of 56,000 square feet and rises to a height of 220 feet. Chinese labour and British management combined have resulted in the completion of a colossal building within two years of the site being cleared and within one year of the laying of the foundation stone.

HONGKONG, October 7.

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LETTERS TO THE EDITOR

BRITISH AND DUTCH MONETARY POLICY

TO THE EDITOR OF THE ECONOMIST

SIR,—I am quite willing to submit my arguments to the test of facts. But facts, like statistics, may be interpreted in various ways, and in the present case I suggest they should be viewed in the light of one fundamental fact which you apparently overlook, namely the different economic structure of different countries and the resulting incomparability of their troubles. It is just for this reason that I complained of insufficient attention paid by our British critics to Holland's peculiar difficulties, as set out more than once in Dr. Colijn's masterly statements, never adequately reproduced in the British Press. In my first letter, as originally conceived, I have endeavoured to explain what those difficulties are, but unfortunately lack of space forced you to cut out that portion of my letter. If now you say that there is really nothing very peculiar about the conditions in which Holland is placed, I can only conclude that your opinion is based on *some* facts, but not on *all* the facts known to those responsible for Dutch policy.

As regards my statement that the fall of the pound did not save Britain from a very drastic Budgetary deflation afterwards, it is, of course, true that these Budget cuts were initiated just before gold was abandoned; but as they were not repealed and, in fact, only became effective *after* that event, I think I was right in emphasising that devaluation in Holland would not, as you seemed to suggest, automatically obviate the necessity of Budgetary deflation.

The Belgian experiment has not, so far, greatly impressed us in Holland, though, of course, we sympathise with the peculiar difficulties (we *do* recognise their peculiarity) which prompted M. van Zeeland's desperate "New Deal." That it should have had some temporary and spectacular effect is not surprising, but we feel convinced that a disappointing reaction is bound to follow as soon as the "camphor injection" has worked off. And as for the flourishing condition of Belgian Government finance, I wonder why your correspondent in Louvain (a stronghold of the devaluationists) has failed so far to inform your readers of the distressing disclosures made of the true position by M. Sap, a former Minister of Finance?

In conclusion, may I point out that you did not answer the opening questions of my first letter regarding the higher money rates which you expect in England and the further depression of sterling that must inevitably result if your authorities adhere to their cheap money policy *à outrance*?

Yours truly,

J. H. COHEN STUART.

Amsterdam.
October 30.

[We cannot agree that the *relevant* aspects of Holland's troubles are peculiar to her. Her main troubles are precisely similar to those experienced by every country with an overvalued currency

in the last ten years. Moreover, Belgium, like Holland, has a large foreign trade, close relations with Great Britain and Germany, a Colonial Empire, and a considerable dependence on imported raw materials. It is impossible for us to define the exact level at which interest rates in this country should aim. We should say that they should be left as low as possible until no abnormal unemployment remains in industries mainly catering for internal trade. The exchange rate should then be allowed to find the level dictated by the level of costs and prices at home and abroad. —Ed. *Econ.*]

THE CREATION OF CREDIT

TO THE EDITOR OF THE ECONOMIST

SIR,—There are sound arguments against the nationalisation of the Bank of England, against the project that Mr Attlee, in picturesque and flamboyant terms expounds thus: "If the Labour Party secures power, the first thing we will invade will be the Temple of the Golden Calf in Threadneedle Street—The Bank of England." But the argument advanced by a well-known writer in the Press, recently, is not among these sound arguments. He sells the pass at a low rate who uses so untenable an argument. His opponents will tear his argument to tatters and think, quite erroneously, that thereby they establish their own case. "The banks," this writer says, "cannot create credit out of the blue any more than an individual or institution that lends money. An individual lends his own money and the bank lends other people's money, but neither can lend money that does not exist." And again, "Banks must first obtain money from their depositors before they can lend it."

The confusion between credit and money is obvious. The banker cannot create credit. Quite so, he cannot. But then the above quotation slides into the statement that the banker cannot create money. He can; and he does. In the only sense that matters, customer has created purchasing power. The alchemists sought to transmute base metals into gold. The banker does, and without elaborate apparatus, what they only dreamed of: he transmutes credit into money.

The banker cannot lend money that he has not got. Of course he cannot. But the very act of making an advance to a credit-worthy customer in itself makes the money that is advanced. The banker converts a good man's credit into money. The banker would not advance £10,000 to me; but then none of my intimates would; and they would show wisdom by their reluctance. The very essence of a banker's advance, however, is that it is made to one deserving of credit. What the banker is doing is to add his own guarantee to his customer's undertaking to pay.

His customer's credit is already money in a narrow circle, the circle of those who know him to be worthy of trust. The banker's alchemy has turned the money current within a tiny area into money current within a great area—indeed, throughout the commercial world.

London, November 5.

Yours faithfully,

W. J. WESTON.

BOOKS AND PUBLICATIONS

A HISTORY OF ABYSSINIA*

DURING the last six months the Italo-Abyssinian conflict has concentrated world-wide interest on the sole independent survivor of the old native kingdoms of Africa. A compact history of this country from the earliest records of it to the events of 1935 is a need of the hour, and the authors of the book which has just issued from the Clarendon Press have ably provided for it. These pages link the times of Zoscales, king of Aksum in the first century A.D., who was "imbued with Greek education," with the present reign of Haile Selassie, who is a fluent speaker of French, and give us a coherent picture of a history which only too easily leads the historian to lose himself in a maze of obscure detail.

Mr Jones, who carries the story down to 1770, gives prominence to two factors which lend it unity by their permanence: the first, which is the condition of Abyssinian history from the beginning, is the great block of mountains and plateaux making the country a huge natural fortress between low-lying plains to west and east; and the second is the Christian church, which has combined with the legend of the descent of the old royal line from Solomon and the Queen of Sheba to give the Abyssinians their sense of unity and pride of nationality. They were con-

verted to Christianity in the fourth century, and in the fifth they followed Egypt in maintaining the monophysite doctrine against the decision of the Council of Chalcedon. Of this faith they became the only politically independent adherents, and they zealously defended it not only against the Moslems, who overran North Africa from the seventh century onward, but also against Catholicism, which penetrated into the country from the Portuguese empire of the Indies early in the sixteenth.

The Abyssinian Church with its head, the *abuna*, nominated by the Coptic patriarch of Alexandria, has always since its foundation provided a framework of national unity; but politically there have been frequent oscillations between a moderate degree of centralisation and feudal anarchy. The mountain ranges which make the land so hard to invade from without are also conducive of semi-independent fiefs rather than a single State. The (king), and the suzerain "emperor" is *negusa nagast*, or king of kings. In the early nineteenth century the rulers of Tigré, of Amhara, of Gojjam and of Shoa struggled for supremacy. But since Theodore assumed the Imperial crown in 1855 the central power has generally prevailed over the forces of disruption, though there have been several outbreaks of civil strife. The centralising and modernising policy of the present Emperor, who has been reigning since 1930, shows a strong family likeness to the

anti-feudal policies of the Valois and Tudors, and would soon no doubt make an end of feudalism if Italy were not now taking advantage of the persisting feudal discontents to further her own ambitions.

The reader who follows the history of the last fifty years as related by Miss Monroe in Part V of this book will not feel any surprise at the recent desertion of Gugsä to the Italians. He will rather be inclined to wonder at the degree of solidity which the Abyssinian State has so far shown in the present crisis. Tigré, in particular, is disposed by its history to be doubtful in its allegiance to Addis Ababa; it was the original seat of the national monarchy; and Aksum, with its impressive obelisks dating from the earliest period of Abyssinian history, the place where emperors until recently went to be crowned, is an obvious rallying-point for a regional loyalty, hostile to the Shoan "upstarts" and their innovations. The Italians at Geneva denounce Abyssinia for its backwardness and barbarism, but on the spot it is better policy to appeal to conservatism and tradition. In 1868 the British expedition which penetrated to Magdala returned to the coast because northern Abyssinia was considered "commercially valueless and not worth annexing." Subsequently Menelek found the British and French "easier to treat with than the Italians, mainly because both were digesting vast new possessions elsewhere, and so were less acquisitive than Italy." Abyssinia indeed was Italy's reserved share in the partition of Africa, and the Italians did not become less acquisitive in this quarter after they had been excluded from the share-out of the German colonies in 1919.

SHORTER NOTICES

"Central Banking under the Federal Reserve System." By Lawrence E. Clark, Ph.D. Macmillan. 21s. net.

Here is a well-documented account of the great and moderately successful financial expedient called Federal Reserve Banking. He that wants to understand the workings of the American "central" banking system had better read this book.

Some time ago the world awoke to the fact that currency now consists in the main of credit instruments; and that, as a result, currency control had slipped away from the Mint authorities. Since then there has been much cudgelling of brains over the possible and desirable ways of controlling credit. There has resulted what may be called a literature of central banking. (Dr. Clark's excellent bibliography actually covers eight pages.) Monetary authorities everywhere recognise that only by the watchful and intelligent working of a central bank can such control be effective. The Bank of England—empirically, but fairly successfully—evolved the first principles. Dr. Clark's capital treatise shows how the Bank of England's methods have, by way of the Federal Reserve System, been adapted to the peculiar circumstances of the United States. To President Wilson and his advisers, the Bank of England appeared as rationalisation in the region of finance. It could and did take a comprehensive view of financial affairs; it could and did, by its discount rate and its open market policy, exercise control over those affairs. And the Bank did this not for profit but for service. The Federal Reserve Banks were instituted as the scientific application of the solution worked out by the Bank of England.

Dr. Clark's account of the salient differences from our own central bank is lucid. Two such differences in particular are discussed. In the Federal Reserve System the Government exercises unrestricted control. President Wilson despaired of so happy a union between the City and the Treasury as we have in the Bank of England; and he peremptorily asked for and obtained unrestricted Treasury control. The constant and direct recourse of the Member Banks to the Federal Reserve Banks, instead of as with us through the medium of the discount market, is another point clearly described.

"Farming and Money." By Jorian E. F. Jenks and J. Taylor Peddie. Williams and Norgate. 108 pages. 3s. 6d.

The authors, who describe themselves as a farmer and a monetary expert, put forward a well-meant scheme for the restoration of British agricultural prosperity. They found their proposals upon two basic principles, namely, that agriculture cannot flourish so long as many potential consumers

lack purchasing power, and that industrial depression is partly caused by the poverty of agricultural producers. Nobody will deny these basic principles, which are universally recognised to-day.

It is not equally clear, however, that the best method of relieving the present vicious circle of deflationary shrinkage of incomes is by the pursuit of a policy of agricultural protection in Great Britain, which cannot afford still further to depress the condition of agriculturists overseas, who have hitherto been such extensive purchasers of British exports. It is only fair to the authors to state that they do not urge the immediate adoption of their programme of agricultural development, which must await "the creation of a sound and scientific monetary system" if it is to prove effective. Readers of Mr Taylor Peddie's previous works will not be surprised to learn that such a system necessitates the creation of a "Central Reserve Standard," under which "the standard of value would be wealth in general, meaning by wealth the consumable things produced in the course of a year." This definition would appear to involve circular reasoning, inasmuch as some standard of value is necessary to measure the wealth produced. However, it is possible that circular reasoning may be needed to cure a vicious circle. It is a pity that the new monetary system should be so unsatisfactorily defined, since we are told in the preface that its adoption is an essential pre-requisite to our agricultural expansion and our industrial recovery.

BOOKS RECEIVED

Abyssinia and Italy. By Emile Burns. (London) Gollancz. 223 pages. 3s. 6d. net.

Poland and Her Economic Development. By Dr. R. Górecki. (London) Allen and Unwin. 124 pages. 3s. 6d. net.

Nations Can Live at Home. By O. W. Willcox. (London) Allen and Unwin. 279 pages. 10s. net.

The Practice Relating to Debentures. By T. Froude and E. V. E. White. (London) Pitman. 139 pages. 7s. 6d. net.

Planwirtschaft und Bankpolitik. By G. Macris. (Berlin) Verlag Dr. Emil Ebering. 136 pages. Rm. 5.40.

Transport and the Public. By J. A. Dunnage. (London) G. Routledge and Sons, Ltd. 240 pages. 6s. net.

The Agricultural Crisis. By J. M. Goldstein. (New York) John Day Company. 257 pages. \$4.00.

The Final Crisis. By Allen Hutt. (London) Gollancz. 288 pages. 6s. net.

Wages, Cost of Living and National Income in Sweden, 1860-1930. Vol. III. *Wages in Sweden.* By the Staff of the Institute of Social Sciences, Stockholm University. (London) P. S. King. 393 pages. 15s. net.

Trade in Arms and Ammunition: Statistical Year Book, 1935, of the League of Nations. (London) Allen and Unwin. 326 pages. 12s. 6d. net.

The American Way. By J. W. Studebaker. (London) McGraw-Hill Publishing Company, Ltd. 206 pages. 12s. net.

Soviet Ports, Black and Azov Seas. Issued by Sovfracht. All-Union Chartering Corporation. (Moscow and Leningrad) Vneshtorgisdat State Union Trade Publishers. 159 pages. No price stated.

Lloyd's Calendar, 1936. (London) The Corporation of Lloyd's. 851 pages. 3s. 6d. net.

A Social Survey of Plymouth. (London) P. S. King. 36 pages. 1s. 6d. net.

British Policy Towards Morocco in the Age of Palmerston, 1830-65. By F. R. Flournoy. (London) P. S. King. 287 pages. 10s. 6d.

Statistics of the Iron and Steel Industries, 1935. (London) British Iron and Steel Federation, Tothill Street, S.W.1. 265 pages. 10s. 6d. net.

The Tariff Section giving the import duties on iron and steel products for the more important countries has been considerably extended in the 1935 edition of this statistical compilation.

OFFICIAL PUBLICATIONS

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

Department of Overseas Trade: Trade and Economic Conditions in China, 1933-1935. 3s. net. *Economic Conditions in Iran (Persia), July, 1935.* 2s. 3d. net.

Report of the Chief Registrar of Friendly Societies for the year 1934. Part 2. *Friendly Societies.* 2s. 6d. net.

Colonial No. 109: An Economic Survey of the Colonial Empire (1933). £1 5s. net.

* "A History of Abyssinia." By A. H. M. Jones and Elizabeth Monroe. H. Milford. 188 pages. 6s. net.

MONEY AND BANKING

A MANAGED CURRENCY FOR CHINA

LAST week-end the Government of China announced a series of sweeping monetary changes. The Central Bank of China is to be reorganised as the Central Reserve Bank of China, and is to perform all the functions of a modern central bank. Notes issued by the three Government banks (Central Bank of China, Bank of China and Bank of Communications) are made full legal tender, and the reserves of all three banks are placed under Government control. Notes of other issuing banks will be gradually withdrawn and replaced by those of the new central bank. All debts in terms of silver are to be discharged by payment in legal tender notes of the nominal amount due, and all holders of silver are required to exchange their silver for legal tender currency. The use of silver bullion or dollars for currency purposes is made a penal offence. The Government undertakes to stabilise the Chinese dollar at "the present level," and will buy or sell foreign exchange in unlimited quantities. Measures have been prepared, further, for the strengthening of the commercial banking system, the establishment of a special mortgage institution, the balancing of the Budget within eighteen months, and the checking of speculation and unwarranted rises in commodity prices.

In short, China has abandoned the silver standard and adopted a managed paper currency. The announcement has been followed by a reduction in the official exchange rate for sterling from 20½d. to 14½d., and the raising of the export duty on silver from 14½ to 65 per cent. The decision may well have been inevitable, since the passing of the American Silver Purchase Act and the beginning of the American Treasury's buying policy. A year ago the Nanking Government imposed a variable export duty on silver, with the dual object of preventing a "drain" of the metal and keeping the Chinese dollar steady in terms of sterling and gold. Smuggling of silver out of the country, however, has proceeded on so large a scale as to create an almost intolerable situation. Indeed, in view of the apparent haste with which the latest plans have been promulgated—without the publication of satisfactory information on crucial matters, such as the legal backing of the new paper money and the currency (sterling, gold, or the yen) to which the dollar is to be "pegged"—events may well have forced the Government's hand before its preparations were entirely complete.

The consequences of the change will necessarily be far-reaching. Internally it promises to relieve China from the vicissitudes of a silver market dominated by American policy. At the same time, it mitigates the over-valuation of the Chinese dollar. It has yet to be seen, however, whether inflation can be prevented or the currency can be successfully "pegged" externally. The Chinese Exchange Stabilisation Fund has not received the flying start obtained by the British Exchange Equalisation Account, which was established at a moment when foreign funds were coming to London on a large scale. Its main resources are silver, and the metal is also required as the backing for the note issue. The success of the new policy, in fact, may be governed by the ability or otherwise of the Government to mobilise the silver currency at present in circulation or in hoards throughout China.

The degree of "devaluation" implied by a 14½d. dollar may relieve the deflationary strain of recent months. By the same token, however, it greatly increases the profitability of smuggling and the incentive to hoard silver. The Government should certainly secure some silver, but whether its supplies will be adequate may, perhaps, be doubted. The area of China is vast; its coast-line is long; and the Government's authority is not equally strong throughout its territory.

Another point of danger may arise. In the *Economist* of February 9, 1935, we explained that the real currency

of China consisted, broadly, of the silver dollar used by the rich, a small copper coinage used by the poor, plus a miscellaneous collection of paper currencies issued by various (and occasionally dubious) authorities. There is already an exchange rate between the silver dollar and the small copper coins, which is, in fact, manipulated by landlords, tax-farmers, commercial firms and Provincial Governments, to the detriment of the peasants and the poorer classes. The devaluation of the silver dollar and its effect upon the prices of import and export commodities will, in conjunction with the ignorance of peasants, provide all these different "money-changers" with a new opportunity for enrichment at the expense of the poorer classes. This, in turn, may make for increased social unrest.

Finally, the question of the stability of the new paper currency may be considered. The Chinese authorities have declared that the new notes will have sufficient silver behind them to provide a backing of over 100 per cent. in terms of foreign currency. The old silver backing was 60 per cent. The authorities would appear, therefore, quite legitimately to be revaluing their silver in proportion to the devaluation of the dollar. This should give the new currency an adequate start. The real doubts are whether currency inflation can be avoided and whether sales abroad of smuggled silver and the repatriation of the proceeds will create a new demand for a currency whose backing has, *pro tanto*, been weakened.

As regards the external consequences of the change, the apparent failure of the Chinese Government to "peg" the dollar specifically to gold or a foreign currency may be deliberate. A link with gold is out of the question; for the American dollar is linked with gold and the American price of silver is at the mercy of the American Administration. On general grounds there may be much to be said for a link with sterling. China has many intimate commercial connections with Great Britain. Membership of the sterling area might bring her many advantages. There are, however, arguments of a more local—and, perhaps, of a political—character in favour of a link with the Japanese yen. If the Chinese Government is, in fact, weighing the relative advantages of the two alternatives, it may have no need to make an early decision. The sterling-yen exchange has remained unchanged at 14½d. for some time past, and there is no sign of any impending alteration. So long as this position obtains, the Chinese authorities can, in effect, defer their final choice until the economic and political outlook in the Far East is clearer.

We deal with the position of the British bondholder in a separate Note on page 918. The immediate impact upon British export trade to China is likely to be unfavourable, for the devaluation of the dollar will increase in proportion the cost of goods imported into China. If, however, the devaluation gives China relief from deflation and an over-revival in internal trade and purchasing power should, in due course, react favourably upon British exports.

What, in conclusion, is the outlook for silver, under the new conditions? If the drain through smuggling of silver from China were accelerated, and if, further, the Chinese authorities were compelled to offer silver in the market in order to support the exchange, the world price of silver would be likely to fall. On the other hand, if the new Chinese monetary system is successful, and China gains a favourable trade balance, the Chinese authorities will probably become important buyers of silver.

The outlook for both China and silver is, at the moment, obscure. In the long run, a sound money system depends upon a strong central Government, free from internal dissension and external pressure. The real problem before China depends upon the fulfilment of these conditions.

FINANCIAL NOTES

The Institute of Bankers.—Sir John Caulcutt's Presidential address to members of the Institute comes as a timely reminder that the branch bank manager still possesses all the responsibilities of the man on the spot, even although in many cases he can only recommend to Head Office. In these days a manager must not only be conversant with the individual circumstances of each applicant for a loan, but must also have a general knowledge of current changes in industrial and commercial conditions coupled with an appreciation of the broad economic trends of the day. This lends a new importance to the educational work which the Institute of Bankers have now performed for many years. The new President very properly insisted that a bank manager's knowledge must not be confined to the technicalities of banking.

The Money Market.—Money has become very easy, and there was no calling by the clearing banks on Tuesday or Wednesday. Government and other dividend payments were a leading explanation of this greater ease, but the banks turned heavy purchasers of January bills this week at ½ per cent., and so the market had less bills to carry. Hot Treasury bills are nominally quoted at ½ per cent., but holders are not selling, as they feel certain that in a fortnight or so they will be able to dispose of them to the banks at ½ per cent.

	Oct. 17, 1935	Oct. 24, 1935	Oct. 31, 1935	Nov. 7, 1935
Bank rate.....	2	2	2	2
Clearing banks' deposit rate ...	1	1	1	1
Short Loan rate:—				
Clearing banks.....	1-1	1-1	1-1	1-1
Others.....	1	1	1	1
Discount rates:—				
Treasury bills	1½	1½	1½	1½
Three months' bank bills	1½-1	1½	1½	1½-1

Last week's Treasury bills were placed at an average tender rate of 11s. 1.32d. per cent., against 11s. 9.24d. per cent. the week before. £40 millions of bills were allotted against maturities of an equal amount, but this week tenders are invited for £45 millions against maturities of £40 millions, so that the tender rate may be higher.

The Bank Return.—Currency requirements over the end of the month have raised the note circulation by £2.3 millions to £402.2 millions, but the Bank has acquired more gold, and the Reserve is only reduced by £1.4 millions.

	Nov. 7, 1934	Oct. 16, 1935	Oct. 23, 1935	Oct. 30, 1935	Nov. 6, 1935
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	192.0	193.7	194.3	194.7	195.5
Note circulation	379.8	399.6	397.0	399.9	402.2
Banking Department:—					
Reserve	72.3	54.9	58.2	55.6	54.2
Public deposits.....	10.0	32.1	35.3	26.2	21.0
Bankers' deposits	107.2	78.8	78.7	82.5	89.6
Other deposits	38.1	37.8	37.1	38.6	36.6
Government securities.....	79.8	86.2	86.8	85.9	87.2
Discounts and advances..	9.6	13.7	11.4	11.2	11.0
Other securities	10.7	11.6	12.5	12.3	12.5
Proportion	46.9%	36.8%	38.4%	37.7%	36.8%

In the banking department dividend payments at the beginning of November explain the transfer of funds from public and bankers' deposits. This transfer would probably have been greater had it not been for the fact that, owing to August bank holiday, there were no Treasury bill maturities on Monday and Tuesday of this week.

The Foreign Exchanges.—The London market has been very quiet. Early in the week sterling improved to \$4.92½, but bidding from New York has since brought the rate back to \$49.1½. The franc has been weak. The spot rate has been held at between Frs. 74½ and Frs. 74¾, but on Tuesday the British Control had to buy a few francs in order to give support. Three months' francs

widened from Frs. 1.25 to Frs. 1.80 discount on Monday, and although the rate has since come back to Frs. 1.37 discount, operators feel little confidence in the future. It is thought in the market that M. Laval's position is very uncertain, and there are rumours that devaluation is being more freely discussed in Paris. The New York-Paris cross rate is still steady at Frs. 15.17, or just inside the export gold point, but a further exodus of funds from Paris is expected within the next fortnight. The Dutch and Swiss exchanges have been steady to firm. The Netherlands Bank has gained more gold and early this week reduced its rediscount rate from 4½ to 4 per cent. The devaluation of the Chinese dollar is discussed in a leading article, but the Hong Kong rate has fallen in sympathy during the past week from 21½d. to 17½d. The whole position in Hong Kong has been upset by the Chinese devaluation, and there is no news yet of any specific proposals to meet this new emergency.

New York Money and Banking.—Money remains easy and notwithstanding the prevailing activity in Wall Street brokers' loans were reduced during the week ended October 30th from \$832 millions to \$828 millions. There is some evidence that stock is being bought outright for cash, though possibly the purchasers are using their stock as collateral for bank loans. New York member banks' other loans against securities were reduced during the same week from \$730 millions to \$727 millions. The Comptroller of Currency has issued a call for the condition of all national banks on November 1st, this being the third call issued this year. It is known that the size of excess member bank reserves, with their attendant possibilities of future inflation, is causing anxiety at Washington, and it is believed that methods of reducing these reserves are being considered. The New York price of silver is unchanged at 65½ cents an ounce, in spite of the Chinese departure from the silver standard. It is thought at Washington that American official silver purchases may be accelerated as a result of China's move. Gold arrivals so far reported during November include \$14.3 millions from France and \$6.2 millions from England. Engagements for shipment were \$7.3 millions from France and \$1.5 millions from England.

English, Scottish and Australian Bank.—The accounts of this bank provide further evidence of the expansion of banking credit in Australia, commented upon in the *Economist's* Banking Supplement of October 12th. The total of deposits is practically unchanged, but there has been a definite transfer of funds from time to current deposits. On the assets side cash is reduced by over £3,000,000, and there have been increases in investments, bills receivable and advances. All these figures show that the bank is putting a greater proportion of its assets to active use. The ratio of cash to deposits is reduced from 28.8 to 19.1 per cent.:

	Year ended June 30		
	1933	1934	1935
	£ thous.	£ thous.	£ thous.
Liabilities:			
Capital.....	3,000	3,000	3,000
Reserve fund	1,635	1,650	1,665
Special depreciation reserve fund..	1,585	1,585	1,585
Perpetual stocks	1,873	1,873	1,873
Deposits at interest	18,740	20,131	19,377
Current accounts	10,207	11,900	12,832
Bills payable, etc.	1,554	1,870	1,844
Assets:			
Cash	7,712	9,232	6,168
Investments	1,764	1,881	2,200
Bills receivable, etc.	3,821	4,379	4,878
Advances.....	24,984	26,218	28,813
Gross profits	1,007	1,001	1,026
Expenses	682	700	717
Taxation	106	79	65
Net profits	219	222	244
Dividend	5%	5%	5%

Both gross and net profits are a little higher than last year, but expansion in earnings due to the greater demand for credit has been largely offset by the reduction in the overdraft interest rate from 4½ to 4¼ per cent. a year ago. Last year's dividend is repeated and £50,000 is allotted to contingencies.

THE STOCK EXCHANGE

LONDON TRANSPORT FINANCE

THE release of the London Passenger Transport Board's accounts for the years to June 30, 1934 and 1935 respectively, has appropriately coincided with the eve of a General Election. The Board's results are a matter of direct concern, not only to holders of its £111,535,454 of issued capital, but to a wider circle of transport-users, statesmen, economists and plain men-in-the-street. The Board was formed, not merely to earn specified rates of interest on its "A," "B" and "C" stocks, but primarily to provide an adequate, convenient, balanced and elastic transport service for the world's largest metropolitan city and its environs. Its structure is the prototype of a "new model" in utility organisation, designed to marry private "capitalist" ownership with the principle of limited returns and unlimited public service.

Although the Board's "appointed day" was July 1, 1933, the publication of its accounts has been delayed by factors outside its control. The first and second annual reports, now issued as statutory documents under Sections 47 and 48 of the London Passenger Transport Act (which are obtainable at 55 Broadway, Westminster, S.W.1, price 1s.), are models of clarity and informativeness. A review of each year's activities (extending to 68 paragraphs in the first report and 101 paragraphs in the second), is followed by accounts with a wealth of detail which leaves no essential fact unknown and no secrets hidden, an excellent series of maps—and a species of art gallery. The Board has been absorbing additional undertakings throughout the two years, and the twin sets of accounts are not, therefore, fully comparable. The process of absorption, however, is now nearly completed, and, for the first time, it is possible to form an idea of the magnitude, scope and financial prospects of London's transport leviathan.

The London Passenger Transport Board is a merger of 5 railway companies, 14 municipally-owned and 3 company-owned tramways, and 61 omnibus undertakings. At June 30th last it owned a total railway track extending to 491 miles, a tramway track mileage of 660 and a trolley-bus mileage of 18 (with a further 90 miles authorised but not open for traffic). Its buses and coaches ran over 2,448 route miles. The Board serves a "Special Area" of 1,550 square miles, in which it enjoys monopoly powers and responsibilities, together with an "outer area," bringing the aggregate total to 1,986 square miles. It owns 3,167 railway passenger vehicles, 5,975 buses and coaches, 2,473 trams and 63 trolley-buses, with 820 ancillary railway vehicles (including 520 goods wagons and 214 service vehicles), and 481 lorries and miscellaneous road vehicles. In the year to June 30th last, its trains ran 159 million car miles, its buses and coaches 276 million car miles and its trams 102 million car miles.

Financially, the Board draws its revenue from a "pool" of its receipts with those of the suburban services of the four main line railways. The Board's share in pooled receipts has been fixed for the year to June 30th last at 62.10364 per cent., the remainder being divided between the main line railways in the following proportions: Southern 25.48506 per cent., London and North-Eastern 5.99922 per cent., London Midland and Scottish 5.08014 per cent., and Great Western 1.33194 per cent. Last year the pool carried 4,129 million passengers, of which 3,582 millions originated on the Board's system. In other words, every member of the 9½ million persons served under the pooling scheme made an average of 435 journeys during the year, compared with 417 in the previous year.

So much for the "service" rendered by the Board and its associates to the inhabitants of its area. The financial results of these operations are summarised in the table at the head of the following column.

The Board, it will be seen, draws its revenue predominantly from its share in the "pool's" passenger receipts. Goods traffic receipts represent a small and rela-

	Years to June 30, 1934	1935
Revenue :—		
Passenger receipts	27,151,277	28,823,262
Goods traffic receipts	149,989	140,634
Total traffic receipts (including miscellaneous)	27,379,351	29,016,085
Working and general expenses	21,583,744	22,515,889
Provision for renewals	2,020,500	2,526,000
Total working expenses	23,604,244	25,041,889
Net traffic receipts	3,775,107	3,974,196
Other receipts	1,520,408	1,500,014
Miscellaneous charges	338,824	347,939
Net revenue	4,956,691	5,126,271
Appropriation :—		
Tramway debt liquidation	1,850	1,906
Payments to Local Authorities	34,045	24,252
Interest on all "A" stock	2,891,537†	2,893,169
Interest on "B" stock	1,181,694†	1,183,506
Interest on "C" stock	874,664†	1,015,192
Rate on "C" stock (%)	3½%	4%
Payable under Central London Guarantee	21,275	8,246
Total	4,956,691	5,126,271

† Less £48,374 proportion of interest charged to capital in respect of construction of new works.

Note.—The figures for the two years are not strictly comparable, owing to the acquisition of undertakings at varying dates during those years.

tively unimportant source of ancillary revenue. From the viewpoint of stockholders, greater significance attaches to an item of £859,881 in last year's "other receipts," derived chiefly from advertising rents. This source of revenue, in whose development the Board has shown conspicuous enterprise, may be regarded as providing interest of no less than 3.4 per cent. for the Board's junior ("C") stockholders.

The result of the Board's operations last year was a net revenue balance of £5,126,271, representing an apparent increase of £169,580 over the total for the previous twelve months, subject to the proviso regarding comparability, mentioned above. The total is well below the estimate of £5,798,602 made by Sir William McLintock on the basis of results for 1928-30. The discrepancy is a matter of moment issue some £62,485,536 of "A," "T.F.A." and "L.A." stocks, £23,670,131 of "B," and £25,379,787 of "C" stock. Under the terms of the Act, the "C" stockholders are entitled to a maximum dividend of 6 per cent., and may 5½ per cent. in one out of three consecutive years from 1935 onwards. We have previously criticised the conception embodied in this provision, which awards to junior stockholders a prerogative usually reserved for senior debenture holders or their prototypes. On the published figures, earnings for the "C" stock were exactly 3½ per cent. in 1933-34 and 4 per cent. in 1934-35, and interest has been declared at these rates. The Board, in effect, has two more "years of grace," but must pay 5½ per cent., at its peril, for 1937-38. Can the gap be closed within the allotted period?

The answer is for time to decide. Two features in the Board's accounts, however, have a direct bearing on the revenue account for 1934-35, entitled "General Interest and Cash Discounts," is stated to be struck after making provision for estimated interest payments on claims on behalf of certain absorbed undertakings which have not yet been settled. The amount of this provision cannot be ascertained, or it has been placed to a suspense account which, in the balance sheet, is submerged in a miscellaneous item. The latter, however, shows a rise of £223,527 during the last twelve months, which suggests at least a possibility that pro-

vision has, in fact, been made with prudent generosity, and that a margin may be found to be available when the claims have been settled.

The second consideration is more fundamental. The net revenue figure is arrived at after making provision for renewals totalling £2,020,500 for 1934 and £2,526,000 for 1935. These amounts were allocated after apparently generous expenditure on maintenance, totalling £3,875,493 for 1934 and £4,013,423 for 1935. They compare with actual expenditure on renewals in the two years of £48,903 and £166,257 respectively. The Board is admittedly faced with a large future renewals programme as part of its policy of "rationalisation." For example, it has decided to replace some 40 different types of bus and coach chassis, taken over from absorbed undertakings, by a limited number of standard types. The accounts afford at least circumstantial evidence for the view that the Board is employing the opportunity presented by its "years of grace" in order to build up as strong a renewals reserve as possible before the necessity for a 5½ per cent. "C" dividend arises. In other words, the present revenue figures underestimate the Board's eventual earning power—apart from future economies of "rationalisation" and the growth of London traffic. Provided that the market price of the "C" stock can be kept at or near par (the present price is 103½), there is a great deal to be said in favour of such a policy.

The extensions, etc., recently arranged in co-operation with the main-line railways and financed under Treasury guarantee, may carry an important future "equity" for "C" stockholders. As the following table shows, railway receipts at present account for 45 per cent. of the total "pool" takings from passenger traffic.

PASSENGER RECEIPTS OF LONDON TRAFFIC POOL

	Years ended June 30, 1934	1935
Originating on :—		
Railways	16,980,180	17,847,495
Buses and coaches	14,634,592	15,774,053
Trams	5,895,920	5,932,838
Trolley buses	157,873	163,801
Total	37,668,565	39,718,187

Average per passenger journey ... 2.305d. 2.308d.

Note.—See note to preceding table as regards comparability.

The rôle of railway, bus and tram services in the Board's traffic and financial economy is indicated in a final table :—

	YEAR 1934-35 (000's omitted)				
	Railways	Buses and Coaches	Trams	Trolley buses	All
Total Passengers within Pooling Scheme	992,981†	2,094,764	1,013,434	28,262	4,129,441
Total Originating on Board's System (No.)	445,888	2,094,764	1,013,434	28,262	3,582,348
Per cent. of Total	12.4	58.5	28.3	0.8	100
Corresponding Percentages previous year ...	12.2	67.5	29.5	0.8	100
Working Expenses*, Amount (d.)	3,211	12,283	4,638	127	20,259
Per cent. of Total	15.8	60.7	22.9	0.6	100
Working Expenses per car mile (d.)	5.809d.	10.734d.	10.959d.	11.076d.	...
Comparison with previous year	+0.139d.	-0.127d.	+0.154d.	+0.831d.	...
Renewals provision (d.)	844	1,055	508	19	2,526
Per cent. of Total Renewals	37.4	41.8	20.1	0.7	100
Total capital expenditure to 30/6/35 (£)	73,491	8,681	10,145	207	113,152†
Per cent. of Total	64.9	7.7	9.0	0.2	100

* Excluding general expenses and renewal provisions. † Including other capital expenditure, totalling £20,628,000 (equivalent to 18.2 per cent. of total) of which £8,206,000 for electric power stations and distribution system. ‡ Includes rail passenger journeys originating on the Board's system and all journeys originating on the four group railways.

More than half the total passengers are carried on the buses and coaches. If those carried by tram are added, the proportion is as high as seven-eighths. The average receipt per journey, however, is much higher on the trains. The railways' share in total working expenses is slightly higher than their percentage contribution to total "originating" passengers, but their expenses per car-mile are little more than half those of the buses and trams. Their capital cost, however, is considerably higher. Nearly two-thirds of the Board's capital expenditure has been incurred under that heading, against less than one-fifth for buses and trams together.

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Brewers, Distillers, Tobacco, etc.	8.2%	Gas and Electric Co.	8.2%
Financial Trusts, etc.	4.4%	Oil	2.5%
Rails, Motors, Aviation, Shipping	7.0%	Foodstuffs & Household	8.6%
Newspaper, Newsprint, etc.	4.8%	Utilities	3.4%
		Textiles	3.4%
		Gold Mining	8.5%
		Proprietary Articles	3.5%
		Cinemas	2.8%
		Miscellaneous	9.8%
			100.0%

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The general conclusion suggested by the Board's initial reports is that its affairs are efficiently conducted and that a reasonably good start has been made under the new regime. Some of the fruits of unification, both for the passenger and the stockholder, have obviously still to be secured, and time alone will show whether the legislature has been wise in holding the sword of receivership over the Board's head in the event of a relatively small drop in earnings below the future "standard" level—or, alternatively, in compelling the payment of eventual earnings up to the hilt, with possible prejudice to a prudent "renewals" policy. By current indications, however, the "C" stock appears adequately but not unreasonably valued at 103½. That the Board will be earning 5½ per cent. within the next three years is neither wholly certain nor wholly improbable.

INVESTMENT NOTES

The "House" Counts its Chickens.—Whatever doubts the Stock Exchange may have had last week about the result of the General Election have been blown away in a resounding blast of optimism in the last few days. While the Dow-Jones Index has been climbing to new heights in New York, the *Financial News* index of British ordinary share values has reached the highest point since August 16th, and is only 1.3 per cent. below the maximum for the year. In both markets there is a dash of politics, but recovery, past, present and to come, is the main ingredient in the speculative pie. Armaments may count for more in London than in New York, but the real market background is almost identical in both centres. Improving railway traffics, better employment figures, building activity, increasing electrical output, a Government imbued with faith in a public works programme—all these factors are common to both countries. But have the London markets, in counting so many chickens, omitted a few black ones? Mr Chamberlain's hope that there will be no increase of taxation appears to put a generous valuation on the equity of the Exchequer in rising national income. Can a policy of increased public works borrowing be financed without an upward tendency in long-term interest rates? Have all the potential effects of British co-operation in League measures against Italy been adequately discounted? And what will be the outcome of next week's strike ballot of the miners? That industrial recovery proceeds is all, at present, that the markets know. But is it all they need to know?

Science and Prospectuses.—The Chancellor of the Exchequer has addressed a letter to the Chairman of the London Stock Exchange outlining a new procedure of great potential value to applicants for new shares which are issued by concerns exploiting scientific processes. Hitherto-investors have lacked any independent judgment by an accredited scientific assessor of claims relating to "methods or substances" which have been put forward from time to time in prospectuses. This omission may now be rectified, for the Chancellor has ascertained that the three Government research organisations (the Department of Scientific and Industrial Research, the Medical Research Council, and the Agricultural Research Council) will be willing, upon request, to suggest the names of scientists of the highest standing who could furnish those city houses responsible for issues of this character with reports on the scientific merits of the processes or substances which might form the basis of a public issue. Mr Chamberlain, of course, recognises the careful scrutiny which is given in the City to new issues, but in conjunction with the Stock Exchange Committee's exacting examination of all applications for permission to deal, the new procedure will carry undoubted advantage. It is possible that in future issues of this sort an extract of the report (or a statement that it is favourable) may become common form, and its absence a feature for comment. Such a procedure might spare the innocent investor from the mortification which in the past has resulted from the Committee's inability to grant permission to

deal in certain cases, and it would provide a certain safeguard against any repetition of the scandals of the 1928 new issue boom.

"Pepper": A Sequel.—It was learned on Thursday that summonses had been issued and served on Mr John Howeson, Mr Garabed Bishirgian and Mr Louis Hardy. The summonses were applied for by the Director of Public Prosecutions, and are understood to relate to a prospectus issued to the public concerning James and Shakspeare, Ltd. The latter's business, it may be recalled, was founded over fifty years ago, and it became a public company in August, 1934, when it acquired the metal and produce dealing firm of G. Bishirgian and Company, and an interest in Williams Henry and Company, Ltd. Early this year a compulsory winding-up order was made against James and Shakspeare, whose holding of ordinary shares in Williams Henry and Company was taken over by the Dean Finance Company, Limited, a sub-subsidiary of the Tobacco Securities Trust group, in order to protect Williams Henry's shellac interests. Subsequently, the Official Receiver's reports showed that James and Shakspeare had been involved in heavy losses arising out of an unsuccessful attempt to raise the price of pepper by "pool" operations. Mr Howeson, who has extensive directorial interests in the tin-mining industry, was described by the Official Receiver as the controlling shareholder in Williams Henry and Company, of which Mr Hardy had been managing director. Mr Bishirgian was the deputy-chairman of James and Shakspeare. The summonses, it is stated, are returnable at the Mansion House in a fortnight.

Fixed Trusts—Market Policy.—A point of some significance has been put to us by a respected firm of brokers. Is it possible that fixed trust managers, owing to their business connections with stock-brokers in all parts of the country, may, in certain circumstances, buy their underlying securities at somewhat higher cost than in direct dealings in the London market? In order to encourage the sale of certificates, it is contended, the managers pay a basic commission of 1½ per cent. to brokers who pass buying orders. In addition, however, the further incentive is sometimes offered that the managers will purchase the required underlying securities from local brokers in proportion to the volume of sub-unit orders which they place with the managers. In certain cases, therefore, it appears that country brokers may receive orders for shares in which there is no local market. These orders will inevitably be passed to a London firm for execution. The London broker charges half-commission, which is usually included in the "net" price, and the country broker customarily charges a further full commission. Subject to any sharing of commissions with the trustees or the managers, our correspondent declares that it is possible for the managers to pay one-and-a-half commissions. The cost of a share quoted at 40s. on the London market may thus be raised to 40s. 3d. if purchased in this way. It is not suggested that this procedure is inevitably followed by all fixed trusts, and even if it were, the quantitative importance to sub-unit purchasers might not be crucial, in our view. It is clear, for example, that the addition of a small "goodwill" cost to the effective dealing price of a share might not raise its price to the "offered" price which is commonly employed in calculating the dealing quotation for the sub-units. On this matter, the managements concerned are most qualified to speak, and our correspondent's suggestion may invite comment from the leading groups.

New Capital for the Railways.—At this stage the effect of the new construction proposals which are to be financed, on the pattern of the London Electric Transport loan, by a Government-guaranteed loan of £30 millions is marised in a Note of the Week on page 901. The plans are summarised in a Note of the Week on page 901. The Stock Exchange gave a favourable reception to the Government's announcement, and equity and junior preference issues immediately responded, with advances of up to 1½ for the London and North-Eastern first preference and 1½ for

Southern preferred. Some commentators, however, have inclined to the view that the direct advantage of the schemes to railway stockholders may be less significant than the indirect benefit which the slowly recovering wagon, locomotive and equipment industries may derive. The truth may lie between the two interpretations. Until the new loan has been approved by the new Parliament, speculation as to its issue terms may be premature. The London Electric Transport Finance guaranteed debentures, which were issued in July at 97, are now standing around the issue price. A 2½ per cent. loan with a twenty-year maximum life would suit the market's taste, and conditions immediately after the election may possibly favour its issue. Its appearance, possibly, may not long be delayed, for eventually the market may require rather more humouring than earlier this year. The margin between the rate on the new loan and the effective earnings on the new works, after due allowance for renewals provision, will clearly determine the benefit which existing stockholders may expect from the scheme. It will, however, require some passage of time before the new works come to full fruition, and they will, in any case, be spread over five years. In part, they represent normal renewals and extensions which would have been financed internally or from new capital in more propitious circumstances. The Southern Railway programme of extended electrification and colour light signalling may yield tangible results more quickly than the re-designing of stations, replacement of permanent way and new rolling stock, which form the basis of the improvements on other lines. It may be presumed, however, that the new works will eventually justify themselves at the lower rate of interest which will be afforded by the Government guarantee, and may yield a surplus for existing stockholders in the course of time. Until fuller particulars are available regarding the terms of the new loan and the participation of the four companies, estimates of direct benefits in the near future for equity stockholders must be regarded with reserve. It is possible that Sir Josiah Stamp's address to the Railway Stockholders' Union, in ten days' time, may offer occasion for an authoritative view.

Industrial Profits in October.—Our latest computation of industrial profits, based on reports received by the *Economist* during October, provides a very satisfactory curtain-raiser for the large number of reports normally published before Christmas. We received 166 reports during October, showing an aggregate rise in profits of no less than 27.19 per cent. by comparison with October last year. Figures for recent months are set out below:—

Reports published in	No. of Companies	Rise or Fall in Profits*	Reports published in	No. of Companies	Rise or Fall in Profits*
1934—			1935—		
September ...	89	+ 40.63	April	242	+ 16.49
October	165	+ 49.70	May	244	+ 11.07
November ...	143	+ 33.97	June	191	+ 21.72
December ...	159	+ 25.09	July	232	+ 13.44
1935—			August	38	+ 5.93
January	111	+ 14.15	September...	77	+ 9.28
February ...	218	+ 8.43	October.....	166	+ 27.19
March ...	261	+ 22.54			

* After payment of debenture interest.

The reports of the month disclose net profits of £6,482,469, compared with £5,096,466 in the preceding year. Recovery is common to all groups with the exception of tea companies, and a slight reduction in the building materials group (which results from one large loss by a timber concern). Iron, coal and steel concerns record an increase in net profits from £153,391 to £303,612, while textile concerns reflect the British Celanese improvement with an advance from £655,821 to £808,290. Twenty-five concerns in the miscellaneous group record an increase of over 60 per cent. with profits of £1,142,791. The advance is widely spread in this section also, for substantial improvement has been recorded by such diverse undertakings as Murex, Imperial Airways, Burberrys, General Theatre, and British Colonial Furniture. Only in the motor section is there any clear suggestion of profits stability, for the progress of the Rover and Standard companies has been partially off-set by the reduction in Austin and Henlys' net profits, the group total

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being only £56,631 higher at £1,258,987. These results, for accounting years mainly to mid-summer dates, suggest good things to come when the spate of reports to September are published during the next few weeks.

Bulgarian Debt Service.—The Bondholders' organisations, which include the League Loans Committee and the Council of Foreign Bondholders in this country, have this week recorded their inability to secure any improvement in the service of the Bulgarian debt. The creditors' representatives have previously recognised the weakness of the Bulgarian foreign exchange position, but they remain of opinion that a higher proportion of the interest could be transferred with safety. The recent discussions, however, proved that the Bulgarian Government, while willing to maintain the *status quo*, were not disposed to make a better offer in existing circumstances. The Government has proposed that full Budget provision shall be maintained, as hitherto, of which 67½ per cent. shall be handed to the League of Nations Commissioner in the form of Treasury bills, while the balance shall be paid into the Bulgarian National Bank in "effective" levies. Of this balance, the Government offers to continue to transfer 15 per cent. in exchange at the appropriate interest dates. Bondholders who accept such terms will be entitled to the return of their coupons endorsed with the amount paid, which will not be taken as complete discharge of liability. The bondholders' organisations have again "taken note" of the proposals, and have announced that they will not object to current releases of the assigned revenues in the normal course, provided that the Bulgarian Government carries out the arrangements proposed. Bondholders may regret, however, that the Bulgarian authorities have been unable to implement the provisions of the 1934 agreements, or at least to offer some increased recognition of the creditors' claims under them. The agreements will expire in six months, and the negotiations for a new settlement will inevitably be complicated by the deficits which have

accumulated as a result of the Government's declared inability to provide more than 15 per cent. out of the 32½ per cent. agreed to be transferred. An increased transfer of, say, 17½ per cent., at an additional sterling cost of £40,000 might have been welcomed as an act of grace—and a not expensive price for creditors' goodwill in view of the coming discussions.

Chinese Bond Committee.—The announcement that the Bank of England has set up a committee under the chairmanship of Lord Alness to protect the interests of holders of Chinese Government, railway and other loans has been very favourably received. The committee is strong and fully representative of banking, Stock Exchange, investment trust and insurance interests. Its constitution has coincided with the demonetisation of silver by China and the visit of Sir Frederick Leith-Ross to China to study the Chinese economic situation. The repercussions of the Chinese currency measures are examined in a leading article on page 912. The Stock Exchange, which has become increasingly convinced of the deflationary burden imposed upon China by the American silver policy, has interpreted the reforms as a bull point for the debt service, although the latter will presumably cost more in terms of currency. At this stage, moreover, it is impossible to determine whether expansion of trade will follow the Chinese Government's attempts to stabilise the dollar. Persistent reports have been in circulation in the Far East that a British credit has been arranged for China. Sir Frederick Leith-Ross, however, has declared that China's policy has been introduced without any assurances of a loan from the Powers. Financial assistance, if eventually forthcoming, would presumably be arranged through an international consortium, as in the past, but with the participation of Japan. In this event, there will be much work for the new committee to transact, since the granting of any new loan would clearly provide the occasion for consideration of existing holders' claims, particularly with respect to the railway loans. There is, of course, no suggestion that the immediate situation imperils the current service which is being paid on the Government bonds, but the present situation clearly warrants the setting up of the committee. This week's advance is shown in the following table:—

Loan	Amount outstanding (a)	1935		Quotations			Flat Yield (%)
		High.	Low.	Oct. 28, 1935	Oct. 31, 1935	Nov. 6, 1935	
4½ per cent. 1898	2,754,550	105½	99½	102	102	102	4 8 6
5 per cent. 1913	6,255,180	100½	84½	92	92	93	5 9 3
5 per cent. 1912	3,666,980	91½	71	76½	76½	79½	6 8 2
5 per cent. Shanghai-Nanking Rly.	2,088,000	87	65	69	69	73	(b)
5 per cent. Tientsin-Pukow	185,000	37	20	22½	22½	30½	(b)
5 per cent. Honan	495,700	35	20	26	26	31½	(c)

(a) Excluding bonds drawn but unpaid. (b) Coupons unpaid since April, 1926. (c) Coupons unpaid since July, 1927. (d) Coupons unpaid since June, 1934.

At present, the railway issues remain in an entirely speculative class, but the new committee will doubtless lend weight to the argument that their improving situation should be reflected in a willingness to pass such proportion

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of the fruits as can be spared to bondholders. The Customs loans were well covered by the 1934 receipts. There are reasonable possibilities that China's trade will not be adversely affected by the present measures, if stabilisation of the currency, both internally and externally, can be maintained.

Chilean Bond Possibilities.—No official announcement has been made concerning any partial interest payments which may be forthcoming on Chilean Government external bonds. It is known that negotiations to this end took place recently in London and New York. The Government's revenue from the nitrate industry is now definitely segregated from the Budget and ear-marked for the debt service, and the Minister of Finance has hinted that, as from January 1, 1936, the Debt Amortisation Office will be able to meet at least those coupons of the direct and indirect loans of the State and municipalities which are most in arrear, and to effect amortisation. It is not believed, however, that such payments can represent much more than nominal recognition of bondholders' claims, but undoubtedly the Chilean national finances are now sounder than for some time past. A small surplus was realised in last year's Budget. The ultimate effect of the recent 25 per cent. increase in the salaries of civil servants, and of the elimination of nitrate revenue from the Budget is not yet clear, but actual revenue receipts this year have shown a marked buoyancy. For the period January-August revenue amounted to 872.3 million pesos and expenditure to 714.9 million pesos. These figures suggest that the Budget was conservatively drawn up, since eight-twelfths of the estimated revenue for 1935 would amount to 675.8 million pesos, and of expenditure to 758.8 million pesos. Government payments in August, however, reflected the increase in civil servants' salaries on a considerable scale. The Chilean foreign trade returns have for some months shown heavy increases in imports of machinery and raw materials required for the rapidly expanding national industries. The aggregate value of imports in the first eight months of 1935 at 193.2 million pesos of 6d. (gold) was 70.5 million pesos greater than in the corresponding period of 1934. The expansion in exports was only 6.7 million pesos, to a total of 340 millions, leaving an export surplus of only 146.8 million pesos, against 210.7 millions. Armed with large resources of foreign exchange from nitrate exports, it is believed that the Government will be able to regulate exchange rates as it deems necessary, and the fluctuations in the export rate of exchange, which recently jumped on two occasions from 119 pesos to 125 and 123 pesos per £ sterling, respectively, may be taken to reflect merely normal variations in supply and demand. The export exchange rate is recognised as the effective rate for commercial transactions and for most remittances, and, as a large part of frozen peso credits has now been liquidated, there would appear to be no reason to anticipate any marked depreciation in the peso which could not be promptly regulated by Government intervention.

Actuaries' Investment Index.—This week's renaissance of investment optimism is duly portrayed by the Actuaries' Index of 158 ordinary shares, which has recovered to 78.3 from a "secondary low" of 73.9 a month ago (December 31, 1928 = 100). The index is now only 1.1 points below the highest level of the year. The following table shows some of the constituent groups in the index which have contributed most to the latest rise:—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100)			Yields (%)		
	Month Ago (Oct. 8)	Week Ago (Oct. 29)	This Week (Nov. 5)	Month Ago (Oct. 8)	Week Ago (Oct. 29)	This Week (Nov. 5)
Investment Trusts (14)	54.5	54.5	55.3	3.72	3.72	3.72
Coal (6)	85.6	84.6	89.2	4.47	4.53	4.22
Cotton (6)	38.3	43.9	47.0	2.32	2.21	2.18
Iron and Steel (8)	66.5	64.2	67.3	3.29	3.32	3.20
Oil (5)	63.4	66.3	71.5	3.51	3.38	3.15
Home Rails (4)	59.0	58.9	62.0	1.71	1.71	1.68
Miscellaneous (52)	67.2	69.6	70.8	4.15	4.03	3.98

The extent to which current prices discount the prospects of continued economic revival may be appreciated by a glance at the low yields at present obtainable on favourite counters like cotton, iron and steel, oil and home rail equities. The rise in coal shares, in the week preceding a miners' strike ballot, argues a confidence which those closely concerned with that industry would like to share.

COMPANY NOTES

Air Transport Shares.—The salient investment point in commercial air transport must, for the present, be the extreme difficulty of earning commercial profits. For long-distance systems the experience of Imperial Airways amply proves the point. The annexed table shows the company's earnings side by side with the Government subsidy paid to it for the corresponding year, as given in the Air estimates for that year. In no year has the company's trading profit (before obsolescence, depreciation, insurance, etc.) approached the amount of the subsidy received. Yet, as is shown in a detailed survey of European air transport, issued by the League of Nations this year, Imperial Airways is economically the most efficient of all the European systems. On the operation of internal short-distance air lines on the Continent, the same League survey shows large and consistent losses, while in the last few days our own Director-General of Civil Aviation has declared that "with very few exceptions indeed, [British] internal air lines

(Profits in £'000)							
	1929	1930	1931	1932	1933	1934	1935
Hillman's Airways (March 31):—							
Prospectus profit	...	...	...	Dr.0.7*	Dr.1.6	Dr.4.7	3.5†
Imperial Airways (March 31):—							
Trading profit	141.0	169.4	155.2	152.8	266.2	314.7	366.4
Obsolescence	56.2	85.4	94.3	101.8	171.7	191.3	193.0
Earnings for div.	58.8	32.6	24.6	7.7	25.4	51.1	97.5
Earnings %	14.8	8.9	5.4	1.6	5.4	10.3	15.1
Div. %	7.8	5.2	3.2	0.8	2.7	5.6	7.7
Subsidy\$	N.A.	341.5	428.0	520.0	551.0	548.0	561.0

* Period November 12th to March 31st. † Six months to September 30th (favourable season). ‡ Not including depreciation. \$ As shown in Air Estimates. N.A. Not Available.

are losing money." The evidence of the sub-accounts for air transport, included in last year's home railway accounts, fully confirms that statement; and the prospectus of the Hillman's Airways issue early this year showed consistent losses except for the last period covering only the summer six months, which are the earning period of the year. The commercial difficulties of operation result mainly from the "youth" of air transport as a business. Machines are only now being produced which offer silence and comfort in any way comparable to that of surface travel, and there is room for further improvement still. Nor, owing to the difficulty of landing close to large centres, can full advantage be taken of the service which air transport has to sell, namely, speed. In any case, since saving of time is of interest chiefly to business men, the railway night services will often compete in effective "business-hours-saved" with even the fastest air service. Finally, there is the problem of serious seasonal fluctuations in traffic density. It need not be doubted that experience and invention will solve many of these problems in course of time. Comfort is already being rapidly improved; vertical landings may ultimately allow services to be run to and from the centres of cities; wireless aids to navigation are reducing the seasonal factor and simplifying night flying; the pay load is being raised. On the "consumer" side the public may be expected to grow more accustomed to air travel, and so improve the load factor per flight. The League survey shows that if Imperial Airways could fill the whole of its available space on each flight it would already be making a commercial profit without the subsidy. The conclusion appears to be that some time must elapse before unsubsidised air transport becomes attractive as an investment, particularly on short distances. New invention may make matters easier, but it will involve corresponding substantial obsolescence charges for existing

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<i>(Successor to Investors General Fixed Trust, now over-subscribed)</i>	
Trustees: Royal Exchange Assurance	
Bankers: Barclays Bank Limited	
Investors Gas & Electric Trust	5%
Trustees: Royal Exchange Assurance	
Bankers: Barclays Bank Limited	
Investors Gold Share Trust	7½%
Trustees: Royal Exchange Assurance	
Bankers: Barclays Bank Limited	
Provident Investors Trust	4½%
Trustees: Martins Bank Limited	
Bankers: Martins Bank Limited	
Security First Trust	5%
Trustees: Lloyds Bank Limited	
Bankers: Lloyds Bank Limited	
Hundred Securities Trust	5%
Trustees: Lloyds Bank Limited	
Bankers: Lloyds Bank Limited	

★ At current prices of sub-units this is the approximate yield based only on the cash dividends paid by the companies in the past year. Capital bonuses are not included in the yield and are additional.

The first four of these trusts are managed by Investors Specialised Fixed Trusts Ltd. and the last two by Security Trust Managers Ltd. Both these companies are controlled by interests associated with Dawney Day & Co. Ltd., Merchant Bankers, 15, Moorgate, London, E.C.2.

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enterprises. Finally, conditions are already distinctly competitive, so that economies in operation may only bring cuts in fares. The position of Imperial Airways, with its assured subsidy, its partial monopoly on certain routes, and its long-distance schedules, is strong so long as the subsidy continues. The news that the company is now assured of a new long-term agreement, and will continue to act as the Government's chosen instrument for existing Empire trunk services is an important new factor in view of the approaching termination of existing agreements.

Road Material Shares.—The precise significance of the £100 millions road programme has not been disclosed since Mr Chamberlain's broadcast address. From the market aspect, however, the difference between a net increase of £100 millions on present expenditure, and an assurance that this amount will be spent during the next five years, is one of degree. Investors can at least presume the restoration of Road Fund grants at the rates prevailing before 1931. So far, however, no details of the scheme have been published, although the presumption is widely entertained that new arterial road development will be a

look for the stronger road material companies appears "set fair" and may be "fine" if additional expenditure is in fact contemplated by the latest announcement of Government road policy.

North British and Mercantile Insurance.—The subscribed ordinary capital of this company consists of 550,000 £5 shares, with £1 5s. paid up. These, at a current price of about £50, yield under 2½ per cent., and are the heaviest priced insurance shares in the market. At the annual meeting, last May, the chairman foreshadowed a scheme of share sub-division by which each share would be divided into five £1 shares, of which one would be fully paid and each of the remaining four would have 5s. paid up. The scheme was to involve a transfer from reserve of £412,500. It was felt that, in addition to the primary advantage of increased marketability, there was some convenience in having 20 per cent. of the shares fully paid rather than have all of them paid up to the extent of 8s. Definite proposals have now been submitted, but they do not precisely follow the lines suggested earlier. They involve the division of each share into four shares of £1 5s., of which two are to be fully paid and two to have 6s. 3d. paid up. Thus, as regards each present share, an addition to the amount paid up of no less than £1 17s. 6d. is contemplated. Dividends will be paid on the nominal amount of the shares, fully and partly-paid shares being treated alike. As a natural consequence, holders of fully-paid shares will not be entitled to vote in any future resolution for the reduction of the uncalled liability under the partly-paid shares. The financial position of the company is of great strength. The transfer of £1,031,250 required from reserve does not represent any inconvenient redistribution of liabilities. Nevertheless, the scheme demonstrates very clearly the confidence of the directors in the continued prosperity of their company.

Sudan Plantations Progress.—Although the planted area was hardly changed, the total crop harvested by the Syndicate during the 1934-35 season increased by as much as 86 per cent. This satisfactory yield, for which the Gezira area must be credited, is meeting with a ready sale, and is reflected in the advance in cotton profits from £352,347 to £457,300. After deducting rather higher general expenses, totalling £189,436, and providing £50,000 (against £30,000) towards the Gezira reserve for writing off development and canalisation expenditure, the divisible profits amount to £207,674, showing an increase of 55 per cent. compared with the preceding year. The increased dividend of 8 per cent. is consequently covered with a surplus of ½ per cent., as the following analysis shows:—

	Years to June 30th, 1933	1934	1935
Cotton and other profits	401,720	352,347	457,300
General expenses and charges	175,143	180,014	189,436
Depreciation and other provisions ..	143,687*	8,099	10,190
Gezira reserve	25,000	30,000	50,000
Ordinary shares:—			
Earned	57,890	134,234	207,674
Paid	90,000	135,000	198,000
Earned %	2.6	6.0	8.5
Paid %	4	6	8
General reserve			
Carried forward	217,887†	220,471†	223,851
* Includes £135,109 reserve against advances to tenants. † In addition £13,706 transferred direct from share premiums account. † Includes profits from sales of investments £27,458 and £3,350 for 1932-33 and 1933-34 respectively.			

The report indicates that the Syndicate has agreed to a proposal for the conversion of its holding of preference shares in the Kassala Cotton Company into 5,000,000 rs. buted to existing ordinary shareholders. The operation marks no change of control, since both existing issues rank for one vote per share. This company's recently issued accounts show a substantial profit, and improvement is also recorded by two of the associated companies, Parana

Plantations and Sudan Salt. During the year the Syndicate has repaid £400,000 advanced on a debenture by the Sudan Government, but the liquid position remains strong, with cash and Government securities at £744,000, compared with £832,000. At this stage the report is naturally silent as to prospective crop conditions, but the planted area has been increased. The £1 ordinary shares are quoted at 34s. cum dividend to yield ½ per cent., and carry further recovery possibilities if the Egyptian textile section enjoys increased activity.

Trepca.—The recovery in metal prices is vividly reflected in the results of this company for the year ended September 30th last. The quantity of ore treated—597,200 tons—showed an increase of no more than 8,100 tons, but the revenue rose by £188,600 to £871,180. General as well as operating expenses were somewhat higher than before, and £40,400 was allocated to depreciation, in place of £18,700, leaving an available surplus of £344,100, compared with £170,500. The final dividend of 15 per cent. makes a total of 20 per cent., compared with 12 per cent. for the previous year, and is paid, moreover, free, instead of less, tax. After transfer of £30,000 to reserve, the somewhat reduced amount of £26,030 goes forward. Ore reserves of 3,007,000 tons represent about five years' supply for the mill. In view of the fact that contracts for the sale of lead concentrates which were due to expire at the end of 1937 have been replaced by new contracts extending to the end of 1940, the early future seems fairly well assured, although the market has always stressed the importance of political factors to the company's operations in Jugoslavia. On last year's dividends the indicated yield is 6½ per cent., tax free.

Lake View and Wiluna.—Last year's operations by these two important West Australian companies, writes our mining correspondent, were adversely affected by a new wage award and by the suspension of work for five weeks owing to a labour dispute regarding the "spread" of hours. As a result, Wiluna received from the Australian operating company dividends totalling no more than £345,290 sterling in place of £430,280. The directors have therefore been unable to repeat the previous year's balance distribution of 12½ per cent. Maintenance of the interim rate of 10 per cent., in fact, entails a substantial draft upon the amount carried forward, which has been reduced to £19,150. Although the monthly tonnage expanded, the quantity of ore treated was less than in the preceding period owing to the stoppage, and costs inevitably rose to some extent. The extraction, however, was improved by as much as 5 per cent. Ore reserves show satisfactory expansion, the positive tonnage now figuring at 2,040,000 tons, valued 26s. 3d. per ton on the basis of gold at 84s. per ounce. The quantity represents well over four years' supply for the mill, and the increase is chiefly attributable to the higher gold price, which has allowed the inclusion of material formerly considered unpayable. Developments in the northern leases have been of a particularly encouraging character. It may be noted that arrangements have been made for co-operation with Gold Fields Australian in the exploitation of the adjoining Moonlight leases, owned by that company. On the basis of the 1934-35 dividend, Wiluna yield 7 per cent., and current results should show some improvement. For Lake View and Star the loss due to stoppage of work is estimated at approximately £70,000, equivalent to 12½ per cent. upon the capital. It is consequently not surprising that the directors are unable to repeat the bonus of 7½ per cent. paid in conjunction with the final dividend for 1933-34. Indeed, but for the transfer from share premium account of £50,000 of the amount set aside for British and Australian income tax, the balance distribution of 12½ per cent., making a total of 50 per cent. for the year, could scarcely have been paid. On the present occasion the bulk of the special development has been charged against working costs and not to a separate account. The amount written off under this heading is £23,840, compared with £62,950 previously. Moreover, the depreciation allowance of £47,000 is somewhat more than before. Like Wiluna, Lake

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View has brought into reserves a considerable quantity of ore previously unpayable. The total is now 3,038,900 tons, having an average value of 26.86s. per ton with gold at 85s. The figure includes 1,913,100 tons of positive ore, 965,000 tons of probable and 160,800 tons of broken ore, and shows an increase of 572,300 tons. Benefit should accrue during the current year from the operation of the Associated tailings retreatment plant, which started up last June. There is a basis for expectation that the 50 per cent. dividend rate, which affords a current yield of 8 per cent., will at least be maintained.

Other Company Results.—This week's list of profit and loss accounts, which is printed on page 938, includes the results of 42 additional companies. The list is remarkable for a continued improvement in earnings of most groups, and for the consistent recovery in net revenues shown by investment trusts during the year to September last. Two Bristol brewery results show satisfactory improvement. The first, *Bristol United* records an increase of profits from £80,558 to £89,933, and the dividend has been raised from 15 to 17½ per cent. *Bristol Brewery Georges* shows an expansion of net profits from £233,826 to £268,267, and a dividend of 18 per cent., tax free, is paid on the increased capital. In the "heavy" industries group, *Horden Collieries* reports almost unchanged profits of £98,283. The *Welsh Associated Collieries* report for the three months preceding the merger with Powell Duffryn Associated Collieries reveals net profits of £21,874, and intimates that considerable advantages are already being derived from the amalgamation. The *Birmingham Small Arms* report proves somewhat disappointing, for net earnings have fallen from £38,182 to £26,221, and barely cover the contribution to debenture sinking fund. Increased profits and dividends are common to the latest rubber company results, which include such concerns as *Killinghall, Gadjah, and Tebing*. The full report of *O.K. Bazaars* shows very satisfactory results, for the net profits, like the ordinary dividend, are almost exactly doubled at £142,792. Among the investment trust results it seems invidious to choose, for higher net revenues and modest increases in dividends are well distributed throughout the list. Attention may be drawn, however, to *Second Scottish*, whose net revenue has recovered from £75,835 to £98,982, *Scottish National* (£41,571, against £28,125), and *Clydesdale* (£49,864, against £38,354), while *Second Industrial, Second Scottish National* and *Southern Stockholders* record satisfactory improvement. The list of miscellaneous industrial results is rather small this week. It includes the full report of *Electric and Musical Industries*, whose preliminary results were announced at the end of September, and discussed at that time. The consolidated statement of the group's assets has been extended, and shows a strong position. This week's dividends include a first interim payment of 3 per cent. by *Richard Thomas*, and an interim of 12½ per cent. (against 10 per cent.) by *Whitehead Iron*

central feature. On this argument, market interest in cement shares has revived, since they will clearly benefit from the increased demand for a principal material if a generous extension of arterial highways is in prospect. Increased demand should be further assisted by a firmer price structure in the industry. The expectation of rising profits, and greater independence of the course of private housing construction, may therefore promote a swing of interest from brick concerns, which are faced with the gradual maturing of increased capacity, towards the established cement companies and the more vigorous among the new producers. Other road material concerns may also face a more assured future, but there is evident need for investment discrimination in the remainder of the group. Presumably the paving and asphalt companies may derive relatively limited advantage from the scheme, unless a larger proportion than at present seems probable is devoted to Metropolitan road construction. Further, the quarrying concerns may have a somewhat localised market for ballast and granite owing to the incidence of transport costs and to their partial replacement by concrete. The surfacing materials, whose value is higher in proportion to transport costs, are less affected by both considerations, and their producers include a number of smaller concerns with good dividend records during recent years. It will be noted from the accompanying table that certain of these concerns also include contracting departments. The out-

† Prospectus net profits 1931-32 to 1933-34 were £46,874, £35,115 and £42,516 respectively. ‡ Tax free. (a) And capital bonus 200 per cent. (b) "B" ordinary quotation; yield based on 18 per cent. dividend. § Prospectus net profits, 1932-33 and 1933-34, £4,565 and £19,415 respectively. ¶ For nine months to December 31, 1934, £29,890. ** Prospectus profits, 1932 to 1934, £48,671, £90,260, £79,136 respectively. (xx) Ex rights.

and Steel. Guest, Keen and Nettelfolds have declared the first interim dividend since 1930, at the rate of 2½ per cent. free of tax. The final dividend of Consolidated Goldfields amounts to 2s. 9d. per share, making an unchanged total of 4s. per share for the year.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following company meetings:—Buenos Ayres Western Railway, Central Uruguay Railway of Monte Video, Phoenix Investment Trust, Batu Rata (Sumatra) Rubber Plantations, Sumatra Para Rubber Plantations, Tebing Rubber Estates (1931), United Dairies, Consolidated Tin Mines of Burma, and Obuom Gold Mines. Sir Follett Holt, addressing stockholders of Buenos Ayres Western Railway, made a plea for the passage of an adequate transport co-ordination measure, and referred to the insidious and serious effect of road competition since 1929. The chairman of Central Uruguay Railway, after discussing exchange problems, expressed hope that the company would receive more sterling exchange at the official rate as a result of the new trade agreement. At the United Dairies meeting, Mr. Joseph H. Maggs referred to the vast increase in milk handled by the company's creameries, and declared that the company had co-operated with the Milk Board in taking up embarrassingly large increases of supplies. At the first general meeting of Obuom Gold Mines, shareholders were informed that the mill would probably be ready to start work by the end of the month. The chairman of Sumatra Para Rubber discussed the progress of the estate and the increase in profits which had been achieved despite increased estate costs due to exchange factors. The chairman of Batu Rata anticipated that, given increased consumption, the rubber plantation industry would quickly reach a more healthy position. The chairman of Phoenix Investment Trust referred to the possibility of some future settlement of the Trust's claims regarding its Russian investments. Shareholders of Consolidated Tin Mines of Burma were informed that output had improved since the close of the year. The chairman of Tebing Rubber Estates anticipated consistent reductions in rubber stocks and an improved price.

THE WEEK IN THE MARKETS THE LONDON STOCK EXCHANGE SETTLING DAYS

TICKET NOVEMBER 19 | ACCOUNT NOVEMBER 21

THE opening of the new account on Monday coincided with more optimistic estimates of the expected majority for the National Government, with the announcement of lower unemployment figures for October and with the Chancellor's strategic disclosure of large schemes of reconstruction for roads and railways. Without looking these gift horses too closely in their mouths, the Stock Exchange became more confident of a post-election boom and prices rose. This movement was encouraged further by the increasingly persistent rumours of a compromise settlement of the Abyssinian affair. And to complete the market's confidence, the municipal election results, on one interpretation, were favourable to the Conservatives, and the Chancellor said that he could carry out his expansion programme without further taxation.

The gilt-edged market was particularly encouraged by these oracular voices, and although the volume of business was still limited, scarcity of floating stock brought substantial rises in Old Consols and Local Loans. India stocks overcame their weakness at last week's close, and were very firm toward the mid-week, together with colonial issues. There was later a profit-taking movement, but the undertone remained firm.

In the European bond market prices continued to improve, with certain exceptions. Austrian issues were in demand, and Greek loans rose as a result of the pro-monarchy plebiscite. French issues were dull on domestic difficulties. Chinese loans, particularly railway bonds, were apparently higher following the appointment of the Bondholders' Protection Committee, discussed in a Note on page 918. Japanese bonds moved downward under the

same influence. There has been continued interest in Brazilian issues throughout the week.

The home rail market has been strong, mainly as a result of the Government's promised rail expansion scheme, and Southern issues were particularly prominent. The schemes are discussed on pages 901 and 916. Transport "C" stock was a feature of the market following the publication of the Board's accounts for the last two years. These reports are discussed in a leading article on page 914. Argentine rail stocks were the only feature of a quiet foreign rail market, following a slightly more optimistic speech by the chairman of the B.A. Western.

After profit-taking at the end of the last account, industrial markets have been almost consistently strong. Cement issues have been particularly prominent on confident expectations of the road expansion programme announced by the Chancellor in his election broadcast. In the electrical equipment group there was seasonable strength, with a certain amount of profit-taking. The iron and steel group were strong on favourable trade reports. Whitehead were especially prominent, and Richard Thomas improved after the interim dividend announcements.

In the motor section there was a good deal of business in commercial vehicle issues, with Leyland in the lead until profit-taking developed in mid-week. Aviation issues were only fair.

Hopes of encouraging dividend announcements evoked support for brewery issues, and tobacco issues shared in the general rise. Textile issues further improved despite some profit-taking in rayon shares in mid-week. Store and provision issues recovered from last week's quietness and made general advances. P. and O. deferred and the Realisation issues were strong in the shipping section. The industrial market was still active and firm in mid-week, although some irregularity developed on later profit-taking.

The oil share market reflected the improvement in the American oil position. On Wednesday a slight recession occurred although the market remained firm. Shell and Royal Dutch fell as a result of selling from the Continent and from the provinces.

Rubber shares have been dull throughout the week, but although there have been slight set-backs in some issues, the volume of business was very small and there was no indication of general weakness. The market is marking time. Tea issues have been equally dull, and there is no sign of any anticipated rise in auction prices in Mincing Lane. Indians have been the weakest section of the market.

The Kaffir market has been firm throughout the week, with a sustained demand from Paris and the Cape. In mid-week there was some irregularity, but the tone was firm. West Wits. were again active among the developing concerns. There has been more interest this week in the West and East African markets. Increased turnover was recorded in Australian shares, which were, however, unable to maintain their opening buoyancy. Copper issues have been firm, helped by a slight improvement in the metal price, and tin issues were dull in spite of a similar increase.

"FINANCIAL NEWS" DAILY BARGAIN INDEX
(Approximate number of Bargains recorded in Stock Exchange Lists)

	Week to Nov. 1, 1935	Oct. 31, 1935	Nov. 1, 1935	Nov. 4, 1935	Nov. 5, 1935	Nov. 6, 1935	Nov. 7, 1935
Government and Municipal Loans	5,783	1,004	1,003	1,511	1,343	1,200	1,128
Transport, Communications, and Public Utilities...	5,066	821	995	1,128	1,112	1,150	1,028
Commercial and Industrial...	23,693	4,270	4,806	5,916	5,767	5,537	5,548
Banks, Insurance and Financial	3,137	549	628	747	676	635	668
Mines (including Nitrate)	6,836	1,408	1,598	1,798	1,514	1,527	1,455
Oils	1,157	279	255	299	289	297	256
Rubber, Tea and Coffee	2,646	385	349	369	300	281	270
Total	48,298	8,816	9,634	11,763	11,001	10,627	10,353
Corresponding day in 1934	...	Closed	9,941	9,243	8,450	8,546	8,001

* Including Iron and Steel and Breweries.

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THOMAS PARKES, 51, Goldieslie Road, Wylde Green, Birmingham, *Secretary.*

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BROKERS:

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To the Offer: CLIFFORD-TURNER & CO., 11, Old Jewry, London, E.C.2.
To the Company: BROOKS, MONK & HARGREAVE, 37, Waterloo Street, Birmingham, 2.

AUDITORS:

THOMAS BRITAIN & CO., Whitehall Chambers, 23, Colmore Row, Birmingham, 3, Chartered Accountants.

REVISED "FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (July 1, 1935 = 100)

Highest of 1935 (Aug. 13)	Lowest of 1935 (Mar. 27)	Oct. 31, 1935	Nov. 1, 1935	Nov. 4, 1935	Nov. 5, 1935	Nov. 6, 1935	Nov. 7, 1935
104.2	87.4	99.8	100.2	102.0	102.8	103.1	102.8

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS. (1928 = 100)

Highest of 1935 (Feb. 1)	Lowest of 1935 (Oct. 3)	Oct. 31, 1935	Nov. 1, 1935	Nov. 4, 1935	Nov. 5, 1935	Nov. 6, 1935	Nov. 7, 1935
141.0	131.9	133.8	133.8	134.1	134.3	134.5	134.7

We are officially informed that Mr Alfred Henry Sharp has been expelled from the Stock Exchange.

FOREIGN STOCK EXCHANGES

NEW YORK

WALL STREET, which took an election holiday on Tuesday, is very gratified by the consequences. The news that the Republicans had recaptured the legislative assembly of New York State may not be of crucial political importance, since the Democrats were so insecurely perched in office, but the market interpreted the results as a blow to the President's re-election prospects. The results provided the signal for very active dealings. Wednesday's turnover would not have disgraced the total of two favourable business days, and the Dow Jones industrial index broke through a new post-depression "high." Nor was the bond market disregarded in the stock market's enthusiasm, for industrial issues were particularly firm, and turnover was nearly 5 million dollars higher than on Monday. General Motors led the rise in motors, following the increased dividend, and optimistic forecasts of production emanating from the motor show. Steel issues responded to good winter prospects and ignored a one point drop in

the estimated level of activity to 52.5 per cent. of capacity. Reports are gaining currency that increased prices for steel may be introduced, and an immediate increase of demand is expected. Industrial news continues favourable. Numerous increased dividends have been announced this week, and the National City Bank of New York calculates that the earnings of 220 industrial concerns showed an advance of 26.3 per cent. during the first nine months of the year, to \$427 millions.

	Oct. 30, 1935	Nov. 6, 1935	Nov. 6, 1935, Eng. Equiv.†
U.S. 2½% Treas. Bds. 1945-47	100½	101½	102½
Atchafalca	47½	49½	50½
Erie	10	10½	10½
Lincoln Central	15½	16	16½
N.Y. Central	22½	23½	24½
Pennsylvania	27½	28½	29½
Southern Pacific	18	19½	19½
Southern Ry.	9½	10½	10½
Union Pacific	93	96	97½
Am. Can.	143½	143½	145½
Amer. Smelting	38½	40	41
Anaconda	20½	21½	21½
Bethlehem Steel	38½	43½	44½
Chrysler Motor	84	88½	90½
Corn Products Rf.	67	69	70½
Eastman Kodak	165	168½	169½
Gen. Electric	35½	36½	37½
Gen. Motors	51½	58½	59½
Int. Harvester	57½	58	58½
Mont. Ward	33	34½	34½
Natl. Biscuit	83½	85½	86½
Phelos Dodge	24½	25½	25½
Prilman	36½	38½	39½
Sears Roebuck	59	59½	60½
Un. Fruit	68½	69	70½
U.S. Leather	7½	8½	8½
U.S. Rubber	13½	15½	15½
U.S. Steel	45½	48	49½
Westinghouse	88½	90½	91½
Woolworth	57½	59½	60½
Am. Tel. and Tlg.	142	145½	148½
Interboro R.T.	19½	19½	19½
Int. Tel. Teleg.	10½	11½	11½
Utilities P. & L.	2½	2½	2½
W. Union Tlg.	60½	62½	63½
Shell	36½	38	38½
Shell Union	11½	12½	13½
Std. California	36½	38½	38½
Do. N.J.	46	49½	49½

† Calculated at \$4.92 to £1

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

	1934	1935	Be- ginning of Year 1935	Oct. 23, 1935	Oct. 30, 1935	Nov. 6, 1935
	Lowest Sept. 19	Highest Feb. 21	Lowest Nov. 6	Highest Nov. 6		
351 Industrials	74.8	90.5	74.3(1)	107.5	83.1	103.3
33 Rails	34.0	51.4	27.4	35.6	35.7	35.0
37 Utilities	55.21	83.41	52.2	88.9	84.6	86.8
Total, 421 Stocks	65.6	82.1	63.1	92.9	71.0	89.1
Average yield of 50 Industrial Common Stocks	2.78%	3.90%	3.03% (2)	4.06% (3)	3.62%	3.15%
					3.19%	3.03%

(1) December 24th.

(2) March 18th.

(3) February 7th.

(4) November 6th.

(5) September 12th.

(6) September 11th.

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

Highest of 1935 (Nov. 6)	Lowest of 1935 (Mar. 15)	Oct. 30, 1935	Oct. 31, 1935	Nov. 1, 1935	Nov. 2, 1935	Nov. 4, 1935	Nov. 5, 1935	Nov. 6, 1935
120.0	78.4	117.2	117.2	118.3	119.8	119.9	(a) Closed	120.0

TOTAL DEALINGS IN NEW YORK

	Oct. 31, 1935	Nov. 1, 1935	Nov. 2, 1935	Nov. 4, 1935	Nov. 5, 1935	Nov. 6, 1935
Stock Exchange—Shares (Thous.)	1,810	2,040	1,260	1,750	(a)	3,080
Bonds (Value Thous. \$)	9,060	11,830	5,680	9,430	Closed	14,410
Curb—Shares (Thous.)	374	485	318	410		580

(a) Election Day in New York

PARIS

An opening recession in the Government bond market was stemmed by support whose origin, the market suspected, came from high quarters. The rally itself, however, had little promise of permanence. By mid-week recurrent uneasiness regarding the home political situation was again casting its influence over the market, and interest returned to the international counters. A French railway issue of 5½ per cent. bonds at 91½ per cent. has not helped rentes, for a certain amount of arbitrage exchange into the new stock has taken place. Gold mining issues were well supported to the new London parities, and domestic industrial shares, such as electrical and chemical issues became stronger in mid-week.

	Oct. 30, 1935	Nov. 4, 1935	Nov. 6, 1935		Oct. 30, 1935	Nov. 4, 1935	Nov. 6, 1935
Banque de France	9,010	8,900	8,900	Wagons Lits	42½	43½	44
Credit Lyonnais	1,690	1,649	1,642	Mexican Eagle	22½	24	24½
Suez Canal	17,775	18,085	18,200	"Chartered"	87½	91½	93
Chargeurs Réunis	162	161½	175	Ford	52½	56½	54
Rio Tinto	1,348	1,385	1,410	De Beers	392	411	418
Royal Dutch	20,860	21,510	21,410	"Johnnies"	268	283	284

BERLIN

The share market last week continued dull, and as many as two-thirds of the listed securities were unquoted. The tendency was irregular and slightly weaker, but towards the close there were some signs of recovery. The turnover in steel, electrical and chemical issues was nevertheless considerable. Commercial bank, Reichsbank and shipping securities showed little change. Ufa Films were particularly depressed owing to rumours of a dividend cut. The bond market was steady on the whole, buying being financed with the proceeds of sales of shares. The new week began with a general decline, but at the close on Tuesday a slight recovery occurred, despite early weakness which particularly affected the leading textile issues.

	Oct. 30, 1935	Nov. 4, 1935	Nov. 6, 1935		Oct. 30, 1935	Nov. 4, 1935	Nov. 6, 1935
Reichsbank	173.00	174.00	175.25	A. E. G.	36.60	36.10	35.90
D.D. Bank	84.50	85.00	84.00	Siemens and Halske	184.25	182.00	182.50
Dresdner	85.00	85.00	84.00	A. K. U.	54.10	52.80	53.50
I.G. Farbenindustrie	149.50	147.75	147.50	Hamburg-Amer.	16.10	15.75	15.50
Norddeutscher Lloyd (New)	17.90	17.25	17.00	("Hapag New")			

AMSTERDAM

Business this week has pursued an uneven course, although the broad trend has been upward. Opening dealings were marked by a confident interpretation of the immediate political and economic outlook, and the international section was quite active. Later, however, a certain amount of profit-taking caused a reactionary tendency, although shipping shares were still actively supported. Sugar shares, which suffered in Tuesday's reaction, turned firmer in mid-week, but most industrial issues had by this time lost much of their early support. In the oil group, Royal Dutch rose at one time to 209½, but subsequently reacted.

	Oct. 30, 1935	Nov. 4, 1935	Nov. 6, 1935		Oct. 30, 1935	Nov. 4, 1935	Nov. 6, 1935
2½% Dutch Loan	73½	74½	75½	Steel Common	27½	27½	27½
5½% German	20½	21	20½	A. K. U.	26	25½	25½
Unilever N.V.	98½	105	103½	Ford Motor	247	249½	245½
Philips Lamps	240½	239	235½	Deft. Batavia Tob.	140½	146½	148½
Netherlands Ship Union	42½	44½	46½	Royal Dutch	201½	208½	207½
				Handels Ams.	207½	216½	216

CAPITAL ISSUES

AN increased number of new issues has made an appearance this week. The largest, comprising ordinary shares in *Dominion Reefs (Klerksdorp)* at par, is a reasonable mining speculation at this stage, since apparently promising indications will be exploited under economical conditions of capital expenditure. The preference shares of *Caledonian Gas Corporation* are satisfactorily secured on the corporation's share in profits of constituent gas undertakings. *Phoenix Prince Gold Mining* 5s. shares have speculative possibilities, but the technical report states that "long blank stretches are bound to be encountered in developing." The setting out of particulars of the purchase consideration is detailed. *Wade Potteries* adopts a high-gear capitalisation. The shares offered were acquired for £57,500, plus payment of issue and underwriting expenses, and produce £70,000. On this basis, the 350,000 ordinary shares retained by the vendors of the constituent businesses would be valued at £70,000, giving a market valuation of goodwill of £50,427, compared with net assets of £89,573. The offer of *Sun Cycle and Fittings Company* ordinary shares produces £63,750. The issue has been acquired for £55,000, plus payment of issue and underwriting expenses, less a contribution of £4,400 from the vendor company. Both offers for sale are made by London Industrial Finance Trust, which, according to the *Stock Exchange Official Year Book*, owns the ordinary share capital of British General Fixed Trust, Limited. Both issues, ranking in the smaller industrial class, interest the more speculative investor. The only notice "for information" is in respect of *Montague Burton Estates* based on a yearly charge of 5½ per cent. of the cost of properties to the company and by the operating concern's satisfactory profits record.

ISSUES OF THE WEEK

By Prospectus or Offer for Sale

Amount previously recorded, Jan. 1 to Nov. 2, 1935, including conversions, £261,294,068
Amount previously recorded, Jan. 1 to Nov. 2, 1935, excluding conversions, £132,649,700

National Savings Certificates.
Net receipts, Five days to November 2, 1935, Dr. £50,000.

To the Public	Nominal Capital	Conversions	New Money	First Payment	Further Liability
Dominion Reefs (Klerksdorp), 1,500,000 ordinary shares 5/- at par	375,000	...	375,000	75,000	300,000
Irish Free State, £7,000,000 4% conversion loan, 1930-70, at par (to repay 5% National Loan, 1935-45)	7,000,000	7,000,000	...	7,000,000	6,300,000
Sun Cycle and Fittings Co., 275,000 ord. shares, 4/- at 5/-	55,000	...	68,750	27,500	41,250
Wade Potteries, 80,000 6% cum. pref. shares, 10/- at par	40,000	...	40,000	8,000	32,000
Do., 150,000 ord. 2/- at 4/-	15,000	...	30,000	11,250	18,750
Caledonian Gas Corporation, 100,000 4½% cum. pref. £1 shares at 21/-	100,000	...	105,000	12,500	92,500
Phoenix Prince Gold Mining, 800,000 shares 5/- at par	200,000	...	200,000	100,000	100,000
Total	7,785,000	7,000,000	818,750	934,250	6,884,500

To Shareholders only	Including Conversions	Excluding Conversions
Johnson and Phillips, 100,000 ord. shares £1 at £2	100,000	...
Duff Development, £45,000 6% 1st deb. stk. at par	45,000	...
Kirklees, £25,000 5½% deb. stk. at par	25,000	...
Sungei Buaya (Sumatra) Rubber, £25,000 7% deb. stk. at 103%	25,000	...
Tamworth District Electric Supply, 25,000 8% participating pref. £1 at par	25,000	...
Total	220,000	...

Total Offered for Subscription—	Including Conversions	Excluding Conversions
Jan. 1 to date—		
1935	269,383,568	133,739,200
1934	358,069,824	149,689,366
1933	435,786,199	235,419,524
1932	767,180,033	178,595,731
1928	510,687,191	356,657,460
(a) This figure includes £1,920,000,000 for conversion of 5 per cent. War Loan int		

Nature of Borrowing	Debtures	Preference	Ordinary	Total
January 1 to date—				
1935	72,313,301	28,372,524	33,053,375	133,739,200
1934	92,774,609	17,112,957	40,901,800	149,689,366
Whole year—				
1928	212,917,900	45,062,600	111,177,800	369,158,300
1933	222,064,300	12,733,700	9,982,500	244,780,500
1934	102,769,300	21,461,000	44,878,400	169,108,700

By Stock Exchange Introduction

	Capital Introduced	Approximate Price Dealings Began	Cash Involved
Amount previously recorded	26,343,000		40,437,094
Loloma (Fiji) Gold Mines, 900,000 shares at 5/-	225,000	33/9	1,518,750
Total to date, 1935	26,568,000		41,955,844
Total to date, 1934	24,490,568		36,369,025

PUBLIC OFFERS

Dominion Reefs (Klerksdorp), Ltd.—Issue of 1,500,000 5s. ordinary shares at par. Formed to acquire land, mining leases and claims over 5,717 acres from Klerksdorp Consolidated Goldfields representing portions of Dominion Reefs areas on which development work has been carried out during past year. Large tonnage 6 dwt. ore proved, estimated to reach 250,000 tons at end of year. Production programme of 20,000 tons crushing per month to be introduced immediately. Estimated gross profits with gold at 140s. over £295,000, and net profits over £200,000. Purchase consideration £354,281 payable £104,281 in cash (in respect of expenditure on property) and £250,000 in 5s. shares. List closed 9.5 a.m. November 5th, nearly 4,000 separate applications having been received.

Caledonian Gas Corporation, Ltd.—Issue of 100,000 4½ per cent. cumulative £1 preference shares at 21s. Incorporated February, 1935, to acquire shares in gas companies, and to co-ordinate gas undertakings. Controlling interest acquired in 13 undertakings and other interests for £353,700 of which £339,389 cash and balance shares. Profits attributable to corporation, years ending in: 1933, £23,858; 1934, £21,334; 1935, £21,180. Directors' fees, etc., £3,500. Dividend on preference shares issued and to be issued requires £4,813. Proceeds for repayment bank loans and advances from United Kingdom Gas Corporation.

Phoenix Prince Gold Mining Company, Ltd.—Issue of 800,000 5s. shares at par. Acquires from Globe and Phoenix Mining Company, the mining property of similar name, including Prince of Wales workings, estimated to include 226,267 tons averaging 7.19 dwts. per ton. Estimated mine costs treating 3,000 tons per month 25s. per ton. Working profit estimated 21.83s. per ton. Net proceeds of issue £187,000 for plant extensions, etc. List closed 9.5 a.m. November 7th

OFFERS FOR SALE

Wade Potteries, Ltd.—Offer for sale of 80,000 6 per cent. cumulative 10s. preference shares at par and 150,000 2s. ordinary shares at 4s. per share. Formed to hold shares of glazed tile manufacturers and ancillary business employing 400 operatives for £90,000 to be satisfied in 80,000 preference and 500,000 ordinary shares. Net assets valued £89,573. Combined profits, after depreciation: 1932, £6,716; 1933, £15,194; 1934, £17,286. Seven months to July, 1935, £8,419. Shares offered acquired by London Industrial Finance Trust for £57,500 and expenses. List closed 9.5 a.m. November 7th

The Sun Cycle and Fittings Company, Ltd.—Offer for sale of 275,000 4s. ordinary shares at 5s. per share. Formed to acquire cycle manufacturing business of similar name founded 1885. Net assets, £74,679 acquired for £75,000, of which £50,000 cash and 125,000 4s. shares. Profits: Years to July 31: 1933, £3,235; 1934, £10,078; 1935, £17,250. Shares now offered acquired by London Industrial Finance Trust for £55,000 cash and expenses. List closed at 9.5 a.m. November 6th, heavily oversubscribed.

BY STOCK EXCHANGE INTRODUCTION

Montague Burton Estates, Ltd.—Particulars of issue of £210,000 4½ per cent. first mortgage debenture stock at 101½ per cent. Part of issue of £700,000 stock. Repayable by sinking fund at or below 102. Redeemable as a whole between 1939 and 1946 at 105 and thereafter at 104 on three months' notice; final redemption at 102 in 1978. Incorporated October 7, 1935, to acquire properties from M.B. Estates, Ltd., for £177,013 in cash. Company will own some 90 properties at a cost of nearly £1,000,000, with a rent roll due from Montague Burton, Ltd., of about £55,000 when stock is fully issued. Profits of Montague Burton, Ltd., after depreciation but before debenture interest, years ended March 31st: 1933, £556,091; 1934, £692,526; 1935, £699,725.

BY TENDER

Colne Valley Water Company.—Sale by tender of £160,000 3 per cent. debenture stock to be redeemed at par January 1, 1961. Minimum price £95 10s. per £100. Flat yield at that price £3 2s. 10d. per cent. Allowing for redemption at par £3 5s. 3d. per cent. Net revenue 1934 before prior charges, £106,139. Interest on debenture stock, including present issue, will require £23,573, leaving £82,566 available for dividends. Contingency and reserve funds end 1934, £59,876. Present population over 400,000. Water rental 1934, £285,373.

BONUS ISSUES

Stroud Brewery Company, Ltd.—It is proposed to capitalise a portion of the reserve fund and to issue to the ordinary shareholders by way of bonus new fully-paid £1 ordinary shares in the proportion of two new shares for each five held on November 29, 1935, fractions of shares being paid for in cash. The new shares are to rank for dividend as from September 30, 1935.

North British and Mercantile Insurance Company.—A capitalised bonus of £1 17s. 6d. per £5 share (£1 5s. paid up) is proposed, for which purpose £1,031,250 will be transferred from undivided profits. This will increase the paid-up ordinary capital from £687,500 to £1,718,750 out of £2,750,000 authorised. The existing £5 ordinary shares, £1 5s. paid are to be split into four of £1 5s. each with 6s. 3d. called. Two out of the four will be made fully paid, leaving the remaining two paid up to the extent of 6s. 3d. only.

ISSUES TO SHAREHOLDERS ONLY

Johnson and Phillips, Ltd.—Issue of 100,000 ordinary shares £1 at £2 per share to shareholders registered November 1st in proportion of one share for each seven held. These new shares will rank for final dividend for 1935, but will not receive the interim dividend of 5 per cent. just announced. Capital required for financing development of subsidiaries and general business of the company.

Duff Development, Ltd.—Issue of £45,000 6 per cent. first debenture stock at par.

Kirklees, Ltd.—Issue of £25,000 5½ per cent. first mortgage debenture stock at par.

Sungei Buaya (Sumatra) Rubber.—Issue of £25,000 7 per cent. first mortgage debenture stock at 103 per cent. is offered to shareholders and debenture holders for subscription at 103 per cent.

Tamworth District Electric Supply.—Issue of 25,000 participating preference shares of £1 at par. Applications received from the company's consumers will receive preferential treatment. The shares rank *pari passu* with the 6 per cent. cumulative preference shares for a cumulative dividend of 4 per cent. In addition, holders are entitled to receive a further dividend at one-half the rate per cent. by which the dividend on the ordinary shares for any year exceeds 6 per cent.

Swaziland and General Gold Mining Company, Ltd.—The unissued capital of this company is being offered for subscription to the shareholders bringing the amount of issued capital up to £50,000.

CONVERSIONS AND REPAYMENTS

I.C.I. (Fertiliser and Synthetic Products).—The 5 per cent. guaranteed debenture stock, 1930-45, will be repaid at par on December 15, 1935.

Nova Scotia (Province of).—The outstanding amount of the 4½ per cent. consolidated stock, 1934-64, will be paid off at par on December 2, 1935.

Poole Corporation 3 per Cent. Redeemable Stock, 1915-1945.—The principal will be repaid at par, with accrued interest, on and after May 1, 1936.

OFFERS ABROAD

Canadian Government Bonds.—Issue on November 4, 1935, of £75,000,000 (£15,000,000) Dominion of Canada bond issue in two classes. The first consists of four-year 2 per cent. bonds offered at 99.43 and accrued interest yielding 2.15 per cent. per annum. The other class is of 19½-years 3 per cent. bonds, which will be offered at 98½ and accrued interest yielding approximately 3.08 per cent. Nearly three times oversubscribed.

(Continued on page 928)



SECURITY FIRST

TOTAL FUNDS EXCEED
£45,000,000

CLAIMS PAID, OVER
£200,000,000

Head Offices:

LIVERPOOL **LONDON**
North John St. Lombard St.

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

[illegible]

(e) Interim dividend.	(f) Final dividend.	(c) Last two yearly dividends.	(d) Yield on 3½% basis.	(e) Paid in New Zealand Currency.
(g) Flat yield without allowing for redemption.		(h) Yield worked on redemption at par on Feb. 1, 1957.	(i) Yield worked on redemption at par on December 1, 1952.	(j) Also Centenary Bonus 2% yield worked " 7½% basis.
(k) Yield worked on redemption at par on April 1, 1961.		(l) Yield worked on redemption at par on April 1, 1961.	(m) Yield worked on 8% basis.	(n) Paid in Australian Currency.

Cornwall, Long Ord.	79/41	10/19	+1/3	Nil
Gurnet Keen etc. Ord.	18/8	21/-	+1/7†	4 7 0
	30/3	33/9	+2/6	Nil

† Free of Income Tax.
 (i) Based on interest payment of ¼ per cent.
 (j) Free of income tax rate of exchange.

48/9	28/04	(a) Interim dividend.	(b) Final dividend.	(c) Last two yearly dividends.	(d) Nine months.
(f) Includes 1½% from capital accretions.	(g) Including bonus 5% free of tax.	(h) 7½ per cent. basis.	(p) Based on a dividend of 15 per cent.		
(r) Calculated on basis of 7½ annas dividend per share paid for 1934-35.	Taken at 16 annas to one rupee.		(e) Annas per share.		
(w) Also bonus 300 per cent. from reserves in A shares.	Yield worked on a 25 per cent. basis.	(y) Worked on a 7½ per cent. basis.	† Free of Income Tax.		

(Continued from page 925)

FORTHCOMING ISSUES

British Guiana Goldfields, Ltd.—This company is expected to make an issue of shares shortly.

Briggs (William) and Sons.—This concern is expected to be converted into a public company.

OTHER RESULTS OF ISSUES

Stewart and Arden, Ltd.—Lists for offer of ordinary and preference shares closed 9.5 a.m. November 1st. Over-subscribed.

Norvic Shoe Company.—Approximately 17 per cent. of applications for preferred ordinary shares will be allotted to the public and 30 per cent. of applications for preference shares.

Colne Valley Water.—The list closed at 10 a.m. November 6th for tenders for £160,000 3 per cent. redeemable debenture stock, 1961, at a minimum price of 95½. The issue was four times subscribed, tenders totalling £645,270. The average price realised was £98 3s. 9d.

CALLS DUE NOVEMBER 11 TO NOVEMBER 16, 1935

The grand total of calls in November, 1935, is £9,759,149 which compares with £8,049,212 in November, 1934.

Nominal amount of Stock	Company	Amount of Call	When payable	Making Paid
£1	Harrisons and Crosfield (offer, to Def. Ord. Stockholders registered September 22nd, of Def. Ord. Shares, at par)	20/- p.s.	Nov. 16	All
£1	Johnson and Phillips (offer, to shareholders registered November 1st, of 100,000 new Ord. Shares, at 40/-)	5/- p.s.	Nov. 11	5/- p.s.
Stock	Sungei Buaya (Sumatra) Rubber, £25,000 7½% 1st Mortgage Conv. and Ref. Deb. Stock, at £105%	£25%	Nov. 12	All
10/-	Wood, Rozelaar and Wilkes, 40,000 Ord. Shares, at par	5/- p.s.	Nov. 15	All
10/-	Do., 200,000 6% Cum. Pref. Shares, at par	5/- p.s.	Nov. 15	All

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Amt. paid	Price, Oct. 30, 1935	Price, Nov. 6, 1935
African Railway Finance 2% Deb.	98½	23½	21-1½ dis	2-1½ dis
Cables Investment Trust Pref. £10	101	1	4/-4/6 pm	4/9-5/3 pm
Do.	99	10	4-1/2 dis	5/-6/6 pm
Earls Court Ord. 5/-	5/-	4/-	9d-3d dis	10½d-4½d dis
Do. 5½% 2nd Deb.	100	60	9-7 dis	9-7 dis
Hobson (H. M.) 5/-	51	60	12/-12/3	13/101-14/4½
India 3%, 1948-52	98	51	1½-1 dis	½ dis-par
Int. Power Newfoundland 3% Deb.	97	5	1½-2½ pm	1½-2½ pm
Kelly's Directories 4% Deb.	104	72	12-2½ pm	1½-2½ pm
Leeds 3% Stock	99½	59½	par-½ pm	½-1 pm
Leeds and Wakefield Breweries 6% Pref.	24/6	17/6	3d-9d pm	3d-9d pm
London Electric Transport 2½% Deb.	97	47	1½-1½ dis	½ dis-par
Lowestoft 3%	98½	58½	½-1 pm	½-1 pm
Norvic Shoe 5% Pref. £1	21/-	6/-	4½d-10½d pm	4½d-10½d pm
Do., Pref. Ord. 20/-	27/-	12/-	9d-1/3 pm	9d-1/3 pm
Ribblesdale Cement 4% Deb.	101	51	1½-1½ pm	1½-1½ pm
Selridge and Co. 4% Deb.	100	101	10½-10½	10½-10½
Stewart and Arden 2½%	2/6	2/6	7½d-1½ dis	7½d-1½ dis
Do., 6% Ptg. Pref. 20/-	21/-	10/-	3d-9d pm	3d-9d pm
Trinidad 3% Stock	100	45	2-1½ dis	1½-1½ dis
Ultra Electric (Holding) 5/-	5/-	...	8/7½/9/1½	9/3-9/9
West Bromwich 3%	100	53	½ dis-par	par-½ pm
W. Lon. Prop. 4% Deb.	100	25	1½-1½ dis	1½-1½ dis
Weyburn Engineering 5/-	6/3	4/-	9d-1/3 pm	1/7½-2/1½ pm
Do., 6% Pref. 10/-	10/-	5/-	par-3d pm	par-6d pm
Wood, Rozelaar, etc., 10/-	10/-	5/-	9d-1/- pm	3d-9d pm
Do., 6% Pref. 10/-	10/-	5/-	1½d dis-1½d pm	3d dis-par

REPORTS AND NOTICES

With reference to statement made in last annual report of Spillers that Mr A. F. Forbes, of Messrs Thomson McLintock and Company, had been invited to join the board, it is announced that Mr Forbes has now been formally elected as from October 1st. Mr Walter Allen will retire from the board at the end of the current financial year, January 31, 1936.

Sir Edward Davson, Bart., K.C.M.G., has been elected a vice-chairman of Barclays Bank (Dominion, Colonial and Overseas).

Mr Christopher Parton Gabriel and Mr George Starkey Wade have been appointed directors of Gabriel, Wade and English, Ltd.

The directors of Eno Proprietaries, Ltd., announce that Mr Bernard H. Drake, C.B.E., has resigned from the board. The Rt. Hon. The Lord Selsdon, P.C., K.B.E., has joined the board of the company, and has been elected chairman.

Chosen Corporation, Ltd., announce that Mr R. Wright has joined the board of the Corporation.

Mr R. W. M. Arbuthnot and Mr D. A. Stirling have been appointed directors of Westminster Bank, Ltd.

The directors of Allied Ironfounders, Ltd., announce that Mr James Shaw (managing director of Planet Foundry Company, Ltd., Guide Bridge, and of British Bath Company, Ltd., Greenford), has been appointed managing director.

BANKS

NATIONAL PROVINCIAL BANK, LTD.—It is officially announced that Sir Samuel Roberts, Bart., has been appointed a director of the National Provincial Bank, Ltd.

THE CANADIAN BANK OF COMMERCE.—After 4½ years' service as London manager of the Canadian Bank of Commerce, Mr Crawford Gordon has been given the important promotion to the managership of the main Toronto branch. Mr R. B. Buckfield will now become manager at 2 Lombard Street. He will have as his assistant manager Mr R. H. McDade, the former Rio de Janeiro manager, who has only recently arrived in London to succeed Mr A. R. Phipps, the latter retiring on pension after 26 years' service as assistant manager here.

THE BRITISH OVERSEAS BANK, LTD.—Mr Thomas Francis Tallents, M.C., has been appointed to a seat on the board of the British Overseas Bank, Ltd.

RAILWAYS

ARGENTINE GREAT WESTERN RAILWAY.—Report to June 30, 1935, states that under working agreement company received from Buenos Ayres and Pacific Railway and distributed interest on first debenture stock £68,000. In consequence of continued heavy losses on exchange Buenos Ayres and Pacific was unable in year to pay any sums on account of arrears of interest and dividend on this company's debenture and guaranteed stocks, payment of which was postponed under scheme of arrangement of July, 1932. As Buenos Ayres and Pacific company has not paid a dividend for year on its first and second preference stocks, this company is not able to pay any dividend on the 5 per cent. preferred stock and ordinary stock.

CORDOBA CENTRAL RAILWAY COMPANY, LTD.—Converting Argentine currency into sterling at par, viz., at the rate of \$11.45 paper to £1, the results of working for year ended June 30, 1935, as compared with those of the previous year, were as under:—

	1934-35		1933-34
Gross traffic receipts	2,199,297 16 4	s. d.	2,163,802 13 10
Working expenses	1,936,030 10 6		1,992,523 9 11
Net receipts	263,267 5 10		171,279 3 11
Less—			
Exchange differences	196,641 9 5		106,032 6 5
Balance	66,625 16 5		65,246 17 6

Percentage of working expenses 88.03% 92.08%
The debit balance at June 30, 1934, was £212,563. At June 30, 1935, it was £554,519.

ENTRE RIOS RAILWAYS COMPANY, LTD.—Results for the year ended June 30, 1935, compare with previous years as below:—

	1933-24	1934-35
Gross receipts	9,230,456.16	805,833
Working expenses	8,272,869.51	722,235
Net receipts	957,586.65	83,598
		2,133,822.11
		186,286

The above results are shown with conversion of Argentine currency to sterling at par rate of exchange. The debit balance brought forward at June 30, 1934, was £17,801. At June 30, 1935, the debit balance carried forward amounted to £132,692.

RUBBER

TEBING RUBBER ESTATES (1931), LTD.—The crop harvested during the year ended March 31, 1935, amounted to 524,529 lbs. of rubber, and the average net sale price obtained, including stocks realised since the end of the year, was 5.640d. per lb. After allowing for the credit balance brought forward the position is as follows: Balance brought forward from last year, £721; add profit for year, £4,659; less interim dividend of 2½ per cent. paid on January 31 1935, £2,247; leaving balance of £3,133. The directors recommend the payment of a final dividend of 2½ per cent., less tax (making 5 per cent., less tax, for the year), which was paid on November 7, 1935, absorbing £2,246, leaving £887 to be carried forward.

MINES

MEXICAN CORPORATION, LTD.—The report for the year to June 30, 1935, shows dividends on investments of £87,397. This includes to June 30, 1934. After paying interest and tax, etc., there remains a net profit of £73,121, against a loss of £9,646. From this has to be deducted a debit balance of £38,684 brought in, leaving an available balance of £34,438. Dividends are to be resumed after a lapse of four years, with a payment of 5 per cent., less tax. This will require £25,000, leaving a credit of £9,438 to go forward.

KIMINGINI GOLD MINING.—The report from July 25, 1934 (date of incorporation), to June 30, 1935, states Kimingini mill commenced test operation on June 15th, and up to September 25th of this bullion. A scheme for dredging alluvial ground covered by Properties account stands at £339,311, by expenditure and equipment at £142,069, mine development at £29,033, cash at £78,218, (debit) £18,959. Estimate of ore reserves at end June was 45,500 tons, averaging 10.25 dwts. gold per ton to 25 ft. below adit level. Meeting at 20 Aldermanbury, E.C., November 27th, at noon.

(Continued on page 938)

COMPANY MEETINGS, &c.

CENTRAL URUGUAY RAILWAY COMPANY OF MONTE VIDEO, LIMITED

DIFFICULT EXCHANGE CONDITIONS

The ordinary general meeting of this company was held, on the 4th instant, at River Plate House, London.

Sir Brodie H. Henderson, K.C.M.G., C.B. (the chairman), said that the receipts in Uruguayan pesos indicated that the total trade of the company had remained at much about the same level as it had been in the previous year, but the same measure of comparison could not be applied to the working expenditure, a good deal of which arose in sterling. Consequently, in terms of Uruguayan currency the working expenses had risen considerably, due to converting the sterling items into pesos at some 11 to the £. Owing to the rate of exchange adopted, both the gross receipts and the working expenses showed a large decrease in sterling. The resulting net profit was less by some £127,000, mainly due to the adoption for accounting purposes of the "controlled free" rate of exchange as from November 1st last in place of the "official" rate, which had been the basis since June, 1931. There remained a net revenue debit of £177,074, which was carried forward.

The trade agreement between Uruguay and the United Kingdom had been signed, but still awaited ratification by the Uruguayan Government. Exchange was the question which most vitally affected the well-being of this company, and from that agreement it appeared that they should look forward to receiving more sterling exchange at the official rate than had been the case in the year just closed.

The Chairman, in reply to a question, said that a telegram received from the general manager stated that recently the Government had appointed a Co-ordination of Transport Commission, a step in the right direction to regulate road transport and eliminate cut-throat competition.

The report and accounts were unanimously adopted, as were also those of the Northern Extension and Eastern Extension companies at separate meetings.

PHOENIX INVESTMENT TRUST, LIMITED

IMPROVED SECURITY VALUES

The twenty-first ordinary general meeting of the Phoenix Investment Trust, Limited, was held, on the 7th instant, at the offices, 25-31 Moorgate, London.

Mr Norman Holden (the chairman) said:—Our investments have increased by £22,967 to £614,624, and once again the valuation shows an improvement compared with the previous year. The net revenue is £13,414, and is practically the same as the year ending September, 1934. After deducting the preference dividend, there is available for the ordinary stockholders £3,285, and although this is not quite sufficient to cover a 2 per cent. dividend, your directors hold the same view as expressed in my speech last year, and decided to recommend this rate and encroach on the carry-forward to the extent of £589. Our investments are spread geographically as follows:—The British Empire, 40.70 per cent.; United States of America, 9.41 per cent.; Austria and Hungary, 3.76 per cent.; Germany, 8.51 per cent.; Russia, 3.82 per cent.; other European countries, 11.85 per cent.; South America, 19.71 per cent.; and China and Japan, 2.24 per cent.

Your company is a large holder of Russian Government and City of Moscow securities. The nominal value of these exceeds the sum of £900,000, and, in fact, more than this sum was paid for them by this company in its previous form, the "Russian Corporation." This holding is valued in the balance sheet at £25,000. During the many years since these securities were acquired, approaches to the Soviet authorities have been attempted to obtain some kind of settlement or recognition, but without the slightest response. However, in my opinion, the Russians are now not averse to a settlement, provided it does not cost too much and provided they can get certain advantages they greatly desire.

I consider that this company would be well advised to make a settlement, even if the price was no higher than 25 per cent. without any accrued interest, and I hope that one of these days your board will be in a position to consider this matter as practical politics.

The report was unanimously adopted.

UNITED DAIRIES, LIMITED

A YEAR OF PROGRESS

The twentieth ordinary general meeting of United Dairies, Limited, was held, on the 1st instant, at the Connaught Rooms, London.

Mr Joseph H. Maggs (chairman and managing director), in the course of his speech said:—The accounts show that the net profit brought into the balance sheet is £627,838. It is now proposed to pay a final dividend on the ordinary stock of 7½ per cent., making 12½ per cent. for the year, and to transfer £100,000 to reserve, bringing that fund up to £776,000, which will leave £90,033 to carry forward, an increase of £24,839.

As regards the year's trading, following increases of 4,000,000 gallons in 1933, 5,000,000 in 1934, I have to record a further increase of more than 12,500,000 gallons in our purchases of milk. The cow population continues to increase, and at the present time we are dealing with about 100,000 gallons per week more than at this time last year. These figures show both the attractiveness of the terms offered by the Milk Marketing Board to the producers of milk and our continued efforts to co-operate with the Board in taking up the embarrassingly large increased supply.

The only sign of any limit to production is the fact that in what formerly were regarded principally as stock-rearing districts the lure of the milk market is resulting in less young stock being reared. We have done our utmost to keep pace with the increased supplies, and even I have been amazed at the way in which our creameries and condenseries have responded to the calls made upon them.

Our manufacturing programme is by no means easy to plan. In the past year the quantities to be manufactured varied from 660,000 gallons in one week to over 2,250,000 in the peak week. Taking one item of manufacture alone—cheese—the limits of weekly fluctuation were from 86,000 gallons in the lowest to 700,000 gallons in the highest week. Equipment, of course, must be adequate to the peak week.

In spite of falling prices in many of the commodities handled, our sales in the year increased by upwards of £1,100,000. Butter sales increased by more than 6,000,000 lbs., and eggs by more than 2,000,000. It is pleasing to find that our sales of English eggs increased by over 8,000,000, Empire eggs by over 2,000,000, while our sales of foreign eggs dropped by over 8,000,000. For the purpose of getting the freshest possible eggs to our customers, we have now established five country egg depôts.

As an English company, it is natural that our first aim should be to sell as much home produce as possible, and our second aim to give preference to the products of our Dominions and Colonies. I am happy to say that our sales of Empire products continue to show a gratifying increase, and in butter alone one of our subsidiary companies has handled consignments of nearly 5,000 tons from Australia and New Zealand during the season just ended, as well as a considerable quantity of Empire eggs and other products. These direct consignments, of course, only represent a fraction of our purchases of Empire produce, the remainder being bought through other importing houses.

Looking back even over so short a period as ten years, the developments in our handling of the milk supply in London are simply amazing. It was only in 1925 that our first large modern bottling plant came into use. Now the whole of our retail bottling for Greater London is done from six plants. Much of the apparatus installed with pride in those early stages of the revolution of milk handling ten years ago has since been scrapped and replaced with machinery making for greater and ever greater efficiency and scientific safety.

Following the award of the gold medal in the new inventions class at the London Dairy Show last year, we have this year gained the gold medal for our bottle filling and capping machine, and the silver and bronze medals for the farm steriliser.

Both the quality of our supplies of milk and the efficient operation of our various factories can only be assured by systematic and ceaseless scientific supervision. This is provided for by a chain of twenty-six fully-equipped and efficiently staffed laboratories in the country, where every producer's milk is regularly examined both chemically and bacteriologically, and also by half-a-dozen similar departments at our London bottling and pasteurising depôts. The new central laboratory has evoked the most generous praise from dairy authorities in Europe and America. Your company is responsible for the purity of the supplies drawn day by day from many thousands of farms. These supplies are required not only for the fresh milk business, but also for our enormous home and export business in manufactured milk products.

The report and accounts were unanimously adopted.

BUENOS AYRES WESTERN RAILWAY, LIMITED DIFFICULT CONDITIONS

The forty-sixth ordinary general meeting of this company was held, on the 6th instant, in London.

Sir Follett Holt, K.B.E., M.Inst.C.E. (the chairman), said that the directors were sorry to present such a disappointing result. Last November the outlook had been distinctly promising, crop prospects being better than at any time since 1928, but shortly afterwards there had been a period of constant and excessive rainfall followed by months of drought. Had it not been for the all-round improvement in trade generally in the Argentine, the loss of traffic, which at the par rate of exchange amounted to £99,000, would have been far more pronounced.

The railway had been economically worked for many years, and, with labour restrictions as they were, it remained difficult to effect further economies in operating expenditure. It was particularly unfortunate, therefore, that the fall in receipts had been accompanied by a rise in expenditure of £110,000 caused mainly by an additional charge thrown upon the company by the Presidential Award on labour questions. Exchange losses on actual remittances had been very much heavier, but the credit on account of the valuation of floating assets brought down the total to £310,543, some £37,000 less than in the previous year.

Much to their regret, the directors found that, after paying the full dividend on the prior preference stock, they could not, with any safety, authorise the payment of more than one-half of the full rate on the 4½ per cent. stock. To have to break in that way a long record was most unfortunate, but, in view of the actual earnings in the past year and an unpromising season before them on account of the drought, they had felt compelled to take that decision.

The effect of road competition during the past few years had been insidious and serious. He estimated that, had they been able to charge for the traffic they carried last year the same average rates as they were able to charge in 1929, the net revenue would have been £338,000 higher.

On account of the drought the prospects for the current year were in some doubt. Wheat production would be less, but it was possible that maize might afford substantial help towards making amends for the shortcomings of wheat.

The report was unanimously adopted.

SUMATRA PARA RUBBER PLANTATIONS, LIMITED RESUMPTION OF DIVIDEND

The twenty-eighth annual general meeting of the Sumatra Para Rubber Plantations, Limited, was held, on the 5th instant, at 30 Mincing Lane, London, E.C.

Mr H. A. Barrett (the chairman) said that it was a great pleasure to be able to show results justifying the payment of a dividend; they had not been in that happy position since 1929. During the intervening years the rubber-producing industry had passed through a crisis, and for three of those years their endeavours were mainly directed to minimising losses. Last year they had shown a profit, but it was too small for any distribution to be made, and they trusted that the industry was now definitely heading for better times.

They still had to contend with an adverse exchange, and, in fact, the position in that respect was rather worse in the past year than at any previous period. The Dutch guilder which, before Great Britain departed from the gold standard, had been worth about 18. 8d., last year cost them 2s. 9d., as against 2s. 6d. in 1933-34. In consequence, they were not able to avoid an increase in their estate expenditure, but that was the only respect in which they did not show an improvement upon 1933-34, their net profit being £9,533, as compared with £2,230. It was proposed to distribute £9,444 in the form of a dividend of 1d. per share, which was equal to 4½ per cent.

The profit and loss account dealt only with their exportable crop of 1,036,140 lbs. They had actually harvested rather more than that quantity, but the balance, being uncoupons stock, had been carried forward to the current season's account at the cost of production. A gross average price of 5.67d. per lb. was realised for the exportable crop, as compared with 4½d. per lb. in 1933-34. Receipts in London, including £1,245 derived from an exchange of investments, rather more than covered administrative and other expenses on this side. In June of this year the estate had been visited by Mr A. P. Hadow, who, to quote his own words, "noted considerable progress and a general improvement since his visit in 1932."

The report and accounts were unanimously adopted, and a resolution was passed converting the shares of the company into stock.

BATU RATA (SUMATRA) RUBBER PLANTATIONS, LIMITED

ADVERSE EXCHANGE AND PRICES

The twenty-fifth annual ordinary general meeting of the Batu Rata (Sumatra) Rubber Plantations, Limited, was held, on the 4th instant, at 30 Mincing Lane, London, Mr M. S. Parry, J.P. (the chairman), presiding.

The Chairman, in moving the adoption of the report and accounts, said the profit amounted to only £1,797, as compared with £3,716. The present balance sheet included the upkeep of Bangoen Poerba, which was acquired on January 1st, while other factors were the drop of ½d. per lb. on the average gross price of 738.220 lbs., accounting for a diminution in receipts of £1,500; and further, there had been a loss on exchange of £1,713. The credit of £6,800 on profit and loss account was being carried forward.

MR HADOW'S VISIT TO ESTATES

The board's reason for acquiring Bangoen Poerba Estate had been fully explained, and the net result was they had now a planted area of 4,628 acres, as compared with their former total of 2,780 acres; the factory on that estate would not be required, as the new sheeting battery installed at Batu Rata enabled them to centralise factory work and so reduce manufacturing expenses. Mr A. P. Hadow, who had joined the board, visited the estates in July last, and, in conjunction with their visiting agent, had drawn up a programme for the economic working of the combined properties, and as a result production costs had been reduced.

In regard to the International Restriction Scheme, since July 1st to the end of September last production had declined by 98,000 tons, while, according to one authority, actual consumption had been only about 2,000 tons less than last year. With the more drastic cuts in supplies now in operation, any increase in consumption would quickly put the industry in a more healthy position. There were several indications that organised international efforts would be made to stabilise both exchange and prices.

The report and accounts were unanimously agreed to.

OBUOM GOLD MINES, LIMITED ALTERATIONS IN ADMINISTRATION

The first ordinary general meeting of Obuom Gold Mines, Limited, was held, on the 1st instant, at River Plate House, London, Mr Howell A. Hopwood (the chairman) presiding.

The Chairman said:—You will observe that we are in a strong financial position, having upwards of £100,000 cash at our bankers, with most of the plant and machinery already purchased and erected.

It has been felt by certain of your directors for some time that the company required better facilities for technical advice and guidance than obtaining, unless the company was housed with one of the bigger mining groups. Most of you will know of the Finsbury Pavement House group of companies, and will appreciate that to join this organisation was a wise and desirable step. Actually, the decision to transfer the registered offices was made so recently as October 9th, and since that date no delay has occurred in taking full advantage of the technical advice at our disposal, and two experts of repute and experience were sent to the Obuom mine within a few days of the changeover, namely, Mr H. E. Allen and Dr. McCann, Ph.D., the geologist.

We are now awaiting the joint report and recommendations of these gentlemen. Mr Allen has, however, sent us two cablegrams, the tenor of which confirms the view of the directorate that the services and advice of experts were necessary. Until we receive a detailed report it would be a mistake to jump to conclusions which might very well be misleading, but I can tell you that the ore reserve position is, according to Mr Allen and Dr. McCann, not sufficiently advanced to justify the immediate starting of crushing operations. Mr Allen estimates the present ore in sight as approximately equal to six months' supply to the mill. Mr Allen further states that the mill will probably be ready to start work by the end of November, but whether it will be advisable to commence the operation of the plant at that date will be further considered when we receive the reports previously referred to, and then only after a consultation with Mr Allen, who is expected to arrive in this country towards the end of this month. In the meantime Mr Allen and Dr. McCann have laid out a preliminary boring programme.

The report and accounts were unanimously adopted.

TEBING RUBBER ESTATES (1931), LIMITED

SATISFACTORY CASH POSITION

The fourth ordinary general meeting of Tebing Rubber Estates (1931), Limited, was held, on the 7th instant, at the Offices of the Company, 411-419 Salisbury House, London, Mr E. B. Ridsdel (the chairman) presiding.

The Chairman, in the course of his speech, said:—It will be observed that during the year we harvested a crop of 524,529 lbs. of rubber and that an average net sale price of 5.64d. per lb. was obtained, which represents a reduction in output compared with last year of 39,363 lbs. and an increase in selling price of approximately 2d. per lb.

Turning to the profit and loss account, the principal difference is the increase in the receipts from rubber at £12,327, as against £8,583 for the period ended March 31, 1934. This increase is entirely due to the better price obtained, as the crop sold is approximately 7 per cent. less.

Our cash position is satisfactory. Cash in hand, War Loan, rubber stocks and sundry debtors, less creditors, total £13,534, and, after deducting £7,489 in respect of the call of 2d. per share made during the year, the net liquid position of the company shows an improvement of £312, compared with the position at March 31, 1934; in addition to which we have spent £1,937 on the replanting of old areas and have paid an interim dividend for the year amounting to £2,246.

As regards the future, the outlook at the moment is brighter than it has been for some time, and, with the steady reduction in United Kingdom stocks as reported during the past few weeks, it would appear that the long period of stock accumulation has ended and that consistent reductions may now be anticipated, which should be reflected in the selling price of the commodity.

On the other hand, one of the first changes to follow the improvement in the selling price of rubber was the return of wages to a more normal level, in addition to which standing Eastern charges—on the basis of the reduced output now permitted under restriction—form a relatively higher proportion of the cost than hitherto, so that profits to-day are not being earned in the same ratio as they were a year ago.

The report and accounts were unanimously adopted.

CONSOLIDATED TIN MINES OF BURMA, LIMITED IMPROVED PROSPECTS

The seventh annual general meeting of the Consolidated Tin Mines of Burma, Limited, was held, on the 7th instant, at Winchester House, London, E.C.

Major-General The Hon. Sir Newton Moore, K.C.M.G., V.D., said that before leaving a week ago on his visit to the properties the chairman of the company, Sir Cyril K. Butler, had handed him his address to deliver on his behalf. The work undertaken at the properties during the past two years had not reached the productive stage until the close of the year under review. In fact, the underground development and work of reconstruction, while of vital importance to their future operations, had, to some extent, adversely affected the output and results of the past year. The net available surplus amounted to £23,933, and after careful consideration the board recommended the payment of a dividend of 6d. per share, less tax, a similar distribution to that made a year ago. The total output of mixed concentrates had been 165 tons lower than in the previous year, due principally to the unsatisfactory and erratic rainfall, damage to plant, shortage of labour—particularly skilled labour—and delay in the commencement of milling operations. There had been an improvement in output since the close of the year, and for the past four months it had been 68 tons more than for the corresponding period of 1934.

The underground development of the Hermyingyi property continued to be attended with satisfactory results. During the past two years the progress achieved had included 25,000 ft. of machine and hand development, which had opened up nearly 60,000 tons of ore reserves of an average assay value of 2.07 per cent. mixed concentrates, and the designing and erection of a mill and power plant and other ancillary equipment for the mining and milling of the ore, all of which had been brought into operation in May of the present year. The value of the concentrates in the proved and partly-proved ore reserves of 60,000 tons at current market prices of tin and wolfram was not less than £140,000.

He considered there was no reason to take other than an encouraging view of the prospects for the current year.

The report was adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended November 2, 1935, amounted to £13,894,000, against ordinary expenditure of £30,295,000. After allowing for an increase in Exchequer Balances of £44,781, the operations for the week, as shown below, increased the gross National Debt by £16,661,000 to approximately £7,987 millions.*

(000's omitted)

Public Department Advances	+ 14,500	Road Fund Temporary Advances	— 1,501
Treasury Bills	+ 3,451	National Savings Certificates	— 50
Land Settlement Repayments.	+ 13	N. Atlantic Shipping Issues	— 29
		British Shipping Issues	— 23
	+ 18,964		— 1,403

* Including £375 millions on Account of Exchange Equalisation Fund and Borrowing for Statutory Sinking Fund.

A complete analysis of the approximate position of the National Debt on September 30, 1935, appeared in the *Economist* for October 5th.

REVENUE	Estimate for the year 1935-36	Total Receipts into the Exchequer			
		April 1, 1935, to Nov. 2, 1935	April 1, 1934, to Nov. 3, 1934	Week ended Nov. 2, 1935	Week ended Nov. 3, 1934
ORDINARY REVENUE					
Inland Revenue—					
Income Tax	232,500,000	67,715,000	63,938,000	5,454,000	3,524,000
Sur-tax	51,500,000	6,750,000	9,450,000	170,000	210,000
Estate, etc., Duties	80,000,000	52,610,000	47,670,000	1,200,000	1,670,000
Stamps	25,000,000	11,310,000	10,990,000	480,000	150,000
Excess Profits Duty and Corporation Profits Tax	1,700,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	140,000	160,000	...	10,000
Total Inland Revenue	391,500,000	138,525,000	132,208,000	7,304,000	5,564,000
Customs and Excise—					
Customs	188,570,000	117,266,000	111,989,000	3,281,000	3,278,000
Excise	106,350,000	63,275,000	61,754,000	1,310,000	1,219,000
Total Customs and Excise	294,920,000	180,541,000	173,743,000	4,591,000	4,497,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,697,000	1,658,000	356,000	Dr 417,000
Post Office (Net Receipt)	11,850,000	10,200,000	10,800,000	1,550,000	1,350,000
Crown Lands	1,330,000	890,000	870,000	...	...
Receipts from Sundry Loans	3,900,000	3,145,127	3,094,637	87,090	182,441
Miscellaneous Receipts	25,970,000	15,176,230	10,672,802	5,800	5,445
Total Ordinary Revenue	734,470,000	350,174,357	333,046,439	13,893,890	11,181,886
SELF-BALANCING REVENUE					
Post Office	64,070,000	35,400,000	32,700,000	700,000	650,000
Motor Vehicle Duties apportioned to Road Fund	26,230,000	7,444,000	9,090,000	127,000	417,000
Total Self-balancing Revenue	90,300,000	42,844,000	41,790,000	827,000	1,067,000
Total	...	393,018,357	374,836,439	14,720,890	12,248,886

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

FOR BANKING IN FINLAND

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EXECUTION OF YOUR

COLLECTIONS AND PAYMENT ORDERS

EXPENDITURE	Estimate for the year 1935-36 (including Supplementary Grants)	Total Issues out of the Exchequer to meet Payments			
		April 1, 1935, to Nov. 2, 1935	April 1, 1934, to Nov. 2, 1934	Week ended Nov. 2, 1935	Week ended Nov. 3, 1934
ORDINARY EXPENDITURE					
Interest and Management of National Debt	224,000,000	141,264,105	143,245,276	13,433,320	13,956,358
Payments to Northern Ireland	6,750,000	2,985,107	3,160,997	...	...
Other Consolidated Fund Services	3,700,000	1,752,167	1,713,849	25,017	24,009
Post Office Fund	1,130,000	1,126,817	1,126,817	1,126,817	2,291,118
Total	235,580,000	147,138,196	150,411,240	14,585,154	16,271,485
Total Supply Services (excluding Post Office)	538,440,000	284,841,589	264,242,319	15,710,000	14,244,000
Total Ordinary Expenditure	744,020,000	431,979,795	414,653,559	30,295,154	30,515,485
SELF-BALANCING EXPENDITURE					
Post Office	64,070,000	35,400,000	32,700,000	700,000	650,000
Road Fund	26,230,000	7,444,000	9,090,000	127,000	417,000
Total Self-Balancing Expenditure	90,300,000	42,844,000	41,790,000	827,000	1,067,000
Total	...	474,823,795	456,443,559	31,122,154	31,582,485

The aggregate revenue and expenditure to November 2, 1935, is shown below:—

FINANCIAL YEAR, 1935-36, APRIL 1, 1935, TO NOVEMBER 2, 1935 (000's omitted)

Expenditure	431,980	Revenue	350,174
Increase in balances	186	Gross inc. in borrowing	£87,374
		Less	
		New Sinking Fund	5,382
		Net borrowing	81,992
	432,166		432,166

* Authority will be sought in the Finance Bills to meet the amount of the Statutory Sinking Funds in 1935 by borrowing.

POSITION OF THE FLOATING DEBT

Ways and Means Advances Outstanding—	Nov. 3, '34	Mar. 31, '35	Nov. 2, '35	Nov. 2, '35
Advances by Bank of England	7,000,000	...	...	...
Advances by Public Departments	49,210,000	34,060,000	36,740,000	+14,600,000
Treasury Bills outstanding	846,355,000	799,320,000	900,645,000*	+3,450,000
Total Floating Debt	902,565,000	833,380,000	937,385,000	+18,050,000

* Includes £2,000, the proceeds of which were not carried to the Exchequer within the period of the Account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £40,000,000 Treasury bills were opened on November 1, 1935, and the total amount applied for was £63,690,000. Tenders were accepted for Treasury bills at three months dated Monday to Friday, at £99 17s. 2d., about 66 per cent., and above in full; Saturday at £99 17s. 3d., and above in full. The average rate per cent. was 11s. 1.32d. The amount allotted was £40,000,000. The following table shows the weekly record at various dates:—

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
1935				
January 6	45,000,000	73,830,000	45,000,000	0 16 10-84
July 7	45,000,000	83,890,000	42,000,000	0 10 4-85
October 6	45,000,000	100,450,000	45,000,000	0 12 9-98
1934				
January 5	35,000,000	76,260,000	30,000,000	0 18 11-5
April 6	40,000,000	80,390,000	38,000,000	0 17 9-01
July 6	35,000,000	62,745,000	32,000,000	0 16 4-14
October 5	35,000,000	65,280,000	31,510,000	0 15 9-702
1935				
January 4	30,000,000	49,560,000	27,500,000	0 6 1-64
April 4	40,000,000	76,095,000	40,000,000	0 10 2-93
July 5	40,000,000	60,905,000	40,000,000	0 12 4-32
September 27	45,000,000	61,385,000	45,000,000	0 10 6-87
October 4	45,000,000	71,245,000	44,000,000	0 12 8-05
October 11	45,000,000	60,300,000	41,000,000	0 12 1-82
October 18	40,000,000	65,470,000	40,000,000	0 12 10-81
October 25	40,000,000	66,695,000	40,000,000	0 11 9-24
November 1	40,000,000	63,690,000	40,000,000	0 11 1-32

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended October 12, 1935	582,189	436,642
Week ended October 19, 1935	594,055	443,041
February, 1916, to October 19, 1935	1,239,709,704	976,220,116

At the end of September, 1935, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £391,807,033.

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, November 6, 1935

ISSUE DEPARTMENT

Notes Issued:—		Government Debt	11,015,100
In Circulation	402,157,517	Other Government Securities	245,947,114
In Banking Department	53,325,011	Other Securities	1,498,896
		Silver Coin	1,538,890
		Amount of Fiduciary Issue	260,000,000
		Gold Coin and Bullion	195,482,528
	455,482,528		

BANKING DEPARTMENT

Proprietors' Capital	14,553,000	Government Securities	87,214,999
Public Deposits	21,008,522	Other Securities	...
Other Deposits	...	Advances	410,988,320
Bankers' ...	89,559,105	Securities	112,492,521
Other Accounts	36,640,904	Notes	23,478,841
	126,200,009	Gold and Silver Coin	53,325,011
	164,943,529		924,678
			164,943,529

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

Both Departments	Amount, Nov. 6, 1935	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	402,157,517	+ 2,268,642	+ 22,370,526
Public deposits	21,008,522	+ 5,217,389	+ 11,024,569
Bankers' deposits	89,559,105	+ 7,034,692	+ 17,606,194
Other deposits	36,640,904	+ 1,911,248	+ 1,425,465
Seven-day bills	...	...	...
Total outside liabilities	549,366,048	+ 2,174,697	+ 5,040
Capital and rest	17,734,998	+ 33,647	+ 14,358,466
Government debt and securities	344,177,213	+ 1,114,812	+ 7,851,326
Discounts and advances	10,988,320	+ 224,050	+ 1,344,787
Other securities	13,991,417	+ 435,889	+ 2,701,874
Silver coin in issue department	1,538,890	+ 3,527	+ 1,404,846
Reserves of notes and coin in banking department	196,407,206	+ 885,240	+ 3,881,353
Proportion of reserve to outside liabilities	54,249,689	+ 1,383,402	+ 18,608,074
(a) Banking Department only	36-8%	— 0-96%	— 10-1%
(b) Gold stocks to deposits and notes ("reserve ratio")	35-7%	...	— 0-3%

(000's omitted)

Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits		
1935							
Oct. 9	455,673	402,116	35,931	75,078	38,598	£ in	9 1/2
" 16	453,673	399,618	32,120	78,801	37,781	30 in	2
" 23	454,324	397,014	35,325	78,708	37,084	851 in	2
" 30	454,684	399,889	26,226	82,524	38,552	360 in	2
Nov. 6	455,483	402,158	21,009	89,559	36,641	799 in	2

(000's omitted)

Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio	Govt. Securities	Discounts and Advances		
1935							
Oct. 9	257,379	1,081	194,464	34 1/2	35,495	11,848	82 3/4
" 16	257,382	1,080	194,504	35 1/2	36,155	13,680	83 1/2
" 23	257,340	1,120	195,181	35 1/2	36,775	11,388	84 1/2
" 30	257,172	1,285	195,522	35 1/2	38,890	11,210	85 1/2
Nov. 6	256,962	1,499	196,407	35 1/2	38,552	12,493	86 1/2

BANKERS' CLEARING RETURNS

LONDON

(000's omitted)

	Town	Metropolitan	Country	Total
January 1 to October 23, 1935	26,125,865	1,525,673	2,610,038	30,261,574
Week ended October 30	672,824	34,358	37,324	744,506
Week ended November 6	591,402	41,280	75,780	698,462
Total to date, 1935	27,380,081	1,601,311	2,743,140	31,724,542
Total to date, 1934	25,557,102	1,492,590	2,531,134	29,580,826
Increase or decrease in 1935	+ 1,822,979	+ 108,721	+ 212,006	+ 2,143,706
	+ 7-1%	+ 7-3%	+ 8-4%	+ 7-3%
Total for year 1934	30,740,117	1,759,528	2,984,512	35,484,157
Total for year 1935	27,714,480	1,656,675	2,796,471	32,137,626
Increase or decrease in 1934	+ 8,025,637	+ 102,853	+ 218,041	+ 8,346,531
	+ 10-9%	+ 6-2%	+ 7-8%	+ 10-4%

PROVINCIAL

(000's omitted)

	Week ended November 2		Month of October		Inc. or Dec.	Aggregate Totals January 1 to November 2	
	1934	1935	1934	1935		1934	1935
No. of working days:	27	27	27	27			
BIRMINGHAM	2,805	2,792	9,896	9,736	+ 0-4	98,252	101,717
BRISTOL	816	1,275	3,662	4,331	+18-2	37,802	38,819
DUBLIN	1,429	1,415	5,778	5,742	- 0-6	51,666	51,601
HULL	5,647	4,976	22,504	23,395	...	225,704	231,395
LEEDS	708	814	3,126	3,558	+13-8	31,353	32,352
LEICESTER	991	917	3,834	3,845	+ 0-2	39,834	39,447
MANCHESTER	6,941	7,008	28,381	31,191	+10-7	27,258	28,738
LIVERPOOL	6,941	5,678	28,381	25,146	-13-1	263,008	247,323
NOTTINGHAM	11,160	11,012	45,654	44,093	- 3-4	417,590	421,528
NEWCASTLE	1,629	1,540	6,442	5,202	-19-2	64,493	57,215
NOTTINGHAM	554	631	2,047	2,181	+ 6-5	19,071	20,567
SHEFFIELD	1,147	1,170	3,774	3,899	+ 3-3	36,243	37,052
	33,964	32,929	115,833	110,924	- 4-2	1,312,274	1,307,752

* Restricted area from April 1, 1935. † Extended area from November 26, 1934.

OVERSEAS BANK RETURNS

NOTE.—The latest return of the Bank of New Zealand appeared in the Economist for September 7. Danzig in October 5. Roumania, Lithuania, Denmark, Bulgaria, in October 12. Egypt, Portugal, Sweden and Java in October 26. South Africa, India, Federal Reserve Members, Hungary, Greece, Poland, Latvia, Japan in November 2.

BANK FOR INTERNATIONAL SETTLEMENTS

(In Millions of Swiss Francs)

	Oct. 31, 1934	July 31, 1935	Aug. 31, 1935	Sept. 30, 1935	Oct. 31, 1935
Assets					
Gold in bars	11-7	23-6	24-4	25-4	32-2
Cash	7-7	3-9	3-1	2-6	2-9
Sight funds	7-6	12-3	15-6	17-0	19-3
Bills and acceptances:—					
Commercial bills	170-9	133-7	132-4	124-7	127-5
Treasury bills	159-7	215-5	209-2	217-4	211-6
Time funds:—					
Not exceeding 3 months	39-3	36-6	42-4	42-6	40-3
Sundry bills and investments	254-0	217-5	216-9	220-2	222-9
Other assets	8-9	10-7	10-6	10-9	11-6
LIABILITIES					
Capital paid up	125-0	125-0	125-0	125-0	125-0
Reserves	17-3	20-9	20-9	20-9	20-9
Special deposits:—					
Annuity trust account	154-8	154-5	154-4	154-8	154-8
German Government deposit fund	77-4	77-3	77-2	77-4	77-4
French Government guarantee fund	40-8	61-9	61-9	61-9	61-9
French Government deposit	...	2-0	2-0	2-0	2-0
Time deposits of Central Banks:—					
Not exceeding 3 months:—					
For their own account	107-6	103-7	104-5	104-5	104-5
For account of others	...	3-0	3-0	3-0	3-0
Sight deposits of Central Banks:—					
For their own account	46-5	27-5	30-4	32-6	40-4
For account of others	11-8	11-1	10-7	10-4	10-4
Other deposits	1-2	3-3	3-6	3-3	2-7
Sight deposits—gold	11-7	22-1	18-8	21-7	20-5
Miscellaneous items	65-8	41-6	42-3	43-6	44-9

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

	Nov. 7,
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BANK OF ITALY.—In lire (000's omitted)

Assets	Oct. 20, 1934	Sept. 30, 1935	Oct. 10, 1935	Oct. 20, 1935
Gold, coin and bullion	6,116,900	4,334,000	4,251,400	3,936,500
Foreign bills and balances abroad	281,600	417,900	392,500	412,600
Other cash	29,200	550,400	452,000	508,100
Gold deposited abroad by the State	1,772,800	1,772,800	1,772,800	1,772,800
Discounts	3,266,800	4,419,600	4,559,700	4,583,000
Advances	1,263,900	2,630,300	3,006,600	3,234,300
Credit with "Institute for Industrial Reconstruction"	1,088,900	845,300	845,300	844,900
Government securities	1,383,600	1,382,200	1,382,100	1,382,000
LIABILITIES				
Notes in circulation	13,033,600	14,917,200	15,271,700	15,425,500
Public deposits	1,092,600	497,600	772,400	368,400
Other deposits and drafts	975,000	914,900	1,064,800	989,900
Ratio of reserve to note and sight liabilities combined	42.94%	29.46%	27.9%	26.5%

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

Assets	Oct. 31, 1934	Oct. 7, 1935	Oct. 15, 1935	Oct. 22, 1935	Oct. 31, 1935
Coin and bullion—Gold	118,431	118,841	118,841	118,839	118,838
Balance abroad and foreign bills	22,070	31,540	30,328	33,288	34,672
Funds provisionally placed in gold not included in the gold reserve	16,379	66,288	66,288	66,288	66,288
Norwegian and Foreign Government securities	45,537	36,745	36,179	36,176	35,901
Discounts and loans	250,962	187,558	186,246	190,888	202,581
LIABILITIES					
Notes in circulation	315,848	329,488	325,463	321,522	328,936
Deposits at sight	76,852	66,874	66,846	78,610	78,458

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

Assets	Oct. 27, 1935	Sept. 28, 1935	Oct. 5, 1935	Oct. 12, 1935	Oct. 19, 1935	Oct. 26, 1935
Gold	2,266,045	2,267,034	2,259,730	2,259,532	2,258,689	2,258,235
Silver	672,866	698,496	691,434	687,636	687,475	692,062
Loans and Discounts	2,508,038	2,304,202	2,330,957	2,306,014	2,287,089	2,293,557
Spanish 4% stock	344,475	344,475	344,475	344,475	344,475	344,475
Advances to Treasury	150,000	150,000	150,000	150,000	150,000	150,000
LIABILITIES						
Notes in circulation	4,713,921	4,633,311	4,785,528	4,798,394	4,765,959	4,739,890
Deposits	898,750	1,248,372	1,223,190	1,207,760	1,262,406	1,279,934

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

Assets	Oct. 31, 1934	Oct. 7, 1935	Oct. 15, 1935	Oct. 23, 1935	Oct. 31, 1935
Cash reserve—Gold coin and bullion	241,931	242,422	242,427	242,435	242,441
Other foreign exchange	43,348	141,907	136,118	134,217	136,595
Bills discounted	249,522	228,817	230,023	228,352	228,691
Federal debt	624,444	624,444	624,444	624,444	624,444
LIABILITIES					
Share capital	54,960	54,960	54,960	54,960	54,960
Reserve fund	11,280	7,302	7,302	7,302	7,302
Notes in circulation	953,942	917,032	905,912	873,584	963,077
Deposits	179,868	301,058	313,585	342,911	253,760

* In dollar and sterling only. † In accordance with Art. 53 of the Statutes.

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K. (000's omitted)

Assets	Oct. 31, 1934	Oct. 7, 1935	Oct. 15, 1935	Oct. 23, 1935	Oct. 31, 1935
Gold	2,675,376	2,692,152	2,691,750	2,691,709	2,691,400
Balances abroad and foreign currency	153,995	117,706	111,535	106,487	104,884
Discounts and advances	1,409,336	1,275,015	1,488,703	1,337,705	1,292,157
State notes debt balance	2,108,779	2,058,442	2,056,092	2,055,944	2,055,311
Other assets	1,070,881	1,012,061	1,020,192	999,792	990,808
LIABILITIES					
Bank notes in circulation	5,460,768	5,704,877	5,678,951	5,424,523	5,714,645
Check account balances	862,610	569,562	784,666	842,230	476,813
Other liabilities	642,981	412,349	436,067	456,296	474,514

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

Assets	Oct. 31, 1934	Oct. 7, 1935	Oct. 15, 1935	Oct. 23, 1935	Oct. 31, 1935
Cash reserve:—Gold at home and abroad	1,807,066	1,374,186	1,378,935	1,379,086	1,379,086
Foreign exchange	169,118	34,910	49,698	49,698	49,698
Other foreign exchange	20,091	284,818	274,679	262,472	262,472
Bills and advances against security	1,840,885	1,822,535	1,821,110	1,822,372	1,822,372
Government advances	1,720,369	1,679,498	1,679,714	1,679,802	1,679,802
LIABILITIES					
Notes in circulation	4,380,024	4,812,334	4,813,188	4,916,397	4,916,397
Sight deposits	1,179,439	1,277,561	1,349,834	1,268,760	1,268,760
Time deposits	770,029	204,050	188,250	179,550	179,550

CENTRAL BANK OF TURKEY.—In ₺ (000's omitted)

Assets	Oct. 25, 1934	Oct. 5, 1935	Oct. 12, 1935	Oct. 19, 1935	Oct. 26, 1935
Gold coin and bullion	19,280	23,072	23,099	23,114	23,338
Other coin and notes	13,089	12,195	10,649	10,190	8,295
Free foreign exchange	5,551	2,029	2,827	2,513	3,434
Treasury bonds	149,116	147,998	147,998	147,998	147,998
Bills	32,742	36,256	36,358	36,360	36,524
LIABILITIES					
Capital	15,000	15,000	15,000	15,000	15,000
Note Issue:—Ordinary	149,116	147,998	147,998	147,998	147,998
Supplementary	8,888	10,000	10,000	10,000	11,000
Sight liabilities	29,395	28,846	28,538	28,482	28,108

BANK OF FINLAND.—In F. Marks (000's omitted)

Assets	Oct. 23, 1934	Sept. 30, 1935	Oct. 8, 1935	Oct. 15, 1935	Oct. 23, 1935
Gold	322,570	460,751	460,748	460,748	461,904
Balance abroad and foreign bills	1,395,193	1,342,131	1,328,832	1,344,488	1,357,721
Finland and Foreign bonds	375,137	427,883	440,343	440,363	442,654
Discounts and loans	804,004	748,111	764,309	779,878	781,248
LIABILITIES					
Notes in circulation	1,193,906	1,335,972	1,317,695	1,302,655	1,252,462
Deposits at notice	434,803	487,784	528,263	594,205	646,242

BANK OF ESTONIA.—In Kronas (000's omitted)

Assets	Oct. 23, 1934	Sept. 30, 1935	Oct. 7, 1935	Oct. 15, 1935	Oct. 23, 1935
Gold coin and gold bullion	27,777	34,186	34,188	34,190	34,190
Net foreign exchange	3,673	1,053	1,340	635	466
Subsidiary Estonian coin	1,141	3,165	3,146	3,123	2,939
Home bills discounted	7,789	6,624	6,454	6,781	7,238
Loans and advances	5,278	4,083	3,410	8,475	3,406
LIABILITIES					
Notes in circulation	36,327	38,138	37,550	37,711	40,198
Sight deposits and current accounts	13,601	23,464	22,953	23,199	21,042
Ratio of reserve to current liabilities	62.99%	57.20%	58.72%	57.17%	56.59%

* Includes Kronas 1,850 guaranteed by the Government.

CENTRAL BANK OF ARGENTINA.—In paper pesos (000,000's omitted)

Assets	June 30, 1935	July 15, 1935	July 31, 1935	Aug. 15, 1935	Sept. 15, 1935	Sept. 30, 1935
Gold and balances abroad	1,224	1,224	1,224	1,224	1,224	1,224
Foreign exchange	117	117	119	109	98	111
Government Bond without interest	119	119	119	119	119	119
Consolidated Treasury Bonds	189	187	150	150	150	150
LIABILITIES						
Notes	940	953	939	934	920	932
Government deposits	147	139	159	152	163	146
Shareholding bank deposits	246	230	220	203	213	241
Other deposits	128	136	114	138	121	99
Account and mobilisation institute	174	174	174	174	174	174
Ratio of gold and foreign exchange to note and sight liabilities	81.7%	82.6%	83.5%	83.8%	83.8%	83.3%

MONEY AND EXCHANGE RATES

LONDON MONEY RATES

Bank rate (changed from 2½% June 30, 1932) ...	Oct. 31, 1935	Nov. 1, 1935	Nov. 2, 1935	Nov. 4, 1935	Nov. 5, 1935	Nov. 6, 1935	Nov. 7, 1935
60 days' bankers' drafts	2½	2½	2½	2½	2½	2½	2½
3 months' do.	2½	2½	2½	2½	2½	2½	2½
6 months' do.	2½	2½	2½	2½	2½	2½	2½
9 months' do.	2½	2½	2½	2½	2½	2½	2½
Discount Treasury Bills—2 months'	2½	2½	2½	2½	2½	2½	2½
3 months'	2½	2½	2½	2½	2½	2½	2½
Loans—Day-to-day	2½	2½	2½	2½	2½	2½	2½
Short	2½	2½	2½	2½	2½	2½	2½
Deposit allowances: Bank discount houses at call	2½	2½	2½	2½	2½	2½	2½
At notice	2½	2½	2½	2½	2½	2½	2½

Comparison with previous week—

	Short Loans		Bank Bills			Trade Bills		
			3 Months	4 Months	6 Months	3 Months	4 Months	6 Months
1935	%	%	%	%	%	%	%	%
Oct. 10	1	1	1	1	1	2	2	2
" 17	1	1	1	1	1	2	2	2
" 24	1	1	1	1	1	2	2	2
" 31	1	1	1	1	1	2	2	2
Nov. 7	1	1	1	1	1	2	2	2

LONDON RATES OF EXCHANGE

I.—Spot Rates (Range of the day's business)

Exchange Rates (Range of the day's business)							
London on	Par of Exch. per £	Nov. 1, 1935	Nov. 2, 1935	Nov. 4, 1935	Nov. 5, 1935	Nov. 6, 1935	Nov. 7, 1935
New York, \$	14.86	4.91-91½	4.91-91½	4.91-92	4.92-92½	4.91-92½	4.91-92½
Montreal, \$	4.86	4.96-97½	4.96-97½	4.96-97½	4.96-97½	4.96-97½	4.96-97½
Paris, fr.	124.21	74½-75	74½-75	74½-75	74½-75	74½-75	74½-75
Brussels, Bel.	35.00 (a)	29-16-19	29-16-20	29-16-20	29-16-20	29-16-20	29-16-20
Milan, Li.	92.46	60-61	60-61	60-61	60-61	60-61	60-61
Zurich, fr.	25.22	15-10-14	15-10-14	15-10-14	15-10-14	15-10-14	15-10-14
Athens, Dr.	375	516*	516*	516*	516*	516*	516*
Hels'fors, Mk.	193-28	226½-227½	226½-227½	226½-227½	226½-227½	226½-227½	226½-227½
Madrid, Ptas.	25.22	35½-36½	35½-36½	35½-36½	35½-36½	35½-36½	35½-36½
Lisbon, Esc.	110	109½-110½	109½-110½	109½-110½	109½-110½	109½-110½	109½-110½
Amst'dm, Fl.	12.107	7-23-24	7-23-24	7-23-24	7-23-24	7-23-24	7-23-24
Berlin, Mk.	20.43	12-19-24	12-20-23	12-20-23	12-20-23	12-20-23	12-20-23
Registered							
Vienna, Sch.	34.58	50-55	50-55	50-55	49-54	50-55	48-53
Prague, Kc.	72.82	16½*	16½*	16½*	16½*	16½*	16½*
Pest, Ptas.	1164½	118½-119	118½-119	118½-119	118½-119	118½-119	118½-119
Danzig, Gdn.	110	25½-26½	25½-26½	25½-26½	25½-26½	25½-26½	25½-26½
Warsaw, Zl.	43.38	26-26½	26-26½	26-26½	26-26½	26-26½	26-26½
Riga, Lat.	25.22	14½-15½	14½-15½	14½-15½	14½-15½	14½-15½	14½-15½
Bucharest, Lei	813.6	625*	625*	625*	625*	625*	625*
Const'ple, Pst.	110	614*	614*	614*	614*	614*	614*
Belgrade, Din.	276.32	210-220	210-220	210-220	210-220	210-220	210-220
Kovno, Lit.	48.68	28½-29½	28½-29½	28½-29½	28½-29½	28½-29½	28½-29½
Sofia, Lev.	673.66	385-415	385-415	385-415	385-415	385-415	385-415
Tallinn, E.Kr.	18.15	17½-18½	17½-18½	17½-18½	17½-18½	17½-18½	17½-18½
Oslo, Kr.	18.15	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45
Stockh. Kr.	18.15	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45
Copenhagen, D.	18.15	22-35-45	22-35-45	22-35-45	22-35-45	22-35-45	22-35-45
Alex' dria, Pst.	97½	97½	97½	97½	97½	97½	97½
Bombay, Rup.	184	18½*	18½*	18½*	18½*	18½*	18½*
Calcutta, Rup.	184	18½*	18½*	18½*	18½*	18½*	18½*
Madras, Rup.	184	18½*	18½*	18½*	18½*	18½*	18½*
Hong Kong, \$	124.58	14½-15½	14½-15½	14½-15½	14½-15½	14½-15½	14½-15½
Kobe, Yen	24.58	21-21½	21-21½	21-21½	21-21½	21-21½	21-21½
Shanghai, \$	24.58	14½-15½	14½-15½	14½-15½	14½-15½	14½-15½	14½-15½
Singapore, \$	28.2	28-28½	28-28½	28-28½	28-28½	28-28½	28-28½
Batavia, f.	12.11	7-20-23	7-19-21	7-20-23	7-20-23	7-20-23	7-20-23
Rio, Mil.	15.89	2½-3	2½-3	2½-3	2½-3	2½-3	2½-3
B. Aires, \$	11.46	18½-10-18	18½-10-18	18½-10-18	18½-10-18	18½-10-18	18½-10-18
Valparaiso, \$	40	17-22½	17-22½	17-22½	17-22½	17-22½	17-22½
M'video, \$	51.2	21½-22	21½-22	21½-22	21½-22	21½-22	21½-22
Lima, Sol.	17.38	39½	39½	39½	39½	39½	39½
Mexico, \$	9.78	19-70	19-70	19-70	19-70	19-70	19-70
Manila, P.	24.66	17½-18½	17½-18½	17½-18½	17½-18½	17½-18½	17½-18½
Moscow, Rbs	9.458	24½	24½	24½	24½	24½	24½
Bangkok, Baht	121.82	21-22	21-22	21-22	21-22	21-22	21-22

DIVIDEND ANNOUNCEMENTS

Name of Company	Rate % per Annum, except where marked % or Stated in Cash		Dividend for Whole Years		
	Interim or Final	Date of Payment	Interim or Final Comparison with Last Year	Latest Year	Previous Year
RAILWAYS					
Argentine Great Western 4% Second Deb.	4%	...	...	%	%
Bombay, Baroda and Central India	3%	...	Same	...	...
Buenos Ayres and Pacific Railway	...	...	...	...	...
41% Second Deb.	41%	...	To June 30, 1934	...	...
West of India Portuguese Guaranteed Railway					
.....	31½%	Jan. 15	...	...	...
BANKS					
Bank of New Zealand	(a) 1/-p.s.	Dec. 7	Same	...	...
Italo Belgian Bank	...	...	...	...	...
Royal Bank of Scotland	8½%	Dec. 25	Same	18	17
INSURANCE					
Legal and General Assurance	17½%	Jan. 1	Same	...	...
Phoenix Assurance	6/- p.s.	Dec. 14	Same	...	...
Pioneer Life Assurance	9d p.s.	Nov. 30	Same	...	...
Sun Insurance Office	1/8 p.s.	Jan. 1	Same	...	...
TEA AND RUBBER					
Associated Tea of Ceylon	...	...	...	...	...
Carolina Tea of Ceylon	...	...	...	3	Nil
Castlefield (Klang) Rubber	...	...	...	2½	2½
Chubwa Tea	2½%	Nov. 29	Same	7½	5
Eastern Produce and Estates	2½%	Nov. 30	...	...	...
Gadiah Rubber	2½%	...	...	...	...
Itakhoohi Tea	2½%	...	Nil	5	Nil
Ledang Bahra Rubber	5%	Nov. 6	Same	...	...
Sagga Rubber	...	...	...	3½	2½
United Temiang Rubber	...	Nov. 30	...	4½	6½
MINING					
Broken Hill South	12½%	Dec. 19	7½%	...	...
North Broken Hill	11½%	Dec. 12	7½%	...	...
Pahang Consolidated	10%	...	5%	...	...
OTHER COMPANIES					
Anglo-Huronian	20cts. p.s.	Nov. 22	40 cts. p.s.	...	...
Associated Gas and Water	2½%	Nov. 30	...	...	...
Atlas Electric and General Trust	7% Cum. ref.	...	...	...	...
Australian Mercantile Land, etc.	3%	Dec. 2	...	...	...
Beristord (S. & W.)	...	Nov. 28	...	12	12
Boake (A.) Roberts and Co.	10%	...	Same	16	15
Bolands (Dublin)	11½%	...	12½%	...	...
Bristol United Breweries	12½%	...	12½%	...	...
British and Continental Plantations Trust	12½%	...	10½%	17½	15
Cape Electric Tramways	2½%	...	...	...	...
Charrington Gardner Lockett & Co.	5%	Nov. 15	Same	4	3½
Chosen Corporation	1/-p.s.	Dec. 2	Same	...	...
Crysler Corporation	...	...	...	...	...
Compton (J.) Sons and Webb	5%	...	Same	3½ p.s.	3½ p.s.
Connaught Estates	3½%	Dec. 4	Same	...	...
Downing (G. H.) and Co.	3%	Dec. 4	Same	...	...
Dunville and Company	2½%	Dec. 4	3½%	...	...
Eugen Foods	10%	Nov. 20	First	5	5
Enfield Cycle	4%	...	...	...	...
Fillerys Toffee	4½%	...	...	7½	8½
Gaiety Cinema (Manchester)	4½%	...	Same	...	...
General Motors	50 cts. p.s.	...	50 cts. p.s.	...	...
Do., Extra Payment	50 cts. p.s.	...	25 cts. p.s.	...	...
Grand Junction Co.	1½%	Dec. 2	Same	...	...
Great Universal Stores	20%	Nov. 13	Same	...	...
Hazell, Water and Viney	13%	Nov. 30	Same	...	...
International Nickel	25 cts. p.s.	...	...	...	...
Johnson and Phillips	5%	...	...	...	...
Kalgoorlie Electric Power	3%	Nov. 29	2½%	...	...
Land and House Property Corp'n.	7½%	Dec. 2	Same	...	...
London County Freehold and Leasehold Properties	2%	...	Same	12½	12½
London Maritime Investment	...	...	...	...	...
Lyons (J.) and Co., Ord. and 'A' Ord.	4d. p.s.	Dec. 1	Same	4	4
Do. Proportional profit shares.	1/8 p.s.	Dec. 1	Same	...	...
Madras Electric Supply	2½%	Nov. 22	Same	...	...
Manley and Regulus	5%	...	Same	...	...
Marley Tile (Bristol)	...	...	Same	...	...
Metropolitan Housing	3%	Nov. 11	Same	7½	...
Nitrate Producers' Steamship	2½%	...	Same	...	...
Piccardo Tobacco Manufacturing	...	...	Same	...	...
Do. do. Ord.	6½%	Nov. 18	...	...	...
Royal Sovereign Industrial	2½%	Nov. 30	Same	5	...
Second Universal Trust	2½%	Dec. 2	Same	...	...
Securities Trust of Scotland	...	...	1½%	3½	2½
Smedley's Hydropathic	7½%	...	...	8	5
Stroud Brewery	14½%	...	8½%	22½	114
Sudan Plantations	23½%	...	13½%	23½	114
Thomas (Richard) and Co.	3½%	...	Same	8	6
Viking Whaling	3%	...	Same	6	6
Wall Paper Manufacturers Ord.	5%	Dec. 7	First	...	...
Do., Def.	7½%	Nov. 30	Same	10	10
Western Electricity Supply	16%	Dec. 12	Same	12½	10
Whitehead Iron and Steel	12½%	Nov. 28	Same	20	20
.....	10½%	...	...	...	...
‡ Free of income tax.					
(a) To be paid in cash.					

Statistics for the month of October :—			Bar Gold
	Bar Silver per oz. std.	Cash Two Months' delivery	Per Ounce fine
Highest price	29½d.	29½d.	142s. 2d.
Lowest price	29⅝d.	29.	141s. 3½d.
Average	29.3681d.	29.3472d.	141s. 7.70d.

		1935	\$	\$	\$	\$	
Canadian National.	42	Oct. 31	23697	±5,804,439	+ 177,523	142,956,088	+5,190,000
Canadian Pacific ...	42	31	17224	±4,324,000.-	- 92,000	108,239,000	+2,586,000

± 10 days.

Company	Months	Ending	Description	Receipts for Month		Receipts to Date	
				1935	+ or -	1935	+ or -
Algoma Central	9	Sept. 30	Gross	\$166,872	+ 47,593	1,171,684	+ 183,885
Bilbao River	10	Oct. 31	Gross	11,695	+ 1,171	15,053	+ 1,966
Cape Electric Trams.	1	Sept. 30	Gross	40,479			
Internl. Rlys. of C. America	9	Sept. 30	Net	\$284,242	+ 4,429	3,549,252	+ 80,655
			Net	\$52,095	- 8,593	1,461,118	+ 1,617
La Guaira and Caracas.....	10	Oct. 31	Gross	(2,900)	- 300	37,885	+ 1,070
Midland of W. Australia....	3	Sept. 30	Gross	14,150	+ 512	37,202	+ 2,385
Peruvian Corporation	4	Oct. 31	Gross	£81,893	+ 17,486	299,665	+ 48,827

LOBITOS OILFIELDS, LTD.—The production of the Peruvia company for October is cabled at 26,470 tons.

(Continued from page 928)

MISCELLANEOUS

ARGENTINE NAVIGATION COMPANY MIHANOVICH, LTD.—Gross takings and those of the associated concern, Cia Uruguaya de Navegacion, Ltd., together amounted to Arg. Paper \$2,298,029 for the month of September, and following is a comparison with previous figures. Gross takings, both companies: September, 1935, A.P. \$2,298,029; September, 1934, \$2,280,283; increase, \$17,746—0.8 per cent. Aggregate, January–September, 1935, \$22,326,137; aggregate, January–September, 1934, \$19,430,557; increase, \$2,895,580—14.9 per cent.

THE BIRMINGHAM SMALL ARMS COMPANY, LTD.—The profit for the year ended July 31, 1935, amounted to £112,182, as against £127,550. After providing £85,961 for debenture interest and £24,380 for sinking fund, the debit balance to be carried forward has been reduced to £67,872 from £69,714. The turnover of the group has been well maintained and all of the trading subsidiary companies except two have earned profits.

ELECTRIC AND MUSICAL INDUSTRIES, LTD.—Profits for year to September 30, 1935, before providing for tax, amounted to £565,546, against £420,710, this year's figure including a profit of £114,544 on the sale of securities by the operating companies. After paying the

preference dividend, £21,390, and allowing £108,000 for tax, the balance available is £478,774. The ordinary payment is raised by 2½ per cent. to 12½ per cent., leaving £197,558 to go forward, against £42,618 brought in. The combined statement of Gramophone Company and Columbia Graphophone Company and their English subsidiaries, adjusted to show effect of dividends, gives creditors at £1,020,667, against £1,242,467. Investments in foreign subsidiaries have risen from £543,032 to £602,133. Stocks are higher at £1,071,278. Investments in Government securities are down from £1,304,404 to £268,700, but cash has advanced from £359,699 to £1,075,774.

BELFAST OMNIBUS COMPANY, LTD.—Net profit year ended September 30, 1935, £21,631, compared with £16,171 last year. Dividends for the year on ordinary and deferred shares are at double the rate for last year. Carry-forward £3,777, compared with £3,060 last year. The directors state that the undertaking was taken over by the Northern Ireland Road Transport Board on September 30, 1935, and the amount finally agreed as compensation is £119,041 Northern Ireland Transport "A.I." stock and £271,250 Northern Ireland Transport "B" stock. In addition, the company is retaining assets to the value of £50,670, which will be realised in cash. Against this the total liabilities, including outstanding prior lien debenture stock, amount to £110,797.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Debenture Interest	Amount Available for Distribution	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Depreciation, etc.	Balance Forward	Net Profit	Dividend
					Prefer.	Ordinary					
					Amount	Amount	Rate				
Banks		£	£	£	£	£	%	£	£	£	%
British and Continental Banking.....	Sept. 30	1,476	12,009	13,485	...	4,000	4†	7,500	1,985	14,314	4†
English, Scottish and Australian Bank	June 30	275,747	238,580	514,327	...	150,000	5†	65,000	299,327	221,556	5†
Breweries											
Bristol Brewery Georges and Co.	Sept. 30	149,457	268,267	417,724	21,958	163,056	18†	79,799	152,911	233,826	20†
Bristol United	Sept. 30	43,387	89,933	133,320	13,800	58,800	17½	17,500	43,220	80,558	15
Cairnes, Ltd.	Aug. 31	6,714	4,454	11,168	4,185	...	...	...	6,983	9,493	4
Financial Land, etc.											
London Maritime Investment Marley Tile (Holding)	Sept. 30	9,136	36,368	45,504	19,375	15,500	4	1,489	9,140	36,814	4
Metro. Industrial Dwellings	July 31	...	67,025	67,025	17,434	29,063	7½	20,000	528	...	...
Sudan Plantations Syndicate	Sept. 29	17,494	22,647	40,141	2,880	12,000	6†	1,672	23,589	25,679	6†
Hotels, Restaurants, etc.											
Carlton Hotel	June 30	220,471	267,864	488,335	...	198,000	8	66,484	223,851	175,683	6
Iron, Coal and Steel											
Brown, Bayley's Steel Works	Aug. 3	16,006	16,537	32,543	...	...	...	...	32,543	6,006	...
Horden Collieries	Aug. 3	25,516	58,566	84,082	62,500	...	...	...	21,582	43,503	...
Osborn (Samuel) and Co.	Sept. 30	74,900	98,283	173,183	...	75,000	5	23,254	74,929	98,714	5
Welsh Associated Collieries	July 31	20,561	34,473	55,034	7,183	15,896	7	...	31,955	29,862	4
Motor, Cycle and Aviation											
Birmingham Small Arms Co.	Mar. 31	393,807	(b) 21,874	415,681	27,514	...	...	337,866	50,301	...	...
Rubber, etc.											
Bukit Lintang	July 31	Dr. 69,714	26,221	Dr. 43,493	...	...	...	24,380	Dr. 67,873	38,182	...
Buntar	June 30	...	12,258	12,258	450	...	...	5,609	6,199	...	...
Castlefield (Klang)	June 30	8,882	4,058	12,940	...	2,480	8	500	9,960	3,054	7½
Gadajah	June 30	852	3,033	3,885	...	2,375	2.08	300	1,210	4,415	3.12
Killinghall	June 30	2,204	8,764	10,968	...	7,500	7½	1,000	2,468	6,416	5
New Hayoepp	Mar. 31	Dr. 1,772	4,535	2,763	...	2,411	5	...	352	686	Nil
Serdang Central	June 30	6,159	11,722	17,881	...	10,500	20	1,000	6,381	8,916	12½
Tebing	June 30	...	1,221	1,221	...	...	...	307	914	...	...
Shops and Stores											
O.K. Bazaars	Aug. 31	981	913	1,894	...	...	...	1,894	2,236	...	...
Tramway and Omnibus											
Belfast Omnibus	Mar. 31	721	4,659	5,380	...	4,493	5	...	887	1,944	Nil
Tea											
Associated Tea of Ceylon ...	June 30	26,015	142,792	168,807	12,516	100,000	50	...	56,291	71,772	25
Trusts											
Aberdeen	June 30	3,060	21,631	24,691	...	{ 15,686 15(s) 5,228 8.096d.(t) }	...	3,777	16,141	{ 7½(s) 4,048d. }	...
Clydesdale Investment	June 30	56,731	20,084	76,815	...	19,649	4	...	57,166	16,248	3½
East of Scotland	June 30	3,349	5,136	8,485	3,600	1,500	3	2,250	1,135	3,789	Nil
Railway and General	June 30	7,174	7,221	14,395	3,456	2,137	2½	1,500	7,302	11,674	2½
Scottish National	Sept. 30	423	14,012	14,435	7,383	3,281	3	...	3,771	9,111	1½
Second Industrial	Sept. 30	53,843	49,864	103,707	21,150	15,667	5	...	46,890	38,354	5
Second Scottish Investment	Sept. 30	9,348	20,506	29,854	11,812	6,300	4	20,000	11,742	16,170	3
Securities Trust of Scotland	Sept. 30	11,771	20,356	32,127	11,937	4,775	3	...	15,415	18,411	3
Southern Stockholders	Sept. 30	38,218	41,571	79,789	23,500	7,833	2½	20,000	28,456	28,125	1½
Third Caledonian	Sept. 30	18,765	32,880	51,645	14,119	10,972	3½	6,996	19,558	20,219	2½
Other Companies											
Electric & Musical Industries	Oct. 5	31,182	98,982	130,164	76,997	8,291	3½	25,000	19,876	75,835	Nil
Maden and Ireland	Sept. 30	23,558	32,505	56,063	17,648	4,706	2	10,000	23,709	18,237	Nil
North of Scotland Milling ...	Sept. 30	18,620	24,823	43,443	13,729	10,984	6	...	18,730	22,892	5
Roneo Limited	Sept. 30	8,308	30,376	38,684	...	25,000	2½	5,376	8,308	21,572	2
	June 30	15,494	19,219	34,713	11,688	3,117	2	4,000	15,908	14,801	2
	Sept. 30	42,618	457,546	500,164	21,390	281,216	12½	...	197,558	325,031	10
	Sept. 30	10,622	20,123	30,745	15,258	4,521	8½	...	10,966	15,446	Nil
	Sept. 30	1,176	2,333	3,509	995	1,391	10	...	1,119	2,438	10
	June 30	Dr. 63,815	27,754	Dr. 36,061	...	...	...	...	Dr. 36,061	9,849	...

(b) Three months.

(n) This dividend absorbed £120,813.

(s) Ordinary.

(t) Deferred.

† Free of income tax.

TRANSVAAL OCTOBER, 1935, OUTPUTS, &c.

Note.—Value of gold calculated at £7 1s. 0d. per ounce in all cases.

The Johnnies Group	Tons milled, Oct., 1935	Estimated Value, October, 1935		Estimated Costs per ton, Oct., 1935	Estimated Profit, including Sundry Revenue, Oct., 1935	Sept., 1935 Profit at £7/0/0 per fine ounce
		Gross	Per ton			
Government Areas (Modderfontein)	221,000	516,411	46 9	17 0	332,156	304,622
Langlaagte Estate	97,000	111,505	23 0	17 0	30,336	28,230
New State Areas	125,000	270,993	43 4	17 11	160,224	150,070
Randfontein Estates	377,000	454,389	24 1	16 11	138,249	130,149
Van Ryn Deep	105,000	143,595	27 4	18 2	49,067	48,076
Witwatersrand	86,000	92,501	21 6	18 7	13,508	13,061
Totals	1,011,000	1,589,394	...	17 4	723,540	674,208
Anglo-American Corporation Group						
Brakpan Mines	136,000	239,249	131,098	106,782	107,231	108,151
Daggafontein Mines, Ltd.	124,000	253,123	122,650	127,494	128,403	130,473
Spring Mines, Ltd.	114,600	262,416	112,323	149,609	149,843	150,093
West Springs, Ltd.	104,000	111,640	76,136	35,574	35,701	35,504
The Central Mining Company Rand Mines Group						
City Deep, Ltd.	104,000	20,742	146,265	24,429	23 5	23 5
Consolidated Main Reef Mines and Estate, Ltd.	151,000	30,215	212,837	57,875	20 6	20 6
Crown Mines, Ltd.	356,000	84,314	585,161	272,486	18 1	18 1
Durban Roadport Deep, Ltd.	56,000	12,745	89,946	19,254	25 3	25 3
East Rand Proprietary Mines, Ltd.	203,000	43,968	310,541	96,078	21 1	21 1
Geldenhuis Deep, Ltd.	88,500	12,621	89,124	15,042	16 8	16 8
Modderfontein B. Gold Mines, Ltd.	91,000	15,808	110,194	46,395	14 0	14 0
Modderfontein East, Ltd.	101,000	21,463	151,373	53,738	19 4	19 4
New Modderfontein Gold Mining Co., Ltd.	195,000	45,338	320,351	185,483	13 10	13 10
Nourse Mines, Ltd.	81,000	17,007	119,921	29,807	22 3	22 3
Rose Deep, Ltd.	68,800	11,382	80,385	13,149	19 6	19 6

General Mining Group	Tons Milled, Oct., 1935	Total Revenue, Oct., 1935	Estimated Costs per ton, Oct., 1935	Profit, August, 1935	Profit, Sept., 1935	Profit, Oct., 1935
Van Ryn Gold Mines	63,500	65,037	s. d. 16 2	£ 14,150	£ 14,086	£ 14,115
West Rand Consolidated ...	166,000	216,820	15 9	88,011	88,014	88,014
Goldfields Group						
Simmer and Jack Mines	101,000	23,332	165,124	46,017	49,525	22 11.9
Robinson Deep	103,500	25,820	182,027	76,066	78,078	20 1.5
Sub Nigel	54,000	41,069	289,538	191,450	200,073	33 1.6
Union Corporation Group						
East Geduld Mines	106,000	31,720	223,760	127,248	122,088	127,974
Geduld Proprietary Mines ...	100,200	27,763	197,086	125,326	122,880	125,099
Modderfontein Deep Levels	49,200	11,227	79,478	50,397	44,900	41,059
Other Companies						
Glynn's Lydenburg	8,400	17,940	30 8.4	5,224	5,204	5,046
Luiipaards Vlei Estate	47,500	70,329	20 10	29,902	20,804	21,731
New Kleinfontein Co.	58,200	75,621	19 11.5	15,577	15,373	17,554
Transvaal Gold Mining	23,300	29,397	20 4.1	5,412	5,466	5,697
Witwatersrand Deep	54,000	71,342	...	14,334	13,502	14,149

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

THE tendency of the prices of the principal primary products was irregular during the week ended last Wednesday. The market in wheat was dull and prices barely steady, owing to the expectation of French selling pressure and uncertainty over Canada's future wheat policy. Quotations for raw sugar were marked down, and prices realised at the Mincing Lane tea auctions continued their downward movement. The market in meat was quiet and prices are scarcely changed on the week. The tendency of the quotations for butter, cheese and bacon was downwards, and the seasonal rise in the price of eggs was arrested. In general, fruit remained dearer than a year ago.

Among industrial raw materials, the market in copper, lead, spelter and tin was firm, but quotations for wolfram and antimony were marked down a little. Owing to the expansion of the demand for iron and steel materials, quotations are tending to rise, and the import quota for semi-finished materials had to be increased. Many plants are working to capacity, and some consumers of semi-finished steel appear to be willing to buy ahead as far as manufacturers will accept business.

The market in rubber was less active and prices tended to sag on reports of heavy shipments of native rubber from the Dutch East Indies during the past month. The price of linseed continued its downward movement on better crop reports from Argentina. Among textile raw materials, United States cotton was cheaper, but Egyptian Sakellaridis was dearer than a week ago. Wool remained firm, and quotations for flax and jute continued to rise.

The downward movement of commodity prices in the United States continued during the past week. Thus, Moody's daily index of the dollar prices of staple commodities (December 31, 1931 = 100) suffered a further fall from 168.2 on October 30th to 165.5 on Wednesday last. The

	1932-1933	1933-1934	1934-1935	1935-1936
Estimated sales of home-grown wheat—	Cwts.	Cwts.	Cwts.	Cwts.
1 week to November 2	334,481	287,208	398,423	453,933
9 weeks to November 2.....	2,440,050	3,222,078	4,399,189	4,293,268
Average price of English wheat per cwt.	s. d. 5 6	s. d. 4 8	s. d. 4 11	s. d. 6 1

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Special articles due to appear next week on the Leader Page of THE FINANCIAL NEWS are as follows:

MONDAY, NOVEMBER 11—SILVER AND THE SHANGHAI DOLLAR. A view of the Silver Market and the position of Roosevelt's Silver Policy, following the divorce of the Chinese Currency from the Silver Standard.

TUESDAY, NOVEMBER 12—TIN SHARES. Continuing his series on Tin Shares, our special Mining Correspondent "MINOTAUR" deals this week with two of the highly efficient producers under the chairmanship of Mr. F. E. Mair—PENGKALEN AND PETALING.

WEDNESDAY, NOVEMBER 13—THE ARGENTINE GOVERNMENT AND THE RAILWAY COMPANIES. An expert analysis of the attitude of the Argentine Government towards the huge British-owned railway companies operating in Argentina, the commission reports and proposed legislation concerning the railways, and the relation of the railway position to the general economic relations between the two countries.

THURSDAY, NOVEMBER 14—CHINA'S ECONOMIC AND FINANCIAL POSITION. The position of China, with the new currency and exchange reforms, the visit of Sir Frederick Leith Ross, and the formation of a special Chinese Bondholders' Committee, has been much in the eye of the financial public. This article deals with China's economic position and the background against which these events are taking place.

FRIDAY, NOVEMBER 15—THE R.A.F. EXPANSION PROGRAMME AND THE AIRCRAFT INDUSTRY. Our expert Aircraft Correspondent, Oliver Stewart, analyses the progress being made with the R.A.F. programme, and the disposition of the orders to date.

SATURDAY, NOVEMBER 16—PAINT SHARES. This article discusses the outlook for the companies in that important ancillary to the building and construction boom—the Paint Industry.

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A QUIET ELECTION

THE General Election of 1935 is over. The voice of the people has been heard. As we write, the result of the voting is unavailable; but by the time these words are read the nation may have sufficient material to estimate the political complexion, the numerical strength, and even the personnel of the next Government.

The election campaign has generated little fury and less than normal sound. Throughout its course, as a distinguished French observer has noted, rival candidates have been distinguishable chiefly by their varying emphasis on particular items of policy, whose main topics—peace, support of the League of Nations, stimulation of domestic recovery by public works, and improvement in social services—have figured in greater or less degree in the programmes of all parties. For once, the attention of the elector has been diverted neither by "Red Letters" nor by too many red herrings.

These conditions have inevitably made for a quiet election, distinguished by sparsely attended meetings, particularly in the Southern areas, and by a tendency for national issues to be viewed in a localised perspective. The Means Test, for example, has been a popular subject for the heckler in constituencies, particularly in the North of England and South Wales, where the burden of unemployment is most oppressive.

Placid as the campaign has been, as campaigns go, it has disclosed many indications of the way the popular wind is blowing. The country has been spared more than a modicum of "freak" and exotic candidatures. Sir Oswald Mosley's Fascist organisation has been conspicuous by its total absence. The lords of the Press, whose intervention has so frequently disturbed the placidity of by-elections, have, on this occasion, held the pen to be mightier than the stump. The extreme Left, also, has been almost entirely out of the picture; for only 17 Independent Labour and a mere couple of Communist candidates have taken the field.

As the campaign has proceeded, the tendency to con-

verge towards the Centre has continued. During its course two announcements have come from the Government side of schemes involving capital expenditure to help employment. But more remarkable still has been the decreasing insistence of the Government on the necessity for a big programme of "defence" expenditure. Even the most perfervid supporters of re-armament appear to have realised its extreme unpopularity as an election issue, apart altogether from its essential incompatibility with support of the aims of the League.

Doubtless, much deeper divergences exist beneath the surface than the apparent similarity of programmes would suggest at first sight. For their moderation is partly due to the fact that both the Conservative and Labour Parties have been wooing the Centre vote which the Liberal Party in its present divided state is unable to consolidate in a strong and separate political force. Yet the way this vote is cast will decide the election. The very weakness of the Liberal Party has induced both of the other parties to become more liberal.

Is this blurring of the old and crude party divisions a passing phase, due to the tactical situation at the moment, or is it a sign of a more permanent change that may in time react on the whole party system? Is it due to the accident that the election is taking place at a time of relative internal prosperity? Or does it mean that old issues have, in fact, become less important and that no new ones have taken their place?

At the moment it certainly seems as though the latter were the true explanation. The Free Trade issue is a case in point. Thirteen years ago, after the "peace and tranquillity" election of 1922, it appeared for one moment that a similar state of party overlapping was taking place. But the re-emergence of the old Tariff Reform controversy gave a new lease of life to traditional animosities. To-day this country has adopted a tariff that is more or less moderate. But it would be impossible to imagine a more startling object-lesson than that which we have had in the last three

years of the danger—both economic and political—of tariffs and other forms of trade obstruction. Though vested interests still fetter the Government's freedom of action, the Foreign Secretaries of both England and America agree in regarding the removal of trade barriers as the most urgent step needed in order to allay political difficulties, and on economic grounds our protectionist Chancellor of the Exchequer supports them. On the other hand, few if any English Free Traders would think it practicable, in the chaotic condition of the world to-day, to sweep away all our tariffs unilaterally. The problem, though more vital than ever, has lost its harsh outlines for election purposes and become a question of ways and means—of more or less.

In other directions, also, sharp dividing lines are tending to become blurred. "Class warfare," for example, has played little part in the present election. Though Britain still has her poor and workless, recent decades have been marked, not by an ever sharper cleavage between the "haves" and the "have nots," but by the swelling of the artisan and middle classes and by the enlarging of opportunity for educational and economic advancement. All have something to lose from insecurity. Hence, the anxiety of the Labour Party to rebut the sweeping charge that their return to power would endanger the savings of the small investor or the home of the man who is buying his house through a building society.

Again, "nationalisation" is losing such appeal as it ever possessed, whether as a gospel or as a bogey. The State, steadily and unostentatiously, has already extended its control over many essential national services. The last Government has gone further than any of its predecessors in this direction. It has introduced control of road transport, established marketing boards for certain staple foodstuffs, and controlled an important section of the market for new capital. The nation has become accustomed to the idea of the Government's taking a hand in business—through its guarantee of funds for such enterprises as the building of the "Queen Mary," the London electrification scheme and the proposed £30 millions of railway expenditure, and by taking the initiative in forming "public" undertakings like the London Transport Board and the Central Electricity Board. State activity, in short, bids fair also to resolve itself into a matter of more or less, in which opposing protagonists lay differing emphasis on its scope and form, but are agreed in admitting that there is a field in which Governments may properly intervene or control.

Altogether, the lesson of the 1935 election may well be that the common ground between the parties is of more permanent importance than the issues which divide them. And this prompts the question whether the nation is working towards a new political order in which, from a wide and common centre, the balance will shift now to the Right, now to the Left, instead of swinging from one extreme to the other? There is much that is desirable in such a development.

So long, however, as elections are fought under existing party banners, it will necessarily involve anomalies and paradoxes. Some of these are well illustrated by this week's events. If, for example, the general expectation proves correct and the National Government is returned, but with a reduced majority, the acutest of foreign critics will be hard put to it to say who has obtained a mandate, and for what. It needed no election to prove that the nation was united in its support of the collective system in international relations. Nevertheless, Parliament was dissolved nominally on this issue, and Mr Baldwin asked the country to approve the stand taken at Geneva. Yet it would be erroneous for a foreign observer to interpret a reduced Government vote as a sign of weakening in the national determination to back the Covenant. In fact, it might be the very opposite. To some extent there is bound to be a recovery of the Labour poll to more normal dimensions; but any swelling of the Opposition vote beyond this would be symptomatic not of anti-League feeling but of a national desire for greater firmness than the last Government evinced in its handling of League affairs up to a very few months ago. It may also afford welcome evidence that the country is unwilling to dispense with the invaluable services which a strong Opposition alone can render, under a democratic constitution.

SIR SAMUEL HOARE AND EGYPT

LAST Wednesday, in the course of riotous disturbances, eighteen demonstrators and nineteen policemen were injured in Cairo and eight demonstrators and forty-five policemen at Tantah. The date was Egypt's Independence Day, and the anti-British character of the demonstrations was not in doubt. On Thursday further rioting occurred when a mob, advancing on Cairo, were intercepted by a force of police, whose British officer is reported to have opened fire in self-defence.

These occurrences give a new urgency to the question of future Anglo-Egyptian relations. In our issue of Saturday last we urged that a favourable opportunity for placing these relations on a permanent basis of friendship should not be let slip in 1935 as was done by His Majesty's Government, with disastrous results, in 1919. That same night the subject was touched upon by the Foreign Secretary in his speech at the Guildhall. His remarks dealt with three points: the spontaneous and willing co-operation of Egypt with the States Members of the League (of which Egypt is not yet a member herself) in regard to the Italo-Abyssinian conflict; the question of the Egyptian Constitution; and the question of placing Anglo-Egyptian relations "upon a permanent footing satisfactory to both" countries—"when the time comes." Sir Samuel Hoare's pronouncement on the second of these three points has already produced repercussions in Egypt; and still stronger reactions are likely to be evoked by his omission to hold out any prospect of the British Government's being willing to resume negotiations for a permanent Anglo-Egyptian settlement in the near future. In these circumstances, the courtesy and even cordiality of the Foreign Secretary's tone towards Egypt should not blind us to the serious defects and dangers of a policy of procrastination.

On the second (and lesser) point of the Egyptian Constitution, Sir Samuel Hoare mentioned that when the British Government had been consulted they had advised against the re-enactment of the Constitutions of 1923 and 1930, "since the one was proved unworkable and the other universally unpopular."

This terse description of these two Egyptian Constitutions substantially tells the truth about them. The Constitution of 1923, which was drafted and enacted in the first flush of exuberance after the restoration of Egypt's internal independence in February, 1922, was on paper a very advanced democratic Constitution which in practice enabled a single party—the Wafd—to dominate Egyptian domestic politics and reduce other genuine political movements to impotence, much as Turkey has been dominated by President Mustafa Kemal's Popular Party and China by the Kuomintang. This, of course, easily happens when a Constitution of this advanced type is applied to a country in which the mass of the population has little general education or practical political experience. If, however, the 1923 Constitution might be described by unfriendly critics as an instrument for a one-party tyranny, it would be equally fair to describe the 1930 Constitution as an instrument for a "palace government," which is certainly neither more popular in Egypt, nor more desirable in itself, than the Wafd regime. Indeed, King Fu'ad's friends were only able to introduce this Constitution because the Wafd had overreached itself by its combination of high-handedness at home with intransigence in the abortive Anglo-Egyptian negotiations of 1927-28 and 1929-30. This palace Constitution has had to be withdrawn because it is not merely odious to the Wafd, but is also, as Sir Samuel Hoare has said, unpopular in the country.

At the present time, Egypt is living in a constitutional interregnum under the regime of Nessim Pasha, who seems to share Sir Samuel Hoare's dislike for both Constitutions. Hitherto, the Wafd have been supporting Nessim Pasha in the nominal belief that he meant to restore the 1923 Constitution some day. They have withdrawn this support on the news of Sir Samuel Hoare's speech; and if, in consequence, Nessim Pasha falls, he may be succeeded by some realist and opportunist statesman like Mahmud Pasha, who is hostile to the Wafd and friendly to Great Britain without being on that account indifferent to the national interests of Egypt in the Anglo-Egyptian settle-

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ment which must come sooner or later—and the sooner the better.

A critic of British policy towards Egypt might on first thoughts be tempted to say that already it is no business of ours what Constitution Egypt lives under or what Egyptian Ministry is in office, inasmuch as we recognised the independence of Egypt in 1922, subject to the reservation of four points which all lie outside the field of Egyptian domestic politics. On second thoughts, it will probably be admitted that we cannot be altogether indifferent to Egypt's internal affairs so long as the four outstanding points remain unsettled. For, if and when we do successfully negotiate a settlement, it is important for both parties that the Egyptian as well as the British Government concerned shall be fully and indisputably representative of the country on whose behalf it is acting. An ostensible settlement would be worse than useless if it could be represented after the event, with any degree of plausibility, that we had obtained terms unduly favourable to ourselves from an Egyptian Government which was more dependent on us than it was representative of the Egyptian people. It is therefore in our interest that an unquestionably representative Government, with a clear mandate to negotiate with us, shall come into power in Egypt at the earliest possible moment.

The four points which have to be settled in order to place Anglo-Egyptian relations on a proper footing are first, the security of the communications of the British Empire in Egypt; secondly, the defence of Egypt against all foreign aggression or interference, direct or indirect; thirdly, the protection of foreign interests in Egypt and the protection of minorities; and fourthly, the Sudan.

Attempts to negotiate a settlement of these four outstanding points have been made on two occasions: first between Sir Austen Chamberlain and Sarwat Pasha in 1927-28, and then between a Labour Ministry and a Wafd Ministry in 1929-30. Both attempts came within measurable distance of success—the second attempt very near indeed. And without recapitulating the history of the negotiations, we can see from the mere headings of the agenda that the task of British and Egyptian statesmanship has been immensely facilitated by Signor Mussolini's recent action.

Italian action has, in fact, brought out, for the dullest and most prejudiced eye to see, the underlying community of British and Egyptian interests. To Egyptian eyes it must now be obvious—with the fate of Tripoli and Abyssinia and Manchuria in full view—that the choice is not between the British connection and independence, but between the British connection and one with some other European Power which would be imposed, as the British connection was imposed in 1882, by force. And the fable of the dog and the ticks would suggest that it is wiser for the Egyptians to help the British than to try the Italians. On the other hand, it must be equally obvious to British eyes that, if a challenge is going to be offered to British power in the Mediterranean, then we cannot afford that the connection of

Egypt with the British Empire should continue to be one of duress. It must be our aim to place Anglo-Egyptian relations on at least as satisfactory a footing as Anglo-Iraqi relations. Politically, and *a fortiori* morally, we need to have the Egyptians as our friends and allies, and not as our unwilling puppets.

In this light, every one of the four points becomes far more tractable than ever before. The first two points—British security in Egypt and the defence of Egypt against aggression—become different sides of a single Anglo-Egyptian shield. The second and third points also merge into one another, for the defence of Egypt against indirect foreign interference is bound up with the liquidation of the capitulations—an anachronism which has now been eliminated in Iraq as well as in Turkey. As for the protection of minorities, the Copts have more and more thrown in their lot with their Muslim co-religionists; and the universal sympathy in Egypt for the Copts' Abyssinian co-religionists is another sign that in Egypt the old religious wound is no longer open. As for the administration of the Anglo-Egyptian condominium in the Sudan, which has proved the most difficult point hitherto, it will evidently be easier for the British authorities to re-admit into practical as well as juridical partnership an Egyptian partner who has no more desire than his British colleague to see both parties alike evicted by some third Power. In fact, on all four points, the moment is singularly favourable for negotiation; and this is eminently a case in which prudence counsels speed and not delay. It will be singularly regrettable if the events of this week result in a postponement of the question on the ground that we cannot yield to violence and intimidation. The Egyptians may counter-retort by outbreaks on a wider scale—and so on, in another repetition of an old and wretched story. This is the vicious circle that we fear. We appeal to the Government most earnestly to prevent it from forming. They, and they alone, hold the initiative.

CRISIS IN THE COAL INDUSTRY

At the beginning of this week, almost simultaneously with the General Election, the miners balloted on a proposal to empower their Federation to enforce their claim for an increase in wages of 2s. a day by strike action if necessary. The result of the ballot will not be known till next Wednesday, and it is not, of course, certain that the necessary two-thirds majority will be secured in every district. But it is more than possible that, in a week or two, unless very careful thought is taken by all parties to the dispute—including the Government—we may find ourselves once more on the fatal road that led to the protracted disaster of 1926.

That the economic pulse of the mines is still running extremely low, despite a considerable advance in mechanisation and output per man-shift, there is no room for doubt.

The following table shows the official figures of wages, royalties, profits, output per man-shift, etc., in certain districts in the quarter ended June 30, 1935:—

District	Wages per ton	Royalties per ton	Total Costs per ton	Profits per ton	Output per Man-shift	Cash Earnings per Man-shift
Scotland	s. d. 7 6-42	s. d. 0 6-04	s. d. 11 4-94	+0 5-15	cwt. 25-33	s. d. 8 9-71
Durban	7 8-62	0 5-94	12 7-78	-0 4-41	22-05	8 0-31
S. Wales	9 10-43	0 8-60	15 4-75	-0 2-63	20-23	9 3-81
Yorkshire	8 5-73	0 4-83	12 8-83	+0 3-80	26-17	10 3-13
N. Derby and Notts	8 2-63	0 4-82	12 5-50	+0 2-69	27-68	10 6-07
S. Derby, etc.	9 4-94	0 3-81	13 8-07	+0 6-34	22-50	9 9-39
Lancs., Cheshire, etc.	10 2-74	0 4-87	15 5-99	-0 0-16	20-04	9 3-70
Great Britain	8 7-42	0 5-80	13 3-03	+0 0-66	23-10	9 2-85

Prima facie, these figures appear to prove that the industry cannot afford any increase of wages at all, at any rate in the exporting areas. The returns, however, are subject to one important qualification. The miners allege that the financial structure of the industry is now such that subsidiary selling organisations make profits, while the colliery companies show paper losses. This contention has been admitted by an impartial committee to have some force in South Wales; but until a similar investigation has been held in other areas, the layman must suspend judgment on it. In any case it is clear that the industry as a whole cannot economically grant an immediate increase in wages of 2s. a day.

We are thus confronted with a great national industry unable to pay a decent living wage, and a large body of organised workers evidently convinced of their right to demand by the strike method what ten years of patience have failed to attain. What is to be done? The arbitration which the miners have offered would in itself be no solution, since it would not affect the ability of the industry to pay higher wages. Ultimately, a solution can only come from an increase in demand, a reduction in costs, or a Government subsidy. Nothing but a far-reaching revival of international trade could bring an increase in demand large enough to have substantial effects; for coal mining is faced throughout the world with the rapid development of substitute fuels. Some slight revival of demand has, of course, resulted from the British internal recovery of the last three years; and some revival of exports to particular countries has followed the conclusion of Mr Runciman's trade agreements, as the following figures of coal exports in the last three years show:—

Country	1932	1933	1934	January to October 1934	1935
Norway	Tons 000's 868	Tons 000's 983	Tons 000's 1,371	Tons 000's 1,168	Tons 000's 1,072
Sweden	1,365	1,894	2,610	2,154	2,069
Denmark	2,090	2,857	3,088	2,597	2,583
Iceland	85	107	107	114	114
Finland	474	473	831	626	626
Germany	2,309	2,360	2,541	2,071	2,398
Argentina	1,846	1,852	1,937	1,648	1,644
Estonia	33	29	24	...	...
Latvia	236	323	402	...	...
Lithuania	72	152	185	...	...
Total	9,378	11,137	13,096	10,445*	10,806*
Total exports (all countries)	38,899	39,068	39,680	33,267	32,351

* Excluding Estonia, Latvia and Lithuania.

While the sterling countries, however, owing to internal recovery, have been increasing their coal imports, the gold countries have been decreasing theirs; and it would be optimistic to look to the export market for a quick improvement in the situation.

How far then is a reduction of costs possible? Such measures as the unification of royalties and the centralisation of selling, now promised by the Government, will be of some assistance. But they cannot substantially reduce costs of production or of marketing in the immediate future. And to the suggestion that internal prices should be substantially raised by some development on cartel lines, with a differential export price, there are two formidable objections: first, that internal demand might be curtailed; and, secondly, that the charge of "dumping" might lead to foreign retaliation against our exports. In short, if the consumer, directly or indirectly, is to be paymaster, a rise in wages

must mean a reduction in employment. For the margin of costs to be reduced, other than wages and royalties, is extremely narrow; and it is generally conceded that the mechanical equipment of many pits (though not all) is reasonably modern and efficient.

We are thus brought back to the fundamental fact that the industry is really suffering from chronic surplus capacity; that many uneconomic pits are running at a loss and on short time; and that if production could be concentrated on the most efficient pits, profits could be restored and wages raised. This is the opinion of the more progressive among the owners themselves; and it has been affirmed by a whole succession of investigating committees and commissions. It found legislative expression in the amalgamation provisions of the Coal Mines Act of 1930 and the Reorganisation Commission set up by this Act. Indeed, it may be taken to be admitted by the present Government. But, unhappily, the progress of amalgamation has been lamentably slow, except in South Wales and Lancashire, owing to the obstructionist attitude of a section of the owners, combined with the "wrecking clause," inserted in the 1930 Act by the House of Lords, which makes it compulsory on the promoters of an amalgamation scheme to prove that it will "not be financially injurious to any of the undertakings proposed to be amalgamated." It was this clause which brought the recent South Yorkshire scheme to grief.

We are driven, therefore, to the inescapable conclusion that it will be the duty of the new Government to decide on the compulsory enforcement of amalgamation in the remaining coalfields. The industry cannot go on pleading to be given "time" for voluntary reorganisation. It has had sixteen years since the Sankey Report, nine years since the Samuel Report and five years since the Coal Mines Act of 1930. The Government, we suggest, should announce that after three months a Bill will be introduced into Parliament providing for compulsory amalgamation on lines whose details would be worked out by the Reorganisation Commission or some statutory body of equivalent knowledge and status. So far any Government should certainly go, whether the miners vote for a strike or not.

Should it go further? There is, of course, little chance that a mere promise of compulsory amalgamation, even at a definite date, will now satisfy the miners. Indeed, nothing short of a concrete guarantee of an increase in wages on a definite date, with or without some prospect of national negotiations, is now likely to satisfy them that they are not suffering from an intolerable injustice. For it must be remembered that they are asking not for a uniform national rate of wages, but for a national agreement taking account of local differences. Should the Government grant a temporary subsidy, or enforce national negotiations, or both? The arguments against any kind of subsidy are many and obvious, and the precedent of 1925 would seem to be conclusive. We suggest, once more, that the most practicable solution may be for the Government to undertake to introduce a Bill at a definite date providing for compulsory amalgamation, a committee of arbitration on wages similar to last year's Bridgeman Committee, and compulsory national negotiations in the future. Such an offer seems to be the minimum that the miners could well accept. But it should certainly be offered. For nobody can doubt that a mere policy of drift may involve us in another catastrophe from which all will suffer, and the miners most of all.

THE ENGLISHMAN'S FRUIT

CONSUMPTION of fruit in Great Britain has progressively expanded during the past decade. Various factors have contributed to this desirable result, including improved technique of storage and transportation and a change in popular taste, which may have drawn some impetus from the wider "cult of the vitamin" in a balanced dietary. According to the estimates of the Imperial Economic Committee, the apparent consumption of fresh fruit per head rose from 70 lbs. in 1924 to the record level of 96 lbs. last year.

From what sources has the Englishman satisfied this growing appetite? Roughly three-fourths of the fresh fruit consumed in the United Kingdom is imported from overseas, but domestic production has lately been increasing. The output of the principal orchard fruits is estimated as follows by the Ministry of Agriculture:—

PRODUCTION OF ORCHARD FRUITS IN ENGLAND AND WALES ('000 cwt.)

	1929	1930	1931	1932	1933	1934	1934 compared 1929-34 Average
Apples	7,560	4,917	2,321	3,206	4,270	10,532	+93
Pears	612	419	260	286	842	585	+40
Plums	1,215	2,581	646	687	2,928	3,177	+70
Cherries	296	466	267	266	446	380	+8

The figures show wide annual fluctuation. Of all branches of British agricultural activity, fruit production is one of the most uncertain. The grower is entirely at the mercy of the weather; late frosts may destroy the blossom, or autumnal gales blow the ripe fruit from the trees and render it unmarketable. The coincidence of both factors has made the 1935 season most unsatisfactory from the growers' point of view. The yield of small fruit—strawberries, raspberries, currants and gooseberries—is subject to less violent oscillations, but these crops are of relatively small importance to the British grower.

Until quite recently fluctuations in home production were reflected directly in consumption. Supplies varied widely from year to year, and consumption was concentrated in comparatively short seasons. When the crop was ripe it had, perforce, to be picked and consumed immediately, and prices frequently fell to low levels in the resulting period of glut. This condition still holds to some extent in the small fruit trade, but much has been done to smooth out supplies by canning, bottling and other methods of preservation. Recently, moreover, remarkable progress has been made in the "gas" storage of home-grown orchard fruit—i.e. storage in an atmosphere whose carbon dioxide content has been appreciably increased. Experience has shown that supplies of Bramley's Seedling—the most important English cooking apple—can be kept in good condition for twelve months in this way. Though the method is still in an early development stage, experiments along similar lines are being made with other kinds of fruit, and its utilisation on an increasing scale is confidently predicted. Already as much as 16 per cent. of the home apple crop is marketed each season after the end of December.

Importation remains, however, the principal means of evening out the supply of raw fruit and of making good deficiencies in home production. The invention of refrigeration introduced the Englishman to hitherto unknown fruits and brought supplies of certain old favourites to his table throughout the winter months. Since the war the growth of British imports of raw fruit has been remarkable. The official figures have risen from an average of 713,000 tons in the quinquennium 1909-13 to 1,463,000 tons in 1933 and 1,354,000 tons in 1934. The United Kingdom, in fact, has become the world's largest importer of fresh fruit. Empire sources of supply have received an increasing share in this expanding trade, their proportion of the total having risen from 15 per cent. in 1909-13 to 46 per cent. last year. To this result the British Government's tariff policy, under the Ottawa Agreements, has directly contributed. Like most other commodities, fruit imports from foreign countries have been subject, since March 1, 1932, to a duty of 100 per cent. *ad valorem*. At present non-Empire apples and pears pay additional specific duties of 4s. 6d. per cwt., and bananas and grape fruit similar duties of 2s. 6d. and 5s. per cwt. respectively throughout the year. The duty on oranges is 3s. 6d. per cwt. for imports in any month from April to November. Hothouse grapes pay 3d. per lb. during the whole year, while other grapes escape with a duty of 1½d. per lb. from February to June. The Empire at present is hardly interested in the production of lemons, which are subject merely to the *ad valorem* duty of 10 per cent. The next

table relates to imports of the principal kinds of raw fruit in the last few years:—

IMPORTS OF RAW FRUIT INTO THE UNITED KINGDOM

Year	Apples	Pears	Bananas	Grapes	Grape Fruit	Lemons	Oranges
	('000 cwt.)	('000 cwt.)	('000 bunches)	('000 cwt.)	('000 cwt.)	('000 cwt.)	('000 cwt.)
1924	7,233	1,324	11,308	820	81	1,208	7,520
1929	5,758	1,078	14,937	864	543	1,361	9,264
1930	6,172	1,029	14,990	695	556	1,477	10,207
1931	7,599	1,237	16,162	944	896	1,409	10,391
1932	8,091	1,112	17,108	903	773	1,447	9,343
1933	7,450	1,134	15,908	781	776	1,816	11,555
1934	5,900	1,009	17,068	1,060	974	1,528	10,399

These seven varieties account for over 90 per cent. of British imports of fruit. Their recent trend has been steadily upwards. Apples come chiefly from Australasia, Canada and the United States, and pears from Australia, South Africa, the United States and Belgium. The decline in imports last year, in both cases, was due mainly to the abnormal size of the home crop. Bananas are now obtained chiefly from the British West Indies, and grapes come from South Africa and various European countries. In terms of value the orange now heads the list of imports; consumption of citrous fruits generally, indeed, has notably increased in the last ten years. Palestine has replaced Spain as the principal supplier of oranges, but South Africa is still second to the United States as a source of grapefruit. The bulk of our lemons comes from Italy, and the trade may be appreciably affected by the application of "sanctions" on November 18th. British countries overseas have lately begun to export to the United Kingdom, but their contribution is not yet on a large scale.

To obtain accurate information on price movements is a matter of some difficulty. Fruit prices are quoted in terms of different "packs," the size and quality of which are subject to wide variations. A fair idea of the trend of quotations, however, may be gathered from the series of average import prices which we show below:—

AVERAGE IMPORT PRICE OF CERTAIN FRUITS (Shillings per cwt.)

Year	Apples	Pears	Bananas (b)	Grapes	Grape Fruit	Lemons	Oranges
1924	23-2	28-2	9-8	41-0	34-6	15-8	19-0
1929	24-6	31-0	7-6	46-8	33-4	21-0	21-2
1932	19-4	26-6	5-2	33-8	26-6	17-8	16-2
1934	19-0	28-0	5-4	29-0	23-8	12-4	14-8
1935 (a)	21-5	26-3	4-8	49-6	23-3	18-1	15-7

(a) Based on nine months' figures. (b) Shillings per bunch.

In most cases prices rose between 1924 and 1929, but declined substantially during the ensuing depression. Recovery has been slow and uneven, but some improvement has recently occurred, partly owing to increased demand, and partly to reduced supplies brought about by adverse weather and slightly diminished imports.

The present year has seen an abortive attempt to establish a fruit marketing scheme under the Agricultural Marketing Acts. Its failure was due to opposition from the growers themselves—influenced, possibly, by the apparent difficulties of other marketing schemes in recent months. It is to be hoped, nevertheless, that the growers will not overlook the deficiencies of their present marketing methods. Despite the Ministry of Agriculture's continuous efforts to extend the use of the National Mark and to educate the grower in other ways, a substantial proportion of home-produced fruit still reaches the market in an unsatisfactory condition. Packing is frequently inadequate and grading non-existent. The results are unfortunate, both as regards reputation and prices. There are some in the industry who would seek to guarantee its prosperity by restriction of imports and the creation of an artificial scarcity. The present survey, however, affords the best of all possible commentaries on such a suggestion. Great Britain is dependent upon overseas sources for the bulk of her consumption of fresh fruit. The nature of our climate makes difficulties and disappointments inevitable. The grower will best secure a higher return for his produce not by creating scarcity, but by improving his grading, packing and marketing technique in general.

THE "NECESSITY" FOR COLONIES

In the *Economist* of October 26th (page 794) two tables were printed which showed the percentages of the world's area and population and of the production of 31 important raw materials falling within the British, French and Dutch Empires, the United States and the U.S.S.R. It was pointed out in the accompanying article that these five countries, even in combination, have a monopoly of the production of only a few materials, while it is only in very rare cases that one empire produces the whole of the world's supply. Nevertheless it is an undeniable fact that these five countries have more than their "fair share" of the good things of the earth. To many people—to most people of the "Have Not" countries—the mere fact that these five empires embrace 61 per cent. of the surface of the globe is sufficient argument for a redistribution of colonies. But that is to leap rather prematurely to a conclusion. It is not enough for the "Have Nots" merely to demonstrate that the "Haves" possess the greater part of the world's colonial territories. They must also establish that they are damaged thereby and that their own standard of living is perceptibly lower as a result of colonial inequality. Are the "Have Nots" really poorer for having no colonies? Does the possession of colonies really increase the standard of living of the mother country? Setting aside for the moment all questions of prestige and national *amour propre*, what validity is there in the economic case of the malcontents?

There are four economic arguments put forward in favour of colonies. It is said in the first place that it is necessary to possess colonies in order to ensure access to essential raw materials. Secondly, colonies are said to be needed as markets for the industrial output of the mother country; or, thirdly, as fields for the investment of the mother country's surplus savings. And, fourthly, colonies are demanded as outlets for the "surplus populations" of the large industrial States.

The first of these arguments, the need for access to raw materials, has been officially recognised by Sir Samuel Hoare, speaking at Geneva on behalf of the British Government. Indeed, the terms of his speech, in which he promised British co-operation in an inquiry into the subject, suggest that Sir Samuel regarded access to raw materials as the end, as well as the beginning, of the colonial problem. In point of fact, it is only a part, and probably the most easily soluble part, of the whole complex. It is safe to say that no industrial country has ever, in time of peace, found itself discriminated against, in the matter of access to raw materials, by the colonial possessor of the raw materials. No colonial raw material producer has ever refused, on orders from the mother country, to sell on equal terms to all would-be purchasers. The rubber consumers of the world had some legitimate cause for complaint against Great Britain because of the Stevenson scheme for restricting the supply of rubber, and one or two of the existing restriction schemes may also work against the consumer. But none of them have imposed higher prices on the consumers of "Have Not" countries than on the consumers of the mother countries themselves. In this sense they have not been discriminatory. Moreover, it should not be an impossible task to negotiate an international treaty by which the colonial powers bind themselves not to discriminate. Countries with exchange restrictions would, it is true, find it easier to buy materials from colonies within their own currency circle, and the German Finance Minister has recently made this a reason for demanding colonies for Germany. But must we really assume that currency restrictions will be with us indefinitely? And even if they are, it is by no means certain that the possession of colonies would reduce, and not add to, the currency difficulties of the home country. The pre-war German colonies always had a substantial debit balance of trade, and they would *pro tanto* have constituted a drain on the exchange resources of the Reichsbank. Apart from the special difficulty of exchange restrictions, a treaty against discrimination should be sufficient to meet any just apprehensions on the part of the "Have-Nots" about their supplies of raw materials.

The second argument—that colonies provide a market for the industries of the mother country—is rather more

substantial and more difficult to meet. Trade does, to a certain extent, follow the flag, even without compulsion, and a colony which is administered and educated by Englishmen will have a definite preference for British products. In addition, contracts for the public services of the colonies will naturally go to the mother country. But on neither score are the advantages gained by the mother country—and the corresponding disadvantages suffered by the "Have-Nots"—likely to be more than very small. The bulk of trade depends upon tariff policy. Up to the present the Have-Nots have had very little to complain of. But this is because of the accident that the two greatest colonial empires, the British and the Dutch, have scrupulously observed the principle of the Open Door. Yet there have already been infractions of the principle, notably in the shape of discriminatory quotas against Japanese textile goods, and if the "Empire Free Trade" party in Great Britain had its way the Open Door would soon be tight shut. Here again, as in the case of access to raw materials, the "Have-Nots" case rests more upon apprehensions for the future than upon grievances in the present. A treaty to guarantee the Open Door, as it is guaranteed in the case of mandated territories by the League Covenant, should suffice to dispose of all legitimate apprehensions. It is worth remarking *en passant* that the potentialities of tropical countries as markets for the products of industry can be vastly exaggerated. The attention that is paid to them is very largely due to the stubborn, but fallacious, belief that industrial countries can export only to undeveloped regions of the earth. In point of fact, the examination of any industrial country's export statistics would reveal the fact that industrial countries are much better customers for industrial goods than undeveloped (i.e. poverty-stricken) colonies.

The argument that colonies are needed as a field for the investment of surplus savings can be dismissed in very few words. In the first place it would be difficult to find instances of a colony refusing to accept, or discriminating against, foreign capital. And in the second place, none of the "Have-Nots" has, or is likely to have, for some time to come any savings to spare.

Finally, there is the "excess population" argument, which is important if only because of the importance attached to it in the allegedly crowded countries. But if there is an excess of population in Germany and Italy, it exists only in relation to the restricted trading opportunities of those countries. If there were substantial freedom of trade (which Germany and Italy have not been backward in suppressing) both countries could undoubtedly support much more than their present populations. Italy's population could double, and Germany's almost double, before the density of population in either country was as great as in Belgium. Moreover, it is a little difficult to believe in the sincerity of this cry of suffocation while the governments of these countries do everything possible to stimulate an increase in the birth-rate. But let us assume that all these objections are waived and that there is a real surplus of population which could be relieved by emigration. Even then, is there anything that the colonial empires can do? Kenya is the only tropical country where white settlement has been successful on anything more than the tiniest scale, and there are only some 17,000 European inhabitants of Kenya even now, after decades of effort. If tropical colonies were to be handed over to the "Have-Nots," the only Europeans who could expect to make their living there would be a handful of administrators. A steady supply of administrative jobs is not an entirely negligible factor, but it would do nothing to relieve the pressure of population at home. Is not this a matter for the fully self-governing Dominions, for the United States and for the South American countries, rather than for the colonial empires?

We have now examined the four economic arguments for colonies. We have found a little, but a very little, in them so far as the past and the present are concerned. The *Economist* examined the relations between Germany and her former colonies as long ago as November 9, 1918, and some of the facts from that article may all serve to point the moral. The total German population in all the German colonies in 1911 was only 20,753—fewer than the number of Germans in the City of Paris. The

combined expenditure of the colonies was £4,323,000 in 1912, but revenue was only £2,448,000. Their exports to Germany amounted only to £2,105,000, compared with Germany's total imports of raw materials (excluding food-stuffs) of £270,000,000. Can it possibly be maintained that Germany, with these colonies, was in any tangible sense better off than, say, Sweden, which has never had any colonies? Even in the British case, the trade of Great Britain in 1934 with the Empire, other than the fully or partly self-governing parts, was less than 7 per cent. of our imports and less than 10 per cent. of our exports.

But if we are in for a period of growing discrimination in tariff policies of colonial empires, the position is completely changed. The talk that is current in Imperialist circles in Great Britain provides ample justification for apprehensions on the part of the "Have Nots" that, although they have little to complain of at present, they will have plenty in the

future. The means of quieting all such apprehensions has already been indicated—a guarantee by the colonial powers that the principle of the Open Door—an Open Door for exports of raw materials, for imports of manufactures and for immigration of settlers—shall continue to be applied. Much the easiest way of implementing such a guarantee would be for the colonial powers to accept in respect of all their tropical possessions the obligations of the League mandate which they have already accepted in some.

There are, however, two dangers in an attempt to settle the matter by logic alone. The first is that if the "Have-Nots" have no case for demanding colonies, the "Haves" have equally no case in clinging to them. And the second is that it is not, at bottom, a rational problem at all, but an irrational conflict of prestige and jealousy among the great imperialist States.

NOTES OF THE WEEK

The President's Armistice Day Speech.—The difficulties besetting President Roosevelt in his handling of the international situation are numerous and formidable. Their extent may be gauged by the fact that the star point in the President's Armistice Day speech was the imminent conclusion of a trade agreement between the United States and Canada. We do not wish to minimise the importance of this achievement, which we discuss in a later Note. The President can justly claim that it will "give an example to the world by removing or lowering the barriers which impede friendly intercourse." Yet, when all is said, this agreement pales in importance beside certain other points in the speech. The President has to convince his countrymen that the most effective way to achieve their country's "primary purpose" of "avoiding being drawn into war" is to avoid placing stumbling-blocks in the path of other people who are taking collective action for the maintenance of peace. "While we cannot build walls around ourselves and hide our heads in sand, we must go forward with all our strength to press and strive for international peace." And the practical action which the President commended once again was to take care that the avoidance of warlike activity, and the promotion of peace, should not be obstructed by trade. "Except," he told his hearers, "for those few who have placed, or who place, temporary and selfish gain ahead of national or world peace, the overwhelming mass of American citizens are in hearty accordance with these basic policies of our Government, as they are also entirely sympathetic with the efforts of other nations to end war." We believe that the American people have taken the point. Even a negative American policy may have international effects hardly less valuable to the world than to America herself.

France's Financial Troubles.—Thursday's rise in the French Bank rate, following a further loss of gold, has recalled attention to France's financial troubles. The rise in world commodity prices has for the moment alleviated the pressure of France's monetary crisis on the unfortunate peasant. But the influence of the overvalued franc is becoming apparent in a new Budget deadlock. Not merely have the cuts of last July come home to roost, as most external observers predicted they would, in rapidly shrinking revenues; but the Finance Committee of the Chamber is refusing to ratify the most oppressive of the cuts. Already in September fiscal receipts were 22 per cent. below the estimates, compared with 18 per cent. in August and 15.4 per cent. in July. Both imports and exports are still falling; and unemployment is rising. The indices of industrial production show stagnation at a low level rather than further decline; but it is difficult to resist the conclusion that decline has only been prevented by the Government's considerable loan expenditure on public works and armaments—as our Paris correspondent suggests this week. But this expenditure has in its turn raised the rate of interest, and the *rentes* are again

falling. M. Rénier, the French Finance Minister, has discovered a new non-monetary explanation of France's crisis. He says it is due to the fact that French industry renewed its plant and equipment so effectively just after the war that it now needs no new plant, and heavy industry is consequently depressed. He does not explain why this depression did not start till 1932. In fact, France's experience in the last three months—like Holland's—is yet one more proof that the low interest rates and lower tariffs necessary to stimulate revival are difficult of attainment so long as an overvalued currency maintains its adverse pressure on the exchange rate and the gold reserve. And unless such a revival is stimulated, it is merely a matter of time until falling revenues provoke a new Budget crisis. That time seems to have been brought nearer in France by the decision of the Radical-Socialists in the Chamber Finance Committee to restore £33 millions of last July's cuts in the interests of small *rentiers* and *fonctionnaires*. M. Laval resisted the proposal, and there was further discussion this week. In the course of the debate, however, M. Paul Reynaud challenged M. Laval, without much effect, to state his reasons against devaluation. The next few weeks may well be critical in France.

Italian Protest Against Sanctions.—The Italian protest, handed at the beginning of this week to the Governments imposing sanctions, is unexpectedly truculent in tone. It is no news to Signor Mussolini that sanctions are to be applied, and he has already pledged his countrymen to bear them with stoical resignation. The note is drafted on the principle that a bad excuse is better than none. Ras Gugsu has become Italy's Mr Micawber: she can never desert the Tigreans whom she has liberated from the Shoon tyranny of Addis Ababa; she has invaded Abyssinia to liberate the slaves. Meanwhile, Italy's fellow States Members of the League have been taking "harsh and hasty steps" against a Power which is so reluctantly and so benevolently waging war. The Italian Government threatens to take reprisals, by way of "substantial deviations from the present currents of exchange and trade," against the prohibition of Italian exports—a measure which the note denounces as "a veritable act of hostility." Perhaps the oddest passage in the note is the argument that the action taken by States Members on the recommendation of the Co-ordination Committee is the action, not of the League, but of the individual Governments. The antithesis is unreal. The Covenant obliges the States Members to take action when Article XVI comes into operation. The action in each country is national action in the nature of the case. But it is action taken in pursuance of the obligations of the Covenant in just the same sense as in a speech made, or a vote recorded, at Geneva. By insisting upon the individual responsibility of the Governments concerned, Signor Mussolini is, in fact, placing an invaluable argument in the mouths of those of us who may favour a forward policy when the time comes for giving the next turn to the

sanctions screw. If action in fulfilment of Article XVI is incumbent upon each State Member severally—and we believe that it is—then we are not merely free, but possibly bound, in case of necessity, to go ahead without waiting for complete unanimity.

* * *

This Week's War News.—It is becoming clearer than ever that, so far, the Italian forces have met with virtually no resistance—except, perhaps, in their capture of the Abyssinian stronghold of Gorahai, on the Ogaden front. Moreover, of the admitted Italian casualties up to date, which amount to no more than about a hundred, nearly the whole have been suffered by native troops. That the Abyssinians will turn and fight at some point may be taken for granted, since manifestly the Italians' hope and the Emperor's fear has been that the Amhara warriors would throw themselves upon the Italians prematurely and expose themselves to being massacred. Impetuous, conceited, and above all contemptuous of an enemy whom they defeated in 1896, the Abyssinians have nevertheless surprisingly kept their patience and allowed the Italians to advance deep into their territory, in order that they may feel the full strain of long-drawn-out communications. On the northern front this Abyssinian strategy seems to be going according to plan; for it is virtually admitted, on the Italian side, that the difficulty of creating and maintaining their means of communication is increasing in geometrical progression with the arithmetical progress of their advance. On the other hand, in the open lowland country of the Ogaden, the fall of Gorahai has enabled at any rate small advance parties of Italian tanks and armoured cars to push forward already almost within striking distance of places which the Abyssinians are likely to try to defend at all costs. One of these is the route from the coast—by road from Berbera and by rail from Djibouti—along which the Abyssinian Government is hastily importing the arms that have been so long withheld from it. If the Italian forces get astride this route, the import of arms into Abyssinia will be restricted to the sheltered but roundabout back-door route through the Sudan. Another thing which the Abyssinians are likely to fight for is the possession of the city of Harrar—the finest town in the Ethiopian Empire and the family appanage of the Emperor's house. We may, therefore, perhaps, expect to see the first real battle of the war fought in the near future in the neighbourhood of Harrar and Jijiga. On the other hand, if the war is fought to a finish, we believe that that last act will be played in the highlands. The difficulty of the Italians in Abyssinia, like that of the Greeks in Anatolia in 1919-22, will be, not the winning of victories or the occupying of territory, but the problem of how to compel an elusive enemy to make peace. With the sanctions screw turning, this problem will give the Duce more and more matter for thought.

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Dissolution of the Stahlhelm.—As the Conservative Party's ex-servicemen's organisation, the Stahlhelm, has played a notable and honourable part in the post-war history of Germany, its dissolution by Herr Hitler on the 8th of this month gives the observer a certain shock—even though the fall of this tall tree in the German political jungle has long been prepared and expected. There is assuredly no intentional irony in the Führer's paternal suggestion that the Stahlhelmers should not regret the dissolution of their organisation but should rather regard it as the crowning achievement of their work. They are admonished to sacrifice themselves joyfully on the altar of the Nordic goddess *Gleichschaltung*; but it may be doubted whether the disappearance of a name will mean the disappearance of the political outlook which it has hitherto covered. "The new armed forces," Herr Hitler declares, "take the place of the Stahlhelm as custodians of the old Army's traditions, while political power is exercised by the National-Socialist Party." But can the politics of the Third Reich really be expected to fall accommodately into this cut-and-dried pattern? Will the successive generations of young men, who henceforth are to be put through the reconditioned Prussian Army, really emerge

unstamped with the old Conservative tradition? We cannot believe that the rehabilitated Reichswehr will really prove to be a political seminary for budding Nazis. It seems more likely that the *esprit de corps* of the future mass of German reservists will partake less of the Nazi than of the Stahlhelm spirit. For Nazidom itself may turn out to be no more than the last phase of a regime. To render themselves superfluous may be the destiny of other successful people besides the disbanded Stahlhelmers.

* * *

Lord Nuffield and the Steel Tariff.—Lord Nuffield is becoming a confirmed free trader. A year ago, when he declared his conviction that it was the patriotic duty of an Englishman to buy British cars, we inquired whether he would feel justified in purchasing some of his raw materials from foreign countries if he could not get them so cheaply at home. In August this year he supplied the answer. The price of British steel, he said, was a third higher than that of our foreign competitors outside the tariff; and unless the British steel producers changed their methods he would "buy steel outside this country." In a speech at a meeting on Monday this week Lord Nuffield returned to the attack:—

There is a steel and iron ring (he said) against us in this country. In the motor industry we are paying more than one-third more for steel than are our friends across the water. The steel and iron industry in this country live in the Victorian era, sitting in their chairs, with big cigars, putting that 33½ per cent. tariff in their pockets and charging us with it.

How speedily has a little practical experience disturbed Lord Nuffield's protectionist theories! And how eloquent a commentary was his speech on the view expressed by a leader writer of *The Times*, on the page preceding a report of this meeting, that "British tariffs have been so effective, so constructive, and so free from corrupting consequences that they are really unassailable!"

* * *

Lord Trenchard Resigns.—On Tuesday night Lord Trenchard resigned his position as Commissioner of Police of the Metropolis. He took up his responsibilities four years ago, at a time of widespread demand for the tightening up of the discipline and efficiency of the Force, the modernising of its methods, and the eradication of a tendency to laxity in certain sections. This, by common consent, Lord Trenchard has in the main achieved; and he will find a secure place in the gallery of efficient administrative reformers. If he has also found a secure place on the music-hall stage and in the mind of the Communist propagandist, it is not so much due to the deep "semi-public-school" constables and his Police College. These, however, were evidently his own sincere idea of the nucleus around which any disciplined and incorruptible public service must inevitably be formed. And history may even prove him right.

* * *

Shanghai Shooting Incident.—Unpleasant happenings in the Far East have a habit of occurring at moments when the rest of the world is preoccupied with its own troubles. On the even of the application of economic sanctions against Italy, dark and ominous clouds have been gathering on the Far Eastern horizon. The continuing Sino-Japanese reception of the Chinese currency plan is another. And now comes one of those shooting incidents that are like sparks in a powder magazine. On the evening of November 9th a Japanese sailor was shot in the streets of Greater Shanghai on his return from an outing to barracks in the International Settlement. The murderer has not been identified, and there is no evidence either of his nationality or motives. The event, however, occurred in territory under Chinese administration; the Japanese marines in Shanghai were immediately mobilised, and patrols were sent out beyond the bounds of the Settlement into the district in which the murder was committed. As this was none

other than Chapei, which was devastated in the fighting in 1932, the appearance of the Japanese patrols was followed by a mass exodus of Chinese refugees—carrying with them as much of their worldly goods as they could—into the Settlement area. Fortunately there has not as yet been any dramatic sequel, and the refugees are even beginning to return. Shanghai is, indeed, a less likely scene of possible Japanese activity than Northern China. The Shanghai affair of 1932 brought the Japanese neither profit nor credit; and Japan's interests may be better served by commandeering the golden eggs than by killing the goose that lays them on the banks of the Whangpoo River. Nevertheless, this shooting affair is the last news that we should wish to receive from Shanghai at the present critical juncture in world affairs.

* * *

A Canadian-American Trade Agreement.—The negotiations for a trade agreement between the United States and Canada have at length been brought to a successful conclusion, which President Roosevelt and Mr Mackenzie King were able to announce in their respective Armistice Day speeches. The details of the agreement have not been published and will not be until after the signature, which may take place on Friday of this week. It is impossible, therefore, at the moment to be sure exactly how much the agreement amounts to. But it is believed to be comparatively limited in scope. The American concessions are expected to concern lumber, live cattle, cream, seed potatoes and a few other farm products. Canada will make concessions on a few manufactured goods such as motor cars, but the greatest benefit to the United States will come from the application of the Canadian intermediate tariff to American goods and from the abandonment of the Canadian practice of arbitrary valuations. This agreement is one of peculiar importance for the future of world trade, for the reason that the circumstances were more favourable for a really radical reduction of tariff barriers between Canada and the United States than between almost any other pair of countries. In Canada the Government has just been swept into office with a record majority after a campaign in which Free Trade played a very large part. In the United States the Secretary of State, with the backing of the President, has for two years been preaching and, when opportunity offered, practising a policy of tariff reductions. Moreover, between Canada and the United States there are no red herrings of differing standards of living to draw across the trail of freer trade. If Mr Roosevelt and Mr Mackenzie King cannot agree upon a radical reciprocal reduction of tariffs, then the cause of freer trade, with all that depends on it, is indeed in a bad way. Not that the present agreement has been politically "safe" for both the parties to it. Mr Mackenzie King, with an unprecedented vote of confidence behind him and five years of undisputed rule before him, could afford to take the risks. But President Roosevelt must have hesitated before imposing any "sacrifices," however light, upon the farming community whose votes he will need within twelve months. Already there are murmurs of discontent among the affected parties, and since it is so firmly established a tradition of American politics that considerations of the common good do not avail to answer an injured special interest, Mr Roosevelt cannot afford to ignore even the most partisan objections. To arouse Congress against an agreement which in fact does no more than nibble at the problem of trade barriers would do no service either to the President or to the cause of freer trade. If the American Government's trade agreements policy means anything substantial at all, the agreement with Canada is the opportunity *par excellence* to demonstrate it. It is to be hoped, therefore, that the list of concessions when it is published will be such as to confound the sceptics of both capitals.

* * *

A Shipping Dispute.—A threatened break-up of the North Atlantic Shipping Conference has been averted by the discreet decision of the German lines. The trouble arose from the German practice of using blocked marks in payment of freight, which was equivalent to a discount in favour of the German lines of about 30 per cent. on the

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fixed Conference rates. The effect of this naïve discrimination was, naturally, to divert an appreciable share of the traffic to the German lines, to the growing disadvantage of the other lines in the Conference. The resulting situation which developed became so tense that the American Black Diamond Line tendered its resignation from the Conference, followed quickly by the Canadian, Belgian and Dutch lines. By last Saturday all the non-German members had resigned and were prepared to begin a freight war. Speedy action was imperative, and negotiations were opened, consequently, in Berlin between representatives of the Arnold-Bernstein Shipping Company and the Red Star Line, on the one hand, and a joint committee of the United States lines, the Hamburg-Amerika Line and the Norddeutscher Lloyd, on the other. Fortunately a settlement was reached just in time to prevent the resignations from taking effect. The German lines claimed that, in using blocked marks, they were simply availing themselves of methods authorised by the German Government, and that all foreign shipping lines calling at German ports had the same opportunity to use these marks if they chose. Direct representatives of the Government, incidentally, watched the negotiations. In the end, a decision to renounce the use of blocked marks was reached and cabled to New York in time to secure the withdrawal of the resignations. No British shipping lines were involved, for the Conference includes only American, Canadian and Continental cargo steamer services engaged in the trade between Western Europe and the United States.

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Overseas Trade in October.—The preliminary overseas trade figures for October, published on the eve of the election, bear out the Government's claim that recovery is making rapid progress, without substantiating any further claim to responsibility for this desirable result:—

TRADE IN OCTOBER

	1933	1934	1935	Change between 1934 and 1935	
Total imports	£ 61,766	£ 68,762	£ 73,383	+ 4,621	+ 6.7
British exports	34,131	36,749	39,385	+ 2,636	+ 7.2
Re-exports	4,571	4,001	4,732	+ 731	+ 18.2
Total exports	38,702	40,750	44,117	+ 3,367	+ 8.3
Excess of imports over exports ..	23,064	28,012	29,266	+ 1,254	+ 4.5
Transshipments under bond	2,279	2,365	2,501	+ 136	+ 5.8

TRADE IN THE FIRST TEN MONTHS

	1933	1934	1935	Change between 1934 and 1935	
Total imports	£ 549,218	£ 605,290	£ 612,410	+ 7,120	+ 1.2
British exports	302,527	325,756	351,643	+ 25,887	+ 8.0
Re-exports	41,577	43,672	45,255	+ 1,583	+ 3.6
Total exports	344,104	369,428	396,898	+ 27,470	+ 7.4
Excess of imports over exports ..	205,114	235,862	215,512	- 20,350	- 8.6
Transshipments under bond	19,903	19,858	20,461	+ 603	+ 3.0

An increase of £12.5 millions in October imports, compared with those of September, is partly due to seasonal

actors, especially in foodstuffs. The increase of nearly 7 per cent. as compared with a year ago, however, is more substantial, and covers all classes of imports. Exports have risen by nearly 10 per cent. as against October, 1934, and are now higher than they have been since 1930. Even on a daily basis they are 13 per cent. greater than in September. The large increase of £27 millions in total exports for the ten months, as compared with last year, and the comparatively small change in imports, have reduced the unfavourable balance of trade by over £20 millions.

* * *

Record Output of Steel.—The latest returns issued by the British Iron and Steel Federation reveal a further expansion of activity in this branch of industry. Production of steel ingots and castings rose from 812,000 tons in October, 1934, to 855,900 tons last September, and 907,300 tons in the past month. It is interesting to note that output of crude steel in October was higher than in any month since March, 1927. Total production of crude steel since January amounts to 8,127,600 tons, compared with 7,439,200 tons during the corresponding period in 1934. The increase in the output of pig iron, from 527,100 tons in October, 1934, to 529,600 tons and 544,300 tons respectively, during the past two months, was less marked than in the case of steel. We shall comment on the position of the iron and steel industry in a forthcoming issue of the *Economist*.

* * *

The Gold Clause.—Of varying legal interpretations of the "gold clause" there is no end. After Feist's case in Great Britain, came the judgment of the Supreme Court of the United States, and after the Supreme Court comes a new judgment in the English King's Bench Division. On Friday of last week, Mr Justice Branson found for the Crown on a petition of right in respect of bonds of the 1917 Twenty-year Five and a-Half per Cent. Coupon Gold Loan issued in the United States by the Government of the United Kingdom. The bond provided that principal and interest would be paid at the option of the holder either in New York "in gold coin of the United States of America of the standard of the weight and fineness existing on February 1st, 1917," or in London in sterling at the fixed rate of \$4.86½. His Lordship refused to accept the Crown's contention that payment was determined by the United States law. The presumption that a Sovereign State like the United Kingdom would submit to any Court but that of its own country was so strong, he declared, that only an express stipulation to the contrary (absent in the present instance) could displace it. Construed according to English law, did the expression in the bond fix the mode of payment or the measure of obligation? The gold clause, His Lordship found, was inserted as a customary clause, without any special reference to the possibility of the United States going off the gold standard. It was not now possible for the Government's agents to make payment in the United States according to the terms of the bond. The requisite gold coins were not in existence, and even if the British Government possessed them, American recipients would be doing an illegal act in accepting them. So much of the bond as related to payment in gold coin in New York had therefore become void, while the obligation to pay in London at the fixed rate of exchange calculated on the nominal amount of the bond remained. The judgment will be welcome to the British Treasury and taxpayer, who have become involuntary beneficiaries from President Roosevelt's devaluationist legislation. Unfortunately, its general effect is to leave the question of the gold clause, under British law, very much in the air. It is clear that no element of finality attaches to the result in Feist's case, for differences in circumstances and wording, in any given instance, may, apparently, be sufficient to justify a diametrically opposite finding.

* * *

The Resources of the Empire.—The Colonial Office has issued "An Economic Survey of the Colonial Empire (1933)." This compilation was first issued last year, and it is intended to make it an annual publication.

The survey* is a volume of 573 closely-printed foolscap pages, containing a mass of information about each of the Colonies. It compels admiration, but defies review. Towards the end of the volume, however, there is a statistical table entitled "A Summary of Some Significant Figures," from which we have abstracted the following table, adding comparable figures for the United Kingdom:—

Colony	Population	Density per sq. mile	Public Debt	Revenue per head	Imports per head 1933	Domestic Exports per head 1933
Kenya	3,084,721	14.0	£'000	£ s. d.	£ s. d.	£ s. d.
Uganda	3,620,193	44.9	16,163	0 12 11½	1 3 2½	0 15 4
Tanganyika	5,038,590	14.9	2,236	0 7 24	0 7 3	0 19 6½
Total East Africa (a)	15,319,400	14.8	33,036	0 8 2½	0 8 2½	0 10 1
Nigeria	19,814,542	53.2	24,101	0 4 2½	0 6 8½	0 8 7½
Gold Coast	3,357,950	36.5	10,711	0 13 9½	1 13 0	2 6 5½
Total West Africa (b)	25,219,056	50.7	36,991	0 5 9	0 10 9½	0 14 0
Ceylon	5,463,200	216.5	8,988	1 4 1	2 8 8½	2 9 5½
Malaya (c)	5,961,969	38.0	27,426	2 3 8	13 1 11	2 9 5½
Hong Kong	922,642	2,359.7	902	2 6 5½	39 11 2	(d)
Total Asia (c)	11,877,530	74.2	38,863	1 15 2½	9 19 3	(d)
Mediterranean (f)	1,745,163	126.5	4,953	2 18 2	9 3 5	2 0 8
Jamaica	1,101,859	229.2	3,109	1 15 0½	0 7 8	2 3 11
Total America (g)	3,937,803	32.4	14,574	1 10 6	3 1 1	2 19 6½
Western Pacific (h)	404,100	16.4	1,139	1 11 7½	3 6 7	4 16 5
GRAND TOTAL	59,400,000	27.7	129,594	0 15 8½	2 18 3	1 12 4
UNITED KINGDOM	46,538,000	468	7,821,100	17 5 6	15 14 5	8 10 1

(a) Including also Nyasaland, Northern Rhodesia, Zanzibar and Somaliland. (b) Including also Sierra Leone, Gambia, St. Helena and Ascension. (c) Including Straits Settlements, Federated Malay States, Unfederated Malay States, Brunei, North Borneo and Sarawak. (d) Not available. (e) Including also Mauritius and Seychelles. (f) In Bermuda, Guiana, Honduras, Leeward and Windward Islands, Trinidad and Falkland Islands. (g) Including Fiji, Gilbert, Ellice and Solomon Islands, Tonga and New Hebrides. (h) In most cases, estimates for 1933 or 1934.

Some of these figures shed light on the problems discussed in the leading article on page 950 of this week's *Economist*. Their most striking characteristic is their diversity. The Colonial Empire, as a whole, has a net excess of imports. But many individual Colonies have a striking net excess of exports, Jamaica, for example, selling six times as much as she buys.

* * *

British Agriculture in 1934.—The latest volume of Agricultural Statistics,† published by the Ministry of Agriculture, contains the first estimate of the value of agricultural and horticultural produce sold off farms in England and Wales in 1933-34. The estimates for recent years, given in the following table, do not include glasshouse produce, flowers grown in the open and nursery stock, the combined output of which was valued at £7,120,000 in the census year 1930-31:—

Item	1930-1	1931-2	1932-3	1933-4	Percentage of Total in 1934
Livestock	65.0	58.2	56.4	60.7	31.2
Milk and dairy produce	55.0	49.5	52.3	55.4	28.5
Poultry and eggs	21.0	20.0	20.8	21.5	11.0
Wool	1.3	1.2	1.8	1.8	0.9
Total	142.3	128.9	131.3	139.2	71.6
Corn	9.8	9.8	8.9	9.8	6.0
Potatoes	11.7	15.9	9.1	8.5	4.4
Sugar beet	6.8	3.1	4.2	5.7	2.9
Hops	0.9	0.9	1.6	3.1	1.6
Hay, straw and miscellaneous	4.0	3.3	2.6	3.3	1.7
Total	33.2	33.0	26.4	30.4	15.6
Fruit	7.8	5.6	7.1	8.2	4.2
Vegetables	12.3	15.1	12.9	16.8	8.6
Total	20.1	20.7	20.0	25.0	12.8
Grand total	195.6	182.6	177.7	194.6	100.0

The rise of 9 per cent. in the value of the total output last year was due partly to increased production in certain directions, and partly to a rise in prices. The increased value of livestock, the largest single item in the table, was accounted for by sheep and pigs, the return from sales

* "An Economic Survey of the Colonial Empire (1933)." Colonial No. 109. H.M. Stationery Office. £1 5s. net.
† "Agricultural Statistics, 1934." Part I. H.M. Stationery Office. 1s. 6d.

of cattle being rather smaller than in the previous year. The stimulus afforded by the Milk Marketing Scheme is reflected in the increased value of milk and dairy produce. In the case of poultry and eggs, a greater output in 1933-34 was partly offset by slightly lower prices. With the exception of potatoes, the value of which declined by a further 6 per cent. last year, each item in the farm crops group showed an increase. The figures in the table take no account of the deficiency payments made under the Wheat Act; nevertheless, the value of the wheat output rose by 23 per cent., to well above the level of 1930-31, while the value of the barley crop registered a modest improvement. Producers of sugar-beet and hops benefited from the Government's generous intervention. Growers of fruit and vegetables enjoyed a return higher than that obtained for many years past.

* * *

Customs Receipts and Imports.—In contrast to the expansion of world industrial activity since 1932, international trade remains hamstrung by quotas, currency restrictions and tariffs. Even that which remains is handicapped by higher and more diversified duties and takes place despite these higher levels. This is illustrated by the following table showing customs receipts of various countries since 1928 as a percentage of the value of imports. Revenue from duties on cocoa, coffee, tea, sugar, beer, wine, spirits and tobacco is excluded from these calculations, as being of the nature of "revenue" rather than "tariff" receipts:—

	France	Germany	United Kingdom	United States
	%	%	%	%
1928	5.7	6.3	2.3	11.3
1929	6.8	6.3	2.7	11.3
1930	7.9	8.8	3.2	11.5
1931	13.7	10.4	4.9	14.0
1932	18.6	18.6	10.6	15.7
1933	15.8	16.4	13.6	16.6
1934	16.6	16.9	13.7	†

† Not yet available.

In 1928 protective duties provided almost a negligible proportion of total customs revenue in France, Germany and in the United Kingdom. Since then, however, the tariff walls have been raised considerably. The slight decline since 1932 in the ratio of customs receipts to imports in France and Germany is probably due to the reduction in imports of finished goods subject to a high rate of duty. This, indeed, may be the result universally. For in the end duties if they are high enough will cease to yield a revenue by stopping all importation except of such goods as happen to remain on the free list.

* * *

Juvenile Unemployment.—The absorption of juvenile labour by British industry has continued during the past year. Despite the large influx of school-leavers on to the labour market, the average number of children on the registers of Employment Exchanges in 1934 was about 1,000 less than in 1933. The position deteriorated, however, as the year went on. According to an estimate made by the Ministry of Labour in a recent publication*, there were 80,000 more boys and girls between the ages of 14 and 18 available for employment in December, 1934, than there were in December, 1933. The approximate numbers registered as unemployed in December, 1932, 1933 and 1934 respectively were 108,000, 72,000 and 100,000; and by September, 1935, the figure had risen to 125,000. This large mass of unemployed juveniles, however, is not spread evenly over the country. Nearly a fifth of the total is concentrated in six large towns—Glasgow, Liverpool, Manchester, Sunderland, Newcastle and Bristol. On the other hand, at the three Central London Exchanges there were more than 1,400 unfilled vacancies in September, 1934. The percentage of insured unemployed boys and girls aged 16-17 in the Southern and Midland divisions in December, 1934, was 2.4; the corresponding percentage for the Northern divisions, Scotland and Wales was 6.7. Moreover, the intensity of unemployment varies very considerably. Of those wholly unemployed, just over 7 per cent.

* "Report on Juvenile Employment for the Year 1934." H.M. Stationery Office. 4d. net.

in the South-Eastern division had been on the registers for over three months; in the Northern divisions, on the other hand, the proportion was between 15 and 20 per cent.; while in Scotland and Wales it was over a quarter of the total. Attempts have been made on a small scale since 1928 to transfer juveniles from the distressed areas to those in which there is an expanding and often unsatisfied demand for cheap, unskilled labour. The Government gave their blessing to these efforts last autumn as a result of the Reports of the Commissioners for the Special Areas; and 5,173 children were transferred in 1934 under the scheme. The Government have since reaffirmed this policy in their Election Manifesto. Few will question the advisability of transferring the younger workers from these areas, where already the older workers are redundant.

* * *

Great Britain's Fish Supply.—Britain's fishing industry received some encouragement in the quarter ended September 30th last. The first-hand value of the wet fish landed at the ports of Great Britain from British and foreign-owned fishing vessels, together with imports, during the third quarter of the year exceeded £5,000,000—£346,000 more than in the corresponding three months of 1934. The details, compiled from the returns of the Ministry of Agriculture and Fisheries and the Board of Trade, are as follows:—

	Weight in cwts.	Value	1934	1935
July-September	1934	1935	1934	1935
British caught:—				
England and Wales	3,041,417	3,056,118	2,841,389	3,045,694
Scotland	2,061,558	2,273,304	1,057,805	1,246,232
Shellfish	...	...	113,805	107,479
Total	5,102,975	5,329,422	4,012,999	4,399,405
Foreign caught	114,990	81,924	164,103	137,369
Imported	216,508	206,650	548,175	534,445

It will be noted that for England and Wales the weight of British-caught fish was practically the same as a year ago and that the amount realised was £200,000 more. The average works out at 19s. 11d. per cwt. as against 18s. 8d. Scottish landings were much heavier, with a corresponding increase in the aggregate value, while the average was 10s. 11d. per cwt., as against 10s. 3½d. There was some slight diminution in the weight and value of the wet fish landed from foreign-owned fishing vessels and also of imports. On the whole the quarter's working may be regarded as satisfactory for both England and Wales and Scotland. Owing to the suspension of fishing in the White Sea and Bear Island areas during the summer months, there was occasionally, at Hull in particular, a shortage of the cheaper kinds of fish required by fish friers, and the wisdom of thus restricting supplies in the interests of more remunerative prices has again been questioned. Exports of wet fish in the three months showed a value of £139,819, against £126,276; and of "cured or salted" (not canned) £934,092, against £720,328. On the other hand, imports of canned fish at £725,255 were £233,300 below the total value for the corresponding three months of last year. In order to show the progress of the industry so far this year we give below the figures of landings and imports for the nine months to date:—

	Weight in cwts.	Value	1934	1935
January-September	1934	1935	1934	1935
British caught:—				
England and Wales	9,108,008	9,272,927	8,655,202	8,615,901
Scotland	4,218,850	4,581,587	2,750,654	3,029,878
Shellfish	...	...	291,732	282,091
Total	13,326,858	13,854,514	11,697,588	11,927,870
Foreign caught	517,436	454,010	430,132	381,558
Imported	951,298	1,147,382	1,629,844	1,739,137

From the above table it will be seen that rather larger landings of British-caught wet fish at the ports of England and Wales were accompanied by some decrease in aggregate value, while at Scottish ports there were both increased landings and increased financial returns. Foreign landings were smaller; but imports, including herrings, were larger. The exports of British-caught wet fish in the nine months had an f.o.b. value of £597,769 compared with £634,999, and of cured or salted fish (not canned) £1,527,326, compared with £1,440,393, the increase being attributable to larger exports to Germany and Poland and the resump-

tion of exports to Russia. So far this year our imports of canned fish have reached £2,907,823—an increase of £84,670; and of cured or salted £200,548—an increase of £106,480. On the whole, the prospects of one of our most important coastal industries now look distinctly better.

* * *

Transvaal Output in October.—The Transvaal Chamber of Mines Report for October shows output of gold at 931,724 fine ounces, compared with 902,333 fine ounces in September and 885,627 fine ounces in October, 1934. The gold produced in October, 1935, was valued at £7 is. per fine ounce. The following table shows the monthly production since the beginning of 1929:—

Month of	1929	1930	1931	1932	1933	1934	1935
January ...	876,452	882,801	914,576	936,784	967,457	907,641	890,875
February ...	815,284	818,188	839,937	914,012	883,145	826,363	821,246
March ...	866,529	869,370	910,998	960,035	946,863	874,112	882,309
April ...	872,123	868,606	882,337	949,796	895,087	865,822	869,956
May ...	897,598	916,213	910,279	965,644	944,604	898,418	916,035
June ...	856,029	887,867	897,750	959,011	918,633	868,129	889,026
July ...	889,480	912,652	916,943	981,160	923,671	876,094	927,803
August ...	889,601	921,081	916,425	991,322	934,714	881,861	929,331
September ...	849,553	903,176	916,024	961,501	901,799	857,442	902,333
October ...	888,690	926,561	945,113	974,965	908,888	885,627	931,724
November ...	861,593	884,753	900,510	978,716	898,468	878,847	...
December ...	851,134	906,492	923,353	980,618	894,156	866,037	...
Total ...	10,414,966	10,719,760	10,874,145	11,553,594	11,017,485	10,486,393	10,960,638

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

	Feb., 1935	Mar., 1935	April, 1935	May, 1935	June, 1935	July, 1935	Aug., 1935	Sept., 1935	Oct., 1935
Gold mines	257,953	259,417	262,678	264,067	267,209	268,409	269,905	269,775	271,416
Coal mines	13,355	13,476	13,385	13,677	13,945	14,097	14,150	14,247	14,131
Total...	271,308	272,893	276,063	277,744	281,154	282,506	284,055	284,022	285,547

The number of natives employed again increased in October.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

EUROPE BUYS IN WALL STREET

EUROPEAN buying of American equities continues to be the feature of Wall Street, but in the absence of statistical records one would hesitate to say that it is unparalleled. The average volume of trading is currently running near 2,000,000 shares, which is a low volume compared to that of 1929. An unusually large proportion of the transactions represent European buying; and this buying has become increasingly conspicuous since early summer. Whether it represents European confidence in the American recovery, or a flight of European capital from the alarms of war, or is an "equilibrating" international movement of capital in a world which simultaneously forbids the free movement of goods and permits the free movement of securities, are matters of opinion.

There can be little doubt that when in January, 1934, the United States entered upon *de facto* stabilisation of the dollar at one thirty-fifth of an ounce of gold, the American security market was cheaper than certain European security markets. And at the two periods when the United States security markets were at their lowest points—in July, 1932, and in February 1933—the pound was at a considerable discount on the dollar. In spite of the great rise in American securities, their price in pounds to a British investor shows no comparable advance. Finally, the American economy, which for 1935 is on a level 10 per cent. or more above 1934, appears to have been rising more vigorously in the past months than most other national economies. In comparison with 1932 the United States recovery probably equals that of any nation; in

Rayon Production in India.—An Indian correspondent writes:—The question of developing a rayon industry in India has begun to exercise the mind of the people and the Government in recent months. There was once a general impression in the country that, due to climatic and other conditions, it was not possible for India to develop a rayon industry. It is now understood on reliable authority, however, that the Indian Central Cotton Committee has undertaken an investigation into the possibility of the manufacture of rayon from cheap short, staple Indian cotton. The Government of India have approved of the scheme, and are also stated to have sanctioned an expenditure of Rs. 30,000 for this purpose in the initial stage. Dr. I. L. Thoria, an Indian chemist who has had considerable training in chemical engineering, etc., in various foreign countries, has been engaged to investigate the tensile strength and the elasticity of the acetate material prepared from the various short staple Indian cotton. It is still very doubtful if cotton is likely to be successful as a source of the manufacture of rayon in face of its two formidable rivals, viz. wood-pulp and flax. These are cheaper than cotton and are even capable of giving equal or better results in respect of elasticity. India consumes a very large quantity of rayon piece goods. The quantity and value of imports of rayon piece goods into India during the year 1932-33 and 1933-34 were as follows:—

	Quantity Yards	Value Rs.
1932-33	125,000,000	31,000,000
1933-34	58,000,000	17,300,000

During the year 1934-35 the duty realised on imports of artificial silk piece goods by the Government exceeded Rs. 10 millions. The loss both to British exporters and to the Government of India would clearly be considerable if these imports were displaced by home products.

terms of the late '20's it would probably still rank as among the most depressed.

The acute weakness of the Hongkong and Shanghai dollar, in terms of silver pegged at 65½ cents in New York, has emphasised the international aspects of silver. It is interesting to draw a distinction between America's silver policy and her silver programme; although no such distinction was ever made formally or perhaps clearly recognised officially. The policy was stated, at the London Conference of 1933, to be the extension of the monetary use of silver in the direction of its remonetisation. The programme was the series of executive and legislative acts, supposititiously in furtherance of this policy. This series of manoeuvres to raise the price of silver. The two exceptions are (a) the legislative Act prescribing that the metallic reserve of the American currency shall consist of both silver and gold at a ratio of 1 to 3; and (b) direct aid extended to Cuba to acquire silver for monetary purposes. Beyond that, the programme may be said to have been in conflict with the policy, for it has long been clear that an indefinite campaign for raising the price of silver, over an uncertain period to an unspecified maximum, made it impossible for any nation employing silver as a monetary metal to formulate a monetary policy.

Still, a change in our silver programme is not very probable, and such a change would require an Act of Congress. Moreover, the Treasury profit on silver, to be secured by its ultimate revaluation, is of no small concern. Administrative spokesmen invariably set the gold profit against the cumulated deficit; and the silver profit, to be obtained by a formal revaluation of that metal, also mounts to substantial figures, even at the "statutory

price." Furthermore, since neither the gold profit nor the silver profit can be realised except by the issue of currency, the silver programme has provided the Treasury with a supplementary and potentially effective monetary mechanism entirely beyond the control of the Federal Reserve System.

The opening of the Automobile Show two months in advance of its usual timing has found the motor industry in a most optimistic state and looking forward to activity during two months which have usually been marked by receding operations and, in December, partial or complete inactivity. The transition to the new models was made in September and October, and it is of significance that this could be done without causing any recession in general business and productive activity, even in steel output. With the resumption of motor production steel output has risen, and is at present slightly above 50 per cent. of capacity, or near the year's peak output of last January.

THE RECOVERY IN PRODUCTION

The Federal Reserve Board's index of production was 88 in September, one point above August, and 19 points above September, 1934. The following table shows the course of industrial production over the past two years:—

	1933	1934	1935
(1923-25 = 100. Adjusted for seasonal)			
January	65	78	91
February	63	81	89
March	59	84	88
April	66	86	86
May	78	86	85
June	91	84	86
July	100	76	86
August	91	73	86
September	84	71	88
October	76	74	...
November	72	75	...
December	75	86	...
Average	76	79	87 (9 mos.)

Two facts are illustrated by this table:—(1) That the average for the year to date is higher than that for 1934 by far more than 1934 was above 1933; and (2) that the change derives largely from the continuance into the autumn of the spring level in 1935, compared with the violent decline in 1934.

The following table shows the Federal Reserve indices:—

	Sept., 1934	March, 1935	August, 1935	Sept., 1935
(1923-25 = 100. Adjusted for seasonal)				
Industrial production (total)	71	88	87	88
Manufactures	69	86	87	88
Minerals	82	97	81	86
Construction contracts (total)	29	26	38	42
Residential	11	16	24	26
All others	44	35	50	55
Factory employment	74	82.4	81.7	81.9
Factory payrolls	58.0	70.7	69.6	72.1
Freight-car loadings	59	65	60	62
Department store sales	75	82	79	82

Except in building, the September figures are almost identical with those of March. In building, there is a great increase, and this is one of the conspicuous developments of the year. While the figure of "all other" building contracts is subject to erratic fluctuations owing to the incidence of public undertakings, the persistent climb of residential building has probably exercised a great influence upon employment. The index of "factory employment," for example, was a bit lower in September than in March, but one would hardly infer that there was more unemployment after referring to the building data.

The application of the New York, New Haven and Hartford Railroad for reorganisation recalls the remarkable failure of railway traffic to keep up with the increase in general production. As yet the railways have not participated perceptibly in the general recovery as far as their volume of business is concerned; while at the same time they have restored their wage scale and added certain social charges. With the addition of the New Haven, about one-third of the railroad mileage is now under reorganisation, and much of it has come into this category in a year when a good proportion (a major proportion in point of numbers) of industrial enterprises have been doing very well.

NEW YORK, November 4.

FRANCE

"NO PANIC DEVALUATION"

ON Armistice Day, both in Paris and the other big cities, the members of the Fascist "leagues" went with tricolour flags to the War Memorial monuments, where they were followed by the "Popular Front" adherents with tricolours and red flags. But there were no violent demonstrations.

Six months before the Chamber elections, the position of the political parties is very puzzling. The civil servants are against deflation, whilst the rentiers are against devaluation. The Conservatives are against the *rapprochement* with Russia, while the Communists declare their attachment to the "defence of the franc" and wish long life to the "Republican Army." The Popular Front is for sanctions against Italy, but the country is unanimously in favour of the maintenance of peace. All these negative policies favour the Laval Cabinet, as is illustrated by the recent conflict between M. Laval and the Finance Committee of the Chamber.

M. Régnier, the Finance Minister, argued before the Committee that its proposals for "humanising" certain decree-laws would create a new deficit of 2,575 million francs, while the methods proposed to cover this deficit would bring in 85 millions of supplementary receipts only, and 885 millions of supplementary loans. M. Laval reiterated his determination to "defend the franc"; he emphasised the necessity of balancing the Budget and the impossibility of reconciling new reductions in taxes with the suppression of the cuts.

M. Reynaud, the leader of the devaluationists, declared against "a devaluation in panic"; and M. Laval retorted that an "ordered devaluation" was unthinkable so long as the pound was not ready for stabilisation. The controversy is not yet likely to become acute, since M. Herriot and the other Radical-Socialists in the Cabinet have declared their fidelity to M. Laval. A compromise will probably be reached before the Chamber resumes its session on November 26th.

M. RÉGNIER ON THE CRISIS

Before speaking to the Finance Committee, the Minister of Finance discussed the causes of the French crisis at a meeting of the American Club of Paris. He declared that since 1930 the consumption of most articles of necessity (such as meat, sugar, coffee), and often of luxury products (telephones, motor cars and wireless sets) had not suffered a great fall, whereas the index of industrial production has declined steadily to its present level, which is the lowest since September, 1934—though it was 94 in September, 1935, against 93 in August. The explanation of this contradiction seems to be that a 20 or 30 per cent. fall of prices has compensated for the fall in wages, so that purchasing power in goods remained the same as in 1931 or 1932. The French crisis, according to M. Régnier, is due to the fact that half the country lives by producing agricultural goods, the prices of which have fallen below the costs, so that the farmer is living on his savings. Both industry and agriculture extensively renewed their equipment after the war (through Reparations indemnities) and during the prosperous years which followed, so that industry is now sufficiently equipped, while agriculture is prevented by the disappearance of profits from purchasing new equipment. This injures the heavy industries. Such a situation, M. Régnier said, justified the Government's policy of economies and the safeguarding of credit. M. Régnier also expressed the opinion that potentialities of renewed activities existed in France. He might have added that the purchasing power of the country has been supported by the 75,000 millions of loans, which the State has issued for the payment of considerable subventions, pensions, etc., to the creditors of the State.

The peak of official unemployment was reached in February, 1935, at 503,502 persons. It then seasonally declined to 373,446 in September (against 323,365 in September, 1934); while the percentage of workers working less than 48 hours in the week was 41.90 per cent. in October, against 49.50 per cent. in February. The percentage of those unemployed one day a week was 29.57

per cent. in October, 1935 (29.39 per cent. in October, 1934), and of those unemployed two days, 3.61 per cent., against 5.71 per cent. Total official unemployment rose to 380,719 units in October; a rise which is partly seasonal.

The Statistique Générale has just published its monthly figures showing industrial production in France (1913 = 100):—

	Sept., 1934	July, 1935	Aug., 1935	Sept., 1935
General index	95	93	93	94
Engineering	99	95	96	96
Iron and steel	79	80	79	80
Textiles	54	67	66	68
Mines	102	98	98	99
Building (adjusted figures).....	80	65	66	68
Leather (" ").....	90	93	93	92
Paper (" ").....	141	129	127	121
Rubber (" ").....	852	760	761	773
Motors. (" ").....	466	412	402	380

In the motor industry 6,393 automobiles and 1,435 lorries have been put on the road, compared with 8,760 and 1,507 in August. The figures for the cotton industry are as follows:—

	June, 1935	July, 1935	Aug., 1935	Sept., 1935
<i>Spinning</i> (average per spindle in kilograms):				
Production.....	1-408	1-536	1-520	1-521
Deliveries.....	1-443	1-533	1-563	1-561
Stocks.....	2-145	2-117	2-041	2-997
Unfulfilled orders	4-477	4-353	4-160	4-196
<i>Weaving</i> (average per loom in pieces of 100 metres):				
Production.....	4-26	4-69	4-58	4-94
Deliveries.....	4-44	4-75	5-17	4-85
Stocks.....	8-32	9-89	9-25	9-31
Unfulfilled orders	16-96	16-41	13-59	15-97

Bankruptcies and judicial liquidations amounted to 1,100 in October, compared with 662 in September and 1,027 in August.

PARIS, November 14.

GERMANY

AN EMBARGO ON EXPORTS

THE Government this week declared an embargo on exports of certain foodstuffs and raw materials. Politically this measure, which is an outcome of the League sanctions against Italy, has considerable importance. It will, in effect, operate in the direction of League policy, assuring Germany against the reproach of deliberately impeding sanctions; but inasmuch as it is justified by valid economic motives it cannot be regarded by Italy as hostile. Germany's shortage of food and raw materials and her foreign exchange difficulties have, in fact, happily coincided with her political desire to maintain a more than merely formal neutrality. The unrestricted delivery of vital goods to Italy, which might have been possible with the help of transit imports, would, though in accord with formal neutrality, have certainly been regarded as directed against the League. But as Germany is obviously waiting to see how the conflict develops, a later pro-League or pro-Italian policy is not precluded; and either could easily be pursued within the limits of the declared neutrality.

The export embargo embraces all edible oils and fats (including butter); potatoes (on the ground that this year's crop was unsatisfactory); the industrial raw materials, iron and steel, non-ferrous metals, except copper, exports of which are already regulated; textile materials; and non-edible oils of all sorts. Coal is not on the list, on the official ground that exports are already regulated; but it seems that here a free hand is desired. It is officially stated that goods on the new embargo list have been of late increasingly bought up by "countries neighbouring on Germany." This in particular was true of margarine, the home supply of which is very small.

For almost all the industrial materials on the list Germany is an importing country; the sole exception is iron and steel, in which there is a substantial export surplus. It is officially observed that the embargo imposed on the

export of steel semi-products and rolling-mill materials is designed to secure the execution of the existing international quota agreements. In reality Germany could not rapidly increase her steel exports without going short of material for "work creation" and re-armament. Although home steel production is now around 300 per cent. of that of 1932, the net exports have in the meantime risen only about 10 per cent.

It seems certain that in these conditions any considerable increase of German deliveries to Italy would not be profitable; so that here again financial and political considerations coincide. The export embargoes come into force on November 16, with the exception of that on iron, which comes into force on November 25th.

PRICES AND THE FOOD SCARCITY

There was a further rise on November 6 in the index numbers of the prices of all the food and fodder groups and of textile raw materials and hides and leather. Pork and margarine were more generally obtainable last week; but the butter shortage continues and the qualities marketed are inferior. New measures have been taken for the regulation of slaughtering. There are complaints of the bad quality of potatoes on sale in industrial centres. At the Reich Farmers' Congress it was officially stated that food cards would not be introduced. Cards, however, are increasingly being issued by retailers. Sowing of winter cereals has been delayed by rain. But the "condition index" for wheat is the same as a year ago, while that for rye is a little lower.

The number of unemployed increased in October by 114,000 to 1,828,000, as against a decline of 14,000 in October, 1934. The official Konjunkturinstitut criticises the official figures as being too pessimistic. Its grounds are that more than half a million of the registered unemployed are incapable of work, and that the permanently unemployed labour reserve has about the same dimensions. Even if a third class, the invisible unemployed, is counted, the real number of unemployed, defined by the Institute as "those for whom employment must be found," is below one million. The Institute's estimate of coming winter unemployment is less optimistic. A seasonal increase of more than one million may be expected. This high estimate is based on the fact that in the present trade recovery (largely building and road-making) the share of "outdoor" labour is very large. Increasing unrest is reported in the factories, and there are stories of attempted local strikes and anti-Nazi demonstrations.

Owing to the increase in the share of coal sales to "contested" districts, the Ruhr Coal Syndicate has sharply increased its monthly tonnage assessment. The activity of the coal trade is becoming more dependent on the demands of the iron and steel industry. Chamber of Commerce reports from South Germany speak of a shortage of raw textile materials so acute that complete cessation of production within the next few weeks is possible.

Speaking last week at Frankfurt am Main, the Finance Minister, Count Schwerin von Krosigk, strongly defended the official policy of financing work-creation and rearmament with credit. He declared that the short-term debts contracted for rearmament would ultimately be consolidated; but implied that there is no prospect of a reduction of taxation. He dismissed the food shortage as due to the "nervousness of old women of both sexes."

Money during the past week was very plentiful; day-discount-rate at 3-3½ per cent., sometimes lower, and market of short-term investments, and after Reich Treasury bills in large quantities into Gold Discount Bank promissory notes. Offers of money are, however, confined to the markets for short-term and rediscountable securities. There is a visible desire for increased liquidity, which is partly due to the approach of the year end, partly, it seems, to anxiety about home and international development factors.

The Reichsbank's return on November 7th shows the repayment of 51 per cent. of the October-end credits, as against 41 per cent. in the corresponding week of 1934.

The improvement was due to the taking over by the Gold Discount Bank of Reichsbank discounts, payment being made with the proceeds of sales of the former's promissory notes. The Reich also repaid a great part of its operating credit.

BERLIN, November 13.

ITALY

PUBLIC OPINION AND SANCTIONS

THE newspapers are more and more given up to stories of sanctions and counter-measures. The outstanding fact is the almost total disappearance of the sentiment of "traditional friendship" between Italy and England. It is to-day impossible to meet an Italian who dares to confess pro-League feelings. It has been said that the intervention of the League of Nations (which is taken here to mean in effect Great Britain) had worked the miracle of transforming the few remaining "anti-Africanists" here into fervent Colonialists. Sanctions have now accentuated this change of sentiment. Wholly apart from newspaper propaganda, sanctions are simply not understood by the man in the street. This may explain the extraordinary success of the anti-sanctions propaganda. "Why should they starve us?" the common people ask, and they are at a loss to find a reply.

To-day, concluding a series of articles on counter-measures against sanctions, *Il Sole*, the leading daily commercial newspaper, publishes a complete list of goods traded between Great Britain and Italy. The list is given in order that its readers may boycott anything coming from British sources. If goods are indispensable, people are urged to buy from non-complying League States: Austria, Hungary or Albania, or from U.S.A., Germany, Brazil, Paraguay and Japan. Sanctions are, of course, bound to do harm to Italy economically. But they will not prove unbearable, it is said, if consumers reduce their consumption or use substitutes. In the long run, according to protectionist writers, sanctions may even be beneficial. For instance, the meat consumed in Italy amounts to 700,000 tons per year, of which only 70,000 tons are foreign. The sale of meat is now limited to four days and four hours weekly. If consumption decreased proportionately the country would save 200,000 tons; therefore even if the decree has only a partial effect, it seems certain that a saving of 70,000 tons can be achieved. Imports of coal and coke in 1934 reached 11,781,354 tons, of which 7,451,352 tons came from "sanctionist" countries. Imports from other countries can now be increased, as well as internal production, which in 1934 amounted to 373,593 tons. Existing electrical plants can also be worked to the fullest capacity, and, at a price, the production of lignite could be increased. Italy produced only 408,616 tons in 1934, but 1,656,963 tons were produced in 1917.

THE PROBLEM OF OIL IMPORTS

A thorny problem is that of mineral oils, of which imports in 1934 were:—

	Raw oil Tons	Lubricants Tons	Petrol Tons	Benzine Tons
Roumania	47,898	3,689	5,860	5,694
U.S.S.R.	7,277	6,433	3,936	9,132
U.S.A.	24,061	51,710	23,223	22,701
Persia	...	...	16,448	117,265
Columbia	63,688	...	...	...
Dutch E. Indies ...	...	...	5,569	3,282
Dutch W. Indies ...	...	...	3,908	18,936
Venezuela	...	...	2,093	5,440

The proposed counter-measures are threefold: first to increase imports from the U.S.A.; secondly to accelerate the transformation of engines from oil to other fuels; thirdly, to reduce consumption. Within limits, and informally, oil is rationed; but the simplest method is taxation. On benzine, for instance, the tax has been increased from 2,100 to 3,600 lire per ton.

The stocks of certain important commodities are as follow (in the ports and for goods marked * also in principal private warehouses).

	August, 1934 Tons	August, 1935 Tons	Index No. in August, 1935 (1930 = 100)
Wheat	390,613	327,643	157.2
Rice	5,718	10,525	126.2
Other cereals, vegetables, etc.	24,192	42,954	200.6
*Sugar	279,206	269,989	67.7
Coffee	14,743	7,873	94.6
Cheese and milk products	6,543	7,166	212.7
Cocoons	1,211	330	3.8
*Cotton	71,851	60,884	109.2
Wool	1,204	1,547	214.0
Fertilisers	3,498	9,921	40.7
*Wood	13,744	39,640	694.2
Sulphur	224,224	208,243	208.1

This list, compiled from data which are not fully representative, gives the impression that, except for a few commodities such as cocoons and fertilisers, Italy's warehouses are well stocked.

Building activity, which until August was rising, has now fallen off. Between January and August, 1935, the number of new rooms authorised in the seventeen most important cities was 144,983, against 116,153 in the corresponding period of 1934. For the whole year 1934 the figure was 174,866 rooms, against 102,621 in 1933 and 81,568 in 1932. In September, 1935, however, the number of new rooms declined to 7,906, against 11,409 in September, 1934. The October and November figures will probably sink to zero, because the municipal committees, which authorise new buildings, were instructed in September by the Government to suspend new building schemes. Building materials will thus be economised.

The Official Gazette of October 31 publishes a decree (dated October 28) which authorises the Prime Minister to order, in case of exceptional circumstances of national necessity, that documents relating to the economic and financial situation of the State shall be kept secret and their publication suspended, even if provided by law. Obviously, only documents and data whose publicity would be dangerous to the State will be withheld from publication. The nation and the Government have always reaped great benefits from the full publicity given hitherto to monetary and financial statistics and data. From 1922 onwards the official statistics, and especially the Monthly Statistical Bulletin of the Central Statistical Institute and the Treasury and Bank of Italy balance sheets and monthly accounts, have stood very high in the eyes of the scientific world.

TURIN, November 8.

HOLLAND

UNEMPLOYMENT INCREASING

ALTHOUGH the recovery in the prices of colonial produce is assisting the Netherlands Indies, there is little sign of recovery in Holland. Indeed, the decline seems to be continuing. This is evident from the port traffic returns, from the balance of trade and from the constantly growing number of unemployed, etc. The number of registered unemployed was 367,074 on October 12th, compared with 360,743 on September 28th. The average percentage unemployment for the period April to September inclusive has been as follows for the years 1929 to 1935:—

	1929	1930	1931	1932	1933	1934	1935
	2.7	5.7	11.3	25.3	24.8	25.4	29.4

The deterioration in the situation is also being demonstrated by the constant rise in the railway deficits and by the continual increase in the State Budget deficits. The latter have increased as follows:—

	45.6 million guilders in 1931	
76.0	" " " 1932	
55.9	" " " 1933	
37.2	" " " 1934	
71.7	" " " 1935 (estimated)	
119.0	" " " 1936 (estimated)	

The returns of the Post Office Savings Bank are also unsatisfactory. Deposits used regularly to exceed withdrawals.

But in 1934 withdrawals exceeded deposits by 2.4 million guilders, and in 1935 the position has been worse still. It is evident that savings amassed in more prosperous times are now being drawn on to supplement diminished incomes. The withdrawals of savings this year are also a sign of uncertainty about the currency.

SANCTIONS AGAINST ITALY

Despite the serious economic situation in Holland, the Government are resolved to uphold their commitments to the League of Nations in respect of Italy. They have accordingly taken steps to ensure that they have the necessary statutory powers to enforce economic sanctions. As far as the prohibition of exports is concerned, powers have been provided by legislation which has just been passed by the Upper Chamber, investing the Government with authority to enforce prohibition of exports for the purpose of fostering international co-operation in the interest of peace, or for the protection of the realm in times of exceptional international tension. On the strength of this legislation, not only the export to Italy of arms, but also of all other merchandise, can be prohibited. The prohibition can be made applicable to the Netherlands Indies; and these measures are also applicable to transit traffic. The prohibition of the exportation to Italy of arms and munitions has already been put into effect. In addition, on October 17th, a new Bill was introduced into Parliament providing authority to take various further measures for the fostering of international co-operation with a view to averting or terminating hostilities. The stoppage or restriction of commercial intercourse with Italy will be a considerable loss to Holland and the Netherlands Indies.

INDUSTRIAL REORGANISATION

The Government is now engaged in carrying through its programme of industrialisation. A Bill has been introduced into Parliament providing for the founding of a "Company for Industrial Financing," which is to be established for the provision of long-term credits to and the participation in the capital of new or existing industrial enterprises, if employment in Dutch industries can thereby be fostered. In addition, the company aims at the provision of long-term credits to and participation in the capital of approved regional industrial banks, as well as the taking over of the credits of these banks. The company is also authorised to co-operate in the carrying out of relief schemes on behalf of industries prescribed by the Government. The State is to participate up to nine-tenths of the capital in this company. The Board of Control will consist of the Minister of Commerce, Industry and Shipping and the Minister of Finance.

The Social-Democrats have come forward with a "Labour Plan." It contemplates the reduction of permanent burdens, rentals, mortgage interest and farm leases, to be effected by means of a Rent Act, a Mortgage Act and a General Lease Act. A sum of 200 million guilders annually for three years would be available for employment schemes; and all proposed measures together would provide employment for 200,000 persons.

BETTER FOREIGN TRADE RETURNS

In October an improvement in Holland's foreign trade was at last recorded. The returns compiled by the Central Statistical Bureau show:—

	(In million guilders)				
	Oct., 1934	Oct., 1935	Jan.- Oct., 1934	Jan.- Oct., 1935	Sept., 1935
Imports	87	94	875	777	76
Exports	62	70	596	563	59
Percentage of imports covered by exports	70.8	74.0	68.1	72.4	78.2

Imports of gold and silver in the month of October amounted to 5,352,393 guilders and exports to 24,652,930 guilders.

The financial position in Amsterdam has eased considerably. Comparing September 30th and November 11th, the return of the Netherlands Bank shows the following changes.

	Sept. 30 Pl. millions	Nov. 11
Gold	536	633
Silver	21	
Discounts	65	36
Advances	213	135
Note circulation	819	795
Deposits	42	38

During the past six weeks there has been a definite increase in the Bank's holdings of bullion coupled with a contraction in the amount of accommodation it has had to extend. In consequence of these developments its reserve ratio has risen from 62.2 to over 70 per cent. This easing of the credit situation is reflected in a reduction in short interest rates. Prolongation rates have fallen from 6 to 3½ per cent., and the private discount rate from 5½ to 3½ per cent., while the Netherlands Bank's rediscount rate has been reduced from 6 to 3½ per cent. The October rise in the world prices of primary products has also eased the general economic strain, but Holland's situation still gives rise to considerable anxiety. To judge from a recent speech by the President of the Amsterdam Chamber of Commerce, the real need is for a relief in the burdens upon trade and industry, so that when an improvement sets in in neighbouring countries Dutch traders will be free to take advantage of it. This explanation does not answer the real question of how long Dutch industry will be able to bear the burden of an over-valued currency.

AMSTERDAM, November 13.

POLAND

SANCTIONS

POLAND consented to support the League in the application of financial and economic sanctions against Italy, but not, apparently, with any profound convictions that the sanctions envisaged have anything more than a nuisance value, or even that Italy is fundamentally culpable in her Ethiopian adventure. It was probably the adamant stand taken by Great Britain which finally persuaded the Polish Government that there was more to be gained at this juncture—or, perhaps, less danger of losing—by espousing the cause of collective action. Certain reservations have been made in respect of contracts which have been in force for several years with the Monfalcone shipyards and the Fiat Company on which the plans of the Polish mercantile marine and the State-owned motor industry are to some extent based, and which in turn require extensive shipments of coal to Italy.

The Cabinet reconstruction last month, when M. Kosciolkowski replaced Colonel Slawek as Prime Minister and M. Kwiatkowski took the Finance portfolio from Colonel Zawadzki, assuming at the same time the Vice-Premiership, went deeper than had been expected. It may even have gone much deeper than is yet realised. There are many who think that the "Old Guard Colonels" (those who were closest in a political sense to the late Marshal Pilsudski, and with whom they served as legionnaires) have had their innings. The new Cabinet was chosen by President Moscicki, whose position has become one of very great importance since the enactment of the new Constitution in April and the death of Marshal Pilsudski in May. General Rydz-Smigly, who succeeded the Marshal as Inspector-General, controls the Army, however, and the President consults him on all matters of national importance. Colonel Beck, the Foreign Minister, who belongs to the "old guard," is credibly reported to be dissatisfied with the recent course of events, and the reported desire of the President, the Inspector-General and the Cabinet to make foreign affairs more of a collective responsibility. Even if prudent to assume that vital changes in foreign policy were imminent.

The first act of the new Cabinet has been to obtain from Parliament emergency powers—valid until January 15 1936—for dealing with the "financial and economic crisis." These powers, however, do not permit any change to be made in the gold value of the zloty, and it is clearly

CANADA

ONTARIO POWER CONTRACTS

THERE now seems a reasonable prospect of a settlement by compromise of the controversy over power contracts concluded between the Hydro-Electric Commission of Ontario and four Quebec power companies, the Beauharnois, Gatineau, MacLaren-Quebec and Ottawa Valley Corporations. The provincial Government of Ontario has been holding as a club over the heads of the companies the legislation which it passed last session to authorise cancellation of the contracts, and it lately announced that the "Hydro" Commission had recommended the early proclamation of the act. But last week a conference took place in Toronto between members of the Ontario Government and representatives of the power companies, and after it Mr Hepburn, the Provincial Premier, announced that his Ministry was giving sympathetic consideration to proposals for a settlement, but that before any further progress could be made with the negotiations the executive of the power companies must call meetings of their bondholders and arm themselves with full authority to negotiate a settlement. He has since added that they must act speedily. It is being suggested that the original contracts will be replaced by new ones in which the "Hydro" will only be obliged to take one-third of the volume of power originally contracted for. But in the case of some of the companies such a reduction would leave them with a large volume of power which could not be easily disposed of elsewhere and involve them in difficulties about their bond interest. The new Liberal Ministry at Ottawa will almost certainly exert its influence to secure a reasonably equitable settlement, because it wants above all things to rehabilitate Canadian credit in London and New York and knows that nothing has recently impaired it so much as Mr Hepburn's threat to cancel the power contracts.

The decisive Liberal victory in the General Election, inasmuch as it has cleared the political atmosphere at Ottawa and ensured a stable Ministry with a commanding majority for at least four years, is very satisfactory to most of the business community; and although manufacturers would like to have some inkling of the tariff policy of the new Government, they are not seriously afraid of immediate drastic reductions.

BUSINESS BETTER

Recessions which were visible in many of the business indices in the last half of September and the first week of October, and which brought the general economic index of the Bureau of Statistics for the week ending October 5 down to 92.1, were attributed to the confusion and uncertainty produced by the General Election; and now that it is over the indices have begun to mount. For the week ended October 12 the Bureau's general index was 95.2, and for the week ended October 19, 96.9.

Week ended	Car Loadings	Wholesale Prices	Bank Clearings	General Index
October 19, 1935.....	76.7	73.0	82.0	96.9
October 12, 1935.....	75.9	73.2	90.0	95.2
October 20, 1934.....	74.3	71.4	94.2	95.9

While the yield of the Western grain crops is unsatisfactory, and threshing returns reveal that a lamentably large proportion of the wheat is of low grade, the crops in Eastern Canada are well up to the average and in some cases considerably above it. Since the prices of both grain and livestock have risen substantially, rural purchasing power should be decidedly greater during the coming winter than it was last year. The wide gulf between the price levels of farm and manufactured products is disappearing. At the bottom of the depression in 1933 the disparity was as much as 56 per cent. (1926 = 100) in favour of the latter; but it has now been brought down to 12 per cent., with the result that the farmers are now getting a much better return for their labours.

The export movement of wheat is improving, but is not yet wholly satisfactory. Visible stocks of Canadian wheat on October 18 were placed at 261,509,251 bushels, or roughly 16 million bushels more than the stocks on the

the Cabinet's intention to continue to maintain "sound money." The first point of attack will be the Budget deficit of approximately 300 million zlotys a year. "The Colonels" during the past five years have added about 1,500 million zlotys to the internal debt, of which a substantial amount, it is believed, still remains to be consolidated. Leaving the Services, which take more than 40 per cent. of the entire Budget revenue, virtually untouched, the Government proposes to increase the yield from income taxes by 60 million zlotys (partly by lowering the minimum taxed to salaries of £4 a month) and to obtain 160 million zlotys by a special tax on the salaries of State employees.

Other economies will be effected in State monopolies and in the numerous industrial enterprises owned or controlled by the State. The immediate result of the Government's programme will be further deflation. Nevertheless, at present the new Cabinet enjoys a much wider measure of popular support than did its "B.B." (Pilsudski party) predecessors.

The Bank of Poland during September and October, when foreign debt payments are at their heaviest, lost 60 million zlotys in gold. The reserve on October 31st stood at 454 million zlotys, bank-note circulation at 1,047 millions, with a "cover" of 42 per cent., which is 12 per cent. above the legal minimum. This is the first time since the depression began that the Bank has been forced to sell gold in order to meet the foreign debt service.

POLISH-GERMAN TRADE TREATY

The commercial treaty signed on November 4th, which becomes effective, pending ratification, on November 20th, voluntarily recognises for the first time in Polish-German trade the most-favoured-nation principle. It also provides for the establishment of "clearing" facilities henceforth to cover all commercial exchanges between the two countries. It is estimated that Polish-German trade under the new treaty will amount to about 180 million zlotys per annum on both sides. This would indicate an increase of about 50 per cent. in the present volume, and would place Germany in a predominant position in Poland's foreign trade. The treaty, therefore, has an important political significance.

The import quotas reciprocally granted under the treaty will not be made public, but it is understood that Poland will export to Germany timber to a value of 40 million zlotys, pigs to a value of 25-30 million zlotys, and geese, eggs, butter and alcohol for a very substantial sum per annum. Germany, on the other hand, is granted import quotas for motor vehicles and parts (estimated at 7 million zlotys), machinery of all kinds, chemicals, motion pictures and many other lines of manufactured goods. It is difficult to see under existing conditions, and in the face of Jewish hostility (the Jews are a very important element in Polish trade) how Germany will be able to dispose of merchandise to a value of 180 million zlotys a year—an amount which would even have to be increased if Poland must accept in merchandise the repayment of all or part of the credits now "frozen" in Germany.

The visit to Warsaw this week of the trade mission representing the Federation of British Industries was somewhat overshadowed by the announcement of the Polish-German treaty, and it is interesting in this connection to compare the present position of Germany, Great Britain and the United States in Poland's foreign trade—the following figures being for the first 9 months:—

	1934		1935	
	Imports from	Exports to	Imports from	Exports to
Great Britain	61	148	84	132
Germany	80	121	92	102
United States	89	17	90	34

Total imports increased from 593 million zlotys in 1934 to 625 millions in 1935, while exports decreased from 714 to 673 millions.

Great Britain has many things, intangible as well as tangible, in her favour in trade with Poland, and the members of the F.B.I. mission left Warsaw feeling rather confident that the gains made this year can be further extended. It is realised, however, that German competition will henceforth be keener.

WARSAW, November 8.

corresponding date in 1934. A change in the personnel of the Canadian Wheat Board is expected, and the new Government is likely to aim at selling the Government's stocks as soon as possible in order that the carry-over at the end of the present crop year may be reduced to normal dimensions.

Industrial activity has not been uniform in recent months, and a recession in the industries producing consumers' goods has been balanced by a higher scale of output for the heavy industries. There is evidence, however, of increased employment, and the Bureau's employment index for October 1 stood at 106.1 as compared with 102.7 for September 1, and 106.1 and 100.0 for October 1, 1935 and 1934 respectively. The mining industry continues to prosper, and the producers of copper, zinc and lead have been encouraged by the rise in prices. The newsprint industry is keeping its output at a good level, but some recent developments have virtually obliterated hopes that the price of newsprint could be raised above its present basic figure of \$41 per ton, which is too low to be profitable.

Total foreign trade for September was down by roughly 10 million dollars, compared with August; but imports, valued at \$44,689,000, and exports, valued at \$64,565,000, showed gains of 5.9 per cent. and 11.1 per cent. respectively over the figures for September, 1934. For the twelve-month period ending September 30, Canada's total foreign trade was valued at \$1,235,789,000, a gain of 8.8 per cent. over the figure for the previous parallel period.

Federal revenues for September, estimated at \$26,031,000, showed a slight decline from the \$26,663,000 collected in September, 1934, while expenditures (ordinary, special and capital), at \$32,803,000, showed an increase of \$6,852,000.

There has been a much-needed improvement in railway earnings. For September the net earnings of the C.P.R. at \$3,290,218 showed a gain of \$256,638 over the figure for September, 1934, and those of the C.N.R. a gain of \$282,429.

OTTAWA, October 26.

BOOKS AND PUBLICATIONS

THE DEFEAT OF PEACE

THE three authors of this book,* under the pseudonym of "Vigilantes," published a pamphlet two years ago called "The Dying Peace," in which they told the tale of the Government's sins, both of omission and commission, in foreign affairs. The same authors now produce enough evidence to show that when the historian comes to analyse the consequences of that lamentable catalogue of hesitations and quibblings which embodies Sir John Simon's tenure of the Foreign Secretaryship in the last crucial four years, he will describe them as calamitous, for Europe and for Britain alike. It is a bitter chronicle of four wasted years in British foreign policy; and if the *saeva indignatio* of the three authors leads them to ascribe Machiavellian astuteness to a Government which was, in Mr Garvin's phrase, only "half-hearted and half-headed," their emotions are comprehensible, though their accusations may flatter too much.

The authors have a firm foundation. It is their belief that a catastrophic *volte face* in British foreign policy occurred after October 24, 1931, when "the Japanese were given three weeks to get out" of Manchuria by the League Council. Thereafter the British Government failed to support the very firm American lead of November 5, 1931; and Anglo-American co-operation—which had been facilitated by American collaboration at Geneva—accordingly became impossible. "Vigilantes" give an excellent and faithful record of the deplorable delaying tactics employed by the British Government; the pro-Japanese speeches of Sir John Simon in Parliament and at Geneva; the defeat of the South African candidature to the Council in 1932 by the British vote, because the South African attitude—strengthened by General Smuts' views—was strongly anti-Japanese; the putting of the Lytton Report into cold storage; and the paralysis of League action as a result of the British Government's Janus-like stance.

From this fateful beginning in 1931-32, which lamed the League, a whole swarm of errors and evils arose. The authors show how right was General Smuts when he predicted that the cloud in the Far East would soon overshadow all Europe. China's integrity could not be saved by the League; therefore the discontented Powers, mostly dictatorships like Japan, concluded that resolute buccaneering was still the best policy. France prayed for collective security at the Disarmament Conference; the French offered even to scrap military air forces in 1932-33; but the British Government turned down flatly every proposal for making collective security effective. It was the British Government's half-heartedness which gave Japan what she wanted in China; it was the British Government's half-headed-

ness which ruined the Disarmament Conference. Time and again, the Government were in a position to play their full part in a European collective security system, and so to accord Germany her just claims by according France her passionately desired security from the alleged German menace. But the French, cold-shouldered in London, turned to M. Barthou, turned away from Geneva, turned to Russia and the *pis aller* of alliances. Thus a chronic insecurity swept over Europe, which wrecked the Disarmament Conference, led to the Franco-Italian accord of last January, to the Stresa Conference in May (at which Abyssinia "was not mentioned"), and so to Signor Mussolini's profound conviction that the British Government did not care a rap for Europe or for the League, and would not lift a finger for either.

What followed from the Walwal incident, according to "Vigilantes," was to prove the nadir of the National Government's foreign policy in the hands of Sir John Simon. For again faithful to Manchurian precedent, and thus confirming Signor Mussolini in his beliefs, the Government delayed the League's activities and pressed Ethiopia to all manner of dilatory proceedings. For six months these only enabled Italy to ship troops and war materials to East Africa for a loudly heralded war with Abyssinia. Then, as the last straw, the Government put on an "equitable" arms embargo against both Italy and Ethiopia—which, under cover of "not annoying Italy," in effect crippled the Ethiopian defences.

The tale is sorry in the extreme. It only changes for the better when Sir John Simon is dropped, and when, according to "Vigilantes," the Right Wing of the Conservative Party realise both the electorally dangerous pressure of public opinion against the "Simon" procedure, and the Italian threat to British imperial communications. Then, in the authors' view, the Right Wing of the Conservative Party agreed to the firm "League" line taken at Geneva by Sir Samuel Hoare on September 11th last, with all that it implied, on condition that the public approbation of that lead should be capitalised for a "snap" General Election, followed by a regretful jettisoning of the League and the inauguration of an enormous rearmament programme. Of the truth of this allegation time alone can convince us.

The book has been hastily prepared for the press, and bears the marks of that haste, both in style and in printing. The Treaty of Ucciali (not Ucciali) was in 1889, not in 1899, as on page 156. The Anglo-Italian Pact which, in Signor Mussolini's words, "practically carved up Abyssinia," was signed in Rome in 1925, not in 1905, as on page 165; and there are many misprints. Again, the authors have written much of the book with one eye on the General Election and the other on the maintenance of Left-wing doctrine. The result is, in many places, that their

rhetoric savours more of the hustings than a profound study of the real influences behind the "Tory" Party's foreign policy. But these criticisms apart, "Vigilantes" have performed a public service by so ably cataloguing the Dead Sea fruits of four years' half-heartedness and half-headedness in British foreign policy.

SHORTER NOTICES

"Economic Thought and its Institutional Background." By Harvey W. Peck. Allen and Unwin. 12s. 6d.

Professor Peck's chief purpose in this book, which would be classed as sociology in England, is to investigate why particular economic theories were held at particular times. This is not a new subject. For more than 50 years the relativity of much classical economic doctrine has been emphasised. Not only the historical economists, but theorists like Marshall, Dr. Bonar and Dr. Myrdahl have willingly admitted the influence of environment on the character of economic theory. This influence is to be seen in the choice of problem singled out for treatment, in the premises assumed in deductive reasoning, in the proportionate weight assigned to particular forces, and sometimes in a complete state of confusion, from which only a later generation is able to emerge.

Much sociological work remains to be done in this field. But success is only likely to be achieved by an investigator who knows intimately both the historical background and the economic writings which have to be correlated with it. It cannot be said that Professor Peck possesses these necessary qualifications. His knowledge of economic history appears to be mainly derived from a few textbooks written 40 years ago—in particular, Cunningham and Toynbee. Nor does it appear that his experience of classical or modern economics is particularly wide. For example, although he has a chapter on "Marginism," not one of the three founders of modern economics—Jevons, Menger or Walras, appear in the bibliography. With such a poor equipment, it is not surprising that the result should be unsatisfactory. The book is at its best stimulating—at its worst facile, superficial and muddled.

The general thesis is that economic doctrines reflect the rise and fall of particular classes and groups, that these groups owe their rise or fall to their association with some factor of production, the demand for which is increasing or diminishing, and that the doctrines may be regarded as scientific or not, according as the success of the group tends "to promote progress and the permanent trend of economic events." "The economic factors of the economist are identified with the classes and class conflicts of the historian. And there is an attempt to explain history by reference to the economic laws of values, primarily the law of supply and demand, and the law of proportion of factors," etc., etc.

Some of Professor Peck's ideas are not uninteresting, and some of his generalisations would probably be accepted. But there is an appalling lack of precision in his terminology, a constant tendency to treat as similar phenomena which are essentially different, and a remarkable misunderstanding of modern economic theory.

In the second half of his book he abandons almost completely his original thesis, and is content merely to describe and criticise certain modern schools. In effect, the book becomes more a statement of his own social philosophy than anything else.

"Jews in Palestine." By A. Revusky. P. S. King and Son, Ltd. 390 pages. 15s.

The absence of a comprehensive account in English dealing with modern Palestine or even with Jewish Palestine predisposes the reader in favour of Mr A. Revusky's "Jews in Palestine." It presents a history of the country since the beginning of the revived Jewish interest which began in 1880 and gives an account of the development of its agriculture, the growth of its industries and commerce, and the building of its towns. It lays special emphasis on the co-operative movement, probably the most vigorous for its size in the whole world. An account is given of the Zionist organisation and its instruments; and the book concludes with a series of unconnected chapters dealing with both the internal and external politics of the country.

This volume undoubtedly contains much of the raw material necessary for a very good book on the history of the Jewish National Home up to 1933. But it suffers from being too comprehensive and not sufficiently selective; and it is already out of date. The reader finds little evidence of the large recent immigration of labour and capital and of the increased

colonisation activities. The healthy condition of the Zionist funds, the withdrawal of the small Revisionist rump from the Zionist movement, the election of Dr. Weizmann to the official leadership and the appointment of an executive representing all parties are not mentioned. And the English reader will miss an account of the growth of the large Governmental budgetary surplus and the newly awakened interest of the City of London.

The book is particularly weak in its references to the nature of the Government, its constitution and policy. It gives no account of the activities of the various departments. There is no reference to the recently organised Department of Statistics without which the departments were working in the umbra of vague estimates, whilst the new banking law which is still on paper is discussed as if it were already in operation. The amount of local autonomy the Jews possess which incidentally is less in the field of taxation than the Jews have in Poland and Germany, is discussed, whilst there is no mention even of the important problems of local government.

Despite these deficiencies in Mr Revusky's book, however, it is impossible to point for the time being to any better volume covering the same field. To anyone eager to study modern conditions in Palestine it will consequently be of considerable assistance.

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Soviet Communism (2 vols.). By Sidney and Beatrice Webb. (London) Longmans, Green and Company, Ltd. 1,174 pages. 35s. net.

Labour in Agriculture. By Louise E. Howard. (London) H. Milford. 339 pages. 18s. net.

The Economic Mechanism of the Scripture. Vol. II. By J. Taylor Peddie. (London) Williams and Norgate. 294 pages. 10s. net.

Volume I of this work was reviewed in the Book Supplement appearing with the *Economist* of June 9, 1934.

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A Financial Objective: Why and How. By P. Speicher. (London) A. P. Cawley. Insurance Research and Review Service, 11 Queen Victoria Street, E.C.4. 54 pages. 1s. 6d.

OFFICIAL PUBLICATIONS

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

Colonial Report, No. 1718: Grenada, 1934. 1s. net.

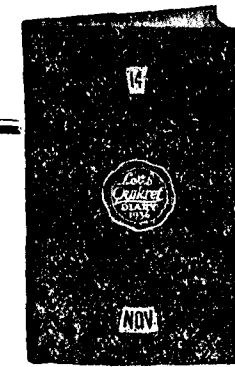
Department of Overseas Trade: Economic Conditions in Portuguese East Africa, July, 1935. 2s. net.

Colonial Report, No. 1723: Basutoland, 1934. 1s. 6d. net.

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* "Inquest on Peace." By Vigilantes. London: Gollancz. 360 pages. 3s. 6d. net.

MONEY AND BANKING

GERMAN CREDIT EXPANSION

(BY A CORRESPONDENT)

WHEN the present German Government assumed power, two and a-half years ago, it set itself two main objectives: the re-armament of the country and the re-employment of the workless. Both required the provision of finance on a large scale, and their energetic pursuit, since 1933, has mainly determined the course of credit and banking developments. It is true that the process of contraction enforced upon Germany during and after 1931—partly by the withdrawal of foreign credits and partly by the decision to uphold the gold standard—had virtually been abandoned in the summer of 1932. Germany had secured her much-desired surplus of exports, at the cost of a rise in unemployment to the alarming figure of 6,000,000. The Nazi Government, therefore, on its advent to power, abandoned a policy of contraction for one of expansion of domestic trade and industry, supported by an expansion of credit.

As a consequence of this reversal of policy, during the last two years the principal items in the weekly statements of the Reichsbank have risen considerably. The note circulation, for example, has increased from Rm. 5,569 millions to Rm. 6,147 millions. But if allowance is made for the punitive contraction of the preceding period, there has been virtually no net expansion, since 1929, of the German currency and credit structure by the central institution. What has happened is relatively simple. The gold reserve of the Reichsbank was lost virtually in its entirety. Credit was contracted to a point below the minimum required for a tolerable level of domestic activity, unless prices could be depressed much further. The gap left by the depletion of the gold reserve has now been filled, in the manner adopted by all central banks, through the purchase of Government securities. Yet the re-expansion of the credit structure by the Reichsbank is not excessive, if measured by the ordinary requirements of the country. What renders it inflationary is the fact that creation of credit has been superimposed at a time when the German mark was already conspicuously overvalued in relation to the pound and the dollar. The result is that Germany has had to work to secure control of external trade and exchange in order to maintain some measure of equilibrium.

It is not easy to measure the effect of this creation of credit upon the banking system. One reason is that the five large commercial banks do not occupy a position in any way comparable to that of the big clearing banks in the virtually "closed" British system. They are merely an important section of the banking structure, which consists of five different classes of banks, to the number of 198 in all. The total deposits of all German banks, taken together, are given as Rm. 19,200 millions, of which only some Rm. 7,000 millions are accounted for by the German "Big Five." The latter's resources, however, have tended to contract rather than rise ever since 1931, for while their cash has increased by some Rm. 20 millions since 1933, their deposits have fallen. The developments of the last two years are reflected, in their case, principally in the repayment of frozen industrial advances as the process of domestic recovery acquired momentum, and in the substitution of Treasury bills or other forms of Government paper for these commercial assets. Thus the big banks are actually in a more liquid position than they have been for some time past.

In addition, however, to the five large commercial banks, there are twenty-one State and provincial banks, whose sight liabilities have risen from Rm. 1,760 millions to Rm. 2,436 millions since September, 1933; and twenty Girozentralen institutions, whose deposits were Rm. 4,213 millions in September, 1935, against Rm. 2,826 millions in September, 1933. Then come the "Special" banks, sixty-nine in all, established to meet the particular needs of railway financing, the financing of public works, agriculture,

etc. The total liabilities of these institutions, after rising steeply, have declined in the last three months from Rm. 3,979 millions to Rm. 3,169 millions. Lastly, there are the "Other Credit Banks," consisting mainly of small provincial institutions engaged in commercial banking, whose total sight liabilities of less than Rm. 2,000 millions show little indication of any conspicuous movement.

Some of these banks are of comparatively recent origin, and it is difficult to compare their present position with that of two years ago. The present figure of Rm. 19,200 millions of deposits and sight liabilities, however, appears to indicate an increase of between Rm. 1,500 millions and Rm. 2,000 millions over that period. Computation is rendered unreliable by the fact that the banks' deposits do not move in any direct ratio either to cash holdings or to their balances with the Reichsbank. The reason is that the German banking system, unlike our own, is not based upon a ratio of cash and central bank balances to deposits, but upon the liquid reserve held in the form of paper rediscountable at any time at the Reichsbank. The effective cash held by the various classes of banks is, on the average, no more than 1.7 per cent. of their sight liabilities. It varies from 0.6 per cent. in the case of the State and provincial banks to 2.6 per cent. in that of the "Big Five" commercial banks. Rediscountable bills, on the other hand, vary between the extremes of 21 and 53 per cent. and are stated to average 41.5 per cent. In absolute figures, all the banks taken together hold only Rm. 300 millions in legal tender cash out of a total circulation of approximately Rm. 6,000 millions. It is this fact which makes the German banks pivot so directly on the Reichsbank; for they rely on the Reichsbank to rediscount for them in order to meet their daily needs.

The most striking feature in the German credit situation is not, however, the extent to which the total volume of credit has been increased but the degree to which this increase has been placed, directly and indirectly, at the disposal of the Government. If direct Government borrowing from the Central Bank may be regarded as inflation, the purchase of Government paper or re-employment bills by the Reichsbank has certainly been inflationary in tendency and effect. The Reichsbank is commonly understood to hold Rm. 3,000 millions of the Government's liabilities in this form. In one sense its gold losses since 1931 compelled it to adopt this policy in order to acquire sufficient backing to support the minimum currency supplies required by the nation. Beyond this factor, however, it is appropriate, in explaining the *raison d'être* for the present situation, to stress the expansion of Government borrowing rather than the expansion of Government credit. Recently, nevertheless, revival in trade has begun partly for the Government without further resort to inflation. Employment has improved and savings deposits have risen sharply—according to some estimates by as much as Rm. 3,500 millions since January, 1933. The insurance companies during the same period have added Rm. 1,750 millions to their funds available for investment. Meanwhile, the repayment of part of the mass of frozen advances Government paper. The result is that during the current millions of ten-year 4½ per cent. Treasury bills, and thus originally used to finance its schemes. Revival has simultaneously increased the national revenue, for the current year's Budget receipts show an estimated improvement of Rm. 2,000 millions, which covers the service of the new bonds with a margin.

In spite of this general improvement, however, two points of weakness deserve careful observation. On

the one hand, there can be no doubt that the present economic policy of Germany is tending to increase rather than diminish her maladjustments in relation to the outside world. These, of course, could be substantially removed by devaluation. On the other hand, the pace of Government borrowing, continually stimulated by aggressive political pressure, may become too rapid to allow cyclic processes to work smoothly, and even the skilful credit control of Dr. Schacht and the scrupulous fiscal management of Count Schwerin von Krosigk may be insufficient to check inflationary tendencies. Altogether, it may not be unfair to say that the process of financing re-armament and public works has given internal trade and production an initial impact at the cost of failure to secure improvement in a depressed standard of living. In the absence of any revival in general consumption it is doubtful how long revival by the stimulation of special forms of production can continue successfully to function.

FINANCIAL NOTES

October Clearing Bank Averages.—Reference to recent Bank returns shows that during October an unusually large amount of money was immobilised in public deposits at the Bank of England, while there was a corresponding depletion of bankers' deposits. It is not therefore surprising that the October returns of the nine English clearing banks record a further reduction in bank cash. The clearing banks, however, have rightly regarded this as a temporary movement, for they have continued to add to their earning assets, with the result that deposits have risen to a new high record. The ratio of cash to deposits for all the nine banks is now only 10.06 per cent.

	October, 1934	July, 1935	August, 1935	September, 1935	October, 1935
Capital and reserves	123.4	125.7	125.7	125.7	125.7
Acceptances, etc.	117.6	97.3	93.5	90.4	93.7
Deposits (including undivided profits, etc.)	1,853.2	1,981.8	1,976.0	1,986.6	1,998.5
Total liabilities	2,094.2	2,204.8	2,195.2	2,202.7	2,217.9
Cash	210.2	216.2	210.2	204.7	201.1
Cheques, balances and items in transit	51.8	50.9	44.7	48.3	53.3
Money at call	132.1	140.7	143.8	142.4	136.5
Discounts	214.2	272.0	285.2	297.7	295.3
Investments	556.5	599.1	599.1	602.2	610.2
Loans and advances	740.4	759.6	749.7	747.9	758.7
Investments in affiliated banks	24.9	25.1	25.1	25.1	25.1
Cover for acceptances, premises, etc.	162.1	141.2	137.4	134.4	137.7
Total assets	2,094.2	2,204.8	2,195.2	2,202.7	2,217.9

Among assets, both call and short loans and discounts are slightly lower than in September. The seasonal increase in tender issues of Treasury bills was checked early in October, and this may be the explanation. The banks apparently took advantage of the temporary setback in the gilt-edged market to add further to their investments. Finally the further progress of the trade revival finds expression both in the month's growth in advances and also in the increase in balances, cheques in course of collection and items in transit, the latter movement indicating that money is circulating more freely.

Further Sanctions Orders.—The announcement that certain exports to Italy, and all imports from Italy, will be prohibited as from November 18th has entailed certain modifications of the previous Order-in-Council which imposed financial sanctions. It is provided that goods may be imported from Italy under licence after November 18th, if they had been wholly paid for on or before October 19th last. On the other hand, after November 18th the exportation of non-prohibited goods will only be permitted if they are paid for in cash on or before delivery. A further order makes a basic alteration in the Anglo-Italian Payments Agreement of last April. Henceforward British exporters may not deliver goods to be paid for in this way unless either the lira in payment for

the goods have been lodged in the special lira clearing account prior to November 18th or the goods themselves are actually in transit on that date. Moreover, all debts due for Italian imports must in future be settled by payment to the Bank of England for the account of the Controller of Anglo-Italian Debts—a new official appointed for this purpose. If the debt is due in sterling or in lira, payment must be made in sterling, lira being converted at a special rate of exchange to be published each day, but debts due in any other currency must be paid in a sight draft in that currency. The net result is that for all debts now outstanding in respect of imports full exchange clearing is in force. The effect of this change in procedure is modified by the impending prohibition upon Italian imports, while exports, even if not specifically prohibited, may only be made against cash on or before delivery. On November 6th the Anglo-Italian clearing account showed outstandings of £1,919,000 due to British exporters and £1,051,000 due to Italian exporters. The question is how far these arrears can be cleared up before full economic sanctions take effect, or whether Italy will impose a moratorium upon debts now outstanding.

The Hongkong Dollar.—On November 9th the Hongkong Government announced an embargo on the export of silver, thus practically divorcing the dollar from its link with silver. This step was finally precipitated by the devaluation of the Chinese dollar a week before, but Hongkong, like China, had for some time been suffering all the difficulties occasioned by the rise in silver and the consequent over-valuation of her currency. This is illustrated by the Hongkong trade returns of the past few years:—

	Imports	Exports	Excess of Imports	Net Ex-Change of Treasury	Average Rate of Exchange (value of £)
1933	500.9	403.1	97.8	96.0	1s. 4½d.
1934	415.9	325.1	90.8	50.3	1s. 6½d.
1935 (8 months)	244.1	179.9	64.2	82.9	2s. 0½d.

The rise in the value of the exchange, while reducing visible exports, has also had the effect of discouraging remittances from Chinese emigrants which in normal times form a large invisible item. The growing adverse trade balance has been met largely by the shipment of silver, a development which in the absence of any equalisation charge such as was imposed by China as far back as October, 1934, has latterly allowed handsome profits to be made. With silver at 29d. per standard oz., the silver content of the Hongkong dollar, 416 grains (900 fine), is worth approximately 1s. 11½d., while on November 8th the Hongkong dollar was quoted at only 1s. 6d. The Government therefore had no option but to accept the devaluation of the local dollar. At the moment no new parity has been fixed, but it is expected that a sterling rate of 1s. 2½d. will be adopted. This would coincide with the rate at which the Chinese dollar is apparently to be "pegged," but the unfavourable Japanese attitude towards the recent Chinese devaluation, coupled with the more definite statement by the Foreign Office in Tokyo that Japan is opposed to China's obtaining a foreign loan, adds to the obscurity of the Far East currency position. The increase in the Hongkong Government's sterling commitments for 1936, entailed by this devaluation of the dollar, should be largely compensated by the fact that devaluation should be the prelude to an improvement in trade generally and in Budget revenue. In this connection the importance of Hongkong as an *entrepôt* for the trade of other countries, and particularly of South China, should be noted. Simultaneously with the official order of an embargo on silver exports it was announced that \$1 Treasury notes would be issued and new pewter coins would be put into circulation to make up for the shortage of silver dollars and small silver coins which have largely disappeared from circulation. There is also the existing note issue which at present is the prerogative of three banks, the Mercantile Bank of India, Limited, the Chartered Bank of India, Australia and China, and the Hongkong Shanghai Banking Corporation. It amounted on January 31st last to \$158.6 millions, and is backed by silver and sterling assets, but in future it may also be guaranteed by the Government.

The Money Market.—During the past week there has been a further increase in bankers' deposits at the Bank of England, and the clearing banks have also been heavy buyers of Treasury bills of all dates up to the first week of February. This has made money very easy, because the market has had to carry less bills. There was no clearing bank calling except on Thursday, and while outside lenders refuse to take less than $\frac{1}{2}$ per cent. they are not always able to find borrowers.

	Oct. 24, 1935	Oct. 31, 1935	Nov. 7, 1935	Nov. 14, 1935
Bank rate.....	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Clearing banks' deposit rate ...	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Short Loan rate :—				
Clearing banks	$\frac{1}{2}$ –1	$\frac{1}{2}$ –1	$\frac{1}{2}$ –1	$\frac{1}{2}$ –1
Others	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Discount rates :—				
Treasury bills	$\frac{3}{8}$	$\frac{3}{8}$	$\frac{3}{8}$	$\frac{1}{2}$ – $\frac{1}{2}$
Three months' bank bills	$\frac{3}{8}$	$\frac{3}{8}$	$\frac{3}{8}$	$\frac{3}{8}$

The banks are still buying bills at $\frac{1}{2}$ per cent., but they are very ready to purchase, and there is a feeling in the market that one or two of the banks might take hot Treasury bills if they were pressed to do so. In consequence hot bills have been very nominal at $\frac{1}{2}$ – $\frac{1}{2}$ per cent., but $\frac{1}{2}$ per cent. is believed to be the effective rate for the little business which has been passing. Although the allotment of Treasury bills was increased last week from £40.0 to £45.0 millions, the average tender rate fell from 11s. 1.32d. to 10s. 9.91d. per cent., and discount rates have since been weak.

* * *

The Bank Return.—The slow expansion in the Bank's gold stocks is continuing and is now giving rise to some comment on the Continent. The note circulation, however, is to-day £22.5 millions greater than a year ago, and the Christmas increase of about £20 to £25 millions is due within a few weeks. Without any addition to the Bank's gold stocks, the Reserve might fall during Christmas to below £30 millions and the Proportion possibly to 20 per cent. While these low figures would be purely temporary and would not indicate any real weakness in the Bank's position, they might create misunderstandings abroad. Hence it is a fair inference that the Bank is now taking the opportunity to add to its gold stocks.

BANK OF ENGLAND					
	Nov. 14, 1934	Oct. 23, 1935	Oct. 30, 1935	Nov. 6, 1935	Nov. 13, 1935
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department :—					
Gold	192.0	194.3	194.7	195.5	196.5
Note circulation	378.9	397.0	399.9	402.2	401.4
Banking Department :—					
Reserve	73.8	58.2	55.6	54.2	55.9
Public deposits	20.9	35.3	26.2	21.0	15.8
Bankers' deposits	97.9	78.7	82.5	89.6	92.9
Other deposits	36.8	37.1	38.6	36.6	36.7
Government securities ...	79.1	86.8	85.9	87.2	83.5
Discounts and advances ...	9.6	11.4	11.2	11.0	11.1
Other securities	10.9	12.5	12.3	12.5	12.6
Proportion	47.4%	38.4%	37.7%	36.8%	38.4%

The banking department records a further decrease in public deposits, which have now returned to a normal level. Bankers' deposits have in consequence increased. The explanation of both movements is that last week Treasury bill maturities were in excess of payments.

* * *

The Foreign Exchanges.—The political situation in France is now causing some anxiety. The Banque de France has suffered heavy gold losses, which for the week ended November 8th amounted to Frs. 667 millions. There was a simultaneous reduction of Frs. 860 millions in the note circulation, so that the technical position of the Banque de France is slightly improved, but even so the French authorities have thought it necessary to take precautions. Early this week the French commercial banks were requested not to ship gold if the New York exchange rate was under Frs. 15.18, the motive behind this request being the fact that the banks were securing cut freight rates which allowed them to ship at an exchange of Frs. 15.17 $\frac{1}{2}$. On Thursday afternoon the French Bank rate was raised from 3 to 4 per cent. The London ex-

change market has been very quiet, but three months' French francs remained at Frs. 1 $\frac{1}{8}$ discount in spite of the increase in the French Bank rate. Sterling has varied against the dollar either side of \$4.92, with very little change. The Paris-New York cross-rate has been Frs. 15.18 practically all the week. No intervention by the British Control in the foreign exchange market has been noticed this week. Dealings in Dutch and Swiss currencies have been very limited, but, as is explained on page 959, the Dutch position is stronger and the Netherlands Bank has reduced its rate from 4 to 3 $\frac{1}{2}$ per cent.

* * *

New York Money and Banking.—There is no change in money rates. New York member banks' loans to brokers were increased during the week ended November 6th from \$828 to \$839 millions. Considerable interest is being taken in the new silver position created by the devaluation of the Chinese dollar. Mr Morgenthau, the Secretary to the Treasury, stated at the end of last week that there was no change in the American Administration's silver-purchasing programme, but there is some speculation at Washington as to whether China will ultimately revalue her dollar on the assumption that silver will rise to the maximum price of \$1.29 per ounce envisaged in the American silver programme. The gold influx is definitely slackening. Imports reported this week include \$15.4 millions from France and a negligible amount from England. Engagements for shipment consist of \$27.0 millions from France and a small amount from Holland. Some light on the counterpart to the recent big influx of gold is thrown by the latest weekly returns of member banks. These contain a new item, consisting of deposits on account of foreign banks, and during the year ended November 6th last this item has risen from \$123 to \$372 millions. This increase of \$249 millions accounts for less than half the gold which has been imported during the autumn, but it gives some indication of the extent to which foreign funds have been transferred to the United States.

* * *

A Defence of Canadian Banking.—Mr Jackson Dodds, the President of the Canadian Bankers' Association, delivered, on November 14th, a spirited defence of the Canadian banking system. Mr Dodds prefaced his remarks by calling attention to the fact that in Canada ten commercial banks operated 2,924 branches and 608 sub-agencies, apart from offices abroad. They had accepted \$2,554 millions of deposits from 4,700,000 customers, and carried advances to some 400,000 borrowers on their books. Share capital, including reserves, amounted to nearly 10 per cent. of the bank's total assets of \$3,036 millions. After discussing the recent history of the Canadian banks, and explaining the broad principles of banking practice, Mr Dodds claimed that the commercial banks cannot and do not create credit out of nothing, nor have they restricted the supply of either credit or currency. On the contrary, their chief desire is to find sound borrowers, and the main cause of the recent contraction in bank advances is that many customers who normally would be borrowers to-day have surplus funds on hand. Mr Dodds gave a detailed analysis of the profits of the Canadian banks. About 8.5 per cent. of their deposits were represented by cash, which earned nothing; 21 per cent. by short-term assets, which only yielded from two to three per cent.; 26 per cent. by investments, yielding 3 per cent.; while only 40 per cent. was represented by advances at varying rates. Against this, savings deposits cost the banks 2 per cent., while operating expenses formed the first charge on the remaining gross earnings. Mr Dodds claimed that after the shareholders. Even as matters stood the banks were feeling the pinch of reduced earnings, and might have to charge for services which hitherto had been free. A cut in the rates charged for bank advances could only be met by reducing deposit rates. The banks, Mr Dodds contended, might not be infallible, but in their own interests they were anxious to render all the help they could towards the restoration of Canadian prosperity.

THE STOCK EXCHANGE

GOLD IN EAST AFRICA

It used to be declared that a ten per cent. London Bank rate would bring gold from the moon. More recently, a high sterling price for gold has usurped this magnetic property. In the case of some, at least, of the new discoveries made in the last four years, investors have been prone to ask whether the financier has not beaten the geologist by a long head in the race for their exploitation. In every boom there are many instances where the wish is father to the mine, but on the whole the stimulus given by recent events to genuine discovery has been real and valuable. In particular, East Africa has come into the limelight as a potential producer with dramatic suddenness. Twenty-five years ago the Germans were opening up gold deposits at Senkenke in Tanganyika Territory, but the war cut short these early efforts. Subsequent conditions were unfavourable to an early revival of activity, and it was only on the establishment of a large gold premium that mining on any considerable scale became an economic proposition.

Prospectors in East Africa had certain geological grounds for optimism. Around Barberton, in the Transvaal, is a gold-bearing formation, whence a prehistoric river is believed to have carried the gold deposited in the sedimentary rocks of the Witwatersrand. The Barberton formation reappears at intervals in a line running somewhat east of north across the continent, which includes the gold area of Southern Rhodesia. A continuation of this line embraces the regions which are now being prospected in Tanganyika Territory and Kenya, and runs further into comparatively unexplored Abyssinia. It may be presumed that the discovery of payable gold in Tanganyika Territory will not weaken any possible German yearning for her former colony. The "political risk" involved may be difficult to assess in terms of market values, but shareholders in companies operating in the mandated area should not ignore it completely.

British enterprise and capital, nevertheless, are vigorously proceeding with the opening up of East Africa's gold deposits. The depression of 1930-31 left numerous people in East Africa, as elsewhere, unable to obtain profitable employment. When the establishment of the "gold premium" in 1931 advertised the attractions of the prospector's profession, many turned to the new industry. As in other goldfields, the preliminary discovery of alluvial gold encouraged a systematic search for the quartz reefs whence the alluvial deposits had been derived. Although the work of the early pioneers was quickly supplemented by that of larger companies, there still appear to be numerous minor reefs capable of being profitably worked by the small man. The future of East Africa as a serious producer, however, depends on the success of a limited number of larger organisations, whose interests are already fairly closely defined, and whose financial backing is influential.

One of the earliest groups in the field was that of Sir Robert Williams, prominent in the opening up of the resources of Africa since the days of Rhodes. This group's interests have been concentrated in the hands of Kentan Gold Areas, Limited. An exclusive prospecting licence over 1,450 square miles in the Northern Kavirondo district of Kenya having been abandoned, the group's centre of interest is now at Kakamega. In this area, East African Concessions, Limited (some 97 per cent. of whose capital is held by Kentan Gold Areas), has a 51 per cent. interest in a prospecting licence over about 35 square miles, and various other claims. The remaining 49 per cent. interest is held by the Eldoret Mining Syndicate, Limited, which, in addition, holds licences over areas in the Ikoria and Mara River districts. Part of the jointly-owned Kakamega property was handed over in 1934 to the Kimingini Gold Mining Company, to which Kentan subscribed the bulk

of the working capital. Kimingini reached the production stage last June, but operations have not so far gone beyond preliminary testing. When normal production has been attained it is expected that the ore milled will average 15 dwt., worth 105s. with gold at £7 per ounce; and that costs will come out at 30s. per ton. Further work, meanwhile, is being done on the remainder of the Kakamega property, which has two advantages. It enjoys an ample water supply from the Yala River, and it is situated at only a moderate distance from the railway.

The group's efforts have extended to other areas. Although it abandoned an option over a small territory in Uganda early this year, it has been more fortunate in Tanganyika. Last August it exercised an option to purchase properties covering about 220 square miles in the Mwanza district, known as the Sanza Concession. The property, being on the southern shore of Lake Victoria, has its communications well assured. A year ago it was suggested that the area embraced not a single mine or two, but a considerable gold field. Subsequent developments have gone some way to confirm this optimistic view. The area has now been handed over to a private company, known as the Saragura Development Company, whose capital is held as to one-sixth by the vendor, and as to the balance by Kentan, which has undertaken to secure the necessary working capital—probably by the offer of shares in a public company to existing shareholders in Kentan. Production is expected to start on one section of the property in about two years' time.

Elsewhere in Tanganyika territory, East African Gold Fields, Ltd., has secured encouraging results at the Saza mine, which falls within the company's 92 square-mile concession on the Lupa goldfield. The latter suffers from the disadvantage of distance from the nearest railway, though a new road is in process of construction which will be shorter and less hilly than the route used hitherto. The company, on the other hand, has extensive local coal deposits at its disposal, which will render it independent of outside fuel supplies. Diamond drilling at the Saza mine has so far proved the persistence of the gold-bearing formation to a depth of over 700 feet. Indicated ore reserves have been put at 425,000 tons for each 100 feet of vertical depth, averaging 7 $\frac{1}{2}$ dwt. over 71 inches. An operating subsidiary will be floated shortly in order to bring this property to the production stage. Thus the Lupa field, which since 1922 has produced some 100,000 ozs. of gold from alluvials, appears likely to provide at least one important quartz mine.

In addition to its Lupa property, East African Gold Fields has lately acquired concessions in the Kakamega district of Kenya where—apart from Kimingini—another company, Rosterman Gold Mines, Ltd., has begun preliminary production on a property which has been acquired from the Tanami Gold Mining Syndicate. Development is still in a comparatively early stage, but the ore disclosed so far carries high values, ranging to over 1 oz. per ton. At present only a pilot mill is at work, but crushing on a more substantial scale may be in progress by the end of the year.

Although Kentan has abandoned its large Kavirondo area, two other large areas, aggregating over 1,000 square miles, in the same district are being prospected by Kenya Consolidated Goldfields, Ltd. Indications are encouraging, but the finance required for an undertaking on this scale is considerable. It is fortunate, in this respect, that the company owns a property in the Lolgorien district, near the Tanganyika border, where development is already sufficiently advanced to permit of plans for the erection of a mill within the next few months. In the same Lolgorien district a mining lease of over 2,000 acres is owned by Watende Mines (Kenya), Ltd., which has a small mill in operation at Kihancha. This company, in addition, is the

holder of an exclusive prospecting licence over eight square miles in the Musoma district, across the border in the Tanganyika territory. The area is thirty miles from the company's Kenya property, and development so far has given fair results.

This survey shows, quite clearly, that the goldfields of East Africa are still in an early stage of development. Work done so far suggests that, geologically, the country can definitely be regarded as a gold-bearing region, but the scale on which the precious metal can be profitably exploited remains to be proved. The moral for investors is precisely the same as in the case of every other goldfield which has reached, and passed, its primary stage of development. Success in overcoming inevitable difficulties and disappointments is likely to wait upon the companies and groups whose financial resources are most considerable and whose "backing" is most influential.

INVESTMENT NOTES

Post-Election Prospects.—Although the result of the General Election is unknown as we go to press, the Stock Exchange maintains its view that the National Government will be returned with a reduced but still relatively comfortable majority. There has been a tendency this week to "shade the quotation"—possibly as a result of wider realisation of the fact that a turnover of a mere 100,000 or so in marginal votes may change the representation of a century of seats. Dealings in "majorities" would probably have attracted little interest this time, even in the absence of official discountenance—very properly given, in our view, for the publicity accorded to this form of gambling certainly does the "House" no good. In some quarters a considerable "boomlet" is prophesied in the event of any result except the defeat of the National Government. This view may be received with some caution. Experience suggests that the rôle of a General Election as a generator of market optimism is usually much exaggerated. The National Government's resounding victory in 1931 was followed by a downward, and not an upward, movement in quotations, which lasted for some weeks in the gilt-edged market and for six or seven months in the market for equity shares. In 1929 the failure of a Conservative Government to secure a majority may have slightly, but only slightly, accentuated the downward trend of ordinary share quotations, which started when the Bank rate was raised in the preceding February. The continuance of industrial recovery may be a far bigger bull point for the Stock Exchange than a dozen General Elections.

China and Japan.—The improvement in the Chinese bond market, which followed the formation of a strong Protection Committee last week, has now been succeeded by a reaction. The "word" has gone forth from the Japanese war office that Japan, "as a stabilising influence in the Far East, cannot overlook any attempt on the part of Great Britain to place semi-colonial China under the domination of British capital." This statement is apparently based upon "a rumour" of negotiations between China and Great Britain for a loan of £50,000,000. The figure is fantastic, and Sir Frederick Leith-Ross has denied the fact. British interests would doubtless be prepared to co-operate with the Powers, including Japan, in joint financial assistance to China, but a loan from London alone would carry too high a "political risk." But if the way to co-operative rehabilitation of China is to be blocked by America's silver senators on the one hand, and by Japan's generals on the other, the position of existing British bondholders will be unenviable. The market's inevitable repercussions, this week, have included a reduction in Japanese bond quotations on fears of the effect of a possible new military "drive" on Japan's already supercharged budget.

Rubber and the Native.—This week's news is of serious import for rubber company shareholders. Dutch native rubber exports showed a large increase from 9,696,932 kilos. for September to 17,763,628 kilos. in October. The export duty has been successively raised from 20 guilders per 100 kilos. at the end of September to a present level of 29 guilders, the last three guilders having been imposed at one fell swoop this week. These increases have exceeded the rise in the commodity, but the reduction of the native grower's margin appears to have produced a reverse effect from that intended. The policy of an export cess, in fact, has little but expediency in its favour, and has been excessively applied. In consequence, the native producer, whose "costs" are reckoned in terms of effort and not cash, has striven to maintain his absolute money return by increasing his output. The criticism that the native problem was not solved but "papered over" when the Restriction Scheme was first started has thus been completely vindicated. As the latest increase in duty reduces the net return to the native grower from about 3½ cents to 2¼ cents per half-kilogramme, there is no assurance that the producers near the coast will not further increase their sales. Meanwhile, the registration of native areas is proceeding, but a considerable "speeding-up" of the survey is being demanded both in London and Amsterdam, so that individual restriction may be introduced at the earliest opportunity. Neither the commodity nor the share market has taken strong action on the news, but business has been very restricted. The course of quotations and present valuation of some leading rubber shares suggests that prices are moving uneasily between this year's extremes:—

Company (And Ord. Share denomination)	Ord. Divs., two latest years ending		Ordinary Share Quotations						Yield (%)
	1933-34	1934-35	End Jan., 1934	1935					
				High	Low	Present			
Allied Sumatra (£1)	Nil	2 3/4	s. d. 16 0	s. d. 17 1 1/2	s. d. 11 3	s. d. 13 4	f	s. d. 3 9	
Anglo-Dutch (£1)	Nil	4	s. d. 21 9	s. d. 27 3	s. d. 11 10	s. d. 14 0	2	s. d. 6 0	
East Asiatic (2s.)	3	5	s. d. 2 4 1/2	s. d. 2 9 1/2	s. d. 18 3	s. d. 25 0	3	s. d. 4 0	
Grand Kadumpong (£1)	Nil	4	s. d. 15 0	s. d. 19 6	s. d. 14 0	s. d. 22 6	4	s. d. 0 0	
Gula Kalumpang (£1)	Nil	5	s. d. 20 0	s. d. 25 0	s. d. 18 6	s. d. 23 9	4	s. d. 11 0	
Linggi Plantations (£1)	Nil	Nil	s. d. 18 9	s. d. 20 7 1/2	s. d. 15 16	s. d. 18 9	Nil		
Merlinau Pegoh (2s.)	5	7 1/2	s. d. 1 9	s. d. 3 6	s. d. 1 9	s. d. 3 0	5	s. d. 0 0	
United Serdang (2s.)	3	6 1/2	s. d. 3 4 1/2	s. d. 3 10 1/2	s. d. 2 6	s. d. 3 4 1/2	3	s. d. 11 0	

Until the native situation has been brought definitely under control, the market is likely to be unstable. The outlook suggests the prospect of quietness at best, and of greatly increased uncertainty if individual native restriction is not speedily introduced.

America Sells in London.—The Treasury has given its sanction to the repatriation of a large block of American-held shares in Electric and Musical Industries. The announcement follows hard upon similar developments in the case of General Electric and Associated Electrical Industries. The E.M.I. shares are being acquired from the Radio Corporation of America, which formerly held a large interest in the Gramophone Company, which was merged with the Columbia business on the formation of E.M.I. in 1931. The report of the Radio Corporation showed that on December 31st last it held 29.2 per cent. of the ordinary and 0.2 per cent. of the preference capital of E.M.I. The maximum sum involved, at present market prices, may accordingly be put at a tentative figure of £2,350,000. This sum compares with suggested figures of £300,000 for the Associated Electrical and £2,250,000 for the General Electric transactions. The Boots Pure Drug deal in 1933 (see the *Economist*, May 13, 1933, page 1029) evidently set a precedent in repatriation. In some quarters the latest transactions are interpreted as a bull point for the shares concerned although, unlike the Boots operation, they do not affect controlling interests, which have remained in British hands throughout. Whether the boards concerned will pursue a more generous dividend policy is a matter of guesswork. There is no particular reason why they should. From the broader investment aspect, unequivocal conclusions are more difficult. American participation in the British market from 1925 to 1929 may be regarded as part

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of the price of Britain's support of the gold standard, which involved, *inter alia*, a drain of realisable assets to the United States. The homing tendency of capital to-day may conceivably suggest an expert American view that the London market is now a more attractive market to sell than to buy in. From a broader viewpoint, wide international capital distribution is eminently desirable, and it would be regrettable if recent developments were to be given an "insular" interpretation.

American Utilities Position.—The decision of Judge Coleman in the Federal Court at Baltimore last week that the American Public Utility Holding Company Act was "unconstitutional in its entirety" was received with something akin to enthusiasm in Wall Street. This is merely round one of the legal battle, but operators have interpreted the decision as confirmation of their hopes that the Supreme Court, in turn, will also pronounce against the measure, although the possibility that hearings may be delayed by other business is not overlooked by the cautious. Meanwhile, it appears that some holding concerns, despite the conviction that the Act will be invalidated by the Supreme Court, are taking action to bring their financial structure into conformity with it. The majority, however, are expected to bring injunctions against various Government agencies in order to rob them of powers for enforcing the provisions of the Act. Of these, the most immediate, and not least important, is the registration with the Securities and Exchange Commission before December 1st next. If the wide powers which the Commission has been given under this heading can be successfully resisted, some New York operators may be justified in already declaring the Act a dead letter. The following table indicates the course of quotations for certain leading utility stocks most of which are close to the year's "high":—

	High, 1935	Low, 1935	March 30, 1935	Aug. 26, 1935	Present
<i>Standard Statistics</i> <i>Index of 37 utility stocks ...</i>	<i>90·1</i>				<i>90·1</i>
American Power and Light	9½	1½	2½	6½	8½
Columbia Gas and Electric.	15½	3½	5½	11½	14½
Cons. Gas of N.Y.	33½	15½	20½	29½	32½
Electric Bond and Share ..	20	3½	15	12½	16½
N. American ..	27½	9	11½	20½	26½
Pacific Gas and Electric....	30½	13½	16½	27	29½
Public Service N.J.	44½	20½	24½	40½	44½
	§ March 27th.		‡ August 28th.		

Between the end of March and the President's signature of the Act on August 26th last, quotations showed an overall advance of about 50 per cent., and further progress has since been made. The concerns, however, vary widely in their vulnerability under the Public Utility Act. Among those which operate in one State or in contiguous areas are Public Service Corporation of New Jersey, Columbia Gas and Electric, and Consolidated Gas of New York. The "vulnerable" concerns include American Power and Light, and North American Company, whose properties are in each case widely scattered, while the latter has holding company subsidiaries. Electric Bond and Share Company would be faced with possible reduction of service charges to subsidiaries, and with reorganisation of its "vulnerable" subsidiary holding companies such as Electric Power and Light, American Power and Light, and National Power and Light. At the moment, however, these possibilities are again in the melting pot.

Investors and the Argentine Exchange.—We drew attention a fortnight ago to the severe exchange losses which have been inflicted on the British-owned Argentine railway systems during recent years. A slightly less depressed interpretation of the outlook, however, has been fostered by recent developments. Although the principal object of the present visit to London of Argentine Government representatives is to negotiate for the renewal of the Trade Agreement which expires next year, *pourparlers* have also commenced with the representatives of the British-owned railway companies for concessions regarding exchange remittances. It will be recalled that the Advisory



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Breweries & Tobacco... ..	10%
Gold Mining	4%
Textiles	4%
Oil	5%
Cinemas	7%
Newspapers & Paper Trades	10%
Miscellaneous	

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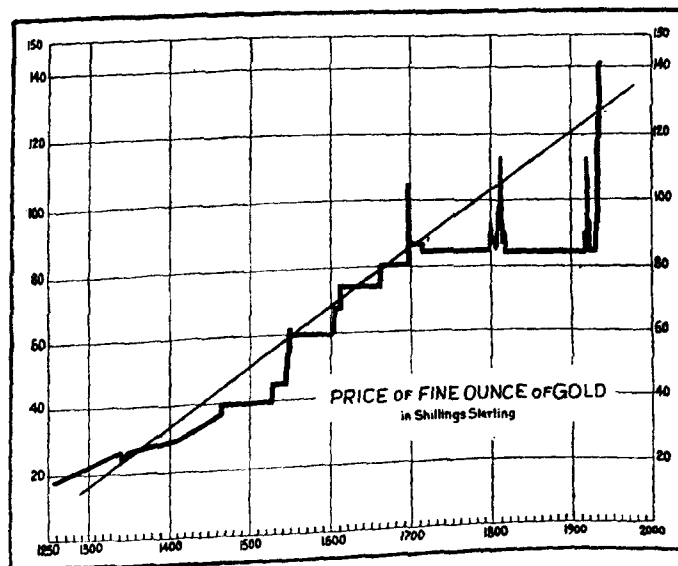
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Board, appointed by the Argentine Government to investigate the situation of the railway companies, recommended in April last that exchange losses should be reduced by allowing railway remittances to be effected at rates between those ruling for the general public and those for Government remittances. The Government is able to remit at 15 pesos to the £—at which level it buys nearly all export bills—whereas even when the railway companies can obtain a permit to remit as importers the rate is no better than 17 pesos per £. If they remit without a permit through the "free" market the rate is over 18 pesos. The interdependence of Anglo-Argentine trade and the importance of English markets for Argentine produce suggest that every effort will be made to continue the Roca Agreement on present lines. Trade statistics indicate that this country is in a strong position to insist upon the prompt provision of exchange to pay for imports from Britain and also upon further exchange concessions, assisting the transfer of earnings, on British capital. In the year 1934, as compared with 1933, exports from Argentina to Great Britain rose by 142.1 million pesos to 553.1 million pesos (say, £37,000,000 sterling), whereas imports of British goods showed a relatively smaller expansion of some 22 million pesos to a total of 230.3 million pesos (£15.5 millions). The balance of Anglo-Argentine trade favourable to Argentina thus rose from 202.7 million pesos to 322.8 million pesos, or from, say, £13½ to £21½ millions sterling. Since the huge profits which have accumulated in the Argentine Exchange Profits Fund are used only to a small extent for the intended assistance to the agricultural and pastoral industries, and are instead largely diverted to public debt service and public works, it is clear that importers, railway companies and other remitters—to whom the Exchange Profits Fund represents the proceeds of heavy indirect taxation—have the strongest case for more favourable consideration.

The Price of Gold.—For the long-sighted gold investor the accompanying chart may provide food for speculation. It traces the price of gold per fine ounce, in shillings, from the thirteenth century to the twentieth. Up to 1717 a number of fixed points have been plotted from figures given in Mr A. E. Feavearyear's work on "The Pound Sterling," and the same source has been employed for prices during the bank restriction period. The "steps" before 1717 are based on available data, and



may not be historically accurate. From 1919 to 1934 the graph shows the yearly average rate, and it is brought to a present record level of over 140s. The approximate trend line is indicated, but it is based on a visual impression and not upon calculation. The graph shows that, up to 1700, gold approximately doubled in value every two hundred years. From 1717 the price was stabilised—but for the disturbance during the Napoleonic Wars—until the outbreak of the Great War. With sterling again

divorced from gold the price has risen to over 140s., compared with 85s. in 1717. Will history repeat itself? The answer depends upon the level at which stabilisation is assumed, and also upon the position of the remaining gold currencies at the time of its occurrence. An entirely hypothetical example may be put. If President Roosevelt were to reduce the gold content of the dollar to the limit of 50 per cent. of the old standard, and sterling were maintained at the old parity against the dollar, the price of gold in London would rise to nearly 170s. per ounce. It would, of course, be dangerous to infer too much from the trend line, but its upward course throughout nearly seven centuries suggests that the normal state of mankind is "inflationary." It is an ill wind that blows no good to gold-mining shares.

Copper Policy and the Investor.—The suggestion made in a leading article on copper prospects, in our issue of November 2nd, that copper producers seemed intent on stimulating consumption at a reasonably profitable level of prices, has been confirmed by the chairmen of Rhokana Corporation and Roan Antelope. It will be recalled that Sir Auckland C. Geddes emphasised the continuous observation of the copper market and the scope for prompt increase of production if needed. Similar emphasis was expressed by Mr A. Chester Beatty at the Roan meeting on Monday last. He declared that the mine is ready to supply additional output when needed, and that the company requires only a continuation of the recent improvement in the world's demand for copper to bring a considerable measure of prosperity. It may be concluded that any sustained rise in prices would be offset by increasing supplies. Since the potential world production of copper has been doubled during the last 15 years, and costs substantially reduced, encouragement of consumption therefore combines logic with advantage. The leaders of the Rhodesian industry, in their speeches and in their support of the Copper Development Association, suggest their willingness to pursue such a long-term policy. For copper investors record copper prices may have less relevance to profits than increasing consumption at reasonable price levels. The experience of International Nickel proves that a reasonable price level not only benefits consumers, but also—and in no less proportion—the producers and their shareholders.

Investment Trusts: An American View.—British investors, to whom the question of fixed or managed trusts still invites a final answer, will find interest in an American survey recently published by Mr Donald J. Smith of Mackubin, Legg and Company. The writer comments favourably upon the experience of the leading managed trusts in this country, and suggests that, after emerging from a period of severe trial, the American trusts will enjoy a similar period of average prosperity. The increase in investment funds in the United States since 1924 has been prodigious. At the end of that year, some twenty-seven investment companies were in existence with an estimated invested capital of \$75 millions. By 1929 the total had risen to 500 companies, with invested resources, including those of the fixed trusts, of \$4,500 millions. A sample analysis establishes the managements' ability in conserving and improving asset values during 1933 and 1934. This feature has always received greater emphasis across the Atlantic, but the writer declares that, after several abnormal years, in which capital factors were of greater importance, the managements were seeking dividend-paying stocks in 1934. The survey concludes that investors have shown greatest interest in the "mutual fund" during recent years, apart from the fixed trust, "which is now out-moded." The former, as distinct from the "non-leverage" (sc. "non-gear") management company, enables its stockholders to sell back their holdings at a price based on net liquidating value. As many investment trust issues have narrow markets, and have usually sold below asset values since 1929, this is a valuable provision for the general investor. This "open-end" type, with funds in

limited amounts of easily marketable securities will attract increasing public favour, in the writer's view, while the "closed-end" company should assume greater importance in capital underwriting, and corporation reorganisation and finance. On this showing, the investment trust movement in America has been relatively successful in grafting its specific developments to the original British stock. Emphasis is still centred upon capital values and upon freedom from imposed management policy. Someday, perhaps, the relation of policy with income potentialities will receive greater attention.

Actuaries' Investment Index.—A quieter and less decided market mood on the eve of polling day is reflected in the Actuaries' Index of quotations for 158 industrial shares (December 31, 1928 = 100), which on Tuesday last stood at 78.7, against 78.3 a week earlier and 75.2 a month earlier. The corresponding yield figures were 3.75, 3.77 and 3.91 per cent. Some recently active groups, like coal, iron and steel, actually suffered a slight recession, as the following table shows:—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100)			Yields (%)		
	Month Ago (Oct. 15)	Week Ago (Nov. 5)	This Week (Nov. 12)	Month Ago (Oct. 15)	Week Ago (Nov. 5)	This Week (Nov. 12)
<i>Higher this Week.</i>						
Banks and Discount Co.'s (12)	111.8	113.9	115.7	4.19	4.11	4.05
Elec. Light & Power (16)	127.4	129.5	130.5	4.00	3.94	3.91
Food Supplies (8)	118.2	124.4	126.6	4.35	4.13	4.06
Breweries & Distill. (19)	127.2	132.9	134.6	4.34	4.17	4.13
<i>Lower this Week.</i>						
Coal (6)	84.9	89.2	88.2	4.52	4.22	4.30
Iron and Steel (8)	65.9	67.3	66.8	3.29	3.22	3.23
Oil (5)	64.5	71.5	70.3	3.50	3.15	3.18

The probability, or otherwise, of a post-election "boomlet" in equity shares is discussed in an earlier Note.

COMPANY NOTES

Provision Companies.—Summarising the position of grocery chain companies earlier this year (in our issue of April 20th, page 915), we concluded that, with the exception of the Unilever group, which is at present being reorganised, provision stores' profits should be able to resume in some degree the rising pre-depression trend. Experience since April has tended to confirm that view. While the Unilever stores have passed their interim dividends and their directors state that profits are lower, other stores, either by their published earnings or by the more up-to-date evidence of their chairman's speech, have recorded improving profits. It is an accepted fact that retailing profits lag behind general economic movements both at the beginning of depression and at the beginning of recovery. The accompanying sample of food retailers' profits suggests that the lag is greater in that section than in most remaining branches of the trade. This inference is confirmed by the Bank of England retail trade returns, which illustrate the relative timing of decline and recovery in food sales or in general sales. It would thus seem that the recent recovery in food sales and in food prices may indicate that the lag period is now at an end and that better profits may be expected by the retailers. If this view is correct, the much-needed reorganisation of the Unilever group of stores will have been undertaken at a favourable moment, and might yield surprisingly good results when the initial disturbance and costs are past. In general, however, spectacular improvements in profits should not be expected. Conditions remain keenly competitive; the free services now expected of the retailer are a burden on costs; and competition from the co-operatives is undiminished. There may, therefore, be only limited scope for wider profit margins, and improvement will have to come mainly through more economical working or through multiplication of branches,



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financed internally. The chairman of Thrift Stores recently said that 100 more branches could be handled by the company with little increase in costs except in direct wages. For the provision wholesalers the initial recovery may be more rapid than for the retailers, since their business compels them to carry considerable stocks which must yield an adventurous profit as prices rise. The sudden and substantial increase in profits which most food wholesalers

(Profits in £'000)							
	1929	1930	1931	1932	1933	1934	1935
Retail.							
Joseph Burton (April 12):							
Earned for ord.	5.6	5.1	5.3	8.5	7.9	7.8	7.2
Earned %	13.9	13.1	13.8	20.4	19.3	16.6	17.2
Dfd. div. %	Nil	Nil	Nil	7	5	5	5
Home and Colonial** (c. Dec. 31):							
Earned for ord.	509.2	435.9	617.5	461.5	206.0	191.9	88
Earned %	25	25	25	22½	10	9.5	88
Div. %	25	25	25	22½	10	10	88
Internat. Tea (c. Apr. 30):							
Earned for ord.	450.6	510.3	526.0	575.9	483.0	514.1	545.0
Earned %	48.8	46.2	45.6	51.5	36.9	39.6	38.9
Div. %	30	30	30	30*	30	30	30
Lipton** (c. Dec. 31):							
Earned for ord.	75.4	105.7	171.9	201.1	142.8	89.1	...
Earned %	39.8	55.5	94.7	21.2	14.5	9.1	...
Div. %	10	20	25	15	12½	7½	...
G. J. Mason (c. April 5):							
Earned for ord.	104.3	102.9	132.3	135.4	116.9	105.1	...
Earned %	27.6	27.4	33.1†	33.9†	30.6	27.1	...
Div. %	20	20	25†	25†	25	20	...
Maypole Dairy** (c. Dec. 31):							
Earned for ord.	427.1	419.7	314.8	207.7	157.2	152.4	88
Earned %	20.1	20.6	15.1	10.1	8.3	8.0	88
Div. %	17½	17½	15	10	6	6	88
Meadow Dy.** (c. Dec. 31):							
Surplus	194.2	195.5	170.0	81.4	Dr. 5.0	17.7	...
Earned %	35.6	36.0	31.9	14.4	Nil	Nil	...
Ord. Div. %	30	30	25	15	Nil	Nil	...
Mence Smith (Mar. 31):							
Earned for ord.	3.0	8.0	5.8	5.5	6.1	2.6	4.6
Earned %	24.5	66.6	48.2	47.5	52.5	21.9	38.7
Div. %	Nil	15	15	15	15	15	15
Thrift Stores (Mar. 31):							
Earned for ord.	...	12.7	7.7	6.8	2.4	8.9	14.0
Earned %	...	59.7	37.6	36.8	5.2	16.9	27.1
Div. %	...	20	10	10	Nil	5	10
Williamsons (c. Mar. 1):							
Earned for ord.	19.7	20.7	21.8	18.9	11.4	19.2	5.8
Earned %	28.4	30.5	32.3	27.7	15.3	28.6	5.1
Div. %	17½	17½	17½	17½	15	15	12½
Wholesale.							
H. H. and S. Budgett (c. Feb. 28):							
Earned for pref.	11.7	12.8	13.4	44.9	23.1	16.3	15.3
Earned for ord.	Dr. 9.9	Dr. 8.8	Dr. 7.2	24.6	2.8	Dr. 3.9	Dr. 5.6
Earned %	Nil	Nil	Nil	65.7	7.6	Nil	Nil
Burton, Son and Sanders (Dec. 24):							
Earned for ord.	11.3	10.7	15.1	12.6	11.7	11.4	...
Earned %	11.4	10.8	15.6	13.1	11.8	11.4	...
Dfd. div. %	10	10	12½	10	10	10	...
Lovell and Christmas (June 15):							
Earned for ord.	67.7	6.4	15.6	68.0	27.1	83.7	86.2
Earned %	9.5	0.8	2.1	10.1	3.8	12.4	12.5
Div. %	10	2	Nil	6	3	7	8
Morris and Jones (Dec. 31)							
Earned for ord.	14.3†	12.9	20.6	Dr. 1.3	7.4	18.0	...
Earned %	6.1†	5.6	9.1	Nil	3.3	12.9	...
Div. %	Nil	Nil	5	5	3	7	...

** Unilever group. * And 10 per cent. capital bonus. † Tax free. ‡ For preferred and ordinary. †† 10 per cent. on preferred ordinary and 1.1 per cent. on ordinary. §§ No interim, and profits stated to be lower. ‡ Six months' figures.

showed in 1931-32 reflected the brief buying movement and recovery in prices which followed our abandonment of the gold standard. Such effects, on a smaller scale, should follow from the current rising trend of food prices. In the long run, however, the retailer is a safer investment than the wholesaler owing to the greater inherent stability of retailing profits and the general tendency for larger units in the retail trade to obtain their supplies direct from the source.

Pastoral Company Shares.—The continued strong tone in the current Australian wool sales has been widely interpreted as a favourable factor for the Australian economy as a whole. For a variety of reasons, however, investors have only limited opportunities at the source of the recovery, among the pastoral companies themselves. At best there are few active shares in the market whose

"freedom" is further limited by the tradition of high denominational stocks in this group. A more weighty reason, however, has been the recent course of profits. In common with most primary commodity producers, wool growers have had bitter experience of depression, and the pastoral concerns have been compelled to adopt a lenient policy towards their mortgage and trade debtors. The following table shows the total profits of a number of companies in the best year of the last decade, together with those of the last two years, and the resultant earnings for the equity issues:—

Company (and Date of Accounts)	Total Profits	Earned for Ordinary	Ordinary Stock or Shares			
			Earned	Paid	Quotation (and Denomination)	Yield (%)
Australian Agricultural Co. (Dec. 31):						
1927	153,985	56,154	7.0†	6½	£4½ (£5)	3 6 9†
1933	64,114	25,623	3.2†	3†		
1934	62,239	24,425	3.1†			
Australian Estates and Mortgage (Dec. 31):						
1928	284,442	65,551	6.9	5	£25 (£100)	Nil
1933	240,726	Nil	Nil	Nil		
1934	185,655	Nil	Nil	Nil		
Austr'n, M'cantile Land & Finance (June 30):						
1928	479,469	162,189	11.6	10†	£3½ (£25, £5 paid)	3 4 0†
1934	257,130	79,466	5.78	2†	£4½ (£5 f. p.)	2 7 0†
1935	260,953	35,468	2.58	2†		
Australian Sheep Farms (Mar. 31):						
1927	146,508	48,548	15.1	7½		
1934	48,522	4,911	1.6	Nil	£17/6 (£5)	Nil
1935	32,900	Dr. 6,249	Nil	Nil		
Goldsbrough, Mort (Mar. 31):						
1929	914,201	317,287	15.9	15		
1934	615,706	195,632	8.2	6	25/- (£1)	4 16 0
1935	566,423	98,187	4.1	6		
New Zealand & Austr'n Land (Mar. 31):						
1929	330,606	215,029	12.2	8	£67½ (£100)	Nil (a)
1933	Dr. 26,562	Dr. 110,509	Nil	Nil		
1934	236,063	147,118	9.5	4		

† Free of income tax. (a) No dividend is to be paid for year ended March 31, 1935, on the ordinary stock. ‡ Subject to British Income Tax estimated at £25,000 for 1933-34 and £10,000 for 1934-35. Earned percentages after such provision would be 3.9 and 1.8 respectively. Note.—The position of Dalgety & Co. is discussed on page 973.

In many cases high capital gearing has produced serious reduction of equity earnings compared with the peak year. Where recent figures are available, they show a setback compared with the preceding year. In estimating the recovery possibilities for the current season, caution may prove wise, owing to the reduction in the total clip. Increased provision may also be required for drought expenses in certain cases. It is not yet known to what extent the Goldsbrough, Mort fire will affect profits, although, of course, the stock was covered by insurance. The current improvement in pastoral conditions, however, should tend to ease the mortgage situation. The majority of these concerns, further, show a strong liquid position, and a return of capital—already suggested by Australian Agricultural Company—may rank among future possibilities. Broadly, the investor may be advised to concentrate upon concerns with a good depression record, taking due note of the unpaid liability which exists on certain shares.

I.C.I. Scheme Sanctioned.—Last Wednesday, Mr. Justice Eve sanctioned the petition of Imperial Chemical Industries for the confirmation of its scheme involving a reduction of its total authorised capital of £95,000,000 to £89,565,859 and a consolidation of its 5s. deferred shares (reduced from 10s.) into £1 ordinary shares. The petition was opposed by a committee representing 13,296 holders of 4,435,521 deferred shares, who alleged that the scheme was "unnecessary and uncalled for, as not a single penny had been lost, and that it was unfair to them." As Mr. Justice Eve has postponed his detailed judgment until next week, comment on the far-reaching issues of accounting principle raised by the case must be reserved for a later issue. It may be pointed out, however, that the result confirms the opinion on the merits of the scheme itself which we ventured to express at the time of its publication. The original deferred shares, created at the company's

inception in 1925, represented, for the most part, a capitalisation of economy chickens before the breaking of the eggshell. As "high-gear" counters, entitled to rank for dividend with the ordinary only after the latter had received 7 per cent., they undoubtedly appealed to a number of investors who looked for substantial eventual capital appreciation. Many of these investors, having held them through relatively lean times, were dismayed by the suggestion that, when the company appeared soundly set upon a prosperous course, the shares should lose their "gearing" potentialities. To the contention that the arrangement would produce an immediate doubling of their dividend, the dissentient holders replied, in effect, that a future increase in divisible profits might be worth much more if the *status quo* were maintained. The case thus turned, not primarily on the purely nominal reduction in the value of the shares—for few investors are willing to incur heavy legal charges for the shadow of a shade—but rather upon the implicit argument that the company's divisible profits, after obsolescence and reserves, had been computed with undue conservatism. It may be concluded, therefore, that the Court has confirmed the company's view as to the delimitation of the frontier between prudence and generosity in the matter of "reserves." For the company's stockholders as a whole, the implication would seem to be that a spectacular future increase in earnings and dividends can be ruled out, and that the ordinary capital should be regarded primarily as a "stable equity."

Dalgety and Company.—This pastoral company's profits suffered a setback of nearly £50,000 last year. Conditions have been difficult in Australia; Queensland suffered from abnormal drought and more recently from extremely cold weather, while conditions in Western Australia and New South Wales are described as "patchy." The 1934-35 wool season opened unfavourably, and despite an increased clip the total Commonwealth wool cheque fell by £13.6 millions. In New Zealand, the season was generally favourable, but proceeds from the auctions were further lowered by the reduced clip. So far as the company is concerned, reduced provision for exchange has approximately offset the increased cost of taxation and terminable debenture interest. The fall in available earnings for the ordinary shares from £72,575 to £21,789 thus corresponds closely with the reduction in total profits. Some 3½ per cent., out of the 5 per cent., tax free, paid on the ordinary, has once again been drawn from accumulated profits of earlier years:—

	Years to June 30th		
	1933	1934	1935
Profits, after provision for bad debts and depreciation	694,520	837,049	787,413
Expenses	387,555	392,815	390,021
Directors' fees	2,400	4,129	4,994
Taxation	49,255	50,608	61,137
Exchange provision	61,908	102,262	87,389
Staff bonus	10,000	10,000	10,000
Debenture interest	169,872	179,660	187,083
Preference dividends	25,000	25,000	25,000
Ordinary shares (free of tax):			
Earned	Dr. 11,470	72,575	21,789
Paid	75,000	75,000	75,000
Earned %	Nil	4.8	1.5
Paid %	5	5	5

Reserve transfers

Carried forward

† From contingency reserve in 1932-33 to cover cost of exchange.

The current season has opened under more auspicious price conditions, but some fall in the clip is expected. The wheat outlook has also improved. The strength of the company's balance sheet has been scarcely affected by the lean years since 1930. The depreciation of Australian and New Zealand assets is covered without encroaching upon the £1,000,000 reserve fund. The ordinary shares of £20 carry an unpaid liability of £15, which limits their appeal for the general investor. The yield of £3 18s. 6d., tax free, at £6½, however, affords some compensation, conjointly with the recovery prospects which the shares enjoy.

Imperial Smelting.—The statement of consolidated earnings of the Imperial Smelting group, which the directors again present with the report, is most useful to shareholders. The formal profit and loss account of the parent concern shows a fall in net profit of little over £9,500 to £145,428, the only revenue item consisting of dividend and other receipts. The consolidated statement, however, reveals that group profits fell by as much as £65,488 to £205,841, and that group earnings during the year failed to cover the Imperial Smelting 6½ per cent. preference dividend. The fall is attributed to abnormally low prices for zinc during the period of the accounts, the average price being £12 10s. 6d. per ton, against £15 12s. for the previous year. Production, in fact, showed a material increase, despite the adverse price position. The following analysis shows that the preference dividend has involved a draft of £11,446 on the group balances carried forward:—

	Years to June 30th	
	1934	1935
Consolidated trading profit	271,329	205,841
Dividends and other income	72,354	68,339
Total income	343,683	274,180
Depreciation reserves	71,147	75,399
Administrative expenses	79,126	75,689
Available for dividends	193,410	123,092
Imperial Smelting preference dividend	134,538	134,538
Carried forward { Imperial Smelting	33,126	44,016
{ Subsidiary companies*	56,026	33,690

* Excluding amounts due to minority interests.

Since the close of the financial year there has been a substantial advance in the price of base metals, including zinc, and at present prices material benefits will accrue to the Corporation. The balance sheet shows considerable changes in the values of investments. The principal subsidiary interest, National Smelting, now stands at £3,566,681, against £3,980,801, following the transfer of

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RESERVE FUND £2,500,000
CAPITAL UNCALLED £7,500,000
£12,500,000

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its minority investments to the parent concern. These have since been sold, the surplus providing for writing down book values and the creation of an investment reserve of £40,000. The capital reorganisation of Non-Ferrous Metal Products, which represents the Corporation's interests in the pigment trade, has also been effected, while a new item for "other investments," presumably reflecting the reinvestment of the National Smelting interests transferred, stands at £302,834. The detailed reports on the group's activities leave no doubt that it is well placed to participate in a recovery of zinc prices. The ordinary shares, which have gone dividendless since 1930, after the Corporation's first year, are now quoted at 14s. 6d. and appear to carry fair, though somewhat deferred, prospects of coming within the dividend zone if zinc is maintained at present levels.

* * *

Two Motor Results.—In their respective spheres the results of Humber Ltd. and S. Smith and Sons (Motor Accessories) are very satisfactory. The former concern, which is now controlled by Rootes Ltd., announces that profits for the year ended July 31st last amounted to £231,927. The corresponding figure for the previous year, after allocating £17,580 to staff pensions, was £224,595. During the year £600,000 of new 5 per cent. preference capital was issued to replace the existing debenture issue and to finance additions to plant. The dividend on the highly-gearred deferred shares, all of which are privately held, is maintained at 10 per cent., and has evidently been covered with a handsome margin. The 15 per cent. preferred ordinary dividend, which is non-cumulative, may be regarded as secure while earnings run at present levels. These 10s. shares yield £7 12s. per cent. at the current quotation of 21s. 3d. The results afford convincing testimony to the efficiency of the interests in control. S. Smith and Sons (Motor Accessories) show further progress to new record profits. Total income has advanced from £162,214 to £187,586, while profits available for dividends, after charging increased depreciation and taxation, show an increase from £125,355 to £137,383. The highly-gearred 1s. deferred ordinary shares again receive 25 per cent., and yield only £3 3s. 6d. per cent. at a price of 8s. 1½d. The increased preferred ordinary capital again ranks for 14 per cent. After providing £5,000 against patents and £30,000 to general reserve, as before, the balance forward is slightly increased at £66,278. The figures suggest that very satisfactory returns will be obtained from the capital raised last February when it fructifies. Interests in domestic clocks and aircraft instruments have been extended during the year. It may, however, be necessary to work on distinctly narrow profit margins, particularly in the motor and aircraft instrument business. These results, following such reports as Rover and Triplex, indicate that some of the smaller units in the motor industry and the leading accessory concerns are still in the profit recovery phase. They do not, in themselves, rebut the presumption that increased output has offset rather lower returns per unit.

* * *

Rhodesian Selection Trust.—Chief contemporary interest in this company's assets attaches to its 64 per cent. interest in Mufulira Copper Mines. During the year ended June, 1934, the capital of the latter was increased by an issue of £1,000,000 5½ per cent. debenture stock and of 284,000 2s. shares at 12s. 6d. each. These funds were required to provide for the erection of a smelter, enlargement of the existing treatment plant, and necessary development work. Production commenced during the period; but since the ore treated came mainly from development, a small loss resulted. This factor continued to operate for the first half of 1934-35, when the price of copper ruled low. The output expanded until restriction came into operation at the beginning of May. Thanks to the recovery in price which followed, operations since that date—the directors announce—have shown a profit after providing for debenture interest and depreciation reserve. A working surplus of £28,800 resulted, but after charging administration expenses and debenture service it was converted into a loss of £102,600. The debit balance is there-

fore increased to £226,230. During the latest year a further £500,000 of debenture stock was issued, and at the date of the accounts current assets showed a surplus of £779,000 over current liabilities. This should prove ample for completion of the capital expenditure programme expected during the current year. Meanwhile, the entire production of concentrates is being treated at the Roan Antelope smelter. When the company treats its ore entirely by its own plant and when the Selkirk main haulage shaft is available, costs may confidently be expected to average less than £27 5s. per ton recorded last year. Since ore reserves are estimated at 161,200,000 short tons, the question of "life" does not at present arise. The average copper content is calculated at 4.13 per cent., but the ore treated last year was well above the average grade at 6.34 per cent. There is at present no market in Mufulira shares, but the 5s. shares of Rhodesian Selection Trust are quoted at about 9s., suggesting confidence in the future of Mufulira.

* * *

Pahang Consolidated.—The recent spurt in the shares of this company, writes our Mining correspondent, was attributed in some quarters to the doubling of the interim dividend—a complete misapprehension. Actually, the ordinary dividend of 10 per cent. declared on October 8th represented the final payment for the year to July 31st last, and made a total of 15 per cent., as previously. The balance of 8½ per cent. on the preference shares similarly brought the aggregate to 12 per cent. Consideration of the output statistics alone would suggest a large increase in profits, for the ore treated rose from 72,700 tons to 88,800 tons; while tin production amounted to 1,650 tons against 1,260 tons. The percentage recovery of black tin per ton of ore rose from 1.71 to 1.85, and the average net price realised £156 12s. 6d., compared with £151 2s. 7d. The mining profit, however, shows an increase of only £5,700 at £85,100 owing to the fact that over 450 tons were produced for the Buffer Pool stock, instead of only 110 tons in July, 1934. This tonnage was brought into account at \$733 per ton, whereas the net realisations averaged \$1,175. Owing partly to the additional repair work, and partly to increased royalty and realisation charges, costs rose from 29s. 10d. to 30s. 8d. per ton. After payment of the dividends already mentioned, the slightly reduced balance of £27,350 is carried forward. The additional development footage brought a small increase in the ore reserves—all in Willinks mine. The general manager reports that the prospects for extension of the ore bodies remain favourable. At the current quotation of 14s. for the 5s. shares, the yield is only just over 5 per cent.

* * *

Other Company Results.—Our usual table of profit and loss accounts on page 991 includes the results of 37 additional companies. Home industrial concerns have a greater representation this week. Among them, *Lewis Berger and Sons* report net profits of £141,391, compared with £102,460, and the increased dividend of 15 per cent. is covered with an ample surplus. The *Hay's Wharf* figures maintain the reputation of the concern for high and stable earnings. Net profits have shown a small advance from £231,623 to £235,598, and the usual 10 per cent. dividend is earned with comfort. The remaining industrial reports *British Cyanides* and *S. and W. Berisford*, the merchanting house, show improved results, but *Morland and Impey* and *Yarrow* for the year to June last show a fall from £37,033 to £30,680, at which they are slightly in excess of the 10 per cent. dividend and the "ploughing back" of £15,000. The report states that the shipyard was only moderately well occupied. In the property group, *Town Investments* have experienced a satisfactory year, and profits have advanced from £63,384 to £70,002. Additional capital powers are being sought, and conditions in the West-End property market are stated to be satisfactory. The week's rubber reports again show uneven results. Concerns such

as *Kuala Reman* and *Bukit Kasang* have done better, but reduced earnings are common among the smaller concerns. The week's dividend announcements have again been generally favourable. Among the brewery declarations, *Benskins'* final distribution has been raised to 11½ per cent., making 17½ per cent. for the latest year, against 15 per cent., while *Bentleys Yorkshire* final payment is doubled at 7 per cent., the total of 10 per cent. comparing with 6 per cent. in the previous year. The interim dividend of 7 per cent. declared by *British Oxygen* is not comparable with the 4 per cent. payment last year, since the directors have decided to reduce the disparity between the interim and final payments. *Dennis* shares fluctuated after the announcement of an increased dividend of 150 per cent. and a special tax-free bonus of 50 per cent. payable out of a surplus on assets realised. The directors of *P. and O. Steam Navigation* are again unable to recommend a dividend on the deferred stock. The *Unilever* group interim dividends are again based on Fl. 20 for the Fl. 1,000 shares. Taking the English £1 stock at the rate of Fl. 12, and calculating the value of 24 cents at the current exchange rate, the dividend is equivalent to 8d. (3½ per cent.) on *Unilever, Limited* shares. The *Harrods (Buenos Ayres)* profits have recovered from £95,950 to £156,388, and a 4 per cent. dividend is recommended on the preference shares for the half-year to February, 1932.

* * *

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following meetings:—*Argentine Great Western Railway*, *Bengal-Nagpur Railway*, *London Maritime Investment*, *Sudan Plantations Syndicate*, *Kassala Cotton*, *Birmingham Small Arms*, *Lake View and Star*, *Roan Antelope Copper Mines*, and *Wiluna Gold Corporation*. Viscount St. Davids, addressing the *Argentine Great Western Railway* meeting, strongly criticised the building of a competitive line by the *Argentine Government* parallel with the company's line. Sir F. Vernon Thomson, addressing stockholders of *London Maritime Investment Company*, reviewed the working of Government assistance to tramp shipping, and declared that the outlook was more encouraging, although prosperity had not fully returned. Sir Alexander Roger, chairman of *Birmingham Small Arms Company*, reviewed the progress of the *Daimler* and *Lanchester* Car sections, and declared that the new pedal cycles should obtain an increased share of the market. At the *Lake View and Star* meeting, Mr John A. Agnew disclosed that the loss in production caused by the strike last February amounted to £A.150,000. At the *Wiluna* meeting, Mr Agnew referred to the potential advantages to *Wiluna* of smelting ore from the adjoining *Moonlight* property. Mr A. Chester Beatty, at the *Roan Antelope* meeting, disclosed that net profits for October were estimated at £45,000, against £99,000 for the previous quarter. At the *Sudan Plantations* meeting, the chairman had much of interest to report. The company has extended its area of cultivation, which should tend to reduce overhead charges. *Kassala Cotton* Company has also extended its area and has been able to pay its maiden dividend. The chairman of the *Bengal-Nagpur Railway* reported a gratifying increase in revenue, due mainly to the heavier traffic of the steel industry.

THE WEEK IN THE MARKETS

THE LONDON STOCK EXCHANGE

SETTLING DAYS

TICKET	ACCOUNT
NOVEMBER 19	NOVEMBER 21

MARKETS on the eve of the election were cheerful but quiet. There were day-to-day fluctuations in the estimates of the National Government's expected majority; but the Stock Exchange remained confident that its anticipated period of expansion under a National Government would eventuate. The volume of business has been smaller than of late, mainly because the market has been awaiting the election results, but partly because of closed markets in New York and Paris on Armistice Day. Tension

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in the Far East exerted further restraint, but on Thursday the stage was all set for a renewed upward movement so soon as evidence appeared of the National Government's safety.

The tone of the gilt-edged market has been determined largely by these election anticipations. The market was firm at the end of last week, with Local Loans the principal feature. At the opening of this week election apathy caused a slight sag, and the market continued rather quiet until mid-week, but without the usual pre-election anxiety. The offerings remain small, and there have been fairly large forward purchases. India stocks have moved upward, and the 3 per cent. scrip is at a premium; colonial issues have been well supported, but there have been no changes of significance.

European bond prices have continued to improve, with slight dullness at mid-week. Austrian issues were the feature at the end of last week, and Danzig City bonds rose on expectations of benefits from the trade agreement between Poland and Germany. This week French rentes have been easier, and Italian issues have fallen in anticipation of the effect of sanctions. Russian issues were supported on hopes of a settlement of the pre-war debt by the Soviet Government. Chinese and Japanese loans have been adversely affected by the prospect of renewed trouble in Shanghai and by the anticipation of difficulties for the Japanese Budget if military operations are renewed. The Chinese group were steadier after Sir Frederick Maze's statement that the Customs revenue was not unsatisfactory. There was both support and profit-taking in Brazilian issues, and hopes that Chile would be able to resume partial debt payments in January led to a rise in Chilean bond prices.

Home railway issues have been somewhat irregular; there has been some profit-taking and a little uncertainty about the miners' strike ballot. The traffic results were not as good as had been anticipated, and there was some selling in mid-week. Transport "C" stock has been consistently strong. The foreign rail market has been quiet, with support for Argentine rail stocks encouraged by Mr Runciman's remarks on the Argentine trade agreement.

Industrial markets were irregular at the end of last week, but a firmer tone developed toward the middle of this week. In the electrical equipment group there were wide movements in Crompton-Parkinson, but General Electric were firm on anticipations of a favourable dividend announcement. Electric supply shares have been satisfactory, with profit-taking in Calcutta. R. A. Lister were the feature of the iron and steel market at the end of last week, on hopes of good dividends and a capital bonus, but there was some profit-taking this week. The market displayed renewed firmness at mid-week on the stimulus of the output figures for October, which are the highest for over eight years. There was a similar change of tone in the motor section at mid-week. *Dennis* shares were particularly strong, and the aviation market overcame its recent quietness with a burst of interest in Rolls-Royce and most aviation companies. Brewery issues were more irregular than last week, and Charrington attracted particular interest. Tobacco issues were stronger in mid-week after earlier weakness in certain stocks due to the Far Eastern troubles. The textile market has been irregular, with slightly improved tone at mid-week. The stores section has been fairly active this week, and Harrods have attracted support on hopes of resumed preference dividends.

The oil market was quiet at the end of last week, but this week it has been decidedly cheerful, buoyed up by interim dividend hopes and canvassing of higher petrol prices. The market is experiencing a general bullish movement, with Trinidad Leaseholds one of the strongest features. Rubber shares have continued to be dull and prices have fallen slightly with a small volume of business; tea issues have been equally uninteresting.

At the end of last week there was a reactionary movement in the Kaffir market, but the tendency was reversed this week, led by strong demand from the Cape. East Africans were equally strong, but there was little activity in the West African market. Australian issues have been rather uncertain throughout the week. Tin shares have remained indifferent to improvements in tin prices, and copper issues have been quiet.

"FINANCIAL NEWS" DAILY BARGAIN INDEX
(Approximate number of Bargains recorded in Stock Exchange Lists)

	Week to Nov. 8, 1935	Nov. 7, 1935	Nov. 8, 1935	Nov. 11, 1935	Nov. 12, 1935	Nov. 13, 1935	Nov. 14, 1935
Government and Municipal Loans	6,277	1,128	1,095	1,332	1,225	1,150	1,094
Transport, Com- munications, and Public Utilities...	5,393	1,028	980	1,076	1,129	1,042	950
Commercial and Industrial...	27,781	5,548	5,023	5,482	4,855	5,027	4,984
Banks, Insurance and Financial...	3,336	668	610	581	641	637	533
Mines (including Nitrates)...	7,615	1,455	1,311	1,123	2,136	1,360	1,397
Oils	1,337	256	196	176	235	262	256
Rubber, Tea and Coffee	1,471	270	251	172	301	253	218
Total	53,210	10,353	9,466	9,942	10,522	9,731	9,432
Corresponding day in 1934	...	8,001	8,015	9,637	9,200	8,244	10,250

* Including Iron and Steel and Breweries.

REVISED "FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL
ORDINARY STOCKS. (July 1, 1935 = 100)

Highest of 1935 (Nov. 14)	Lowest of 1935 (Mar. 27)	Nov. 7, 1935	Nov. 8, 1935	Nov. 11, 1935	Nov. 12, 1935	Nov. 13, 1935	Nov. 14, 1935
104.5	87.4	102.8	102.5	102.4	102.9	103.6	104.5

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST
STOCKS. (1928 = 100)

Highest of 1935 (Feb. 1)	Lowest of 1935 (Oct. 3)	Nov. 7, 1935	Nov. 8, 1935	Nov. 11, 1935	Nov. 12, 1935	Nov. 13, 1935	Nov. 14, 1935
141.0	131.9	134.7	135.0	135.0	135.1	135.3	135.5

FOREIGN STOCK EXCHANGES

NEW YORK

THIS week's movements have shown nothing of last week's exuberance over the election results and the Baltimore Utilities judgment. Markets have been simmering, but no more. Since the volume of business has been running over the two million share mark, the irregular reaction in prices must be attributed in part to profit-taking. The result was reflected in trendless markets, and a handful of features. At the opening on Tuesday, for example, entertainment shares were slightly firmer, and rails closed a little higher. Where industrials were changed, however, a small number of advances almost equally matched the falls. The mid-week rally was also a rather fractional affair for most stocks. Building material and utility issues were slightly higher, but the feature of the day was the advance in Radio and International Nickel, the quarterly statement of the latter being

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received with marked favour. Changes in the bond market have been adverse on balance, both Treasury and second-grade rail issues moving lower on Wednesday. Business news remains good. Steel activity shows a good rise from 52.5 to 54 per cent. of capacity, according to the *Iron Age*, and demand is reflecting prospects of higher prices. Building contracts in the Eastern States rose from \$167.38 millions in September to \$200.86 millions for October.

	Nov. 6, 1935	Nov. 13, 1935	Nov. 13, 1935, Eng. Equiv.†		Nov. 6, 1935	Nov. 13, 1935	Nov. 13, 1935, Eng. Equiv.†
U.S. 2½% Treas.	101½	100½	102½	Natl. Biscuit...	35½	35	35½
Bds. 1945-47...	49½	50	50½	Phelps Dodge...	25	25	25
Atchafalpa...	10½	10½	10½	Pullman...	33½	33½	34
Eric...	16	15½	15	Sears Roebuck...	59½	62½	63½
Illinois Central...	23½	23½	23½	Ua. Fruit...	69	68½	69½
N.Y. Central...	27½	28½	28½	U.S. Leather...	81	86	81
Pennsylvania...	19½	19½	19½	U.S. Rubber...	15½	14½	14½
Southern Pacific...	19½	19½	19½	U.S. Steel...	48	48½	48½
Southern Ry...	96	100½	101½	Westinghouse...	90½	94½	95½
Union Pacific...	143½	142½	144½	Woolworth...	59½	56½	57½
Am. Can...	60	58	58½	Am. Tel. and Tlg.	145½	148½	153½
Amer. Smelting...	21½	21½	21½	Interboro R.T.	19½	18½	18½
Anaconda...	43½	45½	46½	Int. Tel. Teleg.	11½	11	11½
Bethlehem Steel...	89	85½	86½	Utilities P. & L.	2½	2½	2½
Chrysler Motor...	69	71	72½	W. Union Tlg...	62½	73	74½
Corn Products Rl.	166½	166	168½				
Eastman Kodak...	36½	39½	39½	Shell...	38	38½	38½
Gen. Electric...	58½	57½	58½	Shell Union...	12½	13	13½
Gen. Motors...	58	58½	59½	Std. California	38½	37½	37½
Int. Harvester...	34½	36½	36½	Do. N.J.	49½	49½	50½
Mont. Ward...							

† Calculated at \$4.92 to £.

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

	1934		1935		Be- sting of Year 1935	Oct. 30, 1935	Nov. 6, 1935	Nov. 13, 1935
	Lowest Sept. 19	Highest Feb. 21	Lowest Jan. 1 to Nov. 13	Highest Nov. 6				
351 Industrials...	74.8	90.5	74.5(1)	107.5	83.1	103.3	107.5	107.5
33 Rails...	34.0	51.4	27.4	38.0z	35.6	30.2	30.2	37.0
37 Utilities...	55.2z	83.4z	52.2	90.1v	57.9	86.8	88.6	90.1
Total, 421 Stocks	65.6	82.1	68.1	93.3	71.0	89.6	92.9	93.3
Average yield of 50 Industrial Common Stocks	2.78%	3.90%	3.02%	4.06%	3.62%	3.15%	3.03%	3.02%
† December 26th. (1) March 13th.			† February 7th. (v) November 13th.			(z) September 12th. (z) September 11th.		

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

Highest of 1935 (Nov. 13)	Lowest of 1935 (Mar. 15)	Nov. 6, 1935	Nov. 7, 1935	Nov. 8, 1935	Nov. 9, 1935	Nov. 11, 1935	Nov. 12, 1935	Nov. 13, 1935
123.1	78.6	120.0	122.0	122.6	122.9	Closed (a)	121.8	123.1

TOTAL DEALINGS IN NEW YORK

	Nov. 7, 1935	Nov. 8, 1935	Nov. 9, 1935	Nov. 11, 1935	Nov. 12, 1935	Nov. 13, 1935
Stock Exchange— Shares (Thous.)	2,790	3,350	1,170	Closed	2,140	2,050
Bonds (Value Thous. \$)	13,790	12,880	5,570	Closed	12,140	11,200
Curb— Shares (Thous.)	567	1,157	333	(a)	454	336

(a) Armistice Day.

PARIS

The Bourse was closed on Monday in commemoration of Armistice Day. Tuesday's opening was rather irregular. Rentes showed a modest recovery and "Young" bonds again improved. The market showed distinct uneasiness in mid-week on the proposal to issue identity cards to investors for taxation purposes. This latest proposal of the Finance Committee is condemned by the Bourse, but the appreciable falls in rentes, bank shares and industrials showed that the market's response was not limited to denunciation. Royal Dutch was firm against the trend, while other international counters and gold shares provided the inevitable refuge from local disturbance.

	Nov. 6, 1935	Nov. 7, 1935	Nov. 8, 1935		Nov. 6, 1935	Nov. 7, 1935	Nov. 8, 1935
Banque de France	8,900	8,885	8,750	Wagons Lits.	44	43½	43½
Credit Lyonnais	1,642	1,610	1,610	Mexican Eagle	24½	24½	25
Suez Canal	18,200	18,160	17,970	"Chartered"	93	93	92½
Chargeurs Réunis	175	167	165½	Ford	54	54½	55
Rio Tinto	1,410	1,404	1,409	De Beers	418	429½	429
Royal Dutch	21,410	21,275	21,340	"Johnnies"	284	283½	284½

BERLIN

Share prices declined slowly throughout last week. Lignite issues, however, still maintained their firm course, and Reichsbank gained a couple of points. Commercial banks and the leading issues in all other groups were sold, and many fell several points. The new week began in active style, but selling continued, and Reichsbank alone made a further gain before reacting on profit-taking in mid-week. Reichsmark bonds were a little lower where changed. The official Bourse index number for October for shares was 90.98, against 92.68 for September, and for domestic loans 94.92 against 95.14.

	Nov. 6, 1935	Nov. 11, 1935	Nov. 13, 1935		Nov. 6, 1935	Nov. 11, 1935	Nov. 13, 1935
Reichsbank	175.25	177.40	177.25	A. E. G.	35.90	34.60	34.75
D.D. Bank	84.00	82.50	82.50	Siemens and Halske	162.50	159.90	163.00
Dresdner	84.00	82.50	82.50	A. K. U.	53.50	52.90	51.75
L.G. Farben- Industrie	147.50	145.50	145.40	Hamburg-Amer. ("Hapag New")	15.50	15.00	14.75
Norddeutscher Lloyd (New)	17.00	16.40	16.10				

AMSTERDAM

The market opened cautiously on Monday, owing to the closing of the New York and Paris exchanges. Paris support assisted the stronger tone on Tuesday, although activity was rather restricted to the international list. Royal Dutch, however, were in keen demand at new high levels, owing to interim dividend expectations. Rubber shares responded temporarily to the further raising of the native export duty. Industrial shares found early support, but they subsequently became little less than steady. Government bonds were strong in mid-week trading.

	Nov. 6, 1935	Nov. 11, 1935	Nov. 13, 1935		Nov. 6, 1935	Nov. 11, 1935	Nov. 13, 1935
2½% Dutch Loan	75½	73½	73½	Steel Common	27½	28	27½
5½% German	20½	22	21½	A. K. U.	25½	25½	25½
Unilever N.V.	103½	103½	105½	Ford Motor	245½	248½	246
Philips Lamps	235½	239½	240½	Dei Batavia Tob.	148½	147½	148
Netherlands Ship- Union	46½	46½	46½	Royal Dutch	207½	206	210½
				Handels Ams.	216	214½	218½

CAPITAL ISSUES

ISSUES OF THE WEEK

By Prospectus or Offer for Sale

Amount previously recorded, Jan. 1 to Nov. 9, 1935, including conversions, £269,383,588.
Amount previously recorded, Jan. 1 to Nov. 9, 1935, excluding conversions, £133,739,300.

National Savings Certificates.
Net receipts, Five days to November 9, 1935, Dr. £100,000.

	Nominal Capital £	Conver- sions £	New Money £	First Payment £	Further Liability £
To the Public					
Derby Gas Light and Coke, £100,000	100,000	...	100,000	...	100,000
4% Red. Deb. 1956-66, at par	100,000	...	100,000	...	100,000
Total	100,000	...	100,000	...	100,000

	Nominal Capital £	Conver- sions £	New Money £	First Payment £	Further Liability £
To Shareholders only					
Colonial Gas, 115,000 Ord. Shares £1, at par	115,066	...	115,066	57,533	57,533
at par	31,250	...	39,062	7,812	31,250
Broome Rubber Plantations, 312,500 Shares 2/-, at 2/6	62,500	...	62,500	12,500	50,000
Do., 8% Conv. 1st Deb. £62,500, at par	208,816	...	216,628	77,845	138,783
Total	208,816	...	216,628	77,845	138,783

	Including Conversions £	Excluding Conversions £	Including Conversions £	Excluding Conversions £
Total Offered for Subscription—				
Jan. 1 to date—	289,600,196	133,955,828	410,980,300	169,108,700
1935	359,588,574	151,408,116	467,921,500	244,780,500
1934	440,085,099	236,448,424	2,699,684,285	188,809,993
1933	773,084,033	182,559,731	114,290,666	102,044,291
1932	516,593,704	342,563,973	693,100,056	369,058,073
1928				

(a) This figure includes £1,920,000,000 for conversion of 5 per cent. War Loan into 3½ per cent. War Loan.

	Debtures £	Preference £	Ordinary £	Total £
Nature of Borrowing				
January 1 to date—	72,375,801	28,372,524	33,207,503	133,955,828
1935	90,318,359	17,112,957	40,976,800	151,408,116
1934	212,917,900	45,062,600	111,177,600	369,158,100
1933	222,064,300	12,733,700	9,862,500	244,780,500
1932	102,769,300	21,461,000	44,878,400	169,108,700

By Stock Exchange Introduction

	Approximate Capital Price Dealings Introduced £	Cash Involved £
Amount previously recorded—		
United Kingdom Gas Corporation, £400,000 3½%	400,000	100
Deb. Stk., at par	228,801	21.9
Do., 228,831 4¼% Cum. Pref. £1	10,000	25.3
Light Production 10,000 7½% Cum. Pref. £1	27,607,831	46,618,411
Total to date, 1935	24,490,568	36,369,025
Total to date, 1934		

OTARD'S
ESTABD 1795

THE BRANDY WITH A PEDIGREE

PUBLIC OFFER

Derby Gas Light and Coke Company.—Issue at par of £100,000 4 per cent. redeemable debenture stock, 1956-66. Paid-up share capital £646,257. Authorised loan capital £354,616.

ISSUES TO SHAREHOLDERS ONLY

Broome Rubber Plantations, Ltd.—In order to provide the necessary funds for financing the purchase and development of new property the board has decided to issue £62,500 6 per cent. convertible first mortgage debenture stock at par, and 312,500 shares of 2s. at 2s. 6d. per share to the shareholders and option holders on the registers on November 6, 1935.

Colonial Gas.—Issue to preference and ordinary shareholders of 115,066 ordinary shares of £1 at 20s. per share (English currency) and 25s. per share (Australian currency).

CONVERSIONS AND REPAYMENTS

Blackwell Colliery Company.—This company proposes to return £100,000 of its capital to shareholders, making the capital £900,000 in 18s. fully-paid shares.

Herrburger, Brooks, Ltd.—At an extraordinary general meeting to be held December 2nd a special resolution will be proposed for repaying £69,375 of the company's paid-up share capital, being 5s. per share on all the issued and fully-paid shares of the company (other than 2,500 shares) which are being cancelled.

The Waste Heat and Gas Electrical Generating Stations, Ltd.—An extraordinary general meeting will be held at Newcastle-upon-Tyne on November 29, 1935, at 12.15 p.m., to consider a return of capital of 10s. per share.

FORTHCOMING ISSUES

Moss Gear Company.—An offer by this company will consist of 130,000 6 per cent. cumulative £1 preferences at 20s. 6d. and 560,000 ordinary 5s. shares at 6s. 6d. each. The public issue is expected to be made about November 25th.

Somerses Collieries.—An offer of about £450,000 of 4½ per cent. debenture stock may be made at some two or three points under par, and will be redeemable at 103.

LONDON ACTIVE SECURITY PRICES AND YIELDS

NOTE—Shares with a New York Quotation or with definite American interest are distinguished by italics

In calculating yields on fixed income stocks quoted below allowance is made for interest accrued since the last date of payment, less income tax at the standard rate. Where stocks are definitely redeemable at a certain date the yield includes any profit or loss on redemption; where stocks are redeemable at or before a certain date the final date of repayment is taken when the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated by reference to the latest dividends, account being taken of any enhancement or reduction of interim dividends. Allowance is made for accrued dividends in calculating the yield on "cum div." shares.

Prices, Year 1934	Lowest	High	Prices, Year 1935 Jan. 1 to Nov. 13 inclusive	Lowest	High	Name of Security	Price, Nov. 6, 1935	Price, Nov. 13, 1935	Rise or Fall	Yield, Nov. 13, 1935
High	Low	High	Low	High	Low					
93	73	94	80			British Funds				
120	100	118	100			Consols 2½%	85	85	...	2 19 2
102	92	103	97			Do. 4% Red. at par on or after Feb. 1937 (a)	114	115	+1	3 2 9
106	97	107	100			Conversion, 2½% 1944-49	101	101	...	2 9 6
111	101	112	100			Do. 3½% 1948-53	104	104	...	3 1 0
116	104	117	100			Do. 3% after 1961 (s)	105	107	+2	3 1 0
124	113	124	104			Do. 4½% 1944-49	117	118	+1	2 15 6
104	98	105	100			Do. 5% 1944-49	101	101	...	2 18 0
121	111	122	111			Funding 3½% 1959-69	116	116	...	3 1 0
103	101	102	101			Funding 3½% 1960-90	101	101	...	2 15 6
109	101	110	101			3% Treasury Bds. 33-42	105	105	...	3 2 3
84	86	88	89			Victory Bonds 4½%	114	115	...	3 1 0
84	86	88	89			WarL3½% after 1952 (p)	105	105	...	3 2 3
84	86	88	89			Local Loans 3½%	102	102	...	3 1 0
84	86	88	89			N. Zealand 5% 1946	102	102	...	3 1 0
84	86	88	89			India 2½% 1933-53	73	73	...	3 8 6
84	86	88	89			Do. 3½%	85	86	+1	3 1 0
84	86	88	89			Do. 4½% 1958-68	96	96	...	3 1 0
84	86	88	89			U.K. & Arg. 4½% (1947)	106	106	...	3 7 8
84	86	88	89			Dom. & Colonial Govts.				
84	86	88	89			Australia 5% 1945-75	111	112	...	3 16 0
84	86	88	89			Canada 4% 1940-60	103	104	+1	3 16 0
84	86	88	89			Gold Coast 4½% 1956	115	115	...	3 11 9
84	86	88	89			Nigeria 5% 1950-60	114	114	...	3 14 0
84	86	88	89			N. Zealand 5% 1946	102	102	...	3 11 9
84	86	88	89			Queensland 5% 40-60	106	106	...	3 12 0
84	86	88	89			S. Africa 5% 1945-75	116	116	...	3 6 6
84	86	88	89			Foreign Governments				
84	86	88	89			Argentina 4% Resc. 1952	100	101	+1	4 0 0
84	86	88	89			Austria 7% 1957	87	88	+1	8 4 2
84	86	88	89			Do. 5% 1934-59	80	81	+1	5 9 10
84	86	88	89			B. Aires (Prov.) 3½%	60	60	...	5 16 8
84	86	88	89			Belgium 7% red. by 1956	108	108	...	6 6 0
84	86	88	89			Bulgaria 7½% Loan	14	14	...	17 4 9
84	86	88	89			Brazil 5% Fund. 1914	60	61	+1	8 2 8
84	86	88	89			Chili 6% (1929)	14	15	...	6 10 3
84	86	88	89			China 5% (1912)	93	93	...	5 8 0
84	86	88	89			Do. 5% (1913)	93	93	...	7 12 0
84	86	88	89			Czechoslovakia 8%	102	102	...	3 3 6
84	86	88	89			Danish 3%	95	95	...	9 14 0
84	86	88	89			Danzig 6%	60	67	+7	3 17 8
84	86	88	89			Egypt Unified 4%	104	104	...	4 10 0
84	86	88	89			French 4% (British)	26	26	...	11 17 3
84	86	88	89			German 7% Dawes	44	44	...	5 4 4
84	86	88	89			Do. 5% (Young, L.)	30	30	...	4 1 4
84	86	88	89			U.K. & Arg. 4½% (1947)	106	106	...	3 7 8
84	86	88	89			Do. 7% Ref. 1956	37	37	...	9 3 0
84	86	88	89			Hungary 7½%	41	41	...	6 5 0
84	86	88	89			Japanese 5½% 1938-65	80	89	...	3 11 9
84	86	88	89			Do. 6% (1924) red. 1959	96	95	-1	5 0 0
84	86	88	89			Norwegian 4½% 1911	125	125	...	7 13 0
84	86	88	89			Peru 7½% 1922	45	45	...	15 7 7
84	86	88	89			Poland 7%	89	89	...	7 16 0
84	86	88	89			Roumania 4% Con. 1922	94	11	+1	247 22
84	86	88	89			Swedish 3½% 1908	130	130	...	247 22
84	86	88	89			U.K. & Arg. 4½% (1947)	106	106	...	3 7 8
84	86	88	89			Do. C. Certs. (3% Max.)	76	76	...	3 18 11
84	86	88	89			Corporation Stocks				
84	86	88	89			Berlin 6% 1932-57	26	26	...	3 14 0
84	86	88	89			Birmingham 5% 1946-56	115	115	...	3 14 0
84	86	88	89			British 5% 1948-58	116	119	+3	3 14 0
84	86	88	89			Danzig 7% 1935-45	70	77	+7	8 3 6
84	86	88	89			E. London 5% 1960-70	120	120	...	3 8 0
84	86	88	89			Johannesb. 5½% 1937-52	104	104	...	3 8 0
84	86	88	89			L.C. 3%	94	94	...	3 10 0
84	86	88	89			Leice. (Dpt. of) 4½% 1952	103	103	...	4 3 0

Prices, Jan 1 to Nov. 13, inclusive				Last Two Half-yearly Dividends				Name of Security				Price, Nov. 6, 1935				Price, Nov. 13, 1935				Rise or Fall				Yield, Nov. 13, 1935			
High	Low	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)	(v)				
19/4	13/8	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil					
19/4	13/8	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil					
19/4	13/8	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil					
19/4	13/8	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil					
19/4	13/8	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil					
19/4	13/8	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil					
19/4	13/8	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil					
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19/4	13/8	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil						

(Continued from page 977)

OTHER RESULTS OF ISSUES

Alpha Cement, Ltd.—The issue of 200,000 5½ per cent. cumulative preference shares was applied for by the shareholders several times over.

Marlow Water Company.—For the £30,000 ordinary stock the average price obtained was £125 2s. 8d. For the £5,535 4 per cent. debenture stock the average price was £108 1s. 4d.

Duff Development Company.—Applications received for the offer of £45,000 6 per cent. debenture stock at par aggregated more than three times this amount.

Irish Free State 4 per cent. Loan.—The lists for cash applications were closed November 6th, but the lists for conversions of the First National Loan will remain open until November 23rd.

CALLS DUE NOVEMBER 18 TO NOVEMBER 23, 1935

The grand total of calls in November, 1935, is £9,759,149, which compares with £8,049,212 in November, 1934.

Nominal amount of Stock	Company	Amount of Call	When payable	Making Paid
5/-	Associated Fisheries, 160,000 Def. Ord. at 10/-	5/-	Nov. 23	All
£1	British Portland Cement, 320,000 Ord. shares at par	20/- p.s.	Nov. 23	All
Stock 2/-	Broomie Rubber, £92,500 6% Deb. Stock at par	£20%	Nov. 23	£20%
	Do, 312,500 Shares, at 6d. per share premium	6d. p.s.	Nov. 23	6d. p.s.
£1	House Property and Investment, 100,000 "B" 6% Cum. Pref. Shares, at 25/-	10/- p.s.	Nov. 18	All
Stock	Leeds Corporation, 3% Red. Stock, 1935-36, £4,000,000 at 699%	£40%	Nov. 19	All
£1	Scottish Power, 538,333 Ord. Shares at 32/-	17/- p.s.	Nov. 18	All
£1	Swaziland and General Gold, 10,850 new Shares, at par	20/- p.s.	Nov. 20	All
£1	West Springs, 89,650 new Shares at 32/6	32/6 p.s.	Nov. 21	All

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Amt. paid	Price, Nov. 6, 1935	Price, Nov. 13, 1935
African Railway Finance 2% Deb.	98½	23½	2-1½ dis	1½-1½ dis
Cables Investment Trust Pref. £10	10½	1	4/9-5/3 pm	6/9-7/3 pm
Do, 31% Debts.	99	10	5/-6/6 pm	½ dis-par
Dominion Reefs (5/-)	5/-	2/-	10½d-4½d dis	6d dis-par
Earls Court Ord. 5/-	5/-	4/-	9-7 dis	1/-6d dis
Do, 5½% 2nd Debts.	100	60	13/10½-14/4½	9-7 dis
Hobson (H. M.) 5/-	5/-	51	4 dis-par	13/9-14/3
India 3%, 1949-52	98	51	1½-2½ pm	4½ pm
Int. Power Newfoundland 3% Debts.	97	5	1½-2½ pm	2½-3½ pm
Kelly's Directories 4% Deb.	104	24	1½-2½ pm	1½-2½ pm
Leeds 3% Stock	99½	59½	1½-2½ pm	4½ pm
Leeds and Wakefield Breweries 6% Pref.	24/6	17/6	3d-9d pm	3d-9d pm
London Electric Transport 2½% Debts.	97	47	4 dis-par	1½ dis-par
Lowestoft 3%	98½	58½	1½-2½ pm	2½-3½ pm
Montague Burton Estates 4½% Debts.	101½	50	4½d-10½d pm	par-½ pm
Norvic Shoe 5% Pref. £1	21/-	6/-	9d-1½ pm	1/-1½ pm
Do, Pref. Ord. 20/-	27/-	12/-	9d-1½ pm	9d-1½ pm
Phoenix Prince Gold 5/-	5/-	5/-	5/7½-6/1½	5/7½-6/1½
Ribblesdale Cement 4% Debts.	101	51	2-1½ pm	1-1½ pm
Selfridge and Co. 4% Debts.	100	...	102-102½	102½-102½
Short Bros. Ord. 5/-	...	5/-	30/3-31/3	30/3-31/3
Stewart and Arden 2/-	2/6	2/6	7½d-1½ pm	1/1½-1/7½ pm
Do, 6% Ptg. Pref. 20/-	21/-	10/-	3d-9d dis	1/-6d dis
Sun Cycle Ord. 4/-	5/-	5/-	1½-2½ pm	3d dis-3d pm
Trinidad 3% Stock	100	45	1½-2½ pm	1½-2½ pm
Ultra Electric (Holding) 5/-	5/-	5/-	9/3-9/9	9/-9/6
Wade Potteries Ord. 2/-	4/-	4/-	...	4/-4/3
Do, 6% Pref. 10/-	10/-	10/-	9/10½-10/4½	9/10½-10/4½
W. Lon. Prop. 4% Debts.	100	75	3½ dis	4 dis-½ pm
Weyburn Engineering 5/-	6/3	4/-	1/7½-2/4½ pm	1/10½-2/4½ pm
Do, 6% Pref. 10/-	10/-	5/-	par-6d pm	par-6d pm
Wood, Rozelaar, etc., 10/-	10/-	5/-	3d-9d pm	3d-9d pm
Do, 6% Pref. 10/-	10/-	5/-	3d dis-par	3d dis-par

REPORTS AND NOTICES

BURNS AND LAIRD LINES, LTD., of Glasgow, announce that they have placed an order with Harland and Wolff, Ltd., for three twin-screw motor vessels for their cargo/cattle trades. The vessels and their machinery will be built in Belfast.

Sir James Caird, Bart., in order to have more time at his disposal to attend to his other engagements, has retired from the board of the Latin American Investment Trust, Ltd.

BANKS

THE DOMINION BANK.—Mr Joseph M. Pigott, president of the Pigott Construction Company, Ltd., Hamilton, Ontario, has been elected a member of the board of directors.

RUBBER

CASTLEFIELD (KLANG) RUBBER ESTATES, LTD.—Net profit for year ended June 30, 1935, was £8,764, after payment of £1,096 for export duty to F.M.S. Government, against £387, and crediting £2,405 for interest, dividends on investments and sundry receipts during the year, against £875. The net profit for the preceding year was £6,415. The ordinary shareholders receive a 7½ per cent. dividend, against a 5 per cent. dividend for the preceding year and

£1,000 is put to reserve, against no allocation for this purpose in the previous year. The carry-forward is increased from £2,420 to £2,468. The crop harvested for the year was 952,640 lbs., as compared with 963,585 lbs. during the previous year. The average net price realised for all grades of the crop was 6·04d. per lb.

KILLINGHALL (RUBBER) DEVELOPMENT SYNDICATE, LTD.—After paying £559 in export duty to F.M.S. Government and crediting £302 for interest and sundry receipts, the production of rubber resulted in a profit for year ended June 30, 1935, of £3,778. Add tribute received on tin ore recovered from a portion of the area sub-leased to Killinghall Tin, £6,622; dividends on shares held in Hongkong Tin and Killinghall Tin, £1,322, making £11,722. The ordinary dividend is raised from 12½ per cent. to 20 per cent. for the year. Transfer to income tax reserve £500; to special cultivation reserve, £500; to be carried forward, £6,381. The crop for the year amounted to 485,500 lbs., as compared with 455,578 lbs. during the previous year. The average net price realised for all grades was 6·10d. per lb.

MINES

GOLD EXPLORATION AND FINANCE COMPANY OF AUSTRALIA, LTD.—Mr Carl R. Davis, a director of the Anglo-American Corporation of South Africa, has joined board. Option on Eristoun property has been exercised and further option acquired on property adjoining main lease. A ten-head stamp battery is to be installed immediately, and production stage on this and on Central Norseman property should be reached about April. Mills of gold mines of Kalgoorlie and Triton Gold Mines both operating satisfactorily, and good profits being earned by Morning Star.

WANKIE COLLIERY COMPANY.—Larger sales and profits are shown in the annual report to August 31, 1935, of this company. Sales of coal rose by 100,358 tons to 610,891 tons. Total receipts from sales, including those from coke, bricks and other products, amounted to £401,365, an advance of £59,349 over the previous year's figure. The dividend on the ordinary shares has risen from 12 per cent. to 15 per cent. for the year. The profit has risen from £128,730 to £165,466. Meeting Abercorn Rooms, Liverpool Street Hotel, November 19th, at noon.

MISCELLANEOUS

ROCHDALE CORPORATION 3½ PER CENT. REDEEMABLE STOCK, 1955-1960.—Williams Deacon's Bank Ltd. give notice that in order to prepare the warrants for the interest payable on January 1, 1936, on Rochdale Corporation 3½ per cent. redeemable stock, the balances of the various accounts will be struck on the night of December 2, 1935. The persons who on that date are registered as stockholders will be entitled to receive the dividend next payable.

TELEPHONE AND GENERAL TRUST LTD. (ACQUISITION OF TRINIDAD CONSOLIDATED TELEPHONES, LTD.)—The Telephone and General Trust, Ltd. has acquired 80 per cent. of the shares of the Trinidad Consolidated Telephones, Ltd., a Company registered in Trinidad which owns 3,600 telephones. This follows the acquisition on behalf of itself and its associates of the ordinary share capital of the Barbadoes Telephone Company.

(Continued on page 992)

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COMPANY MEETINGS, &c.

LONDON MARITIME INVESTMENT COMPANY,
LIMITED

CAPITAL AND RESERVE INTACT

MORE ENCOURAGING PROSPECTS

SIR VERNON THOMSON ON THE SUBSIDY

The thirty-eighth annual ordinary general meeting of the London Maritime Investment Company, Limited, was held, on the 8th instant, at Winchester House, Old Broad Street, London, E.C.

Sir F. Vernon Thomson, K.B.E. (chairman and managing director), presided.

The secretary (Mr O. A. Hall) having read the notice convening the meeting and the auditors' report,

The Chairman said: Gentlemen, the directors' report and statement of accounts for the year ended September 30, 1935, having been circulated to the stockholders some days ago, they will, I hope, be taken as read. (Agreed.)

The net profit for the year was £36,368. With the £9,135 brought forward there was thus available £45,504. After applying £1,489 to depreciation of investments and the payment of the dividend upon the £500,000 5 per cent. cumulative preference stock, the directors recommend the payment of a dividend upon the £500,000 ordinary stock of 4 per cent., less income tax, for the year, carrying forward the slightly increased balance of £9,140.

The company has no debts, debenture or otherwise, and has ample cash resources. The accounts show in the clearest possible form the position of the company, and, read in conjunction with the report, will, I imagine, be regarded as satisfactory. The investments are set out in categories in the balance sheet at or under cost.

A valuation of the company's assets as at September 30, 1935, shows that the capital and reserve fund are intact. When presiding at previous general meetings of this company I have frequently alluded to the large depreciation it has on its investments in the Royal Mail group, which was balanced only by a larger appreciation on another very large investment, a circumstance which has proved very fortunate for the company as it enabled its capital and reserve fund to be pronounced intact. The winding up of the Royal Mail group is now rapidly approaching completion, and the depreciation will be turned into an ascertained loss and will then have to be dealt with. A careful watch is being kept on the position by the board.

TEMPORARY SUBSIDY TO CARGO SHIPPING

This company is largely interested in shipping. I need hardly remind you that a sufficient number of suitable food-carrying vessels under the British flag is a vital necessity in case of national emergency, and that the mercantile marine serves also as a reserve for the Royal Navy, as was exemplified in the Great War. Speaking with first-hand experience, as I happen to be chairman of the two main committees in connection with the tramp shipping subsidy, I have no hesitation in stating that the Government are to be congratulated upon the success of the British Shipping (Assistance) Act, 1935, which is definitely fulfilling the objects for which it was designed.

As a result of world trade depression British tramp shipping had at the beginning of 1935 experienced five successive years of the worst trading conditions in the history of modern shipping. Tonnage being in excess of demand, competition for the reduced maritime trade, accentuated by foreign subsidies, had resulted in unremunerative freight rates, with the consequent depletion or exhaustion of reserves. On the top of this, further depression set in, largely due to the absence of demand in consuming countries and to the lateness of the Argentine wheat crop and the accumulation in the Plate of tonnage normally engaged in its transport. Freight homewards from the Argentine, the principal tramp trade, fell to 12s. per ton, and still further falls seemed almost inevitable. This was the position when the Act came into force.

The Act enabled the industry to organise itself and to co-operate in a manner hitherto impossible in the absence of minimum compulsory power of the Act, and by the creation of minimum freight rate schemes to arrest the decline and to stabilise freight rates in the principal maritime trades at levels which would, at any rate, cover the expenses of voyages. It has undoubtedly helped to

restore confidence in tramp shipping and to put new life into the industry.

A very important consequence to the industry of the Act and of these minimum freight schemes is that the selling value of tramp ships has increased considerably, as they now find a ready market at increased prices, thus strengthening the financial position of shipowning companies, quite apart from any direct participation in the subsidy. The Act has, I am glad to say, largely reduced unemployment among British seamen. Moreover, improved business and employment in ancillary trades such as shipbuilding, ship repairing, stores, insurance, bunkering, etc., in this country have also followed as a matter of course.

So far so good; it is necessary, however, not merely to cover running costs but to earn sufficient to enable shipowners to provide for the depreciation required to replace vessels as they wear out and so at least to maintain the present efficiency of the British mercantile marine. It is common knowledge that few tramp shipping companies have been able to make provision for depreciation for years past.

THE OUTLOOK

A substantial improvement in the world's freight markets occurred in September. Probably this was partly due to an increase in the volume of overseas trade of the world. It was doubtless accentuated by the Abyssinian crisis and the withdrawal of Italian tonnage from general trading. The demolition of obsolete tonnage during the last three years or so was also an important factor.

Freights, however, will have to be much higher before the tramp shipping industry is again upon a satisfactory basis. The outlook is more encouraging, but prosperity has not yet fully returned to tramp shipping. The position to-day is better in contrast with the depression from which it is hoped the industry is now emerging. Any concrete improvement depends upon a lasting increase in the volume of overseas trade of the world. The removal of exchange restrictions and reduction of trade barriers would best promote this, and soon render unnecessary the temporary subsidy to cargo shipping.

If there are any questions, I shall be glad to answer them as far as I can. I now beg to propose: "That the report and accounts for the year ended September 30, 1935, as submitted, be received and adopted, and that the dividends, as recommended therein, be declared and paid."

Mr George M. Dodd seconded the resolution and it was carried unanimously, no questions being asked.

The retiring director (Mr George M. Dodd) was re-elected; the auditors (Messrs Fookes, Wyatt Williams and Hickman) were re-appointed, and the proceedings terminated with a vote of thanks to the board.

ROAN ANTELOPE COPPER MINES LIMITED

MAIDEN DIVIDEND

IMPROVING CURRENT PROFITS

The eighth ordinary general meeting of the Roan Antelope Copper Mines, Limited, was held, on the 11th instant, in London, Mr A. Chester Beatty presiding.

The Chairman, in moving the adoption of the report and accounts, said that the current assets, totalling £1,600,000, showed an excess over current liabilities of more than £1,000,000. During the year they had produced a total of 67,316 long tons of blister copper, and their average revenue from copper sales account was £27 18s. 6d. per long ton, as compared with £32 13s. in the preceding year; they were able to effect a reduction in their total costs from £25 14s. 5d. to £23 3s. 6d.

The surplus shown by the operating account for the year was £590,522, while the net profit for the year was £330,220; the board recommended the payment forthwith of a maiden dividend of 1s. per share, leaving £322,824 to be carried forward.

PRODUCTION STATISTICS

With regard to production, there had been a great change in the world copper position during the past six years, brought about largely by the developments in Canada and Northern Rhodesia. In 1929, out of a total world production of 1,890,000 tons, the United States produced about 49 per cent., Canada 4 per cent., and Rhodesia less than 1 per cent. In 1934, out of a total world production of about 1,250,000 tons, the United States produced only 17 per cent., while Canada and Rhodesia each produced 12 per cent.

During the period 1929 to 1931, when consumption was falling rapidly, the United States and Chile produced tonnages considerably in excess of requirements, with the result that world stocks of copper were increased to 680,000 tons. In 1932 and 1933 a measure of voluntary restriction was carried out by producers, and, helped by the increasing consumption in Europe, the stocks began to fall, and by the beginning of 1934 were reduced to around 640,000 tons. Early in that year producers outside the United States started to increase production in order to meet the growing European demand, but this resulted in production outstripping consumption, and during the last part of 1934 stocks again began to accumulate.

It was not until March of the present year that, at a conference in New York, representative of more than 75 per cent. of the world copper production outside the United States, a complete agreement was reached. Under that agreement current production as from June 1st last was being curtailed at the rate of 240,000 short tons per annum. Total world stocks were now reported to be down to about 540,000 tons, which on the present basis of estimated consumption represented roughly four and a half months' supply, and was not, therefore, an excessive figure.

INCREASED PROFITS

The further subject for consideration was consumption, which during the depression reached its lowest point in 1932, with a world total for that year of about 980,000 tons, comparing with the high point of about 1,880,000 tons in 1929. During 1933 the tide turned, and for 1934 the total consumption was reported at about 1,350,000 tons. During 1935 there had been a further improvement, and, based on the figures available to date, it looked as though the consumption for this year might exceed 1,400,000 tons.

During the current financial year they were producing at the restricted rate of 50,400 long tons of blister copper per annum. During the first quarter ended September 30th last their estimated net profit was £99,000, while for October the estimated results showed a net profit of about £45,000, the improvement being due to the increased price for copper.

The report was unanimously agreed to.

ARGENTINE GREAT WESTERN RAILWAY COMPANY, LIMITED

UNFAIR GOVERNMENT RAILWAY COMPETITION

The ordinary general meeting of this company was held, on the 12th instant, at Winchester House, London, the Rt. Hon. Viscount St. Davids (the chairman) presiding.

The Chairman, in the course of his speech, said:—I am sorry to say that our passenger traffic has continued to decrease. Competition on the road is very severe, and in the Argentine Great Western district it is easier to make roads than in most other parts of Argentina, because there is plenty of stone in the district to make them with. I can only say that we are doing our very best to recover some of this lost passenger traffic.

On our system the goods traffic has increased; wine traffic increased by 62,000 tons. The authorities are taking measures to prevent the over-production of wine and to ensure better quality.

The export of fruit abroad continues to increase. During last year about 10,000 tons of fresh fruit from our district were exported. Unfortunately the export of fruit to Great Britain has been badly hit by the British Colonial agreements. By those agreements tariffs are put on in this country to favour British Colonies, and those tariffs greatly favour South African fruit. In our district there has been a great increase in the production of dried fruit. We had an increase of 4,500 tons, or 50 per cent., in the amount we carried.

I must allude again to the Government competition with this company's line. The Argentine Great Western Railway was built by the Argentine Government, it was sold by the Argentine Government to this company, and now the Argentine Government are building a line from San Juan to Mendoza to parallel the railway they themselves built and they themselves sold.

This line of theirs is not being built to develop traffic. This line is being built through a waterless desert in order to compete with us and for no other possible purpose. No other Argentine Government—and I have known many Argentine Governments in my lifetime—would ever have done such a thing. It is an entirely new policy on the part of this particular Government. There is one thing they are undoubtedly doing—they are creating a very bad atmosphere in Great Britain for Argentine affairs.

The report and accounts were unanimously adopted.

SUDAN PLANTATIONS SYNDICATE, LIMITED

ENCOURAGING PROSPECTS

The twenty-eighth ordinary general meeting of the Sudan Plantations Syndicate, Limited, was held, on the 14th instant, at Winchester House, Old Broad Street, London.

Mr Alexander MacIntyre (the chairman and managing director), who presided, said that the gross profit for the year amounted to £456,928, and after deducting all expenses and appropriations to reserves, there remained a net profit of £201,379. The directors recommended a dividend at the rate of 8 per cent., absorbing £198,000 and leaving £3,379 to be added to the carry-forward from the previous year.

The extension of 20,000 feddans, referred to last year, and a further area of about 7,000 feddans had been developed, and were now under crop on a four-year rotation. The Government had agreed to an extension of about 10,500 feddans at the extreme southern end of the concession area, and that should be ready in time for the planting of 2,600 feddans of cotton next August. The total extent of the Gezira concession was now about 656,000 feddans, representing over 1,000 square miles, to visualise which shareholders would have to imagine an area of land 10 miles wide extending from London to Grantham, or one of 20 miles wide from London to Brighton.

With regard to sales, all cotton seed had been disposed of at prices substantially above those of the previous year. Stocks of cotton were still large; last year's crop had given 80,000 bales more, but they had sold 40,000 bales more than in the corresponding period, and sales lately had been exceptionally good, 33,000 bales having been sold during the past three weeks. Every effort was being made to effect sales at home, on the Continent, in India, America and other parts of the world. In these competitive days it must be their policy to produce the company's high-grade cotton at the lowest possible price.

Shareholders would realise in that respect that such extensions as they were carrying out had the effect of reducing their transport, ginning and overhead charges to a considerable extent, and with the same object in view, many other costs had been reduced. It might interest shareholders to know that their pumping plants, ginning factories, locomotives, electric plant and over 90 per cent. of their ploughing machinery were run by Diesel engines, which meant, situated as they were, 700 miles from the sea, that the most economical form of power available had been adopted. The Sudan Government was co-operating in measures which would reduce the tenants' production and marketing costs.

With regard to this year's prospects, the area planted in cotton in the Gezira was about 164,000 feddans, against 156,000 feddans last year. Rains had been heavy, but not abnormal in their incidence, and although it was still far too early to determine what the crop would be, reports were very encouraging. A cable from their manager received on November 11th stated that black-arm except in the North, where it was heavier, and that leafcurl was practically non-existent, except in three places where it had appeared in the last few days. That meant that if there should be any great increase in leafcurl later on no great damage should result to the crop from that pest. The crop at Zeidab promised to be better than last year; a yield of 4 kantars was expected on the syndicate's land which, with the cotton grown on native land, indicated an average yield of 3.6 kantars per feddan.

In regard to the activities of Italy in Abyssinia and the possibility of the water of Lake Tsana, from which the Blue Nile flowed, being held up or diverted for other purposes, Lake Tsana contributed only a small proportion of the immense flow of the Blue Nile in flood, and it would appear from the topography of the surrounding country that nothing very serious could be done to cut off the Lake Tsana supply, and, to sum up, so far as the company were concerned, the Gezira was irrigated by water con- served from the flood, which should arrive in sufficient quantity whatever happened to Lake Tsana.

The report and accounts were unanimously adopted.

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

LAKE VIEW AND STAR LIMITED

DIVIDEND OF 50 PER CENT. DESPITE STRIKE

The annual general meeting of Lake View and Star, Limited, was held, on the 13th instant, at 20 Aldermanbury, London, E.C., Mr John A. Agnew (the chairman) presiding.

The Chairman, in the course of his speech, said that this year marked their Silver Jubilee, and, looking back over the past 25 years, he thought they could congratulate themselves that the company was to-day in such a sound position, financially and technically.

The net profit for the year amounted to £380,934, compared with £460,238 for the previous period. In comparing these figures, however, account must be taken of the additional amount charged to revenue for development instead of, as in previous years, charging the greater proportion to a special development account. That alteration in the method accounted for approximately £40,000 of the apparent reduction in the net profit. He used the word "apparent" because the reduction was not real, as they had only had to provide £23,850 to write off special development as compared with £62,946 in the previous year, or a reduction of £39,000.

The remainder of the difference in profit, £40,000, was more than accounted for by the loss of £70,000, due to the strike which had taken place in the early part of the current year, and to the increased wages awarded by the Arbitration Court, which had been in operation since February of this year.

THE DIVIDEND

After writing off the whole of the expenditure on special development and depreciation of plant and machinery, there remained a balance of £329,115, out of which three dividends of 12½ per cent. had been paid and a final dividend of 12½ per cent. was recommended, making a total distribution of 50 per cent. for the year. From the remaining balance £20,000 had been transferred to taxation reserve, leaving £19,115 to be carried forward.

The quantity of ore treated during the year showed an increase of 25,815 tons, compared with 1934. A further drop in tributaries' ore from 21,037 tons to 14,728 tons showed that the actual net increase in company ore was 32,124 tons. The strike in January and February, which had lasted for six weeks, had caused a total cessation of all work at the mine. The effect was a loss in tonnage treated of approximately 75,000 tons, so that without the strike they would undoubtedly have shown an increase of over 100,000 tons for the year. The actual loss in production to the company by the strike amounted to £150,000 Australian, and a further £17,000 was spent in necessary maintenance.

ORE RESERVES

Having dealt in considerable detail with the development work carried out during the year under review, the Chairman said that the reserves as at July 1, 1935, showed a total of 3,035,900 tons of an average value of 26.86s. That was a net increase of 572,300 tons, after allowing for the 501,103 tons extracted during the year, and a decrease in value of 3.14s. per ton as compared with last year's estimate.

Last year shareholders had been informed that a plant for the re-treatment of the tailings dump at the Associated had been ordered and was to be erected as soon as possible. The first two filter units of that plant were put into operation in June and the third in July. The fourth and final unit had been held up owing to delays in delivery of some plant, but would be in commission this month. During June they had treated 22,480 tons of tailings, and since then, with the third filter installed, had averaged 40,000 tons per month. With the full plant they hoped to treat some 50,000 tons per month. No difficulties of any kind had been experienced in starting up the plant, the whole treatment running smoothly from the commencement. Working costs were higher by 2s. 1d. per ton. That was largely due to the decision of the Arbitration Court, which had prescribed shorter hours of work and higher wages to surface workers and an increase in wages to underground men. That decision, which had come into operation in February, had had the effect of increasing the mining costs by approximately 1s. 8d. per ton. Another contributory cause to the higher working cost shown was the charging of a larger proportion of the mine development to revenue instead of special development account.

The report was unanimously adopted, and a cordial vote of thanks to the Chairman, directors, management and staff, terminated the proceedings.

BENGAL-NAGPUR RAILWAY COMPANY, LIMITED

INCREASED GROSS EARNINGS

The seventy-seventh ordinary general meeting of this company was held, on the 14th instant, in London, E.C.

Sir Trevredyn Wynne, K.C.S.I., K.C.I.E., who presided, said that the gross earnings for the year 1934-35 were 56 lakhs more than the receipts for the preceding year, and he felt justified in thinking that their receipts for the year 1935-36 would be higher than for 1934-35, as up to date there was an increase of 35 lakhs compared with the same period last year. About two-thirds of their traffic consisted of coal, minerals and raw products required by the Tata Iron and Steel Company, the Indian Iron and Steel Company, and the Bengal Iron Company. The total tonnage carried for those companies for 1934-35 was 10,000,000 tons, an increase over the tonnage carried in 1933-34. Apart from mineral traffic, there was an increase in general goods traffic, due to the activities of their commercial department and in part to the extension recently constructed from Raipur to the South East, which connected their main system and Central India with the port of Vizagapatam.

At the present time the Financial Member of the Viceroy's Council was having a searching investigation made to ascertain why the railways of India were unable to earn sufficient to pay the interest on their capital as well as working expenses. He (the chairman) had received from India a long list of subjects to be examined and considered which would no doubt eventually result in reducing working expenses and so increase net revenue. The rates charged for the carriage of goods on Indian railways were governed by the classification of every kind of goods traffic. A committee appointed a year ago had now advised that the number of classifications should be increased to 16 classes, an increase of six, but the maximum and minimum of each class were still maintained. It seemed to him that classification and maximum and minimum rates on each Indian railway for all traffic on its own system should be abandoned, and rates that would induce increased traffic and help to develop new trade should be allowed to be quoted. In other words, Indian railways should work on the same principle as English railways for goods traffic.

The report was unanimously adopted.

KASSALA COTTON COMPANY, LIMITED

A FIRST DIVIDEND

The twelfth ordinary general meeting of Kassala Cotton Company, Limited, was held, on the 14th instant, at Winchester House, London.

The Hon. Arthur M. Asquith, D.S.O. (the chairman), in the course of his speech, said:—The balance of the 1933-34 crop has now been disposed of, and fair progress has been made towards the realisation of the large 1935 crop. I told you last year that we had approached the Sudan Government in the spring of 1934 with a view to obtaining an extension of area. Mr MacIntyre and I renewed our application to the Government in the Sudan last February, and the Government has now agreed to an extension of our concession area by about 45,000 feddans.

It has, in addition, entrusted the company with the administration of 10,000 feddans to be cultivated as an experimental area. The terms for the experimental area are such as to safeguard the company against any extra expense or less favourable results on it than on the average of its main concession area.

I was glad to find in the Sudan a spirit of cordial co-operation between the Government's officials and the company's staff, and it is gratifying that the Government should have shown their confidence in the company's administration by granting us these extensions of area and by entrusting to us the supervision of this experimental work. We shall, of course, do our best to justify their confidence.

You will have been glad to see that we had a record crop and that for the first time we are able to recommend the payment of a dividend. The profit for the year is £19,733, of which we recommend that £18,750 should be distributed in dividend on December 7th to shareholders on the register on November 30th.

With regard to the new season, it is too early to make any positive predictions, but granted a continuance of favourable conditions, there is no reason why we should not have a good crop.

The report was unanimously adopted.

At a separate meeting of the ordinary shareholders and at an extraordinary general meeting the conversion of the £250,000 6 per cent. non-cumulative preference shares into 5,000,000 ordinary shares of 1s. each was approved.

WILUNA GOLD CORPORATION, LIMITED GOOD DEVELOPMENTS AT DEPTH

The ordinary general meeting of the Wiluna Gold Corporation, Limited, was held, on the 8th instant, in London, Mr John A. Agnew (the chairman) presiding.

The Chairman, moving the adoption of the report and accounts, said that the year's net profit was £288,242, which, with the carry-forward, was increased to £330,951. After allowing for interim dividend paid in June the balance available was £175,050, out of which they recommended the payment of a final dividend of 10 per cent., making a total of 20 per cent. for the year. They considered the distribution satisfactory in view of the six weeks' stoppage at the mines owing to industrial disputes. During the year the mines had treated 439,395 tons of ore averaging 27s. 4d. per ton. The throughput had been steadily increased, and for the six months since the close of the accounts had been maintained at a rate of over 540,000 tons per annum.

After dealing in detail with the developments on the three main lodes he referred to the very encouraging ore exposures at the deepest (1,400 ft.) level on the No. 2 west lode, where the ore-body averaged 32s. per ton (with gold at 85s.) over a width of 54 ft. The work carried out on the Bulletin lode, 1½ miles to the north of the main shaft, indicated a substantial increase in strength and width of this orebody at depth. Diamond drilling had also disclosed the existence of a large and valuable orebody in the Happy Jack area. The positive ore reserves were 2,040,000 tons averaging 26s. 3d. per ton (with gold at 85s.), not including a large tonnage of "probable" ore.

Having referred to important experiments proceeding in conjunction with the treatment of ore from the adjoining Moonlight property which indicated considerably increased profits by the adoption of smelting, he stated that the Wiluna Gold Mines had agreed to erect a smelter for the Moonlight ore in order to prove by actual practice the full advantages of this method before making a final decision to change over. As a result of discussions in London with the visiting Minister for Mines for Western Australia they felt that a better understanding had been reached between the Government, the unions and the mining companies, which he hoped would ensure closer and more sympathetic co-operation in the future.

The accounts and report were unanimously adopted.

BIRMINGHAM SMALL ARMS COMPANY, LIMITED SUCCESS OF DAIMLER 15-H.P. CAR

The ordinary general meeting of this company was held, on the 12th instant, at Coventry, Sir Alexander Roger (the chairman) presiding.

The Chairman, in moving the adoption of the report and accounts, said that the accounts showed a profit of £112,182, as compared with £127,550 in the previous year. With regard to the production of motor cars, the Daimler 15 was the most notable and successful car of its class, and the response from dealers and the public to the new Daimler 20 was encouraging. Shortly there would also be available a still more powerful owner-driven car of that class. The smaller Lanchester cars had been much improved and had sold well. Although the Daimler transmission system was now in its fifth year, no technical developments had arisen which challenged its claim to be regarded as the finest in the world not only for private cars, but also for motor-buses. During 1934 their Daimler 'bus business had more than doubled, while in 1935 it was three times that of the previous year.

B.S.A. had further consolidated its position in the motor-cycle trade as the largest producer, and had commenced 1935-36 with a programme which should ensure an increased share of the market, centring round the new line of machines known as the Empire Star. Although their home market sales in pedal-cycles had been very substantial, they had not reached the anticipated figures, largely owing to weather conditions. As regarded exports, their orders had increased by no less than 49 per cent. For 1936 their range of machines would compare favourably in price and specification with any others in their class. The reception of the small car known as the B.S.A. Scout had been favourable, and sales prospects were good.

The tool group, which was concerned with the manufacture and sale of machine tools and small tools, had had a successful year. The machine tool industry was a key industry, and should receive sympathetic consideration from his Majesty's Government. The fine steel interests of the B.S.A. group, in which a large amount of capital was locked up, had made definite progress at home and in certain countries abroad.

The report and accounts were unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended November 9, 1935 amounted to £12,695,000, against ordinary expenditure of £10,347,000. After allowing for an increase in Exchequer Balances of £192,679, the operations for the week, as shown below, decreased the gross National Debt by £2,155,000 to approximately £7,985 millions.*

Public Department Advances	£
Treasury Bills	1,050
National Savings Certificates	870
Road Fund Temporary Advances	100
North Atlantic Shipping Issues	72
British Shipping Issues	29
	34

* Including £375 millions on Account of Exchange Equalisation Fund and Borrowing for Statutory Sinking Fund.

A complete analysis of the approximate position of the National Debt on September 30, 1935, appeared in the *Economist* for October 5th.

REVENUE	Estimate for the year 1935-36	Total Receipts into the Exchequer				
		April 1, 1935, to Nov. 9, 1935	April 1, 1934, to Nov. 10, 1934	Week ended Nov. 9, 1935	Week ended Nov. 10, 1934	
ORDINARY REVENUE						
Inland Revenue—						
Income Tax	232,500,000	70,175,000	65,860,000	2,460,000	1,922,000	
Sur-tax	51,500,000	6,960,000	9,610,000	—	—	
Estate, etc., Duties	80,000,000	54,260,000	49,580,000	1,850,000	1,890,000	
Stamps	25,000,000	11,650,000	11,570,000	340,000	590,000	
Excess Profits Duty and Corporation Profits Tax	1,700,000	—	—	—	—	
Land Tax and Mineral Rights Duty	800,000	140,000	160,000	—	—	
Total Inland Revenue	391,500,000	143,185,000	136,760,000	4,660,000	4,552,000	
Customs and Excise—						
Customs	188,570,000	121,742,000	116,368,000	4,476,000	4,379,000	
Excise	106,350,000	64,700,000	63,200,000	1,425,000	1,446,000	
Total Customs and Excise	294,920,000	186,442,000	179,568,000	5,901,000	5,825,000	
Motor Vehicle Duties (Exchequer Share)	5,000,000	2,568,000	2,953,000	871,000	1,295,000	
Post Office (Net Receipt)	11,850,000	11,050,000	11,700,000	850,000	900,000	
Crown Lands	1,330,000	890,000	870,000	—	—	
Receipts from Sundry Loans	3,900,000	3,245,000	3,084,637	99,877	—	
Miscellaneous Receipts	25,970,000	15,489,183	11,450,086	312,953	777,284	
Total Ordinary Revenue	734,470,000	382,869,187	346,395,723	12,694,830	13,349,284	
SELF-BALANCING REVENUE						
Post Office	64,070,000	36,250,000	33,450,000	850,000	750,000	
Motor Vehicle Duties apportioned to Road Fund	26,230,000	7,872,000	9,290,000	428,000	200,000	
Total Self-balancing Revenue	90,300,000	44,122,000	42,740,000	1,278,000	950,000	
Total	—	406,991,187	389,135,723	11,824,701	14,299,284	

EXPENDITURE	Estimate for the year 1935-36 (including Supplementary Grants)	Total Issues out of the Exchequer to meet Payments				
		April 1, 1935, to Nov. 9, 1935	April 1, 1934, to Nov. 10, 1934	Week ended Nov. 9, 1935	Week ended Nov. 10, 1934	
ORDINARY EXPENDITURE						
Interest and Management of National Debt	224,000,000	142,730,991	144,088,983	1,466,866	843,707	
Payments to Northern Ireland Exchequer	6,750,000	3,225,500	3,387,839	230,393	226,642	
Other Consolidated Fund Services	3,700,000	1,785,589	1,754,291	43,422	40,442	
Post Office Fund	1,130,000	1,126,817	2,291,718	—	—	
Total	235,580,000	148,878,897	151,522,331	1,740,701	1,110,791	
Total Supply Services (excluding Post Office)	508,440,000	293,447,599	271,361,319	8,606,000	7,119,000	
Total Ordinary Expenditure	744,020,000	442,326,496	422,883,350	10,346,701	8,229,791	
SELF-BALANCING EXPENDITURE						
Post Office	64,070,000	36,250,000	33,450,000	850,000	750,000	
Road Fund	26,230,000	7,872,000	9,290,000	428,000	200,000	
Total Self-balancing Expenditure	90,300,000	44,122,000	42,740,000	1,278,000	950,000	
Total	—	486,448,496	465,623,350	11,624,701	9,179,791	

The aggregate revenue and expenditure to November 9, 1935, is shown below:—

FINANCIAL YEAR, 1935-36, APRIL 1, 1935, TO NOVEMBER 9, 1935 (000's omitted)			
Expenditure	442,326	Revenue	382,869
Increase in balances	379	Gross inc. in borrowing	58,218
		Less New Sinking Fund	5,382
		Net borrowing	79,836
	442,705		442,705

* Authority will be sought in the Finance Bills to meet the amount of the Statutory Sinking Funds in 1935 by borrowing.

POSITION OF THE FLOATING DEBT

	Nov. 10, '34	Mar. 31, '35	Nov. 9, '35	Nov. 9, '35
Ways and Means Advances Outstanding—	£	£	£	£
Advances by Bank of England	47,500,000	34,060,000	35,680,000	1,050,000
Advances by Public Departments	849,725,000	799,320,000	899,775,000	—
Treasury Bills outstanding	—	—	—	870,000

Total Floating Debt 897,525,000 833,380,000 935,455,000 1,920,000
* Includes £2,000, the proceeds of which were not carried to the Exchequer within the period of the Account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £45,000,000 Treasury bills were opened on November 8, 1935, and the total amount applied for was £63,955,000. Tenders were accepted for Treasury bills at three months dated Monday to Friday, at £99 17s. 3d., about 82 per cent., and above in full; Saturday at £99 17s. 4d., and above in full. The average rate per cent. was 10s. 9-91d. The amount allotted was £45,000,000. The following table shows the weekly record at various dates:—

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
1933				
January 6	45,000,000	73,830,000	45,000,000	0 16 10-84
July 7	45,000,000	83,890,000	42,000,000	0 10 4-85
October 6	45,000,000	100,450,000	45,000,000	0 12 9-98
1934				
January 5	35,000,000	76,260,000	30,000,000	0 18 11-5
April 6	40,000,000	90,580,000	38,000,000	0 17 9-01
July 6	35,000,000	62,745,000	32,000,000	0 16 4-14
October 5	35,000,000	65,260,000	31,510,000	0 15 9-702
1935				
January 4	30,000,000	49,560,000	27,500,000	0 6 1-64
April 5	40,000,000	76,995,000	40,000,000	0 10 2-93
July 5	40,000,000	60,905,000	38,000,000	0 12 4-32
October 4	45,000,000	71,245,000	44,000,000	0 12 8-05
October 11	45,000,000	60,300,000	41,000,000	0 12 1-82
October 18	40,000,000	65,470,000	40,000,000	0 12 10-81
October 25	40,000,000	68,695,000	40,000,000	0 11 9-24
November 1	40,000,000	63,690,000	40,000,000	0 11 1-32
November 8	45,000,000	63,955,000	45,000,000	0 10 9-91

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended October 19, 1935	594,055	£443,041
Week ended October 26, 1935	581,168	£435,876
February, 1916, to October 26, 1935	1,240,290,872	£976,658,982

At the end of September, 1935, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £391,607,033.

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, November 13, 1935

ISSUE DEPARTMENT

Notes Issued:—	£	Government Debt	110,655,100
In Circulation	401,449,420	Other Government Securities	245,954,802
In Banking Department	55,008,239	Other Securities	1,493,469
		Silver Coin	1,536,629
		Amount of Fiduciary Issue	280,000,000
		Gold Coin and Bullion	196,457,659
	456,457,659		456,457,659

BANKING DEPARTMENT

Proprietors' Capital	14,553,000	Government Securities	83,474,999
Reserve	15,808,545	Other Securities	—
Public Deposits	15,808,545	Discounts and Advances	£11,105,268
Other Deposits	—	Securities	£12,631,448
Bankers' Deposits	£92,866,752	Notes	23,736,716
Other Accounts	£36,700,106	Gold and Silver Coin	55,008,239
	129,566,858		919,024
			163,138,978

163,138,978
* Including Exchequer, Savings Banks, Commissioners of National Debt, and Dividend Accounts.

Both Departments	Amount, Nov. 13, 1935	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	401,449,420	— 708,097	+ 22,573,780
Public deposits	15,808,545	— 5,199,977	+ 5,121,597
Bankers' deposits	92,866,752	+ 3,307,647	+ 5,009,696
Other deposits	36,700,106	+ 59,202	+ 64,607
Seven-day bills	546,824,823	— 2,541,225	+ 5,040
Total outside liabilities	17,763,573	+ 28,577	+ 12,372,840
Capital and rest	—	—	+ 4,920
Government debt and securities	340,444,901	— 3,732,312	+ 4,488,243
Discounts and advances	11,105,268	+ 118,948	+ 1,471,679
Other securities	14,244,917	+ 133,500	+ 3,037,620
Silver coin in issue department	1,536,629	— 2,281	+ 1,358,127
Coin and bullion (bank's reserves)	197,376,683	+ 969,477	+ 4,738,345
Reserves of notes and coin in banking department	55,927,263	+ 1,677,574	+ 17,835,435
Proportion of reserve to outside liabilities—			
(a) Banking Department only ("proportion")	38-4%	+ 1-6%	— 9-0%
(b) Gold stocks to deposits and notes ("reserve ratio")	36-1%	+ 0-4%	— 0-1%

(000's omitted)									
Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate		
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits				
1935									
Oct. 16	£45,673	£399,618	£32,120	£78,801	£37,761	Nil	2 1/2		
" 30	454,684	397,014	35,325	78,708	37,084	651 in	2 1/2		
Nov. 6	455,483	402,158	21,009	82,524	38,552	360 in	2 1/2		
" 13	456,458	401,449	15,809	82,524	36,641	799 in	2 1/2		

(000's omitted)									
Date	Issue Department		Both Depts.		Banking Department			Reserve and the "Proportion"	
	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio	Govt. Securities	Discounts & Advances	Other Securities			
1935									
Oct. 16	£257,382	£1,080	194,504	35 1/2	86,155	13,660	11,649	54,886	36 1/2
" 23	257,340	1,120	195,181	35 1/2	86,775	11,386	12,479	58,166	38 1/2
" 30	257,172	1,285	195,522	35 1/2	85,890	11,210	12,270	55,833	37 1/2
Nov. 6	256,962	1,499	196,407	35 1/2	87,215	10,988	12,493	54,250	38 1/2
" 13	256,970	1,493	197,377	36 1/2	83,475	11,105	12,531	55,927	38 1/

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

	Nov. 14, 1934	Oct. 24, 1935	Oct. 31, 1935	Nov. 7, 1935	Nov. 14, 1935
Total gold reserves	1,740,900	2,983,709	2,999,160	2,993,080	3,010,730
Total bills discounted	4,480	4,210	4,210	4,890	7,230
Bills bought in open market	2,080	1,800	1,800	1,800	1,800
Total U.S. Govt. securities	777,750	744,320	744,320	741,820	741,820
Total bills and securities	791,880	758,180	757,920	756,120	758,460
Deposits—Member bank—					
Reserve account	1,654,620	2,709,300	2,750,680	2,691,650	2,724,260
Ratio of total res. to dep. and Federal Res. note liabilities combined	71.6%	81.4%	81.6%	81.9%	81.5%

FEDERAL RESERVE MEMBER BANKS

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

	Oct. 24, 1934	Sept. 25, 1935	Oct. 2, 1935	Oct. 9, 1935	Oct. 16, 1935	Oct. 23, 1935
Loans	1934	1935	1935	1935	1935	1935
Investments	7,834	7,512	7,556	7,503	7,441	7,453
Reserve with Federal	10,016	11,614	11,524	11,540	11,466	11,528
Reserve bank—						
Demand deposits	2,996	4,066	4,029	4,118	4,285	4,368
Time deposits	13,492	16,385	16,308	16,356	16,378	16,431
Government deposits	4,478	4,410	4,430	4,451	4,460	4,500
Due from banks	853	677	669	669	581	498
Due to banks	1,588	1,991	1,969	1,944	2,022	1,956
Deposits	3,905	4,696	4,821	4,835	4,959	4,839

AUSTRALIAN COMMONWEALTH BANK.—In £'s (000's omitted)

	Oct. 7, 1935	Oct. 14, 1935	Oct. 21, 1935	Oct. 28, 1935	Nov. 4, 1935	Nov. 11, 1935
Assets						
Gold and English sterling	15,994	15,994	15,994	15,994	15,994	15,994
Other coin, bullion and cash	6,202	5,884	5,995	5,847	5,709	5,522
Money at short call—London	14,943	15,153	16,103	16,538	15,818	15,738
Conversion funds in London	775	780	780	780	780	780
Short-term loans	9,777	9,903	8,380	7,740	9,101	8,312
Securities	70,388	70,388	70,388	70,388	70,128	70,128
Discounts and advances	6,955	7,132	6,943	7,213	7,007	6,908
LIABILITIES						
Notes issued	47,044	47,044	47,044	47,044	47,044	47,044
Reserve premium on gold	3,896	3,896	3,896	3,896	3,896	3,896
Deposits	68,818	68,449	69,658	69,595	68,986	68,110

RESERVE BANK OF NEW ZEALAND.—In £'s (000's omitted)

	Oct. 7, 1935	Oct. 14, 1935	Oct. 21, 1935	Oct. 28, 1935	Nov. 4, 1935	Nov. 11, 1935
Assets						
Gold	2,801	2,801	2,801	2,801	2,801	2,801
Sterling exchange	17,371	17,121	17,259	16,841	16,825	16,825
Subsidiary coin	219	218	215	218	212	212
Investments	1,505	1,507	1,515	1,529	1,535	1,535
LIABILITIES						
Bank notes	8,831	8,887	8,958	8,950	9,056	9,056
Demand liabilities—						
Government	6,030	5,938	5,762	5,691	5,572	5,572
Other	5,479	5,264	5,498	5,182	5,177	5,177
Ratio of reserves to sight liabilities	99.2%	99.2%	99.2%	99.0%	99.1%	99.1%

BANK OF CANADA.—In \$'s (000's omitted)

	Oct. 16, 1935	Oct. 23, 1935	Oct. 30, 1935	Nov. 6, 1935
Assets				
Reserve of which	187,672	187,268	190,338	186,576
Gold coin and bullion	182,074	182,000	181,407	180,303
Dominion Government securities	106,098	106,644	106,791	105,301
LIABILITIES				
Note circulation	94,088	95,313	95,517	97,480
Deposits—				
Dominion Government	23,014	19,147	21,627	18,179
Chartered banks	182,923	187,575	191,223	198,650
Ratio of reserves to notes and deposits	62.5%	62.0%	61.5%	59.1%

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

	Nov. 9, 1935	Oct. 11, 1935	Oct. 18, 1935	Oct. 25, 1935	Nov. 1, 1935	Nov. 8, 1935
Assets						
Gold coin and bullion	21,322	25,746	25,744	25,742	25,742	25,742
Bills discounted: Foreign	8,841	6,798	6,637	6,576	7,182	7,306
Investments	1,728	1,728	1,728	1,728	1,728	1,728
Other assets	9,403	13,471	13,544	13,365	14,293	13,744
LIABILITIES						
Notes in circulation	11,646	12,803	12,325	12,247	13,822	13,119
Government deposits	1,355	2,001	2,431	2,655	2,834	1,406
Bankers' deposits	21,781	27,893	27,010	26,238	25,566	27,162
Ratio of cash reserves to liabilities to public	55.0%	57.1%	57.2%	57.4%	56.1%	56.1%

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

	Oct. 18, 1935	Oct. 25, 1935	Nov. 1, 1935	Nov. 8, 1935
Assets				
Gold coin and bullion	44,42,17	44,42,17	44,42,17	44,42,17
Rupee coin	58,45,57	58,69,93	58,78,11	58,47,48
Balances abroad	9,21,33	10,32,20	11,49,67	12,53,61
Sterling securities*	66,18,83	66,18,83	66,18,83	66,18,83
Indian Government rupee securities*	25,51,51	25,51,55	25,51,55	25,51,86
Investments	5,43,29	5,43,29	5,43,29	5,43,29
LIABILITIES				
Note circulation	1,59,91,23	1,60,16,92	1,60,29,64	1,62,90,61
Deposits—				
Government	8,15,30	10,16,62	9,50,91	6,27,69
Other	30,39,76	29,48,22	31,81,40	33,58,47
Ratio of gold and sterling to liabilities	56.9%	56.8%	56.8%	56.9%

* Held against notes.

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

	Nov. 9, 1935	Oct. 18, 1935	Oct. 25, 1935	Nov. 1, 1935	Nov. 8, 1935
Assets					
Gold	82,164,737	71,962,569	72,157,945	71,989,792	71,322,732
Sight balances abroad	8,150	8,132	8,132	7,830	8,176
Bills discounted	3,858,414	7,944,461	8,319,451	8,590,316	8,025,598
Negotiable bills abroad	701,118	1,036,715	1,036,715	1,036,715	1,036,715
Advances against sec.	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
To the State	3,215,719	3,329,008	3,203,174	3,511,303	3,668,552
Other advances					
Negotiable bonds	5,898,204	5,800,402	5,800,402	5,800,402	5,800,402
Sinking Fund Debt					
Other assets (excluding forward exch.)	5,119,490	4,849,631	4,843,380	4,738,604	5,118,924
LIABILITIES					
Notes in circulation	80,641,125	82,405,276	82,034,701	83,306,171	82,545,430
Public deposits	5,312,915	2,915,045	2,899,129	2,862,257	2,862,257
Private deposits	15,942,977	10,326,552	11,227,660	10,470,313	10,243,026
Other liabilities	2,268,772	2,482,847	2,343,065	2,234,824	2,524,708
Ratio of gold reserve to sight liabilities	80.5%	75.1%	74.9%	74.4%	74.4%

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

	Nov. 12, 1934	Oct. 14, 1935	Oct. 21, 1935	Oct. 28, 1935	Nov. 4, 1935	Nov. 11, 1935
Assets						
Gold	880,912	561,814	570,724	588,779	606,385	633,356
Silver	19,649	20,333	20,786	21,219	20,213	20,213
Home bills discounted	26,323	53,988	51,932	51,252	47,762	36,555
Loans and advances in current account	146,649	158,560	142,032	140,421	151,488	135,286
LIABILITIES						
Notes in circulation	880,450	796,128	783,558	789,077	816,066	794,686
Deposits	207,486	40,237	42,992	54,484	36,123	37,592

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

	Nov. 7, 1935	Oct. 10, 1935	Oct. 17, 1935	Oct. 24, 1935	Oct. 30, 1935	Nov. 6, 1935
Assets						
Gold	2,557,837	3,471,185	3,471,185	3,471,185	3,449,351	3,434,665
Silver and other coin	75,930	54,244	57,112	58,926	57,088	57,983
Securities	644,908	1,371,612	1,373,027	1,368,040	1,362,601	1,342,817
Advances	115,507	116,630	112,925	112,073	112,558	115,507
LIABILITIES						
Notes in circulation	3,536,856	4,217,196	4,188,434	4,173,244	4,207,068	4,192,805
Deposits: Govt.	35,834	18,390	22,301	21,221	39,183	46,658
Other	168,271	972,495	997,919	999,868	929,736	905,910

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

	Nov. 10, 1935	Oct. 12, 1935	Oct. 19, 1935	Oct. 26, 1935	Nov. 2, 1935	Nov. 9, 1935
Assets						
Gold	113,495	102,980	102,390	102,970	97,400	97,500
Silver	29,018					
Discounts, advances, and other investments	76,493	81,810	78,700	76,420	81,300	84,700
Foreign bills	647	1,890	1,920	1,980	2,190	2,410
Other assets	11,792	10,070	10,160	11,440	10,060	9,960
LIABILITIES						
Notes in circulation	186,232	166,840	163,700	160,020	162,290	165,070
Deposits and bills payable	33,251	18,060	17,550	20,920	16,720	17,520

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

	Nov. 7, 1935	Oct. 7, 1935	Oct. 15, 1935	Oct. 23, 1935	Oct. 31, 1935	Nov. 7, 1935
Assets						
Gold	1,907,580	1,375,509	1,381,809	1,387,151	1,387,368	1,387,369
Of which held abroad	201,858	210,080	215,822	219,685	219,689	219,689
Discounts	18,318	92,151	73,666	72,118	90,287	77,333
Bills of the Confederation	8,372	57,273	57,738	57,386	57,516	62,516
Advances	75,708	102,417	94,053	99,351	107,598	103,741
Securities	53,321	55,107	54,961	54,294	54,260	54,441
LIABILITIES						
Notes in circulation	1,351,842	1,296,126	1,270,245	1,260,915	1,324,893	1,294,762
Deposits	682,942	334,218	357,498	356,531	327,301	339,335

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

	Nov. 7, 1935	Oct. 15, 1935	Oct. 23, 1935	Oct. 31, 1935	Nov. 7, 1935
Assets					
Gold reserve	282,746	378,567	384,034	384,279	388,847
Government securities—Swedish	171,663	78,639	78,639	78,639	78,639
Other Swedish bonds quoted on foreign bourses	46,556	69,806	69,806	69,806	69,806
LIABILITIES					
Bills payable in Sweden	11,533	9,306	9,306	9,306	9,306
Bills payable abroad	321,554	390,413	372,618	372,618	372,618
Advances	110,832	180,117	191,797	195,332	189,943
Notes in circulation	635,067	697,958	670,110	742,925	718,078
Government deposits	105,243	109,870	126,740	103,968	112,697
Private deposits	347,907	362,160	371,555	329,200	340,124

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

	Nov. 3, 1934	Oct. 5, 1935	Oct. 12, 1935	Oct. 19, 1935	Oct. 26, 1935	Nov. 2, 1935
ASSETS						
Gold	2,666,172	2,259,730	2,259,730	2,258,689	2,258,235	2,257,956
Silver	671,772	691,434	687,636	687,475	692,062	691,651
Loans and Discounts	2,574,868	2,330,957	2,306,014	2,287,018	2,293,557	2,359,981
Spanish 4% stock	344,475	344,475	344,475	344,475	344,475	344,475
Advances to Treasury	150,000	150,000		150,000	150,000	150,000
LIABILITIES						
Notes in circulation	4,788,613	4,785,526	4,788,394	4,785,959	4,739,890	4,807,498
Deposits	884,735	1,223,190	1,207,760	1,262,408	1,279,934	1,238,746

MONEY AND EXCHANGE RATES
LONDON MONEY RATES

	Nov. 7, 1935	Nov. 8, 1935	Nov. 9, 1935	Nov. 10, 1935	Nov. 11, 1935	Nov. 12, 1935	Nov. 13, 1935	Nov. 14, 1935
Bank rate (changed from 2½% June 30, 1935)	2½	2½	2½	2½	2½	2½	2½	2½
Market rates of discount—								
60 days' bankers' drafts	2½	2½	2½	2½	2½	2½	2½	2½
3 months' do.	2½	2½	2½	2½	2½	2½	2½	2½
6 months' do.	2½	2½	2½	2½	2½	2½	2½	2½
Discount Treasury Bills—								
3 months'	2½	2½	2½	2½	2½	2½	2½	2½
6 months'	2½	2½	2½	2½	2½	2½	2½	2½
Loans—Day-to-day	2½	2½	2½	2½	2½	2½	2½	2½
Short	2½	2½	2½	2½	2½	2½	2½	2½
Deposit allowances: Bank	2½	2½	2½	2½	2½	2½	2½	2½
Discount houses at call	2½	2½	2½	2½	2½	2½	2½	2½
At notice	2½	2½	2½	2½	2½	2½	2½	2½

Comparison with previous week—								
		Short Loans	Bank Bills			Trade Bills		
			3 Months	4 Months	6 Months	3 Months	4 Months	6 Months
1936	%	%	%	%	%	%	%	%
Oct. 17	2-1	2-1	2-1	2-1	2-2	2-2	2-3	2-3
" 24	2-1	2-1	2-1	2-1	2-2	2-2	2-3	2-3
" 31	2-1	2-1	2-1	2-1	2-2	2-2	2-3	2-3
Nov. 7	2-1	2-1	2-1	2-1	2-2	2-2	2-3	2-3
" 14	2-1	2-1	2-1	2-1	2-2	2-2	2-3	2-3

LONDON RATES OF EXCHANGE

L.—Spot Rates (Range of the day's business)

London on	Par of Exch. per £	Nov. 8, 1935	Nov. 9, 1935	Nov. 10, 1935	Nov. 11, 1935	Nov. 12, 1935	Nov. 13, 1935	Nov. 14, 1935
New York, \$	4.86	4.92-92½	4.92-92½	4.92-92½	4.92-92½	4.91-91½	4.91-91½	4.91-91½
Montreal, \$	4.86	4.96-97½	4.96-97½	4.96-97½	4.96-97½	4.97-97½	4.97-97½	4.97-97½
Paris, Fr.	124.21	74½-75	74½-75	74½-75	74½-75	74½-75	74½-75	74½-75
Brussels, Bel	35.00(a)	29-29½	29-29½	29-29½	29-29½	29-29½	29-29½	29-29½
Amst'dam, H.	92-94	60-61	60-61	60-61	60-61	60-61	60-61	60-61
Zurich, Fr.	25-26½	15-15½	15-15½	15-15½	15-15½	15-15½	15-15½	15-15½
Athens, Dr.	87½	516*	516*	516*	516*	516*	516*	516*
Helena, M.	193-22	226-227½	226-227½	226-227½	226-227½	226-227½	226-227½	226-227½
Madras, Rupee	110	109½-110½	109½-110½	109½-110½	109½-110½	109½-110½	109½-110½	109½-110½
Calcutta, Rupee	121-107	7-24½-26	7-24½-26	7-24½-26	7-24½-26	7-24½-26	7-24½-26	7-24½-26
Amst'dam, Fl.	20-43	12-21-25	12-21-25	12-21-25	12-21-25	12-21-25	12-21-25	12-21-25
Berlin, Mk.	20-43	12-21-25	12-21-25	12-21-25	12-21-25	12-21-25	12-21-25	12-21-25
Registered Marks—								
Vienno, Sch.	27-82	25½-27½	25½-27½	25½-27½	25½-27½	25½-27½	25½-27½	25½-27½
Bu'pest, Pen.	164*	164*	164*	164*	164*	164*	164*	164*
Prague, Kc.	118½	118½-119½	118½-119½	118½-119½	118½-119½	118½-119½	118½-119½	118½-119½
Danzig, Gul.	25-26	25½-26½	25½-26½	25½-26½	25½-26½	25½-26½	25½-26½	25½-26½
Warsaw, Zl.	43-48	26-26½	26-26½	26-26½	26-26½	26-26½	26-26½	26-26½
Riga, Lat.	25-22½	14½-15½	14½-15½	14½-15½	14½-15½	14½-15½	14½-15½	14½-15½
Bucharest, Lei	819-8	625*	625*	625*	625*	625*	625*	625*
Const'ple, Pat.	110	619*	619*	619*	619*	619*	619*	619*
Belgrade, Din.	276-32	210-220	210-220	210-220	210-220	210-220	210-220	210-220
Kovno, Lit.	48-66	28½-29½	28½-29½	28½-29½	28½-29½	28½-29½	28½-29½	28½-29½
Sofia, Lev.	678-66	385-415	385-415	385-415	385-415	385-415	385-415	385-415
Tallinn, E. Kr.	18-18½	17½-18½	17½-18½	17½-18½	17½-18½	17½-18½	17½-18½	17½-18½
Oslo, Kr.	18-18½	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45
Stockholm, Kr.	18-18½	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45
Cop'h'gen, Kr.	18-18½	22-35-45	22-35-45	22-35-45	22-35-45	22-35-45	22-35-45	22-35-45
Alex'ndria, Pat.	97½	97½*	97½*	97½*	97½*	97½*	97½*	97½*
Bombay, Rupee	184	184*	184*	184*	184*	184*	184*	184*
Calcutta, Rupee	184	184*	184*	184*	184*	184*	184*	184*
Madras, Rupee	184	184*	184*	184*	184*	184*	184*	184*
Hong Kong, \$	124-58d.	14-14½	14-14½	14-14½	14-14½	14-14½	14-14½	14-14½
Kobe, Yen	25d.	25d.	25d.	25d.	25d.	25d.	25d.	25d.
Shanghai, \$	12-11	7-19½-23½	7-19½-23½	7-19½-23½	7-19½-23½	7-19½-23½	7-19½-23½	7-19½-23½
Singapore, \$	12-11	7-19½-23½	7-19½-23½	7-19½-23½	7-19½-23½	7-19½-23½	7-19½-23½	7-19½-23½
Batavia, F.	15-89d.	2½-3½	2½-3½	2½-3½	2½-3½	2½-3½	2½-3½	2½-3½
Rio, Mil.	11-45	18-20-30	18-20-30	18-20-30	18-20-30	18-20-30	18-20-30	18-20-30
B Aires, \$	40	122c	122c	122c	122c	122c	122c	122c
Valparaiso, \$	40	122c	122c	122c	122c	122c	122c	122c
M'video, \$	51d.	21½-22	21½-22	21½-22	21½-22	21½-22	21½-22	21½-22
Lima, Sol.	17-38	39½	39½	39½	39½	39½	39½	39½
Mexico, Pes.	9-78	17½-18½	17½-18½	17½-18½	17½-18½	17½-18½	17½-18½	17½-18½
Manila, Pes.	24-66d.	24-24½	24-24½	24-24½	24-24½	24-24½	24-24½	24-24½
Moscow, Rbls	9-458	5-67½	5-67½	5-67½	5-67½	5-67½	5-67½	5-67½
Bangkok, Baht	21-82d	21½-22½	21½-22½	21½-22½	21½-22½	21½-22½	21½-22½	21½-22½

Usance: T.T., except Alexandria (Sight); Rio de Janeiro, Lima, Valparaiso (90 days). Pence per unit of local currency. Par, 197-10½ since dollar devaluation on February 17, 1934. (a) Prior to devaluation on April 2, 1935. (b) Official rate. (c) Par cent. discount. (d) Latest "export" rate. (e) Official rate in 4½d. sellers. (f) Average remittance rate for importers. (g) Rate for \$15 sellers. (h) Convention of the lire into sterling for payments to the Bank of England in respect of debts due to persons in Italy for goods and freights. (i) Nominal. (j) Rate for conversion of Turkish currency into sterling for payments to the Bank of England in respect of debts due to persons in Turkey for Turkish goods. (k) Sellers.

II.—Forward Rates (Closing quotations)

London on	Nov. 8, 1935	Nov. 9, 1935	Nov. 10, 1935	Nov. 11, 1935	Nov. 12, 1935	Nov. 13, 1935	Nov. 14, 1935
New York, cent	1 Month	(a) 8-½	(a) 8-½	(a) 8-½	(a) 8-½	(a) 8-½	(a) 8-½
" 2 "	2 "	(b) 8-½	(b) 8-½	(b) 8-½	(b) 8-½	(b) 8-½	(b) 8-½
" 3 "	3 "	(c) 8-½	(c) 8-½	(c) 8-½	(c) 8-½	(c) 8-½	(c) 8-½
Paris, frs.	1 Month	(d) 1-1½	(d) 1-1½	(d) 1-1½	(d) 1-1½	(d) 1-1½	(d) 1-1½
" 2 "	2 "	(e) 1-1½	(e) 1-1½	(e) 1-1½	(e) 1-1½	(e) 1-1½	(e) 1-1½
" 3 "	3 "	(f) 1-1½	(f) 1-1½	(f) 1-1½	(f) 1-1½	(f) 1-1½	(f) 1-1½
Amsterdam, cent	1 Month	(g) 12½-13½	(g) 12½-13½	(g) 12½-13½	(g) 12½-13½	(g) 12½-13½	(g) 12½-13½
" 2 "	2 "	(h) 12½-13½	(h) 12½-13½	(h) 12½-13½	(h) 12½-13½	(h) 12½-13½	(h) 12½-13½
" 3 "	3 "	(i) 12½-13½	(i) 12½-13½	(i) 12½-13½	(i) 12½-13½	(i) 12½-13½	(i) 12½-13½
Brussels, cent	1 Month	(j) 4-4½	(j) 4-4½	(j) 4-4½	(j) 4-4½	(j) 4-4½	(j) 4-4½
" 2 "	2 "	(k) 4-4½	(k) 4-4½	(k) 4-4½	(k) 4-4½	(k) 4-4½	(k) 4-4½
" 3 "	3 "	(l) 4-4½	(l) 4-4½	(l) 4-4½	(l) 4-4½	(l) 4-4½	(l) 4-4½
Geneva, cent	1 Month	(m) 4-4½	(m) 4-4½	(m) 4-4½	(m) 4-4½	(m) 4-4½	(m) 4-4½
" 2 "	2 "	(n) 4-4½	(n) 4-4½	(n) 4-4½	(n) 4-4½	(n) 4-4½	(n) 4-4½
" 3 "	3 "	(o) 4-4½	(o) 4-4½	(o) 4-4½	(o) 4-4½	(o) 4-4½	(o) 4-4½
Milan, lire	1 Month	(p) 1-1½	(p) 1-1½	(p) 1-1½	(p) 1-1½	(p) 1-1½	(p) 1-1½
" 2 "	2 "	(q) 1-1½	(q) 1-1½	(q) 1-1½	(q) 1-1½	(q) 1-1½	(q) 1-1½
" 3 "	3 "	(r) 1-1½	(r) 1-1½	(r) 1-1½	(r) 1-1½	(r) 1-1½	(r) 1-1½

(a) Premium, i.e. "under spot." (b) Discount, i.e. "over spot."

OVERSEAS BANK RATES

Changed	From	To	Changed	From	To
Albania	Nov. 16, 1933	8 7½	Madrid	July 15, 1935	5 5
Amsterdam	Nov. 14, 1935	4 3½	Oso	May 24, 1933	4 3½
Athens	Oct. 14, 1933	7½	Paris	Nov. 14, 1935	3 4
Batavia	July 1, 1935	4 4	Prague	Jan. 25, 1933	4½
Belgrade	Feb. 1, 1935	6½	Pretoria	May 15, 1933	4½
Berlin	Sep. 22, 1932	5 4	Tallinn	Oct. 1, 1935	5½
Brussels	May 14, 1935	2½	Riga	Jan. 1, 1933	6½
Bucharest	Dec. 15, 1934	4 4	Rome	Sept. 9, 1935	4½
Calcutta	Feb. 16, 1933	4 3½	Stockholm	Aug. 15, 1935	7 6
Copenhagen	Aug. 21, 1935	2½	Swiss Bank	Dec. 1, 1933	8 2½
Danzig	Oct. 21, 1935	6 5	Tokio	July 2, 1933	4-38
Helsinki	Dec. 8, 1934	4 4	Vienna	July 10, 1935	4 3½
Kovno	Jan. 1, 1934	7 6	Warsaw	Oct. 26, 1933	6 5
Lisbon	Dec. 18, 1934	5½	Yokohama	June 30, 1932	3½
New York Fed.	Central Bank of Chile—Discount rate for member banks, 4½%; discount rate for the public, 6%. (a) 5½% applied to banks and credit institutions. (b) 6% applied to private persons and firms.				

NEW YORK MONEY AND EXCHANGE RATES

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

Call money	Nov. 14, 1935	Oct. 23, 1935	Oct. 30, 1935	Nov. 6, 1935	Nov. 13, 1935
Time money (90 days' mixed coll.)	1 ½	1 ½	1 ½	1 ½	1 ½
Bank acceptances—					
Members—eligible, 90 days	1 ½	1 ½	1 ½	1 ½	1 ½
Non-mem.—eligible, 90 days	1 ½	1 ½	1 ½	1 ½	1 ½
Commercial accept., 90 days	1 ½	1 ½	1 ½	1 ½	1 ½

Rates of Exchange, New York on—		Par Level	Nov. 14, 1934	Oct. 30, 1935	Nov. 6, 1935	Nov. 13, 1935
London—						
60 days	Dollars for £1	Old par	4.9662	4.90	4.9050	4.91
Cable		4.9662	4.9187	4.9175	4.9237	
Cheques		4.9662	4.9187	4.9175	4.9225	
Paris—cheques	Cents for 1 franc	63.54	6.59	6.5925	6.89	
Brussels	Cents for 1 belga	23.53	23.33	18.64	18.60	
Switzerland	Cents for 1 franc	32.67	32.47	32.51	32.50	
Italy	Cents for 1 lira	8.01	8.55	8.12	8.10	
Berlin	Cents for 1 mark	40.33	40.22	40.24	40.24	
Vienna	Cts. for Austr. shg.	32.82	18.88	18.845	18.80	
Yokohama	Cents for 1 peseta	32.67	13.655	13.665	13.655	
Amsterdam	Cents for 1 guilder	68.06	67.58	67.86	67.82	
Copenhagen	Cents for 1 kroner	45.37	25.10	24.72	24.72	
Oslo		25.77	25.38	25.37	25.39	
Stockholm		25.77	25.38	25.37	25.39	
Athens	Cents for 1 drachma	1.29	0.94	0.94	0.94	
Montreal	Cents for Can. \$1	169.31	102.8	98.8	98.8	
Yokohama	Cents for 1 yen	84.40	29.16	28.75	28.75	
Shanghai	Cents for 1 dollar	33.95	37.67	37.15	37.20	
Calcutta	Cents for 1 rupee	61.80	37.67	37.15	37.20	
Buenos Aires	Cents for 1 peso	...	33.30	32.79	32.82	
Rio de Janeiro ..	Cents for 1 milreis	11.96	8.43	8.29	8.29	

LONDON TRANSPORT

		Compared with corre-		sponding period of	
		*Takings		last year	
Week ending November 9, 1935		£580,500		+ 38,200	
Aggregate 19 weeks ending November 9, 1935		£10,337,500		+ 178,700	

* For an explanation of the manner in which the figures are made up, see the *Economist*, March 17, 1934, page 610.

Note.—The receipts this year include receipts of bus and coach undertakings not absorbed by London Transport in the corresponding period of last year. In order to make a comparison with the previous year, the figures for that year have been adjusted on the basis of the best information available.

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week		Gross Aggregate Receipts	
				1935	+ or -	1935	+ or -
INDIAN							
	1935			Rs.		Rs.	Rs.
Assam Bengal	29	Oct. 20	1,330	\$5,03,200	+ 5,561	88,81,650	- 14,57,533
Barsi L. Ry.	29	Oct. 20	292	33,100	+ 1,900	10,13,300	- 57,800
Bengal & N. Western ..	3	Oct. 20	2,114	48,779	+ 80,040	16,18,830	- 80,279
Bengal Nagpur	27	Oct. 10	3,268	22,80,000	+ 1,80,714	4,41,32,325	- 34,27,517
Bombay Bar. & C.I.	30	Oct. 31	3,072	31,76,000	- 32,186	6,01,55,000	- 1,03,000
Madras & S. Mahr.	28	Oct. 20	546	1,49,078	- 1,568	2,80,905	- 40,23,742
Rohilk'd & Kumaon	3	Oct. 20	2,526	14,09,095	- 1,11,539	3,00,61,920	- 16,22,252
South Indian	29	Oct. 20	2,526	14,09,095	- 1,11,539	3,00,61,920	- 16,22,252

† 11 days.

CANADIAN

		1935		1934		1933	
		Nov. 7		Nov. 7		Nov. 7	
Canadian National	43	7,236,977	\$ 6,49,225	7,236,977	\$ 6,49,225	7,236,977	\$ 6,49,225
Canadian Pacific	43	7,172,224	\$ 2,85,700	7,172,224	\$ 2,85,700	7,172,224	\$ 2,85,700

SOUTH AMERICAN

Name	Weeks	Ending	Present Week	Gross Receipts for Week		Gross Aggregate Receipts	
				1935	+ or -	1935	+ or -
Antofagasta (Chili and Bolivia)	45	Nov. 10	830	£ 13,440	+ 6,140	£ 558,480	- 98,240
Argentine N.E.	19	Nov. 9	753	£ 150,000	+ 49,200	£ 2,689,000	- 168,400
B.A. and Pacific	19	Nov. 9	2,806	£ 1,284,000	+ 192,000	£ 23,833,000	- 1,504,000
B.A. Central	17	Oct. 26	...	£ 104,400	- 14,500	£ 2,124,800	- 80,600
B.A. Gt. Southern	19	Nov. 9	5,085	£ 1,927,000	- 34,000	£ 38,509,000	- 930,000
B.A. Western	19	Nov. 9	1,930	£ 1,132,200	- 1,727	£ 2,282,123	- 27,395
Central Argentine	19	Nov. 9	3,700	£ 1,377,720	- 957	£ 738,282	- 31,897
Central Uruguay	19	Nov. 9	273	£ 13,099	+ 3,639	£ 168,540	- 165,126
C. Urug. (East Ext.)	19	Nov. 9	311	£ 2,046	+ 86	£ 26,490	- 3,255
C. Urug. (N. Ext.)	19	Nov. 9	185	£ 1,458	+ 351	£ 20,467	- 3,848
C. Urug. (W. Ext.)	19	Nov. 9	211	£ 787	+ 69	£ 14,225	- 578
Cordoba Central	19	Nov. 9	1,218	£ 550,000	- 57,000	£ 10,068,000	- 43,000
Entre Rios	19	Nov. 9	810	£ 32,310	+ 3,410	£ 591,440	- 9,930
G. Westn. of Brazil	45	Nov. 9	1,082	£ 11,240	+ 161	£ 223,183	- 4,724
Leopoldina	45	Nov. 9	1,818	£ 9,300	- 5,200	£ 339,600	- 39,200
Leopoldina Termal	45	Nov. 9	1,818	£ 164,000	+ 139,000	£ 68,167,000	- 278,000
Nitrate	10†	Oct. 31	401	£ 16,712	+ 3,464	£ 893,887	- 199,929
Paraguay Central	19	Nov. 9	274	£ 1,949,000	+ 100,000	£ 36,559,000	- 181,900
Salvador	19	Nov. 9	100	£ 12,275	+ 2,321	£ 226,597	- 45,651
San Paulo	34	Nov. 9	1,531	£ 190,000	+ 345,000	£ 92,060,000	- 126,600
United of Havana	19	Nov. 9	1,353	£ 21,692	- 1,633	£ 1,117,761	- 72,188

* Converted at average official rate during week ended Nov. 9—17-02 pesos to the £.

† Free market rate.

‡ Comparative figures for 1934 converted at official rate ruling in 1935.

§ Converted at the "free" rate as a result of a decision of the High Court.

OTHER OVERSEAS

		1935		1934		1933	
		Nov. 7		Nov. 7		Nov. 7	
Egyptian Delta	30	Oct. 31	925	£ 12,037	+ 2,190	£ 133,573	- 2,627
Egyptian Markets	45	Nov. 7	...	£ 2,052	+ 203	£ 72,385	- 2,101
Gr. Southern of Spain	44	Nov. 2	104	£ 73,116	+ 3,742	£ 1,982,050	- 483,705
Mexican Railway	45	Nov. 7	483	£ 215,100	+ 3,300	£ 4,525,200	- 386,900

SUEZ CANAL RECEIPTS

		1935		1934		1933	
		Oct. 31		Oct. 31		Oct. 31	
Suez Canal	42	Oct. 31	£ 26,540,000	£ 26,540,000	£ 26,540,000	£ 26,540,000	£ 26,540,000

TRAMWAYS WEEKLY GROSS RECEIPTS

Name	Weeks	Ending	Present Week	Gross Receipts for Week		Gross Aggregate Receipts	
				1935	+ or -	1935	+ or -
Anglo-Argentine	45	Nov. 11	328	£ 652,805	+ 2,754	£ 28,385,549	- 661,769
B. Aires Lacroze	17	Oct. 27	...	£ 71,796	+ 3,367	£ 1,125,174	- 21,250
Buenos Aires	1	Nov. 9	76	£ 5,075	+ 174	£ 174	-
Calcutta Tramways	1	Nov. 9	...	£ 1,18,434	+ 5,292	£ 5,292	-
Ile of Thanet Elec.	43	Oct. 30	...	£ 2,783	+ 186	£ 154,299	- 11,333
Liverpool Corp.	30	Nov. 6	...	£ 29,525	+ 1,220	£ 920,570	- 17,625
Madras Electric	10†	Oct. 31	...	£ 48,387	- 1,294	£ 10,57,634	- 5,343

MONTHLY TRAFFICS

Company	Months	Ending	De- scription	Receipts for Month		Receipts to Date	
				1935	+ or -	1935	+ or -
Bolivar	10	Oct. 31	Gross	£ 5,300	- 300	£ 60,600	+ 650
Costa Rica	9	Sept. 30	Gross	£ 13,313	- 3,371	£ 43,715	- 6,124
Kalgoolie Trams	8	Aug. 31	Gross	£ 2,721	-	£ 18,516	-
La Guaira Harbour	1	Oct. 31	Gross	£ 3,378	- 1,991	£ 1,991	-
La Plata Trams	1	Oct. 31	Gross	£ 9,385	- 414	£ 414	-
Mexican Lt. & Power	9	Sept. 30	Gross	Can. \$644,571	+ 64,756	Can. \$7,096,891	- 330,229
Midland Uruguay	4	Oct. 31	Gross	£ 68,000	+ 12,000	£ 248,000	+ 5,500
N. Westn. of Uruguay	4	Oct. 31	Gross	£ 68,499	- 6,439	£ 22,345	- 16,444
Samana and Santiago	4	Oct. 31	Gross	£ 20,000	+ 23	£ 67,488	- 2,675
Shanghai Electric	10	Oct. 31	Gross	£ 1,911	- 1,322	£ 6,089	- 4,284
Singapore Traction	10	Oct. 31	Gross	£ 1,050	- 582	£ 24,240	- 62
State of Bahia S. Wtn.	6	Oct. 31	Gross	£ 367,676	- 48,993	£ 3,580,946	- 210,340
Uruguay Northern	4	Oct. 31	Gross	£ 190,000	+ 73,000	£ 19,098	- 5,329
	4	Oct. 31	Gross	£ 4,032	- 1,110	£ 28,000	- 200
	4	Oct. 31	Gross	£ 8,000	+ 1,000	£ 2,527	- 1,917

DIVIDEND ANNOUNCEMENTS

Name of Company	Rate % per Annum, except where marked % or Stated in Cash			Dividend for Whole Years	
	Interim or Final	Date of Payment	Interim or Final Comparison with Last Year	Latest Year	Previous Year
BANKS					
Bank of British West Africa	11½*	Dec. 2	Same	%	%
Commercial Bank of Scotland "A"	8½†	Jan. 2	Same	16	16
Do. "A" (special 125th anniversary bonus)	2%	Jan. 2	Nil	2	10
Do. "B"	5½†	Jan. 2	Same	10	
INSURANCE					
Alliance Assurance Co.	8/- p.s.	Jan. 4	Same		
TEA AND RUBBER					
Amalgamated Tea Estates	Nil*	...	Same		
Anglo-American Direct Tea	Nil*	...	3½*		
Bekoh Consolidated Rubber		...			
Buket Kajang Rubber		...		2½	2½
Consolidated Tea and Lands	21½*	Dec. 14	3½*	6	4
Dindings Rubber	2½*	Dec. 3	21½*		
Highfields (Ceylon) Tea	2½*	Dec. 14	Nil		
Kanau Devan Hills Produce	4½*	Dec. 14	Same		
Scottish Tea and Lands of Ceylon	8½†	...	Same		
MINING					
Ampat Tin	5½*	Dec. 12	Same		
Associated Tin (Nigeria)	5½*	Dec. 13	Same		
Central Mining and Investment	8/- p.s.	...	Same		
Consolidated Gold Fields of S.A.	13½†	...	Same	20	20
Janata Nigeria Co.		...	Same	20	17½
Mount Lyell Mining		Dec. 16	...	20	Nil
Pari Tin	2½*	Dec. 2	...	2½	Nil
Pattani Tin	5½†	...	8½†		
Rahman Hydraulic Tin	5½†	...	Nil	5	Nil
Rawang Concessions	5½*	Nov. 27	Same		
Sons of Gwalia (10/-)	2/- p.s.*	Dec. 30	Same		
South West Africa Co.		...	Same	7½	7½
Wankie Colliery		...	...	15	12
OTHER COMPANIES					
Amalgamated Press	5½*	Nov. 28	Same		
Anglo-French Phosphate		...	...	10½	10½
Argentine Southern Land		...	...	10	4
Associated British Malsters		...	...	10	15
Benskin's Watford Brewery	11½†	Dec. 12	10½†	17½	6
Bentley's Yorkshire Breweries	6½†	Dec. 2	3½†	10	6
Bideford Gas and Coke original shs.	5½*	Dec. 2	Same		
Do. additional shares	2½*	Dec. 2	Same		
Bickert's Brewery Investment	2½*	Dec. 2	Same		
Blackpool South Shore Pier and Pavilion		...	...	5	5
Bowmaker	6½†	Nov. 30	...	9	7½
British Cyanides		...	...	8	9(4)
British Electric Traction def. ord.	21½*	Dec. 16	Same		
British Oxygen	7½*	Nov. 29	4½*		
Brockhouse (L.) and Co.		...	...	10	7½
Brownsea Haven Properties 6%		...	...		
Cum. Pref.	3½*	Dec. 2	...	2	1½
Burntisland Shipping	3½*	Nov. 22	Nil		
Cargo Fleet Iron	3½*	...	Same		
Cawnpore Electric Supply	3½*	Nov. 26	Same		
Charrington and Co.	10½†	...	11½†	20	22½
Chester Northgate Brewery	11½†	...	11½†		
Do. (Bonus)	1½ p.s.	...	1½ p.s.		
Chloride Electrical Storage A & B	5½*	...	Same	1½	Nil
Clarke (W. G.) and Sons		...	...	6	5
Cockburn Trust	2½*	Nov. 20	Nil		
Consolidated Trust (Def.)	10½*	...	Same		
Cuthbert (W. M.) and Co.	14½†	Nov. 22	Same	11½	11½
Daily Mail and General Trust	14½†	...	Same		
Delhi Electric Supply	11½†	...	100%†	150	133½
Dennis Brothers (1/-)	150% (s)	...	Nil		
Do. Special and Non-Recurring Bonus		...	...		
East India Tramways	16½†	Nov. 11	Same	110	110
East Kilbride Dairy Farmers	1½ p.s.*	Nov. 29	Same		
Elec. Construction 7% Cum. Pf.	3½*	...	Same	10	10
Elswick-Hopper Cycle and Motor	4½*	Dec. 6	Same		
Eno Proprietaries	6½*	Dec. 2	Same		
First Scottish American Trust	5½*	Nov. 21	Same		
Fleming (A. B.) and Co.	5½*	...	Same	8	8
Freehold and Leasehold Investment	51½†	Dec. 2	Same		
Gas Consolidation	2½*	Dec. 20	Nil		
Guest Keen and Nettelfolds	12½*	Nov. 30	Same		
Hampock (William) & Co. 6% pref.	3%	Nov. 30	Same		
Do. 6% pref. ord.		Nov. 30	(to May 31, '33)	6	10
Hay's Wharf	7½*	Dec. 2	Same	10	10
Hovis, Ltd.		...	...		
Humber (Deferred)		...	...		
Indian and General Investment Trust (Def.)	5½*	Dec. 10	Same		
Jury Holloware	3½*	...	...		
Kelvin Investment		...	...	2½	2
Land and House Property Corp.	7½†	Dec. 2	Same	12½	12½
London Brick	5½†	...	...		
Mercantile Credit Co.	5½†	...	...		
Metropolitan Properties	21½*	Nov. 29	3½*	7½	
Moors' and Robson's Breweries	17½†	Nov. 30	15½†	22½	20
North of Scotland Milling	6½*	Nov. 30	Same	10	10
Phillips (H.W.) and Co.	7½*	Jan. 1	Same		
Porritt and Spencer	18%	...	All arrears pd		
Reckitt and Sons		...	...		
Sage (Frederick) 6% Cum. Pref.		...	...		
Second Anglo-Celtic Trust		...	...		
Securities Trust of Scotland		...	...	1	Nil
Selected Land and Property Ord.	21½*	...	Nil		5
Do. Def.	84½*	...	Nil		
Slaters, Ltd.		...	...	5	5
Smith (S.) and Sons (Motor Accessories) 7% non-cum. preferred	9½†	...	Same	14	14
Do. deferred		...	...	25	25
St. Kitts (London) Sugar		...	...	12½	12½
Town Investments		...	...	14	14
Transvaal & Delagoa Bay Invest.	4½ p.s.†	...	Same	30	30
Tuck (Raphael) and Sons		...	...	2	3
Ufa Co. (Germany)		...	...	Nil	2
Vactric (S/-)	7.783 d.	...	...	\$ 10.763 d	
Walmsleys (Burry)	6½†	...	6½†		9
Weardale Steel, Coal and Coke (Def.)		Dec. 1	...	6	6
Yarrow and Co.		Dec. 1	Same	10	10
Yeo (John) and Co.	21½*	Dec. 1	Same		
† Free of income tax.					

THE INTERNATIONAL NICKEL COMPANY OF CANADA, LTD.—A net profit of \$7,742,584.64—equivalent to 50 cents per share on the common stock after allowing for preferred dividend—is reported for the third quarter of 1935 in the quarterly statement of the International Nickel Company of Canada, Ltd. This compares

WORKING PROFIT, TRANSVAAL.—Total estimated working profit of the gold mines of the Transvaal for the month of September, 1935, amounted to :—Witwatersrand, £2,650,017; Outside Districts, £10,670; total, £2,660,687. The estimated working profit in August, 1935, was :—Witwatersrand, £2,728,388; Outside Districts, £10,636; total, £2,739,024.

SHEFFIELD.—There has been a considerable expansion during the last two weeks in all sections of the South Yorkshire coalfield. The improvement is largely confined to the domestic market, and it has

CARDIFF.—Foreign and coastwise shipments last week were above the average of recent weeks, and totalled 417,700 tons, compared with 389,400 tons the previous week and 362,283 tons in the corresponding week last year. The docks have been relatively well supplied with tonnage, and loadings are expected to be quite good again this week. A number of small contracts placed recently include 12,000 tons for the Norte Railways of Spain, 12,000 tons for the Palestine Government Railways, and 5,000 tons for the Norwegian State Railways; while the adjudication is expected at

GLASGOW.—Business in the West of Scotland continues satisfactory. Steel makers are very busy. Demand for shipbuilding material is improving, and that for other sections is very good.

compared with £18 a week ago.

Sales of spelter on the London Metal Exchange: 25 tons on Monday, against 125 tons last week; 400 tons on Tuesday, against 125 tons last week; 350 tons on Wednesday, against 650 tons last week. Wednesday's quotation in East St. Louis was 4.85 cents per lb., against 4.85 cents the week before and 4.85 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £16 5s. per ton, against £16 6s. 3d. last week.

ESTABLISHED 1835

TIN.—The cash price rose substantially during the past week, while the three-months' quotation showed only a modest advance; the "backwardation" therefore widened to well over £20 per ton. That relief from the "squeeze" will be forthcoming before the end of the year may be judged from the fact that reports from Bolivia and Nigeria record a considerable increase in shipments of concentrates. At the moment, however, the cash position is as stringent as ever. Moreover, although considerable arrivals from the Dutch East Indies are due during the next fortnight, it is anticipated that the bulk of these will be absorbed by the Continent. The position is further complicated by the development of an unhealthy "spot" position in New York, owing to inadequate supplies. Judging from past experience, heavier shipments may possibly be directed to the United States in the near future, in order that the position of those who desire to render that country independent of the restriction scheme may not be strengthened. Such an expedient would, of course, postpone the possibility of easing the London position. The situation on the London market is becoming almost intolerable. Not only is it impossible to obtain adequate supplies of cash tin in the United Kingdom, which controls about 50 per cent. of the world's potential output; it is also impossible to obtain relief from the "squeeze" in this country until other consuming areas are adequately supplied with British tin.

Sales of tin on the London Metal Exchange: 110 tons on Monday, against 260 tons last week; 200 tons on Tuesday, against 225 tons last week; 200 tons on Wednesday, against 375 tons last week. The New York quotation on Wednesday was 53.00 cents per lb., against 52.50 cents a week ago and 51.50 cents a month ago. Wednesday's official closing quotation in London for standard cash was £237 10s. to £238 per ton, compared with £225 10s. last week. Stocks of tin in London and Liverpool at the end of last week totalled 493 tons, a decrease of 56 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted at £100 per ton. Nickel, for home and export, at £200 to £205 per ton, remains unchanged. Quicksilver, on the spot, was quoted at £12 10s. to £12 12s. 6d. per flask of 76 lb., as against £12 5s. to £12 7s. 6d. per flask last week. Chinese antimony was quoted at £69 to £70 per ton ex warehouse, duty paid, as against £70 to £71 per ton last week. Chinese wolfram for November-December shipment was quoted at 33s. 6d. to 34s. 6d. per unit, c.i.f., as against 33s. 6d. to 34s. 6d. per unit last week. Platinum (refined) at £7 10s. per ounce, was unchanged on the week.

TEXTILES

COTTON.—Manchester.—Although the tone of the market has continued rather quieter, there has been more activity during the last few days. This development has been partly due to the hardening tendency in raw material prices and the realisation by buyers of yarn and cloth that there is little probability of lower prices in the near future.

The feature of interest in connection with the raw cotton situation has been the bullish crop report published by the United States Government at the end of last week. The estimated yield, at 11,141,000 bales, was lower than expected, and the ginning figures were disappointing. Demand continues active. Wide fluctuations have occurred in quotations for Egyptian Sakel cotton, speculative operations being on a considerable scale. Cloth business has been irregular. Some sellers have had a fair week, whilst others have reported a continuance of the reduced demand. Inquiry from India has kept up fairly well, and miscellaneous sales have been arranged for the several outlets in a variety of goods, chiefly in printed and dyed styles. The news from China has not been of a nature to encourage trade. Fancies have attracted some attention for the minor outlets of the Far East. Steady buying has taken place from Egypt, West Africa, South America and the Dominions. A few more orders have been booked in sheetings and dress materials for the home trade.

Yarn prices have hardened in sympathy with the rise in cotton. More business has been done in American qualities, and there continues an active demand for quick delivery of coarse and medium counts. Trade in Egyptian descriptions has been patchy.

COTTON PRICES

	1935				Corresponding Date	
	Oct. 23	Oct. 30	Nov. 6	Nov. 13	1933	1934
Raw Cotton—Mid. American	d. 6.43	d. 6.50	d. 6.41	d. 6.49	d. 5.24	d. 6.85
Sakelardis Fully Good Fair	9.05	9.26	9.35	9.72	7.07	8.69
Egyptian	10.1	10.1	10.1	10.1	8.8	10.1
Yarns—32's twist	10.1	10.1	10.1	10.1	9.1	10.1
40's twist	16	16	16	16	16	16
60's twist (Egyptian)	16	16	16	16	16	16
32-in. Printers 116 yds., 16 by 16, 32's and 50's	s. d. 17 7½	s. d. 17 7½	s. d. 17 7½	s. d. 17 7½	s. d. 17 0	s. d. 18 10
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	24 9	24 9	24 9	24 10½	21 0	24 0
38-in. ditto, 38 yds., 18 by 16, 10 lb.	10 4½	10 4½	10 4½	10 5½	10 6	10 10
38-in. ditto, 37½ yds., 16 by 15, 8½ lb.	9 4½	9 4½	9 4½	9 5½	9 4	9 9

EGYPTIAN SPINNERS' BALLOT FAILURE.—There was considerable surprise in Lancashire trade circles at the end of last week, when it was announced that the ballot of spinners of Egyptian cotton on the pool and quota scheme for adjusting production to demand had

failed to secure more than very limited support. It was stated that the votes in favour were only 57.58 per cent., with 21.68 per cent. against, there being no replies from 20.74 per cent. It was previously arranged that the scheme would not be put into operation unless supported by the owners of 85 per cent. of the spindles in this section. It was decided that the Committee appointed to deal with this matter by the Master Spinners' Federation should remain in existence for the purpose of reviewing the position and ascertaining the nature of the objections to the proposed agreement. The Committee was unanimous in recommending the continuance of the "Gentleman's Agreement" which has been in operation for some months. In connection with this ballot, it is significant that the big combines own about 50 per cent. of the spindles on Egyptian cotton. Thus the figures show that very few private concerns voted in favour. In the meantime, the Manufacturers' Association is considering the question of better organisation in that branch. The district associations have approved the suggestion that a committee should be set up for the purpose of considering methods whereby better selling prices for piece goods can be secured. In this connection it has been rumoured that the Manufacturers' Association may evolve a scheme for dealing with redundant looms.

WOOL.—Bradford.—Business in both wool and wool products has been well maintained during the past fortnight. The demand for raw wool in Coleman Street on United States account has slackened considerably, but other sections have continued to buy moderately, and the entire industry is awaiting the opening of the forthcoming series next Tuesday with more than ordinary interest. The quantity available, declared at 124,600 bales, will include a particularly good selection of Australian new clip merinos. The demand for these is likely to be keen and well sustained, with all sections operating. A reasonable rise in prices is anticipated, but whether it will be as much as some of the more optimistic importers expect remains to be seen. However, some advance in prices for all descriptions seems imminent, with a good demand from all sections. The vacation must be regarded as one of the best of the year. A firm finish in Coleman Street always leads to the establishment of confidence, and paves the way for a good turnover in tops and yarns. Good average 64's tops were standing at 29½d. when the September-October series finished, and to-day are around 31-31½d., in fashion still favouring these wools. A big business has been done in crossbreds, but prices do not advance very quickly. Taking 50's as being representative of crossbreds, good tops of this quality can be bought to-day at 15d. per lb., a price that is altogether out of harmony with the cost of 64's. However, a big business has been done in both low and fine crossbreds with the United States during the interval, and there is every prospect of renewed buying on American account at the forthcoming London sales. The best feature is the continued large consumption in the West Riding, where practically all mills are busy.

GRAIN MARKETS

WHEAT.—Wheat prices in international centres suffered an appreciable decline during the past week. This movement is merely a corrective to the excessive optimism which drove up prices too high some weeks ago. Actually, the international wheat situation has undergone little change during the past week. Supplies are ample and there has been some selling pressure from certain quarters.

According to the *Corn Trade News*, total arrivals of wheat and flour at principal ports of Europe during the past week were 1,022,000 quarters, against 826,000 quarters in the preceding week. On Wednesday last, "December" futures were quoted in Chicago at 93½ cents per bushel, against 97½ cents the week before and 100½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 34s. 3d. per 496 lbs., against 34s. 9d. a week ago; No. 2 Northern Manitoba, ex ship, 33s., against 33s. 6d. a week ago.

FLOUR.—The market in both home-milled and imported flour was quiet and prices declined. Shipments from North America in the past week totalled 91,000 sacks, as against 91,000 in the previous week. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered country, 29s. per 280 lbs., 28s. a week ago; delivered London, 28s., as compared with against 27s. 3d. to 29s. 3d. a week ago. Australian, ex store, 22s. 9d., against 23s. a week ago.

BARLEY.—Business in imported feeding barley has been small, but as holders are not pressing sales, quotations have been maintained. "December" futures were quoted at 33 cents per bushel in Winnipeg on Wednesday, against 33½ cents last week and 34½ cents a month ago. Quotations per 448 lbs. in London on Wednesday were: "English feed" (new) at farm, 23s. to 24s., as against 23s. to 24s. last week; "English malting" (new) at farm, 30s. to 34s., against 30s. to 36s. a week ago.

OATS.—On Wednesday, "December" futures were quoted at 26½ cents per bushel in Chicago, against 26½ cents a week ago and 27½ cents last month. Quotations in London, Wednesday: "English Black" (old), at farm, 22s. per 336 lbs., against 22s. a week ago; "English White" (old), at farm, 22s., against 22s. last week.

MAIZE.—Quotations for maize in this country continued to decline during the past week, for arrivals remain on a large scale and the new crop in Argentina has made an excellent start. "December" futures were quoted on Wednesday at 59½ cents per bushel in Chicago, against 59½ cents a week ago and 60½ cents

last month. Quotations in London, Wednesday: "Plate," landed, 16s. 6d. per 480 lbs., compared with 16s. 9d. a week ago; "Plate," ex ship (new), 15s. 6d., as against 16s. a week ago; "Plate," November, 16s. 3d., against 16s. 3d. a week ago. Yellow maize meal, ex wharf, was quoted at £4 12s. 6d. to £4 17s. 6d. per ton, against £4 15s. to £4 17s. 6d. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sale of home-grown wheat during the harvest years 1932-33 to 1935-36:—

	1932-1933	1933-1934	1934-1935	1935-1936
Estimated sales of home-grown wheat—				
1 week to November 9	317,953	256,735	352,853	452,258
10 weeks to November 9	2,758,003	3,478,813	4,752,042	4,745,526
Average price of English wheat per cwt.	s. d. 5 6	s. d. 4 8	s. d. 4 11	s. d. 6 1

The following is a statement showing the quantities sold and the average price of British corn in the past two weeks, and for the corresponding week in each of the years from 1931 to 1934:—

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
	Cwts.	Cwts.	Cwts.	s. d.	s. d.	s. d.
Nov. 7, 1931	79,191	469,893	46,513	6 7	9 2	6 6
Nov. 12, 1932	317,953	463,293	55,545	5 6	7 7	5 11
Nov. 11, 1933	256,735	447,872	40,752	4 8	9 5	5 4
Nov. 10, 1934	352,853	396,369	44,886	4 11	8 10	6 7
Nov. 2, 1935	453,933	521,894	51,147	6 1	9 0	6 2
Nov. 9, 1935	452,258	498,034	45,927	6 1	8 10	6 3

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks, with comparative figures for 1933 and 1934.

NEAREST FUTURE	Jan. 4, 1933	Jan. 3, 1934	Nov. 14, 1934	Jan. 2, 1935	Nov. 6, 1935	Nov. 13, 1935
Winnipeg (No. 1, Manitoba) —Cents per 60 lb.	46½	65½	78	82½	85	82½
Chicago (No. 2 Winter) —Cents per 60 lb.	46½	84½	99½	98½	97½	93½

The visible supply of wheat in Canada amounts to 145,868,000 bushels, against 146,526,000 bushels last week and 122,258,000 bushels in the corresponding week of last year.

OTHER FOODS

BACON.—Demand has again been slow this week, despite a further slight reduction in prices last Friday. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 80s. to 89s.; Canadian, 77s.; Danish, 89s., as against 84s. to 90s., 79s. and 89s., respectively, a week ago. Arrivals in London last week included Danish, 13,337 bales; Canadian, 4,938; Dutch, 2,231; Lithuanian, 1,926; Polish, 2,327; against 14,184, 3,555, 1,857, 2,089 and 3,076 bales, respectively, in the previous week.

BUTTER.—While most descriptions of butter remained in quiet demand this week, Colonial descriptions recorded a modest advance on the London market. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 104s. to 105s.; Australian, choicest salted, 104s.; Danish, 124s.; compared with 100s. to 102s., 100s., and 124s., respectively, last week.

CHEESE.—After a moderately firm opening on Monday, demand fell away and the London Market was dull on Wednesday. But prices show little change on the week. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, finest farmers', 62s. to 74s.; Canadian, finest coloured (new), 58s. to 60s.; New Zealand, finest coloured, 53s., as against 62s. to 74s., 58s. to 60s. and 50s., respectively, last week.

COCOA.—The "spot" quotation in New York on Wednesday was 5 cents per lb., as against 5 cents per lb. last week. On the London Market, Accras have been in quiet demand. On Wednesday last, good fermented new crop, November-January, was quoted 21s. 10½d. per 250 kilos. c.i.f. Continent, against 21s. 9d. last week. Last week's movements of cocoa in London were as follows: Landed, 1,764 bags; delivered, for home consumption, 4,430 bags; exported, 258 bags; stocks, 114,334 bags, against 150,828 bags a year ago.

COFFEE.—Spot coffee has again been a quiet market in New York, quotations being unchanged on the week. The London market was quietly steady. In New York on Wednesday, Rio No. 7 (cash) was quoted at 6½ cents per lb., as compared with 6½ cents per lb. last week and 6½ cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 30 cwt.; delivered, for home consumption, 9 cwt.; exported, nil; stocks, 12,643 cwt., against 27,442 packages a year ago. Central and other South American, landed, 6 cwt.; delivered, for home consumption, 2,400 cwt.; exported, 2,118 cwt.; stocks, 85,688 cwt., against 80,445 packages last year. Other kinds, landed, 1,201 cwt.; delivered, for home consumption, 3,795 cwt.; exported, 2,039 cwt.; stocks, 112,565 cwt., against 74,487 packages last year.

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EGGS.—At Tooley Street on Monday the market was quiet and quotations irregular. Danish have scored an advance on the week, but English are generally rather easier. At Smithfield Market on Wednesday, English (ordinary packing, Grade 1, about 15-15½ lb.) realised 19s. to 20s. 6d. per 120, against 19s. 6d. to 21s. 6d. a week earlier, while Danish (15½ lb.) made 16s. to 16s. 3d. per 120, against 14s. 9d. to 15s. 3d. last week.

FRUIT.—Business at Covent Garden has been adversely affected by bad weather during the past few days, but continues above the average for the time of year. According to *The Fruitgrower*, the trade in apples is not so brisk and home-grown have eased somewhat. Nova Scotian barrels are slightly firmer, but British Columbian box apples barely steady. Supplies of pears are short, and with demand well maintained, prices are steady. Although not a very active market, hothouse grapes are inclined firmer for English, especially for Muscat. Melons are slow and cheaper. Cobnuts are a moderate trade, while English walnuts are in fair demand; all imported nuts are easier. Bananas have been selling more freely, while oranges are also in demand. Grapefruit is a rather slow trade, despite a reduction in prices. Lemons continue dear, and are likely to rise in price still further, as a result of the application of "sanctions" against Italy on Monday next.

MEAT.—Supplies at Smithfield Market have been on a heavier scale than at this time last year. Fresh mutton was in fair demand this week, but the majority of descriptions have been a dull trade. On Wednesday last, Argentine chilled hindquarters were quoted at 3s. 8d. to 4s. 2d. per 8 lbs., as compared with 3s. 8d. to 4s. 2d. last week. New Zealand frozen mutton was 3s. 2d. to 3s. 10d. per 8 lbs., against 3s. 2d. to 3s. 10d. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 9,456 tons, a decrease of 753 tons on the corresponding week last year. Beef and veal accounted for 4,894 tons, mutton and lamb, 2,453 tons, and pork and bacon 1,376 tons, as compared with 5,406, 2,630 and 1,284 tons, respectively, in the same week of 1934.

MILK.—Information relative to the operation of the Milk Marketing Scheme during October, as issued by the Milk Marketing Board, is given in the following table, together with comparable statistics for earlier months:—

	Oct., 1934	July, 1935	August, 1935	Sept., 1935	Oct., 1935
	d.	d.	d.	d.	d.
Regional pool prices* (per gallon)					
Northern	13½	10	10	12½	13½
North-Western	13½	9½	10	12½	13½
Eastern	14½	10½	10½	13	13½
East Midland	14	10	10	13	13½
West Midland	12½	9½	9½	12½	13
North Wales	12½	9½	10	12½	13½
South Wales	13½	10	10½	12½	13½
Southern	14½	10½	10½	13	13½
Mid-Western	13	9½	9½	12½	13
Far Western	12½	9½	9½	12½	13
South-Eastern	14½	10½	10½	13½	14
Liquid milk price (per gallon, all regions)	16	13	13	16	17
Manufacturing price (per gallon, average)	6.45	5.38	5.73	5.54	6.222
Total sales under contract	63.47	80.86	70.65	66.06	68.56
For liquid consumption	46.64	46.83	45.03	46.01	47.27
For manufacturing	16.83	34.03	25.62	20.05	21.29

* On account to the nearest farthing.

PEPPER.—Wednesday's spot price for Lampong (in bond) was 3½d. per lb., against 3½d. last week. Movements of pepper in London during the past week were as follows: Black, landed, 10 tons; delivered, 24 tons; stocks, 1,453 tons, against 591 tons a year ago. White, landed, nil; delivered, 194 tons; stocks, 14,987 tons, against 9,287 tons a year ago.

RICE.—The spot price of Burma No. 2, cleaned, was 9s. 10½d. per cwt. ex-warehouse on Wednesday, as compared with 9s. 10½d. per cwt. a week ago. New crop, January-February, in singles to Continent and U.K. was quoted at 7s. 6d. per cwt., against 7s. 7½d. per cwt. last week. Movements in London during the past week were as follows: Landed, 14 tons; delivered, 330 tons; stocks, 6,948 tons, against 3,367 tons a year ago.

SUGAR.—The New York spot market has been steady at unchanged prices during the past week, while futures have been generally featureless. The market shows a tendency to await developments at Washington. In London, trading has also been quiet and quotations barely steady. The spot price in New York on Wednesday was 3.50 cents per lb., as compared with 3.50 cents per lb. last week and 3.60 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "December delivery" at 4s. 9d. to 4s. 10½d., against 4s. 10d. to 4s. 10½d. last week. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 17,974 tons, against 20,878 in the previous week and 4,722 tons in the same week of last year; deliveries, 15,284 tons, against 17,884 and 14,704 tons respectively; stocks, 167,432 tons, against 164,742 and 95,671 tons respectively.

OVERSEAS TRADE RETURNS

IMPORTS (Value C.I.F.)

	Month ended October 31		Ten Months ended October 31	
	1934	1935	1934	1935
I.—Food, Drink and Tobacco—				
A. Grain and Flour	5,503,660	6,182,909	44,182,969	45,247,907
B. Feeding-stuffs for Animals	859,112	715,555	5,635,121	6,215,841
C. Animals, Living, for Food	657,492	740,027	4,142,906	4,303,350
D. Meat	6,245,684	5,625,147	68,805,956	63,306,313
E. Dairy Produce	4,867,672	6,170,977	44,077,938	48,701,919
F. Fresh Fruit and Vegetables	3,080,084	3,622,601	30,491,995	33,323,172
G. Beverages and Cocoa Preparations	4,915,002	4,888,846	36,100,821	34,017,632
H. Other Food	5,754,684	6,683,387	38,863,330	38,882,743
I. Tobacco	3,867,556	2,905,463	12,738,239	12,357,427
Total, Class I	35,450,946	37,534,912	285,038,375	288,356,104
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	1,398	2,676	19,636	16,608
B. Other Non-Metalliferous Mining and Quarry Products and the like	334,787	376,194	3,101,990	3,471,504
C. Iron Ore and Scrap	363,343	402,225	3,732,858	4,213,389
D. Non-Ferrous Metalliferous Ores and Scrap	1,084,493	1,017,222	8,076,509	9,383,780
E. Wood and Timber	4,386,346	4,059,756	33,630,389	28,489,840
F. Raw Cotton and Cotton Waste	2,923,402	3,788,921	29,341,751	26,045,265
G. Wool, Raw and Waste, and Woolsen Rags	1,412,272	1,978,454	33,072,005	29,986,665
H. Silk, Raw, Knobs and Noils	126,038	147,429	1,198,184	1,108,184
I. Other Textile Materials	551,019	419,231	6,568,629	7,633,014
J. Seeds and Nuts for Oil, Oils, Fats, Resins and Gums	1,531,431	2,325,513	17,880,899	21,109,896
K. Hides and Skins, Undressed	864,075	1,116,792	12,581,092	11,484,575
L. Paper-making Materials	861,433	928,903	9,022,899	8,643,218
M. Rubber	1,718,393	586,200	9,464,695	9,013,071
N. Miscellaneous Raw Materials and Articles mainly Unmanufactured	733,891	788,314	6,832,503	7,006,264
Total, Class II	16,892,321	17,987,830	174,477,612	168,604,273
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and Manufactured Fuel	2,889	2,671	31,468	35,220
B. Pottery, Glass, Abrasives, etc.	734,092	759,780	5,855,417	5,860,949
C. Iron and Steel and Manufactures thereof	803,710	833,371	7,719,837	7,129,304
D. Non-Ferrous Metals and Manufactures thereof	2,149,737	2,624,052	17,703,696	22,473,560
E. Cutlery, Hardware, Implements and Instruments	540,998	603,164	4,719,209	5,078,629
F. Electrical Goods and Apparatus	295,236	370,800	2,482,719	2,455,915
G. Machinery	1,043,563	1,227,041	9,486,623	10,927,153
H. Manufactures of Wood and Timber	539,658	608,821	4,673,573	5,034,348
I. Cotton Yarns and Manufactures	237,972	239,119	1,999,040	1,946,683
J. Woollen and Worsted Yarns and Manufactures	233,741	253,869	2,084,164	2,061,553
K. Silk Yarns and Manufactures	278,230	274,646	2,620,482	2,545,454
L. Manufactures of other Textile Materials	671,572	646,282	5,915,064	5,651,794
M. Apparel	678,891	722,315	6,859,745	6,668,674
N. Chemicals, Drugs, Dyes and Colours	1,056,309	1,366,616	9,495,545	9,790,069
O. Oils, Fats and Resins, Manufactured	2,722,215	2,442,576	25,850,095	27,106,514
P. Leather and Manufactures thereof	648,627	779,073	6,317,127	6,722,498
Q. Paper, Cardboard, etc.	1,332,134	1,289,898	10,811,441	11,151,960
R. Vehicles (including Locomotives, Ships and Aircraft)	273,290	420,143	2,970,155	3,751,617
S. Rubber Manufactures	105,095	111,831	1,141,738	1,082,657
T. Miscellaneous Articles wholly or mainly Manufactured	1,679,174	2,000,995	14,052,360	14,882,748
Total, Class III	16,027,133	17,577,243	142,489,518	152,357,299
IV.—Animals, not for Food	200,147	149,873	1,222,825	1,453,569
V.—Parcel Post	191,863	132,841	2,062,077	1,638,324
Total	68,762,410	73,362,699	605,290,407	612,409,569

TEA.—The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold at Mincing Lane on Garden account in recent weeks:—

Week ending	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
Nov. 8, 1934.....	12-21	11-62	14-39	10-23	9-28	10-75	12-51
Oct. 10, ".....	15-63	12-87	16-98	12-74	10-88	11-80	15-42
Oct. 17, ".....	15-34	12-79	16-76	13-15	11-05	11-85	15-16
Oct. 24, ".....	14-75	12-68	16-59	12-56	10-41	10-83	14-75
Oct. 31, ".....	14-00	12-42	15-69	11-89	10-12	11-16	14-07
Nov. 7, 1935	13-33	12-31	15-03	12-18	9-42	11-63	13-53

The quantities catalogued for this week's auctions comprised 54,422 packages of Indian and 20,196 packages of Ceylon tea. For Indian grades the market was rather irregular on Monday, and prices were again easier. An improvement occurred on Wednesday, however, and prices were well maintained for all descriptions. At the Ceylon auctions on Tuesday there was a good demand for common sorts and fannings, at steady rates. Low mediums declined in price, while better teas were irregular and generally easier in price.

VEGETABLES.—English and Guernsey tomatoes are in limited supply, states *The Fruitgrower*, and, although demand is slack, are worth from 3s. 6d. to 6s. per dozen lbs. Jersey outdoor have almost finished. Supplies of cucumbers have fallen off, and have consequently risen in price. Forced asparagus is in moderate

EXPORTS OF PRODUCE AND MANUFACTURES OF THE UNITED KINGDOM (Value F.O.B.)

	Month ended October 31		Ten Months ended October 31	
	1934	1935	1934	1935
I.—Food, Drink and Tobacco—				
A. Grain and Flour	164,122	151,101	1,407,415	1,541,594
B. Feeding-stuffs for Animals	44,749	47,016	502,043	477,118
C. Animals, Living, for Food	904	1,426	20,713	6,544
D. Meat	93,521	114,745	637,832	722,163
E. Dairy Produce	75,149	131,046	745,675	893,125
F. Fresh Fruit and Vegetables	14,928	13,553	142,414	144,072
G. Beverages and Cocoa Preparations	753,613	1,174,010	7,737,283	7,421,735
H. Other Food	1,263,886	1,405,261	9,898,408	10,173,202
I. Tobacco	383,329	374,463	3,629,862	3,530,898
Total, Class I	2,794,201	3,412,621	24,721,645	25,236,061
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	2,998,986	2,742,128	26,649,488	26,276,851
B. Other Non-Metalliferous Mining and Quarry Products and the like	105,255	113,423	863,242	919,722
C. Iron Ore and Scrap	46,062	44,286	434,518	369,432
D. Non-Ferrous Metalliferous Ores and Scrap	69,177	172,037	1,011,325	1,421,738
E. Wood and Timber	10,204	5,012	98,318	74,711
F. Raw Cotton and Cotton Waste	115,018	87,869	699,192	959,766
G. Wool, Raw and Waste, and Woolsen Rags	485,262	730,714	4,984,535	6,694,255
H. Silk, Raw, Knobs and Noils	31,174	1,769	53,059	11,633
I. Other Textile Materials	40,141	47,210	316,059	319,688
J. Seeds and Nuts for Oil, Oils, Fats, Resins and Gums	170,594	328,503	1,251,390	2,521,862
K. Hides and Skins, Undressed	56,936	79,263	590,819	797,34
L. Paper-making Materials	94,930	97,515	940,047	904,81
M. Rubber	11,842	13,789	88,253	131,05
N. Miscellaneous Raw Materials and Articles mainly Unmanufactured	230,200	214,073	2,111,799	2,067,96
Total, Class II	4,465,783	4,677,591	40,083,484	43,470,88
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and Manufactured Fuel	249,571	324,948	2,208,406	2,436,803
B. Pottery, Glass, Abrasives, etc.	776,451	802,946	6,408,968	6,899,273
C. Iron and Steel and Manufactures thereof	3,475,323	3,509,836	28,625,149	30,738,975
D. Non-Ferrous Metals and Manufactures thereof	950,794	1,122,915	9,882,677	11,581,825
E. Cutlery, Hardware, Implements and Instruments	735,923	810,063	6,093,378	6,729,512
F. Electrical Goods and Apparatus	874,192	962,221	6,411,927	7,780,308
G. Machinery	3,140,871	3,598,884	26,481,935	31,818,268
H. Manufactures of Wood and Timber	110,402	113,920	871,591	879,191
I. Cotton Yarns and Manufactures	5,235,903	5,292,507	49,352,437	50,304,505
J. Woollen and Worsted Yarns and Manufactures	2,395,997	2,733,669	24,883,951	25,605,599
K. Silk Yarns and Manufactures	134,535	118,761	878,238	935,470
L. Manufactures of other Textile Materials	1,424,964	1,400,784	12,838,899	13,078,140
M. Apparel	1,127,894	1,180,854	9,271,837	9,151,765
N. Chemicals, Drugs, Dyes and Colours	1,798,007	1,997,140	16,273,824	16,849,417
O. Oils, Fats and Resins, Manufactured	500,063	382,809	4,051,948	4,277,108
P. Leather and Manufactures thereof	317,388	391,375	2,744,565	3,259,714
Q. Paper, Cardboard, etc.	591,717	651,278	5,153,037	5,459,802
R. Vehicles (including Locomotives, Ships and Aircraft)	2,253,496	2,510,399	19,585,051	23,765,690
S. Rubber Manufactures	182,807	177,544	1,460,452	1,448,154
T. Miscellaneous Articles wholly or mainly Manufactured	2,251,109	2,545,792	18,500,824	20,471,175
Total, Class III	28,527,407	30,628,645	251,779,094	273,470,703
IV.—Animals, not for Food	64,430	65,386	492,872	532,561
V.—Parcel Post	896,724	1,080,468	8,678,424	8,932,842
Total	36,748,545	39,864,711	325,755,519	351,643,053

supply, and house-grown beans are firmer. An abundance of green-stuff has been on offer, and considerable quantities remained uncleared last week-end. Carrots, turnips and parsnips are all easy, but celery continues to sell well at moderate rates. The potato trade shows no new features. Supplies at the various London markets have been fairly heavy, and demand only moderate, on account of the mild weather. At the Borough Market on Tuesday best siltland King Edward again realised from 6s. to 6s. 6d. per cwt. Meanwhile, the Potato Marketing Board is taking a census of stocks of ware potatoes in producers' hands at the end of last week.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OILSEEDS.—Very quiet conditions prevail all round. Linseed is still declining and neglected by crushers and no business is recorded despite the lower level of prices. Reports of the progress of the growing plants in Argentina are favourable and seem to confirm the optimistic estimates of a yield of not less than 1,500,000 tons. Moreover, the official estimate of the unsold balance of the old crop, at 345,000 tons, is considerably higher than the market had understood. This compares with 175,000 tons actually shipped in the remainder of last year, so that it appears likely that there will be a substantial balance to be carried forward. Argentine shipments are rather heavier. The quantity now afloat for Europe is 108,500 tons (including 9,500 tons from India), which is 12,000 tons less than the week before. Cottonseed is in poor demand and business in black Egyptian has been done at £6 2s. 6d., December loading.

Linseed oil is attracting little interest from consumers and professional operators. Prices are again lower and irregular. Raw oil ex Hull is quoted at £24 5s., November-December, and at £24 7s. 6d., January-April, per ton naked. A small demand for refined cotton oil is reported, but prices are unchanged. Egyptian crude ex Hull is available at £25 and refined at £28 per ton, prompt. Demand for oilseeds is not so good and linseeds are easier.

RUBBER.—Rubber prices showed a sagging tendency during the week ending last Wednesday, due largely to the heavy shipments of native rubber from the Dutch East Indies during October. Native shipments in excess of the quota during January-October amounted to 34,444 tons. Although these over-shipments have been practically offset by under-shipments of estate rubber of 13,406 tons and by the Government's purchase of estate rubber export licences of 20,000 tons, they nevertheless indicate that the method of

limiting native exports by means of an export duty have so far not been very successful. Nevertheless, a further increase of 3 cents per kilogramme in the export duty was announced this week. This carries the duty to 29 cents per kilogram, the highest ever recorded, and indicates the desire of the Dutch authorities to make restriction effective.

The spot price in New York on Wednesday last was 13½ cents per lb., compared with 13¼ cents per lb. a week ago and 12½ cents a month earlier. Wednesday's official closing price for standard ribbed smoked sheet in London was 6½d. per lb., as against 6¼d. on the corresponding day last week. In forward positions, business has been done at 6½d. to 6¾d. for January to March shipment, as against 6¼d. a week ago. Stocks in London and Liverpool at the end of last week totalled 167,007 tons, against 170,541 tons a week earlier. A year ago stocks amounted to 125,344 tons.

WHOLESALE COMMODITY PRICES
UNITED KINGDOM

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

LONDON, November 13th																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																			
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Vol. CXXI

SATURDAY, NOVEMBER 23, 1935

No. 4813

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COMMERCE AND TRADE

Mr BALDWIN'S VICTORY

THE National Government's appeal to Caesar has been decided in a manner gratifying to the appellant. For the first time since the war, an Administration formed after one election has been confirmed in office for a second term. As we show on a later page, the Government's supporters will number 431 against 184 for the Opposition all told—a majority of 247. Government candidates, however, secured under 54 per cent. of the votes cast, against 70 per cent. of the total representation in the House of Commons. The difference between these figures is a measure of the anomaly resulting from the perpetuation of a system of "straight majority" voting in predominantly single-member constituencies, which almost invariably tends to exaggerate the parliamentary superiority of successful parties.

The fact remains, however, that a majority of those British electors who went to the poll last week endorsed the Government's claim to direct the nation's affairs for another four or five years. And both victors and vanquished may be well advised seriously to consider its implications.

Though the Government's majority has been reduced from 411 to 247, it is widely admitted that the Opposition's gains are well below the general expectation. It is clear that Labour, in particular, failed to secure a decisive share of the Liberal vote in a contest in which about one-fourth of the electorate, whose total has increased since 1931 by nearly one and a-half million, failed to go to the poll. The returns suggest, in fact, that a large proportion of the independent vote was unexercised, and that the rest was divided between Labour and National Government candidates with a slight bias in the latter's favour. The Labour Party actually obtained a higher percentage of the total vote in contested constituencies than in 1929. Its failure, however, to secure a larger share of a Liberal vote which represented nearly 24 per cent. of the total cast for all parties in the 1929 election, deprived it of many expected victories in Lancashire and in depressed areas like South Wales and Tyneside. Its most striking gains were made in London and in the coal districts of the Midlands, Yorkshire, North-

Eastern England and Central Scotland, where many electors, only a few hours earlier, had cast their vote in a grimmer ballot, in favour of a national stoppage. In the light of these results, responsible Labour Party organisers may ask whether their repeated failure to secure much more than eight million votes (exclusive of their strength in uncontested constituencies), in an electorate numbering under 29 millions in 1929 and over 31 millions to-day, is not a fundamental reflection on the electoral merits of a programme which includes the taking over of "finance, the land, trade and transport."

From the Government's point of view, the national verdict, after every qualification, may rightly be regarded as a vote of confidence. But in whom, and in what policy, has this vote of confidence been expressed? The answer is not in doubt. A majority of the electors who went to the poll last week has recorded its approval, first and foremost, of the Prime Minister, Mr Stanley Baldwin; and, secondly, of his programme of active support of the League, furtherance of domestic industrial recovery and extension of housing, education and pensions services. *Prima facie*, this is a Centre Party programme. The result of the election cannot be interpreted, in any sense, as a condonation of the errors and omissions of the Government's foreign policy up to the middle of this year, or an endorsement of its restrictive economic measures. Indeed, some of its members most closely associated with these policies in the last Cabinet lost more than the average proportion of votes in their constituencies, and in one or two cases narrowly escaped with their political lives. Still less can the result be regarded as having conferred a mandate on the Government to prosecute an active, costly and provocative policy of re-armament on the grand scale. Throughout the campaign, Conservative spokesmen, taking their cue from Mr Baldwin, laid progressively increasing emphasis not on the scope but on the limitations of their desire to increase Britain's defensive strength.

The nation, in brief, has expressed an unmistakable

corporate desire for a policy of peace, stability and moderation. Is the constitution of the new Parliament likely to be helpful, or the reverse, for this purpose? The immediate omens, at least, are not unfavourable. The size of the Government's majority should be more than ample for all legislative purposes without leaving the Cabinet, in critical divisions, at the mercy of its more extreme "Diehard" supporters. The debating strength of the Opposition has increased much more than in proportion to its total parliamentary representation; for many of its members who have returned from exile are "front bench men" of considerable ability and experience. The constructive tenets of the Council of Action for Peace and Reconstruction, again, will be represented in the House by 67 members drawn from every Party. It is through membership of such a group that the 21 Liberals who remain in the new House are likely to secure their maximum parliamentary influence.

When all is said and done, however, the history of the next four years will be determined mainly by the extent to which the Government itself succeeds in combining vigorous initiative with statesmanlike moderation in its conduct of affairs. No British statesman—not even Mr Gladstone at the height of his reputation—has ever enjoyed a greater moral ascendancy, at home and abroad, than Mr Baldwin at the present moment. So long as the Prime Minister follows his own liberal instincts, he will continue to attract support from many moderate men and women who associate his name with a sincere desire for an unambiguous policy abroad and a more vigorous attack on unemployment at home. The success of the new Government, in short, may turn on the ability of Mr Baldwin to stay the course, and on the support he receives from the members of his Cabinet.

SANCTIONS BEGIN

MONDAY, November 18, 1935, which has seen the coming into force of the Sanctions taken against Italy by the States members of the League, is a historic day. And Signor Mussolini himself has acknowledged the fact. For of the steps decided upon by the Fascist Grand Council, at the session which it held, rather melodramatically, in the depth of the previous night, was to order the inscription, upon the walls of all the municipal buildings of Italy, of a record of the world's "ignominy and iniquity" in laying economic siege to a country which is simply defending its sacred right to violate its international engagements and to knock its neighbour on the head.

The world's action is, of course, no more than a partial implementation of an obligation which was voluntarily undertaken, long ago, by all States members of the League; yet, all the same, the extent of the common action that has already been achieved is most impressive. Fifty-two States have undertaken to apply the financial measures; fifty-two to apply the arms embargo to Italy (though two of these, namely, Switzerland and Luxembourg, are applying it to Abyssinia as well); fifty have undertaken to prohibit the import of Italian goods and the export of certain goods to Italy; and forty-seven have accepted the proposals for measures of mutual support. It seems probable that these undertakings, which come into force this week, will be carried out effectively; for an ability to control the subjects' activities is one of the distinctive marks of the modern State. And the retention of this control is so vital to the modern State's existence, and so much in accord (for good or for evil) with the spirit of the age, that even those Governments that are the least enthusiastic about the action which they are now taking in fulfilment of their international obligations can hardly afford to connive at a flagrant violation of the regulations which they are laying down.

Some Governments seem to have been taken unawares by the necessity for passing special legislation in order to put their undertakings into execution, and in these countries the necessary laws have been rushed through in the last few days. The British Government, with its war-time experience of the blockade, has known in advance what practical measures would be necessary. And it is not surprising that one of its decisions has been to request certificates of origin in respect of all goods of non-Italian origin (with a few minor exceptions) consigned to the United

Kingdom from certain countries contiguous to, or readily accessible from, Italy which have not undertaken, for their own part, to impose a similar prohibition on the import of Italian goods. To this request the German Government's first move has been to reply that, in its opinion, the British demand is not covered by the existing Anglo-German commercial treaty. This, however, is perhaps unlikely to be Germany's last word on the subject; for the Germans certainly would not care to retain a free hand for trading with Italy at the price of jeopardising their trade with the United Kingdom—especially in view of their own declaration of intention not to attempt to profiteer at the sanction-taking States' expense. Moreover, apart from these strictly economic considerations, there is the question whether political friendship with the United Kingdom and the other States members of the League is not more valuable to Germany than the political goodwill of Italy. In the circumstances, it seems likely that the problem of preventing a leakage through Germany can be settled satisfactorily by discussions between Berlin and London.

The Italian counter-sanctions almost amount to an Italian co-operation with the sanction-taking countries—as though Signor Mussolini were saying to us: "In case you might falter in going through with this 'ignominy and iniquity' of refusing to trade with us, I warn you herewith that in any event I am not going to trade with you." Sanctions, in fact, differ in this point from military measures. For while it may be an effective step to meet unwelcome force by force (as the Abyssinians are meeting the Italian act of military aggression), it cannot be effective to meet an unwelcome boycott by a boycott. In threatening this, Signor Mussolini is in effect announcing his intention to join forces with his opponents. It would be as reasonable for the Emperor of Abyssinia to threaten that he will reply to the Italian invasion of his country by placing his own forces under the command of Marshal Badoglio and sharing in a triumphal march into Addis Ababa.

In fact, all Italian declarations of intention to retort in kind to our economic sanctions are to be received as good news. And it is even better news that all trade returns and bank returns and other customary economic and financial information are to be suppressed in Italy forthwith. This is a still more flagrant example of the ineptitude of the military mind in dealing with economic matters. No doubt Signor Mussolini imagines that he is baffling "the economic enemy" by leaving him in doubt about the extent of his economic reserves, whereas in reality he is simply denying the use of these reserves to himself. By drawing a veil over the state of the reserve from now onwards, Signor Mussolini is virtually wiping out the remnant of that reserve here and now. For what foreign exporter will shoulder the risk of doing business with Italy if he has no assurance that the necessary modicum of cash will still be there to pay him? This Italian financial and economic "black-out" is rather as though a cinema, which had been boycotted for displaying unauthorised films, were to retaliate upon the public by switching off all its lights and making itself look like a disused warehouse. Nor will Signor Mussolini's decision to take over the gold ornaments, wedding rings, etc., of private Italian citizens inspire much additional confidence in the breast of the foreign trader. We can only suppose that, reluctant though he may be to forgo the imports which the last remains of the gold reserve might still have purchased for him, Signor Mussolini simply cannot face the effect upon Italian moral of those dwindling figures which he would have to publish in order to make it safe for the outer world to do a little more business with him.

Signor Mussolini's co-operation, whether it be blind or unavoidable, may be of distinct assistance in making sanctions a success. But this pleasing thought must not lull us into self-complacency or betray us into the vastly mistaken belief that we ourselves have already "done our bit." The purpose of sanctions—we cannot repeat it too often—is neither to make a formal gesture nor to save our consciences, but to stop the war in East Africa at the earliest possible moment on terms that make it unmistakably clear that this Italian act of aggression has been a failure, and that the policy of aggression does not pay. The very fact that the war now has to be stopped, instead of having been averted, gives the measure of the League's

failure, so far, to function up to the full performance that we ought to be able to obtain from it. So long as the war goes on, our consciences cannot be at rest; and they will be acutely distressed so long as we ourselves are actually contributing to make the continuance of the war possible by selling to Italy some of the indispensable commodities for her military operations.

One of the main sinews of war in East Africa is the petrol which drives the Italian ships, aeroplanes and tanks and, above all, the lorries on the lines of communication. It is intolerable that any of this petrol should be supplied any longer by British companies; and it is no answer to suggest that, if we stop supplying, the Americans will step in. That is a matter for American consciences. But the Americans will never be confronted with their moral problem unless and until we have solved ours independently. British supplies of oil can be cut off; for the Iraq Petroleum Company and the Anglo-Iranian Oil Company are British concerns, and both Iran and Iraq are States-Members of the League who, like ourselves, are participating in sanctions.

We feel sure that these two fellow States-Members, as well as the Soviet Union and Roumania, would co-operate with us. And supposing that it then became evident that the American supply of oil was the life-line of the Italian army, and that, if this last supply were cut off, the campaign would come to an end in a few weeks, we cannot believe that, in these circumstances, the American Government and people would avert their minds and allow the American oil interests to reap a monopolist's profits. We believe that, in those circumstances, Congress would take legislative action in January, even if the President did not prove to possess the powers necessary for earlier executive action. It is the British Government's urgent moral duty to take the decisive steps which it can take, here and now, for bringing this vital oil situation to a head.

BRITAIN'S OVERSEAS MARKETS

THERE is much argument at the moment whether recovery is likely to continue at its present rate. In supplying an answer the importance of the rôle played by foreign trade is naturally great. In recent months both imports and exports have risen. But are there limits to expansion of trade along its present lines? Valuable light is thrown on this question by the figures of geographical distribution published quarterly by the Board of Trade.

Details of the distribution of trade in the first nine months of the year will be found on page 1035. The main feature of the figures is the continued tendency towards increased trade with the Empire. Exports to British countries showed an expansion of over £14 millions. This expansion was not confined to any one part of the Empire, although it was most marked in the case of South and West Africa, Australia and New Zealand. On the other hand, exports to all foreign countries rose by less than £9 millions, of which sales to Germany accounted for an increase of nearly £4 millions. The same tendency is noticeable in imports. With the notable exception of India and Ceylon, we bought more from almost all British countries than in 1934, but our imports from non-European foreign countries fell by £4.7 millions.

The following tables show that this tendency continued in the third quarter of the year, but to a less marked extent. British markets for our goods again expanded more rapidly than foreign markets, but we substantially increased our purchases from European countries:—

Imports from	IMPORTS (£000,000)							
	Europe (including Dependencies)			Other Foreign Countries			Empire	
	1929	1934	1935	1929	1934	1935	1929	1935
1st quarter	99.9	58.7	57.6	107.9	53.1	50.5	98.2	70.2
2nd quarter	115.0	62.5	61.5	91.9	47.2	45.9	91.9	73.9
3rd quarter	124.4	67.3	70.8	87.2	47.7	48.2	79.8	63.4
4th quarter	127.1	68.0	...	108.5	56.6	...	89.5	71.1

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Exports to	BRITISH EXPORTS (£000,000)							
	Europe (including Dependencies)			Other Foreign Countries			Empire	
	1929	1934	1935	1929	1934	1935	1929	1935
1st quarter	56.6	34.7	37.4	42.9	18.1	19.4	41.9	48.7
2nd quarter	59.2	33.9	35.1	41.1	17.2	18.8	43.6	47.1
3rd quarter	59.7	32.6	33.7	43.1	19.1	19.8	47.6	51.9
4th quarter	60.0	35.3	...	48.8	19.3	...	52.5	...

The following table gives details of trade with European countries in the third quarter of the year:—

TRADE WITH EUROPEAN COUNTRIES
SEPTEMBER QUARTER
(000's omitted)

From or to	Imports				Exports			
	1929	1931	1934	1935	1929	1931	1934	1935
Soviet Union	8,547	9,614	5,015	7,105	968	1,552	1,065	965
Finland	5,634	4,007	5,822	5,132	870	396	1,013	1,131
Latvia	1,875	782	840	920	544	213	386	327
Lithuania	185	543	551	823	116	87	322	452
Sweden	7,665	5,036	5,266	4,811	2,610	1,850	2,388	2,445
Norway	3,606	1,652	2,257	2,031	3,027	2,488	1,565	1,560
Denmark*	15,133	12,260	9,043	8,931	2,880	2,008	3,447	3,431
Poland	2,308	2,431	2,063	2,244	9,468	4,225	743	1,084
Germany	17,982	16,859	7,428	7,623	1,159	534	743	3,938
Netherlands*	16,588	12,025	9,950	10,900	8,043	3,976	3,581	3,456
Belgium*	11,479	8,221	3,534	3,779	4,806	2,344	1,978	1,972
France*	15,679	10,446	5,233	6,130	9,451	6,004	4,586	4,873
Switzerland	3,351	2,900	1,278	1,255	1,467	972	1,207	957
Portugal*	1,371	974	938	903	1,977	1,398	1,174	1,430
Spain*	3,815	2,309	2,072	2,181	3,361	1,128	1,431	1,813
Italy*	4,043	3,855	1,980	2,039	3,842	2,359	2,259	1,813
Austria	744	683	436	480	673	326	269	357
Czechoslovakia	1,803	1,979	941	1,070	512	335	316	351
Greece and Crete	294	285	539	256	1,400	778	695	755
Roumania	648	560	758	798	533	360	586	257
Other European countries	1,537	1,178	1,271	1,383	1,210	645	651	695
Total	124,087	98,499	67,225	70,774	58,917	33,979	32,434	33,661

* Including dependencies.

On the import side, the increase of £3.5 millions is mainly due to an increase of £1.4 millions in the value of wheat bought from Russia and France and to a large increase in motor spirit from the Dutch West Indies, which are included with the Netherlands. Both Holland and Denmark have sold us more dairy produce, but less bacon than a year ago; while the Northern Scandinavian countries and Russia have suffered from our reduced imports of timber. Germany is the only European country to show any considerably increased demand for our goods, and that only to the 1933 level. The expansion is chiefly in wool and woollen manufactures, cotton yarns and herrings, imports of which were drastically curtailed in 1934.

Our trade with Italy had not shown much contraction by September. Exchange difficulties explain a reduction in exports of coal and wool, but this has been partly counteracted by increased exports of non-ferrous metals. Trade with other gold standard countries shows but slight

improvement, and even in the case of Baltic and Scandinavian countries, expansion is erratic.

The next table, which shows our trade with non-European foreign countries, reveals a tendency towards stability in trading conditions, apart from our increased trade with the United States:—

TRADE WITH FOREIGN COUNTRIES OUTSIDE EUROPE
SEPTEMBER QUARTER
(000's omitted)

From or to	Imports				Exports			
	1929	1931	1934	1935	1929	1931	1934	1935
Turkey	560	200	182	169	993	390	200	317
Egypt	3,488	2,245	1,432	1,270	2,829	1,630	1,610	1,846
Iraq	365	95	57	279	577	305	393	452
Persia	2,013	1,382	2,281	1,829	466	115	425	656
China	3,347	2,136	1,980	1,973	3,584	1,736	1,980	1,142
Japan	1,914	1,631	1,713	2,009	3,710	1,625	942	1,140
United States* ..	39,792	21,500	17,645	19,266	12,053	4,421	4,126	5,618
Cuba	3,458	1,623	1,553	1,402	486	103	278	201
Mexico	661	577	810	871	641	166	362	320
Colombia	523	161	293	160	785	297	466	435
Peru	2,369	1,245	1,799	1,269	467	142	235	226
Chile	2,578	848	973	944	2,299	367	416	600
Brazil	1,811	1,456	2,547	1,976	3,082	891	1,876	1,125
Uruguay	1,162	833	516	791	935	423	398	402
Bolivia	1,511	892	629	824	129	35	51	32
Argentina	20,807	12,409	12,339	10,732	8,105	3,455	4,265	4,109
Other non-European countries ..	2,105	1,816	1,091	1,449	1,269	1,246	1,215	1,215
Total	88,465	50,749	47,840	47,213	43,794	17,370	19,269	19,816

* Including dependencies.

The Argentine has suffered from European competition in our wheat market. She has sold us £1.6 million less grain than in 1934, and her sales of beef have fallen. She has shared with Uruguay and Australia, however, in the increase in our imports of wool, due in part to anticipations of higher prices. Increased imports from Bolivia consisted mainly of tin, while decreased imports from Persia and Egypt are accounted for by petroleum and cotton, respectively. Cotton imports from the United States have also fallen, but these have been more than counterbalanced by increases of £1 million in imports of oranges, and £900,000 in imports of tobacco and by some increase in machinery. On the export side the United States and Japan have also bought more machinery from us than a year ago, but other changes on the export side have been small. The United States have increased their purchases of tin and spirits. On the other hand, all the South American countries have reduced their purchases of iron and steel manufactures; Brazil has also taken less vehicles and the Argentine considerably less cotton piece-goods.

In a final table, we set out figures of our trade with Empire countries:—

TRADE WITH BRITISH COUNTRIES
SEPTEMBER QUARTER
(000's omitted)

From or to	Imports				Exports			
	1929	1931	1934	1935	1929	1931	1934	1935
Irish Free State...	£12,308	£9,350	£4,212	£4,917	£9,314	£7,623	£4,526	£4,879
West Africa	1,948	726	1,136	1,471	2,864	1,485	1,477	2,416
South Africa	3,943	2,280	2,013	3,141	8,224	5,439	7,489	8,303
India and Ceylon ..	18,877	10,923	12,409	12,227	20,316	8,085	9,986	9,638
British Malaya	5,068	1,159	3,318	2,565	3,844	1,347	1,866	1,739
Australia	10,325	8,072	8,692	9,143	14,602	3,978	7,502	8,077
New Zealand	8,563	8,429	8,343	8,454	5,980	3,268	3,211	3,942
Canada	12,419	8,802	12,475	13,194	8,641	4,801	5,126	5,816
West Indies	1,510	1,011	1,753	2,259	1,146	909	1,243	1,284
Other Possessions ..	4,820	3,477	5,398	5,991	7,024	4,955	5,205	5,847
Total	79,781	54,229	59,749	63,362	81,955	41,984	47,641	51,941

With the exception of the Irish Free State, exports to all countries are well above the 1931 level, while imports are in many cases approaching pre-crisis dimensions. This year, however, there has been some improvement in trade with Ireland; imports of meat and exports of coal particularly showed an increase in the third quarter. The contraction of imports from British Malaya was due to large reductions in imports of rubber and of refined tin. We greatly increased our imports of other non-ferrous metals from other parts of the Empire (copper and aluminium from Canada and manganese from India). Australia enjoyed

an increase of £1 million in sales of wool, which more than offset a reduction in wheat, hides and lamb. The large increase in imports from the West Indies consists entirely of bananas, a far larger proportion of which were formerly bought from other West Indian islands and South American countries. Exports to Africa and Australasia have continued to expand, but trade with India, the Malay States and Hongkong has declined. In the case of exports to India, the decline affected iron and steel goods, non-ferrous metals, woollen manufactures, and, in particular, cotton piece-goods. The market for machinery and motor vehicles in South Africa, Australia and New Zealand continues to expand. There have also been increased sales of electrical goods to Australia and iron and steel manufactures to South Africa. In West Africa, on the other hand, the item which increased most in the third quarter was cotton piece-goods (£500,000).

In studying these figures, it must be remembered that, apart from any effect that Ottawa may have had, British countries were among the first to enjoy any measure of recovery, and already last year had very greatly increased their purchases abroad. It is not altogether surprising, therefore, that the expansion of these markets is beginning to slacken, together with that of countries in the sterling bloc. But trade with the United States, Germany, Holland, France and the Argentine—to take only our most important customers—is still only half that of 1929. It is devoutly to be hoped that the helpful sentiments recently broadcast to America by our Foreign Secretary will turn out to be more than pious platitudes, and that the new Government's thoughts will be directed to ways and means of loosening the bonds of trade.

THE NEW TEXTILE

WHILE American warehouses bulge with unsold cotton, the chemist has perfected yet another synthetic textile. The new fibre, technically known as staple fibre and popularised as "fibro," bids fair, with rayon, to oust the older materials from a wide range of uses. Technically, fibro is an offspring of the rayon industry. Like rayon, it is produced from wood-pulp, the processes of production being identical up to the point where viscose is forced through minute holes to form filaments. These are automatically joined to form threads in the rayon process. In the production of "fibro" they are cut into short lengths, or "staples," not unlike raw cotton in appearance, which can be spun by either cotton or woollen machinery. The new fibre was first introduced in Germany during the Great War, but it showed a tendency to crease and to shrink in water. It is only recently that progress has been made in overcoming these deficiencies, and bringing large-scale production to the commercial stage. The strength and resilience of the new fibre have now been increased, and its scope has been improved by progress in the methods of processing synthetic textile fibres.

World production of staple fibre, as estimated by the *Textile Organon*, rose from 7.2 million lbs. in 1930 to over 50 million lbs. last year. Subsequently, production has leaped ahead, and current world output is equivalent to as much as 10 per cent. of rayon production. The output of various countries in the first nine months of 1934 and 1935 is shown below:—

WORLD PRODUCTION OF STAPLE FIBRE AND RAYON
(In thousands of lbs.)

	Staple Fibre		Rayon	
	1934	1935	1934	1935
Germany	14,000	22,000	71,600	81,000
Italy	13,500	20,000	62,000	87,770
United Kingdom	2,250	4,085	64,490	82,290
Japan	1,600	4,000	110,500	154,000
France	1,175	3,250	47,500	52,700
United States	1,200	2,500	150,000	195,450
Poland	266	240	7,350	8,550
Total	33,991	56,075	513,440	661,760

Expansion has been most marked in Germany and Italy. The former country, however, in an attempt to render

herself independent of foreign textile fibres appears to have forced staple fibre into a number of uses for which it is still unsuitable. In Great Britain, the leading rayon manufacturing concern, Courtaulds, Limited, has sold small quantities of staple fibre for some years past, but mainly as a "speciality." Last year, however, the company decided to set up a demonstration spinning mill to educate Lancashire and Yorkshire spinners in the suitability of the fibre for spinning on ordinary Egyptian cotton machines with only minor alterations. In a pre-war mill, fitted with pre-war machinery, Courtaulds succeeded in commercially using staple fibre on ordinary mules and ring frames.

Despite technical improvements, however, the new material was long hampered by a high excise duty of 6d. per lb. The reduction of the duty to 3d. at the end of June, 1934, produced an immediate increase in demand, though the fibre was still 3d. per lb. dearer than best quality Egyptian raw cotton. Considerable progress, nevertheless, was made with the development of spun yarns for the dress goods trade, for pyjama cloths and for underwear fabric manufactured on circular interlock knitting machines. Some headway was also made in the spinning of long staple fibre on worsted frames, and in mixing the resulting yarn with wool in the combing stage to achieve a novelty effect in the finished yarn. Last September, the duty was abolished altogether. At once, staple fibre became a serious competitor of cotton and wool. Its competitive effect was enhanced by the price policy enforced by leading manufacturers. Quotations for spun rayon yarn from staple fibre were substantially reduced, apart from reductions in the price of the fibre itself amounting to 4½d. per lb. for the cotton length staple and 7½d. per lb. for the long wool length staple, bringing the price for all lengths down to 11d. per lb. At this level staple fibre is on a par with medium to good quality Egyptian cotton and is materially cheaper than merino and fine crossbred tops.

Demand has quickly and extensively responded to the reduction in prices. The dress goods trade is concentrating its attention on various lines of spun viscose fabric, which may give a lead to fashion for the spring. Shirting materials are being introduced for sports-wear, while the hosiery trade is sampling cotton and staple fibre mixture yarns for the manufacture of interlock underwear. The main problem confronting the British trade to-day is one of supply, but a plant capable of producing staple fibre at the rate of 20,000,000 lbs. per annum is, at present, approaching completion, and deliveries are expected to begin next February. By that time, anxiety concerning the excise duty of 6d. per lb. on filament rayon will probably have reached its height, and there is no doubt that duty-free staple fibre may to some extent displace filament rayon, at least temporarily. Output is expected to reach the rate of 20,000,000 lbs. per annum within the next eighteen months. It was rumoured recently that a further large-scale unit was to be built by Courtaulds. Although this was denied, there is reason to believe that arrangements will shortly be made to increase the output capacity of staple fibre above 20,000,000 lbs. per annum in the near future.

Spun viscose fabrics, whether woven or knitted, have the same charm of appearance which filament rayon possesses, and, in addition, have a warmth and fullness not normally obtainable with filament yarns. Fashion will doubtless have its say in balancing the consumption between filament and short staple rayon, though the new fibre is bound to retard the development of filament rayon to some extent. The new fibre, unlike filament rayon, helps the spinning trade and not merely the weaving and knitting trades. There is little doubt that a growing proportion of the consumption of Egyptian and other long staple cotton will be displaced by staple fibre within the next few years. In the woollen trade the position is rather different. There the fibre is still mainly used for blending, and the novelty effects obtainable by its use may broaden the field for fancy worsted costume materials, dress materials and suitings. The whole textile world, however, is watching the staple fibre position very closely, and the day when synthetic textiles will tend to oust the natural fibres from many uses may be much nearer than is generally believed.

THE ELECTORAL VOTE

THE General Election held on Thursday of last week is not quite finished as we go to press. One result, that for the three seats of the Scottish Universities, is still to be declared, and a petition for a second poll is being presented to the Scottish courts in respect of the Kelvingrove division of Glasgow. Assuming, however, that the Kelvingrove result stands and that the Scottish Universities return members of the same political complexion as before, the new Parliament will be constituted as follows:—

<i>Government:</i>	
Conservative	387
Liberal National	33
National Labour	8
National	3
	—431
<i>Opposition:</i>	
Labour	154
Liberal	21
I.L.P.	4
Independent	4
Communist	1
	—184

Government majority

Figures such as these might be taken by anybody unfamiliar with the British electoral system as evidence of overwhelming popular support for the Government. In fact, the Government secured only a little more than half the votes cast, as is shown by the following tabulation (which omits the Scottish Universities):—

	1929		1931		1935	
	No.	%	No.	%	No.	%
Conservative or Natl.	8,664,243	38.2	12,946,862	59.8	11,772,072	53.8
Labour	8,362,594	36.8	6,648,023	30.7	8,325,260	38.9
Liberal	5,300,947	23.7	1,641,240	7.6	1,443,112	6.6
Others	311,333	1.3	421,181	1.9	537,268	2.6
Total	22,639,117	100.0	21,657,306	100.0	21,877,712	100.0

Judged by total votes, the Government has the support of only 53.8 per cent. of the electorate, and if seats in the House of Commons were distributed in proportion to votes cast, the Government would have a majority of only 47—exactly 200 less than the actual figure. The total number of votes cast was slightly less than in 1929, though larger than in 1931. These variations are mainly due to the number of unopposed returns; the average number of votes per contested seat was 37,235 in 1929, 39,520 in 1931 and 38,248 in 1935. The Labour Party's vote fell short by some 35,000 of the record figure of 1929. But its proportion to the total vote actually increased.

The distortion to which the electoral system gives rise is demonstrated by the following table, which shows for each party the number of votes cast per seat won by it in the last three elections:—

	1929	1931	1935
Conservative or National	33,987	28,277	27,505
Labour	29,029	144,525	54,060
Liberal	91,084	52,980	68,720

On this occasion, however, there is no warrant for ascribing this result to the prevalence of three-cornered contests. Only 55 members (31 National, 15 Labour, 7 Liberal and 2 Independents) hold their seats by a minority of the total votes cast.

The returns are further analysed in the large table printed on the next page. In this table the votes cast for the three large parties are shown by geographical divisions, England being divided into nine separate economic regions. In this table, Independent candidates are ignored, and the University constituencies are not included. An examination of this table will reveal several interesting facts. The first is the comparative uniformity of the result. The Conservative-National Party is the largest of the three in nine out of the ten regions. In almost every region Labour has regained its 1929 percentage, the exceptions being the Midlands, East Anglia, and Scotland. But the divergences are no less interesting than the similarities. In the Midlands, for example, the Government has managed to retain more than three-quarters of the added support it received in 1931, whereas in Mid-East England (the West Riding, Notts and Derby) it has retained only half. The shrinkage of the Liberal vote has helped the Conservatives

almost everywhere. The chief exception appears to be South-East England, where large numbers of Liberals seem to have abstained at the last two elections, and the Labour vote, though only increasing moderately in the absolute figures, has increased very considerably its proportion of the total vote. In Wales, Labour appears to have attracted slightly more ex-Liberal votes than the Government. Elsewhere the Labour proportion of the total poll has risen, in comparison with 1929, only by very small fractions.

ELECTORAL VOTE BY REGIONS

Region		Conservative or National		Labour		Liberal	
		Votes	%	Votes	%	Votes	%
London	1929	754,242	39.9	784,646	41.5	353,737	18.6
	1931	1,147,244	63.7	581,032	32.3	77,554	4.0
	1935	922,978	53.0	750,380	43.1	66,664	3.9
S.E. England	1929	1,888,979	46.5	1,125,472	27.6	1,058,216	25.9
	1931	1,972,680	65.3	927,755	30.7	119,990	4.0
	1935	1,714,825	52.1	1,380,022	41.9	192,812	6.0
S.W. England	1929	603,424	40.2	376,888	25.1	510,601	34.7
	1931	876,770	62.2	303,344	21.5	229,710	16.3
	1935	775,314	55.8	381,056	27.4	234,512	16.8
E. Anglia	1929	273,978	38.1	220,810	30.6	227,651	31.3
	1931	429,712	63.9	190,364	29.2	31,771	4.9
	1935	400,009	59.7	232,676	34.7	36,656	5.6
Midlands	1929	887,231	39.3	900,511	39.9	467,188	20.8
	1931	1,343,441	62.5	678,420	31.5	132,731	6.0
	1935	1,202,458	57.3	810,914	38.6	82,113	4.1
Mid-East England	1929	980,473	32.7	1,392,491	46.4	625,559	20.9
	1931	1,719,593	63.7	834,190	30.9	153,065	5.4
	1935	1,426,097	48.0	1,392,442	46.9	154,147	5.1
N.E. England	1929	424,901	31.4	595,989	44.0	332,291	24.6
	1931	680,734	52.4	519,849	40.0	100,794	7.6
	1935	672,674	48.0	642,458	45.9	96,386	6.1
N.W. England	1929	1,458,235	39.7	1,450,632	39.5	764,569	20.8
	1931	2,201,683	62.9	1,136,026	32.5	209,475	4.6
	1935	1,936,403	54.1	1,439,336	40.2	206,941	5.7
Scotland	1929	790,691	37.1	834,267	43.6	402,605	19.3
	1931	1,206,965	58.0	696,248	33.5	178,511	8.5
	1935	1,136,280	52.4	862,911	39.8	174,235	7.8
Wales	1929	285,055	22.2*	573,544	44.1*	436,901	33.7*
	1931	307,297	28.7*	479,527	44.7*	284,125	26.6*
	1935	295,527	34.8*	395,828	46.6*	157,091	18.6*

* The comparability of the Welsh figures is affected by the large number of unopposed returns in 1935. Taking only the figures for those seats which were contested at each election, the percentages would be: National, 1929, 26.5; 1931, 34.4; 1935, 34.8. Labour, 1929, 27.5; 1931, 38.0; 1935, 46.6. Liberal, 1929, 36.0; 1931, 27.6; 1935, 18.6.

Composition of the Regions: S.E. England—Beds, Berks, Bucks, Essex, Hants, Herts, Kent, Middlesex, Oxon, Surrey, Sussex. S.W. England—Cornwall, Devon, Dorset, Gloucs., Somerset, Wilts. Midlands—Hereford, Leicester, Northants, Salop, Staffs, Warwick, Worcester. E. Anglia—Cambs, Hunts, Norfolk, Suffolk, Lincs (Holland-with-Boston and Rutland-with-Stamford only). Mid-East England—Derby, Lincs (except Holland-with-Boston and Rutland-with-Stamford), Notts, East Riding, West Riding. N.E. England—Durham, Northumberland, North Riding. N.W. England—Cheshire, Cumberland, Lancashire, Westmorland.

The general conclusion to be drawn from the figures would seem to be that Labour has largely regained its voting strength of 1929. But it is faced with a consolidation of the Right, whose political basis is broader and strength much greater than that of the Conservative Party alone in 1929. Labour cannot regain its Parliamentary position of 1929 merely by winning back the voters it had in that year. To get a majority it must convert many hundreds of thousands of voters who have never voted Labour before.

WHAT PRICE COLONIES?

Our recent articles on the weakness of the economic, as distinct from the strategic, case for colonial expansion have inspired a reader to peruse the "Economist's" file of future issues. The following article is the result of his research in the fourth dimension:—

THE Great War of 1914 (wrote the *Economist* of February 29, 1961) was a direct outcome of the World Pact of 1945, which abolished war and redistributed territory. This Pact, everywhere hailed with enthusiasm, had already brought bitter disillusionment by the end of the 'forties. For the first time it was universally realised that coveted areas of the world had derived their value solely from considerations of strategy and as sources of man power. With these credit items eliminated from the balance sheet the debit accounts for administration, maintenance, grants, direct and indirect subsidies began to loom large and, with more refined accounting, to take on a formidable aspect.

Public mutterings first found official vent in a speech by

the Italian leader demanding that Austria should take over the Trentino. What, he asked, had Italy gained from her ten-year campaign in Abyssinia? The right to establish and maintain universities at Adowa, Gondar, Harrar, Makalle and Direddawa. The Sicilian peasant sweated in the fields while the Ethiopian undergraduate played football. For the moment, Italy would carry the burden which civilisation had placed upon her, but she expected and demanded to be relieved elsewhere. It was not the duty of the men from the warm South to clear desolate mountain passes in mid-winter while other people lounged in cafés. Let the men from the North with the ice-blue eyes clear away their own snow. Moreover, they (the Italians) could no longer endure the affliction of training guttural voices to utter the musical Italian tongue: the result was painful to the Latin ear. Italy demanded the sacred right to withdraw within her own boundaries.

The Austrian Premier sharply retorted that this was the beginning of a conspiracy to restore the old Habsburg Empire. Austria would not assume this polyglot task. Vienna could not, and would not, subsidise the production of films in ten languages. The controversy quickly became general. The venerable German statesman, Baron Hitler, intervened with a challenging speech. For fourteen years the German nation had poured out its treasure on desert African wastes and impenetrable jungle. This intolerable burden had turned a proud people into a race of helots. It was enough. *Los mit den Kolonien*. The reply of Paris was swift and uncompromising. Relinquishing its task of saving the franc, the Government proclaimed with one voice that any attempt to dump territory on France would be regarded as a hostile act. France was the torch-bearer of civilisation, but there was a limit to the cost of illumination. The French taxpayer had just spent half a milliard francs on the restoration of Strasbourg Cathedral, and the Reich had not offered to contribute a sou. Let the gentlemen beyond the Rhine look to it; otherwise they would find themselves with Alsace-Lorraine on their hands again.

In the British House of Commons the matter was raised by the member for Bournemouth. Public opinion was stirred to its depths by the disclosure that, owing to excessive demands on the national hospitality by representatives from overseas, Englishmen could no longer secure access to the Eton and Harrow match. The City Fathers were being eaten out of house, home and hall. The Scots, the honourable member supposed, we should always have with us—(laughter)—but we could not stand treat to a quarter of the world. (Cheers.) Mr R. Churchill, Leader of the Opposition, declared that the trouble was due entirely to the crazy Imperialist ambitions of the Labour Government. Five years ago they could still have obtained a price for the West Indian and Central American possessions; now they could not dispose of them as a gift. With all geography and history on their side, they could not induce the Irish Free State to take over Northern Ireland and bring sorely needed relief to the Consolidated Fund. They had failed to reduce the Dominions and Colonial Office votes by more than 25 per cent. during the past quinquennium. Here was further proof, if it were needed, that Labour was not fit to govern.

In the growing exacerbation of world opinion a crisis was precipitated by the Roumanian authorities, who tore up the frontier posts in Bessarabia overnight and carried them back several hundred miles. The marooned inhabitants were informed that they could look to Russia in the future. The Soviet appealed to the League on the ground that the Dniester bridges alone would necessitate a new Five Year Plan.

This incident was the start of what *The Times* (in disregard of the lexicographic wishes of the veteran member for Oxford University) described as a mad competitive race for deterritorialisation. All over the world boundary disputes occurred and the map became littered with patches of no-man's land. In one unpleasant incident an attempt was made almost by physical force to thrust the deeds of a tropical empire into the hands of the Swedish ambassador. The Government of the United States, appalled by the unemployment which had spread from the derelict Hollywood film industry, abandoned to Mexico the whole stretch of Pacific coast up to Monterey Bay, alleging that by tradition the tract was half savage and was merely reverting to its natural and spiritual home. The Japanese

demanding that the British, along with others, should take their legitimate share in loans to China. In a communiqué the Japanese War Office roundly asserted that recent British policy had been actuated solely by the desire to render the Council of Foreign Bondholders superfluous. By the end of 1959 war was inevitable. And with the derisory offer by the Finnish Government of 1,000 marks

as a contribution to a school of tropical medicine, hostilities began.

With the resort to arms, areas again acquired a strategic value. There was a last-minute scramble to withdraw deterritorialisation claims. . . . But by that time it was too late.

NOTES OF THE WEEK

The New Cabinet.—Though no official announcement of the composition of the new Cabinet has yet been made, expectations of drastic changes in the Cabinet seem likely to be unfulfilled. It is indeed most unlikely that Mr Baldwin will be personally anxious to shift the centre of gravity of his Administration markedly to the Right. Mr Eden, therefore, may remain Minister for League Affairs, at any rate for the time, whatever his own feelings in the matter may be. Mr MacDonald and his son, provided that safe seats can be found for them, will also be able to retain their present places as Lord President of the Council and Colonial Secretary respectively. The defence Ministries present a special difficulty. Sir Philip Cunliffe-Lister, now Air Minister, and Sir Bolton Eyres Monsell, First Lord of the Admiralty, are to be promoted to the House of Lords. The former, however, will probably, and the latter will possibly, retain his present office; and in that case, since Lord Halifax is Minister for War, all three Defence Ministers would be in the Lords. The number of Secretaries of State in the Lords would also exceed the traditional two. It is believed, however, that Lord Halifax is anxious to leave the War Office, though an effort will certainly be made to keep him within the Cabinet. This leaves the War Office vacant; and, until it is filled, rumour may continue to play with the name of Mr Winston Churchill. The probabilities seem, however, to be against Mr Churchill's joining the Cabinet at this stage. Indeed, his inclusion would, rightly or wrongly, without doubt be regarded both at home and abroad as an indication that the Government was likely to be more concerned with rearmament than with the League. Generally speaking, the British electorate is less interested in the personal musical chairs than in the preservation of the Right-Centre character of the Government. A Diehard invasion would certainly leave the complexion of the Cabinet seriously at variance with the character of last week's vote.

Election Casualties and Come-backs.—The personal hazard of the election has belied much confident prophecy. Some are gone, and some are returned. The most dramatic casualties are Mr Ramsay MacDonald at Seaham and his son at Bassetlaw. Their failure was not surprising. Feeling in the Labour Party naturally ran most bitterly against the "National Labour" wing of the Government; and Mr Ramsay MacDonald's decision, whether we call it courage or bravado, to stand in his old mining constituency, almost inevitably invited defeat. Among the more unexpected failures, the loss to Parliament of Sir Herbert Samuel, Mr Isaac Foot and Dr. Addison will be widely regretted by men of all parties. In particular, debates in the House of Commons will suffer notably from the absence of Sir Herbert Samuel's knowledge, agility and wit. The defeat of Mr John Wilmot in East Fulham will also be a marked loss to the Labour Party. Of those who have returned, Sir John Simon and Mr Elliot, on the Government side, only came home by the skin of their teeth. Indeed, the unusual incidents which accompanied the count in the latter's constituency are still under investigation. Mr J. H. Thomas, on the other hand, has shown that, whatsoever Party may win, he will be a Member for Derby. The most important personal change in the new House is, of course, the return of a fair proportion of Labour's 1929-31 front bench. Mr Herbert Morrison, the organiser of victory in London, is back with enhanced prestige; as well as Mr Clynes of the

old guard; Mr Alexander, of the Co-operatives; Dr. Hugh Dalton, who should shine in debates on foreign affairs; Mr Lees-Smith, Mr Pethick Lawrence and several others. The return of these experienced parliamentarians will restore life and reality to the House. Lastly we may mention Mr A. P. Herbert, whose election as an independent member for Oxford University was accompanied by the portentous loss of an official Conservative candidate's deposit.

The Miners' Vote.—The miners' vote was announced this week as showing an enormous majority in favour of taking strike action, if necessary, in support of their wage claim. The figures were: 409,311 for a strike, and 29,215 against; a 93 per cent. majority, the biggest in a vote of this kind known in the union's history. The National Executive of the Mineworkers' Federation subsequently decided to inform the Prime Minister and request an interview with him. There is no doubt that the men's leaders, though resolute, are most anxious to avoid a strike, if something can be gained without it. This should be the Government's opportunity. Indeed a strong Conservative Government, recently elected, is in a peculiarly fortunate position to carry through those long overdue reforms in the coal industry, of whose necessity neither Mr Baldwin nor Mr Runciman can possibly now have any doubt. If the unification of royalties, the organisation of centralised selling, the enforcement of compulsory amalgamation and the restoration of national negotiations could be promised by a specific date, it should not be impossible—as the Lancashire owners' offer of concessions shows—somehow to capitalise in advance the benefits that should flow from these measures. And if this should prove possible, the miners would almost certainly be willing to hold their hand, even though their whole wage claim were not conceded. For the Government in these circumstances to permit a national strike to impede the whole recovery movement would indeed be national folly.

Rumblings in France.—The difficulty of keeping the Budget balanced in face of falling revenues and public discontent with the July "cuts" has been for some time tending to weaken the exchange position of the franc. This week signs of disagreement between M. Herriot and M. Laval over the Fascist "leagues" have further disturbed a delicate situation. M. Herriot, having persuaded his restive Radical-Socialists not to press for a restoration of the cuts, naturally wants something in return. He would like a much more vigorous effort to curb the dubious activities of the Fascist "leagues." But M. Laval seems a little shy of accepting the task. Meanwhile, public feeling has been influenced by a street brawl at Limoges on Saturday, in which Fascists are alleged to have opened fire on their opponents. Next Thursday the Chamber meets; and the Socialists are likely to propose a motion condemning the "criminal plots of seditious leagues." Radical-Socialist support of such a motion might precipitate acute political crisis. Fears of this have evidently been at work this week; for the franc has weakened on the exchange market and the rentes have been falling. The intermittent outward trickle of gold became a flood in the last few days and led to the second rise in Bank rate in a fortnight. It is not generally realised that if the "Extraordinary" loan Budget and the ordinary Budget deficit

are added together, total French Government expenditure financed out of loans is now running at the rate of 12,000 million francs, or about £160,000,000 a year. No wonder the decline in production has ceased in the last two months! A recovery in production, however, financed by loan expenditure on this scale, must inevitably make the present gold parity of the franc even more untenable. Yet the political parties are still nominally opposed to devaluation. The situation accordingly has some ominous features. All who regard the preservation of French democracy as of the utmost importance for Europe will consequently join in the hope that a solution of her fundamental economic crisis may soon be found.

* * *

Events in North China.—The Japanese scheme of fathoming unwillingly autonomous offspring upon an indignant China continues more or less according to plan. Last week tension was high in Shanghai, after the shooting of a Japanese sailor. This week, Shanghai has receded into the background and Northern China is again in the limelight. On November 18th it was reported by correspondents in Tokyo that an ultimatum had been delivered to the authorities of Northern China. It was expected that this week would see the formation of the North China Anti-Communist Self-governing Council to embrace the provinces of Hopei, Shantung, Shansi, Chahar and Suiyan, and the towns of Peiping and Tientsin. According to precedent the Japanese Foreign Office denied any Japanese activity in support of a purely Chinese revolt against an oppressive Government, and viewed the movement benignly. According to precedent the Japanese army assisted the Chinese to make up their minds by massing troops at Shanhaikwan and along the Great Wall, by protesting against movements of the Central Government's troops as a breach of that elastic document the Tangku Truce, and by sending Major-General Doihara to exert pressure on General Sung Cheh-yuan, former Governor of Chahar. And according to precedent Nanking expected that a formula could be devised. The first official admission of the transactions came from the Governor of Chahar, General Hsiao Cheng-ying, who explained that, according to General Doihara, the Japanese would not interfere in the internal affairs of North China, but that all Chinese organs in North China were to have Japanese advisers. For the moment these contradictory proposals seem to be hanging fire. The negotiations have been taken out of Doihara's hands and are being conducted at Nanking by General Chiang Kai-Shek and the Japanese Ambassador, Mr Ariyoshi. But though the Central Government has been consolidating its position since the Manchurian affair set the standard for Japan's conduct in China, it is too much to hope for a more favourable outcome to the Nanking negotiations than some arrangement which will save the face of the Central Government, and at the same time give Japan what she demands.

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Japan's Intentions.—What construction can be placed on Japan's policy in North China in the light of this week's events? If her "autonomous" plans have been merely postponed, and not relinquished, China is to be eventually deprived of three provinces inside the Great Wall, as well as two more provinces in Inner Mongolia. The intra-mural provinces in question include Hopei (formerly Chihli), which contains the cities of Peiping (Peking) and Tientsin, and the equally populous and strategically important peninsular province of Shantung, as well as the highland province of Shansi, which links the other two with Inner Mongolia. The two inner Mongolian provinces are Chahar and Suiyan; and if these fall under Japanese control, the Japanese wedge between China and the Soviet Union will have been driven home almost completely. In the light of this week's events, it would appear that the Japanese scheme is to establish an "autonomous" state of North China which will still nominally remain under the political sovereignty of the Nanking Government, but which will be independent economically and financially. The professedly "face-saving" political link will, of course, be a sham if the new state is guided by Japanese advisers. Thus the

"political autonomy" of North China will be of the same order as the "political independence" of "Manchukuo." Both states alike will be managed by Japanese authorities, according to Japanese interests, on the strength of the Japanese armed forces on the Continent. Meanwhile, the immediate task on which the Nanking Government is concentrating all its energies is the effective establishment of its own authority in the Yangtse Valley. And in this great undertaking President Chiang has lately scored two notable successes: he has dispersed the Communists, and he has extended his administration into Szechuan—the great secluded province of fifty or seventy million inhabitants in the upper basin of the Yangtse. If the Japanese were to attempt to evict the President's Government from any part of the Yangtse Valley, then no doubt he would fight, since the alternative would be the complete extinction of all future hope, as well as all present reality, of an independent Chinese national state. But the Japanese are not yet on the Yangtse, and the huge inland fastness of Szechuan is far beyond the reach of even their long arm. In these circumstances, President Chiang may conceivably decide neither to resist nor to accept any new Japanese *fait accompli* in the North. He will calculate that in North China, as well as in Manchuria, the Japanese domination will do for the local Chinese populations what they have failed to do for themselves. By its grinding pressure, it will weld them together into a political unity. Sooner or later, Chinese history will assuredly repeat itself; and probably the Japanese, in their heart of hearts, are no less convinced of this than are their present Chinese victims.

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Britain and Egypt.—The regrettable clashes between Egyptian students and the police, which continued, with their toll of casualties, up to the end of last week, have a direct bearing on the question of Anglo-Egyptian relations. It now appears that the British High Commissioner's "advice" against the re-establishment of the Egyptian Constitution of 1923 was in effect a veto, and was interpreted as such by all parties concerned, including both the Wafd and Nessim Pasha. If this version is really correct, the British Government's action is difficult to defend. It is one thing to give advice when asked, and to give it with an eye to obtaining a genuinely representative Egyptian Government with which to negotiate. It is quite another thing to impose a veto in a sphere in which we deliberately recognised Egypt's independence as far back as 1922. If, in addition to the four reserved points, we now also reserve the question of the Egyptian constitution, what does this so-called Egyptian independence amount to? Why one measure for Egypt and another for Iraq? Since we sponsored Iraq's application for admission to membership in the League of Nations, why have we persistently deprecated an Egyptian candidature? The Wafd are now proposing to appeal to the League; and it will profit us nothing that, as a group of private citizens of a non-member State, they may have no juridical *locus standi*. The appeal will be more, rather than less, effective if it proves impossible for it to be officially received. Today the whole world is watching to see whether the British Government's new orientation in international affairs is sincere. We ourselves know that the British Government's present policy towards the League is a response to the demands of an overwhelming majority of the British people which is profoundly sincere in its support of the new international order. The same majority which insists that the League principles shall be upheld in the Italo-Abyssinian dispute will also insist that we shall deal by Egypt on the same principles that we ask Italy to observe in dealing with Abyssinia. Hard pressed though Sir Samuel Hoare may be, the election is over and he still has Mr Eden as a partner. He cannot plead lack of time to give to this urgent Egyptian problem.

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Italy Swaps Horses.—The recall of Marshal de Bono is assuredly good news, whichever way we interpret it. We feel no scruple of unkindness in rejoicing over it; for if it is good for the League and Abyssinia it must be even better for the Marshal himself, who has gained his baton and

escaped the crash. There are, of course, two possible interpretations. Either de Bono has not done so well as the Italian communiqués have made out. Or else Signor Mussolini could not afford to let him do too well, in view of the general situation of which the Duce has to take account. On the first of the two hypotheses, we have to infer that the Italians have been suffering reverses, or have reason to expect them, as a consequence of mistakes which de Bono has already committed—the mistake, for instance, of allowing a gap to appear in his front, on the Tembien sector, by extending his left wing to Makalle. On the whole, it seems more likely that the Italian communiqués have substantially told the truth, and that de Bono's advance has been as safe, and as bloodless, as it appears to have been on the face of it. In fact, it looks as though de Bono had determined to use to the full his one great point of superiority over the Abyssinians—his command of the modern mechanical aids to warfare. It is also possible that he might have a fair prospect of eventually conquering the whole of Abyssinia if he could call to an unlimited extent upon the economic resources that he is using—above all, upon the time which is money and upon the petrol which only money can buy. How he is to be kept supplied with these essential commodities is not a problem for the commander on the spot. It is Signor Mussolini's problem in Rome. And if de Bono has told him that, without unlimited time and petrol, he cannot carry out his orders with reasonable safety, that would be enough to explain why de Bono has had to go. But why has Badoglio—a gifted soldier who is reputed to take a pessimistic view of Italy's East African military prospects—allowed his own head to be thrust into the noose? Did he report, after his recent visit of inspection to the Tigre front, that de Bono's strategy could not finish the war before next spring's rains? Did he hope that this report would induce Signor Mussolini to make peace? And has the Duce taken his revenge by commanding the critic to do the job himself?

* * *

Canadian-American Trade Treaty.—The text of the reciprocal trade agreement between Canada and the United States was issued at the week-end, and was found to contain few surprises. The concessions which Canada makes to the United States are, in brief, those of the most-favoured-nation clause. American goods are to pay the "intermediate" rates of duty—i.e. the lowest other than the British preferential rate—and they are to enjoy the benefit of any lower rates which Canada has granted, or may grant in the future, to non-British nations. In return, the American tariff on 15 manufactured products is lowered, the most important being leather, acetic acid and whisky. But concessions on manufactures are of comparatively little use to Canada, though the reduction in the whisky duty will be of assistance in clearing off the heavy stocks of "American-type" whisky remaining in Canada since Prohibition days. Agricultural concessions are what Mr Mackenzie King wanted and Mr Roosevelt found it hardest to give. A compromise was reached by lowering the American duties on cattle, cream, seed potatoes, and lumber and sawed timber of the Douglas fir and western hemlock. But the reduced duties are to apply only to specified quotas of these commodities, and in the case of cattle and cream at least, the quotas are insignificant compared with the total American consumption. Both the Prime Minister and the President are to be congratulated upon this agreement, but there seems to be little occasion for converting congratulation into loud hosannas. The *New York Times* is doubtless correct when it says that the treaty is "the greatest single step toward the reduction of tariff barriers and away from economic nationalism that has been taken anywhere since the onset of the depression." That, however, is more a reflection on the puny results of other efforts than praise for the present agreement. A few of the supererogatory economic armaments of the last few years are dismantled. But the concessions affect only a fraction of Canadian-American trade. If this is all that can be done in a case where the circumstances are almost uniquely favourable to freer trade, the signature of the agreement in itself affords slight ground for renewed hope of progress in the rest of the world.

Philippine Independence.—In pursuance of the Tydings-McDuffie Independence Act, which was passed by the Congress at Washington last year, President Roosevelt signed, on November 14th, a proclamation providing for the independence of the Philippines Commonwealth, and the new constitution came into force next day. This is the culmination of a long course of political agitation in the Philippines and legislative activity in the United States. On the American side of the Pacific, however, the historic event passed off with little notice; while in the minds of the Filipinos this official realisation of their dreams must have been received with mixed feelings. True, the islanders immediately acquire a large measure of autonomy. But this autonomy, during the first ten years, falls short of that complete command of their own affairs which is exercised by the self-governing dominions of the British Crown. On the other side, the Filipinos have to pay the economic price of political independence forthwith; for exports to the United States of sugar, copra and hemp are henceforward to be subject to quotas and export taxes. A more formidable prospect awaits the Filipinos at the close of the ten-year period. For when the completion of this decennium brings them their full political enfranchisement they may find themselves saddled with the entire burden of national defence. The opening of this period coincides with the threat of a fresh Japanese forward movement in Northern China. How much nearer to the Philippines may the Japanese front line in Eastern Asia be in November, 1945? Situated, as they are, midway between Japan and Singapore and between Hongkong and Australia, the Philippines lie at the very storm-centre of the Pacific. Can they escape political shipwreck if they are really left quite to their own resources ten years from now? That is a question which can only be answered in Tokyo.

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The N.F.U. and Agricultural Policy.—When framing his policy during the next few years, the Minister of Agriculture will have the advantage of knowing exactly what is expected of him by the National Farmers' Union. For that influential body has chosen the present month to publish a statement of its views on current agricultural problems.* Although disapproving of the Ottawa Agreements, which allowed the importation of agricultural produce from the Dominions free of duty, the Union is of opinion that the Government's policy during the past few years, as expressed in the Horticultural Products Act, the Wheat Act and the Agricultural Marketing Schemes, has been on sound lines. But its intention is to urge the Government to more vigorous restrictionism during the lifetime of the present Parliament. A chart in the appendix to the pamphlet illustrates the fantastic growth of the milk "surplus" from 16 per cent. of the total contract sales in October, 1933, to 46 per cent. in June, 1935. The suggested solution is the imposition of a levy on imported milk products, to maintain "reasonable price levels for milk which goes into manufacture"—in other words, to encourage a further extension of production by raising the price. Since the production of sugar beet has "proved of inestimable value to agriculture," the Union considers that provision should be made for its continued expansion—though at what cost to the Exchequer we do not know. For poultry and eggs "a more vigorous and effective policy" is called for, although this branch of agriculture has been making steady progress, without Government assistance, ever since the war. But the N.F.U.'s crowning achievement is its policy for the livestock industry. Here the Government is merely asked to guarantee a standard price for all livestock intended for the meat market, and to raise the necessary subsidy by a levy on all imported meat and livestock.

* "Agriculture—the Home Market and National Security." The National Farmers' Union. 40 pages. 1s.

B R I T A N N I C
ASSURANCE COMPANY LIMITED
(Established 1866)

Annual Income : : : : £5,900,000
Funds : : : : £25,000,000

All classes of Life, Fire, Accident,
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And lest this policy should have "some repercussion on retail prices," the Government is further invited to restrict importation quantitatively, in order "to keep a bottom in the market and so avoid the necessity of too high a levy"! This, we venture to suggest with all due respect, is precisely the type of policy calculated to drive the Minister of Agriculture to Bedlam and the Exchequer to bankruptcy.

British Industrial Production.—There has been little evidence of the usual seasonal decline in industrial activity last summer. The official index of industrial production in July-September, published in this week's *Board of Trade Journal*, shows a decline of only 0.6 per cent. as compared with the first quarter, and a rise of 7.4 per cent. on the corresponding period a year ago:—

INDEX OF PRODUCTION. (1930=100)					
Group	1934		1935		
	Sept. Quarter	Dec. Quarter	March Quarter	June Quarter	Sept. Quarter
1. Mines and quarries	84.4	94.7	95.5	87.4	85.8
2. Iron and steel	110.6	114.4	121.9	123.2	124.1
3. Non-ferrous metals	127.5	145.4	142.2	138.4	136.6
4. Engineering and shipbuilding	92.5	102.4	105.7	103.6	102.4
5. Building materials and building	143.6	138.1	138.0	151.4	155.6
6. Textiles	107.1	116.7	116.0	116.8	113.6
7. Chemicals, oils, etc.	102.4	105.0	109.3	108.8	109.0
8. Leather and boots and shoes	96.2	107.1	116.8	115.2	109.7
9. Food, drink and tobacco	101.3	107.2	98.2	107.3	108.4
10. Gas and electricity	(a)	(a)	(a)	(a)	(a)
Total of manufacturing industries (2-10)†	106.3	114.7	115.9	115.4	114.9
Total of all groups (1-10)†	103.2	111.9	113.1	111.5	110.8

† Includes also various industries not specified above. (a) No information is available as to the quantities of gas made in each quarter. The available data for electricity have been included in the general index.

Each of the group indices for the third quarter of 1935 shows an improvement compared with the corresponding quarter a year ago. Expansion was most marked in the case of leather and boots and shoes (+ 14 per cent.), iron and steel (+ 12 per cent.), engineering and shipbuilding (+ 11 per cent.) and building materials and building (8½ per cent.). The indices for iron and steel, building materials and building, chemicals, oils, etc., and food, drink and tobacco rose further between the second and third quarters of 1935, but the other component series showed a slight decline. The latest evidence of the state of trade indicates that recovery has made further progress since September.

Unemployment in France.—Comparisons of France's economic fortunes with those of other countries should not be based on the official French figures of unemployment. According to these official figures (Statistique Générale de France) unemployment has moved as follows:

Monthly average :—	Index of	
	Unemployed receiving benefit (1930 = 100)	Employment (1930 = 100)
1931	55,000	92.5
1932	273,000	80.7
1933	276,000	79.1
1934	342,000	76.9
September, 1934	323,000	76.2
September, 1935	374,000	74.6

But these figures, a correspondent points out, give a most incomplete picture of the real unemployment position. They only cover those unemployed who receive benefit. Many unemployed do not apply for this benefit on account of the social stigma attached to it; while another large section, particularly of foreign workers, are excluded from benefit. Moreover, no account is taken in the statistics of short-time work. A nearer approximation to the truth is probably given by the calculations put forward by M. Fouquet-Lapage in a speech to the Paris Chamber of Commerce, which put the number of wholly unemployed in March, 1935, at 650,000, and of those on short-time (working less than 40 hours a week) at about 1,200,000. The official figure for that period was only 484,000 unemployed. In 1932 there were still 1,500,000 foreign workmen employed in France; now there are probably only about 850,000. If the number of those who have been repatriated is added to the unemployment figures, it follows that the depression in France has deprived over 1,000,000

persons of work. Two distinct types of measures are being adopted to combat unemployment. First, negative measures are being taken to "spread" the available work. Foreign workers have been repatriated; attempts have been made to prevent "double earnings"; and the Government has attempted to promote reductions in hours of work. As a result of the opposition of the employers, however, no legislation has as yet been passed regulating hours of work. More important are the positive measures taken to increase the total amount of employment available. For some months the Government has been elaborating a large programme of "work creation," including big schemes of public works. According to the latest announcements the following are the types of work schemes suggested: development of the road system, in particular the building of large, modern motor roads; construction of harbours, dykes and dams; afforestation; and preparation for the world exhibition of 1937. According to the Minister of Labour's estimates, from 50,000 to 60,000 additional workers are now employed on these schemes. It has also been found that, despite serious unemployment among unskilled industrial workers, there is a shortage of agricultural workers and of skilled industrial workers. Attempts are consequently being made to train skilled and agricultural workers.

Overseas Trade in October.—Although imports and exports of many leading commodities showed an increase in October as compared with a year earlier, the following tables show certain important exceptions, more especially on the import side:—

RETAINED IMPORTS Month of October				
	1933	1934	1935	
Wheat	10,117	8,132	9,840	'000 cwt.
Beef and veal	926	953	966	'000 cwt.
Mutton and lamb	923	148	88	'000 cwt.
Sugar (unrefined)*	2,924	1,931	3,914	'000 cwt.
Wood and timber, sawn soft-wood	259	388	384	'000 tons
Planned or dressed*	98	100	100	'000 loads
Other than planned or dressed*	714	700	733	'000 cwt.
Raw cotton	1,017	910	1,320	'000 cwt.
Sheep's and lambs' wool	176	151	169	'000 cwt.
Flax, hemp and jute*	506	758	202	'000 lbs.
Crude petroleum	23,143	25,513	14,203	'000 tons
Hides, wet and dry	28,509	29,373	45,127	'000 galls.
Wood pulp	197	98	189	'000 tons
Rubber	170	96	232	'000 tons
Unwrought copper*	80	427	74	'000 tons
Pig lead	13,159	26,137	27,405	tons
Tin	21,953	26,477	13,830	tons
Ore and concentrates	2,493	5,116	3,553	tons
Blocks, ingots, slabs and bars	386	684	1,000	tons
Iron and steel manufactures	88,706	120,161	100,446	tons
Machinery	4,100	5,657	7,169	tons

* Total imports.

Sharp reductions are recorded in imports of rubber (from Malaya), jute (from India), silk (from China and Italy), lead (accompanied by a rise in value) and tin ore (mainly from Bolivia). The welcome increase in imports of both cotton and wool is not yet large enough to counteract the fall in the earlier months of the year. In the case of wool, indeed, retained imports exceed those for 1933 only because of a considerable reduction in re-exports. The increase in imports of machinery occurred mostly in the agricultural category and in internal-combustion engines from the United States and Germany. Our next table gives figures of exports:—

BRITISH EXPORTS Month of October				
	1933	1934	1935	
Coal	3,555	3,630	3,286	'000 tons
Iron and steel scrap	33,372	17,551	13,533	tons
Pig-iron and ferro-alloys	8,250	12,955	14,715	tons
Railway materials	9,161	18,013	20,253	tons
Total iron and steel manufactures	194	221	224	'000 tons
Textile machinery	5,139	6,436	6,342	tons
Total machinery	25,170	32,311	35,980	tons
Cotton yarns	12,276	10,852	12,579	'000 lbs.
Wool tops	156	176	161	'000 lbs.
Worsted yarns	4,579	3,536	5,945	'000 lbs.
Woolen tissues	3,835	3,172	2,954	'000 sq. yds.
Worsted tissues	5,152	5,548	6,271	'000 sq. yds.
Linen piece-goods	2,469	2,167	3,250	'000 sq. yds.
Leather boots and shoes	7,409	5,417	5,675	doz. pairs
Leather	54,226	43,824	44,564	cwt.
Paper and cardboard	21,791	18,425	23,721	'000 cwt.
Locomotives (complete and parts)	367	298	345	tons
Motor vehicles and chassis	78*	897	1,589	number
	4,747	6,095	7,807	

* Complete only.

The reduction in exports of coal is almost entirely due to a fall of 300,000 tons in exports to Italy. The other main declines were in exports of steel goods, cotton piece goods, artificial silk manufactures and worsted yarns. Canada, South Africa and the Argentine continued to increase their purchases of woollen goods. Exports of railway materials to British India and all African countries increased further, together with sales of motor vehicles and locomotives to all British countries except the Irish Free State. Altogether, the returns are indicative of improvement in general conditions and increased purchasing power both within and without the Empire.

Iron and Steel Production.—Demand for steel continues to expand with the upward trend of activity in the building, motor car, shipbuilding, engineering and armament industries. Last month the output of steel was higher than in any month since March, 1927. In contrast to the steady increase in home consumption, exports of iron and steel materials have as yet made little headway:—

(In thousands of tons)

Period	Production		Foreign Trade	
	Pig Iron	Steel Ingots and Castings	Total Imports	British Exports
1913—Monthly Average	855.0	638.6	185.9	414.1
1929 " " "	632.4	803.0	235.2	364.9
1932 " " "	297.8	438.5	132.7	157.4
1933 " " "	344.7	585.3	80.9	160.2
1934 " " "	498.2	738.3	113.9	187.8
1934—September	500.3	734.7	89.5	198.0
October	527.1	812.0	120.2	220.9
November	507.6	766.0	104.1	219.9
December	513.5	654.5	114.5	186.8
1935—January	521.2	757.8	130.5	181.2
February	483.1	769.5	103.3	172.9
March	554.2	841.9	128.0	175.8
April	526.3	808.7	62.7	219.9
May	558.9	853.3	86.4	219.9
June	529.3	770.0	88.2	195.1
July	547.3	803.3	90.2	205.7
August	543.4	759.9	74.3	202.5
September	529.6	855.9	89.3	187.2
October	544.3	907.3	101.2	224.0

The failure of exports to expand is causing little anxiety at the moment, for the industry appears to be unable to satisfy even the requirements of domestic consumers. All sections are well employed; according to the official report of the London Iron and Steel Exchange a number of concerns have been obliged to withdraw from the market, as their output has been sold for many weeks to come. The stringency appears to be acute in the semi-finished steel section, and a hurried increase in imports in excess of the quotas fixed under the international steel agreement has been found necessary. Moreover, prices of a number of materials have recently been advanced. It is reported that the Austin Motor Company, a large consumer, has decided to erect a plant for the production of its own steel requirements. Whether a necessarily small unit can manufacture steel at a really economic price, however, remains to be demonstrated.

Sterling and International Prices.—The past fortnight has witnessed a slight recovery in wholesale prices. The *Economist's* complete British index number has risen by 0.3 per cent., while British prices of primary products have risen by 0.5 per cent. In the United States, primary products have advanced by 0.4 per cent., but the Irving Fisher complete index number is unchanged. On the Continent, French wholesale prices have risen by 0.5 per cent., but German wholesale prices are unchanged. No Italian index number has yet been received. French wholesale prices have been increasing fairly steadily since the middle of August, and the total advance since that date is now 5.4 per cent. This is slightly less than the corresponding British increase of 5.9 per cent., and considerably greater than the American increase of 1.5 per cent. So far it looks as if the rise in French prices has not outstripped the general world rise, but whereas British wholesale prices have fallen slightly during the past four weeks, the French index number has continued to advance.

SEPTEMBER 18, 1931 = 100

Date	Economist Indices			U.S.A., Irving Fisher	France, Statistique Générale	Italy, Milan Chamber of Commerce	Germany, Statistische Reichs- amt
	British Complete Index (sterling)	Primary Products (sterling)	Price of Gold (sterling)				
1932	108.3	115.7	93.8	140.9	93.5	93.6	91.6
Jan. 27th	108.3	115.7	93.8	140.9	93.5	93.6	91.6
Apr. 20th	103.8	105.4	83.6	129.5	89.6	87.0	85.3
July 27th	99.5	103.5	84.1	136.9	88.3	81.3	85.1
Oct. 19th	103.1	112.3	84.0	143.8	88.6	88.8	86.8
1933	101.3	107.7	78.0	142.6	80.5	88.1	90.2
Jan. 25th	101.3	107.7	78.0	142.6	80.5	88.1	90.2
Apr. 19th	98.7	104.6	88.7	141.4	82.8	87.5	86.2
July 26th	108.1	120.6	124.7	145.7	100.9	89.7	86.2
Oct. 18th	106.4	112.8	109.1	155.4	103.7	87.5	84.6
1934	108.8	118.0	124.8	156.7	105.6	87.2	84.4
Jan. 31st	108.8	118.0	124.8	156.7	105.6	87.2	84.4
Apr. 25th	108.2	119.8	125.3	159.5	106.0	85.4	83.2
July 18th	109.5	124.8	136.7	162.4	113.2	81.4	83.2
Oct. 24th	107.9	124.2	146.2	164.5	114.3	79.8	84.4
1935	110.8	124.6	152.4	167.2	118.3	79.1	85.6
Jan. 30th	110.8	124.6	152.4	167.2	118.3	79.1	85.6
Apr. 24th	110.5	124.1	151.6	169.1	118.6	78.2	85.6
May 8th	111.9	124.1	149.5	169.5	119.2	78.2	85.6
May 22nd	113.5	127.7	151.4	167.1	119.9	79.6	85.6
June 5th	112.7	126.2	146.1	166.2	120.1	79.3	85.6
June 19th	112.7	125.6	144.2	165.9	118.9	78.9	85.6
July 3rd	111.8	124.5	143.0	168.5	118.5	78.6	85.6
July 17th	111.6	124.3	143.6	168.0	118.5	78.6	85.6
July 31st	112.7	126.7	146.2	165.6	120.2	75.9	85.6
Aug. 14th	111.4	125.3	141.6	164.9	121.4	75.7	85.6
Aug. 28th	112.4	125.5	141.4	164.7	122.2	77.5	85.6
Sept. 11th	113.3	127.2	143.5	165.8	123.4	78.0	85.6
Sept. 25th	115.7	131.3	148.6	166.0	124.0	78.9	85.6
Oct. 9th	117.9	134.5	146.4	166.9	124.4	79.1	85.6
Oct. 23rd	118.4	133.6	144.9	166.4	123.7	79.1	85.6
Nov. 6th	117.7	130.7	143.9	166.4	123.2	79.5	85.6
Nov. 20th	118.0	131.4	144.5	166.4	123.2*	79.8*	85.6

* These figures relate to Nov. 13th.

Details of the group indices comprising the complete *Economist* index number on the date of our suspension of the gold standard and for recent dates are given below:—

	"ECONOMIST" INDEX (1927 = 100)			
	Sept. 18, 1931	Oct. 23, 1935	Nov. 6, 1935	Nov. 20, 1935
Cereals and meat	64.5	72.7	70.2	69.7
Other foods	62.2	61.9	60.9	61.2
Textiles	43.7	60.8	61.6	63.2
Minerals	67.4	82.4	83.6	83.4
Miscellaneous	65.8	78.5	78.1	78.0
Complete index ..	60.4	71.5	71.0	71.3
1913 = 100	83.1	98.4	97.8	98.1
1924 = 100	52.2	61.8	61.3	61.6

With the exception of maize, grain prices have fallen during the past fortnight. Meat prices are mainly unaltered, but bacon is cheaper. Among other foods, while tea fell by 3.0 per cent., there was a sharp rise in coco-oil. In the textile group, raw wool and silk are unchanged, but cotton, flax, hemp, jute and wool tops have all risen. Non-ferrous metals are all slightly lower than a fortnight ago, but the price of pig iron has been raised. Miscellaneous materials were mostly unchanged; linseed oil, however, is a little dearer, and rubber a little cheaper.

Palestine's Economic Policy.—An informed correspondent, discussing the economic progress of Palestine (see the *Economist*, September 7th, page 459, and September 14th, page 522), describes some of the anomalies which are inseparable from rapid, and largely unplanned, development. In many of the "newer" places, for example, there is a deficiency of drainage systems, roads, schools, hospitals and parks. Road construction has been unscientific and inadequate. In towns like Tel-Aviv and Jaffa traffic problems are already acute. Even to-day, there is no direct road between Tel-Aviv and Haifa. Long queues are frequent in a number of post offices, and the installation of a telephone is a matter of months of waiting. While these and other shortcomings may be, in part, inevitable in a country which has rapidly outgrown its clothes, our correspondent contends that many of their more serious implications might be arrested by a wider conception of the Government's responsibilities. At present, even the statistical basis for a planned economic policy is lacking. There are no official figures of national capital and income, banking, wage-rates, etc. The relationship of local authorities to the Government is ill-defined and primitive. Towns like Tel-Aviv—Jaffa (with 200,000 inhabitants), Jerusalem (110,000) and Haifa (90,000), have none of the powers possessed by similar

towns in Great Britain. Their development demands some system of grants-in-aid, and power to borrow for approved capital expenditure from a Local Loans Fund. On the other hand, a *laissez faire* official attitude in so vital a matter, for example, as the regulation of the banking system, may have undesirable consequences. The larger foreign institutions operating in Palestine are few in number, and are under no obligation to employ all their Palestine deposits entirely within the country. The native banks are numerous and, for the most part, small. According to the latest return, there are in Palestine, in addition to the 12 foreign banks, some 101 institutions, 80 per cent. of which are described as "commercial" banks. Many are localised institutions with no considerable re-

sources behind them. Nominal capitalisations of £P.1,000 to £P.10,000, with much smaller paid-up amounts, are frequent. In such a system, there is inevitably a tendency towards duplication of credits, a blurring of commercial functions and investment activities, and the absence of any recognised percentage relationship between capital (or cash) and deposits. Perhaps the most serious feature of all, however, is the disposition of many small institutions to sink an undue proportion of their clients' funds in land and buildings—to borrow short, in fact, and lend long. In view of the soundness of Palestine's underlying economic structure, and the vigour of its pioneers, it would be regrettable if out-of-date conceptions of "colonial" administration were seriously to retard its development.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

OBJECTIVES OF MONETARY POLICY

In early 1932 the Hoover Administration adopted a programme described as "inflationary" or "reflationary," and this programme was continued and amplified by the present Administration. But there has never been any clear definition of the objective of credit expansion. Reference has often been made to the 1926 price level as an objective; less frequently there has been talk of replacing the volume of deposits, shrunk by the deflation from 1929 to 1933. But, while the United States has adopted more or less formally a managed currency, no criteria of management have ever been formulated beyond the two mentioned above. As for these, it may be said that the second has been more than realised; for net demand deposits in the Reporting Member Banks have long been at new high levels, and in all probability the demand deposits of the entire country are at their highest. The price level, as measured by the Bureau of Labour Statistics index, has advanced from 60 to 80, but is still 20 points below the unofficially stated objective.

As distinguished from the general policy of credit expansion, the programme or method may be readily summarised. In 1932, and again in 1933, there were major "open-market operations" by the Reserve Banks, the second of which was terminated just two years ago. Since that time the expansion has depended (a) upon gold imports, which have expanded the accounts both of the Reserve Banks and of the Commercial Banks, and (b) the financing of the Treasury deficit, which has expanded the accounts of the commercial banks only. Minor, but still substantial, influences have included, for example, the use of the "gold profit" in the retirement of the National Bank currency and possibly some utilisation by the Stabilisation Fund, and also the monetisation of silver purchases.

The net consequence is that (a) commercial bank deposits have been lifted roughly 50 per cent. from their lowest figure and (b) in spite of this increase in deposits member bank reserves have been so augmented that the "excess reserves" are about \$3,000 millions, or 100 per cent above the required reserves. If utilised, this would imply a doubling of present bank deposits, even assuming that they were not further augmented by the use of the "gold profit" (most of which is untouched) or by the continuation of the silver programme or by gold imports. On the other hand, these excess reserves could be contracted by gold exports, by open-market sales by the Reserve Board, or by raising the reserve requirements (up to 100 per cent., as permitted by the Banking Act of 1935). As for the first, the tendency is certainly not at present in that direction; and as for the other two possibilities which involve action by the Reserve Board, they could largely be offset by the Treasury, (a) by taking

the "gold profit," (b) by raising the monetary value of silver, (c) by issuing the greenbacks provided by the Thomas Amendment to the Agricultural Adjustment Act of 1933. Meanwhile, the expansion continues at a rather regular pace, chiefly under the combined influence of gold imports and of deficit financing; and this expansion seems likely to continue unless (a) the Budget is balanced, and (b) the Treasury and the Reserve Board agree to take positive action to the contrary. In considering this last statement, it is quite clear that (b) is largely contingent upon (a).

WALL STREET AND "INFLATION"

The outline above is presented because the question of inflation is more under discussion in New York financial circles at the present time than at any period for months, but it cannot be said that these discussions have reached any degree of crystallisation. If the price-level or the index of production or the state of employment is used as the criterion, no restrictive measures justify a moment's consideration. If one is concerned about the boiling stock market, and the evidence of a tendency in security prices to discount an anticipated future, one may argue the other way. Some four years ago, however, the Government adopted a policy and programme of credit expansion; this programme has now been carried to certain quantitative lengths, and has been accompanied by certain qualitative sequences or consequences. We have reached a point at which what has been a matter of academic animadversion is becoming a matter of wider (although still limited) discussion; and may in the coming year become a matter of practical controversy.

The local elections of last Tuesday provided no real surprises and added nothing to the impressions provided by the Rhode Island election of last summer. While disorganised nationally, the Republican Party is still effective locally in many areas; and to some extent the regular Party membership is reinforced by others who are discontented for a variety of reasons.

The sweeping decision of a minor Federal Court that the entire Public Utility Act passed last summer is unconstitutional has created a confusing situation. Under this Act the utility holding companies are required to register formally with the Securities Exchange Commission by December 1st. As yet, many have failed to do so, and all are reluctant to make formal acknowledgment of the Act. The case now goes to the Supreme Court, but weeks must elapse before a final decision can be rendered; and in that period the utilities will be in a sort of limbo.

The success of the Automobile Show has increased optimism about the business outlook for next year. The current year's production will be practically 4,000,000 cars; and predictions of 4,500,000 or 5,000,000 cars for 1936 are now freely made.

NEW YORK, November 9.

FRANCE

THE BANK'S GOLD LOSSES

[The further rise in the Bank rate on Thursday is discussed in Notes on pages 1005 and 1019.]

DURING October the Bank of France lost nearly 700 million francs of gold; and the amount would have been larger but for a payment of gold from Italy in the third week of the month. After a further withdrawal of 667 millions last week the Bank advanced its discount rate by 1 per cent. to 4 per cent., a technical measure which came as a surprise to most people. The pressure on the franc is certainly in part due to internal political dissensions, but also in part to the rising trend in Wall Street. The raising of the rate is intended as another advertisement of the Government's determination to maintain the present gold parity.

The Socialists believe that the financial issue is not a propitious one on which to defeat the Cabinet. A compromise between the Government and the Finance Committee of the Chamber may consequently be reached before the return of Parliament from the recess next week. But the question of the Fascist leagues will then be brought before the Chamber by the Left; and following the recent clash in Limoges between the "Croix de Feu" and the "Popular Front," in which 30 persons were wounded, the question could be embarrassing for the Cabinet. Further, though M. Herriot, leader of the Socialist-Radicals, has told his supporters that they must not count on him to form a new Government, this does not necessarily mean that M. Herriot could not enter a Cabinet presided over by another personality, such as M. Mandel.

Foreign problems are complicating the situation. The South East Departments, which border on Italy, and include important interests such as Lyons, of which M. Herriot is the mayor, and the Port of Marseilles, are issuing strong protests against economic sanctions. The Stock Exchange is also nervous. New low levels for the year have been registered by the Rentes, which are already depressed by successive Government loans.

SIGNS OF BUSINESS RECOVERY?

As to the "possibilities of renewed activity," on which M. Régnier, the Finance Minister, insisted recently, the latest statistical material is still uncertain, though it does not suggest further decline. The index of industrial production showed a slight advance in September from 93 to 94. Electricity output is showing steadily improved figures, with 893,888,000 Kwh. in September, 1935, against 848,329,000 in September, 1934. The decline in fiscal receipts, also, seems to have paused:—

	(francs)	In comparison with
	October, 1935	October, 1934
Direct taxes	665,123,000	— 300,000,000
Indirect taxes	2,701,065,000	+ 14,000,000
Special receipts	57,783,100	— 13,000,000

Total revenue in October was 3,424 millions, or 527,334,100 francs less than the estimates. This is the lowest of the year. It is to be noticed, however, that if much lower than the estimates, these receipts are often nearly equal or higher than those of October, 1934; as the tax on Stock Exchange operations, the turnover tax and the stamp receipts show. The figures thus suggest that the estimates were exaggerated, but they do not necessarily reflect any deepening of the depression.

The foreign trade returns show a recovery of both imports and exports, the total of which had declined steadily since June, 1935. Exports last month were the best since January; but they show a fall in comparison with October, 1934, of 206 millions. The fall in imports is 77 millions.

	(thousand francs)	October, 1934	September, 1935	October, 1935
Imports:—				
Foodstuffs	658,442	446,634	530,211	
Raw materials	800,969	796,678	902,695	
Manufactured goods.....	335,517	264,730	290,453	
Totals	1,794,928	1,508,042	1,723,359	
Exports:—				
Foodstuffs	264,110	167,619	222,091	
Raw materials	424,826	345,156	372,511	
Manufactured goods.....	875,672	667,668	758,382	
Totals	1,564,608	1,180,443	1,352,984	
Import Surplus.....	230,320	327,599	370,375	

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The present trend of business activity seems also to be in accordance with the movement of prices. Wholesale prices continue their rise. The index was 350 in October, against 346 in September, 343 in August, and an average of 366 in 1934; while the cost of living declined to 469 in the third quarter, against 490 in the second, and an average of 526 in 1934.

The decline of deposits in the big banks, which had lasted for many months, was interrupted in September:

	(francs)	September 30, 1934	August 31, 1935	September 30, 1935
Société Générale ...	10,201,105,676	9,182,324,771	9,222,486,088	
Crédit Lyonnais ...	12,677,821,847	11,016,173,245	11,093,799,602	
Comptoir d'Escompte	8,108,439,331	7,061,368,009	7,029,137,151	
Crédit Industriel et Commercial ...	1,472,903,579	1,329,214,645	1,338,806,188	
Totals	32,460,270,433	28,589,080,670	28,684,229,029	

The inference naturally suggests itself that heavy Government borrowing to finance the ordinary Budget deficit and the loan Budget has resulted in incipient credit expansion.

PARIS, November 21.

GERMANY

NEW ANTI-JEWISH LAWS

ILLEGALITIES and disorders of official and Party origin have diminished in number. The new Jewish legislation (the Reichstag anti-Jewish laws passed during the Nürnberg Congress having been merely a programme) has aroused little public interest. In general, and even among Nazi partisans other than the leaders, there is practically no anti-Jewish feeling. A great many "Aryan" Germans are suffering economically from the impoverishment of the Jews. For the Jewish population the new deprivation of political rights has little practical importance. Jews, indeed, lose their right to vote for Herr Hitler; but as in practice they could hardly vote against him, that is the full extent of their loss.

The marriage legislation affects a very small number of Jews and "Aryans," and it has long been official practice, though not law. In general, the latest laws may be regarded as mere anti-Jewish demonstrations. The economic status of the Jews, which has so far been regulated by the State only in the cultural and professional domains, is a much more serious problem. For should it develop along the present lines the German-Jewish question will be settled by starvation. In economic matters (as indeed until recently in the marriage question) law and practice conflict. It has been many times declared by officials that Jewish business activity would not be suppressed. This promise in particular applied to trade, which is the German Jew's chief business sphere. Simultaneously, the Government condemned "individual

measures" (so-called *Einzelaktionen*) against Jewish business men or concerns. The reason given for this was that in anti-Jewish activity the private citizen, including the Party member, must not go farther than the law prescribes.

These Governmental utterances quite properly made legality the test of permissible repression and oppression; and even if the law itself is open to objection it would, if observed, afford some protection to Jews. Unfortunately it is not observed. Nor are the law-breakers, with occasional exceptions, individual citizens; they are the public authorities or the Party collectively. The Party, though it has no competence at all in criminal matters, has formally announced that it will punish members who deal with Jews. The municipalities display, or allow others to display, on public land notices requiring the boycott of the Jews, usually in the form of the denunciation as traitors of "Aryans" who buy from Jews. These notices may be seen everywhere, in all cities and in obscure villages. In law, however, "Aryans" and Jews are free to trade with one another; and in law boycotting in restraint of trade is a punishable offence. The measures now being taken to compel Jews to liquidate their businesses fall into the same category of illegality. They are particularly obnoxious to many "Aryan" Germans. It is very often impossible for landlords to find tenants for premises vacated by Jews (all the more so because new shops may not be opened even by "Aryans"). In consequence, first the house owner and next the mortgage creditor suffer.

EXPORTS AND SANCTIONS

The new restrictions on exports are considered to preclude the possibility of Germany assisting Italy to any considerable extent against sanctions. This week a new list has appeared of munitions whose export is prohibited. It includes "chemical fighting-materials," though not chemicals which might be used therefor. Other new measures for the control of foreign trade, not in connection with the war, are announced. The direct control of imports has also been extended. Such direct control was first introduced by an ordinance of July 25th, which prohibited all imports without "exchange certificate" from certain countries, and imposed a similar condition for imports of certain goods, mainly manufactured, from all countries. Before July, imports without "exchange certificate" were free. Poland and Danzig are now added to the list of countries from which all imports without exchange certificate are forbidden; and the list of imports requiring exchange certificates regardless of country will henceforth include wood and certain other products. The sphere of "compensation trade" with countries with which there is no payment or clearing agreement has been restricted.

AN EXPORT SURPLUS

There was an export surplus in October of Rm. 55 millions, the largest since October, 1933. The food shortage reflected itself in a considerable increase in imports. The increase in exports was in part seasonal. The trade balance, which was passive during the first nine months, is now active by Rm. 24 millions, as against a passive balance of Rm. 250 millions in the first ten months of 1934. The improvement is therefore very considerable. The October trade returns are as follows:—

	Sept.	Oct.	Jan.-Oct.
Millions of marks			
Imports:			
Livestock	2.6	3.9	31.1
Foodstuffs.....	69.8	87.0	790.7
Raw and half-manufactured materials.....	205.5	205.2	2,130.1
Manufactured goods.....	40.0	39.9	477.1
Totals	317.9	336.0	3,429.0
Exports:			
Livestock	0.2	0.2	2.1
Foodstuffs.....	6.4	7.1	59.3
Raw and half-manufactured materials.....	66.8	75.3	627.3
Manufactured goods.....	299.6	307.9	2,763.8
Totals	373.0	390.5	3,452.5

The Reichsbank's return for November 15th shows repayment of nearly 88 per cent. of the October month-end

credits. This is much more than in the same week of 1934, and it reflects the liquidity of the money market, which has been replenished by large repayments of Gold Discount Bank promissory notes. In consequence more notes were marketed. This week the day-loan rate fell to below 3 per cent. The Court of Appeal has, not for the first time, condemned the Reich to valorise to the former 4.2 marks exchange its gold Treasury notes of 1923, which were secured against depreciation with a dollar basis. These decisions have some interest, because the "real intention" of the parties is taken to be the deciding circumstance.

The Konjunkturinstitut now estimates the unscheduled public debt, including Rm. 913 millions tax-credit certificates, at, "roundly," Rm. 5,000 millions; and it repudiates the story of a secret debt. In fact nobody merely that there was a secret debt. The story was existence of which could not be hidden, was a secret. The Rm. 5,000 millions of undisputed debt now admitted consists (in addition to the tax-credit certificates) of work-creation and re-armament bills; and it is affirmed that this is the whole total.

Pig iron output in October was 1,197,800 tons, against 1,112,700 tons in September. The index of industrial production in September (1928 = 100) was 102.8, against 96.5 in August.

BERLIN, November 20.

AUSTRIA

SANCTIONS AND TRADE WITH ITALY

AUSTRIA'S attitude to sanctions, and various recent discussions of the question of economic *rapprochement* in the Danube basin, make it interesting to examine recent tendencies in Austrian foreign trade:—

Austrian imports (millions of schillings)

	Monthly Average
1933	1935
Germany	19.5
Italy	17.4
Czechoslovakia	4.2
Hungary	5.1
Yugoslavia	13.1
Roumania	14.1
Poland	11.3
Great Britain	11.2
Switzerland	8.8
United States	7.9
	6.8
	6.6
	4.4
	3.1
	4.7
	3.6
	3.7
	5.2
	5.6

Austrian exports (millions of schillings)

	Monthly Average
1933	1935
Germany	10.7
Italy	13.4
Hungary	7.2
Czechoslovakia	13.2
Roumania	6.8
Yugoslavia	9.2
Poland	5.3
Great Britain	5.7
Switzerland	3.8
United States	4.5
	4.8
	4.8
	5.2
	4.9
	2.9
	3.6
	4.4
	3.2
	1.6
	1.3

The figures for 1935 give the monthly average only up to September, inclusive, so that the rise in exports to Italy, as here shown, has hardly been affected by purchases made in anticipation of sanctions. The increase of exports to Italy in the first three quarters of 1935, compared to the corresponding period of 1933, amounts to 51.2 per cent., which is the highest percentage increase that has been achieved to any country, and is all the more significant because the surplus of deliveries is well to the credit of Austria. The surplus of exports amounted in the first nine months of this year to 46.7 million schillings and was 92.4 per cent. higher than in 1933. The improvement in Austria's trade balance is largely due to the change in trade with Hungary and Italy as a consequence of the Rome Commercial Pact of 1934.

The great commotion on the various markets resulting from the impending sanctions has affected Austria sur-

prisingly little. Whereas, according to information from reliable sources, the Swiss Gotthard line has been practically blocked, and had to carry as many as 70 to 80 goods trains in several days, the augmentation of traffic on the Brenner line, which has a similar position in the north-south direction, has been very slight. This is attributed to the fact that the Swiss Federal Railways accord extraordinarily favourable rates on transit consignments, while the Austrian Federal Railways could not see their way to any such concessions. In Austrian industrial circles the view is held that exports to Italy during the past few weeks have been lower than at the beginning of the autumn. Not long ago the Italian Government decreed that the limit of uncontrolled remittances for merchandise deliveries on foreigners' special accounts should be reduced from 10,000 to 1,000 lire. Even before that Austrian exporters to Italy had had to wait a long time for their money, and in view of the Italian currency situation there is a certain reluctance to supply goods.

INCREASE IN REVENUE AND EXPENDITURE

The Budget for the year 1936, recently submitted by the new Minister of Finance to the Federal Assembly, embraced only the ordinary Budget, while the extraordinary Budget, which consists chiefly of the State programme of investment, will be presented in several months' time. The following net figures appear in the Budget:—

	1935	1936
Millions of schillings		
Revenue	1,244	1,281
Expenditure	1,297	1,305
Deficit	53	23

The Minister of Finance estimated the actual deficit for 1935 at 80 to 90 million schillings, and stated that the deficit of 23 million schillings anticipated for next year will in no circumstances be exceeded. The deficit for the year 1935 will be covered to about 50 per cent. by the released guarantees for the service of the League of Nations loan in several foreign States, while the rest will be covered by an issue of short-term Treasury bonds. The deficit is not to be reduced through diminution of expenditure, but by increases in revenue. Taxes, however, are not to be increased; for it is assumed that a number of taxes will, in view of the improved economic situation, yield larger sums at the same rate. Direct taxes are expected to yield 288.5 millions, an increase of 19.5 million schillings, although the motor-car tax was abolished last year. Customs revenue is estimated at 198 millions, against 173.7 millions, an increase of about 15 per cent.

The extra expenditure of recent years has been chiefly due to domestic political disturbances. The cost of the Defence Corps has now been reduced from 11 to 5 million schillings, but the figure for the police and gendarmerie has been increased from 105.5 to 106.7 million schillings. The most important increases in expenditure are on the national debt. This figure has risen, chiefly on account of the recent employment loan, by 13.5 millions to 189.3 millions; National Defence expenditure has risen by 13 millions to 129 millions. For the first time for many years expenditure on agriculture has been reduced. Expenditure for social purposes has also been reduced. The State contribution for unemployment and old-age pensions has fallen by 3.5 millions to 98.5 millions.

Officially, the average number of unemployed in benefit is estimated for 1936 at 260,000, which is 5,000 lower than the actual average this year and 15,000 lower than the figure on which the Budget for 1935 was based. The State contribution also covers 93,900 old-age pensioners, 2,500 miners and 9,400 old servants, which makes 105,800 old-age pensioners, against 104,200 in the year 1935. Add to these 167,000 regular pensioners and 166,000 active civil servants and State Railway employees, and one has an idea how large a percentage of the population of 6,500,000 has to be directly provided for in the Budget.

Exports in September were 76.7 million schillings, or 1.9 millions lower than last year. In the first three quarters of the year exports rose from 625 to 639 millions, but imports rose at an approximately similar rate.

VIENNA, November 20.

AUSTRALIA

A NEW INTERNAL LOAN?

THE question of a fresh internal loan for the Commonwealth and States is engaging much attention, as the prospects are less favourable than on the last two occasions as a result of the hardening of interest rates. Owing to the more active demand for money for business purposes, as shown by the increase in bank advances, it is evident that the surplus of money which existed some little time ago has greatly declined, and further loans would mean that Governments are entering into active competition with private enterprise for available funds.

The results of recent loans have not been encouraging. The 3 per cent. loan 1948, issued last November at 99½, is now quoted at 98½, and the 3½ per cent. loan 1949, issued last June at 99½, is quoted at 96½-96¼. Assuming that money were available for a new loan it would be necessary to offer better terms to the investor, since current Stock Exchange prices of Commonwealth stocks show yields, including redemption, of approximately 3½ per cent.

The quarterly average returns to September 30 of the trading banks (exclusive of the Commonwealth Bank) show deposits at £283,979,086, or a decrease of £6,154,556 as compared with a year ago, and advances at £258,027,362, or an increase of £15,690,435. There has been a reduction of £17,290,125 in the local cash holdings of the trading banks. The items of coin, bullion, Australian notes and cash with Commonwealth Bank now amounts to £34,258,376, against £51,748,501 a year ago. Against this movement, however, the Treasury Bills held by the banks are a liquid asset, in addition to their Government securities, while the banks' London funds can be used to enlarge the cash held in Australia owing to the arrangements with the Commonwealth Bank.

MELBOURNE, November 1.

NEW ZEALAND

FAVOURABLE BUDGET FIGURES

IN view of the improvement in the public finances in the last financial year, and the fact that a General Election is due in November, the Budget proposals, presented on September 17th last, have been regarded as decidedly moderate and singularly free from electioneering. Without any increase in taxation rates, fiscal receipts for the year yielded £N.Z.20.2 millions in 1935, compared with £N.Z.17.1 millions in 1934; and total revenue was £N.Z.26.1 millions, against £N.Z.21.5 millions (excluding £N.Z.2 millions reserves brought into revenue) in the preceding year. Expenditure at £N.Z.24.5 millions was £N.Z.0.3 million higher. In 1934 a deficit of £N.Z.0.7 million was recorded, after using reserves of £N.Z.2 millions, while in 1935, when no reserves were used, a surplus of £N.Z.1.6 millions was shown. The net improvement is thus £N.Z.4.3 millions. In addition the floating debt has been wiped out; and the total debt, £N.Z.280.6 millions, is slightly lower than in 1932, though since then £N.Z.4½ millions of reserve have been used as revenue, and the cost of the debt service has been reduced by conversions.

Estimates of revenue for the current year are £N.Z.¼ million less than receipts for last year, when non-recurring windfalls amounted to about £N.Z.2 millions. Expenditure is estimated at £N.Z.0.7 million higher than last year, the increases being chiefly £N.Z.454,000 restored to the highways fund and £N.Z.200,000 for a subsidy to superannuation funds. These estimates leave £N.Z.650,000 excess revenue, of which £N.Z.200,000 is reserved for supplementary estimates, and £N.Z.13,500 for contingencies or surplus. The remainder is to be used in increased pensions and public servants' salaries.

A plan of public works has also been introduced, on which £N.Z.5.6 millions is to be spent this year, about one-third more than last year. Nearly £N.Z.3 millions of this will be borrowed from departmental accounts, so

that no public issue will be necessary. The Budget contained few surprises and was generally well received. The only change made in taxation was the reduction from 8d. to 8d. in the pound of the unemployment tax, which is paid into the unemployment fund and is outside the Budget. This will leave ample funds available for unemployment relief, the necessity for which is likely to be reduced both by the general improvement in conditions and by the expansion of public works.

THE COMING GENERAL ELECTION

Though the date for the General Election has not yet been settled, electioneering has begun, and a new party, styling itself Democrat, is in the field with a programme which consists mainly of promises to increase expenditure on social services and public works, while reducing taxation and restoring the exchange rate to parity with sterling. The new party is offering candidates in almost all constituencies and is endeavouring to organise support from different sections who have opposed various Government measures during the last four years. Its programme has been received critically, and some of its early leaders, disagreeing with both the programme and the policy, have withdrawn.

The Labour Party, now the Opposition Party in Parliament, is angling for the support of distressed farmers with the promise of guaranteed prices for exported farm produce, and for that of monetary reformers as well. Its real intentions appear just as vague as those of the monetary reformers, who include a Douglas Credit group which claims to be well supported in dairy districts in the north, and others who are just plain inflationists. There is a good deal of confused inflationist propaganda in the correspondence columns of the daily Press, but there is little evidence of any considerable body of opinion to support it. The majority of people appear to agree that though the Government has made mistakes, the last four years have brought unprecedented difficulties, and on the whole it has done about as well as could reasonably be expected of any party.

The Dairy Board has recently adopted a plan to revise the marketing of New Zealand dairy produce abroad. From August 1, 1936, the producing factories are to be grouped in seven districts. Each group will form a single marketing association, will possess statutory powers, and will market the pooled produce of its members under the general supervision of the Board. Group brands are provided for and premiums are to be allowed for quality of both butter and cheese. The present agreement with the Board and the importers will be terminated from July 31, 1936, and f.o.b. sales will be controlled in order to secure better seasonal regulation of supplies. Representatives of the Board are at present in Australia conferring with the Australian dairy industry, and it is reported that agreement has been reached between the dairy control authorities in both countries about the seasonal regulation of produce marketed abroad. A comprehensive plan to control the local marketing of butter and cheese has also been adopted under which local distributors will act as agents for the Board, and the grades of butter offered will be reduced to two, finest creamery and whey butter.

CHRISTCHURCH, October 14.

LETTERS TO THE EDITOR

THE MILK PROBLEM

TO THE EDITOR OF THE ECONOMIST

SIR,—It is possible that the fact that I am a commercial milk producer and a reader of the *Economist* may justify your attention to the following comments:—

Your notes on the operation of the Milk Marketing Board have as their main theme the elementary truth that unlimited production and a fixed profitable price can exist together only in cloud-cuckoo land. While this is a truth, I suggest that it is not the whole truth. There is, in fact, a real shortage of clean milk, and so far as there is a surplus, it is of milk which requires processing before consumption in the liquid state. With an article like milk where the purchaser cannot readily discriminate between what is

clean and what is dirty, price alone does not work satisfactorily. The situation calls for an adequate combination of label and price. This has been recognised by the Milk Marketing Board in the creation of a roll of accredited producers who receive a slightly differential price.

I suggest that this should be used ruthlessly, recognising the general shortage of clean milk and the surplus of dirty milk. The suggestion is open to the obvious criticism that producers of graded milk are urging this in their own interests only. To this there are two answers:—

(1) We have for some time been compelled to subsidise distant and dirty milk, and

(2) Such gain to the graded producer can only be temporary, since enterprise will respond to price, and the number of graded producers will increase rapidly, and the ungraded producers will decrease as rapidly by transfer to graded producers or by elimination. Competition will then re-assert itself amongst the graded producers for the benefit of the consumer as soon as the supply of clean milk has adjusted itself to demand.

Milk for manufacture will then either disappear or be produced at a price and in quantity to satisfy the makers of condensed milk and milk powders with or without the aid of a tariff. That way lies health, both economic for the industry and physical for the consumer. I trust that in some future article, perhaps when the present committee publishes its findings, you may find the opportunity to round off your previous valuable comments.

Yours faithfully,

J. H. GUY.

The Grange,
Beaconsfield, Bucks.
November 18th.

CRISIS IN THE COAL INDUSTRY

TO THE EDITOR OF THE ECONOMIST

SIR,—I have read with interest your article on the Crisis in the Coal Industry, but it seems to me that you beg the question in several important directions, particularly:—

(1) That the coal industry is "unable to pay a decent living-wage";

(2) That a substantial rise in internal prices by some development on cartel lines, with a differential export price, might lead to a curtailment in internal demand and to a charge of "dumping" by foreign countries resulting in foreign retaliation against our exports, and that, in short, a rise in wages must mean a reduction in employment;

(3) That the fundamental fact is that the industry is really suffering from chronic surplus capacity, that many uneconomic pits are running at a loss and on short time and that if production could be concentrated on the most efficient pits profits could be restored and wages raised.

Opinions vary on what constitutes a "decent living wage," a term which cannot claim to possess any scientific meaning. Much propaganda has been disseminated recently by the Miners' Federation on the subject, but the examples quoted have been extreme types and not characteristic of wages as a whole.

The average cash earnings per man per annum (excluding free houses and coal where these are customary) throughout the districts in 1934 varied from £105 in Durham to £133 in Scotland; so that on the average it may be stated that the worker in the industry receives £2 to £2 10s. per week, winter and summer, for an average working time throughout the year of probably not more than 40 hours per week. The weekly average wage mentioned covers all hands, viz. men, boys and women (where the latter class of worker is still found), and it is to be remembered also that it is not unusual to find several workers in one household.

You express the opinion that a substantial rise in prices might lead to a curtailment in internal demand. To give the miners an increase of 2s. per day on an average output per manshift of 20 cwt. is equivalent to a rise of 2s. per ton in costs; at 25 cwt. per manshift, of 1s. 7d. per ton; and of 27½ cwt., 1s. 5d. per ton; so that, as output per man per shift in the principal districts may be said not to fall below 20 cwt., a flat rate increase in wages of 2s. per day, whilst varying from district to district in tonnage cost, would not exceed 2s. per ton.

It is well recognised that the internal demand for coal is inelastic, and the quantity consumed will probably vary very little in response to an increase in price of 2s. per ton, although the industry would no doubt endeavour to adjust its price changes according to the capacity of the industries concerned. One has in mind in particular the iron and steel industries, in which the price of coal is an important factor. In other industries it is substantially correct to say that the cost of fuel enters to an almost negligible extent into the price of the final product.

It is recognised that there has since the war been a movement towards substitution of fuels in some directions. But in the major industries coal still remains the paramount source of power and heat.

As far as foreign retaliation for alleged dumping is concerned it is probably true to say that there is not much that remains to be done in this direction by the North Sea markets, e.g. Holland, Belgium, Germany and France, who control British imports by quotas, etc., very severely at the present time.

Recently a German authority expressed the opinion that surplus capacity in the British coal industry is 33½ per cent. of the total

capacity; but no statistical evidence has ever been produced. It is therefore permissible to question the conclusion, which seems to be derived from this statement, that many uneconomic pits are running at a loss and short time. The definition of "uneconomic" in this connection raises many difficulties, but a pit which in one year is, for various reasons, sustaining losses, may in a subsequent year recover its profitability. Profitability and productive efficiency are not merely questions of size; and under the quota system short working time does not fall on any one class of undertaking but on all more or less equally.

Amalgamations would not necessarily result in elimination of short time. For the closing of pits which at the immediate moment are redundant ignores the possibility of some revival in demand, the loss of mineral resources and opposition of royalty owners, the destruction of fixed capital, displacement of population and so on; and it follows that if under any amalgamation scheme redundant pits were maintained, further reductions in cost under this head would not be great or at any rate sufficient to cover an increase of 2s. per day in wages.

It would seem inevitable, therefore, if the miners are to receive any increase in wages, that it must result in an increase in prices with possibly a reduction in exports and employment in the exporting areas. Amalgamations as a long-term policy have much to recommend them. But it is questionable whether the advantages would lie so much in the direction of lower costs of production as of greater financial stability and closer control over marketing.

The present idea of statutory selling companies may prove to possess the advantages of centralised selling without destroying the elasticity of the present system on the side of production, and in any event should be given a trial before further steps are taken along the path of forced amalgamations.

W. L. B.

St. Helens, Lancashire.
November 20.

THE HOUSING BOOM

TO THE EDITOR OF THE ECONOMIST

SIR,—The articles on this subject in your recent issues reach the interesting conclusion that the dominant factor causing the housing boom, which has played so great a part in such measure of recovery as we have so far attained, is not to be found in cheap money, nor in falling building costs, nor indeed in "any of the factors entering into the supply of houses." You point out that, while supply factors played their parts, the dominant factor was the revival of demand—the "great increase in purchasing power of the mass of the population."

Your articles were not directly concerned with the analysis of the sources or distribution of this increased purchasing power; but stated that it was "due on the one hand to the comparative stability of wages and salaries and on the other to the great reduction in the cost of food and clothes."

But is it not possible to argue that the increase in the effective demand for houses directly due to the release of part of people's stable money-incomes, which was formerly being spent at higher prices on food and clothes, must have been comparatively small—a contributory factor on the demand side (like cheap money and falling costs on the supply side), but hardly the dominating factor?

BOOKS AND PUBLICATIONS

BELGIUM'S RECOVERY*

PROFESSOR BAUDHUIN'S book is extremely welcome. It is at once vigorous, comprehensive and readable. As adviser to several Governments and especially Finance Ministers in Belgium, the author had an exceedingly good opportunity to watch the sad sequence of events which preceded the devaluation of the belga. It is a deplorable tale of self-inflicted distress. For months politicians clamoured noisily about the evils and wickedness of devaluation, and thereby increased the unreasoning fears of the population and the chances that a devaluation would, in fact, lead to a panic. Yet the deflationists were unwilling to face the issue squarely and make deflation effective. So the disparity between costs and prices increased and depressed business activity in both domestic and exporting industries.

Professor Baudhuin was not an advocate of devaluation in the early part of the crisis. Belgium had stabilised at a very low gold parity, and the world price level did not fall below her cost level for a considerable time.

* "La Dévaluation du Franc Belge. Une Operation Délicate Parfaitement Réussie." By Professor Fernand Baudhuin. Bruxelles—Paris, 1935. 235 pages. 15 francs.

For:—

(1) As pointed out in your issue of November 9th, the housing boom is mainly in middle-class houses built for sale—not working-class houses for lease to "the mass of the population."

(2) The cost of food and clothes is a relatively small item in the budgets of the middle-income people who have been buying the houses.

(3) Most of the new houses were paid for by mortgage instalments of the order from 25s. to 50s. a week.

(4) It is difficult to visualise the budget of a middle-class family in which the expenditure on food and clothes was so large that the fall which has taken place in the price of these items of expenditure could itself release enough money to be the deciding factor causing the family to undertake a long-period burden of this order.

It seems to follow that the increased purchasing power behind the housing boom operated in the main through increased middle-class money earnings, (a) on profits and commissions and (b) from the creation of new salaried posts. The former, at least, might be expected to respond quickly to an improvement in business profits, however caused.

If this is correct, the boom in middle-class housing, while doubtless the main factor in securing the present degree of trade recovery, could not have started the process. There must have been some independently caused source of increased profits, bringing about an initial increase of middle-class incomes and expectations, which in turn justified increased middle-class expenditure on housing. Could the initial stimulus perhaps have been increased spending (that is, diminished saving or holding of unspent balances) by the wealthier classes, as the psychology of the 1931 economy campaign became converted into the outlook behind the 1932 slogan "Spend more and employ more"? Or perhaps even the release of cash by some of those holders of War Loan who opted for repayment of their holdings and may have been tempted to "dis-save" by spending some of the proceeds? The comparatively sudden onset of these two factors seems to correspond to the suddenness which, as you point out, characterised the outbreak of middle-class housing construction.

I am, Sir, etc.,

HUGH TOWNSEND.

[The terms "working class" and "middle class" are very elastic. It is true that the demand for houses has not come from the very poorest classes, who will spend any additional real income on increasing their consumption of food and clothes. But it is, in our opinion, going much too far to the other extreme to find the source for this demand in salaried and commission-earning persons. The bulk of the house purchasers of the last few years would seem, by general observation, to be persons with an income range of, say, £200 to £500 a year, and they must be nearer the lower end of that range, as there are less than three million persons in all who have incomes of over £250 a year. In the budgets of families of this class, food and clothes are by no means "a relatively small item" but a very large one. The alternative source which Mr. Townsend suggests—namely, increased spending by the wealthier classes—is quantitatively far too small. The total income of surtax-payers was only £414 millions before tax in 1932-33, and there is no evidence of such a sudden increase in the expenditure out of this income as would stimulate an increased expenditure of something like £100 millions a year on houses and cars alone.—Ed., *Econ.*]

In 1934, however, the position became critical. Successive Governments, formed with the central aim of "defending the belga," and headed by M. Jaspar, M. de Broqueville and finally M. Théunis, were unable (and unwilling) to adopt a constructive policy. Professor Baudhuin now saw the necessity of devaluation, but his warnings fell on deaf ears. The beginning of the breakdown of the banking structure and continuous losses of gold did not convince the politicians of the imminence of the final crash. M. Théunis believed in the possibility of the maintenance of the gold parity, even after a far-reaching restriction of foreign exchange dealings had been instituted. Considering the atmosphere in Belgium at this juncture, the courage of Professor Baudhuin in publicly demanding devaluation was most highly commendable. He had already strongly urged that the effects of devaluation should not be painted in alarmist colours. Finally, after almost interminable wrangling and face-saving, the van Zeeland Ministry took the inevitable step.

The greater part of Professor Baudhuin's book consists of an analysis of the effects of devaluation. Nobody can now seriously question his view that it was, in fact, completely successful. He produces statistical material fully sufficient

to prove his contention. Prices, especially retail prices, have not risen seriously—the cost of living is even now only 8 per cent. up. Production and railroad traffic soon increased well above the level of 1934; the Budget revenue improved immediately and markedly; and the rate of interest has been forced down, despite the intensification of the international political tension. The flight of capital not only ceased, but was suddenly reversed. The profits derived from the revaluation of the gold reserve were used to establish an exchange equalisation account and a fund to control the gilt-edged market. Finally, the banking structure was thoroughly reorganised, at a time when there was an automatic increase both in its liquidity and the soundness of its assets as a result of devaluation.

Professor Baudhuin makes short shrift with those who impute the revival to the Brussels World Fair and at the same time prevaricatingly insist that no revival whatever has taken place. He may be somewhat optimistic about the possible effects on Belgium of a general devaluation by the gold countries, but he is right in insisting that such a policy would not only restore internal equilibrium in those countries, but that the improvement in their economies would eventually offset any initial depressing effects abroad.

Professor Baudhuin and M. Van Zeeland have both deserved well of their country. And in this book Professor Baudhuin has presented us with a highly interesting record, and a complete vindication, of the policy adopted last March.

SHORTER NOTICES

"Modern Production Among Backward Peoples." By I. C. Greaves. London School of Economics Series of Studies in Economics and Commerce. Allen and Unwin. 10s. 6d.

The "backward peoples" studied in this book are those of the tropics, and the main theme is that of peasant versus plantation production in tropical agriculture. Mining and industrial production are excluded from the survey, so that the title of the work is somewhat misleading; within its limits, however, it provides a very clear and systematic account of contemporary economic conditions in tropical lands.

The author shows how the economic system of modern Europe with its demand for tropical products has impinged, with the aid of armed power, on the indigenous modes of economic life in these countries. His study of the indigenous economies is marked by a sympathy and insight which could hardly have been found in an economist thirty years ago; he realises that the satisfactions of a tribal subsistence economy cannot be measured in terms of a moneyed world-market system, and that any economic evolution which is to obtain the free assent of the "natives" must proceed from premises which appeal to them. He rejects the notion that natives cannot be induced to expand production except by some form of coercion, and declares, truly enough, that "what is condemned as laziness or dislike of work on the part of the native has often been in essentials a reluctance to expend a large amount of effort upon inefficient and poorly remunerated forms of labour."

European planters in the tropics have always demanded cheap labour, but this is not a commodity which is easily forthcoming from a sparse population with plenty of tribal land. For this reason colonial governments have constantly been called in to increase the supply by direct or indirect compulsion. Dr. Greaves gives an account of the various forced-labour devices still employed in Africa, and it does not make pleasant reading.

On the issue of peasant versus plantation the general conclusion is that peasant production with technical assistance from governments is bound to play a part of increasing importance; and that the plantation system, though it has a future in certain fields, is by no means indispensable for the development of tropical lands. A survey of the sources of supply of particular crops reveals that plantations still have a virtual monopoly of the export production of tea, coffee, sugar-cane and sisal, that peasant production has an equal preponderance for rice, jute, groundnuts and sesamum, and that cotton, rubber, cacao, tobacco, bananas, coconuts and oil palms have been successfully raised for the foreign market under both types of economy.

"Marxism and Modern Thought." By N. I. Bukharin, A. M. Debarin, Y. M. Uranovsky, S. I. Vanilov, V. L. Komarov and A. I. Timmenev. Translated by Ralph Fox. Routledge. 342 pages. 10s. 6d.

The six essays in this book have been translated from the Soviet Academy of Science's Memorial Volume on the fiftieth anniversary of the death of Karl Marx. The book, says the preface, "is the first attempt to give a complete survey of modern thought in terms of Marxism." The survey is a ferocious polemic, delivered with almost religious fervour: but it is a fervour which claims to be based on an all-embracing and rational philosophy. Indeed, this claim to unite optimism and fervour with a thorough-going rationalism is in itself, whether justified or not, remarkable.

The chief points of attack upon modern science are that: (1) it has taken refuge from scientific explanation in teleology and idealism; (2) it is unable to organise its knowledge on consistent and unitary principles; (3) hence science is divided into an empirical search for facts and an attempt to force the facts into moulds borrowed from religion, metaphysics or even mysticism of an aggressively anti-rationalist type. It is claimed further that this "crisis" or "collapse" in science is a reflection of a "crisis" or "collapse" in capitalism.

The historical sciences, especially, are attacked for adopting obscurantist and mystical methods of interpretation. In the late eighteenth and nineteenth centuries, it is said, the historians of the rising middle class had approached an understanding of the historical process; but, after their political victories, abandoned that understanding because it was incompatible with a belief in, or justification of, the continuance of capital. This thesis is put forward by A. I. Timmenev in a review of historical science from Barnave and St. Simon through Guizot, Thierny, Ranke to the pseudo-history of Spengler, Croce and Gentile.

The reviews of the Marxist attitude to modern physics and natural science are equally interesting: and N. I. Bukharin's restatement of Marx's teaching is a good introduction to the critical essays. Whether their savage criticisms are justified or not, they certainly offer some explanation of the collapse of Western culture before the attacks of Fascism in Germany and Italy. The following remark of Stalin's is quoted on the relations of pre-Nazi German science to Fascism: "they are not antipodes: they are twins."

"The Agricultural Crisis." By Joseph M. Goldstein. (New York) The John Day Company. 257 pages. 4s.

Dr. Goldstein is able to claim that in the year 1913, when English opinion on the future of agricultural prices was largely influenced by Sir William Crookes's fallacious prophecy of a coming wheat shortage, he foretold the fall in agricultural prices, especially in the price of wheat, which is the principal theme of his new book. The events of the last eighteen years have amply justified Dr. Goldstein's forecast. The increase in the acreage under cereals, the increased yield per acre, the cheapening of transport, the slowing down of the rate of population growth, the reduced consumption of breadstuffs, and the growing agricultural protectionism in Europe have combined to bring about the present depressed condition of agricultural producers, especially the producers of wheat.

Dr. Goldstein ably describes the importance of the agricultural crisis and the hopelessness of trying to remedy it so long as the forces of economic nationalism retain their present strength. Restriction of output is demonstrated to be worse than useless: it is extremely difficult to enforce on recalcitrant nations or individual farmers, would cause migration to the already overcrowded towns, would injure the railways and other secondary industries, and would lead to overproduction of the unrestricted crops. In a world where every country is attempting to raise the price level, the restriction of output is an illogical and impossible ideal. Dr. Goldstein does not suggest any remedy that would cure the depression, except the relaxation of protectionism, which he regards as "hardly possible at the present time," and his book is therefore rather pessimistic, or perhaps we should say fatalistic, in tone.

"An Account of the Finances of the College of St. John the Evangelist in the University of Cambridge, 1511-1926." By H. F. Howard. Cambridge University Press. 398 pages. 21s. net.

An institution which has kept detailed financial records of income and expenditure for over 400 years is sufficient of a rarity to merit special attention, so that Sir Henry Howard must be congratulated on the research which is incorporated in this book. He presents his facts clearly and his narrative is admirably documented and annotated.

The original endowments of St. John's were in land. The income grew from £47 14s. 2½d. in 1511 to £625 1s. 4½d. in 1525. Nevertheless, the college did not raise rents to offset the rise in general prices caused by the flow of metals from the New World, and the debasement of the coinage in the latter years of Henry VIII and during the reign of Edward VI. The college seemed unwilling to raise money rents even in later centuries, but by the application of Statutes restraining the granting of leases for more than 21 years or three lives and by the adoption of the corn rent system, the college avoided the disadvantages of long term fixed money rents and was enabled to participate in the benefits of the rise in agricultural prices. The surplus derived from the corn rents over and above the charges debited against them was distributed periodically to the Fellows, and thus gave rise to the Fellows' dividend.

The first investment in stocks (15 East India bonds and £1,000 South Sea annuities) makes its appearance in 1749, but it was a very long time before the college considered that such investments might form a useful means of employing its capital. A London banking account (with Sir Francis Gosling and Company) appears as early as 1765.

Under Dr. Powell's reforms after 1770, increased attention was devoted to the college estates, and new property was acquired for the future extension of the college. Moreover, a reserve was constituted for the same purpose. A reserve for renovations and repairs was not set up until 1888, while a general reserve fund was not started until 1917.

A period of grave financial stringency marked the period 1826-1856, for the sums borrowed for the construction of the draughty vastness of New Court had to be repaid with interest. As the college relied largely on agricultural rents for its income, the depressions of the 'seventies and 'nineties again severely curtailed the revenues, so that the Fellows' dividends fell from £240 in 1882 to £80 in 1894 and 1895. To prevent a recurrence of such troubles, it was essential to develop new sources of income. Thus, land leased for building and the investment of the proceeds of various sales in securities provided an additional safeguard against fluctuations. Whereas in 1882 nearly four-fifths of an income of £37,500 was derived from farm rents and tithes combined, by 1925 farm rents and tithes represented less than one-half of a total income of £50,000, while houses on building lease and income from securities accounted for nearly two-fifths of the total.

"India's New Constitution." By J. P. Eddy and F. H. Lawton. Macmillan and Company, Ltd. 190+42 pages. 6s.

The sub-title "A Survey of the Government of India Act, 1935," gives, perhaps, a more accurate description of this useful handbook. It summarises the provisions of the new India Act in detailed and thorough fashion and, on the subject of the Judicature and Prerogative Rights of the Crown, contains useful references to a number of precedent-establishing cases from other parts of the Empire. It is, indeed, primarily a book for the student of either constitutional law in general or Indian constitutional development in particular. For the ordinary reader, the main outlines of the scheme must necessarily, in such a book, be swamped by the mass of detail. One could wish, therefore, that the principles of the scheme had been examined and elucidated in a separate chapter instead of being merely summarised in a scant three pages in the "Introductory" chapter.

In the same way, if a proper understanding of the changes is to be obtained, some description of the existing constitution is essential, and a fuller account of the historical background of the last twenty years would be desirable. It seems to be a pity to dismiss the Round Table Conference in two lines, when the Government's statement of June 19, 1931, contained all the principles on which the new Act is based. The danger of any detailed examination of the Act as such, without explanations and some historical background, is that the very great advance which is being made is obscured in the reader's mind by the mass of reservations and reserved powers. To say this, however, is not to detract from the value of a book which gives the provisions of the Act in ordinary, rather than legal, English.

"Family Expenditure: A Study of its Variations." By R. G. D. Allen, and A. L. Bowley. P. S. King and Son. 145 pages. 9s. net.

This detailed and scholarly investigation is based upon twenty-two groups of family budgets, including that obtained from the Enquiry into Family Life organised in 1932 by Sir William Beveridge in co-operation with the B.B.C. The names of the authors are a sufficient guarantee of the high quality of the work.



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The opening chapter is devoted to an examination of average expenditures on the various items in the family budget, and it is shown that these may be related to average income by simple formulae, applying over a wide field. Engel's Law of the relation of expenditure to income is precisely formulated, and it is shown that goods may be classified according to a scale of urgency. The more difficult task of examining the changes which occur in the distribution of family expenditure as income changes is next attempted. The data show that there is a considerable variation of expenditure about the average for the group, but that, when the effect of variation of needs and income has been allowed for, the variation can be described, at least approximately, by the normal law.

Finally, the results of the inquiry are related to the mathematical theory of economics. To this end, the authors develop a theoretical analysis of the distribution of expenditure, following a method which will be familiar to readers of Wicksteed, Walras and Pareto. The way in which the equilibrium distribution is determined in the general case of n goods is given mathematical expression in an appendix. Devotees of the mathematical school will doubtless welcome this latest "econometrical" study with open arms; those unskilled in the mathematical technique had better leave it severely alone.

BOOKS RECEIVED

An Outline of European Economic Development. By R. H. Soltan. (London) Longmans, Green and Company, Ltd. 307 pages. 7s. 6d. net.

Law and Politics. By the Rt. Hon. Lord Macmillan. (London) Cambridge University Press. 34 pages. 1s. 6d. net.

The Two Nations. By C. Holles. (London) George Routledge and Sons, Ltd. 258 pages. 10s. 6d. net.

Money: The Views of Three Centuries. Compiled by M. Butchart. (London) Stanley Mills, 69 Grafton Street, W.1. 348 pages. 12s. 6d. net.

Economic Principles of Transportation. By W. T. Jackman. (London) H. Milford. 891 pages. 21s. net.

Agriculture: The Home Market and National Security. Views of the National Farmers' Union on Current Agricultural Problems. (London) National Farmers' Union, 45 Bedford Square, W.C.1. 40 pages. 1s. net.

Official Year Book of the Union of South Africa and of Basutoland, Bechuanaland Protectorate and Swaziland, 1933-1934. (Pretoria) Office of Census and Statistics. 1,153 pages. 5s. net.

OFFICIAL PUBLICATIONS

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

Report of the Commission appointed to enquire into the Disturbances in the Copper Belt, Northern Rhodesia, October, 1935. Cmd. 5009. 1s. 6d. net.

Colonial Reports. No. 1719: Fiji, 1934. 3s. net. No. 1722: Kenya Colony and Protectorate, 1934. 2s. net.

MONEY AND BANKING

RISING NOTE CIRCULATION

THE progress of Britain's trade recovery, since 1932, has coincided with a persistent increase in the size of the note circulation. Though this movement has been frequently obscured by short-term seasonal fluctuations, its essential continuity is revealed by the graph which we publish on this page. To what factors may it be attributed? What is its significance?

The seasonal changes, shown in the chart, are readily explainable. From a low point in February each year the circulation normally expands to an Easter holiday peak, falls again, rises from Whitsun to an August peak, and, after a considerable autumnal contraction lasting till mid-November, reaches its maximum for the year at Christmas. Minor increases occur at the beginning of every month.

The most striking feature revealed by our chart is less the regularity, year after year, of these movements, but the fact that every year's fluctuations have been around a higher mean level than their predecessors. The trend of the note circulation, in fact, has been steadily upwards, its gradient being moderate in 1932 and 1934, and appreciably steeper in the early part of 1933 and—more particularly—in the present year. The 1935 Easter and Whitsun peaks, indeed, were almost submerged in the rising trend, and the autumn contraction has been less well marked than in earlier years.

That the note circulation has considerably and consistently expanded is beyond question. As soon, however, as we attempt to explain this most significant phenomenon, we encounter difficulty and disagreement. It has been suggested in some countries abroad that the increase is due

demand from the banks, from other institutions and from the public. What, then, has been the destination of the additional currency issued in recent months?

We may begin by ascertaining how far the requirements of the commercial banks for till-money have expanded with the recent rise in their deposits. The following table, abstracted from the Bank of England's Statistical Summary, throws some light on this question. It shows the extent of movements between January and October (omitting Christmas peak demand), in each of the last four years, in the Bank's note circulation, the estimated till-money holdings of the commercial banks, and the estimated total of notes and coin held outside the banks:—

	(In Million £'s)	Bank of England Note Circulation	Banks' Till-money	Active Circulation of Notes & Coin
1932—January		346	110	359
October		358	114	354
Change	+ 3.5%		+ 4.1%	- 1.4%
1933—January		353	110	354
October		369	120	358
Change	+ 4.5%		+ 9.1%	+ 1.3%
1934—January		367	119	358
October		378	120	369
Change	+ 3.0%		+ 0.7%	+ 3.2%
1935—January		375	125	367
October		400	126	386
Change	+ 6.7%		+ 1.0%	+ 5.1%

In 1933 the commercial banks were building up their currency reserves, and most of the extra notes placed in circulation would seem to have been retained in their tills. During the last two years, however, the expansion in the clearing banks' reserves has been moderate, and practically the whole of the extra note circulation has passed into the hands of the public. If this additional currency has not been hoarded, in what way has it been used? Normally, currency is required for the payment of wages and their subsequent transformation into current consumption. The wealthier sections of the community usually receive and make their payments largely by cheque. It may be relevant, therefore, to compare the active note circulation, first, with the trend of wage-rates; secondly, with the volume of employment; and, finally, with the trend of retail trade. The comparison is given below:—

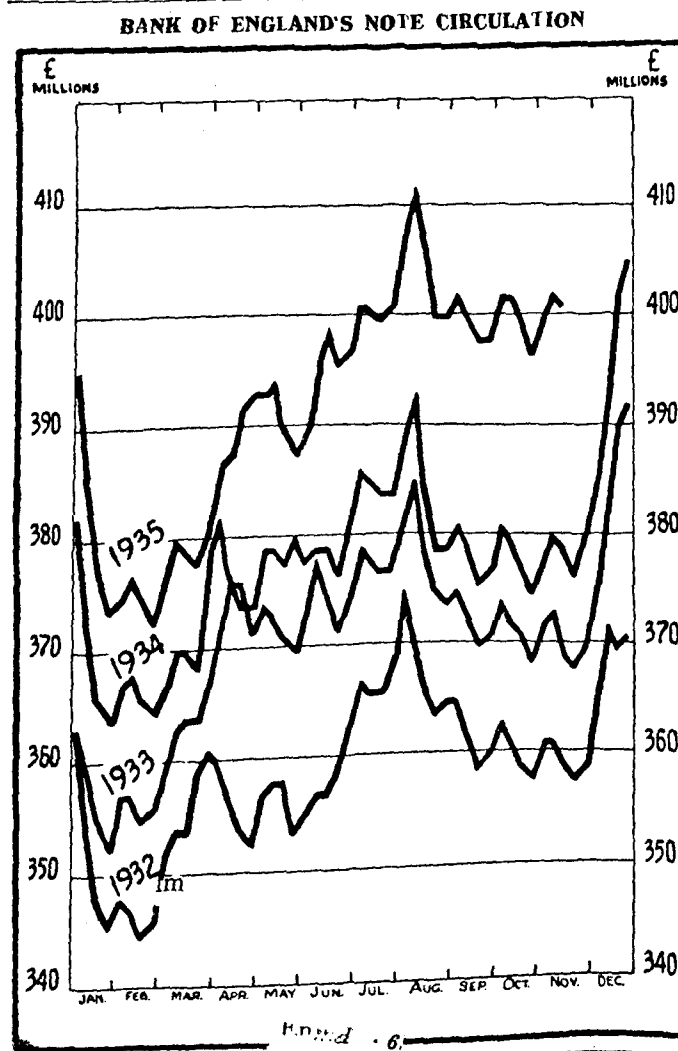
	Active Circulation of Notes and Coin £ mill.	Index of Wage Rates* (1924 = 100)	Insured Workers in Employment† (Millions)	Retail Trade‡ (1933 = 100)
1932—January ...	359	96	9.36	104
October	354	95	9.40	101
Change	- 1.4%	- 1.0%	+ 0.4%	- 2.9%
1933—January ...	354	94.5	9.28	97
October	358	94	9.92	102
Change	+ 1.3%	- 0.5%	+ 6.9%	+ 5.2%
1934—January ...	358	94	9.87	101
October	369	94.25	10.21	105
Change	+ 3.2%	+ 0.3%	+ 3.4%	+ 4.0%
1935—January ...	367	94.25	10.05	105
October	386	94.75	10.49	105
Change	+ 5.1%	- 0.5%	+ 4.4%	+ 8.1%

* Dr. Bowley's Index.

† Bank of England estimates.

‡ Increase between September, 1934, and September, 1935; the October index being unavailable.

The table offers strong—though not, perhaps, entirely conclusive—*prima facie* evidence that in the last two years additional notes have been required for the wages of extra workers in employment and for retail expenditure. That any large margin has been available for hoarding is difficult to reconcile with the figures given above. In short, there is a fair case for the perfectly reasonable and logical



either to inflationary tobacco, to hoarding. It is the practice of the Bank of fully raised however, to put notes into circulation, not on its own initiative, but in response to

assumption that increased note circulation has been a function of trade recovery.

So far, we have devoted our attention mainly to the trend of the circulation figures. Under current conditions, however, the probable extent of the forthcoming Christmas seasonal rise is a matter of considerable importance. If the increase is of the same order as last year's there is every prospect that the Bank's note circulation may rise to as much as £425 or £430 millions. If other factors were unchanged, this would reduce the Bank's Reserve temporarily to just under £30 millions. To look a little further ahead, if the upward trend of trade and the note circulation were maintained next year, Christmas of 1936 might see the Reserve down to £15 millions. On this argument, it would be prudent policy on the Bank's part, during the next twelve months, to endeavour to build up its Reserve. The latter, representing the cash held against its deposits, might be a source of misgiving at home and, more especially, abroad, if it fell, even temporarily, to an unduly low level.

The Bank, in theory, might attain its end in one of three alternative ways. The first is the writing-up of its gold stocks from 84s. 10d. per fine ounce to the market price of gold, which at present is 141s. 5d. This, however, would require legislation, and there is much to be said for deferring this until it can be incorporated in the many changes which will be necessitated by the eventual stabilisation of sterling. A second method would be to acquire fresh gold—as the Bank has, in fact, been doing, quietly and unostentatiously, during the past few weeks. If it were necessary, say, at Christmas, 1936, the Exchange Equalisation Account might be able to lend a helping hand by temporarily transferring, perhaps, some £25 millions of gold to the Bank to tide it over the seasonal peak. This, however, is looking some way ahead. In the meantime there seems much to be said for the third alternative, which is a temporary increase in the fiduciary note issue.

It would be well if the general public, at home and abroad, were able and willing to view such a potential expedient in a just perspective. At the time of the unification of the note issue exactly seven years ago, it was clearly stated that the fiduciary note issue was not normally intended to be immutable. The only time when an actual increase was made, however, was in the crisis month of August, 1931. If it were decided—quite reasonably, in our opinion—that the figure could and should be varied to meet passing needs, particularly seasonal needs, the outside world should realise that the resulting change had no sort of "crisis" significance. In short, the Bank may be well advised to continue quietly to accumulate gold before Christmas (provided that this does not occasion any new strain elsewhere). There might be no valid objection to a future policy of offsetting a seasonal expansion in the note circulation by a temporary increase in the fiduciary issue.

FINANCIAL NOTES

The New Deputy-Governor.—It was announced at last week's meeting of the Bank Court that Sir Ernest Harvey was retiring from the Deputy-Governorship and that the proprietors would be recommended to elect Mr B. G. Catterns in his place. Sir Ernest Harvey entered the service of the Bank of England in 1885, and after acting as auditor, chief cashier and comptroller, was elected Deputy-Governor in 1929. Mr Catterns is also a former officer of the Bank. He was appointed deputy chief cashier in 1925 and chief cashier in 1929. A year ago he relinquished the post of chief cashier in order to become a full-time director of the Bank. On personal grounds alone Mr Catterns' election will meet with a wide measure of approval, but it is also of importance because it marks the continuance of the new tradition that the post of Deputy-Governor should be filled from within the Bank. This suggestion was first made by Bagehot fifty years ago, on the ground that the Deputy-Governor should be akin to the permanent head of a Government Department, so that he could ensure some continuity of administration. It will be recalled that, before Mr Norman's election, a new Governor was normally elected every two years, and Bagehot's recommendation was based upon this practice. Even though Mr Norman is



about to enter upon his seventeenth year of office, the principle that the Deputy-Governor should come from within the Bank has much to recommend it, and its adoption represents one of the many useful administrative reforms which Mr Norman has quietly introduced. Sir Ernest Harvey's retirement will be greatly regretted, for both in his daily work and also by his evidence before the Macmillan Committee he won for himself a high reputation; but all will agree that Mr Catterns is a worthy successor to carry on the new tradition.

The Foreign Exchanges.—The franc continues to excite considerable nervousness, and this week's increase in the French Bank rate from 4 to 5 per cent. caused no surprise. Spot francs have been on offer at Frs. 74½, and the British Control is believed to have been giving support to the franc in Paris. The discount on three months' francs has widened to Frs. 2½-3, or over 14 per cent. per annum. Evidence of the strain on the franc is accumulating every day. The Paris-New York cross-rate has risen to Frs. 15.19, or beyond the export gold point. Engagements of gold for shipment reported during the week in New York are nearly \$30 millions, and they would probably have been greater if the French banks had not thought it advisable to exercise a policy of restraint. The Paris-Amsterdam cross-rate has fallen to Frs. 10.31 per guilder. This, again, represents the export gold point, and it is the first time that this rate has been touched for a very long time. Gold imports into England from France for this week total £1,083,000. Finally, this week's Bank of France return records a further gold loss of Frs. 933 millions, coupled with increases of Frs. 278 millions in discounts of commercial bills and Frs. 40 millions in 30-day advances against public securities. London, however, reports a smaller volume of business and less excitement than has been noticeable during previous periods of anxiety. The Dutch and Swiss exchanges have been strong against the franc, but there was some Dutch offering of guilders on Thursday against gold imports from France. It became known late on Wednesday that lira balances held in Italy by British banks were subject to new restrictions. Their transfer to Italian institutions and residents in Italy remains free, but official permission is now needed for their transfer to a foreigner or a foreign bank. One object of this new restriction may be to control illicit Italian sales of foreign currency, but it has also put an end to all dealings in lire in foreign centres, as the selling bank can no longer guarantee delivery. This may help the Italian authorities to secure any foreign currencies which may be on offer in exchange for lire. The real test is whether or not permission will be granted for the transfer of lira balances between foreign banks, and, if so, under what conditions.

Sanctions in Practice.—The various problems arising out of economic sanctions are slowly being dealt with. During the past week an order was issued relieving British

importers from the need of paying into the clearing in cases where a bill of exchange had been given and accepted on or before November 14, 1935. A more important order provided that certificates of origin had to accompany imports of goods from countries "accessible from Italy," including Germany, Austria, Hungary, Switzerland and Albania. This order was intended to prevent circumvention of the embargo on imports from Italy, but it has been challenged by the German Government on the ground that it contravenes the Anglo-German Trade Agreement. Discussions between the two Governments are now taking place, and the operation of the order has temporarily been suspended. Meanwhile, Mr S. D. Waley, a Treasury official, has been appointed Controller of Anglo-Italian Debts, and he has issued a full explanation of the operation of the new payments regulations. Even so, numerous knotty points have presented themselves to bankers, and the regulations seem already to demand a certain amount of revision and co-ordination, in which the Treasury and representative bankers might well co-operate.

Italian Reticence.—The return of the Bank of Italy for October 30th has not so far been issued, and it is understood that its publication, together with that of the trade returns and the return of Government revenue and expenditure, has been suspended indefinitely. Now that economic sanctions are in force, it is easy to understand that the Italian authorities will be reluctant to reveal their growing financial nakedness, but the decision to conceal the true facts may well prove a boomerang. Prospective foreign sellers of goods to Italy will henceforward be in complete ignorance of Italy's power to effect payment, and this will make them all the more eager to insist upon immediate payment in gold or foreign exchange. This will accelerate the drain upon Italy's limited gold stocks, and so will help to carry out the real idea behind the League Powers' embargo upon Italian exports, namely, to render it impossible for Italy to buy goods from abroad. Italy has clearly overlooked the old Roman proverb, *omne ignotum pro magnifico est*. Meanwhile it is announced that Italian nationals are requested to surrender all gold ornaments and other gold in their possession, while the importation of gold bullion by private persons is prohibited. This may be a precautionary measure, but it is equally evidence of increasing strain. The pressure of economic sanctions may be slow, but it is becoming clear that Italy fears that in the long run it may be certain.

Argentine Exchange.—Recent cables from Buenos Aires suggest that a movement is pending in the control of foreign exchange operations. It appears that the Argentine Government has decided to issue a Decree in the near future terminating the sale of official exchange by auction. It is quite likely that the task of fixing official selling rates for foreign currencies will be transferred to the new central bank, and it is now confirmed that the accumulated balances of the Exchange Fund are sufficient to enable exchange rates to be controlled within fairly narrow limits. The Fund is also stated to be in a position to meet the demands of advance exchange permit holders independently of the daily supply of exchange. The new Decree, terminating the auction system, will probably only affect the official exchange market. The system of prior exchange import permits will presumably continue, and such permits will be liquidated at rates fixed by the central bank. Thus both the official and free markets will continue to exist, and the 20 per cent. surcharge over official exchange rates imposed last April on imports paid for through the free exchange market will also remain in force. The official rates at which foreign currencies are sold will be fixed by the central bank, but there may be a narrowing of the authorities' margin of profit between the official buying and selling rates, which will operate to the advantage of authorised remitters. It remains to be seen how far these impending changes will meet the needs and objections of the railways, importers and other remitters of funds to foreign countries, but at least they are a move in the right direction.

Financing Small Business.—The Charterhouse Investment Trust announces an important extension of its subsidiary, the Charterhouse Industrial Development Company, which was formed in June, 1934, for the purpose of financing small businesses. Originally the whole of the capital was held by the parent company, and consisted of £200,000 in £1 shares, issued at a premium of one shilling, with five shillings paid up on each share. During the past year the balance of fifteen shillings per share has been called up, and it is now announced that the capital has been increased to £500,000 and that shares have been taken up by Lloyds Bank, the Midland Bank and the Prudential Assurance Company. The total capital is still on the small side, and, in comparison with their total resources, both the two banks and the Prudential have hardly more than a token investment in the new undertaking. Still, they have made it clear that they are associating themselves with this new idea, and provided that it continues to operate on sound principles, there is undoubtedly room for further expansion. The whole problem was discussed in the *Economist* of August 24th, when we said that finance of this kind ought only to be granted to concerns which were already established but were capable of further expansion. These are the lines along which this company is working.

The Money Market.—Money remains very easy, but there has been a slightly keener demand for loans in the afternoon. There was also some clearing bank calling on Monday and Thursday. The banks have been keen buyers of Treasury bills at $\frac{1}{2}$ per cent. for all dates up to the middle of February, and according to some reports they would have been ready to take more bills than were actually available.

	Oct. 31, 1935	Nov. 7, 1935	Nov. 14, 1935	Nov. 21, 1935
Bank rate.....	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Clearing banks' deposit rate ...	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Short Loan rate:—				
Clearing banks	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Others	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Discount rates:—				
Treasury bills	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Three months' bank bills	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$

Last week's Treasury bills went at an average rate of ros. 9.95d. per cent., against ros. 9.9rd. per cent. the week before. Some £45 millions of bills were allotted, against maturities of £40 millions. The tender issue now stands at £560 millions, against £360 millions on March 31st last and £424 millions a year ago. Hot Treasury bills were quoted this week nominally at $\frac{1}{2}$ per cent., but there was practically no business.

The Bank Return.—This week the note circulation fell by £2.5 millions, but it should now be at its lowest point immediately before the Christmas expansion. The Bank's gold stocks are again higher, and so the reserve has increased by £3.3 millions.

BANK OF ENGLAND					
	Nov. 21, 1934	Oct. 30, 1935	Nov. 6, 1935	Nov. 13, 1935	Nov. 20, 1935
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	192.1	194.7	195.5	196.5	197.2
Note circulation	376.9	399.9	402.2	401.4	398.9
Banking Department:—					
Reserve	75.8	55.6	54.2	55.9	59.2
Public deposits	25.3	26.2	21.0	15.8	21.6
Bankers' deposits	95.9	82.5	89.6	92.9	90.9
Other deposits	37.7	38.6	36.6	36.7	36.5
Government securities ...	80.1	85.9	87.2	83.5	83.6
Discounts and advances...	8.6	11.2	11.0	11.1	9.7
Other securities	12.2	12.3	12.5	12.6	14.4
Proportion	47.6%	37.7%	36.8%	38.4%	39.6%

Excise duty payments help to explain the week's increase of £5.8 millions in public deposits, but funds are probably being accumulated in readiness for the December War Loan dividend. The transfer of funds to public deposit explains the small drop in bankers' deposits.

THE STOCK EXCHANGE

BRITISH FILM SHARES

FIFTY years ago, a studio was set up in Paris "to investigate the motion of animals by photographic methods." From its early researches has sprung the premier entertainment industry of modern times, whose closely integrated organisation has threatened, if not destroyed, the prosperity of the provincial theatre. Its methods, though sometimes grandiose, in the showman's tradition, have invariably been vigorous. But the investor may well feel that, so far, his share in the industry's phenomenal progress has been disproportionately limited. Its prospects have always been viewed in a speculative context, and the yields at present obtainable on leading film equities do not suggest any disposition to change the market's long-standing view.

Reasons for caution, assuredly, are not far to seek. The expansion of the American industry in prosperous years has been paralleled by spectacular crashes in depression. By comparison, the boom in British cinema prospects, a few years ago, was a tame affair, but the succeeding reaction brought losses put at £2 millions. Encouraged by the rising ten-year quota for British films, new money flowed into the industry from 1927 onwards. Extensions of producing and exhibiting capacity came to fruition precisely at the moment when the advent of the sound film involved an expensive change-over, with considerable losses on "silent" films already produced.

In addition to the ever-present dangers of excessive capitalisation, the industry has, in the past, been exposed to the adverse effects of rapid technical change. The first factor is revealed most clearly by the "tied-house" system adopted by the leading groups for exhibition purposes. British producers have always stressed the value of the "shop-window," although it represents a limited independent market for their films. During the year to September, 1934, for example, some 36,256 million feet of film were exhibited in this country, of which the British proportion amounted to 9,460 million feet, or 26.1 per cent. This proportion, though well over the minimum quota requirement of 15 per cent., emphasises the importance of American bookings. The British producers, however, are endeavouring to obtain increased returns by penetrating the American market, not without success, though expectations in this direction should not be over-stressed. Meanwhile, new cinema construction, as this week's news suggests, is still active, and strategic purchasing of established houses continues apace. A pamphlet published some months ago by the Cinematograph Exhibitors' Association referred to the financing of cinemas "doomed to failure," and stressed the need for checking existing seating accommodation with the total population of each district, to avoid the addition of new cinemas where existing accommodation was already sufficient.

Spokesmen for the industry have frequently condemned the notion that cinema construction offers a modern Klondyke to investors. Similar warnings have recently been made, apparently for internal consumption, on behalf of the leading producing concerns. Mr John Maxwell, for example, at the Associated British Picture Corporation meeting in August, declared that film production was far from being a "land flowing with easy money," for in fact costs had mounted and gross receipts had failed to increase in due proportion. Almost identical views were expressed at the Gaumont-British meeting a month later.

Recent trends suggest, on the whole, that exhibition and renting have provided the mainstay for film profits. What are the current prospects of the exhibition branch? The remission of the entertainments tax on cheap seats from July last, coupled with improved trade and employment, may be a factor of great importance. Mr Simon Rowson, the industry's leading statistician, has computed that of an average weekly attendance of 18½ millions, as many as 8 million persons pay 6d. or under in admission. In terms of cash takings his estimates show that, out of net receipts

(excluding tax) amounting to £33,500,000, as much as £7,945,000 net was paid for seats up to 6d. Excluding the West-End and suburban audiences, the remission of the tax on these seats affects a considerably larger proportion of cinema-goers. It may be presumed that demand will show an elastic response to the reduction, which should help to fill the halls at "off-peak" hours.

On the production side, investors might be easier in mind if producers were less pre-occupied with the more lavish aspect of their art. Three major producing groups, however, have crystallised out of depression, whose recent profits and current share prices are shown in the following table:—

Company and Date of Accounts	Total Profits	Earned for Ordinary Shares	Ordinary Shares		Shares and Quotations	Yield %
			Earned	Paid		
Gaumont-British Group						
Gaumont Brit. Pict. Corp. (Mar. 31):					s. d.	£ s. d.
1933	482,812	217,228	9.3	7½	5½% pref. 18 0	6 2 0
1934	892,214	255,420	9.0	7	10s. ord. 10 6	6 13 8
1935	720,483	234,148	8.0	7	5s. "A" ord. 5 0	7 0 0
Gainsborough Pict. Co. (a) (June 30):						
1932	26,020	16,330	14.0	9	10s. ord. 7 0	12 17 0
1933	22,997	13,352	11.4	9		
1934	26,314	13,114	10.8	9		
Provincial Cine- matograph Theatres (b) (Jan. 31):						
1933	508,648	140,574½	23.7	15	7½% "A" 27 6	5 9 1
1934	459,490	117,990½	20.7	15	7½% part. 22 6	6 13 4
1935	482,508	141,553½	23.6	15	10s. ord. 21 3	7 1 2
Associated Provin- cial Picture Houses (c) (May 31):						
1933	113,964	78,782	11.7	10	£1 ord. 16 10½	7 2 5
1934	83,994	49,254	7.3	6		
1935	102,876	57,662	8.9	6		
General Theatre Corp. (b) (Mar. 31):						
1933	247,710	44,744½	Nil	Nil	7½% cum. 5 0	Nil
1934	193,934	Dr. 27,015½	Nil	Nil	7½% cum. 5 0	Nil
1935	214,977	67,851½	Nil	Nil	7½% cum. 5 0	Nil
Union Cinema (d) (Mar. 31):						
1933	123,542	17,663	21.6	6	7½% cum. 30 0	5 0 0
1934	156,861	23,775	28.0	10	part. pref. 11 0	3 9 0½
1935	151,474½	23,128	27.3	20½	£1 ord. 115 0	3 9 0½
Oxford and Berk- shire Cinemas (e) (Mar. 31):						
1935½	101,064	12,065	16.7½	16½	5s. ord. 14 9	5 8 6
Associated British Picture Corp. (Mar. 31):						
1933	138,395	73,771	9.8	5	6% cum. 21 0	5 14 8
1934	158,967	82,977	6.9	6	pref. £1 9 0	5 11 0
1935½	656,725	182,927	15.2	10	5s. ord. 14 9	5 8 6
British and Dominion Film Corp. (Oct. 27):						
1932	67,114	30,741*	Nil	Nil	£1 ord. 8 9	12 3 6
1933 (f)	36,836	19,463*	8.2½	5.33		
1934 (g)	108,207	47,480*	8.2½	5.33		

(a) Gaumont-British has voting control. (b) Subsidiary company of Gaumont-British. (c) Subsidiary company of Provincial Cinematograph Theatres. (d) For reference to formed September, 1934. (e) Six months to April 29, 1933. (f) Eighteen months period, after reconstruction scheme. (g) And capital bonus 20 per cent. (h) Includes unstated proceeds from liquidation of a subsidiary company. * Earned for preference shares. † Earned for first dividend on ordinary shares. ‡ Covering period from September 29, 1934, to March 31, 1935. Percentage figures shown per annum. †† Not comparable with previous years, owing to inclusion of Associated British Cinemas figures. ‡‡ Earned for dividends. § Earned for ordinary shares. Percentages shown per annum.

The Gaumont-British concern is directly a producer, controlling its cinema undertakings through a network of subsidiary companies. It maintains close co-operation with Gainsborough Pictures, over which voting control is exercised. Joint distribution of the output of the two concerns

is effected through a renting subsidiary. The connections shown in the accompanying table between Gaumont-British and its associates illustrate only the broad outlines of the group. Full analysis would necessarily include a complex of sub-subsidiary concerns, linked to Provincial Cinematograph Theatres (of which only one is given) and to General Theatre Corporation, with which Gaumont-British holds a ten-year management contract. The statement, this week, that Gaumont-British is not interested in the Union Cinema Company presumably implies that the interest secured in February last has since been disposed of. This concern, with its subsidiaries, including Oxford and Berkshire Cinemas, is now actively acquiring and erecting additional new cinemas. Its circuit already numbers over 100 cinemas; present building plans will increase the total to 130; and negotiations are in progress for the acquisition of three new circuits controlling 60 cinemas.

These outlines of the largest film concern in Europe—which, incidentally, include no reference to the substantial interest in Baird Television—indicate the difficulty of unravelling its financial position without the assistance of a consolidated balance sheet. The last accounts to March 31st showed that advances to, and shares and debentures in, subsidiary companies amounted to £10,372,068 out of total assets of £13,745,513. In these circumstances, the fact that the corporation held only £6,555 in cash (including a "special" bank account) may have limited relevance. The increase in the bank overdraft, however, from £133,172 to £667,537, coupled with the chairman's explanation of the increase in film productions and debtors, suggest that, at the date of the last balance sheet, the Corporation was somewhat heavily committed in film productions awaiting exhibition.

The valuation of these assets is a matter of some difficulty, and recent chairmen's speeches have been at pains to discuss the basis employed. The Gaumont-British practice is to charge the renting subsidiary with the full studio cost; the renters then credit receipts in reduction of this amount and value the film for stock purposes at less than the value of the contracted business for the ensuing year, unreleased films being taken at cost. The eventual results of the production business, therefore, are not shown in the parent company's accounts directly, but are reflected in practice in dividend receipts from (or, contingently, in provision for losses of) the renting concerns. The Corporation shows only one omnibus revenue item in its accounts, and the financial results of productions are not readily ascertainable, but since the production and exhibition branches of the circuit concerns must be regarded integrally, this may not be of major concern to investors. The consolidation of its complex interests, which is making slower progress than anticipated, still appears necessary before any long-term basis of share valuation can be established.

The second large producer, Associated British Picture Corporation, on the chairman's own statement, derives the largest contribution to profits from its 225 cinemas. Of these, the majority have lately been transferred from subsidiary concerns to the parent company, the reorganisation being reflected in the latest profit statement. Its remaining subsidiary companies consist chiefly of renting and smaller producing concerns. The re-grouping, assisted by the consolidated balance sheet, enables a more comprehensive view to be taken of the Corporation's position. The issue, a year ago, of £2,500,000 debenture stock, although primarily a funding operation, reflects the general practice in the industry of securing an increased volume of prior charges on cinema properties. This practice is not without certain disadvantages, if carried too far, and inevitably the resultant gearing factor throws increased speculative emphasis on the ordinary shares. In this specific case, however, the latest results indicate a marked improvement in group profits, of which under half has been distributed in increased ordinary dividends.

The third concern, British and Dominions Film Corporation, was formerly linked to Gaumont-British through rental arrangements. New contracts have since been entered into, however, and the concern is now an independent producer and does not operate cinemas. A severe writing-down of capital in 1933, involving nearly £225,000, has been followed by somewhat improved results, although earnings

during the latest period were equivalent to no more than 8.2 per cent. per annum on the reduced ordinary capital. Recent interest has been aroused by the announcement that Mr C. M. Woolf, formerly a joint managing director of Gaumont-British, has been appointed managing director of the Corporation. In assessing the prospects of the concern, which set aside £100,000 out of new issue proceeds for producing films in 1934, investors may inquire whether the finance of productions by way of new capital issues is altogether appropriate. Doubtless, the lack of financial facilities for current film production has been felt in the past, but advances against completed film are now less difficult to obtain.

It is difficult to avoid the conclusion that even the semi-speculative investor may be well advised to limit his interest in the producing branch—the more so in view of future technical possibilities such as the advent of the colour film and, ultimately, of television. To the exhibitors these possibilities are of less immediate concern, although they may well increase their costs. Since the principal groups combine cinema and studio interests, a straight investment choice is hardly possible between the two sections, and the investor must leave the intricacies of cinema circuit economics to the experts, without unduly concerning himself with questions of relative profitability. As between the principal concerns, the further difficulty is introduced that merger "feelers" have apparently been abandoned.

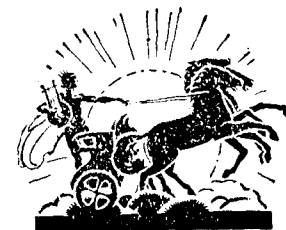
INVESTMENT NOTES

Markets After the Election.—The course of this week's events has borne out the cautious prognostication we ventured to make last week. Despite the return of the National Government with a majority after the "House's" own heart, which made the most optimistic bulls of "majorities" look like incorrigible pessimists, the expected "boomlet" has been conspicuously absent. Markets were active and strong on Friday, for the Government's victory had been clear—in kind, though not in degree—from the early hours of that day. On Monday, however, once the first batch of what are sometimes termed "Sunday paper orders" had been cleared, quietude began to give place to moderate but perceptible profit-taking. It became clear that many operators had correctly anticipated the result of the election, and regarded its announcement, like the declaration of an expectedly favourable dividend, as a signal for closing. On the whole, however, the markets have remained reasonably firm in the face of current news which has not been altogether favourable. The unexpectedly large strike majority in the miners' ballot has caused some misgiving, for a national stoppage would demand revision of many investment estimates based on the uninterrupted progress of trade recovery. On the whole, the markets, while retaining the dogged optimism which has survived the buffeting of the last four months, may be likely, for the present, to maintain an attitude of watchfulness—and prayer.

Far Eastern Uncertainties.—The recently established Protection Committee for Chinese bondholders may be faced sooner, rather than later, with serious work. Although the creation of an autonomous Government in North China has been "indefinitely postponed," the week's news from that region (discussed on page 1006) is of serious long-term import for investors. A declaration of independent status by the five Northern Provinces would have involved a small but relatively prosperous proportion of the vast territory of the Republic. Investors who appeal to recent history may conclude that the latest Japanese move betokens delay rather than abandonment of her ambition. The potential effects of any renewal of her forward policy in this area can be measured by the Customs receipts from the Northern ports. The long coast line of Hopei and Shantung includes the important Customs ports of Tientsin and Kiaochow; and the total receipts from six ports in these provinces amounted to little over 70 million standard dollars during 1933, out of total receipts of \$339.5 millions. The total for

1934 has been estimated at \$334.6 millions, equivalent in sterling to approximately £22½ millions. If the proportions relating to 1933 were again valid during 1934, the amount of dues collected from the Northern Ports would be equivalent to about £4.6 millions, or little over 20.6 per cent. Their contribution is, therefore, substantial; but it does not compare with that of Shanghai alone, which regularly provides around 50 per cent. of the total. After making certain special appropriations, the Customs revenues are applied to the service of the 4½ per cent. Gold Loan of 1898 (which requires £822,579 during the current year), the Boxer Indemnity Obligations (£4,337,096), and the 5 per cent. Reorganisation Loan of 1913 (£1,495,941). The total of some £6.7 millions for service, therefore, would not have been imperilled had the new Government been set up and the railway, Customs and salt revenues retained by it. On the 1934 Customs figures, and without assessing the effect of the recent currency decrees, holders of these prior Chinese obligations would still have enjoyed a reduced but adequate cover. The real danger may be more remote. The Japanese "Monroe Doctrine for the Far East," to judge from this week's declarations from Tokyo, rules out any prospect of international co-operation to assist China, for, without Japanese goodwill, a new loan would involve too high a political risk. Despite the mid-week recovery, this week's price movements have suggested that the market is concerned as much for Japan as for China. The effect of militant ambition on Budget revenues is now apparent, and further costly expansion may be projected. It is, therefore, not surprising at this juncture to find more concern over the Budget position than emphasis upon Japan's past exemplary record.

Protecting the Investor.—The address of Mr T. J. Carlyle Gifford, at the general meeting of the Association of Investment Trusts last Monday, was a landmark in the history of the movement towards collective security for the British investor. The Association, originally formed to represent a limited though important group of security holders, has in the last twelve months perceptibly enhanced both its prestige and scope by its success in securing the abandonment of the scheme originally put forward by the directors of De Beers for a permanent diminution of preferential share rights. When Mr Carlyle Gifford's remarks on the status of preference shareholders are interpreted in the light of the Association's recent action, they appear to be nothing less than a declaration of policy which may be directly applied to any and every scheme involving changes in preferential status which may be disclosed in future. The chairman put his finger unhesitatingly on two fallacies which are responsible for almost every inequitable proposal in this category. The first is that the preference shareholder, who is entitled to a relatively high rate of dividend, is a "burden," holding a species of junior fixed charge, on a company. In fact, he is merely a partner with the ordinary shareholder, under a contract for the division of profits. His existence does not alter the profit-earning capacity of a company by one iota, for his rights have no relevance until profits have been earned. Secondly, there is no force in the contention that, when the value of certain of a company's fixed assets has diminished or disappeared, the consequential reduction in capital should necessarily apply to preference as well as to ordinary shareholders. A loss of fixed capital does not render a company unable to pay dividends if they are earned and the profit-and-loss account is in credit. The original shareholders' contract provides for the payment of a fixed sum to preference shareholders out of profits, when these are available. So long as sufficient profits are being earned to cover the payment of this sum, preference shareholders may insist that the terms of the contract can and should be honoured. The argument for diminution of rights as a consequence of depreciation of fixed assets is a *non sequitur*. Any change to which preference holders may agree, purely as a matter of expediency, should be accompanied by equivalent compensation. Mr Carlyle Gifford's address also contained a refutation of the thesis, not unpopular in high places, that foreign investment by British citizens is unwise and inexpedient, if not exactly anti-social. It is well that authorita-



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tive investment spokesmen should remind the authorities, from time to time, that Britain's foreign investments have been a protection in time of war, and a means of raising the standard of living of this country in times of peace.

* * *

Russian Bonds.—The Stock Exchange is showing practical evidence of the change in the City view as to the stability of Communist Russia and the prospects for Czarist bonds. The diminution of political aversion and the trend towards economic normality in the U.S.S.R. during recent years have brought important psychological changes. The City is disposed to take a more lenient view of the Russian contention that in the special circumstances a distinction between the validity of Czarist and post-Czarist obligations is appropriate, while Moscow seems more inclined to make the appropriate gestures to placate Ceresus. The mutual advantages of a resumption of fuller financial and economic co-operation provide powerful incentives to both sides. Mr Norman Holden, chairman of the Phoenix Investment Trust, formerly "Russian Corporation," recently expressed the view that "during the last twelve months a settlement of the debt question of some kind has passed through the stage of possibility to that of probability," and suggested that Russia wanted at least £40 millions of machinery on a ten-year payment basis as a *quid pro quo*. The Government bonds, whose nominal value in the Stock Exchange list amounts to £300 millions, have lately been changing hands around 2, against a quotation of $\frac{1}{2}$ earlier this year. Market sources have reported a quietly persistent demand for some time past. The circumstantial evidence that some deal is pending is quite strong. However, consideration of the aggregate funded debt outstanding should limit severely the anticipations of bondholders. Many, for example, might regard Mr Holden's statement that the matter will become practical politics "even if the price is no higher than 25 per cent. without any accrued interest" as optimistic in the circumstances. Regarding "ways and means," the interesting suggestion has been made that the difference between the credit ranking of the two countries might be mobilised through the medium of a finance company, somewhat on the lines of the Argentine Convention Trust, or alternatively that Czarist loans might be accepted on a percentage basis in subscription to a new loan. It is not clear what provision, if any, would be made for Czarist commercial creditors, but it would seem hardly equitable to favour the bondholder creditor alone. The Lena Goldfields claim is in process of settlement by a partial offer in satisfaction of the arbitration award. An amended scheme is now to be submitted to an extraordinary general meeting, which goes some way to meet the claims of the note-holders. Their readiness to accept less than their full due upon a liquidation of the company may be expedient in the circumstances of the case, without providing any necessary precedent.

* * *

Actuaries' Investment Index.—The latter part of last week was a period of advancing Stock Exchange prices. Though activity has not been fully maintained this week, the Actuaries' Index of 158 industrial ordinary shares has reached its highest point since recovery began, at 80.0, against 78.7 a week ago and 75.6 a month ago (December 31, 1928 = 100). The corresponding figures of average yield are 3.73, 3.75 and 3.89 per cent. respectively. Significant movements in constituent groups in the index are shown below:—

Group (and No. of Securities)	Prices (Dec. 31, 1928=100)			Yields (%)		
	Month Ago	Week Ago	This Week	Month Ago	Week Ago	This Week
	(Oct. 22)	(Nov. 12)	(Nov. 19)	(Oct. 22)	(Nov. 12)	(Nov. 19)
Insurance Co.'s (24)	118.4	122.4	125.0	3.55	3.44	3.37
Investment trusts (14)	54.3	56.0	57.7	3.73	3.68	3.58
Building materials (4)	89.7	93.8	96.8	4.54	4.38	4.23
Cotton (6)	41.9	46.5	48.6	2.29	2.15	2.09
Electric supplies (8)	119.0	126.6	128.6	4.31	4.06	3.99
Stores and catering (15)	79.4	81.0	82.6	3.95	3.88	3.81
Breweries and distilleries (19)	128.2	134.6	137.3	4.30	4.13	4.09

The latest increase is widely distributed over groups which are likely to benefit most by continued industrial recovery. By the same token, uncertainty over a possible coal stoppage would be calculated to exert a restraining influence on many sections of the market.

COMPANY NOTES

Cement Companies.—In a recent Note on cement shares we pointed out how a rapid improvement in cement making plant had upset the equilibrium of the industry, enabling new enterprises to be started in favourable localities where prices could be cut and a local business carved out from the markets of the older concerns. In a speech which fully confirmed this analysis of the situation, the chairman of Associated Portland Cement Manufacturers recorded, last March, that the costs of his group had fallen by 42 per cent. in the last ten years, while the selling price had fallen by 46 per cent. By 1934, however, price cutting had over-reached itself, and the long-continued efforts of the Associated group, and certain others, at last achieved an agreement on prices covering the whole trade, together with a scheme for centralised propaganda and research. The registration of the association to carry out this work

	(Profits in £'000)						
	1929	1930	1931	1932	1933	1934	1935
Aberthaw & Bristol (Ch. Mar. 31):							
Earned for ord...	11.4	26.9	9.0	10.7	7.9	Dr23.9	10.9
Earned %	5.1	11.3	3.6	4.3	3.2	Nil	4.3
Div. %	8 $\frac{1}{2}$	8 $\frac{1}{2}$	6	6	5	Nil	7 $\frac{1}{2}$
Alpha Cement (Dec. 31):							
Earned for div...	Dr37.9	9.8	15.5	31.6	34.0	31.9	...
Earned %	Nil	1.9	4.6	10.1	10.1	6.3	...
Div. %	Nil	Nil	Nil	1 $\frac{1}{2}$	4	5	...
Assoc. Portland (Dec. 31):							
Earned for ord...	240.9	280.1	262.5	248.3	248.9	251.2	...
Earned %	8.0	8.9	8.1	7.1	7.1	10.0	...
Div. %	8	8	8	7	7	10	...
British Portland (Dec. 31):							
Earned for ord...	252.8	262.0	253.6	246.5	258.3	272.4	...
Earned %	15.0	15.8	15.2	14.7	15.3	16.2	...
Div. %	15	15	15	15	15	17 $\frac{1}{2}$	...
Central Portland (Sept. 30):							
Earned for ord...	19.9	8.6	10.8	18.5	17.5	7.2	...
Earned %	14.6	6.2	7.8	14.3	12.2	4.8	...
Div. %	12 $\frac{1}{2}$	7 $\frac{1}{2}$	7 $\frac{1}{2}$	10	10	5	...
Eastwood's Cement (Mar. 31):							
Earned for div...	12.4	24.6	17.6	14.1	4.1	18.7	29.8
Earned %	6.2	13.7	9.6	7.4	2.1	9.9	14.9
Div. %	10	7 $\frac{1}{2}$	6	6	3	7 $\frac{1}{2}$	13
Ketton Portland (June 30):							
Surplus*	Nil	1.2	7.3	12.3	12.7	10.6	21.7
Ord. earned %	Nil	0.6	4.7	8.1	8.4	6.9	13.4
Ord. div. %	Nil	Nil	2 $\frac{1}{2}$	5	5	5	7 $\frac{1}{2}$
Tunnel Portland (Dec. 31):							
Earned for ord...	...	...	...	83.7	87.8	148.4	...
Earned %	...	...	...	41.8†	43.9†	33.1‡	...
Div. %	...	...	...	20†	25†	16‡	...

* For ordinary and participating preference. † Tax free. ‡ Earnings shown allowing for participation right of preference. § Earnings and dividend rates on capital as increased by bonus and issue of June, 1934.

was announced in the Press a few days ago. Owing to the fulfilment of pre-agreement contracts, profits for 1934 did not (except in the Associated/British group) show much improvement. But companies whose financial year has ended more recently (such as Eastwoods and Ketton) have published greatly improved earnings. It would seem reasonable to accept these earnings as fair samples of what is to come. Despite serious price-cutting during the depression, cost reduction apparently kept pace with it until the final scramble of 1933-34. That, at any rate, is suggested by the steady yearly rise in the Moodys-Economist sample profits (based on seven companies) during the depression period. It is unlikely that reduction of costs should have stopped short in 1934 simply because a price agreement was concluded that year—indeed, the chairman of the Associated company specifically referred to further reductions

during last year. Thus the manufacturers may expect to benefit not only from somewhat higher prices, but also from some further economies. They have, besides, a useful equity in the revival of public works which has now become part of the Government's policy. The unemployment returns show that public works activity is still very low. A rapid revival would almost certainly coincide with the continuing effects of the still vigorous building boom to produce a peak in demand; while, at the worst, a slow revival in public works might offset a slow decline in general building. In the long run, cement can still count on an expanding market. The prospect for cement shares would thus appear to be sound, with room for further rises in profits. Boom conditions, however, should not be expected. They are unacceptable to the leaders of the industry and would only undo the laborious work of organisation achieved last year. In the event of a curtailment of demand, the recent and current rapid expansion of output capacity would put the new agreements to a severe test. But a curtailment of demand does not seem likely at present.

* * *

The Week's Brewery Results.—Although the week's brewery results have been uniformly favourable, the share market greeted their publication with a partial reaction. The accompanying table analyses a selection of the week's reports:—

Company (years to September 30th)	Total Profits	Earned for Ord.	Ordinary Shares			
			Earned	Paid	Quotation	Yield (%)
Bass, Ratcliff and Gretton	1933 1,105,159 1934 1,251,752 1935 1,313,525	403,153 490,913 540,338	18.0† 22.0† 24.2†	13† 20† 22†	s. d. 128 0	£ s. d. 3 10 6†
Fremlins	1933 85,636 1934 96,757 1935 105,700	42,128 50,976 59,713	13.6 16.5 19.4	7 $\frac{1}{2}$ 8 9	41 0	4 10 0
Stroud	1933 93,458 1934 99,494 1935 110,184	46,073 55,751 61,397	28.9 34.9 38.5	28.9 21 22 $\frac{1}{2}$	118 9	3 15 9
W. Butler	1933 170,053 1934 208,591 1935 215,030	77,029 112,714 111,209	19.3† 28.2† 23.7†	12 $\frac{1}{2}$ † 17† 16†	£13 $\frac{1}{2}$ sd (s)	4 10 7 (s)
Morgans	1933 124,646 1934 129,703 1935 136,914	29,471 34,449 41,701	17.6 20.3 24.8	12 $\frac{1}{2}$ 15 17 $\frac{1}{2}$	83 9	4 17 3

(s) 6 per cent. cumulative preference £10 shares. † Tax free. (a) On increased ordinary capital. (b) And capital bonus of 20 per cent. Yield worked on 17 $\frac{1}{2}$ per cent. basis. (c) Ex-dividend and bonus.

The **Bass, Ratcliff and Gretton** figures show record net profits, despite an increased provision for depreciation, and the increased dividend of 22 per cent., tax free, is covered with a very satisfactory margin. The most interesting balance sheet change is the reduction of gilt-edged holdings from £243,000 to £83,000. **Worthington and Company**, with whom Bass is closely associated, report an increase in total profits from £366,877 to £385,214. These improved earnings by concerns with a national sale, are closely paralleled by the widely-spread concerns illustrated above. Both **Stroud** and **Morgans** supply an agricultural market, and **Fremlins**, despite its rather wider interests, falls mainly in the same category. In each case the expected increase in cash distributions is to be made. Further, **Morgans** and **Stroud** intend to make issues of bonus shares, at the respective rates of 20 and 40 per cent. In the Birmingham area, **W. Butler and Company** also shows further recovery, although it does not compare with the handsome rise secured in the previous year. The increase in the total dividend of **Ansells Brewery**, from 15 per cent. to 22 $\frac{1}{2}$ per cent., may be more representative of the prosperity of "the trade" in the Midlands. In the Northampton area, **P. Phipps and Company** have increased the tax free dividend from 12 $\frac{1}{2}$ to 13 $\frac{1}{2}$ per cent. tax free. Its competitor, **Northampton Brewery**, shows rather slight expansion of total profits, and higher depreciation charges have reduced the ordinary earnings from 16.2 to 12.8 per cent., thus affording only minimal cover for the 12 $\frac{1}{2}$ per cent. dividend. The net profits of **Hull Brewery** show an advance from £89,492 to £97,128, and the dividend has been raised from 12 $\frac{1}{2}$ to 15 per cent. Broadly, the market has viewed the week's

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results with mild satisfaction rather than with elation, and is inclined, if anything, to moderate its estimates of further recovery. At best, the industry can expect merely the maintenance of the present level of the beer duty in the next Budget, when the effect of increased armament expenditure will, for the first time, be apparent.

* * *

Steel Share Outlook.—The Government's return with a re-armament programme has made for steadiness in the iron and steel share market this week. Developments are taking place in the industry, however, which, while encouraging enough in the short run, may in the long term prove detrimental to shareholders' interests. Current demand is probably greater than ever before. Unquestionably, the construction and motor industries are more active than at any time since the war, and two major depressed markets, railway material and shipbuilding steel, are showing some recovery. Production in October established a new post-depression record and represented between 85 and 90 per cent. of capacity. This scale of activity suggests that production, and consequently profits, are now at their maximum level consistent with present prices. There are only two ways, in fact, by which profits can be substantially increased in 1936. The first involves an increase in capacity, and, as the Stewarts and Lloyds experience at Corby has shown, it must be a lengthy business. The second method, by increased prices, is opposed to the industry's irrevocable pledges. It is difficult, however, to see how increased prices can be avoided, and already the South Wales producers have advanced the price of sheet bars. The present position, therefore, contains the seeds of over-extension of capacity and the concomitants of an inflationary boom. At the same time, the motor industry is becoming restive. Lord Nuffield again denounced the protection of an essential raw material last week, and now the Austin Motor Company has definitely decided to make its own sheets and forgings at the Tunstall works. The Richard Thomas acquisition of the Ebbw Vale iron and steel works also illustrates the growing zeal of consumers of steel to control their raw material supplies. These signs of instability in the industry, with a heavy naval re-armament programme and without the normal safety-valve of imports, may become chronic. From the market's point of view, chief interest centres on the producers of semi-finished steel. The recent profits of certain representative concerns are given in the table below:—

Company (and Date of Accounts)	Gross Profit	Ordinary Shares†			
		Earned	Paid	Quotation	Yield %
Baldwins (Dec. 31)—	£'000	%	%	s. d.	£ s. d.
1929	204	Nil	Nil	8 6	1 3 6
1932	115	Nil	Nil		
1934	343	3-5	2½		
Dorman Long (Sept. 30).	£'000	%	%	s. d.	£ s. d.
1930	495	Nil	Nil	22 0	Nil
1932	166	Nil	Nil		
1934	510	Nil	Nil		
Guest, Keen (Mar. 31)	£'000	%	%	s. d.	£ s. d.
1930	1,043	10-3	10	34 0xd	(a)
1933	237	Nil	Nil		
1935	911	7-5*	Nil		
South Durham (Sept. 30)	£'000	%	%	s. d.	£ s. d.
1930	85	6-0	6	51 6	4 9 3
1932	49	Nil	3		
1934	105	8-7	9		
United Steel (June 30)....	£'000	%	%	s. d.	£ s. d.
1931	131	Nil	Nil	32 6	4 6 2
1935	1,244	11-4	7		

* Allowing for only one year's second preference dividend. † All of £1 denomination, except Baldwins, 4s. (a) Interim of 2½ per cent. tax free paid in respect of current year.

It will be seen that profits even in 1934 were up to the 1929 level, although the level of production was lower. The coming accounts for 1935 should show further improvement, but thereafter the advance may be a function of price rather than output. Whitehead is the only re-roller of market importance, and its profits have not yet reached the top, for the new mill has only recently begun three-shift working. The possibility of higher prices should definitely be taken into account in the valuation of motor and light engineering shares.

J. S. Fry Reorganisation.—The news that the old established company of J. S. Fry and Sons, Limited (a subsidiary of British Cocoa and Chocolate Company, Limited), is to be liquidated, as a prelude to reorganisation, has come as an unpleasant surprise to preference and preferred ordinary shareholders. The company has four classes of preference and preferred ordinary shares in issue, to a total of £1,250,000, against an issued total of £900,000 in "A" and "B" deferred ordinary shares, which are held by the controlling company. The preference and preferred ordinary are regularly dealt in and quoted on the Bristol Stock Exchange, where their status, among an extensive clientèle of conservative investors, has always been of the highest. The company has never made public its complete accounts, but from available information it would seem that the profit-and-loss balance, in the balance sheet, dropped from £125,000 in 1932 to £81,000 in 1934, and that the latter amount was arrived at after crediting "reserves no longer required" and certain other non-recurring items, and debiting, *inter alia*, a trading loss. This information may have suggested that the company, recently, had been less prosperous than heretofore, and the Bristol quotations for the preference and preferred ordinary shares have, in fact, fallen by approximately 2s. 6d., all round, during the last few months. That so extreme a remedy as liquidation was in prospect, however, was not imagined. According to the articles of association, the various classes of fixed-dividend shares are repayable at par—namely at £1 in each case. The directors, however, have recognised that such a course might holders. They therefore propose to repay the shares at various premiums ranging from 2½ per cent. to 27½ per cent. The principle will be applauded as honouring the principles of equitable treatment of preference shareholders, which have been frequently enunciated in our columns, and have been forcibly restated by the chairman of the Association of Investment Trusts this week. The amounts offered, incidentally, are somewhat below the market quotations prevailing recently, before the issue of the scheme:—

Class of Share	Amount Issued	Prices, May, 1935	Prices, Nov., 1935	Amounts offered by Company
6% cum. pref.	400,000	s. d. s. d.	s. d. s. d.	
5% cum. pref.	250,000	28 6-29 6	26 0-27 0	25s. 6d. per share
6% non-cum. pfd. ord.	200,000	23 0-24 0	21 6-22 6	20s. 6d. "
8% non-cum. "B" pfd. ord.	400,000	25 0-26 0	22 6-23 6	21s. 6d. "
		28 6-29 6	26 6-27 6	22s. 6d. "

The preference shareholders, while appreciating that, in the words of the directors' circular, they are receiving "an uncovenanted benefit," may ask for a full statement of the position, in order that their decision may be given in the light of all available facts.

* * *

Oil Dividends and Sanctions.—The oil share market has been disappointed to learn that interim dividends from "Shell" Transport and Royal Dutch have been deferred. The "Shell" announcement came initially as something of a shock, but closer reading of its terms suggested that possibility that present deferment of an interim declaration did not necessarily preclude a distribution at a later date. A rally promptly ensued in the shares. The Royal Dutch directors have also declined to make a statement regarding an interim dividend, but in this case also there remains some prospect of an announcement during the second half of December. In both cases interim payments in the past have been made in January, and time is not, therefore, pressing. In view of the present position regarding sanctions and exchange difficulties, the hesitancy of the two of essential war materials does not include oil, since a successful embargo would require the co-operation of non-member States, and in particular America. The President's powers to act under the Neutrality Act may be a circumscribed. Assisted by public opinion and by indirect "harassing" action by various departments of the

Administration, however, it is possible that the President might be able to lend at least partial assistance to an oil sanction. Doubtless these considerations have been weighed in this week's decisions, for the improvement in the world oil situation, politics apart, has been sustained. Investors will watch with close attention the moves which are now in progress to establish some form of embargo on Italy's oil supplies. Apart from the United States, which is a large supplier of all forms of oil, including lubricants, the principal sources include Roumania, which exports raw oil, and Persia, whose supplies consist chiefly of benzine. The Iranian exports of this fuel to Italy during 1934 amounted to 117,265 tons, and they comprise a substantial proportion of Italy's total supplies. The interest of the British Government in Anglo-Iranian has suggested in some quarters the possibility of a certain revulsion of public feeling against the continuation of these supplies. We discuss this matter at some length in a leading article on page 1,000. The possibility of independent action, however, may be unlikely until the League's endeavours have been carried to a further stage, but the implications of the official participation in Anglo-Iranian, primarily intended for defence purposes, may not be lost upon investors.

* * *

Tate and Lyle Progress.—Under the legislation of 1928, which placed a duty on foreign refined sugar, Tate and Lyle was one of the first concerns to benefit from the new tariff policy of this country. As the subsequent profit record demonstrates, the business has since developed on a much larger scale than before. The preliminary statement for the year to September 30, 1935, published this week, shows that the expansion of earnings has been well maintained. The figures so far available compare as follows with those of earlier years:—

	Years to September 30,		
	1933	1934	1935
Earnings preference dividend	£683,361	£980,868	£1,264,792
Preference dividend.....	71,500	71,500	71,500
Ordinary shares—			
Earned	611,861	909,368	1,193,292
Paid	578,000	765,000	870,399
Earned %	18-3	28-0*	27-2†
Paid %	17	22½	18-29†
To free reserves.....	50,000	150,000	310,000
Carried forward.....	48,973	43,341	56,233

* Or 33-7 per cent. before charging £150,000 placed to tax equalisation account. † Earnings and dividends on capital after 40 per cent. capital bonus distributed in May. Actual dividends declared were 6 per cent. interim and 14½ per cent. final.

The rate of earnings and dividend for 1935 are calculated on the average capital outstanding and including the 40 per cent capital bonus declared in May, which ranked only for the final dividend. On last year's capital the 1935 dividend is equivalent to 25-6 per cent., and the earnings to 38 per cent. The table above somewhat exaggerates the improvement in the company's profits, since the profits for 1932-33 were lower than for either of the two preceding years or for 1928-29. A very real improvement, however, has taken place, firmly based on rising turnover and reorganised works. In normal conditions there is no reason to doubt the maintenance of the present level of earnings, with the possibility of a further advance. But, as the chairman has often reminded his shareholders in earlier years, the company is compelled to carry considerable stocks at market risk in the normal course of its business, and, as happened in 1929-30, can suffer big stock losses in times of rapidly falling prices. As a serious fall from the low prices now prevailing seems unlikely, the stock risk is not an immediate factor, more especially as the company is believed to have improved its methods of covering the risk since the losses of 1929-30. The generous allocations which the directors have made to reserve this year suggest that they now aim at stability rather than rapidly advancing dividends.

* * *

Wall Paper Manufacturers.—Comparison of the latest profits of this concern with those of the preceding year is difficult owing to the acquisition of a number of

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paper-making concerns in that year, and the inclusion, in the 1933-34 results, of only four to five months' profits of the new undertakings. The full accounts, published this week, show total income, after charging £18,085 interest under purchase agreements, of £801,783. In terms of earnings for the increased deferred capital, the improvement is equivalent to little over 1 per cent. For the first occasion the directors present consolidated earnings and assets statements. The earnings figures are less revealing than the balance sheet, but they indicate that the parent concern has taken into account its full share of the total net profits of the group. The directors' report refers to the continuation of trading conditions "on normal lines," and a sentence referring to a competitive price policy suggests, without clearly stating, that price cutting may be less acute in the trade. A three-year profit statement follows, which must be interpreted with reference to the recent extension of the group:—

	Years to August 31st		
	1933	1934	1935
Trading profits and income from	£	£	£
Subsidiary companies	572,884	641,790†	783,736†
Other investment income.....	62,172	70,417	18,047
Total income	635,056	712,207	801,783
Income tax	58,246	58,690	78,312
Staff funds	10,000	10,000	10,000
Debt interest.....	40,569	40,569	48,217
Preference dividend	60,000	60,000	71,991
Ordinary dividend.....	140,000	152,741	165,482
Deferred shares :			
Earned.....	326,241	390,207	427,781
Paid	230,000	268,799	281,331
Earned %	17-9	19-8	20-9
Paid %	11½	12½	12½
Reserve provision	98,815†	100,000	150,000†
Carried forward.....	261,417	282,825	279,275

† After charging £30,262 and £18,085 interest under purchase agreements in 1933-34 and 1934-35 respectively.

† Whole amount in 1933 and £100,000 in 1935 allocated to reduction of goodwill, patents, etc.

Changes in the balance sheet principally reflect these acquisitions. Issued capital has increased, while investments and cash show a fall due to the satisfaction of purchase considerations shown in the last balance sheet. Stocks, however, show little change at £847,649. Whether this is due to "normal trade" or to a reduction of the stock ratio to turnover is not clear. The group stocks, shown in the consolidated balance sheet at £1,356,020, seem high in relation to total assets of £8,749,006. The liquid position, however, is enviable, and the concern could bring up heavy guns if attacked by outside competition. Until price cutting is definitely disposed of, however, the £1 deferred stock units, quoted at 56s. 3d. xd. to yield £4 9s. per cent., may appeal to the investor who seeks stability rather than rapid recovery.

* * *

Dennis and Associated Equipment.—The publication of the report of Dennis and the dividend of the Associated Equipment Company has induced a partial reaction in the shares. Dennis's profits, nevertheless, have expanded to cover an increased ordinary dividend with an adequate margin. The modest capitalisation of the concern, after two repayments of capital, magnifies relatively small absolute changes in earnings into relatively high earnings percentages for the shares. In addition to the 150 per cent. dividend, a tax-free distribution of 50 per cent. has been declared out of the surplus realised from

the White and Poppe liquidation, which now shows a balance of £97,772. The profits of the past three years are analysed below:—

	Years to September 30th	1933	1934	1935
Total profits	£	89,979	121,541	137,918
Depreciation	£	10,517	12,611	14,119
Fees	£	4,132	3,973	3,917
Staff fund	£	1,000	1,000	2,000
Ordinary shares :				
Earned	£	74,330	103,957	117,882
Paid	£	75,124	100,165	112,886†
Earned %		98.9	139.8	158.9
Paid %		100	133½	150†
Carried forward.....	£	106,827	110,619	115,815
Issued capital.....	£	75,124	75,124	75,124

† In addition, distribution of 50 per cent., free of tax, out of surplus on White and Poppe realisation account, requiring £37,562.

The balance sheet shows the usual position of extraordinary liquidity. Gilt-edged investments amount to £140,959, and cash holdings are over £30,000 higher at £140,959, and cash holdings are over £30,000 higher at £267,784. Stocks, however, are so much lower at £321,742. The profits figures were received in reserved fashion, for the increase in registrations during the year might have suggested a more vigorous recovery in earnings. Results, however, may have been affected by the conditions common to all "heavy" commercial vehicle producers, which we discussed in the *Economist* of November 9 last (page 898). The market suspects that the same factors have been largely responsible for the mere maintenance of the ordinary dividend of the Associated Equipment Company at rs. 3d. (8½ per cent. approximately) per £1 stock. The announcement was received with disappointment, and the units have fallen to 45s. (against a high level of 49s. on Monday), at which they yield £3 11s. 9d. per cent. Dennis rs. shares were sympathetically affected on Tuesday, and now stand at 37s. 3d. xd., yielding £4 16s. per cent. on the 150 per cent. dividend.

Burma Corporation.—The recent advance in base metal prices has placed a different complexion upon the outlook for this big producer, writes our mining correspondent. Nevertheless, the fresh shrinkage in both the quantity and value of the ore reserves indicates sufficient foundation for the warning as to the expectation of life given at the last annual general meeting. The return of capital then mentioned is expected to be made in January next, the amount being one rupee, or approximately rs. 6d. per share. In preparation for this payment, opportunities were taken during the past year to realise securities, the holdings being reduced from £690,300 to £314,500, while the cash rose from £466,070 to £1,127,850. Work during the past financial year was attended with unexpectedly good results at the junction of two lodes on the No. 8 level, the disclosure of copper ore on Nos. 7, 8 and 9 levels and the opening of pay material on various other lodes down to the No. 9 level. Drilling and other work at greater depth, however, continued to be fruitless. According to a market rumour, a discovery of importance has just been made at depth, but confirmation of this must be awaited. We summarise below the results of the last three years:—

	1932-33	1933-34	1934-35
Ore mined	tons 426,696	449,550	445,290
Yield refined lead	tons 70,560	70,560	70,560
Yield fine silver	ozs. 6,050,190	5,892,050	5,775,913
Working profit	£ 488,170	522,760	710,590
Sundry revenue.....	£ 62,030	42,230	46,740
Depreciation, etc.	£ 133,120	114,510	89,370
Taxes and duty.....	£ 104,250	117,700	155,740
Net profit	£ 312,830	332,780	512,220
Per cent. earned	3.0	3.3	5.0
Per cent. paid (free of Indian and British tax)	3.4	3.1	4.7
Reserve Funds	£ 179,390	149,390	179,390
Carried forward.....	£ 28,430	16,970	23,110

* Debit balance.

The substantial improvement shown in last year's earnings is attributable to the increased revenue derived from silver throughout the period and the advance in all metals during the final quarter—when, moreover, the opportunity arose to dispose of a considerable quantity of lead in stock. In addition, operating expenditure was lower than before, the charge for depreciation further declined, and there was no repetition of the 1934-35 expenditure in connection with the examination of the Wa States. An allocation of £30,000, however, has been made to reserve. The future outlook depends upon the course of silver and non-ferrous metal prices. Irrespective of the uncertain factor of war requirements, the outlook for consuming industries remains favourable. Allowing for the rs. 6d. returned capital included in current price, the yield on the basis of last year's dividends is about 6½ per cent., free of both British and Indian income tax.

Other Company Results.—Excluding the reports of the brewery and other industrial concerns, which are discussed in preceding Notes, the results of 31 further concerns are set out in our usual table on page 1050. In the Finance group, a good result is reported by *Bowmaker*, which finances hire purchase business. Profits have advanced to £48,480 and cover the increased dividend of 9 per cent. with an adequate margin. In the motor group the full report of *Humber* confirms the satisfactory profits figures announced last week, and the directors state that sales exceeded those of the previous year in both home and domestic markets. The *Enfield Cycle* net profits have fallen from £24,604 to £18,922, and the dividend is reduced from 8½ to 7½ per cent. Rubber company profits are again irregular, the best recovery coming from *United Temiang*, whose profits have improved to £10,102, at which level the 4 per cent. dividend is satisfactorily covered. In the iron and steel group, the *Weardale Steel* and *Fairfield Shipbuilding* results should satisfy recovery expectations. The net profits of the former concern amount to £72,502, against £51,780, the dividend being maintained at 6 per cent., while the latter has transformed a loss of £44,978 into a profit of £37,415. Among the miscellaneous industrial results, the *Frederick Sage* recovery has permitted the payment of three years' preference dividends, while *Vactric* in its first report shows net profits of £30,730 and pays 22½ per cent. Among the week's dividends, the 7½ per cent. interim payment of *Bristol Aeroplane* induced a partial reaction in the shares. *South Durham Steel* is to pay 11 per cent. on the ordinary and 5 per cent. on the "B" ordinary shares, against 9 and 3 per cent. respectively. The interim dividend of *Marks and Spencer* has been raised from 10 to 15 per cent., and that of *Allied Ironfounders* reduced from 7½ to 4 per cent.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following company meetings:—Dalgety and Company, Imperial Smelting, Mitchells and Butlers, Pahang Consolidated, Electric and Musical Industries, Raphael Tuck and Sons, S. Smith and Sons (Motor Accessories), Bukit Kajang Rubber Estates, Wankie Colliery, Kenya Consolidated Goldfields, and Witwatersrand Nigel. At the Electric and Musical Industries meeting, the chairman reported that although sales outside the Empire had decreased, sales within the Empire had increased much more. The chairman of Witwatersrand Nigel spoke of the satisfactory development progress that had been made in the past year, and of the encouraging results obtained by neighbouring companies. Mr. H. Frisby, of Pahang Consolidated, described satisfactory work in developing the company's property. He declared that the tin "corner" was still in existence and was unlikely to be broken for a very long time if the Italo-Abyssinian war continued. The chairman of Wankie Colliery Company reported an increase of coal sales of over 100,000 tons, an increase of 20 per cent. over the previous year. Mr. Gustave Tuck was eulogistic of the firm's work in all departments, and rated the firm's reputation higher than ever. The Hon. A. C. Hoey, chairman of Kenya Consolidated Goldfields, discussed the year's exploration and development of the

200 sq. miles of the company's concession, and reported excellent progress. He stated that a separate company is to be formed to operate a special area of the Kiteri-Kuja Section and 18 sq. miles of adjoining territory. The chairman of Mitchells and Butlers discussed the improvement in trade which followed the reduction in the beer duty in 1934. Sir Robert Horne at the Imperial Smelting meeting declared that unless regulation of zinc supplies were not effected by outside producers, an application for an increased tariff must be filed by the British zinc producers. The chairman of Dalgety referred to hopeful prospects for Australian and New Zealand wool growers. Shareholders of S. Smith and Sons were informed that operations were running at full capacity. The chairman of Bukit Kajang discussed the prospect of reduced rubber stocks.

THE WEEK IN THE MARKETS THE LONDON STOCK EXCHANGE

SETTLING DAYS

TICKET
DECEMBER 3

ACCOUNT
DECEMBER 5

The prophets of a post-election boom may be a little disappointed by this week's market movements. A Government majority exceeding the common estimate by a hundred seats has acted as a temporary stimulus, but the professional operator who saw his chance at the end of the last account has been quick to take his profits at the beginning of this. The early public enthusiasm was soon checked at home by the results of the coal ballot, and abroad by the serious events in the Far East. The effect of the former was particularly apparent on Thursday, when a long list of industrial, steel shares and rail stocks weakened.

The gilt-edged market opened in reactionary mood, for selling soon dispersed the early display of firmness. Further uncertainty resulted from the Far Eastern troubles, and conditions showed little improvement until mid-week. A moderate rally was then induced by fair investment support, in which War Loan was prominent. The corporation stocks were quiet owing to the resumption of municipal borrowing this week.

In the foreign bond market, Sino-Japanese issues have been most prominent, on circumstantial reports, and later abandonment of proposals for an "independent" Government in North China. Some political and investment implications of these postponed manoeuvres are discussed on pages 1006 and 1022. Chinese bonds were particularly nervous throughout the list, secured Customs loans and unpaid railway issues suffering a common fall. The news of the withdrawal of the plan prompted an immediate recovery and by Thursday the earlier losses had been substantially regained. Brazilian bonds opened in good form, but tottered a little on Tuesday before finding renewed support.

Home rails began well, but without real assurance. Profit-taking soon found its mark, particularly among the preference stocks. After a partial recovery, the result of the coal ballot and the week's traffic were received with disappointment, and quotations fell steadily. London Transport "C" stock failed to regain last week's high level, despite a satisfactory traffic return.

The Argentine rail market opened in good style, the new exchange decree being regarded as presaging improved exchange facilities for the companies. The opening rises were the largest, but the market maintained a consistently firm tone throughout the week.

Industrial markets began the new account in active style, but the public did not get the bit between its teeth as some forecasts suggested, and the professional profit-taker was soon in evidence. A "switchback" tendency developed later when fears of trouble in the coal industry damped the slightly more cheerful mid-week tendency. Iron and steel and coal issues became easier on the result of the ballot. The suggestion that optimum long-term earnings capacity has been achieved by the recent expansion of steel production is examined on page 1026. Motor shares ruled irregular. Associated Equipment recovered part of the earlier fall which followed the maintenance of the ordinary



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dividend, and other commercial motor issues (including Dennis, whose report is analysed on page 1027) ruled dull. Aviation shares ruled uncertain, and the anticipated Bristol Aeroplane dividend was followed by profit-taking. The electrical equipment section provided a number of features, including the continued rise of Crompton Parkinson to above the £5 mark, and a recovery in General Electric. Brewery shares opened cheerfully, but the week's results (set out on page 1025) found the profit-takers busy. Leading tobacco issues showed rather undecided movements. The store and textile groups opened with confidence, but suffered a reaction later in the week. Building issues resumed their initial firmness in mid-week, as did a number of miscellaneous industrials, such as Murex, British Oxygen, and Imperial Chemical. Bank shares made a mixed mid-week showing, and the insurance group was irregular.

The oil share market promptly recovered from its disappointment on the deferring of the "Shell" interim decision, discussed on page 1026. Prospects of higher petrol prices and Continental support for the leading international counters caused an immediate recovery to higher levels, and the suggestion that the Royal Dutch might make an interim decision during December induced a net gain in the shares.

Rubber shares have been consistently dull throughout the week, owing to the waning tendency of the commodity in Mincing Lane, nervousness regarding the control of Dutch native production and fears of demands for an increased Dutch quota next year. A mild selling movement occurred in the tea share market, but there was a fair response of professional support in mid-week. Indian shares were fairly active, but the Ceylon section was quiet.

Kaffir shares have enjoyed a very fair week, after a somewhat tentative opening. Late on Tuesday a buying movement set in, and encouraged by the return of excess profits and December dividend estimates, the market broadened further on Wednesday. A number of features, including East Rand Proprietary and West Witwatersrand, helped the general recovery. The West African market, except Bibiani, became easier, and in a quiet Australian market only Willuna maintained their early gains. The Rhodesian copper leaders gave a good account of themselves, and Selection Trust were in active demand. Tin share movements were limited and the market ruled quiet.

"FINANCIAL NEWS" DAILY BARGAIN INDEX

(Approximate number of Bargains recorded in Stock Exchange Lists)

	Week to Nov. 15, 1935	Nov. 14, 1935	Nov. 15, 1935	Nov. 18, 1935	Nov. 19, 1935	Nov. 20, 1935	Nov. 21, 1935
Government and Municipal Loans	5,845	1,094	1,044	1,259	1,194	1,307	1,103
Transport, Communications, and Public Utilities	5,389	950	1,192	1,361	1,209	1,303	1,163
Commercial and Industrial	25,738	4,984	5,390	6,509	5,437	5,649	5,204
Banks, Insurance and Financial	2,889	533	497	755	1,322	705	610
Mines (including Nitrate)	7,739	1,397	1,723	1,521	1,314	1,559	1,324
Oils	1,190	256	261	180	328	313	281
Rubber, Tea and Coffee	1,154	218	210	193	221	236	207
Total	49,944	9,432	10,317	11,773	11,025	11,072	9,872
Corresponding day in 1934	...	10,250	11,539	11,763	9,200	10,389	9,462

* Including Iron and Steel and Breweries.

REVISED "FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (July 1, 1935 = 100)

Highest of 1935 (Nov. 18)	Lowest of 1935 (Mar. 27)	Nov. 14, 1935	Nov. 15, 1935	Nov. 18, 1935	Nov. 19, 1935	Nov. 20, 1935	Nov. 21, 1935
105.5	87.4	104.5	105.4	105.5	105.0	104.8	104.3

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS. (1928 = 100)

Highest of 1935 (Feb. 1)	Lowest of 1935 (Oct. 3)	Nov. 14, 1935	Nov. 15, 1935	Nov. 18, 1935	Nov. 19, 1935	Nov. 20, 1935	Nov. 21, 1935
141.0	131.9	135.5	136.0	135.9	135.8	136.0	136.1

FOREIGN STOCK EXCHANGES

NEW YORK

VARIOUS factors have combined to encourage a strong upward price movement on Wall Street during the past week. There has been talk, if not of balanced budgets, at least of a lesser degree of unbalance; business indices are excellent; and foreign buying has spurred on a market which needed no urging. Stock turnover has been within sight of the three million mark, with steel and mail order issues prominent in an all-round movement, shared by rails and utilities. At the opening of this week there was a slight setback, partly technical, partly due to continued warnings from the authorities against inflation psychology, and partly to a short-sighted interpretation of the effects of the new Canadian Trade treaty. Liquor stocks fell in sympathy with the proposed duty cut on Canadian whisky. The advance was resumed on Tuesday, only to give way again to profit-taking at mid-week, with biggest losses in industrial and rails. Driven downward by Mr J. P. Morgan's attack on Roosevelt's taxation programme, the Dow Jones index fell from 148.44 to 146.65. The bond market has been firm and steadier than the stock market. Electricity output last week was 14.6 per cent. over the corresponding figure for last year, and *Iron Age* estimates steel mill activity at 54.5 per cent. of capacity, with demand from the motor industry still increasing.

Nov. 13, 1935	Nov. 20, 1935	Nov. 20, 1935	Nov. 13, 1935	Nov. 20, 1935	Nov. 20, 1935
Eng. Equiv.†	Eng. Equiv.†	Eng. Equiv.†	Eng. Equiv.†	Eng. Equiv.†	Eng. Equiv.†
U.S. 2½% Treas. Bds. 1945-47 ... 100½	100½	102½	Natl. Biscuit ... 35	35½	36½
Atchafalpa ... 50	51½	52½	Phelps Dodge ... 25	25½	26½
Erle ... 10½	11½	11½	Pullman ... 33½	37½	38½
Illinois Central ... 15½	15½	15½	Sears Roebuck ... 62½	67½	68½
N.Y. Central ... 23½	24½	25½	U.S. Fruit ... 68½	70½	71½
Pennsylvania ... 28½	28½	28½	U.S. Leather ... 8½	8½	8½
Southern Pacific ... 19½	19½	20½	U.S. Rubber ... 14½	14½	14½
Southern Ry. ... 9½	10	10½	U.S. Steel ... 48½	48½	49½
Union Pacific ... 100½	101½	103½	Westinghouse ... 94½	95½	96½
			Woolworth ... 56½	59	59½
Am. Can. ... 142½	144½	147½	Am. Tel. and Tlg. ... 148½	151	153½
Amer. Smelting ... 58	60½	61½	Interboro R.T. ... 18½	18½	18½
Anaconda ... 21½	24½	24½	Int. Tel. Teleg. ... 11	11½	13½
Bethlehem Steel ... 45½	50½	51½	Utilities P. & L. ... 2½	3½	3½
Chrysler Motor ... 85½	86½	87½	W. Union Tlg. ... 73½	75½	74½
Corn Products Rf. ... 71	69½	70½			
Eastman Kodak ... 166	168	170½	Shell ... 38½	38½	39½
Gen. Electric ... 39½	39½	40½	Shell Union ... 13	14½	14½
Gen. Motors ... 57½	57½	58½	Std. California ... 37½	36½	37½
Int. Harvester ... 58½	63½	64½	Do. N.J. ... 49½	49½	50½
Mont. Ward ... 36½	38½	38½			

† Calculated at \$4.92 to £.

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

	1934	1935	1935	1935	1935	1935	1935	1935	1935
	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest
351 Industrials ...	74.3	90.5	74.5	110.0	88.1	107.5	107.5	110.0	110.0
37 Rails ...	34.0	51.4	27.4	38.6	35.6	36.2	37.3	38.6	38.6
87 Utilities ...	55.2	83.4	52.2	82.1	57.9	88.9	90.1	92.1	92.1
Total, 421 Stocks	65.6	82.1	68.1	95.5	71.0	92.9	93.3	95.5	95.5
Average yield of 50 Industrial Common Stocks	2.78%	3.80%	3.02%	4.06%	3.62%	3.03%	3.02%	3.12%	3.12%

† December 26th. ‡ February 7th. (a) September 12th.

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

Highest of 1935 (Nov. 19)	Lowest of 1935 (Mar. 15)	Nov. 13, 1935	Nov. 14, 1935	Nov. 15, 1935	Nov. 16, 1935	Nov. 18, 1935	Nov. 19, 1935	Nov. 20, 1935
127.9	78.6	123.1	125.5	126.0	126.7	126.2	127.9	128.1

TOTAL DEALINGS IN NEW YORK

	Nov. 14, 1935	Nov. 15, 1935	Nov. 16, 1935*	Nov. 18, 1935	Nov. 19, 1935	Nov. 20, 1935
Stock Exchange—Shares (Thous.) ...	3,950	2,940	1,640	3,200	2,880	3,810
Bonds (Value Thous. \$) ...	17,570	16,850	8,490	15,790	15,440	16,760
Curb—Shares (Thous.) ...	581	509	271	549	422	672

* Two hour Session.

PARIS

Markets at the end of last week were almost completely dominated by the rise in the French Bank rate and by the opposition of the Parliamentary Finance Committee to

M. Laval's economic measures. There was a slight improvement in rentes on Friday, as that opposition weakened, but on Saturday rentes were neglected and more attention was paid to mining and electricity shares. On Monday, M. Laval's continued difficulties combined with the application of sanctions against Italy to induce unloading of speculative commitments, and later the fighting at Limoges between Fascists and Socialists caused further losses in rentes and banking and industrial issues. At mid-week there was a slight recovery induced by hopes that M. Laval would be able to prevail against the divided councils of the Left, but Thursday's increase in bank rate renewed the depressed tendency.

	Nov. 13, 1935	Nov. 18, 1935	Nov. 20, 1935		Nov. 13, 1935	Nov. 18, 1935	Nov. 20, 1935
Banque de France	8,750	8,910	8,820	Wagons Lits.	43½	47½	46
Crédit Lyonnais	1,610	1,637	1,625	Mexican Eagle	25	24½	23½
Suez Canal	17,970	18,035	18,400	"Chartered"	92½	94½	94½
Chargeurs Réunis	1,65½	1,77	1,80	Ford	55	55	55
Rio Tinto	1,409	1,457	1,490	De Beers	429	447	480
Royal Dutch	21,840	21,840	21,790	"Johnnies"	284½	294	293½

BERLIN

AFTER a decline early last week the share-market recovered, and on Friday was strong, many leaders gaining by between 2 and 4 points. The heaviest demand was for public utilities, electric-cables, and paper-pulps. The week closed undecided. The new week started with a renewed decline, but there were slight recoveries late on Tuesday. The chief feature of last week and this was heavy buying of Reichsbank, which advanced in ten days from 176 to 186. Russian securities were bought on reports of negotiations for a British loan to the Soviet Government. Home bonds were firm. In the dollar bonds list, certificated State and Bank issues were mostly a little lower. On Wednesday the Bourse was closed for Repentance Day.

	Nov. 13, 1935	Nov. 18, 1935	Nov. 19, 1935		Nov. 13, 1935	Nov. 18, 1935	Nov. 19, 1935
Reichsbank	177.25	183.25	186.00	A. E. G.	34.75	35.75	36.10
D.D. Bank	82.50	84.00	83.50	Siemens and			
Dresdner	82.50	84.50	84.50	Halske	163.00	163.25	163.50
L.G. Fardner	145.40	147.25	148.75	A. K. U.	51.75	51.10	50.75
Norddeutscher	16.10	16.40	16.50	Hamburg-Amer.	14.75	14.90	15.00
Lloyd (New)	16.10	16.40	16.50	("Hapag New")	14.75	14.90	15.00

AMSTERDAM

The markets were listless throughout the past week, except in the American section, and only began to show signs of life on Wednesday, when there was quite a strong upward movement under the influence of Wall Street. Royal Dutch had been fairly active, but fell 3 points on the postponement of the decision regarding an interim dividend. They recovered on Wednesday. Tobacco issues made substantial gains in the hope of a lower American tariff. Shipping and rubber shares were firm. Over the week, industrials were slightly lower. Shipping and bank issues, oil and plantation shares all slightly higher.

	Nov. 13, 1935	Nov. 18, 1935	Nov. 20, 1935		Nov. 13, 1935	Nov. 18, 1935	Nov. 20, 1935
2½% Dutch Loan	73½	75	74½	Steel Common	27½	30	30
5½% German	21½	21½	22½	A. K. U.	25½	25½	25½
Unilever N.V.	105½	103½	103½	Ford Motor	248	254	254
Philips Lamp	240½	237½	238½	Del. Batavia Tob.	148	154	159
Netherlands Ship	46½	44½	45	Royal Dutch	210½	211½	211½
				Handels Ams.	218½	218½	221½

CAPITAL ISSUES

UNLESS the Ethiopian War again resumes its pre-election importance, the return of the National Government appears to release the queue of supplicants for investors' savings. This week's issues, however, have been somewhat dwarfed by preparations for next week. *Sunderland* heads the long list of corporation borrowers who seek to refund mortgage obligations. The medium chosen is a 3 per cent. stock, with a maximum life of 23 years. Issued at a half point discount, it is cheaper, by that margin, than the comparable West Bromwich and Dundee issues made last July. The terms are more favourable to the borrower, however, than those "suggested" when corporation issues were resumed in June after several months of market indigestion. If they can be maintained, succeeding borrowers will have no cause to regret their delay. The other public issue, of *Tindals Gold Mines*, relates to a West Australian gold-mining proposition. A certain amount of work has been done in the past, but a considerable amount of development is in prospect. At this stage the shares must be placed in the speculative mining category. Particulars "for information only"



have been published by *Ottoman Railway Holding Company*, which has acquired the remaining assets of the railway after the sale to the Turkish Government, and *Victors Stores*, whose small capitalisation is based on low denomination shares. Among the week's fixed trusts, *First Protected Fixed Trust*, provides a further example of ingenuity, which appears to be of somewhat limited value to certificate holders. A sum of 2s., included in the price of each sub-unit, is to be set aside with London Assurance to accumulate during the trust period of twenty years. The eventual repayment of 3s., it is stated, will provide cover against the possibility of capital depreciation of that extent. Since 2s. of the sum, however, must be regarded as return of capital, the protection appears to be limited to the interest earned during the period. The capital redemption policy and the fixed trust, as such, have no necessary relationship. Although the accrued interest might be applied in offsetting any possible depreciation of the portfolio, it is evident that such losses are "underwritten" by the investor himself.

ISSUES OF THE WEEK

By Prospectus or Offer for Sale

Amount previously recorded, Jan. 1 to Nov. 16, 1935, including conversions, £269,600,196. Amount previously recorded, Jan. 1 to Nov. 16, 1935, excluding conversions, £133,955,828.

	Nominal Capital	Conversions	New Money	First Payment	Further Liability
To the Public					
Sunderland Corporation, £1,000,000 3% Stock at 99½ red. 1955-58	1,000,000	...	995,000	50,000	945,000
Tindals Gold Mines, 2,500,000 ord. shares 2s. at par.	250,000	...	250,000	62,500	187,500
Total	1,250,000	...	1,245,000	112,500	1,132,500
To Shareholders only					
Imperial Ceylon Tea, 12,000 shares £1 at 25½	12,000	...	15,000	...	15,000
National Omnibus and Transport, 200,000 ord. shares £1 at £1 7s. 6d.	200,000	...	275,000	100,000	175,000
Anglo-Portuguese Telephone, 123,750 ord. £1 at 25s.	123,750	...	154,687	37,125	117,562
Thrift Stores, 625,000 def. ord. shares 1s. at 2s. 3d.	31,250	...	70,312	...	70,312
Total	367,000	...	514,999	47,125	377,874

	Total Offered for Subscription—Including Conversions	Excluding Conversions	Total Offered for Subscription—Including Conversions	Excluding Conversions
Jan. 1 to date—				
1935	271,360,195	135,715,827	Whole year—	
1934	362,705,074	152,883,616	1934	410,980,300
1933	440,430,099	237,047,424	1933	467,921,500
1932	775,388,248	184,863,946	1932	2,699,684,265
1931	523,791,004	349,761,273	1931	114,290,666
			1928	693,100,058

(a) This figure includes £1,920,000,000 for conversion of 5 per cent. War Loan into 3½ per cent. War Loan.

Nature of Borrowing

	Debtentures	Preference	Ordinary	Total
January 1 to date—				
1935	73,370,801	28,372,524	33,972,502	135,715,827
1934	93,865,859	17,532,957	41,359,800	152,758,616
Whole year				
1928	212,917,900	45,062,600	111,177,600	369,158,100
1933	222,064,300	12,733,700	9,982,500	244,780,500
1934	102,769,300	21,461,000	44,878,400	169,108,700

By Stock Exchange Introduction

	Capital Introduced	Approximate Price Dealings Began	Cash Involved
Amount previously recorded	27,607,831	...	46,618,411
Total to date, 1935	27,607,831	...	46,618,411
Total to date, 1934	24,490,568	...	36,369,025

PUBLIC OFFERS

Sunderland Corporation.—Issue of £1,000,000 3 per cent. stock, 1955-58, at 99½ p.c. Proceeds to repay mortgage loans approximating £800,000 and balance for housing. Repayable October 1, 1958, or from October 1, 1955, on three months' notice. Rateable value, £875,558; present rate, 18s. in the £. Outstanding debt, £4,546,399, of which £1,077,041 for reproductive undertakings and £1,869,570 for housing.

Tindals Gold Mines, Ltd.—Issue of 2,500,000 2s. shares at par. Formed to acquire capital of Consolidated Gold Mines of Coolgardie from Exploration and Mines Development of Western Australia, Ltd., for £228,000, of which £30,000 cash and balance in 2s. shares. Vendors acquire option over

(Continued on page 1034)

LONDON ACTIVE SECURITY PRICES AND YIELDS

NOTE—Shares with a New York Quotation or with definite American interest are distinguished by italics

In calculating yields on fixed interest stocks quoted below allowance is made for interest accrued since the last date of payment, less income tax at the standard rate. Where stocks are definitely redeemable at a certain date the yield includes any profit or loss on redemption; where stocks are redeemable at or before a certain date the final date of redemption is taken when the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated by reference to the latest dividends, account being taken of any enhancement or reduction of interim dividends. Allowance is made for accrued dividends in calculating the yield on "cum div." shares.

Prices, Year 1934		Prices, Year 1935, Jan. 1 to Nov. 20, inclusive		Name of Security		Price, Nov. 13, 1935		Price, Nov. 20, 1935		Rise or Fall		Yield, Nov. 20, 1935	
High-est	Low-est	High-est	Low-est			Nov. 13, 1935	Nov. 20, 1935						
British Funds													
83 1/2	73 1/2	84 1/2	80	Consols 2 1/2%	85	85 1/2	+ 1/2	2 18 10	4 1/2	7 1/2	dis	Nil	Nil
120 1/2	109 1/2	118 1/2	109 1/2	Do. 4% Rec. 1957 (a)	115	115 1/2	+ 1/2	3 2 0	4 1/2	4 1/2	5 1/2	5 1/2	5 1/2
102 1/2	92 1/2	103 1/2	97 1/2	Conversion 2 1/2% 1944-49	101	101	0	2 9 6	3 1/2	3 1/2	4 1/2	4 1/2	4 1/2
106 1/2	96 1/2	107 1/2	100 1/2	Do. 3%, 1945-53	104	104	0	2 14 6	7 1/2	7 1/2	7 1/2	7 1/2	7 1/2
111 1/2	101 1/2	112 1/2	100 1/2	Do. 3% after 1961 (b)	107 1/2	107 1/2	0	2 15 0	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
116 1/2	106 1/2	117 1/2	106 1/2	Do. 4% 1944-44	111	111 1/2	+ 1/2	2 15 0	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
124 1/2	114 1/2	124 1/2	115 1/2	Do. 4% 1944-44	117	117 1/2	+ 1/2	2 17 6	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
104 1/2	94 1/2	105 1/2	98 1/2	Funding 3% 1959-69	101 1/2	102	0	2 17 6	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
121 1/2	111 1/2	122 1/2	111 1/2	Funding 4% 1960-90	116 1/2	117	0	2 15 0	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
103 1/2	93 1/2	104 1/2	94 1/2	3% Treasury Bds. 33-42	101	101	0	2 15 6	16 1/2	12 1/2	7 1/2	7 1/2	7 1/2
119 1/2	109 1/2	119 1/2	109 1/2	Victory Bonds 4%	115	115 1/2	+ 1/2	3 10 0	14 1/2	11 1/2	11 1/2	11 1/2	11 1/2
109 1/2	99 1/2	110 1/2	101 1/2	War Loan 3% after 1952 (p)	105	105 1/2	0	3 10 0	14 1/2	11 1/2	11 1/2	11 1/2	11 1/2
98 1/2	88 1/2	99 1/2	89 1/2	Local Loans 3%	95 1/2	96 1/2	0	3 10 0	14 1/2	11 1/2	11 1/2	11 1/2	11 1/2
104 1/2	94 1/2	105 1/2	95 1/2	Austria 3% 1933-53	102	102	0	2 18 0	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2
83 1/2	73 1/2	84 1/2	74 1/2	India 2 1/2%	73 1/2	75	+ 1 1/2	3 7 2	11 1/2	10 1/2	11 1/2	11 1/2	11 1/2
93 1/2	83 1/2	94 1/2	84 1/2	Do. 3%	88	87 1/2	- 1/2	3 9 4	14 1/2	11 1/2	11 1/2	11 1/2	11 1/2
99 1/2	89 1/2	100 1/2	90 1/2	Do. 4%	98 1/2	97 1/2	- 1 0 0	3 10 0	14 1/2	11 1/2	11 1/2	11 1/2	11 1/2
118 1/2	108 1/2	119 1/2	112 1/2	Do. 4 1/2% 1955-68	114 1/2	114	0	3 11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2
107 1/2	97 1/2	108 1/2	105	U.K. & Arg. 4% (A 1947)	106	106	0	3 7 8	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2
Dom. & Colonial Govts.													
117 1/2	107 1/2	118 1/2	106 1/2	Australia 5% 1945-75	112	112	0	3 16 0	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
107 1/2	97 1/2	108 1/2	100 1/2	Canada 4% 1940-60	104	104	0	3 6 0	15 1/2	13 1/2	7 1/2	7 1/2	7 1/2
119 1/2	109 1/2	119 1/2	112 1/2	Gold Coast 4 1/2% 1956	115	115	0	3 9 6	45 1/2	13 1/2	8 1/2	8 1/2	8 1/2
120 1/2	110 1/2	120 1/2	116 1/2	Nigeria 5% 1950-60	114	115	+ 1 0 0	3 12 0	95 1/2	85 1/2	9 1/2	9 1/2	9 1/2
117 1/2	107 1/2	118 1/2	110 1/2	N. Zealand 5% 1946	106	107	+ 1 0 0	3 10 0	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2
109 1/2	99 1/2	110 1/2	103 1/2	Queensland 6% 40-60	116	117	+ 1 0 0	3 5 0	92 1/2	79 1/2	10 1/2	10 1/2	10 1/2
119 1/2	109 1/2	110 1/2	113 1/2	S. Africa 5% 1945-75	101	101	0	4 0 0	13 1/2	10 1/2	10 1/2	10 1/2	10 1/2
Foreign Governments													
101 1/2	91 1/2	101 1/2	82 1/2	Argentina 4% Rec. 1952	89	89	0	8 4 2	12 1/2	10 1/2	12 1/2	12 1/2	12 1/2
95 1/2	85 1/2	96 1/2	86 1/2	Austria 7% 1957	88	89	+ 1 0 0	5 8 6	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2
101 1/2	91 1/2	102 1/2	92 1/2	Do. 4% 1954-59	108 1/2	109 1/2	+ 1 0 0	5 14 9	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2
114 1/2	104 1/2	115 1/2	105 1/2	B. Aires (Prov.) 3 1/2%	60	61	+ 1 0 0	5 14 9	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2
90 1/2	80 1/2	91 1/2	81 1/2	Belgium 7% red. by 1956	108 1/2	108 1/2	0	8 4 0	25 1/2	25 1/2	25 1/2	25 1/2	25 1/2
90 1/2	80 1/2	91 1/2	81 1/2	Bulgaria 7% Loan	61 1/2	64 1/2	+ 3 0 0	2 15 0	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
91 1/2	81 1/2	92 1/2	82 1/2	Brazil 5% Fund. 1914	16 1/2	16 1/2	0	8 4 0	25 1/2	25 1/2	25 1/2	25 1/2	25 1/2
90 1/2	80 1/2	91 1/2	81 1/2	Chili 6% (1929)	77 1/2	72	- 5 1/2	6 18 9	50	41 1/2	41 1/2	41 1/2	41 1/2
100 1/2	90 1/2	101 1/2	91 1/2	China 5% (1912)	88 1/2	88 1/2	0	5 14 11	20	18 1/2	18 1/2	18 1/2	18 1/2
100 1/2	90 1/2	101 1/2	91 1/2	Do. 5% (1913)	93	93 1/2	0	7 18 0	22 1/2	22 1/2	22 1/2	22 1/2	22 1/2
96 1/2	86 1/2	97 1/2	87 1/2	Czechoslovakia 8%	102 1/2	102	0	3 6 1/2	17 1/2	15 1/2	30 1/2	30 1/2	30 1/2
96 1/2	86 1/2	97 1/2	87 1/2	Danish 3%	67	67	0	9 14 0	38 1/2	38 1/2	38 1/2	38 1/2	38 1/2
101 1/2	91 1/2	102 1/2	92 1/2	Danzig 6%	103 1/2	103	0	3 17 8	110 1/2	110 1/2	110 1/2	110 1/2	110 1/2
111 1/2	101 1/2	112 1/2	102 1/2	Egypt Unified 4%	110	110	0	3 17 8	110 1/2	110 1/2	110 1/2	110 1/2	110 1/2
28 1/2	28 1/2	28 1/2	28 1/2	French 4% (British)	22 1/2	22 1/2	0	11 17 3	9 1/2	8 1/2	3 1/2	3 1/2	3 1/2
95 1/2	85 1/2	96 1/2	86 1/2	Germany 7% Dawes Ln.	59	59	0	12 10 0	5 1/2	4 1/2	4 1/2	4 1/2	4 1/2
90 1/2	80 1/2	91 1/2	81 1/2	Do. 5% (Young Ln.)	44	44	0	4 1/2	15 1/2	13 1/2	13 1/2	13 1/2	13 1/2
96 1/2	86 1/2	97 1/2	87 1/2	Greek 6% Stab. Ln.	30 1/2	31 1/2	+ 1 0 0	4 1/2	15 1/2	13 1/2	13 1/2	13 1/2	13 1/2
94 1/2	84 1/2	95 1/2	85 1/2	Do. 7% Refugee	37 1/2	38 1/2	+ 1 0 0	4 1/2	15 1/2	13 1/2	13 1/2	13 1/2	13 1/2
94 1/2	84 1/2	95 1/2	85 1/2	Hungary 4 1/2%	41	41	0	9 3 0	19 1/2	18 1/2	19 1/2	19 1/2	19 1/2
98 1/2	88 1/2	99 1/2	89 1/2	Japan 5% 1910	88	88	0	6 12 6	25 1/2	24 1/2	24 1/2	24 1/2	24 1/2
98 1/2	88 1/2	99 1/2	89 1/2	Do. 6% (1924) red 1959	95	94	- 1 0 0	6 12 6	25 1/2	24 1/2	24 1/2	24 1/2	24 1/2
139 1/2	129 1/2	140 1/2	130 1/2	Norwegian 4% 1911	125	125	0	3 5 0	65	45	45	45	45
50 1/2	40 1/2	51 1/2	41 1/2	Peru 7 1/2% 1922	45	45 1/2	+ 1/2	7 18 0	7 1/2	7 1/2	7 1/2	7 1/2	7 1/2
95 1/2	85 1/2	96 1/2	86 1/2	Poland 7%	89	88 1/2	- 1/2	7 18 0	15 1/2	13 1/2	13 1/2	13 1/2	13 1/2
90 1/2	80 1/2	91 1/2	81 1/2	Romania 4% Con. 1922	130	130	0	2 17 10	66	64	64	64	64
139 1/2	129 1/2	140 1/2	130 1/2	Sweden 8 1/2% 1910	130	130	0	2 17 10	66	64	64	64	64
119 1/2	109 1/2	110 1/2	106 1/2	U.K. & Argentine 1933	109	110	+ 1 0 0	4 16 4	14 1/2	13 1/2	13 1/2	13 1/2	13 1/2
84 1/2	74 1/2	85 1/2	75 1/2	5 1/2% B. Certs. (1951)	76	76	0	3 18 11	89	86	86	86	86
Corporation Stocks													
33 1/2	18 1/2	34 1/2	24 1/2	Berlin 6% 1932-55	28 1/2	28 1/2	0	10 15 9	258	129	129	129	129
103 1/2	93 1/2	104 1/2	94 1/2	B'ham 5% 1948-56	116	117	+ 1 0 0	3 5 0	109	159	4 1/2	4 1/2	4 1/2
123 1/2	113 1/2	124 1/2	113 1/2	Bristol 5% 1948-58	119	119	0	3 9 0	309	280	4 1/2	4 1/2	4 1/2
97 1/2	87 1/2	98 1/2	87 1/2	Danish 7% 1935-45	77	77	0	8 6 6	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
124 1/2	114 1/2	125 1/2	119 1/2	E. London 5% 1960-70	120 1/2	121 1/2	+ 1 0 0	3 7 0	215	182	10 1/2	10 1/2	10 1/2
107 1/2	97 1/2	108 1/2	104 1/2	Johannsb. 5 1/2% 1937-52	104	104	0	3 8 0	221	185	2 1/2	2 1/2	2 1/2
97 1/2	87 1/2	98 1/2	90 1/2	L.C.C. 3%	94 1/2	95 1/2	+ 1 0 0	3 3 2	224	195	5 1/2	5 1/2	5 1/2
...	...	104 1/2	101 1/2	Seine (Dpt. 4) 4 1/2% 1952	103 1/2	103 1/2	0	4 3 0	18 1/2	16 1/2	2 1/2	2 1/2	2 1/2
Public Boards													
118 1/2	118 1/2	2 1/2	2 1/2	Central Elec. 5% 1950-70	115	115	0	3 15 0	23 1/2	15 1/2	Nil	Nil	Nil
130 1/2	119 1/2	2 1/2	2 1/2	Lond. Passenger Transport Board	120 1/2	122 1/2	+ 2 0 0	3 12 0	28 1/2	20 1/2	2 1/2	2 1/2	2 1/2
136 1/2	130 1/2	2 1/2	2 1/2	4 1/2% "A" 1985-2023	131 1/2	132 1/2	+ 1 0 0	3 12 0	13 1/2	10 1/2	6 1/2	6 1/2	6 1/2
132 1/2	128 1/2	2 1/2	2 1/2										

(Continued from page 1031)

486,667 shares at 3s. Properties of Coolgardie Company consist of 17 contiguous leases, of 368 acres. Proposed to sink existing shafts by 125 feet, to open up estimated 140,000 tons of 8 dwt. ore. Further development to 1,025 feet recommended to increase ore reserves and allow extension of treatment plant. Profits on basis 7 dwt. values (90 per cent. extraction), working costs £1 per ton, gold at 170s. (Australian) estimated £250,128 Australian and approximately £200,000 sterling net per annum. List closed 9.5 a.m. November 19th.

BY STOCK EXCHANGE INTRODUCTION

Ottoman Railway Holding Company, Ltd.—Issued share capital, £16,976, in 1s. ordinary shares; £220,507 3 per cent. "A" income debenture stock, £1,477,084 3 per cent. "B" income debenture stock. Incorporated in England, May, 1935. Acquires from The Ottoman Railway from Smyrna to Aidin £707,950 7½ per cent. Turkish Debt Bonds, 1935; debts, estimated at £72,500, and other assets estimated at £200,000. Purchase consideration (excluding goodwill): 339,518 1s. ordinary shares; £220,507 3 per cent. "A" income debenture stock; and £1,477,084 3 per cent. "B" income debenture stock. The debenture stocks rank equally except that the net assets in Turkey are to be entirely applied to redemption of "A" stock. Both issues redeemable on one month's notice at par.

Victors Stores, Ltd.—Share capital 500,000 6 per cent. 2s. cumulative participating preferred ordinary and 500,000 1s. ordinary shares. Acquires hosiery and outfitter's business in the North of England founded 1920, for £39,999 (of which £4,469 is for goodwill), payable £15,000 cash and £24,999 in 1s. ordinary shares. Profits, before providing for depreciation and income tax, year ended July 20, 1933, £9,209; period ended July 25, 1934, £7,780; period ended July 31, 1935, £11,477.

PRIVATE PLACING

General Aircraft, Ltd.—100,000 ordinary shares 5s. have been placed privately.

BY TENDER

Ascot District Gas and Electricity Company.—Messrs A. & W. Richards offer £24,000 4 per cent. perpetual debenture stock at minimum price of par. Net revenue, 1934, £24,519; interest on debenture stock, including present issue, £6,543, leaving £17,976 available for dividends on preference and ordinary shares; maximum dividends of 10 per cent. on ordinary "A" and 7 per cent. on "B" shares, have been paid for the past twelve years. Renewal fund at end of 1934, £26,998; reserve for depreciation of electrical plant, £42,746; issued share capital, £240,000; gas sales, year 1928: 410,001 therms; 1934: 565,381 therms. Electricity sales, 1928: 868,077 units; 1934: 2,357,327 units.

BONUS ISSUE

Morgans Brewery Company, Ltd.—The directors have decided to recommend that £36,058, a further portion of the company's reserve fund, should be capitalised and divided among the ordinary shareholders in the proportion of one share for every five shares now held.

ISSUES TO SHAREHOLDERS ONLY

Imperial Ceylon Tea Estates.—The directors are issuing 12,000 new £1 shares to shareholders on the register at November 14th, at 25s. per share.

National Omnibus and Transport.—The board propose to issue 200,000 ordinary £1 shares at £1 7s. 6d.

The Anglo-Portuguese Telephone Company, Ltd.—Offer to the ordinary and "A" ordinary shareholders of 123,750 ordinary shares of £1 at 25s. per share, in the proportion of one new share for every eight shares held on November 2, 1935.

Charterhouse Industrial Development Company, Ltd.—The issued capital of this company has been increased to £500,000 by the issue of 300,000 ordinary shares £1 at 21s., subscribed by the Prudential Assurance Company, Lloyds Bank, Midland Bank, and The Charterhouse Investment Trust. Charterhouse Industrial Development Company, Ltd., was formed in June, 1934, to provide capital for smaller industrial companies and the new money will be utilised for this purpose.

Thrill Stores, Ltd.—Issue of 625,000 1s. deferred ordinary shares at 2s. 3d., ranking *pari passu* with existing shares and carrying the final dividend for the year ending March 31, 1936.

CONVERSIONS AND REPAYMENTS

Argentine Eastern Land Company.—This company proposes to reduce its share capital of £87,500 to £6,250. Meeting, December 11th, to consider the cancellation of 50,000 unissued shares, and that the issued capital be paid off to the extent of 13s. per share in respect of each of the 125,000 issued shares.

Oslo Gas and Electric Company.—All outstanding 6 per cent. bonds, 1924, are to be repaid at par on December 1, 1935, at the exchange of the day.

Tasmania 4 per cent. Stock, 1920-40.—The whole of this stock will be repaid on December 2, 1935.

Cook (Thomas) and Son.—This company proposes to redeem £740,000 6 per cent. debenture stock at 109.

Southern Rhodesia.—The Government of Southern Rhodesia has given notice of its intention to introduce a Bill at the next session of the Rhodesian Parliament to double the rate of repayment of the loan raised for the purchase of the mineral rights, or royalties, in the Colony from the British South Africa Company for two million pounds, to £1 per cent., or £22,500 a year, which brings it into line with other loans.

Japanese Government.—The whole of the outstanding balance of the 5 per cent. Special Loan of 1906 (Internal) Marks "O" and "Wa" will be redeemed in Japan at par on November 30, 1935.

Kuala Muda Rubber Estates.—The company will pay off all the 7 per cent. notes dated December 31, 1931, on January 1, 1936.

New Columbia Rubber.—At a meeting held November 13th a resolution was passed inviting holders of 7 per cent. convertible notes to agree to an extension of the date of repayment to December 31, 1936.

Fry (J. S.) and Sons, Ltd.—Repayment is proposed at the following rates: 6 per cent. preference shares, 25s. 6d. per share; 5 per cent. preference shares, 20s. 6d. per share; 6 per cent. preferred shares, 21s. 6d. per share; and 8 per cent. preferred shares, 22s. 6d. per share.

FIXED TRUSTS

British Industries Fixed Trusts.—Allied Investors Fixed Trust, Ltd. The managers announce the formation of the Third and Fourth portfolios of British Industries Fixed Trusts. Each portfolio contains 25 securities and alternative panels of 10 securities are available for replacement, if elimination (with consent of Midland Bank Executor and Trustee Company, Ltd.) is considered in interests of certificate holders. Duration of trusts, 20 years. Service charge equivalent to approximately one quarter of one per cent. per annum included in "offered" price of sub-units. Managers undertake to repurchase sub-units at not less than selling price of constituent shares, less Stock Exchange charges.

First Protected Fixed Trust.—The formation of this trust is announced by the Management Company of Manchester. Trustees, Midland Bank Executor and Trustee Company. Portfolio 29 securities, including three mining issues, representing 13 per cent. of total value. Managers undertake to repurchase sub-units. Price of sub-units includes 2s. to be invested in capital redemption policies, providing 3s. at end of 20 years trust life. Service charge, not more than 7½ per cent. Bonus shares to be retained or distributed at managers' discretion.

OFFER ABROAD

Nova Scotia 3 per Cent., 1947.—\$4,000,000 Nova Scotia 3 per cent., due 1947, have been offered at 98. Also \$3,000,000 2½ per cent., due 1940, at 100½. The latter issue has already been over-subscribed.

FORTHCOMING ISSUES

Alliance and Dublin Gas.—The Alliance and Dublin Consumers Gas Company will offer for sale by tender ordinary stock sufficient to produce, including premium, the sum of £300,000. The prospectus will be published on November 29th and the last day for accepting tenders is December 4th.

Colvilles Limited.—A public issue of 2,000,000 £1 ordinary shares in Colvilles Limited is expected to be made under the auspices of Morgan Grenfell and Company. Colvilles Limited is controlled by David Colville and Sons, in which Harland and Wolff have a substantial interest.

National Provincial Cinemas.—An issue of shares is expected to be made shortly by this company.

United Kingdom Gas Corporation.—Subscription lists will open and close on November 26th for an issue of 600,000 4½ per cent. cumulative preference shares and 250,000 ordinary £1 shares. The preference shares will be offered at 21s. and the ordinaries at 22s. each.

Vogelstruisbult Gold Mining Areas, Ltd.—The directors have increased the capital by the creation of 1,000,000 new shares of the nominal value of 10s., the total capital now being £2,200,000 in 4,400,000 shares. The new shares will be subscribed for in terms of the agreement adopted by the company on formation.

Wake and Dean, Ltd.—Wake and Dean, of Yatton, Somerset, requires additional capital in order to increase its business and to redeem the £75,000 of 7 per cent. debentures. Meetings will be held at Yatton on December 2nd to consider proposals.

Mentmore Manufacturing.—Underwriting arrangements are now being made by the London Industrial Finance Trust, Ltd., for an issue of 147,000 6 per cent. cumulative preference shares 10s. at par, and 147,000 ordinary shares of 5s. at 6s. in Mentmore Manufacturing Company, Ltd.

Usher's Wiltshire Brewery.—It is reported that this company is redeeming its £323,708 6 per cent. first mortgage debenture stock, and replacing it with an issue of 3½ per cent. stock.

Gascon Trust, Ltd.—Arrangements are being considered for the private placing of 175,000 6 per cent. cumulative preference shares £1 each.

Northern Ireland Transport Board.—The Northern Ireland Transport Board is expected to raise a loan in the London market in the course of the next few weeks.

OTHER RESULTS OF ISSUES

Irish Free State Conversion Loan.—The Minister for Finance is able to entertain few cash applications for the 4 per cent. conversion loan. It will be necessary to return all the moneys in respect of such applications for amounts over £200.

Johnson and Phillips, Ltd.—Recent issue of ordinary shares has been heavily over-subscribed.

CALLS DUE NOVEMBER 25 TO NOVEMBER 30, 1935

The grand total of calls in November, 1935, is £9,759,149, which compares with £8,049,212 in November, 1934.

Nominal amount of Stock	Company	Amount of Call	When payable	Making Paid
£1	Alpha Cement, 48,500 Ord. Shares, at a premium of 10/-	15/- p.s.	Nov. 30	All
10/-	Central Provinces, Manganese Ore, 100,000 Shares, at a premium of 10/-	20/- p.s.	Nov. 30	All
£1	Colonial Gas, 115,066 Ord. Shares, at 20/- per Share British currency	10/- stg. p.s.	Nov. 25	10/- stg. p.s.
£1	Great Universal Stores, 300,000 5% Cum. 2nd Pref. Shares, at par	5/- p.s.	Nov. 29	All
3d.	Houpoort-Burbank Goldfields, 400,000 Shares, at a premium of 41d.	2½d. p.s.	Nov. 30	All
£1	Imperial Ceylon Tea, 12,000 Shares, at a premium of 5/- per share	2/6 p.s.	Nov. 25	2/6 p.s.
5/-	Initial Services, 900,000 New Ord. Shares, at par	2/6 p.s.	Nov. 30	All
Stock	Kelly's Directories, £1,500,000 Red. 4% 1st Kennedy's (Bournemouth)	£80%	Nov. 25	All
£1	22,395 Ord. Shares, at 25/- per share	15/- p.s.	Nov. 30	All
£1	14,420 6% "B" Cum. Pref. Shares, at par	10/- p.s.	Nov. 30	All
£1	Lewis (John) Properties, 450,000 4½% Red. Cum. Pref. Shares, at 20/6	5/- p.s.	Nov. 29	All
£1	Lincolnshire and Central Electric, £400,000 4% Deb. Stock, at £98½	£25%	Nov. 30	All
£1	Norvic Shoe	15/- p.s.	Nov. 28	All
£1	150,000 Pref. Ord. Shares, at 27/-	15/- p.s.	Nov. 28	All
5/-	150,000 5% Cum. Pref. Shares, at 21/-	15/- p.s.	Nov. 28	All
£1	Ridgmont Fletton Brick, 240,000 Ord. Shares, at par	3/- p.s.	Nov. 30	All
£1	Stewart and Arden, 400,000 6% Cum. Part. Pref. Shares, at 21/-	11/- p.s.	Nov. 29	All
£1	Sussex Brick, 120,000 8% Cum. Pref. Ord. Shares, at 23/-	7/6 p.s.	Nov. 30	All
5/-	Weyburn Engineering	2/3 p.s.	Nov. 25	All
10/-	180,000 Ord. Shares, at 6/3	2/3 p.s.	Nov. 25	All
10/-	120,000 6% Cum. Pref. Shares, at par	5/- p.s.	Nov. 25	All

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Amt. paid	Price, Nov. 13, 1935	Price, Nov. 20, 1935
African Railway Finance 2% Deb.	98½	23½	1½-1½ dis	1½-1½ dis
Cables Investment Trust Pref. £10	10½	1	6/9-7/3 pm	7/9-8/3 pm
Do. 3½% Deb.	99	10	1 dis-par	1 dis-par
Crown Flour 4½% Deb.	98½	9	1 dis-par	96-97
Dominion Reefs (5/-)	5/-	2/-	6d dis-par	3d dis-3d pm
Earls Court Ord. 5/-	5/-	4/-	1/--6d dis	1/--6d dis
Do. 5½% 2nd Deb.	100	60	9-7 dis	9-7 dis
Hobson (H. M.) 5/-	5/-	...	13/9-14/3	13/9-14/3
India 3%, 1949-52	98	51	1½-1½ pm	1½-1½ pm
Int. Power Newfoundland 3% Deb.	97	6	2½-2½ pm	2½-2½ pm
Kelly's Directories 4% Deb.	104	24	12-12½ pm	14-14½ pm
Leeds and Wakefield Breweries 6% Pref.	24/6	17/6	3d-9d pm	3d-9d pm
London Electric Transport 2½% Deb.	97	47	1 dis-1½ pm	par-1½ pm
Lowestoft 3%	98½	58½	1½-1½ pm	1½-1½ pm
Montague Burton Estates 4½% Deb.	21/6	6/-	1/--1/6 pm	1/--1/6 pm
Norvic Shoe 5% Pref. £1	27/1	12/-	9d-1/3 pm	10½d-1/4½ pm
Do. Pref. Ord. 20/-	5/-	5/-	5/7-6/1½	5/9-6/3
Phoenix Prince Gold 5/-	101	51	1½-1½ pm	1½-1½ pm
Ribblesdale Cement 4% Deb.	100	...	102½-102½	102½-103
Selridge and Co. 4% Deb.	100	...	30/3-31/3	32½-33½
Short Bros. Ord. 5/-	2/6	2/6	1/1½-1/1½ pm	2/--2½ pm
Stewart and Arden 2/-	21/6	10/-	1/--6d dis	9d-3d dis
Do. 6% Pref. £20/-	5/-	5/-	3d dis-3d pm	1½d dis-1½d pm
Sun Cycle Ord. 4/-	100	45	12-1½ dis	11-1 dis
Trinidad 8% Stock	5/-	...	9/--9/6	8/9-9/3
Ultra Electric (Holding) 5/-	4/-	4/-	4/--4/3	4/--4/3
Wade Potteries Ord. 2/-	10/-	10/-	9/10½-10/4½	10/1½-10/7½
Do. 6% Pref. 10/-	100	75	1 dis-1½ pm	1 dis-1½ pm
W. Lon. Prop. 4% Deb.	6/3	4	1/10½-2/4½ pm	3/1½-3/7½ pm
Weyburn Engineering 5/-	10/-	5/-	par-6d pm	par-6d pm
Do. 6% Pref. 10/-	10/-	5/-	...	...

BRITAIN'S OVERSEAS MARKETS

(See page 1001)

RE-EXPORTS. FIRST NINE MONTHS (000's omitted)

	1913	1929	1931	1933	1934	1935
Soviet Union	7,231	1,999	1,335	900	2,509	4,070
Germany	15,384	18,634	10,109	7,199	7,355	5,638
Netherlands*	3,976	3,976	2,274	1,533	1,564	1,740
Belgium*	5,195	7,259	2,632	3,339	3,414	3,574
France*	8,512	13,950	7,461	5,961	5,331	5,116
United States*	23,180	13,112	6,299	5,730	4,599	5,261
Other foreign countries	8,602	8,684	6,119	4,934	6,429	7,178
Irish Free State	...	7,495	6,406	3,403	4,075	3,619
Other British countries	10,284	9,329	5,620	4,163	4,298	4,358
Total	82,364	84,438	48,255	37,163	39,674	40,554

* Including dependencies.

TRADE WITH FOREIGN COUNTRIES OUTSIDE EUROPE FIRST NINE MONTHS (000's omitted)

From or to	Imports				Exports			
	1913	1929	1934	1935	1913	1929	1934	1935
Turkey	£ 3,146	£ 1,571	£ 561	£ 471	£ 5,476	£ 2,501	£ 903	£ 763
Egypt	13,541	16,789	8,253	7,423	9,293	4,748	5,078	5,078
Iran	...	1,062	1,194	1,036	7,170	1,861	1,165	1,456
Persia	329	6,314	5,810	5,935	518	1,559	1,081	2,049
China	3,519	8,805	4,303	4,297	11,250	11,058	4,972	3,945
Japan	3,237	6,221	6,204	6,584	12,119	10,134	2,912	3,378
United States*	95,385	140,689	58,086	56,408	21,467	34,692	13,639	16,084
Cuba	3,288	6,698	3,123	2,939	1,698	1,655	731	675
Mexico	1,560	2,021	3,305	2,717	1,825	1,856	1,160	1,053
Colombia	798	1,806	1,013	364	1,277	2,701	1,306	1,458
Peru	2,070	4,411	3,343	2,562	1,109	1,478	817	745
Chile	4,412	8,159	4,005	4,257	4,610	6,152	1,003	1,493
Brazil	7,790	4,820	6,109	6,056	9,705	10,381	4,406	3,570
Uruguay	2,362	4,490	2,459	2,534	2,314	2,639	1,348	1,086
Argentina	34,175	61,790	35,296	32,890	16,899	22,118	10,825	11,423
Other non-European countries	6,113	13,049	6,972	6,908	5,201	8,923	4,006	3,802
Total	181,725	288,645	148,036	143,381	102,638	129,001	55,022	57,958

* Including dependencies.

TRADE WITH BRITISH COUNTRIES. FIRST NINE MONTHS (000's omitted)

From or to	Imports				Exports			
	1913	1929	1934	1935	1913	1929	1934	1935
Irish Free State	£ ...	£ 31,788	£ 12,217	£ 13,320	£ ...	£ 26,526	£ 14,317	£ 14,798
South Africa	3,871	8,911	4,711	6,069	4,611	8,796	3,819	6,431
West Africa	9,026	17,902	8,598	9,594	16,506	24,468	21,344	24,049
India and Ceylon	39,614	55,032	36,394	35,370	54,894	63,566	28,213	29,873
Settlements	12,332	10,290	5,922	5,737	4,356	9,502	4,069	4,370
Australia	27,239	43,178	36,244	39,219	25,730	39,843	19,290	21,469
New Zealand	18,928	41,272	34,462	31,426	8,155	15,531	8,259	9,875
Canada	21,679	34,085	34,539	37,252	18,110	26,544	14,394	15,395
West Indies	1,766	4,372	4,392	5,849	1,556	3,396	3,353	3,43

COMPANY MEETINGS, &c.

MITCHELLS AND BUTLERS, LIMITED

LORD SNOWDEN AND THE BEER DUTY

COMPETITION FROM CLUBS

SIR WILLIAM WATERS BUTLER'S INTERESTING REVIEW

The forty-eighth annual general meeting of the shareholders of this company was held, on the 21st instant, at the White Horse Hotel, Birmingham, under the presidency of Sir William Waters Butler, Bart.

The deputy chairman, Mr Arthur Mitchell, referred to the great loss the company had sustained by the death of Mr W. Owen Butler, son of the chairman and a managing director.

The Chairman, in moving the adoption of the report and accounts, said:—Ladies and Gentlemen,—Mr Arthur Mitchell has communicated to me your kind message of sympathy to Lady Butler and myself in our very sad bereavement. We have been much consoled by many similar messages we have received from our friends and we deeply appreciate that you should join in the expression of sympathy with us.

I can only say that the blow has been a heavy one to his parents, and the company also has sustained a great loss, as he had become fully qualified in every direction to adequately fill his office as a managing director.

I think we should feel satisfied with the results of our last year's trading, and all are thankful to know the general prosperity of the country has been gradually increasing during the past few years. It is to be hoped, however, that the international political situation may soon become more settled, and that the Government, therefore, will not be involved in such expenditure as to bring about an increase in taxation, which in all probability would retard the continuance of our present prosperity.

The company is still expending large sums of money in bringing its licensed properties up to modern standards, which evoke the admiration not only of the public, but also of visitors from afar, and it will continue this policy so long as trading results permit.

UNFAIR CRITICISMS

Now that there is no ground for holding up to criticism the adult population as a crowd of inebriates, the so-called Temperance Party have turned their antagonism in new directions by condemning the "Improved Public House" based on the brainless declaration that "Drink taken in good surroundings did just as much harm as drink taken in sordid surroundings," and that the brewers erected them as a trap for the young—a declaration, no doubt, I may be told is based upon a remark of mine of a few years ago, when I expressed the view that the patrons of the licensed house of the future would expect more modern houses than at that time existed. These opponents of the "Improved Public House" do not seem to be agreed as to how they can justify their objections to it, for I notice that Mr R. Wilson Black, J.P., the President of the United Kingdom Alliance, takes the view that "as long as there are public-houses they ought to be clean, well-ventilated, light and sanitary," but apparently nothing must be provided to bring about the consumption of the goods the trader provides for those who patronise the house. The fact is all these specious temperance reformers desire that the licensed house should not be able to provide that for which it has always been set up, namely, a place where a person may go alone, or meet his friends and enjoy their company, and consume what he may want in the way of good food and drink. To-day, the owner and occupier of the licensed house are anxious that it should fulfil its original purpose, but under modern conditions which appeal to the generation of the present time, and to trade accordingly.

MR NEVILLE CHAMBERLAIN'S SOUND POLICY

I would remind the shareholders that as stated in the annual report, we are this year dealing with the results of twelve months against the results of fifteen months in the previous year's report, and in comparing the two balance sheets it must be recalled that in the trading of the fifteen months we had the benefit of two very fine summers, which conduced to a greater consumption of beer,

and also the increase in output which followed the reduction of the beer duty and the supply to our customers of a cheaper and stronger beer than that supplied before the crushing additions of 34s. per standard barrel to the beer duty inflicted by Mr Snowden in 1930 and 1931. No doubt his real purpose in increasing the beer duty was to diminish the consumption of beer by making it too costly for the consumer to buy and its production unprofitable to the brewer, or in other words to bring about the desire he expressed of diverting what he described as this mis-applied expenditure in alcoholic liquors to more useful purposes. His object was being rapidly achieved amid the vehement protests of all those affected. Fortunately, a wiser and more far-seeing statesman than he in Mr Neville Chamberlain, who took his place as Chancellor, declared that it was his intention to devote any improved revenue first to the restoration of cuts and then to the relief of taxation. When the revenue showed an improvement Mr Chamberlain was able to decrease the beer duty to the figure at which it stood before Mr Snowden made his punitive increases, but in doing so the Chancellor, anticipating a greater consumption would consequently result, made it a condition that the brewers would not only lower the price, but also increase the strength of the beer offered to the public. In this connection many will recall that Lord Snowden in a broadcast message on the eve of the General Election declared that Mr Chamberlain by granting this decrease in the beer duty had made a present to the brewers of £14,000,000. I do not know how Lord Snowden arrived at this figure, but it would have been much better of him if he had in fairness stated the fact that Mr Chamberlain only restored the beer duty to the figure at which it stood before Mr Snowden made his unjust and vindictive additions. In this way Mr Chamberlain evidently hoped that the losses would be made good which Mr Snowden had inflicted upon all connected with the production and distribution of beer, and agriculture. These losses also included cuts of wages of employees—which I may say were fully restored to the employees of your company at the earliest moment after the reduction of the beer duty. It must be remembered also that others who benefited from this reduction were that great body of firms and their employees who are engaged in the numerous trades closely allied to the brewing industry.

A greater restoration was made to the consumer, namely, a sum estimated at £21,000,000, but which nevertheless left him to continue to bear the heavy and unjust burden of a beer duty which is still ten times greater than it was before the war. Surely a reduction of this duty is called for immediately the national finances permit.

Of course, we are all aware that while Lord Snowden deliberately brought about a reduction in the consumption of beer by his heavy increase of the duty and thus inflicted the losses I have referred to, he apparently did not regard it as a serious blow to the Revenue of the country. In fact one can infer that he would have been ready to make good this loss to the Exchequer by imposing other forms of taxation.

INCREASED PURCHASES OF ENGLISH MALTING BARLEY

Referring to agriculture Mr Chamberlain intimated that he was prepared to reduce the Beer Duty subject to the conditions I have already mentioned, but in addition to the lowering of price and the increasing of the strength of the beer supplied to the consumer, he expressed the hope that the brewing trade would as far as possible make use of more malt made from British barley, and the representatives of the Brewers' Society promised to do their utmost to bring this about. Agriculturists from time to time refer to this "Gentleman's Agreement" and more than once have most unjustifiably declared that in their opinion it was not being carried out by brewers, notwithstanding that the Brewers' Society has forwarded to the Chancellor figures which conclusively prove that since the agreement was entered into brewers have made much larger purchases of English malting barley than before the reduction of the Beer Duty took place.

This, however, has only been possible because the two crops following the Budget of 1933 were unusually favourable to the production of suitable malting barley. This year, however, in consequence of the unfavourable season, supplies have not been sufficient for requirements, in proof of which the Market Report from the "Farmer and Stockbreeder" of October 28th last stated that fine lots of English malting barley have been short of requirements and that inferior sorts are hardly saleable.

I have on more than one occasion told you how much of a crop brewers may buy depends upon the quantity of fine malting barley the crop has produced. This will vary with the climatic conditions during the growth. I can well remember not so many years ago that the late Mr Henry Mitchell, probably one of the best judges of English malting barley, owing to the unfavourable weather prevailing during the growing of the English crop in that season, decided that in order to maintain the quality of the ales, it was necessary that no English barley of that season's growth should be used. It was fortunate that he was able to take this course, in consequence of foreign barleys being available which had been grown under the right climatic conditions, rendering the grain more suitable for brewing than the harvests of English barley of that year which were so badly weathered.

INCREASED COST OF BARLEY AND HOPS

It cannot be said that the farmer has not been getting better prices for good quality malting barley during the past few years. Our malt in the year ended September 30th is costing us 50 per cent. more than for the year ended July, 1914, while hops now cost over 200 per cent. more than they did in the same year.

Your company has always done its utmost to make use of the best English barley it was possible to obtain, and when English barley has been grown under the right conditions a brewer could not wish for any better from which to produce the finest quality ales, but our records show that we have often paid a higher price for foreign barley than the best English, when sufficient English barley was not available owing to having been grown in a bad season. Unfortunately the Colonial barleys which pass into this country duty-free are not suitable for the brewing of English beers. I hope the Colonies will endeavour to produce barleys which are suitable for the English brewer, as English brewers would prefer to use such Colonial barleys when short of good quality English.

I have no hesitancy in saying that English barley growers who are charging brewers with being defaulters in connection with what is known as the "Gentleman's Agreement," are damaging their own interests in calling upon the Government to increase the present tariff on foreign malting barley, as this would increase the brewer's costs of production and force him to supply a poorer quality of beer, to the consumer, which would be the brewer's only possible course under such conditions, in consequence of the high Beer Duty now charged. The decrease in output which, of course, would follow, would certainly be greatly detrimental to the interests of agriculture.

UNFOUNDED STATEMENTS RESENTED

Farmers have always had the goodwill of the brewing industry, but brewers resent this repeated impugning of their honour, and it is straining the friendly relations which have hitherto existed between them.

No doubt the outcry of the barley growers is mainly due to their difficulty in getting rid of their low-grade barleys which are unfit for brewing, and their disinclination to use at least a portion of these poorer quality barleys for their own feeding purposes. Farmers prefer to buy foreign barley for feeding purposes, and it is well known that by far the greater portion of the huge and increasing imports of foreign barley is used by the farmers themselves for feeding purposes.

The General Election has resulted in the return to power of the National Party, and the great majority of its members have supported just treatment to the Brewing and Licensed Trades. We also have many friends in the Labour Party forming the Opposition, who have often testified their appreciation that the owners and occupiers of licensed houses provide facilities and meeting-places for carrying on the work of trade unions, friendly societies, and for social intercourse. The licensed house is the meeting-place of supporters of all political parties and is rightly described as the club of the working-man, no matter to what political party he may belong or what beverage he prefers to consume.

MATTERS NEEDING EARLY ATTENTION

There are matters to which the trade feels the Government should give its earliest attention, as soon as urgent national and

international matters permit. I have good reason for saying that the industry with which I have been connected all my life, over fifty years of which I have spent in labouring for its prosperity and in helping to fight its enemies, would not claim to have its just grievances remedied before those urgent matters which demand the first attention of the Government. By this it must not be assumed that the redress of our grievances is not overdue or should be unduly delayed.

The customers of the licensed house continue to press for the "permitted hours" of trading to be extended to a later hour, as among other reasons a later time is more convenient at which to end their business meetings and social gatherings.

UNFAIR COMPETITION FROM CLUBS

Licence holders rightly demand that no club should be permitted to supply alcoholic liquors during any other time than the permitted hours of trading of a licensed house. The licensed trader also claims that he should be allowed to provide in his supervised premises facilities for entertainment such as are permitted in clubs. While not opposing the formation of a club in which alcoholic liquors are to be supplied to its members, licensed traders feel that the opening of a club should not automatically follow the registration of a small body of proposed members on the payment of a very small fee, nor should the club be permitted to meet in unsuitable premises. It is also inequitable that the club should be called upon to pay much less in duty than the licensed trader, for, thereby the club is assisted in its competition with the licensed trader who has to pay a heavy licence duty as well as a compensation levy for abolishing licensed houses considered to be redundant, upon the closing of which near-by licensees should gain the betterment. Not only do they lose this betterment on the inevitable opening of a club, but they then have to meet a new competitor who has many advantages the closed licensed house did not possess. Excessive competition is an evil, and it is more than a farce that the law at present governing clubs should bring about more and keener competition.

The diminution of the number of redundant licensed houses by means of the compensation fund, which is provided solely by the owners and occupiers of existing licensed houses in return for the betterment it is expected they will eventually gain from the closing of other houses; also the distribution of the licences from congested areas, into districts in which licensed houses are proved to be needed, undoubtedly is bringing about the advantage of trading under less competition which certainly is conducive to the sale of alcoholic beverages under conditions favouring moderate consumption. But such results will continue to be nullified so long as there is this freedom to create clubs without limit under the present easy method of registration, and for these clubs to be able to distribute alcoholic liquors under much less costly conditions and to enjoy privileges and latitude denied to the licensed trader.

ADVANTAGES OF THE "FEWER AND BETTER" POLICY

"Fewer and Better," which has been so successful a policy of Birmingham brewers (who formed the Birmingham Property Company) during more than the past thirty years, the carrying out of which has resulted in the number of licensed premises being reduced at no cost to the community, has been an immense public gain from many points of view. The splendid results attained in carrying out this policy at great cost of money, time and trouble, however, are in great danger of being rendered of no value through the Government not affording the local authorities power to enable them to bring into operation regulations which would inconvenience no one who means well, and which would preserve the improvement which has already been accomplished.

I am sorry that the Birmingham Property Company has been compelled to close down and cease its operations owing to amalgamations bringing about such a great reduction in the original number of trading companies that they became insufficient for the carrying out of this unique scheme of "Fewer and Better." Since its inception in 1897, 744 licences were voluntarily closed in the city, of which number your company contributed over 400, and when the Birmingham Property Company closed down, there was a cash surplus in hand and the surviving members were left in the position of having no liability against them. Thus a fine work came to an end, to the great regret of those who had carried out the original object of the company. During the 38 years of its existence I had the honour of being its chairman for the last 32 years, succeeding the only other chairman, and while it was onerous work I much enjoyed it and shall always be proud of the results achieved.

I now beg to move that the report of the directors and the accounts annexed thereto be and the same are hereby adopted and that the dividends recommended by the directors in their report be and the same are hereby declared payable on November 26, 1935.

Mr Herbert W. Bainbridge seconded the resolution, which was carried unanimously.

RAPHAEL TUCK AND SONS, LIMITED

REPUTATION FOR ARTISTIC EXCELLENCE

The thirty-fourth annual general meeting of Raphael Tuck & Sons, Limited, was held, on the 19th instant, at Raphael House, London.

Mr Gustave Tuck (chairman and managing director) said that after 69 years the reputation of the company stood higher than ever, and they had never deviated from their original aim—to produce publications of the highest quality and to combine art with utility. He thought it would be agreed that it was a wise and far-sighted policy to affix the name of Tuck only to productions of the highest quality. They meant to continue pursuing this policy of not only producing things of beauty and novelty but of giving the great public the best value for the best article.

Tuck's Christmas and New Year cards still reigned supreme in the markets of the world. Throughout the long history of the firm they had succeeded year by year in maintaining their reputation for originality and artistic excellence.

In the book department, foremost among their publications during the year was "The King's Book." They had had the honour of royal permission to dedicate this book to his Majesty the King on his Silver Jubilee.

The ever-changing taste of the juvenile reading world kept them alive to their responsibility as producers of books for young people. The purpose of the company was to satisfy the demands of the rising generation and to cater for the smallest infant as well as for the child of more mature years. The following three books, just published, were especially worthy of note. They formed the first three volumes of the Treasure Trove Library, entitled "Seeing the Empire," "Brave Deeds by Brave Men," and "Travel Ways." These three volumes, which sold for 2s. 6d., were veritable mines of information for young people.

The eagerly looked for and beautiful calendars, with the world-wide reputation of the company behind them, would be assured of a more than hearty welcome this year. They were to be found everywhere, and they faithfully carried out their twofold function of telling the dates and of brightening and beautifying the room.

Tuck's picture postcards continued to maintain their reputation as the standard picture postcards everywhere. The extension of the local view section, which was being assisted by the acquisition of many thousands of photographs of famous beauty spots throughout Great Britain, was making an important contribution to the success of this department.

In the picture department they had recently published a splendid new portrait of the King, painted by John A. A. Berrie. Many thousands of copies of this picture were sent out to Australia by air mail to be in time for the Silver Jubilee. They had also published a wonderful new portrait of the Queen. The taste for blank walls was rapidly changing, and he hoped that the general public would come back to gracing the walls of their homes with beautiful pictures by famous artists.

The pictorial advertising department continued to cater with success for the discriminating advertiser. It was a tribute to the originality of their ideas, the attractive nature of their designs, and the excellence of their production, that so many of the great manufacturing firms of this country availed themselves of the company's services in assisting them to sell their products with the showcards, illustrated brochures, and pictorial advertising of every description they were able to offer them.

The report was unanimously adopted.

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

DALGETY AND COMPANY, LIMITED

BETTER WOOL PRICES

The fifty-first annual general meeting of Dalgety and Company, Limited, was held, on the 21st instant, at 65/68 Leadenhall Street, London.

The Hon. Edmund W. Parker (the chairman) said that the situation in Australia continued to be generally satisfactory and, notwithstanding the drop in wool prices, the gradual return to prosperity had continued. Trade figures, as compared with the financial year ending 1933-34, had not been so satisfactory, as exports had exceeded imports by only £16,000,000, against a surplus of £39,000,000 for the previous year. The drop in the price of wool and wheat had been mainly responsible for that, but the high wool prices of the previous year, and the consequent increase in buying power, had led to a much larger figure for imports being shown. As the Commonwealth had large accumulated balances in London, out of which the difference between the amount required for interest purposes—some £26,000,000—and the favourable trade balance could easily be supplied, no anxiety regarding the position need be felt.

When he last addressed them the fall in the 1934-35 wool season's prices had already commenced. It had continued until towards the close, when a steady rise had taken place, which he was glad to say was maintained. It was only to be expected, therefore, that their results for the year under review should show a decline. The present accounts, however, he thought would be considered satisfactory as, eliminating last year, which they might take as having been exceptional, there had been a steady improvement in their figures since the height of the depression, and he was looking forward to a continuance of that movement. A settlement of the political situation in Europe would be a great help towards normal trading.

With regard to wool, the low level of prices at which the selling season opened had come as a great shock to growers after the results of 1933-34, and there had been a more or less general disposition to hold off the market in the hope of an early improvement. The trend of values had remained disappointing through the major portion of the main selling season, and it was not until towards the close that a steady succession of rises had taken place to the highest point of the season. Unfortunately the recovery had come too late to afford direct benefit to more than a small proportion of growers as the bulk of the clip had passed into buyers' hands during the period of unremunerative prices. In New Zealand the contrast between the two seasons, as far as wool prices were concerned, was even more marked than in Australia.

The unsatisfactory experience of growers was to a large measure brought about by the fact that the recovery of the previous season had gone too far and too fast. One of the principal contributing factors to the lack of confidence which had characterised the trade during the major part of the season was the German embargo on wool. In March, 1935, the market had begun to recover and, when the new selling season started in Sydney on September 2nd of this year, there was every anticipation of a rise in prices. That had taken place and, as a matter of fact, the advance had been considerably sharper than anticipated. At the July sales in London prices for nearly all descriptions had been higher than in the May auctions, and the consumption of wool in Yorkshire particularly had been very large. The trade outlook had improved and altogether the prospects for growers were looking distinctly hopeful. Although the advance this year in sale prices could not be said to represent a sudden boom, as during the previous four or five months an enormous quantity of wool had been absorbed, yet it had been realised that the rise was a very sharp one, due largely to keen demand from Japan. The extreme prices had not lasted long, but the market seemed to have settled down again now and the catalogues were being well cleared at all centres.

The New Zealand selling season opened at Auckland on November 26th. It was to be hoped that they would see a substantial rise in crossbreds. What they wanted was a steady market, and, if that could be secured at somewhere about the present level of prices, most growers would be able to carry on, but they badly needed a rise in medium and low crossbreds.

Summing up the result of their operations for the year under review, the net profit amounted to £96,789, and, after making the necessary adjustments, there remained to the credit of the general profit and loss account £163,767, out of which the directors recommended a final dividend on the ordinary shares of 2s. 6d. per share making 5 per cent. for the year, free of British income tax.

The report and accounts were unanimously adopted.

IMPERIAL SMELTING CORPORATION, LIMITED

WIDE RANGE OF ACTIVITIES

POSITION OF THE BRITISH ZINC INDUSTRY

NEED FOR ADEQUATE PROTECTION

The sixth annual ordinary general meeting of the Imperial Smelting Corporation, Limited, was held, on the 21st instant, at 20 Aldermanbury, London.

The Rt. Hon. Sir Robert Horne, G.B.E., K.C. (the chairman), in the course of his speech, said: Our operations in the zinc, acid and fertiliser trades are centred in the National Smelting Company and in the works of that company at Avonmouth and Swansea Vale, as well as those which it controls at Bloxwich and Seaton Carew. Substantial progress has been made towards the completion of our extensive programme of development at Avonmouth. I think it safe to say that early in the New Year our equipment programme at this site will be complete, and that our zinc and acid production and the fertiliser trade, with which the latter is associated, will then be in proper balance. Swansea Vale has been fully engaged in the production of spelter and acid production throughout the year.

THE PROBLEM

The main purpose of our policy in recent years, as I have already indicated, has been to widen the base of our operations so that we might not be dependent on any single product for the maintenance of our activities. For this reason our interests now cover not only metal but alloys, acid, fertilisers, pigments, etc., and the wide range and extent of the Corporation's activities make it one of the most important industrial undertakings in this country. We are giving direct employment at this moment to over 3,000 workers. Indirectly, through our purchases of raw material, we employ thousands more in the mining and metallurgical and transport industries of Australia and Newfoundland. To bring our raw materials into the United Kingdom we carry over 200,000 tons per year in British ships.

We use over 210,000 tons of British coal annually, and our inland transport, i.e. the aggregate of the rail, road, coast and canal traffic in and out of our works, attains a figure of over 750,000 tons per annum. Against these impressive figures you have the right to set our very unimpressive net revenue for which the situation in the zinc industry, as distinct from our other interests—has alone been responsible. You may well ask why it is that the zinc industry has not attained the level of reviving prosperity reached by other heavy industries in the United Kingdom. This is a question which deserves a full answer.

THE TARIFF ON ZINC

The explanation of the determined effort to establish and extend the zinc industry in the Empire, and particularly in the United Kingdom, is the bitter necessity for its existence, disclosed by the war.

On the initiation of the tariff system an import duty of 10 per cent. *ad valorem* was imposed upon importations of zinc from foreign countries. This was the basic figure in the scale of duties, and we were in hopes that so soon as consideration was given to a scientific adjustment of the scale, the rate in the case of zinc would be raised to a level more adequately representing the handicap which British producers suffered as against the lower costs of production on the Continent.

You are aware that the standard of living and of wages, transport, taxation and other costs is generally considerably higher in this than in foreign countries. This is definitely the fact in the zinc-producing industry, and the difference of costs in our case is not due to out-of-date equipment or inefficient operation. Your plants, in fact, are as well equipped and are operated as efficiently as any others in the world. The difference in British costs is solely due to the much higher level of wages prevalent in this country and the greater expense of fuel and transport charges.

NEED FOR INCREASED DUTY

As regards zinc, an import duty of 10 per cent. *ad valorem* was for these reasons quite insufficient in our view to put the British manufacturer in a position to meet foreign competition. We accordingly lost no time in preparing a case for submission to the Import Duties Advisory Committee requesting an increase in the import duty.

Our petition, however, was set aside by the holding of the Ottawa Conference, where certain things occurred to which we

were not parties, and arrangements were made between our Government and the Dominions which vitally affected our fortunes. Incidentally, the duty on foreign zinc entering this country was continued at 10 per cent. *ad valorem*, but stipulations were attached to this agreement whose reactions upon our position had the effect of making it impossible to produce and sell zinc in Great Britain except at a loss. It is unnecessary here to explain the intricacies of this problem. Some technical journals discussed it at length, and the injurious consequences of what was done at Ottawa have been demonstrated, in the discussions which took place some months ago before the Import Duties Advisory Committee. I think it is clear that those who took part in these arrangements at Ottawa did not foresee the full results of what then was done.

A FRESH APPLICATION

The untoward course of events in which we had been involved made it necessary for us to raise again and prosecute our claim for an appropriate duty on our zinc production. We accordingly made a fresh application to the Import Duties Advisory Committee in November of last year. We did not ask for any increase in the rate of duty of 10 per cent., but we proposed that there should be a minimum, viz. £2 per ton, and that the duty should be free from the Ottawa stipulations. Moreover, for the benefit of the export trade in manufactured zinc we urged the Committee to recommend the adoption of a "drawback" system under which, on all-British manufactures of zinc exported from this country, there would be a full rebate of the duty to British manufacturers.

This request was well within the requirements of our industry and was modest compared with what had already been granted to the iron, steel and other industries. The iron and steel duties are well known to you, but those granted to other industries may not be so familiar. For example, in the case of rolled zinc an *ad valorem* duty of 15 per cent., with a minimum of £5 per ton, fully operative, had been recommended by the Import Duties Advisory Committee and accepted by the Government, although the work involved in rolling a ton of zinc sheets is but a tithe of that absorbed in the production of a ton of the metal itself.

THE OTTAWA PROVISIONS

I shall not weary you with the details of our discussions with the authorities in regard to our application. The Committee was unfortunately placed in the position of having to give a joint decision governing both our application and a dispute between Empire producers and British manufacturers over the operation of the Ottawa Agreements.

It was impossible to get rid of the Ottawa provisions, during the term provided for their operation, except by agreement amongst the parties, and this could only be achieved, as it proved, by a reduction of the already inadequate duty which was supposed to protect our industry—an industry necessary to the employment of our workpeople, most of whom are within the ambit of two of the most distressed areas in the country and authoritatively declared to be essential to the country's defence. In this impasse the Committee adopted the solution of freeing the producers from the Ottawa stipulations and reducing the duty on foreign metal from 10 per cent.—which to-day would be equal to approximately 35s. a ton—to 12s. 6d. per ton.

COMMITTEE'S DECISION

In order to make clear the point of view from which the Committee took this action, I will quote the actual words of the note which they appended to their decision:—

"The need of such an industry (zinc) was seriously felt during the war and direct steps were taken at that time by the Government to promote its development. It has since been established at heavy cost, and now constitutes an asset of great value whether considered from the aspect of employment, direct and subsidiary, or from that of national security. We recognise that the rate of duty proposed is low, and that in the absence of agreements with overseas producers to control production and sales, it may prove inadequate to safeguard the home industry.

"The Imperial Smelting Corporation, while convinced that the present proposals are insufficient to defend the industry against the competition of producers of zinc in other countries which are more favourably situated in regard to the cost of wages, transport, etc., nevertheless agrees to give them a fair trial. Provided the industry in this country maintains the present high level of efficiency, and there is no other material change in relevant circumstances, we should not hesitate, notwithstanding that this might involve some further steps to assist the consuming interests, to

recommend such measures as might prove to be necessary to protect the home industry against any external competition."

THE BOARD'S VIEW

You will see from the foregoing quotation that while we have made it plain that the action of the Committee will in our view be insufficient adequately to defend the industry against the competition of producers of zinc in other countries which are more favourably situated in regard to the cost of wages, transport, etc., we have agreed to give their proposals a fair trial. We did so, relying on the assurance of the Committee that if we gave their suggestions a fair trial and the result was unsatisfactory, they would not hesitate to recommend such measures as might be necessary to protect the British industry against "any external competition."

It implies no criticism of the Committee—whose representatives throughout our discussions exhibited in the highest degree every quality of courtesy and patience—if I take the liberty of expressing my regret that the circumstances in which the Government handed over to them the problem of clearing up the confusion created by the Ottawa Agreements to which we were not parties, prevented our application being dealt with by them on its own merits.

You may ask what is involved in our promise to give the Committee's proposals a fair trial. In reply to that question it is necessary for me to emphasise the Committee's declaration that they recognised the new rate of duty as "low" and that "in the absence of agreement with overseas producers to control production and sales, it may prove inadequate to safeguard the home industry."

FUTURE POSSIBILITIES

I might venture to put this statement in plainer language by interpreting it to mean that unless producers outside the United Kingdom are prepared to agree to the regulation of supplies and sales within a reasonable time, we must again make an application for an increased and effective duty. In the light of the experience of the Great War and the report of the Balfour Committee combined with the assurance of the Import Duties Advisory Committee, a Government which has just declared a main plank in its policy to be

"filling the gaps in the Nation's defences,"

would not, I am confident, be likely to allow our application to remain unanswered.

In any event, I am certain that the Committee will firmly adhere to the spirit as well as the letter of the definite assurance given to us. There should, therefore, be no difficulty in bringing into operation a scheme ensuring fair play for the British industry. We do not enter into competition in any foreign market. We desire only a definite proportion of our own domestic consumption subject to an irreducible minimum.

While we are ourselves of opinion that a higher tariff—comparable with that of other industries whose products we are compelled to purchase at increased prices—is the best ultimate solution, we will loyally co-operate in seeking an acceptable International agreement.

POSITION ABROAD

In the foregoing review I have directed public attention to the position of the zinc industry in the United Kingdom. I may be permitted also to direct attention to what is going on elsewhere. Last year I told you of the wholesale assistance by tariffs, subsidies and price guarantees which is being given by other Governments to their zinc producers. In no country has this assistance been more bountiful than in Germany, where the Government's efforts have resulted in a very substantial increase in local production and an equivalent reduction in imports. There is no lack of recognition in Germany of the necessity of possessing a domestic supply of zinc.

As the result of determined action Germany is now approaching a point when she may be regarded as reasonably self-supporting in zinc supply, and, apparently in order to hasten her accomplishment of this purpose, the Government is now giving support to the erection of a large new plant operating the latest vertical retort process. A year ago I stated that it cannot be wise or safe for Britain to ignore what is taking place elsewhere. I repeat that advice to-day with emphasis.

Fortunately for us there has been an almost world-wide increase in the consumption of zinc during the past year, and prospects at present favour the continuance of this movement for some time.

The report and accounts were unanimously adopted.

WANKIE COLLIERY COMPANY, LIMITED

DIVIDENDS OF 15 PER CENT.

The twelfth ordinary general meeting of the Wankie Colliery Company, Limited, was held, on the 19th instant, at Abercorn Rooms, Liverpool Street, London, Sir Edmund Davis, chairman and managing director of the company, presiding.

The secretary (Mr H. W. Lampard) having read the notice convening the meeting and the report of the auditors,

The Chairman, in the course of his speech, said:—Turning to the profit and loss account, on the credit side, sales of coal and coke and other products amounted to £401,365. This figure compares with £342,016 for the previous year, an increase of £59,349.

On the debit side we have cost of mining coal and of the manufacture of coke products, etc., £176,566, as compared with £155,967 in 1934, an increase of £20,599.

The amount written off this year for depreciation is £53,905, compared with £50,054 in our previous accounts.

African general expenses, at £5,491, compare with £5,430 in our previous accounts, and London expenses, at £6,934, compare with £8,586 last year.

Directors' fees and additional remuneration, £4,992, compares with £4,600 last year, an increase of £392.

The only other items remaining in the profit and loss account are rents and sundry receipts in Africa, £11,851, and registration fees, £139, both of which are practically the same as last year and therefore call for no comment.

DIVIDEND PAYMENTS

If you will turn again to the balance sheet you will see that on the debit side we have brought in under the heading "Profit and loss account" the balance at August 31st, £29,060, and deducted the final dividend of 2 per cent. paid on November 2, 1934, amounting to £19,950, leaving a carry-forward of £9,110. To this sum we have added the profit for the year, amounting to £165,466, bringing the total up to £174,576, from which we have deducted taxation reserve, £13,429, leaving a net total of £161,147.

After deducting the two interim dividends of 5 per cent. each, paid on February 26 and June 13, 1935, respectively, which amounted to £90,750, there remains a balance of £61,397, out of which we propose to recommend the payment of a further dividend of 5 per cent., less income tax, for the year. This payment will absorb £49,875, and we propose to carry the balance of £11,522 forward to next year, comparing with £9,110 brought in.

There has been an increase of coal sales of 100,358 tons, of which the Southern Rhodesia industries took 17,753 tons, the Northern Rhodesia mines 51,633 tons, the railways 28,961 tons, the Belgian Congo 3,485 tons, while 1,474 tons less were sold outside those territories.

This additional tonnage of coal represents a satisfactory increase of 19.66 per cent. over the previous year, and 60 per cent. over the year ended August 31, 1933.

COAL RESERVES

There is one item in the report which I think I might amplify, and that is the figure which represents the coal reserve remaining under a radius of two miles from the Bell Station—that is, the bottom of the main dip, a distance of 600 ft. from the surface. The estimated coal reserves within that area are given as 44,510,000 tons. I should like to point out that this two-mile radius does not, by any means, constitute the economic limit for working from the No. 1 colliery shafts, but it has proved sufficient reserves for such a long period that there is no occasion to lock up large amounts of additional capital to prove reserves which may not have to be drawn upon for 20 to 30 years.

The water purification plant to which I alluded last year is now almost completed and is expected to be in operation within the next few months.

In conclusion, the Chairman said that the company had at August 31st last 114 European employees, most of whom were married, and during the year health conditions had continued to be quite satisfactory. At the same date the number of natives employed had been 2,327, against 2,363 at the end of the previous year. The natives, being well treated and intelligently fed, remained generally very contented. The married strength was 41.17 per cent. of native employees, comparing with 35.6 per cent. at the end of the previous year, which was a very satisfactory increase. The board desired to record appreciation of the excellent work carried out during the year by the general manager, Mr Darby, and his staff, and their thanks were due also to the railways, who had provided an unfailing supply of trucks.

The report and accounts were unanimously adopted.

KENYA CONSOLIDATED GOLDFIELDS, LIMITED

SUCCESSFUL WORK OF DEVELOPMENT

The second annual general meeting of this company was held, on the 23rd ultimo, at Eldoret, Kenya Colony.

The Hon. A. C. Hoey, M.L.C. (chairman), in the course of his speech, said:—The preliminary work performed in the neighbourhood of Kitere revealed a widespread system of gold-bearing veins and an area of 110 acres was examined geophysically during the months of April to July, 1935. This revealed not only a number of veins which did not outcrop, but helped to determine a well-defined shear zone into which fell the discoveries known as Owago, Lloyd, Curwen and North Konga. The discoveries made in what is now known as the Wilburn section were made by ordinary field methods owing to the three most important veins—the Wilburn West, Wilburn East and the so-called Convergent vein—presenting strong outcrops.

Up to date, over 10,300 ft. of reef outcrop has been stripped, and of this 3,000 yielded payable values. Stripping has been followed by 1,444 ft. of sinking on reef and 2,613 ft. of driving on reef. In addition, 768 ft. has been sunk in country-rock and 945 ft. in cross-cut.

Every effort is now being made to establish levels on each occurrence that will be well below the zone of oxidation and in primary ore such as may be expected to continue in depth. In the cases of the Lloyd and Curwen, the primary ore has already been entered by winzes sunk from the first shallow level, and the latest—and so deepest—exposure of heavily pyritic reef 14 ins. wide yields 53 dwts.

At the Wilburn section, the primary ore-zone is being aimed at by means of an adit from a point above the Kuja River, and still deeper levels will be tested by the campaign of diamond drilling recently started.

Although the major efforts of the company have been concentrated on the Kitere-Kuja section, it has been shown that proceeding north-westwards from the northern boundary of the Kitere-Kuja area and working round the periphery of the young granite, no less than 200 square miles demands intensive work, which would keep our staff occupied for a considerable period, quite apart from the general prospection of the remaining 800 square miles.

Work has continued on the Magor claims and a first level was established early this year. Of the 1,011 ft. driven on reef on this completed level, 450 ft. was payable with high values as the progress reports have disclosed.

Since then the establishment of a second level at an average depth of 150 ft. is approaching completion. The ore occurs in well-defined shoots, and until the entire work is connected it is not possible to arrive at a figure for payable footage on this second level. Where the shoots have been intersected, their high grade has been discovered to be maintained.

Underground work was started on the Blue Ray and gave satisfactory results, but owing to the slow progress made by hand labour it was stopped pending the erection of plant and diamond drilling was resorted to. As a result, three holes have already intersected the reef at a common level of 230 ft., and six more remain to be drilled at that level before the deeper one of 400 ft. is also tested.

The consulting engineer has advised, us that work should be confined to these two properties at the moment, as there is an excellent prospect of them reaching the producing stage at an early date.

A total of 5,082 ft. of underground development has been completed on the Lolgorien properties to date, and of this total 2,689 ft. have been driven on reef plane and 1,246 sunk on reef plane.

It is not the policy of the company, nor would it be possible for one company to bring to production the numerous payable areas which may well be found in the 200 square miles of mineralised ground in the Concession, and it is therefore proposed to transfer to a separate company the special area of three square miles of the Kitere-Kuja Section within which the Lloyd, Curwen, Wilburn and other occurrences are found, together with an additional 18 square miles of mineralised ground adjoining.

It being the policy of your directors to keep the company's capital as low as possible so as to ensure to the shareholders the fullest benefits that may accrue from their properties, they obtained from Mr. Haskel an advance of £50,000 to enable the company to carry out its programme of development without having to increase the capital. Mr Haskel's action in making this money available, and his services in general to the company, will, I am sure, be appreciated.

The report and accounts were unanimously adopted.

WITWATERSRAND NIGEL, LIMITED

PROGRESS OF DEVELOPMENT WORK

The second annual general meeting of Witwatersrand Nigel, Limited, was held at Johannesburg on Friday, November 15, 1935, Lieut.-Col. T. J. M. Macfarlane, C.M.G. (the chairman of the company), presiding.

The Chairman, in the course of his speech, said:—Turning to the balance sheet, you will see that the cash funds of your company as at June 30, 1935, were £189,737. At the same date last year they were £284,288. Additional working capital acquired during the year amounted to £38,125, which, added to the cash in hand as at June 30, 1934, amounts to £322,413. Deducting from this the cash in hand at June 30, 1934, reveals that the sum of £132,676 has been spent during the year under review, and I shall refer later on to the results achieved by the expenditure of this sum. Since the close of the financial year a further sum of £27,500 has been obtained by the issue of reserve capital.

The items which make up the total of £127,412 15s. 4d. appearing in the balance sheet under the heading of "Mine development, equipment and borehole drilling" are sinking of Nos. 1 and 2 shafts, £32,027, electric hoists for both shafts, £11,563, pumping equipment, £1,766, power plant, compressors, etc., £17,721, buildings, £20,867, development at Nos. 1 and 2 shafts, £1,116, sinking and development of No. 4 incline shaft, £14,054, borehole drilling, £15,311, general expenditure at the mine, which includes staff salaries, £12,362, and surface development and afforestation, £623.

You will be interested to learn that a certain well-known mining group have expressed the desire to interest themselves in your company; certain negotiations are pending which, if brought to a satisfactory conclusion, will in due course be communicated to shareholders.

At the end of June, 1934, your company's mining area was 3,974 claims, which has now been increased to 4,274 claims by the purchase from the Municipality of Heidelberg of the mineral rights of an area on the Heidelberg Townlands equivalent to 300 claims. Of the total of 4,274 claims, no share of profits is payable to the Government beyond current taxation on 3,138 claims. Representations have also been made in connection with undermining rights of the three township areas which are shown on the plan issued with your directors' report. These matters are under consideration by the Mining Leases Board.

GOOD DEVELOPMENT

The development results on the Upper Leader in the No. 4 incline shaft workings have been consistently good. Up to September 30, 1935, 1,597 feet were advanced, and out of 1,249 feet sampled, 863 feet (equal to 69 per cent.) were payable, averaging 11.32 dwts. over 28.57 inches, or 323 inch-dwts. Development is proceeding steadily to ascertain the continuation of this ore-body. Upper leaders, that is, reefs lying above the horizon of the Nigel Reef, have been found in all the boreholes and vertical shafts, in some cases carrying values, and in view of the encouraging results in the No. 4 incline shaft, systematic exploration of these leaders is being carried out from the vertical shafts in addition to the main development work on the Nigel Reef.

The main reef leader, or Nigel Reef, as it is locally termed, was intersected in the No. 1 shaft in May. The No. 2 shaft reached its final depth in June, and during the succeeding two months shaft stations, pump chambers and sumps were cut in both shafts and pumping and ventilation equipment installed. The main cross-cut from No. 2 shaft intersected the Nigel Reef at the end of September. Members will have read in the September quarterly report the results of the initial driving on the Nigel Reef from No. 1 shaft. It is still too early to pass any opinion on these results. The reef exposed is the normal conglomerate of the Nigel Reef and payable values—in some cases high values—have occurred at intervals. Lateral development is being extended rapidly and exploratory winzes and raises on reef are being advanced at intervals. Main haulage raises are being advanced from both shafts to establish a second level. The footage cost of this development work is satisfactory.

It will not be out of place here to mention that encouraging results have been obtained on the properties of your company's neighbours who are opening up on the strike of your company's Houtpoort and Heidelberg Townlands properties. The Spaarwater Gold Mining Company has disclosed highly payable shoots in the haulages from the Sub Nigel Mine, and on Poortje, which adjoins Houtpoort, the East Rand Consolidated shafts have struck payable values.

The report and accounts were adopted.

ELECTRIC AND MUSICAL INDUSTRIES, LIMITED**INCREASED SALES AND PROFITS**

The fourth ordinary general meeting of Electric and Musical Industries, Limited, was held, on the 15th instant, at Winchester House, London.

Mr Alfred Clark (chairman of the company), who presided, said that again this year the directors were happy to submit for the shareholders' approval a report that sales had exceeded those of the previous period, that trading had prospered, and that profits had increased, and to recommend the payment of a bonus in addition to a dividend at the same rate as last year.

They had had greater sales at home in Great Britain and Ireland, and greater sales in each of the other countries of the Empire than in the previous year, while their sales outside the Empire had decreased. Taking the whole territory in which they carried on their business—Empire and foreign—the total net sales had been greater, which meant that the increase within the Empire had been more than enough to offset the decrease in foreign countries.

As had been the case last year, radio receiving sets and radio-gramophones had formed the largest part of the sales in the home markets.

In the field of household appliances they had continued to make steady progress. Their sales of refrigerators were increasing. Their factories at Hayes were working full time with overtime in many departments and the output of receiving sets and radiograms again surpassed by a very large number the output of any other concern in Great Britain. The goods continued to be of high quality and up to the standard upon which the firm's reputation had been built.

TELEVISION

They would recall that Marconi-E.M.I. Television Company had been formed by them jointly with Marconi's Wireless Telegraph Company, Limited, with a capital of £1,000 for the purpose of supplying television apparatus for transmission and that a Committee set up by the Postmaster-General had been considering the whole question of television.

On the last day of January of this year the report had been issued. It recommended the erection of a broadcasting station from which experimental broadcasts of television with sound would be carried on for a period of approximately a year, using two systems. One of those was the system of the Marconi-E.M.I. Television Company, Limited, which company had since received an order from the British Broadcasting Corporation, and was busily engaged in the construction of transmitting apparatus for the new station at Alexandra Palace. They expected that the completion next spring of the new station at Alexandra Palace would be followed by a period of great interest.

Preparations were well ahead in their factories and they expected to be able to supply the demands of the public when television broadcasting was begun next year. He was glad to be able to assure shareholders that the development of their television to its present high stage was a British achievement carried out at Hayes. The position which their company had earned in television was due to the work of its research engineers.

THE OUTLOOK

During the last four months the sales of radio sets, which in Great Britain formed the principal part of the company's business, had again increased over the same months last year, and, similarly, they had sold more gramophone records, although, unlike radio sets, the value of those records was not as much as last year, due to the lower prices at which they were being sold.

While he could give shareholders the facts about the actual sales that had taken place since the beginning of the new trading year, his difficulty always arose on the attempt to predict the result of the trading during the balance of the year.

They would be faced, quite naturally, with the international situation. An outstanding improvement in foreign trade could not be expected as long as restrictions remained as they were, but in some countries trading had been better in the first months of the new year. At home the radio industry was, perhaps, over-expanded and competition was likely to be keen, but they believed that they were in a stronger position than ever to meet eventualities and, in consequence, the directors viewed the result of the year's work with confidence.

Their managing director, Mr Louis Sterling, was at present absent in America on important business in the interest of the company. When he returned, as he would very shortly, he would like to be able to tell him on behalf of the shareholders how much his efforts, as well as those of his loyal staff, were appreciated. Their company was indeed fortunate in having such devoted and efficient service.

The report was adopted.

PAHANG CONSOLIDATED COMPANY, LIMITED**SATISFACTORY MINE DEVELOPMENTS**

The twenty-ninth ordinary general meeting of the shareholders of the Pahang Consolidated Company, Limited, was held, on the 19th instant, at Winchester House, Old Broad Street, London, Mr H. Frisby, chairman and managing director, presiding.

The Chairman, in the course of his speech, said the mines profit for the year amounted to £85,123, compared with £79,380 last year.

We now propose to write off the usual 10 per cent. depreciation on plant, machinery, etc., and to allocate £1,000 to staff welfare from shop profit. We propose to transfer to reserve for development £10,000, and we recommend the following dividends: On the preference shares 3½ per cent., making 7 per cent. for the year; on the ordinary shares 10 per cent., making, with the 5 per cent. interim, 15 per cent. for the year; and an extra 5 per cent. on the preference shares, making 12 per cent. for the year, leaving our carry-forward £27,354, which is some £3,000 less than we brought in.

INCREASED ORE RESERVES

Development on the property, although of limited extent owing to restriction, has been quite satisfactory. In spite of crushing 88,800 tons of ore and producing 1,651 tons of black tin during the year, we estimate there has been an increase in the ore reserves and an increase of 1,000 tons in the black tin blocked out, bringing the black tin in sight up to 16,000 tons.

We decided to start cross-cutting north-east from the 1,100 ft. level to get under the Kabang lodes, and at the same time explore the country there and see if the Willinks lode would remake in that vicinity. They have driven 1,000 ft. on it and have got to go another 1,000 ft., and then they may, if successful, go on a further 1,000 ft. to the lode called Simon's Lode, a great producer in the old Pahang Corporation days. They never carried it down to any depth, and the same thing applies to two other mines, which I hope may soon be reopened. They were both very rich producers, but very shallow in depth, as they could not afford to do any dead work. One of them, particularly, I think, will turn out to be a good mine.

You will have noted the enormous amount of water we have had to pump—600,000,000 gallons for the year, and it was felt that we had not quite enough reserve of pumping power; so two new 750 h.p. Diesel engines have been ordered, and I think they will be on the property early in the New Year, and probably erected by next June.

THE RESTRICTION SCHEME

During the last year or two I have expressed my views very freely on the Tin Restriction Scheme. This year I cannot tell you whether it is going to be continued or not. I do know that negotiations are going on, but I think there are very serious difficulties in the way, owing to the attitude taken up by the producers outside the scheme. Siam, I hear, is asking for a 100 per cent. increase, and the Belgian Congo is sure to want a greater output, because there is no doubt that their deposits are very large and can be easily and cheaply worked. So far as China is concerned, all we know is that a new up-to-date smelting plant has been, or is being, erected in China, and with that up it will be very difficult to discover what her output will be, as they ship the whole of their output straight to America.

Last year I stated there was a corner in tin, and, if you remember, that was contradicted by the Secretary of State for the Colonies at the time as untrue. I think now everyone will admit that my statement was a correct one. A back of £20 per ton for cash tin, and the price moving up from £220 to £250 in two or three days is, in my opinion, proof of it, even if the 30 per cent. increase in the quota is not. In my own opinion, the corner is still there; there is no sign of it having been broken. As to increasing the supply, you cannot turn on tin as you would water from a tap. It takes many months to start working, and it will be many months before this extreme corner will stop. If this war goes on between Italy and Abyssinia, the corner may go on for a very long time, for I do not believe for a moment that Sanctions are going to stop the Italians getting tin—they can get it from Bolivia, I think.

I am quite sanguine about the future of our industry, and I am also sanguine about the future of this company. You have a great tin mine, probably one of the greatest. It is upon solid foundations as regards finance, and you have a first-rate staff in the East managing your property. All that we ask is that we should be left alone to work the property in the way it should be worked by miners.

The report and accounts were unanimously adopted.

BUKIT KAJANG RUBBER ESTATES, LIMITED**SUCCESSFUL RESULTS**

The twenty-sixth annual general meeting of Bukit Kajang Rubber Estates, Limited, was held, on the 21st inst., at 7 Martin's Lane, London.

Mr W. Arthur Addinsell, the chairman, proposed the adoption of the report and accounts and the declaration of a dividend of 6 per cent. for the year. He said: The profit earned during the period covered by the accounts under review, showed an increase of about 50 per cent., as compared with the previous year. There were two factors responsible for this gratifying result. The first was the improved average net price realised for our rubber—from 4.36d. to 5.96d. per lb. Secondly—as I foreshadowed at last meeting—our shareholding in Holyrood Rubber, Limited, contributed £1,565 by way of a dividend, as compared with £391 in the previous year.

STRONG POSITION—INCREASED DIVIDEND

The position of the balance sheet is a strong one, and practically the whole of the area at present planted is of mature age. It is deemed prudent to continue the policy of recent years in writing down the book value of buildings and machinery, etc., and this item will stand in the balance sheet at a nominal value.

In the circumstances your directors felt justified in recommending the payment of a dividend of 6 per cent., as compared with 4 per cent., and a carry forward of £3,027 against £1,341 brought in.

I have already mentioned our shareholding in Holyrood Rubber, Limited. In addition, investments include £2,266 held in the Edensor Rubber Estate, Limited. The planted area of Edensor is 1,007 acres, and although 638 acres are ready for tapping, it was decided to postpone this for the time being, and to dispose of the "rights" to which the Company was entitled under the Restriction Scheme, for the purpose of meeting estate expenses.

The Bukit Kajang Company's interest in proportion to the total subscribed amounts to the equivalent of approximately 60 acres. That, I think completes a survey of the accounts so far as is necessary.

The directors' report mentions the reduction in the planted area of 21 acres, which is fully explained; but I would add that negotiations are proceeding with the authorities in Malaya with a view to this area being planted up with budded material under the auspices of the Rubber Research Institute.

FUTURE OF RUBBER

With regard to the future of rubber, we have now had some experience of the benefits to be gained from restriction. The majority of companies have resumed the payment of dividends; but I do not think anyone will disagree with me that the profits earned do not yet give an adequate return, having regard to the lean years and the risks incidental to tropical agriculture.

What is claimed as the slow progress made towards the successful issue of the Restriction Scheme has caused some disappointment. The crux of the situation lies in the statistical position, and although comparatively huge stocks have accumulated in the United Kingdom, the figures for the world as a whole provide evidence that within a reasonable time stocks will be reduced to a normal quantity.

With its financial and agricultural affairs in a sound state, and its moderate capitalisation per acre, this company is favourably placed to receive the full share of the benefits which, in my opinion, must accrue to the industry in the not distant future.

The resolution was unanimously adopted.

OFFER TO NEW READERS

Any reader who makes his first acquaintance with this journal with this week's issue is invited to fill up the attached: To The Publisher, "The Economist Newspaper Ltd.," 8 Boulevard Street, E.C.4.

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

Name.....
Address.....
.....

S. SMITH AND SONS (MOTOR ACCESSORIES), LIMITED**RECORD SALES**

The twenty-first ordinary general meeting of S. Smith and Sons (Motor Accessories), Limited, was held, on the 21st instant, at Cricklewood Works, London.

Mr Walter Henderson-Cleland, M.C. (the chairman), said that this year again he was in a position to say that their business has increased. They had beaten all previous records in the numbers of instruments supplied and had added further products to their established lines. That applied also to the aircraft section. The majority of British machines were fitted with their instruments as standard equipment, and besides supplying the bulk of the instruments used in these machines, they supplied a large number to users and manufacturers of aircraft abroad. The K.L.G. Sparking Plug Company had maintained its position during the year.

The All-British Escapement Company had increased their business and were gradually adding to their range of high-class domestic clocks. The latest small eight-day Calotte, or travelling clock, had proved a great success. As to Smith's English Clocks, the sales of the products of that company had increased by 40 per cent. during the year, in spite of intense foreign competition. The company manufactured the synchronous electric clock and domestic clocks of various descriptions. It also owned controlling interests in a company manufacturing striking and chiming clocks, 30-hour clocks, and would shortly market an English alarm clock at a competitive price.

The turnover of the Smith group of subsidiaries was now approaching that of the parent company, and was making valuable contribution to the profits of S. Smith and Sons. Notable additions to their lines had been made, including the new jacking system, which was a development of their old Jackall product. The turnover of the parent company and its subsidiaries for the first three months of the current year was again greater than in any corresponding period, and again constituted a record in the history of the company. The company's factories were operating to the fullest capacity, and there was every indication that the turnover of the current year would be considerably in excess of that of last year.

The report was unanimously adopted.

GOVERNMENT RETURNS, &c.**NATIONAL ACCOUNTS**

The total ordinary revenue for the week ended November 16, 1935, amounted to £9,063,000, against ordinary expenditure of £9,199,000. After allowing for a decrease in Exchequer Balances of £423,904, the operations for the week, as shown below, decreased the gross National Debt by £73,000 to approximately £7,985 millions.*

(000's omitted.)

Treasury Bills	+ 1,661	Public Department Advances.....	— 1,100
		P.O. and Teleg. Cap. Expenditure ..	— 600
		N. Atlantic Shipping Issues	— 34
	+ 1,661		— 1,734

* Including £375 millions on Account of Exchange Equalisation Fund and Borrowing for Statutory Sinking Fund.

A complete analysis of the approximate position of the National Debt on September 30, 1935, appeared in the *Economist* for October 5th.

REVENUE	Estimate for the year 1935-36	Total Receipts into the Exchequer			
		April 1, 1935, to Nov. 16, 1935	April 1, 1934, to Nov. 17, 1934	Week ended Nov. 16, 1935	Week ended Nov. 17, 1934
ORDINARY REVENUE					
Inland Revenue—					
Income Tax	232,500,000	70,757,000	67,483,000	582,000	1,623,000
Sur-tax	51,500,000	7,070,000	9,790,000	110,000	180,000
Estate, etc., Duties	80,000,000	55,630,000	50,840,000	1,370,000	1,280,000
Stamps	25,000,000	12,010,000	11,990,000	360,000	420,000
Excess Profits Duty and Corporation Profits Tax	1,700,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	140,000	160,000	...	...
Total Inland Revenue	391,500,000	145,607,000	140,263,000	2,422,000	3,503,000
Customs and Excise—					
Customs	188,570,000	125,567,000	119,531,000	3,825,000	3,163,000
Excise	106,350,000	66,400,000	67,400,000	1,700,000	4,200,000
Total Customs and Excise	294,920,000	191,967,000	186,931,000	5,525,000	7,363,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	2,238,000	2,865,000	Dr 330,000	Dr 88,000
Post Office (Net Receipt) ..	11,850,000	12,150,000	12,800,000	1,100,000	1,100,000
Crown Lands	1,330,000	890,000	870,000	...	...
Receipts from Sundry Loans	3,900,000	3,245,004	3,178,781	...	84,144
Miscellaneous Receipts.....	25,970,000	15,835,194	11,470,633	346,011	20,547
Total Ordinary Revenue	734,470,000	371,932,198	358,378,414	9,063,011	11,982,691

REVENUE	Estimate for the year 1935-36	Total Receipts into the Exchequer				
		April 1, 1935, to Nov. 16, 1935	April 1, 1934, to Nov. 17, 1934	Week ended Nov. 16, 1935	Week ended Nov. 17, 1934	
SELF-BALANCING REVENUE	£	£	£	£	£	
Post Office	64,070,000	37,100,000	34,200,000	850,000	750,000	
Motor Vehicle Duties apportioned to Road Fund	26,230,000	8,202,000	9,490,000	330,000	200,000	
Total Self-balancing Revenue	90,300,000	45,302,000	43,690,000	1,180,000	950,000	
Total	...	417,234,198	402,068,414	10,243,011	12,932,691	

EXPENDITURE	Estimate for the year 1935-36 (including Supplementary Grants)	Total Issues out of the Exchequer to meet Payments				
		April 1, 1935, to Nov. 16, 1935	April 1, 1934, to Nov. 17, 1934	Week ended Nov. 16, 1935	Week ended Nov. 17, 1934	
ORDINARY EXPENDITURE	£	£	£	£	£	
Interest and Management of National Debt	224,000,000	143,202,897	144,525,869	471,906	436,896	
Payments to Northern Ireland Exchequer	6,750,000	3,225,500	3,387,639	...	...	
Other Consolidated Fund Services	3,700,000	2,022,750	1,758,291	227,161	4,000	
Post Office Fund	1,130,000	1,126,817	2,291,118	...	...	
Total	235,580,000	149,577,964	151,962,917	699,067	440,896	
Total Supply Services (excluding Post Office)	508,440,000	301,947,599	278,861,319	8,500,000	8,500,000	
Total Ordinary Expenditure	744,020,000	451,525,563	431,824,236	9,199,067	8,940,896	
SELF-BALANCING EXPENDITURE	£	£	£	£	£	
Post Office	64,070,000	37,100,000	34,200,000	850,000	750,000	
Road Fund	26,230,000	8,202,000	9,490,000	330,000	200,000	
Total Self-balancing Expenditure	90,300,000	45,302,000	43,690,000	1,180,000	950,000	
Total	...	496,827,563	475,514,236	10,379,067	9,890,896	

The aggregate revenue and expenditure to November 16, 1935, is shown below:—

FINANCIAL YEAR, 1935-36, APRIL 1, 1935, TO NOVEMBER 16, 1935 (000's omitted)

Revenue	£ 371,332
Expenditure	£ 451,526
Decrease in balances	£ 85,194
Gross inc. in borrowing	£ 85,194
Less:	
New Sinking Fund	5,597
Net borrowing	79,549
451,526	451,526

* Authority will be sought in the Finance Bills to meet the amount of the Statutory Sinking Funds in 1935 by borrowing.

POSITION OF THE FLOATING DEBT

Ways and Means Advances Outstanding—£	Nov. 17, '34	Mar. 31, '35	Nov. 16, '35	Nov. 16, '35
Advances by Bank of England	44,600,000	34,600,000	34,590,000	—1,100,000
Advances by Public Departments	850,425,000	799,320,000	801,435,000*	+1,660,000
Treasury Bills outstanding	...	...	...	...

Total Floating Debt 895,025,000 833,980,000 836,025,000 + 560,000

* Includes £1,000, the proceeds of which were not carried to the Exchequer within the period of the Account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £45,000,000 Treasury bills were opened on November 15, 1935, and the total amount applied for was £61,155,000. Tenders were accepted for Treasury bills at three months dated Monday to Friday, at £99 17s. 3d., about 74 per cent., and above in full; Saturday at £99 17s. 4d., and above in full. The average rate per cent. was 10s. 9-95d. The amount allotted was £45,000,000. The following table shows the weekly record at various dates:—

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
January 6, 1933	45,000,000	73,830,000	45,000,000	0 16 10-84
July 7	45,000,000	83,890,000	45,000,000	0 10 4-85
October 6	45,000,000	100,450,000	45,000,000	0 12 9-98
January 5, 1934	35,000,000	76,260,000	30,000,000	0 18 11-5
April 6	40,000,000	80,390,000	30,000,000	0 12 4-32
July 6	35,000,000	62,745,000	31,510,000	0 16 4-14
October 5	35,000,000	65,280,000	31,510,000	0 15 9-702
January 4, 1935	30,000,000	49,580,000	27,500,000	0 6 1-84
April 5	40,000,000	76,085,000	40,000,000	0 10 2-93
July 5	40,000,000	60,905,000	40,000,000	0 12 4-32
October 4	45,000,000	71,245,000	44,000,000	0 12 8-05
January 3, 1936	40,000,000	65,470,000	40,000,000	0 12 10-81
April 4	40,000,000	66,695,000	40,000,000	0 11 9-24
July 4	40,000,000	68,880,000	40,000,000	0 11 1-32
October 3	45,000,000	63,955,000	45,000,000	0 10 9-91
January 2	45,000,000	61,155,000	45,000,000	0 10 9-95

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended October 26, 1935	581,168	£ 435,876
Week ended November 2, 1935	626,203	469,652
February, 1916, to November 2, 1935	1,240,927,519	977,133,227

At the end of September, 1935, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £391,607,033.

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, November 20, 1935

ISSUE DEPARTMENT

Notes Issued:—	£	Government Debt	£ 11,015,100
In Circulation	398,900,286	Other Government Securities	246,285,166
In Banking Department	58,288,797	Other Securities	1,180,872
		Silver Coin	1,538,862
		Amount of Fiduciary Issue	280,000,000
		Gold Coin and Bullion	197,189,083
	457,189,083		457,189,083

BANKING DEPARTMENT

Proprietors' Capital	£ 14,553,000	Government Securities	£ 83,619,999
Reserve	3,237,636	Other Securities	1,180,872
Public Deposits*	21,629,842	Discounts and Advances	£ 9,712,848
Other Deposits	...	Securities	£ 14,359,780
Bankers' ...	£ 90,940,684		24,072,428
Other Accounts	£ 96,500,509		58,288,797
	127,441,173		880,227
	166,861,451		166,861,451

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

Both Departments	Amount, Nov. 20, 1935	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	398,900,286	- 2,549,154	+ 21,965,424
Public deposits	21,629,842	+ 5,821,097	- 3,708,295
Bankers' deposits	90,940,684	+ 1,928,088	- 4,950,225
Other deposits	36,500,509	- 189,597	+ 1,170,865
Seven-day bills	547,971,081	+ 1,146,258	+ 12,165,879
Total outside liabilities	17,790,636	+ 2,706,1	- 13,769
Capital and rest	340,920,285	+ 475,364	+ 4,311,263
Government debt and securities	9,712,848	+ 1,392,628	+ 1,071,876
Discounts and advances	15,520,652	+ 1,395,735	+ 2,701,867
Other securities	1,538,862	+ 2,233	- 1,306,285
Silver coin in issue department	198,089,296	+ 602,607	+ 5,733,556
Coin and bullion (bank's reserves)	59,189,024	+ 3,241,761	- 16,621,868
Reserves of notes and coin in banking department	...	...	...
Proportion of reserve to outside liabilities	39.6%	+ 1.2%	- 8.0%
(a) Banking Department only ("proportion")	36.2%	+ 0.1%	+ 0.2%
(b) Gold stocks to deposits and notes ("reserve ratio")	...	...	...

Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits		
1935							
Oct. 23	454,324	397,014	35,325	78,708	37,084	651 in	2
Nov. 6	454,684	398,889	28,228	82,524	38,552	380 in	2
Nov. 13	455,483	402,158	21,009	89,559	36,841	799 in	2
Nov. 20	457,189	398,900	21,630	92,867	36,700	975 in	2
				80,941	36,501	731 in	2

(000's omitted)

Date	Issue Department		Both Depts.	Banking Department			
	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio	Govt. Securities	Dis- counts & Ad- vances	Other Securities	Reserve the " P" portion
1935							
Oct. 23	257,340	1,120	195,181	86,775	11,386	12,479	58,166
Nov. 6	257,172	1,285	195,522	85,890	11,210	12,270	55,633
Nov. 6	256,982	1,499	196,407	85,215	10,986	12,493	54,230
" 13	256,970	1,493	197,377	83,475	10,105	12,631	55,627
" 20	257,300	1,161	198,069	83,620	9,713	14,360	59,169

BANKERS' CLEARING RETURNS

LONDON (000's omitted)

	Town	Metropolitan	Country	Total
January 1 to November 6	27,380,091	1,601,311	2,743,140	31,724,542
Week ended November 13	587,456	35,633	80,938	684,027
Week ended November 20	590,639	35,069	84,213	689,921
Total to date, 1935	28,558,186	1,672,013	2,868,291	33,098,490
Total to date, 1934	27,122,298	1,558,414	2,648,484	31,329,196
Increase or decrease in 1935	+ 1,435,888	+ 113,599	+ 219,807	+ 1,769,294
	- 5.3%	- 7.3%	- 8.3%	- 5.7%
Total for year 1934	30,740,117	1,759,528	2,984,512	35,484,157
Total for year 1935	27,714,460	1,656,676	2,798,471	32,169,607
Increase or decrease in 1934	+ 8,025,657	+ 102,853	+ 218,041	+ 8,346,551
	+ 10.8%	+ 6.2%	+ 7.8%	+ 10.4%

PROVINCIAL

(000's omitted)

	Week ended November 16, 1935		Month of October			Aggregate Totals January 1 to November 16	
	1934	1935	1934	1935	Inc. or Dec.	1934	1935
No. of working days:	27	27	27	27			
BIRMINGHAM	2,135	2,292	9,696	9,736	+ 0.4	102,303	106,132
BRADFORD	652	746	3,662	4,331	+ 18.2	39,213	40,593
BURTON	1,234	1,304	5,773	5,742	- 0.6	53,975	54,099
BURTON	727	623	3,126	3,558	+ 13.8	237,930	244,161
DUBLIN	747	945	3,834	3,845	+ 0.2	41,419	40,801
HULL	857	750	3,881	3,191	- 10.7	28,510	30,300
LEEDS	677	773	2,881	2,516	- 13.1	275,080	258,801
LEICESTER	6,469	5,795	28,939	25,146	- 13.1	437,023	440,163
LIVERPOOL	10,015	9,535	45,654	44,093	- 3.4	67,271	59,529
MANCHESTER	1,488	1,290	6,442	5,202	- 19.2	19,950	21,524
NEWCASTLE	431	471	2,047	2,181	+ 6.5	37,959	38,444
NOTTINGHAM	832	727	3,774	3,899	+ 3.3	1,373,557	1,368,642
SHEFFIELD	...	...	...	...	...	...	...
	32,910	31,251	115,833	110,924	- 4.2	...	...

* Restricted area from April 1, 1935. † Extended area from November 28, 1934.

OVERSEAS BANK RETURNS

NOTE.—The latest return of the Bank of Danzig appeared in the Economist for October 5. Rumania, Denmark in October 12. Egypt in October 28. International Settlements, Italy, Estonia in November 8. Federal Reserve Members, Hungary, Czechoslovakia, Latvia, Lithuania, Sweden, Bulgaria, Greece, Java in November 16.

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

	Nov. 21, 1934	Oct. 31, 1935	Nov. 7, 1935	Nov. 14, 1935	Nov. 21, 1935
U.S.F.R. BANKS					
RESOURCES					
Gold Certificates on hand and due from the Treasury	5,055,530	7,026,620	7,063,160	7,124,160	7,161,650
Total reserves	5,315,660	7,285,300	7,306,160	7,377,340	7,422,360
Total cash reserves	240,300	238,950	223,630	234,580	242,110
Total bills discounted	10,720	6,130	6,800	9,070	5,420
Bills bought in open market	5,690	4,670	4,680	4,680	4,670
Total bills on hand	16,410	10,800	11,480	13,750	10,090
Industrial advances	8,670	32,720	32,680	32,690	32,560
Total U.S. Govt. securities	2,430,150	2,430,170	2,430,200	2,430,170	2,430,240
Total bills and securities	2,465,570	2,473,880	2,474,530	2,476,780	2,473,080
Total resources	8,397,930	10,381,300	10,371,810	10,666,120	10,611,900
LIABILITIES					
Federal Reserve notes in actual circulation	3,157,690	3,511,320	3,563,250	3,562,090	3,570,420
Aggregate of excess member bank reserves over requirements	27,770	3,010,000	2,990,000	3,050,000	3,070,000
Deposits—Member bank—reserve account	4,195,890	5,652,990	5,671,230	5,745,950	5,781,640
Government deposits	32,700	60,280	59,720	77,770	50,460
Total deposits	4,387,700	6,009,410	5,967,180	6,072,610	6,093,640
Capital paid in and surplus	287,650	298,710	298,710	298,710	298,660
Total liabilities	8,397,930	10,381,300	10,371,810	10,666,120	10,611,900
Ratio of total reserves to deposit and F.R. note liabilities combined	70-4%	76-5%	76-7%	76-6%	76-8%
U.S.F.R. BANKS AND TREASURY COMBINED					
RESOURCES					
Monetary Gold Stock	...	9,886,000	9,714,000	9,747,000	9,804,000
Treasury and National Bank Currency	...	2,401,000	2,401,000	2,399,000	2,409,000
LIABILITIES					
Money in Circulation	...	5,886,000	5,754,000	5,746,000	5,739,000
Treasury Cash and Deposit with Federal Reserve Banks	...	2,685,000	2,655,000	2,641,000	2,648,000

† In accordance with Art. 53 of the Statute

↑ Pence per unit of local currency (a); Rio de Janeiro, Lima, Valparaiso (b) days
 February 1, 1934. (c) Par, 197-104 (d) Par, 8-23 1/2 since dollar devaluation of
 (e) Prior to devaluation on April 2, 1935. (f) Official rate of devaluation on February 17, 1935
 in U.S. dollars (g) Export rate (h) Official rate (i) Pence per unit of local currency
 is \$15 sellers. (j) Official rate is 4 1/2 sellers. (k) Official rate
 conversion of lire into sterling for remittance rate for importers. (l) Rate for
 debts due to persons in Italy for goods and trade (m) Official rate of devaluation
 conversion of Turkish currency into sterling for payments to the Bank of England in respect of
 (n) Nominal. (o) Rate for
 respect of debts due to persons in Turkey for Turkish goods. (p) Second rate
 (q) Selling

THE ANGLO-SOUTH AMERICAN BANK, LTD., has received telegraphic advice from the Madrid Branch that the gold surcharge for the payment of Spanish Customs duties has been fixed for the period November 21st to 30th at 138.92 per cent. The previous rate, as from November 11th at 138.70 per cent.

CENTRAL AND SOUTH AMERICAN EXCHANGE RATE
THE ANGLO-SOUTH AMERICAN BANK, LTD., issues the following details relative to quotations for certain of the South and Central American exchanges. All these exchanges, with the exception of that of Bolivia, are related to the United States dollar, and the

* Exchange controls are operative in these countries.

* All rates (Australian and New Zealand) now based on £100—LONDON

The following statistics of imports and exports of gold and silver for week ended November 21, 1935, are issued by the Statistical Department of H.M. Customs and Excise :—

Gold Imported into Great Britain and Northern Ireland, week ended November 21, 1935			Gold Exported from Great Britain and Northern Ireland, week ended November 21, 1935		
From	Bullion*	Coins†	To	Bullion*	Coins†
Tanganyika	£ 6,951	£	Netherlands	955,276	16,36
Kenya	8,075	...	France.....	574	86,75
Aden and Depend- encies	700	...	Switzerland	...	2,15
British India	1,248,635	...	U.S.A.	701,969	28
Australia	555,972	...	Other countries	1,317	...
New Zealand	41,609	...			
Germany	5,574	...			
Netherlands	10,973	300			
		1,311			
France	991,206	2,500			
		88,887			
Switzerland	10,266	5,800			
Iraq	4,907	...			
Other countries ..	2,837	511			
Totals	2,887,705	8,600	Totals	1,659,136	88,91
		90,709			34,45

Silver Imported into Great Britain and Northern Ireland, week ended November 21, 1935			Silver Exported from Great Britain and Northern Ireland, week ended November 21, 1935		
From	Bullion*	Count†	To	Bullion*	Count†
	£	£ 200		£	£
Irish Free State ...	...	2,400	Norway	2,033	...
Gibraltar	...	1,950	France	1,525	...
British W. Africa	...	620	U.S.A.	3,427,670	10
			Other countries ...	73	6
Aden and Depend- encies	...	1,650			
British Malaya	3,969	3,313			
Australia	39,227	986			
Germany	1,557	...			
Netherlands	55,101	...			
Belgium	18,083	650			
France	...	64			
Iraq	120	...			
Japan	594,431	3,046			
Costa Rica	...	1,465			
Other countries ...	1,046	...			
Totals	713,534	6,601 11,743	Totals	3,431,301	8

* At current market value. † Coin which is of legal tender in the United Kingdom entered at its face value and is shown in *italics*. Other coin is entered at current market value.

GOLD MOVEMENTS: BANK OF ENGLAND

1935	ARRIVALS	1935	WITHDRAWALS
Nov. 15	Bar gold	Nov. 15	Nil
" 16	"	" 16	Nil
" 18	"	" 18	Nil
" 19	Bar gold	" 19	Nil
" 20	"	" 20	Nil
" 21	"	" 21	Nil
Total	551,500	Total	Nil

Movement November 15, 1935, to November 21, 1935 (inclusive) (£51,500 in movement during year 1934)

Movement during 1935 (January 1 to November 21, 1935, inclusive) (£4,884,395 in movement April 29, 1925, to November 21, 1935 (inclusive))

Movement September 21, 1931 (gold standard suspended), to November 21, 1935 (inclusive) (£61,136,525 in movement)

GOLD MARKET

Messrs. Samuel Montagu and Company write on November 20, 1935, as follows:—

The Bank of England gold reserve against notes amounted to £196,457,659 on the 13th inst., as compared with £195,482,528 on the previous Wednesday. Purchases of bar gold announced by the Bank during the week amounted to £731,405. About £1,500,000 of bar gold was dealt with at the daily fixing; there was a fair general demand for the moderate amounts offered and, as a consequence, prices were maintained at a premium over New York parity.

Quotations during the week:—

	Per fine ounce	Equivalent value
November 14	141s. 4½d.	12s. 0.22d.
" 15	141s. 5d.	12s. 0.18d.
" 16	141s. 5d.	12s. 0.18d.
" 18	141s. 5d.	12s. 0.18d.
" 19	141s. 6½d.	12s. 0.05d.
" 20	141s. 4½d.	12s. 0.22d.
Average	141s. 5.08d.	12s. 0.17d.
November 21	141s. 5d.	12s. 0.18d.

The s.s. "Cathay," which sailed from Bombay on the 16th inst., carries gold to the value of about £780,000 consigned to London.

SILVER MARKET

The price for cash silver remained unchanged during the week at 29½d., whilst that for two months' delivery was 29½d. until to-day, when it declined ½d. to 29d.

The American Treasury continued their purchases of cash silver at a limit of 29½d., acquiring a moderate amount, and there has been further selling by China although on a rather reduced scale.

The present situation in China seems to have occasioned some nervousness in the Indian Bazaars and this has been reflected by re-selling from this quarter—particularly in evidence yesterday and to-day.

The Indian Bazaars made some forward purchases in the earlier part of the week and also carried forward bull contracts falling due. On the whole the market has been rather quiet and in view of the American purchases the cash position is likely to remain steady, whilst that for forward may be somewhat uncertain.

Quotations during the week:—

	IN LONDON		IN NEW YORK	
	Bar silver per oz. std.			Cents per
	Cash	Two Months'		Ounce
	delivery	delivery		999 fine
Nov. 14	29 ¹ / ₂ d.	29 ¹ / ₂ d.	Nov. 13	65 ¹ / ₂
" 15	29 ¹ / ₂ d.	29 ¹ / ₂ d.	" 14	65 ¹ / ₂
" 16	29 ¹ / ₂ d.	29 ¹ / ₂ d.	" 15	65 ¹ / ₂
" 18	29 ¹ / ₂ d.	29 ¹ / ₂ d.	" 16	65 ¹ / ₂
" 19	29 ¹ / ₂ d.	29 ¹ / ₂ d.	" 18	65 ¹ / ₂
" 20	29 ¹ / ₂ d.	29d.	" 19	65 ¹ / ₂
Average	29.312d.	29.052d.		
Nov. 21	29 ¹ / ₂ d.	29d.		

The highest rate of exchange on New York recorded during the period from the 14th inst. to the 20th inst. was \$4.92½ and the lowest \$4.91½d.

COMPANY NEWS

WEEKLY TRAFFIC RETURNS

RAILWAYS OF GREAT BRITAIN AND IRELAND

		Gross Receipts, week ended November 17, 1935 (£000)						Aggregate Gross Receipts 1935 compared with 1934 46 weeks (£000)					
(b) Week ended Nov. 15, 1935	(c) Week ended Nov. 16, 1935	Miles Open	Passen- ger, &c.	Merchan- dise, &c.	Coal and Coke	Total Goods	Total Receipts	Passen- ger, &c.	Merchan- dise, &c.	Coal and Coke	Total Goods	Total Receipts	
Great Western	1935 3,749	156	192	114	306	462		9,504	8,365	4,546	12,911	22,415	
"	1934 3,749	160	188	106	294	454		9,372	8,280	4,354	12,854	22,226	
(c) L. & N.	1935 6,336	259	350	265	615	874		16,532	14,649	6,261	27,574	38,322	
"	1934 6,336	253	348	250	598	856		14,444	14,466	10,469	24,875	37,221	
Eastern	1935 6,839	375	491	268	759	1,342		22,437	20,721	10,511	31,238	53,671	
"	1934 6,839	375	491	268	759	1,342		22,203	20,544	10,414	30,958	53,016	
L. M. & D.	1935 6,924	375	491	268	759	1,342		13,916	2,819	1,361	4,180	18,096	
"	1934 6,924	375	491	268	759	1,342		13,523	2,897	1,401	4,388	17,991	
Scottish	1935 6,839	375	491	268	759	1,342							
"	1934 6,839	375	491	268	759	1,342							
Southern	1935 2,171	242	61	33	94	336							
"	1934 2,171	238	64	33	97	335							
Total	1935 19,181	1,032	1,094	680	1,774	2,808		60,509	46,314	26,686	73,000	133,506	
"	1934 19,181	1,042	1,077	651	1,728	2,770		59,292	46,277	26,798	73,075	132,967	
(b) Belfast	1935 80	1.7	...	...	0.6	2.3	118.2	...	...	...	23.6	141.8	
" & Co. Down	1934 80	1.7	...	...	0.5	2.2	116.9	...	...	...	28.8	140.7	
(c) Great	1935 543	7.8	...	...	10.4	18.2	489.5	...	...	...	430.5	870.3	
" Northern	1934 562	7.6	...	...	9.9	17.5	466.3	...	...	...	400.0	870.3	
(b) Great	1935 2.18	18.3	...	...	44.3	62.6	114.7	...	...	...	1630.1	2,770.8	
" Southern	1934 2.158	18.5	...	...	40.8	59.3	111.2	...	...	...	1522.4	2,635.6	

(b) Belfast 1935 80 1.7 ... 0.6 2.3 ... 118.2 ... 23.6 141.8

& Co. Down 1935 80 1.7 ... 0.5 2.2 ... 116.9 ... 23.8 140.7

(c) Great 1935 543 7.8 ... 10.4 18.2 ... 489.5 ... 430.5 920.0

Northern 1935 562 7.6 ... 9.9 17.5 ... 466.3 ... 404.0 870.3

(d) Great 1935 2,124 11.8 ... 44.3 67.6 ... 1,140.7 ... 1,680.1 2,770.8

Southern 1935 2,124 11.8 ... 40.8 59.3 ... 1,113.2 ... 1,522.4 2,635.6

COMPARISONS WITH CORRESPONDING PERIODS, 1933 and 1934

	Great Western	L.M.S.	L.N.E.R.	Southern
Second half-year 1934 compared with second half-year, 1933:				
Gross increase or decrease	+ 148	+ 659	+ 528	+ 168
First half-year 1935, compared with first half-year 1934:				
Gross increase or decrease	+ 78	+ 299	- 26	+ 8
Second half-year 1935, compared with second half-year, 1934:				
20 weeks to Nov. 17, 1935.....	+ 111	+ 366	+ 129	+ 177
Weekly average second half 1935 Latest week 1935 compared with 1934.....	+ 5½	+ 18½	+ 6½	+ 8½
	+ 8	+ 9	+ 18	+ 1

LONDON TRANSPORT

Week ending November 16, 1935	*Takings	Compared with corresponding period of last year
Aggregate 20 weeks ending November 16, 1935 ...	£547,800	+ 12,300
	£10,885,400	+ 191,000

* For an explanation of the manner in which the figures are made up, see the *Economist*, March 17, 1934, page 610.

Note.—The receipts this year include receipts of bus and coach undertakings not absorbed by London Transport in the corresponding period of last year. In order to make a comparison with the previous year, the figures for that year have been adjusted on the basis of the best information available.

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week	Gross Aggregate Receipts
				1935	+ or -
				1935	+ or -
INDIAN					
Assam Bengal	30	Oct. 31	1,330	Rs. 15,78,800	- Rs. 33,134
Barelly L. Ry.	29	Oct. 29	292	15,78,800	94,30,784
Bengal & N.Western	4	Oct. 31	2,114	18,67,048	1,900
Bengal Nappur	27	Oct. 31	3,268	122,80,000	64,023
Bombay, Bar. & C.I.	32	Nov. 10	3,072	130,64,000	1,80,714
Madras & S. Mahr.	30	Oct. 31	3,230	118,63,000	4,41,33,325
Rohilk'd & Kumaon	4	Oct. 31	546	11,55,270	5,850
South Indian	29	Oct. 29	2,526	114,09,095	1,11,539
					3,00,61,920
					- 16,22,252
					† 11 days.
					‡ 10 days.

CANADIAN

Canadian National.	44	1935	Nov. 14	23697	\$	3,541,243	+	438,439	150,146,556	+	6,082,690
Canadian Pacific ...	44		14	17224	\$	2,850,000	+	114,000	111,746,000	+	2,856,000

SOUTH AMERICAN

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week	Gross Aggregate Receipts
				1935	+ or -
				1935	+ or -
SOUTH AMERICAN					
Antofagasta (Chili and Bolivia)	46	Nov. 17	830	£ 13,310	£ 7,210
Argentine N.E.	46	Nov. 17	753	£ 139,700	£ 10,400
B.A. and Pacific	20	Nov. 16	2,808	£ 124,000	£ 19,000
B.A. Central	19	Nov. 10	1,000	£ 172,855	£ 1,242
B.A. Gt. Southern ..	20	Nov. 16	5,085	£ 1,922,000	£ 9,900
B.A. Western	20	Nov. 16	1,930	£ 112,926	£ 10,358
Central Argentine ..	20	Nov. 16	3,700	£ 145,123	£ 548
Central Uruguayan ..	20	Nov. 16	3,700	£ 145,123	£ 548
C. Urg. (East Ext.) ..	20	Nov. 16	273	£ 116,384	£ 12,965
C. Urg. (N. Ext.) ..	20	Nov. 16	311	£ 12,428	£ 3,033
C. Urg. (W. Ext.) ..	20	Nov. 16	185	£ 1,367	£ 258
Cordoba Central	20	Nov. 16	1,218	£ 1,885	£ 201
Entre Rios	20	Nov. 16	810	£ 1,776	£ 400
G. West. of Brazil ..	46	Nov. 16	1,082	£ 10,364	£ 45,800
Leopoldina	46	Nov. 16	1,818	£ 9,900	£ 5,000
Leopoldina Termal.	46	Nov. 16	1,818	£ 9,900	£ 5,000
Paraguay Central ..	104†	Nov. 15†	401	£ 2,271,000	£ 30,000
Salvador	20	Nov. 16	274	£ 2,271,000	£ 3,394
San Paulo	35	Nov. 16	100	£ 10,351	£ 127,100
United of Havana ..	20	Nov. 16	1,353	£ 12,497	£ 2,975

† Converted at average official rate during week ended Nov. 16—17-02 pesos to the £.
‡ Free market rate.
§ Comparative figures for 1934 converted at official rate ruling in 1935.
¶ Converted at the "free" rate as a result of a decision of the High Court.

OTHER OVERSEAS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week	Gross Aggregate Receipts
				1935	+ or -
				1935	+ or -
OTHER OVERSEAS					
Egyptian Delta Light Railways	30	Oct. 31	925	£ 12,037	£ 2,190
Egyptian Markets ..	46	Nov. 14	104	£ 1,716	£ 350
Gr. Southern of Spain	45	Nov. 14	483	£ 52,329	£ 1,632
Mexican Railway	46	Nov. 14	483	£ 249,900	£ 12,300
					£ 4,775,100
					£ 374,000
					† 11 days.

SUEZ CANAL RECEIPTS

Suez Canal	44	1935	Nov. 10	Fr. 126,020,000	Fr. 277,000	Fr. 782,620,000	Fr. 242,400,000
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TRAMWAYS WEEKLY GROSS RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week	Gross Aggregate Receipts
				1935	+ or -
				1935	+ or -
TRAMWAYS WEEKLY GROSS RECEIPTS					
Anglo-Argentine	46	Nov. 18	328	£ 637,051	£ 8,449
B. Aires Lacrosse ..	19	Nov. 10	10	£ 77,590	£ 7,981
Buenos Aires	1	Nov. 18	78	£ 5,147	£ 180
Calcutta Tramways ..	1	Nov. 18	6	£ 1,210,012	£ 5,658
Isle of Thanet Elec.	44	Nov. 18	13	£ 2,843	£ 71
Liverpool Corp.	31	Nov. 13	15	£ 28,918	£ 488
Madras Electric	10†	Nov. 13	15	£ 51,804	£ 2,738
					£ 11,09,438
					+ 2,005
					† Months.

MONTHLY TRAFFICS

Company	Months	Ending	Description	Receipts for Month	Receipts to Date
				1935	+ or -
				1935	+ or -
MONTHLY TRAFFICS					
British Columbia Power	3	Oct. 1	Gross	\$1,124,654	+ 66,001
			Net	\$371,890	+ 7,592
Burma Electric	1	Oct. 31	Gross	Rs. 51,370	+ 266
Catalinas Warehouses ..	1	Oct. 31	Gross	£2,884	+ 334
Dorada	1	Oct. 31	Gross	£11,900	+ 200
Dorada (Ropeway)	1	Oct. 31	Gross	£4,300	+ 200
Manchester Ship Canal	10	Oct. 31	Gross	£99,580	+ 6,315
Mashonaland Ry.	1	Sept. 30	Gross	£106,693	+ 7,903
Province of Santa Fe ..	1	Oct. 31	Gross	£111,746	+ 2,782
Rangoon Electric Trams	9	Sept. 30	Gross	Rs. 4,56,942	+ 25,504
			Net	Rs. 2,28,762	+ 29,363
Rhodesia Ry.	1	Sept. 30	Gross	£193,326	+ 10,016

DIVIDEND ANNOUNCEMENTS

Name of Company	Rate % per Annum, except where marked % or Stated in Cash * Interim div. † Final div.			Dividend for Whole Years	
	Interim or Final	Date of Payment	Interim or Final Comparison with Last Year	Latest Year	Previous Year
BANKS					
Bank of London and S. America...	...	...	...	% 3	% 3
British Overseas Bank, ord. and "A" ord.	...	Dec. 14	...	6	6
Dominion Bank	2½%	Jan. 2	Same	...	...
Imperial Bank of Iran	14½ ps.	Dec. 16	Same	...	...
National Bank of Scotland	...	...	...	16	16
TEA AND RUBBER					
Asahan Rubber	...	...	...	2½	2½
Deamoolie Tea	5%*	Dec. 7	Nil	...	...
Dekhari Tea	2½%*	Dec. 4	Nil	...	...
Duckwari Tea and Rubber	5%*	Dec. 11	Same	...	...
Kanna Rubber	3%†	Nov. 30	24½†	...	...
Kelantan Rubber	1d. ps.	Dec. 30	24½†	...	...
Malaya General Co.	5%†	Dec. 6	11%†	10	16
Paboojan Tea	5%*	Dec. 6	Nil	...	...
Rupa Tea	5%*	Dec. 7	Nil	...	...
Semenyih Rubber	3%*	Nov. 28	5%*	...	...
South Wana Rajah Tea	2%*	Dec. 20	Same	...	...
Tara Tea	5%*	Dec. 7	...	...	...
MINING					
Billion Tin (Netherlands India)...	3%*	...	Same	...	...
Golden Horseshoe (New)	16½%†	Jan. 16	...	...	...
Jantar Nigeria Co.	...	...	...	20	7½†
Kamunting Tin	12%†	Dec. 13	Same	20	20
Kent (F.M.S.) Tin	2%*	Nov. 30	...	...	...
Kramat Pulai Tin	20%*	Dec. 4	25%*	...	...
Panganga River Concessions.	9½%†	Dec. 13	Same	16	16
Tarkwa Banket West	...	...	First	10	Nil
Tekka-Taiping Tin	...	Dec. 14	...	6d. p.s.	3d. p.s.
Weardale Lead	...	...	...	4	Nil
OTHER COMPANIES					
Anglo-Ecuadorian Oilfields	...	Dec. 13	...	7½	5
American Thread (preferred)	5	Jan. 1	...	...	...
Ansell's Brewery	15%†	...	10%†	22½	15
Antigua Sugar	...	...	...	3	6
Ashley Gardens Properties	16%†	Nov. 29	18†	112	14†
Associated British Maltsters	58%†	...	...	10	10
Associated Equipment Co.	5%†	...	Same	8½	8½
Barnagore Jute	5%†	Dec. 11	Same	...	...
Bass Ratcliff and Gretton	11%*	...	115%†	22	20
Beaumont Property Trust	...	...	...	4½	4
Beaver Trust	...	...	...	...	...
Bristol Aeroplane Trust	7½%*	Nov. 29	First	...	...
Brooke Bond and Co.	5%*	Dec. 6	Same	...	...
Burns, Philp and Co.	8%*	...	Same	...	...
Canadian General Electric	75 cts. ps.	Jan. 1	...	...	...
Charterhouse Investment Trust	...	Nov. 19	...	10	10
Cheltenham Original Brewery	8%†	Dec. 6	Same	13	12
City and Provincial Stores	15%†	...	...	...	...
Consolidated Gas of Baltimore	90 cts. ps.	Jan. 1	Same	...	...
Consolidated London Properties...	31%*	Dec. 5	Same	...	...
Gresham Hotel	6%†	...	...	...	...
Eastman Kodak (New Jersey)	\$1.50	Jan. 15	...	...	...
Egyptian Markets	5%*	Nov. 18	...	...	...
Electric Furnace Co.	2%*	Jan. 1	Same	...	...
Foster Clark	12½%*	...	Same	20	20
Gartside (Brookside Brewery)...	5%*	...	Same	...	...
Grand Hotel, Eastbourne	10%†	...	9%†	...	...
Grand Hotel, Manchester	7½%†	...	...	112½	110
Hammond's Bradford Brewery	...	...	...	2½	Nil
Hants and Dorset Motor	4%*	Nov. 30	Same	...	...
Hatherley Parks	3%*	Dec. 4	Same	...	...
Hecht, Lewis and Kahn	5%*	Nov. 30	Same	...	...
Investors' Mortgage Security	6%†	...	5½%†	9½	9
London & Southern Super Cinemas	3%*	...	2½%*	...	...
Manbre and Garton	10%†	...	9½%†	14	13½
Do. deferred	...	...	...	68½	65
Melbourne Investment Supply	2½%†(a)	Dec. 12	13½%†	14(a)	18½
Monks Investment Trust	...	...	Nil*	...	...
Mono Containers	12½%†	Dec. 17	Same	17½	17
Morrison and Gibb	7%†	...	...	12	7
Natal Estates	2½%*	Dec. 10	Same	...	...
New Zealand Loan and Mercantile (5% cum. pref.)	5%*	To June 30, 1932	...	4	4
P.C.T. Construction	...	...	...	...	...
Pennsylvania Water, etc.	\$1 p.s.	Jan. 2	75 cts. p.s.*	...	...
Phlipps (P.) and Co.	18½%†	...	17½†	13½†	12½†
Pinner's Hall (Austin Friars)	...	...	...	9	9
Power Gas Corporation	...	...	...	5	4
Reed (Albert E.) and Co.	3%*	Dec. 11	24%*	...	...
Ridgen and Beer (George)	4%*	Dec. 7	Same	...	...
Ridgen and Beer (George)	4%*	Dec. 7	Same	...	...
Shorts, Ltd. (def. ord.)	21%*	...	Same	...	...
South African Breweries	15%*	...	...	4	4
South Wales Relay Central Exchanges.	5%*	Nov. 27	First	...	...
Spicers, Ltd.	11%*	...	Same	...	...
Starkey, Knight and Ford	11½%†	...	112%†	118	16½
Stearns Romano (British)	2%†	Dec. 16	Same	4	4
Tadcastor Tower Brewery	6%†	...	Same	11	10
Tate and Lyle	14%†	...	See note below	20	22½
Third Edinburgh Investment	...	...	...	2	Nil
Unilever, Ltd.	31%*	...	34%*	...	...
Vauxhall Motors	5%*	...	11½%†	20	17½
West London Property	14%†	Nov. 30	Same	...	...
Wiggins Teape and Co.	3%*	Dec. 1	Same	...	...
† Free of income tax.					

CABLE AND WIRELESS (TRAFFIC INDEX).—Cable and Wireless traffic index for October, 1935, at 78.8 per cent. is the best for that month since October, 1930, when it was 82.5 per cent. It shows a jump of 5.2 per cent. on a year ago and of 3.3 per cent. on September, 1935. Monthly figures reduced to working day average. Year 1929 = 100.

SINGAPORE TRACTION COMPANY, LTD., SHANGHAI ELECTRIC CONSTRUCTION COMPANY, LTD.—The agreements under which the business of the Singapore Traction Company, Ltd., in Singapore, has hitherto been managed by the Shanghai Electric Construction Company were terminated on October 17th on payment of £100,000 to the latter company. From that date the Shanghai company's participation of one-half in the divisible profits of the Singapore company ceases.

RUSTON AND HORNSEY, LTD.—Ruston and Hornsey, Ltd., and R. A. Lister and Company, Ltd., have announced that the rationalisation agreement of 1930 is being terminated by mutual consent on March 31st next. It is understood that the termination is due to the gradual change in basic factors affecting the businesses which could not have been envisaged in 1930, and it is felt by the boards of both companies that their individual and joint interests will be best served by the termination.

ELECTRIC AND MUSICAL INDUSTRIES, LTD.—Messrs Morgan Grenfell and Company, Ltd., and Edward de Stein and Company have arranged to acquire the Radio Corporation of America's holding in Electric and Musical Industries, Ltd.

WORKING PROFIT, TRANSVAAL.—The total estimated working profit of the gold mines of the Transvaal for the month of October, 1935, amounted to: Witwatersrand, £2,759,528; outside districts, £10,743; total, £2,770,271. The estimated working profit in September, 1935, was: Witwatersrand, £2,650,017; outside districts, £10,670; total, £2,660,687.

ANGLO-IRANIAN OIL COMPANY.—The Anglo-Iranian Oil Company has been granted 30 oil prospecting licences through its development subsidiary, the D'Arcy Exploration Company. It is to begin drilling operations in the South of England. The work is to be expedited as much as possible.

TOKYO ELECTRIC LIGHT COMPANY, LTD.—(Return for August, 1935).—K. W. hours sold: 397,594,934. Gross revenue: Yen 10,415,992.87. Sterling equivalent at par of exchange: £1,066,771. Increase over corresponding period last year £93,000. Return for September, 1935: K. W. hours sold: 409,879,475; gross revenue, Yen 10,537,405. Sterling equivalent at par of exchange: £1,079,205. Increase over corresponding period last year £117,155.

MOLLOY'S STORES (HANLEY), LTD.—(Sale of undertaking to Lewis's, Ltd.).—A meeting of the shareholders of Molloy's Stores (Hanley), Ltd., of Hanley, has confirmed the agreement made by their directors to sell their undertaking to Lewis's, Ltd.

SINGER AND COMPANY, LTD.—At separate meetings of the holders of the 7 per cent. cumulative preference shares and ordinary shares resolutions reducing the capital of the company from £1,500,000 to £1,249,965, were agreed to and passed.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Dividend Interest	Amount Available for Distribution	Appropriation					Corresponding Period Last Year	
					Dividend		Carried to Reserve, Depreciation, etc.	Balance Forward		Net Profit	Dividend
					Prefce.	Ordinary					
					Amount	Amount	Rate				
Breweries and Distilleries											
Associated British Malsters	Aug. 31	25,704	94,758	120,462	50,375	19,375	10	22,210	28,502	90,656	10
Baird (Hugh) and Sons	Aug. 31	2,961	7,190	10,151	3,100	...	...	3,500	3,551	5,286	...
Bass, Ratcliff and Gretton	Sept. 30	570,077	608,335	1,178,412	68,000	491,841	22½	...	618,571	558,913	20½
Butler (W.) and Co.	Sept. 30	50,550	131,709	182,259	20,500	75,000	16½	30,000	56,759	130,714	17½
Campbell (Archibald) Hope and King	Sept. 30	7,885	19,947	27,832	3,950	7,500	12½	7,500	8,882	16,998	12½
Fremains, Ltd.	Sept. 30	34,743	93,964	128,707	28,250	31,500	9	35,000	35,957	85,227	8
Hull Brewery	Sept. 30	52,483	97,128	149,611	9,100	42,000	15	43,030	55,481	89,492	12½
Morgans Brewery	Sept. 30	44,343	55,501	99,844	13,800	31,550	17½	10,000	44,494	48,248	15
Northampton Brewery	Sept. 30	40,858	32,392	73,250	8,250	23,691	12½	...	41,309	37,666	12½
Stroud Brewery	Sept. 30	14,956	71,399	86,355	4,020	39,431	22½	27,000	15,904	65,771	21
Worthington and Co.	Sept. 30	148,709	364,284	512,993	42,130	(v)	(v)	...	470,863	345,946	(p)
Financial Land, etc.											
Bowmaker, Ltd.	Oct. 31	5,907	48,480	54,387	10,727	16,275	8	19,247	8,138	37,146	7½
Central and Provincial Property Trust	Sept. 30	...	(s) 21,121	21,121	...	12,321	5	7,000	1,800	...	...
Charterhouse Invest. Trust	Nov. 11	29,572	94,137	123,709	...	77,500	10	15,218	30,991	175,251	10
Pinner Hall (Austin Friars)	Sept. 30	3,261	15,248	18,509	...	5,600	4(w)	8,672	4,237	13,405	9
South West Africa Co.	June 30	48,908	33,985	82,893	...	39,885	7½	...	43,008	24,607	7½
Iron, Coal and Steel											
Fairfield Shipbuilding, etc.	June 30	5,042	37,415	42,457	...	...	...	35,000	7,457	Dr 44,978	...
Weardale Steel, etc.	Sept. 30	19,054	72,502	91,556	30,000	13,500	6	20,000	28,056	51,780	6
Motor and Cycle											
Dennis Brothers	Sept. 30	110,619	119,882	230,501	...	112,686	150(n)	2,000	115,815	104,956	133½
Enfield Cycle	Aug. 31	43,910	18,922	62,832	2,809	13,078	7½	...	46,945	24,604	8½
Humber, Ltd.	July 31	105,423	231,927	337,350	28,002	38,797	15(a)	151,354	111,121	224,595	115(a)
						8,076	10(b)				10(b)
Rubber, etc.											
Bukit Pulai	June 30	969	2,697	3,666	...	...	...	1,545	2,121	2,453	...
Durian Sebatang	Mar. 31	Dr. 1,169	1,439	270	...	...	...	...	270	25	...
Tambora	June 30	554	4,359	4,913	...	...	...	2,300	2,613	554	...
Tenasserim Plantations	July 31	177	3,971	4,148	...	...	...	...	4,148	2,571	...
Tenom	July 31	415	3,482	3,897	...	2,231	2½	1,000	666	6,326	Nil
United Temiang	July 31	10,074	10,102	20,176	...	9,542	4½	...	10,634	6,569	4½
Textiles											
Goodacre (Wm.) and Sons	June 30	5,513	17,744	23,257	14,051	...	...	...	9,206	20,987	...
Trusts											
Cleveland Trust	Sept. 30	1,335	3,919	5,254	...	2,800	7	1,000	1,454	4,210	7
Second Co-operative Invest.	Sept. 30*	10,611	18,759	29,370	545	22,502	2	...	6,323	18,390	2
Other Companies											
Associated Sound Film	Dec. 31	Dr. 60,952	Dr. 7,452	Dr. 68,404	...	...	...	...	Dr 68,404	...	...
British Talking Pictures	Mar. 31	Dr 223,863	3,963	Dr 219,900	...	...	...	...	Dr 219,900	4,231	...
Irish Times	Sept. 30	1,764	18,985	20,749	17,011	...	...	1,958	1,780	17,027	...
Liverpool Warehousing	Sept. 30	66,363	54,060	120,423	13,854	50,375	10	3,000	53,194	78,539	10
P.C.T. Construction Co.	Sept. 30	4,789	99,704	104,493	85,925	8,578	4	5,000	4,990	101,266	4
Rosario Drainage	June 30	145,148	27,555	172,703	7,200	...	...	...	165,503	14,790	...
Sage (Frederick) and Co.	Sept. 30	...	18,654	21,000	(h) 19,467	...	...	...	1,533	Dr 19,628	...
Vactric, Ltd.	Sept. 30	...	30,730	30,730	3,579	13,902	22½	10,028	3,221	...	...
Valparaiso (Chile) Drainage	Mar. 31	3,244	5,464	8,708	...	...	...	611	8,077	9,921	...
Wall Paper Manufacturers	Aug. 31	282,825	676,156	958,981	71,992	165,482	10(c)	160,000	279,275	612,948	10(c)
Walmsleys (Bury)	Sept. 30	33,686	67,314	101,000	13,000	30,000	10	10,000	48,000	58,788	10

* For half-year. † Free of income tax. (a) Preferred ordinary shares. (b) Deferred ordinary shares. (c) Ordinary share (d) Carried to balance sheet. The ordinary dividend (not stated) for year 1934-35 will be paid out of this sum. (e) Also 50 per cent making 200 per cent. for year, absorbing £37,562, which has been taken out of surplus realisation account. (f) Absorbed £289,44 (g) From May 23, 1934, to September 30, 1935. (h) Three years. (i) Not stated. (j) Also 5 per cent. absorbing £9,032 paid out of surplus on realisation of assets amounting to £9,674, the remaining £642 being put to reserve making reserve fund £22,000. (k) Absorbed £88,00

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

THERE were no events of major importance to depress the commodity markets during the past week. Although the tendency of prices was again somewhat irregular, there are indications that the forces which produced a sharp reaction some four weeks ago have now spent themselves. The application of economic sanctions against Italy has had no noticeable effect on quotations this week, but the uncertainties of the international situation remain as a potential cause of disturbance in the future.

The miners' ballot in this country has already borne fruit in the shape of a scramble for coal on the part of certain consumers, who fear an interruption of supplies, but the movement has not yet had any appreciable effect upon prices. Other industrial raw materials have shown an irregular tendency. Thus, vegetable oils and oilseeds were rather dearer, while rubber declined further on the news that the Dutch are seeking an increase in their basic quotas under the international restriction scheme. The rise in cotton prices continued, in response to an active demand, and wool and jute were also firm; other textile raw materials showed little change on the week. Among non-ferrous metals, copper rose slightly in price as a result of favourable unofficial statistics for October, but consumers showed little disposition to resume purchasing on a substantial scale. Lead and spelter were rather easier, owing to a restricted demand, and cash tin slumped heavily, despite a further fall in British stocks. The movement is attributed to the expectation that supplies of Dutch tin will be offered on the London market next week.

The decline in wheat prices was arrested at the end of last week by the publication of a "bullish" official estimate of the Canadian crop. The yield this season is expected to be a little below last year's total, while much of the wheat will not be of millable quality. Tea prices also showed a firmer tendency this week, but sugar declined in price. On the London Provision Exchange, bacon and butter were again slightly easier, but cheese showed a firmer tendency. Eggs were dearer, while meat was unchanged in price.

Prices in America turned upwards this week. Moody's daily index of the dollar prices of staple commodities (December 31, 1931 = 100) rose from 165.4 on November 13th to 167.7 on Wednesday last. The index stood at 173.4 a month ago and 145.7 on the corresponding day last year.

COAL

SHEFFIELD.—Fear of wage troubles in the coal industry stimulated buying of every kind of fuel on the inland market. Many manufacturers have taken in extra supplies so as to provide against eventualities; some merchants have done the same in respect of house coal. Consumption of industrial fuel has also broadened since the beginning of the month. There is now no excess production of coke and the overs price of blast furnace coke has gone up to 16s. Best harders are in demand for export, but the heavy inland demand is causing scarcity.

Quotations: Association harders, 18s. 3d. to 18s. 6d.; gas coal, 17s. 9d. to 18s. 3d.; slacks, 12s. 3d. to 12s. 9d.; Derbyshire harders, 17s. 3d. to 17s. 9d.; Notts do., 17s. 3d. to 17s. 9d. (all f.o.b.); best Yorkshire house, 21s. to 23s.; best Derbyshire house, 17s. 6d. to 19s. (all at pits); blast furnace coke, 16s. at ovens, 19s. 6d. to 20s. f.o.b.

NEWCASTLE-ON-TYNE.—The market in coal remains firm. Northumberland steam collieries have been booked up for some time, and Durham collieries are now in a firm position. The fear of a stoppage of work in the coalfields is making consumers buy additional coal; this has given such a fillip to all classes of steam coals that prices are mostly nominal. Gas fuels are in strong demand and bunkers of all descriptions are firm. Patent oven coke is also a firm market, there being a brisk demand for prompt furnace coke for home use.

Current f.o.b. prices for export: NORTHUMBERLAND—D.C.B. screened, 16s.; smalls, 12s. 6d.; Howards, Bentinck, Newbiggin screened, 15s.; smalls, 11s.; Tyne prime large, 14s.; smalls, 11s. 6d.; Hartley Main large, 14s. 6d.; smalls, 12s. DURHAM—Lambton/South Hetton screened steam, 16s.; smalls, 12s. 6d.; Wear special gas, 15s.; Holmside, Ryhope, Boldon unscreened gas, 14s. 6d.; second-class gas, 13s. 2d.; coking unscreened and/or gas, 14s. 6d.; prime unscreened bunkers, 14s. 6d.; second-class smalls, 13s. 2d.; prime foundry coke, 21s. 6d.; unscreened bunkers, 13s. 6d.; prime foundry coke, 21s. 6d.; Newcastle and District gas coke, 20s.

GLASGOW.—Owing to the lack of free supplies, business continues quiet, and prices are largely nominal. The collieries are fully booked for shipment until about the end of the year, while in the home market long delays are entailed in securing supplies. A large proportion of production is of course being absorbed within the country, an active industrial and domestic demand being accentuated by precautionary buying in case of labour troubles.

Shipment prices f.o.b. district ports: LANARKSHIRE—Ell best, 16s.; splint best, 17s. 6d.; splint second, 16s.; navigation, screened, 15s. 6d.; navigation, unscreened, 14s.; steam, 13s.-13s. 6d.; trebles, 16s.; doubles, 14s. 6d.; singles, 13s. 3d.; pearls, 12s. 6d.; dross, 12s. FIFE—Best unscreened navigation, 13s. 9d.-14s.; unscreened navigation, 13s. 6d.; first-class steam, 15s.; third-class steam, 14s.-14s. 6d.; trebles, 17s.-18s.; Doubles, 14s. 6d.-16s.; singles, 14s.; pearls, 12s. 6d. LOTHIANS—Best splint, 15s.-15s. 3d.; prime steam, 15s. 6d.; secondary steam, 15s.; unscreened navigation, 14s.; trebles, 17s.; doubles, 14s. 6d.; singles, 14s.; pearls, 12s. 6d., Ayrshire—Best unscreened navigation, 15s.-15s. 3d.; steam, 14s. 6d.; trebles, 17s.; doubles, 15s.-15s. 6d.; singles, 14s. 6d.; pearls, 13s. 6d.; dross, 13s.

CARDIFF.—Foreign shipments at the South Wales ports are showing their normal seasonal expansion, totalling 323,897 tons last week, compared with 294,753 tons in the previous week and 282,000 tons in the corresponding week last year. Foreign and coastwise shipments totalled 408,000 tons, compared with 417,700 tons and 350,616 tons respectively. Demand is quite active for bituminous large coal and for the drier classes of smalls, and for some grades collieries are obtaining from 6d. to 9d. per ton above the scheduled figures. Best Admiralty large is not quite so strong a market, and bituminous nuts and beans are unsteady. The Greek State Railways have placed an order for 17,000 tons of steam coals with a German firm. Progress is being made in the preliminary discussions concerning the new central control selling schemes. For the export districts it is hoped to devise a system under which the existing channels of trade will be conserved, but with effective deterrent sanctions against inter-competition and possible evasions.

Current approximate quotations: Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 3d.; best drys, 18s. 9d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams (washed), 13s. to 13s. 6d.; second steams, 12s. 6d. to 13s.; coking smalls, 13s. 6d. to 14s.; anthracite best large, 36s. to 40s.; Red Vein large, 22s. to 27s.; French nuts, 35s. to 51s.; stove nuts, 34s. to 50s.; machine-made cobbles, 35s. to 51s.; rubbly culm, 10s. 6d. to 12s.; special foundry coke, 37s. 6d. to 40s.; patent fuel (Crown), 21s.; pitwood, ex ship, French 24s. 3d., Portuguese 22s. to 22s. 6d.

IRON AND STEEL

LONDON.—Business in iron and steel remains active, and the official report of the London Iron and Steel Exchange indicates that there is no relaxation in the pressure from consumers to secure deliveries. All departments of the industry are well employed, and in some cases works have been obliged to withdraw from the market, as their output has been sold for many weeks to come. Business in pig iron has declined since the advance in prices; this was not unexpected, as there was heavy buying immediately before the movement. The majority of consumers have covered their needs ahead, and specifications against these contracts are reaching the producers on a scale which taxes their resources. In the semi-finished steel department an acute stringency exists, and consumers find difficulty in placing fresh business. Many of the producing works are unable to accept orders as their output has been sold in some cases well into next year, whilst others are only able to give far forward delivery, and for the most part are reluctant to commit themselves. The increase in imports of Continental semi-finished steel, however, should help to relieve the position. Works in practically all sections of the finished materials department are busy, and in some instances deliveries are falling behind. The recently announced shipbuilding and railway orders will provide a heavy tonnage of additional orders for the steelworks and will ensure active employment for some time.

MIDDLESBROUGH.—The pig iron market continues strong, with makers of Cleveland foundry iron well sold ahead and not inclined to increase their commitments, although buyers are quite ready to enter into further purchases on the basis of the recently advanced prices. Fixed minimum delivery prices are governed by No. 3 prices. Foundry quality at 70s. per ton delivered Middlesbrough, with the usual differences to the other areas. East Coast hematite continues in good demand, and an increase in price would not occasion any surprise. Meantime, however, the minimum price remains based on 71s. per ton for No. 1 quality delivered locally. Total shipments of all classes of pig iron from the Tees from November 1st to 19th amounted to 5,378 tons, against 7,101 tons to October 19th.

Steel makers are very busy. Re-rollers are experiencing difficulty in obtaining their requirements of semi-manufactured material from local producers, but it is expected that the increased quantities to be imported will alleviate the position. Structural steel is in good demand, and it is expected that further orders will be placed shortly by the railway companies. Home demand for sheets continues good, but export business is small.

The foreign ore position is no easier and is dependent upon freight. Blast furnace coke has become much stronger, being now quoted at 19s. to 20s. per ton delivered at the furnaces here. Heavy steel melting scrap is becoming more difficult to obtain. Although buyers are willing to pay only 52s. 6d. per ton delivered, merchants are not offering too freely in anticipation of a rise in price.

SHEFFIELD.—Exports of general qualities of iron and steel materials are somewhat disappointing, for shipments in October were only 4,000 tons more than in October last year. But exports of hand tools, notably engineers' tools, are still advancing, and there was an improvement last month in railway material and special alloy steels. Steel firms are handicapped in their engineering branches by an inadequate supply of skilled operatives. For this reason overtime working is necessary in many cases. The authorities of Sheffield University report that all the students who qualified in engineering and metallurgy last year obtained appointments, and that there are more vacancies in the steel and engineering industry than candidates to fill them. Home demand for Sheffield's leading steel products is still broadening. Armament branches are working to full capacity, and here prospects of work throughout the coming year.

The dispute with Italy is not likely to affect Sheffield very seriously. As regards exports to Russia, Sheffield has had a poor year, and the floating of a Russian loan would be welcomed by a number of firms. It is true, however, that Russia is producing certain kinds of steel which, until recently, she bought from abroad, Sheffield obtaining a good share. The credit problem has undoubtedly deprived Sheffield of a good deal of Russian trade in hand and engineers' small tools. The open-hearth furnace plants are unable to cope with the home demand for semi-manufactured basic steel. Quality steels are going out in increased quantity, and the same may be said of tools. There is a fairly good seasonal demand for cutlery and plate. The building trade is furnishing Sheffield with a great amount of business in iron castings and tools.

GLASGOW.—In Glasgow and neighbourhood all branches of the iron and steel industry are busy, particularly the heavy trades. Steel makers are meeting with an increasing demand for all materials. A decided improvement is discernible in the requirements of ship-builders and structural engineers. Makers are hard pressed by consumers of semis, and re-rollers are finding themselves short of supplies, the lock-out of Clyde dockers having added to their difficulties as regards deliveries of foreign material. Business is steady at the sheet mills and galvanising plants, export business continuing to expand somewhat. Tube makers also are well employed, as are also practically all the manufacturing engineers and machinery makers in the West of Scotland.

CARDIFF.—On the Swansea Metal Exchange on Tuesday a slight improvement was reported in the volume of business in tinplates, but it was mainly in respect of deliveries over 1936. Shipments however, last week were about 41,000 boxes less than in the previous week, and 19,000 boxes less than in the corresponding period last year; but warehouse stocks were only 3,000 boxes more than a week ago when they fell to the relatively low total of 58,141 boxes. Prices both for inland and export are unchanged. There was little demand for galvanised sheets, but minimum prices were firmly maintained. Steel bars were unaltered at £5 10s. delivered.

OTHER METALS

COPPER.—Prices rose during the period under review, although the market closed on Wednesday below the week's best. The early rise was attributed to the extremely favourable unofficial statistics for October. Stocks were reported to have declined by no less than 35,101 short tons to 496,500 short tons, while the world's apparent consumption rose to 164,500 short tons during October—the highest level reached since October, 1929. These figures appear to err on the side of optimism and their publication had little effect upon consumers, who continued to draw on their stocks. It would seem likely, however, that consumers will be compelled to resume buying within the next month, for a considerably increased activity is probable in copper-consuming industries after the end of this year. Amongst the "counter-sanctions," introduced by Italy this week, is the prohibition on imports of copper from the "sanctioning" countries. This measure is unlikely to have any significant effect on the London market, since Italian purchases of copper here have been very small in recent weeks.

Sales on the London Metal Exchange: 1,400 tons on Monday, against 1,600 tons last week; 2,150 tons on Tuesday, against 2,950 tons last week; 1,050 tons on Wednesday, against 1,900 tons last week. Domestic spot was quoted at 8-60 cents per lb. in New York on Wednesday, against 8-47½ cents a week ago and 8-52½ cents a month ago. Wednesday's official closing price for standard cash in London was £35 6s. 3d. to £35 7s. 6d., compared with £35 to £35 1s. 3d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 78,964 tons, show a decrease of 622 tons, while stocks of rough copper, at 10,883 tons, show a decrease of 26 tons on the week.

LEAD AND SELLER.—Although moderate fluctuations occurred on both markets, no change in the undertone took place this week. The slackness of trading is primarily due, as in the case of copper, to reserve on the part of consumers. Stocks which were accumulated in September and October (especially in the case of lead) cannot be large. Increased interest was, however, prevented by the relatively high level of spelter production and the resumption of lead smelting in Mexico. While consumers continue to show reserve, no change in the trend on these two markets is to be expected.

Sales of lead on the London Metal Exchange: 1,250 tons on Monday, against 1,500 tons last week; 1,000 tons on Tuesday, against 900 tons last week; 800 tons on Wednesday, against 2,500 tons last week. The New York quotation on Wednesday was 4-50 cents per lb., against 4-50 cents a week ago and 4-50 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £17 17s. 6d. per ton, compared with £17 18s. 9d. a week ago.

Sales of spelter on the London Metal Exchange: 500 tons on Monday, against 25 tons last week; 300 tons on Tuesday, against 400 tons last week; 25 tons on Wednesday, against 350 tons last week. Wednesday's quotation in East St. Louis was 4-85 cents per lb., against 4-85 cents the week before and 4-85 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £16 3s. 9d. per ton, against £16 5s. last week.

TIN.—During the week ended last Wednesday the cash price fell heavily by over £13 per ton. Since the three-months' quotation declined by only £3 during the same period, the "backwardation" narrowed to £11 15s.—little more than half the previous week's figure. The drop in the cash price occurred notwithstanding a further fall in British warehouse stocks to the record low level of 340 tons. Operations are at present shrouded in mystery, but the decline was probably attributable to the fact that various shipments from the Dutch East Indies are due to reach this country during the next few days. Whether these supplies will be offered on the London market no one knows, but it is certain that the Dutch producers, whose calculations are still made in terms of gold, will try to secure as high a price as possible. Hence it would not be surprising if quotations again exhibited an upward tendency in the immediate future.

Sales of tin on the London Metal Exchange: 340 tons on Monday, against 110 tons last week; 125 tons on Tuesday, against 200 tons last week; 250 tons on Wednesday, against 200 tons last week. The New York quotation on Wednesday was 51-00 cents per lb., against 53-00 cents a week ago and 51-50 cents a month ago. Wednesday's official closing quotation in London for standard cash was £224 to £224 10s. per ton, compared with £237 10s. to £238 last week. Stocks of tin in London and Liverpool at the end of last week totalled 340 tons, a decrease of 153 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted at £100 per ton. Nickel, for home and export, at £200 to £205 per ton, remains unchanged. Quicksilver, on the spot, was quoted at £12 12s. 6d. per flask of 76 lbs., as against £12 10s. to £12 12s. 6d. per flask last week. Chinese antimony was quoted at £68 per ton ex warehouse, duty paid, as against £69 to £70 per ton last week. Chinese wolfram for November-December shipment was quoted at 34s. to 35s. per unit, c.i.f., as against 33s. 6d. to 34s. 6d. per unit last week. Platinum (refined) at £7 10s. per ounce, was unchanged on the week.

TEXTILES

COTTON.—Manchester. The market has been well supplied with inquiry, and a fair amount of business has been done. Turnover, however, has been rather smaller than in those active weeks in October. Sufficient contracts have, however, been secured to maintain the improved position of spinners and manufacturers. There has been further evidence of bullish sentiment with regard to raw cotton prices. During the last day or two rates in Liverpool have eased slightly, this development being due to profit-taking. Consumption of American cotton is steadily increasing. Deliveries to world spinners during the last five weeks were 50 per cent. higher than in the same period of last year. Speculative operations have again been prominent in the Egyptian Sakel market.

Although there has not been any general activity in the cloth market, a fair amount of business has been done for several outlets. Numerous offers for India have been disappointing. A rather smaller turnover has occurred in bleaching styles, but demand has been active in printed and dyed descriptions, especially for Bombay and the up-country markets. There is no hope of increased trade for China in the near future. The better demand for Egypt has been maintained and useful orders have been secured for West Africa. News from South America, especially the Argentine, has improved and more business has been done in dyed fabrics. Sheetings have been sold for South Africa and Australia. A varied business has been put through in home trade goods. The yarn market has continued firm, with a healthy demand in coarse and medium American qualities for quick delivery. Buying in Egyptian descriptions has been patchy.

COTTON PRICES

	1935				Corresponding Date	
	Oct. 30	Nov. 6	Nov. 13	Nov. 20	1933	1934
Raw Cotton—Mid American..... per lb.	6 50	6 41	6 69	6 73	5 06	6 85
Sakellandis Fully Good Fair Egyptian..... per lb.	9 26	9 35	9 72	9 84	6 80	8 95
Yarns—32's twist..... per lb.	10 1/2	10 1/2	10 1/2	10 1/2	9 1/2	10 1/2
" 40's twist..... per lb.	10 1/2	10 1/2	10 1/2	10 1/2	9 1/2	10 1/2
" 60's twist (Egyptian)..... per lb.	16	16 1/2	16 1/2	16 1/2	16 1/2	16 1/2
32-in. Printers 116 yds., 16 by 16, 32's and 50's.....	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
36-in. Shirtings, 75 yds., 19 by 18, 32's and 40's.....	17 7/8	17 7/8	17 7/8	17 7/8	17 0	18 0
38-in. ditto, 88 yds., 18 by 16, 10 lb.	24 9	24 9	24 10	25 0	21 0	24 0
39-in. ditto, 87 1/2 yds., 18 by 15, 8 1/2 lb.	10 4 1/2	10 4 1/2	10 5 1/2	10 6	10 6	10 10
	9 4 1/2	9 4 1/2	9 5 1/2	9 6	9 4	9 9

COTTON TRADE REORGANISATION.—A further move was made in Manchester on Tuesday regarding the reorganisation of the spinning branch of the cotton industry. A special committee set up by the Master Cotton Spinners' Federation met to consider the question of redundant spindles in the doubling section. A questionnaire is being sent out to all firms, asking for information regarding their particular mill capacity and whether they are prepared to accept proposals. Mills controlling between 2,500,000 and 3,000,000 spindles are affected. The bulk of these are situated in the Yorkshire area. It is expected that a Bill will eventually be evolved on similar lines to that for the spinning section.

JUTE.—Dundee. The Indian Jute Mills' Association some weeks ago intimated that unless all the non-member mills could agree to work in conjunction with the Association in regard to hours of labour by November 12th, all the mills in the Association would increase their working hours from 40 to 54 per week as from April 1st next. On November 12th, however, the Association, evidently loth to take such drastic steps, decided to postpone the time-limit to December 31st, to give the non-member mills further time to consider the matter. Meantime, every avenue is being explored to effect an amicable settlement, and there are hopes that the non-member mills will fall into line with the Associated mills and reduce their working hours from 108 per week which they are running at present. Undoubtedly any such step as increasing production on the part of the Associated mills will seriously affect the jute industry, which is gradually recovering from the depression through which it has passed. Signs of improvement have not been wanting during this year, and in all countries where jute goods are produced an increased demand has been experienced, with prices for jute yarns and cloth obtainable on an economic basis compared with the raw material.

Raw jute prices have shown a tendency to advance, due to restricted imports into Calcutta; this gave rise to the assumption that supply is not so great as has been anticipated this season. Truly, the Indian jute mills are holding very large stocks of raw jute, but it is their natural desire to maintain these at a high level in order to counteract any undue raising of prices to a prohibitive height, such as occurred in 1925, when these stocks were allowed to decline to a low point. The price of First Marks has advanced to £24 10s. and good Lightnings to £22 5s., with Hearts at £20 15s., and Daisee-2/3 offered at £20 10s. and Tossa-2/3 at £21 5s., November-December.

Jute yarns have been in fair request at 2s. 2d. paid for common 8 lb. cops and 2s. 3d. for 8 lb. spools. Now spinners have raised their quoted limits to 2s. 3d. and 2s. 4d. respectively, and buyers are reluctant to concede the advance, which is, however, necessary to spinners owing to the rise in raw material prices. Twist is firm at 3½d. for 3 ply 8 lb., and sacking yarns are in request at 2½d. paid for 24 lb. web and 3½d. for 8 lb. chains. Rove is very firm at £20 lowest for 48 lb. and £16 for 200 lb., while the Rio yarns and carpet qualities are tending dearer.

The cloth market is firm, manufacturers being busy and unable to give quick delivery. Anything wanted this year is quoted at 3½d. for 10½ oz. 40 in. and 2½d. for 8 oz. Inquiries show that further fair quantities are required. Linoleum hessians and heavy goods are very firm all round.

Calcutta goods are inclining dearer, but buyers are acting cautiously in view of the uncertainty surrounding the future position of the trade in Calcutta.

GRAIN MARKETS

WHEAT.—At the end of last week a revised estimate of this year's Canadian crop was published, showing a decline of 16 million bushels compared with that published a month ago. The latest statement estimates the output at 274 million bushels, against a final estimate of 276 million bushels last year. The reduction in the estimate, coupled with the knowledge that a substantial part of the crop will not be of millable quality, led to an advance on North American markets. Although the rise was not fully held, Wednesday's quotations, both in America and in this country, were above those ruling a week ago.

According to the *Corn Trade News*, total arrivals of wheat and flour at principal ports of Europe during the past week were 822,000 quarters, against 1,022,000 quarters in the preceding week. On Wednesday last, "December" futures were quoted in Chicago at 96½ cents per bushel, against 93½ cents the week before and 99½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 34s. 9d. per 496 lbs., against 34s. 3d. a week ago; No. 2 Northern Manitoba, ex ship, 33s. 6d. against 33s. a week ago.

FLOUR.—The market in both home-milled and imported flour was quiet and prices declined. Shipments from North America in the past week totalled 99,000 sacks, as against 75,000 in the previous week. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered country, 28s. per 280 lbs. against 29s. a week ago; delivered London, 27s., as compared with 28s. a week ago. Manitoba patents, ex store, 27s. 6d. to 29s. 6d., against 27s. to 29s. 3d. a week ago. Australian, ex store, 22s. to 22s. 6d., against 22s. 9d. a week ago.

BARLEY.—Imported feeding barley has been in better demand this week. Bad weather has interfered with threshing operations in this country, and malting barley has consequently been in rather short supply; but prices have failed to improve. "December" futures were quoted at 33½ cents per bushel in Winnipeg on Wednesday,

against 33 cents last week and 34½ cents a month ago. Quotations per 448 lbs. in London on Wednesday were: "English feed" (new) at farm, 23s. to 24s., as against 23s. to 24s. last week; "English malting" (new) at farm, 30s. to 54s., against 30s. to 54s. a week ago.

OATS.—On Wednesday, "December" futures were quoted at 27 cents per bushel in Chicago, against 26½ cents a week ago and 26½ cents last month. Quotations in London, Wednesday: "English Black" (old), at farm, 22s. per 336 lbs., against 22s. a week ago; "English White" (old), at farm, 22s., against 22s. last week.

MAIZE.—The decline in quotations was checked during the past week, trading being on a moderate scale. There has been no significant change in the statistical position. "December" futures were quoted on Wednesday at 60½ cents per bushel in Chicago, against 59½ cents a week ago and 61½ cents last month. Quotations in London, Wednesday: "Plate," landed, 17s. 3d. per 480 lbs., compared with 16s. 6d. a week ago; "Plate," ex ship (new), 16s. 3d., as against 15s. 6d. a week ago; "Plate," November, 16s. 4½d., against 16s. 3d. a week ago. Yellow maize meal, ex wharf, was quoted at £4 12s. 6d. to £4 15s. per ton, against £4 12s. 6d. to £4 17s. 6d. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sale of home-grown wheat during the harvest years 1932-33 to 1935-36:—

	1932-1933	1933-1934	1934-1935	1935-1936
Estimated sales of home grown wheat—	Cwts.	Cwts.	Cwts.	Cwts.
1 week to November 16	313,073	257,789	322,498	401,649
11 weeks to November 16.....	3,071,076	3,796,802	5,074,540	5,147,175
Average price of English wheat per cwt.	s. d. 5 5	s. d. 4 7	s. d. 4 11	s. d. 5 11

The following is a statement showing the quantities sold and the average price of British corn in the past two weeks, and for the corresponding week in each of the years from 1931 to 1934:—

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER WT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
	Cwts.	Cwts.	Cwts.	s. d.	s. d.	s. d.
Nov. 14 1931.....	89,271	456,512	63,526	6 10	9 0	6 10
Nov. 19 1932.....	313,073	408,724	57,531	5 5	7 3	5 11
Nov. 18 1933.....	257,789	450,315	45,960	4 7	9 4	5 5
Nov. 17, 1934.....	322,498	357,681	48,540	4 11	8 9	6 8
Nov. 9, 1935.....	452,258	498,034	45,927	6 1	8 10	6 3
Nov. 16, 1935.....	401,649	380,680	44,962	5 11	8 5	6 1

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks, with comparative figures for 1933 and 1934.

NEAREST FUTURE	Jan. 4, 1935	Jan. 8, 1934	Nov. 21, 1934	Jan. 2, 1935	Nov. 13, 1935	Nov. 20, 1935
Winnipeg (No. 1, Manitoba).....	46½	65½	77½	82½	82½	85
Chicago (No. 2 Winter).....	48½	84½	98½	98½	98½	96½

The visible supply of wheat in Canada amounts to 145,103,000 bushels, against 145,868,000 bushels last week and 123,743,000 bushels in the corresponding week of last year.

OTHER FOODS

BACON.—The official prices were reduced last week end. Nevertheless, demand has again been very quiet this week, with quotations showing an easier tendency. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 80s. to 87s.; Canadian, 75s.; Danish, 86s., as against 80s. to 89s., 77s. and 89s., respectively, a week ago. Arrivals in London last week included Danish, 14,251 bales; Canadian, 4,302; Dutch, 2,276; Lithuanian, 1,568; Polish, 2,639; against 13,337, 4,938, 2,231, 1,926 and 2,327 bales, respectively, in the previous week.

BUTTER.—Last week's advance in Colonial descriptions has not been held, and an easier tendency has again been in evidence during the past few days. Supplies of Danish have been rather below last year's level, and prices have been firm. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 102s. to 103s.; Australian, choicest salted, 101s. to 102s.; Danish, 124s. to 125s.; compared with 104s. to 105s., 104s. and 124s., respectively, last week.

CHEESE.—English cheese has encountered a firmer market this week. Other descriptions have been in rather quiet request, but prices are steadier. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, finest farmers', 70s. to 80s.; Canadian, finest coloured (new), 58s. to 62s.; New Zealand, finest coloured, 53s. 6d. to 54s., as against 62s. to 74s., 58s. to 60s. and 53s., respectively, last week.

Week ending	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
Nov. 15, 1934.....	d.	d.	d.	d.	d.	d.	d.
Oct. 17, 1935	12-10	11-51	14-15	10-29	9-57	10-69	12-39
Oct. 24, "	15-34	12-79	16-78	13-15	11-05	11-85	15-16
Oct. 31, "	14-75	12-68	18-59	12-58	10-41	11-83	14-75
Nov. 7, "	14-00	12-42	15-69	11-89	10-12	11-16	14-07
Nov. 14, "	13-33	12-31	15-03	12-18	9-42	11-63	13-53
Nov. 21, "	12-37	12-04	14-27	11-76	9-66	11-33	13-02

The spot price in New York on Wednesday last was 12 $\frac{1}{8}$ cents per lb., compared with 13 $\frac{1}{8}$ cents per lb. a week ago and 12 $\frac{1}{2}$ cents a month earlier. Wednesday's official closing price for standard ribbed smoked sheet in London was 6 $\frac{1}{2}$ d. per lb., as against 6 $\frac{3}{4}$ d. on the corresponding day last week. In forward positions, business has been done at 6 $\frac{1}{2}$ d. to 6 $\frac{3}{4}$ d. for January to March shipment, as against 6 $\frac{1}{2}$ d. to 6 $\frac{3}{4}$ d. a week ago. Stocks in London and Liverpool at the end of last week totalled 166,299 tons, against 167,007 tons a week earlier. A year ago stocks amounted to 127,390 tons.

† These prices are for fuel oil for inland consumption—other than for use in Diesel engine road vehicles—and do not include the Government tax.

COTTON—		s. d.		s. d.		RUBBER—		s. d.		s. d.	
Mid-American .. per lb.	6-73			Borax, gran. per cwt.	13 0		St. ribbed smoked sheet				
Sakellaris, l.g.f.	9-84			Do., powder	14 8						
Yarns, 32's twist	10 1			Nitrate of soda .. per cwt.	7 9						
60's twist	16 1			Potash—Chlorate, net	0 4 1	0 5	Fine Hard Para .. per lb.	6 6 1			
FLAX—				Sulphate	per cwt.	12 0		SHELLAC—			
Livonian ZK per ton	73 0	79 0		Soda Bicarb.	per cwt.	11 0		TN Orange per cwt.	58 0	62 0	
Pernian HD	76 0	77 0		Crystals	per cwt.	5 3		SHELLS—			
Shells Medium 1st sort	90 0	92 0		Sulphate of Copper, per ton	15 0	15 10		W. Aust. M.-o.-P. ..	3 10	9 0	
HEMP—				CEMENT, best Eng. Portland, d.d. site,				TALLOW—			
Italian P.C.C. per ton	nominal			London area, jute sacks, 11 to ton				London Town .. per cwt.	29 6		
Manilla, Oct.-Dec. "J 2"	29 0			(charged and credited at 1/8d. each) or							
Sisal African	25 0	27 0		pantry bugs 20 to ton (free, non-return-							
JUTE—				able)—				TIMBER—			
Native 1st mks. per ton				4-ton loads and upwards 40/- per ton				Swedish u/s 3 x 8 ... per std.	18 0		
c.i.f. H.A.R.B.				and up to 4-ton loads 42/- per ton				" 2 1/2 x 7 ... "	17 0		
Nov.-Dec. (new)	£20/15/0			COPRA .. s. d.				" 2 1/4 x 4 ... "	15 10		
Daisee 2/3 c.i.f. Dundee				S.D. Straits c.i.f., per ton	12/12/6			Can'dn Spruce, Dis.	20 10		
Nov.-Dec. (new)	£20/10/0			Smoked South Sea	12/10/0			Pitchpine	per load	9 10	
SILK—				DRUGS—				Rio Dals	per std.	30 0	
Canton .. per lb.	s. d.	s. d.		Camphor .. s. d.				Teak .. per load	25 0		
Tussah	4 0	5 0		Japan, refined .. per lb.	2 3	3 0		Honduras Mang. logs ..	c. ft.	10 0	
* Japan	8 0	9 0		Ipecacuanha	per lb.	5 3	5 6	African	"	0 6	
				HIDES—				Amer. Oak Boards	"	0 6	
				Wet salted—Australian				English Oak Planks	"	0 6	
				per lb.	0 5	0 5 1					

(a) Nominal.

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THE FINANCIAL NEWS

Special articles due to appear next week on the Leader Page of THE FINANCIAL NEWS are as follows:

MONDAY, NOVEMBER 25.—ITALY AND HER OIL SUPPLIES. This question is of the first importance at the present time as oil supplies are the most vulnerable point in Italy's whole armour, and supplying countries who are League Members have virtually agreed to stop supplies if the U.S.A. will undertake to refrain from increasing her supplies to Italy.

TUESDAY, NOVEMBER 26.—EMBRYONIC MINES OF THE RAND—II. WEST WITS AND VENTERSPOST. Following his general survey of the New Rand Areas in process of development, our Special Mining Correspondent "MINOTAUR" begins his series on the individual enterprises with the biggest concern of all, West Wits and its first subsidiary Venterspost.

WEDNESDAY, NOVEMBER 27.—The Story of Famous Companies—No. 27. This issue will contain the full account of the rise and growth and present position of UNITED DAIRIES.

THURSDAY, NOVEMBER 28.—WOOL AND THE WOOL PRODUCING COUNTRIES. An analysis of conditions and prospects in the raw wool market, and the consequent outlook for the "wool cheques" of Australia, New Zealand and South Africa.

FRIDAY, NOVEMBER 29.—THE OUTLOOK FOR THE PROVISION STORE COMPANIES.

SATURDAY, NOVEMBER 30.—THE CYCLE AND MOTOR CYCLE INDUSTRY. The Cycle and Motor-Cycle Exhibition opens at Olympia on November 30. This article is an expert survey of current trends in the industry and their effect on the manufacturing companies.

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COMMERCE AND TRADE

THE VITAL SANCTION

THE experiment of economic sanctions is rapidly approaching its crisis. Should the vital commodity of oil be included in the embargo list? Should Great Britain give other nations a firm lead in pressing for its inclusion?

The indispensability of oil for the conduct of the Italian war of aggression in East Africa is not in doubt. This point, which we have repeatedly emphasised, has been driven home with force and authority in a letter from Sir Arthur Salter, published in *The Times* of last Wednesday. Petrol drives the Italian aeroplanes, the Italian tanks, the Italian lorries; and Italy has no supplies of her own. If foreign supplies are cut off, and his stocks become exhausted, Marshal Badoglio will be reduced to dependence upon riflemen and upon mule-borne or camel-borne light artillery. He will be unable to maintain more men at the front than can be fed and munitioned by a mule- and camel-borne commissariat. Deprived of its robot aeroplane eyes, the Italian army will be matched against the Ethiopian *levée en masse* on more equal terms. The prospect may be sufficient to compel even so determined a dictator as Signor Mussolini to reflect on the possible consequences of continuing the campaign. Man to man, the Abyssinian warrior would be a formidable antagonist for the Italian soldier; for he is defending a country which is his own and with which he is familiar; whereas the Italian is fighting in a strange land. In a war of tactics and *moral*, in which petrol has been abstracted from the Italian scale, the Italian project of East African conquest is almost certainly doomed to fail.

Granting that this is so, to those who either avowedly fear Signor Mussolini or secretly favour him it merely shows that the oil sanction is one which the sanction-taking States cannot safely venture to apply. For if the Duce is threatened with any sanction, even in the economic category, which promises to be really effective, he will show his teeth. If we refuse to sell him oil, he will treat our refusal as a *casus belli*. Indeed, at the moment of writing, reports

are arriving from Rome that men who were due for leave are being retained with the colours; and there have been hints and denials of troop movements in Libya and on Italy's northern frontier. It is difficult to believe that such reports are more than a device to make M. Laval's flesh creep. For if the cutting-off of oil supplies will have so serious an effect upon Italy's military strength as to make it virtually impossible for her to carry on her war against Abyssinia, she will hardly choose the occasion to cap her East African war with a general war against the British Empire and the other sanction-taking States Members of the League. Even if Signor Mussolini were mad enough openly to challenge the members of the League, it would be suicidal for them, and particularly for France, to run away at the moment when collective security was being put to the test. If Italy could thus shatter all sense of solidarity, then nothing but chaos would be ahead. But, in fact, the oil embargo is one against which Signor Mussolini can take very little, if any, effective military action.

The oil sanction appeared above the horizon in the Canadian resolution, which has been adopted by the Committee of Eighteen. This proposed the addition, not only of oil but also of coal, iron and steel, to the list of commodities that the sanction-taking States Members of the League were to deny to Italy. The decision, however, was to be postponed until non-member countries which commanded alternative sources of supply were ready to take corresponding action. Subsequently, on November 21st, Mr Ickes, the United States Secretary of the Interior and Federal Oil Administrator, called on the oil industry of the United States voluntarily to hold up shipments to Italy. Mr Ickes announced that while he had no "authority," he thought that the oil companies "ought to comply in the letter and in the spirit with the United States Government's efforts to prevent the furnishing of war materials to either of the belligerents."

It still remains to be seen how far the private interests concerned will respond to this striking Governmental move. There is no doubt, however, that the Washington Administration's authority in this matter is strong, although it has no legal backing. For the Administration is faithfully reflecting the trend of American public opinion. Apart from any pressure which the Washington Government may bring to bear upon American tanker owners, there is little doubt that refusal by the oil companies to fall in with the Government's wishes would find Congress favourably disposed, next January, towards the passing of legislation to enforce the general will.

If, however, any American oil embargo is to come into force, the oil-exporting League countries must go at least as far for their part. Nominally, the United States policy would be unrelated to any action, or inaction, of the League and its members. Actually, we do not need to assume any unavowed desire at Washington to facilitate the League sanctions in order to account for the line which the Administration has been taking. Though an American oil embargo, if imposed, would in fact be an invaluable aid to League sanctions, it would also be exactly what it is officially alleged to be. It would rank as an essay in the new American policy of absolute economic non-intercourse with both belligerents in any war, as a way of ensuring that the United States shall not become involved in belligerency. Theoretically, America might "try out" this policy in the present East African war, even if the League were taking no sanctions at all. In practice, however, it would be altogether too much to expect the Americans to forgo their neutral trading profits if these were to be snatched up by other countries; particularly by countries pledged to obligations of non-intercourse with a Covenant-breaker.

This question had not yet arisen at the moment when Mr Ickes made his appeal to the American oil companies. At that moment the Committee of Eighteen was still due to reassemble on the 29th of this month at Geneva in order to address itself to the implementation of the Canadian resolution. Last Sunday night, however, M. Laval prevailed upon the Portuguese chairman, with the British Government's reluctant assent, to postpone the meeting without fixing a future date. This sudden and unforeseen postponement of an urgent piece of business has made an unfavourable impression not only at Geneva but in America. This impression can only be removed by naming an early date next week and then promptly putting the Canadian resolution into effect. With the United States taking parallel action, and with Iraq, India, Russia and Roumania already explicitly prepared to put the oil-embargo into operation for their part, no obstacle now remains except a political objection on the part of France.

We appreciate M. Laval's inability to be present at Geneva, in view of this week's critical deliberations in the French Parliament. If M. Laval had been as prominent as some other League statesmen in his determination to make the Covenant work effectively, we should merely feel a certain chagrin at an unlucky coincidence. As it is, however, the French domestic crisis, genuine though it be, has favoured the policy, popularly associated with M. Laval, of preventing the screw from being turned upon Italy. In these circumstances, the British Government should be courteous but firm in its insistence that more than a very few days' delay cannot be tolerated. In the last resort, we may be compelled to consider the expediency of putting on the oil embargo individually if it cannot be applied collectively with the necessary rapidity. As it happens, France is not an oil-exporting Power; and a large part of the supplies which she controls are derived from Iraq. If Iraq, Iran, Russia, Roumania and the United Kingdom agree, they can impose the oil embargo, between them, before the end of next week. As we go to press, M. Laval is reported to have informed Signor Mussolini that France would stand firm with other League members in resistance to any extreme Italian measures which might follow the imposition of the oil sanction. This, if correct, is good news, and it underlines our own responsibility in the matter. It is not consonant either with the letter of the Covenant, or with the spirit of the Kellogg Pact, that a British company should supply an aggressor State with the essentials of war.

FRANCE'S DILEMMA

THE gold bloc volcano is again in eruption. Spasmodically during the past year, the underlying crisis of over-valuation, or, as M. Rist has called it, the "maladjustment between the internal and external purchasing power" of the gold currencies, has broken out first through one crater and then another. This time the disturbance has taken the form of renewed crisis in France, and gold is once more flowing freely down the mountain side. The present crisis is more confused, however, than that of last June, whose political aspect, the fall of M. Flandin's Government, was simply the consequence of a flight from the franc due in its turn to the fall in Budget revenues. But this week the flight from the franc has been in itself largely caused by political anxieties about the meeting of the Chamber and the future of the Fascist Leagues. Nevertheless, it is the economic crisis which really remains fundamental. For the threat of extremist political pressure only becomes menacing, as the last five years in Europe have repeatedly shown, when public opinion is itself driven to extremity by depression, unemployment and insoluble Budget problems.

There are signs that a far-reaching change has taken place in France's economic situation during the last few months. Up to the early autumn of this year, the crisis was of an easily recognisable nature. Deflation and persistently high interest rates, caused by over-valuation of the currency, inevitably resulted in lower production and falling Budget revenues. Successive instalments of Budget economies merely deepened the depression and curtailed the revenue still further. The Budget was "balanced" by cuts in the summer of 1932, in May, 1933, in February, 1934, in December, 1934, and finally by M. Laval's drastic surgery of last July. Meanwhile, the Bank rate was being periodically raised—apart from an interlude of "cheap money" policy under M. Flandin—to stem gold losses; and the industrial production index (1928 = 100) fell from 88.2 in July, 1933, to 73.2 in July, 1935. The official figure of unemployment rose in the same period from 239,692 to 380,559.

Despite the high Bank rate and Budget cuts of June and July, however, a change seems to have come over the situation in the early autumn. The index of industrial production, which had fallen uninterruptedly for two years, remained stagnant after July and actually rose a point in October. The figures of unemployment and prices also began to suggest stagnation rather than further decline. Were these developments purely fortuitous, or was there some reflationary factor strong enough to offset the deflationary measures of July? This question at once directs attention to the volume of loan expenditure in which the French Government has been indulging in the last few months. An "Extraordinary Loan Budget," providing for an annual expenditure of 6,000 million francs, to finance public works and re-armament, was passed in the summer, almost simultaneously with the cuts. Meanwhile, owing to the persistent fall in revenues, the Ordinary Budget continued to show a deficit amounting in October to over 500 millions. Total Government expenditure out of loans, therefore, not including the railway deficit, the Algeria deficit and the Post Office, is at the moment running at the rate of 12,000 million francs, or well over £150 millions a year.

Since the recoveries now proceeding in the United States, Japan, Germany and Italy are largely the effect of Government expenditure financed by credit inflation, it is not surprising to find that the fall in industrial production and employment in France has at last been arrested by loan expenditure on this scale. Incidentally, the total deposits in the French big four banks, which had long been declining, began to rise in September. There has also been a marked increase in Government borrowings from the Bank of France since the spring. Indeed, the figure of "bills discounted" in the Bank of France returns, which as recently as May 10th stood at only 3,949 million francs, rose at the end of June to over 8,000 millions and stood on November 15th at 8,304 millions. Nobody would claim that this increase is wholly composed of commercial bills resulting from a sudden and spectacular recovery in French trade. M. Régnier recently stated that only 2,500 millions of these bills were Government or Railway debts; but he did not say how many of the remaining 5,500

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millions of "commercial bills" were indirectly Government obligations. The fact is that the Government and the Bank of France, despite their orthodox canons, have been driven by the exigencies of the situation in the direction of credit expansion.

Unfortunately, however, this expansion cannot of itself bring recovery, for two reasons. In the first place, public expenditure out of loans, if it is large enough to avert industrial decline but not to reverse it and so increase revenues, merely alleviates the pain without curing the disease. In the second place, precisely as credit expansion arrests or reverses the fall in prices and production, the gold parity becomes more untenable and devaluation the more inevitable.

Such is the inescapable dilemma facing the French Government and Opposition alike; and such is the underlying crisis which has dissipated the fragile "confidence" inspired by the deflation of July, inflamed public feeling, swollen the strength of the extremist factions, and invested this week's meeting of the Chamber with a sense of painful insecurity. In this embittered atmosphere an "incident" between the Front Populaire and the Fascist Leagues was almost inevitable. And it duly happened at Limoges ten days ago, when several persons were killed in an inter-factional riot. As a result, the Front Populaire, with the reluctant support of the Radical-Socialists, are to call upon the Government to take strong repressive measures against the Fascist Leagues. The intentions of M. Laval, whose incessant manoeuvres on the national and international stage have sorely perplexed foreign opinion during the last six months, are still extremely obscure. His anonymous friends and advisers of the Right, popularly associated with the Comité des Forges and the Bank of France, are understood to be averse to any determined repression of the Leagues; while M. Herriot on his Left is demanding measures of at least reasonable vigour. In this political tangle, however, M. Laval's remarkable talent for eloquent inactivity may stand him in good stead. He has already, as we write, obtained a preliminary vote of confidence; and the meeting of the Chamber, now proceeding, may very possibly result in a compromise which will ensure the survival of the Government and the consequent temporary cessation of the outflow of gold. A compromise by which finance is discussed first, and the Leagues afterwards, and the Leagues are curbed but not suppressed, as at the moment appears likely, may secure M. Laval a majority on both crucial issues.

In such an event, however, the fundamental problem of devaluation will remain unsolved. The attitude of the Bank of France, which originally helped M. Laval to office, is still, whatever the Bank return may reveal, "No devaluation without stabilisation." And even the parties of the Front Populaire, including the Daladier Radical-Socialists and the Blum Socialists, are themselves in part afraid and in part sincerely opposed to any devaluation. They still believe, despite the evidence of the Belgian experiment, and despite the growing support which M. Reynaud has won since June, that a 25 per cent. devalua-

tion would mean a considerable rise in the cost of living, a continued Budget deficit, a flight of capital, and a multitude of nameless disasters. Here, in the view of many sincere friends of France, is the real tragedy of her situation. For there is little chance of establishing a strong Left-Centre Government on the Belgian model which would at once carry through an ordered devaluation and pursue at Geneva a policy of willing and active co-operation with the League Powers.

In the circumstances the Front Populaire may be unwilling to force M. Laval's resignation. They may calculate instead that the gold outflow will sooner or later necessitate an embargo, and that devaluation will in this way become an accomplished fact before the elections of next spring. And this now seems by no means an improbable outcome. Already some anti-devaluationist organs in the Paris Press are arguing that an embargo on gold exports would not amount to devaluation. Responsibility for such an embargo, reluctantly imposed, could be laid at the foreigner's door; but it would be none the less effective in removing the present over-valuation of the franc. In that case we most fervently hope that when the final choice can no longer be evaded, its difficulties will be overcome without any violence being done to the democratic institutions of France.

CYCLES AND MOTOR CYCLES

THE cycle and motor-cycle exhibition which opens in London on Saturday, November 30th, forms an effective "shop window" for an industry of striking contrasts. It is estimated—perhaps somewhat generously—that since 1929 the number of pedal cycles used in Great Britain has increased by 4,000,000, from 6,000,000 to a present total of 10,000,000. This so-called "boom" has been due to a number of causes, some of which are of a permanent rather than an ephemeral character. The renaissance of cycling as a sport, practised by devotees of the outdoor cult who find walking an intolerably slow means of leaving built-up areas behind, is only one of them. Of greater economic importance, probably, is the effect of rehousing many people on estates, outside urban boundaries, at some distance from their work. This, however, is not the whole story. Wider dispersion of the population has not resulted in increased use of all transport facilities; for the number of passenger journeys has actually fallen in the case of road transport and railway companies. Public transport, in fact, has lost ground to private transport; and from this development the pedal cycle, with its low capital costs and almost negligible running expenses, has greatly benefited. The increasing complexity of motor vehicle regulations has increased the popularity of pedal cycles for trade purposes.

The motor bicycle, unfortunately, has failed to share in this movement. It has continued to make headway in foreign countries, especially in France and Germany, where half a million and a million motor cycles, respectively, are estimated to be in use. In Great Britain, however, it has never recovered from the coincidence, four years ago, of

trade depression, the inauguration of compulsory third-party insurance, and the vogue of the "baby" car. The number of motor cycles in use has fallen from a peak figure of 731,000 in 1929 to 548,000 in 1934, and an estimated 500,000 this year. Production figures have improved recently, but in the main the industry's clientèle tends to be restricted to workers living at a greater distance than the average from their employment. Week-end pleasure users, though numerous, tend to become proselytes to small-car ownership, and youthful lovers of speed find light sports cars more to their taste. The organisation of the pedal-cycle industry may be briefly described. In the first place, two firms of mass producers, Hercules and Raleigh, turn out, respectively, slightly over 600,000 and (probably) 300,000 machines a year, and are together responsible for about half the total sales. In the second place, a union of many of the older established concerns (which includes Raleigh but not Hercules) manufactures about one-third (or, excluding Raleigh, one-sixth) of the total. Finally, there are as many as a thousand small manufacturers, the majority of whom merely assemble parts purchased at home or, in a few cases, abroad. After Hercules and Raleigh, the larger manufacturers include B.S.A., Enfield, Elswick Hopper, New Hudson and Rudge-Whitworth. Many companies are interested both in cycle and motor-cycle manufacture, but this rule is by no means universal. Raleigh, for example, is entrenched in both fields, and such firms as B.S.A. and Enfield have heavy motor-cycle interests. Hercules, however, is concerned only with the pedal cycle.

In recent months the motor-cycle position has shown some improvement, but sales of pedal cycles have slightly fallen off, except in the case of Raleigh, who have benefited from a reorganisation of their distributive system. There has been a sharp contrast between the price policies adopted in the two branches of the industry. Since 1929, according to the statistics of the British Cycle and Motor Cycle Manufacturers' and Traders' Union, the average retail price of first-grade pedal cycles has fallen by 9 per cent., from £11 11s. to £10 10s., though during the last two years there has been a slight upward tendency. Second-grade cycles have declined by 19 per cent., from an average of £7 19s. 6d. to £6 10s. The average fall for third-grade cycles has been as much as 24 per cent., from £5 5s. to £3 19s. 6d. The extent of the reduction has thus been greatest in the cheapest and most popular category, where increased output has most favourably affected costs of production. During the same period, according to the index of the Society of Motor Manufacturers and Traders, the price of private cars fell by 31 per cent. Motor-cycle prices, however, have tended to harden, as reduced demand has increased the relative burden of overhead charges. According to the Manufacturers' and Traders' Union, the average retail price for 150 cubic centimetre motor cycles has been constant at £25, while 250 c.c. models have risen from £37 10s. to £40, and the 500 c.c. class from £45 to £54. The 750 c.c., exceptionally, has fallen from £66 to £59 10s., although the price has been a little firmer in the last two or three years. The highest class of all, the 1,000 c.c. class, dropped from £72 in 1929 to £62 10s. in 1931, but has subsequently regained its former level.

Exports play an important rôle in the economy of the motor-cycle and cycle industries. Their total value, including spare parts and accessories, was over £4,000,000 during the last year. The trend of production and exports during the last seven years is shown in the following table:—

Year ended September	Motor Cycles					Pedal Cycles	
	New Registrations			Exports	Total British Production	Exports	Total British Production (Estimate)
	Great Britain	Northern Ireland	Total				
1929	84,806	750	85,556	63,776	149,332	354,616	...
1930	77,521	664	78,185	45,952	124,137	305,821	...
1931	54,644	440	55,084	25,487	80,571	175,538	...
1932	49,017	459	49,476	19,523	68,999	157,985	...
1933	40,116	287	40,403	17,133	57,536	140,000	1,400,000
1934	44,734	313	45,047	16,032	61,079	281,975	1,860,000
1935	46,036	358	46,392	17,680	64,072	370,974	1,800,000

The declared value of the average motor-cycle exported has fallen since 1929 from £42 to £39, and that of a pedal

cycle from £3 16s. 9d. to £2 16s. Six years ago Great Britain exported 368,000 pedal-cycle units out of a world total of 790,000. Germany came second in the list of exporters and France third. By 1932 British exports fell to a low-water mark of 164,000, but have now recovered to 371,000. French and German exports, which today are substantially more expensive than British, have dwindled to a mere 10,000 each. Japan, on the other hand, has raised her exports from 10,000 machines in 1929 to 56,000 in 1931 and 353,000 in 1934, with a further increase this year. Japanese exports are competitive with British in price rather than in quality. In India and South Africa, which together absorb about half the total British exports, British manufacturers are holding their ground; but in the important Dutch East Indian market the lion's share has fallen to the Japanese maker, whose average price per machine last year was £1 13s. against the British price of £3 16s. In the same market Great Britain held in 1930 roughly one-quarter and Japan one-eighth of the trade in cycle parts. Last year, however, Great Britain's share had dwindled to some 2 per cent and Japan's had risen to 87 per cent.

On the motor-cycle side, Great Britain in 1929 provided 62,000 units out of total world exports of 107,000. In 1934 her share was 16,500 out of a world total of 25,000. These figures are eloquent of the complete slump which has occurred in the export trade, which so far has shown no sign whatever of regaining its former volume. The average declared export value of a motor cycle, nearly £40, is high in relation to the export values of the cheaper cars for the principal motor-cycle markets, Australia, South Africa and Holland. The pedal cycle, is, however, in a different and non-competitive category as far as the car is concerned. There is still an enormous potential demand among the millions of Asia and Africa, and this demand will be intensified as roads are built. There is also room for a good deal of further expansion on the Continent, where the chief cycle purchasers are relatively small countries like Switzerland and Holland; and the Irish Free State has provided a rapidly expanding market of recent years. The most important competitor in the export field is, and will remain, Japan, and the struggle is largely one of price versus quality. However, in Asia and Africa, price is often all-important. Fortunately there is no sign that the British industry is neglecting the production of cheap competitive machines, and it should be able to retain for itself a large share of the export trade. At home the housing boom will prevent any serious decline in cycle sales so long as it lasts. Since it is unlikely, however, that the absorptive capacity of the home market is unlimited, forecasts of a further spectacular increase in total demand may be received with caution.

THE STATE OF IRELAND—I

THE General Election in the Irish Free State which placed Mr De Valera in power took place in the spring of 1932. His Government is therefore nearly as old as the National Government in Great Britain. Throughout the greater part of their lives, both Administrations have been engaged in bitter economic warfare with each other. Mr De Valera's mandate has been renewed in the meantime, and his domestic prestige has perceptibly increased. But the character of Irish politics is such that rising prestige has led to a hardening rather than to a softening of the resolve with which the "war" was started. If there is to be an issue from the present deplorable deadlock, the initiative must come from the British side. It may be that the departure of Mr Thomas from the Dominions Office will synchronise with a change in the British attitude. But such a change will not be concerned only with the extent to which the constitutional elasticity of the British Commonwealth of Nations can be stretched; it will also have to deal with the rapidly changing facts of the economic life of the Free State. The moment may be opportune for an inquiry into the state of Ireland.

In the spring of 1932 it was undoubtedly the expectation in Whitehall that the imposition of penal duties on Irish agricultural produce would suffice not only to collect the

withheld annuities, but also to bring Mr de Valera to terms. In the former object the duties have achieved a certain measure of success. In the second, there is not the slightest sign, after three and a-half years, of any success whatever. Their effect on the economic life of Ireland has undoubtedly been considerable, and ruinous to certain individual interests. But on the general standard of living of the Irish elector there has certainly not been any such clearly perceptible effect as would lead him to put irresistible pressure on his Government. Moreover, it would be erroneous to ascribe to the economic "war" all of the economic change that has been going on in the Free State in the last three years. At least three other causes can be clearly discerned. In the first place, the world agricultural depression caused a catastrophic fall in the price of foodstuffs which necessitated special measures of artificial price manipulation to keep farmers in production. The world depression in itself would have explained, for example, the scheme for stabilising the price of dairy products, which was, in fact, inaugurated under the Cosgrave regime. Secondly, the stoppage of emigration to the United States intensified the Irish unemployment problem and called urgently for the provision of additional agricultural and industrial employment. The population of Ireland ceased to decline in 1931, and began to increase; a change which is of great significance. Thirdly, the desertion by Great Britain of her policy of free trade in food would have created, apart from the economic "war," the problem of a surplus agricultural population in Ireland.

It would thus be dangerous to assume that Mr De Valera's economic policy was forced upon him by the economic "war," or that it would be reversed if a settlement of the "war" could be effected. The decline in the export trade would in any case have led to a movement towards self-sufficiency. This period of inevitable transition was complicated by the regrettable dispute with the British Government. The adoption by Great Britain of agricultural protection was the time above all others when it was important for every agricultural exporting country to exercise its bargaining and diplomatic finesse with the utmost skill, in order to secure the most favourable position possible in the newly protected market. The Free State would have been in a singularly strong position to profit by the Ottawa negotiations; but, unfortunately, she was at that moment engaged upon the campaign over the land annuities which reduced her to the position of the least-favoured-nation in the British market. The dispute did not initiate the movement towards self-sufficiency. But it expedited it to such a point that even the most extreme economic nationalists would have preferred to approach their goal at a more comfortable and more dignified pace. As it was, the pace was set, not by the Irish Government but by Mr Elliot and Mr Thomas.

The effect of the recent changes can be seen most clearly in the figures of foreign trade, since the decline in exports has been the chief disturbing factor. The following table shows the course of Irish Free State exports in recent years:—

EXPORTS OF IRISH FREE STATE PRODUCE						
	1929	1931	1933	1934	1934 (9 mos.)	1935 (9 mos.)
Live animals (£000)	19,695	18,328	7,512	6,115	4,111	4,882
Cattle (No.)	774,733	765,952	589,862	511,103	314,100	439,020
" (£000)	13,549	12,670	6,055	4,258	2,651	3,489
Food, drink and tobacco (£000)	20,552	14,416	9,492	10,112	7,542	7,971
Bacon, hams & pork (cwt.)	768,763	684,404	425,679	542,950	339,118	425,481
" (£000)	4,019	2,404	1,180	1,908	1,033	1,250
Butter (cwt.)	560,482	377,742	403,858	507,912	432,875	469,669
" (£000)	4,555	2,086	1,193	1,330	1,128	1,409
Eggs in shell (000 gt. hund.)	4,811	4,610	3,469	3,468	3,326	2,943
" (£000)	3,219	2,227	1,078	1,040	969	935
Drink (£000)	4,960	4,808	4,155	4,456	3,284	3,234
Other articles (£000)	6,557	3,532	2,065	2,027	1,494	1,558
Total exports (£000)	46,804	36,276	19,069	18,254	13,147	14,411
To United Kingdom (£000)	43,466	34,944	17,940	17,101	12,305	13,267
To other countries (£000)	3,338	1,332	1,129	1,153	842	1,144

It will be seen that Irish exports had already suffered considerable contraction by the end of 1931, although the comparative stability of the British market for foodstuffs (so far, at least, as its quantitative demands were con-

With next week's issue of
THE ECONOMIST
 will appear a Special Survey of
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 examining various aspects of its
 phenomenal progress, its organisation
 and methods, and its relation to the
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cerned) had protected the Free State from quite such a disastrous fall in exports as some other agricultural producers suffered. The cattle trade, in particular, held up well, while butter made the worst showing. The penal duties were imposed in the middle of 1932 and the figures for 1933 show a further violent contraction. Drink is almost the only category which does not show a sharp fall, either in volume or value, or in both. The value of agricultural products exported (live animals and food) fell from £35,285,000 in 1929 to £12,843,000 in 1933, and has since shown only the slightest improvement. The decline in the total exports of the Free State between 1929 and 1933 amounted to 59.3 per cent.; in the same years the decline in total exports of the United Kingdom amounted to 49.6 per cent. Considering the different nature of the two countries' chief exports, the discrepancy is not large—another factor which tends to show that the effect of the economic "war" has been exaggerated.

So large a reduction in exports, however caused, could not fail to have a profound effect upon Irish agriculture, which combined inelasticity of structure with extensive dependence upon the British market. In fact, two distinct groups of measures of adjustment have been taken. The first group consists of measures designed to substitute home-grown products for imports. These took the form of subsidies for home-grown wheat and sugar beet, and of the compulsory mixture of home-grown cereals with imported feeding-stuffs. Attempts are also being made to find a market for potatoes in the manufacture of alcohol.

The second group of expedients tried to maintain the volume of exports, at least temporarily. For butter there is a scheme which subsidises exports out of the proceeds of a levy on domestic consumption. Straight cash bounties are given for the export of livestock and livestock products. But export bounties cannot solve the problem of surplus cattle in the face of the British quota. So other expedients have been adopted, including the opening of meat factories, the slaughter of old stock and the provision of free or cheap beef for the poor. The free beef scheme can, in fact, claim to be one of the earliest progeny in any country of the fashionable marriage of nutrition and agriculture. There has also been an attempt to meet the problem of rural unemployment by the creation of many small holdings and the provision of relief works. These various devices have been expensive and have imposed a considerable burden on the consumer (e.g. in the case of butter) or on the Budget. But that they have not succeeded in maintaining the level of agricultural prices can be shown by the agricultural price index number (1911-13 = 100):—

1929	1930	1931	1932	1933	1934
139.3	124.8	110.1	98.2	83.5	83.6

It will be noticed, however, that the fall is considerably less steep in the second three years than in the first.

Agricultural measures alone, however, could not in any case have solved the problem. The pursuit of self-sufficiency in the Irish Free State imposes a stimulation of industry relative to agriculture, just as in Great Britain it would necessitate a considerable expansion of agriculture. The agricultural policies of the De Valera Government must be looked upon as relief measures, or as stop-gaps. They are the negative side of the effort of adaptation to the new

conditions. The positive side is represented by the policy of encouraging industrial development. A subsequent article will, accordingly, sketch this policy before assessing the effect of the last three years upon the economic and financial structure of the Free State and suggesting conclusions for the future.

EUROPE FROM THE AIR

(BY A CORRESPONDENT)

NOTHING demonstrates more clearly the unity and disunity of Europe than flying above it. And nothing has rendered that demonstration more startling than the progress in commercial aviation during the last five years or so. In 1929, for example, it was difficult, if not impossible, to fly, even in summer, in regular commercial aeroplanes from London to Vienna in daylight; or from Warsaw to Paris; or from Paris to Madrid; or from Budapest to Athens. In the summer which has just ended, however, it was possible to leave London early in the morning and to dine, still by daylight, in Budapest, Majorca, Rome, Madrid, Helsinki, or Warsaw. For shorter journeys the acceleration of passenger services is even more remarkable. The Swissair Company purchased some American Douglas ("flying hotel") machines, replicas of that which, with Dutch pilots, acquitted itself so well in the London-Melbourne race, and proceeded to run a service from Zürich to Basle, and thence direct to London without—as till then—stopping in Paris. The result was that Zürich became only 2½ hours' flying time from London. Imperial Airways speeded up their services and introduced a new London-Budapest direct service, via Cologne, Nuremberg and Vienna. Travel by air in the summer of 1935 was already hours, and even days, ahead of any continuous rail journey.

Nor have this year's improvements stopped short at the end of September; for this winter there are many more regular European air services than ever before. For example, it is still possible to fly from London to Budapest by Imperial Airways; but now one leaves London at night (an experience in itself), spends the night in Cologne, and arrives in Budapest the following afternoon. It is still possible to fly from Amsterdam to Athens; but the journey is, similarly, broken; and one cannot reach Istanbul at all by air. The services between the chief centres, however—London, Paris, Brussels, Amsterdam, Stockholm, Berlin, Vienna, Budapest, Prague, Warsaw—are all maintained at the same speeds as in summer.

How have these improvements been achieved? First, the aeroplanes and motors in the commercial air fleets of the principal European countries are to-day capable of infinitely better performances than in 1929; and this, in itself, increases the factor of safety. For example, most commercial machines in the air to-day, such as Junkers, Fokker, Penhøet, have three motors, the Handley-Page, Avro and De Havilland "86" machines used by Imperial Airways have four motors. Where there are only two motors, as in the Swiss and Dutch "Douglas" machines, or only one—as in the Lufthansa "Heinkel" and Swissair Express "Lockheed" monoplanes—the machines are originally of American design; and in every case they depend on the American radial motor. Indeed, anyone making an aerial tour of Europe must be struck by the number of American motors. The reason is, presumably, that only across the great tracts of the American continent are such engines tried and tested continuously.

Secondly—and this is of great importance to passengers—the machines of 1935 are much more roomy and comfortable, both inside and in aerial travelling, than five years ago. They are cool in summer and are now heated in winter; and although in most of the Continental machines with American engines the noise of the radial motors is still a trial, in many of the newest machines it is possible to travel all day and alight at the end of the journey without any discomfort in the ears. No aeroplanes are more comfortable or quieter in travel, and certainly none provides more room per passenger, than the Imperial

Airways machines, though their average speed is slower than that of the chief Continental lines. Moreover, Imperial Airways have remained faithful, on their European lines, to the biplane, which is much more comfortable in "bumpy" weather than the large monoplanes which are almost universal on the Continent.

Again, aerial navigation has made great forward strides in the last five years. Very few and far between are the major European services which carry no wireless operator. Indeed, aerial navigation without wireless is to-day almost unthinkable. Night flying has only been made feasible by directional wireless; and to-day it is possible to leave an aerodrome in thick mist and fly through fog and rain, provided only that the machine has enough petrol to reach good weather—always making allowance for that supreme bugbear of the pilot, a head-wind, which can increase petrol consumption for the same overland distance by as much as one-third and one-half. Caught short of petrol in fine sunny weather at 6,000 ft., but above a cotton-wool cloud-bank with mist beneath it, the wireless operator gets busy, calling the nearest aerodrome in the international code, receiving the whereabouts of the machine and the distance from the aerodrome. He is told more: for example, that there is ground-mist there and that other 'planes are waiting to alight. Our operator will then be instructed to keep at 6,000 ft. for another quarter of an hour and to call up again. This the pilot will do until he is told to come below the clouds and land. Perhaps, if the ground-mist is very thick, he will literally be "taken" round the aerodrome at 1,000 ft., and even "steered in," by wireless.

Another device, just now coming to the fore, is "automatic steering," which the American "Douglas" machines, employed by the Dutch and Swiss, possess. The machine can steer itself by correcting all movements out of the lateral and horizontal level which are caused by the varying pressure of wind and air-currents. There are now in existence automatic stabilisers, "flaps" in the wing which are let down for slow landing; and there is gyroscopic steering for the pilot. With the latter device the pilot sets his course and plugs in a switch. Thereafter any deviation—either to left or right, and also fore and aft or against the level of the horizon—is at once recorded on separate instruments for each kind of deviation, and the pilot can then correct it.

Thus much of the hazard which depends on the personal equation of the pilot has already gone out of commercial flying. And with increasing safety, the cost in money to the passenger has been steadily reduced. What, then, still hinders the sweeping popularity of air travel? First, ignorance. The air is a strange and fearful medium; few indeed are those who, curious enough to search beyond the pilot's responsibility, ever try to find out for themselves how carefully the aeroplanes are constructed and commercial flying is organised in most countries.

But there are other hindrances to the popularity of flying. The greatest to-day, perhaps, is the chronic waste of time involved in actually reaching one's aeroplane from the centre of any European city. Airports like Croydon, Le Bourget, Tempelhof, Aspern, Dübendorf, Mátyásföld are all between half-an-hour's and an hour's car-ride from the centre of their cities. It is little short of absurd that one of the fastest commercial aeroplanes in the world—the little four-seater "Lockheed" single-engine monoplane with the retractable undercarriage which the Swissair Company uses in summer—should make the journey between the Vienna and Zürich aerodromes, with a twenty-minute halt at Munich, in two hours, and that these two hours should become three and a-half if one counts from the centre of each city. The obvious development here, in future, is towards central aerodromes in all capital cities.

Finally, of course, there are still inevitable accidents, though some may yet prove avoidable. An unseen telegraph wire is loose; a cable-railway, also unseen, spans the valley where a forced landing must be made; or one of the motors cuts out just as the aeroplane is 200 ft. up and banking to one side—all these are avoidable accidents. Avoidable because, once motors and instruments are perfect, and once air maps are as carefully devised for air pilots as Admiralty charts are for marine pilots, with every

telegraph post shown, as every rock is shown on an Admiralty chart, not even a forced landing need hold hidden terrors, *provided* the machine has height enough to permit pilot and wireless operator time to discover their whereabouts and act accordingly. But until our machines are altered for stratosphere flying we must pin our hopes for the future of commercial flying on two lines of development: first, great (and necessary) improvements in aerial-

cartography; and secondly, great progress in wireless-directional aerial navigation.

Europe to-day stands to gain all or lose all from the use to which the greatest of all mankind's inventions is ultimately put. The way in which it is used should be the way of peace, and along that way peace has still many victories to win before all Europeans eventually become "civil" air-minded.

NOTES OF THE WEEK

The New Cabinet.—Mr Baldwin is to be warmly congratulated on his choice of a new Cabinet. It is more notable for its omissions than for its inclusions. Lord Londonderry is dropped; and neither Mr Churchill nor Mr Amery is included. These three were particularly associated in the public mind with active policies of imperialism and re-armament. Mr Eden, on the other hand, remains as Minister for League Affairs; and his continued tenure of this office, in company with Sir Samuel Hoare as Foreign Secretary, should be the best guarantee of the Government's intention to give the League its sincere and enduring support. The most spectacular change in the Cabinet is the "swapping" of Mr J. H. Thomas and Mr Malcolm MacDonald, which brings the former to the Colonial and the latter to the Dominions Office. Mr Thomas has signally failed to settle the lamentable dispute with Ireland, and it may be hoped that some real progress will now be made. The settlement of this dispute would be a real popular success for the new Government. Finally, Lord Halifax has left the War Office and becomes Lord Privy Seal; Mr Duff Cooper has succeeded him; and Mr W. S. Morrison, K.C., has taken Mr Duff Cooper's place as Financial Secretary to the Treasury. Lord Halifax's continued presence in the Cabinet is a further earnest of Mr Baldwin's desire to preserve its "liberal" character. The remarkable enhancement of the Government's popularity that followed the re-shuffle of last June has evidently not been lost on Mr Baldwin.

* * *

Mr Attlee and Sir A. Sinclair.—Both the Opposition Parliamentary Parties elected a leader on Tuesday. For the Labour leadership three candidates were nominated: Mr C. R. Attlee, Mr Herbert Morrison and Mr Arthur Greenwood. Mr Morrison was known to have much strong support in the London area, but the North of England and the trade union element were preponderantly behind Mr Greenwood. In the first vote Mr Attlee received 58 votes, Mr Morrison 44 and Mr Greenwood 33. And in the second vote Mr Attlee was given a clear majority. It will be no discourtesy to Mr Attlee to say that he owed his election to negative rather than positive reasons. There was determined opposition both to Mr Greenwood and Mr Morrison—to the latter on the ground of his alleged "Right-Wing" proclivities. To many outside the Labour Party it will seem that Mr Morrison has shown more of the qualities of personality, constructiveness and moderation that a leader requires; and it is of course as much in the interests of a Left Party to have a Right Wing leader as of a Right Party to have a Left Wing leader. It should be remembered, however, that the Labour Party elects a leader at the beginning of every session. And Mr Attlee, if he lacks the conspicuous attributes of a leader, has undeniable ability, judgment and integrity. At the Liberal Party meeting the choice naturally fell on Sir Archibald Sinclair, who will prove a steadfast successor to Sir Herbert Samuel. Mr Lloyd George presided at the meeting, and it was on his motion that Sir Archibald Sinclair was elected. During the present Parliament, however, Mr Lloyd George himself prefers to sit on the Front Opposition Bench and devote his energies to the direction of the Council of Action Group. This group, as well as the trebled Labour forces, should give the House some much-needed new vitality.

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Replies to the Italian Note.—When Signor Mussolini addressed his note of protest against sanctions to each of the fifty sanction-taking states singly, he may conceivably have hoped for a declaration from France which would at least advertise the existence of a partial gap in the international police-cordon. The terms of the French and British replies, published last Saturday, suggest that M. Laval's tenderness differs only by a fine shade from the passionlessly platonic assurances of Sir Samuel Hoare. For the rest, the French and British notes—and the Russian note also—are so impressively similar in substance as well as in tone that their separateness serves only to give emphasis to their unanimity. In answer to the Italian allegation that the League has acted improperly, both the French and British Governments reply that nothing was left undone in the League's efforts to exercise impartiality and to show consideration. The French Government, in its anxiety to explain why it could not have done otherwise, makes the vital point that "to have repudiated the obligation of the Covenant would have been to compromise seriously for the future the possibilities of applying provisions which constitute an essential element of the collective security assured to the members of the League." The same point is made by the Russians. And the rather threatening Italian reminder that the States Members have acted in the exercise of their "free and sovereign judgment" has drawn a crushing rejoinder from Sir Samuel Hoare. "His Majesty's Government," he replies, "in subscribing to the Covenant, did not indeed abandon their free and sovereign judgment, but undertook to exercise it thenceforth in accordance with the obligations of that instrument. No other attitude is open to them, and they would naturally desire to see the Italian Government place a similar

construction on their own adhesion to the Covenant." The Russians demur to being asked to give individual explanations of a collective act—the more so since it is open to Italy to put her questions direct to an organisation of which she is still a member. And they point out, with a fine irony, that the action of the Co-ordination Committee has restricted and not increased "the sanctions which are obligatory on all members of the League in accordance with the exact sense of Article XVI." The Italian Government, on the whole, has reason to regret its anxiety to draw individual fire from sanction-imposing states. It might have suffered less damage from a single volley.

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Strategy in Abyssinia.—Whatever the truth of the somewhat conflicting reports received this week of Italian withdrawals on the northern and southern fronts in Abyssinia, the news can scarcely be regarded as a favourable overture to Marshal Badoglio's enterprise of conquering Abyssinia against time. In particular, any sign of retreat from Makalle would be a matter of high strategic significance. Makalle is on the direct line of the only route on which an Italian advance from the North, in the Abyssinian higher lands, is practicable. It lies athwart the narrow passage between the eastern escarpment of the plateau and the cañons by which its surface is seamed and furrowed further west. If the Italians were to fall back from a place which they had occupied with such a flourish, it would be assumed that a long-drawn-out line of communications had proved impossible to protect against Abyssinian guerilla attacks. If this were really the situation, how could Marshal Badoglio hope to protect a line which he had succeeded in pushing up to Dessie, or to Addis Ababa itself? The heaviness of the Italian commitment evidently increases, in geometrical progression, with every kilometre of advance. At Makalle, the Italians may well have been already as far from their base as motor transport could carry them. Heavy traffic over long distances imposes a considerable strain on new military roads, which tend to wear out faster than they can be kept in repair. Will Signor Mussolini's insistence upon speedy results, combined with a possible oil embargo, force Marshal Badoglio to leave his mechanical aids behind and to send his forces out, in parties, to occupy, and live off, the country, without wheeled transport? If so, he may be delivering himself into the hands of an enemy enjoying substantial advantages in warfare under these primitive conditions.

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America's New Deal in the Courts.—It has long been obvious that the crucial test of the constitutionality of the New Deal would come in the present session of the Supreme Court, and the moment seems to be almost at hand. The Supreme Court itself, it is true, has not yet spoken except by inference, but some of the inferior Federal Courts have been very busy. The Acts most frequently called in question are the Agricultural Adjustment Act and the Public Utility Act, although other Acts such as the Guffey Act (which set up a "pocket N.R.A." for the coal industry) have not entirely escaped. The Public Utility Act is of great importance to the utility industry and to Wall Street, and its veto by the courts would be a distinct blow to the prestige of the Administration. But it does not compare in economic and political importance with the Agricultural Adjustment Act, which is pouring millions of dollars into the farmers' pockets, consequently reaping millions of votes for Mr Roosevelt. The Utility Act imposes on all holding companies the obligation to register with the Securities and Exchange Commission by December 1st. But there is grave doubt about the Act's constitutionality, and one Federal Court, in an advisory rather than a legally operative decision, has already declared it unconstitutional in its entirety. In these circumstances many of the utility companies are refusing to register on the ground that to do so would be a tacit acceptance of the Act and might prejudice their position in later developments. The S.E.C. has declared that, for its own part, registration will not be taken as a renunciation of any rights, but it can hardly commit the courts, and the utilities are playing for safety. The battle of injunctions is developing, the com-

panies seeking to restrain the S.E.C. from operating the Act, and the S.E.C. asking the courts to compel the companies to register. In short, the whole legal position of the utilities is becoming a complicated tangle which only the Supreme Court will be able to unravel. The Agricultural Adjustment Act is in almost equally hot judicial water. Several inferior Federal Courts have already granted injunctions against the collection of processing taxes. This week the Supreme Court itself was asked to grant a similar injunction pending its decision on the constitutionality of these taxes, and the injunction was granted by a 6-to-3 decision. The injunction automatically vetoes the amending Act passed by Congress last summer in an attempt to stop up the legal loopholes in the original Act. This amending measure attempted to prohibit all injunctions against the collection of processing taxes. The Agricultural Adjustment Act has two sides: the collection of funds by means of processing taxes, and their distribution to farmers in payment for restriction of crops. It is only the former that is under attack, and the latter could, in theory, continue even if the processing taxes disappeared. But it is doubtful whether the President would be willing to put so large a burden on the general Budget. With the judicial attack being so strongly pressed there is a noticeable tendency on the part of the Administration to seek political salvation by business recovery rather than by "recovery legislation." This tendency lends point to the declaration made at the week-end by Mr Eccles, the chairman of the Board of Governors of the Federal Reserve System, which was generally regarded as an official welcome to the nascent inflation of credit. We comment on this declaration in an Investment Note on page 1078.

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Greece's King and Kingmaker.—The popular feeling which inspired the scenes of enthusiasm on the return to Greece of King George II last Monday no doubt came from the heart. In the main, it expressed a hope for a new era of peace and concord after twenty years of dissension at home and discord abroad. The restored monarch has lived, for the past twelve years, in an atmosphere remote from the hectic faction politics of his country. Personally, he would probably be only too happy to bring about the national harmony, of which he is expected to be the harbinger, by genuinely forgiving and forgetting. But will that be allowed to him? Behind the King stands the Kingmaker. When the white-kilted sentries challenged the triumphal procession at Hadrian's Arch, and the hero of the hour replied to "Who goes there?" with "The King of the Hellenes," "General Kondylis" was the name which echoed back from the scarp of the Acropolis. The General most correctly handed to "his royal master" the resignation of himself and his Cabinet. But he simultaneously presented a memorandum explaining why the Kingmaker ought not to be succeeded in the prime ministership by his predecessor, M. Tsaldaris, whom he removed from office a few weeks ago. The General also held the view that a coalition of all the anti-Venizelist parties—and *a fortiori* a coalition including the Republicans—was not feasible. According to reports received as we go to press, the King has announced his determination to grant a general amnesty to political offenders, including those involved in the March rebellion. He is also reported to have passed over General Kondylis and asked M. Demerdjis, leader of the Unionist and Progressive Party, to form a non-party Cabinet. It remains to be seen whether such a broad and courageous policy will find approval in those army quarters which played so important a part in events preceding the King's restoration.

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Labour wins in New Zealand.—The New Zealand Labour Party has won a remarkable and quite unexpected victory. It now has a clear majority. For it has increased its representation from 24 seats to 52, while that of the National Government party has fallen from 46 to 20. New Zealand has thus conspicuously declined to follow the political evolution exhibited by Great Britain and Australia during the last few years. Four years ago a "National" coalition of Conservatives and Liberals was formed in New

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The Company has been rendering service to the public in Great Britain for more than 41 years by enabling prudent men and women to safeguard their own and their families' future, through comprehensive Life Assurance and Annuity plans.

Total New Business in 1934 in Great Britain and Ireland

£7,000,000

Total Assurances in force at November 15th, 1934, in Great Britain and Ireland

£67,000,000

H. O. LEACH (General Manager), 2, 3 & 4 COCKSPUR ST., LONDON, S.W.1

Conference of 1921-22 and the London Conference of 1930. Those conferences succeeded in producing, as between the three Oceanic naval Powers, a comprehensive agreement for the limitation of naval armaments of all categories on agreed ratios. In 1930 it looked as though this apparently definitive settlement had created a solid framework which could gradually be filled in, first by a naval agreement between Italy and France, and finally by an agreed limitation of land and air armaments in Europe. These hopes have been dashed by the failure of the Disarmament Conference. Is the re-armament of Europe, on land and in the air, to be accompanied by a collapse of the edifice of naval limitation? The crux of the matter is the Japanese repudiation of the Washington and London ratios, both in principle and in practice. This attitude is one of many expressions of the militant temper that has governed Japanese policy since the outbreak of September, 1931. The preliminary conversations, *à deux*, between the Powers concerned, which took place during last autumn and winter, brought out two hard facts. Nothing will induce the Japanese to acquiesce in the present ratios after the existing treaties have run out; and nothing will induce the Americans to surrender their 5 to 3 ratio, as against Japan, *de facto*. In the circumstances, it is hard to see how a Japanese-American armaments race in the Pacific can be avoided. In the Pacific arena itself, the opening of the Conference has been heralded by two significant events. On the Japanese side there has been an attempt (for the moment unsuccessful, yet almost certain to be repeated) to turn North China into virtually a Japanese protectorate. On the American side, the trans-Pacific air route from California to the Philippines has been opened. Meanwhile, in the Mediterranean area, France is as restive under her ratio as Japan under hers; and at the same time Franco-Italian naval rivalry shows signs of giving place to a rivalry between Italy and Great Britain. In this connection, much may yet depend upon the success of the League in vindicating its authority in the Italo-Abyssinian quarrel.

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A Brazilian Outbreak.—The revolt which broke out in Brazil last Sunday has followed the usual course of South American revolutions. The rebels, mainly from the army, were successful at first in seizing Natal, the capital of the State of Rio Grande do Norte. They were repulsed, however, in an attack on Recife, the capital of Pernambuco, and were driven back to the suburb of Olinda. Simultaneous outbreaks were reported in the adjoining States of Alagoas and Parahyba, and in Paraíba in the south. On Monday, by vote of the Federal Legislature, the whole of Brazil was placed under martial law. The revolt subsequently spread to army cadets in the Aviation School and the Vermelha barracks in Rio de Janeiro. The Government forces, however, were apparently successful in suppressing agitation in all quarters, and the rebel leaders who escaped by sea from Natal are being pursued by two cruisers. The Government claims that the whole movement was the result of Communist agitation directed by Luis

Zealand, just as it had been in Great Britain and Australia to cope with the effects of the world crisis which had upset the previous Labour Governments. This year, after a fair period of recovery in the sterling area, Australia and Great Britain have re-elected their "national" coalitions. New Zealand, on the other hand, has joined the non-British sterling countries, Denmark, Sweden and Norway, in signalling the progress of recovery by returning a new Labour Government. What is the cause of the difference? Probably that New Zealand has experienced a less substantial recovery than Great Britain or even Australia. This in its turn may be attributed mainly to the fact that New Zealand is even more completely dependent on export prices than Australia, and partly to the failure of her Government to treat the depression with quite the same skill as their Australian colleagues. New Zealand's first Labour Cabinet is lucky in the time of its arrival. For world forces are now running strongly in New Zealand's favour. Commodity prices are rising, and recovery is progressing more markedly than ever in the sterling area. The Labour Party fought the election mainly on the monetary issue; and it is significant that the new Democratic Party, which stood for orthodox "sound money" doctrines and little else, has not won a single seat. Though committed in its election propaganda to some measure of inflationary credit creation and the guarantee of fixed prices to farmers, the Labour Party may very well follow precedent by showing itself less bold in performance than in promise. Extended financial help for farmers, and a mild credit expansion, may be expected; and a possible further drop in the exchange should not be ruled out. But New Zealand offers poor opportunities for independent monetary expansion, since so much of her production is for export. And all that can be done by adjusting the exchange rate has probably been done already. Realising this, the new Prime Minister, who has a reputation for sense and moderation, may well prefer the fruits that seem likely to fall into his hands to any which he might feel tempted to summon out of the vasty deep.

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Manceuvres in N. China.—The political barometer in North China during the past week has been registering a succession of violent fluctuations. At the moment when General Doihara's puppet autonomous federation of five Northern Chinese provinces was due to come into existence, the scheme mysteriously evaporated. The General was left lamenting, while President Chiang Kai-shek negotiated with the Japanese State-maker's less exuberant colleagues in Tokyo. Last Sunday, nevertheless, a new State was born, but on a miniature scale. The demilitarised zone in the north-eastern corner of the Province of Kopei declared itself an autonomous entity, with its capital at Tungchow. But though Tungchow is little more than a dozen miles distant from Peking, both Peking and Tientsin lie outside the seceding area. A simultaneous attempt at a separatist *putsch* in Tientsin itself ended ignominiously in the arrest of the would-be revolutionaries by the police, and their eventual release at the instance of the local Japanese authorities. The Nanking Government has adopted a fairly strong line—refusing to countenance the so-called autonomous regime in the demilitarised zone, and taking steps to strengthen its own hold in Kopei. On the other side, the Japanese legation guard at Peking has been increased from 300 to 800 men, and Japanese reinforcements have also arrived at Tientsin. We do not know what negotiations are going on between the Japanese Government and Marshal Chiang Kai-shek behind the scenes. In opposition to General Doihara, the authorities at Tokyo apparently prefer to extort moderate concessions from Nanking rather than to detach the North of China at the price of irrevocably alienating the Central Government. But at the moment of going to press the situation remains obscure.

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The Forthcoming Naval Conference.—The five-Power naval conference will meet in London next week under auspices which even the hardest optimists can scarcely describe as favourable. The naval situation has changed decidedly for the worse, since the Washington

Carlos Prestes, once a captain in the Brazilian Army, who has been living recently in exile in Russia, Argentina and Uruguay. Although the revolution has had so short a life, it can claim at least one distinction among its peers: it prevented the Graf Zeppelin from landing after one of its routine Transatlantic flights, and provided a new "record" for that airship of 119 hours in the air.

* * *

Milk Consumption.—The organisation known as P.E.P. has published a valuable broadsheet devoted to the subject of milk. The present milk situation may be explained in terms of history, but it is difficult to understand in terms of common sense. An enormous "surplus" is combined with a *per capita* consumption less than half that of other countries, such as the United States and Sweden, with comparable standards of living, and less even than that of countries such as France and Germany whose standard of living is distinctly lower. More and more emphasis is being placed upon the nutritional and health value of milk, but at the same time the standard of cleanliness is deplorably low ("milk showed more frequent adulteration or other deficiencies than any other food analysed by public analysts, with the sole exception of vinegar"). The medical standard of consumption is a pint per person per day, but even if consumption rose to the modest level of four pints per person per week (a standard almost reached in France and vastly exceeded in America), the existing surplus would be wiped out and there would be an actual shortage of more than 100 million gallons. The crux of the whole matter, as the broadsheet points out, is price. The price of liquid milk was higher last summer than at any time since 1914, and milk is dearer in England at present than anywhere else in the world. The remedy, however, does not lie in an all-round reduction of price, since any reduction small enough to avoid ruin for producers would merely "assure rather cheaper supplies to well-to-do families who can afford the present price, without substantially benefiting poorer families who cannot nearly afford it, and very likely without leading to any commensurate increase in milk consumption." The broadsheet makes two suggestions for getting over this difficulty. The first is that the Milk Marketing Board should conduct extensive experiments, in selected localities, into the effect on consumption of various forms of price reduction, such as an all-round reduction of 25 per cent., an increase in the amount supplied to poor families for a given price, cheap supplies for given classes of the community, or reductions in price by cutting out bottling and delivery. The second suggestion is for a great extension of the milk-in-schools scheme, to supply milk (a) on the 145 days of the year which are not school-days; (b) to the half of the school population not now getting it; (c) to children between one and five; and (d) to expectant mothers. Provided this milk were paid for at anything over the manufacturing price it would involve no loss to the producer. The necessary subsidy from the State would be very much smaller than might at first sight be imagined—the broadsheet puts the net cost at less than £2,000,000 a year. These suggestions appear to draw a logical conclusion from the new status of the milk industry. The supply of milk is now a legal monopoly, and the industry should be given the obligations, as well as the privileges, of public utility status.

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Growth of Working Population.—The annual analysis of changes in Britain's working population, published in the *Ministry of Labour Gazette*, reveals an increase of 98,000 in the number of persons aged 16-64 insured against unemployment during the twelve months ended July, 1935. Since 1929 the substantial increase of 964,000 persons is shown—a total which reflects, in part, the virtual absence of emigration. The number of boys and girls aged 14 and 15 insured last July was 944,500. Since boys and girls under the age of 16 are insurable only since September 3, 1934, corresponding figures for this age group are not available for earlier years. The total number of insured persons in the United Kingdom in July aged 14 to 64 was 14,002,500. Changes in the occupational distribution of insured persons, aged 16 to 64, are shown as follows.

Group	Estimated Number insured at July, 1935	Percentage increase (+) or decrease (—) since 1923		
		July, 1933	July, 1934	July, 1935
Fishing†.....	32,830	+34.4	+34.4	+37.0
Mining and quarrying.....	1,040,210	-13.8	-17.0	-20.4
Manufacturing.....	6,038,620	+5.3	+5.5	+5.7
Building and contracting.....	1,254,170	+44.4	+49.1	+55.9
Gas, water and electricity supply*.....	199,600	+10.8	+18.0	+21.0
Transport, communication, storage and distribution*.....	2,886,400	+42.6	+43.7	+44.4
Commerce, banking, insurance and finance.....	280,570	+9.8	+14.0	+15.9
Miscellaneous services (including professional services; entertainments and sports; hotel, public house, restaurant, boarding house, club, etc. service; laundries, dyeing and dry cleaning).....	880,210	+52.9	+57.2	+64.0
National and Local Government.....	485,290	+17.6	+18.4	+22.3
All industries and services.....	13,058,000	+15.5	+16.1	+17.0

* The figures are exclusive of persons excepted from unemployment insurance under certificates of exemption.
† The figures for the fishing industry do not include share fishermen, who are outside the scope of the insurance scheme.

The proportion of the total insured working population, aged 16 to 64, in manufacturing industries has declined to less than one-half. As compared with an increase of 17.0 per cent. in the total number of insured persons, between 1923 and 1935, the number in manufacturing occupations showed an increase of only 5.7 per cent. On the other hand, an increasing number of persons have found employment in transport, distribution, banking and commerce, entertainment and building. There has been a marked exodus from the mining industries, and the number of insured persons in these branches of activity last July was 20 per cent. smaller than twelve years ago. We propose, in a subsequent issue of the *Economist*, to examine occupational changes in greater detail.

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Retail Sales in October.—Like all other indices of trade and business activity the value of retail sales, as shown in the following table published by the *Board of Trade Journal*, increased considerably in October. The rise of 19 points from the low level of August is mainly seasonal, but is more pronounced than in either of the past two years:—

INDEX OF VALUE OF RETAIL SALES, GREAT BRITAIN
(Average Daily Sales in 1933 = 100)

Period	Food	Other Merchandise	Total
1932.....	102	99	101
1933.....	100	100	100
1934.....	103	103	103
1934—September.....	101	92	97
October.....	102	109	105
November.....	106	110	108
December.....	121	148	134
1935—January.....	102	108	105
February.....	106	83	95
March.....	107	92	100
April.....	110	112	111
May.....	110	112	111
June.....	110	108	109
July.....	105	113	109
August.....	107	81	94
September.....	110	99	104
October.....	112	114	113

Compared with a year ago, the value of sales throughout the country rose by 7.4 per cent., an expansion which was shared fairly generally by all districts, except West London, where the increase was only 2.0 per cent. The increase of 10.2 per cent. in sales of food and perishables (for which again the increase in West London was only 2.0 per cent.) was to some extent due to a rise in prices. The Ministry of Labour cost-of-living index for food has risen by 2.4 per cent. in the last twelve months from 127 (July, 1914=100) on November 1, 1934, to 128 on October 1st and 131 on November 1st last. The increase in October was mainly in the price of eggs, butter and bread, with a smaller rise in the case of bacon and cheese. Of non-perishable goods, piece-goods and furnishings alone showed a decline in sales, especially in Northern districts and in Suburban London. There were substantial increases in all districts in women's wear, except in Scotland, in men's wear, in boots and shoes

and "in miscellaneous articles. This continued increase in the consumption of clothing is a significant reflection of increased purchasing power, and is not apparently due to any increase in average prices. During the nine months February to October, London, in spite of the Jubilee, has shown a surprisingly lower ratio of expansion in sales than

that of the rest of Great Britain—particularly as regards boots and shoes, women's wear and piece-goods. Employment in establishments making returns throughout the country was 2.9 per cent. higher at the end of October than a year ago. The immediate outlook for retail trade remains encouraging.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

THE TRADE AGREEMENT WITH CANADA

THE rapid negotiation of the trade agreement with Canada, following the election in that country, contrasted with the usual slow course of such transactions. As for the specific influences on any given one of the six or seven hundred items of manufacture enumerated, it is impossible to generalise. Substantial reductions in the United States tariff have been made on certain agricultural commodities, such as cattle, cream, potatoes, but these are subject to a quota limitation; and this is true of lumber. On the other side, the widening of the Canadian market to United States grapefruit and oranges has offset some disadvantage to American producers caused by the importation of fruit from Cuba, under the agreement with that country. The 50 per cent. reduction on whisky (from \$5.00 to \$2.50 a gallon) is also noteworthy; under the "most-favoured-nation" clause this is of wider application.

One may doubt if the agreement will be followed by sensational changes in the trade figures; but such doubts should not belittle its importance. It represents more than a gesture in the direction of increased freedom of international trade; and taken in conjunction with the other agreements in force or in preparation, represents a programme, not so much publicised as many others, but thoughtfully conceived, persistently pursued, and technically well handled. The expected protests were instantly forthcoming, but on the whole less vociferous than was anticipated.

The final inauguration of the Philippine Commonwealth, like the passage of the act which authorised it, attracted little comment from the Press. To those who recall the bitterness of the old controversy between "manifest destiny" and "anti-imperialism," this apathy is surprising. It is, perhaps, to be taken as an indication of economic nationalism, and so set in contrast to the Canadian trade agreement. The Islands have increasingly come to be regarded as an alien competitor rather than as a part of the American system. Politically, the status of the Islands becomes virtually that of a protectorate; economically, their status is that of a foreign country. For five years limited quotas of sugar, coconut oil and hard fibres are free of duty; other commodities come under the regular tariff. After five years, tariffs on a rising scale are to be applied to the three commodities enumerated. In this development, materialistic considerations played a stronger rôle than ideological; and perhaps, for that very reason, the act of separation, tentative though some regard it, is more likely to become final.

SUSTAINED BUSINESS RECOVERY

Broadly speaking, business is good this autumn. The third quarter of 1935 was in pleasing contrast to the severe recessions that occurred in the third quarter of 1934, and also of 1933. The early weeks of the fourth quarter have shown an upturn resembling that of the fourth quarter of 1934, but starting from a very much higher level. The upturn in the fourth quarter of 1934 proved to be a harbinger of a higher general level of business in 1935, and occurred although the motor industry was in its usual year-end recession. It was essentially a recovery from a six months' recession caused by labour troubles and culminating in the great textile strike. The upturn in the fourth

quarter of 1935 is largely a consequence of the displacement of the seasonal trend in the motor industry. The motor industry made its transition to new models (which usually occurs in November-December) in September-October without depressing the general level of business; and this would suggest that the United States economy has broadened its base to an extent that makes it less sensitive to minor fluctuations of automobile output. On the other hand, some argue that the motor and the steel industries are "borrowing production" from 1936 and that the fact of rather high motor production in November and December is reason to anticipate that output in the first quarter of 1936 will be smaller than otherwise.

Against such an argument is opposed the opinion of those who believe that a revival in building has come to occupy or is beginning to occupy a position in the American economy comparable to that of the motor industry. Total building contracts for the first ten months of 1935 were almost even with those of 1934, residential building showing a strong increase but only compensating for the decline in other types of construction. Indeed, residential building contracts were almost double those of the first ten months of 1934. But in October all types of building contracts showed a marked increase, whether compared with September or with October, 1934. As the approach of winter months is not favourable for building in many parts of the United States, the data suggest that these contracts will become active mostly after the turn of the year. Uncertain in their implications as these data are, they are of the utmost significance to anyone attempting to envisage the general trend of the American economy. While total building so far in 1935 has not been greater than in 1934, the proportion representing private undertakings is probably substantially greater. Comparatively little of the residential building of 1935, for example, has represented public undertakings, such as slum clearance projects. Since there has been for several years almost a complete suspension of private building, whether residential or industrial, there is reason to attach significance to the recent trend; and optimistic anticipation about next year derives less from the hope of further gains in automobile output than from expectation of a major increase in residential and industrial building.

FOREIGN BUYING IN WALL STREET

In recent days the Press has devoted an increasing amount of attention to the foreign buying in our security markets. Mr Kennedy, the retired head of the Securities and Exchange Commission, is said to have discussed it with the President. As a background, attention may be called to three features of the market which are of recent

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origin, and whose technical consequences are hard to appraise. First, realised capital gains are more heavily taxed than ever, which discourages profit-taking by large investors fortunate enough to have purchased at substantially lower prices. Second, while capital gains are taxed, capital losses are deductible for tax purposes from total income only to the amount of \$2,000. Third, capital profits realised within six months of purchase by officers or directors of a corporation may, under uncertain circumstances, be forfeited entirely to the treasury of the corporation.

The net effect of these three factors seems to prevent or defer frequent tests of the market position—a factor noted in 1928 and 1929, but in a different form. At that time investors, wishing to avoid taxation on realised capital gains, capitalised their profits by borrowing against them. This is recognised to have been a major factor both in the bull market of 1928-29 and of the ensuing débâcle. At the present time, while the taxation on capital profits is more severe, the limitations on collateral loans effectively restrain the pyramiding of speculative commitments, though at the same time they narrow the market.

NEW YORK, November 19.

FRANCE

THE BUDGET AND THE FRANC

M. LAVAL, in his broadcast speech this week on the eve of the reopening of Parliament, claimed to have safeguarded the franc, for which task he obtained a mandate from the Chamber. Four months only had been given to the Government to solve the economic crisis, and they would have been successful, he said, if there had not been external complications. His new task, M. Laval added, was to safeguard peace with the collaboration of Great Britain.

The most unorthodox proposals of the Finance Committee of the Chamber, for instance, the suggestion of a "Caisse des Pensions," have been virtually abandoned; and an agreement has been reached between the Government and the Committee. The fundamental outlook for the Budget and the franc, consequently, seems the same as before. More favourable reports about the economic situation are coming from various centres, and railway receipts have been better in the last two weeks. If the slightly better trend shown in the foreign trade figures for October is taken into account, and the small improvement in fiscal receipts, there is no statistical evidence to explain the new financial crisis. The yield of turnover tax was 76 million francs below the 1934 figure in July, 47.5 millions in August, 13 millions in September and 11½ millions in October.

Politics are thus regarded by many as responsible for the present crisis. The proposals of the Finance Committee have impaired rentier confidence on the eve of the return of a Parliament, which must be re-elected in six months' time. Capitalists have been anticipating the worst.

The rentes are falling every day, and are now standing at or below their lowest point since the bad days of February, 1934:—

	Lowest, 1934	Highest, 1935	Nov. 26, 1935
3 per cent.	63.75	84.97½	73.10
4 per cent. 1917	71.95	90.30	76.40
4 per cent. 1918	71.60	89.75	75.15
5 per cent. 1920	103	120	101.70
4½ per cent. 1932 "A"	78.60	95.85	81.65
Treasury Bonds:			
5 per cent. 1934	971	1,035	931
4½ per cent. 1934	986.50	1,025	925

At the same time gold continues to flow out by ship and plane. There was 82,000 millions of gold at the Bank of France at the beginning of the year. Some 10,000 millions was lost during the political crisis of May, and this has never returned. The coming weekly return of the Bank will show a gold reserve of about 68,000 millions, implying a loss of 14,000 millions in the year. The Bank, to stem this outflow, has three times raised its rediscount rate, which now stands at 6 per cent., against 3 per cent. a fortnight ago. The rate for advances is 7 per cent. But everyone knows that the gold rush will not be stemmed by high interest rates alone.

TALK OF GOLD EXPORT EMBARGO

The crisis and the withdrawals of gold have reawakened talk of devaluation; and certain newspapers, which were till recently among the staunchest advocates of the maintenance of the gold parity, have begun to say that the Bank's gold must be safeguarded at all costs—even by an export embargo. Others are engaged in proving that an embargo would not mean devaluation, though nobody is taken in by these equivocations.

Rentiers in general, however, are not so much frightened now by devaluation as by the fear of long and fierce conflicts between the "Front Populaire" and the "Fascist Leagues." An ordered devaluation combined with administrative reform could only be made possible by the presence of a stable Government. But even if devaluation is now conceivable, nobody sees any likelihood of a stable Government, since the politicians are violently divided into Left and Right and into numbers of smaller groups. And this is at a time when the country is hard hit by the crisis and also by the sanctions against Italy. Some protest that France is being manoeuvred by Moscow and other international interests, and this kind of propaganda in the past has often exasperated the French people. Whatever the cause, in fact, the elements of an outburst of discontent are developing rapidly. Possibly, however, this in itself may restrain the Chamber from any extreme decisions.

M. Laval said in his broadcast speech that "the fate of the franc will be decided in the Chamber debate." Very likely he will secure a majority for the maintenance of the *status quo* until the elections. A newly elected Chamber, safely installed for four years, should be perhaps more able to solve the current difficulties. But, after Thursday's vote no less than before, it is the economic crisis which will finally decide the issue.

PARIS, November 27.

GERMANY

RAW MATERIAL DIFFICULTIES

EMPLOYMENT fell off slightly in October. Some 66.0 per cent. of possible working places in industry were occupied, against 66.3 per cent. in September. Activity in the consumption trades, including textiles, slightly increased in preparation for Christmas; while the capital goods trades, including heavy iron and metals, reacted slightly. There was the usual seasonal decline in building and in the motor industry. In November increased business in pig-iron, including export, is reported. The tinplate branch is also well occupied, and between 60 and 65 per cent. of output is being exported. Ingot-steel output in October was 1,551,200 tons, against 1,378,200 tons in September; and

in the first ten months 13,165,700 tons, against 9,760,400 tons in the same period of 1934. Hamburg and Bremen report foreign orders for freight and tank motor-ships totalling some 100,000 tons, to be paid for largely out of foreign holdings of reichsmarks. New foreign orders for locomotives have also been booked. Locomotive exports in the first three quarters of the year were 7,660 tons, against 2,000 tons in the same months of 1934. The export of glass, rayon, and linoleum has increased.

The raw material position is not reassuring, and there are numerous reports about the resulting difficulties in textile manufacturing. At the same time, satisfactory production is reported of the new fibre staple yarns. The stock of raw cotton at Bremen is 162,000 bales, against 361,000 bales a year ago, although the net cotton import this year has been little below that of the same period of 1934. The stock of wool, in particular of merinoes, has fallen heavily and a scarcity of hemp in the spring is predicted. The activity in the iron and steel trade has compelled an increase in ore imports in the first three quarters of the year of 70 per cent. as compared with the same period of 1934. Measures for furthering economy in the use of imported raw materials have made considerable progress, in particular in the non-ferrous metals. On the one hand, certain less scarce materials are being substituted for the more scarce. This sometimes involves alterations of constructional processes. On the other hand, entirely new materials are being found; and the saving of lead, tin and copper has been considerable. Though the new materials are not always themselves highly priced, their use often requires expensive adaptations of plant.

Reich revenue from taxation in October was Rm. 884 millions, against Rm. 714 millions in October, 1934. Taxation revenue in the first seven months of the financial year was Rm. 5,421 millions, against Rm. 4,671 millions in the same months of the financial year 1934-35. It is officially estimated that if the tax system is taken into account there was a real increase of Rm. 645 millions.

CAUSES OF THE FOOD SCARCITY

The food scarcity has not in general abated. Last week there was a shortage of beef, except for expensive cuts costing around 3s. 6d. a metric lb. The butter scarcity continues. Present butter production is stated to be higher than that of this season last year, owing to the regulation of the whole dairy industry. There are numerous new official references to the food scarcity, which is attributed variously to the mistaken agricultural policy of the last eighty years, to work-creation and re-armament, to exchange balance troubles, to increased consumption, to the foreign desire to starve Germans, and to the weather of 1934. Fundamentally, the food shortage seems to be the outward and visible sign of the employment for capital investment (including re-armament) of an unreasonably high proportion of the national income. The foreign exchange shortage, which in a country normally dependent upon imported foodstuffs, may be regarded as the immediate cause of the food scarcity, is due to current methods of State finance. Indeed, official utterances which attribute the food shortage to work-creation and re-armament are really an admission of this.

Fluidity in the money market prevailed all last week, and it has this week been little affected by the month-end demand. The Reichsbank's October month-end credits were more than repaid, to 105.8 per cent., by November 23rd, as against repayments of 86.4 per cent. in the same week of last year. The influences affecting the Reichsbank's position have changed somewhat since the selling of promissory notes by the Gold Discount Bank was initiated in May. The Gold Discount Bank is now often in a position to take over, with cash acquired by the note sales, very large quantities of Reichsbank bills.

Rumours last week circulated that offers would be made to exchange the dollar bonds of Prussia and of the German Giro-Centrale into Reichsmark bonds, as was done last year with certain industrial dollar bonds. These rumours, and the new threat to the European gold currencies led to sharp rises in the two issues mentioned and to buying of certificated dollar bonds generally. The rumour has not been confirmed. The Bourse Committee for the Admission to quotation of new securities has issued a warning against

the growing practice of converting shares into bonds, the effect of which is to create new company debts and to weaken the interests of unsecured creditors and of the remaining shareholders. The foreign exchange situation has of late changed little, and the Reichsbank has not recovered its gold losses of October.

BERLIN, November 27.

GREECE

[The restoration of the King this week is discussed in a Note on page 1064.]

ACCORDING to final figures given by the Ministry of Agriculture, wheat production this year amounted to 832,000 metric tons, against 793,600 tons in 1934. Ever since the War, the aim of the authorities has been to render Greece self-supporting in cereals, although the price of home-grown wheat is much higher than the international price. Sowing for next year's harvest began under favourable weather conditions this month. It is estimated that 8,500,000 stremmata (1 stremma equals 0.247 acre) will be sown, against 8,039,000 stremmata in 1934. This year's crop of tobacco is also considered very satisfactory both in quality and quantity. Considering that the output in Bulgaria and Turkey was relatively small, and that almost the whole of the 1934 crop has been disposed of, a good demand is expected and has already appeared. Accordingly, prices are rising and are already 30 per cent. higher than those for last year's crop. The following table illustrates the improvement since last year shown by the tobacco industry, which constitutes the principal Greek export:—

Period	Quantity Exported, in Okes (781 okes = 1 metric ton)	Value (Millions of Drachmæ)	Average Price (Drachmæ)
1934-1935	48,320,000	2,868	59.35
1933-1934	31,007,000	1,677	54.07
1932-1933	37,181,000	1,732	46.60
1931-1932	37,949,000	1,976	52.07

Exports of currants, however, between September 1st and October 20th were 84,821,803 venetian pounds, compared with 98,302,244 for the corresponding period of 1934. But anxiety about the trend of prices and the disposal of the present year's crop has been partly removed as a result of the lack of demand for Smyrna currants, whose quality seems to be inferior this year to that of Greek currants. Prices accordingly recovered appreciably towards the end

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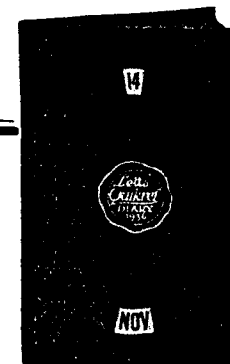
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of October, while transactions were reported to be livelier in the London market.

FOREIGN TRADE INCREASING

Foreign trade has been steadily increasing for several months past. This is partly due to the compensation agreements, which create large blocked creditor balances with certain foreign countries, and render necessary the issue of import permits from such countries in excess of the quotas fixed for each article. Consequently, the import surplus is also tending to increase.

GREEK FOREIGN TRADE

Period	Imports		Exports		Import Surplus
	Weight (Thou. of tons)	Value (Mill. of drachmæ)	Weight (Thou. of tons)	Value (Mill. of drachmæ)	
Jan. to Sept. —					
1935	1,774	7,707	577	4,201	3,506
1934	1,432	6,332	549	3,464	2,868
Increase in 1935	342	1,375	28	737	638

Imports of the following articles increased in weight between the two periods under comparison: wheat, corn, beans, timber, coal, naphtha, benzine, sugar, iron and iron sheets, and newsprint paper. Exports of tobacco, olives and olive oil, and mineral ores also considerably increased.

Gross receipts from revenues assigned for the service of the foreign debt of Greece amounted for the months of January-September to Drs. 3,107 millions, against Drs. 2,833 millions for the same months of 1934, an increase of Drs. 274 millions. The following table shows public revenue and expenditure for the first five months of the financial year 1935-36, as compared with the figures for the corresponding period of 1934-1935:—

(In millions of drachmæ)

	Revenue	
	1934-1935	1935-1936
Estimated (for the whole year)	10,392	11,173
Assessed	4,121	6,136
Collected	3,405	3,925
<i>Expenditure</i>		
Authorised (for the whole year)	10,733	11,165
Undertaken	9,653	10,220
Paid	2,646	3,637

Thus far receipts are larger this year by some 500 millions, but expenditure has risen by nearly 1,000 millions.

Concurrently with this increase in public outlays, the foreign exchange position of the country has been steadily weakening again this year. The gold and exchange reserves of the Bank of Greece shrank from Drs. 4,013 millions on December 31, 1934, to Drs. 3,345 millions on November 15. The gradual adjustment of the internal price level to the lower external value of the currency appears from the following comparative table of wholesale prices and the cost of living:—

	Index of Wholesale Prices (1913-1914=100)	Index of the Cost of Living (1914=100)
September, 1931	1,420	1,632.5
December, 1932	1,983	1,878.7
December, 1933	1,963	1,950.3
December, 1934	1,994	1,965.4
October, 1935	2,040	1,983.7

This twin movement implies a gradual mutual adjustment between wholesale prices and the cost of living.

ATHENS, November 21.

ROUMANIA

THE GOVERNMENT'S ECONOMIC POLICY

THE new Parliamentary session was opened on November 15th. Party feeling became very bitter when the Government prohibited a meeting of the National Peasant Party arranged for the day before the opening of Parliament. After an interview with the King, however, the Party's leader countermanded the meeting. It appears that the original policy of collaboration with the Opposition will be adopted again by the Prime Minister, after having been discarded in the early autumn when he made his sudden attack on the Opposition parties.

The Royal message contains no surprises. The measures in preparation include laws for the assistance of agriculture and viticulture, the organisation of a superior economic council, the modification of the mining law, which has been the subject of discussion in petroleum and other interested circles for some time, a new press law, and new taxation to obtain funds for armaments, etc. The most interesting passage alludes to the international situation, which is described as serious. The message makes clear the Government's intention of respecting the peace treaties, of keeping faith with Roumania's allies and maintaining friendly relations with all countries. But it also emphasises the adherence of the Government to the policy of collective security in accordance with the Covenant of the League.

The regime of import and export premiums inaugurated in June last has had very disappointing results. Foreign exchange has accumulated in countries where it remains blocked, such as Germany and Italy; and none is available in the free countries where the State requires a substantial surplus for the foreign debt. Thus the foreign exchange received by the National Bank during the first three months of the new regime amounts to 3,090 million lei, of which 471 million is free and the remainder is under clearing arrangements. This represents a decrease in free exchange of 18 per cent. and an increase of 15 per cent. in exchange obtained under clearing arrangements.

The stock of foreign exchange held by the National Bank under these headings according to the weekly statements has shown the following changes since the beginning of the year:—

	(‘000,000 lei)	Foreign Exchange reserved for the Payment of Imports	Foreign Exchange available in Clearing Accounts
January 31, 1935	221	758	
March 31, 1935	49	1,020	
June 30, 1935	133	1,255	
August 10, 1935	47	1,662	
October 19, 1935	115	2,036	

In October alone the foreign exchange reserved for the payment of imports showed an appreciable increase, owing to the autumn exports; but it is still almost 50 per cent. below the January figures. Foreign exchange in clearing accounts has almost trebled.

BIG RISE IN EXPORT SURPLUS

The foreign trade returns for the nine months ended September 31st, during the years 1934 and 1935, are as follows:—

	(‘000 lei)	Jan. to Sept., 1934	Jan. to Sept., 1935
Exports	9,592,672	11,008,243	
Imports	9,384,085	7,454,841	
Export surplus	207,987	3,553,402	

Imports and exports from and to Germany and Italy during this period were as follows:—

GERMANY			
(‘000 lei)			
	Jan. to Sept., 1934	Jan. to Sept., 1935	
Roumanian exports ..	1,234,877	1,627,244	
Roumanian imports ..	1,364,850	1,692,269	
Roumanian import surplus	129,973	65,025	
ITALY			
(‘000 lei)			
	Jan. to Sept., 1934	Jan. to Sept., 1935	
Roumanian exports ..	788,898	1,917,797	
Roumanian imports ..	765,091	557,693	
Roumanian export surplus	23,807	1,360,104	

Exports to Italy in 1935 have thus been nearly three times as great as in 1934. The National Bank now refuses to buy further Italian lire, as most of the proceeds of exports are immobilised in Italy.

There has been a falling off in Roumanian imports from the United Kingdom of over 50 per cent. This may be attributed to the working of the Anglo-Roumanian payment agreement which is causing a considerable reduction in the trade between the two countries.

The mass of foreign trade restrictions which is almost daily increased by fresh regulations of the National Bank or the Government has rendered conditions very chaotic. Violent objections continue to be raised against the imposition of the 44 per cent. premium on foreign exchange which is collected not only on current business but also on old debts. The National Bank has requested the Director of the Regulation of Foreign Trade to suspend for the time being the permits for imports from the following 15 countries: Great Britain, France, Belgium, Denmark, Holland, Portugal, Poland, Egypt, Syria, Hungary, Palestine, Sweden, Norway, Canada, Japan, as no foreign exchange is available in these countries. Trade with Italy will now be stopped to a large extent on account of the application of sanctions.

The extremely dry weather during the autumn caused great anxiety among farmers, as it delayed and prejudiced the autumn sowings. Lack of rain, lasting several years, has produced great distress in the South of Bessarabia, and relief measures on a large scale have become necessary.

BUCHAREST, November 20.

INDIA

PUBLIC HEALTH AND INFANT MORTALITY

THOUGH politics always occupy the centre of interest in this country, there are documents and reports issued from time to time which bring one up with a jerk against the more fundamental problems of India. Of such is the annual report of the Public Health Commissioner with the Government of India, which points out that the country can have no cause for satisfaction about the state of the public health so long as there is an annual death roll of nearly 1,750,000 infants below one year of age. More detailed analysis of the figures of infantile mortality in India emphasises the necessity for wider and more effective efforts, not only in ante-natal care, midwifery work and infant welfare, but in general public health service. Of the 6,096,787 registered deaths among those of ten years and under, 27 per cent. occurred among infants under one year of age, 18 per cent. amongst children between one and five years, and only 5 per cent. among those between five and ten years.

The Public Health Commissioner discusses the great possibilities of attacking child mortality by devoting more attention and a larger proportion of the available funds to the general improvement of environment. Pure water supply, better conservancy, and more effective removal of sewage would all have a far-reaching effect. While having every sympathy with child welfare and maternity relief schemes, the Public Health Commissioner feels that in recent years there has been a tendency to lay the greater stress on these activities and to forget that the hygiene of the home and the village has an all-important effect on the health of the individual.

Of the three main epidemic diseases, cholera is only a minor problem; it seems unlikely that India will in the future suffer from the devastating pandemics which were a feature of the later years of the last century. Plague once more shows a reduced incidence, and the disease appears to be gradually dying out. Small-pox deaths increased in a disconcerting manner in 1933; which indicates how far the country still has to go before this disease is satisfactorily controlled. Malaria exacted a toll of at least one million lives also in 1933—a terrible rate of mortality, which is often forgotten owing to the defective and misleading nature of statistical records. An attempt is made in the report to estimate the amount of quinine distributed in the different Provinces, and the figures show how ludicrously inadequate these quantities are. The hope is expressed that the Government of India will be able to accept the suggestion that reserve stocks of quinine should be gifted to the Provinces.

Another document relative to the social conditions of the people is the report just issued on family budgets of the working classes in Bombay City. Over 62 per cent. of the families fall within the income groups Rs. 30 to Rs. 60. The average monthly income of the family comes to slightly over Rs. 50 (about 75s.). An analysis of the monthly income

shows that, of the income of Rs. 50-1-7, Rs. 39-13-6 is the contribution of men, Rs. 4-13-7 the contribution of women, Rs. 0-0-2 of children, and Rs. 5-6-4 come from other sources. Of the additional income, over 90 per cent. is from boarders and lodgers.

MILL WORKERS' INCOMES

The average monthly expenditure of the family is Rs. 45-15-9 (about 68s.). Except in income groups "below Rs. 30" and "Rs. 30 to Rs. 40," the income is in excess of the expenditure, and in the income group "Rs. 90 and over," the surplus left at the end of the month is about 22.5 per cent. of the monthly income. It is important to remember that this was the position at the time of the inquiry (1933), and the wage cuts which have taken place since then, especially in the cotton mill industry, may have tended either to affect the monthly surplus or lower the standard of living. The average monthly income of the family of a cotton mill worker is slightly higher than the average monthly income of all workers, being Rs. 52-8-11. The average monthly expenditure of a cotton mill worker's family is also slightly higher than that of all workers, being Rs. 47-4-11.

Of the 1,469 families whose budgets were collected, 1,085, or nearly 74 per cent., were found to be living in one-room tenements, and 373, or 25 per cent., in two-room tenements. Of those living in one-room tenements, in no fewer than 145 cases the tenement was shared between two families. More than half of the tenements belong to private landlords. Over 50 per cent. of the families are required to pay a rent of between Rs. 5 and Rs. 8 per month. Taking all incomes, the percentage expenditure on house rent per month comes to 12.81 of the total expenditure.

Of the total number of families, 74.74 are indebted, the average indebtedness per indebted family being about Rs. 175, and the average for all families being about Rs. 130. Considered in relation to the monthly income, the average family owes 2.6 times its monthly income and the indebted family 3½ times as much. In nearly 27 per cent. of the cases the main cause of the indebtedness of the family was unemployment. The high percentage was no doubt due to the fact that, during the period covered by the inquiry, there was considerable dislocation of trade and industry owing to communal riots, trade depression and industrial unrest. The total indebtedness of the families (1,469) considered was nearly two lakhs of rupees. The rate of interest charged varied from 18½ per cent. to 150 per cent., the most common rate reported being 75 per cent. per annum. The security furnished for loans was "personal security" in the majority of cases.

THE JUTE INDUSTRY AND THE GOVERNMENT

The controversy between the jute industry and the Government of India has been carried a stage further by the reply of the Indian Jute Mills Association to the official statement of policy. That statement made it clear that the Government were not prepared to give legislative sanction to the existing scheme of restrictions drawn up by the mills unless and until the industry undertook to put its house in order. The reason for seeking legislative action is that certain mills, non-members of the Association, intend to

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depart from the voluntary restriction agreement. In consequence, the Association has been obliged to give notice of the termination of the agreement, and after the expiry of the notice period in March next all looms will be unsealed and mills will be working to full capacity. Undoubtedly this will result in over-production, leading to a considerable decline in the price of jute manufactures and also of profits. It is accepted by all parties that the number of mills and their potential output are in excess of world demand. The Government holds that two-thirds of the mills are redundant, while the Association argues that, if working hours were reduced to 40 a week and the single-shift system retained, the resultant output of the industry, 290 crores of yards per year, would be absorbed by an improved world demand. The Association states that it is at present evolving a scheme which, it is hoped, will be acceptable to the Government. It also requests the Government to receive a deputation from the industry.

The increasing demands of air traffic on the Indian Meteorological Department are made clear in the latest report for the year 1934-35. The Department has had to extend its scope to deal with requests for weather forecasts from aviators; the number of these forecasts issued last year was 5,670. Besides these individual forecasts, the meteorological authorities have organised a regular daily service of aviation weather reports covering the trans-Indian route from Bahrain on the Persian Gulf down to Victoria Point in Malaya, a distance of 4,000 miles.

The meteorological organisation in India, so far as aviation is concerned, falls far short of the standard recommended by the International Air Convention. This country has hitherto not been able to serve the several air lines—

British, French and Dutch—which regularly traverse it with adequate information. Under the scheme for aviation development adopted by the Government of India the omission will be made good. The Meteorological Department, which was in the past handicapped by lack of funds, is to have its share of the crore of rupees provided in the last Budget for aviation purposes.

BOMBAY, November 16.

LETTER TO THE EDITOR

HOUSE PURCHASE FINANCE

TO THE EDITOR OF THE ECONOMIST

SIR,—Judging, not from theory, but from advertisements and actual instances within one's experience, one would surmise that a large number of the occupants of the new small houses have "purchased" them in the expectation that their weekly outlay will be no more than the prevailing rent of a flat or rooms. It is not a question of an available surplus due to reduction in expenditure on clothing or other items. Such reduction may be ultimately an effect, but it is not the cause!

Also, as the initial cash payment has in many instances been reduced to nil (viz., on the strength of insurance policies, etc.), a large number of the houses "sold" probably represent no increase in capacity to pay—either immediate or in anticipation.

The majority of these purchasers have, in effect, merely undertaken to rent their houses for 20 years, with ownership if they are able to continue till the end of that period. According to the statistics published in the Ministry of Labour Gazette, the average cost of dwelling-houses, for which plans were passed in 146 towns, was £508 in the third quarter of 1935.

London, W.C.2.

K. C. SMITH.

BOOKS AND PUBLICATIONS

AGRICULTURAL POLICY

MR WILLIAMS'S contribution* to the useful "Labour Shows the Way" series contains a trenchant criticism of Mr Elliot's agricultural policy, which is described as a thing of shreds and patches, together with a short statement of the Labour Party's own programme. Mr Williams is fully aware of the complexity of the subject. "With such a multiplicity of vested interests," he explains, "interwoven in every branch of production and distribution, the complex problem of imports from all corners of the globe, Empire relations forcing themselves to the forefront, foreign investments calling for consideration, and, above all, 400,000 farmers to appease, it requires the courage of a lion, the foresight of a prophet, and the wisdom of ten Solomons to reconcile all these interests and plan for a successful future."

The realisation of the difficulty of the problem does not prevent Mr Williams from being fairly dogmatic in proposing a solution, which is based, with the usual Socialist belief in the efficacy of public officials, on an elaborate plan for the erection of several boards to control the use of land, the marketing of agricultural products, and the quantity and price of imports. It is indisputable that the setting up of such a massive bureaucratic machine would help to solve the unemployment problem by providing numerous administrative posts, but no suggestion is offered for the absorption of the middlemen and other distributors, the reduction in whose numbers is envisaged as part of the "plan." Needless to say, the nationalisation of land is placed in the forefront of the programme as the indispensable *sine qua non* of all successful progress. Labour still puts the emphasis on "planning" in one form or another rather than on direct consumers' subsidies as a means to the solution of the agricultural problem.

Such a policy would not have satisfied the late Dr. Muirhead, who, as an enthusiastic follower of Henry George,

disapproved of all forms of Socialism, to which he regarded the taxation of land values as the most hopeful line of resistance. Dr. Muirhead's posthumous essay†—which coincides with quite an outburst of new Henry George literature—will amply repay the reader who studies it with attention. There can be no denial of his request that the proposal to tax land values should be calmly and dispassionately considered by our "political and philosophical leaders." While Henry George's analysis of the effect of rent on the other shares in distribution will not find support among economists to-day, his proposal for taxing the public value of land continues to attract the attention and to secure the sympathy of liberal thinkers in many countries. One of the most valuable chapters in Dr. Muirhead's essay is that in which he describes the taxation of land values in different countries.

It is a pity that the economic as distinguished from the financial advantages of the proposed scheme of taxation are not more fully explained, as the reader is left unconvinced that the introduction of the single tax will in itself increase the incomes of agricultural producers, except, perhaps, indirectly by the remission of other taxes. Nor is it anywhere made clear in what manner the single tax would provide additional employment. One is also puzzled at the title chosen for the volume. The foreword by Sir Arnold Wilson and the introductory note by the editor, Mr Garnet Smith, will be of interest to students of the life and work of Henry George.

SHORTER NOTICES

"Bankers, Statesmen and Economists." By Paul Einzig. 252 pages. 8s. 6d.

Dr. Einzig's latest book is a collection of essays, partly new, and partly reprints of articles published in various journals. Of the new chapters, the most substantial is that entitled "The Case Against Stabilisation," in which Dr. Einzig argues against any sort of return to gold by Great Britain in present international conditions. He thinks that even Sir Arthur Salter, Mr J. M. Keynes and Mr Hubert Henderson

have gone too far in making concessions to the extreme stabilisationist school.

The general theme inspiring Dr. Einzig's book is the contention that something more intelligent and courageous than the old orthodoxy of fixed gold parities and balanced Budgets is necessary to the management of modern economic systems.

Under the influence of the events of the last few years (Dr. Einzig writes in his preface) the author, together with many others, has become converted to the necessity of pursuing a more radical monetary policy than was followed before the crisis. He arrived at this conclusion under the weight of unmistakable facts showing that the countries which have to some degree departed from orthodoxy have to a large extent recovered from the depression, while the countries whose monetary policy has continued to be ruled by orthodox doctrinaireism have been drifting from bad to worse.

As representatives of the old and the new in monetary policy, Dr. Einzig takes respectively the present Governor of the Bank of England, and M. Van Zeeland, the Belgian Prime Minister. About the former he confesses to having changed his mind since he wrote "Montagu Norman: a Study in Financial Statesmanship." To the latter he pays a well-deserved tribute as one who showed vision in a national emergency, and by the devaluation of the belga laid the foundations of his country's remarkable economic recovery.

"Studies in Practical Banking." By R. W. Jones. Pitman. 333 pages. 7s. 6d.

MR R. W. Jones's admirable lectures on practical banking problems are reprinted in this book. The book appears at an opportune time. It will be a much-needed corrective of the quite fantastic accounts given by our political orators of the essence of a banker's work. Mr Jones's book shows, conclusively and effectively, that the earning of profits by a bank is as precarious a business as any. The difficulties and doubts that assail the banker are clearly set forth, and the most rational method of overcoming them is indicated. Equipped with this book, the young banker will make no great mistakes. Nor does it entail any diminution from the practical value of the book that Mr Jones freely interspersed his lectures with pointed *obiter dicta*.

BOOKS RECEIVED

An Essay on the Nature and Significance of Economic Science. Second edition. By Lionel Robbins. (London) Macmillan and Company. 158 pages. 7s. 6d. net.

Unemployment: An International Problem. A report by a Study Group of Members of the Royal Institute of International Affairs. (London) H. Milford. 496 pages. 25s. net.

Statistical Review of the Work and Finance of the London Voluntary Hospitals for the Year 1934. (London) King Edward's Hospital Fund for London, 10 Old Jewry, E.C.2. 32 pages. 1s. net.

Insurance Treasury. By S. N. Gupta. (Calcutta) Abani Kumar Sen, 11 Raghunath Chatterjee St. 43 pages. Rs. 1.

The National Council for Civil Liberties. Annual Report and Balance Sheet, 1934. (London) 99A Charing Cross Road, W.C.2. 32 pages. No price stated.

Converting a Business into a Private Company. 11th Edition. By H. W. Jordan. (London) Jordan and Sons, Ltd., Chancery Lane, W.C.2. 50 pages. 1s. 6d. net.

Law and Politics. By The Rt. Hon. Lord Macmillan. (London) Cambridge University Press. 34 pages. 1s. 6d. net.

Prices and Prosperity. By G. Beard. (Manchester) Kennedy Press, Ltd. 79 pages. 1s. 6d. net.

Rapport sur le Commerce et l'Industrie de la Suisse en 1934. By the Swiss Federation of Commerce and Industry. (Zurich) 17 Boersenstrasse. 254 pages. 7 frs.

British Empire Trades Index, 1935-36. (London) Business Dictionaries, Ltd. 605 pages.

OFFICIAL PUBLICATIONS

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

Colonial Reports. No. 1720. *Trinidad and Tobago, 1934.* 2s. net. No. 1724. *Tongan Islands Protectorate, 1934.* 1s. 3d. net. No. 1725. *Barbados, 1934-35.* 1s. 6d. net. No. 1727. *Gilbert and Ellice Islands Colony, 1934.* 1s. 6d. net. No. 1728. *British Guiana, 1934.* 2s. net.

Statistical Abstract for the British Empire for each of the ten years 1925 to 1934 (Trade and Commerce Section). Cmd. 5016. 3s. 6d. net.

Department of Overseas Trade: Economic and Trade Conditions in Australia to July, 1935. 3s. 6d. net.

MACMILLAN

THE ECONOMICS OF STATIONARY STATES. By A. C. PIGOU, M.A., Professor of Economics in the University of Cambridge. 12s. 6d.

"With the very complicated economic structure of the world to-day, this analytic method has much to commend it, and the student of economics should be able to profit therefrom by clarifying his ideas as to the real implications of each stone in the economic edifice."—C. RALPH CURTIS (*Financial News*).

AN ESSAY ON THE NATURE AND SIGNIFICANCE OF ECONOMIC SCIENCE. By LIONEL ROBBINS, Professor of Economics in the University of London. *Second Edition, revised and extended.* 7s. 6d.

"Professor Robbins has written a book of high intellectual distinction—distinguished in style, distinctive in thought, distinct in erudition. No economist can read it without real enjoyment, and provocation to argue back."—SIR JOSIAH STAMP in "Time and Tide," on the first edition.

BANKERS, STATESMEN AND ECONOMISTS. By PAUL EINZIG. 8s. 6d.

A collection of essays dealing mainly with the attitude of bankers, statesmen and economists towards current monetary problems and towards problems of economic policy.

THE EXCHANGE CLEARING SYSTEM. By PAUL EINZIG. 8s. 6d.

This book deals with the recent history, present position, and future prospects of international trade and finance from a highly unconventional angle.

THE RUSSIAN FINANCIAL SYSTEM. By W. B. REDDAWAY. 5s.

"His interpretation is highly original and interesting and is definitely worth reading."—*Banker*.

"As an acute analysis of underlying principles the book is outstanding."—*The Scotsman*.

THE CLASH OF PROGRESS AND SECURITY. By ALLAN G. B. FISHER, Professor of Economics in the University of Otago, New Zealand. 8s. 6d.

That the possibilities of material progress are apt to be frustrated in the effort to gain individual security in a capitalist economy is the theme examined in this book.

THE STRATEGY OF RAW MATERIALS. A Study of America in Peace and War. By BROOKS EMENY. 12s. 6d.

In view of the present international situation this book is particularly illuminating, especially that section dealing with the comparative self-sufficiency of the seven Great Powers in the essential raw materials of war.

GOVERNMENT IN BUSINESS. By STUART CHASE, author of "The Economy of Abundance." 8s. 6d.

An attempt to define the line which, in the author's opinion, ought to divide public business from private business.

INDUSTRY AND HUMANITY. A Study of Industrial Reconstruction. By THE RT. HON. W. L. MACKENZIE KING, Prime Minister of Canada. *New and Shorter Edition.* 8s. 6d.

An abridged edition of a book of the first importance. Five editions of the volume were published in Canada; seven in the United States; two in England; and one in France.

(All Prices are net)

MACMILLAN & CO., LONDON, W.C. 2

* "Labour's Way to Use the Land." By Tom Williams, M.P. Methuen. 120 pages. 2s. 6d.

† "Land and Unemployment." By James F. Muirhead. Oxford University Press. 211 pages. 7s. 6d.

MONEY AND BANKING

THE CHINESE CURRENCY SCHEME

We have received the following account of recent Chinese monetary developments from a well-informed correspondent in Shanghai. The article contains an appreciation of the background to the recent devaluation of the Chinese dollar, which we discussed in the Economist of November 9th, page 912. Our correspondent, writing early in November, does not allude to the possible consequences of Japanese intervention in North China. His views are subject, therefore, to the proviso that if the stocks of monetary silver held in that area cease to be available to the Chinese authorities, estimates of the possible success of China's currency reform may call for revision.

THE Chinese currency reform of November 3rd is in a sense the culminating point of a series of changes. The first step was an overhauling of China's banking system. There are dozens of note-issuing banks in the whole of China, most of which keep a silver reserve amounting to 60 per cent. of the notes outstanding, and a securities reserve of 40 per cent., the latter being mostly in the form of Chinese Government Domestic Bonds. The total amount of bank-notes in circulation may be estimated at around \$650 millions, of which more than 60 per cent. are issued by Shanghai banks. Of the total of roughly 400 million Chinese dollars emanating from Shanghai, about two-thirds are issued by the Central Bank of China, the Bank of China and the Bank of Communications. During the early spring the Government acquired a controlling interest in the latter two banks. Simultaneously, Dr. T. V. Soong was appointed chairman of the board of directors of the Bank of China.

Very shortly after Dr. T. V. Soong had taken over his new duties, two difficult tasks arose. In April the London price of silver soared, and precluded any possibility of controlling the position by means of the variable export duty on silver. In that situation Dr. Soong arranged for an agreement between the foreign and the Chinese banks, under which all export of silver was to be stopped; while both foreign and Chinese banks supported the exchange rates, so as to prevent a flight from the dollar. This stop-gap agreement temporarily stabilised the Chinese dollar.

In April, however, it became evident that the old-style Chinese banks had granted excessive accommodation to their customers during the period of the Shanghai boom, and were largely unable to meet their creditors' demands. Simultaneously, at least three of the more important Chinese banks of issue in Shanghai found themselves in serious difficulties. The native banks were granted loans by the three Government-controlled banks, so that there were only relatively few failures, while these three banks of issue were taken over by the Government. This gave the Government power over the institutions responsible for roughly 50 per cent. of the total Chinese note issue.

The inevitable consequence of the agreed embargo upon silver exports was the development of large-scale smuggling of silver. In North China, especially, many smugglers took advantage of the extra-territorial rights enjoyed by them as Japanese subjects to redeem notes in silver and carry the silver dollars across the boundary into Manchukuo or Korea. The profit on this smuggling sometimes amounted to as much as 40 per cent. of the exchange value of the Chinese dollar. In reply, the Chinese authorities redeemed notes in silver only after searching inquiry as to the purposes for which the silver was required. This procedure had its disadvantages, but it succeeded in preventing a further loss of currency reserves by the Chinese banks of issue.

Thus, by the end of May, China was actually "off silver," although not only the public at large, but also bankers and authoritative economists did not realise what had happened at that time. One difficulty, however, remained, namely, that the country's silver reserves were largely required to provide the statutory 60 per cent. back-

ing to the note issue. There were only two solutions to this difficulty, namely, devaluation or the basing of China's currency upon another standard of value. The latter alternative was preferred, and China's currency was put on a gold-exchange standard; for the first two days of the new currency regime suggest that at present the authorities look for parity more with the American dollar, i.e. with gold, than with sterling. This new system may not, necessarily, prove impracticable. The available and revalued silver reserves are sufficient, Chinese exports are rising, imports are declining, and devaluation should further encourage exports. The devaluation of the dollar and the removal of exchange uncertainty should also encourage the overseas Chinese to resume investing their savings in China, and this will strengthen the external balance of payments. Internal confidence is also returning. On the other hand, there are serious dangers inherent in the new scheme. The two weeks immediately preceding the proclamation of the new currency scheme witnessed a huge speculative move on the part of well-informed financiers, who reaped immense profits from the lowering of the exchange value of the dollar from roughly rs. 6d. to rs. 2½d. This certainly suggests that a leakage may have occurred. Again, the Nanking Government have promised to balance China's budget within the next 1½ years. This promise will be very difficult to keep, for the budgetary history of the National Government in China is a history of recurrent deficits. It is true that, after the great crisis brought about by the Japanese aggression in 1931-32, Dr. T. V. Soong was able to balance the national accounts for the fiscal year 1932-33 (July-June), at least in so far as debt redemption and new borrowings were equal. But even this precarious equilibrium was lost again by his successor, Dr. H. H. Kung, largely because Dr. Soong refused to accede to the demands made on the National Treasury for military expenditure by General Chiang Kai-shek, while Dr. Kung was willing to return to a policy of cumulative deficits.

In actual practice, the balancing of the Budget depends upon sufficient moral resistance to the incessant pressure for military expenditure. China, must also prevent the squandering of funds by the numerous departments of the National Government. There has been much improvement lately, but China's government is still very far from having reached a level of adequate integrity, economy and efficiency. At this point again, the Chinese Minister of Finance has to face serious difficulties arising out of the frequent demands of China's virtual dictator, General Chiang Kai-shek.

The banking situation in China is also in urgent need of reform. Most of the so-called modern Chinese banks have been ill-prepared to meet the conditions of an economic crisis. The hot-house development of modern industries in the treaty ports and the ensuing real estate boom, during the period of falling silver prices, proved too strong for the native conservatism of the average Chinese banker. There are indications that this need is understood; for the establishment of the Central Bank of China as the Central Reserve Bank of China is to be accompanied by the transfer of its management from the Government to the commercial and banking community. Still, if the new Central Bank is to operate successfully, it is also necessary to sever the present personal union between the governorship of the Central Bank and the head of the Ministry of Finance. The Governor must enjoy a fixed tenure of office, independent from political interference, and he must be able to exercise his influence in order to bring about the necessary changes in Chinese budgetary practice.

The proclamation also announces the impending establishment of a mortgage bank. For administrative reasons, the bank's activities will probably be restricted to Shanghai,

and there is a danger that it may be considered as merely a means of taking over frozen assets from the banks, which have largely invested their funds in real estate. This might quickly involve the new bank in considerable difficulty. Instead, the Government should realise that Shanghai's abundance of banking facilities could usefully be reduced, even at the cost of failures and liquidations. The new banking policy could scarcely be very efficient, if its first step were to save the ill-advised real estate speculators of Shanghai. The truth is that neither in banking nor in Government finance will the Chinese Government succeed, unless it can rid itself of the idea that every friend or relative must be provided for out of public funds.

FINANCIAL NOTES

The Foreign Exchanges.—The London market has been overshadowed by the weakness of the franc, but the general impression is that offerings of francs against sterling have been less than during previous crises. For that reason the British control has given comparatively little direct support in London, though it intervened fairly frequently early in the week. There is a rumour that, for the first time since 1933, the British Control has bought a few dollars, its object being to give support to the franc. Spot francs were quoted in London on Thursday at Frs. 75, and three months' francs at Frs. 2½ discount, after having been over Frs. 3 earlier in the week. The Paris-New York cross-rate remains at Frs. 15.19, and heavy gold shipments to New York continue. It is believed that the technical arrangements for shipping gold from Paris have lately been made more expeditious, and this helps to explain the very large withdrawals of the past fortnight. The Paris-Brussels rate is also at Frs. 256.90-257.00 per 100 belgas, or at the point where it begins to pay to send gold to Brussels. On the other hand, France is receiving an unknown quantity of gold from Italy, while the Swiss franc has depreciated against the French franc practically to the export gold point. There is no news of any gold having been sold by the Swiss National Bank. The weakness of the Swiss franc may be due to Swiss purchases of American securities. London banks have had no further news of fresh difficulties regarding the transfer of lire balances from one foreigner to another. Dealings in lire were already so limited, that occasion has hardly yet arisen to test the operation of this restriction, or to see under what circumstances a transfer will be authorised by the Italian authorities. The London price of gold stood at 140s. 11d. an ounce on Thursday, or at a premium of 10d. over the franc parity price. This is just enough to begin to yield a profit on sales of French gold, and the week's Customs returns show that £3,414,000 of gold have been imported from France. It does not follow that this gold has been sold in the London market.

The Franc's Peril.—The pressure upon the franc continues unabated, and even M. Laval's broadcast address on Thursday evening only afforded a temporary relief. The franc is only held up against the pound by the British Control, while against the dollar it stands at Frs. 15.19, or nearly a centime beyond the gold point. At the week-end the Banque de France raised its rediscount rate to 6 per cent. It is estimated that Frs. 980 millions of gold were shipped on Saturday, and Frs. 675 millions on Monday, while very heavy withdrawals from the Banque de France were made on Tuesday and Thursday of this week. The Bank's gold reserves have now dropped to below Frs. 70,000 millions, against Frs. 82,000 millions at the beginning of the year, and so long as the fate of both the Government and the Budget remains in doubt no relaxation of the pressure can be anticipated. The Banque de France's gold reserves are still so enormous that even its present stupendous losses would cause no anxiety were it not for the top-heavy character of the French banking structure. Broadly speaking, the Banque de France's gold

reserves of, say, Frs. 70,000 millions, are used to support a note issue of Frs. 82,000 millions, whereas deposits at the four leading commercial banks are less than Frs. 30,000 millions. This means that France is scarcely making the most economical use of her gold; while the commercial banking structure is so narrow that continued withdrawals of deposits, either for hoarding or transfer abroad, may before long create stringency. For the moment, the commercial banks are well supplied both with cash and also with Treasury bills which can be rediscounted at the Banque de France, but neither cash nor bills are inexhaustible. Further, the perennial doubt remains as to how long the Government will be able to cover its immediate cash needs. These are admittedly financial danger points. They may not be very pressing, but at least they show that the enormous French gold reserves are no more than a façade.

Changes in the Rouble.—In 1922 the Soviet Government created a new State Bank, with issuing power, very much on orthodox lines, and instituted the new monetary unit, the *tchervonetz* (10 roubles). This was defined as representing a weight of gold of 7.74 grammes, and was therefore equivalent to Frs. 131.337. During the next few years the increase in the note issue by the State Bank and the printing of currency notes by the Finance Commissariat, especially from 1928, when, at a tremendous cost, the U.S.S.R. began to equip itself with a modern and extremely powerful heavy industry, ruined the new currency. Its collapse necessitated the adoption, in 1929, of a complicated system of rationing and multiple prices. In point of fact the rouble was given very different purchasing power according to the class of the population which was spending it. Since the end of 1933, however, the economic progress achieved under the second Five Years Plan has made it possible to do away with ration cards, and to develop considerably the State-owned commercial shops, while slowly closing down all the other types of shops and co-operatives, thus gradually coming back to unified prices. There remained, however, the *Torgsins*, shops where goods were priced in gold roubles, more or less at world prices, and where purchases could only be made against gold, silver or foreign currencies. The ratio between these *Torgsin* prices and the commercial shops' prices gave, of course, an index of the depreciation of the paper rouble; it had reached 1/50th in 1932 and 1933; last July it stood between 1/30th and 1/25th. Since then prices have again substantially fallen in U.S.S.R., and this index probably stands to-day in the neighbourhood of 1/20th, which would give to the rouble a buying power of approximately Frs. 0.75 for the goods sold in commercial shops.

The Soviet Government's Decree.—The gradual improvement in the purchasing power of the rouble has now reached the point where a further currency reform can be attempted. The Soviet Government have issued a decree sanctioning a devaluation of 77 per cent. in the value of their monetary unit by linking their monetary system to the French franc and fixing the new value of the *tchervonetz* at Frs. 30 and the rouble at Frs. 3. At the same time, it has been decided to close the last *Torgsins* on February 1, 1936. The implications of this reform are far-reaching. First, unless there is a substantial fall in Russian prices, the U.S.S.R. will be one of the most expensive countries to live in. Next, the tourist will enjoy complete freedom as to where he spends his money. Again, should the Soviet Government revalue the gold in the State Bank on the new basis, the Bank should be able to absorb the currency notes issued by the Finance Commissariat and to give to the whole issue a backing of about 55 per cent. Finally, the unification of prices and currency inside the Soviet Union will greatly strengthen the Socialist economic system, by increasing considerably the efficiency of the planning and that of the Control. Simultaneously, by enhancing the rôle of money wages, it should give more flexibility to the system and be beneficial to the individual.

The Money Market.—There has been a fair demand for money this week, accompanied by applications for loans into January. One bank is believed to have lent some January money at $\frac{3}{4}$ per cent., but most banks are not anxious to commit themselves so far ahead, especially as they have still to see how much cash will be withdrawn by the public during Christmas.

	Nov. 7, 1935	Nov. 14, 1935	Nov. 21, 1935	Nov. 28, 1935
Bank rate.....	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Clearing banks' deposit rate ...	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Short Loan rate:—				
Clearing banks	$\frac{1}{2}$ – $\frac{1}{2}$	$\frac{1}{2}$ – $\frac{1}{2}$	$\frac{1}{2}$ – $\frac{1}{2}$	$\frac{1}{2}$ – $\frac{1}{2}$
Others	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Discount rates:—				
Treasury bills	$\frac{1}{16}$	$\frac{1}{16}$	$\frac{1}{16}$	$\frac{1}{16}$
Three months' bank bills	$\frac{1}{16}$ – $\frac{1}{8}$	$\frac{1}{16}$	$\frac{1}{16}$	$\frac{1}{16}$

The banks are now buying Treasury bills of all dates up to February 15th at their minimum rate of $\frac{1}{2}$ per cent., but as the Christmas currency goes into circulation they may cease to be such ready buyers. Hot Treasury bills are nominally $\frac{1}{2}$ per cent., and three months' bank bills are weak at $\frac{1}{16}$ per cent.

The Bank Return.—The Christmas increase in the note circulation has begun, for although the notes which have gone out this week are at present mainly required for payments at the end of the month, they are not likely to return next week.

BANK OF ENGLAND					
	Nov. 28, 1934	Nov. 6, 1935	Nov. 13, 1935	Nov. 20, 1935	Nov. 27, 1935
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	192.1	195.5	196.5	197.2	197.6
Note circulation	379.7	402.2	401.4	398.9	401.3
Banking Department:—					
Reserve	73.0	54.2	55.9	59.2	57.1
Public deposits	27.7	21.0	15.8	21.6	19.7
Bankers' deposits	89.1	89.6	92.9	90.9	90.9
Other deposits	38.1	36.6	36.7	36.5	36.5
Government securities ...	80.4	87.2	83.5	83.6	85.5
Discounts and advances ...	9.2	11.0	11.1	9.7	9.5
Other securities	10.3	12.5	12.6	14.4	12.8
Proportion	47.1%	36.8%	38.4%	39.6%	38.8%

In the banking department the reserve is reduced by £2.1 millions, as a result of the increase in the note circulation. Other movements are very small and bankers' deposits are unchanged.

New York Money and Banking.—During the week ended November 20th, New York member banks' loans to brokers rose from \$855 to \$856 millions. Other loans against securities rose from \$723 to \$731 millions. The failure of brokers' loans to expand in sympathy with the present boom on the stock markets is interpreted as indicating that the boom is mainly being financed out of cash. Mr Eccles, the Governor of the Federal Reserve Board, stated this week that the Board was not concerned with the present bull stock market, because it was based on cash and not bank credit, and was, therefore, a safe and healthy movement. Many observers feel, however, that one leading cause of the boom lies in the recent heavy gold influx and the resulting inflation of member bank cash and deposits. It is generally recognised that the present banking situation is conducive to a big inflationary expansion of credit, but any action regarding member banks' excess reserves is expected to be left to the new Federal Reserve Board, which was created by the 1935 Banking Act, but will not be appointed until February. Meanwhile, both foreign funds and gold continue to pour into the country. The latest weekly member bank statements show that on November 20th deposits lodged by foreign banks stood at \$380 millions. This represents an increase of \$13 millions during the week preceding this return, and compares with a return of \$372 millions for November 6th. Gold arrivals from France so far declared during the current week amount to \$39.1 millions, and a further \$74.2 millions are reported as engaged for shipment. The Treasury now estimates the nation's monetary gold stocks at \$9,800 millions. Acquisitions since September are esti-

mated at \$627 millions, of which \$360 millions came from France, \$150 millions from England, and \$58 millions from Holland. This last estimate is probably very much on the low side. Silver imports for the week ended November 15th are returned at \$22.1 millions, of which \$20.9 millions came from England.

Scottish Banking Results.—The current report of both the Commercial Bank of Scotland and the Royal Bank of Scotland show that banking in Scotland continues to make progress. The deposits of both banks are higher than a year ago, and this expansion in the banks' resources is reflected in a rise in net profits. Both banks are paying the same dividend as a year ago, but the Commercial Bank is paying a 2 per cent. bonus on its "A" shares, as this is the 125th anniversary of the bank's foundation. Both banks have also set an important example in the treatment of profits and reserves. The Royal Bank is this year carrying the balance of its profit and loss to its "rest," or the disclosed reserve fund, whereas during the past few years it was carried to inner reserves. The Commercial Bank is appropriating £50,000 from the year's profits to the general reserve fund, and is also allocating £100,000 from the profit realised as a result of investment changes during the year. This last is a precedent which other banks might follow, while the reserve policy of both banks indicates that conditions generally are now considered to be more stable:—

	Commercial Bank of Scotland October 31,			Royal Bank of Scotland October 12,		
	1933	1934	1935	1933	1934	1935
Liabilities:—						
Capital	£'000 2,250	£'000 2,250	£'000 2,250	£'000 3,780	£'000 3,780	£'000 3,780
Reserve fund ...	2,850	2,850	3,000	3,781	3,781	3,857
Notes in circula- tion	3,244	3,223	3,351	2,859	2,793	2,813
Deposits	37,725	38,932	40,783	59,257	58,944	64,009
Acceptances, etc.	221	1,731	2,208	1,599	3,895	3,732
Assets:—						
Cash, etc.	6,246	5,104	6,662	5,988	6,206	6,833
Call money	2,695	2,786	3,241	7,412	8,133	7,762
Discounts	1,159	874	1,132	4,362	3,874	3,784
Investments ...	20,725	21,963	24,609	27,537	26,386	30,045
Advances	14,627	14,529	13,248	20,249	20,921	21,787
Net profits	387	379	397	612	621	629

Changes in the assets of the two banks call for little comment. The item "cash, etc." includes balances with other banks and notes and cheques in course of collection. The discounts of the Commercial Bank consist solely of commercial bills, but those of the Royal Bank include £1,850,000 of Treasury bills. Neither bank discloses under which heading it includes the Treasury certificates held against the bulk of its note circulation. The Royal Bank announces that the present Duke of Buccleuch has succeeded the late Duke as Governor of the Bank, thereby carrying on a very old tradition.

British Overseas Bank.—The accounts of this bank for October 31, 1935, show that during the preceding year deposits fell from £2,964,000 to £2,638,000. A year ago, however, the bank's deposits had been swollen by temporary lodgments of foreign panic money, and the bank therefore may not be sorry to see its deposits reduced this year to more stable proportions. The cash position is slightly stronger, as cash has risen from £229,000 to £247,000. Call and short money is reduced from £946,000 to £869,000, while there are moderate increases in the bank's discounts and foreign balances. Advances have fallen from £2,025,000 to £1,783,000 and acceptances from £3,121,000 to £2,989,000. These contractions are the inevitable consequence of the general inactivity of world trade and of the plethora of funds now existing in many of the centres served by the bank. Net profits are reduced from £62,333 to £60,131. The 6 per cent. dividend on the "A" ordinary shares is repeated, but very little margin is left in hand. The general impression left by the accounts is that the bank is doing a steady business, but that world trade has not yet revived sufficiently to bring about either an expansion in the demand for credit or a recovery in the bank's earnings.

THE STOCK EXCHANGE

THE INVESTOR LOOKS AHEAD

WITH the resumption of activity in the new issue market, after a period of virtual suspension since the end of last July, the phase of uncertainty in the investment outlook, which started with the development of a crisis in international political relations and was prolonged by the British general election, may be regarded as at an end. Within the next few weeks many public and private investors will be endeavouring to take major decisions which would normally have been made at the end of the summer. At no time since "recovery" began has the outlook been dominated by so many "risks"; but the clarification of some of the major issues has at least enabled the markets to assess, within reasonable limits, their number, nature, extent and inter-relationship.

Broadly, the Stock Exchange can look forward to the continuance in office—probably for at least four years—of a Government pledged to a "Centre" policy of stability and continued industrial recovery, buttressed by the employment of Government credit to facilitate the financing of approved capital schemes. In the international sphere, the maintenance of sanctions against Italy appears unlikely, in its present form at least, substantially to affect the volume and direction of British trade as a whole. Of more immediate significance to the investor are such questions as the fate of the gold bloc countries and the apparent determination of the American authorities not to intervene in any expansive movement in commodity or security dealings. Finally, it may be assumed that increased expenditure on armaments—whose economic consequences are already apparent in certain Continental countries, particularly Germany—will stimulate activity in select British "munitions industries." How far re-armament will proceed in this country is as yet a matter on which not even the Government appears to have made up its mind. The evident unpopularity, however, of this plank in the Government's platform at the last election may suggest the advisability of placing a limit on the writing-up of "armament equities."

Altogether, there is ample fuel to keep the Stock Exchange pot boiling. For the last three and a half years the markets, with sound instinct, have based their policy mainly on the prospective continuance of low interest rates and industrial recovery at home, and have regarded international complications as significant but ephemeral distractions. This attitude may now require to be modified. At present some fifty States Members of the League of Nations are imposing specific measures against another Member whose forthright methods argue as little willingness to kiss the chastening rod as to count the ultimate cost. So long as this position obtains, the markets will always have, at the back of their mind, the possibility that some unforeseen and tragic accident may convert a "state of sanctions" into something more serious. If political factors were eliminated, however, the purely economic omens would favour a slow but perceptible broadening, rather than a further contraction, of the volume of international trade. In more than one quarter there are signs of reaction against excessive tariffs, prohibitions and exchange restrictions. Even the devaluation of the franc and the guilder, once its initially disturbing effects had been overcome, would probably be regarded mainly as a development bringing the re-stabilisation of sterling appreciably nearer. Few investors, again, believe that the American situation is likely to get out of hand in the next twelve months. In the meantime, a strong upward movement in American business would be favourably viewed both by investment trusts and other British institutions anxious to recoup some of their earlier heavy losses on American holdings, and by other investors who believe, rightly or wrongly, that the process of discounting expected benefits has reached a less advanced stage in Wall Street than in Throgmorton Street. Indirectly, a sustained rise in American quotations might exert a supporting influence on British equity share values

in general, and on the prices of raw materials and other commodities with an international market.

What course are events likely to take at home? Industrial revival, as we show in our latest *Monthly Supplement*, is unchecked, but industrial profits appear to have passed beyond the phase of rapid increase associated with the first flush of recovery, and to be registering a broader but slower rise symptomatic of a period of normal progress. In other words, a yield of $3\frac{1}{2}$ per cent. to-day on a seasoned industrial ordinary share is in a different category from a yield of the same figure a year ago, for the expectation of increased dividends is by no means as great. This applies to popular shares in prosperous consuming trades, like tobacco, brewing and retail business. It applies still more to equities in industries like iron and steel, which, starting from below scratch, achieved a more than proportionate increase in earnings while they were bringing idle plant progressively into production. These industries may shortly be faced with the problem, in some instances, of an actual insufficiency of available productive resources to meet any further increase in demand.

No less important for the investor is the probable effect of the Government's decision to afford tangible support, as a matter of national policy, to approved schemes for road making, electrical and railway development, etc. For the direct recipients of the Government's beneficence, its impact on earning power is a matter rather of the more distant than of the immediate future. The new developments, however sound their conception, are unlikely in most cases to be completed in less than five years; and their ultimate consequences, expressed in terms of dividends, cannot, in any event, be spectacular. The real importance of the Government's decision lies in its probable effect, first, on the course of industrial activity generally, and, secondly, on the level of interest rates.

Until the early part of this year, the Treasury pursued a definitely Pinchbeck policy in the capital market, designed to facilitate "conversion by starvation." The reversal of this policy, first by the issue of a Treasury-guaranteed London electrification loan, and subsequently by the promise of a similar guarantee of £30 millions for the main-line railways, at least removes the reproach that cheap money which really big borrowers cannot obtain might as well be non-existent. The Treasury has never clearly defined its criteria for "eligible schemes," nor has it stated whether municipal corporations, who can raise capital for new works at gilt-edged rates on their own credit status, will be allowed to do so. If conversion operations are given precedence over applications involving new money, in the home corporation market, the embargo on locally organised development works may be indefinitely prolonged—in fact if not in name.

We may presume, however, that it is the Government's broad intention to throw open to certain large borrowers—whose requirements may be measured, not in millions but in tens of millions—facilities for raising money at 3 per cent., instead of 4 per cent. or more. The question therefore arises whether the gilt-edged market can long continue to eat its cake and have it. Investors may be correct in ruling out the possibility of a return to the interest levels of the post-war decade. Historical experience suggests, however, that a firmer tendency in rates has been characteristic of the secondary stage of recovery after every severe economic depression. That gilt-edged prices had reached their peak was being freely suggested before the Government announced its change of policy. Investors may thus find it necessary to consider whether the Treasury's attitude is not likely to accelerate the operation of forces which are already tending to shift the market's centre of gravity from fixed-interest to equity stocks. The conjuncture of public works borrowing with even a moderate policy of re-armament is calculated to provide an additional stimulus (albeit

a partial and somewhat arbitrary one) to industrial recovery, which as yet shows no signs of flagging. The most conservative forecasts give trade activity at least another year's duration, and some augurs put eventual recession no earlier than 1937-38. However this may be, it is probably safe to assume that a major setback in ordinary share prices, in the immediate future, is unlikely—subject always to the maintenance of peace in Europe and the avoidance of a tragic coal stoppage in Great Britain.

The prospects of gilt-edged stocks, however, are decidedly more difficult to assess. The return of the National Government with a handsome majority has eliminated all fear of a "confiscation" scare, but the market will have a good many hurdles to surmount in the next few months. The next Budget, for example, will scarcely make cheerful reading for the *rentier*, if a considerable increase in the nation's taxable income is more than swallowed up by swollen defence estimates. A re-armament loan might comfort the immediate taxpayer, but would be the reverse of helpful for the gilt-edged market. Altogether, while no large-scale transfers of funds from gilt-edged securities appear to be in prospect at the moment, there is a certain amount of evidence to support the view that the first phase of a period of slightly "harder" money may be at hand.

INVESTMENT NOTES

Buying for Inflation in Wall Street.—The recent upward movement in American security prices appeared last week to have lost some of its force. This tendency was sharply reversed on Saturday morning, however, as the result of a speech by Mr Marriner Eccles, the chairman of the Board of Governors of the Federal Reserve System. The Advisory Council of the System, in session earlier in the week, had issued a statement which referred to the risk of inflation and proposed that the system should put itself into a better position to control any undue expansion by gradually reducing its holdings of securities. The Advisory Council has never exercised any influence on Federal Reserve policy and its statement was generally regarded merely as a protest by the more conservative section of the big banks of the country. Mr Eccles, however, chose to make it the text for a vigorous rejoinder, and suggestions have not been lacking that the coincidence of a sinking Stock Exchange had something to do with his decision. At any rate, he concerned himself with the level of security prices in a way unknown since the Republican era. Mr Eccles referred to the "elements of strength and safety" in the present level of prices owing to the low proportion of borrowed funds being used to finance purchases. He doubted whether rising security prices were having any harmful effect upon the general credit situation and went out of his way to emphasise that the Federal Reserve System has no power to limit the buying of securities by individuals or corporations, domestic or foreign. In other words, the authorities did not think prices were too high, would do nothing to prevent them rising still further, and would be quite pleased to see a bull market develop. Wall Street, in its present mood, does not need any repetition of an invitation of that sort. Last Saturday's rises, however, have since been hardly maintained, which suggests that the market is, for the moment, "tired." But Mr Eccles' statement has a very definite bearing on the longer-term outlook. Opinion, both in America and elsewhere, has been increasingly exercised about the possibility of an excessively rapid utilisation of the enormous potential supply of credit already in existence. That the head of the Federal Reserve System has chosen to intensify rather than to allay these fears is more than a straw in the wind. But Wall Street approaches the question of inflation with hopes rather than fears. The market will undoubtedly have setbacks; it is difficult, for example, to foresee what the market effect of a judicial veto on the Agricultural Adjustment Act would be. So long, however, as there is a major possibility of unrestrained credit expansion, the long-term odds are with the bulls.

Government Guarantees for the Railways.—Sir Josiah Stamp's address to the British Railway Stockholders' Union on Monday last defined, in the clearest fashion, the attitude of the railway companies towards the Government's backing of a £30 millions loan for new capital development. The railways, he declared, were not to be regarded as philanthropic institutions or political agencies in this matter. It was their duty, to stockholders and to the Railway Rates Tribunal alike, to justify new expenditure by its improvement or maintenance of net revenue. This criterion was carefully analysed by Sir Josiah, who showed that, on his system at least, the notion that the schemes amounted to "putting new prior charges in front of the ordinary stockholders" was fallacious. Since all capital expenditure was judged by *net* results, after estimating the probable change in gross revenue and charging a notional rate of interest, amortisation of the displaced assets and operating costs, the fruits would clearly be available for the junior stockholders. If schemes which already show a "profit" on this basis could be financed fully one per cent. cheaper than by the railways' unaided credit, the return would be even greater. Sir Josiah claimed that the officials of the London Midland and Scottish system, with the assistance of an independent audit of the schemes already put into operation, had achieved a considerable degree of accuracy in estimating their financial results. Linking established practice with the offer of Treasury backing, the railways had to consider three questions. Would money remain indefinitely cheap? Would the Government offer remain open indefinitely? Would future price trends be advantageous? Sir Josiah left the answers to his audience, but the presumptions are clear enough. Junior stockholders will regard this authoritative review as a long-term reassurance, for it confirms the suggestion made here three weeks ago that some eventual surplus of earnings might be expected from the schemes. Some part of them, such as rebuilding of stations, carries only deferred equity prospects. Such schemes, however, which are essential if facilities are to be kept up-to-date, are precisely those which require the cheapest finance.

James and Shakspeare Allegations.—On Tuesday last, at the Mansion House, Mr Garabed Bishirgian, Mr John Howeson and Mr Louis Hardy appeared to answer summonses relating to the James and Shakspeare prospectus. The first-named defendant—a director of the company—was charged under Section 84 of the Larceny Act, 1861, with making or publishing a prospectus known to be false in a material particular, and the other two defendants—who were not directors—with aiding and abetting. The Court was occupied by the opening speech of Mr Fulton, for the Director of Public Prosecutions, and no evidence was heard. It was contended, for the prosecution, that towards the end of 1933 Williams, Henry and Company began to buy shellac for forward delivery, with Bishirgian and Company (of which the first defendant was partner) acting as brokers. At the end of August, 1934, it was alleged that sums in partial settlement for Williams, Henry shellac contracts, due on September 7, 1934, were provided by Dean Finance Company, Ltd., and by Jayandee, Ltd., leaving £276,000 to be found on that date. On August 27, 1934, it was agreed to increase the capital of James and Shakspeare (controlled by Jayandee, Ltd.) from £17,000 to £500,000, and to apply the proceeds, according to the prosecution, to acquire substantial interests in Williams, Henry and Company and the produce side of the Bishirgian business. The prospectus, it was stated, did not mention that £200,000 would be required on September 7, 1934, in order to finance the shellac position of Williams, Henry and Company. Several weeks after the issue, a member of the underwriting firm learned of the application of part of the funds, and, during November, of Williams, Henry and Company's pepper commitments. Shellac for December delivery involved some £364,000, for which a loan was arranged as to two-thirds by Dean Finance, and as to one-third by Mr John Howeson. It was stated for the prosecution that pepper commitments at that time amounted to £1,600,000, on the discovery of which the parties to the shellac loan refused to proceed.

Williams, Henry and Company was declared a defaulter, and in February this year a compulsory winding-up order was made. The further hearing of the summonses was adjourned to December 11th.

Actuaries' Investment Index.—The markets have stayed their hand this week, and the Actuaries' Index of 158 industrial ordinary shares (December 31, 1928 = 100) is almost unchanged at 80.1, against 80.0 a week ago, and 76.5 a month ago. The net rise over the last four weeks is common both to fixed interest stocks and equities, as the following table suggests:—

Group (and No. of Securities)	Prices (Dec. 31, 1928=100)			Yields (%)		
	Month Ago (Oct. 29)	Week Ago (Nov. 19)	This Week (Nov. 26)	Month Ago (Oct. 29)	Week Ago (Nov. 19)	This Week (Nov. 26)
Fixed Interest:						
2½% Consols	147.3	...	151.4	3.03	...	2.94
Miscellaneous industrial debentures (13)	124.5	...	124.8	3.90	...	3.89
Do., preference (44)	117.7	...	119.3	4.37	...	4.31
Ordinary:						
Investments Trusts (14)	54.5	57.7	58.8	3.72	3.58	3.51
Cotton (6)	43.9	48.6	47.3	2.21	2.09	2.09
Iron and Steel (8)	64.2	67.9	65.8	3.32	3.42	3.55
Motors (5)	53.3	54.3	52.8	3.91	4.37	4.50
Oil (9)	66.3	71.7	74.4	3.39	3.15	3.10
Electric Supplies (8)	121.0	128.6	129.4	4.23	3.99	3.97
Miscellaneous (52)	69.6	72.7	73.5	4.03	3.90	3.86

The past month's industrial and home political news has been eminently pleasing to investors, but the international cloud remains. For the most part, solid investment stocks have gained most, during the last week or two, while certain groups which have attracted more, perhaps, than their due share of speculative attention, like steel and "munitions" shares, have been slightly reactionary.

COMPANY NOTES

Brick Companies.—The great improvement in brick-making practice and costs which has been made possible by the development of the Fletton and of modern production processes has allowed the London and South

	(Profits in £'000)						
	1929	1930	1931	1932	1933	1934	1935
British Cavity Brick (Sept. 30):—							
Earned for Pref.	7.2*	6.4	Dr. 2.6	2.4	4.8	12.5	...
		No pr.	ord.	ord.	dividen	d paid	...
Bursledon Brick (June 30):							
Earned for Ord.	9.3	6.4	6.5	5.2	4.9	7.7	...
Earned %	23.3	16.3	16.7	14.0	13.0	20.1	...
Div. %	20	13½	12½	11½	11½	15	...
Coronet Brick (Feb. 28):							
Earned for Div.	13.4	14.8	11.2	4.7	1.1	4.6	4.0
Earned %	13.4	15.5	11.6	4.7	1.4	4.6	4.0
Div. %	15	12½	10	4½	2	4½	4
Eastwoods Flettons (March 31):—							
Earned for Div.	2.9	4.4	14.2	15.2	25.6	40.3	42.0
Prefd. Ord. Div. %	Nil	4	7	8½	10	12½	14
Ord. Div. %	Nil	Nil	Nil	7	50	133½	166½
London Brick and Forders (Dec. 31):—							
Earned for Ord.	241.0	281.1	280.9	211.1	280.6	376.2	...
Earned %	20.1	20.1	20.0	15.1	20.1	24.7	...
Div. %	20	20	20	15	20	22½	...
Maidenhead Brick (Sept. 30):—							
Earned for Ord.	11.2	10.4	4.6	2.9	6.1	12.8	...
Earned %	90.5	81.2	42.0	14.9	48.7	102.6	...
Div. %	90	70	14	14	37½	75	...
Sussex Brick (Sept. 30):							
Earned for Prefd.	28.4	28.1	19.0	14.7	21.8	35.5	...
Defd. earned %	21.0	24.2	6.7	3.8	8.5	16.9	...
Defd. div. %	15	15	6	6	7½	18	...

* Initial period of 15½ months.

Midland supply to be centralised to some extent in the Peterborough and Bedfordshire areas, and has enabled the London Brick and Forders Company to build up an

organisation of considerable size even by modern standards. But it has not essentially altered the nature of the industry. Bricks remain a material of capital construction, liable to the fluctuations usual in capital construction trades; and they remain a heavy but brittle commodity, expensive to transport and requiring great care of handling in the process. Consequently, though the annual value of output of the average brickworks in this country will have risen somewhat from the meagre £8,820 shown in the 1930 Census of Production, the industry remains essentially one of small local units. Against this background, the development of modern economical production methods was already making room for new enterprise and re-equipment in the trade before the building boom began, and has subsequently produced a rush of issues by new and existing concerns, which lasted from 1933 well into this year. Such conditions as these do not usually offer stability to the investor. Though the expanded output capacity does not appear to be excessive during the current "boom" in building, and though some authorities consider that the "boom" may last a long time, the results of a contraction in demand could be serious for the trade. Where modern methods of production and transport allow several companies to compete in a single area (as, for instance, in the highly important Greater London area), price-cutting could become acute. Or, alternatively, in remote areas where competition is relatively slight, the local "spread" of the risk would be small to a fault. Even a maintenance of the current level of demand would only postpone the period of excessive supply if output continued to expand at the recent rate. Efforts have been made to check new entrants to the industry by such moves as the cut in London Brick and Forders' prices by 3s. per 1,000 some time ago and by their wage increase of 2s. per week. But experience in other trades which have passed through a phase of rapidly falling costs suggests that a price cut which still leaves profits at an attractive level is not always enough to turn a tide which is setting towards over-supply. The conclusion would seem to be that, though current profits are on a highly satisfactory level and may be maintained there for some

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time, the industry contains elements of instability which justify the generally high level of yields returned by brick shares. In the annexed table of profits the violent fluctuations in many companies' earnings during the depression and recovery are clearly illustrated.

Turner and Newall.—The profits of this major asbestos concern announced this week show the anticipated moderate advance in profits, and the not unexpected raising of the total dividend to 12½ per cent. The figures, which are struck before meeting preference dividends, show an increase of £66,397 from £714,228 for 1933-34 to £780,625 in the latest year. The results are compared with those of earlier years in the following table:—

	Years to September 30th		
	1933	1934	1935
Net profit, after depreciation, fees, and taxation	406,656	714,228	780,625
Staff pensions	10,000	10,000	10,000
Preference dividends	101,098	101,098	101,098
Ordinary shares—			
Earned	295,557	603,130	669,527
Paid	242,197	484,394	605,492
Earned %	6.5	13.2	14.2
Paid %	5	10	12½
Reserve provisions.....	Nil	94,349†	100,000†
Carried forward	106,126	130,513	94,548

† Special appropriation (instead of transferring £100,000 to general reserve) to write down assets of Asbestos Cement subsidiaries. ‡ General Reserve.

Progress during the latest year seems moderate in comparison with the spectacular jump in profits between 1933-34, and the high figures of 1929 and 1930 have yet to be achieved. Such a result, however, was to be expected, in view of the tenor of the directors' statement when declaring the interim dividend in May. Doubtless the export side of the business still remains difficult, but the company is pursuing a wise policy of group reorganisation, financed from its very adequate internal resources. The prospects for active building construction during the current year, coupled with progress in the engineering industries, promise further expansion of business during the current year. The £1 ordinary stock units are quoted at 62s. 1½d. to yield £4 3s. per cent., and carry a sound industrial rating.

Tube Investments.—The progress and development in every branch of this undertaking, to which the directors refer in their report, is amply reflected in the profit figures. Total profits have jumped from £371,370 to £502,784, and earnings for dividends, at £493,863, are well over twice those of 1932-33. Such geometric expansion of profits forms the happiest context for share bonuses, and the previous year's distribution of ten per cent. is repeated, in due proportion to the ordinary and liaison ordinary rights. The latest results show that the substantial increase of turnover to which the chairman referred last year has been more than maintained and, after an interval of some years, each of the constituent companies has made profits. The growth of earnings is illustrated in the table below:—

	Years to October 31		
	1933	1934	1935
Dividends from subsidiary and associated co.'s	220,883	359,985	483,320
Other revenue	10,450	11,385	19,464
Total revenue	231,333	371,370	502,784
Directors' fees	2,150	2,150	2,004
Interest	4,896	5,406	6,917†
Preference dividends	43,495	44,945	44,946
Ordinary and liaison ordinary shares—			
Earned	180,792	318,869	448,917
Paid	150,549	194,459	217,215
Earned %	9.6	16.4	20.6
Paid %	8	10½	10½
Reserve	28,583	102,757	230,545
Carried forward	84,466	106,119	107,276

† And 10 per cent. ordinary share bonus. ‡ Includes £2,143 expenses of increase of capital.

The reorganisation of the group wisely left room for rapid expansion, and the reserves of capacity which existed last year have evidently been required during the latest year. Expansion is evident in the consolidated balance sheet, for all the current items are higher, and the increase in taxation and contingency reserves from £520,000 to £820,000 suggests a cautious distribution of group earnings. The share bonus will require £280,545, thus involving a net draft of £50,000 from reserve accounts and leaving a balance of £150,000. Favoured by construction and general trade activity, and by new fashions in furniture and golf clubs, the company has evident prospects of further increasing its business during the current year. The £1 ordinary shares are quoted at 69s. ex dividend and yield £3 3s. 9d. per cent. after allowing for rights. They rank among the soundest industrial issues.

Further Brewery Results.—The brewery results published this week have been good, without verging on the exciting, except for *Ansell's*, whose first complete year's working with *Holt Brewery* has been clearly reflected in improved profits. Some reports of the week are analysed below:—

Company (Years to September 30th)	Total Profits	Earned for Ord.	Ordinary Shares			
			Earned	Paid	Quota-tion	Yield
<i>Ansell's Brewery</i> —						
1933	205,394	124,608	17.4	10	s. d.	£ s. d.
1934	346,240	244,494	28.9	15	115 0	4 0 6
1935	537,776	411,807	46.8	22½		
<i>Cheltenham Original</i> —						
1933	81,013	29,893	18.8	10		
1934	94,377	40,897	25.8	12	61 6	4 6 8
1935	98,355	45,229	24.3	13		
<i>Ind. Coope and Allsopp</i> —						
1933	431,972	185,112	28.2	20		
1934	626,673†	338,831	33.2	22½	114 6	4 10 0
1935	...	417,470	36.5	23		
<i>Mann, Crossman & Paulin</i> —						
1933	377,659	285,098	31.3	20		
1934	391,101	298,539	32.7	20	(b) £12½	4 13 06
1935	400,717	303,155	33.9	20		
<i>Strong & Co. of Romsey</i> —						
1933	116,801	58,273	71.0	20		
1934	142,839	84,627	101.6	26	(c) £106	4 4 11c
1935	161,983	104,003	125.5	30		
<i>Wolverhampton and Dudley Breweries</i> —						
1933	204,728	177,680	41.5	20*	s. d.	£ s. d.
1934	225,923	199,035	44.1	2 ½	82 0	3 10 0
1935	252,989	225,237	25.04	144		

† Includes increased dividend receipts from Samuel Allsopp interest. * 6 per cent. interim on original capital and 16½ per cent. final on increased capital after amalgamation with Samuel Allsopp and Sons, Ltd. * Of which 2½ per cent. tax free. ‡ And 100 per cent. capital bonus. (a) On new capital (b) 5 per cent. cum. preference shares £10. (c) 4½ per cent. (d) "B" debenture stock.

The *Ansell's* figures show an advance from £346,240 to £537,776 and earnings to 46.8 per cent. for the bumper dividend at 22½ per cent. announced last week. The advance may be attributed to co-ordinated working with *Holt Brewery* and to widespread industrial recovery in the Birmingham industrial area. The *Cheltenham Original* figures have the sedateness characteristic of their locale, for total profits have increased by under £4,000, but there is ample cover for the increased 13 per cent. dividend. As to the *Ind. Coope and Allsopp* results, a calculation based on the preliminary statement suggests that earnings for the ordinary shares expanded from £338,831 to £417,470 during the first complete year of absorption of the Samuel Allsopp undertaking. On a percentage basis, the earnings on the new capital amount to some 36.5 per cent. and there is ample margin for the increased 25 per cent. dividend. The *Mann, Crossman and Paulin* results are also computed from the preliminary announcement, and show a modest advance from £391,101 to £400,717, the 20 per cent. dividend being covered by earnings of nearly 34 per cent. The private equity holders of *Strong and Co. of Romsey* are now coming into their own, for earnings and dividends record an impressive advance for the third consecutive year. Another prosperous Midlands concern, *Wolverhampton and Dudley*, which distributed a 100 per cent. share bonus last year, reports a satisfactory advance in profits from £225,923 to £252,989, the dividend being increased from 25 per cent. on the old to 14 per cent. on the new capital. Further good

reports in store are suggested by the increased total dividend of *H. and G. Simonds* of 18 per cent., against 16 per cent. for the previous year and by *Ashby's Staines Brewery's* 20 per cent. dividend, compared with 19½ per cent. for the previous year, of which 7 per cent. represented a special tax-free bonus of 7 per cent. paid from accumulated profits.

Baird Television Scheme.—The revised scheme for the reorganisation of the capital of Baird Television is as satisfactory as its predecessor was inequitable. It is unlikely, indeed, to arouse any violent opposition. The board has renounced its original idea to consolidate the whole of the capital into one class and proposes to eliminate the 200,000 "A" ordinary shares, slightly to modify the relation between the preferred and deferred shares, and to provide more capital by an issue of preferred shares. The 2,100,000 5s. preferred shares and the 1,200,000 5s. deferred shares will be split into 2s. 6d. shares, and one-half of each given to the "A" ordinary shareholders in exchange for their present holdings. The latter, therefore, continue to receive one-half of the total profits. The 10 per cent. dividend on the 5s. preferred shares will be increased to 20 per cent. on the 2s. 6d. shares, so that existing preferred shareholders' dividend rights will be unchanged. The balance of profits, originally to be divided between the preferred and deferred shareholders in the ratio of forty to sixty, will now be equally divided. The board proposes to offer 2,100,000 preferred shares, on terms unspecified, to the preferred and deferred shareholders in the proportion of one in five and one in two respectively. If these shares are all taken up, each "A" shareholder will have 15½ preferred and 6 deferred shares, each present preferred shareholder 1½ preferred shares, and each present deferred shareholder ½ preferred and one deferred. There will, moreover, be 60,000 new preferred shares in the hands of the general public. The following table shows how the different classes will fare, excluding the "A" shareholders, who receive one-half of the profit as before:—

Profits (£'000)	Old Preferred Shareholders		Old Deferred Shareholders	
	Old Scheme	New Scheme	Old Scheme	New Scheme
50	25	20	Nil	4.8
75	37.5	30	Nil	7.1
100	50	40	Nil	9.5
150	61.5	60	13.5	14.3
200	71.5	71.5	28.5	27.6
250	81.5	81.5	43.5	42.5
300	91.5	91.5	58.5	57.4

If profits exceed £157,500, the participation of the preferred shareholders is unchanged. If they are less, the deferred shareholders fare rather better—not unreasonably, in view of the lower gearing of their total holding resulting from their subscription for the new preferred shares. The deferred shares themselves, however, are somewhat more highly geared under the new than under the present dispensation. Until the scheme is passed, holders may work out the relative valuation of the shares on the basis of 10½ preferred and 6 deferred shares to every "A" ordinary. The calculation suggests that the preferred are under- and the deferred shares over-valued at current levels.

Pass and Joyce Scheme.—It may be regretted that the directors of Pass and Joyce, in drawing up the reorganisation scheme submitted to shareholders this week, have not altogether avoided certain features which have been the subject of criticism, in other instances, in these columns. The company's 7½ per cent. preference shares are to be cut by 50 per cent. and the ordinary by 80 per cent. In addition, arrears of preference dividend from September, 1930, are to be cancelled, and the new 10s. preference shares are to rank for their original value of £1 in a liquidation. Participating rights are to be changed to an apparently unlimited participation in one-third of surplus profits, as compared with the existing moiety up to 10 per cent. To assess the value of the latter provision requires the fullest information regarding prospective earnings. The

suggested rights do not appear to compensate preference holders for the halving of their fixed dividend and the wiping out of their arrears. The scheme, in short, may be criticised on the ground that it leaves preference shareholders with a disproportionate burden of sacrifice and does not offer them adequate compensation for the rights they are called upon to relinquish.

Crompton Parkinson Progress.—The recent spectacular rise in Crompton Parkinson ordinary shares has accurately anticipated the latest excellent trading profits. The total, after provision for contingencies, has jumped from £149,326 to £272,244. The equity earnings, thanks partly to the "gearing," are two and a-quarter times higher at £200,152 compared with the 1933-34 results, and after adjustment for income tax the ordinary capital has been comfortably exceeded by the year's net profits. Three years' spectacular progress is illustrated below:—

	Years to September 30th		
	1933	1934	1935
Trading profit and dividends from subsidiaries, after provision for tax and contingencies	119,004	149,326	272,244
Depreciation.....	14,000	14,475	25,184
Fees	2,816	3,042	3,250
Preference dividends	43,658	43,658	43,658
Ordinary shares:			
Earned	58,530	88,151	200,152
Paid	24,971	26,224	29,656
Earned (%)	34.9	50.6	105.2
Paid (%)	12½†	12½†	12½†
General reserve	34,989	55,234	154,377
Benevolent fund	...	...	10,000
Carried forward	50,618	57,311	63,430

† Regular capital bonuses paid as follows: 1932-33, 5 per cent.; 1933-34, 7 per cent.; 1934-35, 7 per cent.; and 100 per cent. to "broaden base of company's equity capital."

Shareholders will congratulate the board, both on the excellence of the results and on their presentation. The accompanying chairman's speech is an informative supplement to the figures, and all that is lacking for the time being is a consolidated balance sheet. The remarkable growth in net current assets from £270,109 two years ago to £699,539 illustrates the advantage of prudent distribution of rapidly expanding profits. The expansion is attributed to the benefits of group reorganisation in earlier years, to full employment of capacity and to improved co-operation within the electrical manufacturing industry. Lamp sales have increased by over 20 per cent., and the erection of a new works is under consideration. The speech describes the litigation instituted by the "Lamp Ring" now *sub judice*. Substantial internal reserves, it is stated, have been created for contingencies. The electric traction department has been awarded an important Tyneside contract, and overseas demand for cables may necessitate extension of plant. The market's best expectations have been realised, for the board proposes to issue a one for one capital bonus, after taking into consideration future earnings requirements to enable the same cash and regular bonus distributions to be made in the future. At 108s. (equivalent to 50s. ex all rights) the 5s. ordinary shares offer the exiguous dividend yield of £1 5s. per cent., which recognises the chairman's dictum that the end of the company's expansion is not yet in sight.

The British and Polish Trade Bank A.G., Danzig

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Chairman: Dr. Roman Górecki.

Vice-Chairman: Sir William Grenfell Max-Muller, G.B.E., K.C.M.G.

Joint Managers: Stanislaw Pawlowicz and Philip Frederick Rann.

Assistant Manager: Aleksander Kowalski.

The Bank was formed to facilitate Exports and Imports from and to Poland, including Danzig.

INQUIRIES SOLICITED

Consolidated Gold Fields.—Our mining correspondent writes:—Although those who hoped for an increased final dividend from "Gold Fields" were disappointed, the accounts show that their expectations had a measure of foundation, for the profit of the operating company amounted to £1,465,190, against £1,327,080 for the previous year. Once again an allowance of £100,000 was made to depreciation and £300,000 to reserve; but provision for United Kingdom income tax was £30,000 higher at £240,000. New Consolidated Gold Fields paid 20 per cent., as before, carrying forward the substantially increased balance of £320,550, and the holding company was therefore unable to raise its distribution. The outstanding feature in the accounts of the operating company is the expansion in investments—entailing a diminution in loans and other items. We give below a table of salient figures for the past three years:—

	Year ended June,		
	1933	1934	1935
<i>New Consolidated Gold Fields</i>			
Investments.....	3,538,572	4,882,140	6,068,470
Shares in subsidiaries.....	1,147,590	1,157,590	1,217,670
Properties and ventures.....	473,090	169,260	122,970
Loans at short call.....	164,440	731,540	529,840
Debtors.....	207,160	263,680	214,830
Cash advances, etc.....	1,555,900	354,720	397,070
Cash.....	688,340	660,040	561,380
Creditors and dividends.....	741,000	797,590	1,211,980
<i>Consolidated Gold Fields</i>			
Net profit.....	467,280	659,570	662,630
Preference dividends.....	136,880	140,240	143,170
Ordinary dividends.....	327,990	517,160	516,250
Ordinary dividend per cent.....	15%	20%	20%
Carried forward.....	17,380	19,540	22,750

The summary of results of the company's gold mining subsidiaries on the Rand shows an increase of 9.1 per cent. in the tonnage milled, of 13.7 per cent. in the dividends declared, of 6.9 per cent. in the average price for gold, and a decline of 10.2 per cent. in the recovery as measured in dwts. Aggregate ore reserves of 171,750,690 tons are 16.4 per cent. higher. Among the details of other undertakings, considerable attention is devoted to development on the West Witwatersrand Areas. Among the trans-Atlantic undertakings in which Gold Fields is interested through Gold Fields American Development Company, satisfactory progress is recorded by American Potash and the Bulolo, but the Botanamo Mining Corporation appears to be within sight of the end of its career. On the basis of the dividend of the past two years (allowing for the amount included in the price of the shares) the return on Gold Fields ordinary shares is slightly under 6 per cent.

Other Company Results.—This week's table of company results, on page 1105, shows the net profit of some 38 additional concerns. They carry, in the majority of cases, good news for investors. Among the "heavy" industrial concerns, *Stewarts and Lloyds of South Africa*, report a jump in net profits from £85,319 to £123,257, and dividends are resumed with a 5 per cent. payment. The *R. & A. Lister* results disappointed the market, whose dividend estimates proved too optimistic. The rise in profits from £52,134 to £75,827, however, is clearly satisfactory, and the increased dividend of 10 per cent. should satisfy long-term holders. The *Orient Steam Navigation* profits, which show a rise from £410,152 to £633,978, include £191,755 from the sale of investments. Profits of the *Anglo-Ecuadorian Oilfields* show that the increased 7½ per cent. ordinary dividend has been well within earnings possibilities. In the Trust group *Daily Mail and General* reports substantially increased net revenue of £301,387, but the dividend has been maintained at 11½ per cent. tax free, and the credit balance raised by over £97,000 to £254,238. Among the week's industrial issues the *Tate & Lyle* full report confirms the satisfactory profits figures discussed last week. The balance sheet shows a substantial rise in property, plant and stocks. The *Bowater* group of paper concerns report improved profits, *Bowater's Paper Mills* standing out with a rise of £40,059 to £131,768. *Foster Clark* have made satisfactory progress, although the dividend is maintained at 20 per cent. In the Hotels group, *Slaters & Bodega* reveal a modest recovery, while *Strand Hotels*, striking profits after "contingencies," shows its net profits

at the round sum of £120,000. *Crittall Manufacturing* profits have reached a new high record of £280,504; the preference arrears are to be paid off, and a reorganisation scheme is submitted. *Tobacco Securities Trust* announce a serious fall in net revenue from £758,409 to £527,103, and an ordinary dividend of 15 per cent. for the year. The consolidated net profits of the *United Molasses* group amount to £718,200, against £651,531, and 8 per cent. is paid on the ordinary capital, against 6 per cent. Among the week's dividends, the *Montague Burton* interim has been raised from 3 per cent. to 3½ per cent. and the *Raleigh Cycle* final from 8 to 11 per cent., making 15 per cent. for the year. The directors of the *London Midland and Scottish Railway* have decided to pay the 5 per cent. redeemable preference dividend without awaiting the year's results. *Anglo-Iranian Oil* have resumed interim dividends with a 5 per cent. payment.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following Company Meetings:—Royal Bank of Scotland, English, Scottish and Australian Bank, Johannesburg Consolidated Investment, Australian, Mercantile, Land and Finance, Charterhouse Investment Trust, Bekoh Consolidated Rubber Estates, Wall Paper Manufacturers, Klerksdorp Consolidated Goldfields, Jantar Nigeria, New Goldfields of Venezuela, Bushtick Mines (1934), New Modderfontein Gold Mines, and Trepeca Mines. Mr Alexander Maitland, addressing the shareholders of the Royal Bank of Scotland, reviewed the improvements in Scottish trade and industry and urged the removal of political barriers to world trade. The chairman of Johannesburg Consolidated Investment Co. discussed the importance of marginal ore to the industry and attacked the complexity of the taxation system. At the meeting of Wall Paper Manufacturers, the chairman presented a consolidated balance sheet for the company and its subsidiaries. Mr C. A. Moreing, of Klerksdorp Consolidated Goldfields, reviewed the year's progress in development and prospecting, and referred to the successful public issue by the new operating subsidiary company. The chairman of Trepeca Mines described arrangements for deeper mining at Stantrg mine. Mr John A. Agnew reviewed development work of New Goldfields of Venezuela and anticipated very satisfactory results. Mr R. W. Harrison, of Bekoh Consolidated Rubber Estates, reported payments greater than actual earnings, but considered the outlook better than for a long time. Bushtick Mines had increased both ore reserves and milling capacity during the year, according to the chairman's report. The chairman of Jantar Nigeria Company reported a considerable increase in the company's tin quota. At the Charterhouse Investment Trust meeting, Captain H. N. Hume reported on the first year of the Trust's Industrial subsidiary. The chairman of Australian, Mercantile, Land and Finance Company commented adversely on the burden of taxation the company had to bear in three countries, which amounts to double the dividends. The chairman of Wall Paper Manufacturers reported that competition in the industry is increasing, but expressed his confidence in the company's ability to meet it. Mr John Martin gave the New Modderfontein meeting an exhaustive review of the company's continued progress.

THE WEEK IN THE MARKETS

THE LONDON STOCK EXCHANGE

SETTLING DAYS
TICKET DECEMBER 3 | ACCOUNT DECEMBER 5

THE markets this week have again lacked real driving power, and appear to be experiencing the pause for stock-taking which inevitably follows the discounting of all available bull points. Company news has been good, and in some cases extremely good. General indications of the demand for consumers' goods, such as the retail trade figures and the record rayon output, suggest no lack of

general purchasing power to sustain recovery. The flies in the amber have been mainly of foreign origin. Certain sections of the market were naturally affected by the dangers facing M. Laval and the franc, though the former survived his crucial test on Thursday. Farther afield, rioting in Brazil and the first stages of the Japanese military campaign for assisting "autonomy" in North China led to uneasy foreign bond dealings, and the wholly unexpected return of a Labour Government in New Zealand, with its aim of "national control of public credit" was adversely received in London.

Gilt-edged stocks opened the week in steady fashion, and French purchasing, on franc fears, brought later support. The tone continued satisfactory on Tuesday, but the mid-week trend gradually became easier, and business was rather quiet, apart from professional interest. In the Dominion list, New Zealand issues were very flat owing to the return of a Labour Government, and dealers took refuge in wide quotations until some more definite statement of policy came to hand. Home Corporation ruled quiet owing to the resumption of municipal borrowing.

The foreign bond market had a very chequered week. Chinese issues opened more confidently on Monday under the lead of the 1913 issues, but the later news that the Japanese military authorities had taken control of Tientsin led to an all-round fall in Chinese and Japanese issues. Rioting in Rio de Janeiro and in other centres depressed the Brazilian Funding issues, but the reported suppression of the insurgents by the Government brought a partial recovery on Thursday.

Home rail stocks commenced the week in firmer fashion, and held their modest gains satisfactorily. Business tended to broaden as the week progressed, some operators finding their justification for buying Southern deferred in the course of the Rating Appeal, while others regarded the week's traffics, the immediate decision to pay the L.M.S. redeemable preference dividend, and the hope of Government action in the coal dispute with favour. London Passenger Transport "C" stock reflected the excellent traffic return.

Although the Argentine rail stocks opened quite firmly, they were becalmed later in the week. Prior charge stocks were largely unchanged, but the equity issues wilted owing to the lack of support. Brazilian stocks were affected by the political disturbances, and American stocks, despite a brisk opening, soon gave way under profit-taking.

The industrial share markets lacked sparkle this week. Wall Street's distractions were responsible at the opening, but later it was evident that the professional operators were enjoying a breathing space, in view of the political and currency situations abroad, and of the lack of new bull points at home, before extending their commitments. Quotations therefore tended to drift slightly, although there was no lack of features resulting from the large number of results published this week. In the electrical equipment group, Crompton Parkinson were active following the announcement of record profits (discussed on page 1081), and after the profit-takers had been busy, an active demand took the shares as high as 108s. 3d. General Electric and other shares were also prominent in this group. In the motor section, Austin showed little change in a rather dull market, and early buying of Thomas Tilling on prospects was soon followed by profit-taking. Iron and steel shares became firmer after an irregular opening, Tube Investments responding to the report (analysed on page 1080). Coal shares remained unaffected by the labour situation. Electricity supply shares seemed dull, and losses of 6d. were common in mid-week. Textile shares lost much of their recent impetus, although rayon issues responded to the record output figures on Thursday. Despite the issue of further favourable brewery results (of which a selection is given on page 1080), the shares were subjected to a fair amount of profit-taking, and the narrow movements among the leading tobacco issues frequently resulted in fractional losses. The miscellaneous industrial leaders lacked real drive, although a partial mid-week recovery occurred in certain issues. Crittall Manufacturing responded to the record profits and to the fairly devised reorganisation scheme, while other shares affected favourably by their published results included Tate and Lyle, and Turner and Newall (whose preliminary figures will be found on page 1080). Brick and cement shares tended to ease. New Zealand bank issues were depressed by the election results.

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Initially, prices in the oil share market were marked down, for the week-end orders were soon cleared and conditions became quiet. The Anglo-Iranian interim dividend declaration, however, put the market in better humour, for it kindled renewed hopes that the "Shell" and Royal Dutch boards would follow this example in due course. Burmah also received attention, owing to its holding of Anglo-Iranian. Initial advances in mid-week, however, were not held and the leaders became reactionary.

The rubber share market remained in dismal mood this week, owing to uncertainty whether next Tuesday's meeting of the International Committee might bring an increase in the N.E.I. quota. Tea shares opened dully, but the revival of demand in Mincing Lane brought a certain amount of support later, and the scattered selling ceased. Most interest was directed to Indian issues, but improvements were always modest.

Gold shares tended to fade from the picture this week. Paris, troubled by the further increase in Bank rate and by the political crisis, sold some of its favourite counters, and the Johannesburg market seemed to be awaiting some sign from the taxation enquiry. Mid-week movements were almost without exception downward, and the Gold Fields report (discussed on page 1082) brought little support earlier in the week. Rhodesian copper shares were in active demand throughout the week, and recorded appreciable net gains, but tin shares lacked life.

"FINANCIAL NEWS" DAILY BARGAIN INDEX
(Approximate number of Bargains recorded in Stock Exchange Lists)

	Week to Nov. 22, 1935	Nov. 21, 1935	Nov. 22, 1935	Nov. 25, 1935	Nov. 26, 1935	Nov. 27, 1935	Nov. 28, 1935
Government and Municipal Loans	5,983	1,103	1,120	1,374	1,076	1,138	1,166
Transport, Communications, and Public Utilities	7,561	1,163	2,525	1,345	1,116	1,048	1,000
Commercial and Industrial.....	28,142	5,204	5,343	5,801	4,552	5,049	4,478
Banks, Insurance and Financial ...	4,162	610	770	683	680	681	574
Mines (including Nitrate).....	7,032	1,324	1,314	1,614	1,136	1,034	1,317
Oil.....	1,332	261	250	1,614	320	188	194
Rubber, Tea and Coffee.....	1,071	207	214	299	229	270	209
Total.....	55,283	9,872	11,596	11,400	9,109	9,408	8,938
Corresponding day in 1934.....	...	9,462	9,158	10,971	9,878	9,347	8,426

* Including Iron and Steel Breweries.

REVISED "FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (July 1, 1935 = 100)

Highest of 1935 (Nov. 18)	Lowest of 1935 (Mar. 27)	Nov. 21, 1935	Nov. 22, 1935	Nov. 25, 1935	Nov. 26, 1935	Nov. 27, 1935	Nov. 28, 1935
105.5	87.4	104.3	104.3	104.0	103.7	103.7	103.9

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS. (1928 = 100)

Highest of 1935 (Feb. 1)	Lowest of 1935 (Oct. 3)	Nov. 21, 1935	Nov. 22, 1935	Nov. 25, 1935	Nov. 26, 1935	Nov. 27, 1935	Nov. 28, 1935
141.0	131.9	136.1	136.2	136.4	136.7	136.8	136.7

FOREIGN STOCK EXCHANGES

NEW YORK

For the past week Wall Street has been unable to choose between the encouraging signs of continued business recovery and the warnings of various prophets of woe. On Thursday of last week there was a sharp upward movement with rails in the lead, followed by industrials, utilities and mining shares. On Friday the market reacted, with rails holding their ground, and on Saturday recovered

again. The rise was attributed this time to the statement of Governor Eccles that there was no fear of inflation since the market was being supported by cash buying, not by purchases on margin. Railroad stocks were again in the lead, with industrials ahead of relatively sticky utility obligations. This week opened with renewed weakness, which was overcome with a slight recovery on Wednesday. Government bonds have been soft and the market is now awaiting the Treasury's December financing plans, but there was considerable support for industrial bonds at the end of last week. Gold continues to move to America, and one cause of the weaker tone in the markets has been fear of a market set-back if and when France devalues and gold moves back again. Business reports are good, particularly from the railways; power output for last week was 14.5 per cent. higher than for a year ago, and steel mill activity in the current week is estimated by *Iron Age* at 56 per cent. of capacity. On Thursday all markets were closed for Thanksgiving Day.

	Nov. 20, 1935	Nov. 21, 1935	Nov. 22, 1935	Nov. 23, 1935	Nov. 24, 1935	Nov. 25, 1935	Nov. 26, 1935	Nov. 27, 1935
U.S. 2½ Treas.	100½	100½	101½	101½	101½	101½	101½	101½
Bds. 1945-47	100½	100½	101½	101½	101½	101½	101½	101½
Atchafson	51½	51½	52½	52½	52½	52½	52½	52½
Erle	15½	15½	16½	16½	16½	16½	16½	16½
Lincoln Central	13½	13½	14½	14½	14½	14½	14½	14½
N.Y. Central	24½	24½	25½	25½	25½	25½	25½	25½
Pennsylvania	28½	28½	29½	29½	29½	29½	29½	29½
Southern Pacific	19½	19½	20½	20½	20½	20½	20½	20½
Southern Ry.	10½	10½	11½	11½	11½	11½	11½	11½
Union Pacific	101½	101½	102½	102½	102½	102½	102½	102½
Am. Can.	144½	144½	145½	145½	145½	145½	145½	145½
Amer. Smelting	60½	60½	61½	61½	61½	61½	61½	61½
Anacosta	24½	24½	25½	25½	25½	25½	25½	25½
Bethlehem Steel	50½	50½	51½	51½	51½	51½	51½	51½
Chrysler Motor	86½	86½	87½	87½	87½	87½	87½	87½
Corn Products Rf.	69½	69½	70½	70½	70½	70½	70½	70½
Eastman Kodak	168½	168½	169½	169½	169½	169½	169½	169½
Gen. Electric	39½	39½	40½	40½	40½	40½	40½	40½
Gen. Motors	57½	57½	58½	58½	58½	58½	58½	58½
Int. Harvester	63½	63½	64½	64½	64½	64½	64½	64½
Mont. Ward	39½	39½	40½	40½	40½	40½	40½	40½

† Calculated at \$4.94 to £.

Owing to the Thanksgiving Day holiday, the Standard Statistics index numbers are unavoidably held over. For purposes of record, last week's figures are repeated below (1926 equals 100).

	1934	1935	1935	1935	1935	1935	1935	1935
	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest
	Sept. 19	Feb. 21	Mar. 20	Nov. 20	Nov. 6	Nov. 13	Nov. 20	Nov. 20
851 Industrials	74.3	90.5	74.5(1)	110.0	83.1	107.5	107.5	110.0
33 Rails	34.0	51.4	27.4	38.6	35.8	36.2	37.3	38.6
37 Utilities	55.2½	83.4½	52.2	92.1	57.9	88.9	90.1	92.1
Total, 421 Stocks	65.8	82.1	63.1	95.5	71.0	92.9	93.3	95.5
Average yield of 50 Industrial Common Stocks	2.78%	3.90%	3.02%	4.06%	3.62%	3.03%	3.02%	3.12%

† December 28th. (1) March 13th. ‡ February 7th. (v) November 13th. (s) September 12th.

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

	Highest of 1935 (Nov. 19)	Lowest of 1935 (Mar. 13)	Nov. 13, 1935	Nov. 14, 1935	Nov. 15, 1935	Nov. 16, 1935	Nov. 18, 1935	Nov. 19, 1935	Nov. 20, 1935
	127.9	78.6	123.1	125.5	126.0	126.7	126.2	127.9	126.1

TOTAL DEALINGS IN NEW YORK

	Nov. 21, 1935	Nov. 22, 1935	Nov. 23, 1935*	Nov. 25, 1935	Nov. 26, 1935	Nov. 27, 1935
Stock Exchange—Shares (Thous.).....	3,289	3,920	1,820	3,370	2,330	1,880
Bonds (Value Thous. \$).....	16,700	19,170	9,920	17,980	14,860	14,340
Curb—Shares (Thous.).....	521	687	278	545	364	352

* Two hour Session.

PARIS

Paris's measure of political uncertainty has been filled almost to overflowing. Rentes and banking shares fell most in the reaction of last week's increase in the bank rate, and although there was a slight recovery on Friday, Saturday saw renewed depression as M. Laval's political difficulties increased. The opening of this week's trading was celebrated by a further rise in the bank rate, which the Bourse, with obstinate optimism, interpreted as a bull point for rentes. For the rest of this week business has been irregular and the market seems to fear the worst, but is

unwilling to anticipate it. At mid-week there was a slight rise in rentes on the pretext of a firmer exchange rate for the franc. Industrial markets are stagnant.

	Nov. 20, 1935	Nov. 21, 1935	Nov. 22, 1935	Nov. 23, 1935	Nov. 24, 1935	Nov. 25, 1935	Nov. 26, 1935	Nov. 27, 1935
Banque de France	8,820	8,850	8,850	8,850	8,850	8,850	8,850	8,850
Crédit Lyonnais	1,625	1,600	1,625	1,625	1,625	1,625	1,625	1,625
Suez Canal	18,400	18,700	18,765	18,765	18,765	18,765	18,765	18,765
Chargeurs Réunis	180	189	187½	187½	187½	187½	187½	187½
Rio Tinto	1,490	1,473	1,448	1,448	1,448	1,448	1,448	1,448
Royal Dutch	21,790	22,000	22,075	22,075	22,075	22,075	22,075	22,075

BERLIN

Last week's share market was irregular, with declines predominating. Reichsbank and the commercial bank issues were weaker, lignites mostly firm, and the standard industrials rather lower. Russian securities were temporarily bought in connection with British loan rumours; and distrust of the European gold bloc currencies led to exchanges from franc and gulden securities into certificated dollar bonds. The home loans market was quiet. Shares in the new week were dull, and in general reactionary, but Tuesday's market closed steady. On Wednesday the volume of business was small and prices irregular.

	Nov. 19, 1935	Nov. 20, 1935	Nov. 21, 1935	Nov. 22, 1935	Nov. 23, 1935	Nov. 24, 1935	Nov. 25, 1935	Nov. 26, 1935	Nov. 27, 1935
Reichsbank	186.00	181.00	179.50	179.50	179.50	179.50	179.50	179.50	179.50
D.D. Bank	83.50	83.50	84.00	84.00	84.00	84.00	84.00	84.00	84.00
Dresdner	84.50	84.00	84.00	84.00	84.00	84.00	84.00	84.00	84.00
I.G. Farben	148.75	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00
Norddeutscher Lloyd (New)	16.50	17.00	16.60	16.60	16.60	16.60	16.60	16.60	16.60

† Closed November 20. Holiday of the Protestant Church.

AMSTERDAM

Encouraged by Wall Street and by the renewed attack on the gold bloc currencies, there was active trading on the Bourse towards the end of last week, and tobacco shares led in all-round price increases. There was a setback on Saturday with the exception of tea shares, which were encouraged by the higher London auction prices. This week opened with a renewed burst of activity, particularly in the American market; tobacco shares rose to new peak prices, there was strong demand for sugar shares, and rubber issues were firm. In mid-week there was a general setback, Wall Street still setting the pace, but there was firm resistance at the lower prices reached.

	Nov. 20, 1935	Nov. 21, 1935	Nov. 22, 1935	Nov. 23, 1935	Nov. 24, 1935	Nov. 25, 1935	Nov. 26, 1935	Nov. 27, 1935
2½ Dutch Loan	74½	73½	73½	73½	73½	73½	73½	73½
5½ German	22½	22½	22½	22½	22½	22½	22½	22½
Unilever N.V.	103½	103½	103½	103½	103½	103½	103½	103½
Philips Lamp	238½	238½	238½	238½	238½	238½	238½	238½
Netherlands Ship Union	45	46½	46	46	46	46	46	46

CANADA

Late in October the Canadian stock markets showed greater buoyancy than in any previous period this year, and seasoned stocks moved steadily upward under the lead of industrial and distillery issues. Public utilities also gained ground, and even the depressed newsprint stocks rose a little. The rise was chiefly due to the commanding majority and moderate policy of the new Government, and it was aided by the rise in Wall Street. The most popular speculative counter was International Nickel, in which dealings were heavy and substantial gains were recorded. Genuine investment buying seems as important as speculation, for brokers' loans have shown no great increase.

OFFER TO NEW READERS

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

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Within the last few days fresh momentum has come from the trade agreement with the United States on the argument that it will promote increased prosperity. Distillery stocks have improved in expectation of better business in matured whisky, and mining and power stocks have also moved higher. Conversely, it is a bear point for motor, radio and other industries, which will be exposed to keener American competition. The bond market has been firm, and offerings have been light and quickly absorbed. For the week ending November 9th the yield of the six leading Dominion issues averaged 3.50 per cent., compared with 3.53 per cent. for the previous week. The Bureau of Statistics "Investors' Index" for all common stocks for the week ending November 7th was 106.7, as compared with 103.5 and 101.5 for the weeks ending October 31st and 24th and 87.1 for the week ending November 8, 1934.

	Price, Oct. 23, 1935	Price, Nov. 27, 1935	Nov. 27, 1935	Price, Oct. 23, 1935	Price, Nov. 27, 1935	Nov. 27, 1935
Bell Telephone	132	140	140½	90	99	99½
Canadian Car and Foundry	42	54	54½	36½	36½	36½
Do. pref.	11	11½	11½	7½	9½	9½
Power Corporation	9½	11	11	25½	29½	29½
Dome Mines	39	41½	41½	3½	4½	4½
Hollinger	13½	14½	14½	5½	5½	5½
McIntyre	52	54	54½	31½	40½	40½
Bank of Montreal	180½	187½	187½	3½	3½	3½
Bank of Nova Scotia	257	262	262½	155	176	176½
Royal Bank of Canada	159½	159	159½	18½	20½	20½
Commerce Bank of Canada	148½	140	140½	53	52½	52½
Canadian Pacific Ry.	9½	11½	11½	53	52½	52½
Cockshutt Plow	7½	8½	8½			

CAPITAL ISSUES

THIS week has seen real activity in the new issue market. As many as seven public offers, including those of a Colony, a municipality and a leading electric supply concern, have appeared, and the week's "new money" total of £5,060,750 is the highest since the third week of July. The *Southern Rhodesia* loan, in 3 per cent. 29-year stock at one point discount, is of the type most sought after by trustees. *Brighton*, which is always assured of favourable credit terms in the City of London, has chosen an identical medium as last week's *Sunderland* issue, at once point premium. Both issues were promptly oversubscribed—the latter handsomely; but the weight of "stag" applications was reflected in the ½ point discounts at which dealings settled. High market esteem for *Edmundsons Electricity Corporation* is reflected in the terms of its large debenture stock offer for sale. The stock is well secured by earnings and assets, and ranks in the highest class of utility debentures. *United Kingdom Gas Corporation*, following its recent acquisitions, has made a dual issue of preference and ordinary shares, at 5 and 10 per cent. premium respectively. The Corporation was incorporated last January, and no accounts have been made up. On the estimates of net revenue, including that accruing from surplus funds resulting from the issue, the preference shares appear reasonably covered. The ordinary shares will appeal primarily to the investor who seeks relative stability rather than rapidly expanding earnings. The *Associated London Properties* 5 per cent. debenture stock issue is a conversion operation, the high nominal rate reflecting its "second charge" character. The prospectus computes the "cover" on the "prior deductions" method. The more consistent "cumulative requirements" principle would reduce the "cover" from over 5 times, as shown, to under twice on the latest figures. London Industrial Finance Trust have offered a mixed issue of *Moss Gear* shares, the £1 preference at 2½ per cent. and the 5s. ordinary at 30 per cent. premium. The profits record shows wide swings between boom and depression, and the high disclosed earnings for ordinary shown for the latest year should be judged with due reference to the level of profits in 1931-32. The prospectus of *Silver and Steelcrafts* states that "certain assets" are being taken over from the vendor concerns. Profits are struck after depreciation and all other charges and repairs "on the basis applicable to the future." It appears that out of total assets of £102,000 (acquired for £99,500 in cash) stock amounts to as much as £53,000,

which is guaranteed by vendors to realise not less than £69,500. This transaction alone would give a higher profit to the company than the average annual figure for the last 4½ years. The shares appear to rank in the speculative class. Among the week's "introductions" pride of place goes to *North Metropolitan Electric* 3½ per cent. debenture stock. Particulars have also been published of *Aire Wool*, a Francis Willey concern; *William Briggs and Sons*, who have placed a line of preference shares through Charterhouse Investment Trust; and *J. H. Vavasour*, an established East India merchanting concern.

ISSUES OF THE WEEK

By Prospectus or Offer for Sale

Amount previously recorded, Jan. 1 to Nov. 23, 1935, including conversions, £271,360,195
Amount previously recorded, Jan. 1 to Nov. 23, 1935, excluding conversions, £135,715,827

	Nominal Capital	Conversions	New Money	First Payment	Further Liability
To the Public					
Brighton Corporation, £500,000 3% Stock, 1955-58, at 101%	500,000	...	505,000	25,000	480,000
United Kingdom Gas Corporation:—600,000 4½% Cum. Pref. Shares £1 at 21s.	600,000	...	630,000	75,000	555,000
250,000 Ord. Shares £1 at 22s.	250,000	...	275,000	31,250	243,750
Associated London Properties, £200,000 5% "B" Mort. Deb. Stk. at par. (To repay 6½% Deb. Stk.)	200,000	200,000	...	20,000	180,000
Moss Gear Co.:—130,000 6% Cum. Pref. Shares £1 at 20s. 6d.	130,000	...	133,250	26,000	107,250
560,000 Ord. Shares 5s. at 6s. 6d.	140,000	...	176,000	56,000	120,000
Silver and Steelcrafts:—160,000 6% Cum. Pref. Shares 10s. at par	80,000	...	80,000	20,000	60,000
180,000 Ord. Shares 5s. at 6s.	45,000	...	54,000	9,000	45,000
Edmundsons Electricity Corporation, £2,000,000 3½% Deb. Stk. at 88½%	2,000,000	...	1,970,000	100,000	1,870,000
Government of Southern Rhodesia, £1,250,000 3% Inscribed Stk. at 99% red. 1959-64	1,250,000	...	1,237,500	625,000	1,175,000
Total	5,195,000	200,000	5,060,750	424,750	4,836,000
To Shareholders only					
Lister (R. A.) and Co., 37,500 New Ord. £1 at 35s.	37,500	...	65,625	65,625	...
Takau (F.M.S.) Rubber, £10,000 6% Conv. Red. Deb. Stk. at par	10,000	...	10,000	10,000	...
Total	47,500	...	75,625	75,625	...

(Continued on page 1088)

SINGLE SHELL LUBRICATING OIL

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STANDARD

LONDON ACTIVE SECURITY PRICES AND YIELDS

NOTE—Shares with a New York Quotation or with definite American interest are distinguished by italics

In calculating yields on fixed interest stocks quoted below allowance is made for interest accrued since the last date of payment, less income tax at the standard rate. Where stocks are definitely redeemable at a certain date the yield includes any profit or loss on redemption; where stocks are redeemable at or before a certain date the yield is calculated by reference to the latest figures when the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated by reference to the latest dividends, account being taken of any enhancement or reduction of interim dividends. Allowance is made for accrued dividends in calculating the yield on "cum div." shares.

Prices, Year 1934		Prices, Year 1935, Jan. 1 to Nov. 27, inclusive		Name of Security		Price, Nov. 20, 1935		Price, Nov. 27, 1935		Rise or Fall		Yield, Nov. 27, 1935		Prices, Year 1935, Jan. 1 to Nov. 27, inclusive		Last two Half-yearly Dividends		Name of Security		Price, Nov. 20, 1935		Price, Nov. 27, 1935		Rise or Fall		Yield, Nov. 27, 1935			
High	Low	High	Low												High	Low	(a) (b) (c) %												
83 1/2	73 1/2	94 1/2	80	British Funds										85 1/2	85	- 1/2	2 18 5	4 1/2	dis	7 1/2	dis	Nil	Nil	Anglo S. A. 10 58 pd.	7 1/2	7 1/2	-	Nil	Nil
120	109 1/2	118 1/2	109 1/2	Consols 2 1/2 % Red at par 1957 on or after Feb. 157 (m)										115 1/2	115 1/2	+ 1/2	3 1 0	4 7/8	41/8	5(b)	5(a)	Nil	Nil	Bank of N. Zealand 4 1/2	4 1/2	4 1/2	-	3 1 1/2	0 1/2
102 1/2	92 1/2	103 1/2	97 1/2	Convers. 2 1/2 % 1944-49										101 1/2	101 1/2	+ 1/2	2 9 0	3 1/2	3 1/2	6(a)	6(b)	Nil	Nil	Bank of England Stk.	7 1/2	7 1/2	-	3 1 1/2	0 1/2
106 1/2	97 1/2	107 1/2	100 1/2	Do. 3 %, 1948-53										104 1/2	104 1/2	+ 1/2	3 2 0	3 1/2	3 1/2	7(a)	7(a)	Nil	Nil	Barclay B. (L) 1 1/2	7 1/2	7 1/2	-	3 1 1/2	0 1/2
111 1/2	101 1/2	112 1/2	100 1/2	Do. 3 1/2 % after 1951 (s)										111 1/2	111 1/2	+ 1/2	2 6 6	3 1/2	3 1/2	8(a)	8(a)	Nil	Nil	Barcl. (Dom. Ac.) A 1 1/2	39 1/2	40 1/2	+ 1 1/2	2 1 1/2	6 1/2
116 1/2	106 1/2	117 1/2	105 1/2	Do. 4 1/2 % 1944-64										118 1/2	118 1/2	+ 1/2	2 15 0	4 1/2	4 1/2	9(a)	9(a)	Nil	Nil	Bk. of Australasia (S) 9 1/2	9 1/2	9 1/2	-	4 0 0	0 1/2
124 1/2	114 1/2	125 1/2	108 1/2	Funding 3 %, 1959-69										102 1/2	102 1/2	+ 1/2	2 16 6	3 1/2	3 1/2	10(a)	10(a)	Nil	Nil	Bk. of N.S. Wales (\$100) 4 1/2	4 1/2	4 1/2	-	4 0 0	0 1/2
128 1/2	118 1/2	129 1/2	110 1/2	Funding 4 % 1960-80										117 1/2	117 1/2	+ 1/2	2 19 6	3 1/2	3 1/2	11(a)	11(a)	Nil	Nil	British Overseas A 5 1/2	95 1/2	92 1/2	- 2 1/2	3 9 0	0 1/2
121 1/2	111 1/2	122 1/2	101 1/2	3 % Treasury Bds. 83-42										101 1/2	101 1/2	+ 1/2	3 10 0	4 1/2	4 1/2	12(a)	12(a)	Nil	Nil	Chtd. of India (S) 1 1/2	13 1/2	13 1/2	-	5 6 0	0 1/2
109 1/2	99 1/2	110 1/2	101 1/2	Victory Bonds 4 %										103 1/2	103 1/2	+ 1/2	3 1 0	86 1/2	86 1/2	13(a)	13(a)	Nil	Nil	Comel. Bk. of Aus. 10 1/2	13 1/2	13 1/2	+ 7 1/2	3 2 0	0 1/2
119 1/2	109 1/2	110 1/2	101 1/2	War. 3 1/2 % (1919-24)										105 1/2	105 1/2	+ 1/2	3 2 3	58 1/2	58 1/2	14(a)	14(a)	Nil	Nil	Do. B. 1 fully paid	83 1/2	85 1/2	+ 1 1/2	3 1 1/2	6 1/2
109 1/2	99 1/2	110 1/2	101 1/2	Local Loans 3 %										96 1/2	96 1/2	+ 1/2	2 18 0	3 1/2	3 1/2	15(a)	15(a)	Nil	Nil	Eng. Sot. & Aust. (\$5.00) 9 1/2	91 1/2	91 1/2	-	3 1 1/2	0 1/2
104 1/2	94 1/2	105 1/2	100 1/2	Austria 3 % 1933-53										102 1/2	102 1/2	+ 1/2	3 7 2	11 1/2	11 1/2	16(a)	16(a)	Nil	Nil	Hambros (L) 22 pd	100 1/2	100 1/2	-	4 1 1/2	0 1/2
83 1/2	73 1/2	84 1/2	66 1/2	India 2 1/2 %										75 7/8	75 7/8	+ 1/2	3 7 2	11 1/2	11 1/2	17(a)	17(a)	Nil	Nil	Lloyds S. with 1 pd.	82 1/2	81 1/2	- 1 1/2	3 1 1/2	0 1/2
93 1/2	83 1/2	94 1/2	76 1/2	Do. 3 %										97 7/8	97 7/8	+ 1/2	3 9 0	63 1/2	63 1/2	18(a)	18(a)	Nil	Nil	Martins S. 22 pd	81 1/2	81 1/2	-	4 2 1/2	0 1/2
99 1/2	89 1/2	100 1/2	90 1/2	Do. 3 1/2 %										114 115	115	+ 1/2	3 10 9	7 1/2	7 1/2	19(a)	19(a)	Nil	Nil	Midland (L) 11 1/2	92 1/2	92 1/2	-	3 1 1/2	0 1/2
118 1/2	108 1/2	119 1/2	100 1/2	U.K. & Arg. 4 % A (1947)										106 1/2	106 1/2	+ 1/2	3 7 8	84 1/2	84 1/2	20(a)	20(a)	Nil	Nil	Nat. of Egypt (L) 11 1/2	92 1/2	92 1/2	-	3 1 1/2	0 1/2
107 1/2	97 1/2	108 1/2	100 1/2	Dom. & Colonial Govts.										112 113	113	+ 1/2	3 4 0	45 1/2	45 1/2	21(a)	21(a)	Nil	Nil	Nat. of India (S) 12 1/2	91 1/2	91 1/2	-	3 2 0	0 1/2
117 1/2	107 1/2	118 1/2	106 1/2	Australia 5 %, 1945-75										104 104	104	+ 1/2	3 6 0	45 1/2	45 1/2	22(a)	22(a)	Nil	Nil	Nat. of India (S) 12 1/2	91 1/2	91 1/2	-	3 2 0	0 1/2
107 1/2	103 1/2	108 1/2	100 1/2	Canada 4 %, 1940-60										115 116	116	+ 1/2	3 8 0	48 1/2	48 1/2	23(a)	23(a)	Nil	Nil	Prov. 20 % 4 pd	15 15	15	-	4 0 0	0 1/2
119 1/2	109 1/2	110 1/2	101 1/2	Nigeria 5 %, 1950-60										119 120	120	+ 1/2	3 9 0	15 1/2	15 1/2	24(a)	24(a)	Nil	Nil	St. of S. A. (L) 20 1/2	470 1/2	475 1/2	+ 5	3 1 1/2	8 1/2
120 1/2	110 1/2	111 1/2	102 1/2	N. Zealand 5 %, 1946										115 115	115	+ 1/2	3 12 0	85 1/2	85 1/2	25(a)	25(a)	Nil	Nil	Westminster S. 4 1/2	83 1/2	83 1/2	- 6d	3 1 0	0 1/2
102 1/2	92 1/2	103 1/2	93 1/2	Queensland 5 %, 40-80										107 107	107	+ 1/2	3 10 0	92 1/2	92 1/2	26(a)	26(a)	Nil	Nil						
119 1/2	111 1/2	118 1/2	113	S. Africa 5 %, 1945-75										117 117	117	+ 1/2	3 5 0	97 1/2	97 1/2	27(a)	27(a)	Nil	Nil						
Foreign Governments																													
101 1/2	89 1/2	101 1/2	89	Argentina 4 % Resc. 1952										101 101	101	-	4 0 0	13 1/2	13 1/2	28(a)	28(a)	Nil	Nil	Alexanders S. 2 1/2	88 1/2	88 1/2	-	4 5 0	0 1/2
95 1/2	85 1/2	101 1/2	82 1/2	Austria 7 %, 1957										89 89	89	-	8 4 2	12 1/2	12 1/2	29(a)	29(a)	Nil	Nil	National S. 1 1/2	6 1/2	6 1/2	-	4 10 0	0 1/2
86 1/2	76 1/2	101 1/2	76 1/2	Do. 4 1/2 % 1934-59										89 89	89	-	5 7 6	10 1/2	10 1/2	30(a)	30(a)	Nil	Nil	Union S. 5 1/2	11 1/2	11 1/2	-	4 5 0	0 1/2
83 1/2	73 1/2	83 1/2	63 1/2	B. Aires (Prov.) 9 1/2 %										108 109	109	+ 1/2	6 1 0	15 1/2	15 1/2	31(a)	31(a)	Nil	Nil						
114 1/2	104 1/2	112 1/2	106 1/2	Bulgaria 7 % red. by 1956										143 1/2	143 1/2	+ 1/2	17 4 9	12 1/2	12 1/2	32(a)	32(a)	Nil	Nil	Alliance (L) 11 1/2	31 1/2	31 1/2	+ 1 1/2	2 1 1/2	0 1/2
30 1/2	20 1/2	30 1/2	20 1/2	Brazil 5 % Fund. 1914										64 1/2	64 1/2	- 2	8 0 0	25 1/2	25 1/2	33(a)	33(a)	Nil	Nil	Com. Yr. 1 1/2	10 1/2	10 1/2	-	3 1 1/2	0 1/2
30 1/2	20 1/2	30 1/2	20 1/2	Chili 6 % (1929)										16 1/2	16 1/2	+ 1 1/2	3 0 0	30 1/2	30 1/2	34(a)	34(a)	Nil	Nil	Gen. Accident S. 1 1/2	10 1/2	10 1/2	-	3 8 0	0 1/2
86 1/2	60 1/2	91 1/2	71 1/2	China 5 % (1912)										72 72	72	+ 1 1/2	5 14 0	20 1/2	20 1/2	35(a)	35(a)	Nil	Nil	Lon. & Lanc. S. 5 1/2	34 1/2	34 1/2	-	2 1 1/2	0 1/2
100 1/2	80 1/2	100 1/2	84 1/2	Do. 5 % (1913)										102 102	102	+ 1/2	7 16 0	22 1/2	22 1/2	36(a)	36(a)	Nil	Nil	N. Brit. & Mer. S. 1 1/2	49 1/2	49 1/2	-	3 1 1/2	0 1/2
110 1/2	101 1/2	111 1/2	103 1/2	Czechoslovakia 5 %										102 102	102	+ 1/2	7 16 0	22 1/2	22 1/2	37(a)	37(a)	Nil	Nil	North. Ind. 10 1/2	20 1/2	20 1/2	-	3 1 1/2	0 1/2
89 1/2	79 1/2	90 1/2	83 1/2	Danish 3 %										95 97 1/2	97 1/2	+ 2 1/2	3 1 6	17 1/2	17 1/2	38(a)	38(a)	Nil	Nil	Phon. (L) 11 1/2	22 1/2	22 1/2	+ 1 1/2	2 3 0	0 1/2
99 1/2	89 1/2	100 1/2	93 1/2	Danzig 6 1/2 %										67 68 1/2	68 1/2	+ 1	9 10 0	30 1/2	30 1/2	39(a)	39(a)	Nil	Nil	Prudential (L) 11 1/2	17 1/2	17 1/2	-	3 9 0	0 1/2
111 1/2	101 1/2	102 1/2	93 1/2	Egypt Unified 4 %										103 104	104	+ 1	11 10 0	110 1/2	110 1/2	40(a)	40(a)	Nil	Nil	Do. L. with 4s. paid	107 1/2	107 1/2	-	1 6 0	0 1/2
28 1/2	22 1/2	28 1/2	22 1/2	French 4 % (British)										25 25	25	-	1 11 9	6 1/2	6 1/2	41(a)	41(a)	Nil	Nil	Royal Ex. (L) 11 1/2	10 1/2	10 1/2	+ 1 1/2	1 6 0	0 1/2
95 1/2	85 1/2	96 1/2	78 1/2	German 7 % (Young Ln.)										44 44	44	-	12 10 0	5 1/2	5 1/2	42(a)	42(a)	Nil	Nil	Royal L. 10s. paid	9 1/2	9 1/2	+ 1 1/2	3 1 1/2	0 1/2
36 1/2	30 1/2	37 1/2	27 1/2	Greek 6 % Stab. Ln.										31 1/2	31 1/2	+ 1/2	4 1 1/2	4 1/2	4 1/2	43(a)	43(a)	Nil	Nil	Sun. Insur. (L) 11 1/2	5 1/2	5 1/2	-	3 8 6	0 1/2
43 1/2	37 1/2	45 1/2	31 1/2	Do. 7 % Refugee										38 1/2	38 1/2	+ 1/2	6 3 0	18 1/2	18 1/2	44(a)	44(a)	Nil	Nil	Sun. Life Assurance (L)	48 1/2	48 1/2	-	2 1 1/2	0 1/2
46 1/2	39 1/2	51 1/2	38 1/2	Hungary 7 %										41 41	41	-	6 5 0	20 1/2	20 1/2	45(a)	45(a)	Nil	Nil	Yorkshire (L) 11 1/2	20 1/2	20 1/2	-	2 8 0	0 1/2
88 1/2	76 1/2	91 1/2	78 1/2	Japanese 5 1/2 % 1955-60										89 1/2	89 1/2	+ 1/2	6 5 0	25 1/2	25 1/2	46(a)	46(a)	Nil	Nil						
95 1/2	84 1/2	97 1/2	81 1/2	Swedish 5 % 1908										125 125	125	+ 1/2	6 10 0	5 1/2	5 1/2	47(a)	47(a)	Nil	Nil	Anglo-American Deb.	24 1/2	24 1/2	-	4 1 0	0 1/2
150 1/2	140 1/2	151 1/2	144 1/2	Norwegian 4 1/2 % 1911										125 125	125	+ 1/2	7 18 0	17 1/2	17 1/2	48(a)	48(a)	Nil	Nil	And. Ind. 1 1/2	49 1/2	49 1/2	+ 2	3 1 1/2	0 1/2
95 1/2	84 1/2	100 1/2	88 1/2	Poland 7 %										89 1/2	89 1/2	-	7 18 0	17 1/2	17 1/2	49(a)	49(a)	Nil	Nil	Atlas Electric, etc.	6 1/2	6 1/2	+ 1 1/2	3 1 1/2	0 1/2
20 1/2	14 1/2	16 1/2	7 1/2	Roumania 4 % Can. 1922										11 11	11														

(Continued from page 1085)

Total Offered for Subscription—	Including		Total Offered for Subscription—	Including	
	Conversions	Excluding Conversions		Conversions	Excluding Conversions
Jan. 1 to date—	£	£	Whole year—	£	£
1935	276,666,570	140,852,202	1934	410,980,300	169,108,700
1934	369,429,574	158,613,116	1933	467,921,500	244,780,500
1933	445,143,080	241,860,405	1932	2,699,684,265	188,909,963
1932	776,138,248	185,613,946	1931	114,290,666	102,044,291
1928	530,194,284	355,813,301	1928	693,100,056	369,058,073

(a) This figure includes £1,920,000,000 for conversion of 5 per cent. War Loan into 3½ per cent. War Loan.

January 1 to date—	Nature of Borrowing		Ordinary	Total
	Debentures	Preference		
1935	77,093,301	29,215,774	34,543,127	140,852,202
1934	99,465,859	17,727,957	41,419,300	158,613,116
Whole year—	212,917,900	45,062,600	111,177,600	369,158,100
1928	222,064,300	12,733,700	9,982,500	244,780,500
1934	102,769,300	21,461,000	44,878,400	169,108,700

By Stock Exchange Introduction

Amount previously recorded	Capital Introduced	Approximate Price Dealings Began	Cash Involved
Briggs (William) and Sons, 130,000 5½% "A" Cum. Pref. £1	130,000	22/3	144,625
Victors Stores—			
500,000 Ord. Is.	50,000	2/3½	57,813
500,000 6½% Prg. Preferred 2s.			
Ottoman Railway Holding Co.—	220,507	20	44,101
3% "A" Deb.	1,477,984	10	147,708
3% "B" Def.			
North Metropolitan Electric, £25,000 3½% Deb., 1951-76	625,000	100½	628,125
Aire Wool Co., 200,000 Ord. shares 10s.	100,000	13/3	132,500
Total to date, 1935	30,235,422	—	47,817,033
Total to date, 1934	24,490,568	—	36,369,025

PUBLIC OFFERS

County Borough of Brighton.—Issue of £500,000 3 per cent. stock, 1955-58, at £101 per cent. Stock will be repaid at par October 1, 1958, or from October 1, 1955, on three months' notice. Proceeds for municipal works, and for repayment of short-term loans. Rateable value, £1,782,339; average rate, 8s. 5½d. in the £. Net debt, £7,434,798, of which £4,238,062 productive undertakings and housing. List closed 9.5 a.m., November 26th.

United Kingdom Gas Corporation, Ltd.—Issue of 600,000 4½ per cent. cumulative £1 preference shares at 21s. and 250,000 £1 ordinary shares at 22s. per share. Shares rank *pari passu* with existing issues. Incorporated 1935 as gas holding concern to co-ordinate constituent undertakings. Total investments acquired, £1,505,630. Surplus available for further investment, after issue, £718,950. Estimated revenue, after debenture interest and administration, £90,000. Preference dividends, £40,991; preferred ordinary dividends, £7,241. Lists closed 10.30 a.m., November 26th.

Associated London Properties, Ltd.—Issue of £200,000 5 per cent. "B" mortgage debenture stock at par. Priority given to holders of 6½ per cent. stock to exchange into £103 5s. new for £100 old stock. Repayable at £102½ per cent. by January 1, 1976, or from July 1, 1945, on six months' notice. Secured on properties valued £452,297 (net after mortgages). Profits, before debenture interest, including profits from land sales, etc., years to June 24: 1933, £88,869; 1934, £102,992; 1935, £118,229. Mortgage interest and service of £250,000 5 per cent. first debenture stock required £51,165 in latest year. List closed 9.5 a.m. November 27th. Over-subscribed.

Silver and Steelcrafts, Ltd.—Issue of 160,000 6 per cent. cumulative 10s. preference shares at par and 180,000 5s. ordinary shares at 6s. Formed to acquire assets from and enter into agreements with cutlery, tool and plate manufacturers. Assets acquired: Land, £12,500; plant, £36,500; stock, £53,000; total, £102,000 for £99,500 in cash. Combined profits, after estimated depreciation, £14,517. Lists closed 9.15 a.m., November 26th.

Government of Southern Rhodesia.—Issue of £1,250,000 3 per cent. stock, 1959-64, at £99 per cent. Redeemable June 15, 1964, at par, or from June 15, 1959, on three months' notice. Proceeds of issue for public works expenditure, etc. Stock charged on general revenues and assets of Colony and free of Colonial taxes to non-residents. Sinking fund of 1 per cent. to be established. List closed 9.5 a.m. November 28th.

OFFERS FOR SALE

Edmundson's Electricity Corporation, Ltd.—Offer of £2,000,000 3½ per cent. debenture and stock at £98½ per cent. Founded 1897, and is interested in 99 electricity undertakings. Units sold, 1932, 323.6 millions; 1934, 467.2 millions; 1935 (9 months), 379.2 millions. Issue to finance development and to repay subsidiary loans. Profits ranking for issue (and 4 per cent. stock *pari passu*), years to March 31: 1933, £470,521; 1934, £537,099; 1935, £597,016. Net assets, £8,690,445. List closed 9.5 a.m. November 28th.

Moss Gear Company, Ltd.—Offer for sale of 130,000 6 per cent. cumulative £1 preference at 20s. 6d. and 560,000 5s. ordinary shares at 6s. 6d. per share. Formed to acquire gear-making business of similar name founded 1910. Net assets, £349,983, acquired for £333,576, £18,000 in preference, £55,000 ordinary shares, and balance cash. Profits of vendor, after depreciation and adjustments, years to August 31st: 1933, £11,788; 1934, £32,339; 1935, £39,554. Shares acquired by London Industrial Finance Trust at par, paying issue expenses, £5,000 liquidation expenses, and 3 per cent. commissions. Lists closed at 9.5 a.m. November 27th owing to heavy over-subscription.

BY STOCK EXCHANGE INTRODUCTION

Aire Wool Company, Ltd.—Share capital 300,000 10s. ordinary and 100,000 6 per cent. cumulative £1 preference shares. Acquires, at par, 150,000 £1 ordinary shares (entire share capital) of Airedale Combing Company, Ltd., incorporated 1916, woolcombers, whose total net assets December 31st last were £210,718. Profits, after depreciation before tax: 1932, £28,585; 1933, £41,025; 1934, £26,977. Dawnay, Day and Company, Ltd., and Robert Benson and Company, Ltd., subscribe for 100,000 preference at 21s. each and 200,000 ordinary shares at 10s. 6d.

Briggs (William) and Sons, Ltd.—Share capital 100,000 £1 ordinary, 130,000 5½ per cent. "A" cumulative £1 preference shares (of which the Charterhouse Investment Trust, Ltd., has agreed to subscribe for 100,000 shares at par, free of commission) and 25,000 6 per cent. "B" cumulative £1 preference shares. Both preference shares entitled to repayment of 21s. per £1 share in winding up. Acquires assets of William Briggs and Sons, Ltd., chemical manufacturers, founded in 1865, valued £235,532 for £255,000 payable £155,100 cash and £99,900 in ordinary shares, £19,468 for goodwill. Profits, after depreciation, years to September 30th: 1933, £32,086; 1934, £40,997; 1935, £44,671.

North Metropolitan Electric Power Supply Company.—Particulars of issue of £625,000 3½ per cent. debenture stock redeemable on or after January 1, 1951, at par at six months' notice and finally at par in 1976. The company supplies an area of about 660 square miles in Middlesex, Hertfordshire and Essex, providing bulk as well as direct supply. Electricity sold in 1934, 423.1 million units, an increase of 71 million units compared with 1933. Average annual increase during past five years has been 16.2 per cent.

J. H. Vavasseur and Company, Ltd.—Share capital, 600,000 10s. ordinary shares and 100,000 5 per cent. cumulative £1 preference shares. Incorporated 1903 to manufacture and trade in coconut palm products. Messrs Levy, Langner and Company have agreed to subscribe for 60,000 5 per cent. cumulative £1 preference shares at 20s. net and 100,000 10s. ordinary shares at 14s. 6d. net. Profits of company and subsidiaries, after depreciation, before income tax: 1932, £29,169; 1933, £53,968; 1934, £48,272. Total assets December 31, 1934, £873,038; net assets, £489,906.

BY TENDER

Alliance and Dublin Consumers' Gas Company.—This company is offering for sale by tender an amount of consolidated ordinary stock which with premiums obtained will realise £300,000. The capital is required for the purpose of liquidating this balance and extinguishing the company's overdraft.

Tendring Hundred Waterworks Company.—The Tendring Hundred Waterworks Company is offering for sale by tender £50,000 4 per cent. debenture stock. The minimum price of issue is £103 per £100, yielding at that price £3 17d. 8d. per cent. The net revenue for 1934 was £24,661. The interest on the loan capital, including the present issue, will amount to £4,448, leaving on last year's figures a surplus available for dividend on the preference, preferred ordinary and ordinary shares of £20,213.

BONUS ISSUES

Crompton Parkinson, Ltd.—It is proposed to capitalise a further sum of £241,294 of the reserves so as to provide for the distribution among the ordinary and "A" ordinary shareholders of 965,176 new fully paid "A" ordinary 5s. shares, representing a 100 per cent. capital bonus. This step is being taken in order to adjust the position of the equity capital in relation to the value of the assets and the company's greatly increased earning capacity.

British Tyre and Rubber Company.—The directors announce an issue of 100,000 ordinary of £1 at 36s. per share. These will be offered to ordinary shareholders on the register on November 23rd in the proportion of one for each eight shares already held.

ISSUES TO SHAREHOLDERS ONLY

Lister (R. A.) and Company, Ltd.—In order to raise additional capital to finance the expanding business of the company, the directors have decided to offer to the ordinary shareholders 37,500 new ordinary shares of £1 each at a price of 35s. per share payable in full on allotment. Each ordinary shareholder will have the right to subscribe for one new ordinary share for every ten ordinary shares held on that date.

Takau F.M.S. Rubber Estates.—Issue of £10,000 6 per cent. first mortgage convertible and redeemable debenture stock at par, registered and transferable in multiples of £1.

CONVERSIONS AND REPAYMENTS

British Government 3 per Cent. Treasury Bonds.—The fourth and final drawing of 3 per cent. Treasury Bonds will take place on December 3rd and succeeding days. The nominal amount of the bonds to be drawn will be 40 per cent., being the whole amount outstanding, of the total nominal amount of the bonds originally created. The original issue was £110,000,000 and was made in 1932. The prospectus provided for drawings of not less than 10 per cent. or £11,000,000 yearly. There is £44,000,000 outstanding.

Twynfords 6 per Cent. Debentures.—The 6 per cent. debentures will be paid off at the National Provincial Bank, 15 Bishopsgate, E.C., on January 2, 1935.

Dick (R. and J.), Ltd.—As liquid resources are considerably in excess of requirements, it is proposed to repay in cash 5s. in respect of each £1 cumulative preference share. Holders will then possess 6 per cent. cumulative preference shares of 15s. fully paid, repayable in case of liquidation at 22s. per share.

North British Rayon.—The directors have decided that the 235,000 unissued 10s. shares created in 1932 shall be called 6 per cent. cumulative convertible preference shares. Holders will have the right before July 1, 1939, to convert each preference into an ordinary 10s. share. The directors propose as soon as possible to put forward a scheme for funding the company's notes.

The Austrian Government Guaranteed Loan, 1923-1943.—The trustees of this loan announce that arrangements have been made for the repayment of the Spanish tranche on December 1, 1935, thus completing the arrangements for the repayment of all tranches of the loan.

London County 3½ per Cent. Consolidated Stock.—This stock will be paid off at par on and after January 6, 1936.

Porkellis Property and General Investment Trust, Ltd.—At the annual meeting on December 3rd resolutions will be submitted sanctioning the payment of dividends and doubling the company's capital.

FORTHCOMING ISSUES

Dancer and Hearne, Ltd.—A public issue of 320,000 5s. ordinary shares is expected shortly.

Essex County Council.—This body is seeking to issue about £1,250,000 of 3 per cent. stock. Funds are required to repay mortgages bearing a high rate of interest and for new works.

Maidstone and District Motor Services.—Issue of 83,380 ordinary shares of £1 in order to provide the necessary funds to meet developments in the business. According to present arrangements, it is anticipated that the offer to subscribe for these shares will be made to the ordinary shareholders early in January at par in the proportion of one new share to every five held.

E. K. Cole, Ltd.—The directors are expected shortly to decide upon the terms of the issue of 250,000 new 5½ per cent. preference shares of £1 which will be offered to the holders of the existing preferred ordinary and ordinary shares.

County Cinemas.—This company is expected shortly to make a £3,000,000 issue.

Australian Loan.—It is understood that the Commonwealth of Australia is likely to raise a loan shortly for the purpose of converting £21,657,000 of New South Wales 5 per cent. stock.

Crittall Manufacturing.—Two new issues are expected early in the New Year by this company. It is proposed to create and issue 750,000 5½ per cent. first cumulative preference shares at 21s. per share to provide funds for the repayment of the company's £750,000 6½ per cent. registered notes. It is proposed to create £1,000,000 4½ per cent. debenture stock, and to issue £850,000 of this stock in the first instance. £500,000 of the money thus raised will be devoted to the conversion or redemption of the existing £500,000 6 per cent. debenture stock.

OTARD'S

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THE BRANDY WITH A PEDIGREE

Atlas Cement of South Africa.—£350,000 5 per cent. debenture stock is expected to be issued in the middle of next week.

Other Forthcoming Issues.—Other forthcoming issues expected are as follows: Fife, Inverness, Newcastle, Luton and Sheffield.

OTHER RESULTS OF ISSUES

Ascot District Gas and Electricity.—The offer for sale by tender of £24,000 4 per cent. perpetual debenture stock was substantially over-subscribed. The average price of allotment was £104 12s. 2d. per cent., and the lowest accepted tender was at £104 1s. per cent.

Irish Free State Conversion Loan.—Applications for redemption of only £180,000 of the Free State £7,000,000 First National Loan were received. Only a limited amount of the new Conversion Loan is available for allotment, and this is to be distributed among small investors. Applications for conversion exceeded £6,370,000.

Sunderland 3 per cent. Loan.—Owing to heavy over-subscription, allotments have been drastically scaled down. Subscriptions exceeded £14,000,000.

Thrift Stores.—The recent offer of 625,000 1s. deferred ordinary shares to shareholders at 2s. 3d. per share, has been substantially over-subscribed.

CALLS DUE DECEMBER 2 TO DECEMBER 7, 1935

The grand total of calls in November 1935, is £9,759,149, which compares with £8,049,212 in November, 1934.

Nominal amount of Stock	Company	Amount of Call	When payable	Making Paid
£1	Anglo-Portuguese Telephone, 123,750 new Ordinary Shares at 25/-	6/- p.s.	Dec. 2	6/- p.s.
£10	Cables Investment Trust, 200,000 4½% Cum. Red. Pref. Shares, at £10½	£9½ p.s.	Dec. 2	All
Stock	Do. £3,000,000 3½% Red. Deb. Stock, at £99½	£89½	Dec. 2	All
£1	Easterns, 135,000 Red. 6% Cum. Pref. Shares, at 21/3	10/- p.s.	Dec. 2	All
5/-	Gold Fields Australian Development (partly-paid shares)	1/3 p.s.	Dec. 6	3/9 p.s.
£1	Leeds and Wakefield Breweries, 175,000 6% Cum. Pref. Shares, at 24/6	7/- p.s.	Dec. 2	All
£1	St. Austell and District Electric, 6,000 Ordinary Shares, at 35/-	10/- p.s.	Dec. 2	All
Stock	Swears and Wells, £500,000 4½% First Mort. Deb. Stock, at £102½	£50%	Dec. 2	All

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Amt. paid	Price, Nov. 20, 1935	Price, Nov. 27, 1935
African Railway Finance 2% Deb.	98½	23½	1½-1½ dis	1½-1½ dis
Brighton 3%	101	5	1½ dis-par	1½ dis-par
Cables Investment Trust Pref. £10	10½	1	7/9-8/3 pm	7/9-8/3 pm
Do.	99	10	3½ Dis.	1½ pm
Crown Flour 4½% Deb.	98	9	96-97	97-98
Dominion Reels (5/-)	5/-	2	3d dis-3d pm	par-3d pm
Earls Court Ord. 5/-	4/-	4/-	1/--6d dis	1/3-9d dis
Do.	5½	2nd Dis.	9-7 dis	10-8 dis
India 3%, 1949-52	98	60	8½ pm	8½ pm
Int. Power Newfoundland 3% Deb.	97	5	3-3½ pm	3½-3½ pm
Leeds and Wakefield Breweries 6% Pref.	20/-	17/6	3d-9d pm	3d-9d pm
London Electric Transport 2½% Deb.	97	47	par-1 pm	par-1 pm
Lowestoft 3%	98½	58½	1-1½ pm	1-1½ pm
Montague Burton Estates 4½% Deb.	101½	50	par-1 pm	par-1 pm
Norvic Shoe 5% Pref. £1	21/-	6/-	1/--1/6 pm	10d-1/4 pm
Sun Cycle Ord. 4/-	27/-	12/-	10d-1/4½ pm	10d-1/4½ pm
Do., Pref. Ord. 20/-	100	—	—	24½-25½
Ottoman Hdg. 3% "B" Deb.	100	—	—	13½-13½
Phoenix Prince Gold 5/-	5/-	5/-	5/9-6/3	5/7½-6/1½
Ribblesdale Cement 4% Deb.	101	51	1-1½ pm	1-1½ pm
Short Bros. Ord. 5/-	2/6	2/6	2/--2/6 pm	2/--2/6 pm
Stewart and Arden 2/-	21/-	10/-	9d-3d dis	9d-3d dis
Sun Cycle Ord. 4/-	5/-	5/-	1½d dis-4½d pm	3d dis-3d pm
Sunderland 3%	99½	25	—	1d dis-par
Tindals Gold 2/-	2/-	1/-	—	7½d-4½d pm
Trinidad 3% Stock	100	45	1½ dis	1-1½ dis
United Kingdom Gas Ord. £1	21/-	7/6	—	6d-1/- pm
Victors Stores 1/- Ord.	1/-	—	—	9d-1/3 pm
Do.	2/-	—	—	1½-1½ pm
Wade Potteries Ord. 2/-	4/-	4/-	4/--4/3	2/--2/6
Do.	10/-	10/-	10/1½-10/7½	4/--4/3
W. Lon. Prop. 4% Deb.	100	75	1 dis-1 pm	10/--10/8
Weyburn Engineering 5/-	6/3	6/3	1 dis-1 pm	1 dis-1 pm
Do. 6% Pref. 10/-	10/-	10/-	—	10/6-11/-

CONTINUED ECONOMIC RECOVERY IN AUSTRIA

FAVOURABLE DEVELOPMENT IN THE FOREIGN EXCHANGE POSITION

THE first ten months of 1935 marked another period of the upward movement in Austria's financial and economic position. Thus the slow but steady recovery which was noticeable in 1934 was further strengthened. Though the budgetary equilibrium is not yet fully restored, the fact should be emphasised that the only State loan which was floated in 1935 was for the greater part utilised to fund short-term liabilities of the Treasury, the remaining balance of 66 millions of schillings being devoted to finance the extraordinary budget of 1935, which contained the expenditure for public works.

This 5½ per cent. Internal Loan, 1935-1960, was issued for a nominal amount of S.175,000,000. Public subscriptions, including those of the banks for their own purposes, apart from any obligations as syndicate members, amounted to 136.9 millions of schillings, so that the issuing syndicate only had to take up 38.1 millions of schillings, which was less than they had expected.

Stable Exchange

For the third consecutive year the schilling rate remained absolutely stable during the period under review.

The amelioration in the tourist traffic on the one hand and the decrease in the passivity of Austria's trade balance as well as the reduced foreign exchange requirements of the Treasury due to the conversion of the League Loan on the other hand, enabled the Austrian National Bank to increase its holdings of foreign exchange to a considerable extent. The favourable development in the foreign exchange position, therefore, made it possible to lift, as far as the exchange of goods is concerned, practically all payment restrictions towards such countries as have not established foreign exchange regulations, and to allow the resumption of the transfer for the service of private foreign debts. Applications regarding foreign exchange transactions of another kind are, in general, treated in a favourable way by the National Bank. The foreign exchange restrictions as established in 1931 are, therefore, chiefly confined to a general control of the transactions by the National Bank.

Decrease in Unemployment

Unemployment decreased, according to expectation, during 1935; under the Government's slogan "Arbeitsschlacht" (i.e. battle for employment), a large-scale scheme was elaborated early in the spring, and for its greater part realised before the end of October. Some 400 millions of schillings have been made available by the Federal Government and the local authorities for the purpose of creating fresh employment. The construction of roads forms a very important item of this employment scheme.

The Grossglockner Alpine Road, the construction of which was commenced in 1930, was completed in the summer of 1935, and opened for traffic. This is one of the finest alpine roads in Europe, constructed at the level of some 7,000 ft., and the most modern alpine road on the Continent. The Grossglockner Alpine Road is, for the time being, doubtless the most attractive item Austria may offer to foreign tourists.

In connection with the "battle for employment," the Viennese Municipality has started a big rebuilding programme.

This year is the first since the birth of the new Austria in 1918 in which no change in the banking structure was made. This means that the banks are now definitely adjusted to the economic needs and potentialities of the Austrian State as created after the dismemberment of the old Empire.

Fortunately, no political troubles disturbed the peaceful reconstruction work carried through in 1935.

The foregoing remarks are substantiated by the actual figures.

Federal Revenues

During the first six months of 1935 the federal revenues (of the ordinary budget) amounted to 688.3 millions of schillings, while expenditure was 643.0 millions, thus leaving a comparatively small deficit of 45 millions, which was met by means of short-term Treasury Bonds. Extraordinary expenditure during the first half year amounted to 51.7 millions; as was mentioned above, the latter item was completely covered out of the proceeds of loans.

Position of the National Bank of Austria

The position of the National Bank of Austria may be summarised in the appended table (in millions of schillings):—

	Dec. 31, 1934	Mar. 31, 1935	June 30, 1935	Oct. 15, 1935
Notes and deposits ..	1,117.9	1,113.4	1,173.9	1,219.4
Gold and foreign exchange	277.4	274.5	324.3	378.5
Bills discounted and advances	238.6	235.2	233.6	231.0

The most interesting item is the increase in the foreign exchange reserve by some 100 millions of schillings during the last six months of the current year. The gold reserve remained practically stationary at the level of 242 millions.

The bank rate was reduced from 4½ to 4 per cent. on February 23rd, and from 4 to 3½ per cent. on July 10, 1935.

The general improvement in Austria's economic and financial condition is evidenced by the fact that the index number of Austrian shares quoted on the Vienna Stock Exchange (1930=100) rose from 100.3 in July, 1935, to 105.3 in September. The savings deposits of the Austrian banking institutions rose from 2,173 millions at the end of 1934 to 2,256 millions in September, 1935.

Statistics of Production

Turning to output of production, the following figures reflect the improvement in general business conditions:—

	Production (in tons)			1934
	Sept.	Aug.	July	Monthly Average
Iron ore	84,970	79,820	71,450	38,667
Pig iron	21,089	21,578	18,347	10,965
Crude steel	16,500	21,423	22,620	15,325
Rolled goods	14,093	16,793	16,193	12,513
Brown coal ... }	Not yet published	243,674	234,471	237,945
Coal		24,056	23,195	20,902

It is an interesting fact that the index numbers of prices remained practically unchanged during 1935: the average annual index of wholesale prices of 1934 was 110.0; the corresponding figures for July, August, and September, 1935, were 111.9, 111.3, and 109.9.

The results hitherto secured in Austria's economic and financial recovery are the more interesting as they have been achieved under a new constitutional system. The foregoing remarks would not be complete without taking account of the working of Austria's new constitution proclaimed on May 1, 1934. As a matter of fact, Austria's political, social, and economic structure is now being completely overhauled in order to bring it into line with the new constitutional principles. Austria's new constitution has been placed on the corporative basis; a similar constitutional reform was carried through in Portugal some years ago.

Restoration of Historic Functions

Austria is now engaged in restoring the historic functions which the professional corporations have performed in the past in Austria's economic and social life. A great amount of self-government and autonomy has been granted to the professional corporations; the constitution, however, does not prescribe hard-and-fast limits for the new organisation of professional corporations. Thus there is plenty of room for the free evolution and the organic growth of the professional corporations from within.

The decisive factor in the constitutional changes with reference to the professional corporations is that the latter embrace both employers and employees, thus helping to eliminate all kind of class war. So far as agriculture is concerned, the new organisation may be considered as completed, while good progress has been secured in most of the other sections of the economic activity of Austria.

COMPANY MEETINGS, &c.

ROYAL BANK OF SCOTLAND

ANNUAL GENERAL COURT OF PROPRIETORS

CONTINUED PROGRESS OF THE BANK

ENCOURAGING TRADE CONDITIONS

MR ALEXANDER MAITLAND'S REVIEW

The Annual General Court of Proprietors of The Royal Bank of Scotland was held, on the 27th instant, at Edinburgh, Mr Alexander Maitland, K.C., presiding.

Mr Maitland said:—Before presenting the Directors' Report and the Accounts for the year, I wish to refer to the great loss the Bank recently sustained in the death of His Grace the Duke of Buccleuch and Queensberry, K.T., G.C.V.O., who held the office of Governor of the Bank for the long period of twenty years, and, during that time, placed his wide experience and sound judgment unreservedly at its service. Until some six months ago he presided regularly at the weekly Meetings of the Court, where his intimate knowledge of the affairs of the Bank, his great abilities and business acumen were of the utmost value.

His personal qualities endeared him to all alike, whether Directors, Officials or Staff, and, in the long association of the Dukes of Buccleuch with the Bank, there can be none who rendered more distinguished services or whose loss could be more sincerely regretted.

It is also with deep regret that the Directors record the death of Mr T. M. Murray, W.S., who had been a Director since 1927. Mr Murray took a keen and active interest in the Bank and the loss of his advice and experience is greatly felt by his colleagues.

To fill the vacancy in the Governorship the Directors have elected His Grace the new Duke of Buccleuch and Queensberry, and are confident that he will prove a worthy successor to his father. His election preserves a tradition of great value to the Bank and one of which it is justly proud.

In moving the adoption of the Report, Mr Maitland said:—I presume it will be your pleasure that the Annual Report and Balance Sheet, with the Auditors' Report, which have been in your hands for some days, shall be taken as read.

The Directors are pleased again to submit what in their opinion is a satisfactory Statement.

INCREASED DEPOSITS

The Deposits show an increase on last year's figures of over £5,000,000, the amount appearing in the Balance Sheet being £64,009,174—which is a record figure for the Bank. Under present conditions and taking into consideration that the General Election was pending at the time we closed our Books, it is not surprising that there should be an increase in the figures in this side of our business.

We have also to report a small increase in the total of the Small Savings Accounts, which are included in the above total.

Notes in Circulation at £2,812,642 are slightly up on last year, but Acceptances and Indorsements of Foreign Bills and other obligations show a decrease of £163,000.

This decrease in the latter heading is wholly accounted for by a smaller volume of Forward Exchange Operations, which we would again mention are on account of clients and have all been covered with first-class Banks or institutions.

LIQUID RESOURCES AND INVESTMENTS

On the Assets side of the Balance Sheet the figures under the various headings provide ample evidence of the highly liquid position of the Bank.

Cash on Hand and with the Bank of England and other London Bankers, and Money in London at Call and Short Notice, at approximately £14,600,000, exceeds last year's figure by more than a quarter of a Million.

The marked increase in Deposits accounts for our larger holdings in British Government, Indian and Colonial and other Securities.

As usual, our Investments are valued at or under the Market prices ruling on the date of our Balance.

Bills discounted, including British Government Treasury Bills, are well maintained at practically last year's figures.

We regard it as a gratifying feature that we are able to report an increase in Advances on Cash Accounts and Current Accounts of over £800,000. Last year we reported an increase of nearly £700,000, under this heading, so that in a period of two years of difficult trading conditions, we have increased our Advances by over One and a half Million pounds.

PROFITS

Turning to the Profit and Loss Account, we are able to show an increase in Profits of about £8,000, which we regard as highly satisfactory.

Following our usual practice, all Bad and Doubtful Debts have been fully provided for.

APPROPRIATIONS

The Directors recommend that a Dividend for the Half-Year, payable at Christmas, at the same rate as formerly—17 per cent. per annum—be declared, and that the same appropriations as last year be made to Pension Reserve Fund and to Bank Buildings and Heritable Property.

After these appropriations there remains the sum of £76,217 7s. 10d., which it is proposed to carry to Rest or Reserve, now standing at the substantial figure of £3,857,143.

For the four years from 1931 to 1934 we carried undivided profits to our Inner Reserves which, as you have been told on previous occasions, are strong. This year we have reverted to the established practice of placing our undistributed profits to the published Rest or Reserve.

BUSINESS OF THE BANK

I am pleased to be able to report that the general business of the Bank throughout Scotland and at its London Offices continues to prosper.

Recently, Mr Smith, Manager of Drummonds' Branch, London, and Mr Howe, Agent of Western Branch, Burlington Gardens, London, were appointed Local Directors of their respective Branches. These gentlemen have rendered excellent services to the Bank, and we hope to retain for some years the benefit of their ripe experience.

Our associate Bank, Williams Deacon's Bank, Ltd., has benefited from the improved conditions in the area in which it operates.

TRADE REVIVAL

In his Speech from this Chair last year the Governor, in dealing with Scottish Trade and Industry, reported an improvement in a number of industries, and I am glad to say that the reports which we have recently received from various centres are again on the whole encouraging.

In Shipbuilding there has been a decided improvement since last year, and lately a number of orders for new ships has been placed.

The Clyde is confidently expecting to share in the Admiralty new building programme.

At the present time only about 40 per cent. of the slips in the Clyde Yards are occupied, and, while a considerable amount of leeway has to be made up before the industry is back to normal, the outlook is brighter than at any time during the past six years.

The Iron and Steel and Engineering Industries have shown a marked revival, and with good orders in hand these industries promise to keep busy for some time to come.

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In Coal there has been an improvement, both in the home and export trade. It is to be hoped that a settlement between the employers and the men will soon be reached and the threat of a Strike removed.

The Jute industry is experiencing better times and some of the mills and factories have not been so busy for a number of years.

As regards Agriculture, which is passing through a very lean period, we are encouraged to believe that prospects are also brighter in this industry which is so vitally important to the country.

WORLD TRADE

The economic depression has now lasted for nearly six years, and, although the Export Trade of this country shows a relatively good recovery from the lowest point of the depression in 1932, the vast unemployment existing in practically all countries portrays the heavy dislocation and disequilibrium in international trade relations, and I would again repeat what has been said on previous occasions from this Chair—that the removal of the many politically imposed barriers, which prevent the normal purchase and sale of goods and services between the nations, is essential if the unemployment problem is to be solved and other grave difficulties avoided.

DIRECTORATE

To fill vacancies on the Board Mr John T. Tulloch, C.A., Glasgow, and Mr Kenneth Murray, W.S., Edinburgh, were elected Directors of the Bank. From the experience we have had of these gentlemen at our meetings, we regard ourselves as fortunate in securing them for the Board.

THANKS TO OFFICIALS AND STAFF

I desire to record the sincere thanks of the Directors to the Officials and Staff of the Bank at the Head Office, London, Glasgow and Dundee Offices and Branches for the ungrudging services they have rendered during the past year. Mr Whyte, the General Manager, had, some two years ago, a difficult task imposed upon him in succeeding so distinguished a Banker as the late Sir Alexander Wright. Our confidence in him has been amply justified, and under his Management the best traditions of the Bank have been maintained, and I am sure he would be the first to admit that this result could not have been achieved without the loyal co-operation he has received from all those working with him.

APPROVAL OF ACCOUNTS—DIVIDEND

I now beg to propose that the Report, containing a Statement of the Accounts and Balance Sheet, be approved, and that out of the Profits of the year a Dividend at the rate of 17 per cent. per annum for the Half-Year, under deduction of Tax, be declared in conformity therewith.

The Report was approved, and the Governor, Deputy-Governor, Extraordinary Directors, and the retiring Ordinary Directors, were re-elected, and Auditors were re-appointed for the ensuing year.

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

KLERKSDORP CONSOLIDATED GOLDFIELDS, LIMITED

GRATIFYING RESULTS OF DEVELOPMENT

The annual general meeting of the Klerksdorp Consolidated Goldfields, Limited, was held, on the 22nd instant, at Caxton Hall, Westminster, London, Mr C. A. Moreing, M.Inst.C.E., presiding.

The Chairman, in the course of his speech, said:—*Dealing with the large areas which your company controls in the Klerksdorp district of the Transvaal Province, our objectives were twofold: first, the development and bringing to a state of production of a portion of the areas covering the Dominion group of reefs, the outcrop of which had been traced for many miles prior to the inception of the company, and upon which a certain amount of exploratory work had already been done; and, second, the further investigation of those areas which were stated by highly qualified geologists, after long and careful studies, to contain the Main and Government Reef horizons.*

By the end of the period covered by the accounts—namely, June 30th—certain portions of your areas were fully equipped for mining, the ore developed being 51,790 tons, and the general managers of your company advised that the developed portions of the Dominion Reefs were ready for production and capable of maintaining an initial unit mill of 20,000 tons per month. In consultation with your general managers, your directors decided to form a first producing company to take over these areas and to erect and work a mill of that capacity.

Since June 30th the rate of development of these areas, owing to the additional equipment available, was speeded up very greatly, and at September 30th the engineers' report stated that the ore fully developed was 125,000 tons of an average value of 6 dwt., with, in addition, a partly developed tonnage of 72,000 of the same value, and that it was confidently expected that by the end of this year the total ore in sight would be 250,000 tons, or one year's supply ahead of the mill. They further stated that the rate of development was between 30,000 and 40,000 tons per month, thus foreshadowing not only greatly increased ore reserves but the possibility of milling larger tonnage than that contemplated.

I draw your particular attention to the value of the ore developed, and to the width of the reefs, reported in the monthly progress reports which are regularly issued to the Press to keep the shareholders and the general public informed of the progress of the work. When you remember that the average yield of the ore from the great mines of the "Central Rand" at Johannesburg is only 5 dwt. or less, and is being raised from depths of many thousands of feet at an average cost of 19s. per ton, you can easily imagine how great will be the profit to be derived from ore of an average value of 6 dwt., raised from a depth of a few hundred feet only at a working cost of less than 15s. per ton, leaving with 6 dwt. ore a profit margin approaching 4 dwt., or nearly 26s. per ton.

A public issue of part of the capital of the new operating subsidiary company, Dominion Reefs (Klerksdorp), Limited, to take over these areas was made on the 5th instant, and was immediately over-subscribed, this subsidiary company having purchased a portion of our Dominion Reefs areas with the plant and equipment thereon, paying as consideration the actual sum expended on plant and development as at September 30th—namely, £104,281, plus one million 5s. shares fully paid.

You will remember that in the prospectus of this company it was stated that if one or both of these reefs are proved in the company's areas the potentialities of your property must far exceed the scope of the present issue. Your company is concentrating upon this work and, should the drilling results confirm the sanguine anticipations based upon the data collected during the past year, it is no exaggeration to say that a further important new goldfield of great extent will be opened up.

Summarising the results, the first subsidiary company has been launched and will make an early appearance in the ranks of dividend payers. Our investigation and surveys of the Main and Government Reefs areas confirm our engineers' opinion of the high potential value of these holdings, and we are now starting an intensive drilling campaign to locate definitely the value and depth of these reef horizons, which, as you have already been told, are expected to be in some places as shallow as 1,000 ft. We are also developing vigorously the remaining areas of the Dominion Reef. I am sure you will agree with me, from this brief review, that what has been accomplished in the thirteen months of this company's existence is a remarkable achievement. The report was unanimously adopted.

ENGLISH, SCOTTISH AND AUSTRALIAN BANK, LIMITED

IMPROVED CONDITIONS IN THE COMMONWEALTH

MR ANDREW WILLIAMSON'S INTERESTING REVIEW

The forty-third annual general meeting of the English, Scottish and Australian Bank, Limited, was held, on the 27th instant, at 5 Gracechurch Street, London, Mr Andrew Williamson, the chairman, presiding.

Mr A. A. Shipston, London manager and secretary, read the notice convening the meeting and the auditors' report.

The Chairman said the year 1934-35 was disappointing in the unsatisfactory prices for Australia's principal exports, but there was a marked improvement in internal trade. The remarkable rise in wool which occurred during the previous year resulted in a greatly increased national wool cheque, totalling over £57,000,000, as compared with £36,500,000 in the year before. This caused last year an increase in imports and a quickening of demand for Australian manufactures, with increased factory activity and the demand for factory labour. There had been during the past year more business activity, with more inquiry for financial accommodation from the banks, as would be seen from their own accounts. Indeed, throughout Australia there was evidence on all hands of greater confidence and a definitely more hopeful outlook.

Primary industries in the past year, pastoral and agricultural, were adversely affected throughout most of the States by the lateness of the rains, and subsequently in some by plagues of grasshoppers. Over large areas in Queensland there prevailed the worst drought experienced for very many years, which resulted in very heavy losses of sheep and livestock, running into millions. While wheat prices last year were still unsatisfactory, they showed a slight improvement, and the wheat cheque was larger by over £4,000,000.

OVERSEAS TRADE

During the financial year there was a shrinkage in the value of total exports of over £8,500,000 and an increase in the value of total imports of approximately £13,500,000, an adverse movement of about £22,000,000. Taking the total imports from the total exports the balance of overseas trade in favour of Australia last year was £16,000,000 against rather under £38,000,000 in the previous year. The interest payable in London on Commonwealth and local authorities' debts last year was approximately £24,000,000 sterling, so that the surplus of exports over imports disclosed a deficiency for this purpose of £8,000,000. As, however, in the three preceding years the surplus of exports over imports was not only sufficient to meet the annual payment of interest on the Commonwealth Government debt and the debt of all local authorities, but sufficient to leave a surplus after these payments of about £40,000,000—ample sterling funds to meet these obligations, and affording no reason to disturb the rate of exchange, which had remained constant at £125 Australian for £100 sterling.

PROGRESSIVE IMPROVEMENT

In presenting the Commonwealth Budget for 1935-36, Mr R. G. Casey, then Assistant Treasurer, gave many interesting figures showing the progressive improvement of the Commonwealth. The increase in the number of workers employed in factories showed a steady upward movement, from 337,000 in 1931-32, the lowest in recent years, to 451,000 for 1934-35. Further evidence of the general improvement was seen in the totals of the deposits of savings banks, including the Commonwealth Savings Bank, which now amounted to £217,972,000, and in the upward movement in the bank clearings in the six capital cities of Australia. Another sure sign of returning confidence was the increase in building activity, residential, industrial and commercial. This had been in evidence in all the States.

During the year two further debt conversions had taken place, one in January last of £22,384,000, and another in July of £13,470,000, which brought the total of London conversions to date to £160,305,000, with an annual saving in interest, including exchange, of £2,935,000. The old rate of interest averaged 5s. 2s. 7d. per cent.; the new rate £3 13s. 5d. per cent.

The short-term debt amounted altogether to £78,749,000, or some £4,000,000 less than at June 30, 1932. Of that amount £33,600,000 was held by the Commonwealth Bank in London in Treasury bills, and the balance in Australia by the Common-

wealth bank and the trading banks. He assumed that the whole policy with regard to the question of funding floating debt would receive from time to time very careful consideration.

INTERNAL DEBT

The internal debt, which had been contracted by Mr Lyons's first Government, stood in June of last year at £54,012,000. Just before the close of the Government's financial year a further loan of £12,506,000 was issued, bringing up the total addition to the internal funded debt created by Mr Lyons's two Governments to £66,564,000, from the proceeds of which £16,496,000 had been devoted to funding a similar amount of Treasury bills, and cabled advices informed them that a new internal loan of £7,500,000 3½ per cent. stock would shortly be issued at 99½. The last financial year of the Government had closed with a surplus of £711,205, against an estimated surplus of only £13,810, and the combined result of all the States for the last year, without Tasmania, showed a combined deficit of £3,164,787, against an estimated deficit of £5,300,000. It was to be specially noted that before the result of the financial year of both the Commonwealth and State Governments was arrived at provision was made for payments due to the national debt sinking fund. Last year those payments had amounted to a total of about £9,100,000.

THE ACCOUNTS

With regard to the accounts, the reserve fund had been increased to £1,665,000, while the special reserve was unchanged at £1,585,000 and amply covered the depreciation in Australian currency for which purpose it was set aside. Deposits at interest had decreased by £554,565, which was more than offset by an increase in current accounts of £932,570. This movement was symptomatic of the changes which had been at work since they last met. The low rates of interest had no doubt induced some of their depositors to seek more remunerative forms of employment for their money, while at the same time the increase in current accounts was indicative of the improved conditions of trade, which demanded a larger store of ready cash to carry an increased turnover. The two items together, at £32,409,352, showed an increase of £378,000 over last year's figures. There was a diminution of £3,064,358 in the cash item, which now stood at £6,167,832. Last year the exceptional cash position reflected the need for outlet in the form of sound advances, and he was glad to say that a definite return of confidence had led to a more active employment of their funds, as evidenced by the fact that their advances, at £28,813,047, had increased by £2,595,300, while bills receivable and remittances in transit, £4,878,250, showed an increase of nearly £500,000; the two items together more than accounted for the decrease in cash referred to. Even so, the ratio of cash to each £1 of current account deposits was 9s. 7½d. Taking into account the Treasury bills which they carried, the ratio would be 13s. 9½d. to the £. At the same time investments had been increased by £333,137 to £2,200,526, and if that amount was added to the total cash and Treasury bills, the aggregate represented a ratio of liquid resources of 17s. 3d. to the £. Thus, while they had taken advantage of the increased opportunities of employment for their funds, the liquid position showed a strength consistent with sound and prudent banking.

PROFIT AND DIVIDEND

After making a transfer to the credit of contingencies reserves, out of which reserves provision for all bad and doubtful debts had been made, the gross profit stood at £1,025,858, an increase of £25,095 over last year's figures. After deducting the total expenses, there was a net profit for the year of £243,579, from which £15,000 had been carried to reserve fund, and it was now proposed to allocate £5,000 to officers' provident fund, £50,000 to contingencies reserves, and to pay a further dividend of 2½ per cent., making 5 per cent. for the year, free of income tax, and leaving £299,326 to be carried forward.

The business of the bank during the past year had naturally benefited by the revived general feeling of confidence and increased business activity in all the States. Their connections had been well maintained and extended in various directions. The

prosperity of the bank was bound up with that of the various States of Australia, in all of which they were well represented. They entered on the current year with a generally brighter outlook, and that outlook had further improved in the months that had elapsed since then. The prices of primary products had improved in practically all departments, and so far showed no signs of reacting.

ROYAL COMMISSION ON BANKING

Prior to the last general election, which took place in September, 1934, the Labour Party then in Opposition, after continual attacks on the banking system of the Commonwealth, put forward as the main plank in their policy the nationalisation of banking and carried on a vigorous campaign in support. This revolutionary move had received no support from the Prime Minister, who had, on the contrary, himself paid unstinted tribute to the service rendered by both the Commonwealth Bank and the trading banks to the national interests, and to the manner in which they had helped forward recovery. In view, however, of the anti-bank propaganda and the declared policy of the Opposition, he undertook, if his party were returned at the approaching election, to appoint a Royal Commission to inquire into the matter. At the election the Labour Party were effectively defeated and their policy was rejected. The Jubilee of the King entailed the absence of the Prime Minister in England for a number of months, but since his return he had appointed a Royal Commission, in fulfilment of the undertaking he had given.

When addressing the shareholders last year he dealt at some length with the question of nationalisation of banking, and referred to the fallacies and misstatements of the political propaganda carried on in its favour, and it was unnecessary to go over the same ground to-day.

The burden of taxation still pressed very heavily and very seriously impeded recovery, but exceptional taxation had to be accepted in times of exceptional difficulty, when they wanted to see every effort made to balance Budgets, and so long as the various Governments did not move into extravagant courses, and also so long as the taxation itself was equitable and did not discriminate unfairly. He was particularly glad to inform shareholders that the Queensland Government had recently announced that they would shortly bring in a Bill to provide that all business losses might be carried forward for income-tax purposes, which had not hitherto been the case. Several conferences between the Commonwealth and the States had been held during the year, and he expected that most, if not all, of the States would bring in similar legislation.

TAXATION OF ABSENTEE SHAREHOLDERS

There was one form of taxation which it seemed to him should in the best interests of Australia herself receive very serious reconsideration by Australian Governments, and that was the taxation of absentee shareholders and debenture-holders. This more than anything tended to deter people in this country from investing in Australian enterprises, and that at a time when Australia more than usually wanted the assistance of private capital to help on recovery. Sometimes these assessments were made retrospectively for several years. It was the wisdom, not the equity, of such taxation that was in question. The hurtful effect in deterring the flow of private money to Australia far more than offset any financial benefit from tax collected. He respectfully submitted that this whole question of absentee taxation was worthy of very serious reconsideration; that it restricted the inflow of private capital was unquestionable.

In conclusion, the chairman read the following telegram recently received from the joint general managers in Australia:—"We are approaching our export season under more favourable auspices than any time since 1931. The seasonal outlook in the Commonwealth is satisfactory, and all our primary products have enhanced in value. It is pleasing to be able to report that there is distinctly more vitality all round in the bank's operations."

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

Sir Frederick W. Young, seconding the motion, referred to his recent visit to Australia and described the impressions he had formed as a result. He could only emphasise, as the result of personal contact, their good fortune in having a loyal and able staff throughout their widespread service in the Dominion. He was also impressed with the fact that in Australia progress was still the order of the day, and that the Commonwealth must become more and more important as a contributor to the world's wealth and progress.

The report and accounts were unanimously adopted, and the proposed alterations to the company's articles of association were approved.

NEW GOLDFIELDS OF VENEZUELA, LIMITED

VERY SATISFACTORY RESULTS

The meeting of the New Goldfields of Venezuela, Limited, of 49 Moorgate, London, E.C., was held, on the 25th instant, in London.

Mr John A. Agnew (the chairman), in the course of his speech, said the results of operations had been very satisfactory, and the net result was a profit of £46,414, reducing the debit balance to £19,739. To give an idea of the important part the rate at which the company purchased their Bolivar remittances played, he desired to point out that the profits for the year would have been increased by something between £90,000 and £100,000 if the bolivar were linked to sterling at the parity between the two currencies—namely Bs. 25 to the £—before this country departed from the gold standard.

Dealing generally with the results of operations at the property during the year, it might be said that these had been very satisfactory. A total of 160,135 tons of ore were treated, averaging 7.1 dwts. per ton; the indicated recovery was 87.5 per cent., compared with 89.5 per cent. for the previous year. Since the end of the financial year an improvement in recovery had been shown, that for July being 91.1 per cent. and for August 91.2 per cent. The total value of the bullion produced was £351,094. Since the end of June last 50,923 tons of ore had been crushed, this averaging 8.29 dwts. in value and yielding bullion to the estimated value of £136,763.

After deducting working costs, an estimated working profit of £44,613 was shown for the four months. From this had to be deducted £13,155, being the amount spent on development work at the rate calculated to replace the tonnage of ore milled, leaving a net mine profit of £31,458 for the period indicated. In view of the smaller tonnage treated recently, he thought these figures might be regarded as very satisfactory indeed.

The satisfactory increase in the ore reserves had, he felt sure, been noted by shareholders. It had to be realised that development work in several instances had been retarded for lack of proper hoisting facilities, but despite that fact the reserves had now been increased to over half a million tons, averaging 8.1 dwts. gold per ton. These figures indicated that just over 240,000 tons of ore had been opened up for the year.

PROFIT OUTLOOK

Regarding the outlook for the future, he felt confident that within the next two or three months they would have the treatment plant in such condition as to enable them to deal with the maximum efficiency with even the worst types of ore that might have to be contended with. It ought to be said here that the ore was in no instance of a refractory character, it being merely a matter of efficiently recovering the whole of the gold which readily went into solution and of providing in the mill a settling plant of a capacity sufficient to take care of their maximum crushing capacity. Therefore, they looked forward in the very near future to treatment on a basis of 15,000 tons of ore monthly.

Mr C. O. Lindberg, in a report prepared on his visit to the property in July of this year, estimated on this basis earning a profit of not less than £100,000 per annum. In this estimate he allowed for a charge against revenue of a sum of £20,000, which in the directors' opinion was not properly thus chargeable, increasing his figures to a rate equivalent to £120,000 per annum. If for the financial year 1936-37 the tonnage was confined to 15,000 monthly, the relative figures were £140,000 and £160,000. The difference of £20,000 arose through Mr Lindberg allowing for charging out the whole of the development expenditure incurred in the respective years, whereas they did not consider that a proper charge against revenue should exceed the amount spent on development at a rate sufficient to replace the ore milled in each year.

In view of the numerous fluctuating factors, shareholders would appreciate how difficult it was to prepare anything like accurate forecasts, but the figures which he had just given could be taken as reasonable expectations of what the outcome should be, provided none of the factors on which the estimates were based undergoes any violent change.

He struck a note of optimism in addressing the shareholders last year, when he stated that if they were afforded relief in the matter of exchange they should very quickly forge ahead. Well, the exchange had certainly improved to some extent, and the results he had already given for the first four months of the present financial year, satisfactory as they might be, were, he hoped, indicative of something better to come. This was, at any rate, the view the directors took, and he trusted it would be found to have been justified.

The report and accounts were unanimously adopted.

JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED

GROWTH OF GOLD MINING INDUSTRY TAXATION BURDENS AND ANOMALIES

The Johannesburg Consolidated Investment Company, Limited, announces the receipt from Johannesburg of the following summary of the chairman's speech at the annual meeting of shareholders held on the 26th instant, at which Dr. J. G. Lawn presided.

The Chairman said: The Permanent Chairman, Mr J. B. Joel, has asked me to convey to you his hearty greetings. Mr Joel continues to take the keenest interest in the welfare of the company and its affairs receive his unremitting attention. The report and accounts were unanimously adopted.

Attention was specially directed to the strong financial position disclosed in the balance sheet. Liabilities to the public, including dividend, amounted to £1,636,371, while the book value of assets totalled £8,057,045, a surplus of assets over liabilities of £6,420,674. The net profit for the year was £1,142,031. £350,000 had been transferred to reserve, making the total of the reserve fund £2,300,000. The dividend and bonus of 3s. and 1s. per share respectively distributed to shareholders on September 19th absorbed £790,000 and left a balance of £170,673 to be carried forward.

Continuing, the Chairman said: The growth of the industry since 1932 has been remarkable.

At present it is operating on a basis approximately 30 per cent. greater than when the Union was on the gold standard and, in addition, several new mines are in process of vigorous development and equipment. The result has been manifested throughout the country in increased employment and spending power.

GOLD MINING TAXATION

Gold mining taxation has again been altered, but not in the direction of simplification. The two taxes which were in force in 1934—namely, normal tax and excess profits duty—have been retained for 1935, and a third tax, known as gold profits surtax, has been added. The new tax is levied in the form of a 10 per cent. tax on gross profits and was added because the amount collected in 1934 was short of the Treasury's estimate.

Taxation has now reached a level unheard of for a primary industry. The Government insists on taking 50 per cent. of excess profits, which it has defined in its own peculiar way, and the reasons given for the proportion being fixed at this arbitrary figure are, to say the least, unconvincing. How long this view will last I cannot say, but meanwhile, as you are perhaps aware, the industry as a whole continues to be taxed on one definition of excess profit and the individual mines on quite a different definition.

In order to relieve themselves of excessive taxation, individual mines are encouraged, or it may be said forced, to increase tonnage and lower grade, but as the grade of ore crushed by the industry as a whole falls, the amount to which the Government considers itself entitled rises. This is the major anomaly of the present scheme. If the Government succeeds in obtaining a reduction of grade then it cannot get the amount which it considers to be its due, and if it obtains the sum it is asking for it fails to encourage the mining of low-grade ore. Now the new tax of 10 per cent. on gross profit would, if it stood alone, tend gradually to cause an increase in grade of ore crushed and a fall in tonnage because it taxes all ore, however small its profit may be, at the same rate, but as the excess profits duty was retained for 1935 the impulse towards lowering grade and increasing tonnage on individual mines was accentuated.

It is not suggested that taxation which results in mining of marginal ore and in consequence increases tonnage crushed, is undesirable; on the contrary, the principle is admirable. The complaint is that the method adopted is unnecessarily complicated, and encourages malpractices while it contains factors which pull in opposite directions, and varies the burden of taxation as between mine and mine in a fortuitous and unreasonable manner.

The outstanding feature of the Witwatersrand as a whole, in contradistinction to other gold fields, is the huge quantity of marginal ore—that is, ore which shows only a small margin of profit—which it contains. Whatever be the price of gold or the level of working costs, this marginal ore is always present. The augmented price of gold has made payable hundreds of millions

of tons of additional ore. This additional tonnage consists almost entirely of ore in the marginal category and a great proportion of it, being in undeveloped areas, will require capital expenditure for its exploitation.

Had there been no such thing as marginal ore—that is to say, if all the ore of the Witwatersrand had been either payable at 85s. per oz., or else unpayable at even 140s. per oz.—that is to say, had the Witwatersrand not possessed any ores of intermediate values—then the increased price of gold would have been only of minor benefit to the country. The profits of the existing mines would have increased by about £18,000,000 per annum.

Of this sum presumably the State would have taken one-half and shareholders would have been better off by some £9,000,000 per annum, rather under one-half of this figure being distributed in this country. Few new mines would have been started, and there would have been no extension to the lives of existing mines—in fact, by this time several mines which were operating in 1932 would have shut down. There would have been a reduction instead of an increase in employment; the general expenditure of the industry would have been less and the ordinary citizen would hardly have detected any change in the condition of the country.

POSITION TRANSFORMED BY MARGINAL ORE

Note the difference between this picture and what has actually happened. The starting up of the 14 new mines and the extension of employment in existing ones; the wonderful prosperity and spirit of optimism which has descended upon the Witwatersrand and, through it, upon the whole of South Africa; the great buildings and new factories; the restoration of wage cuts; electrification of railways and swelling State and provincial Budgets, all of which have been almost entirely due to one thing and one thing only, and that is marginal ore.

It is the existence of huge quantities of marginal ore which, unattractive at the old price of gold, are attractive at the new, which has transformed what might have been regarded simply as a substantial addition to shareholders' dividends and a very useful relief for the tax-payer into a condition of prosperity for the whole of South Africa.

It has recently been authoritatively, and in my opinion conservatively, stated that the increased value of gold has, from the point of view of extension of the life of the mining industry, been equivalent to what would have happened under the 1932 conditions if working costs had fallen by 6s. 6d. per ton. This means that if under those conditions it had been possible to reduce working costs by 6s. 6d. per ton, there would have occurred the same increase in the life of the industry as has since been brought about by the rise in value of gold. Thus the truth of the thesis preached by the leaders of the mining industry for many years past—namely, that of the immense importance to the country of lowering the limit of payability of its gold ores—has, through the rise in value of gold, been proved in a manner which must be convincing to everyone.

IMPORTANCE OF LOW-GRADE ORE

It is of the utmost importance to the future of the country that the position is fully understood, that is, that the explanation of the recent expansion of the mining industry and the general prosperity of the Union does not lie in the extra profits made by the industry but rather in the vast quantity of low-grade ore which the lowering of the pay limit brought into the payable category.

The mines are now operating on a scale 30 per cent. greater than in 1932. The extra tonnage is made up entirely of previously unpayable ore, and the working of it will result this year in an additional £8,500,000 being distributed as working costs.

It is to be hoped that the value of the country's low-grade ore has been so conclusively demonstrated over the past three years that in future no effort will be spared to encourage its exploitation, and above all, that no artificial discouragement shall be placed in the way of those who are prepared to provide capital to develop and work it. While to this end the lowering of working costs by the use of improved methods has always been and is still the permanent concern of the technical staffs and workpeople associated with the industry, the reduction of the effect of

indirect taxation upon working costs should be the constant aim of the State. Important as are these considerations upon the question of rendering available the marginal ton, I only wish now to discuss briefly another factor, namely, the effect upon it of certain forms of direct taxation.

EFFECT OF HIGH TAX ON MARGINAL ORE

When we get away from the purely speculative market which has flourished during the past three years and return to ordinary investment conditions—for all booms must come to an end sooner or later—capital will not be used in any enterprise unless, bearing in mind the risk, the expected return is adequate.

It is often loosely stated that, provided taxation is levied only on profits, it does not prevent the mining of low grade ore. This statement is a half truth and a dangerous one. Taxation of small profits does not necessarily prevent the mining of low grade ore which is already fully developed, but taxation, when imposed at a high rate, will reduce the company's share of such profits to a figure insufficient to provide for current capital expenditure. Furthermore, taxation on such ore removes the incentive to search for and develop it. A high rate of tax on marginal ore is a certain way of shortening the lives of existing mines and discouraging the opening up of new ones.

It has been calculated that in a modern deep level mine a net profit of about 5s. per ton represents the minimum justification for the investment of capital, and it is obvious that any tax levied upon profits of this magnitude by reducing the net return renders them unattractive. The average tax rate to-day is over 40 per cent., and such a tax if levied on all profits, however small, would reduce those of 5s. per ton to 3s. per ton, a figure which is inadequate to provide for current capital expenditure and which is insufficient to keep the business in a healthy condition. The result of the imposition of a rate such as this on marginal ore would have, in short, the effect of increasing the required profit to justify exploration from 5s. to 8s. 4d. per ton, which is equivalent to an artificial raising of working costs by 3s. 4d. per ton and of the pay limit, in so far as the justification of the opening up of new ore is concerned, by the same figure.

CASE FOR SPECIAL CONSIDERATION

The new ore which the increased value of gold has made payable, the millions of tons which by extending the life of the industry have been the major cause of the country's prosperity would, it is estimated, under present conditions show on the average about 5s. 6d. profit per ton, a figure which only slightly exceeds that of the minimum profit required for a new deep level mine, and credit is due to the Government in that the principle of safeguarding this ore from high taxation (though it is still subject to the 20 per cent. income-tax) has been maintained even though the method used has been unsound.

Shareholders will no doubt agree with me when I say that one of the most trying features of mine taxation during the past three years has been the violence with which its incidence as between mine and mine has fluctuated. It is essential that some kind of stability be achieved in this important matter, and with the magnificent results which have accompanied the lowering of the pay limit during the past three years before one's eyes, it is sincerely to be hoped that in any future taxation, provision will be made so that profit on low grade ore will be free of tax or, at most, taxed at a low rate.

The direct revenue to the State from low-grade ore is small in total amount, and is trivial compared with the immense indirect benefit which results from its being worked. The well-trying principle of placing taxation where it will do the least harm can nowhere give finer results than in this mining industry of ours and the protection of the small profit ore from direct taxation cannot but present the most forceful appeal to all who have the well-being of the country at heart.

The six operating mines of group during year crushed 10,844,000 tons ore, produced 2,608,913 ozs. gold, spent £10,047,810 in working costs and £304,308 on capital account and made a gross profit of £8,555,205. Dividends totalling £3,691,450 were declared, an increase of £529,248 over dividends distributed previous year. Government's share in profits of Lease Mines £3,547,179.

Large area of ground situated south of Durban Roodepoort Deep recently acquired by lease from Government. Diamond drilling to ascertain depth main reef series proceeding satisfactorily.

The Chairman concluded by giving details of the various mineral interests in South Africa.

BUSHTICK MINES (1934), LIMITED

PROGRESS OF OPERATIONS

The Ordinary General Meeting of the Bushtick Mines (1934) Limited, was held, on the 14th instant, at Bulawayo.

The Hon. H. U. Moffat, C.M.G. (the chairman), in the course of his speech, said that ore reserves amounting to 344,000 tons of an average value of 4.45 dwt. had been opened up. A year ago the figure of available ore was 250,000 tons. The decision to increase the capacity of the plant from 8,000 tons, as suggested in the original prospectus, to 10,000 tons a month had therefore been fully justified. With the increased milling capacity the company still had nearly three years' ore in sight. On the advice of the consulting engineers the policy of the directors would be to build up the ore reserves to 500,000 tons to justify doubling the present plant.

First deliveries of the machinery were received in December last and everything was ready for running by September 1st.

At the Foundation Section the continuation of the ore shoot to the Third Level was established, with no diminution of strike length. Six hundred feet east of the Foundation Shaft a cross-cut on the First Level horizon from Sally Shaft indicated the continuation of the ore body, the section cut averaging 3.1 dwt. over 15ft. The intention was to explore this block of ground and also the unexplored area between it and the Hollins Shaft. At the Hollins Section cross-cutting showed that the width of the ore body was greater than former records indicated.

With regard to the crushing results since the plant started work on September 1st, for the two months September and October 15,600 tons were crushed, which produced 1,650 oz. of gold. During September and October it was necessary to draw ore from the poorer portion of the mine and from accumulations of low-grade ore left in the stopes, etc., by the previous owners, but that was now being remedied. The average grade of ore milled showed a steady improvement from 2.76 dwt. in September to 2.87 dwt. in October and 3.08 dwt. for the first week in November.

In conclusion the chairman said that to have brought the mine to the producing stage in such a short period of time, with all that that entailed in the way of development, erection of plant, etc., was an outstanding achievement.

The report and accounts were adopted.

JANTAR NIGERIA COMPANY, LIMITED

SATISFACTORY RESULTS AND PROSPECTS

The twenty-third ordinary general meeting of The Jantar Nigeria Company, Limited, was held in London.

Mr Percy Tarbutt, who presided, said he thought the shareholders could congratulate themselves on the satisfactory result of the year's operations. From the available balance of £38,018 the directors recommended the payment of a dividend of 20 per cent.

During the year the company had been dealing with two commodities—tin and columbite. Their tin quota amounted to 191 tons, as compared with 171½ tons for the previous year. Since the date of the report of the manager, who took the quota for the current year on the then prevailing basis of 297 tons per annum, the quota had been increased to 80 per cent., which meant that, assuming there was no change between now and the end of the financial year on September 30th next, the tonnage they would be able to produce would be 345 tons. That was a considerable increase on the amount allowed the company during the past year.

With regard to the columbite position, during tin-winning operations several years ago the company accumulated a considerable quantity of columbite concentrates, estimated at between 350 and 400 tons, for which there had been no market, but recently the board were able to make a contract dealing with the whole of their dumped concentrates. The 350 tons or so of these concentrates, which they had stacked and were able to dispose of during the year free of mining costs, were very much in the nature of a "windfall." During the past year they had done a considerable amount of boring, and had already proved some 1,800 tons of columbite concentrates. They had sufficient old stocks in hand, supplemented by daily production, to carry on under their contract—namely 20 tons per month—up to the end of March at a fair profit, after which date the whole columbite position would have to be reviewed.

As far as our prospects are concerned for the current year, we have a considerable increase in our tin quota, and providing this is not materially interfered with, and there is no serious break in the price of tin during the year, we should be able to present quite a satisfactory statement of accounts to you when we meet again next year.

The report and accounts were unanimously adopted.

TREPCA MINES, LIMITED

LARGELY INCREASED PROFIT

The eighth ordinary general meeting was held, on the 25th instant, in London, Mr A. Chester Beatty presiding.

The Chairman, in the course of his speech, said: The profit and loss account shows a gross profit of £395,899, the corresponding figure for the previous year being £224,073. After providing for depreciation and taxation, there is a net profit of £307,517. We recommend the payment of a final dividend of 9d. per share, free of tax, making a total for the year of 1s. per share, free of tax, and leave £26,034 to be carried forward. There has been a striking improvement in our rate of earnings throughout the year, the estimated surpluses for the four quarters being as follows: First quarter £40,059, second quarter £74,844, third quarter £128,439, and fourth quarter £152,557. This improvement is due to the rise which has occurred in the prices of the metals in which we are interested, particularly lead.

The amount of ore which we treated during the year was 597,188 tons, producing 64,874 tons of lead concentrates and 94,146 tons of zinc concentrates, these figures showing a slight increase over the previous year. In addition we were able to sell over 38,000 tons of pyrite concentrates, against less than 10,000 tons in the previous year.

The principal feature of development at the Stantrg mine has been the completion of our arrangements for deeper mining, which were commenced during the previous year. Development at the 545-metre level was started during the latter part of August, and up to November 15 we had blocked out on this level by drifting and cross-cutting an area of 5,277 square metres, assaying 8.96 per cent. lead, 1.64 per cent. zinc, and 3.65 ozs. per ton silver. The ore reserves, as calculated at September 30 last, show an increase of 507,000 tons, and amount to 3,007,000 tons of an average value of 8.7 per cent. lead and 8.0 per cent. zinc. In addition to our operations at the Stantrg mine, work has been continued at Mazic, about a mile away, where encouraging results have been obtained. Given the maintenance of prices now prevailing, we may look forward with confidence to even better results for the current year.

The report was unanimously adopted.

AUSTRALIAN, MERCANTILE, LAND AND FINANCE COMPANY, LIMITED

BURDEN OF TAXATION

The seventy-first ordinary general meeting of the Australian, Mercantile, Land and Finance Company, Limited, was held, on the 28th instant, at 20-22 Coleman Street, London.

Mr John Sanderson (the chairman) said that last year he had explained the reasons which had influenced the directors in recommending the postponement of any alteration in the rate of dividend and an increase in the balance carried forward. Their experiences in Australia during the twelve months ended June 30, 1935, had fully justified the shareholders' support of the directors' recommendations, because, in addition to the fall in wool values, reduced interest rates and reductions in commission and warehousing charges, the season had developed most unfavourably. He was glad to say that wool to-day was selling freely at substantially better prices than those realised during the twelve months under review.

They had been for many years greatly concerned at the burden of taxation imposed by Governments and other authorities. That was particularly the case in the Commonwealth of Australia, where the calls upon the company for Federal and State income taxes, Federal and State land taxes, unemployment relief and family endowment taxes and municipal and shire rates had amounted during the twelve months ended June 30, 1934, to £30,931, while during the twelve months ended June 30, 1935, they had reached a total of £40,806. In Great Britain during the same period they had been called upon for £8,668 and £15,373 respectively, and in Argentina for £1,285 and £1,602. During the past five years the total averaged £45,000 per annum, while the dividends to shareholders had averaged £22,400. If their assessments were upheld, the taxation authorities would have received 3.2 per cent. per annum, while the shareholders had had to be content with 1.6 per cent. per annum.

Subject to further good rainfall and to the present level of wool prices being maintained during the current financial year, there should be a decided improvement in the position of their wool-growing clients. It was satisfactory to be able to say that the returns from the Buenos Aires branch had been well maintained. The report and accounts were unanimously adopted.

CHARTERHOUSE INVESTMENT TRUST, LIMITED

INDUSTRIAL DEVELOPMENT

The tenth annual general meeting of the Charterhouse Investment Trust, Limited, was held, on the 28th instant, at Southern House, London.

Sir Arthur H. Marshall, K.B.E., the chairman, in moving the adoption of the report and accounts, said that in comparing the results of the company's operations with those of the previous year the main difference was that the items of gross and net profit showed a contraction. The fact that the net profit showed less contraction than the gross meant that the company's overhead charges had also been reduced. The Trust had carried through or been associated with more individual transactions than in any previous year, but the profit margin had been less. The current financial year had opened with a number of transactions in hand to be completed in the near future on satisfactory terms.

Captain H. N. Hume, M.C., in seconding the resolution, said that the formation of the Charterhouse Industrial Development Company had been a big experiment. It had had to cope with something like 3,000 applications for capital during the past 15 months, but, after investigation, they had found themselves in serious negotiations with the comparatively few applicants whose proposals conformed to the policy the board had laid down, namely that in each case the business should already be established on a commercial basis and should fulfil the following three main conditions: It should have been so founded that it had the power of growth or development into a larger concern; it should be under management capable of bringing about such development, and the capital to be provided must, save in very exceptional circumstances, be employed in the business for the purpose of development.

A few weeks ago the investment of more than the original capital of £200,000 had been agreed upon, and the board had chosen the method of issuing a further £300,000 in the form of ordinary shares. They had been fortunate in finding the Prudential Assurance Company to be in sympathy with them as to the possibilities of such a company, while Lloyds Bank and the Midland Bank had also been invited to participate in the new issue, and had done so.

The report was adopted.

BEKOH CONSOLIDATED RUBBER ESTATES, LIMITED

BRIGHTER OUTLOOK

The fifteenth ordinary general meeting of this company was held, on the 22nd instant, at 19 Fenchurch Street, London.

Mr R. W. Harrison (the chairman) said that though their crop had averaged about 6d. per lb., as against 5d. in the preceding year, and the quantity marketed in the two years was more or less the same, their profit was only £4,989, as against £6,381, a reduction of some £1,500. That was accounted for by an increase of 1d. per pound in the cost of production due to increased cost of labour, to a partial restoration of cuts in estate staff salaries and to increased expenditure on cultivation. After careful consideration the board had decided to recommend the payment of a dividend of 2½ per cent., and, if that was approved, their carry-forward would be reduced from £11,930 to £10,112. Considering the improved outlook at the present time they hoped shareholders would agree that the directors were justified in proposing to pay rather more than they had actually earned during the year.

Their crop was 957,220 lbs., of which they were allowed under the control scheme to export 855,224 lbs. Their standard allowance was 1,117,307 lbs., of which, if restriction was maintained at the rate now in force—namely, 40 per cent. until the end of June next—they would be able to export 670,300 lbs. during their financial year. That was considerably less than they had marketed during the past year and such a reduction must react on cost of production.

There were indications that the aim of the control scheme in effecting a reduction in world stocks, which still amounted to about nine months' supply at the present rate of consumption, was at last being slowly realised. He hoped that he was not unduly optimistic in expecting that during the coming months they might look for an improvement in price, until it reached one that would leave them a reasonable profit on their venture. In fact, the outlook appeared to be much brighter than it had been for a long time.

The report was unanimously adopted.

THE WALL PAPER MANUFACTURERS, LIMITED

EFFICIENCY OF COMPANY'S MILLS

INFLUENCE OF NEW PRICE POLICY

The ordinary general meeting of the Wall Paper Manufacturers, Ltd., was held, on the 28th instant, at the Holborn Restaurant, High Holborn, London, W.C.

Mr Alan V. Sugden (the chairman), after dealing with the accounts, said:—Requests have been made for a consolidated balance sheet. In compliance we append to our report, as a memorandum, a consolidated profit and loss account and balance sheet showing our share of the actual profits earned by and the aggregate amount of each class of asset and liability of the company and its subsidiaries.

GENERAL CONDITIONS

The past year has been fairly normal in character, and its results have to some extent been influenced by a transition policy between that of the old company, where price maintenance was an outstanding feature, and the new principle of seeking turnover and legitimate expansion by the attractive prices and quality of our goods.

The new price policy will have a greater effect in the current year than in the one under review.

During the last twelve months there has been a considerable addition to the number of our competitors. In some cases foreign interests both financial, personal, and material, are behind these ventures.

The market was already very fully provided with the means of production before the appearance of these new developments, and as it is incapable of indefinite expansion, despite the existence of great activity in the building world, it seems inevitable that a struggle of some intensity is about to confront the trade.

I can only say that we provide an absolutely unparalleled service in every department, and our resources are such that we await with confidence whatever is in front of us.

Wallpaper remains as popular and fashionable as ever, and it is doubtful whether any other article possesses the same quality of adaptability to every kind of taste, accompanied by an equal flexibility in the matter of cost. It is, in fact, cheaper in its application than any other form of decoration.

WIDE RANGE OF PRODUCTIONS

Your company's mills are kept up to first-class efficiency both mechanically and technically, and they produce everything that is known as wallpaper, in every style and pattern, from classics to present-day modernism, and in addition, manufacture a great many faithful reproductions of plastics, leathers, marbles, stone and metal surfaces, canvas, silk and texture effects, as well as wood veneers, which in the hands of an expert give an unrivalled scope for the production of decorative schemes all capable of ready application to the walls.

We spend a very large sum each year on our new productions, and whilst buying designs and ideas from every available source, we have in our employ an art staff, comprising designers and colourists, fully the equal of any other industry or of any other period in the history of art applied to manufacture.

We have the best of reasons for believing that our efforts in this direction are fully appreciated by all sections of the trade and public.

WALPAMUR

The Walpamur Company continues to expand and to make satisfactory profits. It has during the past year again considerably extended the scope of its research and chemical side with a corresponding increase in staff.

PENSIONS

The stockholders will be interested to learn that since the inception of the various employee schemes £63,115 has been paid out in benefit, and there are at the present time 332 old employees in receipt of pensions.

ACKNOWLEDGMENTS

I must again testify to the loyal and devoted service rendered during the past year by all the members of our staff.

Each director is personally conscious of his own indebtedness to his staff, and whilst collectively we stand before you, responsible for the trust you have placed in our hands, we take this opportunity of expressing our gratitude to all those unseen, but

not forgotten units who are unobtrusively making their contribution to the common cause.

The report and accounts were unanimously adopted.

At the conclusion of the meeting a film was exhibited, depicting the processes of manufacturing wallpapers, which had been used for educational purposes.

NEW MODDERFONTEIN GOLD MINING COMPANY, LIMITED

[Incorporated in the Union of South Africa]

RECORD TONNAGE MILLED

The thirty-eight ordinary general meeting of shareholders was held in Johannesburg, on October 31, 1935.

The chairman (Mr John Martin) said:—The directors' report, balance sheet and accounts for the year ended June 30, 1935, together with reports from the consulting engineer and the general manager, have been in your hands for some time past. You will therefore be conversant with the details of the operations of the company during the period under review. The net profit for the year amounting to £2,272,876, together with the balance of £224,688 brought in at the beginning of the year and a small adjustment on account of forfeited dividends, gave a total of £2,498,669 to be dealt with. This amount was disposed of by the following appropriations: Two dividends of 5½ per cent. and 50 per cent. respectively absorbed £1,505,000; Government and Provincial taxes, including excess profits duty (£213,743) and gold profits surtax for six months (£113,881), accounted for £773,239; a sum of £21,470 was set aside as a further provision towards miners' phthisis outstanding liability, and a balance of £198,960 remained to be carried forward to the current year. This balance comprised £98,947 in stores, sundry debtors and other cash assets and £100,013 net cash after allowing for all current liabilities.

The tonnage milled, at 2,175,000 tons, constituted a further small increase over the record established for the previous year. Grade again showed a decline, falling by 0.480 dwt. to 4.983 dwt. per ton in conformity with the lower value of the ore reserve and the smaller proportion of Main Reef Leader mined. It is very satisfactory to be able to record that working costs were reduced to the remarkably low figure of 14s. 4d. per ton milled. This reduction was effected in spite of the higher proportion of ore mined from the less favourable Upper Leaders and is largely attributable to lower power and development charges. The reduction in yield resulting in a fall of 1s. 1d. per ton in revenue was more than sufficient to counteract the benefit of increased tonnage and lower costs, although in the net result the working profit was only £24,659 less than in the previous year.

DEVELOPMENT AND RESERVES

The total footage developed amounted to 70,651 ft.—a reduction of 14,887 ft. on the figure for the previous year. The total footage sampled on all reefs amounted to 45,175 ft., of which 20,435 ft., or 45 per cent., were classed as payable with an average value of 238 inch-dwt.

The payable ore developed on all reefs amounted to 1,027,100 tons of an average value of 3.4 dwt. per ton. As compared with the previous year, this represents a decrease of 334,800 tons, while the value is 0.1 dwt. per ton lower.

The available ore reserve as re-estimated at June 30, 1935, amounted to 7,872,200 tons of an average value of 5.1 dwt. per ton over an estimated stoping width of 47.1 inches. In addition, 1,433,100 tons averaging 5.9 dwt. per ton are contained in shaft and safety pillars and are not at present available for stoping. Compared with the corresponding figures for the previous year, the available tonnage shows an increase of 112,100 tons, while the average value is 0.4 dwt. less. These changes—an increase in tonnage and a lower value—are due to the additional tonnage of lower grade ore which, under prevailing conditions of costs and the price of gold, can now be included in the ore reserve.

All the figures which I have given you in regard to payable footage and the ore reserves are based on the price of gold and the working costs prevailing at the time the estimates were made.

Considerable use was again made of sandfilling as a means of support and, during the past year, approximately 878,000 tons of sand were lowered into the mine, while the grand total utilised for this purpose has reached 6,245,000 tons. This expedient continues to be of great assistance in the removal of pillars in the old workings and in mining the upper reefs.

CURRENT YEAR'S RESULTS

The results for the first quarter of the current financial year have already been published and circulated to shareholders, but, to bring my survey of the position at the mine up to date, I propose to give you a *résumé* of these operations. The tonnage milled—575,000 tons—showed a further increase of 6,667 tons per month over that of the previous quarter. The yield and revenue were lower by 0.172 dwt. and 1s. 8d. respectively, while working costs, at 13s. 11d. per ton, were below the 14s. mark for the first time in the history of the mine. The working profit was £9,349 less than for the previous quarter, and amounted to £556,078.

Taxation for the quarter was estimated at £193,683, including excess profits duty and the new surtax but not allowing for any rebate which may be received at the end of the calendar year in terms of the Government's undertaking that no more than one-half of the "excess profits" will be taken from the mining industry.

The development footage amounted to 19,343 ft.; 11,265 ft. were sampled, of which 5,000 ft. were classed as payable with an average value of 244 inch-dwt.

The general position and future prospects of the mine remain very much as I indicated to you at the last annual meeting. The continued decrease in ore reserve tonnage which appeared inevitable three years ago has been arrested and postponed owing to the lower pay limit which we have been able to adopt, but this factor, together with the gradual exhaustion of the higher-valued Main Reef Leader ore, entails a decrease in average value and consequently a lower yield. The future prospects are unavoidably subject to well-defined limitations, but, on the other hand, the whole position and outlook have improved compared with what could be anticipated three years ago, as a result of the additional extent to which it has been feasible, under current conditions, to pursue our settled mining policy of conserving the ore reserve, with the object of ensuring the fullest exploitation of the property and the longest prolongation of profitable operations.

The report and accounts were unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended November 23, 1935, amounted to £12,698,000, against ordinary expenditure of £6,821,000. After allowing for an increase in Exchequer Balances of £191,382, the operations for the week, as shown below, decreased the gross National Debt by £5,885,000 to approximately £7,980 millions.*

Treasury Bills	£ 486
Public Department Advances	£ 5,150
N. Atlantic Shipping Issues	£ 29
British Shipping Issues	£ 20
	£ 5,685

* Including £375 millions on Account of Exchange Equalisation Fund and Borrowing or Statutory Sinking Fund.

A complete analysis of the approximate position of the National Debt on September 30, 1935, appeared in the *Economist* for October 5th.

REVENUE	Estimate for the year 1935-36	Total Receipts into the Exchequer			
		April 1, 1935, to Nov. 23, 1935	April 1, 1934, to Nov. 24, 1934	Week ended Nov. 23, 1935	Week ended Nov. 24, 1934
ORDINARY REVENUE					
Inland Revenue	£	£	£	£	£
Income Tax	232,500,000	72,456,000	68,364,000	1,699,000	881,000
Sur-tax	51,500,000	7,320,000	9,930,000	250,000	140,000
Estate, etc., Duties	80,000,000	57,130,000	52,110,000	1,500,000	1,270,000
Stamps	25,000,000	12,140,000	12,070,000	130,000	80,000
Excess Profits Duty and Corporation Profits Tax	1,700,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	150,000	160,000	10,000	...
Total Inland Revenue	391,500,000	149,196,000	142,634,000	3,589,000	2,371,000
Customs and Excise—					
Customs	188,570,000	129,455,000	123,273,000	3,888,000	3,742,000
Excise	106,350,000	71,900,000	70,400,000	5,500,000	3,000,000
Total Customs and Excise	294,920,000	201,355,000	193,673,000	9,388,000	6,742,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	2,088,000	2,465,000	Dr 150,000	Dr 400,000
Post Office (Net Receipt)	11,850,000	11,950,000	12,200,000	Dr 200,000	600,000
Crown Lands	1,330,000	890,000	1,010,000	...	140,000
Receipts from Sundry Loans	3,900,000	3,245,000	3,178,781	...	...
Miscellaneous Receipts	25,970,000	15,905,827	11,658,270	70,633	184,637
Total Ordinary Revenue	734,470,000	384,629,831	366,816,051	12,697,633	8,437,637
SELF-BALANCING REVENUE					
Post Office	64,070,000	38,800,000	36,300,000	1,700,000	2,100,000
Motor Vehicle Duties apportioned to Road Fund	26,230,000	8,352,000	9,890,000	150,000	490,000
Total Self-balancing Revenue	90,300,000	47,152,000	46,190,000	1,850,000	2,500,000
Total	...	£ 31,781,831	£ 13,006,051	£ 14,547,633	£ 10,937,637

EXPENDITURE	Estimate for the year 1935-36 (including Supplementary Grants)	Total Issues out of the Exchequer to meet Payments			
		April 1, 1935, to Nov. 23, 1935	April 1, 1934, to Nov. 24, 1934	Week ended Nov. 23, 1935	Week ended Nov. 24, 1934
ORDINARY EXPENDITURE	£	£	£	£	£
Interest and Management of National Debt	224,000,000	143,523,898	144,753,975	321,001	228,106
Payments to Northern Ireland Exchequer	6,750,000	3,225,500	3,387,639	...	...
Other Consolidated Fund Services	3,700,000	2,022,750	1,758,291	...	...
Post Office Fund	1,130,000	1,126,817	2,291,118	...	...
Total	235,580,000	149,898,965	152,191,023	321,001	228,106
Total Supply Services (excluding Post Office)	508,440,000	308,447,599	286,861,319	6,500,000	7,000,000
Total Ordinary Expenditure	744,020,000	458,346,564	439,052,342	6,821,001	7,228,106
SELF-BALANCING EXPENDITURE					
Post Office	64,070,000	38,800,000	36,300,000	1,700,000	2,100,000
Road Fund	26,230,000	8,352,000	9,890,000	150,000	490,000
Total Self-Balancing Expenditure	90,300,000	47,152,000	46,190,000	1,850,000	2,500,000
Total	...	505,498,564	485,242,342	8,671,001	9,728,106

The aggregate revenue and expenditure to November 23, 1935, is shown below:—

FINANCIAL YEAR, 1935-36, APRIL 1, 1935, TO NOVEMBER 23, 1935

(000's omitted)			
	£		£
Expenditure	458,346	Revenue	384,630
Increase in balances	147	Gross inc. in borrowing ...	£ 79,460
		Less	
		New Sinking Fund	5,597*
		Net borrowing	73,863
	<u>458,493</u>		<u>458,493</u>

* Authority will be sought in the Finance Bills to meet the amount of the Statutory Sinking Funds in 1935 by borrowing.

POSITION OF THE FLOATING DEBT

	Nov. 24, '35	Mar. 31, '35	Nov. 23, '35	Movement week ended Nov. 23, '35
Ways and Means Advances Outstanding	£	£	£	£
Advances by Bank of England	...	...	...	...
Advances by Public Departments	38,200,000	34,060,000	29,440,000	- 5,150,000
Treasury Bills outstanding	855,600,000	799,320,000	900,950,000	- 485,000
Total Floating Debt	893,800,000	833,380,000	930,390,000	- 5,835,000

* Includes £1,000, the proceeds of which were not carried to the Exchequer within the period of the Account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £45,000,000 Treasury bills were opened on November 22, 1935, and the total amount applied for was £61,745,000. Tenders were accepted for Treasury bills at three months dated Monday to Friday, at £99 17s. 3d., about 73 per cent., and above in full; Saturday at £99 17s. 4d., and above in full. The average rate per cent. was 10s. 9-99d. The amount allotted was £45,000,000. The following table shows the weekly record at various dates:—

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
1933				
January 8	45,000,000	73,830,000	45,000,000	0 16 10-84
July 7	45,000,000	83,890,000	45,000,000	0 10 4-85
October 6	45,000,000	100,450,000	45,000,000	0 12 9-98
1934				
January 5	35,000,000	76,280,000	30,000,000	0 18 11-5
April 6	40,000,000	80,390,000	35,000,000	0 17 9-01
July 8	35,000,000	62,745,000	32,000,000	0 16 4-14
October 5	35,000,000	65,280,000	31,510,000	0 15 9-702
1935				
January 4	30,000,000	49,560,000	27,500,000	0 8 1-64
April 5	40,000,000	76,095,000	40,000,000	0 10 2-99
July 5	40,000,000	60,905,000	40,000,000	0 12 4-32
October 4	45,000,000	71,245,000	44,000,000	0 12 8-05
October 25	40,000,000	66,665,000	40,000,000	0 11 9-24
November 1	40,000,000	63,690,000	40,000,000	0 11 1-32
November 8	45,000,000	63,965,000	45,000,000	0 10 9-81
November 15	45,000,000	61,155,000	45,000,000	0 10 9-85
November 22	45,000,000	61,745,000	45,000,000	0 10 9-99

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended November 2, 1935	626,203	£ 469,652
Week ended November 9, 1935	601,128	£ 450,844
February, 1916, to November 2, 1935	1,241,528,645	£ 977,604,322

At the end of September, 1935, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £391,607,033.

	Town	Metropolitan	Country	Total
1935	£	£	£	£
January 1 to November 13 ...	27,967,547	1,636,944	2,804,078	32,408,569
Week ended November 20 ...	599,639	35,069	64,213	689,921
Week ended November 27 ...	678,387	35,320	57,842	771,549
Total to date, 1935	28,236,573	1,707,333	2,926,133	33,870,039
Total to date, 1934	27,782,255	1,590,476	2,701,988	32,074,719
Increase or decrease in 1935 {	+ 1,454,318 = 5.2%	+ 116,857 = 7.3%	+ 224,145 = 8.3%	+ 1,795,320 = 5.6%
Total for year 1934.....	30,740,117	1,759,528	2,984,512	35,484,157
Total for year 1935.....	27,714,480	1,656,675	2,766,471	32,137,626
Increase or decrease in 1934 {	+ 3,025,637 = 10.1%	+ 102,853 = 6.2%	+ 218,041 = 7.8%	+ 3,346,531 = 10.4%

ASSETS	Nov. 23, 1934	Nov. 1, 1935	Nov. 8, 1935	Nov. 15, 1935	Nov. 22, 1935
Gold	8,976,308	7,989,792	7,322,732	7,389,378	69,025,013
Sight balances abroad	1,878,78	1,836	1,332,732	10,389,378	72,788
Discounted	4,142,214	8,591,316	8,025,598	8,303,689	9,786
Negotiable bills abroad	701,118	1,036,715	1,036,715	1,036,715	1,051,066
Advances against sec. To the State	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
Other advances	3,132,428	3,511,303	3,668,552	3,695,189	3,897,266
Negotiable Bonds	5,888,204	5,800,402	5,800,402	5,800,402	5,800,402
Sinking Fund Dept.	5,886,845	4,738,604	5,118,924	5,179,716	4,919,477
Other assets (excluding forward exch.)					
LIABILITIES					
Notes in circulation	79,956,500	83,306,171	82,545,430	81,881,264	81,284,717
Public deposits	5,408,455	2,862,257	2,866,537	2,837,613	2,833,589
Private deposits	16,374,743	10,470,313	10,243,028	10,470,118	11,260,776
Other liabilities	2,018,400	2,234,824	2,324,708	2,359,598	2,414,590
Ratio of gold reserve to sight liabilities	82.4%	74.4%	74.4%	73.8%	72.8%

	(000's omitted)				
ASSETS	Nov. 15, 1934	Oct. 23, 1935	Oct. 31, 1935	Nov. 7, 1935	Nov. 15, 1935
Gold	2,675,663	2,691,709	2,691,400	2,691,245	2,691,204
Balances abroad and foreign currency	175,511	108,487	104,884	104,318	96,141
Discounts and advances	1,262,070	1,337,705	1,282,157	1,457,066	1,305,278
State notes debt balance	2,104,374	2,104,374	2,055,511	2,055,827	2,051,983
Other assets	1,116,837	999,792	990,808	1,017,384	950,083
LIABILITIES					
Bank notes in circulation	5,395,503	5,424,523	5,714,645	5,670,961	5,615,110
Cash account balances	801,792	842,230	476,813	574,762	577,037
Other liabilities	685,150	456,296	474,514	500,327	483,955

Notes issued	22,400	18,300	22,700	25,700
Assets				
Gold	6,241	6,241	6,241	6,241
British Treasury Bills	6,930	3,603	7,230	10,230
British War Loan at par	7,730	6,957	7,730	7,730
Egyptian Government securities at market price	1,500	1,500	1,500	1,500

MONEY AND EXCHANGE RATES LONDON MONEY RATES

	Nov. 21, 1935	Nov. 22, 1935	Nov. 23, 1935	Nov. 24, 1935	Nov. 25, 1935	Nov. 26, 1935	Nov. 27, 1935	Nov. 28, 1935
Bank rate (changed from 2½% June 30, 1935).....	2	2	2	2	2	2	2	2
Market rates of discount.....	2	2	2	2	2	2	2	2
80 days' bankers' drafts.....	2	2	2	2	2	2	2	2
3 months' do.....	2	2	2	2	2	2	2	2
4 months' do.....	2	2	2	2	2	2	2	2
6 months' do.....	2	2	2	2	2	2	2	2
Discount Treasury Bills.....	2	2	2	2	2	2	2	2
2 months'.....	2	2	2	2	2	2	2	2
3 months'.....	2	2	2	2	2	2	2	2
Loans—Day-to-day.....	2	2	2	2	2	2	2	2
Short.....	2	2	2	2	2	2	2	2
Deposit allowances: Bank.....	2	2	2	2	2	2	2	2
Discount houses at call.....	2	2	2	2	2	2	2	2
At notice.....	2	2	2	2	2	2	2	2

Comparison with previous week—		Bank Bills		Trade Bills	
Short	Loans	3 Months	4 Months	3 Months	4 Months
1935	%	%	%	%	%
Oct. 31	1-1	1-1	1-1	2-2	2-2
Nov. 7	1-1	1-1	1-1	2-2	2-2
" 14	1-1	1-1	1-1	2-2	2-2
" 21	1-1	1-1	1-1	2-2	2-2
" 28	1-1	1-1	1-1	2-2	2-2

LONDON RATES OF EXCHANGE I.—Spot Rates (Range of the day's business)

London on	Par of Exch. per £	Nov. 22, 1935	Nov. 23, 1935	Nov. 24, 1935	Nov. 25, 1935	Nov. 26, 1935	Nov. 27, 1935	Nov. 28, 1935
New York, \$	14-8 1/2	4-93-94	4-93-94	4-93-94	4-93-94	4-93-94	4-93-94	4-93-94
Montreal, \$	4-8 1/2	4-97-98	4-97-98	4-97-98	4-97-98	4-97-98	4-97-98	4-97-98
Paris, Fr.	124-21	74-75 1/2	74-75 1/2	74-75 1/2	74-75 1/2	74-75 1/2	74-75 1/2	74-75 1/2
Brussels, Bel	95-00(a)	29-13-21	29-13-21	29-13-21	29-13-21	29-13-21	29-13-21	29-13-21
Milan, L.	92-46	60-9 1/2	61-0 1/2	61-1 1/2	61-1 1/2	61-1 1/2	61-1 1/2	61-1 1/2
Zurich, Fr.	25-22 1/2	15-20-28	15-20-28	15-20-28	15-20-28	15-20-28	15-20-28	15-20-28
Athens, Dr.	375	518*	518*	518*	518*	518*	518*	518*
Helsinki, M.	183-23	226-1/2	226-1/2	226-1/2	226-1/2	226-1/2	226-1/2	226-1/2
Madrid, Pt.	25-22 1/2	109-1/2	109-1/2	109-1/2	109-1/2	109-1/2	109-1/2	109-1/2
Lisbon, Esc.	110	109-1/2	109-1/2	109-1/2	109-1/2	109-1/2	109-1/2	109-1/2
Amst'dm, Fl.	12-107	7-29-33	7-29-33	7-29-33	7-29-33	7-29-33	7-29-33	7-29-33
Berlin, Mk.	20-43	12-23-28	12-23-28	12-23-28	12-23-28	12-23-28	12-23-28	12-23-28
Registered Marks—								
Vienna, Sch.	84-58 1/2	45-50	45-50	45-50	45-50	45-50	45-50	45-50
Bu'pest, Pen.	27-82	25-1/2	25-1/2	25-1/2	25-1/2	25-1/2	25-1/2	25-1/2
Prague, Kc.	116-4	119-1/2	119-1/2	119-1/2	119-1/2	119-1/2	119-1/2	119-1/2
Danzig, Gld.	25-00	26-26 1/2	26-26 1/2	26-26 1/2	26-26 1/2	26-26 1/2	26-26 1/2	26-26 1/2
Warsaw, Zl.	43-38	26-26 1/2	26-26 1/2	26-26 1/2	26-26 1/2	26-26 1/2	26-26 1/2	26-26 1/2
Riga, Lat.	25-22 1/2	14-15 1/2	14-15 1/2	14-15 1/2	14-15 1/2	14-15 1/2	14-15 1/2	14-15 1/2
Bucharest, Lei	818-6	628*	630*	630*	630*	630*	630*	630*
Const'ple, Pt.	110	621*	621*	621*	621*	621*	621*	621*
Belgrade, Din.	276-32	211-221	212-222	212-222	212-222	212-222	212-222	212-222
Konovo, Lit.	48-06	28-29 1/2	28-29 1/2	28-29 1/2	28-29 1/2	28-29 1/2	28-29 1/2	28-29 1/2
Sofia, Lev.	673-66	385-415	385-415	385-415	385-415	385-415	385-415	385-415
Tallinn, Kr.	18-159	17-18 1/2	17-18 1/2	17-18 1/2	17-18 1/2	17-18 1/2	17-18 1/2	17-18 1/2
Oslo, Kr.	18-159	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45
Stockholm, Kr.	18-159	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45
Cop'ngen, Kr.	18-159	22-35-45	22-35-45	22-35-45	22-35-45	22-35-45	22-35-45	22-35-45
Alex'ndria, Pt.	97 1/2	97 1/2	97 1/2	97 1/2	97 1/2	97 1/2	97 1/2	97 1/2
Bombay, Rupee	184	18 1/2	18 1/2	18 1/2	18 1/2	18 1/2	18 1/2	18 1/2
Calcutta, Rupee	184	18 1/2	18 1/2	18 1/2	18 1/2	18 1/2	18 1/2	18 1/2
Madras, Rupee	184	18 1/2	18 1/2	18 1/2	18 1/2	18 1/2	18 1/2	18 1/2
Hong Kong, \$	17-18 1/2	17-18 1/2	17-18 1/2	17-18 1/2	17-18 1/2	17-18 1/2	17-18 1/2	17-18 1/2
Kobe, Yen	24-58 1/2	13 1/2	13 1/2	13 1/2	13 1/2	13 1/2	13 1/2	13 1/2
Shanghai, \$	24-58 1/2	13 1/2	13 1/2	13 1/2	13 1/2	13 1/2	13 1/2	13 1/2
Singapore, \$	24-58 1/2	13 1/2	13 1/2	13 1/2	13 1/2	13 1/2	13 1/2	13 1/2
Batavia, F.	15-89 1/2	18-00-10 1/2	18-00-10 1/2	18-00-10 1/2	18-00-10 1/2	18-00-10 1/2	18-00-10 1/2	18-00-10 1/2
Rio, Mil.	11-45	17-02 1/2	17-02 1/2	17-02 1/2	17-02 1/2	17-02 1/2	17-02 1/2	17-02 1/2
B. Aires, \$	40	123 1/2	123 1/2	123 1/2	123 1/2	123 1/2	123 1/2	123 1/2
Valparaiso, \$	51 1/2	21-22 1/2	21-22 1/2	21-22 1/2	21-22 1/2	21-22 1/2	21-22 1/2	21-22 1/2
M'video, \$	17-38	19-35	19-35	19-35	19-35	19-35	19-35	19-35
Lima, Sol.	9-76	17-18 1/2	17-18 1/2	17-18 1/2	17-18 1/2	17-18 1/2	17-18 1/2	17-18 1/2
Mexico, Pso.	24-66 1/2	24 1/2	24 1/2	24 1/2	24 1/2	24 1/2	24 1/2	24 1/2
Manila, Pso.	9-458	5-68-69 1/2	5-68-69 1/2	5-68-69 1/2	5-68-69 1/2	5-68-69 1/2	5-68-69 1/2	5-68-69 1/2
Moscow, Rbls	121-82 1/2	21 1/2	21 1/2	21 1/2	21 1/2	21 1/2	21 1/2	21 1/2
Bangkok, Baht	21 1/2	21 1/2	21 1/2	21 1/2	21 1/2	21 1/2	21 1/2	21 1/2

Usage: T.T., except Alexandria (Sight). Rio de Janeiro, Lima, Valparaiso (90 days). Pence per unit of local currency. Par, 8-23 1/2 since dollar devaluation on February 1, 1934. Par, 197-10 1/2 since krona devaluation on February 17, 1934. (a) Prior to devaluation on April 2, 1935. (b) Official Rate. (c) Per cent. discount. (d) Latest "export" rate. (e) Average remittance rate for importers. (f) Rate for conversion of lire into sterling for payments to the Bank of England in respect of debts due to persons in Italy for goods and freights. (g) Nominal. (h) Rate for conversion of Turkish currency into sterling for payments to the Bank of England in respect of debts due to persons in Turkey for Turkish goods. (i) Sellers.

II.—Forward Rates (Closing quotations)

London on		Nov. 22, 1935 Per <i>£</i>	Nov. 23, 1935 Per <i>£</i>	Nov. 25, 1935 Per <i>£</i>	Nov. 26, 1935 Per <i>£</i>	Nov. 27, 1935 Per <i>£</i>	Nov. 28, 1935 Per <i>£</i>
		(a)	(a)	(a)	(a)	(a)	(a)
New York, cent {	1 Month	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
	2 "	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
	3 "	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
		(b)	(b)	(b)	(b)	(b)	(b)
Paris, fra. {	1 Month	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$
	2 "	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$
	3 "	$2\frac{1}{2}$	$2\frac{1}{2}$	$3\frac{1}{2}$	$2\frac{1}{2}$	$2\frac{1}{2}$	$2\frac{1}{2}$
		(b)	(b)	(b)	(b)	(b)	(b)
Amsterdam, cent {	1 Month	4-6	$3\frac{1}{2}$ -4	4-5	$3\frac{1}{2}$ -4	3-4	2-3
	2 "	10-12	10-12	9-11	9-11	7-8	6-7
	3 "	14-16	14-15	14-15	11-12	11-12	10-11
		(a)	(a)	(a)	(a)	(a)	(a)
Brussels, cent... {	1 Month	3-2	3-2	3-2	3-2	3-2	3-2
	2 "	5-4	5-4	6-5	7-5	7-5	7-5
	3 "	9-7	8-6	9-7	10-9	10-9	9-7
		(b)	(b)	(b)	(b)	(b)	(b)
Geneva, cent.... {	1 Month	7-9	5-7	5-7	6-7	5-6	4-6
	2 "	19-22	15-18	17-19	16-18	14-16	14-16
	3 "	30-33	28-30	29-31	30-32	29-28	25-26
		(b)	(b)	(b)	(b)	(b)	(b)
Milan, lire {	1 Month	$\frac{1}{2}$	...	...	...	...	...
	2 "	$\frac{1}{2}$	...	...	...	...	...
	3 "	$\frac{1}{2}$	...	...	...	...	...

(a) Premium; (b) "over spot."

(a) Premium, i.e. "under spot." (b) Discount, i.e. "over spot."

OVERSEAS BANK RATES

FOREIGN BANK RATES					
Changed	From	To	Changed	From	To
	%	%		%	%
Albania	Nov. 18, 1933	8 1/2	Madrid	July 15, 1935	5 1/2
Amsterdam	Nov. 14, 1935	4 3/4	Oslo	May 24, 1933	4 1/2
Athens	Oct. 14, 1933	7 1/2	Paris	Nov. 25, 1935	5 1/2
Batavia	July 1, 1935	4 1/2	Prague	Jan. 25, 1933	4 1/2
Belgrade	Feb. 1, 1935	6 1/2	Pretoria	May 15, 1933	4 1/2
Berlin	Sep. 22, 1932	5 1/2	Tallinn	Oct. 1, 1935	5 1/2
Brussels	May 14, 1935	2 1/2	Riga	Jan. 1, 1933	6 1/2
Bucharest	Dec. 15, 1934	6 1/2	Rome	Sept. 9, 1935	4 1/2
Budapest	Aug. 28, 1935	6 1/2	Sofia	Aug. 15, 1935	7 1/2
Calcutta	Feb. 16, 1935	4 1/2	Stockholm	Dec. 1, 1933	3 1/2
Copenhagen	Aug. 21, 1935	2 1/2	Swiss Bank	Aug. 15, 1935	7 1/2
Danzig	Oct. 21, 1935	6 1/2	Tokio	July 2, 1935	4 1/2
Helsingfors	Dec. 3, 1934	4 1/2	Vienna	July 10, 1935	4 1/2
Kovno	Jan. 1, 1934	7 1/2	Warsaw	Oct. 28, 1933	6 1/2
Lisbon	Dec. 13, 1934	5 1/2			
New York Fed					
Irish Reserve	Feb. 1, 1934	2 1/2			

Central Bank of Chile.—Discount rate for member banks, 4½%; discount rate for the public, 6%. (a) 5½% applied to banks and credit institutions. (b) 6% applied to private persons and firms.

NEW YORK MONEY AND EXCHANGE RATES

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

	Nov. 28, 1934	Oct. 30, 1935	Nov. 6, 1935	Nov. 13, 1935	Nov. 20, 1935	Nov. 27, 1935
Call money	1	1	1	1	1	1
Time money (90 days' mixed coll.)	1	1	1	1	1	1
Bank acceptances—						
Members—eligible, 90 days	1	1	1	1	1	1
Non-mem.—eligible, 90 days	1	1	1	1	1	1
Commercial accept., 90 days	1	1	1	1	1	1
	Selling Rates					
Rates of Exchange, New York on—		Par 1934	Nov. 13, 1935	Nov. 20, 1935	Nov. 27, 1935	
London—						
60 days	Dollars for £1	Old par 4-86 1/2	4-95 1/2	4-91	4-90 1/2	4-92 1/2
Cable		New par 4-86 1/2	4-95 1/2	4-92 1/2	4-92 1/2	4-93 1/2
Cheques		8-23 1/2	4-95 1/2	4-92 1/2	4-92 1/2	4-93 1/2
		6-63	6-59 1/2	6-68 1/2	6-58 1/2	6-58 1/2
Paris	Cents for 1 franc	23-54	23-33	16-95	16-05	16-05
Brussels	Cents for 1 belga	6-63	6-59 1/2	6-68 1/2	6-58 1/2	6-58 1/2
Switzerland	Cents for 1 franc	23-54	23-33	16-95	16-05	16-05
Italy	Cents for 1 lira	8-91	8-53	8-11	8-11	8-11
Berlin	Cents for 1 mark	40-33	40-19	40-24	40-23	40-24
Vienna	Cts. for Austr. shg.	32-67	18-82	18-80	18-81	18-80
Madrid	Cents for 1 peseta	32-67	18-82	18-80	18-81	18-80
Amsterdam	Cents for 1 guilder	68-06	67-60	31-65	31-65	31-65
Copenhagen			22-28	22-00	21-895	22-00
Oslo			25-07	24-75	24-745	24-82
Stockholm	Cents for 1 krona	45-37	25-725	25-39	25-385	25-47
Athens			0-94	0-94	0-94	0-94
Montreal	Cents for 1 drachma	102-1	98-1	98-1	98-1	98-1
Yokohama	Cents for Can. \$1	160-31	29-11	28-75	28-59	28-82
Buenos Aires	Cents for 1 yen	84-40	38-87	29-90	29-70	30-00
Calcutta	Cents for 1 dollar		37-60	37-20	37-18	37-33
Singhai	Cents for 1 rupee	61-80	33-23	32-82	32-80	32-92
Panama	Cents for 1 peso		8-40	8-28	8-28	8-32
Bahamas	Cents for 1 milets	11-96				
Rio de Janeiro						

LONDON TRANSPORT

Week ending November 23, 1935	Tonnage	Compared with corresponding period of last year	
		1935	1934
Week ending November 23, 1935	536,500	+ 28,300	
Aggregate 21 weeks ending November 23, 1935	11,421,900	+ 217,300	

* For an explanation of the manner in which the figures are made up, see the *Economist*, March 17, 1934, page 610.

Note.—The receipts this year include receipts of bus and coach undertakings not absorbed by London Transport in the corresponding period of last year. In order to make a comparison with the previous year, the figures for that year have been adjusted on the basis of the best information available.

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week		Gross Aggregate Receipts	
				1935	+ or -	1935	+ or -
INDIAN							
Assam Bengal	30	Oct. 31	1,330	Rs. 15,78,800	- 33,134	Rs. 94,30,784	- 15,20,333
Barsi Lt. Ry.	30	Oct. 31	292	134,700	- 3,890	10,48,000	- 61,600
Bengal & N.Western	6	Nov. 10	2,114	18,95,470	+ 75,447	33,81,348	+ 91,703
Bengal-Nagpur	29	Oct. 30	3,268	22,54,000	+ 2,70,315	4,63,87,325	+ 36,97,832
Bombay, Bar. & C.I.	33	Nov. 20	3,072	31,83,000	+ 2,22,000	6,63,79,000	+ 1,99,000
Madras & S. Mahr.	30	Oct. 31	3,230	18,63,000	+ 5,650	4,12,25,257	- 39,23,308
Rohilk'd & Kumaon	6	Nov. 10	546	11,56,110	+ 13,132	5,92,285	- 12,635
South Indian	30	Oct. 31	2,526	14,03,168	- 1,18,918	3,14,58,410	- 17,47,948

* Converted at average official rate during week ended Nov. 23—17.02 pesos to the £.
† Free market rate.
‡ Receipts in Argentine Pesos.
§ Comparative figures for 1934 converted at official rate ruling in 1935.
f Converted at the "free" rate as a result of a decision of the High Court.

OTHER OVERSEAS

Name	Weeks Ending	Present Mileage	Gross Receipts for Week		Gross Aggregate Receipts	
			1935	+ or -	1935	+ or -
Egyptian Delta Light Railways	31 Nov. 10	925	\$ 10,728	+ 662	\$ 144,301	+ 3,289
Egyptian Markets	47 Nov. 24	104	\$ 1,820	- 79	\$ 75,921	- 2,530
Gr. South of Spain	46 Nov. 16	104	\$ 39,113	- 15,711	\$ 2,073,492	- 497,784
Mexican Railway	47 Nov. 24	493	\$ 283,300	+ 78,000	\$ 5,088,400	+ 452,600
† 10 days.						

SUEZ CANAL RECEIPTS

Name	Weeks Ending	Present Mileage	Gross Receipts for Week		Gross Aggregate Receipts	
			1935	+ or -	1935	+ or -
Suez Canal	46 Nov. 20	...	\$ 126,540,000	+ 571,000	\$ 789,160,000	+ 299,500,000
† 10 days.						

TRAMWAYS WEEKLY GROSS RECEIPTS

Name	Weeks Ending	Present Mileage	Gross Receipts for Week		Gross Aggregate Receipts	
			1935	+ or -	1935	+ or -
Anglo-Argentine	47 Nov. 25	328	\$ 649,233	+ 22,296	\$ 29,671,833	+ 690,508
B. Aires Lacrosse	19 Nov. 10	...	\$ 77,590	+ 7,981	\$ 1,275,024	+ 25,024
Bunbury, Colne and Nelson Jt. Trspt.	1 Nov. 23	76	\$ 4,934	+ 49	...	...
Calcutta Tramways	1 Nov. 16	...	\$ 1,21,012	+ 5,659	...	...
Ile of Thanet Elec.	4 Nov. 13	...	\$ 13,048	+ 287	\$ 159,751	+ 11,251
Liverpool Corp.	32 Nov. 20	...	\$ 28,612	+ 830	\$ 5,222,333	+ 18,944
Madras Electric	10 Nov. 15	...	\$ 81,504	- 2,738	\$ 11,09,438	- 2,605
† Months.						

MONTHLY TRAFFICS

Company	Months Ending	Description	Receipts for Month		Receipts to Date	
			1935	+ or -	1935	+ or -
Barcelona Traction	10 Oct. 31	Gross Net	\$ 10,075,533	+ 475,048	\$ 99,851,667	+ 4,169,940
Brazilian Traction	10 Oct. 31	Gross Net	\$ 6,497,640	+ 223,434	\$ 63,419,263	+ 2,113,349
Canadian National	10 Oct. 31	Gross Net	\$ 2,535,889	+ 214,642	\$ 25,369,380	+ 108,802
Zara and Huelva	10 Oct. 31	Gross Net	\$ 1,329,047	- 145,935	\$ 13,630,983	+ 458,878

DIVIDEND ANNOUNCEMENTS

Name of Company	Rate % per Annum, except where marked % or Stated in Cash			Dividend for Whole Years	
	• Interim div. † Final div.			Latest Year	Previous Year
	Interim or Final	Date of Payment	Interim or Final Comparison with Last Year		
BANKS					
Bank of Nova Scotia				%	%
Standard Bank of South Africa	3%	Jan. 2	Same	...	...
TEA AND RUBBER	5%	Jan. 24	Same	...	...
Aibheel Tea	3%	...	...	...	...
Bagracote Tea	21%	Dec. 14	Same	...	...
Braunston (Malay) Rubber	21%	Dec. 21	2%	...	...
Chokidinghi Tea	21%	...	...	24	74
Chulsa Tea	21%	...	Nil	...	...
Deundi Tea	5%	Dec. 21	Same	...	...
Doonars Tea	5%	Dec. 7	Same	...	...
Doon Dooona Tea	21%	Jan. 1	Same	...	...
Eastern Assam Tea	5%	Dec. 17	Nil*	...	...
Hornsey Tea	3%	Dec. 13	Nil*	...	...
Kuala Lumpur Rubber	5%	Dec. 10	...	...	...
Lumut Rubber	131%	...	Same	...	...
Malay Rubber Planters	6%	Dec. 21	...	5	74
New Sylhet Tea	5%	Dec. 19	10%†	11	15
Singlo Tea	24%	Jan. 1	Nil*	...	...
Sungei Tamu Rubber	24%	Dec. 14	...	6	Nil
Sylhet Tea	2%	Dec. 31	4%*	...	...
MINING					
Associated Mining and Finance	...	Dec. 7	...	10-416	84
Sulphide Corporation ord.	...	Jan. 15	...	24	Nil
Do	...	Jan. 15	...	10	24
Star Explorations pref.	...	Dec. 9	...	10(4)	...
Tekka Tin	6d. p.s.*	Dec. 28	3d. p.s.*	...	...
Ulu Klang Tin	5%	Dec. 11	Same	...	...
Zinc Corporation ord. and pref.	2/- p.s.*	Jan. 1	6d. p.s.*	...	...
OTHER COMPANIES					
A. Jones (Bootmakers)	...	Dec. 12	First	5	...
Allied Ironfounders	4%	Dec. 31	74%*	...	...
Anglo-Iranian Oil	5%	Dec. 16	Nil	...	...
Anglo-Newfoundland Development	21%	Jan. 15	Same	...	...
Army and Navy Investment Trust	8%	...	7%	11	10
Armstrong Coal	10%†	...	Same	...	...
Asby's Staines Brewery	15%†	...	14%†	20	194
Australian Pastoral	...	...	...	12	23
Birkenhead Brewery	6%†	...	Same	10	9
Bluenose Brothers	74%†	...	Same	10	10
Boardman's United Breweries	...	...	...	...	...
Brickwood and Co.	...	...	...	...	...
Bristol Industries	9%†	...	8%†	13	12
British Tyre and Rubber	...	...	...	10	64
Broom and Wade	6%†	Dec. 9	4%†	94	8
Buenos Aires Town and Docks	...	...	First	10	...
Trans	...	...	...	11	Nil
Bullard and Sons	124%†	...	10%†	174	15
Cakebread Robey and Co.	5%	Dec. 16	Same	...	...
Caldwell's Paper Mills	...	Dec. 17	...	44	34
Campertown Trust	5%†	Dec. 17	4%†	74	7
Card Clothing, etc.	...	...	...	5	Nil
Cartrugrove Paper (Pref.)	8%	Dec. 16	(To April 30, 1931)	...	...
Chesters Brewery	6%	...	...	...	...
Coats (J. and P.)	21%	Dec. 31	Same	...	...
Crompton Parkinson	...	...	...	124(b)	124
Cope Brothers and Co.	3%	Dec. 14	Same	...	...
De Vere Hotels	...	Dec. 12	...	24	Nil
Dundee and London Investment	3%	Dec. 11	Same	24	Nil
East African Power, etc.	3%	...	...	...	...
Goldsbrough Mort and Co.	2%	...	...	...	...
Green (J. W.)	11%†	Dec. 16	...	15	15
Halford Cycle	124%†	...	Same	15	15
Heinemann Holdings	74%†	...	Same	124	124
Hely's	5%	...	Same	...	...
Hepworth and Grandage	...	Dec. 16	...	10	10
Idris "A" pref.	...	Dec. 18	...	7	10
Do. "A" ord.	...	Dec. 18	...	10	10
Ind. Cope and Allsopp	174%†	Dec. 17	164%†	25	224
Jowett Cars	74%†	...	...	15	...
Kia-Ora	...	...	...	2	24
Laporte (B.)	5%	Dec. 2	Same	...	...
Light Production	10%	Jan. 1	First	...	...
Lincolnshire Road Car	...	...	...	10	10
Lister (R. A.) and Co.	...	...	...	10	74
Madame Tussauds	...	...	...	15	15
Mappin's Masbro Old Brewery	...	...	...	10	10
Do. Jubilee bonus	...	...	...	4d. p.s.	Nil
Marks and Spencer ord.	(b)15%*	Jan. 1	10%*	...	...
Do. "A" ord.	(b)15%*	Jan. 1	10%*	...	...
Metropolitan Association, etc.	124%	...	Same	...	...
Milton Proprietary	174%†	...	61%†	25	114(6)
Montague Burton	34%	...	3%*	...	...
Moore's Stores	21%	...	First	...	...
Nantyglo and Blaine Estates	24%†	...	Same	5	5
Nelson Financial Trust	14%	...	14%†	34	34
Northern American Trust	8%†	Dec. 20	74%†	Nil	124
Ocean Salvage	...	...	...	10	10
Olive and Partington	7%†	...	Same	...	...
Orient Steam Navigation	...	...	...	54	64
Raleigh Cycle Holdings	11%†	Dec. 14	8%†	15	11
Scottish Investment Trust	10%†	Dec. 10	First	174	...
Silentsblot, Ltd.	...	Dec. 12	...	...	...
Simonds (H. and G.)	14%†	...	134%†	11	16
South Durham Steel and Iron ord.	...	...	...	18	9
Do. "B" ord.	...	...	...	5	3
Southern Areas Electric	11%*	...	Same	...	...
Stephenson Clarke & Assoc. Cos.	34%*	...	Same	...	...
Stewarts and Lloyds (South Africa)	...	...	First	...	Nil
Strand Hotel (Pref. Ord)	...	...	...	14	14
Strong and Co. of Romsey	10%†	...	Same	30	26
Sussex Brick (Def.)	12%†	...	Same	18	18
Tarry (E.W.) and Co. 6% cum. pref.	3%	Jan. 1	(Paid end '32)	124	10
Turner and Newall	10%†	...	74%†	...	...
Twyfords	4%	...	Same	...	...
Walker and Homfrays	3%†	...	...	5	3
Westover Garage	...	...	...	11	11
Williamsons	4%*	Jan. 1	...	...	...
Wolverhampton & Dudley Brews.	(d) 9%†	...	17%†	(d)14	24

THE BRITISH OVERSEAS BANK, LIMITED

ESTABLISHED 1919

Report by the Board of Directors to the SIXTEENTH ANNUAL GENERAL MEETING of SHAREHOLDERS to be held in the BANK PREMISES, 33 GRACECHURCH STREET (LOMBARD COURT), LONDON, E.C.3, on Tuesday, the TENTH day of DECEMBER, 1935, at 12 noon.

The Directors submit to the Shareholders the Balance Sheet of the Bank, as at 31st October, 1935, and Profit and Loss Account, together with copy of the Auditors' Certificate.

The Profit, after allowing rebate of interest and providing for all bad and doubtful debts (other than provided for out of Contingencies Account), for the year ended 31st October, 1935, amounts to	£	s.	d.
Balance available from last account	60,131	4	0
	66,638	17	6

Making a total of 126,770 1 6 which has been appropriated as follows:—

For payment of a dividend on the "A" Ordinary Shares at the rate of Six per cent. per annum (less Income Tax) for the year ended 31st October, 1935, which together with Income Tax thereon amounts to	£	s.	d.
Leaving a Net Balance to be carried forward to next year of	60,000	0	0
	66,770	1	6
	126,770	1	6

It is with the deepest regret that the Directors record the death of the Hon. Bernard Rollo, which occurred in February last. Mr Rollo was an original Director of the Bank, which he served with great distinction. The vacancy thus created in the Board has been filled by the appointment of Mr Thomas Francis Tallents, M.C.

Mr Nigel L. Campbell's term of office as Deputy-Chairman having expired on 31st October, 1935, Sir James Caird, Bart., has been appointed to succeed him for the current financial year.

The Directors retiring by rotation are Mr Arthur C. D. Gairdner and Mr Duncan A. Stirling, who, being eligible, offer themselves for re-election. In accordance with Article 91, Mr Tallents' appointment requires confirmation by the shareholders.

The Auditors, Messrs George A. Touche & Company and Messrs McClelland, Ker & Company, also retire, and, being eligible, offer themselves for re-appointment.

By Order of the Board,
A. E. THORNE, Secretary.

London, E.C. 28th November, 1935.

BALANCE SHEET, 31st October, 1935.

LIABILITIES		£	s.	d.	ASSETS		£	s.	d.
Capital: Authorised					Cash in Hand and at Bankers		247,417	3	11
300,000 "A" Ordinary Shares of £5 each		1,500,000	0	0	Money at Call and Short Notice		869,329	9	1
300,000 "B" Ordinary Shares of £5 each		1,500,000	0	0	Balances with Bankers Abroad		298,470	10	8
400,000 Shares of £5 each which may be issued in whole or in part as "A" or "B" Ordinary Shares		2,000,000	0	0	Bills Discounted		553,525	6	4
		5,000,000	0	0	Government Securities		370,628	19	11
Subscribed and Paid in Full:					Investments in Subsidiary Companies		49,166	1	9
200,000 "A" Ordinary Shares of £5 each		1,000,000	0	0	Other Investments, including Shareholding Interests in Foreign Banks		537,846	18	0
200,000 "B" Ordinary Shares of £5 each		1,000,000	0	0	of £100,000, £100 Paid		100	0	0
		2,000,000	0	0	Advances to Customers and Other Accounts		1,782,859	12	9
Current, Deposit and Other Accounts, including provision for Contingencies, and for Bad and Doubtful Debts		2,638,403	7	7	Amounts owing from Subsidiary Companies		14,715	9	8
Amounts owing to Subsidiary Companies		15,847	0	1	Liability of Customers for Acceptances, etc. (per contra)		2,988,528	2	10
Reserve Fund		100,000	0	0	Bank Premises—Freehold, at cost, less amounts written off		336,960	17	1
Investments Depreciation Reserve		150,000	0	0					
Acceptances, etc., for account of Customers (per contra)		2,988,526	2	10					
Balance of Profit and Loss Account		66,770	1	6					
Notes.—(1) Contingent Liability on account of Endorsements on Bills Discounted, £30,890.									
(2) "Bills Discounted," "Advances to Customers" and "Liability of Customers for Acceptances" include the balances which come under European "Standstill" Agreements and Exchange Restrictions.									
		7,959,546	12	0			7,959,546	12	0
ARTHUR C. D. GAIRDNER, Chairman. JAMES CAIRD, Deputy Chairman. D. A. STIRLING, Director.					A. E. THORNE, Secretary. F. J. SULLIVAN, Accountant.				

AUDITORS' REPORT TO THE MEMBERS.

We have examined the above Balance Sheet and compared it with the Books of the Bank. We have satisfied ourselves as to the correctness of the Cash Balances and the Bills of Exchange, and have verified the Securities. We have obtained all the information and explanations we have required, and are of the opinion that the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Bank's affairs, according to the best of our information and the explanations given to us, and as shown by the Books of the Bank.

GEORGE A. TOUCHE & CO. } Chartered
McCLELLAND, KER & CO. } Accountants.
Auditors.

London, E.C. 18th November, 1935.

PROFIT and LOSS ACCOUNT for the Year ended 31st October, 1935.

Dr.	£	s.	d.	Cr.	£	s.	d.
To Dividend on the "A" Ordinary Shares at the rate of Six per cent. per annum, and Income Tax thereon	60,000	0	0	By Balance brought forward	66,638	17	6
" Balance carried over Balance Sheet	66,770	1	6	" Profit, after allowing Rebate of Interest and providing for all Bad and Doubtful Debts (other than provided for out of Contingencies Account), for the year ended 31st October, 1935...	284,882	3	2
				Less Directors' Fees	4,760	19	2
	126,770	1	6		60,131	4	0
					126,770	1	6

STATEMENT REQUIRED BY SECTION 126 OF THE COMPANIES ACT, 1929.

None of the Accounts of the Subsidiary Companies shows a loss. The net profits have been carried forward in their own Accounts, after providing for a dividend, which, so far as relates to this Company, has been brought into the above Accounts.

ARTHUR C. D. GAIRDNER, Chairman.
JAMES CAIRD, Deputy-Chairman.
D. A. STIRLING, Director.

A. E. THORNE, Secretary.
F. J. SULLIVAN, Accountant.

18th November, 1935.

DIRECTORS:		MANAGERS:	
ARTHUR C. D. GAIRDNER, Chairman. SIR JAMES CAIRD, BART., Deputy Chairman.		DUDLEY WARD, C.B.E.	
The Right Hon. LORD ABERCONWAY. NIGEL L. CAMPBELL.		ADVISORY DIRECTORS:	
Sir ARTHUR A. HAWORTH, Bart. R. T. HINDLEY.		NORMAN L. HIRD. Sir EDGAR HORNE, Bart.	
WILLIAM DEAN. ANDREW T. SMITH.		F. O. A. SPEED. R. STEPHENSON.	
R. D. CAMERON, M.C.		A. E. THORNE.	
ACCOUNTANT:		CONTROLLER:	
F. J. SULLIVAN.		C. T. JAMES.	
GEORGE A. TOUCHE & COMPANY, London.		McCLELLAND, KER & COMPANY, Glasgow and London.	

concentrating on the local landsale market, in which prices are more remunerative and only 3,000 tons weekly, against 10,000 tons in normal circumstances, can be spared for Ulster and Free State users. Demand is extraordinarily brisk, partly because the fear of the national strike is causing users to lay in stocks in works' bunkers and house cellars. There is hardly enough industrial fuel to go round.

Prices are exceedingly firm. Best round is 22s.; washed doubles, 20s.; washed singles, 19s.; all f.o.b. Small, 15s. 6d. Best house coal, 32s. 4d.; house nuts, 30s. 8d. at station. Gas coal, 27s.; local coke, 15s. 6d. to 16s. 6d. per ton.

NEWCASTLE-ON-TYNE.—Shipments of coal and coke from the Tyne last week were better, the quantity dispatched being 300,155 tons, an increase of 51,585 tons, compared with the corresponding week of last year. The determination to increase stocks in this country in case of a stoppage of work at the mines accounts for the briskness in shipments. Northumberland steam classes are heavily booked, and most Durhams are in a firm position. Coke of all descriptions is firm, inland trade being brisk.

Current f.o.b. prices for export:—**NORTHUMBERLAND.**—D.C.B. screened, 16s.; smalls, 13s.; Howards, Bentinck, Newbiggin, screened, 15s.; smalls, 12s. 6d.; Tyne Prime, large, 14s.; smalls, 12s.; Hartley Main, large, 14s. 6d.; smalls, 13s. **DURHAM.**—Lambton/South Hetton screened steam, 16s.; smalls, 13s.; Wear Special gas, 15s.; Holmside, Ryhope, Boldon unscreened gas, 14s. 6d.; second-class gas, 13s. 6d.; coking unscreened and/or smalls, 13s. 8d.; prime unscreened bunkers, 15s.; second-class unscreened bunkers, 14s. 6d.; prime foundry coke, 21s. 6d.; Newcastle and District gas coke, 21s.

GLASGOW.—Scottish collieries are fully booked for export until the end of the year, and are disinclined to engage in further business beyond that time. Prices are therefore largely nominal. Demand continues brisk on home account, the increased consumption resulting from the industrial activity being accentuated by buying for stocking purposes in view of the labour uncertainties.

Shipment prices f.o.b. district ports:—**LANARKSHIRE.**—Ell best, 16s.; splint best, 17s. 6d.; splint second, 16s.; navigation, screened, 16s.; navigation, unscreened, 14s. 6d.; steam, screened, 14s. 6d.; trebles, 16s. 6d.—17s.; doubles, 15s.; singles, 14s.; pearls, 13s.; dross, 12s. **FIFE.**—Best unscreened navigation, 14s. 6d.; unscreened navigation, 14s.; first-class steam, 15s. 6d.; third-class steam, 14s. 6d.; trebles, 17s. to 18s.; doubles, 15s. to 16s.; singles, 14s.; pearls, 13s. **LOTHIANS.**—Best splint, 16s.; prime steam, 16s.; secondary steam, 15s. 6d.; unscreened navigation, 15s.; trebles, 17s.; doubles, 15s.; singles, 14s.; pearls, 13s. **AYRSHIRE.**—Best unscreened navigation, 15s.—15s. 3d.; steam, 14s. 6d.; trebles, 17s.; doubles, 15s.—15s. 6d.; singles, 14s. 6d.; pearls, 13s. 6d.; dross, 13s.

CARDIFF.—Coal shipments at the South Wales ports continue moderately active. Exports in the foreign and coastwise trades last week totalled 387,100 tons, compared with 408,000 tons the previous week and 410,385 tons in the corresponding week last year. The coalfield is suffering severely from the virtual cessation of trade with Italy. In 1913, consignments from the Bristol Channel ports to the Italian market averaged about one million tons per week, and even last year nearly 450,000 tons, but only one cargo has left the South Wales ports on Italian account during the past fortnight. With other Mediterranean markets the course of business is, on the whole, favourable, but with the close of the Canadian season it is feared that aggregate shipments during the next few weeks will fall short of the quantities exported in the corresponding period last year. Prices are generally unchanged, except for pitwood, which is a shade easier. South Wales pitwood importers are in negotiation with Portuguese exporters with a view to the arrangement of an agreement for the purchase by South Wales of 275,000 tons of Portuguese wood at agreed prices against the security of the continued purchases of South Wales coals by Portugal. During the past ten months pitwood imports from France totalled 316,304 loads, compared with 196,951 loads in 1934, but imports from Portugal during the same period amounted to only 200,936 loads, as against 471,733 loads over the whole of the previous year.

A Committee of the South Wales coalowners has been appointed to prepare a scheme for the local central control of sales, but it is not expected that agreement will be reached on its form till well into the second half of next year.

Current approximate quotations:—Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 3d.; best dries, 18s. 9d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams (washed), 13s. to 13s. 6d.; second steams, 12s. 6d. to 13s.; coking smalls, 13s. 6d. to 14s.; anthracite, best large, 36s. to 51s.; Red Vein, large, 22s. to 27s.; machine-made cobbles, 35s. to 51s.; French nuts, 35s. to 51s.; stove nuts, 34s. to 50s.; rubbly culm, 10s. 6d. to 12s.; special foundry coke, 37s. 6d. to 40s.; patent fuel (Crown), 21s.; pitwood, ex ship, French, 24s. 3d.; Portuguese, 22s. 6d.

IRON AND STEEL

LONDON.—The official report of the London Iron and Steel Exchange indicates that in some departments the volume of business shows signs of expanding. The many public development schemes which have been announced promise to provide a considerable volume of work for the industry and will probably lead to an increase in production. Demand for pig iron shows no signs of declining, and specifications against contracts continue to reach the works at a satisfactory rate. As many consumers have bought forward for some months, current business consists principally of small parcels, but these are sufficiently numerous to give the markets an appearance of activity. The requirements of the chief consuming industries seem to be gradually broadening, and important

quantities are being absorbed by the foundries and engineering trades. Supplies of semi-finished steel materials seem scarcely sufficient to meet requirements, although lately British production of this class of steel has been increased. Most of the producing works, however, are unable to accept orders except for delivery several weeks ahead, and are reluctant to undertake fresh commitments. In the finished steel section of the market, business appears to be expanding in most departments, although on the export side trade is slow in developing.

MIDDLESBROUGH.—The pig iron market continues strong, there being numerous inquiries, and it is understood that buyers are prepared to enter into further contracts at present prices, but makers have good order books and are not inclined to sell big quantities. There is actually very little pig iron available for sale to British firms, whilst export business is almost non-existent. The price of Cleveland foundry iron is maintained at 70s. per ton delivered in the Middlesbrough area for No. 3 foundry quality. East Coast hematite pig iron makers have received inquiries from purchasers who are desirous of covering further ahead at present prices in view of rumours of an advance. Meanwhile no advance has taken place, and the price remains very firm on the basis of 71s. per ton for No. 1 quality delivered locally. It is announced that Messrs Dorman, Long are putting into blast this week an additional furnace for the production of basic iron at their South Bank works as the material is needed for their steelworks. This will make a total of 27 blast furnaces in operation in this area.

Steel production, both semi-manufactured and manufactured, continues to increase, there being a heavy demand for all classes. Good Durham blast furnace coke is much firmer with producers not prepared to discuss business under 20s. per ton. Heavy steel melting scrap is in good demand but buyers are maintaining their figure of 52s. 6d. per ton delivered at the works.

SHEFFIELD.—The scarcity of basic steel billets for re-rolling is as pronounced as ever. In fixing the import quota for such material the authorities underestimated British mill consumption very considerably. The difficulty has been aggravated by consumers, anticipating an advance in prices, ordering extra supplies. Arrangements have been completed for purchasing foreign material in excess of the quota tonnage, and the scarcity will continue until this can be delivered. Sheffield firms are not greatly perturbed by the threat of a motor car firm to start works for making steel. Such an enterprise could not seriously affect the trade in Sheffield. Many steel firms contribute to the building of motor vehicles, supplying a wide variety of special stampings and forgings as well as tool steel and tools. These could not be produced economically in a single works. The proposed enterprise relates principally to sheets, which are not a Sheffield speciality.

Local conditions continue brisk and there have been further increases of production over the last two months. The year's output of ingots and castings will probably be in the neighbourhood of 1½ million tons. The inflow of orders for mill products and quality steels is not quite so brisk as it has been. As regards very heavy forgings, which were rare a few years ago, these are now quite a common product. A local firm, famous for iron and steel works' plant, has this year executed a fair volume of home and export contracts, and has done better than for many years past. Leading authorities are urging cutlery makers to take steps to remodel the industry on modern lines. This would be an easier task than in the past owing to the fact that in most of the processes manual skill has been superseded by the machine. Business in silver and plated goods is described as moderate for the time of year.

WORKINGTON.—There has been another bout of heavy buying in the North-West Coast hematite pig-iron market, most of it coming from the Midlands and South Wales, and makers now have sold production for more than fifteen months to come. A heavier production is justified, for smelters are hard pressed for deliveries, but it may be another six or seven weeks before the big furnace at Workington, which has been in process of relining is lighted. A rise in prices is anticipated shortly. Foreign ore is dearer, and the iron smelters in Cumberland are having to pay more for their coke, local supplies having to be supplemented by 2,000 tons weekly of East Coast coke, in consequence of the closing of the Whitehaven battery of ovens. Bessemer mixed numbers are quoted at £3 15s. per ton at Glasgow; £4 1s. at Manchester; £4 4s. 6d. at Birmingham, and £4 6s. at Sheffield, with an additional 2s. 6d. to 5s. per ton for special brands. There is a ready market for malleable iron at £5 15s. per ton delivered at Birmingham, and for ferro-manganese, at from £10 15s. to £11 5s. per ton home. Steelmakers are well off for orders, and are assured of the maintenance of activity on the present scale to the middle of next year. Native ore, at from 13s. 6d. to 14s. 6d. per ton, is in steady local request. Very few parcels are being sold to East Coast or Scottish smelters.

GLASGOW.—Steelmakers in the West of Scotland have now sufficient work on books to enable them to look forward with some degree of certainty to regular full-time working for some months to come. There has been no falling off in demand, and in some directions there has been an increase. Makers have been quite unable to fill the requirements of users of semis. The latter, however, have been able to obtain Continental material to meet immediate needs. It is announced that Messrs Colvilles, Ltd., are about to commence a large extension of workshops and plant at their Glengarnock works. These will be mainly employed in the production of semis, for which there is a large outlet in the West of Scotland for the manufacture of sheets and for re-rolled bars, hoops, strips, etc. Other extensions are contemplated by West of Scotland concerns. Constructional engineers in this district are busy and there is a large amount of work under consideration for which contracts have not yet been placed. In the

sheet trade no substantial increase in export business is noticeable, but home trade continues to expand, and output is being rapidly absorbed. Tubemakers are well employed, but export business is unsatisfactory.

CARDIFF.—Conditions in the tinplate trade have shown little or no movement during the past week. Factories are working at just over 50 per cent. of capacity, and little expansion is anticipated till the New Year. Shipments at Swansea last week totalled 48,721 boxes compared with 66,385 boxes the previous week, and 79,895 boxes in the corresponding period last year; and stocks in warehouse at the end of last week totalled 76,153 boxes as against 55,150 boxes the previous week, and 111,690 boxes a year ago. Prices both for the inland and the export trades are stationary at the recently altered schedule basis. Galvanised sheets have been featureless and prices of steel bars are unaltered at £5 10s. per ton.

OTHER METALS

COPPER.—Demand on the London market was again small, and prices showed a slightly easier tendency during the past week. In the United States, however, a rumour that the domestic quotation would be raised from 9.25 to 10 cents per lb. induced consumers to replenish their stocks, with the result that some sizeable turnovers were recorded. On Friday, for example, some 9.7 million lbs. changed hands in New York. Actually, however, the rumour seems to have had little foundation for a rise in the American domestic price is unlikely at present. Formerly, it is true, the larger copper concerns in the United States often raised their prices at the end of the year in order that their stocks might be valued at a higher level in their balance-sheets. But such a policy is not likely to be pursued this year, for the companies concerned are not seeking to raise large funds in the open market, and the burden of taxation is too heavy to make over-valuation of stocks advisable. An early slackening of demand may therefore be looked for on the American market.

Sales on the London Metal Exchange: 1,375 tons on Monday, against 1,400 tons last week; 1,175 tons on Tuesday, against 2,150 tons last week; 1,100 tons on Wednesday, against 1,050 tons last week. Domestic spot was quoted at 8.60 cents per lb. in New York on Wednesday, against 8.60 cents a week ago and 8.50 cents a month ago. Wednesday's official closing price for standard cash in London was £35 2s. 6d. to £35 3s. 9d., compared with £35 6s. 3d. to £35 7s. 6d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 78,404 tons, show a decrease of 560 tons, while stocks of rough copper, at 10,758 tons, show a decrease of 125 tons on the week.

LEAD AND SPelter.—Lead prices hardened during the past week. Some consumer buying, the danger of fresh labour difficulties in Mexico, and a hopeful speech by Mr A. Chester Beatty at the Trepana Mines meeting were the main causes. On the other hand, the market in spelter was dull, with quotations a shade easier. An interesting point was, however, made by Sir Robert Horne, the chairman, at the meeting of the Imperial Smelting Corporation this week. He stated the willingness of his company to "co-operate loyally" "in seeking an acceptable international agreement," and said that preliminary negotiations for the re-establishment of the International Zinc Cartel had already taken place. But he was unable to make a definite statement regarding the prospects of an early settlement. There would seem to be reasons for believing that Sir Robert Horne's remarks were in the nature of an invitation to international producers to resume co-operation, rather than a report of actual developments behind the scenes. Whether or not the resuscitation of the cartel, which broke down at the end of last year, will follow at an early date remains to be seen.

Sales of lead on the London Metal Exchange: 400 tons on Monday, against 1,250 tons last week; 2,900 tons on Tuesday, against 1,000 tons last week; 550 tons on Wednesday, against 800 tons last week. The New York quotation on Wednesday was 4.50 cents per lb., against 4.50 cents a week ago and 4.50 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £18 1s. 3d. per ton, compared with £17 17s. 6d. a week ago.

Sales of spelter on the London Metal Exchange: 50 tons on Monday, against 500 tons last week; 50 tons on Tuesday, against 300 tons last week; 200 tons on Wednesday, against 25 tons last week. Wednesday's quotation in East St. Louis was 4.85 cents per lb., against 4.85 cents the week before and 4.85 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £16 2s. 6d. per ton, against £16 3s. 9d. last week.

TIN.—The cash price fell by a further £2 10s. per ton during the week ended last Wednesday, but since the three months' quotation declined by only 5s. in the same period, the backwardation narrowed to less than £10 per ton. Nevertheless, this must still be regarded as artificial and excessive. British warehouse stocks again declined last week to 272 tons—the lowest figure ever recorded. In view of the fact that shipments have begun to arrive from the Dutch East Indies, however, a reversal of this tendency may now be expected; for, according to the Dutch Press, this tin will be placed at the disposal of the London market. As pointed out last week, however, Dutch producers are calculating in a gold currency and they will certainly be anxious to obtain a high price for their metal. Until supplies arrive from other sources, therefore, little change in the undertone of the London market is to be expected.

Sales of tin on the London Metal Exchange: 215 tons on Monday, against 340 tons last week; 255 tons on Tuesday, against 125 tons last week; 205 tons on Wednesday, against 250 tons last week. The New York quotation on Wednesday was 51.25 cents per lb., against 51.00 cents a week ago and 50.75 cents a month ago. Wednesday's official closing quotation in London for standard cash

was £221 10s. to £221 15s. per ton, compared with £224 to £224 10s. last week. Stocks of tin in London and Liverpool at the end of last week totalled 272 tons, a decrease of 68 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted at £100 per ton. Nickel, for home and export, at £200 to £205 per ton, remains unchanged. Quicksilver, on the spot, at £12 12s. 6d. per flask of 76 lbs., remains unchanged. Chinese antimony was quoted at £67 to £68 per ton ex warehouse, duty paid, as against £68 per ton last week. Chinese wolfram for November–December shipment was quoted at 34s. to 35s. per unit, c.i.f., the same as last week. Platinum (refined) was quoted at £7 17s. 6d. per ounce, as against £7 10s. last week.

TEXTILES

COTTON.—**Manchester.**—The general tone of the market has continued quieter. Prices have tended to harden, but very few buyers have been prepared to follow the upward movement, there being much difficulty in arranging terms of fresh contracts. Towards the end of last week there were indications of the rising tendency in raw cotton prices being checked, but bullish sentiment has again appeared and there seems to be less probability of any real decline in prices, especially in Egyptian qualities. Some reports from the United States have been rather unsettling, such as the decision of the Supreme Court in granting a temporary injunction in favour of Louisiana rice growers against the collection of processing taxes. In the meantime there continues an active demand from the trade. A further advance has occurred in prices for Egyptian cotton, both Sakel and Upper, the latest statistics being bullish.

Although the cloth market has been rather slower, business has not been at a standstill and fair miscellaneous transactions have been arranged for several outlets. Bids for India have again been rather poor. Most of the practicable demand has run on printed and dyed cloths. Further buying has occurred for Egypt in bleachers and printers and useful lines have been booked for the Crown Colonies, especially West Africa. A little more activity has shown itself in finishing styles for South America. A mixed business has been done for the Dominions and the home trade. Quotations in the yarn market have continued firm with a tendency to harden. A fairly encouraging turnover has taken place in coarse American counts with rather more demand in medium Egyptian numbers.

COTTON PRICES

	1935				Corresponding Date	
	Nov. 6	Nov. 13	Nov. 20	Nov. 27	1933	1934
Raw Cotton—Mid. American	d. 6 41	d. 6 69	d. 6 73	d. 6 73	d. 5 10	d. 7 07
Sakeluridia Fully Good Fair	per lb. 9 35	per lb. 9 72	per lb. 9 84	per lb. 10 44	per lb. 7 01	per lb. 9 24
Egyptian	per lb. 1 19	per lb. 1 10	per lb. 1 10	per lb. 1 10	per lb. 92	per lb. 1 08
Yarns—32's twist	per lb. 10 10	per lb. 10 10	per lb. 10 11	per lb. 11	per lb. 91	per lb. 10 10
40's twist	per lb. 10 10	per lb. 10 10	per lb. 10 11	per lb. 11	per lb. 91	per lb. 10 10
60's twist (Egyptian)	per lb. 16 1	per lb. 16 1	per lb. 16 1	per lb. 17	per lb. 16 1	per lb. 16 1
32-in. Printers 116 yds., 16 by 16, 32's and 50's	s. d. 17 7 17	s. d. 17 9 18	s. d. 17 9 18	s. d. 17 10 18	s. d. 17 0 18	s. d. 17 0 18
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	s. d. 24 9 24	s. d. 10 25 0	s. d. 15 11 21	s. d. 10 24 0	s. d. 10 10 10	s. d. 10 10 10
38-in. ditto, 37 1/2 yds., 18 by 18, 16, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100	s. d. 10 4 10	s. d. 10 5 10	s. d. 10 6 10	s. d. 10 6 10	s. d. 10 6 10	s. d. 10 6 10

EGYPTIAN COTTON DEARER.—Egyptian cotton is over 1d. per lb. dearer than a month ago and 2d. per lb. higher than two months ago, the spot quotation for F.G.F. Sakel being 8.42d. on October 1st, 9.28d. on November 1st, and 10.44d. last Wednesday. This upward movement has been largely due to the increasing

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demand and the stronger statistical position of the article. A particular factor has been the heavy buying and shipments from Alexandria to Italy during the last few weeks. The crop of Egyptian cotton in 1934-35 was 7,350,000 cantars, whilst exports were 8,091,000 cantars. The growth for this season is estimated at between 7,750,000 cantars and 8,000,000 cantars. There is every probability of consumption exceeding output. The rise in prices has been a rather serious matter for cotton spinners in Lancashire, but the advance has been gradual and some weeks ago certain leading users secured their requirements for several months ahead. According to some authorities the upward movement is likely to continue. It is very difficult for spinners to find any substitute for Sakel cotton, which, of course, is of good quality.

COTTON RING SPINNERS' AGREEMENT.—As far back as November, 1933, a "gentleman's agreement" was adopted amongst cotton ring spinners in Lancashire relating to minimum prices, and this was loyally observed for some months. A little later, owing to a scarcity of orders, the agreement broke down. In the middle of 1934 there was a further attempt to arrange a price agreement on a legal basis, and in reply to a questionnaire 80 per cent. of the spinners concerned consented to a scheme of this kind. In September, 1934, a legal document was adopted and it was agreed that 90 per cent. of the ring spindles offering yarn for sale was sufficient to operate the scheme. At a meeting of the Committee held in Manchester this week it was announced that the seals of companies and signatures had already been attached representing 84.9 per cent. of ring spindles in the industry, with the promise of the addition of 3.4 per cent. at an early date. Mr Frank Platt, the managing director of the Lancashire Cotton Corporation, Ltd., who presided at the meeting, pointed out that the proposal was essentially an agreement to protect spinners on a minimum price basis, its primary object being to prevent margins slipping back to the position of selling prices resulting in a loss. It was agreed, however, that the scheme could not be put into operation at the moment.

WOOL.—Bradford. — The wool textile industry continues to display many signs of strength. Raw wool prices are firm, and employment in the industry is the highest since 1931. In the West Riding of Yorkshire there is less than 10 per cent. unemployment, and if more hands, especially weavers, could be obtained there would be even less standing machinery. Juvenile employment is particularly scarce, there being less disposition to-day among boys and girls leaving school to take up mill work than formerly.

The chief event of interest this week was the opening of a new selling season at Auckland, where the New Zealand clip is being brought to the hammer. The initial sale passed off remarkably well, with prices often 50 per cent. higher than a year ago. There is no doubt that crossbreds have passed the lowest point, and with a gradual liquidation of old accumulated stocks, these wools should assume a stronger position. A larger consumption than has been witnessed for several years may be expected at home, across the Atlantic and on the Continent, and everything points to sustained competition and firm raw wool prices. There was more Continental competition at Auckland than has been the case for the past two years. America may also be expected to be a liberal buyer, with considerable support by Bradford topmakers.

The current series of London sales was interfered with last Monday by fog, but the auctions were resumed on Tuesday with well sustained competition and firm prices. While no spectacular prices have been paid so far, the general level of prices indicates a sound position. The Continent is a much more active competitor this series than at any previous auctions this year, and everything points to an excellent finish.

GRAIN MARKETS

WHEAT.—The upward movement of quotations recorded a week ago has continued during the past few days, and it appears that the forces which produced a reactionary tendency in recent weeks have now spent themselves. Supplies have been rather short this week, while demand has become more brisk. Moreover, the realisation that the exportable surplus of some of the chief exporting areas will be substantially reduced this season has had a steadying effect on the markets.

According to the *Corn Trade News*, total shipments of wheat and flour from exporting countries during the past week were 1,186,000 quarters, against 1,353,000 quarters in the preceding week. On Wednesday last, "December" futures were quoted in Chicago at 97½ cents per bushel, against 96½ cents the week before and 97½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 35s. 6d. per 496 lbs., against 34s. 9d. a week ago; No. 2 Northern Manitoba, ex ship, 33s. 9d., against 33s. 6d. a week ago.

FLOUR.—Demand has shown some improvement this week, and prices have recovered. Shipments from North America in the past week totalled 84,000 sacks, as against 99,000 in the previous week. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered country, 29s. per 280 lbs., against 28s. a week ago; delivered London, 28s., as compared with 27s.

a week ago. Manitoba patents, ex store, 27s. 6d. to 29s. 6d., against 27s. 6d. to 29s. 6d. a week ago. Australian, ex store, 22s. to 22s. 6d., against 22s. to 22s. 6d. a week ago.

BARLEY.—Business in imported feeding barley has been reduced in volume this week, but the market has been quietly steady. Canadian quotations show an easier tendency. The relative cheapness of maize is adversely affecting the demand for barley at present. "December" futures were quoted at 33½ cents per bushel in Winnipeg on Wednesday, against 33½ cents last week and 32½ cents a month ago. Quotations per 448 lbs. in London on Wednesday were: "English feed" (new) at farm, 23s. to 24s., as against 23s. to 24s. last week; "English malting" (new) at farm, 30s. to 54s., against 30s. to 54s. a week ago.

OATS.—Demand for domestic oats on provincial markets in this country has been quiet during the past week, with quotations tending to lower levels. On Wednesday, "December" futures were quoted at 26½ cents per bushel in Chicago, against 27 cents a week ago and 26½ cents last month. Quotations in London, Wednesday: "English Black" (old), at farm, 22s. per 336 lbs., against 22s. a week ago; "English White" (old), at farm, 22s., against 22s. last week.

MAIZE.—Demand for Plate maize on world markets has expanded this week and quotations in this country are firmer. But Chicago prices have eased a little. "December" futures were quoted on Wednesday at 59½ cents per bushel in Chicago, against 60½ cents a week ago and 58½ cents last month. Quotations in London, Wednesday: "Plate," landed, 17s. 3d. per 480 lbs., compared with 17s. 3d. a week ago; "Plate," ex ship (new), 16s. 6d., as against 16s. 3d. a week ago; "Plate," November, 16s. 6d., against 16s. 4d. a week ago. Yellow maize meal, ex wharf, was quoted at £4 15s to £4 17s. 6d. per ton, against £4 12s. 6d. to £4 15s. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table give the estimated sale of home-grown wheat during the harvest year 1932-33 to 1935-36:—

	1932-1933	1933-1934	1934-1935	1935-1936
Estimated sales of home-grown wheat—				
1 week to November 23	Cwts. 302,111	Cwts. 283,375	Cwts. 307,279	Cwts. 381,557
12 weeks to November 23	3,373,187	4,019,977	5,381,819	5,528,732
Average price of English wheat per cwt.	s. d. 5 5	s. d. 4 7	s. d. 4 11	s. d. 5 9

The following is a statement showing the quantities sold and the average price of British corn in the past two weeks, and for the corresponding week in each of the years from 1931 to 1934:—

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
Nov. 21, 1931	Cwts. 73,670	Cwts. 501,688	Cwts. 55,803	s. d. 6 1	s. d. 7 0	s. d. 7 0
Nov. 28, 1932	302,111	427,915	47,352	5 5	7 2	5 10
Nov. 25, 1933	283,377	367,848	47,957	4 7	9 2	5 3
Nov. 24, 1934	307,279	367,848	49,953	4 11	8 8	6 8
Nov. 16, 1935	401,649	380,680	44,962	5 11	8 5	6 1
Nov. 23, 1935	381,557	394,130	63,106	5 9	8 5	6 0

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations for selected weeks in 1935, with comparative figures for 1934.

NEAREST FUTURE	Jan. 4, 1933	Jan. 3, 1934	Nov. 28, 1934	Jan. 2, 1935	Nov. 20, 1935	Nov. 27, 1935
Winnipeg (No. 1, Manitoba) Cents per 60 lb.	48½	65½	78½	82½	85	86½
Chicago (No. 2, Winter) Cents per 60 lb.	46½	84½	99½	98½	99½	97½

The visible supply of wheat in Canada amounts to 142,164,000 bushels, against 145,103,000 bushels last week and 125,137,000 bushels in the corresponding week of last year.

OTHER FOODS

BACON.—Pressure to sell the continued larger supplies of English and Irish descriptions has depressed the market further, but at the lower level of prices a steadier tendency has been in evidence. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 77s. to 83s.; Canadian, 72s.; Danish, 82s., as against 80s. to 87s., 75s. and 86s., respectively, a week ago. Arrivals in London last week included Danish, 13,189 bales; Canadian, 4,563; Dutch, 2,229; Lithuanian, 608; Polish, 2,024; against 14,251, 4,302, 2,276, 1,568 and 2,639 bales, respectively, in the previous week.

BUTTER.—After a firmer tendency last week-end, the demand for Australian and New Zealand butter has slackened this week and prices have eased a little. But Danish holds its price. Quotations (per rwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 100s. to 101s.; Australian, choicest salted, 100s.; Danish, 125s.; compared with 102s. to 103s., 101s. to 102s. and 124s. to 125s., respectively, last week.

CHEESE.—The market has been generally steady during the past week. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, finest farmers', 74s. to 80s.; Canadian, finest coloured (new), 58s. to 60s.; New Zealand, finest coloured, 55s. to 56s., as against 70s. to 80s., 58s. to 62s. and 53s. 6d. to 54s., respectively, last week.

COCOA.—The "spot" quotation in New York on Wednesday was 5½ cents per lb., as against 5 cents per lb. last week. On the London market, Accra cocoa has been in steady demand at slightly easier prices. On Wednesday last, good fermented new crop, November-January, was quoted 22s. 3d. per 250 kilos. c.i.f. Continent, against 22s. 4½d. last week. Last week's movements of cocoa in London were as follows: Landed, 7,711 bags; delivered, for home consumption, 5,684 bags; exported, 264 bags; stocks, 122,607 bags, against 141,397 bags a year ago.

COFFEE.—Demand for spot coffee in New York has been steady at unchanged prices. The London market has ruled quiet during the past week. In New York on Wednesday, Rio No. 7 (cash) was quoted at 6½ cents per lb., as compared with 6½ cents per lb. last week and 6½ cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 27 cwt.; delivered, for home consumption, 25 cwt.; exported, nil; stocks, 12,531 cwt., against 28,459 packages a year ago. Central and other South American, landed, nil; delivered, for home consumption, 1,853 cwt.; exported, 2,217 cwt.; stocks, 78,095 cwt., against 76,523 packages last year. Other kinds, landed, 4,885 cwt.; delivered, for home consumption, 3,719 cwt.; exported, 1,881 cwt.; stocks, 107,400 cwt., against 71,332 packages last year.

EGGS.—The market has been firm during the past week, with prices showing a further seasonal advance. At Smithfield Market on Wednesday, English (ordinary packing, Grade 1, about 15-15½ lb.) realised 20s. to 21s. 6d. per 120, against 19s. 3d. to 20s. 9d. a week earlier, while Danish (15½ lb.) made 17s. to 17s. 9d. per 120, against 16s. 9d. to 17s. 6d. last week.

FRUIT.—After a slow trade last week some improvement in business occurred at Covent Garden this week. According to *The Fruitgrower*, apples are in steady demand, with supplies of all home-grown limited. British Columbian box apples and American barrels have shown a firmer tendency. Pears continue to sell well, but Californian are easier on larger arrivals. Hothouse grapes are receiving more attention and, with supplies shortening, prices have hardened. Oranges have been a steady trade, but the market is well supplied with grapefruit, the price of which has declined. Lemons are again dearer, with the prospect of a cessation of Italian supplies.

MEAT.—At Smithfield Market supplies have again been above last year's level. Fresh beef, mutton and lamb have been in only moderate request, but there has been a steady demand for chilled and frozen descriptions. Prices in these sections show little change on the week, but veal and pork were rather firmer. On Wednesday last, Argentine chilled hindquarters were quoted at 3s. 10d. to 4s. 2d. per 8 lbs., as compared with 3s. 8d. to 4s. 2d. last week. New Zealand frozen mutton was 3s. 2d. to 3s. 10d. per 8 lbs., against 3s. 2d. to 3s. 10d. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 9,688 tons, an increase of 289 tons on the corresponding week last year. Beef and veal accounted for 4,878 tons, mutton and lamb 2,719 tons. and pork and bacon 1,213 tons, as compared with 4,790, 2,461 and 1,102 tons, respectively, in the same week of 1934.

PEPPER.—Wednesday's spot price for Lampong (in bond) was 3½d. per lb., against 3½d. last week. Movements of pepper in London during the past week were as follows: Black, landed, nil; delivered, 9 tons; stocks, 1,450 tons, against 625 tons a year ago. White, landed 5 tons; delivered, 255 tons; stocks, 14,454 tons, against 9,988 tons a year ago.

RICE.—The spot price of Burma No. 2, cleaned, was 9s. 10½d. per cwt. ex-warehouse on Wednesday, as compared with 9s. 10½d. per cwt. a week ago. New crop, January-February, in singles to Continent and U.K. was quoted at 7s. 6d. per cwt., against 7s. 6d. per cwt. last week. Movements in London during the past week were as follows: Landed, 66 tons; delivered, 292 tons; stocks, 6,490 tons, against 2,762 tons a year ago.

SUGAR.—The New York spot market registered a decline this week, demand being slack. The London market in raw sugar has been slightly firmer. The spot price in New York on Wednesday was 3.25 cents per lb., as compared with 3.40 cents per lb. last week and 3.60 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "December delivery" at 4s. 11½d., against 4s. 8½d. to 4s. 9½d. last week. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 31,493 tons, against 34,053 in the previous week and 33,815 tons in the same week of last year; deliveries, 14,796 tons, against 15,649 and 14,687 tons respectively; stocks, 202,533 tons, against 185,836 and 125,900 tons respectively.

TEA.—The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold at Mincing Lane on Garden Account in recent weeks:—

Week ending	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
Nov. 22, 1934	d. 11-96	d. 11-45	d. 13-73	d. 10-30	d. 9-21	d. 10-83	d. 12-09
Oct. 24, 1935	14-75	12-68	16-59	12-56	10-41	10-88	14-75
Oct. 31, "	14-00	12-42	15-69	11-89	10-12	11-16	14-07
Nov. 7, "	13-33	12-31	15-03	12-18	9-42	11-63	13-53
Nov. 14, "	12-87	12-04	14-27	11-76	9-66	11-33	13-02
Nov. 21, "	12-86	12-21	13-88	12-91	10-49	11-59	13-01

The quantities catalogued for this week's auctions comprised 45,614 packages of Indian and 19,973 packages of Ceylon tea—appreciably less than a week ago. The market in Indian grades was active at firm prices, some advances being recorded amongst the commoner sorts. At Tuesday's Ceylon auctions rather more irregularity was displayed, but prices were generally well maintained at last week's level.

VEGETABLES.—Home-grown tomatoes are in limited supply at Covent Garden, but Canary Island supplies are increasing, states *The Fruitgrower*. Only a few cucumbers are on the market and realise good prices. There is a fair showing of lettuce, but mint is in shorter supply. Good cabbage and cauliflower are fetching satisfactory prices, while sprouts vary considerably according to quality. Celery is plentiful and cheaper. The potato trade has been moderate this week, with best siltland King Edward making 6s. 6d. to 7s. per cwt. at the Borough Market on Tuesday, against 6s. 3d. to 6s. 9d. a week earlier.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OILSEEDS.—Markets are far from active, but have a steady tone. Linseed has been inclined to fluctuate, but is steady on support from the Continent. This has to some extent offset the easier feeling induced by continued favourable prospects for the growing crop in Argentina. A little trade in new crop for shipment early in the New Year to Hull has been done at £9 17s. 6d. and £9 18s. 9d. There are still about 300,000 tons of the old Plate seed available for shipment, or twice as much as was actually shipped in the remainder of 1934. Only a small trade is reported in Indian linseed, for prices are considered too high in relation to other supplies. The quantity of linseed afloat for Europe has increased to 126,100 tons (including 20,000 tons from India), 6,600 tons more than last week. America continues to receive fair quantities and there is now on passage 52,900 tons, against 32,600 tons a year ago. Cottonseed is firm and dearer, and business in black Egyptian to Hull has been done up to £6 11s. 3d. January-February and £6 12s. 6d. March-April.

Linseed oil is in fair demand from consumers and remains steady. The present price of raw oil ex Hull mill for December delivery is £25 5s. and for January-April £25 7s. 6d. per ton, naked. Cotton oil is firmer but export demand is not so active. Egyptian crude ex Hull is offered at £26 and refined at £29 per ton, prompt. Oil-cakes are in fair demand and steady.

RUBBER.—Prices have hardened slightly during the period under review, despite the continuance of uncertainty concerning the Dutch native quota and the future of the gold bloc countries. The slight rise this week is attributed to a steady demand from the trade, largely for American account. Meanwhile, the meeting of the International Rubber Regulation Committee next Tuesday is awaited with interest.

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The spot price in New York on Wednesday last was 13½ cents per lb., compared with 12½ cents per lb. a week ago and 13½ cents a month earlier. Wednesday's official closing price for standard ribbed smoked sheet in London was 6½d. per lb., as against 6½d. on the corresponding day last week. In forward positions, business has been done at 6½d. to 6¾d. for January to March shipment, as against 6½d. to 6¾d. a week ago. Stocks in London and Liverpool at the end of last week totalled 166,492 tons, against 166,299 tons a week earlier. A year ago stocks amounted to 127,631 tons.

TIMBER.—Imports of building and joinery woods during October were above the 1934 level, as a result of heavy shipments from Russia and Finland, and London dock holdings of deals, battens, scantlings and sawn boards registered a sharp decline. European

shippers have shown a firmer tendency recently and quotations have hardened. Weather conditions in recent weeks have, however, impeded building operations in this country and spot demand from consumers has slackened. Little business has yet been negotiated for 1936 first open-water shipments, British importers being disinclined to commit themselves too far ahead. Imports of hardwoods have been well maintained but, with demand moderately active, prices are generally in only moderate supply, although imports of Canadian Douglas fir logs are increasing rapidly. The expansion of activity in home industries is reflected in growing imports of plywood, veneers and panel wood from various sources overseas.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM

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

LONDON, November 27th							
GRAIN, ETC.				POTATOES—			
	s.	d.	s. d.	English, new per cwt.	s.	d.	s. d.
Wheat—				6	6	7	0
No. 2, N. Man. 496 lb.	33	9					
Eng. Gaz. av. per cwt.	5	9					
Barley, Eng. Gaz. av. ...	8	5					
Oats,	6	0					
Maize, La Plata, landed,	17	3					
489 lb.							
Flour, Lon. stan. ex mill,	26	9					
280 lb.							
Rice, No. 2 Burma, per cwt.	7	6					
Tapioca, per cwt.							
Fair Flake, Singapore							
MEAT—				SUGAR—			
Beef, per 8 lbs.—				(Duty, 11/8 per cwt.)			
English long sides	3	4	4	Centrifugals, 96% prpt.			
Argentine chilled hind	3	10	4	ship'n, c.i.f. U.K./Cont.			
Mutton, per 8 lbs.—				B.W.I., crystallised	17	6	18
English wethers	5	0	6	Java, white, c. & f. India	6	6	
N.Z. frozen	3	2	10	Oct.-Dec.			
Lamb, per 8 lbs.—				Yellow Crystals	18	0	
N.Z. frozen	4	8	5	Cubes	22	3	22
Pork, English, per 8 lbs.	5	4	6	Crushed	20	0	20
BACON—				Granulated	18	6	22
English	77	0	83	Home Grown	18	1½	18
Irish	74	0	83				
Danish	82	0					
Dutch	77	0					
HAMS—				TEA—			
Canadian	86	0	92	Indian—per lb.—			
American	88	0	90	Pekoe	0	11½	1 1½
BUTTER—				Broken Pekoe	0	11½	1 1½
Australian	100	0		Orange Pekoe	0	11½	2 3½
New Zealand	100	0	101	Broken Orange Pekoe	0	11½	3 0½
Danish	125	0		Ceylon—per lb.—			
CHEESE—				Pekoe	0	11½	1 10½
Canadian	58	0	60	Broken Pekoe	0	11½	1 2½
New Zealand	55	0	56	Orange Pekoe	1	0½	1 10½
English Cheddars	74	0	80	Broken Orange	1	0	2 1½
Dutch	52	0	58				
COCOA—				TOBACCO—			
(Duty, British grown,				(Duty, 9/6-10/6 per lb.,			
11/8; foreign, 14/- cwt.)				Empire growth, 7/5½-			
Accra, f.f. per cwt.	23	0	23	8/3½ per lb.)			
Trinidad	38	0	46	Virginia leaf—			
Grenada	33	0	36	Common to fine	0	10	3 6
COFFEES—				Rhodesian leaf	0	10	3 6
(Duty, British grown,				Nyasaland leaf	0	9	1 6
4/8; foreign, 14/- cwt.)				strips	0	8	2 6
Santos sup. c. & f. cwt.	37	0		East Indian leaf	0	6½	1 8
Colombian, good	48	0	58	strips	0	6	1 9
Costa Rica, med. to good	52	0	74				
East Indian	55	0	75				
Kenya, 32's twist	45	0	58				
EGGS—							
English	20	0	21				
Danish	17	0	17				
FRUIT—							
South African boxes	12	0	15				
Brazilian	11	0	18				
Lemons, Malaga cases	23	0	30				
Sicilian boxes	17	0	26				
Apples: Amer. (var.) bris.	23	0	26				
(var.) boxes	8	0	12				
" Australian							
Onions—							
Valencia, case	6	6	7 6				
Egyptian, bags	12	0	21				
Grapes, Algeria barrels	9	0	10				
Grapefruit, Jamaica							
Amer.							
LARD—							
Irish bladders	80	0	85				
U.S.	73	0	74				

† These prices are for fuel oil for inland consumption—other than for use in Diesel engine road vehicles—and do not include the Government tax.

UNITED STATES

(New York quotations, unless otherwise stated)

	Nov. 28, 1934	Oct. 30, 1935	Nov. 20, 1935	Nov. 27, 1935		Nov. 28, 1934	Oct. 30, 1935	Nov. 20, 1935	Nov. 27, 1935
Wheat, No. 2, Winter, nearest future, Chicago, per bushel...	99½	97½	96½	97½	Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	12-85	11-35	12-35	12-25
Maize, nearest future, Chicago, per bushel	90	58½	60½	59½	Cotton, middling, spot, per lb.	13½	13½	12½	13½
Oats, nearest future, Chicago, per bushel	53½	26½	27	26½	Petroleum, Pennsylvania crude standard grades, per barrel...	182-197	167-187	182-202	182-202
Rye, nearest future, Chicago, per bushel	72½	49½	49½	48½	Copper, "Electrolytic," Domestic, spot, per lb.	6-62½	8-50	8-60	8-60
Barley, nearest future, Chicago, per bushel	82½	43	(a)	(a)	Copper, "Electrolytic," Export, prompt, per lb.	6-95	8-72½	8-70	8-70
Coffee, Rio No. 7, cash, per lb.	9½	6½	6½	6½	Spelter, East St. Louis, spot, per lb.	3-70	4-85	4-85	4-85
" Santos No. 4, cash, per lb.	11	8½	8½	8½	Lead, spot, per lb.	3-50	4-50	4-50	4-50
Cocoa, Accra, nearest future, per lb.	4-53	4-71	4-71	4-74	Tin, " Straits," spot, per lb.	51-37½	50-75	51-00	51-25

(a) Nominal.

THE ECONOMIST

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THE KING'S SPEECH

THE delivery of a King's Speech at the opening of a new session of Parliament is in two senses a formal occasion. The speech is only in the most literal sense the King's own, for it is one of the most open secrets of the British Constitution that the words are put into his lips by his Ministers; they constitute what in other countries is more exactly described as the Ministerial declaration. In the second place, it is only rarely that any surprises are to be found among the conventional phrases of the Speech. On Tuesday, part even of the ceremonial formality was missing, for the death in the early hours of the same day of the King's sister, the Princess Victoria, had led to a cancellation of the arrangements for a State opening by His Majesty in person, and the Speech was read by the Lord Chancellor.

By its contents, too, the King's Speech broke no precedents; for there was little in it that was not already familiar from the Government's pre-electoral manifesto and from the broadcasts of the Prime Minister and other Ministers. The only surprises were the announcement of a Bill "for promoting the further development of our civil air communications, both in this country and throughout the Empire," and of another Bill "for the provision by local authorities in co-operation with voluntary associations of an organised service of salaried midwives." Both of these are proposals to which exception cannot be taken, but neither of them is calculated to set the Thames on fire. The Prime Minister's speech in the ensuing debate was vague much beyond his wont, and little more of a definite nature emerged from it, except for the promise to introduce into the second session of the new Parliament a Bill to revise and consolidate the law relating to the safety, health and welfare of factory workers.

In these circumstances, interest attaches not so much to the content of the Speech as to the precise words in which it was expressed. The general objects of the Government's policy are familiar to, and on the whole approved by, the

electorate. The preservation of peace abroad by implementing the League Covenant; the pursuit of recovery at home by the same devices as have been employed in the past four years, with perhaps a slightly greater admixture of public works; an increase in the defence forces, but with no slackening of progress in the Social Services—these are the planks of the platform on which the Government won the General Election. But on every point the public is anxious to know how quickly the Government's policy is to be carried into effect, how far it will proceed towards its goal, and what means will be employed to forward it. Does defence of the Covenant mean a "deal" with Signor Mussolini or the progressive application of effective sanctions? How costly will re-armament prove to be and how is it to be financed? What is to be the future of the unemployment regulations, and in particular of the means test?

These are questions of the sort the King's Speech might have answered—but did not. On the international situation, for example, the general sentiments are unexceptionable; the Government "will remain prepared to fulfil, in co-operation with other members of the League, the obligations of the Covenant." But there is the further statement that "they will continue to exert their influence in favour of a peace acceptable to the three parties in the dispute, namely Italy, Ethiopia, and the League of Nations." Mr Attlee compared this to an attempt by the Home Secretary to deal with a charge of housebreaking by reaching a settlement "which would be equally agreeable to the housebreaker, to the victim, and to the Home Secretary." The Prime Minister, for his part, emphasised the desirability of bringing the war in Abyssinia to an end, without mentioning the necessity for establishing beyond question the authority of the Covenant. In view of the persistent rumours from Paris, this week, of an approaching Anglo-Italian "accommodation," the greater precision of the Foreign Secretary, on Thursday, was reassuring. Although France and Britain,

he declared, would redouble their "intensive effort" to secure a "peaceful settlement," there was no likelihood that the League would weaken. The task of the Committee, when they met on December 12th, would be to discuss "the actual application of a form of pressure that had already been accepted in principle."

There is a lack of precision, also, about the economic part of the Government's programme. Three paragraphs of the Speech are devoted to the coal-mining industry, as is only fitting in view of the impending crisis in the coal-fields. That elusive phrase, the "unification" of mining royalties, appears again, this time with the qualification "under national control," but there is still no way of telling what it means. Nor, surprisingly enough, is there any mention of the depressed areas, except for the statement that the Government, in their policy for the general recovery of trade, industry and agriculture, "will pay special regard to those areas in which the burden of unemployment is greatest and to the development of any measures likely to be advantageous to them." The only amplification to which Mr Baldwin committed himself was to refer "with some hope" to the establishment of one or more trading estates in the depressed areas, and to repeat his appeal to those industries which had profited from Protection to settle in the depressed areas. If these tit-bits constitute the whole of the Government's policy for the depressed areas, neither public opinion nor the Government's own supporters will be content.

There are many other items on the Government's programme to which exactly the same criticism applies. No party questions the policy of raising the school-leaving age; but the Government will lose the credit for introducing it unless they push forward with it quickly. The reformation of the Means Test in such a way as to ensure the integrity of the family is another proposal to which exception cannot possibly be taken in principle; but everything will depend upon the method of its execution. Again, it is reassuring to know that expenditure for re-armament will be limited to the minimum required for the fulfilment of our international obligations and the adequate safeguarding of the Empire. But there is room for very wide differences of opinion in the definition of that minimum, and the public has a right to know what Mr Baldwin's estimate of the cost is and how he proposes to meet it.

In short, the Government should by now have got beyond the stage of enumerating its objectives. There can rarely have been a King's Speech at the beginning of a new Parliament which was, in principle, less controversial. All the controversy, and, accordingly, all the political interest, attach to the details of the forthcoming measures. The sooner the Government can supply these missing particulars, the sooner will the electorate be able to form an opinion on the manner in which the Government is executing the mandate entrusted to it.

THE NAVAL CONFERENCE

THE third of the Five-Power naval conferences held since the Great War, opened officially in London on Friday. Its primary business is to reconcile the naval policies of the three oceanic naval Powers, who were the protagonists in the London Conference of 1930 and the Washington Conference of 1921-22. The task has become a most formidable one by reason of Japan's demand for parity and by her actions in China.

This statement does not minimise the importance of the naval problem in European waters, which has been brought into the limelight by the present conflict between Italy and the League of Nations, or of the naval problem in the North Sea, on which the recent Anglo-German naval agreement has a vital bearing. The re-armament of Germany has raised the number of post-war European naval Powers from the original three—the United Kingdom, France and Italy—to four. We cannot flatter ourselves that this European naval question is negligible; and, indeed, it is complicated by the problems of European land and air armaments. But, unless the three-power problem is solved, there is no firm basis for a European agreement. In the present

article, therefore, we propose briefly to survey the political background of the major issue.

For fourteen years the naval relations between the three Pacific naval Powers—the United States, the British Empire and Japan—have remained set in the political framework given to them at the Washington Conference. This arrangement has been strong enough to resist even the successive blows dealt to it during the past four years by Japanese hands. But it cannot continue to be proof against the sustained assaults of Japanese militancy on the one side and Western technical progress on the other. Between them, Japan and Applied Science have at last succeeded in breaking up the well-laid foundations on which naval agreement in the Pacific has hitherto rested. This work of destruction will make itself felt in London during these coming days and weeks. Officially, political questions may possibly be excluded from the agenda; in practice, all three Powers concerned will find themselves forced to take new and momentous decisions, and to arrive at new political bases for new policies in the technical naval sphere. What, then, were the political materials out of which the framework of the Washington treaties was compacted? We may reduce them to two fundamental hypotheses: first, that the navies of the three Pacific Powers could be kept insulated from one another; second, that Japan could be relied upon to keep her promise of non-intervention in China. Both these hypotheses have been falsified by the events of the last few years. Yet it is necessary that not merely one or the other but both should hold good if the Washington arrangement is to work.

Naval "insulation" and Japanese good faith were essential to the Washington arrangement for several reasons. On the one hand, Japan's assurance of immunity from naval attack by the United States or the British Empire, or both combined, was a necessary condition of her consent to a 3:5:5 naval ratio. On the other hand, it was a geographical impossibility to secure naval immunity for Japan in the Pacific without conferring on her a potential naval and military predominance in the Far East. For that reason the British Empire and the United States required an assurance, for themselves, that Japan would not abuse her immunity by translating her local supremacy into aggressive action. Hence, the political basis of the Washington naval limitation agreement rested on two postulates. The first was the article in the Washington Five-Power treaty under which the contracting parties undertook not to add to their existing fortifications and naval bases in the Pacific region within a specified area. This ruled out the construction of any British naval base nearer to Japan than Singapore, and of any American naval base nearer to Japan than Hawaii. The second was the Nine-Power Washington treaty on principles and policies relating to China. In this treaty, the three principal naval Powers, together with six other interested parties, including China herself, agreed to respect the sovereignty, independence and territorial and administrative integrity of China. They also undertook to provide the fullest opportunity to China to develop an effective and stable Government.

That this Washington Nine-Power treaty has, in effect, been torn up by the Japanese, is a proposition which may be taken for granted, to-day, without the necessity for lengthy demonstration. On the subject of naval "insulation" in the Pacific, however, there remains something to be said. In the first place, even in 1921 the insulation was not automatic. The intrinsic physical difficulties of conducting naval operations—at any rate with capital ships—across the vast open waters of the Pacific Ocean are admittedly great. The self-denying clause in the matter of additional naval bases, nevertheless, was necessary, even at that date, in order to make sure that the insulation would be effective. The United States and the British Empire could—and still can—bring their naval forces within striking distance of Japan by constructing new naval bases in places under their control in Far Eastern waters: e.g. at Hongkong, or in Guam, or in the Philippines. Now that Japan has violated her own undertakings under the Washington arrangement, she can hardly expect the agreement relating to the additional naval bases to be renewed by the other parties. There is thus a prospect of the three navies coming within striking distance of one another. This

political change for the worse coincides in date with a terrifyingly rapid shrinkage of human distances in the Pacific, owing to the conquest of the air. Air communications have been opened up between America and the Philippines as well as between Europe and Australia. The Soviet Union has also come on the scene as a Far Eastern air-Power with an air-base at Vladivostok which is within striking distance of Japan's metropolitan territories, including all her great cities.

In this situation, each of the three Pacific naval Powers must needs make up its mind on certain crucial questions. The Japanese must decide whether they really mean to compete with the United States for the naval command of the Pacific, while they are proceeding with their present policy of conquering China. The history of the last few years has borne out the expectation, implicit in the Washington Nine-Power treaty, that the 3:5:5 ratio already enables Japan to impose her will in Far Eastern waters. Prudence might, therefore, have counselled the Japanese to leave the existing ratio alone so long as the United States and the British Empire allowed aggression against China to continue unchecked. However, the Japanese seem determined to insist upon naval parity too—a resolve which may turn out to have been a fatal error. In this situation, the Americans must decide whether they will concede naval parity to Japan. If they mean to maintain their present naval superiority *de facto*, they will be bound to consider whether they ought not to reverse their recent policy in the Far East, by strengthening their position there (especially in the air) instead of ridding themselves of their Far Eastern commitments.

Finally we ourselves shall have to make grave decisions on our future policy. Do we really wish to maintain parity with the United States in a Japanese-American naval armaments race? Or are we content not to let ourselves be out-built by Japan? Or can we perhaps even afford to let our naval strength fall below the Japanese, on the calculation that the United States can be counted upon to keep Japan in order? These are serious questions indeed.

BRITAIN'S VEGETABLE SUPPLIES

ALTHOUGH the value of the British vegetable output is small by comparison with some other branches of agriculture, it satisfies the larger part of the national demand for a very valuable element in human dieting. In the following article we propose to survey the available information relating to supplies and prices of the chief vegetables produced commercially in this country. No estimate, unfortunately, is possible of the significant proportion of the total supply which is grown, non-commercially, in gardens and allotments.

Our analysis may appropriately begin with those products in which the home grower has to meet most competition from overseas—potatoes, tomatoes and onions. Available details are shown below:—

UNITED KINGDOM—SUPPLIES OF TOMATOES, POTATOES AND ONIONS
('000 cwt.)

	1924	1929	1931	1932	1933	1934	1935 (a)
POTATOES							
From Empire Countries	1,484	1,661	1,708	1,691	1,621	1,404	1,824
From Foreign Countries	7,525	4,208	14,945	13,869	2,307	1,673	1,849
Total Imports	9,009	5,869	16,653	15,560	3,928	3,077	3,683
Home Production ...	87,400	117,340	77,040	111,520	110,080	107,740	...
TOMATOES							
From Empire Countries	590	741	768	829	1,184	1,115	1,051
From Foreign Countries	1,848	2,010	2,168	1,603	1,721	1,661	1,609
Total Imports	2,438	2,751	2,936	2,432	2,905	2,776	2,560
Home Production (b)	940	1,050	1,080	1,150	1,420	1,500	...
ONIONS							
Total Imports	4,755	5,343	5,085	5,020	5,102	5,133	4,198
Home Production (c)	244	172	84	108	130	116	...

(a) Imports for ten months. Home production figures not available. (b) Estimated production in England and Wales only. Figures for 1924 and 1931 supplied by the Ministry of Agriculture; those for other years by the British Glasshouse Produce Marketing Association. (c) England and Wales only. Estimate by Ministry of Agriculture.

The largest share of the potato market falls to the domestic producer, imports being mainly used to even



7, CHANCERY LANE, LONDON

out the irregularities of the home crop. The position was radically modified last year by the inauguration of the Potato Marketing Scheme, under which "foreign" imports (which had been subject to a variable tariff from the beginning of 1932 and had been regulated by "gentlemen's agreement" from September 1, 1933) became subject to a licensing system, applied to early and main-crop potatoes from November 1, 1934. Under this scheme regulation was carried out by the Board of Trade, in consultation with the Ministry of Agriculture, the Market Supply Committee and the Potato Marketing Board. Imports, which had been abnormally heavy in 1931 and 1932, fell sharply in 1933, and by 1934 reached the lowest level since 1921. Some recovery has occurred this year, partly owing to the damage suffered by the home crop during the May frosts, but shipments are still below the 1933 figure. The bulk of our imports comes from the Channel Islands (especially Jersey) and Spain, the third and fourth places being filled respectively by Holland and the Canary Islands. The home crop has been fairly stable in the last few years, and sales of English potatoes for human consumption are unlikely to expand materially in the future. Imports will probably be increasingly confined to early potatoes, received mainly in May and June each year.

Imported supplies of tomatoes are smaller in volume, but considerably more valuable than those of potatoes. Aggregate shipments vary little from year to year, but the distribution of supplies has recently shown significant changes. Holland is becoming progressively less important as a supplier of the British market, and the bulk of our imports is now obtained from the Canary and the Channel Islands. Imports of the Jersey "outdoor" varieties, moreover, have been growing more rapidly than the "hothouse" products of Guernsey. Imports from the Channel Islands are duty free, but entries from foreign sources bear a levy of 2d. per lb. in June, July and August and 1d. in September and October, with a general duty of 10 per cent. *ad valorem* during the remainder of the year. Commercial production of tomatoes in the United Kingdom is largely a post-war industry, and supplies are almost exclusively grown under glass. Although the industry has obtained less than it expected from the imposition of tariffs, largely owing to increased shipments from Jersey and Guernsey, home production is increasing, and accounts for almost 40 per cent. of consumption. A marketing scheme for tomatoes is being drafted by the National Farmers' Union.

The greater part of British demand for onions is satisfied from overseas sources. The decline in home production may be traced largely to the fact that the crop is a long time "in the ground" and involves high expenditure on hand labour. Imports are subject only to the general duty of 10 per cent. *ad valorem*. They are derived almost exclusively from non-British countries and have recently fluctuated little. During 1934, Spain was ousted from her traditional position as the leading supplier by the

Netherlands. She is likely, however, to regain her lead this year—with Egypt filling the third place. Onions head the list of vegetable imports by weight, but are less valuable than either tomatoes or potatoes.

Imports of other vegetables have been drastically curtailed since tariffs were first imposed in December, 1931. Although the British trade returns do not give separate statistics for different categories, the volume of imports in 1934 was estimated by the Ministry of Agriculture* as follows:—Lettuce, 8,000 tons; cauliflower and broccoli, 7,000 tons; carrots, 8,500 tons; green beans and peas, 1,300 tons. The bulk of these supplies comes from France and Holland, with the Channel Islands a poor third. It is both unfortunate and anomalous, in these conditions, that no statistics of the volume or value of the home crop are available. The published data of the Ministry of Agriculture relate only to acreages, and may be summarised as follows:—

ACREAGE UNDER CERTAIN VEGETABLE CROPS IN ENGLAND AND WALES (a)

	June	Cabbage (b)	Brussels Sprouts	Cauliflower and Broccoli	Carrots	Peas picked green (c)	Beans picked green (c)	Celery and Rhubarb
		Acres	Acres	Acres	Acres	Acres	Acres	Acres
1924		25,848	20,511	12,358	10,746	62,861	14,087	12,279
1929		32,352	26,715	13,863	10,289	53,860	12,811	12,806
1930		30,632	26,331	14,557	9,040	56,431	14,404	13,747
1931		35,702	35,589	15,783	9,430	57,445	13,218	15,153
1932		33,863	33,043	17,671	12,489	60,551	15,559	15,963
1933		33,101	35,890	20,695	12,868	63,671	14,281	15,523
1934		36,981	34,048	20,107	16,432	74,363	16,833	15,743
1935		37,500	34,100	19,500	15,800	63,600	20,700	(d)

(a) As returned on agricultural holdings above one acre in extent. (b) Excluding cabbage used for fodder. (c) Including a proportion cut green for fodder. (d) Not yet available.

The acreage under fresh vegetables has been continuously extended in the last ten years, especially since the first tariffs were imposed in 1931. The figures are but a rough-and-ready guide to supplies, for yields per acre vary widely according to weather, the incidence of diseases and pests, and other fortuitous matters. The annual commercial output of vegetables in England and Wales (excluding potatoes and tomatoes) was put by the Ministry of Agriculture at 1,500,000 tons (valued at £12,000,000) in 1930-32, and non-commercial production at a further 470,000 tons (valued at £3,760,000). Allowing for wastage, annual consumption may be tentatively estimated at a little over 100 lbs. for every member of the population, of which the home market provides about 88 per cent.

The vegetable market has a highly complex price structure. Both demand and supply are liable to be extensively affected by weather conditions, and the absence of standard grades and containers for a wide range of qualities is another complicating factor. As a result, prices vary widely from one week and from one season to another, and the market is highly speculative. The best guide to the trend of recent prices is the series of index numbers of the Ministry of Agriculture (published annually in "Agricultural Statistics, Part II"):

INDEX NUMBERS OF PRICES OF HOME-GROWN PRODUCE (1911-1913 = 100)

Item	1924	1929	1930	1931	1932	1933	1934
Potatoes	257	117	96	188	197	104	119
Onions	159	151	87	110	100	115	104
Cabbage	136	145	136	127	102	118	118
Brussels Sprouts	175	173	160	145	125	119	135
Cauliflower	168	163	153	142	142	153	158
Carrots	186	178	131	150	225	217	208
Beans and Peas	145	135	100	74	76	72	77
Celery	164	173	164	164	136	127	136
All Agricultural Produce	161	144	134	120	112	107	114

Despite the irregularities of vegetable prices, it is clear that the British grower has derived considerable benefit from protection. The return from vegetable growing has been fairly satisfactory, by comparison with that of many other branches of agriculture, in the past three years.

* "Vegetable Marketing in England and Wales." Ministry of Agriculture and Fisheries, Economic Series, No. 25. Price 1s. net.

Efforts have been made, with some success, to achieve increased profitability by the extension of the marketing season, the increased use of glass, the development of special varieties of produce, and the canning and bottling of home supplies. In its recent admirable Report on Vegetable Marketing, the Ministry of Agriculture has gone further and has suggested certain improvements in marketing methods, with two main objectives in view. "One of them is the standardisation of product, pack and package, in order to secure better presentation, to stimulate demand and to facilitate distribution. The other is the standardisation of trade practices." Few would disagree with these moderate and farsighted recommendations. The industry cannot expect further favours from the Government, but it can and should be willing to set its own house in order along the lines suggested by the Ministry.

THE STATE OF IRELAND—II

THE rapid change in the national economics of the Irish Free State, which has been occupying the energies of Mr De Valera's Government during the past three years, was made necessary by the drastic decline in the agricultural export trade since 1929. This decline has been accelerated, but was not initiated, by the economic "war" with Great Britain. The effort of adaptation to these changed external circumstances has had two aspects: the first a negative policy of defence for agriculture, the second a more positive attempt to stimulate industry to take the place of agriculture. The former policy was briefly described in an article in last week's *Economist*. We may now turn to the industrial side of Mr De Valera's economic policy.

The Free State Government has shown conspicuous energy and ingenuity in promoting urban employment, although all its devices have had a strong protectionist family likeness. The tariff, the quota, prohibitions, and monopolist concessions have all been utilised to stimulate industrial production. The sentiment of economic nationalism has been appeased by strict control of the ownership of the capital invested in the new ventures, while the provision of capital for Irish industries has been facilitated by the foundation of the Industrial Credit Corporation, the shares of which are mostly held by the Government. The degree of success which the experiment in protection has had is not beyond dispute. Undoubtedly imports have declined, as the following table suggests:—

IMPORTS INTO IRISH FREE STATE (£000)

	1929	1931	1933	1934	1934 (9 mos.)	1935 (9 mos.)
Food, Drink and Tobacco	22,891	17,458	10,659	11,565	8,072	7,091
Foodstuffs of animal origin	3,178	2,498	1,415	1,436	317	278
Cereals and feeding-stuffs	11,281	7,696	4,871	4,993	3,787	3,284
Raw Materials and Manufactures	35,841	30,499	21,428	26,658	19,775	19,611
Coal	3,145	3,073	2,461	2,388	1,735	1,749
Iron and steel	2,277	1,902	1,527	2,114	1,674	1,466
Machinery	2,779	1,977	1,423	1,686	1,244	1,341
Vehicles	3,158	2,232	1,834	2,514	1,907	1,909
Textiles	4,746	3,880	3,795	3,795	1,886	1,244
Apparel	6,062	5,336	2,983	4,355	3,185	3,252
Other goods	2,674	2,104	702	2,361	1,961	1,420
Total Imports	67,316	50,461	35,789	39,066	29,139	27,369
From United Kingdom	47,984	40,772	25,032	26,073	19,881	18,607
From Other Countries	19,332	9,689	10,757	12,993	9,258	8,762

* Figures not comparable owing to change in basis of classification.

The most striking reductions, it will be noticed, are in commodities which the Free State can make from its own raw materials, such as "Foodstuffs of Animal Origin," and in the simpler finished products, such as "Apparel." Raw materials and semi-manufactured articles which the Free State cannot itself provide, such as coal and textiles, have continued to be imported in considerable quantities.

The effect of intensified protection upon employment in the Free State, however, is more doubtful. A number of small factories have sprung up and many old undertakings have extended their operations. The Department of Industry and Commerce has compiled a variety of indices of employment based upon the volume of contributions to

health and unemployment insurance, and upon the annual census of production. Of these, the figures based upon health insurance include agriculture and domestic service, while the census of production is restricted to productive industry. For what they are worth, the indices are given below (1926 = 100):—

	Based on Unemployment Insurance*	Based on Health Insurance	Based on Census of Production†
1931	117	120	112
1932	...	...	115
1933	129	124	131
1934	134	130	154‡

* Financial years. † October in each year. ‡ Provisional.

The only conclusion that can be legitimately drawn from these figures is that employment has undoubtedly increased, particularly in manufacture. But the exact extent of the increase must remain a matter of conjecture. In particular, it is doubtful whether the increase in employment has kept pace with the increase in the population. The unemployment figures are, unfortunately, unreliable, since administrative changes have entirely upset their basis. In May, 1932, for example, it was laid down that all recruitment for relief works or for State-subsidised enterprises, such as beet sugar factories, must be effected through the local employment offices. The result was that nearly 100,000 persons who were ineligible for unemployment insurance (e.g. small farmers and farmers' sons) and had never found it worth while to register before, appeared on the official unemployment roll. In April, 1934, again, the Unemployment Assistance Act attracted to the register a good many people who were not in any strict sense industrial unemployed. The fact that the total on the register had risen from 24,000 in April, 1931, to 135,000 in April, 1935, is thus almost meaningless. A truer guide is perhaps to be found in the number of claimants to unemployment insurance benefit, although even this series of figures is not entirely immune from the effects of administrative changes. It is difficult to trace any tendency, upwards or downwards, from the average figures, by quarters, since the middle of 1932, which appear in the table below:—

	1932	1933	1934	1935
First quarter	...	24,981	22,653	23,281
Second quarter	...	17,632	19,366	16,530
Third quarter	19,375	16,294	18,572	...
Fourth quarter	22,891	20,679	21,641	...

In one group of industries—the building and allied trades—there has without doubt been both an increase in employment and a reduction in unemployment. Building activity has been stimulated by generous public assistance, but that fact itself casts doubts upon the wisdom of regarding it as a source of lasting employment. The intensive building activity of the Government, together with increased social services and relief works, is responsible for a degree of business activity which gives the impression of unusual prosperity in the cities and towns. Such prosperity, however, may well be transient, since it depends upon the continuance of public borrowing. Thoughtful observers are perturbed by the growth of national and municipal debt, much of which must be regarded as dead weight in any realistic calculation. It is felt, in particular, that the facility with which money can be obtained for the erection and purchase of houses may lead to a future condition of over-indebtedness in the towns, similar to that complained of by the farmers to-day. The recent hardening of interest rates is a significant omen of the sentiment of the money market on this question. It is doubtful if the market will be prepared to supply, except at a rather heavy price, the requirements of the grandiose programme of capital outlay which is in contemplation.

By every indication, the condition of the public finances of the Free State has deteriorated in the last three years. Though this deterioration may be partly attributed to the difficulties of the times, it is also due to the strain of the Government's economic policy and to undoubted budgetary extravagance. Relevant figures in this connection, during the last five complete years, are shown in the following table.

CHRISTIANIA BANK OG KREDITKASSE OSLO

Established 1848

Paid-up Capital and Reserve Funds,
Kr. 40.000.000.—.

Oldest Norwegian Private Joint Stock Bank.
Direct correspondents throughout the country.
Offering complete services to banks and firms
doing business on Norway.

Correspondence invited

IRISH FREE STATE BUDGET (£000)

	1930-31	1931-32	1932-33	1933-34	1934-35
Revenue—					
Customs and Excise	13,767	13,717	14,774	15,009	14,993
Property and Income Tax	4,193	4,809	5,194	5,333	4,868
Estate, etc., Duties	1,324	1,274	1,138	1,067	963
Other Revenue	5,081	4,896	8,835	8,822	7,947
Total Revenue	24,365	24,496	29,991	30,229	28,771
Expenditure—					
Agriculture, Land, etc.	1,688	2,360	6,306	6,193	6,911
Education, Science, Art	4,544	4,578	4,610	4,447	4,641
Old Age Pensions	2,746	2,698	2,897	3,290	3,402
Service of Debt	1,973	2,076	2,369	2,034	2,315
Police	1,583	1,634	1,663	1,702	1,810
Posts and Telegraphs	2,144	2,042	2,034	2,026	1,949
Army	1,133	1,161	1,179	1,209	1,324
Other Expenditure	9,456	9,587	7,892	10,649	8,851
Total Expenditure	25,267	26,136	28,850	31,550	31,203
Surplus (+) or deficit (—)	— 902	— 1,640	+ 1,141	— 1,321	— 2,432

It will be noticed that the large increases in expenditure have outrun the extreme possibilities of revenue yield. The inevitable consequence has been an increase in the public debt, as shown in the next table:—

IRISH NATIONAL DEBT AND CAPITAL ASSETS (£000)

	1930	1931	1932	1933	1934	1935
Liabilities—						
National Loans	15,274	20,875	20,439	20,258	25,802	25,917
Savings Certificates	4,809	6,352	7,030	7,655	7,827	7,791
Other debt	5,791	2,086	2,380	8,497	15,844	15,475
Total	25,874	29,313	31,849	31,410	49,573	48,583
Assets—						
Shannon Electricity Funds	6,453	7,724	8,785	9,322	9,857	10,119
Local Loans Fund	1,416	1,966	2,536	3,086	5,236	5,636
Other assets	3,212	4,487	4,371	4,925	9,978	7,323
Total	11,081	14,177	15,692	17,333	25,071	23,078
Net excess of liabilities	14,793	15,136	16,157	14,077	24,502	25,505

Moreover, this table does not include the contingent liabilities of the State, which have been swollen by the halving of the land annuities and by the State's guarantee of the interest and principal of certain quasi-public undertakings. The Irish Budget has normally been in deficit, on the argument that capital expenditure ought not to be met out of revenue. There is much to be said for the theory, particularly as the Free State came into existence almost free of debt. But there are many who fear that the principle is being carried to excess. It is not impossible that the report of the Banking Commission, expected early next year, may have something to say on the subject.

The public finances are not the only field in which the strain is being felt. The Free State's balance of payments is becoming distinctly less favourable. Indeed, it is probable that it is now definitely deficitary and that the country's large accumulated external reserves are being drawn upon. The movement of these reserves can be roughly, though not precisely, indicated by the change in the net sterling assets

of the banks, which, as the final table shows, are still large, but are being depleted at a fairly rapid rate:—

NET STERLING ASSETS OF FREE STATE BANKS (£'000)				
	1932	1933	1934	1935
First quarter.....	82,180	91,858	81,547	74,679
Second quarter.....	83,574	88,315	79,045	74,162
Third quarter.....	86,440	85,844	76,752	73,151
Fourth quarter.....	88,275	82,983	75,455	...

For good or for evil, the Free State has embarked on a course from which it will not, and probably cannot, turn back. The protective policy of recent years, agricultural and industrial, has created vested interests which cannot be ignored, whatever political changes may take place. Moreover, the changed circumstances of the world outside will continue to exercise pressure on the course of events. The pace of further change is, however, more subject to deliberate decision, and there is a strong *prima facie* case for the view that, if a disastrous fall in the standard of living, possibly coupled with financial trouble, is to be avoided, the pace must be moderated. That in its turn calls for the re-opening of the export market, which depends upon a settlement of the economic war. It is possible that delay may tend to heal the political breach, but quite certain that procrastination will still further widen the economic breach. The initiative lies with Mr Malcolm MacDonald, who, in the settlement of this unfortunate dispute, has an opportunity to prove himself a very Daniel in his new office.

CARS AND ROADS

To those alike who make our laws and elect our law-makers, we dedicate the special Survey of British motor transport which appears on pages 1129 to 1154 of this issue. The first of its kind, the Survey discusses the implications of a mass of data covering every aspect of the motor transport industry. Some of this material has not, hitherto, been familiar even to the expert. Much of it has been quite unavailable to the wider public, who are most concerned—whether as car owners, passengers, pedestrians or taxpayers—with the post-war rise of the motor vehicle from a rich man's luxury to the status of a new and indispensable transport arm.

To the rapidity and scope of this development our Survey affords striking testimony. Between 1921 and 1935, the total number of motor vehicles in use in the United Kingdom has increased from 473,000 to 2,047,000. Of the present total 73 per cent. are private cars, 23 per cent. are goods vehicles, 2 per cent. are taxis, and the remaining 2 per cent. are passenger vehicles in the omnibus, motor-coach and trolley-bus categories. The British motor manufacturing industry turned out 306,365 private cars (including taxis) and 92,485 commercial vehicles (excluding trolley buses) in the twelve months to September 30, 1935, against 71,396 and 23,604 respectively in the calendar year 1923. The industry consumes annually something like 860,000 tons of iron and steel, 22,240 tons of non-ferrous metals, 8 million square feet of glass, 97,000 tons of rubber, and about 1,350 million gallons of petrol and oil. These estimates are based on the latest production and consumption figures, and the totals are still steadily rising.

What has been the secret of this phenomenal progress? One explanation may be found in the index prepared by the Society of Motor Manufacturers and Traders, which shows that the price of the average private car in 1934 was no more than 52 per cent., and that of the average commercial vehicle no more than 62½ per cent., of the corresponding prices of 1924. In the meantime, the standard of comfort and mechanical efficiency has been progressively enhanced. The reduction in average prices is due, in part, to the successful endeavour of motor manufacturers to "meet the market," and, in part (so far as private cars, at least, are concerned), to increasing concentration of production on the smaller and less expensive vehicles. In the last six years, the proportion of "baby cars," of ten horsepower or less, to the total new registrations of private cars, has risen from 23½ per cent. to 60½ per cent. The vogue of the small owner-driven car has, in fact, been contemporaneous with the boom in the owner-occupied house. Both have been outward and visible signs of a rise in the

average standard of living of the numerous members of the population who are neither very rich nor very poor; and who have benefited from the rise in real income which has followed the recent reduction in the money costs of prime necessities of life.

The rise of the motor transport industry, therefore, must be regarded, fundamentally, as a species of index of national prosperity. In the past, every extension of transport facilities has been followed by a quickening of general economic activity. There is every indication that history is repeating itself in the present instance. It is, however, equally true that every historical transport development has brought in its immediate train a host of perplexing problems, especially those of adjustment between the old order and the new. In this respect, also, motor transport is running true to historical "form." Such questions as the relationship between the new transport arm and established interests like the railways, the physical control of road traffic and its regulation in the interests of public safety in life and limb, all cry out for urgent solution. By common consent, the multitude of new measures which have lately crowded the Statute Book have fallen short of finality on any one of these points.

What light do the conclusions of our Survey throw upon this matter? In the first place, they suggest that the root of the problem may be not merely the great increase in the number of motor vehicles but the nature of their ownership. Three out of every four vehicles in use in the United Kingdom to-day are privately-owned cars. A significant proportion of the remainder are goods vehicles, owned by small traders, which fall essentially into the same category. In other words, recent developments have involved a substantial change-over from "collective" to "individual" modes of transport. It is by no means certain that all the necessary implications of this change have even yet been realised, either by other "collective" transport agencies like the railways, or by the State, which is responsible for keeping the ring and devising control measures.

In the second place, the development of British roads, to carry a vastly increased volume of traffic, has been intensive rather than extensive. Although the effective volume of motor traffic (allowing for increased journeys as well as for a higher total of vehicles), is estimated to have increased something like tenfold since 1920, the mileage of roads and streets has shown only a slight increase. Road surfaces have been improved, existing highways have been widened, and certain new arterial and by-pass roads have been constructed. But it is clear that the increase in facilities has been nothing like in proportion to the increased demands made on them. The result appears—and this is the real gravamen of the charge against the national authorities—to have been achieved "by default," rather than of set purpose. Both as regards expenditure and traffic control, the policy of the State has been empiric, vacillating and uncertain. Speed, rather than care, has been regarded as a criterion. A speed limit has been imposed, abandoned, and later re-adopted in a modified form. The permanent economic relationship of road and rail transport has never been satisfactorily defined, but far-reaching limitations have been imposed on the newer at the instance of the older industry. Road expenditure by national and local authorities has not been governed, wholly and consistently by reference to needs, scientifically computed as part of a long-term programme. It has been partly determined by extraneous and irrelevant considerations, such as the revenue demands of a straitened national Exchequer, and, after 1931, a Government policy of "economy" in public works.

The latter policy, happily, is now to be reversed, for the Government has announced a new road programme based on the expenditure of an additional £100 millions in the next five years. How far this represents a *net* advance on the pre-depression scale of expenditure can only be decided when fuller details are available. The crucial conclusion brought out by our Survey, however, would seem to be that careful "planning" in road transport is of far more vital importance than the expenditure of any given sum of money, however large. Hitherto, the State has been content to attack the problem piecemeal. It is essential that the Government should see its problem steadily, and see it whole.

NOTES OF THE WEEK

The Oil Embargo Approaches.—There is cold comfort for Signor Mussolini in the Canadian Government's disavowal of Mr Riddell and in the United States Secretary of the Interior's interpretation of himself. If the Canadian Government hoped to appease the isolationist element in Canadian public opinion, it has succeeded only at the cost of evoking from the collectivist wing a very impressive expression of the strength of their feelings and convictions. Moreover, Mr Riddell's motion has already been adopted at Geneva by the Committee of Eighteen; and there is no suggestion that Canada will refrain from acting upon it. Again, Mr Ickes's "correct" correction of the impression that he was speaking last week about oil, and not about munitions in the narrower sense, does not traverse the evident intention of the Washington Administration to obtain at least a limitation of American oil exports to Italy and Abyssinia. Even more important is the attitude of France. It has now been agreed that the oil sanction will definitely be considered at Geneva on December 12th, and signs are accumulating of a resignation, on the French Government's part, to the inevitability of the imposition of the oil sanction unless Signor Mussolini shows, in the meantime, an obviously *bona fide* desire to make peace on acceptable terms. Moreover, M. Laval appears to have warned Signor Mussolini, with unusual bluntness, that, if he were to make the imposition of the oil sanction into a pretext for a naval or military attack upon the British Empire, then France would at once intervene on the British side in accordance with her obligations under the Covenant. Nor is there anything in the King's Speech to suggest that Mr Baldwin's Government have weakened in their determination to lubricate the sanctions screw. Indeed Sir Samuel Hoare, in discussing the oil embargo in the House on Thursday, declared that it was now possible for the Committee of Eighteen to have a further meeting for the purpose of discussing "the actual application of a form of pressure that has already been accepted in principle." This sounds like the language of conviction; even if Sir Samuel's assurance that the Anglo-Iranian company had sold Italy less oil this year than last was hardly satisfactory. There was at any rate little consolation for Signor Mussolini in Sir Samuel's speech. But the head of the Italian State has still an opportunity of extricating Italy—and perhaps himself—from a situation which is bound to become increasingly unfavourable with every week's delay.

America: Budgets and Belligerents.—Finance and "neutrality" seem to be sharing the political limelight in Washington. The Republican Party, perhaps with more conscious rectitude than honesty, is basing its campaign upon a demand for a balanced Budget. At the same time, there is a definite movement of opinion among business men against the theory of Recovery by Expenditure. Mr Roosevelt has evidently found it necessary to counter this movement, and did so by a speech on Friday of last week. His defence was along familiar and, in the main, justifiable lines. He argued that relief measures were essential when he came into office in 1933 and that they could not possibly have been met out of taxation. Business recovery was reducing the necessity for large deficits, but to embark upon a rigid and immediate balancing of the Budget would mean either a cessation of relief or a crushing increase of taxation. Let the Republicans make their choice. But this argument was embroidered by a certain amount of abuse of bankers and of "gentlemen in well-warmed, well-stocked clubs," which will hardly promote the alliance between the Government and Business and may even disturb the steady respiration of the "breathing-spell." The Government's neutrality policy has also led to some interesting pronouncements. The Secretary of State, who is chiefly responsible for the execution of the policy and presumably has the backing of the President, has made no secret of his desire to discourage exports to Italy (and incidentally to Abyssinia) by every means in his legal power. But pressure is being brought from outside, partly by the commercial interests involved, and partly by the more factious wing of the isolationists.

These people are seriously disturbed by the fact that American isolationist policy seems to be fitting in with the League's sanction policy. Even isolation, in their view, can only be the right policy so long as it irritates Europe. Such patriotic paragons as Father Coughlin and Mr William Randolph Hearst are in full cry after the Administration for attempting to enforce the very policy for which they were clamouring not many months ago. This pressure has been enough to impose verbal caution on Mr Ickes, the Secretary of the Interior and Oil Administrator. There is no sign as yet, however, that it is likely to deflect the Administration from its purpose.

Standstill in Abyssinia.—The note of the East African campaign this week is "no change." On the Ogaden front the Italian forces seem now to be back again on the positions from which they started—all the points occupied at one moment or another being either once more in Abyssinian hands or in No-man's-land. So far, Italian tanks and lorries have been unable to make the hoped-for thrust up to Harrar and beyond, in order to cut the lines of communication along which the Abyssinians are obtaining munitions from Berbera. Bush, rain, crocodiles and Amharas seem to have collaborated in frustrating this southern enterprise; and operations are at present confined to aerial bombardments. The Abyssinians deny that Italian bombs have yet done serious damage to the fortifications across the road to Harrar. They have fears, however, for Harrar itself—a substantial city of 50,000 inhabitants—and have announced its evacuation by the Abyssinian armed forces. Harrar has thus become an open town, the bombardment of which would be a violation of the accepted rules of civilised warfare. Meanwhile, on the northern front the arrival of Marshal Badoglio has not yet been followed by any desperate attempt to secure an early decision. The only recent reports from either side relate to operations in the Tembien *massif*: a salient of intricate and trackless highlands which juts out into the territory which the Italians have occupied. So long as Ras Seyyum's forces continue to lurk in this fastness, the communications between the Adowa and the Makalle sectors of the Italian front will remain precarious. If Marshal Badoglio had made up his mind to clear up the Tembien before any further southward advance, his decision would be significant in two respects. In the first place, it would appear that the present Italian commander had determined to move as cautiously as his predecessor, in defiance of the political time-factor. In the second place, it would suggest that the "mopping-up" operations in the Tembien were already proving difficult. The latest story that the Abyssinians are preparing to attack in the North must not be interpreted too literally. A mass attack would, of course, be folly; but a mere "clean-up" of the Italian remnant in Makalle might possibly succeed.

M. Laval's Difficulties.—M. Laval has been walking the parliamentary tight rope this week before the wondering and uneasy gaze of his own countrymen and the world. After securing a preliminary vote of confidence last Thursday, he succeeded in postponing the vote on the Fascist Leagues until after the debate on the Budget. But that debate did little to strengthen the Government's position. M. Paul Reynaud was not the only deputy this time who openly supported devaluation. The Neo-Socialist leader, M. Déat, declared that "there has been 25,000 million francs of deflation since 1932, and the experiment has definitely failed." M. Reynaud himself pointed out that Great Britain, Belgium and the United States, when their currencies were overvalued, had all had the same difficulties as beset France to-day.

To reduce expenditure (M. Reynaud said) is good, but economies alone, though practised for the last four years, have not wiped out the deficit. Taxes cannot be reduced in a country where revenue is falling. The only issue is to solve the problem of prices; and Great Britain has rendered an immense service by abandoning the gold standard.

M. Rénier, the Finance Minister, replied, as is common form on such occasions, that the Government would "defend the franc against all attacks." More significantly, he admitted that he had been obliged to discount Treasury bills at the Bank of France to a value of 4,000 million francs. He also made the important statement that France "might consider" devaluation if other currencies were to be stabilised on gold. In the end, half the Radical-Socialists voted against the Government, and its majority was reduced to 77. The third critical debate, that on the Fascist Leagues, began on Tuesday in a Chamber crowded with deputies and surrounded by spectators and police. Before many hours the debate degenerated into disorder, and was adjourned till Thursday. M. Laval may so far compromise over the Leagues as to agree to institute legal proceedings against persons publishing incitements to murder in the press, and even to transfer the control of the Gardes Mobiles from the Minister of War to the Minister of the Interior. His fortunes are precarious, however, and vary from hour to hour. If he leans too far to the Left, and suppresses the Leagues outright, he may fall; and if he leans too far to the Right, and refuses to curb them at all, he certainly will fall. It is a breathless performance. But M. Laval has shown himself so accomplished an acrobat in recent months that we shall not be amazed if he stays aloft a little longer. And should he do so, he will be beginning to win himself a place in the same gallery of consummate tacticians as Briand, Thiers and Talleyrand.

Aggression in China.—The Japanese militarists have chosen the week in which the new naval conference opens in London as the time for a new act of aggression in Eastern Asia. President Chiang Kai-shek's success in foiling General Doihara's attempt to force an autonomy *à la japonaise* upon five North Chinese provinces has proved ephemeral. The Japanese have returned to the charge; and an act of spoliation which dwarfs the seizure of Manchuria is being masked under the excuse that North China autonomy is a spontaneous Chinese movement of irresistible strength. It is also asserted that the Japanese forces which have passed the Tanghu armistice line are below the strength of those allowed to Japan in Hopei Province under the Boxer Protocols. The purpose of those instruments was to ensure the protection of the foreign legations at Peking, and not to facilitate the dismemberment of the Chinese body politic. The intrusive Japanese military forces have seized control of the railways running from Peking to Tientsin to the south in order to prevent the evacuation of locomotives and rolling stock. It is evident that the Japanese army is determined to make itself master of North China, and the only mitigation to which they are likely to assent is a nominal maintenance of the Chinese Central Government's suzerainty over the North in exchange for a measure of Japanese control over Nanking itself. This is a bargain into which General Chiang Kai-shek is unlikely to enter. For there is still hope for China's political future so long as she presents a genuine independence in even a nucleus of her vast national domain. Even if Japan were eventually to add an "autonomous" lower Yangtse Valley to her "autonomous" North China and "Manchukuo," President Chiang Kai-shek would still be able to retreat into his upper Yangtse fastness of Szechuan. Here is a patch of free Chinese soil with a population of seventy million inhabitants. Thus we may expect the Chinese Government not to condone Japan's action in the hope of obtaining a touch of leniency. Its policy may be rather to expose this aggression for what it is by continuing to retreat until a line is reached at which China can begin to put up a military resistance. Meanwhile, Sir Samuel Hoare's speech, on Thursday, suggests that Great Britain means to limit her attitude to the expression of pious hopes that Japanese and Chinese conversations will result in "an amicable settlement."

Greece's King and Peacemaker.—General Kondylis has been a kingmaker, but that has been the limit of his power. He has now definitely failed to prevent King George of Greece from justifying his restoration by playing the beneficent part of a peacemaker. The General even went so far as to organise a demonstration in the streets

against the King's policy of appeasement. But the passionate desire of the Greek people to see the King's policy carried out has proved stronger than the rancours and the fears of General Kondylis' military junta. The Greek *dictateur manqué* has now retired to bed, which is an even more satisfactory end than the conventional retirement to a semi-detached villa at Cannes or Bournemouth or Montreux. King George has entrusted an experienced, disinterested and conciliatory statesman, M. Demirdjis, with the task of forming a Ministry to perform a double task: the passing of an amnesty and the holding of a free general election. The amnesty is already a fact, and includes everybody up to and including M. Venizelos. The prisoners have been released, the exiles are free to return to Greece with impunity; the confiscated property has been restored to its owners. The sole concession which the King has made to the Kondylis faction is that, in the case of the military and naval officers who were concerned in the unsuccessful Venizelist insurrection of last spring the amnesty does not carry with it a restoration of rank or employment. The vacated places have, of course, been filled, in the meantime, by representatives of the opposite faction. Doubtless, however, ways may be found of gradually taking the cashiered officers back into the service. The King's triumphant execution of a policy which is as courageous as it is statesmanlike has melted the hostility of the Venizelists without alienating the good will of more than a very small section of the Royalists. M. Venizelos has played his part by publicly expressing his admiration for the action of the King. On the whole, the prospects of Greece may be brighter to-day than they have been at any time within the last twenty years.

Egypt and Great Britain.—Unrest in Egypt still continues, and its latest manifestation has been a Wafdist demonstration against Mohammed Pasha Mahmud. Today, as on earlier occasions, the Egyptians are at odds with one another about the question who is to represent Egypt in an eventual negotiation for an Anglo-Egyptian settlement. This is as unfortunate for us as for the Egyptians themselves. It would be a grievous error to congratulate ourselves on being exempted, by the Egyptians' own behaviour, from the necessity of coming to parley with them. An early as well as a comprehensive and conclusive settlement of outstanding Anglo-Egyptian controversies is a common Anglo-Egyptian interest, of equal importance to both parties. We trust that the Wafd and Nessim Pasha and Mahinud Pasha will succeed in forming a representative Egyptian united front—not for a political offensive against Great Britain, but for the statesmanlike object of arriving, by free negotiation, at a mutually satisfactory settlement. The British Foreign Secretary has repeated the declaration that his Guildhall speech, whose "misrepresentation" had such serious consequences, was actuated by the most friendly intentions towards Egypt. We have never questioned this; but in the present Egyptian situation good intentions are not enough.

"Trading Estates" for Depressed Areas.—The Government let it be known last week that an experimental trading estate would be established on Tyneside—and possibly elsewhere. And Mr Baldwin, in his speech in the House on Tuesday, said that "trading companies" were to be formed which would "establish and equip estates" in the special areas. Manufacturers, it is understood, will then be invited to rent the factories, with an assurance that if necessary they will be able to acquire additional adjacent accommodations, will be available. We welcome the Government's decision to make this interesting experiment, since it is at least evidence of a desire to take positive action. Some doubts about the scheme's prospects, however, will naturally of which the Government's new policy seems to be based, wards which British industry has been gravitating, for whatever reason, in the last fifteen years. Will it gravitate again to the N.E. Coast for the sake of no greater advantages than a Government trading estate? Those who think that the new trades have come to West London

primarily in order to be near their chief market will be more pessimistic than those who attribute the "Southward drift" mainly to the desire of company directors to live in the West End of London. Possibly, in a time of rising economic activity, a slight change in comparative advantages may tip the balance substantially. No such expedient, of course, can reach the heart of the problem of the depressed areas. But as one among many expedients, it is sufficiently constructive to be well worth trying.

Housing Prospects.—The possibility that the current housing "boom" might collapse has been a favourite topic of discussion for some months past. In two articles, in the *Economist* of October 26th and November 2nd last, we suggested that, while a collapse was improbable, a more gradual decline in the activity of private enterprise in building houses could be anticipated. Judging by the latest figures published by the Ministry of Health, this anticipation is already being realised. In the half-year ended September 30, 1935, approximately 125,600 houses were built by private enterprise as compared with 149,000 in the previous six months, which is normally the less active building period of the year. In spite of an increase in the number of houses erected by Local Authorities for rehousing slum-dwellers, the total number of houses built in the year ended September, 1935, was 316,000, only about 3,000 more than in the previous year. Mr Geoffrey Shakespeare, Parliamentary Secretary to the Ministry of Health, in a speech this week, described the current rate of output of 327,000 houses a year as excessive and suggested that "something like 250,000 or 300,000 decent houses a year would be sufficient." From the point of view of averting a collapse of the building trades, 250,000 doubtless would be a satisfactory figure, but from the point of view of the housing requirements of the nation, satisfaction with even 300,000 houses a year argues a very unambitious attitude. Steady public pressure over the last three years has produced a considerable advance in the attitude of the Conservative Party towards the housing problem. But there are still signs that the full meaning of the public determination to raise our housing standards has not been grasped. There is, for example, the disquieting news that the new Conservative majority on the Leeds City Council has decided to scrap part at least of its Labour predecessor's thoroughgoing housing policy. The only decision hitherto taken has been to abandon the project of creating a large estate on the City boundaries, and on that narrow point there is a great deal to be said for the new Council's view. But it is clear that there is a danger lest Leeds should slip back from the position of the most enterprising municipal authority which it had acquired in the last two years. If so, it will be regrettable for Leeds and, through the abandonment of an encouraging example, for the nation at large.

Dr. Schacht and the Nazis.—Nowhere is the conflict between Fascist economic ideas and the normal working of private enterprise more acute than in Germany. Indeed, those who regard Fascism as no more than the creation of the capitalists should observe the struggles of Dr. Schacht with the strange allies adopted by his friends of the old Nationalist Party in the process of suppressing their Left-wing opponents. Speaking in Berlin on Saturday, before an audience including Herr von Ribbentrop and Herr Julius Streicher, the anti-Jewish propagandist, Dr. Schacht derided both the rural romanticism of Herr Darré and the specifically Nazi conception of the "leadership principle" in industry. "Folk dances and spinning wheels," Dr. Schacht said, were no doubt "desirable traditions"; but other things were necessary to maintain the strength of a nation of 65,000,000 people. Dr. Schacht did not so much argue that "autarky" must lower Germany's standard of living, but rather—that what was naturally more calculated to impress his Nazi audience—that it would impair her military strength:—

Guns, aeroplanes, submarines (he said) and everything required for defence in modern times are unthinkable in the absence of the highest development of capitalised industry.

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And so for the sake of guns, aeroplanes and submarines the Nazis must be prepared to give up even their folk dances and spinning wheels. Worse still, they must give up the "leadership principle" in industry. "To apply the principle of leadership to every stocking factory," Dr. Schacht mercilessly continued, "is to make it ridiculous. The leader in a joint stock concern arises just as does the leader in any other district of economic activity." Evidently the Nazi enthusiasts will have to abandon many cherished ideas, if they are to retain the indispensable Dr. Schacht as economic dictator.

A Monetary Puzzle in New Zealand.—The evolution of the New Zealand Labour Government's economic policy will be watched with great interest. For the declaration made by the Prime Minister, Mr Savage, on the morrow of his victory can only be described as perplexing. Wage cuts are to be restored, social expenditure expanded, and farmers' prices guaranteed. So far so good. But at the same time the exchange rate is to be "reduced." "Reducing" the exchange rate means, of course, raising the value of the currency—i.e. diminishing the number of New Zealand pounds that can be bought for a pound sterling. This in its turn means deflation, which will doubtless benefit the purchasers of imports, but will at the same time be directly contradictory to the rest of Mr Savage's policy. There is one form of combined inflation and deflation which is practicable and may be desirable; that is the policy adopted by Australia of simultaneously deflating costs and inflating prices. This naturally promotes profits and so general recovery. But Mr Savage's idea is simultaneously to deflate prices and inflate costs. The effect of such a policy is not difficult to foresee. We strongly suspect, however, that the deflationary part of Mr Savage's programme—the "reduction" of the exchange rate—will fade decorously into the background.

Iron and Steel Reorganisation.—The principles of reorganisation, embodied in the constitution of the British Iron and Steel Federation, are slowly—very slowly—being translated into practice. The agreement concluded earlier this year between the British iron and steel industry and the International Crude Steel Cartel necessitated the establishment of machinery to control imports and exports of iron and steel materials, now subject to quantitative regulation. This machinery has now been set up with the formation, this week, of the British Iron and Steel Corporation to handle all the import and export business of the British Iron and Steel Federation, to make contracts and to undertake commitments on behalf of the British steel industry as a whole. The functions of the new concern will be much larger than those of the British Steel Export Association, which was concerned only with large export orders for plates and heavy sections. The corporation's controlling powers may eventually be extended to include tinplate and tubes, now subject to sectional agreements. The latest decision is a step in the right direction, but the industry, we trust, will not rest content with the establishment of machinery so long as its internal efficiency remains capable of far-reaching improvement.

Coal Exports to Italy.—British coal exports are already reflecting the effects of sanctions against Italy, writes our Cardiff correspondent. In pre-war years we supplied Italy with over 90 per cent. of her total coal imports. In 1913 our shipments totalled 9.6 million tons, of which 5½ million tons were consigned from Bristol Channel ports. Shipment declined during the period when German reparation coals were being delivered under the Versailles Treaty. Even in 1929-30, however, despite the large electrification schemes carried out by the Italian Government, shipments exceeded 7,000,000 tons. After the discontinuance of reparation deliveries, the relative position of British coals improved. In 1932, imports into Italy from the Ruhr totalled less than 1,500,000 tons, as compared with nearly 5,000,000 tons in 1929. During the past three years, however, the direction of Italian demand has been profoundly affected by the clearing system, under which the exchange relations between Germany and Italy are regulated. German coal exports to Italy rapidly expanded; and after reaching 4.8 million metric tons last year they have further increased to over 5.8 million metric tons for the ten months ended last October. This expansion has been secured almost entirely at the cost of the United Kingdom, whose exports to Italy in the ten months ended October totalled only just over 3.1 million tons, as compared with 3.9 million tons in the corresponding period last year. Great Britain's failure to share in increased Italian consumption, due to recent military and naval activities, has been mainly attributable to exchange transfer difficulties. In October, exports from this country were just over 100,000 tons, compared with 878,320 tons received from Germany, and the British returns for November are expected to be even lower. Last year the f.o.b. value of our coal exports to Italy was nearly £3.8 millions, or approximately 40 per cent. of the total f.o.b. value of all our Italian exports.

* * *

Mosquitos by Air.—The term "Machiavellian" has not infrequently been applied to statesmen—sometimes even to British statesmen. There is, however, at least one wholesome lesson which modern rulers might learn from the Italian master, who, writing of conspiracies, declared that "by foreseeing them at a distance, which is only done by men of talents, the evils which might arise from them are soon cured; but when, from want of foresight, they are suffered to increase to such a height that they are perceptible to everyone, there is no longer any remedy." This dictum seems peculiarly relevant to the state of affairs revealed, almost casually, in a statistical survey of yellow fever, published by the Health Section of the League of Nations. This survey discloses that infected mosquitos can survive long aeroplane rides, and that many animals and insects can act as efficient carriers once the infection is brought to them. India is not now a yellow fever country, but is highly infectible and has mosquitos to serve as carriers, a large susceptible monkey population, and jungles that are ineradicable breeding grounds. Suppose the disease were introduced by an odd mosquito, say, from East Africa, which came as a stowaway on an air liner? The unemotional reaction of the expert would be to recommend, to the public health services concerned, various methods of treatment to get rid of such unwanted travellers. To human passengers, such measures might seem merely "fussy"; but with memories of the spread of the fruit fly in mind serious observers would rather count them examples of wise "Machiavellian" statesmanship. The instance may serve to draw attention to the importance of the work of the League's health experts in bringing together results of research in many countries. The cost of this work is trifling when compared with the expenditure of Governments in other directions. Its usefulness may be borne in mind whenever suggestions are made for the reduction of League expenditure on "non-essential services."

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Sterling and International Prices.—There has been a slight drop in British wholesale prices during the past fortnight, amounting to 0.3 per cent. in the case of the complete index number and 0.5 per cent. for primary products alone. Since the autumn a rise was checked in early Octo-

ber, British wholesale prices generally have remained very steady, but there has been a tendency for primary products to decline. This last movement finds its parallel in the United States, where since the end of September primary products have fallen by 3.9 per cent. The Irving Fisher complete index number is also lower than it was in early October, but it has risen fractionally during the past fortnight. On the Continent, French wholesale prices are unchanged after their previous sustained advance, while German prices are also steady. No Italian index number is available. The impression left by recent figures is that the rapid advance of the early autumn is giving place to a moderate recession, from which, however, France is so far immune. It looks very much as if France is beginning to experience a slight though concealed internal inflation.

SEPTEMBER 25, 1931 = 100

Date	Economist Indices				U.S.A., Irving Fisher	France, Statistique Générale	Italy, Milan Chamber of Commerce	Germany, Statistisches Reichsamt
	British Complete Index (sterling)	Primary Products		Price of Gold (sterling)				
		British (sterling)	American (dollar)					
1932								
Jan. 27th	108.3	115.7	93.8	140.9	93.5	93.6	95.6	91.6
Apr. 20th	103.8	105.4	83.6	129.5	89.6	97.0	95.9	90.3
July 27th	99.5	103.5	84.1	136.9	88.3	91.3	88.5	88.1
Oct. 19th	103.1	112.3	84.0	143.8	88.6	88.6	92.7	86.8
1933								
Jan. 25th	101.3	107.7	78.0	142.6	80.5	88.1	90.2	83.8
Apr. 19th	98.7	104.6	88.7	141.4	82.8	87.5	86.2	83.4
July 26th	108.1	120.6	124.7	145.7	100.9	89.7	86.2	86.6
Oct. 18th	106.4	112.8	109.1	155.4	103.7	87.5	84.6	88.1
1934								
Jan. 31st	108.8	118.0	124.8	156.7	105.6	87.2	84.4	88.5
Apr. 25th	108.2	119.8	125.3	159.5	106.0	85.4	83.2	87.7
July 18th	109.5	124.8	136.7	162.4	113.2	81.4	83.2	91.1
Oct. 25th	107.9	124.2	146.2	164.5	114.3	79.8	84.4	93.0
1935								
Jan. 30th	110.3	124.6	152.4	167.2	118.3	79.1	85.6	92.8
Apr. 24th	110.5	124.5	151.6	169.1	118.6	78.2	91.7	92.6
May 8th	111.8	124.1	149.5	169.5	119.2	78.2	92.3	92.6
May 22nd	113.5	127.7	151.4	167.1	119.9	79.6	93.5	92.7
June 5th	112.7	126.2	146.1	166.2	120.1	79.3	93.5	92.7
June 19th	112.7	125.6	144.2	165.9	118.9	78.9	96.4	93.0
July 3rd	111.8	124.5	143.0	166.5	118.5	78.0	96.9	93.0
July 17th	111.6	124.3	143.6	166.0	118.5	76.6	97.2	93.6
July 31st	112.7	126.7	146.2	165.6	120.2	75.9	98.2	93.9
Aug. 14th	111.4	125.3	141.6	164.9	121.4	75.7	99.7	94.1
Aug. 28th	112.4	125.5	141.4	164.7	122.2	77.6	102.5	93.8
Sept. 11th	113.3	127.2	143.5	165.8	123.4	78.0	103.7	94.1
Sept. 25th	112.7	131.3	148.6	166.0	124.0	78.0	103.7	94.1
Oct. 9th	117.9	134.5	144.9	169.4	123.7	79.1	107.3	94.6
Oct. 23rd	118.4	133.6	144.9	168.4	123.2	79.5	108.1	94.7
Nov. 6th	117.7	130.7	143.9	166.4	122.2	79.8	...	94.6
Nov. 20th	118.0	131.4	144.5	166.4	122.2	79.8	...	94.7
Dec. 4th	117.7	130.8	142.8	165.9	122.5*	79.8*	...	94.7*

* These figures relate to Nov. 27th.

Details of the group indices comprising the complete *Economist* index number on the date of our suspension of the gold standard and for recent dates are given below:—

	"ECONOMIST" INDEX (1927 = 100)			
	Sept. 18, 1931	Nov. 6, 1935	Nov. 20, 1935	Dec. 4, 1935
Cereals and meat	64.5	70.2	69.7	69.5
Other foods	62.2	60.9	61.2	61.3
Textiles	43.7	61.6	63.2	62.7
Minerals	67.4	83.6	83.4	83.6
Miscellaneous	65.8	78.1	78.0	77.6
Complete index ..	60.4	71.0	71.3	71.1
1913 = 100	83.1	97.8	98.1	97.8
1924 = 100	52.2	61.3	61.6	61.4

English wheat and barley have fallen in price during the past fortnight, but flour is dearer. There was an advance in English beef, but declines in English mutton and Danish bacon. Tea is dearer, and there were slight increases in butter and refined sugar. Cheese is cheaper. In the textiles group, Egyptian cotton is higher, but American cotton, Australian wool, hemp and jute have all declined. In the minerals group there is a seasonal advance in house coal and slight increases in copper, tin and lead. Spelter is cheaper. Among miscellaneous materials, there was a moderate fall in hides and small decreases in linseed oil and tallow.

* * *

Industrial Production in Britain.—The final report* on the Census of Production taken in 1930, published belatedly last month, contains a mass of information concerning changes in the structure and organisation of British industry between 1924 and 1930. Among other things, it includes a detailed analysis of changes in the volume of

* Final Report on the Fourth Census of Production of the United Kingdom (1930), Part V. H.M. Stationery Office. 3s. net.

production, of specialisation and of regional distribution of output, as well as of employment, wages and the power equipment of British industries. Some of the information contained in this volume has been brought further up-to-date by the Report on the Import Duties Act Inquiry (1933). The first part of this report*—dealing with textiles, leather and clothing, food, chemical and allied industries and certain miscellaneous trades—was published recently. The changes in the value of the gross and net outputs and in employment and net output per head of some of the leading industries are shown in the following table:—

Industrial Group	Selling Value of Gross Output	Cost of Materials and of Work given out	Value of Net Output	Average No. of Persons Employed	Net Output per Person Employed
	(Mill. £)	(Mill. £)	(Mill. £)	Thousands	£
Cotton spinning.....	1930 78.6 1933 67.6	58.8 48.0	19.8 19.6	190.7 183.8	104 107
Cotton weaving.....	1930 73.9 1933 65.1	51.8 45.1	22.1 20.1	188.7 176.0	117 114
Woolen and worsted.....	1930 103.6 1933 101.9	66.1 62.0	37.5 39.9	228.6 233.8	164 171
All textiles.....	1930 413.5 1933 383.5	266.7 237.1	145.1 143.2	1,045.1 1,009.6	139 142
Boots and shoes.....	1930 45.2 1933 38.1	25.6 20.7	19.6 17.3	116.5 113.9	169 152
Leather and clothing trades.....	1930 94.8 1933 79.9	58.7 47.4	36.1 32.6	201.5 198.8	179 164
Grain milling.....	1930 69.5 1933 56.2	60.2 45.2	9.3 11.0	28.5 28.3	351 390
All food trades.....	1930 152.1 1933 134.4	112.8 91.3	39.3 43.1	123.4 133.2	319 323
Chemicals, dyestuffs and drugs.....	1930 52.7 1933 59.1	26.5 27.3	25.0 30.9	70.5 68.3	355 452
All chemical and allied trades.....	1930 161.2 1933 153.0	94.5 82.6	65.6 69.6	167.7 164.8	391 922
Rubber manufacture.....	1930 28.9 1933 24.2	14.4 10.4	14.5 13.8	52.2 51.7	278 268

It will be seen that the value of the net output of the textile and leather and clothing trades in 1933 showed a decline, and that of the chemical and food trades an increase, over 1930. But with the exception of the leather

* Report on the Import Duties Act Inquiry (1933), Part I. H.M. Stationery Office. 5s. net.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

THE INRUSH OF CAPITAL

THE foreign trade figures for October showed no change of trend from those of the past year. Merchandise exports at \$221 millions and imports of \$189 millions resulted in an export surplus. But exports compared with \$206 millions in October, 1934—a minor increase; and imports with \$130 millions—a major increase. Gold imports amounted to \$315 millions and silver imports to \$49 millions. Combined gold and silver imports, \$364 millions, are almost exactly double merchandise imports for the month. For the ten months, merchandise exports of \$1,789 millions are almost identical with those of 1934—\$1,767 millions. But imports at \$1,692 millions are up \$320 millions from the \$1,372 millions of 1934. That is, an export merchandise surplus of about \$400 millions in the first ten months of 1934 has shrunk to one of about \$100 millions. Against this active trade balance of \$100 millions must be set gold imports of \$1,337 millions and silver imports of about \$220 millions, a total of \$1,558 millions of gold and silver metal, compared with \$986 millions in 1934. These figures give an import surplus of \$591 millions in the first ten months of 1934; and an import surplus of \$1,471 millions in the first ten months

and clothing trades, the value of the net output per person registered an increase, most marked in the chemical and allied industries group. An attempt was made during the inquiry to calculate changes in the magnitude of production in the various industries. The volume of the output of the textile industry as a whole, for example, rose by 21 per cent. between 1930 and 1933. The figures for cotton manufactures and woollen and worsted goods show rises of 10 per cent. and 27 per cent. respectively, while the output of the silk and rayon trades increased by 80 per cent. and that of boots and shoes rose by 8 per cent. Production of foodstuffs increased by 12 per cent. The chemical industry registered an increase in production of as much as 21 per cent. The main purpose of the inquiry was to elucidate the effects of the imposition of a protective tariff in 1932. In this it can scarcely be said to have succeeded, since the effect of the tariff cannot be isolated from that of many other factors influencing productive activity. None the less, the information contained in the report has a high objective value.

* * *

The Cost of Re-armament.—An attempt is made in the first two of a series of articles in the *Financial News* to compute the cost of the re-armament programme believed to be contemplated by the British Government. The writer points out that in actual strength the British Navy is far superior to any in the world except that of the United States; and he adds that the question of comparative obsolescence depends on the outcome of the Naval Conference. He suggests, however, that seven new battleships, twenty cruisers, 50 destroyers, 20 submarines and one aircraft carrier might be built in the next five years. It is also admitted that the comparative real strength of the British, German, French and Italian Air Forces is not known to any but a few experts. The computation is nevertheless made that a total of £52 millions gross may be spent on enlarging the Air Force. In this way the conclusion is reached that £20 millions a year may be added to the Defence estimates, and that the staggering sum of between £140 millions or £150 millions will be required for extraordinary expenditure on re-armament in the next few years. Such is the bill the nation will be required to pay, if this calculation proves correct, for the failure of the Disarmament Conference.

of 1935. The figure for 1934 represented a transfer of capital of conspicuous magnitude; the figure for 1935 is more than double that of 1934.

That this represents chiefly an influx of European capital rather than a repatriation of American funds is now generally agreed; there is no agreement about the proportion which has been merely left on balance compared with that invested in American securities, but it is recognised that a large amount has taken the latter course. As an inflationary force, this import of \$1,568 millions of monetised metal has approximately equalled the financing of the deficit in its quantitative creation of commercial bank deposits. Just as the stock market of the 'twenties was a force for credit expansion through the medium of brokers' loans, so the stock market now is a major force for the expansion of credit, because it is a magnet for foreign capital, which, reaching the American market in the form of gold and silver, in turn becomes not merely bank deposits but excess bank reserves. In the 'twenties there was an expansion of commercial bank credit via a bull market in shares. The present bull market is not merely expanding commercial bank credit through the attraction for gold, but it is expanding the basis of the credit system. Virtually the entire sum of excess reserves, which figure so largely in current discussion in America, has derived from

he gold and silver imports of the past ten years; and the argest single force attracting these imports seems to be the magnetism of the American stock market.

Two major clashes between business and the New Deal are approaching their tests in the Courts. Several cases affecting the processing taxes have been combined for hearing on December 9th. The processing taxes are among the largest single items of revenue, and their proceeds are allocated for the payment of the agricultural benefits. Their incidence is disputed. In some cases it appears to have been passed back to the producer; in others it has probably been passed on to the consumer; but in certain cases it seems to have fallen largely upon the processor with severe consequences. These facts alone would make the case important; but there is the added possibility that the decision may be more comprehensive and involve the basic principle of the A.A.A. The second most awaited case is one involving the Utility Act. It had been generally supposed that the Utility Act of last August would not reach the Supreme Court for months, but the numerous refusals of the utilities to register by December 1st, as demanded by the Act, have given both sides a desire for a quick decision; whereas in numerous other cases (as in the gold clause cases) it was apparently the strategy of the Government to delay action.

TRADE UNION CONTROVERSIES

The schism in the American Federation of Labour is probably a matter of significance, although its interpretation as yet can be only sketched. Broadly speaking, unionism appears in three forms in the United States. The craft union has been sponsored by the Federation, and has for years been very strong in a small number of trades—the printing trade and the building trades conspicuously; and has found independent form in the Railway Brotherhoods. In opposition, the company union had become quite widespread, and under the collective bargaining provisions of N.R.A., reaffirmed by the Wagner Act, appears to have gained far more ground than the craft union, to the chagrin of the Federation. Two great industries alone—the clothing workers and the coal miners—have long been organised on industrial, as contrasted with craft, lines; but the United Coal Mines, under their president, Mr John L. Lewis, were allied not long ago with the Federation, and Mr Lewis became a vice-president of that organisation. His resignation last week has precipitated a conflict between the idea of industrial unionism, now personified by Mr Lewis, and craft unionism represented by Mr William Green, the president of the Federation.

Although car loadings are now showing their usual seasonal recession, they remain above the levels of a year ago, when industry was just beginning its sharp upturn from the third-quarter slump. Steel operations, on the other hand, are equal to or better than their spring peak—a most unusual condition for this time of year, and largely explicable in terms of the displaced seasonal output of the motor industry. Although the index of primary commodities is still below its early autumn peak, and the Bureau of Labour index has shown little change in the past few months, one hears continually in conversation or reads in the Press of advances or prospective advances in the prices of finished goods.

NEW YORK, November 27.

FRANCE

POLITICAL PARTIES AND DEVALUATION

BY 324 votes to 247, the Chamber this week affirmed its confidence in the Government's "defence of the franc." The debate was marked by a gravity which was generally unexpected after the agitated meetings of the Finance Committee of the Chamber. The movement of security prices has been directly reversed. The rentes are recovering. And the gold drain is drying up, though the latest return of the Bank shows a new loss of 2,800 million francs. The money market, however, remains tight.

Chamber criticism of M. Laval's deflation policy turned naturally into a crusade for devaluation. But if members were unanimous in their dislike of deflation they were largely divided in their views on devaluation. They realise that the majority of the population are still opposed to monetary change. The Chamber and the Government are therefore officially of the same opinion. One Neo-Socialist speaker, however, pointed out that deflation and devaluation had the same object: the lowering of (gold) prices, a result which would be automatically reached by devaluation, while M. Laval's deflation remained incomplete and had failed to lower the rate of interest.

M. Laval answered that he still believed a rise of rentes to par and a consequent revival of business to be possible. The Communists and the Socialists supported the maintenance of the gold parity. The reason is that they imagine that the maintenance of the franc will involve an economic revolution. On the other hand, certain devaluationists on the Right, such as M. Reynaud, believe that devaluation could not be sufficient to bring recovery. Further deflation, he thinks, should be added to devaluation, while at the same time some State control of bankers and industry would be necessary. M. Reynaud won much applause when he argued that the problem consisted in lowering prices in gold and raising them in francs. But when he tried to justify this necessity by the fact that the burden of public expenditure on a gold basis was almost unupportable, his opponents declared that this "explanation" proved that the deflationists were right when they urged an alleviation of this burden.

CONSERVATIVES AND THE FASCIST LEAGUES

The moderate Conservatives, in fact, favour deflation, but are unable to achieve a lowering of interest rates by this means; and they are opposed to a lowering of tariffs. Some of them would accept devaluation, but they fear its corollary—reforms. They thus adopt *in fact* the Socialists' position: "Neither deflation, nor devaluation." But while the Socialists are recommending an economic revolution, the Conservatives, confused by the crisis, are seeking their salvation in the Fascist leagues. Consequently, the success of the Cabinet in "defending the franc" is most imperfect. Recent events have severely shaken confidence at a time when the Treasury needs to launch new loans. The 3,000 million francs of October and November loans, however, have been raised despite the political crisis.

Partisans of the *status quo* are anxious to gain time, and they emphasise the favourable movement of prices and the existing indications of a business revival. They point out that the margin between foreign and French prices is contracting rapidly.

They also observe that decline in economic activity ceased two months ago; that certain industries such as textiles are reviving—the index (1917 = 100) rose to 68 in September, 1935, compared with 54 in September, 1934; that the Parisian warehouses' turnover has been steady for three months (against a decline of 10 per cent. for the same period of 1934); that new issues in September and October increased to 161 and 252 million francs, respectively, against 11 millions in August and an average of 71 millions in 1934; and that coal output is increasing. If continued, might not this economic revival, coupled with more constructive Parliamentary work, open the way, with or without devaluation, to a pacific solution of the French crisis?

PARIS, December 5.

GERMANY

DR. SCHACHT AND THE NAZIS

DR. SCHACHT addressed the Academy for German Law this week on the Nazi Party and capitalism. He rejected certain of the radical reforms demanded by the Party, which had been seconded in somewhat milder form by the Academy and in still milder form by the official in the Ministry of Justice who is supposed to be preparing the

legislation. The immediate theme was the State's attitude to joint-stock companies. According to Nazi utterances, this attitude ought to be anti-capitalistic and in fact anti-company. Dr. Schacht defended both capitalism and the present form of company organisation. So far the Government has promulgated only one law, that of July 5, 1934, dealing with this matter. This law was designed to facilitate the transformation of joint-stock companies into "personal" undertakings.

The notion that business ought to be "personal" underlies the Nazi programme, but the law of 1934 covered only a minor aspect of the problem, and its results so far have been meagre. One side of the Party's attitude is, to quote Dr. Schacht, "determined by handworker and peasant romanticism derived from the past." Another side connected with this romanticism, but strictly practical, is a desire for a rigid, unchanging caste or guild economic structure, which would keep the individual citizen and even his descendants in the same economic position. This Party ambition has already materialised in domains outside company organisation. Instances are the hereditary farm law, which ties agriculturists to their land and excludes outsiders from agriculture other than as wage labourers; numerous measures restricting the foundation of industrial and commercial undertakings; restrictions on entry into the professions and arts; and, finally, the abolition, so far partial, of freedom of choice of residence. By such measures of repression and elimination Nazi Party members and supporters have often themselves benefited materially, having established monopolies in their own interests; and they naturally distrust, as a possible factor of disturbance, the economic mobility of the "Liberalistic era."

The Party's company law proposals accord with these principles. Herr Schlegelberger, of the Ministry of Justice, the official concerned, has published a programme of reform, according to which the shareholders' meeting, in present German law the supreme company organ, is rejected as an outworn form of "democracy." It is even compared derisively with the position of an abdicated sovereign. The right to decide in all important matters, including the distribution of profits, should be transferred, in Herr Schlegelberger's opinion, from the meeting to the directorate. The directorate would henceforth be the "leader." The change proposed he regards as necessary in order to emancipate the leaders from the changing majorities of shareholders.

"FOLK DANCES AND SPINNING WHEELS"

It had been understood that Dr. Schlegelberger's recommendations would be embodied in the new Company Law. Dr. Schacht, however, has now condemned most of them root and branch. In his speech he began by paying a tribute to the righteousness of the Party's attitude: "the leader principle, the supremacy of the public interest, the overcoming of capitalism and so on"; but added that the "catchword formulation" of these principles constitutes a great danger.

Germany (he said), cannot do without capitalism. At the present time, although a praiseworthy revival of folk dances and spinning-wheels is under way, it must not be forgotten that capital-goods such as grain-elevators, reaping-machines, and steam ploughs are indispensable to agriculture. Agriculture, industry, communications and trade demand the most intensive capitalistic equipment and nothing so urgently requires a capitalistic substructure as National Defence. The State cannot possibly provide this complicated capitalistic mechanism; and the State's officials cannot become farmers, manufacturers, or traders. The joint stock company is the proper means for concentrating the savings of the many. Company Law must therefore be designed to facilitate company operations, not to impede them. A primary facility lies in the present mobility of shares; therefore the "permanent share" plan must be condemned. Restrictions on change in the ownership of shares would make it impossible to obtain company capital from the public.

Dr. Schacht proceeded to ridicule the "leader principle" in company administration. To apply this principle to every stocking factory, he said, would be to make it ridiculous. He also opposed the Party plan to increase the powers of

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directors at the cost of shareholders, declaring that the chief of a company who possesses "leader" qualities would always have sufficient influence with his shareholders. "The idea that the shareholder, when he has paid in his money, has no further duties and that he can therefore give a free hand to the directorate is mistaken."

Under the law of November 5th, concentrating Labour Exchange activities in the hands of the Reich Unemployment Board, the organisation of the labour market will be made more minute. Unemployed persons will be classed as "fully employable," "partly employable" or "not employable." Free jobs will be distributed correspondingly; a "fully employable" applicant will, for instance, not be given work that could be done by a "partly employable."

Retail trade turnover in October was 1 per cent. above that of October, 1934, which represents approximately the rise in the official cost-of-living index (housing eliminated).

The month-end demand for cash exceeded expectations; but owing to certain repayments of public issues, the supply of money was adequate. The Reichsbank's return for November 30th indicates that the banks laid in more cash in advance than they needed. On the one hand, the total of Reichsbank credits and investments rose by Rm. 513 millions, as against Rm. 444 millions in the corresponding week of last year. On the other hand, deposits increased by the large sum of Rm. 88 millions. Owing to the heavy credit repayments in the earlier weeks of November, the rediscounts portfolio is only slightly above the level of a month ago. Money this week is somewhat easier, the day loan rate on Tuesday being 3½-3¾ per cent. The savings deposits in the savings banks on October 31st totalled Rm. 13,272 millions, having increased during the month by Rm. 34 millions.

BERLIN, December 4.

HUNGARY

TRANSFER MORATORIUM AND THE FOREIGN CREDITORS

AT Christmas it will be four years since the transfer moratorium was first decreed by which the debt service of all Hungary's foreign debts except the League loan was paid into blocked account with the National Bank. The latest report of Mr Tyler, the League representative, shows that out of 274.3 million pengő received by the Cash Office of the Foreign Credits 152.2 million pengő has paid been out on coupons and bonds redeemed. At present the balance held in cash is only 20.1 million pengő. The rest is partly borrowed by the Government and partly made up of Treasury bills which were accepted by the Office according to specific agreements with the Government. There are no State arrears outstanding. Other arrears total 31.6 million pengő as per September 30, 1935.

The amounts deposited in pengő with the National Bank up to the above date, under the Standstill Agreement, in order to cover interest and commission on short-term banking debts not satisfied in foreign exchange totalled 57.35 million pengő. Of this, 51.5 million pengő had been paid

to creditors accepting such payments in satisfaction. The amounts paid under the same agreement for capital repayments in pengő to the National Bank totalled 23.4 million pengő, of which 22.1 million pengő had been disposed of by the creditors. The balances held by the National Bank are 5.9 million pengő and 1.2 million pengő respectively. It is claimed that the transfer moratorium, which was thought to be a great hardship to the foreign creditors, enabled them, nevertheless, to thaw the blocked pengő balances, at a sacrifice which, though great, should be judged with due reference to the fall in money rates in the creditor countries. Both short- and long-term creditors still receive on the average a more than 2 per cent. yield on their invested capital, if calculated in the currency in which it was originally lent.

AGRARIAN DEBT RELIEF

The fall in food prices that began in 1929 and continued unevenly until 1933 rendered insolvent many Hungarian farmers who had borrowed money on a large scale. The number of these insolvent debtors was so great that the Government began in 1932 to take exceptional measures without prejudice to the rights of foreign creditors. In October, 1933, it issued a decree permanently relieving, subject to certain conditions, holders of not more than 15 acres from short-term debts owing to banks, and in general protecting land-owners from bankruptcy for two years, subject to the payment of taxes, interest and other charges calculated according to the size of the holding and the debt.

Now that this period has elapsed, the Government has issued a further decree, subsequently approved by the House of Deputies, which aims at a final solution for owners of holdings of up to 15 acres, and defines, for another two years, the obligations of agrarian debtors in general. The decree distinguishes between two main categories of embarrassed debtors: (a) those owning over 1,500 acres and (b) those owning not more than 1,500 acres. The first category will be considered individually. The second will be the object of general measures, which may be summarised as follows:—

(1) Where a farmer owning not more than 1,500 acres is indebted for beyond a certain amount, the State is to take over a certain part of his debts, and the creditor is to receive from the State, in full satisfaction, payment over a period of forty years calculated at 3 per cent. per annum (interest and amortisation) of the capital debt. But the State will pay 100 per cent. up to a certain limit only. Above this limit, the State will take over a gradually decreasing percentage; and the full amount of the capital debt will thus be definitely settled. The capital debt to be taken over in this way is estimated at between 120 and 150 million pengő. The annual charge assumed by the State (3 per cent.) in this way may therefore be between 3.6 and 4.5 million pengő.

(2) In the case of protected holdings of not more than 15 acres certain short-term debts are to be converted into long-term obligations dischargeable by the debtors by an annual payment of 4½ per cent. for fifty years. It is estimated that roughly 80 million pengő bank debts will have to be handled in this manner. Of the total number of protected holdings, now over 78,000, it appears that 55,000 are of not more than 15 acres.

(3) The relief hitherto granted by the State (by paying part of the debt in cash and bearing part) to protected holders of not more than 15 acres is now extended to protected holders of between 15 and 30 acres. This means that the State will eventually have to pay 8 million pengő in cash and bear a debt of 4 million pengő. Interest rates payable by non-protected agrarian debtors are also to be reduced from 5½ per cent. to 5 per cent., and by the protected from 4 to 3½ per cent. The amortisation payments of the protected holders are reduced by one-third of the amounts hitherto paid.

The debts for which protection has been granted under the 1933 decree have been estimated at 828 million pengő. The latest estimate of the debts of agriculturists, made as at the end of 1932, including long-term and short-term debts, under the Land Reform procedure and tax arrears, is given by the Hungarian Statistical Office at 1,778.7 million pengő, that is more than £100 millions at par.

BUDAPEST, December 1.

BULGARIA

SIGNS OF ECONOMIC RECOVERY

THE Government have already intimated their intention not to prepare a new Constitution, but to make some modifications in the Constitution of 1879. The project provides some extension of the executive power and the creation of a Senate, composed of *de jure* members and others elected by the various economic organisations. It is expected, however, that even this project will undergo some changes, since it will have to be approved by a vote of the nation. There is consequently a possibility of a change of Government in the near future, whose main object would be the passing of the new Constitution.

Considerable improvement is observable in the economic situation of the country, due not only to the fairly good cereal crop, but also to the favourable results of the tobacco and vegetable crops. The cereal crop has yielded 30,018,000 quintals, as against 24,110,000 last year, while the production of tobacco, cotton, vegetables and some fruits has increased by nearly 50 per cent. compared with last year.

BIG INCREASE IN FOREIGN TRADE

As a result, credit has become easier and the Bank rate has been reduced from 7 to 6 per cent. While local trade is certainly more active at present, the increase in the volume of foreign trade is notable:—

	(Million leva)	
	1934	1935
	(10 Months)	(10 Months)
Exports	1,916	2,557
Imports	1,840	2,365
Export surplus	76	192

Exports have increased by 34 per cent. and imports by 29 per cent., compared with the corresponding period of 1934.

But this improvement in foreign trade has not reflected itself in the foreign exchange position of the National Bank or in foreign debt transfers. In fact, the increased volume of foreign trade is the result of the big tobacco compensation agreement amounting to 900 million leva, concluded in the first place with Germany and, in lesser proportions, with Austria, Czechoslovakia and Hungary. The share of Germany in Bulgaria's foreign trade has risen to 50 per cent., as against 40 per cent. in the preceding year. The Reichsmark balances at the National Bank have markedly increased, but there is no improvement in the free devisen position of the bank.

The negotiations with the representatives of the bondholders designed to secure a new agreement have resulted in a prolongation of the existing one for another six months. The Government will transfer, as heretofore, 15 per cent. on all foreign loans, while 17½ per cent. will be blocked with the National Bank in leva, in order to be transferred when conditions permit.

The decree-law concerning the sanctions against Italy was published on November 16th, in accordance with the recommendations of the League of Nations.

SOFIA, December 1.

EGYPT

SANCTIONS AND BUSINESS

APART from the Stock Exchange, which was depressed for a couple of days, the recent political agitation has affected business very little. Nobody ever doubted that despite present exceptional conditions the Government would not allow the situation to get out of hand, and that it is in a position to cope with any emergency. The complete calm that prevails in Alexandria, Egypt's most turbulent city, is partly due to the recent improvement in employment and wages resulting from military activities. Dockers are now

getting 25 per cent. more than in September, while the food price index is at 113, against 122 last year.

Public opinion is mainly concerned with sanctions, which Egypt has consented, in principle, to apply. November 18th passed without bringing any change, however, as the Committee of Co-ordination had not then had time to work out a plan owing to the complexities arising from the Capitulations. The report is nearing completion, now, and may be given official approval shortly.

In spite of active propaganda by the pro-Italian European Press, little concern is felt over the consequences of the application of sanctions to Italy and the latter's measures of retaliation. The cotton season is so advanced already that Italy has been able to cover an important part of her requirements. Her purchases up to November 14th exceeded by 39.3 per cent. those of last year at the same date, and attained 33.6 per cent. of her total imports during 1934-35, which absorbed 8.6 per cent. of all Egypt's exports. Coming at this time and in a boom period, the loss of the Italian outlet will be felt less severely. Shipments of Egyptian cotton to all countries are now 25 per cent. above those of the past season at this date, and stocks in Alexandria are 11.1 per cent. lower than a year ago. It is not forgotten, either, that the present record export surplus of rice ought to increase further as a result of the elimination of Italian competition.

Since the September scare, credit conditions have been improving steadily and may now be termed quite normal. Sales of securities, withdrawals of deposits and transfers of funds by Italian residents have ended long ago. So have liquidations by other weak holders. Securities have regained a substantial part of their previous losses, and confidence has been restored by the easier situation in the Mediterranean as well as the local defensive measures. The reinvestment of profits made out of the sudden rise in imported goods first helped to relax the tightness of money, and the improvement has been further enhanced by military expenditure such as renting of buildings, recruiting of labour, purchase of provisions. Finally, there has come the rise in the value of cotton, which has appreciated 24.9 per cent. since September 1st.

PROSPEROUS TRADE AND BUDGET

Exports continue to expand; and the latest returns show that, despite active cotton shipments, imports are expanding even faster:—

	1934	1935
	(Nine months)	(Nine months)
	£E.	£E.
Exports	20,859,165	22,139,097
Imports	20,570,001	22,486,982

This may be explained by the large quantities of Japanese goods introduced into the country many months before the imposition of the 40 per cent. exchange compensation tax, and by the larger imports from other sources resulting from anxiety about the situation in the Mediterranean.

An agreement has just been reached with Roumania, which will help to lessen the import surplus with that country and facilitate payments. An expansion of exports of Egyptian rice is expected, and a new outlet for raw cotton and yarn. Negotiations have also been resumed with Japan, and the imposition of a double tax on all Japanese goods entering Egypt after November 18th has been postponed for the while.

Customs receipts compare very favourably with those for last year and the divergence continues to increase:—

	1934	1935
May 1st to October 31st	£E7,289,016	£E8,534,458

Much satisfaction is expressed at this, as the Budget draws about 43 per cent. of its total resources from this quarter. An important surplus might therefore be predicted for the end of the fiscal year, were it not that the extent of the new military expenditure is unknown. Nevertheless, it is felt that any money spent on roadmaking will enhance the national assets.

ALEXANDRIA, November 25.

ARGENTINA

EXPORTS STILL INCREASING

EXPORTS for October show a substantial increase over those for the same period last year both in value and in tonnage. Although shipments of meat and other pastoral products showed a decline in tonnage, the improvement in prices more than offset the decrease in tonnage. Maize and linseed showed a large increase in tonnage shipped. The following are the figures for exports in the first ten months of 1934 and 1935:—

	Tons		Average Prices (pesos)	
	1934	1935	1934	1935
Chilled beef	291,066	286,048	366.52	385.45
Mutton	41,428	42,084	389.58	480.49
Salted and dried hides ...	103,078	114,065	532.45	566.19
Unwashed wool	81,229	98,965	1,122.96	787.95
Wheat	4,122,392	3,607,406	61.54	69.91
Maize	4,696,725	5,731,180	54.08	46.11
Linseed	1,150,939	1,516,211	125.47	120.17

The value of exports during the same period was as follows:—

	(Pesos)		Increase or Decrease per cent.
	1934	1935	
Pastoral products	388,475,731	413,195,418	+ 6.4
Agricultural products ...	759,493,243	828,455,172	+ 9.1
Total	1,212,939,782	1,304,751,038	+ 7.6

The percentage increase or decrease in average prices during the first ten months of 1935, as compared with the same period of 1934, was as follows:—

	Per cent.		Per cent.
Chilled beef	+ 5.2	Wheat	+ 13.6
Frozen beef	+ 3.2	Maize.....	- 14.7
Mutton	+ 23.3	Linseed	- 4.2
Salted cowhides	+ 7.1	Oats	+ 20.1
Unwashed sheepskins	- 23.5	Barley	+ 19.2

The rise in meat prices during October is remarkable. The market value of exports for the first ten months of 1935 is the highest obtained since 1929, and the tonnage exported is the greatest since 1931.

The figures for October show a substantial increase both in revenue and expenditure, though the latter exceeded the former by some \$18 millions. The figures for the first ten months of 1935, compared with those for a similar period in 1934, show that the Government have spent during this year some \$38 millions more on wages and salaries alone. General expenditure is up by over 39 millions.

BUENOS AIRES, November 20.

CHINA

THE JAPANESE "STRANGLEHOLD"

THE attention being paid by Japan to the south-west provinces of China has a sinister appearance. A few months ago General Doihara made a tour of Kwangtung and Kwangsi. Last week Major-General Okamura arrived in Canton on what he described as a private visit devoid of any political significance. He was received by the leading provincial officials and found time to make a brief tour of

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Kwangsi by car and aeroplane before returning to Shanghai. A few weeks earlier a dispute between Japanese merchants in Swatow and the provincial authorities there was brought to a sudden termination by the arrival of some six or seven Japanese destroyers. It is now reported that the Japanese community has been granted a site on the foreshore in order to construct a special wharf for the handling of cargo. In the meantime the dying embers of the anti-Japanese boycott have been finally quenched and there has been a cessation of anti-Japanese propaganda and Press criticism.

Until quite recently the pro-Japanese policy of Chiang Kai-Shek and his followers in Nanking formed a constant target for the Canton party. Now, however, attacks have ceased, and after a good deal of shilly-shallying an influential group of officials of the south-west regime has left for Nanking to take part in the National Congress of the Kuomintang, apparently quite prepared to work in harmony with the Nanking party. This change of front suggests that Japanese influence is making itself felt in the south, and that the stranglehold is being gradually tightened throughout the country. It is not surprising, therefore, that many ardent officials, whose progressive ideas have yielded most promising reforms during the past ten years, are losing heart at finding their efforts stultified by higher authority under Japanese domination.

The suggestion put forward from various quarters that British policy in the Far East should be directed by a statesman of first-class rank in close touch with the Cabinet appears to have met with no response from the Imperial Government.

FALL OF THE HONGKONG DOLLAR

Within the past fortnight the value of the Hongkong dollar has fallen from 1s. 11d. to 1s. 4d. Rumours of the devaluation of the Chinese standard dollar at the end of October had a depressing effect on the Hongkong exchange, and when the market opened on November 4th the decree of the Nanking Government nationalising silver, which had been published over the week-end, started the Hongkong dollar on a downward slide. For the rest of the week the cash rate fell daily, with forward rates heavily penalised, and on November 9th, the Hongkong Government instituted an embargo on the export of silver in any shape or form. A meeting of the Legislative Council was held on the same day to pass an Ordinance empowering the Colonial Treasurer to issue one-dollar notes as a temporary expedient, pending the provision by the three authorised banks of issue of an adequate supply of one dollar notes. Subsequently, a further proclamation authorised the issue of cupro-nickel 10 cent and 5 cent pieces to take the place of the existing silver subsidiary coinage. The currency of Hongkong is now no longer based on silver, and the anomaly of a dollar technically tied to silver but actually several pence below parity has been removed.

The fact that the Government was in a position to replace silver with notes and a nickel subsidiary coinage confounded

those critics who had railed against a policy of drift. Presumably the recommendations of the last Currency Commission about the need for prompt action in the event of China abandoning silver had been heeded. At any rate, there is now no fear of a currency shortage. There is, however, considerable uncertainty about the course of exchange. The provision of acceptable substitutes for a vanishing silver coinage has done nothing to give stability to the currency itself, and Hongkong is still subject to the influence of Shanghai speculators who, being over-bought in sterling at high rates, find themselves with profits which may be realised at any time. This possibility may tend to keep the Hongkong dollar from a further decline in the near future, but if the currency reforms of the Nanking Government can be carried out, then the natural course would be for the Hongkong dollar to be allowed to fall another 10 per cent. or more until it approximates to parity with the Chinese standard dollar.

Hongkong is not unused to violent fluctuations in its currency, and since the war has seen its dollar as high as 6s. 2d. and as low as 10s. 4d. Nevertheless, the rapid fall of last week has come as an unpleasant shock to most people, and the community will take some little time to adjust itself to the new level of exchange. The optimists feel that the lower level will do much to relieve the depression which has been hanging over the Colony for the last year or more, particularly as the Hongkong dollar has been brought into closer relationship with the currency of Shanghai. Already share values have had a substantial rise all round, a recovery which has been welcomed by bankers and investors alike and should go some way to restoring confidence in local securities. Then again, the lower exchange rate will revive the export trade.

These various benefits to be derived from a depreciated dollar will, it is hoped, offset the increased cost of imported articles, many of which have already been advanced in price by some 40 or 50 per cent. More ominous, however, is the effect on the Government's budget for 1936. This has been based on the assumption that exchange would remain above the level of 1s. 8d., and its introduction was accompanied by a warning that a fall below that rate would require an increase in revenue to avoid a deficit. Such a contingency will have to be met, under instructions from the Secretary of State, partly by a cut in Civil Service salaries and partly by increased taxation; and neither Civil Servants nor taxpayers contemplate with equanimity the possible sacrifice which may be demanded.

HONGKONG, November 12.

LETTER TO THE EDITOR

"BARGAINING WITH THE AGGRESSOR"

TO THE EDITOR OF THE ECONOMIST

SIR,—A good many people are saying that the object of sanctions is to shorten the war. The actual result may very well be to prevent a quick, decisive result in the field and so to lengthen the war. In any case, would a problematical shortening of the war justify sanctions?

If, however, the object is to prevent any future resort to arms in defiance of the deliberate collective opinion of the world, then sanctions are a cheap price to pay even if the attainment of the object is not absolutely certain. But if it is to be attained, there must be no bargaining with the aggressor in the meantime to induce him to cease his aggression. Italy must evacuate Abyssinian territory and release all prisoners of war, as a result of sanctions, not as a result of negotiations. Otherwise the future deterrent effect of sanctions will be weakened. Any country which, with the best of intentions, negotiates now is endangering the cause of ultimate world peace, on which its own existence may one day depend.

It is to be hoped that if the application of sanctions should ever become likely in the future, the mistake will not be repeated of offering the aggressor a price to abstain from aggression. Otherwise all would-be aggressors will demand a premium for not breaking the world's peace. Their remedy for wrongs must be obtained by an appeal to the world for peaceful redress.

Yours truly,

T. G. G. POWELL.

Moffat, November 28,

"Books and Publications" will be found on page 1155.

BRITISH MOTOR INDUSTRY

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The rise of the motor industry to the status of the third largest manufacturing industry in Great Britain has synchronized with the development of transport from a "luxury" activity to an indispensable auxiliary in the economic life of every country. The process, like every other major advance in the field of transport, has been contemporaneous with an expansion in the range and efficiency of modern business, and a rise in the standard of living of the people. No less inevitably, it has brought a host of new and pressing problems in its train. It has involved far-reaching legislative and economic adjustments in the relationship of the new transport arm with the activities, partly complementary and partly competitive, of older methods of transport. It has produced a significant change over from publicly- to privately-owned vehicular conveyance. Above all, it has confronted the State with the necessity of devising means of control, in order to protect the interests of its citizens in life and limb. The following survey is designed as a contribution to a clearer understanding of the background of these urgent problems. It deals with the organisation of the motor industry on the production and marketing sides, the influence of British tariff policy, and the scope of recent technical developments. The industry is further considered in its insurance and investment aspects. Finally, the question of Government control is discussed in its historical setting.

FOREWORD

(By P. F. Bennett, O.B.E., J.P., President of the Society of Motor Manufacturers and Traders, Ltd.)

THE publication by the *Economist* of a review of the British motor industry will be appreciated by those who have spent their lives in bringing it to its present position as one of the most important of our national activities. Its history has not previously been available in a compact form suitable for presentation to the public, and thus there is a lack of information among those in authority regarding the trade. The present review will be invaluable in adjusting a sense of its proportion in relation to other industries.

It is not generally remembered to-day that the practically complete cessation of the motor industry during the War, and its conversion to the output of munitions, resulted in the surrender of its world markets to its competitors not then engaged in hostilities. The consequences of that imperative step have dogged the footsteps of our overseas pioneers ever since.

Not less serious in its effect upon the world position of the industry was the imposition of a system of taxation on private cars based on horse power. It is easy to be wise after the event, but there can be no doubt that those responsible for its introduction were unable to foresee its ultimate effects. True, the industry has built up a market demand for the light car, particularly at home, and the value of this is not to be underestimated, but the future of the great export field lies primarily with the large car and the high powered engine. Our competitors, particularly in the United States of America, with its enormous home market for such vehicles, have at present a definite advantage over us. We are not without signs, however, of awakening interest in the progress of this important export effort, and the recent reduction of 25 per cent. in the tax is a step in the right direction.

The position of commercial vehicles both in regard to taxation and general restriction is indicative of experimental legislation which more recent knowledge clearly shows in some directions to be contrary to the interest of industrial development. The mistaken idea that the growth of road

traffic could injure other forms of transport is now sufficiently disproved to justify renewed examination of the material facts. It is gratifying to notice that the recent progress of the railway receipts follows in almost exact relationship the recovery of other industries under the direct lead of motor vehicle production. This relationship, indeed, has been evident for the past decade, but appears to have been obscured by other considerations.

No one interested in the future of Great Britain as the home of a manufacturing and exporting community, can view without a certain amount of anxiety the restricted character of our road system. Based, in the past, on the service of local requirements only, and thus rightly for such purposes controlled by local authorities, our roads have not kept pace with industrial and private services which have been introduced by the advent of the motor vehicle. Over fourteen hundred authorities controlling the provision of road space is much too large a number for consultation under modern conditions. A central authority for the construction, control and supervision of at least our main through routes is an urgent necessity, and already its absence has placed this country in a seriously backward position in regard to road development. Our roads are much congested, and any expansion of the use of motor vehicles which will bring us within a comparative relationship to our principal competitors will be impossible unless immediate steps are taken materially to increase our road accommodation.

Now that a new Parliament has assembled with a full term mandate and a realisation of the increasing importance of our export trade, the timely appearance of this review is of particular importance, as a compendium of up-to-date information regarding the industry and its immediate requirements. I recommend its study to all interested in industrial affairs, and particularly to those who still hold the view that restriction of road transport contributes to the welfare of its competitors and the nation at large.

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THE RISE OF A NEW INDUSTRY

HUMAN beings have never been content to rely entirely on their legs for moving about, and they have always disliked to fetch and carry for themselves. For a long time, however, *homo sapiens* had to be content with the horse, the camel, the dog and the donkey, whose speed and carrying capacity he ever sought to increase. The industrial revolution offered new opportunities for the satisfaction of man's craving for speed and for moving things about. For a time the railway and the bicycle held the field. But physics and chemistry had more to offer to human ingenuity.

The development of the internal-combustion engine, a small and effective power unit, made possible the mechanisation of road transport and the conquest of the air. The outbreak of the Great War closed the experimental stage of the new means of transport. The end of the war ushered in the period of expansion. After some initial difficulties, due to the war, mechanisation of road transport in Britain proceeded apace with a rapidity unrivalled by any other major industry. A new industry grew up to satisfy the ever-increasing demand for mechanised road vehicles. Within fifteen years the British motor industry rose from a position of relative insignificance to third place among factory trades. Production of motor vehicles increased from 34,000 in 1913 to 73,000 in 1922 and 403,720 in 1935. Similarly, the number of vehicles in use in the United Kingdom rose from 207,878 in 1913 to 575,823 in 1922 and 2,047,000 in 1935. This is no mean achievement, even if it seems small in comparison with the astronomical dimensions reached by the industry in the United States.

But in comparing the achievements of the motor industries in Britain and in the United States, it must be borne in mind that manufacturers across the Atlantic command the largest and richest home market. The motor car lends itself to mass-production methods, and, given the desire of almost every individual to run a car, manufacturers in the United States proceeded to satisfy this desire by producing vehicles at prices within the reach of an increasing proportion of the inhabitants. The large-scale production of motor cars, by reducing costs per unit, gave United States manufacturers an enormous advantage over British pro-

ducers in the export market. Further, the industry in the United States gained an advantage at the start, for while production of motor vehicles in this country was severely restricted during the war, producers in North America were able to forge ahead.

By the end of the war, United States manufacturers had established a strong hold on the British market, while the industry in this country had to start almost from scratch. Thus, the path of British manufacturers was beset with difficulties in the years following the war. Their opportunity came, however, with the imposition of a tax on private cars of £1 per unit of horse-power. Despite the relatively low initial cost of American cars, this heavy tax tended to reduce the number of persons able to run the high-powered vehicles in which American manufacturers still specialise, and created a demand for low-powered cars. Aided by the McKenna duties, imposed in 1915, British industrialists were at last able to make headway. But the position was still precarious in 1924, for the temporary revocation of the McKenna duties in that year opened the gates to a flood of American vehicles. Since 1925, however, the British industry has gained ground rapidly. The price of private cars has been halved since 1924, and this has speeded up the translation of potential into effective demand.

The structure and organisation of the British motor industry have undergone considerable changes during the past fifteen years. There has been a tendency towards specialisation and towards collective research to further the mechanical efficiency of the industry. Moreover, the industry has created an association—the Society of Motor Manufacturers and Traders—to further its interests at home and abroad.

But the very rapidity of the growth of mechanised road transport has created problems of far-reaching importance—the accident problem, the road-rail problem, and many more. In the following pages, therefore, we consider, first, the rise of the industry, and, subsequently, the measures by which the State has sought to cope with its road transport difficulties.

ORGANISATION OF THE INDUSTRY

A.—PRODUCTION

THE growth of the motor industry into the third largest manufacturing industry in Great Britain, after general engineering and cotton, is almost entirely a post-war development. For reasons stated above, the British motor industry was somewhat handicapped in the early years of the war. However, British manufacturers gradually succeeded in opening up a market for low-powered cars and in establishing a quasi-monopoly in that particular sphere.

PRIVATE CARS

Demand for motor vehicles increased rapidly. Several firms emerged from the welter of competition, and, by adopting the methods of mass-production which were already being exploited in the United States, quickly attained a dominant position in the British motor industry, so far as volume of output was concerned. The largest producers are Morris and Austin, with Ford and Standard some little way behind. The entry of General Motors into the British industry in 1929, through the purchase of Vauxhall Motors, brought that firm into the same category. Rootes, who alone among the leading interests have adopted, since 1932, a policy of buying up and consolidating smaller firms into a compact group, may claim a place in the same list.

Apart from Rootes, amalgamations or consolidations among the producers of popular cars have been conspicuous by their absence. Competition has been very acute, and the fluctuations in the fortunes of different concerns, owing to the varying extent to which their new models each season succeed or fail in catching the public fancy, make the goodwill of a firm a somewhat difficult factor to assess for pur-

poses of negotiation. Any regulation of output and sales on a cartel basis, therefore, is impossible. Instead, each manufacturer tries, by producing a wide range of models, to keep a hold on every market, and hopes that the losses on the failures he produces will be more than offset by the profits on the popular "winners." The tendency to increase the number of models in production has been a feature of the industry for many years. It has been one factor limiting reductions in costs, which can most easily be achieved as a result of specialisation on the large-scale production of a very limited range of models. Nevertheless, regarded as a group, the larger manufacturers have consistently increased their share of the total output.

At the other end of the scale, the manufacture of luxury cars has always been a feature of the British motor industry. There have been many casualties, but three groups are now in a dominant position. They include Rolls-Royce, who recently acquired a valuable asset by the purchase of the name and goodwill of Bentley. The Daimler group comprises Lanchester and the less luxurious B.S.A. Finally, Rootes, with their Humber and Talbot interests, and their recent purchase of the Sunbeam name and goodwill, may be considered competitors in this class. On a somewhat smaller scale are concerns such as Alvis and Lagonda. A motive for the purchase of competitors in the luxury trade is that the market is strictly limited. The negative value of smaller competitors with a name and goodwill, who restrict the sales of the larger concerns, can be calculated fairly exactly; a price can be fixed at which it is cheaper to buy out such firms than to allow them to continue to compete. In the luxury trade, prices are maintained at a high level in much the same way as those of well-known brands of

pipes and fountain pens, and profit margins are wide. The policy is probably wise; without the *cachet* that goes with name and price, competition from the better-class American cars would be formidable.

In an intermediate position between the popular and the luxury car are two classes of concern. The first includes the manufacturers of medium-priced cars with a steady demand, such as Rover and Armstrong-Siddeley; the second comprises manufacturers of the semi-sports type of car such as Riley, M.G., S.S. and Triumph. The improved performance of the ordinary popular car is tending to contract the market for sports cars. The firms concerned are therefore showing a tendency to develop into manufacturers of medium-priced cars which fall neither into the popular nor into the luxury categories.

COMMERCIAL VEHICLES

On the commercial vehicle side, the British motor industry may be grouped under two main categories. The heavy-weight manufacturers, with Leyland and Associated Equipment Company in a class by themselves, include also such concerns as Dennis, Albion, Scammell, Armstrong-Saurer and numerous smaller firms. The heavy-weight manufacturers specialise in omnibuses and heavy lorries, mainly of over 2½ tons unladen weight. In recent years, Leyland and A.E.C. have become manufacturers of Diesel as well as of petrol engines. Most of the other heavy-weight manufacturers, however, with the exception of Armstrong-Saurer, buy their engines from specialist engine manufacturers (mainly Gardner) and build only the chassis themselves. The light-weight and middle-weight manufacturers form a distinct class of producers, who, on the whole, confine themselves to goods vehicles not exceeding 2½ tons unladen weight—and in one or two cases to taxis. The firms concerned are, as a rule, leading manufacturers in the popular mass-produced car market, from which they have graduated. They include Vauxhall (Bedford), Morris Commercial and Ford, with Austin strongly represented in the light-weight and taxi categories. Rootes (Commer) is also an important producer in this market.

SPECIALISATION

The motor industry as a whole is moving towards increasing specialisation and standardisation. The manufacturer is more and more becoming an assembler of parts provided by specialists in different lines. Tyres, sparking plugs, batteries, electric lighting and starting equipment, clocks, speedometers and gauges, carburettors, radiators, glass, bodies and upholstery—all these are the products of specialist manufacture. They provide the mainstay of important firms, which, although not actually motor manufacturers, are almost as dependent on the motor industry as the car manufacturers themselves. Such firms include Dunlop, Lucas, Triplex, English Pressed Steel, Briggs Motor Bodies, S. Smith and Sons, and Imperial Chemical Industries. To be near their customers and to save transport costs, the factories of these companies are usually situated in or near the main motor manufacturing centres.

GEOGRAPHICAL DISTRIBUTION

The original home of the motor industry was Coventry, which had previously been the leading cycle manufacturing centre and had specialised in the light engineering trades. Coventry may still be considered the citadel of the industry, where most of the smaller car manufacturers and many of the accessory manufacturers have their works. The largest producers have, however, tended to develop or to settle away from Coventry. Austin's headquarters are in Birmingham, another centre of the light engineering trades. The Morris works are at Oxford, largely by a species of "historical accident." Ford was originally located at Manchester, but production was transferred to Dagenham in 1933 in order to obtain the advantages of closer proximity to the London market and of a better situation for export business. Vauxhall have largely built up a new centre for the motor industry at Luton, which is nearer than Coventry to the London market. Of the heavy-weight manufacturers, Leyland have their works at Leyland, Lancs., and A.E.C. at Southall. Rootes' factories are in

Coventry and Luton, and those of Standard at Coventry. There is some evidence that London is acting as a magnet for the motor industry, tending to draw it southwards.

The motor industry, in spite of the highly developed individualism of its constituent members, is in many respects a model to other industries in the matter of collective action. It possesses one of the best organised and strongest manufacturing associations in the country in the Society of Motor Manufacturers and Traders. This body looks after the interests of the industry in Parliament and in the Government Departments. It provides the industry with information and statistics regarding every section of the home market and the export trade. It also organises the annual Motor Shows, undertakes collective advertising and propaganda for the British motor industry, and takes a leading part in initiating measures of "rationalisation" through the standardisation and simplification of parts. It has offices overseas and is an important factor in the export market. Other organisations, such as the Institute of British Carriage and Automobile Manufacturers and the Institution of Automobile Engineers, deal with individual aspects of the industry. The Motor Legislation Committee, representing the S.M.M.T., Automobile Association, Royal Automobile Club and other bodies, is concerned with Parliamentary and legislative work affecting the use and taxation of motor vehicles.

Labour in the industry is fairly highly organised, but the number of separate unions is rather large. Most grades of workers are represented by bodies such as the Amalgamated Engineering Union, the Electrical Trades Federation, Woodworkers' Federation and General Workers' Union. A number of smaller unions cater for special categories of workers. The negotiating body on the employers' side is the Engineering and Allied Employers' National Federation.

B.—MARKETING AND DISTRIBUTION

INTEREST in the distribution and sale of motor vehicles is centred principally on private cars, the sale of commercial vehicles being effected for the most part direct from manufacturer to user. The wide scope of the selling side of the industry is apparent from the fact that in 1934 there were over 20,000 firms and individuals engaged in the sale of new and second-hand vehicles, though not all of these were recognised dealers with facilities for the display and "servicing" of the vehicles sold. The general system of distribution adopted by the principal manufacturers has not altered materially during the last few years. In the majority of cases the manufacturer divides the country into a number of sales areas and appoints a distributor for each of these areas, through whom all sales in that area are effected. In the case of the Ford Company, for example, there are about 300 distributors. The distributor, in collaboration with the manufacturer, then appoints sub-dealers within the area. Both the distributors and the dealers make retail sales, but the distributor may not allow all his dealers to sell to the trade. The margin of discount available is approximately the same in both cases, but the distributor has an additional commission and probably also a quantity discount.

During the last few years efforts have been made to tighten up the relationship between the manufacturers and their retail outlets, in order to prevent retailers with limited facilities and low overheads from undercutting the larger firms. Under the system outlined above it was possible for small garage proprietors and others, whose main business might be the sale of petrol and oil, to undertake delivery of a car below the list price, by sharing their profit margin with the purchaser of the car. Rather more than a year ago, however, a scheme was put into force under which the Society of Motor Manufacturers and Traders, to which most of the larger car distributors belonged, published a list of approved dealers. Those who supported the scheme (i.e. all the manufacturers and concessionaires) undertook not to sell vehicles at trade prices to anyone whose name did not appear on that list.

At the same time retailers were divided into two main classes, namely, "stockist" dealers, who had facilities for displaying cars and contracted to keep at least one in stock; and casual traders, who were equipped to carry out servicing but did not contract to stock vehicles. The profit margin of the casual trader is now limited to 10 per cent. of the price of the vehicle. The maximum margin of discount allowed by the manufacturer varies with different makes of car. For the purpose of the S.M.M.T. dealers in any make of car may be classified as stockist; but the profit margin allowed by the manufacturer of the car which is not stocked is usually somewhere between the 10 per cent. of the casual trader and the full rate allowed to stockist dealers. Although the scheme has not been free from criticism, it is on the whole achieving its objects.

RETAILERS' POSITION

The Motor Agents' Association was formed in 1913 from the Agents' Section of the S.M.M.T. to protect the interests of retailers. It deals with all matters except the maintenance of fixed prices, which comes under the Motor Trade Association. Although the membership of the M.A.A. is considerably less than the total number of retail outlets, it probably represents about 90 per cent. of the total retail sales of cars and parts. The outsiders generally do little more than petrol pump and minor repair work.

Of the 20,000 retailers mentioned above, some 13,600 are retailers of new vehicles recognised as official dealers, and of these about 4,900 are stockist dealers. Although figures for earlier years are not available, it is probable that the rate of increase has been considerably below that of total sales of cars, and that individual firms have grown in size. Such a growth is, in fact, the natural complement of the substantial reduction which has taken place in the prices of both private cars and commercial vehicles. Thus, on the basis of the year 1924 equals 100, the index of retail prices of private cars published by the Society of Motor Manufacturers and Traders stood at 51.8 in 1934, and that of commercial vehicles at 62.4. Assuming, therefore, that the percentage profit margin has remained constant, it is now necessary to sell nearly twice as many cars as in 1924 in order to achieve the same total profit. Actually, new registrations have increased between 1924 and 1934 by about 79 per cent.

Detailed figures for the sale of second-hand vehicles are not available, but in actual volume these far outnumber new sales. The average life of a private car is about eight

years, and it may be taken that, on the average, it changes hands at least three times during that period. It is estimated that there are about 1,200,000 second-hand cars available. On the above assumption, therefore, the annual turnover would amount to 450,000 cars.

SERVICING AND REPAIRS

Closely allied to the system of sale and distribution is that of servicing and repair work. All the dealers whose names appear on the list published by the S.M.M.T. can give adequate repair facilities. Probably the greater part of the repair and service work is carried out by these dealers. In some cases, however, the manufacturers maintain their own main service stations, with or without the co-operation of their distributors. Major repairs and overhauls are in many cases carried out by the manufacturers. The tendency, however, for manufacturing companies to transfer their service stations away from the centre of London to trading estates in the suburbs has to some extent lessened the convenience to the average London motorist of running his car direct to the makers' service station for minor repairs. The manufacturers, however, usually take steps to see that the dealers with whom sales contracts are made have adequate service and repair facilities.

The present tendency is, therefore, for all servicing to pass through the hands of dealers, who in turn send the car to the manufacturer if the nature of the work justifies it. In general, however, arrangements for servicing and the stocking of spares have been improved during recent years to such an extent that it is unnecessary, even with the less important makes of car, to rely on the manufacturer to any considerable extent.

A growing proportion of car sales are effected on hire purchase terms. While some dealers finance these sales themselves, in the majority of cases the collection of the payments is taken over by a company in return for a cash payment to the dealer, who is thus relieved of the necessity of locking up his capital over a considerable period, and of the trouble of collecting the payments and the risk of bad debts.

Taking the industry as a whole, the increase in the number of cars sold, during the last few years, has been more than sufficient to offset the lower profit per vehicle. But in return the industry has improved both the facilities offered for inspection of new models and the service given to purchasers. Moreover, the industry should benefit in the future from the regulation of sales, though it is open to doubt how far this is in the interest of consumers.

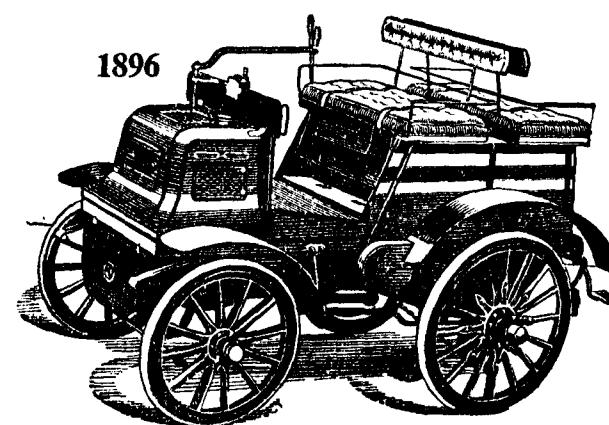
PROGRESS OF THE INDUSTRY

THE development of the motor industry has in most countries been canalised by taxation and legislation into clearly defined channels. In all Western countries almost everybody who can afford it runs a car. Ultimately the problem of the motor industry, which is to increase the number of car-owners, can only be solved, either by increasing the number of persons above the car-income level, if motoring costs are fixed, or by reducing motoring costs in order to bring more people into the car-owning category.

There are to-day nearly 1,500,000 cars taxed on horse-power in the United Kingdom. It may be assumed that, according to Mr Feavearyear's estimate, one-quarter of these, say 375,000, are used for business purposes, and are not strictly private cars, while probably a further 100,000 are owned by families with more than one car. This means that there are over 1,000,000 private car-owning families in the United Kingdom, or some 8 per cent. of all families. If the 500,000 motor cycles were included, the proportion of families possessing instruments of private transport, other than bicycles, would be increased to 11 or 12 per cent. of the total. Along with the fall in motoring costs

there has been a progressive increase in the number of families owning cars; this tendency has been accelerated by the fact that the cost of living has on the whole been falling faster than wages and salaries, thus leaving a larger margin available for expenditure on amenities by families not affected by unemployment. Moreover, during the last year or two, there has been a greater feeling of security in their employment by many people. This has made them more disposed to undertake new financial liabilities such as a house or a car. There has also been an increase in the co-operative ownership of cars by several members of a family or by friends. This has taken place concurrently with the development of new housing estates at some distance from the places of work of the inhabitants, and often in areas not very well served by public transport facilities. Many people have thus become accustomed to spend rather a high proportion of their income on motoring. Judging from the Inland Revenue returns, which show some 800,000 incomes of over £400 a year, the minimum car-income, which a few years ago was estimated to be not less than £450 a year, has fallen to some-

40 years

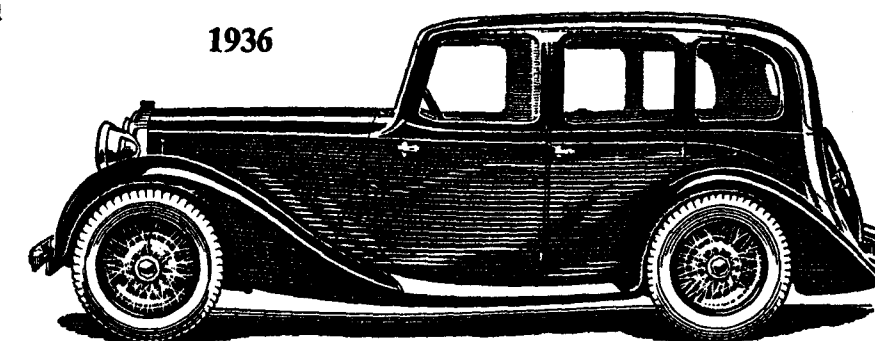


Here you see the first Daimler ever built, at Coventry, under the patents of the pioneer, Gottlieb Daimler. Below is an illustration of a 1936 Daimler Saloon. The history of motoring is epitomised in these two cars.

It is an exciting story — but what dull reading it would make, compressed to the trifling measure of this single page! The dates, the names, the barest of the bare facts. Only professional historians could be bothered to read it — and theirs would be the unsympathetic professional eye, eager to detect mis-statements. Yet the moral of it all can be pointed in a single paragraph. Ranging in price from £235 to £1525 and in horse power from ten to thirty-two, the 1936 models are motor cars as good as Daimler—Lanchester—B.S.A. can make them, in the light of an unrivalled experience, with the full sense of an unequalled responsibility. All of them have Daimler Fluid Flywheel Transmission. Ten minutes at the wheel of a car with this transmission will spoil you for any other.



Daimler



Lanchester • B.S.A

For full particulars write to 235 Sandy Lane, Coventry

thing below £400 and appears to be rapidly approaching the £300 mark:—

MOTOR VEHICLES IN USE IN THE UNITED KINGDOM

Year	Private Cars	Taxis and Hired Cars	Omnibuses and Motor Coaches (including Trolley Buses)	Goods Vehicles (including Miscellaneous)	Total (not including Motor Cycles)
1921	245,882	78,107		148,899	472,888
1922	319,311	79,738		176,774	575,823
1923	389,767	88,747		201,642	680,156
1924	482,356	97,489		232,102	811,947
1925	590,156	102,674		256,567	949,397
1926	695,555	63,214	41,420	283,369	1,083,558
1927	800,112	55,439	43,148	310,993	1,209,702
1928	900,557	50,278	47,038	334,848	1,332,721
1929	998,489	49,003	50,642	361,599	1,459,733
1930	1,075,081	48,583	53,462	382,397	1,559,523
1931	1,103,715	39,273	49,909	395,173	1,588,070
1932	1,149,231	38,821	47,922	406,601	1,642,575
1933	1,226,541	40,405	46,400	427,047	1,740,393
1934	1,333,590	40,449	46,451	455,059	1,875,549
1935	1,493,000	40,500	45,500	468,000	2,047,000

EFFECT OF HORSE-POWER TAX

Given the widespread desire to possess a private car, the type of car bought is largely controlled by the system of taxation and by factors such as compulsory insurance. Up to 1920, when car-owning was confined to the well-to-do minority, the British market, like most other markets where there is freedom of choice, showed a preference for high-powered cars, and was largely supplied by imported American cars. At the beginning of 1921, the petrol tax, which had been at the rate of 6d. a gallon since 1915, was abolished, and a vehicle tax introduced at the rate of £1 per unit of horse-power per annum. This led to the development by British manufacturers of high-compression engines which came into a low category for taxation purposes, and enabled British manufacturers to open up a new market for small cars in which the Americans were unable to compete. As it became necessary for the British industry to seek expansion by bringing in lower and lower income strata into the car-owning class, attention was directed increasingly towards very light "Baby" cars of 8 h.p., since these were rated at only £8 a year for tax. The 12 h.p. and 14 h.p. classes, the first to be developed under the new system, began to lose in popularity to the 8 h.p. and 10 h.p. classes.

Export demand for these very small cars was found to be limited, and attempts were made to compete abroad in the cheap higher-powered categories. Until recently, however, these experiments met with indifferent success, because, without a large home demand for this type of vehicle, it was found impossible to obtain a big enough output to secure profitable production. Exports received a stimulus in 1931, when the abandonment of the gold standard by Great Britain coincided with difficulties for the American exporters, together with reduced purchasing power and increased motor and petrol taxation in the importing countries; the peculiar circumstances of the time assisted the British industry by making buyers more favourably disposed towards small cars which were cheap to run and came into a low taxation category. With improved purchasing power, however, and lower prices for American cars, most of these countries have reverted to their previous buying habits. But the share of the export trade falling to the British industry is much higher than it was prior to the depression.

Meanwhile, in the home market, the makers of very small cars received an additional fillip from the imposition of compulsory third-party insurance on motor cycles by the Road Traffic Act of 1930. This led many motor cyclists to scrap their cycles and purchase small cars. The number of motor cycles licensed actually fell from 731,000 in 1929 to 500,000 this year. At the beginning of the current year, following the announcement in the Budget speech of 1934, the horse-power tax on private cars was reduced from £1 to 15s. per unit. It was expected that this would lead to the use of higher-powered cars. But, in fact, the number of new motorists has been greatly increased, and the newcomers, who belong to relatively low income categories, have naturally shown a preference for the smallest types of car and the cheapest to run. A large proportion of the

motorists in the higher income strata who were previously buying medium-powered cars, have, however, changed to high-powered vehicles. This change in buying habits has initially benefited American exporters, who have increased their sales in the British market. But the greater demand for cheap high-powered cars is at last giving British manufacturers a chance of competing effectively in this trade, and the results of the attention which they are now devoting to it will no doubt in due course be reflected in an improvement in British exports:—

PRIVATE CARS—NEW REGISTRATIONS IN GREAT BRITAIN

(a) NUMBER

Year ended September	Not exceeding 10 h.p.	11-14 h.p.	15-19 h.p.	20 h.p. and over (incl. Misc. Vehicles)	Total
1927*	37,534	86,811	18,065	16,877	159,287
1928*	41,424	73,930	26,041	17,663	159,058
1929	56,797	55,005	37,607	18,104	167,517
1930	55,820	36,410	45,157	16,268	153,655
1931	59,138	31,140	37,811	13,303	141,392
1932	67,582	44,283	22,999	8,179	143,053
1933	105,928	40,854	21,301	10,493	178,574
1934	122,189	53,503	24,353	15,481	215,526
1935	161,807	57,268	22,525	25,019	266,619

(b) PERCENTAGE OF TOTAL

1927*	23.8	54.5	11.3	10.6	100
1928*	26.0	46.5	16.4	11.1	100
1929	33.9	32.8	22.5	10.8	100
1930	36.3	23.7	29.4	10.6	100
1931	41.8	22.0	26.8	9.4	100
1932	47.2	31.0	16.1	5.7	100
1933	59.3	22.9	11.9	5.9	100
1934	56.7	24.8	11.3	7.2	100
1935	60.7	21.5	8.4	9.4	100

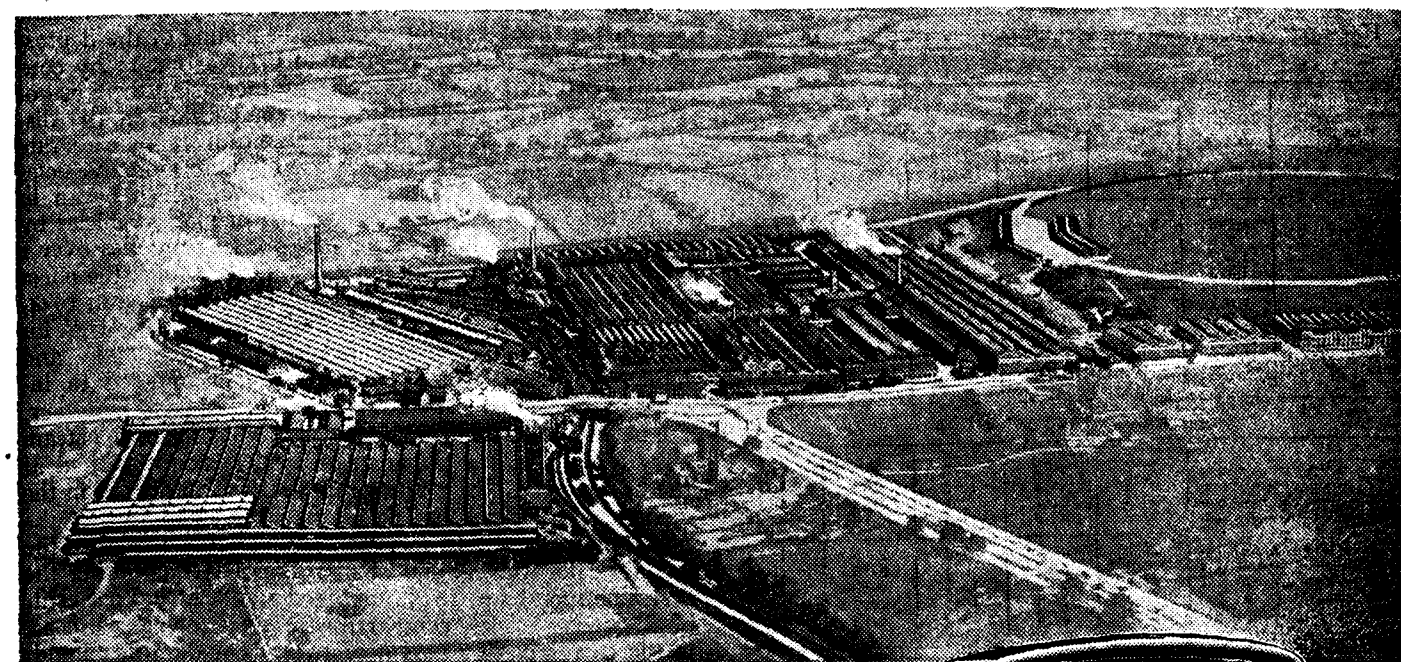
* Year ended November.

COMMERCIAL PASSENGER VEHICLES

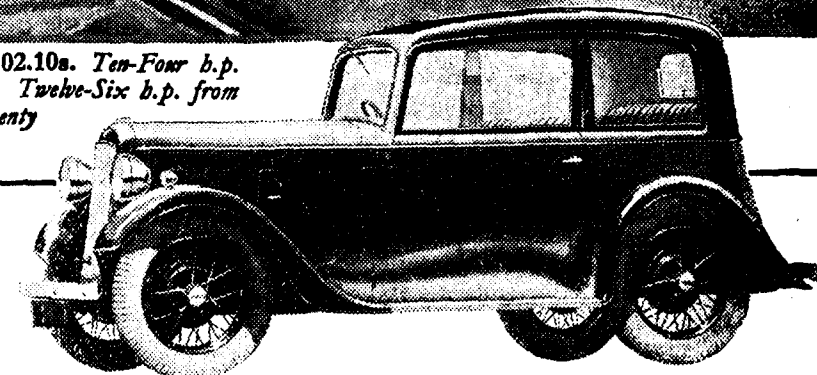
On the commercial vehicle side, the motor industry falls into two sections, passenger and goods. Demand on the passenger side expanded rapidly during the 'twenties, when the growth of bus routes was linking all but the most remote villages with the nearest town by regular services, besides improving the services between neighbouring towns and making possible the dispersion of the population of the larger towns in scattered suburbs away from the old tram routes. After 1925, these were supplemented by long-distance coach routes in competition with the main-line railways. The position created by the growth of omnibus and coach services was reported upon by the Royal Commission on Transport, and in accordance with its recommendations all omnibus and motor coach services were placed under the control of the Traffic Commissioners by the Road Traffic Act of 1930. There was an immediate reduction in the number of vehicles in use, which has continued to a certain extent ever since, the growth of monopolies on particular services having enabled the same work to be done with fewer vehicles.

The first effect of the reduction in the number of omnibuses in use was to check sales of new vehicles by glutting the second-hand market. Following the absorption of the surplus and the development, during the past two years, of the Diesel omnibus with its lower running costs, there has been a recovery in demand up to a normal replacement level. It may temporarily be at rather more than the replacement level, since, despite the equalisation of taxation between petrol and oil, the Diesel bus offers a saving of over 40 per cent. in the fuel bill to set off against its higher initial cost; in view of the fact that the average annual mileage of a bus is now 32,700, this is an important item. The licensing system for omnibuses, imposed by the Act of 1930, involves control of the routes on which omnibuses or motor coaches may be run, and of the time-tables; but as it does not limit the seating capacity there has been a tendency to buy larger vehicles, in order to make up for restricted vehicle-mileage by increased seat-mileage. The consolidation of the omnibus industry, through the absorption of the smaller operators by the large concerns in the group affiliated with Tilling and British Automobile Traction and the railways, has made orders fewer and larger. Moreover, as replacement programmes have been regularised, the larger manufacturers have been placed in a stronger competitive position and have been increasing their

BUY A CAR MADE IN THE UNITED KINGDOM



THE AUSTIN RANGE.—Seven h.p. from £102.10a. Ten-Four h.p. from £158. Light Twelve-Four h.p. from £188. Twelve-Six h.p. from £205. Sixteen and Eighteen h.p. from £298. Twenty h.p. £650. (Prices at works.)



What AUSTIN has contributed to the Motor Car Industry

You can measure the progress of the British Motor Industry by the history of Longbridge—that immense factory which produces Britain's most popular car, the Austin.

In every stage of manufacture—from the drawing-board to the testing of the finished model—Austin set and maintain a standard of excellence which is an inspiration to the Industry. Precision in details, ruthless abolition of waste, the selection of only the very finest materials, and high-speed efficiency at every stage are the principles on which Austins are built. By such methods cars and vans were produced and sold during the last financial year greatly in excess of the previous year—the increase being in the Home Market 23% and in the Export

Market 30%. This result represents the combined efforts of 19,000 work-people. In addition to this expansion of industry and creation of employment, such highly specialised production has brought the motoring public many benefits. Taking the Austin Seven as an example, Austin prices have been practically halved during the last ten years and thus, under Austin leadership, motoring for the million has become definitely assured. Moreover, every year has seen the Austin become more comfortable, more attractive, easier to drive and control, and more dependable than before. This season's models, with their many improvements, maintain this tradition of engineering excellence and truly illustrate the vitality of a great National Industry.

You buy a car—but you INVEST in an

AUSTIN

share of the market, more particularly since the development of the Diesel vehicle.

HACKNEY VEHICLES—NEW REGISTRATIONS IN GREAT BRITAIN

(a) NUMBER

Year ended September	Taxis	Omnibuses and Motor Coaches				Total
		9-20 Seats	21-32 Seats	32-40 Seats	Over 40 Seats	
1927*	1,103	3,446	3,290	699	542	7,977
1928*	975	3,212	4,034	853	618	8,815
1929	1,366	3,369	4,429	687	797	9,282
1930	1,318	2,463	3,659	454	1,744	8,320
1931	1,189	1,579	2,712	535	2,461	7,287
1932	707	1,080	1,686	321	1,828	4,915
1933	1,045	615	913	349	785	2,662
1934	1,282	688	897	269	721	2,575
1935	2,228	603	1,618	760	1,788	4,769

(b) PERCENTAGE OF TOTAL

1927*	43.2	41.2	8.8	6.8	100
1928*	36.4	45.8	10.8	7.0	100
1929	36.3	47.7	7.4	8.6	100
1930	29.5	44.0	5.5	21.0	100
1931	21.7	37.2	7.3	33.8	100
1932	22.0	34.3	6.5	37.2	100
1933	23.1	34.3	13.1	29.5	100
1934	26.7	34.8	10.5	28.0	100
1935	12.7	33.9	15.9	37.5	100

* Year ended November.

GOODS VEHICLES

The manufacture of goods vehicles has forged steadily ahead with the increasing use of motor transport. The road haulage industry has grown considerably, first in a somewhat unorganised fashion, but latterly with a growing degree of specialisation. Moreover, where general or parcels work is catered for, the running of regular services on fixed routes has been developed. However, the growth of road haulage was checked by the Road and Rail Traffic Act of 1933, which placed the licensing and control of haulage vehicles under the Traffic Commissioners. On the other hand, there has been an increasing desire on the part of business undertakings to own and operate their own vehicles, partly because of the flexibility offered by the possession of one's own instruments of transport, partly because of the advertising value of one's own vehicles in the streets, and partly because of the increased services to customers which become possible through the possession of privately-owned vehicles. In addition, certain ancillary users claim that they can undertake transport work for themselves for less than the charge made by public concerns. Demand, which had been, in the main, either for "heavy-weights" or for light trade vans in the early days after the war, began in the later 'twenties to turn over to "middle-weights." At first this demand was met largely by imports from North America, where the "middle-weight" had already become the popular utility vehicle. But British manufacturers soon entered this market, and imports of commercial vehicles were virtually eliminated by the transfer of General Motors' activities to Luton.

GOODS VEHICLES—NEW REGISTRATIONS IN GREAT BRITAIN

(a) NUMBER

Year ended September	Not exceeding 1 Ton Unladen Weight	1-2 Tons Unladen Weight	2-2½ Tons Unladen Weight	2½-3 Tons Unladen Weight	3-5 Tons Unladen Weight	Over 5 Tons Unladen Weight	Total
1927*	17,917	11,640	1,840	2,934	959	35,290	
1928*	14,862	16,198	2,283	2,897	1,090	37,330	
1929	13,953	29,816	2,828	2,970	1,346	50,913	
1930	13,291	31,136	3,671	2,765	1,507	52,370	
1931	12,926	28,897	4,034	1,628	2,512	51,737	
1932	12,828	23,082	5,093	1,593	1,805	45,944	
1933	14,784	21,516	7,982	1,960	2,402	49,599	
1934	20,347	23,436	14,288	3,423	3,947	66,388	
1935	22,151	21,228	17,833	2,976	3,415	68,266	

(b) PERCENTAGE OF TOTAL

1927*	50.8	33.0	5.2	8.3	2.7	100
1928*	39.8	43.4	6.1	7.8	2.9	100
1929	27.4	58.6	5.6	5.8	2.6	100
1930	25.4	59.4	7.0	5.3	2.9	100
1931	25.0	55.8	7.8	4.9	3.4	100
1932	27.9	50.2	11.1	5.5	3.4	100
1933	29.8	43.4	16.1	4.0	1.9	100
1934	30.7	35.3	21.5	5.2	1.4	100
1935	32.4	31.1	26.1	4.4	1.0	100

* Year ended November.

SALES AND EXPORTS

Contrary to what might have been expected, sales of new lorries expanded rapidly after the beginning of the depression in 1930. There is reason to believe that many concerns attempted to reduce costs by increasing their use of motor transport, while increased competition in the distributive trades led to the provision of more elaborate services for customers and the use of more motor vehicles by ancillary users. The building boom, which began in 1932, has led to a more extensive use of motor vehicles by ancillary users, who now have to make deliveries over a wider radius than previously. At the same time, the effect of the increased taxation of heavy lorries, imposed in 1934, has been further to reduce sales of "heavy-weights," for many users have found it cheaper to employ more and lighter vehicles. Manufacturers were encouraged to increase the ratio of pay-load to unladen weight. However, the new scale of duties gave the *coup de grâce* to the steam lorry. Thus, not a single steam vehicle was exhibited at the Commercial Motor Show this year. The decline in the demand for "heavy-weights" has tended to restrict the market for Diesel lorries, which are mainly confined to the heavier categories. Sales of new Diesel lorries during the first nine months of 1935 numbered 1,298, or 2.6 per cent. of all goods vehicles, compared with 1,343, or 2.6 per cent. in the corresponding period of 1934. On the other hand, registrations of new Diesel omnibuses during the first nine months of 1935 numbered 1,962, or 50.4 per cent. of the total, compared with 753, or 25.5 per cent., of the total during the corresponding period of 1934. As far as goods traffic is concerned, the growth of the Diesel lorry or "oiler" has been at the expense of the "steamer" as much as of the petrol vehicle.

BRITISH PRODUCTION OF MOTOR VEHICLES

(a) PRIVATE CARS AND TAXIS

Year	Home Sales		Exports	Retained Imports	Production
	Private Cars	Taxis			
1923	88,907		4,556	23,067	71,396
1924	121,725		12,875	18,000	118,600
1925	149,971		24,029	42,000	132,000
1926	145,111		25,389	17,000	135,500
1927	161,603	1,174	27,594	28,000	164,553
1928	161,493	1,003	26,180	23,000	165,352
1929*	170,369	1,397	32,915	21,371	182,347
1930	156,460	1,343	26,388	12,048	169,669
1931	144,212	1,217	18,816	4,731	158,997
1932	145,874	716	25,354	1,989	171,244
1933	182,046	1,055	41,358	3,780	220,779
1934	219,510	1,294	45,114	9,629	256,866
1935	271,636	2,240	46,189	13,700	306,365

* Year ended September from 1929 onwards.

(b) COMMERCIAL AND EXEMPT VEHICLES (EXCLUDING TROLLEY BUSES)

Year	Home Sales		Exports	Retained Imports	Production
	Commercial Vehicles	Exempt Vehicles			
1923	26,944		1,698	5,038	23,604
1924	32,963		2,784	5,746	30,000
1925	35,646		5,021	5,667	35,000
1926	42,044		6,999	4,543	44,500
1927	44,104		8,098	5,354	47,227
1928	46,960	3,122	6,360	9,154	46,525
1929*	62,879	3,151	8,566	16,444	66,458
1930	61,758	3,164	6,566	3,991	66,859
1931	60,119	2,922	5,475	1,416	67,310
1932	51,917	2,936	7,304	557	61,475
1933	53,227	2,838	9,898	182	65,508
1934	70,816	3,318	12,236	1,458	85,638
1935	74,341	5,095	14,889	1,840	92,485

* Year ended September from 1929 onwards.

REDUCTION IN PRICES

Exports of motor vehicles, parts and accessories in 1934 amounted to £11,305,497. The wholesale value of new vehicles sold on the home market in 1934 may be estimated at £35 millions for private cars and £22 millions for commercial vehicles, giving an estimated total value of the industry's output of £57 millions. Subject to minor fluctuations, prices of both private cars and commercial vehicles have been falling steadily. Taking the year 1924 as 100, the index for private cars, calculated by the Society

1935 — THE TRIUMPH OF SPECIALISATION



**Over 108,000
Morris Cars
sold in 12 months**

Britain's motor industry has never before known such sensational sales figures as these—because British motoring has never before known such a sensational policy as Morris-Specialisation.

From the Morris Eight, which has the largest sale of any one car in this country, to the Morris Big Sixes, the finest cars ever produced at their price — every Morris has a measure of value which bids fair to establish new conceptions and conventions in motoring.

MORRIS THE MODERN CAR

SERIES I MORRIS EIGHT (Tax £6)

Two-seater	-	-	-	£118
Tourer	-	-	-	£120
Two-door Saloon	-	-	-	£120
(fixed head)	-	-	-	£120
(sliding head)	-	-	-	£132.10
Four-door Saloon	-	-	-	£130
(fixed head)	-	-	-	£130
(sliding head)	-	-	-	£142.10

SERIES II MORRIS TEN-FOUR (Tax £7.10.0)

Saloon (fixed head)	-	-	£172.10
Saloon (sliding head)	-	-	£182.10
Coupé	-	-	£215
MORRIS TWELVE-FOUR (Tax £9)	-	-	-
Saloon (fixed head)	-	-	£177.10
Saloon (sliding head)	-	-	£187.10
Coupé	-	-	£220

(All prices ex works)

SERIES II MORRIS BIG SIXES 16 H.P. or 18 H.P. (Tax £12) (Tax £13.10.0)

Saloon (fixed head)	-	-	£250
Saloon (sliding head)	-	-	£265
Coupé	-	-	£335
21 H.P. or 25 H.P. (Tax £15.15.0) (Tax £18.15.0)	-	-	-
Saloon (fixed head)	-	-	£265
Saloon (sliding head)	-	-	£280
Coupé	-	-	£350

MORRIS MOTORS LIMITED . COWLEY . OXFORD
IF YOU DON'T BUY MORRIS AT LEAST BUY A CAR MADE IN THE UNITED KINGDOM

of Motor Manufacturers and Traders, had fallen to 51.8 by 1934, and that for commercial vehicles to 62.4. The private car index fell very steeply between 1933 and 1934, largely because of the growing tendency of manufacturers to offer higher-powered engines with the same chassis at the same price as the smaller engines, but also because of the development of the cheap large car. In considering the trend of the index of commercial vehicle prices since 1924, it should be borne in mind that the lorry has improved even more than the private car in engine and body design, springing, tyres and finish.

S.M.M.T. INDEX OF RETAIL PRICES OF MOTOR VEHICLES

	(1924 = 100)	
	Private Cars	Commercial Vehicles
1925	97.1	89.7
1926	94.8	92.2
1927	91.6	85.2
1928	80.0	86.2
1929	75.0	84.3
1930	68.1	79.3
1931	60.8	75.5
1932	59.6	73.1
1933	61.4	69.5
1934	51.8	62.4

EMPLOYMENT IN THE INDUSTRY

Employment in the manufacture of motor vehicles is difficult to ascertain precisely, as, for purposes of unemployment insurance, one category covers all workers engaged in the construction and repair of motor vehicles, cycles and aircraft. Nevertheless, changes in the relation-

ship between employment in this category and production of motor vehicles provide a rough measure of the increase in the productivity of the motor industry.

Year	EMPLOYMENT IN MOTOR INDUSTRY		Col. 2
	No. of Registered Workpeople Actually Employed in Construction and Repair of Motor Vehicles, Cycles and Aircraft—aged 16-64	Total Production Divided by Vehicles Col. 1	
1924 ...	189,722	146,600	.773
1925 ...	202,708	167,000	.824
1926 ...	202,431	198,000	.978
1927 ...	211,791	211,780	1.000
1928 ...	212,815	211,877	.996
1929 ...	227,796	238,805	1.048
1930 ...	206,514	236,528	1.145
1931 ...	193,858	226,307	1.167
1932 ...	196,301	232,718	1.186
1933 ...	217,552	286,287	1.316
1934 ...	242,711	342,499	1.411
1935 ...	264,393	398,850	1.509

But, in comparing these figures, it must not be forgotten that a large proportion of the persons registered as belonging to the motor group of industries are actually employed in motor repair shops. Moreover, as the greater reliability of the modern vehicle has tended to reduce the amount of repairs per unit, the proportion of the total number of workers engaged in actual construction has probably increased. The average wage of adult male workers employed in the motor industry in 1934 was estimated at 79s. 4½d. a week by the Society of Motor Manufacturers and Traders.

EQUIPMENT AND ACCESSORIES

THE market for motor vehicle equipment and accessories may be roughly divided into two sections. The first deals with equipment supplied to motor manufacturers and sold to the public as part of a new vehicle; and the second with equipment sold directly through garages and retailers for accessory replacement and repair purposes. Of these markets, the first has shown a remarkable growth during recent years. This has been largely a result of the practice of many manufacturers of maintaining the price of particular models at a more or less constant figure over a number of years, and of giving increased value to the public through the inclusion of more elaborate equipment. Indeed, the majority of cars to-day are supplied with full equipment, and the motorist has no further expense beyond that of registration and insurance before taking the road. Before the war, on the other hand, it was not uncommon for even the lighting system to be considered an extra. An average expenditure of £40 to £50, over and above the price of the car, was frequently required for full equipment.

Moreover, the scope of the term "motor equipment" has been constantly widened. To-day the equipment and accessories industry covers not only tyres, electrical equipment, instruments and tools, but also fire extinguishers, direction indicators, wireless, cigarette lighters and a wide range of interior fittings.

TYRES

In the case of tyres, the number sold for replacement purposes is considerably greater than that for new vehicles, and probably accounts for about 70 per cent. of the total market. This proportion varies fairly widely, however, for different makers. The prices received from the motor manufacturers vary with the size of the order, but are generally considerably below those realised on sales for replacement purposes. As far as the tyre manufacturers are concerned, however, the difference may properly be regarded as partly "advertisement expenditure," since the make of tyre fitted as original equipment probably has an important influence when the time comes for replacement.

The channels through which tyres are sold for replacement are the factors and retailers. The former obtain supplies from depôts maintained by manufacturers in the principal towns. Retailers who are members of the Motor Agents' Association are allowed to deal only with approved factors, and this has enabled a fairly strict price control to be main-

tained. Formerly, only the price paid by the retailer to the factor was fixed. Now, however, both wholesale and retail prices are controlled, and this enables the tyre manufacturers to compensate themselves for the low prices received from the motor manufacturers for original equipment.

Manufacturing technique has been improved to such an extent that the average life of tyres has been increased from approximately 6,000 miles before the war to over 15,000 miles, in spite of the increased speed and improved braking of modern cars. Nevertheless, the increase in the number of motor vehicles in use has been sufficient to offset this factor. The production of tyres has consequently increased from 5,219,000 in 1929 to 5,802,000 in 1934, in spite of the reduction in the average replacement rate per vehicle from about 2.2 to 1.7 per annum.

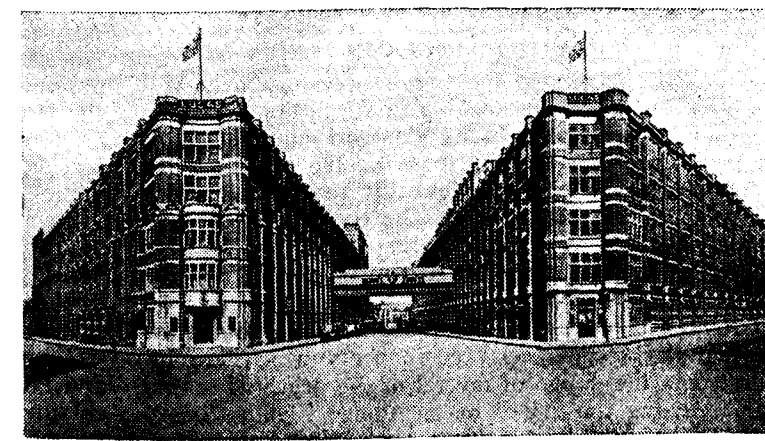
The importance of the motor tyre industry at the present time can be gauged from the fact that it is responsible for about 75 per cent. of the total consumption of rubber in this country. Of the total production of tyres, the Dunlop Rubber Co. accounts for nearly two-thirds. The bulk of the remainder is produced by the Goodyear Tyre and Rubber Co., the British Goodrich Rubber Co., Ltd., and the Firestone Tyre and Rubber Co., Ltd.

ELECTRICAL EQUIPMENT

The predominance of a few large companies, is, in fact, noticeable in the case of most motor accessories. Examples of the tendency towards concentration are afforded by Joseph Lucas Ltd. (with its associates, C.A.V. and Rotax Ltd.), and the Chloride Electrical Storage Co., Ltd. These two companies account for a very large proportion of the total output of electrical equipment for the motor industry, and especially of batteries. The life of a motor battery varies very considerably in accordance with the treatment it receives and its capacity in relation to the work to be done. It is probable, however, that until recently the average life was not greatly in excess of two years. The manufacturer generally guarantees the battery for one year, but recently batteries have been put on the market with a two years' guarantee. It appears reasonable to assume that the actual average life of this type will be three to four years. Since the total number of motor vehicles in use on August 31, 1935, was 1,952,700, it appears that the annual sales of batteries for motor vehicles must amount to at least 650,000. Actually, in the year ended August 31,

SERVING THE MOTOR INDUSTRY

A unique LUCAS Engineering Service



The Lucas Head Offices and Works at Hockley, Birmingham. The total floor area of the seven Lucas Birmingham factories is two million square feet.

TO appreciate the character and needs of a great industry perhaps the surest way is to "grow up" with it.

From the distant days of oil and acetylene car lamps, when electrical equipment for cars was unknown, up to the present, when thousands of Lucas lamps, dynamos, starters, batteries, ignition equipments, windscreen wipers, direction indicators, etc., are produced each week, Joseph Lucas, Ltd., have worked in close co-operation with the British Motor Industry.

To-day this co-operation is more widespread than ever before. In the great Lucas Research Laboratories, among the largest of their kind in the world, the most extensive testing and research facilities are available, not only for the development of Lucas products, but equally to assist Car and Motor Cycle manufacturers with their own research problems.

Specialised Research Equipment

This specialised research equipment includes apparatus for accurately re-

producing extreme climatic conditions. In the Refrigerator Room, illustrated below, for instance, the temperature can be reduced to as low as -15° F. (or 47° of frost). With this apparatus (which is large enough to contain a heavy commercial vehicle) valuable information has been obtained regarding such problems as engine starting in cold weather.

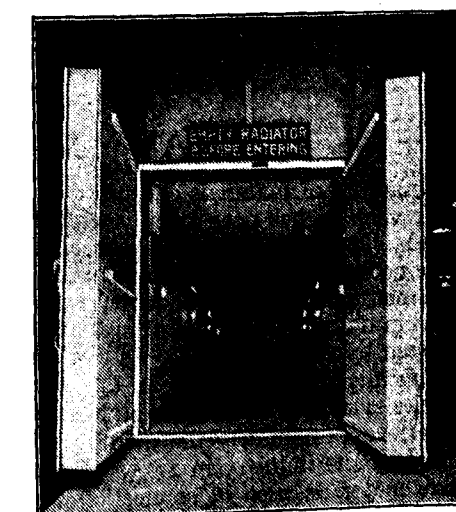
The illustration below shows a car being tested on the special Dynamometer Equipment; this facilitates the study of a whole range of problems affecting ignition equipment, transmission, brakes, etc. The rollers beneath the rear wheels of the car absorb the drive and are connected to delicate measuring instruments.

Tropical Test Room

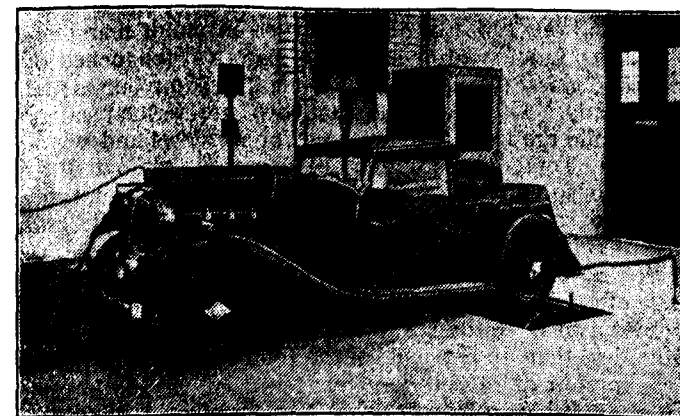
In another part of the Laboratories is a specially constructed Tropical Test Room in which equipment, materials or finishes can be tested under conditions which reproduce the heat, humidity, and dampness of tropical countries. This is of great service to manufacturers who wish to discover

how their products will withstand extreme tropical conditions.

By similar co-operative efforts, as well as by a policy of "never to be satisfied" in its own productions, Lucas are looking to the future and contributing to the progress of the British Motor Industry.



The Lucas Refrigerator Room



Dynamometer Testing Equipment

LUCAS



JOSEPH LUCAS LIMITED. BIRMINGHAM. ENGLAND.

1935, sales of batteries for new vehicles alone, based on the new registration figures, would seem to have amounted to about 336,000. There are, of course, considerable variations in the size of batteries. On the other hand, some cars have two small batteries rather than one large one. If allowance could be made for this fact the figures given above would be even larger.

PLASTIC PRODUCTS

The use of plastics in the motor accessory field will undoubtedly increase considerably in the future. Already the fitting of wireless sets as standard equipment on several cars has opened up a considerable new field for their application. Another noteworthy development with which plastics are connected is the combination instrument panel. Moreover, by grouping all the instruments in a single panel the space saved can be utilised to give larger storage pockets.

Apart from equipment, there are also a number of firms manufacturing special components which are incorporated in the design of several of the principal makes of car. Among these may be mentioned Zenith, Solex, and S.U. Carburettors. Several car manufacturers purchase radiators from such firms as Serck Radiators Limited. This company maintains its own service stations in addition to eleven repair branches throughout the country. Other examples are the Wilmot Breeden plant, which is equipped for the production of 8,000 bumpers per week in addition to flexible steering wheels and other components.

BODIES AND COMPONENTS

Bodies, particularly for mass-produced cars, are frequently manufactured by companies associated with the motor producers. For example, the Pressed Steel Company, which is associated with Morris Motors, was formed originally for the production of bodies for Morris cars, but has since extended its activities to include several other makes. In the same way, Briggs Motor Bodies, Limited, and the Kelsey Hayes Wheel Company, Limited, were formed to manufacture bodies and wheels for Ford cars. The former acquired the British rights to the patents of

the Briggs Manufacturing Company, whose plant is equipped for the manufacture of one million bodies per annum for the American Ford and Chrysler companies. The customers of Briggs Motor Bodies, Limited, now include Austin, Chrysler, Riley and Standard, as well as the Ford Company.

In addition to equipment and accessories, the motor industry buys large quantities of components from the engineering industry. For example, ball and roller bearings are purchased from the British Timken Company, Limited, the Hoffmann Manufacturing Company, Limited, and the Skefko Ball Bearing Company, Limited, and chassis frames and axles are obtained from various steel-producing companies. The industry is also an important consumer of leather cloth for upholstery. The market offered, however, to such companies as I.C.I. (Rexine), Limited, has diminished owing to the decrease in the number of fabric bodies made, though sales for upholstery purposes continue to expand.

A considerable export trade is done in motor vehicle parts and accessories. The total value of exports in 1934, excluding complete chassis and engines, amounted to £2,774,336, compared with £2,529,012 in 1933 and £1,403,874 in 1931, the lowest level reached during the depression. The increase must be ascribed partly to the export of components of Ford cars to assembly plants on the Continent and partly to the increasing service requirements of British cars abroad owing to the rise in exports of complete vehicles which has taken place recently.

So far as future prospects are concerned, the continuous rise in the figures for new vehicle registrations indicates a considerable increase in the market. Against this must be set the fact that the greater part of the increase is accounted for by cars of low horse-power, which do not carry the same amount of equipment as the larger ones. In this respect, however, the industry may be expected to benefit from the reduction in the horse-power tax. Another factor which adversely affects the industry is the increasingly seasonal nature of the demand for motor vehicles. That these difficulties, however, are being successfully overcome is indicated by the financial results of the leading companies.

RAW MATERIALS OF THE INDUSTRY

THE quantity of materials consumed in the manufacture of motor vehicles has risen steeply with the expansion of the industry. Moreover, there have been considerable changes in the nature and in the proportion of the various materials consumed by the motor industry as a result of improvements in design, additional fittings and the displacement of the open by the closed car. As available information concerning the products used in the manufacture of motor vehicles is somewhat meagre, an attempt has been made to estimate approximately the quantity of the materials consumed by the industry in 1935. The estimates, which exclude materials used in connection with plant and equipment, may be grouped under the following heads:—

Iron and Steel.—Owing to the variety of materials used no attempt has been made to give other than a grand total, amounting to 860,000 tons. This estimate is based on an analysis of the various groups of vehicles manufactured and of their proportion to the total. Allowance has been made for wastage during the process of manufacture and repairs.

Non-ferrous Metals.—Consumption of copper and brass, mainly for electrical equipment: brass and copper, rolled, 7,500 tons; extruded rods, 2,500 tons; wire, 1,500 tons; tubing, 500 tons; total 12,000 tons. Lead and lead oxide, mainly for batteries, 7,300 tons; zinc alloys, 1,440 tons, including about 240 tons for carburettors and pumps; tin, 1,300 tons. The motor industry is, of course, one of the chief consumers of tin. The estimate for tin is based on the average consumption per car given by the Anglo-Oriental Mining Corporation. Aluminium and bronze, the latter largely for bearings, 400 tons. The total quantity of these non-ferrous metals amounts to 22,240 tons.

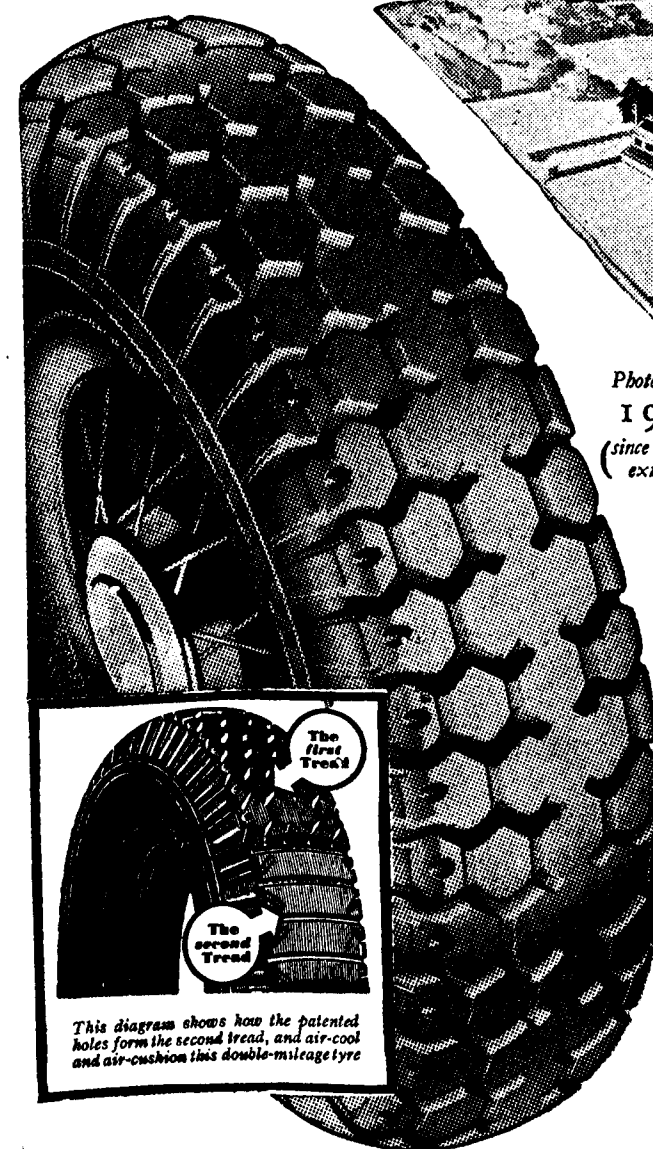
Trimings.—Trimings include the materials used in upholstery. They may be divided into primary and

secondary materials. Primary materials are interchangeable and include leather, leather cloths, reps and moquettes. Demand for these materials varies with the quality of the vehicle and with fashion. Consumption of primary materials is estimated at about 7,900,000 sq. yds., plus wastage of approximately 650,000 sq. yds. Of this total commercial vehicles consume about 800,000 sq. yds. Secondary materials, which consist of head lining cloths, canvas, felt, calico, carpets, cotton reps, velveteen, cloth, plush, and silk blinds, are not readily interchangeable. Excluding wastage, the total quantity of secondary materials consumed approximates that of primary materials, but wastage is not likely to exceed more than about 50,000 sq. yds. Total consumption of trimings is estimated at about 16,500,000 sq. yds.

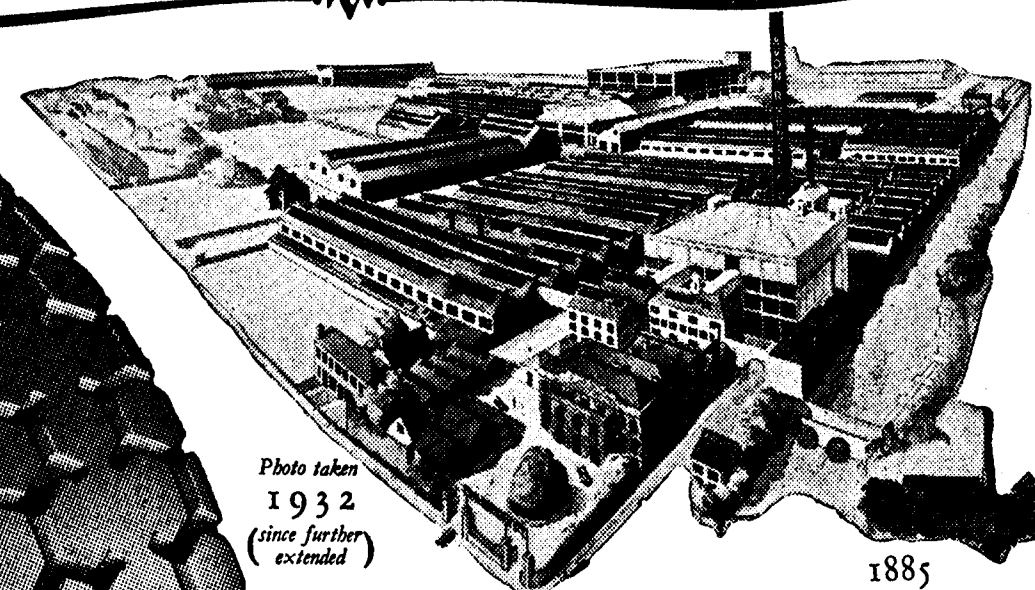
Glass.—Four types of glass are used in motor manufacture:—(1) Laminated or sandwich glass; (2) toughened or armoured glass; (3) plate glass; (4) glass for lamp lenses and instruments. Of these, the first two are termed safety glass, while the first three are used for windows and windcreens. Total consumption of glass is estimated at 8,000,000 sq. ft. Of this total body lights account for 6,000,000 sq. ft., windcreens for 1,500,000 sq. ft. and lenses for lamps and instruments for 500,000 sq. ft. It is interesting to note that by law all windcreens have to be made of safety glass except the front windows of the upper deck of a bus. Although this law does not apply to body lights, less than 10 per cent. of the total glass used is plain. Consumption of safety glass by classes of vehicle is estimated as follows: Private cars, 6,300,000 sq. ft.; trucks, 700,000 sq. ft.; Hackney vehicles, 500,000 sq. ft. The weight of the glass used is approximately 4,500 tons. The industry consumes nearly 50 per cent. of total plate glass

The Golden Jubilee of The Avon India Rubber Co., Ltd.

1885 - 1935



This diagram shows how the patented holes form the second tread, and air-cool and air-cushion this double-mileage tyre



For 50 years, the Avon Company has been in the forefront of the Rubber Industry, and has pioneered improvement after improvement. The name of Avon on any article is in itself a symbol of outstanding quality. Makers of motor, motor cycle and cycle tyres, giant tyres, rubber flooring, footwear rubber, sports goods, moulded novelties, mechanical rubber for railways, etc., etc. Produced by British workpeople in a British Factory with British Capital.

AVON

British Made

TYRES

THE AVON INDIA RUBBER Co., Ltd., (Est. 1885) Melksham, Wilt. Depots: LONDON (Mabledon Place, St. Pancras, W.C.1), Manchester, Glasgow, Bristol, Birmingham, Nottingham, Newcastle, Liverpool, Belfast, Dublin.

Paints.—The motor industry is one of the most important users of paints. These can be divided into three main groups:—(1) Body paints, including fillers, primers and thinners; (2) accessory paints, including stoving enamels, japans, etc., used for wings and chassis; (3) maintenance paints which are used within the factory itself. Total consumption by motor manufacturers, coach builders, repair and maintenance works, expressed in terms of paint ready for use, is estimated at 2,074,000 galls. Of this total, body paints account for 1,200,000 galls., accessory paints for 710,000 galls., and maintenance paints for 160,000 galls. Expressed in weight, consumption is estimated at 9,240 tons.

Petrol and Oil.—Total consumption of petrol and oil is estimated at about 1,351 million gallons, including 1,278 million gallons of spirits, 32 million gallons of lubricants, and 41 million gallons of heavy oil for motor vehicles. The total equals about 422,000 tons.

Rubber.—The industry is the largest consumer of rubber, absorbing about 62 per cent. of total British consumption.

The tyre industry is the main user. It is estimated that the total weight of tyres produced is approximately 92,000 tons, comprising the following principal components:—Rubber, 50,500 tons; cotton, 3,000 tons; wire, 3,000 tons; carbon black, 9,000 tons; zinc oxide, 7,500 tons; other chemicals, 9,700 tons. In addition to rubber consumed in tyres, a further 5,000 tons is consumed on and about the car in the form of draught excluders, sponge rubber and mats, etc. This gives a total consumption by the motor industry for all purposes of about 97,000 tons.

Miscellaneous Materials.—(1) Plastics. These may be divided into three main groups: Phenolic and fillers, 1,200 tons; urea, 150 tons, muckites, 2,000 tons. Total 3,350 tons. Phenolic plastics are used for various mouldings, urea is translucent plastic, while muckites are used as dielectrics for battery casings, etc. (2) Fibre for body mountings, 2,000 tons; (3) felts for various purposes, 1,000 tons; (4) asbestos for brake linings, 250 tons; (5) porcelain and mica, 300 tons; (6) anti-freeze chemicals, 50 tons; (7) timber (hard and soft woods), approximately, 100 million board feet.

PETROL AND OIL

THE rapid development of the motor industry has led to a considerable increase in demand for motor spirit and lubricating oil, and has made the distribution of petroleum products one of the most important branches of the distributive trades. Consumption of motor spirit in the United Kingdom, as estimated by the Society of Motor Manufacturers and Traders, increased from 101 million gallons in 1913 to 182 million gallons in 1920, 487 millions in 1925, 891 millions in 1929 and 1,211 million gallons in 1934:—

ESTIMATED CONSUMPTION OF MOTOR SPIRIT AND LUBRICATING OIL
(In millions of gallons)

Year	Motor Spirit	Motor Lubricating Oil
1929	891	24.0
1930	995	25.9
1931	1,025	26.7
1932	1,075	26.9
1933	1,124	28.1
1934	1,211	30.3

The indications are that consumption of motor spirit in the current year will show a further increase of between 5 and 6 per cent. The ratio of lubricating oil to spirit consumption is believed to have fallen continuously with the improvement in the efficiency of the internal combustion engine, from some 3½ per cent. immediately after the war to about 2½ per cent. now. In addition to motor spirit, an increasing amount of heavy oil is used as fuel for motor vehicles; the annual gallonage involved, which was estimated by the Chancellor of the Exchequer for the current financial year at 41 million gallons, is undoubtedly increasing rapidly with the steady extension of the use of Diesel vehicles, more particularly on omnibuses and motor-coaches. On the basis of the annual consumption figures per vehicle, collected by the Salter Conference, the consumption of motor fuel by different classes of vehicles at the present time is probably roughly as follows:—

APPROXIMATE ALLOCATION OF CONSUMPTION OF MOTOR FUEL 1935
(In millions of gallons)

	Motor Spirit	Heavy Oil	Total	Per-centage of Total
Private cars	533	...	533	41
Motor cycles	39	...	39	3
Taxis and hired cars	39	...	39	3
Omnibuses	196	25	221	17
Goods and exempt vehicles	452	16	468	36
Total*	1,259	41	1,300	100

* Excluding motor spirit not used as fuel for motor vehicles.

TAXATION AND PRICES

Concurrently with the increase in consumption, there has been a steady fall in the price paid for motor spirit by the motorist, although of late years this has been

obscured by the tax. Excluding tax, the retail price of first grade motor spirit in the London area, which stood at 1s. 6d. a gallon in 1914, reached a maximum of 3s. 9½d. in 1920, and then fell with slight fluctuations to 1s. 6½d. in 1925, 1s. 3d. in 1929 and 9d. in 1933. These figures include the retailer's profit, now at the rate of 2½d. per gallon, compared with 4d. in 1927 and 4½d. in 1920; the retail price, exclusive of tax, has risen to 10d., the current level. The tax, on the other hand, which was first imposed in 1909 at the rate of 3d. per gallon, with a 50 per cent. rebate in respect of spirit used by commercial vehicles, was increased to 6d. per gallon in 1915 and abolished at the end of 1920. It was re-imposed in April, 1928, at the rate of 4d. per gallon, with no rebates for any class of road vehicle, and subsequently increased to 6d. in April, 1931, and 8d. in September, 1931. The tax is levied on all imported motor spirit and on all motor spirit produced in this country from imported crude petroleum or distillate.

Entirely domestic products, such as Scottish shale spirit, spirit produced by the hydrogenation of coal or creosote or the low temperature carbonisation of coal, and benzole, are guaranteed exemption from the tax by the British Hydrocarbon Oils Production Act, 1934, for a period of nine years, with the tax at the rate of 4d. per gallon, or for a proportionately shorter period if the tax is more than 4d. The present tax of 8d. per gallon will mean four and a half years' exemption. Home production of petrol from coal has tended to increase, and it is interesting to note that the Air Ministry has been taking the output of Low Temperature Carbonisation after it has been subjected to a special process of refinement by Carless, Capel and Leonard. The total yield of the petrol tax in the current year is estimated at £38,900,000, to which £950,000 should be added in respect of the heavy oil duty, imposed at the rate of 1d. per gallon in 1933 on all imported heavy hydrocarbon oils, and increased to 8d. in August last in respect of all heavy oil used as fuel for road transport. Tax at the rate of 1d. per gallon is also payable on the lubricating oil consumed by motor vehicles; this is equivalent to an additional £125,000 per annum. If it be assumed that 98 per cent. of the motor spirit consumed is in respect of motor vehicles, the total burden of these taxes as affecting the motor industry reaches some £39 millions per annum, and accounts for nearly 6 per cent. of the total national revenue; the corresponding yield of these taxes was only £12,700,000 in 1928/29, while between 1920 and 1928 they were non-existent.

MARKETING METHODS

The service which has been developed by the oil companies since the war in order to meet the greatly increased demand for petroleum products has been subject to continual modification to meet the needs of the motoring

public. At first, distribution was based on bulk imports from tankers into a very limited number of ocean installations situated round the coast, and on dispatch from these installations in rail tank cars to main depôts within the radius served by each installation. At the depôts the rail tank cars were discharged into underground storage, and ultimately the motor spirit was filled into two-gallon cans, which were distributed by road to sub-depôts. These sub-depôts also served the function of sales units, each being under the charge of a salesman with a definite territory allotted to him and having one or more motor lorries by which deliveries of the cans were made to customers in the area served. The greatest improvement in methods of delivery occurred in the middle twenties, when the development of the hand-operated metering pump affixed to an underground tank at garages and commercial users' premises, and the general agreement between distributors not to deliver a load of less than 200 gallons at a time into such storage, completely revolutionised the service of distribution. This change, together with the technical improvement of the motor lorry and of the roads, especially the development of low-pressure pneumatic tyres, increased the effective radius for delivery vehicles and made many of the original depôts redundant; those which remained were given increased storage accommodation and facilities for direct bulk feeding from the installation.

The tendency in recent years has been to increase the number of ocean installations and reduce the number of depôts, but the larger distributors still operate a very great number of depôts—in the case of the two largest, probably some five hundred each. The cheapening and improvement of motor transport have also led to the feeding of depôts from the ocean installations by road instead of by rail, while the development and cheapening of the small motor boat, through recent technical improvements in the Diesel engine, has encouraged the construction of small

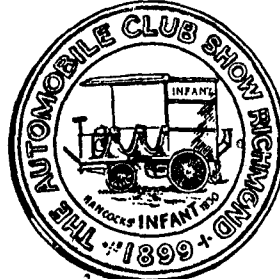
coastal installations and new depôts at places where they can be fed by water, either coastwise or via the inland waterway system, from the main installations.

The companies engaged in the distribution of petroleum products fall into two main groups. On the one hand, there are the "national" companies, which control by far the greater part of the trade and observe certain rules concerning terms of business and prices. These include non-discrimination in the prices at which garages will be supplied and the maintenance of fixed retail prices. On the other hand, there are the "independents," who are not bound by such rules, and many of whom do not observe them.

COMPETITION

Formerly competition from "independents" was met by the "national" companies by means of a price zone system, which made prices rather lower in districts where competition was acute and higher elsewhere. But this method was found to cause such difficulties along the zone boundaries that it has been discontinued. All England and Wales and most of Scotland are now included by the "national" companies in a single zone. The "national" companies have met competition by a rigid attention to distribution costs. But they have been handicapped by reason of the fact that they offer a nation-wide service based on established depôts, whereas many of the "independents" have no depôts, but operate solely by means of road deliveries from hired storage at public installations, picking customers who will be cheap to supply and "skimming the cream" of the trade by appearing as strong sellers whenever the margin between selling prices and replacement costs appears attractive, and giving up business, often quite irresponsibly, when the margin narrows.

The other problem of the "national" distributors is the rapid growth in the number of garages and pumps, and



Awarded Silver Medal
Automobile Club Show
1899



TRADE MARK
JE PROTEGE

PETROL

is not merely motor spirit

but is the name given to spirit for motors by

CARLESS, CAPEL & LEONARD

over 40 years ago—the first makers of Petrol.

They are now also refining and marketing a spirit made from BRITISH COAL called

CARLESS - COALENE MIXTURE



CARLESS, CAPEL & LEONARD

HACKNEY WICK, LONDON, E.9

ESTD. 1859

the consequent difficulty of reducing distribution costs. There are estimated to be at the present time some 35,000 garages in the country and upwards of 90,000 petrol pumps at garages. The garage industry is one of the easiest to enter for a man with little capital or technical knowledge. The outcry against the spoiling of the countryside by the erection of unnecessary petrol stations is widespread, but it is difficult to see how, without legislative action, the number of garages can be prevented from exceeding the needs of the community. Competition compels the oil companies to supply newcomers, while it is the business

of the pump manufacturers to sell as many pumps as possible. The would-be garage owner can usually arrange to buy motor spirit and oil on credit from the distributors and obtain his pumps on hire-purchase terms spread over a number of years. His outlay on entering the business is thus often negligible. In consequence, the supply of garages and petrol stations tends constantly to outrun demand, in many cases making it impossible for established enterprises to earn a reasonable livelihood, and effectively preventing the consolidation of the garage industry into larger and more efficient units.

TECHNICAL DEVELOPMENTS

In 1919 many latent ideas were awaiting commercial development in the motor industry. In describing the progress of subsequent years, we may conveniently begin with the power unit. Here a most important feature has been the great advance in the power/weight ratio. In no country has greater success been achieved in this direction than in Great Britain, where the weight, not only of the power unit but of the complete vehicle in terms of horse power, is astonishingly light. This result has been achieved, with no sacrifice of "roadworthiness," largely by intensive research into ferrous and non-ferrous alloys. In the course of this investigation, engine speeds have increased greatly and improvement in lubrication has been obtained. Road speeds have also advanced.

Though the conventional internal combustion engine has progressed rapidly, the compression ignition, or Diesel type has arisen as a new factor in vehicle construction, particularly in the commercial and public service field. Some three years ago the use of the compression ignition engine for road vehicles was limited, partly by the exigencies of the power/weight ratio. The additional weight entailed in the early days of the compression ignition engine has now been eliminated to a considerable degree, and vehicles equipped with it represent an increasing proportion of the national total.

It is a natural step from the power unit to the transmission, where most important developments have centred round such features as the fluid flywheel and the pre-selector gear. Progress in suspension has also been noteworthy. Springing, shock absorbers and tyre development—for the tyre is part of the suspension system—have materially improved. Probably no other advance has contributed so substantially to the comfort of the passenger. The independent suspension, now provided on certain private cars, is another instance of "refinement."

Considerable progress has been made in the construction of goods-carrying vehicles. Smooth running, with attendant quietness, and the adoption of pneumatic in place of solid tyres, have added to the amenities of the highway. The increased roadworthiness of this class of vehicles has contributed substantially to the durability of British roads by considerably reducing "road impact." The trolley bus, with its flexibility of track to facilitate its passage through city streets, is making rapid headway in supplanting the tramcar, with its fixed track and its dangerous practice of discharging its passengers in the centre of a crowded highway.

COACHWORK AND BRAKING

No development has made more appeal to the eye than that of coachwork, both for the private car and the public service vehicle. The coachbuilt private car body, constructed largely of wood by the survivors of the old coach-building art, was succeeded by the fabric body, which in turn has been replaced by the all metal body. The latter is practically supreme to-day and lends itself to intensive production methods, though skilled craftsmen are still available to produce by hand the luxurious, specialised type of body when necessary.

In 1919 the great majority of private car bodies were of the open touring type. To-day, while adherents of the open tourer remain, the closed saloon is predominant.

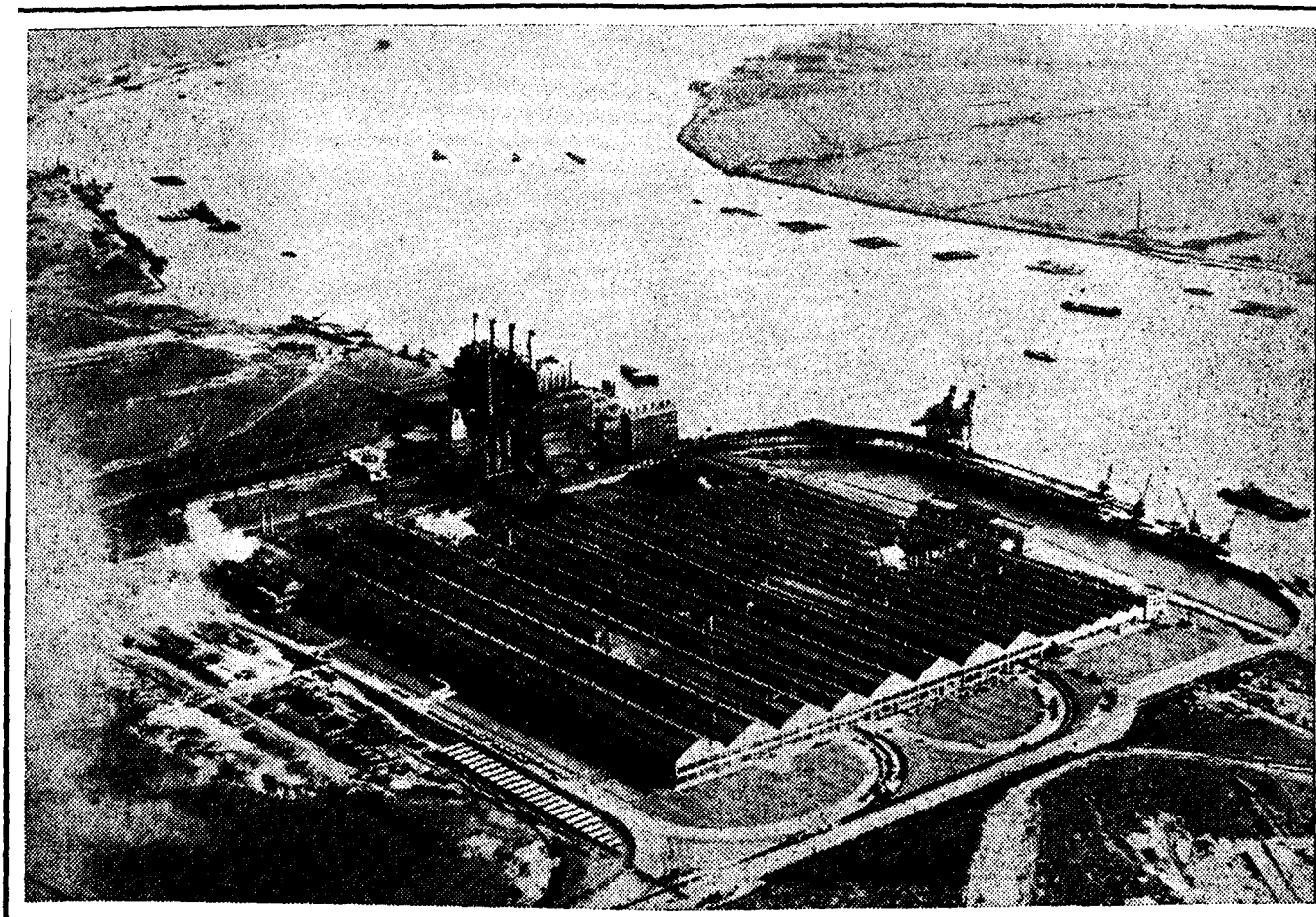
An important factor from the safety aspect has been the development of more efficient braking. Road speeds have generally risen and the increased gross weight of commercial vehicles has necessitated a higher braking efficiency. This has been achieved, first, by improvements in brake linings and in brake drum material and construction; secondly, by the large-scale adoption of brakes on all wheels; and, thirdly, by various proprietary systems whereby the manual effort of the driver is reinforced to give prompt and adequate braking under the most arduous conditions. Tyre development, referred to elsewhere, has given the maximum road adhesion which is required for good braking.

Progress in accessories and components has contributed to the general advance. Mention may be made of improvements in lighting and electrical equipment generally, including the provision of automatic voltage control, which has eliminated the possibility of overcharging. Thermostatic control of the cooling system is another noteworthy feature. The adoption of fuel pressure systems, again, has enabled the fuel tank to be located in a non-vulnerable position. Contemporaneously with the development of the power unit, carburation has made a considerable advance. In the early days of motoring, coil ignition was practically universal. The magneto subsequently ousted the coil, but to-day the coil has regained its popularity for light car work, the magneto being still used for heavier vehicles. Automatic advance and retardation have contributed to ease of driving. Group lubrication, general lubrication by one motion—the depression of a pedal—and improved jacking mechanism have all added to the convenience of the average owner. Again, not many years ago, the wind-screen wiper, now universally fitted, was unknown.

FUTURE DEVELOPMENT

Future development is a matter of interesting speculation. It may be that the system of unit construction by specialists in the manufacture of particular components, such as the engine, gear box and back axle, will be more widely adopted. The application of the compression ignition engine to the private car may also be the subject of intensive study. Streamlining, again, has lately been much in the public eye. Ultra-streamlining, in the sense of attaining a true "tear-drop" shape of body, will probably be never realised. The modern designer will doubtless be content with a reasonable degree of streamlining which will preserve graceful and pleasing lines. Adequate ventilation, without draught, is another matter which is receiving increased attention. The air conditioning of public service vehicles may also demand further consideration. There is now little criticism of visibility, in the sense of providing the driver with a clear view ahead and at each side, though the designers will probably achieve further improvement. Moreover, it is hoped that the efforts to overcome the comparative immobility of traffic in fog will be successful, for the loss of business is enormous and affects all sections of the community.

Collective technical investigation has made considerable progress in recent years. The Society of Motor Manufacturers and Traders has within its organisation a technical department which is at the disposal of manufacturers. Thus,



The History of the British Motor Industry includes the creation of the



**Works, Dagenham, the best-equipped, most self-reliant,
in either the British Empire or Europe.**

Therein are manufactured Ford cars, Ford and Fordson commercial vehicles, Fordson tractors, agricultural and industrial, and Ford industrial power-units, for the energisation of portable, stationary or marine plant, every product typifying the Ford tradition of efficiency and economy, hand in hand.

The blast furnace and coke-ovens at Dagenham, unique in Southern England, enable Ford Motor Company Limited to produce their own pig-iron and other ferrous materials of too high a grade to be economically purchased in open market. That fact alone justifies the claim of quite an exceptional standard of independence, self-reliance.

A postcard will bring you detailed and illustrated descriptions both of the Ford Works at Dagenham and the remarkable value-propositions produced in them, notably including Britain's Best Value in Four-Seated Saloons, the Popular Ford, £100, completely equipped, at works, now rapidly approaching its second hundred-thousand, proved by test all over the world, the car with which "There Is No Comparison!"

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FORD MOTOR COMPANY LIMITED, DAGENHAM, ESSEX. LONDON SHOWROOMS: 88 REGENT STREET, W.1

a number of technical standards have been adopted in co-operation with the Institution of Automobile Engineers. For some years past, the Institution of Automobile Engineers has maintained a Research Department. This department, which has already achieved valuable results, is supported by the Department of Scientific and Industrial Research, the Society of Motor Manufacturers and Traders, and manufacturers and operators individually. Moreover,

apart from its activities as an educational centre for the automobile engineer, the Institution has inaugurated a Repair Certificate Scheme. The system of examination which the Institution has adopted and the award of badges to members of garage staffs who satisfactorily demonstrate their capabilities is making rapid headway, thus improving the "servicing" facilities at the disposal of motorists.

TARIFF POLICY

ALL motor vehicles and components imported into Great Britain are subject to an *ad valorem* duty of 33½ per cent. if of foreign origin and 22½ per cent. if of Empire origin. This rate of duty was imposed on private cars, motor cycles and parts in September, 1915. The duties were repealed in August, 1924, but re-instituted in July of the following year. They were extended to commercial vehicles and parts in May, 1926, and to tyres in 1927.

These changes are clearly reflected in imports of motor vehicles. Thus, imports of private cars and chassis rose from 22,890 in 1924 to 47,224 in 1925, only to fall to 20,911 in the following year. Since then the highest level attained has been 32,111 in 1928 and the lowest 2,118 in 1931. In the case of commercial vehicles, imports of chassis are not available by numbers before 1929, but imports of complete vehicles fell from 632 in 1925 to 93 in 1926 on the imposition of the duty. Imports of chassis declined by value from £2,135,000 in 1925 to £1,331,000 in the following year, but during the next three years there was a slight increase, which was followed by a decline to £220,000 in 1930. The effect of the duty was therefore immediate in the case of complete vehicles, but the effect on imports of chassis was less marked.

The effect of the duty was most pronounced in the case of imports of private cars from France and America; they declined from 13,028 and 18,534 respectively in 1925 to 4,760 and 5,910 in the following year. Imports from the United States, which consist largely of the cheaper high-powered cars not manufactured on an extensive scale in this country until recently, subsequently recovered to 12,272 in 1928. The immediate effect of the duty was, therefore, to cut out the smaller types of car previously imported from France and Italy. Imports from Canada, which consisted principally of Buick, Chevrolet and Ford cars, fared rather better than those from the United States owing to the preferential duty on cars of Empire origin; British purchases of complete vehicles and chassis from Canada actually increased from 5,231 in 1925 to 7,855 in 1929. In this connection, it may be noted that in order to qualify for the reduced rate of duty only 50 per cent. of the cost price need consist of Empire labour and material. This offers considerable scope to United States companies which are able to supply their plants in Canada with a number of components manufactured across the border. On the other hand, British manufacturers, in defining British-made cars, insist on 75 per cent. British labour and materials, and the engine, gear-box, back axle and complete vehicle are treated as separate entities in order to prevent, for example, the fitting of an expensive body to a comparatively cheap foreign chassis in order to comply with the regulations. In 1934, 60.5 per cent. of the imports of cars came from the United States, 27 per cent. from Canada and 10 per cent. from France. In the case of commercial vehicles over 95 per cent. of the total imports came from the United States.

Imports from all sources were very considerably reduced during the depression, principally as a result of the decline in purchasing power, which restricted the market for the larger types of car. But imports of complete cars increased from 2,997 in 1933 to 10,155 in 1934 as a result of the revival of purchasing power and of the reduction of the horse power tax from £1 to 15s. This gave rise to the suggestion in some quarters that the duty should be increased, but it should be noted that imports in 1934 were still considerably below the pre-depression level and that they constituted less than 4 per cent. of British production.

TAXATION OF COMPONENTS

Since parts of motor vehicles are taxed at the same rate as complete vehicles, there is no apparent incentive to foreign manufacturers to erect assembly plants in this country, as they did in several continental countries. Nevertheless, 1,451 engines for private cars and 2,589 engines for commercial vehicles were imported during 1934, and it is probable that these figures give a close approximation to the number of vehicles assembled in this country. Actually, with equal duties on complete vehicles and components, the advantage to a foreign manufacturer of assembly in this country is 33½ per cent. on the cost of assembly. This may be a considerable item, provided the cost of labour in this country is not greater than that in the country of origin. Moreover, in some cases the Customs authorities insist on including a proportion of such items as advertising expenditure in assessing the dutiable value of complete vehicles, an obstacle which is overcome by importing the vehicles in the form of components. In general, manufacturers divide the vehicle into components and price each of these. The prices are then compared with those of similar items in the importing country, and if an appreciable saving is apparent, assembly is undertaken. In some cases the most profitable procedure may be to import certain components and purchase others in the country where assembly is undertaken.

Apart from components for assembly, a considerable volume of other parts and accessories are imported. The total value of imports of parts and accessories, including chassis frames without engines and spare engines, amounted to £1,259,155 in 1934. This shows a considerable reduction from the 1929 figure of £4,281,402. One of the largest items is ball and roller bearings, which are imported in large quantities from Sweden (£88,040 in 1934) and Germany (£33,379). Apart from this item and of kerbside pumps from the United States, which were valued at £70,632 in 1934, the principal sources of imports are France and the United States, the inference being that such imports consist principally of spares and accessories for the complete vehicles imported from these countries.

RAW MATERIALS

The question of import duties on motor vehicles is also closely bound up with that of the duties on the raw materials of the industry, of which one of the most important is steel. Though the motor industry probably does not import any considerable quantity of steel directly, several manufacturers have been complaining recently that, since the imposition of the steel duties and the agreement with the continental cartel, British steel makers have raised considerably the prices of their products. Manufacturers also complain of considerable delay in obtaining supplies. It is to be hoped that an improvement in the position will take place as soon as the process of technical modernisation, now being carried through by the steel industry, has been completed.

On the whole, a considerable reduction in the price of the finished product has been achieved and passed on to the consumer. The present duties are now assuming an added significance in view of the reduction of the horse power tax, of which the American manufacturers might have been expected to have taken even more advantage than has actually been the case. With the tax at its present level, British manufacturers will be able to turn their attention to the production of larger cars. At the same time, imports will probably continue at a level sufficient

★ 72 ACRES OF PRACTICAL IDEALISM

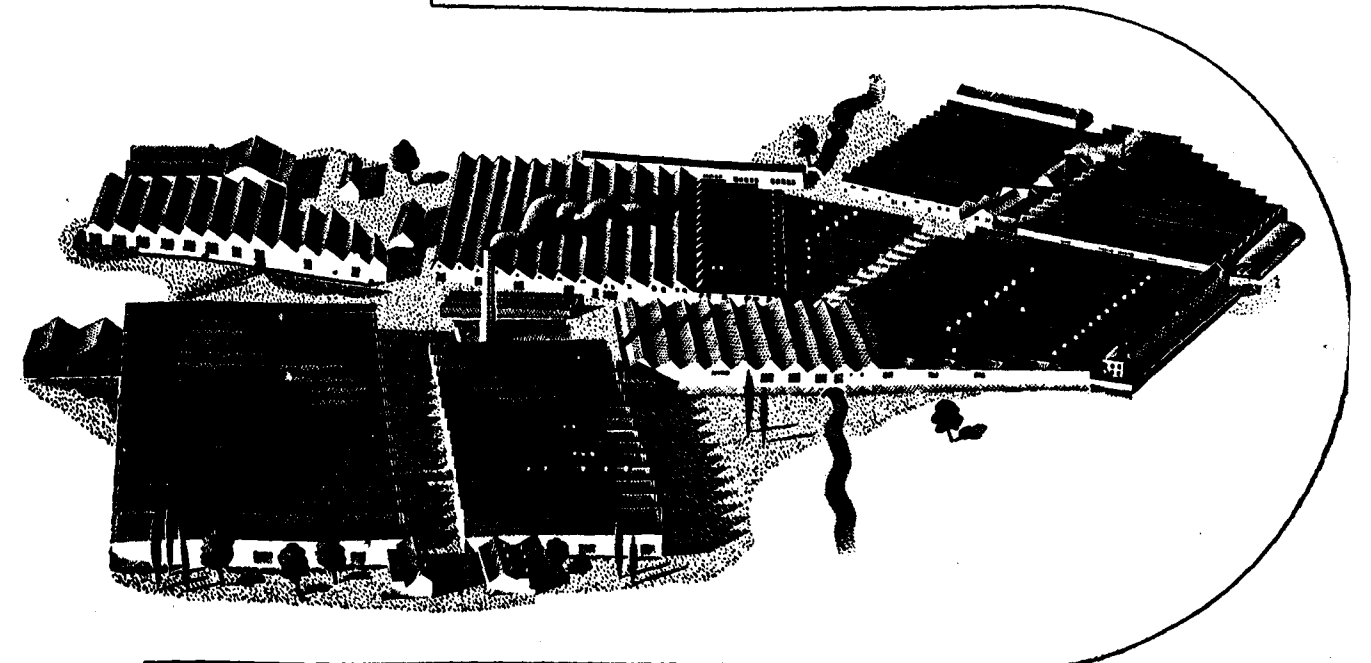
THESE FACTS ARE INTERESTING

- Number of Employees 6,500
- Cost of factory equipment £2,000,000
- Electrical Consumption 1,250,000 units per month
- Gas Consumption 2,500,000 cubic ft. per week
- Coal Consumption 200 tons per week
- Water Consumption 1,000,000 galls. per week
- The conveyor system has storage for 100 bodies and 700 to 1,000 engine units.
- The welfare organisation is very complete and includes one of the fine works canteen buildings in the country.
- The first three Wolseley cars, built in 1895, 1897 and 1899 respectively are still in existence at the works.
- Area of works 72 acres
- Area of floor space 1½ million sq. ft.

In the thirty-five years we have been manufacturing automobiles—and not without a measure of success—we have sought always to remember that our responsibilities towards the Public are bound up with those we owe to our employees, the industry as a whole and above all towards our country.

Whilst raising the efficiency of our plant and organisation to the highest level possible, we have endeavoured, concurrently, to improve the conditions under which our employees work, to take our share in lessening unemployment and to frame our policy towards the common aim—world leadership for British cars.

Such is the Wolseley policy—instigated by Lord Nuffield. "An institution," said Emerson, "is the lengthened shadow of a man."



★
WOLSELEY MOTORS LIMITED
WARD END · BIRMINGHAM

to provide the necessary stimulus towards improved design without flooding the market. The importance of success in this respect lies largely in the export field. Although British exports were assisted during the depression by the reduction of purchasing power which compelled many car users abroad to purchase smaller vehicles with

lower running costs and by the gradual improvement of roads in many foreign countries, the bulk of demand may be expected to return to the larger car on the revival of prosperity. Moreover, any increase in the average size of car purchased in the home market should be reflected in improved financial results and still lower prices.

GOVERNMENT CONTROL OF ROAD TRANSPORT

THE extraordinary development of motor traffic has created a multitude of problems demanding the attention of the Government. Since its establishment in 1919 the Ministry of Transport has taken the initiative in devising new legislation. The problem has many facets. The first is the question of public safety. The number of persons killed in road accidents has increased from 2,700 in 1920 to a present figure of about 7,000 a year. In addition, over 200,000 persons are injured annually on the roads. A second question concerns the size and weight of vehicles and the type of tyres used. Great Britain inherited a road system from the days of horse traffic. Though much has been done subsequently to improve the roads, they have not, in fact, been radically altered. It has been impossible, consequently, to allow motor vehicles an unlimited increase in size and weight, for such a course would have involved enormously increased charges for road widening and strengthening, the rebuilding of bridges, etc., as well as congestion and inconvenience to road users operating small vehicles.

In the third place, the road transport industry has a social aspect. Omnibus and tramway operation provides a livelihood to-day for 183,000 persons registered under the Unemployment Insurance Scheme, and "Other Road Transport" (broadly, the road haulage industry) for 214,000. Further, at least 300,000 of the 2,000,000 persons registered under "Distributive Trades" are probably motor drivers and assistants, although their duties may also include sales or canvassing work. During the 'twenties the majority of these people were unorganised, worked relatively long hours and had no effective machinery for collective bargaining.

Finally, the road transport industry has been subject to far-reaching Government intervention. The railways have lost a good deal of traffic to the roads, and have been compelled to reduce their rates and fares to meet road competition. Until recently, it has been easy for the man with little or no capital to enter the omnibus and road haulage industries, and the latter, in particular, have been subject to waves of uneconomic rate-cutting. Thus the desire of the railways to restrict competition has been backed by pressure from a section of the road transport industry itself for legislative action to restrict the number of new entrants.

PUBLIC SAFETY

Such, in brief, are the problems to which modern road transport development has given rise. Clearly, the first concern of any responsible Government must be with the question of public safety. Here, however, a formidable difficulty has arisen. Accurate knowledge of the relative importance of different causal factors in road accidents is an indispensable preliminary to any remedial policy. And such knowledge has been almost non-existent. Up to 1930, a nominal speed limit of 20 m.p.h. was in force for all motor vehicles. Though, in fact, it was honoured in the breach rather than the observance, it was criticised on the ground that it concentrated attention too much on speed and too little on careful driving. Following the recommendation of a Royal Commission on Transport, it was abolished for private cars and motor cycles by the Road Traffic Act of 1930, which at the same time imposed heavier penalties on the dangerous and careless driver. Speed limits for pneumatic-tyred omnibuses and coaches were simultaneously fixed at 30 miles per hour; for pneumatic-tyred goods vehicles up to 2½ tons unladen weight at 30 m.p.h.; and for heavier vehicles at 20 m.p.h., with still lower limits in other cases.

The fact that the number of deaths from road accidents

fell from 7,305 in 1930 to 6,691 in 1931 was hailed as a proof that the policy of abolishing the speed limit was correct. Road deaths, however, began to mount again in 1933. After considerable pressure, the Minister of Transport re-imposed a speed limit of 30 m.p.h. for private cars and motor cycles in built-up areas in March, 1935. There followed, in the May-July period, a reduction of 19.4 per cent. in road deaths and in the August-October period a reduction of 8.6 per cent. It would appear that any change in Government policy which focusses the attention of Press and public on the subject of road accidents leads immediately to their diminution, but that this effect tends to disappear as public interest wanes. During the last two years much has been done by way of the provision of pedestrian street crossings, of traffic lights, and of an increased number of footpaths along main roads in the country. A beginning has also been made in providing special tracks for cyclists. On the whole, however, these measures have not met with the degree of success which was expected. It has been alleged that pedestrian crossings are too numerous and that they are only partially effective, since pedestrians are under no legal compulsion to use them. Cyclist tracks are opposed by the official organisations concerned. Traffic lights relieve the police of a great deal of control work, but are responsible, with other regulations, for much bitterness among private motorists, who, rightly or wrongly, feel themselves the object of a certain amount of "petty persecution."

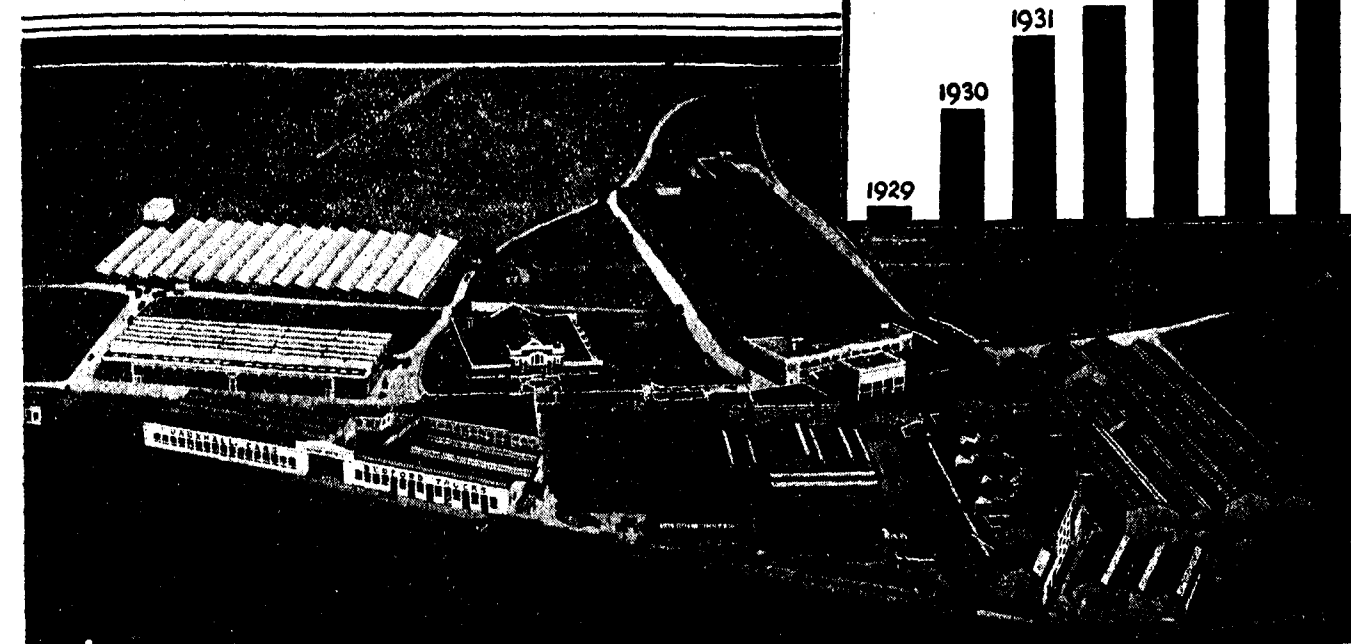
RESTRICTION OF SIZE AND WEIGHT

As regards the second point—control of the size, weight and tyres of motor vehicles—the ruling consideration is that although the effective volume of motor traffic has increased approximately tenfold since 1920, the mileage of roads and streets has risen only from 176,993 to 177,822. Annual expenditure on road construction, improvement and maintenance, which was £43 millions in 1921, is no more than £55 millions at present. In other words, official policy has been based on the utilisation of existing roads rather than the constructing of new roads on the lines followed, e.g., in Italy and Germany. Consequently, it has been necessary to restrict the maximum size and weight of motor vehicles. Under existing regulations the maximum gross laden weight varies from 12 tons for a four-wheeler to 22 tons for any motor vehicle. Overall lengths must not exceed 33 feet and widths 7 ft. 6 ins. It has been illegal to use steel tyres since 1932. Solid rubber tyres were forbidden to new vehicles a year earlier and must be completely replaced by pneumatics by 1940. Further, taxation has been continuously steepened for the heavier classes, and operators have been driven to use more and lighter vehicles. Between 1926 and 1934 the number of lorries in use of over three tons unladen weight fell from 59,409 to 46,779. Simultaneously the number of less than three tons increased from 197,714 to 366,541.

WORKING CONDITIONS

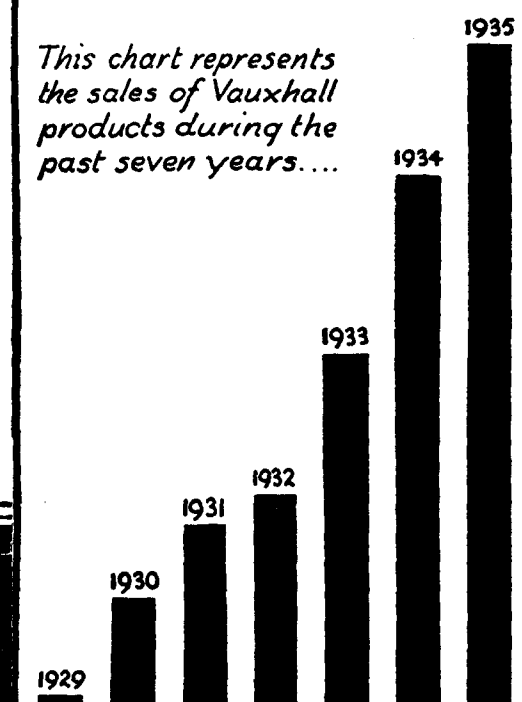
So much for considerations affecting size and weight. As regards the third point, wages and conditions of work among drivers of motor vehicles have received official attention only during the past five years. Much has already been done, however, by way of official control. Wages for the omnibus industry, under Section 93 of the Road Traffic Act, 1930, must not be less favourable than those which would need to be observed under a contract with Government departments. The same Act limited hours to 11 in any one day. This was effective for omnibus drivers, but lacked machinery for its enforcement in the case of lorry drivers. It was only with the passing of the Road and Rail Traffic Act of 1933 that the keeping of records of hours of

The GROWTH OF Vauxhall



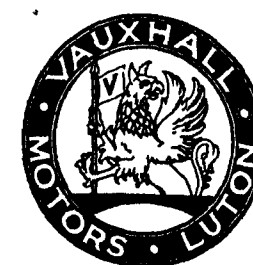
An aerial view of the Great Vauxhall factory at Luton, Bedfordshire, where Vauxhall cars and Bedford trucks are manufactured.

This chart represents the sales of Vauxhall products during the past seven years....



SOME FACTS AND FIGURES

	1930	1935
TOTAL EMPLOYEES	2,004	7,100
TOTAL PAYROLL	£450,000	£1,378,500 (estimated)
TOTAL PURCHASES	£1,900,000	£5,300,000 (estimated)
CAPITAL VALUE OF LAND AND BUILDINGS	£400,000	£1,000,000
VALUE OF PLANT AND EQUIPMENT	£600,000	£1,300,000
AMOUNT SPENT ON EXTENSIONS SINCE 1930		£1,300,000
FLOOR AREA OF THE ENTIRE FACTORY		31 ACRES



VAUXHALL MOTORS LTD

Manufacturers of Vauxhall Cars and Bedford Trucks

LUTON BEDFORDSHIRE

work and journeys by lorry drivers was made compulsory, and enforcement became possible in practice.

The same Act made the provisions of the wages section of the earlier Act applicable to drivers of haulage vehicles, but not of ancillary users' vehicles. A National Joint Conciliation Board was established to agree upon wages for the different classes of lorry driver in each area. It was understood that failure to pay such wage rates might ultimately lead to a refusal to renew the offending employer's licence to operate. In fact, there has been delay in enforcing payment of the standard wages in certain instances. Lorry drivers' standard wages vary (according to district, type of lorry and type of service) from a minimum of 45s. a week for light vehicles on local work in rural areas to a maximum of 75s. for "heavy-weight" drivers in London. The basis is a 48-hour week, and special overtime rates are payable for all work in excess of that maximum. On the whole, it is agreed that Government control of wages and conditions has been fair and reasonable.

CONTROL OF PASSENGER SERVICES

By far the most interesting and important aspect of Government intervention, however, has been concerned with economic control. The Road Traffic Act of 1930 took the licensing of omnibuses and motor coaches out of the hands of local authorities and placed it (together with fairly complete control of fares, time-tables and density of services) in the hands of Traffic Commissioners appointed by the Minister of Transport and answerable only to him. As a result, the number of hackney carriages of over eight seats, excluding trolley buses, which had increased from some 40,000 in 1926 to 52,156 in 1930, fell to 48,519 in 1931. Subsequently, the omnibus industry has been relatively stabilised, as the following table shows:—

Year	Omnibuses and Motor Coaches				No. of Private Cars in use (Great Britain)
	Vehicle Miles	Passenger Journeys	Average Receipt per Journey	Total Passenger Receipts	
1931	1,318,939,521	5,269,475,607	d. 2-66	58,307,279	1,083,457
1932	1,323,721,070	5,344,884,136	2-61	58,207,546	1,127,681
1933	1,312,967,540	5,423,988,292	2-57	58,069,074	1,203,245
1934	1,345,598,053	5,721,900,854	2-52	60,030,067	1,308,425

The increase in 1934 is ascribed to the replacement of trams by buses in a number of municipalities and to an increase of bus receipts by the London Passenger Transport Board. The growth in the number of private cars, however, suggests that there has been a loss of business by public transport, as a whole, to privately owned transport. There has also been a large increase in pedal cycle ownership. Had the omnibus industry been able to adopt a more flexible policy in the matter of fares, some of the business lost to privately owned transport might possibly have been retained. On the other hand, stabilisation has made possible considerable economies through the better use of vehicles and the buying up of competitors on particular services. This in turn has established a number of local monopolies, and there is no doubt whatever that the profitability of omnibus operation has greatly increased.

ROAD USERS' ORGANISATIONS

PRIVATE-CAR owners, numerically the strongest body of users, early recognised the necessity of taking steps for their own protection against the legislator and vested interests, who did not welcome the emergence of new methods of travel. The Automobile Association, representing over half-a-million owners, and the Royal Automobile Club, with a membership of approximately half that figure, share the work of serving the private individual. Both of these organisations date from the early days of the century, and are, in effect, national institutions performing many duties in the public interest which otherwise would have to be paid for by the authorities. A traveller in Great Britain is seldom at a loss for assistance and advice from the efficient patrolmen of these two bodies. In Scotland, the Royal Scottish

CONTROL OF ROAD HAULAGE

The Road and Rail Traffic Act of 1933 went some way to extend the same policy to the road haulage industry by placing the licensing of its services under the control of the Traffic Commissioners. It is now virtually impossible for new concerns to enter the industry; and established operators must bring definite evidence of the growth of their business, and the unsuitability of other operators or alternative means of transport for their particular work, in order to obtain permission to extend their fleets. Interested parties can object to applications for such extensions, or to the renewal of licences, on the ground that the services are, or would be, in excess of requirements. In the absence of official figures showing the effect of this control, the general opinion of the road haulage industry is that the history of omnibus licensing is being repeated, although in a somewhat milder form. There is thought to have been no further diversion of traffic from rail to road hauliers, and in fact some regaining of traffic by the railways as a result of the "agreed charges" they are permitted to quote under the Road and Rail Traffic Act of 1933. The increase in available traffic brought by the improvement in trade is believed to have been mainly absorbed by privately owned and operated ancillary users' vehicles. It would appear, further, that, on the goods side also, a loss of traffic from public to private transport is taking place. This is important from the manufacturer's point of view, as the ancillary user mainly operates relatively small vehicles with comparatively low annual mileages, while the haulier uses larger vehicles running much greater mileages.

CONTROL BY "BOARDS"

In two instances, Government control has proceeded a good deal further than elsewhere. The first has been the establishment of the London Passenger Transport Board by the London Passenger Transport Act of 1933. This brought all London public passenger transport—omnibuses, trams and "tubes"—under the ownership of a single public board, and provided for pooling agreements as regards the passenger traffic of the main-line railways in the London area. The second new departure has been the Road and Rail Transport (Northern Ireland) Act, passed this year. Under this Act, all public road transport—passenger and goods—in Northern Ireland will be brought under the ownership of a single public board. There is to be a pooling agreement with the railways, but no common ownership.

It is somewhat early, as yet, to pass judgment on these schemes. The greater part of London transport had been controlled by the "Underground" combine before the establishment of the Board. The administrative changes involved in its establishment were numerous rather than formidable. There are some indications already, however, that on the omnibus side greater flexibility and more rapid expansion are obtainable in London than in other areas, where omnibuses are strictly controlled by Traffic Commissioners with an eye on rail competition. The Northern Ireland board is still in the experimental stage. It may, however, be doubted whether the lessons to be learnt in a territory approximately the size of Yorkshire, with a population comparable with that of Birmingham, will be necessarily of direct application to more complicated problems which would arise under a similar board in Great Britain.

Automobile Club and, in Ireland, the Royal Irish Automobile Club, enthusiastically second the efforts of the two principal organisations.

Of similar importance to the user of the commercial vehicle in its several forms are the organisations attending to their special interests. The Commercial Motor Users' Association, with its counterpart, the Scottish C.M.U.A., are particularly interested in the ancillary user, as the trader owning his own transport is termed, though their activities extend into other spheres. They are unceasingly active in their endeavours to resist encroachment on the industry of their members have created, and to prevent the enactment of legislation detrimental to their interests.

The haulier hires out his transport to the public; he is an important factor in the motor industry, who performs for British trade a service which would not otherwise be available. The pressure of recent legislation has compelled several of his smaller representative associations to amalgamate for the sake of strength. Thus, the Associated Road Operators has emerged, with a membership of over ten thousand fleet owners, to do battle in the interests of hauliers.

In the omnibus field, there is a considerable variety of ownerships which find difficulty in working together closely. The independent owners have merged their association, the Motor Hires' and Coach Services Association, in the Associated Road Operators, but local prejudices still support a number of organisations which would doubtless gain in strength by amalgamation in the national body. The com-

panies partly controlled by the railway companies are joined in the Omnibus Owners' Association, while municipal interests are served by the Municipal Tramways and Transport Association and the Tramways and Light Railways Association.

The prevailing idea that all these organisations are necessary and have special interests to conserve is an unfortunate circumstance for the motor industry, as the consequent lack of co-ordination leaves them open to separate attack by opposing interests. Attempts have been made to bring them closer together. But while hope of ultimate success is not wanting, the Motor Legislation Committee representing one section, and the British Road Federation, with chiefly commercial user interests, still work in separate compartments. It would seem that considerable energy in legislative matters might well be conserved by united action.

MOTOR INSURANCE

(BY AN INSURANCE CORRESPONDENT)

In the family of insurance the motor department is a youngster; and like the junior members of many other families, it is vigorous, it is growing quickly, and it is apt at times to cause its elders a certain measure of anxiety. Many motorists believe that it is a source of enormous profit to the insurance companies and resent having by law to pay premiums (which they are inclined to regard as excessive) to private concerns which are already of untold wealth and continue year by year to increase their reserves at the expense of the hard-used owners of cars. That is a mistaken belief. Insurance companies do not make large profits out of motor insurance. If it were possible to separate the figures of motor insurance in Great Britain from the general accident figures, home and foreign, there is little doubt that the result would be, in 1934 at any rate, a substantial loss. The British motorist is not, to the insurance industry, the most profitable. He travels on crowded roads in a country which sets a high value on human life. He is subject to an unusually high risk of accident, and once in an accident, is liable to pay damages on an unusually high scale. Motor insurance, in fact, tends to be profitable in inverse proportion to the state of a country's civilisation. It is easier to do well as a motor underwriter in places where the general level of wealth is not high and the legal system not highly developed than in a country like ours, which enjoys a generous standard of living, the best roads in the world, and law courts which rightly put a big cash value on life and limb. For this reason the motor department of an insurance company needs in this country the most careful and vigilant management, and motorists have really no ground for complaining that the companies make excessive profits.

Thus, the manager of the motor department of an insurance company has in the past few years been more subject than any of his colleagues to the competition of unsound companies. The reason is that it is easier to get new business in the motor department than in any other, and new concerns starting their careers and trying to cut into the market have naturally concentrated on this form of insurance. The result has been that the scandal of defaulting companies has been for the most part confined to the motor business, and the injured pedestrian—the person whom Parliament has been most anxious to protect—has in fact been the greatest sufferer from insurance failures. It may prove that the epidemic of failures has, temporarily at any rate, worked itself out, but so long as present conditions hold good there will always be a temptation for the optimist to collect a big premium quickly in the field which offers the greater opportunity for that dangerous form of enterprise.

The profits of motor insurance are conditioned largely by the attitude of the courts to third-party claims, and in recent years judges and juries have become more and more sympathetic to the pedestrian and the motorist who has been injured in a collision on the road. That tendency, in

the present state of public opinion, would be inevitable in any case, but it has been accelerated and intensified by the Road Traffic Act, which makes third-party insurance compulsory and consequently does away with the old rule that in third-party actions the existence of an insurer behind the defendant must not be disclosed. Any human jury will be influenced by the knowledge that damages will fall not on a private citizen but on an insurance company. A fair analogy to what has happened since 1930 would be this: imagine a sudden upward movement in the price of commodities and a fire department which, without being able to increase its premium income in proportion to the risk, has to pay all its losses on a much higher scale of

A.D.



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prices. That is in effect what has happened to the motor departments. Their premiums are not fixed on a rate per cent. of the liability they run, but they have, nevertheless, had to face something not unlike a revolution in the extent of that liability.

GOOD AND BAD RISKS

Moreover, motor insurance is at present entangled more closely than any other form of insurance with Government control. The motorist is the only person in England who is bound by law to insure, and while there is no corresponding obligation on an insurance company to accept his business, there is a certain moral obligation, which has to be recognised, to give him in some form the necessary cover. Perhaps it would be better if the insurers hardened their hearts and made it impossible for the bad driver to get the cover that he needs. It might force him off the road and reduce the risks that we all of us run when we take our walks abroad; but, as things are, it is the rarest thing in the world for a motorist, however bad his record, however great his proneness to accidents, to be prevented from driving by failure to obtain cover. And it is undoubtedly true that most of those motorists who have been bludgeoned into insuring by the Road Traffic Act are bad risks. They are, for the most part, irresponsible and careless. They were willing, so long as the law allowed, to drive with their third-party liability uncovered—a thing that no one but a really wealthy man ought ever to have done—and many of them regard their insurance certificate as nothing but a necessary nuisance which they must get (as they must get their driving licence) before starting out in their car. It was largely by catering for these gentry that the companies which have defaulted in the last few years came to their inglorious end.

There is no other form of insurance in which the personal equation is so important as in the motor department. In every kind of insurance, of course, the personal equation matters. Good management on the part of the insured will always make a risk more desirable whether it is the fire risk or the workmen's compensation risk of a factory or the insurance of the hull and machinery of a steamer. But in motor insurance this element is stronger still. The same car going on the same journey is obviously an entirely different risk according to the person who is driving it; and although there are certain types of driver who can be spotted as dangerous at first sight, there are others who are equally dangerous—but for no visible reason. They are the people for whom the terrible adjective "accident-prone" has been invented, and they make it extraordinarily difficult for the insurers to fix a scale of rates that will be fair all round. And it so happens that in private motor insurance not only tariff offices but non-tariff offices and Lloyd's underwriters as well work on schedules, most of which are published and presented to agents, and so are not too easy to adapt to the idiosyncrasies of individual drivers. That tends to increase the difficulty of motor underwriting and perhaps accounts for the feeling which is common among careful motorists that they are penalised in their

premiums for the sins of the reckless or the unfortunate driver. If they are, it is to some extent inevitable, since the essence of insurance is the bearing of one another's burdens, and the premium for insuring A cannot be fixed without reference to the risk of insuring B. If it were it would not be insurance. But there is a natural tendency in the present circumstances for motorists who for any special reason are a good risk to detach themselves from the general market and insure under a separate scheme of their own, so that the very good risks are apt to drift away from the ordinary offices, with the obvious consequences.

EXPENSE RATIOS

Motor business is by its nature very largely made up of small cases. Big fleets of lorries and cars are comparatively few in number, and the backbone of the business is the middle-class owner-driven car, a large proportion of these risks being placed through the agency of garages and selling organisations whose interest in insurance is naturally subsidiary to their main business. The manager of a motor insurance department consequently has to watch with care his expense and commission ratio, and it is sometimes urged as an objection to the companies that too much of the premium income goes in this way. That objection, however, is not borne out by figures. A table recently published by the *Post Magazine* showed that tariff offices—deriving business, of course, from abroad as well as from this country—spent almost exactly 40 per cent. of their 1934 motor premium income in working expenses and commission, while a number of non-tariff offices spent 37.9 per cent. and a specialised mutual office spent 39.3 per cent. To a layman those percentages may seem high, but they are not high when compared with the corresponding figures of other departments. On the whole managers are to be congratulated on working this difficult business, collected largely in units from here, there and everywhere, and subject to Government regulations, on this average expense ratio.

The future of motor insurance will probably not be easy. The business on offer will almost certainly continue to increase, but the task of selection is not likely to grow simpler. The control exercised by Government may be expected to tighten rather than to relax, and the standard of damages appears still to be moving upwards. Composite offices may find that the competition of specialised organisations increases and draws from the regular market more of the safest class of risks, and they may be forced to classify risks on new lines, going less by horse power than by personality, location, occupation and record. It will never be feasible to rate each risk separately, but the recent re-rating of cars garaged in certain areas indicates the possibility of taking new factors into account. Before long the tariff may have to introduce more elaborate methods of rating and so enable the offices to work on a more varied range of quotations. An enterprising hosiery now offers shirts with three different lengths of sleeve to every one size in collars. Motor insurance may have to improve on that.

THE INDUSTRY AND THE INVESTOR

In all "new" industries, the romance of individual success is invariably followed by the participation of the investor at large. The motor industry is no exception. In two decades motor shares have become one of the most popular industrial groups for those investors who seek something more than the yield on "investment" industrials, and who relish the flavour of mild—and sometimes exciting—speculation which is still characteristic even of the leading shares of the group.

In some respects, the general investor's interest is not fully representative of the industry. He has never shared, for example, in the equity of Morris, which is controlled by Lord Nuffield. Similarly, the steady recovery of Vauxhall to very high profits is a matter of indirect investment interest, via the common stock of General Motors, which controls Vauxhall. Any computation of the capital invested in the industry from the Stock Exchange List would exclude these important interests, and would also give an entirely false impression of Dennis, whose capital, after the

large refunds some time ago, now bears little relation with its effective earning power. Again, the acquisition of the Humber, Hillman, Talbot, Sunbeam and Commer interests by Rootes gives the investor no opportunity of sharing directly in the fruits of the striking reorganisations which that concern has effected.

That the investor, however, has sufficient scope for diversification is suggested by the accompanying record of profits of 15 concerns since 1929. Of these, eight represent private car producers, three are concerned with commercial goods and passenger vehicles, and four are makers of accessories. The list excludes other concerns with an important motoring equity such as Dunlop, the leading oil and petrol distributors, and certain motor-cum-aircraft concerns such as Rolls Royce.

Since 1929, the private motor industry has enjoyed a period of marked expansion. New strata of demand have proved surprisingly responsive to the advent of the cheap

and reliable family car produced by the large popular makers. A second class of producers caters for the smaller clientèle, which demands expansiveness, or exclusive technical features, for example in transmission gear. While the history of the industry is a constant reminder that within the general advance the fortunes of the individual firm may swing between prosperity and bankruptcy in a few years, such scope for stability in profits as exists tends to fall to these general classes. The diversification of models by the popular makers offsets the risk of failure of specific models which the small producers inevitably face and similarly limits the profits due to one striking success among a dozen models. Again, the large concerns have endeavoured to maintain their share of a growing market by reduction in prices and by improvement of quality and range of equipment. The course of profits of such concerns as Austin and Morris sufficiently illustrates the relevance of these factors during the last six years.

THREE CATEGORIES

If, however, the price of success is eternal technical vigilance, no less important is the necessity for strong internal finances. While some of the concerns in the first section of the table have on occasion been compelled to trim their allocations to free reserves to fit the circumstances, it may be doubted whether many industries could produce such a consistent record of under-distribution of earnings. To the long-term investor, however, some considerable part of these reserve provisions must be reckoned as a charge against profits, so far as they may be eventually applied to "exceptional" writing down of equipment with a short effective life, and to expenditure upon development work and research. Moreover, while considerations of policy tend to limit dividends from earned profits, there are signs that no opportunity on the production side must be lost in earning them. Already it appears that the cost of raw materials is tending to rise, and Sir Herbert Austin has followed Lord Nuffield's recent protest with the formation of a company to produce special steels for the Austin works. Again, it is not yet clear whether the new £100 Ford portends a further reduction of prices and of profit-margins.

In the second category, it seems natural to place such concerns as Standard, Vauxhall and Humber. All three have passed through more or less serious adversity, but they are now operating at satisfactory profitability. It would be equally unwise for the producers to infer individual prospects from the trend of the industry as a whole, but since they serve a market as responsive to considerations of quality as of price, their goodwill at least tends to promote a certain stability of turnover. From the stock market point of view, however, the attractions of this group are limited by private ownership of the Vauxhall and Humber equities, while Standard shares, for all their deserved popularity, do not enjoy the same wide market as those of Austin and Ford.

In the third class of private car makers who still hover between a policy of popular and specialised cars, scope for the lay investor tends to be restricted. Frequently the profits of these concerns depend upon the consistent success, from season to season, of a small range of models, and to fail to suit customers' tastes in a single year may involve an arduous regaining of lost ground. Some indication of the relatively large losses which may arise in this section may be gathered from the trend of Rover profits, and also from that of Singer, which is not included in the table. Nor does a striking achievement in design or technique guarantee perpetual profits, for the large popular makers—themselves not backward in this respect—can readily profit by the smaller firms' experience. While there is considerable speculative scope here for the specialist investor with reliable sources of information regarding the position of individual units, these shares are of limited attraction in a general investment portfolio which seeks to restrict its holdings to seasoned industrials.

COMMERCIAL VEHICLE PRODUCERS

Broadly, the private car producers as a whole appear to be facing reasonable prospects of increased profits, provided that raw materials costs do not rise so far that prices must

be increased or quality and refinements reduced. Commercial vehicle producers, however, come in a somewhat different category. The effects of legislation during recent years, coupled with rapid development of the Diesel engine, have been responsible for a sequence of sub-normal profits, from which recovery has been only partial as yet. Both the Associated Equipment and Dennis profits have yet to achieve the high levels which were earned between 1929 and 1931. The larger concerns—in particular Leyland and

PROFITS, EARNINGS AND DIVIDENDS OF LEADING PRIVATE CAR, COMMERCIAL VEHICLE AND ACCESSORY COMPANIES
(Profits in £'000's)

Group, Company (and Date of Accounts)	1929	1930	1931	1932	1933	1934	1935
Motors							
Austin (July 31)—							
Earned for ord.	369.5	468.0†	303.2	205.0	321.2	471.7	434.1
Earned %	318.0	403.4†	269.5	182.2	285.5	405.8	360.0†
Div. %	20	102.8†	100	50	100	100	200†
Ford (Dec. 31)—							
Earned for div.	714.0	790.4	Dr 134.5	Dr 725.9	742.2	483.7	...
Earned %	12.8	14.6	Nil	Nil	11.4	6.9	...
Div. %	10	10	Nil	Nil	Nil	5	...
Humber (July 31)—							
Earned pref.	Dr 73.2‡	42.3	Dr 96.2	Dr 245.0	72.3	224.6	186.9
Morris (Dec. 31)—							
Earned for ord.	814.1	730.4	313.9	464.0	135.0	327.9	...
Earned %	40.7	36.5	17.2	23.2	6.8	16.4	...
Div. %	10	10	5	10	5	10	...
Riley (Aug. 1)—							
Earned for ord.	63.7	73.2	78.8	66.9	67.9	36.8	...
Earned %	55.6	65.9	69.8	58.3	58.0	23.1	...
Div. %	10	10	20	20	20	20	...
Rover (July 30)—							
Earned for div.	120.2	37.2†	Dr 77.5	Dr 340.6	12.5	94.4	154.0
Earned %	35.7	11.5†	Nil	Nil	4.0	29.0	38.2
Div. %	5	Nil	Nil	Nil	Nil	Nil	Nil
Standard (Aug. 31)—							
Earned for div.	Dr 17.8	40.2	70.3	160.7	92.0	86.8	120.5
Earned %	Nil	17.3	31.2	71.4	31.2	37.3	51.8
Div. %	Nil	Nil	Nil	15	15	15	20
Vauxhall (Dec. 31)—							
Earned for ord. ...	Dr 301.8	Dr 106.5	38.0	105.3	447.9	638.0	...
Earned %	Nil	Nil	12.6	32.5	132.7	183.0	...
Div. %	Nil	Nil	Nil	Nil	Nil	75	...
Commercial Motors							
A.E.C. (Sept. 30)—							
Earned for div.	94.6	141.0	150.5	127.5	73.1†	102.0	129.2
Earned %	8.6*	10.5*	10.0*	8.5*	6.5†	8.8	11.1
Div. %	8*	10*	10*	7†	6.7†	8†	8†
Dennis (Sept. 30)—							
Earned for div.	336.6	286.8	135.7	74.1	74.3	104.0	117.9
Earned %	472.5	410.3	183.0	98.6	98.9	139.8	156.9
Div. %	350	283‡	175	100	100	133‡	150††
Leyland (Sept. 30)—							
Earned for div.	507.6‡	360.7‡	200.9	65.9	Dr 30.6	154.2	...
Earned %	68.2†	51.5‡	29.8	9.8	Nil	22.1	...
Div. %	Nil	20	10	10	5	12‡	...
Accessories							
J. Lucas (Aug. 7)—							
Earned for ord.	219.8	212.2	196.7	207.6	228.0	236.8	242.9
Earned %	33.5	28.1	26.9	28.4	31.2	15.6†	16.0†
Div. %	25	25	20	20	25	12†	12†
Serck Radiators (July 31)—							
Earned for div.	28.9	25.7	19.8	14.3	15.4	20.8	27.8
Earned %	30.1	27.7	21.9	15.9	17.1	22.2	28.9
Div. %	17‡	17‡	15	12‡	12‡	12‡	15
S. Smith & Sons (July 31)—							
Earned for div.	36.4	22.5	0.9	5.1	24.4	36.4	36.4
Earned %	81.4	46.5	2.0	12.1	49.7	89.9	55.8
Div. %	37‡	18‡	Nil	Nil	25	25	25
Triplex (June 30)—							
Earned for div.	10.2	36.7	34.5	30.8	60.4	75.2	85.5
Earned %	3.4	12.0	11.5	10.3	40.2	48.5	55.1
Div. %	5	5	10	10	25	25	30

* After normal pref. dividends 1930 7 months equated to 12. 1935, ord. earnings and dividends as on old capital. † 1929, 11 months equated to 12. "Earned" and "div." figures not given owing to capital reorganisation. ‡ Broken periods equated to 12 months. § After charging normal pref. div. each year. * Tax free. † On capital increased basis by 100 per cent. bonus in 1933. †† And special dividend of 50 per cent. tax free from surplus realisation account.

A.E.C.—have strengthened their position vis-à-vis the considerable number of smaller companies whose inauspicious profits records were only equalled by their weak selling. But since the latter are now dependent upon the larger concerns and a number of private companies for Diesel units, they have inevitably lost ground to the integrated engine, chassis and coachbuilding concerns. The latter, nevertheless, have still to regain a considerable part of the market in heavy vehicles, which were singled out for

legislative attention. Their lighter types, moreover, must compete with the less expensive petrol vehicle, which has advantages where high annual mileages are not required.

In this group, A.E.C. became a public company on the formation of the London Transport Board, with which it has a ten-year contract for supplying certain chassis and parts. Relative stability of profits rather than spectacular upswing is suggested by the earnings since 1929. Similar considerations are suggested by Dennis, but Leyland profits have been rather more sensitive. Their fluctuations may be explained by the period of poor business in passenger vehicles which succeeded the Road Traffic Act of 1930, owing to the conditions of glut in the second-hand market. The waning effect of this legislation, however, is suggested by the improvement in the passenger registrations, although they are little over half the level of 1929. Again, the expansion of the lorry market—despite the emphasis on lighter weight vehicles—suggests some possibility of rising profits. The general investor may be advised to limit his choice to those concerns which build their own Diesel engines, and the list is sufficiently small to allow the risk of fluctuation in the profits of individual firms to be hedged.

ACCESSORY MANUFACTURERS

A useful indirect equity in the prosperity of the motor industry, and, latterly, in the aviation industry, is provided by the accessory makers' shares. The final section in the table illustrates the course of profits of four of these concerns. While it shows the influence of rising output upon profits, these have not been "highly-g geared" for a number of reasons. Although the motorist has come to require a fuller dashboard of instruments, the number of companies

originally catering for the demand was too large to permit substantial profit margins, and even now, after a number of bubble companies—particularly in the safety-glass business—have been weeded out, conditions are still competitive. However, the emergence of Triplex as the premier producer has been marked by an increase of profits during the last six years by over eight times, while dividends have risen six-fold. The instrument and lighting equipment makers show stability rather than rapid progress, although S. Smith and Sons (Motor Accessories), which passed through a difficult period in 1931 and 1932, has restored its former earning capacity. On the aviation side, the instrument business is conducted at relatively low profit per unit, and if the emergence of the new £100 Ford heralds a campaign of price reduction by the leading makers, it is possible that the accessory makers will be called upon to meet some part of the burden. Already production costs have been greatly reduced, and the scope for further economies has undoubtedly narrowed. It would seem fair to put a modest interpretation on future prospects, and the shares make their greatest appeal to the industrial investor who seeks a fair degree of stability coupled with a "back entrance" into the motor industry through which he can hedge some of the difficulty of choosing the year's successful producer.

The motor industry has achieved its majority, but technical conditions are still in process of change, and the investor who wishes to avoid the extremes of individual good and bad fortune can only seek refuge in a diversified holding of the leading equities. If this is periodically examined in the light of competent technical advice, there should be scope enough for a satisfactory long-term interest in an industry whose market is still actively expanding.

PROSPECTS OF THE INDUSTRY

THE story of the growth of the motor industry in the leading industrialised countries is impressive. The rise of the British motor industry to third place among factory trades within the short time of fifteen years is no mean achievement, especially in view of the considerable difficulties under which manufacturers in this country laboured in the early years after the war. The period of rapid and somewhat haphazard expansion of mechanised road transport has come to an end. What then are the prospects of the British motor industry?

There are no signs that the limit of expansion in the protected home market has been reached. But although at home saturation point may be approaching, given the present level of incomes and costs of running a car, replacement demand alone will keep the industry busy in times of prosperity. But as saturation point at home draws nearer, the vulnerability of the industry during a period of falling incomes increases. This is amply demonstrated by the experience of the industry in the United States since 1929.

There are two ways in which the approach of saturation point of the home market may be deferred. In the first place, the area of the population whose income limit brings them within the potential car-owning class may be widened by still further reductions in the prices and running costs of motor vehicles. Competition among individual manufacturers provides a powerful incentive for continuous application to secure a further reduction in costs. The minimum income necessary to run a car has fallen rapidly in recent years and may soon reach the £300 level. Manufacturers, however, have little influence over the level of

taxation of petrol and vehicles and over the application of the proceeds. But it is the duty of enlightened Government to see to it that no unnecessary obstacles are placed in the path of the industry. The second way in which the interests both of the industry and of the consumer can be furthered is the provision of roads suitable to the motor vehicle. The present road system remains inadequate despite the improvements carried out in recent years. An intensive "five-year plan" under central control might do much not only to relieve congestion and to increase the carrying capacity of the highways, but also to reduce the number of accidents.

It is abroad, however, that the possibility of expansion seems greatest. A visitor to foreign countries may still see the strange spectacle of huge burdens carried by donkeys scarcely visible beneath their load and of tramcars drawn by the same species of animal. Already, the motor vehicle has tended to displace these strange customs, but scope for development remains enormous. Inadequate roads and lack of purchasing power tend to restrain the pace of "motorisation" overseas, but these obstacles will no doubt be overcome in time.

The share of the future world trade in motor vehicles obtained by the British motor industry will depend, in a large measure, on the relative efficiency of manufacturers in this country. Here, again, enlightened Government policy might do much to help the British motor industry in their efforts to increase exports by further reducing and even abolishing the horse-power tax which forces British manufacturers to concentrate on the production of low-powered vehicles.

BOOKS AND PUBLICATIONS

100 YEARS OF MUNICIPAL PROGRESS*

TUESDAY is the centenary of the Municipal Corporations Act of 1835; and local government omcers are to be congratulated on the enlightened self-interest which inspired their National Association to arrange for this memorial volume. It consists of a number of essays, written by the three editors and sixteen other distinguished authorities, varying considerably in length and quality, and treating a great many aspects of the remarkable century since the English cities were re-created by the Municipal Corporations Act of 1835. These several contributions very nearly succeed in making a single and coherent book. They are all worth reading, and they do not suffer from being read in the order in which they are printed. But there is too much overlapping (certain salient facts are repeated at least three times in various places); and it would have been more logical and convenient to put the chapters on finance, Parliament and Central Control in the same part of the volume as those dealing with other parts of the machinery of local government, instead of separating them by nine essays concerned with the particular services provided.

It might, too, have been wise to include a chapter by some woman. For, except in Mr Gilbert Slater's quite admirable article on Poor Relief, the contribution of women to the development of city government hardly receives enough attention. London, perhaps, should have had a chapter to itself, and there are two other rather serious omissions. Apart from a few incidental references to foreign countries, no attempt is made to compare municipal progress in England with similar developments elsewhere. A chapter of comparisons would have been worth including (possibly at the expense of half the disproportionately long essay on the Municipal Service), especially if it had discussed German and American experience, and included some reference to Scotland.

Moreover, the history and nature of rates are nowhere adequately examined, and the reader may well be left with the impression that nothing need be said in criticism or defence of the tax by which alone English cities can raise money. Sir Josiah Stamp's valuable chapter on municipal finance seems to assume that this subject is too well known to be worth discussing.

But apart from these points of criticism, the book is admirably planned, and many of the chapters are quite first-rate. Since 1903, when the last edition of Redlich's "Local Government in England" appeared, the work of city councils has been extended on a huge scale, and no attempt which has so far been made to bring the history of the subject up to date has come nearer success than this one. Dr. J. L. Hammond's chapter (probably the best in the book) passes the whole century under review, and outlines the growth of city government in its proper context of economic and social change. Mr John Willis, in the most original of all the contributions, describes the changing relationship between Parliament and the local authorities. Dr. Jennings provides an excellent summary of what he has already written on the part played by Whitehall and the Courts in controlling local administration.

Of the chapters concerned with particular municipal services, the one on education by Professor Frank Smith is outstandingly successful; Sir George Newman's authoritative essay on public health is also illuminating; Mr Herbert Morrison's on highways and transportation covers a wide field in a most interesting way, though it would be still more valuable if it paid more attention to railways and their relation to road transport; and Sir Frederic Kenyon makes an instructive and lively article out of the depressing history of municipal museums and art galleries. But this dreary aspect of local government history certainly suggests that the statutory limitations which have always restricted the powers of English municipalities cannot wholly be blamed for the lack of æsthetic or cultural liveliness in English cities, and that even if the powers of local councils

* "A Century of Municipal Progress, 1835-1935." Edited by H. J. Laski, W. I. Jennings, W. A. Robson. George Allen and Unwin, Ltd. 511 pages. 21s.

were considerably increased, Dr. Robson would still prove to be over-optimistic in his light-hearted vision of the English city government of the future.

He points, however, to very solid ground of hope when he writes, in more sober conclusion:—

Adherents of all the major political parties are agreed in recognising the fundamental value of our municipal institutions, and this unity of opinion is of far greater moment than the temporary party conflicts about particular questions . . . which enliven the scene from time to time.

This is a conclusion which few are likely to dispute.

SHORTER NOTICES

"The Simple Case for Socialism." By G. D. H. Cole. Gollancz. 288 pages. 5s.

In this his latest book Mr Cole is in his most readable and persuasive, if not his most profound, form. The book, in his own words, is not "an economic treatise nor again a Utopia," but "a plain statement by one who has been a Socialist from boyhood, of the reasons for his faith."

By Socialism, Mr Cole means "a classless society," a "democracy" which "assures every citizen a real and effective share in the government of his own country and the world." Mr Cole makes it very clear that he wants Socialism because he wants to see human happiness and freedom established on earth—particularly the latter. "I want a free society," he says, "in the sense of a free-and-easy society, with a deep belief in letting people go their own ways in all matters that can be left free-and-easy without opening the way to social brigandage or gangsterism." At the same time he puts much emphasis on the small man's need for security: "The rich are happiest, not in being rich, but in being for the most part secure and for the most part able to enjoy the work they do."

This must be the most idealistic book that Mr Cole has written. At times he is so possessed by his conviction of the rationality and justice of the Socialist case that he almost inclines to say that for this reason alone it must prevail. How far from the orthodox Marxist! But Mr Cole is not Utopian either:—

If we Socialists (he says) can get for ourselves a leadership that is able to inspire . . . confidence, and get behind that leadership a policy and a programme which promises an orderly as well as a rapid advance towards a Socialist system . . .

Here Mr Cole certainly hits one important nail on the head.

BOOKS RECEIVED

A History of Europe. Vol. III. *The Liberal Experiment*. By H. A. L. Fisher. (London) Eyre and Spottiswoode (Publishers), Ltd. 18s. net.

The Exchange Clearing System. By P. Einzig. (London) Macmillan and Company. 220 pages. 8s. 6d. net.

Handbook of Central and East Europe, 1935. Edited by Stephen Taylor. Central European Times Publishing Company, Ltd. Zurich. 992 pages. 6s. 6d. net.

The 1935 issue of this useful compilation, first published in 1932, is now available. It contains the usual wealth of information about political, financial, industrial and social affairs; and is complete with statistics, photographs and maps. The countries covered are Albania, Austria, Bulgaria, Czechoslovakia, Danzig, Estonia, Finland, Greece, Hungary, Latvia, Liechtenstein, Lithuania, Poland, Rumania, Turkey, Yugoslavia.

Who's Who in Central and East Europe. Edited by Stephen Taylor. The Central European Times Publishing Company, Ltd., Zurich. 1163 pages. £4 4s. net.

The publishers of the above guide have now produced this new and invaluable "Who's Who." It contains 10,000 detailed biographies of statesmen, writers and public men of all kinds in the 16 countries mentioned in the preceding note. It should be of great value to all whose work brings them into contact with the politics or business of Central and S.E. Europe.

Let's Calendary. This is an attractive diary with a convenient calendar on the cover. It contains much useful information. 160 Shaftesbury Avenue, W.C.2. 6s.

OFFICIAL PUBLICATIONS

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

Colonial Report, No. 1726. Straits Settlements, 1934. 4s. 6d. net.

Colonial Report, No. 1729. Uganda Protectorate, 1934. 2s. 6d. net.

Report on the Import Duties Act Inquiry (1933). Part I. 5s. net.

MONEY AND BANKING

NEW GOVERNMENT LOANS

LAST Monday evening the Government announced the issue of two new loans. The first, a 2½ per cent. Funding Loan of £200 millions, was offered for cash at 96½ per cent., and is redeemable at any date between April 15, 1936, and April 15, 1961. The second, an issue of £100 millions 1 per cent. Treasury bonds, was offered for cash at 98 per cent., and is redeemable between February 1, 1939, and February 1, 1941. Calls on the Funding Loan are spread over various dates to April 3, 1936. Five per cent. of the Treasury bond subscriptions are payable on application, and the remaining 95 per cent. on March 2, 1936. The Treasury simultaneously gave notice to repay on March 2, 1936, the outstanding £150 millions of the 2 per cent. Treasury bonds, 1935-38, issued at par in October, 1932. Notice had already been given to repay the outstanding £44 millions of 3 per cent. Treasury bonds on April 15th next.

The net result is that the Government is redeeming £194 millions of old debt and issuing £300 millions of new debt, for which the total cash subscription will amount to £291 millions. The Government will thus have a cash "surplus" of £97.0 millions at its disposal. How far will the new issues appeal to investors? There is no doubt whatever that the Treasury bond offer is welcome to the money market, and it is not surprising that it was at once over-subscribed. Against a yield on Treasury bills to-day of a bare ½ per cent., the new bonds, assuming redemption at the latest date, give as much as £1 8s. 5d. per cent. Furthermore, the clearing banks have agreed to lend to the market against them at a special rate of ¾ per cent., or halfway between the ½ per cent. charged for loans against bills eligible for rediscount at the Bank of England and the 1 per cent. charged against other collateral. This leaves the market with an ample margin. The result of the issue was that applicants for over £200,000 only received an 89 per cent. allotment—smaller applications being allotted in full. After opening at 2s. 6d. discount, the market quotation closed at par on Thursday.

The appeal of the new Funding Loan is more difficult to appraise. On the basis of latest redemption, the investor is offered a yield of £2 13s. 10d. per cent. over a period of 25 years. His decision will depend on his view of the course of future interest rates. If he looks for the dawn of a day when 3 per cent. Local Loans will be converted, and 2½ per cent. "Consols" will stand at par, he will buy 2½ per cent. Funding Loan now, in the hope of a premium hereafter. On the other hand, if he regards this week's offer of Treasury bonds at the record low rate of 1 per cent. as an intimation that interest rates are near their lowest point, or have already passed it, he will, at least, pay the Treasury an implied compliment for their proverbial sagacity in picking on the psychological moment for the new issue.

The loan, however, was over-subscribed, and applicants for over £50,000 were only allotted 92 per cent. The scrip closed at par on the first day. Still, the City retains its belief that a large portion of this new loan has been taken up "inside." If past precedent has any present relevance, it will not be surprising if the greater part of the two loans called for repayment has already passed into the hands of the Public Departments. There is, indeed, some statistical evidence in support of this view. During the past year "tap" issues of Treasury bills have been reduced to £96 millions, and Ways and Means Advances from Public Departments by £17 millions. It is difficult to ascribe this total reduction of £113 millions in the floating assets of the Departments entirely to the operations of the Exchange Equalisation Account. Last spring the Account was selling gold and taking up Treasury bills. Conversely, the autumn gold purchases of the Exchange Account, heavy though they were, have not been accompanied by any considerable reduction in the Departments' floating assets, which have fallen only by £35 millions since early August. Clearly, other changes have been taking place, and it is at least con-

ceivable that the Departments have been turning out Treasury bills to make room for other securities. If the bulk of the loans called for repayment have been taken up in this way, the Departments will be able to "support" the new Funding Loan issue and ensure its immediate success.

What is likely to be the effect of the whole refunding operation upon the banking and credit position generally? The floating debt has increased from £916 to £935 millions during the twelve months to November 30th last. Tender issues of Treasury bills have risen from £433 to £565 millions; while the Departments' floating assets have been reduced from £483 to £370 millions. This increase of £132 millions in tender issues of Treasury bills is reflected directly in an increase of £81 millions (from October, 1934, to October, 1935) in the clearing banks' discounts, and, indirectly, in an increase of £145 millions in their deposits. By virtue of the Government's new financing operations, some £97 millions will be made available for the redemption of Treasury bills. If the money is so used, the banks may be faced with the alternative either of subscribing to the new loans or suffering a reduction in deposits. Such a reduction would not necessarily be deflationary, for it would represent simply a transfer of savings from bank deposits to the new loans. But as the reduction will leave the floating debt £78 millions lower than a year ago, it cannot be ignored by the banks, the money market or the general public.

At this point it seems advisable to correct a prevalent misconception. It has been suggested that some £44 millions out of this £97 millions of new money is, as it were, earmarked in advance, inasmuch as 3 per cent. Treasury bonds to that amount were redeemed last April. This assumption overlooks the fact—clearly stated by Mr Chamberlain in his last Budget speech—that £34 millions of these Treasury bonds were redeemed out of sinking fund money—that is, out of accumulated revenue. Only £10 millions of cash had, consequently, to be found last April, and the floating debt was increased only by this relatively small amount. That, however, is past history. What is of more immediate moment is the indisputable fact that £97 millions of new money will be available to the Treasury next year.

Speculation will, doubtless, busy itself with the eventual destination of this by no means inconsiderable sum. Initially, of course, it will be applied to the reduction of the floating debt, and it may be argued that its permanent employment in that way would be entirely in keeping with traditional Exchequer policy. In view, however, of the references to defence expenditure in the King's Speech this week, other possibilities will most certainly be canvassed in unofficial quarters. But there is no evidence that the Government intends to borrow for this purpose. In any case, the Treasury will not be required to find any very considerable amounts for re-armament immediately. The terms of the Washington Treaty relieve the country from the possibility of heavy battleship construction before the end of 1936, and additional air force expenditure will be the main item during the financial year 1936-37. All that can be said is that if the Government should decide to make fresh capital expenditure of any kind, it can do so without special borrowing by allowing the floating debt to rise again to its present level.

On the whole we may conclude that the present operation has been well timed and that conditions favour its success. It must necessarily tend, however, to add to the already large investment holdings of the joint-stock banks. By reducing the supply of Treasury bills it may also make the maintenance of discount rates more difficult. These are problems, however, which the Government may leave to the banks and the money market. The Treasury may claim that its first duty is to the taxpayer, and that the latter's best interests are served by the use of every opportunity to reduce the long-term burden of the National Debt.

FINANCIAL NOTES

The Money Market.—The payment of the War Loan dividend at the beginning of the week increased the supply of funds, but money is now so plentiful that it made little noticeable difference. A more important influence on the market is the fact that the banks are beginning to curtail their bill purchases. This is partly because their cash reserves are now being depleted by Christmas currency withdrawals, but they are also reluctant to add to their bill portfolios just before the end of the year. Discount rates have therefore become firmer. Last week the Treasury bill tender rate rose from 10s. to 9.99d. to 11s. 9.31d. per cent., and a further increase was expected to take place on December 6th. When the banks are ready to buy bills at all, they are now taking Treasury bills at ½ per cent. for dates up to February 22nd. Hot Treasury bills were freely offered this week at ½ per cent.

	Nov. 14, 1935	Nov. 21, 1935	Nov. 28, 1935	Dec. 5, 1935
Bank rate.....	2	2	2	2
Clearing banks' deposit rate ...	½	½	½	½
Short Loan rate :—				
Clearing banks	½-1	½-1	½-1	½-1
Others	½	½	½	½
Discount rates :—				
Treasury bills	½-1½	½	½	½
Three months' bank bills	½	½	½	½-1

Day-to-day money is plentiful at the normal rates. Some of the banks have also lent money into the New Year at ½ per cent., but borrowers are not finding it easy to get as much as they need.

The Bank Return.—This week the note circulation has risen by £4.3 millions, and the Christmas expansion has definitely started. The Bank has bought some more gold, and the Reserve is only reduced by £3.5 millions.

BANK OF ENGLAND					
	Dec. 5, 1934	Nov. 13, 1935	Nov. 20, 1935	Nov. 27, 1935	Dec. 4, 1935
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department :—					
Gold	192.2	196.5	197.2	197.6	198.4
Note circulation	385.4	401.4	398.9	401.3	405.6
Banking Department :—					
Reserve	67.3	55.9	59.2	57.1	53.6
Public deposits	8.6	15.8	21.6	19.7	7.1
Bankers' deposits	108.9	92.9	90.9	90.9	103.7
Other deposits	36.4	36.7	38.5	38.5	37.5
Government securities ..	84.8	83.5	83.6	85.5	89.4
Discounts and advances ..	9.6	11.1	9.7	9.5	10.7
Other securities	10.1	12.6	14.4	12.8	12.5
Proportion	43.7%	38.4%	39.6%	38.8%	36.1%

The War Loan dividend payment explains the big transfer of funds from public to bankers' deposits. The increase in Government securities may represent Ways and Means borrowing from the Bank to finance the War Loan dividend.

The Foreign Exchanges.—The London market has been very quiet. Early in the week the franc strengthened, and the general tone in Paris also became more cheerful. On Thursday morning, however, the tension became greater owing to fears of the outcome of the evening's debate in the Chamber. Three months' francs widened in London from Frs. 2½ to Frs. 2½ discount, and the Paris-New York cross rate moved from Frs. 15.18 to Frs. 15.18½, or to beyond the export gold point. Still, taking the week as a whole, the gold outflow from Paris has been less rapid. The franc has also improved against the guilder and the belga. Last week Brussels took gold from Paris, but this week the exchange has been inside the gold point. The Banque de France's return for November 29th shows that during the preceding week the gold reserve fell from Frs. 69,025 to Frs. 66,191 millions, while withdrawals at the end of the month raised the note circulation from Frs. 81,235 to Frs. 82,447 millions. These movements have imposed a fresh strain upon the internal banking position, for discounts at the Banque de France have risen from Frs. 9.786 to Frs. 11.218 millions, while private deposits have shrunk from Frs. 11,270 to Frs. 9,185 millions. Dealings in dollars in London have been very inactive, but the pound has im-

proved slightly to \$4.93¾. The customs returns for the current week show gold imports of £2.1 millions from France, offset by exports to France of £1.1 millions, mainly in coin. Silver exports to the United States amounted to £2.7 millions.

New York Money and Banking.—The Federal Reserve Board has fixed maximum rates for time deposits in accordance with the terms of the 1935 Banking Act. These are 2½ per cent. for deposits for six months and upwards, 2 per cent. for deposits from 90 days to six months and 1 per cent. for deposits fixed for less than 90 days. Money is easy. New York member banks' loans to brokers rose from \$856 to \$887 millions during the week ended November 27th. Other loans against securities rose from \$731 millions to \$732 millions. The \$900 millions of Treasury issues to finance work relief and other Government needs have been heavily over-subscribed. Gold imports for the week ended November 27th included \$56.0 millions from France, \$5.2 millions from India and small amounts from Canada, England, Holland and Russia. \$40.9 millions is reported to have arrived this week from France, while a further \$32.6 millions of French gold has been engaged for shipment. Foreign bank deposits with American member banks rose during the week ended November 27th from \$380 to \$437 millions. Silver imports for the week ended November 22nd are returned at \$13.1 millions, of which \$10.2 millions came from England.

Barclays Bank (D.C.O.).—This bank has had a relatively successful year. Net profits have risen from £410,000 to £473,000, and while increased provision is needed for income tax it has proved possible to raise the dividend from 5 to 5½ per cent. Most of the bank's different spheres of activity have contributed to this improvement. Business in Palestine is more active, Egypt is benefiting from the recent sharp rise in cotton, and prices of West African produce, though still low, are higher than a year ago. During the year ended September 30th last the following changes occurred in the bank's accounts:—

	(£ millions)		
	Sept. 30, 1934	Sept. 30, 1935	Change
Deposits	82.9	87.8	+ 4.9
Cash	17.0	24.4	+ 7.4
Investments	25.8	23.4	- 2.4
Advances	26.7	29.2	+ 2.5

These changes largely reflect the South African trade revival, and also the expansion in the Dominion's London balances and in internal credit conditions. In fact, under normal conditions the trade revival in South Africa would probably have brought about a greater expansion in advances.

Bank of New South Wales.—Both the Bank's report and the annual address of its President are severely critical of recent Australian central banking policy. The fall in wool prices since early 1934, the repatriation of external balances, and heavy Australian tourist expenditure abroad have all combined to reduce the Commonwealth Bank's London balances, and during the year ended November 25, 1935, these have fallen from £25.6 to £16.9 millions. This has caused a corresponding contraction in the cash balances of the trading banks and also a reduction in their deposits. Faced with this contraction, the report of the Bank of New South Wales states, the trading banks were forced either to restrict advances or to sell Government securities, and to some extent they are already following both these alternatives. The report condemns the Commonwealth Bank for its alleged inaction in face of these changes, but the cabled summary of both the report and the President's address do not suggest what the Commonwealth Bank should have done. Moreover, the President himself suggests that, owing to the recent improvement in export prices, the year 1935-36 may witness some addition to London funds after meeting all overseas commitments. This should ease the internal banking and credit position, and offer the hope of a satisfactory solution of the problem.

THE STOCK EXCHANGE

AMERICAN UTILITIES

WHEN the Roosevelt Administration, assuming office, declared "These many then shall die—their names are pricked," the utility companies stood high in the list. Their hold on life, however, has proved tenacious. They are not merely an unconscionable time dying, but are most reluctant to start the process. They countered the original "death sentence" clause in their Bill, this year, with the most prodigious "lobby" which even Congress had known. Subsequently, when the Administration had secured the re-insertion of a modified death clause in the Public Utility Holding Company Act, as finally passed, they appealed to the Courts, and have already secured a decision in one Federal Court that the Act is entirely unconstitutional. This judgment may have had the character of an advisory rather than of a legally operative decision and the final word will not be given until the Supreme Court has spoken. Meanwhile, the companies clearly regard their legal position as anything but desperate, and many have refused to comply with the initial requirement of the Act, which demanded their registration with the Securities and Exchange Commission by the first of this month. The American investing public, in turn, has persisted in valuing utility shares for their "recovery" appeal, in a context of expanding business activity, and in crediting them, implicitly, with a much greater expectation of life than the average condemned criminal. From a low point of 52.2 this year the 37 utility shares in the Standard Statistics Index have risen to a present level of 92.5 (1926 = 100). The background for the rise has been an increase in electric power production of 7½ per cent. in the first ten months of this year and as much as 11½ per cent. in the three months August-October.

Investors who desire to be bulls of American economic revival rather than bears of the Act's constitutionality—and their number probably includes a good many British investors who are interested in the self-raising potentialities of the American utilities market on its own merits—have, as it happens, a middle course open to them. Part II of the Act confers vast and vague powers on the Federal Power Commission over the rate structure of all electric utility operating companies engaged in inter-State commerce. How far these will be eventually exercised remains to be seen, but informed American opinion has been almost unanimous in regarding them of as less immediate moment than the provisions of Part I of the Act, which place the structure and financial operations of all utility holding companies and their subsidiaries under the jurisdiction of the Securities and Exchange Commission. Under Section 11 of this part of the Act, holding companies with operating subsidiaries whose operations are not confined to one State or contiguous territory are, at the Commission's discretion, to take steps within one year, after January, 1938, to divest themselves of the control of their non-contiguous properties. There is a tendency, therefore, among prudent investors, to regard the future of well-run operating companies as fairly secure against any cataclysmic developments, and to judge the holding companies, *vis-à-vis* the Act, according to their "vulnerability" or otherwise. Thus, a well-known Wall Street house has suggested that little change may, probably, be expected in the structure of such concerns as the following, whose systems are mainly intra-State, or (in one case) are outside the United States altogether:—

American and Foreign Power; American Waterworks and Electric; Buffalo, Niagara and Eastern Power; Columbia Gas and Electric; Consolidated Gas; Niagara-Hudson Power; Pacific Lighting Corporation; Public Service Corporation of New Jersey; and West Penn Electric.

The following companies, it is suggested, would be allowed to continue their corporate existence, though probably with some changes in structure:—

American Gas and Electric; Cities Service Company; Stone and Webster; United Gas Corporation; and United Gas Improvement.

Finally, the corporate existence of the following has been described as "vulnerable," with major changes indicated:—

American Light and Traction; American Power and Light; Associated Gas and Electric; Cities Service Power and Light; Federal Light and Traction; Commonwealth and Southern Corporation; Electric Bond and Share; Electric Power and Light; Engineers Public Service; International Hydro-Electric; Middle West Utilities (now in receivership); National Power and Light; North American Company; North American Edison; Standard Gas and Electric; United Light and Power; and Utilities Power and Light.

Until the constitutionality of the Act is decided by the Supreme Court, one way or the other (which may conceivably be not until after the presidential elections of next autumn), the securities of all these holding companies will carry, in greater or less degree, a legislative as well as an industrial "risk." Investors who are anxious to reduce the former to a minimum, while sharing in any benefits which may accrue under the latter category, may find interest in an examination of the limited number of operating companies whose stocks are directly available. A selection is given in the annexed table, with particulars of earnings per share, current dividends and present prices.

Of the four groups into which the public utility industry divides itself, that of electric supply is the most important. According to the Edison Electric Institute, the electric light and power companies of the United States serve approximately 25 million customers, of which about 80 per cent. are "residential" and 14 per cent. "commercial," the rest being mainly municipalities, railroads, street railways, etc. The most striking recent development has been on the domestic side, where average consumption per customer has risen from 268 kilowatt hours in 1914 to 500 kw.h. in 1929 and approximately 660 kw.h. in 1935. This intensive development has reflected, first, an improvement in lighting facilities, and, secondly, an increased use of domestic electrical appliances. One of the most important of recent "load builders" has been the electric refrigerator, and growing importance is attached to the future extension of cooking and water-heating appliances. While further development in the next decade may be intensive rather than extensive, rural electrification still offers an avenue for a substantially increased consumption. The Standard Statistics Company has recently estimated that only about 12 per cent. of the total farms in the United States are electric power consumers. The larger farms, however, may be capable of using up to 6,000 kw.h. per annum. In this connection, the fact that some \$100 millions has been set aside by the American Government to promote rural electrification may be of importance to the industry.

The national output of electricity will this year, by all appearances, regain and even surpass the 1929 "peak" figure of 90 million kw.h. Recovery started for most companies in 1933, but it is only in the last few months that the majority have been able to surmount the handicap of lower rates and higher taxes and to show gains in income. Improvement, it is believed, should next year be consistent and substantial. The fly in the ointment is less the trend of future consumption than the expressed determination of the authorities to secure reductions in charges for electricity. The Tennessee Valley Authority, with its "yardstick" of 3 cents per kw.h., is regarded as a potential threat to certain companies operating in adjacent territories in Alabama, Tennessee, Georgia and Carolina. Another menace has been the offer of Federal funds to municipalities desirous of building their own plants, though as yet few cities or towns have actually started to erect plants under these terms. In the long run, however, a policy which tends to expedite rate reductions may not be an unmixed evil, even for the producing companies; for past experience has shown that the stimulating effect of such changes on consumption has been so well marked that increased sales have more than offset its financial effect within a year or two.

Compared with the electric supply companies, many of the gas producers are at a disadvantage. Relatively high manufacturing costs prohibit the sale of manufactured gas on a competitive basis with coal or oil, and its supremacy in the field of cooking and water heating (which accounted for nearly 65 per cent. of a total gas consumption of 359,000 million cubic feet in 1934) is being increasingly challenged by the electrical industry. The outlook for the natural gas companies, however, is believed to be brighter. Within the last five or six years pipe lines have been laid down from main producing fields in areas like California, the South-West, West Virginia and Ohio for the transmission of natural gas to distant consuming centres. The Texas Panhandle-Chicago pipe line is over a thousand miles in length. Natural gas, having the advantage of almost twice the thermal content of manufactured gas, with a lower selling price, can better compete with coal and oil.

Group and Company	Earnings per Share			Common Dividend	Common Stock Quotation
	1932	1933	1934		
<i>Electric Light and Power:</i>					
Edison Electric of Boston	12.40	10.03	9.70	8.00	167
Cons. Gas of New York	4.08	3.32	2.18	1.00	32
Cons. Gas, El. Lt. and Power of Baltimore	4.29	3.91	4.04	3.60	87½
Detroit Edison	5.21	4.83	4.28*	4.00	119½
Cleveland Electric	2.04	1.56	1.71	2.00	46½
<i>Natural Gas:</i>					
Pacific Lighting	3.03	3.28	2.72	2.40	50½
Pacific Gas and El.	2.09	1.48	1.53	1.50	29½
Columbia Gas and El.	0.96	0.51	0.25	0.20†	13½
Lone Star	0.72	0.53	0.59	0.30	10
<i>Water:</i>					
Amer. Water Wks. and El.	1.42	1.22	1.03	Nil	20½
<i>Holding Companies:</i>					
Amer. Gas and El.	2.31	1.72	1.66	1.40‡	37
North American	1.94	1.19	1.04	1.00	28½
United Gas Improvement	1.23	1.23	1.19	1.00	17

* After extraordinary appropriations. † During current year. ‡ Plus extra distribution.

Such a company as the Pacific Gas and Electric, consequently, has almost doubled its gas sales since it changed over from the manufactured to the natural product in 1929. As an industrial fuel natural gas has many advantages, and companies like Columbia Gas and Electric, which serve large industries, should gain from the rising tide of manufacturing activity.

Another branch of the utility industries—road passenger transport—has long passed its days of bountiful profits. The number of passengers carried by public transportation systems in the United States fell steadily from 15,548 millions in 1920 to 10,465 millions in 1933, with a partial recovery to 11,146 millions in 1934. Unless the popularity of the private car suffers a wholly unexpected setback, it is unlikely that earlier traffic figures will be regained. Although many traction companies have substituted buses for trams, to the extent of about 12 per cent. of their total business, results have not been universally profitable. Traffic congestion in the streets of the larger cities is already somewhat severe, and few companies can find the necessary capital for the construction of subway systems. For this and other reasons, the trend of future development may be towards the increased assumption by municipalities, rather than by private enterprise, of the duty of maintaining adequate transportation facilities in the large centres of population.

Provision of water supplies has long been even more markedly a matter of local municipal enterprise. Some private companies, however, still remain, and have the advantage over the transport concerns that their business is remarkably stable from year to year. A reasonably capitalised water company can usually pay moderate dividends, though its speculative appeal is relatively small, in view of the fact that increased dividends are dependent on the expansion of the communities served, which in many cases is a relatively slow process. The majority of the private water companies have now been organised into three major "systems." Of these, the American Waterworks and Electric Company, whose recent results are shown in our table, has combined with its water business

certain profitable electric operations in Western Pennsylvania and districts.

So much for the main operating branches of the American utility industries. Their future cannot be assessed completely without reference to the fate of the score of large, and approximately the same number of smaller holding companies, by which a large part of the electric power industry, at least, is controlled. It can scarcely be contended that there is no force in the arguments that the past finance of some holding company groups has been generous to the point of recklessness; that their capital structures have frequently been dangerously "high-gearred"; and that the necessity of paying high dividends to support these capitalisations has encouraged resistance to necessary reductions of charges by operating companies. Until the legality of the somewhat extreme reformist programme of President Roosevelt's Administration is decided, conservative investors are likely to confine their purchases either to the "non-vulnerable" companies or to a limited number of concerns—three of which are mentioned in our table—whose holdings, if the worst came to the worst, could probably be liquidated for a sufficient sum to discharge all their prior obligations and to leave a substantial surplus for distribution among common stockholders.

INVESTMENT NOTES

Treasury Borrowing Policy.—The Treasury's decision to issue £100 millions of 1 per cent. three-five-year Treasury bonds at 98 and £200 millions of 2½ per cent. twenty-five-year Funding bonds at 96½, announced on Monday evening, was a well-kept secret. The rapid closing of the lists, on Wednesday, was largely a foregone conclusion (for reasons suggested in a leading article on page 1156), which left the market less interested in the identity of possible subscribers than in the bearings of Treasury policy on probable future events. Ostensibly, the Treasury has gone out of its way to be kind to the market. It has catered both for the professional money market investor and the longer-term holder who may wish, nevertheless, to ensure the return of his capital within a single generation. The Treasury, in fact, up to a point, has given effect to an earlier suggestion of Mr J. M. Keynes that future Government offers should comprise, not a single stock, but a range of securities. The coupling of a definite redemption date with an issue price below par in both cases, again, is calculated so far as it goes to help in restoring the balance of a market which, since the conversion of War Loan into an "undated" stock, has found itself uncomfortably "long." On second and third thoughts, however, there has been a disposition to regard this week's issues as a testimony, less to the authorities' tender consideration than to their disciplinary control of the market. Whatever its ultimate effect, this week's operation is not likely to make things easier for the short-term money market; while there could scarcely have been a better indication of the Treasury's consciousness of its power in the gilt-edged market than its decision to issue as much as £200 millions nominal of a twenty-five-year stock appreciably "above the market." The 2½ per cent. Funding Loan was offered at a price of as many as 12½ points above the ex-interest quotation of the "undated" 2½ per cent. Consols, and its yield to latest redemption in twenty-five years of £2 13s. 6d. per cent. compared with £2 17s. 9d. per cent. on 3 per cent. Funding Loan, if the latter were to be regarded as a twenty-three-year stock, repayable in 1959. If interest rates, again, remain as low as they are now, 3 per cent. Conversion Loan will be repayable at its earliest date, and, at the price prevailing on the eve of the Treasury's offer, will give the same redemption yield, to a few pence, for a "life" little more than half as long. That the authorities had not over-estimated the strength of their position was shown by the all-round rise of gilt-edged prices on Tuesday, ranging up to 2½ points for a relatively short-term stock like 5 per cent. Conversion Loan and 2½ points for 2½ per cent. Consols. Whether general interest rates, nevertheless, have not reached and

passed their nadir, as we have recently suggested, is a matter which time must be left to prove. The same remark applies to the validity of the popular assumption that this week's re-financing puts an *ad hoc* re-armament loan outside the range of probability for the present.

* * *

Railway Loan Finance.—The Treasury memorandum on the procedure by which the finance of the guaranteed loan to the four group railways, announced during the election, will be effected, follows the broad lines laid down for the London Electrification Scheme. A special Treasury Company will be formed to raise up to £26,500,000 of the £29,500,000 to be spent on railway work, from which the London, Midland and Scottish will borrow £9,000,000, the London and North Eastern £6,000,000, the Southern £6,000,000 and the Great Western £5,500,000. The balance to complete the works will be provided by the railway companies from their own resources. As in the case of the London Electrification Loan, the total sum includes provision for such interest as it may be necessary to pay out of capital during the period of construction. Each railway will create 4 per cent. debenture stock to serve as collateral security for amounts borrowed from the Finance Company. As the cost of the works includes anticipation of the replacement of certain wasting equipment on the L.M.S. and the L.N.E., these companies will provide £1,250,000 and £896,580, respectively, by annual instalments over fifteen years. The issued stock of the Finance Company will have a life of 15 to 25 years. As in the case of the London loan, it will carry no sinking fund provisions. Although the L.M.S. is the largest borrower of the four companies, the Southern has the greatest equity in the probable eventual surplus between increased revenue and the service cost of the new loan. The latter, on the Southern, is mainly destined for electrification, which has already proved a remunerative proposition. Of the remaining works, one of the most significant is the electrification of the London and North Eastern line from Manchester to Sheffield, for the "Northern" companies have previously been somewhat shy of main line electrification. It is expected that Parliamentary authority for the Treasury's arrangements will be secured before Christmas, and that the new loan will be issued without delay. The 2½ per cent. debentures of London Electric Transport now stand around their issue price of 97, and an offer on similar terms would doubtless secure a satisfactory response.

* * *

Rubber and Tea Problems.—The decision of the International Rubber Committee to translate the *de facto* excess Dutch native production into *de jure* terms was not unexpected in the London market. The expedient of increasing the N.E.I. quota by 57,000 tons next year, and by 53,000 and 55,000 tons in the following years merely regularises the situation; for the whole of the increase, according to Amsterdam reports, will be allotted to the natives. Some holders of the commodity were disappointed by the Committee's decision to maintain the export quotas at 60 per cent. during the first six months of 1936, although this appears to legislate far enough ahead to satisfy moderate market expectations. The Committee has received assurance from the N.E.I. Government that the increased quota should enable the effective enforcement of restriction measures. Since the Government aims to impose individual restriction during 1936, there may be ground for hope that the native problem, which has always been a source of concern to London, may be finally solved, although at the partial expense of Malayan and Dutch plantation interests. The resultant increase in supplies is not important, but coupled with the increased basic quotas which apply next year, it may retard the achievement of a more wieldy stock position. A sharp rise in rubber shares during coming months may be discounted, particularly as a large proportion are already fully valued. Tea shares have made no response, for good

or ill, to the impending meeting of the Tea Committee and to the recent recovery in Mincing Lane. In view of the apparent improvement in prices and reduction of supplies, and the manifest caution of the Committee in applying the restriction screw, the possibility of an increased exportable percentage from 82½ to 87½ per cent. has been canvassed. Whether this would be welcomed by producers or the trade seems debatable, since the view is widely held that the restriction scheme has only recently begun to function effectively. Moreover, the price averages, it is held, are less impressive when closely examined. Ceylon teas average only ½d. per lb. higher, and the improvement in the best Northern India leaf for the season to date leaves prices only slightly above the corresponding 1933-34 season's averages. Since 70 per cent. of this crop which has yet to be sold consists of plain teas, whose improvement is so far less impressive, it is suggested that an estimation of the Northern India season would be premature at this stage. If the November delivery figures fail to achieve the promising level of October, these considerations may weigh with the Committee, although it is alive to the problem of potential excess supplies in 1938. The newly formed International Tea Market Expansion Board is to embark on a co-ordinated propaganda drive to accelerate world consumption until it overtakes potential production. This wise long-term policy, however, may not inspire a share market to which a rapid achievement of equilibrium would be more welcome. Between the plea to "let well alone" and the desire to stimulate consumption, the Committee may well be inclined to steer a safe middle course.

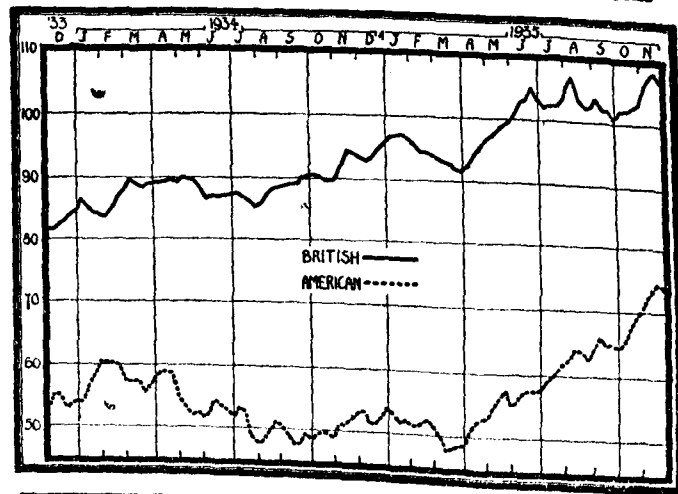
* * *

Course of Equity Share Values.—The ordinary share markets, last month, succeeded for a time in throwing off the discouraging influence of international political complications abroad and fears of a coal stoppage at home, and busied themselves with the more congenial task of discounting a victory for the National Government at the General

BRITISH AND AMERICAN INDUSTRIAL SHARE VALUES OVER THE PAST TWO YEARS (1928 = 100)

British: "Financial News" Index of 30 Ordinary Shares
(adjusted to 1928 base)

American: "Standard Statistics" Index of 50 Common Stocks



Election. Although the tone became quieter after polling day, and the month ended on a slight note of hesitation, reference to the attached chart suggests that the past month witnessed a definite break-away from the conditions which had held prices in check since mid-summer. In America, the rise in values, which began in March, was, if anything, slightly accelerated in pace until the latter part of the month, when a slight but perceptible reaction occurred. So far, however, there is no evidence to suggest that the lull is more than a breath-taking pause, like its American predecessors of June, August and September. Apart from British coal stoppage possibilities, there is nothing on the horizon to suggest an immediate reversal of the market trend in either centre, although the Actuaries' Index of 158

British industrial ordinary shares is slightly lower this week at 79.7, against 80.1 a week ago (December 31, 1928 = 100). The average yield figure is unchanged at 3.73 per cent. Movements in a number of constituent groups in the Index are shown below:—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100)			Yields (%)		
	Month Ago (Nov. 5)	Week Ago (Nov. 26)	This Week (Dec. 3)	Month Ago (Nov. 5)	Week Ago (Nov. 26)	This Week (Dec. 3)
Higher this Week						
Insurance Co.'s (24).....	121.7	125.6	127.1	3.46	3.36	3.32
Coal (6).....	89.2	88.0	90.9	4.22	4.37	4.31
Home Rails (4).....	62.0	63.7	64.6	1.68	1.58	1.58
Breweries and Distill. (10)...	132.9	136.7	137.4	4.17	4.11	4.03
Lower this Week						
Building Materials (4).....	83.3	86.5	83.4	4.39	4.24	4.38
Cotton (6).....	47.0	47.3	45.0	2.18	2.09	2.09
Elec. Light and Power (16)...	129.5	131.7	130.7	3.94	3.87	3.90

The effect of this week's British Government borrowing, so long as it lasts, should be favourable. Every upward adjustment of gilt-edged prices in the last three and a-half years has been followed, temporarily at least, by a sympathetic strengthening of equity quotations.

* * *

Realisation Debenture Repayments.—The announcement that R.M. and E.D. Realisation Companies are to repay respectively 50 per cent. and 70 per cent. of their 4 per cent. first debenture stocks marks the first complete cycle of realisation and distribution for which the companies were formed. The directors are obliged to apply all net proceeds realised from the capital assets, less such sums as they consider necessary for the general purposes of the company, in redeeming the first debenture stocks and, subject thereto, in redeeming the income debenture stocks by *pro rata* payments. The effect of the payments on the income debenture stocks of the two concerns suggests an interesting comparison. Both companies were formed and capitalised on the same basic principles, and there is naturally a strong family resemblance between the respective sets of assets. But while 81 per cent. of the R.M. Company's capital structure was represented by debenture stocks, the corresponding figure for the E.D. Company was only 50 per cent. Further, the R.M. Company's issued debenture capital is divided into £1,750,000 4 per cent. first and £2,550,000 of 5 per cent. income stock, while in the case of E.D. there is £500,000 of each issue. The effect is that though the amounts to be distributed form in each case about the same proportion of the total initial valuation of the assets (16.5 per cent. in the case of R.M. and 17.5 per cent. in the case of E.D.), the proportions of the first debentures left and the relationship of the income debentures to the remaining assets is entirely different. In the case of R.M. Realisation, taking the assets on the original valuation basis, a further 16.5 per cent. have to be realised to repay the first debentures, and repayment of the income debenture issue at 10 per cent. premium would call for a realisation of a further 53 per cent., making total realisations of 86 per cent. In the case of E.D. Realisation, the respective percentages are 7½ per cent. and 27.5 per cent., making a total of 52½ per cent. Thus, the E.D. Realisation income stockholders seem to be much closer to redemption at 110 per cent., or alternatively of interest payments when income now required for the 4 per cent. debenture interest is released. The prospect for income debenture holders of both companies is, however, promising in view of the news that application to deal in Coast Lines ordinary shares is being made. This follows the disposal of 850,000 shares, and the granting of options over a similar number to a City group by the Realisation Companies.

* * *

Capital Issues in November.—Despite the interruption in the new issue market resulting from the General Election, there were obvious signs, before and after that event, of quickening activity. Our computation of new money raised during the month is £8,673,000, compared with only

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£2,679 a month ago. Recent comparisons are set out below:—

Monthly Average	(000's omitted)			Total
	United Kingdom	Excluding British Possessions	Foreign Countries	
1931	4,542	3,209	761	8,512
1932	13,589	2,129	24	15,742
1933	17,520	2,429	449	20,398
1934	11,474	2,494	125	14,093
Monthly Total	Govt. Other			
September, 1934	50 6,759	2,148	300	9,257
September, 1935	Dr. 200 2,838	2,291	Nil	4,729
October, 1934	50 20,642	1,477	75	22,244
October, 1935	Dr. 600 2,425	854	Nil	2,679
November, 1934	350 9,062	1,173	8	10,593
November, 1935	Dr. 150 6,448	2,375	Nil	8,673

The largest trustee borrower was Southern Rhodesia, but the resumption of Corporation borrowing enabled Sunderland and Brighton to appeal successfully to the market. The largest general issues were made by Edmundsons Electricity and United Kingdom Gas, and the industrial offers of the month were varied, but usually rather small.

COMPANY NOTES

Paint Companies.—In an earlier note on paint shares (February 2, 1935, page 258) it was suggested that there was still room for further increases in profits from larger turnover and rather higher prices. Recent results shown in the annexed table, particularly those of Lewis Berger (to July 31st), have confirmed that view. But since February several important new factors have been introduced. First, the anticipated rise in prices has occurred. In contrast with 1934, which saw a slight falling tendency in paint prices (from £62 5s. per ton for genuine white lead paint at the beginning of the year to £61 per ton at the close), this year

has seen a vigorous recovery, which began in the early spring and has now raised the comparable price to £69 per ton or more. This does not mean that the entire margin between the two price levels has gone to swell profits. Just as the slight decline in price last year was largely offset by lower prices for the paint industry's two main raw materials, lead and linseed, so this year it must be largely offset by their steep rise. Nor is it possible to say whether the year's price movements, taken as a whole, will leave the industry better off on balance than it was last year. Whatever the long-term effect, however, it is almost certain that during the price movement this year the usual benefits will have accrued to producers from the time lag between buying raw materials (normally contracted for in advance) and selling the finished product. To these adventitious advantages—which might be expected to be greatest for the

Profits in £'000							
	1929	1930	1931	1932	1933	1934	1935
L. Berger (July 31)—							
Earned for ord.	93.6	78.6	3.0	29.3	46.4	74.5	113.4
Earned %	19.7	16.3	0.7	5.7	9.2	15.3	23.4
Div. %	10	10	Nil	5	7½	10	15
Blundell, Spence (Oct. 31)							
Earned for ord.	...	Dr 13.9	7.6	16.2	20.1	18.8	...
Earned %	...	Nil	Nil	3	5	5	...
Div. %	...	Nil	Nil	3	5	5	...
Clover Pt. & Comp. (Ap. 30)							
Earned for ptg. pl.	26.1	18.9	11.5	6.9	6.5	11.3	12
Earned % for ord.	17.9	9.8	4.0	Nil	Nil	4.9	6.0
Ord. div. %	9	9	4	Nil	Nil	2½	2½
Goodlass Wall (Dec. 31)—							
Earned for ord.	*	*	60.7*	39.1	49.9	77.3	...
Earned %	*	*	6.7*	4.3	5.3	8.3	...
Div. %	*	*	2*	3	5	6	...
Indestructible Paint (Dec. 31)							
Earned for ord.	26.7	24.9	26.8	25.0	29.5	36.7	...
Earned %	21.3	18.1	20.0	18.3	22.5	27.3	...
Div. %	15	15	15	15	15	20	...
International Paint (Dec. 31)							
Earned for ord.	89.8	95.9	75.4	84.8	74.9	87.4	...
Earned %	19.0	19.7	15.8	18.2	15.7	18.2	...
Div. %	10	12	9	9	9	10	...
Pinchin Johnson (Dec. 31)							
Earned for ord.	355.5	289.9	171.6	133.6	183.6	239.9	...
Earned %	32.2	23.1	14.1	11.0	15.1	19.1	...
Div. %	30½	22½	17½	15	15	17½	...

* Before amalgamation with Associated Lead Manufacturers, Ltd. Period to December 31, 1931, covered 13 months, for which the actual figures are shown.
† And 10 per cent. capital bonus.

larger holders of stock, such as Pinchin Johnson—1935 will have added a still bigger turnover and somewhat higher exports (£2,594,404 for the ten months, against £2,348,914), as well as the fruits of vigorous modernisation and extension of plant by almost all the leading concerns. Moreover, the foreign subsidiaries, which are characteristic of the paint industry's organisation, should be contributing rather better dividends; and the greater activity of shipping, including the re-conditioning of vessels long laid up, will have benefited the trade in anti-fouling and other special compounds which most of the companies produce. There can be little doubt, therefore, that the prospect for 1935-36 earnings is good. The longer prospect is less easy to assess. While overseas recovery should bring further additions to the revenues of British paint manufacturers, it is possible that home demand may recently have been stimulated by arrears of maintenance work still being carried over from the depression. Moreover, the potentialities of further building activity are important, but can hardly be assessed over a period of years. Meanwhile, the rate at which production capacity has been increased in the last two years postulates a well-maintained demand. If for any reason demand were to shrink, conditions might again become distinctly competitive. These possibilities are only outlined as latent in the situation. There is at present no sign of their materialising, nor any means of judging with certainty whether they will do so in the future.

P. and O. Accounts.—The report of the Peninsular and Oriental Steam Navigation Company to September 30th last is disappointing. The net shipping and other current income is over £90,000 lower, and has failed, by £450,000, to meet depreciation on a 5 per cent. basis and debenture

service. Reasons for a fall of nearly £150,000 in net voyage receipts are clear from the directors' report. There was no improvement in Indian freights during the year; Straits business showed little change; Chinese exports were reduced; and Australian meat exports were adversely affected by Government restrictions. Some recovery in outward trade is reported, and passenger traffic showed a slight improvement, but the directors' reference to the uncertain outlook suggests that real recovery is hardly a promise at this stage. The profit and loss accounts are presented in full detail, but ready comparison is difficult owing to "non-recurring" items. An analysis is given below both of current and exceptional income, and its distribution in the last three years:—

	Years to September 30		
	1933	1934	1935
Current income:			
Net voyage receipts	1,182,909	1,202,079	1,054,862
Dividends { Shipping and coaling	406,145	407,067	342,775
received { Other	259,514	192,403	305,184
Other income	93,105	89,059	97,505
Total current income	1,941,673	1,890,608	1,800,326
Exceptional income:			
Profit on investments sold	13,272	418,300†	£43,908
Transfers from debenture reserve	656,971	550,000	450,000
Income tax	33,792	16,538	112,445
Total available revenue	2,645,708	2,875,446	2,406,679
Allocation of income:			
Depreciation of steamers†	1,364,426	1,387,918	1,313,944
Additional depreciation	...	385,085†	...
Administration expenses, salaries, etc.	450,002	453,023	457,194
Interest on loans, exchange differences, etc.	222,799	162,544	150,021
Other charges*	46,574	16,243	10,821
Debenture interest	384,564	319,365	317,700
Preference dividend	152,000	152,000	152,000
Balance for deferred	25,343	Dr. 731	4,999
Carried forward	154,617	153,886	158,885

* On sale of steamers. † Includes loss on sale of steamers, depreciation of tugs and directors' fees. ‡ On 5 per cent. basis. † Set aside from profit on sale of William Cory shares of £418,300.

The shipping subsidiaries, whose profits were again insufficient to meet depreciation on a 5 per cent. basis, gave a somewhat higher return, although British India again passed its ordinary dividend, while Orient Steam Navigation repeated its 5 per cent. tax-free payment. These receipts, therefore, in effect take up some part of the £6 millions margin between the amount provided by the group for depreciation, and the lower charge calculated on a 5 per cent. basis. The liquid position is still enviable, but a present quotation of 18s. 3d. for the deferred stock units discounts an early resumption of dividends, which can scarcely be read into the present accounts.

Ebbw Vale and Richard Thomas.—The proposed transfer of the major Ebbw Vale assets to Richard Thomas is something of a *pis aller* for both concerns. The original intention of the latter to build its strip mill in Lincolnshire presumably represented the best technical choice available. The Ebbw Vale directors, anticipating an inevitable reconstruction in March, 1937, when the moratorium expires, might have prepared to delay the sale of the iron and steel assets and to deal with the whole position at one time. The Richard Thomas offer, however, is unexpected and favourable. The agreement, whose terms were briefly set out in last week's *Economist*, page 1106, provides for a cash consideration of £625,000 to Ebbw Vale and £400,000 in settlement of advances made by the bank to Lancaster's Steam Coal Collieries, amounting to £588,065. The assets to be acquired include the iron and steel works, the Lancaster's collieries interest, sheet mills, a power station, acid plant, coke ovens, gas and brick works, limestone and other mineral supplies, including the Irthlingborough ore fields. This list includes the only assets from which departmental profits have been earned during recent years, and excludes only certain unremunerative colliery undertakings. An immediate revenue reduction of £45,000 per annum is therefore to be expected. The sale will not directly improve

these remaining assets, which will still be burdened with heavy debt after repayment of the prior lien debenture stock. If further borrowing does not exceed the reduced limit of £170,000, the cash available for distribution to the 6 per cent. debenture holders will represent 44 per cent. of their nominal holdings. Since the present quotation is 58-68 the valuation put on the residual assets represents nearly £20 per cent. nominal. The prospect for the shareholders appears unenviable; until the investigation into the company's position is completed, indeed, the value of the surplus assets for the 6 per cent. debenture holders is itself conjectural. The endorsement of the scheme by the trustees, subject to this investigation, should ensure its confirmation.

Dorman Long Recovery.—When the future of Dorman Long aroused much controversy a couple of years ago, it was difficult to imagine that the company was actually on the verge of a real recovery. The profits for the year to September 30th were almost as great as those in any two years of the last decade. The net figure of £825,173, indeed, was £405,313 higher than that of 1933-34, an amazing advance when it is remembered that the production of basic open-hearth steel on the North-East Coast increased by only 11 per cent. during the period. At this profit level, the debenture interest—even after allowing a full year's interest on the Prior Lien stock issued last June—was covered four times. Allowing for depreciation on the basis of 33½ years' replacement of the fixed assets, the 6½ per cent. dividend on the first preference shares was covered twice, the dividend on the second preference shares was earned but not paid, and 11½ per cent. was earned on the very highly-gearred preferred ordinary and ordinary shares. An exact comparison with last year's figures is difficult to make, for the company has reorganised its profit-and-loss account as well as its balance sheet. The following table, however, gives a good indication of the advance:—

	Years to Sept. 30	
	1934	1935
Trading profit	420,510	788,605
Other income	28,674	51,364
Total income	449,184	839,969
Fees, pensions, etc.	20,005	14,796
Net profits	429,179	825,173
Depreciation	...	205,731
Debenture interest	298,477†	178,091
Bank interest	92,548	50,573
Preference dividend	...	185,768
General reserve	...	200,000
Carry-forward	Dr. 111,924*	5,010

* Adverse balance of profit and loss account eliminated in the reconstruction of November, 1934. † Only the interest on the first mortgage debenture stock was actually paid.

Despite this excellent earnings recovery, it is apparent from the balance sheet that the junior shareholders will have to wait. The bank debt still amounts to £1,553,552, despite a reduction by one-third during the last twelve months. The company, moreover, still requires liquid resources for developing its plant to deal with the growing demand. The new coke ovens will come into commission in the middle of 1936, but a large-scale rebuilding of rolling mills is projected. Distributions, therefore, may still be on a conservative scale for a year or two. Moreover, the company's recovery has been based on the boom in structural steel, and is a function of increased building and construction activity. The preferred ordinary shares are quoted at 29s. 4½d. and the ordinary shares at 22s. 3d. and look well into the future.

Associated Equipment Company.—The mere maintenance of the total dividend of this commercial motor concern checked any anticipations that the profits for the year to September last would show an exciting recovery. In fact, the "balance of trading profits" shows a not

unsatisfactory rise of £21,000 to £197,862. As the provision for taxation has been reduced from £40,000 to £30,000, the earnings available for the "straight" ordinary capital show a more substantial advance from £102,007 to £129,198. Although earnings would have sufficed for an additional 3 per cent. in the dividend, the directors have chosen to transfer £25,000 to general reserve, raising the fund to £275,000. A comparison of recent profits is given below:—

	9 mos. to Sept. 30, 1933	Years to Sept. 30, 1934	1935
	£	£	£
Balance of trading profit and net interest	123,669	191,418	209,535
Fees	1,725	2,486	2,263
Taxation	32,000	40,000	30,000
Depreciation	35,136	46,925	48,074
Ordinary shares:			
Earned	54,808	102,007	129,198
Paid	56,250	93,750	93,750
Earned %	6.5½	8.8	11.1
Paid %	6.7½	8½	8½
General reserve	...	...	25,000
Carried forward	225,727	233,984	244,432

† Equivalent annual percentages shown. Actual percentages 4.9 and 5 respectively.

The year's progress may be attributed, in part, to the replacement, by standard vehicles, of the independent fleets absorbed into the London Transport organisation. The recent L.P.T.B. report stated that as many as 779 new vehicles had been placed in service during the two years to June last; and doubtless Associated Equipment, which enjoys a ten-year contract with the Board for the supply of chassis and parts for a large proportion of its fleet, has obtained a considerable part of this business. The balance sheet shows a strong current position. The company has both the means and the scope for advancing profits over a period of years, although it has yet to regain the profits level of 1930 and 1931. The £1 ordinary stock units are quoted at 44s. 1½d. xd to yield £3 13s. per cent.

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South Durham and Cargo Fleet.—There is no question in the latest reports of these associated Middle-England concerns of their proximity to a "special area." Profits of both companies have expanded remarkably during the year to September last, and leave last year's reduced figures far behind. In each case, they are matched by their depreciation provisions, whose scale in the past has been a material factor in the strength of both concerns. The South Durham figures show an advance from £105,199 to £163,435, and should satisfy the best expectations which were prompted by the 11 per cent. ordinary and 5 per cent. "B" ordinary dividends announced a fortnight ago. After providing £55,000 for depreciation, against £25,000 in 1934, the ordinary dividend is covered with a margin of about 1 per cent. The Cargo Fleet profits of £150,636 are equally impressive, for they compare with a total of £14,156 in the previous year. The 2 per cent. dividend is modest in comparison with the jump in the rate of earnings from 1.7 to 8 per cent., but the margin has been applied to restoring the balance carried forward to £93,901, after providing for the premiums and expenses of the debenture conversion in April last. Comparative figures for the two concerns are given in the following table:—

	Years to September 30th			Years to September 30th		
	South Durham Steel and Iron			Cargo Fleet Iron		
	1933	1934	1935	1933	1934	1935
Profit	£43,359	£105,199	£163,435	£70,805	£94,156	£150,636
Depreciation	15,000	25,000	55,000	30,000	40,000	45,000
Taxes	2,315	2,210	2,210	2,700	2,700	2,787
Debt interest	13,500	13,500	13,500	35,598	35,265	35,927
Preference dividends	18,000	18,000	18,000	...	...	...
Ordinary shares—						
Earned	Dr. 5,458	46,489	74,725	2,507	16,191	69,922
Paid	Nil	31,500	38,500	Nil	15,000	20,000
Earned %	Nil	8.7	12.2	0.3	1.7	8.0
Paid %	Nil	9	11	Nil	1½	2
"B" ordinary dividends	Nil	17,635 (3%)	29,391 (5%)	...	...	...
General reserve	...	25,000	...	Nil	100,000	...
Carried forward	198,287	111,921½	118,455	192,263	93,454	93,901½

† Including £3,000 from income tax account. § After providing £46,474 premium on debentures redeemed and new debenture issue expenses.

Both balance sheets display undoubted evidence of vigorous expansion of business. The current assets position of the group shows that increased dividends will not hamper, in the slightest degree, the extensions of plant now in progress. The Cargo Fleet debenture issue provided a surplus of new money towards the plant improvements, which include a billet and sheet bar mill to be completed about June next year. Again, South Durham is to construct a cold-rolling mill to produce wide steel sheets. Both developments may be expected to produce satisfactory earnings in due season. South Durham ordinary £1 shares are quoted at 50s. xd to yield £4 8s. per cent., and the "B" ordinary £1 shares at 25s. 7½d. xd to yield £3 18s. per cent. The market appears, perhaps not unwisely, to be tempering its expectations of a further handsome advance in profits during the current year.

United Molasses.—The preliminary figures published by the United Molasses Company indicate that the business has almost completed the second and last stage of liquidating the excessive expansion of 1928-29. In the first stage the main task was to keep the business afloat while burdened with purchase contracts for molasses, which had immediately to be run to waste. By bold selling of assets and conservation of all cash resources this stage was completed early in 1933. The next stage brought the capital reconstruction of December, 1933, with the conversion of half the £2,500,000 6 per cent. preference issue into redeemable debentures, and the issue of £314,135 funded income stock to fund preference dividend arrears—a scheme of commendable fairness and of surprising leniency considering the losses sustained. The directors declared their intention of redeeming both debenture issues as soon as possible. After the allocations now proposed only £53,000 of the funded stock will remain, out of the combined total of £1,564,135 created at the beginning of 1934. There can be little doubt that this remnant will disappear during 1936.

Such sweeping simplification and reduction of capital structure has had a rather special effect on earnings, since the funded stock was only redeemable out of profits, together with premiums, etc., on the redemption of the £1,250,000 issue. In the following comparative table, therefore (which deals with the consolidated profits of the group), the special redemption charges which have been met out of profits have been treated as non-recurring expenses for the benefit of the ordinary shares. The net earnings shown would therefore have been available if no special capital operations had been necessary.

	Years to Sept. 30,	
	1934	1935
Consolidated gross profits	£651,531	£718,200
Depreciation	283,806	297,608
Consolidated net profit	367,725	420,592
Staff fund, etc.	4,000	8,000
Debt interest and pref. dividend	115,849	77,015
Earnings for ord.	247,876	335,577
Ordinary dividend	75,194	120,311
Earnings %	19.8	22.3
Dividend %	6	8
Redemption of funded stock	98,017	110,075
Other redemption	34,324*	50,000†
General reserve	Nil	80,000
Brought in	Nil	70,026
Carried forward	70,026	45,216

* Premium on redemption of 6 per cent. income stock.

† Extra allocation to redemption of funded income stock.

Viewed in this light the company's position appears distinctly favourable. Moreover, as the rate of depreciation allowed is decidedly generous, it would seem that once the abnormal redemptions are complete a more generous dividend policy will become possible without unduly impeding the accumulation of cash resources. With the recovery in tanker rates there should be room for further advance in earnings. Though the dividend yield on the present price of about 20s. is under 2½ per cent., the earnings yield (based on the calculation above) is about 7½ per cent. It would seem that the shares, though dear, are not overpriced on their potentialities.

Tobacco Securities Trust.—Stockholders of this investment concern had already foreseen the prospect of losses on the part of Dean Finance—a sub-subsidiary of the Trust—in respect of shellac loans. In a circular issued last May the directors estimated the net losses at £288,000, on the basis of prevailing shellac prices. The net receipts of the Trust for the year to October, however, show a fall of £231,304, the profits accruing on other business to which the circular referred, coupled, possibly, with the improvement in the shellac market—the price of T.N. Orange has subsequently strengthened from around 47s. 6d. to about 60s. per cwt.—has apparently contributed about £57,000 towards offsetting the heavy loss. In consequence, the ordinary dividend has been reduced to the basic 15 per cent. and the £875,000 deferred capital, which ranks for surplus earnings of only £14,802, equivalent to a mere 2 per cent. gross, receives no dividend for the first time in the history of the Trust. The division of recent profits is shown in the following table:—

	Years to October 31st,		
	1933	1934	1935
Dividends and interest received, after income tax, management expenses and directors' fees (£5,000 p.a.)	802,134	758,408	527,104
Ordinary shares—			
Dividend	619,084	623,832	497,500
Earned %	19.8	19.0	15.4
Paid %	19	19	15
Deferred shares—			
Dividend	130,333	131,333	Nil
Earned %	22.0	18.5	1.7
Paid %	18.29	18.29	Nil
General reserve	50,000	Nil	25,000
Carried forward	129,055	132,298	136,901

The report makes no reference to the shellac financing operations. Nor is the information given in the account more revealing than that of earlier years. Total assets of

£5,574,943 are composed of three major items, excluding cash, of which shares in and advances to a subsidiary company account for £3,417,673 and other investments to £1,912,188. The auditor's certificate declares that the shares and other investments of the company possess, in the aggregate, a value largely in excess of the figure shown in the balance sheet. This rather unusual "reservation" in the balance sheet is the only precise indication of its fundamental strength. The ordinary stock units are quoted at 85s. xd., compared with the year's "low" of 73s. 1½d., and yield £3 10s. 9d. per cent. The deferred units have recovered from a low level of 73s. 9d. to 82s. 6d.

Tin Company Results.—Recent tin company reports show improved profits due to high tin prices under restriction. *Kamunting*, reporting to June last, earned £172,330, compared with £105,650. Of the latest profits, £38,140 is allocated to depreciation reserve and income tax requires £31,000. The final dividend of 12 per cent. makes 20 per cent., as before. The assets of the *Pangnga River Concessions* consist entirely of shares in Kamunting, and its results are therefore identical with the previous year. Since, however, the yield on Kamunting shares is 8 per cent. and on Pangnga practically 9 per cent., the latter may be regarded as relatively undervalued. The earnings of *Ayer Hitam* totalled £44,720, against £35,050. An increased allowance is made for depreciation, and £15,000 is written off the fixed assets against £9,700. Although no balance dividend is declared, the total of 17½ per cent. compares with 12½ per cent. in the previous year. The yield indicated is the moderate one of 6 per cent. *Pattani* operates in Siam, and was adversely affected by the spread of its quota over a larger number of undertakings, with a consequent dividend reduction from 20 per cent. to 15 per cent. Even on the reduced basis, however, the yield indicated is about 10 per cent.

Broken Hill South.—After the recent spectacular rise in the shares the annual report of Broken Hill South is something of an anti-climax. True, the net profit amounted to £342,500, as against £220,200; but the larger surpluses from production in preceding periods and the higher price of silver were chiefly responsible. Lead ruled slightly lower and zinc appreciably lower than in 1933-34. The ore reserves are conservatively estimated at 3,500,000 tons, or about nine years' supply. Dividends paid out of last year's earnings totalled 6s. per share, and for the current financial year two distributions of 2s. 6d. have been made, and a jubilee bonus of 2s. 6d. is promised for January. This windfall, although very pleasant, seems rather over-discounted by a jump of 10s. in the price of the shares. Nevertheless, the yield on the current rate of dividend is 10 per cent.

Luipaards Vlei.—The incidence of taxation on this concern has come as a shock to shareholders. In the year to June 30th the company increased its operating profit to £274,450, against £235,530. Of this amount, excess profits duty required £77,500, against £49,400, surtax absorbed £12,300, and normal income tax, previously offset by losses or capital expenditure, took £34,000. After providing £5,400 for note interest, the divisible balance is reduced to £138,600, against £176,000, the 2s. shares receiving a total dividend of 9d., as against 1s. per share for 1933-34. Nearly £53,000 has to be written off from profit and loss for approved capital expenditure to permit claims for relief from excess profits duty. It is not surprising that renewed representations have been made to the South African authorities in regard to the company's position. A larger tonnage was milled, the increase in costs being more than offset by the improved yield per ton. Further development revealed increased payability, and fully developed ore reserves now stand at 2,036,500 tons, value 4.84 dwts., as against 1,857,600 tons, value 4.04 dwts. The outlook largely depends upon the possibility of modified taxation,

for the present basis presses heavily upon current earnings and hampers the extension of operations.

Other Company Results.—Our usual table of company results on page 1182 summarises the latest profits of 59 additional concerns. They display a very satisfactory scale of recovery in a wide section of British industry. The week's brewery results make a good showing, and are accompanied by increased dividends throughout the list, which includes *Benskin's*, *P. Phipps* and *H. and G. Simonds*. The first complete year's account of *Raleigh Cycle Holdings* show net revenue of £191,233, at which level the 15 per cent. dividend is almost exactly met. The operating company worked at record profits, and its net profits rose from £258,519 to £283,717, from which dividends of £194,914 were paid. The *Aerated Bread* net profit is broadly maintained at £177,256, and the dividend is repeated at 5 per cent. The full reports of *Harrods (Buenos Aires)* and *South American Stores* confirm the substantial improvement from depressed levels disclosed in the preliminary figures issued some time ago. In the investment trust group there is further evidence of a moderate recovery in net revenues. Out of the five companies shown, profits have improved in every case, and three are paying higher dividends. Among the industrial results of the week, the *Carreras* figures have been warmly received. The preliminary statement indicates a rise in net profits from £755,169 to £898,990, and the ordinary dividend has been raised from 35 to 40 per cent. This rate is the highest since 1929-30, and the figures suggest that the relief from "coupon" trading and the benefits of increased purchasing power during recovery have been substantial. Three rubber manufacturing concerns appear in the list. *British Tyre and Rubber* shows little change in net profits at £108,031, but pays 9½ per cent. against 8 per cent. in the previous year, while *India Rubber Gutta Percha* has nearly doubled the previous level of earnings and pays 6 per cent., and *Avon* profits show a similar advance, which has been "ploughed back." *Sussex Brick*, which recently acquired Dorking Brick, reports increased profits of £46,283 against £42,408 in the previous year. The net profits of *Manbré and Garlon*, who supply brewing sugar to the industry, have advanced from £303,212 to £321,736, and meet the higher dividends comfortably.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following company meetings:—British Tar Products, Town Investments, Consolidated Gold Fields of South Africa, Malaya General, Strand Hotel, Kwahu Mining (1925), Tarkwa Banket West, Follisain Syndicate, Ansells Brewery, Bowater's Paper Mills, West African Diamond Syndicate, and South West Africa Company. The chairman of West Africa Diamond Syndicate reported that the recovery in diamonds for the year ended March 31st last was a record for the company. South West Africa Company, according to the chairman, has recently reopened the Abenab Mine and is doing a much larger business. The chairman of Tarkwa Banket West spoke of the peculiar difficulties in the Gold Coast mining industry, and Mr M. L. Innes Brown, of Kwahu Mining Company referred to the connection between the various



SECURITY FIRST

TOTAL FUNDS EXCEED
£45,000,000

CLAIMS PAID, OVER
£200,000,000

Head Offices:

LIVERPOOL
North John St.
LONDON
Lombard St.

related companies. The chairman of Malaya General Company, speaking of the rubber restriction scheme, said that one of its weakest points was the latitude given to trade in export rights. Mr A. Maitland Kisch, of Town Investments, reviewed satisfactory business and referred to a new issue of capital to shareholders on generous terms. The chairman of Consolidated Gold Fields of South Africa reviewed developments in the various mines in which the company is interested and expressed himself optimistically about prospects in the West Witwatersrand. Mr Woolley-Hart, at the British Coal Tar Products meeting, anticipated a prosperous year if a stoppage in the coal-mining industry could be averted. Major M. Gluckstein, the chairman of the Strand Hotel, reported upon the efforts that are being made to keep the company's hotels completely up to date. The chairman of Bowater's Paper Mills reported an improvement in profits as a result of lower costs and higher prices. The chairman of Follisain Syndicate explained that a partnership had been established with British Mannesmann Tube Company for the manufacture of heat-resisting tubes.

THE WEEK IN THE MARKETS

THE LONDON STOCK EXCHANGE

SETTLING DAYS

TICKET
DECEMBER 17

ACCOUNT
DECEMBER 19

ALL sections of the market have been grateful this week for an entirely unexpected stimulus in the shape of Government borrowing, to which we refer on page 1159. The terms of the Funding issue suggested the possibility of lower interest rates in prospect, and were at first received cheerfully in the gilt-edged and industrial markets, where cheap money invariably exerts a tonic effect upon the investment industrials. A closer examination of the terms, however, seemed less inviting, and on Wednesday it was clear that a large part of the applications to the Funding loan would probably come from the banks and from the Public Departments.

Initially, business in the gilt-edged market was dull, and there was no inkling of the Treasury prospectuses which appeared on Tuesday morning. They were accorded a good reception, on the assumption that the lean terms offered by the Funding loan would herald a levering-up of quotations all round. "Old Consols" jumped by 2½ on Tuesday, and were followed more discreetly by Local Loans and War Loan. Mid-week dealings opened briskly, but closing prices, despite the prompt closing of the loan lists, showed a net fall, and the slight recovery later on Thursday was limited to small fractional gains accompanying the recovery of the new scrips from their small opening discounts to par. Dominion issues were fairly steady, and although New Zealand stocks at first refused the comfort of Mr Savage's assurances, they recovered part of their recent losses on Wednesday.

Renewed weakness in Far Eastern issues was evident when the market opened on Monday, but the absence of headlines brought a certain amount of support for the better-class issues later in the week. In the South American market, Brazilian funding issues showed strength, and there was speculative support for Chilean bonds. Mexican issues rose sharply on the Bondholders' Committee's advice to retain holdings pending a later announcement. German bonds found support later in the week, but rentes turned slightly reactionary.

Home rails, which had opened with no great enthusiasm, responded satisfactorily to the improved general tone. Purchasers of Southern stocks continued to base their hopes on a favourable rating decision. The traffic of the two northward lines prompted a satisfactory rise in the marginal preference stocks, and the secured prior charges also improved. London Transport "C" stock continued in keen demand and achieved new high records on successive days.

The foreign rail market was never active, but some improvement in tone was evident after the turn of the week. Argentine stocks proved responsive to good traffic results, the Central Argentine figures being followed by two successive rises of one point to 13. Brazilian issues remained

irregular, but in the nitrate group Antofagasta were well supported.

The last account of the year opened quietly in the industrial market, for political influences were still more powerful than the garnering of recovery profits and the prospects of their continuance. It required the Treasury announcement to put real life into dealings, and, by a fortunate conjuncture, reports of final moves to secure peace in Abyssinia before the imposition of an oil sanction arrived at the same time. Activity in iron and steel shares gradually broadened, and by mid-week the market was quite active. All the leaders, including Whitehead, Guest Keen, Richard Thomas and Tube Investments, appreciated. Vickers were in keen demand on Thursday, after the publication of an optimistic "House" circular. Electrical equipment shares continued active, Crompton Parkinson staging a further spectacular rise to 126s. 3d. owing to shortage of stock and a keen demand. General Electric and British Insulated continued in demand.

A broader interest in motor shares was evident. Standard improved, and there was a steady demand for the leading commercial motor shares. The aviation group showed a revival under the lead of Rolls-Royce and Bristol Aeroplane. Brewery shares responded, somewhat tardily, to the recent good results, and to the October output figures. In the tobacco section, the Carreras profit figures excited much interest, for they suggested impressive benefit from the cessation of coupon trading and from increased general purchasing power. All the leading shares responded well, but tended to ease slightly on Thursday.

Interest revived in rayon shares, and a number of provision shares, including Tate and Lyle and the Unilever issues, improved. The miscellaneous market leaders lost their undecided appearance fairly quickly, and, in a long list of satisfactory advances, Turner and Newall, British Aluminium, and Cable and Wireless issues were perhaps outstanding. Cement issues, however, turned reactionary on the announcement of reduced selling prices, which may range from one to two shillings per ton.

Quiet conditions prevailed at first in the oil share market, but a sizeable recovery followed on Tuesday, despite poor advices from the Continent and the United States. Although mid-week gains were not fully held in all cases, "Shell" Transport were well supported in continued expectation of an interim dividend early in the New Year. The rubber and tea share markets (whose prospects are related to restriction problems on page 1160) showed little activity. Rubber shares were depressed by a slight volume of selling induced by the maintenance of the restriction percentage, and conditions in the tea share market were idle, although the tone was never depressed.

The Kaffir market ran true to the general form in the Stock Exchange this week. Political factors were happier, and operators in Johannesburg and Paris were buyers of their favourite shares. East Rand Props. received useful support, and the leading finance shares improved. West African issues were unable to maintain a mid-week recovery, and business in Australian shares was still quiet. Considerable activity developed in the Rhodesian copper shares, and De Beers attracted further attention in anticipation of a new scheme to deal with the preference dividend arrears.

"FINANCIAL NEWS" DAILY BARGAIN INDEX
(Approximate number of Bargains recorded in Stock Exchange Lists)

	Week to Nov. 29, 1935	Nov. 28, 1935	Nov. 29, 1935	Dec. 2, 1935	Dec. 3, 1935	Dec. 4, 1935	Dec. 5, 1935
Government and Municipal Loans	6,028	1,166	1,272	1,361	1,355	1,282	1,254
Transport, Communications, and Public Utilities	5,571	1,000	1,062	1,155	1,045	1,169	1,129
Commercial and Industrial	25,022	4,478	5,142	4,969	4,363	4,792	4,789
Banks, Insurance and Financial	3,192	574	574	641	594	688	605
Mines (including Nitrate)	6,558	1,317	1,457	1,324	975	1,190	1,162
Oils	1,209	194	223	235	201	215	215
Rubber, Tea and Coffee	1,244	209	237	289	259	181	231
Total	48,822	8,338	9,967	10,004	8,792	9,467	9,385
Corresponding day in 1934	...	8,426	8,980	10,742	9,662	8,635	8,646

* Including Iron and Steel and Breweries.

REVISED "FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (July 1, 1935 = 100)

Highest of 1935 (Dec. 5)	Lowest of 1935 (Mar. 27)	Nov. 28, 1935	Nov. 29, 1935	Dec. 2, 1935	Dec. 3, 1935	Dec. 4, 1935	Dec. 5, 1935
105.8	87.4	103.9	103.2	102.9	103.8	104.8	105.8

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS. (1928 = 100)

Highest of 1935 (Feb. 1)	Lowest of 1935 (Oct. 3)	Nov. 28, 1935	Nov. 29, 1935	Dec. 2, 1935	Dec. 3, 1935	Dec. 4, 1935	Dec. 5, 1935
141.0	131.9	136.7	136.5	136.3	135.9	137.1	137.3

FOREIGN STOCK EXCHANGES

NEW YORK

AFTER its Thanksgiving Day holiday, Wall Street continued to be dull and unsettled, in spite of the unblemished evidence of business recovery in America. Europe still spreads its shadow over the market, which finds itself disturbed by rumours of oil embargoes and compromise settlements, and estimates of dwindling foreign support for American securities on Wall Street. The market lost most ground at the beginning of this week, with A.T. and T., Western Union, and Chrysler in retreat; but railway issues were still able to hold their own and even move against the market. On subsequent days this week the market recovered, and rails continued their upward progress. Utility issues are firm, but their fate awaits the outcome of the growing struggle between utility holding companies and the Government. In the bond market, the Treasury's new financing was successful and high-grade issues are strong. In mid-week Italian bonds were up, on the strength of persistent expectations of a settlement between Britain and Italy. President Roosevelt's speech of last week failed to satisfy the criticism of opponents of the New Deal, who grow in vigour as business improves. President Roosevelt's success, where he has succeeded, may prove as dangerous for him as his failures; for a prosperous America is traditionally Republican. "Iron Age" estimates steel mill activity as 57 per cent. of capacity, compared with 56 last week; power output in the week ending November 30th was 11.5 per cent. over the corresponding week last year, and freight car-loadings in the previous week at 646,500 were 85,200 over last year's figure.

	Nov. 27, 1935	Dec. 2, 1935	Dec. 4, 1935		Nov. 27, 1935	Dec. 2, 1935	Dec. 4, 1935
U.S. 2½% Treas. Bds. 1945-47	100.0	100.0	101.0	Natl. Biscuit	33.0	33.0	34.0
Atchafalca	54	58	58.5	Phelps Dodge	25.0	27.0	27.5
Erie	12.0	13.0	13.0	Pyraline	38.0	38.0	40.0
Illinois Central	19.0	22.0	22.0	Sears Roebuck	64.0	67.0	68.0
N.Y. Central	27.0	28.0	29.0	Un. Fruit	69.0	68.0	69.0
Pennsylvania	30.0	32.0	32.0	U.S. Leather	15.0	15.0	15.0
Southern Pacific	24.0	25.0	25.0	U.S. Rubber	48.0	48.0	48.0
Southern Ry.	14.0	15.0	15.0	U.S. Steel	92.0	93.0	94.0
Union Pacific	106.0	110.0	111.0	Woolworth	56.0	56.0	57.0
Am. Can.	142.0	139.0	141.0	Am. Tel. and Tls.	159.0	158.0	160.0
Amer. Smelting	60.0	62.0	62.0	Interboro R.T.	17.0	17.0	17.0
Anacostia	25.0	27.0	28.0	Int. Tel. Tel.	12.0	12.0	13.0
Bethlehem Steel	50.0	48.0	49.0	Utilities P. & L.	3.0	3.0	3.0
Chrysler Motor	65.0	83.0	84.0	W. Union Tel.	72.0	72.0	72.0
Corn Products Rf.	70.0	69.0	70.0	Shell	38.0	38.0	39.0
Eastman Kodak	160.0	161.0	163.0	Shell Union	14.0	15.0	15.0
Gen. Electric	38.0	38.0	39.0	Std. California	36.0	37.0	38.0
Gen. Motors	56.0	55.0	56.0	Do V.I.	48.0	49.0	49.0
Int. Harvester	59.0	61.0	62.0				
Mont. Ward	38.0	38.0	39.0				

† Calculated at 54.93 to 6

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

	1934	1935	1935	1935	1935	1935	1935
	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest
351 Industrials	74.3	90.5	74.5 (f)	110.0	83.1	110.0	108.7
33 Rails	34.0	51.4	27.4	43.0 (g)	35.6	38.6	40.9
37 Utilities	55.2	83.4	52.2	92.8 (h)	57.9	92.1	92.5
Total, 421 Stocks	65.6	82.1	63.1	95.9 (i)	71.0	95.5	95.1
Average yield of 50 Industrial Common Stocks	2.78%	3.90%	3.02%	4.06%	3.62%	3.12%	3.22%
	(j)	(k)	(l)	(m)	(n)	(o)	(p)
	† December 26th.	† February 7th.	† November 12th.	(s) September 12th.			
	‡ March 13th.	(v) November 13th.	(w) December 4th.	(x) November 27th.			

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

Highest of 1935 (Nov. 19)	Lowest of 1935 (Mar. 15)	Nov. 20, 1935	Nov. 21, 1935	Nov. 22, 1935	Nov. 23, 1935	Nov. 25, 1935	Nov. 26, 1935	Nov. 27, 1935
127.9	78.6	126.1	127.2	124.6	126.4	124.8	123.0	123.9
Nov. 28, 1935	Nov. 29, 1935	Nov. 30, 1935	Dec. 2, 1935	Dec. 3, 1935	Dec. 4, 1935			
(a)	122.5	122.7	120.7	124.0	124.8			

TOTAL DEALINGS IN NEW YORK

	Nov. 28, 1935	Nov. 29, 1935	Nov. 30, 1935	Dec. 2, 1935	Dec. 3, 1935	Dec. 4, 1935
Stock Exchange—Shares (Thous.).....	(a)	2,170	670	1,520	1,930	2,940
Bonds (Value Thous. \$)	Closed	14,200	6,550	11,980	16,010	20,760
Curb—Shares (Thous.).....		398	158	256	289	472

* Two hour Session. (a) Thanksgiving Day.

PARIS

There has been an improvement in the tone of the market this week under the stimulus of M. Laval's precarious success in his political manoeuvres. There was a certain amount of technical weakness toward the end of last week, but Saturday's business showed some recovery in domestic securities. Suez Canal continued to fall. The most marked improvement was on Tuesday, when Bank of France shares led in a general upward movement of banking shares. Suez Canal rose slightly, and there was general support for German Young Loan and for Russian bonds. In mid-week rentes fell slightly, banking shares were more irregular, and internationals were well supported. Italian bonds have been slowly improving.

	Nov. 27, 1935	Dec. 2, 1935	Dec. 4, 1935		Nov. 27, 1935	Dec. 2, 1935	Dec. 4, 1935
Banque de France	8,850	8,900	9,100	Wagons Lits	43.0	42.0	43.0
Credit Lyonnais	1,625	1,646	1,632	Mexican Eagle	23.0	22.0	24.0
Suez Canal	18,765	18,060	18,450	"Chartered"	92.0	91.0	95.0
Chargeurs Réunis	187.0	194.0	206.0	Ford	54.0	54.0	54.0
Rio Tinto	1,448	1,465	1,495	De Beers	459.0	495.0	509.0
Royal Dutch	22,075	21,390	21,960	"Johnnies"	290.0	293.0	296.0

BERLIN

Share quotations last week changed but little and the public remained out of the market. A sharp decline occurred in Harpener Coal and a substantial rise in Berlin-Karlsruhe Machines. Breweries and distilleries rose. Steels and other standard industrials moved within narrow limits, but the week closed firm. The new week opened with a moderate advance, in which lignites made greatest gains, but Tuesday witnessed a decline, electric cable shares being an exception. Home bonds were slightly lower, Reich valorised loan being sold heavily in the middle of the week. The advance in certificated dollar bonds lasted until Thursday, and after a reaction on Friday the advance continued and the bonds closed at the year's highest. The official index number for shares in November (1924-26 = 100) was 89.51, as against 90.98 for October; bonds 94.93, against 94.92. Wednesday's opening was irregular, but prices improved later.

	Nov. 27, 1935	Dec. 2, 1935	Dec. 4, 1935		Nov. 27, 1935	Dec. 2, 1935	Dec. 4, 1935
Reichsbank	179.50	179.50	179.10	A. E. G.	35.90	36.25	36.25
D.D. Bank	84.00	83.00	83.75	Siemens and Halske	166.75	168.50	170.50
Dresdner	84.00	84.00	84.00	A. K. U.	51.75	52.60	50.60
I.G. Farbenindustrie	150.00	150.25	149.90	Hamburg-Amer. ("Hapag New")	15.00	16.10	15.25
Norddeutscher Lloyd (New)	16.60	17.75	16.60				

AMSTERDAM

Last week's markets were dull, with a marked downward movement on Saturday, chiefly due to renewed political fears. The French domestic crisis, and the progress of discussion on oil sanctions continued to depress the markets as this week opened. Royal Dutch lost 3 points on Saturday, and 2 more on Monday. But on Tuesday conditions improved, and encouraged by Wall Street, prices rose. Royal Dutch rose 2 on Tuesday and 4 on Wednesday.

(Continued on page 1170)

Incidental yields on fixed interest stocks quoted below allowance is made for interest accrued since the last date of payment, less income tax at the standard rate. Where stocks are definitely redeemable at a certain date the yield includes any profit or loss on redemption, where stocks are redeemable at or before a certain date the final date for repayment is given. Where the stock is quoted at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated by reference to the latest dividend account being taken of any enhancement or reduction of interim dividends. Allowance is made for accrued dividends in calculating the yield on "cum div" shares.

[illegible]

Prices Year 1935 Jan. 1 to Dec. 4, inclusive		Last two Half-yearly Dividends		Name of Security	Price, Nov. 27, 1935	Price, Dec. 1935	Rise or Fall	Yield, Dec. 4, 1935	Argentine Loans, &c.		Argentine Loans, &c.		Argentine Loans, &c.		
High-est	Low-est	(a)	(b)						2(c)	2(d)	16/3	16/104	7+1d	2 19	
		%	%					£ s. d.			25	25	...	Nil	
118 1/2	115	2 1/2	2 1/2	Central Elec. 5% 1950-70	115	116	+1	3 14 0	19/104	11/9	Nil	Nil	16/3	16/104	+7+1d
				London & Pacific					32	22	Nil	Nil	16/3	16/104	+7+1d
				TRANSPORT BOARD					26	4/3	Nil	Nil	25	25	...
139	119 1/2	2 1/2	2 1/2	4% "A" 1985-2023	122 1/2	121 1/2	+1 1/2	3 11 6	24	19 1/2	6d(a)	6d(b)	5/1	5/1	...
138	130	2 1/2	2 1/2	5% "A" 1985-2023	122 1/2	132 1/2	+10	3 12 0	26	19 1/2	10(c)	10(c)	23	24	+9d
113 1/2	108	2 1/2	2 1/2	4% "T.F.A." 1942-72	110	109 1/2	+1 1/2	3 1 0	19 1/2	16/8	10(c)	10(c)	30 7/8 x	30 7/8	...
131	122 1/2	2 1/2	2 1/2	5% "B" 1965-2023	128 1/2	128 1/2	+2 1/2	3 10 0	59 1/4	48 3/4	12 1/2(a)	12 1/2(a)	17/8	17/8	...
101 1/2	91	3 1/2	4(c)	C 1956 or after	90	98 1/2	+8 1/2	3 13 5	61	61	12 1/2(a)	12 1/2(a)	58 1/2	55 1/2	-7 1/2
109	93	3 1/2	4(c)	Met. Wat. B. 1923	106	109 1/2	+3 1/2	3 1 0	19/104	11/9	Nil	Nil	61 1/2	64	...
124	116 1/2	2 1/2	2 1/2	Plat. of Ind. 5% 1950-70	117	117	...	3 10 0	23 1/2	15/8	Nil	Nil	19 1/2	19 1/2	...
				British Railways					5 1/4	4	Nil	Nil	20/8	19 1/2	-1 1/2
55 1/2	44 1/2	2 1/2	4(a)	G. Western Ord. Stk.	49 1/2	51	+1 1/2	5 17 8	28 1/2	24 1/2	Nil	Nil	5 1/2	5 1/2	+ 1/2
				L. & N. E. Stn. Def. Stk.	5 1/2	5 1/2	...	...	15(a)	117(b)	Nil	Nil	19 1/2	19 1/2	...
15 1/2	8 1/2	Nil	Nil	Do. 5% Pref. Ord.	7 1/2	7 1/2	...	...	85	54/6	9/6	9/6	128 1/2	125 1/2	+2 1/2
92 1/2	71	2 1/2	4 1/2	Do. 5% Pref. 1955	70 1/2	79 1/2	+9	5 3 0	10 1/2	6	11 1/2	11 1/2	85	86 1/2	+1 1/2
131	104	2 1/2	2 1/2	Do. 4% 2nd Pref. Stk.	20 1/2	21	+1 1/2	5 11 1/2	97	83 1/2	14(b)	14(b)	33 1/2	33 1/2	-6d
22 1/2	16	Nil	Nil	L.M.S. Ord. Stk.	17 1/2	19	+2	2 19 8	98	83 1/2	14(b)	14(b)	11 1/8	11 1/8	...
68 1/2	43	Nil	1 1/2	L.M.S. Ord. Stk. 1923	52 1/2	54 1/2	+2	2 19 8	17 1/2	13 1/2	12(a)	12(a)	95 1/2	96 1/2	+1 1/2
100 1/2	79 1/2	2 1/2	2 1/2	4% Pref. Stk.	82	84	+2	4 16 6	116	106	14(b)	14(b)	148 1/2	147 1/2	+1/3
25 1/2	16 1/2	Nil	Nil	Southern Def. Stk.	21	22 1/2	+1 1/2	5 10 1/2	17 1/2	13 1/2	12(a)	12(a)	114 1/2	113 1/2	+1/3
87	69 1/2	4(c)	1(a)	Do. 5% Pre. Ord. Stk.	84	87	+3	4 12 0	54	40	3(a)	3(a)	51/6	51/6	-6d
124	108 1/2	2 1/2	2 1/2	Do. 5% Pref. Stk.	117 1/2	118 1/2	+1 1/2	4 5 0	96 1/2	89 1/2	11 1/2	11 1/2	95 1/2	95 1/2	...
				Dom. & Foreign Ry.					96 1/2	89 1/2	11 1/2	11 1/2	95 1/2	95 1/2	...
23	15	Nil	Nil	Antofagasta Def. Stk.	19	21	+2 1/2	Nil	21/6	36	5(a)	5(a)	85 1/2	83 1/2	-3d
10	5	Nil	Nil	B. A. Gr. Pacific Ord. Stk.	9 1/2	9	-1 1/2	Nil	77/8	63/8	5(a)	5(a)	85 1/2	83 1/2	-3d
27	13 1/2	Nil	Nil	B. A. Gr. Stn. Ord. Stk.	20 1/2	19	-1 1/2	Nil			5(a)	5(a)	85 1/2	83 1/2	-3d
24	10	Nil	Nil	B. A. Western Ord. Stk.	16 1/2	15	-1 1/2	Nil	45/7 1/2	34/6	5(b)	4(a)	85 1/2	83 1/2	-3d
17 1/2	7	Nil	Nil	C. Argentine Ord. Stk.	12 1/2	11 1/2	-1 1/2	Nil	4/10	2	Nil	Nil	85 1/2	83 1/2	-3d
8 1/2	3 1/2	Nil	Nil	C. Uruguay Monte V.	6	5	-1	Nil	54 1/2	42 1/2	4(b)	4(a)	85 1/2	83 1/2	-3d
14 1/2	9 1/2	Nil	Nil	Can. Pacific Com. (925)	11 1/2	85 1/2	...	2 6 9	54 1/2	42 1/2	4(b)	4(a)	85 1/2	83 1/2	-3d
90 1/2	82 1/2	2(c)	2(c)	Can. Nat. 1927 Guar. 2%	89 1/2	94	+4 1/2	5 17 8	Nil	Nil	Nil	Nil	85 1/2	83 1/2	-3d
94	80	2(c)	2(c)	Costa Rica Ord. Stk.	31	34	-1	Nil	20 1/2	23 1/2	Nil	Nil	85 1/2	83 1/2	-3d
15	7	Nil	Nil	Est. Rio de Jan. Stk.	11	10	-1	Nil	26 1/2	24 1/2	Nil	Nil	85 1/2	83 1/2	-3d
21	10	Nil	Nil	Do. 6% Cum. Pref. Stk.	13 1/2	12	-1 1/2	Nil	26 1/2	24 1/2	Nil	Nil	85 1/2	83 1/2	-3d
8	2 1/2	Nil	Nil	Leopoldina Ord. Stk.	6 1/2	6	-1 1/2	Nil	8/6	2 1/4	Nil	Nil	85 1/2	83 1/2	-3d
84	47 1/2	Nil	Nil	Nitrate Rlys. (10)	47 1/2	55 1/2	+7 1/2	Nil	12	4 10 1/2	Nil	Nil	85 1/2	83 1/2	-3d
60	35	1 1/2	1 1/2	San Paulo Ord. Stk.	46	46	...	5 8 1/2	88 1/4	73/8	12 1/2	12 1/2	85 1/2	83 1/2	-3d
43 1/2	22 1/2	1(a)	1(b)	Tatlar Ry. Ord. (5)	27 1/2	27 1/2	...	7 5 1/2	85 1/2	81/8	12 1/2	12 1/2	85 1/2	83 1/2	-3d
				Tatlar Ry. Ord. (5)	27 1/2	27 1/2	...	7 5 1/2	85 1/2	81/8	12 1/2	12 1/2	85 1/2	83 1/2	-3d
				Tatlar Ry. Ord. (5)	27 1/2	27 1/2	...	7 5 1/2	85 1/2	81/8	12 1/2	12 1/2	85 1/2	83 1/2	-3d
				Tatlar Ry. Ord. (5)	27 1/2	27 1/2	...	7 5 1/2	85 1/2	81/8	12 1/2	12 1/2	85 1/2	83 1/2	-3d
				Tatlar Ry. Ord. (5)	27 1/2	27 1/2	...	7 5 1/2	85 1/2	81/8	12 1/2	12 1/2	85 1/2	83 1/2	-3d
				Tatlar Ry. Ord. (5)	27 1/2	27 1/2	...	7 5 1/2	85 1/2	81/8	12 1/2	12 1/2	85 1/2	83 1/2	-3d
				Tatlar Ry. Ord. (5)	27 1/2	27 1/2	...	7 5 1/2	85 1/2	81/8	12 1/2	12 1/2	85 1/2	83 1/2	-3d
				Tatlar Ry. Ord. (5)	27 1/2	27 1/2	...	7 5 1/2	85 1/2	81/8	12 1/2	12 1/2	85 1/2	83 1/2	-3d
				Tatlar Ry. Ord. (5)	27 1/2	27 1/2	...	7 5 1/2	85 1/2	81/8	12 1/2	12 1/2	85 1/2	83 1/2	-3d
				Tatlar Ry. Ord. (5)	27 1/2	27 1/2	...	7 5 1/2	85 1/2	81/8	12 1/2	12 1/2	85 1/2	83 1/2	-3d
				Tatlar Ry. Ord. (5)	27 1/2	27 1/2	...	7 5 1/2	85 1/2	81/8	12 1/2	12 1/2	85 1/2	83 1/2	-3d
				Tatlar Ry. Ord. (5)	27 1/2	27 1/2	...	7 5 1/2	85 1/2	81/8	12 1/2	12 1/2	85 1/2	83 1/2	-3d
				Tatlar Ry. Ord. (5)	27 1/2	27 1/2	...	7 5 1/2	85 1/2	81/8	12 1/2	12 1/2	85 1/2	83 1/2	-3d
				Tatlar Ry. Ord. (5)	27 1/2	27 1/2	...	7 5 1/2	85 1/2	81/8	12 1/2	12 1/2	85 1/2	83 1/2	-3d
				Tatlar Ry. Ord. (5)	27 1/2	27 1/2	...	7 5 1/2	85 1/2	81/8	12 1/2	12 1/2	85 1/2	83 1/2	-3d
				Tatlar Ry. Ord. (5)	27 1/2	27 1/2	...	7 5 1/2	85 1/2	81/8	12 1/2	12 1/2	85 1/2	83 1/2	-3d
				Tatlar Ry. Ord. (5)	27 1/2	27 1/2	...	7 5 1/2	85 1/2	81/8	12 1/2	12 1/2	85 1/2	83 1/2	-3d
				Tatlar Ry. Ord. (5)	27 1/2	27 1/2	...	7 5 1/2	85 1/2	81/8	12 1/2	12 1/2	85 1/2	83 1/2	-3d
				Tatlar Ry. Ord. (5)	27 1/2	27 1/2	...	7 5 1/2	85 1/2	81/8	12 1/2	12 1/2	85 1/2	83 1/2	-3d
				Tatlar Ry. Ord. (5)	27 1/2	27 1/2	...	7 5 1/2	85 1/2	81/8	12 1/2	12 1/2	85 1/2	83 1/2	-3d
				Tatlar Ry. Ord. (5)	27 1/2	27 1/2	...	7 5 1/2	85 1/2	81/8	12 1/2	12 1/2	85 1/2	83 1/2	-3d
				Tatlar Ry. Ord. (5)	27 1/2	27 1/2	...	7 5 1/2	85 1/2	81/8	12 1/2	12 1/2	85 1/2	83 1/2	-3d
				Tatlar Ry. Ord. (5)	27 1/2	27 1/2	...	7 5 1/2	85 1/2	81/8	12 1/2	12 1/2	85 1/2	83 1/2	-3d
				Tatlar Ry. Ord. (5)	27 1/2	27 1/2	...	7 5 1/2	85 1/2	81/8	12 1/2	12 1/2	85 1/2	83 1/2	-3d
				Tatlar Ry. Ord. (5)	27 1/2	27 1/2	...	7 5 1/2	85 1/2	81/8	12 1/2	12 1/2	85 1/2	83 1/2	-3d
				Tatlar Ry. Ord. (5)	27 1/2	27 1/2	...	7 5 1/2	85 1/2	81/8	12 1/2	12 1/2	85 1/2	83 1/2	-3d
				Tatlar Ry. Ord. (5)	27 1/2	27 1/2	...	7 5 1/2	85 1/2	81/8	12 1/2	12 1/2	85 1/2	83 1/2	-3d
				Tatlar Ry. Ord. (5)	27 1/2	27 1/2	...	7 5 1/2	85 1/2	81/8	12 1/2	12 1/2	85 1/2	83 1/2	-3d
				Tatlar Ry. Ord. (5)	27 1/2	27 1/2	...	7 5 1/2	85 1/2	81/8	12 1/2	12 1/2	85 1/2	83 1/2	-3d
				Tatlar Ry. Ord. (5)	27 1/2	27 1/2	...	7 5 1/2	85 1/2	81/8	12 1/2	12 1/2	85 1/2	83 1/2	-3d
				Tatlar Ry. Ord. (5)	27 1/2	27 1/2	...	7 5 1/2	85 1/2	81/8	12 1/2	12 1/2	85 1/2	83 1/2	-3d
				Tatlar Ry. Ord. (5)	27 1/2										

[illegible]

(Continued from page 1167)

day. Rubber shares moved against the market at midweek, but copper and oil shares were buoyant.

	Nov. 27, 1935	Dec. 2, 1935	Dec. 4, 1935		Nov. 27, 1935	Dec. 2, 1935	Dec. 4, 1935
2½% Dutch Loan	73½	74½	75	Steel Common	28½	27½	28½
5½% German	20½	20½	22	A. K. U.	26½	26½	26½
Unilever N.V.	104½	99½	105½	Ford Motor	245½	243½	244½
Philips Lamps	234½	225	232½	Deli Batavia Tob.	168½	164½	172½
Netherlands Ship				Royal Dutch	214½	206½	212½
Union	46	45½	45	Handels Ams.	230½	223	228½

CAPITAL ISSUES

THIS week's Treasury operations have eclipsed other borrowings in interest and importance. We comment on their implications both as to policy and to market importance in a leading article on page 1156 and an Investment Note on page 1159. A varied selection of industrial issues has again sought the support of investors this week. Among them, the *Atlas Cement of South Africa* convertible debentures are, in essence, equities in the ultimate achievement of high earning power from the cement works which the company is to erect in the Orange Free State. They may appeal to the industrial investor who seeks to hedge a "development" risk in a concern with apparently favourable long-term prospects. The preference shares of *National Provincial Cinemas*, which participate for 8½ per cent. dividend on the basis of the latest profits computation, carry a high prospective yield which is familiar to cinema shareholders. The amount provided for leasehold redemption and depreciation is, however, £3,844, which appears low in relation to properties valued in all—freehold and leasehold—at £421,427. The *Mentmore Manufacturing Company* has a reasonably stable profits record in a competitive business. The vendors, broadly, retain the goodwill of the business in a controlling interest of ordinary shares, and the value of stocks, at £53,592, compares with £91,315 for the net assets acquired. The preference and ordinary shares—the latter issued at 20 per cent. premium—may appeal to the investor to whom a higher yield compensates for a limited capitalisation and the possibility of narrow dealings. Burma is not a restricting area, and the *Burmese Hydraulic Tin* prospectus estimates are therefore unaffected by the will of the International Committee. They suggest the possibility of high profits but, at this stage, the shares are predominantly speculative. An offer for sale of 5½ per cent. cumulative preference shares of *Crossley-Premier Engines* at 5 per cent. premium shows that the dividend is satisfactorily covered by the latest earnings. The profits record, however, reveals a considerable fluctuation of earnings within the three years shown. Statements "for information only" have been published by *Dancer and Hearne*, a chair-making business with rising earnings, and *Clutsum and Kemp*, an established elastic fabric concern.

ISSUES OF THE WEEK

By Prospectus or Offer for Sale

Amount previously recorded, Jan. 1 to Nov. 30, 1935, including conversions, £276,696,570
Amount previously recorded, Jan. 1 to Nov. 30, 1935, excluding conversions, £140,852,202

National Savings Certificates.
Net receipts, Week ended November 30, 1935, Nil.

To the Public	Nominal Capital	Conversions	New Money	First Payment	Further Liability
£100,000,000 1% Treasury Bonds, 1939-41, at 98½	100,000,000	238,000,000	53,000,000	5,000,000	93,000,000
£200,000,000 2½% Funding Loan, 1936-41, at 96½	200,000,000	(s)		10,000,000	183,000,000
Crossley-Premier Engines, 150,000 5½% Cum. Pref. shares £1 at 21/-	150,000	...	157,500	15,000	142,500
Mentmore Manufacturing Co., 147,000 6% Cum. Pref. shares 10/- at par	73,500	...	73,500	18,375	55,125
Do., 147,000 Ord. shares 5/- at 6/-	36,750	...	44,100	18,375	25,725
Atlas Cement of South Africa, £350,000 5% Deb. Stk. at par	350,000	...	350,000	35,000	315,000
Burmese Hydraulic Tin, 300,000 Ord. 5/- at par	75,000	...	75,000	...	75,000
National Provincial Cinemas, 350,000 6% Cum. Pref. £1 at 22/-	350,000	...	385,000	...	385,000
Total	301,035,250	238,000,000	54,085,100	15,086,750	276,998,350

(s) Not stated in prospectus. Calculated as follows: £150,000,000 2% Treasury Bonds to be repaid March 2, 1936; £44,000,000 3% Treasury Bonds to be repaid April 15, 1936; and £44,000,000 for repayment of 3% Treasury Bonds on April 15, 1935.

To Shareholders only				
Luton Gas, £56,392 4% Perp. Deb. at 106%	56,392	...	59,770	5,639
Reed (Albert E.) and Co., 100,000 Ord. £1 at 29/-	100,000	...	143,000	50,000
Kagera Mines, 100,000 6% Cum. Conv. Pref. 5/- at 6/-	...	...	...	90,000
Edinburgh Investment Co., 43,200 Ord. £1 at 31/-	25,000	...	30,000	10,000
Metal Box Co., 142,883 7% Cum. Pref. £1 at 31/-	43,200	...	66,960	20,000
Total	142,883	...	221,467	221,467
	367,475	...	523,197	132,599
		...		385,598

Total Offered for Subscription	Including Conversions	Excluding Conversions	Total Offered for Subscription	Including Conversions	Excluding Conversions
Jan. 1 to date—			Whole year—		
1935	569,304,867	195,460,499	1934	410,980,300	169,108,700
1934	324,184,015	162,402,116	1933	467,921,500	244,780,500
1933	462,333,507	241,595,005	1932	2,699,684,265	1,889,909,963
1932	777,078,792	363,882,825	1931	114,290,666	102,044,291
1928	538,263,908	363,882,825	1928	693,100,056	369,058,073

(a) This figure includes £1,920,000,000 for conversion of 5 per cent. War Loan into 2½ per cent. War Loan.

Nature of Borrowing	Debtures	Preference	Ordinary	Total
January 1 to date—				
1935	130,503,071	30,083,241	34,874,187	195,460,499
1934	109,318,859	18,454,757	43,530,300	162,402,116
1933	212,917,900	45,062,600	111,177,690	369,158,100
1932	222,064,300	12,733,700	9,982,500	244,780,500
1934	102,769,300	21,461,000	44,878,400	169,108,700

By Stock Exchange Introduction	Capital Introduced	Approximate Price Dealings Began	Cash Involved
Amount previously recorded			
J. H. Vavasseur and Co., 600,000 Ord. 10/- at 14½	30,235,422	16½	47,817,033
Do., 100,000 5% Cum. Pref. £1	435,000	21½	485,000
Dancer and Hearne, 320,000 Ord. 5/-	100,000	7½	105,000
Total to date, 1935	30,850,422	...	48,539,033
Total to date, 1934	25,054,943	...	36,982,087

PUBLIC OFFERS

British Government.—Issue of £200,000,000 2½ per cent. Funding Loan, 1956-61, at £96 10s. per cent. Repayable at par on April 15, 1961, or from April 15, 1956, on three months' notice. Interest payable April 15th and October 15th, first payment of 6s. 6d. per cent. nominal on April 15, 1936. Holdings may be in form of inscribed stock, registered stock, or bonds to bearer. Books will be kept at Bank of England and Bank of Ireland, Belfast, and transfers will be free of stamp duty. List closed 12 o'clock December 4th. Applicants for up to £50,000 received a full allotment, while larger applicants obtained 92 per cent of their requirements.

British Government.—Issue of £100,000,000 1 per cent. Treasury Bonds, 1939-41, at £98 per cent. Repayable at par February 1, 1941, or from February 1, 1939, on three months' notice. Interest payable by coupon February 1st and August 1st, first payment of 8s. 6d. per cent. nominal on August 1, 1936. Bonds will be free of stamp duty. List closed 10 a.m. December 4th. A full allotment was made to applicants for up to £200,000. Those applying for a larger amount received an average of 89 per cent.

Atlas Cement of South Africa, Ltd.—Issue of £350,000 5 per cent. convertible debenture stock. Company formed to acquire freehold estate containing proved limestone and slab deposits in Orange Free State. Proceeds of debenture issue for constructing plant with 100,000 short tons capacity per annum costing £325,000. Vendors receive 190,000 £1 shares. Profits estimated to exceed £100,000 assuming 80 per cent. of output marketed, and £125,000 from full production. Stock is convertible at rate of three £1 shares for every £5 nominal up to January 1, 1939, and two shares for every £5 nominal up to January 1, 1941. List closed 9.5 a.m. December 5th. Oversubscribed.

National Provincial Cinemas, Ltd.—Issue of 325,000 6 per cent. cumulative participating £1 preference shares at 22s. Company owns cinemas, and stores in Poultan Morris Circuit and other cinema concerns, and has acquired 13 further cinemas subject to £150,000 mortgage. Issue to provide for repayment of loans from Union Cinema Group, purchase of properties and for extensions. On basis of profits applicable to company for 1934-35, £63,107 is available to meet fixed 6 per cent. dividend, and participating dividend of 2½ per cent. for which they rank after 6 per cent. ordinary dividend, up to half balance of profits. Total assets, excluding issue, £339,287. Union Cinema Company will manage properties 1,000,000 5s. ordinary shares largely subscribed by Union Cinema and Oxford and Berkshire Cinemas.

Mentmore Manufacturing Company.—Issue of 147,000 6 per cent. cumulative 10s. preference shares at par and 147,000 5s. ordinary shares at 6s. per share. Former to acquire fountain pen business. Net assets £91,315 (stock, £53,592) acquired shares. Profits, after computed depreciation and expenses: Year to April 8, 1933, £14,702; 53 weeks to April 14, 1934, £14,571; year to April 13, 1935, £15,396.

Burmese Hydraulic Tin, Ltd.—Issue of 300,000 5s. ordinary shares at par. Company formed to acquire and work tin areas in Lower Burma; consideration, £43,000 payable £13,000 in cash and balance in 5s. shares. Vendor pays original owner £8,000 cash and £8,000 in shares. Profits estimate, based on working costs 4d. per cubic yard, tin at £210, and 1 lb. tin oxide concentrate per cubic yard, is £50,000. £52,000 available from issue for hydraulic plant and general expenses.

OFFER FOR SALE

Crossley-Premier Engines, Ltd.—Offer for sale of 150,000 5½ per cent. cumulative £1 preference shares at 21s. Business established 1898. Net assets, £275,000. Profits, after depreciation, years to April 30th: 1933, £25,214; 1934, £15,654; 1935, £37,659. Capital recently reorganised, and now consists of 100,000 5s. ordinary shares, acquired by Crossley Bros., Ltd., at 7s. 6d. each, and 150,000 5½ per cent. preference shares now offered. Offer underwritten by Cazenove Akroyds and Greenwood for 6d. per share and £3,750 for expenses. The issue has been fully subscribed.

PRIVATE PLACING

North Middlesex Gas Company.—This company has placed privately £15,000 of new 4 per cent. perpetual debenture stock.

BY STOCK EXCHANGE INTRODUCTION

Dancer and Hearne Bros., Ltd.—Issued share capital 320,000 5s. ordinary shares. Incorporated November 25, 1935, to acquire established chair and furniture manufacturing businesses. Purchase price, excluding goodwill, in cash £53,925 and 44,308 in ordinary shares of 5s. each. Net assets £65,002 excluding goodwill. Profits before depreciation and income tax, years ended August 3rd: 1933, £7,438; 1934, £9,049; 1935, £16,584.

Clutsum and Kemp, Ltd.—Share capital 100,000 6 per cent. cumulative £1 preference, 400,000 5s. ordinary shares. Formed to acquire established business of similar name manufacturing elastic fabrics, for £95,000 (including goodwill) of which £50,000 cash and 45,000 £1 ordinary shares. In December, 1934, acquired for cash share capital of Ibstock Knitting Company, being 6,000 £1 shares at £2 1s. 6d. per share. Total combined net assets, excluding goodwill, £15,726 at cost, £140,443. Combined profits, after depreciation, years to September 30th: 1933, £14,260; 1934, £18,784. 11 months to August 31, 1935, £17,337.

BY TENDER

Alliance and Dublin Consumers Gas Company.—Issue of consolidated ordinary stock to realise £300,000 with premiums. Net revenue year ended June 30, 1935, after providing income tax, £136,262. Interest on debenture stock, £14,960. Dividend on ordinary stock already issued £108,631, leaving a balance of £12,672. Accumulated funds June 30, 1935, £194,205. Terms sold, years: 1922: 6,587,683; 1934, 12,055,147; half-year to June 30, 1935, 6,272,999. Net profits: 1933, £108,400; 1934, £112,725; half-year to June 30, 1935, £62,023. Over-subscribed.

BONUS ISSUE

Porritts and Spencer, Ltd.—The directors are issuing 302,812 new shares, fully paid, to ordinary shareholders, as a bonus in the proportion of three bonus shares for every four ordinary shares held.

ISSUES TO SHAREHOLDERS ONLY

Luton Gas.—Issue of £56,392 4 per cent. perpetual debenture stock at 106 per cent.

Reed (Albert E.) and Company.—Issue of 100,000 ordinary shares £1 at 29s. per share to existing ordinary and preference shareholders.

Kagera Mines.—Issue of 100,000 6 per cent. cumulative convertible preference shares of 5s. at 6s. per share.

Edinburgh Investment Company.—Issue of 43,200 ordinary shares £1 to holders of ordinary stock as at November 27th last in the proportion of one new ordinary share for each complete £10 of ordinary stock held. The price is 31s. per share, payable on December 31st.

Metal Box Company.—Issue of 142,883 7 per cent. cumulative preference shares of £1 at 31s. each. The list will close on December 18th.

CONVERSIONS AND REPAYMENTS

Treasury Bonds 2 per cent., 1935-38.—The whole of the £150,000,000 of these Bonds will be repaid at par on March 2, 1936.

Maritime Telegraph and Telephone Company, Ltd.—The 6 per cent. first mortgage bonds due July 1, 1941, have been called for redemption. A new issue of 30-year funding and general mortgage bonds, series "B," is being offered in exchange bond for bond. The new bonds will be dated January 1, 1936, maturing January 1, 1966, and will bear interest in Canadian funds at 6 per cent. to July 1, 1941, and 4½ per cent. thereafter, to maturity.



The Anglo-French Exploration Company, Ltd.—The whole of the outstanding debentures amounting to £15,000 will be redeemed on December 31, 1935.

De Beers Consolidated Mines.—The whole of the £2,414,600 5½ per cent. debentures will be repaid on December 31, 1935, at 102½.

FORTHCOMING ISSUES

Government of Ceylon.—An issue of £4,500,000 3 per cent. stock 1959-64 is expected and holders of 6 per cent. stock 1936-51 will be offered conversion.

Rochdale Corporation.—Power is being sought to issue £1,000,000 3 per cent. stock for repayment of short loans.

Bridgwater Corporation.—It has been decided to float a loan of £250,000 in 3 per cent. stock at 98½ redeemable 1955.

Alvis Car and Engineering.—A number of shares sufficient to finance the company's development programme are to be offered to existing shareholders.

Sound City (Films).—It is reported that arrangements are in an advanced stage for a public issue of shares in Sound City (Films), Ltd.

Yates's Castle Brewery.—At the annual meeting to be held on December 10th resolutions will be proposed for creating 50,000 additional ordinary shares £1 ranking for dividend and in all other respects *pari passu* with the existing ordinary shares. The new shares are to be offered in the first instance at par to the present shareholders in proportion to the number of ordinary shares now held.

British Cellulose.—This company is proposing to make an £100,000 issue in the New Year.

Penmains Estates.—An issue will be made next week of £100,000 5 per cent. debenture stock at par and 60,000 5½ per cent. preference shares at par.

Gas Light and Coke Company.—This company is seeking parliamentary sanction to raise £3,000,000.

CALLS DUE DECEMBER 9 TO DECEMBER 14, 1935

The grand total of calls in December 1935, is £16,128,124, which compares with £7,934,567 in December, 1934.

Nominal amount of Stock	Company	Amount of Call	When payable	Making Paid
£1	British Tyre and Rubber, 100,000 new ord. shares, at 36/-	16/- p.s.	Dec. 14	16/- p.s.
£1	Brockhouse (J.) and Co. (Ireland), 20,000 ord. shares, at par	10/- p.s.	Dec. 15	All
£1	Do., 20,000 6% cum. part. pref. shares, at par	10/- p.s.	Dec. 15	All
Stock	City of London Real Property, £221,900 3½% deb. stock, at £97%	£40%	Dec. 13	£60%
Stock	India (Government of) 3% stock, 1949-52, £10,000,000, at £98%	£40%	Dec. 12	All
Stock	Kirkcaldy, £25,000 5½% 1st mort. conv. deb. stock, at par	£50%	Dec. 15	All
Stock	Southern Rhodesia 3% ins. stock, 1859-64, £1,250,000, at £99%	£19%	Dec. 11	£24%

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Amt. paid	Price, Nov. 27, 1935	Price, Dec. 4, 1935
African Railway Finance 2% Deb.	98½	23½	1½-1½ dis	1½-1½ dis
Brighton 3% Deb.	101	5	½ dis-½ pm	½ dis-½ pm
Crown Flour 4½% Deb.	98	9	97-98	97-98
Dominion Reefs (S-) Deb.	5/-	2/-	par-3d pm	par-3d pm
Earls Court Ord. 5/-	5/-	4/-	1½-3d dis	6d dis-par
Do. 5½% 2nd Deb.	100	20	10-8 dis	7-5 dis
Edmundson's Electricity 3½% Deb.	98½	51	1½ pm	1½ pm
India 3%, 1949-52	98	5	3½-3½ pm	3½-3½ pm
Int. Power Newfoundland 3% Deb.	97	47	par-½ pm	par-½ pm
London Electric Transport 2½% Deb.	98½	58½	1-1½ pm	1-1½ pm
Lowestoft 3%	101½	50	par-½ pm	par-½ pm
Montague Burton Estates 4½% Deb.	6½	4½	2/--2½ pm	2/--2½ pm
Moss Gear Ord. 5/-	20½	10/-	1½-1½ pm	1½-1½ pm
Do. 6% Pref. £1	100	...	24½-25½	27½-28½
Ottoman Hldg. 3% "A" Deb.	100	...	13½-13½	17-18
Do. 3% "B" Deb.	100	...	5½-6½	5½-6½
Phoenix Prince Gold 5/-	95	5/-	3½-3½ dis	30½-31½
Short Bros. Ord. 5/-	99	5	1½ dis-½ pm	1½ dis-½ pm
Southern Rhodesia 3%	2½	2½	2½-2½ pm	4½-5½
Stewart and Arden 2½%	21½	21½	9d-3d dis	20½-20½
Do, 6% Pref. 20/-	5/-	5/-	3d dis-3d pm	par-3d pm
Sun Cycle Ord. 4/-	99½	25	½ dis par	1½ dis
Sunderland 3%	2½	1½	7½-4½ dis	7½-4½ dis
Tindals Gold 2½%	100	45	1½ dis	1½ dis
Trinidad 3% Stock	22½	7½	6d-1½ pm	1½ dis
United Kingdom Gas Ord. £1	21½	7½	9d-1½ pm	6d dis-par
Do. 4½% Pref. £1	1½	...	1½-1½	1½-1½
Do. 6% Pref. Ord. 2½%	2½	...	2½-2½	1½-1½
Wade Potteries Ord. 2½%	4½	4½	4½-4½	3½-4½
Do. 6% Pref. 10/-	100	100	10½-10½	9½-10½
W. Lon. Prop. 4% Deb.	100	75	½ dis-½ pm	1½ dis-½ pm
Weyburn Engineering 5/-	6½	6½	10½-11½	10½-10½
Do. 6% Pref. 10/-	100	100	10½-10½	10½-10½

COMPANY MEETINGS, &c.

BRITISH TAR PRODUCTS, LIMITED

DIVIDEND [AND BONUS] 15 PER CENT.

MR WOOLLEY-HART'S REVIEW

The fifteenth ordinary general meeting of British Tar Products, Limited, was held at the Royal Victoria Hotel, Sheffield, on Thursday, November 28, 1935.

Mr A. Woolley-Hart (the chairman of the company) was in the chair.

The Secretary (Mr John Jordan) read the notice convening the meeting and the auditors' certificate.

The Chairman said:—Gentlemen,—The directors' report and the accounts having been in your hands some days, I propose, if it is your pleasure, to take them as read.

There is little I can say which is not included in the directors' report or shown in the balance sheet.

In the meantime, the present position continues much as it was a year ago. The value of some products has gone up and others down, but we hope to have no worse figures to put before you next year.

TRADE CONDITIONS

Trade conditions generally, particularly in the heavy industries, have somewhat improved, involving the lighting up of more coke ovens, and this may result in our obtaining somewhat larger supplies of raw materials so long as this condition of matters goes on and the price of coking smalls remains at an economic level.

As you are no doubt aware, the position of matters in the coal industry is very serious and, in the event of a strike of the mineworkers, your company would immediately experience the full effects of it, owing to the coke-oven plants, from which its raw materials are obtained, being compelled to close down for want of coking smalls. If, happily, a stoppage is averted the prospects for the ensuing year are, at least, encouraging.

THE ACCOUNTS

The accounts, as I think you will agree, speak for themselves, and require little explanation. On the debit side the general reserve account, as I explained last year, has been utilised to write off the balance of expenditure on experimental work, and now stands at £2,706. Sundry creditors are £17,931 against £25,521, and a bank overdraft which last year was £2,794 has been replaced by a cash credit of £5,425. On the credit side it will be seen that stocks have been reduced and stand at £14,810 against £21,796, and the sundry debtors are also less, being £54,928 against £75,230. Investments have been largely increased and their cost value is £136,747 (with a market value of £129,869 as at September 30th) against £114,200—an increase of £22,547.

It will be seen from the balance sheet that we have a large fund outside the business and your directors keep a constant and careful watch not only on the company's present investments, but also for good securities yielding a reasonable return, or even the acquisition of other trading concerns which with careful and enterprising management might be expected to yield a better return than 4 per cent. or 5 per cent. These, however, are not always easy to find and the board will always welcome suggestions on the subject from the shareholders or anyone else who is interested.

DIVIDEND RESOLUTION

I now beg formally to move that the directors' report and the audited accounts and balance sheet, as presented, be and they are hereby approved and adopted; that a final dividend of 3½ per cent., less tax (making 10 per cent., less tax, for the year), and a bonus of 5 per cent., less tax, as recommended by the board, be paid forthwith to the preferred ordinary and ordinary shareholders whose names appear on the register on this date and that a sum of £5,000 be written off contracts and goodwill account (reducing it to £45,000) and that the balance of £4,040 19s. 8d. be carried forward. I will call upon one of my colleagues to second the motion, after which I shall be glad to answer any questions to the best of my ability before putting it to the meeting.

Mr F. C. Swallow, who retired by rotation, was re-elected a member of the board, and the auditors, Messrs Bryden, Johnson and Company were reappointed. The meeting terminated with a vote of thanks to the Chairman, directors and staff.

CONSOLIDATED GOLD FIELDS OF SOUTH AFRICA, LIMITED

OPERATING COMPANY'S LARGER PROFIT
IMPORTANCE OF WEST WITWATERSRAND

The ordinary general meeting of this company was held, on the 5th instant, at 20 Aldermanbury, London.

Mr J. A. Agnew (the chairman) said that the accounts of New Consolidated Gold Fields, the operating company, showed a profit from sales, dividends, etc., of £1,513,494, compared with £1,388,060 in the previous year. There had been a further increase in revenue from dividends of £65,000, following an increase of nearly £100,000 in the preceding year. With the amount brought forward there was available £1,628,155, compared with £1,441,830 for the previous year. Against this, £100,000 had been charged as a reserve for depreciation, a similar amount to that charged in the previous year, and £300,000 had been transferred to open reserve, making that account £1,000,000. The final dividend of 2s. 9d., making 4s. per share for the year, required a net amount of £354,924, and left £320,549 to be carried forward, compared with £162,970 brought in.

The final dividend of 2s. 9d. per share on the shares of New Consolidated Gold Fields enabled the payment of a dividend of a similar amount to be recommended on the shares of the Consolidated Gold Fields of South Africa, making 4s., or 20 per cent., for the year.

WEST WITWATERSRAND

After referring to the position of Robinson Deep, Simmer and Jack, Sub Nigel, Spaarwater, Vogelstruisbult, the Chairman gave a summary of results to date on the property of West Witwatersrand Areas.

Definite evidence had been obtained of the existence of the Main Reef in fourteen bore holes over a length of 23 miles. There was a distance of 14 miles still to be drilled to the western boundary, and all the indications were that they would, beyond doubt, repeat in that section the results already obtained elsewhere. Although it was impossible to indicate any definite figures, it might be regarded as certain that a highly profitable average value could be looked for, the grade appearing to be well above that at which profitable mining operations could be conducted.

In summing up generally the West Witwatersrand position, he found it very difficult to avoid the use of extravagant terms in outlining the prospects. He thought it might safely be left to the results of the next year or two to prove the correctness of all that they had claimed during the last three years.

BURDEN OF TAXATION

With regard to taxation, the excess profits duty in its present form had so many disadvantages that the Gold Mines and, they believed, the Government were convinced that a revised and more equitable system of taxation should be devised. To this end a commission had been set up to examine the position thoroughly, and although the findings would not, it was anticipated, be made known until next year's budget, they were hopeful that those findings would be of a satisfactory nature.

The disadvantages of the present system were, first, its complications and uncertainty in application. Secondly, as a total amount of tax was apparently to be contributed from the mines as a whole, shortages from one mine had to be made up by increased payments from others. Thirdly, yearly changes in the basis of taxation were apparently necessary; and fourthly, the present system operated as a deterrent on improved efficiency.

A case had been prepared for presentation to the commission, and a majority of the groups was in favour of a tax at a flat rate on all profits to replace the excess profits duty and surtax. A straight tax permitted reasonable certainty in the calculations of prospective profits. The directors were very sanguine that before the next meeting it would have been found possible to convince the Government of the error of taxing the industry to the uttermost merely because that industry might be regarded as able to bear such taxation.

OTHER INTERESTS

The Chairman also dealt with the company's interests in Rhodesia, in the Gold Coast Colony and in America. In Australia they still maintained their interests in Lake View and Star, Wiluna Gold Corporation and Gold Fields Australian Development, and each of those three companies continued to show excellent results.

With regard to their interest in the tin industry, their holdings in the Anglo-Oriental Mining Corporation and British Tin Investment Corporation remain unaltered.

KWAHU MINING CO. (1925), LIMITED

COMPANY'S HOLDINGS AND PROPERTIES

The ordinary general meeting of the Kwahu Mining Company (1925), Limited, was held, on the 29th ultimo, at Winchester House, Old Broad Street, London. Mr M. L. Innes Browne (chairman of the company) presided.

The Chairman said:—Gentlemen,—Turning to the balance sheet, the capital remains the same as last year—£40,000. The net profit for the year amounts to £9,603 1s. 4d., which, with the £12,250 16s. 10d. brought forward from the previous year, after deduction of income tax provision, gives us the sum of £16,573 12s. 2d. profit to carry forward. On the other side of the balance sheet, property account shows the further expenditure on that account for the year, less cost of Boppo No. 2 lease sold to Marlu Gold Mining Areas, Limited, the purchase price being 400,000 fully paid up shares of 5s. each in that company.

At present market prices our shareholdings in other companies show a very substantial surplus over the amount at which they stand in the balance sheet. Shares in the subsidiary company represent our shareholding in Gold Coast Main Reef, Limited, who bought from us their Tuappim and Bondaye properties. That company has also bought the adjoining Ekotokroo Concession from Gold Coast Selection Trust, Limited. It has been agreed that the work on these properties should be done under the supervision of Major D. Gilchrist, the manager of Gold Coast Selection Trust, Limited, and in consequence the London office of Gold Coast Main Reef, Limited, has been moved and is now in the same building as the former company. One result of the increase of the gold-mining industry has been the increased demand for good managers, and it is an advantage for our late subsidiary to have the assistance of a big mining group with experienced technical advisers. I say late subsidiary, for Gold Coast Selection Trust, Limited, having subscribed at par for 300,000 shares in Gold Coast Main Reef, Limited, the latter company now has ceased to be a subsidiary. We have other properties adjoining those being developed by Gold Coast Main Reef, Limited, so, in addition to our interest as large shareholders of that company, we are further interested in the successful development of their properties as it enhances the value of our adjoining mining areas. The same applies to the success of Marlu Gold Mining Areas, Limited, to whom we sold our Boppo property. In the neighbourhood here, we own large areas of mining rights, so, in addition to our shareholding of 400,000 shares in Marlu Gold Mining Areas, Limited, we are also interested in their successful development of mines, as again it will increase the value of our adjoining properties.

With regard to the progress of Marlu Gold Mining Areas, Limited, it is reported that the results obtained from development, and the progress made with the installation of plant and machinery, continue to be entirely satisfactory, and that further developments have brought the tonnage recoverable by steam-shovel operation up to 2,813,000 tons with an average value of 4.6 dwts., while development in depth indicates a large additional tonnage; also that the tests have indicated the ore can be treated without difficulty and at a low cost. Our shareholding in Tarkwa Banket West, Limited, remains the same as last year. Our company has an issued capital of only £40,000. Against that it has £31,452 17s. 2d. in cash; useful assets in its shareholdings in other companies; also properties and options covering approximately an area of 45,000 acres, mainly situated on the Prestea-Ashanti line of reef, adjoining and in the neighbourhood of the properties now being developed.

We have already dealt with three of our mining properties. Another is under consideration and as the gold-mining industry in the Colony continues to grow we should be able to deal with many others.

The report was adopted.

Orders for the publication in these columns of the reports of Company Meetings should be addressed to:—

The Reporting Manager,

THE ECONOMIST,

8 Bouverie Street,

Fleet Street,

London, E.C.4

He understood that negotiations were in progress for a further renewal of the international agreement when it expired at the end of next year and that an overwhelming majority of Empire producers had already declared in unequivocal terms the desire of the industry for the renewal of the agreement upon the existing basis so far as the signatory countries were concerned. It was to be profoundly hoped that there would be no undue delay in completing the new agreement. Should there be any considerable delay their committee might be forced to permit of such an expansion of the uncontrolled stock as would lead back to the vicious circles from which happily the industry had now escaped.

Notwithstanding the announcement made in the Press early this year to the effect that neither their company nor any of the companies associated with it had been interested in any transactions in connection with pepper or shellac, there had been statements even quite recently as to their alleged dealings in those two commodities. He would like to repeat as emphatically as possible that there was no truth whatever in such statements and that they had not been connected in the slightest or most remote degree with any transactions of the character indicated.

The report and accounts were unanimously adopted.

TARKWA BANKET WEST, LIMITED

SOUND POSITION

The ordinary general meeting of Tarkwa Banket West, Limited, was held, on the 29th ultimo, at Winchester House, Old Broad Street, London. Mr M. L. Innes Browne (the chairman) presided.

The Chairman said: Turning to the balance sheet, there is no change in the issued capital of the company. Sundry creditors are small and are less than last year. The net profit for the year brought into the balance sheet is £18,262 18s. 8d. It is proposed to pay a dividend of 10 per cent., less income tax, which will absorb £11,621 3s. 8d. It is not a big dividend, but we are pleased, nevertheless, for it marks another step forward, and is a great advance from the position a few years ago. On the other side of the balance sheet we have property account showing the further expenditure during the year on that account, less the cost, £500, of the Boppo lease (area 827 acres) sold to Marlu Gold Mining Areas, Limited, for which we received 400,000 fully paid up shares in that company. The company's remaining leases and options cover an area of approximately 8,500 acres and are reasonably valued at the figure of £11,835, shown in the balance sheet, and are such that as the Gold Coast mining industry continues to increase we should be able to deal with them on very good terms. Government and Corporation stocks together with cash at bank amount to £85,818 19s.

The coming year should be one of interest for the Gold Coast mining industry. Much useful work has been done and knowledge gained during the past two years. It always seems a long wait from the prospecting to the producing stage, particularly so, perhaps, in a country such as the Gold Coast, where the mining industry had been neglected for so many years. Good managers with a knowledge of West African conditions were difficult to obtain and it takes time to understand the various formations, labour and local conditions. The large mining groups interesting themselves in West Africa to-day have good technical advisers experienced in opening up mines in the tropics, and able to advise and assist the local manager on the property. Isolated mining companies and small syndicates doing pioneering work in the Gold Coast have many difficulties to contend with. The development of mines in the Colony can more effectively be done by big, well-organised mining groups experienced in the opening up of mining properties in the tropics and who command a staff with knowledge of the conditions ruling in the Colony. Our aim has been to work in mutual interest with the larger mining groups interested in West Africa. Negotiations with the Government on legislative or administrative measures, railway rates, harbour dues, the extension and maintenance of roads and bridges, medical and sanitary measures and all the numerous items that affect renewed mining activity can be better carried on by a big interested group than by isolated companies. During the past two years much necessary detail work has been done in the Colony, and the coming year should be one of real advance for the gold-mining industry there. The balance sheet before you shows our company to be in a sound position to benefit from the steady advance each year in the growth of the gold-mining industry of the Gold Coast Colony. I think we are entitled to be rationally optimistic regarding the future of our company, and are justified in the expectation that the dividend now recommended will be followed each year by others.

The report and accounts were adopted.

SOUTH WEST AFRICA COMPANY, LIMITED

REOPENING OF ABENAB MINES

The annual general meeting of this company was held, on the 3rd instant, at Winchester House, London, Sir Edmund Davis, J.P. (chairman and managing director), presiding.

The Chairman, in moving the adoption of the report and accounts, having dealt with the accounts and explained at length the terms of the sale of the Hirsch Kupfer shares, said:—It is necessary that a reference should again be made to our mining operations, and it will interest you to know that in view of the large reduction in our accumulated stock of vanadium concentrates we decided a few months back to re-open the Abenab Mine, a policy which we are pleased to state has resulted in a much larger business for our current financial year. This should be followed by a substantial increase in our profits, provided no unexpected difficulties arise over the question of exchange, or any unexpected depreciation takes place in our investments. On the subject of exchange, at our last ordinary general meeting I referred to the restrictions in Germany, which were causing us considerable embarrassment in connection with the business with our friends there. It then became necessary for us to stipulate that deliveries of vanadium concentrates could only be made either against payment in sterling or against approved credits. This policy has worked in a satisfactory manner, though it has meant some reduction of profit.

For the seventh year in succession we are recommending the payment of a dividend of 5 per cent., with a bonus of 2½ per cent., or 7½ per cent. in all. In respect of the period of eighteen months covered by our balance sheet at June 30, 1922, we wrote off against the British, Colonial and Foreign investments which we then held, the sum of £698,028, of which our German and Hungarian, i.e. ex-enemy, investments were responsible for £649,338. Against these losses were set off £189,207, which we were able to recover in settlement of claims for interest and compensation in respect of German bank balances and investments, and £502,212, the difference between the par value and the price we gave for ex-enemy shares acquired.

The report and accounts were unanimously adopted.

TOWN INVESTMENTS LIMITED

SUCCESSFUL YEAR—CAPITAL INCREASED

The thirteenth annual general meeting of this company was held, on the 4th instant, at 47 Grosvenor Street, London.

Mr A. Maitland Kisch, F.S.I., chairman and managing director, said that he was in a position to report continued prosperity, the net profit for the year being £70,002, or £6,618 more than a year ago. That net profit represented net earnings of approximately 22½ per cent. upon the ordinary capital. During the past seven years undivided profits aggregating £137,000 had been placed to general reserve and the carry-forward. Having added so materially to working capital out of earnings, they had placed the company upon a strong and permanently secure financial basis. They were proposing to maintain the dividend at 14 per cent.

The profit figures were the more satisfactory when it was appreciated that their programme of building had caused a lag between expenditure of capital and receipt of revenue, and, provided that lettings continued upon the present steady scale, welcome additions to revenue would be forthcoming in the latter half of the present year.

As to their prospects, the company operated and invested in the centre of the world's greatest and most prosperous city. They possessed a National Government with sufficient power to underwrite stability and almost to guarantee prosperity. Those satisfactory conditions warranted their looking forward with interest and confidence to their work in the expectation that they might mount one more step up the ladder of progress during the present year.

The report and accounts were unanimously adopted.

An extraordinary general meeting followed, to consider a resolution increasing the capital from £450,000 to £700,000 by the creation of £250,000 additional ordinary shares of £1 each.

The Chairman said that, without actually committing himself, he could say that the directors would offer in February next 50,000 ordinary shares to ordinary shareholders upon terms to be decided in the ratio of one new ordinary share for every five held. The price at which the new issue would be made would provide an acceptable bonus to shareholders.

The resolution was carried unanimously.

WEST AFRICAN DIAMOND SYNDICATE, LIMITED

RECORD RECOVERY—FAVOURABLE PROSPECTS

The eleventh annual ordinary general meeting of the West African Diamond Syndicate, Limited, was held, on the 2nd instant, at Winchester House, London, Mr F. P. Sudbury, J.P. (the chairman) presiding.

The Chairman, moving the adoption of the report and accounts, said that for the year ended March 31, 1935, they had paid two interim dividends of 2½ per cent. each, less tax, and for the current year a first distribution of 2½ per cent., less tax, was paid on October 26 last.

Their recovery in diamonds for the year ended March 31 last constituted a record in the history of the company, and it had been possible still further to reduce the production costs. The selling price per carat had certainly improved in recent months, but the increase did not commence until after the close of their financial year.

The extension of their prospecting programme resulted in a number of options being taken up, and further examination resulted in the directors deciding to form the two subsidiary companies mentioned in the report. The first subsidiary did not hold any concession at the moment, but it was not unlikely that before many months had passed it would hold a concession over an area which, from preliminary work, looked most promising. The second subsidiary, Hellis Gold Mines, Limited, held the lease of a concession for which it had obtained the Certificate of Validity. A considerable amount of work had been done on this concession, as the values from outcrops were quite good.

He was present when the first holes were drilled for commencing the work on Adit No. 2, where the blanket was cut, and gave an average value of 8 dwts. over a 10-ft. width of reef. Another area which they had been prospecting during the past three months had given a yardage of some 4,000,000 cubic yards of combined gravel and overburden, with an average grade of over 4 grains per cubic yard, and it was considered they should be able to treat this area at a working cost which would give a working profit of over £100,000, taking gold at £7 per ounce. Their company's prospects were good, and they could view the forthcoming year with confidence.

The report and accounts were adopted.

BOWATERS PAPER MILLS, LIMITED

IMPROVEMENT ALL ROUND

The annual general meeting of Bowaters Paper Mills, Limited, was held, on the 5th instant, in London.

Mr Eric V. Bowater, the chairman of the company, said:—The circumstances under which we meet to-day are, I am glad to say, happier than those which prevailed on the occasion of our last meeting. The improvement in results has been attained as the result of full-time operation, a further increase in production, the lower cost of raw materials, and slightly better selling prices for newsprint.

Our business is carried on by a number of companies, of which the principal are your own, the parent company; Bowaters Mersey Paper Mills, Limited, the ordinary capital of which is held largely by your company, the balance being held by W. V. Bowater & Sons, Limited, the whole of whose ordinary share capital is owned by your company.

Profits of the parent company amounted to £178,316, but, notwithstanding the recovery in earnings represented by these profits, your directors do not recommend any alteration in the rate of dividend and therefore propose again to pay five per cent. on the ordinary shares. The Mersey Company's balance sheet shows a much improved position, and the profits of W. V. Bowater & Sons again show an increase. It would seem that the tendency, which manifested itself some time ago, for trade in this country steadily to improve has, to a large extent, been maintained.

For the first time since statistical records of our industry have been available, the *per capita* consumption of newsprint in the United Kingdom is the greatest in the world; previously the United States have easily led in this respect. For 1936 practically the whole estimated output of both your company's mills and those of Bowaters Mersey Paper Mills, has already been disposed of and their requirements of raw materials have been covered.

From what I have been able to tell you to-day you will have gathered that in the absence of any political or industrial upheaval, the outlook for your company and its associates should not be unsatisfactory.

The report was unanimously adopted.

MALAYA GENERAL COMPANY, LIMITED

WORKING OF REGULATION SCHEME

The twenty-seventh annual general meeting of the Malaya General Company, Limited, was held, on the 4th instant, at 7 Great Winchester Street, London, Mr T. H. Graham, the chairman of the company, presiding.

The Chairman, in the course of his speech, said that the regulation scheme was working, on the whole, satisfactorily. There were, of course, some anomalies, and, in some respect their company had not been treated as well as they might have expected. For instance, although in the twelve months ended June 30, 1934, a crop of 2,948,000 lbs. had been produced, the basis of the scheme was arbitrarily fixed on the crop produced in 1929-30, during which time they were voluntarily restricting crop in an effort to help stem the downward rush of the market price. Consequently, when the company was given a standard crop assessment for 1934 of 2,333,000 lbs., the board had felt it their duty to appeal. Although they were allowed an additional 66,000 lbs. on the appeal, that figure still fell far short of the assessment that should, in the board's opinion, have been allotted to the company. For 1936 they were still under-assessed at 2,486,640 lbs., but the board appreciated all the work done by the Committee, and that some anomalies must be expected in the working of any such huge scheme.

The board felt very strongly that one of the weakest points in the regulation scheme was the latitude given to trade in export rights. That should be stopped, and all coupons not used by a producing estate for its own crop should be surrendered to the authorities at the end of each quarter, and neither carried forward nor sold. They hoped, and had no doubt, that the International Regulation Committee would find means to put all those things right and make the working of the scheme a great success. The announcement of the committee increasing the Dutch quota by 57,000 tons and keeping to the 60 per cent. restriction level was evidence of their intentions. If they could achieve an average selling price of 7d. to 7½d. on a crop of 60 per cent. of their standard assessment, the board thought shareholders could look forward to a better result a year hence.

The report and accounts were unanimously adopted.

FOLLSAIN SYNDICATE LIMITED

DEVELOPMENT OF THE PROCESSES

The adjourned annual meeting of this company was held, on the 5th instant, at Winchester House, London.

Mr A. H. Pollen, who presided, said that there were now seven lines of development proceeding simultaneously. At the beginning of last year their strongest technical case was heat-resisting tubes. The British Mannesmann Tube Company had examined the position carefully, and was persuaded of the justice of the Syndicate's claim. A partnership had accordingly been established between the Syndicate, their subsidiary, the Follisain Metals, Limited, and the British Mannesmann Tube Company, Limited. The formation of the Follisain Tubular Products, Limited, under the management of the British Mannesmann Company, had resulted, and preparations for large production would be a matter of weeks only.

At the Lutterworth factory they must quadruple their facilities for dealing with their various alloys, amongst the most interesting of which was a new metal called "EV," the outcome of a new process. The value of the "EV" metal was fully established, and earnings depended solely upon their ability to produce. Of their other lines of development, the commercial proof as to the "HT" Process was complete. Its exploitation in tubes, the largest and most profitable field, was provided for, while the trade in boxes and other furnace fittings awaited the extension of the Lutterworth factory only. Follisain Metals, Ltd., as well as the Syndicate, had already secured a source of income from the Follisain Tubular Products, Limited, and should earn a satisfactory income from its own trade in the "HT" furnace fittings and "EV" metal.

To take advantage of this transformation in their position, they needed capital. The Syndicate needed between £40,000 and £60,000, and Follisain Metals needed an equal amount. It was therefore the directors' intention, with the approval of the shareholders, to double the issued share capital, to offer the new shares at 1s. each to the existing shareholders, share for share, and, either to arrange for the issue of at least £100,000 of the Follisain Metals participating preference shares at par, or otherwise to provide the further sums required.

The meeting closed with a cordial vote of thanks to the Chairman.

ANSELLS BREWERY LIMITED

CONTROLLING:—

HOLT BREWERY CO., LTD.
GRIGG & BRETT, LTD.
LUCAS & CO., LTD. FRANK MYATT, LTD.
SUFFIELDS, LTD. CHARLES HEELEY, LTD.
GALLAGHER MORGAN, LTD.

35th ORDINARY GENERAL MEETING

held at the Farcroft Hotel, Birmingham 21,
on Tuesday, December 3rd, 1935

PROFITS.....£429,306 15 8
(12 months ended 30th Sept., 1935, after deducting all charges and expenses for management (including Directors' Fees) and making provision for interest on Debentures and Debenture Stock, taxation, depreciation, bad and doubtful debts, and other contingencies.)
BROUGHT FORWARD.....£312,375 9 10

£741,682 5 6
DIVIDENDS ON PREFERRED AND ORDINARY SHARES (paid and to be paid).....£241,858 15 0
TO RESERVE FOR PROPERTIES, ETC.£100,000 0 0
TO RESERVE ACCOUNT £80,000 0 0
£431,858 15 0

TO BE CARRIED FORWARD.....£309,823 10 6

Points from the Chairman's Speech

It has been the Company's RECORD YEAR FOR BOTH PROFITS AND DIVIDENDS.

The balance-sheet presented is the first to include a full year's figures since the acquisition of the ordinary shares of the Holt Brewery Co., Ltd., and, as predicted, they prove an undoubted success from every point of view.

There was sufficient confidence last year to spend no less than £462,332 in capital expenditure to improve licensed properties, and also to undertake extensions to brewery premises.

A record profit showing an increase of £167,312 over last year, and we are recommending a record dividend distribution on ordinary shares.

We, in conjunction with our subsidiary companies, contributed to direct taxation during the year £1,704,000, which is more than seven times the amount distributed to the Shareholders.

One of the most important developments instituted since the reorganisation of the Management has been the acquisition negotiated in 1934 which with ANSELLS EXTREMELY POPULAR BEERS in the houses of Holt Brewery Co., Ltd., has enabled us to derive such unique benefits.

All the conditions imposed by the Chancellor of the Exchequer when he reduced the Beer Duty have been fulfilled, the average gravity of our beers for the year being two degrees above the comparative period to the alteration.

We have also used the largest possible proportion of malt made from Home-Grown Barley in our blends, which is a substantial increase compared with the amount used prior to the undertaking.

The balance-sheet is particularly sound and shows a true and correct view of the present situation, and also provides for possible contingencies.

Ansell's Brewery Limited, Aston, Birmingham, 6

THE STRAND HOTEL, LIMITED

EXTENSIVE RENOVATIONS

The twenty-eighth ordinary general meeting of this company was held, on the 5th instant, at the Trocadero Restaurant, London.

Major M. Gluckstein (the chairman) said that, in connection with the renovation of the company's hotels, a fairly large number of bedrooms had been out of commission during the past year, and, coincident with this temporary loss of revenue, they introduced at the Regent Palace and Strand Palace Hotels in January last reduction in the tariff for double bedrooms from 16s. 6d. to 15s. per day. They had had available, however, throughout the year, the extra 100 bedrooms at the Regent Palace Hotel added towards the end of the previous financial year, and on balance the turnover had been slightly greater than that of 1934.

As to the physical character of the hotels, neither time nor effort had been spared in an endeavour to evolve an hotel bedroom at once practical and up to date. Draperies and carpets, and all the appurtenances dictated by modern standards, had been brought into various colour schemes consistent with present-day tastes. The brass bedstead had given place to the new fashionable wooden frame. Wallpaper had faded into a memory before the more modern painted wall surface. Wardrobes, which formerly occupied such a large area, had been replaced by fitments built into the wall of each bedroom, affording the visitor more space in the room. Bathrooms and corridors, too, were being transformed beyond recognition, and lifts capable of travelling at double the speed had replaced their outworn predecessors.

Mr Maurice Salmon said that if the company were to modernise their amenities, it might well be asked why renovation should not be extended to some of the laws which governed them, and from which they had hitherto had no relief; for hotels in this country still suffered, to a degree that was not generally appreciated, from the failure of Parliament to confer on them a rank of their own. In many respects, no distinction was drawn between the modern London hotel of over a thousand bedrooms and the small country inn, or indeed the ordinary public house.

The report was unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended November 30, 1935, amounted to £7,379,000, against ordinary expenditure of £11,727,000. After allowing for an increase in Exchequer Balances of £118,118, the operations for the week, as shown below, increased the gross National Debt by £4,681,000 to approximately £7,985 millions.*

(000's omitted)

Treasury Bills	+ 4,500	N. Atlantic Shipping Issues	£ 55
Public Department Advances	+ 600	British Shipping Issues	14
		P.O. and Teleg. Cap. Expenditure	350
			419
	+ 5,100		

* Including £375 millions on Account of Exchange Equalisation Fund and Borrowing or Statutory Sinking Fund.

A complete analysis of the approximate position of the National Debt on September 30, 1935, appeared in the *Economist* for October 5th.

REVENUE	Estimate for the year 1935-36	Total Receipts into the Exchequer			
		April 1, 1935, to Nov. 30, 1935	April 1, 1934, to Dec. 1, 1934	Week ended Nov. 30, 1935	Week ended Dec. 1, 1934
ORDINARY REVENUE					
Inland Revenue—					
Income Tax	232,500,000	74,047,000	69,427,000	1,591,000	1,063,000
Sur-tax	51,500,000	7,510,000	10,100,000	190,000	170,000
Estate, etc., Duties	80,000,000	58,330,000	53,550,000	1,200,000	1,440,000
Stamps	25,000,000	12,900,000	12,650,000	760,000	580,000
Excess Profits Duty and Corporation Profits Tax	1,700,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	150,000	160,000	...	...
Total Inland Revenue	391,500,000	152,937,000	145,887,000	3,741,000	3,253,000
Customs and Excise—					
Customs	188,570,000	132,810,000	126,533,000	3,355,000	3,280,000
Excise	106,350,000	73,300,000	71,700,000	1,400,000	1,300,000
Total Customs and Excise	294,920,000	206,110,000	198,233,000	4,755,000	4,580,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,486,000	1,933,000	Dr 602,000	Dr 532,000
Post Office (Net Receipts)	11,850,000	11,100,000	12,000,000	Dr 850,000	Dr 200,000
Crown Lands	1,330,000	1,000,000	1,010,000	110,000	...
Receipts from Sundry Loans	3,900,000	3,245,000	3,179,011	230	...
Miscellaneous Receipts	25,970,000	18,130,913	12,166,945	225,086	531,575
Total Ordinary Revenue	734,470,000	392,008,917	374,428,856	7,379,086	7,612,805

REVENUE	Estimate for the year 1935-36	Total Receipts into the Exchequer			
		April 1, 1935, to Nov. 30, 1935	April 1, 1934, to Dec. 1, 1934	Week ended Nov. 30, 1935	Week ended Dec. 1, 1934
SELF-BALANCING REVENUE					
Post Office	64,070,000	41,000,000	37,950,000	2,200,000	1,650,000
Motor Vehicle Duties apportioned to Road Fund	26,230,000	8,954,000	10,422,000	602,000	532,000
Total Self-balancing Revenue	90,300,000	49,954,000	48,372,000	2,802,000	2,182,000
Total	...	441,962,917	422,800,856	10,181,086	9,794,805

EXPENDITURE	Estimate for the year 1935-36 (including Supplementary Grants)	Total Issues out of the Exchequer to meet Payments			
		April 1, 1935, to Nov. 30, 1935	April 1, 1934, to Dec. 1, 1934	Week ended Nov. 30, 1935	Week ended Dec. 1, 1934
ORDINARY EXPENDITURE					
Interest and Management of National Debt	224,000,000	143,841,929	166,822,338	318,031	22,068,363
Payments to Northern Ireland Exchequer	6,750,000	3,455,893	3,614,283	230,393	226,644
Other Consolidated Fund Services	3,700,000	2,049,720	2,238,968	26,976	480,377
Post Office Fund	1,130,000	1,126,817	2,291,118	...	...
Total	235,580,000	150,474,359	174,966,707	575,394	22,775,684
Total Supply Services (excluding Post Office)	508,440,000	319,599,399	296,056,319	11,151,800	9,195,000
Total Ordinary Expenditure	744,020,000	470,073,758	471,023,026	11,727,194	31,970,684
SELF-BALANCING EXPENDITURE					
Post Office	64,070,000	41,000,000	37,950,000	2,200,000	1,650,000
Road Fund	26,230,000	8,954,000	10,422,000	602,000	532,000
Total Self-Balancing Expenditure	90,300,000	49,954,000	48,372,000	2,802,000	2,182,000
Total	...	520,027,758	519,395,026	14,529,194	34,152,684

The aggregate revenue and expenditure to November 30, 1935, is shown below:—

FINANCIAL YEAR, 1935-36, APRIL 1, 1935, TO NOVEMBER 30, 1935 (000's omitted)

Expenditure	470,074	Revenue	392,009
Increase in balances	265	Gross inc. in borrowing	184,142
		Less	
		New Sinking Fund	5,812*
		Net borrowing	78,330
	470,339		470,339

* Authority will be sought in the Finance Bill to meet the amount of the Statutory Sinking Funds in 1935 by borrowing.

POSITION OF THE FLOATING DEBT

	Dec. 1, '34	Mar. 31, '35	Nov. 30, '35	Nov. 30, '35
Ways and Means Advances Outstanding—				
Advances by Bank of England	2,250,000	...	...	...
Advances by Public Departments	46,551,000	34,080,000	30,010,000	60,000
Treasury Bills outstanding	869,770,000	799,320,000	905,430,000	+ 4,500,000
Total Floating Debt	918,570,000	833,380,000	935,430,000	+ 5,100,000

* Includes £1,000, the proceeds of which were not carried to the Exchequer within the period of the Account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £45,000,000 Treasury bills were opened on November 29, 1935, and the total amount applied for was £63,605,000. Tenders were accepted for Treasury bills at three months dated Monday to Saturday at £99 17s. 0d., about 55 per cent., and above in full. The average rate per cent. was 11s. 9-31d. The amount allotted various dates:—

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
January 6, 1933	45,000,000	73,830,000	45,000,000	0 18 10-84
July 7	45,000,000	85,890,000	42,000,000	0 10 4-85
October 6	45,000,000	100,450,000	45,000,000	0 12 9-68
January 5, 1934	35,000,000	76,260,000	30,000,000	0 18 11-5
April 6	40,000,000	80,390,000	35,000,000	0 17 9-01
July 6	35,000,000	62,745,000	35,000,000	0 16 4-14
October 5	35,000,000	65,280,000	31,510,000	0 15 9-702
January 4, 1935	30,000,000	49,560,000	27,500,000	0 6 1-64
April 5	40,000,000	76,095,000	40,000,000	0 10 2-93
July 5	40,000,000	80,905,000	40,000,000	0 12 4-32
October 4	45,000,000	71,245,000	44,000,000	0 12 8-22
November 1	40,000,000	63,880,000	40,000,000	0 11 1-22
November 8	45,000,000	63,855,000	45,000,000	0 10 9-66
November 15	45,000,000	61,155,000	45,000,000	0 10 9-66
November 22	45,000,000	61,745,000	45,000,000	0 10 9-66
November 29	45,000,000	63,605,000	45,000,000	0 11 9-31

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended November 9, 1935	601,126	450,844
Week ended November 16, 1935	596,465	447,349
February, 1916, to November 16, 1935	1,242,125,110	978,034,171

At the end of October, 1935, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £391,354,189.

The OCEAN

Accident & Guarantee Corporation, Limited
Head Office: 36-44 Moorgate, London, E.C.

FOR ALL CLASSES OF INSURANCE

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, December 4, 1935
ISSUE DEPARTMENT

Notes issued:—		Government Debt	11,015,100
In Circulation	405,567,509	Other Government Securities	246,332,847
In Banking Department	52,841,661	Other Securities	1,113,168
		Silver Coin	1,538,887
		Amount of Fiduciary Issues	280,000,000
		Gold Coin and Bullion	198,409,170
	458,409,170		458,409,170

BANKING DEPARTMENT

Proprietors' Capital	14,553,000	Government Securities	89,417,499
Reserve	3,329,313	Other Securities:—	
Public Deposits	7,073,745	Discounts and Advances	10,713,988
Other Deposits	...	Securities	12,500,866
Bankers' ...	£103,711,418		23,214,854
Other Accounts	£37,537,085		52,841,661
	141,248,498		730,542
	166,204,556		166,204,556

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

Both Departments	Amount, Dec. 4, 1935	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	£405,567,509	+ 4,222,042	+ 20,120,190
Public deposits	7,073,745	- 12,633,362	- 1,529,320
Bankers' deposits	103,711,418	+ 12,824,202	+ 5,140,620
Other deposits	£37,537,085	+ 1,001,286	+ 1,144,220
Seven-day bills	...	...	40
Total outside liabilities	553,889,752	+ 5,414,168	+ 14,594,430
Capital and rest	17,882,313	+ 53,656	+ 4,913
Government debt and securities	346,765,446	+ 3,904,939	+ 5,434,722
Discounts and advances	10,713,988	+ 1,214,251	+ 2,782,786
Other securities	13,614,032	- 348,424	- 1,206,613
Silver coin in issue department	1,538,887	- 3,469	- 1,206,613
Coin and bullion (bank's reserves)	199,138,712	+ 700,527	+ 6,431,013
Reserves of notes and coin in banking department	53,572,203	- 3,521,515	- 13,749,177
Proportion of reserve to outside liabilities			
(a) Banking Department only ("proportion")	36-1%	- 2-7%	- 7-6%
(b) Gold stocks to deposits and notes ("reserve ratio")	35-8%	- 0-4%	+ 0-1%

(000's omitted)

Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits		
1935							
Nov. 6	455,463	402,158	21,009	89,559	36,641	799 in	2 1/2
" 13	456,458	401,449	18,809	92,867	36,700	975 in	2 1/2
" 20	457,189	398,900	21,630	90,941	36,501	731 in	2 1/2
" 27	457,632	401,345	19,707	90,887	36,536	443 in	2 1/2
Dec. 4	458,409	405,567	7,074	103,711	37,537	777 in	2
(000's omitted)							

(000's omitted)

Date	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio	Govt. Securities	Discounts & Advances	Other Securities	Reserve and the "Proportion"
1935							
Nov. 6	256,962	1,469	196,407	851	87,215	12,493	54,230
" 13	256,970	1,493	197,377	861	83,475	11,105	55,927
" 20	257,300	1,161	198,069	861	83,420	9,718	59,169
" 27	257,815	1,142	198,438	861	85,545	9,500	57,094
Dec. 4	257,348	1,113	199,140	851	86,417	10,714	53,572

BANKERS' CLEARING RETURNS

	LONDON (000's omitted)			
	Town	Metropolitan	Country	Total
1935				
January 1 to November 20	28,557,186	1,672,013	2,968,291	33,098,490
Week ended November 27	678,357	35,320	57,842	771,549
Week ended December 4	721,753	41,732	63,626	827,111
Total to date, 1935	29,955,326	1,749,065	2,989,759	34,697,150
Total to date, 1934	28,435,187	1,622,422	2,753,698	32,811,307
Increase or decrease in 1935	+ 1,520,139	+ 126,643	+ 236,061	+ 1,885,843
	= 5-3%	= 7-8%	= 8-6%	= 5-7%
Total for year 1934	30,740,117	1,759,528	2,984,512	35,484,157
Total for year 1935	27,714,480	1,656,675	2,766,471	32,137,626
Increase or decrease in 1934	+ 3,025,637	+ 102,853	+ 218,041	+ 3,346,531
	= 10-9%	= 6-2%	= 7-8%	= 10-4%

PROVINCIAL (000's omitted)

(000's omitted)							
	Week ended November 30		Month of November			Aggregate Totals January 1 to November 30	
	1934	1935	1934	1935	Ino. or Dec.	1934	1935
No. of working days :			26	26			
	£	£			%	£	£
BIRMINGHAM.....	2,754	2,601	9,887	10,405	+ 5.2	107,075	110,727
BRADFORD.....	1,132	1,071	3,553	4,282	+20.5	41,067	42,561
BRISTOL.....	1,241	1,164	5,166	5,232	+ 1.2	56,822	56,391
DUBLIN.....	5,112	5,181				248,671	254,480
HULL.....	643	762	3,140	3,687	+ 17.4	34,181	35,738
LEEDS.....	885	763	3,673	4,196	+14.2	43,177	43,141
LIVERPOOL.....	605	555	2,722	3,012	+10.6	29,892	31,414
MANCHESTER.....	7,025	6,145	27,800	25,320	- 8.9	288,621	270,707
LIVERPOOL*.....	10,425	9,832	42,951	41,030	- 4.4	456,887	458,556
NEWCASTLE.....	1,712	1,242	6,362	5,626	-11.5	70,443	62,011
NOTTINGHAM.....	392	472	1,952	2,181	+11.7	20,742	22,425
SHEFFIELD.....	716	728	3,763	3,765	...	39,315	40,242
	32,652	30,514	110,969	108,736	- 2.0	1,435,993	1,428,881

BANK OF CANADA.—In \$'s (000's omitted)

	Nov. 6, 1935	Nov. 13, 1935	Nov. 20, 1935	Nov. 27, 1935
ASSETS				
Reserve, of which—	186,576	190,175	190,999	195,577
Gold coin and bullion	181,303	181,533	181,366	181,268
Advances to Dominion Government	24,224	29,225	2,223	2,222
Dominion Government securities	108,301	108,684	117,004	117,318
LIABILITIES				
Note circulation	97,480	97,537	96,127	93,444
Deposits—				
Dominion Government	18,179	21,787	26,552	31,731
Chartered banks	198,650	204,034	183,347	184,716
Ratio of reserves to notes and deposit liabilities	59.1%	58.6%	62.2%	62.9%

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

	Nov. 30, 1935	Nov. 8, 1935	Nov. 15, 1935	Nov. 22, 1935	Nov. 29, 1935
ASSETS					
Gold	82,096,894	71,322,732	70,389,378	69,025,013	66,190,775
Sight balances abroad	9,024	8,176	7,699	7,293	105,554
Bills discounted	3,289,206	8,025,598	8,303,889	9,786,159	9,786,159
Negotiable bills abroad	729,784	1,036,715	1,036,715	1,051,067	1,065,385
Advances against sec.	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
To the State	3,227,682	3,668,552	3,695,189	3,897,261	4,357,818
Other advances					
Negotiable bonds	5,898,204	5,800,402	5,800,402	5,800,402	5,800,402
Sinking Fund Dept.					
Other assets (excluding forward exch.)	5,649,302	5,118,924	5,179,716	4,919,472	4,832,239
LIABILITIES					
Notes in circulation	81,879,439	82,545,430	81,881,264	81,234,711	82,447,326
Public deposits	4,829,023	2,866,537	2,837,613	2,833,698	2,336,040
Private deposits	15,314,264	10,243,026	10,470,116	11,269,768	9,184,634
Other liabilities	2,077,371	2,524,708	2,359,596	2,414,591	2,310,948
Ratio of gold reserve to sight liabilities	80.3%	74.4%	73.8%	72.3%	69.9%

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

	Dec. 1, 1935	Nov. 15, 1935	Nov. 23, 1935	Nov. 30, 1935
ASSETS				
Gold	78,593	88,072	88,117	88,151
Of which deposited abroad	21,204	21,034	21,034	21,034
Reserve in foreign currencies	4,141	5,469	5,436	5,256
Bills of exchange and cheques	3,856,605	3,753,746	3,686,507	4,151,138
Silver and other coin	189,777	196,903	230,614	128,036
Notes of other German banks	5,127	12,236	14,353	4,919
Advances	118,988	41,629	30,679	78,182
Investments	752,016	660,208	690,805	661,288
Other assets	686,067	715,971	701,415	788,682
LIABILITIES				
Share capital	150,000	150,000	150,000	150,000
Reserves	472,797	471,184	471,184	471,184
Notes in circulation	3,809,663	3,906,245	3,797,861	4,186,105
Other daily maturing obligations	961,162	667,272	717,635	806,108
Other liabilities	297,692	279,533	281,243	292,236
Cover of note circulation	2.17%	2.39%	2.44%	2.23%

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

	Nov. 29, 1935	Oct. 30, 1935	Nov. 6, 1935	Nov. 14, 1935	Nov. 21, 1935	Nov. 28, 1935
ASSETS						
Gold	2,502,551	3,449,351	3,434,665	3,437,564	3,447,492	3,480,106
Silver and other coin	81,346	57,088	57,983	60,382	63,758	64,225
Securities	671,401	1,362,601	1,342,817	1,344,571	1,348,967	1,363,923
Advances	97,448	112,558	115,507	114,339	111,154	110,227
LIABILITIES						
Notes in circulation	3,501,177	4,207,066	4,192,805	4,168,013	4,137,435	4,158,414
Deposits: Govt.	39,373	39,183	46,658	33,027	43,946	42,219
Other	185,471	929,736	905,910	950,228	984,379	1,012,228

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

	Dec. 3, 1935	Nov. 4, 1935	Nov. 11, 1935	Nov. 18, 1935	Nov. 25, 1935	Dec. 2, 1935
ASSETS						
Gold	843,699	606,385	613,131	622,237	628,000	628,105
Silver	17,362	20,213	20,225	20,289	20,632	19,774
Home bills discounted	88,054	47,762	36,555	34,299	40,365	37,888
Loans and advances in current account	147,531	151,488	135,286	129,311	136,886	136,444
LIABILITIES						
Notes in circulation	915,568	816,066	794,686	787,847	787,109	816,906
Deposits	169,777	36,123	37,592	50,061	74,481	42,121

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

	Nov. 30, 1935	Oct. 31, 1935	Nov. 7, 1935	Nov. 15, 1935	Nov. 23, 1935	Nov. 30, 1935
ASSETS						
Gold	1,909,827	1,387,368	1,387,369	1,389,891	1,391,836	1,391,804
Of which held abroad	172,783	219,689	219,689	221,912	223,957	223,323
Discounts	20,674	90,287	77,333	67,866	68,491	108,225
Bills of the Confederation	4,372	57,516	62,516	68,285	69,985	72,834
Advances	79,536	107,598	103,741	89,401	93,621	99,578
Securities	52,929	54,260	54,441	53,494	53,613	51,543
LIABILITIES						
Notes in circulation	1,876,434	1,324,893	1,294,762	1,272,326	1,267,824	1,222,517
Deposits	641,618	327,301	339,335	353,387	356,983	337,225

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

	Nov. 30, 1935	Nov. 7, 1935	Nov. 15, 1935	Nov. 22, 1935	Nov. 30, 1935
ASSETS					
Coin and bullion—Gold	118,483	118,838	118,838	118,840	118,839
Balance abroad and foreign bills	37,063	34,094	32,964	33,166	33,731
Funds provisionally placed in gold not included in the gold reserve	16,379	66,288	66,288	66,287	66,287
Norwegian and Foreign Government securities	32,748	37,109	37,591	37,677	38,037
Discounts and loans	252,997	198,854	205,251	206,138	202,952
LIABILITIES					
Notes in circulation	314,987	321,477	321,629	319,962	330,617
Deposits at sight	83,531	83,947	87,425	88,722	76,321

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

	Nov. 30, 1935	July 31, 1935	Aug. 31, 1935	Sept. 30, 1935	Oct. 31, 1935	Nov. 30, 1935
ASSETS						
Coin and bullion	133,125	133,102	117,997	117,995	117,988	117,992
Loans and discounts	119,950	114,627	114,020	113,309	114,472	114,518
Securities	135,130	129,888	126,723	121,728	111,159	95,811
Emergency Fund	146,855	137,789	137,373	138,344	138,246	138,277
LIABILITIES						
Circulation	377,935	361,072	375,148	367,809	386,847	383,724
Deposits	127,110	105,440	69,266	71,392	45,754	64,510

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

	Nov. 24, 1935	Oct. 26, 1935	Nov. 2, 1935	Nov. 9, 1935	Nov. 16, 1935	Nov. 23, 1935
ASSETS						
Gold	2,266,660	2,258,235	2,257,956	2,257,849	2,257,765	2,255,234
Silver	674,942	692,062	691,651	687,241	688,804	693,155
Loans and Discounts	2,496,271	2,293,557	2,359,981	2,321,882	2,283,983	2,244,282
Spanish 4% stock	344,475	344,475	344,475	344,475	344,475	344,475
Advances to Treasury	150,000	150,000	150,000	150,000	150,000	150,000
LIABILITIES						
Notes in circulation	4,669,318	4,739,890	4,807,498	4,859,429	4,790,660	4,736,023
Deposits	1,017,404	1,279,934	1,238,748	1,247,745	1,290,544	1,333,754

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

	Nov. 23, 1935	Oct. 31, 1935	Nov. 7, 1935	Nov. 15, 1935	Nov. 23, 1935
ASSETS					
Cash reserve—					
Gold coin and bullion	241,976	242,441	242,448	242,454	242,459
Other foreign exchange	44,115	136,595	135,912	129,169	126,193
Bills discounted	241,605	228,691	227,545	228,502	226,754
Federal debt	624,444	624,444	624,444	624,444	624,444
LIABILITIES					
Share capital	54,960	54,960	54,960	54,960	54,960
Reserve fund	11,280	7,302	7,302	7,302	7,302
Notes in circulation	857,502	963,077	895,303	893,358	852,248
Deposits	270,029	253,760	322,010	316,053	354,489

* In dollar and sterling only. † In accordance with Art. 53 of the Statutes.

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

	Nov. 23, 1935	Oct. 31, 1935	Nov. 7, 1935	Nov. 15, 1935	Nov. 23, 1935
ASSETS					
Metal reserve—					
Gold coin and bullion	78,935	78,936	78,936	78,936	78,936
Foreign Exchange	14,080	23,158	25,371	24,843	26,643
Token money	12,777	6,349	6,889	8,557	10,649
Inland bills, warrants and securities	562,809	553,747	539,862	520,583	512,005
Advances to Treasury	47,015	72,476	72,136	72,136	74,134
LIABILITIES					
Share capital (gold crowns 30,000,000*)	34,756	34,756	34,756	34,756	34,756
Notes in circulation	297,259	411,746	377,270	354,573	328,323
Current accounts, deposits, etc.	129,220	101,581	117,378	128,959	161,102
Cash certificates	115,136	104,298	104,298	104,298	104,298
Other liabilities	180,978	171,201	170,143	172,820	174,350

* Calculated at pre-war parity of exchange.

CENTRAL BANK OF ARGENTINA.—In paper pesos (000,000's omitted)

	Aug. 15, 1935	Aug. 31, 1935	Sept. 15, 1935	Sept. 30, 1935	Oct. 15, 1935	Oct. 31, 1935
ASSETS						
Gold at home	1,224	1,224	1,224	1,224	1,224	1,224
Gold abroad and foreign exchange	119	109	98	111	136	142
Non-interest bearing Government Bond	119	119	119	119	119	119
Consolidated Treasury Bonds	150	150	150	150	150	207
LIABILITIES						
Notes	934	920	927	932	950	939
Government deposits	152	163	138	146	129	199
Shareholding bank deposits	203	213	242	241	265	216
Other deposits	138	121	99	110	108	162
Account of mobilisation institute	174	174	174	174	174	174
Ratio of gold and foreign exchange to note and sight liabilities	83.8%	83.8%	83.6%	83.3%	83.7%	83.8%

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K. (000's omitted)

	Nov. 23, 1935	Oct. 31, 1935	Nov. 7, 1935	Nov. 15, 1935	Nov. 23, 1935
ASSETS					
Gold	2,675,739	2,691,400	2,691,245	2,691,204	2,690,954
Balance abroad and foreign currency	188,946	104,884	104,316	96,141	83,978
Discounts and advances	1,259,477	1,292,157	1,457,066	1,305,276	1,180,993
State notes debt balance	2,103,721	2,053,311	2,054,627	2,051,983	2,051,259
Other assets	1,185,003	990,808	1,017,384	950,083	945,781
LIABILITIES					
Bank notes in circulation	5,148,335	5,714,645	5,780,961	5,615,110	5,365,220
Check account balances	1,083,136	476,813	574,762	577,037	651,951
Other liabilities	729,399	474,514	500,327	433,932	437,206

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

	Nov. 23, 1935	Nov. 8, 1935	Nov. 15, 1935
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period December 1st to 10th at 139.11 per cent. The previous rate was fixed as from November 21st at 138.92 per cent.

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES

THE ANGLO-SOUTH AMERICAN BANK, LTD., issues the following details relative to quotations for certain of the South and Central American exchanges. All these exchanges, with the exception of that of Bolivia, are related to the United States dollar, and the approximate sterling rates may be obtained by applying the dollar-sterling exchange rate:—

- Bolivia.*** Official market: Sight rate, 20.26 bolivianos per £ sterling on October 21, 1935. Export selling rate 80 bolivianos per £.
- Colombia.*** Sight rate, 176½ pesos per 100 United States dollars on November 27, 1935. This rate applies to holders of permits buying in the "open" market.
- Ecuador.*** "Free" market sight rate on October 31, 10.51 sucres per United States dollar.
- Guatemala.** Sight rate on New York is maintained at 1 quetzal per United States dollar, but a commission of 1 per cent. is charged by the Banco Central for the sale of drafts.
- Nicaragua.*** Official selling rate was established at 110 cordobas per 100 United States dollars on November 26, 1934.
- Salvador.** Sight rate on October 31, 1935, 2.51 colones per United States dollar.
- Venezuela.** Sight rate on New York was maintained in October at 3.90½ bolívares per United States dollar.

* Exchange controls are operative in these countries.

OVERSEAS DOMINION RATES COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND

London on Australia and New Zealand		Australia and New Zealand on London*	
Buying	Selling	Buying	Selling
Australia	New Zealand	Australia	New Zealand
125	124	125	124
T.T.	Air ...	Air ...	Air ...
Sight ...	Ord. ...	Ord. ...	Ord. ...
30 days ...	126½	125½	124½
60 days ...	127½	126½	125½
90 days ...	128½	127½	126½

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

GOLD AND SILVER

The following statistics of imports and exports of gold and silver for week ended December 5, 1935, are issued by the Statistical Department of H.M. Customs and Excise:—

Gold Imported into Great Britain and Northern Ireland, week ended December 5, 1935			Gold Exported from Great Britain and Northern Ireland, week ended December 5, 1935		
From	Bullion*	Coin†	To	Bullion*	Coin†
British S. Africa...	1,797,703	...	Denmark	228	...
Tanganyika	4,057	...	Netherlands	237,459	5,400
Kenya	2,943	...	France	6,247	257,389
British India	482,222	...	Switzerland	2,860	806,777
Australia	22,468	...	Italy	39,094	...
New Zealand	56,940	...	Other countries	495	...
Canada	3,358	...			
Germany	...	4,039			
Netherlands	126,050	12,102			
Belgium	4,859	652			
France	1,754,796	47,795			
Switzerland	...	307,258			
Spain	8,362	5,643			
Iraq	2,809	...			
Virgin Islands of the U.S.A.	...	28,462			
Venezuela	11,150	...			
Other countries	3,765	1,290			
Totals	4,279,577	216,188	Totals	286,383	251,399
		354,766			812,177

IMPORTS AND EXPORTS OF SILVER

Silver Imported into Great Britain and Northern Ireland, week ended December 5, 1935			Silver Exported from Great Britain and Northern Ireland, week ended December 5, 1935		
From	Bullion*	Coin†	To	Bullion*	Coin†
Hong Kong	...	20,367	Aden and Dependencies	...	5,420
Australia	35,881	100	Canada	1,622	...
Canada	9,638	...	Denmark	1,275	...
Netherlands	12,660	...	Netherlands	...	60
Java	7,185	...	France	12,200	...
Belgium	20,829	227	Switzerland	2,733,618	17
France	26,637	568	U.S.A.	1,335	416
Iraq	508	1,747	Other countries	...	39
Japan	436,030	709			
Other countries	109	560			
Totals	549,477	1,199	Totals	2,750,050	476
		23,468			5,476

* At current market value. † Coin which is of legal tender in the United Kingdom is entered at face value and shown in italics. Other coin is entered at current market value.

GOLD MOVEMENTS: BANK OF ENGLAND

1935	ARRIVALS	1935	WITHDRAWALS
Nov. 29	Nil	Nov. 30	Nil
Dec. 2	Nil	Dec. 2	Nil
" 3	Bar gold 352,217	" 3	Nil
" 4	Nil	" 4	Nil
" 5	Nil	" 5	Nil
Total	352,217	Total	Nil
Movement November 29, 1935, to December 5, 1935 (inclusive) ... 352,217 in			
Movement during year 1934 ... £1,570,994 in			
Movement April 29, 1935, to December 5, 1935 (inclusive) ... £6,104,502 in			
Movement September 21, 1931 (gold standard suspended), to December 5, 1935 (inclusive) ... £29,800,536 in			
1935 (inclusive) ... £62,205,988 in			

GOLD MARKET

Messrs. Samuel Montagu and Company write on December 4, 1935, as follows:—

The Bank of England gold reserve against notes amounted to £197,632,279 on the 27th ultimo, as compared with £197,189,063 on the previous Wednesday. Purchases of bar gold announced by the Bank during the week amounted to £776,891. About £1,500,000 of bar gold was dealt with at the daily fixing during the week; there were one or two special orders in the market and prices have been maintained at a premium over gold exchange parities.

Although the political crisis in France is not yet at an end, there has been an abatement of the drain of gold from the Bank of France. As compared with the return for November 15th, that for November 22nd shows a reduction in the gold holding of about £18,200,000, but withdrawals since have been on a very much smaller scale.

Quotations during the week:—

	Per fine ounce	Equivalent value of £ sterling
November 28	140s. 11d.	12s. 0.69d.
" 29	141s. 0½d.	12s. 0.56d.
December 2	141s. 0½d.	12s. 0.56d.
" 3	141s. 0d.	12s. 0.60d.
" 4	141s. 1d.	12s. 0.52d.
Average	140s. 11½d.	12s. 0.65d.
December 5	141s. 0.08d.	12s. 0.60d.
	140s. 11½d.	12s. 0.65d.

The s.s. "Viceroy of India," which sailed from Bombay on November 30th, carries gold to the value of about £597,000, of which £505,000 is consigned to London and £92,000 to New York.

SILVER MARKET

During the week movements in the dollar exchange influenced the price at which the American Treasury made their purchases in the London market and the cash price varied between 29½d. and 29½d. The two months' price was unchanged at 28½d. until today when it declined to 28½d.

Purchases for America continued steadily and there was further China selling; re-selling by the Indian Bazaars was also in evidence, but there was a little buying for the same quarter as well as some carrying forward of bull commitments.

The dollar/sterling exchange may continue to be a factor, but no wide variation from the present level is anticipated in the near future.

Quotations during the week:—

IN LONDON		IN NEW YORK	
Bar silver per oz. std.	Cash Two Months' delivery	Bar Gold	Cents per ounce
Nov. 28	29½d.	Nov. 27	65½
" 29	29½d.	" 28	65½
" 30	29½d.	" 29	65½
Dec. 2	29½d.	" 30	65½
" 3	29½d.	Dec. 2	65½
" 4	29½d.	" 3	65½
Average	29-208d.		
Dec. 5	29½d.		

The highest rate of exchange on New York recorded during the period from the 28th ultimo to the 4th instant was \$4.93½ and the lowest \$4.92½.

Statistics for the month of November:—

Bar silver per oz. std.	Cash Two Months' delivery	Bar Gold	Per oz. fine
Highest price	29½d.	29½d.	141s. 7d.
Lowest price	29½d.	28½d.	140s. 11d.
Average	29-2837d.	28-9880d.	141s. 3.46d.

The directors of the London County Freehold and Leasehold Properties, Ltd., announce that Mr F. E. C. Upton, F.I.S.A., secretary of the company, has been appointed assistant general manager, and that Mr J. F. D. Yerbury, A.C.A., has been appointed secretary.

The directors of the Eagle Star and British Dominions Insurance Company, Ltd., have appointed Mr J. B. Andras, B.A., F.I.A., who has for the past four years been the assistant secretary of the company, to the position of assistant secretary. Mr A. G. Simons, F.I.A., has been appointed to succeed Mr Andras as assistant secretary.

Mr F. W. Mottley has been appointed European freight manager of the Canadian Pacific Railway Company, succeeding the late Mr T. J. Smith.

COMPANY NEWS

DIVIDEND ANNOUNCEMENTS

Name of Company	Rate % per Annum, except where marked % or Stated in Cash		Date of Payment	Interim or Final Comparison with Last Year	Dividend for Whole Years	
	Interim or Final	Final div.			Latest Year	Previous Year
RAILWAYS						
Barranquilla Railway Co.....	...	...	...	...	% 3	% 3
BANKS						
Bank of New South Wales	5/- p.s.†	Dec. 20	...	...	5	5
Barclays Bank (Dominion Colonial and Overseas) "A" and "B"	3%†	...	2½%†	...	5½	5
Central Hanover Bank	\$1 p.s.	Jan. 2	Same	...	2	2
Ionian Bank	12%*	Jan. 4	Same	...	...	...
National Bank of New Zealand.....	12%*	Jan. 4	Same	...	...	...
INSURANCE						
Sun Life Assurance	117½d.†	Jan. 1	Same	...	...	...
TEA AND RUBBER						
Allynugger Tea	10%*	...	...	...	...	...
Assam Doonars Tea	10%*	...	Same	...	...	...
Brahmapootra Tea	5%*	Dec. 19	Same	...	...	...
British Darjeeling Tea	2½%*	Dec. 11	Nil	...	...	...
British Indian Tea	2½%*	Jan. 4	Same	...	...	...
Budla Beta Tea	5%*	...	Nil*	...	...	...
Buxa Doonars Tea	5%*	...	2½%*	...	...	...
Dharmal Tea	2½%*	...	...	...	...	...
Dima Tea	2½%*	...	Same	...	...	...
Doolahat Tea	2½%*	Dec. 18	...	...	...	...
Harmully Tea.....	2½%*	Dec. 18	...	...	...	...
Hope Tea	5%*	...	Same	...	...	...
Jitra Rubber	...	...	...	5	5	...
Lankapara Tea	2½%*	...	...	...	...	...
Leesh River Tea	5%*	...	...	...	...	...
Moenglass Tea	5%*	...	Same	...	...	...
Rajah Alii Tea	2½%*	...	...	...	...	...
Sembilan Estates	...	Dec. 23	...	6	4	...
Sepinjun Ebiel Tea	2½%*	Jan. 15	...	...	...	...
MINING						
Blackwater Mines	11/- p.s.	Dec. 17	Same	...	...	...
Consolidated Goldfields of New Zealand	16d. p.s.	Dec. 17	...	25	31½	...
Ex-Lands Nigeria	10%*	Dec. 20	Nil*	...	...	...
Frontino Gold	10%†	Jan. 1	Same	15	15	...
Ipoth Tin (16/-)	1/- p.s.*	Dec. 24	8d. p.s.*	...	...	...
Killinghall Tin	10%†	...	5%†	17½	10	...
Kleinfontein Estates	18½%*	...	8½%*	...	...	...
Komata Reefs Gold	\$3d.p.s.	Dec. 24	...	10	7½	...
London and Rhodesian Mining.....	12½%†	...	...	37½	50	...
Luiquards Vlei Estate	12½%†	Dec. 30	Same	...	...	...
Taqah and Abosso Mines	12½%*	Dec. 30	Same	...	...	...
OTHER COMPANIES						
Aerated Bread.....	...	...	...	5	5	...
Associated Breweries	2½%*	Jan. 1	Same	...	...	...
Avery (W. and T.).....	5%*	Jan. 1	Same	...	...	...
Barclay, Perkins and Co.	2½%*	...	Same	...	...	...
Barroo Transport (Def.)	5%*	Dec. 20	Nil	50	30	...
British Borneo Petroleum	37 cts p.s.	Jan. 15	Same	...	...	...
British Columbia Power "A"	3%*	...	Same	66½	33½	...
British Vacuum Cleaner	25%†	...	20%†	40	35	...
Campbell (P. and A.)	7½%†	Dec. 6	Same	...	...	...
Carreras, Limited	(b) 3½%†	Jan. 7	Same	...	...	...
Carr's Flour Mills	3%†	...	Same	...	...	...
Daily Mirror Newspapers	3%†	...	Same	...	...	...
Edinburgh and Dundee Investmt. Co.	3%†	...	Same	...	...	...
First Garden City	5%†	Dec. 19	Nil*	...	...	...
Forward Trust	5%†	Dec. 19	Nil*	...	...	...
Frederick Hotels (5½% cum. pref.) ..	2½%†	Jan. 22	Nil*	...	...	...
Gleadow-Chaka & Kratz Sugar	11½ p.s.*	Jan. 31	1/- p.s.*	...	...	...
Globe Telegraph and Trust	3%*	Jan. 31	Same	...	...	...
Griffiths Hughes Proprietaries.....	3%*	Dec. 20	Nil*	17	15	...
Harper (John) and Co.	12½%†	...	10%†	...	...	...
Henekeys	15%*	...	Same	...	...	...
Holborn Viaduct Land	12%*	Dec. 31	Same	...	...	...
Imperial Tobacco of Canada	7½%†	...	Same	...	...	...
Ingall, Parsons, Clive and Co.	7½%†	...	Same	...	...	...
Key Glassworks	11%†	Dec. 20	...	15	10	...
London and New York Investment ..	3%†	Jan. 1	...	6	6	...
London Scottish American Trust	15%*	Dec. 16	Same	...	...	...
Malta and Mediterranean Gas	17½%*	Dec. 6	Same	...	...	...
Marston, Thompson and Evershed ..	(a) 3½%†	Jan. 1	Same	...	...	...
Metal Box	7½%†	...	Same	...	...	...
Moir (John) and Son	7½%†	...	Same	10	8	...
Monotype Corporation	13%*	...	Same	...	...	...
Newsum (H.) Sons and Co.	3%*	Jan. 6	Same	...	...	...
Ohlsson & Cape Breweries	3%*	...	Same	3	5½	...
Oil Wharves	11½%†	Jan. 21	12½%†	33	24	...
Peel River Land, etc.	3½%†	Jan. 22	3%†	...	...	...
Reynolds Brothers	3½%†	Jan. 14	Same	10	10	...
Scottish Motor Traction	3%*	Dec. 16	Same	...	...	...
Scotlands and Co. ord.	8½%*	Dec. 16	Same	...	...	...
Do	1%*	Jan. 1	Same	...	...	...
Second London Scottish Conversion Trust.....	5%*	Dec. 13	Same	...	...	...
Sheffield Pure Ice	...	...	...	...	...	...
South London Greyhound Racecourses (Deferred)	2%*	Dec. 16	...	30	15	...
South Western Gas and Water	3½%*	Jan. 7	Same	...	...	...
Sunday Pictorial Newspapers	8½%†	...	16½%†	16½	25	...
Sunlight Laundries	10%†	...	14%†	15	19	...
Tobacco Securities Trust ord.	2½%†	Dec. 16	2%*	...	...	...
Trust Union	9½%†	Dec. 13	5½%†	(a) 8	6	...
United Molasses	9½%†	Dec. 13	5½%†	9	8	...
Ushers Wiltshire Brewery	12½%†	Dec. 2	Same	...	...	...
Waterlow and Sons (Deferred)	12½%†	...	Same	...	...	...
Wath Main Colliery	13½%†	...	10½%†	17½	15	...
Wenlock Brewery	...	...	...	...	...	...

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Deben-ture Interest	Amount Available for Distribution	Appropriation				Corresponding Period Last Year	
					Dividend			Carried to Reserve, Deprecia-tion, etc.	Balance Forward	Net Profit
					Prefce.	Ordinary	Rate			
					Amount	Amount				%
Banks										
Bank of Ldn. and S. America	Sept. 30	163,561	209,913	373,474	...	106,200	3	100,000	167,274	276,331
Barclays Bank (Dominion, Colonial and Overseas) ...	Sept. 30	216,816	473,401	690,217	111,166	135,654	5½	220,000	223,397	409,827
British Overseas Bank	Oct. 31	66,639	60,131	126,770	...	60,000	6	...	66,770	62,333
National Bank of Scotland	Nov. 1	81,952	270,273	352,225	...	136,400	16	135,000	80,825	271,597
Breweries										
Ashby's Staines Brewery ...	Sept. 30	33,352	63,701	97,053	5,812	46,500	20	11,815	32,926	56,154
Benskin's Watford Brewery	Sept. 30	143,399	243,515	386,914	19,500	159,600	17½	55,000	152,814	220,217
Brickwood and Company ...	Sept. 30	49,285	157,784	207,069	21,000	82,092	13	43,503	60,474	128,040
Massey's Burnley Brewery	Oct. 31	807	3,059	3,866	...	...	...	3,866	Dr. 6,688	...
Phipps (P.) and Company ...	Sept. 30	76,078	145,108	221,186	8,750	99,563	13½	35,000	77,873	131,741
Simonds (H. and G.)	Sept. 30	100,416	162,444	262,860	26,668	75,364	18	59,723	101,105	...
Yates's Castle Brewery ...	Sept. 30	13,512	35,525	49,037	7,500	17,500	17½	8,500	15,537	32,507
Younger (Robert)	Sept. 30	19,376	17,809	37,185	5,000	10,000	12½	2,500	19,685	13,970
Financial Land, etc.										
Beaumont Property Trust...	Sept. 30	5,866	33,904	39,770	10,390	14,531	7½	7,019	7,830	33,133
Bovril Australian Estates ...	Jan. 31	7,529	Dr. 11,778	Dr. 4,249	...	...	...	...	Dr. 4,249	Dr. 10,149
Industrial Credit Co.	Oct. 31	1,469	26,995	28,464	...	...	...	26,250	2,214	(g) 13,554
Mercantile Credit Co.	Sept. 30	3,299	30,922	34,221	6,962	8,137	7½	6,506	12,616	...
New Zealand Loan & C.	June 30	77,414	17,045	94,459	38,750	...	...	55,709	89,038	...
Raleigh Cycle Holdings	Nov. 30	2,913	191,233	194,146	46,500	145,312	15	...	2,334	(f) 148,225
Tobacco Securities Trust ...	Oct. 31	132,298	527,104	659,402	...	497,500	15(a)	25,000	136,902	758,410
Hotels, Restaurants, etc.										
Aerated Bread Co.	Sept. 28	43,398	177,256	220,654	36,042	49,678	5	90,330	44,604	172,368
Callard, Stewart and Watt	Oct. 5	17,875	7,240	25,115	5,250	...	...	19,000	865	3,791
Frederick Hotels	June 30	79,505	13,804	93,309	13,750	...	...	...	79,559	5,517
Iron, Coal and Steel										
Blaenavon Co.	Sept. 30	Dr. 104,894	Dr. 18,685	Dr. 123,579	...	...	...	...	Dr. 123,579	Dr. 33,238
Cargo Fleet Iron	Sept. 30	46,980	111,921	158,901	...	20,000	2	45,000	93,901	56,191
Dorman Long and Co.	Sept. 30	...	596,509	596,509	185,768	...	...	405,731	5,010	38,154
South Durham Steel, etc....	Sept. 30	111,621	147,725	259,346	18,000	38,500	11(a)	55,000	118,455	92,489
Thornycroft (John I.)	July 31	2,574	Dr. 102,054	Dr. 99,480	...	...	...	Dr. 66,017	Dr. 33,463	Dr. 66,874
Motor, Cycle and Aviation										
Associated Equipment	Sept. 30	233,984	207,272	441,256	...	93,750	8½	103,074	244,432	182,798
Bluemel Bros.	Sept. 30	5,745	16,982	22,727	4,200	9,000	10	500	9,027	18,024
Halford Cycle	Sept. 28	27,629	26,052	53,681	...	23,250	15	1,000	29,431	24,799
Jowett Cars	Sept. 30	396	33,744	34,140	7,259	18,750	15	1,500	6,631	...
Oil										
British Burmah Petroleum	July 31	Dr. 57,045	Dr. 56,754	Dr. 113,799	...	...	...	...	Dr. 113,799	Dr. 58,379
Steaua Romana (British) ...	June 30	34,649	90,776	125,425	...	62,000	4	32,545	30,880	104,947
Rubber, etc.										
Djasinga	June 30	915	2,520	3,435	...	...	...	...	3,435	28,406
Glen Rubber	June 30	Dr. 1,001	Dr. 348	Dr. 1,349	...	...	...	...	Dr. 1,349	Dr. 778
Kuala Lumpur	June 30	15,208	17,084	32,292	...	12,375	3½	5,250	14,667	12,719
Sekong	July 31	Dr. 6,913	Dr. 310	Dr. 7,223	...	...	...	...	Dr. 7,223	51
Shipping										
British India Steam	Sept. 30	46,881	144,855	191,736	145,000	...	...	46,736	144,951	...
Peninsular & Oriental Steam	Sept. 30	153,886	156,999	310,885	152,000	...	...	158,885	151,269	...
Shops and Stores										
Finlay and Co.	Sept. 30	30,507	56,651	87,158	1,938	40,687	15	12,411	32,122	47,024
Harrods (Buenos Aires) ...	Aug. 31	...	75,399	75,399	94,000	12,657	5(d)	Dr. 31,258	Dr. 11,824	5d
Jones (A.) and Sons	Sept. 30	563	5,818	6,381	4,063	1,250	5	500	568	...
South American Stores ...	Aug. 31	...	14,797	14,797	...	...	...	14,797	...	Dr. 154,246
Telegraphs, etc.										
Amazon Telegraph	June 30	17,239	4,059	21,298	...	4,843	2½	...	16,455	6,762
Tramways and Omnibuses										
East Kent Road Car	Sept. 30	12,500	49,378	61,878	13,000	28,000	8	8,000	12,878	41,502
Textiles										
Shannon (John) and Son ...	Oct. 31	21,762	21,642	43,404	9,752	5,850	140(b)	754	27,048	21,052
Trusts										
Dundee and London Invest.	Oct. 31	9,105	18,758	27,863	11,812	3,937	2½	...	12,114	12,735
London Scottish American ...	Oct. 31	102,813	51,184	153,997	17,438	23,906	6	50,000	62,653	43,709
Nelson Financial Trust ...	Oct. 31	18,353	26,013	44,366	9,456	14,894	3½	...	20,016	20,647
Scottish Investment Trust...	Nov. 5	19,093	60,962	80,055	53,719	2,961	1½	10,000	13,375	52,155
Stockholders Investment ...	Oct. 31	14,037	14,220	28,257	12,206	...	...	...	16,051	8,831
Other Companies										
Angostura Bitters	Sept. 30	7,296	24,751	32,047	8,500	14,450	17	2,500	6,597	29,651
Antigua Sugar Factory	Sept. 30	36,082	6,339	42,421	...	5,812	3	...	36,609	15,690
Avon India Rubber	Sept. 28	17,442	51,976	69,418	15,000	...	...	36,835	17,583	27,843
Bristol Industries	Oct. 31	11,937	37,679	49,616	3,940	16,128	10	17,262	12,286	32,573
British Tyre and Rubber ...	Sept. 30	32,562	108,031	140,593	17,438	58,900	9½	28,670	35,585	109,416
Carreras, Ltd.	Oct. 31	1,264,512	898,990	2,163,502	65,000	708,626	40	107,042	1,282,834	755,169
British Vacuum Cleaner ...	Sept. 30	9,789	60,768	70,557	...	15,360	66½	43,107	12,090	40,275
Hughes (Bernard)	Nov. 2	2,005	8,882	10,887	1,628	3,798	10	1,000	4,461	6,149
India Rubber, Gutta Percha	Sept. 30	7,304	51,186	58,490	22,750	6,000	6	20,000	9,740	26,053
Ingall, Parsons, Clive & Co.	Sept. 30	12,135	9,827	21,962	4,442	3,668	10	2,000	11,852	8,929
Kia-Ora, Ltd.	Sept. 30	3,714	11,663	15,377	...	8,200	2	3,477	3,700	9,313
Manbré and Garton	Sept. 30	196,867	321,736	518,603	35,000	160,534	14(a)	21,700	198,169	303,212
Power-Gas Corporation	Sept. 30	12,139	17,005	29,144	...	15,000	5	2,000	12,144	14,416
Sussex Brick	Sept. 30	7,422	46,283	53,705	9,300	27,900	18(b)	8,500	8,005	42,498
Wrights' Ropes	Sept. 30	15,027	31,308	46,335	3,210	11,250	7½	15,000	16,875	28,029

† Free of income tax. (a) Ordinary shares. (b) Deferred shares. (c) 10-971d. on deferred share.
 (d) Interest on funding certificates. (e) "B" ordinary shares. (f) February 13, 1934, to November 30, 1934. (g) Ten month
 (h) March 18, 1935, to September 30, 1935.

WEEKLY TRAFFIC RETURNS
RAILWAYS OF GREAT BRITAIN AND IRELAND

Week ended on 29, 1935 or 30, 1935	Miles Open	Gross Receipts week ended December 1, 1935 (£000)						Aggregate Gross Receipts 1935 compared with 1934 48 weeks (£000)					
		Passen- ger, etc.	Merchan- dise, etc.	Coal and Coke	Total Goods	Total Receipts	Passen- ger, etc.	Merchan- dise, etc.	Coal and Coke	Total Goods	Total Receipts		
at Western	1935 3,749	162	191	121	312	474	9,823	8,746	4,782	13,528	23,351		
L. & N.	1934 3,749	171	189	108	297	468	9,703	8,654	4,788	13,442	23,145		
Eastern	1935 6,396	285	385	281	666	931	15,178	15,148	10,908	25,956	41,134		
M. & D.	1934 6,396	289	374	259	633	892	14,858	15,198	10,923	26,121	40,979		
Scottish	1935 8,923	380	486	291	777	1,157	23,196	21,684	11,093	32,787	55,983		
at Eastern	1934 8,923	384	472	267	739	1,123	22,820	21,495	10,951	32,446	55,266		
Southern	1935 2,171	243	70	43	113	356	14,392	2,950	1,440	4,390	18,782		
at Irish	1934 2,171	241	71	43	114	355	13,983	3,123	1,478	4,601	18,594		
Total	1935 19,810	1,050	1,132	738	1,868	2,918	62,589	48,538	28,123	76,661	139,250		
1934	19,810	1,055	1,106	677	1,783	2,838	61,374	48,470	28,140	76,610	137,984		
Belfast	1935 80	1-7	...	...	0-5	2-2	121-7	...	...	24-6	146-3		
Co. Down	1934 80	1-7	...	...	0-6	2-3	120-3	...	...	24-9	145-2		
Great	1935 543	7-3	...	...	14-3	21-6	501-2	...	...	455-6	959-8		
Northern	1934 562	7-6	...	...	11-5	19-1	481-3	...	...	424-9	906-2		
Great	1935 2,194	17-8	...	...	46-3	63-9	1175-8	...	...	1722-9	2898-7		
Southern	1934 2,158	18-1	...	...	42-3	60-4	1149-0	...	...	1609-0	2758-0		

COMPARISONS WITH CORRESPONDING PERIODS, 1933 AND 1934
(£000's omitted)

	Great Western				L.M.S.				L.N.E.R.				Southern			
	1935	+ or -	1934	%	1935	+ or -	1934	%	1935	+ or -	1934	%	1935	+ or -	1934	%
second half-year 1934, compared with second half-year, 1933:																
Gross increase or decrease	+ 148		+ 659		+ 528		+ 168									
first half-year 1935, compared with first half-year 1934:																
Gross increase or decrease	+ 78		+ 299		- 26		+ 8									
second half-year 1935, compared with second half-year, 1934																
22 weeks to Dec. 1, 1935	+ 128		+ 408		+ 181		+ 180									
Weekly average second half 1935																
Latest week 1935 compared with 1934	+ 5 ₁₁		+ 18 ₁₁		+ 8 ₁₁		+ 8 ₁₁									
	+ 6		+ 34		+ 39		+									

£4,849. Market conditions, particularly with regard to pitch, have been somewhat difficult, the tendency of the price of this commodity being downward, and the supply in excess of the demand. The investments, which have been increased from £114,201 to £136,747, with the market value as on September 30, 1935, of £129,869, have since the close of the company's year further appreciated, their value on November 19, 1935, being £132,492. The net profit for the year is £55,277, showing an increase of £3,457 over last year's figures. Ordinary and preferred ordinary shareholders again receive 15 per cent. dividend. The directors write £5,000 off goodwill and contracts, and carry forward £4,040 (being an increase of £563 over the amount brought in).

GILLETTE SAFETY RAZOR COMPANY.—Consolidated income account for the nine months ended September 30, 1935, shows net profit, \$3,293,893.09. Certain subsidiaries outside of North America are included for the nine months ended August 31, 1935. The earnings for the nine months are equivalent to \$10.62 per share on the preference stock and after deducting the preference dividend requirements for the nine months to \$1.06 per share on the common stock outstanding, this compares with \$1.00 earned on the common stock in the corresponding nine months of 1934. The regular preferred quarterly dividend of \$1.25 has been declared payable February 1, 1936, to shareholders of record January 2, 1936; also a dividend on the Common Shares of twenty-five cents payable December 31, 1935, to shareholders of record December 6, 1935.

UNITED MOTORS, LTD.—The reduction of the company's preference share capital has been confirmed by the Court.

SOUTH-WEST AFRICA COMPANY.—The report for year ended June 30, 1935, shows the amount available for dividend is £82,892 16s. 5d. The directors recommend the payment of a dividend of 5 per cent. and a bonus of 2½ per cent. (equal to 18.6d. per share), which will absorb £39,885 10s. 6d., and carrying forward £43,007 5s. 11d. Since the date of the balance sheet the company has purchased further £85,000 local loans 3 per cent. stock, thus bringing up its holding in this security to £100,000; £5,000 Rhodesia and Mashonaland Railways 6 per cent. consolidated debentures, which increases that holding to £15,000; and £5,000 London Passenger Transport "C" stock. The company's share interests in the companies operating in Germany are again shown as a separate item in the balance sheet. Having regard to exchange restrictions in force in Germany, it is difficult to determine the exact value of these interests. Operations have been resumed at the Abenab Mine, and production was restarted in September, 1935.

MEXICAN BONDHOLDERS COMMITTEE.—The British bondholders committee of Mexican bondholders, as a result of recent correspondence with the Mexican authorities in London and in Mexico, advises its supporters to retain their holdings in Mexican Government and National Railway securities. The recent activity in Mexican bonds may, it is stated, tempt holders to sell, but the committee believes that the recent rise in prices will be justified by events in the near future, and hopes to be able to make an official announcement during the next few days.

VACTRIC, LTD.—The first report for the period to September 30, 1935, shows profit, after expenses and management remuneration, etc., amounted to £44,368. A final dividend of 7.763d. per share is to be paid, making 10.763d. per share, or 22½ per cent., per annum, less tax for the period from December 13, 1934, to September 30, 1935. The directors recommend that £2,028 be transferred to capital reserve in respect of the profits earned prior to incorporation. £3,000 to the redeemable preference share cumulative sinking fund, and £5,000 to general reserve. A sum of £3,221 is carried forward,

DAILY MAIL AND GENERAL TRUST.—A further considerable expansion in earnings is revealed in the report for the year to September 30, 1935. Total income is up from £328,668 to £387,450. Income tax and working expenses absorb £85,962 and the preference dividends require £60,000. The final dividend and bonus of 8½ per cent. again bring the year's distribution up to 11½ per cent., leaving £143,595 to be carried forward.

SLATERS AND BODEGA, LTD.—Trading profit for year ended September 30, 1935, before providing for National insurance, is up from £105,738 to £107,142, and other income amounts to £4,209, against £4,155. Net profits, after providing for fees, tax, depreciation, etc., are nearly £6,000 higher at £38,466. The ordinary dividend is again 5 per cent., less tax. The carry-forward is raised from £2,485 to £5,108.

R. A. LISTER AND COMPANY, LTD.—The profits for year ended September 30th were £112,677, comparing with £80,869 for the previous year. The dividend on the ordinary capital, which was increased last year by a 25 per cent. capital bonus, is raised from 7½ per cent. to 10 per cent. An amount of £15,000 is placed to reserve, against nothing last year, and £10,000 is allocated to pensions. After providing for the preference dividend, commissions, tax, etc., the carry-forward is raised from £50,991 to £58,805

OIL OUTPUTS

ANGLO-IRANIAN OIL COMPANY, LTD.—Production in Iran for the month of October amounted to 587,000 tons, making a total of 6,125,000 tons for the first ten months of 1935.

BRITISH CONTROLLED OILFIELDS, LTD.—Production for the week ended November 16th: Venezuela, 14,744 barrels; Trinidad, 28,487 barrels; total, 43,231 barrels. Production for the week ended November 23rd: Venezuela, 15,052 barrels; Trinidad, 27,111 barrels; total, 42,163 barrels. Production for the week ended November 30th: Venezuela, 14,857 barrels; Trinidad, 28,386 barrels; total, 43,243 barrels.

THE BRITISH BURMAH PETROLEUM COMPANY, LTD.—A cablegram has been received from Burma reporting the production of crude oil by this company for the month of October as 30,249 barrels.

PHOENIX OIL AND TRANSPORT COMPANY, LTD.—The gross production of crude oil of the Phoenix Group for November was 89,438 tons.

VENEZUELAN OIL CONCESSIONS, LTD.—Production for the week ended October 19, 1935, was:—Bolívar District, 713,028 barrels; Maracaibo District, 30,525 barrels; total, 743,553 barrels. Production for the week ended October 26, 1935, was: Bolívar district, 728,823 barrels; Maracaibo district, 29,355 barrels; total, 758,178 barrels. Production for the week ended November 2, 1935, was: Bolívar district, 695,674 barrels; Maracaibo district, 29,563 barrels; total, 725,237 barrels. Production for the week ended November 9, 1935, was: Bolívar district, 688,755 barrels; Maracaibo district, 28,305 barrels; total, 717,060 barrels. Production for the week ended November 16, 1935, was: Bolívar district, 669,885 barrels; Maracaibo district, 27,047 barrels; total, 696,932 barrels. Production for the week ended November 23, 1935, was: Bolívar district, 718,305 barrels; Maracaibo district, 26,909 barrels; total 745,214 barrels. Production for the week ended November 30, 1935, was: Bolívar district, 763,738 barrels; Maracaibo district, 27,676 barrels; total, 791,414 barrels.

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

THE principal commodity markets have been subjected to a variety of different influences during the past week. Price movements have consequently been irregular.

Grain prices have declined during the past week. The bearish sentiment on the wheat markets was due in part to fears of selling pressure from France and to improved crop prospects in Australia and Argentina; but the major factor was the issue of an announcement by the Canadian Government of the personnel and policy of the new Grain Board. The three original members of the Board have resigned, their places being taken by Mr. J. R. Murray (chairman), Mr. George McIvor (vice-chairman), and Mr. Dean Shaw. That these appointments foreshadowed a change in the policy of the Board was emphasised by the new Minister for Trade and Commerce, who stated that Canadian wheat will henceforth be available at competitive prices and "will not be held at exorbitant premiums over other wheats." Linseed declined in sympathy with wheat and on reports of improved prospects for the growing crop in Argentina.

The decision of the International Rubber Committee, at its meeting on Tuesday, to increase the basic quotas of the Dutch East Indies, while maintaining the restriction

percentage at 60 for the first half of next year, disappointed the rubber market and led to a slight decline in prices. But the Dutch East Indies Government have assured the Committee that the increase in the quotas will now make it possible to enforce restriction in that area.

Lead and spelter were also easier this week, on the absence of demand, but copper scored an advance, mainly on account of the rumour that the American domestic price is likely to be increased in the near future. Tin also rose in price this week, despite the arrival of quantities of Dutch metal. Meanwhile, the markets in iron and steel continue very active and prices show a firm tendency. In response to an active industrial demand and to a restocking movement engendered by fears of a stoppage, quotations for coal have also hardened.

In the United States prices have declined a little. Thus Moody's daily index of staple commodity prices (December 31, 1931 = 100) fell from 167.0 on November 27th to 166.4 on Wednesday last, against 166.8 a month ago and 148.8 on the corresponding day last year.

COAL

SHEFFIELD.—The strike scare has caused boom conditions in the coal trade, due to extra stocking and forward buying. Best steams are decidedly scarce, and there is very little to satisfy the export

demand, which, however, is by no means brisk. Prices of house and industrial fuels have been increased, in some cases by 1s. and in others by 6d. a ton. The boom extends to furnace coke, of which there is very little available in the open market, and prices keep rising.

Quotations:—Best South Yorkshire steams, 18s. and 18s. 6d.; washed trebles, 18s. 6d. and 19s.; doubles, 16s. 3d. and 16s. 9d.; singles, 16s. and 16s. 6d.; screened gas coal, 16s. to 18s.; washed smalls, 13s. 9d. to 14s. 3d.; Derbyshire steams, 17s. 6d. to 18s. (all i.o.b.); blast furnace coke, 16s. (at ovens); best Yorkshire house, 22s. to 23s.; best Derbyshire do., 20s. to 22s. (at pits).

NEWCASTLE-ON-TYNE.—Steam coals of all classes, and Durham bunkers, are the outstanding features of the North East coal market, demand for prompt shipment being much greater than supply. Home consumers continue to stock, and there is now little coal of any description available for delivery this year. Coke of all descriptions is a firm market; home requirements are taking up all supplies and sales ahead are large. With the heavy demand for pig iron, local consumption of coke is likely to increase further after the turn of the year.

Current f.o.b. prices for export:—**NORTHUMBERLAND.**—D.C.B. screened, 16s.; smalls, 13s. 6d.; Howards, Bentinck, Newbiggin, screened, 15s.; smalls, 13s. 6d.; Tyne Prime, large, 14s.; smalls, 13s.; Hartley Main, large, 14s. 6d.; smalls, 13s. 6d. **DURHAM.**—Lambton/South Hetton screened steam, 16s.; smalls, 14s.; Wear Special, gas, 15s.; Holmside, Ryhope, Boldon, unscreened gas, 14s. 6d.; second-class gas, 13s. 6d.; coking unscreened and/or smalls, 13s. 8d.; Prime unscreened bunkers, 16s.; second-class unscreened bunkers, 14s. 6d.; prime foundry coke, 21s. 6d.; Newcastle and District gas coke, 21s.

GLASGOW.—The scarcity of supplies continues unrelieved. For export the collieries have practically nothing to offer this year, and in some cases shippers find difficulty in securing sufficient fuel to cover existing contracts. This fact is reflected in a further decline in shipments last week to the unusually low level for the season of 207,000 tons. Outputs are being largely concentrated on the home market, in which an increase in demand arising from the improvement in general industry is accentuated by active buying, prompted by the possibility of labour troubles in the coalfields. In the circumstances shipment prices are nominal, and largely a matter of negotiation.

CARDIFF.—The tonnage position at the South Wales docks has not been quite as favourable this week as last, but fairly active conditions have continued to rule on the coal market. Shipments in the foreign and coastwise trades in the week ended December 1st totalled 405,300 tons, compared with 387,100 tons the previous week, and 401,446 tons in the corresponding week last year. Most classes of sized and small coals have been very firm, but there is also an improved inquiry for large grades. As from December 1st, the 10 per cent. cut in the French quota, which became operative as from September 1st, has been restored, and exports to France are likely to show a substantial expansion during the next few weeks. How serious, on the other hand, has been the loss in the Italian trade may be gathered from the fact that only just over 9,000 tons have been shipped to that market during the past three weeks, compared with a monthly average of approximately 300,000 tons three years ago, and of 460,000 tons in 1913. Coke is very firm, and patent fuel is also a little more active; there has also been a slight improvement in quotations for Portuguese pitwood. On Monday the Executive Committee of the South Wales output regulation scheme tentatively considered suggestions for the establishment of a system of centralised control of selling, but there is disagreement between this method of control and that of a centralised sales system similar to that in operation in the Ruhr. A committee is to report on the subject after it has given consideration to the views expressed at the meeting. Coalowners were asked by the Secretary for Mines to submit to him by December 7th outlines of the contemplated scheme for the different districts of the country.

Current approximate quotations:—Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 3d.; best dries, 18s. 9d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams (washed), 13s. to 13s. 6d.; coking smalls, 13s. 6d. to 14s.; second steams, 12s. 6d. to 13s.; anthracite, best large, 36s. to 40s.; Red Vein, large, 22s. to 27s.; machine-made cobbles, 35s. to 51s.; French nuts, 35s. to 51s.; stove nuts, 34s. to 50s.; rubbly culm, 10s. 6d. to 12s.; special foundry coke, 37s. 6d. to 40s.; patent fuel (Crown), 21s.; pitwood, ex ship, French, 24s. 3d.; Portuguese, 22s. 6d.

IRON AND STEEL

LONDON.—While the British iron and steel industry is actively employed in practically all departments, there has been a slight decrease in the volume of new business, says the official report of the London Iron and Steel Exchange. This, however, is a seasonal movement. Deliveries against contracts continue to be made on a heavy scale, and in many departments the producing works are unable to keep pace with consumers' requirements. Business in the pig-iron section has been well maintained and most users are still prepared to book for far forward delivery. The works, however, are so well off for orders that they do not care to accept business for execution after March, 1936. Most of the transactions now passing consist of small supplementary tonnages, but there has been no decline in the receipt of specifications against current contracts. There is a strong demand for semi-finished steel, supplies of which are barely sufficient to satisfy consumers' needs, notwithstanding the heavy output.

MIDDLESBROUGH.—Total shipments of iron and steel from the Tees during November amounted to 51,545 tons—only 28 tons

less than in October. Exports of manufactured steel have increased by approximately 2,000 tons. There has, however, been a similar drop in shipments of pig iron. Home demand for pig iron against existing contracts continues heavy, and, although new business is smaller, this is due to the fact that producers are well sold. Buyers are prepared to contract farther ahead, but, owing to the increasing cost of raw material, producers are proceeding cautiously. In the meantime production of pig iron in this area is being increased; Messrs Dorman's South Bank works have started an additional blast furnace to produce basic iron, whilst one furnace is being transferred from the production of hematite iron to ferro-manganese. Messrs Giers Mills announce that they will put an additional furnace into blast at their works early in January for the manufacture of special iron. This will make a total of 28 furnaces in operation in this district, and if the demand continues to increase it will probably be found necessary to light up further blast furnaces.

For Cleveland foundry iron the price is based on No. 3 quality at 70s. per ton delivered locally. East Coast hematite pig-iron prices are so far unaltered and are based on No. 1 quality at 71s. per ton delivered in the Middlesbrough district. Blast-furnace coke is very firm at 20s. per ton delivered at the furnaces. New business in foreign ore is little heard of, but good deliveries are coming to hand against existing contracts. Steel departments are very busy, the production of semi-manufactured material being insufficient to meet requirements. Four new steamers have been ordered during the past week, one to be built on the Tyne, two at West Hartlepool, and one at a Tees shipbuilding yard. Heavy steel melting scrap is becoming difficult to obtain, but makers are endeavouring to secure supplies at 52s. 6d. per ton delivered.

SHEFFIELD.—The market for raw and semi-manufactured materials is more active than at any time since 1929. Consumers are endeavouring to increase their stocks and to enter into heavy forward contracts. Producers are discouraging this tendency and refuse to contract beyond six months' supplies. Some further advance in prices is likely, as both pig iron and coke are costing more than last month. Production of steel ingots and castings in October reached 133,000 tons—the largest monthly total ever recorded—and the twelve months' output will be well over a million and a quarter tons. The supply of billets and similar material continues to be inadequate. Apart from armaments and other special lines, business in quality steels is rather easier, and Sanctions have stopped exports to Italy, which had been on a substantial scale. Except in the tool section, exports of Sheffield's products are unsatisfactory. They have increased during the year, but not considerably, and are below former levels. There is, however, more business in the engineering and shipbuilding departments than for some time past. Makers of stainless steels are extremely busy. One progressive line in stainless steel is road direction studs, of which many thousands are being installed every week. There is also an enormous output of local refractory materials, much of it going abroad. Cutlery and plate makers have finished their Christmas season orders.

GLASGOW.—Makers are still exceedingly busy at the steel plants in the West of Scotland and the outlook is decidedly cheerful, specifications being plentiful for almost all classes of material. Makers of semis are working to capacity and output is being rapidly taken up by users. Re-rollers are rather better off this week as regards raw material, since supplies are now becoming available through the agency of the British Iron and Steel Federation. Tube-makers maintain a steady output and business placed recently includes a good proportion for export. Sheet makers are again rather busier, the orders booked being mainly on home account and including large tonnages of highly finished sheets. Boiler makers, machinery makers, marine and other engineers, in and around Glasgow, are all fully employed and have much work on hand for forward delivery. There seems every prospect of a spell of regular employment for those engaged in most branches of the iron and steel industry in this district.

CARDIFF.—Conditions in the South Wales iron and steel trade have shown little change during the past week. In the tinplate industry business has been rather quieter, and little, if any, expansion in trade with foreign countries is expected till the ban

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which has been imposed so as to allow the United States to realise its prescribed quota has been removed. Both f.o.b. and inland prices are unchanged. The production of steel in October was 179,700 tons, compared with 170,100 tons in September, and 178,000 tons in October, 1934; while the output of tinplates in September was 63,800 tons, as against 53,900 tons in August and 69,600 tons in September, 1934. Shipments of tinplates at Swansea last week totalled 53,482, compared with 85,964 boxes a year ago, and stocks at the end of the week amounted to 105,381 boxes, compared with 122,294 boxes. Galvanised steel sheets continue a very quiet market, and steel bars are unaltered at £5 10s. per ton delivered locally.

OTHER METALS

COPPER.—Although there was no increase in consumptive demand, prices on the London market showed an appreciable advance during the past week. Apart from optimism regarding probable price movements in the immediate future, the rise was mainly due to better reports from America. It was again rumoured that an early advance in the American domestic price is probable. Whether or not there is any foundation for these reports, the present position of the American market would certainly not appear to justify any increase in the price. Moreover, since it would almost certainly cause a slackening of demand, and therefore an increase in United States exports, any advance in the American domestic price must be regarded as a bear point for the London market.

Sales on the London Metal Exchange: 1,850 tons on Monday against 1,375 tons last week; 975 tons on Tuesday, against 1,175 tons last week; 1,400 tons on Wednesday, as against 1,100 tons last week. Domestic spot was quoted at 8-62½ cents per lb. in New York on Wednesday, against 8-60 cents a week ago and 8-65 cents a month ago. Wednesday's official closing price for standard cash in London was £35 11s. 3d. to £35 12s. 6d., compared with £35 2s. 6d. to £35 3s. 9d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 77,624 tons, show a decrease of 780 tons, while stocks of rough copper, at 10,583 tons, show a decrease of 175 tons on the week.

LEAD AND SELLER.—Both metals declined in price on the week, although the markets closed on Wednesday above their lowest point. Consumptive demand is at present small, but since supplies are also on the short side, the set-back of the past few days cannot be regarded as serious. An early recovery is therefore quite possible, especially since the undertone of both markets has shown no significant change during the past week.

Sales of lead on the London Metal Exchange: 1,200 tons on Monday, against 400 tons last week; 1,100 tons on Tuesday, against 2,900 tons last week; 800 tons on Wednesday against 550 tons last week. The New York quotation on Wednesday was 4-50 cents per lb., against 4-50 cents a week ago and 4-50 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £17 15s. per ton, compared with £18 1s. 3d. a week ago.

Sales of spelter on the London Metal Exchange: 250 tons on Monday, against 50 tons last week; 1,300 tons on Tuesday, against 50 tons last week; 550 tons on Wednesday, against 200 tons last week. Wednesday's quotation in East St. Louis was 4-85 cents per lb., against 4-85 cents the week before and 4-85 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £15 15s. per ton, against £16 2s. 6d. last week.

TIN.—As was foreshadowed here a fortnight ago, prices on the London market showed a rising tendency this week, despite the arrival of considerable quantities of Dutch tin. That a substantial amount of this tin has gone into official warehouses may be seen from the rise of 530 tons in British stocks to 801 tons. The market "squeeze" was not eased, however; no significant quantity of Dutch tin was offered on the Metal Exchange, and it would appear that sales may have been effected outside the market. In the circumstances, it must be repeated that little change is to be expected in the undertone of the London market until supplies arrive from other sources. Meanwhile, world stocks did not rise as much as was expected during November. According to Messrs A. Strauss and Company, visible supplies showed a rise of 904 tons to 15,199 tons last month. Further, since these statistics ignore the Arnhem carry-over (which decreased by 453 tons during November) the net increase in world stocks amounted only to 451 tons. This was mainly due to high deliveries in countries outside America. Despite a decline of 1,320 tons in American deliveries, to 4,035 tons, total deliveries during November amounted to 9,297 tons, against only 8,826 tons in October. Supplies rose by 379 tons last month to 10,706 tons.

Sales of tin on the London Metal Exchange: 205 tons on Monday, against 215 tons last week; 190 tons on Tuesday, against 255 tons last week; 390 tons on Wednesday, against 205 tons last week. The New York quotation on Wednesday was 51-50 cents per lb., against 51-25 cents a week ago and 52-50 cents a month ago. Wednesday's official closing quotation in London for standard cash was £224 5s. to £224 15s. per ton, compared with £221 10s. to £221 15s. last week. Stocks of tin in London and Liverpool at the end of last week totalled 802 tons, an increase of 530 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted at £100 per ton. Nickel, for home and export, at £200 to £205 per ton, remains unchanged. Quicksilver, on the spot, was quoted at £12 17s. 6d. to £13 per flask of 76 lbs., as against £12 12s. 6d. last week. Chinese antimony was again quoted at £67 to £68 per ton ex warehouse, duty paid. Chinese wolfram for November-December shipment was quoted at 34s. to 35s. per

unit, c.i.f., the same as last week. Platinum (refined) was quoted at £7 17s. 6d. per ounce, the same as last week.

TEXTILES

JUTE.—Dundee.—The jute industry continues in a healthy state and a substantial improvement has been recorded during the past few months. In Calcutta, stocks of both hessians and sackings in the hands of the Indian Jute Mills have steadily declined. Stocks of the former (44 million yards) are now lower than they have been for many years, and stocks of sackings total only 97 million yards, compared with 104½ million yards and 176½ million yards respectively at the end of August this year. This improvement occurred despite the unsealing of looms in Calcutta to the extent of 2½ per cent. on August 5th and another 2½ per cent. on November 11th last, making a total of 10 per cent. of the looms unsealed since November 1st last year. This represents over 6,000 looms. All other producing centres for jute goods are reporting improved conditions and Dundee spinners and manufacturers in particular have enjoyed a good spell of trade since the middle of this year. A striking instance is the large increase in consumption of hessian cloth in America, which rose from 37 million yards in June to 69 million yards in October, the latter month being the highest for any one month during the past four years.

Raw jute prices sagged a little towards the end of last week, but quickly recovered after settling day had been completed in Calcutta on Friday. Daisee-2/3 has improved from £19 12s. 6d. to £20 for full group, and Daisee-4 has been sold at £18 15s. after £18 10s. done, with Tossa-2/3 rising from £20 10s. to £20 17s. 6d. and single marks of fours sold at £20 5s., December-January. First Marks are now at £24 2s. 6d. and Lightnings at £22 2s. 6d., a rise of 7s. 6d. during the past few days, while Heart Ram has been sold at £20 5s., December-January. A quiet steady business is being done in the fibre. Prices of jute yarns are very firm, and spinners are busy enough to be able to refuse less than their quoted terms of 2s. 3d. for common 8 lb. cops and 2s. 4d. for 8 lb. spools. Twist is firm at 3½d. to 4d. for 3 ply 8 lb., and sacking yarns have been quite active at 2½d. for 24 lb. twist and 3½d. to 3½d. for 8 lb. chains. Rove and the finer yarns are quiet. A moderate business continues in jute cloth and quick delivery difficult to obtain. Prices rule firm at from 2½d. for 10 oz. 40 in. and 2½d. for 8 oz. Linoleum hessians have been sold in fair quantities and a very good demand has been experienced in sackings and tarpaulins at higher prices. Calcutta goods have shown little change, though business has ruled quiet, with buyers holding off awaiting developments of the dispute between the Associated Mills and outside mills.

COTTON.—Manchester.—Conditions during the past week have been against any general activity. Traders have been somewhat disturbed by the uncertain outlook in France and the increased tension in connection with the Italo-Abyssinian war. At the end of last week there was an easier movement in raw material rates, but during the past few days the decline has been recovered. A bullish factor has been the acreage plans of the United States Government for next year. Wide fluctuations have again occurred in the Egyptian Sakel market and speculative operations at the moment are decidedly active.

COTTON PRICES

	1935				Corresponding Date	
	Nov. 13	Nov. 20	Nov. 27	Dec. 4	1933	1934
Raw Cotton—Mid. American per lb.	6 69	6 73	6 73	6 68	5 21	7-04
Sakellaridis Fully Good Fair Egyptian per lb.	9-72	9 84	10 44	10 23	7 18	9-18
Yarns—32's twist per lb.	10 1	10 2	10 2	10 1	9 1	10 2
40's twist per lb.	10 1	10 2	11 1	11 1	9 1	10 2
60's twist (Egyptian) per lb.	10 1	10 1	17	17	10 1	10 2
32-in. Printers 118 yds., 16 by 16, 32's and 50's a. d.	17 9	18 0	18 1	18 1	17 3	18 6
36-in. Shirtings, 75 yds., 16 by 16, 32's and 40's a. d.	24 10 1	25 0	25 1	25 1	21 3	24 0
38-in. ditto, 88 yds., 16 by 16, 10 lb. a. d.	10 5 1	10 6	10 6	10 6	10 6	10 9
39-in. ditto, 37½ yds., 16 by 16, 8½ lb. a. d.	9 5 1	9 6	9 6	9 6	9 4	9 8

The cloth section has continued quieter. Manufacturers have met with a fair amount of inquiry, but bulk lines have been absent. Much disappointment has again been expressed at the demand lines have been booked in bleaching styles for Egypt and demand America. A mixed business has been done for the Dominions place for the home trade. Buyers as a body are still resisting irregularity in yarn quotations. American spinners of coarse counts remain very busy and there is no giving way in price, but some producers of medium numbers are more prepared to consider offers. Trade in the Egyptian section continues difficult and buyers are cautious.

COTTON ACREAGE PLANS IN AMERICA.—This week the Agricultural Adjustment Administration of the United States Government has put forward a plan for controlling the production of cotton for a period of four years. Its aim is the restriction of production by agreement with the farmers. The original scheme but this is now to be reduced to 44,500,000 acres, production must be 30 to 45 per cent. of the basis, compared with 30 to 35 per cent. in the current season. It is estimated that the arrangements now being made will limit the crop for 1936 to about

11,500,000 bales. Various benefits are to be paid to farmers and to sharecroppers in order to secure support for the proposals. The statement was considered bullish in market circles and prices advanced in New York and Liverpool. On Monday next, the Government will publish the December report on the crop for this season, and it is expected that the estimated yield will be reduced to about 10,900,000 bales against 11,141,000 bales a month ago. Although the officials at Washington in the past have made mistakes with regard to restricting the output of cotton it is now being realised in many quarters that the control is becoming more effective, and in the circumstances there seems to be little probability of lower prices. If, on the other hand, prices are forced up unduly, the competition from outside growths will be felt.

GRAIN MARKETS

WHEAT.—Prices have again become rather easier this week. Sentiment has been bearishly affected by fears of French selling pressure and by the anticipation that the appointment of Mr John Murray to be chairman of the Canadian Wheat Board foreshadows a more progressive selling policy by the Dominion. The output in Australia is now officially estimated at 140 million bushels—an advance of 5 million bushels on the earlier estimate and 6 million bushels above the official estimate for the 1934 crop. Prospects in Argentina have also improved in consequence of more favourable weather conditions.

According to the *Corn Trade News*, total shipments of wheat and flour from exporting countries during the past week were 1,275,000 quarters, against 1,186,000 quarters in the preceding week. On Wednesday last, "December" futures were quoted in Chicago at 96 cents per bushel, against 97½ cents the week before and 97½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 35s. 3d. per 496 lbs., against 35s. 6d. a week ago; No. 2 Northern Manitoba, ex ship, 33s. to 34s., against 33s. 9d. a week ago.

FLOUR.—Demand for both home-milled and imported flour continues quiet and prices show little alteration. Shipments from North America in the past week totalled 78,000 sacks, as against 84,000 in the previous week. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered country, 29s. per 280 lbs., against 29s. a week ago; delivered London, 28s., as compared with 28s. a week ago. Manitoba patents, ex store, 27s. 6d. to 29s. 6d., against 27s. 6d. to 29s. 6d. a week ago. Australian ex store, 22s. to 22s. 3d., against 22s. to 22s. 6d. a week ago.

BARLEY.—Little business has been transacted in imported feeding barley in this country and prices are generally unchanged. Good quality English malting barley is scarce and a limited business is being done at higher prices. "December" futures were quoted at 31½ cents per bushel in Winnipeg on Wednesday, against 33½ cents last week and 33½ cents a month ago. Quotations per 448 lbs. in London on Wednesday were: "English feed" (new) at farm, 23s. to 24s., as against 23s. to 24s. last week; "English malting" (new) at farm, 30s. to 54s., against 30s. to 54s. a week ago.

OATS.—On Wednesday, "December" futures were quoted at 25½ cents per bushel in Chicago, against 26½ cents a week ago and 26½ cents last month. Quotations in London, Wednesday: "English Black" (old), at farm, 22s. per 336 lbs., against 22s. a week ago; "English White" (old), at farm, 22s., against 22s. last week.

MAIZE.—Demand has again fallen off during the past week, and prices have eased. "December" futures were quoted on Wednesday at 56½ cents per bushel in Chicago, against 59½ cents a week ago and 59½ cents last month. Quotations in London, Wednesday: "Plate," landed, 17s. 3d. per 480 lbs., compared with 17s. 3d. a week ago; "Plate," ex ship (new), 16s. 6d., as against 16s. 9d. a week ago; "Plate," December, 16s. 7½d., against 16s. 6d. a week ago. Yellow maize meal, ex wharf, was quoted at £4 15s. to £4 17s. 6d. per ton, against £4 15s. to £4 17s. 6d. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sale of home-grown wheat during the harvest years 1932-33 to 1935-36:—

	1932-1933	1933-1934	1934-1935	1935-1936
Estimated sales of home-grown wheat—	Cwts.	Cwts.	Cwts.	Cwts.
1 week to November 30	316,455	267,045	391,556	348,293
13 weeks to November 30	8,686,642	4,287,022	5,713,373	5,677,025
Average price of English wheat per cwt.	s. d. 5 5	s. d. 4 7	s. d. 4 11	s. d. 5 8

The following is a statement showing the quantities sold and the average price of British corn in the past two weeks, and for the corresponding week in each of the years from 1931 to 1934:—

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
Nov. 28, 1931	Cwts. 77,941	Cwts. 431,379	Cwts. 80,861	s. d. 6 9	s. d. 8 10	s. d. 7 0
Dec. 3, 1932	316,455	395,707	30,559	5 5	6 11	5 9
Dec. 2, 1933	267,045	420,569	43,502	4 7	9 1	5 4
Dec. 1, 1934	391,556	363,718	54,291	4 11	8 10	5 6
Nov. 23, 1935	381,557	394,130	63,106	5 9	8 5	6 0
Nov. 30, 1935	348,293	399,343	50,283	5 8	8 4	6 1

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations for selected weeks in 1935, with comparative figures for 1934.

NEAREST FUTURE	Jan. 4, 1935	Jan. 3, 1934	Dec. 5, 1934	Jan. 2, 1935	Nov. 27, 1935	Dec. 4, 1935
Winnipeg (No. 1, Manitoba) Cents per 60 lb.	46½	65½	80½	82½	86½	84½
Chicago (No. 2 Winter) Cents per 60 lb.	46½	84½	102½	98½	97½	96

The visible supply of wheat in Canada amounts to 142,073,000 bushels, against 142,164,000 bushels last week and 123,813,000 bushels in the corresponding week of last year.

OTHER FOODS

BACON.—The decline in bacon prices has been checked. Danish has been firm this week, Irish irregular, Swedish quiet and other descriptions steady in price. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 78s. to 83s.; Canadian, 72s.; Danish, 82s.; as against 77s. to 83s., 72s. and 82s., respectively, a week ago. Arrivals in London last week included Danish, 12,963 bales; Canadian, 4,440; Dutch, 3,116; Lithuanian, 1,803; Polish, 2,529; against 13,189, 4,563, 2,229, 608 and 2,024 bales, respectively, in the previous week.

BASIC PIG PRICE.—The Pigs Marketing Board announced this week that, in accordance with the provisions of the present contract, the ascertained price of Green Wiltshire style bacon is 82s. 5d. per cwt., and the ascertained cost of feeding stuffs is 7s. 9d. per cwt. The price of the Class 1, Grade C, pig for the month of December is therefore 10s. 2d. per score. Fluctuations in the basic pig price (per score lbs.) during the present contract period have been as follows:—

	s. d.		s. d.
January	11 3	July	11 9
February	11 5	August	11 4
March	11 11	September	11 0
April	11 0	October	10 2
May	10 11	November	11 4
June	11 5	December	10 2

In addition to the basic price the curers pay 1d. per score as contribution towards insurance, and 2d. per score on every pig

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delivered and accepted to form a pool out of which will be paid a bonus to producers on pigs delivered during the first four months of the year.

BUTTER.—The market has been slow this week. Danish continues firm, but Colonial descriptions have again eased in price. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 92s.; Australian, choicest salted, 91s.; Danish, 125s. to 126s.; compared with 100s. to 101s., 100s. and 125s., respectively, last week.

CHEESE.—The market has shown little change this week. English continues steady, but Colonial makes have displayed an easier tendency. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, finest farmers', 74s. to 80s.; Canadian, finest coloured (new), 56s. to 60s.; New Zealand, finest coloured, 53s. 6d., as against 74s. to 80s., 58s. to 60s., and 55s. to 56s., respectively, last week.

COCOA.—The "spot" quotation in New York on Wednesday was 5½ cents per lb., as against 5½ cents per lb. last week. On the London market, Accras have shown a slightly firmer tendency. On Wednesday last, good fermented new crop, "December-February," was quoted 22s. 4½d. per 250 kilos. c.i.f. Continent, against 22s. 3d. last week. Last week's movements of cocoa in London were as follows: Landed, 11,056 bags; delivered, for home consumption, 11,371 bags; exported, 308 bags; stocks, 121,984 bags, against 135,909 bags a year ago.

COFFEE.—The New York spot market has been firm and Rio has risen in price. The London market was quietly steady. In New York on Wednesday, Rio No. 7 (cash) was quoted at 6½ cents per lb., as compared with 6½ cents per lb. last week and 6½ cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 9 cwt.; delivered for home consumption, 282 cwt.; exported, nil; stocks, 12,258 cwt., against 28,079 packages a year ago. Central and other South American, landed, 630 cwt.; delivered, for home consumption, 2,480 cwt.; exported, 1,389 cwt.; stocks, 74,856 cwt., against 76,349 packages last year. Other kinds, landed, 6,222 cwt.; delivered, for home consumption, 3,682 cwt.; exported, 354 cwt.; stocks, 107,400 cwt., against 71,332 packages last year.

EGGS.—Egg prices have about reached their seasonal peak, and the London market has been steady this week. At Smithfield Market on Wednesday, English (ordinary packing, Grade I, about 15-15½ lb.) realised 19s. to 20s. per 120, against 20s. to 21s. 6d. a week earlier, while Danish (15½ lb.) made 17s. to 17s. 6d. per 120, against 17s. to 17s. 9d. last week.

FRUIT.—Business was rather slack up to the end of last week, but has since shown steady improvement with prices generally firmer. According to *The Fruit Grower*, apples have been in steady demand at Covent Garden. Home supplies are now limited and there has been a general hardening of both home and foreign prices. Pears are mostly firm, but a slightly easier tendency was noticeable at Spitalfields for Californian pears. The orange trade is active, although supplies from South Africa and Brazil are poor. Increasing arrivals from Spain, however, meet a steady trade. Lemons continue firm; but grapefruit supplies exceed demand and prices have again declined. Hothouse grapes are a steady trade. Nuts are in rather more active demand, with prices firmer except for Brazils. Bananas are expected to become dearer.

MEAT.—Supplies at Smithfield Market continue rather heavy and business has shown little change during the past week. Prices of fresh beef and of pork were a shade firmer, but other quotations were generally unaltered. On Wednesday last, Argentine chilled hindquarters were quoted at 3s. 8d. to 4s. 2d. per 8 lbs., as compared with 3s. 10d. to 4s. 2d. last week. New Zealand frozen mutton was 3s. 2d. to 3s. 10d. per 8 lbs., against 3s. 2d. to 3s. 10d. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 9,799 tons, an increase of 463 tons on the corresponding week last year. Beef and veal accounted for 4,994 tons, mutton and lamb 2,820 tons, and pork and bacon 1,082 tons, as compared with 4,714, 2,616 and 1,061 tons, respectively, in the same week of 1934.

PEPPER.—Wednesday's spot price for Lampung (in bond) was 3d. per lb., against 3½d. last week. Movements of pepper in London during the past week were as follows: Black, landed, 9 tons; delivered, 2 tons; stocks, 1,457 tons, against 637 tons a year ago. White, landed, nil; delivered, 247 tons; stocks, 14,207 tons, against 11,410 tons a year ago.

RICE.—The spot price of Burma No. 2, cleaned, was 9s. 9d. per cwt. ex-warehouse on Wednesday, as compared with 9s. 10½d. per cwt. a week ago. New crop, January-February, in singles to Continent and U.K. was quoted at 7s. 6d. per cwt., against 7s. 6d. per cwt. last week. Movements in London during the past week were as follows: Landed, 139 tons; delivered, 672 tons; stocks, 5,957 tons, against 2,604 tons a year ago.

SUGAR.—The New York spot market again had an easy tone this week, prices having declined by 15 points. In London, raw sugar has been quietly steady. The spot price in New York on Wednesday was 3-10 cents per lb., as compared with 3-25 cents per lb. last week and 3-50 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "March delivery" at 5s. 1½d., against 5s. 1½d. last week. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 3,291 tons, against 31,493 in the previous week and 11,651 tons in the same week of last year; deliveries, 15,456 tons, against 14,796 and 13,835 tons respectively; stocks, 190,368 tons, against 202,533 and 123,716 tons respectively.

TEA.—The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold at Mincing Lane on Garden Account in recent weeks:—

Week ending	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
Nov. 29, 1934	d.	d.	d.	d.	d.	d.	d.
Oct. 31, 1935	11-65	11-50	13-39	10-89	9-31	10-85	11-90
Nov. 7, "	14-00	12-42	15-69	11-89	10-12	11-13	14-07
Nov. 14, "	13-33	12-31	15-03	12-18	9-42	11-63	13-53
Nov. 21, "	12-87	12-04	14-27	11-76	9-66	11-33	13-02
Nov. 28, "	12-86	12-21	13-88	12-91	10-49	11-54	13-01
Nov. 28, "	12-74	12-40	13-71	12-77	10-04	11-70	12-93

The quantities catalogued for this week's auctions comprised 46,087 packages of Indian and 20,712 packages of Ceylon tea. Brisk bidding was common for Indian grades and quotations for these were fully maintained. At Tuesday's Ceylon auctions common sorts realised steady prices, but teas above 1s. 1½d. per lb.—especially broken Orange Pekoe Fannings—were irregular and generally easier. Export demand was good.

VEGETABLES.—A generally rising tendency in prices has been recorded at Covent Garden. *The Fruit Grower* reports little business in English tomatoes, but Canaries are a point dealer. Supplies of cucumbers, mint and greenstuff are all rather short. Beans and mushrooms are firmer in price. Celery is plentiful, but is meeting an active demand at moderate prices. Potato prices have shown a rising tendency in certain instances, but at the London Borough Market on Tuesday best siltland King Edward were again quoted at 6s. 6d. to 7s. per cwt.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OILSEEDS.—Oilseeds, in common with other grains, are very quiet, with practically no demand. Linseed prices have eased in sympathy with wheat and in consequence of the continued favourable prospects for the growing crop in Argentina, which market opinion considers likely to give a probable yield of at least a million and a half tons. The official estimate is expected daily. Old crop Plate, of which an exportable surplus of 265,000 tons remains, has declined to £9 15s. per ton delivered Hull, a shade more being asked and paid for new crop January-February loading. The quantity now afloat Europe is 141,500 tons (including 19,500 tons from India), 15,000 tons more than a week ago; and for the United States 48,200 tons, against 31,800 tons a year ago. Cottonseed is steady, but inactive, Black Egyptian being quoted at £6 7s. 6d. for December loading and £6 10s. January-March.

Demand for linseed oil is limited and prices are easier. Raw oil, December delivery, ex Hull mill, is offered at £25 and January-April at £25 5s. per ton (naked). Imports of linseed oil from abroad continue on a large scale, despite the £3 10s. per ton duty; an application to increase this is still under consideration by the Import Duties Advisory Committee. Cotton oil is quiet and unchanged. Egyptian crude ex Hull is available at £26 and refined at £29 per ton. Export demand is not so good. Oilcakes are in rather better demand and are steady in price.

RADIUM.—In a Note of the Week in the *Economist* of June 2, 1934, we referred to the discovery of uranium deposits in Canada and suggested that these were unlikely to be of sufficient importance to challenge the Belgian Congo, as the leading producer of radium, for many years to come. In recent weeks several optimistic accounts of these deposits have been received from Canada. Those in the Great Bear Lake district, owned by the Eldorado Gold Mines, Ltd., are estimated, however, to contain ore to the value of \$2,400,000 only. Some 26 tons of ore were treated last year, the value of the radium, uranium, silver and lead recovered being estimated at \$210,000. No shipments of ore were made last year by the Great Bear Lake Mines, Ltd., or Canadian Radium Mines, Ltd., but a test shipment of three tons of ore to the Trail Smelter was made by Bear Exploration and Radium, Ltd. During the current year activity has increased; nevertheless, the Dominion's output of radium does not yet amount to one-tenth that of the Union Minière du Haut Katanga. Various radium deposits are reported to have been discovered in Azerbeidzhan (U.S.S.R.) in recent months, but year's output from Joachimsthal (Czechoslovakia) brings the total production of this area up to 100 grammes. The event is of interest in that it was from this Czechoslovakian ore that Madame Curie first separated radium in 1898. From the economic point of view, however, the Joachimsthal deposits are no longer important.

POTASH.—That the prospects of the Alsatian potash industry are not unfavourable is the view expressed in an article just published in the *Review* of the Allgemeine Elsaessische Bankgesellschaft of Strasbourg. Nevertheless, the exaggerated hopes at one time entertained have been somewhat disappointed. Since the new potash producers have realised that their interests will be furthered by co-operation with the Franco-German Cartel, it is suggested that the fierce price struggle between these parties in the international market can be regarded as terminated. The primary interest of the Alsatian industry centres, however, on the domestic here. In 1924 only 94,384 metric tons of Alsatian potash were sold in France and 180,093 metric tons exported; in 1934 exports had only recovered to approximately the 1924 level (182,729 metric tons), whereas deliveries to French consumers had risen to 176,350 metric tons. Meanwhile, the total gross proceeds of German potash exports in 1935 are estimated by Messrs J. Henry Schröder and

Company (the receiving bank for German potash bonds) at £2,388,800 (par value). Actual proceeds during the first nine months of the year amounted to £1,496,700 (at par), while the last three months are expected to yield the remaining £892,100. The annual service of the potash loan amounts to £1,297,778—or approximately £800,000 at par.

RUBBER.—Prices are slightly easier on the week, as a result of Tuesday's decision by the International Rubber Regulation Committee to increase the basic quotas of the Dutch East Indies as follows: For 1936, from 443,000 tons to 500,000 tons; for 1937, from 467,000 to 520,000 tons; for 1938, from 485,000 to 540,000 tons. At the same time it was decided to maintain the restriction percentage at 60, for the first half of next year, subject to the right

to review from time to time. The market was somewhat disappointed by this announcement, despite the assurance by the D.E.I. Government that the revision in the quotas will now make it possible to enforce the restriction scheme in that area.

The spot price in New York on Wednesday last was 12½ cents per lb., compared with 13½ cents per lb. a week ago and 13½ cents a month earlier. Wednesday's official closing price for standard ribbed smoked sheet in London was 6½d. per lb., as against 6½d. on the corresponding day last week. In forward positions, business has been done at 6½d. to 6½d. for January to March shipment, as against 6½d. to 6½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 166,396 tons, against 166,492 tons a week earlier. A year ago stocks amounted to 128,065 tons.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM

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

LONDON, December 4th		S. d.		s. d.		s. d.		s. d.	
GRAIN, ETC.		s. d.		s. d.		s. d.		s. d.	
Wheat—									
No. 2, N. Man. 496 lb.	33 0	34 0							
Eng. Gaz. av., per cwt.	5 8								
Barley, Eng. Gaz. av.	8 4								
Oats—									
Maize, La Plata, landed,	17 3								
480 lb.									
Flour, Lon. stan. ex mill,	26 9								
280 lb.									
Rice, No. 2 Burma, per cwt.	7 6								
Tapioca, per cwt.—									
Fair Flake, Singapore	...								
MEAT—									
Beef, per 8 lbs.—									
English long sides	3 4	4 4							
Argentine chilled hinds	3 8	4 2							
Mutton, per 8 lbs.—									
English wethers	4 8	5 4							
N.Z. frozen	3 2	3 10							
Lamb, per 8 lbs.—									
N.Z. frozen	4 8	5 4							
Pork, English, per 8 lbs.	5 6	6 0							
BACON—									
English—per cwt.	78 0	83 0							
Irish	72 0	83 0							
Danish	82 0								
Dutch	77 0								
HAMS—									
Canadian	88 0	92 0							
American	90 0	110 0							
BUTTER—									
Australian	91 0								
New Zealand	92 0								
Danish	125 0	126 0							
CHEESE—									
Canadian—per cwt.	58 0	60 0							
New Zealand	53 0								
English Cheddar	74 0	80 0							
Dutch	52 0	56 0							
COCOA—									
(Duty, British grown,									
11/8; foreign, 14/ cwt.)									
Accra, f.f. (var.) bria	22 9	23 0							
Trinidad	38 0	48 0							
Grenada	33 0	38 0							
COFFEE—									
(Duty, British grown,									
4/8; foreign, 14/ cwt.)									
Santos sup. & f. cwt.	87 0	58 0							
Colombian, good	52 0	74 0							
Costa Rica, med. to good	55 0	75 0							
East Indian	45 0	58 0							
Kenya, medium	45 0	58 0							
EGGS—									
English—per 120	19 0	20 0							
Danish	17 0	17 0							
FRUIT—Oranges—									
South African—boxes	12 0	15 0							
Brazilian	12 0	17 6							
Lemons, Malaga—cases	18 0	25 0							
" Sicilian—boxes	24 0								
Apples—Amer. (var.) bria	9 0	27 0							
" (var.) boxes	9 0	14 0							
" Australian	...								
Onions—									
Venepia, case	6 8	7 6							
Egyptian, bags	12 0	20 0							
Grapes, Almeria barrels	9 0	10 0							
Grapefruit, Jamaica	...								
Amor	...								
LARD—									
Irish bladders	80 0	85 0							
U.S.—per cwt.	71 0	72 6							

† These prices are for fuel oil for inland consumption—other than for use in Diesel engine road vehicles—and do not include the Government tax.

UNITED STATES

(New York quotations, unless otherwise stated)

	Dec. 5, 1934	Nov. 6, 1935	Nov. 27, 1935	Dec. 4, 1935		Dec. 5, 1934	Nov. 6, 1935	Nov. 27, 1935	Dec. 4, 1935
Wheat, No. 2, Winter, nearest future, Chicago, per bushel...	102½	97½	97½	96	Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	12-80	11-45	12-25	12-25
Maize, nearest future, Chicago, per bushel	94½	59½	59½	58½	Cotton, middling, spot, per lb.	12-80	11-45	12-25	12-25
Oats, nearest future, Chicago, per bushel	57½	26½	26½	25½	Rubber, smoked sheet, spot, per lb.	12-80	11-45	12-25	12-25
Rye, nearest future, Chicago, per bushel	80½	49½	48½	47½	Petroleum, Pennsylvania crude standard grades, per barrel	182-197	167-187	182-202	182-202
Barley, nearest future, Chicago, per bushel	82½	(a)	(a)	43	Copper, "Electrolytic," Domestic, spot, per lb.	6-52½	8-65	8-60	8-62½
Coffee, Rio No. 7, cash, per lb.	9½	6½	6½	6½	Copper, "Electrolytic," Export, prompt, per lb.	6-75	8-87½	8-70	8-85
" Santos No. 4, cash, per lb.	11	8½	8½	8½	Spelter, East St. Louis, spot, per lb.	3-70	4-85	4-85	4-85
Cocoa, Accra, nearest future, per lb.	4-68	4-69	4-74	4-82	Lead, spot, per lb.	3-50	4-50	4-50	4-50
					Tin, "Straits," spot, per lb.	50-90	52-50	51-25	51-50

(a) Nominal.



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THE PARIS BLUNDER

LAST Monday the world was thunderstruck by the appearance, in the French Press, of detailed and apparently "inspired" accounts of the peace terms which Sir Samuel Hoare had agreed upon with M. Laval for recommendation to the League, to Abyssinia and to Italy. These reported terms departed so far from any that the British Government had previously shown any inclination to endorse, and the concessions to the Italian aggressor were so vast, that at first the report was believed to be without foundation. Unhappily, on Tuesday afternoon, when the Government were questioned on the subject in the House of Commons, it became apparent that the "unofficial" French report of the terms was correct in substance, though possibly exaggerated in detail. This impression was, in effect, endorsed by the obvious embarrassment of Ministers from Mr Baldwin downwards, by the evasiveness of their replies, and by the summoning of two special Cabinet meetings.

The general result of these terms, if they were put into effect, would be to hand over to the aggressor about three-sevenths of Abyssinia. The French and British Governments are believed to have suggested that there shall be ceded to Italy the Tigre and the Danakil country on the north-east, the Ogaden on the south-east, and the whole of the South Abyssinia highlands on the south-west—the two latter cessions including, between them, all Abyssinia south of latitude 8 and east of longitude 36. The south-western territory is to remain under a nominal Abyssinian sovereignty, but it is to be turned over to an Italian chartered company, with its own administration and police, for settlement by Italian colonists. The reservation of nominal sovereignty is no doubt designed to lessen the shock of a scheme which includes a greater area than anything which even the French have previously proposed; but it is one of those diplomatic devices which are merely a polite way of cloaking the fact of virtual annexation. What is left of Abyssinia is to be placed under a League mandate. The only compensation which Abyssinia is to receive is an outlet to the sea—across Italian territory.

What was Sir Samuel Hoare's motive in agreeing to

associate himself with this surprising plan of spoliation? And what was the Government's motive in accepting it? For the Government certainly assumed some responsibility for the plan by agreeing to forward it to the belligerents—although a storm of protest had already broken in the House, the country, and the world. The Government's embarrassment in the House of Commons on Tuesday afternoon must be a unique experience for a Ministry that has just triumphantly won a general election. In the face of the Opposition's attack, not one of their own supporters rose to say a word in their defence. In fact, Conservative members were perplexed and confounded for a special reason of their own. For many of them, a few weeks ago, won their seats—no doubt in all good faith—largely on the strength of an assurance to the electors that the Government, if returned, would stand firmly for vindication of the League Covenant in accordance with both the spirit and the letter of Sir Samuel Hoare's September speech at Geneva.

British prestige, which soared high after that famous pronouncement, and has been steadily rising ever since, has declined precipitately this week. In the United States, in the Dominions, in the other League countries, as well as in the United Kingdom, this British *volte-face* has been greeted with equal indignation and bewilderment. "Why," the world is asking, "did the British Government ever take up this policy of implementing the Covenant at all? Why did it lead the other League Powers on? Why did it incur the bitter hostility of Italy, if, after having set its hand to the plough, it was willing to turn back like this?"

We confess to being completely at a loss to understand what the Government's answer may be. Does it fear that, unless Signor Mussolini receives adequate compensation for the "sacrifices" that Italy has made, he will run completely amok? But the Government have been prepared to run the danger of an Italian attack upon the British Empire ever since they embarked on the policy of fulfilling the Covenant; and surely the risk is less to-day than it was, since Signor

Mussolini has now at least twice crouched to spring, and twice shrunk back. Each time that he flinches, it becomes harder for him to commit the crowning act of folly. Apart, however, from the chances of an Italian attack upon us, it would be suicidal to allow this possibility to govern our whole foreign policy. We are living in a world in which the chance of an Italian attack on us in present circumstances is one of the smallest of the many possible dangers that we may be called upon to face. By showing weakness now, we should be plainly inviting a coalition of the predatory Powers to fall jointly upon the British lion and to divide between them the spoils of an empire which covers to-day a quarter of the land-surface of the world.

Or is the motive the fear of an Italian military fiasco in Africa, which might be followed by a temporary eclipse of Italian power in Europe? We know, of course, that this is the dominant consideration in the mind of M. Laval. But has he really now persuaded the British Government to adopt it? If driven to the choice, M. Laval would rather preserve Signor Mussolini than preserve the League, because (largely through the fault of British policy in the past) France counts upon an Italian military alliance much more than she counts upon collective security to help her against Germany if the need should arise. Does the British Government not know that Germany and Japan are taking this trial of collective security as a test case, and are closely watching the outcome? Does it not see that, in capitulating to Signor Mussolini, we are notifying Herr Hitler that aggression can be perpetrated with impunity and can, apparently, be made to pay?

We must leave this riddle of Downing Street unsolved until Mr Baldwin feels himself free to answer it for us. The immediate questions are: how will these Anglo-French proposals be taken by the three parties concerned, and what is to happen next?

It is safe to assume that M. Laval has already ascertained that the terms are acceptable to Signor Mussolini. We may take it for granted that they will be rejected by the Emperor of Abyssinia. We can feel almost equally sure that they will not receive, on the Council of the League, that unanimous vote that would be required in order to secure their adoption by that body. We can also be quite certain that the Council will never find that Italy has ceased to be the aggressor because the Emperor of Abyssinia has refused to part with the half of his kingdom.

In those circumstances, it is essential that the Government should clarify its position. Has it given Signor Mussolini reason to believe that in its opinion the terms proposed are fair and just? For if so, and if the Duce accepts, this country will have completely undermined its power to support the League in bringing further pressure to compel Italy to end the war on more favourable terms for Abyssinia. If this is the position, all that can be said is that the nation almost unanimously repudiates the Government's idea of a just peace.

It appears, however, that the position of the Government is more equivocal. It has been a party to a species of kite-flying, in order to test the attitude of the belligerents. At the long-delayed meeting of the Committee of Eighteen which took place at Geneva on Thursday, Mr Eden made it clear that, as England and France had no mandate to negotiate for the League, the matter was one for the Council, which is to meet next week. In the course of his speech, he sought to disinterest the Government in the substance of the actual peace proposals by his emphatic declaration that Britain would stand by the Council's decision. That decision is hardly likely to be in line with the Paris terms, even if strong pressure were brought to bear by England and France; and in the light of the spontaneous expression of public opinion in almost every country of the world, it is unlikely that such pressure will be exercised.

The remarkable demonstration of the extent to which the League is being looked to as a bulwark against wanton aggression has, indeed, been very impressive. This week's work has been a diplomatic blunder on the part of the British Government; but that will be a small matter if the collective system of security can after all be saved at Geneva from the extinction with which it seemed a few days ago to be threatened.

THE MINING DISPUTE

HOPES of an early settlement of the coalmining dispute have strengthened greatly during the last few days. The owners, in a lengthy statement, issued a week ago went far to give the impression that they had rejected the claims both for an immediate increase in wages and for national negotiations. The meeting held later between officials of the Mining Association and the Mineworkers' Federation raised hopes that a settlement might be nearer; but the Federation afterwards stated that the Association's attitude was unsatisfactory, and that a national conference of the Federation would meet on December 18th to consider further action. On Thursday night, however, the Mines Department stated that the Association had invited the Federation to meet them on Tuesday to consider the progress so far made in securing increased receipts, out of which wages might be raised.

The owners' considered apology merits at least careful and dispassionate consideration. It begins by denying the allegation that miners' wages are "scandalously low" in comparison with those paid in other industries. It admits that the average weekly earnings in 1934 were approximately 45s. a week and that the average number of shifts worked per week was 4.84 in the first six months of 1935. But it adds that "if 5½ shifts per week be taken as what a man might reasonably be expected to work in times of normal trade, it will be seen that the average weekly earnings of workers at the coal-face (including boys and youths) would be 62s. excluding allowances." It then compares this hypothetical figure with the wage actually paid in various other industries. A computation of real wages is added, which shows the real wage paid in 1934 to have been 0.4 per cent. above that paid in 1914.

It is next computed that the grant of the miners' claim for an increase of 2s. a day would cost the industry £18,500,000 a year, or 1s. 10d. per ton of commercially disposable coal. Yet the actual total "credit," the Association alleges, quoting the official ascertainment, amounted to only £4,128,199, or 5d. per ton in 1934; while the "real profit" is given as "less than £2,000,000." In reply to the allegation that there are hidden profits not shown in the ascertainment, the Association makes the following observation:—

The fact is that coal transferred to all associated undertakings—whether coke-oven plants, selling agencies or others—must be transferred at fair market prices; that it is the duty of the Accountants appointed by the miners to see that this is actually done; and that these Accountants have access to all the colliery books for this purpose.

It is then contended that the mechanisation of the industry has already made great progress; and that financial amalgamation and the institution of selling schemes are gradually evolving—though always as a result of voluntary effort and not Government intervention. Finally, the whole principle of national wage negotiations is attacked on the ground that they "have proved the cause of continual unrest."

To this statement the Mineworkers' Federation replied on Monday with a detailed criticism. They accuse the owners of insincerity in refusing to accept national wage negotiations, and point out that they have shown themselves ready for national negotiations on production, distribution, prices, trade agreements, taxation and even hours. "The motive of the employers," the Federation alleges, "is clear. They wish to depress wages to the lowest district level." The relevance of the figure of 62s. a week is then challenged on the ground that the actual average of shifts per week in the six months ending June 30 was 4.84 and not 5½; and it is urged that the actual average weekly figure of 44s. 8d. a week should be used for comparison with other industries. The Federation adds that 61.2 per cent. of the employees in the industry do not work at the coal-face, and that the average wage of these 61.2 per cent. was 38s. 5d. a week in the six months ending June 30th. In Durham one adult worker out of every three had an average weekly wage of 31s. 3d. In conclusion, the Federation maintains that selling prices could be raised by joint efforts, since 76 per cent. of total British output is sold at home and an international price agreement is not, in the Federation's view, impracticable.

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It is valuable to have the detailed case of both parties to the dispute thus fully expounded in public. The opinion of the impartial observer, however, is not likely to be markedly altered by this week's exchange of views. He will gladly concede that a section of the workers in the industry is reasonably well-paid, but will note that a very large number of them are indubitably ill-paid, in comparison with current wage standards—whether or not a wage of 38s. 5d. a week can justly be described as "scandalous." It will in any case be generally felt that such a wage cannot be defended except on grounds of absolute economic necessity. The dissension over national negotiations is likely to be regarded as essentially an extension of the ubiquitous struggle over the principle of collective bargaining, in which each side attempts to weaken the collectivity of the other. And here public sympathy will probably be on the side of the admittedly weaker party.

How far the coal industry can stand a rise in wages, is a more difficult question. The public is likely to suspend judgment on the controversy over the alleged "hidden profits," until some impartial inquiry is held. But there are very strong reasons for believing that in the long run financial amalgamation, the elimination of the remaining uneconomic pits, and the rationalisation of royalties would permit lower costs of production. How far, however, and how soon, can centralised selling improve prices sufficiently to enable wages to be raised? The experience of central selling in districts where it has been tried suggests that substantial gains are possible. A co-ordinated increase in selling prices will naturally be opposed on the grounds that it is an exploitation of the home consumer, that it cannot be applied to exports, and that it consequently involves discrimination or dumping. These arguments are not entirely convincing. In so far as the present prices paid for coal by large internal consumers like the electricity and gas industries are uneconomically low, owing to the semi-monopoly position of the buyers, an increase might be justified. There are reports this week that such an increase may be made by agreement between the colliery companies and the large-scale consumers, on condition that miners' wages are simultaneously raised. If this solution can be applied, as we think it might, without a substantial rise in the price of gas and electricity to the ultimate consumer, it should certainly be welcomed; though it must be remembered that the gas and electricity industries together only account for about 17 per cent. of domestic coal consumption. The iron and steel industry, however, which takes 10.7 per cent., might well be asked to contribute, in view of the public favours showered upon it in the last few years. Again, centralised selling, even without international agreement, is not necessarily powerless to raise prices, as experience in South Wales has shown. The mere elimination of inter-British competition in foreign markets may at once enable prices to be raised and foreign competition to be more effectively met.

These conclusions were confirmed by this week's debate in the House, and particularly by the notable speech of Mr

Peake, a Yorkshire employer, who treated the miners' case sympathetically and constructively. His tone was markedly different from that, for instance, of Sir Evan Williams's letter to *The Times* a few days earlier. Mr Peake advocated the raising of internal selling prices, and strongly supported the demand for national negotiations:—

In Yorkshire (he said) there was a readiness to advocate an increase to the lower-paid men straight away. But the difficulty was that, unless there were national negotiations, it was almost impossible for them to increase wage costs without injuring their competitive power with other districts.

Mr Peake also expressed some scepticism about the spirit in which the ascertainment system was being operated in South Wales.

The three main principles of the proposed selling schemes were laid down by Captain Crookshank, who spoke for the Government in the debate. They must cover all the coal-owners in the district, and must have a measure of permanency; they must effectively prevent inter-colliery competition; and they must be so drawn up that evasions cannot occur. Captain Crookshank was probably right to concentrate at this point on the development of selling schemes, though he might well have gone a little further and given an express endorsement on behalf of the Government to the principle of national negotiations. For the best hope of a short-run solution now seems to lie in a wage increase, however slight, resulting from improved prices, coupled with a national agreement. It should not be beyond the power of reasonable men to elaborate an agreement which, if locally initiated, would at least be nationally endorsed. This, together with the proposed selling schemes, the Government should press on the industry. It should not forget, however, that the need for accelerating the long-term economies likely to accrue from amalgamation and the nationalisation of royalties still remains fundamental.

INDIA'S ECONOMIC FUTURE

THE passage into law, this year, of the Government of India Bill has marked a big step forward in the solution of India's political difficulties. But this political change is not in itself sufficient to provide the whole solution. The Indians will, rightly or wrongly, judge the success of the Bill by the course of economic events in the next few years. It may be relevant, therefore, on the eve of the establishment of the new regime, to examine some of India's economic difficulties, and see in what way we can contribute to their removal.

Although India has long been linked to the world's economy, she is still one of the most self-sufficient of countries. Only a small part—some 7 to 10 per cent.—of her total production is exported. Her economy is in fact overwhelmingly agricultural, based on a diversified system of

cropping, a mingling of many subsistence crops with a few money crops; and because of this India has been far less vulnerable in the world depression than the newer agricultural countries which specialise in one or two commodities.

None the less, the slump hit the Indian farmer hard, and his income was rapidly cut down by one half, without a corresponding decline in the price of the goods he buys or of the fixed payments he has to make to moneylenders, landlords or Government. It has been estimated that the money value of the principal crops fell by nearly 50 per cent. between 1929 and 1933, and the effect of the depression upon Indian foreign trade was severe.

The collapse of foreign trade undermined Government finances. Customs and income tax revenue declined rapidly and the commercial departments became a burden rather than a support. Central Government showed a deficit of Rs. 11.5 crores in 1930-31, and a deficit of Rs. 19.5 crores was expected for 1931-32. But by a 10 per cent. pay cut, and other emergency measures, the deficit for 1931-32 was reduced to 11½ crores, after providing nearly 7 crores for the reduction of debt. The Government has continued with this financial policy. Recent Budgets have closed with comfortable surpluses, and the 10 per cent. cut in salaries has now been restored. It must be recognised, however, that in achieving this result the Government was considerably helped by a steady outflow of gold, part of which came from the reserves of the Indian peasant, whose much maligned habit of hoarding has been a timely help to his country.

But the balancing of the Government's Budget resulted in some unbalancing of the Budgets of private individuals. Retrenchment was carried out so ruthlessly in some directions that it aggravated unemployment. Many plantations were closed down and labourers were repatriated to Ceylon and Malaya. Consumption declined in quantity and quality, with the most damaging results for those countries which supplied India with manufactures, and the decline in the purchasing power of India enabled her cheaper suppliers, particularly Japan, to gain a relative advantage over the United Kingdom.

During recent years the Government of India has taken various steps to relieve the agriculturists of their severe burden of fixed charges, to promote rural development, to regulate the export trade, and to protect Indian industry. Industrial output has increased even during the depression; the production of Indian cotton mills increased 50 per cent. between 1928-29 and 1933-34, the production of sugar increased six-fold in the last six years, and there have been similar increases in the production of iron and steel, cement and other industrial products.

Thus, India has survived the economic blizzard, and stands ready for a great economic development. Rapid industrialisation cannot provide a cure for her economic ills; for the central problem is to increase the income of the agricultural masses. The introduction of modern instruments of production and a modern economic and financial framework would benefit both India and the countries with which she trades; but this equipment would require a volume of new capital which purely Indian resources are quite unable to supply. Evidence of this can be seen in the antiquated system of providing capital which exists at present, and in the sources from which India has obtained capital in the past. While the interest charged on the highest grade loans is on an average 7 to 7½ per cent., the rate goes up to as much as 150 per cent. to masses of illiterate peasants who have to borrow in order to obtain the necessary seeds and primitive utensils to produce their harvests. And while British investments in India are estimated at around £700 millions, the only corresponding estimate of Indian capital investments (in Government and other loans and securities, joint-stock companies and industries) is £525 millions. Foreign—mainly British—capital has not only financed the bulk of Indian joint-stock banks, insurance companies, railroads and coastal shipping, but has also played a predominating part in financing her overseas trade, jute mills, plantations, mining and engineering works, and paper and cement industries.

It is certain that in her future growth, as in the past, India must rely mainly on foreign capital, but if the British

are to play their proper part, there must be a radical change in the methods they follow in their business dealings with Indians. There is, for example, growing criticism of the Ottawa Agreements in India, and it is particularly important that the Governor-General should not deny the legitimate claims of Indian industry for revision of those Agreements.

As self-government in India increases, there will be increasingly few Englishmen in Government service, and apart from this and military service the Englishman's only *raison d'être* in India is that of the trader. The British were trading in India for 150 years before they began Empire building, and their campaign of conquest was promoted mainly to secure trade. Yet from the period of conquest the commercial community has been strangled by a social inferiority complex. The military and civil authorities became a superior caste in a system of snobbery which has distracted the business man from his real job of trading and doing business. This attitude tends only too frequently to poison the business relations between many English firms and their Indian customers, and the gulf between them has been widened by the superior Englishman's refusal to learn the language, and to treat with the Indian on equal terms. This gulf is still widening with the increasing self-confidence of the Indian, and his realisation of the many jobs he can do as well as the Englishman.

Nearly all India's external communications—shipping, airways, cables and wireless—are in European hands, and the English are holding their own and giving good service. But whereas twenty years ago the bulk of the importing business was in the hands of big European, mainly British, merchant firms, to-day this business has largely been taken over by numerous small Indian merchants, who have profited by the decay of the old-time merchant; and with this change has vanished the goodwill of many a British manufacturer. British firms do only a fraction of the export trade, which is in the hands of Indian and Continental firms.

In internal activities, railways are now nearly all State-owned or controlled; road transport vehicles are supplied mainly by American firms which have developed a servicing system superior to that of British firms; banking is largely carried on by British banks which give excellent service; and mining and planting are still mainly in British hands. Some few British and foreign firms, most of them with world-wide organisations, have admitted the errors of the past, and have built up a selling and distributing organisation which maintains direct contact with its customers throughout India, and employs trained Indians in responsible positions. By their intelligence they have secured Indian goodwill and confidence, and have contributed greatly to the relief of Indian political agitation; for one of the most fertile sources of discontent and political unrest in India is the absence of suitable employment for the graduates of the Indian schools and universities.

The British have still a great part to play in India's development. But they can only play that part by relinquishing their old methods, learning to deal with Indians as equals in a common enterprise, and proving their competence and efficiency.

MOTORS AND MARKETS

In last week's *Economist* (pages 1129 to 1154) we published a detailed review of the scope, productive capacity, retail organisation and legal position of the British motor industry. We may usefully round off our Survey by examining the industry's international setting.

In this field, one country towers above all others. The possession of the largest and richest home market in the world and of Henry Ford, who first realised the possibilities of the application of mass-production methods, was responsible for the emergence of the United States as the leading producer before the Great War. The United States' lead increased during the war, when the factories of potential European competitors had been turned over to munitions and aircraft. Since the war the Western world has been rapidly "motorised." Industrialised countries fostered

domestic motor industries by tariffs, and, in this country, by a system of taxation which favoured the small car. But while they have reduced imports of American cars, manufacturers outside the United States have been unable to break the American quasi-monopoly of exports to non-producing countries.

The American position in the export trade was seriously shaken before the devaluation of the dollar in 1933, but a large part of the ground then lost has since been regained. Thanks to the scale of home demand, the position of the industry in the United States is such that no other country can compete under equal conditions with the cheap, high-powered American vehicle. The British industry leads in the manufacture of low-powered cars of a type for which there is no demand in America. These can only compete in the export markets where special factors operate in their favour, such as tariffs, the taxation system or the high price of petrol. The industry in this country has also specialised in high-powered luxury cars and "heavy-weight" lorries, but the relatively small demand for these prevents the adoption of mass-production methods. The Canadian factories are branches of the large companies in the United States, set up in order to supply the Canadian market without coming up against a tariff, and to obtain the benefit of preferential tariff rates in the British Empire. The other countries whose industries are sufficiently large to be a factor in the export trade are France, Italy and, since 1930, Germany. The manufacture, as distinct from the assembly, of motor vehicles implies a fairly high degree of industrialisation in a country; this excludes agricultural and raw material producing countries. On the other hand, profitable manufacture requires a large output. This stipulation excludes the smaller industrial countries, which produce only part of their own requirements and scarcely enter into the export trade.

The output of the six largest producing countries, since 1923, is shown in the following table:—

PRODUCTION OF MOTOR VEHICLES
(By Number)

Year	United Kingdom		U.S.A.		Canada	
	Private	Commercial	Private	Commercial	Private	Commercial
1923	71,396	23,804	3,625,989	407,279	127,976	19,226
1924	119,600	30,000	3,189,109	416,097	114,537	18,043
1925	152,000	35,000	3,735,171	530,659	135,573	26,397
1926	153,500	44,500	3,781,956	518,978	166,887	37,840
1927	164,553	47,227	2,936,939	564,387	146,421	32,833
1928	165,352	46,525	3,814,310	544,777	197,848	44,206
1929	182,347	56,458	4,591,591	767,499	203,307	59,318
1930	166,669	66,859	2,788,850	567,956	121,337	32,035
1931	158,997	67,310	1,973,111	416,689	65,072	17,487
1932	171,244	61,475	1,135,541	235,187	50,694	10,068
1933	220,779	65,508	1,606,703	352,498	53,849	12,003
1934	236,866	65,633	2,190,099	588,640	92,647	24,205

Year	France		Germany		Italy	
	Private	Commercial	Private	Commercial	Private	Commercial
1923	110,000		Not available		20,000	
1924	145,000		18,000		35,000	
1925	177,000		49,384		39,000	
1926	193,315		37,169		54,780	
1927	191,300		96,640		64,559	
1928	216,900		89,850		55,010	
1929	246,000		70,500		54,100	
1930	221,950		66,500		36,532	
1931	201,000		65,459		24,950	6,530
1932	175,000		42,000	10,400	23,400	6,600
1933	130,000	30,000	80,000	12,000	30,000	10,000
1934	164,000	25,000	147,330	27,328	41,056	4,495

In deference to the trend towards economic nationalism, the leading American manufacturers have settled as producers first in Canada, and later in the United Kingdom and Germany. In addition, they have established assembly plants in Belgium, Japan, Australia, Denmark, Argentina and elsewhere. The only British firm producing cars abroad is Austin, which has interests in the United States, France and Germany. The usual method of distribution in the export markets is the establishment of a branch office or subsidiary distributing company with

EXPORT

The Documentary Credit, whereby the Exporter is assured that he will receive payment immediately his goods are shipped for transit abroad, is the subject-matter of *A Brief Survey of the Financial Machinery of Exports and Imports*, copies of which may be had by asking at any local branch of the Westminster Bank

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41 LOTHBURY, LONDON, E.C.2

power to appoint and control agents, each with a territorial monopoly, working on a commission basis. The branch office normally operates a depot carrying a stock of vehicles and parts, and a service station to undertake repairs. If business grows sufficiently, the branch may develop into a factory undertaking assembly work. On the whole, it has been found unsatisfactory for an exporter to rely solely on an agent appointed for a foreign market with no branch office to control him. Many of the smaller manufacturers, however, have been compelled to adopt this practice by reason of the limited scale of their operations, and the larger concerns apply it in the less important markets.

The British industry has been slow in developing branches abroad on anything like an adequate scale. It has found the home market so profitable, in view of its rapid expansion in recent years, that it has tended to neglect the more difficult and less profitable export trade, although ultimately this is the direction in which the greatest potential growth of demand will be experienced. Many British manufacturers have been working at or near capacity during the busy months of the past two or three seasons, and would have found it very difficult, if not impossible, to execute export orders on the scale to which the American industry is accustomed. The full exploitation of the possibilities of the export markets by the British industry will probably have to await a setback to the rapidly increasing home demand. It is frequently claimed that the British system of horse-power taxation for private cars makes it very difficult to produce models suitable for the export trade. The 25 per cent. reduction in the horse-power tax this year, coupled with the increase in vehicle taxation in many markets, has partially—but only partially—removed this handicap.

Total exports of motor vehicles in recent years are set out below:—

EXPORTS OF MOTOR VEHICLES
(By Number)

Year	United Kingdom		U.S.A.		Canada	
	Private	Commercial	Private	Commercial	Private	Commercial
1923	4,556	1,898	131,901		70,220	
1924	12,875	2,784	178,722		56,674	
1925	24,029	5,021	244,306	58,625	58,005	16,146
1926	25,389	6,969	238,540	66,680	53,628	20,696
1927	27,594	8,098	278,748	105,447	39,900	17,514
1928	26,180	6,360	368,328	138,782	55,612	23,776
1929	33,792	8,219	340,443	196,758	64,863	36,858
1930	23,209	6,545	153,088	84,542	28,842	15,711
1931	18,992	5,320	80,430	47,927	9,282	4,531
1932	31,797	8,381	40,657	24,835	9,800	2,784
1933	41,028	10,664	63,754	43,277	15,828	4,575
1934	43,907	13,742	143,916	92,397	31,274	12,094

EXPORT OF MOTOR VEHICLES (By Number)—*cont.*

Year	France		Germany		Italy	
	Private	Commercial	Private	Commercial	Private	Commercial
1923		30,973		5,754		12,749
1924		48,727		2,310		18,984
1925		63,769		1,787		29,061
1926		59,771		1,267		34,191
1927		51,983		2,688		33,312
1928		44,106		4,578		28,280
1929	39,121	9,904	4,809	2,975	23,689	
1930	25,394	5,764	3,353	1,983	20,635	
1931	23,902	2,416	7,990	3,230	10,686	1,251
1932	17,430	1,776	8,860	2,165	4,544	245
1933	23,977	1,484	10,844	2,506	6,793	684
1934	23,364	1,666	10,994	2,250	8,859	575

Exports of motor vehicles have shown a tendency to expand somewhat rapidly in times of trade boom and to contract severely during the slump. This tendency is probably inherent in the industry. A customer usually buys a new car when the margin between his income and his normal expenditure widens, and postpones purchase when the margin narrows. It is noteworthy, however, that the brunt of the slump in exports in 1931-32 was borne by the Americans. This may be ascribed to the fact that their home market gave way to a far greater extent than the more stable home markets of the European manufacturers. The collapse of domestic demand in the United States caused a sudden increase in the burden of overheads per unit, thereby putting American export prices out of alignment. The position remained unchanged until the devaluation of the dollar and the recovery of the American home market in 1933. The chief obstacles met by the Americans in their new drive to capture the export trade have been threefold. They include the tariff advantages secured by British and French manufacturers in their empire markets; the tendency to use trade agreements between manufacturing and agricultural countries, such as the Anglo-Danish and German-Polish agreements, as a means of increasing motor exports; and the world-wide attempt to fill empty Treasuries and balance budgets by increasing motor vehicle and petrol taxation, which renders the American vehicle more expensive to run than the smaller European product.

CLEAN MILK FOR ALL

(BY A CORRESPONDENT)

THERE are few slogans which deserve wider currency and popularity than the "Drink More Milk" of the Milk Marketing Board. If every member of the population, rich and poor, were willing and able to act upon it we should have a healthier and happier nation. Criticism of the Board's contribution to this very desirable end has hitherto turned mainly on its price policy, which has tended to maintain the cost of liquid milk to the consumer and to divert to manufacturing processes the greater part of the considerable increase in total production since the Board came into being. There is another matter, however, of which little has been heard, but whose importance is equally fundamental. Are our milk supplies not only as abundant and cheap, but also as pure, as they might be?

The list of diseases which may be spread by bacteria carried in unclean milk is distressingly lengthy. It includes not only tuberculosis, but also undulant fever, septic sore throat, diphtheria, typhoid, paratyphoid and scarlet fever—to mention but a few. The consumer would be reassured if those in authority were able conclusively to show that his milk supplies, thanks to unremitting public vigilance, were beyond reasonable reproach. The opposite, unfortunately, appears to be the case. Lord Horder has declared that "we have positive evidence . . . that . . . milk in general . . . cannot be trusted." Lord Moynihan has estimated that 59 per cent. of cases of glandular enlargement and 35 per cent. of bone and joint diseases in England and Wales are due to the drinking of contaminated milk, the corresponding proportions for Scotland being 90 per cent. and 60 per cent. Sample surveys made in different parts of the country have elicited the disturbing suggestion that from 2 per cent. to 13 per cent. of the raw milk supplied

(with an average of 6.7 per cent.) contains tubercle bacilli. After twenty years' efforts by the Ministries of Agriculture and of Health, it is estimated that at least 40 per cent. of a British cattle population of nearly 8 millions is still infected with bovine tuberculosis. These facts are certainly disturbing. How can the problem be most effectively tackled? There are three separate lines of approach, all of which must be utilised if satisfactory results are to be achieved. The first, and simplest, is the prohibition of deliberate adulteration of milk. This is a matter of strict inspection, backed by drastic penalties. The second is the effective treatment of raw milk to destroy the bacteria of disease. The third is the eradication of tubercular cattle.

It has now been conclusively proved that the process of pasteurisation, properly carried out, kills the bacteria of milk-borne diseases. In Toronto, where the whole supply is pasteurised, there has been no single death from bovine tuberculosis in the last ten years. In Great Britain, however, there has been a futile controversy over the slight loss of nutritive value involved in the process. As a result, even in London (where conditions are better than in certain other parts of the country) nearly 10 per cent. of liquid milk supplies have neither been pasteurised nor obtained from tuberculin-free herds. In New York City, on the other hand, since 1931, 100 per cent. of milk is subject to one or other of these conditions.

Compulsory pasteurisation, however, would not eliminate the trouble at its source. Bovine tuberculosis is a wasting disease which steadily diminishes the stamina, condition and productive usefulness of the animals affected by it, and reduces both their milk yield and their effective milking life. The average milking life of a dairy cow, in an ordinary herd, is about 4½ years; in a disease-free herd, however, it is nearly 9 years. The Economic Advisory Council has estimated that £3,000,000 sterling is lost annually by curtailment of productive life, some £2½ millions of which represents the cost of maintaining herds at full strength. The loss extends to the meat market, as well as the milk market. Of the total beef condemned as unfit for human consumption, from 80 to 90 per cent. is infected with tuberculosis. Some 50 per cent. of tuberculosis in pigs is of bovine origin.

The present method of dealing with disease in British cattle is to trace back to its source every sample of milk which has been found to contain tubercle bacilli. The offending beast is slaughtered, and the farmer given compensation. There are two objections, however, to this procedure. It is effective only after appreciable damage may have been done; and it does nothing to encourage the farmer to remove from his herd the much greater number of cattle already infected but not yet giving contaminated milk. Outright slaughter of infected cattle, highly successful though it has proved in the United States, must be ruled out as impracticable in this country, where the proportion of diseased cattle is very much higher. It would cost something over £25 millions, produce a milk famine, and ruin the farmers for want of adequate compensation. The only practical policy would seem to be to prevent the spread of tuberculosis from diseased to healthy cattle, to encourage the latter's natural increase and to slaughter diseased beasts as fast as they can be replaced. Prophylactic vaccination has been suggested as a possible expedient, but is still in the experimental stage, and has not met with great favour from the authorities in Great Britain.

On the whole, the segregation of healthy from diseased cattle, successfully adopted in Denmark, may be the most practicable policy for Great Britain. Under the Attested Herds scheme, a bonus of 1d. per gallon of milk produced is allowed to owners of herds which have been registered as free from tuberculosis, but that does not carry matters very far. On August 31, 1935, there were only 60 such herds in Great Britain, and, since the scheme is voluntary, future progress will be extremely slow.

It may be suggested that segregation of all cattle reacting to the tuberculin test should be made compulsory. All cattle should have a regular clinical examination at least four times, and a tuberculin test twice a year; and the provisions of the Milk and Dairies Order of 1926, designed to secure cleanliness of cowsheds, dairies and attendants, should be strictly enforced. In this way self-supporting, clean herds would be built up, helped by the addition of

properly protected calves taken away from infected cattle at birth; and reacting cattle could be slaughtered as fast as the clean herds developed. During the progress of this long-term plan, all milk sold, in the large cities at least, should be compulsorily pasteurised whenever it had not been certified as having come from tuberculin-free cattle.

It may be objected that these proposals would be costly. But as the average milking life of healthy cattle is twice that of tubercular cattle, and their annual yield considerably larger, there would be a credit as well as a debit side to the balance sheet. Further, the industry would have an important set-off to the present annual additional cost (esti-

mated at about £2½ millions) of keeping herds up to full strength. The farmers, however, clearly could not bear the initial cost of segregation, and there might be a strong case for the provision by the Government of long-term loans on generous terms. In this way the whole problem could be solved, at the outside, in fifteen years. So far, thirty years of inquiry have produced little beyond official reports and apologies. Should the authorities be ruthless in order to eradicate disease and save life? It may be urged that the Government could find no better outlet for its energies than the cleaning up of the milk supply, and no better time to begin than the present.

NOTES OF THE WEEK

The Debate on the Address.—Two Opposition amendments to the Address were moved this week, one by the Labour Party and the other by the Liberals. The Labour Amendment deplored the "failure of the Government" to provide for "the removal of the economic causes of war" and "to recognise the need to plan the economic life of the country on the basis of public ownership in order to abolish poverty in the midst of plenty." Though necessarily concerned with generalities, the debate on this motion was distinctly more lively and illuminating than similar discussions in the last Parliament. Mr Attlee not merely complained that the Government had no policy for curing "permanent unemployment," but pointed out that the share of the wage-earners in the national income had not risen at all during the last 25 years. Mr Herbert Morrison, in a vigorous speech, said less than might have been expected about "planning" and more about "parasitic elements of society who are now living upon the productive labour of the workers by hand and by brain." "That," he said, "is what the fight is about." He also expressed his "enormous admiration for the political capacity of the British people." Sir Thomas Inskip, in reply, avoided generalities, but vouchsafed to the House the interesting information that the "unification" of mining royalties means "the purchase of these royalties by the State and thereafter their control by the State." "It would involve," he added, "a change of ownership and direction of something like 4,000 private persons to a single public ownership and control by the State in the interests of the community." So the royalties are to be nationalised at last. The Liberal Amendment urged "international co-operation for the progressive reduction of obstacles to trade" as well as a "comprehensive policy of national development." Mr Graham White argued that the British Empire was not using the full power of its enormous market to break down the world's trade barriers. Sir Kingsley Wood replied by citing the increases in the last few years in trade between Great Britain and those countries with which trade agreements have been signed. He did not observe that those countries are in most cases members of the sterling area, and that our trade with all such countries is increasing. Nor did he compare the value of our total foreign trade to-day with its value in 1929—a subject over which the Government still likes to draw a decent veil of reticence.

Submarines and Destroyers.—At the formal opening of the Naval Conference on Monday, Mr Baldwin was able to announce that France and Italy had now accepted the rules against unrestricted submarine warfare which have already been accepted by the United States, Japan and this country under the London Naval Treaty of 1930. So far, so good. The Conference has now gone into committee on the formidable question of quantitative limitation. The crux here is the Japanese demand for parity, under the euphemistic periphrasis of "a common upper limit," on the ground that this is the necessary basis for "equality of security." No one, of course, will deny that "equality of security" is the just solution of the problem; but the British Admiralty has always contended against the American, and the French Admiralty against the Italian, that "mathematical parity" does not produce equality of security as between

navies handicapped by a different amount of commitments, in the form of costliness or merchant shipping routes that have to be defended; or alternatively between navies which are assisted by a different tactical situation in the shape of naval bases or interior lines. On a ratio of approximately 3:5:5, Japan is already in a position to defy a combined attack of the British and American navies in her own waters. This means that she has Hongkong and Shanghai and the Philippines, as well as the coastal districts of China and the Soviet Union, at her mercy. "A common upper limit" would give Japan such a preponderance of naval force in her home waters that she would have a large surplus to spare for taking the offensive in the direction of Indonesia and Australasia. Japan, again, desires a drastic qualitative limitation of the size of warships and the calibre of their armaments; and on this point every taxpayer in every country concerned will be heartily with her. Yet from the point of view of the other countries this looks like a proposal from the poorest of the naval Powers that she should be allowed to have the strategic preponderance, which a mathematical parity will give her, at a price which is comfortably within her means. The Americans will assuredly retort that if they are to maintain the 5:3 ratio against Japan which Japan has now repudiated, they can only achieve this, under the conditions which Japan herself has created, by building the largest possible number of ships of the most expensive kind, in the hope that bankruptcy may in the end bring Japan to reason. So far there is no indication how this threatened naval armaments race is to be averted. Meanwhile, in the House on Wednesday, the Parliamentary Secretary to the Admiralty announced that the flotilla leader and seven destroyers of the 1935 programme had already been ordered. Lord Stanley went on to say that it was proposed to order a further flotilla of seven destroyers and "some small vessels" as "additions to the 1935 programme . . . later in the financial year, after a Supplementary Estimate has been presented." This gratuitous and arbitrary increase in our current naval programme at the very opening of the Naval Conference seems inopportune and ill-timed, to say the least.

The Bombing of Dessie.—The Italian advance is now held up on all fronts (except the diplomatic), even before the main Abyssinian forces have come into action. On the Southern Front, General Graziani's troops are back at the line from which they started, while on the Northern Front Marshal Badoglio appears to be digging himself in and wiring his present lines. On this front, no further progress at all is reported south of Makalle, along what is the only practicable line of movement, on the ground, towards Dessie and Addis Ababa. The only fighting latterly reported on the Northern Front is in the wooded Tembien mountain massif, which projects, as a dangerous salient, between Makalle and Adowa. Italian progress in this rough country is proving slow and costly—though Tembien will seem as pleasant as the Pincio compared with the Semyen massif, which is the next obstacle that the Italians will stumble upon if and when they ever cross the River Takazze. A symptom of Italian discomfiture is the sudden outburst of bombing activity from the air against towns which are not only far behind the front but are also

apparently remote from the main concentrations of Abyssinian forces. In particular, the town of Dessie, where the Emperor has his headquarters, was bombed intensively on December 6th and 7th. In the first raid, when the inhabitants were taken by surprise, there were 53 killed and 200 injured among the civil population; and the Adventist Hospital was hit and partly destroyed. The attack on it can hardly have been unintentional, since the buildings were clearly marked with red crosses visible from the air, while the raiders' success in destroying two Imperial residences in Dessie shows that their aiming was accurate. The American and European doctors serving in the hospital have signed an emphatic protest against this barbarity—a protest which is pointed by the fact that among the persons wounded is one of the hospital nurses, an American national. The second raid on Dessie inflicted far fewer casualties, since the people were now forewarned. This Italian "frightfulness" in Abyssinia will not materially help to overcome the resistance of the victim of aggression; it will merely brand the aggressor with deeper infamy.

France Breathes Again.—After three days of heated and acrimonious debate on the future of the militant private "Ligues," the representatives of the Right-Wing Croix de Feu staged on Friday of last week, not the *coup d'état* prophesied by the Left, but a veritable *coup de théâtre*. The long debate had been forced on M. Laval, who wished to proceed first to discuss the 1936 Budget, by a whole series of interpellations, mostly emanating from the Radicals and Socialists. The Radicals, on whose undivided support M. Laval depends, had become more and more uneasy and suspicious over M. Laval's benevolent tolerance of the parades and demonstrations organised by the well-armed and well-disciplined Croix de Feu. And the Socialists and Communists were convinced, to a man, that M. Laval would not hesitate to deliver over Parliament, as well as the Third Republic, to a praetorian guard composed of all the Right-Wing "Ligues," whose political executive in a Rump Parliament would be constituted by M. Laval. The potent cry of the Left: "The Republic is in danger!" ruled the first two days' debates; the Right retorted by accusing the Left of responsibility for the *fracas* of February 6, 1934, and characterising them as *assassins*; and the Left rejoined by throwing responsibility for the Limoges affray in the teeth of the Right and, *a fortiori*, of the Croix de Feu. The atmosphere on Friday was electric, when M. Ybarnégary, Basque deputy of the Fédération républicaine (Right) for the Basses Pyrénées, member of the Croix de Feu, and a close friend of its leader, Colonel de la Rocque, mounted the tribune. After he had announced that the Croix de Feu had 712,000 members pledged to blind obedience, a stupefied Chamber heard him declare that in order to avoid the risks of social dissension and civil war, it would accept the "fundamental, essential solution"—namely, the complete disarmament of the "Ligues." M. Blum, the Socialist leader, at once rose and accepted this offer; and so did the Communist leader, M. Thorez. M. Laval immediately tabled three bills, the contents of which he had presumably discussed behind the scenes with the Radicals: one to prohibit para-military groups; a second prohibiting the carrying of arms or weapons at meetings; and a third inflicting dire penalties on any publication calculated to incite to murder. He obtained his vote of confidence by 351 votes to 219; but, even so, only 76 Radicals voted for him, while 53 voted against, and 20 abstained. Already by Saturday, and with greater force by the beginning of this week, the Radicals and those farther to the Left were asking whether the brave words of the previous Friday were likely to mean much in practice. And this scepticism was increased when they perceived to what lengths M. Laval's new-found confidence had led him in the "negotiations" with Signor Mussolini and Sir Samuel Hoare. Thus, France and her Premier are breathing again, but there is a certain fitfulness in their respiration.

Britain and Egypt.—In his speech in the House of Commons on December 5th, the Foreign Secretary did his best—as we hope, with some measure of success—to repair the political damage done by his previous references

to Anglo-Egyptian relations at the Guildhall. On the British Government's behalf, he emphatically disclaimed any intention to dictate to the Egyptians on domestic constitutional issues, or even to offer them unsolicited advice in this domain. On the subject of Anglo-Egyptian relations, Sir Samuel Hoare stated that H.M. Government look forward to the establishment of these relations on a permanent footing satisfactory to both countries. He added that, although the Government remained unwilling to negotiate an Anglo-Egyptian settlement until the present international crisis had abated, this was not a cloak for any unavowed intention of putting the negotiations off "to a dim and distant future." Unhappily, the week-end at Cairo has been marked by further disorders in which the lead has been taken by students—under incitement, it is alleged, from the Wafd. At the same time, the political consolidation in Egypt, which is a necessary preliminary to fresh Anglo-Egyptian negotiations, seems to have come suddenly into being. At an interview which he had on the 9th with the British High Commissioner, Nessim Pasha is believed to have urged that, in the domestic field, the right course is to reintroduce the constitution of 1923, with or without amendment. By Wednesday the Wafdist, Liberal and Shaab leaders were in agreement on a joint demand for the 1923 constitution and the 1930 draft Anglo-Egyptian Treaty which formed the basis of the discussions between Nahas Pasha and Mr Arthur Henderson. If, however, they are satisfied of Britain's good faith, they will be willing to agree to postpone the coming into effect of the treaty until the present international crisis is over. Finally, on Thursday, after Nessim Pasha had been informed at the Residency that H.M. Government would raise no objection, King Fuad signed the proclamation restoring the Constitution of 1923. This step will restore constitutional government in Egypt without the serious delay which the drafting of a new constitution would assuredly entail. It is a good sign that the Wafd have abandoned, for the moment, their claim to be the exclusive representatives of the people and have joined with the Mahmud Liberals and Sidky Shaabists to form a Nationalist united front. If a genuinely representative Egyptian Government could be formed, that would contribute more than anything else to give a propitious start to Egypt's new-found independence.

"Autonomy" in North China.—The Japanese manoeuvres in North China resulted last Sunday in the erection of an "autonomous" Government in two out of the five Chinese provinces on which the Japanese, for the present, have their eye. And we may soon expect to see Shantung, Shansi and Suiyuan go the way of Hopei and Chahar. The newly-formed "Political Council" of Hopei and Chahar is to be nominally in the same relation to the Chinese Central Government as the genuinely autonomous South-West Council in Canton. But the parallel goes no further than the name. For the autonomy of Canton is *bona fide*—however damaging it may be to China's national strength; whereas all the world knows that none of the Northern Provinces would have thrown itself into the Japanese lions' den if it had not been dragged there by the scruff of the neck. The Japanese method has been to warn the Chinese Central Government to hold off their troops, and then to send into the ravished provinces whatever number of Japanese troops may be necessary for overcoming the resistance of the local Chinese authorities. Meanwhile, the Japanese blandly continue to assert that the "autonomy movement" is spontaneous; and they deny that their own action is a violation of the Washington Nine-Power Treaty, under which Japan has pledged herself, along with the rest of us, to respect the territorial and administrative integrity of China. The Japanese troops, they maintain, have the right of *entrée* into Hopei under the Boxer Protocols and the Tangku Armistice Agreements. And they will doubtless go on to tell us that the coincidence of the declaration of autonomy with the appearance of Japanese troops on the scene has been purely fortuitous. Meanwhile, a rather long silence at Washington about Far Eastern affairs was broken on December 5th by a statement from the mouth of the American Secretary of State himself. What Mr Hull said on this occasion has a double importance in virtue of the date of utterance on the

eve of the London Naval Conference, and also in virtue of the studiously moderate tone in which the existence of American interests in North China was re-affirmed, and the United States Government's interest in the observance of treaty obligations was re-asserted. Far-sighted Japanese should take warning from this official American statement; for assuredly it means that, however long a rope the Japanese may have, they will be pulled up short one day if they try to draw out American patience *ad infinitum*.

A Revised Austrian Budget.—News of considerable importance from Vienna has gone almost unnoticed. The 1936 Austrian Federal Budget will not enjoy the same resources and sources of revenue which enabled the deficit of 230.9 million schillings in 1934 (audited figures) to be covered, and which will enable the deficit for the current year, estimated at 79 millions, to be met. These resources were mainly new loans, foreign and internal, both at long- and short-term, and the freely available cash balances of the Treasury. By the end of last year, as M. Rost van Tonningen, the League Representative in Austria, points out in his Third Quarterly Report this year, the Treasury's available cash balances had fallen to 24 million schillings, against 119.5 millions at the end of 1930; and recourse to borrowing, either on foreign centres or on the internal market, would be extremely hazardous in 1936. The total of Austria's funded debt has risen from 2,360.6 million schillings at the end of 1930 to an estimated total of 3,586.5 millions at the end of this year. Of the increase, 215.5 million schillings is the new debt to foreign creditors of the Creditanstalt, and 523.2 millions is the increase in the internal debt to the National Bank, necessitated by the Bank's taking-over of Creditanstalt liabilities. The new Finance Minister, Dr. Draxler, who replaced Dr. Buresch only a few weeks ago, was therefore faced with the imperative necessity of revising the former Budget estimates so as to obliterate, as far as was humanly possible, the recurrent budgetary deficit, and so to avoid recourse to borrowing. To this end he has obtained Cabinet approval for a revised Budget which contains several new and important features. First, the practice of appending "extraordinary budgets" is altered. In 1934, 110.97 million schillings were spent under this head; and in the first ten months of 1935, 99.54 millions were spent on small-holdings, land reclamation, roads (31.19 millions), railway electrification (26.21 millions), etc. Accordingly, Dr. Draxler has included expenditure of 26.0 million schillings on public works in the ordinary Budget, to be met from revenue. Secondly, Dr. Draxler has recognised the danger of optimistic revenue estimates, and has budgeted for a drop in revenue from tobacco and Customs of 27.0 million schillings. With the 26.0 millions for public works now added to the ordinary Budget, he has thus to cover a deficit of 53.0 millions, which he proposes to do by economising in the "allowances" (not salaries) of certain civil servants and the expenditure of most Ministries, to the tune of 55.0 millions. Even so, expenditure of 36.0 millions on the productive State undertakings—e.g. tobacco monopoly, railways—will have to be financed by credits; so that, while no budgetary deficit emerges on paper for 1936, some credits have still to be found. Moreover, no appropriation is yet made in the Budget for the foreign creditors of the Creditanstalt. Dr. Draxler has, however, proceeded boldly and energetically to cut Austria's financial coat according to her diminishing supplies of cloth; and he has been able to carry the Austrian Cabinet with him—no mean feat, when one considers the divergent interests represented in that Cabinet.

Church and State in Germany.—While Germany is for the moment comfortably out of the limelight in the international arena, the grinding pressure of State upon Church continues within the frontiers of the Reich. The present Minister for Church Affairs, Herr Kerrl, has now run up against the insurmountable obstacle that baffled Reichsbishop Müller. The Protestant Church organisations which he sets up with his own hands remain hopelessly anæmic and unrepresentative, while the life-blood of German Protestantism continues to flow in the veins of the Confessional Movement. The Nazi Ecclesiastical Dictator

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seems now to be bending all his energies to destroying the free German Protestant Church, as a compensation for his failure artificially to manufacture a tame one. On December 4th his ordinances were defied by the Provincial Berlin and Brandenburg Synod of the Prussian Confessional Church. The Synod met at Dahlem, and was visited, but not molested, by the Secret Police. The latter, however, conveyed a warning to the Synod leaders that, if they continued to disregard Herr Kerrl's veto upon the Synod's activity, they would render themselves liable to charges of high treason, for which the maximum penalty in the Third Reich is death. Dr. Jacobi and Dr. Scharf are reported to have replied that the Author of the Christian faith was put to death on the same charges; and that they were merely doing their duty as Christians in ignoring Herr Kerrl's orders. Meanwhile, in Silesia, Bishop Zäuber has had his salary impounded by Herr Kerrl, and is to be subjected to disciplinary proceedings for having disregarded an order to cancel an examination which he was holding for theological students. This high-handed action on the Ecclesiastical Dictator's part seems to have evoked protests even from some of his own tame supporters. The truth is that the Official Protestant Church organisation which Herr Kerrl has set up is a mere façade which no longer even screens the Dictator's personal action. There is still a mild wing of the Confessional Movement, led by Bishop Marahrens of Hanover, which is attempting to co-operate with Herr Kerrl's organisation; but the indications are that the naked force which Herr Kerrl is using—and is bound to use if he means to suppress the Confessional Movement—will sooner or later induce every self-respecting German Protestant, however great a peace lover he may be, to rally behind the Confessional leaders.

Italy's Persian Oil Imports.—Quite apart from the question whether it is in accordance with Article XVI of the League for a British company to supply an aggressor State with oil, a curious dispute has arisen over the facts. How much oil has the Anglo-Iranian (Anglo-Persian) Company been selling to Italy this year? In last week's Parliamentary debate on foreign affairs, Dr. Dalton quoted "figures from an Italian source" to show that imports of oil from Persia into Italy in the first seven months of 1935 were 80 per cent. greater than in the same period of 1934. Sir Samuel Hoare stated in reply that "the quantities of oil shipped by the Anglo-Iranian Oil Company to Italy have, in fact, during the first 11 months of this year . . . been considerably less than the amount exported to Italy during the corresponding period of 1934." Sir Samuel did not specify the source of his information. The only published official figures available on the subject are the Italian trade returns, which appear to support Dr. Dalton's statement. During the first half of this year, in fact, they record an increase of approximately 90 per cent. (by volume). This was admitted in a written answer given by Captain Crookshank on Wednesday of this week to a question asked in the House. Captain Crookshank was mistaken, however, in stating that the figures for January-

June in the Italian trade returns are the "latest available." Figures up to the end of August are available, and are as follows:—

IMPORTS OF MINERAL OILS INTO ITALY IN THE FIRST EIGHT MONTHS		
	1934	1935
	Quintals	Quintals
Total imports	11,664,032	13,375,892
Imports from Persia	1,175,738	1,834,930

The increase in total imports was thus 14.6 per cent., and in imports from Persia 56.3 per cent. There has clearly been some falling off in the rate of imports from Persia since June; but despite this there is at least an apparent discrepancy between the Italian trade returns and Sir Samuel Hoare's statement. The Italian figures relate to imports into Italy and exclude oil for use in ships or in the Colonies. It has been suggested, in explanation of the discrepancy, that Sir Samuel Hoare's figures cover *all* sales of oil by the Anglo-Iranian Company both to Italy and to the Colonies direct. If so, the implication would be that exports of Persian oil for use in ships and in Italian colonies have fallen off enormously in 1935 compared with 1934. This seems, on the face of it, most unlikely. In a further written reply to a question asking for figures substantiating Sir Samuel Hoare's statement, Captain Crookshank stated that "it is not usual to disclose detailed figures relative to the commercial transactions of an individual concern." Doubtless this is true. But the Government holds shares in the company; and the public will in any case feel some anxiety about the whole matter, unless either the Government or the company are able to publish fuller information.

Rising Tin Quotas.—The International Tin Committee, on Friday of last week, decided that production quotas for the first quarter of 1936 should be fixed at 90 per cent. of the standard tonnages. The Committee thus remains faithful to the more liberal policy which it espoused last summer. A year ago production was running at only 40 per cent. of the standard tonnages. By July, 1935, the quotas had been raised, in two instalments, to 50 per cent., and further increases, to 65 and 70 per cent., respectively, were made on August 10th and October 3rd—in each case with retrospective effect from July 1st. Finally, the quotas were raised to 80 per cent. on October 22nd, with retrospective effect from October 1st. Notwithstanding the rising trend of production, total visible supplies fell, according to Messrs A. Strauss and Company, from 19,696 tons at the end of February to 11,635 tons on September 30th. Although the total rose to 15,199 tons on November 30th, the movement was insufficient to relieve the stringent position on the London market, which continues to be reflected in the abnormal spread between "spot" and three-months' quotations. Last Friday's decision, though somewhat unexpected, had little effect on the market. Moreover, although prices have shown an easier tendency this week, the "backwardation" has been practically unchanged at around £10 15s. per ton.

Employment in November.—Changes in the employment situation during the past month were mainly seasonal. There was a marked decline in unemployment in the coal-mining and cotton industries, and a considerable increase in building, tailoring and hotel and boarding-house services. These changes were reflected in increased unemployment throughout the South of England and in Scotland, with improvement in the Midlands and the North:—

INSURED PERSONS UNEMPLOYED IN GREAT BRITAIN			
	Nov. 26, 1934	Oct. 21, 1935	Nov. 25, 1935
Coal mining	250,856	219,043	190,027
Iron and steel manufacture	43,300	35,657	33,659
Engineering	97,322	79,802	76,928
Shipbuilding	70,102	62,187	57,630
Motor vehicles, cycles and aircraft	23,231	21,017	22,415
Cotton	101,379	84,907	77,279
Woolen and worsted	30,141	18,121	17,948
Boot and shoe	21,109	16,437	16,035
Tailoring	32,177	24,592	30,085
Building	177,585	142,315	159,571
Shipping service	49,363	41,816	43,888
Hotel and boarding house service	76,294	73,627	78,736
Distributive trades	217,778	212,306	211,684
All persons on registers	2,120,785	1,916,390	1,918,562

Iron and steel manufacturing, engineering and shipbuilding showed a continued and more than seasonal improvement, some part of which is probably attributable to Government expenditure. The distributive trades, and the wool textile and motor industries, however, failed to record the increased activity expected at this period of the year. There was a welcome decrease of over 5,000 during the month in the number of juveniles unemployed. The total number of persons on the registers of Employment Exchanges on November 25—some 1,918,562—consisted of 1,617,237 wholly unemployed, 221,443 temporarily stopped and 79,882 classed as "normally in casual employment." The Minister of Labour estimates the number of insured persons aged 16-64 in employment at that date as 10,537,000. This is an increase of 315,000 compared with a year ago and of 45,000 compared with October. This latter increase, however, largely reflects a reduction in the number of workpeople involved in industrial disputes. As these have been mainly in the coal industry, it follows that *actual* employment in that industry has improved more than might be inferred from the above table, which does not itself include workers directly involved in disputes.

Consumption of British Coal.—The analysis of consumption of British coal in 1934 published in the fourteenth report of the Secretary for Mines* comes opportunely at a moment when the wage-paying capacity of the industry is a matter of bitter controversy. The figures show a substantial increase in home consumption, but significantly little improvement in foreign sales:—

USES OF COAL PRODUCED IN GREAT BRITAIN (In million tons)					
	1913	1929	1932	1933	1934
<i>Home Consumption</i>					
Gas works (excluding the coal equivalent of gas coke exported).....	16.7	16.75	16.37	16.16	16.66
Electricity generating stations belonging to authorised undertakings and tramway and railway companies.....	4.9	9.84	9.81	10.33	11.17
Railway companies (for locomotive use).....	13.2	13.41	11.70	11.67	12.17
Vessels engaged in coastwise trade (bunkers).....	1.9	1.37	1.19	1.21	1.26
Iron works (blast furnaces).....	21.2	14.51	6.53	7.37	10.40†
Other iron and steel works.....	10.2	8.92	5.16	5.92	6.81†
Collieries (engine fuel).....	18.0	13.69	12.04	11.59	11.68
General manufactures and all other purposes (including domestic use).....	97.7	95.01	86.70	84.12	91.33
Total.....	183.8	173.50	149.50	148.37	161.48
Shipped abroad	98.34	82.15	57.15	56.68	57.09

Home consumption in 1934 was only 7 per cent. lower than in 1929. But shipments abroad (including consumption by steamers engaged in foreign trade) were over 30 per cent. less than in the pre-crisis year and were no higher than in the trough of the depression. But this general contraction of exports covers a very varied experience in different markets. Whereas exports to the gold standard countries—France, Belgium, the Netherlands, Germany, Italy and Switzerland—fell between 1929 and 1934 approximately from 33 to 18 million tons, sales to countries with which we have made trade agreements affecting coal rose from under 11 to over 12 million tons. The proportion of total exports of coal going to these two groups of countries changed respectively during this five years from 55 to 45 per cent. and from 17 to 31 per cent. Compared with 1933, the main change in the distribution of home consumption is the increased proportion of coal taken by iron and steel works (from 9.0 to 10.7 per cent.). This, however, is much below the considerably higher percentage of 13.5 in 1929. This fall has been accompanied by an increase in the proportion of coal consumed by gas and electricity works from 15.4 to 17.2 per cent. As the table shows, electricity generating stations are the only single group of coal-users whose actual consumption of coal in 1934 was higher than in 1929. It is, unfortunately, impossible to analyse the increased consumption under the last general heading, which includes 56.6 per cent. of the whole, and no figures of domestic consumption in Great Britain are available. This is the more regrettable since

* H.M. Stationery Office. 246 pages. 3s. 6d. net.

general manufacturers and domestic consumers are most likely to provide expanding markets for fuel in the future; and it is in these markets that the competition of rival types of fuel will be most formidable.

Shipowners' Fuel Costs.—Some of the recent improvement in tramp shipping earnings may now be affected by the threat of increased prices for bunker coal and oil. At a time when next year's coal contracts are under consideration, the coal trade is in a state of great uncertainty. Even if a coal stoppage is averted, the projected establishment of central selling agencies is likely to be accompanied by efforts to increase the price of supplies for various purposes, including bunkers. Doubtless merchants and coal depot proprietors will, as usual, be prepared to take part of the risk, but they can scarcely be expected to bind themselves to supply coal at fixed figures if the market is liable to move against them. It is expected that an increase will be made on current contract rates, regu-

lated by a system of rebates, which can be raised or lowered according to contemporary conditions. Oil suppliers are also in process of securing an advance on contract rates. Oil-engined ships are increasing steadily, and prices have long been claimed by the oil companies to be unremunerative.

The State of Ireland—a Correction.—There were certain inaccuracies and misprints in two of the tables in the article on "The State of Ireland" printed on page 1117 of last week's *Economist*. In the table on the Irish Free State Budget, the item of "Other Revenue" for the year 1933-34 was given as £8,822,000. This should have been £8,820,000. In the table giving figures of the Irish National Debt and Capital Assets, the item "Other Debt" was given for the years 1932 and 1933 as £2,380,000 and £8,497,000, respectively. The figures should have been £4,380,000 and £3,497,000, respectively. These errors were corrected in later editions of the *Economist*.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

FURTHER RISE IN PRODUCTION

THE business indices of the Federal Reserve Board not only show that the index of production is at a new high record for the year, but at a figure not touched in five years, except for the single month of July, 1933. Secondly, although the seasonal summer recession was virtually absent in 1935, the upturn in the index since August is computed as almost 10 per cent. Thirdly, although the upturn is rather general, it appears mostly to be a reflection of unusual activity in the motor industry, which this year introduced its new models in November rather than in January.

BUSINESS INDICES OF THE FEDERAL RESERVE BOARD (1923-5 = 100)

	ADJUSTED FOR SEASONAL			
	Oct., 1934	Aug., 1935	Sept., 1935	Oct., 1935
Industrial production (total)	74	87	89	94
Manufactures	72	87	89	94
Minerals	81	81	87	92
Construction contracts (total)	31	38	43	46
Residential	12	24	25	25
All other	46	50	58	64
Factory employment	76.8	81.7	81.9	83.7
Factory payroll	61	69.6	72.1	75.1
Freight car loadings	57	60	62	64
Department store sales	73	79	81	77

The importance of the automobile industry in influencing these figures can be understood from the following table, which gives the components of the index of manufacturers:

	GROUP INDICES			
	Oct., 1934	Aug., 1935	Sept., 1935	Oct., 1935
Iron and steel	41	81	84	87
Textiles	89	104	106	112
Food products	107	76	78	83
Automobiles	41	64	50	89
Leather and shoes	85	103	102	102
Cement	46	44	47	52
Petroleum refining	153	169	172	*
Tobacco manufacture	120	130	129	138

* Not available.

It will be noted that in October, 1935, residential construction and motor production were double the figures of October, 1934, and it is probable that motors are chiefly responsible for the jumps in factory employment and factory payrolls; although the effect of the doubling of residential building contracts on general employment was probably greater. In theory, the argument for the presentation of new automobile models in November rather than January was the equalisation of production through the year. On this hypothesis, there is force in the inference that high

production in the fourth quarter is "borrowed" from the output of the following year. The motor industry, however, seems confident that the demand for motors is so strong that the effects of this "borrowing," if any, will be imperceptible. Furthermore, many persons are persuaded that the payment of the Soldiers' Bonus will stimulate the demand for motor cars. The reason for expecting the payment of the Bonus is the proximity of the elections.

A "LITTLE N.R.A."

Just as the Processing Taxes, originally limited to seven "basic commodities," were of necessity extended to a numerous list of potential substitutes to afford "compensation," so the "little N.R.A." of the Guffey Act is moving in the direction of a compensatory control of oil, the chief competitor of coal. This seems to be the first item on the agenda of the conference called for December 9th by Major George L. Berry, who, as Industry Co-Ordinator, is the Administrator of the skeletonised N.R.A. It has been emphatically denied that this conference is called to consider the resurrection of N.R.A.; but the trend is in that general direction. The conference of December 9th will be largely attended, but it appears that some of the largest industries will be unrepresented, or only partially represented. The demand for and opposition to projects of national industrial co-ordination derive from the fact that economically, the United States is neither a federation of States, as conceived by the founders, nor a nation, as pictured by the Brain Trust, but a federation of rather definitely demarcated sections, distinguished by differences of climate, geography and even ethnic composition. The growth of sectionalism is one of the outstanding phenomena of recent years, and the fact that these sections are bound in a common monetary union and customs union, does not alter this fact of competition. Many of the major policies of the New Deal have sought to meet problems, which, in the British Commonwealth, for example, are adjusted through the medium of currency differentials and protective tariffs. The Guffey Act was intended to equalise competition between the Northern and Southern coal fields; this involves, in sequence, an equalising of competition between the Northern and Southern coal fields, and the South-western oil fields. The original N.R.A. attempted to equalise competition between the Northern and Southern textile areas; and the lapse of N.R.A. has revived the problem. The Processing Taxes are in theory a compensation to the South and to the Middle West for the supposed benefits of a protective tariff system alleged to benefit the industrial North East. Even the silver programme is in part a compensation to a region alleged to be receiving inadequate benefits from either agricultural subsidies or protective tariffs.

The date, December 1st, set for the registration of utility holding companies under the Act of last August, has passed, and out of an estimated total of 2,000 some 57 have registered and 309 have claimed exemption. Under the law, the unregistered companies are now technically outlawed, theoretically prohibited from engaging in any commerce crossing a State line, and even debarred from the use of the mails. This outlawing of a \$15,000 million industry is an unprecedented fact, and its sequences are uncertain. Cases will immediately appear in the courts, and about 50 companies have already filed suits. But if these cases take the usual course, it will be months before the legal status of the industry is determined.

UNEMPLOYMENT RELIEF

With December 1st, the Federal Emergency Relief Administration found itself able to announce the virtual completion of its programme. Some 1,500,000 of unemployables are stated to have been separated from the federal relief rolls and returned to local responsibility; while between 3,000,000 and 3,500,000 have been enrolled on federal work projects. This is a change in the situation rather than an answer to the problem. The local units are, in some instances, more than embarrassed by the resumption of the burden of the so-called unemployables; while many of the work relief projects are small temporary expedients.

On December 15th, the Treasury will offer approximately \$1,300 millions of two issues—a 12-year 2½ per cent. bond and a 5-year 1½ per cent. note. Of this total about \$400 millions is to retire a maturing issue of 2½ per cent. notes, and the remainder fresh money. With this issue, the direct Federal debt will exceed \$30,000 millions, exclusive of the guaranteed issues. This aggregate is almost exactly double the total of the federal debt at its post-war low point of June, 1930.

NEW YORK, December 2.

FRANCE

M. LAVAL WINS AGAIN

THE "Popular Front" had planned the overthrow of the Laval Cabinet. The first attack was made on its deflation policy; but this ended in two votes of confidence in the Government. The Opposition then concentrated on the Fascist "Leagues." The question was delicate. Every party was especially anxious to lay on others the responsibility for a rupture. Finally, agreement was reached to accept the suppression of the Leagues "as semi-military organisations." There was much surprise in some quarters at this remarkable gesture of "Sacred Union." It was not, however, entirely unexpected. The reluctance of the country to embark on monetary experiments and its fear of civil war, together with the inability of the Opposition to put forward an alternative programme, made M. Laval's task easier. He played his part, however, with no less than his usual dexterity.

It thus seems that the three Bills for the suppression of the Leagues, after being revised by the Senate, will be adopted. The discussion in the Senate has been postponed till next week. If the Bills are adopted, M. Laval will have outmanœuvred the Left Opposition as well as the Fascist Leagues.

As a result of these three votes of confidence the weakness of the franc and the *rentes* has disappeared. The crisis being over, M. Tannery, the Governor of the Bank of France, is to expound in Basel the policy which the position of the franc necessitates. Comparison of the recent returns of the Bank is illuminating:—

	October 30th	November 27th
(In million francs)		
Gold	71,989	66,190
Bills discounted	8,350	10,984
30 days' advances	370	1,090
Notes in circulation	83,306	82,447
Ratio	74.36%	69.94%

The gold losses in the past month were not as high as in June. They did not exceed 6,000 million francs. And this time only a few millions were for hoarding. Most of them were due to retention of foreign deposits and trans-

ferences into dollar assets for investment in Wall Street. The Bank had to remedy the fall in circulation resulting from the gold withdrawals by increasing its rediscounts and advances.

The next task of the Government will be to obtain a rapid vote on the Budget by a repetition of the expeditious procedure undertaken by the Doumergue Cabinet. It is also hoped that the Bank rate may soon be reduced in order to lower interest rates and to foster a rise in the *rentes*, and perhaps prepare for the issue of an important conversion loan; for the 15,000 million francs limit to the Treasury's borrowing from the Bank has been reached.

Dear money is one of the most serious features of the French situation. Whereas the charge for interest on the public debt in both the English and French Budgets covers about a third of total expenditure, the total indebtedness reaches 400,000 million francs in France (State and railways) and 600,000 million francs in England. So the English Treasury can borrow 22,000 million francs at 1½ or 2½ per cent., while the last French loan, which has just been issued, only succeeded in raising 2,500 million francs at 5 per cent. at an issue price of 95.

A REVIVAL OF BUSINESS?

The monthly figures just published by the Statistique Générale show a new rise in the general index of French industrial production at 95 in October, against 94 in September and 93 in August. These figures are as follows:—

	Oct., 1934	Aug., 1935	Sept., 1935	Oct., 1935
General index	94	93	94	95
Engineering	98	96	96	96
Iron and steel	79	79	80	79
Textiles	55	66	68	71
Mines	102	98	99	100
Building (adjusted figures)	77	66	68	67
Leather (" ")	85	93	92	91
Paper (" ")	133	127	121	117
Rubber (" ")	836	761	773	809
Motors (" ")	452	402	385	385

In the motor industry, 8,846 cars and 1,488 lorries have been put on the road, compared with 6,393 and 1,435 respectively in September. The figures for the cotton industry are as follows:—

	July, 1935	Aug., 1935	Sept., 1935	Oct., 1935
<i>Spinning</i> (average per spindle in kilograms):—				
Production	1-536	1-520	1-521	1-767
Deliveries	1-533	1-563	1-561	1-872
Stocks	2-117	2-041	1-997	1-984
Unfulfilled orders	4-353	4-160	4-196	4-814
<i>Weaving</i> (average per loom in pieces of 100 metres):—				
Production	4-69	4-58	4-94	5-46
Deliveries	4-75	5-17	4-85	6-44
Stocks	9-89	9-25	9-31	8-73
Unfulfilled orders	16-41	13-59	15-97	19-21

The seasonal increase in unemployment has not been as great this year as it was last autumn. The increase this year rose from 373,441 in September to 409,466 in November, against an increase last year from 323,000 to 369,000. Railway receipts for the latest week show a decline of 5.77 per cent. compared with 1934, against an average of 11.10 for the first 46 weeks of the year. Production of electricity in October exceeded 1,000 kw.h., against 932 in October, 1934. Colonial trade for the first nine months of the year has also increased, and is likely to ensure an expansion of French exports.

PARIS, December 12.

GERMANY

ANTI-SOCIALISTIC SOCIALISTS

DR. SCHACHT's defence of "Capitalism" in his speech of the preceding week seems to have aroused resentment among hunters of economic heresy belonging to the extremist Nazi factions. His speech had been diluted by a statement that the Nazi programme of "conquering capitalism" represented "a correct viewpoint"; but this mild generality failed to propitiate persons who disapproved of the Minister's very concrete defence of capitalistic invest-

ment. At Nuremberg Herr Hitler leaped into the breach, supporting the anti-capitalists in a curious and not entirely relevant way by praising with great emphasis the Railway Corporation as a model of applied Socialism. Herr Hitler did not imply that similar "Socialistic" schemes are under way. Indeed, just as Dr. Schacht, while defending capitalism in the concrete, rendered lip-service to its impending "conquest," so Herr Hitler, praising Socialism in the supposedly concrete form of the Reich's railways, paid a tribute to "the unlimited success of capitalistic economic development in the past century."

Ever since the Nazis attained power this controversy between the two economic *Weltanschauungen* has been conducted with great politeness, and with mutual concessions so substantial that they obliterate the underlying opposition. Persons who ignore the Nazi Party's dislike of intellectual refinements attribute the inconsistency to disingenuousness or sophistry. In reality it is impossible to formulate the opposition between Capitalism and Socialism as long as Socialism is not defined; and the Party which rejects all known brands of Socialism has no idea what its own Socialism is. In Germany it is therefore practicable, and is indeed necessary, to be pro-Capitalistic and Socialistic at the same time; and no wise man neglects to assert that he is both.

THE REICHSBANK REPUDIATES ITS NOTES

By a third administrative ordinance under the Foreign Exchange Law the import into Germany of Reichsbank notes has been prohibited and notes imported in breach of the regulation, with the exception of Rm. 30 henceforth allowed to travellers, have been declared invalid for internal payments, including the settlement of existing debts. This measure is a direct repudiation of part of the Reichsbank's note circulation. Though more drastically formulated than some earlier currency regulations, it does not constitute, as seems to have been wrongly assumed abroad, a first essay in repudiation. All blocked-mark accounts, the owners of which cannot draw out in Reichsbank notes or are only permitted to use marks for specific internal purposes, also in reality imply repudiation. The new measure of repudiation goes no further. The Reichsbank does not declare notes remaining abroad, or notes imported in violation of the prohibition, to be null; it indeed provides under certain conditions for the crediting of illegally imported marks to blocked accounts. In theory and in application the new repudiation therefore is identical with the old: the only change now made is to enlarge its sphere.

Reichsbank notes abroad have lately sold at 30 per cent., occasionally 40 per cent., below their fictitious gold parity. Their recent heavy depreciation, which directly regarded is a consequence of excess of supply over demand, resulted indirectly from the register-mark system. Travellers and tourists did not buy Reichsbank notes abroad, for they could obtain register-marks at a somewhat lower price. This reduced the demand. Traders and other persons within Germany, in particular foreign firms and residents who were not allowed to buy register-marks, naturally bought the heavily depreciated notes abroad instead of paying the forced exchange rate within Germany; and the Reichsbank lost a corresponding quantity of foreign exchange.

These transactions were legal. They attained very great dimensions; indeed, all persons acquainted with the legal position who had funds abroad bought mark-currency outside Germany. The relation of supply to demand, however, has been a mystery. It has been stated that at present there is only some Rm. 2 to Rm. 3 millions of notes abroad. But as there has been for months past a current import of great dimensions and simultaneously a current supply abroad exceeding the demand, it would seem that notes, despite the export-prohibition, have been going abroad without let or hindrance. According to official utterances, the export smugglers have been emigrants. In view of the severe punishments, almost always penal servitude, imposed for violation of the law, it is not likely that emigrants have lately risked the smuggling of large quantities. According to some accounts, the market has been fed from stocks of notes acquired years ago by Swiss and other foreign banks; according to other stories, which naturally cannot be proved, exports by privileged Nazis for

various purposes have been and are still the rule. Certainly some explanation other than the official one is required of the unfailing supply.

It is assumed that the import-prohibition will lead to heavy further depreciation of the notes. In the future, it would be highly profitable, and would in fact be legal, for the Reichsbank to buy up its own notes abroad for a song and force them on foreign traders and residents at the fictitious official exchange rate. That, however, is not the Reichsbank's motive for the new repudiation. The use of the depreciated notes injured Germany's balance of foreign payments. It led to payment for German goods and services at below their value; though in view of the German currency confusion the term "value" means nothing precise. Under the new regulations, the importer of notes or the receiver, while not formally expropriated, will have only the alternative of sending the notes back or of having them paid into a blocked-note account in a German bank. If he neglects to choose one alternative, the notes will be paid into a deposit account, naturally blocked (*Hinterlegungskonto*), with the Gold Discount Bank. These rules also apply to persons within Germany who accept imported notes if they know, or ought to have known, them to be imported; so that in future there will be two indistinguishable categories of circulating notes, of which one will be invalid as currency. In practice, it is officially declared, the payee will be required to reject notes only if the sum offered exceeds the Rm. 30 allowed to travellers and if at the same time he has reason to assume the notes to have been imported. There are many ways by which this regulation will be evaded. Notes imported in large quantities could be expended for separate payments of less than Rm. 30. It seems, therefore, that the import-prohibition will succeed only in so far as the customs and postal control is effective.

"NO QUESTION OF DEVALUATION"

The Reichsbank has just made the observation that of "devaluation of the mark there can be no question." In fact, devaluation, by which is meant formal or admitted devaluation, has become ever less necessary as the mark

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has been progressively transformed into an internal currency. The new import-prohibition completes the transformation. The devaluation of a currency assumes international validity; which the mark has not. In an address at Leipzig, the Gold Discount Bank director, Dr. Brinkmann, recently emphasised the almost complete independence of Germany's foreign trade from the fictitious or unknown value of the currency. For he admitted that, in general, only goods of which Germany has a virtual monopoly can now be exported without subsidy. Dr. Schacht has also returned to this subject. The substance of his latest speech is that the non-German world has ruined trade and industry by currency juggling and "autarky" measures; and that these evils arose out of the "despotic will of the victor-countries," and are, therefore, a consequence of the Peace Treaty. In accord with his view that Germany stands alone in support of free trade and the maintenance of a sound and stable currency, but in opposition to the Nazi Party's most important tenet, Dr. Schacht gave a glowingly favourable account of the world's economic development in the pre-war "Liberalistic" age. He praised "the principle of international division of labour," though he admitted that the division could be pushed too far if it made individual countries unduly dependent on particular foreign commodities. As illustration, Dr. Schacht referred to the relative lowness of unemployment (in particular in England) in the pre-war age of freer trade.

BERLIN, December 11.

BELGIUM

POLITICAL TRANQUILLITY

THE re-opening of Parliament took place amid a general calm, which a year ago could not have been hoped for. The Government will probably continue in office until the special powers given to it for a year expire in March. The main cause of the return of tranquillity is the economic recovery which has followed the devaluation of last March.

Internal disputes are still apparent in the political parties. Among the Catholics (Conservatives) there are opponents of the Government; these critics made the mistake of opposing devaluation; and their mistake still rankles. They quibble about the balancing of the Budget, and predict that after the present "temporary" recovery a new and painful regression will follow. Some of the Socialist Party's supporters, meanwhile, are growing impatient, since the leaders have promised certain radical reforms for many years. They advocated a plan for the complete reconstruction of the Belgian economy. The Socialists in the Government, however, have pursued a very prudent policy.

Though the improvement in the recent deplorable state of agriculture is entirely due to devaluation, the rural representatives in Parliament are insisting that industry is more protected than agriculture in Belgium; in fact, industry is not protected on the same scale as agriculture. The most important claim now made by agricultural deputies concerns the wheat subsidy. Last year this subsidy reached 20 francs per hundred kilos, and the Government decided to abolish it in view of the rise in prices. Rural deputies are also protesting against the reduction of the import duty on butter from 9 francs to 4.50 francs per kilo. The Government believes that advantage must be taken of the present rise in prices to adapt home to world prices so that the disequilibrium may not become permanent.

Banking control is the sole important financial measure taken by the Government since the conversion of the internal funded debt in May. The qualifications for the post of banking supervisor will be, first, a university training and, secondly, a practical experience of banking technique. The task of the supervisor will very likely consist not so much in the control of banking policy as in the checking of accounts.

Parliament is now studying the Budget. The following table compares last year's estimated expenditure with the figures for the present year.

	Estimates for Fiscal Year 1936	Percentage of Total Budget in 1935	1936
Public debt	2,345	31.2	25.0
Personnel expenditure	2,495	25.3	26.6
Material expenditure	758	7.2	8.1
Miscellaneous grants in aid	405	4.3	4.3
Crown and Parliament	45	0.5	0.5
Pensions, unemployed relief, etc.	1,672	15.2	17.9
War pensions	822	8.2	8.8
Pensions state agents	612	6.2	6.5
Reparations	213	1.9	2.3
Total	9,367	100	100

This total is increased to 10,402 million francs on account of the grant of 1,033 millions to the communes and provinces. The grand total exceeds that of 1935 by 400 millions. The actual expenditure for the fiscal year 1935, however, was greater than the estimates; so that the advance is apparent only. The increase of expenditure due to devaluation has been counterbalanced by the effects of the conversion of the public debt and the reduction of expenses for unemployed relief—both also resulting from devaluation.

RECOVERY CONTINUED

Economic recovery continues; and production and trade were very active in October. The production of electricity, previously 14 per cent. above 1934, was 17 per cent. above. Exports are also expanding and unemployment decreased in October; which is contrary to the usual seasonal movement. This position is the more satisfactory since it can no longer be ascribed to the Brussels Exhibition or to an influx of tourists.

Prices are again rising. The rise in retail prices since devaluation was 11 per cent. by the end of November. Analysis of the retail price index shows that devaluation has led to a rise of not more than $\frac{1}{2}$ per cent. per month. In future, fundamental world influences will naturally govern Belgian prices.

Wages have been fairly stable so far. The average increase of wage rates may be estimated at 3 per cent. since devaluation. Judging by disbursements for pensions premiums the aggregate of all wages paid is now 9 per cent. above that of a year ago. And since then the cost of living has only risen by 2 per cent.

LOUVAIN, December 1.

JAPAN

AN INCREASE IN FARMERS' INCOMES

THE National Policy Council reported on local finance, which is in even more straitened circumstances than national finance. The Council recommends a further increase in the contribution of the national Exchequer, but suggests consolidation of grants-in-aid of various kinds, an equitable division of financial resources between central and local authorities, and reduction and readjustment of the administrative responsibility according to local needs and resources. The Council also points out the necessity for checking the tendency of population and wealth to concentrate in urban districts and for encouraging rural industries in order to maintain a flourishing rural population. An *ad hoc* committee was recently appointed to inquire into and report upon measures to encourage the development and extension of industries ancillary to agriculture and of the various kinds of workshop and small factory industries to which land workers and their families can turn during the slack seasons in agriculture.

Crop conditions deteriorated during October as a result of the unfavourable weather in the ripening period. The second official forecasts placed the year's rice crop at far less than 58 million koku, or a decrease of about 5 per cent. upon the previous estimates. The actual yield of autumn cocoon was almost certainly far less than that officially forecast. High prices, however, more than offset reduced production. According to the *Tokyo Keizai Shimpō*, farmers' gross income in 1935 from the principal products—rice, wheat and cocoon—was approximately 1,313.6 million yen, or 349.5 million yen more than in 1934, and 257.3 million yen above the five years' average. As receipts from

these three staple products represent well over three-fourths of the total agricultural income, there has certainly been marked improvement in the farmer's financial condition. The following table gives a comparison of farmers' income from the three principal products since 1929:—

	Rice	Wheat	Cocoon	Total Income
1929	873.2	59.3	655.0	1,587.5
1930	671.2	55.1	304.2	1,030.5
1931	471.1	35.5	275.6	782.2
1932	688.3	45.8	296.8	1,030.9
1933	892.5	81.2	500.1	1,473.8
1934	670.7	89.6	203.8	964.1
1935	884.8	109.0	319.8	1,313.6

The foreign trade returns for October show an increase in exports of 34,810,000 yen (17.3 per cent.) compared with October last year. The advance was largely accounted for by raw silk (18,679,000 yen), while cotton piece-goods and a few other major exports disclosed decreases, big or small. Imports amounted to 175,812,000 yen, or 1,654,000 yen (0.9 per cent.) less than October, 1934. There was a decline of 12,709,000 yen in the value of raw cotton and of 3,557,000 yen in iron and steel, offset to a large extent by a rise in the value of beans, raw wool, oils and non-ferrous metals. The export surplus for the month was 60,493,000 yen, against 24,028,000 yen in October, 1934, and for the ten months ended October, 1935, 44,253,000 yen against an import surplus of 79,486,000 yen in 1934.

FURTHER RISE IN PRICES AND PRODUCTION

The recent trend in other home trade statistics continues. The Bank of Japan's index number of wholesale prices for October registered a further rise of 2.7 per cent. on the month, and is now 6.7 per cent. higher than a year ago. Out of fifty-six articles, forty-one participated in the advance. The aggregate value of all shares listed on the Tokyo Stock Exchange at the beginning of November show a slight decline of 18 million yen, or a little over $\frac{1}{2}$ per cent. against a month earlier. Output of cotton yarn in October totalled 117,050,000 lbs., an increase of 1,343,000 lbs. over September, and rayon yarn production during last month amounted to 17,909,000 lbs., or 418,000 lbs. more than in the preceding month.

The monetary trend has undergone noticeable changes in recent weeks. The latest Bank return shows that the note circulation expanded by 128.2 million yen as against a year ago, and advances increased by 109.5 million yen. Despite these movements, short loan rates have hardened; overnight loans are quoted as high as a fraction over 3 $\frac{1}{2}$ per cent. The recent sharp rises in commodity prices are the main cause of the firmer tendency in the money market.

The economic mission to Brazil, which has just returned, proposes to establish a Japan-Brazil Trade Council in each country and to found a company supported by Japanese trade interests for the purpose of importing raw cotton and other Brazilian products. The projected company will also be interested in cotton plantations in Brazil.

TOKYO, November 12.

CANADA

THE NEW GOVERNMENT IN ACTION

THE new Liberal Ministry of Mr Mackenzie King is showing praiseworthy energy. Not only has it concluded a trade agreement with the United States, which, if it falls short of the Taft-Fielding agreement of 1911 in its scope, has many satisfactory features for Canada; but it has also taken steps to enforce economic and financial sanctions against Italy, made considerable headway towards the settlement of the trade war with Japan, and negotiated a new trade agreement with New Zealand.

The public has begun to buy winter goods, and this fact, coupled with the success of the United States treaty negotiations, has given a marked stimulus to business. The general economic index of the Bureau of Statistics, after remaining virtually stationary for some weeks, rose from 96.7 for the week ending November 2nd to 97.5 for the week ended November 9th. The following table shows four of the component factors in the index (1926 = 100).

	Car-loadings	Wholesale Prices	Bank Clearings	Prices of Common Stocks
Week ended Nov. 10, 1934	65.7	71.3	80.6	87.1
Nov. 2, 1935	70.9	72.4	75.0	103.5
Nov. 9, 1935	65.9	72.3	81.2	106.7

Retail business is being maintained at a satisfactory level, and there is evidence, at least in the Eastern Provinces, of substantially higher purchasing power in the rural communities. It has been estimated that the aggregate gross income of the farmers of Ontario, Quebec and the three Maritime Provinces is this year 691 million dollars; which is only 26 millions below the 10-year average.

NICKEL EXPORTS TO ITALY

The gold, nickel and copper mining industry are also enlarging their output. In October Italy imported from Canada 12,799 cwt. of nickel, compared with 6,968 cwt. during the whole of 1934. Nickel constituted seven-eighths of the value of Italy's imports from Canada in October.

The fishermen on the Atlantic coasts have lost their Italian market for salted and dried fish; but the salmon-canning industry is faring reasonably well. Its exports for October were double the volume for October, 1934. The lumber industry is also gaining ground, and exports of planks for October were 138,118,000 board feet, compared with 112,412,000 and 122,849,000 feet for September and October, 1934, respectively.

The Bureau of Statistics has found it necessary to revise its earlier crop estimates in the light of actual threshing returns, and the following are now its estimated yields for the principal field crops (with the data for the previous crop in brackets):—

Wheat, 273,971,000 bushels (275,849,000); oats, 416,369,000 (321,120,000); barley, 87,512,000 (63,742,000); rye, 10,610,000 (5,423,000); peas, 1,581,000 (1,588,000); beans, 1,117,000 (813,600); buckwheat, 7,972,000 (8,635,000); mixed grains, 39,567,000 (37,926,000); flaxseed, 1,433,000 (910,400); corn for husking, 7,765,000 (6,798,000). The average yields per acre in bushels are as follows, with the averages for 1934 in brackets: Wheat, 11.4 (11.5); oats, 29.5 (23.4); barley, 22.5 (17.6); rye, 13.8 (7.4); peas, 16.9 (16.7); beans, 17.3 (14.3); buckwheat, 21.0 (21.2); mixed grains, 34.3 (32.7); flaxseed, 6.7 (4.0); corn for husking, 46.3 (42.2).

The export demand for Canadian wheat has improved, but without reaching the scale which had been hoped. The price has fallen back below the level fixed by the Government, 87 $\frac{1}{2}$ cents.

The total value of imports in October was \$51,283,860, compared with \$47,228,804, and of exports \$85,749,280, compared with \$68,312,883.

Ministers are now busy preparing for the important Dominion-Provincial conference, which is to open on December 9. Two of the chief items on the agenda will be, first, the now hopelessly intertwined relations of Federal and Provincial finances and, secondly, unemployment, which is largely responsible for this muddle. Mr Aberhart, Premier of Alberta, will represent his Province; and it is said that he proposes to ask the co-operation of the Federal Government, presumably by its guarantee, in a huge re-funding operation upon the obligations of Alberta.

Most of the newsprint interests of Canada are greatly agitated over the recent purchase of the Great Lakes Paper Company, which operates at Fort William, by an American group called the Gaefell-Aldrich interests. The latter are acting on behalf of a number of American publishers who propose to form a company and operate the plant at capacity. The bondholders of the Great Lakes Company, which has been in liquidation with the National Trust Company as its receiver, have approved of the sale. But the other newsprint producers foresee that once American publishers get control of this important plant at a cheap price they will keep the export selling price of newsprint as low as possible. These producers have accordingly appealed to the Provincial Government of Ontario to veto the transaction.

Canadian financial interests appear to have confidence in Mr Dunning, the new Minister of Finance. He offered last week to the public a new Dominion loan of \$75 millions, and it was subscribed three times over in a single day. It was offered in two denominations, 4-year 2 per cent. bonds and 19-year 3 per cent. bonds at 99.43 and 98.75 respectively.

OTTAWA, December 1.

BOOKS AND PUBLICATIONS

MORE ABOUT RUSSIA

THE Seventh Congress of Soviets of the U.S.S.R., held at the beginning of this year, marked a critical stage in the development of Communist Russia. At that Congress it was announced that indirect election of all Soviet organs would be replaced by direct election, that the votes of peasants would henceforth carry equal weight with those of town workers, and that the open ballot would be replaced by the secret ballot. Before Comrade Molotov announced these changes as evidence of the victory of socialism over all possible internal disruptive forces, he reported on the work of the Government since the last Congress and gave equally significant evidence of the growing strength of the Communist system. These two speeches have now been published in English. His eulogies on the triumphs of various plans were followed by the usual complaints that this industry and that industry were not living up to expectation, that the increase in the output of agriculture was seriously retarded, and that standards of workmanship were too often deplorably low.

These things we expect, and by now we have learnt to discount both the exuberance of the Plan and heart-searchings at its partial failure. What we had not expected was to find Comrade Molotov urging the Communists, of all people, to *listen to the voice of the consumer*. Nor had we expected out of Russia the following dogmatic declaration:—

The wages policy of the Soviet Government aims at raising the standard of living of the whole mass of workers—that, so to speak, is its fundamental basis. But only opportunist chatterboxes will on this account replace our policy by a policy of petty-bourgeois egalitarianism in wages, paying no consideration to productivity of labour and to the skill of the worker.

What, we wonder, has Mr Petty-Bourgeois, Opportunist-Chatterbox, George Bernard Shaw to say to that?

Unlike Comrade Molotov, Messrs Marcus Samuel and Leonard Caplan have no liking for Communism, and they have set out to investigate the success of Russian industrial and social planning "in an original way":—

They have studied (they tell us) the statements of leading members of the Russian Government; every issue of the *Moscow News* and *Moscow Daily News* has passed through their hands; and on this official information by diligent comparison of reports they have reached illuminating conclusions.

In what way their method is original does not appear, nor in what way their conclusions are illuminating. If they set out to prove that when all is said there is an amazing degree of free criticism under Communist rule, they have succeeded; but they have no more proved planning, "both socialist and otherwise," a failure than they would have damned capitalism by comparing the claims of its apologists with its actual achievements.

On the other hand, Miss Conolly's study of Soviet trade from the Pacific to the Levant and Mr Reddaway's analysis of the Russian financial system are both excellent examples of what such books should be. Miss Conolly's book, which is the conclusion of a work published in 1933, is concerned mainly with the relations between the Soviet Far East, China, Manchuria and Japan, and in order to explain the course of trade between these countries she introduces an admirable account of internal developments in the Far East of Siberia. During the first Five-Year Plan the contrast between Plan and achievement was even more extreme here than in European Russia. But of the second Five-Year Plan Miss Conolly has greater hopes,

Soviet Trade from the Pacific to the Levant. Violet Conolly. Oxford University Press. H. Milford. 238 pages. 10s. 6d.

Russian Financial System. W. B. Reddaway. Macmillan. 106 pages. 5s.

The Great Experiment. Marcus Samuel and L. Caplan. John Murray. 133 pages. 3s. 6d.

Soviet Prosperity. Molotov. (London) Martin Lawrence. 95 pages. 1s.

mainly on the ground that the Japanese are at the back door, and the issues at stake are therefore too great for the Soviet to take any chances.

After this preliminary discussion Miss Conolly steers an agile course through the ramifications of the protracted disputes between the Soviet and Japan over fishery rights and the development of oil wells in Sakhalin, and gives a complete documented account of the thirty-year attempt of Russia to dominate Manchuria which ended with the sale of the Chinese Eastern Railway to the Japanese. The rest of the book discusses India, the Pacific Tropics, Egypt and the Levant, and the Red Sea Basin.

The word Communist still bears so many emotional connotations, even to the economist, that dispassionate studies of the Communist system are still rare. Mr Reddaway's little book is consequently very welcome for its dispassionate, and at the same time concise and lucid, investigation of a particular problem raised by the Soviet experiment. Mr Reddaway's problem is this. If competitive wages, prices and profits are not the mechanisms by which the Communist system directs resources to specific industries, and finished products to individual consumers, and if these ends are assumed to be achieved by direct planning, what part is left for money and the banking system to play? The answer in brief is that the banking system becomes the State cost accounting department; that although from the State's point of view direct action takes the part of indirect control through price, money must play its usual functions as a money of account, an aid in the distribution of resources to maximum advantage, a method of distributing incomes and reconciling supply with demand, and a means of making payments between departments. Finally, for the consumer it should be a way of exercising such freedom of choice as the system permits. Mr Reddaway pursues his analysis through all of these monetary functions, and after commenting on the impossibility of a cumulative inflation so long as prices are allowed to rise and money wages kept fixed, suggests that "the main problem before the Bolsheviks is still how to exert sufficient deflationary pressure on industry to secure economy in the use of resources of all kinds, but particularly of labour." His discussion of the dual price system and the de-rationing of bread is particularly timely now that the Torgsin stores have been abolished.

The last two of the books reviewed above are a definite addition to our knowledge and understanding of the Soviet system. A little critical impartiality is worth any amount of uncritical praise and uncritical blame put together.

BOOKS RECEIVED

Trends in Australian Politics. Papers read before the Third Summer School of the Australian Institute of Political Science. By Maurice Blackburn and others. Edited by W. G. K. Duncan. (London) Angus and Robertson. 263 pages. 5s. net.

Trade Unionism and Labour Disputes in India. By Ahmed Mukhtar. (London) Longmans, Green and Company, Ltd. 251 pages. 10s. 6d. net.

The Osaka Business Directory, 1935. (Osaka) The Osaka Chamber of Commerce and Industry. No price stated.

City of Cardiff. Abstract of Accounts Year ended 31st March, 1935. (Cardiff) City Treasurer and Controller, City Hall. 195 pages. No price stated.

La Crise et le Problème Monétaire. By Robert Lascaux. (Paris) Fernand Aubier. 292 pages. 15 frs.

Exportbetriebslehre. By C. Kapferer and J. Schwenzner. (Mannheim) Deutsches Druck- und Verlagshaus. 319 pages. Rm.13.

OFFICIAL PUBLICATIONS

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

Final Report on the Fourth Census of Production of the United Kingdom (1930). Part V. General Report. 3s. net.

Railways (Agreement) Bill, 1935. Memorandum on the Proposed Financial Resolution. Cmd. 5027. 3d. net.

Imperial Institute. The Mineral Industry of the British Empire and Foreign Countries—Statistical Summary, 1932-34. 7s. 6d. net.

MONEY AND BANKING

FRANCE'S BUDGETARY DILEMMA

LAST week, the Government of M. Laval obtained a surprising renewal of its lease of life. The three-days' debate in the Chamber, forced on the Premier by distrust among the large Radical group of his tolerance of the political "ligues," ended in professions by both the Left and the Right "ligues" of their readiness to be disarmed and controlled by Government measures. Hardly, however, had M. Laval received an overwhelming vote of confidence when the spectre at the feast again flitted into its accustomed place. The debate on the 1936 budget was fixed for Tuesday of this week.

In recent years the rule that the French Budget must be passed by both the Chamber and the Senate before January 1st of the year to which it applies has been more honoured in the breach than in the observance; and, consequently, the regime of *douzièmes provisoires*—monthly votes on account for the year under consideration—has had to be introduced. Normally every chapter of expenditure in the Budget must be separately considered by the Chamber. By the Law of the 19th February, 1934, however, an innovation was made by M. Doumergue, the effect of which was to allow, for only one year, the consideration of each Ministry's global expenditure alone. This time, the Finance Bill is presented with expenditure grouped under five main headings: public debt, supply services, other administrative services, monopolies and revenue administrations, and sundry financial services. It had been suggested that the Budget should only be considered under these five headings; and, in any case, the Government wished to renew M. Doumergue's law. But the Radicals objected to this attempt to circumvent the Parliamentary scrutiny, in detail, of national expenditure; and the President of the Chamber's Finance Committee, M. Malvy, is reported as sharing their objections. Accordingly, the Finance Committee has declined the doubtful honour of deciding on Budgetary procedure, and the whole question was to revert to the Chamber on Thursday. It has even been suggested that the deputies could vote six successive *douzièmes provisoires*, so that the new Chamber, which will come into being in the spring of next year, would be left the unenviable task of passing judgment on the probable receipts and expenditure during the last six months of next year. The net result of the political and economic manoeuvres in the Chamber and its Finance Commission during the last month or two is now apparent. Three weeks before January 1st of the new Budgetary year, the Rapporteur of the Chamber's Finance Committee, M. Baréty, has published his report on the 1936 Budget. The Radicals, both in the Chamber and in its Committee, have not only insisted on tempering some of the Government's new deflationary "cuts" with generosity to the "small men," but they have also insisted, this time, on a reversion to the procedure of protracted debates on the details of the 1936 Budget. Nor are these ominous happenings the sum total of the threats to M. Laval's administration. For the terms in which M. Baréty has couched his report do not inspire optimism.

M. Baréty's report begins by tracing the evolution of France's Budgetary history in the last few years. He shows that deficits have resulted from each successive Budget, partly owing to automatic increases in expenditure and partly to frustrated hopes of revenue. The report states that, despite economies or "cuts in foreseen expenditure" amounting to Frs. 6,000 millions in the four years 1931-32* to 1934 as a whole, expenditure increased by Frs. 3,000 millions, while revenue fell short of estimates by an aggregate of Frs. 8,000 millions. The resulting deficits have been as follows:—

(Million Francs)			
Budget Year		Budget Year	
1931-32*	5,508	1933	7,006
1932	6,017	1934	8,000

* Special Budgetary year.

The inevitable sequel has been "a rapid rise in the total national debt, which, in turn, has increased the annual Budgetary appropriations on account of interest and amortisation." The national debt was greater by about Frs. 70,000 millions at the end of 1934 than at December 31, 1930. M. Baréty's report states that the French monetary crisis of last spring was directly due to Treasury difficulties, themselves the consequences of the Budgetary deficits.

Successive Budgetary deficits have hitherto been mainly financed by Treasury borrowing, from the banks and the Bank of France. Last February M. Flandin obtained the Chamber's consent, by 450 votes to 122, to a law raising the statutory limit on the issue of Treasury bills from Frs. 10,000 millions to Frs. 15,000 millions. But by degrees the limits of borrowing from the market or the Bank have been reached, and successive French Governments have had to tinker with methods of Budgetary presentation *faute de mieux*. The new method of attaining "Budgetary equilibrium" consists merely of presenting in a separate account all State expenditure to be financed by borrowing. So far, so good. But when revenue always comes in below estimate, and expenditure has been pruned to the minimum compatible with internal social order and defences against external attack, any persistence of Budgetary disequilibrium, "covered" by capital transactions under an "extraordinary Budget," is nothing but inflation in practice. And is it likely to succeed in France's present economic circumstances? French costs and prices are already high in relation to those of America and of the sterling area; hence the Herculean efforts at "deflation" by way of the Budget. Moreover, to safeguard the franc while covering the Budgetary deficits, the Government has been borrowing hard, at short- and long-term, and also raising the Bank of France's rediscount rate. This combination of factors has increased both the cost of covering the Budgetary deficits and the rate of interest on all loans, private and commercial. Our Paris correspondent points out the implications of "dear money" in his letter on page 1202.

It is not without reason, therefore, that the Rapporteur of the Chamber Finance Committee draws attention to the dangers inherent in the 1936 "extraordinary" Budget (for armaments, equipment and public works advances), which is set down at a total of Frs. 6,230 millions, all of which is to be covered by a "recourse to public credit." As M. Baréty remarks, it is one thing for the Government to point out the advantage of grouping all "loan expenditure" into one special extra-Budgetary Budget; and quite another to include in it expenditure of a recurrent nature, which should be covered by annual appropriations in the ordinary Budget. Moreover, it is clear from the Report that, even in the final figures of the ordinary Budget, equilibrium on paper has been reached only by providing that the last-minute concessions to the "small men" shall be "covered" by the suppression of "evasions and abuses" in taxation. And there is still to be a supplementary Report comprising the extra expenditure only just agreed by the Committee. Thus, the final figures of the 1936 ordinary Budget only look well on paper:—

Receipts	Frs. 40,302,973,240
Expenditure	Frs. 40,260,164,760
Surplus	Frs. 42,808,480

But, as the Rapporteur points out, the estimated expenditure for the floating debt charge (which has recently been mounting heavily) and for unemployment is underestimated. He concludes with strong expressions of regret that continuous recourse to public credit should have raised and maintained the rate of interest at a time when almost the only remaining hope of adjustment by deflation is that of a substantial reduction in the burden of all indebtedness.

This, indeed, appears to us to be the Achilles heel of the French financial organism. With a rigid price-structure,

with incomes cut by successive deflationary "drives," and with French capital fleeing the country owing to Budgetary and political uncertainties, the French Government has been forced to denude an already attenuated long-term money-market of free capital and to load the short-term market with Treasury bills. At such a juncture, M. Laval's Government announces the proximate issue of a new National Defence Loan of Frs. 2,000 millions in 5 per cent. bonds at 95, redeemable at par 30 years hence, in order to cover the additional budgetary defence expenditure, which is now outside the ordinary Budget. Many French—and foreign—observers have watched the growth in the national debt by over Frs. 18,000 millions during 1934 to a level at the beginning of this year of Frs. 322,380 millions. They have noted the equally rapid increases in the long-term and short-term debt of the State, and they have seen the sharp rise in the cost of "running" the debt with considerable misgivings.

The great question for France and for the Government of M. Laval is: How long will the Bank of France, the big banks, and the *rentier* class continue to shoulder the burden of successive Budgetary deficits? The answer may be: Not for more than a month or two, if deposits in the big banks and the *ensemble* of savings banks go on sinking, as gold leaves the Bank of France and the country on the scale reached during the last few weeks. France's Budgetary dilemma thus becomes a function of the French *rentiers'* confidence in the political and economic future of their country. The influences which condition such confidence may be reserved for discussion in a succeeding article.

FINANCIAL NOTES

A Flurry in Silver.—Last Saturday silver in London fetched 29½d. per ounce. On Monday the price fell to 28½d. per ounce and on Tuesday to 27½d. per ounce. These prices are at present virtually decided by the American authorities, who are the only buyers now that the Chinese and Hongkong Governments are "off silver." The American Government's silver buying policy has thus succeeded only in manoeuvring America into the position of sole buyer; and the London market has come to expect that America will pay a price sufficiently high to absorb all the silver offered in the market on any one day. Moreover, the Chinese and Hongkong Governments might conceivably start to unload their silver stocks (estimated at about 350 million ounces) in order to obtain gold or foreign exchange. On Monday and Tuesday the American authorities did not buy in London, and they only bought a very small parcel—500,000 ounces—late on Wednesday; although Mr Secretary Morgenthau on Thursday said that he had bought silver every day this week "in many different places." It is credibly reported, both in New York and London, that the American authorities have been negotiating for purchases of silver from China direct; if so, this would explain their absence from the London market. It is natural that, having forced China and Hongkong off silver, the American apostles of the new "silver doctrine" should fear the effects upon themselves of being the only world buyer of silver, and that they should seek to manoeuvre the Far Eastern currencies back on to a monetary standard which necessitates Eastern silver stocks. But it must be remembered that American purchases of silver have not only been undertaken to secure for President Roosevelt the support of 14 Senators in the seven silver States, but also to provide an expeditious method of selling dollars to keep the dollar down. As we go to press, Mr Morgenthau has stated that he has not deviated from his intention to implement the silver buying programme "upon such terms and provisions as he (the Secretary of the Treasury) may deem reasonable and most advantageous to the public interest." In these last words of the silver legislation lies, perhaps, a clue to the situation. It would seem that the American authorities have not deviated from their main policy, but that they do not relish the position

of supreme silver arbiters which that policy has inevitably created for them. Happily the effects of American "havering" in the London silver market are not likely to be great. The bull position has been "combed out"; and though one or two Bombay dealers may be hit, the forward position in London is not considerable. The whole story is little else than a caustic reflection on the bewildering irresponsibility of those primarily answerable for the silver buying policy.

The Money Market.—The end of the year is casting its shadow before on the Money Market and there has been a perceptible tendency towards a hardening of rates. The joint-stock banks are beginning to find their cash reserves drawn upon to meet the Christmas demand for notes, and they had accordingly almost ceased to buy bills from the market; though on Wednesday and Thursday some banks were buying favoured maturities. One clearing bank raised its purchasing rate for end-February bills from ½ per cent. to ¾ per cent. on Monday. The average rate of allotment last Friday rose from 11s. 9.3rd. per cent. to 13s. 1.53d. per cent. and a further rise is anticipated this week. Money is slowly becoming more usable.

	Nov. 21, 1935	Nov. 23, 1935	Dec. 5, 1935	Dec. 12, 1935
Bank rate.....	2	2	2	2
Clearing banks' deposit rate ...	↓	↓	↓	↓
Short Loan rate:—				
Clearing banks	1-1	1-1	1-1	1-1
Others	↓	↓	↓	↓
Discount rates:—				
Treasury bills	1	1	1½	1½
Three months' bank bills	1½	1½	1½-1	1½

The comparatively small allotments at last week's tender led to a slightly brisker demand for "hot" Treasuries, which have been changing hands at 1½ per cent. Money is still very plentiful for day-to-day loans, but not much business has been reported in loans into the New Year, such as there is being effected at ¾ per cent.

The Bank Return.—This week's Bank return shows, in general, a continuation of the tendencies of the last few weeks. The Note circulation is rising towards its Christmas peak, and is already within less than £1,000,000 of the August peak, which was the highest figure ever recorded. This week's increase is by £5.3 millions, but the Bank has acquired a further £1 million of gold, so that the reduction in the notes held in the Banking Department is only £4.3 millions:—

	Dec. 12, 1934	Nov. 20, 1935	Nov. 27, 1935	Dec. 4, 1935	Dec. 11, 1935
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	192.2	197.2	197.6	198.4	199.4
Note circulation	393.2	398.9	401.3	405.6	410.9
Banking Department:—					
Reserve	59.5	59.2	57.1	53.6	49.1
Public deposits.....	7.9	21.6	19.7	7.1	6.8
Bankers' deposits	103.3	90.9	90.9	103.7	94.4
Other deposits.....	37.0	36.5	36.5	37.5	37.2
Government securities ...	85.8	83.6	85.5	89.4	84.2
Discounts and advances..	10.1	9.7	9.5	10.7	10.1
Other securities	10.6	14.4	12.8	12.5	12.9
Proportion	40.1%	39.6%	38.8%	36.1%	35.4%

The Reserve is, however, £10.4 millions lower than in the corresponding week of last year and the Proportion has fallen to 35.4 per cent. With two more weeks to go before Christmas, and the last return to be made on Christmas Eve, it is already clear that the Reserve is going to fall to a low level, unless the purchases of gold are speeded up. Bankers' deposits, which rose by £12.8 millions last week, have fallen back by £9.3 millions.

The Foreign Exchanges.—The market continues to be very quiet, the only centres of interest being in the gold *bloc* and in the Far East. The French franc continues to be

very susceptible to political news, but M. Laval's victory in the Chamber and the latest developments in the international situation have both conspired to strengthen the franc, which rallied on Friday of last week and again, after a slight relapse, on Wednesday. The net improvement over the week is from Frs. 74½ on December 5th to Frs. 74¾, on December 12th. The gold drain away from the Banque de France has slackened to normal proportions in the last ten days. Both the Swiss franc and the Dutch guilder tend to follow Paris fairly closely, since it is thought that the gold *bloc* will stand or fall together. In the Far East, the sudden change in the American silver buying has had an unsettling effect upon both the Hongkong and Shanghai dollars, both of which are slightly lower. The Chinese currency is technically divorced from silver, but the divorce is apparently considered to have got no further than a decree nisi, and dollars remain very sensitive to any changes in the silver market.

November Clearing Bank Averages.—As we anticipated a month ago, the clearing banks' cash has now risen to more normal proportions. The contraction during October was solely due to a temporary transfer of funds from bankers' deposits to public deposits at the Bank of England, and the banks did not permit it to bring about any reduction in their own resources. Now that their cash has once more returned to the clearing banks, their aggregate ratio of cash to deposits has risen from 10.1 to 10.5 per cent.

	November, 1934	August, 1935	September, 1935	October, 1935	November, 1935
Capital and reserves.....	123.4	125.7	125.7	125.7	125.7
Acceptances, etc.	122.1	93.5	90.4	93.7	97.4
Deposits (including undivided profits, etc.)	1,872.6	1,976.0	1,986.6	1,998.5	2,002.0
Total liabilities	2,118.1	2,195.2	2,202.7	2,217.9	2,225.1
Cash	206.6	210.2	204.7	201.1	211.0
Cheques, balances and items in transit.....	47.0	44.7	48.3	53.3	50.0
Money at call	130.2	143.8	142.4	136.5	142.3
Discounts	230.8	285.2	297.7	295.3	291.6
Investments	572.4	599.1	602.2	610.2	604.5
Loans and advances	739.7	749.7	747.9	758.7	759.3
Investments in affiliated banks	24.9	25.1	25.1	25.1	25.1
Cover for acceptances, premises, etc.	166.5	137.4	134.4	137.7	141.3
Total assets	2,118.1	2,195.2	2,202.7	2,217.9	2,225.1

The banks' call and short loans have risen by £5.8 millions, while their discounts have fallen by £3.7 millions. The Treasury bill tender issue continued to expand during December, so that apparently the discount market was holding more bills. Investments have fallen by £5.7 millions, while there is a further very small increase in advances. The deposits of the nine English clearing banks have risen above £2,000 millions for the first time on record.

Bank of London and South America.—The balance sheet of this institution shows that during the past year deposits have been reduced from £31.4 millions to £28.3 millions, cash in hand from £9.6 millions to £7.1 millions, and bills receivable from £6.7 millions to £6.0 millions. This is probably due to the revaluation of the bank's assets and liabilities at lower sterling rates of exchange, which correspond fairly well with the free rates of exchange now in force. It therefore does not follow that the bank's resources, expressed in terms of the currencies of the countries in which it operates, have contracted. Advances have, in fact, risen during the past year even when expressed in sterling. Gross profits have fallen for the same reason, but expenses have also been reduced, so that net profits only show a reduction from £276,000 to £210,000. The general improvement in conditions has enabled the bank to reduce its allocation to contingencies from £200,000 to £100,000, so that last year's dividend of 3 per cent. has been repeated. Banking conditions in South America remain difficult, but the Bank of London and South America continues to maintain its position.



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National Bank of Scotland.—The accounts of this bank show that its deposits have been well maintained. The increase in the note circulation suggests that money is circulating more freely in Scotland than a year ago. Advances, however, show a further fall, from which it may be inferred that money is plentiful and firms are still able to finance themselves largely out of their own resources. In the absence of any greater demand for accommodation by its customers, the bank has had to add to its investments in order to find employment for its resources.

	November 1st, 1933	1934	1935
Liabilities—	£'000	£'000	£'000
Capital	1,100	1,100	1,100
Reserve fund	1,550	1,550	1,550
Note circulation	2,288	2,354	2,596
Deposits	34,423	35,724	35,213
Acceptances	923	734	728
Endorsements, etc.	1,146	1,155	1,327
Assets—			
Cash	3,044	3,194	3,201
Balances and cheques	1,396	1,810	1,649
Call money	3,890	5,114	4,641
Investments	16,144	17,248	18,688
Discounts	2,526	1,756	1,014
Advances	11,984	11,215	10,902
Net profits	268	272	270
To contingencies	75	...	...
Other allocations	55	135	135
Dividend	16%	16%	16%

The decline in net profits is insignificant, and is probably accounted for by the contraction in advances, which form the bank's most remunerative assets. The dividend remains unchanged at 16 per cent. There are slight changes in the various allocations to internal funds, but the total of such allocations remains unaltered.

Barclays Bank (Dominion, Colonial and Overseas).—The speech of the Chairman at the annual meeting of Barclays Bank (D.C.O.) is always notable for its survey of conditions in the Levant, East, West and South Africa, and in the West Indies. This year Mr H. L. M. Tritton's report was, on the whole, strikingly favourable, particularly as regards Palestine and the industrial and mining community of South Africa. Unfortunately, the farmers, both in the Union and in East Africa, have not yet regained their full prosperity. The affairs of the Bank continue to expand, and its balance sheet total has almost reached £100 millions. Deposits are almost £5 millions higher, and the Bank is in the fortunate position of being able to reduce its Investments in order to increase Advances, a change which has had its effect upon the balance of profits. Mr Tritton mentioned that the bank will celebrate its centenary in 1936, its parent, the Colonial Bank, having been granted its Charter on June 1, 1836.

THE STOCK EXCHANGE

COMPANY PROSPECTUSES—A THREE YEARS' ANALYSIS

THE total of new issues offered in the London market, so far this year, now comfortably exceeds the aggregate for the whole of 1934. From the details given regularly, week by week, in the *Economist*, the main features of the year's operations are already clear. It is a case of gilt-edged borrowers first, British companies second, and the rest nowhere. But who are the real recipients of the market's favours? Down whose throats do the refreshing draughts go? The answer is comparatively simple in the case of gilt-edged borrowers, but much less obvious in that of company issues. How much of the total subscribed on company prospectuses, in the last three years, has been attributable to the general investor, and how much to "insiders"? What proportion of the whole has gone to increase the working capital of the companies concerned, and what has been paid out to vendors? To those who use the records of the issue market as an index to the amount of real expenditure on capital goods (e.g. as a major factor in business revival) the distinction is of prime importance.

The fact that no records whatever are available of the net, as distinct from the gross, amount of new capital involved in company issues has impelled us to make a detailed analysis of company prospectuses published in the last three years. The resulting figures, which are set out and discussed in the present article, cover the entire period since market activity was resumed on the completion of the War Loan conversion operation. They also serve, incidentally, as a test of the investment quality of the issues made, and throw light on the question whether the experience of the last three years has been in any way comparable to that of the 1928-29 boom, of unhappy memory. Our figures exclude "introductions" and are concerned only with companies which have made their *début* before the investor, not with capital increases by established concerns. All amounts are calculated at issue prices.

The results of our investigation relate to 210 companies, and are based on prospectus figures in every case. In these 210 issues a total cash subscription of £77,796,501 has been involved, of which 84 per cent. has been offered to the public and 16 per cent. to "insiders"—directors and their friends, issue houses, etc. In addition, some £20,979,801 has been allotted to "insiders" for considerations other than cash, i.e. as part of the "scrip" purchase price of assets transferred, or services rendered. The details may be summarised as follows:—

TOTAL CAPITAL ISSUED

	Year	Debt	Preference	Ordinary	Total
Offered to public	1933	3,403,400	3,225,000	1,935,717	8,564,117
	1934	3,578,690	6,975,860	12,656,813	23,211,273
	1935*	8,532,435	17,263,733	8,006,024	33,822,192
Total (three years) ...		15,514,435	27,464,593	22,598,554	65,597,582
Allotted to "insiders" for cash	1933	247,500	506,250	784,251	1,538,001
	1934	280,000	762,500	1,963,460	3,005,960
	1935*	1,989,140	42,500	5,623,318	7,654,958
Total (three years)....		2,516,640	1,311,250	8,371,029	12,198,919
Allotted to "insiders" for other than cash	1933	...	155,944	3,128,563	3,284,507
	1934	...	348,740	8,717,072	9,065,812
	1935*	...	380,000	8,249,482	8,629,482
Total (three years)....		...	884,684	20,095,117	20,979,801

* To first week in November.

On the assumption that the public have taken all offered to them, the figures show that for every £1 subscribed by the public, inside interests have put up a cash subscription of 3s. 8½d., and have been allotted shares, for considerations other than cash, to the amount of 6s. 5d. The inside

interests, however, have retained in their hands a much higher proportion of the equity capital than of the total capital. Out of an aggregate public subscription of £65,597,582, as much as 65½ per cent. is in the form of debentures or preference shares, while of an "inside" allotment (for cash and otherwise), of £33,178,720, debentures and preference shares account for only 14 per cent. Altogether, of a total ordinary share capital of £51,064,700 the public has obtained 44 per cent. and inside interests 56 per cent.

As the Stock Exchange is usually willing to give permissions for dealings in vendor shares after an interval of some months, a considerable proportion of inside holdings may have subsequently been transferred to public hands. The totals so far elicited, therefore, are of importance as showing that the public has been allowed to share only in a minor degree in the equity prospects of new flotations, but they do not reveal the extent to which the proceeds of new issues have been used to provide effective net working capital. Under British law, however, every prospectus is required to disclose the amount of any cash which is being paid to vendors of properties, etc., and of underwriting commission and other expenses. It is consequently possible to ascertain how much of the total capital involved in these 210 issues has remained in the various businesses after all "flotational" outgoings. The figures appear in our next table:—

"INCOMINGS" AND "OUTGOINGS"

	1933	1934	1935*	Total
"Incomings"—				
Public for cash	8,564,117	23,211,273	33,822,192	65,597,582
Insiders for cash	1,538,001	3,005,960	7,654,958	12,198,919
Total cash received	10,102,118	26,217,233	41,477,150	77,796,501
"Outgoings"—				
Cash paid to vendors	9,172,911	14,729,230	14,055,820	37,957,961
Underwriting and issue expenses	520,601	1,499,192	2,042,518	4,062,311
Total "outgoings"	9,693,512	16,228,422	16,098,338	42,020,272
Total new capital remaining in the various companies	108,606	9,988,811	25,378,812	35,776,229

* To first week in November.

The net new capital remaining in the various businesses is £35,776,229 out of a gross cash subscription, from all sources, of £77,796,501. For every £1 subscribed in cash, approximately 9s. 9d. has been taken in cash by vendors, and 1s. 0½d. absorbed in issue expenses. Vendors, it is clear, have, on the whole, preferred to take a moiety of hard cash rather than to maintain their interests wholly and permanently with the companies in question. The total share allotments for considerations other than cash, plus the cash paid to vendors, may together be regarded as approximating fairly closely to the total purchase consideration. Our investigations show that out of an aggregate of £58,937,762, computed in this way, some 64 per cent. has been taken in cash, and only 36 per cent. in scrip.

What assets have been acquired as a result of the flotations of the last three years? Some of the 210 companies included in our survey are new ventures, in mining or other fields, whose future depends on "prospects" to which no firm monetary value can at present be assigned. It has been characteristic of capital market conditions in the last three years, however, that the majority of company flotations have been concerned with a change in the status of established businesses, possessing tangible assets, in the shape of properties, machinery, stock-in-trade, etc., which have been amenable to the valuer's art. Data under this heading are available for 132 of the companies whose prospectuses have hitherto been considered. The relevant figures are shown in the next column.

ASSETS AND GOODWILL
(Based on Results for 132 Companies)

	1933	1934	1935†	Total
Total assets (excluding goodwill) ...	10,717,502	17,221,618	19,370,082	47,309,202
Consideration paid to interests concerned:—				
(a) In cash to vendors	9,103,762	12,724,590	13,481,721	35,310,072
(b) In scrip	2,793,935	5,737,187	8,599,482	17,100,624
Total	11,897,717	18,461,777	22,081,202	52,410,696
Total "goodwill"	1,180,215	1,240,159	2,981,120	5,101,494

* Excess of total consideration over total assets.

† To first week in November.

The returns are reassuring in one respect. The vendors of these established businesses have not taken out of them an excessive amount for "goodwill." The aggregate consideration, in cash and shares, exceeds the total valuation of the assets acquired by 10.8 per cent., though if assets have been valued somewhat generously, in some instances, a more substantial element of "goodwill" may be latent in their total.

Finally, it may be asked how far the public has obtained control of the companies concerned, in proportion to the amount of capital it has subscribed. Taking the original 210 companies, our analyses show that of total votes aggregating 158,460,871, some 88,684,748 are exercisable by the public. The latter thus hold a majority in the aggregate (though not in every individual case), since they control 56 per cent. of the total votes. In practice, however, the voting power of public shareholders is usually scattered, while that of inside interests is concentrated. The public's share in control, further, is not by any means proportionate to the amount of capital it has put up. As an earlier table showed, the public has subscribed 66 per cent. of the total debenture, preference and ordinary capital of these companies (including all shares allotted to inside interests), but has obtained not much more than half of the total voting power. This result largely follows from the predominance of debentures and preference shares in the public's quota, and the almost universal practice, in drawing up articles of association, of limiting normal voting rights to ordinary shares.

The conclusions suggested by this analysis are moderately satisfactory. The majority of companies which have come into the investor's ken in the last three years, have, unlike the bubble flotations which disgraced the 1928-29 boom, been established businesses, with tangible assets behind them. It would seem, further, that the total "consideration" paid for the acquisition of these businesses has been fairly closely related to the estimated value of the assets on a "going concern" basis. Provided, therefore, that the valuations are fair and reasonable, the total capitalisation of these companies should not include any large amount of "water." This result may be attributed partly to the tendency, in a period of low-interest rates, to offer investors fixed-interest securities (which must needs, as a rule, be backed by proved assets and earning power in order to be attractive), and partly to the tightening up of the law regarding prospectus disclosure effected by the Companies' Act of 1929. On the other hand, the vendors of the different businesses have taken the lion's share of their purchase price in cash, and it is obvious that any gross figure of "issued capital" greatly exaggerates the amount available for the purchase of new "capital goods." The figures do not suggest that the company financing of 1933-35 is likely to produce an eventual crop of failures in any way equivalent to that which followed the last market boom. The "risk" for the investor, is not that the companies may make no profits at all, but that they may be less successful in exploiting their new than their old capital resources, particularly in view of the fact that the original vendors have parted with so large a proportion of their interest.

These conclusions, however, apply solely to issues by prospectus. During the last three years, the method of flotation of shares in established companies, by "placing" rather than by prospectus, has greatly increased in popularity. In a future article, therefore, we propose to extend our survey so as to cover these "introductions," and to discover whether their terms, from the viewpoint of the general public, have been reasonable or otherwise.

INVESTMENT NOTES

Wall Street Remains Optimistic.—The action of the New York Stock Exchange in the last few days has not been in any way spectacular. Indeed, prices have, on the average, been slightly lower this week than at the end of last week. But the underlying sentiment undoubtedly continues to be solidly optimistic. Business news is still favourable. Steel output continues to increase and the automobile industry has had much less of a relapse after its annual show than is usual. The figures of building construction, though still low, are continuously rising. Optimism in Wall Street is being further fed by a steadily swelling stream of dividends. That the market has shown conspicuous moderation in these circumstances, however, argues the existence of certain offsetting factors. The air is filled with the clamour of denunciation of the New Deal and all its works. But this sort of talk largely emanates from Wall Street itself, which is consequently able to assess its true value with a healthy discount. In present circumstances, predictions of woe to come if American individualism is not restored in all its rugged glory are likely to be cheering to Wall Street precisely in proportion to their alarmist tenor. The greatest restraining factor is undoubtedly to be found in Europe. American public opinion may be disquieted by the reported terms of the Laval-Hoare offer to Italy, but prices are nevertheless marked up whenever a settlement seems imminent, and marked down whenever an intensification of sanctions seems the more probable immediate issue. Special circumstances are, of course, affecting particular varieties of securities. Metal shares, for example, were in favour as a means of participating both in American recovery and in possible European conflict; but they, together with other securities, were affected by the latest inexplicable turn in the Administration's incomprehensible silver policy. Utilities seem to be thriving on, rather than suffering from, the running fight between the larger holding companies and the Securities and Exchange Commission—a fight in which there are signs of an approach to an armistice. Railway securities are also showing a little more life than of late. The chief interest of the market, however, is concentrated on the main body of American industry. That real recovery is on the way is hardly questioned any longer. But there is still plenty of room for disagreement on the probable pace and the possible extent of the 1936 "bull market."

* * *

Wisdom and Folly in Shipping Finance.—Every investor in shipping shares would be well advised to read and re-read the address given by the Hon. Alexander Shaw at the P. and O. meeting last Wednesday. It is no secret that pressure has lately been brought to bear on the company to use some of its accumulated liquid resources to make a species of *ex gratia* dividend payment on its deferred stock, despite the fact that the recovery in voyage receipts has been checked, and that the company is not earning full fleet depreciation at the normal rate. The immediate earnings outlook, in fact, is even less favourable than the latest accounts suggest, for the latter are based on receipts from voyages completed last June, and do not reflect the falling off which has been experienced in the last few months in the Australian trade. The suggestion, therefore, that the company should deplete its reserves to pay deferred dividends cannot be justified as a payment "on account," in confident anticipation of an early revival in earnings. Still less can it be defended on the ground that depreciation on a 5 per cent. basis, against the 4 per cent. allowed by the income tax authorities, is "unnecessarily high." Under modern conditions of rapid improvement in shipbuilding design and methods of propulsion, and in the present circumstances of severe foreign competition, even a twenty-year "life" for a liner errs on the generous side, and a twenty-five-year "life" is demonstrably excessive. It is true that tonnage built immediately after the war was costly; but it is equally true that vessels passing out of service must be replaced by tonnage of

more elaborate and expensive type. So long as the P. and O. board continue, under the presidency of Mr Shaw as of Lord Inchcape before him, to put prudent care for future financial needs above a desire to temper the present lot of stockholders by distributing unearned dividends, they will enjoy the confidence of the majority of the company's proprietors. The latter may well reflect, as every week brings under the hammer one property after another of a once-powerful group whose policy was less austere: "There, but for sound finance, goes the P. and O." But the basic problem of increased earnings remains. If virulent economic nationalism is to continue indefinitely to postpone a thoroughgoing recovery in receipts, the company, in justice to stockholders, can no longer delay the cutting out of such services as are unremunerative. The operation of Empire-owned ships, which for half a century has linked up Australia and New Zealand with San Francisco, has been ruined by the competition of subsidised tonnage. At long last the P. and O. has decided on the complete withdrawal of its services. On every ground the necessity for this decision is regrettable. Whether the remedy is a policy of counter-subsidy, with the sky as the limit, or a reversion to financial and economic sanity by the Governments chiefly concerned, is not for the P. and O. to decide. The company is not a sovereign state, with the resources of millions of taxpayers behind it, but a trading body, which must pay its way as the condition of its own existence—and in the long run must put the interests of holders of its £15 millions of debenture and share capital before historical and sentimental considerations.

"Limited Investment Fund."—In summing up the progress of the fixed trust movement in a Special Supplement last April, we suggested that future developments might be more advantageously directed towards the "open-end" type of trust and away from the original and outmoded notion of "fixity." The first sponsors of the fixed trust movement in this country, Municipal and General Securities Company, Limited, have now formed the first industrial "unit trust." Although details of legal and administrative procedure were doubtless intricate, it appears from examination of the trust deed and publicity matter that considerable effort has been made to meet the legitimate requirements of the small investor. The Limited Investment Fund offers a range of permitted investment in the fully-paid fixed dividend and equity issues of 157 companies in which the managers are free to invest and free to "switch." Maximum holdings of individual securities are limited to 5 per cent. of the total, the fund is fully cumulative, and certificate holders can obtain, half-yearly, the percentage distribution in each security. The amount available for distribution will be certified by chartered accountants, and the necessary adjustments will be made where dealings in the underlying securities are cum dividend. Normally, at least forty securities will be held, and the present intention is to earn a yield of 4 per cent., which appears broadly in keeping with contemporary investment conditions. The portfolio is wide enough to include companies of moderate size with good future prospects, and gold-mining interests will be limited to the finance houses. The preliminary charge will be 4 per cent., including brokerage of 1½ per cent. In addition, an annual charge of ½ per cent. on the average value of the fund during each year will be made for management and trustees' remuneration. The implications of the new fund are important to fixed-trust investors, who have not hitherto been compelled, as a rule, to exercise any judgment of management capacity. If the latest formation sets a precedent for further "open-end" industrial issues, this point will call for close attention, and, possibly, for some substantiation of the respective managers' qualifications to use the wide powers of "switching" to the advantage of their unit holders. Doubtless, the trustees concerned, who will presumably require, as in the present instance, wide powers to supervise the interests of the investor, will first take steps to assure themselves on this point. Students of unit trust movement, as well as the small investor, will find the pure experience of the latest formation with the record of 3s. 8½ investment indices with much interest. With its other than purchase, abstention from pools and under-

writing, and effective though limited investment discretion, it may present advantages to the small investor which are denied both by the purely fixed trusts and by the managed investment trusts.

Industrial Profits in November.—The percentage improvement shown in our computation of industrial profits for November is less impressive than that of the previous month, although in terms of absolute profits the latest increase is considerably higher. The 160 reporting companies represent the most substantial profit-earners among the early "winter group," whose net results are commonly more stable than those of the smaller concerns which swelled the October returns. Figures for recent months are set out below:—

Reports published in	No. of Companies	Rise or Fall in Profits*	Reports published in	No. of Companies	Rise or Fall in Profits*
1934—			1935—		
September ...	89	+40.63	April.....	242	+16.49
October	165	+49.70	May	244	+11.07
November	143	+33.97	June	191	+21.72
December.....	159	+25.09	July.....	232	+13.44
1935—			August	38	+ 5.93
January.....	111	+14.15	September...	77	+ 9.28
February.....	218	+ 8.43	October	166	+27.19
March	261	+22.54	November...	160	+17.47

* After payment of debenture interest.

The reports of the month disclose net profits of £12,810,708, compared with £10,905,448 in the preceding year. Analysis of the individual groups shows that November was a "brewery month." Nineteen concerns showed an increase of £342,822 in net profits, and few failed to pay increased dividends. In the iron, coal and steel group, ten companies increased their profits from £457,542 to £641,432. A small sample of building material companies reported an increase of £205,993 in total profits, at £1,005,499. Investment trust net revenues continued to expand slowly, but satisfactorily. Elsewhere, useful recoveries were also shown by the widely-cast finance, land and investment group, by paper, electrical equipment companies, and by important miscellaneous industrial concerns such as Electric and Musical Industries and Turner and Newall.

Actuaries' Investment Index.—Although the week has been undistinguished in the security markets, the Actuaries' Index of 158 ordinary shares has reacted after its temporary setback at the beginning of this month, and reached a new high "record" for the present recovery epoch. Last Tuesday's figure was 80.7, against 79.7 a week earlier, and 78.7 a month earlier (December 31, 1928 = 100). The corresponding yield averages were 3.69, 3.73 and 3.75 per cent., respectively. Most of the constituent groups in the index have shared in this week's upward tendency:—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100)			Yields (%)		
	Month Ago (Nov. 12)	Week Ago (Dec. 3)	This Week (Dec. 10)	Month Ago (Nov. 12)	Week Ago (Dec. 3)	This Week (Dec. 10)
Insurance (24)	122.4	127.1	129.6	3.44	3.32	3.28
Investment trusts (14) ...	56.0	58.9	59.2	3.68	3.50	3.47
Iron and steel (8)	66.8	66.7	69.0	3.23	3.49	3.41
Motors (5)	53.8	51.8	53.1	3.86	4.69	4.50
Electric supplies (8)	128.6	130.5	136.1	4.06	3.95	3.80
Home rails (4)	62.9	64.6	66.7	1.62	1.56	1.51
Breweries and distill. (19)	134.6	137.4	139.0	4.13	4.03	3.99

Although the composite index has risen by nearly seven points since the beginning of this year (from 73.9 to 80.7), the average yield has fallen only from 3.75 per cent. to 3.69 per cent. In other words, increased dividends have largely kept pace with higher prices.

City Education.—The progress of City institutions in catering for City educational needs is revealed by addresses delivered by eminent spokesmen at recent prize distributions. The City of London College, which, in addition to a specialised course on the Stock Exchange, also provides for

the needs of general commercial and banking students and includes lectures on staple products, appears to be hampered by nothing except inadequate accommodation. The increase in enrolments is sufficient witness to its usefulness, and to the support which is given to the College in all quarters in the City. The L.C.C. Stock Exchange classes labour under a similar disadvantage, and the attendance is at "peak" capacity. Both institutions are consistently supported by the Trustees and Managers of the London Stock Exchange, with the object of raising the general standard of professional education and knowledge. It is, perhaps, permissible to stress the fact that no formal qualification is at present available for Stock Exchange students. There may be a case for filling this void, both in the "secondary" level of the City colleges, and in the specialised courses associated with the London University Commerce degree.

COMPANY NOTES

Shipbuilding Companies.—The revival in shipbuilding which started in 1934 raised the quarterly average of work in hand (mercantile) from the level of about 280,000 gross tons, to which it had fallen in 1932 and 1933, to nearly 570,000 gross tons. This level, however, was little over half the standard of a poor year before 1929, and up to the end of September has not been maintained this year. This, however, does not appear to imply that a new and much lower level must be regarded as normal in future, but merely that shipbuilding is suffering from a lag in recovery. Even on a mercantile fleet reduced from 20.3 million gross tons

fore, no longer a mass of idle tonnage standing between the shipbuilder and his market; and, as the sudden increase in demand for shipping accommodation showed this autumn, there is no longer a hopeless surplus of available vessels on the main routes. A relatively small further recovery in international trade might strengthen the shipping industry's position considerably; a movement which may possibly be portended by more active commodity markets this autumn. Once shipowners began to regain confidence, the placing of orders with shipbuilders would follow rapidly. The balance sheets of the majority of shipowning companies have reflected the cessation of new building in a steady accumulation of surplus liquid funds. In many cases shipowners have not been able to earn as much depreciation as they could wish; but, absolutely, cash resources have tended to rise, and there can be little doubt that the shipping industry as a whole commands ample resources to finance a rapid increase in building orders once conditions indicate a resumption of building. It is even conceivable that as the immediate post-war rush to replace old or torpedoed tonnage caused a 1920 peak in orders which at times seemed to be starving the volume of orders in later years, the simultaneous obsolescence of those peak-year orders may soon begin to produce a second wave, albeit of smaller dimensions. In any case, these and the more general influences will be assisted by the Government's "scrap and build" offer, and the special influence of naval re-equipment may prove a highly important factor. Meanwhile the considerable revival in 1934-35 profits shown in the annexed table suggests that even the modest recovery in shipbuilding activity during the period was sufficient to allow the depression improvements in plant and organisation to give a good account of themselves. As the substantial fixed charges of the shipbuilding industry allow profits to improve rapidly once a satisfactory turnover has been reached, it is not impossible that some striking recoveries may be seen once international trade allows activity to resume its normal level.

	1929	1930	1931	1932	1933	1934	1935
John Brown (March 31):— Earned for Prof.	87.3	24.2 No prof.	Dr. 13.2 div. paid	2.7 since 1929.	2.4	Dr. 63.4	73.0
Harland and Wolff (Dec. 31):— Gross profit* Earned for Prof.	674.9 216.7	367.9 105.7	Dr. 280.9 ...	Dr. 117.2 ...	Dr. 161.4 ...	Dr. 70.4 ...	...
Hawthorn, Leslie (June 30):— Earned for Div. Earned % Div. %	26.6 3.8 9½	36.8 5.2 5	35.4 5.0 5	14.4 4.0 6	Dr. 1.2 Nil ½	16.2 4.5 4½	23.2 6.9 5
Swan, Hunter (Dec. 31):— Earned for Ord. Earned % Div. %	141.0 8.4 7½	109.9 6.5 6	103.0 6.4 5	Dr. 43.2 Nil 2½	Dr. 78.4 Nil Nil	Dr. 16.0 Nil 3	...
Wallend Slipway (Dec. 31):— Earned for Ord. Earned % Div. %	76.6 13.0 17	80.7 13.5 17	28.0 4.7 6½	Dr. 5.9 Nil 5½	1.0 0.2 5	46.3 8.3 6	...
Yarrow (June 30):— Earned for Div. Earned % Div. %	3.3 2.8 Nil	9.7 6.9 5	16.2 12.7 5	18.5 14.8 5	20.1 16.2 5	37.0 29.0 10	30.7 23.5 10

* Before depreciation.

† Tax free.

‡ No normal dividend was paid, but a distribution of 3d. per share, tax free, was made from capital profits.

to 17.6 million gross tons during the depression period, replacements would be some 700,000 gross tons a year, assuming an average life as long as 25 years, and a considerable further output would be required for our normal overseas customers. Average annual launchings of 1,000,000 gross tons in the future (against 1,200,000 to 1,500,000 tons before the depression) might not put expectations unduly high, although only 460,000 gross tons were launched in 1934. When this level will be recovered depends primarily on the rate at which international sea-borne trade revives. It is possible, however, that a considerable measure of revival in shipbuilding could come about in the relatively near future. Partly through scrapping and sales and partly through re-employment of tonnage, the volume of shipping laid-up in United Kingdom ports has now been reduced to little more than the pre-depression normal. There is, there-

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James and Shakspeare Evidence.—The hearing of summonses against Garabed Bishirgian, J. H. C. E. Howson and Louis Hardy, in relation to a prospectus of James and Shakspeare, Limited, was continued at the New Court, Guildhall, on Wednesday. The earlier proceedings were summarised in the *Economist* of November 30, 1935, page 1078. On Wednesday, Mr Duncan McKellar, of Thomson, McIntock and Company, chartered accountants, gave evidence regarding the pepper and shellac deals of Williams, Henry and Company, of whose ordinary capital James and Shakspeare had acquired six-sevenths. Mr McKellar stated that at June 30, 1934, there were outstanding purchases of 51,000 bags of shellac of an approximate value of £400,000 and an open position in pepper of 2,460 tons, of the approximate value of £200,000. On September 3rd, the open position was for 66,800 bags, for which Williams, Henry and Company had paid £109,500 on account, leaving a balance of approximately £400,000, and an open pepper position involving about £1,000,000. On December 6th, the pepper and shellac position was discussed at a directors' meeting of James and Shakspeare. It was then explained that an arrangement had been made with the Dean Finance Company for a loan of £364,201, under certain conditions. By December 31, 1934, the open pepper position of Williams, Henry and Company had increased to about 18,000 tons, the amount which the company had to pay being about £2,000,000. It was agreed on January 4th that the Dean Finance Company would meet any shellac position which might arise, but that James and Shakspeare would assume the obligations of Williams, Henry and Company as to pepper. The evidence then dealt with alleged share transactions in certain companies, in which Mr Howson and Mr Bishirgian, *inter alia*, were described as being concerned. The circumstances preceding the publication of the prospectus of James and Shakspeare were also described. Evidence was given as to the arrangement of loans with the Midland Bank to finance pepper, and, finally, as to the failure of James and Shakspeare, in February, 1935. The hearing was adjourned.

* * *

Shellac and Tobacco Securities.—Mr Reginald McKenna's speech at the Tobacco Securities Trust meeting last Monday was naturally occupied with the "grave and regrettable mistake"—to use his own words—of the Dean Finance Company's shellac transactions. This frank admission followed a review of the efforts of the latter company—itsself a sub-subsidiary of the Tobacco Securities Trust—to save a shellac position entered into by Williams, Henry and Company, which had been assisted by loans from Dean Finance on a wide margin. The shellac position was also referred to at the hearing of summonses against certain individuals at the Guildhall on Wednesday, a summarised report of which appears above. Unfortunately, declared Mr McKenna, the knowledge that James and Shakspeare were heavily committed in the pepper and shellac forward market was discovered only at the end of 1934, necessitating further loans to Williams, Henry in the hope of saving the shellac position. Dean Finance was therefore laden with shellac to be sold against the loans, involving losses, at May prices, of £288,000 and, at end-October prices, of £170,000. In the chairman's words, such a loss must be seriously displeasing to stockholders. Thirty per cent. of the holding has been sold, but the accounts have wisely been drafted on the basis of much lower shellac prices than those of October 31st, owing to stockholding and realisation expenses. Interesting light was thrown by the chairman's speech on the component parts of the Trust's revenue. On the basis of shellac prices prevailing on October 31st, the estimated loss (£170,000) on shellac transactions was covered by the combined net revenue of the Trust, and of Tobacco Investments (a subsidiary), together with profits of Dean Finance on its other transactions, without taking into account the dividends received from the tobacco interests. Applying this criterion to a normal year, it would appear that the tobacco dividends may provide as much as £600,000, assuming that no account is taken of any exceptional sources of profit in the 1934 figures, and that all net

income of the subsidiaries was, in fact, distributed. Both assumptions may, possibly, be challenged, but the results support the suggestion that the Trust may regain its stride fairly quickly, provided that no further disappointments are in store regarding the shellac stocks. The market gave a good reception to the speech by further bidding the deferred stock to 87s. 6d. xd., against a "low" of 73s. 1½d. this year.

* * *

Baldwins Conversion Questions.—The 6½ per cent. convertible debenture stockholders and 7 per cent. "B" preference shareholders must decide immediately whether to exercise their respective rights to convert into ordinary shares, for the latest date for notice is Wednesday next, and the rights expire on December 31st. The circulars which have been sent out by the company will therefore be welcomed by both classes to assist them to choose wisely. The decision is more crucial to the "B" preference shareholders, for their interest, of £719,175, compares with only £108,361 convertible stock now outstanding. The latter may be redeemed at 5 per cent. premium in two years' time, and stands at 120. Conversion into ordinary shares at the rate of 6s. per share would give the debenture holder £137 10s. worth of ordinary shares after their fall to 8s. 3d. on the publication of the circulars. The near prospect of repayment suggests that the exercising of the conversion rights and re-investment of the proceeds will commend itself to the convertible debenture holders. The "B" preference shareholders, however, have little incentive, in terms of capital profits, to convert. They may exchange for every two shares held into five ordinary shares on payment of 10s. The total costs are therefore 47s., and the present value of the new holding 41s. 3d. Again, the earnings prospect does not suggest further geometric possibilities. Basing their opinion on the first ten months of this year, the directors anticipate that the 1934 profits will be approximately maintained. This estimate excludes any prospective dividend from the British (Guest, Keen, Baldwins) Iron and Steel Company, since the reconstruction of the Cardiff works has inevitably disorganised production. It is computed that £205,000 may be earned for ordinary dividends and taxation, compared with £91,331 last year. Calculations of the eventual requisite dividends and earnings to yield a profitable exchange to "B" preference holders depend, inevitably, on the extent to which the ordinary capital is increased by voluntary conversions, and upon the prospective income from the British (Guest, Keen, Baldwins) plant next year. On the latter point, however, the circular provides no clue, and while exchange might well prove advantageous if present hopes are realised, and would widen the equity basis, the latent "unknowns" in the equation indicate the somewhat speculative nature of the operation.

* * *

Ind Coope and Allsopp.—The full accounts of this brewing merger (whose preliminary figures were set out in the *Economist* of November 30th) show the results achieved during the first complete year's working of the new regime. Detailed comparison of the figures with those of the previous year is unsafe, for the Allsopp acquisition dated from May, 1934, while the accounts now presented show the considerable changes resulting from the transfer of the Allsopp assets into the merger company's books. The rise in total profits from £626,673 to £842,049 suggests that the success of the merger has been assisted by the rising trend of brewery profits in every district in the country. The splitting up of the trading profit and dividend receipts into "Ind Coope" and "Allsopp" items, however, is an unprofitable task; for although the Allsopp assets have been merged, no indication is given of the effective date of the operation. Since the Allsopp net profit in the previous year was £220,000 (of which £165,793 was received by Ind Coope and Allsopp and shown under "dividends received"), the latest figures suggest that part, at least, of the Allsopp earnings again found their way into dividend receipts of the merger company before the transfer of assets had been completed. The following table is therefore a safer indication of the present

earning power of the group than a comparison of the year's progress:—

	Years to September 30,	
	1934	1935
Trading profit	391,724	567,463
Interest and dividend receipts	234,949	274,586
Total profits	626,673	842,049
Fees	12,568	13,615
Compensation fund and taxation	67,555	98,199
Depreciation	52,055	71,307
Mortgage, deposit & debenture interest	102,690	148,945
Debenture redemption provision .....	.....	17,371
Preference dividends	52,974	75,140
Ordinary shares—		
<i>Earned</i>	<i>338,831</i>	<i>417,472</i>
<i>Paid</i>	<i>229,356</i>	<i>285,916</i>
<i>Earned %</i>	<i>§</i>	<i>36·5</i>
<i>Paid %</i>	<i>§</i>	<i>25</i>
Property reserve	32,906	61,165
General reserve	50,000	50,000
Carried forward	339,060	359,450

§ Earnings and dividend percentages not shown owing to absorption of Samuel Allsopp in March, 1934. Earnings percentage for year calculated on ordinary capital ranking and charging actual preference dividends was 33·2 per cent. Dividends paid, 6 per cent. on original Ind Coope ordinary capital of £874,218 and 16½ on merger company's capital of £1,475,698.

Wholesale changes are shown in the balance sheet between interests in subsidiary companies and other fixed and floating assets. The first item shows a round reduction of £2,271,000, and is largely offset by a corresponding increase of £2,146,000 in fixed asset items, while cash and stocks are substantially higher. The report refers to adjustment of the book values of certain of these assets, although the aggregate value has not been increased. The consolidated balance sheet shows a position as strong as any brewery shareholder could expect. The £1,475,698 of ordinary capital is covered by net assets amounting to £3,567,749, and the report admits the existence of further internal reserves for contingencies, which are thought adequate. The £1 ordinary stock units are quoted at 113s. 6d. to yield £4 8s. per cent. The advantages of the merger are probably not exhausted at this comparatively early stage, and the shares rank among the soundest brewery issues.

* * *

Timothy Whites and Taylors.—The report of this "chain retailing" organisation, to September 28th, does not lend itself to comparison with previous results, since the original company acquired control of the Taylors (Cash Chemists) group, and assumed management of their branches, mid-way through the year. The directors are satisfied from the results of the first half-year's trading under the new arrangement that benefits will accrue to all parties to it. When centralisation was proposed, the directors assessed potential economies at £40,000 per annum, ordinary share earnings at £158,500, subject to reserves, and reasonable expectations of a 25 per cent. ordinary dividend after the reorganisation. While the accounts throw no light on progress towards the first estimate, and the ordinary earnings are £124,677, an ordinary dividend of 22½ per cent. has been paid, compared with 17½ per cent. on the former deferred capital of Timothy Whites. The group now controls 765 retail branches, including 172 "dual" shops selling drugs and hardware. This is a lower figure than the 1,000 stores in the Boots' organisation, but it suggests an approach to effective rivalry in this class of retailing. A policy of modernisation is being pursued, and further new shops are contemplated. The liquid position is sound. The ordinary 5s. shares are quoted at 22s. 6d. to give the relatively high yield of £5 3s. 6d. per cent.

* * *

Carreras' Progress.—After the almost universal warnings by tobacco company chairmen in the earlier part of this year that higher raw tobacco costs might affect profits adversely, the improvement in Carreras' gross trading profit from £852,403 to £901,638 is better than might have been expected. The explanation, however, is to be found partly



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in the continued vigorous increase in home and export tobacco consumption (in the first three quarters of 1935 raw tobacco "entered for home consumption" amounted to 163,319,307 lbs., against 155,744,848 lbs. in the first three quarters of 1934) and partly in the movement in the stock figure in Carreras' own balance sheet. Against £2,011,005 at October 31, 1934, the stock this year is carried at £1,639,468. This movement is parallel to a general reduction in bonded stocks of leaf tobacco, and reflects the policy of the manufacturers in drawing on their large accumulated stocks when the price of leaf tobacco rises. Carreras may thus have modified the effects of dearer raw material, while some non-recurrent profit will no doubt have been earned, as is usual when conservatively valued stocks are reduced for the purpose of supplying current requirements. The comparative movement of profits in the last three years has been:—

	Years to October 31,		
	1933	1934	1935
Total gross profits	868,182	853,318	992,390
Pension fund, fees and taxes	24,555	58,054	51,059
Depreciation	40,039	47,395	49,382
Earned for preference dividends..	803,588	747,869	891,949
Total preference dividends	25,000	65,000	65,000
Ordinary shares (all classes):			
<i>Earned</i>	<i>778,588</i>	<i>682,869</i>	<i>826,949</i>
<i>Paid</i>	<i>620,048</i>	<i>620,048</i>	<i>620,048</i>
<i>Earned %</i>	<i>46·9</i>	<i>39·6</i>	<i>48·6</i>
<i>Paid %</i>	<i>35</i>	<i>35</i>	<i>40</i>
To reserve, etc.	49,836†	47,905*	100,000
Carried forward	1,249,596	1,264,512	1,282,834

* Contribution from profit and loss towards writing off £297,905, cost of terminating coupon trading. † Issue expenses written off.

Despite the record output this year, the number of workers employed in tobacco manufacturing is the lowest for at least thirteen years. There is reason to suppose, therefore, that the industry is still increasing its efficiency. The 1935 profits of Carreras may thus contain elements of permanent benefit, while the recent recession in leaf tobacco prices should, temporarily at least, remove fears for the effects of higher leaf tobacco costs. It would seem that the increase in the total distribution from 35 per cent. to 40 per cent. reflects a justifiable confidence in the prospect for the current year. The £1 "A" ordinary shares are quoted at £8½ to yield £4 10s. per cent.

* * *

Coast Lines "Introduction."—The "introduction" of Coast Lines Ordinary to the Stock Exchange has demonstrated that this lately much-criticised method of starting public dealings can, if applied on the right lines and in the right cases, serve a very useful purpose. Within an hour or two of the beginning of dealings a sizeable block had been placed round 18s. 3d. without any suggestion of discriminative allotment, undue dealing margins or misleading marks. These shares, together with the balance of the first block of 850,000 purchased by the "Group" from the Realisation companies, having passed into investment hands, the market was then left with a further substantial block, representing part of the 850,000 shares under option, at a slightly higher price, and there are now free dealings round 18s. 9d. Everyone concerned is to be congratulated on the management of this operation. The criticism has been voiced that a "statement for information" should have been published in connection with this introduction. There is, however, no real cause for complaint in this respect, for the company is already a public concern and its reports have been regularly published. The "Group" which purchased the Ordinary shares judged,

correctly, that they would be able to find a natural market without going to the expense of extensive advertisement. The consequences of a mistaken judgment would have fallen on the parties to the deal and would not officially have concerned the company or even the Stock Exchange, which has merely given permission to deal in an already existing issue of a company whose Preference stocks have been dealt in for many years. Immediately before the "introduction" the company paid its first Ordinary dividend since the Royal Mail collapse in the shape of a 2 per cent. interim, which was retained by the "Group." In market circles it is confidently stated that the shares will be established on a 5 per cent. basis. The complicated inter-shareholdings between Coast Lines and its subsidiaries were discussed in the *Economist*, August 24th, page 384, and September 21st, page 571. A rough estimate taking account of these duplications suggests that, on the 1934 figures, Coast Lines Ordinary are on an effective earnings basis of perhaps 8 per cent.

Malayan Tin Dredging Results.—Our mining correspondent writes:—The reports of Malayan Tin Dredging and of its subsidiary, Southern Malayan, make their usual satisfactory showing. Although the production quota was slightly increased, both companies produced all the tin required by the operation of only two dredges. The outstanding feature of the statistics, therefore, is the increase in the quantity of gravel treated. Malayan Tin treated 5,048,760 yards, against 3,745,400 yards in the previous year, while Southern Malayan treated 5,080,700 yards, against 3,215,400 yards. In the former instance little change occurred in the average yield, but in the latter it was 0.384 kati per cubic yard, as against 0.51 kati. Since the price per ton realised was somewhat reduced, the higher profits are primarily due to the increased yardage. Last year the Malayan Tin earned £91,640, as against £78,270, and with the balance dividend now declared the distributions will total 45 per cent., against 36½ per cent. for 1933-34. Amortisation is now substantially reduced to £1,940, whereas twelve months ago £29,280 was provided and £20,000 transferred to reserve. The increased investment holding of £247,360 against £325,380, is offset by a reduction in the cash balance to £28,490, which covers the balance dividend with only a small margin. On the basis of the past year's total dividends, the yield is about 7½ per cent., but the declaration of a second interim dividend, making 32½ per cent. on account of the current period, suggests that a further increase is in prospect. Of the area of 2,198 acres owned, 1,123 have been dredged. The Southern Malayan profit amounted to £88,800, against £76,100; and the total dividend is increased from 20 to 22½ per cent. Since the date of the accounts, the associated Southern Perak Company has been absorbed for a consideration of 270,000 shares, making a total area of approximately 4,887 acres, of which only 796 acres have been dredged. On the basis of last year's dividends the yield indicated is barely 6 per cent. Presumably the market is making some allowance for the lengthy life of the undertaking and for larger distributions. A 12½ per cent. dividend on account of the current year will be disbursed with last year's final payment, making 20 per cent. to date. With the good dividends announced this week by Tronoh and Southern Tronoh, these results suggest favourable prospects during the present year for efficient tin producers.

December Rand Dividends.—In view of the liberal allocations to meet the profits surtax during the first half of the year, and of the prospective modification of the taxation basis next year, it was reasonable to expect some improvement in the December dividends. The increased distributions declared this week merely serve, in the main, to bring the totals up to the level of 1934. So far as can be judged, little if any allowance has been made for the return of excess taxation much canvassed a few weeks ago. The Daggafontein payment is substantially increased, while the cut in the Geldenhuis Deep rate reflects the shrinkage in profits and the difficulties which have been encountered. The appended table contrasts the latest declarations with

those of June and gives the totals for the two years. The Union Corporation group and Witwatersrand Deep announcements have yet to come to hand.

	Dec., 1934	Total, 1934	June, 1935	Dec., 1935	Total, 1935
Brakpan	27½	52½	22½	30	52½
City Deep	...	...	5	5	10
Consol. Main Reef	12½	21½	11½	12½	23½
Crown Mines	90	170	80	90	170
Daggafontein	21½	35	18½	25	43½
Durban Deep	12½	25	10	12½	22½
East Rand Propy.	15	27½	12½	15	27½
Geldenhuis Deep	15	25	10	10	20
Government G. M. Areas ..	62½	125	60	60	120
Langlaagte Estate	12½	22½	10	10	20
Modder B.	35	70	30	30	60
Modder East	15	27½	12½	13½	26½
New Kleinfontein	5	5	5	5	10
New Modder	57½	112½	50	55	105
New State Areas	15	27½	12½	12½	25
Nigel Gold	...	...	15	15	30
Nourse	10	20	8½	10	18½
Randfontein	8½	13½	10	10	20
Rand Mines	80	150	75	80	155
Robinson Deep "B"	2/-	4/-	1/3	1/6	2/9
Rose Deep	2½	5	2½	2½	5
Simmer and Jack	-3/-	-6/-	-3/-	-3/-	-6/-
Springs Mines	28½	53½	23½	30	53½
Sub Nigel	80	155	80	80	160
Van Ryn Deep	16½	32½	15	15	30
Van Ryn Gold	2/-*	4/-*	2/-*	2/-†	4/-
West Rand Consols.	15	22½	10	15	25
West Springs	5	10	5	5	10
Witwatersrand Gold	7½	15	10	10	20

* Tax free. † Less tax, 10/- share.

Among the finance companies, Anglo-American Corporation—which resumed payments on its ordinary shares with 10 per cent. last December—now declares a 20 per cent. dividend, the rate of the associated New Era undertaking again being 10 per cent. The Rand Mines is to pay 4s. per share, making 7s. 9d. for the year, against 7s. 6d.; while Transvaal Consolidated Land has increased its distribution from 7½ per cent. to 10 per cent.

Other Company Results.—The reports of sixty-six companies whose accounts have been received this week will be found in summarised form in our usual table on page 1240. The brewery group again makes a satisfactory showing. All profits and dividends are higher, from the larger concerns like *Peter Walker and Son*, whose net earnings have advanced from £391,805 to £492,612, to the smaller and highly prosperous local companies. Among the property concerns, *Second Covent Garden* has issued a satisfactory report, and pays a 6 per cent. ordinary dividend, while *Taylor and Woodrow Estates* reports profits of £44,376 for its first year's operations, covering the 10 per cent. dividend with a wide margin. In the heavy industry group, the *Redpath, Brown* recovery is outstanding, for net profits have jumped from £20,282 to £76,976 and ordinary dividends are resumed with a 10 per cent. payment. *Armstrong Siddeley Development* earnings are now a matter of interest to Hawker Siddeley Aircraft shareholders, since that concern holds the ordinary capital. Although net profits are over £20,000 higher at £175,857, the ordinary dividend is maintained at 10 per cent., and a substantially increased credit balance is carried forward. The report of *Combined Egyptian Mills* shows no relief from the adversity which has prevailed in the industry for so long. The investment trust net revenues are still showing steady improvement. Among this week's reports are the successful *Northern American* and *Army and Navy*, both of which have increased their dividends. The general industrial concerns include *Sunlight Laundries*, whose profits are reduced, somewhat surprisingly, from £57,327 to £50,796, while the dividend is 16½ per cent., against 25 per cent. in the previous year. The report refers to the increased cost of better quality work, while the company's charges are practically standardised. Reduced profits are also reported by *Booker Brothers, McConnell* and by *Cobbold and Company*. The principal recoveries in this group are shown by *Ilford, Waterlow and Sons, Millon Proprietary* (the dividend being raised from 11½ per cent. to 25 per cent.) and *Low Temperature Carbonisation*. The Rand dividends are set out above.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—British Overseas Bank, Commercial Bank of Scotland, Barclays Bank (Dominion, Colonial and Overseas), P. & O. Steam Navigation, Tobacco Securities Trust, Nelson Financial Trust, New Zealand Loan and Mercantile Agency, London and Rhodesian Mining and Land, Rhodesian Anglo-American, Steaua Romana (British), Ashanti-Adowsena, British Burmah Petroleum, Anglo-Ecuadorian Oilfields, Kamunting Tin Dredging, British Tyre and Rubber, and Luipaards Vlei Estate and Gold Mining. The Governor of the Commercial Bank of Scotland referred to the changes in industrial and financial conditions in the past year, and to the banks' difficulties in finding profitable use for their funds. At the British Overseas Bank meeting, the chairman discussed the difficulties of international trade and condemned the widespread tendency to regard gold, and gold alone, as the basis of credit. Mr McKenna, at the meeting of Tobacco Securities Trust, referred to the loss made by the Dean Finance Company on shellac, and said that a grave and very regrettable mistake had been made. British Tyre and Rubber Company had slightly lower earnings last year, but was expanding its activities. Mr Harold Nelson, of Nelson Financial Trust, recorded the effect of recent trade movements on the Trust's holdings. Since the last general meeting, Rhodesian Anglo-American has increased its interest in Rhokana Corporation to 53.9 per cent. of ordinary and "A" share capital. Mr Fraser reported that Steaua Romana (British), Limited, had made rapid development of a new field, and discussed exchange difficulties in Roumania. Mr Turk, of Luipaards Vlei Estate and Gold Mining, objected to the taxation burden on the company. The chairman of Ashanti-Adowsena (Banket) Goldfields reviewed the prospects of the mine and announced that production had commenced. British Burmah Petroleum Company can only restore dividend-paying capacity by augmenting crude production and refining throughout, said Mr Lionel Holland. Mr Williamson, of Anglo-Ecuadorian Oilfields, said that the most striking feature of the year's operations was that production had been maintained in spite of a reduced drilling programme and a decrease in the footage drilled. Mr John Howeson, of Kamunting Tin Dredging Company, said that in spite of drastically curtailed output, the balance to profit and loss was by a substantial margin the highest in the company's history. The speeches of the Hon. Alexander Shaw at the P. & O. meeting and of Mr H. L. M. Tritton at the meeting of Barclays Bank (D.C. & O.) are referred to in Notes on pages 1211 and 1209 respectively. The chairman of New Zealand Loan and Mercantile Agency reported that profits were lower than last year owing to the heavy drop in the price of wool and other commodities in which the company was interested. Lord Lurgan, at the meeting of London and Rhodesian Mining and Land Company, said that the company had done considerably better than in the previous year from revenue of a recurring nature.

THE WEEK IN THE MARKETS

THE LONDON STOCK EXCHANGE

SETTLING DAYS

TICKET
DECEMBER 17

ACCOUNT
DECEMBER 19

"PEACE" in the air has meant little to the Stock Exchange this week. Like the members of another House, dealers showed more surprise than relief on the publication of plans which, despite their individual differences, suggested the query whether sanctions were necessary to secure such good terms for aggression. In the well-founded belief that the terms would meet with opposition in Geneva, the Stock Exchange rightly held its hand is discounting a "peace" recovery. There were, in addition, some advance signs of the seasonal falling off in business, as the end of the last account of the year approached. Coupled with outside distractions, such as the latest hint from Dr. Schacht, and the extraordinary situation created in the silver market by

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THE BRANDY WITH A PEDIGREE

the American authorities' refusal to play their hand in the new deal for silver, the week's news set a rather dull tone in many parts of the "House."

Gilt-edged stocks opened the week in dull mood, and after a modest recovery on Tuesday remained quietly firm during the rest of the week. Business was certainly sub-normal, and prices of the leading stocks changed little after Tuesday's close. New Zealand issues, in the Dominion list, recovered a further part of their recent losses.

In the foreign bond market, German issues were very unsettled following Dr. Schacht's week-end statement that the debt service presented increasing difficulty, even at the present attenuated rates. Suspecting smoke before the fire, holders of German issues promptly sold, and the market was in a weak state until Thursday's partial improvement reversed the trend. The Far Eastern issues continued their recent improvement, although some uneasiness developed among Chinese issues on unauthenticated rumours that Customs collections were meeting interference in some centres. The delay in meeting the Montevideo coupon affected Uruguayan bonds, and the whole of the South American market wore an uneasy appearance.

In the home rail market, initial dealings were subdued by a fair amount of profit-taking, particularly in Southern issues, which enjoyed useful rises last week. The suggestion that the rating decision might be delayed until the New Year brought further disappointment in the train of traffic figures which the market refused to acknowledge as reasonably satisfactory. The market was particularly cheerless on Wednesday for these reasons, and prices of all stocks, from prior charges to the most depressed junior issues, were affected.

The foreign rail market continued lifeless, and was further troubled by indifferent traffics. Quotations, which had previously been maintained, were unable to resist the gloomy atmosphere, and falls of up to a point were recorded.

Turnover in the industrial markets tended to fall away as the week proceeded. In some directions the week opened well, with good support for International Nickel, but the general appearance of irregularity in most markets accurately portended the course of the week's dealings. Aviation and motor issues opened more actively, but interest was not fully maintained. Crompton Parkinson, after their recent spectacular rise, fluctuated considerably, as profit-takers alternated with new speculative purchasers. Movements in other equipment shares were small and usually irregular.

Iron and steel shares displayed no consistent purpose, despite the Sheffield production figures. There were some small improvements in Tuesday's list, but most of them were lost in the quiet reaction which set in later. The Baldwins statement (see page 1214) caused some disappointment, and the ordinary shares fell to 8s. 3d. Brewery shares were inclined to ease, despite a little selective purchasing of a local character. Tobacco shares, broadly, received modest but faithful support, and the Tobacco Trust issues again recovered following the chairman's speech, discussed on page 1214. Some store shares attracted attention in midweek, and in the provision group Cerebos improved on share-splitting rumours.

Among the miscellaneous leaders, business was distinctly selective, and usually related to individual prospects. Murex provided one good feature early in the week, and some of the building issues, including the metal window concerns (on reports of a working arrangement) also improved before the mid-week recession. Many of the leading issues which were to the fore last week succumbed to profit-taking. In the bank share list, Hongkong and Shanghai recovered slightly and withstood mid-week profit-taking.

Oil shares attracted little attention throughout the week,

although there were some improvements on Thursday, when Apex rose on the report of favourable developments in the South-West area. Price changes were commonly small among the leaders in each direction.

The rubber and tea share markets gave an indifferent performance. The considerable fall in Dutch native shipments gave only negative support, for it assisted the day's moderate selling orders without prompting any advance. Interest in tea shares disappeared, and while sales of the leading shares were readily effected, there was no support from the public.

The main topics in the mining markets were December dividends and silver. The former, set out on page 1216, provided no excitement for a rather lifeless Kafir market, for most expectations were realised, and there were no "bumper" distributions from excess taxation refunds. The base metal group suffered from the open break in the silver market on the withdrawal of American support, described on page 1208, Burma Corporation being affected most severely. Movements in the West African and Australian markets showed no enthusiasm, but tin shares made a modest response to higher dividends, referred to on page 1216. De Beers preference issues made further sharp advances in anticipation of a revised scheme, but Rhodesian copper issues were considerably quieter.

"FINANCIAL NEWS" DAILY BARGAIN INDEX
(Approximate number of Bargains recorded in Stock Exchange Lists)

	Week to Dec. 6, 1935	Dec. 5, 1935	Dec. 6, 1935	Dec. 9, 1935	Dec. 10, 1935	Dec. 11, 1935	Dec. 12, 1935
Government and Municipal Loans	6,365	1,254	1,133	1,383	1,066	1,011	972
Transport, Communications, and Public Utilities	5,524	1,129	1,026	1,291	993	751	985
Commercial and Industrial*	24,088	4,789	5,175	6,142	4,529	4,377	4,429
Banks, Insurance and Financial	3,146	605	618	733	586	506	570
Mines (including Nitrate)	5,835	1,162	1,184	1,484	1,212	1,146	1,217
Oil	1,046	215	180	204	150	139	180
Rubber, Tea and Coffee	1,157	231	197	258	242	197	314
Total	47,161	9,385	9,513	11,495	8,778	8,127	8,667
Corresponding day in 1934	...	8,646	9,088	10,805	8,939	8,944	9,240

* Including Iron and Steel and Breweries.

REVISED "FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (July 1, 1935 = 100)

Highest of 1935 (Dec. 10)	Lowest of 1935 (Mar. 27)	Dec. 5, 1935	Dec. 6, 1935	Dec. 9, 1935	Dec. 10, 1935	Dec. 11, 1935	Dec. 12, 1935
105.9	87.4	105.8	105.9	105.9	105.9	105.7	105.4

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS. (1928 = 100)

Highest of 1935 (Feb. 1)	Lowest of 1935 (Oct. 3)	Dec. 5, 1935	Dec. 6, 1935	Dec. 9, 1935	Dec. 10, 1935	Dec. 11, 1935	Dec. 12, 1935
141.0	131.9	137.3	137.2	137.3	137.2	137.3	137.4

We understand that it has been decided that the Stock Exchange shall reopen for business on Friday, December 27th.

FOREIGN STOCK EXCHANGES NEW YORK

THE features of the week on Wall Street have been the continuing influence of European politics, the unshakable indices of improving business conditions and the temporary effect of the Treasury's changed silver policy. Last week closed with a marked recovery after two days of irregular movements. This week opened with renewed uncertainty, and the Treasury's refusal to maintain high bids for the large volume of silver offered precipitated a further decline. On Wednesday the market decided to put away evil thoughts, and there was general improvement in prices, particularly for steel, building and utility stocks. And the news from Europe gave further encouragement, since peace appears to be a bull point; no matter what price is paid for it. It is generally considered that the market is all set for

another substantial rise. Interest on the bond market has been concentrated on speculative rail bonds, and on Italians. *Iron Age* reports a further increase in iron and steel output and a rise in steel prices; demand from the automobile industry is maintained, and there are rapidly improving prospects for increased demand from the railroad and utility industries. Principal utility holding companies have refused to register by December 1st, and are urging a rapid decision on suitable test cases; this the President wishes at all costs to postpone until after the election.

	Dec. 4, 1935	Dec. 11, 1935	Dec. 11, 1935	Dec. 11, 1935	Dec. 11, 1935	Dec. 11, 1935
U.S. 2½% Treas. Bds. 1945-47	100½	100½	102½	102½	102½	102½
Atchafalpa	58	57½	58½	58½	58½	58½
Erle	13½	12½	12½	12½	12½	12½
Illinois Central	22	20½	21½	21½	21½	21½
N.Y. Central	28½	28½	28½	28½	28½	28½
Pennsylvania	32½	31½	31½	31½	31½	31½
Southern Pacific	25	23½	24½	24½	24½	24½
Southern Ry.	15	14½	14½	14½	14½	14½
Union Pacific	110½	108½	110½	110½	110½	110½
Am. Can.	139½	135½	137½	137½	137½	137½
Amer. Smelting	62	58½	59½	59½	59½	59½
Anaconda	27½	28½	28½	28½	28½	28½
Bethlehem Steel	48	47½	48½	48½	48½	48½
Chrysler Motor	83½	86½	87½	87½	87½	87½
Corn Products Rf.	69½	69	70½	70½	70½	70½
Eastman Kodak	161½	158	160½	160½	160½	160½
Gen. Electric	38½	36½	37½	37½	37½	37½
Gen. Motors	55½	56	56½	56½	56½	56½
Int. Harvester	61½	61½	62½	62½	62½	62½
Mont. Ward	38½	40½	40½	40½	40½	40½
Natl. Biscuit	33½	34½	34½	34½	34½	34½
Phelps Dodge	27	27	27	27	27	27
Pullman	38½	38½	38½	38½	38½	38½
Sears Roebuck	67½	67½	67½	67½	67½	67½
Un. Fruit	68½	65½	66½	66½	66½	66½
U.S. Leather	9½	8½	8½	8½	8½	8½
U.S. Rubber	15½	15	15½	15½	15½	15½
U.S. Steel	48½	47	47½	47½	47½	47½
Westinghouse	93½	91½	92½	92½	92½	92½
Woolworth	56½	55½	56½	56½	56½	56½
Am. Tel. and Tlg.	158	158½	161½	161½	161½	161½
Interboro R.T.	171	161	161	161	161	161
Int. Tel. Tel.	12½	13	13½	13½	13½	13½
Utilities P. & L.	3	3	3	3	3	3
W. Union Tlg.	72	73	74½	74½	74½	74½
Shell	38½	38½	38½	38½	38½	38½
Shell Union	15	15	15	15	15	15
Std. California	37½	37½	38½	38½	38½	38½
Do. N.J.	49	48½	49½	49½	49½	49½

† Calculated at \$4.92½ to £.

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

	1934	1935	1935	1935	1935	1935	1935
	Lowest Sept. 19	Highest Feb. 21	Lowest Mar. 20	Highest Dec. 4	Beginning of Year 1935	Nov. 27, 1935	Dec. 4, 1935
351 Industrials	74.3	90.5	74.5	110.0	83.1	108.7	109.7
33 Rails	34.0	51.4	27.4	43.0	35.6	41.9	41.9
37 Utilities	55.2	83.4	52.2	92.9	57.9	92.5	92.9
Total, 421 Stocks	65.6	82.1	63.1	95.9	71.0	95.1	95.9
Average yield of 50 Industrial Common Stocks	2.78%	3.90%	3.02%	4.06%	3.62%	3.16%	3.22%

† December 26th. (f) March 13th. ‡ February 7th. (v) November 13th. (s) September 12th. (w) November 20th. (d) December 17th.

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

Highest of 1935 (Nov. 19)	Lowest of 1935 (Mar. 15)	Dec. 4, 1935	Dec. 5, 1935	Dec. 6, 1935	Dec. 7, 1935	Dec. 9, 1935	Dec. 10, 1935	Dec. 11, 1935
127.9	78.6	124.8	124.5	124.1	125.3	125.7	123.6	124.1

TOTAL DEALINGS IN NEW YORK

	Dec. 5, 1935	Dec. 6, 1935	Dec. 7, 1935*	Dec. 9, 1935	Dec. 10, 1935	Dec. 11, 1935
Stock Exchange—Shares (Thous.)	2,260	2,370	1,320	2,510	2,340	2,130
Bonds (Value Thous. \$)	16,300	13,040	7,600	14,070	15,320	14,170
Curb—Shares (Thous.)	419	510	307	528	520	499

* Two hour Session.

PARIS

M. Laval's success in the Chamber last Friday encouraged all sections of the market, and there were gains of 2 points in rentes and substantial improvement in banking issues. On Saturday the prospect seemed less favourable, and rentes lost ground in a general profit-taking. This week opened with renewed uneasiness, which was overcome as the Laval-Hoare deal became known and its prospects of success exaggerated. But in midweek the rising tide of world protest put the Bourse back in despondency and prices slipped downward. International issues were firmer, with the prominent exception of Suez Canal shares, although there was considerable uneasiness about the American silver policy and the prospects of a new German moratorium.

	Dec. 4, 1935	Dec. 9, 1935	Dec. 11, 1935	Dec. 4, 1935	Dec. 9, 1935	Dec. 11, 1935
Banque de France	9,100	9,105	9,330	9,100	9,105	9,330
Credit Lyonnais	1,632	1,652	1,663	1,632	1,652	1,663
Suez Canal	18,450	18,360	18,130	18,450	18,360	18,130
Chargeurs Réunis	206	226	233	206	226	233
Rio Tinto	1,495	1,489	1,485	1,495	1,489	1,485
Royal Dutch	21,060	21,860	21,740	21,060	21,860	21,740
Wagons Lits	434	424	424	434	424	424
Mexican Eagle	24½	24	22½	24½	24	22½
"Chartered"	95½	94½	94½	95½	94½	94½
Ford	54	54	52	54	54	52
De Beers	509	500	49	509	500	49
"Johannes"	296	294	294	296	294	294

BERLIN

Last week's share quotations fluctuated in general within narrow limits. Steels, engineering, and breweries were rather weaker, Engelhardt Brewery losing ten points; but paper-pulp shares and electric cables advanced. Banks were little changed. In the bond market Mexican issues improved and intermittent buying of Austrian and Hungarian bonds was reported. Reichsmark loans were steady, and certificated dollar issues made a further advance. The new week opened with a decline in shares; but on Tuesday afternoon a slight recovery occurred, and certificated dollar bonds, in particular Prussians, again rose. The Bourse turned irregular on Wednesday, Siemens and Schuckert falling considerably.

	Dec. 4, 1935	Dec. 9, 1935	Dec. 11, 1935	Dec. 4, 1935	Dec. 9, 1935	Dec. 11, 1935
Reichsbank	179.10	175.50	175.00	179.10	175.50	175.00
D.D. Bank	83.75	83.50	83.00	83.75	83.50	83.00
Dresdner	84.00	84.00	83.50	84.00	84.00	83.50
I.G. Farben-	149.90	147.25	147.25	149.90	147.25	147.25
industrie	16.60	16.50	16.60	16.60	16.50	16.60
Lloyd (New)	16.60	16.50	16.60	16.60	16.50	16.60
A. E. G.	36.25	35.50	35.40	36.25	35.50	35.40
Siemens and Halske	170.50	166.00	164.00	170.50	166.00	164.00
A. K. U.	50.60	53.90	53.00	50.60	53.90	53.00
Hamburg-Amer.	15.25	15.10	15.10	15.25	15.10	15.10
("Hapag New")	15.25	15.10	15.10	15.25	15.10	15.10

AMSTERDAM

The tone of the Stock Exchange has been relatively dull throughout the week, and there was little activity except in the American section, which followed the fluctuations of Wall Street. There was a slight improvement at the opening of the week in Royal Dutch and in rubber issues, but prices fell back again later. In midweek there was a pronounced reaction under the influence of the silver difficulties, and Philips Lamps fell three points.

	Dec. 4, 1935	Dec. 9, 1935	Dec. 11, 1935	Dec. 4, 1935	Dec. 9, 1935	Dec. 11, 1935
2½% Dutch Loan	73	74½	74	73	74½	74
5½% German	22	21½	21½	22	21½	21½
Unilever N.V.	105	100½	99½	105	100½	99½
Philips Lamps	232½	234	234½	232½	234	234½
Netherlands Ship Union	45	44½	44½	45	44½	44½
Steel Common	28½	28½	27½	28½	28½	27½
A. K. U.	26½	21½	26½	26½	21½	26½
Ford Motor	244½	249	249	244½	249	249
Dei. Batavia Tob.	172	171	175	172	171	175
Royal Dutch	212½	211½	209½	212½	211½	209½
Handels Ams.	229½	224	224½	229½	224	224½

CAPITAL ISSUES

THE turnover in the new issue market this week has again been appreciable, although the largest operation on behalf of the *Ceylon Government* is a conversion operation involving no new money. The new 3 per cent. issue carries a maximum life of nearly 29 years, and will effect a considerable saving of interest, for it replaces a 6 per cent. issue made in the hard times of 1921. The terms are reasonable, and the security is enhanced by the Colony's economic recovery during the last two years. The *Essex County* stock is issued on terms only slightly dissimilar from those of the recent Brighton issue, which was accorded a dutiful rather than an enthusiastic reception. A yield fractionally under 3 per cent.—even on a county stock—accompanied by a 30-year maximum life at a time when interest rates seem more likely to rise than to fall further may represent the market's *maximum sensible*. An offer of *Southhook Potteries* shares, the 5½ per cent. preference at par and the 5s. ordinary shares at 40 per cent. premium, suggests that the company has been reasonably capitalised on the basis of recent profits, which have shown a striking increase during the last three years. Nearly one-third of the net assets acquired consists of stock, as certified by the company's officials. The issue of the ordinary shares at a substantial premium, however, raises the question whether such indirect payment to the vendors for goodwill is not more appropriately raised in the company's own books, and written down as necessary. Subject to this goodwill component, the ordinary shares may carry good prospects, and the issue appears under good auspices. The service of the 4½ per cent. debenture stock of *Somerset Collieries* is reasonably covered by net profits during the last six years, and the coal-bearing areas have an estimated life of 200 years, compared with the 31-year life of the stock. The businesses acquired have been under the same management for some years, and the stock, although giving a high yield, may be regarded as a satisfactory smaller colliery debenture. The mixed issue of debenture stock and preference shares by *Penmount Estates* follows the usual form of residential property issues. The properties have been valued inclusive of certain repairs and decorations to be carried out

at the vendor's expense. Both issues, which are small, have limited attraction for the general investor. Among the week's "introductions" is included *Bridgewater Corporation*, a non-trustee borrower which has raised the maximum of £250,000 under this method in 3 per cent. stock, 1955, at 98½ per cent. An established dye manufacturing company, *L. B. Holliday and Company*, has published particulars of a 4½ per cent. debenture stock placing, which is well secured by recent net profits. Other statements have been published by *Glacier Metal Company*, a bearings metal producer with a rising earnings trend, and *Peruvian Associated Gold Mines*, which has been formed to develop properties on which certain veins have been exposed.

ISSUES OF THE WEEK

By Prospectus or Offer for Sale

Amount previously recorded, Jan. 1 to Dec. 7, 1935, including conversions, £569,304,867
Amount previously recorded, Jan. 1 to Dec. 7, 1935, excluding conversions, £195,460,499

National Savings Certificates.
Net receipts, Week ended December 7, 1935, Nil.

	Nominal Capital	Conversions	New Money	First Payment	Further Liability
To the Public	£	£	£	£	£
Two British Loans (s)	...	...	...	...	...
Ceylon Govt. 3% Ins. Stk., 1959-64, £4,500,000 at par (to repay £2,512,983 8%) Ins. Stk., 1936-51)	4,500,000	4,500,000	...	225,000	4,275,000
Essex County, £1,250,000 3% Stk., 1955-65, at 101%	1,250,000	...	1,262,500	62,500	1,200,000
Penmount Estates, £100,000 5%	100,000	...	100,000	5,000	95,000
Do. 60,000 5½% Cum. Pref. £1 at par	60,000	...	60,000	7,500	52,500
Somerset Collieries, £300,000 4½%	300,000	...	291,000	30,000	261,000
1st Mt. Deb. Stk. at 97%	...	...	...	...	...
Southhook Potteries, 100,000 5½%	100,000	...	100,000	25,000	75,000
Cum. Pref. £1 at par	95,000	...	133,000	38,000	95,000
Do. 380,000 Ord. 5/- at 7/-	...	...	...	...	...
Total	6,405,000	29,500,000	35,946,500	393,000	6,053,500

(s) In our table on page 1170, December 7th issue, we showed £44,000,000 for repayment of 3 per cent. Treasury bonds on April 15, 1935. Actually, as £34,000,000 of this total was repaid out of Sinking Fund money, the net figure was only £10,000,000 and the balance has been deducted accordingly from our conversion total and added to our new money total

LONDON ACTIVE SECURITY PRICES AND YIELDS

NOTE—Shares with a New York Quotation or with definite American interest are distinguished by italics

In calculating yields on fixed interest stocks quoted below allowance is made for interest accrued since the last date of payment, less income tax at the standard rate. Where stocks are definitely redeemable at a certain date the yield includes any profit or loss on redemption, where stocks are redeemable at or before a certain date the final date of repayment is taken when the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated by reference to the latest dividends, account being taken of any enhancement or reduction of interim dividends. Allowance is made for accrued dividends in calculating the yield on "cum. div." shares.

Prices, Year 1934				Prices, Year 1935 Jan 1 to Dec. 11, inclusive				Name of Security	Price, Dec. 4, 1935	Price, Dec. 11, 1935	Rise or Fall	Yield, Dec. 11, 1935	Prices, Year 1935 Jan 1 to Dec. 11, inclusive		Last Two Half-yearly Dividends		Name of Security	Price, Dec. 4, 1935	Price, Dec. 11, 1935	Rise or Fall	Yield, Dec. 11, 1935	
High	Low	High	Low	High	Low	(a)	(b)						(c)	(a)	(b)	(c)						
est	est	est	est	est	est	%	%						%	%	%	%						%
British Funds																						
994	794	944	80	Consols 2½	86½	86½	+	2 17 8	44½	dis	7½	dis	Nil	Nil	Nil	Nil	Anglo S. A 10 £5 pd.	64	dis	6x	+	Nil
120	109	118	109	Do. 4½ Red. at par	116	116	0	3 0 0	79	3	6	50	Nil	Nil	Nil	Nil	American B 1 1 y. pd.	47	47	47	+	3 18 0
1021	921	1031	971	or after Feb. 1957 (n)	102	102	0	2 12 6	381	381	381	0	50	50	50	50	Bank of N. Zealand £1	42/6	42/6	42/6	+	3 5 0
1061	971	1071	1001	Conversion 2½ 1944-49	102	102	0	2 12 6	78	101	71	70	78	78	78	78	British Overseas Stk.	3701	3701	3701	+	3 11 0
1111	1011	1121	1041	Do. 3½ 1948 53	108	107	+	3 2 0	433	34/10	23	23	43	43	43	43	Barclay B. (£1)	78	78	78	+	3 11 0
1161	1061	1171	1081	Do. 3½ 1944-44	111	111	0	2 3 0	9	8	4	4	4	4	4	4	Barcl. (Dom. &c.) A 1	41/6	41/6	41/6	+	2 11 9
1211	1111	1221	1121	Do. 5½ 1944-44	121	120	+	2 10 0	411	30	8	8	8	8	8	8	Bk. of Australasia (£5)	91	91	91	+	4 3 0
1261	1161	1271	1171	Funding 3½ 1959-69	103	103	0	2 16 6	281	22	5	5	5	5	5	5	Bk. of Montreal (\$100)	371	371	371	+	4 5 0
1311	1211	1321	1221	Funding 4½ 1960-80	117	117	0	2 16 6	84	84	84	84	84	84	84	84	Bk. of N.S. Wales (£20)	251	251	251	+	3 1 6
1361	1261	1371	1271	3 Treasury Bonds 33-42	101	101	0	2 16 0	14	14	14	14	14	14	14	14	British Overseas A 5	87/6	85/-	85/-	-	2 1 6
1411	1311	1421	1321	Victory Bonds 4½	101	101	0	3 9 0	144	116	24	24	24	24	24	24	Chtd. of India (£5)	10	10	10	+	3 2 0
1461	1361	1471	1371	Wart. 3½ at 1959 (p)	106	106	+	3 0 6	86	3	6	6	6	6	6	6	Comcl. Bk. of Amer. 10/-	85/-	83/-	83/-	-	3 17 6
1511	1411	1521	1421	Local Loans 3½	96	96	0	3 2 6	53	53	53	53	53	53	53	53	District A 5, £1 pd.	85/-	83/-	83/-	-	3 17 6
1561	1461	1571	1471	Austria 3½ 1933-53	103	103	0	2 15 9	92	73	11	11	11	11	11	11	Do. B 1 fully pd.	53/9	53/9	53/9	+	3 14 5
1611	1511	1621	1521	India 2½	76	76	0	3 5 9	11	11	11	11	11	11	11	11	Eng. Stk. & Aust. £5, £3 pd	86/3	85/-	85/-	-	3 9 0
1661	1561	1671	1571	Do. 3½	87	87	0	3 5 9	11	11	11	11	11	11	11	11	Hambros 10, £2 pd	10	10	10	+	4 5 0
1711	1611	1721	1621	Do. 3½	87	87	0	3 11 10	63	57	6	6	6	6	6	6	Hong. and S. (£125)	2951	296	296	+	5 14 0
1761	1661	1771	1671	Do. 4½ 1954 A (1947)	97	97	0	3 9 7	84	87	8	8	8	8	8	8	Joyds £5, with £1 pd.	62	62	62	+	4 0 0
1811	1711	1821	1721	Dom. & Colonial Govts.	107	107	0	3 6 3	84	87	8	8	8	8	8	8	Martins (£20, £2 pd)	93	93	93	+	3 7 4
1861	1761	1871	1771	Australia 5½ 1945-75	111	111	0	3 13 3	45	40	9	9	9	9	9	9	Midland £1, fully pd.	93/6	95/-	95/-	+	3 7 4
1911	1811	1921	1821	Canada 4½ 1940-60	104	104	0	3 6 0	13	13	13	13	13	13	13	13	Nat. of Egypt £10	41	41	41	+	3 12 6
1961	1861	1971	1871	Gold Coast 4½ 1956	114	114	0	3 10 9	49	49	49	49	49	49	49	49	Nat. of India £25, £12 pd	43	43	43	+	5 2 6
2011	1911	2021	1921	Nigeria 5½ 1950-80	120	121	+	3 8 0	15	15	15	15	15	15	15	15	Nat. Prov. £25, £12 pd	15	15	15	+	3 17 6
2061	1961	2071	1971	N. Zealand 5½ 1948	109	109	0	3 18 3	85	85	85	85	85	85	85	85	Reed & Co. £100	480	489	489	+	3 9 0
2111	2011	2121	2021	Queensland 5½ 40-60	107	107	0	3 10 0	9	9	9	9	9	9	9	9	St. of S. Afr. £20	151	151	151	+	3 14 0
2161	2061	2171	2071	S. Africa 5½ 1945-75	115	115	0	3 4 5	92	79	10	10	10	10	10	10	Westminster £4, £1 pd.	93/6	94/-	94/-	+	3 9 0
Foreign Governments																						
4011	80	1011	98	Argentina 4½ Resc. 1952	101	101	+	4 0 0	131	11	11	11	11	11	11	11	Alexanders £2, £1 pd.	88/9	88/9	88/9	+	4 5 0
95	891	1011	82	Austria 7½	90	91	+	8 0 0	12	12	12	12	12	12	12	12	National A £24 fly pd.	61	61	61	+	3 18 5
95	891	1011	82	Do. 4½ 1934-58	86	87	+	5 10 0	32	27	50	50	50	50	50	50	Union £5, £21 pd.	131	131	131	+	4 7 0
95	891	1011	82	B. Aires (Prov.) 3½	61	60	+	5 15 6	32	27	50	50	50	50	50	50	Alliance £1, fully pd.	311	321	321	+	2 16 3
4141	108	112	106	Belgian 7½, red. by 1956	109	109	0	1 5 8	14	14	14	14	14	14	14	14	Atlas £5, £12 pd.	151	151	151	+	2 12 0
90	19	20	14	Bulgaria 7½, Loan	141	141	0	17 4 9	12	12	12	12	12	12	12	12	Com. Un. £1, fully pd.	101	101	101	+	3 15 0
91	721	84	48	Brazil 5½ Fund. 1914	61	61	+	7 15 0	35	35	35	35	35	35	35	35	Com. Un. £5, £12 pd.	251	251	251	+	3 5 0
90	16	23	14	Chili 6½ (1929)	73	73	0	6 18 0	51	41	25	25	25	25	25	25	Lon. & Acad. £5, £12 pd.	35	35	35	+	2 16 0
86	80	91	7	China 5½ (1912)	90	90	0	5 13 0	12	12	12	12	12	12	12	12	N. Brit. & Merc. £5, £12 pd.	80	80	80	+	3 12 0
1101	1011	1111	1011	Do. 5½ (1913)	102	103	+	7 14 0	23	18	40	40	40	40	40	40	Northern £10, £1 pd.	21	21	21	+	3 12 0
1101	1011	1111	1011	Czechoslovakia 8½	102	103	+	7 14 0	23	18	40	40	40	40	40	40	Pearl £1, fully pd.	23	23	23	+	2 1 0
99	82	103	93	Danish 3½	98	98	0	3 0 0	17	15	30	30	30	30	30	30	Phoenix £1, fully pd.	17	17	17	+	3 8 0
99	82	103	93	Danzig 6½	68	70	+	9 5 9	3	11	11	11	11	11	11	11	Prudential £1 A	37	37	37	+	2 8 0
1111	1011	109	98	Egypt Unified 4½	104	104	0	4 10 0	1	1	1	1	1	1	1	1	Do. £1, with 4s. paid	112/6	113/9	113/9	+	1 3 0
28	22	30	22	French 4½ (British)	25	26	+	4 10 0	1	1	1	1	1	1	1	1	Royal Ind. £100 (£1)	104	104	104	+	2 18 0
95	46	78	56	German 7½ (Young Ln.)	42	43	+	14 2 0	5	4	8	8	8	8	8	8	Royal £1, 10s. paid	94	94	94	+	3 8 0
86	80	87	26	Greek 6½ Stab. Ln.	32	32	0	4 1 4	1	1	1	1	1	1	1	1	Sun. Insur. £1 fully pd.	4	4	4	+	2 13 6
94	37	45	31	Do. 7½ Refugee	40	40	0	6 5 0	20	18	130	130	130	130	130	130	Life Assur. £1 fy pd	71	71	71	+	2 0 6
46	39	51	38	Hungary 7½	41	40	-	9 5 0	6	6	6	6	6	6	6	6	Yorkshire £1, fully pd.	20	20	20	+	2 6 0
86	76	91	78	Japanese 5½ 1938-65	89	89	0	6 5 0	257	243	61	61	61	61	61	61	Investment Trusts	250	255	255	+	3 18 6
95	84	97	85	Do. 6½ (1924) red. 1925	95	96	+	6 7 0	54	45	14	14	14	14	14	14	Anglo-Celtic Ord.	52	52	52	+	2 13 5
139	88	142	112	Norway 4½ 1911	125	125	0	7 3 0	7	7	7	7	7	7	7	7	Atlas Electric, etc. £1	6	6	6	+	3 13 5
90	85	100	87	Peru 7½ 1922	45	45	0	7 19 0	17	17	17	17	17	17	17	17	Brit. Assets Trust 5/-	16/3	17/-	17/-	+	9d
90	84	100	87	Romania 4½ Com. 1922	10	10	0	24	22	6	6	6	6	6	6	6	Debenture Corp. Stk.	245	245	245	+	4 0 6
133	97	144	106	Swedish 3½ 1908	130	130	0	2 13 0	141	134	13	13	13	13	13	13	or Amer. etc. Def.	82	82	82	+	3 12 9
113	102	113	106	U.K. & Argentine 1951	112	112	0	4 13 0	280	215	61	61	61	61	61	61	Guardian Investment	141	141	141	+	3 17 9
81	54	84	75	Do. C Certs. (3½, Max.)	79	79	0	3 15 6	330	286	7	7	7	7	7	7	Indus. and Gen. Invest.	322	322	322	+	3 15 1
Corporation Stocks																						
53	18	37	24	Berlin 6½ 1932-57	26	26	0	258	226	6	6	6	6	6	6	6	Invest. Trust Def.	322	322	322	+	3 15 1
120	114	120	114	B'ingham 5½ 1946-56	117	119	+	3 1 0	190	190	190	190	190	190	190	190	Lake View Invest. 10/-	15/9	15/9	15/9	+	4 1 0
122	115	122	115	Bristol 5½ 1948-58	119	119	0	3 1 0	309	260	4	4	4	4	4	4	Mercantile Investment	278	280	280	+	3 11 0
97	78	95	60	Do. 7½ 1955-58	78	80	+	8 15 0	10	4	Nil	Nil	Nil	Nil								

(Continued from page 1219)

PUBLIC OFFERS

Essex County Council.—Issue of £1,250,000 3 per cent. stock, 1955-65 at £101 per cent. Stock repayable at par on December 31, 1965, or from December 31, 1955, on three months' notice. Outstanding debt, £6,696,832, including £1,466,844 raised for housing advances. Proceeds to repay mortgages, £290,944, and balance for capital expenditure. Population 1,295,950. Assessable value, £8,803,521. General county rate, 4s. 6½d. in the £; special county rate, 4s. 3½d. in the £.

Somerset Collieries, Ltd.—Issue of £300,000 4½ per cent. first mortgage stock at £97 per cent. Redeemable at £103 per cent. on or before December 31, 1966, by cumulative 1½ per cent. sinking fund. Incorporated to acquire colliery businesses in Somerset. Assets valued at £596,562 acquired at par, £222,369 in cash and balance in £1 ordinary shares. Combined profits after £4,000 depreciation and amortisation: 1932, £49,640; 1933, £42,150; 1934, £44,046. Coal reserves sufficient for 200 years' production at present rate. Stock ranks as first charge. List closed 9.5 a.m. December 11th. Oversubscribed eight times.

Penmount Estates, Ltd.—Issue of £100,000 5 per cent. first mortgage debenture stock and 60,000 5½ per cent. cumulative £1 preference shares at par. Formed December 3, 1935, to acquire properties managed by chairman, including 76 per cent. controlled under Rent Restriction Acts. Estimated net income, after providing £574 for voids, and £2,600 for repairs, £16,569 per annum, and after £1,500 administration expenses and £1,000 sinking fund, £14,069. Assets valued at £207,360. Acquired for £196,300 payable £142,800 cash and £53,500 in ordinary shares. Debenture and stock redeemable at 102½ by December 31, 1975, and from 1945 on six months' notice.

OFFER FOR SALE

Southhook Potteries, Ltd.—Offers for sale of 100,000 5½ per cent. cumulative £1 preference at par and 380,000 5s. ordinary shares at 7s. per share. Acquires pottery business of similar name founded 1901 and patent rights at par for £176,182, of which £78,182 preference, £99,998 ordinary and £2,002 cash. Balance of capital issued for £25,820 cash, to repay liabilities of vendor. Assets include £7,000 patents, and stock £51,758. Profits, after £4,400 for depreciation, years to July 31: 1933, £10,325; 1934, £19,220; 1935, £21,701. Charterhouse Investment Trust subscribe 25,818 preference at par; 74,182 preference and 380,000 ordinary acquired indirectly for £146,156. Trust pays certain liabilities and expenses.

BY STOCK EXCHANGE INTRODUCTION

Bridgwater Corporation.—Issue of £250,000 3 per cent. stock purchased by Pember and Boyle at £98 12s. 6d. per cent., to replace existing loans (£97,665) and balance for other purposes. Repayable at par, December 15, 1955, or before, by purchase or agreement with holders. Population now estimated at 18,000. Rateable value, £100,269. Net debt outstanding, March 31, 1935, £402,701, of which £283,870 was for housing, £61,097 for reproductive undertakings, and £57,734 for other services.

The Glacier Metal Company, Ltd.—Share capital, 100,000 5½ per cent. cumulative £1 preference shares and 600,000 5s. ordinary shares. Acquires assets of The Glacier Anti-Friction Company, valued at £219,069. Manufacturers of anti-friction metals, founded in 1899. Profits, years ended February 28th, after depreciation: 1933, £28,508; 1934, £29,250; 1935, £33,309. 40,000 £1 preference shares are to be subscribed in cash at par, and 60,000 preference. 360,000 5s. ordinary shares each will be allotted by capitalisation of reserves, and profits for current financial year. The Kenterne Trust will purchase 100,000 preference shares at 19s. 9d. each, and 235,000 ordinary shares for a total of £75,000.

Peruvian Associated Gold Mines, Ltd.—Issued share capital, 678,040 5s. shares. Incorporated in England, November, 1911, as Retia Mining Power and Railway Company, to carry on mining business. Principal objects (a) equipment of its Parcoy Mines with electrical power, (b) to continue development, and increase the tonnage of existing ore reserves. Over 90 per cent. of the gold can be extracted by cyanide. Estimated annual profits with gold at 85s. per ounce milling 50 tons per day, containing 1 ounce gold per ton, £41,000. With gold at 120s. per ounce, £70,000. Total assets, December 31, 1934, £177,654, including £161,500 mining properties at cost. Profits: 1932, Dr. £1,922; 1933, £3,776; 1934, £248.

L. B. Holiday and Company, Ltd.—Particulars of £250,000 4½ per cent. first mortgage debenture stock, placed at 99 per cent., through Cazenove Akroyds and Greenwood and Company, to provide for repayment of bank advances, taxation

and additional working capital. Manufacturers of dyes for 100 years at Deighton, Huddersfield. Profits, after depreciation, years ended June 30: 1933, £27,622; 1934, £55,649; 1935, £53,978. Net assets (placing no value on goodwill), £317,874. Total assets, June 30, 1935, £556,832, including Goodwill, £60,000. Stock ranks as first charge, and redeemable finally in 1970, and at various premiums on three months notice.

BONUS ISSUE

Tube Investments.—Holders of ordinary stock and liaison ordinary shares registered on December 4th are entitled to an allotment of fully-paid bonus ordinary shares in the proportion of one new ordinary share of £1 for every £10 ordinary stock held.

ISSUES TO SHAREHOLDERS ONLY

British Tyre and Rubber.—100,000 ordinary shares of £1 are offered to ordinary shareholders registered on November 23rd at 36s. per share in the proportion of one new share for every eight ordinary shares held.

Cole (E. K.), Ltd.—Issue of 250,000 5½ per cent. first cumulative preference shares £1 to existing preferred and ordinary shareholders. At 20s. 6d. per share. Issue made for development purposes. Net assets, May 31, 1935, including proceeds of present issue, exceeded £788,000. Average annual profits for five years and four months to May 31, 1935, £123,176 after depreciation.

East London Rubber.—The unissued 20,000 5½ per cent. cumulative preference shares will be issued at 21s. per share and offered to existing preference shareholders in the proportion of one share for every nine shares registered on December 7th.

Paringa Mining and Exploration.—1,061,600 shares of 1s. are offered to shareholders registered at the close of business on December 2nd at 2s. 6d. per share (sterling), in the proportion of one new share for every two shares held.

Edinburgh and Dundee Company.—This company is issuing 43,200 ordinary shares of £1 at 31s. in the proportion of one new share for each £10 of ordinary stock now held.

Mashaba Rhodesian Asbestos Company.—The directors propose to issue 1,500,000 new shares at 1s. 3d. per share in proportion one new share for each two held on November 30th. With the proceeds of the issue, the purchase of new properties will be completed, and the balance will be utilised for development and the general purposes of the company.

Southern United Investment.—Issue of 10,000 £1 shares to existing shareholders at par. The list will close on December 18th.

Alvis Car and Engineering Company, Ltd.—Issue of 720,000 ordinary shares of 5s. each at the price of 8s. per share. Messrs Ian Anderson and Nairn, of 1 Throgmorton Street, E.C.2, have underwritten this issue for a commission of 1½ per cent. on the issue price and a fee of 2,500 guineas in consideration of this underwriting and other services. List closes December 21st.

Booker Brothers McConnell.—This company is issuing 25,000 new ordinary shares of £1 at par to ordinary shareholders. Registered December 10th.

Enfield Rolling Mills.—In order to finance the purchase of London Zinc Mills and extend the business generally, the directors of Enfield Rolling Mills propose to issue at 20s. 6d. a further 140,000 shares to shareholders in the proportion of one for each three at present held. The issue has been underwritten.

CONVERSIONS AND REPAYMENTS

Government of Ceylon.—Offer of £4,500,000 3 per cent. inscribed stock, 1959-64 to holders of 6 per cent. stock, 1936-51 (of which £6,212,993 is outstanding) at par; cash subscriptions also invited to make up £4,500,000. Public debt, £14,181,769; accumulated sinking funds, £5,296,987. Revenue: 1932-33, Rs. 106,090,728; 1933-34, Rs. 104,100,361; expenditure, 1932-33, Rs. 92,698,229; 1933-34, Rs. 93,444,581. Loan repayable at par July 1, 1964, and on three months' notice from July 1, 1959. Cash lists were closed at noon, Dec. 9th.

Treasury Bonds 3 per Cent.—The numbers were announced, in a special supplement to *The London Gazette* on December 10th, of the £44,000,000 of 3 per cent. Treasury Bonds drawn on December 3rd for redemption at par on April 15, 1936.

Nuttall's Breweries.—Issue of £1,000,000 4½ per cent. mortgage debenture stock at par. This stock is offered to holders of the existing 6 per cent. debenture stock by way of exchange, and they are being offered a bonus of £7 on conversion or repayment.

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Amt. paid	Price, Dec. 4, 1935	Price, Dec. 11, 1935
African Railway Finance 2% Deb.	98½	23½	1¼-1½ dis	1¼-1½ dis
Atlas Cement South Africa 5% Deb.	100	50	1-1 pm	1-1 pm
Brighton 3% Deb.	101	26	1 dis-1½ pm	1 dis-1½ pm
Crown Flour 4½% Deb.	98	9	97-98	97-98
Dominion Reefs (S-)	5/-	2/-	par-3d pm	3d dis-3d pm
Earls Court Ord. S/-	5/-	4/-	6d dis-par	6d dis-par
Do. 5½% 2nd Deb.	100	60	7-5 dis	5-4 dis
Edmondson's Electricity 3½% Deb.	98½	20	1 dis-par	1-1½ dis
Funding 2½%	96½	5	1-1 pm	1-1 pm
India 3%, 1949-52	98	51	1-1 pm	1-1 pm
Int. Power Newfoundland 3% Deb.	97	5	3½-3½ pm	3½-3½ pm
London Electric Transport 2½% Deb.	97	47	par-1 pm	1 dis-par
Lowestoft 3%	98½	58½	1½-1½ pm	1½-1½ pm
Montague Burton Estates 4½% Deb.	101½	50	par-1 pm	1-1½ pm
Meunier Manufacturing S/-	101	6/-	par-3d pm	9d-3d dis
Do. do. 6% Pref. 10/-	101	7/6	1/9-2/3 pm	1/9-2/3 pm
Moss Gear Ord. S/-	6/6	4/-	2/-2/6 pm	1/4-1/10 pm
Do. 6% Pref. £1	20/6	10/-	1/3-1/9 pm	2/-2/6 pm
National Provincial Cinemas 6% Pref. £1	22/-	10/-	2/-2/6 pm	34-35½
Ottoman Hldg. 3% "A" Deb.	100	...	27½-28½	17-18
Do. 3% "B" Deb.	100	...	5/7½-6/1½	5/9-6/3
Phoenix Prince Gold S/-	5/-	5/-	30/6-31/6	31/-32/-
Short Box Ord. S/-	99	24	1 dis-1½ pm	1 dis-1½ pm
Southern Rhodesia 3%	99	24	par-3d pm	1½ dis-4½ dis
Sun Cycle Ord. 4/-	5/-	5/-	4 dis-par	7½-1½ dis
Sunderland 3%	99½	25	7½-4½ dis	1½-1½ dis
Tindals Gold 2/-	2/-	1/-	1/10-2/4	1/9-2/3
Treasury 1%	9	5	1 dis-1½ pm	1 dis-1½ pm
Trinidad 3% Stock	10½	45	1½ dis	1½-3d dis
United Kingdom Gas Ord. £1	22/-	7/3	6d dis-par	7½-1½ dis
Do. £1	21/-	4/-	1/7½-1/10½	1/9-2/3
Victors Stores 1/- Ord.	2/-	...	1/10½-2/4	1/9-2/3
Do. 6% Pref. Ord. 2/-	2/-	...	1 dis-1½ pm	1 dis-1½ pm
W. Lon. Prop. 4% Deb.	100	75	1 dis-1½ pm	1 dis-1½ pm

Northern American Trust Company.—The directors are issuing £203,122 3 per cent. debenture stock, 1965-75, at 90. Holders of £200,000 terminable debentures have the right to convert into the 3 per cent. stock on the basis of £100 of new for each £100 of old stock now held.

Tyne-Tees Steam Shipping.—This company announces that on December 31, 1935, it will redeem the whole of its outstanding 4½ per cent. first mortgage debenture stock at 105 per cent.

Yates's Castle Brewery.—50,000 ordinary £1 shares are to be offered to shareholders at par in the proportion of one new share for every two held. The proceeds of the issue will be used to redeem the balance outstanding of 6 per cent. debentures, amounting to £53,450.

Allied Ironfounders.—The outstanding convertible debentures will be redeemed at par on January 1, 1936.

Salisbury (Southern Rhodesian) 4½ per Cent. Loan.—Numbers are announced of certain bonds of the Salisbury (Southern Rhodesia) 4½ per cent. municipal loan for £100,000 drawn for redemption on December 31, 1935.

FORTHCOMING ISSUES

Sears (J.) and Company, Ltd.—A meeting will be held on December 20th to consider a resolution providing for the creation of £2,000,000 of debenture stock. Holders of the company's £1,750,000 of 5 per cent. debenture stock are expected to be offered the right to convert into new 4 per cent. stock.

Twentieth Century Cinemas.—We understand that the issue of participating preference and ordinary shares by Twentieth Century Cinemas will be made before Christmas.

South African Druggists.—The subscription list will open on December 17th for an issue by South African Druggists of 400,000 5½ per cent. cumulative preference shares of £1 each at 21s. per share and 400,000 ordinary shares of 5s. each at 7s. per share.

Metropolitan Electric Supply Company.—The directors of the Metropolitan Electric Supply Company, Ltd., are considering the making of a large debenture issue early in the New Year. The amount involved is likely to be in the neighbourhood of £1,000,000, and it will probably bear interest at the rate of 3½ per cent. Part of the new money is required to repay existing temporary loans, the balance being devoted to new capital purposes.

Warner's Radio and Electric.—Underwriting arrangements are in hand for an issue of 6 per cent. cumulative preference shares of 10s. and ordinary shares of 1s. in Warner's Radio and Electric.

OTHER RESULTS OF ISSUES

Burmese Hydraulic Tin.—The lists for the issue at par of 300,000 ordinary shares of 5s. each closed at 9.5 a.m., December 6th.

National Provincial Cinemas.—The subscription list for the issue of 325,000 6 per cent. cumulative participating preference shares of £1 each at 22s. per share was closed at 9.5 a.m., December 6th. The issue was over-subscribed about 25 times.

Mentmore Manufacturing.—Subscription lists for the issue of 147,000 6 per cent. cumulative preference shares of 10s. each at par and 147,000 ordinary shares of 5s. each at 6s. per share were closed at 9.5 a.m., December 6th. The issue was over-subscribed.

Australian Internal Loan.—The £7,500,000 Australian internal loan has been fully subscribed.

CALLS DUE DECEMBER 16 TO DECEMBER 21, 1935

The grand total of calls in December 1935, is £16,128,124, which compares with £7,934,567 in December, 1934.

Nominal amount of Stock	Company	Amount of Call	When payable	Making Paid
Se. Stock	Earl's Court, 1,600,000 ordinary shares, at par.	1/- p.s.	Dec. 16	All
£1	Do., £400,000 5½% second deb. stock, at par ..	£40%	Dec. 16	All
Stock	Inch Kenneth Kajang Rubber, 12,500 shares, at 22½	17/6 p.s.	Dec. 16	All
£1	India Govt. 3% stock, 1948-52, £10,000,000, at 98½	£40%	Dec. 12	All
£1	Johnson and Phillips, 100,000 ord., at 40/-	20/- p.s.	Dec. 16	All
Stock	Lancashire Electric Light, 369,000 ord., at 30/-	10/- p.s.	Dec. 16	All
£1	London Electric Transport, £32,000,000 2½% guar. deb., 1950-55, at 197%	£15%	Dec. 19	£62%
5/-	Moss Gear, 560,000 ord., at 6/6	2/8 p.s.	Dec. 20	All
£1	Do., 130,000 6% cum. pref., at 20/6	10/6 p.s.	Dec. 20	All
1/-	Paringa Mining, 1,061,600 shares, at 2/6	1/- p.s.	Dec. 19	1/- p.s.
£1	Reed (Albert E.), 100,000 ord. shares, at 29/-	10/- p.s.	Dec. 17	10/- p.s.
£1	Rhonda Transport, 57,549 ord. shares, at 21/-	20/- p.s.	Dec. 20	All
£1	Southern United Investment, 10,000 shares, at par	5/- p.s.	Dec. 18	5/- p.s.
Stock	Sunderland Corporation 3% red. stock, 1955-58, £1,000,000, at £98½	£35%	Dec. 18	£60%

REPORTS AND NOTICES

Messrs Thomas Skinner and Company announce that *The Bankers' Almanac and Year Book*, 1935-36, will be published on December 23rd.

BANKS

MIDLAND BANK, LTD.—The directors of the Midland Bank, Ltd., have the pleasure to announce that they have elected Sir Francis L'Estrange Joseph, K.B.E., J.P., D.L., to a seat at their board.

MISCELLANEOUS

CABLE AND WIRELESS (HOLDING) LTD.—Cable and Wireless (Holding), Ltd., announces that the remaining legal formalities in connection with the reduction of the capital of the company have been completed, and payment of the amounts due in respect of assented stock will be made on and after December 22nd against delivery to the company of the assented stock receipts.

CARRERAS, LTD.—After writing off all charges including advertising, depreciation, directors' remuneration, etc., the net profit for year ended October 31, 1935, is £942,007, against £804,942 last year. The dividend on the ordinary, "A" ordinary and "B" ordinary shares is again brought up to 35 per cent., less tax, by a final distribution of 20 per cent., and in addition there is also a cash bonus of 5 per cent., less tax, making a total payment of 40 per cent. A sum of £100,000 is placed to contingencies fund, against nil, while tax requires £6,756 less at £43,017. After allocating £7,042 to employees' superannuation fund, the carry forward is £18,322 higher at £1,282,834.

MANBRE AND GARTON, LTD.—An increase of £27,274 in net profits in the year to September 30, 1935, to £330,486, is reported by Manbre and Garton. The ordinary dividend is raised by ¼ per cent., to 14 per cent., and deferred shareholders receive 68.8 per cent., against 65 per cent. The transfer to special reserve is halved at £5,000, and £2,000, against nil, goes to pensions reserve. After allowing £14,700 to write off debit balance of discount on the debenture stock, the carry-forward, subject to staff bonus, is £3,246 down at £198,169. Meeting at Incorporated Accountants' Hall, W.C.2, December 12th, at noon.

EBBW VALE STEEL IRON AND COAL COMPANY, LTD. (AGREEMENT WITH RICHARD THOMAS PASSED).—At the meeting on December 6th, resolution for sale agreement was, on being put to meeting, lost by a large majority. A poll was demanded, result being majority in favour of 1,936,699 votes, including proxies.

ARMSTRONG SIDDELEY DEVELOPMENT.—The Armstrong Siddeley Development Company reports a further substantial advance in profits during the year to September 30, 1935. The net balance, at £175,856, shows an increase of £24,723 on the previous year. After paying the preference dividend and maintaining the ordinary dividend at 10 per cent., the carry-forward is increased from £72,169 to £158,072. No further addition is made to the special reserve fund, which was last year raised to £350,000 by a transfer of £100,000.

COAST LINES SHARE DEAL.—The R.M. and E.D. Realisation Companies have sold 850,000 ordinary £1 shares in Coast Lines, Ltd., to "a strong group," with the intention of subsequent sale to the public. The purchasing group has the option to purchase a further 850,000 shares, and, if this option is exercised, these shares also will be distributed. The Coast Lines has declared an interim dividend, to be paid December 17th, of 2 per cent. on its ordinary shares, the first payment for many years. Dealings started on the 850,000 shares on December 6th at 18s. 9d. ex-dividend.

(Continued on page 1242)

COMPANY MEETINGS, &c.

THE BRITISH OVERSEAS BANK, LIMITED

REVIEW OF THE YEAR'S OPERATIONS

DIVIDEND MAINTAINED

LESSONS FROM ERRORS OF THE PAST

GOLD AND CREDIT

MR ARTHUR GAIRDNER ON MODERN TENDENCIES

The sixteenth annual general meeting of The British Overseas Bank, Limited, was held, on the 10th instant, at 33 Gracechurch Street, London, E.C.

Mr Arthur C. D. Gairdner, Chairman of the Bank, presided.

Apologies for absence were received from Sir Edgar Horne, Bt., and Mr R. T. Hindley, two of the Advisory Directors.

The Secretary, Mr A. E. Thorne, having read the notice convening the meeting and the report of the auditors,

The Chairman said: Ladies and Gentlemen, it is with deep regret that I have again to refer to the loss we have sustained in the death of a valued colleague. I speak of Mr Bernard Rollo, an original Director of the Bank—indeed, he was interested in its formation from the moment when the idea was first discussed. Mr Rollo was an outstanding personality in the City of London. Probably no one there was the recipient of so many personal confidences as our late colleague, and never did he fail to help in one way or another those who came to him. This trust he guarded with a fervour that was almost religious, and the faith in his discretion was absolute. His wide experience and the quiet vigour of his judgment made him invaluable as a colleague, while his generosity of mind and his deep understanding and sympathy make his loss an irreplaceable one to all who have known him.

To fill the vacancy the Board have appointed Mr T. F. Tallents, who, after a gallant military service, has had a varied business experience. We feel that his knowledge will be very useful to the Bank and that the shareholders will warmly adopt his election to the Board when it comes before the meeting for confirmation.

DIFFICULT CONDITIONS

In most respects the year we have just come through has been much the same as the preceding twelve months. Our own accounts have been smaller in volume than usual, but this does not apply to the number of transactions. In the case of acceptances, for instance, we issued some 20 per cent. more than during the previous year. No doubt the reduction in volume arises not only from the lower prices of commodities but from the restrictions and difficulties of trade which cause everyone to act with the greatest circumspection.

Uncertainty, intensified by the manner in which the gold *bloc* countries have reacted against those belonging to the sterling *bloc*, was again the dominant feature in the financial world. Expression of this movement is found in the crises which occurred in Belgium and Danzig, the currency values of both countries having been lowered. In the prevailing conditions of uncertainty, however, I do not feel that any purpose would be served by discussing present-day problems as they affect particular countries, but it might be useful if for a moment one turns to the past to see if our experience teaches any lesson by which mistakes can be avoided in the future.

MISTAKE OF THE WAR INDEMNITY

The first mistake which comes to mind is naturally the imposition of the huge war indemnity on Germany. It is now obvious that not only was this payment an impossible burden to redeem, but that the endeavour to do so upset the equilibrium not only of Germany, but of the whole World. The next grave error that most of us would think of was the attempt to settle inter-governmental indebtedness. This attempt added to the instability occasioned by the endeavour to redeem the war indemnity, to which I have already referred.

The disturbance of international finance caused by these two factors has been increased by an attitude of mind it is difficult to define, and I do not think it has received a name. What I mean is the widespread tendency to regard gold, and gold alone, as the basis of credit and to forget its real functions and limitations, with the result that some of the most dangerous inflationary tendencies

of the past few years have been indulged in by those who believe themselves to be the strictest exponents of financial orthodoxy.

GOLD RESERVES

Gold was originally the medium in which national, and for that matter individual, reserves were held, because for various reasons it was widely acceptable as a means of payment; and from the power it gave to settle indebtedness easily and promptly came confidence in the credit of the possessor, and hence ultimately the credit structure that has been built on it as a foundation. The credit structure, however, rests not on the gold reserve behind it but on confidence—confidence that the country is sound economically and financially, and that the Government can pay its way and balance its budgets. The possession of an adequate gold reserve, it is true, may be an important factor in creating and maintaining this confidence, and in this sense may be a necessary part of the basis of credit. The modern fallacy, however, is the argument that a gold reserve is by itself a sound basis of credit, and that a credit structure may legitimately be erected on it, irrespective of the underlying economic and financial position.

Gold, immobilised in a Central Bank and kept there by every device of restriction and prohibition, has lost the qualities which originally made it valuable as a reserve. It is not available to settle temporary indebtedness, and the fact that the Government or Central Bank will go to any lengths to avoid using it for this, its natural function, is in itself enough to undermine the confidence on which the country's credit structure depends. Meanwhile, this preoccupation with the maintenance of idle and ineffective stocks of gold may lead a country into all kinds of expedients of unsound economic and financial policy and to difficulties which no amount of gold reserves can avail to overcome.

THE OLD IDEA

The old idea was that the gold standard was automatic in that an unsound credit policy would defeat itself by leading to a loss of gold reserves, and so to a contraction of credit. On this assumption the principle of basing credit policy on gold reserves might possibly be defensible. This requires, however, a freely operated gold standard, a condition that no longer exists under present systems of exchange and trade restrictions, and, indeed, may never be realised again.

While conditions remain as they are now, there is no sure foundation for recovery until the World re-learns this rather elementary truth—that credit depends on confidence, and confidence in the sound and orderly management of national affairs, in balanced budgets and in a healthy relationship between foreign receipts and payments. A policy based on the present gold obsession is ineffective and may very easily result in serious consequences to the countries which pursue it.

One hears with considerable frequency that what is desirable is a redistribution of gold, but it follows from what I have said that a redistribution, should it take place, will in itself provide no solution of the difficulties apparent in the World. That, in my opinion, has to be sought for deeper. In such circumstances there is little purpose in discussing general questions as they affect the various countries with whom we are in business relations.

POLAND

In Poland, with which country we have had for many years intimate and cordial relations, a heavy blow has fallen in the death of Marshal Pilsudski. The devotion felt for him in his own land was perhaps never more justified than in his death, when it was seen that his vision had taken into account all the difficulties with which his beloved country would then be faced, and that he had quietly and unobtrusively prepared for this event so that

all that was necessary was to give effect to the measures his prescience had recommended. A general election shortly followed, from which it was obvious that the desire of the whole country was to carry out the views of their patriot soldier. The changes in the government, which such a disturbance in the national life necessitated, are being quietly carried out, while the steadfast calm with which Poland has dealt with this crisis—in addition to the world crisis, which in itself has been sufficient to undermine the confidence of countries whose national life has been much longer established—has been the admiration of all, and a surprise to those not intimately acquainted with that country.

A BANK FUSION

The year has also seen the carrying through of a fusion between the Bank Handlowy and the Anglo-Polish Bank. Much reorganisation has been necessary, but we are confident that next year will show that this historic Polish Bank has been reborn, and that, with a youthful vigour, it will enter upon a long period of usefulness to Poland, thus fulfilling the promise of strength which its friends desire.

You will see from our accounts that this fusion has brought about a substantial diminution in our "Investments in Subsidiary Companies," as the value of our shares in the Bank Handlowy now appears under "Other Investments."

No incident of an outstanding character has occurred in any other country with which we are in close business relations, and, as I have already said, I do not feel that remarks of a general character are called for at the moment.

PROFIT FOR THE YEAR

It will be seen from our accounts that the profits earned in the past year have only just been sufficient for the payment of our usual dividend. It is clearly essential, however, for every Bank to continue to build up its reserves, and we trust that the future, more profitable than the immediate past, will allow us to do so.

These profits, of course, are linked particularly closely with the progress of international recovery and, though in the past few years we have been repeatedly disappointed, I continue to think that we are not without reasons for confidence. At home the return of the National Government and the steady improvement in production and in employment are reassuring factors. Abroad, the Abyssinian problem and the activities of Japan in the Far East have gone far to counteract the modest recovery that had begun to show itself in many quarters. At the same time, it is surprising that, in view of these troubles, and in spite of so many restrictions, the latest and not the least disturbing of which is the policy of sanctions, international trade continues to function and, here and there, shows signs of growth.

NEED FOR PATIENCE

There are then, I repeat, some reasons why we may expect the forces of recovery to win the day, but in the meantime I must ask your patience during the difficult period through which we, in company with so many others, are passing.

It now remains for me to propose the adoption of the report and accounts, which I shall ask Mr Norman L. Hird to second, but before putting the motion to the meeting I shall be glad to reply to any points on which further information is desired.

I now move the following resolution:—"That the report and accounts for the year ended 31st October, 1935, as audited and certified by your Auditors, now before the meeting, be approved and adopted; that the dividend of 6 per cent. for the year recommended on the "A" ordinary shares be approved and paid to shareholders on the register of members at the closing of the books on 26th November, 1935."

MR NORMAN HIRD'S SPEECH

Mr Norman L. Hird (Advisory Director):—Mr Chairman, Ladies and Gentlemen,—I have much pleasure in seconding the adoption of the report and accounts. As the Chairman has told you in his speech to-day, and as you were probably quite aware even before you received your copy of the balance sheet, it has been a very difficult year and we do not pretend that the profits are as high as we should have liked. However, we are hopeful about the future even if the year that has gone was rather disappointing.

I want you to realise that the accounts put before you to-day represent a great deal of efficient and hard work on the part of both the Management and the Staff. The Chairman's modesty prevented him from saying anything about that, but I am in a quite detached position and I know a good deal of what goes on, and I can assure you that the work has been extremely efficiently done. I often wish that the public could see behind the scenes of a Bank, but that, of course, is impossible. As they cannot

do that, I also sometimes wish that they would pay sufficient for the banking services rendered. That would be equitable, reasonable—and very unpopular. (Laughter.) It is extraordinary what an amount of work is involved in even the most ordinary transactions, and that is particularly true of foreign exchange.

We are all conscious of the fact that in good times shareholders are full of thanks to the Management and Staff for the excellent results and good dividends, but I do not think it is sufficiently realised that it is really in bad times that shareholders ought to be most thankful to them, because the amount of worry is very much increased in periods of difficulty. I am quite satisfied, however, that the shareholders of the British Overseas Bank are under no delusion and that they do appreciate the extraordinarily good work that is done here. (Hear, hear.)

POLISH DECORATION FOR THE CHAIRMAN

Our Chairman referred to Poland, which is a bright spot economically and politically in a rather dark Europe. Mr Gairdner has been a very good friend to Poland and a very wise counsellor, and I think you will be glad to hear that the people of Poland are grateful for his services and particularly glad to know that one of the highest Orders than can be conferred on anyone has been given to him by the Polish Government. (Applause.) I am also glad to say that the services of Mr Dudley Ward have also been recognised by the Polish Government. (Hear, hear.) That, Ladies and Gentlemen, is all I have to say and I have very much pleasure in seconding the adoption of the report and accounts. (Applause.)

The Chairman: If there are no questions to be asked, I put the motion to the meeting. Those in favour; those against; that is carried unanimously. I will now ask Sir James Caird to move the next resolution.

RE-ELECTION OF DIRECTORS

Sir James Caird, Bart. (Deputy-Chairman):—Ladies and Gentlemen,—I have been allotted the very pleasing task of proposing the re-election of Mr Arthur Gairdner and Mr Duncan Stirling as Directors and the confirmation of the appointment of Mr Tallents. Need I say more of Mr Gairdner than that if there had been no Mr Gairdner there would have been no British Overseas Bank. He is a banker of outstanding abilities; we are all proud of him and nothing has given us more pleasure than the recognition by the Polish Government of his abilities by conferring upon him the very high distinction of Commander of the Order of Polonia Restituta, with Star. I am sure you will join with me in congratulating him. (Hear, hear.)

Then Mr Duncan Stirling has been a very worthy addition to our Board. His knowledge of the financial world and of our foreign connections and clients has again and again proved valuable. Mr Tallents is our youngest recruit. His career up to date and his training promise much and the Board heartily welcomes his youthful energy and ability. I will ask Mr Campbell to second my proposal.

Mr Nigel L. Campbell (Director): I have great pleasure in seconding that.

Sir James Caird: I put that to the meeting. All in favour; against; unanimous. (Applause.)

The Chairman: I call upon a Shareholder to move the resolution for the appointment of Auditors.

Mr Walter Scott: I propose:—"That the retiring Auditors, Messrs. George A. Touche & Co. and Messrs. McClelland, Ker and Company, be re-appointed as Auditors of the Company for the current year at the same remuneration, namely, a collective fee of £750."

Lt.-Com. W. M. Knowles: I beg to second that.

The Chairman: I have pleasure in putting the motion to the Meeting. Those in favour please signify; those against; carried unanimously. Ladies and Gentlemen, that is all the business before us and I thank you very much for your kind attendance.

VOTE OF THANKS

Mr Scott: Mr Chairman, Ladies and Gentlemen, once again it is my pleasure to propose a hearty vote of thanks to our Chairman. I am sure we are all pleased to see him again looking so well. I hope, Sir, that you feel equally as well as you look. We are also pleased to hear of the Order which has been conferred upon you. I hope it will not make you too proud to recognise us next year. (Laughter.) I should also like to congratulate you upon your very excellent speech. (Hear, hear.) We all were able to understand it as you rendered it so plainly. I hope some shareholder will second my vote of thanks to the Chairman.

Mr Miles Ashworth: I have pleasure in seconding that.

Mr Scott: All in favour; that is carried unanimously, Mr Chairman.

The Chairman: Mr Scott, Ladies and Gentlemen,—Your friendly feeling is very deeply reciprocated not only by myself, but also by my colleagues on the Board and by the Management and Staff. I can assure you one and all that, whatever may be the results of our endeavours, they do the best they can for you. They do not spare themselves in thinking how in these extremely difficult times losses can be avoided and profits earned. It is a very difficult problem, but my colleagues and I are doing our best for you in those respects. I thank you very much. (Applause.)

Mr Scott: There is one thing that I forgot, and that is to convey our most hearty thanks to the Staff and to all in the service. Will you kindly convey our thanks to them?

The Chairman: I assumed that you had included them. I know that you intended to do so.

The proceedings then terminated.

TOBACCO SECURITIES TRUST COMPANY, LIMITED

EFFECT OF SHELLAC TRANSACTIONS

MR R. McKENNA ON THE POSITION

The eighth annual general meeting of Tobacco Securities Trust Company, Limited, was held, on the 9th instant, at the registered offices of the company, Westminster House, 7 Millbank, London, S.W.

The Rt. Hon. Reginald McKenna, P.C., presided.

The Chairman said:—Ladies and Gentlemen,—The notice convening the meeting and the directors' report and the accounts for the financial year which closed on October 31st last have been circulated, and with your approval we will take them as read. The secretary will read the auditor's certificate.

The Secretary (Mr E. A. Blockley) accordingly read the certificate of Lord Plender, of Messrs Deloitte, Plender, Griffiths and Company, chartered accountants, appended to the accounts.

The Chairman continued: In addressing you last year I referred to the net revenue for the year 1933-34 as £758,409, but a note of the directors subjoined to the revenue account for that year showed that a sum of £79,049 for depreciation on certain foreign investments of a subsidiary company had not been provided for out of the year's profits of the company, but had been met out of undivided profits brought forward from the previous year. This year, I regret that the net revenue is shown at a much smaller figure, namely, £527,103. The difference is largely accounted for by a provision made by Tobacco Investments, Limited, to cover the loss made by the Dean Finance Company, Limited, and by the non-payment of a dividend this year by the latter company.

DEAN FINANCE AND SHELLAC

In May last a circular was sent to our shareholders stating that the loss of the Dean Finance Company arising from advances made by them on the security of shellac and the underwriting of shares in the issue of James and Shakspeare, Limited, amounted approximately to £288,000. The loss was calculated on the basis of the market price of shellac on the day before the circular was issued, and it so happened that shellac then stood at about the lowest figure to which it fell in consequence of the catastrophe. Between April and October 31st, the date to which our accounts are made up, we have sold a fair amount of shellac at rising prices, and if we now take the market price of the present stock as on October 31st, the loss, which stood at £288,000 in May, is reduced to about £170,000. A grave and very regrettable mistake was made. There is, however, another side to the picture. The past record of the group of which this company is the parent has not been unsuccessful. Quite the contrary, and the misfortune in the year just ended will, I trust, have no recurrence. Taking, I repeat, the market price of shellac on October 31st as the basis of the estimate, the estimated loss on the shellac transactions is covered by the combined net revenue of this company and Tobacco Investments, Limited, and the profits of the Dean Finance Company, Limited, on other transactions for the year to October 31, 1935, without taking into account the dividends received from the shareholders in tobacco companies allocated to our company on its formation.

In making up our accounts, however, we have taken shellac on a less favourable basis. We recognise that although, in the seven or eight months from March to October, 30 per cent. of the holding has been disposed of, there is still a large amount to sell, and the expenses connected with the storage and sale of shellac have to be taken into account. A figure considerably below the market price of October 31st has been taken.

In the general revival of trade which is taking place it may be hoped that there will continue to be a fair and even improving market for shellac, and inasmuch as the price at which it has been valued is a very low one compared with the average price in any one of the last five years, we trust there will be no further disappointment from this transaction and that we may look forward to a more normal course in the progress of our company.

PROFIT AND ALLOCATIONS

I have already referred to the profits shown on the revenue account of Tobacco Securities Trust Company, and the figure I have given you of £527,103 is clear of all charges and expense of management. An interim dividend of 5 per cent. on the ordinary capital has already been paid, absorbing £165,833, leaving a balance of £361,270 to be carried to the balance sheet. There was brought forward from last year £132,298. These two sums make a total of £493,568. The directors recommend that a distribution be made of a further dividend of 10 per cent., less income tax at the rate of 3s. 5d. in the £ on the ordinary capital, amounting to £331,666.

Of the balance remaining, it is recommended to transfer £25,000 to general reserve, which will bring the general reserve account up to £175,000, leaving to be carried forward £136,902.

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

Sir Hugo Cunliffe-Owen, Bart. (vice-chairman), seconded the resolution, and, the chairman having replied to questions, it was carried.

Mr Albert Edward Aldridge and Mr Leonard Wilkinson were re-elected directors and the Rt. Hon. Lord Plender, G.B.E., LL.D., F.C.A., was reappointed auditor.

NELSON FINANCIAL TRUST, LIMITED

IMPROVED RESULTS AND PROSPECTS

The ordinary general meeting of Nelson Financial Trust, Limited, was held, on the 9th instant, at Southern House, Cannon Street, London, Mr Harold Nelson (chairman and managing director) presiding.

The Chairman, in moving the adoption of the report and accounts, said that the company's investments numbered 770, and the net depreciation on October 31st was 6.92 per cent. The revival of trade in this country had given a great impetus to many industrial concerns, and quotations for equity shares had risen in some cases to a figure which discounted a long period of prosperity. On the other hand, in a widespread list of securities there were many directions in which there had been retrogression since last year. Railway stocks generally showed a further depreciation, especially Argentine. Foreign stocks, more particularly European, reflected the prevailing unrest, and commodity shares, such as tea, rubber and coffee, were generally down on last year's values. Holdings in pastoral companies had reflected the result of a bad spell of drought in Australia and the downfall in last year's wool prices, although here there had been a marked improvement.

The gross income at £68,469 showed an increase of £18,265, reflecting the use of the new debenture money and improved revenue generally, while the net income showed an improvement of £5,365, which enabled the directors to recommend the final dividend of 1½ per cent. on the ordinary stock, making 3½ per cent. for the year. With regard to the current year, unless anything unforeseen occurred, there appeared to be a fair prospect of their being able to improve further the ordinary stock distribution.

The report was unanimously adopted, and a vote of thanks to the chairman, directors and staff terminated the proceedings.

OFFER TO NEW READERS

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THE COMMERCIAL BANK OF SCOTLAND LIMITED

SATISFACTORY RESULTS—INCREASED PROFIT

STEADY IMPROVEMENT IN TRADING CONDITIONS AT HOME

EARL OF MAR AND KELLIE'S INTERESTING REVIEW

The annual meeting of the shareholders of The Commercial Bank of Scotland, Limited, was held at Edinburgh, on the 12th instant, the Earl of Mar and Kellie, governor of the bank, presiding.

In submitting the report the governor said:—It has always been a pleasure to me to preside at the annual general meeting of the shareholders of the bank, but I have an added satisfaction this year in meeting you on the occasion of the one hundred and twenty-fifth anniversary of the foundation of our institution.

PAST TWENTY-FIVE YEARS' PROGRESS

Twenty-five years ago the Marquis of Tweeddale, the then governor of the bank, in submitting the annual report, said that he felt entitled to congratulate all concerned with the bank—shareholders, directors and officials—not only on its unsullied and unblemished record of one hundred years, but also on the splendid business condition in which it found itself at the end of one hundred years' existence—a condition which he thought would remain so long as the management was in the hands of men like those who directed the affairs of the bank at that time. I venture to think that the results achieved during the past twenty-five years, and the position attained by the bank, as exemplified in the report and balance sheet, which I have the pleasure to submit for approval, amply justify Lord Tweeddale's prediction of twenty-five years ago.

IMPROVEMENT IN TRADING CONDITIONS

During the past year there has been a steady improvement in trading conditions at home, and there is now established that feeling of justifiable confidence in the future which is a necessary preliminary to any extensive development in trade and industry. The much hoped for improvement in international conditions does not appear appreciably nearer, and the many disappointments and uncertainties experienced in the international field since last we met are too well known to require any comment from me; suffice it to say that against a background of experiment in new forms of Government and control of industry and finance in many parts of the world our well-tryed if less spectacular system at home again commands the respect of most thinking people.

From a banking point of view the year under review has not been without its difficulties, not the least of these being the difficulty in finding profitable use for the substantial sums available. On the other hand, improving conditions are reflected in a satisfactory experience in the matter of bad debts.

BALANCE-SHEET ITEMS

Turning now to the report, you will observe that the directors have applied to the reserve fund a sum of £100,000 from profit realised as a result of investment changes during the year, and that when a further sum of £50,000 from the ordinary profits of the year has been added the reserve fund reaches the substantial figure of £3,000,000, or £750,000 more than the paid-up capital of the bank. It is interesting to note that the bank has now well over 8,000 shareholders who are principally of Scottish domicile, and our experience is that the number is steadily increasing.

NOTES IN CIRCULATION

Notes in circulation at £3,351,000 exceed last year's figure by almost £130,000, and the fact of our circulation throughout the year having consistently exceeded the previous year's figure by a substantial amount, I think, may be taken as clear evidence of the improved conditions of trade to which I have already referred.

Our deposits and other creditor balances at £40,783,000 are higher than last year by over £1,800,000, and it is a particular satisfaction to know that this increase is very well spread, and that a substantial portion is represented by current account balances.

Acceptances and other engagements on account of customers and banking correspondents at £2,208,000 are higher by almost

£500,000, which is a reflection of the development of our foreign business, to which we have given greater attention in recent years.

ASSETS

On the assets side you will find cash items grouped together and making a total of £9,902,000, or almost £700,000 more than last year. British Government securities exceed last year's figure by about £2,600,000, and now stand at the substantial total of over £24,000,000. Having regard to what you have heard from this chair from year to year, you will not be surprised to know that the market value of our investments shows a very satisfactory appreciation over the figure appearing in the balance sheet. An adequate proportion of our investments consists of short- and medium-dated stocks. Investments outside the strictly gilt-edged group now amount to the nominal figure of £205,000.

Bills discounted at £1,132,000 are more than last year by over £250,000, which is an altogether satisfactory indication of improved trading conditions.

LOANS AND ADVANCES

Loans and advances stand in the balance sheet at £13,247,000, a figure less by about £1,300,000 than was the case a year ago. It is sometimes assumed that the figure appearing under this head may be taken as an indication of the tendency in trade and commerce, but to be a useful guide an average figure throughout the period requires to be taken, as with an active business there are quite normal substantial fluctuations in the daily total of advances, and on this occasion the figure at the date of the balance sheet happened to be almost the lowest for the year. As a matter of interest, I may say that during certain months of the year our total of advances exceeded £15,000,000, and the average for the year was substantially over £14,000,000. You will see, therefore, that our advance business is active and liquid.

Heritable property stands in the balance sheet at £40,000 more than it did twelve months ago. Throughout the year we have continued our policy of bringing our properties into a high state of efficiency, and a number of important new properties have been added to our list, including a commanding site in Aberdeen for the new West End office which we have established there.

PROFIT AND ALLOCATIONS

The net profit for the year, which is arrived at after providing for all bad and doubtful debts, etc., amounts to £396,950, or about £17,000 more than last year, which I think may be regarded as very satisfactory.

As to the allocation of the profits, interim dividends have been paid on the "A" shares at the rate of 16 per cent. per annum, and on the "B" shares at the rate of 10 per cent. per annum, and it is now proposed that a distribution to both classes of shares be made at the same respective rates for the second half of the year, both subject to income tax. It is also recommended that in order to mark the occasion of our one hundred and twenty-fifth anniversary a special bonus of 2 per cent., less income tax, be paid to the "A" shareholders. You will observe that £50,000 has been placed to the reserve fund, as I have already mentioned; £30,000 has been credited to the trustees for the officers' pension scheme, and £50,000 has been utilised in writing down the cost of heritable properties. After providing for these dividends and allocations there remains a sum of £62,122 to be carried forward.

RE-ELECTION OF DIRECTORS

It is proposed that I should be re-elected governor and Lord Mackenzie deputy governor, and that the extraordinary directors, whose names appear on the list, be re-elected. It is also proposed that Dr. Nasmyth, the ordinary director who retires at this time, be re-elected. Mr Macfarlan and Mr Annan, the auditors, being eligible, offer themselves for re-election for the current year.

Before I move the adoption of the report I think I might mention, and I am sure you will be pleased to hear, that the board have recognised the very valuable services of the staff by

granting them a special bonus on this anniversary occasion. The welfare of the staff has the very close interest of the directors and management, and the pension and other schemes greatly help to maintain and develop an esprit de corps, which redounds to the advantage of all concerned.

It is a great pleasure to us to have a pensioner, Mr James Mathison, at one time agent at Selkirk, who, a few days ago, celebrated his one hundredth birthday. That, I think, is something of a record, but it will also interest you to know that we have a shareholder present to-day who has attended all but two or three of our annual meetings over a period of fifty-three years, and has accordingly seen the reserve fund grow from £540,000 to £3,000,000, the deposits from £9,000,000 to £40,000,000, and the balance sheet total from £12,000,000 to almost £52,000,000.

The governor then moved the adoption of the report, and the motion having been seconded by Sir William Johnston was put to the meeting and carried.

At the close of the meeting, on the motion of Mr P. T. Mackintosh, W.S., a vote of thanks was accorded to the directors and the staff for their services during the year, and acknowledgment was made by Mr Robertson Durham, on behalf of the directors, and by Mr Erskine on behalf of the staff.

LUIPAARDS VLEI ESTATE AND GOLD MINING

EXPANSION OF OPERATIONS AND PROFITS

Presiding at the annual general meeting of the Luipaards Vlei Estate and Gold Mining Company, Limited, held on the 10th instant, in London, Mr E. Turk (the chairman) said that the profit for the year to June 30th last, before providing for South African taxation, was £262,421, or £40,000 more than for the preceding year. This taxation had absorbed £123,810, against £49,416 last year, and the year's profit was reduced to £138,611. They had written off from development account £17,121, and had set aside as "approved capital expenditure" £52,970. The interim dividend of 25 per cent. (6d. per share) absorbed £68,570, and the directors now recommended a final dividend of 3d. per share, making 37½ per cent. for the year. This would leave £10,738 to be carried forward. The balance sheet showed a strong position, with general reserve account £123,000 and reserve for depreciation of machinery, plant, etc., £100,000. The financial position was equally strong, cash and liquid assets at June 30th last, less current liabilities, left a surplus of over £158,000, after providing for the interim dividend of £68,570 paid in July last. Capital items stood at extraordinarily low values as evidenced by the figure of £80,102, representing the company's entire mining rights and freehold estate.

BURDEN OF TAXATION

In the profit and loss account they had provided for normal tax £34,000, excess profits duty £77,517, surtax £12,292. The two latter were open to strong objection, with regard both to the high rate of tax and to the indiscriminate hardship involved by their incidence. The original Act of 1933 provided for a minimum tax free standard profit of 2s. 6d. per ton, which was unfortunately repealed in the 1934 Act. The position was, therefore, that they were paying tax on practically their entire profit.

The tonnage treated was 509,900 tons, a monthly average of 42,500 tons, but in October last the record figure of 47,500 tons was reached. They anticipated a further increase to 50,000 tons in the near future.

The development accomplished during the year was 39,080 ft., the percentage of payability being 69.23 per cent., which they regarded as very satisfactory. After crushing about 510,000 tons of ore the total ore reserves were 2,593,000 tons, or nearly 500,000 tons higher than the previous year, and were equal to nearly four and a half years' supply at the present rate of crushing. Development on the eastern side of the property was progressing satisfactorily, and some long stretches of high-grade ore had been encountered in the drives towards the Tudor section. The Tudor shaft was being unwatered and reconditioned preparatory to the development of this important area. The year's operations had again demonstrated the mine's ability to return increasing profits, developments were good, their property was a large one with a life of at least 30 to 40 years, and, subject to a satisfactory revision of the taxation question, they felt confident that the next year would see them well on to the way to their more ambitious programme involving a considerable increase in production, towards which end work was now actively proceeding.

The report was unanimously adopted.

RHODESIAN ANGLO-AMERICAN, LIMITED

COPPER PRODUCTION AND CONSUMPTION

The adjourned ordinary general meeting of Rhodesian Anglo-American, Limited, on the 9th instant, was held in London.

Sir Edmund Davis (deputy-chairman of the company) presided, and in the course of his speech said:—On the debit side of the profit and loss account there are the usual charges and debenture interest, the latter amounting to £49,057, being three months' interest on the 7½ per cent. debentures since redeemed—and twelve months on the issue of £750,000 of 5 per cent. debentures. This leaves a balance profit carried to the appropriation account of £120,865, to which we have added the balance brought forward as at April 1, 1934, £202,680, and after deducting income tax, £32,424, we have carried the balance of £291,221 to the debit side of the balance sheet under the heading profit and loss account—profits unappropriated.

At our last ordinary general meeting, held on July 16, 1934, reference was made to our large interest in Rhokana Corporation, Limited, which then amounted to 44 per cent. of its issued capital. Since then we have acquired certain interests in the Bwana M'Kubwa Company, bringing our holding to nearly 53.9 per cent. of the aggregate of the ordinary and A share capital of Rhokana Corporation, which is very satisfactory in view of the great future of that undertaking.

We have included with our report the report and accounts of Rhokana Corporation, Limited, as well as the speech of its chairman at the ordinary general meeting held on October 30th last. From a perusal of these documents you will be able to form your own opinion of the sound financial position and of the great value of the sections of their mining properties which have been brought to the production stage. The sections referred to are the N'Kana and Mindola inside the two mineral grants of ten square miles each. From these they could, if advisable, produce nearly two and a half times their present quota basis of 4,200 long tons per month; but, for purposes of rough calculation, you may take it that by the end of 1937 the production could be increased to 10,000 short tons of copper per month. In this connection you should bear in mind the possibility of it becoming necessary at a later date for the three operating copper-mining propositions in Northern Rhodesia—namely, Rhokana Corporation, Roan Antelope, and Mufulira, in agreement, of course, with the other large producers—to increase their production.

Consumption of metals is increasing at a very rapid rate and, of course, such increase includes copper, which has resulted in a gradual reduction of stocks, which at the end of October amounted to about 500,000 long tons. Should consumption continue at its present rate—that is, roughly, on a basis of 1,400,000 long tons per annum—the existing stocks should show a further reduction within the next few months and, if so, it is reasonable to suppose that the Northern Rhodesian mines would have to increase production and, with copper at about the present price, profits of Rhokana Corporation should be much larger than shown in that Corporation's accounts to June 30th of the current year.

So far as the price of copper is concerned, I think it must be in the interests of the Northern Rhodesian producers that this should not exceed £40 per long ton, as it would be better for these mines, situated in which I consider to be the largest copper field in the world, to increase production and thus make profits of something between £15 and £20 per ton rather than make larger profits and at the same time see other mines brought into production and perhaps leaving the industry again in its previous position—that is, with a larger production than possible consumption.

At the end of September, 1935, the United States production for the month was stated to be 49,900 long tons, and the production outside 80,000. For October the United States 46,700 long tons, and the production outside 84,000. The apparent consumption for September, 1935, was about 43,600 United States and 87,700 outside; and for October, 59,000 United States and 105,000 outside. In these two months production came to 251,600 long tons and consumption 295,300, which meant a decrease in stocks of about 43,700 long tons.

With reference to a possible distribution of profits by our own company, that is a matter which must stand over until we have the results of the current financial year's operations of Rhokana Corporation, and, should they be as good as the past year, or even possibly better, I think that you may look forward to our then making some distribution.

The report was unanimously adopted.

BARCLAYS BANK (DOMINION, COLONIAL AND OVERSEAS)

IMPROVING TRADE CONDITIONS

INCREASED PROFIT AND DIVIDENDS

CONDITIONS IN WEST INDIES

I hope, in due course, to have an opportunity of visiting the West Indies and British Guiana, where this bank has carried on business for the last hundred years.

Thanks to the assistance afforded by the mother country through preferential duties, the sugar industry there has been maintained during the past year, and estates have generally been able to meet their expenses, or even, where weather conditions have been favourable, to make small profits. Despite steadily falling prices for some years, necessitating severe curtailment of costs, the sugar planters have resolutely faced the position, and have, year by year, improved their outputs, through better cultivation and improved machinery. The sugar industry is a vital one to the majority of our colonies in these areas, and it is to be hoped that the recent small improvement in price is a precursor of better times to come.

From this brief review the shareholders will realise how widely the branches of the bank are situated, and, in addition to the territories mentioned, the bank is, of course, established in Mauritius, Malta, Gibraltar, Hamburg and New York. It will be appreciated that your directors are in a unique position to feel the pulse of much of our imperial trade, and it would, I think, be fair to say that in these Dominions, Colonies, Mandated Territories, and other countries in close relation with Great Britain, the year generally has seen further progress towards a return to more normal conditions.

THE INTERNATIONAL SITUATION

It is hoped that the international situation will improve, so that attention may be concentrated upon a world-wide attempt to cope with those great commercial and economic questions of production, distribution and consumption, which should be the real pre-occupation of the moment. It is only in a state of world peace that the restoration of general prosperity can be best sought and achieved.

I have just referred to the fact that the bank has carried on business in the West Indies for one hundred years, and shareholders will be interested to learn that upon June 1st of next year this bank will, in fact, celebrate its centenary, for The Colonial Bank was established under Royal Charter granted by His Majesty King William IV, upon June 1, 1836. In 1925, by special Act of Parliament, the powers granted in that Charter were extended to permit of an increase of capital, which enabled the bank to acquire the business of the National Bank of South Africa, Limited, and the Anglo-Egyptian Bank, Limited, so that, as a legal entity, Barclays Bank (Dominion, Colonial and Overseas) is actually a continuation, under a changed name, of the old Colonial Bank.

PROFIT AND LOSS ACCOUNT

The net profit for the year ended September 30, 1935, after making provision for bad and doubtful debts and contingencies, amounts to £473,400, to which has to be added £216,816 brought forward from the previous year, making a total of £690,216 to be dealt with. The net profit shows an increase of £63,000 compared with last year, principally owing to the increased demand for advances, and the bank has again had a satisfactory experience in regard to bad and doubtful debts.

The board has thus been enabled again to place a sum of £100,000 to the reserve fund, bringing that fund up to £1,850,000.

Interim dividends at the rate of 8 per cent. per annum on the cumulative preference shares and 5 per cent. per annum on the "A" and "B" shares, less income tax at the rate of 4s. 5d. in the £ in all cases were paid in June last. The board now recommends the payment of final dividends at the rate of 8 per cent. per annum on the cumulative preference shares, and at the rate of 6 per cent. per annum on the "A" and "B" shares, less income tax in each case at the rate of 4s. 5d. in the £. The dividend for the year, therefore, on the "A" and "B" shares is at the rate of 5½ per cent., which is ½ per cent. higher than for the previous year. After making these appropriations, there remains a balance of £223,396 to be carried forward.

The report and accounts were adopted.

GOLD MINING IN SOUTH AFRICA

A continuance of prosperous conditions in the gold mining industry has put the Union of South Africa in a strong financial position, and I am glad to think that the diamond industry also shows signs of improvement. Reports indicate that both retail and wholesale trading conditions in the principal towns in the Union have made progress since last year, and to some extent this is also manifest in country districts.

In Southern Rhodesia business conditions continued to show progress throughout the year, mainly as an outcome of the expansion of the gold mining industry.

In Northern Rhodesia, steady expansion and a large constructional programme on the copper mines are reported. Since June, 1935, production has been restricted, in accordance with the agreement for curtailment of production concluded at a World Copper Producers' Conference held in New York last March. Since then, stocks have shown a reduction, and the price of the metal has improved.

PROGRESS IN EAST AFRICA

In East Africa, whilst the farming community is still suffering from the effects of several consecutive years of drought, locust invasions and the severe slump in primary commodity prices, there are indications of improved conditions.

During the second half of the current year, sisal, wheat, dairy products and wool have all benefited by the upward tendency in market prices, and a brighter tone generally is in evidence. The maize market, however, continues to be depressed, and low prices have ruled for coffee throughout the year.

Further progress has been made in the development of gold mining. From Tanganyika approximately 50,000 ounces of gold were exported during the first nine months of the year, and in Kenya, although the majority of the more important companies have yet to reach the producing stage, the industry is already of material benefit to the colony, as large sums are being expended on development and on the erection of plant.

Figures for the three East African territories (Kenya, Tanganyika and Uganda) in respect of the period January to June, 1935, showed revenue in excess of budget estimates.

In West Africa the gold mining development on the Gold Coast has continued. Prospecting is active, and exports of raw gold during the year show considerable increases. The cocoa crop is well up to the average, though the tonnage is not expected to reach that of the last main season, when a record crop was exported.

In Nigeria, trading conditions generally are more promising, produce prices being higher than last year.

In Sierra Leone, exports of gold are increasing and prospecting for payable lodes continues. There is also a steady production of diamonds. The financial position of the colony has improved, and it is now expected that the year will close with a substantial surplus.

It is interesting to note that in the report of the West African Currency Board for the year ended June 30, 1935, it is stated that during the year currency issued showed a net increase of £1,800,000. To some extent this reflects the better prices which have been paid on the Coast for local produce.

LONDON AND RHODESIAN MINING AND LAND COMPANY, LIMITED

SOUND POSITION AND ENCOURAGING OUTLOOK

The ordinary general meeting of the London and Rhodesian Mining and Land Company, Limited, was held, on the 12th instant, in London.

Lord Lurgan, K.C.V.O., who presided, said that the total credit on profit and loss account was £141,197, and after deducting the usual charges and adding the balance brought in, there was £188,379 available. The profit showed a decrease of approximately £35,700 as compared with the previous year, but they did considerably better than in the previous year from revenue of a recurring nature. The directors recommended a final dividend of 5 per cent. in respect of the year ended June 30th last, together with an interim dividend of 5 per cent. for the current year, and the amount carried forward was £96,128, which considerably more than met the final dividend and practically met the interim dividend for the current year, without taking into account the results so far obtained. The results to date justified them in expecting to be able to maintain the increased rate of dividend now recommended. Last year they wrote off through appropriation account £40,580, made up of loss on ranching, £15,580, and £25,000 written off livestock, but this year they had deducted £25,000 from reserve account to meet the loss on ranching and still further to write down livestock.

THE ASSET POSITION

With regard to the assets, stands and buildings appeared at £67,735, but shareholders would be interested to know that the municipal valuation of these properties was no less than £133,447. Mining properties and other interests, at £41,464, could not be said to be over-valued, as they brought in a revenue of from £10,000 to £15,000 a year, and included the very valuable Rennie Tailour's Concession, on which there were no less than twenty-two small producing properties at the present time. Their share investments were in a very satisfactory position, showing appreciation in the market price at the date of the accounts of £398,474, and the position was even better to-day. Over 69 per cent. of their quoted securities were paying dividends or interest. Taking investments at their valuation, namely, £881,660, and adding thereto debtors and cash, less creditors, £120,000, stands and buildings at their book figure of only £67,735, livestock at their low written down figure of £42,058, and sundry assets, £10,988, they had a total of £1,122,441 against their capital of £1,000,000, or a surplus of £122,441. This was exclusive of their mining properties, which brought in over 25 per cent. per annum on their book figure, and 1,640,000 acres of land, including their ranches, with all buildings, etc., thereon—a very satisfactory position.

The Cam and Motor Company had again had a record year, and dividends had been declared amounting to 7s. in all up to June 30th, while a further dividend of 4s. had since been declared. The monthly returns since June 30th had shown an improvement, while development results at depth still continued in every way satisfactory. They had sufficient ore reserve tonnage to keep the mill running for about eight years, apart from tonnage being opened up from current development work, so that the company could look forward to regular dividends from this interest for many years to come.

SOUTH AFRICAN COAL ESTATES

The South African Coal Estates Company had had a record year and had declared a dividend of 10 per cent., together with a further 6½ per cent. for the current half-year. Dividends had also been received from the Eastern Transvaal Consolidated Mines and the African Investment Trust. He would draw attention to the fact that the company was now interested in the Rezende Mines, as well as in a number of dividend-paying Kaffir companies. Production of gold in Rhodesia constituted a record for the colony during the year to June 30th last, and more than 25 per cent. was produced under this company's management.

The results from ranching had again been disappointing, but the management reported that so soon as the Wiltshire Estate was free from quarantine they expected improved results. The company had very large land assets, and the beneficial occupation of the developed holdings was vital to this section of their interests. It was to be hoped that there would be a revival in world conditions, which would reflect itself in better prices for produce, and in this connection he might say that there was a distinctly more optimistic view being taken by those who should know.

The report and accounts were unanimously adopted.

ASHANTI-ADOWSENA (BANKET) GOLDFIELDS, LIMITED

PRODUCTION STAGE REACHED

The first annual general meeting of this company was held, on the 10th instant, at Abercorn Rooms, London.

Mr G. Seymour Fort, C.B.E., who presided, said their superintending mining engineer, Mr Stockfield, had anticipated that the plant would be ready for production in September, 1935. Unfortunately, mainly arising from the large demands for mining machinery from various quarters, their suppliers had been unable to keep to the dates of delivery and consequent delays had occurred. Great credit was due to Mr Stockfield and the company's staff that, in spite of those unforeseen delays and other difficulties, it had nevertheless been possible so to expedite the work of erection that a cable had been received stating that production had commenced on December 2nd and that the treatment plant was running very well and was working gradually up to full capacity.

Mr Stockfield wrote as follows:—"The mine, as is often the case with a mine that has been standing idle so long, required a great deal of cleaning up and repairing underground.

"In the meantime I may express my opinion that our anticipations will be fully realised, although it must not be forgotten that a certain amount of absorption of gold in starting up a new plant is inevitable, and therefore the first returns may not be quite as good as they should be. My ultimate opinion is that our prospects are very bright and point to the fulfilment of our expectations.

"Finally, I would like to draw your attention to the fact that all difficulties have been overcome, and the 42 miles of motor transport, from the railway station at Oda to the mine, is only one of them, and there has been no break in the continuous and expeditious progress that has been made in the work from the start."

Since that report of Mr Stockfield was posted to shareholders, the directors had received the cable advising them of the commencement of production, and they could congratulate themselves that, so soon after the provision of capital, they had reached the stage of production.

The report and accounts were unanimously adopted.

STEUA ROMANA (BRITISH), LIMITED

DEVELOPMENT OF NEW FIELD

The fifteenth annual general meeting of Steaua Romana (British), Limited, was held, on the 10th instant, at Winchester House, London.

Mr William Fraser, C.B.E., the chairman, who presided, said: Since our last meeting, the petroleum industry in Roumania has been faced with a variety of complex problems. Among them the most serious has been the absence of a free exchange for foreign currency. Regulations were introduced to ease the difficulty, but the relief which they gave has been inadequate. It has been customary, for example, for a premium of 100 per cent. on official rates to be freely offered and taken on unofficial exchange transactions which are not subject to regulation. Petroleum exporters, however, received only a 10 per cent. premium on official rates. Fortunately for the Roumanian petroleum industry, this disadvantage was offset by developments in other directions. It is to be regretted that owing to the Roumanian exchange position, Steaua Romana have been unable to make repayments of advances previously accorded to them, although their "lei" balances have recently increased in a very gratifying manner.

In October last our colleague, Sir Albert Stern, and the managing director, Mr Percy Anderson, visited Roumania. They reported their satisfaction with the present position of Steaua Romana. They were especially impressed with the rapid and efficient development of the Steaua Romana's new field at Bucsan. This field has justified expectations and is now producing 2,000 tons of crude a day—approximately 50 per cent. of Steaua Romana's pipeline and refinery capacity.

The aggregate production of oil in Roumania during the same period was 8,562,884 tons. That of Steaua Romana was 1,205,364 tons—an increase of 3.17 per cent. over the previous year.

The profit for the year, before making provision for taxation, was £90,776. The decrease in profit as compared with last year is due principally to the fact that no dividend was paid by the Steaua Romana Company, Bucharest. With your approval, the board now propose to pay a final dividend on the ordinary shares of 2 per cent. (less tax), making 4 per cent. for the year, placing the sum of £10,000 to general reserve, £2,500 to the reserve for staff pensions, and carrying forward a balance of £30,880 1s. 7d.

The report and accounts were unanimously adopted.

BRITISH TYRE AND RUBBER COMPANY, LIMITED

POLICY OF EXPANSION

The meeting of this company was held, on the 9th instant, at Winchester House, Old Broad Street, London.

Sir Walrond Sinclair, K.B.E., the chairman, who presided, said that the year showed a manufacturing and trading profit of £185,854, which, with miscellaneous receipts, gave a total of £188,926, as compared with £181,641. The earnings included for the first time dividends on their holdings in their main subsidiary, the India Rubber, Gutta Percha and Telegraph Works Company. After allowing for that, the earnings of their own company showed a slight contraction on a strictly comparative basis, but having regard to the keen competition experienced, and the inevitable delay in even partial adjustment of selling prices to the considerably higher cost levels of raw materials ruling throughout the year, the directors regarded the comparatively small reduction as quite unimportant. A dividend on the ordinary shares of 3½ per cent. had already been paid, and the board now proposed a final dividend of 4½ per cent. and a cash bonus of 1½ per cent., making a total of 9½ per cent. as compared with 8 per cent. a year ago.

As to the position of the India Rubber, Gutta Percha and Telegraph Works Company, the board had reason to be satisfied with the developments resulting from acquisition in 1933 of control of that old-established company. In the past year it had earned a profit of £51,186, comparing with £26,053 in the previous year and a loss of £46,226 the year before.

Two new acquisitions had been made during the year—one at home and one abroad. At home they had acquired control of the old-established business of James Lyne Hancock, Limited, and believed that business would become an integral and profitable part of their organisation. In Denmark they had secured control of a well-established business for the distribution of the classes of rubber products which their company manufactured, and that undertaking was already working profitably. Negotiations were also in progress for additional acquisitions, but he would like to emphasise that such acquisitions were embarked upon either with a view to widening the company's activities or to increasing its productive efficiency.

The report and accounts were unanimously adopted.

NEW ZEALAND LOAN AND MERCANTILE AGENCY, COMPANY, LIMITED

THE FALL IN WOOL PRICES

The forty-first annual general meeting of this company was held, on the 12th instant, at 10 Coleman Street, London.

Mr W. W. Paine presided in the unavoidable absence of the chairman of the company, Mr Harold G. Brown, and read the speech prepared by him, which stated that the balance of commission, interest and other accounts at £428,000 was some £57,000 less than last year. The decrease in their revenue was mainly due to the heavy drop in the price of wool and other commodities in which they were interested. Although during the year they had actually sold more wool, the total proceeds of sale were considerably less than in the year before. On the whole, he thought they could congratulate themselves that the results were no worse.

After payment of the interest on their two debenture stocks, they were left with a balance to the credit of revenue account for the year of some £17,000, which represented rather less than one-half of the net amount required to pay the dividend on their first preference stock. They had foreseen that it was questionable whether they would be able to earn the whole of that dividend, and last year they had carried forward a balance of £77,000 with the object of enabling them to meet the dividend on the first preference stock, even though it might not have been earned in full. They recommended that one year's dividend on this preference stock should be paid.

In considering the results, they had to bear in mind that the profits which they published were arrived at after providing for the loss on exchange involved in remitting money to this country from Australia and New Zealand. While their accounts did not show the exact amount of that exchange loss, he could tell them that during the year to June 30, 1935, it amounted to more than £42,000. Had it not been for that item, they would have earned their full dividend on the first preference stock with a very considerable surplus.

With regard to the future, he thought they might look forward to better results during the current year, if the present prices of commodities could be maintained.

The report and accounts were unanimously adopted.

BRITISH BURMAH PETROLEUM COMPANY, LIMITED

THE TORBANITE INTEREST

The twenty-fifth ordinary general meeting of the British Burmah Petroleum Company, Limited, was held, on the 10th instant, at Southern House, London.

The Hon. Lionel Holland (the chairman), in the course of his speech, said that the past year had brought no revival in oil prices. The year's trading profit was £14,578, and after meeting expenses, debenture interest, and depreciation at the usual rate, there was a loss of £15,191. More than £300,000 was paid in taxation in India during the year, making over £800,000 in the last three years of repeated loss.

Their dividend paying capacity could only be restored by largely augmenting crude production and refinery throughput. Their geologists believed that there were yet areas from which a substantial supply of commercial oil could be won. By exploiting these areas in conjunction with the producing fields their advisers believed the necessary production could be obtained to give satisfactory returns even at present prices.

The company's interests were now definitely distributed between India and South Africa. They held over 90 per cent. of the issued capital of the Rangoon Oil Company, and this holding represented almost the whole of the item "Shares in Subsidiary Companies." There was a large addition to the value of interests in associated companies, consequent upon the South African investment, which had increased from £10,000 to £239,000. The shareholding in the South African Torbanite Mining and Refining Company was taken at cost, the average cost being a little over 6s. per share, against a market value of more than 15s. Torbanite was the richest known mineral producing oil on distillation.

Besides options covering more than 100,000 acres of torbanite-bearing lands not yet systematically prospected, the Torbanite Company held mining rights over nearly 5,000 acres of proved value, estimated to be sufficient to supply its requirements for 30 years. As yet the forecasts in the prospectus had been made good in every particular. Within 13 months of that company receiving its certificate to commence business in South Africa the "Satmar" motor spirit was on the point of being introduced to the South African market. Sales would commence on the 20th instant.

The report and accounts were unanimously adopted.

KAMUNTING TIN DREDGING, LIMITED

RECORD PROFITS—ORE RESERVES INCREASING

The twenty-second ordinary general meeting of Kamunting Tin Dredging, Limited, was held, on the 10th instant, at 20 Aldermanbury, London, E.C.

Mr John Howeson (the chairman) said that during the past twelve months progress had been more than maintained. Despite the drastically curtailed output, the figure of £172,327, which was the balance carried down in the current profit and loss account after charging all operating and overhead expenditure, exceeded the corresponding figures in the two preceding accounts by over 60 per cent. in the case of 1934 and 120 per cent. in the case of 1933 and was by a substantial margin the highest profit the company had yet achieved. The total revenue, amounting to £239,793, had increased by more than £71,000 and the balance carried down, after charging all expenses at the mines and in London, by upwards of £66,000.

Whereas the increase in 1934 over 1933 had been attributable almost entirely to the recovery in the price of tin, the much greater increase reported this year was due to two quite different, and certainly no less gratifying, causes—a larger output and materially lower costs. In the previous year the permitted output was restricted to 1,222 tons of concentrate, which were sold at the average price of £137 per ton, while the production cost was £45 10s. and the all-in cost £51 per ton. For the year under review their ordinary quotas were increased to 1,494 tons, and the sale of tin concentrate realised a little over £131 per ton, but the production cost was brought down to £33, and the all-in cost was only £37 per ton of concentrate.

On all sides there was evidence of the virility of the business, which had never been in a healthier condition. Financially the company was particularly well placed, the present cash balance being £118,000, which would be increased to £170,000 when the balance of £52,000 was received from the Buffer stock. There was more tin in sight to-day than had been extracted during the whole of the company's long life, and a large amount of ground still remained to be prospected. The ore reserves were still increasing and their value to-day was probably £5,000,000.

The report was unanimously adopted.

PENINSULAR AND ORIENTAL STEAM NAVIGATION COMPANY

BRITISH SHIPPING AND SUBSIDISED COMPETITION

The Honourable Alexander Shaw, chairman, presided on Wednesday, December 11th, at the ninety-fifth ordinary general meeting of the Peninsular and Oriental Steam Navigation Company, held at the company's offices, 122 Leadenhall Street, E.C., and, in the course of his address, said:—The operating profit of the company's ships before depreciation totalled £1,054,000. The decrease compared to last year's was mainly on account of necessary repairs and alterations to vessels. Another element in the decrease was that the charges on freight were also higher. The voyage accounts were, as usual, those for voyages completed not later than June 30th, and, therefore, did not reflect the falling off in earnings experienced within the last few months in the Australian trade. This falling off was due to a variety of causes. There had been a certain disinclination of shippers to send freight via the Suez Canal and Mediterranean on account of the European situation and the consequent rise in rates of insurance on cargoes. Again, the drought experienced in Australia this year had had a serious effect on the carryings of certain commodities, and the restriction of exports of meat had on some occasions resulted in the expensive refrigerated space of the special vessels employed in the trade leaving Australia in great part empty.

As to the company's accounts, it was undoubted that a policy of providing depreciation at the rate of 5 per cent. per annum upon the original cost of the ships until they reach twenty years of age was a serious matter, involving a charge of about £1,300,000 per annum. Although in the present state of shipping there could be few concerns which had done better, or even as well, the fact remained that the company had not been able to find out of the year's profits the full depreciation required, and this had a direct bearing upon the dividend problem. It had been argued that the depreciation was unnecessarily high. The view that depreciation was unnecessarily high must be subject to some qualification before it could be safely accepted. Supposing that a considerable part of the annual charge for depreciation was swept away, the problem would still remain of providing for the necessary replacements of the company's vessels—a provision which could be made only from the company's earnings.

In regard to the bearing of all that on the dividend problem. As would be remembered, year after year, dividends had been paid on the deferred stock which, as was frankly stated, were not justified by the year's ordinary earnings. They had been paid in the hope that the shipping depression would long since have departed. But it required some real recovery in international trade, particularly in inter-Empire trade, and evidence of a more active determination by Government to see fair play for British ships, before founding faith and action on an early return of full vessels and better freights. The necessity to provide for the replacement of the fleet in years to come had always to be kept in mind, and had a direct bearing upon the allocation of the company's resources. It was willingly agreed that every year the question of dividend had to be reviewed in conjunction with a reasonable outlook upon all the surrounding circumstances; and of these there weighed not least anxiously and heavily upon the mind of the board the fact that the deferred stockholders had now for four years been asked to forgo a dividend. The payment of such a dividend consistently with sound finance was the goal to which all efforts were being directed.

AEROPLANE COMPETITION

The Chairman then proceeded to comment on the competition with steamers by aeroplanes and airships. Anybody who considered this matter might agree that the air was destined to play an increasingly important part in the carriage of letter mails and passengers, and that it was wise for the board and management to keep, as they did, an eye upon all these developments and to be prepared, under proper conditions, to co-operate with air services. The point was not being disregarded. Already one of the allied companies had a large interest in an air service and was making a success of this pioneer effort. It was also actively preparing, in co-operation with others, to take its part in developing and operating further air services. It would be rash, however, to assume either that the sea transport of passengers, mails and commodities was destined to be supplanted by air transport, or that, in such case, shipping companies could preserve any large

part of the present value of their assets by the process of switching over to air.

In spite of the growth of air mails, the actual bulk of mails carried by P. and O. steamers now, as compared with 1913, had very greatly increased, and with a return of commercial prosperity would undoubtedly go on increasing. In 1913 the P. and O. Company's vessels carried outwards from Europe 334,658 bags of mail. In 1934 they carried 488,559 bags, an increase of 46 per cent. The latest figures for 1935 had recently become available, and showed a further considerable increase and revealed that last year the mail carried in P. and O. ships was greater than in 1913 by over 50 per cent. That was a remarkable figure.

As regards passengers, the air was not necessarily destined to take them all or any very considerable proportion of them. Considering the safety, the comfort and the restful holiday provided by the modern steamship, it could not be doubted that travel by sea would continue to retain its attractiveness, especially to a nation of seafarers. The company's policy, therefore, was to maintain and increase the amenities offered to passengers and to shippers, and at the same time to be ready at all times to enter into friendly co-operation with air services.

S.S. "STRATHMORE"

Referring to the new P. and O. vessel, the "Strathmore," the chairman said that a decision to build a new ship of the type of the "Strathmore" was a very serious matter. In the first place the vessel must be demanded by the exigencies of the trade, both present and future. This was, of course, the case with the P. and O. Company, after parting with two vessels for breaking up, namely, the "Ballarat" and the "Mantua." The company had therefore to provide a vessel which would have adequate capacity with properly insulated space to fulfil, when needed, the company's obligations in the Australian trade.

When it was considered that the "Strathmore" provided 1,350,000 "man days" of useful work, and kept off the dole for eighteen months no less than 14,000 individuals, including the families of the men concerned, was it not rather remarkable that lines which were anxious to lay down vessels very similar to the "Strathmore" and to use them on essential Empire Services, should hitherto have had their task made impossible by the fatal unwillingness of Empire Governments to give them the least assistance in their unequal struggle with those highly subsidised foreign lines which in certain directions were rapidly making it impossible for British ships to remain at sea at all.

THE PACIFIC PROBLEM

He referred in particular to the problem of the survival of British liner services in the Pacific. The losses incurred by the two Empire companies concerned in the Pacific liner trade between Australia and New Zealand on one side of the ocean, and San Francisco and Vancouver on the other, continued. Not only had it been impossible for a series of years to earn a single penny for depreciation on the ships carrying on those services, but the out-of-pocket losses were so enormous that no private enterprise could long bear the exhausting burden. It had become quite clear that if the British Government and the Governments of Canada, Australia, and New Zealand wished to retain any service of British Empire ships at all across the Pacific they would have to decide upon a policy of assisting those who for so many years had been upholding the British flag at such grave loss.

EARLY WITHDRAWAL

In the absence of support it had been decided with great regret to withdraw altogether the service of Empire ships which for about half a century had linked up Australia and New Zealand with San Francisco. This decision was entirely due to the disastrous effect of highly subsidised foreign competition. When this British service was withdrawn there would only be left the Canadian-Australasian Line linking up Australasia and the North American Continent. That line was making a great struggle to keep the flag flying, but at such enormous sacrifice that it depended entirely upon the Governments of the Dominions concerned and upon the Government here whether that last remaining British link could be kept intact.

If this line were allowed to perish it was unlikely that it would be replaced by a British concern, and with it would disappear also the large sums spent every year in the Dominions on wages, stores, repairs, and so on—to say nothing of the expenditure in this country upon the building of new vessels which the Canadian-Australasian Line was only too anxious to lay down if it could be made economically possible to do so. It was entirely for these Governments to decide whether they would allow a situation to arise where passenger and mail traffic between Australasia and the American Continent would be conducted solely by foreign shipping. If they did not feel that they could take the necessary measures to retain a British Empire Line at all, it would be fair if they would frankly say so. It was not fair that present conditions should be allowed to continue. It was not business and it was not commonsense.

EXCESS WORLD TONNAGE

The effect of the shipping policy of foreign countries had been so to inflate the tonnage of the world that it was wholly in excess not only of present requirements, but of any dimensions which world trade was likely to attain in our time. If some countries were prepared to spend their taxpayers' money lavishly upon a mercantile marine which was not required by their own trade, nor by the trade of the world, but was merely an ancillary to naval ambitions, or a means of whittling away and eventually extinguishing sections of the purely economic trades built up by Britain, then it was no use asking such countries to be good enough to rationalise their shipping so as to place it upon economic lines. A mere request was futile. To make any progress one must have something to bargain with. But in present circumstances Britain had nothing to bargain with. Certain important foreign countries had their restrictions, direct and indirect, on the shipping of other lands, but Britain's trade was open to them all. They were enabled to keep uneconomic services in operation and uneconomic ships at sea because of subsidies, the lack of which made it impossible for Britain to compete with them. It was becoming apparent that no effective response would be made to British overtures to foreign maritime powers on that subject until the British Government had shown by definite action its determination that the ships of Britain should have fair play; that, if all argument failed, then subsidy would be met by subsidy, and, if need be in the last resort and in proper cases, restriction by restriction.

The report and accounts were unanimously agreed to.

Sir J. Fortescue Flannery offered congratulations to the chairman upon his complete restoration to health and moved a resolution of thanks and appreciation to the chairman, the directors and the company's staffs ashore and afloat for their services in the past year.

Mr H. L. Uring Clark said that it gave him the greatest pleasure to second the resolution, and to say how very happy they were to see the chairman there that day. He also wished on behalf of the shareholders to pay a tribute to the very able way in which Sir William Currie had carried on in the chairman's regrettable absence.

The vote was unanimously accorded amid applause and after the chairman's thanks the proceedings terminated.

ANGLO-ECUADORIAN OILFIELDS, LIMITED

INCREASED DIVIDEND

The seventeenth annual general meeting of this company was held, on the 10th instant, at Winchester House, Old Broad Street, London.

Mr H. C. R. Williamson (the chairman), in the course of his speech, said that the directors were glad to be able to submit accounts which he believed would be generally regarded as satisfactory. The net profit of upwards of £129,000 showed an increase of £49,000 over that of the previous year, and it was proposed to pay a dividend of 7½ per cent., less tax, as compared with 5 per cent., less tax, last year, and to increase the amount carried forward by approximately £6,000. The company's investments in Government securities had increased by some £19,100, and the book value of their other securities had increased by over £100,000 in the year. Their total holding securities figured in the books at £616,014, the market value to-day being materially higher. It was probable that they would dispose of a portion of their investments during the current year, as they would shortly have to face considerable capital expenditure in connection with the expansion of their local refining operations. The most striking feature of the year's operations on the field was that production had been maintained at the required figure in spite of a reduced drilling

programme and a decrease in the footage drilled. The natural decline in the deep wells had been remarkably small. With regard to the position of the world's petroleum industry, one outstanding feature of 1935 was the increase in consumption, but this satisfactory feature had been offset by an even greater percentage increase in production. The prospects of the company in the current year depended, of course, in the main on American prices for crude oil. Having in view the results of the year to date, and given a maintenance of present prices, rates of exchange, and political stability, he thought it was fair to assume that the next report submitted by the directors would be little, if any, less favourable than that now presented. If such should be the case they would be enabled again to recommend a moderate dividend and at the same time to continue to pursue a conservative policy as regarded depreciation.

The report and accounts were unanimously adopted, and a resolution was passed converting the shares of the company into stock.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended December 7, 1935, amounted to £10,091,000, against ordinary expenditure of £42,082,500. After allowing for a decrease in Exchequer Balances of £73,380 the operations for the week, as shown below, increased the gross National Debt by £31,919,000 to approximately £8,017 millions.*

(000's omitted)			
	£		£
Treasury Bills	+ 2,846	N. Atlantic Shipping Issues	- 29
Public Department Advances	+ 13,560	British Shipping Issues	- 22
2½% Funding Loan	+ 10,800	Road Fund Temp. Advances	- 200
1% Treasury Bonds	+ 4,950		
Land Sett. Repayment	+ 14		
	+ 32,170		- 251

* Including £375 millions on Account of Exchange Equalisation Fund and Borrowing or Statutory Sinking Fund.

A complete analysis of the approximate position of the National Debt on September 30, 1935, appeared in the *Economist* for October 5th.

REVENUE	Estimate for the year 1935-36	Total Receipts into the Exchequer			
		April 1, 1935, to Dec. 1, 1935	April 1, 1934, to Dec. 8, 1934	Week ended Dec. 1, 1935	Week ended Dec. 8, 1934
ORDINARY REVENUE					
Inland Revenue—					
Income Tax	232,500,000	74,639,000	69,775,000	592,000	348,000
Sur-tax	51,500,000	7,750,000	10,305,000	240,000	205,000
Estate, etc., Duties	80,000,000	59,630,000	55,105,000	1,300,000	1,555,000
Stamps	25,000,000	14,140,000	13,835,000	1,240,000	1,185,000
Excess Profits Duty and Corporation Profits Tax	1,700,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	150,000	160,000	...	...
Total Inland Revenue	391,500,000	156,309,000	149,180,000	3,372,000	3,293,000
Customs and Excise—					
Customs	188,570,000	137,185,000	130,395,000	4,375,000	3,862,000
Excise	106,350,000	74,800,000	73,490,000	1,500,000	1,790,000
Total Customs and Excise	294,920,000	211,985,000	203,885,000	5,875,000	5,652,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,486,000	1,933,000	...	...
Post Office (Net Receipt)	11,850,000	11,500,000	12,550,000	500,000	550,000
Crown Lands	1,330,000	1,000,000	1,010,000	...	...
Receipts from Sundry Loans	3,900,000	3,337,174	3,179,011	92,170	...
Miscellaneous Receipts	25,970,000	16,382,385	12,196,499	251,472	9,654
Total Ordinary Revenue	734,470,000	402,099,559	383,933,510	10,090,642	9,504,654

FOR BANKING IN FINLAND

KANSALLIS-OSAKE-PANKKI

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189 BRANCHES

ENSURES PROMPT AND EFFICIENT
EXECUTION OF YOUR

COLLECTIONS AND PAYMENT ORDERS

REVENUE	Estimate for the year 1935-36	Total Receipts into the Exchequer			
		April 1, 1935, to Dec. 7, 1935	April 1, 1934, to Dec. 8, 1934	Week ended Dec. 7, 1935	Week ended Dec. 8, 1934
SELF-BALANCING REVENUE	£	£	£	£	£
Post Office	64,070,000	41,900,000	38,750,000	900,000	800,000
Motor Vehicle Duties apportioned to Road Fund	26,230,000	8,954,000	10,422,000	...	...
Total Self-balancing Revenue	90,300,000	50,854,000	49,172,000	900,000	800,000
Total	...	452,953,559	433,105,510	10,990,642	10,304,654

EXPENDITURE	Estimate for the year 1935-36 (including Supplementary Grants)	Total Issues out of the Exchequer to meet Payments			
		April 1, 1935, to Dec. 7, 1935	April 1, 1934, to Dec. 8, 1934	Week ended Dec. 7, 1935	Week ended Dec. 8, 1934
ORDINARY EXPENDITURE	£	£	£	£	£
Interest and Management of National Debt	224,000,000	175,135,343	176,530,927	31,293,414	9,708,589
Payments to Northern Ireland Exchequer	6,750,000	3,686,285	3,840,925	230,392	226,642
Other Consolidated Fund Services	3,700,000	2,052,475	2,238,968	2,755	...
Post Office Fund	1,130,000	1,126,817	2,291,118	...	...
Total	235,580,000	182,000,920	184,901,933	31,526,561	9,935,231
Total Supply Services (excluding Post Office)	508,440,000	330,155,399	305,501,319	10,556,000	9,445,000
Total Ordinary Expenditure	744,020,000	512,156,319	490,403,257	42,082,561	19,380,231
SELF-BALANCING EXPENDITURE	£	£	£	£	£
Post Office	64,070,000	41,900,000	38,750,000	900,000	850,000
Road Fund	26,230,000	8,954,000	10,422,000	...	...
Total Self-balancing Expenditure	90,300,000	50,854,000	49,172,000	900,000	800,000
Total	...	563,010,319	539,575,257	42,982,561	20,180,231

The aggregate revenue and expenditure to December 7, 1935, is shown below:—

FINANCIAL YEAR, 1935-36, APRIL 1, 1935, TO DECEMBER 7, 1935

(000's omitted)		Revenue		Expenditure	
		£	£	£	£
Revenue	512,156	402,100	402,100	512,156	402,100
Expenditure	192	116,060	116,060	192	116,060
Increase in balances	...	5,812*	5,812*	...	...
New Sinking Fund	...	110,248	110,248	...	...
Net borrowing	...	512,348	512,348	...	...

* Authority will be sought in the Finance Bills to meet the amount of the Statutory Sinking Funds in 1935 by borrowing.

POSITION OF THE FLOATING DEBT

Ways and Means Advances Outstanding—	Dec. 8/34	Mar. 31, '35	Dec. 7, '35	Dec. 7, '35
Advances by Bank of England	6,250,000	4,000,000	4,000,000	4,000,000
Advances by Public Departments	43,400,000	34,060,000	39,600,000	39,600,000
Treasury Bills outstanding	878,815,000	799,320,000	908,295,000*	908,295,000*
Total Floating Debt	928,465,000	837,380,000	951,895,000	951,895,000

* Includes £1,000, the proceeds of which were not carried to the Exchequer within the period of the Account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £45,000,000 Treasury bills were opened on December 6, 1935, and the total amount applied for was £72,825,000. Tenders were accepted for Treasury bills at three months dated Monday to Saturday at £99 16s. 8d., about 40 per cent., and above in full. The average rate per cent. was 13s. 1.53d. The amount allotted was £45,000,000. The following table shows the weekly record at various dates:—

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
1933	£	£	£	£ s. d.
January 6	45,000,000	73,830,000	45,000,000	0 18 10-84
July 7	45,000,000	83,890,000	45,000,000	0 10 4-85
October 6	45,000,000	100,450,000	45,000,000	0 12 9-98
1934	£	£	£	£ s. d.
January 5	35,000,000	76,260,000	30,000,000	0 18 11-5
April 5	40,000,000	80,390,000	38,000,000	0 17 9-01
July 6	35,000,000	62,745,000	32,000,000	0 16 4-14
October 5	35,000,000	65,280,000	31,510,000	0 15 9-702
1935	£	£	£	£ s. d.
January 4	30,000,000	49,580,000	27,500,000	0 6 1-64
April 5	40,000,000	76,095,000	40,000,000	0 10 2-93
July 5	40,000,000	80,905,000	40,000,000	0 12 4-32
October 4	45,000,000	71,245,000	44,000,000	0 12 8-05
November 8	45,000,000	63,955,000	45,000,000	0 10 9-91
November 15	45,000,000	61,155,000	45,000,000	0 10 9-95
November 22	45,000,000	61,745,000	45,000,000	0 10 9-99
November 29	45,000,000	63,605,000	45,000,000	0 11 9-31
December 6	45,000,000	72,825,000	45,000,000	0 13 1-53

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended November 16, 1935	596,465	£47,349
Week ended November 23, 1935	556,637	£47,478
February, 1916, to November 23, 1935	1,242,747,858	£978,498,732

At the end of October, 1935, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £391,354,189.

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, December 11, 1935
ISSUE DEPARTMENT

Notes Issued:—	£	Government Debt	£
In Circulation	410,930,885	Other Government Securities	248,356,702
In Banking Department	48,478,502	Other Securities	1,088,580
		Silver Coin	1,539,608
	459,409,387		
		Amount of Fiduciary Issue	260,000,000
		Gold Coin and Bullion	199,409,387
			459,409,387

BANKING DEPARTMENT

Proprietors' Capital	£	Government Securities	£
Rest	14,553,000	Other Securities	84,212,941
Public Deposits*	3,349,435	Discounts and Advances	10,079,807
Other Deposits:—	6,842,570	Securities	£12,911,585
Bankers' £94,387,267		Notes	22,991,392
Other Accounts £37,204,168		Gold and Silver Coin	48,478,502
	131,591,435		653,605
	156,338,440		156,338,440

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

Both Departments	Amount, Dec. 11, 1935	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	410,930,885	+ 5,363,376	+ 17,709,557
Public deposits	6,842,570	- 231,175	- 1,083,620
Bankers' deposits	94,387,267	- 9,324,146	- 8,915,339
Other deposits	37,204,168	- 332,917	- 246,121
Seven-day bills	549,364,890	- 4,524,862	- 40
Total outside liabilities	17,902,435	+ 20,122	+ 6,956,679
Capital and rest	341,584,743	- 5,180,703	- 765,946
Government debt and securities	10,079,807	- 634,181	- 56,138
Discounts and advances	14,000,175	+ 396,143	+ 2,556,661
Other securities	1,539,608	+ 721	+ 1,100,901
Silver coin in issue department	200,062,992	+ 232,280	+ 7,326,057
Coin and bullion (bank's reserves)	49,132,107	- 4,440,096	- 10,383,500
Reserves of notes and coin in banking department	...	...	...
Proportion of reserve to outside liabilities	...	...	...
(a) Banking Department only ("proportion")	35.4%	- 0.7%	- 4.7%
(b) Gold stocks to deposits and notes ("reserve ratio")	36.4%	+ 0.6%	+ 0.8%

(000's omitted)

Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits		
1935	£	£	£	£	£	£	%
Nov. 13	456,458	401,449	15,808	92,867	36,700	975 in	2 1/2
" 20	457,189	398,900	21,630	90,941	36,501	741 in	2 1/2
" 27	457,632	401,245	19,707	90,887	36,536	443 in	2 1/2
Dec. 11	459,409	410,931	6,843	94,387	37,204	1,000 in	2 1/2

(000's omitted)

Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio	Govt. Securities	Discounts & Advances	Other Securities	Reserve and the "Proportion"
1935	£	£	£	£	£	£	%
Nov. 13	256,870	1,493	197,377	83,475	11,105	12,631	55.927
" 20	257,300	1,161	198,069	83,620	9,713	14,360	59.169
" 27	257,815	1,142	198,439	85,545	9,500	12,820	57.094
Dec. 4	257,348	1,113	199,140	89,417	10,714	12,511	53.572
" 11	257,372	1,089	200,063	84,213	10,080	12,912	49.132

BANKERS' CLEARING RETURNS LONDON (000's omitted)

	Town	Metropolitan	Country	Total
1935	£	£	£	£
January 1 to November 27	29,235,573	1,707,333	2,628,133	33,571,039
Week ended December 4	721,753	41,732	63,628	827,111
Week ended December 11	695,995	38,948	76,135	811,078
Total to date, 1935	30,654,321	1,788,013	3,065,894	35,508,228
Total to date, 1934	29,044,195	1,681,157	2,825,825	33,551,177
Increase or decrease in 1935	+1,610,126	+126,856	+240,069	+1,977,051
	= 5.5%	= 7.6%	= 8.5%	= 5.9%
Total for year 1934	30,740,117	1,759,598	2,984,512	35,484,227
Total for year 1935	27,714,480	1,636,675	2,766,471	32,117,626
Increase or decrease in 1934	+3,025,637	+102,833	+218,041	+3,346,531
	= 10.9%	= 6.2%	= 7.6%	= 10.4%

PROVINCIAL (000's omitted)

Week ended December 7	Month of November		Aggregate Totals January 1 to December 7	
	1934	1935	1934	1935
No. of working days:	26	26	110,154	114,037
BIRMINGHAM	3,079	3,517	9,887	10,405
BRADFORD	873	1,120	3,553	4,282
BRISTOL	1,219	1,333	5,166	5,232
DUBLIN	5,614	6,230	...	...
HULL	809	800	3,140	3,687
LEEDS	833	875	3,673	4,196
LEICESTER	748	849	2,722	3,012
LIVERPOOL	6,314	6,064	27,800	25,320
MANCHESTER	11,069	11,680	42,951	41,030
NEWCASTLE	1,581	1,436	6,362	5,626
NOTTINGHAM	555	604	1,952	2,181
SHEFFIELD	1,218	1,287	3,763	...
	33,912	35,595	110,969	108,736
			- 2.0	1,469,911
				1,484,479

* Restricted area from April 1, 1935. † Extended area from November 26, 1934.

OVERSEAS BANK RETURNS

NOTE.—The latest return of the Bank of Italy appeared in the Economist for November 9. Portugal in November 23. Egypt, Rumania, Estonia, in November 30. Federal Reserve Banks, Czechoslovakia, Turkey, Finland, Norway, Danzig, Denmark in December 7.

BANK FOR INTERNATIONAL SETTLEMENTS

(In Millions of Swiss Francs)

	Nov. 30, 1934	Aug. 31, 1935	Sept. 30, 1935	Oct. 31, 1935	Nov. 30, 1935
ASSETS					
Gold in bars	11.7	24.4	25.4	32.2	27.6
Cash	4.9	3.1	2.6	2.9	2.7
Sight funds	7.0	15.6	17.0	19.3	15.8
Bills and acceptances:—					
Commercial bills	173.3	182.4	124.7	127.5	131.4
Treasury bills	171.5	209.2	217.4	211.6	201.3
Time funds:—					
Not exceeding 3 months	40.4	42.4	42.6	40.3	38.3
Sundry bills and investments	239.2	216.9	220.2	222.9	222.8
Other assets	9.6	10.6	10.9	11.8	11.5
LIABILITIES					
Capital paid up	125.0	125.0	125.0	125.0	125.0
Reserves	17.3	20.9	20.9	20.9	20.9
Special deposits:—					
Annuity trust account	154.7	154.4	154.8	154.8	154.9
German Government deposit fund	77.3	77.2	77.4	77.4	77.5
French Government guarantee fund	40.8	61.9	61.9	61.9	61.9
French Government deposit	...	2.0	2.0	2.0	2.0
Time deposits of Central Banks:—					
Not exceeding 3 months	108.8	104.5	104.5	104.5	103.7
For their own account	...	3.0	3.0	3.0	3.0
For account of others	...	...	...	...	...
Sight deposits of Central Banks:—					
For their own account	42.1	30.4	32.6	40.4	22.1
For account of others	12.1	10.7	10.4	10.4	9.9
Other deposits	1.2	3.6	3.1	2.7	6.8
Sight deposits—gold	10.9	18.8	21.7	20.5	21.7
Miscellaneous items	67.5	42.3	43.6	44.9	45.9

MONTHLY STATEMENT OF LONDON CLEARING BANKS

(000's omitted)

Average Weekly Balances NOVEMBER, 1935	Barclays Bank, Limited	Coutts and Co.	Glyn, Mills and Co.	Lloyds Bank, Limited	Martins Bank, Limited	Midland Bank, Limited	National Bank, Limited	National Provincial Bank, Limited	West- minster Bank, Limited	Williams Deacon's Bank, Limited	Aggre- gate
ASSETS	£	£	£	£	£	£	£	£	£	£	£
Coin, bank notes and balances with Bank of England	40,242	1,882	4,002	41,251	8,708	47,986	3,241	31,190	32,275	3,499	214,276
Balances with and cheques in course of collection on other banks in Great Britain and Ireland	10,050	679	1,050	8,848	2,468	8,503	220	5,556	7,800	1,543	46,717
Items in transit	...	...	...	3,040	469	...	...	...	...	...	3,509
Money at call and short notice ..	23,497	3,121	6,952	29,880	5,136	23,714	5,070	21,751	21,371	6,847	147,339
Bills discounted	65,682	852	847	54,446	6,294*	71,698	1,628	38,055	51,714	1,945	293,161
Investments	106,070	8,319	15,982	118,118	37,944	115,354	16,101	89,441	103,614	9,643	620,586
Advances to customers and other accounts	157,795	9,301	11,526	142,813	28,507	176,450	14,670	109,135	112,001	11,769	773,967
Liabilities of customers for accept- ances, endorsements, etc.	8,199	782	1,480	30,458	5,086	16,989	141	8,398	24,219	1,739	97,491
Bank premises account	7,718	412	740	7,855	2,725	10,516	741	7,435	5,544	1,022	44,708
Investments in affiliated banks and subsidiary companies	7,224	...	...	4,986	...	7,423	...	2,514	2,993	...	25,140
	426,477	25,348	42,579	441,695	97,337	478,633	41,812	313,475	361,531	38,007	2,266,894
Ratio of cash to current, deposit and other accounts	10.26	8.34	10.66	10.24	11.01	8.58	10.84	10.13	10.42	10.51	
LIABILITIES											
Capital paid up	15,858	1,000	1,060	15,810	4,160	14,248	1,500	9,479	9,320	1,875	74,310
Reserve fund	10,250	1,000	530	8,500	3,000	11,500	1,090	8,000	9,320	800	53,990
Current, deposit and other ac- counts	392,170	22,566	39,244	386,921	85,072	435,896	37,775	287,598	318,659	33,593	2,039,494
Acceptances, endorsements, etc.	8,199	782	...	30,458	5,086	16,989	141	8,398	24,219	1,739	97,491
Notes in circulation	...	...	...	6	19	...	1,306	...	13	...	1,344
Reduction of bank premises ac- count	...	...	265	...	...	...	...	...	...	...	265
	426,477	25,348	42,579	441,695	97,337	478,633	41,812	313,475	361,531	38,007	2,266,894

* Includes an amount of Treasury Bonds and First-class Securities maturing within six months.

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

ASSETS	Dec. 10, 1934	Nov. 11, 1935	Nov. 18, 1935	Nov. 25, 1935	Dec. 2, 1935	Dec. 9, 1935
Gold	842,035	619,131	622,237	628,000	628,105	630,053
Silver	17,945	20,225	20,289	20,632	19,774	20,107
Home bills discounted	26,491	36,555	34,299	40,365	37,888	29,744
Loans and advances in current account	143,084	135,286	129,311	138,886	136,444	125,231
LIABILITIES						
Notes in circulation	883,034	794,686	787,847	787,109	816,908	795,333
Deposits	173,443	37,592	50,061	74,481	42,121	46,126

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

ASSETS	Dec. 8, 1934	Nov. 9, 1935	Nov. 16, 1935	Nov. 23, 1935	Nov. 30, 1935	Dec. 7, 1935
Gold and silver	142,640	97,500	96,880	102,470	102,630	102,810
Discounts, advances, and other investments	72,390	84,700	81,370	72,710	75,210	77,970
Foreign bills	790	2,410	2,760	3,000	2,910	2,600
Other assets	12,280	9,960	10,140	10,240	10,690	10,690
LIABILITIES						
Notes in circulation	183,530	185,070	182,340	157,790	157,230	160,340
Deposits and bills payable	32,520	17,520	16,790	18,650	22,240	21,770

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

ASSETS	Dec. 7, 1934	Nov. 15, 1935	Nov. 22, 1935	Nov. 29, 1935	Nov. 30, 1935	Dec. 7, 1935
Gold	1,909,828	1,387,369	1,389,891	1,391,936	1,391,904	1,391,898
Of which held abroad	172,783	219,689	221,912	223,957	223,323	223,317
Discounts	21,605	77,333	67,866	68,491	108,225	99,395
Bills of the Confederation	4,172	62,516	68,285	69,985	72,834	72,334
Advances	80,453	103,741	89,401	93,621	99,578	97,697
Securities	51,959	54,441	53,494	53,613	51,543	51,512
LIABILITIES						
Notes in circulation	1,347,555	1,294,762	1,272,326	1,267,824	1,322,517	1,294,749
Deposits	689,973	339,335	353,387	356,983	337,225	343,302

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

ASSETS	Dec. 7, 1934	Nov. 15, 1935	Nov. 22, 1935	Nov. 29, 1935	Nov. 30, 1935	Dec. 7, 1935
Gold reserve	284,479	388,870	393,211	397,549	397,485	397,485
Government securities—Swedish ..	174,348	78,639	78,639	78,639	78,639	78,639
Foreign	46,576	69,806	69,806	69,806	69,806	69,806
Bills payable in Sweden	12,177	11,864	12,190	12,071	11,898	11,898
Bills payable abroad	351,671	372,709	372,709	372,768	356,445	356,445
Balance abroad	132,181	187,573	177,540	173,874	192,021	192,021
Advances	29,719	28,936	31,416	31,618	33,020	33,020
LIABILITIES						
Notes in circulation	635,141	699,242	648,621	733,438	717,339	717,339
Government deposits	252,124	169,654	276,806	265,183	255,173	255,173
Private deposits	220,319	301,301	245,372	193,765	211,457	211,457

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

ASSETS	Dec. 1, 1934	Nov. 9, 1935	Nov. 16, 1935	Nov. 23, 1935	Nov. 30, 1935	Dec. 7, 1935
Gold	2,268,798	2,257,956	2,257,849	2,257,765	2,255,234	2,255,051
Silver	677,883	691,651	687,241	688,804	693,155	695,030
Loans and discounts	3,185,686	2,352,981	2,321,882	2,283,983	2,244,282	2,206,671
Spanish & foreign stock	344,475	344,475	344,475	344,475	344,475	344,475
Advances to Treasury	150,000	150,000	150,000	150,000	150,000	150,000
LIABILITIES						
Notes in circulation	4,652,960	4,807,498	4,856,429	4,790,660	4,736,023	4,733,895
Deposits	785,673	1,238,746	1,247,745	1,290,544	1,333,754	1,345,155

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

ASSETS	Nov. 30, 1934	Nov. 7, 1935	Nov. 15, 1935	Nov. 23, 1935	Nov. 30, 1935
Cash reserve	1934	1935	1935	1935	1935
Gold coin and bullion	241,988	242,448	242,454	242,459	242,463
Other foreign exchange	45,939	135,912	129,169	128,193	247,605
Bills discounted	241,149	227,545	228,502	228,754	227,075
Federal debt	624,444	624,444	624,444	624,444	624,444
LIABILITIES					
Share capital	54,960	54,960	54,960	54,960	54,960
Reserve fund	11,280	7,302	7,302	7,302	7,302
Notes in circulation	954,729	895,303	893,358	852,289	852,336
Deposits	171,927	321,010	316,053	354,448	253,924

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

ASSETS	Nov. 30, 1934	Nov. 7, 1935	Nov. 15, 1935	Nov. 23, 1935	Nov. 30, 1935
Metal reserve	1934	1935	1935	1935	1935
Gold coin and bullion	78,835	78,936	78,936	78,936	78,936
Foreign exchange	15,177	25,371	24,843	26,463	27,987
Token money	10,599	6,889	6,557	10,649	9,001
Inland bills, warrants and securities ..	588,604	530,862	520,583	512,005	547,145
Advances to Treasury	47,015	72,136	72,136	74,134	74,134
LIABILITIES					
Share capital (gold crowns 30,000,000)* ..	34,758	34,758	34,758	34,758	34,758
Notes in circulation	350,366	377,270	354,573	328,323	393,248
Current accounts, deposits, etc.	99,975	117,378	128,959	161,102	130,115
Cash certificates	115,136	104,298	104,298	104,298	104,298
Other liabilities	180,816	170,143	172,820	174,350	176,304

CENTRAL BANK OF ARGENTINA.—In paper pesos (000,000's omitted)

ASSETS	Aug. 31, 1935	Sept. 15, 1935	Sept. 30, 1935	Oct. 15, 1935	Oct. 31, 1935	Nov. 15, 1935
Gold at home	1,224	1,224	1,224	1,224	1,224	1,224
Gold abroad and foreign ex- change	109	98	111	136	142	131
Non-interest bearing Govern- ment Bond	119	119	119	119	119	119
Consolidated Treasury Bonds	150	150	150	150	207	207
LIABILITIES						
Notes	920	927	932	950	939	942
Government deposits	163	138	146	129	199	192
Shareholding bank deposits	213	242	241	285	216	214
Other deposits	121	99	110	108	162	155
Account of mobilisation insti- tute	174	174	174	174	174	174
Ratio of gold and foreign ex- change to note and sight liabilities	83.6%	83.6%	83.3%	83.7%	83.8%	80.7%

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

ASSETS	Nov. 30, 1934	Nov. 15, 1935	Nov. 22, 1935	Nov. 30, 1935
Cash reserve	1934	1935	1935	1935
Gold at home and abroad	1,821,681	1,413,325	1,415,795	1,428,407
Foreign exchange	161,343	29,500	29,500	25,035
Other foreign exchange	55,700	286,658	287,312	289,361
Bills and advances against security ..	1,820,383	1,811,912	1,810,207	1,810,363
Government advances	1,720,930	1,680,037	1,680,327	1,680,521
LIABILITIES				
Notes in circulation	4,306,802	4,823,838	4,752,385	4,838,051
Sight deposits	1,268,363	1,411,897	1,493,373	1,374,765
Time deposits	802,780	182,600	202,400	207,700

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

ASSETS	Nov. 23, 1934	Oct. 31, 1935	Nov. 7, 1935	Nov. 15, 1935	Nov. 23, 1935
Gold and silver holdings	1,546,675	1,582,875	1,582,875	1,582,875	1,582,875
Balances abroad and foreign currencies	211,716	245,549	312,187	317,897	468,360
Discounts and advances	1,051,999	1,860,373	1,369,259	1,337,027	1,323,670
Advances to the Treasury	2,755,378	2,671,279	2,671,279	2,671,279	2,671,279
LIABILITIES					
Reserves	1,239,221	1,253,356	1,253,609	1,253,309	1,251,044
Bank notes in circulation	2,515,788	2,412,637	2,400,420	2,352,509	2,294,388
Sight liabilities	1,839,848	1,915,675	1,933,924	2,003,344	2,061,727
Deposits	139,271	128,176	126,822	126,743	126,689

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

ASSETS	Nov. 30, 1934	Oct. 31, 1935	Nov. 15, 1935	Nov. 23, 1935	Nov. 30, 1935
Gold and gold exchange	4,057,273	3,620,961	3,548,573	3,559,341	3,559,425
State Gold Bonds	638,542	567,169	567,169	567,169	567,169
Bills discounted	246,844	325,563	328,953	323,611	321,7

NEW YORK MONEY AND EXCHANGE RATES

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

	Dec. 12, 1934	Nov. 13, 1934	Nov. 20, 1934	Nov. 27, 1934	Dec. 4, 1934	Dec. 11, 1934
Call money	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
Time money (90 days' mixed coll.)	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
Bank acceptances	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
Members—eligible, 90 days	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
Non-members—eligible, 90 days	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
Commercial accept., 90 days	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4

	Par Level	Dec. 12, 1934	Nov. 27, 1934	Dec. 4, 1934	Dec. 11, 1934
London—80 days					
Cable					
Cheques					
Paris—cheques					
Brussels					
Switzerland					
Italy					
Berlin					
Vienna					
Madrid					
Amsterdam					
Copenhagen					
Oslo					
Stockholm					
Athens					
Montreal					
Yokohama					
Shanghai					
Canton					
Buenos Aires					
Rio de Janeiro					

SOUTH AFRICAN EXCHANGE RATES

	T.T.	Sight	30 days' sight	60 days' sight	90 days' sight
London on—					
Rhodesia	£100 5 0	£100 17 6	£101 7 6	£101 17 6	£102 7 6
South Africa	£100 17 6	£101 7 6	£101 17 6	£102 7 6	£102 17 6

	Sight	Telegraphic
London on—		
Rhodesia	£ 99 15 0	£ 99 15 0
South Africa	£ 100 2 6	£ 100 2 6

THE ANGLO-SOUTH AMERICAN BANK, LTD., has received telegraphic advice from the Madrid Branch that the gold surcharge for the payment of Spanish Customs duties has been fixed for the period December 11th to 20th at 138.64 per cent. The previous rate was fixed as from December 1st at 139.11 per cent.

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES

THE ANGLO-SOUTH AMERICAN BANK, LTD., issues the following details relative to quotations for certain of the South and Central American exchanges. All these exchanges, with the exception of that of Bolivia, are related to the United States dollar, and the approximate sterling rates may be obtained by applying the dollar-sterling exchange rate:—

Bolivia.*	Official market: Sight rate, 20.26 bolivianos per £ sterling on October 21, 1935. Export selling rate 80 bolivianos per £.
Colombia.*	Sight rate, 176½ pesos per 100 United States dollars on November 27, 1935. This rate applies to holders of permits buying in the "open" market.
Ecuador.*	"Free" market sight rate on October 31, 10.51 sucres per United States dollar.
Guatemala.	Sight rate on New York is maintained at 1 quetzal per United States dollar, but a commission of 1 per cent. is charged by the Banco Central for the sale of drafts.
Nicaragua.*	Official selling rate was established at 110 cordobas per 100 United States dollars on November 26, 1934.
Salvador.	Sight rate on October 31, 1935, 2.51 colones per United States dollar.
Venezuela.	Sight rate on New York was maintained in October at 3.90½ bolívares per United States dollar.

* Exchange controls are operative in these countries.

OVERSEAS DOMINION RATES

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND

	London on Australia and New Zealand				Australia and New Zealand on London*			
	Buying		Selling		Buying		Selling	
	Australia	New Zealand	Australia (any Mail)	New Zealand (any Mail)	Australia	New Zealand	Australia (any Mail)	New Zealand
T.T.	Air	Ord.	Air	Ord.	Air	Ord.	Air	Ord.
Sight	126½	126½	125½	125½	125½	124½	124½	124½
30 days	126½	126½	125½	125½	125½	124½	124½	124½
60 days	127½	127½	126½	126½	126½	125½	125½	125½
90 days	127½	127½	126½	126½	126½	125½	125½	125½

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

GOLD AND SILVER

The following statistics of imports and exports of gold and silver for week ended December 12, 1935, are issued by the Statistical Department of H.M. Customs and Excise:—

IMPORTS AND EXPORTS OF GOLD		
Gold Imported into Great Britain and Northern Ireland, week ended December 12, 1935		
From	Bullion*	Coins†
British W. Africa...	119,729	...
British S. Africa...	1,933,054	...
Tanganyika...	2,275	...
Kenya...	7,653	...
Aden and Depend- encies...	690	...
British India...	778,189	...
British Malaya...	10,987	...
Newfoundland and Coast of Labrador	...	586
Sweden...	...	2,351
Germany...	2,582	50,000
Netherlands...	6,208	661
Belgium...	2,830	889
France...	40,716	1,000
Portugal...	50,357	1,876
Spain...	...	50,000
Iraq...	7,413	12,342
St. Domingo...	4,032	358
Panama...	...	3,421
Venezuela...	28,475	...
Argentina...	2,500	...
Other countries...	4,339	288
Totals	3,022,422	102,256

Gold Exported from Great Britain and Northern Ireland, week ended December 12, 1935		
To	Bullion*	Coins†
Finland...	25,021	...
Netherlands...	64	16,000
Belgium...	14,293	...
France...	229	105,985
Switzerland...	...	207,274
U.S.A....	2,048,720	...
Other countries...	282	...
Totals	2,243,139	105,985

IMPORTS AND EXPORTS OF SILVER		
Silver Imported into Great Britain and Northern Ireland, week ended December 12, 1935		
From	Bullion*	Coins†
Irish Free State...	£ 3,400	...
British W. Africa...	8,000	...
British S. Africa...	152	3,046
Anglo-Egyptian	...	12,000
Aden and Depend- encies...	115	5,548
British India...	42,938	...
British Malaya...	14,423	3,500
Hong Kong...	604,100	906,934
New Zealand...	2,569	...
Sweden...	466	...
Germany...	7,577	...
Netherlands...	21,100	...
Java...	3,292	...
Belgium...	23,660	1,084
France...	508	81
Egypt...	2,050	1,852
Iraq...	202,002	...
Japan...	...	550
Argentina...	...	3
Other countries...	895	2,595
Totals	925,847	23,403

Silver Exported from Great Britain and Northern Ireland, week ended December 12, 1935		
To	Bullion*	Coins†
Channel Islands...	£ 2,000	...
Palestine...	14,959	...
Southern Rhodesia	...	5,532
Aden and Depend- encies...	...	4,425
Norway...	1,961	...
France...	...	10
U.S.A....	1,335,060	...
Other countries...	281	451
Totals	1,337,302	2,010

* At current market value. † Coin which is of legal tender in the United Kingdom is entered at face value and shown in italics. Other coin is entered at current market value

GOLD MOVEMENTS: BANK OF ENGLAND		
1935	ARRIVALS	WITHDRAWALS
Dec. 6	Nil	Nil
" 7	Nil	Nil
" 9	Nil	Nil
" 10	Bar gold 515,557	Nil
" 11	Nil	Nil
" 12	Bar gold 250,412	Nil
Total	765,969	Nil

Movement December 6, 1935, to December 12, 1935 (inclusive) ... 765,969 in
Movement during year 1934 ... (1,570,994 in
Movement during 1935 (January 1 to December 12, 1935, inclusive) ... 7,355,130 in
Movement April 29, 1925, to December 12, 1935 (inclusive) ... 30,586,505 in
Movement September 21, 1931 (gold standard suspended), to December 12, 1935 (inclusive) ... 62,971,957 in

GOLD MARKET

Messrs. Samuel Montagu and Company write on December 11, 1935, as follows:—

The Bank of England gold reserve against notes amounted to £198,409,107 on the 4th instant as compared with £197,632,279 on the previous Wednesday. Purchases of bar gold announced by the Bank during the week amounted to £1,000,216. In the open market about £1,400,000 of bar gold offered at the daily fixing was absorbed by general demand. Following the improvement in the political situation in France, conditions became easier and prices have ruled at about dollar parity, the premium over which gradually disappeared.

	Per fine ounce	of £ sterling
Quotations during the week:—		
December 5	140s. 11½d.	12s. 0.654
" 6	141s. 0d.	12s. 0.60d.
" 7	141s. 1½d.	12s. 0.47d.
" 9	141s. 0½d.	12s. 0.56d.
" 10	141s. 0d.	12s. 0.60d.
" 11	141s. 2½d.	12s. 0.39d.
Average	141s. 0.67d.	12s. 0.54d.
December 12	141s. 2d.	12s. 0.43d.

The s.s. "Mooltan," which sailed from Bombay on the 7th instant, carries gold to the value of about £482,000 consigned to London.

SILVER MARKET

Until the 7th inst. prices remained unchanged at 29½d. for cash and 28½d. for two months' delivery, sales by China, the Indian Bagaars and speculators and purchases for America being the features. There was an unusual development on the 9th instant, when there was a sudden change in the attitude of the American

Treasury. The daily order from this quarter had hitherto been received in London at the time of fixing, but on the day in question it was given only after a long delay. There was a considerable amount of silver available and the absence of the principal buyer was disconcerting. Ultimately the American authorities made their wishes known, being willing to give support, but only at lower rates, consequently prices fell ½d. to 28½d. for cash and 28½d. for two months' delivery. As was to be expected, the occurrence had a very disturbing effect and resulted in large amounts being offered in the market yesterday. There was again a long delay and fixing was postponed until later in the day. After negotiations with the American Treasury it transpired that although they were willing, at a reduced price, to take a part of the cash silver offering, they were not prepared to go beyond this. In the circumstances the brokers had no option but to decide that no prices could be quoted on account of the rule that the official quotations were fixed at a price at which all effective offerings must be absorbed. To meet the situation and in the interests of clients it was decided to-day temporarily to suspend this usage and to sell in proportion to the amount which could be disposed of. On this basis the price for cash was fixed at 27½d., at which, however, the American Treasury were buyers of only a very small amount, representing about 7½ per cent. of the total cash offerings. In the absence of demand for forward silver, no price could be fixed for that delivery. The outlook has been rendered all the more uncertain in view of the obscurity which surrounds the future intentions of the United States authorities.

News was received on December 5th that the Hongkong Government had decided to take over all silver stocks and to establish an exchange fund to control the international value of the Hongkong dollar. Holders of British, Mexican or Hongkong dollars or subsidiary coin or bullion exceeding a value of ten dollars are required to surrender same within one month to the Treasurer, who will pay for coin in Hongkong currency at the face value and for bullion at the rate of 128 cents per fine ounce. All silver coins and bullion surrendered to the Treasury will be paid into the exchange fund. This measure follows the embargo placed on the export of silver from Hongkong as from noon on November 9th and is not unexpected, some such action being generally anticipated as a natural sequence to the new currency system recently adopted by the Chinese Government.

Quotations during the week:—

	IN LONDON	IN NEW YORK
	Bar silver per oz. std. delivery	Cents per ounce .999 fine
Dec. 5	29½d.	65½
" 6	29½d.	65½
" 7	29½d.	65½
" 9	28½d.	65½
" 10	No quotations	65
" 11	27½d.	64
Average	28.762d.	28.703d.
Dec. 12	28½d.	...

The highest rate of exchange on New York recorded during the period from the 5th instant to the 11th instant was \$4.93½ and the lowest \$4.92½.

COMPANY NEWS

WEEKLY TRAFFIC RETURNS
RAILWAYS OF GREAT BRITAIN AND IRELAND

		Gross Receipts week ended December 8, 1935 (£'000)					Aggregate Gross Receipts 1935 compared with 1934 49 weeks (£'000)					
(b) Week ended Dec. 6, 1935	(c) Week ended Dec. 7, 1935	Miles Open	Passen- ger, &c.	Merchan- dise, &c.	Coal and Coke	Total Goods	Total Receipts	Passen- ger, &c.	Merchan- dise, &c.	Coal and Coke	Total Goods	Total Receipts
Great Western	1935 8,749	170	193	118	311	481	9,993	8,839	4,900	13,839	23,832	
(c) L. & N.	1934 3,749	174	184	108	292	466	9,877	8,838	4,896	13,734	23,611	
Eastern	1935 6,336	271	333	252	585	856	15,449	15,481	11,060	26,541	41,991	
L. M. & Scottish	1934 6,336	275	335	252	587	862	15,133	15,533	11,175	26,708	41,841	
Southern	1935 6,923	390	488	301	789	1,179	23,586	22,182	13,841	33,576	57,162	
	1934 6,923	393	487	287	754	1,147	23,219	21,962	12,338	33,200	56,413	
	1935 2,171	239	51	29	80	319	14,631	3,001	1,469	4,700	19,101	
	1934 2,176	234	55	29	84	318	14,227	3,178	1,507	4,685	18,912	
Total	1935 19,180	1,070	1,065	700	1,765	2,835	63,659	49,693	28,823	78,428	142,085	
	1934 19,191	1,076	1,041	676	1,717	2,793	62,450	49,511	28,816	78,327	140,777	
(b) Belfast & Co. Down	1935 80	1	1	6	0	2	123	2	—	25	148	4
(c) Great Western	1934 80	1	5	0	6	2	121	99	—	25	147	4
(b) Great Northern	1935 543	8	8	—	7	16	513	0	—	463	976	0
(c) Great Northern	1934 563	8	—	—	6	14	469	1	—	431	920	2
(b) Great Southern	1935 2,124	21	3	—	43	69	1,197	1	—	1,771	2,968	3
(c) Great Southern	1934 2,158	21	1	—	48	65	1,170	2	—	1,652	2,923	1

(b) Belfast & Co. Down 1935 80 1-6 ... 0-6 2-2 123-2 ... 25-2 148-4
(b) Great 1935 549 8-8 ... 0-6 2-2 121-9 ... 25-5 147-4
(b) Northern 1934 562 7-8 ... 0-6 2-2 121-9 ... 25-5 147-4
(b) Great 1935 2,124 21-3 ... 48-3 69-6 1197-1 ... 1771-2 2968-3
(b) Southern 1934 2,124 21-3 ... 48-3 69-6 1197-1 ... 1771-2 2968-3

COMPARISONS WITH CORRESPONDING PERIODS, 1933 AND 1934

	Great Western	L.M.S.	L.N.E.R.	Southern
Second half-year 1934, compared with second half-year, 1933:—				
Gross increase or decrease	+ 148	+ 659	+ 528	+ 168
First half-year 1935, compared with first half-year 1934:—				
Gross increase or decrease	+ 78	+ 299	- 26	+ 8
Second half-year 1935, compared with second half-year, 1934:—				
23 weeks to Dec. 8, 1935	+ 143	+ 440	+ 175	+ 181
Weekly average second half 1935	+ 6½	+ 19½	+ 7½	+ 7½
Latest week 1935 compared with 1934	+ 16	+ 32	- 6	+ 1

LONDON TRANSPORT

	Week ending December 7, 1935	Aggregate 23 weeks ending December 7, 1935	*Takings	Compared with corresponding period of last year
			£544,800	+ 5,500
			£12,511,300	+ 210,400

* For an explanation of the manner in which the figures are made up, see the *Economist*, March 17, 1934, page 610.
Note.—The receipts this year include receipts of bus and coach undertakings not absorbed by London Transport in the corresponding period of last year. In order to make a comparison with the previous year, the figures for that year have been adjusted on the basis of the best information available.

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Percent Mileage	Gross Receipts for Week		Gross Aggregate Receipts	
				1935	+ or -	1935	+ or -
INDIAN							
Assam Bengal	33	Nov. 20	1,330	Rs. 5,19,300	-	Rs. 1,04,68,684	-
Barsi Lt. Ry.	32	Nov. 10	292	1,09,500	+ 60,000	11,57,500	-
Bengal & N. Western	7	Nov. 21	2,114	19,72,266	+ 44,469	4,53,53,614	+ 1,36,172
Bengal Nagpur	30	Oct. 31	3,268	25,27,000	+ 2,66,426	4,89,93,541	+ 40,43,474
Bombay, Bar. & C.I.	34	Nov. 30	3,072	32,65,000	+ 3,04,000	6,96,44,000	+ 5,03,000
Madras & S. Mahr.	33	Nov. 30	3,230	17,49,000	+ 1,01,517	4,47,44,257	- 35,76,220
Rohilk'd & Kumaon	7	Nov. 20	546	1,43,912	-	18,473	-
South Indian	33	Nov. 20	2,526	12,23,219	- 1,71,829	3,39,85,817	- 18,38,154

CANADIAN							
Canadian National	47	Dec. 7	2,3688	\$ 3,442,367	+ 439,919	\$ 161,652,669	+ 7,101,694

DIVIDEND ANNOUNCEMENTS

Name of Company	Rate % per Annum, except where marked % in Cash			Dividend for Whole Years	
	Interim or Final	Date of Payment	Interim or Final Comparison with Last Year	Latest Year	Previous Year
RAILWAYS					
Bengal and North Western	8%†	Feb. 3	Same	16	16
Rohilkpnd and Kumaon	10%†	Jan. 27	Same	16	16
INSURANCE					
Eagle Star, etc., Insurance	5½%*	Jan. 1	5%*	...	...
TEA AND RUBBER					
Baracora (Puket) Tea	4%*	Dec. 30	5%*	...	...
Brush Rubber	5%*	Dec. 20	Same	...	...
Derby Tea	5%*	Dec. 21	Same	...	...
Doloo Tea	2½%*	Dec. 20	Same	...	...
Empire of India and Ceylon Tea...	2%*	Jan. 1	Nil*	...	...
Isa Bheel Tea	5%*	Dec. 21	Same	...	...
Jugra Estate	1½%*	Dec. 11	Nil*	...	...
Pelmadulla Rubber	2½%*	Jan. 1	5%*	...	...
Sendayan (F.M.S.) Rubber	6%*	Jan. 18	...	5	5
Surmah Valley Tea	6%*	...	Same	...	...
Travancore Rubber	3%*	Dec. 28	Same	...	...
MINING					
Anglo-American Corporation	20%	Jan. 30	10%*	...	...
Ayer Hitam Tin	10%	Dec. 30	5%*	...	...
Brakpan (5/-)	1/6 p.s.	Jan. 31	5/6 p.s. (£1sh.)	...	...
Cam and Motor Gold	32%*	...	...	...	...
City Deep (£1)	1/- p.s.	Jan. 31	...	...	...
Consolidated Main Reef (£1)	2/6 p.s.	Jan. 31	Same	...	...
Crown Mines (10/-)	9/- p.s.	Jan. 31	Same	...	...
Daggafontein	5/- p.s.	Jan. 31	4/3 p.s.	...	...
Durban Rodepoort Deep (10/-) ..	1/3 p.s.	Jan. 31	3 p.s.	...	...
East Rand Proprietary (10/-) ..	1/6 p.s.	Jan. 31	Same	...	...
Eastern Transvaal Consolidated ..	5%*	Jan. 30	Same	...	...
Geldenhuis Deep (£1)	2/- p.s.	Jan. 31	3/- p.s.	...	...
Government G.M. Areas	3/- p.s.	Jan. 30	3 1/4 p.s.	...	...
Hong Kong Tin	15%†	...	10%†	20	15
Iddris Hydraulic Tin	4%*	Dec. 27	2½%*	...	...
Indian Copper Corporation	2½%*	Dec. 31	2½%*	...	...
Kepong Dredging	2½%*	Dec. 31	Same	...	...
Kinta Tin	7½%*	Dec. 21	5%*	...	...
Lace Proprietary	...	Jan. 30	First	40	Nil
Lancefield (W.A.) Gold	1/- p.s.	Feb. 7	First	...	...
Langlaagte Estate	2/- p.s.	Jan. 30	2/6 p.s.	...	...
Malayan Tin Dredging	10%†	Dec. 18	...	45	36½
Do.	2/- p.s.	Dec. 18	...	...	...
Modderfontein B (5/-)	1/6 p.s.	Jan. 31	1/9 p.s.	...	...
Modderfontein East (£1)	2/9 p.s.	Jan. 31	3/- p.s.	...	...
New Era Consolidated	10%*	Jan. 30	...	...	...
New Modderfontein (10/-)	5/6 p.s.	Jan. 31	5/9 p.s.	...	...
New State Areas	2/6 p.s.	Jan. 30	3/- p.s.	...	...
New Vaal River Diamond	2½%†	...	Same	...	...
Nourse Mines (£1)	2/- p.s.	Jan. 31	Same	...	...
Pelephah Tin	2½%*	Dec. 27	Same	...	...
Randfontein	2/- p.s.	Jan. 30	1/9 p.s.	...	...
Rand Mines (5/-)	4/- p.s.	Jan. 31	Same	...	...
Rhodesian Corporation	2½%†	...	Nil	10	5
Do.	5%*	...	Same	...	...
Robinson Deep "A"	1/8 p.s.	Jan. 31	Same	...	...
Do. "B" (7/6)	1/8 p.s.	Jan. 31	2/- p.s.	...	...
Rose Deep (£1)	6d. p.s.	Jan. 31	Same	...	...
Scottish Australian	3%†	...	...	...	...
Simmer and Jack (2/6)	3d. p.s.	Jan. 31	Same	...	...
South African Coal Estates	6½%*	Jan. 30	5%*	...	...
South African Townships	10%*	Jan. 30	5%*	...	...
Southern Malayan Tin	10%*	Dec. 18	...	22½	20
Southern Tronoh Tin	2½%*	Dec. 28	...	...	...
Springs (5/-)	1/6 p.s.	Jan. 31	5/9 p.s. (£1 sh.)	...	...
Sub-Nigel (10/-)	8/- p.s.	Jan. 31	Same	...	...
Sungei Besi Mines	10%*	Dec. 27	2½%*	...	...
Tanjong Tin	2½%*	Dec. 21	Same	...	...
Transvaal Consolidated Land (10/-)	1/- p.s.	Jan. 31	...	...	...
Tronoh Mines	10%*	Dec. 31	...	...	...
Van Ryn Deep	3/- p.s.	Jan. 30	3/3 p.s.	...	...
Van Ryn Gold (10/-)	2/- p.s.	Jan. 31	12/- p.s. (£1 sh.)	...	...
West Springs	1/- p.s.	Jan. 31	Same	...	...
Witswatersrand (Knights)	2/- p.s.	Jan. 30	1/6 p.s.	...	...
TRADING COMPANIES					
Advance Laundries	3½%*	...	Same	...	...
Armstrong Siddley, Development ..	...	...	...	10	10
Aron Electricity Meter	5%*	Jan. 10	Same	...	...
Associated Biscuit	12%*	...	Same	...	...
Associated Chocolate	5½%†	...	Same	9½	9½
Atlas Stone (Nos. 1 to 600,000) ..	...	Dec. 16	...	10	...
Do. (Nos. 600,001 to 753,333) ..	...	Dec. 16	...	5	...
Betts and Co.	11½%*	Dec. 24	...	...	...
Booker Brothers, McConnell & Co. ..	7%†	...	Unchanged	10	10
Boots Pure Drug	6%*	Dec. 31	Same	...	...
British Steamship Investment	2%*	Jan. 1	Same	...	...
British Tea Share Trust	2%*	Dec. 20	3%*	...	...
Butterley Company	11½%*	Dec. 31	11%*	...	...
Cadena Cafés	5%†	...	...	7	14
Coast Lines	12%*	...	Nil	...	...
Cole (E. K.)	12½%*	Jan. 6	10%*	...	...
Cornbrook Brewery	4%†	...	Same	6	26
Cow and Gate	8½%†	...	...	16½	22½
Finlay (James) and Co.	4%*	Dec. 31	5%*	...	...
Forestral Land, Timber, etc.	2½%*	Jan. 1	Nil*	...	...
Gardiner (John) London	10%*	Dec. 20	...	5	5
General Securities Investment	3%*	Dec. 16	Same	...	...
Goulding (W. H. M.)	3%*	...	Same	...	...
Great Yarmouth Waterworks	3%*	Jan. 1	Same	...	...
Grout and Co.	2%*	Dec. 31	Same	...	...
Hewitt Brothers	9%†	Jan. 1	...	14	12½
Iford Limited	21%*	Jan. 1	Same	7	6
Imperial Colonial Finance	12%*	Jan. 20	Same	...	...
International Tea	...	...	...	5	5
Jones (R. E.)	21%*	...	...	...	...
Lancage Safety Glass	21%*	Dec. 18	Same	...	...
Leeds and Wakefield Breweries ...	6%†	...	5%†	10	8
London and Westcôlf Properties ...	...	Dec. 20	...	5	4
London Trading Estates	...	...	...	3½	3
Low Temperature Carbonisation ..	...	...	...	5	5
Metropolitan Ry. Country Estates ..	17½%†	...	61½%†	25	11½
Milton Property	6½%†	Dec. 31	5%†	9	7
Newcastle Breweries	4½%*	...	...	...	...
Platt Bros. (Holdings) 4½% Pref. ..	4½%*	...	...	...	...
Redpath, Brown and Co.	...	...	...	10	Nil
Reeves and Sons	11%*	...	Same	...	...
Rubber Regenerating	14%†	Jan. 6	Same	4	...
Sanders Bros. (Stores)	2½%*	Dec. 21	Same	...	...
Sawers (Glasgow)	3%*	...	Same	...	...
Scottish Consolidated Trust	3%†	Dec. 31	2½%†	1½	Nil
Second British Steamship Trust ..	3%†	Dec. 31	2½%†	5	4½
Shropshire, etc., Electric "A"	4%*	...	Same	...	...
Do. "B"	21%*	...	Same	...	...

THE BRADFORD DYERS' ASSOCIATION, LTD.—The directors will pay the interest on the 4 per cent. debenture stock on January 1, 1936, but have decided to postpone payment of dividend on 5 per cent. cumulative preference stock for the six months ending December 31, 1935.

BRITISH INDUSTRIES FIXED TRUSTS (SECOND PORTFOLIO).—The trustees, the Midland Bank Executor and Trustee Company, Ltd., announce an income distribution of 6.5302 pence per sub-unit, free of income tax, for the six months' period ended November 30, 1935. Income warrants will be posted on December 30, 1935, to certificate holders registered as at November 30th.

FORESTAL LAND.—Forestal Land, Timber and Railways is to re-enter the dividend list after a lapse of four years, with an interim payment of $2\frac{1}{2}$ per cent., less tax, on January 1, 1936. The previous distribution was in 1930, when an interim of $2\frac{1}{2}$ per cent. was followed by a final dividend of 4 per cent. The issued capital is £5,574,689, of which £3,708,837 is in £1 ordinary shares.

BULOLO GOLD DREDGING LTD. (Incorporated in British Columbia). With reference to the announcement dated October 29, 1935, of the declaration of a dividend of \$1.40 (Canadian) the rate of exchange on December 10, 1935, was \$4.98 to the £. The gross amount of the dividend is \$s. 7,402.21 per share, less Canadian income tax of 5 per cent. (1s. in £) and United Kingdom income tax at 3s. 6d. in the £, 1s. 3.165d. per share; and the net dividend payable to United Kingdom shareholders is 4s. 4.237d. per share. The dividend warrants will be posted on December 20, 1935.

Month of	1929	1930	1931	1932	1933	1934	1935
	Fine Ozs.	Fine Ozs.	Fine Ozs.	Fine Ozs.	Fine Ozs.	Fine Ozs.	Fine Ozs.
January ...	876,452	882,801	914,577	936,784	967,457	907,641	890,875
February ...	815,254	916,188	839,937	914,012	883,145	826,363	821,246
March	865,522	888,370	910,998	960,035	946,863	874,112	832,209
April	872,123	868,606	882,337	949,796	895,097	865,822	869,856
May	897,598	916,213	910,279	985,664	944,604	898,418	916,035
June	850,029	887,867	897,750	958,011	918,933	869,129	889,026
July	868,480	912,852	918,645	981,180	923,671	876,034	927,803
August	880,601	921,081	916,425	991,322	934,714	881,861	929,331
September ..	849,553	903,176	916,024	981,501	901,799	857,443	902,333
October	886,690	926,591	946,113	974,965	908,888	885,627	931,724
November	861,593	884,753	900,510	978,716	988,468	878,847	906,550
December	851,134	906,492	923,353	980,618	984,156	866,037	...
Total	8,514,066	9,718,760	10,874,145	11,553,564	11,017,483	10,488,393	9,870,188

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

	Mar. 1935	April, 1935	May, 1935	June, 1935	July, 1935	Aug., 1935	Sept., 1935	Oct., 1935	Nov., 1935
Gold mines	259,417	262,878	264,087	267,209	268,409	269,805	269,775	271,416	271,926
Coal mines	13,476	13,395	13,677	13,945	14,097	14,150	14,247	14,131	14,136
Total	272,893	276,063	277,744	281,154	282,506	284,055	284,022	285,547	286,062

The following statistics show the outputs, &c. of the individual mines:

Note.—Value of gold calculated at £7 1s. 0d. per ounce in all cases.

The Johnnies Group	Tons milled, Nov., 1935	Estimated Value, November, 1935		Estimated Costs per ton, Nov., 1935	Estimated Profit, including Sundry Revenue Nov., 1935	Oct., 1935 Profit at 47 1/2 per fine ounce
		Gross	Per ton			
Government Areas (Modderfontein)	212,000	£ 499,894	s. d. 47 2	17 4	£ 319,095	332,156
Langlaagte Estate ...	93,000	106,853	23 0	17 0	29,262	30,366
North State Areas ...	117,000	262,662	44 11	18 8	155,221	160,224
Randfontein Estates ...	368,000	436,825	23 16	17 0	138,078	139,249
Van Ryn Deep	101,000	140,040	27 9	18 2	49,201	49,067
Witwatersrand	84,000	91,586	21 10	18 11	13,120	13,508
Totals	975,000	1,537,860	...	17 5	698,705	723,540

Anglo-American Corporation Group	Tons Milled, Nov., 1935	Total Revenue, Nov., 1935	Working Costs, Nov., 1935	Profit, Sept., 1935	Profit, Oct., 1935	Profit, Nov., 1935
Brakpan Mines	132,000	240,063	131,845	107,231	108,151	108,116
Daggafontein Mines, Ltd.	122,500	227,500	126,518	128,403	130,473	130,065
Spring Mines, Ltd.	100,000	285,316	115,251	149,843	150,093	150,065
West Springs, Ltd.	106,000	113,127	77,595	35,701	35,504	35,532

	Tons Crushed, Nov., 1935	Yield in Fine Gold Ounces, Nov., 1935	Value, Nov., 1935	Profit, Nov., 1935	Working Cost per ton Nov., 1935
The Central Mining Company Rand Mines Group					

£		s.		d.	

City Deep, Ltd.	105,000	19,258	136,043	16,091	22 10·2
Consolidated Main Reef Mines and Estates, Ltd.	150,000	30,027	211,726	60,144	20 2·5

Estate, Ltd.	150,000	82,513	582,628	268,127	18 0-3
Crown Mines, Ltd.	349,000	12,787	90,247	19,043	25 5-2
Durban Roodepoort Deep, Ltd. ...	56,000			96,669	21 0-0
East Rand Proprietary Mines, Ltd.	200,000	43,443	306,703		

East Rand Proprietary Mines, Ltd.	200,000	10,110	30,000	14,878	16 9-8
Geldenhuis Deep, Ltd.	85,800	12,322	87,019	45,337	13 11-4
Modderfontein B. Gold Mines, Ltd.	88,000	15,135	106,728	51,076	19 2-1
Modderfontein East Ltd.	97,000	20,417	144,098		

Modderfontein East, Ltd.	37,000	20,117	115,000	20,000	10 2 1
New Modderfontein Gold Mining Co., Ltd.	190,000	42,902	302,768	170,550	13 11 0
Newa Mine, Ltd.	79,000	16,728	118,104	29,492	22 5 2

[illegible]

• **Stressors** – factors that cause stress

General Mining Group						
	Tons Milled, Nov., 1935	Total Revenue, Nov., 1935	Estimated Costs per ton, Nov., 1935	Profit, Sept., 1935	Profit, Oct., 1935	Profit, Nov., 1935
Van Ryn Gold Mines	60,506	£4,001	s. d. 16 8	£14,086	£14,115	£14,054
West Rand Consolidated	163,000	216,424	16 0	88,014	88,014	88,020
Goldfields Group						
	Tons crushed, Nov., 1935	Yield, Nov., 1935	Value, Nov., 1935	Profit, Nov., 1935	Profit, Nov., 1935	Working Cost per ton, Nov., 1935
Simmer and Jack Mines	99,000	Fine ozs. 23,087	£182,495	£49,525	£49,541	s. d. 22 11
Robinson Deep	101,500	25,469	179,659	78,078	78,356	20 0
Sub Nigel	52,000	39,513	278,564	200,073	192,756	33 0
Union Corporation Group						
	Tons crushed, Nov., 1935	Yield, Nov., 1935	Value, Nov., 1935	Profit, Nov., 1935	Profit, Nov., 1935	Profit, Nov., 1935
East Geduld Mines	101,000	Fine ozs. 30,354	£214,155	£122,088	£127,974	£123,209
Geduld Proprietary Mines	98,000	27,246	193,118	122,880	125,099	122,921
Modderfontein Deep Levels	46,400	9,741	88,937	44,900	41,059	31,782
Other Companies						
	Tons Milled, Nov., 1935	Total Revenue, Nov., 1935	Working Costs, per ton, Nov., 1935	Profit, Sept., 1935	Profit, Oct., 1935	Profit, Nov., 1935
Glyna's Lydenburg	8,200	£17,790	s. d. 31 2-7	£5,204	£5,046	£4,988
Luipeards Vlei Estate	46,000	68,822	21 2	20,804	21,731	20,884
New Kleinfontein Co.	56,700	74,551	20 2½	15,373	17,554	17,268
Transvaal Gold Mining	22,100	29,313	20 10½	5,466	5,697	6,250
Witwatersrand Deep	51,000	68,218	...	13,502	14,149	13,313

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

APART from the collapse in silver, due to the partial cessation of American Government demand, the principal commodity markets have shown few outstanding features during the past week. Price movements have again been somewhat irregular, no general tendency being yet discernible.

Among industrial raw materials, quotations for coal have shown a tendency to harden. Industrial demand continues active, domestic requirements are now at their height, and important consumers still show a disposition to accumulate stocks in anticipation of a stoppage. In the circumstances, it is highly probable that a satisfactory solution of the mining dispute would cause easier conditions to prevail. Meanwhile, quotations for iron and steel remain firm and in many cases pressure for delivery is so considerable that "prompt" prices are largely nominal. On the other hand, non-ferrous metals have declined in price. In the case of tin the movement is traceable to the increase in production quotas, to which we refer in a Note of the Week. The decline in copper, lead and spelter was mainly due to nervous selling in connection with the crisis in the silver market—which is fully discussed in our Money section.

Early this week, the Washington Department of Agriculture sprang a surprise upon cotton users by estimating this season's American crop at only 10,734,000 bales. The figure was considered bullish, and prices advanced a few points in both New York and Liverpool; but "long" liquidation subsequently produced a reaction and the gain was lost. Flax was also easier, but wool and jute continued firm. The market in rubber is slowly recovering from last week's setback.

Wheat prices continue to sag. Absence of demand has been sufficient to counteract the favourable effect of a bullish commercial estimate of Argentina's export surplus. With the exception of maize, other grains have eased in sympathy. Oilseeds have been a quiet market, but linseed oil rose sharply on the prospect of an increase in the import duty on foreign oil from £3 10s. to £5 per ton. A firm

(Continued from page 1223)
WOOLWICH EQUITABLE BUILDING SOCIETY.—During the year ended September 30, 1935, the society completed 14,185 individual advances, involving £7,158,855, which represented an increase of more than three-quarters of a million pounds over the total for the preceding year and constituted a record in the society's history. Total assets amount to £30,112,549, against £27,094,596. In April, 1935, a reduction was effected in the rate of interest to be charged on new advances, and, for the year, an increased rate of rebate of interest has been allowed to old borrowers. A reserve for this rebate, amounting to £82,000, has been created out of the profits for the year. Meeting, 20 Aldermanbury, E.C.2, December 17th, at 3 p.m.

UNITED MOLASSES COMPANY.—The full report of United Molasses for the year to September 30, 1935, shows that trading profits have risen by over £47,335, to £652,384. Total consolidated profits of the company and its subsidiaries rose from £651,531 to £718,200. The total depreciation allowance was £297,608, against £283,806. The company's profit, after depreciation fees, management charges, is up from £343,946 to £420,592. Interest and repayment costs of the income and debenture stocks take £178,965, and after providing for the 8 per cent. dividend (against 6 per cent.) on the ordinary shares, £80,000 is placed to reserve. The carry-forward is £45,216, against £70,025 brought in, including undistributed profits of subsidiary companies. Only £53,413 of the 4 per cent. cumulative funded debt now remains outstanding.

THE NATIONAL BUILDING SOCIETY.—The eighty-sixth annual report to October 31, 1935, shows a net increase in share capital of £2,079,537 to £24,594,989. Mortgage assets total £24,594,553, an increase of £2,457,361. Total assets stand at £27,281,737, an increase of £2,394,049. Reserve funds amount to £1,295,946, an increase of £202,372. The society's holdings in Stock Exchange securities and Corporation loans total £2,032,513 on October 31, 1935. The society's investments in trustee stocks showed an excess of £88,533 over the book value on that date.

APEX (TRINIDAD) OIL.—The board of Apex (Trinidad) Oilfields, Ltd., announces that it has been advised by a cablegram from the general manager that the result of recent drilling operations had been to enhance the value of the whole of the south-western area of the company's property, and as up to the present no value had been given to this area there will therefore be a definite increase in the oil reserves. It is also anticipated that the production of oil for the current financial year should be at least maintained at the level of last year's output.

tone has again been displayed at the Mincing Lane tea auctions, and the market in raw sugar has been steady.

In the United States prices have again tended downwards. Thus, Moody's daily index of staple commodity prices (December 31, 1931 = 100) stood at 164.2 on Wednesday, against 166.4 a week earlier, 166.5 a month ago, and 150.8 on the corresponding day last year.

COAL

SHEFFIELD.—The recent rush of orders has disorganised the market. There is now scarcely any "free" coal, either for inland or export trade, all the available supplies having been bought under contract. As a result, shippers cannot obtain fuel for their overseas customers. Prices for most classes of fuel have been raised. The present difficulties are due to heavy inland buying, some of it precautionary on account of the unsettled state of the industry. Good quantities of manufacturing fuel have recently been contracted for. Consumption is on an unprecedentedly high level. Electrical undertakings require more small coal than at any former time, and the boom has extended to house coal. Larger production quotas are being pressed for.

Quotations: Yorkshire Association hards, 18s. 6d. to 19s.; washed trebles, 18s. 6d. to 19s.; screened gas coal, 16s. 6d. to 18s.; washed steam smalls, 13s. 9d. to 14s. 3d.; Derbyshire steams, 18s. to 18s. 6d. (all f.o.b.); best Yorkshire house, 22s. to 24s.; best Derbyshire house, 21s. to 23s.; blast-furnace coke, 16s. (all free on rail).

NEWCASTLE-ON-TYNE.—Although Tyne shipments showed a decrease last week of 66,530 tons compared with last year, the market remains firm. Domestic needs are now at their height and home industrial requirements continue to expand, with the result that prices for prompt shipment are more or less nominal. Apart from the good demand from coaling stations, there is little additional trade from abroad. Coke of all descriptions is very firm, the inland trade taking up all supplies.

Current f.o.b. prices for export: NORTHUMBERLAND.—D.C.B. screened, 16s.; smalls, 13s. 6d.; Howards, Bentinck, Newbiggin, screened, 15s. 6d.; smalls, 13s. 6d.; Tyne Prime large, 14s. 6d.; smalls, 13s.; Hartley Main large, 14s. 9d.; smalls, 13s. 6d. DURHAM.—Lambton/South Hetton screened steam, 16s. 6d.; smalls, 14s.; Wear Special gas, 15s. 6d.; Holmside, Ryhope, Boldon unscreened gas, 15s.; second class gas, 14s.; coking unscreened and/or smalls, 14s.; Prime unscreened bunkers, 16s.; Second-class unscreened bunkers, 15s.; Prime Foundry coke, 22s.; Newcastle and District gas coke, 21s. 6d.

GLASGOW.—Stringency continues on the Scottish coal market. The major part of the output is being concentrated on the home market, in which demand is brisk owing to the increased industrial

activity and the uncertain labour position. Already the output quota for inland supply, recently raised by 5 per cent., has been exceeded, and a further application for increase has been lodged. Practically no coal is available for additional export business this month, and in some cases there is difficulty in securing contract supplies. The collieries are also well placed for export orders into January. Prompt prices remain nominal.

CARDIFF.—Pressure of shipments at the South Wales docks has been exceptionally heavy this week. The tonnage position has been unusually favourable, and with the seasonal inland demand at its height colliery owners have found it difficult to meet requirements within their supply quotas. Fears of a possible stoppage in the New Year over the wages question have led to the accumulation of stocks, and it is probable that supplementary allocations will be given by the Central Council to meet the position. Sized and other small coals have been scarce, particularly for prompt positions, and have been commanding prices above schedule; the market for large classes has been firmer than at any other time during the current year. The Algerian State Railways are reported to have covered their requirements for Welsh coal and patent fuel up to approximately 100,000 tons over next year. Current inquiries include from 175,000 to 250,000 tons of large, and between 60,000 and 70,000 tons of smalls, for the French State Railways over 1936, and from the Madrid Zargossa and Alicante Railways for 45,000 tons over the first half of next year. Coke and patent fuel have been in good demand; and with the collieries working more regularly pitwood prices have been firmer, with quotations for Portuguese wood ruling up to 23s. ex ship. Coal shipments in the foreign and coastwise trades last week totalled 387,000 tons compared with 405,300 tons the previous week, and 367,808 tons a year ago; while for the year to December 8th the total exports were 18,302,200 tons compared with 18,795,644 tons.

Current approximate quotations: Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 3d.; best dries, 18s. 9d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams (washed), 13s. to 13s. 6d.; coking smalls, 13s. 6d. to 14s.; second steams, 12s. 6d. to 13s.; anthracite best large, 36s. to 40s.; Red Vein large, 22s. to 27s.; machine-made cobbles, 35s. to 51s.; French nuts, 35s. to 51s.; stove nuts, 34s. to 50s.; rubbly culm, 10s. 6d. to 12s.; special foundry coke, 37s. 6d. to 40s.; patent fuel (Crown), 21s.; pitwood, ex ship, French 24s. 3d.; Portuguese, 22s. 6d. to 23s.

IRON AND STEEL

LONDON.—The rather quieter conditions which recently developed are likely to rule until the end of the year; but there are signs that the slack period will be shorter than usual, says the official report of the London Iron and Steel Exchange. In most departments of the steel trade manufacturers are inclined to welcome a lull in new business, as it will give them some opportunity to overtake deliveries, which have recently been falling into arrears. In the pig-iron market business has been confined to supplementary parcels, but many producers will close the year with contracts on their books for delivery as far forward as September, 1936. There has been no decline in business in the semi-finished steel department, and consumers are finding it difficult to secure their full supplies. Additional quantities of Continental steel will shortly be available for users in this department; despite the heavy deliveries which are being made, there is considerable pressure to place fresh business. The demand for finished steel products has been affected by the approach of the end of the year and the annual stocktaking period. The business transacted has consisted principally of small parcels, but a revival in demand is anticipated as soon as the holidays are over. Inquiry on export account has increased, but business with overseas markets is rather disappointing.

MIDDLESBROUGH.—Demand for pig iron continues active and, in addition to the furnaces reported last week as being restarted, it is confidently anticipated that further furnaces will be put into operation early in the New Year. Steel is in increased demand and the decision of the steel makers at their meeting at the end of last week not to increase prices has created more confidence in the position. The demand for semi-manufactured steel continues to absorb all the current output, but the position will be alleviated during the current month by the arrival of parcels of this class of material from the Continent. Consumers of pig iron are anxious to place contracts for delivery farther ahead, but producers, being well sold, are hesitant to accept additional commitments for forward delivery. Although the export of hematite pig iron to Italy has ceased, this is balanced by the increased consumption of users in Sheffield and the Midlands.

Prices are unchanged and the fixed minimum quotations are as follows: for No. 3 Cleveland foundry pig iron, 70s. per ton; for No. 1 East Coast hematite, 71s. per ton, both delivered locally. Good Durham blast-furnace coke is stronger, makers asking up to 21s. per ton delivered at the furnaces. Foreign ore can be purchased for early shipment only at increased prices, owing to the present tendency of freights. Heavy steel melting scrap is scarce and prices are distinctly firmer. Whilst some users are understood to be only offering 52s. 6d. per ton, it is reported that some buyers have paid up to 54s.

Large quantities of constructional steel are being turned out locally, whilst the demand for shipbuilding requisites, plates, etc., has considerably improved. Railway material is also in rather better demand. Further orders for new ships have been placed on the North-East Coast during the past week.

SHEFFIELD.—Most of the steelworks will be closed from Christmas Eve until the following Monday. This is shorter than the usual holiday. So great is the pressure for semi-material that it has

been decided to keep the open-hearth furnaces in production over the Christmas period. Employment in the steel and engineering trades has increased. The general position of the steel and allied industries remains as active as ever. The work of obtaining orders presents no problem, but there are difficulties in giving prompt delivery. This is due partly to the extreme scarcity of skilled engineers and mechanics, which necessitates much overtime working. The Universities are not turning out enough trained laboratory workers to meet the requirements of the steel and chemical branches. Makers of small tools report heavy demands from the engineering shops. Stainless steel is being sold as fast as it can be made. A recent adaptation of the material to industrial purposes is the making of stainless wire ropes and cables, while in America brass-band instruments are being made of stainless steel experimentally. The seasonal trade for cutlery has finished up with a greater turnover than at one time seemed probable, but business in silver and electroplated goods is by no means satisfactory. Steelmakers are not satisfied with the present state of the export trade, nearly all the recent progress having been confined to the home market.

GLASGOW.—The favourable conditions which have been ruling lately continue and there is no sign of the falling off in orders which is commonly looked for as the end of the year approaches. Steel plants are fully employed and a very satisfactory feature is the variety of material which is in constant demand, giving evidence that the position is improving in many of the manufacturing industries. Further contracts have been placed with Clyde shipyards during the present week and of these several are to be equipped with engines built at Greenock. At the sheet mills there is general activity, with a fair tonnage still on books both for black and galvanised sheets. Export demand is still rather poor. Wrought-iron makers are busier and anticipate being able to carry on steadily for some months to come on account of the increased demand. In practically all the manufacturing trades, plants are running to capacity and bookings are satisfactory. The difficulty in securing fuel supplies is causing some anxiety in all branches.

CARDIFF.—Conditions in the South Wales iron and steel industry are practically unchanged. The pig-iron and steel furnaces are well employed, but the tinplate works are operating at only just over 50 per cent. of capacity, and there are no signs of expansion in the sheet market for export. The inland demand for sheets, however, is quite good. Prices of tinplates, galvanised sheets and steel bars are unaltered. Last week's shipments of tinplates from Swansea totalled 102,171 boxes, compared with 53,452 boxes in the previous week and 85,736 boxes a year ago; while stocks fell to 73,361 boxes, as against 126,380 boxes at the corresponding period last year. Messrs Richard Thomas and Company are reported to have acquired the Bryn Tinplate Works, near Pontardawe, with an output of approximately 4,000 boxes per week.

OTHER METALS

COPPER.—The market was firm in the early part of the period under review, but weakened later. Consumers' demand remained small, and sales by holders who had become nervous in connection with the silver crisis consequently had a depressing effect upon prices. Some recovery is, however, probable when the silver market becomes more settled. In the United States a similar tendency has been evident. The New York export quotation, which had risen to 8-90 cents per lb., fell back to 8-75 cents this week; the domestic quotation also lost 10 points on the week.

Sales on the London Metal Exchange: 2,425 tons on Monday against 1,850 tons last week; 1,275 tons on Tuesday, against 975 tons last week; 1,325 tons on Wednesday, as against 1,400 tons last week. Domestic spot was quoted at 8-52½ cents per lb. in New York on Wednesday, against 8-62½ cents a week ago and 8-47½ cents a month ago. Wednesday's official closing price for standard cash in London was £35 2s. 6d. to £35 3s. 9d., compared with £35 11s. 3d. to £35 12s. 6d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 76,577 tons, show a decrease of 1,047 tons, while stocks of rough copper, at 10,433 tons, show a decrease of 150 tons on the week.

LEAD AND SPELTER.—Both metals have suffered this week from the crisis in the silver market. Lead fell to below £17 a ton, while spelter slumped almost to £15. The nervousness which produced these price movements does not, however, appear to have been well founded. A long-term decline in the price of silver would almost certainly raise the cost of producing lead and spelter, and might therefore be expected to restrict the production of these two metals. Moreover, the current position is healthy. Prospects of consuming industries are favourable. Supplies of lead are rather short, while in the case of spelter the prospects of a re-establishment of the International Cartel have improved since Sir Robert Horne's speech at the annual meeting of the Imperial Smelting Corporation. The present weakness of lead and spelter is therefore unlikely to endure.

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Sales of lead on the London Metal Exchange: 600 tons on Monday, against 1,200 tons last week; 850 tons on Tuesday, against 1,100 tons last week; 1,800 tons on Wednesday against 800 tons last week. The New York quotation on Wednesday was 4.50 cents per lb., against 4.50 cents a week ago and 4.50 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £16 17s. 6d. per ton, compared with £17 15s. a week ago.

Sales of spelter on the London Metal Exchange: 400 tons on Monday, against 250 tons last week; 350 tons on Tuesday, against 1,300 tons last week; 1,700 tons on Wednesday, against 550 tons last week. Wednesday's quotation in East St. Louis was 4.85 cents per lb., against 4.85 cents the week before and 4.85 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £15 2s. 6d. per ton, against £15 15s. last week.

TIN.—During the past week both the spot and forward quotations have declined by ½ 5s. per ton. Demand was limited, while offerings were rather more liberal. In view of the decision of the International Tin Committee (discussed in a Note of the Week) to raise production quotas to 90 per cent. of the standard tonnages during the first quarter of 1936, some decline in quotations may be looked for early next year. On a 90 per cent. quota, exports will amount to approximately 185,000 tons per annum. Consumption, on the other hand, does not at present exceed 145,000 tons, and is unlikely to rise above 150,000 tons annually during the next three months.

Sales of tin on the London Metal Exchange: 150 tons on Monday, against 205 tons last week; 275 tons on Tuesday, against 190 tons last week; 330 tons on Wednesday, against 390 tons last week. The New York quotation on Wednesday was 49.75 cents per lb., against 51.50 cents a week ago and 53.00 cents a month ago. Wednesday's official closing quotation in London for standard cash was £219 to £219 10s. per ton, compared with £224 5s. to £224 15s. last week. Stocks of tin in London and Liverpool at the end of last week totalled 941 tons, an increase of 139 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted at £100 per ton. Nickel, for home and export, at £200 to £205 per ton, remains unchanged. Quicksilver, on the spot, was quoted at £12 17s. 6d. to £13 per flask of 76 lbs., the same as last week. Chinese antimony was again quoted at £67 to £68 per ton ex warehouse, duty paid. Chinese wolfram for November–December shipment was quoted at 34s. 6d. to 35s. 6d. per unit, c.i.f., as against 34s. to 35s. per unit last week. Platinum (refined) was quoted at £7 17s. 6d. per ounce, the same as last week.

TEXTILES

COTTON.—**Manchester.**—There has been no increase in activity since a week ago. Spinners and manufacturers have complained of practically all orders being for retail lots, and leading buyers are adopting a policy of purchasing from hand to mouth. In some quarters the opinion prevails that if contracts are withheld, producers of yarn and piece goods will soon be more prepared to consider offers. In raw cotton circles the feature of interest has been the publication by the United States Government of important statistics relating to the crop for this season. The estimated growth at 10,734,000 bales is less than expected, but after a small advance in prices a selling movement showed itself in New York and Liverpool and prices are now lower than a few weeks ago. This country is now receiving larger imports from America, but demand for the article is rather quieter. Amongst operators there is much uncertainty as to the policy of the Washington officials in releasing supplies of Government cotton and nervousness as to the decision of the Supreme Court regarding the legality of the Agricultural Adjustment Administration and the Bankhead Act.

COTTON PRICES

	1935				Corresponding Date	
	Nov. 20	Nov. 27	Dec. 4	Dec. 11	1933	1934
Raw Cotton—Mid. American	d. 6-73	d. 6-73	d. 6-68	d. 6-57	d. 5-33	d. 7-08
Sakellaridis Fully Good Fair Egyptian	9-84	10-44	10-23	9-82	7-20	9-07
Yarns—80's twist	10-1	11-1	10-1	9-1	8-1	10-1
" 60's twist	10-1	11-1	10-1	9-1	8-1	10-1
" 40's twist	10-1	11-1	10-1	9-1	8-1	10-1
32-lb. Printers 116 yds. 16 32's and 60's	s. d. 18 0	s. d. 18 1	s. d. 18 1	s. d. 18 1	s. d. 17 3	s. d. 18 4
32-lb. Shirtings, 75 yds. 16 40's	25 0	25 11	25 11	25 11	21 3	24 0
32-lb. ditto, 80 yds. 16 40's	10 6	10 6	10 6	10 6	10 6	10 9
32-lb. ditto, 80 yds. 16 40's	9 6	9 6	9 6	9 6	9 4	9 8

Although subsequent inquiry in piece goods has been fair, manufacturers of flax were able to make much progress and in some cases overtook. The running down. Makers of cloth suitable for India and week's end of the paucity of practicable demand. Dealers in the cloth are not inclined to commit themselves to fresh contracts until some decision has been reached with regard to the import duties. A fair miscellaneous business has been reported for Egypt, South America, the Crown Colonies and the Dominions, the bulk of the demand running on printed and dyed goods. Home trade purchases have been small. Buying in the yarn market has been patchy. Quite a number of orders have been booked in coarse American counts, but some spinners of medium number are complaining that delivery instructions are not coming in very freely. Irregular buying has occurred in Egyptian qualities.

WOOL.—**Bradford.**—During the closing two days of the recent London sales prices recovered some of the ground lost on the previous three or four days. This was largely due to French buying, and the auctions finished with merinos up to 5 per cent., and crossbreds about 10 per cent., above the close in October; the rise was even more in slipes. The best feature was undoubtedly the keen competition, and the fact that 119,000 bales were disposed of is proof of a good buying disposition in all sections. The home trade is reported to have absorbed 58,000 bales, the Continent 58,000 bales, and America 3,000 bales, the carry-over being 29,000 bales. Stocks awaiting sale in Coleman Street are thus quite light. The news from Australia this week is hardly so satisfactory as previously. All cables say that prices for merinos have eased a good 5 per cent.; at that level, however, there has been active buying by Japan and the home trade.

In manufacturing centres, business remains active. There is a movement on foot among Huddersfield manufacturers to induce Lancashire cotton weavers to take up residence in the West Riding, and learn the art of woollen weaving—an operation which can easily be performed by cotton weavers. Mills continue to be run full time, although some spinners say that there is hardly the same pressure for yarns as during recent months. Merino tops have eased slightly in Bradford, but there is no depression and consumption remains large.

GRAIN MARKETS

WHEAT.—The markets have shown no outstanding features this week, but prices are again a little lower. An absence of demand has offset the favourable effect of a low commercial estimate of the yield of Argentina's new crop. Harvesting of the Australian crop has been interrupted by scattered hailstorms, but no significant damage has been reported. Meanwhile, the French Government is making progress with its scheme for exporting 2,500,000 quarters of wheat or flour.

According to the *Corn Trade News*, total shipments of wheat and flour from exporting countries during the past week were 1,311,000 quarters, against 1,268,000 quarters in the preceding week. On Wednesday last, "December" futures were quoted in Chicago at 95½ cents per bushel, against 96 cents the week before and 93½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 35s. per 496 lbs., against 35s. 3d. a week ago; No. 2 Northern Manitoba, ex ship, 33s. 9d., against 33s. to 34s. a week ago.

FLOUR.—Demand for both home-milled and imported varieties has again been quiet and prices have a slightly easier tendency. Shipments from North America in the past week totalled 76,000 sacks, as against 78,000 in the previous week. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered country, 29s. per 280 lbs., against 29s. a week ago; delivered London, 28s., as compared with 28s. a week ago. Manitoba patents, ex store, 27s. to 29s., against 27s. 6d. to 29s. 6d. a week ago. Australian ex store, 21s. 9d. to 22s. 3d., against 22s. to 22s. 3d. a week ago.

BARLEY.—Imported feeding descriptions have again been in quiet demand and markets have shown little change. Supplies of English malting descriptions have been restricted by bad threshing weather and prices are steady. "December" futures were quoted at 47½ cents per bushel in Winnipeg on Wednesday, against 31½ cents last week and 33 cents a month ago. Quotations per 448 lbs. in London on Wednesday were: "English feed" (new) at farm 22s. 6d. to 24s., as against 23s. to 24s. last week; "English malting" (new) at farm, 30s. to 54s., against 30s. to 54s. a week ago.

OATS.—Demand for both native and foreign oats in this country remains exceptionally quiet and prices are barely steady. On Wednesday, "December" futures were quoted at 25½ cents per bushel in Chicago, against 25½ cents a week ago and 26½ cents last month. Quotations in London, Wednesday: "English Black" (old), at farm, 22s. per 336 lbs., against 22s. a week ago; "English White" (old), at farm, 22s., against 22s. last week.

MAIZE.—Quotations have displayed a firmer tone this week, owing to an improvement in demand. Weather conditions in Argentina continue very favourable for the growing crop, but the future course of prices will be influenced by subsequent reports from that area. "December" futures were quoted on Wednesday at 58½ cents per bushel in Chicago, against 56½ cents a week ago and 59½ cents last month. Quotations in London, Wednesday: "Plate," landed, 17s. 6d. per 480 lbs., compared with 17s. 3d. a week ago; "Plate," ex ship (new), 16s. 6d., as against 16s. 9d. a week ago; "Plate," December, 16s. 7½d., against 16s. 7½d. a week ago. Yellow maize meal, ex wharf, was quoted at £4 15s. to £4 17s. 6d. per ton, against £4 15s. to £4 17s. 6d. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sale of home-grown wheat during the harvest years 1932–33 to 1935–36:—

	1932–1933	1933–1934	1934–1935	1935–1936
Estimated sales of home-grown wheat—				
1 week to December 7	Cwts. 267,558	Cwts. 338,534	Cwts. 380,540	Cwts. 318,377
14 weeks to December 7	3,957,200	4,625,556	6,093,915	6,195,402
Average price of English wheat per cwt.	s. d. 5 4	s. d. 4 7	s. d. 4 10	s. d. 5 8

The following is a statement showing the quantities sold and the average price of British corn in the past two weeks, and for the corresponding week in each of the years from 1931 to 1934:—

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
Dec. 5, 1931	Cwts. 61,685	Cwts. 405,398	Cwts. 54,592	s. d. 6 7	s. d. 8 5	s. d. 7 0
Dec. 10, 1932	267,558	346,273	54,633	5 4	6 11	5 9
Dec. 9, 1933	338,534	375,163	45,712	4 7	9 2	5 3
Dec. 8, 1934	380,540	312,573	41,241	4 10	8 7	6 8
Nov. 30, 1935	348,293	389,343	50,283	5 8	8 4	6 1
Dec. 7, 1935	318,377	367,864	35,421	5 8	8 3	5 11

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations for selected weeks in 1935, with comparative figures for 1934.

NEAREST FUTURE	Jan. 4, 1933	Jan. 5, 1934	Dec. 12, 1934	Jan. 2, 1935	Dec. 4, 1935	Dec. 11, 1935
Winnipeg (No. 1, Manitoba)	46½	85½	78	82½	84½	83½
Chicago (No. 2 Winter)	46½	84½	100½	98½	96	95½

The visible supply of wheat in Canada amounts to 141,684,000 bushels, against 142,073,000 bushels last week and 123,639,000 bushels in the corresponding week of last year.

OTHER FOODS

BACON.—Demand has improved this week and prices remain steady. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 78s. to 83s.; Canadian, 72s.; Danish, 82s.; as against 78s. to 83s., 72s. and 82s., respectively, a week ago. Arrivals in London last week included Danish, 13,111 bales; Canadian, 3,474; Dutch, 2,024; Lithuanian, 1,975; Polish, 2,167; against 12,963, 4,440, 3,116, 1,803 and 2,529 bales, respectively, in the previous week.

BUTTER.—At the beginning of the week demand for Colonial descriptions was slow and prices again tended downwards. At the lower level, however, a more active trade was reported. Danish has again showed a firm tendency this week. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 86s. to 87s.; Australian, choicest salted, 86s.; Danish, 127s. to 128s.; compared with 92s., 91s. and 125s. to 126s., respectively, last week.

CHEESE.—Business has been fairly good this week and prices remain about steady. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, finest farmers', 74s. to 80s.; Canadian, finest coloured (new), 56s. to 60s.; New Zealand, finest coloured, 55s., as against 74s. to 80s., 56s. to 60s. and 53s. 6d., respectively, last week.

COCOA.—The "spot" quotation in New York on Wednesday was 5½ cents per lb., as against 5½ cents per lb. last week. On the London market, Accras have again scored a slight advance. Wednesday last, good fermented new crop, "December–January," was quoted 22s. 7½d. per 250 kilos. c.i.f. Continent, at 22s. 4½d. last week. Last week's movements of cocoa in London were as follows: Landed, 251 bags; delivered, for home consumption, 4,264 bags; exported, nil; stocks, 117,971 bags, against 140,895 bags a year ago.

COFFEE.—The New York spot market has been barely steady and last week's rise in Rio has been lost. The London market has shown a quieter tendency this week. In New York on Wednesday, Rio No. 7 (cash) was quoted at 6½ cents per lb., as compared with 6½ cents per lb. last week and 6½ cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 16 cwt.; delivered for home consumption, 136 cwt.; exported, nil; stocks, 12,133 cwt., against 27,936 bags a year ago. Central and other South American, landed, 57 cwt.; delivered, for home consumption, 1,820 cwt.; exported, 2,182 cwt.; stocks, 70,911 cwt., against 73,637 packages last year. Other kinds, landed, 677 cwt.; delivered, for home consumption, 3,681 cwt.; exported, 447 cwt.; stocks, 106,135 cwt., against 70,675 packages last year.

EGGS.—The London market has been generally steady this week. Quotations have now reached the seasonal peak and Danish have eased a little. At Smithfield Market on Wednesday, English (ordinary packing, Grade I, about 15–15½ lb.) realised 19s. to 20s. per 120, against 19s. to 20s. a week earlier, while Danish (15½ lb.) made 16s. to 16s. 6d. per 120, against 17s. to 17s. 6d. last week.

FRUIT.—The *Fruit Grower* states that business at Covent Garden was not so active as had been anticipated. Nevertheless, apples, both home and imported, cleared well at firmer prices. Supplies of pears were limited, so that quotations were steady in spite of a limited inquiry. Hothouse grapes were firmer. Nuts were a steady trade, with a small advance in Brazils. Oranges met a brisk inquiry, with heavy arrivals from Spain selling well at moderate prices. Lemons are still dear, and business is restricted. Special Christmas lines—Christmas trees, English holly, French mistletoe and tangerines—are arriving in good quantities and selling at fair prices.

OVER ONE HUNDRED YEARS OF SERVICE
SCOTTISH UNION & NATIONAL
 INSURANCE COMPANY
 ASSETS - EXCEED - £16,000,000
 FIRE LIFE ACCIDENT MARINE
 Edinburgh: 35 St. Andrew Square
 London: 5 Walbrook, E.C.4, and 45 Pall Mall, S.W.1

MEAT.—Demand for beef, mutton and lamb at Smithfield has been moderately good this week, and prices have been firmer. Supplies of pork have, however, been in excess of requirements. On Wednesday last, Argentine chilled hindquarters were quoted at 3s. 10d. to 4s. 2d. per 8 lbs., as compared with 3s. 8d. to 4s. 2d. last week. New Zealand frozen mutton was 3s. 4d. to 4s. per 8 lbs., against 3s. 2d. to 3s. 10d. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 9,845 tons, an increase of 787 tons on the corresponding week last year. Beef and veal accounted for 4,851 tons, mutton and lamb 2,751 tons, and pork and bacon 1,286 tons, as compared with 4,506, 2,486 and 1,198 tons, respectively, in the same week of 1934.

PEPPER.—Wednesday's spot price for Lampong (in bond) was 3½d. per lb., against 3d. last week. Movements of pepper in London during the past week were as follows: Black, landed, 66 tons; delivered, 5 tons; stocks, 1,518 tons, against 718 tons a year ago. White, landed, 27 tons; delivered, 238 tons; stocks, 13,996 tons, against 12,234 tons a year ago.

RICE.—The spot price of Burma No. 2, cleaned, was 9s. 7½d. per cwt. ex-warehouse on Wednesday, as compared with 9s. 9d. per cwt. a week ago. New crop, January–February, in singles to Continent and U.K. was quoted at 7s. 6d. per cwt., against 7s. 6d. per cwt. last week. Movements in London during the past week were as follows: Landed, 49 tons; delivered, 517 tons; stocks, 5,489 tons, against 2,349 tons a year ago.

SUGAR.—Raw sugar has been in steady demand on the New York market, and spot prices are unchanged on the week. Trading in London has been on a quiet scale at unchanged rates. The spot price in New York on Wednesday was 3.10 cents per lb., as compared with 3.10 cents per lb. last week and 3.50 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "March delivery" at 5s. 1½d., against 5s. 1½d. last week. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 31,289 tons, against 3,291 in the previous week and 11,053 tons in the same week of last year; deliveries, 16,717 tons, against 15,456 and 15,409 tons respectively; stocks, 204,920 tons, against 190,368 and 119,360 tons respectively.

TEA.—The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold at Mincing Lane on Garden Account in recent weeks:—

Week ending	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
Dec. 6, 1934	d. 11-72	d. 11-53	d. 13-26	d. 10-09	d. 9-53	d. 11-10	d. 11-93
Nov. 7, 1935	13-33	12-31	15-03	12-18	9-42	11-03	13-53
Nov. 14, "	12-87	12-04	14-27	11-76	9-66	11-33	13-02
Nov. 21, "	12-86	12-21	13-88	12-91	10-49	11-59	13-01
Nov. 28, "	12-74	12-40	13-71	12-77	10-04	11-70	12-93
Oct. 5, "	12-61	12-31	13-56	13-04	10-27	11-56	12-83

The quantities catalogued for this week's auctions comprised 48,317 packages of Indian and 18,736 packages of Ceylon tea. All Indian grades have been in good demand at this week's auctions, and quotations have been well maintained at recent levels. Rather more irregularity was shown at Tuesday's Ceylon sales, and light liquoring sorts were rather easier; other grades, however, were steady, while Orange Pekoes for export were a little dearer than a week ago.

VEGETABLES.—Business at Covent Garden was moderately active, according to *The Fruit Grower*, with most lines included firmer. Greenstuff was rather short, especially towards the end of last week, and cleared well with best samples showing slight increases in price. Celery and mushrooms were plentiful and a little cheaper. Peas and beans remained firm; carrots, prawns and turnips rose in price. Canary Island tomatoes were a steady trade at slightly higher prices. Potatoes were in good demand at London markets and, with a slackening in supplies, prices ruled distinctly higher. Best siltland King Edward seed since at 6s. 6d. to 7s. 6d. per cwt. at the Borough on Tuesday last, against 6s. 6d. to 7s. last week.

MISCELLANEOUS COM-

VEGETABLE OILS AND OILSEEDS.—Markets are quiet but steady. Linseed is in slow demand but is at £19 15s. accepted for new Plate, January shipment. The Argentine continue to progress favourably. The high estimate of the area under linseed is 6½ million acres, or 444,000 tons more than was indicated in September. An outturn of at least 1,500,000 tons is therefore anticipated, should nothing happen to mar the harvest. Shipments of the old crop are fairly heavy. The quantity now afloat for Europe is 157,500 tons (including 1,000 tons from India)—6,800 tons more than a week ago—and first the United States and Canada 36,500 tons, against 28,800 tons a year ago. About 100,000 tons of the Plate surplus will be carried over to next season, against 55,000 tons in December last year. Cottonseed

is dearer but inactive. Black Egyptian is held for £6 10s., December-January loading.

Lined oil is much firmer on receipt of an intimation that the Import Duties Advisory Committee had acceded to the application of the seed crushers and had advanced the duty on foreign oil from £3 10s. to £5 per ton. Raw lined oil ex Hull mill is now quoted £26 per ton (naked), December delivery, and £26 5s., January-April. Cotton oil is quiet but steady. Egyptian crude ex Hull is offered at £26 and refined at £29 per ton. Oilcakes are in good demand and steady.

RUBBER.—The market has slowly recovered from the disappointment caused by last week's increase in the basic quota of the Dutch

East Indies—which, it is hoped, will make it possible to enforce the restriction scheme in that area. There has been a steady flow of trade buying and spot prices show a rise of about ½d. on the week.

The spot price in New York on Wednesday last was 12½ cents per lb., compared with 12½ cents per lb. a week ago and 13½ cents a month earlier. Wednesday's official closing price for standard ribbed smoked sheet in London was 6½d. per lb., as against 6½d. on the corresponding day last week. In forward positions, business has been done at 6½d. to 6¾d. for January to March shipment, as against 6½d. to 6¾d. a week ago. Stocks in London and Liverpool at the end of last week totalled 165,526 tons, against 166,396 tons a week earlier. A year ago stocks amounted to 129,462 tons.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM

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

LONDON, December 14th			
CEREALS AND MEAT			
GRAIN, Etc.	s. d.	s. d.	s. d.
Wheat—No. 2, N. Man. 496 lb.	33	9	
Eng. Gaz. av., per cwt.	5	8	
Barley, Eng. Gaz. av.	8	3	
Oats	5	11	
Maize, La Plata, landed, 480 lb.	17	6	
Flour, Lon. stan. ex mill, 280 lb.	26	9	
Rice, No. 2 Burma, per cwt.	7	6	
Tapioca, per cwt.	—	—	—
Fair Flax, Singapore	—	—	—
MEAT			
Beef, per 8 lbs.	3	6	4
English long sides	3	10	4
Argentine chilled hinds	3	10	4
Mutton, per 8 lbs.	4	4	5
English wethers	3	4	4
Lamb, per 8 lbs.	4	8	5
N.Z. frozen	4	8	5
Pork, English, per 8 lbs.	5	2	5
BACON—OTHER FOODS			
English—per cwt.	80	83	0
Irish	77	0	83
Danish	82	0	
Dutch	77	0	
HAMS			
Canadian	94	0	
American	106	0	110
BUTTER			
Australian	86	0	
New Zealand	86	0	87
Danish	127	0	128
CHEESE			
Canadian—per cwt.	56	0	60
New Zealand	55	0	
English Cheddars	74	0	80
Dutch	46	0	54
COCOA			
(Duty, British grown, 11/8; foreign, 14/- cwt.)	23	0	23
Accra, f.f.—per cwt.	38	0	46
Trinidad	33	0	36
Grenada	33	0	36
COFFEE			
(Duty, British grown, 4/8; foreign, 14/- cwt.)	37	0	
Santos sup. c. & f. cwt.	48	0	58
Colombian, good	52	0	75
Costa Rica, med. to good	55	0	74
East Indian	55	0	75
Kenya, medium	45	0	58
EGGS			
English—per 120	19	0	20
Danish	16	0	16
FRUIT—ORANGES			
South African—boxes	11	0	13
Brazilian	12	0	17
Lemons, Malaga—cases	14	0	20
Sicilian—boxes	23	0	31
Apples: Amer. (var.) brls. (var.) boxes	9	0	14
" Australian	—	—	—
ONIONS			
Valencia, case	6	6	7
Egyptian, bags	—	—	—
Grapes, Almeria barrels	10	0	17
Grapefruit, Jamaica	9	0	10
Amer.	—	—	—
LARD			
Irish bladders	80	0	85
U.S.—per cwt.	69	0	71

† These prices are for fuel oil for inland consumption—other than for use in Diesel engine road vehicles—and do not include the Government tax.

UNITED STATES

(New York quotations, unless otherwise stated)

	Dec. 12, 1934	Nov. 13, 1935	Dec. 4, 1935	Dec. 11, 1935
Wheat, No. 2, Winter, nearest future, Chicago, per bushel...	100½	93½	96	95½
Maize, nearest future, Chicago, per bushel	91½	59½	56½	58½
Oats, nearest future, Chicago, per bushel	54½	26½	25½	25½
Rye, nearest future, Chicago, per bushel	78½	49½	47½	47½
Barley, nearest future, Chicago, per bushel	85½	(a)	43	(a)
Coffee, Rio No. 7, cash, per lb.	9½	6½	6½	6½
" Santos No. 4, cash, per lb.	11½	8½	8½	8½
Cocoa, Accra, nearest future, per lb.	4.64	4.64	4.82	4.85

(a) Nominal.

THE ECONOMIST

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THE TRIUMPH OF PUBLIC OPINION

The impression in this country, and in the whole world, created by Sir Samuel Hoare's resignation of the Foreign Secretaryship of Great Britain is one of general astonishment, not unmingled with relief. The annals of democracy afford no precedent to the spectacle of a Government, returned with a majority of more than two to one, abandoning under the pressure of public opinion, within five weeks of its election, a foreign policy approved by the Prime Minister, the Foreign Minister and all the Cabinet.

More than a little sympathy will be felt with Sir Samuel Hoare personally. He is certainly not an "astute" diplomat in the more sinister sense of the term. On the contrary, he gained the confidence of Indians and of all political party leaders at home by his straightforward handling of the India Bill earlier this year; and in a single speech at Geneva on September 11th he raised British prestige to a higher pinnacle than at any time since the war. That speech was the beginning of a "positive" reorientation in British foreign policy, which was subsequently epitomised in the Government's Election Manifesto and secured them their overwhelming majority in the House of Commons. The new policy was one of "steady and collective resistance to all acts of unprovoked aggression," in company with the other members of the League of Nations; and it was sufficiently powerful to rally over fifty nations to active support of the League Covenant.

Yet, only three days ago, the new policy which had achieved so much and seemed to be on the point of achieving so much more, appeared to be lying in ruins. Members of all parties were agreed that the Paris terms, underwritten by the British Government and urged on the Emperor of Abyssinia with the "utmost influence" of our Minister in Addis Ababa, were utterly incompatible with the Covenant of the League. If Cabinet support of the proposals was a blunder, how came the blunder to be committed? And why was the resignation of so promising a British Foreign Secretary rendered imperative?

The answer, such as it is, was given in the House on Thursday evening. It is threefold. Sir Samuel Hoare—who went to Paris without instructions—was so impressed with

the urgent need of conciliation and the danger of the situation drifting into a war in which Great Britain would be left to act alone, that he allowed himself to be drawn into drafting terms which were the minimum that M. Laval would agree to put forward. The best defence that he could make for them was that they fell far short of Signor Mussolini's annexationist demands formulated before he went to war.

Secondly, we have Mr Baldwin's astounding admission that he and the Cabinet were not in touch with the Paris proceedings—"were not aware, until they heard that it was accomplished, that an agreement had been come to in Paris." Though the Government disliked the terms, the leakage in Paris forced them to act quickly; and they therefore assented rather than throw over a colleague. Mr Baldwin admits that this was a mistake which it will take time to rectify.

But, thirdly, the Government did not apparently appreciate fully what it had done or realise that the terms were in contradiction to its election pledges, until the voice of the country—reinforced by the expression of opinion all over the world—made itself heard.

That voice has spoken in no uncertain terms and to it the Government has responded. The proposals are absolutely and completely dead, "and the Government will make no attempt to resurrect them."

What his future policy will be Mr Baldwin did not disclose—except to say that it would continue to be based upon the League of Nations and that "we are prepared, collectively, to fulfil our part in every way." And there, for the moment, the matter stands; for the leader of the Opposition, by giving the debate a personal and party turn, made sure that Mr Baldwin would automatically secure his majority.

The dramatic events of the last fortnight, however, suggest certain reflections. Hitherto, in many influential quarters, the idea of the League of Nations and of collective security has received only half-hearted support; and its implications have never been fully realised. To some professional diplomats, the League was only one of the

pieces on the international chessboard. To the British party politician—in the more derogatory sense of that term—support for the League may have appeared merely a convenient instrument to rally the great "peace vote" at the polling booth. Those who regarded the League and the principle of collective security from either of these standpoints ignored the fact that in the eyes of the overwhelming mass of the people, in this as well as in other countries, the League is the hope of the world and of its civilisation. It is impossible for any Government, however great its majority, to play fast and loose with convictions and aspirations which are so deeply rooted in the hearts of the people.

In the second place, it is clear that in this country, which is still a democracy, public opinion is not merely a useful barometer for politicians; it is an all-powerful political force. A leading German newspaper has epitomised this moral in a single striking phrase. On Thursday, the *Hamburger Fremdenblatt* said of Sir Samuel Hoare's resignation: "It shows that the public is stronger than a strong man." The lesson will not be lost upon millions of observers in countries where public opinion is "State-managed."

Finally, the events of this last week are a tribute to the efficacy of a free press in faithfully interpreting public opinion. With the exception of the Italianophile *Daily Mail* and *Daily Express*, none of the leading daily newspapers of this country has been found to support the notorious "peace plan"—or, indeed, wholeheartedly to support the Government in any particular of the sorry story. The moral will not be overlooked, either by the British Government or by the world as a whole. And Signor Mussolini would do well not to under-estimate its cogency.

BACK TO THE LEAGUE

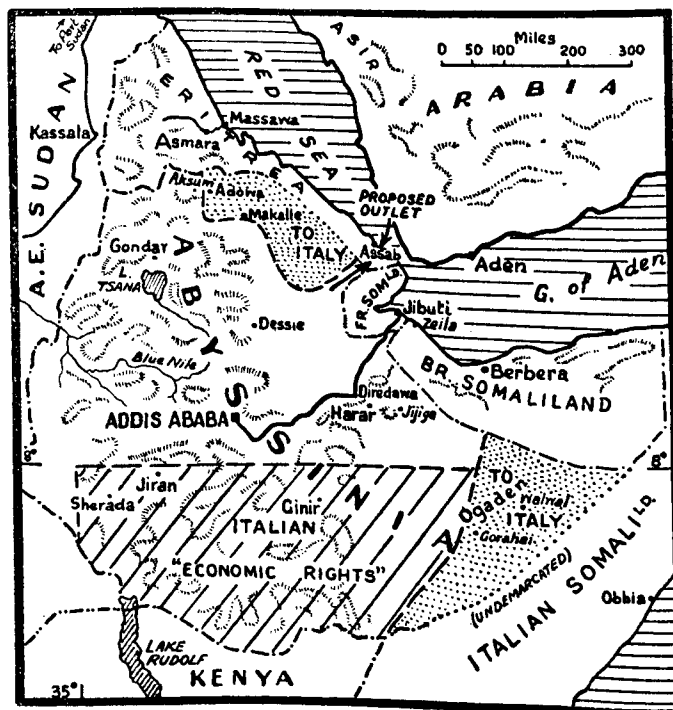
As we go to press this week, much in the crowded story of the last fortnight remains uncertain; but two crucial facts stand beyond question. In the first place, the Anglo-French terms of December 8th are unacceptable to the League, to Italy, to Abyssinia, and to an overwhelming majority of the British people. In the second, it is the urgent duty of the Government to retrieve its lost prestige, in the eyes of the world, by resuming the initiative which it abandoned a fortnight ago.

The publication last week-end of the details of the Hoare-Laval proposals intensified rather than allayed the apprehension which the Paris "leakage" had first aroused. They confirmed the partition of Abyssinia on the lines shown on the attached map. On this map, areas to be made over to the League, to Italy, to Abyssinia, and to an overwhelming majority of the British people. In the second, it is the urgent duty of the Government to retrieve its lost prestige, in the eyes of the world, by resuming the initiative which it abandoned a fortnight ago.

This ill-omened and ill-considered scheme is dead, and it is of greater immediate moment to consider what should be our policy under the League Covenant than to award censure to those responsible either for the project or for the manner of its presentation. The Government's duty is clear. It must take up its task at Geneva at the point reached a fortnight ago, and press for the continued and intensified application of sanctions against the aggressor—above all of the vital oil sanction. It may not now suffice simply to encourage the maintenance of the sanctions already in operation. Other States members of the League may well be indisposed to return to the *status quo ante* December 8th.

"The French and British Governments," they will say, "have inveigled us into joining with them in imposing sanctions which in their belief were only going to be slowly and partially effective. But at the moment when the vital

PROPOSED PARTITION OF ABYSSINIA UNDER THE PARIS PLAN



oil sanction was coming into our agenda, they almost broke up the whole collective system in an attempt to avoid imposing a sanction really likely to bring the war to an early end. They must give proof of new good faith by joining with us in imposing the vital sanction forthwith."

The Government, we believe, should accept both the challenge and the risk it involves. This risk has been manifest from the outset. Suppose Signor Mussolini carries out his threat of attacking the British fleet in the Mediterranean? And suppose, at the same time, M. Laval goes back upon his promise to put French naval bases at our disposal and to lend us the French Navy's aid? He is, of course, pledged to both; and in answer to a question in the House of Commons on Wednesday, Mr Baldwin announced that (contrary to rumour) the French promise still holds. The speech with which Mr Neville Chamberlain wound up last Thursday's debate tended to confirm this view. He suggested, moreover, that the British Government was prepared to agree to an oil sanction if other nations would co-operate and accept the consequences.

The risk, then, is that we may be called upon to repel an Italian attack upon us. That is still a risk which anyone might hesitate to incur if the alternative were an immunity from all risks of any kind. But, in our actual situation, honour and vital interests are identical. For if we are going to confess before the world that a threat of force on Italy's part is enough to compel us to renounce our declared policy and to repudiate our acknowledged obligations, then we shall be loudly inviting an attack upon us from all comers. The man who flinches from the risk of having to fight for his honour will assuredly be forced before long to fight for his skin.

At the Council meeting on Wednesday Mr Eden declared, in the British Government's name, that the Anglo-French plan had been no more than a *ballon d'essai*. His Government could neither recommend nor support it if it were not agreeable to the League, to Abyssinia and to Italy. By the time Mr Eden was speaking it was already clear that the plan was acceptable neither to the Emperor of Ethiopia nor to the Head of the Italian Government. Signor Mussolini has once more proclaimed his utter intransigence. What excuse, then, has M. Laval for not going forward with us? His pretext for presenting the plan was to give the aggressor a last chance before imposing the vital oil sanction. It seems unlikely that he will venture now upon a repudiation of pledges which, in the present temper

of the French Chamber, might quickly bring about his fall. Still, we must face the possibility that France may fail us. In that event we suggest we must still impose the oil sanction in collaboration with all the League countries that will take part. Notifications of a willingness to join in imposing it have already, indeed, been received at Geneva from Russia, Roumania, Iraq and Mexico, among others. We are already assured of support from all those League members who hold the key to the oil sanction. And we may hope, once again, for parallel action from the United States. Even if concerted action could not be achieved—if we were reduced to acting alone or with only a minority—it would still be the Government's duty to deny to the Italians the use of British oil. It is repugnant to public opinion in this country that the Italian bombing planes should be fuelled, even in part, directly or indirectly, with oil supplied by a company in which the British Government is a large shareholder.

The plain truth—underlined by Signor Mussolini in his speech on Wednesday in the Pontine Marshes—is that there is at present no possibility of finding an easy option for the discharge of our obligations. Aggression must be checked in its course and foiled of its object. And it is essential that we should not lose sight of this major aim, or relax our efforts to press on towards its realisation, in our immediate reaction from the anxiety under which we have been labouring for the past two weeks. It is no doubt something that, at the eleventh hour, the Government should have abandoned a course on which it should never have entered. We must go forward—this time without flinching. At the moment, action at Geneva is even more important than action in London or in Paris.

EGGS AND POULTRY

THE Report* of the Eggs and Poultry Reorganisation Commission for Great Britain, published on Tuesday, comes at a season when poultry has a traditional claim upon the attention of the British public. Separate Reorganisation Commissions for England and Wales and for Scotland, which were appointed in October, 1933, to prepare marketing schemes for eggs and poultry, under the Agricultural Marketing Acts, reported early this year, and their recommendations were discussed in our issue of February 16th last (page 354). As they were not empowered, however, to make recommendations for the control of imports, a further Commission was constituted from among their members to report upon methods by which the proposed marketing schemes could be facilitated: (a) by measures affecting the importation of poultry products; and (b) by co-operation with Northern Ireland. This week's Report brings the embryonic marketing schemes a stage further in the lengthy process of gestation.

The Report gives the following estimates of supplies of shell eggs:—

UNITED KINGDOM—SUPPLIES OF EGGS IN SHELL

Source	1924		1930*		1934	
	Quantity	% of Total	Quantity	% of Total	Quantity	% of Total
Home production	Millions 2,590	52	Millions 3,885	55	Millions 4,764	68
Empire imports	624	12	698	10	696	10
Foreign imports	1,777	36	2,474	35	1,548	22
Total	4,991	100	7,057	100	7,008	100

* 1930 was the year of maximum importation.

Production in England and Wales doubled over the past decade, but the expansion was rather less rapid in Scotland and Northern Ireland. Home production shows wide seasonal fluctuations, but imported supplies vary within much narrower limits. Imports rose to a peak level of 3,172 millions in 1930—a 32 per cent. increase over 1924—declined sharply to 2,202 millions in 1933, and recovered slightly in 1934 and 1935. The contraction, which occurred

* "Eggs and Poultry; Report of the Reorganisation Commission for Great Britain." Ministry of Agriculture, Economic Series, No. 43. His Majesty's Stationery Office. 1s. net.

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in foreign, not in Empire, imports is attributed to the depreciation of sterling, the imposition of import duties, and the fall in home prices. Entries from Empire sources now account for about one-third of the total. During 1930—the year of maximum importation—egg prices suffered a sharp decline and the fall continued until the present year, despite the cut in foreign imports. The diminishing returns, about which British producers have recently been complaining so vociferously, clearly cannot be laid at the foreigner's door; the cause is to be sought rather in the remarkable expansion of home supplies.

For table poultry, the relevant estimates, summarised in the Report, are these:—

UNITED KINGDOM—SUPPLIES OF TABLE POULTRY

Source	1925		1931*		1934	
	Quantity	% of Total	Quantity	% of Total	Quantity	% of Total
Home production	'000 cwt. 989	73	'000 cwt. 1,315	67	'000 cwt. 1,636	78
Empire imports	93	7	111	6	157	8
Foreign imports	281	20	540	27	292	14
Total	1,363	100	1,966	100	2,085	100

* 1931 was the year of maximum importation.

Total supplies of fowls average about 1,450,000 cwt. annually—of which only about 12 per cent. are imported. Production of table fowls in this country is largely subordinated to egg production, and has therefore increased *pari passu* with the output of eggs. Annual supplies of turkeys have recently averaged about 370,000 cwt.—of which some 70 per cent. come from overseas. Home production of turkeys, ducks and geese has shown no significant expansion recently. Retained imports of dead poultry as a whole, however, increased substantially between 1925 and 1931; foreign imports almost doubled. Owing to the imposition of higher duties in September, 1933, imports fell sharply in the following year. The duties, being specific, fall most heavily upon the cheaper classes of poultry, and affect the poorer consumer most severely. Moreover, in the case of turkeys—which comprise over one-half of total imports—the burden has fallen almost exclusively upon the poor man's Christmas dinner; since the well-to-do can afford the larger and more expensive domestic product, upon which no duty is paid. Prices generally have fallen since 1929, but not so steeply as in the case of eggs.

The Commissioners believe that the domestic poultry industry should be encouraged and assisted to expand—despite its remarkable growth without Government help in post-war years. After examining a number of possible methods of import control for eggs, the Commission reaches the conclusion—with which we completely agree—that regulation by quotas would be an unsuitable policy. If, however, the home marketing boards were to undertake the storage of eggs during the spring "flush" period, then, it is recommended, imports should be regulated quantitatively during the period of storage. A "moderate"

increase in current rates of duty is suggested as the central feature of the new policy, since the present tariff on foreign supplies—ranging from 1s. to 1s. 9d. per great hundred—is deemed unlikely to bring about the further cut in imports which is considered necessary. It is suggested that the proposed increase of 6d. per 120 should be imposed upon all imports; the existing margin of Dominion preference would thus be preserved and the home producer would receive additional protection. As to the necessity for the increase, the Report is not convincing; and in our view any increase in the tariff on so important a foodstuff is to be deplored. With one exception, the Commissioners are opposed to any increase in the duties on egg products.

Since the British tariff might be neutralised by export bounties in foreign countries, the Commission further recommends that one-quarter of the proceeds of the import duties—say £340,000 annually—should be earmarked for the assistance of the home industry. These funds—which could be used in development and efficiency services and in defraying some of the initial expenses of the proposed marketing schemes—should be administered by a permanent commission of three independent persons, appointed jointly by the Minister of Agriculture, the Home Secretary and the Secretary for Scotland. The rates of duty and the percentage allocated to the industry should be subject to review after three years.

Concerning table poultry, the Commission reaches the refreshing conclusion that the home industry already enjoys a sufficient margin of protection. No increase in the current duty of 3d. per lb. on foreign imports, and of from 4d. to 7d. per lb. on Irish supplies, is therefore recommended. It would be too much to expect the Commissioners to advocate any reduction in the present high rate of duty; but we welcome the conclusion that no further increase is justifiable.

While two separate marketing schemes are proposed for England and Wales and for Scotland, respectively, co-operation with Northern Ireland would be secured by means of a co-ordinating committee, which should be consulted on all matters of common interest. The Report closes with a salutary observation with which, surely, few impartial observers will disagree:—

"... The greatest permanent advantages to the home industry can come only by changes in the machinery and methods of marketing on some such lines as those suggested by the earlier Commissioners; without them the effects of the recommendations we now make are likely to be minimised, if not lost. We strongly urge, therefore, that our present proposals should not be regarded as offering an easy substitute for reorganisation, but as a supplement to it."

It is now for the half million poultry keepers in this country to consider their verdict.

AMERICA INSURES IN LONDON

(BY OUR INSURANCE CORRESPONDENT)

It is common knowledge that the ramifications of British insurance companies are world-wide, but it is not so generally realised that approximately 50 per cent. of the total premium income in their Fire and Miscellaneous (including Workmen's Compensation and Motor insurance) branches is obtained in the United States of America. In 1934 the improvement in employment and business activity in that country resulted in a considerable expansion in premium income, as is shown by the various tables given below, which are based on the official reports of the companies, furnished to the American insurance authorities and published by the Spectator Company of New York. Underwriting profits have been adjusted to conform with the British practice of allowing for an unexpired risk reserve equal to 40 per cent. of the premium income. The exchange is taken at £1 = \$4.86½ throughout.

Of the two branches of insurance business mainly transacted by British companies in America, namely Miscellaneous and Fire, the former is definitely the less satisfactory. In general, Workmen's Compensation insur-

ance in the U.S.A. has been found to be unremunerative, but last year showed an improved tendency. On the other hand, Motor insurance, which is by far the most important of the Miscellaneous branches and accounts for nearly 50 per cent. of the premium income in these branches, was very unfavourable. It is to be hoped that the efforts now being made to obtain official sanction from the appropriate State authorities for an increase in motor insurance rates will bring them to a more adequate level.

The following table gives the aggregate results of eleven companies or groups of companies, including the principal British offices represented in America in the Accident and Miscellaneous branches of insurance.

Year	Premiums £	Underwriting Profit	
		Amount of Profit £	Percentage of Premiums
1928	28,126,000	774,000	2.8
1929	28,423,000	78,000	.3
1930	27,065,000	439,000	1.6
1931	24,953,000	168,000	.7
1932	22,312,000	377,000	1.7
1933	22,513,000	16,000	.1
1934	23,657,000	275,000	1.2

How the individual offices have fared in the U.S.A. in the past two years is shown in the following table:—

Company or Group of Companies	1933				1934			
	Premium Income (Accident and Miscellaneous)	Underwriting Profit or Loss		Percentage of Premium Income	Premium Income (Accident and Miscellaneous)	Underwriting Profit or Loss		Percentage of Premium Income
		Amount	Per-centage of Premium Income			Amount	Per-centage of Premium Income	
1. Commercial Union	2,209,000	106,000	+ 4.8	2,497,000	203,000	+ 8.1		
2. Employers' Liab.	6,173,000	173,000	+ 2.8	6,902,000	109,000	- 1.6		
3. General Accident	3,015,000	156,000	+ 5.2	3,325,000	328,000	+ 9.8		
4. Liverpool & Ldn. and Globe	3,397,000	43,000	- 1.3	3,214,000	93,000	- 2.9		
5. London & Lancs.	496,000	18,000	- 3.6	559,000	9,000	- 1.6		
6. Norwich Union	585,000	41,000	- 6.9	480,000	99,000	+ 20.5		
7. Phoenix	2,163,000	5,000	- .3	2,105,000	21,000	+ 1.0		
8. Royal	3,168,000	77,000	- 2.5	3,137,000	27,000	- .9		
9. Royal Exchange	309,000	8,000	- 2.6	296,000	44,000	+ 15.0		
10. Sun	796,000	26,000	- 3.2	893,000	15,000	+ 1.6		
11. Yorkshire	202,000	21,000	+ 10.3	208,000	53,000	+ 25.1		
	22,513,000	16,000	- .1	23,657,000	275,000	+ 1.2		

The experience of the individual offices, which it will be seen varied considerably, is influenced by the particular types of insurance chiefly transacted by them. It should be noted that the published results for 1934, as officially compiled in the U.S.A., are more favourable than are shown here, owing chiefly to the different methods used in estimating the reserves for unexpired risk. This factor is of particular effect in the case of Workmen's Compensation in times of increasing employment such as 1934. In view of the very large amount of this type of insurance transacted by the Employers' Liability the results shown above for that office are probably rather unfair in respect of the year 1934.

The results of the Fire branch make more cheerful reading. There was considerable expansion in the premium income, and, what is even more gratifying, further improvement in the underwriting profits as compared with the satisfactory results of 1933. Below are given the aggregate results of twenty companies or groups of companies which have been selected to comprise all principal British offices doing business in the United States.

Year	Premium Income £	Underwriting Profit	
		Amount £	Percentage of Premium Income
1928	31,278,000	2,531,000	8.1
1929	31,225,000	2,236,000	7.1
1930	27,688,000	647,000	2.3
1931	25,814,000	41,000	.2
1932	23,546,000	507,000	2.2
1933	22,851,000	1,430,000	6.3
1934	24,314,000	1,614,000	6.6

The results of the Fire insurance business of the individual companies or groups of companies for each of the last two years are shown in the following table.

Company or Group of Companies	1933				1934			
	Premium Income (Fire)	Underwriting Profit or Loss		Percentage of Premium Income	Premium Income (Fire)	Underwriting Profit or Loss		Percentage of Premium Income
		Amount	Per-centage of Premium Income			Amount	Per-centage of Premium Income	
1. Atlas	629,000	+ 26,000	+ 4.0	646,000	+ 22,000	+ 3.4		
2. Eagle Star & Brit. Dominions	472,000	- 6,000	- 1.2	494,000	- 15,000	- 3.0		
3. Caledonian	394,000	2,000	- .4	388,000	11,000	+ 2.8		
4. Commercial Union	2,541,000	+ 142,000	+ 5.6	2,622,000	+ 50,000	+ 1.9		
5. Century	265,000	+ 14,000	+ 5.1	328,000	+ 7,000	+ 2.1		
6. Employers' Liab.	371,000	+ 22,000	+ 5.8	394,000	+ 40,000	+ 10.2		
7. General Accident	273,000	- 15,000	- 5.5	312,000	+ 4,000	+ 1.3		
8. London Assurance	813,000	+ 83,000	+ 10.3	891,000	+ 61,000	+ 6.9		
9. London & Lancs.	1,223,000	+ 110,000	+ 9.0	1,489,000	+ 153,000	+ 10.3		
10. Nth. Brit. & Merc.	3,198,000	+ 225,000	+ 7.0	3,243,000	+ 265,000	+ 8.2		
11. Northern	778,000	+ 35,000	+ 4.4	803,000	+ 47,000	+ 5.9		
12. Norwich Union	638,000	+ 26,000	+ 4.1	645,000	+ 21,000	+ 3.3		
13. Phoenix	1,210,000	+ 46,000	+ 3.8	1,293,000	+ 75,000	+ 5.8		
14. Prudential	522,000	+ 95,000	+ 18.2	612,000	+ 26,000	+ 4.2		
15. Pearl	943,000	+ 71,000	+ 7.5	1,200,000	+ 226,000	+ 18.8		
16. Royal	3,907,000	+ 311,000	+ 8.0	4,041,000	+ 371,000	+ 9.2		
17. Liverpool & Ldn. and Globe	2,117,000	+ 171,000	+ 8.1	2,202,000	+ 198,000	+ 9.0		
18. Royal Exchange	585,000	- 1,000	- .1	610,000	+ 5,000	+ .8		
19. Scot. Union & Natl.	623,000	+ 20,000	+ 3.2	686,000	+ 35,000	+ 5.1		
20. Sun	822,000	+ 52,000	+ 6.4	852,000	+ 33,000	+ 3.9		
21. Yorkshire	527,000	+ 4,000	+ .8	561,000	- 21,000	- 3.7		
	22,851,000	+ 1,430,000	+ 6.3	24,314,000	+ 1,614,000	+ 6.6		

It is apparent that the results in the Accident and Miscellaneous branches have for many years been unsatisfactory, and it is difficult to see any immediate sign of improvement. There is little probability of saving in expenses, including taxation; and in the principal branch, namely, Motor insurance, the rates charged are inadequate under present conditions. In 1934, automobile casualties in the U.S.A., at 35,000 persons killed and approximately 1,000,000 persons injured, showed an increase in each case of 17 per cent. on the previous year's total. On the other hand, total Motor insurance premium income in that country was practically the same in both years. Unfortunately the causes of the increased casualties are deemed to be largely of a continuing nature. The sanction of the appropriate State authorities is required to any alteration in rates, and even where the appeal of the companies is fully successful, considerable delay must occur. Hence the tendency will be for the risk to outrun the rate of premium. The chief hope of the companies probably rests on educational and legislative factors combining to reduce the automobile risk. In the Fire branch, results of the last two years were distinctly favourable, and it may be rather optimistic to regard these years as average.

"THE OLD ORDER CHANGETH . . ."

It was Scrooge who observed that Christmas merely made us one year older, and not one penny the richer. This Christmas there will be many who, with one eye on the alarums and excursions which vex and convulse the nations, will be tempted to share the gloom of Dickens' miser. For the world's affairs at Christmas, 1935, do not present a pretty reckoning.

Yet there are more things in life than even the momentous political issues that were debated in the House of Commons on Thursday; and wherever the feast of Christmas is kept men may well seize this moment to ask themselves how it fares with their own country. Are they "not one penny the richer"? Are they haunted by the ghost of the past, or do they see visions of the future? Are they happier and more united this Christmas, or are there weaknesses and dissension in the national life?

Chacun pour soi. So let us ask Father Christmas—who has certainly been visiting our shores now for a millennium and a half—what he thinks of "This England" at the time of his 1935 visit. Is England—are we—changing? And if so, in what direction? Are we nicer or nastier than our fathers and mothers, our grandfathers and grandmothers? Are we better-mannered, more cultured, more capable; or are we more spoiled, more pretentious, less energetic, less honest among ourselves? Are we growing up, and easier to live with? Or are we, as a nation, on the slopes of an

infantile regression, lacking the character of those trained in a sterner age?

The discerning eye will perhaps detect one curious feature of our English life. The national family is unbalanced. Owing chiefly to the evil days of 1914-18 we are a family in which the elders still wield supreme authority, the elders who were in their prime before 1914. Between these elders set in political authority and the younger members of the family, there is "a great gulf fix'd"—a gulf of almost two generations. Our country's rulers are between 60 and 75 years of age; whereas barely more than a century and a half ago the younger Pitt was Prime Minister of England at 23. United as a family on the surface, therefore, we yet have this division of authority, of interests, of outlook, of power even, which arises simply from the absence of "the war generation." Yet the time is fast approaching when, one by one, the "old, familiar faces" will be gone. In industry, in trade, in the temples of finance and insurance, in the great corporate professions of the law and medicine, in trade unions, the Press, and in the closer corporations of Government and the fighting services—everywhere the younger generation is knocking at the door. What will they do with the power they so soon must wield?

We cannot give an answer to this question, for we claim no clairvoyant gift of seeing into the future. But at least we know that the decisions that must be taken relate to a world far different from that of the generation that is passing away. To-day we hurry home for Christmas from all over the world by giant aeroplanes; we listen to services from cathedrals, thousands of miles apart, in our own drawing-rooms; we have better and quicker news of the world's affairs than we thought possible even ten years ago. To-day, whether we are employers or employed, many of us have cars or motor-cycles and sidecars; and if we have not, we can command luxurious travel, whether by road or rail, for a shilling or two. The world is open to every man; the nations of the Continent are nearer neighbours than ever before; and as a result our own national life, especially that of the younger element in it, is subject to much wider cultural and intellectual influences.

By a strange provision of fate, our national culture in 1935 seems to have shown definite evidences of a real renaissance. As often before in English history, the troubles of the Continent have redounded to our advantage. Look where we will to-day, we see in music, in medicine, in the drama, in literature, in the technical research and experimentation of our great industries, in the cult of the open air, in scientific and academic achievements—even in economic analysis!—that England is gradually but certainly building up the foundations of a great revival. And this revival is gaining recognition abroad; partly, perhaps, because of the surprisingly favourable nature of Britain's economic recovery from 1933 onwards, and partly because of the problematical condition of the authoritarian States of Russia, Germany and Italy. Certainly, competent foreign observers of our English national life would admit, with M. André Siegfried, that to whatever our revival was due it has not been created by the State. It is rather the first effects of the emergence of a younger England, the first real revival of the nation's life force after the shock of the war and its long-drawn after-effects.

Have the young men and women of England a clear idea of the goal before them? Hardly. But it is significant that the "youth movement" in our country is not made to order, but is natural and spontaneous. For the present, at all events, it cuts across all parties, all creeds, all prejudices and all castes. Later, it will doubtless affect the political life of the country as the nation becomes conscious of new desires, new claims and new visions. If the past decade has been a disappointing one, few in England can doubt that we are on the threshold of a new activity.

But, meanwhile, we are still at Christmas, 1935, amid wars and rumours of wars, alarums and excursions, muddle and stress, fears and timidities, just as we have been for many Christmases past. So let us dwell rather on the thought of England as she may become than on that of England as she is. And—not forgetting our neighbours all over this narrow world—let us toast both "absent friends" and "our noble selves," and repledge ourselves to peace on earth among men of good will.

NOTES OF THE WEEK

Miners' Wages and Coal Prices.—Tuesday's meeting between miners and owners did not reach a final settlement of the wage dispute, as had been predicted in some optimistic quarters. It was the first direct discussion of wages between the Mineworkers' Federation and the Mining Association since 1926. It is true that the owners' representatives, Sir Evan Williams, president of the Association, and Mr W. A. Lee, secretary, described themselves for the purpose of the meeting as "among the colliery owners' representatives, but not acting on behalf of the owners' national organisation." If the owners' objection to national negotiations, however, can be satisfied by this formula, nobody else is likely to resent it. The owners stated that they had met with some success in arranging to increase the pithead price of coal. Reports of increases varying from 6d. to 2s. a ton have been received from all parts of the country during the week; and details of these will be found in our Commerce and Trade section. The increases, however, the owners stated, had not been as great as had been hoped. They could therefore do no more than promise unspecified advances in wages in all districts on January 1st, details of which would have to be worked out by district negotiations. It is encouraging to find that increases have been offered in the exporting as well as inland areas. The miners' spokesmen, however, declared themselves "dissatisfied" with this offer; presumably on the ground that it contained a guarantee neither of definite quantitative wage increases nor of national negotiations. It was therefore agreed that the owners should "ask the districts to decide and to intimate . . . for the information of the Mineworkers' Federation representatives particulars of the offers which they are prepared to make." A further meeting between the Federation and the Association, soon after Christmas is consequently to be held. In the meantime, Wednesday's delegate conference of the Federation authorised its representatives to call a strike on January 27th. On Wednesday also Captain Crookshank indicated in the House of Commons that the Government were not prepared to grant a subsidy or guarantee a loan to enable wages to be raised immediately. He added a warning that the Federation would "assume very grave responsibility . . . if it should fail to allow full investigation of the offer made by the owners." We trust that the Federation will allow this investigation, and on the other hand that the owners will accept the principle of national negotiation and at the same time make an offer of specific wage increases. It would be disastrous to let the opportunity of settlement slide, now that so much progress has been made. Already the nationalisation of royalties and the institution of central selling have been undertaken; a Royal Commission on Safety in Mines has been appointed; and a rise in pithead prices has been found possible, thanks to the general reflationary movement which the national economy is to-day enjoying. On no account should a dispute over national negotiations, or a mere failure to state the actual terms of the proposed wage increases, impede the consummation of a settlement already within the industry's grasp. Public opinion has so far been largely on the miners' side. But if the Federation should be over-hasty in using the strike threat, or should refuse a reasonable offer of increased wages, the valuable asset of public sympathy may easily be jeopardised.

Mr Chamberlain and the Housing Boom.—In defending the grant of a Government guarantee to the railways' borrowing plans, Mr Chamberlain, in the House last week, used the interesting argument that the housing boom might be expected to fall off at about the time the railway works would be at their height.

The rate of house building at the present time (he said) is such that, if it were continued, it is quite certain that in a comparatively short period the country would be over-built. . . . When you have over 300,000 houses being built every year, a rate which is in advance of the ordinary demand for houses, and when we have caught up the arrears, we must expect that the rate would diminish.

Mr Chamberlain did not seem to distinguish very clearly between the purely private demand for houses that is likely to be encountered if no Government assistance is given, and the real social need that could be met by a truly vigorous slum clearance and anti-overcrowding programme. The unassisted lower middle-class demand of the last four years is probably nearing its end, according to the opinion of most experts. And a sharp rise in the rate of interest or the price of food might kill it outright. We also agree with Mr Chamberlain that such a collapse, re-armament or no re-armament, would deal a fatal blow to the domestic recovery movement. But the real working-class need for better houses remains enormous, although the present level of incomes prevents it from being expressed in monetary terms. We estimated a year ago that if a decent standard of housing were to be attained in this country, and due allowance were to be made for obsolescence, something like 300,000 houses a year should be built in the next 20 years. This rate has now been attained; but Mr Chamberlain seems to contemplate its falling off with something like equanimity. He said, it is true, that when the present boom wanes, "to some extent its place will be taken by the extra house-building which will be required to carry out the new programmes of local authorities to deal with overcrowding." But this does not argue a determination to use the Slum Clearance and Overcrowding Act to keep the rate of building up to 300,000 houses a year. And after all if a visitor from Mars were to contemplate the East End of London, he probably would not leap to the conclusion that the railways should be electrified at once and the slums cleared, perhaps, afterwards. We do not say this in disparagement of the Government's railway development programme, which is an excellent example of combined private enterprise and public supervision. But here if anywhere a due sense of proportion should be preserved.

Tremors in France.—The shock of Sir Samuel Hoare's fall has caused, as might have been expected, repercussions in France. On Tuesday, M. Laval's Chamber majority in a vote of confidence on his foreign policy had already sunk to 52; and the long-threatened split then revealed in the Radical group now bids fair to become permanent. For on Wednesday, M. Herriot, who has long been performing the circus trick of cantering with a foot on each of two horses, was called by rebels of his own group to give an account of his reasons for riding the Laval horse in foreign policy. Ever since Signor Mussolini challenged the League by attempting the rape of Abyssinia, and ever since M. Laval constituted himself the Duce's pander, the French Radicals have been hard put to it to endorse M. Herriot's expedients for retaining M. Laval in office. Neither M. Herriot nor any other group leader wants to incur the responsibility for bringing down M. Laval and forming a new Government, especially when any new Government will probably have to bear the added responsibilities of a budgetary and "franc" crisis in the remaining few months before the General Election. Such timidity, however, has not held in check the bolder spirits of the Radical group—the younger men of the stamp of M. Pierre Cot, a former Air Minister. On Wednesday, as a direct result of the *débâcle* of the Laval-Hoare "peace plan," M. Herriot was told by one of his own group, who had already voted against M. Laval the day before, that, as a Minister of State and as leader of a group which had contributed several members to the Laval Cabinet, M. Herriot's defence of his equivocal attitude in the last ten days amounted to *maquignonnage*—rank duplicity. Thereupon M. Herriot called on the member to withdraw the remark. The member refused. And M. Herriot promptly resigned his Presidency of the Radical group in a fury. This has caused quotations for M. Laval's "futures" to drop heavily; for what is one Herriot in the Chamber against many rebel Radicals? In France, tempers cool as quickly as they become heated—as in the debate over the "Leagues"—and this may still hold the Radical group together. But one thing seems certain. M. Laval has lost "face" in France by his

avowed preference of Mussolini to the League. However the course of French politics may run between now and the Elections, it does not seem as if M. Laval will be steering the French Government all the time. And this may have a great influence on the future of the franc.

The Air Pact—with a Difference?—On December 13th, the British Ambassador in Berlin was received by Herr Hitler, together with the German Minister for Foreign Affairs, Baron von Neurath. According to the official *communiqué*, they had "a frank and confiding discussion of the possibility of a limitation of armaments. Further consideration was also given to the Anglo-French proposals for an air pact between the Locarno Powers." This *communiqué* was not published until 24 hours after the event; and there has been a noticeable attempt to minimise the importance of the conversation. But Baron von Neurath is reported to have told Sir Eric Phipps that Herr Hitler was prepared to conclude the air pact between the Locarno Powers at any time, provided that his adherence were no longer made conditional upon his also entering into the projected East European and Danubian security pacts. Is this conversation, we wonder, a move in some game of scrapping (under guise of "reforming") the League of Nations and giving its name to a new four-Power pact between the United Kingdom, France, Italy and Germany, with Belgium thrown in? Is the League to be offered a pact under which Germany would renounce any ambitions at the expense of either the European or the African possessions of the West European Powers in exchange for a free hand for herself in Eastern Europe? The present British Government and its predecessor have only too often proclaimed unofficially, and even hinted officially, that they do not care a fig for what happens to Eastern Europe. And although, in spite of that, we have hitherto been committed to a concern for Eastern Europe by our obligations under the Covenant of the League, these obligations would lapse if the Covenant were to be "revised" in the sense of depriving the small States and Russia of the protection of Articles X and XVI. There remain the treaties that have been negotiated since the war between the East European Successor States and France, as well as the mutual guarantee treaty—signed but not yet ratified—between France and Russia. But there have been indications that M. Laval might be not unwilling to throw Russia and the Little Entente to the wolves, if he could thereby make sure of "squaring" Germany without losing his Italian alliance and his British *entente*. In fact, M. Laval is to-day the *éminence grise* of Europe. All this raises the question: On what terms is Herr Hitler actually prepared to conclude the air pact with his Western neighbours? On terms that take account of these neighbours' existing international obligations? If that is the setting of the proposal, then it is all to the good. On the other hand, if our present fashioners of British foreign policy are thinking, in collusion with their French colleagues, of securing our own countries against a German air attack at the price of giving Germany free rein elsewhere, then the policy is as short-sighted as it is dishonourable.

Industry versus President in America.—The "breathing spell" in the New Deal onslaught on American individualism, whose advent was welcomed with mutual rejoicings only a few months ago, seems definitely at an end. The precarious armistice has for some time been strained by the judicial attacks of industrialists on the agricultural processing taxes and by the revolt of the utilities against the Holding Company Act. But in the last few weeks the remaining reserves have disappeared and verbal warfare has broken out in full violence. The annual Congress of American Industries, which last year tinged its acquiescent attitude with no more than a few faint criticisms, this year heard its President describe the New Deal as "a deliberate, well-timed, rapid-fire, devastating attack by economic crackpots, social reformers, labour demagogues and political racketeers." At the same time a meeting was being held in Washington in the

attempt to revive the N.R.A. and restore to it some at least of its former regulatory functions. But though Labour in general was sympathetic to this idea, the opposition of industry was so strongly expressed that the conference had to be abandoned. It is clear that Mr Roosevelt has lost the support of Big Business and Big Money. It is all the more necessary for him to ensure his support in other directions, particularly among the farmers, who have most reason to feel gratitude for the efforts of the New Deal. Last week he addressed the National Farm Bureau Federation at Chicago and gave his audience a long defence of his agricultural policy, particularly against the charge that the farmer has been betrayed by the Canadian Trade Agreement. But he also took occasion to round on his critics by the use of such phrases as "calamity howlers," "dispensers of discord" and "political profiteers." In short, the outlines of next year's electoral campaign are beginning to appear. Mr Roosevelt hopes to be able to count upon the farmers and Labour, but he will be opposed by the formidable forces of business and finance. Geographically, the lines of conflict are between the East and West for the Republicans and the Middle-West and South for the Democrats. The issue will depend on the ability of each party to attract defections from the ranks of the other. Meanwhile, economic conditions continue to improve with surprising rapidity and regularity. It is beginning to look as if Mr Roosevelt, having been carried into office by depression in 1932, will be continued in office by returning prosperity in 1936.

The Japanese Naval Claim.—The Naval Conference in London unobtrusively continues to work out according to expectation—though hardly according to plan. The expectation now being realised is the difficulty of finding common ground for making a plan of any sort. The Japanese have placed their dish on the table—decently swathed in a napkin, so that no one can see if it is fish, flesh or fowl. It is said that the Japanese have sought to sweeten their dish by suggesting that the tonnage comprised within their proposed "common upper limit" might be treated globally. That is to say, each country might be permitted to lay out its equal total allocation of tonnage upon whatever ships it pleased, instead of being confined, within the global total, to a special limit for each category. But this "concession" seems unlikely to reconcile the British and American delegations to a proposal which in their view is incompatible, on any interpretation, with their own demand for parity of security. So the Japanese proposal is being left lying on the table while the British are bringing forward their suggestions for an agreement on "qualitative limitation," coupled with unilateral declarations by each country of its maximum necessary naval construction over a period of years. If the Japanese will not play at this game, is there any prospect that the conference will bear fruit? It is unlikely that anyone will have the hardihood to declare the conference bankrupt for many a long day. But what we may perhaps inevitably expect to see is something like a "gentleman's agreement" between the British Empire and the United States. Such an agreement would reply to any Japanese attempt at an armaments race with an overwhelmingly greater combined construction programme. After three or four years of it, the Japanese will come to realise that, while they may have been able to denounce the 5 : 5 : 3 ratio *de jure*, they cannot improve upon it *de facto* by way of unrestricted competition. This prospect of teaching Japan by experience is costly, dangerous and forbidding. But nothing brighter seems to be showing above the horizon at the moment.

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An Italian Defeat.—The most important engagement in the Abyssinian war since the capture of Adowa took place this week. Italian troops suffered a reverse, admitted in an official announcement by Marshal Badoglio; and much of the ground gained in the North during the last two months seems to have been lost. The attack was made from across the Takazze River on the Italian right wing east of Makalle. Some 3,000 Abyssinians are reported to have forded the river and attacked the Italian position under cover of darkness. After a short engagement the Italians retreated northwards towards Aksum and Adowa, and the Abyssinian onslaught was not finally repulsed until Italian reinforcements, tanks and aeroplanes came to the rescue of the retreating column. According to Marshal Badoglio, some 500 Abyssinians and 200 Italian native troops were killed in the final battle. The Italian armies as a whole have not, of course, been seriously shaken by this reverse. But the Abyssinians have shown that they are now sufficiently well-armed and well-led to use the natural advantages of the ground and counter-attack at night against isolated Italian positions. Marshal Badoglio's position is not a happy one. Virtually half the six months available for the campaign is now past; and his troops are scarcely any further advanced in north, east or south than they were after the first week of the invasion.

Elections in Egypt.—The situation in Egypt has been moving rapidly since last week. The restoration of the Constitution of 1923 has led Nessim Pasha to cancel his decision to resign, and he is remaining in office to hold an election—thus stealing a march on the United Front, which had hoped to supersede him and to negotiate with the British Government for an Anglo-Egyptian treaty. It is unfortunate, both for Egypt and for us, that there should be any delay at all in the installation of an Egyptian Government really representing the country. But the United Front may have been formed only to be broken. For there seems to be a serious doubt whether it will be able to survive the election. The Wafd appear to be in danger once more of making their old—and so many times disastrous—mistake of attempting to elbow all other parties and personalities aside and to claim a monopoly of the representation of the Egyptian people. Their picture of the post-election regime is said to be a Wafd in office—to carry out the negotiations with Great Britain—and the rest of the United Front in opposition! This is no promising basis for a fresh effort to achieve an Anglo-Egyptian settlement. We profoundly hope that the Egyptian United Front will survive the election and will then form an Egyptian national coalition Government for conducting the negotiations. Meanwhile, it is at least something to the good that a constitution is in force again in Egypt and an election in prospect. Moreover, the United Front's note to the British High Commissioner, proposing that the abortive 1930 treaty shall now be concluded, is a statesmanlike document, couched in very moderate and conciliatory language. Meanwhile, Egypt is still heaving under the ground swell of the storm which was raised by Sir Samuel Hoare's Guildhall speech and which was afterwards fomented by the Wafd—though the Wafd are now doing their best to pour oil on these troubled waters. All parties concerned will be best promoting what is, after all, a common Anglo-Egyptian interest if they see to it that the Egyptian elections are held, and that the Anglo-Egyptian negotiations are resumed, with the greatest possible expedition.

Another Spanish Cabinet.—To the accompaniment of execrations from both Right and Left, a new Cabinet came into office in Madrid this week. This followed the ninth ministerial crisis since September, 1933, when the Constituent Cortes died of anæmia. Although Señor Azáña describes the new ministers as "a collection of refugees from a shipwrecked coalition"—that of the C.E.D.A. (Gil Robles' party) and the Radicals—the formation of the new Government under Señor Portela Valladares, the veteran independent politician and able administrator who held office in the last monarchist government before the dictator-

ship in 1923, is a notable achievement. Faced by a virtual paralysis of the body politic, the Spanish President, Señor Alcalá Zamora, has made his decision and is exercising his prerogative to dissolve the Cortes. For the time being, its sessions are merely suspended until January 1st; but a decree of dissolution will not be long delayed in the New Year, and the first ministerial act will be to fix the date for new elections, which must take place within sixty days from dissolution. There is something to be said for allowing the present Government of "peace and concord" to carry on until the end of January. This would permit Señor Chapaprieta, who continues as Minister of Finance, to make one more effort to obtain parliamentary approval for the long-delayed Budget and its complementary finance laws. The President's latest move spells checkmate to the hopes of Señor Gil Robles and his party—numerically the strongest in the Cortes—of forcing through a reform of the Constitution along the lines favoured by the Catholic forces. Up to December 9th, a two-thirds majority was necessary before any proposals for reforming the Constitution could take effect. The composition of the House, even if a number of Radicals were won over to the views of the C.E.D.A., precluded any such possibility. By the terms of the Constitution itself, however, after that date only a simple majority is required. And, if such a vote had been obtained, the Cortes would have been automatically dissolved and new elections arranged. Presumably, members of the majority party, the C.E.D.A., would have then held the key positions in the Cabinet—the Ministry of the Interior, and all that this signifies in a country with Spain's election traditions. The President has, in short, stolen Señor Gil Robles' thunder. It remains to be seen if he will use it, like Jove, to good effect.

President Masaryk and President Benesh.—Last Saturday, President Masaryk of Czechoslovakia resigned from the presidential office on the ground of old age, and with the recommendation that Dr. Benesh should be his successor. On Wednesday, Dr. Benesh was duly elected, in a joint session of the two Houses of Parliament, by 340 votes out of 440. Only 24 votes were cast for the other candidate, Professor Nemec; and 76 votes—those of the Henlein (South German) Party—were not cast. Both the first and the second President of Czechoslovakia are men of the people who distinguished themselves as scholars before they were called, by the nation's need, to become statesmen. They have worked together in close and constant harmony since they founded the Czechoslovak Republic in exile during the war; but it has fallen to the younger man to play the more contentious part during the post-war years, and he can hardly bring to his presidency that precious asset of universal regard and veneration which was enjoyed by the veteran statesman. President Masaryk is now 85 years old; he has been President for 17 years; and he has been re-elected four times. In his long and varied life, he has shown himself well qualified to play at least four different parts with supreme dignity and effectiveness. Before he became President he had, for four years, to stand the test of serving as the exiled leader of an apparently hopeless national cause. Before that, again, he was a most effective deputy in the Austrian Reichsrat. And, in an earlier age, he had made a European reputation as a Slavonic scholar. Masaryk's outstanding permanent characteristic has been his fearless straightforwardness—especially in unmasking frauds. It was he who pilloried the pre-war regime of the Dual Monarchy before the eyes of the world by exposing the spuriousness of the allegedly incriminating documents which had been made the basis for the notorious Agram treason trial. The victims were a number of prominent Yugoslav subjects of the Monarchy. But perhaps the bravest act in a perpetually brave life was the feat of purely scholarly criticism which first brought Masaryk into prominence. As a young Slavonic scholar, Masaryk devastated his fellow Czech nationalists, and almost drew upon himself their condemnation as a traitor to the national cause, by proving the spuriousness of an ancient manuscript which had been regarded till then as one of the title-deeds of the Czechs' claims to a national

existence. This first entry on the scene of the Czech national hero aptly illustrates a quality which has won him the place which he has long since held in his countrymen's hearts.

Women and the Double Shift.—The suitability of the double-shift system for women and young workers was debated in the House on Tuesday on the second reading of the Employment of Women and Young Persons Bill. According to pre-war legislation the working hours of women and young persons had to fall within a twelve-hour period. This provision was "temporarily" suspended in 1920 to facilitate increased production in the boom period. The suspension, however, has remained in force ever since; and 36,000 women and young persons are working the double-shift system to-day. By the new Bill the Home Secretary is to be permanently empowered, on the joint application of an employer and a majority of the workers concerned, to permit successive shifts of not more than eight hours between 6 a.m. and 10 p.m. The Bill was defended by Mr Geoffrey Lloyd, Under Secretary to the Home Office, as embodying the unanimous report of an impartial committee of investigation. In the course of the debate the Bill was both criticised and defended from opposing sides of the House. Several Labour members denounced it as a piece of reactionary legislation, resented by the worker. Sir John Withers (Conservative) supported this point of view, and contended that it was injurious to the health of young women to get up at 4 or 5 in the morning; he also deplored the application of identical regulations to women and young persons. Mr C. Brown (Labour), however, a member of the committee of investigation, supported those Conservatives who believed that the system would be preferred by the workers if it produced shorter hours and longer week-ends. The question is very largely one for the workers themselves. But there is much to be said for the suggestion of Mr Rhys Davies and Miss Horsbrugh that the approval of the workers should be obtained by secret ballot, as used to be the case, and not "by consultation," as the Bill proposes. Miss Megan Lloyd George, another member of the Committee, proposed instead that an advisory committee should supervise the "consultation" of the workers; and the Home Secretary accepted her suggestion. On the face of it, this hardly seems an adequate or necessary substitute for the proposed secret ballot.

"Lawful Judgment of Peers."—For the first time since 1901 the House of Lords met on December 12th in its ancient capacity as a criminal tribunal of first instance. Lord de Clifford had been indicted for the manslaughter of a young engineer in a motor smash; and, if Parliament is in Session, no peer can be tried on a charge of felony otherwise than before the House of Lords. Lord de Clifford was found to have "no case to answer." This historical capacity of the Upper House is the heritage bequeathed to the twentieth century from the thirteenth, when the Barons in 1215 assembled at Runnymede, demanded from the King, in Magna Carta, the right that no man should be condemned *nisi per legale iudicium parum suorum*—"unless by legal judgment of his equals." At that time, the Barons of England were not overwhelmingly liberal and democratic in their demand. They wanted freedom from arbitrary imprisonment by the King only for their own rank. But in later ages other classes of the people achieved power, and English justice might well have become chaotic. Clericals might have been judged only by clerics, bakers by bakers; perhaps motorists only by other motorists and never by pedestrians! As it is, the literal meaning of *parum suorum* has become confined to the Barons of Parliament, and then only in a case of felony. For all other citizens in our democracy, and for Barons who commit plain misdemeanours, the criminal courts will judge us before a jury composed of the traditional "twelve shopkeepers." Now that our judges' decisions can no longer be controlled by King or Government, we can rest content to have it this way. And as for the trial of a peer by his fellow Peers of the Realm, with all the antiquated procedure necessitated by a literal translation of a seven-centuries-old parchment, it seems both anomalous and otiose.

Iron and Steel Production.—Except in the tinplate section, which in South Wales is only working at 50 per cent. of capacity and does not expect any immediate expansion of demand, business in the iron and steel industry continues to be active in all branches. Exports are still poor, but home consumption in the North-East and in Scotland has been further stimulated by recent orders for ships, and in Sheffield by aeroplane and armament orders. Demand for constructional and railway materials continues to be good and has been encouraged by the prospect of Government support for public works borrowings. The relevant figures are shown below:—

(In thousands of tons)

Period	Production		Foreign Trade	
	Pig Iron	Steel Ingots and Castings	Total Imports	British Exports
1913—Monthly Average	855.0	638.6	185.9	414.1
1929 " "	632.4	803.0	235.2	364.9
1932 " "	297.8	438.5	132.7	157.4
1933 " "	344.7	585.3	80.9	180.2
1934 " "	498.2	738.3	113.9	187.6
1934—October	527.1	812.0	120.2	220.9
" November	507.6	766.0	104.1	219.9
" December	513.5	654.5	114.5	186.8
1935—January	521.2	757.8	130.5	181.2
" February	489.1	769.5	103.3	172.9
" March	554.2	841.9	126.0	175.8
" April	526.3	808.7	62.7	210.9
" May	558.9	853.3	86.4	213.9
" June	529.3	770.0	86.2	195.1
" July	547.3	802.3	90.2	205.7
" August	543.4	759.9	74.3	202.5
" September	529.6	855.9	89.3	187.2
" October	544.3	907.3	101.2	224.0
" November	525.1	903.3	77.0	215.8

On a daily basis production of pig-iron in November was approximately the same as in the previous month. Pig-iron prices were raised in mid-November, and although consumers had bought forward very freely in anticipation of this rise, new business continued moderate, and home demand more than compensated for the lack of export orders. Production of steel goods reached a new record average daily figure in November, and demand for semis, especially from re-rolling firms, has been so great that many manufacturers have been unable to maintain deliveries and are welcoming the normal slackening of business at the turn of the year. Moreover, they have been unwilling to accept contracts for more than six months ahead owing to fears of further increases in the cost of their raw materials, pig iron and coke. In view of this stringency in the market, the Federation of Iron and Steel Manufacturers has arranged to increase import quotas of semis, and increased supplies from abroad should be available shortly. Besides this shortage of certain steel goods, Sheffield reports a severe shortage of skilled engineers which is entailing a good deal of overtime working.

Excitement in Wheat.—The quietude of the world's wheat markets was unexpectedly disturbed on Friday of last week by an announcement from Buenos Aires. This year's Argentine crop will be the lowest for many years, and exports to Europe will consequently be very small. The markets, however, were surprised to learn that the Argentine Government would raise its official buying price from 5.75 to 10 pesos per quintal (i.e. from about 2s. 2½d. to 3s. 9d. per bushel). This price at which the Government will purchase wheat from the farmers gives no necessary indication of the level at which it will sell. The announcement, however, immediately caused a jump of about 4½d. per cental in Liverpool wheat futures, while Winnipeg and Chicago advanced by the maximum permissible amount of 3 cents and 5 cents per bushel, respectively. Despite a slight profit-taking reaction on Saturday, the price gain has generally been well maintained, and recent developments in the statistical position appear to justify more optimistic views. World production this year is the smallest since 1924, and exportable supplies in the 1935-36 season are estimated by the International Institute of Agriculture at only 800 million bushels, against 900 millions last season and as much as 1,375 millions in 1928-29. Import requirements may show a slight increase to 540 million bushels, against 529 millions in 1934-35. The carry-over

figures would thus be further reduced to 260 million bushels at the end of this season. This result has been achieved, however, not by the ingenuity of man, but by disease and drought in the main producing areas. It may be unwise to assume the indefinite continuance of a sequence of such favourable "accidents."

Sterling and International Prices.—British wholesale prices remain very firm. During the past fortnight the complete *Economist* index number has risen by 0.3 per cent., and the primary products index number also by 0.3 per cent. The increase has been mainly in cereals and meat prices. American prices continue to sag. The *Economist* primary products index number has fallen by 0.8 per cent., while the complete Irving Fisher index number has fallen by 0.7 per cent. During the latter part of the autumn there have been signs of a divergence between the course of British and American prices. French prices are still rising in a way which suggests that higher import prices are having an effect. German prices are practically unchanged.

SEPTEMBER 25, 1931 = 100

Date	Economist Indices			U.S.A., Irving Fisher	France, Statistique Générale	Italy, Chamber of Commerce	Germany, Statistisches Reichsamt
	British Complete Index (sterling)	Primary Products (sterling)	Price of Gold (sterling)				
1932							
Jan. 27th	108.3	115.7	93.8	140.9	93.5	93.6	91.6
Apr. 20th	108.8	105.4	83.6	129.5	89.6	97.0	90.3
July 27th	98.5	103.5	84.1	136.9	88.3	91.3	88.1
Oct. 19th	108.1	112.3	84.0	143.8	88.6	92.7	86.8
1933							
Jan. 25th	101.3	107.7	78.0	142.6	80.5	88.1	83.8
Apr. 19th	98.7	104.6	87.7	141.4	82.8	87.5	83.4
July 26th	108.1	120.6	124.7	145.7	100.9	89.7	86.6
Oct. 18th	106.4	112.8	109.1	155.4	103.7	87.5	84.6
1934							
Jan. 31st	108.8	118.0	124.8	156.7	105.6	87.2	84.4
Apr. 25th	108.2	119.8	125.3	159.5	106.0	85.4	83.2
July 18th	109.5	124.8	136.7	162.4	113.2	81.4	83.2
Oct. 24th	107.9	124.2	146.2	164.5	114.3	79.8	84.4
1935							
Jan. 30th	110.3	124.6	152.4	167.2	118.8	79.1	85.6
Apr. 24th	110.5	124.5	151.6	169.1	118.6	78.2	91.7
May 8th	111.3	124.1	149.5	169.5	119.2	78.2	92.3
May 22nd	113.5	127.7	151.4	187.1	119.9	79.6	93.5
June 5th	112.7	126.2	146.1	166.2	120.1	79.3	95.3
June 19th	112.7	125.6	144.2	165.9	118.9	78.9	96.4
July 3rd	111.8	124.5	143.0	168.5	118.5	78.0	96.9
July 17th	111.6	124.3	143.6	166.0	118.5	76.6	97.2
July 31st	112.7	126.7	146.2	165.6	120.2	75.9	98.2
Aug. 14th	111.4	125.3	141.6	164.9	121.4	75.7	99.7
Aug. 28th	112.4	125.5	141.4	164.7	122.2	77.5	101.8
Sept. 11th	113.3	127.2	143.5	165.8	123.4	78.0	102.5
Sept. 25th	115.7	131.3	148.6	166.0	124.0	78.0	103.7
Oct. 9th	117.9	134.5	146.4	166.9	124.4	78.9	106.0
Oct. 23rd	118.4	133.6	144.9	166.4	123.7	79.1	107.3
Nov. 6th	117.7	130.7	143.9	166.4	123.2	79.5	108.1
Nov. 20th	118.0	131.4	144.5	166.4	122.2	79.8	108.1
Dec. 4th	117.7	130.8	142.8	165.9	122.7	80.0	108.1
Dec. 18th	118.1	131.2	141.7	166.2	121.8	80.7	108.1

* These figures relate to Dec. 11th.

Details of the group indices comprising the complete *Economist* index number on the date of our suspension of the gold standard and for recent dates are given below:—

	"ECONOMIST" INDEX (1927 = 100)			
	Sept. 18, 1931	Nov. 20, 1931	Dec. 4, 1931	Dec. 18, 1935
Cereals and meat	64.5	69.7	69.5	72.2
Other foods	62.2	61.2	61.3	61.1
Textiles	43.7	63.2	62.7	61.6
Minerals	67.4	83.4	83.6	82.9
Miscellaneous	65.8	78.0	77.6	77.9
Complete index ..	60.4	71.3	71.1	71.4
1913 = 100	83.1	98.1	97.8	98.2
1924 = 100	52.2	61.6	61.4	61.7

The past fortnight witnessed appreciable advances in wheat, flour, maize, meat and potatoes. Barley, oats and rice were cheaper, while bacon was unchanged. Tea and coffee fell slightly, and there was a small advance in butter. In the textiles group cotton, flax and hemp were all cheaper, but wool is unchanged and jute a shade higher. In the minerals group the price of house coal has been advanced, but there was a general decline in non-ferrous metals. Among miscellaneous materials there were advances in rubber, linseed oil and sulphate of ammonia, and declines in hides and cement.

Overseas Trade in November.—The substantial expansion of overseas trade recorded in October continued last month. Both imports and exports increased to some extent on a daily basis, while the following table shows a rise of about 10 per cent. on both sides of the account as compared with a year ago:—

	OVERSEAS TRADE Month of November (000's omitted)			
	1933	1934	1935	Change between 1934 and 1935
Total imports	£63,739	£64,557	£71,455	+ £6,799
British exports	34,435	36,125	39,400	+ 3,275
Re-exports	3,619	4,008	4,572	+ 564
Total exports	38,054	40,133	43,972	+ 3,838
Excess of imports over exports	25,675	24,524	27,483	+ 2,959
Transshipments under bond	2,005	2,001	2,485	+ 484

The increase in imports in the last two months has done little more than offset the low level of certain earlier months, particularly in imports of raw materials. Our purchases of wood and timber, cotton, wool, rubber and hides for the eleven months are still substantially less than in 1934. Imports of foodstuffs, on the other hand, have increased by £5.3 millions, and of manufactured goods (mainly non-ferrous metals, machinery, oils and vehicles) by £11.6 millions. The following table summarises the position:—

	OVERSEAS TRADE Eleven Months (000's omitted)			
	1933	1934	1935	Change between 1934 and 1935
Total imports	£612,851	£669,515	£683,571	+ £14,056
British exports	337,012	361,874	391,037	+ 29,164
Re-exports	45,084	47,683	49,821	+ 2,138
Total exports	382,096	409,556	440,858	+ 31,302
Excess of imports over exports	230,755	259,959	242,712	- 17,247
Transshipments under bond	21,908	21,844	22,946	+ 1,102

Exports, with a total increase of £59 millions compared with 1933, show expansion in all directions except the coal markets, where there has been a small decline.

Volume of Trade.—The following tables give details of trade in different commodities:—

	RETAINED IMPORTS Month of November		
	1933	1934	1935
Wheat	10,061	8,096	9,834
Beef and veal	959	1,098	1,051
Mutton and lamb	345	350	380
Sugar (unrefined)*	3,649	2,954	2,875
Iron ore and scrap	271	429	422
Wood and timber, sawn, soft:—			
Planned or dressed*	82	80	110
Other than planned or dressed*	533	534	574
Raw cotton	1,586	943	1,616
Sheep's and lambs' wool	48,651	33,929	43,263
Flax, hemp and jute	555	656	652
Crude petroleum*	23,450	25,874	23,890
Hides, wet and dry	40,239	50,235	37,893
Wood pulp	108	124	149
Rubber	182	202	208
Unwrought copper*	94	360	76
Pig lead	15,112	30,398	13,591
Tin:—	27,530	24,474	28,429
Ore and concentrates	2,072	4,096	3,850
Blocks, ingots, slabs and bars	420	262	1,652
Iron and steel manufactures	92	104	77
Machinery	3,752	4,782	5,534

* Total imports.

Imports of foodstuffs in November rose from £32.5 millions in 1934 to £34.3 millions in 1935. The increase in imports of wheat has been accompanied by a considerable rise in average values. Imports of beef and mutton have been fairly stable throughout the year, with a slight transfer of custom from the Argentine to Empire countries. Imports of pig products, on the other hand, especially from Denmark, have been further reduced. Tobacco imports increased considerably in volume, but prices fell so much that the total values remained almost unchanged. Raw material imports rose by nearly £3 millions. This was

mainly accounted for by textile raw materials and hides, a welcome sign of renewed internal activity. Imports of machinery continue to expand, and purchases of non-ferrous metals, which are notoriously erratic from month to month, show an increase in the eleven-month period from £19.9 to £25.4 millions, an increase which is shared by all metals. The next table gives an analysis of exports:—

Item and Measure	BRITISH EXPORTS Month of November		
	1933	1934	1935
Coal	3,607	3,318	3,496
Iron and steel scrap	20,465	24,887	18,567
Pig-iron and ferro-alloys	14,370	13,690	14,036
Railway materials	9,433	15,487	22,184
Total iron and steel manufactures	184	220	216
Textile machinery	6,999	6,910	5,510
Total machinery	27,956	31,074	32,729
Cotton yarns	12,671	10,642	12,413
Cotton piece-goods	170	172	158
Wool tops	4,084	3,799	4,607
Worsted yarns	3,429	2,621	3,249
Woolen tissues	5,159	4,993	5,584
Worsted tissues	2,730	2,206	3,166
Linen piece-goods	6,025	5,996	5,966
Leather boots and shoes	46,517	42,978	40,853
Leather	21,449	21,285	26,034
Paper and cardboard	356	299	337
Locomotives (complete and parts)	7	2,158	993
Motor vehicles and chassis	5,380	5,754	6,800

* Complete only.

The expansion of export markets continues to be mainly confined to sales of iron and steel goods, machinery, motor vehicles and locomotives. The increased exports of textiles, leather, pottery, cutlery, etc., may be interpreted to mean that, as in our domestic recovery, world revival is extending demand from capital to consumption goods. In the case of woollen manufactures, cotton yarns and paper and cardboard, however, the increase in sales is no more than a recovery of the ground lost last year. Germany was responsible for most of the increase in wool exports. Exports of coal to Italy have naturally continued to decline, but even when this has been allowed for, exports of coal in the first eleven months of the year to all other countries only increased by some 400,000 tons.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

FRANCE

[The resignation by M. Herriot of the leadership of the Radical-Socialist Party is discussed in a Note on page 1252.]

M. LAVAL WINS YET AGAIN

BY 306 votes to 252 M. Laval has beaten off yet another attack from the Left, this time on foreign policy. In his speech he recounted the efforts he had made to reconcile the idealism of the League Covenant with the Franco-British attempts to reach a peaceful settlement. The Left's case seemed to have been weakened, first, by the Baldwin-Laval agreement, and, secondly, by the declaration of Mr Eden that the Abyssinian affair would not necessarily be a precedent for such an eventuality as a conflict on the Rhine. M. Laval's majority was a narrow one. But the Chamber was in doubt about the then impending debate in the House of Commons, the result of which will be known when the next foreign affairs debate takes place in the Chamber on December 27th.

Meanwhile the Chamber is rapidly voting the Budget, in order that it may be certain to be passed by December 31st. The general atmosphere has been improved by a lowering of the interest rate on National Defence Bonds from 4½ to 4 per cent. The *rentes* however, are awaiting a similar gesture from the Bank of France, the rediscount rate of which is still at 6 per cent., though it is rumoured that gold has begun to return to the Bank. But the Bank seems to be worried about the latest increase of its bill portfolio

Shipping Freight Index.—As measured by our monthly index number, the general level of whole cargo shipping freights fell by 1.6 per cent. during November, following a rise of 12.3 per cent. during October. The current figure of 95.6 compares with 86.2 in November last year and 85.5 in November, 1933. Details of the index number are as follows:—

	(1898-1913 = 100)				
	Average, 1913	November, 1934	September, 1935	October, 1935	November, 1935
European waters	110.0	86.6	92.8	106.4	103.2
North America	113.1	76.6	78.7	87.1	87.7
South America	123.4	79.5	82.3	87.7	86.4
India	106.3	94.5	88.9	110.0	109.7
Far East and Pacific	117.4	89.0	90.4	98.6	94.9
Australia	127.9	90.8	86.4	95.3	91.7
Total	116.3	86.2	88.6	97.2	95.6

Freights generally were dull during November and inquiry limited. Newcastle reports a fair demand in the Baltic direction. The coasting market at Swansea has displayed considerable activity and rates are firm. In the East of Scotland the coal export trade has been active, particularly at the port of Methil. Glasgow reports that shippers are mainly interested in the Baltic section, where the tone is firm. Movements of the various sections are as follows:—

	Index No.	Inc. or Dec. Points		Index No.	Inc. or Dec. Points
Home trade	103.0	+ 3.9	South America:—		
Bay—outwards	121.1	— 1.8	Outwards	64.8	— 3.4
Bay—homewards	93.5	— 1.7	Homewards	108.0	+ 0.9
Mediterranean:—			India—outwards	95.5	+ 0.8
Outwards	107.5	— 27.2	India—homewards	124.0	— 1.3
Homewards	91.0	+ 1.8	Far East, etc.	94.9	— 1.7
North America	87.7	+ 0.6	Australia	91.7	— 3.6

Expressed as a percentage of the average for 1913, the complete figure of our index number for November is 82.2, compared with 83.5 for October and 74.1 for November, 1934.

to 10,091 millions. It is refusing to issue notes to replace those drawn out by hoarders and capitalists taking refuge in Wall Street. Money rates are very tight; the contango rate for the last account reached 8 per cent., a record since May, 1928.

In a remarkable article which he has just published M. Pierre Strohl, the General Secretary of the Bank of France, observes that since the stabilisation of the franc the total of coins and notes of denominations from 5 to 100 francs has been almost unchanged at 30,000 million francs; while that of the 500 and 1,000 francs notes increased from 26,228 millions in 1926 to 54,500 millions in August last. Yet the simultaneous diminution of trade and decline of the price index from 599 to 397 should have reduced the demand for notes. M. Strohl concludes that these unused notes are hoarded. And he explains that between 1928 and 1931 some 26,000 millions of notes were issued against gold, which had been repatriated as a consequence of various complications inherent in the economic or political crisis. This money might possibly become dangerous in the case of panic. The problem consists not in creating new notes but in bringing the present enormous hoards into circulation, in order to assist a rise in *rentes* and a lowering of interest rates.

INCREASE IN IMPORTS AND EXPORTS

Total foreign trade in November showed a new increase of 82 million francs. Exports increased by 68 millions, and they had already increased by 172 millions in October.

The total is now close to that of January, which was the best of the year:—

FOREIGN TRADE IN NOVEMBER (Fr. thousand)			
	November, 1935	Change since October, 1935	November, 1934
Imports:—			
Foodstuffs	543,710	+ 13,501	— 101,653
Raw materials	898,124	— 4,571	+ 68,960
Manufactured goods	294,478	+ 4,025	— 38,694
Total	1,736,312	+ 12,955	— 71,387
Exports:—			
Foodstuffs	251,173	+ 29,082	— 47,593
Raw materials	393,330	+ 20,819	— 48,020
Manufactured goods	776,704	+ 18,322	— 92,139
Total	1,421,207	+ 68,223	— 187,752

The import surplus for the month is 315 million francs, against 370 millions in October. The tonnage exported continues to rise. But the increase is principally in raw materials, while exports of manufactured goods, in tonnage as well as in value, remain far below those of November, 1934. Briefly, the results for the first eleven months of the year show that the import surplus for 1935 will slightly exceed 5,000 million francs and will be covered by the tourist receipts and interest on foreign investments. The value of the total of trade will again have diminished by more than 4,000 millions, but in tonnage it is nearly stable. The tonnage of exports, however, is steadily increasing; the great change lies in the decline of exported manufactured goods.

Various indices confirm the impression that the general economic situation is improving. The total of the deposits in the big banks again increased in October:—

	September 30, 1935 Fr.	October 31, 1935 Fr.
Crédit Lyonnais	11,093,799,602	11,053,948,811
Société Générale	9,222,486,088	9,304,871,320
Comptoir d'Escompte	7,029,137,151	7,015,456,003
Crédit Industriel et Commercial	1,338,806,188	1,365,356,629
Totals	28,684,229,029	28,739,632,763

The total of bank clearings in November was 31,849 million francs, against 30,281 millions in October, 24,295 millions in September and an average of 27,012 millions in 1934 and 31,545 millions in 1933.

The difficulties of the export trades still persist, but the producers are unwilling to agree among themselves to utilise the terms of the Flandin Bill for enabling compulsory cartels. The text had been issued at the instigation of the silk manufacturers of Lyons. It was never voted by the Senate, however; so that a decree-law was necessary for applying it. But when submitted to the manufacturers at Lyons for application, the proportion required for the creation of a cartel (two-thirds of the producers and three-quarters of the production capacity) was not obtained. These compulsory agreements had been designed to protect small enterprises; and this is evidently why they have been rejected by the big producers.

PARIS, December 19.

GERMANY

[The following account of the reception of the Hoare-Laval peace terms in Germany was written before the receipt in Berlin of the news of Sir Samuel Hoare's resignation and of the report of Thursday's debate at Westminster.]

RECEPTION OF THE HOARE-LAVAL PLAN

ON Friday of last week, when the Anglo-French peace terms were officially disclosed to the newspapers, H.M. Ambassador in Berlin had a meeting with Herr Hitler. Germans expressed the view that this meeting was designed as a diversion. It was not denied that there were reasons for a meeting; there were only too many. All important Anglo-German questions, and first of all armaments, affect Germany's policy towards international co-operation, and her attitude towards the League of Nations. The peace terms are therefore a matter of high importance to Germans; and it is well that their various opinions should

be known. Some Germans, honest war-mongers, oppose any kind of international co-operation. Other Germans desire co-operation, but consider that the League's structure, principles and statutes are unsound. Others have nothing against the League in these respects, but reject it as a "family party" of the West European victor countries. To the family party they concede that, while it is unscrupulous in its aims and its methods, it has the virtue of solidarity.

When Italy's plan to attack Abyssinia was first known beyond doubt, all Germans expected a family-party settlement. London and Paris would, of course, frown (Paris, however, on only one side of its face) when sanctions were mooted. Both of them, it was said, believed and hoped that the League would disagree. When the League agreed, it was predicted that sanctions would not be enforced. Only when they were enforced did opinion really change. A main factor in the change was the British Government's heroic pose. At that time the British peoples boasted (and a German journal of only last Saturday affirms that they had reason to boast) that Great Britain's reputation stood higher than at any time in her history. London's soft speech and (apparently) iron acts; its wise indifference to Italy's insults and threats; the quiet concentration of forces in the Mediterranean without demonstrativeness yet, wisely, without secrecy—all these things made their impression.

"FAMILY-PARTY COMBINATIONS"

But there remained doubters. Mr Baldwin, they conceded, might be sincere. But family-party combinations and traditions of fifteen years were sincerer still. They did not see why England should daily declare that she was Italy's friend, when she ought to have been declaring that she was not Italy's friend, and was indeed acting as Italy's enemy. It was not England's business to be Italy's friend. There were other suspicious circumstances. So when Germans learned that the peace conditions must be "acceptable" to Italy, they visualised friendly meetings of uncles and nephew in a public house and predicted a *Kuhhandel*. A *Kuhhandel* is a horse-coper's deal.

Of the varying German prophets, the prophets of a mere *Kuhhandel* have been the worst discomfited. These expected at worst the intellectual refinements of the horse-coper; and they see, they say, only primitive sand-bagging. And Great Britain alone is the sand-bagger. France, it is conceded, was all along honest in her dishonesty. She showed from the first aversion to measures of coercion, and she joined in them, as was said and as is plausible, as a result of open or implied British threats to secede from the "party." The indictment is therefore against Great Britain. It is not that Great Britain "betrayed" the League idea; that is a matter for moral and intellectual damages. It is that she gratuitously embroiled fifty countries with Italy. These countries, in consequence, were insulted, boycotted and threatened; they suffered direct financial loss; and they were compelled, again with loss, to adapt their commerce and industry. Great Britain tried to involve also non-League countries, and did involve the United States to the extent, according to report, of Italian protests in Washington. Failing to involve Germany, she picked with her a small quarrel, which might have become a big quarrel, by requiring proof of the origin of German exports. Having so set the whole world by the ears and caused it as much loss as it could, Great Britain then reversed engines.

The most serious among the Berlin daily journals praises the Government. The terms, it says, admit, if belatedly, that countries which want other countries' territory may take it by force; and Germany will hold Britain to her word. This means not German aggression; it means that if Britain champions the acquisition of colonies by force, it must at least support Germany's peaceful "demand" for colonies—"demand" is the word used by a German Minister.

Germans are convinced that the real cause of the *volte face*, even though the British Government may not know it, was the family party "complex." That was too deep-rooted to be eradicated by the most genuine temporary impulse of political virtue. The "complex" was insidiously and irresistibly working all the time. As proof, the Germans ask what would Great Britain and France

and Italy have said had Germany sent an armada against Ethiopia? According to a League ruling, they say, we had as much right as Italy. Now the obvious reply—that the notion of a German attack on Abyssinia is so grotesque that no man would ever dream of it—say Germans, gives the whole show away. The notion is grotesque only because the family party "complex" is in the blood of Europe.

BERLIN, December 18.

HOLLAND

NEW POLITICAL CRISIS FEARED

THE position of the Colijn Cabinet has remained dubious since the last crisis in July. Now it is again rumoured that a conflict is threatening between the Second Chamber and the Government; this time the occasion is the Education estimates. The Government wishes to effect considerable economies on education. This aroused opposition from the outset, and the economies in question were consequently removed from last summer's Retrenchment Bill. Now, however the subject is again coming forward for discussion on the Education estimates; and no agreement has yet been reached between the Government and the Chamber.

Events in France have been taken comparatively coolly on the Amsterdam foreign exchange market. For a long time the market and the guilder rate remained insensitive to the dangers besetting M. Laval, but on November 22nd a rather extensive fall of the guilder in terms of foreign currencies developed. The dollar reached the gold export point once more, and sterling advanced from 7.25½ to 7.31. Nevertheless, exports of gold from Amsterdam to America have been small.

The reason for the comparatively calm behaviour of the Amsterdam exchange and stock markets is presumably that Holland has been even worse off already. Moreover, the conviction is constantly growing here that the part played by the English Exchange Equalisation Account on the international exchange market is of unmistakable importance in present circumstances. The relation of the guilder and the French franc to the sterling currencies is largely governed, for the time being, by the London Equalisation Account. On the other hand, America is virtually on the gold standard once again, and there is consequently an export of gold to New York as soon as the dollar rate calls for it.

THE EFFLUX OF GOLD

The efflux of gold from Holland, however, has been so limited that in the past month the Netherlands Bank has actually recorded an increase in its stock of gold. On November 11th the stock of gold amounted to 613.1 millions, and on December 2nd they were 628.1 millions. Moreover, the Central Bank's deposits of gold abroad are gradually being shipped to Amsterdam. These stocks of gold abroad accordingly diminished from 88.2 millions on November 11th to 68.1 millions on December 2nd.

Although the Amsterdam gilt-edged market has still failed to display any significant advance, and the yield of long-term loans accordingly shows no decline, it is nevertheless evident that there has been some recovery of confidence. Now, for the first time for a long period, the opening of subscriptions for a new loan has been announced, viz., a 4½ per cent. loan for the Province of North Holland amounting to 5 million guilders at a price of 99. As in the spring of this year Provincial authorities secured funds at 3½ per cent., it is evident that the new loan is on none too favourable terms. In view of the extensive flight of capital which has taken place from Holland, it is hardly likely that there will be any fall in the long-term rate of interest for the time being, especially as M. Laval's success in France has by no means induced political tranquillity in Holland.

As the result of the introduction of a Bill into the Second Chamber designed to finance bridge-building by means of increased taxation on petrol, the Royal Dutch (Shell) interests have set forth in an address to the Members of Parliament protests against any increase in the extent of taxation on motor transport. Such an increase, the company allege, would lead to a reduction in motor-car traffic in the

Netherlands. In the years 1930 to 1934, the number of passenger motor cars increased by an average of 5,561 per year. From June, 1934, to June, 1935, however, this increase only amounted to 105 cars. Goods vehicles increased between 1930 and 1934 at the rate of 2,181 a year; between 1934 and 1935, on the other hand, there was a decrease of 2,269 vehicles. The increase in motor buses has almost ceased. This decline is in striking contrast with the development of motor-car traffic in England.

The Netherlands trade returns for October show an increase in both imports and exports. Not only was the value of both imports and exports far higher than for the preceding month, but it exceeded the figure for the corresponding month of last year. Imports advanced from 1,758,000 tons and a value of 75.98 million guilders in September to 1,968,000 tons and a value of 94.42 millions in October. Exports increased from 1,022,000 tons and a value of 59.4 million guilders in September to 1,241,000 tons and a value of 69.9 millions in October. Imports and exports month by month in recent years have been as follows:—

	Imports (In million guilders)			Exports (In million guilders)		
	1933	1934	1935	1933	1934	1935
January	95	100	76	58	56	55
February	86	81	70	55	51	51
March	99	94	80	65	61	54
April	89	85	78	54	54	50
May	97	87	78	61	57	58
June	97	89	73	62	59	51
July	104	86	76	56	58	54
August	105	87	76	62	69	61
September	111	78	76	74	69	59
October	109	87	94	63	62	70
November	109	88	...	63	60	...
December	108	75	...	52	56	...

The steep advance recorded in October was presumably attributable to increased importing and exporting of various produce induced by the then prevalent fear of war.

AMSTERDAM, December 10.

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SWEDEN

NEUTRALITY AND DEFENCE

RECENT events have generated a feeling in Sweden that a strong defence force offers the chief protection for her traditional neutrality. Even the Socialists have come to this conclusion, as the recent speech of Mr Sandler, Foreign Minister and prominent member of the Swedish Labour Party, proves. Mr Sandler stated that collective League action could not be substituted entirely for national defence forces.

Since notice of the termination of the Anglo-Swedish Commercial Treaty of May 15, 1933, must be given before January 7, 1936, informal negotiations have been in progress for some time. There are good prospects that the present Agreement will be prolonged with only slight readjustments. The steady development of Anglo-Swedish trade under the Agreement was illustrated in a remarkable speech made by the Swedish Crown Prince at the recent dinner of the Anglo-Swedish Society in London.

A report on the proposal for a Swedish oil monopoly has been prepared by a special committee appointed by the present Swedish Labour Government. According to this report, the institution of a State monopoly for imports and distribution of oil would cost about Kr. 65 millions, Kr. 31 millions of which would be required for taking over installations from foreign oil concerns now operating in Sweden. The monopoly would yield an annual income of Kr. 11 millions. The proposal will certainly raise considerable opposition in political and economic quarters. It is thought to be a test case in the Labour Government's programme of State monopolies.

HIGH LEVEL OF BUSINESS MAINTAINED

General economic activity is still on a high level, though industry is becoming increasingly dependent on the home market and the building boom. The export trade is meeting with considerable difficulties. The value of Sweden's foreign trade this year has been as follows:

(Million kronor)				
	October		January-October	
	1934	1935	1934	1935
Imports	129	145	1,060	1,180
Exports	115	122	1,035	1,039
Import surplus	14	23	25	141

The increase in imports is due to bigger volume as well as higher prices. Among countries exporting to Sweden, the first place is still held by Germany, and the second by Great Britain. Imports from Great Britain, however, are steadily rising at the expense of imports from Germany. The increase in imports in October was chiefly in raw materials, and that in exports partly in pulp and paper. Exports of pig iron, as well as production for domestic consumption, have been brisk. Wooden goods exports, though lower than last year, have lately shown a slight revival on account of better demand from Great Britain. At a meeting of representatives from the main wood exporting countries, among them Sweden and Finland, held recently in Copenhagen, it was decided that during 1936 and 1937 offers of sawn wooden goods should be adjusted to the minimum requirements of the wood-importing countries. Soviet Russia is a party to this agreement.

Employment is fairly satisfactory. There was a seasonal rise in unemployment from 41,000 in September to 47,000 in October; but this compares with 85,000 in October, 1934.

On the money market, general abundance still prevails, with new peak figures for the joint-stock banks' "Cash and at Bank of Sweden" holdings. A slight increase in public deposits, with a marked shift from time to sight accounts, has taken place. Following the Bank of Sweden's heavy gold purchases, which during October amounted to Kr. 21.4 millions (gold kronor), the total foreign balances of the Bank and the 28 joint-stock banks dropped from Kr. 850 millions on September 30th to Kr. 843 millions on October 31st. Stock Exchange prices have been well maintained.

STOCKHOLM, December 10.

JUGOSLAVIA

THE SERBO-CROATIAN DEADLOCK

AFTER some improvement, the Serbo-Croatian question has again reached deadlock. In his latest declaration to a foreign journalist Dr. Maček, the Croatian leader, has expressed himself in favour of a federal solution. A federal status, he envisaged, might also be granted to four or five more provinces: Slovenia, Montenegro, South Serbia, Voivodina, and perhaps Bosnia with Herzegovina. In this federation Serbia and Croatia would have three joint Ministries, those of war, foreign affairs and finance. Everything else, even Parliaments, would be separate, although there might also be a common Diet, in addition to the regional Diets. Such demands are regarded as entirely unacceptable by the "Unitarian Front" now in power, which is especially galled by Dr. Maček's presuming to talk in the name of the other non-Croatian provinces. The Serbian Opposition, however, considers the plan acceptable with certain modifications.

The chief difficulty in putting it into practice lies in the fact that Dr. Maček refuses to enter the Belgrade Parliament, even should there be new elections, or to settle the reorganisation of the State through Parliamentary action. Instead, he demands that it should be settled by direct negotiations between Serbian and Croatian representatives. Such a mode of solution, which would be non-Parliamentary, and therefore not strictly constitutional, has little likelihood of ever being accepted by the Regency. The difficulty is further increased by the fact that Dr. Maček and the Opposition, beyond a working agreement, have not yet been able to elaborate any joint programme. All this is, naturally, playing into the hands of the Government, which is postponing elections *sine die* as being purposeless in present conditions. The only improvement is that the Croatian Opposition has ceased to have the same virulent character as it assumed late in the summer.

The lessening of political tension seems to be running parallel with an economic improvement which has been gathering momentum during the last two or three months. Both internal and external trade have improved. The number of tons carried by river traffic reached over two millions in August, while railway truck loadings in October were 270,000, both record figures for the last four years. Foreign trade figures for September and October are as follows:—

	1934				1935			
	Exports		Imports		Exports		Imports	
	Tons	Mill. dinars	Tons	Mill. dinars	Tons	Mill. dinars	Tons	Mill. dinars
Sept.	305,400	367.0	90,430	311.1	314,000	384.1	84,300	287.7
Oct.	350,000	423.5	60,600	349.1	359,000	493.5	121,400	395.3
Ten mos. Export	2,821,000	3,042.4	718,500	2,963.0	2,829,000	3,268.9	789,900	3,006.4
Surplus				79				263

The most important fact is the closing of the economic scissors which have for four years moved against the peasant. Thus, while in 1933 the export price index stood at 59.1, as against an import index of 70.1 (1926 = 100), with a gap of 11 points against the agricultural producer; in November, 1935, the two indices stood at 71.2, as against 72.5, with a gap of only 1.3 against the peasant.

RISE IN PRODUCTION AND WAGES

This has, naturally, increased the purchasing power of the peasants, and this again is reflected in industrial production. In September, the number of insured workers in employment reached 594,340, which is not only the highest figure since 1930, but also only 37,000 below the peak number during that year. And during September, for the first time for a long period, a certain rise in wages, although fractional, took place. The average registered wage rose to 21.77 dinars from 21.56 dinars in June. This is, however, still half a dinar below the wage in September, 1934, and nearly five dinars below the best wage average in 1930. Relatively the heaviest pressure is felt by the salaried

classes, which had their salaries cut by between 7 and 15 per cent., just at the time when the cost-of-living index rose from 63.2 in 1934 to 71.2 in November, 1935.

The new Yugoslav Budget, as submitted by the Minister of Finance to Parliament, is balanced at 10,307,040,784 dinars. It is thus, on paper, about 57 million dinars larger than last year's Budget. In fact, it is, compared item by item, about 500 million dinars smaller, because the new Budget includes all expenditure, and thus breaks with the bad habit of introducing a number of expenditure items surreptitiously in the form of "extraordinary Bills" in order to create a more favourable view of the Budget.

The *Jutro* of Ljubljana has published an interesting article advocating that the dinar should be tied to the pound, and thus join the sterling area. This is the first time that such a step has been advocated in this country.

BELGRADE, December 15.

TURKEY

SANCTIONS AND THE DARDANELLES

THE National Assembly approved the League sanctions without demur. It was a staged debate. A deputy was put up to ask whether neutrality would not be better, and whether compensation would be received for the harm ensuing to Turkish trade. The Foreign Minister, Rushdi Aras, ignored the questions, and simply announced the Government policy. He insisted that Turkey had no intention whatever of being drawn further into the present conflict. But she would do what her obligations to the League involved—and no more. Meanwhile she would attend to her defences, and especially to the point where they were most hampered—namely the Dardanelles. He promised that in the event of some unexpected war threatening Turkey the Government would be ready to take over the full defensive control of those Straits and to supersede the present international restrictions. He hoped that the time was not far off when the claims of Turkey to hold the Dardanelles would be freely granted. It is clear that this is desired as a reward for Turkey's support of the League in the present crisis.

The first effect of sanctions has been that Italian vessels have been prevented from loading chromium, despite their claim that the cargo was for Marseilles. It is thought that Turkey will not suffer very much from sanctions, though she has been selling larger quantities of coal and cereals to Italy than usual.

The second Republican census of Turkey last month gave a total population of over 16 millions, an increase in eight years of over 2½ millions. Immigration is proving one of the main sources of new population. Large numbers of Turks "left behind" in the Balkans when the Turkish Empire had to retreat are now seeking homes in the new Turkey under Atatürk.

AN EMIGRATION INTO THRACE

Roumania has granted favourable conditions to its Turkish citizens who want to return home. The consequence is that the port of Constanza is crowded with thousands of Turkish emigrants waiting for ships from Turkey to take them off with their cattle and effects. There are some 8,000 still to come this season, while from Bulgaria, where the conditions have not been made so favourable, 35,000 have come. These new citizens are cultivators and are being installed in Thrace. It is planned to settle half a million there and so to develop this war-scarred province. Considerable economic benefit to the region is already being felt from the arrival of these immigrants. The Government is doing its best to instal them on modern lines in model dwellings and villages.

Two more railways have been finished and opened. The first covers about 400 kilometres of line from Filios to Irmak, and is designed to open up the coal region of Zoungouldak on the Black Sea. It has been built by a Swedish-Danish group at a cost of nearly £2,000,000. A remaining 25 kilometres will bring the railway right up to the coal mines and will be built with all modern equipment for transport and the handling of coal. It is expected that

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this small section will cost £800,000 and will be working two years hence. Meanwhile, the coal industry is going ahead and the annual output and exports are increasing substantially.

The other line just opened is known as the "copper railroad," and runs from Ankara to Diarbekir, tapping the State copper mine of Ergani. The next line opened will be a further section of the strategic railroad from Afion to Adalia, which is being built to serve in the case of an attack on Anatolia from the Mediterranean.

From the middle of this month the price of coal has been reduced by 130 piastres a ton (just under 4s.) by the action of the Government. Coal-owners have been warned not to lower wages. The Government has also decided to put the coal-mining basin under a single administration. When this is done, it is estimated that coal prices will be able to be brought down by about 9s. as compared with last year's prices.

ISTANBUL, December 1.

LETTER TO THE EDITOR

FRANCE AND DEVALUATION

TO THE EDITOR OF THE ECONOMIST

SIR,—Up to the present time 1935 appears to have shown that lack of confidence is the paramount factor undermining the position of the franc. This mistrust has from time to time been fanned (at times on a state bordering on panic) by events only most indirectly related to French economic conditions. To identify this psychological weakness, *to-day*, as an effect of *present* economic conditions may very well be a serious error of analysis.

It is worth while to consider the evidence in support of this view. In point of time, the first weakening of the franc was due to the unreasoning "gold clause" scare, aggravated in early spring by the defection of the belga from the gold *bloc* currencies. The crisis that came to a head with the fall of the Flandin and Bouisson Ministries was, to a considerable extent, political and of course, to a considerable extent, also generated by the serious budgetary position. Rightly or wrongly, as you have frequently remarked, the French identify the strength (or weakness) of the budgetary position with the strength (or weakness) of the currency. Again, during the autumn, weakness has once more super-vened by reason of the Abyssinian position, another weakening of the Franco-Italian understanding, the evident likelihood of heavier expenditure on defence, the cleavage between the Right Centre and Left Centre, on both of which M. Laval must rely, and renewed activity on Wall Street. Naturally enough, this potentially dangerous position has shown its strength when M. Laval's position has been called in question.

At each "crisis" it has been evident that the weakness resided within the country—the forward market has not been subject to heavy speculative transactions, import of coin into France has taken place, while bullion has been moving outward, and the raising of bank rate has been seen as evidence of a determination to save the franc rather than as a potent instrument for attracting money. In fact, then, the problem of the franc is a psychological problem, and for that reason devaluation, by one means or another, seems the only ultimate solution and the easiest policy. For "deflation" calls attention to the morbid state of French finances without curing it (and, indeed, without being any other.

than a deflation of confidence); while the abandonment of effort to balance the Budget would possibly be taken as a sign that the franc was doomed. Confidence will not allow reflation, and necessary expenditure prevents deflation.

Yet it is possible to suggest that to-day the economic position of France need not drive the franc as in fact it is being driven. In other words, that devaluation is not the only economic solution.

First, it would appear that the balance of payments on current account is not adverse to France, or, if it is, not to a depth sufficient, other forces ignored, to drive the franc off gold: £900,000,000 would finance the adverse balance for some time. During that time remedial forces might be expected to be operative. The gold currencies showed depreciation in value (in terms of other currencies) under the pressure of the present available annual supplies of some £24,017. The dollar, the strongest gold currency, should eventually depreciate as gold purchases (aided by silver purchases) continue. This is true whatever happens to the United States price level; it is reinforced if we derive reasonable inferences from some \$3,000 millions of excess reserves, recent utterances and happenings in the U.S.A.

A depreciating dollar would take with it the gold bloc currencies. Additionally, a weakening of the franc—with the dollar—might stimulate the disbanding of gold and aid events. Were not the stability of the franc identified with the balancing of the Budget and deflation, one might expect a policy of modest encouragement to industry and cheapening of money rates to be practicable. For a time it would disclose, perhaps, an over-valuation of the franc that "deflation" and controlled trade are masking. But over-valuation of this kind is much less menac-

ing, to the State and to the Bank, than capital export which the exchanges cannot carry.

As it is, there are psychological difficulties. Nor are these all. If the Exchange Equalisation Fund were wedded to a given sterling price for gold (say 141s.) or a given franc (and dollar) exchange, it could prevent the franc depreciating as it ought and the dollar depreciating as it must, unless United States capital imports continue at the present scale. For we should import gold to depreciate sterling equally with the depreciation of gold currencies. And this would renew the problem and promote hoarding. This policy, could it be followed, would demand goodwill and imagination from this country, and would involve American conditions that cannot safely be predicted.

Perhaps, then, to-day, devaluation of the franc is inevitable because it is thought to be inevitable, or because saving the franc has been made to appear dependent upon a policy that could never have achieved success.

Finally, it is well not to forget that devaluation of the franc may promise future problems not very much more attractive than the present. A devalued franc linked to a dollar depreciating by reason of inflation would, perhaps, in the end be a less attractive proposition than present anxiety. Altogether the French attitude, while perhaps unwise—though that is perhaps partly our own fault—seems more understandable when regarded objectively than you appear to consider.

Yours, etc.,
J. STAFFORD.

The University, Manchester.
December 2.

BOOKS AND PUBLICATIONS

THE "LIBERAL EXPERIMENT"*

MR FISHER has finished his task as triumphantly as he began it. To those who have read all three of his volumes it will be agreed that the first section of the book, that on the civilisation of Greece and Rome, was remarkable for the freshness and vividness of its writing, and for the vigour of its grasp. No doubt the unity of the subject contributed powerfully to the effectiveness of the treatment. But from the breakdown of the Roman Empire through the Middle Ages up to the threshold of the nineteenth century, any such unity was much harder to find, and Mr Fisher's second volume was, in the nature of things, less satisfying than the first.

With this third volume, which deals with modern Europe from the French Revolution onwards, the subject becomes more malleable, though no less rich; and Mr Fisher has imposed a further unity upon it, by treating the whole period under the title of "The Liberal Experiment."

To regard the turbulent and variegated life of modern Europe from this single viewpoint, has great advantages in construction; and the easy sense of constructive power is even more notable in this volume than the force of striking and summary phrase was evident in the first. All the first third of the book deals with France—a proportion which is just; for whether in the significance of the ideas let loose by the Revolution, in military and diplomatic ascendancy, or in the qualities of a brilliant and creative culture, France stood throughout that period at the heart of Europe—as in a sense she still does, though with not the old ascendancy.

Mr Fisher's intimate feeling, like that of most educated Englishmen, is sympathetic to the standards of French culture; it is prettily revealed, after a long catalogue of the achievements of Goethe in art, science and literature, by a characteristic comment: "Had he learned from the French the art of making a brief well-proportioned book, he would have added another to the many services which he rendered to the German people." That is not to say that there is bias in Mr Fisher's treatment of Germany—indeed, the book is singularly detached and free from bias, in spite of its definite viewpoint. His description of the rise of Germany to a dominating position in Europe, and in especial of the achievement of Bismarck for good or ill, is a model of its kind; there is no better account in English.

Yet one may doubt whether "The Liberal Experiment"—even when the emphasis is placed as Mr Fisher does upon

the "experimental"—correctly describes this century in which the dominant factor in Europe was the rise to power in Germany of a nation militarist, autocratic, fanatically nationalist. The title "Freedom and Organisation" which Lord Russell gave to his survey of the nineteenth century perhaps expresses more exactly the dualism, the sense of balance, the uneasy equilibrium which accomplished so much in that age, but which in its breakdown in our own time has increased the possibilities of danger even more acutely.

SHORTER NOTICES

"The International Money Markets." By John T. Madden and Marcus Nadler. London, 1935. Sir Isaac Pitman and Sons, Ltd. xiii + 548 pages. Price 21s. net.

The difficulties in the way of writing a comprehensive study of the International Money Markets are almost overwhelming. The author of such a study must combine a sound knowledge of economic principles with an exceptional flair for the institutional "frictions" which modify in practice the smooth and instantaneous working of the mechanism described by theoretical analysis. He must be able to give a compact history of the main component parts of the world system without much repetition, and to clarify the main trends in a mass of detail. And if he avoids all the dangerous pitfalls in the narrative part of his work, he is still threatened by the rapid changes which may render his labours out of date before he has finished them.

Professors Madden and Nadler have acquitted themselves of their heavy and thankless task with greater success than most of their predecessors. The first five chapters give a good, if not completely unbiased, view of the mechanism of the gold standard, of the history of the international financial kaleidoscope since 1919, and a general comparative analysis of the various money markets. The authors evince a strong preference for the automatic gold standard, as they conceive it to have functioned in pre-war days, and deplore any "interference" with its working. While one must wholeheartedly agree with their criticism of the reckless tendency to expiate insane economic nationalism with an ever-growing volume of international lending, one wonders whether their generalised strictures on the gold-exchange standard and open market operations are really justified. After all, the pre-war gold standard also worked through periodic breakdowns; and it is difficult to see how an unnecessary deflation could have been avoided after the war without the adoption of the monetary reforms urged by the Brussels and Genoa Conferences. It would surely be a pity if the faults admittedly perpetrated in the '20s should induce scientists to adopt a completely negative attitude towards the possibility of a sane management of

economic affairs, an attitude which, since it enables a repudiation of responsibility, will only too gladly be adopted by Governments and other authorities.

In the descriptive parts of their work, the authors succeed in giving a very adequate picture of the development and the structure of the American, British, French, Dutch, German, and Swiss financial markets and systems. Their preference for "sound money" shows itself also in this part, especially in the treatment of developments in the "Gold Bloc," where some of the consequences of the gratuitously imposed deflationary policy are seriously understated. The authors' treatment of the British market could undoubtedly have been improved by the study of recent English economic literature. But on the whole they have written what looks likely to become a standard book of reference in its field.

"Nations Can Live at Home." By O. W. Willcox. Allen and Unwin. 279 pages. 10s.

The author of this extremely depressing book believes that "international trade should be handled in a manner befitting its nature as a disturber of international goodwill and as a potential breeder of wars." Starting from this premise, he argues that the food-importing countries are "over-populated," and that they should make every effort to relieve themselves from their dependence on foreign supplies of food by intensive home production, founded upon the new advances in agriculture made possible by the discoveries of modern agro-biologists.

Dr. Willcox is thus the advocate of self-sufficiency carried to the logical conclusion of a denial to mankind of the advantages of the international division of labour, and of an acceptance of a low and primitive standard of life as the normal condition of a fear-ridden world. His proposals for the application of his policy in Great Britain are no doubt practicable, but they would involve the destruction of nearly every export industry and the impoverishment of innumerable farmers overseas at present producing food and raw materials for the British market. Common sense revolts at this gloomy and defeatist programme, which is a striking sign of the complete revolution in thought that has taken place since the days of Cobden and his followers, who believed that international intercourse would foster the cause of goodwill and peace among nations. Economic nationalism has made great headway in recent times, but it has not yet reached a point which justifies such counsels of despair as this.

BOOKS RECEIVED

The Story of Conscription in Australia. By Leslie C. Jauncey. (London) Allen and Unwin. 365 pages. 10s. 6d. net.

Studies in the Land Economics of Bengal. By Sachin Sen. (Calcutta) The Book Company, Ltd. 402 pages. Rs. 6.

An Examination of Examinations. By Sir Philip Hartog and E. C. Rhodes. (London) Macmillan and Company, Ltd. 81 pages. 1s. net.

Darkness from the North. By Odette Keun. (London) H. & E. R. Brinton, 102/105 Shoe Lane, E.C.4. 116 pages. 2s. 6d. net.

The Proletarian Revolution and the Renegade Kautsky. By V. I. Lenin. (London) M. Lawrence. 110 pages. 1s. 6d. net.

Two Tactics of Social Democracy in the Democratic Revolution. By V. I. Lenin. (London) M. Lawrence. 127 pages. 1s. 6d. net.

Sir Samuel Romilly, 1757-1818. By C. G. Oakes. (London) Allen and Unwin. 440 pages. 18s. net.

Prosperity. By Samuel Greenwood. (Blackburn) From the Author. Law Courts Chambers. 176 pages. 3s. 6d. net.

Daily Mail Year Book, 1936. Edited by David Williamson. (London) Associated Newspapers, Ltd. 290 pages. 1s. net.

The Bankers' Almanac and Year Book, 1935-1936. (London) Thomas Skinner and Company, Gresham House, Old Broad Street, E.C.2. 2,338 pages. 42s. net.

Important and useful innovations in this indispensable work of reference include tables of quarterly average rates of exchange in addition to the annual average rates, and the publication not only of the latest available balance sheet figures but those of the previous year also.

OFFICIAL PUBLICATIONS

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

Public Social Services. Return showing, so far as particulars are available, the total expenditure in England and Wales under certain Acts of Parliament during the financial years 1900, 1910, 1920, 1930, 1933 and 1934, respectively. Cmd. 5025. 4d. net.

Post Office Fund. Statement showing the Post Office Net Surplus for the year ended March 31, 1935. 1d. net.

Fleets. Particulars of the fleets of the British Commonwealth of Nations, United States of America, Japan, France, Italy, Soviet Union, and Germany on the 1st day of January, 1936. Cmd. 5038. 1s. 6d. net.



A GOVERNMENT SERVICE for BUSINESS MEN

"THE BOARD of TRADE JOURNAL" The authoritative weekly journal of the Board of Trade contains essential news for exporters. It includes news of trade openings, exchange regulations, commercial treaties, Customs regulations, etc. The issue of December 12, 1935, contained a special forty-page supplement giving the complete text of the proposed amendments to the Australian tariff. Annual subscription 30s. post free.

COMMERCIAL and ECONOMIC REPORTS The unrivalled collection of information provided by the Reports of the Department of Overseas Trade on world economic conditions may be obtained on and after January 1, 1936, regularly on a subscription of £2 net instead of £3. This sum covers all the reports on individual countries issued within 12 months. The Reports place before the business community a concise, informative account of factors affecting commerce in the principal Empire and Foreign markets.

THE COLONIAL EMPIRE

The Economic Survey of the Colonial Empire for the year 1935 is now available. It contains a series of surveys of the area, population, occupations, resources, and general economic position in the British non-self-governing Colonies, etc. In a separate section a series of memoranda are provided on the various important commodities and raw materials produced in the Colonial Empire. 25s. (25s. 7d.)

REPORT on the IMPORT DUTIES ACT INQUIRY, 1933

Under the Import Duties Act, 1932, provision was made for the Board of Trade to review the effects it might have had on industry by the collection of statistical returns. The Board has now issued Part I of such an inquiry relating to the year 1933, and dealing with the following trades:—

- Textiles (15 trades).
- Leather and Clothing (6 trades).
- Food (5 trades).
- Chemical and Allied Trades (9 trades).
- And certain Miscellaneous Trades (9 trades including rubber, fancy articles, linoleum, games and toys, sports requisites).

The inquiry constitutes the first statistical review of the industrial position that has been carried out since the general change that took place in 1932 in the tariff policy of the United Kingdom. 5s. (5s. 6d.) Part II in the Press.

BRITISH INDUSTRY. OUTPUT STRUCTURE and EMPLOYMENT

The Board of Trade has prepared a general Report on the Fourth Census of Production (1930). It gives a summary statement of the industrial position of the country as a whole, and it contains detailed analyses of the results of the census not before printed. A volume of the utmost importance to all students of the economic situation of the country 3s. (3s. 3d.)

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Or through any Bookseller

* "History of Europe. Vol. III.: The Liberal Experiment." By H. A. L. Fisher. Eyre and Spottiswoode. 18s.

MONEY AND BANKING

FRANCE AND THE FRANC

IN all the French financial crises of the last four years certain phenomena have recurred with striking regularity. Not only do the French peasants, *rentiers* and industrialists react to a *crise de confiance* with almost classic uniformity; they are even forced to do so by the very nature of the French financial and banking organism. If they distrust the banks they can hoard notes, almost unperceived, for the cheque is rarely used in France. If they distrust the currency, they can turn their securities into bank deposits, the deposits into notes, and the notes into gold at the Banque de France. They can then bury or export their gold to a foreign safe deposit, whence it will never return until real confidence in the future gold content of the franc is restored. Here are some figures which reflect the results of the "confidence crises" during 1934 and 1935:—

"BIG FOUR" FRENCH COMMERCIAL BANKS
(Millions of francs)

N.B.: These are the latest figures which include cash holdings

	Cash, and at Banque and other banks		Bills discounted, inc. Treasury Bills		Total deposits: sight, current accounts, time, and notice	
	1934	1935	1934	1935	1934	1935
End January...	7,079	6,584	19,031	17,857	32,809	30,846
End August...	6,859	5,709	17,849	17,102	31,164	28,589

* Société Générale, Crédit Lyonnais, Comptoir Nat. d'Escompte, and Crédit Comm. etc

Total deposits are down by Frs. 6,200 millions in the twenty months, of which Frs. 2,200 millions were withdrawn in the first eight months of this year. While the total of bills discounted has barely fallen by Frs. 2,000 millions in the whole period, it fell by Frs. 1,200 millions in the first eight months of last year. It is known that between August, 1934, and last August, when the bill portfolio dropped by only Frs. 747 millions, its composition was changing in favour of the Treasury bill. This was due partly to the Government's increase of the statutory limit on the Treasury bill issue from Frs. 10,000 millions to Frs. 15,000 millions last February, and partly to M. Flandin's desperate efforts to circumvent the refusal of the Banque de France to grant the Government further accommodation at that time. It is now freely stated in Paris that the commercial banks are holding Treasury bills and short-term Government paper "to capacity." Finally, the banks' "cash" had undergone, by the end of last August, the striking reduction of Frs. 1,150 millions, or 17 per cent., in a year. In September and October deposits rose to Frs. 28,684 millions and to Frs. 28,740 millions respectively, but the only way to discover how the banks' cash has moved is to look at the Banque de France returns for the latest date. They are shown below:—

BANQUE DE FRANCE
(Millions of francs)

	Dec. 8, 1935	Aug. 31, 1934	Dec. 7, 1934	Aug. 30, 1935	Dec. 6, 1935
Assets (chief items):—					
Gold reserve	77,079	82,037	82,314	71,742	65,905
Advances on securities	2,899	3,140	3,220	3,103	3,392
French bills discounted	3,726	3,038	3,120	7,357	9,878
Total (inc. all items)	99,878	104,349	103,985	98,211	95,827
Liabilities (chief items):—					
Notes in circulation	80,904	81,732	81,290	82,240	81,689
Current and deposit accounts:—					
Treasury	169	850	1,412	128	82
Caisse d'Amortissement	2,298	3,034	2,666	3,116	2,751
General	13,857	16,659	16,286	10,480	8,640
Money Rates:—					
Bank Rate, %	2½	2½	2½	3	6
Advances on Securities, %	4½	4½	4½	4	7
Cover:—					
Gold to sight liabilities, %	79.1	80.0	80.8	74.6	70.6

The figures show that the most startling fall has occurred, not in the gold reserve—although that has reduced the "proportion" by 10 points in a year—but in deposits at the Banque de France. This fall has not been due merely to private demands made on the banks, and thence on the

Banque. It has also reflected the demand made on the *ensemble* of savings banks, and thence, through the Caisse des Dépôts et de Consignations, on the Banque. Although much gold has been taken out, the note circulation has been maintained, for the bill portfolio has almost tripled in two years. Moreover, it is reported in Paris that the Banque itself is now practically "full" with its quota of Treasury bills. It is also stated that the increased limit of Frs. 15,000 millions of the issue of these bills has been reached. Certainly, the phenomenal rise in the Banque's bill portfolio is not purely on commercial account; M. Régnier admitted that the Banque held Frs. 4,000 millions of Treasury bills many weeks ago, and over Frs. 2,500 millions of the large increase recorded in the last twelve months has occurred *since the end of August*.

The classical raising of the Banque's rate of discount to stem the efflux of gold merely increases the Treasury's problem. It pushes up the cost of carrying the increased and increasing floating debt; and it removes to an even remoter future any possibility of mobilising the short- and long-term markets so as to lower the intolerable burden of the whole national debt. Thus the deficit grows again; and again confidence oozes away. The threat to the Budget is thus transformed into a threat to the banking structure.

What expedients are there which might arrest so vicious a spiral? First, of course, is that of M. Flandin: manipulation of the Bourse and money markets, "cheap money," while maintaining the gold parity. The Banque de France is responsible for having refused to help in the technical execution of this solution last spring; and at present it is impossible. Secondly, there is the possibility of such a boom in the U.S.A. and the world as a whole as may push up not only raw material prices (France has to import raw materials), but also the prices of those finished products exported by France as well as by her competitors. This solution is wildly improbable within the short space of time still left to extricate the French Treasury and Government from their dilemma. There remains, therefore, the solution which envisages the abandonment of the present "free" gold parity of the franc—whether by exchange restrictions, embargo on gold withdrawals and exports, or by outright devaluation to a lower gold parity.

If France goes over to a regime of exchange restrictions without a change in the franc's gold parity, her economic agony will be prolonged. German, Italian and Central European experience shows that, to make exchange and capital embargoes effective, the entire economic life of a country must be State-controlled. Thus we are left with outright devaluation, or with an internal and external gold embargo. In either case the danger facing France still remains that of "confidence"; for the great hoards of notes and gold must be tempted to perform an economic function. Probably some flight into "real values" would in any case occur; and therefore devaluation to a new gold parity, *à la Belge*, seems the "consummation devoutly to be wished" for France. Such a solution seems most calculated to relieve pressure on the exchanges, repatriate "flight" funds, remove the necessity for import restrictions and cover the Treasury and Budget deficits by means of the "profit" on the gold reserves and by the increases in revenue likely to follow. It would also remove the continuous uncertainty about the franc's future. This would enable the Government at last to reduce interest rates, lower the burden of the debt, and restart investment. This way, the initial disturbance of a "flight into commodities" would be of the shortest duration.

In France's present political temper, before an imminent general election, no deputy or group leader wants to assume responsibility for devaluation. This means that M. Laval's "strength" is really only a reflection of his opponents' weakness. It also means that devaluation of the franc cannot, presumably, come in a "cool and ordered" manner, such as that demanded by M. Paul Reynaud.

Yet if the present *impasse* continues into January, with the Treasury hammering in vain at the grille of the Banque de France, and the Banque unable to offer any advice beyond "No devaluation," then the Banque in turn may find itself forced, before long, to go to the Government and say: "In order to save the banks—and ourselves—you must suspend convertibility of our notes into gold, or else devalue." That way devaluation will not come quietly. It will come "terrible as an army with banners." And by that time the gold stock at the Banque will have sunk to such exiguous dimensions as to necessitate, to secure sufficient "writing-up" profit on that gold reserve, not a slight, but a very considerable devaluation.

FINANCIAL NOTES

A New Clearing Bank.—When the District Bank absorbed the County Bank last August, it became the seventh largest bank in England and so definitely attained the status of a clearing bank. This has now been recognised, for the District Bank has been admitted to membership of the Bankers' Clearing House as from January 1, 1936. For reasons of convenience it will not take its seat until January 15th, after the pressure caused by the New Year work of the banks has diminished. The District Bank's election clearly adds to the homogeneity of the British banking structure, and so is welcome on these grounds alone. We must, however, add one word of warning. Its election will introduce a discontinuity both in the weekly returns of the Clearing House and in the monthly averages of the clearing banks, which for England alone will now number ten instead of nine. The former discontinuity is insuperable, and so for a time at least the returns of clearings will be a less certain guide. As regards the monthly averages, we propose to publish for the next year two sets of totals, one including and the other excluding the District Bank. This will facilitate comparisons with previous years.

The Silver Confusion.—The London Silver market is steadily drifting into a worse state of confusion. Following the almost complete cessation of American buying at the beginning of last week, it was decided to suspend temporarily the rule of the London silver market, which stated that a price must be fixed at which all effective offerings would be absorbed. Since the middle of last week the price fixed does not necessarily equate supply and demand, and in point of fact only a very small proportion of the silver on offer in London each day has been disposed of since this decision. The price for spot silver has been steadily marked down until on December 19th it stood at 22½d. per ounce, against 29½d. immediately before the break, but American demand has practically dried up, and on December 18th there were no dealings. Meanwhile, new forward positions are maturing every day, so that the pressure to sell spot silver is steadily increasing. The first serious consequence of this *impasse* is that on Wednesday it became necessary to suspend dealings in Bombay until the end of the week, and there is no doubt that the position there will need careful handling. The main point for holders of silver all over the world to realise to-day is that at current prices the American Treasury is the sole buyer, and that the American authorities will only buy as much (or as little) as they like, and do not undertake to operate in any particular market or maintain any particular price for silver of non-American origin. In other words, silver has become a dangerous commodity to hold.

The Foreign Exchanges.—French francs have been firmer this week owing to the covering of short positions opened during the autumn crisis. On Wednesday sterling dropped to Frs. 74½ and the dollar to Frs. 15.09½, but political developments caused the franc to weaken slightly on Thursday. Three months' francs improved to Frs. 1½ discount on Wednesday, but have since widened again to Frs. 2½. Three months' Swiss francs were steadily offered

and have depreciated from 25 to 35 centimes discount. Spot dollars have been very steady at just under \$4.93, but dealings have been very limited. Canadian dollars improved from \$4.98 to \$4.96 on the rise in wheat prices, but have since returned to \$4.97½. The London market generally has been quiet.

The Money Market.—The banks have ceased buying bills until the end of the year, and discount rates are consequently firmer. There were heavy applications for Treasury bills at last week's tender, the average rate rising from 13s. 1.53d. to 14s. 6.02d. per cent., and successful applicants initially held on to their bills in the hope of securing a larger turn. The market realised, however, that the tender had been "staged," and held off buying, with the result that the turn quickly disappeared. Late this week, February and early-March Treasuries were quoted at ½ per cent. and hot bills at ¾ per cent., but there was very little business. January maturities were quoted at 1 per cent.

	Nov. 28, 1935	Dec. 5, 1935	Dec. 12, 1935	Dec. 19, 1935
Bank rate.....	2	2	2	2
Clearing banks' deposit rate ...	½	½	½	½
Short Loan rate:—				
Clearing banks	½-1	½-1	½-1	½-1
Others	½	½	½	½
Discount rates:—				
Treasury bills	½	½	½	½
Three months' bank bills	¾	¾	¾	¾

Christmas currency withdrawals have depleted the banks' cash, while the refusal of the banks to buy bills has increased the market's need of loans. There has therefore been a good demand for money. Loans into January now cost 1 per cent. against eligible bills and more against other collateral.

The Bank Return.—There has been a further increase of £8.6 millions in the note circulation, making the total Christmas increase £20.6 millions to date.

BANK OF ENGLAND

	Dec. 19, 1934	Nov. 27, 1935	Dec. 4, 1935	Dec. 11, 1935	Dec. 18, 1935
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	192.2	197.6	198.4	199.4	200.0
Note circulation	402.0	401.3	405.6	410.9	419.5
Banking Department:—					
Reserve	50.8	57.1	53.6	49.1	41.2
Public deposits.....	8.4	19.7	7.1	6.8	10.3
Bankers' deposits	90.7	90.9	103.7	94.4	79.8
Other deposits.....	37.0	36.5	37.5	37.2	37.3
Government securities ...	83.8	85.5	89.4	84.2	82.7
Discounts and advances ..	7.0	9.5	10.7	10.1	7.2
Other securities	12.4	12.8	12.5	12.9	14.2
Proportion	37.3%	38.8%	36.1%	35.4%	32.3%

The main movement in the banking department is a drop of £14.6 millions in bankers' deposits. This is largely due to Christmas currency withdrawals, but the week's increase in public deposits is also a contributory factor.

New York Money and Banking.—Money remains very easy, and the return issued on December 13th showed that member bank excess reserves had reached a new high record of \$3,310 millions. The immediate trend is likely to be downwards owing to Christmas currency withdrawals and bank payments for the recent Government bond issues. During the week ended December 11th New York member banks' loans to brokers rose from \$919 to \$950 millions, and other loans rose from \$734 to \$744 millions. The gold influx has now largely ceased, only \$6.3 millions having arrived from France late last week. Total engagements of gold for shipment to the United States since September 9th are \$818 millions, of which \$790 millions had arrived by the beginning of this week. Foreign bank balances with American member banks fell during the week ended December 11th from \$443 to \$441 millions. This is further evidence of the cessation of the flight of foreign funds to the United States. Silver imports for the week ended December 6th were \$10.3 millions, of which \$6.8 millions came from England. During the ten days to December 18th the New York market price of silver has fallen from 65½ to 55½ cents an ounce.

THE STOCK EXCHANGE

STOCK EXCHANGE "INTRODUCTIONS"

In a leading article in last week's *Economist* (see page 1210) we analysed the leading features of every new company prospectus issued since 1933. The results were moderately reassuring, since they suggested that the recent revival of capital market activity has been free from the grosser abuses of the 1928 boom. More criticism has recently been heard, however, of the matter and manner of certain issues, effected not by way of a public prospectus offer, but by "introduction" to the Stock Exchange. The Stock Exchange Committee, in fact, are now concluding a full review of the machinery of the "introduction" method, in order to prevent in future, if possible, the not unjustifiable dissatisfaction aroused by certain recent placings.

It is necessary to retain a sense of perspective when allegations are made of "unfairness," "market manipulation," and "financial ransom." Actually, it is rarely that the public demand for "placed" shares is large enough immediately to establish a spectacular premium on the "placed" price. An examination of our records during the present year suggests, indeed, that the number of obvious instances can be counted on one hand, although as many as 150 statements have been published "for information only." Indeed, there have been many cases where active dealings have not followed such publication, and have not been intended to follow it. If a successful private concern under personal management, for example, loses its direction by reason of death or other causes, freedom to market a block of shares in the concern, with the cachet of a Stock Exchange marking, may affect relatively few public investors. When provision has to be made, again, for payment of death duties, a modest statement giving particulars of the concern, but not necessarily involving the placing of a block of shares with a market firm, may have great convenience. As a general rule, the "introduction" method seems apt for relatively small issues. It is cheap, for the range of facts required and the scope of press advertising (which may be limited to two newspapers) are both restricted. That increasing resort had been had to it is suggested by the following table, which is based on the prices at which dealings actually started, and excludes an appreciable number of cases in which business was not immediately recorded:—

	"Introductions"		Prospectus Offers†
	Nominal Capital introduced	Cash involved at opening prices	
1931	8,757,183	8,883,578	102,044,291
1932	15,046,360	16,335,341	188,909,963
1933	34,811,194	39,123,520	244,780,500
1934	28,247,872	42,310,082	169,108,700
To date—			
1934	28,247,872	42,310,082	168,808,700
1935	31,739,482	49,633,742	236,147,637

† To the public, or to shareholders; excluding conversions, but including issues by governments, municipal corporations, etc.

On the somewhat arbitrary assumption that the value of a whole stock can be derived from the price of that relatively small proportion of it which may have changed hands at the start of business, the recent figures reveal a "premium" of around 50 per cent. on the nominal value of the capital involved. This is not necessarily a feature for criticism; in many cases it has merely translated into market terms a real appreciation based on high earning power on a modest initial capital. The calculations suggest that the cash involved in "introductions" now ranges between one-quarter and one-fifth of the total amount of new money raised by prospectus offers to the public and to shareholders.

In what circumstances is the "introduction" method normally adopted? It is frequently resorted to by public companies desirous of marketing shares previously in

private hands. An apt recent example, on which we commented favourably last week, was the "placing" of Coast Lines ordinary shares. Again, existing concerns frequently "place" moderate amounts of new capital to avoid the elaborate procedure of a public issue. Numerous investment trusts have lately "introduced" small lines of debenture stock by this method. More frequently, however, shareholders in established private companies, with satisfactory earnings records, market their shares on the Stock Exchange in this way. A variant of this case occurs when the assets or capital of an existing concern are taken over by a new company, whose shares are subsequently "introduced." A final possibility is the "placing" of one class of capital under cover of a prospectus issue relating to another class. This procedure was adopted, for example, in the marketing of Griffiths Hughes ordinary shares in July last year and of British Aeroplane ordinary shares last June. On both occasions it attracted a certain amount of adverse comment.

In assessing what the public obtains for its money, obvious difficulties arise, due largely to the differences in the form and circumstances of each introduction. In many cases, assets figures are either withheld from the published information or are restricted to extracts from balance sheets. There are relatively few cases in which concerns have recently acquired existing businesses and set out the valuation of the assets and the considerations paid. In all cases during the last three years where such information has been made available we have made a careful statistical analysis of the significant facts, subject to necessary statistical adjustments. We have endeavoured to obtain a documented answer to the question: What has been the eventual market capitalisation of those companies which have revealed their assets figures? Figures are, in fact, available for 56 companies. The first table analyses the issues by categories and shows the "goodwill" component included in the initial dealing price:—

	Year	Debtenture	Preference	Ordinary	Total
Nominal capital introduced.....	1933	850,000	1,375,000	1,150,000	3,375,000
	1934	147,000	1,715,000	1,857,500	3,722,500
	1935*	147,000	1,904,205	4,918,682	6,969,867
Total (three years)		997,000	4,994,205	7,926,182	13,917,367
Amount paid by public (at opening prices)	1933	850,000	1,505,625	1,522,250	3,877,875
	1934	148,750	1,846,687	3,379,812	5,226,499
	1935*	148,750	1,974,521	7,562,522	9,685,793
Total (three years)		998,750	5,326,833	12,464,584	18,790,167
Difference between nominal values and opening dealing values	1933	Nil	130,625	372,250	502,875
	1934	1,250	131,687	1,522,312	1,653,969
	1935*	1,750	70,316	2,643,860	2,715,926
Total differences, three years		1,750	332,628	4,538,422	4,872,800

* To end October.

In contrast with the comparable public issues analysed on page 1210 of last week's *Economist*, the figures suggest that the placing of equity capital has appreciably exceeded that of fixed interest and dividend securities during the last three years. It has obtained an undoubtedly favourable response from the public. The so-called "premium" paid on the ordinary shares during the last three years represents 57 per cent. of their nominal value. We cannot proceed directly to infer, however, that the "difference" represents so much adventitious cash profit secured by vendors or intermediaries, for two reasons. First, as has already been pointed out, the premiums may reflect a reasonable valuation of earning power. Secondly, we have no consistent information regarding the terms at which intermediary parties, e.g. City houses handling the issues, have themselves acquired the shares they are "placing." A certain check, however, may possibly be obtained, under

the first heading, by reference to the published asset figures of the companies concerned. The following table summarises the available information:—

	Market Value of Capital Introduced	Value of Assets of Companies concerned
1933	3,877,875	3,530,907
1934	5,226,499	2,929,921
1935*	9,685,793	2,448,138
Total, three years	18,790,167	8,908,966

* To end October.

Over the three years, the relation between market valuation and basic assets may not necessarily have been excessive, for most of the companies have come to the market bearing their sheaves—in the shape of proved earnings—with them. It is noteworthy, however, that the tendency to float an increased proportion of equity capital by "introduction" has been lately accompanied by a parallel increase in the market valuation of "goodwill." Subject to this proviso, the impression given by the figures discussed in this article is moderately—though only moderately—favourable. Final judgment can be given only when information of the course of earnings under the new regime has been published for all the companies. The companies analysed, further, do not include some of the more striking instances in which market comment has been aroused by heavy public demand and high market premiums.

The question of "inadequate" or alleged "manipulative" placing is particularly troublesome for all concerned—including the Stock Exchange Committee. Vendors, it may be urged, can avoid selling their assets at too low a figure by seeking expert advice and, if necessary, consulting more than one brokerage firm. There is no suggestion of a Stock Exchange "ring" in this connection. The firms doing the placing, in turn, may contend that a substantial market risk is involved, for which they are entitled to appropriate remuneration. Finally, it may be, and often is, argued that the investor has only himself to blame if he pays an excessive price.

But does the machinery always work "normally"? A high price resulting from overwhelming demand in a market freely supplied with shares is one thing, and a high price in a deliberately "fed"—or, rather, "starved"—market is another. Withholding of opening stock is bound to foster extravagant opening prices, and to suggest to the public the possibility of monopoly exaction. Such rumours, right or wrong, are damaging to the Stock Exchange, and we welcome the decision of the Committee to take all necessary steps to deal with this and other relevant matters. The reputation of "The House" must needs be that of Caesar's wife. No abuse should be permissible which can be checked at its source by such a device as, say, insistence on the immediate availability of a minimum number of shares before permission to deal is given. In some instances, of course, it might happen that dealers would find their quota a real burden, while in others their books would be rapidly depleted. But some small inconvenience, in such instances, would be a moderate price to pay for the maintenance of public confidence. We suggest, further, that a repetition of certain much-advertised cases would readily be avoided. As a matter of policy, the machinery of a public issue, either by prospectus or offer for sale, rather than that of "introduction," should be employed whenever it is evident from the outset that a substantial public demand is to be expected. A prospectus issue, advertised in advance, and offering equitable chances to all applicants in the event of over-subscription, would be of greater advantage both to the investor and "the City" than a hectic scramble for shares.

INVESTMENT NOTES

Markets and the Political Crisis.—The course of the markets during the last fortnight has reflected the changing aspects of the political situation, though in a way that has evidently surprised some observers. The Stock Exchange

has, on occasion, to draw a distinction between its opinions as a body of electors and its interests as the representative of investors. Every piece of news is tested, first, by its probable effect upon the rate of interest or the level of industrial prices, and secondly by the extent to which it accords with the private feelings of members. In nine cases out of ten, the two tests are identical. But this is the tenth. The Stock Exchange has never been particularly enamoured either of the League of Nations in general or of the policy of sanctions in particular. But a sudden reversal of policy which makes the British Government look ridiculous abroad and threatens a political crisis at home could hardly meet with approval in the City, and the private opinions expressed on the Stock Exchange have been as vitriolic at the Government's expense as anywhere else. But the effect on prices is a rather different matter, for a speedy peace would undoubtedly be a bull point for both the gilt-edged and the industrial markets, while the continuance of sanctions and the threat of war will no less certainly act as depressants. Prices, consequently, have tended to rise whenever the prospects of immediate peace (however distasteful the price) have brightened a trifle, and to fall whenever a return to vigorous sanctions has appeared more likely. Investors as such are not directly concerned with the details of the Government's foreign policy, but they will hope that the outcome of the crisis will be the re-establishment of a firm course, steadily pursued, with no more upsetting oscillations or bewildering reversals. The economic outlook is still not unfavourable. It is true that, in the gilt-edged market, the effect of the recent conversion issues has quickly worn off and that the tendency has recently been downward. But, barring external crises, no drastic increase in money rates is in prospect, while the industrial news seems to point to a continuance of guarded optimism. Whether as electors or as investors, "the City" will hope for a firm and speedy settlement of the crisis.

* * *

The Railway Loan.—The House of Commons this week has passed the Railways (Agreement) Bill, which authorises the Treasury to guarantee the £26,500,000 Loan to be advanced to the four group railways for their special development programmes. As the special finance company which is to be the actual borrower of the money is to be formed "as soon as the powers have been obtained from Parliament," investors may presumably look forward to the issue of the Loan very shortly after the holiday. In the course of the debate, Mr Chamberlain said that it was "most probable" that the finance company would raise the whole £26,500,000 "in one lump," following the precedent of the £32 millions London Electric Transport Finance Loan last summer. That loan was in the form of 2½ per cent. guaranteed stock, redeemable 1950-55 and issued at 97 per cent. This stock is now quoted slightly below the issue price, but the price now includes some 10 per cent. of accrued interest. The Railways Loan will be governed by the similar conditions as to redemption, and it will doubtless be offered in the form of 2½ per cent. stock at about the same price as the Transport stock—possibly a little lower. The decision to issue the whole Loan in one lump, again raises the problem of the temporary investment of the bulk of the money, since the actual expenditure will extend over five years. This point was raised in the House of Commons and elicited the reply from the Chancellor that the directors of the finance company could not invest the money without first consulting the Treasury. That no doubt is a satisfactory safeguard so far as "types" of investment are concerned, but it does not entirely meet the suggestion that the company should resist any tendency to invest for longer periods than the actual dates of expenditure of the money would justify. In this respect, the assurance may not greatly console those railway stockholders who have noted that any loss involved by any unfortunate investments will be borne by the railway companies.

* * *

Canada's Debt Problem.—The conference of Dominion and Provincial Governments, which met at Ottawa last week, decided to set up a National Financial Committee to

consider questions of increased federal assistance to the provinces and of plans for large-scale debt conversion. The Committee is to meet early next month under the chairmanship of the Dominion Minister of Finance and its decisions will clearly be of the highest importance, not merely to Canada, but to the large body of British investors in Canadian securities. The increased assistance which is being sought by the provinces naturally points to increased Dominion control over provincial finances. The creation of a National Loan Council, somewhat on the Australian model, which would undertake the conversion of the provincial debts as opportunity offers and would co-ordinate future borrowing, has frequently been mooted, but has so far attracted limited support. The great disparity between the credit ranking of the Dominion Government and of the provincial governments, however, emphasises the much needed relief to provincial budgets, particularly in the West, which could be secured by the conversion of provincial debts into Dominion obligations. This procedure would not be unwelcome, in some cases, by the British investor. The recent policy of responsible Ministers in British Columbia, Alberta and Ontario has further disturbed the confidence of the British investor in Canadian provincial stocks. While long-term Dominion sterling loans yield about $3\frac{1}{2}$ per cent. at present market prices, the yield on most of the provincial stocks ranges from $4\frac{1}{2}$ to 5 per cent. Few of the provincial loans quoted in London are convertible at an early date and the Financial Committee may therefore have to consider whether some voluntary conversion offer to bondholders is expedient. To judge from the "risk premium" inherent in the high yields on the provincial stocks, many British investors might be willing to consider a reduction of interest in exchange for a Dominion guarantee of service and principal.

Argentine Wheat and Rails.—Although the Argentine rail market found slightly better form towards the middle of the week, it opened in thoroughly depressed fashion on the Argentine Government's decision to raise its basic purchase price for wheat from 5.75 paper pesos to 10 pesos per quintal. The market has for some time been discounting a bad crop, owing to drought, but the latest estimates show that it is the lowest for twenty years, and the surplus which will be available for export to Europe is bound to be exiguous. The situation may help the world's grain markets (on the lines we suggest in a Note on page 1255), but it will be very unwelcome for the hard-hit Argentine railways. All are interested in wheat traffics, directly and indirectly, as we showed in the *Economist* of August 31st, page 433. The direct effects of a reduced wheat haul and a substantial part of the indirect effects on the Argentine economy of a lower return for an important cash crop had already been foreseen. The extent of the Government's assistance to the farmers, however, has prompted doubts regarding the extent of any exchange relief which may be forthcoming for the railways. If the financial provision involves any call on the accumulated profits fund—provided by the "turn" of 2 pesos to the £ which the authorities have obtained from their exchange control operations—the hope that this fund may be employed for "equalisation" of freer exchange facilities, at more favourable rates to remitters, will be diminished. An official pronouncement in either sense, however, is lacking, although the Central Bank now controls the official exchange accounts.

Actuaries' Investment Index.—The Actuaries' Index of 158 industrial ordinary shares reflects the market's embarrassment and uncertainty, arising from the political crisis which has gathered force since the leakage of the Paris proposals for settlement of the Italo-Abyssinian dispute. The slight setback in the index to 80.3, compared with 80.7 a week ago and 80.0 a month ago measures the extent of these feelings before Wednesday's Cabinet crisis and Thursday's tense debate. The corresponding yield figures are 3.70, 3.69, and 3.73 per cent., respectively.

The following table shows the course of some leading groups:—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100)			Yields (%)		
	Month Ago (Nov. 19)	Last Week (Dec. 10)	This Week (Dec. 17)	Month Ago (Nov. 19)	Last Week (Dec. 10)	This Week (Dec. 17)
Insurance (24)	125.0	129.6	128.6	3.37	3.28	3.29
Building Materials (4) ..	96.8	93.4	92.0	4.23	4.37	4.44
Cotton (6)	48.6	46.5	44.2	2.09	2.08	2.11
Oil (5)	71.7	72.1	71.0	3.15	3.13	3.17
Electric Supplies (8)	128.6	136.1	135.1	3.99	3.80	3.83
Home Rails (4)	63.9	66.7	65.5	1.59	1.51	1.55
Miscellaneous (52)	72.7	74.2	74.3	3.90	3.81	3.84

The majority of the component indices are "the turn" lower, at present prices, but the steadiness of the miscellaneous group reflects the continued interest in a specialised selection of leading counters.

COMPANY NOTES

"Christmas Trade" Companies.—To a private man Christmas is a blessed stage on his winter journey, when two months separate him from the last of autumn and two from the first of spring. To the distributor, the season has a similar, if more anxious, significance. December is not merely the month of Christmas presents, but it marks the peak and turning point of the winter selling season. Stocks which remain unsold by Christmas must pass into the Janu-

	(Profits in £'000)						
	1929	1930	1931	1932	1933	1934	1935
Asprey (March 31):							
Earned for ord...	37.6	23.2	10.2	(a)	0.6	3.5	4.5
Earned %	37.6	23.2	10.2	4	0.6	3.5	4.5
Div. %	15	14	10	4	4	4	4
Ciro Pearls (Hdgs.) (March 25):							
Surplus*	...	110.0†	57.0	11.7†	Nil	4.1	19.4
Earned % for ord...	...	54.9	29.4	6.1†	Nil	6.6†	10.0
Ord. div. %	...	20.7	20	4.3†	Nil	10	10
H. Clay & Bock (b) (Dec. 31):							
Earned for ord...	88.9	127.5	11.7	Dr 37.6	11.4	0.3	...
Earned %	55.6	80.0	26.1	Nil	7.1	0.2	...
Div. %	30	60	30	Nil	10	10	...
Fortnum & Mason (Aug. 31):							
Earned for ord...	57.6	62.1	46.3	39.8	44.9	54.6	65.4
Earned %	35.7	31.5	23.4	14.2	16.2	18.6	21.4
Div. %	22	23	18	8	8	8	8
Gamage (Jan. 31):							
Earned for ord...	34.3	16.4	Dr 18.9	Dr 3.9	17.1	41.8	47.7
Earned %	7.3	3.4	Nil	Nil	9.6	12.7	12.8
Div. %	7	5	Nil	Nil	9	9	9
Harrods (Jan. 31):							
Earned for ord...	467.7	526.7	442.5	387.1	328.6	376.6	408.9
Earned %	21.4	24.7	20	17.5	14.8	17.7	19.2
Div. %	20	20	20	17½	15	15	16
Selfridge Prov. Stores (Aug. 31)							
Earned for ord...	167.4	163.0	96.7	98.4	72.9	85.9	88.1
Earned %	7	7	4.2	4.4	3.2	3.7	3.8
Div. %	7	7	2½	2½	2½	2½	2½
Shorts(c) (Mar. 31):							
Earned for ord...	30.3	29.7	21.1	10.8	6.1	5.6	3.5
Earned %	17.9	17.5	12.3	6.4	3.5	3.2	2.0
Div. %	15	15	11½	8	6	5	5
R. Tuck (Apr. 30):							
Earned for ord...	25.4	21.9	13.5	0.2	Dr 1.6	Dr 2.2	Dr 5.3
Earned %	10.7	9.3	5.5	...	Nil	Nil	Nil
Div. %	8	7	5	5	4	3	2
Woolworth:							
Earned for ord...	...	...	3,474.2	3,286.1	3,172.9	3,559.8	...
Earned %	...	...	104.3	117.2	112.8	122.5	...
Div. %	...	...	70	70	80	80	...

* For preference participation and ordinary equity. † Broken period equated to 12 months. ‡ After only one year's preference dividend. (a) £12 only. (b) Cigars. (c) Wines and spirits.

ary sale, with prices marked down. Some goods may even have missed the year's market, and, if they are classed among fashion goods, the January 31st stocktaking will have to treat them conservatively—for fashion, ever volatile, may leave them outmoded in a few weeks. Budgeting and buying for the Christmas trade have thus become one of the more delicate branches of retail store

management. The opportunities of the Christmas month are substantial. As the retail trade indices show, sales in December—in London—are worth nearly one and a half times the volume of an average month, and in the London "food and perishable" departments (which seem to supply Christmas fare to many customers outside their area) December is worth more than one and four-fifths of the average. It is essentially for the retail storekeeper, therefore, that Christmas is a decisive trading season. At one remove, its importance is scarcely less for the wholesaler and merchant. In theory, the retailer should have calculated his prospects and placed his orders accordingly, carrying the Christmas risk mainly on his own shoulders. But in practice, the season of goodwill once past, the retailer will not neglect any opening for returning unsold goods to his wholesale supplier. With the increase in the size of the retail store such openings have not diminished. Behind the wholesalers, the Christmas season dwindles in importance as its risks and opportunities decrease. The makers of "Christmas specialties" are a small class with a special interest. The cigar makers are at least the hardy subject of traditional Christmas jokes. The wine merchants, brewers and distillers do not stint their Christmas advertising. Raphael Tuck with their calendars and Christmas cards, Aspreys with their trinkets and tokens, and Fortnum and Mason with their good fare—to all of these Christmas is a speciality. The accompanying table sets out the profits of a few distributors (as a sample of a large class) and of a few producers of "Christmas goods." But the producers of the true "Christmas specialties" are the farmyard, the cook and the coppice; and long may they remain so.

B.A.T. Profits.—The dividend and report of British American Tobacco will set aside those very faint misgivings which found expression during the period of external pressure on, and eventual abandonment of, the Chinese Silver Currency. The market has always regarded B.A.T. as a "silver" stock, although its activities are widely located in four out of the five continents, and despite the Chairman's assurance at the last meeting that the company was less dependent on any one market than ever before. The maintenance of the dividend, however, is reassuring in view of continued difficulties in world markets and the insignificant relief from chaos in the Exchanges. The disclosed profits figures of the group have never afforded any necessary insight into the trend of earnings. The indicated profits are £16,190 higher at £5,469,171, but this apparent improvement does not affect the dispensable profits in any material sense, as the following analysis shows:—

	Years to September 30,		
	1933	1934	1935
Profit	5,403,066	5,452,981	5,469,171
Preference dividends	585,000	585,000	585,000
Ordinary shares (free of tax):			
Earned	4,818,066	4,867,981	4,884,171
Paid	4,716,627	4,729,519	4,735,936
Earned %	20.4	20.6	20.6
Paid %	20	20	20
Carry forward	2,071,180	2,209,642	2,357,877

A profit and loss account consisting of one credit item, defined by statements involving 120 words and drawn up on the most formal holding company lines, affords no adequate basis of information for appraisal of investment merit. Lack of knowledge of the trend of group earnings involves dependence upon presumption. Of the subsidiary concerns, it seems likely that the majority should have made satisfactory progress, although the Chinese difficulties and the ill-fated participation of Tobacco Securities Trust in commodity financing operations may offer exceptions. The balance sheet totals £48,168,029, of which £33,223,415 consists of shares of and loans to subsidiary and associated companies. The auditors' report again states that these investments possess, in the aggregate, a value largely in excess of the book figures, which is compatible with considerable undisclosed strength, with difficult problems of valuation of foreign assets and, possibly, with certain minor unprovided losses or depreciations. Since the accounts,



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however, provide no further information on this point, and since allocations from trading profits are undisclosed, it is impossible to estimate the effective assets and earnings positions. That the company is so strongly placed in the world tobacco trade provides more, rather than less, justification for more adequate annual reports. The £1 ordinary stock units are quoted at £5½, to yield £3 9s. per cent. free of income tax.

Turner and Newall Report.—The full report of this asbestos concern (whose preliminary profits statement was discussed in the *Economist* of November 30th, page 1080) extends to fourteen large pages and incorporates many progressive features. The legal balance sheet is set out in helpful fashion, with a comparison with the previous year. The group balance sheet discloses the point at which consolidation has been effected. A separate statement of general investments is given. And, finally, a print is provided of the chairman's speech to be read at the meeting on January 16th next. Provided with such a generous range of information, the stockholder may appear ungrateful if he tactfully refers to a missing corner-stone—the lack of a consolidated statement of group profits. It could hardly prejudice the enormous strength of the group, which is displayed in the following analyses of the consolidated balance sheet of the undertaking for the past three years:—

	CONSOLIDATED FIGURES IN £'000 AS AT SEPTEMBER 30TH (AT MARCH 30TH FOR CERTAIN SUBSIDIARIES)		
	1933	1934	1935
Liquid assets (cash, investments, debtors and stock)	3,500	3,741	3,847
Current liabilities and final dividends ..	922	1,212	1,396
Net current assets	2,578	2,529	2,451
Fixed assets (land, buildings, machinery, mining properties and development) ...	6,289	6,302	6,695
Depreciation and amortisation reserves ..	1,918	2,116	2,365
Fixed physical assets as written down ..	4,371	4,186	4,330
Investments in associated and subsidiary companies	131	464	478
Goodwill and other assets	252	226	226
Less specific reserves	13	62	78
Net balance of assets	370	628	626
Total assets	7,319	7,343	7,407
Preference stock	1,444	1,444	1,444
Ordinary stock	4,844	4,844	4,844
General reserve and balance of profit and loss	1,031	1,055	1,119
	7,319	7,343	7,407

Since net current assets amount to nearly half the net fixed assets, internal resources will be sufficient to finance further expansion of business and the relatively small factory reorganisation which may remain after the completion of the

extensions at Rochdale. The chairman's speech reports progress in all directions and voices definite confidence in the future prospects of the building materials group, even if the building boom comes to an end, since these products have been made "increasingly attractive" to the industry. The brake lining, welding, insulation, acoustical materials and chemical branches of the undertaking have all contributed to the year's progress. The mining companies have increased their production and development work and have set up a reserve fund for amortisation of the properties. The £1 stock units rose to 70s. after the publication of the report, and yield £3 11s. 6d. per cent.

Pass and Joyce Scheme Abandoned.—The decision of the directors of Pass and Joyce, Limited, to abandon the proposed capital reconstruction will be received with satisfaction by the preference shareholders and with approval by the wider circle of investors who have been solidly opposed to recent attempts to prejudice the contractual rights of preference shareholders. In its original form the scheme presented the objectionable feature of heavy sacrifice of preferential and participating rights, unaccompanied by any adequate compensatory share in the equity, and was criticised in the *Economist* of November 30th mainly on this ground. The revision of the scheme adds further support to the growing volume of precedent in which preference shareholders have successfully resisted schemes which took inadequate cognisance of their rights. This display of effective resistance by a democratic financial institution against policies imposed "from above" affords the best safeguard against future threats to their interests.

Crittall Manufacturing Company.—On Thursday the capital reorganisation scheme submitted with the recent accounts was approved by the preference and ordinary shareholders. Although points were raised at the meetings regarding the specific provisions for writing down the assets, the decision showed the general approval of a scheme which, in essentials, was well devised. The way may now be cleared for the shareholders to participate in the recent recovery of the business, possibly during the current year. Profits, as the following table shows, have expanded from approximately £93,636 in 1932-33 to the record figure of £280,504 in the latest year:—

	Years to August 31,		
	1933	1934	1935
Total profit (approx. 1933 & 1934)	93,636	202,595	317,370
Depreciation (approx. 1933 & 1934)	26,000	29,000	61,866
Expenses and fees	39,654	19,330	18,307
Debiture and note interest	75,000	78,750	78,750
Earned for dividends	Dr. 47,018	75,515	158,447
Preference dividend	Nil	Nil	101,719
General reserve	Dr. 45,163	Nil	67,534†

Carried forward 2,342† 81,357† 70,551
† After crediting income tax adjustments of £2,000 and £3,500 respectively.

† Transfer to reorganisation suspense account.

The net earnings have covered the payment of all preference arrears since December, 1931, and after transferring £67,534 for the reorganisation scheme the credit balance is £70,551. The scheme, in its essentials, maintains the rights of the preference shareholders and puts the entirely nominal burden of writing down asset values on the equity holders. Some £750,000 will be provided by reducing the £1 ordinary shares to 5s., which, together with £80,000 from general reserve and the allocation from the latest profits, will be applied in reducing the assets by £897,534, of which no less than £609,150 is for overseas subsidiaries. Two new issues are contemplated. The first entails £850,000 4½ per cent. debenture stock, for converting the existing 6 per cent. issue (£500,000), repaying the bank overdraft (£150,000 approximately), meeting the preference dividends, and providing some £115,500 for working capital. Secondly, the 6½ per cent. notes are, in effect, to be converted by a new issue of 5½ per cent. first preference shares. These operations will entail an increased total interest charge of a mere £750 per annum, and the existing preference shareholders will enjoy identical rights under

the new regime as before, with the working capital strengthened to meet expanding business requirements. Export business is improving and few would care to set an immediate term to the building boom. The ordinary shares have been active since the publication of the proposals and at a current price of 27s. 10½d. the ordinary shares offer a prospective earnings yield of about 9½ per cent.

The Silver Crisis and Silver Shares.—Before the announcement of the changes in the American silver buying policy (discussed in a Note in last week's *Economist*, page 1208) silver prices stood around 29½ pence per fine ounce. In its monopolistic position as sole purchaser, the U.S. Treasury has succeeded in reducing the quotation to a nominal figure of 22½d. this week, simply by withdrawing its support. On Saturday of last week, and Wednesday of this week, however, no business was transacted, and a 5 per cent. ration for sellers on Monday and Tuesday indicates that the official prices fixed bear little relation to the basic situation in the market. The decline has come at an unfortunate time for silver producing companies who have already been adversely affected by the recent weakness of lead and zinc—jointly produced with silver by most companies. For lead and zinc, however, there may be justification for the view that the relapse is merely temporary. The same can hardly be said for silver, though the caprice of the official United States policy has for long been notorious. The fall in silver prices involves a serious fall in revenue for the mining concerns. The following table shows the consequences of a fall of 1d. per oz. on the latest year's production of seven leading producers, and the percentage equivalents of the shortfall on the ordinary capital.

	Percentage on	
	Production Revenue	Paid Up Ordinary Capital
	(Ounces)	
Broken Hill South	2,310,000	9,400 1.2
Burma Corporation	5,776,000	23,600 0.3
El Oro	3,481,000	14,200 5.0
North Broken Hill	3,154,000	12,900 1.8
Sulphide Corporation	1,415,000	5,800 Ord. 1.3 Pref. 0.7
Trepca	1,566,000	6,400 0.6
Zinc Corporation	1,190,000	4,900 Ord. 1.1 Pref. 0.7

Apart from El Oro the reduction in profits, though serious, hardly seems to be of the first magnitude. The extent to which the fall can be off-set by any rise in zinc and lead prices varies considerably for the different companies. In the case of Zinc Corporation a fall of as much as 10d. per oz. in the price of silver is fully counterbalanced by a rise of £1 per ton in the price of lead. For North Broken Hill the corresponding figure is only 4½d. per oz., and for Burma Corporation and Sulphide Corporation less than 3d. per oz. But as the average price of lead in the year ending June, 1935, was only £11 6s. per ton, which is more than £5 below the current quotation, the increase in profits from lead alone should be sufficient to off-set with a comfortable margin any likely fall in silver prices in the near future, even for the less fortunately circumstanced companies. Moreover, the additional receipts from the advance in zinc (now about £2 a ton in excess of the average for 1934-5) have also to be included in the computation.

Further Rand Dividends.—The outstanding feature among the December Rand mining dividends which were published too late for inclusion in last week's *Economist*, is provided by Geduld Proprietary. This company is paying 7s. 3d., compared with 6s. 9d. for the first half-year, raising the total for this year to 14s., compared with 13s. 6d. In the case of the East Geduld the payment of 4s. 6d. compares with two preceding dividends of 4s. 3d., and the total of 8s. 9d. compares with 8s. 3d. for 1934. The further cut in the Modder Deep distribution reflects the treatment of low-grade ore which accompanies the approaching exhaustion of the property; the total of 4s. 6d. for 1935 compares with 6s. in respect of 1934. Witwatersrand Deep is to pay the same rate as before, making an aggregate for the year of 17½ per cent., against 20 per cent. In accordance with the established rule on the Stock Exchange, the whole of the current half-year's dividends have been deducted from current quotations, although the warrants will not be sent out until the end of January.

Other Company Results.—The reports of a further 31 companies are summarised in our usual table on page 1293. In the brewery group, all four companies show increased profits, although in the case of the largest concern, *Joshua Tetley and Son*, the increase is very small. The iron, coal and steel group also shows uniformly favourable results, and the *Sheepbridge Coal and Iron Company* has raised its interim dividend from 1½ per cent. to 2½ per cent. This story of improvement cannot, however, be continued right down the list. The *Scottish Australian Company* shows a net loss of £62,031, compared with a net profit of £89,813 last year, thus reflecting the less favourable pastoral conditions in the Antipodes. The *Triumph Company* reports a larger loss than last year, and the result of the first year's working of *Hillman's Airways* has also been a loss of £39,766. The experience of the rubber and tea companies is mixed, but the batch of investment trust reports again show consistent increases in profits. *Agar Cross and Company* has managed to reduce its loss, although conditions in the Argentine do not yet permit of profits being earned. *Cow and Gale* has increased its profits in spite of the falling birth rate. *R. E. Jones* shows a profit only fractionally below last year's figure. The increase in the profits of *Frederick Leney and Sons* from £35,996 to £47,286 is another indication of the continuing prosperity of the drink trades. The improvement, from a net loss of £2,719 to a net profit of £29,686, in the results of *Chinese Engineering*, is largely due to a recovery of tax paid. The actual trading profits reflect the difficulties which have been experienced by the Kailan Mining Administration in North China.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following company meetings:—Mexican Railway, Bank of London and South America, National Bank of Scotland, Orient Steam Navigation, Rhodesian Corporation, Mining Trust, Barranquilla Investment Trust, Taylor Woodrow Estates, Second Covent Garden Property, Malayan Tin Dredging, Southern Malayan Tin Dredging, Messina (Transvaal) Development, Low Temperature Carbonisation, Carreras, Ind Coope and Company, Timothy Whites and Taylors, Gold Coast Banket Areas, Youanmi Gold Mines, Ariston Gold Mines (1929), and Thistle-Etna Gold Mines. Mr J. W. Beaumont Pease, at the Bank of London and South America meeting, reviewed the course of recovery in South American countries, and saw in each signs of improvement. Col. W. A. Bristow said that sales this winter of Low Temperature Carbonisation Company's Coalite were a record. The chairman of Malayan Tin Dredging (Mr C. V. Stephens) hoped the tin restriction scheme would be continued. Mr C. V. Stephens, chairman also of Southern Malayan Tin Dredging, regarded the results achieved on the low permissible output as very satisfactory. At Ind Coope and Allsopp's meeting the chairman reported increased profits, and complained of high taxation. Barranquilla Investment Trust, said the chairman, proposed to invite remaining shareholders of the railway company to exchange their shares for shares in the Trust. At the Orient Steam Navigation Company's meeting the chairman discussed the growth of competition between air and sea transport, and said that in general air travel set up more demand for ships than it took away. Viscount Lee, at the meeting of Youanmi Gold Mines, said that dewatering of the old mine should commence in February. At the Carreras meeting it was reported that the general improvement in trade had increased the company's profit. The chairman of Timothy Whites and Taylors said the six months' trading under the new agreement fully justified the merger. Mr Arthur Collins, chairman of Taylor Woodrow Estates, discussing forecasts of the slump in building, said that that date is not yet in sight. Mr Vincent Yorke, discussing results of the Mexican Railway Company, said the accounts were burdened through exchange difficulties and increases in pay-roll as a result of labour disputes and legislation. Business prospects are good, but perhaps not good enough to offset these continuous increased demands from employees. Messina (Transvaal) Development Corporation, said the chairman, had maintained its financial position in spite of the drop in the price of copper. Captain

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Atlas Electric and General Trust Limited	Government Gold Mining Areas (Modderfontein) Cons. Ltd.
Gas Light and Coke Co.	Robinson Deep Limited
Imperial Continental Gas Association	Distillers Company Limited.
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H. B. Jameson reviewed the transactions of Rhodesian Corporation. The chairman of Second Covent Garden Property announced an increased dividend and emphasised the high quality of the company's tenants. At the Ariston Gold Mines meeting the chairman reported that the mine would soon be crushing a largely increased tonnage of ore with lower working costs. Sir G. B. H. Fell, chairman of Thistle-Etna Gold Mines, reported on the progress of development work. Although the profit and loss account for the initial period of Gold Coast Banket Areas shows a loss, the chairman disclosed that working profits are now being made. Lord Castle Stewart, chairman of Mining Trust, Limited, said that there had been a very considerable improvement in the Trust's finances.

THE WEEK IN THE MARKETS

THE LONDON STOCK EXCHANGE

SETTLING DAYS

TICKET
JANUARY 7

ACCOUNT
JANUARY 9

WHILE the Stock Exchange has watched with lively interest the growing political crisis which broke late on Wednesday night with the resignation of the Foreign Secretary, the market repercussions have been fairly limited. Possibly the City's dismay, earlier in the week, was connected with a sense of diminished British prestige abroad, which was hardly to be appeased by later overseas comment on the resignation of Sir Samuel Hoare. The immediate reaction to the announcement was a lowering of quotations by dealers in every section of the market, but these defensive measures slightly under-estimated the slight recovery in support during Thursday afternoon, when the critical debate began.

Government stocks opened the week in depressed fashion, owing to the political crisis in London and Paris and to a certain indigestion in the new issue market arising from the under-subscription of the Ceylon and Essex loans. M. Laval's speech in Tuesday's debate in the Chamber apparently put some life into the market, although it seemed still dismayed by the misadventures of British policy. Business showed its customary pre-Christmas decline, but the ebb and flow of professional activity was sufficient to ensure a sensitive response to Signor Mussolini's fiery declaration on Wednesday. The market closed on Thursday in a cautious but steady mood, having resisted four days of extraneous political disturbance in a satisfactory fashion, but with an inevitable lowering of quotations.

In the foreign bond market, there was some recovery in Brazilian issues, following Mr Beaumont Pease's calculation of the available cover for the debt service, and the prompt announcement regarding the January coupon payment on the 1898 Funding loan. Argentine issues were also better, and Far Eastern issues tended to recover slightly in mid-week. European bonds were irregular at first and made an indifferent showing later in the week, French issues displaying weakness on Thursday on the depreciation in the franc.

The home rail market opened in the same mood of cheerlessness which prevailed last week. Stock was not pressed for sale, but the support was so limited that the tendency was inevitably downward. Southern preferred were most affected in the opening session, but recovered on Tuesday. Other junior stocks which had been previously depressed also staged a fair recovery, and the mid-week market was steady although quiet. Initially, the lowering of quotations on Thursday was protective, but the miners' vote for strike notices added further to the gloom.

The calculations of the wheat harvest in the Argentine (see page 1268) depressed the railway stocks at first, although some support followed the publication of the traffic figures. The feature in the foreign rail market, however, was San Paulo, whose 15 per cent. increase in rates next year greatly encouraged the market.

The industrial share market failed to display any Christmas spirit at the commencement of the three-week account. The market was too preoccupied with the incomprehensible drift of politics to pay much attention to the November trade figures and to the more hopeful situation, at the beginning of the week, in the coal negotiations. On Thursday, the miners' decision to hand in their notices at the end of January combined with the critical debate in the House of Commons to damp all speculative attention.

Iron and steel issues attracted slightly increased attention in mid-week trading, despite the rising tendency of coal prices, and most of the leading issues moved higher. Aircraft issues showed some prominent features, including Petters and De Havilland. Crompton Parkinson were again active among electrical equipment issues, rising in fluctuating fashion above the $\frac{1}{2}$ mark, but reacting later. Brewery shares returned to favour on provincial buying, and Distillers found useful support.

Among the trans-Atlantic counters, International Nickel moved in sensitive fashion on both tacks, but the mid-week improvement was not maintained. Cables and Wireless, exceptionally, but with accurate caution, made little response to the impending traffic index, which proved indifferent. Tobacco shares were favoured by the maintenance of the B.A.T. dividend and profits (see page 1269) and received moderate support. Among the miscellaneous industrials, there was no lack of features, although the general tone ruled quiet and hesitant for the larger part of the week. Turner and Newall, whose full report is discussed on page 1269, moved over the 70s. mark. Firmness was also displayed by British Oxygen and Murex, and most building material shares were brighter before Thursday's unsettlement. A number of store and provision shares also showed modest improvement.

The oil share market opened in subdued fashion, recovered a firmer tendency by mid-week, and became depressed on fears of Continental selling. Apex were firm on Wednesday, and the lower profits and the reduction in the dividend from 35 per cent. to 27½ per cent. announced on Thursday were broadly in accordance with market estimates. The rubber and tea share markets remained in a listless state, and movements in prices were very small.

The Kaffir share market opened under the common cloud of a three-week account and a growing manifestation of political tension which affected the general tone of dealings. The usual week-end orders were few indeed, and despite some partial rally of support on Tuesday, the market was largely neglected by the public and little influenced by professional activity. The West African market tended to pick up, under the lead of Bibiani, and Gold Coast Selection, which had previously been depressed, made a better showing. Australian issues seemed more lively, while Rhodesian copper and tin mining issues remained steady.

"FINANCIAL NEWS" DAILY BARGAIN INDEX (Approximate number of Bargains recorded in Stock Exchange Lists)

	Week to Dec. 13, 1935	Dec. 12, 1935	Dec. 13, 1935	Dec. 16, 1935	Dec. 17, 1935	Dec. 18, 1935	Dec. 19, 1935
Government and Municipal Loans	5,339	972	907	1,034	1,081	981	915
Transport, Communications, and Public Utilities	5,035	985	1,015	1,004	855	988	766
Commercial and Industrial	23,816	4,429	4,339	4,545	3,905	4,194	3,606
Banks, Insurance and Financial	2,969	570	574	588	481	556	484
Mines (including Nitrates)	6,283	1,217	1,224	1,104	921	1,008	896
Oils	819	180	146	174	159	149	134
Rubber, Tea and Coffee	1,220	314	209	221	242	149	183
Total	45,481	8,667	8,414	8,670	7,594	8,025	6,924
Corresponding day in 1934	...	9,240	9,517	9,765	7,957	6,938	6,938

* Including Iron and Steel and Breweries.

REVISED "FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (July 1, 1935 = 100)

	Highest of 1935 (Dec. 18)	Lowest of 1935 (Mar. 27)	Dec. 12, 1935	Dec. 13, 1935	Dec. 16, 1935	Dec. 17, 1935	Dec. 18, 1935	Dec. 19, 1935
	106.0	87.4	105.4	105.1	104.6	105.2	106.0	105.4

"FINANCIAL NEWS" DAILY AVERAGE OF 20 FIXED INTEREST STOCKS. (1928 = 100)

	Highest of 1935 (Feb. 1)	Lowest of 1935 (Oct. 3)	Dec. 12, 1935	Dec. 13, 1935	Dec. 16, 1935	Dec. 17, 1935	Dec. 18, 1935	Dec. 19, 1935
	141.0	131.9	137.4	137.3	136.9	137.1	137.0	136.9

FOREIGN STOCK EXCHANGES

NEW YORK

THROUGHOUT the second half of last week Wall Street returned to a condition of uncertainty and relative weakness. The lower price of silver drove down metal shares, and the market was sympathetic to this movement. The Dow Jones index at Saturday's close was 140.38, compared with 144.47 a week ago. On Monday of this week the fall was continued, and there were substantial losses in metal and steel shares, but later there was a marked rally in shares which have recently been particularly weak. At mid-week there was a firm undertone, but business was dull; the market is confident of a renewed upward trend in the long run, but is still undecided about the immediate present. Silver and Europe continue to offset expectations of recovery. Gold continues to flow into America, and excess bank reserves are mounting, but not even Major Angas' torch of confidence has been able to touch off the growing powder magazine under the stock market. On the bond market the revived demand of the American Legion for bonus payment pushed down Treasury issues, but there was an upward movement in speculative bonds. Reports of business are still good. Electricity output last week reached a new high record, and was 12.2 per cent. over last year's figure. Activity in the steel industry is 55.5 per cent. of capacity according to *Iron Age*, compared with 56 per cent. last week. The Securities and Exchange Commission is busy proving in its trial of Mr Meehan that it takes more than mere legislation to root out "unethical" practices in the stock markets. War on the constitutional front continues. The Supreme Court is advancing its next session to give a more rapid decision on the agricultural policies of the Government, and the utility holding companies are adamant against the holding company law.

	Dec. 11, 1935	Dec. 16, 1935	Dec. 18, 1935		Dec. 11, 1935	Dec. 16, 1935	Dec. 18, 1935
U.S. 2½ Treas.	100	100	102	Natl. Biscuit	34	32	32
Bds. 1945-47	100	100	102	Phelos Dodge	25	24	24
Aetna	57	55	56	Pullman	38	35	36
Erle	12	11	11	Sears Roebuck	66	64	65
Illinois Central	20	19	19	Un. Fruit	63	64	65
N.Y. Central	28	27	27	U.S. Leather	8	8	8
Pennsylvania	31	29	30	U.S. Rubber	15	15	15
Southern Pacif.	23	22	22	U.S. Steel	47	44	44
Southern Ry.	14	13	13	Westinghouse	91	92	93
Union Pacif.	108	105	105	Woolworth	55	54	54
Am. Can.	135	132	134	Am. Tel. and Tlg.	158	153	155
Amer. Smelting	58	56	57	Interboro R.T.	19	17	17
Anacosta	28	27	27	Int. Tel. Tel.	13	13	13
Bethlehem Steel	47	46	47	Utilities P. & L.	3	2	2
Chrysler Motor	86	86	87	W. Union Tlg.	73	72	73
Corn Products Rf.	69	67	68				
Eastman Kodak	158	155	157				
Gen. Electric	36	36	36	Shell	28	28	28
Gen. Motors	66	54	55	Shell Union	15	15	15
Int. Harvester	61	60	61	Std. California	37	38	38
Mont. Ward	40	38	39	Do. N.J.	48	48	49

† Calculated at \$4.98 to \$5.

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

	1934	1935	1935	1935	1935	1935	1935
	Lowest Sept. 19	Highest Feb. 21	Lowest Mar. 20	Highest Dec. 4	Beginning of Year 1935	Dec. 4, 1935	Dec. 11, 1935
351 Industrials	74.3	90.5	74.5(0)	110.0(1)	83.1	109.6	108.0
33 Rails	34.0	51.4	27.4	43.0	35.6	43.0	40.5
37 Utilities	55.2†	83.4†	52.2	92.9(w)	57.9	92.5	90.1
Total, 421 Stocks	65.6	82.1	63.1	95.9	71.0	95.9	94.1
Average yield of 50 Industrial Common Stocks	2.78%	3.90%	3.02%	4.06%	3.62%	3.22%	3.34%

† December 26th.

(i) March 13th.

† February 7th.

(v) November 13th.

(z) November 20th.

(s) September 12th.

(w) December 11th.

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

	Highest of 1935 (Nov. 19)	Lowest of 1935 (Mar. 15)	Dec. 11, 1935	Dec. 12, 1935	Dec. 13, 1935	Dec. 14, 1935	Dec. 16, 1935	Dec. 17, 1935	Dec. 18, 1935
	127.9	78.6	124.1	122.3	121.3	121.6	120.3	122.0	121.7

TOTAL DEALINGS IN NEW YORK

	Dec. 12, 1935	Dec. 13, 1935	Dec. 14, 1935*	Dec. 16, 1935	Dec. 17, 1935	Dec. 18, 1935
Stock Exchange—Shares (Thous.).....	2,140	1,890	670	1,400	1,390	1,690
Bonds (Value Thous. \$)	14,470	13,310	6,670	11,890	12,260	13,360
Curb—Shares (Thous.).....	455	409	153	310	305	374

* Two hour Session.

PARIS

Throughout the week the market has been dull, trading sluggish, and activity only recovered from its suspense at midweek, when domestic securities made a slight recovery. Apparently operators were then able to squeeze some drops of reassurance from M. Laval's barely-won vote of confidence in the Chamber. International and foreign securities were almost as dull as domestic, in sympathy with the lack of interest on foreign centres. After slight fluctuations during the week Rentes stand slightly lower than a week ago, banking shares slightly higher, and Suez Canal almost unchanged.

	Dec. 11, 1935	Dec. 16, 1935	Dec. 18, 1935		Dec. 11, 1935	Dec. 16, 1935	Dec. 18, 1935
Banque de France	9,330	9,400	9,700	Wagons Lits	424	41	41
Crédit Lyonnais	1,663	1,689	1,702	Mexican Eagle	222	23	23
Suez Canal	18,130	18,250	18,150	"Chartered"	944	924	924
Chargers Réunis	233	228	224	Ford	52	52	52
Rio Tinto	1,465	1,438	1,423	De Beers	491	477	478
Royal Dutch	21,740	21,510	21,320	"Johnnies"	294	286	285

BERLIN

The share market last week was dull and weak, the average loss on standard industrial shares being 2 points, and ranging higher for minor companies. Bank, Reichsbank and potash issues were also lower. Public utilities were affected by a sharp drop in Dessauer Gas. Home bonds were irregular. Mexicans reacted after their recent substantial advance, and while most dollar bonds changed little, the certificated State issues declined. The new week opened with an irregular, and in general weaker, share market, but Tuesday witnessed a repurchasing movement, particularly of steels, and a slight advance in quotations resulted.

	Dec. 11, 1935	Dec. 16, 1935	Dec. 18, 1935		Dec. 11, 1935	Dec. 16, 1935	Dec. 18, 1935
Reichsbank	175.00	175.50	176.75	A. E. G.	35.40	34.75	35.00
D.D. Bank	83.00	82.50	83.00	Siemens and Halske	164.00	163.75	166.00
Dresdner	83.50	83.50	83.50	A. K. U.	53.00	50.60	50.90
I.G. Farben	147.25	146.50	146.90	Hamburg-Amer.	15.10	15.00	15.00
Norddeutscher Lloyd (New)	16.60	16.25	16.10	"Hapag New"	15.10	15.00	15.00

AMSTERDAM

Trading on the Bourse has been stagnant all the week, and political uncertainty in Europe damps down the occasional attempts to revive interest. The volume of business has been very small, but the tone of the market has at no time been undermined. This week Redjang Leong was a curious exception to the general conditions, for its quotation rose from 170 on Monday to 227 at mid-week. In general, quotations in all sections of the market are substantially as they were a week ago.

	Dec. 11, 1935	Dec. 16, 1935	Dec. 18, 1935		Dec. 11, 1935	Dec. 16, 1935	Dec. 18, 1935
2½ Dutch Loan	74	74	74	Steel Common	27	27	27
5½ German	21	21	21	A. K. U.	26	25	25
Unilever N.V.	99	99	99	Ford Motor	249	247	248
Philips Lamps	234	231	231	Dei Batavia Tob.	175	171	170
Netherlands Ship Union	44	43	44	Royal Dutch	209	209	208
				Handels Am	222	221	222

(a) Interim dividend. (b) Final dividend. (c) Last two yearly dividends. (d) Nine months. (e) Also special non-recurring bonus of 50 per cent. free of tax paid out of a surplus on assets realised. (f) Includes 14% from capital accretions. (g) Including bonus 5% free of tax. (h) 7½ per cent. basis. (i) Based on dividend of 15 per cent. (j) Calculated on basis of 7½ annas dividend per share paid for 1894-95. Taken at 16 annas to one rupee. (k) Annas per share. (l) Also bonus 300 per cent. from reserves in A shares. Yield worked on a 25 per cent. basis. (m) Worked on a 7½ per cent. basis. † Free of Income Tax.

CAPITAL ISSUES

IN number, this week's capital issues are impressive, for as many as ten prospectuses and offers for sale have appeared before the holiday "close season." Many, however, are small mixed issues of the high denomination preference cum low denomination ordinary type, which seems to be returning to favour despite the objections which have frequently been levelled against it. The largest issue to the public is of £500,000 debenture stock in *West of England Electric Investments*, a holding concern with Whitehall Electric affiliations. The terms of the issue recognise its high investment ranking. *Greenfriar Investment* is a new trust, with the same management as the successful Witan Investment Company. The public participation is limited to 10,000 shares of £10. An addition to the growing number of South African companies with a London market is provided by *South African Druggists*. The businesses acquired have a progressive record during the past three years, but the consideration paid for their shares includes a substantial goodwill component, and the group's net assets of £541,615 include £200,906 for stock and £267,654 for debtors. The preference shares are reasonably covered on the latest profits, while the ordinary shares, issued at 40 per cent. premium, may appeal to a more speculative class of investor impressed by South Africa's recovery prospects. An offer for sale of *Allied Bakeries* preference and ordinary shares shows that the businesses acquired are rather widely distributed, although old-established, and the rising trend of earnings may be assisted by economies of centralisation. *Twentieth Century Cinemas* is a further recruit to the ranks of cinema companies. The high indicated return on the mixed issue of preference and ordinary shares may be coupled with recent pronouncements regarding cinema building and profits expectations. *Warner's Radio and Electric* is a small concern which adopts the 10s. preference and 1s. ordinary share (at 100 per cent. premium) capitalisation. The latest year's profits, before deducting depreciation, show a large jump, which is attributed to hire-purchase selling. The debtor and creditor items in the net assets computation appear on the high side, possibly for this reason, and the shares have limited attraction in view of the competitive nature of the trade. The *N.W. (Costumiers)* offer for sale is broadly of similar type, although the progress in earning power appears steadier. The shares are designed to appeal to the more speculative type of investor. *Mid-Wales Electric Power Company* is a new electricity supply holding concern which begins its career modestly with the acquisition of a small company in Snowdonia. The extent of the debenture issue is at this stage too limited to attract wide investment interest. The small preference issue of *Cellon* seems reasonably secured by earnings, although it is of rather specialised interest. The 1s. shares of *Kent and Sussex Oilfields* are frankly speculative, and are duly recognised as such in the prospectus. They provide a convenient option for those who regard the discovery of oil in this country as a matter of patient development. The only "introduction" this week is of a line of debenture stock of *Scottish Mortgage and Trust Company*.

OFFER TO NEW READERS

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

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

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

Name.....

Address.....

ISSUES OF THE WEEK

By Prospectus or Offer for Sale

Amount previously recorded, Jan. 1 to Dec. 14, 1935, including conversions, £544,134,357.
Amount previously recorded, Jan. 1 to Dec. 14, 1935, excluding conversions, £232,557,199.

National Savings Certificates.

Net receipts, Week ended December 14, 1935, Dr. 50,000.

a Figures adjusted. £66,960 deducted. Edinburgh & Dundee Investment Company issue entered twice.

	Nominal Capital	Conversions	New Money	First Payment	Further Liability
To the Public					
Allied Bakeries, 275,000 5½% Cum.	275,000	...	288,750	68,750	220,000
Do., 412,500 Ord. Shares 5s. at 6s.	103,125	...	123,750	20,625	103,125
Cellon, Ltd., 70,000 6% Cum. Pref. Shares £1 at 21s.	70,000	...	73,500	8,750	64,750
Greenfriar Investment 75,000 Shares £10 at par	750,000	...	750,000	75,000	675,000
Kent and Sussex Oilfields, 608,000 Ord. Shares 1s. at par	30,300	...	30,300	7,575	22,725
Mid-Wales Electric Power, £50,000 4½% Mt. Deb. at par	50,000	...	50,000	25,000	25,000
N.W. (Costumiers), 128,000 6½% Cum. Pref. 10s. at par	64,000	...	64,000	16,000	48,000
Do., 300,000 Ord. 2s. at 2s. 6d.	30,000	...	37,500	15,000	22,500
South African Druggists, 400,000 5½% Cum. Pref. Shares £1 at 21s.	400,000	...	420,000	50,000	370,000
Do., 400,000 Ord. Shares 5s. at 7s.	100,000	...	140,000	50,000	90,000
Twentieth Century Cinemas, 240,000 6% Cum. Ptg. Pref. Shares 10s. at par	120,000	...	120,000	30,000	90,000
Do., 120,000 Ord. Shares 5s. at par	30,000	...	30,000	15,000	15,000
Warner's Radio and Electric, 120,000 6% Cum. Pref. Shares 10s. at par	60,000	...	80,000	12,000	48,000
Do., 240,000 Ord. Shares 1s. at 2s.	12,000	...	24,000	24,000	...
West of England Electric Investments, £500,000 3½% Deb. Stk. at 99½%	500,000	...	497,500	25,000	472,500
Total	2,594,425	...	2,709,300	442,700	2,266,600
To Shareholders only					
Bristol Tramways and Carriage, 500,000 Ord. £1 at par (to repay £420,000 4½% Deb. Stk.)	500,000	420,000	80,000	...	500,000
Buxa Doonars Tea, 25,000 Ord. £1 at £2 10s.	25,000	...	62,500	...	62,500
Carrongrove Paper, £206,600 4% 1st Mt. Deb. Stk. at 99% (to repay £206,600 6½% Debentures)	206,600	206,600	...	...	...
Prices Tailors Properties, £400,000 4% 1st Mt. Deb. Stk. at par	400,000	...	400,000	...	400,000
Do., 150,000 4½% Red. Cum. Pref. £1 at par	150,000	...	150,000	...	150,000
Second Scottish American Trust, £148,125 3% Deb. Stk. (1965-75) at 88½	148,125	...	131,438	131,438	...
Trent Motor Traction, 107,200 New Ord. £1 at par	107,200	...	107,200	...	107,200
Total	1,536,925	626,600	931,138	131,438	1,219,700

	Including Conversions	Excluding Conversions		Including Conversions	Excluding Conversions
Total Offered for Subscription—			Total Offered for Subscription—		
Jan. 1 to date—			Whole year		
1935	548,351,395	236,147,637	1935	410,930,300	169,108,700
1934	410,680,315	168,808,700	1934	467,921,500	244,780,500
1933	466,315,067	244,880,585	1933	2,699,084,265	188,909,963
1932	2,699,434,265	188,659,963	1932	114,290,866	802,044,291
1928	536,263,908	363,882,925	1928	693,100,056	389,058,073

(a) This figure includes £1,920,000,000 for conversion of 5 per cent. War Loan into 3½ per cent. War Loan.

Nature of Borrowing

	Debtors	Preference	Ordinary	Total
January 1 to date—				
1935	167,185,509	31,696,741	37,265,387	236,147,637
1934	102,469,313	21,461,007	44,878,380	168,808,700
Whole year—				
1928	212,917,900	45,082,600	111,177,600	369,158,100
1933	222,064,300	12,733,700	9,982,500	244,780,500
1934	102,769,300	21,461,000	44,878,400	168,808,700

By Stock Exchange Introduction

	Capital Introduced	Approximate Price Dealings Began	Cash Involved
Amount previously recorded			
Bridgewater Corporation, £250,000 3% Stock, 1955, at 98½%	30,965,422	...	48,727,492
Glacier Metal, 600,000 Ord. 5s.	248,560	99½	249,375
Do., 100,000 5½% Pref. £1	150,000	10s.	300,000
Holliday (L. B.), £250,000 4½% 1st Mt. Deb. Stk. at 99	100,000	21½	105,625
Total to date, 1935	247,500	100½	251,250
Total to date, 1934	31,739,482	...	49,633,742
Total to date, 1934	28,247,872	...	42,310,082

PUBLIC OFFERS

Mid-Wales Electric Power Company, Ltd.—Issue of £50,000 4½ per cent. mortgage debenture stock at par. Formed to acquire shares, etc., in electrical undertakings, capital of Yale Electric Power being first acquisition. Profits of Yale company, before depreciation, years to June 30th: 1933, £3,636; 1934, £3,174; 1935, £4,110. Depreciation estimated £575. Purchase price for 16,700 £1 ordinary and 1,000 5 per cent. cumulative participating £1 preference, of Yale capital, £69,250, of which £49,250 cash and balance in 2s. ordinary shares. 50,000 2s. ordinary shares to be subscribed. Lists closed at 9.5 a.m. December 17th.

Greenfriar Investment Company, Ltd.—Issue of 75,000 £10 shares at par, of which 65,000 shares have been applied for and will be allotted in full. Formed to conduct investment trust business, under same management as Witan Investment Company, which will provide accommodation and staff at fee of £1 per £1,000 of loan and share capital. The list closed at 9.30 a.m. December 17th. Over-subscribed.

South African Druggists, Ltd.—Issue of 400,000 5½ per cent. cumulative £1 preference shares at 21s. and 400,000 5s. ordinary shares at 7s. Formed as holding company in South Africa to control wholesale druggist business of Sive Brothers and Karnovsky and subsidiaries. Profits of group, after depreciation: 1932-3, £42,184; 1933-4, £55,762; 1934-5, £74,004. Net assets involved, £541,615. Purchase consideration is £820,000, payable £520,000 in cash and balance in 1,200,000 5s. ordinary shares. Subscription list closed 9.5 a.m., December 17th, very heavily oversubscribed.

Cellon, Ltd.—Issue of 70,000 6 per cent. £1 cumulative preference shares at 21s. Formed as private company 1918 to manufacture aeroplane dopes, etc. Net assets £162,074; including net proceeds of present issue and ordinary shares recently issued, £192,074. Profits after depreciation: 1932, £15,355; 1933, £15,080; 1934, £20,012. Proceeds of issue for repaying loans £38,500; balance for additional working capital 20,000 5s. ordinary shares recently issued at par, and existing capital reorganised.

Twentieth Century Cinemas, Ltd.—Issue of 240,000 6 per cent. cumulative participating (up to 8 per cent.) 10s. preference, and 120,000 5s. ordinary shares, at par. Acquires three cinemas and capital of Metropolitan and Provincial Cinematograph Theatres, owning five cinemas, and 99 years' lease of further cinema now under construction. Nine cinemas valued £224,586, after first mortgages. Combined profits, years up to March 31st: 1933, £27,967; 1934, £38,238; 1935, £40,095. Net profits, latest year after £3,510 amortisation leaseholds and depreciation of fittings, £1,750 mortgage interest and £4,500 directors' fees and administration charges, £30,335. Purchase considerations: Eight existing cinemas, £213,500, of which £123,500 cash and balance in 5s. ordinary; for lease of cinema under construction, £50,000, of which £25,000 cash and balance in 5 per cent. first mortgage.

Warner's Radio and Electric, Ltd.—Issue 120,000 6 per cent. cumulative 10s. preference shares at par and 240,000 1s. ordinary shares at 2s. Formed to acquire radio and electrical retailers' business founded 1929. Net assets £74,629, acquired for £72,500, cash £26,500 and £46,000 in 1s. shares. Profits, after provision for interest on unmatured instalments under hire purchase agreements before depreciation, years to September 30th: 1933, £6,470; 1933, £8,268; 1934, £24,782. List closed 9.5 a.m., December 18th.

Kent and Sussex Oilfields, Ltd.—Issue of 606,000 ordinary shares of 1s. each. Company formed in 1931 to prospect for oil and natural gas, under licence granted by Department of Mines in 1931. Operations south of Three Bridges Station to 1,880 ft. depth showed oil at six points. Now intended to sink new well to 4,000 ft., costing approximately £24,000.

OFFERS, FOR SALE

West of England Electric Investments, Ltd.—Offer for sale of £500,000 3½ per cent. debenture stock at £99½ per cent. by Lazard Bros. and Company, Ltd. Redeemable by June 30, 1980, at par, by sinking fund commencing year ending June 30, 1937, or on three months' notice, from June 30, 1941, to June 30, 1960, at 102, and at par thereafter. Company holds ordinary shares and other investments in electricity supply companies in West of England. Profits, years to March 31st: 1933 (approx.), £25,559; 1934, £30,022; 1935, £37,314. Net assets £1,122,594, of which £1,102,933 investments at cost. Stock purchased by Lazard Bros. at 97½ gross, plus other expenses of offer. List closed 9.10 a.m. December 17th. Applications for amounts up to £1,000 have been allotted in full. On larger applications the allotment has been on the general basis of 66 per cent.

Allied Bakeries, Ltd.—Offer for sale of 275,000 5½ per cent. cumulative £1 preference at 21s. and 412,500 5s. ordinary at 6s. per share. Company formed to acquire capitals of established bakery concerns in London and Provinces. Total net assets, and accrued profits (£16,000), £325,380. Aggregate purchase considerations, £377,556 cash and £153,900 in 5s. ordinary shares. Aggregate profits, after computed depreciation and adjustment, years up to August 18th: 1933, £37,150; 1934, £39,533; 1935, £49,159. Federated Trust and Finance Corporation and Mr Herbert Rothbarth subscribe for 275,000 £1 preference and 484,000 ordinary shares at par, less £8,422 commission, plus expenses of offer and underwriting. Lists closed at 9.10 a.m. December 18th.

N.W. (Costumiers), Ltd.—Offer for sale of 128,000 6½ per cent. 10s. preference shares at par, and 300,000 2s. ordinary shares at 2s. 6d. Company formed to acquire business of Wallis and Company (Costumiers) with branches London and provinces. Assets, £119,591 (including £30,540 stock in trade), less liabilities £56,544; net assets £63,047, acquired for £78,499 6s. on 27,000 preference and 649,993 in 2s. ordinary.



Profits, years to November 30th: 1933, £11,765; 1934, £13,996; 1935, £16,409. Southwark Industrial Trust subscribe 101,000 preference shares, for commission of 1s. per share, and acquire 27,000 preference shares at 9s. and 319,993 2s. ordinary shares at 1s. 10½d.

BY STOCK EXCHANGE INTRODUCTION

Scottish Mortgage and Trust Company, Ltd.—Particulars of issue of £150,000 3½ per cent. debenture stock, of which £84,545 has been placed at par. Redeemable at par, June 1, 1985, or after June 1, 1980, at three months' notice. Further particulars of company will be found in Official Year Book.

PRIVATE PLACINGS

Eastbourne Gas.—This company has placed privately £29,000 in 4 per cent. perpetual debenture stock.

Hawker Siddeley Aircraft.—A block of 1,000,000 5s. ordinary shares have been placed around 23s. 3d. per share.

Hornsey Gas.—This company has placed privately £50,000 4 per cent. perpetual debenture stock.

BONUS ISSUE

Smith (D.) and Sons.—This company proposes a capital bonus distribution to the ordinary shareholders of 25 per cent. to be satisfied by the issue of one fully-paid ordinary share for every four held on December 20, 1935.

ISSUES TO SHAREHOLDERS ONLY

Bristol Tramways and Carriage Company.—Issue of 500,000 ordinary shares £1 at par, one new for each two held, primarily for purpose of repaying at par the outstanding £420,000 4½ per cent. debenture stock.

Buxa Doonars Tea.—Issue of 25,000 ordinary shares £1 at £2 10s. to holders registered December 4th, on basis of one new share for each three held. List closes January 7, 1936.

Prices Tailors Properties.—Issue of £400,000 4 per cent. first mortgage debenture stock at par and 150,000 4½ per cent. redeemable cumulative preference shares of £1 at par. The offer is being made to the shareholders of Prices Tailors and Prices Trust Company.

Second Scottish American Trust.—Issue of £148,125 3 per cent. debenture stock, redeemable (1965-75) at par. Issued at 88½ per cent. to be paid in full December 23rd.

Trent Motor Traction.—Issue of 107,200 new ordinary shares £1 at par to ordinary shareholders in proportion of two for each five held.

CONVERSIONS AND REPAYMENTS

Carrongrove Paper Company, Ltd.—Issue of £206,600 4 per cent. first mortgage debenture stock at 99 per cent. Repayable at 102½ per cent. by means of a 2 per cent. cumulative sinking fund commencing in 1936. Finally to be repaid January 1, 1965. Purpose of issue to pay off on July 1, 1936, the whole of the £206,600 6½ per cent. debentures. Profits years ended September 30th, after depreciation at rate of £20,000 per annum but before providing income tax: 1933, £18,980; 1934, £32,927; 1935, £47,034. The company's lands, buildings and heritable property in Scotland had a book value on September 30, 1935, of £541,833. Net floating assets amount to £126,000.

Huddersfield Corporation 3 per Cent. Stock, 1920-40.—This stock is to be repaid at par on June 17, 1936.

Provincial Tramways Company.—This company will redeem at par on June 20, 1936, the £78,640 outstanding 5½ per cent. debenture stock.

OFFERS ABROAD

C.T.C. Bazaars.—The capital is £550,000, divided into 175,000 6 per cent. cumulative preference shares of £1 at par, and the same number of ordinary shares of 5s. each. The latter are offered for public subscription at 7s. 6d.

FORTHCOMING ISSUES

British Vacuum Cleaner and Engineering.—The directors are considering making an issue of preference shares.

Laycock Engineering Company, Ltd.—Capital authorised and to be issued, £200,000 in 800,000 ordinary shares of 5s. each. We understand that the ordinary shares will be introduced to the market early in the New Year.

Metropolitan Laundries.—It is expected that an issue of shares will be made shortly.

Moyston Gold Mines.—It is stated that arrangements are being made for a public issue of 400,000 shares 5s. at par for this new Australian mining company.

Sound City (Films).—This issue is postponed until after Christmas.

OTHER RESULTS OF ISSUES

Ceylon 3 per Cent. Conversion Loan.—Offer of £4,500,000 at par. Underwriters left with 45 per cent.

Essex County 3 per Cent. Redeemable Stock, 1955-1965.—Lists closed at 3 p.m., October 12th.

Southhook Potteries.—List closed 10 a.m., December 13th. Preference subscribers received a full allotment in respect of applications up to 600 shares. Underwriters left with 43 per cent. of the ordinary shares.

E. K. Cole, Limited.—The issue to shareholders of 250,000 5½ per cent. first cumulative preference shares of £1 each at 20s. 6d. per share has been heavily over-subscribed.

CALLS DUE DECEMBER 23 TO DECEMBER 28, 1935

The grand total of calls in December 1935 is £16,128,124, which compares with £7,934,567 in December, 1934.

Nominal Amount of Stock	Company	Amount of Call	When payable	Making Paid
Debs.	Brancepath Gas, £325,000 5% Debs. at 98.....	£38	Dec. 23	All
Stock	Essex County 3% Stk., 1955-65, £1,250,000 at 101%.....	£16%	Dec. 23	£21%
Stock	Nth. Queensland Mtg., £100,000 4% Stk., 1936-76, at par.....	£90%	Dec. 23	All

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Amt. paid	Price, Dec. 11, 1935	Price, Dec. 18, 1935
African Railway Finance 2% Deb.	98½	2½	1½ dis	1½ dis
Atlas Cement South Africa 5% Deb.	100	50	1½ pm	1½ pm
Brighton 3%	101	26	1½ dis-1½ pm	1½ dis-1½ pm
Ceylon 3%	100	5	3d dis-3d pm	6d-3d dis
Dominion Reefs (S-)	5/-	2/-	1½ dis	1½ dis
Edmundson's Electricity 3½% Debs.	98½	20	1½ dis	1½ dis
Funding 2½%	96½	15	1½ pm	10/11-10/11
Glacier Metal Ord. 5/-	101½	4	par-1½ pm	par-1½ pm
Greenfriar Investment £10	98	98	1½ pm	98½-98½
India 3%, 1949-52	97	5	3½-3½ pm	3½-3½ pm
Int. Power Newfoundland 3% Debs.	97	47	1½ dis-par	1½ dis-par
London Electric Transport 2½% Debs.	98½	58½	1½-1½ pm	1½-1½ pm
Lowestoft 3%	98½	50	1½ pm	1½-1½ pm
Montague Burton Estates 4½% Debs.	101½	6	par-3d pm	4½ dis-1½ pm
Mentmore Manufacturing 5/-	101½	6	par-3d pm	9d-3d dis
Do. do. 6% Pref. 10/-	101½	6	1/9-2/3 pm	1/9-2/3 pm
Moss Gear Ord. 5/-	20/6	10/-	1/4-1/10½ pm	1/4-1/10½ pm
Do. 6% Pref. £1	22½	10/-	2/--2/6 pm	1/7-2/11 pm
National Provincial Cinemas 6% Pref. £1	22½	10/-	3/-	30/-31/-
Short Bros. Ord. 5/-	97	30	1½ pm	1½ pm
Somerset Collieries 4½% Debs.	99	24	1½ dis-1½ pm	1½ dis-1½ pm
Southern Rhodesia 3%	7½	7½	6/4-6/10½	6/4-6/10½
Southhook Potteries 8/-	20/-	20/-	par-6d pm	par-6d pm
Do. do. 5½% Pref. £1	20/-	20/-	1½ dis-1½ pm	1½ dis-1½ pm
Sun Cycle Ord. 4/-	99½	25	4 dis-par	4 dis-par
Sunderland 3%	99½	25	7½-4½ dis	7½-4½ dis
Tindals Gold 2½%	2½	1½	1½ dis	1½ dis
Treasury 1%	100	45	1½ dis	1½ dis
Trinidad 3% Stock	22½	7/6	1/3-9d dis	1/3-9d dis
United Kingdom Gas Ord. £1	21½	7/6	7½-1½ dis	7½-1½ dis
Do. do. 4½% Pref. £1	1/-	1/-	1/10-2/11	1/10-2/11
Victors Stores 1/- Ord.	100	75	1½ dis-1½ pm	1½ dis-1½ pm
W. Lon. Prop. 4% Debs.	99½	20	par-1½ pm	par-1½ pm
W. of England Elec. 3½% Deb.	99½	20	par-1½ pm	par-1½ pm

WEEKLY TRAFFIC RETURNS RAILWAYS OF GREAT BRITAIN AND IRELAND

(b) Week ended Dec. 13, 1935	(c) Week ended Dec. 14, 1935	Miles Open	Gross Receipts, week ended December 15, 1935 (£000)				Aggregate Gross Receipts 1935 compared with 1934 (50 weeks) (£000)			
			Passenger, ger. &c.	Merchandise, dis. &c.	Coal and coke	Total	Passenger, ger. &c.	Merchandise, dis. &c.	Coal and coke	Total
Great Western	1935 3,749	179	192	123	315	494	10,172	9,131	5,023	24,326
(c) L. & N. 1935 3,749	187	190	111	301	488	900	10,064	9,028	5,007	24,099
Eastern 1934 6,336	276	344	286	630	906	1,822	15,725	15,885	11,346	42,956
L. M. & S. 1935 6,336	282	336	282	618	900	1,800	15,415	15,885	11,457	42,761
Scottish 1934 6,923	418	511	317	828	1,246	2,391	24,004	22,893	11,711	58,606
Southern 1935 6,923	426	479	292	771	1,197	2,394	23,639	22,441	11,530	57,610
(b) Great 1934 2,171	245	61	39	100	345	485	14,876	3,062	1,508	19,446
Southern 1934 2,171	255	64	38	102	357	500	14,482	3,242	1,545	19,269
Total 1935 19,180	1,118	1,108	765	1,773	2,991	6,739	64,777	50,711	29,588	145,076
Total 1934 19,181	1,150	1,069	723	1,792	2,942	6,457	63,600	50,580	29,539	143,719
(b) Belfast 1935 80	1-6	...	0-5	2-1	124-9	...	...	...	...	...
& Co. Down 1934 80	1-7	...	0-5	2-2	123-6	...	...	...	...	...
(c) Great 1935 543	8-3	...	8-6	16-6	497-0	...	...	...	...	...
Northern 1934 562	8-9	...	8-6	16-6	497-0	...	...	...	...	...
(b) Great 1935 2,124	21-4	...	48-9	17-3	1218-5	...	...	...	...	...
Southern 1934 2,158	21-0	...	45-2	16-2	1191-2	...	...	...	...	...

COMPARISONS WITH CORRESPONDING PERIODS, 1933 and 1934 (000's omitted)

	Great Western	L.M.S.	L.N.E.R.	Southern
Second half-year 1934, compared with second half-year, 1933:				
Gross increase or decrease.....	+ 148	+ 659	+ 528	+ 168
First half-year 1935, compared with first half-year 1934:				
Gross increase or decrease.....	+ 78	+ 299	- 26	+ 8
Second half-year 1935, compared with second half-year, 1934:				
24 weeks to Dec. 15, 1935.....	+ 149	+ 489	+ 181	+ 169
Weekly average second half 1935	+ 6½	+ 20½	+ 7½	+ 7½
Latest week 1935 compared with 1934.....	+ 6	+ 49	+ 6	+ 12

LONDON TRANSPORT

Week ending December 14, 1935	*Takings	Compared with corresponding period of last year
Aggregate 24 weeks ending December 14, 1935	£564,000	+ 9,000
Aggregate 24 weeks ending December 14, 1934	£13,075,300	+ 217,060
* For an explanation of the main items in which the figures are made up, see the <i>Economist</i> , March 17, 1934, page 610.		
Note.—The receipts this year include receipts of bus and coach undertakings not absorbed by London Transport in the corresponding period of last year. In order to make a comparison with the previous year, the figures for that year have been adjusted on the basis of the best information available.		

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week	Gross Aggregate Receipts
				1935	+ or -
INDIAN					
Assam Bengal.....	33	Nov. 20	1,330	Rs. 15,19,300	Rs. 3,171,104,88,684
Baru L. Ry.	33	Nov. 20	292	41,800	18,200
Bengal & N. Western	9	Dec. 30	2,112	19,82,103	20,401
Bombay, Bar. & C.I.	36	Dec. 10	3,072	22,64,000	25,59,845
Madras & S. Mah. 3	9	Dec. 30	2,229	33,16,000	3,75,000
Rohilk'd & Kumaon	9	Dec. 30	572	17,49,000	1,01,317
South Indian.....	33	Dec. 20	2,526	12,23,219	1,71,829

CANADIAN

Canadian National.....	50	Dec. 14	23,688	\$ 3,402,253	\$ 519,360	\$ 185,054,916	\$ 7,621,054
Canadian Pacific.....	14	Dec. 14	17,224	\$ 2,684,000	\$ 286,000	\$ 123,573,000	\$ 3,728,000

SOUTH AMERICAN

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week	Gross Aggregate Receipts
				1935	+ or -
Antofagasta (Chili and Bolivia).....	50	Dec. 15	830	\$ 15,310	\$ 2,940
Argentine N.E.	24	Dec. 14	753	\$ 121,400	\$ 4,600
B.A. and Pacific....	24	Dec. 14	2,806	\$ 7,133	\$ 303
B.A. Central.....	22	Nov. 30	30	\$ 1,406,000	\$ 222,000
B.A. Gt. Southern	24	Dec. 14	5,085	\$ 2,237,000	\$ 58,000
B.A. Western.....	24	Dec. 14	1,930	\$ 1,980,850	\$ 143,000
Central Argentine..	24	Dec. 14	3,700	\$ 1,980,850	\$ 143,000
Central Uruguayana	23	Dec. 7	273	\$ 13,947	\$ 275
C. Urug. (N. Ext.)..	23	Dec. 7	311	\$ 2,315	\$ 205
C. Urug. (W. Ext.)..	23	Dec. 7	211	\$ 1,497	\$ 418
Cordoba Central....	24	Dec. 14	1,219	\$ 423,000	\$ 46,000
Entre Rios.....	24	Dec. 14	810	\$ 185,600	\$ 61,800
G. Westn. of Brazil	50	Dec. 14	1,082	\$ 10,905	\$ 3,563
Leopoldina.....	50	Dec. 14	1,818	\$ 12,800	\$ 1,200
Leopoldina Termal.	50	Dec. 14	1,818	\$ 12,800	\$ 1,200
Nitrate.....	11½	Dec. 15	401	\$ 6,961	\$ 28,000
Paraguay Central..	24	Dec. 14	274	\$ 2,359,000	\$ 135,500
Salvador.....	24	Dec. 14	100	\$ 23,150	\$ 4,450
San Paulo.....	39	Dec. 13	1,531	\$ 22,589	\$ 118,000
United of Havana..	24	Dec. 14	1,353	\$ 13,059	\$ 1,312

* Converted at average official rate during week ended Dec. 14—17.02 pesos to the £.
 † Months.
 ‡ Receipts in Argentine pesos.
 § Comparative figures for 1934 converted at official rate ruling in 1935.
 ¶ Converted at the "free" rate as a result of a decision of the High Court.

OTHER OVERSEAS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week	Gross Aggregate Receipts
				1935	+ or -
Egyptian Delta Light Railways....	34	Nov. 30	925	£ 9,910	£ 1,803
Egyptian Markets..	50	Dec. 12	10	£ 1,849	£ 179
Gr. South. of Spain	49	Dec. 7	104	Ps. 36,787	27,385
Mexican Railway....	50	Dec. 14	483	\$ 268,800	\$ 7,100

SUEZ CANAL RECEIPTS

Suez Canal.....	49	Dec. 10	...	Fr. 22,710,000	Fr. 117,000	Fr. 839,100,000	Fr. 293,700,000
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TRAMWAYS WEEKLY GROSS RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week	Gross Aggregate Receipts
				1935	+ or -
Anglo-Argentine....	50	Dec. 16	328	\$ 642,167	\$ 5,578
B. Aires Lacroze....	22	Dec. 1	1	\$ 78,013	\$ 4,904
Burnley, Colne and Nelson Jt. Trst.	1	Dec. 14	76	\$ 5,041	\$ 113
Calcutta Tramways	1	Dec. 14	1	\$ 1,20,210	\$ 1,898
Isle of Thanet Elec.	49	Dec. 4	4	\$ 22,941	\$ 85
Liverpool Corp.	35	Dec. 11	11	\$ 29,403	\$ 73
Madras Electric....	11½	Dec. 15	15	\$ 50,050	\$ 2,637

MONTHLY TRAFFICS

Company	Months	Ending	De- scription	Receipts for Month	Receipts to Date
				1935	+ or -
Dorada.....	10	Nov. 30	Gross	£13,300	+ 2,900
Dorada (Ropeway)....	10	Nov. 30	Gross	£4,300	+ 1,400
La Guaira Harbour ..	1	Nov. 30	Gross	£8,804	- 316
Manchester Ship Canal	11	Nov. 30	Gross	£99,568	+ 4,265
Mashonaland.....	1	Oct. 31	Gross	£111,983	- 5,290
Rhodesia Ryis.....	1	Oct. 31	Gross	£202,694	+ 13,135

COMPANY MEETINGS, &c.

MEXICAN RAILWAY COMPANY, LIMITED

MR VINCENT YORKE'S SPEECH

The 141st ordinary general meeting of the Mexican Railway Company, Limited, was held, on the 18th instant, at Winchester House, Old Broad Street, London, E.C., Mr Vincent W. Yorke (chairman of the company) presiding.

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

The Chairman said:—I do not think it will be necessary for me to detain you long to-day. As you may remember at our last meeting six months ago, when I had just returned from a visit to our property, I dealt very fully with the economic situation in Mexico and our own position and prospects. Very little change in either respect has come about since then and I regret that I shall have little or nothing of an encouraging nature to say to you now.

GROSS RECEIPTS AND PASSENGER EARNINGS

The gross receipts for the first half of the year are by no means unsatisfactory and show an increase of 6.3 per cent. on those of the corresponding half-year, in spite of an actual decrease in passenger earnings of 3.7 per cent. The falling off in these earnings is undoubtedly due to the curtailment of tourist traffic, brought about by the several disasters to ships of the Ward Line, and does not reflect any decrease in the spending power of the ordinary passenger. Goods traffic, which shows an increase of 9.5 per cent., has been substantially swollen by large consignments from Europe of cast-iron pipes for the drainage of Mexico City, of which we carried nearly 15,000 tons during the half-year. The large increase in sundry receipts amounting to 47.7 per cent. is purely a matter of bookkeeping, amounts received for wagon hire from other railways having been credited to receipts, instead of being deducted from operating expenses. Fuel oil for the second half-year in succession shows a very serious falling off of 18,000 tons in weight and \$173,000 in money, which has been due, as before, to the competition of the Aguila Company's pipe-line.

If we had been able to maintain our expenses more or less at the level of the corresponding half-year, we might have really improved our position, but these unfortunately show the disheartening increase of 9.6 per cent. Of the increase amounting to just over \$500,000 no less than \$320,000 is directly attributable to concessions to our employees in the form of increase in rates of pay, payment for the day of rest, higher pensions, and so forth.

RESULTS UNSATISFACTORY

The final results are, therefore, most unsatisfactory, as, in spite of the substantial increase in gross earnings, the net earnings have fallen from \$757,500 to \$632,700, a decrease of nearly \$125,000.

As naturally follows, the increase in gross earnings has entailed an increase in tonnage, and we carried 28,500 more tons than in the corresponding half-year. This has thrown a fresh strain on our already overtaxed equipment, and has brought into even clearer relief the necessity of fresh expenditure on renewals account, about which I had so much to say at our last meeting. As a first step in this direction we have ordered 50 new freight cars, which have arrived in Mexico, and will help to ease the situation.

There has, unfortunately, been no improvement in the rate of exchange, either during or subsequently to the half-year under review, and after crediting the amount received from discounting the Coupons on the 40-Year Bonds, of which I spoke at the last meeting, we find ourselves £31,000 short of the debenture interest which has accrued from January 1st to June 30th last, and the total to the debit of net revenue account has now reached the alarming total of over £468,000.

RENEWAL OF MORATORIUM

It has been obvious to us for some time past that we should have to seek a renewal of the moratorium which expires at the end of this year, and we, accordingly, approached our debenture holders with a new scheme of arrangement last month. The new scheme, which follows very closely the old scheme, is to last for

BANK OF LONDON AND SOUTH AMERICA, LIMITED

DIFFICULT TRADING CONDITIONS

MR J. W. BEAUMONT PEASE'S REVIEW OF CONDITIONS IN SOUTH AMERICA

The seventy-third ordinary meeting of the Bank of London and South America, Limited, was held, on the 17th instant, at 6, 7 and 8 Tokenhouse Yard, London, E.C., Mr J. W. Beaumont Pease (the chairman) presiding.

The Chairman, in the course of his speech, said: You may remember that four years ago the bank's published reserve was reduced by the transfer of £1,500,000 to our internal reserve. We have this year felt justified in restoring to the published reserve a sum of £500,000. This has been done by a transfer from our inner reserve, which remains with a substantial balance to meet contingencies.

I have yet another year of difficult trading to record. World peace and the restoration of confidence between nations have not yet appeared on the horizon, and until these are definitely in sight I am afraid we cannot expect relief from the many complications under which international trade is still being carried on. The day for reformation and stabilisation of the world's monetary systems would seem to be still far distant, and the fluctuating value of currencies and the restrictions on their transfer will meanwhile continue to be an indeterminable factor in the conduct of our business. This factor is one beyond our control, but is one which has a direct bearing on our earning capacity in terms of sterling. We can only hope that in the course of time a recovery from the present low values of at any rate some of the currencies will come about.

Before the world crisis South American countries enjoyed and had become accustomed to liberal credit from their overseas friends, and the constant inflow of capital benefited their exchanges greatly. This "invisible" export being no longer available to them, they are thrown upon their own resources and are dependent entirely upon the exports of their products to provide them with the necessary foreign currency to pay for their essential imports, and only by an excess of exports over imports are means available to meet the "invisible imports"—namely foreign debt service, fixed charges on foreign capital investments, and profits of foreign concerns, etc. Adjustment to the altered conditions is a difficult and lengthy process, more so in some countries than in others, but in the main I feel that they are all working to the best of their ability to meet the situation with the resources at present available to them. Any improvement in the position of foreign creditors must lie in the measure of future prosperity that will fall to the individual countries.

DEPRECIATION OF CAPITAL EMPLOYED ABROAD

There was a note on our balance sheet last year that in countries where restrictions were in force the books had been closed at the official rates of exchange. The so-called "free" rates have been used this year, except in the cases of Argentina and Uruguay, where the "average tender rate" and the "free controlled rate" respectively have been adopted, as at these rates we have been able to effect remittances. One result of this change is a marked effect on the item shown on the assets side of the balance sheet as "depreciation of capital employed abroad," which has suffered what may be described as a nominal rise in the year from £913,000 to £1,490,000. So long as we function and exchanges remain unbalanced this figure will fluctuate in sympathy with any rise or fall in the rates. When, however, new parities are definitely established, an adjustment to the new rates will have to be effected, though what the figure of depreciation may then be it is, of course, impossible to forecast now. Our reserves, fortunately, amply take care of this at present. In the balance sheet, current and deposit accounts, etc., standing at £28,000,000, showed a fall of £3,000,000, due to the lower rates of exchange at which local currencies have this year been converted to sterling in our books. Cash in hand, at bankers, and at call at £7,144,000 bears a ratio of 25½ per cent. to deposits, and our investment in British Government securities is slightly higher at £955,000.

PROFIT AND DIVIDEND

The gross profit is £993,000, but to arrive at a real comparison we must apply last year's conversion rates, which would bring the figure up to £1,121,000, as against £1,132,000, from which it will be seen that the actual gross trading profit, after making provision for bad and doubtful debts, has fallen by £11,000 only. There is a net profit of £209,914, as compared with £276,330 last year, the fall of £66,000 being accounted for as follows:

£35,000 in respect of the lower sterling value of the currency profits at the exchange rates ruling on September 30th last, £20,000 in increased charges, and a decrease of £11,000 on gross trading profits. In the principal lending centres competition is keener than ever, and to ensure a participation in the business offering rates to-day have to be cut very fine. On the other hand, deposit rates do not permit of a proportionate reduction owing to the competitive influence of other forms of investment which now find public favour in view of the improved internal conditions in some countries. Not only have we had to contend with the narrowed margin between deposit and lending rates, but in one important centre, where the exchange profit of the banks is officially fixed, this item in our profit and loss account has been largely curtailed, and I therefore trust you will agree that under the circumstances our labours have produced as satisfactory a result as could possibly be expected.

Your board still feel the world outlook to be somewhat unsettled, and this enhances the necessity of that cautious policy for which this bank has always been known. I therefore propose that a dividend of 3 per cent. be paid and that £100,000 be transferred to contingency reserve, the balance, £167,274, being carried forward.

RECOVERY IN ARGENTINA

Argentina is to-day enjoying the fruits of her Government's persistent efforts to consolidate and strengthen the country's finances. Five years ago, when commercial depression was at its worst, I expressed the opinion that in the case of Argentina there was no cause for undue pessimism, and that the country would when the tide turned quickly recover in view of its manifold resources. Events have shown that my confidence in the country has been fully justified. In reviewing the outstanding features of her past progressive year various financial achievements are worth recording. The 1934 Budget, which was expected to result in a deficit of about 5,000,000 pesos, was practically balanced within a few thousand, and that after caring for extraordinary unbudgeted expenditure of over 20,000,000 pesos. The floating debt, which three years ago totalled 1,207,000,000 pesos, has been reduced by the end of June last to the relatively low figure of 109,000,000 pesos. The strong credit status which had enabled the Government successfully to reduce the National Debt service in 1934 was invoked again this year, and similar reductions were effected with equal success in some of the municipal and provincial debts.

Laws have been enacted which will accomplish far-reaching changes in the banking and monetary regimes of the country and should sustain the stability of both. Among the more important is the establishment of a central bank by a law which follows broadly the suggestions made by Sir Otto Niemeyer in 1933. The new bank has taken over from the Conversion Office the gold reserve of the nation, which in coin and bullion represents a little under £50,000,000 gold. The equivalent of this reserve had until then figured in the nation's peso accounts at the rate of 11.45 dollars to the pound sterling, but when transferred it was brought into the books of the bank at its market value, or about 25 dollars to the sovereign. As a result of the revaluation a sum of 701,000,000 pesos became available to the State, which has been applied to the reduction of its debt to the bank of the nation, payment of Treasury bills, provision of capital for the central bank, and of capital and a reserve fund for an allied department, the Frozen Assets Institute.

Prospects for the coming harvests are not brilliant. A severe drought that persisted throughout the period of ploughing and sowing and at the time of germination in certain districts has greatly reduced the areas sown to wheat and linseed by about 25 per cent. in each case. Reduced exports of these cereals may, however, be partly compensated by higher world prices. Both financially and economically the country is to-day in far healthier circumstances.

BRAZIL AND URUGUAY

Apart from the recent disturbances, which all friends of Brazil were glad to see so promptly and effectively dealt with by the energy and activity of the authorities, internal conditions in Brazil during the past year have not been marked by any untoward events. On the whole, there is a general feeling that internal conditions have shown some improvement, and this is demonstrated by the expansion of industrial and other undertakings in Sao Paulo and elsewhere.

Uruguay has been consolidating her financial position during the year, and the result of her efforts evidences an appreciable progress in this direction. After many friendly conferences and discussions in London between representatives of the Uruguayan

and British Governments a trade agreement was evolved and signed in June last, which was finally ratified in Montevideo on November 13th. The general effect of the agreement should be to give stability to Uruguay's export market and to encourage the mutual trade between the two countries. Uruguay's outlook for the next twelve months is rather brighter than in recent years. Prospects for the coming wool season and harvests are so far favourable.

CHILE, COLOMBIA, AND PARAGUAY

The general situation in Chile has shown a distinct improvement during the past year. The Budget has been balanced and there has been no political unrest. Unemployment is no longer a problem and there are but few factories which are not working full time.

With regard to Colombia, the treaty of peace with Peru signed in Rio de Janeiro in May, 1934, was formally ratified by the Colombian Congress on September 20th last. Relieved by the definite elimination of a factor that had intermittently disturbed the progress of the two nations for many years, Colombia may reasonably be expected to resume the headway she was making from the financial setback of 1931.

The past year in Paraguay has been coloured by the difficulties and anxieties of the conflict with Bolivia, which came to an end on June 14th, but while the period could not be abnormal the country has borne itself well and has managed to keep its main industries alive in spite of the shortage of labour.

The restrictions on international trade which have been so much in evidence during recent years still continue, to the detriment both of the countries in which we operate and, consequently, also of our Bank. On the other hand, in practically every case the internal position of these countries shows some improvement. The return to more normal conditions is a slow and uphill task, but this Bank will, as ever, endeavour to contribute as far as it can in assisting the upward movement, and, although during the process our profits must necessarily suffer as compared with those of happier times, our business is sound and our organisation has been so much improved that we are, I believe, in a better position than ever before to reap the benefit of freer and more active trade whenever that takes place.

The report and accounts were unanimously adopted.

THE NATIONAL BANK OF SCOTLAND, LIMITED

SATISFACTORY RESULTS

The one hundred and tenth annual general meeting of this bank was held, on the 19th instant, in the bank's head office, Edinburgh, Mr C. H. Scott Plummer, director, presiding in the absence of the Most Honourable the Marquess of Lothian, C.H., the governor of the bank, who was unavoidably detained by Parliamentary duties in London. The address by the governor was read by the general manager.

The Marquess said: In submitting the accounts of the bank for the year which ended on November 1st last, your directors desire to express satisfaction with the results. The profits vary little from those of previous years. They have been determined after making full provision for all bad and doubtful debts and for rebate and all charges. With the balance brought forward from the previous year the amount available for distribution is £352,224. After setting aside £136,400 for the payment of a dividend at the rate of 16 per cent. per annum, less tax, which the directors recommend, the balance has been allocated as follows:—To heritable property account, £80,000; to trustees for officers' pension scheme, £50,000; to staff widows' fund, £5,000, leaving to be carried forward the sum of £80,824.

The most notable change on the liabilities side of the balance sheet is seen in the note circulation, which shows an increase of nearly 10 per cent. over the figures at the corresponding date a year ago, affording definite evidence of greater industrial activity. Deposits, although slightly lower, exceed 35 millions, while acceptances are practically unchanged. Endorsements, guarantees and other obligations are somewhat higher at £1,327,000.

On the assets side of the balance sheet the immediately liquid resources stand at the very considerable amount of 9½ millions, evidence that the bank is in a position to meet any demands which may be made upon it at any time. The holding of British Government securities amounts to £17,789,000, a figure considerably below the market value, but an increase over the previous year of 1½ millions. It is, however, a little disappointing that advances, represented by bills discounted, loans and advances on current account, again show a decrease. This is mainly due to the fact that improvement in trading conditions has enabled borrowers in many cases to make repayment of their accommodation.

The report and accounts were adopted.

ORIENT STEAM NAVIGATION COMPANY, LIMITED

SUBSIDISED FOREIGN COMPETITION

The thirty-sixth ordinary general meeting of the Orient Steam Navigation Company, Limited, was held, on the 17th instant, at the company's offices, 3 and 5 Fenchurch Avenue, London.

Sir Alan G. Anderson, G.B.E., M.P., presided in the absence in "Orion" of the chairman (Mr I. C. Geddes).

Sir Alan Anderson said that turning to the accounts the profit and loss balance was £249,469. The board recommended for the year a dividend of 5 per cent., free of tax, on the ordinary shares.

The passenger trade had shown a small improvement in passenger earnings on the Mail Line, which had been almost exactly offset by a fall in the profits on cruises in European waters.

Since the close of the company's financial year "Orion" had been delivered, and after successful trials and a cruise in which she was admired, she was now on her maiden voyage. The company had placed an order for another vessel of approximately the same dimensions and speed as "Orion," to be named "Orcades," and to be delivered in the summer of 1937.

While the board were confident of the progress of Australia, they were not blind to difficulties, some peculiar to the company's enterprise, some shared with Australia and the British Empire. The competition of the air, for example, would grow rapidly. In the board's view, it was not only in the interest of shipping lines and their shareholders, but of the nation, that Great Britain, which had for so long ruled the waves, should, in taking to the air, avoid as far as possible disturbing and damaging her machinery of established finance and of personal contact. In several European countries shipping companies had already joined in the national enterprise of air, and in the directors' view similar co-operation was the wise and first step in the effort which Great Britain must make to ensure that the Union Jack should on the main routes overseas be flown in the air as well as on the ocean. While here and there the air must necessarily become a competitor of the sea and rail in general, his colleagues and he believed that it would set in motion more travel and more demand for ships than it took away.

The board were advised that they had power to make an investment in air on a moderate scale, but as air transport was not contemplated when the Orient Company was formed, they might find it desirable to ask the shareholders to approve an extension of the company's constitution to give specific authority to take their due share in this new development of their enterprise.

Subsidised foreign competition on their route was limited to minor lines, but on the Pacific Ocean the Matson steamers were enabled, by large grants of public money, to offer a first-class service far below cost. As had already been publicly announced, this uneconomic competition would secure for the U.S. line a monopoly of the Pacific route to Australia unless the British Empire sustained the old-established British lines on the Pacific. The British lines were not being driven off the sea by their own failure. They are not asking for a subsidy to shelter or condone inefficiency, but no private purse could compete against the concentrated wealth of a great nation. While it could not be believed that the British Governments concerned would allow such a foreign monopoly to control an important route he need scarcely remind the shareholders that their only direct interest was to deplore the disturbance which was spread by subsidies beyond the route immediately involved. An uneconomic standard of luxury maintained on one route reacted upon and depreciated services such as those of the company conducted on economic lines elsewhere.

The report and accounts were unanimously adopted.

Orders for the publication in these columns of the reports of Company Meetings should be addressed to:—

The Reporting Manager,

THE ECONOMIST,

8 Bouverie Street,

Fleet Street,

London, E.C.4.

TAYLOR WOODROW ESTATES, LIMITED

STEADY PROGRESS OF THE BUSINESS

The first ordinary general meeting of Taylor Woodrow Estates, Limited, was held, on the 18th instant, at Winchester House, Old Broad Street, London, Mr Arthur Collins (chairman of the company) presiding.

The Chairman, in the course of his speech, said:—This company specialises in the acquisition of estates of about 50 acres, more or less, but all of moderate size, on which to build houses of the popular type, ranging from £395 to £1,300. The demand for the company's houses is steady, the purchasers accepted by the company have to be of good standing, and the houses they acquire from the company in pleasant surroundings are well built and well kept, as any visitor to any one of our estates will see.

Content with a moderate profit per house, with keen buying of large quantities of materials, importing timber direct to our own wharf near our London estates, and manufacturing our own joinery, the company is able to give accommodation in a real home at a price which compares favourably with our competitors. Competition is keen, and buyers, especially housewives, are discriminating, so that only by continuous and consistent good service can a company in our trade increase its business.

With this general introduction we may turn to the year's accounts and observe firstly the steady progress of the business we own.

The companies now amalgamated in Taylor Woodrow Estates, Limited, have the following record:—

	£
Profits year ended October, 1931	7,614
Profits year ended October, 1932	10,583
Profits year ended October, 1933	23,029
Profits year ended October, 1934	39,438
Profits year ended October, 1935	44,376

We did not declare any interim dividend this year, for the company was only incorporated in February last, and we wished to have this year's accounts before we declared any dividend. In future, commencing with the current year, the board will consider the payment of an interim dividend after the first six months' trading. In this connection the shareholders should know that we get the benefit in 1936 of a considerable number of houses sold in this last autumn which are now being completed for occupation. The profits on those completions will come into the current year's accounts. As our sales are continuing to exceed those of the corresponding months last year, we think the dividend prospects for 1936 are good.

CONSERVATIVE FINANCE

Our profits, £44,376, are arrived at upon the most conservative basis, and our practice in distributing dividends is in keeping with it. Our preference dividend of £6,000 per annum in a full year's trading is covered many times over in this, our first year, when we had only about seven months of active operation.

We are distributing 10 per cent. on the ordinary shares, requiring £15,000 (before deducting income tax), and when an outside estimate of what might be our income tax liability is deducted from the carry-forward there is left another 10 per cent. on the ordinary capital, which we are retaining in the business.

We should like to draw your attention to the liquid position of our company. We have very little indeed locked up in manufacturing premises, machinery or plant. Our fixed assets do not amount to 10 per cent. of our total capital.

Our shares stand in the Stock Exchange List at prices which we believe represent an undervaluation. It may be due to the general idea that this trade is benefiting from a boom in building which will pass, and it is frequently thought and said that the number of houses available in the London district will soon equal the number of families to be housed. Even if it were so, however, our experience indicates that modern economical and labour-saving houses like those we build and sell will long be in demand. It is the opinion of the directors that the date is not yet in sight when the company's houses will be surplus to requirements. The building industry has its trade cycles, of course, but a sound and well-managed building company which is not over-capitalised offers a good investment.

It is the desire of the board that I should express in the most generous terms our appreciation of the services of our managing director, Mr Frank Taylor, the two assistant managing directors, Mr Hanson and Mr Rigg, our salesmen, our architect and general staff, and all our workmen.

The report and accounts were unanimously adopted.

CARRERAS, LIMITED

INCREASED NET PROFIT

POPULARITY OF COMPANY'S PRODUCTS

The thirty-second annual general meeting of Carreras, Limited, was held, on the 19th instant, at Arcadia Works, Hampstead Road, London, N.W.

In the absence of the chairman, the Most Hon. the Marquess of Reading, owing to a chill, Mr Edward S. Baron, a managing director, proposed that the chair should be taken by Mr Harry W. Danbury, who read Lord Reading's speech, in the course of which it was stated:—The result of the year's trading, after making ample provision for depreciation on buildings, plant, machinery and other items and charging all expenses, including the full amount of advertising, shows a net profit of £942,007, an increase of £137,065 over the preceding year. By the addition to this year's total net profit of the amount brought forward in last year's balance sheet, namely, £1,264,512, there is an available balance in the profit and loss account of £2,206,519, which the directors propose to appropriate as shown in their report, leaving £1,282,834 to be carried forward to next year.

The increased net profit is, of course, mainly due to the improvement in the general trade and industry of the country during this year which has led to greater expenditure by the public, of which part has been attracted to the purchase of cigarettes and tobacco. Fortunately, I am glad to say, your company has secured the advantage of a fair proportion of the additional trade. This increase, in conjunction also with other factors, has resulted in a larger net profit for the year, as shown in the balance sheet, and the board have therefore recommended the payment of a cash bonus of 1s. per share on the ordinary and "A" ordinary shares, and 1½d. per share on the "B" ordinary shares, which will involve the additional distribution to the shareholders of £88,578 5s.

RESERVE FOR CONTINGENCIES

You will also observe that it is proposed to allocate a sum of £100,000 to a contingencies fund. The board are of opinion that it is wise in the interests of the company and its shareholders to form this fund. The tendencies of overseas trading and other considerations make it desirable to provide an additional reserve to meet any expenditure that may be found necessary in future years to deal with increased competition or with altered conditions in the home or export markets which it may not always be possible to foresee.

Our investments, other than those in subsidiary companies, amount to the sum of £1,116,845 at cost, an increase of £330,000, due in part to the smaller outlay I have just mentioned and also to variations in our business requirements of actual cash resources. The market value of the securities representing these investments exceeds the book value by a considerable amount.

POSITION FURTHER CONSOLIDATED

You will recognise that the position of the company has been further consolidated as a result of the past year's trading. If you agree to the allocations recommended, our specific and general reserves will amount to £1,188,764, which, with the balance of profit and loss account carried forward, will make a total of £2,471,598 available for eventualities.

I am pleased to say that public appreciation of the company's products continues to grow. Some of my colleagues have visited several important centres in the Provinces, Scotland, Wales and Ireland, and overseas, at various times during the past year, and from all quarters have gained evidence of the popularity of our leading brands and of the goodwill of the trade and the public towards us.

Notwithstanding that competition in the industry is very keen, your board have confidence that by steadfastly maintaining the standard of quality which is the sure foundation upon which the company's reputation has been built, and by availing themselves promptly of every modern improvement in manufacturing processes, they will cause increased demand for their products throughout the country, and also in our overseas markets.

I am pleased to tell you that your directors are satisfied with the trading in the new financial year so far as it has proceeded, and if the present conditions of trade continue, your directors have every reason to hope that the results to be placed before you at the next annual meeting will also satisfy you.

The report and accounts were unanimously adopted.

GOLD COAST BANKET AREAS, LIMITED

OPERATIONS ON A PROFITABLE BASIS

The second ordinary general meeting of Gold Coast Areas, Limited, was held, on the 19th instant, at Winchester House, London.

Mr Robert Sweeny (the chairman), in the course of his speech, said:—The profit and loss account, which covers the initial period of production, March 1st to June 30th, shows an excess of expenditure over income of £8,195, after allowing for depreciation. I am glad to say that operations for the past three months have been on a profitable basis, the estimated mine working profit for this period amounting to £6,500. The working profit for the month of November amounted to £3,147.

During May and June the tonnage of ore crushed and milled was at the rate of about 3,000 tons per month. This tonnage has been increased to an average during the last two months of 4,400 tons. The increase in the yield of fine ounces of gold has been more pronounced. The gold production for the period, from the start of operations in February up to the end of June, was at the rate of less than 500 ounces per month, as compared with an average of 1,044 ounces during the past five months. These figures indicate steady and continuous improvement in mine output and general operating conditions.

ADDITIONS TO PLANT

Additional equipment will enable us to carry out a more active development programme. A third 1,000 cubic feet compressor started operating in October, and a fourth similar compressor has been ordered. Installation of the three-throw plunger pump was completed last month. Extensive stope preparation work, which was essential in the initial stage of mine production, has somewhat retarded development to date. The footage driven for development and stope preparation during the four months since the end of June amounted to 2,520 feet, as compared with 3,346 feet for the period of the report.

Judging from the advices of our engineers, the board consider that there is every prospect of substantially increasing the tonnage of ore reserves within a reasonably short time, and steps have already been taken to equip the power, mine and metallurgical plants for a higher rate of production than 6,000 tons per month, which is the capacity of the present treatment plant. Since the period of initial adjustments, the operation of the metallurgical plant has been very satisfactory. Our working costs in West Africa, including a 2s. development redemption charge, have been reduced in October and November to 28s. 11d. per ton milled. Increased output should naturally continue to affect the working cost favourably.

Your company has a substantial interest in Cheriaman and Akoko Gold Mines, Limited, and a considerable investment in South Banket Areas, Limited. In the opinion of your directors, the concessions of the South Banket Areas, Limited, covering about 10 square miles of the Tarkwa Banket reef system, constitute a very valuable and promising holding.

AMALGAMATED BANKET AREAS

The large increase in the capital reserve of the company during the past year is the result of our participation in the formation of Amalgamated Banket Areas, Limited. As we held 900,000 shares of Amalgamated Banket Areas, Limited, as our vendor consideration, and Nigerian Gold Mines, Limited, held 1,100,000 shares as joint vendors, it was suggested by the important mining interests who had the contract to purchase the Abbontiakoon Properties, that we should concede 200,000 of our shares, and Nigerian Gold Mines, Limited, 300,000 of their shares, on condition that the Abbontiakoon Properties were transferred to Amalgamated Banket Areas, Limited, at cost, the mining interests themselves undertaking to provide the additional cash resources necessary. The Abbontiakoon's proved available ore reserves at the present stage of development, are estimated to be 830,237 tons, averaging 6.62 dwts. per ton, over a stoping width of 42.6 inches.

This producing mine of Amalgamated Banket Areas, Limited, lies on the line of Banket Reef between the properties of South Banket Areas, Limited, and those of your company. The work that we have done on Gold Coast Banket Areas as well as the experience on adjoining properties, confirms our belief that these Tarkwa Banket mines are destined to be big mines. Our aim is to reach a large daily production at the earliest possible moment. For this a greatly increased development campaign is necessary.

The report and accounts were unanimously adopted.

YOUANMI GOLD MINES, LIMITED

PROGRESS OF OPERATIONS

The first annual ordinary general meeting of Youanmi Gold Mines, Limited, was held, on the 17th instant, at the Institute of Chartered Accountants, Moorgate Place, London, the Rt. Hon. Viscount Lee of Fareham, P.C., G.C.B., the chairman, presiding.

The Chairman, in the course of his speech, said that all the preliminary operations had been proceeding smoothly and expeditiously during the last six months. Their consulting engineer on the spot estimated that the unwatering of the old mine should commence about the beginning of February and should be completed in four or five weeks. Meanwhile, such portions of the old workings as were accessible would be reconditioned, whilst the mining and treatment of surface and oxidised ore would be commenced as soon as the plant was completed and ready for action.

He desired to emphasise that "Youanmi" was neither a "prospect" nor an unproven property. It was already an established mine of high potentialities, which under modern conditions and equipment, improved methods of treatment, and enhanced value of gold should only require good management and intelligent direction to ensure success and a satisfactory return to its shareholders. In that connection the directors, whilst deprecating extravagant forecasts and undue optimism were quietly confident that the future of the mine was assured and that estimates of production, as set out in the prospectus, would be justified by results. No fresh bodies of payable ore had been proved by diamond drilling in the Northern Section, but the bores put down there revealed conclusively that the shears persisted and the indications were sufficiently favourable to justify the company in taking up three additional leases, totalling 42½ acres, in that section.

RESULTS OF RECENT BORING

At the southern end of the property, and on hitherto unexplored ground newly acquired since the issue of the prospectus, important results had been obtained by diamond drilling showing that the three lodes in the south of the Pollard shaft were persisting in depth and that ore, having an assay value of 28 dwts. per ton over a width of 41 inches, had already been encountered at a depth of 400 ft. in the Main Pollard Lode. (Hear, hear.) In the opinion of their consulting engineer that was a fact of the highest importance, holding out expectations that further lenses of valuable ore would be discovered in that section, which was well beyond and to the south of the old workings, although easily accessible from them, and, therefore, capable of rapid development.

It might fairly be claimed that the discoveries in that area, which was entirely virgin ground, constituted what was in effect a new mine of great promise, of which there was no record or knowledge at the time that the prospectus was issued, and which must now rank as an additional asset of great potential value.

POTENTIALITIES OF WESTERN AUSTRALIA

The directors were firm believers not merely in the future of gold as a commodity, and of gold mining as a profitable and honourable business essential to the community, but, in particular, of Western Australia as one of the richest, most extensive, and yet least developed of all known gold-bearing areas. It was not likely that they would embark on new ventures if they were not imbued with quiet confidence that the Western Australian field was perhaps the most promising of any of which they had knowledge, and that the political and economic conditions there were as favourable, and as likely to remain so, as could be encountered anywhere else in the world.

They had been fortified in that belief not merely by the actual progress of gold-mining in Western Australia during the last few years, but by the sane and statesmanlike attitude that had been taken up by its Government, which, although Labour in politics, was substantially conservative in its attitude towards the industry within its sphere of administration.

That line of policy was largely due to the influence and lead of the Minister of Mines, Mr J. W. Munsie, who was a working miner himself and who had too much practical experience to commit political errors which could only have the effect of "killing the goose with the golden eggs," and of injuring his own country, of which he was so capable and patriotic a servant.

The report and accounts were adopted.

SECOND COVENT GARDEN PROPERTY COMPANY, LIMITED

SATISFACTORY POSITION

The second annual general meeting of the Second Covent Garden Property Company, Limited, was held, on the 18th instant, at the Hotel Victoria, Northumberland Avenue, London, W.C.

Mr Philip E. Hill (the chairman) said:—Ladies and gentlemen,—Our accounts show that the net revenue for the year is £111,583, that our preliminary expenses of £55,225 6s. have been eliminated, and that we have a balance on share premium account of £14,749 13s.

ADDITIONAL PROPERTIES ACQUIRED

During the year we have acquired additional properties to the extent of £1,956,765, of which £1,846,419 are freehold and £110,346 leasehold, and to provide for this we made an issue of 3½ per cent. Debenture stock, preference and ordinary shares, on satisfactory terms to the company. The full revenue benefit of these purchases will, of course, only be felt in the ensuing year. We are, however, able to recommend the payment of a dividend of 6 per cent. on the ordinary shares, which compares with that of 5 per cent. a year ago, and it is reasonable to assume an increased distribution on the ordinary shares for the current year.

SAFETY OF SOUND PROPERTY INVESTMENTS

Experience has proved the safety of sound property investments, although, in common with other investments, however careful one may be, it is difficult to entirely eliminate risks. We have adopted the policy—and so far with considerable success—of combining the properties purchased with the acquisition of first-class covenants. In most instances the status of our tenants is such that their covenant for payment of rent, apart from the property itself, is worth as much as we paid for the property. This, I am sure, you will regard as an eminently satisfactory position, and I think that our future may be looked forward to with every confidence.

The Chairman moved the adoption of the report and accounts, which was seconded by Mr Louis Nicholas and carried unanimously.

MESSINA (TRANSVAAL) DEVELOPMENT COMPANY, LIMITED

EFFECT OF LOW COPPER PRICES

The annual general meeting of this company was held, on the 18th instant, at Southern House, London.

Lieut.-Colonel John P. Grenfell (the chairman) said that the balance sheet showed that the financial position of the company had been maintained in spite of the drop of over £4 10s. per ton during the year in the average market price of copper. The year had been an unusually difficult one for the copper industry, the average price for standard copper having been only £28 18s., which was lower than any year's average in the history of the metal, and so in order that employment and the maintenance of the industry might not be jeopardised they approached the South African Government and received from them a grant towards the cost of development and a loan, free of interest. This loan, which stood in the balance sheet at £24,793, was repayable only when the company was in a position to pay dividends to its shareholders, and then by instalments calculated according to the amount of working profit in excess of 6 per cent. upon the issued share capital in any year. They were thus able fully to maintain and improve the plant, to sink their shafts, and to increase development to include the opening up of new areas. The receipts from sales of copper and from sundry revenue amounted to £267,945, as compared with £299,086 in the preceding year. Although the production of copper was greater by 223 tons, the reduced price obtained accounted for the difference. The total expenditure for the year totalled £266,647, and there was a balance of £1,512 as the result of the year's working.

The total of the ore reserves, 1,217,830 tons, was 54,167 tons higher than in the previous year, and the value was 2.39 per cent. Cu, as against 2.25 per cent. Cu. This satisfactory feature was largely due to the new ore developed at the Harper Mine. The Harper ore reserves were classified as proved and probable, which meant developed on more sides than one, and possible ore. This latter was ore which was developed on one side only, and resulted from the development in the levels having outrun the actual blocking out of the ore, but developments since had confirmed the possible ore as ore developed.

The report and accounts were unanimously adopted.

MINING TRUST, LIMITED

PROSPECTS AT MOUNT ISA

The annual meeting of the Mining Trust, Limited, was held on Thursday, December 19th, at Winchester House, London.

Rt. Hon. the Earl Castle Stewart, M.C. (the chairman) said:—The excess of income over expenditure for the year amounted to £111,783, an increase over the previous year of £15,014. The debit balance to be carried forward has been increased to £417,080, but against this £41,500 represents claims upon the Income Tax Commissioners.

Having regard to the discharge of a liability of £45,000, to the recovery of over £650,000 in the value of our quoted securities and to the greatly augmented value of our cash resources, we trust that shareholders will appreciate the very considerable improvement in our finances which has occurred during the past year.

At Mount Isa Mines the production of lead amounted to 38,168 tons, an increase of 2,272 tons, and the production of silver amounted to 2,326,982 ounces, an increase of 642,083 ounces. The zinc section of the mill was placed in operation early in October of this year, and shipments of concentrates will commence shortly.

The average price of lead throughout the year under review was £11 5s. 8d., a figure even lower than that for last year. There has been a considerable improvement since July, due partly to the action of our Government in regard to the duties imposed under the Ottawa Agreement, and partly to closer co-operation amongst the producing interests.

But what the principal producers can do for lead by co-operation amongst themselves they cannot do for silver, because the price of this metal depends so largely upon Governmental purchases.

As compared with an average price of 19.5d. for the calendar year 1933 and 22.9d. for the calendar year 1934, the average price of silver for the year under review was approximately 27.87d. This improvement in the price has been mainly due to buying by the U.S. Government. Within the last few days there has been a sharp break in price following upon the decision of the American authorities not to take all the silver offering upon the London market. In this field it would seem to me that at this very moment there is ample scope for closer co-operation between this country and the U.S.

The Britannia Lead Refinery has continued to operate most satisfactorily throughout the year.

You were informed at this meeting last year that negotiations were proceeding with the Sydney board in regard to the financial reconstruction of New Guinea Goldfields Company, and this reconstruction has now been effected.

In the past one of the greatest handicaps in developing the Edie Goldfield has been the inadequacy of power. During the year the transmission line from Bulolo Gold Dredging Company's power house has been completed, and power from this source has made it possible to enlarge the drilling programme.

The Edie Mill, which is expected to operate on a scale of about 30,000 tons per annum, has been completed and trial runs are now being conducted. It is estimated that there is now a sufficient supply of ore ready for stoping on the Edie Veins Nos. 1 and 2 and on the Karuka Vein to keep this mill operating for at least four or five years, while diamond drilling to date indicates that the productive life of these veins may be considerably prolonged.

A share interest has been acquired in the Saudi Arabian Mining Syndicate. This syndicate has obtained a concession covering a very large area adjacent to the Red Sea coast. One likely property is already being tested. A recent circular from the directors of the syndicate to their shareholders states that preliminary investigation has disclosed the existence of a tailings dump containing 400,000 tons of material assaying roughly 8 dwts. Au. A diamond drilling campaign has been started to test in depth the veins, from which it is presumed that the material in this dump was originally drawn. Core recovery from the first drill hole has been uniformly good and has given the following results:—

From 125 ft. to 135 ft. average 5.22 dwts. Au.

From 268 ft. to 270 ft. average 32.66 dwts. Au.

From 270 ft. to 276 ft. average 5.87 dwts. Au.

Our assets show a very considerable recovery in value, that our cash position is strong and that the prospects for Mount Isa are certainly considerably better if the silver market recovers its balance and if metal prices do not fall much below the levels at which they have been maintained over the past five months.

The report was unanimously adopted.

BARRANQUILLA INVESTMENT TRUST, LIMITED

DISTRIBUTION OF 10 PER CENT.

The first annual ordinary general meeting of the Barranquilla Investment Trust, Limited, was held, on the 16th instant, at Shell-Mex House, London.

Mr P. R. Chalmers (the chairman), in moving the adoption of the report and accounts, said that the accounts under review marked the first stage of the work on which they had embarked on June 19, 1934, and showed that they had accomplished what the directors had asked the shareholders to hope for. They had brought 316,579 shares of the railway company into the trust and had paid the anticipated 5 per cent. dividend for the first year. It was true that they were able to recommend a further 5 per cent., making 10 per cent. for the year, but that final payment had no part in their programme and was due to the accidental cause mentioned in the report.

They now hoped to commence the second stage of their work, which they would start when they received instalments of return of capital from the railway company, namely, the building up of a sound and progressive portfolio of investment securities, and they would hope to have accomplished the first part of that, or to have made a beginning at least before they met the shareholders again next year. In the meantime they proposed to take steps to enlarge the scope of the trust upon the same foundation by inviting the remaining shareholders of the railway company to join them by exchanging their shares for shares in the trust. The directors strongly recommended that a final offer should be made to the shareholders of the railway company, and they were now considering a proposal which they hoped might commend itself to the present members of the trust and to the potential ones.

Mr T. M. Priestley (managing director) seconded the resolution, which was carried unanimously, and the retiring director (Mr P. R. Chalmers) was re-elected.

ARISTON GOLD MINES (1929) LIMITED

A GREAT BODY OF ORE DEVELOPING

The sixth ordinary general meeting of Ariston Gold Mines (1929) Limited, was held, on the 19th instant, at River Plate House, London.

Mr Francis Allen (the chairman) said that during the year under review development expenditure increased by £87,363, excluding the amount written off. The major portion of this increase was accounted for by a large addition to the ore reserves and the remainder to the extension of the workings on the Anfarjah section of the property, the initial expenditure on the new main shaft and to outside areas. The one great piece of work they had embarked upon during the year was the sinking of the main shaft, which was essential for ultimately dealing with the great body of ore which was steadily developing. They had placed the contract for sinking with the François Cementation Company, and, in addition to sinking the shaft, they were, in fact, also using the Cementation process for shutting off excessive water met with in the course of their sinking. The contract stipulated for sinking a minimum of 130 feet per month, but if the ground proved fairly easy, and with a tempting bonus for anything over 130 feet, it was hoped that it might be more rapid. It was also hoped that by the time they were down 300 feet they would have passed into harder ground, where the necessity for concreting the shaft would no longer exist. Underground development would be pushed to meet the shaft at its lowest point, so that haulage might commence without loss of time.

A further important feature of development was the speeding up of the winding at the north shaft. If their general manager, Mr Dobbs, was right in his views, and they had no reason to doubt him, knowing his ability, the monthly tonnage crush should increase by July next year to 12,000, as against the prevailing 8,000. Such an increased tonnage would add largely to their profit and would substantially lower working costs and bring the profits well over the £100,000 per annum.

He had had the opportunity on the previous day of a talk with Dr. McCann, who had recently paid a visit to the Ariston Mines. Dr. McCann was the consulting geologist to the New Consolidated Gold Fields Company, and he had given a wonderfully re-assuring account of the tremendous body of ore which they had underground at Ariston. His view was that the ore body was so strong that it would continue greatly in depth, and he added that he could see no reason why the mineral values should decrease. He (the chairman) felt justified in saying from all he had heard that when the new shaft was finished Ariston would certainly be one of the greatest mines on the coast and a very profitable one.

They would steadily continue the policy of developing for a large production on completion of their new shaft, and when that was accomplished they could easily see the great future in front of the company, since they were making large profits on crushing 8,000 tons per month, whilst on completion of the shaft they would be crushing 20,000 tons or more with their working costs much lower.

The report and accounts were unanimously adopted.

MALAYAN TIN DREDGING, LIMITED

DIVIDEND OF 45 PER CENT.

The twenty-fourth annual general meeting of Malayan Tin Dredging, Limited, was held, on the 16th instant, in London.

Mr C. V. Stephens, who presided, in the course of his remarks, said:—The company's production was limited under the International Tin Restriction Agreement to an average of 32.05 per cent. of the standard assessment of the year, as compared with an average of 29.6 per cent. for the previous year. The profit for the year, £91,644, when added to the balance brought forward from June, 1934, makes the total credit balance of profit and loss £161,876. The directors recommend payment of a final dividend of 10 per cent., making 45 per cent. in all for the year, and leaving £69,934 to be carried forward.

With regard to the International Tin Restriction Scheme which expires at the end of next year, I sincerely hope that if difficulties arise they will be overcome and that the control scheme will be renewed, because I believe that regulation of production affords the producer the choice between earning a reasonable return on his outlay and of passing through a period of senseless and costly competition. I trust also that a final decision will be reached within the next six months, for, if the scheme is to terminate at the end of next year, it is only right that the producers of Malaya, representing over 1,000 mines, should know the position at the earliest possible date so as to enable them to prepare for the competitive struggle which would follow.

As regards the future, the consumption of tin is better than it has been for a number of years and trade activity in this country and in America continues to expand.

The substantial increase in the domestic quota of Malaya during the last six months from 32 per cent. to 65 per cent., the rate fixed from the commencement of next month, has greatly increased the prospects of your company.

The report and accounts were unanimously adopted.

SOUTHERN MALAYAN TIN DREDGING, LIMITED

IMPROVED RESULTS—INCREASED DIVIDEND

The ninth annual general meeting of Southern Malayan Tin Dredging, Limited, was held, on the 16th instant, in London.

Mr C. V. Stephens (the chairman), who presided, in the course of his remarks said:—The permissible output during the year averaged 32.05 per cent. of assessment. The company's production amounted to 1,161 tons of tin ore, including 124 tons produced under the Buffer Pool scheme. This production compares with 976 tons in the year before. The ore won realised £150,457, and the average price received was £141 8s. 4d. per ton. The sum of £25,296 was paid as royalty to the F.M.S. Government. Expenditure at the mine increased from £37,681 last year to £48,349 in the year under review. The average cost per cubic yard of ground worked decreased from 10.09 cents to 7.76 cents per cubic yard. The accounts show a profit for the year of £88,807.

The directors recommend payment of a final dividend of 2½ per cent., making 22½ per cent. in all for the year and leaving £23,049 to be carried forward.

I consider there is every reason to regard the results achieved on the low permissible output as very satisfactory. The total dividend for the year of 22½ per cent. compares with 20 per cent. for the previous year and with 5 per cent. for the year before.

The effect of the increased quotas has already been shown in the estimated profits since July, which to the end of last month total £83,441, as against £51,356 for the same period last year.

This company is now the owner of one of the finest dredging properties operating in Malaya. With a fair price for the metal and a reasonable production quota we have, I submit, good reason to regard the future success of this company's operations with a substantial degree of confidence.

The report and accounts were unanimously adopted.

THISTLE-ETNA GOLD MINES, LIMITED

PROGRESS OF DEVELOPMENT WORK

The first ordinary general meeting of this company was held, on the 19th instant, at the Institute of Chartered Accountants, London.

Sir G. B. H. Fell, K.C.I.E., C.S.I. (the chairman), said that the programme which they set themselves on the formation of the company was to prove the continuance of the reef beyond the dyke, both in the Etna and the Thistle sections. It would be seen from the report that by the end of September last considerable progress had been made, although that progress was slower than was anticipated. The new incline shaft on the Thistle Mine had been sunk to 351 ft. and had entered the dyke at 298 ft. In the Etna Mine the new incline shaft had been sunk to 282 ft.; in both cases the reef was exposed. On the North Extension of the Etna Mine a strike of 398 ft. had been proved on the first level. The latter discovery was important, because except for a short distance in the middle the strike was on an entirely fresh ore body. The values on the strike so far exposed averaged 12.6 dwts. over a width of 15 in.

The diamond drilling programme which had been carried out proved beyond question that the reefs, both in the Etna and Thistle sections, did continue beyond the dyke, and there were good grounds for anticipating that the values which would be disclosed when they reached that horizon and commenced development would prove to be even higher than those which had been encountered in the course of the development work carried out above the dyke.

As to when the property was likely to reach the stage of production, it was contemplated that the first section of the mill ought to be available for use in May next.

Since the date of the report, No. 1 Winze from the first level of the Etna section had holed into the second level at 61 ft., the values averaging 9.4 dwts. over 23 in. On the Etna North Extension, in the B. Shaft section, values were good. At 50 ft. values were 12.2 dwts. over 34 in. Since September 30th 585 ft. of development on reef had been sampled, of which 190 ft. had proved payable, averaging 10.5 dwts. over 18 in., or 189 in. dwts. The report and accounts were unanimously adopted.

IND COOPE AND ALLSOPP, LIMITED

YEAR OF SATISFACTORY PROGRESS

The twenty-third ordinary general meeting of Ind Coope and Allsopp, Limited, was held, on the 16th instant, in London.

Colonel Sir George L. Courthope, Bt., M.C., M.P. (the chairman), said that the year under review had been one of steady and satisfactory progress. The combined breweries at Burton had been reorganised, and various departmental activities of the two old companies had been fused. The wine and spirit departments had been concentrated in B. Grant and Company, a company which now had a turnover of more than a million a year and was earning satisfactory profits. The number of subsidiary companies, of which there were thirty-four at the time of the amalgamation, had been reduced to twenty.

The trading profit amounted to £567,000, and interest £274,000, and, after charging mortgage and debenture interest, income tax, sinking fund, fees, etc., the net profit was £492,000, which was £59,000 better than the comparable figures of the two companies last year.

The barrellage sold showed a reasonable increase, most of which was sold in bottle. Improving trade of the country was reflected in an increase of profits from the Managed Houses. There was an available balance of £670,000, and the directors proposed that £200,000 be employed in payment of a final dividend on the ordinary stock of 17½ per cent., less tax, making 25 per cent. for the year; that £61,000 be transferred to the Public House Improvement and Licence Reserve, bringing it up to £225,000; that £50,000 be added to the general reserve, which would then stand at £850,000, and that the balance of £359,000 be carried forward.

Last year he spoke at some length about the excessive taxation imposed upon their industry. The burden remained, and the pressing need of its reduction. During the past year the steady recovery of industry and employment justified the expectation of a substantial surplus of revenue over expenditure. The return of the National Government for a second period of office gave them confidence that this recovery would continue. This should render possible further reductions of taxation in the Budgets of the next few years, and they had every reason to press for a share of this reduction for their own industry.

The report and accounts were unanimously adopted.

RHODESIAN CORPORATION, LIMITED

VALUABLE HOLDINGS

The tenth ordinary general meeting of this corporation was held, on the 18th instant, at River Plate House, London.

Captain H. B. Jameson (the chairman) said that their shareholdings stood in their books at £630,881, of which £10,196 represented the cost of unquoted shares. At July 31st last the market value of the quoted shares was in excess of the book value to the extent of over £200,000, and the value at the present time, allowing for sales which had since been made, was considerably higher. The profit for the year was £138,507, and they recommended the payment of a final dividend of 2½ per cent., less income tax, making a total payment of 10 per cent. for the year. Further, profits made during the current year justified them in paying an interim dividend of 5 per cent., less income tax, for the year 1935-36. The warrants for both dividends would be posted on January 31st next.

Coming to their mining interests, the result of the year's working at the Fred Mine had not been quite so good as last year, the profits being £35,153, as against £39,910.

With regard to their shareholdings, the Wanderer Consolidated Gold Mines, in which they had maintained their large shareholding, and had every reason to be satisfied with it, the profits were very encouraging, and last year the dividend was raised to 11½ per cent. They had an important interest also in the Far East Rand, which consisted of large holdings in East Rand Consolidated, Limited, Spaarwater Gold Mining Company, Limited, and West Spaarwater, Limited. East Rand Consolidated had large cash resources and held 35 per cent. of the issued capital of the Spaarwater Gold Mining Company and also a considerable interest in West Spaarwater, Limited. The haulages from the Sub Nigel Mine had been advanced far into the property of the Spaarwater Gold Mining Company.

The company had also participated in the issue of West Spaarwater, Limited. The township of Jameson Park had been established on the Maraisdrift Farm, in the midst of a rapidly developing mining area. Good roads had been made, electric lighting, a good water supply, and complete system of modern sanitation had been installed.

The report was unanimously adopted.

TIMOTHY WHITES AND TAYLORS, LIMITED

INCREASED PROFIT AND DIVIDEND

The seventh ordinary general meeting of Timothy Whites and Taylors, Limited, was held, on the 19th instant, at the Hotel Metropole, London.

Mr Philip E. Hill (the chairman) said:—In view of the changes that have occurred in the capital structure of your company during the past year, our trading profit of £278,146 is not strictly comparable with that of £203,597 for the previous year, but you can and doubtless have compared the dividends which your directors have felt justified in distributing and the fact that we are paying a final dividend of 15 per cent., following an interim dividend of 7½ per cent., making 22½ per cent. for the year, as compared with 17½ per cent. last year, and at the same time are able to increase the amount of our carry-forward from £29,411 to £36,895 indicates that your business during 1935 has made satisfactory headway.

A year ago, in a circular letter dealing with the merger of the Taylor group with your company, I stated that after careful examination of the trading figures there should be an amount of £122,510 available after the payment of interest and dividend on your prior charges. As you will see from the accounts, this proved a conservative estimate, as the amount available is actually £128,176.

A year ago I spoke with confidence as to the outlook for your company after the merger. We have only had six months' trading under the new agreement, as we took over control on April 1, 1935, but it is already evident that the step was a wise one and in the interests of all concerned. You will appreciate that economies arising from a merger of this sort can be considerable, but they take time to effect.

The history of this company has been one of continued progress. The business was started, as you probably know, by the late Timothy White nearly ninety years ago with one shop in Portsmouth. The Taylor companies started also with one shop, opened by the late Mr Mason in Leeds some sixty years ago. To-day, our company is one of the largest multiple concerns in the country, controls 765 branches, of which 172 are double shops dealing with drug and hardware lines, and employs some 10,000 persons.

The report and accounts were unanimously adopted.

LOW TEMPERATURE CARBONISATION, LIMITED

ANNUAL GENERAL MEETING, DECEMBER 13, 1935

POINTS FROM THE SPEECH OF THE CHAIRMAN.
COL. W. A. BRISTOW

The eighteenth annual general meeting of Low Temperature Carbonisation, Limited, was held, on the 13th instant, at Southern House, London, E.C.

Colonel Whiston A. Bristow, M.I.E.E., F.R.Ae.S. (chairman and managing director), presided, and the following are points from his speech:—

1. Profits on trading account, £103,846, increase of £16,560.
2. After writing off sundry non-recurring items and paying debenture interest, it is proposed to pay 3½ per cent., less tax, on the whole of the ordinary share capital of £1,275,000.
3. Cash at bank, on deposit and Government securities total £436,710. In addition, investments in Doncaster Coalite, Limited, £277,825.
4. The company's holding of ordinary shares in Doncaster Coalite, Limited, has been valued at £120,000, and the reserve so created has been utilised for the purpose of reducing the amount representing patents, trade marks, goodwill, etc.
5. The "Coalite" process has been still further improved; also the quality and size of the present "Coalite" fuel. This winter's sales constitute a new record.
6. Twenty-two Royal Air Force squadrons flying on company's coal petrol this year. A number of roadside pumps now being erected for supply to motoring public. Quality and performance acclaimed as remarkable.
7. Diesel oil now being made from coal. Six months' bench and road tests satisfactorily completed. New Diesel oil and chemical plant in course of construction—ready in January.
8. Large consignments of "Coalite" oil being despatched weekly to Imperial Chemical Industries, Limited, Billingham, for conversion into petrol by hydrogenation.
9. Further "Coalite" works expected to be in operation in time for next winter's trade.

A print of the Chairman's full speech will be sent on application to the Low Temperature Carbonisation, Limited, 28 Grosvenor Place, London, S.W.1.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended December 14, 1935, amounted to £9,361,000, against ordinary expenditure of £12,053,000. After allowing for an increase in Exchequer Balances of £95,401 the operations for the week, as shown below, increased the gross National Debt by £3,001,000 to approximately £8,020 millions.*

		(000's omitted)		
2½% Funding Loan	.....	+ 19,487	Treasury Bills	 — 10,056
			Public Department Advances	 — 4,750
			Road Fund Temp. Advances	 — 970
			P.O. and Teleg. Cap. Expenditure	 — 600
			National Savings Certificates	 — 50
			N. Atlantic Shipping Issues	 — 29
			British Shipping Issues	 — 31
		+ 19,487		 — 16,486

* Including £375 millions on Account of Exchange Equalisation Fund and Borrowing or Statutory Sinking Fund.

A complete analysis of the approximate position of the National Debt on September 30, 1935, appeared in the *Economist* for October 5th.

REVENUE	Estimate for the year 1935-36	Total Receipts into the Exchequer			
		April 1, 1935, to Dec. 14, 1935	April 1, 1934, to Dec. 15, 1934	Week ended Dec. 14, 1935	Week ended Dec. 15, 1934
ORDINARY REVENUE					
Inland Revenue					
Income Tax	232,500,000	75,022,000	70,313,000	383,000	538,000
Sur-tax	51,500,000	8,120,000	10,715,000	370,000	410,000
Estate, etc., Duties	80,000,000	60,990,000	57,085,000	1,360,000	1,980,000
Stamps	25,000,000	14,690,000	14,365,000	550,000	590,000
Excess Profits Duty and Corporation Profits Tax	1,700,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	150,000	160,000	...	...
Total Inland Revenue	391,500,000	158,972,000	152,638,000	2,683,000	3,458,000
Customs and Excise—					
Excise	189,570,000	141,378,000	134,310,000	4,193,000	3,915,800
Excise	106,350,000	76,500,000	75,190,000	1,700,000	1,700,000
Total Customs and Excise	295,920,000	217,878,000	209,500,000	5,893,000	5,615,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,593,000	2,035,000	107,000	102,000
Post Office (Net Receipt)	11,850,000	12,050,000	13,100,000	450,000	550,000
Grown Lands	1,330,000	1,000,000	1,010,000	...	...
Receipts from Sundry Loans	3,900,000	3,350,816	3,310,129	13,642	131,118
Miscellaneous Receipts	25,970,000	16,616,874	12,270,018	234,489	73,519
Total Ordinary Revenue	734,470,000	411,460,680	393,863,147	9,361,113	9,929,837
SELF-BALANCING REVENUE					
Post Office	64,070,000	42,850,000	39,550,000	950,000	800,000
Motor Vehicle Duties apportioned to Road Fund	26,230,000	8,954,000	10,422,000	...	...
Total Self-balancing Revenue	90,300,000	51,804,000	49,972,000	950,000	800,000
Total	...	463,264,680	443,835,147	10,311,113	10,729,837

EXPENDITURE	Estimate for the year 1935-36 (including Supplementary Grants)	Total Issues out of the Exchequer to meet Payments			
		April 1, 1935, to Dec. 14, 1935	April 1, 1934, to Dec. 15, 1934	Week ended Dec. 14, 1935	Week ended Dec. 15, 1934
ORDINARY EXPENDITURE					
Interest and Management of National Debt	224,000,000	176,585,988	178,009,288	1,450,645	1,478,361
Payments to Northern Ireland Exchequer	6,750,000	3,686,285	3,840,925	...	...
Other Consolidated Fund Services	3,700,000	2,054,435	2,363,968	1,960	125,000
Post Office Fund	1,130,000	1,126,817	2,291,118	...	...
Total	235,580,000	183,453,525	186,505,299	1,452,605	1,603,361
Total Supply Services (excluding Post Office)	508,440,000	340,755,399	318,401,319	10,800,000	12,900,000
Total Ordinary Expenditure	744,020,000	524,208,924	504,906,618	12,052,605	14,503,361
SELF-BALANCING EXPENDITURE					
Post Office	64,070,000	42,850,000	39,550,000	950,000	800,000
Road Fund	26,230,000	8,954,000	10,422,000	...	...
Total Self-Balancing Expenditure	90,300,000	51,804,000	49,972,000	950,000	800,000
Total	...	576,012,924	554,878,618	13,002,605	15,303,361

The aggregate revenue and expenditure to December 14, 1935, is shown below:—

FINANCIAL YEAR, 1935-36, APRIL 1, 1935, TO DECEMBER 14, 1935 (000's omitted)

Expenditure	524,209	Revenue	411,461
Increase in balances	287	Gross inc. in borrowing	£119,062
		Less	
		Net Sinking Fund*	6,027
		Net borrowing	113,035
	524,496		524,496

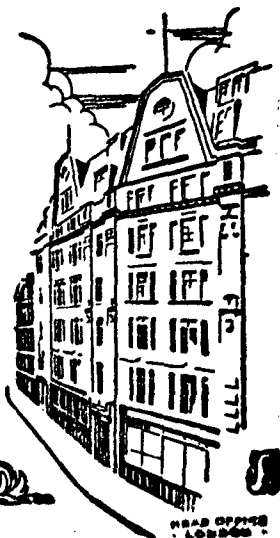
* Authority will be sought in the Finance Bills to meet the amount of the Statutory Sinking Funds in 1935 by borrowing.



The ANGLO-SOUTH AMERICAN BANK Ltd.

117, OLD BROAD ST. LONDON. E.C.2

THE Bank is represented by Branches and Affiliated Institutions throughout Latin America and Spain, and affords complete facilities for the transaction of every description of modern banking business.



POSITION OF THE FLOATING DEBT

	Dec. 15, '34	Mar. 31, '35	Dec. 14, '35	Dec. 14, '35
Ways and Means Advances Outstanding—	£ 8,750,000	£ 8,750,000	£ 8,750,000	£ 8,750,000
Advances by Bank of England	37,700,000	34,060,000	38,850,000	750,000
Advances by Public Departments	888,535,000	799,320,000	898,250,000	10,045,000
Treasury Bills outstanding	934,985,000	833,380,000	937,100,000	14,795,000
Total Floating Debt	1,767,965,000	1,655,510,000	1,767,965,000	25,580,000

* Includes £12,000, the proceeds of which were not carried to the Exchequer within the period of the Account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £45,000,000 Treasury bills were opened on December 13, 1935, and the total amount applied for was £76,980,000. Tenders were accepted for Treasury bills at three months, dated Monday to Saturday at 99 16s. 4d., about 44 per cent., and above in full. The average rate per cent. was 14s. 6-02d. The amount allotted was £45,000,000. The following table shows the weekly record at various dates:—

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
1933				
January 6	45,000,000	73,830,000	45,000,000	0 10 10-84
July 7	45,000,000	83,890,000	45,000,000	0 10 4-85
October 6	45,000,000	100,450,000	45,000,000	0 12 9-98
1934				
January 5	35,000,000	76,260,000	30,000,000	0 18 11-5
April 5	40,000,000	80,390,000	38,000,000	0 17 9-01
July 6	35,000,000	62,745,000	32,000,000	0 16 4-14
October 5	35,000,000	65,260,000	31,500,000	0 15 9-702
1935				
January 4	30,000,000	49,560,000	27,500,000	0 6 1-64
April 5	40,000,000	76,095,000	40,000,000	0 12 4-32
July 5	40,000,000	60,905,000	40,000,000	0 12 8-05
October 4	45,000,000	71,245,000	45,000,000	0 10 9-95
November 15	45,000,000	61,745,000	45,000,000	0 10 9-99
November 22	45,000,000	63,605,000	45,000,000	0 11 9-31
November 29	45,000,000	72,825,000	45,000,000	0 13 1-38
December 6	45,000,000	76,980,000	45,000,000	0 14 6-02

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended November 30, 1935	613,793	460,345
Week ended December 7, 1935	638,483	478,862
February, 1916, to December 7, 1935	1,244,000,134	979,437,938

At the end of October, 1935, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £391,354,189.

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, December 18, 1935

ISSUE DEPARTMENT

Notes Issued:—	Government Debt	£
In Circulation	419,463,533	11,015,100
In Banking Department	40,586,983	246,528,637
		1,103,840
		1,352,423
Amount of Fiduciary Issue	260,000,000	
Gold Coin and Bullion	200,050,516	
		460,050,516

BANKING DEPARTMENT

Proprietors' Capital	£	Government Securities	£
Rest	14,553,000	Other Securities	82,750,001
Public Deposits	3,358,009	Advances	7,173,360
Other Deposits	10,253,959	Securities	£14,180,553
Public Deposits	37,340,532	Notes	21,353,913
Bankers	£79,802,228	Gold and Silver Coin	40,586,983
Other Accounts	£37,340,532		616,831
	117,142,760		
	145,307,728		145,307,728

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

Both Departments	Amount, Dec. 18, 1935	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	419,463,533	+ 8,532,648	+ 17,472,790
Public deposits	10,253,959	+ 3,411,389	+ 1,864,417
Bankers' deposits	79,802,228	+ 14,585,039	+ 10,930,804
Other deposits	37,340,532	+ 136,364	+ 340,058
Total outside liabilities	546,860,252	+ 2,504,693	+ 8,746,661
Capital and rest	17,911,009	+ 8,574	+ 20,317
Government debt and securities	340,293,738	+ 1,291,005	+ 116,450
Discounts and advances	7,173,360	+ 2,906,447	+ 149,097
Other securities	15,284,393	+ 1,284,218	+ 1,997,583
Silver coin in issue department	1,352,423	+ 187,185	+ 1,198,586
Reserves of notes and coin in banking department	200,667,347	+ 604,355	+ 7,994,700
Proportion of reserve to outside liabilities	41,203,814	+ 7,928,293	+ 9,578,090
(a) Banking Department		— 3-1%	— 5-0%
(b) Gold stocks to deposits		+ 0-3%	+ 1-4%

(000's omitted)

Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits		
1935							
Nov. 20	457,188	398,900	21,630	80,941	36,501	731 in	2 1/2
Dec. 7	457,632	401,345	19,707	80,887	36,536	443 in	2 1/2
Dec. 11	458,409	405,567	7,074	103,711	37,537	777 in	2 1/2
Dec. 18	459,409	410,931	6,843	94,387	37,204	1,000 in	2 1/2
	460,051	419,464	10,254	79,802	37,340	641 in	2 1/2

(000's omitted)

Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Govt. Debt and Securities	Other Securities	Govt. Securities	Discounts & Advances	Other Securities		
1935							
Nov. 20	257,300	1,161	198,069	36,4	83,620	59,169	39 1/2
Dec. 7	257,315	1,142	198,439	36,4	85,545	59,169	38 1/2
Dec. 11	257,348	1,113	199,140	35,1	89,417	59,169	38 1/2
Dec. 18	257,372	1,089	200,063	36,1	84,213	59,169	38 1/2
	257,544	1,104	200,667	36,1	82,750	59,169	38 1/2

BANKERS' CLEARING RETURNS

LONDON

(000's omitted)

	Town	Metropolitan	Country	Total
1935				
January 1 to December 4	29,958,328	1,749,065	2,969,759	34,677,099
Week ended December 11	695,995	38,948	76,135	811,078
Week ended December 18	642,668	37,580	67,281	747,529
Total to date, 1935	31,296,989	1,825,593	3,133,175	36,255,757
Total to date, 1934	29,667,682	1,695,906	2,885,002	34,248,590
Increase or decrease in 1935	+ 1,629,307	+ 129,687	+ 248,173	+ 2,007,167
	+ 5-5%	+ 7-7%	+ 8-6%	+ 5-8%
Total for year 1934	30,740,117	1,759,528	2,984,512	35,484,157
Total for year 1935	31,296,989	1,825,593	3,133,175	36,255,757
Increase or decrease in 1934	+ 550,072	+ 66,065	+ 148,663	+ 1,364,812
	+ 1-8%	+ 3-8%	+ 5-0%	+ 3-8%

PROVINCIAL

(000's omitted)

No. of working days:	Week ended December 14		Month of November		Aggregate Totals January 1 to December 14	
	1934	1935	1934	1935	1934	1935
BIRMINGHAM	2,905	2,767	9,887	10,405	+ 5-2	113,059
BRADFORD	745	1,029	3,553	4,282	+ 20-5	42,884
BRISTOL	1,107	1,278	5,166	5,232	+ 1-2	48,484
DUBLIN	4,991	5,541	21,140	21,140	—	58,991
HULL	754	829	3,140	3,687	+ 17-4	258,277
LEEDS	672	678	3,673	4,196	+ 14-2	35,758
LEICESTER	798	844	2,722	3,012	+ 10-6	44,682
LIVERPOOL	6,722	5,824	27,800	25,320	- 8-9	301,657
MANCHESTER	10,042	3,858	42,911	41,030	- 4-4	477,797
NEWCASTLE	1,494	1,349	6,362	5,626	- 11-5	480,089
NOTTINGHAM	455	529	1,952	2,181	+ 11-7	73,517
SHEFFIELD	861	812	3,763	3,765	—	21,751
	31,546	31,339	110,969	108,736	- 2-0	41,394
						2,437

* Restricted area from April 1, 1935.

† Extended area from November 26, 1934.

OVERSEAS BANK RETURNS

NOTE.—The latest return of the Bank of Italy appeared in the Economist for November 9. Egypt, Roumania, in November 30. Federal Reserve Members, Turkey, Danzig, in December 7. International Settlements, N. Zealand, Argentina, Java, Bulgaria, Sweden, Latvia, Lithuania, Norway, Greece, Spain, in December 14.

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

	Dec. 19, 1934	Nov. 28, 1935	Dec. 5, 1935	Dec. 12, 1935	Dec. 19, 1935
RESOURCES					
Gold Certificates on hand and due from the Treasury	5,122,760	7,268,650	7,410,350	7,520,350	7,553,880
Total reserves	5,361,680	7,511,570	7,653,320	7,773,250	7,804,980
Total cash reserves	219,660	227,250	225,440	235,410	233,370
Total bills discounted	8,610	6,030	5,370	6,110	6,820
Bills bought in open market	5,680	4,670	4,670	4,680	4,670
Total bills on hand	14,290	10,700	10,040	10,790	11,590
Industrial advances	12,490	32,630	32,390	32,790	32,700
Total U.S. Govt. securities	2,430,170	2,430,180	2,430,180	2,430,170	2,430,170
Total bills and securities	2,456,950	2,473,700	2,472,800	2,473,930	2,474,840
Total resources	8,490,510	10,630,790	10,782,290	10,917,340	11,046,380
LIABILITIES					
Federal Reserve notes in actual circulation	3,231,860	3,626,780	3,648,240	3,653,740	3,668,390
Aggregate of excess member-bank reserves over requirements	26,750	3,060,000	3,180,000	3,310,000	2,710,000
Deposits—Member-bank	3,943,120	5,788,990	5,905,110	6,089,610	6,089,610
Reserve account	232,260	53,770	42,670	42,670	42,670
Government deposits	4,360,290	6,124,330	6,231,230	6,343,550	6,343,550
Total deposits	290,230	298,790	298,790	298,790	298,790
Capital paid in and surplus	8,490,510	10,630,790	10,782,290	10,917,340	11,046,380
Ratio of total reserves to deposit and F.R. note liabilities combined	70-6%	77-0%	77-5%	77-8%	77-7%
U.S.F.R. BANKS AND TREASURY COMBINED					
Monetary Gold Stock	...	9,874,000	10,009,000	10,068,000	10,068,000
Treasury and National Bank Currency	...	2,421,000	2,442,000	2,447,000	2,458,000
LIABILITIES					
Money in Circulation	...	5,820,000	5,843,000	5,841,000	5,902,000
Treasury Cash and Deposit with Federal Reserve Banks	...	2,625,000	2,626,000	2,558,000	3,161,000

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

	Dec. 19, 1934	Nov. 28, 1935	Dec. 5, 1935	Dec. 12, 1935	Dec. 19, 1935
Total gold reserves	1,756,080	3,098,950	3,238,420	3,260,470	3,225,850
Total bills discounted	5,540	3,470	3,350	3,400	4,330
Bills bought in open market	2,650	1,800	1,800	1,800	1,790
Total U.S. Govt. securities	777,750	741,820	741,820	741,820	741,820
Total bills and securities	786,090	754,810	754,720	755,500	755,710
Deposits—Member-bank—					
reserve account	1,591,360	2,777,840	2,908,420	2,946,820	2,544,900
Ratio of total res. to dep. and Federal Res. note liabilities combined	71-9%	82-0%	82-9%	82-9%	82-6%

AUSTRALIAN COMMONWEALTH BANK.—In £'s (000's omitted)

	Nov. 11, 1935	Nov. 18, 1935	Nov. 25, 1935	Dec. 2, 1935	Dec. 9, 1935	Dec. 16, 1935
ASSETS						
Gold and English sterling	15,994	15,994	15,994	15,994	15,994	15,994
Other coin, bullion and cash	5,522	5,513	5,346	5,509	5,160	5,179
Money at short call—London	15,738	16,862	16,875	15,543	15,079	15,927
Conversion funds in London	8,312	8,037	7,937	6,103	4,263	4,934
Short-term loans	70,128	70,128	70,128	70,128	71,454	72,450
Securities	6,908	6,962	7,186	7,228	7,470	7,327
LIABILITIES						
Discounts and advances	6,908	6,962	7,186	7,228	7,470	7,327
Notes issued	47,044	47,044	47,044	47,295	47,295	48,795
Reserve premium on gold	3,896	3,896	3,896	3,896	3,896	3,896
Deposits	68,110	69,275	69,301	66,072	69,577	65,221

BANK OF CANADA.—In \$'s (000's omitted)

	Nov. 20, 1935	Nov. 27, 1935	Dec. 4, 1935	Dec. 11, 1935
ASSETS				
Reserve, of which:	190,929	195,577	191,544	194,219
Gold coin and bullion	181,366	181,268	181,409	181,354
Advances to Dominion Government	2,223	2,222	2,224	2,223
Dominion Government securities	117,004	117,318	120,579	118,425
LIABILITIES				
Note circulation	96,127	93,444	94,696	92,538
Deposits:—				
Dominion Government	26,552	31,731	28,003	31,290
Chartered banks	183,347	184,716	189,513	186,587
Ratio of reserves to notes and deposit liabilities	62·2·2%	62·9·1%	61·1·2%	62·3·3%

BANK OF FINLAND.—In F. Marks (000's omitted)					
Assets	Dec. 8, 1934	Nov. 15, 1934	Nov. 23, 1934	Nov. 30, 1934	Dec. 7, 1934
Gold	322,545	464,474	468,639	468,807	467,974
Balance abroad and foreign bills	1,452,515	1,332,892	1,316,349	1,316,349	1,308,628
Finland and foreign bonds	695,388	805,950	800,116	808,537	792,470
LIABILITIES					
Notes in circulation	1,260,941	1,277,326	1,240,800	1,319,389	1,347,021
Deposits at notice	324,999	636,181	643,493	543,130	525,260

BANK OF JAPAN.—In yen (000's omitted)					
Assets	Nov. 24, 1934	Nov. 2, 1935	Nov. 9, 1935	Nov. 16, 1935	Nov. 23, 1935
Gold coin and bullion	463,838	495,775	497,425	497,944	498,601
Other coin and bullion	50,688	45,741	45,412	47,231	49,274
Discounts	592,427	749,048	653,288	622,275	635,525
Advances	94,424	141,596	143,746	144,475	145,351
Advances on foreign bills	134,786	154,148	149,484	146,188	164,587
Government bonds	322,505	451,643	450,805	438,903	437,263
LIABILITIES					
Notes	1,185,676	1,362,314	1,220,203	1,202,606	1,270,544
Government deposits	258,193	418,248	480,917	469,908	459,318
Other deposits	53,273	63,639	53,862	51,523	47,427

MONEY AND EXCHANGE RATES

LONDON MONEY RATES

	Dec. 12, 1935	Dec. 13, 1935	Dec. 14, 1935	Dec. 15, 1935	Dec. 16, 1935	Dec. 17, 1935	Dec. 18, 1935	Dec. 19, 1935
Bank rate (changed from 2½% June 30, 1932)	2½	2½	2½	2½	2½	2½	2½	2½
Market rates of discount—								
60 days' bankers' drafts	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
3 months' do.	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
4 months' do.	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
6 months' do.	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Discount Treasury	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
2 months' do.	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
3 months' do.	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Loans—Day-to-day	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Short	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Deposit allowances: Bank	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Discount houses at call	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
At notice	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½

Comparison with previous week—

	Short	Loans	3 Months	4 Months	6 Months	3 Months	4 Months	6 Months
1935								
Nov. 21	1½	1½	1½	1½	1½	1½	1½	1½
Dec. 5	1½	1½	1½	1½	1½	1½	1½	1½
Dec. 12	1½	1½	1½	1½	1½	1½	1½	1½
Dec. 19	1½	1½	1½	1½	1½	1½	1½	1½

LONDON RATES OF EXCHANGE

I.—Spot Rates (Range of the day's business)

London on	Par of Exch. per £	Dec. 13, 1935	Dec. 14, 1935	Dec. 15, 1935	Dec. 16, 1935	Dec. 17, 1935	Dec. 18, 1935	Dec. 19, 1935
New York	4.84	4.92-4.93	4.92-4.93	4.92-4.93	4.92-4.93	4.92-4.93	4.92-4.93	4.92-4.93
Metropol, S	4.86	4.961-981	4.96-98	4.96-97	4.96-97	4.97-98	4.97-97	4.97-97
Paris, Fr.	(24.21)	74 1/8	74 1/8	74 1/8	74 1/8	74 1/8	74 1/8	74 1/8
Brussels, Bel	5.00(40)	29-20 1/4	29-17 1/23	29-23 1/23	29-23 1/23	29-23 1/23	29-23 1/23	29-23 1/23
Milan, It.	92 4/4	61-07 1/2	61-07 1/2	61-07 1/2	61-12 1/2	61-12 1/2	61-12 1/2	61-12 1/2
Zurich, Fr.	25 2/24	15-17-20	15-17-21	15-17-20	15-17-20	15-17-20	15-17-20	15-17-20
Athens, Gr.	375	519	520	520	520	519	519	519
Hong Kong, M.	193 23	2263-2273	2263-2273	2263-2273	2263-2273	2263-2273	2263-2273	2263-2273
Manila, P.	25 2/24	35 1/8-36	35 1/8-36	35 1/8-36	35 1/8-36	35 1/8-36	35 1/8-36	35 1/8-36
Ladison, E	(110)	109-110 1/2	109-110 1/2	109-110 1/2	109-110 1/2	109-110 1/2	109-110 1/2	109-110 1/2
Amst. d'Or	12 107	7-26 1/28	7-26 1/28	7-26 1/28	7-26 1/28	7-26 1/28	7-26 1/28	7-26 1/28
Berlin, Mk	10 43	12-22-27	12-23-26	12-23-26	12-23-26	12-23-26	12-23-26	12-23-26
Ragades								
Vienna, Sol	(4.5)	45-50	44-49	45-50	45-50	46-51	46-51	46-51
B'pest Pse	27-2	163 1/2	163 1/2	163 1/2	163 1/2	163 1/2	163 1/2	163 1/2
Prague, Ck	1104 1/4	118 1/2	118 1/2	118 1/2	118 1/2	118 1/2	118 1/2	118 1/2
Cz Danzig, G	45-06	25-26 1/2	25 1/8-26	25 1/8-26	25 1/8-26	25 1/8-26	25 1/8-26	25 1/8-26
Warsaw, Zi	18 3/8	25-26 1/2	25-26 1/2	26-26 1/2	26-26 1/2	26-26 1/2	26-26 1/2	26-26 1/2
Riga, Lat.	35-2	14-15 1/8	14-15 1/8	14-15 1/8	14-15 1/8	14-15 1/8	14-15 1/8	14-15 1/8
Buchart's, Le	413-6	665 1/2	665 1/2	665 1/2	665 1/2	665 1/2	665 1/2	665 1/2
Const'ple, Pa	110	612 1/2	612 1/2	614 1/2	614 1/2	614 1/2	614 1/2	614 1/2
Belgrade, Du	6 3/2	211-221	212-222	212-222	212-222	212-222	212-222	212-222
Kovno, Lit	8 66	283-291	287-291	288-291	288-291	288-291	288-291	288-291
Sofia, Lev.	6 3/8	383-415	385-415	385-415	385-415	385-415	385-415	385-415
Tallinn, E, K	18 15/8	178-183	178-183	178-183	178-183	178-183	178-183	178-183
Oslo, Kr.	18 15/8	19-35-95	19-35-95	19-35-95	19-35-95	19-35-95	19-35-95	19-35-95
St'holm, Ki	18 15/8	19-35-95	19-35-95	19-35-95	19-35-95	19-35-95	19-35-95	19-35-95
Cop'h'gen, A	18 15/8	22-35-45	22-35-45	22-35-45	22-35-45	22-35-45	22-35-45	22-35-45
Alor, d'Or, P	97 1/2	97 1/2	97 1/2	97 1/2	97 1/2	97 1/2	97 1/2	97 1/2
Bombay, Rup.	180	18 1/8	18 1/8	18 1/8	18 1/8	18 1/8	18 1/8	18 1/8
Calcutta, Ru	180	18 1/8	18 1/8	18 1/8	18 1/8	18 1/8	18 1/8	18 1/8
Madras, Rup	181	15-16	15-16	15-16	15-16	15-16	15-16	15-16
Hong Kong, S	181	13 1/2	13 1/2	13 1/2	13 1/2	13 1/2	13 1/2	13 1/2
Kobe, Yen	24-05 1/2	13 1/2	13 1/2	13 1/2	13 1/2	13 1/2	13 1/2	13 1/2
Singapore, S	250	28-28 1/2	28-28 1/2	28-28 1/2	28-28 1/2	28-28 1/2	28-28 1/2	28-28 1/2
Batavia, F	12 11	7-22-25	7-22-25	7-22-25	7-22-25	7-22-25	7-22-25	7-22-25
Rio, Mil.	15 894 d	21-21 1/2	21-21 1/2	21-21 1/2	21-21 1/2	21-21 1/2	21-21 1/2	21-21 1/2
B. Aires, \$	11-46	18-10-10	17-10-10	18-10-10	18-10-10	18-10-10	18-10-10	18-10-10
Valparaiso, \$	50	17-02 1/2	17-02 1/2	17-02 1/2	17-02 1/2	17-02 1/2	17-02 1/2	17-02 1/2
M'video, \$	41d	124e	124e	124e	125e	125e	125e	125e
Lima, Sol.	17-58	211-222	211-222	211-222	211-222	211-222	211-222	211-222
Mexico, Pes	9 78	39 1/2	39 1/2	39 1/2	39 1/2	39 1/2	39 1/2	39 1/2
Manila, Pes	17-18	19-65	19-65	19-65	19-65	19-65	19-65	19-65
Moscow, Rub	24 1/8	171-181	171-181	171-181	171-181	171-181	171-181	171-181
Moscow, Rub	9-458	24 1/8	24 1/8	24 1/8	24 1/8	24 1/8	24 1/8	24 1/8
Buenos, Ri	5-67	5-67 1/2	5-67 1/2	5-67 1/2	5-67 1/2	5-67 1/2	5-67 1/2	5-67 1/2
Buenos, Ri	5-67	69 1/2	69 1/2	69 1/2	69 1/2	69 1/2	69 1/2	69 1/2
Buenos, Ri	5-67	22-22 1/2	22-22 1/2	22-22 1/2	22-22 1/2	22-22 1/2	22-22 1/2	22-22 1/2

COMPANY NEWS

DIVIDEND ANNOUNCEMENTS

Name of Company	Rate % per Annum, except where marked % or Stated in Cash			Dividend for Whole Years	
	Interim or Final	Date of Payment	Interim or Final Comparison with Last Year	Latest Year	Previous Year
TEA AND RUBBER					
Bogawantalawa Tea	3%*	Dec. 21	4%*	...	...
Boribheel Tea	7 1/2%*	Dec. 21	5%*	...	...
Bordubi Tea	5%*	Dec. 20	Nil*	...	...
Borelli Tea	5%*	Dec. 20	Nil*	...	...
Chandapore Tea	5%*	Jan. 14	Same	...	...
Dhendai Tea	5%*	Dec. 19	Nil*	...	...
Ellawatte Ceylon Tea	2%*	Dec. 18	Nil*	...	...
Hong Kong (Selangor) Rubber	10%*	Dec. 30	7 1/2%*	...	...
Jokai (Assam) Tea	2 1/2%*	Jan. 11	Nil*	...	...
Koomsong Tea	2 1/2%*	Dec. 31	Nil*	...	...
Langen (Java) Rubber	Nil	...	...	5	5
Lungia (Sylhet) Tea (6% Pref.)	2%*	Jan. 15	Same	...	...
Mazdehee Tea	2%*	Dec. 20	2 1/2%*	...	...
Moran Tea	3%*	Dec. 30	4%*	...	...
Noyapara Tea	5%*	...	7 1/2%*	...	...
Romai Tea	5%*	...	...	...	...
MINING					
Cape Coast Exploration (11)	1/6 p.s.	...	...	...	...
De Beers Consolidated Mines (2 1/2) (Pref.)	10/- p.s.	...	(Half year to June 30, 1931)	...	...
East Geduld	4/6 p.s.	Jan. 31	4/3 p.s.	...	...
Geduld Proprietary	7/3 p.s.	Jan. 31	7/- p.s.	...	...
Kinta Kellars Tin	2 1/2%*	Jan. 3	...	...	...
Kramat Tin	10%*	Dec. 31	...	...	...
London Nigerian Tin	5%*	Jan. 15	Same	12	12
Do.	5%*	Jan. 15	4%*	...	...
Modder Deep (5/-)	2/- p.s.	Jan. 31	3/- p.s.	...	...
Mount Morgan	9d. p.s.	Jan. 10	6d. p.s.	...	...
Naraguta Tin	3 1/2%*	Jan. 21	...	...	...
Natal Navigation Collieries	2 1/2%*	...	Same	...	...
New Kleinfontein	1/- p.s.	Jan. 30	...	...	...
Rezenes Mines	6d. p.s.	...	Same	...	...
South Crofty	3d. p.s.	Jan. 25	Same	...	...
South Kalguri Consolidated	20%*	Jan. 25	Same	...	...
Witwatersrand Deep	1/9 p.s.	Jan. 30	...	...	...
OTHER COMPANIES					
Armstrong Shock Absorbers	5%*	...	First	...	...
Associated Newspapers (Def.) (5/-)	4d. p.s.	Jan. 16	Same	...	...
Beecham's Pills (Deferred)	12 1/2%*	Jan. 15	7 1/2%*	...	...
Berry, Wiggins and Co.	5%*	Jan. 21	Same	10	10
British American Tobacco	18d. p.s.	Jan. 17	Same	20 1/2	20 1/2
Do.	10d. p.s.	Jan. 17	Same	...	...
British Drug House (Pref.)	1 1/2%*	Dec. 31	Same	...	...
Bull's Metal, etc.	7%*	Dec. 21	6%*	23	18
Cameron (J. W.) and Co.	...	...	First	7 1/2	...
Cannon Iron Foundries	16%*	...	Same	10 1/2	11 1/2
Colombo Commercial	3 1/2%*	Dec. 18	2 1/2%*	...	...
Cork Manufacturing	4%*	...	...	...	...
Dundee, Perth & London Shipping	6%*	Jan. 9	Same	...	...
Forton Trust	6%*	...	Same	...	...
Greene, King and Sons	5%*	...	Same	8	8 1/2
Hallamsbury Coal Supplies	3 1/2%*	...	...	...	...
Hardy's Crown Brewery	2 1/2%*	Dec. 31	...	...	...
Ideal Building, &c. 5 1/2% Pref.	5%*	Dec. 31	Same	...	...
Kelly's Directories	2 1/2%*	Jan. 1	Same	...	...
Leeds Shipping	3%*	Jan. 1	Same	...	...
Lisbon Electric Tramways	2%*	Feb. 1	Same	...	...
London County Properties	3%*	Dec. 14	Same	...	...
London Labourers' Dwellings	3 1/2%*	...	Same	11	11
Mills and Rockley Pref. Ord.	3 1/2%*	...	Same	...	...
Do. Pref. Ord.	2 1/2%*	...	Same	...	...
Montreal Light, etc.	38 cts. p.s.	Jan. 31	Same	...	...
North British Cold Storage	10%*	Jan. 10	...	...	...
Peters Ord. (Bonus)	18 1/2%*	Jan. 10	(2 1/2 years)	...	...
Do. 7 1/2% Cum. Preference	5%*	Jan. 1	Same	...	...
Powe (Hector)	...	...	(Paid to end of 1931)	7 1/2	...
Rego Clothiers (7 1/2% Pref.)	...	...	...	...	...
Roberts (J. F. and H.)	6 1/2%*	...	Same	10	10
St. Martins le Grand Property	2 1/2%*	Jan. 1	2%*	...	...
Sangers	8 1/2%*	Jan. 31	Same	...	...
Scottish Consolidated Trust	...	...	...	1 1/2	Nil
Second Scottish Eastern Trust (Def)	2 1/2%*	...	...	2	Nil
Sheepbridge Coal and Iron	15%*	...	11%*	...	...
Smith (D.) and Sons	15%*	...	12 1/2%*	25	22 1/2
South British Investment	2%*	Jan. 1	Same	...	...
Trust Houses	2 1/2%*	...	Nil*	...	...
Union Castle Mail 4 1/2% Pref.	2 1/2%*	Jan. 1	...	...	...
Do. 6% "A" Pref.	3%*	Jan. 1	...	...	...
United Kingdom Tobacco	4%*	Dec. 18	Nil*	...	...
United River Plate Telephone	2%*	Dec. 31	Same	...	...
Victoria Falls and Transvaal Pow. Ord.	4%*	Jan. 15	Same	...	...
Waddington (John)	7%*	Jan. 15	Same	...	...
Pref.	2 1/2%*	Dec. 17	Same	...	...
White (A. J.)	5%*	Jan. 1	Same	...	...
Wrigley (Wm.), Jnr.	50 cents	Jan. 2	...	...	...
Yorkshire Dyeware, etc.	2 1/2%*	Jan. 1	Same	...	...

† Free of income tax.

AGAR CROSS AND COMPANY.—Directors state that as results for year to June 30th last show a loss, no dividend would be payable on ordinary or on either class of preferred shares. Half-year's interest on 5 1/2 per cent. debenture stock will be paid as usual on December 31st.

AIRE WOOL COMPANY, LTD.—The first dividend on 6 per cent. cumulative preference shares in respect of half-year from July 1, 1935, will be paid on January 1, 1936. The shares in respect of half-year will be closed from December 23rd to 31st, inclusive.

BARCLAYS BANK LIMITED.—The transfer books of the company will be closed from January 1st to January 23rd next, both days inclusive. Shareholders will be entitled to the dividend in respect of the shares registered in their names in the books of the company at the close of business on December 31st.

BLEACHERS' ASSOCIATION.—No interim dividend will be paid on 5 1/2 per cent. preference stock. It has been paid to June 30, 1935.

BULGARIAN 7 PER CENT LOAN.—The trustees of the Kingdom of Bulgaria 7 per cent. Settlement Loan, 1926, have received from the Government sufficient sums to provide for a payment of 15 per cent. of the interest coupon due January 1, 1936, and they are arranging for the coupon to be paid at this rate.

BULOLO GOLD DREDGING, LTD. (Incorporated in British Columbia).—With reference to the announcement dated October 29, 1935, of the declaration of a dividend of \$1.40 (Canadian), the rate of exchange on December 10, 1935, was \$4.98 to the £.

The gross amount of the dividend is 5s. 7.47d. per share, less Canadian income tax of 5 per cent. (1s. in £) and United Kingdom income tax at 3s. 6d. in the £, 1s. 3.18d. per share, and the net dividend payable to United Kingdom shareholders is 4s. 4.29d. per share.

CITY OF MONTEVIDEO 6 PER CENT. LOAN, 1889.—Baring Brothers and Company, Ltd., announce that the municipality have remitted the necessary funds to provide for the payment of the interest due December 1, 1935, on the bonds of the above-mentioned loan, in accordance with the Decree of the Uruguayan Government dated December 13, 1935.

CREDIT FONCIER D'ALGERIE ET DE TUNISIE.—An interim dividend of Francs 16.50 net per share has been declared, payable on or after January 1, 1936, against coupon No. 56. This dividend is in respect of the bank's year ending December 31, 1935, and is the same as was declared last year.

CUNARD STEAMSHIP.—Payment of dividends deferred on 5 per cent. cumulative preference stock and 6 per cent. second cumulative preference stock due January 1, 1935. These dividends have been paid to June 30, 1935.

FIRST BRITISH FIXED TRUST.—Municipal and General Securities Company announces that the payment on First British Fixed Trust coupon No. 9, which matured on December 15, will be 8d. per sub-unit, free of tax. The certificate of Messrs Price, Waterhouse and Company, dated December 10th, shows that they compute the dividend payable to be 466 1/8s. 7.52d. per unit (= 8.03176d. per sub-unit), composed of cash dividends and bonuses (less income tax). A balance of 0.03176d. per sub-unit is to be carried forward to the next distribution.

INVESTORS GENERAL FIXED TRUST.—Investors Specialised Fixed Trusts, Ltd., managers of Investors General Fixed Trust, announce that a distribution amounting to 4.73 pence net per sub-unit (after deduction of income tax) has been made to certificate holders of record November 7, 1935.

MARCONI'S WIRELESS TELEGRAPH COMPANY, LTD.—A dividend for the year 1935 at the rate of 7 per cent. will be payable on and after January 1, 1936, on 7 per cent. cumulative participating preference shares, to shareholders registered on books at December 31, 1935, and to holders of share warrants to bearer.

MIDLAND BANK LIMITED.—The transfer books of the company will be closed on December 24, 1935, for that day only, for the preparation of the dividend payable on February 1, 1936.

AMERICAN RAILROADS
MONTHLY GROSS AND NET RECEIPTS

Company	Months	Ending	Description	Receipts for Month Ended Oct. 31, 1935, compared with Month of Oct., 1934	Aggregate Ten Months, 1935, compared with Ten Months, 1934
Atlantic Coast Line	10	Oct. 31	Gross	2,368,079 + 237,541	32,837,534 - 209,984
			Net	340,708 + 224,727	1,972,191 - 1,504,276
Atchafalaya	10	Oct. 31	Gross	13,760,119 + 224,727	111,138,988 + 3,156,254
			Net	2,341,269 + 845,876	12,393,721 - 1,575,710
Baltimore and Ohio	10	Oct. 31	Gross	13,832,493 + 2,846,904	118,104,063 + 3,396,878
			Net	3,088,975 + 1,089,302	20,432,609 + 1,263,380
Boston & Maine	10	Oct. 31	Gross	3,906,825 + 318,627	36,285,587 + 968,491
			Net	672,362 - 43,591	4,995,338 + 87,215
Central of New Jersey	10	Oct. 31	Gross	2,585,079 + 78,742	24,672,906 + 326,761
			Net	121,891 - 158,193	2,170,695 - 527,894
Chesapeake and Ohio	10	Oct. 31	Gross	11,748,714 + 1,961,355	93,888,745 + 1,704,436
			Net	4,152,477 + 1,397,068	24,567,343 + 1,109,442
Chicago and N. Western	10	Oct. 31	Gross	7,768,456 + 404,205	64,394,363 - 447,659
			Net	1,059,225 + 16,106	2,191,547 - 2,426,817
Chicago, Burlington, and Quincy	10	Oct. 31	Gross	8,963,724 + 876,828	67,964,889 + 595,305
			Net	2,115,455 + 185,231	5,992,422 - 4,444,040
Chicago Great Western	10	Oct. 31	Gross	9,850,138 + 1,315,663	76,416,544 + 2,215,890
			Net	1,634,230 + 2,616,645	2,376,175 - 3,457,682
Chicago, Mil. and St. Paul	10	Oct. 31	Gross	6,461,260 + 280,697	55,679,333 - 1,295,882
			Net	556,513 + 56,050	7,719,333 - 2,535,847
Chicago, Rock Island, and Gulf	10	Oct. 31	Gross	1,601,256 + 72,532	12,870,364 - 182,711
			Net	252,214 + 94,626	574,040 - 441,688
Delaware and Hudson	9	Sept. 30	Gross	1,987,505 + 200,139	17,199,800 - 380,521
			Net	180,027 + 190,037	1,167,960 + 12,832
Delaware, Lac. and Western	10	Oct. 31	Gross	3,952,798 + 168,568	37,143,648 - 422,358
			Net	563,753 + 106,109	2,564,589 - 1,424,153
Denver & Rio Grande W.	10	Oct. 31	Gross	2,640,969 + 313,090	17,061,851 + 1,110,268
			Net	743,331 + 276,084	1,459,921 - 526,677
Erie Railroad	10	Oct. 31	Gross	7,503,893 + 778,128	62,480,315 - 1,441,973
			Net	2,039,217 + 748,456	10,632,445 - 636,090
Great Northern	10	Oct. 31	Gross	11,090,541 + 3,007,090	69,157,800 + 9,325,652
			Net	5,184,394 + 2,393,626	20,150,836 + 8,487,172
Illinois Central	10	Oct. 31	Gross	9,718,858 + 1,470,344	80,446,066 + 4,651,558
			Net	1,923,703 + 729,845	9,448,769 - 1,379,093
International Gt. Northern	9	Sept. 30	Gross	933,780 - 164,431	8,530,639 - 962,277
			Net	21,141 - 128,046	73,435 - 73,435
Lehigh Valley	10	Oct. 31	Gross	3,601,256 + 83,004	35,590,632 + 2,141,413
			Net	719,271 - 36,377	3,882,733 - 312,386
Long Island Railroad	9	Sept. 30	Gross	2,062,027 + 12,746	18,137,859 - 358,542
			Net	98,863 - 173,982	613,221 - 1,118,649
Louisville and Nashville	10	Oct. 31	Gross	7,195,017 + 1,107,536	61,962,782 + 3,713,833
			Net	1,468,684 + 256,111	11,033,740 + 560,790
Min. St. Paul and Sault	10	Oct. 31	Gross	2,749,584 + 601,585	19,880,326 + 976,819
			Net	707,414 + 342,815	1,344,716 + 262,178
Missouri, Kansas & Texas	10	Oct. 31	Gross	2,887,855 + 611,127	22,355,215 + 17,980
			Net	378,264 + 550,321	Dr. 2,795,238 - 756,119
Missouri Pacific	10	Oct. 31	Gross	7,404,623 + 633,259	61,593,364 - 745,972
			Net	976,270 + 432,173	4,076,923 - 1,838,613
New York Central	10	Oct. 31	Gross	28,792,066 + 3,589,172	25,483,798 + 7,029,303
			Net	4,772,545 + 2,349,588	4,772,545 + 2,349,588
N. York, Chic. and St. Louis	9	Sept. 30	Gross	3,016,979 + 330,931	24,865,175 - 312,054
			Net	721,752 + 329,319	4,470,175 + 107,870
N. York, New Haven and Hartford	10	Oct. 31	Gross	6,472,746 + 639,946	58,749,767 + 829,969
			Net	830,590 + 422,969	6,973,763 + 2,262,638
Norfolk and Western	10	Oct. 31	Gross	7,748,209 + 1,280,327	63,555,860 + 2,582,178
			Net	3,506,317 + 1,423,061	26,363,286 + 1,841,853
Pennsylvania Railroad	10	Oct. 31	Gross	6,303,167 + 1,183,889	44,829,457 + 1,313,700
			Net	1,961,032 + 1,002,069	5,234,486 - 1,088,372
Pere Marquette Rail.	10	Oct. 31	Gross	34,570,625 + 4,838,184	304,169,705 + 139,885,77
			Net	7,768,366 + 953,329	57,472,083 + 3,741,644
Reading Co.	10	Oct. 31	Gross	2,966,937 + 1,029,653	23,141,569 + 2,364,686
			Net	802,625 + 758,139	3,904,881 + 1,167,188
Seaboard Air Line	10	Oct. 31	Gross	4,717,556 + 451,933	42,654,934 - 1,879,849
			Net	1,398,038 + 330,785	9,953,410 - 849,368
Southern Pacific	10	Oct. 31	Gross	2,867,741 + 257,547	27,973,166 - 166,371
			Net	67,190 + 107,858	1,289,948 + 15,364
Southern Rail. way	10	Oct. 31	Gross	16,661,508 + 2,411,896	135,022,897 + 9,432,228
			Net	3,510,687 + 1,327,890	15,508,785 + 1,841,853
St. Louis-San Francisco	10	Oct. 31	Gross	7,889,716 + 1,029,003	68,191,002 + 2,850,542
			Net	1,850,066 + 819,234	10,948,411 - 1,161,788
Texas & Pacific	10	Oct. 31	Gross	4,171,842 + 433,107	35,159,852 - 460,245
			Net	494,391 + 329,547	872,734 - 1,599,65

ASSOCIATED GAS AND WATER UNDERTAKINGS, LIMITED.—The directors of Associated Gas and Water Undertakings, Ltd., announce that the company has acquired the controlling interest in the East Surrey Gas Company.

PASS AND JOYCE, LTD.—The directors have cancelled the special meetings of the preference and ordinary shareholders and the extraordinary general meeting pending further consideration of the proposals for reorganisation of the capital of the company. Meetings will be called shortly at which revised proposals will be submitted.

BAIRD'S REVISED SCHEME.—The number of proxy votes cast in favour of the scheme by "A" ordinary shareholders is 1,753,240, not one vote being cast against it. The voting by deferred ordinary shareholders was: In favour of the scheme, 809,831; against, 1,355.

SILVER AND STEELCRAFTS.—We understand the Committee of the Stock Exchange on December 18th rejected the application for permission to deal in 160,000 6 per cent. cumulative preference shares of 10s. each fully paid, numbers 1 to 160,000, and 180,000 ordinary shares of 5s. each fully paid, numbers 1 to 180,000, in Silver and Steelcrafts, Ltd.

BRITISH PLASTER BOARD MERGER.—A pending merger with a well-known plaster manufacturing concern is announced by British Plaster Board, Ltd. A circular to the shareholders says that a provisional agreement has been entered into with the object

of acquiring the whole or not less than 90 per cent. of the share capital of Cafferata and Company, Ltd. The agreement, it is pointed out, is by way of amalgamation, the shareholders of Cafferata and Company accepting ordinary and preference shares and a cash payment in exchange for their shares. For the purposes of the acquisition it is proposed to increase the authorised capital from £850,000 to £1,000,000. The directors say that they think it advisable to have a number of unissued shares in reserve for future developments. Meeting at noon at Liverpool on December 23rd.

COUNCIL OF FOREIGN BONDHOLDERS (LORD BESSBOROUGH ELECTED PRESIDENT).—At the court of the Council of the Corporation of Foreign Bondholders, held on December 12th, the Rt. Hon. the Earl of Bessborough was elected president, in the place of Mr Cecil Lubbock, who had expressed his wish to retire from that office, as from January 1, 1936.

THE MEXICAN DEBT.—No decision regarding the Mexican external debt service can yet be taken, according to a statement issued by the British Committee of Mexican Bondholders. The experts appointed to study the external debt problem have not yet completed their task. The Mexican Government has confirmed that provision will be made in the 1936 Budget for payment of sums to British and other European creditors who are holders of agreed claims against Mexico for damages resulting from the revolution.

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

The general level of commodity prices has shown little change over the past week, a rise on some markets being offset by a fall on others. The obscurity of the political outlook and uncertainty regarding the Washington Government's silver policy have had a depressing influence in certain directions. On the other hand, grains and oilseeds have been buoyed up by the decision of the Argentine Government to raise the official prices at which it will purchase wheat and linseed from the farmers. This decision, which is further discussed in a Note of the Week, was responsible for a sharp advance on world wheat markets, Liverpool December futures rising by about 7d. a cental on the week. The rise in linseed amounts to about £1 ros. per ton.

The position on the coal markets continues stringent, and prices have been raised this week. Iron and steel are also in active demand, and makers of semis are showing reluctance to increase their forward commitments. On the other hand, copper, lead and spelter have again declined in price, mainly on account of nervous selling in connection with the disturbance of the silver market. In the case of copper, the technical position has improved in consequence of the weeding out of the bull account, and the market may be expected to display greater firmness when consumers' demand becomes more active. Tin remains scarce and is again dearer. The gradual improvement in rubber prices has continued under the influence of a steady trade demand, but further liquidation has produced a renewed fall in cotton. Other textiles—with the exception of wool—are generally easier.

Among foodstuffs, prices of provisions have been firmer than of late, while meat, eggs and potatoes are dearer. Quotations for tea continue firm, and sugar and coffee are maintained at recent rates.

In the United States, as in this country, prices have been "marking time." The tendency is reflected in Moody's daily index of staple commodity prices, which stood at 164.0 (December 31, 1931 = 100) on Wednesday last, against 164.2 a week earlier, 167.0 a month ago, and 151.4 on the corresponding day last year.

COAL

SHEFFIELD.—The inland demand for coal last week was very heavy. Production was increased but it did not equal requirements and the export market has been brought almost to a standstill through lack of supplies. Prices have been advanced a shilling or two shillings all round, including coke. Should the threatened stoppage be avoided there will be a very quiet spell in the coal industry.

Quotations (nominal): Yorkshire Association steams, 18s. 6d. to 19s.; screened gas coal, 16s. 6d. to 18s.; washed steam smalls, 13s. 9d. to 14s. 3d.; Derbyshire steams, 18s. to 18s. 6d. (f.o.b.); best Yorkshire house, 23s. to 25s.; best Derbyshire house, 22s. to 24s.; rough slacks, 11s. to 12s. (all at pits); blast-furnace coke, 16s. (at ovens).

NEWCASTLE-ON-TYNE.—All classes of Northumberland and Durham coal continue firm and are scarce for the next few weeks. Northumberland steam collieries have a steady trade with the

Scandinavian countries, and demand from the English coast has been much greater, as home consumers have been accumulating stocks in case of trouble in the coalfields. Shipment figures from the port of Blyth, the principal outlet for this coal, are at a record. Shipments of Durham coal from the Tyne are less than a year ago, but production is at a good level, as much more coal is required to meet the local industrial demand.

Current f.o.b. prices for export: NORTHUMBERLAND.—D.C.B. screened, 16s.; smalls, 13s. 6d.; Howards, Bentinck, Newbiggin screened, 15s. 6d.; smalls, 13s. 6d.; Tyne Prime large, 14s. 6d.; smalls, 13s.; Hartley Main, large, 14s. 9d.; smalls, 13s. 6d. DURHAM.—Lambton/South Hetton screened steam, 16s. 6d.; smalls, 14s.; Wear Special Gas, 15s. 6d.; Holmside, Ryhope, Boldon unscreened gas, 15s.; second-class gas, 14s.; coking, unscreened and/or smalls, 14s.; Prime unscreened bunkers, 16s.; second-class unscreened bunkers, 15s.; Prime foundry coke, 22s.

GLASGOW.—The increase of 500,000 tons in the quota for home supply has not, as yet, greatly eased the conditions of stringency. Demand remains keen, and, as regards industrial fuel in particular, not satisfied in many cases except after considerable delay. House coal maintains recent strength. Business is very quiet in the export branch, with the collieries fully booked into next month. Even contract requirements are not always readily available. The effect is seen in a further reduction in weekly shipments, those for the period to December 14th being unusually meagre for this season at 198,000 tons.

CARDIFF.—Shipments of coal have been exceptionally active at the South Wales ports during the past few days. Total exports in the foreign and coastwise trades last week amounted to 431,500 tons, compared with 387,000 tons the previous week, and 382,818 tons in the corresponding week last year; but it is probable that the returns for the current week will establish a record volume for the current year. All classes have shared in the increased demand and for some of the sized and small classes quotations have further hardened. On Monday the owners decided to raise inland prices by 2s. per ton for supplies to public-utility authorities; by 1s. 8d. per ton for house coal; and by 1s. per ton for industrial coal, in order to meet the demand for an increase in wages. The higher prices came into operation on Tuesday for current deliveries, and as from January 1st in the case of contracts which receivers have agreed to revise. These higher prices, however, do not affect more than about 40 per cent. of the output, even assuming that they are agreed to by all contractors. On the basis of the recent earnings of the industry they cannot by themselves enable the owners to improve wages by more than 1s. per shift. The industry has still to face the problem how far it can raise export prices. It is reported that the Admiralty have placed orders for 250,000 tons for delivery over the next three months and that an Italian firm has bought 50,000 tons on a cash basis for delivery over the next twelve months.

Current approximate quotations: Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 3d.; best drys, 18s. 9d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams (washed), 13s. to 13s. 6d.; second steams, 12s. 6d. to 13s.; coking smalls, 13s. 6d. to 14s.; anthracite, best large, 36s. to 40s.; Red Vein, large, 22s. to 27s.; machine-made cobbles, 35s. to 51s.; French nuts, 35s. to 51s.; stove nuts, 34s. to 50s.; rubbly culm, 10s. 6d. to 12s.; special foundry coke, 37s. 6d. to 40s.; patent fuel (Crown), 21s.; pitwood, ex ship, 24s. 3d. French, Portuguese 22s. 6d.

WORKINGTON.—The coal trade is booming, and on top of the advance in the price of house coal by 3s. 4d. comes this week one of 2s. on the price of round coal for shipment to Ireland. Much of the liveliness is accounted for by the fact that, with the Whitehaven collieries idle, production is 10,000 tons weekly short of the normal level. As there is not enough coal to go round, owners are concentrating on local landsale, their most remunerative

market, and are restricting Irish shipments to between 2,000 tons and 3,000 tons weekly. Even so, it is difficult to satisfy the demand for industrial fuel, and though the Whitehaven ovens are not working, the coking plants are short of smalls. Iron smelters, deprived of Whitehaven's coke output of 2,000 tons per week, are compelled to import that quantity from the East Coast. Prices are very firm. Best round is 23s. 6d.; washed doubles, 22s.; washed singles, 21s., all f.o.b.; smalls, 15s. 6d.; best house coal, 35s. 8d.; house nuts, 34s. at station; gas coal, 27s.; local coke, 15s. 6d. to 16s. 6d. per ton.

IRON AND STEEL

LONDON.—The volume of new business has contracted with the approach of the holidays, but there has been a fair amount of inquiry for delivery early in the New Year, says the official report of the London Iron and Steel Exchange. The pressure to obtain deliveries against contracts, however, has not been relaxed, and most works are operating at a high rate of capacity in order to meet customers' requirements. Business in pig iron has been on a limited scale, but heavy contract deliveries have been made, and will continue until the commencement of the holidays. Most consuming industries will enter the New Year with a large reserve of orders, and active buying is expected early in 1936. Uncertainty regarding the price position has led some consumers to offer business for far forward delivery; but producers have shown little inclination to extend their commitments. In the semi-finished steel department works are operating at capacity, and are unable to keep abreast of demand. The requirements of consuming industries appear to be expanding, and it is difficult to place orders for near delivery. In the finished steel section heavy deliveries are being made, and there has been a fair amount of new business on offer. The general tendency however, has been to postpone fresh purchases until the New Year. The demand from overseas continues quiet, but the volume of inquiry indicates the possibility of some improvement in this direction.

MIDDLESBROUGH.—The strength of the iron and steel market here is fully maintained, and, whilst actual transactions may be fewer, this is explained by the fact that makers are well sold and that production of pig iron is being fully absorbed. Buyers of pig iron are anxious to place contracts for further ahead but makers are now adopting a cautious attitude in view of the increase in prices of raw materials. The feeling is that the production of pig iron in this area will have to be increased early in the New Year, but that this will be restricted to some extent by the shortage of coke. Prices of pig iron are unaltered, No. 3 Cleveland foundry pig iron being quoted at 70s. per ton and No. 1 East Coast Hematite iron at 71s. per ton delivered in the Middlesbrough area. Shipments of all classes of pig iron from the Tees during the first seventeen days of December amounted to 5,263 tons, as compared with 6,468 tons during the same period in November. Despite the heavy home demand, parcels of 500 tons have been shipped to Denmark and 250 tons to Sweden during the past week.

Steelmakers continue very busy, the demand for semi-manufactured material being strong. Whilst some of the rolling mills will be idle for two days during Christmas week, the holidays will, generally speaking, be shorter than for some years past. Foreign ore for prompt shipment commands higher prices, chiefly owing to the freight position. Good Durham blast-furnace coke is now firm at not less than 21s. 6d. per ton delivered at the furnaces. Heavy steel melting scrap has become so scarce that buyers are now offering 55s. per ton, delivered at the works here.

SHEFFIELD.—No seasonal slackening of activity is to be found at present. Order books are still well filled and the mills and forges serving the finished industries are running up to full capacity. The decision at numerous works to take a full week's holiday next week is influenced by the necessity of overhauling plant and also by the inconvenience of lighting up fires for only a few days. New Year prospects are described as favourable. Exports, however, instead of expanding, have shown a reactionary tendency during the last quarter of the year. Over the eleven months, however, exports of iron and steel show a gain of 100,000 tons. But the total does not equal half the tonnage of pre-war years. Machinery and electrical goods make a good showing in the November returns. Tools and cutlery in overseas markets are holding their recent advance. As regards iron and steel products, there are gains in exports to Empire markets, while trade with foreign countries has declined rather sharply. Russia continues to take considerable quantities of ferro-tungsten for manufacturing high-speed and other alloy steels, but her purchases of British steel are still declining. Steel business with Scandinavian countries is not quite so brisk as it has been most of the present year. The market for steel scrap continues firm, notwithstanding large imports. Business in the silver electro-plate branches is unsatisfactory; there has been very little seasonal trade this year.

GLASGOW.—Conditions show little change. Steel makers and makers of semis are all working to capacity; practically all have several months' work still on hand and are finding difficulty in meeting the many demands for prompt delivery. While sheet makers are not able to keep all the existing plant in operation, a large proportion of the mills are running to capacity and output is being rapidly absorbed—mainly by home users. The export business remains quiet. The position as regards Clyde ship-building still improves, the most important announcement made this week being that Messrs Harland and Wolff have secured an order for a 9,000-ton cargo motorship from the Donaldson Line, Ltd., Glasgow. The vessel will be built at Govan. Practically all branches of the industry in the Glasgow and Clyde districts are busy. It was decided on Wednesday to advance the price of sheets by 5s. per ton, for both home and export purposes.

CARDIFF.—Business in the tinplate trade has been a little more active during the past week. Prices are unaltered, but sales are stated to have been more numerous both for the inland and export purposes, and it is expected that the ban on supplies to certain overseas countries will be removed early in the New Year. Galvanised steel sheets continue very quiet, and quotations for sheets as well as for bars are unchanged. Shipments of tinplates at Swansea last week totalled 88,399 boxes, compared with 72,592 in the corresponding week last year, but stocks have dropped to 57,051 boxes, as against 138,914 boxes a year ago.

WORKINGTON.—The year closes with business in the North-West Coast hematite pig-iron market as active as in any of the busy months since early autumn. Makers are more heavily sold than even during the early post-war boom. Their only trouble is to obtain a production adequate to satisfy local needs, which represent 60 per cent., and those of the Midlands, South Wales, Scotland and the Continent, representing the remaining 40 per cent. of the make. But the position will be considerably relieved when, with the relighting in January of the big furnace at Workington, the relining of which has been completed, another 3,000 tons weekly will be available. Consumers are still buying forward and are pressing hard for delivery. The anticipated rise in prices has not yet taken place and Bessemer mixed numbers therefore remain at £3 15s. per ton at Glasgow; £4 1s. at Manchester; £4 4s. 6d. at Birmingham; and £4 6s. at Sheffield, with an extra 2s. 6d. to 5s. per ton for special brands. Malleable iron is in lively Midland request at £5 15s., and refined iron is also a sharp trade. The entire output of ferro-manganese at Workington is being readily sold at from £10 15s. to £11 5s. per ton home. Steelmakers are not booked quite as far ahead as iron makers but they have plenty of orders on their books to keep them engaged for another six months. Workington is rolling rails, billets, bars and slabs and Barrow rails, hoops and strips. The output of native hematite ore is no more than sufficient for the smelters of the district and is to be enlarged next year. The ore is quoted at from 13s. 6d. to 14s. 6d. per ton.

OTHER METALS

COPPER.—The market closed on Wednesday with a net loss of 8s. 9d. per ton on the week, although prices recovered from the lowest point of £34 7s. 6d., reached on Tuesday. The decline was mainly due to liquidation of certain speculative holdings—under the influence of the silver crisis and the uncertain political outlook. Consumers also continued to buy with reserve. With the reduction in the bull account, the technical position of the market has, however, improved; moreover, consumers' stocks will certainly need replenishing after the close of the year, when industrial activity should show a seasonal expansion. The outlook is therefore good—especially in view of the decline in world stocks; the decline is stated to have amounted to as much as 20,300 tons during November, the unofficial statistics putting stocks at 374,000 tons at the end of last month. Price expectations should not be too bullish, however; for the Rhodesian producers do not favour excessive prices, and American exports continue large. United States exports amounted to 221,495 short tons in the first ten months of this year, against 218,729 short tons in the corresponding period of 1934—when the total was already twice as large as in 1933. Moreover, Canada's output is on a high level and advices from Chile speak of heavy production in that country.

Sales on the London Metal Exchange: 2,650 tons on Monday against 2,425 tons last week; 3,750 tons on Tuesday, against 1,275 tons last week; 1,400 tons on Wednesday, against 1,325 tons last week. Domestic spot was quoted at 8.42½ cents per lb. in New York on Wednesday, against 8.52½ cents a week ago and 8.60 cents a month ago. Wednesday's official closing price for

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36 Charlotte St.

NEW YORK



Bank of London
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BRADFORD
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Incl. 1842
Affiliated to Lloyds Bank Ltd.

**Bank of London
&
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Limited**

**6, 7 & 8 Tokenhouse Yard,
London, E.C.2**

Branches in
**ARGENTINA — BRAZIL
COLOMBIA — CHILE
PARAGUAY — URUGUAY
PORTUGAL**

standard cash in London was £34 13s. 9d. to £34 15s., compared with £35 2s. 6d. to £35 3s. 9d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 77,073 tons, show an increase of 496 tons, while stocks of rough copper, at 10,364 tons, show a decrease of 69 tons on the week.

LEAD AND SELLER.—Although there were no outstanding features in the lead and spelter markets during the past week, both metals eased slightly under the influence of the general economic and political situation. World spelter production, according to the Metallgesellschaft, rose during October by over 5,300 metric tons to 115,597 metric tons. The daily rate of production in that month—3,729 tons—was the highest yet recorded since the onset of the depression. Contrary to the recent trend, lead production also rose sharply during October—according to the Metallgesellschaft—to 120,775 metric tons, against only 105,427 metric tons a month earlier. The movement was mainly due to the resumption of work in Mexico and to a jump in United States output. Minor increases were, however, also recorded in Canada, Rhodesia, Australia and Spain.

Sales of lead on the London Metal Exchange: 1,050 tons on Monday, against 600 tons last week; 900 tons on Tuesday, against 850 tons last week; 1,000 tons on Wednesday, against 1,800 tons last week. The New York quotation on Wednesday was 4.50 cents per lb., against 4.50 cents a week ago and 4.50 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £16 15s. per ton, compared with £16 17s. 6d. a week ago.

Sales of spelter on the London Metal Exchange: 550 tons on Monday, against 400 tons last week; 1,050 tons on Tuesday, against 350 tons last week; 750 tons on Wednesday, against 1,700 tons last week. Wednesday's quotation in East St. Louis was 4.85 cents per lb., against 4.85 cents the week before and 4.85 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £14 18s. 9d. per ton, against £15 2s. 6d. last week.

TIN.—Supplies are still very scarce and, although the market closed on Wednesday below the week's best, a gain of £1 15s. per ton was recorded in the cash price and of £2 7s. 6d. in the three-months' quotation. Activity in American consuming industries is again on the increase and European buyers are also anxious to secure some supplies. Rumours regarding difficulties in connection with the quotas of the Belgian Congo and Siam had no significant influence on the market, since there is little fear concerning the general renewal of the restriction scheme.

Sales of tin on the London Metal Exchange: 175 tons on Monday, against 150 tons last week; 240 tons on Tuesday, against 275 tons last week; 485 tons on Wednesday, against 330 tons last week. The New York quotation on Wednesday was 49.37½ cents per lb., against 49.75 cents a week ago and 51.00 cents a month ago. Wednesday's official closing quotation in London for standard cash was £220 15s. to £221 per ton, compared with £219 to £219 10s. last week. Stocks of tin in London and Liverpool at the end of last week totalled 800 tons, a decrease of 141 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted at £100 per ton. Nickel, for home and export, at £200 to £205 per ton, remains unchanged. Quicksilver, on the spot, was quoted at £12 17s. 6d. to £13 per flask of 76 lbs., the same as last week. Chinese antimony was again quoted at £67 to £68 per ton ex warehouse, duty paid. Chinese wolfram for November-December shipment was quoted at 34s. 6d. to 35s. 6d. per unit, c.i.f., the same as last week. Platinum (refined) was quoted at £7 17s. 6d. per ounce, the same as last week.

TEXTILES

COTTON.—Manchester. —The market has been unsettled, partly on account of the decline in raw cotton prices and partly owing to the important developments relating to the Hoare-Laval peace proposals. Naturally, there is a good deal of nervousness as to what may happen during the next few weeks. Immediately after the publication of the United States Government statistics on the cotton crop, the New York and Liverpool markets had to meet heavy selling, and it is quite evident that the "long" interest factor has been the silver situation, and there is now increased nervousness as to the future of the processing tax and the Bankhead Act. The slump in Egyptian Sakel illustrates the highly speculative character of that market. Some operators have had to meet substantial losses as the decline from the top figure is about 1d. per lb.

COTTON PRICES

	1935				Corresponding Date	
	Nov. 27	Dec. 4	Dec. 11	Dec. 18	1933	1934
Raw Cotton—Mid. American per lb.	d. 6-73	d. 6-68	d. 6-57	d. 6-41	d. 5-24	d. 7-11
Sakellaris Fully Good Fair per lb.	10-44	10-23	9-82	9-52	7-29	8-91
Egyptian per lb.	10½	10½	10½	10½	9½	10½
Yarns—32's twist per lb.	11	11	11	10½	16½	16½
" 40's twist per lb.	11	11	11	10½	16½	16½
" 60's twist (Egyptian) per lb.	17	17	16½	16½	16½	16½
32-in. Printers 116 yds., 16 by 16, 32's and 50's per lb.	s. d. 18 1½	s. d. 18 1½	s. d. 18 1½	s. d. 18 1½	s. d. 17 3	s. d. 18 4½
36-in. Shirtings, 75 yds., 19 b. 9, 32's and 40's per lb.	25 1½	25 1½	25 1½	24 10½	21 3	24 0
38-in. ditto, 38 yds., 18 by 16, 10 lb.	10 6	10 6	10 6	10 4	10 6	10 9
39-in. ditto, 37½ yds., 16 by 15, 8½ lb.	9 7½	9 6	9 6	9 4½	9 4	9 8

It has been an unsatisfactory week for manufacturers of piece goods. No increased activity can be recorded for India, owing to uncertainty regarding the import duties, but some moderate lines have been booked in fancies and specialties, chiefly for Bombay, Karachi and the up-country markets. Some makers have done rather better for the Dominions and the Crown Colonies, there being business in dress fabrics for Australia, sheetings for South Africa and shirtings and coloured goods for West Africa. Some fine cloths have been booked for Scandinavia and Switzerland, while contracts have been arranged in satens for South America. Home trade purchases have been on a restricted scale. The movement is not yet pronounced, but there are signs of looms in some districts running out of work. The yarn market has been generally slow with more irregularity in quotations. Coarse American counts are firmly held, but very little has been done in medium and fine numbers. Contracts worth mentioning in Egyptian descriptions have been in few hands.

COTTON YARN PRICE FIXING.—Although there is still a considerable amount of price-cutting in the yarn section, spinners of coarse American counts have had an agreement on a legal basis for about 15 months, and the movement has achieved success. The Committee has now secured additional support from four more mills; out of 39 mills eligible for membership the legal document has now been signed by the directors of 37 companies. The arrangement has been strongly supported by Mr Frank Platt, the managing director of the Lancashire Cotton Corporation, Ltd., and the minimum prices have not only prevented losses, but have enabled the mills to improve their margins. The original agreement was for 18 months and will come up for renewal in February next, but there seems no doubt but that it will be continued.

JUTE.—Dundee. —There is little fresh business, but spinners and manufacturers are busy with orders and are able to adhere firmly to their prices. In the circumstances, buyers could not be expected to purchase for forward delivery and are awaiting the outcome of events in Calcutta, where the Indian Jute Mills' Association is endeavouring to bring about an agreement with non-members to co-operate in the matter of working hours. The non-member mills in some cases are working 108 hours per week, while the associated mills are working only 40 hours per week, in order to keep supply within the limits of demand. The Mills' Association has threatened that, unless the non-member mills agree by December 31st to curtail their output, all the mills in the Association will increase their production by working 54 hours per week after March 31st next. All are therefore anxiously awaiting further developments, for if the associated mills are forced to declare "war" against their competitors, the enormous increase in production of jute goods would be bound to have a depressing influence on the market.

Prices of raw jute have wavered around recent limits, and for Daisee-2/3 £20 5s. is named for the full group and £20 10s. for good single marks, Shiva being sold at the price on Tuesday, with Daisee-4 at from £18 15s., and Tossa-2/3 at from £21 7s. 6d. and fours at £20 7s. 6d. to £20 10s., December-January. Good First Marks are offered at £23 15s. and Lightnings at from £21 17s. 6d. for Gouti, while Heart Ram is quoted at £20 10s. and Walat £20 5s., December-January. Jute yarns are still very firmly held at 2s. 3d. for common 8-lb. cops and 2s. 4d. for 8-lb. spools, though there is little business to test these rates. Twist is now generally named at 4d., though 3½d. could be done for 3-ply 8-lb., and sacking yarn spinners are very busy, and experiencing a fair demand at 2½d. for 24-lb. welt and 3½d. to 3½d. for 8-lb. chains. Rove is very firm at £20 10s. to £21 for 48-lb. and £16 10s. for 200-lb., and the finer yarns and carpet descriptions are meeting with some little demand at firm rates. The cloth market is quiet, but manufacturers are extremely busy, so much so that they can scarcely cope with deliveries against specifications. Prices remain firm at from 2½d. for 10-oz. 40-in. and 2½d. for 8-oz. Linoleum hessians are firm, but there is little new business, while a very good demand is forthcoming for heavy goods.

GRAIN MARKETS

WHEAT.—The event of the week was the announcement by the Argentine Government, on Friday last, of a sharp increase in its official buying price from 5.75 to 10 pesos per quintal. The announcement, which is further discussed in a Note of the Week, was responsible for a substantial advance on the principal wheat markets of the world. Thus, December wheat rose from 5s. 11d. per cental in Liverpool on Thursday, December 12th, to 6s. 6½d. at the close on Wednesday. It is now clear that Argentine exports to Europe will be on a small scale during the present season. Demand for Australian has been very active this week.

According to the *Corn Trade News*, total arrivals of wheat and flour at principal ports of Europe during the past week were 1,311,000 quarters, against 1,268,000 quarters in the preceding week. On Wednesday last, "December" futures were quoted in Chicago at 101½ cents per bushel, against 95½ cents the week before and 96½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 36s. 3d. per 496 lbs., against 35s. a week ago; No. 2 Northern Manitoba, ex ship, 35s. 3d., against 33s. 9d. a week ago.

FLOUR.—Prices have advanced this week in sympathy with the sharp rise in wheat. Shipments from North America in the past week totalled 109,000 sacks, as against 76,000 in the previous week. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered country, 29s. 6d. per 280 lbs., against 29s. a week ago; delivered London, 28s. 6d. as compared with 28s. a week ago. Manitoba patents, ex store, 28s. 3d. to 30s. 3d., against 27s. to 29s. a week ago. Australian ex store, 22s. 6d. to 23s., against 21s. 9d. to 22s. 3d. a week ago.

BARLEY.—Some advance in quotations has been witnessed this week. "December" futures were quoted at 34½ cents per bushel in Winnipeg on Wednesday, against 32½ cents last week and 33½ cents a month ago. Quotations per 448 lbs. in London on Wednesday were: "English feed" (new) at farm 22s. 6d. to 24s., as against 22s. 6d. to 24s. last week; "English malting" (new) at farm, 30s. to 54s., against 30s. to 54s. a week ago.

OATS.—On Wednesday, "December" futures were quoted at 26½ cents per bushel in Chicago, against 25½ cents a week ago and 27 cents last month. Quotations in London, Wednesday: "English Black" (old), at farm, 22s. per 336 lbs., against 22s. a week ago; "English White" (old), at farm, 22s., against 22s. last week.

WHEAT.—The upward spurt in Chicago, following the announcement of the Argentine Government regarding its buying price for wheat, was not held, and prices closed on Wednesday showing a loss on the week. London quotations are, however, above those ruling a week ago. "December" futures were quoted on Wednesday at 57½ cents per bushel in Chicago, against 58½ cents a week ago and 60½ cents last month. Quotations in London, Wednesday: "Plate," landed, 18s. 6d. per 480 lbs., compared with 17s. 6d. a week ago; "Plate," ex ship (new), 17s. 6d., as against 16s. 6d. a week ago; "Plate," December, 17s. 6d., against 16s. 7½d. a week ago. Yellow maize meal, ex wharf, was quoted at £4 15s. to £5 per ton, against £4 17s. 6d. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sale of home-grown wheat during the harvest years 1932-33 to 1935-36:—

	1932-1933	1933-1934	1934-1935	1935-1936
Estimated sales of home-grown wheat—				
1 week to December 14.....	Cwts. 262,930	Cwts. 263,443	Cwts. 349,100	Cwts. 352,153
15 weeks to December 14.....	4,220,130	4,888,999	6,443,015	6,547,555
Average price of English wheat per cwt.	s. d. 5 3	s. d. 4 6	s. d. 4 11	s. d. 5 9

The following is a statement showing the quantities sold and the average price of British corn in the past two weeks, and for the corresponding week in each of the years from 1931 to 1934:—

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
Dec. 12, 1931.....	Cwts. 82,018	Cwts. 363,143	Cwts. 52,183	s. d. 6 5	s. d. 8 6	s. d. 7 2
Dec. 17, 1932.....	262,930	364,045	41,099	5 3	7 0	5 8
Dec. 16, 1933.....	263,443	350,648	41,519	4 6	9 2	5 4
Dec. 15, 1934.....	349,100	263,989	47,901	4 11	8 4	6 8
Dec. 7, 1935.....	318,377	367,864	35,421	5 8	8 3	5 11
Dec. 14, 1935.....	352,153	325,391	32,911	5 9	8 2	5 10

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations for selected weeks in 1935, with comparative figures for 1934.

NEAREST FUTURE	Jan. 4, 1933	Jan. 3, 1934	Dec. 13, 1934	Jan. 2, 1935	Dec. 11, 1935	Dec. 18, 1935
Winnipeg (No. 1, Manitoba) —Cents per 60 lb.	46½	65½	77½	82½	83½	85½
Chicago (No. 2 Winter) —Cents per 60 lb.	46½	84½	97½	98½	95½	101½

The visible supply of wheat in Canada amounts to 141,623,000 bushels, against 141,684,000 bushels last week and 123,470,000 bushels in the corresponding week of last year.

OTHER FOODS

BACON.—Bacon has been in steady demand this week and the market has had an active tone. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 78s. to 83s.; Canadian, 72s.; Danish, 82s., as against 78s. to 83s., 72s. and 82s., respectively, a week ago. Arrivals in London last week included Danish, 14,251 bales; Canadian, 3,385; Dutch, 2,660; Lithuanian, 1,688; Polish, 2,740; against 13,111, 8,474, 2,024, 1,975 and 2,167 bales, respectively, in the previous week.

BUTTER.—The market ruled steady this week at about previous rates. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 87s. to 88s.; Australian, choicest salted, 86s. to 87s.; Danish, 127s. to 128s.; compared with 86s. to 87s., 86s. and 127s. to 128s., respectively, last week.

CHEESE.—A firm tendency has been displayed this week, with Australian and New Zealand descriptions recording a rise. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, finest farmers', 74s. to 80s.; Canadian, finest coloured (new), 56s. to 60s.; New Zealand, finest coloured, 59s., as against 74s. to 80s., 56s. to 60s. and 55s., respectively, last week.

COCOA.—The "spot" quotation in New York on Wednesday was 5½ cents per lb., as against 5½ cents per lb. last week. The London market in Accras has been rather quiet this week. On Wednesday last, good fermented new crop, "December-February," was quoted 22s. 6d. per 250 kilos. c.i.f. Continent, against 22s. 7½d. last week. Last week's movements of cocoa in London were as follows: Landed, 3,913 bags; delivered, for home consumption,

11,179 bags; exported, nil; stocks, 110,705 bags, against 143,904 bags a year ago.

COFFEE.—Although the tone of the New York market has been rather dull, spot quotations are unchanged. The market in London has been quiet and prices show an easier tendency. In New York on Wednesday, Rio No. 7 (cash) was quoted at 6½ cents per lb., as compared with 6½ cents per lb. last week and 6½ cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 44 cwt.; delivered for home consumption, 28 cwt.; exported, nil; stocks, 12,154 cwt., against 27,856 bags a year ago. Central and other South American, landed, 929 cwt.; delivered, for home consumption, 4,601 cwt.; exported, 1,346 cwt.; stocks, 65,893 cwt., against 72,899 packages last year. Other kinds, landed, 2,120 cwt.; delivered, for home consumption, 5,751 cwt.; exported, 491 cwt.; stocks, 102,013 cwt., against 70,537 packages last year.

EGGS.—With rather short supplies and an active demand, the Tooley Street Market was firm on Monday. At Smithfield Market on Wednesday, English (ordinary packing, Grade I, about 15-15½ lb.) realised 20s. to 21s. per 120, against 19s. to 20s. a week earlier, while Danish (15½ lb.) made 16s. 6d. to 17s. per 120, against 16s. to 16s. 6d. last week.

FRUIT.—According to *The Fruitegrower*, business last week at Covent Garden was steady, but showed no exceptional seasonal activity. Home supplies of apples were very limited and, with a steady demand, Cox's hardened slightly, while American varieties showed little change. Pears were less in demand, but prices were unchanged. Hothouse grapes met a better inquiry, with firm quotations for black and with white inclined dearer. Nuts were a moderate trade at steady prices, except for a decline in walnuts. Oranges were in fairly brisk demand. Supplies from South Africa were limited, and those from Brazil were of poor quality; but arrivals of good quality oranges from Spain sold at fair rates. Lemons were easier. Grape fruit were a slow trade, with heavy stocks.

MEAT.—Demand for beef at Smithfield Market has been good, and chilled hinds have risen in price. Trade in other descriptions has been very fair at about late rates. On Wednesday last, Argentine was chilled hindquarters were quoted at 4s. to 4s. 8d. per 8 lbs., as compared with 3s. 10d. to 4s. 2d. last week. New Zealand frozen mutton was 3s. 4d. to 4s. per 8 lbs., against 3s. 4d. to 4s. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 10,265 tons, an increase of 79 tons on the corresponding week last year. Beef and veal accounted for 5,066 tons, mutton and lamb 2,820 tons, and pork and bacon 1,150 tons, as compared with 4,985, 2,604 and 1,165 tons, respectively, in the same week of 1934.

MILK.—Information relative to the operation of the Milk Marketing Scheme during November, as issued by the Milk Marketing Board, is given in the following table, together with comparable statistics for earlier months:—

	Nov., 1934	Aug., 1935	Sept., 1935	Oct., 1935	Nov., 1935
Regional pool prices* (per gallon)	d.	d.	d.	d.	d.
Northern	14	10	12½	13½	13½
North-Western	14	10	12½	13½	13½
Eastern	14½	10½	13	13½	13½
East Midland	14	10	13	13½	13½
West Midland	13	9½	12½	13	13
North Wales	13½	10	12½	13½	13½
South Wales	14	10½	12½	13½	13½
Southern	14½	10½	13	13½	13½
Mid-Western	13	9½	12½	13	13
Far Western	13	9½	12½	13	13
South-Eastern	14½	10½	13½	14	14
Liquid milk price (per gallon, all regions)	16	13	16	17	17
Manufacturing price (per gallon, average)	6-27	5-73	5-54	6-222	5-804
Total sales under contract	60-28	70-65	66-06	68-56	64-85
For liquid consumption	44-38	45-03	46-01	47-27	45-59
For manufacturing	15-90	25-62	20-05	21-29	19-26

* On account to the nearest farthing.

Accredited producers receive 1d. per gallon in addition to the above prices. Premiums for level deliveries, and for Grade "A" or special services, are paid to the producers concerned in addition to the pool price. Transport charges are payable by individual producers and are deducted from accounts.

PEPPER.—Progress continues to be made with the task of liquidating the surplus stocks of white pepper, and imports of this commodity have practically ceased. Meanwhile, demand for black pepper remains quiet. Wednesday's spot price for Lampong (in bond) was 3½d. per lb., against 3½d. last week. Movements of pepper in London during the past week were as follows: Black, landed, 3 tons; delivered, 9 tons; stocks, 1,512 tons, against 745 tons a year ago. White, landed, nil; delivered, 96 tons; stocks, 13,900 tons, against 12,654 tons a year ago.

RICE.—The spot price of Burma No. 2, cleaned, was 9s. 7½d. per cwt. ex warehouse on Wednesday, as compared with 9s. 7½d. per cwt. a week ago. New crop, January-February, in singles to Continent and U.K. was quoted at 7s. 4½d. per cwt., against 7s. 6d. per cwt. last week. Movements in London during the past week were as follows: Landed, 55 tons; delivered, 292 tons; stocks, 5,252 tons, against 2,513 tons a year ago.

SUGAR.—In New York, spot sugar remains steady at unchanged rates. The London market continues quiet but steady. The spot price in New York on Wednesday was 3-10 cents per lb., as compared with 3-10 cents per lb. last week and 3-40 cents per lb. a month ago. Wednesday's sales of raw sugar in London included

OVERSEAS TRADE RETURNS

IMPORTS (Value C.I.F.)

	Month ended November 30		Eleven Months ended November 30	
	1934	1935	1934	1935
I.—Food, Drink and Tobacco—				
A. Grain and Flour	5,325,673	5,853,827	49,497,569	51,090,501
B. Feeding-stuffs for Animals	970,715	773,138	6,600,514	6,988,210
C. Animals, Living, for Food	660,445	699,586	4,803,263	5,002,802
D. Meat	6,248,472	5,760,049	71,040,673	71,040,673
E. Dairy Produce	4,210,590	4,826,189	32,931,198	36,246,131
F. Fresh Fruit and Vegetables	2,591,033	3,110,129	39,960,075	38,236,720
G. Beverages and Cocoa Preparations	3,859,474	4,201,483	44,695,437	45,246,269
H. Other Food	5,915,723	6,374,870	15,403,822	15,167,945
I. Tobacco	2,674,601	2,810,248	317,206,017	322,532,315
Total, Class I	32,456,726	34,409,519	317,206,017	322,532,315
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	1,757	1,595	21,393	18,203
B. Other Non-Metalliferous Mining and Quarry Products and the like	351,007	427,179	3,453,757	3,897,666
C. Iron Ore and Scrap	395,726	432,834	4,129,237	4,643,582
D. Non-Ferrous Metalliferous Ores and Scrap	1,037,723	1,002,081	9,105,128	10,385,643
E. Wood and Timber	3,339,974	3,352,534	36,963,148	39,819,041
F. Raw Cotton and Cotton Waste	3,047,702	4,867,264	32,381,169	30,935,688
G. Wool, Raw and Waste, and Woollen Rags	1,979,727	2,863,778	35,043,227	32,845,276
H. Silk, Raw, Knobs and Noils	92,694	182,145	1,231,620	1,288,016
I. Other Textile Materials	667,569	794,218	7,241,321	8,247,430
J. Seeds and Nuts for Oil, Oils, Fats, Resins and Gums	1,912,831	2,346,459	19,785,955	23,442,383
K. Hides and Skins, Undressed	854,826	1,119,217	13,436,727	12,627,930
L. Paper-making Materials	1,026,296	1,036,684	10,036,367	9,682,577
M. Rubber	1,356,359	576,842	10,809,590	9,593,451
N. Miscellaneous Raw Materials and Articles mainly Unmanufactured	675,494	699,973	7,501,953	7,701,419
Total, Class II	16,739,685	19,702,803	191,140,592	188,308,305
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and Manufactured Fuel	3,250	5,077	34,529	40,297
B. Pottery, Glass, Abrasives, etc.	737,758	731,431	6,395,503	6,588,152
C. Iron and Steel and Manufactures thereof	693,027	707,556	8,414,551	7,835,582
D. Non-Ferrous Metals and Manufactures thereof	2,228,113	2,946,941	19,920,561	25,405,215
E. Cutlery, Hardware, Implements and Instruments	577,875	603,119	5,297,544	5,685,204
F. Electrical Goods and Apparatus	304,085	363,969	2,787,831	2,819,862
G. Machinery	942,532	1,145,304	10,415,117	12,058,061
H. Manufactures of Wood and Timber	483,676	542,605	5,156,604	5,576,609
I. Cotton Yarns and Manufactures	209,156	233,233	2,107,687	2,180,019
J. Woollen and Worsted Yarns and Manufactures	219,520	231,691	2,293,118	2,302,118
K. Silk Yarns and Manufactures	242,634	280,296	2,862,835	2,806,721
L. Manufactures of other Textile Materials	587,496	587,161	6,502,982	6,237,908
M. Apparel	583,623	640,837	7,443,041	7,306,180
N. Chemicals, Drugs, Dyes and Colours	902,312	1,076,272	10,400,051	10,860,201
O. Oils, Fats and Resins, Manufactured	2,655,064	2,713,698	28,467,305	29,819,425
P. Leather and Manufactures thereof	591,106	724,708	6,903,769	7,447,669
Q. Paper, Cardboard, etc.	1,136,431	1,125,648	11,929,543	12,266,115
R. Vehicles (including Locomotives, Ships and Aircraft)	277,716	397,838	3,247,931	4,152,724
S. Rubber Manufactures	96,120	106,943	1,238,395	1,189,683
T. Miscellaneous Articles wholly or mainly Manufactured	1,699,765	1,730,333	15,752,555	16,608,288
Total, Class III	15,171,269	16,874,660	157,580,648	169,177,033
IV.—Animals, not for Food	127,489	115,045	1,364,214	1,561,839
V.—Parcel Post	161,637	353,456	2,223,714	1,991,780
Total	64,656,806	71,455,483	669,515,185	683,571,272

"March delivery" at 5s. 1½d. to 5s. 2d., against 5s. 1½d. last week. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 24,178 tons, against 31,269 in the previous week and 28,989 tons in the same week of last year; deliveries, 15,389 tons, against 16,717 and 14,882 tons respectively; stocks, 213,709 tons, against 204,920 and 133,467 tons respectively.

TEA.—The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold at Mincing Lane on Garden Account in recent weeks:—

Week ending	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
Dec. 13, 1934	d. 11-35	d. 11-34	d. 12-82	d. 10-18	d. 9-38	d. 10-81	d. 11-61
Nov. 14, 1935	d. 12-87	d. 12-04	d. 13-88	d. 11-76	d. 9-66	d. 11-33	d. 13-02
Nov. 21, "	d. 12-86	d. 12-21	d. 13-88	d. 11-76	d. 10-49	d. 11-59	d. 13-01
Nov. 28, "	d. 12-74	d. 12-40	d. 13-71	d. 11-77	d. 10-04	d. 11-70	d. 12-93
Dec. 5, "	d. 12-61	d. 12-31	d. 13-56	d. 13-04	d. 10-27	d. 11-56	d. 12-82
Dec. 12, "	d. 12-56	d. 12-28	d. 13-46	d. 12-07	d. 10-01	d. 11-61	d. 12-66

The quantities catalogued for this week's auctions comprised 43,837 packages of Indian and 18,046 packages of Ceylon tea. The rather smaller offering of Indian grades again met a strong market. For Ceylon descriptions demand was quieter, but prices were maintained, with the exception of fannings, which were mostly

EXPORTS OF PRODUCE AND MANUFACTURES OF THE UNITED

KINGDOM (Value F.O.B.)

	Month ended November 30		Eleven Months ended November 30	
	1934	1935	1934	1935
I.—Food, Drink and Tobacco—				
A. Grain and Flour	211,814	128,248	1,619,229	1,669,618
B. Feeding-stuffs for Animals	45,769	54,635	547,812	531,743
C. Animals, Living, for Food	850	401	21,563	6,945
D. Meat	100,470	114,679	738,302	836,842
E. Dairy Produce	89,236	84,283	814,904	987,408
F. Fresh Fruit and Vegetables	99,570	101,466	242,084	245,538
G. Beverages and Cocoa Preparations	884,569	1,250,536	8,620,976	8,997,871
H. Other Food	1,237,380	1,672,143	11,135,474	11,794,586
I. Tobacco	366,935	388,422	3,996,797	3,919,320
Total, Class I	3,016,693	3,804,813	27,737,141	28,989,871
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	2,711,732	2,889,725	29,361,220	29,166,576
B. Other Non-Metalliferous Mining and Quarry Products and the like	93,162	93,513	953,203	1,012,812
C. Iron Ore and Scrap	61,193	49,850	495,521	419,283
D. Non-Ferrous Metalliferous Ores and Scrap	75,072	196,582	1,087,735	1,618,216
E. Wood and Timber	8,455	6,411	97,773	81,129
F. Raw Cotton and Cotton Waste	89,627	80,615	788,819	1,040,380
G. Wool, Raw and Waste, and Woollen Rags	504,726	840,341	5,489,810	7,534,599
H. Silk, Raw, Knobs and Noils	4,306	1,088	57,365	12,721
I. Other Textile Materials	41,752	41,565	357,811	361,253
J. Seeds and Nuts for Oil, Oils, Fats, Resins and Gums	239,154	373,813	1,490,282	2,945,946
K. Hides and Skins, Undressed	75,784	686,603	946,030	946,030
L. Paper-making Materials	91,229	103,074	1,009,892	1,009,892
M. Rubber	11,094	16,759	99,347	147,814
N. Miscellaneous Raw Materials and Articles mainly Unmanufactured	280,570	252,457	2,367,709	2,333,736
Total, Class II	4,267,856	5,096,415	44,344,406	48,630,387
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and Manufactured Fuel	251,996	354,550	2,460,402	2,789,710
B. Pottery, Glass, Abrasives, etc.	698,575	768,220	7,106,752	7,665,772
C. Iron and Steel and Manufactures thereof	3,504,095	3,385,533	32,122,014	34,105,937
D. Non-Ferrous Metals and Manufactures thereof	1,005,145	1,432,758	10,883,812	13,015,078
E. Cutlery, Hardware, Implements and Instruments	698,738	729,283	6,792,236	7,458,719
F. Electrical Goods and Apparatus	813,303	951,782	7,223,915	8,731,609
G. Machinery	3,131,009	3,425,436	29,621,381	35,242,287
H. Manufactures of Wood and Timber	95,113	106,175	966,704	985,366
I. Cotton Yarns and Manufactures	5,044,735	5,076,280	54,396,457	55,380,328
J. Woollen and Worsted Yarns and Manufactures	2,068,430	2,411,148	28,752,599	28,016,012
K. Silk Yarns and Manufactures	95,369	110,868	974,171	1,046,469
L. Manufactures of other Textile Materials	1,408,236	1,424,705	14,245,277	14,502,286
M. Apparel	891,293	931,977	10,163,130	10,063,742
N. Chemicals, Drugs, Dyes and Colours	1,779,178	1,869,979	18,060,545	18,707,360
O. Oils, Fats and Resins, Manufactured	579,204	474,192	4,431,765	4,750,913
P. Leather and Manufactures thereof	325,346	418,354	3,069,911	3,677,392
Q. Paper, Cardboard, etc.	576,798	620,026	5,729,725	6,078,703
R. Vehicles (including Locomotives, Ships and Aircraft)	2,249,201	2,387,868	21,830,060	26,174,466
S. Rubber Manufactures	152,837	172,320	1,613,679	1,620,474
T. Miscellaneous Articles wholly or mainly Manufactured	2,238,797	2,729,525	20,742,788	22,751,585
Total, Class III	27,407,396	29,331,009	279,187,353	302,784,198
IV.—Animals, not for Food	72,411	52,642	565,283	585,088
V.—Parcel Post	1,360,908	1,115,115	10,039,332	10,047,957
Total	36,125,264	39,399,994	361,873,515	391,037,481

easier. Export inquiry was good and leaf grades were generally dearer. No further auctions will be held until January 6, 1936.

VEGETABLES.—At Covent Garden last week kitchen vegetables showed a generally hardening tendency, according to *The Fruit-grower*, owing to the colder weather. All greenstuff was dearer; cauliflower was rather short, but a good supply of Brussels sprouts was available. Beans were firmer, while onions are expected to become dearer. Celery was plentiful and prices remained moderate. Cucumbers were in limited supply. Potatoes arrived in somewhat smaller quantities, but demand at the various London markets was fair and prices continued to rise. Best siltland King Edward sold at 7s. 6d. to 8s. per cwt. at the Borough on Tuesday, compared with 6s. 6d. to 7s. 6d. last week.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OLSEEDS.—A steadier and more confident feeling prevails. The decision of the Argentine Grain Regulating Board to increase the minimum price of Plate linseed to 14 pesos caused shippers' prices to be marked up accordingly. After the first flush, prices settled down and business for January shipment has occurred in view of the strong wheat situation in Argentina. Shipments at the River Plate ports are heavier. The quantity now afloat for Europe is 151,500 tons (including 21,600 tons from

India), 6,000 tons less than in the previous week; and for the United States and Canada 40,200 tons against 18,200 tons a year ago. Reports of the growing crop in Argentina continue favourable. Cottonseed is steady but in poor request. Black Egyptian for shipment in the New Year is offered at £6 7s. 6d. to £6 10s.

Linseed oil is dearer, more in sympathy with seed than in consequence of the increase in the import duty on foreign oil, which had been for some time expected, and therefore had less effect on prices than might have otherwise been the case. Current price of raw oil ex Hull mill for December delivery is £27, and for January-April £27 5s. per ton (naked). Cotton oil is in some demand for export and is steady. Egyptian crude ex Hull is offered at £26 and refined at £28 10s. per ton. Oilcakes are in good demand and steady.

RUBBER.—There have been no events of outstanding interest in the rubber market. A steady trade demand, coupled with some reserve on the part of sellers has, however, brought about a further slight improvement in quotations this week. The spot price in New York on Wednesday last was 13½ cents per lb., compared with 12½ cents per lb. a week ago and 12½ cents a month earlier. Wednesday's official closing price for standard ribbed smoked sheet in London was 6½d. per lb., as against 6½d. on the corresponding day last week. In forward positions, business has been done at 6½d. for April-June shipment, as against 6½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 163,636 tons, against 165,526 tons a week earlier. A year ago stocks amounted to 132,499 tons.

WHOLESALE COMMODITY PRICES

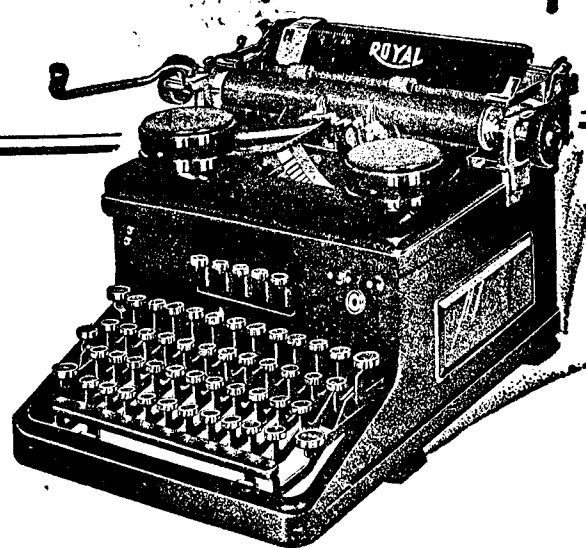
UNITED KINGDOM

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

LONDON, December 18th				The prices in the following are revised with the assistance of an eminent firm in each department.			
CEREALS AND MEAT				POTATOES—			
GRAIN, Etc.—				English, new per cwt.			
Wheat—				7 6 8 0			
No. 2, N. Man. 496 lb.				SPICES—			
Eng. Gaz. av. per cwt.				Pepper, per lb.—			
Barley, Eng. Gaz. av.				Black Lampong			
Oats, ... 5 10				White Muntok			
Maize, La Plata, landed,				Cinnamon—1st sort, per lb.			
480 lb. 18 6				Cloves—Zanzibar per lb.			
Flour, Lon. stan. ex mill,				Ginger—per cwt.			
280 lb. 27 3				African			
Rice, No. 2 Burma, per cwt.				Jamaica, ord. to good			
7 4½				Mace			
Tapioca, per cwt.—				Nutmegs, 65's			
Fair Flake, Singapore ...				1 1			
MEAT—				SUGAR—			
Beef, per 8 lbs.—				(Duty, 11/8 per cwt.)			
English long sides				Centrifugals, 96°, prpt.			
3 8 4 10				shreds, c.i.f. U.K. Cont.			
Argentine chilled hinds				B.W.I., crystallised ...			
4 0 4 8				17 6 13 9			
Mutton, per 8 lbs.—				Java, white, c. & f. India			
English wethers				Oct.-Dec. 6 9			
N.Z. frozen				REFINED—London—			
3 4 4 0				Yellow Crystals			
Lamb, per 8 lbs.—				Cubes			
N.Z. frozen				Crushed			
4 8 5 4				Granulated			
Pork, English, per 8 lbs.				Home Grown			
5 8 6 8				18 1½ 18 4½			
BACON—				OTHER FOODS			
English				English			
Irish				Danish			
Danish				Dutch			
77 0				77 0			
HAMS—				Pekoe			
Canadian				Broken Pekoe			
96 0 98 0				Orange Pekoe			
American				0 11½ 1 11½			
108 0 110 0				Broken Orange Pekoe			
BUTTER—				Ceylon—per lb.—			
Australian				Pekoe			
86 0 87 0				Broken Pekoe			
New Zealand				0 11½ 1 1½			
87 0 88 0				Orange Pekoe			
Danish				0 1½ 1 9½			
127 0 128 0				Broken Orange			
CHEESE—				0 11½ 1 10			
Canadian				TOBACCO—			
56 0 60 0				(Duty, 9/6-10/6 per lb.,			
New Zealand				Empire growth, 7/5½			
59 0				8/3½ per lb.)			
English Cheddars				Virginia leaf—			
74 0 80 0				Common to fine			
Dutch				0 10 3 6			
46 0 54 0				Rhodesian leaf			
COCOA—				Nyasaland leaf			
(Duty, British grown,				" strips			
11/8; foreign, 14/- cwt.)				East Indian leaf			
Accra, f.f. 23 0				" strips			
Trinidad				0 6 1 9			
38 0 46 0				COTTON—			
Grenada				d.			
33 0 36 0				Mid-American			
COFFEES—				Sakellaris, l.g.f.			
(Duty, British grown,				Yarns, 32's twist			
4/8; foreign, 14/- cwt.)				10½			
Santos supr. c. & f. cwt.				16½			
37 0 0				FLAX—			
Colombiana, good				Lionian ZK			
48 0 56 0				per ton			
Costa Rica, med. to good				Pernau HD			
50 0 72 0				Slanetz Medium 1st sort			
East Indian				HEMP—			
58 0 78 0				Trilun P.C. per ton			
Java, medium				Manilla, Oct.-Dec. " J 2 "			
42 0 55 0				Sisal, African			
EGGS—				JUTE—			
English				Native 1st mks. per ton			
20 0 21 0				c.i.f. H.A.R.B.			
Danish				£20/8/3			
18 6 17 0				Dated 2/3 c.i.f. Dundee			
FRUIT—Oranges—				Dec.-Jan.			
Denia				SILK—			
8 0 16 0				Canton			
Brazilian				Tussah			
12 19 0				Japan			
Lemons, Malaga				Italian—raw, fr. Milan			
14 0 20 0				7 9 9 0			
Sicilian				7 6 11 0			
24 0 0				CEMENT, best Eng. Portland, d.d. site,			
Apples: Amer. (var.) brls.				London area, jute sacks, 11 to ton			
(var.) boxes				(charged and credited at 1/6d. each or			
9 0 13 0				paper bags 20 to ton (free, non-returnable—			
" Australian				4/- on loads and upwards 39/- per ton			
Onions—				1 and up to 4-ton loads 41/- per ton			
Valencia, case				COPRA—			
7 0 8 0				S.D. Straits c.i.f., per ton 15/0			
Egyptian, bags				Smoked South Sea			
10 0 17 6				12/10/0			
Grapes, Algeria barrels				DRUGS—			
7 6 9 6				Camphor—			
Grapefruit, Jamaica				Japan, refined per lb. 2 3			
Amer.				Ipecacuanha			
LARD—				HIDES—			
Irish bladders				Wet salted—Australian			
80 0 85 0				per lb. 0 4½ 0 5½			
U.S. per cwt.				West Indian			
68 6 69 0				0 3½ 0 4½			

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INDUSTRY AND NATIONAL DEFENCE

As next week is broken by the Christmas holiday, we shall be temporarily discontinuing articles in the above series.

The series will recommence in the New Year (January 1st, 2nd and 3rd) with a full analysis of the position and prospects of

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THE ECONOMIST

Vol. CXXI

SATURDAY, DECEMBER 28, 1935

No. 4818

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(With this Issue appears our Monthly Trade Supplement. Owing to the Christmas Holidays our usual table of London Active Securities and the section on Commerce and Trade have been omitted in this Issue)

LOOKING AHEAD

THE debate in the two Houses of Parliament on the 19th of this month addressed itself both to the past and to the future, and it was concerned with a domestic as well as an international crisis. In disposing of the domestic crisis, and also of the past chapter of history, Parliament has done its work thoroughly. The "Anglo-French peace plan" has been certified dead, and we now have an assurance—which rests on the strength of public opinion even more than on Mr Baldwin's words—that there will be no attempt to revive it, or anything remotely resembling it. Sir Samuel Hoare has fallen—the first and probably the least guilty, but certainly not the last or the most sensational, of the casualties which the crisis is going to inflict upon the *disperata* squadron of European statesmen. Therewith, our own ten days of national humiliation are over.

But do not let us be tempted, on that account, to relapse into the comfortable illusion that we can rest, inert and secure, upon the *status quo* which the Government's recantation may seem at first sight to have restored. For there was another aspect of the debate which was concerned, not with home affairs, but with the international arena, and looked, not to the past, but to the future.

The relatively comfortable but utterly unrealistic *status quo* is like a cockleboat that has been ground to pieces between two icebergs. On the one hand we have the amendment to Mr Attlee's motion which was moved by Lord Winterton, accepted by the Government, and adopted by a majority of the House of Commons. This amendment binds the Government to remain faithful to the vehemently proclaimed policy of the nation. "Any terms for settling the Italo-Abyssinian dispute," it declares, must "be such as the League can accept." And it is certain that the Government will henceforth be held to this reaffirmation of its previous pledges by a lively

recollection of the force of the national indignation at its recent attempt to adopt an easier, but dishonourable, option. Thus, country and Government together are pledged, and re-pledged up to the hilt, to accept no settlement that does not uphold the Covenant. They are pledged to vindicate the collective system of security, and prevent the perpetrator of aggression from profiting from his crime at the expense of his victim.

This, now doubly endorsed, national will and determination is a hard fact that is about to make history. Another is the fear which was expressed, in his speech on the Thursday before last, by Sir Samuel Hoare:—

More than once in our history (the late Foreign Secretary reminded the House) we have given—and rightly given—all our sympathies to some threatened or downtrodden race; and, because we have been unable to implement the effect of those sympathies, all that we have done has been to encourage them; with the result that, in the end, their fate has been worse than it would have been without ourselves.

Is our conduct now going to have the same disastrous outcome for Abyssinia? In repudiating, as a scandal, a "peace plan" that would have left the Emperor some four-sevenths of his kingdom, are we heading for "a moment of disillusionment" in which we shall find that we have allowed Abyssinia to be "destroyed altogether as an independent State"? There are many who remember how, both during and after the Great War, we "let in" and "let down" the Armenians. We encouraged them to compromise themselves hopelessly with the Turks. We relieved our own feelings by rejecting all half-measures for Armenian independence, in the spirit in which we have just rejected the East African "peace plan." And so, while we indulged our sentiment, we led the Armenians to their destruction. Nor, indeed, was

this the first time that the moral indignation of the British people had merely encouraged a wronged people to immolate themselves upon the altars of alien oppressors. For these same wretched Armenians were encouraged to resist the Turks in the pre-war era by the righteous wrath of the British public. And, for them, with dire results. Is there to be the same final reckoning between the British people and the Abyssinians?

Sir Samuel Hoare was profoundly right to raise this question, but we can reply without hesitation that the answer is in the negative. In the case of the Armenians, Britain assumed a moral responsibility which had no counterpart in the realm of law and contract. In the case of the Abyssinians, our equally heavy British moral responsibility is brought home to us, in terms which we cannot evade, by our solemn and precise contractual obligations, under the Covenant, to a country which is a fellow-member of the League. It is our pledges under the Covenant, reinforcing the voice of our conscience, that have compelled us to repudiate the "peace-plan." These same pledges now forbid us to content ourselves with the sentimental relief which this gesture has brought. The Covenant does not allow us simply to relieve our feelings about H.M. Government and M. Laval and Signor Mussolini, and then leave Abyssinia to her fate. The Covenant pledges us to sever all our economic relations with a constitutionally certified aggressor, completely and immediately. We have so far taken the feeble and more dangerous course of implementing this duty piece-meal; but we have now also flatly refused to take refuge from the further execution of our duty by becoming accomplices in a shameful betrayal.

The alternative to the discredited and discarded peace plan is not to stand at ease and fall out, but to take the next step forward. This, of course, is the step which the peace plan was deliberately intended to forestall and prevent. We are back again face to face with the vital oil sanction, and with the threat of war which Signor Mussolini has breathed—probably without knowing, himself, whether he means business or not. To impose the oil sanction is part of our covenanted pledge; for it does not become a military sanction through Signor Mussolini's choosing to make it a *casus belli*. It is one of those strictly economic sanctions which are compulsory, and not optional, under Article XVI. And this brings us to Mr Neville Chamberlain's speech, which was much the most important of the forward-looking speeches in the debate.

In answering Dr. Dalton's question whether we had asked the other Powers besides France what their attitude would be in case of an attack upon this country by Italy, and whether any of them had refused assistance, Mr Chamberlain remarked that, if there were danger of attack, this attack must be in the Mediterranean. All the States-members, therefore, were not asked, but only those bordering on the Mediterranean. The attitude of France was by far the most important to us; and "from the Powers we asked, and from France in particular, we had the most complete and loyal assurance that they would come to our aid if we were attacked by Italy." The Government, he continued, had had a good deal of information from various quarters that, if they were to proceed with oil sanctions, Signor Mussolini might depart from his declared intention of replying to economic sanctions by measures of a non-warlike character. But this, Mr Chamberlain announced, need not necessarily retard the imposition of oil sanctions. If the League should decide that oil sanctions should be applied and that they could be effective, and the British Government were satisfied that "all the members of the League who matter are not only ready to give us assurances, but are prepared to take their part in meeting an attack which might be sudden and unexpected, then we, too, are prepared to play our part and to agree to the imposition of an oil sanction."

Here is a fair, open and honourable offer, and we believe that it will be accepted. We believe that those assurances will be implemented. We believe that the oil sanction will be imposed. We believe that it will be effective. We believe that, at last, the rule of law and justice will be vindicated. This, and this alone, will bring Signor Mussolini to his senses; and by so doing will illumine with a ray of hope the darkest corners of the world of international affairs.

THE FATEFUL YEAR

THE world well knows when "the post-war epoch" began. It does not yet know if that epoch is ended. Many years after 1935, however, when the history of that eventful epoch comes to be written, we can be tolerably certain that the year now drawing to its close will mark a kind of chronological watershed. In 1935, apart from a host of lesser occurrences which in any normal year would have passed for great occasions, three outstanding events have limned "the shape of things to come."

The first in order of time was the peaceful return of the Saar territory to Germany, according to the plebiscite held in January under League auspices and in strict conformity with the Treaty of Versailles. Without the unique guarantees of order and impartiality under League administration—to secure which Britain as well as other non-interested Powers sent military contingents—an occasion already embittered by traditional animosities might have acted as tinder for a conflagration.

The second great event of 1935 was more disquieting, more sinister in its implications. On March 16th Herr Hitler, pleading the abortive Disarmament Conference of 1932-34 in aid, tore up the disarmament clauses of the Versailles Treaty by decreeing compulsory military service. This was the first overt breach in the juridical foundations of post-war Europe—for, since 1919, Europe's affairs had been regulated by scrupulous adherence to the provisions of this great international instrument. Herr Hitler's act evoked the Stresa Conference between Italy, France and Great Britain, at which, on April 14th, the three Governments condemned the German action. Three days later, at Geneva, the League Council unanimously endorsed this protest at the unilateral rupture of solemn engagements. Not only did the League protest; but on French initiative a sub-committee of experts was appointed to advise on the technical economic measures which might be necessitated by the automatic entry into force of Article XVI of the Covenant, the "sanctions article," against a State defaulting on its engagements.

The third great event of 1935 was to prove the most fateful. A petty border affray at the wells of Walwal occurred in December, 1934, which in the sequel shattered the "Stresa front." For this tiny incident served as a pretext to Signor Mussolini for a war of aggression against Ethiopia; and this in turn drove a wedge between France and Great Britain over collective security, as envisaged in the League Covenant.

On January 7th, in Rome, M. Laval concluded his far-reaching Franco-Italian *entente*. The French gave Italy a good deal of desert south of Libya; ceded to them a block of French shares in the French railway from Jibuti to Addis Ababa; and finally regulated the status of the Italians in Tunis—a matter which had always been the cause of acute tension between the two countries. In return, Italy agreed with France to maintain Austrian integrity, if necessary by force of arms; and, as an earnest of her friendly intentions towards France, moved certain Italian divisions from the French frontier, thus allowing the French in their turn to denude their Italian border and to strengthen the forces on their German front. At the time it was freely reported that M. Laval had also promised the Duce that France would "disinterest herself" in there. M. Laval has always stoutly denied that he meant "a free hand" for military measures. But the bald history of the last nine months of diplomatic bustle shows that M. Laval has proved himself less tenacious of League principles than of his new-found Italian friendship.

Scarcely a single observer imagined in January the ultimate consequences either of an Italian war of aggression upon Abyssinia, or of the Franco-Italian agreement of January 7th. For from these two occurrences have sprung events which are now pregnant with terrible possibilities. In the first place, the aggressive war upon which the Duce has wantonly embarked has brought the League of Nations itself, and therewith the entire post-war system of collective security, to its acid test. The chronicle of events is well known. At the end of the year came the amazing crisis in British politics as a result of an "arrangement" put forward in Paris by M. Laval and agreed by Sir Samuel

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Hoare. Finally, the *dénouement* of the 1935 act of the drama was Sir Samuel Hoare's resignation, upon the Paris "arrangements" being disowned by public opinion and—somewhat tardily—by the British Cabinet; and the advent of Mr Eden as Foreign Secretary.

But there have been lesser events, too. On February 3rd there was the Anglo-French Memorandum on European Security, which aimed at substituting for Part V of the Versailles Treaty—the part limiting Germany's armaments—a new and negotiated agreement. This hope was shattered; for the British "White Paper" followed; and Herr Hitler's advisers knew that Germany's armaments had already progressed too far to be screened further. The Anglo-French Memorandum also proposed a Western Air "Locarno" Pact, and a Security Pact for Eastern Europe as a corollary, which would have greatly eased the tension in Europe. Again, however, the British armaments programme followed so swiftly that Sir John Simon's and Mr Eden's exploratory visit to Berlin was postponed. The Eastern Pact idea proved abortive owing to the German and the Polish refusals to conclude anything but bilateral non-aggression pacts with their neighbours.

Scarcely had the ink dried on the Stresa and Geneva condemnations of Germany's breach of the Versailles Treaty than the British Government concluded a bilateral agreement with Germany, setting a limit to Germany's navy at 35 per cent. of the total British naval strength. As the result of this agreement Anglo-French relations cooled; and this made it more difficult, later on, to rally M. Laval to a hundred-per-cent. League policy against Italy over the Abyssinian dispute.

Finally, towards the end of the year, the delegates of the American, Japanese, French, Italian and British Governments, together with representatives of the British Dominions, assembled in London to begin the onerous task of finding a successor to the Washington and London Naval Treaties, in order to avoid the outbreak of a lively race in naval re-armament. This task had not been rendered easier by the foreign policy of the Japanese Government, which, all the time that the West had been embroiled over European and African problems, had been dictated by the Japanese Army chiefs. These, in their turn, had been steadily absorbing, *in situ*, larger and larger tracts of Northern China and Mongolia. General Smuts' "cloud in the East, no larger than a man's hand," is steadily looming larger on the horizon.

Thus, in 1935 we have witnessed great revolutions in world affairs. First there has been the revolution in French foreign policy. M. Laval has largely thrown overboard the post-war French alliances, and France's loudly-protested fidelity to League principles, in exchange for Italian friendship. This has had the effect of ranging the Little Entente and Balkan Entente States, together with the Scandinavian countries, Holland, Belgium and Soviet Russia, behind the British. In the second place we have had a reorientation of British foreign policy. This revolution has been solely due to the pressure of freely-expressed

public opinion. Last summer 11½ millions voted for a League policy in the famous "Peace Ballot"; and these greatly assisted the National Government in the General Election of November 14, which was fought largely on foreign policy. Thirdly, however, we have harvested the combined results of these two revolutions in foreign policy. We have been compelled to witness a world of distraught States, rushing hither and thither in search of any expedients to attain national "security."

The high hopes raised by the Saar settlement and the Franco-Italian *entente* in January, and by the Anglo-French offer to Germany in February, were dashed to the ground by Herr Hitler on March 16th. At the close of the year German re-armament still spells the substitution of an arms race for all hopes of disarmament; the outcome of the Italo-Ethiopian dispute still lies on the lap of the gods; and, in the Far East, Japan, undeterred in her designs on China now that Europe is so preoccupied, is making hay while her rising sun shines. This is a sorry ending to a year which began so auspiciously. Yet one thing stands out for our comfort. It is the supreme merit of the League of Nations and its Covenant that it offers a simple principle of collective security, behind which all can rally and to which all must contribute. Sir Samuel Hoare did a great service to civilisation when, in September, on behalf of H.M. Government, he gave the nations a lead towards "peace by collective effort." The League is now being tried out, in action against an aggressor, for the first time. If 1936 sees the victory of collective reason and collective effort in restraint of wanton aggression, mankind will be better able to sleep sound o' nights; and the dark days of 1935 will not have been passed in vain.

BRITAIN'S EXPANDING INDUSTRIES

A GRADUAL transfer of labour from the basic manufacturing industries to the "secondary" trades, and to the provision of services, is the natural accompaniment of a rise in the general standard of living—and of the technological progress that makes that rise possible. Such a transfer has been proceeding steadily in this country for a long period, and it is clearly discernible despite the cyclical disturbances of the last five years.

The Ministry of Labour publishes annual figures of the distribution by trades both of the insured and the employed population. In the 12 years between July, 1923, and July, 1935, the total insured population increased by 17 per cent. Some expansion in the insured population was recorded in each separate group of trades, with the single exception of "mining and quarrying"; but the "manufacturing" group increased only by 5.7 per cent.

The same story is told in an even more illuminating form by the figures of actual employment. The following table gives the total of persons employed in the different groups, as a percentage of the total of persons employed

throughout the country, during a succession of years between 1923 and 1935:—

Industry Group	Percentages of the Total Number of Insured Persons in Employment in different Industry Groups, at the end of June				
	1923	1929	1932	1934	1935
Fishing	0.2	0.2	0.2	0.2	0.2
Mining and Quarrying	12.8	8.9	7.0	6.5	6.5
Manufacturing	49.3	49.4	45.9	47.0	46.9
Building and Contracting	7.2	8.2	8.2	8.7	9.1
Transport and Distribution	18.2	20.9	24.2	23.2	22.9
Gas, Water and Electricity	1.6	1.4	1.6	1.7	1.6
Miscellaneous Service	4.8	5.7	6.7	6.8	6.9
Banking, Insurance, etc.	2.1	2.0	2.3	2.3	2.3
National and Local Government	3.8	3.3	3.9	3.6	3.6
Totals	100.0	100.0	100.0	100.0	100.0

The most marked general trend since 1923 is the relative decline of mining and manufacturing, and the relative growth of building, transport and distribution. Indeed, the comparative importance of the demand for labour of the mining and building industries has been completely reversed. Nevertheless, there has been a distinct tendency for the shift in relative importance to slow up in the recovery years since 1932. Depression hits the heavy industries hardest, and "manufacturing" consequently shows a greater relative revival in years of cyclical recovery.

In order to analyse these general movements in more detail we may accept the Ministry of Labour's division of the national economy into expanding and contracting industries. An "expanding" industry is one employing more persons in June, 1935, than in June, 1923, and a contracting industry one employing less. It is impossible to make an exact quantitative comparison between years before and after 1927 because of a change in classification; but with the help of the Ministry's index number a general comparison can be made. If we adopt this method, we can show in the following table the shifts in employment in the most important "contracting" trades:—

Industry	(INDEX NUMBER. JUNE, 1923=100)								
	Number employed in June, 1935	1925	1929	1930	1931	1932	1933	1934	1935
Coalmining	638,502	75.8	74.0	69.2	56.8	52.7	54.3	53.0	54.3
Boots and shoes	113,751	100.6	93.1	89.9	87.7	85.6	98.1	89.4	90.6
General engineering	460,420	103.9	105.8	98.7	81.6	77.3	78.4	87.7	91.0
Cotton	344,100	117.7	109.0	75.1	74.4	79.8	85.2	81.9	78.4
Iron and steel	123,992	88.1	89.6	78.8	54.5	54.0	62.7	79.2	77.0
Woolen and worsted	188,578	81.7	85.2	75.3	66.4	70.7	82.2	74.9	78.2
Shipbuilding and ship repairing	89,540	103.6	108.9	97.5	58.3	46.4	45.3	55.5	61.5
Dock, harbour, etc.	113,646	92.5	87.9	83.7	79.1	83.8	82.5	86.7	85.5
Railway (non-permanent)	128,013	88.3	76.1	74.5	72.0	65.6	60.4	69.9	73.8
National Govt.	106,787	91.7	72.5	67.2	71.6	69.9	64.3	63.5	69.6

The influence of recovery is sharply apparent. Even among the "contracting" trades there were increases in employment between 1934 and 1935. Coalmining actually recorded a slight rise; though it still remains, with 54.3 of the 1923 employment figure, the most "contracted" of any industry in the Ministry's list—with the exception of "carriages and carts" (52.9) and pig-iron (51.6). The industries which contracted further during the year included cotton and, curiously enough, iron and steel (steel melting and iron puddling, iron and steel rolling and forging). Substantial recovery, however, was achieved by general engineering, woollen and worsted, shipbuilding and railway service.

Continued revival is also apparent among the "expanding" industries, most of which have advanced further this year. "Electric Cables" now employs over twice as many persons as in 1923; and the trade which actually heads the Ministry's list of increases is another electrical one, "electric wiring and contracting" (313.2). Substantial advances are also shown by motors, furniture, the metal and food industries, building, transport, hotels, etc., and professional services. The fact that employment in building has increased by something like 240,000 in the last three years shows to what extent the general recovery of employment has been dependent on the housing boom. In the distributive trades there has been a surprising, though only fractional, relapse this year, after a series of uninterrupted gains. Nevertheless, the increase in employment in the distributive trades since 1923 is still around 600,000, and equals the whole of the decrease in coalmining. It is

noteworthy, however, that this year distribution, our chief "expanding" industry, shows a loss, and coalmining, our chief "contracting" industry, shows a gain. The following table shows the detailed changes in the chief "expanding" industries:—

Industry	(INDEX NUMBER. JUNE, 1923=100)								
	Number employed in June, 1935	1925	1929	1930	1931	1932	1933	1934	1935
Electric cables, etc.	130,689	116.4	139.3	146.6	144.4	158.5	168.0	189.3	203.1
Industries not separately specified	120,114	113.6	130.4	126.8	124.4	125.8	134.4	150.0	153.8
Motors, etc.	257,029	116.4	134.4	125.2	115.5	114.4	127.9	143.2	149.9
Furniture, etc.	121,683	110.5	135.2	134.2	130.8	126.9	130.6	140.9	145.1
Metal industries	213,541	110.1	123.2	118.6	111.4	112.6	123.2	136.6	148.7
Food industries	110,993	108.0	122.0	120.7	120.0	130.2	131.2	131.8	131.8
Hosiery	102,193	106.0	121.2	110.7	109.1	118.9	121.3	126.1	124.2
Printing, etc.	255,711	107.9	119.7	122.2	120.1	122.1	123.0	122.5	121.9
Drink	98,701	113.4	111.7	109.3	107.7	101.7	106.8	108.8	108.4
Tailoring	186,198	106.0	109.9	107.9	109.5	107.5	110.9	107.0	107.5
Bread, etc.	152,706	90.9	96.2	97.5	97.4	100.3	104.5	106.7	108.4
Public works	138,194	125.1	136.0	146.7	213.5	188.0	159.6	154.7	159.7
Building	849,576	112.6	126.8	121.8	117.9	106.2	118.8	132.5	141.5
Tramway & bus	180,438	110.2	147.5	153.8	162.2	167.0	168.2	170.2	176.3
Distributive	1,799,371	116.9	136.9	140.0	144.3	149.0	153.5	155.4	155.3
Road transport	180,202	113.2	136.0	135.3	141.7	138.5	139.7	147.0	150.6
Hotels, etc.	372,747	117.6	136.3	136.0	142.2	141.8	149.8	156.7	162.9
Professional services	145,438	105.9	115.6	119.3	123.3	126.2	131.9	138.0	142.2
Local govt.	294,903	104.7	120.1	132.2	138.2	135.9	138.2	139.6	139.8

The total of persons employed in all "expanding" industries in June, 1935, was 7,930,405, an increase of 40 per cent., or rather over 2,100,000 persons since 1923. About 175,000 persons a year have consequently been absorbed into employment in the "expanding" industries in the last 12 years. The total employed in all "contracting" industries in June, 1935, was 3,123,595, a decrease of 26.2, or rather over 1,000,000 since 1923. And the total employed in all industries was 11,054,000 in June, 1935, an increase of 11.7 per cent., or about 1,000,000 persons since 1923. During these 12 years, therefore, which cover most of the ups and downs of the trade cycle, the broad picture is not one of a steady discharge of workers from all industries owing to technological progress. It is rather one in which the "expanding" industries have absorbed into employment a number of persons equal to (a) all those losing employment in industries suffering a fall in demand; (b) all those losing employment as a result of technological progress; and (c) 1,000,000 additional persons. The total insured population, however, has increased by about 1,900,000 during the 12 years; so that we are left with about 900,000 more unemployed at the end of the period than the beginning.

How far have the 2,100,000 persons absorbed into the "expanding" industries been actually transferred from the "contracting" industries, and how far have they been drawn from the increase in insured population? We can assume that something like 200,000 must have been transferred from the "contracting" industries; since even if the increase of 2,100,000 in the "expanding" industries included the whole 1,900,000 increase in insured population, there would remain 200,000 to come from another source. Agricultural labourers, further, are uninsured, and any agricultural labourer finding employment in the "expanding" industries in the last 12 years would appear in the official figures as emanating from an "increase in the insured population."

Would it be true to say, however, that apart from the above 200,000, the 800,000 others who have lost employment in the "contracting" industries have merely remained unemployed there? Some light is thrown on this question by a special inquiry recently conducted by the Ministry. This shows that the "net transfer" of insured persons away from the coalmining industry in 1934-35 was about 20,000 (of whom 10,000 entered the building industry). Between 1923 and 1935 the insured population in the industry fell by about 300,000, or about 25,000 a year. We may take it therefore that about 20,000 to 25,000 persons have been leaving the coal industry every year; both as a result of individual transfers and as a result of decisions by boys who might otherwise have entered it not to do so. But the total decrease in employment in the coal industry in these years was about 600,000, or 50,000 a year. It seems reasonably safe to assume, therefore, that about half of the persons losing employment in coalmining have actually transferred to other trades, while half have remained unemployed.

To apply the same test to other industries is a little more difficult. For employment in iron and steel, shipbuilding and cotton has been rising since 1932. Between 1923 and

1932, however, there was a decrease, in shipbuilding, of 30.2 per cent. in the insured population, and 63.6 per cent. in the employed population; in iron and steel of 17.7 per cent. and 46 per cent., respectively; and in cotton of 7.4 per cent. and 20.2 per cent., respectively. In general, therefore, we may not be far wrong if we assume that of the 2,100,000 persons absorbed into employment in the expanding industries, about 500,000 have actually been transferred from the contracting industries and about 1,600,000 have been drawn from the increase in "insured population."

NEW CAPITAL IN 1935

To those actively engaged in the London new issue market, the year 1935 has been satisfactory and not unprofitable. Under the stimulus of continuing cheap money, there has been a steady flow of prospectuses, whose quality, by general admission, has been somewhat above the average. After a brisk half-year, the pace slackened perceptibly in the third quarter on the intrusion of the Italo-Abyssinian crisis. Before the end of the year, however, the Treasury's re-intervention, as a borrower on unexpectedly favourable terms, restored at least an appearance of market confidence, and the year closed with an approximation of its opening strength.

Public issues, as analysed in the *Economist's* regular weekly computations, fall into two main classes—offers for conversion of existing obligations and offers involving subscription of new money. Conversion issues reached a higher total in 1935 than in any year since 1928, apart from 1932, when the figures were swollen by the Treasury's conversion of nearly £2,000 millions of 5 per Cent. War Loan. The year's aggregate was £312.2 millions, against £241.9 millions in 1934 and £223.1 millions in 1933. These figures, however, include British Government conversion issues of £204.0 millions, £105.0 millions and £50.8 millions respectively. It is clear that the pace of conversion issues by other borrowers—including British industrial companies—has perceptibly slackened:—

CONVERSION ISSUES BY OTHER BORROWERS THAN THE BRITISH GOVERNMENT

	1933	1934	1935
(Million £)	172.3	136.9	108.2
100	79½	63	

Since the amount of "callable" stock bearing high interest rates is limited, the benefits of cheap money are likely, henceforth, to accrue mainly to "new" rather than to "old" borrowers. Our estimates of total "new money" issues are grouped under two headings. The first comprises offers of all kinds made by prospectus (including increases of capital by existing companies), while the second is concerned with offers by way of a Stock Exchange "introduction." The former group includes all issues by the British Government, which can scarcely be omitted from any computation, in view both of their magnitude and their moral effect on the market. Their aggregate, however, varies so considerably from year to year as to make the total new issue figures misleading as a guide to activity in the market as a whole. We show below, therefore, for every year since 1929, first, the aggregate totals for all issues and secondly, the figures exclusive of British Government borrowing:—

TOTAL CAPITAL INVOLVED IN "PROSPECTUSES" AND "INTRODUCTIONS"

(Prospectus Figures at Issue Prices; "Introductions" at Opening Stock Exchange Quotations)

(Million £)

Year.....	1929	1930	1931	1932	1933	1934	1935
Amount.....	328.8	291.7	111.0	204.5	283.8	211.4	281.5

TOTAL (EXCLUDING BRITISH GOVERNMENT ISSUES)

Year.....	1929	1930	1931	1932	1933	1934	1935
Amount.....	263.4	228.1	101.3	101.8	133.0	167.3	193.5
1929=100	100.0	85.8	38.5	38.7	50.5	63.5	73.5

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Total Assurances in force at November 15th, 1934, in Great Britain and Ireland

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The volume of new borrowing (excluding British Government issues), fell in 1931 and 1932 to little more than one-third of its dimensions in 1929. It has been steadily recovering, however, during the last three years, and is now approaching a level a little less than three-fourths that of 1929. Although the total new capital involved in Stock Exchange "introductions" is slowly increasing (it was £45.4 millions this year, against £42.3 millions in 1934 and £39.0 millions in 1933), much the larger part of all new offers is still made direct to the public or to shareholders. The amount and destination of this "public" money, in every year since 1928, are set out in the next table:—

TOTAL "PROSPECTUS" BORROWING (Million £)

Calendar Years	British				Empire	Foreign	Total Issues
	Govt.	Home Corps.*	Others	Total Home			
1928	83.9	14.9	164.8	263.6	63.2	42.3	369.1
1929	65.4	8.3	124.3	198.0	61.0	26.2	285.2
1930	65.6	41.7	63.3	170.6	61.4	35.7	267.8
1931	10.7	8.0	35.8	54.5	38.5	9.1	102.1
1932	102.7	28.8	31.6	163.1	25.5	0.3	188.9
1933	150.8	24.5	34.9	210.2	29.2	5.4	244.8
1934	44.1	36.1	57.5	137.7	29.9	1.5	169.1
1935	88.0	51.1	81.6	220.7	15.2	0.2	236.1

* Including county and public board loans.

The total for 1935, under all headings, was £67.0 millions higher than in 1934, and almost equal to the figures for 1933. Although this year's aggregate is less than two-thirds that of the boom year, 1928, it is only 14½ per cent. below the average for the active years 1929 and 1930. Such comparisons, however, do not tell half the story, for certain far-reaching changes in the distribution of new borrowing have occurred in the meantime. New British Government borrowings (including amounts used to reduce floating debt, but excluding conversion issues), though they have fluctuated widely from year to year, have recently been less considerable than in 1932 and 1933—the first two years of the cheap money regime. The total of "home corporation" issues, on the other hand, has tended to increase as low-interest rates have become established, and is running at a much higher level than in the 1928-29 period. The figures include borrowings on behalf of "public boards," and are swollen in 1935 by the issue of £32 millions by a Treasury company on behalf of the participants in the London railways electrification scheme. Total borrowings by "others" are a near approximation to the volume of new capital raised publicly by home industry. Although this year's aggregate is more than twice that of any one of the three years of depression, 1931-33, it is only 56½ per cent. of the average for the active years, 1928-29. The figures strongly support the view that trade activity, rather than the level of interest rates, is the chief determinant of the volume of new industrial borrowing.

The latest figures under the headings of "Empire" and "foreign" borrowing stand in sharp contrast to those of domestic capital issues. Not only are they far below the

levels of the years immediately preceding the depression; they have shown no tendency to recover in the last year or two. In 1935, the total capital raised publicly for employment overseas was only 6½ per cent. of the total for all purposes, against 28½ per cent. in 1928 and 30½ per cent. in 1929. During the four years in which the Treasury "embargo" on foreign lending has been in force, issues for oversea countries outside the Empire have shrunk to vanishing point. It is clear that present low interest rates are operative in a market which is limited, partly by prevailing economic conditions and partly by deliberate Treasury policy, mainly to domestic borrowers. The pendulum has, indeed, swung violently since 1913, when over 80 per cent. of the total new capital included in our analyses was destined for use abroad.

What proportion of the whole has been raised, in recent years, by companies, as distinct from governments, corporations, etc? The figures are shown below:—

TOTAL "COMPANY" ISSUES (BY PROSPECTUS)
(Million £)

	1928	1929	1930	1931	1932	1933	1934	1935
Deb.....	46.4	29.8	49.7	23.9	14.8	17.3	14.1	25.2
Pref.....	45.1	31.5	15.8	6.9	12.8	12.7	21.5	31.7
Ord.....	111.2	116.0	22.1	20.3	6.0	10.0	44.9	37.3
Total	202.7	177.3	87.6	51.1	33.6	40.0	80.5	94.2

Company issues in 1935 represented only 40 per cent. of the total new "prospectus" borrowings under all categories. Of the year's aggregate of approximately £94 millions, debenture issues accounted for 27 per cent., preference shares for 33½ per cent. and ordinary shares for 39½ per cent. The table affords no support whatever for the suggestion that British companies are tending markedly to increase their debenture indebtedness under a low interest regime. Indeed, the average amount raised by "new" debentures in the last three years has been less than half that of the 1928-30 period when rates were high. A more noteworthy result of current conditions has been the return to semi-popularity of the preference share, which, four years ago, had almost disappeared from the new issue market. The detailed tables given on page 1332 show that the largest company borrowers last year were mining, exploration and finance companies, which accounted for 28 per cent. of the total company issues by prospectus. Public utility concerns (electricity, telegraphs, gas and water) obtained 14 per cent. of the total raised, and the steel and engineering group came third with 6 per cent. of the whole. Particulars of the largest individual issues will be found in our supplementary tables.

Altogether, the figures given in this review suggest that "recovery," in the new issue market, as in industry, has made steady progress in the last three years. Its activity is far more *insular* than before the depression. Whether it is likely to regain its former level while overseas borrowers (even those in the sterling area) are virtually excluded and home borrowers of trustee status are officially "regulated" is an open question. Company borrowing is steadily expanding, but not at a rate anything like sufficient to fill the gap. If, as Mr Chamberlain suggests, the Treasury sees no prospect of a long succession of State-guaranteed loans for big public works, on the lines of the London electrification loan and the forthcoming Railway Loan, the British Government seems likely to remain the chief pace-maker in the market.

FOLLOW-MY-LEADER

(BY A CORRESPONDENT)

THERE is a growing tendency to-day to conceive and apply new industrial legislation in the spirit of a famous Christmas game in which the players, one by one, seek to escape from their seats, but are forcibly restrained by others representing Authority's sentinels behind each chair. The suggestion, express or implied, is that unless uniformity is rigidly imposed over a whole industry or occupation, such chaos will intervene as to make a breakdown inevitable. If one producer cuts his prices by 5 per cent., the rest must

fall into line. Then someone else cuts again, and so a cumulative process is set up which may have no necessary limit, short of zero. The popular remedy is to draw up a "code" and enforce it without exception. Even in Great Britain we are witnessing the authoritarian extension of this doctrine to agriculture, and a growing tendency to apply it in industry. Severe Star Chamber penalties await the milk producer or distributor, for example, who attempts to dispose of his produce below the price fixed by the Milk Marketing Board.

But is it true that, if "unbridled individualism" were permitted, the consumer in the long run—and not too long at that—would be completely deprived of his supplies? If so, then surely such a state must be reserved for those industries in which—to take an extreme case—certain producers are willing not merely to "cut" their prices, but to give away their output for nothing. Yet such brigandage actually prevails in many occupations not yet sheltered by the State's protective wand. Journalism is one of them. The bane of every editor's life is the gratuitous contributor. There is no "gentlemen's agreement" among literary gentlemen, and no Manuscripts Marketing Board. Yet, despite an occasional growl from Fleet Street, professional journalism continues to exist as an occupation. Able writers still find it a remunerative industry, and free enterprise riddles out the small potatoes.

Again, for how many years has the publishing trade been on the brink of ruin, owing to the host of amateur novelists, who are frequently prepared to publish even at their own expense, i.e. at a "negative" price? For centuries the stage-struck have been strangling the dramatic profession. In sooth, the arts in general began to perish from the moment when the first dilettante lifted voice, pen or brush without stipulating for Chelsea terms. An army of unscrupulous charitable busybodies crowds a sick room in every emergency, but nurses do not yet walk the streets. And what a case might not the professional economist, of all men, make for protection by the State! At the end of an arduous and expensive apprenticeship to his trade he finds that, on a conservative computation, at least half the population is prepared to deliver lectures, gratis, on any economic problem whatever, everywhere, at any time. He is undercut by politicians, bankers, company chairmen, retired lieutenant-colonels, bishops, coroners, and every Demosthenes around the Marble Arch.

The truth is that, in every walk of economic life, many people are prepared to work for a price which others would deem inadequate. Their existence undoubtedly affects the terms on which the others are remunerated, but there are usually not enough of them, and what they offer is not good enough, to make *expertise* too common. There are of course, a few exceptions. Professional Sunday school teaching has been swamped by so many amateurs that the pay has been reduced to nil. At least one correspondent of the *Economist* would be prepared to be a most efficient M.P.; but his minimum fee is £1,000 per annum, and there are 615 blacklegs willing to do the job for £400. Stipendiary magistrates are disgracefully undercut by unpaid J.P.s. Every local government councillor displaces a skilled man from what might have been a remunerative post.

In industry and trade proper, however, there is little philanthropy. The motives of "price-cutters," in fact, are usually the precise opposite. They are out to obtain a larger, not a smaller, remuneration, and have no intention whatever of indulging in action which will lead to their final extinction. There is a certain irony in the accounts of the early lives of great captains of industry, who have spent years of struggle and hardship (*anglicé*, working on terms which no decent legislative code would permit) and now proclaim that interlopers, struggling in turn to build up a business, threaten industrial annihilation by selling at 1 per cent. below the list price.

But who are the draughtsmen of the regulations which bind us to close early, charge by rote, and stick, like cobblers, to our lasts? Usually they are distinguished civil servants who, to their credit, are prepared cheerfully to work twelve to fourteen hours a day in their offices, do dramatic criticism three nights a week, write articles for the best reviews, and work out prize-winning entries for acrostics and crosswords while they boil their eggs or Sundays. And that is the humour of it.

NOTES OF THE WEEK

The New Foreign Secretary.—Mr Baldwin could not have done better than recommend Mr Eden for the Foreign Secretaryship. Mr Eden has not only gradually and consistently built up a sound popular following in the country on the basis of his sincere advocacy of a "100 per cent. League policy." He is also one of the two members of the present Cabinet who were at school when the war broke out. At 38, he is our youngest Foreign Minister for a very long time; and, as such, he represents not only the post-war outlook, but, we believe, the post-war combination of idealism and hard-headedness. Apart from one or two discordant notes—in quarters where discordancy was manifest long before Mr Eden became Foreign Secretary—his appointment has been received by the country with something very nearly akin to a sigh of relief. And the exasperation produced by the news in Rome has almost recommended the appointment in even the most sceptical British eyes. In Geneva, New York, Scandinavia, the Dominions, and the Low Countries the news has been heartily welcomed. In Paris good wishes have been tempered with an understandable apprehension now that British foreign policy looks like being direct and consistent. In Berlin, opinion is mainly favourable. The facts speak for the appointment. Mr Eden is young; he acquitted himself well in the war, then took a brilliant First in Oriental languages at Oxford; is a remarkable modern linguist to whose personal gift of "getting on with the other fellow" all parties bear witness; and he has already performed many of the tasks of Foreign Secretary with great ability for two years. We believe that Mr Eden will abundantly justify the great confidence which the country has placed in him.

Miners and Owners.—The situation in the mining industry remains critical, and the crucial meeting between owners and miners on January 8th will be awaited with keen anxiety. Some success has attended the owners' efforts to raise coal prices against large consumers. This week the Coal Merchants' Federation of Great Britain has recommended its members to accede to the request for an increase of contract prices on January 1st. The Co-operative Union Coal Trade Association, however, has issued a statement which appears to accuse the owners of engineering advances in prices without making any concrete offers of increased wages to the miners. We cannot believe that the margin now left between the miners' claim and the owners' offer is large enough to provoke a strike, particularly as it is only the next six months' wages which are really now in question. If the difficulty of offering substantial wage increases in the export areas is now the chief obstacle, it should be possible to organise some kind of wage pool in the four weeks still remaining before the strike notices take effect. And should this difficulty be overcome, and the claim for national negotiations conceded in principle, the miners might be well advised to accept what would then be offered them.

Collective Security in the Mediterranean.—We now know that the Government have directed inquiries to the other States Members of the League with seaboard on the Mediterranean to discover whether, if the Italians attacked us in that area, we could count upon the support and assistance of these States. We are anxious to be assured, not merely of co-operation by the navies of the countries concerned, but also—and perhaps even more—of being given the hospitality of their territorial waters, harbours and dockyards for the use of our own navy in such an untoward event. France was approached in October, and then gave an outwardly satisfactory reply. But three weeks ago, when Sir Samuel Hoare met M. Laval in Paris, it was widely reported that M. Laval had expressed his inability to implement his October promises, unless the British Government agreed to put up the "peace plan" to Signor Mussolini. Now the inquiry has been addressed to Spain, Yugoslavia, Turkey and Greece, and prompt affirmative

replies have been received from all but the first of these four Powers. Moreover, at Geneva on December 20th, the representatives of the Little Entente and Balkan Entente countries—that is, Yugoslavia, Greece, Turkey, Czechoslovakia and Roumania—unanimously reaffirmed their desire for the strict application of the League Covenant and their pledge to adhere to its terms. Roumania is reported to have given an explicit assurance that, if any of the three Mediterranean members of the two interlocked groups were to be attacked by Italy for having honoured their promise to the British Empire, then she would intervene with her own armed forces in their defence. The affirmative response of Greece is particularly important—and also particularly praiseworthy—in view of her geographical position. But the hesitation of Spain is little to her credit; for both France and French North Africa screen the Mediterranean coast of Spain from any direct Italian attack. The situation in the Mediterranean will not become entirely clear until we have seen what happens during the next few days in France. But it already looks as though Signor Mussolini would have to reckon with a formidable array of forces if he did take the desperate step of running amok.

A Useful Adjournment.—The British and American view at the Naval Conference is that, owing to the insulation of Japan's home territory by its great distance from any danger of an effective American or British naval attack, equality of security can be attained by Japan at a level of naval strength very much below that needed by the British Empire and the United States. The Japanese seem inclined to criticise this view—and the French and Italians to concur with them—on the ground that it is simply an attempt to introduce the old ratio system under a new guise. The answer is that the most vigorously expressed Japanese objection to the ratio system was psychological. And the British plan is an attempt to satisfy Japanese psychological needs, without a sacrifice of British and American material security. We are asking Japan, in effect, to assess her own ratio upon herself. The suggestion cannot be dismissed as tricky or inept; for this was precisely the basis of that "gentlemen's agreement" under which Japan herself used to restrict the immigration of her nationals into the United States, until this admirable arrangement was unhappily abrogated by the extension to the Japanese of the Oriental Exclusion Clause of the United States Immigration Restriction Act of 1924. The British proposals will remain under consideration during the Christmas recess—the Conference adjourned on December 20th in order to meet again on January 6th. Meanwhile, the gravity of the dangers ahead has been brought out in rather a startling way by a statement that is attributed to Senator Key Pittman, the chairman of the Foreign Relations Committee of the Senate at Washington. The Senator is reported to have expressed the opinion that a war between the United States and Japan is inevitable, sooner or later; and he is said to have gone on to suggest that it would be a good plan to bring the Japanese to their senses in good time by a joint Anglo-American naval demonstration in the Western Pacific. Explosive stuff, indeed!

The Japanese Army Goes On.—The Japanese generals—for the politicians and Foreign Office seem to be completely overshadowed—are making the most of our preoccupations in Europe in order to press forward with their aggressive policy in Eastern Asia. During the last few days they have demanded the cession to Manchukuo of six districts of the Inner Mongolian province of Chahar, adjoining Jehol. The so-called autonomous Government at Tungchow, in Eastern Hopei, has made further encroachments, outside the demilitarised zone. These have now extended not only to the important, half British-owned, Kailan coalmines, but also to Tangku, at the mouth of the Peiho River, just below Tientsin. Finally, on December 19th Moscow reported a raid on an Outer Mon-

golian frontier-post by a Japanese force which had crossed the border out of Manchukuo in the neighbourhood of Lake Dolonor. This last is perhaps the most dangerous of the three encroachments. Outer Mongolia is a Soviet Republic in alliance with the Soviet Union; so that a conflict between Outer Mongolia and Manchukuo could easily resolve itself into one between the Soviet Union and Japan. At the same time, the Russians are quite as anxious as the Chinese to prevent the Japanese from having any pretext for waging war upon them on the grand scale. It is therefore probable that both of these victims of Japanese aggression in the Far East will obstinately continue for the present to turn the other cheek every time that the Japanese inflict upon them some further buffet. The truth is that to-day, as during the Great War, the fate of the Far East depends upon the outcome of events in other parts of the world. At the present moment Far Eastern destinies are being decided in London and at Geneva. The Russians and the Chinese are waiting to see whether the collective system of security is going to be vindicated successfully against Italy, and whether the United States and the British Empire are going to be drawn together by their common concern over the intransigence of the Japanese at the Naval Conference. If these two things were to happen, the combined effect would be to transform the Far Eastern situation profoundly—and this altogether to Japan's disadvantage—without any local change at all in the military situation in the Far East.

Land Workers' Insurance.—At last the unemployment insurance system is to be extended to agricultural workers. This week, a year after the Report of Sir William Beveridge's Statutory Committee, the Government has published a Bill based on its main recommendations. Some 750,000 persons, including 50,000 women, will be affected by the scheme; and it is estimated that the average rate of unemployment will be $7\frac{1}{2}$ per cent. There is to be a weekly contribution of 4½d. each from the worker, the employer, and the State; a higher rate than that proposed by the Beveridge Committee. The benefits are also to be higher. An adult male worker will receive 14s. instead of the 12s. proposed; and his wife 7s. instead of 6s. 6d. For the first child 3s. will be paid, and for subsequent children 2s. 6d. A family of four will therefore obtain 26s. 6d.; but the Beveridge Committee's maximum of 30s. is to be retained. The problem in fixing benefits has been to find a level substantially above public assistance rates and substantially below wage rates. It seems to have been felt that the Beveridge Committee's 12s. would have been scarcely above the public assistance level. We are glad that it has been found possible to raise the benefit figures; but it must be admitted that the contribution of 4½d. will be by a no means imperceptible deduction from the incomes of some households. And it is not certain that in some cases the public assistance authorities may not still offer higher rates. The whole problem, however, has been beset by so many perplexing practical difficulties that to have devised a workable scheme, and given 750,000 agricultural workers the chance of obtaining relief out of their own savings, is itself a considerable achievement.

Britain's Social Services.—How much do we as a nation spend on our social services? And who are "we"? For Unemployment Insurance "we" are the State, the employers and the registered employed, in roughly equal proportions. For National Health Insurance and widows', orphans' and old-age contributory pensions "we" are the State and, to a very great extent, the employers and the beneficiary contributors themselves. For the still-continuing unemployment "transitional benefit" in the localities it is the State who pays. For poor relief it is mainly the local government region, but also the State, who pays. For expenditure on education the local citizens pay part of their rates, the Exchequer makes block grants and direct grants, and there are also voluntary contributions, endowment revenue, and teachers' superannuation contributions. For expenditure on housing, local ratepayers, central taxpayers, and municipal householders all contribute—the

latter through their rents. The following table is extracted from the annual White Papers on "Public Social Services," the latest issue of which, carrying the story up to the end of the financial year 1933-34 (Cmd. 5025), is just published. It shows the total expenditure from all sources for each social service which, coming under some form of public control or another, is known as "public":—

	EXPENDITURE ON SOCIAL SERVICES: ENGLAND AND WALES, AND SCOTLAND (£ millions)					
	Year ending March 31					
	1924	1930	1931	1932	1933	1934
Unemployment Insurance	48.0	53.3	101.6	122.8	117.7	101.5
Health Insurance	30.9	38.6	38.6	37.5	37.5	36.0
War Pensions	69.6	31.4	49.2	47.0	44.5	42.8
Other Pensions	24.0	62.2	72.1	78.4	81.3	83.2
Education	86.6	100.5	104.8	108.3	101.5	102.9
Working-class Housing	16.6	35.6	40.4	42.3	44.3	44.8
Poor Relief	41.9	45.0	42.5	41.2	44.1	46.1
Miscellaneous	14.5	17.4	19.5	20.0	21.3	22.6
Without War Pensions	332.1	404.0	468.3	492.5	492.2	479.3
	262.5	352.6	419.1	445.5	447.7	436.5

While the increase in the "good years" between 1924 and 1930 can be ascribed to social progress, unemployment insurance alone accounts for the great increase in the total from 1929-30 to 1930-31 and 1931-32. Thereafter, as the scope of this insurance is narrowed, expenditure on poor relief begins to rise. In 1933-34 the reduction in unemployment expenditure more than accounts for the reduction in the total. While war pensions are naturally decreasing annually, other pensions are increasing. But in these figures there has been in recent years considerable redistribution of the burden of expenditure. For example, in education, working-class housing and poor relief, local authorities have had to decide either to damp down their activities or to maintain them on purely local resources—i.e. mainly the ratepayers. Thus, "we" as a nation are maintaining our public social services; but it is not quite the same group of contributors who are providing the resources.

Shipping—Subsidies or Self-Help?—The recent announcement in the House of Commons by Dr. Burgin that the tramp shipping subsidy will be continued for another twelve months is not exactly "news" (writes our shipping correspondent), since it was understood from the outset that the subsidy was to run for two years. The authorities are apparently satisfied that the subsidy has effected some improvement in British tramp shipping, and are prepared to ask Parliament for a further £2,000,000 on the same terms as before. That some revival has occurred in recent months is incontestable; but there is room for difference of opinion how far it has been due to the Government's intervention as paymaster, and how far to the proverbial disposition of Providence to help those who help themselves. In particular, credit must be given to the results of the organised efforts of the Tramp Shipping Administrative Committee, under its chairman, Sir Vernon Thomson. This representative body was formed under the ægis of the Chamber of Shipping and started its operations in the River Plate trade. A schedule of minimum freights was drawn up and the support of tramp owners at home and abroad solicited to make the schedule binding. The minima were fixed at reasonable rates, and the flow of forward tonnage into the market was regulated strictly to the needs of the trade. The response revealed an unexpected degree of unanimity among tramp owners of many nationalities. After the withdrawal of Italian tonnage from the River Plate (for war purposes), the schedule was operated with encouraging success, and in the autumn minimum rates were raised. Similar freight schemes were applied to the Australian, Canadian and Black Sea trades, with the same result. The crucial test proved to be the St. Lawrence scheme. From the beginning of the season until September, the bulk of Canada's grain exports was carried in liners and the chartering of tramp steamers came virtually to a standstill. In September, however, chartering was resumed, the minimum rates were readily secured, and in October improved rates were obtained. Still more recently

the open winter ports of Canada and the Northern Range, and the United States have been added to the schedule, and outward canal freights from United Kingdom and Continental ports to these destinations have been incorporated into the scheme. The fruits of self-help among tramp ship-owners, in a period of gradual (but by no means universal) improvement in trading conditions, have been rare and refreshing. The lesson should be neither overlooked nor misconstrued by the industry.

Northern Talks.—The heads of the three Scandinavian Governments, Mr Hansson from Sweden, Mr Stauning from Denmark, and Mr Nygaardsvold from Norway, met in Helsingfors a fortnight ago, where they attended a conference of Socialists of the four Northern countries. The three Scandinavian countries have Social Democratic Governments, but the Finnish Government is a coalition Ministry in which the Socialists have no seat. In these circumstances some surprise has been expressed at the choice of Helsingfors for the conference, and official quarters in the Northern countries have been particularly anxious to emphasise the informal character of the meeting. Nevertheless, Mr Kivimäki, the Finnish Prime Minister, took advantage of the opportunity of meeting his Scandinavian colleagues. In spite of their informal character the Helsingfors consultations will have a certain bearing on the future policy of the Northern bloc as a whole and of Finland in particular. Whereas the three Scandinavian countries are following the course of a growing political and economic orientation towards Great Britain, Finland's attitude has so far been one of oscillation between the Scandinavian and the Polish-German combines. The recent friendship between France and Soviet Russia has considerably strengthened the pro-German under-current, especially among the ultra-nationalists and in military quarters, which for obvious reasons keep their eyes constantly on the Eastern frontier and look for security in co-operation with the militarily strong Polish-German combine. For the moment, however, the course of a Scandinavian orientation has again gained the upper hand. In statements made on December 5th in the Finnish Parliament, both the Prime Minister and the Foreign Minister emphatically declared themselves in favour of a close Finnish-Scandinavian co-operation. Since this pro-Scandinavian political course is supported in the Finnish Parliament by the Social-Democratic Party as well as by the Swedish Party, which together hold 99 seats out of 200, it can be taken for granted that under the prevailing political constellation the Finnish Government will be able to follow this line in spite of the opposition of the ultra-nationalists and siren songs from Warsaw and Berlin. The termination of the Anglo-Scandinavian Trade Agreements is not very distant, and it is to be hoped that the Foreign Office will not be so pre-occupied with the Mediterranean that it cannot foster the growing sentiment of commercial and political friendliness to Great Britain in Scandinavia.

A Creditanstalt Settlement?—The collapse of the Austrian Creditanstalt in May, 1931, ushered in the crisis. The State took over its debts; and the National Bank took over its deposits, on Government guarantee. But, both for the international creditors of the Austrian Creditanstalt and for the Austrian Budget, a settlement of the external "live claims" on the Austrian State has long been overdue. These claims amount to about 180 million schillings; no appropriation has yet been made in any Austrian Budget for their liquidation; and this *pendente lite* situation has always been a query overhanging Austrian finances. A few weeks ago the new Finance Minister, Dr. Draxler, made the International Committee of Creditors an offer, which was rejected. Now he has made a new offer, which has so impressed the Committee as to merit their recommendation for its acceptance to the various creditors. Details have not yet been worked out, but it is reported that the Austrian Government offers the Committee an immediate 60 million schillings' worth of foreign currencies, cash down, plus 20 annuities in foreign currencies of 2,000,000 schillings

each, divided proportionately among the creditors. If foreign creditors representing 75 per cent. of the total "live claims" ratify, the agreement will enter into force in about two months' time. The National Bank is to provide each creditor with his own currency through the B.I.S. The new offer is greatly to be welcomed, for it will relieve the Creditanstalt of pension charges for the "standstill" bonds, and, finally, regulate the financial chaos left by the 1931 collapse. And the foreign creditors can feel relief, too, for obvious reasons. Many of the world's creditors would be content with a cash repayment of 33½ per cent. of their original capital, plus an annuity worth 10 per cent.

British Shipping in the Pacific.—Recent events have brought to a head the question of subsidised competition by American and Japanese lines in the Pacific (writes our shipping correspondent). The statements of the Hon. Alexander Shaw and Sir Alan Anderson, about the imminent withdrawal of British services, have been followed by the passing of an urgent resolution by the Liverpool Chamber of Commerce, calling the attention of the Government to the grave concern with which that development is viewed. The services affected are those of Empire-owned companies which link Australia, New Zealand and San Francisco. It is possible, further, that similar action may be taken for the Canadian-Australian liner services between Australasia and Vancouver, and for British services between Vancouver and Hongkong. The resolution further declares that the termination of these services would break a vital link in Empire communications, and calls for an immediate decision by the Government on policy in the Pacific. The menace to the British lines is undoubted. Japan's subsidy to its Pacific service last year totalled £450,000, while the American Matson line received subsidies of £265,733 for its mail steamers and £43,349 for its cargo steamers. It also effected a saving in shipbuilding loans, as compared with British market prices, estimated at £176,239. The American Dollar line service from Seattle receives a subsidy of £120,000 a year, and the States Steamship Co. of £80,000 a year. British ships, on the other hand, receive only payment for the carriage of mails, the Union Steamship Co. of New Zealand, the chief British line in the Pacific trade, being paid but £68,640 for this service. The maintenance of Empire communications is a vital matter, but the Government's decision will be anything but easy to make. To join in a holocaust of subsidies may be merely to make a distressing situation intolerable. In any case, the matter calls for close consultation with the two Dominions concerned—and probably for a formal round table discussion with America and Japan.

Socialism in New Zealand.—The new Government in New Zealand, a correspondent writes, is Labour, not Labour with a dash of Liberal. Whatever Mr Savage, the new Prime Minister, may have said in recent weeks, however, there are unlikely to be revolutionary experiments, still less repudiation of external obligations, or really ill-advised monetary changes. The commercial banks are strong and solidly administered, so that the problem of 1893-95, when the Labour Government had to rescue the Bank of New Zealand, does not now arise. The Reserve Bank is not under Government control and holds very large London funds. No alteration in its status is contemplated for the immediate future. There is an apparent contradiction, however, between the Government's expressed intention to appreciate the currency while spending more freely and guaranteeing export prices; but all the circumstances need to be taken into account. The most important proposal is that to guarantee export prices. This reflects a wholly understandable desire to insulate the Dominion's economy from the wild fluctuations of the external market. If the guaranteed price is fixed at a level low enough to build up sterling reserves that can be drawn on when prices fall, the results may be very good. Export is well organised through the semi-governmental Export Control Boards, and much production, for example that of dairy produce, is soundly based upon efficient rural

co-operation. The Dominion is at the moment well placed with high production, favourable export prices, a heavy excess of exports over imports and a growing accumulation of sterling assets largely in the hands of the Reserve Bank. If the guaranteed prices are reasonable, there should be in the next year or so an interception of funds that might otherwise be dissipated in rising land values and freer expenditure. While it may be hoped that in fact little or no appreciation of the New Zealand pound will be found desirable or even possible, there is little likelihood of fantastic monetary experiments. Major C. H. Douglas has been in New Zealand and his practical proposals were too absurd to be seriously considered. What does exist is exasperation and even desperation at the economic and financial consequences of such wide fluctuations of export prices as have recently been experienced. Moreover, the

increased tariff protection which is certain to come, since the backbone of the new Government is in the towns, will have a bearing on the exchange position. Imports will be discouraged. There are already signs also that the announced intention to appreciate will cause a temporary import of short-term capital. As usual, the test of the new policies will lie in administration. Of all British countries, New Zealand is probably the most typically British in its opportunist empiricism. The Labour Party has been too long in opposition, its leaders are too experienced Parliamentarians, and the temper of their constituents is too conservative, to warrant apprehensions of revolutionary proposals. They resemble, particularly in their protectionism, the Labour Party which ruled Australia in the early days of federation, rather than the Lang faction which later came into power in New South Wales.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

BUSINESS AND THE NEW DEAL

THE long-smouldering conflict between organised business and the New Deal found expression in the past week in the outspoken resolutions of the National Association of Manufacturers. This follows the open defiance by the utility companies expressed in their refusal to register with the Securities and Exchange Commission as prescribed by the Holding Company Act. It is a reaffirmation of the attitude disclosed by the replies to a referendum submitted to the members of the United States Chamber of Commerce. Other evidence is found in the fact that only about 2,500 acceptances were received by Major Berry (N.R.A. Administrator) in response to some 5,000 invitations for the conference scheduled for this week. It appears that the major industries, such as steel, automobiles, chemicals and textiles, are not represented.

These events mark the opening of a new phase. Initially, the attitude of organised business to the New Deal was one of enthusiastic co-operation; this evolved gradually into passive, and has now developed into aggressive, opposition. It must be understood that this is not, at least as yet, political opposition, for the simple reason that there is no organised political machine to which it might adhere. The Republican Party exists as a skeleton political mechanism, but the Party itself is divided between its right and left wings, and few are willing to predict whether in next year's campaign the party will take a platform and candidate from its "radical" or its reactionary faction.

The immediate battleground is the Courts, and the engagement is the Processing Tax case now being heard. This case is awaited with more interest than the Gold Clause decision of last January, whose result was generally anticipated; or the N.R.A. decision of last May, for the N.R.A. had long been moribund. The processing taxes are of vital interest to everyone. For some months payments have been suspended under injunction—that is, they have been paid into escrow. These taxes are unpopular with producer, processor and consumer. Their disappearance would not necessarily affect the agricultural programme vitally, as the benefit payments now attributed to the processing taxes might simply be added to the deficit. As has hitherto been stated, there is as yet no consensus of opinion as to the probable decision of the Court; even if the Court upholds them, there is a possibility of their abolition by Congress.

For the first time, Washington has released its official estimate of the number of unemployed. It must be considered an estimate merely, as the only census of unemployment was that of early 1930. Since that time various agencies have published estimates, notably the American Federation of Labour and the National Industrial Conference Board; and these estimates have rarely been close

to each other. The figure commonly cited has been about 10 millions; but this was difficult to reconcile with the relief rolls, which before the separation of the "unemployables" were continuously around 5,000,000. The official estimate is now given for September, 1935, as 10,915,000, compared with 15,071,000 at the brief period of the Bank Holiday. For October, 1933, it is put at 11,176,000, and it seems to have fluctuated near that figure ever since; that is, the gain in employment has virtually equalled those coming of age.

If that figure is accepted, the 3,500,000 provided for under the present Works Progress Administration are scarcely more than one-third of the total unemployed. It is impossible to reconcile this figure with the range of personal observation; there is a demonstrable scarcity of skilled labour in many fields; casual labour is by no means plentiful nor pressing on the market; and the trend of hourly and weekly wages seems still to continue its persistent rise. None of these facts can be readily harmonised with data which show far more employable unemployed persons left to their own resources than are provided for by any formal relief. The figure stands, however, as the only available official estimate; but it is by no means unatipuously accepted.

THE RISE IN REAL INCOMES

Although the wholesale price index is little higher than it was eight or nine months ago, the rise in the cost of living persists, and is rapidly making up the lag that was noted earlier. About half the decline from 1929 to 1933 has been recovered. As the greatest decline occurred in food, the greatest increase is also found there. The data of the National Industrial Conference Board shows an advance in food prices of nearly 40 per cent. from the low of 1933, and of almost 10 per cent. in the past year. Rent is also estimated to have risen about 16 per cent. from its low point, and most of this has occurred in the past year; it is the counterpart of the increase in residential building. On the other hand, clothing prices are estimated to be lower than a year ago. It is extremely difficult to relate this increase in the cost of living to individual income. The general trend of hourly wages has been up this year; and, more important, the continued maintenance of a fairly high level of production has increased the number of hours worked. The conclusion seems justified that factory labour in 1935 has received some increase in real as well as money income. Among the so-called white-collar workers, instances of increased salaries, or of promotions to higher salaried positions have not been uncommon; but they cannot be described as general. Probably in the aggregate this group has felt some loss of real income in the current year. On the other hand, its real income (if any) in 1932 and 1933 was relatively high. On the whole both factory workers and office workers, if employed, are receiving a real income not far from that of the late 20's; for the reduced money income has been offset by the lower cost of living. And for the majority of employed persons, since

1933, an increase in money income has kept pace with the increased cost of living. Persons who were but intermittently employed in 1932 and 1933 have, of course, experienced the gain that comes from more regular employment. A minority of persons, whose salaries are comparatively rigid (like some but not all municipal employees) have money incomes equal to those of the late 20's, and a substantial gain in real income; in some instances, however, this has been offset by the increase in taxation.

The fall in the cost of living was rapid and deep and the rise has been almost equally rapid, and by no means yet completed. The effect of the two movements on individual or family fortunes is as yet secondary to the question of actual employment. For the money income of factory workers is the composite of a high hourly rate applied to a short week, giving a high hourly rate and a low weekly money wage. Thanks to lower living costs, the weekly real wage is fairly satisfactory. In other words, the benefit of the lower cost of living has been absorbed by the shortened week, leaving the worker a net gain in the form of leisure—an item of value not included in "real income" statistics. This year, however, there has been a tendency towards longer hours and rising costs of living.

SILVER SHOCKS

The sudden withdrawal of the Treasury from the silver market took New York by surprise, and was an emphatic reminder of the doctrine of the Secretary of the Treasury, enunciated many months ago, that our entire monetary policy is on a twenty-four hour basis. Essentially, the episode is an illustration of the conflict between the Government's silver policy and silver programme. The silver policy is directed toward the international re-monetisation of silver, and the Government took the lead in the movement by adopting, in the legislation of 1933 and 1934, a bi-metallic standard of unfixed ratio. The programme of raising the price of silver indefinitely militated against the policy, forcing the demonetisation of silver in the only area where it was fully monetised, and affecting adversely its monetary status in other areas.

With these developments, the amount of silver offered in London greatly increased, and U.S. imports in September and October exceeded \$40 million in each month, while for November they were above \$60 million. Altogether it would appear that in three consecutive months the Treasury imported a sum of silver exceeding one year's current world mine output. The sudden suspension of buying, however, throws no additional light. The Treasury buys silver under the Act of Congress of June 19, 1934, which directs the Secretary of the Treasury to purchase silver "at home or abroad" "whenever and so long as the proportion of silver in the stocks of silver and gold of the United States is less than one-fourth of the monetary value of such stocks" "at such times and upon such terms" as he may deem advantageous, provided that no purchases be made "at a price in excess of the monetary value thereof." The monetary value of silver is \$1.29 an ounce.

Apart from the legislation itself, it is important to recall the diverse interests of those who forced this legislation. The silver block includes the traditional bi-metallists, those who are interested primarily in a subsidy to a local industry, and inflationists who ally themselves with silver, not because of a love of silver, but because it offers the least opposed medium for expanding the currency. But even this synthesis does not fully include the silver interest. Scratch a silverite and find an Anglophobe. For reasons which have never been clear, silver has always been identified as a weapon against London's control of the world price level, and the silver programme has the support of multitudes who are not silver miners, nor outright inflationists, nor theoretical bi-metallists, but who see in the metal a mystical shield and buckler against the fiery darts of the City of London. The summary of these considerations is (a) that there is little prospect of silver being dropped as an integral feature of the New Deal; and (b) there is no basis for conjecturing in detail the future metamorphoses of either the policy or the programme.

NEW YORK, December 12.

FRANCE

THE BUDGET, THE "LEAGUES" AND THE "PEACE PLAN"

THE first reading of the Budget Bill has been voted by the Chamber, and there is much probability that the final vote will be taken before the end of the year. Public attention is therefore concentrated on two major problems: the question of the Fascist "Leagues," and secondly the Abyssinian conflict.

The position of the "Leagues" and the whole political situation has been altered by the debate in the Chamber on December 6 and the "reconciliation" which then took place. There can be no return to the position which existed before the "Croix de Feu's" spokesman declared the wish of that body to "reform" rather than abolish the Parliamentary system. Great progress has consequently been made towards an appeasement of political strife.

The failure of the Hoare-Laval "peace plan," on the other hand, has produced a most involved situation. The primary purpose of this plan was to organise conciliatory negotiations which would postpone the oil embargo. The plan is now dead, but no decision has been taken at Geneva about the oil sanctions. A move by the French Government in this direction is inconceivable; and Paris is therefore in suspense.

The Laval Cabinet was formed in June with a definite programme, for which special powers were asked by M. Laval himself: the "defence of the franc" and the avoidance of devaluation. This policy necessitated the issuing of 500 new decree-laws and the acceptance by public opinion of a 10 per cent. cut on all State charges, including rentes interest. By these economies, which were estimated by the Government at 5,000 million francs, the deficit on the ordinary Budget was eliminated and the Budget total was cut to the following figures:—

	Frs.
Revenue	40,434,512,653
Expenditure	40,431,074,137
Surplus	3,438,516

But an extraordinary Budget for "exceptional" military and public works expenditure, the total of which reaches 6,230 millions, must be covered by loans; and to this a 4,500 million railway deficit must be added. Large loans must therefore be expected, and some have already been issued by the Government. These are sometimes effected by direct loans on Treasury account, and sometimes through various public departments such as the Crédit National. If there is no new accentuation of the crisis, and if fiscal receipts remain at their present low ebb, it is anticipated that the borrowing needs of the Treasury will be 12,000 million francs (about £160 millions) during the first six months of 1936, and 3,000 million francs in the second six months. It is also known that the Bank of France has rediscounted in the last few months a certain amount of Treasury Bills.

PUBLIC OPINION AND DEVALUATION

If the Laval Cabinet fell while the financial situation was so unstable, what would be the position of a new Prime Minister? Would he pursue the same policy? Or would he refuse to assume such heavy responsibilities? Perhaps he would lay before Parliament a balance sheet and emphasise the importance of the public debt, particularly of the short-term Treasury debt. But it would be difficult in that case for him to adopt the present loan policy. He would be hindered by the hoarding of money which would be the necessary consequence of the publication of the figures. Confidence would have been destroyed, and the chance of raising loans rendered very slender. Devaluation in such circumstances might become inevitable as a first consequence of the impossibility of realising Treasury payments. The alternatives before the new Cabinet would be: deflation and loans on the one hand, or devaluation on the other.

In that case there would probably be devaluation, and not "adjustment" of French prices into equilibrium with foreign ones. Devaluation would enable the State to meet

its payments by means of an immediate revaluation of the gold stock of the Bank, and so would stimulate a revival of business. But the whole problem is still dominated by the political outlook, which depends on the reactions of the "man in the street" to a new "fall of the franc." If these reactions could not be held in check, and if the devaluation was not accepted by public opinion, great social disturbances might follow. The fact of the devaluation would probably not be as important as the subsequent course of policy. The presentation of the operation and the precautionary commentaries which accompanied it would have more significance than the operation itself.

Such are the lines of reflections which are depressing the rentes. These now stand at the lowest of the year, as the following table shows:—

	1935		
	High	Low	Dec. 21st
3 per cent. perpetual	84.97½	72.20	71.30
3 per cent.	86.15	73.75	74.35
4 per cent., 1917	90.30	73	73.60
4 per cent., 1918	89.75	73.40	73.65
5 per cent., 1920	120	101	101.45
4½ per cent., 1932, "A"	95.85	80.50	80.55
4½ per cent., 1932, "B"	94.05	79.20	79.25

Industrial shares, on the other hand, are much better; and the index stands at 180, against a "low" of 175 and a "high" of 206. But how much of this rise is due to hopes of devaluation and how much to hopes of a recovery which would naturally produce a rise of industrial stocks first and rentes afterwards? That is the question.

PARIS, December 24.

GERMANY

"A REVOLUTION IN ENGLAND"

THE statements by British Ministers to Parliament last week failed to modify Germany's views on international co-operation. The British Government, it is still held, committed a breach of faith, which has not been made good by its confession of error. To Germans the "family party" theory of the League seems to have been confirmed. Great Britain, it is officially established, acted under French pressure; and France has never concealed her "family party" view that devotion to the League must not prejudice her friendship with Italy. To egoistic "family party" diplomacy no German objects. It is merely the Dual, Triple and Multiple Alliance system of history immemorial. The objection is to the simultaneous profession of impartiality implied by membership of the League.

If on this issue the British Parliamentary debate yielded nothing new, amazement was created by the uprising of the British public. Not a revolt, but a revolution was the impression in Germany. German newspaper correspondents in England chose the word "revolution"; and they might have added that a country which achieves revolution by vote of confidence must be sincerely pacifist. But was the revolution, it is asked, logically against the "family party" principle, or, with less logic, only against its inevitable application in a concrete case? Of the future Germans remark that sanctions, though their sphere may be extended, have irrecoverably lost their vigour; and it is surmised that the peace terms will be determined mainly by the military position at the time when they are negotiated. It is therefore noteworthy that Berlin press experts paint the military outlook for Italy in dark colours. German judgments of this nature are more impressive than English; for in view of the impartiality officially imposed on the German press there can be no suspicion that the wish is father to the thought.

The November foreign trade returns show an almost undiminished export surplus, which, after the official warning of October that no more active balances might be expected this year and that the whole year's account would therefore only about balance, is regarded as satisfactory. The export surplus on the eleven months is Rm. 77 millions, as against an import surplus of Rm. 240 millions in the same months of 1934. No increase in exports to Italy is mentioned, but there was a substantial increase in imports of Italian goods. It is announced that Russia's orders

under the German Rm. 200 millions credit plan of April so far total only Rm. 80 millions, but that further deals are near completion. The November trade returns are:—

Imports :—	Oct.	Nov.	Jan.-Nov.
	(Millions of Marks)		
Livestock	3.9	6.1	37.2
Foodstuffs	87.0	96.8	887.5
Raw and half-manufactured materials...	205.2	202.3	2,332.3
Manufactured goods	39.9	41.0	517.9
Totals	336.0	346.2	3,774.9
Exports :—			
Livestock	0.2	0.3	2.4
Foodstuffs	7.1	8.1	67.1
Raw and half-manufactured materials...	75.4	77.3	704.6
Manufactured goods	307.8	311.6	3,078.0
Totals	390.5	397.3	3,852.1

The number of unemployed in November increased by 156,000 as against an increase of 86,000 in November, 1934. Internal trade is irregular. In most articles the wholesale turnover in the third quarter of the year was 15 to 10 per cent. higher than in the same period of 1934, but in some goods lower, in cloth, indeed, 42 per cent. lower. Christmas retail trade is believed to have been normal. Railway traffic has increased slowly.

ELECTRICITY SOCIALISATION REVOKED

Among new laws is one regulating the electrical and gas industries. The Electricity Socialisation Law of 1919, which provided for Nationalisation, is revoked, and Reich supervision is substituted. The new law admits Reich control of investment in electricity and gas undertakings, but it contains no radical provisions. The Konjunkturinstitut describes the restrictions on investment already imposed in many trades as a sacrifice necessary for re-armament. The same authority has issued a "quality index" for consumption-goods, from which it appears that the average quality of these goods declined 10-15 per cent. between 1928 and the bottom of the depression.

Coal output in October was 13,455,000 tons, against 11,597,000 tons in October, 1934. Pig-iron output in November was 1,196,200 tons, against 1,197,800 tons in October; and steel output 1,483,300 tons, against 1,551,600 tons. In both cases output per day rose. Orders in the machinery industry in the autumn were 12 per cent. higher than in the good trade year of 1928. Orders for home industry were small, and as foreign orders were 43 per cent. below the 1928 level, the only explanation of this activity is re-armament.

After a temporary pressure on the money market due to tax payments and the holiday demand, liquidity was restored by the temporary availability of public funds. The year closes with the day-money rate about 1 per cent. lower than at the end of 1934. The Reichsbank's return for December 14th shows evidence of the temporary strain; there was practically no decline in total of credits, and Rm. 6 millions of gold was lost. The food shortage and delays in settlements for export are responsible for the recent decline in the total currency reserves, which stand at Rm. 87 millions, as against Rm. 100 millions in the summer. The prohibition against the import of Reichsbank notes is being rigorously enforced on land and sea frontiers and in the post.

The Reich Railways Association announces for public subscription a loan of Rm. 500 millions 4½ per cent. Treasury bills at 98½. The yield will be used for the reduction of short-term debts. This is described as a long-term loan; in fact it is repayable at 100 on January 2, 1944. The Reich's own Rm. 500 millions issue of this year, also at 4½ per cent., was for ten years, but is repayable in five annual instalments beginning in 1941. Of "long-term" public loans in this sense Rm. 1,800 millions were issued or announced in 1935. This total includes the mysterious or forced loan from the insurance industry, of which neither the amount nor even the nominal total has been revealed. The amount is believed to have been Rm. 300 millions. The banks foresee a shortage in the capital market next year. Farmers want badly to borrow. The Erbhof Law, however, prohibits borrowing on mortgage, and the banks refuse to lend on personal guarantee. It seems certain that the law will be amended; and, if so, the demand for capital will

increase. The only argument against amendment is the Reich's now familiar claim to absorb all available capital for work-creation and armaments.

No returns of Reich expenditure are being issued, and the Budget for 1935-36 remains a mystery, though, it is officially admitted, it will close with a deficit. Total Reich revenue is also unknown. Revenue from taxation in November was Rm. 801 millions, as against Rm. 646 millions in November, 1934; and in the first eight months of the financial year Rm. 6,223 millions against Rm. 5,317 millions. Income, corporation income, and sales taxes have come in well; Customs and Excise (except the beer tax) better than in November, 1934. If allowance is made for changes in the taxation system, the eight months show receipts exceeding by Rm. 772 millions those of the corresponding period of 1934. Local finances have improved. Many municipalities, however, will be unable to balance their Budgets in 1936.

BERLIN, December 23.

AUSTRIA

THE BUDGET AND UNEMPLOYMENT

ENHANCED business activity in Austria has rendered it possible for the Minister of Finance to curtail public works expenditure in the coming year, without having to fear any serious reaction on the labour market. In the current year State employment schemes have provided work for 22,000 to 74,000 people, according to the season. And about 90 million schillings of public money will be available for industrial orders in 1936. It appears to have become a dogma in Central Europe that the State, quite apart from providing employment, cannot refrain from feeding the labour market indirectly by distributing such orders.

In so far as the State is obliged to curtail public works expenditure, it assumes the responsibility of stimulating private investment. Unfortunately, however, the big banks are observing a strictly conservative credit policy. Although many concerns in recent years paid back a considerable portion of their overdrafts and thus greatly helped the banks to accumulate an abundance of available resources, the banks are very chary of making advances. The savings banks are also still very reluctant to grant long-term credits. The consequence is that non-interest-bearing bank deposits at the National Bank recently reached a new high level at 352 million schillings.

The Minister of Finance believes that his new and strict Budget will encourage private investment. It is supposed to do this, first, by ensuring the stability of the schilling, and, secondly, by further economies. But these economies will undoubtedly be felt very keenly in various quarters. Agricultural subsidies are to be curtailed or eliminated, and pensions to ex-State employees who receive incomes from other sources are to be suspended. Other public bodies are following the Government's lead, and most of the Provinces and municipalities have balanced their Budgets. In Vienna the tax on milk has been raised slightly to cover the City's newly-imposed contribution to the cost of the State police.

CLEARING AND COMPENSATION TROUBLES

The machinery of clearing and compensation agreements, which has characterised the commercial policy of Austria and Central Europe in general, is already beginning to disclose defects. The idea of attempting to "balance" trade with individual States can scarcely be pushed much further without danger of paralysis. This would be the more apparent if the economic position were not obscured by the present war and armaments boom. The situation is to-day such that, even in countries where quotas are available, Austrian exporters are cautious, because the transfer—not the payment—of invoice amounts is uncertain, and months of delay sometimes ensue. Radical measures have to be taken for the collection of those outstandings. An illustration of this was the recent decision to alter the Austro-Hungarian clearing agreement and transfer at 90 schillings to 100 pengö instead of 80 to 100, as heretofore. The pengö

was too high in relation to the schilling, which gave a kind of export premium to Austria. Industrialists have relinquished this premium, however, and probably a part of their trade, as they could not otherwise secure payment. Relations with various Balkan States are still worse; and credits due in Italy and Czechoslovakia are increasing.

Recently published figures disclose enhanced activity in practically all trades. In October exports compared with October, 1934, rose from 81 to 84 million schillings, and imports from 107 to 122 million schillings. The rise in imports is entirely due to increased imports of raw materials and cattle. The number of unemployed receiving benefit has fallen from 260,000 to 227,000 in the same period. Production of iron ore has risen from 49,000 to 94,000 tons, and of cellulose from 1,906 to 2,109 tons. The index of steel output has shot up from 52 to 80, and of rolled-goods output from 54 to 79. The decline in the paper industry, on the other hand, is due to the large increase in prices prescribed by the new paper cartel. The consumption of foodstuffs has risen, according to the index, from 95 to 104. It is observable that the number of unemployed on the dole is now keeping pace with that of unemployed applying for work. Not long ago there was a divergence owing to increased severity in admitting unemployed to benefit. There were in the whole of Austria 290,000 unemployed in search of work in September as against 332,000 in September, 1934. On the other hand, the membership roll of the Vienna sick funds has risen from 436,000 to 463,000.

VIENNA, December 15.

CZECHOSLOVAKIA

THE NEW PRIME MINISTER

ECONOMIC activity in Czechoslovakia has been suffering from political unrest and from uncertainty about the Italo-Abyssinian war and the effect of sanctions. Doubt about the future of certain currencies, especially those of the gold bloc, has also contributed to restlessness.

In November there was a change in the Government. The former Minister of Agriculture, Dr. Hodža, a Slovak, who has been noted for his broad political and economic ideas, became Prime Minister. In his statement during the Budget debate on December 5th the new Prime Minister spoke firmly in favour of collective security as a guarantee of peace and of the further extension of collaboration in Central Europe. His speech was also a confession of faith in democracy. The starting point of Dr. Hodža's policy is the fact that Czechoslovakia's national economy is mixed and that it is therefore necessary to work towards the co-ordination of both agricultural and industrial interests. Dr. Hodža advocates a managed economy in agriculture. He also admits the necessity of increasing exports, expanding investment activity, lowering rates of interest and alleviating indebtedness. He is in favour of balanced Budgets and the reform of the public administration.

The harvest has on average been very good, although in some parts damage has been done by the extensive drought. The wheat yield has been estimated at 168,995 trucks, which is 32,879 more than in 1934; the yield of rye at 163,841 trucks or 11,613 more; that of barley at 106,132 trucks, or 2,703 more; and that of oats at 102,712 trucks, or 15,185 less than last year. The fact that cereal prices had been secured by the monopoly naturally led to an extension of the area under cultivation, especially in wheat. The Corn Company bought in the first year of its existence 1,854,286 tons of cereals, and it is estimated that at least 500,000 tons have been sold illegally, in evasion of the monopoly, so that a much stricter control has had to be introduced.

Industrial production has risen moderately. The index in September stood at 75.8 against 70.4 in July. The number of unemployed persons at the end of November was 679,900, or 78,510 more than in August. This increase is partly seasonal.

Production of coal in October was 1,086,536 tons, against 1,049,313 tons a year ago; that of lignite 1,408,575 tons, against 1,497,569 tons; that of coke 146,400 tons, against 119,600 tons; that of pig iron 76,723 tons, against 54,523 tons; and that of raw steel 110,596 tons, against 80,800 tons. The general industrial situation thus shows a certain improvement. Exports of glass are better, and the paper industry has improved slightly. The situation in the textile industry is still far from satisfactory. The wholesale gold index in November was 86.2, against 85.6 a month ago. In fact, after a decline since the summer, prices have again risen. The retail price index for foodstuffs rose between January and October from 667 to 706.

Imports for the first ten months were 5,189 million Cz.K., or 12.4 million Cz.K. less than a year ago. Exports were 6,433 million Cz.K., or 589.5 million Cz.K. more than a year ago. If exports of precious metals and coins are excluded, however, net exports of goods rose in comparison with last year by only 60.6 million Cz.K. The necessity for assisting exports is generally acknowledged, even in agrarian circles.

A BALANCED BUDGET

The Budget is under discussion in Parliament. Revenue is estimated at 8,033.5 million Cz.K. and expenditure at 8,032.2 million Cz.K. The public debt amounts to 40,933.7 million Cz.K.; the internal debt is 30,773.3 million Cz.K., and the external debt 8,160.4 million Cz.K. The Government intends to push through the Budget, adjust some taxes and lower interest rates by $\frac{1}{2}$ per cent. on deposits and by $\frac{1}{3}$ per cent. on loans. Further, the problem of indebtedness, especially in agriculture, is to be solved by means of a prolongation of instalments on mortgages, a grant of facilities for farm debts settlement, and finally a lowering of interest on public debts by conversion.

The money market has recently been easy. In the autumn a certain revival took place especially as a result of the financing of the harvest, of building activities and of the seasonal advance in production. At present, however, rates are again declining. In the last few weeks Stock Exchange prices have improved, especially on the share market. The Stock Exchange index rose between October 25th and November 22nd from 99.4 to 101.7.

PRAGUE, December 13.

ARGENTINA

THE EXPORT SURPLUS

The following figures show the foreign trade position in 1935:—

QUANTITIES EXPORTED AND AVERAGE PRICES DURING THE FIRST ELEVEN MONTHS OF 1934 AND 1935

	Tons		Average Prices (Pesos)	
	1934	1935	1934	1935
Chilled beef.....	318,776	314,827	365.26	393.88
Frozen beef.....	28,796	25,452	235.87	243.39
Mutton	44,559	45,113	393.42	497.85
Canned meat	56,012	62,616	267.37	299.24
Salted and dried cowhides	113,842	127,056	532.65	578.61
Unwashed wool.....	86,787	102,463	1107.14	791.61
Wheat	4,505,364	3,753,359	61.52	70.29
Maize	5,100,405	6,358,796	54.59	45.82
Linseed	1,213,883	1,645,741	124.92	120.51
Oats	461,373	376,133	45.78	54.39
Barley	528,223	418,099	47.55	56.17

VALUE OF EXPORTS DURING FIRST ELEVEN MONTHS OF 1934 AND 1935

	1934	1935	Increase or Decrease
	\$	\$	%
Pastoral products	421,839,707	455,260,380	+ 7.9
Agricultural products....	824,901,420	899,947,471	+ 9.1
Total	1,318,572,542	1,415,683,773	+ 7.3

QUANTITIES EXPORTED IN TONS; SAME PERIOD AS ABOVE

	1934	1935	Increase or Decrease
	\$	\$	%
Pastoral products	987,542	1,047,092	+ 6.0
Agricultural products ...	12,641,938	13,579,042	+ 7.4
Total	14,160,133	15,076,357	+ 6.5

PERCENTAGE INCREASE OR DECREASE IN AVERAGE PRICES OF EXPORTS DURING FIRST ELEVEN MONTHS OF 1935, AS COMPARED WITH 1934

	%		%
Chilled beef.....	+ 7.8	Wheat	+ 14.3
Frozen beef.....	+ 3.2	Maize.....	- 16.1
Mutton	+ 26.5	Linseed	- 3.5
Salted cowhides	+ 9.6	Oats	+ 18.8
Unwashed sheepskins.	- 18.7	Barley	+ 18.1
Unwashed wool.....	- 28.5	Rye	- 4.8

Exports for November were the lowest in tonnage except for December, 1934, for the past two years. Owing to improved prices, however, the value exceeded that of November, 1934. Average prices of practically all exports, with the exception of maize, linseed, rye and wool, show an improvement over those ruling last year.

The sharp decline in exports, unless it is accompanied by a corresponding falling off in imports, has quashed all hopes of an export surplus reaching anything like the \$400 millions mark at first predicted for 1935; and until some such figure is reached it is difficult to foresee any marked rise in the value of the peso. No big increase, however, in exports can be expected during the coming year, as the harvest looks like being below the 1934-35 crop. The best hope for Argentina appears, therefore, to be an all-round increase in the prices of primary commodities.

"BASIC PRICES" RAISED

The Ministry of Agriculture has just announced an increase of the basic prices which they pay for wheat and linseed. These have now been raised from \$5.75 and \$11.50 to \$10 and \$14 respectively. This entirely unexpected move was due to the poor crop prospects and the belief of the Ministry that the prices at present ruling for these commodities are a consequence of hasty offers and advance sales. Owing to the falling off in production of wheat and linseed in the Argentine it is expected here that the statistical position of these commodities in world markets will be greatly improved during 1936 and that there will be a general rise in prices. This is probably true of linseed; but it is doubtful whether the shortage of Argentine wheat will very materially affect international markets. As a result of the advance in basic prices, however, local prices rose immediately, and as the majority of producers have not effected forward sales, this rise will undoubtedly be of real benefit to the farmers.

REVENUE AND EXPENDITURE GROWING

Commercial failures show a healthy reduction compared with 1934; and the general feeling is that the majority of firms which have weathered the storm of the last five years will be able to carry on. Given a normal harvest, there should be a progressive decline in the number of failures. Meanwhile, the Budget revenue and expenditure continue to increase by leaps and bounds. The improvement in revenue figures is extremely gratifying.

The official exchange rate is now controlled by the Central Bank. It is no longer subject to tender by interested parties, but is fixed every day by the Bank. There has been little change recently in interest rates, and free market exchange rates remain very steady around \$18 to the £. A further conversion operation was effected recently, in which \$88 millions of Municipality stock was successfully converted from 6 per cent. to 5 per cent. Over 90 per cent. of the holders took up the new bonds.

BUENOS AIRES, December 18.

OFFER TO NEW READERS

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

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

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BOOKS AND PUBLICATIONS

LABOUR IN AGRICULTURE

AGRICULTURE employs more labour than any other industry in the world, but its labour problems have never received an attention proportionate to their importance. Moreover, the attempts, both national and international, to improve the conditions of labour have largely passed by the agricultural labourer, whose welfare has been neglected in comparison with that of other types of worker. It is only this week that a Bill providing for unemployment insurance for British agricultural workers has seen the light of day. Mrs Howard's admirable international survey* of labour problems connected with agriculture, which is published under the auspices of the Royal Institute of International Affairs, is therefore very welcome. The survey is confined to wage-paid labour and excludes from its scope the family labour of peasant proprietors, whose problems are of a different kind. Mrs Howard, who was for many years chief of the Agricultural Service of the I.L.O., has been able to draw on the wide sources of information available at Geneva, and her work is authoritative and reliable to an unusual degree. The present volume will prove indispensable to all students of agricultural economics.

The reasons for the neglect which agricultural labour has received both from theoretical inquirers and from practical reformers are that it is very far from homogeneous, that it is backward in organisation, and that it merges by imperceptible degrees into the family labour of the peasant which is not remunerated by money wages. In spite of these difficulties, it is possible to reach certain generalisations which are true of paid agricultural labour as a whole. The most important of these are that such labour is relatively badly remunerated and that its conditions of work are unsatisfactory. The reasons for this unfortunate state of affairs are admirably analysed by Mrs Howard, who calls attention to the peculiar conditions of supply and demand in this chronically over-stocked labour market. The efficiency of the agricultural industry and of the individual worker are both low; the standard of payment is largely traditional; agriculture is the dumping ground of much unemployed urban labour; and the seasonal nature of farming renders a certain wastage of labour inevitable. Moreover, the agricultural labourer is continually faced by the competition of the peasant proprietor, whose standard of living is low, and who regards his work on the soil as a "way of life" rather than as a source of measurable income.

Indeed, the real cause of the poverty of the agricultural labourer is the poverty of the agricultural industry; and no substantial and lasting rise in the standard of agricultural wages can be hoped for until the profitability of the industry itself is increased. Mrs Howard is alive to this difficulty, but urges, nevertheless, that some effort should be made to improve the wages, hours, housing, education and other conditions of the workers pending the solution of the deeper problems of agricultural production. While everybody will agree that such efforts are highly desirable, it is very doubtful how far they can be successful while the capacity of the agricultural industry to bear increased costs remains as low as it is to-day. The weapon of the tariff is powerless to alleviate the condition of the workers in the food exporting countries, whose salvation must lie in international action, organised on different lines for groups of countries in different stages of development. No doubt some good results could be attained by action directed on these lines, but the only fundamentally sound way of improving the lot of the agricultural labourer is to improve the productivity and the profitability of the industry itself.

The prospects of such improvement do not appear very bright at a time when every government is shaping its national agricultural policy in pursuit of such ends as the home production of food, the stoppage of the drift to the towns, the settlement of the urban unemployed, the creation of a "green proletariat"—in short, in pursuit of almost every end except that of the prosperity of agriculture regarded as a business. Until governments are prepared to

* "Labour in Agriculture." By Louise E. Howard. Oxford University Press. 320 pages. 18s.

allow agriculture to progress and develop along natural lines, without being interfered with for all sorts of non-agricultural considerations, attempts to improve the condition of agricultural workers by artificial expedients will attain small measure of success.

SHORTER NOTICES

"L'Europe Nouvelle. (Special Number.) La Dévaluation est-elle une Solution?" By Roger Auboin and others. 73 bis. Quai d'Orsay. Paris.

This very interesting special number of "L'Europe Nouvelle" reads like a reply to Sir Henry Strakosch's supplement to the *Economist*, published a year ago under the title of "The Road to Recovery." The purpose of M. Auboin and his collaborators is to prove that devaluation would not help France out of her present troubles. M. Auboin's arguments are ingenious, well-documented, and entirely unconvincing.

In discussing the effects of devaluation on prices, he and his collaborators argue that devaluation will not raise wholesale prices; that it must raise the cost of living; and that it will not have any effect on prices at all. Yet, in fact, as their own figures show, it has in almost every case raised wholesale prices substantially and the cost of living hardly at all, and so brought the one into adjustment with the other. It is twice stated here that the cost of living and wholesale prices in Great Britain to-day have not moved relatively to one another since 1931. This is untrue. The British cost of living index (1929=100) fell from an average of 89.6 in 1931 to 88.4 in November, 1935; and the wholesale index (*Economist*: 1929=100) rose from 67.7 to 75.7 in the same period.

M. Auboin seems to underrate the part played by low interest rates in promoting recovery after devaluation. He also argues that devaluation is not necessary to achieve such interest rates. We can only suggest that he compares his own graphs of the course of bank rate in Great Britain, the United States and France in the last two years. Again, he affirms with great emphasis that recovery has only followed devaluation where strict Budgetary deflation has been continued. Does he then regard the Budgetary policy of the United States and Japan in the last three years as models of rigorous orthodoxy?

M. Auboin also dilates much on the "peculiar features" of France's crisis. We seem to remember that Great Britain's crisis had "peculiar features"; so had America's, and South Africa's, and Australia's, and Denmark's, and Argentina's, and Belgium's. It is odd that they should all have been surmounted by the same remedy. We congratulate "L'Europe Nouvelle" on a most interesting number. But we are not persuaded.

"Statistical Review of the Work and Finance of the London Voluntary Hospitals for the year 1934." King Edward's Hospital Fund for London. 32 pages. 1s. 6d.

This survey, issued by the King's Fund, gives a most interesting account of the financial fortunes of the London hospitals during the present depression. Expenditure has been steadily rising, as more patients are treated; it rose from about £3,250,000 in 1930 to nearly £4,000,000 in 1934. The total receipts of the hospitals, however, fell by £600,000 between 1930 and 1932; but rose by £100,000 in 1933 and £480,000 in 1934. Total receipts in 1934 were £4,895,000. Some 53 per cent. of this came from voluntary gifts, including legacies.

BOOKS RECEIVED

Public Finance. By Clyde L. King. (London) Macmillan and Company, Ltd. 602 pages. 16s. net.

Trade and Trade Barriers in the Pacific. By P. G. Wright. (London) P. S. King. 530 pages. 18s. net.

The Economics of Alfred Marshall. By H. J. Davenport. (London) H. Milford. 481 pages. 18s. net.

Administration of Public Employment Offices and Unemployment Insurance: Canada by Industrial Relations Counselors, Inc. France by A. Gilbert, Sweden by K. Bergström and Associates, and Switzerland by F. Mangold. (New York) Industrial Relations Counselors, Inc. 397 pages. \$3.50.

La Hongrie dans les Relations internationales. (Budapest) Edition de l'Association Hongroise des Affaires Etrangères. 383 pages. Pengős 8.

MONEY AND BANKING

THE MONEY MARKET: A RETROSPECT

THE year now at its close has been one of the quietest the money market has ever experienced. Rates have certainly been low, and only small profits have been earned on holdings of bills. But money has always been easy to borrow; and for the greater part of the year the clearing banks have fixed by agreement both their rates for loans and the minimum at which they have been prepared to buy bills. Rates have stood at $\frac{1}{2}$ per cent. for loans against Treasury bills and other bills eligible for rediscount at the Bank of England, and at 1 per cent. for loans against other collateral. A few weeks ago the clearing banks agreed to lend against the new 1 per cent. Treasury bonds at $\frac{3}{4}$ per cent. On the other side of the bill-brokers' account the clearing banks, since February, have bought Treasury bills at a minimum rate of $\frac{1}{2}$ per cent. Further, most of the banks have ceased to tender for Treasury bills in competition with the discount market, and have also refrained from buying Treasury bills with less than about eleven weeks to run. As a result, allottees of bills by tender have been compelled to hold them for at least a fortnight; and this has been a deterrent against the staging of Treasury bills noticeable early in the year. Since March 31st, indeed, the supply of "tender" Treasury bills has been steadily expanding. The average tender rate, in fact, has been slightly above the $\frac{1}{2}$ per cent. charged by the banks for loans and paid by the banks for Treasury bills, and bill-brokers have thus been left with a slight margin of profit. On the whole, therefore, 1935 has been a more comfortable year than its predecessor, which saw Treasury bill rates fall at times as low as $\frac{1}{4}$ per cent. and made the holding of bills unremunerative.

Although discount rates for technical reasons have been rather firmer this year than last, there is a fairly widespread belief that 1935 may prove to have been the culminating point of an era of cheap and plentiful credit, which began in 1932. To explain in precise terms the causation of this development is not easy. To some extent, its origin was psychological and may be traced back to such a sequence of events as the balancing of the budget, the suspension of the gold standard, and the return to power of the National Government in the autumn of 1931. Returning confidence brought money back to London and enabled both the Bank of England and, later, the Exchange Equalisation Account to add largely to their gold stocks. Simultaneously, the earliest stages of the trade revival were reflected in a repayment of outstanding bank advances. In 1932, consequently, the banks found both that their cash was being replenished and that their loans were being repaid. They had thus abundant resources for investment in the short-term and the long-term market.

Once this fundamental explanation of the inauguration of the cheap money regime is clearly understood, the course of subsequent events is capable of statistical illustration. The following table sets out certain items in the Bank of England's returns for November, 1929, and each subsequent November from 1931 onwards:—

	Nov., 1929	Nov., 1931	Nov., 1932	Nov., 1933	Nov., 1934	Nov., 1935
Gold	135	121	139	191	192	198
Fiduciary issue	260	275	275	260	260	260
Government securities	58	57	69	68	80	85
Total	453	453	483	519	532	543
Deduct public deposits	17	27	27	19	25	20
Net total	436	426	456	500	507	523
Note circulation	355	354	358	368	377	401
Bankers' deposits	58	60	78	103	96	91
Total notes and deposits	415	414	436	471	473	492

The chief sources of available "money," by way of currency and "bank cash," are (a) the gold in the Bank

of England; (b) the fiduciary note issue; and (c) Government securities in the banking department. Of the "money" created in this way the Government takes a certain amount into public deposits, while passing disturbances arise from changes in other assets and liabilities of the Banking Department of the Bank of England.

The correlation between the two sets of total figures, it will be seen, is relatively close. It is clear that the main cause of the expansion since the enforced restriction of late 1931 has been the addition of £77 millions to the Bank's gold stocks. This, however, has been reinforced by an addition of £28 millions to the banking department's holdings of Government securities. In these two increases we may find the main mechanical basis for the simultaneous expansion of £78 millions in the total of notes in circulation and of bankers' deposits. Incidentally, it would appear that the authorities might, at their will, extend the present period of cheap "market" money by adding to the banking department's holdings of Government securities, or by transferring gold from the Exchange Equalisation Account to the issue department of the Bank.

We may now proceed a stage further. What has been happening to the clearing banks? The answer is shown below:—

	Nov., 1929	Nov., 1931	Nov., 1932	Nov., 1933	Nov., 1934	Nov., 1935
Cash	190	173	193	216	210	214
Call and short loans	144	109	116	99	135	147
Discounts	233	240	391	317	232	293
Investments	249	300	425	569	589	621
Advances	989	900	785	737	755	773
Deposits	1,789	1,706	1,898	1,928	1,911	2,039

To interpret this table, it is necessary to remember: (a) that the supply of bank cash is not under the clearing banks' control, but depends upon the conditions affecting the supply of "money," already described; (b) that the banks endeavour to maintain a constant ratio between cash and deposits, so that as cash increases, both deposits and earning assets rise in approximate proportion; and (c) that demand for advances made by credit-worthy borrowers cannot be directly stimulated by the banks but is a function of the general course of trade and the supply of funds from other sources. Between November, 1931, and November, 1935, the expansion of £41 millions in bank cash had as its sequel an expansion of £333 millions in deposits, while advances fell by £117 millions. Thus the banks have had, on balance, an additional £409 millions to employ in other ways. Some £91 millions have gone into discounts or into call and short loans, and some £321 millions into securities. One need scarcely go much further to explain the fall in short and long-term interest rates during the last four years.

On the other hand, the supply of commercial bills available for the market has diminished since 1929 with the contraction of international trade, and little or no increase has occurred since 1931. In November of that year "tender" Treasury bills totalled £530 millions. By November, 1934, they had been reduced to £434 millions. This contraction contributed materially to the lowering of interest rates, by driving the banks into the gilt-edged market. The total tender issue has since risen to £565 millions, but the last quarter of the financial year is approaching, and as part of the proceeds of the Treasury's recent borrowing will be available, in due course, for the reduction of the floating debt, current figures may well prove to be at a "peak" level. It may be fair, therefore, to conclude that the supply of bills is being reduced, by comparison both with 1931 and with the succeeding expansion in the demand for bills. The discount market may find difficulty in maintaining even the narrow margin of profit obtainable this year. So far as the

country as a whole is concerned, the mechanism which has functioned during the last four years remains in being, and the authorities hold the control-lever. The ultimate course of future interest rates depends, necessarily, on wider considerations, such as the future demand for capital, an important ingredient in which may be the dimensions of "new" Government borrowing, as distinct from refinancing operations. Other factors may be the duration and extent of further industrial recovery, and the maintenance of confidence in the stability of sterling and its financial guardians.

FINANCIAL NOTES

The Money Market.—The Christmas expansion in the note circulation has depleted the banks' cash resources, while the banks also held few of the bills maturing early this week. The result is that the banks have found themselves short of money, and on Tuesday morning three of the banks were calling their loans from the market and were not lending any fresh money. Loans into the New Year, when obtainable, cost $1\frac{1}{2}$ – $2\frac{1}{2}$ per cent. for money repayable on January 1st, and $1\frac{1}{4}$ per cent. for loans to later dates. There was some precautionary borrowing from the Bank of England on Christmas Eve.

	Dec. 5, 1935	Dec. 12, 1935	Dec. 19, 1935	Dec. 24, 1935
Bank rate	2	2	2	2
Clearing banks' deposit rate	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Short Loan rate:—				
Clearing banks	$\frac{1}{2}$ –1	$\frac{1}{2}$ –1	$\frac{1}{2}$ –1	$\frac{1}{2}$ –1
Others	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Discount rates:—				
Treasury bills	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$ – $\frac{3}{4}$
Three months' bank bills	$\frac{1}{2}$ – $\frac{3}{4}$	$\frac{1}{2}$	$\frac{1}{2}$ – $\frac{3}{4}$	$\frac{1}{2}$ – $\frac{3}{4}$

Business in bills was very limited. There was a small demand for hot Treasury bills, and some bank bills were being offered at good rates. February Treasuries were quoted at $\frac{1}{8}$ per cent. and Treasury bills at rates ranging from 1 up to $1\frac{1}{2}$ per cent. The higher rate is for the earlier maturities, as these will now have to be carried for most of their time on money borrowed at $2\frac{1}{2}$ per cent. from the Bank of England.

The Foreign Exchanges.—The London market was very quiet immediately before Christmas, and rates remained very steady. The New York rate was unchanged at \$4.92 $\frac{1}{2}$. French francs were round about Frs. 74 $\frac{1}{2}$, but it is believed that the British Control had to buy a few francs in Paris. Three months' francs have moved on either side of Frs. 2 $\frac{3}{4}$ discount, but the market had a fairly good undertone. The Dutch and Swiss rates were unchanged. The London price of silver continues to fall, and on Tuesday afternoon it was fixed at only 20 $\frac{3}{4}$ d. per ounce. Silver was quoted in New York on Monday at 50 $\frac{1}{2}$ cents per ounce. The market appears to be a little firmer, and some buying in Bombay is reported. Still there are heavy forward contracts maturing early in the New Year, while some dealers are afraid that the price may fall to 18d., which would correspond with the current rate of 14 $\frac{1}{2}$ d. for the Chinese dollar. The Chinese currency is now off silver, so that that argument is not entirely convincing.

Anglo-French Banking Corporation.—Last Saturday it was announced that an unknown buyer had made an offer to the shareholders of this bank to buy their shares at a price of 7s. 6d. each. The purchaser will not proceed unless 80 per cent. of the shares are offered to him by January 6th, and the result will be announced on January 14th. The purchaser has also arranged for Mr F. A. Szarvasy, the present chairman, to serve as chairman and managing director for a term of years. The present directors advise acceptance of the offer, and point out that while last year ended with a trading profit of about £5,000, accumulated liabilities are such that in the event of liquidation the shareholders could not hope to receive more than 5s. a share within six months, plus a further maximum of 3s. spread over several years and less the costs of liquidation.

The bank was founded in 1928, originally to do business between England and France, but it quickly extended its activities to Germany, Austria, Hungary and Chile. Then came the 1931 crisis, with the result that a large part of its assets were blocked abroad or else could only be recovered at a heavy loss. In its original form, the bank began business much too late to build up reserves or, indeed, to have a real chance. Assuming that the new offer is accepted, it will be interesting to see how the bank is operated in the future.

Money Rates in 1935.—We publish below our customary tables of average short-loan rates and discount rates for 1935. Our main purpose is to give a comparison with previous years, but this year's average short-loan rates need careful interpretation. The average is compounded mainly of the $\frac{1}{2}$ per cent. rate charged during the whole year by the clearing banks for loans against bills eligible for discount at the Bank of England; and the one per cent. charged by them for loans against other collateral. Hence, it is illegitimate to compare this average with the average yield on bills. For this purpose the loan rate should be taken as $\frac{1}{2}$ per cent.

	1930	1931	1932	1933	1934	1935
1st half	£ s. d. 3 16 9	£ s. d. 2 17 2	£ s. d. 4 0 3	£ s. d. 2 0 0	£ s. d. 2 0 0	£ s. d. 2 0 0
2nd half	3 0 0	5 0 0	2 0 0	2 0 0	2 0 0	2 0 0
Whole year	3 8 5	3 18 7	3 0 2	2 0 0	2 0 0	2 0 0

	1930	1931	1932	1933	1934	1935
1st half	£ s. d. 3 0 0	£ s. d. 2 8 0	£ s. d. 2 16 8	£ s. d. 0 13 4	£ s. d. 0 19 2	£ s. d. 0 10 7
2nd half	2 4 7	4 14 0	0 16 9	0 14 4	0 14 0	0 12 0
Whole year	2 12 3	3 11 0	1 16 9	0 13 10	0 16 7	0 11 3 $\frac{1}{2}$

	1930	1931	1932	1933	1934	1935
1st half	£ s. d. 2 19 9	£ s. d. 2 1 8	£ s. d. 2 15 2	£ s. d. 0 15 5	£ s. d. 0 17 6	£ s. d. 0 14 9
2nd half	1 19 3	4 0 0	0 16 9	0 15 5	0 16 3	0 15 0
Whole year	2 9 6	3 0 10	1 15 7	0 15 5	0 16 10	0 14 10 $\frac{1}{2}$

The tables give the average rate for three months' bank bills. For Treasury bills, which are now of far greater importance, the average tender rate was 9s. 2.11d. per cent. for the first half-year, 11s. 9.69d. per cent. for the second half-year, and 10s. 5.90d. per cent. for the whole year. Since February 22nd the clearing banks have, by agreement, not bought Treasury bills at rates of less than $\frac{1}{2}$ per cent.

The Bank of Montreal.—The annual general meeting held on December 2nd was the first held since the inauguration of the Bank of Canada, and Mr Jackson Dodds, one of the joint general managers of the Bank of Montreal, had some interesting information to give on changes in the bank's balance sheet. "Gold and coin" has been reduced from \$15.1 to \$1.7 millions, as the bulk of the bank's gold had to be handed over to the Bank of Canada. Former items such as "Dominion Notes" and "Deposit in Central Gold Reserve" are now replaced by notes of the Bank of Canada and by the Bank of Montreal's deposit with the new central bank. The note circulation of the Bank of Montreal has dropped during the year from \$35.3 to \$30.0 millions, while the legal maximum is being reduced on January 1st from \$36.0 to \$34.2 millions. Sir Charles Gordon in his presidential address said that the earnings of the bank were already being affected by the transfer of some of its former functions to the Bank of Canada. He also complained of the recent general reduction in interest rates, which, he alleged injured depositors as well as the banks themselves.

THE STOCK EXCHANGE

THE DISTILLERS COMPANY

THE Distillers Company, Ltd. (whose products are known wherever men keep Christmas or Hogmanay) was an 1877 amalgamation of six distillery firms, associated with famous names like Haig, Bald, Macfarlane, Mowbray, Stewart, McNab and Menzies. Its original paid-up capital of £600,000 has grown to a present total (debenture, preference and ordinary) of £13,160,962, with an aggregate market capitalisation of £55.9 millions. It is the centre of a group of companies which produce and market the greater part of Britain's supplies of industrial and potable spirit, manufacture kindred products from vinegar to solvents and plaster board, turn out bottles, crates and packing for their own products, and have branches and connections throughout the world. Its £1 ordinary stock units, quoted at 97s. 6d., stand, by common consent, in the front rank of British industrial securities. We propose, in the following article, to analyse the structure, connections, financial position and prospects of the Distillers' organisation.

The capital ownership and inter-relationship of the parent company and some fifty-three of its subsidiaries, sub-subsidiaries and associated concerns are set out in the annexed table and chart. The grouping largely follows the lines of historical development. In the last twenty years of the nineteenth century the company extended its interests, steadily and cautiously, on the Scotch whisky side, and entered the export trade. The first decade of the twentieth century was a decisive and formative period for Distillers. The group built up important connections in Ireland, fought a prolonged litigious battle with the "pot still" whisky producers, obtained a firm footing in the industrial alcohol trade (after the Government had given special taxation facilities on the report of a Departmental Committee), and extended its power as far south of the Tweed as London. The war—whose long-term effects on the distilling industry were profound—was a period of further consolidation and extension. To the last fifteen years belong (1) the production of Discol motor spirit (now marketed in conjunction with the "Cleveland" petrol of the Petroleum Storage and Finance Company); (2) the formation of the Methylating Company to centralise the control of the group's industrial branches; (3) the establishment of large-scale bottle manufacturing; (4) the purchase of a large interest in the vinegar trade; (5) the consolidation of the group's interests in Northern Ireland; (6) the segregation and extension of the export business; and, above all, (7) the great amalgamation of 1925, by virtue of which the great Scottish distributing houses of James Buchanan, John Dewar and John Walker, of international fame, were brought under the aegis of the Distillers' system.

The characteristic features of this record are calculated to inspire the investor's confidence. The company's acquisitions, despite their complexity, have been well considered, well timed and conservatively financed. The existing branches of the group's activities are clearly defined, logically related, well spread geographically, and in harmony with far-reaching evolutionary tendencies in the trade. On the financial side, as our detailed table shows, by group (by contrast, e.g. with most concerns in the brewing industry) is almost entirely free from debenture and mortgage indebtedness. The parent company itself has only £270,000 of debenture stock outstanding against a paid-up preference and ordinary capital of nearly £13 millions, and only one of the other companies in our table has any outstanding charges whatsoever. Although some of the subsidiaries and sub-subsidiaries have appreciable amounts of preference shares, the great bulk of the capital of the combine is on an "equity" basis—and in any case, a considerable part of existing subsidiary

THE DISTILLERS COMPANY, LIMITED

Controlling interests in subsidiary companies, with group inter-connections and other affiliated concerns.

Ref. No.	Company	Issued Capital			Percentage Ord. Capital held by		Identity of Controlling Co.'s (a)
		Debts and Mort. Charges	Preference	Ord.	Distillers	Other Group Co.'s	
1	Distillers Company	£	£	£	%	%	Ref. No.
2	Buchanan-Dewar	270,000	220,000	108,000	99.9	...	1
3	John Dewar & Sons	Nil	4,767,038	4,000,000	...	...	2
4	James Watson & Co.	Nil	230,000	1,350,000	...	...	3
5	James Buchanan & Co.	Nil	Nil	1,000	...	...	4
6	W. P. Lowrie & Co.	Nil	360,000	490,070	...	...	5
7	James Buchanan (Sth. Africa)	Nil	300,000	700,000	...	...	6
8	John Walker & Sons	Nil	Nil	5,000	...	...	7
9	White Horse Distilleries	Nil	1,500,000	1,280,000	99.8	...	8
10	John Haig & Co.	850	55,000	140,000	96.7	...	9
11	Haig & Haig	Nil	Nil	1,000	...	...	10
12	Distillers Finance Corp.	Nil	Nil	1,000	...	...	11
13	Mitchell & Co. (of Belfast)	Nil	12,012	955,522	99.4	...	12
14	Tanqueray Gordon & Co.	Nil	Nil	220,000	...	...	13
15	United Distilleries	Nil	Nil	210,000	...	...	14
16	Distillers Agency	Nil	Nil	480,480	49.4	...	15
17	United Yeast Co.	Nil	Nil	1,000,000	99.8	...	16
18	Yeast, Ltd.	Nil	75,000	328,876	99.1	...	17
19	Express Yeast Co.	Nil	294	357	...	...	18
20	Boord & Son	Nil	Nil	50,000	...	...	19
21	Sir Robert Burnett & Co.	Nil	100,000	221,000	81.9	...	20
22	Joseph & John Vickers	Nil	24,000	128,000	96.9	...	21
23	Denmore Distilleries	Nil	Nil	100	...	...	22
24	Macquay Duff (Distillers)	Nil	Nil	146,360	97.6	...	23
25	John & Robert Harvey	Nil	Nil	100	...	...	24
26	Honeywill & Stein	Nil	75,000	15,000	73.4	...	25
27	J. & G. Stewart	Nil	79,996	4,100	...	...	26
28	Emido Co.	Nil	Nil	50,000	94.0	...	27
29	Ainslie & Heilbron (Distillers)	Nil	Nil	50,000	100	...	28
30	Humphrey Taylor & Co.	Nil	Nil	25,000	98.4	...	29
31	Bulloch Laid & Co.	Nil	Nil	10,000	100	...	30
32	Mitchell Bros.	Nil	Nil	10,000	100	...	31
33	MacDonald, Greenlees	Nil	Nil	10,000	100	...	32
34	British Bottles	Nil	141,002	1,000	22.1†	...	33
35	Woods Bottle Works	Nil	...	100,000	...	...	34
36	Peter Dawson	Nil	Nil	10,000	25	...	35
37	Scottish Malt Distillers	Nil	232,413	161,039	75.6†	...	36
38	Dailuaine-Talisker Distill.	Nil	86,970	106,965	22.7†	...	37
39	John Hopkins & Co.	Nil	63,000	18,020	86.2	...	38
40	John Begg, Ltd.	Nil	35,000	35,000	92.8	...	39
41	Hull Distillery Co.	Nil	Nil	0 362,543	87.7	...	40
42	Methylating Co.	Nil	88,900	444,080	37.0†	...	41
43	British Industrial Solvents	Nil	300,000	400,000	73.4†	...	42
44	British Vinegars	Nil	117,669	309,381	25.8†	...	43
45	Sarsons	Nil	Nil	1,000	...	...	44
46	Champion & Sles	Nil	70,000	70,000	...	...	45
47	United Molasses	Nil	1,250,000	1,940,500	16.9	...	46
48	Solvent Products	...	...	200,000	49.9	...	47
49	Carbon Dioxide Co.	...	...	146,000	60	...	48
50	International Sugar & Alcohol	...	97,230	A 51,000	94.1†	...	49
51	Industrial Spirit Supply Co.	...	...	B 140,000	54.5	...	50
52	Two Gin-producing plants at Linden, New Jersey	...	...	700	14.3	...	51
53	Distillers Corporation (Pty.) (Australia)	...	...	...	...	...	52
54	Distillers Company of Canada	...	...	...	...	...	53

SUBSIDIARY CONCERNS WOUND UP

55	Hammersmith Distillery	Nil	95,000	100,000	98.3	...	54
56	Preston's Liverpool Distillery	Nil	50,000	30,000	93.0	...	55
57	The Yoker Distillery	Nil	Nil	30,000	74.8	...	56
58	Walker's Bonding Co.	Nil	Nil	5,000	80.8	...	57
59	Sutton Card & Co.	Nil	Nil	125,050	98.0	...	58
60	Avoniel Distillery	...	...	...	...	...	59

(a) This column should be read in conjunction with Distillers' percentage holding where more than two group companies are interested. (b) Controlled by British Trusts Association which holds 57.8 per cent. of equity. Beaufoy Grumble & Co. hold 16.3 per cent., and approximately one-third of preference shares. The latter has interest in Beaufoy's Wines. (c) Large nominee holdings accounted for 37.2 per cent. at date of last returns. Beneficial ownership unknown. (d) Other Turner & Newall, Ltd., hold remaining 40 per cent. (f) Other "B" shares held by Erdos (7.8 per cent.). (g) Not controlling interest. (h) Distillers holds 79.796 preference and all founders' shares. (i) All preference shares held by Daniel Crawford & Son, Glasgow. (j) Balance in each class largely held by J. & W. Nicholson & Co., Ltd. (k) Haig-Verein Hölzerkohlen Industrie, Frankfurt, hold 23.6 per cent. of ordinary. Methylating interest also held by controlling co.'s. † Entire preference interest also held by controlling co.'s. ‡ Original controlling co.

preference capital is held by the group itself. Minority interests are not, as a rule, important. Investors may draw two basic inferences. In a group whose financial structure is at the same time low-gear and compact, fluctuations in profits will be related directly to changes in the industry. They will also tend to be confined within narrower limits than in the case of most combines whose capital structure is complex and highly ramified.

What has been the recent trend of earnings and dividends? How far do the results throw light on events to come? From the summary of the parent company's figures for the last ten years, given below, it is clear that earnings rose steadily in the years succeeding the Buchanan-Dewar-Walker amalgamation of 1925. They suffered a setback with the onset of general economic depression in

1931-32, but have subsequently shown reassuring powers of recovery, though the pre-depression level has not yet been fully regained. A conservative distribution policy has resulted in the retention "in the business" of no less than £3,850,000 of profits during the last ten years, and has served as a "buffer" for stockholders during depression. In 1932 and 1933, when earnings reached their lowest point during the decade, ordinary dividends dropped only from 20 per cent. to 17½ per cent. For the last two years the company has been able comfortably to pay the pre-depression dividend rate. The financial traditions of nearly sixty years, however, suggest that only a most striking expansion in earnings, above the highest point to which they have yet attained, would be regarded as justifying a significant further increase in dividends.

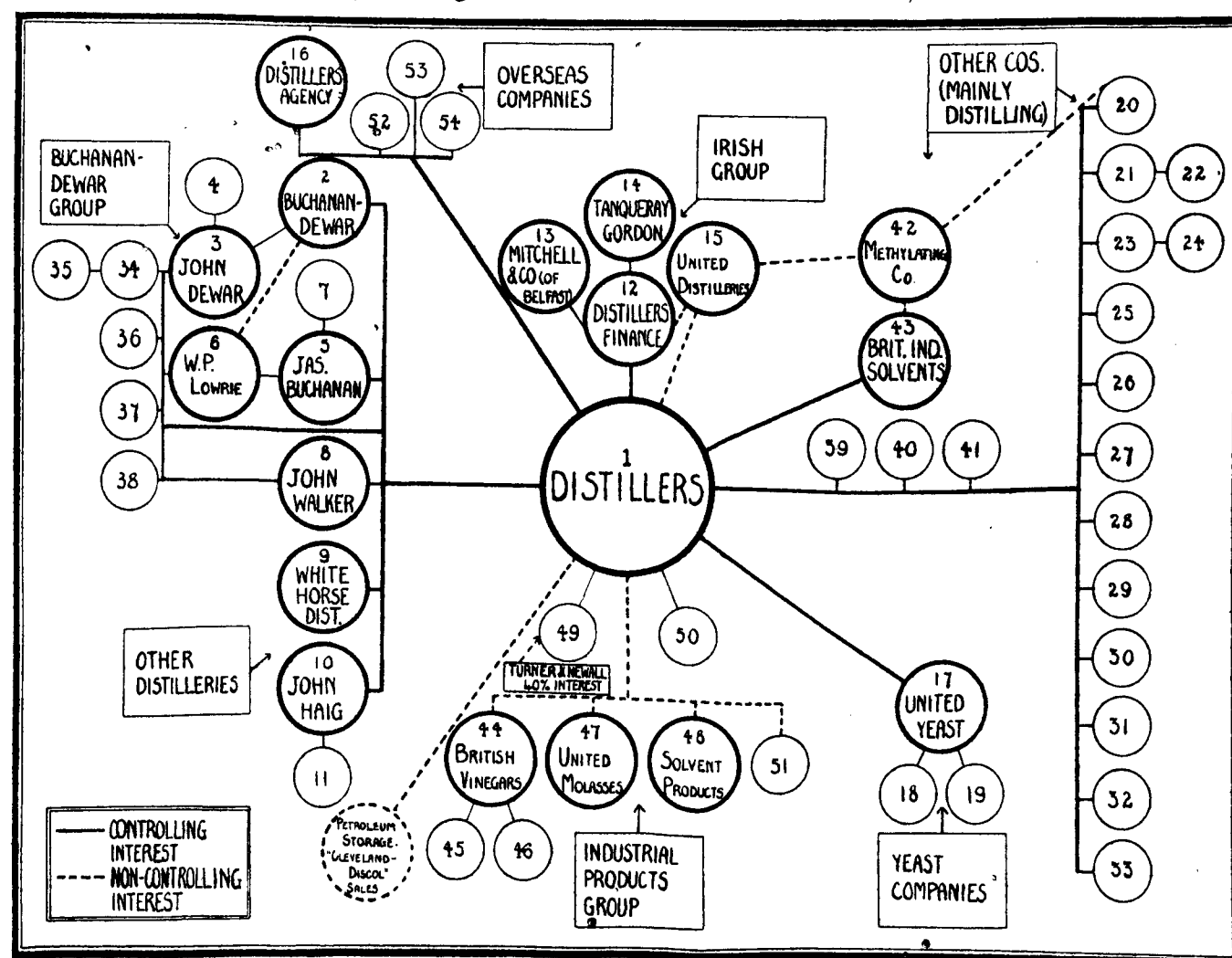
TEN YEARS' PROFITS, ETC.

Years to May 15th	Profit (after Taxation and Contingencies)	General Expenses (including Directors' Fees)	To Provident and Fire Insurance Funds	Debenture Interest	Preference Dividends	Ordinary				"Retained in the Business" £	Total Reserve Funds	Total Carried Forward
						Earned	Paid	Earned	Paid			
1926	2,183,119	53,717	30,000	30,960	105,600	1,962,842	1,657,839	23.7	20	305,003	650,000	121,554*
1927	2,182,387	48,133	30,000	30,960	105,600	1,968,694	1,657,945	23.8	20	310,749	850,000	132,303*
1928	2,351,704	51,089	5,000	30,960	105,600	2,159,055	1,678,825	25.7	20	480,220	1,250,000	212,533
1929	2,402,587	56,015	5,000	29,160	105,600	2,206,812	1,691,354	26.1	20	515,458	1,750,000	227,991
1930	2,430,276	55,301	24,965	27,270	103,950	2,218,790	1,677,145	26.5	20	541,645	2,250,000	269,636
1931	2,360,500	61,080	Nil	26,505	102,300	2,170,615	1,657,099	26.2	20	513,516	2,750,000	283,152
1932	1,837,471	53,042	Nil	25,560	97,350	1,661,519	1,403,189	20.7	17½	258,330	3,000,000	291,482
1933	1,850,796	56,018	Nil	25,650	99,000	1,670,128	1,403,189	20.8	17½	266,939	3,250,000	263,421†
1934	2,219,157	67,983	100,000	10,552	100,650	1,939,972	1,637,054	23.7	20	302,918	3,500,000	316,339
1935	2,293,032	70,088	100,000	10,811	102,300	2,009,833	1,657,099	24.3	20	352,734	3,850,000	319,073

* After writing off £100,000 each year for expenses of Buchanan-Dewar-Walker acquisition.

† After providing £45,000 for premium on mortgage debenture stock redemption.

‡ Excluding Provident and Insurance Funds.

DISTILLERS ORGANISATION
(Including non-controlled industrial affiliations)

If this interpretation of near-future possibilities is correct, the speculative appeal of Distillers Ordinary stock, at its present price, would appear relatively limited. The yield of £4 2s. per cent. on the £1 units is, indeed, appropriate to an investment whose attractions, though substantial and enduring, are confined almost wholly to the solid, conservative and semi-permanent investor. That progress will be steady rather than dramatic is further suggested by recent developments on the trading side. The abolition of "prohibition" has produced no spectacular increase in American sales. Although the group is relatively well placed in the export markets generally, no far-reaching expansion in sales is in sight. At home, there has been a silent revolution in the economic importance of some of the group's main activities. Consumption of potable spirit declined between 1925 and 1934 from 12,195,000 proof gallons to 8,629,000 gallons under a crushing Exchequer duty which successive Chancellors have shown no disposition to alleviate. On the other hand, British production of methylated spirit has increased from 8,413,000 gallons to 14,388,000 gallons, and production of industrial alcohol from 751,000 gallons to 19,402,000 gallons over the same period. In round figures, the total output of spirits has risen by 60 per cent. in a decade, but 70 per cent. of the whole, to-day, has a destination other than the human throat, against only 30 per cent. in 1925.

The group has shown consummate acumen and foresight in developing its productive resources in harmony with—and frequently in advance of—these far-reaching industrial developments. In the long run, these afford a safeguard for the investor, since it is clear that the Distillers Company has hitched its wagon to a progressive, not a falling star. For the present, however, a brake is set on rapid expansion in earnings by the fact that the profit per gallon on industrial spirit is very much less than that on the drinkable product. A prudent management will doubtless continue voluntarily to quote the lowest possible price for its "industrial" products, in order to stimulate an increase of consumption to which, as yet, no bounds can be set.

INVESTMENT NOTES

Variations on an I.C.I. Theme.—The detailed judgment of Mr Justice Eve in the I.C.I. case (which was determined in the company's favour on November 13th last) avoids any pronouncement on abstruse questions of accounting principle, which were raised in the course of the original evidence (see the *Economist* of November 16, page 972). Mr Justice Eve's decision was made mainly on grounds of fact. His Lordship found that no part of the reduction in the company's capital was required for the replacing of lost capital; that the scheme sent out to shareholders contained all necessary information; and that no suggestion had been made of any misrepresentation or misconduct on the company's part. His Lordship further declared that the evidence given at the hearing had disposed of the suggestion that there existed undisclosed reserve funds or hidden undistributed profits. The company's evidence that the retention of its deferred shares would be detrimental to its capital structure was uncontradicted. The view of the proposals taken by this paper from the outset has thus been endorsed in the highest quarter. The incidental implications of certain of the terms of the scheme will continue, however, to be a bone of contention among professional accountants. Broadly, the company, at its inception, had capitalised, so to speak, a "goodwill" which had still to be acquired; for the deferred shares represented the capitalised value of the expected economies of amalgamation. On the directors' showing, the roseate expectations of the company's founders are unlikely to be realised, but the necessity, in any future increase of capital, of preserving the appropriate relationship between the ordinary and the deferred shares threatened to be a source of embarrassment. Should "goodwill" be capitalised at all? There is one school of accounting, whose views were aptly summarised by Mr P. D. Leake in a lecture given last October (and reproduced in

the *Accountant* of November 30), which holds that even the capitalisation of current earning power, as such, is vicious. Holders of this view declare that industrial share capital which is not represented by "tangible things and rights to tangible things" is "unreal and non-existent." Suppose the going-concern value of land, buildings, plant, stock-in-trade, book debts, etc., of a business is £100,000 and a company is formed to buy that business for £200,000. Then, it is argued, either the capital of the new concern should be fixed at £100,000, and the shares should be issued at a premium of 100 per cent., or the law should be amended to allow of the issue of "no par" shares against the £100,000 of "goodwill." Such ascetic principles are, in practice, honoured almost universally in the breach. Whenever a business changes hands, *earning power* (which has no necessary and direct connection with the accounting value of the tangible assets) is almost invariably the chief determinant of the purchase price, and the purchase price, in turn, influences the capitalisation of the new company. Sometimes, as Mr Leake shrewdly points out, it even affects the mental processes of experts who are "valuing" the assets, in which, avowedly, "nothing is included for goodwill." But is not earning power, in the last resort, the true and sole "asset" of a business? Of what concrete importance, to investors or anyone else, is a figure based on the adjusted cost of the permanent way and rolling stock of a bankrupt railway running through a derelict territory to an abandoned terminal? To capitalise *future* earning power, however, is obviously a hazardous proceeding. There is a proverb regarding the best laid schemes of mice and men, to which, it may be inferred, the directors of Imperial Chemical Industries are now prepared heartily to subscribe.

"Patent Medicine" Companies.—Both as a matter of legal fact and as an investment label, those products known as "patent" medicines would better be described as "branded" medicines. By law the true patent medicine is subject to stamp duty at a considerable rate. Experience has shown, however, that once a widespread "goodwill" has been built up, formulae which were previously kept secret can be published without risk that competitors,

(Profits in £'000)

	1930	1931	1932	1933	1934	1935
Beechams Pills (March 31) :—						
Earned for Dfd.	55.0	39.8	38.4	49.5	60.9	72.1
Earned %	28.0	20.6	19.2	28.4	31.7	37.2
Dfd. div. %	35	15	15	17½	22½	27½
Eno (Dec. 31) :—						
Prospectus profit	291.5	328.2	301.8	241.9	*	*
Genatosan (June 30) :—						
Earned for Ord.	27.4	28.2	20.9	46.1	36.8	46.5
Earned %	36.01	37.1	20.8	49.7	43.2	49.8
Div. %	35	35½	35	35	35	35
Griffiths Hughes (March 31) :—						
Prospectus profit	191.2	275.4	480.0	437.9	447.4	452.2†
Phosferine (April 30) :—						
Earned for Ord.	52.0	35.6	33.0	37.6	38.0	41.7
Earned %	13.4	2.4	0.6	3.7	4.0	6.5
Earned % (Dfd.)	14.9	3.1	0.9	3.7	4.0	7.1
Dfd. div. %	8	Nil	Nil	4	4	4
Veno (March 31) :—						
Earned for Dfd.	0.6	Nil	17.9	22.9	28.4	25.2
Earned %	1.4	Nil	47.7	61.0	73.4	64.9
Dfd. div. %	Nil	Nil	40	60	73	74

* First broken period, not comparable. † Tax free. ‡ First period since issue. § And capital bonus.

copying the formula, will be able seriously to affect the "goodwill" attached to the brand name. "Goodwill" is of the essence of the branded medicine business. But it must be true "goodwill" for consistent commercial success. By its qualities, the product must be able to retain the custom which has been initially secured at very high advertising cost. In this business a high percentage of lost customers can be fatal to profits. Thus, provided that the drug, or salt, or mixture—be it never so ordinary by its common name—brings real relief for some common human ailment, a skilled management, which produces the remedy in refined form, can build up a very large and very sound

business. The depression record of some leading concerns, covered in the annexed table, shows that the business can be made proof even against the severer fluctuations of the industrial cycle. Claiming special—and sometimes unique—qualities, the branded medicine minimises the substitution risk and establishes a quasi-monopoly. It can consequently fix the price at "what the traffic will bear." Once established, it occupies a very stable position. Only a small proportion of its costs is represented by raw materials and other "uncontrollable" items. Management, manufacture, packing and, above all, advertising are the main elements of cost; and they are the kind of costs which show good returns on a rising turnover. Moreover, the first three items are precisely those in which great improvements and economies have been effected during the last decade and in which scope still exists for further progress. The trading "patent" medicine companies thus offer prospects of good profits over the next few years. Apparently the only sudden danger to which they are liable is that of a sweeping rise in advertising rates; and that is not a serious risk at present. The risk of competition is a slower and less easily discernible danger. But all branded medicines are apparently subject to some law of diminishing returns, and new lines or appeals must be introduced periodically if profits are to be maintained. Lost ground may even be concealed for a time by economies on advertising, though ultimately such a course must be fatal. As a general rule, branded medicine shares may be classed as reasonably good investments for the discriminating investor. But directly profits begin to show sluggishness or decline which is not explainable by obvious general influences or by special causes which are demonstrably transient, they should be avoided, for the essential "goodwill" may be ebbing.

A Cement Scheme.—Many are the uses of Christmas. The season of good will brings a respite to the harassed stockbroker, and an opportunity of quiet retreat to the investor who desires to plan for the new year, those "tasks in hours of insight willed" which can be "through hours of gloom fulfilled." To the normal routine of business, however, the holiday is a serious impediment; and shareholders in the Central Portland Cement Company may ask what element of crucial urgency has determined the decision to present them with the details of a scheme for the absorption of their company by Alpha Cement, in a week when only three full working days are available. In any case, the agreement between the two companies was signed on December 17th, although the circular calling an extraordinary general meeting for December 30th (i.e. the Monday after Christmas), was dated December 21st, and reached the majority of shareholders only on December 23rd (i.e. the Monday before Christmas). The terms of the offer, itself have been the subject of some criticism in the market. The Alpha Company is to allot 135,000 new 5½ per cent. cumulative preference shares of £1 and 120,000 ordinary shares of £1 to the Central Portland Company, whose present issued capital consists of 125,000 6 per cent. preference shares of £1 and 1,000,000 ordinary shares of 4s. On the basis of market prices of 23s. and around 6s., respectively, for Central Portland Cement shares on the eve of the offer, the total market capitalisation of the company is £443,750. The present value of the shares to be received in exchange, at 22s. 6d. and 38s., respectively, for the preference and ordinary of the Alpha Company, is approximately £380,000. The correct valuation of the Central ordinary shares turns necessarily on the company's earning power. The directors declare that developments in the company's territory will "seriously affect" its outlook, and that the results for the fifteen months to December 31, 1935, will not justify a payment of more than 5 per cent. on the ordinary shares (which received 5 per cent. for the twelve months to September 30, 1934, and 10 for each of the two preceding years). As the current financial period, however, has been practically completed, shareholders will regret that the directors have been unable to furnish a more detailed estimate of profits. *Prima facie*, an expanding group like Alpha Cement, whose interests are fairly well

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spread, may have wider opportunities than a more localised undertaking such as the Central Company. The fact that the Alpha Company paid a 4 per cent. interim dividend last October, against no interim whatever for the preceding year, suggests the probability that the total for 1935 will be well above the 5 per cent. paid for 1934. The bargain may, therefore, turn out, in the long run, to be reasonably advantageous for the Central Company's shareholders. An 8 per cent. payment by Alpha would represent available earnings of 4.7 per cent. on the existing Central ordinary shares, while a 10 per cent. payment would represent earnings of 6.0 per cent. The circular, however, gives no estimate of the dividend which the Alpha Company is likely to pay. The relevant considerations, it will be seen, are by no means simple, and shareholders would have appreciated an ampler opportunity to study them.

Pyramiding in excelsis.—The recent death of Mr M. J. Van Sweringen is a tragic sequel to the repurchase only a few weeks earlier, by him and his elder brother, of control of the railway system they had built up. The name of Van Sweringen will always be associated with the pyramiding of holding companies, and the latest transaction carried this practice to what must surely be its ultimate degree. The brothers Van Sweringen had built up, before the depression, a railway "empire" including the Chesapeake and Ohio, Erie, Missouri Pacific, Nickel Plate, Pere Marquette, and Chicago and Eastern Illinois lines, and totalling 22,600 miles. Much the biggest earner of these lines was (and is) the Chesapeake and Ohio, of whose common shares a working majority is held by Chesapeake Corporation. Chesapeake Corporation is controlled by Alleghany Corporation, and this, in turn, was originally controlled by a personal holding company of the Van Sweringen brothers. As all these companies had large amounts of bonds and preferred stocks outstanding, the "gearing," even in pre-depression days, was very high. Depression, however, brought lower earnings, and the Messrs Van Sweringen had to raise bank loans to prevent defaults on such of the obligations of the various holding companies as would endanger their control. Among the collateral put up for these loans was the majority of the common stock of the Alleghany Corporation, the keystone of the whole structure. The loan being in default, this collateral was recently auctioned, and the vital shares were bought by the Van Sweringens for \$3,121,000, with such trifles as coal mines, tramway systems, suburban developments, road-haulage companies, a hotel, a department store and a 52-storey office building thrown in. So for little more than \$3,000,000 control is re-acquired (subject to the pending reorganisation of two of the lines) of companies which have \$1,286 millions of funded debt and \$300 millions of preferred stocks outstanding (at face and par values respectively), as well as common stocks with a current market value of nearly \$550 millions—a total of over \$2,100 millions. Even this may not be the end of the story, for the Alleghany shares were actually repurchased by Mid-American Corporation, a new private holding company incorporated for the purpose, in which it is possible that the Van Sweringen brothers had only a fractional equity. Truly it was not only the monks of the Middle Ages who could balance myriads of angels on the point of a pin. These brothers of the Middle West ran them very close.

Chosen Corporation Questions.—Since the Harman era, Chosen Corporation shares have been a highly professionalised market, subject to fluctuations which appear to have been just as disconcerting to the present board as to shareholders and the market. In his address to shareholders, last August, Mr Serge Rubenstein, the managing director, pointed out that the varying fluctuations of the shares on the Stock Exchange was not a matter with which the board could be concerned, but expressed surprise that there had been a fall in the price of the shares instead of the rise which he inferentially suggested would be justified by the situation. He referred to the increase in output and profits, the reduction of costs and the "very

substantial improvement . . . in the technical position in the Great Nurupi Mine." The shares, which were then quoted round 20s. 9d. fell to 9s. 6d. on the day following the sensational circular letter issued by Messrs McCarthy and Binns, the company's consulting engineers, to the shareholders. Subsequently to the report and annual meeting held on August 2nd, circulars had been issued on September 30th and November 26th conveying further good tidings regarding the financial and mining position of the Corporation generally. The official view is that conditions at the mines have never been better, but the engineers insist that the condition of the only working mine, the Great Nurupi, has caused them serious and growing concern, which has been frequently reported to the board. Shareholders may search the last report in vain for any hint of criticism regarding the mining position. In the opinion of the engineers the ore reserves are the smallest in the history of the company and dangerously low if production is to be maintained at the current rate, yet the last report referred to "an ample supply of ore to keep the mill working at full capacity for at least another three years." Criticisms are also levelled at the official references to finances. However, the engineers offer some encouragement in regard to the possibilities of the area to the east of the Lone Tree Pass Fault which, given "time," "patience" and "considerable expense," may appreciably extend the life of the mine. It is evident, however, that very large issues are opened up by the conflict between the statements of the Board and those of Messrs McCarthy and Binns, and, in view of the exceptional circumstances, there would appear to be strong ground for pressing for a complete review of the finances and mining position by some outside authority. The issue would appear to turn largely on matters of fact which should be readily ascertainable by this means.

Apex (Trinidad) Oilfields.—Although the preliminary profits and reduced dividend of this concern indicate a setback during the year to last September, the position is not unexpected, and seems less cheerless than the figures indicate. The total dividend of 27½ per cent. was midway between market estimates. The fall in oil profits from £348,700 to £300,468 may be regarded as reasonable in view of the substantial reduction of output to 425,036 tons for the latest year. Analysis of the preliminary statement of profits shows the following comparison with recent results:—

	Years to September 30, 1933	1934	1935
Oil profits	365,424	348,700	300,468
Amortisation of wells	128,652	130,973	126,422
Expenses (net)	9,745	7,433	4,011
Reserve for taxation	34,547	21,442	40,706†
Directors' additional remuneration	8,750	8,750	6,875
Earned for dividend	183,730	180,102	122,454
Paid	175,000	175,000	137,500
Earned %	37.3	36.3	24.5
Paid %	35	35	27½
Carried forward	110,509	115,611	100,565

† Includes special amortisation.

The 27½ per cent. dividend entails a draft on the credit balance of slightly over £15,000, but the payment may be defended on several grounds. It is anticipated that production for the current year should be at least maintained at the level of last year's output. More important, in the long run, is the reserve position. Two years ago, the general manager estimated the life of the property then proved at 19 years. Information received early this year indicated promising developments in the southern area, which is situated 1½ miles from the main field. It now appears that the recent drilling operations have been successful in the whole south-western area, resulting in a definite increase in the oil reserves. Shareholders, therefore, should find much in the forthcoming accounts and chairman's speech to compensate for the reduced dividend. The shares have recently recovered some of their lost ground, and stand at 23s. to yield 6 3s. 9d. per cent.

Further Tin Results.—A further batch of distributions by tin producing companies shows consistent improvement. Of the Eastern concerns, *Gopeng* has declared a balance dividend of 3d. for the last financial year, making a total of 2s. 4½d., as against 2s. 1½d.; and together with the final, an interim payment of 9d. will be distributed in respect of the current year against a 4½d. interim twelve months ago. *Pengkalen* has declared 7½ per cent. dividends on the participating preference and ordinary shares, bringing the totals for the financial year to 27½ per cent. and 17½ per cent. respectively, compared with 25 per cent. and 15 per cent. for the previous year. Among the Nigerians, *London Nigerian* recommends a final dividend of 4 per cent., making 12 per cent. as before. Concurrently, however, a 5 per cent. interim will be paid, against 4 per cent. a year ago. The gross earnings for the twelve months to June last totalled £207,700, against £158,900; but owing to higher costs, the net profit showed a smaller advance of £39,950 to £143,400. A satisfactory feature of the report is the increase in ore reserves, which are nearly 4,000 tons higher at 40,900 tons. Following its financial reorganisation, *Naraguta* declared 3½ per cent. in September and now announces a further distribution of the same amount; while *United Tin Areas*, which has also reduced its capital this year, has declared a second interim dividend of 7½ per cent., the first having been at the rate of 10 per cent. It may be mentioned that several of the smaller Nigerian concerns—including *Jantar Nigeria*—have recently paid relatively substantial dividends.

Rand Selection.—The increase in the profits of this Kaffir finance undertaking, writes our mining correspondent, is larger than might have been inferred from the increased dividend, for they rose from £367,200 to £482,900 for the year to September last. Shareholders receive 40 per cent. (absorbing £400,000) against 30 per cent., while £100,000 is transferred to reserve, and taxation, at £60,000, requires £25,000 more than in 1933-34. The balance carried forward is therefore reduced from £199,900 to £122,800. No exact comparison of the appropriation account items is practicable since the 1934 statement included a number of non-recurring credits, including premiums on shares and a special exchange reserve written back. The feature of the balance sheet consists in the increase in the current assets items, which now total £484,950, compared with £341,120 twelve months ago. But whereas cash then accounted for £104,800, it now stands at £630 only. Little change has taken place in the net amount of the company's holdings, but certain realisations have been made, and interests acquired in the Spaarwater, Vlakfontein and West Witwatersrand Areas. On the basis of last year's dividend the shares afford the attractive yield of about 7½ per cent.

Other Company Results.—The usual table of company profit and loss accounts on page 1333 gives results of 20 other companies. One of the most interesting of these results is that of *Fairey Aviation*, whose net profit has been reduced from £47,534 last year to £39,112 this year. Taken in conjunction with the passing of the preferred ordinary dividend of *Airspeed*, it may serve to moderate some of the excessive enthusiasm which has been shown on occasions recently for aviation stocks. This week's batch of rubber and tea companies also includes a number of unfavourable reports. *West Hartlepool Steam Navigation's* profits are also lower. The two investment trusts in the list both show increased profits, in accordance with the present general tendency among the trusts, which has further been emphasised by the declaration of a dividend of 3 per cent. (against nothing last year) by *Great Northern Investment Trust*. *W. Abbott and Sons*, the shoe manufacturers and retailers, show a small loss, against a small profit last year. *Cooper and Company's Stores*, on the other hand, has slightly increased its earnings. Among the industrials, *Matchless Motor Cycle* reflects the unfavourable conditions which are general in the industry. Continued activity in the printing trade has

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contributed to a further increase in the profits of *Monotype Corporation*, while *Rubber Regenerating Company* has earned a reasonable profit. *Chappell and Company*, the piano manufacturers, have increased their profits.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Scottish Australian Company, Stoll Theatres Corporation, United Molasses, Agar Cross and Company, Booker Brothers McConnell and Company, Gold Coast Selection Trust, Marlu Gold Mining Areas, Gold Coast Main Reef, and Murchison Gold Development. Sir Oswald Stoll, at the meeting of Stoll Theatres Corporation, praised the company's financial procedure in retaining generous reserves for depreciation, and attacked the entertainments duty; but, as he himself admitted, the earning capacity of the industry is "not to be disparaged." Mr William A. Agar discussed the difficult conditions in the Argentine, and said the prospects of Agar, Cross and Company were considerably improved by the recent increase in the price of Government wheat purchases. The chairman of Gold Coast Selection Trust spoke of conservative book values for the company's holdings, and Mr Agnew described very satisfactory development work. The chairman of United Molasses announced that the £254,000 invested by the company last January in English beet sugar factories has been written down by £75,000, representing bonus distribution and dividends received during the year. He did not anticipate the Government's intended Bill for regulating the industry would be unsatisfactory from the company's point of view. Mr Campbell Inglis, of the Scottish Australian Company, reported a loss due to fall in wool prices and drought. Booker Brothers, McConnell and Company are approaching the end of seven lean years, according to the chairman, and developments were hoped for in gold production in Demerara. The chairman of Murchison Gold Development described valuable additions to the company's property. Lord Dorchester, at the Gold Coast Main Reef meeting, reported highly gratifying development results. Marlu Gold Mining Areas, said Mr H. G. Latilla, was in almost an unique condition, and the mine had been developed and production would commence, all within a period of less than three years.

THE WEEK IN THE MARKETS THE LONDON STOCK EXCHANGE

SETTLING DAYS

TICKET	ACCOUNT
JANUARY 7	JANUARY 9

A WEEK broken by the Christmas holiday gives the London Stock Exchange greater opportunity for seasonal celebration than for earnest attention to business. The conviviality of the Stock Exchange is proverbial, and members this week have not failed to live up to tradition. The City's interest in markets has been transferred from Capel Court to Leadenhall and Smithfield, and bulls and bears alike have been more closely engaged with the fowls of the air than with their own species.

There were, in fact, few investment pointers during the week. Widespread fog on Monday limited the attendance in the "House" and added to the seasonal distractions. City opinion took note of Mr Eden's appointment as Foreign Secretary, reflecting that a firmer policy in the future might involve a more vigorous search for effective sanctions, to which the "House," as a whole, has never really warmed. Again, the season of goodwill has fallen when the situation

in the Mediterranean is anything but clear. There are difficult problems facing investors in their New Year decisions.

The gilt-edged market reflected all of these influences. Selling was not heavy on Monday, but the market was as dismal as the weather, and the "irredeemables" led a general reaction towards lower, but steadier, levels. India and Dominion issues were quiet, but some anxiety (though no alteration in quotations) was caused by the report that the Auckland Transport Board intends to pay its two January coupons in New Zealand currency instead of sterling.

In the foreign market, lower-grade Brazilian issues attracted some attention, although the Funding issues seemed to have exhausted their advance. Among the European issues, German bonds were dull, and the sensitive Danzig loans fell abruptly. Japanese loans held their ground, although Chinese issues were nervous on reports of disturbances in Shanghai.

Home rail stocks opened somewhat easier, unaffected by the meeting arranged between the coal owners and men for January 8th and disinclined to examine dividend prospects closely. Fractional declines throughout the list were attributable to lack of support to meet a minor amount of selling. Foreign rails continued very quiet, the only feature being provided by San Paulo, which fell as a result of profit-taking after last week's advance.

In the industrial share markets, business was at times hardly sufficient adequately to test quotations. There were, however, a number of features, despite the dwindling of general business. Imperial Tobacco achieved a new high level, on cheerful dividend and bonus estimates, and were assisted by the increased distribution of United Tobacco South. Some of the pre-Christmas new issues began rather adversely, but an exception was provided by South African Drug, which established a useful opening premium. Richard Thomas were the only prominent feature in a quiet steel group, on the acquisition of the American Rolling rights, and reports of an agreement with Austin Motor.

Motor shares remained irregular, and aviation issues showed only a semblance of firmness on Monday. Recent favourites in the electrical equipment group receded, but brewery shares remained very firm, although hardly able to muster a further advance. Many store and provision shares resisted the pre-holiday recession, and the building material group was steady, with the exception of Alpha and Central Cement, which both eased on the merger proposals (criticised on page 1321). Triplex found some support, but such recent favourites as Turner and Newall were the turn easier.

In the oil market little business was recorded, and since the Continent was uninterested, the leading issues found difficulty in maintaining their opening steadiness. The rubber share market, defying tradition, opened in a more cheerful mood on Monday, but tea shares remained neglected owing to the approach of the holiday and of the meeting of the International Committee.

The Kaffir market had no speculative or public following. Business was small and most quotations were lower, although General Mining mustered some initial support. In the East African market, Kentan improved on the report. Tin and copper shares merely held their ground.

We understand that Mr Ernest Osman Harborow (trading as B. M. Clarke and Company) has been declared a defaulter upon the Stock Exchange.

FOREIGN STOCK EXCHANGES

NEW YORK

WALL STREET ended last week with a firm flourish in spite of European difficulties and the approach of Christmas, and the volume of business increased substantially. Aviation stocks were in the lead; oil and motor shares moved up, but rails and utilities were somewhat weak. Government and gilt-edged bonds were firm, and due attention was paid to speculative bonds. This week the market settled down into holiday quietness, with prices more irregular. The changed silver tactics of the Treasury continue to disturb the market, but silver producers are a little more confident and hope that the main blow will be borne by speculators. Business

indices are monotonously good. The seasonal decrease in freight car loadings is smaller than last year by 35,300; automobile output for week ended December 21st exceeded 100,000; there are many good dividend announcements. The Government gained a point against its critics when the Tennessee Federal District Court upheld the Tennessee Valley Authority Act, but lost a point in Kansas when the constitutionality of the Wagner Labour Dispute Act was challenged by the Federal Judge. The Supreme Court has agreed to short-circuit ordinary procedure to test the Guffey Coal Act.

CAPITAL ISSUES

ISSUES OF THE WEEK

By Prospectus or Offer for Sale

Amount previously recorded, Jan. 1 to Dec. 21, 1935, including conversions, £548,351,395.
Amount previously recorded, Jan. 1 to Dec. 21, 1935, excluding conversions, £236,147,637.

Total Offered for Subscription—		Total Offered for Subscription—	
Including Conversions	Excluding Conversions	Including Conversions	Excluding Conversions
Jan. 1 to date—		Whole year—	
1935.....	548,351,395	1934.....	410,980,390
1934.....	410,680,315	1933.....	467,921,500
1933.....	466,315,067	1932.....	2,699,684,265
1932.....	2,699,434,265	1931.....	114,290,686
1931.....	538,263,908	1930.....	693,100,056
1930.....	363,882,925	1929.....	369,058,073

(a) This figure includes £1,920,000,000 for conversion of 5 per cent. War Loan into 3½ per cent. War Loan.

Nature of Borrowing		Total	
Debtures	Preference	Ordinary	Total
January 1 to date—			
1935.....	167,185,509	31,696,741	236,147,637
1934.....	102,469,313	21,461,007	168,808,700
Whole year—			
1935.....	212,917,900	45,082,600	369,158,100
1934.....	222,064,300	12,733,700	244,798,000
1933.....	102,769,300	21,461,000	168,808,700

By Stock Exchange Introduction

	Capital Introduced	Approximate Price Dealings Began	Cash Involved
Amount previously recorded.....	31,739,482	...	49,633,742
Total to date, 1935.....	31,739,482	...	49,633,742
Total to date, 1934.....	28,247,872	...	42,310,082

BY STOCK EXCHANGE INTRODUCTION

H. Lotery and Company, Ltd.—Issue of 250,000 5½ per cent. cumulative £1 preference shares and £250,000 debenture stock 4½ per cent. at par. Stock repayable finally at 102½ on November 30, 1970, or at 105 to 1960 and at 102½ thereafter, on six months' notice. Acquires general clothing contractors' business. Profits before charging depreciation and income tax, years ended May 31st: 1933, £57,647; 1934, £79,519; 1935, £56,466. Net assets, excluding goodwill, £410,841. Valuation of properties £327,730, excluding stock in trade and goodwill. Purchase price £560,000 payable £310,100 in cash and £249,900 in ordinary shares.

PRIVATE PLACING

Brighton and Hove Gas.—The Brighton Hove and Worthing Gas Company have placed privately £50,000 4 per cent. perpetual debenture stock.

CONVERSIONS AND REPAYMENTS

Spicers, Ltd.—The directors are issuing £350,000 4½ per cent. registered notes. The £114,000 of 5½ per cent. notes are being redeemed and holders are offered the right up to January 3rd to exchange into an equal amount of the new issue. Holders accepting will receive a special payment of 1½ per cent. for the period January 6 to June 22, 1936, representing the difference in interest rates on the old and new notes.

FIXED TRUST

Keystone Second Certificate.—Managers, Second Keystone Fixed Trust, Ltd. (British Industrial Corporation Group). Portfolio, 50 industrial debentures, preference and ordinary shares. Managers guarantee repurchase and may eliminate shares at discretion. Trust life 10 years; loading charge 8 per cent. Certificate holders receive 50 per cent. profits of managers after charging expenses of managers as certified by auditors. Trustee, Midland Bank Executor & Trust Co. Ltd.

FORTHCOMING ISSUE

Derbyshire Stone, Ltd.—Incorporated for the purpose of merging various undertakings engaged in the quarrying of Derbyshire limestone and the production of tarred limestone kerbs, setts, architectural stone, etc. The authorised capital will shortly be increased to £420,000 divided into 210,000 5½ per cent. cumulative preference shares of £1 and 210,000 ordinary shares of £1 for the purpose of acquiring the quarrying assets of Constable Hart and Company, J. Hadfield and Sons, and the entire issued share capitals of Creatorex and Son, Ltd., and Buxton, Hopton Wood Stone Firms, Ltd.

OTHER RESULTS OF ISSUES

Twentieth Century Cinemas.—We understand that underwriters of the recent issue of shares had to take up about 50 per cent. of each class.

C.T.C. Bazaars.—The subscription lists for C.T.C. Bazaars £550,000 issue closed December 21st at noon.

N.W. (Costumiers).—Lists for the offer for sale of 128,000 6½ per cent. cumulative preference shares of 10s. each at par and 300,000 ordinary shares of 2s. each at 2s. 6d. were closed at 9.5 a.m. December 20th.

Metal Box.—The issue of 142,883 7 per cent. preference shares of the Metal Box Company has been heavily over-subscribed.

Nuttall's Breweries.—More than 90 per cent. of the debenture holders of Nuttall's Breweries exchanged into the company's new issue.

CALLS DUE DECEMBER 30, 1935, TO JANUARY 4, 1936
The grand total of calls in December, 1935, is £16,128,124, which compares with £7,934,567 in December, 1934.

Nominal amount of Stock	Company	Amount of Call	When payable	Making Paid
Stock	Associated London Properties, £200,000 5% "B" Mort. Deb. Stock, at par	£75%	Jan. 1	All
Stock	Brown (John) and Co., Ltd., £2,000,000 4½% 1st Mort. Deb. Stock, at £102½	£25%	Dec. 31	All
Stock	Burton (Montague) Estates, £210,000 4½% 1st Mort. Deb. Stock, at £101½	£81½%	Jan. 1	All
£1	Crossley Premier Engines, 150,000 5½% Cum. Pref. Shares, at 21/-	10/- p.s.	Jan. 3	All
5/-	Dominion Reefs (Klerksdorp), 1,500,000 Ord. Shares, at par	3/- p.s.	Dec. 31	All
Stock	Dorman, Long and Co., £600,000 4% Red. Prior Lien Stock, at £102½ nett	£52%	Dec. 31	All
£1	Edinburgh and Dundee Investment, 43,200 Ord. Shares, at 31/-	31/- p.s.	Dec. 31	All
Stock	Hector Whaling, £71,250 8% Part. Red. Unsecured Deb. Stock, at par	5/- per £1	Jan. 1	10/- per £1
Stock	Holliday (L. B.) and Co., £250,000 4½% 1st Mort. Deb. Stock, at £99%	£99%	Dec. 30	All
Stock	Luton Gas, £56,392 4% Perp. Deb. Stock, at £106%	£96%	Dec. 31	All
10/-	Mentmore Manufacturing, 147,000 6% Cum. Pref. Shares, at par	2/6 p.s.	Dec. 31	All
Stock	Sungei Buaya (Sumatra) Rubber, £25,000 7% 1st Mort. Conv. & Red. Deb. Stock, at £103%	£50%	Jan. 1	All
2/-	Tindals Gold Mines, 2,500,000 Ord. Shares, at par	1/- p.s.	Dec. 31	All
10/-	Welgedacht Exploration, 313,500 Shares, at 20/-	10/- p.s.	Dec. 31	All
Stock	West London Property, £1,000,000 4% 1st Mort. Deb. Stock, at par	£25%	Dec. 31	All

REPORTS AND NOTICES

GOVERNMENT, &c.

AUSTRIAN CREDIT ANSTALT.—The Austrian Government has submitted an offer for the final settlement of the live claims, the principal features of which involve an immediate payment in cash in foreign currencies (equivalent to 60,000,000 Austrian schillings) and the payment over twenty years also in foreign currencies of annuities (equivalent to 2,000,000 Austrian schillings each). The International Committee of Creditors intends to recommend this offer to the creditors for their acceptance, but the full details of the proposal still remain to be worked out.

BANKS

LLOYDS BANK LTD.—Mr Francis Adams Beane, chief general manager of Lloyds Bank, Ltd., for the past seven years, has been appointed vice-chairman of the board of directors. He is retiring from the general management at the end of 1935. Mr Beane has been on the staff of the Bank for 48 years. He began as a junior clerk at the Longton (Staffs.) branch in 1887. Until last year Mr Beane was a member of the council of the Institute of Bankers and is still a member of the advisory council of the Bankers' Development Company, Ltd., and a director of the Bank of London and South America, Ltd.

INSURANCE

THE LIVERPOOL AND LONDON AND GLOBE INSURANCE COMPANY, LTD. (INTERIM BONUS DECLARATION).—The directors declare the following interim bonuses on all policies entitled to participate, which become claims by death or maturity in the year 1936: 45s. per cent. per annum for whole-life and limited payment policies; 40s. per cent. per annum for endowment assurances.

RAILWAYS

BUENOS AIRES GREAT SOUTHERN AND BUENOS AIRES WESTERN RAILWAYS.—Mr Robert Stuart and Mr Cecil Roberts, joint general managers of the B.A. Great Southern and B.A. Western Railway Companies, are reported to have resigned.

MINES

KENTAN GOLD AREAS, LTD.—The report for year ended September 30, 1935, shows that the results from Tanganyika Territory appear to be most promising, as good gold values are being obtained over exceptionally big widths. At Muinto Dineiro a borehole has cut a sulphide ore body containing gold at a depth of 1,000 feet below the outcrop, showing that the mineralised sediments which contain the gold persist to that depth. A bulk sample of 4 tons of sulphide ore averages 6.16 dwts. gold per ton, showing

(Continued on page 1333)



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Gas and Electricity	Miscellaneous

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COMPANY MEETINGS, &c.

STOLL THEATRES CORPORATION, LIMITED

BURDEN OF ENTERTAINMENT TAX

SIR OSWALD STOLL'S PROTEST

The seventh ordinary general meeting of the Stoll Theatres Corporation, Limited, was held, on the 21st instant, at the London Coliseum, St. Martin's Lane, London, W.C.

Sir Oswald Stoll (chairman and managing director) presided.

The Secretary (Mr Roland J. Bentley) having read the notice convening the meeting and the auditors' report.

The Chairman said: Ladies and gentlemen, I rise to move the adoption of the report and accounts which I assume may be taken as read.

After comparing the figures of the balance sheet with those of last year, the Chairman continued: One or two shareholders have written asking why we do not use our credit balance to pay dividends. I for one shall be glad to do so at the proper time. Assets can be increased by writing up real values unduly or by not writing doubtful values down. These processes might permit of paper profits.

Where certain depreciation provisions are made, although the depreciation may be only imaginary, assets may seem to suffer, profits may be impaired, investments may have a weak appearance. But if the causes of apprehension are known, if their removal is not only practicable but almost inevitable, and if, on their removal, what was thought to be lost may be found, years of patience can then be well rewarded. We have remained under a cloud in the hope and belief that people with patience, backed by reason, are always rewarded.

A leading chartered accountant has commented upon our large margin of security for further borrowings, but there lie before us improved conditions for theatres as well as general trade, in which circumstances the credit balance we have is large enough to warrant a belief that dividends are on the way. Adequate cash profits would soon convert our credit balance into cash, and allow us to write back excessive provisions for various depreciations in the accounts of our subsidiaries, leaving cash profits free for cash dividends.

THE ENTERTAINMENTS DUTY

The companies controlled by this company have paid close on £3,000,000 in Entertainments Duty out of receipts paid by the public to see its entertainments. That money had to be earned and paid over to the Board of Customs for nothing. The stage entertainment portion of it had to be earned by theatres, actors, artistes, musicians, and stage workers, who had to be paid not out of this money but out of other money to the full amount.

To this extent there was a doubling of the cost of those essentials of our business without a doubling of their value or attractiveness. Roughly speaking, it has been a gratuitous tax which required us to earn six million pounds in order to get value for three million pounds. Earning capacity of that calibre is not to be disparaged.

There is a reference in the report to 300 members of the last Parliament having signed a petition to the Chancellor of the Exchequer to remove the Entertainments Duty upon skilled personal employment on the theatrical and music hall stage, where its effect is most destructive and far-reaching. We have fought a patient fight for this for years without any success until the Budget of this year.

When taxation makes a business organisation provide £2 for every £1 of essential expenses, when that pound for pound yields no benefit to the business, when £1 for £1 amounting to millions of pounds must be handed over to a Government department without any allowance even for the cost of the business staff used to collect it, when no regard is paid to the wreckage of values and the prevention of reasonable return upon capital which the system causes, it is plain that the responsible authorities ought to give more reason for such financial persecution than the mere statement that they need the money.

No Government needs money which will destroy skilled, individual personal employment. If the principle were applied all round no human being could earn a living in this country. It was proved to the Chancellor that the stage theatre industry had shrunk to one-third of its former proportions, although its growth and prosperity are necessary as the keystones of other industries.

DIFFERENTIATION OF STAGE AND CINEMA

This was sufficiently proved to cause Mr Chamberlain to differentiate between the stage theatre and the cinema in the manner referred to in our report. But the differentiation has not gone far

enough. It should go to the full length to which it seriously concerns specific kinds of human employment so that enough specific attractions can survive to keep every worthwhile stage theatre not only workable, but progressive and profitable. Those specific attractions are the human material vital to the making of pictures too. If they decline further and are stamped out the wonderful picture industry of the country will receive its death blow.

Millions of money invested in it will be lost and many thousands of ushers and checktakers dependent on it will be thrown out of work. This is not a question which should wait for annual Budgets as if it were a normal question of taxation. It is a mistake which should be rectified regardless of Budgets and normal taxation.

This has been a hard row to hoe, but in delivering the address for the deputation received by the Chancellor on March 6th this year, I caught Mr Chamberlain's eye and I felt that at last a Chancellor of the Exchequer had seen the whole subject in a clearer light. For that reason I have perhaps greater hope than most people that the mistake, having been seen, will be rectified.

I now beg to move: "That the directors' report and balance sheet at September 30, 1935, and profit and loss account for year ending that date be approved and adopted and that the balance of £99,815 9s. 8d. at credit of profit and loss account be carried forward to the current year's accounts."

Mr Douglas McCraith seconded the resolution, which was put to the meeting by the Chairman, and carried by a large majority.

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

MURCHISON GOLD DEVELOPMENT, LIMITED

AMPLE CASH RESOURCES

The annual general meeting of Murchison Gold Development, Limited, was held, on the 20th instant, at River Plate House, London.

Major-General the Hon. Sir Newton J. Moore, K.C.M.G., V.D., who presided, after referring to the loss they had sustained through the death of the late chairman, Mr John Waddington, and to the absence in Australia of the present chairman, Mr Claude de Bernales, said that the revenue receivable by the company for the period under review amounted to £3,199, and after charging all ordinary expenditure there remained £3,330 to the debit of revenue account to be carried forward. The total cash resources of the company amounted to £108,189, and that sum was sufficient to carry out the already decided development policy. Shares under option until June 30, 1936, if exercised, should provide a further £149,369.

IMPORTANT ACQUISITION

An important acquisition to the Emu property had been made during the year by the pegging out on behalf of Emu Gold Mines, Limited, of three gold-mining leases adjoining the eastern boundary and by taking options over three prospecting areas. Preliminary operations on those latter areas had revealed the existence of six veins varying from several inches up to 3 ft. in width. Values fluctuated from 3 dw. to 1½ oz. per ton. These veins appeared to be tributary to some large formation which it was hoped to locate in the prospecting and drilling campaign now in hand. As a result of the encouraging development work carried out the options over those areas had since been exercised.

THE RIVERINA PROPERTY

The acreage of ground held by Riverina Gold Mines, Limited, had been increased from 96 to 572 acres, an acquisition which adequately protected the property in every reasonable direction, and incidentally added greatly to its auriferous area. The directors were disappointed that the Riverina property had not yet been brought to the production stage, but that had been occasioned by the collapsed state of the underground workings as revealed by the unwatering of the mine.

Mr de Bernales and Colonel Sir William Campion were now in Australia, and in the course of their visit were making a tour of inspection of the Emu and Riverina properties. Their knowledge and advice would undoubtedly be of great assistance in speeding up the development of the mines. Visits of London directors were undoubtedly not only valuable to the particular mines in which they were interested, but were beneficial to the gold-mining industry generally in helping to secure the sympathetic support of the people in an industry which had done so much for Western

* The report was unanimously adopted.

GOLD COAST SELECTION TRUST, LIMITED

GOOD PROSPECTS AT ABBONTIAKOOK AND TARKWA

The sixth ordinary general meeting of the Gold Coast Selection Trust, Limited, was held, on the 20th instant, at the Institute of Chartered Accountants, Moorgate Place, London.

Mr H. G. Latilla (the chairman) said that after taking into account the usual administration expenditure, a profit of £25,124 had been made during the year, as a result of the sale of investments and dividends received. The investments consisted of large shareholdings in Ariston Gold Mines (1929), Limited, and Marlu Gold Mining Areas, Limited. The book value of those was £259,420, and the market value at that date was over £2,560,000. Since the end of the financial year they had acquired share interest in the Amalgamated Banket Areas, Limited, and Gold Coast Main Reef, Limited. The total market value of their investments to-day exceeded £2,680,000.

Their interest in Amalgamated Banket Areas had been acquired on what they considered favourable terms. In July last the Banket company had purchased the whole of the interests of the American Smelting and Refining Company in the Abbontiakook and old Tarkwa Gold Mines. From the former mine, the company was at present making a monthly profit averaging £11,000.

Mr John A. Agnew said that the most important features concerning the future of the company that had developed during the past year had been the satisfactory exposures in their recently acquired dredging areas, mostly on the Ancobra River, and the purchase by the company of a very substantial interest in the Amalgamated Banket Areas, Limited. The importance of the interest purchased in Amalgamated Banket Areas centred in the recent acquisition by that company of the Abbontiakook and Tarkwa Mines. The former was at present producing from 9,000 to 10,000 tons of ore monthly, on which a profit of about 20s. per ton was being made.

Steps had been taken to reorganise the power plant, and make certain additions with the object of accelerating development work, and a commencement would shortly be made with the sinking of a new vertical shaft, which was estimated to cut the ore body to about 2,000 ft. If they were successful with their accelerated programme of development work through the existing mine openings, it was anticipated that by the time the shaft reached the reef they would be able to forecast with safety treatment on a scale of not less than 20,000 tons of ore monthly of a grade approximating to that at present being won. The ore reserve position was already very good, and prospects at the bottom of the mine indicated that a very much larger plant than the present one would be justified with many years' work ahead of it.

It was intended to unwater the old Tarkwa Mine as soon as the equipment was ready, and from past very encouraging results there appeared to be every prospect of very material additions to the ore reserves being made available from this source in the course of further development.

On the N'Tubia section the results of development work had been very encouraging, and it was expected that the third level would be opened up very shortly, and, as on the second level, very good values had been shown for over 1,000 ft. in length, they looked forward with considerable confidence to finding this shoot of ore continuing in depth.

The development figures on Bibiani North property were most encouraging, and work on the main shaft of this property was being pressed forward with all possible speed.

The report and accounts were unanimously adopted.

MARLU GOLD MINING AREAS, LIMITED

SUBSTANTIAL ORE RESERVES

The first ordinary general meeting of Marlu Gold Mining Areas, Limited, was held, on the 20th instant, at the Institute of Chartered Accountants, London.

Mr H. G. Latilla, in moving the adoption of the report and accounts, said that the only revenue received by the company during the year was a profit from the sale of investments, plus dividends and interest, amounting to approximately £20,000. The credit balance of £13,419 had been applied in writing off part of the preliminary expenses, which now stood at £3,307. Cash at bankers stood in the accounts at over £280,000. He thought shareholders would agree that to-day's position of the company reflected great credit on the general manager and his staff, and it was almost unique when it was considered that a mine had been developed containing approximately 3,000,000 tons of payable

ore reserves actually proved and production would commence—all within a period of less than three years.

Mr John A. Agnew, in seconding the resolution, dealt with the operations carried out during the year and said that there was a substantial increase shown in the ore reserve position, there having been added 1½ million tons of ore of a value only slightly less than that shown for the ore reserves a year ago. It was reasonably certain that treatment operations would commence with practically 3,000,000 tons of ore proved and there was no doubt that the latter figure would be substantially added to as further development work was carried out. The continuance of the crushed ore zone material had been proved to a considerably greater depth than was shown a year ago. Up to date the width of the ore body in the deeper ground was considerably less, but the average value was substantially higher.

The experience so far gained with the mechanical shovels which were in operation for the purpose of preparing the ore deposit for the supply of deliveries to the mill would appear to confirm the views expressed on more than one occasion, to the effect that working costs were likely to be extremely low when the larger plant was brought into operation.

The development work in the lower portions of the main Marlu deposits had not reached a stage where the location of the main shaft, having regard to the development of the ore body at much greater depth, could be determined to advantage, and a commencement had already been made with that work. That shaft would serve to open up also the big quartz vein in depth which had been already partially explored from the old Bogosu shaft workings.

It was expected that the treatment plant would be ready for production about August next. It might be said generally that in the matter of mine development, in all operations that would tend to throw light on the correctness of the views previously held about very low working costs that might be anticipated when the plant was in full operation, and in the successful and efficient treatment of the ore, they were perfectly satisfied that their early expectations would be more than realised.

The report and accounts were unanimously adopted.

BOOKER BROTHERS, MCCONNELL AND COMPANY, LIMITED

CONDITIONS IN DEMERARA

The annual general meeting of Booker Brothers, McConnell and Company, Limited, was held, on the 20th instant, at 14 Trinity Square, London, Sir Alfred Sherlock, the chairman, presiding.

The Chairman, in moving the adoption of the report and accounts, referred first to the loss sustained by the deaths of the vice-chairman, Mr H. J. W. Holt, and Mr C. H. Nicolson. Continuing, he said that the profits for the year had amounted to £55,380, a reduction of £8,000, entirely due to the dividend from their main subsidiary being only 3 per cent. instead of 5 per cent.—a difference of £14,000. The results of the Demerara branch had been disappointing, and he was afraid they could not look for better trading conditions in the Colony until there had been a greater development of local industries, of which the one holding out most hope of large-scale improvement was gold. Gold was undoubtedly present, and it would not be very long before there was more activity in that industry, which would be of great benefit to the Colony and to their own firm, which handled approximately 25 per cent. of the Colony's trade.

Estates Company had just managed to come out without loss, though the company had only been able to pay a small dividend of 3 per cent. out of its revenue from interest and dividends. He thought that next year, owing to the wonderful 1935 crop, they would be able to pay 5 per cent., and possibly further strengthen the reserves.

During recent months there had been serious labour disturbances. When he went to Demerara early next year he would go into the question very carefully to see if there were any really legitimate complaints to be remedied.

Prices had been extremely low, but just recently there had been some improvement, and he could not help feeling that they were approaching the end of a period of seven lean years. The key to the whole position, however, was the action which might be taken by Governments.

The report and accounts were unanimously adopted, and the resolution increasing the capital of the company to £675,000 by the creation of 25,000 new ordinary shares of £1 each was unanimously approved.

UNITED MOLASSES COMPANY, LIMITED

CURRENT YEAR'S IMPROVED TRADING

The tenth annual general meeting of the shareholders of the United Molasses Company, Limited, was held on the 20th instant at Bush House, Strand, London, Mr F. K. Kielberg (chairman and managing director) presiding.

The Secretary (Mr James Don, A.L.A.A.), having read the notice convening the meeting and the report of the auditors,

The Chairman, in moving the adoption of the report and accounts, said:—Your company owns ample tonnage to meet its ordinary requirements, and the directors have no present intention of adding to the fleet, either by building or purchase.

The company's purchase of the two Norwegian tank vessels referred to in the directors' report was effected in order to terminate in the most economical and advantageous manner two unprofitable charters which had still four years to run. That part of the purchase price which represented payment for cancellation of the charters has been debited to the year's profit and loss account, and at the present rate of earnings of the two vessels the balance of the purchase price will be written off in three to four years. The purchase will result in a considerable annual saving to the company.

I am glad to be able to state that the company has no further contracts which in existing conditions are likely to prove unprofitable.

The company's equipment in Java has during the last three years been reduced sufficiently to bring it into line with the decline in the production of molasses in the Island. Adequate provision to meet this reduction has been made in past accounts.

The company's equipment in Java has during the last three is not large, and ample provisions have been made to meet any losses likely to arise under this heading.

BEET SUGAR INTERESTS

The total sum which the company last January invested in English beet sugar factories amounted to £254,000, but the book value of this investment has since been reduced to £75,000, representing bonus distribution and the proportion of dividends received during the year, which represented profits accrued prior to acquisition. The conditions under which the beet sugar industry will operate in the future have for some time past been the subject of negotiations between the Government and a committee representing the beet factories. The Government has announced its intention of introducing at an early date a bill for the future regulation of the industry. The terms of the bill are not yet known, but I have no reason to believe that they will be unsatisfactory from the company's point of view as shareholders in the industry. Your directors attach great importance to the company's association with the sugar industry in this country, and it is their intention, as opportunity offers, further to extend the company's interests in this connection.

PROVISION FOR DEPRECIATION

I now come to the reasons which have caused your directors, in the accounts for the last two years, to provide depreciation at a rate in excess of the percentage usually accepted as adequate. Approximately 85 per cent. of the book value of the company's fixed assets are represented by tank vessels, and our experience shows that conditions governing the employment of tankers are subject to violent fluctuations, accompanied by long periods of depression, during which even modern and efficient vessels cannot earn sufficient profits to provide for normal depreciation. That was the position for over three years following the collapse of the freight market in the second half of 1930, and had it not been for the successful operation of the International Tanker Owners' Association, of which Mr H. T. Schierwater is chairman, it is doubtful whether the company's vessels, when not employed in the molasses business, would have been able, even during the last two years, to earn anything for depreciation. Conditions are therefore not yet normal, and I am satisfied that it is in the best interests of the company that the present rate of depreciation should be maintained, if profits permit, for at least another year or two. This will greatly strengthen the balance sheet and justify a lower percentage for depreciation whenever rates of freight in future years happen to be less satisfactory than at present.

Business during the first quarter of the company's new year has been satisfactory and shows an improvement compared with the same period last year.

The report was unanimously adopted and a dividend of 8 per cent., less tax, was declared on the ordinary shares.

SCOTTISH AUSTRALIAN COMPANY, LIMITED

MR CAMPBELL INGLIS ON THE OUTLOOK

The annual general meeting of the Scottish Australian Company, Limited, was held, on the 20th instant, at 197 Winchester House, Old Broad Street, London, E.C.

Mr Campbell Inglis, chairman and managing director, in the course of his speech, said: Gentlemen,—Twelve months ago I had the pleasure of presenting you with a very favourable statement of accounts, which not only permitted the payment of a dividend of 5 per cent. on the ordinary stock, plus a bonus of 2½ per cent., but also allowed of the carrying forward of no less than £40,000.

At that meeting, while sharing the pleasure of the shareholders at those favourable results, I was careful to point out that there was another side to the picture, for whereas the profit had been the result of good wool prices and a propitious season, in both directions there was, at the time of my last speaking to you, a distinct reverse.

ADVERSE FACTORS

The warnings which I then gave you are borne out by the accounts which you now have before you. To put it very shortly, the fall in the price of wool, plus the incidence of Colonial taxation, deprived us of a profit, whilst the drought which prevailed over the greater part of Queensland, and to some extent in New South Wales, caused the loss. In the year we are now dealing with wool prices fell by some 35 per cent.—a fall in no way due to depreciation in the quality of the material, but to world causes over which no management, however diligent, could exercise any control. In addition to this, under the laws of Queensland, in which many of our properties are situate, income tax is calculated by reference to the previous year, no allowance being made for losses brought forward; hence, in our year of trouble, we had to pay tax on a year of prosperity.

But for the two causes I have referred to we should have come out just about level, instead of having a loss of over £60,000 to show. Although our losses of sheep were great, even on the most stricken stations a reasonable residuum was left, and we have already started filling up the losses by the purchase of further breeding stock.

LATEST NEWS

Our latest news from Australia indicates that conditions are still very dry on the company's stations in Queensland and Northern Australia, though with two exceptions they are quite safe for a month or two. In the meantime we may reasonably expect the usual seasonal storms. On the whole, considering the time of the year, conditions may be regarded as satisfactory as can be looked for, except at the two stations mentioned, from which, to make quite sure, it has been considered expedient to move some of the sheep to more favoured localities. In New South Wales, with the exception of our Corrella-Warraweena Station, where good rain is needed, conditions are stated to be quite satisfactory.

We are taking steps to strengthen our organisation in every possible way, and in particular we are hoping that in the near future an important addition will be made to the management in Queensland, with a view to ensuring that every individual manager shall be accorded in time of trouble immediate and sympathetic support and assistance from headquarters.

I have dealt fully with the drought position, and you will naturally wish to know how wool stands.

I am pleased to be able to inform you that there has been a substantial increase in world prices, and that at the moment the market seems to be thoroughly good and sound, both statistically and commercially.

On the other hand, you ought to know that our wool clip for the current year is far short of that for the previous year, this being due directly and indirectly to the drought; directly by reason of deaths and indirectly by reason of the fact that in many cases we had to shear our sheep three months too early. The increase in the price of wool will to quite a considerable extent offset the shortage, but not sufficiently to make up for that shortage.

The board have felt justified in making a transfer of £60,000 from the general reserve to the appropriation account, while in addition they were able to resort to a taxation reserve accumulated on this side to meet the burden of colonial taxation.

As a result of these transfers we have been able to recommend the payment of a modest dividend on the ordinary stock, in addition to the dividends on the preference stock, while leaving a balance of £10,975 to be carried forward.

The report and accounts were unanimously adopted.

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GOLD COAST MAIN REEF, LIMITED

ENCOURAGING DEVELOPMENTS

The second ordinary general meeting of the Gold Coast Main Reef, Limited, was held, on the 20th instant, at River Plate House, Finsbury Circus, London, E.C., the Right Hon. Lord Dorchester (chairman of the company) presiding.

The Chairman, in the course of his speech, said:—Shareholders will remember that the Gold Coast Selection Trust, Limited, agreed to subscribe for 300,000 shares in the unissued capital of this company at the par price of 5s. per share. We have recently called upon them to exercise this right, and they have promptly done so, paying £15,000 on application. The shares were allotted to-day, and we shall accordingly call upon the allottees for the balance owing of £60,000. This will increase the total of our cash at banks to over £145,000, a strong and eminently satisfactory position.

I will now say a few words in connection with the progress which is being made by our engineers in the field. We have been fortunate in securing the services of Major D. Gilchrist as general manager.

It has been decided to concentrate development work at Bondaye, where some promising assays over good widths are disclosed in Major Gilchrist's report. We have recently received a cablegram from Major Gilchrist containing some very good development results. It reads, as follows:—

"Gold Coast Main Reef, at 152 ft. level, crosscut No. 11 north, reef averages 8 dwts. over 48 ins.; crosscut No. 12 north, reef averages 8.4 dwts. over 48 ins.; crosscut No. 8 south, reef averages 12.1 dwts. over 42 ins. At 250 ft. level, reef intersected at 164 ft. in main crosscut and averages 55.2 dwts. over 48 ins. At surface, prospecting by shallow adits has disclosed reef 350 ft. along usual strike, south-west from previous known end of the body of ore, averaging 39.6 dwts. over 30 ins."

It will be conceded that these developments are highly gratifying and encouraging. We have recently shipped out to the mine the first units of the permanent power plant; this will be installed at Bondaye, and will enable rigorous development of this section to be pushed ahead. During the next few months we should gather sufficient data to permit consideration of the all-important question of a reduction plant.

Work upon the Tuappim section of our properties has been temporarily suspended, it being apparent that Bondaye holds the better prospects, and it is desirable to concentrate upon one section. Tuappim, however, has not been devoid of encouragement, and we shall turn our attention to it again in the future.

I do not think it desirable to say a great deal about our new Ekotokroo property, since we have only just taken possession and have not had an opportunity to prospect the concession. I do know that the vendors, the Gold Coast Selection Trust, Limited, consider it has distinct possibilities, preliminary prospecting having disclosed two reefs carrying good values. The Ekotokroo area covers the south-west extension along the strike from Anfargah.

I feel convinced that we own valuable areas, and that we shall be rewarded in due course. The next six months should prove particularly interesting, and we shall acquaint shareholders with details of the progress made periodically.

The report and accounts were adopted.

AGAR, CROSS AND COMPANY, LIMITED

EFFECTS OF ARGENTINE DROUGHT

The twenty-ninth ordinary general meeting of Agar, Cross and Company, Limited, was held, on the 23rd instant, at Dorland House, 14-16 Regent Street, London.

Mr William A. Agar (the chairman), in the course of his speech, said that the directors regretted that the results of the trading for the year to June 30th, 1935, still showed adverse results, but, although the company did not reach the profit-earning stage, it was at least very satisfactory that the improvement foreshadowed a year ago had actually materialised to a marked extent. During the year conditions in the Argentine had steadily improved, both economically and commercially, but during the past few months the country had suffered from one of the worst and most widespread droughts experienced for many years, with serious results on the current harvest.

GOVERNMENT ACTION

The estimated exportable surplus of wheat and linseed for the coming season was so reduced on past years' surpluses that the Argentine Government had decided about ten days ago to raise the basic prices at which they were prepared to purchase wheat and linseed from the agriculturists to 10 pesos per 100 kilos. for wheat and 14 pesos for linseed. Those minimum prices showed a very considerable rise on the prices which had been ruling immediately prior to the issue of the Government decree, and the benefit to the producers would undoubtedly be substantial, with most probably favourable repercussion on the business of this company.

Had it not been for the Argentine drought the directors would have been reasonably optimistic with regard to the current year's prospects. The sales for the first four months of the current year—July-October—were, month by month, better than for the corresponding months of the previous year. November was the first month to reflect the drought situation. They were advised that all conditions in the agricultural zones in the Argentine were at least a month late this year, and they must therefore "wait and see."

The report and accounts were unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended December 21, 1935, amounted to £12,214,780, against ordinary expenditure of £12,474,777. After allowing for an increase in Exchequer Balances of £306,997 the operations for the week, as shown below, reduced the gross National Debt by £47,000 to approximately £8,020 millions.*

(000's omitted)

2½% Funding Loan	+ 350	Public Department Advances	— 120
Treasury Bills	+ 12	National Savings Certificates	— 150
		N. Atlantic Shipping Issues	— 29
		Cap. Expend. (Money) Act	— 110
			— 409
			+ 362

* Including £375 millions on Account of Exchange Equalisation Fund and Borrowing or Statutory Sinking Fund.

A complete analysis of the approximate position of the National Debt on September 30, 1935, appeared in the *Economist* for October 5th.

REVENUE	Estimate for the year 1935-36	Total Receipts into the Exchequer			
		April 1, 1935, to Dec. 21, 1935	April 1, 1934, to Dec. 22, 1934	Week ended Dec. 21, 1935	Week ended Dec. 22, 1934
ORDINARY REVENUE					
Inland Revenue—					
Income Tax	232,500,000	75,618,000	71,482,000	598,000	1,179,000
Sur-tax	51,500,000	8,600,000	11,285,000	480,000	570,000
Estate, etc., Duties	80,000,000	63,410,000	58,515,000	2,420,000	1,430,000
Stamps	25,000,000	14,980,000	14,410,000	290,000	45,000
Excess Profits Duty and Corporation Profits Tax	1,700,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	150,000	180,000	...	20,000
Total Inland Revenue	391,500,000	162,758,000	155,882,000	3,788,000	3,244,000
Customs and Excise—					
Customs	188,570,000	145,155,000	137,998,000	3,777,000	3,688,000
Excise	106,350,000	82,200,000	80,300,000	5,700,000	5,310,000
Total Customs and Excise	294,920,000	227,355,000	218,498,000	9,477,000	8,998,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,504,000	1,950,000	Dr. 89,000	Dr. 85,000
Post Office (Net Receipt)	11,850,000	10,700,000	11,000,000	Dr. 135,000	Dr. 200,000
Crown Lands	1,330,000	1,000,000	1,010,000	...	...
Receipts from Sundry Loans	3,900,000	3,641,411	3,310,129	290,625	...
Miscellaneous Receipts	25,970,000	16,717,029	12,414,048	100,155	144,030
Total Ordinary Revenue	734,470,000	423,675,470	404,064,177	12,214,780	10,201,030

NEW YORK MONEY AND EXCHANGE RATES

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

	Dec. 26, 1934	Nov. 27, 1934	Dec. 4, 1934	Dec. 11, 1934	Dec. 18, 1934	Dec. 23, 1934
Call money	1/2	1/2	1/2	1/2	1/2	1/2
Time money (90 days' mixed coll.)	1/2	1/2	1/2	1/2	1/2	1/2
Bank acceptances:						
Members—eligible, 90 days	1/2	1/2	1/2	1/2	1/2	1/2
Non-mem.—eligible, 90 days	1/2	1/2	1/2	1/2	1/2	1/2
Commercial accept., 90 days	1/2	1/2	1/2	1/2	1/2	1/2

Rates of Exchange, New York on—	Par Level	Dec. 26, 1934	Dec. 11, 1934	Dec. 18, 1934	Dec. 23, 1934
London—					
60 days	Old par 4-8666	4-9150	4-9137	4-9162	4-9150
Cable	New par 4-9437	4-9275	4-9300	4-9287	4-9287
Cheques	8-2397	4-9437	4-9262	4-9287	4-9275
Paris—cheques	6-63	6-6062	6-6025	6-63	6-5875
Brussels	23-54	23-49	16-95	16-90	16-845
Switzerland	32-67	32-42	32-415	32-57	32-455
Italy	8-91	8-57	8-57	8-57	8-57
Berlin	40-33	40-25	40-23	40-25	40-19
Vienna	23-82	18-85	18-84	18-90	18-80
Madrid	32-67	13-69	13-68	13-745	13-65
Amsterdam	68-06	67-70	67-73	67-87	67-78
Copenhagen	22-08	22-00	22-02	22-01	22-01
Oslo	24-65	24-76	24-78	24-78	24-78
Stockholm	45-37	25-50	25-415	25-435	25-425
Athens	1-294	0-93	0-94	0-94	0-94
Montreal	169-31	100	98	99	99
Yokohama	84-40	28-80	28-78	28-79	28-80
Shanghai	34-31	29-80	29-75	29-75	29-75
Buenos Aires	61-80	37-28	37-25	37-26	37-26
Rio de Janeiro	32-96	32-83	32-85	32-85	32-85
	11-96	8-33	8-30	8-30	8-30

COMPANY NEWS

DIVIDEND ANNOUNCEMENTS

Name of Company	Rate % per Annum, except where marked % or Stated in Cash	Interim div.	Final div.	Dividend for Whole Years	Latest Year	Previous Year
		Interim or Final	Date of Payment	Interim or Final Comparison with Last Year		
TEA AND RUBBER						
Balmoral (Ceylon) Estates	4%*	Dec. 23	3%*	%	%	
United Serdang Rubber	4%*	Dec. 23	3%*	%	%	
MINING						
Apex Mines	5%†	Jan. 30	10	8		
Jos Tin (Nigeria)	12	Jan. 21	12	12		
Sungei Way Dredging	5%*	Jan. 22	Same			
United Tin (Nigeria)	7	Jan. 21	7	7		
OTHER COMPANIES						
Apex (Trinidad) Oilfields	171%†	Jan. 30	22	35		
Armstrong (A.) and Co.	10	Dec. 31	12	7		
Associated Paper Mills	5%†	Feb. 1	Same	7		
Bullcroft Main Collieries	12	Dec. 31	Same	7		
Caribonum Trust	1	Jan. 15	Same			
Cranston London Hotels	23	Dec. 31	Same	5		
Fairly Aviation	5	Jan. 8	3	Nil		
Great Northern Investment	5	Jan. 31	Same	3		
Hall and Co.	16/-p.s.†	Jan. 21	5/-p.s.†	10/-p.s.†	19/-p.s.†	
Liabig's Extract of Meat	24	Jan. 21	Same			
Manchester Dock and Warehouse	24	Jan. 21	Same			
Manchester Ship Canal Warehousing	24	Jan. 21	Same			
Matchless Motor Cycles	7	Dec. 31	Same	2		
New Brick and Tile (Newhey)	4	Jan. 1	Same	6		
New Investment	4	Jan. 1	Same	6		
Rio Claro Investment	4	Jan. 1	Same	6		
Shawinigan Water	15c. p.s.	Feb. 15	13c. p.s.	6		
Tampin & Sons Brewery, Brighton	31	Jan. 16	Same			
Telephone Rentals	31	Jan. 16	Same			
United Tobacco (South) Ord.	(a) 20		16	30 (a)	26	
Do. Deferred	(a) 20		16	30 (a)	26	
Do. Interim (Ord.)	(a) 3		16	30 (a)	26	
Do. Interim (Def.)	(a) 3		16	30 (a)	26	
Whitworth, Son and Nephew	13		Same			

(a) Free of South African Normal Income Tax.

† Free of income tax.

MEXICAN RAILWAY.—The directors announce that an Order has now been issued by the Court sanctioning the new scheme of arrangement for the debenture stocks and debentures. As provided in the scheme, the payment of the half-year's interest on the 6 per cent. perpetual debenture stock, which fell due on January 1, 1933, will be made on January 1, 1936. The registers of the stock will be closed from December 18th to 31st, inclusive.

NATIONAL FIXED TRUST CERTIFICATES (Unit "D").—Midland Bank Executor and Trustee Company, Ltd., announces that the third income distribution upon National Fixed Trust certificates, unit "D," representing the period from June 2, 1935, to December 1, 1935, will be paid to certificate holders registered as at December 1, 1935, at the rate of 3.9038d. net per sub-unit on the due date, January 1, 1936.

PETERS, LTD.—The directors announce that the improved position following the sale of one-half of the shares of Westland Aircraft in July last enables them to recommend to the half-year's dividend on the preference shares for the current year, and a distribution to the half-year's shareholders in the form of a cash bonus of 2s. per share, free of tax. Payment of these dividends and bonus will be made on January 10, 1936, to all those whose names appear upon the register of shareholders on December 31, 1935.

STATE OF BAHIA.—The Ethelburga Syndicate, Ltd., have now received official notification from the Secretary of Finance of the State of Bahia that the Governor ratified the following law on November 26, 1935. Art. 1: The service of payment of interest and sinking funds of the External Debt of the State is suspended as from the publication of this law until December 31, 1936. Art. 2: Any provisions to the contrary are hereby revoked.

SHEPHERD COAL AND IRON.—The directors announce an interim dividend of 6d. per £1 ordinary share, or 2½ per cent., less tax. This compares with 4d. per share (14 per cent.), the interim rate paid in each of the six preceding years. For the previous 12 months the final dividend was 11d. per share, making 6½ per cent., the largest distribution on the £1,171,157 of ordinary capital since 1928-27.

APEX (TRINIDAD) OILFIELDS, LTD.—The report and accounts for the year ended September 30, 1935, will be issued on January 6, 1936, and the annual meeting will be held on January 16, 1936. Oil profits amount to £300,468, less amortisation of wells £108,422, head office expenditure (net) £4,011. Net profit, £170,035. Add balance brought in, £113,611 = £283,646. Less interim dividend No. 30 of 10 per cent., directors' additional remuneration thereon, reserve for income tax, and special amortisation of deep well No. 214, £93,206, leaving a credit balance of £190,440. Final dividend 17½ per cent., less British income tax of 2s. 3d. in £, making 27½ per cent. for year. The balance of profits to be carried forward amount to £100,565. The transfer books and register will be closed from January 7, 1936, to January 16, 1936.

NEW CAPITAL IN 1935

A review of the figures given below appears in a leading article on page 1305 of this issue.

DESTINATION OF NEW CAPITAL

	Year 1913	Year 1921	Year 1932	Year 1933	Year 1934	Year 1935
United Kingdom—						
Government	Nil	10,700,000	102,739,200	150,813,600	44,100,000	88,000,000
Other	35,951,200	43,802,000	60,332,800	59,426,900	93,590,300	132,651,100
British Possessions—						
Government	26,278,700	30,571,600	23,761,200	24,174,500	8,461,200	2,907,500
Other	49,858,500	7,936,800	1,785,800	4,976,900	21,462,200	12,333,000
Foreign countries—						
Government	26,158,200	1,740,000	Nil	5,298,600	Nil	Nil
Other	58,290,400	7,393,900	291,000	90,600	1,495,000	256,000
Grand Total	196,537,000	102,144,300	188,910,000	244,780,500	189,108,700	236,147,600

NATURE OF BORROWERS

Description	Whole Year, 1934	Year 1935		
		Three Quarters to Sept. 30	Fourth Quarter	Total, Whole Year 1935
British Government Loans ...	£ 44,100,000	£ 1,800,000	£ 88,200,000	£ 88,000,000
Dominion and Colonial Govern- ment Loans	8,461,200	1,670,000	1,237,500	2,907,500
Foreign Government Loans ...	Nil	Nil	Nil	Nil
British Corporations, County and Public Board Loans ...	36,139,000	48,326,400	2,762,500	51,088,900
Colonial Corporation and Public Board Loans	Nil	Nil	Nil	Nil
Foreign Corporations	Nil	Nil	Nil	Nil
British Railways	Nil	Nil	Nil	Nil
Colonial Railways	178,500	Nil	Nil	Nil
Foreign Railways	Nil	Nil	Nil	Nil
Australasian Mines	1,435,700	4,149,800	382,700	4,832,500
South African Mines	6,188,100	2,272,200	548,900	2,821,100
Other Mines	7,793,600	1,457,400	305,000	1,762,400
Exploration, Financial and In- vestment Trusts	8,598,200	14,869,100	2,400,900	17,270,000
Breweries and Distilleries	1,611,900	1,026,900	55,000	1,081,900
Merchants, Importers, etc.	Nil	50,000	Nil	50,000
Stores and Trading	629,800	3,858,000	70,300	3,928,300
Estate and Land	994,900	3,245,100	257,500	3,482,600
Rubber	1,451,400	115,000	137,300	252,300
Oil	469,300	Nil	30,300	30,300
Iron, Steel, Coal and Engineer- ing	18,676,800	5,038,600	466,600	5,505,200
Electric Light, Power and Telegraph	4,654,700	6,447,500	2,604,700	9,052,200
Tramways and Omnibus	206,200	Nil	455,000	455,000
Motor Traction and Manufac- turing	2,153,600	2,535,400	665,200	3,230,600
Gas and Water	Nil	2,789,200	1,284,800	4,074,000
Hotels, Theatres and Enter- tainments	3,748,000	1,272,800	535,000	1,807,800
Patents & Proprietary Articles	5,144,800	1,260,000	Nil	1,260,000
Docks, Harbours and Shipping	Nil	Nil	Nil	Nil
Banks and Insurance	1,050,000	1,529,400	Nil	1,529,400
Manufacturing & Miscellaneous	15,423,000	25,788,100	6,237,500	32,025,600
Total	169,108,700	129,500,900	108,946,700	236,147,600

SOME NOTEWORTHY ISSUES

Month of Issue	Name and Description	Nominal Amount	Issue Price	Price, Dec. 23, 1935
1935				
Jan.	L.C.C. 2½% Stock, 1960-1970	10,000,000*	par	96
Feb.	Australia 3½% Stock, 1956-61	22,384,000*	par	99-99½
Feb.	Mersey Docks, etc. 3½% Deb. Stock	2,500,000*	par	98-91
Mar.	Powell Duffryn 4½% Cum. Pref. £1	9,800,000*	par	99
April	Allied Newspapers 4% Deb.	3,500,000*	21/-	19½-19¾
May	Montague Burton 4½% Deb.	3,500,000*	104	104-105
May	British (Guest Keen Baldwins) 4% Deb.	3,000,000*	103	105½-105½
May	Argentine Govt. 4½% Bds.	2,250,000*	94	104-104½
June	Manchester Corporation 3% Stk.	3,100,000*	99	92-93
June	Leeds Corporation 3% Stk.	4,000,000*	99	102-102½
June	Liverpool Corporation 3% Stk.	4,000,000*	99	101½-102
July	New Zealand 3% Ins. Stk., 1952-55	3,000,000*	99	101-102½
July	India 3% Stk., 1949-52	8,000,000*	98	97-97½
July	London Elec. Trmpt. 2½% Deb., 1950-55	10,000,000*	98	98-98½
July	Cables Investment Trust 3½% Deb. Stk.	32,000,000*	97	97-97½
July	Do. 4½% Red. Cum. Pref. £10	2,000,000*	99	99-99½
August	Australia 3% Stk., 1939-41	5,000,000*	104	104-104½
Nov.	Trinidad 3% Stk., 1965-70	13,469,981*	101	102
Nov.	Edmundson's Electricity 3½% Deb.	1,870,000*	par	99-99½
Nov.	S. Rhodesia 3% Stk., 1958-64	2,000,000*	98	99-99½
Dec.	Treasury Bonds 1%, 1939-41	1,250,000*	96	1-1½ dis
Dec.	Funding Loan 2½%, 1956-61	100,000,000*	96	1-1½ dis
Dec.	Ceylon Govt. 3% Stk., 1959-69	200,000,000*	par	1-1½ dis

* All for conversion purposes.

(a) Of the £291,000,000 received for these two loans £204,000,000 is for conversion purposes.

Year	TYPES OF SECURITY			
	Debentures, Bonds, etc.	Preference Shares	Ordinary Shares	Total
1927	228,958,000	36,836,600	89,371,400	355,166,000
1928	212,917,900	45,062,600	111,177,600	369,158,100
1929	137,670,300	31,543,400	116,025,700	285,239,400
1930	230,364,800	15,824,600	22,090,100	268,279,500
1931	74,935,600	6,911,900	20,296,800	102,144,300
1932	170,172,800	12,773,800	5,963,400	188,910,000
1933	222,064,300	12,733,700	9,982,500	244,780,500
1934	102,769,300	21,461,000	44,878,400	169,108,700
1935	167,185,500	31,696,700	37,265,400	236,147,600

ISSUES BY STOCK EXCHANGE INTRODUCTION (TOTAL CASH INVOLVED AT OPENING MARKET PRICES)

	United Kingdom	Dominions and Colonies	Abroad	Total
Year 1933—				
1st quarter	4,599,300	3,342,300	Nil	7,941,600
2nd quarter	11,774,100	2,410,300	Nil	14,184,400
3rd quarter	6,569,400	Nil	Nil	6,569,400
4th quarter	8,918,900	1,404,800	Nil	10,323,700
Total year 1933	31,861,700	7,157,400	Nil	39,019,100
Year 1934—				
1st quarter	6,995,500	Nil	Nil	6,995,500
2nd quarter	6,383,300	618,600	Nil	6,981,900
3rd quarter	7,349,200	10,784,000	1,331,700	19,464,900
4th quarter	4,819,700	4,048,100	Nil	8,867,800
Total year 1934	25,527,700	15,450,700	1,331,700	42,310,100
Year 1935—				
1st quarter	16,422,100	1,927,000	519,400	18,868,500
2nd quarter	8,912,100	90,000	Nil	9,002,100
3rd quarter	6,841,800	2,212,500	Nil	9,054,300
4th quarter	6,611,700	1,905,300	Nil	8,517,000
Total year 1935	38,787,700	6,134,800	519,400	45,441,900

TOTAL CONVERSION OPERATIONS

	Total Conversions	Total Conversions
Whole year 1928	324,041,983	2,510,774,302 (a)
Whole year 1929	203,525,540	223,141,000 (b)
Whole year 1930	187,088,084	241,8

THE ECONOMIST

TRADE SUPPLEMENT

New Series

SATURDAY, JULY 27, 1935

No. 146

THE STATE OF TRADE

THE renewed expansion of business activity, which began last April, continued during the past month. Moreover, the outlook remains fairly satisfactory, for the conditions for further expansion still exist. Profitability of enterprise continues to increase, as is shown in our monthly analysis of industrial profits. And, despite the slight revival in the capital market, money remains cheap. Recovery remains most marked in the capital equipment industries, but the consumption trades are now also beginning to make headway in this country.

Contrary to the normal seasonal movement, employment continued to increase in June, when it reached a record level. The branches of activity in which the improvement was most marked include building, public works contracting and certain ancillary trades, engineering and iron founding, shipbuilding and ship repairing, iron and steel and tinplate manufacture, the hosiery and jute industries, certain food manufacturing industries, printing and bookbinding, the transport and distributive trades, as well as hotel and boarding house services. On the other hand, unemployment showed a slight seasonal increase in coal-mining, motor vehicle construction and in the clothing and footwear trades. With the exception of the Midlands and North-East England, all other districts experienced a reduction in unemployment during June. But the proportion of insured workers unemployed still varies considerably—from 7 per cent. in South-East England to 30.6 per cent. in Wales.

Our new index of Business Activity (adjusted for seasonal variations) continued to rise in June, when it slightly exceeded the highest level reached in 1929. Of the component series of the Index, shown on page 3, seven rose, while six declined between May and June. Only two indices, relating to consumption of cotton and imports of raw materials, were lower than in June, 1934. The index of employment rose slightly between May and June; on the other hand, consumption of power was somewhat smaller than in May. The figures for steel and cotton consumption and for the volume of exports of manufactures registered an appreciable rise. The increased turnover of money both in London and the Provinces is reflected in the rise in the indices of bank clearings. The index of building activity is slightly lower than in May, as the value of building plans passed in June was considerably less than a year ago. But in view of the fact that the plans passed in May were unusually high, the decline in June does not necessarily portend the end of the building boom.

The outlook for the heavy industries remains good. There are no signs of a decline in building activity in the near future, though building costs are now rising gradually. Orders in hand with the iron and steel and engineering industries are sufficient for the maintenance of the current level of activity for several months. Exports of iron and

steel have recently made little headway, but demand from some of the principal consuming industries at home, including motor vehicles and building construction, is likely to be well maintained. Despite a seasonal decline in the output of coal, the position of that industry is slightly better than a year ago. Sales of chemicals, which are used in most branches of industry, have been satisfactory.

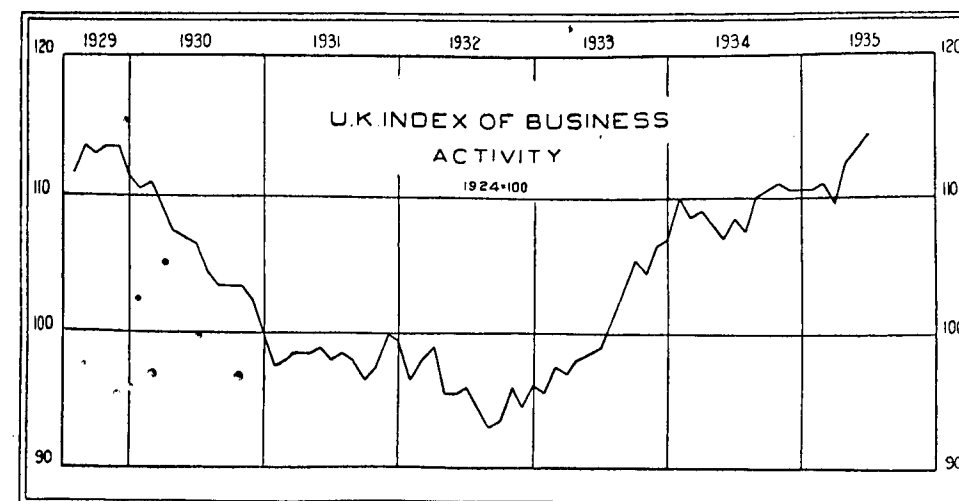
The industries engaged in the manufacture of consumers' goods have also made some headway during the past month. Thus, the textile trades as a whole as well as the leather and food, drink and tobacco trades all experienced a slight improvement as compared with May and as compared with June, 1934. Although home demand for consumers' goods has risen by about 10 per cent. during the past two years, it must be remembered that many of these industries are largely dependent on exports, which have so far shown little expansion. Retail trade showed a slight seasonal decline between May and June, but the money value of sales was nearly 6 per cent. higher than in the corre-

sponding month a year ago.

World industrial production, especially of capital equipment, continued to rise between January and April. Thus, the index of world industrial production, calculated by the Institut für Konjunkturforschung, rose from 102.6 (1928 = 100) in January to

103.8 in April. In April, 1934, the index stood at 96.9. On the other hand, the latest figures of world trade show little improvement as compared with a year ago. In the United States the gradual decline in industrial activity since January appears to have been arrested in June. Moreover there are at last signs of the beginning of an improvement in the capital equipment industries there. The most encouraging features are the gradual expansion of dwelling-house construction and the increase in the activity of the metal industries and of the capital market. Although the stage may at last be set for a sustained revival, there are still many difficulties and uncertainties ahead which may delay recovery.

Persistent stagnation still characterises business conditions in France, Holland and Switzerland. Such slight improvements as have taken place in recent weeks are mostly due to seasonal influences. Official statistics point to further increase in business activity in Germany, but the improvement appears to be most marked in the heavy industries. Italy has experienced a striking expansion of industrial activity in recent months accompanied by a steep decline in unemployment. There has also been further improvement in Norway and Sweden, and industrial activity in Belgium is now slightly above the level of a year ago. With the exception of the coffee-growing countries, Latin America continues to gain ground; and in the Far East, Japan's industrial activity has been maintained. Conditions in Australia, Canada and South Africa remain fairly satisfactory.



HOME INDUSTRIES AND TRADE

The following reports on British industry cover, in most cases, the period to the middle of July. In the remainder they relate to the month of June.

COAL

Unemployment continues on a large scale and, on account of an increase in the number of men "temporarily stopped," the position suffered a further deterioration during June. The seasonal slackness of demand was reflected in output figures, which declined sharply between May and June. On a daily basis, however, production was again above last year's level. The export position is patchy, there being a good demand for certain classes and an almost complete absence of inquiry for others. Total shipments declined last month, but some improvement has been noticeable in recent weeks in South Wales. A fair demand for industrial fuel has been in evidence, but trade in house coal suffers from a seasonal depression. Nevertheless, pit stocks are smaller than at this time last year, and prices have been firm. Next month should witness an appreciable improvement in this section.

IRON AND STEEL

Activity in the iron and steel industry continued to expand during the past month. Calculated on a daily basis, the output of steel ingots and castings rose from 32,200 tons in June, 1934, to 35,600 tons in May and 35,800 tons in June, 1935. Imports of iron and steel materials in June were slightly higher than in May, but almost unchanged as compared with a year ago. On the other hand, exports show a reduction on May and on the corresponding month a year ago. Negotiations concerning the details of the five-year agreement between the British Iron and Steel Federation and the Continental Crude Steel Cartel, which should come into force on August 8th, have not yet been concluded. Meanwhile, there has been a slight seasonal decline in new business, but order books are well filled and the outlook for the principal consuming industries remains good.

ENGINEERING

The expansion of productive activity in the engineering industry has been well maintained, but there has been a seasonal lull in inquiries and in new business. Both imports and exports of machinery showed a decline between May and June, but, while exports in June remained well above the level of the corresponding month a year ago, the volume of imports was the same as in June, 1934. There has been a seasonal recession in the demand for agricultural machinery, and business in machine tools and in textile machinery has fallen off a little. There has been little change in the marine engine section. Demand for mining and excavating machinery and for boilers and boiler-house equipment has been well maintained, and the electrical section continues active. A slight improvement has been noticeable in the power equipment, locomotive and sugar machinery sections.

MOTOR INDUSTRY

Despite a seasonal slackening of demand, sales of new cars continue above the 1934 level. New registrations of private cars totalled 24,960 in May, against 22,221 in the same month of last year; in the period October to May new registrations showed an increase of 22 per cent. over the corresponding total for the previous season. The rising trend of imports was checked last month, only 831 private cars being imported, as compared with 1,125 in June, 1934. The export position continues satisfactory, and manufacturers are concentrating attention upon the production of more powerful cars at the lowest possible price, to compete in markets overseas. Exports in June comprised 4,069 private cars and 1,110 goods vehicles, against 3,057 and 808, respectively, a year ago.

CHEMICALS

In the home market a satisfactory volume of business has been transacted in most industrial chemicals during the past month, chief interest being shown in acetone, acetic, formic and oxalic acids. Apart from a good seasonal demand for certain products, such as citric and tartaric acids, trade in pharmaceutical preparations has been limited. In the coal tar products market creosote oil has continued in good demand and sales of refined coal tar have been on a very fair scale, but there has not been much interest in other products. Business in wood distillation products has been steady, but inquiries are not very numerous. The trade returns for June show a decrease of £221,150 in the value of chemicals, drugs, dyes and colours exported as compared with June, 1934. Imports registered a decline of £45,308 as compared with June, 1934.

COTTON

The past month has witnessed little change in the position of the industry. The raw cotton situation continued to be dominated by the control policy of the United States Government, and the tight spot position has tended to become more pronounced. The American Government has estimated the area under cotton for the 1935-36 season at 29,166,000 acres, an increase of 4.6 per cent. on a year ago; it is too early for any reliable estimate of the yield to be made. Inquiry for piece-goods from certain quarters has increased somewhat, but it is doubtful whether any more business has been done than in recent months. The home trade has benefited from the hot weather. Although the *Economist* index of cotton consumption rose from 90½ in May to 97½ in June, the position of the spinning section remains unsatisfactory, and only 70 per cent. of the spindles were in operation on June 30, as against 77 a year ago. Buyers of yarn have continued their hand-to-mouth policy and sales have been difficult to arrange. The past month has been notable for the introduction of legalised wages for operative weavers.

WOOL

The slow improvement in the price of raw wool, which began in March, continued during the past month and sales at Coleman Street have been substantial—home demand being the mainstay of the series. But the reluctance of manufacturers to respond has caused difficulties in the spinning section, where new contracts on a remunerative basis are hard to secure. As regards the weaving section, June witnessed little general change in the employment position, although the improvement over last year was maintained in the worsted branch. Exports of woollen and worsted tissues recorded an advance on the month, but sales of the former in foreign markets were smaller than in June, 1934. Exports of wool from Australia and New Zealand in the year ended June 30th totalled 3,458,000 bales, or 89,000 bales less than in the previous season, an increase of 118,000 bales in shipments from the Commonwealth being more than offset by a reduction of 207,000 bales in exports from New Zealand.

ELECTRICITY

INDEX OF GENERATION OF ELECTRICITY*
(Great Britain, excluding London and Wales)
(Monthly Average, 1923-24 = 100)

Period	Home	Export	Total
1927—June	94	234	128
1928 "	68	105	78
1929 "	84	149	101
1930 "	59	212	98
1931 "	65	128	78
1932 "	53	94	58
1933 "	55	85	61
1934—June	47	119	70
July	56	123	77
August	71	123	87
September	85	128	99
October	94	128	106
November	96	125	106
December	96	136	109
1935—January	101	135	112
February	107	136	117
March	102	134	113
April	105	135	115
May	110	128	117
June	109	124	115

* Prepared by the Economic and Statistical Department of the British Electrical and Allied Manufacturers' Association.
† Corrected for seasonal fluctuations,* for the increase in electrification (trend), and for connections to the "grid." ‡ Provisional.

ELECTRICAL INDUSTRY

New export inquiries for heavy electrical machinery have declined a little, but home demand has been well maintained.

INDEX OF NEW ORDERS RECEIVED BY HEAVY ELECTRICAL MANUFACTURING INDUSTRY*
(1920 = 100)

Period	Home	Export	Total
1927—June	94	234	128
1928 "	68	105	78
1929 "	84	149	101
1930 "	59	212	98
1931 "	65	128	78
1932 "	53	94	58
1933 "	55	85	61
1934—June	47	119	70
July	56	123	77
August	71	123	87
September	85	128	99
October	94	128	106
November	96	125	106
December	96	136	109
1935—January	101	135	112
February	107	136	117
March	102	134	113
April	105	135	115
May	110	128	117
June	109	124	115

* Copyright of the British Electrical and Allied Manufacturers' Association.
The above index is a 12-month moving average of new orders received by the heavy plant section of the industry. It is based on the horse-power and not on the value of orders.

JUTE

The price of the fibre, which had been slowly rising for some months, suffered a slight setback about the middle of July; this was traceable to uncertainty about the policy of the Bengal Government concerning next year's crop. Business in yarns and cloth has been slow, but the employment position in the industry underwent a further slight improvement last month.

RAYON

Production of rayon yarns remains at a comparatively high level, and some easing off in the hosiery trade deliveries has been counterbalanced by an improving demand from the weaving section. Business in fashion fabrics for the autumn is somewhat slow in developing, but other sections of the weaving trade are relatively good for the time of the year, and not the least pleasing feature is the improving tendency in fabric export business.

LINEN

The raw material remains firm in price, but business is restricted, holders' ideas of prices being much above what potential consumers are prepared to pay. Yarns are in quiet demand,

as is usual at this time of year. Current cloth contracts are nearing completion, but it is stated that producers are anticipating an early renewal of demand for coming season goods, especially for fancy and dress linens.

BOOTS AND SHOES

Employment showed a decline last month in most of the principal centres, but was considerably better than at this time last year. Exports of leather footwear were again lower on the month and fell short of last year's corresponding figure. Imports exhibited a similar movement.

POTTERY

The unemployment percentage for June again showed little change, compared with the previous month and with the same month last year. Conditions are variable, North Staffordshire being least favourably situated. Exports of general earthenware showed a recovery during June, although still less than at this time last year.

AGRICULTURE

According to the Ministry of Agriculture, it is doubtful whether a full average yield of wheat will be reached, and the yields of barley and of oats may be a little under average. The yield of early potatoes is likely to be appreciably reduced in the areas affected by frost, and lifting has been delayed. Prospects are generally favourable as regards main crop potatoes. Turnips and swedes made good progress during June. Mangolds are mostly a good plant, but rather backward; sugar beet is variable. Hop vines are healthy and vigorous, but still backward. Grass made

rapid bottom growth during June, but the present forecast of the yield of both seeds and meadow hay is below the ten years' average. With the improvement in the pastures and a plentiful supply of water, cattle and sheep have done well.

SHIPPING

The *Economist* index of whole cargo shipping freights rose by 0.4 per cent. in June to 84.0 (1898-1913=100), compared with 83.8 in June last year. In recent weeks the various markets have continued in a condition of stagnation, although the Far Eastern market has shown a slight improvement.

BUILDING

Employment showed a slight improvement during June, all the separate occupations with the exception of painters sharing in the movement. Compared with a year ago, there was some improvement in Scotland and in the South-Western and Midland Counties, but in Wales there was a slight decline. Building activity continues on a high level and is a mainstay in the process of recovery at home. The total of building plans approved by 146 local authorities in Great Britain (published by the Ministry of Labour), which reached a record total in May, showed a reduction during June. In consequence, the *Economist* index of building activity (1924=100) declined from 221 in May to 217 in June, against 195½ a year ago.

RETAIL TRADE

The value of retail sales during June showed little change compared with May, but exceeded the total for June, 1934, by 5.8 per cent.

HOME TRADE STATISTICS—JUNE, 1935

	May, 1935	June, 1935	Compared with June, '34
UNEMPLOYMENT— (State Insurance %)	15.6	15.5	— 0.9
PRODUCTION—			
Coal (million tons)*	4.3	4.0	—
Iron (thous. ")	558.9	529.3	+ 14.4
Steel (" ")	853.3	770.0	+ 12.5
FOREIGN TRADE—			
Imports (million £'s)	64.5	57.8	— 3.3
Re-exports (" ")	5.6	5.2	+ 0.9
British Exports (" ")	35.2	32.9	+ 0.8
TRANSPORT—			
Railway Receipts (thous. £'s)*	2,769	3,013	+ 114
Shipping Freights (av. level)†	71.9	72.9	+ 0.9
COMMODITY PRICES (av. level)‡	68.1	68.1	+ 2.8
TRADE DISPUTES (thous. working days loss)	88	78	— 24
SECURITY VALUES (av. level)§	125.8	125.5	+ 3.7

FINANCIAL DATA—

	May, 1935	June, 1935	Compared with June, '34
Bank of England Notes Mill. £'s*	391	398	+ 18
Bank Deposits (" ")*	1,961	2,003	+ 133
Bank Advances (" ")*	770	775	+ 18
Banks' Cash Ratio (%)**	11.2	10.8	+ 0.1
Bank Clearings:			
London (million £'s)*	703	742	+ 119
Manchester (" ")*	9.2	9.0	— 0.2
Three Months' Bank Drafts (Discount Rate %)*	1½	1½	— ½
Day-to-Day Loans (%)*	1½	1½	— ½

(*) 1913 = 100. (†) *Economist* Index No., 1927 = 100.
(*) *Bankers' Magazine* Index No. of 365 securities; December, 1921 = 100. (†) Cash in hand and at Bank of England as % of total current, deposit, and other accounts.
* Average weekly figures.

INDICES OF BUSINESS ACTIVITY*

Monthly Averages of 1924 = 100

Period	Employment	Consumption of Power		Transport		Postal Receipts	Building Activity	Consumption of		Foreign Trade			Bank Clearings		Complete Index		
		Coal	Electricity	Merchandise on Railways	Commercial Motors in use			Iron and Steel	Cotton	Imports of Raw Materials	Exports of British Manufactures	Shipping Movements	Metropolitan, Country, Provincial	Town	Monthly	Three-Months' Moving Average	
1929	Monthly Average	107	97½	147½	95½	159	116½	132½	112	104	113	109½	109	111½	123	112	...
1930		103	93	150	86½	168½	118	144½	98	77	101	86	108	109	124½	106½	...
1931		99	87	150½	74	175	117	136½	84½	80½	94½	64	98	106	109	98½	...
1932		98	85	155½	67½	180	116	126½	89	88	96	65½	95	106	97½	96	...
1933		101½	85	168	67½	187	118	162	91	86½	106	68	96½	111	99	101	...
1934	106½	92	188½	75	199	119½	194	108	92½	114½	74	99½	117	108	109½	...	
1932—June	97½	83½	147	64	180½	113	128½	69½	92	109	67½	95	103½	100	96½	95½	
July	97	78½	147	62	180½	115	123½	67½	93	92½	64½	98	108	119½	94½	95½	
August	96½	80½	148	59	180½	114½	123	59½	83	102	63	93	106	98	93	94½	
September	97	83	152	61½	181	116	123	65½	72	97	61	95	103½	94	93½	93½	
October	98½	87	156	65½	181	114½	126	72	86	86½	64	94	106½	100	96	94	
November	98	86	161	67	181	115½	131½	56½	75	87½	62½	91	106	98	94½	94½	
December	98½	89½	153	61½	182	116	136	66½	88½	79½	69	95	107½	106½	96	95½	
1933—January	99	88½	158½	56½	182½	116	138½	64	88	86½	64	95½	112½	93½	95½	95½	
February	99	86	157	60½	183	117	148	72½	90	96½	64	95½	112	105	97½	96½	
March	99	80½	152½	64½	184	114½	151½	70½	84½	98	68	93½	108	103	97	96½	
April	99	80	152½	68	184	115	153½	75	85½	101	67	97	110½	96	98	97½	
May	100½	83	160½	67	185½	119	157½	71½	90	104	65	93	110	89½	98½	98	
June	101½	80½	155½	65½	186	117	159½	77½	98	106½	69	98	109½	88½	99½	98½	
July	102	79½	163	64½	187½	115½	167½	80	108	119	64½	97	113½	95½	100½	99½	
August	103	84½	164½	64½	188½	117	167½	86½	110½	132	68	98	110	95½	103	101	
September	104	88½	169	70½	189½	116½	173	93	103	120½	74½	98	112	107	105½	103	
October	104	87	168	75½	190	117½	174½	88½	92	103	73½	98	114	104	104½	104	
November	105	90½	181½	76½	191	118	177	93	97	109½	71	97	112½	107½	106½	105½	
December	104½	91½	183½	76½	193	120½	178	114½	90½	105	69	97	113½	106½	107	106	
1934—January	105½	103½	180½	68	195	119	178½	117½	95½	120	73	105	120½	113½	110	108	
February	105½	89½	179	74	196½	120	183	106½	96½	119	68	99½	117	130	108½	108½	
March	105½	94	185	75½	196½	117½	186	112½	87½	109	72	101	118	119½	109	109	
April	106	88	180½	77	197	118	190	106½	93½	113	71	97	117	108½	108	108½	
May	106½	88½	177½	75½	198	117	191	104	93½	110	70½	96½	114	92½	107	108	
June	106½	85½	186	76	200	117	195½	103	103	123	74½	98	116	95½	108½	108	
July	107	85	188	68	201	118	197½	107	97	127½	73	99½	115½	107½	107½	107½	
August	107	83	183½	73	202½	120	198½	107	107	127½	70½	100	113	100½	110	108	
September	107½	91	186½	77½	201½	117½	198½	106	95½	119½	82	100½	114½	101	110½	109½	
October	107	93	188½	80	199½	119½	202	109½	85	113	78½	96½	118	101½	111	110	
November	107	96	200	78½	198	119½	205	103	81	99½	76	97	116	130½	110½	110½	
December	107	90	182	76	200	124	204	117	87	102	79	100½	120½	112	110½	110½	
1935—January	107	93	193	72½	203½	120	208	117	90	96	75	95½	123	126	110½	110½	
February	107	83	193	73	206½	121	208	110	86	98	89½	97	121	108	111	110½	
March	107	87	195	74	207½	117	213	115	92	78	92	98	105½	106	109½	110½	
April	108	94½	203	75½	207½	123½	216	105½	85½	104	117½	80½	100	120	109½	112½	
May	108	99½	207	77½	208½	120	221	106	90½	104	116½	76½	106	121	113	113½	
June	108½	95½	202½	78½	...	119½	227	113	97½	112½	83½	101½	126	120	114½	113½	

STATE OF TRADE OVERSEAS

BRITISH EMPIRE

Australia.—Crop prospects and pastoral conditions have considerably improved as a result of recent rains. The market in wool was active during June and the recent upward movement in quotations was maintained. The textile and clothing trades have received a stimulus from the wintry conditions prevailing in recent weeks, while the building and motor-car trades are also active. Imports in May were 23 per cent. above last year's level, while exports recorded an advance of 41 per cent., thus increasing the "favourable" trade balance.

South Africa.—The weather is normal and reports regarding crops and livestock are favourable. The wool-selling season has now closed with a negligible carry-over, and the outlook for the new season is considered good. The mohair market continues quiet, but hides are firm in price on limited supplies. Building activity in Johannesburg shows no sign of abatement; retail business is steady and wholesale orders better than a month ago. Railway earnings continue above budget estimates. Imports in June were above, and exports below, last year's corresponding figure.

Canada.—Despite the uncertainties caused by the wheat situation and the imminence of the general election, the seasonal slackening in business activity is less than usual, and the Bureau of Statistics' index of business activity is about 7 per cent. above last year's level. The mining, automobile and footwear industries are showing increased activity, while construction contracts awarded in June were 50 per cent. in excess of the corresponding figure for 1934. Industrial production is still moving gradually upward and crop conditions in many parts are better than a year ago.

India.—The uncertainties of the American situation were reflected in the condition of the Bombay cotton market in June. Business was restricted and speculative activity lacking. Inquiry for piece-goods was also poor and prices continued weak. The Calcutta jute market has been easy. The acreage under jute for the 1935-36 season is estimated by the Bengal Government at 1,858,200 acres, against a revised figure of 2,604,200 acres for the 1934-35 crop; publication of this estimate had little effect on the market.

EUROPE

France.—Persistent stagnation still characterises business conditions in France. The official index of industrial activity has remained unchanged at 93 (1913 = 100) between January and May. A year ago the figure stood at 101. Such improvements as have taken place in recent weeks are mostly due to seasonal influences. Although the number of persons in receipt of unemployment benefit continued to decline from 418,471 on June 8th to 393,469 on July 6th, it must be remembered that many foreign workers have been repatriated. The drastic cuts in Government expenditure announced on July 17th indicate that an adjustment of prices is still sought by deflation rather than by devaluation.

Germany.—There has been a further expansion of industrial activity. The index of industrial production, calculated by the Institut für Konjunkturforschung, rose from 94.7 (1928 = 100) in April to 96.3 in May. The expansion in recent months was most marked in the case of production goods. The improvement appears to have been maintained in June, for the number of unemployed, as officially reported, declined from 2,019,300 at the end of May to 1,876,900 at the end of June. The average daily output of pig iron and of coal registered a slight rise, and that of crude steel a slight decline, between May and June. Carloadings fell from 125,300 per day in the first week of June to 121,600 per day in the first week of July. Both imports and exports balanced at about Rm. 318 millions in June. In May imports were Rm. 332.5 millions and exports Rm. 337.0 millions. Wholesale prices and quotations for industrial securities continued their gradual upward trend.

Italy.—Industrial activity continued to expand rapidly in May, when the official index of production stood at 113.6 (1928 = 100), as compared with 106.7 in April and 89.5 in the corresponding month a year ago. The motor vehicle, engineering and textile trades all recorded a marked increase in activity during recent months. Unemployment, as officially reported, has declined rapidly. The value of short exchange securities has risen sharply, and wholesale prices continued their upward trend.

Norway.—The latest figures of industrial production indicate increased activity, the index figure for May having risen to 111, against 109 in April. The rise was very pronounced in export industries and in the consumption goods trades. Judging from unemployment figures for June, registering a decline of some 5,000, as well as from statistics of foreign trade, there is reason for anticipating a continued improvement in industrial activity. The freight markets, especially for tankers, showed some improvement, and laid-up tonnage declined by about 28,000 tons d.w.

Greece.—Despite the unfavourable weather conditions which prevailed in May and June, crops—especially cereals—are expected to be satisfactory. Prices of currants tended to fall in an inactive market. The tobacco trade continued to be brisk. Despite larger areas cultivated with tobacco this year, the harvest will be much smaller than in 1934, owing to bad weather. Foreign trade returns made again a good showing in May. Receipts from the revenues assigned for the service of the public debt were also higher in May, but the foreign exchange reserves of the bank of issue are reported as steadily declining. Conditions on the Athens Stock Exchange improved in June and prices rose generally.

UNITED STATES OF AMERICA

The gradual decline in industrial activity since January appears to have been arrested in June. The *Annalist* index of business activity rose slightly from 79.0 in May to 79.1 in June. A year ago the figure stood at 77.2. There are at last signs of the beginning of an improvement in the capital equipment industries. The most encouraging features are the gradual expansion of dwelling-house construction and the increase in the activity of the metal industries and of the capital market. But although the stage may at last be set for a sustained revival, there are still many difficulties ahead which may delay the upward movement. Since the abandonment of N.R.A. on June 16th attacks have been concentrated on A.A.A., but the future of the devices to raise prices of agricultural products embodied in A.A.A. remains uncertain.

AMERICAN TRADE STATISTICS—JUNE, 1935

	May, 1935	June 1935	Compared with June, '34
EMPLOYMENT —(1923-25 = 100)†	81.3	...	...
PRODUCTION —			
Bituminous coal (Thous. tons)	26,790	31,700	+ 5,270
Pig-iron { " " }	1,727	1,552	- 378
Steel { " " }	2,636	2,231	- 785
<i>Steel Corporation—shipments</i>			
Building permits (Thous. tons)	599	578	- 407
FOREIGN TRADE —			
Imports (Thous. \$)	170,559	...	...
Exports (")	165,457	...	...
TRANSPORT —			
Weekly average of car loadings (Thous. cars)	582	607	- 8
SECURITIES —			
30 industrial stocks—			
Highest quotations†	116.81	120.75	+ 19.64
Lowest quotations†	108.71	109.74	+ 18.89
Thous. shares sold during month—			
(New York)	30,438	22,340	+ 5,538
Capital issues excl. refunding (Thous. \$)	86,395	58,083	- 60,505
BANK DEBITS —			
New York (Million \$)	14,551	15,668	+ 280
Other cities (")	15,655	15,903	+ 1,149
RETAIL BUSINESS —			
Total sales, mail order houses‡ (Thous. \$)	58,578	58,424*	+ 13,797
* Preliminary estimates made by Messrs. Moody, subject to revision.			
† Federal Reserve Board Index of Factory Employment.			
‡ Closing prices. § Partly estimated.			

LATIN AMERICA

The value of Argentine exports in the first half of 1935 was higher than in any corresponding period since 1929 and showed an increase of 16 per cent. on January-June, 1934. The improvement is due partly to a rise in the price, and partly to an increase in the volume, of exports. Grain prices declined in June, and the Argentine Grain Regulating Board is now buying maize from growers at the basic price of 4.40 pesos per 100 kilos. Lack of rain is causing apprehensions regarding growing crops. Freedom in the Brazilian exchange market to the extent of 65 per cent. established on February 11th has been short-lived, and while that percentage of exchange is still allocated to the so-called "free" market, the authorisation of the Exchange Control is again necessary before remittances can be made abroad. The Coffee Convention in Rio de Janeiro is considering plans for the 1935-36 crop, and it is believed that 4,000,000 bags will be withdrawn to stabilise the market, to be paid for by taxation. Chile's exports for January-April, 1935, were 186 million pesos of 6d. (gold), against 181 millions in the same period of 1934, whilst imports increased to 94 millions, against 57 millions a year ago. The sterling quotation in the "export" market is now 119 pesos per £ and follows fluctuations in the New York-London cross rates; private remittances, such as dividends, are temporarily difficult to obtain. Difficulties of marketing coffee continue in Central America.

THE FAR EAST

In general, Japan's industrial activity is being well maintained, although the principal commodity markets have recently had a dull tone. Business in cotton textiles, both for home and abroad, has been somewhat inactive in recent weeks, but raw silk is now rather firmer. The index of wholesale prices in Tokyo (1900 = 100) stood at 180.2 in June, against 182.4 in May and 174.5 in June, 1934. Imports amounted to 207 million yen in June, and exports to 199 million yen, against 201 and 183 million yen, respectively, a year earlier. In the first half of the current year, imports were 16 per cent. and exports 17 per cent. above the level of a year ago. The excess of imports was 8 per cent. higher on the year. China's imports declined to 91.53 million dollars in June, against 86.26 millions a year earlier, while her exports increased slightly to 41.23 million dollars, compared with 49.17 millions in June, 1934.

STATISTICS

In the following tables we give trade and other statistics for as many countries of the world as possible, our endeavour being to combine brevity with comprehensiveness. The greater number of the figures are taken from the *Monthly Statistical Bulletin* of the League of Nations (published by George Allen and Unwin Ltd.).

PRODUCTION (Thousands of Metric Tons)

Period	COAL										LIGNITE		
	United Kingdom	Belgium	Czechoslovakia	France	Germany	Netherlands	Poland	U.S.S.R.	Canada	South Africa	India	Japan	United States
1913	24,337	1,903	1,188	3,338	15,842	965	748	...	1,037	1,511	1,778	43,088	1,927
1929	21,837	2,245	1,377	4,482	13,820	965	3,833	3,472	1,023	1,593	2,855	46,026	1,880
1932	18,582	2,254	1,092	4,167	9,887	1,075	3,189	4,462	706	1,752	2,332	33,395	1,494
1931	17,717	1,785	913	3,856	8,728	1,063	2,403	5,358	625	805	1,580	23,783	1,322
1932	17,525	2,107	878	3,806	9,160	1,048	2,283	6,020	644	872	1,526	21,710	1,255
1933	17,525	2,107	878	3,806	9,160	1,048	2,283	6,020	644	872	1,526	21,710	1,255
1934	18,708	2,197	898	3,967	10,418	1,028	2,436	7,792	800	892	1,703	27,755	1,413
1934—June	16,889	2,215	817	3,896	9,883	992	2,100	7,426	828	1,019	1,667	26,649	1,095
July	16,468	2,087	806	3,763	10,236	1,047	2,295	7,572	837	1,028	1,501	25,355	1,120
August	17,408	2,181	900	3,823	10,778	1,053	2,443	7,559	871	1,040	1,552	26,164	1,277
September	18,079	2,123	918	3,831	10,304	1,026	2,600	7,446	833	968	1,750	28,710	1,242
October	19,858	2,287	1,049	4,089	11,597	1,128	2,853	8,040	971	1,072	1,817	33,840	1,498
November	19,885	2,238	1,024	4,067	11,312	1,044	3,003	7,922	895	1,074	1,594	32,741	1,371
December	18,922	2,184	1,016	3,888	10,833	978	2,654	8,468	741	1,022	1,825	38,178	1,414
1935—January	20,648	2,242	922	4,049	11,575	1,024	2,757	8,211	842	1,067	1,866	35,363	1,240
February	18,608	2,044	830	3,713	10,395	938	2,278	7,759	697	981	2,031	38,038	1,264
March	19,593	2,170	847	3,808	10,946(†)	931	2,247	8,578	695	1,005	2,019	42,123	1,219
April	17,863	2,175	816	3,820	11,019	984	2,282	8,437	655	1,055	1,832	28,776	1,135
May	19,589	2,132	817	3,931	11,624	1,011	2,023	8,042	...	1,146	...	32,573	...
June	120,980	...	...	...	...	...	...	...	...	...	...	...	...

PIG IRON

Period	United Kingdom	Belgium & Luxembourg	France	Saar	Germany	Sweden	U.S.S.R.	Canada	United States
1918	869	419	434	114	1,397	61	...	85	2,601
1929	643	583	864	175	1,117	41	362	92	3,580
1931	318	440	683	126	505	32	405	36	1,547
1932	303	395	461	112	328	22	521	12	735
1933	348	380	527	133	439	27	597	19	1,119
1934	506	374	513	152	728	44	867	35	1,348
1934—June	524	408	509	152	718	40	896	38	1,961
July	537	415	511	152	767	42	923	37	1,244
August	611	415	532	154	769	49	929	42	1,071
September	608	405	499	155	776	43	915	44	912
October	636	428	527	167	842	44	958	47	967
November	616	390	508	159	823	52	938	40	972
December	622	434	517	149	833	50	934	43	1,052
1935—January	530	417	512	162	880	54	946	45	1,501
February	491	383	450	146	809	47	917	38	1,634
March	563	400	489	148	810,000	50	1,051	45	1,798
April	635	406	478	...	833	51	1,016	44	1,690
May	568	436	502	...	979	58	1,044	46	1,755
June	538	...	...	...	979	...	...	...	1,577

STEEL

Period	United Kingdom	Belgium & Luxembourg	France	Saar	Germany	Sweden	Canada	United States
1918	869	419	434	114	1,397	61	...	85
1929	643	583	864	175	1,117	41	362	92
1931	318	440	683	126	505	32	405	36
1932	303	395	461	112	328	22	521	12
1933	348	380	527	133	439	27	597	19
1934	506	374	513	152	728	44	867	35
1934—June	524	408	509	152	718	40	896	38
July	537	415	511	152	767	42	923	37
August	611	415	532	154	769	49	929	42
September	608	405	499	155	776	43	915	44
October	636	428	527	167	842	44	958	47
November	616	390	508	159	823	52	938	40
December	622	434	517	149	833	50	934	43
1935—January	530	417	512	162	880	54	946	45
February	491	383	450	146	809	47	917	38
March	563	400	489	148	810,000	50	1,051	45
April	635	406	478	...	833	51	1,016	44
May	568	436	502	...	979	58	1,044	46
June	538	...	...	...	979	...	...	...

Figures for Luxembourg communicated by the "Groupement des Industries Sidérurgiques." b Including ferro alloys. c Excluding castings. d Saleable coal: since end 1921, excluding Ireland. e British Province of. f Establishments whose production in 1935 amounted to 99.39% of the total. g Excluding Luxembourg. Since 1922, excluding Polish Upper Silesia. h Since March, 1935, Saar Territory included with Germany. i Excludes Saar. j Coal sold. k Until end 1928 saleable coal. m Including coal waste. n Provisional figure.

WHOLESALE PRICES

Monthly Average	U.K.		Belgium	Czechoslovakia	Denmark	France	Germany (Official)	Holland	Italy	Norway	Poland	Spain	Sweden	Switzerland	Australia	British India	Canada	South Africa
	Board of Trade	Economic																
	<i>A</i>	<i>B</i>	<i>A</i>	<i>A</i>	<i>A</i>						<i>m</i>			<i>A</i>		<i>A</i>	<i>A</i>	
1913	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1929	127.2	85.1	92.4	150	627	137.2	142	481	149	96.3	167.7	140	141.2	165.7	141	149.4	118.0	98
1931	87.8	89.3	62.6	107.9	114	502	110.9	367	342	122	74.6	168.8	111	109.7	131.3	91	112.6	99
1931	83.6	86.1	53.2	99.7	117	427	96.5	79	310	122	65.5	166.7	109	98.0	129.7	87	104.2	91
1932	85.7	86.9	50.1	96.2	125	398	98.3	74	283	122	69.1	169.1	107	91.0	129.6	89	104.8	91
1934	88.1	90.3	47.3	93.9	132	376	98.4	78	278	124	55.8	...	114	89.8	135.2	89	111.8	101
1934—June	87.9	89.9	47.2	85.1	128	379	97.2	76	275	123	55.8	162.3	114	89.0	134.6	80	112.6	98
July	87.3	91.0	47.1	83.9	129	374	98.9	77	273	124	55.9	161.2	114	88.9	136.8	89	112.5	98
August	89.0	92.3	47.4	84.0	134	371	100.1	78	275	122	55.9	160.1	114	89.8	137.9	89	112.5	98
September	88.4	90.4	47.0	83.7	135	365	100.0	77	275	124	55.0	159.7	114	89.1	137.9	89	111.5	98
October	87.8	89.4	46.2	83.5	157	101.0	77	276	126	126	55.6	161.8	114	89.6	137.9	89	111.5	98
November	87.5	89.0	46.4	84.4	151	101.3	78	276	126	126	55.6	162.6	115	89.4	135.1	88	111.2	98
December	87.8	90.4	46.8	84.5	185	144	101.0	77	279	125	63.5	...	115	89.0	134.1	88	111.2	98
1935—January	88.3	91.6	47.2	85.1	135	350	101.1	78	280	125	62.9	...	115	88.3	134.1	94	112.3	98
February	88.0	91.3	46.6	85.3	135	343	100.9	77	282	123	62.2	...	115	87.6	133.9	90	112.3	98
March	86.9	89.9	46.4	84.9	142	335	100.7	75	289	126	62.1	...	115	86.4	132.6	87	112.5	98
April	87.5	91.8	53.1	85.7	132	336	100.3	75	289	125	62.2	...	115	87.1	132.7	88	113.2	92
May	88.2	94.3	55.2	86.1	131	340	100.6	75	...	125	62.8	...	115	87.6	...	91	113.0	...
June	88.4	93.7	55.5	...	130	330	...	...	...	126	...	...	116	88.6	...	...	...	...

July 27,
1935

FINANCE

Notes in Circulation. (000,000's omitted)

Period	United Kingdom	Austria	Belgium	Bulgaria	Czechoslovakia	Denmark	Finland	France	Germany	Greece	Hungary	Jugoslavia	Netherlands
End of	Bank of England Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Reichsbank Notes	"Rentenbank" Notes	Bank Notes	Bank Notes	Bank Notes
	£	Schilling	Francs	Leva	Koruna	Kron.	Markat	Francs	Reichsmark	Reutenmks.	Drachmae	Pengö	Dinars
1913.....	29.8	...	1,067	189	...	152	113	5,714	2,742g	...	245	...	313
1929.....	369.8	1,084	14,683	3,608	8,230	367	1,381	68,571	5,044	397	5,193	501	5,818
1930.....	368.8	1,090	16,419	3,596	7,824	360	1,279	78,408	4,778	439	4,803	469	5,397
1931.....	364.2	1,183	18,270	2,919	7,679	346	1,293	85,725	4,776	422	4,714	353	5,172
1932.....	371.2	914	18,135	2,635	6,267	332	1,085	85,028	3,560	392	5,449	369	4,327
1933.....	392.0	952	17,093	2,984	5,904	375	1,184	82,613	3,845	385	5,688	381	4,384
1934.....	405.2	964	17,650	2,449	5,840	368	1,277	83,412	3,901	385	5,688	381	4,384
1934-May.....	378.1	931	17,587	2,574	5,179	358	1,244	79,992	3,635	355	5,117	342	4,110
June.....	381.7	955	17,408	2,605	5,524	380	1,234	82,058	3,777	345	5,131	344	4,142
July.....	383.9	989	17,509	2,509	5,221	357	1,200	80,509	3,768	325	5,143	344	4,142
August.....	379.8	965	17,657	2,668	5,334	365	1,224	81,782	3,824	311	5,421	364	4,170
September.....	377.0	965	17,568	2,859	5,589	369	1,261	81,478	3,919	299	5,989	373	4,253
October.....	378.4	954	17,814	2,633	5,461	384	1,245	79,467	3,823	285	5,919	373	4,380
November.....	379.7	955	17,506	2,449	5,337	378	1,248	81,879	3,810	292	5,644	350	4,307
December.....	374.9	964	17,650	2,449	5,337	378	1,248	81,879	3,810	292	5,644	350	4,307
1935-January.....	374.9	902	18,179	2,228	5,028	361	1,268	81,868	3,901	385	5,688	381	4,384
February.....	377.4	902	18,237	2,176	5,253	363	1,372	81,917	3,817	394	5,268	383	4,288
March.....	381.4	914	18,851	2,140	5,560	369	1,441	83,044	3,664	395	5,221	353	4,322
April.....	393.2	925	19,063	2,173	5,600	370	1,431	82,352	3,711	384	5,644	369	4,432
May.....	390.4	926	20,157	2,123	5,567	375	1,369	82,778	3,810	377	5,319	359	4,435
June.....	396.9	937	20,153	2,152	5,789	378	1,328	82,099	3,895	373	5,417	375	4,473

Period	Italy	Norway	Poland	Roumania	U.S.S.R.	Sweden	Switzerland	Australia	Canada	South Africa	Egypt	United States	Japan
End of	Bank Notes	State Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes
	Lire	Lire	Kroner	Zloty	Leu	Gd. Rbls.	Rbls.	Kronor	Francs	£	£	Dollars	Yen
1913.....	22,284	499	108	...	437	...	...	234	314	10.0	116	2.3	...
1929.....	16,774	80	318	1,340	259	21,144	1,028	1,501	569	42.2	188	7.5	26.6
1930.....	15,060	658	312	1,329	241	19,605	1,948	1,090	584	42.8	186	7.1	21.0
1931.....	13,672	...	315	1,003	232	21,584	2,922	2,825	598	45.0	159	7.3	19.5
1932.....	13,435	...	327	1,004	242	21,219	3,069	3,483	648	45.1	151	6.9	18.4
1933.....	13,145	...	333	981	884	22,307	...	3,499	708	45.2	160	10.8	19.8
1934-May.....	12,889	...	314	911	335	21,021	...	601	1,354	39.0	148	10.3	18.7
June.....	12,838	...	323	938	368	20,960	...	8,422	853	37.7	161	10.6	18.6
July.....	13,194	...	321	950	370	21,463	...	643	1,370	40.1	162	10.7	18.4
August.....	13,455	...	322	975	380	21,666	...	695	1,400	42.4	168	10.9	20.8
September.....	13,251	...	316	1,010	389	21,680	...	692	1,384	42.7	162	10.4	21.0
October.....	13,162	...	315	1,058	366	21,579	...	651	1,378	42.6	163	11.0	20.9
November.....	13,145	...	313	981	384	22,307	...	651	1,378	42.6	160	10.8	19.8
December.....	12,787	...	312	937	375	21,617	...	659	1,330	42.0	149	10.7	19.5
1935-January.....	12,834	...	311	940	379	21,225	...	659	1,330	42.0	149	10.7	19.5
February.....	12,891	...	322	945	381	21,904	3,501	3,978	705	1,358	41.8	163	11.1
March.....	12,891	...	322	946	380	21,786	...	675	1,319	43.5	158	11.3	19.0
April.....	12,878	...	322	952	378	20,937	...	683	1,302	41.9	160	11.6	18.6
May.....	12,878	...	332	948	390	...	...	718	1,307	...	...	...	...
June.....	12,878	...	332	948	390	...	...	718	1,307	...	...	...	...

a Until November, 1928, including State notes, then transferred to Bank. b May. c Excluding notes held by Commonwealth Bank.
 d Gross issue. e Excluding notes held as reserve by Chartered Bank. f State notes—gross. g Since January 1934, excluding gold coins.
 h January, 1929, excluding notes held by Bank of Poland. i Since 1929, including Austria-Hungarian and other notes converted after the war into National Currency.
 j Since 1928, excluding notes held by the State Bank. k In terms of new lire = 1,629 millions. l In terms of new francs.
 m Luxembourg. From 1927-1929, including Government Notes of 5 and 10 francs to value of 700 to 750 million francs, replacing similar bank notes in October, 1928.

LONDON RATES OF EXCHANGE

Period	Paris	Brussels	Milan	Zurich	Madrid	Amsterdam	Stockholm	Oso	Copenhagen	Berlin	Vienna	New York	Buenos Aires
End of	Francs to £1	Belgas to £1	Lire to £1	Francs to £1	Pesetas to £1	Florins to £1	Kronor to £1	Kronor to £1	Kronor to £1	Markas to £1	Schillings to £1	Dollars to £1	Pence to £1
Par level.....	124.21	35.00	92.46	25.22	25.22	12.107	18.159	18.159	18.159	20.43	4.88	4.88	47.62
Highest, 1934.....	83.62	23.55	62.37	18.90	39.81	8.14	19.45	19.95	22.45	34.58	5.12	5.12	30.06
Lowest,	73.87	20.86	56.78	14.93	35.34	7.18	19.35	19.85	22.35	28.75	4.87	4.87	20.12
Beginning of—													
July, 1914.....	25.13	25.35	25.25	21.16	26.10	12.11	18.30	18.25	18.30	20.40	4.87	4.87	47.62
January, 1928.....	124.00	34.82	92.37	25.27	28.24	12.09	18.11	18.34	18.20	20.45	4.87	4.87	47.62
January, 1929.....	124.10	34.88	92.64	25.18	28.24	12.09	18.13	18.19	18.20	20.43	4.87	4.87	47.62
January, 1930.....	123.91	34.88	92.22	25.19	28.24	12.09	18.13	18.20	18.20	20.43	4.87	4.87	47.62
January, 1931.....	123.60	34.76	92.74	25.04	28.24	12.09	18.13	18.16	18.16	20.43	4.87	4.87	47.62
January, 1932.....	123.60	34.76	92.74	25.04	28.24	12.09	18.13	18.16	18.16	20.43	4.87	4.87	47.62
January, 1933.....	123.60	34.76	92.74	25.04	28.24	12.09	18.13	18.16	18.16	20.43	4.87	4.87	47.62
January, 1934.....	123.60	34.76	92.74	25.04	28.24	12.09	18.13	18.16	18.16	20.43	4.87	4.87	47.62
January, 1935.....	123.60	34.76	92.74	25.04	28.24	12.09	18.13	18.16	18.16	20.43	4.87	4.87	47.62
February.....	123.60	34.76	92.74	25.04	28.24	12.09	18.13	18.16	18.16	20.43	4.87	4.87	47.62
March.....	123.60	34.76	92.74	25.04	28.24	12.09	18.13	18.16	18.16	20.43	4.87	4.87	47.62
April.....	123.60	34.76	92.74	25.04	28.24	12.09	18.13	18.16	18.16	20.43	4.87	4.87	47.62
May.....	123.60	34.76	92.74	25.04	28.24	12.09	18.13	18.16	18.16	20.43	4.87	4.87	47.62
June.....	123.60	34.76	92.74	25.04	28.24	12.09	18.13	18.16	18.16	20.43	4.87	4.87	47.62
July.....	123.60	34.76	92.74	25.04	28.24	12.09	18.13	18.16	18.16	20.43	4.87	4.87	47.62

Period	Rio de Janeiro	Monte Video	Valparaiso	Bombay	Hong Kong	Shanghai	Kobe	Singapore	Place	Method of Quoting	June Quotations
End of	Pence to £1	Pence to £1	Pence to £1	Pence to Rupee	Sterling to Dollar	Sterling to Tael	Sterling to Yen	Sterling to Dollar			
Par level.....	16	51	40.00	1 6	1 6	1 6	2 0	2 0	New York, 1934	Dollars to £1	5.07
Highest, 1934.....	4.50	21.50	127	1 1	1 1	1 1	2 4	2 4	May, 1935	Dollars to £1	4.96
Lowest,	2.87	18.50	115	1 1	1 1	1 1	2 4	2 4	June, 1935	Dollars to £1	4.96
Beginning of—											
July, 1914.....	16	51	40.00	1 6	1 6	1 6	2 0	2 0	Paris, 1934	Francs to £1	77.12
January, 1927.....	16	51	40.00	1 6	1 6	1 6	2 0	2 0	May, 1935	Francs to £1	76.18
January, 1928.....	16	51	40.00	1 6	1 6	1 6	2 0	2 0	June, 1935	Francs to £1	74.082
January, 1929.....	16	51	40.00	1 6	1 6	1 6	2 0	2 0	Amsterdam, 1935	Florins to £1	7.50
January, 1930.....	16	51	40.00	1 6	1 6	1 6	2 0	2 0	May, 1935	Florins to £1	7.37
January, 1931.....	16	51	40.00	1 6	1 6	1 6	2 0	2 0	June, 1935	Florins to £1	7.23
January, 1932.....	16	51	40.00	1 6	1 6	1 6	2 0	2 0	Berlin, 1934	Reichsmks. to £1	13.48
January, 1933.....	16	51	40.00	1 6	1 6	1 6	2 0	2 0	May, 1935	Reichsmks. to £1	12.36
January, 1934.....	16	51	40.00	1 6	1 6	1 6	2 0	2 0	June, 1935	Reichsmks. to £1	12.10
January, 1935.....	16	51	40.00	1 6	1 6	1 6	2 0	2 0			
February.....	16	51	40.00	1 6	1 6	1 6	2 0	2 0			
March.....	16	51	40.00	1 6	1 6	1 6	2 0	2 0			
April.....	16	51	40.00	1 6	1 6	1 6	2 0	2 0			
May.....	16	51	40.00	1 6	1 6	1 6	2 0	2 0			
June.....	16	51	40.00	1 6	1 6	1 6	2 0	2 0			
July.....	16	51	40.00	1 6	1 6	1 6	2 0	2 0			

a Daily rate. b Paris to £1. c Kroner to £1. d Pence to £1. e London, 1934. f London, 1935. g London, 1935. h London, 1935. i London, 1935. j London, 1935. k London, 1935. l London, 1935. m London, 1935. n London, 1935. o London, 1935. p London, 1935. q London, 1935. r London, 1935. s London, 1935. t London, 1935. u London, 1935. v London, 1935. w London, 1935. x London, 1935. y London, 1935. z London, 1935.

July 27,
1935

FOREIGN TRADE

IMPORTS for Domestic Consumption—Merchandise Only (000's omitted)

Period	U.K.	Irish Free State	Belgium	Bulgaria	Czechoslovakia	Denmark	France	Finland	
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CAPITAL ISSUES.—(000,000's omitted)

Period	United Kingdom	Austria	Czechoslovakia	France	Germany	Italy	Netherlands	Poland	Roumania	Sweden	Switzerland	British India	Japan	United States
Monthly Average	£	Schilling	Koruna	Franc	Mark	Lire	Guilder	Zloty	Lei	Kronor	Francs	Ruppes	Yen	Dollars
1913	18.9	...	...	...	...	...	...	...	...	...	...	...	...	...
1929	23.8	8.6	55	1,259	80.2	607	29	17.8	318	23	63	56	45	...
1931	8.5	3.1	42	1,362	65.2	361	20	6.4	210	28	48	27	261	259
1932	15.7	4.9	27	511	12.3	304	31	11.6	37	11	32	33	318	99
1933	20.4	17.9	21	300	7.3	...	...	8.0	47	8	15	...	551	80
1934	14.1	...	...	...	...	...	...	...	...	...	...	...	...	118
July-Sept. 1934	38.7	49.8	14	404	8.1	242	1	0.8	25	6	31	29	578	75
Oct.-Dec. 1934	7.4	12.9	20	139	4.1	292	59	5.3	47	11	9	31	563	88
Jan.-Mar. 1935	6.7	9.8	19	353	11.4	152	3	9.3	122	8	50	21	655	75
Apr. June 1935	25.6	11.0	10	551	5.1	280	58	1.5	70	10	20	120	659	123
July-Sept. 1935	9.4	...	...	...	...	...	...	...	...	...	...	...	425	129
Oct.-Dec. 1935	14.5	...	...	...	...	...	...	...	...	...	...	...	...	...
Jan.-Mar. 1935	9.1	...	...	...	...	...	...	...	...	...	...	...	...	83
Apr. June 1935	5.8	...	...	...	...	...	...	...	...	...	...	...	...	108
July-Sept. 1935	3.2	...	...	...	...	...	...	...	...	...	...	...	...	90
Oct.-Dec. 1935	16.7	...	...	...	...	...	...	...	...	...	...	...	...	86
Jan.-Mar. 1935	14.8	...	...	...	...	...	...	...	...	...	...	...	...	88

Unless otherwise stated, the figures represent authorised share issue of new joint stock companies at home, and the increase of capital of existing companies. Bonus shares are excluded from the figures of Roumania and Czechoslovakia. In the case of the Netherlands, Switzerland and the U.K. both bonus shares and conversions are excluded. *c* Excluding Treasury Bills. *d* Excl. large railway issues. *e* "Rivista Bancaria." *f* Issues exceeding Fls. 100,000 on the Dutch market including Colonial, and since Jan., 1925, foreign issues. *g* Since 1924, excluding amalgamations and conversions. Until end 1922 paper mark. *h* "Société de Banque Suisse." *i* Figures of net amount of new capital paid-up. *j* Compiled by "Commercial & Financial Chronicle." *k* Up to 1927, authorised issues, excluding western departments; since 1928 amounts actually issued, whole territory.

BANK RATES

	1929	1930	1931	1932	1933	1934	1935
	End of June	End of Dec.	End of June	End of Dec.	End of June	End of Dec.	End of June
London	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Paris	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2
Berlin	7 1/2	7 1/2	7 1/2	7 1/2	7 1/2	7 1/2	7 1/2
New York	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Amsterdam	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
Brussels	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Rome	7 1/2	7 1/2	7 1/2	7 1/2	7 1/2	7 1/2	7 1/2
Switzerland	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Vienna	7 1/2	7 1/2	7 1/2	7 1/2	7 1/2	7 1/2	7 1/2
Warsaw	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2
Tokyo	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
Calcutta	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2

* Federal Reserve. † 4% on July 4; 3 1/2% on July 18.
‡ 3 1/2% on July 5; 3% on July 17. § 3 1/2% on July 10.

LONDON BANKERS' CLEARING RETURNS

	Town	Metropolitan	Country	Total
	£	£	£	£
1913	14,191,275	855,648	1,389,481	16,436,404
1929	39,935,924	1,881,989	3,078,764	44,896,677
1930	38,782,577	1,812,148	2,963,631	43,558,354
1931	31,815,898	1,667,852	2,752,208	36,235,958
1932	27,839,633	1,610,419	2,667,919	32,111,959
1933	27,714,480	1,656,675	2,766,471	32,137,626
1934	30,740,117	1,759,528	2,984,512	35,484,157
1935 (July 16)	17,076,205	970,929	1,641,223	19,688,357
1935 (July 17)	18,106,279	1,042,237	1,758,788	20,907,304

U.K. IMPORTS AND EXPORTS.—(000,000's omitted)

	Food		Raw Materials		Manufactures		Imports of		Exports of	
	Imports	Exports	Imports	Exports	Imports	Exports	Wheat	Raw Cotton	Sheep's & Lamb's Wool	Cotton Piece Goods
Monthly Average	£	£	£	£	£	£	Cwts.	Cwts.	Cwts.	Sp. Yds.
1913	24.2	2.7	23.5	5.8	16.1	34.3	8.8	1.3	0.7	589
1929	44.7	4.6	28.3	6.6	27.9	47.8	9.3	1.3	0.7	304
1931	34.8	3.0	14.5	3.9	21.8	24.2	9.9	0.9	0.7	143
1932	31.1	2.7	13.7	3.8	13.1	23.0	8.8	1.0	0.8	142
1933	28.3	2.3	15.0	3.8	12.6	23.5	8.4	1.2	0.8	179
1934	28.3	2.5	17.5	4.0	15.2	27.4	8.6	1.1	0.7	172
1934-November	32.5	3.0	16.7	4.3	15.2	27.4	8.1	1.0	0.5	172
December	30.4	2.7	18.7	3.9	13.8	25.8	8.9	1.2	0.8	167
1935-January	27.6	2.4	19.7	4.7	14.3	27.5	5.5	1.1	0.9	187
February	26.3	2.1	16.2	4.2	13.6	26.8	7.8	0.9	0.8	187
March	28.6	2.4	16.5	4.6	15.2	28.0	9.0	0.9	0.9	174
April	27.1	2.2	16.9	4.0	15.5	25.9	8.1	0.8	1.2	183
May	30.1	2.5	18.4	4.7	15.8	27.1	10.5	0.9	1.2	159
June	27.5	2.4	15.7	4.0	14.4	25.5	8.7	0.8	0.5	138

RAILWAY STATISTICS: FREIGHT TRAFFIC.—(000,000's omitted)

	Austria	Germany	Italy	Canada	United States
	(b) (h)	(a)	(c) (i)	(c) (e)	(e)
Monthly Average—	Tonnes-km.	Tonnes-km.	Tonnes-km.	Tonnes-km.	Tonnes-km.
1913	379	5,745	1,017	4,831	89,897
1929	273	3,792	962	3,447	41,383
1931	221	3,242	840	3,092	31,508
1932	245	3,479	759	2,845	33,475
1933	253	4,165	714	3,184	36,202
1934	258	4,281	686	2,894	36,809
July	250	4,075	709	3,215	35,415
August	255	4,354	693	3,014	37,088
September	276	4,469	726	3,810	37,792
October	289	4,770	709	4,167	38,685
November	276	4,119	695	3,540	34,613
December	221	4,423	700	2,727	33,733
1935-January	217	4,027	734	2,560	36,447
February	242	4,667	...	3,025	34,047
March	234	3,941	...	2,965	...
April	...	4,111	...	...	...
May	...	...	...	...	...
June	...	...	...	...	...

* Inc. live-stock. (a) "Reichsbahn." Excl. free-hauled. (b) State and private railways, including freight on foreign lines. (c) Railways with annual operating revenue of at least \$500,000. (d) Including free-hauled. (e) Excluding free-hauled. (f) Long ton = kg. 1,016.05; mile = metres 1,609.34. (g) From January 1932 onwards figures relate to 4-week periods. (h) Figures from 1933 not comparable with previous figures. (i) Fiscal year ending June 30.

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THE ECONOMIST
TRADE SUPPLEMENT

New Series

SATURDAY, AUGUST 24, 1935

No. 147

THE STATE OF TRADE

THERE has so far been little evidence of the normal seasonal decline in business activity during the summer. Moreover, in the absence of serious international complications, a change in credit policy, or a rapid increase in wage rates, the expansion of economic activity in this country is likely to continue during the coming months. Under the influence of a credit policy directed to the maintenance of low interest rates, profitability of enterprise is still on the up grade. As is to be expected in our home-trade "recovery," the capital goods industries are forging ahead more rapidly than the consumers' goods trades, though the latter are now gradually gaining ground.

Contrary to the normal seasonal movement, employment continued to increase, reaching a record high level in July. The improvement in employment was more pronounced in the engineering, iron and steel and motor vehicle industries, in electrical cable and apparatus manufacture, the woollen and worsted and hosiery trades, the transport and distributive trades, in most of the food and drink industries, as well as in hotel and boarding house services.

On the other hand, employment declined in most of the clothing trades, in cotton spinning, in the linen industry, and in building and public works contracting. With the exception of the Midlands, Scotland and Northern Ireland, all the other districts experienced a reduction in unemployment during July. The proportion of insured workers unemployed in July varied from 6.6 per cent. in South-Eastern England to 29.8 per cent. in Wales.

Following the steep rise in our new Index of Business Activity—adjusted for seasonal variations—between March and June, the figure for the past month showed a slight decline. Of the component series of the index, shown on page 11, six rose, six declined, and one remained unchanged. But the index of imports of raw materials was the only one to show a slight decline as compared with the corresponding month a year ago. The indices showing a decline between June and July include coal and electricity consumption, merchandise on railways, iron and steel consumption, exports of British manufactures and town clearings. The decline in the index of coal consumption is largely due to a sharp increase in exports in July. The drop in the index of merchandise on railways is seasonal, and accounts for a fall of 0.5 per cent. in the complete index.

On the other hand, the indices of employment, postal receipts, building activity, consumption of cotton, imports of raw materials and shipping movements all show a rise between June and July. The renewed expansion in building activity and in imports of raw materials is particularly satisfactory.

The outlook for the capital-equipment industries remains encouraging. The normal summer recession in the volume of activity, and in the volume of new business in iron and steel, has this year been much less marked than usual.

Deliveries continue on a large scale, and most manufacturers have sufficient orders on hand to ensure the maintenance of the present level of activity for many months to come. Moreover, a further increase in demand for iron and steel materials is expected early in September. The engineering industry has continued to make headway in recent weeks, and there has been a steady expansion in activity and in the volume of new business. The volume of inquiry continues to grow, and confidence in further progress is fairly widespread. The output of coal during recent weeks has been above the level of a year ago, but although home consumption is likely to be maintained, prospects of a further improvement in exports are less encouraging. The outlook for the building industry remains favourable, for the decline in building plans approved in June was followed by a substantial increase in July.

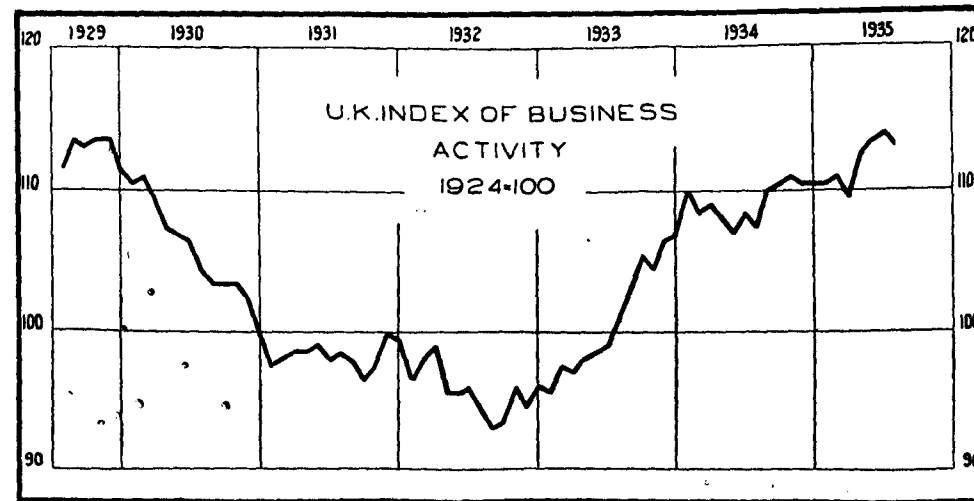
A number of trades engaged in the manufacture and distribution of consumers' goods have shown some improvement in recent weeks. With a few exceptions, the expansion

has been much less marked than in the case of capital-equipment industries. There has been an improvement in the motor vehicle industry and in the majority of trades connected with building. Moreover, the woollen, silk and hosiery trades have also gained ground.

The recovery in the wool textile industry has been appreciable, for the number of insured unemployed in July was 10.8 per cent. smaller than a year ago.

Developments abroad continue to be irregular. Thus, business conditions in the British Dominions, in Scandinavia and in Argentina show a considerable improvement as compared with a year ago. In Germany the output of investment goods continued to increase, but production of consumers' goods has fallen steeply, well below the level of a year ago. The downward movement of business activity in Belgium was arrested following the devaluation of her currency, and the latest evidence from that country reveals a gradual improvement. On the other hand, there have so far been no signs of a revival in France, Holland and Switzerland. Business activity in Japan, though still well above last year's level, has tended to decline since the beginning of the year. Trade in China is still dull.

There has been little evidence this year of the normal summer recession of business activity in the United States. The view is now gaining ground that the recent improvement marks the beginning of a real revival, in contrast to the many "false starts," since the beginning of 1933. There is some evidence to support this view in the gradual expansion of the capital-equipment industries. Dwelling-house construction is gradually making headway, and there has been a definite improvement in the iron and steel and engineering industries as a result of the decision of a number of important manufacturing concerns to increase their expenditure on plant, renewals and replacements.



HOME INDUSTRIES AND TRADE

The following reports on British industry cover, in most cases, the period to the middle of August. In the remainder they relate to the month of July.

COAL

Activity continues slightly above last year's level. Output (calculated on a daily basis) suffered a further seasonal reduction between June and July, but exports reached a high total last month. Business in recent weeks has been affected by the holidays. Industrial fuels have been in fair demand and a shortage of some grades is reported. Trade in house coal is at a low level, and the restocking movement in preparation for the autumn has not yet assumed substantial proportions. In the export markets forward business is quiet. The difficulty of obtaining payment from Italy and the reduction in the French import quota have been unfavourable factors, which have been especially noticeable in South Wales. The position at the Humber ports has been eased by an increase in the export quota.

IRON AND STEEL

The normal summer recession in the volume of activity and new business in iron and steel has this year been much less marked than usual. Calculated on a daily basis, production of pig iron and crude steel in July was well above the level of July, 1934. Moreover, although the daily output of steel in July was somewhat lower than in June, pig iron production was well maintained. The volume of imports in the past month was smaller, but that of exports was larger, than in June and in the corresponding month last year. The event of the past month was the ratification, on July 31st, of the five-year agreement between the British iron and steel industry and the International Crude Steel Cartel. Another important development was the increase in wages in the heavy steel industry, from August 5th. The new wage rates, which are equivalent to an increase of about 4 per cent. on previous rates, are subject to review after one year. The outlook for the industry remains good. The majority of manufacturers have well-filled order books, and new business, stimulated by the rising trend of prices, has so far been well maintained.

ENGINEERING

There has so far been little evidence of the usual summer recession in the engineering industry. July witnessed an expansion of activity, and there has been a steady improvement in the volume of new business. Moreover, the volume of inquiries continues to grow and confidence in further progress is fairly general. As far as individual sections of the industry are concerned, there has been a spurt in the activity of manufacturers of textile machinery. Messrs Howard and Bullough have received an order for 1,000 ring doubling frames. This is understood to involve about half a million spindles and to be the largest single order ever placed in this country. There has been an improvement in the marine engineering and machine tool sections, and export demand for mining machinery has tended to increase. With the exception of a seasonal decline in demand for agricultural machinery, the situation in other sections has undergone little change in recent weeks.

MOTOR INDUSTRY

Despite a seasonal lull in activity, pending the preparation of new season models, new registrations of private cars totalled 21,351 in June, or rather more than in the same month of last year. Sales of goods vehicles were, however, smaller than in June, 1934. Imports of cars continued to decline in July, and were substantially smaller than in the corresponding month a year ago. The export position is rather less satisfactory, for although sales of private cars overseas continue well above last year's level, there was a slight setback between June and July. Exports of commercial vehicles were practically unchanged on the month.

CHEMICALS

Despite a certain slackness due to the holiday period, conditions have been fairly satisfactory. Acetic and formic acids, formaldehyde and lithopone have been in fair demand, but little business has been transacted in arsenic and barium chloride. Demand for creosote was maintained, and some inquiries are now being received for supplies of coal tar pitch. In the market for wood distillation products there was little demand for wood tar and charcoal, although business in wood naphtha was good. Methyl acetone was in active request, but increased foreign supplies have caused a reduction in the price of this commodity.

COTTON

Although the evidence is somewhat conflicting, there appears to have been some improvement last month. Thus, our index of cotton consumption in the spinning section recorded a further rise, although the percentage of spindles in operation was again unchanged at 70, against 73 a year ago. Exports of cotton manufactures expanded during July and were a little larger than in the same month of last year. On the other hand, a decline in imports of raw cotton is an unfavourable omen. It appears that a substantial part of the inquiry received in recent weeks has not been backed by firm offers, while the expansion of business has been held in check by bearish sentiment regarding raw cotton prices; it is highly probable that the American crop will be appreciably larger than was expected a month ago. In the Egyptian spinning section another attempt is being made to establish a price-fixing scheme and spinners have raised their quotations. The testing time for the new rates will come a little later on.

WOOL

Although the wool textile industry is now passing through what is normally the slackest period of the year, there is no evidence of

any decline in activity during July. Employment actually recorded a slight improvement over the previous month and was substantially better than at this time last year. The export markets also reflect a favourable position, for shipments of tops, yarns and tissues last month continued above last year's level. The inquiry for raw material was sufficient to maintain the gradual upward movement of prices, and retained imports of sheep's and lambs' wool in July showed a substantial rise on the month and were more than twice as heavy as in the same month of last year. It would appear, therefore, that an expansion of activity may be looked for in coming months.

ELECTRICITY

INDEX OF GENERATION OF ELECTRICITY*
(Great Britain, excluding London and Wales)
(Monthly Average, 1923-24 = 100)

Period	1927	1928	1929	1930	1931	1932	1933	1934	1935
July	146	156	171	167	171	181	199	227	256
August	102.2	101.8	102.2	93.1	90.5	87.5	87.4	98.6	100.0
September	192	215	229	254	283	256	253	280	253
October	192	215	229	254	283	256	253	280	253
November	192	215	229	254	283	256	253	280	253
December	192	215	229	254	283	256	253	280	253
January	192	215	229	254	283	256	253	280	253
February	192	215	229	254	283	256	253	280	253
March	192	215	229	254	283	256	253	280	253
April	192	215	229	254	283	256	253	280	253
May	192	215	229	254	283	256	253	280	253
June	192	215	229	254	283	256	253	280	253
July	192	215	229	254	283	256	253	280	253

* Prepared by the Economic and Statistical Department of the British Electrical and Allied Manufacturers' Association.
† Corrected for seasonal fluctuations, for the increase in electrification (trend), and for connections to the "grid."

ELECTRICAL INDUSTRY

The volume of new home orders for heavy electrical machinery has tended to taper off, but export business has been well maintained.

INDEX OF NEW ORDERS RECEIVED BY HEAVY ELECTRICAL MANUFACTURING INDUSTRY*
(1920 = 100)

Period	Home	Export	Total
1927—July	93	231	126
1928 "	71	80	74
1929 "	90	151	106
1930 "	55	232	100
1931 "	62	142	80
1932 "	52	72	52
1933 "	56	86	62
1934—July	56	123	77
August	71	123	87
September	85	128	99
October	94	128	106
November	96	125	106
December	96	135	109
1935—January	101	135	112
February	107	136	117
March	102	134	113
April	105	135	115
May	110	128	117
June	109	124	115
July	101	123	109

* Copyright of the British Electrical and Allied Manufacturers' Association. The above index is a 12-month moving average of new orders received by the heavy plant section of the industry. It is based on the horse-power and not on the value of orders.

JUTE

Despite the announcement by the Bengal Government that the restriction on sowings would be continued in 1936, jute prices have been weak during the past month. Stocks are heavy and buying has been on a small scale. Trade in manufactures has been quiet and unemployment showed a seasonal increase between June and July, although still below the level of a year ago.

RAYON

Demand for rayon yarns, which was rather slack after the holiday period, is now reported to be showing a steady improvement. The weaving section is interested in various speciality types of yarns, but, although large-scale sampling is taking place, little bulk buying has been in evidence. Nevertheless, the immediate outlook is encouraging.

LINEN

Preliminary reports regarding the new crop fibre suggest that the output from most European producers will be larger than last year, but of variable quality. But there is likely to be a smaller exportable surplus from Russia. Transactions in flax have been confined to immediate requirements, with prices remaining firm. Yarns and cloth have again been in quiet request; new season orders are not yet forthcoming.

BOOTS AND SHOES

Activity in the footwear trade is fairly satisfactory for the time of year. There was a slight seasonal decline in employment in July, but the position was again much better than at this time last year. Exports totalled 38,679 dozen pairs last month, against 29,343 dozen pairs in June and 45,827 dozen pairs in July, 1934.

POTTERY

Little change in the employment position occurred last month, business again being slack. Conditions, however, are very variable, overtime being worked in some districts and short time in others. The export position showed a further improvement last month, shipments of general earthenware being heavier than in the same month of last year.

AGRICULTURE

According to a report of the Ministry of Agriculture, the corn harvest was commenced during July under ideal conditions. The yield of wheat is estimated to be approximately equal to, but that of barley and oats below, the ten years' average. It is at present doubtful whether an average yield of potatoes will be reached. All root crops are in need of rain, and on present appearances yields will be somewhat below average. The yield of seeds hay is estimated to be below, but that of meadow hay above, the ten years' average. The yield of hops is expected to be rather under average. Cattle have done moderately well, but the shortage of keep was felt towards the end of the month. Sheep and lambs are generally in good condition. Milk yields generally show a decline.

SHIPPING

Chartering continues on a hand-to-mouth basis, and, with excess tonnage available, the freight markets have again been weak. Our monthly index number of whole cargo shipping freights (1898-1913 = 100) fell from 84.0 in June to 83.0 in July, against 85.3 in July last year. The Tramp Shipping Administrative Committee decided last week to extend the minimum rates scheme to certain markets hitherto excluded.

BUILDING

Building activity in this country continues on a high level, and there is little likelihood of any appreciable slackening in the near future. Employment in July showed a decline among painters, but little change among other occupations. Compared with a year ago there was an improvement in all areas except Wales and Northern Ireland. This improvement is reflected in our index of building activity (1924 = 100), which stood at 219 last month, against 197½ in July, 1934. Some indication of the future course of activity may be obtained from the Ministry of Labour's estimates of building plans approved by 146 local authorities in Great Britain. Plans approved last month totalled £10,266,000, against £7,945,000 in June and £8,842,000 in July, 1934. With the exception of that recorded in May, 1935, this figure constitutes a record.

RETAIL TRADE

The official statistics are not available as we go to press, but an important London store reports that sales have been satisfactory in recent weeks.

HOME TRADE STATISTICS—JULY, 1935

	June, 1935	July, 1935	Compared with July, '34	June, 1935	July, 1935	Compared with July, '34
UNEMPLOYMENT— (State Insurance %)	15.5	15.4	— 1.3			
PRODUCTION—						
Coal (million tons)*	4.0	3.9	+ 0.1			
Iron (thous. ")	529.3	547.3	+ 19.0			
Steel (" ")	770.0	803.3	+ 85.1			
FOREIGN TRADE—						
Imports (million £'s)	57.8	61.8	+ 3.8			
Re-exports (" ")	5.2	4.0	— 0.2			
British Exports (" ")	32.9	36.4	+ 3.2			
TRANSPORT—						
Railway Receipts (thous. £'s)*	3,013	3,155	+ 64			
Shipping Freights (av. level)†	72.2	71.3	— 2.0			
COMMODITY PRICES (av. level)‡	68.1	68.1	+ 1.9			
TRADE DISPUTES (thous. working days loss)	78	114	...			
SECURITY VALUES (av. level)§	125.5	126.4	+ 3.9			
FINANCIAL DATA—						
Bank of England Notes Mill. £'s)*	398	402	+ 17			
Bank Deposits (" ")	2,003	2,019	+ 148			
Bank Advances (" ")	775	775	+ 16			
Banks' Cash Ratio (%)	10.8	10.9	+ 0.3			
Bank Clearings:						
London (million £'s)*	742	782	+ 101			
Manchester (" ")	9.0	10.1	+ 0.5			
Three Months' Bank Drafts (Discount Rate %)*	1½	1½	— ½			
Day-to-Day Loans (%)	1½	1½	— ½			

(1) 1913 = 100.

(2) Economist Index No., 1927 = 100.

(3) Bankers' Magazine Index No. of 365 securities; December, 1921 = 100.

(4) Cash in hand and at Bank of England as % of total current, deposit, and other accounts.

* Average weekly figures.

INDICES OF BUSINESS ACTIVITY*

Daily Averages of 1924 = 100

Period	Employment	Consumption of Power		Transport		Postal Receipts	Building Activity	Consumption of		Foreign Trade			Bank Clearings		Complete Index	
		Coal	Electricity	Merchandise on Railways	Commercial Motors in use			Iron and Steel	Cotton	Imports of Raw Materials	Exports of Manufactures	Shipping Movements	Metropolitan, Provincial	Town	Monthly	Three-Months' Moving Average
1929	107	97	147	95	159	116	132	112	104	113	109	111	123	112	...	
1930	103	93	150	86	168	118	144	98	77	101	86	108	109	124	...	
1931	99	87	150	74	175	117	136	84	80	94	64	98	106	109	...	
1932	98	85	155	64	180	116	126	69	88	96	65	95	106	96	...	
1933	101	85	168	67	187	118	162	81	86	106	68	96	111	99	...	
1934	106	92	188	75	199	119	194	108	92	114	74	99	117	108	...	
1932—July	97	78	147	62	180	115	123	67	93	92	64	98	108	119	94	
August	96	80	148	59	180	114	123	59	83	102	63	93	106	88	93	
September	97	83	152	61	181	116	123	65	72	97	61	95	103	94	93	
October	98	87	156	65	181	114	126	72	86	86	64	94	106	100	96	
November	98	86	161	67	181	115	131	86	75	87	62	91	106	98	94	
December	96	89	153	61	182	116	136	86	88	79	69	95	107	106	95	
1933—January	99	88	158	56	182	116	139	64	88	86	64	95	112	83	95	
February	99	86	157	60	183	117	148	72	90	96	64	95	112	105	97	
March	99	80	152	64	184	114	151	70	84	98	68	93	108	103	97	
April	99	80	152	68	184	115	153	75	85	101	67	97	110	98	97	
May	100	83	160	67	185	119	157	71	90	104	65	93	110	88	98	
June	101	80	155	65	186	117	159	77	98	106	69	98	109	88	98	
July	102	79	163	64	187	115	164	80	108	119	67	97	113	98	99	
August	103	84	164	64	188	117	167	86	110	132	68	98	110	95	103	
September	104	88	169	70	189	116	173	93	103	120	74	100	112	107	105	
October	104	87	168	75	190	117	174	88	92	103	73	98	114	104	104	
November	105	90	181	76	191	118	177	93	97	109	71	97	112	107	106	
December	104	91	183	76	193	120	178	114	90	105	69	97	113	106	107	
1934—January	105	103	180	68	195	119	178	117	95	120	73	105	120	113	110	
February	105	89	179	74	196	120	183	106	98	119	68	99	117	130	108	
March	105	94	185	75	196	117	188	112	87	109	72	101	118	119	109	
April	106	89	180	77	197	118	190	106	93	113	71	97	117	108	108	
May	106	88	177	75	198	117	191	104	93	110	70	94	114	92	107	
June	106	85	188	76	200	117	195	103	103	123	74	99	115	96	107	
July	106	85	179	68	201	118	197	107	97	127	70	100	113	100	110	
August	107	89	183	73	202	120	198	107	95	137	70	100	113	101	109	
September	107	91	186	77	201	117	198	106	91	119	82	100	114	101	110	
October	107	93	188	80	199	119	202	109	85	113	78	96	118	101	110	
November	107	96	200	78	198	119	205	103	81	99	76	97	116	101	110	
December	107	90	182	76	200	124	204	117	87	102	79	100	120	112	110	
1935—January	107	93	193	72	203	120	206	117	90	98	75	95	123	126	110	
February	107	92	193	73	206	121	209	110	86	108	80	97	121	106	111	
March	107	87	198	74	207	117	213	88	85	102	79	99	118	105	109	
April	108	94	203	75	207	123	216	105	115	120	81	100	120	109	112	
May	108	97	207	77	207	120	221	106	90	119	77	106	121	113	112	
June	108	95	202	75	208	119	217	113	97	115	84	101	126	120	114	
July	110	89	202	68	...	120	219	109	108	126	78	102	126	113	113	

STATE OF TRADE OVERSEAS

BRITISH EMPIRE

Australia.—Latest evidence suggests that business activity still continues above the level of a year ago. But a cable received from the National Bank of Australasia states that 18 per cent. of the trade unionists were still registered as unemployed during the June quarter. Prospects of further progress have been enhanced by good rains and higher prices for important exports. Banking statistics reflect growing trade, with increases in advances and deposits at call.

South Africa.—Although the rate of progress has recently tended to slow down, economic activity continues on the up-grade. Thus railway earnings are well above Budget estimates and Government revenues are well maintained. The improvement in the price of certain of the Union's main exports should increase the purchasing power at home. Imports during the first half of the year were 18 per cent. in excess of the corresponding total for 1934, while, among exports, a heavy decrease in shipments of gold and wool was counterbalanced by an increase in other categories. In July both imports and exports were larger than a year ago.

Canada.—Business conditions are rather patchy, but on the whole trade appears to be appreciably better than at this time last year. Crops—especially wheat—have suffered as a result of black rust in the western regions, and the impending Federal election has had the usual unsettling effect upon business enterprise. Nevertheless, the iron and steel industry and the building trades have been more active recently, and some substantial Government contracts have been placed.

India.—Following the quiet spell in June the Bombay cotton market showed a firmer tendency last month, but little new buying was in evidence for export purposes. Business in piece-goods was quiet and confined to urgent needs. The Calcutta jute market also had a quiet tone, with prices showing an easier tendency. Favourable reports have been received regarding the progress of the monsoon. Foreign trade in June was below the previous month's level, although slightly in excess of the corresponding total for 1934.

EUROPE

France.—There has so far been no evidence of an improvement in business conditions. The official index of business activity declined from 93 (1913 = 100) in April to 92 in May and remained unchanged in June. A year ago the index stood at 99. The number of persons in receipt of unemployment benefit continued to decline from 393,469 on July 6th to 380,559 on August 3rd, but this improvement is ascribed to repatriation of foreign workers and to seasonal influences. Car-loadings of foreign workers and to seasonal influences. Car-loadings declined from 39,000 per day during the week ending July 6th to 37,500 per day during the last week in July. The vigorous efforts made by the Government to stimulate recovery by a deflationary re-adjustment of prices has already led to a sharp fall in wholesale prices of home-produced goods. Thus, the official index of prices for national products declined from 375 (July, 1914 = 100) on June 22nd to 354 on August 10th. The trend of the prices of industrial securities has been downwards since July.

Germany.—General industrial activity has been well maintained in recent weeks, and the official statistics show a further decline in the number of unemployed from 1,876,600 at the end of June to 1,754,000 at the end of July. The indices of the Institut für Konjunkturforschung show, however, that the expansion in the production of capital equipment has been accompanied by a reduction in the output of consumption goods. Thus, the index of the output of production goods rose from 77.1 (1928 = 100) in June, 1934, to 101.8 in June, 1935, while the index of the output of a group of consumption goods fell from 90.9 to 79.3 during the same period. The output of coal from 125,900 per day in the last week of June to 122,700 per day during the week ended August 3rd. Prices of industrial securities (especially mining and heavy industry) continued to rise in recent weeks.

Italy.—Industrial activity declined sharply in June, when the official index of production stood at 102.1 (1928 = 100), compared with 113.6 in May and 85.7 in June, 1934. The number of wholly unemployed declined from 866,570 in June, 1934, to 755,349 in May and 638,100 in June, 1935. Wholesale commodity prices and quotations for industrial securities continued to rise, but the trend of fixed-trust bearing securities has been downwards.

Norway.—The official index of industrial production rose from 117.5 (1928 = 100) in May to 123.5 in June, as compared with 117.4 in the corresponding month a year ago. The improvement in business activity was accompanied by a further decline in unemployment. There was a spurt in sales of timber in June and the volume of transactions has since been substantial, Great Britain taking considerable quantities of sawn wood.

Greece.—Agricultural production for this year is on the whole satisfactory. Of the two principal articles of export, tobacco continues to enjoy favourable market conditions, but currants are suffering from foreign competition. Foreign trade returns continue to make a good showing compared with the corresponding period of last year. The decline of the cover of the bank of issue has not been arrested. A further slight rise was recorded by the index of wholesale prices. Business on the Stock Exchange was restricted in July and prices tended to fall.

UNITED STATES OF AMERICA

The expansion of industrial activity, which began last June, continued throughout July. In fact, there has been little evidence this year of the normal summer recession in business. The *Annalist's* monthly index of business activity rose from 79.5 in June to 80.8 in July. A year ago the index stood at 73.2. The view is now gaining ground that the recent improvement marks the beginning of a real revival in contrast to the many false starts since the beginning of 1933. There is some evidence to support this view in the gradual expansion of the capital equipment industries. A number of important manufacturing concerns have decided to increase their expenditure on plant renewals and replacements. Dwelling house construction is also gradually making headway, and there has been a definite improvement in the iron and steel and engineering industries. The improved outlook is reflected in a substantial rise in the price of industrial securities.

AMERICAN TRADE STATISTICS—JULY, 1935

	June, 1935	July, 1935	Compared with July, '34
EMPLOYMENT —(1923-25 = 100)†	80.0	...	...
PRODUCTION —			
Bituminous coal (Thous. tons)	30,067	22,252	- 3,028
Pig-iron (" ")	1,552	1,520	+ 295
Steel (" ")	2,231	2,270	+ 797
Steel Corporation—shipments (Thous. tons)	578	548	+ 178
Building permits (Thous. \$)	52,677	54,158	+ 20,258
FOREIGN TRADE —			
Imports (Thous. \$)	156,756	...	...
Exports (" ")	170,193	...	...
TRANSPORT —			
Weekly average of car loadings (Thous. cars)	607	557	- 29
SECURITIES —			
30 industrial stocks—			
Highest quotations†	120.75	126.56	+ 27.54
Lowest quotations†	109.74	118.69	+ 33.18
Thous. shares sold during month— (New York)	22,340	29,429	+ 8,313
Capital issues excl. refunding (Thous. \$)	58,083	134,127	79,481
BANK DEBITS —			
New York (Million \$)	15,667	16,736	+ 2,894
Other cities (" ")	15,914	16,691	+ 2,781
RETAIL BUSINESS —			
Total sales, mail order houses‡ (Thous. \$)	57,468	53,579*	+ 14,455

* Preliminary estimates made by Messrs. Moody, subject to revision. † Federal Reserve Board Index of Factory Employment. ‡ Closing prices. § Partly estimated.

LATIN AMERICA

Cable advices from Argentina indicate that a break occurred in the drought on August 8th. The rain was necessary, but it occurred too late to prevent a reduction of 37.40 per cent. in the area sown to fine cereals. The unsatisfactory crop conditions have resulted in a rise in grain prices. Argentine foreign trade returns for January-June, 1935, reveal an increase in both imports and exports compared with the corresponding period last year. The export surplus has risen from 212 to 273 million paper pesos. In the import markets, there continues to be strong competition from Japan, especially in cotton textiles. In Chile, there has occurred a check to the rapid progress of internal economic recovery, there having been a contraction in the supply of credit. The Coffee Convention held in Rio de Janeiro last month reached agreement on many points concerning the movement of the coffee crop, the arrangements to remain in force until December, 1937. While the result has been disappointing to interests who looked for further valorisation, the plan is considered an important step to deal with surplus stocks of coffee. Peruvian trade is seasonally quiet, and conditions in the Central American countries show little change.

THE FAR EAST

Business activity in Japan, although still above last year's level, appears to have undergone a gradual decline since the beginning of the year. The index of business activity, compiled by the *Oriental Economist*, shows a fall from 108.6 in January to 104.4 in May, against 101.5 in May last year. In recent weeks the market in raw silk has been firm and prices of rayon have moved upwards. Wholesale prices in Tokio continue above last year's level. Japan's imports amounted to 198 million yen in July, against 170 million yen in July, 1934, while her exports totalled 207 million yen, against 179 million yen last year. China's imports fell from \$91,530,000 in June to \$64,380,000 last month, while her exports rose from \$41,230,000 to \$45,960,000, as compared with \$73,530,000 and \$44,910,000, respectively, in the same month of last year.

STATISTICS

In the following tables we give trade and other statistics for as many countries of the world as possible, our endeavour being to combine brevity with comprehensiveness. The greater number of the figures are taken from the *Monthly Statistical Bulletin of the League of Nations* (published by George Allen and Unwin, Ltd.).

PRODUCTION (Thousands of Metric Tons)

	United Kingdom	Belgium	Czechoslovakia	France	Germany	Netherlands	Poland	U.S.S.R.	Canada	South Africa	India	Japan	United States	Czechoslovakia	Germany	Hungary
COAL																
1913	24,337	1,903	1,189	3,338	15,842	156	748	...	1,037	665	1,311	1,776	43,088	1,927	7,269	460
1929	21,837	2,245	1,377	4,482	13,620	865	3,853	3,472	1,023	1,052	1,880	2,855	46,026	1,880	14,598	587
1931	18,582	2,254	1,092	4,167	9,887	1,075	3,189	4,462	706	880	1,752	2,332	33,395	1,494	11,109	509
1932	17,717	1,785	913	3,856	8,728	1,063	2,403	5,358	625	805	1,580	2,338	27,183	1,322	10,218	494
1933	17,325	2,107	878	3,906	9,160	1,048	2,283	6,020	644	872	1,526	2,710	28,997	1,255	10,566	492
1934	18,708	2,197	898	3,967	10,418	1,028	2,436	7,792	800	992	1,703	2,755	31,413	1,272	11,438	517
LIGNITE																
1913	16,468	2,087	806	3,763	10,236	1,047	2,295	7,572	837	1,028	1,501	2,535	26,057	1,120	11,016	...
1929	17,408	2,181	900	3,828	10,778	1,053	2,443	7,559	871	1,040	1,552	2,362	28,164	1,277	11,580	...
1931	18,079	2,123	918	3,831	10,304	1,026	2,600	7,446	833	966	1,750	2,489	28,710	1,242	11,423	...
1932	19,858	2,287	1,049	4,089	11,597	1,126	2,853	8,040	971	1,072	1,817	2,825	33,840	1,498	12,601	...
1933	19,885	2,238	1,024	4,067	11,312	1,044	3,003	7,922	895	1,074	1,594	2,827	31,417	1,507	12,944	...
1934	18,922	2,184	1,016	3,868	10,933	976	2,654	8,468	741	1,022	1,825	2,948	32,741	1,371	11,911	...
1935—January	20,848	2,242	932	4,049	11,575	1,024	2,757	8,211	842	1,067	1,866	2,780	38,178	1,414	12,944	...
February	18,608	2,044	830	3,713	10,395	938	2,278	7,759	697	981	2,031	2,737	35,363	1,240	11,911	...
March	19,533	2,170	847	3,808	10,946(9)	931	2,247	8,578	685	1,005	2,019	3,092	38,038	1,264	11,911	...
April	17,863	2,175	816	3,820	11,019	984	2,282	8,437	655	1,055	1,832	2,883	24,333	1,219	11,911	...
May	19,589	2,132	817	3,931	11,624	1,011	2,023	8,042	751	1,146	1,847	2,958	28,776	1,135	11,911	...
June	16,397	2,148	759	3,676	10,884	919	2,027	7,354	764	1,044	1,660	...	32,573	1,135	11,911	...
July	...	...	...	...	...	...	...	...	...	...	...	...	23,406	...	...	...

PIG IRON

	United Kingdom	Belgium & Luxembourg	France	Saar	Germany	Sweden	U.S.S.R.	Canada	United States	United Kingdom	Belgium & Luxembourg	France	Saar	Sweden	Canada	United States
STEEL																
1918	869	419	434	114	1,397	61	...	85	2,801	649	307	391	...	62	88	2,584
1929	613	583	864	175	1,117	41	382	92	3,580	816	569	808	...	60	117	4,599
1931	318	440	633	126	505	32	405	36	1,547	438	430	652	...	46	57	2,138
1932	303	395	461	112	328	22	521	12	735	445	397	470	...	47	44	1,128
1933	349	360	527	133	439	27	597	19	1,119	593	383	544	...	632	53	1,913
1934	506	374	513	152	728	44	867	35	1,348	750	423	...	...	991	74	2,139
1935—July	537	415	511	152	767	42	...	...	1,247	...	...	...	...	64	68	1,497
August	511	415	532	154	799	49	...	...	1,071	...	...	...	...	66	65	1,385
September	508	405	499	155	776	43	...	...	912	...	...	...	...	78	58	1,272
October	536	428	527	167	842	44	...	...	907	...	...	...	...	182	136	79
November	516	390	506	159	829	52	...	...	872	...	...	...	...	167	1,086	90
December	522	434	517	149	833	50	...	...	1,000	...	...	...	...	156	1,040	71
1935—January	530	417	512	162	880	54	...	...	1,501	...	...	...	...	168	1,137	74
February	491	383	450	146	809	47	...	...	1,634	...	...	...	...	158	1,064	71
March	563	400	489	...	1,000	50	...	...	1,788	...	...	...	...	158	1,064	71
April	535	406	478	...	933	51	...	...	1,690	...	...	...	...	157	1,064	71
May	568	436	502	...	1,002	58	...	...	1,755	...	...	...	...	157	1,064	71
June	538	419	465	...	979	42	...	...	1,577	...	...	...	...	157	1,064	71
July	556	...	...	...	...	...	...	...	1,545	...	...	...	...	157	1,064	71

Figures for Luxembourg communicated by the "Groupe des Industries Sidérurgiques de la Région de Luxembourg". a Including ferro alloys. b Excluding castings. c Including Luxembourg. d Saleable coal, since end 1921, excluding Ireland. e British Provinces only. f Establishments with production in 1933 amounted to 99.39% of the total. g Excluding Luxembourg. h Until end 1928. Since 1922, excluding Polish Upper Silesia. i Since March, 1935, Saar Territory included with Germany. j Excludes Saar. k Coal sold. l Provisional figure.

WHOLESALE PRICES

Monthly Average	U.K.		Belgium	Czechoslovakia	Denmark	France	Germany (Official)	Italy	Norway	Poland	Spain	Sweden	Switzerland	Australia	British India	Canada	South Africa
	Board of Trade	Economist															
1913	<i>k</i>	100	<i>l</i>	<i>a</i>	<i>e</i>	100	100	100	100	<i>m</i>	100	100	<i>h</i>	100	<i>i</i>	100	100
1929	...	127.2	85.1	92.4	150	627	137.2	481	149	96.3	167.7	140	141.2	155.7	141	149.4	116
1931	87.8	89.3	626	107.9	114	502	342	122	74.6	168.8	111	109.7	131.3	96	112.6	99	111.5
1932	85.7	86.1	532	91.7	117	427	318	122	65.5	166.7	109	96.0	129.7	91	104.2	91	104.2
1933	85.7	86.9	501	98.2	125	368	283	122	59.1	159.1	107	91.0	129.5	87	104.8	91	104.8
1934	88.1	90.3	473	83.9	132	376	276	124	55.8	163.4	114	89.8	135.2	89	111.8	101	101.8
1935—July	87.3	91.0	471	83.9	129	374	273	124	55.9	161.2	114	88.9	136.3	89	112.5	89	112.5
August	89.0	92.3	474	84.0	134	371	275	127	55.8	160.1	114	89.8	137.9	89	112.9	89	112.9
September	88.4	90.4	470	83.7	135	365	276	126	55.0	159.7	114	89.1	137.2	89	112.5	89	112.5
October	87.8	89.7	467	84.2	135	357	276	127	54.5	161.8	114	89.6	137.2	89	112.5	89	112.5
November	87.5	89.3	468	84.2	135	357	276	127	54.5	161.8	114	89.6	137.2	89	112.5	89	112.5
December	87.8	89.3	468	84.5	135	341	279	125	53.5	164.7	115	89.0	134.1	88	111.2	88	111.2
1935—January	88.3	91.6	472	85.1	135	350	280	125	52.9	167.8	115	88.3	134.1	94	111.5	89	111.5
February	89.0	91.3	466	85.3	135	343	282	125	52.2	165.4	115	87.6	133.4	90	112.3	89	112.3
March	86.9	90.9	464	84.9	132	335	269	126	52.1	...	115	86.4	132.6	97	112.5	89	112.5
April	87.5	91.3	551	85.7	132	339	279	125	52.2	...	115	87.1	132.7	88	113.2	89	113.2
May	88.2	94.3	552	85.7	131	340	304	125	52.8	...	115	87.6	134.0	88	113.2	89	113.2
June	88.4	93.7	555	88.0	130	330	315	126	52.6	...	116	88.6	...	91	111.7	89	111.7
JULY	88.0	93.7	553	...	131	322	...	127	...	...	...	88.9	...	...	...	...	...

FINANCE

Notes in Circulation—(000,000's omitted)

Period	United Kingdom	Austria	Belgium	Bulgaria	Czechoslovakia	Denmark	Finland	France	Germany	Greece	Hungary	Jugoslavia	Netherlands
End of	Bank of England Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Reichsbank Notes	"Rentenbank" Notes	Bank Notes	Bank Notes	Bank Notes
	£	Schilling	Francs	Leva	Koruna	Kron.	Markka	Francs	Reichsmark	Reutenmks.	Drachma	Pengö	Dinars
	£	Schilling	Francs	Leva	Koruna	Kron.	Markka	Francs	Reichsmark	Reutenmks.	Drachma	Pengö	Dinars
1913.....	29.6	1,084	1,067	189	152	113	113	5,714	2,742g	397	5,193	301	313
1920.....	369.8	1,084	14,683	3,609	8,230	367	1,361	68,571	5,044	397	5,193	301	313
1929.....	368.8	1,090	16,419	3,296	7,824	360	1,279	76,436	4,778	439	4,803	469	5,818
1930.....	364.2	1,183	18,270	2,919	7,679	346	1,293	85,725	4,778	422	4,003	423	5,597
1931.....	371.2	914	18,135	2,635	6,267	332	1,085	85,028	3,560	413	4,714	353	5,172
1932.....	392.0	952	17,093	2,984	5,906	375	1,184	82,613	3,643	392	5,449	369	5,172
1933.....	408.2	964	17,650	2,449	5,640	386	1,277	83,412	3,901	385	5,686	381	5,172
1934.....	381.7	955	17,408	2,605	5,524	380	1,234	82,058	3,777	345	5,131	364	5,172
1935.....	383.9	989	17,509	2,509	5,221	357	1,200	80,809	3,768	325	5,143	364	5,172
1936.....	379.3	965	17,657	2,668	5,384	365	1,224	81,732	3,824	311	5,421	369	5,172
1937.....	377.0	965	17,593	2,659	5,589	369	1,261	81,479	3,919	299	5,598	373	5,172
1938.....	378.4	954	17,814	2,633	5,461	384	1,245	79,467	3,823	285	5,519	373	5,172
1939.....	377.0	955	17,506	2,449	5,337	378	1,246	81,879	3,810	292	5,644	350	5,172
1940.....	405.2	964	17,650	2,449	5,640	386	1,277	83,412	3,901	385	5,686	381	5,172
1941.....	374.9	902	18,179	2,226	5,028	361	1,268	81,686	3,660	394	5,288	353	5,172
1942.....	377.4	902	18,237	2,176	5,253	363	1,372	81,917	3,617	396	5,221	353	5,172
1943.....	381.4	914	18,851	2,140	5,560	369	1,441	83,044	3,684	385	5,541	370	5,172
1944.....	383.2	925	19,063	2,123	5,567	375	1,369	82,776	3,810	377	5,519	359	5,172
1945.....	390.4	937	20,153	2,152	5,780	378	1,328	82,099	3,895	373	5,417	375	5,172
1946.....	396.9	942	20,397	2,133	5,454	361	1,310	81,128	3,878	396	5,366	376	5,172

Period	Italy	Norway	Poland	Roumania	U.S.S.R.	Sweden	Switzerland	Australia	Canada	South Africa	Egypt	United States	Japan
End of	Bank Notes	State Notes	Bank Notes	Bank Notes	State Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes
	£	£	Kroner	Zloty	Leu	Gd. Rbls.	Rbls.	Kronor	Francs	£	£	Dollars	Yen
	£	£	Kroner	Zloty	Leu	Gd. Rbls.	Rbls.	Kronor	Francs	£	£	Dollars	Yen
1913.....	22,284	499	108	318	1,340	259	21,144	1,028	1,501	569	999	234	314
1920.....	15,774	80	318	1,340	259	21,144	1,028	1,501	569	999	234	314	426
1929.....	15,680	668	312	1,328	241	19,605	1,946	2,080	594	1,062	42.3	166	1,642
1930.....	14,295	...	334	1,218	241	23,750	2,370	2,742	583	1,609	48.2	159	1,436
1931.....	13,672	...	315	1,003	232	21,594	2,922	2,925	598	1,611	45.0	144	1,331
1932.....	13,243	...	327	1,004	312	21,219	3,069	3,453	648	1,510	45.1	151	1,426
1933.....	13,145	...	333	981	384	22,307	...	3,499	708	1,440	45.2	161	1,669
1934.....	12,888	...	325	938	368	20,960	...	3,422	653	1,376	39.7	161	1,295
1935.....	13,330	...	323	908	366	20,809	...	3,422	612	1,364	39.6	152	1,295
1936.....	13,194	...	321	950	374	21,463	...	3,422	643	1,370	40.1	162	1,241
1937.....	13,455	...	322	975	380	21,686	...	3,422	695	1,400	42.7	168	1,233
1938.....	13,251	...	316	1,010	389	21,680	...	3,422	662	1,384	42.4	162	1,233
1939.....	13,162	...	315	1,058	396	21,579	...	3,422	662	1,376	42.6	163	1,230
1940.....	13,145	...	313	981	384	22,307	...	3,422	653	1,376	39.7	161	1,295
1941.....	13,145	...	312	937	375	21,617	...	3,422	651	1,340	42.0	149	1,295
1942.....	12,634	...	311	940	379	21,225	...	3,422	659	1,330	41.5	154	1,295
1943.....	12,894	...	323	945	388	21,904	3,501	3,778	705	1,358	41.8	154	1,295
1944.....	12,891	...	322	946	380	21,786	...	3,422	675	1,319	43.5	158	1,334
1945.....	12,878	...	322	952	378	20,937	...	3,422	683	1,302	41.9	160	1,335
1946.....	13,029	...	332	948	390	21,187	...	3,422	718	1,307	41.3	169	1,281
1947.....	13,656	...	330	932	396	21,187	...	3,422	685	1,281	...	...	...

a Until November, 1928, including State notes, then transferred to Bank of Italy. b May 1929, including Reichsbank and Darlehenkassenscheine. c Excluding notes held by Commonwealth Bank. d In terms of new lire = 8,375 millions. e Gross issue. f Excluding notes held as reserve by Chartered Bank. g State notes—gross. h Since January, 1934, excluding gold coin. i Since January, 1926, excluding notes held by Bank of Poland. j Since 1920, including Austria-Hungarian and other notes converted after the war into National Currency. k Since 1926, excluding notes held by the State Bank. l In terms of new lire = 1,829 millions. m In terms of new francs. n Since May, 1922, including Luxembourg. o From 1927-1929, including Government Notes of 5 and 10 francs of value of 700 to 750 million francs, replacing similar bank notes in October, 1926.

LONDON RATES OF EXCHANGE

Period	Paris	Brussels	Milan	Zurich	Madrid	Amsterdam	Stockholm	Oslo	Copenhagen	Berlin	Vienna	New York	Buenos Aires
End of	Francs to £	Belgas to £	Lire to £	Francs to £	Pesetas to £	Florins to £	Kronor to £	Kronor to £	Kronor to £	Marks to £	Schillings to £	Dollars to £	Pence to £
	Francs to £	Belgas to £	Lire to £	Francs to £	Pesetas to £	Florins to £	Kronor to £	Kronor to £	Kronor to £	Marks to £	Schillings to £	Dollars to £	Pence to £
Par level.....	124.21	35.00	92.46	25.22	25.22	12.107	18.159	18.159	18.159	20.43	34.58	4.88	47.62
Highest, 1934.....	83.62	23.55	62.37	18.90	39.81	8.14	19.45	19.45	22.45	17.77	29.75	5.19	30.06
Lowest,	73.7	20.86	56.78	14.93	35.34	7.18	19.35	19.35	22.35	12.09	26.06	4.87	20.12
Beginning of—													
July, 1914.....	124.00	34.92	92.32	25.27	25.27	12.11	18.30	18.30	18.30	20.49	34.52	4.87	47.62
January, 1920.....	124.10	34.88	92.64	25.18	25.18	12.08	18.13	18.13	18.13	20.38	34.52	4.87	47.62
January, 1929.....	123.91	34.82	92.22	25.13	25.13	12.09	18.13	18.13	18.13	20.43	34.52	4.87	47.62
January, 1930.....	123.66	34.76	92.74	25.04	25.04	12.05	18.13	18.13	18.13	20.38	34.52	4.87	47.62
January, 1931.....	86.37	24.37	66.62	17.37	17.37	8.44	17.75	17.75	17.75	18.12	14.25	3.80	35.8
January, 1932.....	85.50	24.09	65.12	17.34	17.34	8.40	17.75	17.75	17.75	18.12	14.00	3.80	35.8
January, 1933.....	83.00	23.39	61.84	16.79	16.79	8.33	17.75	17.75	17.75	18.12	13.71	3.80	35.8
January, 1934.....	74.63	21.02	57.62	15.22	15.22	7.29	19.40	19.40	19.40	22.40	11.92	2.50	26.8
January, 1935.....	72.53	20.99	58.00	14.79	14.79	7.08	19.40	19.40	19.40	22.40	11.92	2.50	26.8
April,	73.28	20.54	58.56	14.93	14.93	7.15	19.40	19.40	19.40	22.40	11.99	2.50	26.8
May,	74.71	20.91	59.84	15.23	15.23	7.29	19.40	19.40	19.40	22.40	12.16	2.50	26.8
June,	74.50	20.92	59.56	15.06	15.06	7.23	19.40	19.40	19.40	22.40	12.21	2.50	26.8
July,	74.90	20.93	60.37	15.15	15.15	7.31	19.40	19.40	19.40	22.40	12.28	2.50	26.8
August,	74.90	20.93	60.37	15.15	15.15	7.31	19.40	19.40	19.40	22.40	12.28	2.50	26.8

Period	Rio de Janeiro	Monte Video	Valparaiso	Bombay	Hong Kong	Shanghai	Kobe	Singapore	Place	Method of Quoting	July Quotations
End of	Pence to £	Pence to £	Pence to £	Pence to £	Sterling to £	Sterling to £	Sterling to £	Sterling to £			
	Pence to £	Pence to £	Pence to £	Pence to £	Sterling to £	Sterling to £	Sterling to £	Sterling to £			
Par level.....	16	51	40.00	1.6	1.6	1.6	1.6	1.6	New York	Dollars to £	5.06
Highest, 1934.....	4.50	21.50	127	1.6	1.6	1.6	1.6	1.6	July, 1934	Dollars to £	5.03
Lowest,	2.87	18.50	115	1.5	1.5	1.5	1.5	1.5	July, 1935	Dollars to £	4.93
Beginning of—									Paris	Francs to £	76.81
July, 1914.....	16	51	40.00	1.6	1.6	1.6	1.6	1.6	July, 1934	Francs to £	76.25
January, 1920.....	5	50	39.65	1.6	1.6	1.6	1.6	1.6	July, 1935	Francs to £	74.12
January, 1929.....	5	51	39.64	1.6	1.6	1.6	1.6	1.6	July, 1935	Francs to £	74.818
January, 1930.....	5	51	39.64	1.6	1.6	1.6	1.6	1.6	Amsterdam	Florins to £	7.47
January, 1931.....	5	51	39.80	1.6	1.6	1.6	1.6	1.6	July, 1934	Florins to £	7.42
January, 1932.....	5	51	39.89	1.6	1.6	1.6	1.6	1.6	July, 1935	Florins to £	7.23
January, 1933.....	5	51	39.89	1.6	1.6	1.6	1.6	1.6	July, 1935	Florins to £	7.22
January, 1934.....	5	51	39.89	1.6	1.6	1.6	1.6	1.6	Berlin	Reichsmks. to £	13.50
January, 1935.....	5	51	39.89	1.6	1.6	1.6	1.6	1.6	July, 1934	Reichsmks. to £	12.80
April,	5	51	39.89	1.6	1.6	1.6	1.6	1.6	July, 1935	Reichsmks. to £	12.10
May,	5	51	39.89	1.6	1.6	1.6	1.6	1.6	July, 1935	Reichsmks. to £	12.18
June,	5	51	39.89	1.6	1.6	1.6	1.6	1.6			
July,	5	51	39.89	1.6	1.6	1.6	1.6	1.6			
August,	5	51	39.89	1.6	1.6	1.6	1.6	1.6			

* Daily rate. † Francs to £. ‡ Kronor to £. § Pence to £. || Nominal.

FOREIGN TRADE

IMPORTS for Domestic Consumption—Merchandise Only—(000's omitted)

Period	U.K.	Irish Free State	Belgium	Bulgaria	Czechoslovakia	
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CAPITAL ISSUES.—(000,000's omitted)

Period	United Kingdom	Austria	Czechoslovakia	France	Germany	Italy	Netherlands	Poland	Roumania	Sweden	Switzerland	British India	Japan	United States
Monthly Average	£	Schilling	Koruna	Francs	Mark	Lire	Gulden	Zloty	Lei	Kronor	Francs	Ruppes.	Yen	Dollars
1913	16.3	...	...	<i>d</i>	<i>m</i>	<i>f</i>	<i>ch</i>	<i>y</i>	<i>z</i>	<i>kr</i>	<i>c</i>	<i>rs</i>	<i>¥</i>	<i>p</i>
1929	23.8	8.6	55	1,259	80.2	607	29	17.8	318	23	63	56	222	849
1931	8.5	3.1	42	1,362	65.6	29	17.8	20	210	28	48	27	261	259
1932	15.7	4.9	57	2,111	12.3	304	31	6.4	37	11	32	33	318	99
1933	20.4	17.9	21	300	7.3	...	...	11.0	47	8	15	...	551	60
1934	14.1	...	...	...	...	...	...	...	...	...	...	...	...	118
1935	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Jan. 1935	38.7	49.8	14	404	8.1	242	1	0.8	25	6	31	29	578	75
Apr.-June 1935	7.4	12.9	20	139	4.1	292	59	5.3	47	11	9	31	563	68
July 1935	6.7	9.8	19	358	11.4	152	3	3.3	122	8	50	21	655	75
Aug. 1935	6.6	11.0	10	551	5.1	280	58	1.5	70	10	20	120	658	123
Sept. 1935	6.4	9.0	13	306	8.5	531	2	1.1	115	9	11	27	425	123
Oct. 1935	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Nov. 1935	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Dec. 1935	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Jan. 1936	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Apr.-June 1936	...	...	...	...	...	...	...	...	...	...	...	...	...	...
July 1936	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Aug. 1936	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Sept. 1936	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Oct. 1936	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Nov. 1936	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Dec. 1936	...	...	...	...	...	...	...	...	...	...	...	...	...	...

Unless otherwise stated, the figures represent authorised share issue of new joint stock companies at home, and the increase in the value of existing companies. Bonus shares are excluded from the figures. In the case of the Netherlands, Switzerland and the U.K. both bonus shares and convertible issues are included. Excluding Treasury Bills. Excluding large railway issues. Excluding issues of the Bank of England exceeding £100,000 on the Dutch market including Colonial, and since Jan., 1935, the issue of the Société de Banque Suisse, figures of net amount of new issues. Until end 1922 paper currency of the Swiss Confederation. Figures of new issues of capital paid-up. Compiled by the Bank of England. Figures of new issues of capital paid-up, excluding western departmental issues since 1928 amounts actually issued, whole territory.

UNEMPLOYMENT

Percentage of persons unemployed in trade unions or in official unemployment insurance schemes (Belgium and U.K.)

End of Month	U.K.	Belgium	Denmark	Germany	Netherlands	Norway	Sweden	Australia	Canada
1921—June	17.8	9.9	16.8	3.0	8.1	20.6	27.7	12.5	13.2
December	16.2	6.6	25.2	1.6	16.6	23.4	33.2	9.5	15.1
1927—June	8.9	1.4	18.0	6.3	6.0	22.5	9.5	6.4	3.2
December	9.8	3.6	31.6	12.9	14.9	28.0	18.6	8.9	6.8
1928—June	10.7	0.6	13.5	6.2	4.4	14.4	7.6	11.2	3.2
December	11.1	1.9	28.4	16.7	11.5	22.1	17.3	9.9	6.6
1929—June	9.6	0.4	10.0	8.5	2.6	11.3	7.3	10.0	2.9
December	11.1	2.4	22.4	20.1	12.3	18.9	16.9	13.1	11.4
1930—June	15.8	1.9	8.7	19.6	5.5	10.8	8.3	18.5	10.6
December	20.2	9.2	25.1	31.7	18.2	25.5	23.3	22.4	17.0
1931—June	21.8	9.0	11.3	29.7	11.7	...	12.9	27.6	16.3
December	20.9	17.0	32.2	42.2	27.8	27.2	27.1	28.0	21.1
1932—June	22.3	18.7	24.9	43.1	27.2	26.2	19.1	30.0	21.9
December	21.7	18.6	42.8	43.1	34.5	42.4	31.5	28.1	25.6
1933—June	19.5	14.4	21.9	...	27.7	27.2	20.8	25.7	21.8
December	17.9	19.9	37.5	22.7	40.0	39.2	27.7	23.0	21.0
1934—June	16.4	17.1	15.5	13.3	29.1	27.2	14.9	20.9	18.0
December	16.1	22.2	30.3	14.3	37.9	32.8	25.0	...	18.0
1935—January	17.7	23.6	29.5	16.4	42.7	34.2	22.6	...	18.0
February	17.5	23.4	28.3	15.2	40.0	32.6	20.6	18.6	18.2
March	16.5	21.8	22.3	13.1	34.1	31.3	19.5	...	16.7
April	15.7	19.3	18.3	12.0	31.5	30.6	...	...	17.0
May	15.5	17.1	14.4	10.7	34.0	...	17.5	...	15.9
June	15.5	...	13.0	10.0	39.6	...	12.7	17.8	...
July	...	...	13.1	...	...	...	...	...	...

Number of Workers Covered by Last Returns

Millions	U.K.	Belgium	Denmark	Germany	Netherlands	Norway	Sweden	Australia	Canada
1928	12.8	0.8	0.38	6.9	0.6	0.05	0.4	0.4	0.16

Ex. Irish Free State since March, 1923. J Includes Saar.

SECURITY VALUES

	United Kingdom	Netherlands	Sweden	Switzerland	Canada	United States
Bankers' Magazine	Official. 49	Official. 52	Official. 52	Official. 52	Official. 52	Standard Statistics
representative securities	Ordinary Industrial Shares	Industrial and Shipping Shares	Industrial and Shipping Shares	Industrial and Shipping Shares	Common Industrial Shares	Industrial Shares
Dec., 1921 = 100	1921-25 = 100	1921-25 = 100	1921-25 = 100	1921-25 = 100	1921-25 = 100	1921-25 = 100
1929	147.1	121.0	100	154.4	215.0	146.9
1930	135.5	119.0	85	148.2	165.4	143.1
1931	118.5	114.4	60	131.8	177.6	101.9
1932	103.6	108.6	50	120.1	180.7	86.5
1933	90.7	98.5	35	79.4	116.8	54.3
1934	78.9	108.4	25	59.7	106.3	33.5
1935	65.8	108.4	35	57.3	128.5	44.8
1936	105.1	114.3	39	64.5	159.7	77.9
1937	108.4	117.6	37	64.8	156.4	78.8
1938	114.5	121.8	34	71.3	156.6	81.4
1939	113.5	126.5	28	83.0	151.6	80.3
1940	110.9	129.7	34	80.1	163.8	75.4
1941	111.5	124.9	34	83.1	167.0	78.9
1942	114.4	125.8	33	86.1	159.7	85.5
1943	115.6	125.5	33	90.0	169.9	88.0
1944	115.6	128.4	32	90.4	171.0	91.7

(a) Federal Reserve. (b) Variable dividend. (c) Total. (d) Monthly average. (e) Average of highest and lowest closing prices on each Wednesday. (f) Shares of companies with capital of more than 5 million francs. (g) End of month. (h) 1927-1928, 79 shares; 1929, 92; 1930, 100; 1931, 96; 1932, 96; 1933, 96; 1934, 87. (i) Average closing prices on each Thursday of month. (j) Not comparable with previous figures owing to change in the number of companies and revaluation.

LONDON BANKERS' CLEARING RETURNS

	Town	Metropolitan	Country	Total
1913	14,191,275	855,648	1,393,481	16,436,404
1929	38,935,924	1,881,989	3,078,784	44,896,697
1930	38,782,577	1,812,146	2,963,631	43,558,354
1931	31,815,808	1,667,852	2,752,209	36,235,869
1932	27,833,633	1,610,407	2,667,919	32,111,959
1933	27,714,480	1,656,675	2,768,471	32,137,626
1934	30,740,117	1,759,528	2,884,512	35,484,157
1935 (August 13)	19,080,262	1,860,232	2,045,217	23,045,217
1935 (August 14)	20,376,232	1,185,489	1,998,220	23,559,941

U.K. IMPORTS AND EXPORTS.—(000,000's omitted)

	Food	Raw Materials	Manufactures	Imports of	Exports of
	Imports	Exports	Imports	Exports	Exports
Monthly Average	£	£	£	£	£
1913	24.2	2.7	23.5	5.8	34.3
1929	44.7	4.6	28.3	6.8	47.8
1931	34.8	3.0	14.5	3.9	24.2
1932	31.1	2.7	13.7	3.6	23.0
1933	28.3	2.3	15.0	3.8	23.5
1934	28.8	2.5	17.5	4.0	25.4
1935—January	30.4	2.7	18.7	3.9	25.8
February	27.6	2.4	19.7	4.7	27.5
March	26.3	2.1	16.2	4.2	26.8
April	28.6	2.4	16.5	4.6	28.0
May	27.1	2.2	16.9	4.6	26.9
June	30.1	2.5	18.4	4.7	27.1
July	27.5	2.4	15.7	4.0	26.5
August	29.0	2.6	17.0	4.6	27.4

RAILWAY STATISTICS: FREIGHT TRAFFIC.—(000,000's omitted)

	Austria	Germany	Italy	Canada	United States
	(b) (h)	(a)	(c) (i)	(d) (e)	(f)
Monthly Average—	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.
1929	379	5,745	1,017	4,831	59,887
1931	273	3,792	862	3,447	41,383
1932	221	3,242	840	3,092	31,508
1933	245	3,479	759	2,845	33,475
1934	253	4,165	714	3,184	36,202
1935—January	250	4,075	709	3,014	35,415
February	255	4,354	693	3,810	37,792
March	276	4,469	726	4,187	38,685
April	289	4,770	709	3,540	34,613
May	276	4,477	695	2,799	33,733
June	259	4,119	700	2,560	36,447
July	221	4,423	734	2,727	35,244
August	242	4,667	704	3,025	34,047
September	234	3,941	636	2,865	...
October	255	4,411	631	2,899	...
November	...	4,569	...	...	...
December	...	...	...	...	...

Inc. live-stock. (a) Reichsbahn. (b) Ex. free-hauled. (c) State and private railways, including freight on foreign lines. (d) Railways with annual operating revenues of at least \$500,000. (e) Including free-hauled. (f) Long ton = kg. 1,016.05; mile = metres 1,609.34. (g) Figures from 1933 not comparable with previous figures. (h) Fiscal year ending June 30. (i) From January, 1932, onwards figures relate to 4-week periods. (j) Figures from 1933 not comparable with previous figures.

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TRADE SUPPLEMENT

New Series

SATURDAY, SEPTEMBER 28, 1935

No. 148

THE STATE OF TRADE

The impression left by the latest evidence of the state of trade in this country is that business has been "marking time" in recent weeks. The improvement in the first half of the current year has so far been well maintained, and there are no signs of a setback in the near future. In fact, a strong seasonal upward movement is expected in the activity of most industries during the next few months, provided no untoward developments occur in the international field.

Employment showed a seasonal increase of 43,000 in August, when the total number of insured persons at work surpassed all previous records. There was a marked improvement between July and August in the coal-mining industry, but employment also increased in iron and steel manufacture, general engineering, shipbuilding, motor vehicle, cycle and aircraft manufacture, as well as in the building, furniture, pottery, cotton and wool textile industries. On the other hand, employment declined in most of the clothing trades, in the linen industry, in dock and harbour services and in the distributive trades. There was a reduction in the number of unemployed in North-Eastern England, Scotland, the Midlands and in London; but an increase in North-Western, South-Western and South-Eastern England, as well as in Northern Ireland. The proportion of insured workers unemployed was still more than 20 per cent. in North-Eastern England, in Wales and in Northern Ireland.

After declining slightly between June and July, our new Index of Business Activity—adjusted for seasonal variations—remained unchanged in August. Of the component series of the index shown on page 19, six rose, three remained unchanged and four declined between July and August. But with the exception of coal consumption, merchandise on railways and imports of raw materials, all the component indices show a rise between August, 1934, and the past month. The indices showing a decline between July and August include cotton consumption, imports of raw materials and bank clearings. But imports of raw materials in August remained well above the average for 1934 and 1929. The figures for industrial consumption of electricity, merchandise on railways, postal receipts, building activity, iron and steel consumption, and shipping movements all rose between July and August. The indices of employment, coal consumption and exports of British manufactures remained unchanged.

The trend of our new indices of business activity and other trade indicators show that recovery is still concentrated in the capital equipment industries. Our index of building activity reached a new record in August. Building activity is now considerably above the pre-depression level. The expansion of this branch of activity is in a large measure responsible for the fact that business activity has recovered to the level of 1929, although the volume of

exports of British manufactures is still less than three-quarters of what it was six years ago. But as the building industry is very sensitive to changes in production costs and in the rate of interest, its future has tended to become a little clouded by the international situation. However, the latest figures of the value of building plans passed by 146 local authorities indicate that the trend of building activity is still upwards. It is possible that if the construction of middle-class houses by private enterprise slackens the leeway will to some extent be made up by working-class building under slum clearance schemes.

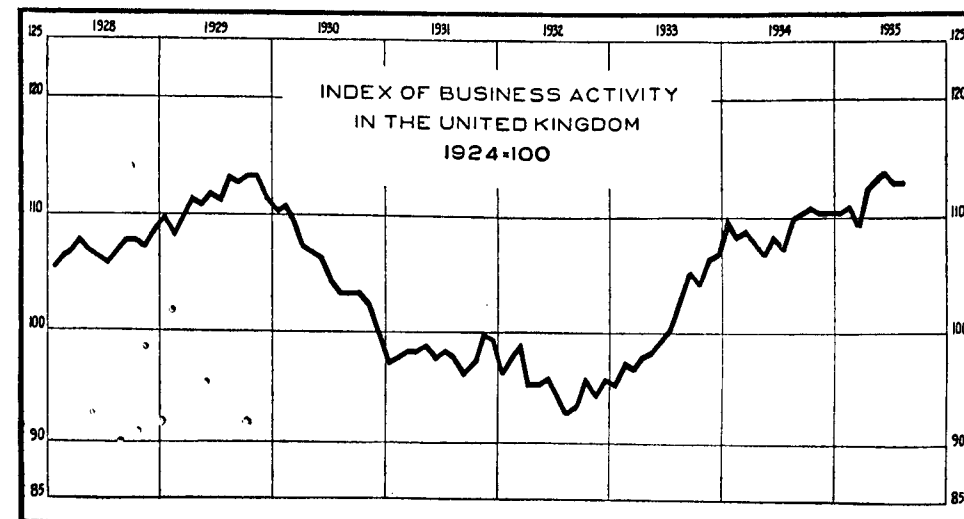
Reports from iron and steel centres continue to be encouraging. Deliveries remain heavy, new business is still expanding, despite heavy forward contracts placed previously, and orders on hand are very substantial. The engineering industry continues its steady progress; and the profitability of this branch of activity has almost recovered to the pre-depression level. Orders on hand are considerable and will ensure a good start for the industry in 1936.

The coal trade has suffered somewhat from the further cut in the French import quota and from the reduction in exports to Italy. Business in industrial chemicals has been fairly good in recent weeks. The motor industry and household equipment trades remain quite active. The wool textile

industry continued to gain ground, and its position is now appreciably better than a year ago. On the other hand, the situation in the cotton industry has undergone little change during the past few weeks, and business in the linen and footwear industries has tended to decline. There was a sharp seasonal decline in retail sales between July and August, but the total value of sales in the past month remained well above the level of a year ago.

Reports of business conditions in foreign countries are not unfavourable, with the exception of those relating to the on-gold countries. The situation in France, Holland and Switzerland can be described as one of persistent stagnation. In Germany, the previous improvement in business activity has so far been maintained, and the news from Scandinavian countries remains fairly satisfactory. On the other hand, there has been a steep decline since May in industrial production in Italy. The latest information from the principal Latin-American countries reveals little change, and industrial production in Japan continues above last year's level.

In the United States there was a pause in the expansion of business activity during August and early September, but it is confidently expected that recovery will continue during the remainder of the year. Evidence of a revival in the capital equipment industries is steadily accumulating. Expenditure on re-equipment of plant is increasing, orders for machine tools are expanding, and residential construction is gradually making headway. The latter is a particularly encouraging sign.



HOME INDUSTRIES AND TRADE

The following reports on British industry cover, in most cases, the period to the middle of September. In the remainder they relate to the month of August.

COAL

The coal trade appears to have been "marking time" during August. A considerable reduction in the number of persons "temporarily stopped" brought the unemployment percentage below the July level; the improvement was fairly well spread geographically, being most marked in Yorkshire and least evident in Wales. On the other hand, the output of saleable coal (calculated on a daily basis) showed practically no change in August and was smaller than in the same month of last year. The home demand for industrial fuel has been steady and the house-coal trade has now begun to shake off the lethargy associated with the summer months. Although overseas trade continues to encounter various obstacles—including the difficulty of securing payments from Italy—exports last month were above the corresponding figure for 1934. But a further cut of 10 per cent. in the French import quota came into force on September 1st. Meanwhile an element of uncertainty has been introduced into the outlook in consequence of the possibility of labour troubles in the industry.

IRON AND STEEL

The iron and steel industry continued to make headway during the past month. In contrast to the normal seasonal decline between July and August, the average daily output of steel ingots and castings rose this year from 32,100 tons in July to 32,400 tons in August. Production is now well above the level of a year ago, partly owing to the reduction in imports. Imports of iron and steel materials continued to decline in August, when they were substantially smaller than a year ago. Exports in the past month were also slightly smaller than in July, but showed some improvement on the corresponding month a year ago. Meanwhile, the outlook for the principal consuming industries remains encouraging, and production of iron and steel is expected to continue its upward trend during coming months.

ENGINEERING

The progress of the engineering industry continues almost without interruption, and the profitability of this branch of activity has practically recovered to the pre-depression level. The normal seasonal decline in the volume of new transactions during August was less marked than usual this year, and there has been a further increase in new business during September. Orders on hand are substantial and will ensure a good start for the industry in 1936. As far as individual branches of the industry are concerned, manufacturers of excavating, mining and lifting machinery are enjoying a period of considerable activity. Demand for textile machinery has tended to expand, and there has been a spurt in overseas locomotive orders in recent weeks. The position of the agricultural machinery section is also slightly better. Business in machine tools is fair. Other departments show little change on the month.

ELECTRICAL ENGINEERING

The volume of new home orders for heavy electrical machinery declined sharply in August, but the latest information indicates a considerable improvement since the beginning of September.

INDEX OF NEW ORDERS RECEIVED BY HEAVY ELECTRICAL MANUFACTURING INDUSTRY*
(1920 = 100)

Period	Home	Export	Total
1927—August	90	236	126
1928 "	74	86	78
1929 "	88	140	102
1930 "	63	245	109
1931 "	51	132	70
1932 "	56	68	54
1933 "	52	89	61
1934—August	71	123	87
September	85	128	99
October	94	128	106
November	96	125	106
December	96	136	109
1935—January	101	135	112
February	107	136	117
March	102	134	113
April	105	135	115
May	110	128	117
June	109	124	115
July	101	123	109
August	85	122	99

* Copyright of the British Electrical and Allied Manufacturers' Association. The above index is a 12-month moving average of new orders received by the heavy plant section of the industry. It is based on the horse-power and not on the value of orders.

MOTOR INDUSTRY

Activity in the British motor industry continues well above last year's level, although the summer months have naturally witnessed some seasonal slackness. In July, however (the latest month for which statistics are available) some 25,780 private cars were produced, against 20,374 in July last year. The output of commercial vehicles showed an increase over the same period from 6,820 to 7,920. Earlier in the year imports of cars were substantially in excess of the 1934 figures and the total for the past eight months is 10,068, compared with 7,548 last year. The months of July and August, however, witnessed a sharp drop in imports. A substantial fall in exports of motor vehicles was also recorded last month.

CHEMICALS

Home trade in industrial chemicals and dyestuffs has been on a very fair scale during the past month. Following a slack period

in August, business in coal-trade products is now much more active and there has been a decided improvement in the demand for essential oils. Trade in wood distillation products and pharmaceutical chemicals has been very quiet. The value of exports of chemicals, drugs, dyes and colours during August was £111,232 below last year's corresponding figure, although the year's total to date still exceeds that of 1934 by £353,548. Imports last month showed an increase of £85,805 on the year.

COTTON

There was no improvement in the position of the industry during August, and a further substantial decline in retained imports of raw cotton took place last month. One element of uncertainty was, however, removed by the announcement that the Washington Government had decided to offer a loan of 10 cents per lb. to growers, coupled with a subsidy of 2 cents per lb., in respect of the 1935 crop. Employment in the British cotton industry showed little change between July and August, but our index of cotton consumption by spinners recorded a sharp decline. On a daily basis, exports of cotton yarn showed a slight rise and exports of piece-goods a slight fall last month. On balance, the industry appears to be a little better off than at this time last year, for there has been an improvement in the volume of inquiry during the past three weeks, some producers having booked more orders. A scheme for controlling prices and production in the Egyptian section has been published and was considered by a mass meeting of spinners on September 27th. The outcome of the meeting is not known as we go to press.

WOOL

A further modest improvement in the employment position was recorded last month, and the industry is now much more favourably situated than at this time last year. The recent rise in quotations for raw wool has now been checked, and when the latest series of London auctions opened on September 17 the level of prices showed little alteration compared with rates ruling at the close of the previous series. The improvement in employment last month affected most sections of the industry and was well spread geographically. Exports of tops and yarns suffered a slight contraction in August, but this is accounted for by the fact that there was one working day less than in July. On the other hand, exports of woollen and worsted tissues, and of blankets, were higher last month. Home demand is reported to be good and the outlook for the next few months is moderately encouraging.

ELECTRICITY

INDEX OF GENERATION OF ELECTRICITY*
(Great Britain, excluding London and Wales)
(Monthly Average, 1923-24 = 100)

Period	1927	1928	1929	1930	1931	1932	1933	1934	1935
Monthly average	146	156	171	167	171	181	199	227	227
1934—August	146	156	171	167	171	181	199	227	227
September	146	156	171	167	171	181	199	227	227
October	146	156	171	167	171	181	199	227	227
November	146	156	171	167	171	181	199	227	227
December	146	156	171	167	171	181	199	227	227
1935—January	146	156	171	167	171	181	199	227	227
February	146	156	171	167	171	181	199	227	227
March	146	156	171	167	171	181	199	227	227
April	146	156	171	167	171	181	199	227	227
May	146	156	171	167	171	181	199	227	227
June	146	156	171	167	171	181	199	227	227
July	146	156	171	167	171	181	199	227	227
August	146	156	171	167	171	181	199	227	227

* Prepared by the Economic and Statistical Department of the British Electrical and Allied Manufacturers' Association.
† Corrected for seasonal fluctuations, for the increase in electrification (trend), and for connections to the "grid."

JUTE

Mainly as a result of the termination of local holidays, the employment position showed considerable improvement between July and August. But prices—both for the raw material and for jute manufactures—have continued to weaken. No orders were forthcoming from the United States or Argentina, and Calcutta producers are having difficulty in finding outlets for their increased production. In the circumstances, the immediate outlook for Dundee manufacturers is not encouraging.

RAYON

After the normal seasonal lull, business in most sections of the trade has broadened out considerably and there is now a good demand for rayon yarns. Demand for specialties is tending to exceed supplies. The event of the month was the removal of the 3d. per lb. excise duty on staple fibre. This, coupled with additional reductions in the price of the fibre and yarn, should lead to a substantial increase in consumption.

LINEN

The trade is still awaiting the official Soviet prices for the new crop fibre, since these will be the main determinant of the general basis of flax prices. Meanwhile, business in yarn and cloth is quiet, but producers are anxious to make sales in order to maintain production. Exports to British Dominions have been well

maintained, but the United States market is slow. Trade with the Continent is difficult owing to quotas, monetary restrictions and the like.

BOOTS AND SHOES

The past month witnessed a slight improvement in the employment position, but considerable local variations still exist. Short-time working is still common throughout the industry, although overtime is also being worked in some areas. Exports of leather footwear increased last month and exceeded last year's corresponding figure.

POTTERY

The position of this industry shows little change. Employment is still slack, although some improvement was recorded last month and the depression is less acute than at this time last year. The volume of exports shows little change compared both with July and with August, 1934.

AGRICULTURE

It is officially reported that the corn harvest was practically completed during August and that the condition and quality are good. The yield of wheat is equal to, but the yields of barley and oats will be slightly below, the ten years' average. The yield of potatoes is expected to be below average, but the crop is free from disease. Turnips and swedes are a variable crop and will be under average, but mangolds are expected to yield only slightly under average. The quality of hops is better than usual and the yield normal. The condition and quality of hay is reported to be very good. Cattle and sheep have done only fairly well, owing

to the shortage of grass and, in some areas, water. Milk yields dropped considerably.

SHIPPING

The freight market has experienced a slight improvement in recent weeks. There has been a seasonal increase in the demand for tonnage by the grain trade and the homeward markets have had a firmer tendency. The recent improvement in the Far-Eastern market has also been maintained. Quotations have fluctuated little.

BUILDING

Building activity is still forging ahead and the latest statistics are encouraging. Employment in the building trades showed a slight improvement in August, the movement affecting the majority of the separate occupations. The London area benefited most from the change, while there was a slight deterioration in South-West England, the Midlands and Wales. The expansion of building activity in the country as a whole is reflected in the movements of the *Economist* index (1924 = 100), which rose from 219 in July to the record level of 222 in August; a year ago the index stood at 198½. The continuance of the building boom in coming months seems assured, for the statistics of building plans approved by 146 local authorities, published by the Ministry of Labour, have been at a high level recently.

RETAIL TRADE

The value of retail sales last month was 4.7 per cent. above the 1934 level, the increase being common to all districts except the West End, which recorded a sharp decline. The improvement affected all categories except piece-goods.

HOME TRADE STATISTICS—AUGUST, 1935

	July, 1935	Aug., 1935	Compared with Aug., '34
UNEMPLOYMENT— (State Insurance %)	15.4	15.0	— 1.5
PRODUCTION—			
Coal (million tons)*	3.9	3.9	— 0.9
Iron (thous. ")	547.3	543.4	+ 40.1
Steel (" ")	803.3	759.9	+ 92.9
FOREIGN TRADE—			
Imports (million £'s)	61.8	59.1	— 0.8
Re-exports (" ")	4.0	4.2	+ 0.9
British Exports (" ")	36.4	34.9	+ 2.8
TRANSPORT—			
Railway Receipts (thous. £'s)*	3,155	3,432	+ 52
Shipping Freights (av. level)†	71.3	70.6	— 6.4
COMMODITY PRICES (av. level)‡	68.1	67.9	+ 0.8
TRADE DISPUTES (thous. working days loss)	114	137	+ 72
SECURITY VALUES (av. level)§	126.4	125.8	+ 3.5

FINANCIAL DATA—

	July, 1935	Aug., 1935	Compared with Aug., '34
Bank of England Notes (Mill. £'s)*	402	404	+ 20
Bank Deposits (" ")*	2,019	2,013	+ 157
Bank Advances (" ")*	775	765	+ 9
Banks' Cash Ratio (%) (" ")	10.9	10.6	—
Bank Clearings:			
London (million £'s)*	782	640	+ 78
Manchester (" ")*	10.1	8.1	— 0.4
Three Months' Bank Drafts (Discount Rate %)*	½	½	— ½
Day-to-Day Loans (%)*	½	½	— ½

(*) 1913 = 100. (†) *Economist* Index No., 1927 = 100.
(‡) *Bankers' Magazine* Index No. of 365 securities; December, 1921 = 100. (§) Cash in hand and at Bank of England as % of total current, deposit, and other accounts.

* Average weekly figures.

INDICES OF BUSINESS ACTIVITY*

Daily Averages of 1924 = 100

Period	Employment	Consumption of Power		Transport		Postal Receipts	Building Activity	Consumption of		Foreign Trade			Bank Clearings		Complete Index	
		Coal	Electricity	Merchandise on Railways	Commercial Motors in use			Iron and Steel	Cotton	Imports of Raw Materials	Exports of Manufactures	Shipping Movements	Metropolitan, Country, Provincial	Town	Monthly	Three-Months' Moving Average
1928	107	97½	147½	95½	159	116½	132½	112	104	113	109½	109	111½	123	112	...
1929	103	93	150	86½	168½	118	144½	98	77	101	86	108	109	124½	106½	...
1930	99	87	150½	74	175	117	136½	84½	80½	94½	64	98	106	109	98½	...
1931	98	85	155½	64½	180½	116	126	89	88	96	65½	95	106	97½	96	...
1932	101½	85	188	67½	187	118	162	81	86½	106	68	96½	111	99	101	...
1933	106½	92	188½	75	199	119½	194	108	92½	114½	74	99½	117	108	109½	...
1932—August	96½	80½	148	59	180½	114½	123	59½	83	102	63	93	106	98	93	94½
September	97	83	152	61½	181	116	123	65½	72	97	61	95	103½	94	89½	93½
October	98½	87	156	65½	181	114½	126	72	86	86½	64	94	106½	100	96	94
November	98	86	161	67	181	115½	131½	56½	75	87½	62½	91	106	98	94½	94½
December	98½	89½	153	61½	182	116	136	66½	88½	79½	69	95	107½	106½	98	95½
1933—January	99	88½	158½	56½	182½	116	139½	64	88	86½	64	95½	112½	93½	95½	95½
February	99	87	160	60½	183	117	145	72½	90	96½	64	95½	112	105	97½	96½
March	99	80½	152½	64½	184	114½	151½	70½	84½	98	68	93½	108	103	97	96½
April	99	80	152½	68	184	115	153½	75	85½	101	67	97	110½	96	98	97½
May	100½	83	160½	67	185½	119	157½	71½	90	104	65	93	110	89½	98½	98
June	101	80½	155½	65½	186	117	159½	77½	98	106½	69	98	109½	88½	99½	98½
July	102	79½	163	64½	187½	115½	164½	80	108	119	64½	97	113½	86½	100½	99½
August	103	84½	164½	64½	188½	117	167½	88½	110½	132	68	98½	110	107	105½	103
September	104	88½	169	70½	189½	116½	173	93	103	120½	74½	100	112	104	104½	104
October	104	87	168	75½	190½	117½	174½	88½	92	103	73½	98	114	107	106½	105½
November	105	90½	181½	76½	191	118	177	89	97	109½	71	97	112½	106½	107	106
December	104½	91½	183½	79½	193	120½	178	114½	90½	105	69	97	113½	106½	107	106
1934—January	105½	103½	180½	68	195	119	178½	117½	95½	120	73	105	120½	113½	110	108
February	105½	89½	179	74	196½	120	188	106½	88½	119	68	99½	117	110	108½	108½
March	105½	84	185	75½	196½	117½	186	112½	87½	109	72	101	118	119	109	109
April	106	88	180½	77	197	118	190	106½	89½	113	71	97	117	108½	108	108½
May	106½	88½	177½	75½	198	117	191	104	93½	110	70½	96½	114	92½	107	108
June	106½	85½	188	76	200	117	195½	103	103	123	74½	98	116	95½	108½	108
July	106½	85	179	68	201½	116	197½	107	97	127½	73	98½	115½	96	107½	107½
August	107	93	183½	73	202½	120	198½	107	95½	137	70½	100	114½	101	110½	109½
September	107½	91	186½	77½	201½	117½	199½	106	91	119½	87	100	114½	101	110	109
October	107	93	188	70	199½	116½	202	109	85	113	78½	96½	118	101½	111	110
November	107	90	208	78½	198	119½	205	103	81	99½	76	97½	116	130½	110	110
December	107	96	182	76	200	124	204	117	87	102	79	100½	120½	112	110½	110½
1935—January	107	93	193	72½	203½	120	206	117	90	96	75	95½	123	126	110½	110½
February	107	93½	193	73	206½	121	209	110½	86	108½	80½	97	121	106	111	110½
March	107	86½	195	74	207	117	213	115	89½	102	79	99	118	108½	108½	110½
April	108	94	203	75½	207	123½	216	105½	85½	120	81	112	110	111	112	112
May	108	97	207	77½	207	120	221	106	90½	119	77	106	121	113	114½	113½
June	108½	94	202½	75	208½	119½	217	113	97½	115½	84	101½	126	120	114½	113½
July	109½	99½	202	68½p	209p	120½	219	109	106	126½p	78½p	102	126	113	113½	113½
August	109½	99p	207	72p	...	121	222	122½	97	120p	78½p	102½	123	111½	113p	113p

STATE OF TRADE OVERSEAS

BRITISH EMPIRE

Australia.—Evidence of Australia's recovery is contained in the Budget figures for 1934-35, published this week. Revenue exceeded estimates by over £4 millions and the year closed with a surplus of £711,000. The higher prices recently obtained for the staple exports of the country are the main factors responsible for the improvement. A cable from the National Bank of Australasia emphasises the much-increased activity in the motor car, engineering, building and associated trades. But rain is needed in many agricultural districts.

South Africa.—According to cabled information from the Standard Bank of South Africa, farming conditions were unchanged in August. At the opening wool sale of the season at Cape Town on September 8th prices were about 10 per cent. above the June level and 80 per cent. of the offerings was sold. Railway earnings still exceed Budget estimates, and the building trades remain fully employed. Retail trade continues poor. Both imports and exports in August were well above last year's level.

Canada.—Over a wide area the wheat crop has suffered extensive damage from rust and frost, the yield being frequently low and the quality poor. Business conditions showed some improvement in August. Bank debits and car-loadings are lower than at this time last year, and the newsprint industry is still depressed. But activity in the construction, automobile, steel and textile industries continues to advance. The uncertainty occasioned by the impending federal elections will shortly be removed.

India.—On the Bombay cotton market quotations declined sharply during August, largely as a result of "bearish" crop reports. Local spinners have had little business. Demand for piece goods has also been quiet. The Calcutta jute market has again had an easy tone and local mills are having difficulty in disposing of their output. Imports rose by 113 lakhs during August, while exports declined by 3 lakhs.

EUROPE

France.—The situation in France may be described as one of persistent stagnation. The official index of business activity in July remained unchanged at the low level of 72.4 (1928 = 100) to which it had fallen in May. A year ago the index stood at 77.2. The number of persons in receipt of unemployment benefit declined from 379,327 on August 10th to 377,499 on September 14th. Car-loadings increased slightly from 37,600 per day during the week ended August 3rd to 39,900 per day during the first week in September. The absence of an improvement is reflected in the prices of industrial securities. After rising from 181 (1913 = 100) on August 3rd to 186 three weeks later, the official index of ordinary shares declined to 177 on September 21st. Following a sharp decline during July, the official index of wholesale prices rose sharply during the five weeks ended September 21st. The rise in recent weeks is largely due to an increase in the prices of domestic products.

Germany.—The latest information indicates that the improvement in trade conditions has so far been maintained. The index of industrial production, calculated by the Institut für Konjunkturforschung, rose from 93.7 (1928 = 100) in June to 96.9 in July. A year ago the index stood at 82.4. But it is significant that the increase in productive activity as compared with July, 1934, appears to have been confined to capital goods, for the component index of the output of consumption goods with an elastic demand actually declined from 89.7 (1928 = 100) in July, 1934, to 80.9 in July, 1935. The official statistics show a further decline in the number of unemployed from 1,754,100 at the end of July to 1,706,000 at the end of August. Coal production tended to increase during the five weeks ended September 7th, and car-loadings rose from 121,200 per day during the week ended August 10th to 131,400 per day during the first week in September. Pig-iron production rose from 1,093,000 tons in July to 1,144,900 tons in August. As a result of an increase in exports and a decrease in imports, the export surplus rose from Rm. 28 millions in July to Rm. 50 millions in August.

Italy.—After rising steeply from 92.5 (1928 = 100) in January to 113.6 in May, the official index of industrial production declined sharply to 102.1 in June and 92.9 in July. The number wholly unemployed at the end of July was 637,972, against 638,100 at the end of June and 886,998 at the end of the corresponding month a year ago. After rising gradually in recent months, prices of securities declined sharply during August and September. Wholesale prices continued to rise.

Norway.—Holiday stoppages were responsible for a sharp contraction in industrial activity during July. The official index of industrial production declined from 123.5 (1928 = 100) in June to 95.8 in July, against 103.4 in July, 1934. Figures for August are not yet available, but the foreign trade returns for that month point to increased activity. Business in the wood, wood-pulp, and paper markets was rather quiet. There has been some improvement in the freight markets, and laid-up tonnage was reduced by about 30,000 tons d.w. during the past month.

Greece.—Production of cereals was higher this year than in 1934. Conditions in August continued favourable in the tobacco market and unfavourable in that of currants. Foreign trade returns for July show an increase compared with July, 1934. Domestic trade, however, is slack owing to the unsettled political situation. For the same reason and in consequence of a rise in tango rates of interest, prices on the stock exchange declined and business was restricted. Receipts from revenues assigned for the public debt were higher in July compared with a year ago. The gold and foreign exchange reserve of the bank of issue increased slightly in August.

UNITED STATES OF AMERICA

There was a pause in the expansion of business activity during August, but the previous improvement has so far been well maintained. The improvement during the past year is reflected in the rise of the *New York Times* index of business activity from 71.8 during the week ended September 15, 1934, to 86.4 during the second week of this month. It is confidently expected that recovery will continue during the remainder of the year. Such expectations are founded on the growing evidence of a revival in the capital equipment industries. Several important industrial concerns have decided to spend large sums on re-equipment of plant and new orders for machine tools have shown an appreciable increase. Moreover, residential construction is also gradually making headway.

AMERICAN TRADE STATISTICS—AUGUST, 1935

	July, 1935	Aug., 1935	Compared with Aug., '34
EMPLOYMENT —(1923-25 = 100)†	80.4	...	+ 1.0||
PRODUCTION —			
Bituminous coal (Thous. tons)	22,252	25,980	— 1,510
Pig-iron { " " }	1,520	1,761	+ 707
Steel { " " }	2,270	2,919	+ 1,556
<i>Steel Corporation—shipments</i>			
Building permits (Thous. tons)	548	624	+ 246
FOREIGN TRADE —			
Imports (Thous. \$)	177,698	...	+ 50,356||
Exports (" ")	173,371	...	+ 11,584||
TRANSPORT —			
Weekly average of car loadings (Thous. cars)	557	620	+ 15
SECURITIES —			
30 industrial stocks—			
Highest quotations†	126.56	128.99	+ 33.28
Lowest quotations†	118.69	124.93	+ 37.46
Thous. shares sold during month— (New York)	29,429	42,923	+ 26,230
Capital issues excl. refunding (Thous. \$)	134,127	151,537	— 28,821
BANK DEBITS —			
New York (Million \$)	16,737	14,733	+ 2,606
Other cities (" ")	16,657	15,644	+ 2,410
RETAIL BUSINESS —			
Total sales, mail order houses§ (Thous. \$)	50,645	50,071*	+ 6,560

* Preliminary estimates made by Messrs. Moody, subject to revision. † Federal Reserve Board Index of Factory Employment. ‡ Closing prices. § Partly estimated. || Compared with July, 1934.

LATIN AMERICA

As a result of the drought, the area sown to fine cereals in Argentina is substantially less than last season, although the area still likely to be abandoned depends upon weather conditions in the near future. A pronounced advance has occurred in local grain prices, which may at least partially offset the effect of reduced crop yields. The anticipated benefit to Argentina of the higher grain prices is reflected in a sharp appreciation in the value of the paper peso in the "free" exchange market. Prospects in Brazil appear somewhat brighter, by reason of the increased export surplus revealed for the month of June last; the exchange position is still obscure, especially in relation to unremitted debts, but a better tone has been maintained in the coffee markets. It is yet too early to expect direct evidence of the benefit likely to accrue to Chile from the recently signed three-year marketing agreement between Chilean nitrate producers and the synthetic nitrate interests. There appears to be a temporary shortage of "export" exchange, whilst there is evidence that the rapid improvement in internal economic conditions may have run its course for the time being. Peru should benefit greatly from the rise in world prices of raw cotton. It is at present between seasons for the Central American coffee-producing countries; exchange conditions in these republics have been affected in varying degree by the low coffee shipments from the new crops continue to be affected by import quotas.

THE FAR EAST

Industrial production in Japan continues above last year's level and business activity is well maintained. During the past month developments in the market in raw silk have been favourable to the agricultural community. Quotations have advanced on the prospect of a scarcity of late autumn cocoons and on an improved demand from the United States. On the other hand, cotton yarn prices have fluctuated, a decline towards the end of August being counterbalanced by an advance early in September. According to preliminary figures, Japan's excess of exports over imports amounted to 40 million yen in August. China's imports fell from \$91,530,000 in June to \$64,380,000 in July, against \$73,530,000 a year ago. On the other hand, her exports rose to \$45,960,000 in July, compared with \$41,230,000 in June and \$44,910,000 in July, 1934.

STATISTICS

In the following tables we give trade and other statistics for many countries of the world as far as possible, our endeavour being to combine brevity with comprehensiveness. The greater number of the figures are taken from the *Monthly Statistical Bulletin of the League of Nations* (published by George Allen and Unwin, Ltd.).

PRODUCTION (Thousands of Metric Tons)

COAL														LIGNITE		
Period Monthly Average	United Kingdom	Belgium	Czechoslovakia	France	Germany	Netherlands	Poland	U.S.S.R.	Canada	South Africa	India	Japan	United States	Czechoslovakia	Germany	Hungary
	<i>d</i>		<i>k</i>		<i>g</i>	<i>m</i>				<i>j</i>	<i>e</i>			<i>h</i>	<i>g</i>	<i>460</i>
1913	24,337	1,903	1,189	3,338	15,842	156	748	...	1,037	665	1,311	1,776	43,088	1,927	7,269	460
1929	21,837	2,245	1,377	4,482	13,620	965	3,853	3,472	1,023	1,052	1,893	2,855	48,028	1,880	14,598	587
1931	18,582	2,254	1,092	4,167	9,887	1,075	3,189	4,462	706	880	1,752	2,332	33,595	1,494	11,109	509
1932	17,717	1,785	913	3,856	8,728	1,063	2,403	5,358	625	805	1,580	2,338	27,183	1,322	10,218	494
1933	17,525	2,107	878	3,906	9,160	1,048	2,263	6,020	644	872	1,526	2,710	28,967	1,255	10,566	492
1934	18,708	2,197	898	3,967	10,418	1,028	2,436	7,792	800	992	1,703	2,755	31,413	1,272	11,438	517
1934—August ...	17,408	2,181	900	3,828	10,778	1,053	2,443	7,559	871	1,040	1,552	2,362	28,164	1,277	11,580	466
September	18,079	2,123	918	3,831	10,304	1,026	2,600	7,446	833	966	1,750	2,489	28,710	1,242	11,423	513
October	19,858	2,287	1,049	4,089	11,597	1,126	2,853	8,040	971	1,072	1,817	2,825	33,840	1,498	12,601	710
November	19,885	2,238	1,024	4,067	11,312	1,044	3,003	7,922	885	1,074	1,594	2,827	31,417	1,507	12,941	656
December	18,922	2,184	1,016	3,868	10,933	976	2,654	8,468	741	1,022	1,825	2,948	32,741	1,371	11,951	564
1935—January	20,848	2,242	932	4,049	11,575	1,024	2,757	8,211	842	1,067	1,868	2,790	38,178	1,414	12,934	645
February	18,608	2,044	830	3,713	10,395	938	2,278	7,759	697	981	2,031	2,737	35,363	1,240	11,207	564
March	19,593	2,170	847	3,808	10,946(i)	931	2,247	8,578	695	1,005	2,019	3,092	38,038	1,264	11,232	503
April	17,863	2,175	816	3,820	11,019	984	2,282	8,437	655	1,055	1,832	2,883	34,233	1,219	10,510	442
May	19,589	2,132	817	3,931	11,624	1,011	2,023	8,042	751	1,146	1,847	2,958	38,776	1,135	11,937	442
June	16,397	2,148	759	3,678	10,884	919	2,027	7,354	764	1,044	1,680	...	32,395	991	11,206	390
July	17,721	2,243	811	3,771	11,985	1,058	2,385	8,698	813	1,187	...	...	25,684	1,170	11,812	...
August	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...

PIG IRON

Period Monthly Average	PIG IRON												STEEL				
	United Kingdom	Belgium & Luxembourg	France	Saar	Germany	Sweden	U.S.S.R.	Canada	United States	United Kingdom	Belgium & Luxembourg	France	Saar	Germany	Sweden	Canada	United States
1918	869	419	434	114	1,397	61	...	85	2,601	649	307	391	159	1,467	62	88	2,564
1929	643	583	864	175	1,117	41	362	92	3,580	816	569	808	184	1,354	60	117	4,599
1931	318	440	683	128	505	32	405	36	1,547	439	430	652	128	691	46	57	2,133
1932	303	305	461	112	328	22	521	12	735	474	397	470	122	479	44	29	1,128
1933	349	380	527	133	439	27	597	19	1,119	593	383	544	139	632	53	35	1,913
1934	506	374	513	152	728	44	867	35	1,348	750	423	512	162	991	74	64	2,139
1934—August	511	415	532	154	799	49	929	42	1,071	678	413	533	171	1,068	86	65	1,385
September	508	405	499	155	776	43	915	44	912	748	410	494	168	978	78	58	1,272
October	536	428	527	167	842	44	938	47	967	825	433	533	182	1,136	79	59	1,485
November	516	390	506	159	829	52	938	40	972	778	418	497	167	1,098	90	58	1,615
December	522	434	517	149	833	50	934	43	1,052	665	418	509	158	1,040	71	60	1,972
1935—January	530	417	512	162	880	54	946	45	1,501	770	412	495	168	1,137	74	60	2,879
February	491	388	450	146	809	47	917	38	1,634	782	385	458	158	1,084	71	57	2,758
March	563	400	489	...	810,000	50	1,051	45	1,798	855	394	505	...	1,224	74	70	2,648
April	535	406	478	...	933	51	1,016	44	1,690	822	407	517	...	1,315	86	74	2,644
May	568	436	502	...	1,002	58	1,044	46	1,755	867	441	553	...	1,249	56	75	2,287
June	538	419	465	...	873	42	1,058	45	1,577	782	404	503	...	1,447	69	87	2,307
July	556	420	488	...	1,093	39	1,096	51	1,545	816	409	542	...	...	...	...	...
August	552	...	...	...	1,145	...	...	...	...	772	...	...	...	...	...	...	...

Figures for Luxembourg communicated by the "Groupement des Industries Siderurgiques." b Including ferro alloys. c Excluding castings. d Saleable coal; since end 1921, excluding Ireland. e British Provinces only. f Establishments whose production in 1933 amounted to 99.9% of the total. g Excluding Luxembourg. h Excluding coal sold. i Until end 1933. Since 1922, excluding Polish Upper Silesia. j Since March, 1935, Saar Territory included with Germany. k Excludes Saar. l Coal sold. m Including coal waste. n Provisional figure.

WHOLESALE PRICES

Monthly Average	U.K.		Belgium	Czechoslovakia	Denmark	France	Germany (Official)	Holland	Italy	Norway	Poland	Spain	Sweden	Switzerland	Australia	British India	Canada	South Africa
	Board of Trade	Economist																
1913	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1929	127.2	851	924	150	627	137.2	142	481	149	96.3	167.7	140	141.2	185.7	141	149.4	116.0	99.5
1931	87.8	89.3	626	107.9	114	502	110.9	97	342	122	74.6	168.8	111	109.7	131.3	96	112.6	91.5
1932	85.6	86.1	532	87.7	117	427	96.5	79	310	122	65.5	166.7	109	96.0	127.9	91	104.2	91.1
1933	85.7	86.9	501	96.2	125	398	93.3	74	283	122	59.1	159.1	107	91.0	129.5	87	104.8	91.1
1934	88.1	90.3	473	83.9	132	386	98.4	78	276	124	53.8	163.4	114	89.8	135.2	89	111.8	101.1
1934—August	89.0	92.3	474	84.0	134	371	100.1	78	275	127	55.8	160.1	114	89.8	137.9	89	112.9	...
September	88.4	90.4	470	83.7	135	365	100.4	77	275	126	55.0	159.7	114	89.1	137.2	89	112.5	...
October	87.8	89.7	467	84.2	135	357	101.0	77	276	127	54.5	161.8	114	89.6	137.2	89	111.5	98.5
November	87.5	89.0	466	84.2	136	356	101.2	77	277	126	53.6	161.8	114	89.4	137.2	88	111.2	...
December	87.8	90.4	468	85.1	135	344	101.0	77	279	125	53.5	164.7	115	89.0	134.1	88	111.2	...
1935—January	87.8	91.6	472	85.1	135	350	101.1	78	280	125	52.9	167.8	115	88.3	134.1	94	111.5	95.5
February	89.0	91.3	466	85.3	135	343	100.9	77	282	125	52.2	165.4	115	87.6	133.9	90	112.8	...
March	86.9	90.9	464	84.9	132	335	100.7	75	289	126	52.1	...	115	86.4	132.6	87	112.8	...
April	87.5	91.8	531	85.7	132	336	100.8	75	299	125	52.2	...	115	87.1	132.6	88	113.2	92.1
May	88.2	94.3	552	86.1	131	340	100.8	75	304	125	52.8	...	115	87.6	134.0	91	113.0	...
June	88.4	93.7	555	88.0	130	330	101.2	75	315	126	52.6	...	116	88.6	134.7	91	111.7	...
July	88.0	93.7	553	86.0	131	322	101.8	73	310	127	52.9	...	116	89.9	...	91	111.7	95.5
August	88.4	93.0	552	...	134	330	...	...	...	128	...	...	...	...	...	...	...	...
a New index.			b End of the month.			c 15th of month.			d Beginning of the following month.			e Official.			f Second half of month.			
g Since date of stabilisation, gold index. h 1914. i Since February, 1934, compiled according to the new gold parity. k New Index, 1930—100. Earlier years not recalculated.																		
j Until 1934 includes 502, since 1934, 567 commodities.																		
m 1928.																		

Nominal

a General trade. b Sea-borne trade only. c Including ships' stores. d Excluding a few articles shown by number. e Until Feb., 1923, Julian Calendar; excludes articles shown by number. f General trade, gross weight. g Until 1927 fiscal year beginning July 1st. h Including Luxembourg. i Until 1929, excluding live stock and articles shown by number. j Excluding weight of live animals. k Excluding repair deliveries. m Including gold exports except in 1913. n 1914. o Since May, 1922 figures refer to "Union Economique Belgo-Luxembourgeoise." r From February 1935 Saar included in Germany instead of France. s English currency values

CAPITAL ISSUES.—(000,000's omitted)

[illegible]

Unless otherwise stated, the figures represent authorised share issue of new joint stock companies at home, and the increase of capital of existing companies. Bonus shares are excluded from the figures of Roumania and Czechoslovakia. In the case of the Netherlands, Switzerland and the U.K. both bonus shares and conversions are excluded. ^c Excluding Treasury Bills. ^d Excluding large railway issues. ^f "Rivista Bancaria." ^h Issues exceeding Fl. 100,000 on the stock market including issues of the same amount in the form of convertible bonds. ⁱ Figures are analogous to those of conversions. Since Jan. 1925, foreign issues. ^m Since 1924, the figures of the Banque Suisse, figures of net amount of new issues. Until end 1922 paper mark. ⁿ Since 1924, the figures of the Banque de France. ^p Capital paid-up. ^q Figures of the commercial and Financial Chronicle. ^v Up to 1937, authorised capital paid-up. ^w Figures of the departments: since 1928 amounts actually issued, whole territory.

BANK RATES

	1929		1930		1931		1932		1933		1934		1935	
	End of		End of		End of		End of		End of		End of		End of	
	June	Dec.	June	Dec.	June	Dec.	June	Dec.	June	Dec.	June	Dec.	July	Aug.
London	5 $\frac{1}{2}$	6 $\frac{1}{2}$	5 $\frac{1}{2}$	6 $\frac{1}{2}$	5 $\frac{1}{2}$	6 $\frac{1}{2}$	5 $\frac{1}{2}$	6 $\frac{1}{2}$	5 $\frac{1}{2}$	6 $\frac{1}{2}$	5 $\frac{1}{2}$	6 $\frac{1}{2}$	5 $\frac{1}{2}$	6 $\frac{1}{2}$
Paris	3 $\frac{1}{2}$	3 $\frac{1}{2}$	2 $\frac{1}{2}$	2 $\frac{1}{2}$	2 $\frac{1}{2}$	2 $\frac{1}{2}$	2 $\frac{1}{2}$	2 $\frac{1}{2}$	2 $\frac{1}{2}$	2 $\frac{1}{2}$	2 $\frac{1}{2}$	2 $\frac{1}{2}$	3 $\frac{1}{2}$	3 $\frac{1}{2}$
Berlin	7 $\frac{1}{2}$	7	4	5	7	7	5	4	4	4	4	4	4	4
New York* ..	5	4 $\frac{1}{2}$	3	2	1 $\frac{1}{2}$	3 $\frac{1}{2}$	2 $\frac{1}{2}$	2 $\frac{1}{2}$	2	2	1 $\frac{1}{2}$	1 $\frac{1}{2}$	6	5 $\frac{1}{2}$
Amsterdam ..	5 $\frac{1}{2}$	4	3	3	2	3	2 $\frac{1}{2}$	3 $\frac{1}{2}$	4 $\frac{1}{2}$	3 $\frac{1}{2}$	3 $\frac{1}{2}$	3 $\frac{1}{2}$	6	5 $\frac{1}{2}$
Brussels	4	3 $\frac{1}{2}$	3	2 $\frac{1}{2}$	2 $\frac{1}{2}$	3 $\frac{1}{2}$	3 $\frac{1}{2}$	3 $\frac{1}{2}$	3	3	3	3	3 $\frac{1}{2}$	4 $\frac{1}{2}$
Rome	7	7	5 $\frac{1}{2}$	5 $\frac{1}{2}$	2	2	2	2	4	2	2	2	2 $\frac{1}{2}$	2 $\frac{1}{2}$
Switzerland ..	7	7	5 $\frac{1}{2}$	5 $\frac{1}{2}$	7	7	5	5	5	5	4 $\frac{1}{2}$	4 $\frac{1}{2}$	3 $\frac{1}{2}$	3 $\frac{1}{2}$
Vienna	8	7 $\frac{1}{2}$	5 $\frac{1}{2}$	5 $\frac{1}{2}$	7	7	6	5	5	5	5	5	5	5
Warsaw	9	8 $\frac{1}{2}$	6 $\frac{1}{2}$	6 $\frac{1}{2}$	7	7 $\frac{1}{2}$	7	6	6	5	5	5	5	5
Tokyo	5-48	5-4	5-1	5-1	6-6	6-5	5-1	4-38	4-38	3-65	3-65	3-65	3-65	3-65
Calcutta	5	7	6	6	6	6	5	4	3	3	3	3	3	3

* Federal Reserve. † 6% on Sept. 17. ‡ 5% on Sept. 9.

LONDON BANKERS' CLEARING RETURNS

	(000's omitted)			
	Town	Metropolitan	Country	Total
1913	14,191,275	855,488	1,389,481	16,436,404
1920	39,938,922	1,881,989	3,078,764	44,899,675
1929	58,782,577	2,861,528	4,361,543	66,005,648
1931	68,951,808	3,072,851	2,752,209	74,776,868
1932	27,833,633	1,610,407	2,667,919	32,111,958
1933	27,714,480	1,656,675	2,766,471	32,137,626
1934	30,740,717	1,712,508	2,984,512	35,438,157
1935 (September 17)	31,712,768	1,749,417	2,120,116	24,982,297
1935 (September 18)	23,162,293	1,343,393	2,287,899	26,793,585

U.K. IMPORTS AND EXPORTS — (000,000's omitted)

	Food		Raw Materials		Manufactures		Exports of					
	Imports	Exports	Imports	Exports	Imports	Exports	Imports of			Exports of		
							Wheat	Raw Cotton	Sheep's and Lambs' Wool	Cotton Piece Goods	Iron and Steel	Coal
Monthly Average	₹	₹	₹	₹	₹	₹	Cwts.	Centals	Centals	Sq. Yds.	Tons	Tons
1913	24·2	2·7	23·5	5·8	16·1	34·3	8·8	1·8	0·7	*589	0·41	6·1
1929	44·7	4·6	28·3	6·6	27·9	47·8	9·3	1·3	0·7	306	0·38	5·0
1931	34·8	3·0	14·5	3·9	21·8	24·2	9·9	0·8	0·7	143	0·17	3·6
1932	31·1	2·7	13·7	3·6	13·1	23·0	8·8	1·0	0·8	182	0·16	3·2
1933	28·3	2·3	15·0	3·8	12·6	23·5	9·4	1·2	0·8	179	0·16	3·3
1934	28·8	2·5	17·5	4·0	14·3	25·4	8·6	1·1	0·7	187	0·19	3·3
1935 January	27·6	2·4	19·7	4·7	14·3	27·5	5·5	1·1	0·9	182	0·18	3·4
February	26·3	2·1	16·2	4·2	13·6	26·8	7·8	0·9	0·8	174	0·17	2·8
March	28·6	2·4	16·5	4·6	15·2	28·0	9·0	0·9	0·9	193	0·18	3·2
April	27·1	2·2	16·9	4·0	15·5	25·9	8·1	0·8	1·2	159	0·21	2·9
May	30·1	2·5	18·4	4·7	15·8	27·1	10·5	0·9	1·2	158	0·21	3·7
June	27·5	2·4	17·0	4·0	14·4	25·5	8·7	0·8	0·5	138	0·20	3·7
July	29·0	2·6	17·0	4·6	15·5	28·4	8·5	0·8	0·6	170	0·21	3·7
August	27·0	2·5	16·0	4·1	15·8	27·2	7·0	0·6	0·4	161	0·20	3·7

RAILWAY STATISTICS: FREIGHT TRAFFIC.—(000,000's omitted)

						Great Britain (g)					
	Austria	Germany	Italy	Canada	United States	Freight Traffic (f)					
						Merchandise*†	Coal, etc.‡	Minerals and Other Merchandise	Total‡		
(b) (h)	(a)	(e) (i)	(c) (e)	(e)	Monthly Average—	Tons	Tons	Tons	Tons	Ton-Mile	
Monthly Average—	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.	Monthly Average—	Tons	Tons	Tons	Tons	Ton-Mile
1929	379	8,745	1,017	4,831	59,897	1929	5-1	17-2	5-4	27-7	1,482
1931	273	3,792	962	3,447	41,383	1931	4-3	14-4	4-0	21-0	1,276
1932	221	3,242	840	3,092	31,508	1932	3-8	13-8	4-0	22-7	1,266
1933	245	3,479	719	3,475	33,845	1933	3-8	13-7	3-5	21-2	1,163
1934	253	4,165	754	3,184	36,202	Four weeks ending:					1,177
1934—August	255	4,354	693	3,014	37,086	1934—August 11	3-5	10-8	3-5	17-8	1,028
September	276	4,469	726	3,810	37,792	September 8 ...	3-8	13-0	3-8	20-6	1,170
October	289	4,770	786	4,167	38,685	October 6	3-9	13-5	4-0	21-4	1,205
November	276	4,477	709	3,540	34,613	November 3 ...	4-0	13-5	4-3	21-8	1,189
December	259	4,119	695	3,799	33,733	December 1 ...	4-0	14-5	4-2	22-7	1,271
1935—January	221	4,423	700	2,560	36,447	December 29 ...	3-5	13-3	3-7	21-0	1,154
February	217	4,027	734	2,727	35,244	1935—January 26	3-6	14-3	3-7	21-8	1,199
March	242	4,667	704	3,025	34,047	February 23 ...	3-7	14-6	3-9	21-0	1,199
April	234	3,941	636	2,965	36,006	March 23	3-7	14-3	4-0	22-3	1,243
May	255	4,411	631	2,899	...	April 20	3-7	13-1	3-8	20-6	1,241
June	248	4,569	...	3,093	...	May 18	3-5	11-7	3-8	19-1	1,156
July	...	4,619	...	...	...	June 15	3-6	12-3	3-8	19-8	1,108

* Inc. live-stock. (a) "Reichsbahn." Excl. free-hauled. (b) State and private railways, including freight on foreign lines. (c) Railways with annual operating revenues of at least \$500,000. (d) Including free-hauled. (e) Excluding free-hauled. (f) Long ton = kg. 1,016.05; mile = metres 1,609.34. (g) Figures from 1933 not comparable with previous figures. (h) Fiscal year ending June 30.

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UNEMPLOYMENT

Percentage of persons unemployed in trade unions or in official unemployment insurance schemes (Belgium and U.K.)

End of Month	U.K.	Belgium	Denmark	Germany	Nether-lands	Norway	Sweden	Australia	Canada
1921—June	17.8	9.9	16.8	3.0	8.1	20.6	27.7	12.5	13.2
December	16.2	6.6	25.2	1.6	16.6	23.4	33.2	9.5	15.1
1927—June	8.8	1.4	18.0	6.3	6.0	22.5	9.5	6.4	3.2
December	8.8	1.8	31.6	12.9	14.9	28.0	18.6	8.9	6.6
1928—June	10.7	0.5	6.2	2.4	14.4	7.6	11.2	3.2	2.2
December	11.1	1.9	25.9	11.5	22.7	17.3	29.6	6.6	3.2
1929—June	9.6	0.4	10.0	8.5	2.6	3.3	7.3	1.0	2.9
December	11.1	2.4	22.4	20.1	12.3	18.9	16.9	13.1	11.4
1930—June	15.8	1.9	8.7	16.6	5.5	10.8	8.3	18.5	10.6
December	20.2	9.2	25.1	31.7	18.2	25.5	23.3	23.4	17.0
1931—June	19.8	8.0	13.3	29.7	11.7	—	12.9	27.6	16.3
December	20.9	17.0	32.2	—	—	—	—	—	—
1932—June	22.3	18.7	42.2	42.2	27.8	27.2	27.1	28.0	21.1
December	21.7	18.6	43.1	43.1	27.2	26.2	19.1	30.0	21.1
1933—June	19.5	14.4	31.9	44.1	34.5	27.2	20.9	28.0	21.1
December	17.6	19.9	27.5	47.7	27.3	27.2	20.8	25.7	21.0
1934—June	16.4	17.1	25.5	22.6	40.0	39.2	27.7	23.0	21.8
December	16.4	17.1	15.5	13.3	29.1	27.2	14.9	20.9	18.0
1935—June	16.1	22.2	30.3	14.3	37.9	32.8	25.0	—	18.0
February	17.5	23.4	28.3	15.2	40.0	32.6	20.6	18.6	18.2
March	16.5	21.8	22.3	13.1	34.1	31.3	19.5	—	18.2
April	15.7	19.3	22.3	13.1	34.1	31.3	19.5	—	18.2
May	15.6	17.1	18.3	12.0	31.5	30.6	17.5	—	17.0
June	15.5	15.8	12.0	10.7	34.0	25.5	13.2	—	15.6
July	15.4	—	12.6	9.0	33.6	21.1	12.3	17.8	15.4
August	15.0	—	14.5	—	34.2	—	—	—	—

Number of Workers Covered by Last Return

Millions	12.8	0.8	0.40	6.9	0.6	0.06	0.4	0.4	0.16
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i Ex. Irish Free State since March, 1923

des Saar.

SECURITY VALUES

	United Kingdom			Nether-lands	Sweden	Switzer-land	Canada	United States
	" Bankers' Magazine "			Official. 49	Official. 52	Banque Nationale. (f) 26/33	Official. (i)	Standard Statistics Co. 342
				Ordinary Industrial Shares	Industrial and Shipping Shares	Industrial Shares	Common Industrial Shares	Industria Shares
	Base	Dec., 1921 = 100			1921-25 = 100	Dec., 1924 = 100	Norm. value = 100	1926 = 100
1929-Dec.	(a) 108.5	(b) 147.1	(c) 121.0	(e) 100	(h) 154.4	(g) 215.0	(j) 148.9	
1930-June	110.0	135.5	118.0	85	148.2	209.3	165.0	143.1
Dec.	112.5	118.5	114.4	60	131.8	177.6	120.3	101.9
1931-June	111.1	103.6	108.5	50	129.1	180.7	91.1	86.5
Dec.	102.2	90.7	98.6	35	79.4	116.8	74.3	54.3
1932-June	111.0	78.9	100.6	25	50.3	106.3	48.8	39.5
Dec.	116.1	105.1	109.4	35	57.3	128.5	58.4	44.4
1933-June	118.7	95.8	114.3	39	64.5	159.7(h)	103.6	77.3
Dec.	122.0	108.4	117.6	37	64.8	156.4	107.6	78.8
1934-June	125.3	114.5	121.8	34	71.3	156.6	126.1	81.4
Dec.	132.7	113.5	126.5	30	83.0	151.6	125.6	80.3
1935-Apr.	131.3	111.5	124.9	34	83.3	167.0	130.8	78.9
May	131.3	115.6	125.5	33	86.1	159.7	144.4	85.5
June	130.3	114.4	125.8	33	90.0	169.9	145.2	88.0
July	131.5	115.6	126.4	32	* 90.4	171.0	143.8	91.7
Aug.	129.8	117.5	125.8	32	87.0	173.6	...	95.2

(a) Fixed interest. (b) Variable dividend. (c) Total. (d) Monthly average. (e) Average of highest and lowest quotations on each Wednesday. (f) Shares of companies with capital of more than 5 million francs. (g) On 25th of month. (h) End of month. (i) 1927-1928, 79 shares; 1929-32, 930, 90 of month. (j) Average of closing prices on each Thursday of month. (k) Not comparable with previous figures owing to change in the number of companies and revaluation of their capital.

THE ECONOMIST

TRADE SUPPLEMENT

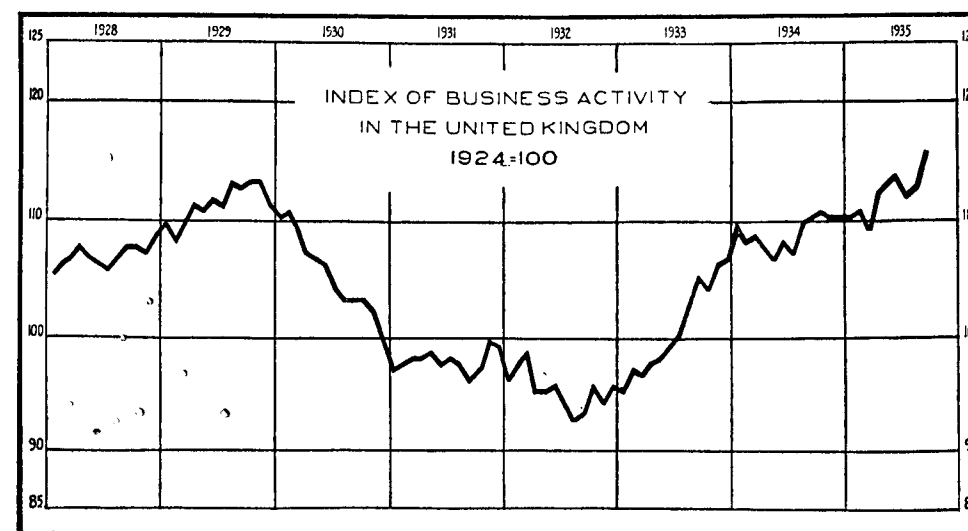
New Series

SATURDAY, OCTOBER 26, 1935

No. 149

THE STATE OF TRADE

AFTER A short pause early this summer, business activity in this country has resumed its upward trend. The latest evidence is particularly encouraging, for it reveals an expansion of activity over a wide front. Moreover, a setback in the near future seems unlikely, unless the dispute between Italy and the League of Nations ends in an international disaster. Activity in the capital equipment in dustries, especially building, is still on the up-grade, and sales of consumers' goods at home are also gradually making headway. The tendency of industrial profits, analysed monthly in the *Economist*, is still upwards. Further, recent pronouncements of the Chancellor of the Exchequer suggest no foreseeable change in monetary policy. One cloud there is, however, on the horizon—the decision of the Mineworkers' Federation to ballot on a national stoppage. An important development in recent weeks has been the sharp rise in commodity prices. Although the war scare may have been the immediate cause of the re-stocking movement which led to an increase in prices, the upward movement is soundly based on an improvement in the underlying conditions of supply and demand. The rise in prices, if maintained, may provide an incentive to increased production in certain industries. Moreover, as the recent rise in commodity prices was not accompanied by a corresponding decline in the gold value of sterling, it will tend to relieve the deflationary pressure on the gold bloc.



of the volume of imports of raw materials is particularly encouraging, as it points to a future increase in activity.

Recovery continues to be most marked in the capital equipment industries. The rise in the index of building activity to a new high record indicates that this important branch of industry is still gaining ground. It is noteworthy, however, that the expansion of building—which was originally confined to dwelling-house construction—has recently been reinforced by the expansion in the construction of other classes of buildings. The increase in the demand for iron and steel is reflected in the continued expansion of this branch of activity. Production of steel last month actually exceeded that of September, 1929. Moreover, new business is still increasing, and the majority of heavy steel works have sufficient work on hand to ensure a high level of activity for several months. It should be added, however, that the engineering industry has been marking time in recent weeks, for buyers have shown some hesitancy in undertaking new commitments. But the

Year	Index (approximate)
1932	100
1933	88
1934	110
1935	118

goods trades, especially those which depend on the building industry, have also experienced some improvement; but expansion in these trades was less marked than in the heavy industries.

The most encouraging developments abroad are the gradual but sustained recovery in the United States, and the rise in the prices of primary products. An indication of the gradual recovery of the capital equipment industries in the United States is that machine tool orders last August were treble those of the corresponding month last year, and the highest since 1929. Nevertheless, the expansion of activity in certain directions is restrained by the possibility that the processing taxes and other New Deal legislation may be declared unconstitutional by the Supreme Court at Washington before the end of the year.

The rise in the prices of industrial raw materials and crude foodstuffs should benefit primary producing countries, e.g. Australia, Argentina, Canada, South Africa and India. The latest news from these five countries remains fairly satisfactory, though the yield of some of Argentina's crops has been seriously reduced by persistent drought. Reports from Canada are still encouraging, and the improvement in Scandinavian countries appears to have been maintained. Moreover, there are no signs of a setback in Japan, though China's foreign trade fails to improve. On the Continent, Germany's capital goods industries continue to maintain a high level of activity, and Belgium is gradually gaining ground; but there is still no perceptible improvement in France, Holland and Switzerland.

HOME INDUSTRIES AND TRADE

The following reports on British industry cover, in most cases, the period to the middle of October. In the remainder they relate to the month of September.

COAL

Although the number of persons employed at the collieries showed a slight reduction in September, the output of saleable coal registered a substantial seasonal advance last month. But production fell a little short of last year's corresponding figure. The export trade failed to improve, the volume of shipments being rather less in September than in the previous month. In consequence, the position in South Wales remains unsatisfactory, while Durham's condition is also rather poor. On the other hand, the satisfactory position in the Northumberland field is traceable to the maintenance of trade with Scandinavian outlets. The rise in freight rates, due to the war in East Africa, has made certain consumers reluctant to enter into forward contracts. Meanwhile, home demand for house coal continues to expand, but is largely confined to secondary qualities.

IRON AND STEEL

Activity in the iron and steel industry continued to expand during the past month, when the output of steel exceeded that of September, 1929. The bulk of the increased production continues to be absorbed by the home market. Imports of iron and steel materials in September were little changed as compared with the corresponding month a year ago, but exports showed a decline. Meanwhile, the volume of new business continues to expand. Deliveries of pig iron are at a high level and stocks at blast furnaces are not heavy. Consumers of semi-finished steel are active and pressing for delivery. Most sections of the finished steel trade are busy, and the majority of heavy steel works have sufficient work on hand to ensure a high level of activity for several months.

ENGINEERING

The engineering industry has been "marking time" in recent weeks. Buyers have shown some hesitancy in undertaking new commitments, and the general outlook is at present a little uncertain. The value of machinery imported into this country in September was higher than a year ago, but smaller than in August. On the other hand, exports showed an improvement both over August and over September, 1934. As far as individual branches of the industry are concerned, manufacturers of machine tools and sugar-crushing and refining machinery have experienced some improvement in new orders. Business remained good in boilers, prime movers and in lifting machinery. Demand for textile machinery was fair. The mining machinery and marine engineering sections have suffered a slight recession. Other sections of the industry have experienced little change in recent weeks.

ELECTRICAL ENGINEERING

The past month witnessed a further contraction of new home orders for heavy electrical machinery, but foreign orders continued to increase.

INDEX OF NEW ORDERS RECEIVED BY HEAVY ELECTRICAL MANUFACTURING INDUSTRY*

(1920 = 100)

Period	Home	Export	Total
1927—September.....	87	230	122
1928 ".....	81	102	88
1929 ".....	81	150	99
1930 ".....	63	221	103
1931 ".....	47	130	67
1932 ".....	60	66	56
1933 ".....	51	93	62
1934—September.....	85	128	99
October.....	94	128	106
November.....	96	125	106
December.....	96	136	109
1935—January.....	101	135	112
February.....	107	136	117
March.....	102	134	113
April.....	105	135	115
May.....	110	128	117
June.....	109	124	115
July.....	101	123	109
August.....	85	122	99
September.....	71	135	93

* Copyright of the British Electrical and Allied Manufacturers' Association. The above index is a 12-month moving average of new orders received by the heavy plant section of the industry. It is based on the horse-power and not on the value of orders.

MOTOR INDUSTRY

Activity in the motor industry continues on a high level, and in August sales of new private cars totalled 17,165, as against 10,797 in the same month of last year. On the other hand, new registrations of goods vehicles were slightly lower than a year ago. Exports of cars and commercial vehicles during September amounted to 3,507 and 182, respectively, against 2,753 and 167, respectively, in September, 1934. The Exhibition at Olympia affords a climax to a year of increasing activity, and it is interesting to note that the motor-boat and marine section has evoked considerable interest. The biennial Commercial Motor Transport Exhibition will be held at Olympia from November 7th to 16th.

CHEMICALS

There has been increased business in coal-tar products and pharmaceutical preparations during the past month. Industrial chemicals continued to be in quite active demand, and trade in wood distillation products has been steady although rather lifeless. There was an increase in overseas trade during September, exports of chemicals, drugs, dyes and colours being greater in value by £20,244, and imports by £63,493, than in the same month of 1934. The best items in the export trade were aluminium compounds and coal-tar products. Exports of ammonium sulphate, and dyes and dyestuffs showed a large decrease in value as compared with September, 1934.

COTTON

Although the evidence is somewhat conflicting, there appears to have been a slight seasonal improvement between August and September. Thus unemployment showed a moderate decline, and the percentage of spinning spindles in full production rose from 70 to 75. Exports of cotton yarn were slightly above, and exports of piece-goods considerably below, last year's level. Subsequently, however, the volume of inquiry broadened and prospects have become brighter in recent weeks. The coarser end of the trade, however, in both yarn and cloth, has been more active than the finer sections, and there has been increased buying of drills, twills, tent cloths and other coarse goods. Some of these contracts have undoubtedly been for war purposes. A definite improvement has also shown itself in the turnover of heavy materials for the home trade. Spinners, in both the American and Egyptian sections have had a more encouraging month than for some time past.

WOOL

The improvement noted a month ago has continued, and the position is substantially better than at this time last year. There was an appreciable increase in the number of workpeople employed in September and a large increase in wages paid. Exports of wool tops, woollen and worsted yarns and blankets during September were larger than in August, while the rising trend of imports of raw wool is a good omen for the future. The gradual improvement in the price of the raw material in London, Australia and South Africa has been maintained in recent weeks and is reported to have given confidence to operators throughout the industry. Bradford is absorbing large quantities of wool and the majority of mills are working full time. The outlook to the end of the year appears good.

ELECTRICITY

INDEX OF GENERATION OF ELECTRICITY*
(Great Britain, excluding London and Wales)
(Monthly Average, 1923-24 = 100)

Year	1927	1928	1929	1930	1931	1932	1933	1934	1935
September	146	102.2	156	101.8	171	102.2	167	93.1	181
October	156	101.8	171	102.2	181	90.5	171	87.5	199
November	156	101.8	171	102.2	181	90.5	171	87.5	227
December	156	101.8	171	102.2	181	90.5	171	87.5	215
January	156	101.8	171	102.2	181	90.5	171	87.5	229
February	156	101.8	171	102.2	181	90.5	171	87.5	254
March	156	101.8	171	102.2	181	90.5	171	87.5	283
April	156	101.8	171	102.2	181	90.5	171	87.5	256
May	156	101.8	171	102.2	181	90.5	171	87.5	253
June	156	101.8	171	102.2	181	90.5	171	87.5	260
July	156	101.8	171	102.2	181	90.5	171	87.5	230
August	156	101.8	171	102.2	181	90.5	171	87.5	241
September	156	101.8	171	102.2	181	90.5	171	87.5	236
October	156	101.8	171	102.2	181	90.5	171	87.5	229
November	156	101.8	171	102.2	181	90.5	171	87.5	227
December	156	101.8	171	102.2	181	90.5	171	87.5	257

* Prepared by the Economic and Statistical Department of the British Electrical and Allied Manufacturers' Association.
† Corrected for seasonal fluctuations, for the increase in electrification (trend), and for connections to the "grid."

JUTE

The past month witnessed a considerable improvement in this industry, although unemployment remains on a high level. Prices of the raw material have risen and quotations for yarns and cloth have been marked up. Spinners and manufacturers are reported to be well supplied with orders. The future action of the Indian Jute Mills' Association, however, remains a source of uncertainty.

RAYON

Demand for rayon yarns remains keen and there is no indication of a general reduction in prices. Many Lancashire firms are well booked up with orders, and the number of looms engaged on rayon is larger than ever before. Hosiery firms are beginning to get busier again, and the next few weeks should see a steady increase in demand for rayon underwear.

LINEN

Following the liquidation of remaining stocks, fair quantities of new crop Soviet fibre have been sold at prices well above those accepted by holders of old crop stocks. The consequent advance in flax prices has led to general activity in yarns, while business in cloth, both for home and export, has improved.

BOOTS AND SHOES

Latest evidence suggests that a further slight improvement was recorded last month. Unemployment declined in almost all producing centres and was well below the level of a year ago. Exports of leather footwear again increased in September, but were smaller than in the same month of 1934.

POTTERY

Employment in the pottery industry showed a further improvement in September and was better than in the same month of last year. The volume of exports of general earthenware continued above the 1934 level, but suffered a slight contraction between August and September.

AGRICULTURE

The corn crop is officially reported to be comparatively free from disease. The yield per acre of wheat is estimated at 17.6 cwt., that of barley at 15.7 cwt., and that of oats at 15.3 cwt. The yield of main crop potatoes is forecast at 5.7 tons per acre, which is 0.3 tons less than the ten years' average. Turnips and swedes are below average, the estimated yield per acre being 9.5 tons. Mangolds are likely to yield 17.2 tons per acre. Although the roots have improved during September, sugar beet may yield a light crop. Cultivation is well forward and in some districts ploughing was commenced earlier than usual. Cattle have done well, having benefited by the fresher pastures, and milk yields are now normal. Sheep have made good progress.

SHIPPING

The past month has witnessed a substantial improvement in freight rates and a reduction in available tonnage. The movement is reflected in our index of whole cargo shipping freights (1898-1913 = 100), which rose by 5.4 per cent. to 86.6 last month. The outbreak of hostilities between Italy and Abyssinia is, naturally, the main factor involved, although the general demand for commodities had been showing a gradual improvement for some time past.

BUILDING

Available data suggest that building activity in this country continues to increase and that there is, as yet, no indication of a recession. Moreover, the upward movement, which was originally largely confined to dwelling-house construction, has recently begun to affect other classes of building also. The recent expansion is reflected in our index of building activity (1924 = 100), which rose from 222 in August to 224 in September, as compared with 198½ a year ago. Apart from a slight seasonal decline in the decorating branch, employment in the building trades showed little change last month, but the position in all areas except Wales was better than at this time last year. The value of building plans approved, both for residential and other purposes, in recent months has been sufficient to maintain activity for some time to come.

RETAIL TRADE

The official statistics are not available for publication this week, but an important London store reports continued progress.

HOME TRADE STATISTICS—SEPTEMBER, 1935

	Aug. 1935	Sept. 1935	Sept. '34	Compared with
UNEMPLOYMENT— (State Insurance %)	15.0	15.1	15.0	—
PRODUCTION— Coal (million tons)*	3.9	4.3	—	0.2
Iron (thous. ")	543.4	529.6	—	29.3
Steel (" ")	759.9	855.9	—	+ 121.2
FOREIGN TRADE— Imports (million £'s)	59.1	60.8	—	+ 2.9
Re-exports (" ")	4.2	3.8	—	+ 0.6
British Exports (" ")	34.9	34.1	—	+ 0.1
TRANSPORT— Railway Receipts (thous. £'s)*	3,432	3,074	—	30
Shipping Freights (av. level)†	70.6	74.4	—	+ 2.9
COMMODITY PRICES (av. level)‡	67.9	69.9	—	+ 4.2
TRADE DISPUTES (thous. working days loss)	137	129	—	+ 100
SECURITY VALUES (av. level)§	125.8	120.6	—	2.6
FINANCIAL DATA— Bank of England Notes (Mill. £'s)*	404	400	—	+ 22
Bank Deposits (" ")	2,013	2,024	—	+ 166
Bank Advances (" ")	765	763	—	+ 9
Banks' Cash Ratio (%)	10.6	10.3	—	0.8
Bank Clearings: London (million £'s)*	640	637	—	+ 37
Manchester (" ")	8.1	8.8	—	+ 0.3
Three Months' Bank Drafts (Discount Rate %)*	1½	1½	—	½
Day-to-Day Loans (%)	1½	1½	—	½
(1) 1913 = 100. (2) Economist Index No., 1927 = 100. (3) Bankers' Magazine Index No. of 365 securities; December, 1921 = 100. (4) Cash in hand and at Bank of England as % of total current, deposit, and other accounts. * Average weekly figures.				

INDICES OF BUSINESS ACTIVITY*

Daily Averages of 1924 = 100

Period	Employment	Consumption of Power		Transport		Postal Receipts	Building Activity	Consumption of		Foreign Trade			Bank Clearings		Complete Index	
		Coal	Electricity	Merchandise on Railways	Commercial Motors in use			Iron and Steel	Cotton	Imports of Raw Materials	Exports of British Manufactures	Shipping Movements	Metropolitan, Country, Provincial	Towns	Monthly	Three-Months' Moving Average
1929	107	97½	147½	85½	159	118½	132½	112	104	113	109½	109	111½	123	112	...
1930	103	93	150	86½	168½	118	144½	90	77	101	86	108	109	124½	108½	...
1931	99	87	150½	74	175	117	136½	84½	80½	94½	64	98	106	109	98½	...
1932	98	85	155½	64½	180½	116	126	69	88	96	65½	95	108	97½	96	...
1933	101½	85	168	67½	187	118	162	81	86½	106	68	96½	111	99	101	...
1934	106½	92	188½	75	199	119½	194	108	92½	114½	74	99½	117	108	109½	...
1932—September	97	83	152	61½	181	116	123	65½	72	97	61	95	103½	94	93½	93½
October	98	87	156	65½	181	114½	126	72	86	86½	64	94	106½	100	96	94
November	98	86	161	67	181	115½	131½	56½	75	87	62½	91	106	98	94½	94½
December	98½	89½	153	61½	182	116	136	66½	88½	79½	69	95	107½	106½	96	95½
1933—January	99	88½	158½	56½	182½	116	139½	64	88	86½	64	95½	112½	93½	95½	95½
February	99	86	157	60½	183	117	148	72½	90	86½	64	95½	112	105	97½	96½
March	99	80½	152½	64½	184	114½	151½	70½	84½	95	68	93½	108	103	97	96½
April	99	80	152½	68	184	115	153½	75	85½	101	67	97	110½	96	98	97½
May	100½	83	160½	67	185½	119	157½	71½	90	104	65	93	110	89½	98½	98½
June	101	80½	155½	65½	186	117	159½	77½	98	106½	69	98	109½	88½	99½	98½
July	102	79½	163	64½	187½	115½	164½	80	108	119	64½	97	113½	95½	100½	101
August	103	84½	164½	64½	188½	117	167½	86½	110½	132	68	98½	110	102	105	103
September	104	88½	169	70½	189½	116½	173	93	103	120½	74½	100	112	107	103	104
October	104	87	168	75	190	117½	174½	89½	92	103	73	98	114	104	104	104
November	105	90½	181½	76½	191	118	177	93	97	109½	71	97	112½	107½	106½	105½
December	104½	91½	183½	78	193	120½	178	114½	90½	105	69	97	113½	106½	107	106
1934—January	105½	103½	180½	68	195	119	178½	117½	95½	120	73	105	120½	113½	110	108
February	105½	89½	179	74	196½	120	183	106½	98½	119	68	109	121½	110½	108½	108½
March	105½	84	175	75½	196½	117½	186	112½	87½	109	72	101	117	108½	109	109
April	106	89	180½	77	197	118	190	106½	93½	113	71	97	117	106½	108½	108½
May	106½	88½	177½	75½	198	117	191	104	93½	110	70½	96½	114	92½	107	108
June	106½	85½	188	76	200	117	195½	103	103	123	74	98	116	95½	108½	108½
July	106½	85	179	71½	201½	116	197½	107	97	127½	73	99½	115½	96	107½	107½
August	107	93	183½	73	202½	120	198½	107	95½	137	70½	100	113	100½	110	108½
September	107½	91	186½	77½	201½	117½	198½	106	91	119½	68	98	118	101½	111	109½
October	107	93	188	80	199½	118	202	109	85	113	78	96½	116	104	110	110
November	107	96	200	78½	199	119	205	103	81	109	76	97	116	104	110	110
December	107	90	182	76	200	124	204	117	87	102	79	100½	120½	112	110½	110½
1935—January	107	83	193	72½	203½	120	206	117	90	96	75	95½	123	126	110½	110½
February	107	83	193	73	206½	121	209	110½	86	108½	80½	97½	121	106	111	110½
March	107	87½	195	74	207	117	213	115	89	102	79	99	119½	105½	109½	110½
April	108	92½	203	75½	207	123½	216	105½	85½	120	81	100	120	109½	112½	111
May	108	97	207	77½	207	122	221	106	90½	119	77	106	121	115	113½	112
June	108½	94	202	75	207½	119	227	113	97	115½	84	104	120½	114½	113½	112½
July	109	86	202	70½	208½	120	219	109	108	126½	78½	102	126	113	112½	113½
August	109	89½	207	72½	209½	121	222	109	107	126½	78½	102	123	111½	113½	113½
September	109½	97½	209	77½	209½	125½	226½	123½	90½	126½	84½	104	124	109	116½	114½

STATE OF TRADE OVERSEAS

BRITISH EMPIRE

Australia.—The improvement in business activity is reflected in the unemployment percentage, which declined from 17.6 in the second quarter of the year to 15.9 in the quarter ended September 30th. As was pointed out in the Federal Budget speech, the rise in export prices of wool, wheat, butter and base metals should cause a steady improvement in the country's trade balance. Meanwhile, heavy rainfall was experienced over a wide area last week-end, with the result that crop prospects have improved.

South Africa.—According to cabled information from the Standard Bank, farming conditions and crop prospects are generally satisfactory. Increased activity in the maize markets is attributed to speculation in cereals induced by the European situation. The wheat crop is estimated at 5,000,000 bags, against 4,603,000 bags last season. The wool market continues firm. The building trades are active at all centres and plans passed at Johannesburg in September constitute a record. Railway earnings continue above Budget estimates.

Canada.—Despite the uncertainties inevitably associated with a general election, the improvement in business activity which began in June appears to have been well maintained in September. The advance in wheat prices, coupled with an improvement in the export demand, has had favourable repercussions in the farming community, while other agricultural products have also encountered an improved demand. Mineral production has recently shown a substantial increase, and carloadings reflect a considerably increased movement of miscellaneous freight.

India.—Following a period of weakness early in September, due to a bearish American crop report, sentiment on the Bombay cotton market subsequently improved, partly as a result of developments in East Africa. Prices advanced on an improved inquiry from Japan and the prospect of an increased demand for war purposes. The Calcutta jute market showed a similar improvement, while demand for tea was strong at advancing rates.

EUROPE

France.—Business activity in France remains practically unchanged at the low level to which it had fallen at the end of last year. The official index of industrial production in August remained unchanged at the low level of 73.2 (1928 = 100). A year ago the index stood at 76.4. The number of persons in receipt of unemployment benefit declined slightly, from 377,499 on September 14th to 371,865 on October 5th. Similarly, carloadings rose from 38,800 per day in the last week of August to 43,700 per day a month later. The absence of an improvement in business conditions is reflected in the almost uninterrupted decline in the prices of industrial securities. In contrast to the movement of industrial securities, wholesale prices continued to rise in recent weeks, partly owing to an increase in the prices of imported commodities. A further rise in world prices (in terms of gold) would tend to relieve the position in France.

Germany.—Productive activity in Germany has so far been well maintained. The index of industrial production, calculated by the Institut für Konjunkturforschung, stood at 95.2 (1928 = 100) in August, against 95.6 in July and 81.5 in the corresponding month a year ago. But the expansion of production since last year was confined to production goods. The index of the output of consumption goods with an elastic demand was 81.7 (1928 = 100) last August, compared with 87.0 a year ago. As our Berlin correspondent pointed out in last week's issue of the *Economist*, there is at present a shortage of food supplies which may last some time. The number of unemployed, as officially reported, increased by 8,000 during September, as compared with a decrease of 116,000 during September, 1934. In general, industrial reports remain favourable. Production of coal rose from 446,597 metric tons per day in August to 476,727 tons per day in September. Prices of industrial securities declined slightly during September, but wholesale prices are scarcely changed on the month.

Norway.—Following the precipitous fall in the index of industrial production in July, on account of holiday closing, there was a correspondingly sharp rise in the figure for August, from 91 to 106. Unemployment figures for September indicate a rise of about 4,200 compared with the preceding month, but are practically unaltered compared with September last year. Foreign trade figures for September indicate an appreciable expansion. The trend of domestic trade is upwards.

Italy.—After declining from 102.1 to 92.8 between June and July, the official index of industrial production (1928 = 100) rose to 95.2 in August. A year ago the index stood at 87.0. The number of workers wholly unemployed declined from 637,972 at the end of July to 628,335 a month later, compared with 866,570 a year ago. Prices of industrial securities continued to decline, and wholesale prices of commodities to increase, in recent weeks.

Belgium.—The latest information suggests that the reaction in business activity consequent upon the devaluation "spurt" has given way to a gradual revival at the beginning of August. Evidence of the improvement is found in the decline in unemployment during September. Receipts from taxation increased in August and September; consumption of electricity is on the up-grade; and the volume of retail sales remains satisfactory.

Jugoslavia.—Both home and foreign trade during most of September was relatively good. Fair exports and a moderate harvest have contributed towards a hardening of prices, and this has somewhat alleviated the position of peasants. Industrial and mining activity, employment and saving deposits and State receipts are all above the level of last year. Some uncertainty, due to European political developments, subsequently developed.

UNITED STATES OF AMERICA

After a pause in August and early September, the gradual expansion of business activity has been resumed. The improvement is reflected in the rise of the *Annalist* index of business activity from 82.7 in August to 84.1 in September. A year ago the index stood at 66.5. An indication of the gradual revival of the capital equipment industries is provided by the appreciable expansion of orders for machine tools. Thus, machine tool orders last August were treble those of the corresponding month a year ago, and the highest since 1929. There is also evidence of an increasing demand for consumers goods in the expansion of retail sales and motor-car production. Moreover, there are as yet no signs of over-stocking by wholesale and retail merchants, despite the upward movement of commodity prices. On the other hand, the expansion of activity in certain directions is restrained by the possibility that the processing taxes of A.A.A. and other New Deal legislation may be declared unconstitutional by the Supreme Court. The improved outlook is reflected in a vigorous rise in the prices of industrial securities.

AMERICAN TRADE STATISTICS—SEPTEMBER, 1935

	Aug., 1935	Sept., 1935	Sept., '34
EMPLOYMENT —(1923-25 = 100)†	81.6	...	+ 2.4||
PRODUCTION —			
Bituminous coal (Thous. tons)	26,112	24,886	— 3,189
Pig-iron (" ")	1,761	1,773	+ 875
Steel (" ")	2,919	2,830	+ 1,579
Steel Corporation—shipments (Thous. tons)	624	615	+ 245
Building permits (Thous. \$)	55,537	47,289	+ 20,768
FOREIGN TRADE —			
Imports (Thous. \$)	169,030	...	+ 51,742||
Exports (" ")	172,204	...	+ 239||
TRANSPORT —			
Weekly average of car loadings (Thous. cars)	620	658	+ 30
SECURITIES —			
30 industrial stocks—			
Highest quotations†	128.99	134.11	+ 40.46
Lowest quotations†	124.93	127.27	+ 40.58
Thous. shares sold during month—			
(New York)	42,923	34,748	+ 23,468
Capital issues excl. refunding (Thous. \$)	151,537	177,139	+ 137,846
BANK DEBITS —			
New York (Million \$)	14,733	14,014*	+ 2,734
Other cities (" ")	15,643	15,131*	+ 2,065
RETAIL BUSINESS —			
Total sales, mail order houses‡ (Thous. \$)	52,210	55,073*	+ 6,684

* Preliminary estimates made by Messrs. Moody, subject to revision. † Federal Reserve Board Index of Factory Employment. ‡ Closing prices. § Partly estimated. || Compared with August, 1934.

LATIN AMERICA

The period of drought in Argentina has ended. But the export surplus of wheat will probably not be more than 2,000,000 tons, and may be less. The present quantity of maize available for shipment is nearly 5,000,000 tons, but it must be borne in mind that local consumption will be much greater this year, as farmers have fed maize to cattle, owing to the shortage of pasture. The check to the expansion in the value of Argentine exports compared with last year, which commenced in July, continued in the following two months, and, unless reduced exports in ensuing months are compensated by higher prices, there appears likely to be further contraction in the export surplus. In Chile also, imports tend to increase in greater proportion than exports, this being a reflection of the buoyancy of internal trade. Brazilian conditions continue to be affected mainly by the difficult exchange situation, the tone of the so-called "free" exchange market being nervous and irregular; buyers of exchange are reticent, it being thought apparently that the European political situation may lead to large purchases of Brazilian foodstuffs. In Ecuador, control over 25 per cent. of the export exchange has been withdrawn, whilst in Colombia the proportion which has to be sold at the official rate has been lowered from 15 to 12 per cent.

THE FAR EAST

Latest evidence suggests that Japan's economic activity has been well maintained. Raw silk prices have registered a sharp advance, which should assist the agricultural section of the population. Quotations for cotton yarn and rayon have been maintained and the general level of wholesale prices is substantially higher than a year ago. Japan's imports in September amounted to 145 million yen and exports to 236 million yen, against 155 million yen and 171 million yen, respectively, a year ago. China's imports fell from 56.18 million dollars in August to 45.33 million dollars in September, while her exports rose from 45.33 to 45.94 million dollars. Imports and exports a year ago totalled 77.48 million dollars and 41.69 million dollars, respectively.

STATISTICS

In the following tables we give trade and other statistics for as many countries of the world as possible, our endeavour being to combine brevity with comprehensiveness. The greater number of the figures are taken from the *Monthly Statistical Bulletin of the League of Nations* (published by George Allen and Unwin, Ltd.).

PRODUCTION (Thousands of Metric Tons)

COAL														LIGNITE		
Period Monthly Average	United Kingdom	Belgium	Czecho- slovakia	France	Germany	Nether- lands	Poland	U.S.S.R.	Canada	South Africa	India	Japan	United States	Czecho- slovakia	Germany	Hung- ary
	<i>d</i>		<i>h</i>		<i>g</i>	<i>m</i>				<i>g</i>	<i>h</i>			<i>h</i>	<i>g</i>	
1913	24,337	1,903	1,189	3,333	15,842	156	748	3,472	1,037	665	1,311	1,776	43,088	1,927	7,269	460
1929	21,837	2,245	1,377	4,482	13,620	965	3,853	3,472	1,023	1,052	1,893	2,855	46,026	1,880	14,598	587
1931	18,582	2,254	1,092	4,167	9,887	1,075	3,189	4,462	705	880	1,752	2,332	33,395	1,494	11,109	509
1932	17,717	1,785	913	3,858	8,728	1,063	2,403	5,358	625	805	1,580	2,338	27,183	1,322	10,218	494
1933	17,525	2,107	878	3,906	9,160	1,048	2,283	6,020	644	872	1,526	2,710	28,967	1,255	10,566	492
1934	18,708	2,197	898	3,967	10,418	1,028	2,436	7,792	800	992	1,703	2,755	31,413	1,272	11,438	517
1934—September	18,079	2,123	918	3,831	10,304	1,026	2,600	7,446	833	966	1,750	2,489	28,710	1,242	11,423	513
October	19,858	2,287	1,049	4,089	11,397	1,126	2,853	8,040	971	1,072	1,817	2,825	33,840	1,493	12,601	710
November	19,885	2,238	1,024	4,067	11,312	1,044	3,003	7,922	895	1,074	1,594	2,827	31,417	1,507	12,941	656
December	18,922	2,184	1,016	3,868	10,933	976	2,654	8,468	741	1,022	1,825	2,948	32,741	1,371	11,561	564
1935—January	20,848	2,242	822	4,049	11,575	1,024	2,757	8,211	842	1,067	1,868	2,730	31,178	1,414	12,934	643
February	18,608	2,044	830	3,713	10,395	938	2,278	7,759	697	981	2,031	2,737	35,363	1,240	11,207	564
March	19,593	2,170	847	3,808	10,946(i)	931	2,247	8,578	695	1,005	2,019	3,092	38,038	1,264	11,232	503
April	17,863	2,175	816	3,820	11,019	984	2,282	8,437	655	1,055	1,832	2,893	24,233	1,219	10,510	442
May	19,589	2,132	817	3,931	11,624	1,011	2,023	8,042	751	1,146	1,847	2,958	28,776	1,135	11,937	442
June	16,397	2,148	759	3,676	10,884	919	2,027	7,354	764	1,044	1,659	2,707	32,395	991	11,206	390
July	17,721	2,243	811	3,771	11,985	1,058	2,385	8,698	813	1,187	1,592	2,760	29,919	1,170	11,812	456
August	17,165	2,245	890	3,703	12,098	973	2,337	8,671	748	1,224	...	...	25,919	1,226	12,343	...
September	...	...	...	...	11,980	...	...	...	...	...	...	...	26,365	...	12,680	...

PIG IRON

Period Monthly Average	PIG IRON											STEEL					
	United Kingdom	Belgium & Luxembourg	France	Saar	Germany	Sweden	U.S.S.R.	Canada	United States	United Kingdom	Belgium & Luxembourg	France	Saar	Germany	Sweden	Canada	United States
1918	869	419	434	114	1,397	61	...	85	2,601	649	307	391	159	1,467	62	88	2,564
1929	643	583	864	175	1,117	41	362	92	3,580	816	569	808	184	1,354	60	117	4,599
1931	318	440	683	126	505	32	405	36	1,547	438	430	652	128	691	46	57	2,133
1932	303	395	461	112	328	22	521	12	735	445	397	472	122	479	44	29	1,128
1933	349	360	517	133	439	27	597	19	1,119	593	383	544	139	632	53	35	1,913
1934	508	374	513	152	728	44	867	35	1,348	750	423	512	162	991	74	64	2,139
1934—September	508	405	499	155	776	43	915	44	912	746	410	494	168	976	78	58	1,272
October	596	428	527	167	842	44	958	47	967	825	433	533	182	1,136	79	59	1,485
November	516	390	506	159	829	52	938	40	972	778	418	497	167	1,086	90	58	1,615
December	522	434	517	149	833	50	934	43	1,052	685	418	509	156	1,040	71	60	1,972
1935—January	530	417	512	162	880	54	946	45	1,501	770	412	495	168	1,137	74	60	2,879
February	491	383	450	146	809	47	917	38	1,634	782	385	458	158	1,064	71	57	2,786
March	563	400	489	h	h,1000	50	1,051	45	1,798	855	394	505	h	h,1297	78	59	2,876
April	535	406	478	...	933	51	1,016	44	1,690	822	407	517	...	1,224	74	70	2,644
May	568	436	502	...	1,002	58	1,044	46	1,755	867	441	553	...	1,248	56	75	2,267
June	538	419	465	...	879	42	1,058	45	1,577	792	404	503	...	1,248	69	87	2,307
July	556	420	486	...	1,093	39	1,090	51	1,545	816	409	544	...	1,496	80	84	2,966
August	552	413	481	...	1,145	45	1,085	55	1,789	772	406	537	...	1,496	80	84	2,966
September	538	...	...	...	1,112	...	...	...	1,801	870	...	...	...	1,378	...	...	2,875

Figures for Luxembourg communicated by the "Groupement des Industries Sidérurgiques." b Including ferro-alloys. c Excluding castings. d Saleable coal; since end 1921, excluding Ireland. e British Provinces only. f Establishments whose production in 1933 amounted to 99.39% of the total. g Excluding Luxembourg. h Until end 1933. Since 1922, excluding Polish Upper Silesia. i Since March, 1935, Saar Territory included with Germany. j Excludes Saar. k Coal sold. l Until end 1933. saleable coal. m Including coal waste. n Provisional figure.

WHOLESALE PRICES

Monthly Average	U.K.		Belgium	Czechoslovakia	Denmark	France	Germany (Official)	Holland	Italy	Norway	Poland	Spain	Sweden	Switzerland	Australia	British India	Canada	South Africa
	Board of Trade	Economist																
1913	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1929	127.2	851	924	150	627	137.2	142	481	149	96.3	167.7	140	141.2	165.7	141	149.4	118.0	99.5
1931	87.8	89.3	628	107.9	114	502	110.9	97	342	122	74.6	168.8	111	109.7	131.3	96	112.6	99.5
1932	85.6	86.1	532	99.7	117	427	96.5	79	310	122	65.6	166.7	109	96.0	129.7	91	104.8	91.5
1933	85.7	86.9	501	96.2	125	398	93.3	74	283	122	59.1	159.1	107	91.0	129.5	87	104.8	91.5
1934	88.1	90.3	475	83.7	132	376	98.4	78	276	124	58.8	163.4	114	89.8	135.2	89	111.8	101.5
1934-September	88.4	90.4	470	83.7	135	365	100.4	77	275	126	55.0	159.7	114	89.1	137.2	89	112.5	99.5
October	87.8	89.7	467	84.2	135	357	101.0	77	278	127	54.5	161.8	114	89.6	137.2	89	111.5	99.5
November	87.5	89.0	466	84.2	136	356	101.2	77	277	126	53.6	162.6	115	89.4	135.1	88	111.2	99.5
December	87.8	90.4	468	84.5	135	344	101.0	77	279	125	53.5	164.7	115	89.3	135.1	88	111.2	99.5
1935-January	88.9	91.3	475	85.1	138	350	101.1	78	280	125	52.9	165.8	115	89.3	134.1	84	111.5	95.5
February	88.0	91.3	466	85.3	135	343	100.9	77	282	125	52.2	165.4	115	87.6	133.4	90	112.3	95.5
March	86.9	90.9	464	84.2	132	335	100.7	75	289	126	52.1	...	115	86.4	132.6	87	112.5	95.5
April	87.5	91.8	531	85.7	132	336	100.8	75	299	125	52.2	...	115	87.1	132.7	88	113.0	95.5
May	88.2	94.3	552	86.1	131	340	100.8	75	304	125	52.8	...	115	87.6	134.0	91	113.2	95.5
June	88.4	93.7	555	88.0	130	330	101.2	75	315	126	52.6	...	116	88.6	134.7	91	111.7	95.5
July	88.0	93.7	553	86.0	131	322	101.8	73	319	127	52.9	...	116	88.9	135.9	91	111.7	95.5
August	88.4	93.0	532	85.6	134	330	102.4	...	329	128	53.6	...	115	91.4	...	89	111.9	95.5
September	89.6	96.1	560	...	136	333	102.3	...	...	128	...	...	115	...	...	...	...	...
a New index.			b End of the month.			c 15th of month.			d Beginning of the following month.			e Official.			f Second half of month.			
g Since date of stabilisation, gold index. h 1914. i Since February, 1934, compiled according to the new gold parity. k New Index, 1930-100. Earlier years not recalculated m 1928.																		
l Until 1934 includes 502, since 1934, 567 commodities.																		

FINANCE

Notes in Circulation—(000,000's omitted)

Period	United Kingdom	Austria	Belgium	Bulgaria	Czechoslovakia	Denmark	Finland	France	Germany	Greece	Hungary	Jugoslavia	Netherlands
End of	Bank of England Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Reichsbank Notes	"Rentenbank" Notes	Bank Notes	Bank Notes	Bank Notes
	£	Schilling	Francs	Leva	Koruna	Kron.	Markka	Francs	Reichsmark	Rentenmarks	Drachma	Pengö	Gulden
1913.....	29.6	1,094	1,067	189	152	113	5,714	2,742	307	5,193	501	5,818	951
1929.....	369.8	1,094	14,683	3,609	8,230	367	1,361	68,571	5,044	5,193	499	5,397	843
1930.....	368.8	1,090	16,419	3,296	7,824	360	1,279	76,336	4,778	4,803	469	5,193	843
1931.....	364.2	1,183	18,270	2,919	7,679	346	1,293	85,725	4,776	4,003	423	5,122	1,023
1932.....	371.2	914	18,135	2,635	6,267	332	1,035	85,028	3,560	4,714	353	4,773	962
1933.....	392.0	952	17,093	2,984	5,906	375	1,184	82,613	3,615	5,449	369	4,327	912
1934.....	405.2	964	17,650	2,449	5,640	386	1,277	83,412	3,901	5,686	381	4,384	912
1934—August.....	379.3	965	17,657	2,668	5,384	385	1,224	81,732	3,824	5,421	369	4,233	894
September.....	377.0	965	17,568	2,859	5,589	369	1,261	81,479	3,919	5,989	373	4,298	882
October.....	378.4	954	17,814	2,633	5,481	364	1,246	81,879	3,823	5,919	373	4,380	893
November.....	379.7	955	17,506	2,449	5,640	386	1,277	83,412	3,901	5,686	381	4,384	912
December.....	405.2	964	17,650	2,449	5,640	386	1,277	83,412	3,901	5,686	381	4,384	912
1935—January.....	374.9	962	18,179	2,226	5,028	361	1,268	81,686	3,660	5,541	369	4,327	857
February.....	377.4	912	18,237	2,176	5,253	363	1,372	81,917	3,617	5,268	353	4,288	855
March.....	381.4	904	18,251	2,140	5,560	369	1,441	83,044	3,664	5,221	353	4,322	857
April.....	383.2	925	19,063	2,173	5,500	370	1,431	82,352	3,711	5,684	369	4,327	857
May.....	390.4	926	20,157	2,123	5,567	375	1,369	82,776	3,810	5,319	359	4,435	871
June.....	396.9	937	20,153	2,152	5,780	378	1,328	82,078	3,895	5,417	375	4,473	898
July.....	408.3	942	20,397	2,133	5,454	361	1,310	81,128	3,878	5,366	376	4,513	899
August.....	399.6	963	20,576	2,266	5,524	375	1,317	82,240	4,032	5,493	391	4,681	915
September.....	398.2	953	20,702	2,408	5,730	368	1,336	82,399	4,143	5,678	389	4,777	819

Period	Italy	Norway	Poland	Roumania	U.S.S.R.	Sweden	Switzerland	Australia	Canada	South Africa	Egypt	United States	Japan
End of	Bank Notes	State Notes	Bank Notes	Token Notes and Coins	Bank Notes	State Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Federal Reserve Notes	All notes, certificates & coins
	Lire	Lire	Kroner	Zloty	Leu	Gd. Rbls.	Rbls.	Kronor	Francs	£	Dollars	Dollars	Yen
1913.....	42,284	499	108	1	437	1,028	1,501	569	999	116	2.3	2.2	426
1929.....	16,774	80	318	1,340	259	21,144	1,062	594	1,062	188	7.5	26.6	1,642
1930.....	15,680	668	312	1,328	241	19,605	1,946	2,080	594	188	7.5	26.6	1,642
1931.....	14,295	...	334	1,218	241	23,750	2,370	2,784	583	166	7.1	21.0	1,436
1932.....	13,672	...	315	1,003	332	21,594	2,922	2,925	583	159	7.3	19.5	1,391
1933.....	13,243	...	327	1,004	342	21,219	3,069	3,433	648	144	6.9	18.8	1,286
1934.....	13,145	...	333	981	384	22,307	...	3,499	708	151	6.7	20.3	1,421
1934—August.....	13,194	...	321	950	374	21,463	...	643	1,370	162	10.7	17.8	1,336
September.....	13,455	...	322	975	380	21,666	...	695	1,400	162	10.9	20.8	1,223
October.....	13,251	...	316	1,010	389	21,680	...	662	1,384	162	10.4	21.0	1,290
November.....	13,162	...	315	1,958	366	21,579	...	651	1,376	163	11.0	20.4	1,319
December.....	13,145	...	332	981	384	22,307	...	651	1,334	149	10.7	19.5	1,627
1935—January.....	12,787	...	311	940	379	21,225	...	659	1,330	154	10.9	19.3	1,449
February.....	12,634	...	323	945	388	21,904	3,501	3,978	705	163	11.3	19.0	1,334
March.....	12,801	...	322	946	380	21,786	...	705	1,319	158	11.1	19.0	1,355
April.....	12,878	...	322	952	378	20,937	...	718	1,307	169	11.6	18.6	1,281
May.....	13,029	...	330	948	390	21,261	...	685	1,281	158	11.4	17.3	1,306
June.....	13,858	...	330	932	396	21,234	...	722	1,283	171	11.9	17.1	1,296
July.....	14,095	...	330	983	415	21,251	...	711	1,317	...	...	...	...
August.....	14,095	...	331	981	...	...	...	...	...	...	...	...	...
September.....	15,272	...	331	981	...	...	...	...	...	...	...	...	...

a Until November, 1928, including State notes, then transferred to Bank. b May. c Excluding notes held by Commonwealth Bank. d In terms of new lire = 8,373 millions. e Marks—including Reichs- and Darlehenskassenscheine. f State notes held by Reichsbank. g Token coins only. h Gross issue. i Excluding notes held as reserve by Chartered Bank. j Since January, 1934, excluding gold coin. k Since January, 1928, excluding notes held by Bank of Poland. l Since 1920, including Austria-Hungarian and other notes converted after the war into National Currency. m In terms of new lire = 1,829 millions. n In terms of new francs. o Since May, 1922, including Luxembourg. From 1927-1929, including Government Notes of 5 and 10 francs to value of 700 to 750 million francs, replacing similar bank notes in October, 1928.

LONDON RATES OF EXCHANGE

	Paris	Brussels	Milan	Zurich	Madrid	Amsterdam	Stockholm	Oslo	Copenhagen	Beirut	Vienna	New York	Buenos Aires
	Francs to £1	Belgas to £1	Lire to £1	Francs to £1	Pesetas to £1	Florins to £1	Kronor to £1	Kronor to £1	Kronor to £1	Marks to £1	Schillings to £1	Dollars to £1	Pence to Dollars
Par level.....	124.21	35.00	92.46	25.22	25.22	12.107	18.159	18.159	18.159	20.43	34.58	4.88(a)	47.62
Highest, 1934.....	83.62	23.55	62.37	18.90	39.81	8.14	19.45	19.45	22.45	13.77	29.75	5.19	30.08
Lowest,	73.87	20.86	56.78	14.93	35.34	7.18	19.35	19.35	22.35	12.08	26.06	4.87	20.12
Beginning of—													
July, 1914.....	25.15	125.35	25.25	21.16	26.10	12.11	18.30	18.25	18.30	20.40	34.52	4.87	47.62
January, 1928.....	124.00	34.92	92.32	25.27	28.24	12.09	18.11	18.34	18.20	20.45	34.52	4.87	47.62
January, 1929.....	124.10	34.88	92.64	25.18	29.74	12.08	18.13	18.19	18.17	20.45	34.52	4.87	47.62
January, 1930.....	123.91	34.88	92.22	25.13	36.62	12.09	18.13	18.20	18.20	20.45	34.52	4.87	47.62
January, 1931.....	123.66	34.76	92.74	25.04	46.30	12.05	18.13	18.16	18.16	20.45	34.52	4.87	47.62
January, 1932.....	86.37	24.37	66.62	17.37	40.18	8.44	17.75	18.25	18.12	14.25	34.48	4.85	35.1
January, 1933.....	85.50	24.09	65.12	17.34	40.90	8.44	18.37	19.40	19.31	14.00	30.00	3.85	40
January, 1934.....	83.00	23.39	61.84	16.79	39.53	8.09	19.40	19.40	19.40	13.71	28.50	3.39	42.1
January, 1935.....	74.62	21.07	57.62	15.22	36.06	7.29	19.40	19.40	19.40	12.26	26.50	3.15	35.1
June.....	74.71	21.07	59.84	15.23	35.96	7.29	19.40	19.40	19.40	12.26	26.50	3.15	35.1
July.....	74.50	20.20	59.56	15.06	35.93	7.23	19.40	19.40	19.40	12.26	26.50	3.15	35.1
August.....	74.90	20.33	60.37	15.15	36.12	7.31	19.40	19.40	19.40	12.28	26.50	3.15	35.1
September.....	75.15	20.51	60.68	15.22	36.25	7.33	19.40	19.40	19.40	12.33	26.50	3.15	35.1
October.....	74.46	20.05	60.18	15.07	35.93	7.25	19.40	19.40	19.40	12.18	26.00	3.15	35.1

	Rio de Janeiro	Monte Video	Valparaíso	Bombay	Hong Kong	Shanghai	Kobe	Singapore	Place	Method of Quoting	September Quotations		
	Pence to Milreis	Pence to Dollar	Pesos to £1	Pence to Rupee	Sterling to Dollar	Sterling to Tael	Sterling to Yen	Sterling to Dollar			Highest	Lowest	Average
Par level	16	51	40.00	s. d.	s. d.	s. d.	s. d.	s. d.	New York.				
Highest, 1934	4.50	21.50	127½	1 6½	1 8½	1 6½	1 2½	2 4	Sept., 1934	Dollars	5.02½	4.95½	4.996
Lowest, 1934	2.87½	18.50	115½	1 5½	1 4½	1 2½	1 1½	2 4	Aug., 1935	to £1.	4.96½	4.85½	4.971
									Sept., 1935		4.96½	4.80½	4.933
Beginning of—									Paris.				
July, 1914	16½	51½	99½	1 3½	1 10½	2 6½	2 0½	2 3½	Sept., 1934	Francs	75.25	74.43½	74.829
January, 1927	5½	50½	39.65	1 6½	1 11½	2 5½	2 0½	2 3½	Aug., 1935	to £1.	75.21½	74.68½	75.024
January, 1928	5½	51	39.35	1 6½	2 0½	2 7½	2 1½	2 3½	Sept., 1935		75.21½	74.46½	74.829
January, 1929	5½	51	39.64	1 6½	2 0½	2 7½	2 1½	2 3½					
January, 1930	5½	46½	39.80	1 5½	1 8	2 1½	2 0½	2 3½					
January, 1931	5½	35½	39.89	1 5½	1 1½	1 5	2 0½	2 3½	Amsterdam.				
January, 1932	4½	31½	28.00	1 6½	1 5½	1 1½	2 1½	2 4½	Sept., 1934	Florins	7.32	7.24	7.28
January, 1933	4½	30½	...	1 6½	1 5½	1 7½	1 3	2 3½	Aug., 1935	to £1.	7.36	7.28	7.3
January, 1934	4½	35½	...	1 6½	1 5½	1 7½	1 3	2 3½	Sept., 1935		7.36	7.24½	7.3
January, 1935	4½	20½	117	1 6½	1 8½	1 5½	1 2	2 4½	Berlin.				
June	2½	19½	119	1 6½	2 5½	1 8½	1 2½	2 4½	Sept., 1934	Rchmks.	12.65	12.23	12.44
July	2½	19½	118	1 6½	2 2½	1 7½	1 2½	2 3½	Aug., 1935	to £1.	12.39	12.25	12.32
August	2½	19½	119	1 6½	2 1½	1 6½	1 2½	2 3½	Sept., 1935		12.35	12.18	12.26
September	2½	19½	119	1 6½	1 1½	1 6	1 2½	2 4½					
October	2½	20½	119	1 6½	2 2½	1 6½	1 2½	2 4½					

* Daily rate

† Pence to £1

(a) Par 8.23 since dollar devaluation on February 1, 1934.

|| Nominal

FOREIGN TRADE

IMPORTS for Domestic Consumption—Merchandise Only—(000's omitted)

Period	U.K.	Irish Free State	Belgium	Bulgaria	Czechoslovakia	Denmark	France	Finland	Germany	Greece	Italy	Jugoslavia	Netherlands	Poland	Sweden	Switzerland	U.S.S.R.	Egypt
Monthly Average	£	£	Francs	Leva	Koruna	Kroner	Francs	Markka	Mark	Drachma	Lire	Dinars	Gulden	Zloty	Kronor	Francs	Roubles or Gold Rbl.	£E
1913	54,931	i	386,384	15,775	1,661,820	64,785	26,778	41,035	897,474	e f	14,828	303,803	a	325,231	70,545	159,985	2,27	2,27
1914	50,589	5,020	2,951,520	693,719	1,661,820	142,907	4,851,719	583,920	1,120,559	1,005,370	3,038,967	638,896	229,358	259,248	148,542	321,987	73,386	73,386
1910	70,762	6,430	2,581,820	382,477	1,306,664	138,028	4,363,031	437,306	866,096	877,000	1,445,600	580,009	231,587	187,164	138,228	222,017	78,235	3,822
1931	66,512	4,139	1,978,495	388,339	977,075	117,483	3,516,609	288,700	560,580	730,300	970,300	400,023	157,728	122,330	118,960	187,600	92,086	2,254
1932	54,352	3,453	1,443,300	289,275	621,785	90,860	2,485,487	286,500	388,875	658,680	687,256	238,300	108,286	71,832	96,240	146,680	58,670	2,214
1933	52,412	2,834	1,233,000	183,500	493,200	102,080	2,369,000	328,100	350,300	714,700	618,100	240,000	100,770	68,920	91,320	132,870	29,020	2,178
1934	56,750	3,226	1,169,000	185,800	530,300	107,710	2,321,730	397,900	370,400	732,700	638,900	297,800	86,510	66,590	108,330	119,940	19,370	2,180
1934—Aug.	56,730	3,123	1,081,000	199,700	487,900	111,860	1,652,000	408,700	342,500	790,000	516,700	287,800	89,170	68,820	113,050	113,900	21,870	2,205
Sept.	54,488	3,172	1,112,000	210,700	497,700	132,070	1,673,000	426,700	352,200	782,900	563,800	311,200	77,750	63,600	109,720	114,160	20,220	2,255
Oct.	64,993	3,532	1,327,000	194,400	585,100	126,160	1,795,000	490,800	340,500	854,500	624,300	349,800	87,290	71,350	128,650	148,860	30,870	2,078
Nov.	60,679	3,375	1,150,000	172,000	595,000	118,360	1,752,000	448,100	345,800	848,800	632,800	298,100	87,960	68,370	153,310	144,940	16,980	3,822
Dec.	59,687	2,974	1,175,000	192,000	603,000	120,500	1,785,000	450,000	399,200	757,100	672,400	312,200	74,930	61,980	108,580	135,380	25,680	2,689
1935—Jan.	46,897	2,645	1,041,000	198,400	413,600	108,620	1,943,523	344,400	400,300	882,600	760,200	263,400	75,950	61,980	101,190	99,700	14,750	2,584
Feb.	51,894	2,782	1,042,000	167,400	414,300	102,270	1,750,059	292,900	339,200	699,300	626,000	246,800	70,010	63,760	98,990	93,530	13,630	2,481
Mar.	56,037	3,233	1,142,000	185,400	516,000	107,730	1,717,000	383,100	352,800	725,900	670,200	284,200	79,900	69,690	110,700	105,940	20,660	2,090
Apr.	55,640	2,624	1,318,000	253,500	516,900	92,960	1,697,000	403,100	359,500	815,600	651,300	325,500	78,330	79,930	125,740	109,200	21,190	2,197
May	58,873	3,451	1,581,000	220,200	537,900	113,590	1,820,000	506,800	332,600	1,000,300	552,500	369,100	78,020	70,020	102,020	109,840	17,770	2,266
June	52,605	3,012	1,421,000	281,400	471,100	104,650	1,677,000	472,300	317,900	846,400	721,800	332,000	73,210	68,820	108,920	109,840	25,000	2,030
July	57,863	3,044	1,504,000	199,200	485,400	100,510	1,742,000	490,900	330,500	971,200	570,600	310,100	76,100	73,200	114,630	110,120	19,700	2,266
Aug.	54,960	2,799	1,409,000	267,600	524,700	96,510	1,698,000	457,300	317,600	809,500	569,100	276,900	75,600	71,850	120,130	96,000	23,650	2,666
Sept.	57,020	...	...	...	...	...	1,508,000	...	317,900	...	666,800	...	76,000	...	...	100,260	...	2,030

CAPITAL ISSUES.—(000,000's omitted)

Period	United Kingdom	Austria	Czechoslovakia	France	Germany	Italy	Netherlands	Poland	Romania	Sweden	Switzerland	United States
Monthly Average	£	Schilling	Koruna	Francs	Mark	Lire	Gulden	Zloty	Lei	Kroner	Francs	Rupees
1913	16.3	...	...	...	...	...	...	...	...	...	...	...
1929	23.8	...	...	...	...	...	...	...	...	...	...	...
1931	8.5	...	...	...	...	...	...	...	...	...	...	...
1932	15.7	...	...	...	...	...	...	...	...	...	...	...
1933	20.4	...	...	...	...	...	...	...	...	...	...	...
1934	14.1	...	...	...	...	...	...	...	...	...	...	...
1935	...	...	...	...	...	...	...	...	...	...	...	...
July-Sept.	38.7	...	...	...	...	...	...	...	...	...	...	...
Oct.-Dec.	7.4	...	...	...	...	...	...	...	...	...	...	...
1934	...	...	...	...	...	...	...	...	...	...	...	...
Jan.-Mar.	6.7	...	...	...	...	...	...	...	...	...	...	...
Apr.-June	25.6	...	...	...	...	...	...	...	...	...	...	...
July-Sept.	9.4	...	...	...	...	...	...	...	...	...	...	...
Oct.-Dec.	14.5	...	...	...	...	...	...	...	...	...	...	...
1935	...	...	...	...	...	...	...	...	...	...	...	...
Jan.-Mar.	9.1	...	...	...	...	...	...	...	...	...	...	...
Apr.-June	11.6	...	...	...	...	...	...	...	...	...	...	...
July	57.1	...	...	...	...	...	...	...	...	...	...	...
August	2.4	...	...	...	...	...	...	...	...	...	...	...
September	4.7	...	...	...	...	...	...	...	...	...	...	...

Unless otherwise stated, the figures represent authorised share issue of new joint stock companies at home, and the increase of capital of existing companies. In the case of the Netherlands, Switzerland and the U.K. both bonus shares and conversions are excluded. *a* Excluding Treasury Bills. *b* Excluding large railway bonus shares and conversions. *c* Since 1924, excluding amalgamations and conversions. *d* "Rivista Bancaria." *e* Issues exceeding Fls. 100,000 on the Dutch market including Colonial, and since Jan., 1925, foreign issues. *f* Since 1924, excluding amalgamations and conversions. *g* Until end 1922 paper mark. *h* "Société de Banque Suisse," figures of net amount of new issues. *i* Compiled by "Commercial and Financial Chronicle." *j* Up to 1927, authorised issues, excluding western departments; since 1928 amounts actually issued, whole territory.

BANK RATES

	1929	1930	1931	1932	1933	1934	1935
	End of Dec.	End of June	End of Dec.	End of June	End of Dec.	End of June	End of Sept.
London	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Paris	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Berlin	7 1/2	7 1/2	7 1/2	7 1/2	7 1/2	7 1/2	7 1/2
New York	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Amsterdam	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Brussels	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Rome	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Switzerland	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Vienna	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Warsaw	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Tokyo	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
Calcutta	7 1/2	7 1/2	7 1/2	7 1/2	7 1/2	7 1/2	7 1/2

* Federal Reserve. † 5% on Oct. 16; 4 1/2% on Oct. 21.

LONDON BANKERS' CLEARING RETURNS

	Town	Metropolitan	Country	Total
1913	14,191,275	855,648	1,385,481	16,432,404
1929	39,935,924	1,881,989	3,078,764	44,896,677
1930	38,782,577	1,812,146	2,963,631	43,558,354
1931	31,815,808	1,667,852	2,752,209	36,235,869
1932	27,833,633	1,610,407	2,667,919	32,111,959
1933	27,714,480	1,656,675	2,706,471	32,137,626
1934	30,740,117	1,759,528	2,984,512	35,484,157
1934 (October 15)	23,872,430	1,388,032	2,357,945	27,618,407
1935 (October 16)	25,600,083	1,489,789	2,549,914	29,639,786

U.K. IMPORTS AND EXPORTS.—(000,000's omitted)

	Food		Raw Materials		Manufactures		Imports of		Exports of	
	Imports	Exports	Imports	Exports	Imports	Exports	Wheat	Raw Cotton	Sheep's and Lambs' Wool	Cotton Piece Goods
Monthly Average	£	£	£	£	£	£	Cwts.	Centals	Centals	Sq. Yds.
1913	24.2	2.7	23.5	5.8	16.1	34.3	8.8	1.8	0.7	589
1929	44.7	4.6	28.3	6.8	27.9	47.8	9.3	1.3	0.7	306
1931	34.8	3.0	14.5	3.9	21.8	24.2	9.9	0.9	0.7	143
1932	31.1	2.7	13.7	3.6	13.1	23.0	8.8	1.0	0.8	182
1933	28.3	2.3	15.0	3.8	12.6	23.5	8.4	1.2	0.8	179
1934	28.8	2.5	17.5	4.0	14.3	25.4	8.6	1.1	0.7	172
1935—February	26.3	2.1	16.2	4.2	13.6	26.8	7.8	0.9	0.8	183
March	28.6	2.4	16.5	4.6	15.2	28.0	9.0	0.9	0.9	183
April	27.1	2.2	16.9	4.0	15.5	25.9	8.1	0.8	1.2	159
May	30.1	2.5	18.4	4.7	15.8	27.1	10.5	0.9	1.2	158
June	27.5	2.4	15.7	4.0	14.4	25.5	8.7	0.8	0.5	138
July	29.0	2.6	17.0	4.6	15.5	28.4	8.5	0.8	0.6	170
August	27.0	2.5	16.0	4.1	15.8	27.2	7.0	0.6	0.4	161
September	29.6	2.8	15.3	3.7	15.5	34.1	7.3	0.6	0.3	150

* Yards.

RAILWAY STATISTICS: FREIGHT TRAFFIC.—(000,000's omitted)

	Austria	Germany	Italy	Canada	United States
	(b) (h)	(b) (h)	(c) (i)	(c) (i)	(e)
Monthly Average—	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.
1929	273	5,745	1,017	4,831	59,897
1931	379	3,792	962	3,447	41,383
1932	221	3,242	840	3,092	31,508
1933	245	3,479	759	2,845	33,475
1934	253	4,165	714	3,184	36,202
1934—September	276	4,469	726	3,810	37,792
October	289	4,770	786	4,167	38,685
November	276	4,477	709	3,540	34,613
December	259	4,119	685	2,799	33,733
1935—January	221	4,423	700	2,560	36,447
February	217	4,027	734	2,727	35,244
March	242	4,667	704	3,025	34,047
April	234	3,941	636	2,965	36,006
May	255	4,411	631	2,899	37,862
June	248	4,569	601	3,093	33,823
July	258	4,619	...	3,417	...
August	...	4,867	...	...	...

* Inc. live-stock. (a) "Reichsbahn." Exe. free-hauled. (b) State and private railways, including freight on foreign lines. (c) Railways with annual operating revenues of at least \$500,000. (d) Including free-hauled. (e) Excluding free-hauled. (f) Long ton = kg. 1,016.05; mile = metres 1,609.34. (g) From January, 1932, onwards figures relate to 4-week periods. (h) Figures from 1933 not comparable with previous figures. (i) Fiscal year ending June 30.

UNEMPLOYMENT

Percentage of persons unemployed in trade unions or in official unemployment insurance schemes (Belgium and U.K.)

End of Month	U.K.	Belgium	Denmark	Germany	Netherlands	Norway	Sweden	Australia	Canada
1921—June	17.8	9.9	16.8	3.0	8.1	20.6	27.7	12.5	13.2
December	16.2	6.6	25.2	1.6	16.6	23.4	33.2	9.5	15.1
1927—June	8.8	1.4	18.0	6.3	6.0	22.5	9.5	6.4	3.2
December	9.8	3.6	31.6	12.9	14.9	28.0	18.6	8.9	6.6
1928—June	10.7	0.6	13.5	6.2	4.4	14.4	7.6	11.2	3.2
December	11.1	1.9	28.4	16.7	11.5	22.1	17.3	9.9	6.6
1929—June	9.6	0.4	10.0	8.5	2.6	11.3	7.3	10.0	2.9
December	11.1	2.4	22.4	20.1	12.3	18.9	16.9	13.1	11.4
1930—June	15.8	1.9	8.7	19.6	5.5	10.8	8.3	18.5	10.6
December	20.2	9.2	25.1	31.7	18.2	25.5	23.3	23.6	17.0
1931—June	21.8	9.0	11.3	29.7	11.7	...	12.9	27.6	16.3
December	20.9	17.0	32.9	43.1	27.2	28.2	19.1	30.0	21.1
1932—June	22.3	18.7	24.9	43.1	34.5	42.4	31.5	28.1	25.6
December	21.7	18.6	42.8	43.1	34.5	42.4	31.5	28.1	25.6
1933—June	19.5	14.4	21.9	...	27.7	27.2	20.8	25.7	21.8
December	17.6	19.9	37.5	22.6	40.0	39.2	27.7	23.0	21.0
1934—June	16.4	17.1	15.5	13.3	29.1	27.2	14.9	20.9	18.0
December	16.1	22.2	30.3	14.3	37.9	32.8	25.0	...	18.0
1935—March	16.1	22.2	30.3	14.3	37.9	32.8	25.0	...	18.0
April	15.7	19.3	12.3	13.1	34.1	31.3	19.5	...	17.0
May	15.6	17.1	14.4	10.7	34.0	31.3	19.5	...	15.9
June	15.5	15.3	12.6	10.0	32.9	31.3	19.5	...	15.4
July	15.4	15.1	12.6	9.3	34.2	...	11.1	...	15.1
August	15.0	...	13.7	9.1	34.8	...	...	...	14.2
September	15.1	...	15.2	...	...	...	...	...	...

Number of Workers Covered by Last Returns

Millions	U.K.	Belgium	Denmark	Germany	Netherlands	Norway	Sweden	Australia	Canada
1921—June	12.8	0.8	0.40	6.9	0.6	0.06	0.4	0.4	0.16

† Ex. Irish Free State since March, 1923. ‡ Includes Saar.

SECURITY VALUES

	United Kingdom	Netherlands	Sweden	Switzerland	Canada	United States
	"Bankers' Magazine"	Official	Official	Banque Nationale	Official	Standard Statistics
	365 representative securities	Ordinary Industrial Shares	Industrial and Shipping Shares	(f) 26/33 Industrial Shares	(g) Common Industrial Shares	342 Industrial Shares
Base	Dec., 1921 = 100	1921-25 = 100	Dec., 1924 = 100	Nom. value = 100	1926 = 100	1928 = 100
1929—Dec.	(a) 108.5	(b) 147.1	(c) 121.0	(d) 100	(e) 154.4	(f) 210.0
1930—June	110.0	135.5	119.0	85	148.2	209.3
Dec.	112.5	118.5	114.4	80	131.8	177.6
1931—June	111.1	103.6	108.6	50	120.1	180.7
Dec.	102.2	90.7	98.5	35	79.4	116.8
1932—June	111.0	79.9	100.6	25	50.7	106.3
Dec.	116.1	95.8	109.4	35	57.3	128.5
1933—June	118.7	105.1	114.3	39	64.5	159.7(h)
Dec.	122.0	108.4	117.6	37	64.8	156.4
1934—June	125.3	114.5	121.8	34	71.3	158.6
Dec.	132.7	113.5	128.5	28	83.0	151.6
1935—May	131.3	114.4	125.8	33	86.1	159.7
June	130.3	115.6	125.5	32	90.0	169.9
July	131.5	115.6	128.4	33	90.4	171.0
Aug.	129.8	117.5	125.8	32	87.0	173.6
Sept.	124.3	112.7	120.6	30	85.1	171.6

(a) Fixed interest. (b) Variable dividend. (c) Total. (d) Monthly average. (e) Average of highest and lowest quotations on each Wednesday. (f) Shares of companies with capital of more than 5 million francs. (g) On 25th of month. (h) End of month. (i) 1927-1928, 79 shares; 1929, 92; 1930, 100. (j) 1931, 98; 1932 and 1933, 96; 1934, 87. (k) Average of closing prices on each Thursday of month. (l) Not comparable with previous figures owing to change in the number of companies and revaluation of their capital.

THE ECONOMIST
TRADE SUPPLEMENT

New Series

SATURDAY, NOVEMBER 30, 1935

No. 150

THE STATE OF TRADE

In general, the marked improvement in business activity noticeable in September was maintained in the past month. Moreover, the latest evidence suggests that, after a pause in October, the upward movement was resumed in November. Indeed, in the absence of a coal strike, there is every probability of further expansion of business activity in the near future, for industrial profits, the mainspring of enterprise, are still on the up-grade. There is no sign that the economic sanctions imposed on Italy by the League of Nations, are likely seriously to affect business activity in this country.

Employment rose to a new record in October. The number of insured persons, aged 16-64, in employment in Great Britain at the end of October, at 10,492,000, showed a rise of 14,000 on the previous month and one of 279,00

HOME INDUSTRIES AND TRADE

The following reports on British industry cover, in most cases, the period to the middle of November. In the remainder they relate to the month of October.

COAL

Some improvement was recorded in this industry during October. The output of saleable coal showed an increase and was slightly in excess of last year's corresponding figure; the number of wage-earners on the books was rather larger than in September, but slightly smaller than a year ago. Although exports recorded a slight increase last month, comparison with October, 1934, reveals a substantial reduction. The position remains quiet, little contract business having been arranged in recent weeks. Labour troubles in South Wales at the end of October threw deliveries into arrears, and thus led to some increase in activity later. During November the fear of a national stoppage has prompted many industrial users to lay in stocks. A clarification of the outlook might therefore be followed by a temporary setback. The house-coal trade is fairly satisfactory, but fluctuates with the vagaries of the weather.

IRON AND STEEL

Demand for iron and steel continues to expand with the upward trend of activity in the building, motor car, shipbuilding, engineering and armament industries. The output of steel in October was higher than in any month since March, 1927. The failure of exports to expand is causing little anxiety at the moment, for the industry appears to be unable to satisfy even the requirements of domestic consumers. All sections are well employed, and it is understood that a number of concerns have been obliged to withdraw from the market, as their output has been sold for many weeks to come. The stringency appears to be acute in the semi-finished steel section, and a hurried increase in imports in excess of the quotas fixed under the international steel agreement has been found necessary. Prices of a number of materials have been advanced, and this has caused dissatisfaction among certain consumers.

ENGINEERING

After a period of "marking time" in September and early October, activity in the engineering industry has resumed its upward trend. The volume of new business has recently tended to increase. Exports in October were the highest since October, 1930. The recent improvement has affected practically all sections of the industry. The marine section has benefited from the spurt in shipbuilding orders during the last six weeks. There has been an appreciable improvement in the power equipment and in the mining, conveying and lifting machinery sections. Demand for textile machinery is a little better and business in machine tools is fairly good. The only dull section at the moment is agricultural machinery, where business has shown a seasonal decline.

ELECTRICAL ENGINEERING

A further slight contraction in the volume of new home business in heavy electrical machinery in October was compensated by an expansion of foreign orders.

INDEX OF NEW ORDERS RECEIVED BY HEAVY ELECTRICAL MANUFACTURING INDUSTRY*
(1920 = 100)

Period	Home	Export	Total
1927—October	81	208	112
1928 "	83	107	91
1929 "	76	191	106
1930 "	64	181	94
1931 "	48	119	62
1932 "	58	67	55
1933 "	51	92	62
1934—October	94	128	106
November	96	125	106
December	96	136	109
1935—January	101	135	112
February	107	136	117
March	102	134	113
April	105	135	115
May	110	128	117
June	109	124	115
July	101	123	109
August	85	122	99
September	71	135	93
October	70	141	93

* Copyright of the British Electrical and Allied Manufacturers' Association. The above index is a 12-month moving average of new orders received by the heavy plant section of the industry. It is based on the horse-power and not on the value of orders.

MOTOR INDUSTRY

The year ended September, 1935, saw the record output of 311,544 private cars and taxis, as against 256,866 in the previous year. In the same period 92,176 commercial vehicles were produced, compared with 85,633 in 1934. Exports of private cars increased from 3,507 in September to 5,006 in October, against 3,926 in the same month a year ago. On the other hand, imports showed a fall over the year from 840 in October, 1934, to 582 last month. At the Commercial Motor Transport Exhibition this month representatives were present from over forty foreign countries, and a keen interest was taken in latest developments in this branch of the industry. At the Exhibition some ninety diesel-engined vehicles were shown, while 200 others could be fitted with either diesel or petrol engines; it is obvious that the diesel engine has an important part to play in the future development of commercial transport in this country.

CHEMICALS

There has been a general improvement in the home chemical market during the past month. A good business has been transacted in industrial chemicals, including acetic acid, acetone, formaldehyde, formic and oxalic acids, and a very fair interest has been shown in pharmaceutical chemicals and coal tar products. Trade in wood distillation products showed a distinct improvement over the previous month, and wood charcoal and allied products are now in steady demand. Exports during October showed an increase of almost £200,000, compared with those of a year ago, the movement being mainly attributable to larger exports of sodium compounds, drugs and medicines, dyes and dyestuffs, and painters' colours and materials. Imports were valued at £310,307 more than in October, 1934.

ELECTRICITY

INDEX OF GENERATION OF ELECTRICITY*
(Great Britain, excluding London and Wales)
(Monthly Average, 1923-24 = 100)

	(t)
1927	146
1928	102.2
1929	156
1930	101.8
1931	171
1932	102.2
1933	167
1934	93.1
1935	171
October	90.5
November	87.5
December	87.4
1936	98.6
January	100.5
February	100.0
March	101.0
April	100.5
May	103.0
June	104.0
July	105.0
August	106.0
September	108.0
October	109.0
November	110.0
December	111.0
1937	111.0

* Prepared by the Economic and Statistical Department of the British Electrical and Allied Manufacturers' Association.
† Corrected for seasonal fluctuations, for the increase in electrification (trend), and for connections to the "grid."

COTTON

October statistics show a further improvement and the industry is now considerably better off than at this time last year. The spinning section has benefited most. Thus, the percentage of spindles in full production rose from 70 in October, 1934, to 75 in September, 1935, and to 83 last month. Our index of cotton deliveries also rose from 85 a year ago to 91½ in October, 1935. The volume of employment and of wages paid has also increased considerably over the year. The export position is patchy. Sales of both yarns and piece-goods in overseas markets showed a substantial improvement last month; exports of yarns were also well above last year's level, but exports of piece-goods showed a decline. The heavy increase of 13½ per cent. in imports of raw cotton between September and October may be partially due to buying in anticipation of a further rise of prices, but it is a good augury for future activity. On the other hand, it is reported from Lancashire that demand has recently eased, and that fewer orders are being booked.

WOOL

Activity in October continued well above last year's level. Employment in all departments and in almost all districts registered a further improvement, and the amount of wages paid again advanced. Spinning and weaving machinery is busy and is estimated to be working at about 90 per cent. of capacity in the West Riding. Overtime is common in this area, and it is reported that a shortage of piecers and weavers has been experienced. Demand from overseas continued satisfactory during October, exports of tops, yarns, tissues and blankets all showing an advance. Exports of tops and of tissues also exceeded last year's corresponding figure. The increased activity in consuming centres has been accompanied by a hardening of quotations for raw wool and a good demand was encountered at the London auctions which opened on November 18th. The outlook appears still favourable.

JUTE

Quotations for the raw material have been very firm during the past month and yarns and cloth have tended to advance. The position of the jute trade in this country has shown a substantial improvement and manufacturers have a good volume of orders.

RAYON

New business in rayon yarns has contracted somewhat in recent weeks, but the spinning section is still busy. The dress goods trade and the section producing linings are moderately active. Furnishings and corset cloths are in brisk demand; there is a strong call for staple fibre and spun rayon yarns.

LINEN

Flax prices have steadily advanced to the highest level this year. Buyers are active, but the selling monopolies have disposed of a high percentage of their exportable surplus and are disinclined to enter into further engagements at present. Yarns and cloth are in good demand, but prices are rather disappointing in view of the cost of raw material. Made-up and fancy goods are selling freely, and export trade is improving.

BOOTS AND SHOES

The footwear trades showed a further improvement last month. The volume of employment increased, short-time working was reduced, and overtime was more common. Exports of leather footwear, while showing little change compared with a year ago, recorded a substantial advance during October.

POTTERY

The slow improvement recorded in recent months continues, although conditions in the industry are uneven. The number of workpeople employed and total wages paid showed an increase last month and was above last year's level. On the other hand, exports fell short of the corresponding total for 1934.

AGRICULTURE

The lifting of the potato crop was hindered by wet weather, according to an official report. Generally, the quality of the potatoes is good, but there are more than the usual disparities in yield; the yield per acre is forecast at 6.0 tons. Root crops have grown appreciably during the past two months. The yield per acre of turnips and swedes is forecast at 9.5 tons, that of mangolds at 17.8 tons, and that of sugar beet at about 8 tons of washed and topped beet. Wet weather hindered autumn cultivation, particularly in the western half of the country and on heavy lands. At least as much wheat as in recent years is likely to be sown. All classes of livestock made normal progress during October, and milk yields are average for the time of year.

HOME TRADE STATISTICS—OCTOBER, 1935

	Sept., 1935	Oct., 1935	Compared with Oct., '34
UNEMPLOYMENT— (State Insurance %)	15.0	14.6	— 1.7
PRODUCTION—			
Coal (million tons)*	4.3	4.4	...
Iron (thous. ")	529.6	544.3	+ 17.2
Steel (" ")	855.9	907.3	+ 95.3
FOREIGN TRADE—			
Imports (million £'s)	60.8	73.4	+ 4.6
Re-exports (" ")	3.8	4.7	+ 0.7
British Exports (" ")	34.1	39.9	+ 3.1
TRANSPORT—			
Railway Receipts (thous. £'s)*	3,074	2,891	+ 70
Shipping Freights (av. level)†	74.4	83.5	+ 8.3
COMMODITY PRICES (av. level)‡	69.9	71.3	+ 6.1
TRADE DISPUTES (thous. working days loss)	129	470	+ 399
SECURITY VALUES (av. level)§	120.6	121.3	— 2.3

FINANCIAL DATA—

	Sept., 1935	Oct., 1935	Compared with Oct., '34
Bank of England Notes (Mill. £'s)*	400	400	+ 22
Bank Deposits (" ")*	2,024	2,036	+ 145
Bank Advances (" ")*	763	773	+ 16
Banks' Cash Ratio (%)	10.3	10.0	— 1.3
Bank Clearings:			
London (million £'s)*	637	721	+ 49
Manchester (" ")*	8.8	10.1	...
Three Months' Bank Drafts (Discount Rate %)*	1½	1½	— ½
Day-to-Day Loans (%)	1½	1½	— ½

(*) 1913 = 100. (†) Economist Index No., 1927 = 100.

(‡) Bankers' Magazine Index No. of 365 securities; December, 1921 = 100. (§) Cash in hand and at Bank of England as % of total current, deposit, and other accounts.

* Average weekly figures.

INDICES OF BUSINESS ACTIVITY*

Daily Averages of 1924 = 100

Period	Employment	Consumption of Power		Transport		Postal Receipts	Building Activity	Consumption of		Foreign Trade		Bank Clearings		Complete Index	
		Coal	Electricity	Merchant Sea on Railways	Commercial Motors in use			Iron and Steel	Cotton	Imports of Raw Materials	Exports of Manufactures	Shipping Movements	Metropolitan, Provincial, Town	Monthly	Three-Months' Average
1928—October	107	97½	147½	95½	159	116½	132½	112	104	113	109½	111½	123	112	...
1930 "	103	93	150	86½	168½	118	144½	98	77	101	86	108	109	124½	108½
1931 "	99	87	150½	74	175	117	136½	84½	80½	94½	64	98	106	109	98½
1932 "	98	85	155½	64½	180½	116	128	69	88	96	65½	95	106	97½	96
1933 "	101½	85	168	67½	187	118	162	81	86½	106	68	96½	111	99	101
1934 "	106½	92	188½	75	199	119½	194	108	92½	114½	74	99½	117	108	109½
1935—October	98½	87	156	85½	181	114½	126	72	86	86½	64	94	106½	100	96
November	98	86	161	67	181	115½	131½	56½	75	87½	62½	91	106	98	94½
December	98½	89½	153	61½	182	116	136	66½	88½	79½	60	95	107½	106½	95½
1936—January	99	88½	158½	56½	182½	116	139½	64	88	86½	64	95½	112½	93½	95½
February	99	88½	157	60½	183	117	148	72	90	86½	64	95½	112	105	97½
March	99	80½	152½	64½	184	114½	151½	70½	84½	98	68	99½	110½	103	97
April	99	80	152½	68	184	115	153½	75	85½	101	67	97	110½	96	98
May	100½	83	160½	67	185½	119	157½	71½	90	104	65	93	110	89½	98½
June	101½	80½	155½	65½	186	117	159½	77½	98	106½	69	98	109½	88½	99½
July	102	79½	163	64½	187½	115½	164½	80	108	119	64½	97	113½	98½	100½
August	103	84½	164½	64½	188½	117	167½	86½	110½	132	68	98½	110	95	103
September	104	88½	169	70½	189½	118½	173	93	103	120½	74½	100	112	107	105½
October	104	87	168	75½	190	117½	174½	88½	92	103	78½	98	114	104	104
November	105	90½	181½	76½	191	118	177	93	97	109½	71	97	112½	107½	105½
December	104½	91½	183½	76½	193	120½	178	114½	90½	105	69	97	113½	106½	107
1937—January	105½	103½	180½	68	195	119	178½	117½	95½	120	73	105	120½	113½	110
February	105½	96½	179	74	196½	120	183	109½	98½	119	68	99½	117	130	108½
March	105½	94	185	75½	196½	117½	186	112	87½	109	72	101	118	119½	109
April	106	89	180½	77	197	118	190	106½	93½	113	71	97	117	108½	108
May	106½	88½	177½	75½	198	117	191	104	93½	110	70½	96½	114	92½	107
June	106½	85½	188	76	200	117	195½	103	103	123	74½	98	116	85½	108½
July	106½	85	179	71	201½	116	197½	107	107	127½	73	99½	115½	96	107½
August	107	83	183½	73	202½	120	198½	107	95½	137	70½	100	113	100½	110
September	107	91	186½	77½	203½	117½	201½	106	91	119½	82	100½	114½	101	110½
October	107	93	188½	80	199½	119½	202	109½	85	113	78½	96½	118	101½	111
November	107	96	200	78½	198	119½	205	103	81	99½	76	97½	116	130½	110½
December	107	90	182	76	200	124	204	117	87	102	79	100½	120½	112	110½
1938—January	107	93	193	72½	203½	120	208	117	90	98	75	95½	123	126	110½
February	107	93	193	73	206½	121	209	110½	86	108½	80½	97½	121	106	111
March	107½	87	195	74	207	117	213	115	89½	102	79	99	118½	105½	109½
April	108½	92	203	75½	207	123½	216	105½	85½	120	81	100	120	109½	112
May	108	97	207	77½	207	120	221	106	90½	119	77	106	121	113	112
June	108½	94½	202½	75	207½	118½	217	113	97½	115½	84	107½	126	120	114
July	109½	88½	202	70½	208½	120½	219	108	108	125½	77½	102	126	113	112½
August	109½	89½	207	71½	209½	121	222	122½	97	118½	77½	102½	123	111½	113½
September	110	97½	219	74	209½	124	228	123½	90	124½	83½	104	124	109	115½
October	110	98½	214	80½	...	122	223	120	91½	120½	82½	99½	121½	108½	115½

STATE OF TRADE OVERSEAS

BRITISH EMPIRE

Australia.—According to a cable from the National Bank of Australasia, a further general expansion of industry and trade has taken place. The output of butter is increasing seasonally, wheat crops are finishing well and summer feed and water for stock are virtually assured. Wool has been selling freely in a strong market. Unemployment has registered a further decline, while secondary industries, the building trade, retail trade and wharves are on the increase; overseas trade is expanding.

South Africa.—Farming conditions have been improved by good general rains, states a cable from the Standard Bank. Maize markets have been inactive, owing to the disparity between local and export prices, but wool markets showed a firmer tendency. Hides have been easier in anticipation of sanctions against Italy, but winter mohair has been in good demand. Railway earnings continued above budget estimates, and building activity has been well maintained. Greater activity is reported in practically all manufactures, but retail trade has been disappointing.

Canada.—The improvement in business activity continues, and has recently been most noticeable in the heavy industries, where the depression was previously deepest. The Canadian Bank of Commerce suggests that an important factor was the increased purchasing power of the farming community, but that the large volume of construction contracts and the requirements of the automobile industry must also be taken into account. Employment is on the up-grade, steel production is increasing and the lumber cut is being well maintained. Foreign trade declined slightly in September, but exports were well above the level of recent years.

India.—Rainfall has been general and standing crops are in average to good condition, except in Bengal, where drought has been experienced. The area under cotton and sugar cane is estimated to be above, but that under rice, sesamum and groundnuts to be below, last year's level at this time. Imports increased by 160 lakhs and exports by 248 lakhs in October; imports were lowered by 66 lakhs and exports higher by 213 lakhs, compared with October, 1934. The excess of exports over imports has increased.

EUROPE

France.—Business activity in France showed a slight improvement during September, the latest month for which statistics are available. The official index of industrial production in September, at 94 (1913 = 100), compares with 93 in August and 95 in September, 1935. The iron and steel, building and textile industries all registered a slight improvement in September. The number of persons in receipt of unemployment benefit also declined slightly during September. Since then, however, the number of persons in receipt of benefit has increased again, from 373,446 at the end of September to 398,462 on November 16th. Carloadings rose from 42,500 per day during the first week of October to 45,500 per day at the end of the month, but declined to 41,200 per day during the week ended November 9th. Wholesale prices continued to rise in recent weeks. Meanwhile, a new financial crisis has come to a head, but the issue was still undecided as we went to press.

Germany.—Industrial activity in Germany has been maintained so far, but at the expense of consumers' goods. The index of industrial production, calculated by the Institut für Konjunkturforschung, rose from 96.5 (1928 = 100) in August to 102.8 in September. The increase in unemployment as officially recorded, from 1,713,900 at the end of September to 1,828,000 at the end of October, is ascribed mainly to seasonal influences. Pig-iron production rose from 1,112,700 tons in September to 1,197,800 in October. Carloadings increased from 132,600 per day in the first week of October to 145,500 per day during the first week of November. The note circulation rose slightly from Rm. 6,258 millions in September to Rm. 6,259 millions in October. Prices of industrial securities continued their gradual downward trend, but the tendency of wholesale prices remained upwards. Both imports and exports in October, at Rm. 336 millions and Rm. 391 millions respectively, showed an increase of Rm. 18 millions over September.

Austria.—The upward trend of business activity continued during September and October. The number of applicants for work declined from 325,547 at the end of September, 1934, to 292,560 at the end of August, and 289,944 at the end of September, 1935. The output of crude ore in October was 93,900 metric tons, compared with 84,970 tons in September and 49,300 tons in the corresponding month a year ago. Pig iron production rose from 12,155 tons in October, 1934, to 21,089 tons in September and 22,720 tons in October, 1935. During the same period steel output rose from 13,506 tons to 16,500 tons and 20,748 tons respectively.

Greece.—According to final returns this year's production of wheat was higher than in 1934. Conditions continue satisfactory in the tobacco market and are somewhat better as regards currants. Olive oil prices have risen considerably. Internal trade and industrial activity were rather slack under the influence of the political situation, but foreign trade returns for September show an increase both in imports and exports. Tax receipts are higher, while the foreign exchange reserves of the bank of issue have slightly increased. Stock exchange quotations experienced a recovery.

Poland.—Industrial activity in Poland continued its gradual expansion during September, when the index of production of the Polish Institute for Economic Research stood at 69.0 (1928 = 100), compared with 66.9 in August and 62.6 a year ago.

UNITED STATES OF AMERICA

Industrial activity continued to expand in October and in the first half of November, and the pace of recovery has tended to quicken. The expansion of activity is reflected in the rise of the *Annalist* index of business activity from 83.6 in September to 87.1 in October; a year ago the index stood at 70.5. The heavy industries are gradually making headway; demand for consumers' goods, especially motor cars, is increasing, and the market for new issues is expanding. Moreover, it appears that the Government at Washington has no intention, for the time being, to restrain the expansion of business activity and the rise in the prices of stock exchange securities. Thus, recent warnings concerning the dangers of the present monetary policy were brushed aside as unwarranted by Mr Eccles, Governor of the Federal Reserve Board, at a recent meeting of the Board's Advisory Council. On the general economic situation Mr Eccles remarked, "there is no limited amount of goods or of frantic bidding for a limited amount of goods or of an expansion of bank credit save through the purchase of Government securities."

AMERICAN TRADE STATISTICS—OCTOBER, 1935

	Sept., 1935	Oct., 1935	Compared with Oct., '34
EMPLOYMENT— (1923-25 = 100)†	83·6	...	+ 9·7‡
PRODUCTION—			
Bituminous coal (Thous. tons)	24,944	36,697	+ 4,124
Pig-iron { " " }	1,773	1,978	+ 1,027
Steel { " " }	2,830	3,116	+ 1,654
<i>Steel Corporation—shipments</i>			
(Thous. tons)	615	687	+ 343
<i>Building permits (Thous. \$)</i>	47,480	67,014	+ 29,513
FOREIGN TRADE—			
Imports (Thous. \$)	161,553	...	+ 29,893‡
Exports (" ")	198,189	...	+ 9,189‡
TRANSPORT—			
Weekly average of car loadings (Thous. cars)	658	720	+ 87
SECURITIES—			
30 industrial stocks—			
Highest quotations†	134·11	141·47	+ 45·87
Lowest quotations†	127·27	128·06	+ 37·65
Thous. shares sold during month— (New York)	34,748	46,663	+ 31,002
Capital issues excl. refunding (Thous. \$)	177,139	145,514	+ 106,694
BANK DEBITS—			
New York (Million \$)	14,014	15,733*	+ 3,447
Other cities (" ")	15,127	17,073*	+ 2,608
RETAIL BUSINESS—			
Total sales, mail order houses§ (Thous. \$)	62,078	77,112*	+ 13,180

* Preliminary estimates made by Messrs Moody, subject to revision. † Federal Reserve Board Index of Factory Employment.
 ‡ Closing prices. § Partly estimated. || Compared with Sept., 1934.

LATIN AMÉRICA

The cessation of the drought in Argentina has considerably improved crop prospects ; it is still too early accurately to gauge the probable yield of fine cereals, although it is stated officially that the substantially smaller acreage and subsequent losses will cause a notable reduction. Shipments of maize have fallen off, and it now appears certain that the carry-over of this grain to next season will be considerable. The Argentine Government is reported to be considering a Decree to provide for the suspension of official sales of exchange by auction and for future rates to be fixed by the Central Bank ; the Decree has not yet been issued, but it is presumed that its object would be chiefly to meet the objections of the railway companies to the present system of remittances. Internal trade in Chile continues active, but a small decline has latterly occurred in both imports and exports. In Brazil, exchange market conditions are slightly less stringent, but the tone is still undecided ; the exchange difficulties are apparently checking the increased flow of imports. Peruvian foreign trade continues active and the sol has risen in value in terms of sterling. Despite the change of political regime, trade conditions in Ecuador are satisfactory.

THE FAR EAST

The event of the month was the adoption on November 3rd of a managed paper currency in place of the silver standard by China. China's imports rose from 54.4 million national dollars in September to 61.2 millions in October, against 79.0 millions a year earlier, while her exports increased from 45.9 million dollars in September to 48.4 millions last month, against 42.7 millions in October, 1934. In Japan cotton prices were weak early in November, but rallied later in sympathy with American cotton. Raw silk suffered a reaction. Japanese imports and exports in October totalled 176 million yen and 236 million yen respectively, against 130 million yen and 223 million yen in the previous month.

STATISTICS

In the following tables we give trade and other statistics for as many countries of the world as possible, our endeavour being to combine brevity with comprehensiveness. The greater number of the figures are taken from the Monthly Statistical Bulletin of the League of Nations (published by George Allen and Unwin, Ltd.).

PRODUCTION (Thousands of Metric Tons)

COAL													LIGNITE			
Period Monthly Average	United Kingdom	Belgium	Czecho- slovakia	France	Germany	Nether- lands	Poland	U.S.S.R.	Canada	South Africa	India	Japan	United States	Czecho- slovakia	Germany	Hun- gary
	<i>d</i>		<i>h</i>		<i>g</i>	<i>m</i>				<i>j</i>	<i>e</i>			<i>k</i>		
1913	24,337	1,903	1,189	3,338	15,842	156	748	...	1,037	665	1,311	1,776	43,088	1,927	7,269	460
1929	21,837	2,945	1,377	4,482	13,620	965	3,853	3,472	1,023	1,052	1,893	2,855	46,026	1,880	14,598	587
1931	18,582	2,254	1,092	4,167	9,887	1,075	3,189	4,462	706	882	1,832	2,335	49,395	1,494	11,109	509
1932	17,717	1,785	813	3,856	8,728	1,063	2,403	5,558	625	805	1,580	2,338	27,183	1,322	10,218	494
1933	17,525	2,107	798	3,906	1,160	1,048	2,283	6,020	644	782	1,526	2,710	28,967	1,255	10,566	492
1934	18,708	2,197	898	3,967	10,418	1,028	2,436	7,792	800	992	1,703	2,755	31,413	1,272	11,438	517
1934—October ...	19,858	2,287	1,049	4,089	11,597	1,126	2,853	8,040	971	1,072	1,817	2,825	33,430	1,498	12,601	710
November	19,855	2,238	1,024	4,067	11,312	1,044	3,003	7,922	895	1,074	1,594	2,827	31,417	1,507	12,941	656
December	18,922	2,184	1,016	3,868	10,333	976	2,654	8,468	741	1,022	1,825	2,948	32,741	1,371	11,951	564
1935—January ...	20,848	2,242	932	4,040	11,355	1,028	2,757	8,211	842	1,067	1,866	2,790	38,178	1,614	12,934	644
February	18,643	2,044	890	3,713	10,975	934	2,278	7,759	697	981	2,031	2,737	35,363	1,434	12,107	565
March	19,503	2,475	841	4,170	10,947	941	2,708	8,217	855	1,045	1,877	2,919	30,992	1,464	12,232	503
April	17,863	2,175	816	3,820	11,019	994	2,282	8,437	655	1,055	1,832	2,883	24,233	1,219	10,510	442
May	19,589	2,132	817	3,931	11,624	1,011	2,023	8,042	751	1,146	1,847	2,958	28,776	1,135	11,937	442
June	16,397	2,148	759	3,676	10,884	919	2,027	7,354	764	1,044	1,659	2,707	32,985	981	11,206	390
July	17,721	2,243	811	3,770	11,985	1,058	2,385	8,698	813	1,187	1,584	2,760	23,394	1,170	11,812	456
August	17,167	2,245	890	3,690	12,098	973	2,337	8,671	748	1,224	1,410	2,599	26,039	1,226	12,343	518
September	18,007	2,198	1,004	3,710	11,978	957	2,544	8,560	771	1,110	1,655	...	26,365	1,280	12,614	...
October	...	...	...	...	11,286	...	...	...	...	...	...	...	37,166	...	113,504	...

PIG IRON

Period	United Kingdom	Belgium & Luxembourg	France	Saar	Germany	Sweden	U.S.S.R.	Canada	United States	United Kingdom	Belgium & Luxembourg	France	Saar	Germany	Sweden	Canada	United States
Monthly Average																	
1918	869	<i>b</i>	434	114	1,397	61	...	85	2,601	649	<i>a</i>	391	159	1,467	62	88	2,564
1929	643	583	864	175	1,117	41	362	92	3,580	816	307	387	184	1,355	60	117	4,599
1931	418	440	650	120	837	36	437	63	4,353	868	307	391	184	1,355	60	117	4,599
1932	303	395	461	112	328	22	521	12	735	445	397	470	122	479	44	29	1,128
1933	349	360	527	133	439	27	597	19	1,119	593	383	544	139	632	53	35	1,913
1934	506	374	513	152	728	44	867	35	1,348	750	423	512	162	991	74	64	2,139
1934—October	538	428	527	167	842	44	958	47	967	825	433	533	182	1,136	79	59	1,485
November	516	390	506	159	829	52	938	40	972	778	418	497	167	1,086	90	58	1,615
December	522	434	517	149	833	50	934	43	1,052	665	418	509	156	1,040	71	60	1,972
1935—January	530	417	512	162	880	54	946	45	1,501	770	412	495	168	1,197	74	60	2,879
February	491	383	450	146	809	47	917	38	1,634	782	385	483	168	1,197	74	60	2,879
March	569	400	469	166	909	50	1,090	50	1,059	838	394	505	158	1,064	71	57	2,786
April	535	406	478	166	933	51	1,016	44	1,690	822	407	517	...	1,214	74	70	2,548
May	538	436	502	...	1,002	58	1,044	46	1,755	867	441	553	...	1,315	86	74	2,544
June	538	419	465	...	979	42	1,058	45	1,577	782	404	503	...	1,249	86	75	2,287
July	556	420	486	...	1,093	39	1,096	51	1,545	816	409	544	...	1,448	81	87	2,307
August	552	413	479	...	1,145	45	1,085	55	1,789	772	406	537	...	1,496	72	84	2,966
September	538	387	474	...	1,113	41	1,046	55	1,801	870	368	521	...	1,378	76	92	2,875
October	...	...	...	...	1,198	...	...	...	2,010	...	...	...	...	1,551	...	...	3,168

^a Figures for Luxembourg communicated by the "Groupeement des Industries Siderurgiques." ^b Including ferrous alloys. ^c Excluding castings. ^d Saleable coal; since 1922, excluding Ireland. ^e British Provinces only. ^f Establishments whose production in 1933 amounted to 99.39% of the total. ^g Excluding Luxemburg. ^h Until end 1928. Since 1922 excluding Polish Upper Silesia. ⁱ Since March, 1935, Saar Territory included with Germany. ^j Excludes Saar. ^k Coal sold. ^l Sub. ^m Including coal waste. ⁿ Provisional figure.

WHOLESALE PRICES

Month and Year	U.K.		Belgium	Czechoslovakia	Denmark	France	Germany (Official)	Holland	Italy	Norway	Poland	Spain	Sweden	Switzerland	Australia	British India	Canada	South Africa
	Board of Trade	Economist																
1913	h	100	h100	i	e	100	100	a	100	100	m100	100	100	h100	100	h100	100	100
1914	127.2	85.1	h200	100	627	137.2	100	481	149	96.3	167.7	140	105.2	109.7	131.3	96	114.6	116.0
1915	87.8	89.3	626	g107.9	114	502	110.9	76.5	342	122	74.6	168.7	111	109.7	131.3	96	114.6	116.0
1916	85.8	86.1	532	96.7	140	502	110.9	76.5	342	122	74.6	168.7	111	109.7	131.3	96	114.6	116.0
1917	85.7	86.9	501	96.2	125	989	93.3	61.8	283	122	59.1	159.1	107	91.0	129.7	87	104.2	91.5
1918	88.1	90.3	473	83.9	132	376	98.4	63.2	276	124	55.8	163.4	114	89.8	135.2	89	111.8	101.7
1919	87.8	89.7	467	84.2	135	357	101.0	...	277	126	54.5	161.8	114	89.6	137.2	89	111.5	98.6
1920	87.5	89.0	466	84.2	136	356	101.0	...	277	126	53.6	162.6	115	89.4	135.1	88	111.2	...
1921	87.4	89.0	468	84.5	135	344	101.2	...	279	125	53.5	164.7	115	89.0	134.1	88	111.2	...
1922	88.3	91.6	472	85.1	135	350	101.1	61.9	280	125	52.9	167.8	115	87.8	134.1	84	111.5	95.5
1923	88.0	91.3	466	85.3	135	343	100.9	61.8	282	125	52.2	165.4	115	87.6	133.4	80	112.3	...
1924	88.0	91.3	466	85.3	135	343	100.9	61.8	282	125	52.2	165.4	115	87.6	133.4	80	112.3	...
1925	87.5	91.8	531	85.7	132	336	100.8	61.1	299	125	52.2	...	115	87.1	132.7	88	113.2	92.8
1926	88.2	94.3	552	86.1	131	340	100.8	61.1	304	125	52.6	...	115	87.6	134.0	91	113.0	...
1927	88.4	93.7	555	88.0	130	330	101.2	61.1	315	126	52.6	...	116	88.6	134.7	91	111.7	...
1928	88.4	93.7	553	86.0	131	322	101.8	60.8	319	127	52.6	...	116	88.9	135.9	91	111.7	95.0
1929	88.4	93.0	552	86.8	134	330	102.4	60.8	325	128	53.6	...	115	91.4	137.8	89	111.9	...
1930	89.6	96.1	560	86.8	137	343	102.3	61.8	337	128	...	...	115	92.3	...	89	113.0	...
1931	91.1	98.5	574	86.5	139	342	...	62.6	352	130	...	...	117	...	...	...	...	96.1

a New index. *b* End of the month. *c* 15th of month. *d* Beginning of the following month. *e* Official. *f* Second half of month.
g Since date of stabilisation, gold index. *h* 1914. *i* Since February, 1934, compiled according to the new gold parity. *k* New Index, 1930—100. Earlier years not recalculated.
l Until 1934 includes 502, since 1934, 567 commodities. *m* 1928.

Wholesale Prices—Continued

[illegible]

^a The first of the following month.
Monthly figure : 12 towns. Decrease mainly due to substitution of Bulgarian cotton and woollen cloths for foreign clothes.

FINANCE

Notes in Circulation—(000,000's omitted)

Period	United Kingdom	Austria	Belgium	Bulgaria	Czechoslovakia	Denmark	Finland	France	Germany	Greece	Hungary	Jugoslavia	Netherlands
End of	Bank of England Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Reichsbank Notes	"Rentenbank" Notes	Bank Notes	Bank Notes	Bank Notes
	£	Schilling	Francs	Leva	Koruna	Kron.	Markka	Francs	Reichsmark	Reutenmks.	Drachma	Pengö	Dinars
1913.....	29.6	...	1,067	189	...	152	113	75,714	2,742g	...	245	...	313
1929.....	369.8	1,094	14,683	3,609	8,230	367	1,361	68,571	5,044	397	5,193	501	5,818
1930.....	368.8	1,090	14,419	3,596	7,824	360	1,279	76,436	4,778	439	4,303	469	5,397
1931.....	364.2	1,183	18,270	2,919	7,679	346	1,293	85,725	4,778	422	4,003	423	5,172
1932.....	371.2	914	18,135	2,635	6,267	332	1,085	85,028	3,560	413	4,714	353	4,773
1933.....	382.0	952	17,093	2,984	5,906	375	1,184	82,613	3,845	392	5,449	369	4,327
1934.....	405.2	964	17,650	2,449	5,640	386	1,177	83,412	3,901	385	5,698	381	4,384
1934—September	377.0	965	17,568	2,859	5,589	369	1,261	81,479	3,919	299	5,999	373	4,298
October ..	378.4	954	17,814	2,633	5,461	384	1,245	79,467	3,823	285	5,919	373	4,380
November ..	379.7	955	17,506	2,449	5,337	378	1,246	81,879	3,810	292	5,844	350	4,307
December ..	405.2	964	17,650	2,449	5,640	386	1,277	83,412	3,901	385	5,698	381	4,384
1935—January ..	374.9	902	18,179	2,226	5,028	361	1,288	81,686	3,860	334	5,268	353	4,288
February ..	377.4	902	18,237	2,176	5,253	369	1,441	83,044	3,664	395	5,221	353	4,288
March ..	381.4	914	18,851	2,140	5,500	370	1,431	82,352	3,711	384	5,664	369	4,435
April ..	393.2	925	19,063	2,173	5,567	375	1,369	82,776	3,810	377	5,519	359	4,446
May ..	390.4	925	20,157	2,152	5,780	378	1,328	82,099	3,895	373	5,417	375	4,473
June ..	396.3	942	20,397	2,132	5,454	361	1,310	81,128	3,878	376	5,461	375	4,473
July ..	399.6	963	20,572	2,266	5,524	375	1,317	82,240	4,032	391	5,493	391	4,661
August ..	398.2	953	20,726	2,408	5,730	368	1,336	82,399	4,143	399	6,078	389	4,777
September ..	399.9	963	21,035	...	5,715	387	1,302	83,306	4,159	...	6,215	412	4,916
October ..	399.9	963	21,035	...	5,715	387	1,302	83,306	4,159	...	6,215	412	4,916

Period	Italy	Norway	Poland	Roumania	U.S.S.R.	Sweden	Switzerland	Australia	Canada	South Africa	Egypt	United States	Japan
End of	Bank Notes	Bank Notes	Bank Notes	Token Notes and Coins	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes and Dominion Notes	Bank Notes	Bank Notes	Federal Reserve Notes	All other currencies
	Lire	Lire	Kroner	Zloty	Leu	Gd. Rbls.	Rbls.	Kronor	Francs	Dollars	£	Dollars	Yen
1913.....	22,284	499	108	...	437	...	234	314	110.0	116	2.3	...	426
1929.....	16,774	80	318	1,340	259	1,144	1,028	1,501	569	999	42.2	1,862	4,855
1930.....	15,680	868	312	1,328	241	1,965	1,946	2,080	594	1,062	42.3	1,668	4,800
1931.....	14,295	...	312	1,218	241	23,750	2,370	2,784	583	1,609	48.2	1,597	4,741
1932.....	13,672	...	315	1,003	332	21,594	2,922	2,925	598	1,611	45.0	1,444	4,607
1933.....	13,423	...	327	1,004	342	21,219	3,069	3,433	648	1,510	45.1	1,511	4,607
1934.....	13,145	...	333	981	334	22,307	...	3,499	708	1,440	45.2	1,601	4,669
1934—September	13,455	...	322	975	380	21,666	...	...	695	1,400	42.7	1,681	4,556
October ..	13,251	...	316	1,058	389	21,680	...	...	662	1,384	42.4	1,621	4,556
November ..	13,162	...	315	1,058	386	21,579	...	...	651	1,376	42.6	1,613	4,556
December ..	13,145	...	312	937	375	21,617	...	...	651	1,376	42.6	1,613	4,556
1935—January ..	12,894	...	311	940	379	21,225	...	3,501	659	1,325	41.5	1,544	4,556
February ..	12,894	...	323	945	388	21,904	...	...	675	1,319	43.5	1,558	4,556
March ..	12,894	...	322	946	380	21,904	...	...	683	1,302	42.0	1,601	4,556
April ..	12,878	...	322	945	378	20,937	...	...	718	1,307	41.5	1,601	4,556
May ..	13,029	...	332	948	390	21,261	...	...	685	1,281	41.4	1,581	4,556
June ..	13,029	...	330	932	396	21,234	...	...	682	1,281	41.4	1,581	4,556
July ..	13,029	...	330	932	396	21,234	...	...	682	1,281	41.4	1,581	4,556
August ..	13,029	...	331	981	406	21,993	...	4,999	771	1,317	41.5	1,581	4,556
September ..	15,273	...	329	1,047	417	...	...	...	743	1,325	...	3,495	5,713
October ..	15,273	...	329	1,047	417	...	...	...	743	1,325	...	3,495	5,713

a Until November, 1928, including State notes, then transferred to Bank. b May. c Excluding notes held by Commonwealth Bank. d In terms of new lire = 8,373 millions. e Marks—including Reichsbank and Dannebergkassenscheine. f State notes only. g Since January, 1934, excluding gold coins. h Gross issue. i Excluding notes held by Bank of Poland. j Since 1920, including Austria-Hungarian and other notes converted after the war into National Currency. k January, 1926, excluding notes held by the State Bank. l In terms of new lire = 1,829 millions. m In terms of new francs. n Since May, 1922, including v Since 1926, excluding notes held by the State Bank. o In terms of new francs. p Since May, 1922, including w From 1927-1929, including Government Notes of 5 and 10 francs to value of 700 to 750 million francs, replacing similar bank notes in October, 1926. x Luxembourg.

LONDON RATES OF EXCHANGE

Period	Paris	Brussels	Milan	Zurich	Madrid	Amsterdam	Stockholm	Oslo	Copenhagen	Berlin	Vienna	New York	Buenos Aires
End of	Francs to £1	Belgas to £1	Lire to £1	Francs to £1	Pesetas to £1	Florins to £1	Kronor to £1	Kronor to £1	Kronor to £1	Marks to £1	Schillings to £1	Dollars to £1	Pence to £1
Par level ..	124.21	35.00	92.46	25.22	25.22	12.107	18.159	18.159	18.159	20.43	34.58	4.86(a)	47.62
Highest, 1934 ..	83.62	23.55	62.37	18.90	39.81	8.14	19.45	19.45	22.45	13.77	29.75	5.19	30.06
Lowest, ..	73.87	20.86	56.78	14.93	35.34	7.18	19.35	19.35	22.35	12.09	26.06	4.87	20.12
Beginning of—	25.15	125.35	25.25	21.16	26.10	12.11	18.30	18.25	18.30	20.49	34.52	4.87	47.62
July, 1914 ..	25.15	125.35	25.25	21.16	26.10	12.11	18.30	18.25	18.30	20.49	34.52	4.87	47.62
January, 1928 ..	124.00	34.92	92.32	25.27	28.24	12.09	18.11	18.34	18.20	20.45	34.44	4.87	47.62
January, 1929 ..	124.10	34.88	92.64	25.18	29.74	12.08	18.13	18.19	18.17	20.38	34.44	4.87	47.62
January, 1930 ..	123.91	34.88	92.64	25.13	36.62	12.09	18.13	18.20	18.20	20.43	34.65	4.87	47.62
January, 1931 ..	123.66	34.76	92.74	25.04	46.30	12.05	18.13	18.16	18.16	20.38	34.48	4.87	47.62
January, 1932 ..	86.37	24.37	66.62	17.37	40.18	8.44	18.12	18.12	18.12	14.25	30.00	3.38	35.5
January, 1933 ..	85.50	24.09	65.12	17.34	40.90	8.31	17.75	18.25	19.31	14.00	28.50	3.33	35.5
January, 1934 ..	83.00	23.39	61.84	16.79	39.53	8.09	19.40	19.90	22.40	13.71	28.50	3.33	35.5
January, 1935 ..	74.68	21.02	57.82	15.22	36.06	7.29	19.40	19.90	22.40	12.28	28.50	3.33	35.5
July ..	74.50	20.93	59.56	15.06	35.93	7.23	19.40	19.90	22.40	12.21	28.50	3.33	35.5
August ..	74.50	20.93	59.56	15.06	35.93	7.23	19.40	19.90	22.40	12.21	28.50	3.33	35.5
September ..	74.46	20.95	60.68	15.22	36.25	7.33	19.40	19.90	22.40	12.33	28.50	3.33	35.5
October ..	74.46	20.95	60.68	15.22	36.25	7.33	19.40	19.90	22.40	12.33	28.50	3.33	35.5
November ..	74.53	20.97	60.43	15.12	36.00	7.23	19.40	19.90	22.40	12.21	28.50	3.33	35.5

Period	Rio de Janeiro	Monte Video	Valparaiso	Bombay	Hong Kong	Shanghai	Kobe	Singapore	Place	Method of Quoting	October Quotations
End of	Pence to £1	Pence to £1	Pesos to £1	Pence to £1	Sterling to Dollar	Sterling to Dollar	Sterling to Dollar	Sterling to Dollar			Highest Lowest Average
Par level ..	16	51	40.00	1 6	1 6	1 6	1 6	1 6	New York, Oct. 1934	Dollars to £1	4.99 4.90 4.94
Highest, 1934 ..	4.50	21.50	115	1 5	1 4	1 4	1 4	1 4	Sept. 1935	4.95 4.90 4.93	
Lowest, ..	2.87	18.50	115	1 5	1 4	1 4	1 4	1 4	Oct. 1935	4.92 4.88 4.90	
Beginning of—	16	51	40.00	1 6	1 6	1 6	1 6	1 6	Paris, Oct. 1934	Francs to £1	75.59 73.87 74.75
July, 1914 ..	16	51	40.00	1 6	1 6	1 6	1 6	1 6	Sept. 1935	75.21 74.46 74.88	
January, 1927 ..	5	51	39.35	1 6	1 6	1 6	1 6	1 6	Oct. 1935	75.75 74.31 74.40	
January, 1928 ..	5	51	39.35	1 6	1 6	1 6	1 6	1 6			
January, 1929 ..	5	51	39.35	1 6	1 6	1 6	1 6	1 6			
January, 1930 ..	5	51	39.35	1 6	1 6	1 6	1 6	1 6			
January, 1931 ..	5	51	39.35	1 6	1 6	1 6	1 6	1 6			
January, 1932 ..	5	51	39.35	1 6	1 6	1 6	1 6	1 6			
January, 1933 ..	5	51	39.35	1 6	1 6	1 6	1 6	1 6			
January, 1934 ..	5	51	39.35	1 6	1 6	1 6	1 6	1 6			
January, 1935 ..	5	51	39.35	1 6	1 6	1 6	1 6	1 6			
July ..	5	51	39.35	1 6	1 6	1 6	1 6	1 6			
August ..	5	51	39.35	1 6	1 6	1 6	1 6	1 6			
September ..	5	51	39.35	1 6	1 6	1 6	1 6	1 6			
October ..	5	51	39.35	1 6	1 6	1 6	1 6	1 6			
November ..	5	51	39.35	1 6	1 6	1 6	1 6	1 6			

(a) Daily rate

(b) Pence to £1

(c) Pence to £1

(d) Pence to £1

(e) Pence to £1

(f) Pence to £1

(g) Pence to £1

(h) Pence to £1

(i) Pence to £1

(j) Pence to £1

(k) Pence to £1

(l) Pence to £1

(m) Pence to £1

(n) Pence to £1

(o) Pence to £1

(p) Pence to £1

(q) Pence to £1

UNEMPLOYMENT									
Percentage of persons unemployed in trade unions or in official unemployment insurance schemes (Belgium and U.K.)									
End of Month	U.K.	Belgium	Denmark	Germany	Nether-lands	Norway	Sweden	Australia	Canada
1921—June	17.8	9.9	16.8	3.0	8.1	20.6	27.7	12.5	13.2
December	16.2	8.6	25.2	1.6	16.6	23.4	33.2	9.5	15.1
1927—June	8.8	1.4	18.0	6.3	6.0	22.5	9.5	6.4	3.2
December	9.8	3.6	31.6	12.9	14.9	28.0	18.6	8.9	6.6
1928—June	10.7	0.6	13.5	8.2	4.4	14.4	7.6	11.2	3.2
December	11.9	1.9	14.9	11.5	22.1	17.3	9.9	9.6	6.5
1929—June	9.6	0.0	10.0	8.5	2.6	11.3	7.3	10.0	2.9
December	11.1	2.4	22.4	20.1	12.3	18.9	16.9	13.1	11.4
1930—June	15.8	1.9	8.7	19.6	5.5	10.8	8.3	18.5	10.6
December	20.2	9.2	25.1	31.7	18.2	25.8	23.3	23.4	17.0
1931—June	21.8	9.0	3.3	29.7	11.7	...	12.9	27.6	16.3
December	20.2	17.3	32.0	27.2	27.2	26.2	19.1	28.0	21.9
1932—June	22.3	18.7	24.9	43.1	27.2	26.2	19.1	30.0	20.9
December	21.7	18.6	42.8	43.1	34.5	42.4	31.5	28.1	25.6
1933—June	19.5	14.4	21.9	...	27.7	27.2	20.8	25.7	21.8
December	17.6	19.9	37.5	22.6	40.0	39.2	24.7	23.0	21.0
1934—June	16.4	17.1	15.5	19.3	29.1	27.2	14.9	20.9	18.0
December	16.1	22.2	30.3	14.3	37.9	32.8	25.0	...	17.5
1935—April	15.7	19.3	18.3	0.0	31.5	36.8	27.5	...	17.5
May	15.6	17.1	14.4	10.7	34.0	25.5	13.2	...	15.9
June	15.3	15.8	12.6	10.0	32.9	21.1	12.7	17.8	15.4
July	15.3	15.1	12.6	9.3	33.9	19.1	11.3	...	15.1
August	14.9	14.9	13.7	9.1	34.8	...	11.4	...	14.2
September	15.0	...	13.9	9.7	34.7	...	...	15.9	13.0

[illegible]

United Kingdom	Nether-lands	Sweden	Switzer-land	Canada	United States
Bankers' Magazine "	Official. 49	Official. 52	Banque Nationale. (f) 26/33	Official. (i)	Standard Statistics Co. 342
representative securities	Ordinary Industrial Shares	Industrial and Shipping Shares	Industrial Shares	Common Industrial Shares	Industrial Shares
Dec., 1921 = 100	1921-25 = 100	Dec., 1924 = 100	Nom. value = 100	1928 = 100	1926 = 100
(b)	(c)	(d)	(e)	(f)	(g)
147.1	121.0	154.4	215.0	210.0	146.9
135.5	135.5	148.2	209.3	165.4	143.1
118.5	114.4	131.8	177.6	120.3	101.9
103.6	108.6	120.1	180.7	91.1	86.5
90.7	98.5	79.2	116.8	74.3	54.3
78.9	108.6	50.7	106.3	48.8	33.5
95.8	109.4	57.3	126.5	58.4	44.8
105.1	114.3	64.5	159.7(h)	103.6	77.3

108.4	117.6	34	158.4	107.6	78.8
114.5	121.8	34	71.3	126.1	71.4
113.5	126.5	28	83.0	151.6	80.3
115.6	125.5	33	90.0	169.9	145.2
115.6	126.4	32	90.4	171.0	143.8
117.5	125.8	32	87.0	173.6	146.1
112.7	120.6	30	85.1	171.6	147.1
112.6	121.3	32	87.9	166.2	...

(b) Variable dividend. (c) Total. (d) Monthly average. (e) Average of highest and lowest prices of each Wednesday. (f) Shares of companies with capital of more than 5 million rubles for the month of (g) and of max. (h) 1927-1928, 79 shares; 1929, 92; 1930, 10; 1933, 96; 1934, 87. (i) Average of closing prices on each Thursday of month with previous figures owing to change in the number of companies and revaluation of shares.

Imports		Exports of				
Imports of		Exports of				
Wheat	Raw Cotton	Sheep's and Lambs' Wool	Cotton Piece Goods	Iron and Steel	Coal	
£	Cwts.	Centals	Centals	Sq. Yds.	Tons	Tons
34.3	8.3	1.8	0.7	*589	0.41	6.1
47.8	9.3	1.3	0.7	306	0.36	5.0
24.2	9.9	0.9	0.7	143	0.17	3.6
23.0	8.8	1.0	0.8	182	0.16	3.2
23.5	9.4	1.2	0.8	179	0.18	3.3
25.4	8.6	1.1	0.7	172	0.19	3.3
28.0	9.0	0.9	0.9	183	0.18	3.2
23.9	8.1	0.8	1.2	159	0.21	3.3
27.1	10.5	0.9	1.2	158	0.21	3.3
25.5	8.7	0.8	0.5	138	0.20	3.1
28.4	8.5	0.8	0.6	170	0.21	3.3
27.2	7.0	0.6	0.4	161	0.20	3.1
34.1	7.3	0.6	0.3	150	0.19	2.9
30.6	9.9	1.4	0.4	161	0.22	3.1

TRAFFIC.—(000,000's omitted)						
Great Britain (f)						
Freight Traffic (f)						
	Merchandise†	Coal, etc.‡	Minerals† and Other Merchandise	Total‡		
	Tons	Tons	Tons	Tons	Tons	Ton-Miles
Monthly Average—						
1929	5·1	17·2	5·4	27·7	1,482·0	1,171·0
1931	4·0	14·4	4·0	22·0	1,185·0	1,171·0
1931	3·8	13·8	3·4	21·2	1,171·0	1,171·0
1932	3·8	13·7	3·5	21·2	1,171·0	1,171·0
1933	3·8	13·7	3·5	21·2	1,171·0	1,171·0
Four weeks ending †						
1934—November 3	4·0	13·5	4·3	21·8	1,191·0	1,191·0
December 1	4·0	14·5	4·2	22·7	1,227·0	1,227·0
December 29	3·5	13·7	3·7	21·0	1,151·0	1,151·0
1935—January 26	3·6	14·3	3·9	21·8	1,191·0	1,191·0
February 23	3·7	14·6	3·9	22·3	1,223·0	1,223·0
March 53	3·7	14·3	4·0	22·0	1,242·0	1,242·0
April 20	3·7	13·1	3·8	20·6	1,151·0	1,151·0
May 18	3·5	11·7	3·8	19·1	1,081·0	1,081·0
June 15	3·6	12·3	3·8	19·8	1,101·0	1,101·0
July 13	3·7	12·2	3·9	19·8	1,111·0	1,111·0
August 10	3·5	10·7	3·6	17·7	1,071·0	1,071·0
September 7	3·7	12·6	3·7	20·3	1,101·0	1,101·0

† Including freight on foreign lines. (2) Railways with coasters.

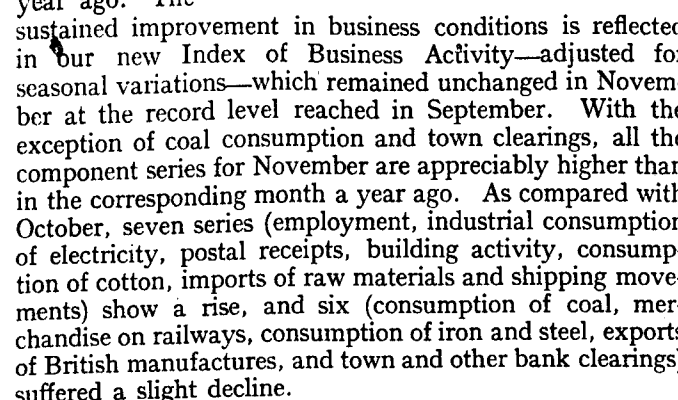
ton = kg., 1,016.05; mile = metres 1,609.34. (5) Fiscal year ending June 30, 1933 not comparable with previous figures.

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against a possible coal strike. As a result, quotations for coal have been advanced. If agreement is reached between coalowners and coalminers, a temporary slump in demand will have to be reckoned with.

The sudden revival of the textile trades continued in recent weeks. Unemployment in the textile industry as a whole is appreciably lower than a year ago. The improvement during the past year has been most marked in the wool, cotton and jute textile trades. The revival of the wool textile industry is largely due to the rise in raw wool prices caused by the realisation that the world's available supplies this season are smaller than a year ago. This has given rise to a restocking movement and to the increased activity in the industry. Among other consumers' goods industries, the footwear trade has continued to improve, but activity in the clothing industry as a whole has tended to decline. Moreover, unemployment showed some increase in the industries concerned with the provision of food, drink and tobacco. Although the official figures of retail sales in



The graph illustrates the business activity index in the United Kingdom from 1932 to 1935. The vertical axis (Y-axis) represents the index value, ranging from 85 to 125 in increments of 5. The horizontal axis (X-axis) represents the years from 1932 to 1935. The index starts at approximately 90 in early 1932, fluctuates with a general upward trend, and reaches a peak of about 120 by late 1935. There is a notable dip in early 1933 followed by a sharp rise, and another period of relative stability around 110 in 1934 before a final significant increase in 1935.

Year	Approximate Index Value
1932 (Start)	90
1932 (Mid)	95
1932 (End)	92
1933 (Start)	98
1933 (Mid)	105
1933 (End)	102
1934 (Start)	108
1934 (Mid)	110
1934 (End)	110
1935 (Start)	115
1935 (Mid)	120
1935 (End)	120

during the past year, and according to the index of the Institut für Konjunkturforschung, it has recovered almost to the pre-depression level. On the other hand, the volume of world trade has made little headway during the past year and remains more than 20 per cent. below the level reached in 1920.

In the United States the expansion of activity which began last May has apparently not yet run its course. On the contrary, most of the indications point to continued progress in the coming year. There are still very few signs of improvement in the gold *bloc* countries, though there have been some faint signs of revival in France, where another financial crisis has been overcome. Industrial activity in Germany has been maintained so far, but the Institut für Konjunkturforschung's latest index of the output of consumption goods is below the level of a year ago. Increased armament activity is partly responsible for the sustained improvement in Central European countries. The latest reports from Scandinavia are still fairly satisfactory. In Belgium economic activity continues to expand and is now well above the level of a year ago.

The news from the Empire is generally good. Australia, South Africa and Canada continue to make headway. Together with South America, British Empire countries are benefiting from the rise in prices of raw materials and foodstuffs. The latest information from Japan indicates that there has been no further increase in business activity during recent months, and the news from China remains unsatisfactory.

HOME INDUSTRIES AND TRADE

The following reports on British industry cover, in most cases, the period to the middle of December. In the remainder they relate to the month of November.

COAL

The coal trade was more active in November, output showing an increase compared both with the previous month and with November, 1934. The increase was especially marked in South Wales and affected all other areas except Scotland and Northumberland. The heavy buying of all classes of fuel—which was traceable to a good industrial and domestic demand and to a stocking-up movement in anticipation of a stoppage and of a rise in prices—has continued in recent weeks. A satisfactory settlement of the dispute would give rise to quietude on coal markets, but a strike, commencing on January 27th is now a possibility, in consequence of the decision of the delegate conference of the Mineworkers' Federation on December 19th. November exports were up on last year, but firmer prices and stringency of supplies have adversely affected this section in recent weeks. The last cut in the French import quota has, however, been restored.

IRON AND STEEL

Activity in the iron and steel industry continued to expand in November and early December, and many manufacturers are welcoming the normal slackening of new business at the turn of the year. Pressure to obtain deliveries against contracts remains as strong as ever. Demand for pig iron continues on a large scale. Manufacturers of semi-finished materials are mostly operating at capacity and many appear to be unable to keep abreast of demand. Deliveries of finished steel are heavy. Many manufacturers are unwilling or unable to extend their commitments. In contrast to the buoyancy of home demand, exports failed to make headway. Meanwhile, reorganisation is proceeding gradually. Machinery to handle the import and export business of the British Iron and Steel Federation was set up at the beginning of December with the formation of the British Iron and Steel Corporation.

ENGINEERING

The engineering industry as a whole continued to progress in recent weeks. Order books are better than at any time since 1929 and the volume of new business continues to expand. The volume of exports in November was slightly larger than a year ago. As far as individual branches of the industry are concerned, prime movers and electrical equipment are the strongest features. There has been some improvement in the demand for locomotives, printing and textile machinery. The position of manufacturers of boilers and boiler-house equipment, lifting and mining machinery is fairly favourable. There has been a spurt in the demand for sugar crushing and refining machinery. Business has undergone little change in marine engines and is seasonally dull in agricultural machinery.

ELECTRICAL ENGINEERING

The downward movement in the volume of new home business in heavy electrical machinery gave way to an improvement during November, and export orders continued to expand.

INDEX OF NEW ORDERS RECEIVED BY HEAVY ELECTRICAL MANUFACTURING INDUSTRY*
(1920 = 100)

Period	Home	Export	Total
1927—November	80	192	107
1928 "	85	105	93
1929 "	71	216	109
1930 "	61	171	89
1931 "	53	119	65
1932 "	54	69	53
1933 "	51	96	64
1934—November	96	125	106
December	96	136	109
1935—January	101	135	112
February	107	136	117
March	102	134	113
April	105	135	115
May	110	128	117
June	109	124	115
July	101	123	109
August	85	122	99
September	71	135	93
October	70	141	93
November	79	150	102

* Copyright of the British Electrical and Allied Manufacturers' Association. The above index is a 12-month moving average of new orders received by the heavy plant section of the industry. It is based on the horse-power and not on the value of orders.

MOTOR INDUSTRY

In the private car section production continues above last year's level. Thus, in October new registrations in Great Britain totalled 22,676, or 26 per cent. more than in October, 1934. On the other hand, registrations of commercial vehicles have recently dropped below the 1934 level, the October figure of 5,789 showing a decline of 8 per cent. over the year. The export trade continues to show an improvement over last year, although overseas sales of private cars suffered a decline from 5,906 in October to 4,925 last month. Imports this year have also been in excess of 1934 figures, although the increase has been smaller in recent months. On the whole, the outlook still appears favourable, and it is reported from the Midlands that many factories have had to be enlarged to cope with orders.

CHEMICALS

Home market business has been generally satisfactory. Industrial chemicals have been in good demand, and the coal tar products market has been quite active, naphthalenes, creosote and tar acids being the best items. Trade in wood distillation products has improved, but, owing to large stocks, prices have not advanced. Fair interest has been shown in pharmaceutical chemicals, and some products, particularly bismuth salts, bromides and iodides, have been in good demand. During November exports of sodium compounds, drugs and medicines, dyes and dyestuffs, and painters' colours and materials were considerably above those for November, 1934. The least satisfactory items were aluminium compounds, disinfectants and insecticides and glycerine.

ELECTRICITY

INDEX OF GENERATION OF ELECTRICITY*
(Great Britain, excluding London and Wales)
(Monthly Average, 1923-24 = 100)

	(t)	(t)
1927	146	102.2
1928	156	101.8
1929	171	102.2
1930	167	93.1
1931	171	90.5
1932	181	87.5
1933	199	87.4
1934	227	98.6
1934—November	254	100.0
December	283	101.0
1935—January	256	100.0
February	253	100.5
March	260	103.0
April	230	104.0
May	241	105.0
June	236	106.0
July	229	108.0
August	227	109.0
September	257	111.0
October	281	111.0
November	298	109.0

* Prepared by the Economic and Statistical Department of the British Electrical and Allied Manufacturers' Association.
† Corrected for seasonal fluctuations, for the increase in electrification (trend), and for connections to the "grid."

COTTON

The improvement noticed in October appears to have continued last month and manufacturers are reported to be busy on existing contracts. Our index of cotton deliveries again rose in November and is now substantially above the 1934 level; the percentage of spinning spindles in full production was maintained at 83 last month, against 72 in November, 1934. Amongst operators in raw cotton uncertainty still prevails as to the future of the American processing tax and the Bankhead Act. Imports of raw cotton again increased last month, to well above last year's level. Exports of yarn were well maintained in excess of the corresponding 1934 figure, but exports of piece-goods declined and were smaller than a year ago. Uncertainty regarding the future of the Indian import duties hampers trade with that country. Meanwhile, it is reported from Lancashire that less new business has been booked recently.

WOOL

The position of the industry continues to show improvement. Employment further increased last month and is now better than for many years past. Where machinery is idle this is usually due to a shortage of hands and, in consequence of the volume of business, Christmas Holidays were curtailed. Exports continue well above last year's level, although shipments of wool tops and of woollen and worsted tissues were rather smaller in November than in October. Meanwhile, increased activity has caused a good demand for raw wool and a strong tone was displayed at the London auctions this month; prices were about 5 per cent. above the October level. Satisfactory sales are also reported from Australian centres. The outlook continues favourable, and the heavy increase in imports of the raw material last month is a good augury for activity in the New Year.

JUTE

Although little fresh business has been booked recently, manufacturers are still busy on existing orders; but unemployment in the industry remains heavy. Exports continue above last year's level. The dispute between the Indian Jute Mills Association and the "outside" mills concerning the question of hours is causing some concern, since a substantial increase in production is probable unless a settlement is reached.

RAYON

Although new business is less active, deliveries against contracts have been well maintained. The Chancellor's announcement that no change will be made in the excise duty before March, 1937, has removed uncertainty and assisted business. Attention is still being paid to staple fibre and spun rayon yarns made from it.

LINEN

High flax prices have restricted sales, since spinners cannot cover costs. Manufacturers have also had to refuse considerable orders for dress and fancy goods, buyers' offers being too low. November returns show a further improvement in export trade.

BOOTS AND SHOES

Little change was recorded in November. Employment continued fairly good in most centres, but both short time and over-time remain common. Exports showed a decline last month and were below the 1934 level.

POTTERY

The completion of Christmas orders was followed by some decline in employment at the end of November. The export position showed little change, but the volume of overseas sales continued below the 1934 level.

AGRICULTURE

Land work is not so forward as usual, states an official report. Early sown corn has germinated well. Total production of potatoes is estimated at 2,919,000 tons; while the quality and condition appear to be fairly good, the tubers are smaller than usual. Total production of mangolds is put at 4,566,000 tons. The quality of the roots is generally good, but they are slightly smaller than usual. The yield per acre of swedes and turnips is estimated at 9.3 tons, which compares unfavourably with the ten-year average of 11.9 tons. Sugar beet crop does not appear to be up to average, and the sugar content will probably be below normal. Cattle and sheep have only done moderately well, but winter keep has not been drawn upon to a greater extent than usual. Milk yields are about normal.

SHIPPING

As forecast a month ago, freights suffered a setback in November, the *Economist* index falling by 1.6 per cent., after a rise of 12.3 per cent. in October. A period of stagnation has ensued. Meanwhile the Government has announced its intention of continuing the tramp shipping subsidy next year.

BUILDING

While building activity as a whole continues to expand, the boom in dwelling-house construction has about reached its peak. Thus, the *Economist* index of building activity rose to 233 in November (1924 = 100), against 228 in October and 205 in November, 1934; but the number of houses built by private enterprise without State assistance in the six months ended September amounted only to 125,593, against 136,965 in the corresponding period a year ago. On the other hand, the value of building plans approved for industrial and commercial purposes has recently been increasing at a much greater rate than the corresponding total for residential building, thus suggesting that the building boom could continue despite a slackening of the housing boom. Meanwhile, unemployment in the building trades, although smaller than at this time last year, showed a seasonal increase in November.

RETAIL TRADE

Although the official statistics are not available as we go to press, it seems probable that the increase recorded in October was well maintained in November.

HOME TRADE STATISTICS—NOVEMBER, 1935

	Oct., 1935	Nov., 1935	Compared with Nov., '34	Oct., 1935	Nov., 1935	Compared with Nov., '34
UNEMPLOYMENT— (State Insurance %)	14.6	14.6	—	1.7		
PRODUCTION—						
Coal (million tons)*	4.4	4.8	+ 0.3			
Iron (thous. ")	544.3	525.1	+ 17.5			
Steel (" ")	907.3	903.3	+ 137.3			
FOREIGN TRADE—						
Imports (million £s)	73.4	71.5	+ 6.8			
Re-exports (" ")	4.7	4.6	+ 0.6			
British Exports (" ")	39.9	39.4	+ 3.3			
TRANSPORT—						
Railway Receipts (thous. £s)*	2,891	2,831	+ 59			
Shipping Freights (av. level)	83.5	82.2	+ 8.1			
COMMODITY PRICES (av. level*)	71.3	71.3	+ 5.6			
TRADE DISPUTES (thous. working days loss)	470	210	+ 139			
SECURITY VALUES (av. level*)	121.3	125.5	— 1.4			

FINANCIAL DATA—

Bank of England Notes (Mill. £s)*	400	401	+ 22
Bank Deposits (" ")*	2,036	2,039	+ 128
Bank Advances (" ")*	773	774	+ 19
Banks' Cash Ratio (%)*	10.0	10.5	— 0.5
Bank Clearings:			
London (million £s)*	721	711	— 84
Manchester (" ")*	10.1	9.6	— 0.4
Three Months' Bank Drafts (Discount Rate %)*			
Day-to-Day Loans (%)*			

(*) 1913 = 100. (†) *Economist* Index No., 1927 = 100.

(*) *Bankers' Magazine* Index No. of 365 securities; December, 1921 = 100. (†) Cash in hand and at Bank of England as % of total current, deposit, and other accounts.

* Average weekly figures.

INDICES OF BUSINESS ACTIVITY*

Daily Averages of 1924 = 100

Period	Employment	Consumption of Power		Transport		Postal Receipts	Building Activity	Consumption of		Foreign Trade			Bank Clearings		Complete Index	
		Coal	Electricity	Merchandise on Railways	Commercial Motors in use			Iron and Steel	Cotton	Imports of Raw Materials	Exports of British Manufactures	Shipping Movements	Metropolitan, Country, Provincial	Town	Monthly	Three-Months' Average
1929	107	97	147	95	159	116	132	112	104	113	109	109	111	123	112	...
1930	103	93	150	86	168	118	144	98	77	101	86	108	108	124	106	...
1931	99	87	150	74	175	117	136	84	84	94	84	108	108	98	98	...
1932	98	85	155	84	180	116	126	69	88	96	85	95	106	97	96	...
1933	101	85	168	87	187	118	162	81	86	106	68	96	111	99	101	...
1934	106	92	188	95	199	119	194	108	92	114	74	99	117	108	109	...
1932—November	98	86	161	67	181	115	131	56	75	87	62	91	106	98	94	94
December	98	89	153	61	182	116	136	66	88	79	60	95	107	106	96	95
1933—January	99	88	158	56	182	116	139	64	88	86	64	95	112	93	95	95
February	99	86	157	60	183	117	148	72	90	96	64	95	112	105	97	96
March	99	80	152	64	184	114	151	70	84	98	68	93	108	103	97	96
April	99	80	152	68	184	115	153	75	85	101	67	97	110	96	98	97
May	100	83	160	67	185	119	157	71	90	104	65	93	110	89	99	98
June	101	80	155	65	186	117	159	77	98	106	69	98	109	88	99	98
July	102	79	163	64	187	115	164	80	108	119	64	97	113	95	103	101
August	103	84	164	64	188	117	167	84	110	132	68	98	112	107	105	103
September	104	88	169	70	189	116	173	83	103	120	74	100	114	104	104	104
October	104	87	168	75	190	117	174	88	92	103	73	98	114	104	104	104
November	105	90	181	76	191	118	177	93	97	109	71	97	112	107	106	105
December	104	91	183	78	193	120	178	114	90	105	69	97	113	106	107	106
1934—January	105	103	180	68	195	119	178	117	95	120	73	105	120	113	110	108
February	105	89	179	74	196	120	183	106	96	119	68	99	117	130	108	108
March	105	94	185	75	197	121	186	112	97	109	72	101	118	119	109	109
April	106	89	180	77	197	118	190	106	93	113	71	97	117	108	108	108
May	106	88	177	75	198	117	191	104	93	110	70	98	114	92	107	108
June	106	85	188	76	200	117	195	103	103	123	74	98	115	96	107	107
July	106	85	179	71	201	116	197	107	97	127	75	99	116	107	108	108
August	107	93	183	73	202	120	198	107	95	137	79	100	113	100	110	108
September	107	91	186	77	201	117	198	106	91	119	82	100	114	101	110	109
October	107	93	188	80	199	119	202	109	85	113	78	96	118	101	111	110
November	107	96	200	78	198	119	205	103	81	99	76	97	116	130	110	110
December	107	90	182	76	200	124	204	117	87	102	79	100	120	112	110	110
1935—January	107	93	193	72	203	120	206	117	90	96	75	95	123	126	110	110
February	107	93	193	73	208	121	209	110	88	108	80	97	121	106	111	110
March	107	87	195	74	207	117	213	115	89	102	79	99	118	105	109	110
April	108	92	203	75	207	123	216	105	85	120	81	100	120	109	112	111
May	108	97	207	77	207	120	221	106	90	119	77	106	121	113	113	112
June	108	94	202	75	207	118	217	113	97	115	84	107	126	120	114	113
July	108	88	202	70	208	120	219	109	108	125	77	102	126	113	112	113
August	109	89	207	71	209	121	222	122	97	118	77	103	123	111	113	113
September	110	96	209	74	209	124	226	123	90	124	83	104	124	109	115	113
October	110	96	214	81	209	122	228	120	91	120	82	99	121	108	115	114
November	110	95	215	80	...	123	233	118	101	121	80	101	120	107	115	115

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STATE OF TRADE OVERSEAS

BRITISH EMPIRE

Australia.—The wheat yield will probably exceed that of the previous harvest, states a cable from the National Bank of Australasia. Although the wheat market is dull, prices of wheat and butter are higher than a year ago. Wool is selling well at prices much above those of 1934. Engineering, construction, textiles, automobiles and retail trade are all ahead of last year and large Christmas sales are expected. Employment shows improvement.

South Africa.—Following the recent rains, farming conditions appear fairly favourable, states the Standard Bank. Maize markets are quiet, but prices remain firm. A surplus of wheat is considered certain and the price problem has been referred to the Control Board. Wool and mohair markets are strong, but hides are weaker. Building activity continues unabated and railway earnings are buoyant. The position of manufacturing industries continues to improve.

Canada.—After a temporary setback in September, business showed further improvement in October, the official index (1926 = 100) rising to 107.2, against 95.9 a year earlier. More recently railway freights and bank clearings have improved, while automobile production has attained the highest output for ten years. Prices of primary products are now on the up-grade. Employment has expanded considerably, but unemployment remains a serious problem.

India.—The Bombay cotton market has had a dull tone on account of a poor home and export demand. Piece-goods have been steady in price, although trade has been only fair. The area under cotton is now estimated at 24 million acres, or 7 per cent. in excess of the revised estimate for 1934. On the Calcutta jute market little business has been transacted recently. Tea prices have been easier, owing to a decline in quality. Foreign trade increased in October.

EUROPE

France.—The latest information suggests that the situation in France has at last undergone a slight improvement. Both industrial production and the value of foreign trade have shown an upward tendency. The official index of industrial production (1913 = 100) rose from 93 in August to 94 in September and 95 in October. The increase in the number of persons in receipt of unemployment benefit, from 380,719 at the end of October to 409,466 at the end of November, is ascribed to seasonal influences. Car-loadings increased from 39,000 per day during the week ended November 2nd to 44,900 per day during the week ended November 23rd. The slight improvement in business activity is reflected in a rise in the prices of Stock Exchange securities. But wholesale prices also continued to rise, and it is difficult to see how a policy of deflation on the gold standard can be successful without a more marked advance in world prices.

Germany.—The expansion of industrial activity has been maintained. The index of production, compiled by the Institut für Konjunkturforschung, was 103.2 (1928 = 100) in October, compared with 103.4 in September and 84.7 in the corresponding month a year ago. But while general industrial activity is well above the level of a year ago, the index of the output of consumption goods declined from 93.1 in October, 1934, to 91.6 in the corresponding month in 1935. The number of unemployed, as officially recorded, increased from 1,828,700 at the end of October to 1,985,000 at the end of the past month. This increase is ascribed mainly to seasonal influences. Production of coal in the Ruhr District rose from 357,600 tons per day during the first week in November to 365,200 tons per day during the first week in November. Car-loadings rose from 143,100 per day during the week ended October 26th to 149,100 per day during the week ended November 23rd, but declined to 133,300 per day in the first week of December. Imports and exports in November were Rm. 346 millions and Rm. 397 millions respectively. Wholesale prices and quotations for industrial securities are scarcely changed on the month.

Denmark.—According to the Statistical Department, industrial production is somewhat higher than last year, but unemployment has only been reduced from 18.4 per cent. to 17.1 per cent. and is again approaching the figure of 100,000. The building boom is on the wane, and this might sooner or later make itself felt in other trades. Rising prices for raw materials will be to the disadvantage of Denmark, but it is to be hoped that improvement abroad will benefit this country through increased sales of Danish produce.

Greece.—Sowing of cereals took place in November under favourable weather conditions and on a larger area than last year. The market for tobacco continued lively. Stocks of this produce show a considerable decline since 1931. On the other hand, exports of currants are still lower than those of last year. A very poor output of olives and olive oil, due to inclement weather conditions, is finally estimated for the current year. Foreign trade in October was larger as compared with October, 1934. Though public revenue is on the whole increasing, the financial situation inspires anxiety owing to the growth of expenditure.

Norway.—There was no increase in industrial production in October as compared with September, the index figure being unaltered at 117, while there was a decline of 3 points at the same time last year. The figures of foreign trade, however, indicate an appreciable improvement, and several branches of export and home industries registered increased turnover. The firm tone prevailing in the share market—although influenced by international developments—is also indicative of the increased activity that has been the salient feature in recent industrial developments.

UNITED STATES OF AMERICA

The expansion of economic activity which began last May continued in November and in the first half of December. The improvement is reflected in the rise of the *New York Times* index of business activity from 93.1 during the week ended November 16th to 95.9 during the second week of December. Since the middle of December business activity has tended to decline a little, but so far the seasonal re-session has been less marked than usual. An important statement on monetary policy, issued jointly by the Board of Governors of the Federal Reserve system and its Open Market Committee, in the third week of December, indicates that there will be no deliberate restriction of credit in the near future, for there was at present "no evidence of over-expansion of business activity." Production and employment are still well below the pre-depression level. Despite uncertainty concerning the judgments of the Supreme Court over some of the New Deal legislation which may be given in January, the outlook remains fairly encouraging.

AMERICAN TRADE STATISTICS—NOVEMBER, 1935

	Oct., 1935	Nov., 1935	Compared with Nov., '34
EMPLOYMENT —(1923-25 = 100)†	83.7	...	+ 13.7||
PRODUCTION —			
Bituminous coal (Thous. tons)	37,664	33,010	+ 2,560
Pig-iron (" ")	1,978	2,066	+ 1,109
Steel (" ")	3,116	3,153	+ 1,564
<i>Steel Corporation—shipments</i> (Thous. tons)	687	682	+ 316
<i>Building permits</i> (Thous. \$)	66,966	56,309	+ 28,895
FOREIGN TRADE —			
Imports (Thous. \$)	189,240	...	+ 59,611||
Exports (" ")	221,215	...	+ 14,863||
TRANSPORT —			
Weekly average of car loadings (Thous. cars)	720	636	+ 48
SECURITIES —			
30 industrial stocks—			
Highest quotations†	141.47	148.44	+ 45.36
Lowest quotations†	128.06	141.07	+ 47.61
Thous. shares sold during month— (New York)	46,663	57,463	+ 36,595
Capital issues excl. refunding (Thous. \$)	145,514	117,446	+ 13,146
BANK DEBITS —			
New York (Million \$)	15,733*	16,051*	+ 3,992
Other cities (" ")	16,962*	17,247*	+ 3,388
RETAIL BUSINESS —			
Total sales, mail order houses§ (Thous. \$)	77,112	71,446	+ 11,472

* Preliminary estimates made by Messrs Moody, subject to revision. † Federal Reserve Board Index of Factory Employment. ‡ Closing prices. § Partially estimated. || Compared with Oct., 1934.

LATIN AMERICA

The event in Argentina has been the announcement on December 13th of a sharp increase in the minimum basic prices at which the Grain Regulating Board is prepared to purchase grain from farmers. The advance is from 5.75 to 10 pesos per 100 kilos. for wheat and from 11.50 to 14 pesos for linseed. Losses of the Grain Regulating Board have to be met from the Exchange Profits Fund, and the change in the basic grain prices may influence the Government's exchange policy. The yield of the grain crops this season—especially wheat—must be substantially below normal. The coffee situation in Brazil appears to have gradually improved during the current year, and both coffee quotations and exchange rates are remarkably steady, despite the recent short-lived political revolt. Chilean conditions appear little changed, although there is a continued shortage of cover in the export exchange market, and the rate has risen to 125 pesos per £ sterling after having touched 128 pesos; sales of export exchange by the Government have not yet been resumed. The Peruvian Congress has approved the Trade Treaty negotiated with Chile. Exports of coffee from Colombia this year promise to constitute a record, and the crop outlook in the Central American countries generally appears fairly favourable.

THE FAR EAST

Japan's foreign trade continues well above last year's level. Imports increased in November, but exports were reduced, mainly in consequence of diminished sales of raw silk and of cotton goods. The money market remains active, but capital issues are somewhat stagnant. Despite certain irregularities, the tone of the stock markets has been good. Commodity markets have, however, been rather inactive; the reaction in raw silk has had an adverse effect in other directions and textile prices have recently suffered an all-round reduction. Wholesale prices declined by 0.2 per cent. during November. Meanwhile, China's departure from the silver standard appears to have had a favourable effect upon her exports—which increased from 48.40 million dollars in October to 60.23 in November, against 49.77 a year ago. Imports also increased last month, but remained below the 1934 level.

STATISTICS

In the following tables we give trade and other statistics for as many countries of the world as possible, our endeavour being to combine brevity with comprehensiveness. The greater number of the figures are taken from the *Monthly Statistical Bulletin of the League of Nations* (published by George Allen and Unwin, Ltd.).

PRODUCTION (Thousands of Metric Tons)

COAL															LIGNITE			
Period Monthly Average	United Kingdom	Belgium	Czechoslovakia	France	Germany	Netherlands	Poland	U.S.S.R.	Canada	South Africa	India	Japan	United States	Czechoslovakia	Germany	Hungary		
	<i>d</i>		<i>h</i>		<i>g</i>	<i>m</i>								<i>k</i>				
1913	24,337	1,903	1,189	3,338	15,842	156	748	...	1,037	665	1,311	1,776	43,088	1,927	7,269	480		
1929	21,837	2,245	1,377	4,482	13,620	965	3,853	3,472	1,023	1,052	1,893	2,855	46,026	1,880	14,598	587		
1931	18,582	2,254	1,092	4,167	9,887	1,075	3,189	4,462	706	880	1,732	2,332	33,385	1,494	11,109	599		
1932	17,717	1,785	913	3,856	8,728	1,063	2,403	5,358	625	805	1,580	2,338	27,183	1,322	10,218	494		
1933	17,525	2,107	878	3,906	9,160	1,048	2,283	6,020	644	872	1,526	2,710	28,967	1,255	10,566	492		
1934	18,708	2,197	898	3,967	10,418	1,028	2,436	7,792	800	992	1,703	2,755	31,413	1,272	11,438	517		
1934—November	19,885	2,238	1,024	4,067	11,312	1,044	3,003	7,922	895	1,074	1,594	2,827	31,417	1,507	12,941	656		
December	18,922	2,184	1,016	3,868	10,933	976	2,684	8,468	741	1,022	1,825	2,948	32,741	1,371	11,951	584		
1935—January	20,848	2,242	932	4,049	11,575	1,024	2,757	8,211	842	1,067	1,866	2,790	38,178	1,414	12,934	645		
February	18,608	2,044	830	3,713	10,395	938	2,278	7,759	697	981	2,031	2,737	35,363	1,240	11,207	564		
March	19,593	2,170	847	3,808	10,946(1)	931	2,247	8,578	695	1,005	2,019	3,092	38,038	1,264	11,232	503		
April	17,863	2,175	816	3,820	11,019	984	2,282	8,437	655	1,055	1,832	2,883	24,233	1,219	10,510	442		
May	19,589	2,132	817	3,931	11,624	1,011	2,023	8,042	751	1,146	1,847	2,958	28,776	1,135	11,937	442		
June	16,397	2,148	759	3,676	10,884	919	2,027	7,354	764	1,044	1,659	2,707	32,395	991	11,206	390		
July	17,721	2,243	811	3,770	11,085	1,058	2,385	8,698	813	1,187	1,584	2,760	23,394	1,170	11,812	456		
August	17,167	2,245	890	3,680	12,098	973	2,337	8,671	749	1,224	1,410	2,509	26,039	1,226	12,343	516		
September	18,007	2,198	1,004	3,710	11,978	957	2,544	8,560	771	1,110	1,660	2,760	26,365	1,280	12,614	571		
October	20,152	2,402	1,087	4,146	11,455	1,081	2,826	9,722	923	1,178	1,681	...	37,166	1,409	13,814	...		
November	...	...	...	...	...	...	...	...	...	...	...	...	32,722	...	...	...		

PIG IRON

Period Monthly Average	United King- dom	Bel- gium & Luxem- burg	France	Saar	Ger- many	Sweden	U.S.S.R	Canada	United States	United King- dom	Bel- gium & Luxem- burg	France	Saar	Ger- many	Sweden	Canada	United States
	<i>b</i>	<i>a</i>			<i>g</i>						<i>a</i>			<i>g</i>			<i>a</i>
1918	869	419	434	114	1,397	61	...	85	2,601	649	307	391	159	1,467	62	88	2,564
1929	643	583	864	175	1,117	41	362	92	3,580	816	569	808	184	1,354	60	117	4,599
1931	318	440	683	128	505	32	405	36	1,547	438	430	652	128	691	46	57	2,133
1932	303	395	461	112	328	22	521	12	735	445	397	470	122	479	44	29	1,128
1933	349	360	527	133	439	27	597	19	1,119	593	383	544	139	632	53	35	1,913
1934	506	374	513	152	728	44	867	35	1,348	750	423	512	162	991	74	64	2,139
1934—November	516	390	506	159	829	52	938	40	972	778	418	497	167	1,086	90	58	1,615
December	522	434	517	149	833	50	934	43	1,052	665	418	509	156	1,040	71	60	1,972
1935—January	530	417	512	162	880	54	946	45	1,501	770	412	495	168	1,137	74	60	2,878
February	491	383	450	146	809	47	917	38	1,634	782	385	458	158	1,064	71	57	2,786
March	563	400	489	h	h1,000	50	1,051	45	1,798	855	394	505	h	h1,297	73	59	2,876
April	535	406	478	...	933	51	1,016	44	1,690	822	407	517	...	1,315	86	74	2,648
May	568	436	502	...	1,002	58	1,044	46	1,755	867	441	553	...	1,249	56	75	2,267
June	538	419	465	...	979	42	1,058	45	1,577	782	404	503	...	1,448	71	87	2,307
July	556	420	488	...	1,093	39	1,096	51	1,545	816	409	544	...	1,496	82	84	2,966
August	552	413	479	...	1,145	45	1,085	55	1,789	772	406	537	...	1,378	76	92	2,875
September	538	387	472	...	1,113	41	1,046	55	1,801	870	368	521	...	1,551	82	97	3,166
October	553	409	490	...	1,198	47	1,077	46	2,010	922	404	552	...	...	...	...	3,204
November	534	...	...	...	...	...	...	...	2,099	918	...	...	...	...	...	...	...

a Figures for Luxembourg communicated by the "Groupement des Industries Siderurgiques." b Including ferro alloys. c Excluding castings. d Saleable coal; since end 1921, excluding Ireland. e British Provinces only. f Establishments whose production in 1933 amounted to 99.39% of the total. g Excluding Luxembourg. Since 1922, excluding Polish Upper Silesia. h Since March, 1935, Saar Territory included with Germany. i Excludes Saar. j Coal sold. k Until end 1928 saleable coal. m Including coal waste. n Provisional figure.

WHOLESALE PRICES

Monthly Average	U.K.		Belgium	Czechoslovakia	Denmark	France	Germany (Official)	Holland	Italy	Norway	Poland	Spain	Sweden	Switzerland	Australia	British India	Canada	South Africa
	Board of Trade	Economist																
	<i>k</i>		<i>h</i>	<i>i</i>	<i>e</i>			<i>a</i>			<i>m</i>						<i>l</i>	
1913	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1929	127.2	851	924	150	627	137.2	100	481	149	96.3	100	100	100	100	100	100	100	100
1931	87.8	89.3	626	107.9	114	502	110.9	76.5	342	122	74.6	168.8	111	109.7	131.3	96	114.9	91.5
1932	85.6	86.1	532	99.7	117	427	96.5	64.8	310	122	65.5	166.7	109	96.0	129.7	87	104.2	91.5
1933	85.7	86.9	501	96.2	125	398	93.3	63.1	228.9	122	65.1	159.1	107	91.0	107.1	89	104.8	91.5
1934	88.1	90.3	473	83.9	132	376	98.4	63.2	276	124	55.8	163.4	114	89.8	135.2	89	111.8	101.7
1934—November	87.5	89.0	466	84.2	136	356	101.2	...	277	126	53.6	162.6	115	89.4	135.1	88	111.2	...
December	87.8	90.4	468	84.5	135	344	101.0	...	279	125	53.5	164.7	115	89.0	134.1	88	111.2	...
1935—January	88.3	91.6	472	85.1	135	350	101.1	61.9	280	125	52.9	167.8	115	88.3	134.1	94	111.5	95.5
February	88.0	91.3	466	85.3	135	343	100.9	61.8	282	125	52.2	165.4	115	87.6	133.4	90	112.3	...
March	88.0	91.6	466	85.3	135	343	100.9	61.8	282	125	52.2	165.4	115	88.4	133.4	92	112.5	...
April	87.5	91.8	531	85.7	132	396	100.6	61.1	289	125	52.4	167.8	115	87.7	132.7	88	113.2	92.8
May	88.2	94.3	552	86.1	131	340	100.8	61.1	304	125	52.8	167.2	115	87.6	134.0	91	113.0	...
June	88.4	93.7	555	88.0	130	330	101.2	61.1	315	126	52.6	164.4	116	88.6	134.7	91	111.7	95.0
July	88.0	93.7	553	86.0	131	322	101.8	60.8	319	127	52.9	162.8	116	89.9	135.9	91	111.7	...
August	88.4	93.0	552	86.8	134	380	102.4	61.0	329	128	53.6	163.4	115	91.4	137.8	89	111.9	...
September	89.6	96.1	560	86.8	137	333	102.3	62.0	337	128	54.2	167.4	115	92.3	137.6	89	113.0	...
October	91.1	98.5	574	86.5	139	342	103.0	63.5	352	130	54.5	...	117	93.3	...	...	114.3	96.1
November	91.2	98.2	582	...	139	348	...	62.9	...	130	...	...	118	...	...	...	...	...

FINANCE

Notes in Circulation—(000,000's omitted)

Period	United Kingdom	Austria	Belgium	Bulgaria	Czechoslovakia	Denmark	Finland	France	Germany	Greece	Hungary	Jugoslavia	Netherlands
End of	Bank of England Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Reichsbank Notes	"Rentenbank" Notes	Bank Notes	Bank Notes	Bank Notes
	£	Schilling	Francs	Leva	Koruna	Kron.	Markka	Francs	Reichsmark	Reutenmark	Drachma	Pengö	Dinars
1913.....	29.6	...	1,067	189	...	152	113	5,714	2,742	...	245	...	313
1929.....	369.8	1,094	14,683	3,909	8,230	397	1,361	68,571	5,044	397	5,193	591	5,818
1930.....	368.8	1,090	16,419	3,908	7,824	360	1,279	76,436	4,778	439	4,903	469	5,397
1931.....	364.2	1,183	18,370	3,909	7,679	346	1,293	85,725	4,776	422	4,903	423	5,172
1932.....	371.2	914	18,135	2,635	6,267	332	1,085	85,028	3,560	413	4,714	353	4,773
1933.....	392.0	932	17,093	2,984	5,966	375	1,184	82,813	3,645	392	5,449	369	4,327
1934.....	405.2	964	17,650	2,449	5,640	396	1,277	83,412	3,901	385	5,086	381	4,384
1934—October.....	378.4	954	17,814	2,633	5,461	384	1,245	79,467	3,823	285	5,919	373	4,380
November.....	379.7	955	17,506	2,449	5,337	378	1,246	81,879	3,810	292	5,644	350	4,307
December.....	379.9	964	17,650	2,449	5,640	386	1,277	83,412	3,901	385	5,686	381	4,384
1935—January.....	374.9	902	18,179	2,226	5,028	361	1,268	81,686	3,660	394	5,288	353	4,288
February.....	377.4	902	18,237	2,176	5,253	363	1,372	81,817	3,617	396	5,221	353	4,322
March.....	381.4	914	18,851	2,140	5,560	369	1,441	83,044	3,694	395	5,541	370	4,432
April.....	393.2	925	19,063	2,123	5,567	375	1,369	82,776	3,810	377	5,319	359	4,446
May.....	390.4	926	20,157	2,152	5,780	378	1,328	82,099	3,895	373	5,417	375	4,473
June.....	396.9	942	20,397	2,133	5,454	361	1,310	81,128	3,878	396	5,366	376	4,513
July.....	408.3	963	20,576	2,266	5,524	375	1,317	82,240	4,032	396	5,493	391	4,661
August.....	398.2	953	20,702	2,408	5,730	368	1,338	82,899	4,143	399	6,078	389	4,777
September.....	399.9	963	21,035	2,413	5,715	387	1,302	83,306	4,158	397	6,215	412	4,916
October.....	401.3	953	20,792	2,303	5,599	384	1,319	82,447	4,186	...	5,910	393	4,838
November.....	...	...	...	...	...	...	...	...	...	...	...	...	...

Period	Italy	Norway	Poland	Romania	U.S.S.R.	Sweden	Switzerland	Australia	Canada	South Africa	Egypt	United States	Japan
End of	Bank Notes	State Notes	Bank Notes	Bank Notes	State Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes
	Lire	Lire	Kroner	Zloty	Zloty	Leu	Gd. Rbls.	Rbls.	Kronor	Francs	£	Dollars	Yen
1913.....	42,284	499	108	...	...	437	...	...	234	314	...	...	426
1929.....	16,774	80	318	1,340	259	21,144	1,028	...	501	569	...	...	1,642
1930.....	15,680	668	312	1,328	241	19,605	1,946	...	594	1,062	...	...	1,436
1931.....	14,295	...	312	1,218	241	23,750	2,370	...	583	1,609	...	...	1,331
1932.....	13,672	...	315	1,003	332	21,594	2,922	...	598	1,611	...	...	1,426
1933.....	13,243	...	327	1,004	342	21,219	3,069	...	648	1,510	...	...	1,381
1934.....	13,145	...	333	981	384	22,307	...	...	708	1,440	...	...	1,668
1934—October.....	13,251	...	316	1,010	389	21,680	...	...	662	1,384	...	...	1,290
November.....	13,162	...	315	1,058	366	21,579	...	...	651	1,376	...	...	1,319
December.....	13,145	...	333	981	384	22,307	...	...	708	1,440	...	...	1,627
1935—January.....	12,787	...	312	937	375	21,617	...	...	651	1,334	...	...	1,448
February.....	12,634	...	311	940	379	21,225	...	...	659	1,330	...	...	1,334
March.....	12,894	...	323	945	388	21,904	3,501	...	705	1,358	...	...	1,355
April.....	12,891	...	322	946	380	21,786	...	...	693	1,302	...	...	1,281
May.....	12,878	...	322	945	380	21,261	...	...	718	1,307	...	...	1,376
June.....	13,029	...	330	932	396	21,234	...	...	685	1,281	...	...	1,304
July.....	13,558	...	330	983	415	21,751	...	...	722	1,283	...	...	1,294
August.....	14,095	...	331	981	406	21,993	...	...	771	1,317	...	...	1,568
September.....	15,273	...	329	1,047	417	22,430	...	...	743	1,325	...	...	1,292
October.....	...	...	331	1,034	412	22,426	...	...	733	1,323	...	...	1,546
November.....	...	...	...	...	...	...	...	...	...	...	...	...	...

a Until November, 1928, including State notes, then transferred to Bank. b May. c Excluding notes held by Commonwealth Bank. d In terms of new lire = 8,373 millions. e Marks—Including Reichs- und Darlehenskassenscheine. f State notes—gross. g Excluding notes held by Reichsbank. h Token coins only. i Since January, 1934, excluding gold coin. j Since 1920, including Austria-Hungarian and other notes converted after the war into National Currency. k In terms of new lire = 1,829 millions. l In terms of new francs. m Since May, 1922, including Since 1926, excluding notes held by the State Bank. n Since 1927-1929, including Government Notes of 5 and 10 francs to value of 750 million francs, replacing similar bank notes in October, 1926. Luxembourg. From 1927-1929, including Government Notes of 5 and 10 francs to value of 750 million francs, replacing similar bank notes in October, 1926.

LONDON RATES OF EXCHANGE

	Paris	Brussels	Milan	Zurich	Madrid	Amster- dam	Stock- holm	Oslo	Copen- hagen	Berlin	Vienna	New York	Buenos Aires
	Francs to £1	Belgas to £1	Lire to £1	Francs to £1	Pesetas to £1	Florins to £1	Kronor to £1	Kroner to £1	Kroner to £1	Marks to £1	Schillings to £1	Dollars to £1	Pence to £1
Par level	124.21	35.00	92.46	25.22½	25.22½	12.107	18.159	18.159	18.159	20.43	34.58½	4.86½(a)	47.62
Highest, 1934	83.62½	23.55	62.37½	18.90	39.81½	8.14	19.45	19.95	22.45	19.77	29.75	5.19½	30.06
Lowest, 1934	73.87½	20.86½	56.78	14.93½	35.54½	7.18½	19.35	19.85	22.35	12.09	26.06½	4.87½	20.12½
Beginning of—													
July, 1914	25.15	125.35½	25.25½	21.16½	26.10	12.11½	18.30	18.25	18.30	20.49	124.55	4.87½	47½
January, 1928	124.00	34.92½	92.32½	25.27½	28.24	12.09½	18.11½	18.34	18.20	20.45½	34.52	4.87½	47½
January, 1929	124.00	34.85½	92.64	25.18½	29.74	12.08	18.13	18.19	18.17½	20.38½	34.44½	4.85½	47½
January, 1930	123.91	34.88½	93.22	25.13½	36.62½	12.09½	18.13½	18.20½	18.20½	20.43½	34.65½	4.87½	45½
January, 1931	123.91	34.88½	93.22	25.13½	36.62½	12.09½	18.13½	18.20½	18.20½	20.43½	34.65½	4.87½	45½
January, 1932	123.66½	34.76½	92.74	25.04½	46.30	12.05½	18.13½	18.16	18.16	20.38½	34.48½	4.85½	35½
January, 1933	86.37½	24.37½	66.62½	17.37½	40.90	8.44½	18.37½	19.40½	19.31½	14.00	30.00	3.88½	40½
January, 1934	85.50	24.09½	65.12½	17.34½	40.90	8.44½	18.37½	19.40½	19.31½	14.00	30.00	3.88½	40½
January, 1935	83.00	23.39	61.84½	16.79½	39.53½	8.09½	19.40	19.90	22.40	13.71	26.50	4.94½	27.68½
August	74.68½	20.33	60.37½	15.15	36.12½	7.31	19.40	19.90	22.40	12.28	26.25	4.95½	18.50
September	74.90½	20.51½	60.68½	15.22½	36.25	7.33	19.40	19.90	22.40	12.33½	26.25	4.95½	18.55
October	74.66½	20.05	60.18½	15.07½	35.93½	7.25	19.40	19.90	22.40	12.18	26.00	4.90½	17.95
November	74.53½	20.17½	60.43½	15.12	36.00	7.23½	19.40	19.90	22.40	12.21½	26.00	4.91½	18.05
December	74.84½	20.17	...	15.25	36.12½	7.28½	19.40	19.90	22.40	12.25½	26.50	4.93½	17.95

CAPITAL ISSUES.—(000,000's omitted)

Period	United Kingdom	Austria	Czechoslovakia	France	Germany	Italy	Netherlands	Poland	Romania	Sweden	Switzerland	British India	Japan	United States
Monthly Average	£	Schilling	Koruna	Francs	Mark	Lire	Gulden	Zloty	Lei	Kronor	Francs	Ruppes	Yen	Dollars
1913	16.3	...	...	...	...	...	...	...	...	...	...	...	...	...
1929	23.8	8.6	55	1,359	80.2	607	29	17.8	318	23	63	56	222	849
1931	8.5	3.1	42	1,362	65.2	361	20	6.4	210	28	48	27	261	259
1932	15.7	4.9	27	511	12.3	304	31	11.6	37	11	32	33	513	99
1933	20.4	17.9	21	300	7.3	...	...	3.0	47	8	15	...	551	60
1934	14.1	...	...	...	...	...	...	...	...	...	...	...	...	118
1935	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Oct.-Dec. 1934	7.4	12.9	20	139	4.1	292	59	5.3	47	11	9	31	563	68
Jan.-Mar. 1935	6.7	9.8	19	358	11.4	152	3	3.3	122	8	50	21	655	75
Apr.-June 1935	25.6	11.0	10	551	5.1	280	58	1.3	70	10	20	120	658	123
July-Sept. 1935	9.4	9.0	13	306	8.5	531	2	1.1	115	9	11	27	425	147
Oct.-Dec. 1935	14.5	...	...	...	...	...	...	...	...	...	...	...	...	123
Jan.-Mar. 1936	9.1	...	...	...	...	...	...	...	...	...	...	...	...	83
Apr.-June 1936	11.6	...	...	...	...	...	...	...	...	...	...	...	...	78
August 1936	2.4	...	...	...	...	...	...	...	...	...	...	...	...	151
September 1936	4.7	...	...	...	...	...	...	...	...	...	...	...	...	145
October 1936	2.7	...	...	...	...	...	...	...	...	...	...	...	...	117
November 1936	8.7	...	...	...	...	...	...	...	...	...	...	...	...	145

Unless otherwise stated, the figures represent authorised share issue of new joint stock companies at home, and the increase of capital of existing companies. Bonus shares are excluded from the figures of Romania and Czechoslovakia. In the case of the Netherlands, Switzerland and the U.K. both bonus shares and conversions are excluded. c Excluding Treasury Bills. d Excluding large railway issues. f "Rivista Bancaria." h Issues exceeding Fls. 100,000 on the Dutch market including bonus shares and conversions are excluded. g "Société de Banque Suisse," figures of net amount of new issues. Until end 1922 paper mark. p Compilés by "Commercial and Financial Chronicle." v Up to 1927, authorised capital paid-up. p Compilés by "Commercial and Financial Chronicle." v Up to 1927, authorised issues, excluding western departments; since 1928 amounts actually issued, whole territory.

UNEMPLOYMENT

Percentage of persons unemployed in trade unions or in official unemployment insurance schemes (Belgium and U.K.)

End of Month	U.K.	Belgium	Denmark	Germany	Netherlands	Norway	Sweden	Australia	Canada
1921—June	17.8	9.9	16.8	3.0	8.1	20.6	27.7	12.5	13.2
December	16.2	6.6	25.2	1.6	16.6	23.4	33.2	9.5	15.1
1927—June	8.8	1.4	18.0	6.3	6.0	22.5	9.5	6.4	3.2
December	9.8	3.6	31.6	12.9	14.9	28.0	18.6	8.9	6.6
1928—June	10.7	0.6	13.5	6.2	4.4	14.4	17.6	11.2	3.2
December	11.1	1.9	28.4	16.7	11.5	22.1	17.3	9.9	6.6
1929—June	9.6	0.4	10.0	8.5	2.6	11.3	7.3	10.0	2.9
December	11.1	2.4	22.4	20.1	12.3	18.9	16.9	13.1	11.4
1930—June	15.8	1.9	8.7	19.6	5.5	10.8	8.3	18.5	10.6
December	20.2	9.2	25.1	31.7	18.2	25.5	23.3	23.4	17.0
1931—June	21.8	9.0	11.3	29.7	11.7	12.9	27.6	16.3	16.3
December	20.9	17.0	32.2	42.2	27.8	27.2	27.1	28.0	21.1
1932—June	22.3	18.7	24.9	43.1	27.2	26.2	19.1	30.0	21.9
December	21.7	18.6	42.8	43.1	34.5	42.4	31.5	28.1	25.6
1933—June	19.5	14.4	21.9	...	27.7	27.2	20.8	25.7	21.8
December	17.6	19.9	37.5	22.6	40.0	39.2	27.7	23.0	21.0
1934—June	16.4	17.1	15.3	13.3	29.1	27.2	14.9	20.9	18.0
December	16.1	22.2	30.3	14.3	37.9	32.8	25.0	...	...
1935—May	15.6	17.1	14.4	10.7	34.0	25.5	13.2	...	15.9
June	15.3	15.8	12.6	10.0	32.9	21.1	12.7	17.8	15.4
July	15.3	15.1	12.6	9.3	33.9	19.1	11.3	...	15.1
August	14.9	14.9	13.7	9.1	34.5	19.7	11.7	...	14.2
September	15.0	14.9	14.9	9.1	34.7	...	12.2	15.9	13.0
October	14.6	...	17.3	9.8	35.1	...	...	...	13.3
November	14.6	...	21.6	10.6	...	...	...	...	...

Number of Workers Covered by Last Returns

Millions	U.K.	Belgium	Denmark	Germany	Netherlands	Norway	Sweden	Australia	Canada
1921	12.8	0.8	0.39	6.9	0.6	0.06	0.4	0.4	0.16
1935	...	...	...	...	...	...	...	...	...

† Ex. Irish Free State since March, 1923. ‡ Provisional figure.

BANK RATES

	1932	1933	1934	1935
End of	End of	End of	End of	End of
Dec.	June	Dec.	June	Dec.
London	5.5	5.5	5.5	5.5
Paris	34	21	21	21
Berlin	7	4	4	4
New York	4	2	2	2
Amsterdam	4	2	2	2
Brussels	3	2	2	2
Rome	7	5	5	5
Switzerland	3	2	2	2
Vienna	7	5	5	5
Warsaw	8	6	6	6
Tokyo	5	4	4	4
Calcutta	7	6	6	6

* Federal Reserve.

LONDON BANKERS' CLEARING RETURNS

	Town	Metropolitan	Country	Total
1913	14,191,275	855,648	1,389,481	16,436,404
1929	39,935,924	1,881,989	3,078,764	44,896,677
1930	38,782,577	1,812,146	2,963,631	43,558,354
1931	31,818,803	1,667,852	2,732,209	36,235,869
1932	27,833,633	1,610,407	2,667,919	32,111,959
1933	27,714,489	1,656,675	2,766,471	32,137,636
1934	30,740,117	1,759,528	2,984,512	35,484,157
1934 (December 19)	29,667,682	1,693,906	2,885,092	34,246,680
1935 (December 18)	31,296,989	1,825,593	3,133,175	36,255,757

U.K. IMPORTS AND EXPORTS.—(000,000's omitted)

		Food		Raw Materials		Manufactures		Imports of			Exports of		
		Imports	Exports	Imports	Exports	Imports	Exports	Wheat	Raw Cotton	Sheep's and Lambs' Wool	Cotton Piece Goods	Iron and Steel	Coal
Monthly Average		£	£	£	£	£	£	Cwts.	Centals	Centals	Sq. Yds.	Tons	Tons
1913	.....	24.2	2.7	23.5	5.8	16.1	34.3	8.8	1.8	0.7	589	0.41	6.1
1929	.....	44.7	4.6	28.3	6.6	27.9	47.8	9.3	1.3	0.7	306	0.38	5.0
1931	.....	34.8	3.0	14.5	3.9	21.8	24.2	9.9	0.9	0.7	143	0.17	3.6
1932	.....	31.1	2.7	13.7	3.6	13.1	23.0	8.8	1.0	0.8	182	0.16	3.2
1933	.....	28.3	2.3	15.0	3.8	12.6	23.5	9.4	1.2	0.8	179	0.16	3.3
1934	.....	28.8	2.5	17.5	4.0	14.3	25.4	8.6	1.1	0.7	172	0.19	3.3
1935—April	.....	27.1	2.2	16.9	4.0	15.5	25.9	8.1	0.8	1.2	159	0.21	2.9
May	.....	30.1	2.5	18.4	4.7	15.8	27.1	10.5	0.9	1.2	158	0.21	3.7
June	.....	27.5	2.4	15.7	4.0	14.4	25.5	8.7	0.8	0.8	138	0.20	3.1
July	.....	29.0	2.6	17.0	4.6	15.5	28.4	8.5	0.8	0.6	170	0.21	3.7
August	.....	27.0	2.5	16.0	4.1	15.8	27.2	7.0	0.6	0.4	161	0.20	3.5
September	.....	29.6	2.8	15.3	2.7	15.5	34.1	7.3	0.6	0.8	150	0.19	2.9
October	.....	37.5	3.4	18.0	4.7	17.6	30.6	9.9	1.4	0.4	161	0.22	3.3
November	.....	34.4	3.8	19.7	5.1	16.9	29.3	9.9	1.7	0.6	158	0.22	3.5

* Yards.

RAILWAY STATISTICS: FREIGHT TRAFFIC.—(000,000's omitted)

	Austria	Germany	Italy	Canada	United States
	(b) (h)	(a)	(c) (i)	(e) (e)	(e)
Monthly Average—	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.
1929	273	3,745	1,017	4,831	59,897
1931	221	3,242	840	3,447	41,383
1932	245	3,479	759	3,092	31,508
1933	253	4,165	714	2,845	33,475
1934	276	4,777	695	3,184	36,202
1934—November	259	4,119	700	2,789	33,733
December	221	4,423	734	2,560	36,447
1935—January	217	4,023	777	2,727	35,244
February	242	4,667	702	3,025	40,275
March	234	3,941	694	2,965	34,047
April	255	4,411	720	2,899	36,095
May	248	4,569	...	3,083	37,862
June	258	4,619	...	3,417	33,823
July	269	5,158	...	3,068	37,866
August	288	5,572	...	4,392	40,463
September	...	...	...	...	...
October	...	...	...	...	...
November	...	...	...	...	...

* Inc. live-stock. (a) "Reichsbahn." Excl. free-hauled. (b) State and private railways, including freight on foreign lines. (c) Railways with annual operating revenues of at least \$500,000. (d) Including free-hauled. (e) Excluding free-hauled. (f) Long ton = kg. 1,016.05; mile = metres 1,609.34. (g) Figures from 1933 not comparable with previous figures. (h) From January, 1932, onwards figures relate to 4-week periods. (i) Fiscal year ending June 30.

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SATURDAY, JULY 13, 1935



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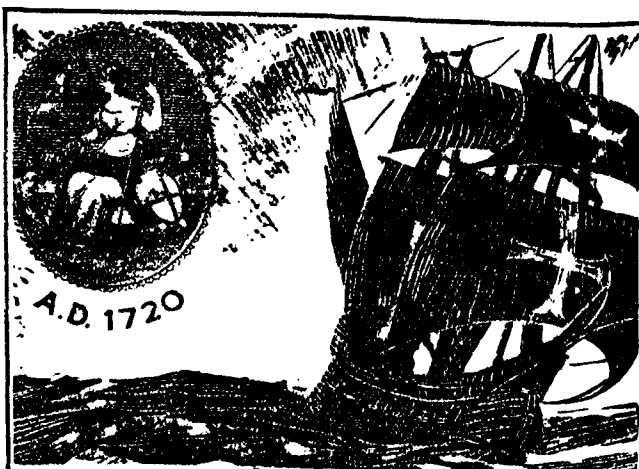
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INSURANCE IN 1934

A REVIEW OF PROGRESS AND PROSPECTS

Vol. CXXI

SATURDAY, JULY 13, 1935

No. 4794

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GENERAL RESULTS OF THE YEAR

The British insurance business has by now earned the name of an industry, both for the extent of its operations and the magnitude of the funds employed. The latest figures for the "industry's" experience in 1934 show that its strength has been unimpaired by economic depression, and that many sections of the "industry" have never been in a stronger position. Insurance, indeed, in this country would seem to have become as widespread a convention as the use of a bank—if not more so. This year our annual Insurance Supplement is of special interest, as the technical procedure of Life Offices is described in the three special articles which follow.

We give below, in accordance with our usual practice, a table showing the general results of 22 of the most important companies in respect of all branches of insurance in

1934. The figures in the table have been calculated on a uniform basis for all the offices. The aggregate results show further improvement in 1934; on the whole, fire insurance profits were greater, and accident and miscellaneous profits were smaller, than in 1933, owing to a large extent to the trading results in the American field. The reserve for unexpired risks, except in the marine branch, has been taken in all cases at 40 per cent. of the premium income of the year, which is the basis used by the majority of offices. It is not possible to use a uniform method of calculating the underwriting profits in the case of the marine accounts, and the method of the company concerned has been followed. Special attention is drawn to the headings of each column in the table below, for these explain the principles upon which our calculations are made. These calculations may

UNDERWRITING PROFIT

Company	Total Premium Income (excluding Life, Annuity and Sinking Fund)	Underwriting Profits				Dividend Position		
		Net Trading Surplus (excluding Life, Annuity and Sinking Fund)	Ratio of Net Trading Surplus to Premiums	Contribution to Net Trading Surplus from Life, Annuity, and Sinking Fund	Total Net Trading Surplus	Net Interest Earnings after deducting Debenture Interest and Preference Dividends	Cost of Dividend on Ordinary Shares	Proportion of Dividend met by Interest Earnings
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Alliance	3,595,647	235,454	6.5	55,961	291,415	339,635	482,583	70
Atlas	2,387,005	40,080	1.7	26,858	66,938	117,809	176,000	67
Caledonian	1,307,310	16,869	1.3	...	16,869	79,284	90,094	88
Commercial Union	13,342,087	151,555	1.1	92,740	244,295	772,081	1,121,000	69
Eagle Star and British Dominions	2,843,816	50,953	1.8	18,158	69,111	137,446	140,229	98
Employers' Liability	6,850,680	238,084	3.5	...	238,084	272,940	212,106	129
General Accident	7,584,373	29,359	.4	...	29,359	250,393	217,000	115
Guardian	2,446,524	148,025	6.1	23,801	171,826	138,710	194,616	71
Liverpool and London and Globe	8,727,094	274,154	3.1	26,000	300,154	411,393	560,092	73
London Assurance	3,927,373	44,154	1.1	20,000	64,154	184,093	227,403	81
London and Lancashire	5,894,073	457,866	7.8	18,088	475,954	496,614	588,355	84
North British and Mercantile	5,028,252	535,078	10.6	...	535,078	514,795	514,511	100
Northern	4,229,644	51,645	1.2	...	51,645	186,385	236,602	79
Norwich Union	3,552,635	28,443	.8	...	28,443	162,298	208,461	78
Pearl	1,153,722	80,953	7.0	594,883	675,836	41,616	600,000	7
Phoenix	6,721,456	24,669	.4	88,785	113,454	366,883	467,325	78
Prudential	2,184,111	283,384	13.0	190,000	93,384	108,294	100,000	106
Royal	11,516,698	421,092	3.7	50,000	471,092	1,223,082	1,425,649	86
Royal Exchange	3,306,170	23,873	.7	38,894	22,872	212,845	151,125	105
Scottish Union and National	1,590,309	57,625	3.6	...	57,625	145,540	151,125	96
Sun	4,675,459	117,835	2.5	...	117,835	253,108	253,333	100
Yorkshire	2,563,561	21,252	.8	13,570	34,822	102,793	138,008	74
	105,427,999	2,799,348	2.7	877,738	3,677,086	6,524,064	8,317,337	78

differ from the published results of individual companies, as is only to be expected when various data are reduced to a comparable basis; and this fact should be borne in mind.

The trading surplus shown in column 2 has been obtained after deduction of all allocations to investment, contingency, etc., reserves, for it is not possible to state in any instance how much of the transfer (if any) may be regarded simply as an addition to free reserve and how much is required by ordinary business prudence. Some slight injustice may be introduced in individual cases by this system, which, on the whole, however, is probably the fairest to adopt.

Column 4 indicates the amount of the contribution to the net trading surplus derived from the operations of the life department. Such profits emerge from actuarial valuations, and in the majority of cases these valuations take place only at quinquennial intervals. It may be mentioned that some companies set aside the shareholders' proportion of surplus revealed at a quinquennial valuation, and, in each year of the new quinquennium, credit one-fifth of such surplus to profit and loss. This practice is not universal, however, and hence the absence of any figure in this column for those companies which transact life business merely means that no valuation was due to be made. The Prudential is in a special position, since the life profits

belong entirely to the "A" shareholders, and the table is concerned only with the "B" shareholders, whose interest is confined to the remaining departments, and who have no rights to any share in the surplus of the life and annuity department; the negative entry of £190,000 shown in the table represents a transfer of this amount from profit and loss to strengthen the basis of valuation of the sinking fund policies.

DIVIDEND POSITION

It will be seen that during 1934, 78 per cent. of total dividends was met out of interest earnings, or, excluding the Pearl, whose activities are confined mainly to life assurance, 84 per cent. By a policy of meeting the cost of at least a very substantial part of the dividend from interest earnings, a considerable portion of the underwriting profits is available to augment reserves. As a result, the offices are in a very strong financial position.

The premium income reverses the tendency of recent years, and shows a substantial increase in 1934 over the corresponding figures of the previous year; and the net trading surplus is very substantially better. It is very satisfactory to note a slight increase in the total net interest earnings, though this was due to a fall of 6d. in the rate of income tax. In most cases the rate of dividend has remained the same as in 1933.

Year	Total Premium Income (Excl. Life Annuity and Sinking Fund)	Underwriting Profits		Dividend Position		
		Net Trading Surplus (Excl. Life Annuity and Sinking Fund)		Total Net Interest Earnings	Cost of Ordinary Share Dividend	Proportion of Dividend Met out of Interest Earnings
		Amount	Percentage of Premium Income			
1929	119,734,910	2,851,132	2.4	7,368,926	8,219,274	% 90
1930	114,944,401	1,996,275	1.7	7,320,575	8,322,312	88
1931	111,077,136	1,729,815	1.6	7,082,694	8,056,895	88
1932	106,901,260	1,291,704	1.2	6,834,987	8,086,479	85
1933	102,240,852	2,339,247	2.3	6,507,391	8,153,563	80
1934	105,427,999	2,799,348	2.7	6,524,064	8,317,337	78

LIFE INSURANCE STATEMENTS

I.—ANNUAL STATEMENTS

The annual statements prepared and presented by the ordinary trading concern are designed to show two important facts. One is the profitability or otherwise of the year's operations, the other is the solvency of the concern at the end of the accounting period. The establishment and publication of these facts may take place at shorter intervals than one year, but only in exceptional circumstances is a longer period than this allowed to elapse before the results and position are ascertained.

In the case of life insurance companies it is the exception rather than the rule for so full a disclosure to be made annually. The statements published by life insurance companies may broadly be divided into two groups. On the one hand, there is a body of limited information which all companies are statutorily obliged to furnish every year—consisting in effect merely of interim statements, and on the other there are the full statements which are published on the occasion of the periodical valuation, which may be annual, but more usually is quinquennial.

The principal returns in the first group consist of the revenue account, a balance sheet, and particulars of new business effected during the year.

The following is an imaginary and greatly simplified example of a revenue account.

REVENUE ACCOUNT (000 omitted)	
Life fund at beginning of year	23,571
Premiums	1,522
Interest received, less income tax	963
Fees, etc.	1
	26,057
Claims by death	840
Claims by maturity	482
Surrenders	206
Cash bonuses	20
Commission	85
Expenses	135
Life fund at end of year	24,289
	26,057

This account is little more than a statement of the receipts and payments for the year. The effect of charging a level premium for an increasing risk is that the office receives in premiums during the early years an amount which, after payment of expenses, exceeds the amount required to cover the risk of death. This excess premium is accumulated at interest to provide a fund which will ultimately be used to meet liabilities through maturities or deaths, when the annual premiums themselves are quite inadequate to cover these liabilities. But the revenue account gives no indication whether the addition to the fund during the year is adequate to provide for additional liabilities incurred. It therefore makes no attempt to show the profitability or otherwise either of the new contracts introduced into the

account during the year or of the old contracts still running and represented in it. It merely shows the nominal value of the accumulated life funds at the beginning of the year, adds to it the amounts received or due in the course of the year on account of premiums, interest, etc., and deducts the amounts paid out or due on account of claims, expenses, etc., occurring during the year. The balance is carried forward as the total of the fund at the end of the year. It is no more permissible to draw deductions from such an account regarding the profitability of the year's operations than it would be to deduce the profits of an ordinary business from a study of its bank pass book.

Nor are there many other unambiguous deductions to be drawn from a single year's revenue account, though a comparison of the accounts for several successive years may provide information of some value. If, for instance, the outgo for the year is in excess of income, so that the fund decreases in amount, the cause may have been unusually heavy claims, but the movement is at least as likely to have been due to the fact that the company's scale of operations has recently been decreasing. If the decrease in the fund coincides with a prolonged decline in the volume of new business, the probability that the second explanation is the correct one is greatly increased.

Again, if a concern shows in its revenue account a rising proportion of expenses and commission to premium income, the explanation may be less economical administration, but on the other hand it may be a reflection of the adoption of a policy of expansion, for a considerable proportion of expenses is attributable to the cost of acquiring new business. An analysis of the changes in the volume of new business over a series of years may help to decide which explanation is more likely to be correct.

With regard to the figure for the apparent rate of interest, this is usually determined by dividing the interest earned during the year by the mean fund for the year, less half a year's interest, an adjustment in respect of income tax being allowed for expenses. The result, therefore, is affected by the way in which the assets constituting the fund are valued. If profits on the sale of investments are allowed to swell the nominal size of the fund, the apparent rate of interest earned will be lower than if they are used to write down the values of retained securities. In other words, the larger the reserve hidden in the valuation of the assets, the higher will be the apparent rate of interest earned. Thus a relatively high figure for the interest rate may be due, *inter alia*, to the fact that the company's investment policy has been more venturesome or more successful than that of other concerns, or to the fact that the valuation of its assets is more conservative.

The other main annual statement, namely, the "balance-sheet," is in the following form:—

BALANCE SHEET (000 omitted)	
Liabilities	Assets
Life fund at end of year	24,289
Capital and reserves	1,868
Claims unpaid	166
Other liabilities	99
	1,877
	2,325
	19,869
	1,235
	59
	106
	626
	325
	26,422

The main item on the liabilities side is the life fund as taken from the reserve account, and, as has already been indicated above, the actual figure is merely a balance struck from the cash flow and need not necessarily correspond to the actual insurance liabilities. The other items on this side, apart from capital and reserves, consist of claims admitted but not yet paid and liabilities incurred for income tax, commission, etc., and not yet discharged. On the assets side the principal items are the investments and loans of the company, classified under a score or more of headings, but not, except in the returns of a very few companies, separately itemised. It is therefore generally impossible to

make any independent estimate of the current market values of the securities held. The wording of the important footnote explaining the method of valuing Stock Exchange securities varies from company to company. In some it is stated that all securities are valued at or below market prices on a given date, in others at or below cost, though in all cases the aggregate value of the securities (or in some concerns of the total assets), is certified to be above that shown in the balance sheet. In a period of rising security values the latter is the more conservative method; in a period of falling values the former. An alteration in the wording of the note may therefore be significant.

Apart from some limited information regarding the distribution of investments, the "balance sheet" adds little to our knowledge; all that it states, in effect, is that the provision shown as having been made for future liabilities is represented by actual assets. It gives no information as to whether the provision made is in fact adequate to cover the deferred liabilities which the company has incurred on its contracts of insurance, and no assistance towards ascertaining even whether the concern is solvent or not.

II—THE VALUATION STATEMENT

Doubtless a large number of persons, especially those with prospects of a fairly steady income, do make some sort of long-period calculation of their finances. Household expenses will run on all the time, there is a mortgage to be paid off over twenty years, a son to send to college in ten years' time, another in twelve. It will not always be possible to meet these obligations out of current earnings, and life has to be adjusted, perhaps many years in advance, if the programme is to be fulfilled. It is safe to say, however, that very few attempt to perform the calculation scientifically, and perhaps the number of unknown variables would in most cases render such an attempt futile even if made. But a financial institution, with a complicated set of future revenues and future commitments, must regularly perform the task in the most scientific manner possible, since it has much less power than the individual to modify the programme, and moreover it is responsible, not for the

The unbroken period of over Two Centuries through which the Royal Exchange Assurance has successfully pursued its business is a striking manifestation of those vital qualities of Integrity and Financial Stability without which Insurance cannot be regarded as satisfactory.



ROYAL EXCHANGE ASSURANCE

Incorporated A.D. 1720

Head Office: Royal Exchange, London

Branches and Agencies throughout the World

conduct of a single life, but for the fortunes of thousands.

The way in which an insurance office tests the adequacy of its provision for future commitments is by conducting a periodical valuation. The principle of such a valuation is simple, but the practical application is a highly skilled technical operation. By combining a mortality table and a rate of interest, it is not difficult to ascertain the discounted present values of all future claims and future receipts from premiums in respect of existing contracts. As part of the premium received by the office goes to pay expenses and to provide for future bonuses, the premium which is usually valued is what is known as a net premium, and represents the theoretical premium required, on the valuation basis, to provide the sum assured. The difference between the discounted values of the future claims and of future net premiums represents the capital sum which the company must have in hand as a reserve. The excess of the amount of the Life Fund, as built up in the interim Revenue Accounts, over this reserve is the valuation surplus.

If all life insurance were conducted under contracts which give a fixed amount of insurance to the policyholder—as under without-profits policies—the whole of the surplus, if any, would belong to the shareholders. In fact, however, many policyholders elect to share in the risks of the business—in mutual insurance societies, indeed, these risk-bearing or “with-profit” policyholders bear the whole of the risk. They do this by paying larger premiums per £100 of guaranteed benefit than are paid by without-profits policyholders, and in return they are entitled to receive a large proportion (usually 90 per cent.) of the profits earned, or in mutual societies the whole of them. That some profit will be earned is almost certain, for if expectations were exactly fulfilled the whole of the additional premiums paid by the with-profit policyholders would be available for profits. Whether, in fact, the profits will be sufficient fully to compensate them for the additional premiums paid will depend on many factors, including the future courses of mortality and interest rates.

The results of the valuation so obtained are presented in something like the following form:—

VALUATION STATEMENT	
(000 omitted)	
Life insurance fund	£ 24,289
Net liability	21,253
Surplus	3,036

It would now be possible to draw up the true balance sheet of the concern. If in place of the Life Fund at the top of the liabilities side we insert “Net liability on account of current life contracts—£21,253,000,” and at the foot of the same column we add “Valuation surplus—£3,036,000,” the balance sheet at once becomes similar to that of any other business firm.

It should, however, be observed that the apparently precise figure of the surplus bears only a somewhat indeterminate relationship to the profit actually earned during the period. As Life Offices almost invariably use in their valuations a rate of interest substantially below, and often a rate of mortality appreciably less favourable than, those used in fixing premiums, it follows that the surplus revealed by the valuation does not necessarily represent the profit which has been earned. The proportion of this sur-

plus which may safely be distributed to policyholders as bonuses is therefore a matter for the decision of the actuary of the company, after reviewing the rates of mortality, interest and expenses that are actually being experienced.

The results of this decision are shown in the statement published regarding the allocation of the surplus. The part which the actuary does not consider itself free to distribute will be carried forward as an unappropriated balance. Of the remainder a proportion will be allocated to the shareholders, where these exist, and the balance will be available for the with-profit policyholders.

The most usual method in this country of distributing profits to policyholders is by adding to the amounts insured under the various policies a percentage of the sum insured for each year of the preceding valuation period—e.g. 2 per cent. per annum, or £10 for the quinquennial period per £100 assured. If the bonus is a “simple reversionary bonus,” the percentage is calculated on the amount originally assured; if a “compound reversionary bonus” on the original amount plus all subsequent bonuses. This method appears to be the most popular with the public in this country, and it has the additional advantage that it is easily explained to intending insurers and is simple in operation. Policyholders are also given the option of taking the cash value of these additions to the sums insured, and as the surrender value of a policy increases with the age of the policy, it follows that the amount of cash which can be allowed as the surrender value of the bonus addition also increases with the age of the policy.

III—THE PROFIT AND LOSS ACCOUNT

The Life Insurance Statements mentioned in the two preceding articles are of interest both to policyholders—especially with-profit policyholders—and to shareholders. There remains one which is of interest to shareholders alone and which therefore does not appear among the statements of mutual societies. This is the Profit and Loss Account, which shows the profits available for distribution to shareholders and their allocation. One source of these profits is the interest earned on as much of shareholders' capital and reserves as has not been required to provide for the premises, etc., in which the company carries on its business. These shareholders' funds, which constitute the ultimate reserve for the company's liabilities to its policyholders, are invested separately from the general life funds (though the assets which represent them are not always shown separately in the balance sheet), and the income earned on them is the property of the shareholders alone. Another source is the shareholders' proportion of the life profits as ascertained at the periodical valuation. These may be spread over the years intervening before the next valuation, one-third or one-fifth, as the case may be, being brought into the Profit and Loss Account each year, or alternatively may be credited at once after the valuation and gradually drawn upon for dividends during the intervening period. Finally, if the company, in addition to life insurance, conducts a business also in fire, accident, marine, or other types of non-life insurance, the profits from each of these branches must be separately listed in the Profit and Loss Account.

The form of the Profit and Loss Account varies a good deal, but that of a company conducting a life business only

may read something as follows:—

£ (000 omitted)	
Balance brought forward	268
Interest, etc., not carried to revenue account, less income tax	83
One-fifth of shareholders' proportion of life profits, as shown at last valuation	45
Shareholders' proportion of interim bonuses	4
	400
Income tax	9
Directors' fees	5
Written off premises	15
Dividends—	
Interim	40
Final	50
	90
Balance carried forward ..	281
	400

While mixed companies, carrying on both life and non-life insurance business, must keep a separate revenue account for each class of business and show the profit derived from each class separately in the Profit and Loss Account, they are under no obligation to earmark the assets representing the reserve kept against each class of business, and on the balance sheet the assets of all the different funds are in some cases combined into one total. All interest receipts, not credited to any of the separate revenue accounts, are carried to the Profit and Loss Account in one total, and no attempt is made to show their origins.

LIFE ASSURANCE RESULTS

Last year saw a further appreciation in the assets of life offices, and in the great majority of cases aggregate book values of the Stock Exchange securities are now considerably smaller than corresponding market values at the end of last year. This practice of undervaluing the Stock Exchange securities, combined with the effect of interest on such non-variable assets, e.g. mortgages, as were acquired when general interest rates were higher, has the effect of showing the funds to be earning rates of interest very considerably in excess of those which can be obtained on new money, being earned on the mean funds. To-day, less emphasis is perhaps laid on appreciation in capital values than in the past. What is really of vital importance to the offices is the net rate of interest earned on their liabilities, i.e. on the actuarial reserves. In the case of every company these are at present, and normally, less than the amount of the life fund. Thus, while the published rates of interest are higher than would be obtained if they were calculated on the market values of the securities held, the rate of interest calculated on the reserves is still higher; so that the true interest margin over valuation requirements exceeds that suggested by the published rates. The reduction in the rate of income tax from 5s. to 4s. 6d. in the £ gave very welcome relief to the offices, and its effect is clearly evident in the net rates of interest earned last year; even so, it is somewhat surprising to find that, in spite of the continuance of low yields from new investments, the net rates of interest were, in general, actually in excess of those earned in 1933. Owing to the altered investment conditions, the offices have been compelled to revise drastically the annuity rates in use prior to the Government conversion operations in 1932. In that year the amount received in purchase monies for annuities was over £13 millions compared with £5 millions in 1931. No doubt a certain amount of the increase was obtained at the old rates, but in 1933 the figures of the previous year were fully maintained. Last year further revisions of rates were found necessary; nevertheless, there was a noticeable expansion in business. As life annuity payments are treated in their entirety as income for taxation purposes, there is evidently a deep-rooted demand for annuities. In the United States the expansion of annuity business in the last few years has been even greater than here, and a contributory cause may have been the recognition given in that country by the

authorities that each annuity payment is made up partly of interest and partly of refund of capital. The principal reason for the increased public demand for annuities is no doubt the greatly reduced income from investments; but there are indications that the matter goes deeper than this. In life assurance there is a cognate tendency, not greatly developed so far, it is true, to assure for income rather than for a capital sum. In these times of uncertainty and swift changes, there is much to be said for the individual handing over all the responsibility of investment to a life assurance company, whose resources are sufficient to allow of a wide spread of risk and which has at its disposal the best financial advice.

An event of major importance to life offices took place last year in the publication by the Institute and Faculty of Actuaries of the mortality experience in this country of life offices during the years 1924-29. The new mortality table has already been adopted by some offices in the calculation of premiums and in published valuations. The summary of the returns made by the British life offices to the Board of Trade for 1933 shows that, exclusive of industrial insurance policies, there were 5,382,000 policies in force at the end of that year, representing sums assured and existing bonuses of £1,758,670,000. The total interest income in 1933 was £33,734,000 and the premium income £76,831,000, while the accumulated funds totalled £833,191,000. The following table is compiled from the same official source:—

Year	Aggregate Net Sums Assured under New Policies Mill. £	Increase or Decrease per cent. compared with preceding Year
1919	131	+79.5
1920	147	+11.5
1921	109	-25.3
1922	106	-2.8
1923	112	+5.7
1924	124	+10.7
1925	130	+4.8
1926	129	-.8
1927	148	+14.7
1928	160	+8.1
1929	162	+1.2
1930	166	+2.5
1931	161	-3.0
1932	164	+1.9
1933	183	+11.6

COMMERCIAL UNION

ASSURANCE COMPANY, LIMITED

FIRE - LIFE - MARINE - ACCIDENT

Head Office - CORNHILL, E.C.3

TOTAL ASSETS EXCEED £61,000,000

SWITZERLAND

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ZURICH.

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HEAD OFFICE: GOTTHARDSTRASSE 43, ZURICH

LONDON BRANCH OFFICE: Lloyd's Building (Mr. N. C. Douglass), Leadenhall Street, E.C.3

Direct Insurance: Marine, Fire, Burglary

Reinsurance: Life, Fire, Accident

Swiss Francs	
Capital	10,000,000
Statutory Reserve	3,000,000
Special Reserve	2,100,000

Swiss Francs	
Premium Reserve and Reserve for unsettled Claims	13,598,119
Reserve for extraordinary losses	1,500,000
Net Premium Income for 1934	10,796,090

NEW BUSINESS

(a) *Life Assurance*.—The foregoing table shows the trend of new business up to 1933, and the following table gives the new business of the last two years in respect of each of a number of representative offices:—

NET NEW BUSINESS

	1933		1934	
	No. of Policies	Sums Assured	No. of Policies	Sums Assured
Mutual Offices:—		£		£
Equitable	1,638	1,089,001	2,200	1,459,751
Friends' Provident and Century	2,344	1,887,892	2,711	2,300,833
London Life	1,845	2,513,773	2,153	2,503,452
Marine and General	586	415,145	682	426,996
National Mutual	673	616,108	876	805,788
Norwich Union	2,505	1,390,790	2,498	1,534,591
Provident Mutual	14,642	8,933,968	15,814	10,172,142
Scottish Amicable	17,370	1,889,110	18,379	2,027,814
Scottish Equitable	1,905	1,685,792	2,104	1,846,340
Scottish Provident	2,438	1,711,031	2,788	1,879,649
Scottish Temperance	3,868	3,134,208	4,315	3,111,277
Scottish Widows	1,874	1,385,194	1,870	1,433,285
Standard	6,119	4,136,802	6,149	4,108,597
United Kingdom	5,866	3,540,549	6,380	5,249,322
	5,393	3,872,587	5,724	4,048,659
	69,066	38,202,048	74,643	42,908,476
Proprietary Offices:—				
Clerical, Medical and General	2,571	1,992,989	2,781	2,139,392
Equity and Law	982	2,916,436	1,150	2,909,577
Scottish Life	1,512	1,683,517	1,716	1,785,453
Sun Life	20,545	15,139,417	26,344	18,406,103
	25,610	21,732,359	31,991	25,240,525
Industrial-cum-Ordinary Offices:—				
Britannic	19,857	3,182,023	22,685	3,641,508
Co-operative	18,091	2,675,124	20,352	3,103,453
Pearl	44,361	8,761,731	53,887	8,341,969
Provident Association	1,095	428,890	1,134	438,075
Prudential	82,350	21,507,483	93,574	24,028,783
Refuge	56,444	6,922,651	59,618	8,404,729
Wesleyan and General	8,846	1,425,897	9,932	1,588,692
	231,044	44,903,859	261,182	49,547,209
Composite Offices:—				
Alliance	5,120	3,222,985	5,070	3,589,939
Atlas	3,813	2,853,995	5,117	3,244,709
Beacon	2,910	859,589	2,962	878,235
British Equitable	909	655,034	1,121	786,558
British General	1,164	654,070	1,228	680,474
Caledonian	1,956	1,472,379	2,466	1,606,100
Commercial Union	6,990	3,930,545	7,437	4,630,681
Eagle Star and British Dominions	2,494	2,290,461	2,467	2,404,263
General Accident	1,955	1,426,157	1,983	1,569,061
Guardian	2,999	2,365,061	3,897	2,681,044
Law Union and Rock	18,726	12,118,317	21,733	14,641,566
Legal and General	3,592	2,103,806	4,407	2,359,483
Liverpool and London and Globe	1,722	864,648	2,532	1,317,334
London and Scottish	2,726	2,306,418	3,021	2,376,133
London Assurance	8,709	4,602,904	10,308	5,286,373
North British and Mercantile	2,063	1,141,845	2,346	1,271,997
Northern	4,318	3,478,033	5,032	3,714,234
Phoenix	6,210	3,789,626	7,216	4,648,831
Royal	5,823	3,006,221	6,375	3,748,468
Royal Exchange	3,083	2,743,769	3,645	3,144,468
Scottish Union and National	3,073	2,549,345	3,386	2,579,543
Yorkshire	...	...	...	...
	...	60,748,159	...	69,981,386
Grand Total	...	165,586,425	...	187,677,596

We have omitted the figures of the Dominion offices, as there are no published figures of the new business obtained by them in this country. The total world production of each office is available, but this item is not relevant to our present purpose.

It will be seen that new business last year was much in excess of the 1933 figure. We remarked last year on the large increases in the industrial-cum-ordinary type of office, and it is pleasing to find that last year showed further large expansion. This favourable progression has doubtless been made possible by the improvement in the unemployment position.

(b) *Annuity Business*.—The following table shows that in the case of most offices the amount of consideration for annuities increased substantially last year. From the point of view of the offices the attractiveness of this business depends partly on investment policy. The initial difficulty must be faced of investing the purchase moneys on an interest basis which is remunerative relative to the rate used in the calculation of the annuities, but there are offices which are apparently able to utilise the money to good purpose in other than marketable securities. The interest on the annuity fund is virtually on a gross basis, and as annuity contracts in this country are on a non-participating basis, any profits earned form a very welcome addition to the surplus distributable to the life assurance contracts.

There has always been a suspicion that annuitants, in the mass, enjoy greater longevity than is assumed in the terms of their contracts, and that part of the interest profits must be considered as a set-off against the loss thus incurred. In recent years, however, there has been a change of attitude on the part of some authorities, who hold that with the widening of the appeal the annuitant type is tending more nearly to resemble the average of the population in regard to mortality. In other words, that a person buying an annuity does not so consciously "select" himself as he did in the past. There is probably a good deal of truth in this view.

CONSIDERATION MONEY FOR PURCHASE OF ANNUITIES

	1933	1934
Mutual Offices:—	£	£
Equitable	104,510	188,880
Friends' Provident and Century	391,054	778,801
London Life	202,166	290,931
Marine and General	10,117	5,013
National Mutual	26,410	45,287
Norwich Union	41,703	64,472
Provident Mutual	259,114	435,640
Scottish Amicable	31,357	55,106
Scottish Equitable	17,933	32,066
Scottish Provident	64,896	69,017
Scottish Temperance	114,021	128,791
Scottish Widows	19,179	12,461
Standard	339,821	230,701
United Kingdom	945,999	528,689
	7,381	7,336
	2,575,661	2,872,901
Proprietary Offices:—		
Clerical, Medical and General	197,024	173,918
Equity and Law	1,793,535	2,055,579
Scottish Life	99,718	67,290
Sun Life	103,763	132,901
	2,194,040	2,429,688
Industrial-cum-Ordinary Offices:—		
Britannic	15,256	12,548
Co-operative	50,081	48,333
Pearl	104,522	224,054
Provident Association	315,808	562,086
Prudential	2,140,500	1,946,445
Refuge	69,971	84,928
Wesleyan and General	19,504	17,437
	2,709,642	2,895,831
Composite Offices:—		
Alliance	205,791	210,709
Atlas	652,674	577,770
Beacon	22,018	21,355
British Equitable	4,124	3,870
British General	5,274	29,044
Caledonian	53,519	62,876
Commercial Union	664,479	664,479
Eagle Star and British Dominions	500,438	205,136
General Accident	205,555	70,692
Guardian	47,023	77,486
Law Union and Rock	82,571	68,768
Legal and General	59,650	1,737,099
Liverpool and London and Globe	1,298,458	69,116
London and Scottish	74,085	10,359
London Assurance	15,242	129,344
North British and Mercantile	116,095	1,030,862
Northern	916,504	94,271
Phoenix	118,667	51,495
Royal	56,118	241,395
Royal Exchange	289,921	280,562
Scottish Union and National	279,742	139,062
Yorkshire	180,829	176,142
	5,408,368	5,951,962
Grand Total	12,887,711	14,150,312

PREMIUM RATES

Last year many offices altered their life assurance premium rates. In doing so they were influenced by two considerations, viz. the continuance of the low level of interest rates on new money, and the publication of the new mortality experience. The first of these two factors operates to raise, and the second to lower, the level of premiums. On the whole, alterations have been in an upward direction, with considerable variations between different offices. In those contracts in which the interest element predominates, such as short-term endowment assurances, considerable increases occurred, while at the other end of the scale, where mortality is of more importance than interest, as in temporary assurances, rates were often reduced drastically. At the popular assurance ages there was no marked change in "whole life" assurances. In order to give equitable treatment to existing with-profits policyholders, whose present funds were invested at higher rates than are now obtainable, the increases made were greater and the decreases smaller in the case of participating rates than in that of non-profit rates.

EXPENSE RATIOS

It has been our custom to give a table showing the ratio of expenses and commission to premium income, but under modern conditions of life assurance it is doubtful if expense ratios serve any very useful purpose—particularly for comparative uses between different offices, and even in respect of the same office at different times. We have always made allowance in our table for the effect of single premiums, but not for annuity business. With the great increase in the latter, which is by no means evenly distributed over the offices, it becomes necessary to make corrections for this business. Some offices, it is true, have separate annuity funds while others show their annuity expenses and commission separately, but the majority include these items in their life account. Any basis of correction must be in part arbitrary and may be unfair in certain cases.

It is necessary to bear in mind also such considerations as the proportion of new premium income, with its attendant heavy initial expense and commission, any distinctive bonus system based on relatively small premiums and variations in the type of policy issued. In all these circumstances it has been decided, on this occasion, to dispense with the usual table.

MORTALITY

The published figures of the companies do not enable any exact conclusions to be formed about the mortality experience during the year. There is little doubt, however, that in 1933 it was considerably better than in 1932, and there appears to have been a further improvement last year. The standard mortality tables still used by the majority of offices are based on the experience of British offices during the years 1863-93 and have long ceased to represent modern conditions, so that any statements of the percentage which the actual experience bears to that expected by these tables have largely lost their meaning and may be misleading. No doubt the use of these obsolete tables will gradually be superseded by the new mortality table published last year, both in the calculation of premiums and in the valuation of liabilities.

INTEREST EARNINGS

The rate of interest earned on the funds of a life assurance company is the most important indication of its profit-earning capacity. Income tax is charged on the gross interest earned less expenses, so that the effective rate of tax on the gross interest is considerably lower than the standard rate. Under present conditions this effective rate is probably about three-quarters of the standard rate.

In comparing the figures in the next table, it should be borne in mind that the difference between the rates earned by two offices is not due entirely to the particular distribution of the investments, and may arise, for example, from one office taking the book values of its assets on a more stringent basis, or from the fact that the interest credited to the life account includes interest from investment or other specific reserves not forming part of the life funds.

NET RATE OF INTEREST

Life and Annuity Funds (including Reversions)

	1933	1934
Mutual Offices:—	£ s. d.	£ s. d.
Equitable	4 3 11	4 6 5
Friends' Provident and Century	4 7 9	4 18 3
London Life	4 0 9	4 0 4
Marine and General	4 6 0	4 5 11
National Mutual	4 3 9	4 5 5
Norwich Union	4 8 9	4 8 11
Provident Mutual	4 13 4	4 12 7
Scottish Amicable	4 3 11	4 10 8
Scottish Equitable	4 3 3	4 1 2
Scottish Provident	4 3 2	4 5 4
Scottish Temperance	3 18 7	4 3 7
Scottish Widows	4 4 3	4 7 3
Standard	4 15 11	4 15 10
United Kingdom	4 1 7	4 2 0
	£4 5 4	£4 6 8
Proprietary Offices:—		
Clerical, Medical and General	4 8 10	4 9 0
Equity and Law	4 2 6	4 11 8
Scottish Life	4 8 9	4 5 10
Sun Life	4 6 11	4 4 5
	£4 6 9	£4 7 9

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LIFE, FIRE, BURGLARY,
SICKNESS, PLATE GLASS,
DRIVERS' RISKS, HOUSE
PURCHASE, ENDOW-
MENTS, Etc., Etc.

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Managing Director.

42 Southwark Bridge Road,
London, S.E.

The 20 PAYMENT LIFE POLICY

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Policy issued by the majority of Life
Offices, thus saving 5 years' premiums

Illustration:—

Age 30. Sum assured, £1,000
Annual Premiums - £30.3.4
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Full particulars on application—it costs
nothing to enquire

THE
NATIONAL MUTUAL
LIFE ASSOCIATION
OF AUSTRALASIA, LTD

(ESTABLISHED 1869)
5 CHEAPSIDE, LONDON, E.C.2
Funds £38,000,000 Annual Income £4,500,000

	1933	1934
Industrial-cum-Ordinary (Ordinary Branch) :—	£ s. d.	£ s. d.
Britannic	4 8 6	4 13 1
Co-operative	4 8 3	4 6 7
Pearl	4 6 7	4 7 0
Provident Association	4 0 3	4 0 8
Prudential	4 8 6	4 4 7
Refuge	4 6 4	4 7 6
Wesleyan and General	4 8 7	4 8 1
	£4 6 9	£4 6 9
Composite Offices :—		
Alliance	3 19 3	3 19 0
Atlas	4 10 7	4 10 9
Beacon	4 10 7	4 6 7
British Equitable	4 4 2	4 4 9
British General	3 18 8	4 3 0
Caledonian	3 14 0	4 0 9
Commercial Union	3 18 11	4 3 2
Eagle Star and British Dominions	4 3 8	4 3 5
General Accident	4 6 0	4 5 8
Guardian	4 3 2	3 18 2
Law Union and Rock	3 15 3	3 17 4
Legal and General	4 7 4	4 6 0
Liverpool and London and Globe	3 18 4	3 19 4
London and Scottish	3 18 0	4 6 5
London Assurance	3 19 8	3 18 7
North British and Mercantile	4 2 8	3 19 6
Northern	4 0 5	4 2 8
Phoenix	4 10 1	4 6 3
Royal	3 17 11	3 18 0
Royal Exchange	4 5 9	4 7 11
Scottish Union and National	4 0 5	3 19 8
Yorkshire	4 7 5	4 7 5
	£4 2 4	£4 2 11
Average of British Offices	£4 4 5	£4 5 0

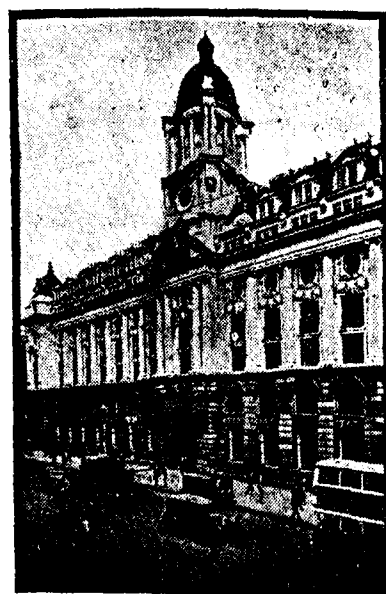
* Adjusted figures—excluding Reversions.

It will be seen that in 1934 the reduction in the rate of income tax was more than sufficient to offset any fall in the gross rate of interest earned. This result is better than might have been expected, and is of great importance from the point of view of trading profits and bonuses.

LIFE OFFICE INVESTMENTS

The following table shows the percentage distribution of the assets of the principal companies, the average of the percentage held in each group of assets by all companies, and also the average percentage holdings in each of four groups, viz.: Mutual, proprietary, industrial-cum-ordinary and composite offices.

Office	Mortgages, including Loans on Policies	British Government Securities	Indian, Colonial and Foreign Government Securities	British Municipal and County Stocks	Indian, Colonial and Foreign Municipal Stocks	Debtless Stocks	Preference and Guaranteed Stocks	Ordinary Stocks	Reversionary Interests, Properties, and Other Assets
Mutual Offices	%	%	%	%	%	%	%	%	%
Equitable	25.4	5.1	10.3	4.4	3.4	19.7	4.3	3.7	23.7
Friends' Provident	24.3	14.4	7.2	1.7	1.3	23.4	5.1	15.5	7.1
London Life	28.3	15.2	10.3	2.0	2.1	13.2	9.5	7.9	11.5
Marine and General	15.8	15.7	12.0	3.6	6.4	28.2	12.2	4.5	1.6
National Mutual	10.5	21.6	3.7	5.1	1.1	23.0	17.4	15.1	8.1
National Provident	31.1	18.9	6.9	6.1	3.2	17.4	2.8	2.8	11.7
Norwich Union	35.8	8.6	7.4	4.4	2.7	18.4	5.7	15.2	7.8
Provident Mutual	9.0	25.7	6.0	9.1	1.5	14.5	17.6	18.2	6.8
Scottish Amicable	11.8	26.5	7.7	1.9	1.7	19.4	17.9	8.3	4.8
Scottish Equitable	27.0	17.5	9.9	1.1	2.7	24.8	5.6	5.5	5.9
Scottish Provident	8.3	42.9	6.2	6.8	2.7	11.7	9.0	9.5	9.1
Scottish Temperance	31.5	6.0	4.8	1.7	4.8	18.7	13.9	4.7	13.9
Scottish Widows	11.8	30.4	7.1	2.2	1.9	20.5	12.8	8.2	5.1
Standard	10.9	26.4	7.8	3.5	3.6	29.1	8.1	9.3	3.3
United Kingdom	19.4	25.4	9.3	8.8	2.9	14.0	7.1	6.0	15.1
	20.1	20.0	7.8	1.9	2.7	19.6	10.0	8.9	9.0
Proprietary Offices	%	%	%	%	%	%	%	%	%
Clerical, Medical	35.0	8.0	13.9	1.1	2.5	13.9	6.0	6.1	20.0
Equity and Law	34.2	11.0	7.2	2.2	2.2	14.3	6.0	10.1	14.8
Scottish Life	14.1	19.9	7.9	5.3	3.6	24.9	16.8	7.6	4.7
Sun	15.1	26.5	17.0	7.6	4.6	24.1	8.8	7.2	4.1
	24.6	16.4	11.5	2.1	3.2	19.3	6.0	6.0	10.9
Industrial-cum-Ordinary Offices	%	%	%	%	%	%	%	%	%
Britannic	18.4	18.4	13.6	4.8	4.3	11.8	8.7	13.1	6.9
Pearl	7.1	38.9	16.5	5.2	3.9	10.8	5.3	5.3	6.5
Provident Association	56.0	4.3	20.7	4.9	7.5	3.2	1.1	2.2	3.1
Prudential	15.8	29.1	6.6	3.6	2.1	15.3	8.0	10.3	9.2
Refuge	19.0	32.3	7.9	2.0	1.8	21.6	9.8	1.1	4.7
Wesleyan & General	29.9	29.5	6.2	8.3	3.5	10.1	5.5	...	7.0
	24.4	25.4	11.9	4.8	3.8	12.2	6.2	5.1	6.2
Composite Offices	%	%	%	%	%	%	%	%	%
Alliance	34.1	17.8	8.1	3.6	1.8	18.6	6.6	2.6	6.8
Atlas	21.1	11.5	19.7	8.1	5.0	21.8	6.4	6.4	7.3
British Equitable	16.7	18.6	12.7	4.7	4.8	18.7	4.4	8.2	10.1
Caledonian	17.8	21.4	7.3	1.7	2.5	21.5	4.4	3.6	15.8
Commercial Union	27.8	32.7	5.3	8.6	1.8	13.9	5.0	2.4	9.5
Eagle Star	21.4	28.2	2.1	2.9	2.2	15.7	9.8	3.6	14.1
Guardian	31.3	19.7	6.6	3.0	4.1	17.9	6.8	7.5	6.8
Law Union and Rock	27.9	32.9	7.6	1.7	1.9	9.6	8.2	1.9	8.3
Legal and General	38.5	15.5	4.7	9.9	9.9	6.6	4.3	7.6	21.0
London Assurance	15.0	30.3	6.8	6.4	2.2	20.2	2.0	3.6	13.5
North British and Mercantile	28.1	27.9	10.4	6.2	3.1	14.5	2.8	1.2	5.8
Phoenix	22.5	15.6	14.0	1.8	5.9	25.3	8.3	4.8	5.8
Royal Exchange	17.5	20.3	9.5	2.1	2.7	24.6	4.8	4.3	14.2
	24.6	22.5	8.8	3.4	2.7	17.6	6.0	4.3	10.1
Average of all companies	22.8	21.3	9.2	2.9	2.9	17.7	7.6	6.4	9.2



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Chairman:
GEORGE TILLEY, Esq., F.C.I.I.

LIFE: FIRE: ACCIDENT: HOUSE PURCHASE:
GENERAL

ANNUAL INCOME EXCEEDS

£17,500,000

TOTAL FUNDS EXCEED

£83,500,000

ENDOWMENT POLICIES WITH HOUSE PURCHASE PRIVILEGES

SOME ADVANTAGES OF ENDOWMENT POLICIES

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WESLEYAN & GENERAL ASSURANCE SOCIETY

- 1 If you take up a policy at once, you can obtain it at a cheaper rate than you will have to pay in the future. "DO IT NOW."
- 2 You may be insurable now, but not insurable in the future, when an advance for House Purchase would prove of great service to you.
- 3 The Life Assurance comes into force immediately the first premium is paid; the policy is a sound investment even if the privilege of obtaining an advance is never exercised.
- 4 You can take out your policy now and defer the selection of the house until a suitable property is available.
- 5 The premiums paid under these policies enable you to obtain statutory rebate of income tax.
- 6 The policy entitles the assured to all the benefits of an ordinary Endowment Assurance Policy with the additional advantage of being available for House Purchase.

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CHIEF OFFICES:

STEELHOUSE LANE, BIRMINGHAM

A. L. HUNT, F.S.S., F.C.I.I.
Managing Director

The above division of the companies into the four groups shown is convenient for many purposes, but there seems little correlation between the investment policy of an office and the group to which it belongs. Perhaps it might be argued that the mutual offices invest less than the average in mortgages and more than the average in ordinary shares. For the purposes of comparison we give below the average of the percentages of all the above companies in each of the last four years. Owing to the general fall in interest rates and to other causes, it has become increasingly difficult to obtain attractive mortgages and the proportion of assets so invested (including policy loans) has fallen steadily in recent years. Investment in British Government holdings appears to have passed its peak, while the steady diminution in foreign and Colonial

Government and municipal securities continues. Debenture, preference and ordinary stocks each recorded a substantial increase during the year. The market values of the assets in the majority of companies must have increased considerably in 1934.

Class of Assets	Year			
	1931	1932	1933	1934
Mortgages, including loans on policies	28.8	27.2	24.2	22.8
British Government securities	18.0	20.4	22.0	21.3
Indian, Colonial and Foreign Government securities	10.0	9.5	9.7	9.2
British municipal and county stocks	1.9	2.1	2.9	2.9
Indian, Colonial and Foreign municipal stocks	3.2	3.0	2.8	2.9
Debtless stocks	16.2	15.9	16.4	17.7
Preference and guaranteed stocks	7.0	6.7	6.8	7.6
Ordinary stocks	5.3	5.1	5.6	6.4
Reversionary interests, properties, and other assets	9.6	10.1	9.6	9.2

LIFE OFFICE VALUATIONS

The Assurance Companies Act, 1909, provides that every life office "shall cause an investigation to be made into its financial position including a valuation of its liabilities" at least once in every five years, and these investigations mark the occasion for the distribution of bonuses to policyholders. Our usual complete analyses of the results of the valuations made at the end of last year appear below. In the majority of cases, the rates of bonus were the same as declared at the previous valuations; but increases took place in the case of the National Mutual, the Royal, and the Equity and Law Life. On the other hand, the results shown by the Law Union and Rock were disappointing, while moderate reductions took place in the bonuses of the Atlas and the Friends' Provident. The rates declared by the Guardian and the Marine and General were only slightly less favourable. In present financial circumstances the results on the whole must be considered highly satisfactory.

Valuation Results
ANNUAL VALUATIONS

Britannic Assurance Company

The usual annual valuation of this company was made, and the results together with those of 1933 are given below.

	1933	1934
Ordinary Branch :—		
Surplus earned during the year	£341,966	£366,844
Brought forward from previous year	79,933	117,245
	421,899	484,089
Allocations :—		
To Bonuses to policyholders	236,064	252,946
Shareholders' account	33,590	32,990
Investment reserve fund	30,000	30,000
Contingency fund	...	25,000
Staff pension fund	5,000	5,000
Carried forward to next year	117,245	138,153
	421,899	484,089

EQUITY & LAW LIFE ASSURANCE SOCIETY

(ESTABLISHED 1844)

Fifteen Years Bonus Record

WHOLE LIFE POLICIES

1924 - £2 per cent. per annum and upwards
1929 - £2 2 per cent. per annum and upwards
1934 - £2 5 per cent. per annum and upwards

Rates of Bonus depend on Age at Entry and Duration of Policy. Rates as high as £3% per annum have frequently been allotted, whilst in some cases Bonuses exceeding £4% per annum have been added.

THE SOCIETY HAS NEVER FAILED TO DECLARE A BONUS

TOTAL FUNDS

1924 - £6,000,000
1929 - £9,000,000
1934 - £17,000,000

FUNDS NOW EXCEED £19,000,000

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ATLAS ASSURANCE CO. LTD.

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ESTABLISHED 1808



INSURANCE BUSINESS OF EVERY KIND TRANSACTED

THE COMPANY ALSO ACTS AS
EXECUTOR & TRUSTEE
PROSPECTUS ON APPLICATION

Industrial Branch :—		
Surplus earned during the year	623,592	664,551
Brought forward from previous year.....	116,473	128,465
	<u>740,065</u>	<u>793,016</u>
Allocations :—		
To Bonuses to policyholders	211,600	236,850
„ Shareholders' account	235,000	265,000
„ Investment reserve fund	70,000	70,000
„ Staff pension fund	95,000	95,000
„ Carried forward to next year	128,465	126,166
	<u>740,065</u>	<u>793,016</u>

The rate of bonus declared in respect both of the Britannic and British Legal (an amalgamated company) was again 38s. per cent. calculated on the sum assured. As will be seen from the above table the trading surplus was sufficient not only to meet the cost of this bonus but also to allow of liberal contributions to investment reserve and contingency reserve—which acts as a bonus equalisation fund—and to increase the carry forward.

Co-operative Insurance Company

The usual annual valuation of the ordinary and industrial life departments of the Co-operative was made at December 31st last, and the basis of interest and mortality adopted appeared to be the same as in 1933. The results are given below:—

	Year 1934	
	Ordinary Branch	Industrial Branch
Surplus earned during the year	208,846	127,494
Brought forward	75,229	104,748
	<u>284,075</u>	<u>232,242</u>
Allocations :—		
To Bonuses to policyholders	221,285	153,177
„ Carried forward to next year	62,790	79,065
	<u>284,075</u>	<u>232,242</u>

In the ordinary branch the rate of bonus under assurances with immediate participation in profits is the same as in the previous year, namely 36s. per cent. calculated on the sum assured. In the industrial branch the basis of distribution of surplus was also the same as in 1933.

London Life Association

The annual valuation of the liabilities of the London Life and its associates—the Clergy Mutual and the Metropolitan Life—was made at December 31, 1934, and the results are given below:—

	1933	1934
Ordinary trading profits of the year.....	502,494	527,326
Profits on investments	284,532	147,640
Amount brought forward from preceding year	232,415	346,916
	<u>1,019,441</u>	<u>1,021,882</u>
Allocations :—		
To Bonuses to policyholders	391,525	387,589
„ Strengthening of actuarial reserves ..	...	58,141
„ Investment reserve fund	250,000	150,000
„ Staff superannuation	31,000	...
„ Transfer to reserve	...	175,000
„ Amount carried forward	346,916	251,152
	<u>1,019,441</u>	<u>1,021,882</u>

The reserves were calculated on the same mortality and interest bases as before. The “bonus reserve” method is the system of valuation adopted, and the future rate of bonus assumed (London Life) was 30s. per cent. in the reversionary bonus class, and future increases in the rate of reduction of $1\frac{1}{2}$ per cent. in the other participating class. The rate of bonus actually declared for the year beginning on July 1, 1935, is 35s. per cent. and the rate of reduction is 2 per cent. These rates are the same as in the previous year.

Pearl Assurance Company

The usual annual valuation of the liabilities of the Pearl was made at December 31, 1934, and the trading results of the last two years are given below:—

	1933	1934
Ordinary Branch :—		
Surplus earned during year	1,081,360	1,171,090
Brought forward from previous year.....	267,464	291,814
	<u>1,348,824</u>	<u>1,462,904</u>
Allocations :—		
To Policyholders' bonus	744,936	779,532
„ Shareholders' account	186,234	194,883
„ Investment reserve fund	100,000	100,000
„ Staff Pension fund	25,840	26,031
„ Carry forward to next year	291,814	362,458
	<u>1,348,824</u>	<u>1,462,904</u>
Industrial Branch :—		
Surplus earned during year	1,249,826	1,178,992
Brought forward from previous year.....	546,493	649,574
	<u>1,796,319</u>	<u>1,828,566</u>
Allocations :—		
To Policyholders' bonus	572,585	603,319
„ Shareholders' account	400,000	400,000
„ Investment reserve fund	100,000	100,000
„ Staff pension fund	74,160	73,969
„ Carry forward to next year	649,574	651,278
	<u>1,796,319</u>	<u>1,828,566</u>

As in 1933 the rate of bonus in the ordinary branch was £2 per cent. calculated on the sum assured; the rates of bonus in the industrial branch also remained unchanged.

Prudential Assurance Company

The results of the last two valuations of this Company are given below:—

	1933	1934
Ordinary Branch :—		
Surplus earned during the year.....	2,902,962	3,175,644
Capital profits	...	770,419
Exchange adjustment	28,087	—399,712
Brought forward from previous year.....	258,140	551,327
	<u>3,189,189</u>	<u>4,097,678</u>

Allocations :—		
To Bonuses to policyholders	2,375,306	2,434,554
„ Bonuses to shareholders	...	257,006
„ Special contingency fund	...	13,500
„ Strengthening reserves	262,556	770,419
„ Industrial branch for allocation	551,327	622,199
„ Carried forward to next year	3,189,189	4,097,678

Industrial Branch :—		
Surplus earned during the year	6,049,861	6,183,006
Transfer from Ordinary Branch for allocation	262,556	...
Special contingency fund	...	600,000
Capital profits	...	350,000
Brought forward from previous year	241,408	517,953
From 1931 reserve for bonus	18,495	...
	<u>6,572,320</u>	<u>7,650,959</u>

Allocations :—		
To Bonuses to policyholders	3,814,579	4,509,734
„ Special contingency fund	458,333	285,000
„ Bonuses to shareholders	1,125,000	867,994
„ Bonuses to outside staff	656,455	651,622
„ Strengthening reserves	517,953	350,000
„ Carried forward to next year.....	6,572,320	986,609

Last year considerable sums were applied in strengthening reserves, including the placing of the annuity reserves on the most modern annuitant mortality. In the Ordinary branch, as in 1933, the reversionary bonuses for 1934 are 46s. per cent. for whole life and 40s. per cent. for endowment assurances, calculated on the sum assured. In the Industrial branch, 1934 marked the completion of a process which has gone on steadily since 1923 of bringing the Industrial policies into line with Ordinary policies as regards the form of bonus. Profit sharing in this branch started in 1907, and until 1923 took the form of allocating surplus each year in the form of a “mortuary” bonus, that is, bonuses payable only in the event of a claim arising within a limited period. In 1923 ordinary reversionary bonuses were declared on policies issued subsequent to 1922, and year by year since then this datum line has

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Home and Foreign**
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ACCIDENT. MARINE.**

Net Premium Income for 1934, £966,230
Investments and Cash at Bankers on 31st December,
1934, exceeded £1,200,000.

**25-31, MOORGATE,
LONDON, E.C.2.**

Accident Manager: CARLTON HALL.
Secretary: H. P. HEWITT.
General Manager: FREDK. G. POOK.

SCOTTISH AMICABLE LIFE ASSURANCE SOCIETY

Founded 1826

President:
The Right Hon. THE EARL OF
ELGIN & KINCARDINE, K.T.

At the latest Division of Profits on
31st December, 1930, the Bonus Ad-
ditions to participating Policies ranged
from

£2 2 6% to £5 17 6% per annum
and the reserves for future profits were
further strengthened

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INDEMNITY—ENGINEERING**

RISKS RATED ON THEIR MERITS.

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£34,000,000

ANNUAL
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been moved back until in 1933 all policies issued after 1888 were included. Last year policies issued prior to 1889—there were still 1,246,000 such policies for sums assured of over £15,000,000—were brought in, to meet the cost of which an allocation of £600,000 has been made from the Special Contingency fund. The rate of bonus on policies issued during 1889—1934 is 30s. per cent.; to the earlier policies now included very substantial initial bonuses have been given, and next year they will be included for ordinary annual bonuses. It should be noted that these Industrial policies have no contractual right to bonus.

Refuge Assurance Company

The results of the last two annual valuations of the Ordinary and Industrial branches of the company are given below. In each of the two years the surplus in the Industrial branch is brought out after providing for increased stringency in the actuarial reserves.

	1933	1934
Ordinary Branch :—		
Surplus earned during the year	1,126,604	1,122,673
Brought forward from previous year	596,861	627,202
	1,723,465	1,749,875
Allocations :—		
To Bonuses to policyholders	896,637	913,841
„ Shareholders' account	99,628	101,538
„ Investment reserve fund	100,000	100,000
„ Carry forward to next year	627,202	634,496
	1,723,465	1,749,875
Industrial Branch :—		
Surplus earned during the year	334,706	302,934
Brought forward from previous year	90,553	125,497
	425,259	428,431
Allocations :—		
To Bonuses to policyholders	149,388	148,036
„ Shareholders' account	50,374	48,462
„ Investment reserve fund	100,000	100,000
„ Carry forward to next year	125,497	131,933
	425,259	428,431

The bonus in the Ordinary branch is again at the rate of 38s. per cent. calculated on the sum assured and it will be seen that the cost of the bonus is very well within the current surplus earnings. In the Industrial branch an allocation has been made which will be applied to increase the amount payable, where necessary, under claims occurring in the current twelve months, to that which would have been payable under the latest scale of benefits.

Standard Life Assurance Company

The usual annual valuation of the liabilities of this company was made at November 15th last, as a result of which a compound bonus at the rate of 42s. per cent. has again been declared. On this occasion the assurance contracts have been valued by the A 1924-1929 tables, select net premiums being used. As before, the rate of interest assumed is 2½ per cent. both for assurances and annuities. The results of the last two valuations are given below :—

	1932-33	1933-34
Surplus earned during the year	394,884	406,096
Surplus income transferred from guarantee fund	39,958	38,816
Brought forward from previous year	30,306	30,746
	465,148	475,658
Allocations :—		
To bonuses to policy holders	334,402	344,429
„ Transfer to inner reserve	85,000	85,000
„ Pension fund	15,000	15,000
„ Carried forward to next year	30,746	31,229
	465,148	475,658

It is stated that the reserves for the liabilities are in the aggregate greater than such reserves would have been if the basis previously employed had been adopted.

Wesleyan and General Assurance Society

The customary annual valuation of the liabilities of this Society was made at December 31st last, and the

results are given below. The basis of valuation appears to be identical with that of the previous year.

	1933	1934
Ordinary Branch :—		
Surplus earned during the year	147,702	136,596
Investment profits realised	5,120	7,472
Transferred from Industrial Branch	12,525	19,873
Brought forward from previous year	94,894	100,952
	260,241	264,893
Allocations :—		
To Bonuses to policyholders	127,489	134,687
„ General reserve fund	20,000	27,000
„ Staff pension fund	11,800	13,800
„ Carried forward to next year	100,952	89,406
	260,241	264,893
Industrial Branch :—		
Surplus earned during the year	153,520	173,798
Investment profits realised	5,909	8,799
Brought forward from previous year	97,468	98,400
	256,897	280,997
Allocations :—		
To Bonuses to policyholders	76,897	81,800
„ Staff pension fund	48,200	56,200
„ Bonuses to outdoor staff	16,700	18,043
„ Ordinary Branch (gross of tax)	16,700	25,643
„ Carried forward to next year	98,400	99,311
	256,897	280,997

The rate of reversionary bonus declared in the Ordinary branch is 46s. per cent. for Whole Life and 40s. per cent. for Endowment assurances, calculated on the sum assured. In each case 6s. of the bonus arises from profit transferred from the Industrial branch. The sum of £81,800 shown above as distributed to Industrial policy holders has been applied to bring all policies issued prior to 1927 into line with those issued since that date in making premiums cease at age 65 provided that not less than 20 premiums will have been paid when that age is attained. Since the Society instituted its profit-sharing scheme in 1927 nearly £500,000 has been allotted to policy-holders in the Industrial branch, although contractually they are not entitled to any allocation at all.

Biennial Valuation

National Mutual Life Assurance Society

The biennial valuation took place on December 31st last and the results, together with those of the valuation at December 31, 1932 are given below :—

	1931-32	1933-34
Trading surplus	279,718	308,430
Profit on investments	33,526	896,314
Brought forward	205,305	254,253
	518,549	1,458,997
Allocations :—		
Bonuses to policyholders :—		
(a) Normal distribution	240,745	249,606
(b) Additional distribution	...	51,736
Valuation expenses and staff pension scheme	5,000	5,598
Strengthening of valuation basis	18,551	123,110
Reserve Fund	...	600,000
Investment reserve fund	...	150,000
Carried forward	254,253	278,947
	518,549	1,458,997

The rate of interest used in the valuation of the liabilities is again 3½ per cent., but on this occasion the new mortality table A 1924-29 has been used at an additional cost, compared with the previous table, of £123,000. At the last distribution in 1932 the bonus rates were 42s. 6d. per cent. on Whole Life policies, 37s. 6d. per cent. on Endowment assurances, and 15s. per cent. on the low premium participating class. These rates, which are calculated on the sums assured and existing bonuses, are repeated on this occasion. In view of the very favourable trading experience during the past two years, an additional special distribution has been made, bringing the total distribution to 52s. 6d. per cent., 45s. per cent. and 17s. 6d. per cent. respectively for the classes above mentioned. These bonuses are, of course, on an extraordinarily high scale, and one which has never been equalled, even by this Society which enjoys a reputation for high bonuses.

Triennial Valuation

Atlas Assurance Company

It will be remembered that the distribution of surplus in respect of the triennium ended December 31, 1931 was postponed in view of the exceptional financial situation then existing, and the distribution was finally made after the publication of the 1932 report. The rate of bonus declared was 48s. per cent. compound, but on the present occasion the rate has been reduced to 42s. per cent. compound. This reduction was perhaps somewhat unexpected, but does not remove the Atlas from the class of high bonus-paying offices. The valuation basis has been strengthened on this occasion, and amongst the changes made is the use of the A 1924-29 tables for the non-profit assurance contracts. The cost of strengthening the reserves is apparently about £175,000; the cost of the three years' bonus at 42s. per cent. is £460,000. Although the distribution of bonus is triennial, the company makes an annual valuation of its liabilities, the results of which are published in the reports; and it would be possible, therefore, to furnish the usual comparative table of results. In view of the postponement of the distribution for the triennium 1929-31, however, figures deduced might be rather misleading, and we therefore omit the table.

Quinquennial Valuations

Equity and Law Life Assurance Society

The quinquennial valuation was based, as regards mortality, on the new mortality table (A 1924-29), whereas in 1929 the O^M and O^M (5) tables were employed. In considering the trading surplus shown below of £983,916, in relation to the amount distributed to policy-holders and shareholders, viz. £1,242,947, it should therefore be borne in mind that the effect, in whichever direction, of the change in the mortality basis is incorporated in the surplus. Also, the heavy initial expenses involved in the great accretion of annuity business in recent years combined with

the stringency of the annuity reserve basis have almost certainly involved a heavy valuation strain, from which future surplus should emerge.

	1925-29	1930-34
Trading surplus earned during quinquennium	816,421	983,916
Profits on investments and on reversions	190,603	378,084
Brought forward from previous quinquennium	116,635	203,629
	1,123,659	1,565,629
Allocations :—		
To Bonuses to policyholders	798,285	1,118,653
„ Shareholders' account	88,698	124,294
„ Staff pension fund	33,047	10,000
„ Carried forward to next quinquennium	203,629	312,682
	1,123,659	1,565,629

Under the Society's system of distribution the rate of bonus declared on any policy depends to a large extent on the rate of premium charged. The minimum rate of bonus is 45s. per cent. per annum calculated on the sum assured for Whole Life, and 42s. per cent. per annum for Endowment assurances, but as much as 80s. per cent. per annum applies in some cases. At the last investigation the minimum rate was 42s. per cent. per annum for both classes.

Gresham Life Assurance Society

The quinquennial valuation of the liabilities took place at December 31, 1934, and the results of the last two investigations are given below :—

	1925-29	1930-34
Trading surplus earned during quinquennium	702,125	1,018,337
Investment profits realised	56,946	12,800
Brought forward from preceding quinquennium	11,549	15,026
	770,620	1,046,163
Allocations :—		
To Bonuses to policyholders	630,000	844,200
„ Shareholders	75,594	99,395
„ Staff pension fund	50,000	90,000
„ Carried forward to next quinquennium	15,026	12,568
	770,620	1,046,163

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The minimum rate of bonus is 35s. per cent. calculated on the sum assured as in 1929, but the maximum rate for policies of long duration is 80s. per cent. against 60s. per cent. A sum of £330,000 has been reserved as the sum required to convert the aggregate liability in foreign currencies to its sterling equivalent at rates of exchange current on December 31st last. The foreign currency assets have not been similarly written up, thus creating a hidden reserve against exchange fluctuations.

Friends' Provident and Century Life Office

The report issued for the year 1934 includes the results of the quinquennial valuations made at December 31st last of both the Friends' Provident and the Century. The basis of valuation used for the Century policies was unchanged, but for the Friends' Provident policies the new mortality table (A 1924-29) was adopted, and more stringent reserves made for existing bonus. No indication being given of the cost of the changes made, the following figures ignore this factor.

	1925-29	1930-34
Trading surplus earned during quinquennium	682,552	774,654
From investment reserve fund	24,402	25,000
Brought forward from previous quinquennium	706,954	30,328
	706,954	829,982
Allocations :—		
To Bonuses to policyholders	676,626	696,887
„ Staff pension fund	...	30,000
„ Staff bonus	...	4,000
„ Carried forward to next quinquennium	30,328	99,095
	706,954	829,982

The rate of bonus is 35s. per cent. per annum compound compared with 42s. per cent. per annum compound declared at the previous distribution.

Guardian Assurance Company

The results of the quinquennial valuation of the liabilities of the Life Department at December 31st last

shown below are obtained after applying a sum in excess of £70,000 in strengthening the actuarial reserves.

	1925-29	1930-34
Surplus earned during the quinquennium	917,348	973,862
Brought forward from previous quinquennium	39,864	57,212
	957,212	1,031,074
Allocations :—		
To Bonuses to policyholders	720,000	834,525
„ Shareholders	180,000	92,725
„ Carried forward to next quinquennium	57,212	103,824
	957,212	1,031,074

The bonus system is of the contribution type, under which the special aim is to distribute bonuses in strict equity according to plan, age at entry, and duration. In principle, such methods have advantages over the more usual systems used in this country, but opinion differs widely how far the end in view is attainable in practice. Be that as it may, the varying bonuses brought out make direct comparison with simple or ordinary bonuses rather complicated, but on the whole the rates declared by the Guardian, which are smaller than on the last occasion, are quite favourable.

Law Union and Rock Insurance Company

The published accounts of the Law Union and Rock include the figures of the "Rock" and the "Crown," both of which have long ceased to transact new business. The quinquennial valuation of each of the three funds took place at December 31, 1934.

	1925-1929	1930-1934
Trading surplus earned during quinquennium	999,748	939,555
Brought forward from previous quinquennium	70,351	109,099
	1,070,099	1,048,654
Allocations :—		
To Bonuses to policyholders	857,862	608,488
„ Written off securities	...	314,984
„ Shareholders	103,138	66,756
„ Carried forward to next quinquennium	109,099	58,426
	1,070,099	1,048,654

In each case the bonus results must be considered as definitely disappointing. Five years ago the rates of bonus were extremely good, being 45s. per cent. compound for the Law Union and Rock and 50s. per cent. compound for the Rock, while in the case of the Crown, where bonus varies with age and duration, high rates were also declared. On this occasion the bonus in each of the first two cases is 32s. per cent. compound, and in the case of the Crown no bonus is declared. The substantial reductions appear to be connected with the position of the Company's Canadian farm loans, which have been a source of some anxiety for a number of years. Reserves have been set up against depreciation of these mortgages and the Directors have felt that a cautious policy should be followed meantime in distributing surplus.

Marine and General Life Assurance Society

The results of the quinquennial valuation are given below :—

	1925-1929	1930-1934
Surplus earned during quinquennium	474,785	428,624
Brought forward from previous valuations	15,616	83,648
	490,401	512,272
Allocations :—		
To Bonuses to policyholders	406,753	383,836
„ Staff pension fund	...	25,000
„ Carried forward to next valuation	83,648	103,436
	490,401	512,272

On this occasion the A 1924-29 tables were used for assurances and deferred annuities instead of the O^M table. The rate of interest was again 3 per cent. The reserve for annuities is on a more stringent basis on this occasion, interest being taken at 3 per cent instead of 4 per cent. Bonuses in the whole-life class are maintained at the previous figure of 50s. per cent per annum calculated on the sum assured ; for Endowment assurances the rate in 1929 varied between 46s. per cent. and 50s. per cent. according to the original term, but on this occasion 46s. per cent. is declared for all terms.

Royal Insurance Company

The quinquennial valuation of the life assurance and annuity branches took place on December 31, 1934. The bases of mortality and interest used in valuing the life assurance contracts were the same as on the previous occasion but some strengthening of special reserves took place. In the annuity section the reserves were increased to the extent of £77,000 by treating attained ages in each case as one less than the actual. The results of the last two valuations were as follows :—

	1925-1929	1930-1934
Surplus earned during quinquennium	2,654,796	3,159,018
Brought forward from previous quinquennium	311,611	911,528
	2,966,407	4,070,546
Allocations :—		
To Bonuses to policyholders	1,854,879	2,252,483
„ Shareholders	200,000	250,000
„ Strengthening reserves	...	266,743
„ Carried forward to next quinquennium	911,528	1,301,320
	2,966,407	4,070,546

The rate of bonus is increased from 42s. per cent. to 45s. per cent. both calculated on the sum assured ; the cost of the bonus, it will be seen, is well within the trading profits earned.

University Life Assurance Society

The results of the quinquennial valuation of the liabilities of the University—which was on the same basis as before—are given below together with the corresponding figures of five years ago.

	1925-1929	1930-1934
Trading surplus earned during quinquennium	146,354	126,049
Capital profits from investments	3,087	...
Brought forward from previous quinquennium	48,793	67,088
	198,234	193,137
Allocations :—		
To Bonuses to policyholders	118,031	107,611
„ Shareholders	13,115	13,009
„ Carried forward to next quinquennium	67,088	72,517
	198,234	193,137

The same rate of bonus as on the last two occasions, namely 50s. per cent. per annum on the sum assured, was declared.

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FIRE INSURANCE

The following tables relate to 23 companies, most of which derive an important part of their premium income from U.S.A. In that country both premium income and profits last year were very satisfactory. Accordingly, the aggregate premiums of these companies, after showing a steady diminution over a period of years, showed an advance on 1933, while a high average profit, viz., 10.2 per cent of the premium income, was attained.

The steady increase in the average commission ratio is somewhat disconcerting, and although foreign commission rates, which are generally heavy, are largely outside the control of the British offices, there seems to be scope for improvement in the agency system in this country. The rate of commission varies considerably in the different offices; thus the Alliance, which does no business in the U.S.A. and is known to possess a very select class of business at home, has a commission ratio of only 14.6 per

cent., while at the other end of the scale the Century, which has the second smallest premium income of the group, expended in commission last year 27.9 per cent. of its premium income.

It is encouraging to record, in spite of increased foreign taxation, a decrease not only in the average expense ratio, but also in the actual amount of expenses. Among the results of individual offices, the Alliance shows up very well as a profit-earner, but on this occasion it yields its usual place of honour to the General Accident, which secured a profit ratio of no less than 23 per cent. The Guardian deserves special congratulation, however, in the very large increase of profits from 1.5 per cent. to 17.1 per cent. of premium income. Each of the 23 companies made a profit which, except in five cases, exceeded the corresponding figure in 1933.

	1930		1931		1932		1933		1934	
	Amount	Percentage of Premiums	Amount	Percentage of Premiums	Amount	Percentage of Premiums	Amount	Percentage of Premiums	Amount	Percentage of Premiums
Claims	£ 25,885,985	51.9	£ 24,646,840	51.2	£ 24,254,622	52.0	£ 20,326,686	46.3	£ 18,690,944	42.3
Commission	9,482,196	19.0	9,426,648	19.6	9,153,329	19.6	8,673,299	19.8	8,874,433	20.1
Expenses	13,024,781	26.1	12,687,223	26.3	12,472,801	26.8	12,062,568	27.6	11,992,148	27.1
Increase in reserve for unexpired risk	1,375,120	-2.8	1,000,261	-2.1	1,145,832	-2.4	988,486	-2.3	143,260	-3
Profit	2,892,334	5.8	2,420,986	5.0	1,874,845	4.0	3,767,467	8.6	4,528,997	10.2
Premiums	49,910,176		48,181,386		46,609,765		43,841,534		44,229,782	

Company	Claims		Commission		Expenses		Increase in Reserve for Unexpired Risk		Profit		Premiums
	Amount	Percentage of Premiums	Amount	Percentage of Premiums	Amount	Percentage of Premiums	Amount	Percentage of Premiums	Amount	Percentage of Premiums	
Alliance	1933 725,291	35.9	1934 284,214	14.1	1933 627,254	31.1	1934 622,225	30.4	1933 397,202	19.7	1934 2,018,676
Atlas	1933 710,443	34.5	1934 300,619	14.6	1933 622,225	30.4	1934 622,225	30.4	1933 408,144	19.8	1934 2,056,601
Caledonian	1933 862,110	40.0	1934 389,315	22.1	1933 446,603	25.4	1934 441,087	24.8	1933 130,798	6.9	1934 1,759,469
Century	1933 775,855	43.7	1934 386,364	21.8	1933 653,333	32.8	1934 644,854	32.3	1933 165,962	8.3	1934 1,739,874
Commercial Union	1933 381,534	51.6	1934 178,115	24.1	1933 187,043	25.2	1934 187,043	25.2	1933 42,997	5.5	1934 754,282
Eagle Star and British Dominions	1933 360,268	47.3	1934 180,613	23.9	1933 73,242	23.7	1934 73,242	23.7	1933 2,527	-0.8	1934 308,585
Employers' Liability	1933 150,130	48.6	1934 85,462	27.7	1933 67,452	21.7	1934 67,452	21.7	1933 14,224	-0.6	1934 310,983
General Accident	1933 132,167	42.6	1934 86,827	27.9	1933 177,409	32.8	1934 177,409	32.8	1933 2,288	-0.8	1934 3,391,583
Guardian	1933 2,498,152	46.1	1934 993,137	18.3	1933 1,774,909	32.8	1934 1,774,909	32.8	1933 391,205	7.2	1934 5,416,769
Liverpool and London and Globe	1933 2,252,418	41.9	1934 959,552	17.9	1933 1,737,325	32.3	1934 1,737,325	32.3	1933 5,714	-0.8	1934 5,310,290
London Assurance	1933 363,351	44.8	1934 180,774	22.3	1933 223,606	27.6	1934 223,606	27.6	1933 947	-0.2	1934 812,660
London and Lancashire	1933 352,106	43.3	1934 180,650	22.2	1933 180,650	22.2	1934 180,650	22.2	1933 6,525	-1.8	1934 381,650
Motor Union	1933 172,254	47.0	1934 75,607	20.9	1933 105,809	29.5	1934 105,809	29.5	1933 8,898	-2.6	1934 339,583
North British and Mercantile	1933 155,173	45.7	1934 68,692	20.2	1933 100,090	29.5	1934 100,090	29.5	1933 14,475	-4.0	1934 3,391,583
Norwich Union	1933 231,969	42.3	1934 104,122	19.0	1933 127,024	23.1	1934 127,024	23.1	1933 9,517	-1.8	1934 548,900
Phoenix	1933 199,680	33.7	1934 117,317	19.8	1933 132,544	22.3	1934 132,544	22.3	1933 7,090	-1.2	1934 593,066
Prudential	1933 648,804	50.9	1934 228,510	17.9	1933 336,298	26.3	1934 336,298	26.3	1933 33,853	-2.0	1934 1,277,278
Royal Exchange	1933 465,782	42.0	1934 215,948	18.2	1933 305,811	27.4	1934 305,811	27.4	1933 66,938	-6.0	1934 1,109,533
Scottish Union and National	1933 1,792,449	45.6	1934 815,920	20.8	1933 1,039,532	26.2	1934 1,039,532	26.2	1933 65,441	-1.7	1934 3,931,274
Sun	1933 1,633,839	41.2	1934 860,979	21.7	1933 468,062	23.0	1934 468,062	23.0	1933 11,881	-4	1934 3,960,976
Yorkshire	1933 1,042,948	51.3	1934 495,374	23.9	1933 466,395	22.6	1934 466,395	22.6	1933 7,693	-2.8	1934 2,033,420
Totals	1933 1,108,718	40.1	1934 487,851	17.6	1933 798,194	28.8	1934 798,194	28.8	1933 41,500	-1.6	1934 2,074,686

MARINE INSURANCE

Marine Insurance premium income in 1934 in the case of most companies showed some increase as compared with 1933, and reflected a larger amount of tonnage afloat. Conditions remained very difficult, however, and the prospects in the next few years are regarded generally as being none too bright. Following on severe reductions in 1933, a further cutting of rates was witnessed last year, particularly in the later months; it has been estimated that in the last three years shipowners have benefited by aggregate reductions of from 25 per cent. to 30 per cent. Competition is very keen, as the marine insurance market is much in excess of requirements, and the terms quoted

leave insufficient margin for the catastrophe risk which is bound to eventuate from time to time. Under these conditions it appears almost impossible to obtain any special co-operation between the offices. Satisfactory accounts under present conditions must depend on a reduction in casualties, and on a rating-up in the cost of fleets with a sub-normal record. A matter which has given cause for grave concern is the war risk in relation to cargoes. Up to 1914 the usual practice was for marine policies to exclude the war risk as affecting cargoes, but since the war this special risk has been covered by the normal contract not only during time at sea, but also before

shipment and for considerable periods after discharge. It is clear that on the outbreak of war very great liability might be involved to a large marine company by an accumulation of goods at a great port. At present, negotiations are taking place to limit war risk cover to goods actually afloat, and for a very restricted period after discharge. With the fall in the premium income in recent years there has been an unavoidable increase in the expense rate in the case of the five composite offices shown in the second table of this note; the expense rate increased from 14 per cent. of the premium income in 1929 to 19 per cent. last year.

Marine insurance claims occur over a period of years following the payment of the relative premiums, and it is the practice of those companies who confine their activities mainly to this class of business to leave the underwriting account open for two years. The account is then closed by taking the unexpended balance of the first year's premiums to profit and loss, after making suitable provision for further claims by a transfer to a suspense account. Hence the 1934 report shows the profit which, it is estimated, emerges from the 1933 premiums. The following table gives the results obtained during the past five years by representative marine companies:—

Office	Account	Premiums	Claims and Suspense	Expenses	Surplus or Deficit
British and Foreign	1929	£ 550,408	£ 435,158	£ 95,222	£ 20,028
	1930	454,580	308,045	95,391	51,144
	1931	481,573	345,603	97,855	38,115
	1932	431,189	298,548	99,143	33,498
	1933	371,539	268,117	97,202	6,220
Indemnity	1929	£ 378,231	£ 348,312	£ 29,919	None
	1930	361,649	337,374	24,275	None
	1931	362,244	322,889	23,355	16,000
	1932	371,370	327,856	23,514	20,000
	1933	316,256	275,228	21,028	20,000
Merchants	1929	£ 285,659	£ 272,289	£ 43,370	Def. 30,000
	1930	278,225	237,110	42,115	Def. 10,000
	1931	247,396	192,491	40,571	14,334
	1932	225,328	171,719	37,741	15,868
	1933	180,188	145,374	32,949	1,865
Sea	1929	£ 614,650	£ 537,027	£ 42,781	£ 34,842
	1930	586,334	501,632	44,337	40,363
	1931	521,004	409,845	44,890	66,269
	1932	536,793	438,007	47,089	51,697
	1933	478,092	377,926	46,956	53,210

It is the general practice of composite offices to present their marine accounts in the form used for their fire and accident business; the claims are thus to a large extent unrelated to the premiums appearing in the same account. The amount transferred to profit and loss does not represent the underwriting profit of any particular year or years; the results can be gauged approximately by comparison of the total premiums received over a period of years with the total claims and expenses in the same period.

The following table refers to five composite offices doing a large marine business:—

Office	Premiums	Claims	Expenses
British Dominions:—	£ 638,814	£ 643,131	£ 90,822
	1929 481,194	474,806	76,590
	1930 413,794	368,709	64,759
	1931 307,342	266,603	65,067
	1932 269,761	220,155	64,276
Commercial Union:—	£ 2,364,993	£ 2,167,986	£ 425,043
	1929 684,887	604,863	128,152
	1930 698,828	319,700	140,191
	1931 733,757	317,600	152,006
	1932 587,089	253,031	153,565
Liverpool and London and Globe:—	£ 3,781,538	£ 1,902,228	£ 873,395
	1929 401,947	330,376	41,786
	1930 356,212	307,404	38,024
	1931 322,768	258,597	35,411
	1932 295,282	242,661	35,224
London and Lancashire:—	£ 1,943,910	£ 1,599,594	£ 215,954
	1929 1,489,096	1,053,016	191,663
	1930 1,268,516	995,057	174,848
	1931 1,296,045	884,160	200,327
	1932 1,102,380	831,317	180,322
Royal Exchange:—	£ 7,038,128	£ 5,041,235	£ 1,129,779
	1929 743,507	610,721	89,361
	1930 652,893	602,438	91,133
	1931 662,058	551,971	85,743
	1932 639,839	583,939	79,886
Totals	£ 3,564,541	£ 3,254,949	£ 508,059
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The accident and miscellaneous premium income in 1934 showed considerable expansion. This resulted in the large addition, in respect of the 22 companies to which the following table refers, of £1,255,000 in the reserve for unexpired risk. In 1931 and 1932, due to the fall in premium income, there were large releases from this reserve; while in 1933 there was only an insignificant increase. The elaborate American official statistics—which presumably best reflect operating conditions there—show more favourable results last year for the British offices than are brought out by the British method of dealing with unexpired risk reserve, due in some part to the increase in rates which has taken place in the last year or two. Experience in workmen's compensation insurance in U.S.A., although still unsatisfactory, was much improved;

on the other hand, motor insurance experience was definitely bad and much worse than in the previous year. It is understood that efforts are being made to obtain the sanction of the appropriate State authorities to a modification in motor insurance rates in accordance with the greater liabilities incurred under present-day conditions. Among the results of individual offices, the Alliance and North British and Mercantile always record a satisfactory profit in this class of business, and last year was no exception. The largest loss, viz.: £290,000, equal to 4.5 per cent. of the premium income, was incurred by the Employers' Liability and arose in the main from its large motor business in U.S.A. (but for details of this loss see the *Economist*, April 6, 1935, page 794).

ACCIDENT

	1931		1932		1933		1934	
	Amount	Percentage of Premiums	Amount	Percentage of Premiums	Amount	Percentage of Premiums	Amount	Percentage of Premiums
Claims	£ 32,333,174	59.3	£ 30,109,755	59.2	£ 28,247,637	56.5	£ 29,819,614	56.1
Commission	9,902,687	18.2	9,418,436	18.5	9,301,272	18.6	9,840,488	18.6
Expenses	11,392,894	20.9	11,029,332	21.7	10,953,811	21.9	11,263,381	21.2
Increase in reserve for unexpired risks	670,645	-1.2	1,343,746	-2.6	28,435	.7	1,254,730	2.4
Profit	1,508,007	2.8	1,629,874	3.2	1,423,553	2.8	985,585	1.8
Premiums	54,466,127		50,843,651		49,954,708		53,163,798	

MISCELLANEOUS

Company		Claims		Commission		Expenses		Increase in reserve for unexpired risks		Profit		Premiums
		Amount	Percentage of Premiums	Amount	Percentage of Premiums	Amount	Percentage of Premiums	Amount	Percentage of Premiums	Amount	Percentage of Premiums	
Alliance	1933	563,120	48.6	173,328	15.0	291,444	25.1	1,063	-.1	132,499	11.4	1,156,328
	1934	574,928	47.7	181,840	15.1	296,146	24.6	18,121	1.5	133,596	11.1	1,204,631
Atlas	1933	220,625	47.9	65,451	14.2	128,424	27.9	10,035	2.2	36,004	7.8	460,539
	1934	224,632	45.2	70,861	14.3	137,768	27.8	15,952	3.2	46,969	9.1	496,212
Caledonian	1933	275,914	61.7	101,043	22.6	86,026	19.2	20,794	4.6	5,096	1.1	447,285
	1934	620,742	51.3	280,311	23.2	253,116	20.9	2,140	.2	53,776	4.4	1,210,085
Century	1933	105,051	33.9	40,353	20.7	44,058	22.6	9,541	4.9	14,930	7.7	194,831
	1934	90,532	51.4	38,568	19.9	44,835	23.2	1,133	.6	9,551	4.9	193,619
Commercial Union	1933	3,824,049	55.1	1,272,152	18.3	1,751,922	25.2	88,600	1.2	180,110	2.6	6,939,633
	1934	4,132,660	55.7	1,335,476	18.0	1,753,400	23.6	194,028	2.6	9,140	.1	7,424,704
Eagle Star and British Dominion	1933	755,024	46.1	318,238	19.4	415,830	25.4	24,001	1.4	125,892	7.7	1,638,985
	1934	807,106	45.4	354,927	20.0	443,379	25.0	59,019	3.3	112,637	6.3	1,777,068
Employers' Liability	1933	3,720,883	63.3	1,097,933	18.6	1,094,276	18.6	31,614	-.5	1,428	...	5,880,050
	1934	4,229,495	65.0	1,173,648	18.0	1,153,106	17.7	245,027	3.8	290,179	4.5	6,511,057
General Accident	1933	3,747,988	58.6	1,280,869	20.0	1,049,931	16.4	224,310	3.5	88,397	1.6	6,391,505
	1934	3,873,692	56.5	1,360,837	19.9	1,087,697	15.9	270,014	3.9	260,248	3.8	6,851,888
Guardian	1933	591,910	53.3	235,956	21.2	289,544	26.1	34,250	3.0	27,119	2.4	1,110,299
	1934	521,953	47.8	230,840	21.2	271,164	24.8	7,594	-.7	74,852	6.9	1,091,315
Liverpool and London and Globe	1933	2,835,016	61.2	900,458	19.4	854,192	18.4	92,461	2.0	46,696	1.0	4,635,431
	1934	2,647,419	39.0	864,489	19.3	806,486	18.0	118,773	2.6	46,538	1.1	4,483,705
London Assurance	1933	678,887	39.9	174,264	15.4	240,751	21.3	36,201	3.2	74,857	6.6	1,132,558
	1934	692,551	39.5	174,296	15.0	223,199	19.2	12,219	1.1	60,837	6.2	1,163,105
London and Lancashire	1933	1,071,804	56.0	361,117	18.9	490,187	25.1	44,500	2.3	43,749	2.3	1,912,457
	1934	1,022,196	50.4	384,724	19.0	496,177	24.6	46,277	2.3	77,816	3.8	2,028,190
Motor Union	1933	784,761	53.8	267,344	18.2	353,821	24.2	31,011	2.1	87,479	6.0	1,459,201
	1934	809,717	52.7	278,942	18.1	355,237	23.1	31,011	2.1	61,821	4.0	1,536,728
North British and Mercantile (Railway Passengers)	1933	506,488	46.7	181,973	16.8	274,289	25.3	7,455	-.6	128,114	11.8	1,083,409
	1934	522,872	46.4	182,860	16.2	280,818	25.0	5,059	-.4	143,134	12.7	1,124,625
Northern	1933	780,238	50.9	257,352	16.8	380,431	24.8	46,516	3.1	182,849	10.6	1,534,354
	1934	770,770	48.2	267,682	16.7	393,979	24.6	66,489	4.2	100,236	6.3	1,599,156
Norwich Union	1933	967,033	56.5	314,165	18.3	389,821	25.7	1,104	.1	40,534	2.4	1,712,657
	1934	1,097,272	65.3	299,823	17.8	384,831	22.9	12,980	-.8	88,739	5.2	1,680,207
Phoenix	1933	1,876,506	56.7	641,469	19.4	777,439	23.5	36,000	1.0	47,455	1.4	3,306,869
	1934	1,902,806	57.0	648,181	19.4	775,324	23.2	12,900	-.4	1,599	...	3,339,910
Prudential	1933	522,087	57.6	152,951	16.9	195,808	21.6	37,238	4.1	1,454	-.2	906,630
	1934	625,138	63.2	163,869	16.6	213,075	21.5	21,475	3.0	107,124	2.1	5,007,340
Royal	1933	2,821,382	56.3	896,642	17.9	1,203,767	24.0	52,049	1.0	181,595	3.5	5,137,463
	1934	2,754,718	53.7	931,102	18.1	1,217,999	23.7	6,294	2.4	19,641	7.8	252,529
Scottish Union and National	1933	116,593	46.2	34,311	13.6	75,690	30.0	17,210	6.3	8,884	3.2	274,898
	1934	133,996	48.7	36,319	13.2	78,489	28.6	45,053	2.8	124,869	8.0	1,569,579
Sun	1933	814,512	51.9	295,077	18.8	290,068	18.5	26,413	2.2	35,071	2.0	1,774,923
	1934	1,027,076	57.9	336,829	19.0	308,897	17.4	22,567	1.8	11,873	-.9	1,270,937
Yorkshire	1933	667,756	54.8	238,846	19.6	286,092	23.4	132	.0	26,413	2.2	1,219,239
	1934	727,340	57.2	244,044	19.2	288,859	22.7	22,567	1.8	11,873	-.9	1,270,937
Totals	1933	28,247,637	56.5	9,301,272	18.6	10,953,811	21.9	28,435	-.1	1,423,553	2.8	49,954,708
	1934	29,819,614	56.1	9,840,488	18.5	11,263,381	21.2	1,254,730	2.4	985,585	1.8	53,163,798

In such a wide category of business as Accident and Miscellaneous insurance, the experiences of the various companies are bound to differ greatly; for the distribution of each company's total business as between accident, motor, workmen's compensation, etc., will differ from that of any other company.

In the accident section, claims in 1934 represented a

smaller proportion of premium income than in the preceding three years, and expenses again declined as a proportion of that income. The fall in profits in miscellaneous insurance is not as significant as the rise in premiums and in the reserve for unexpired risks. These constitute a technical improvement in the finances of miscellaneous insurance.

THE ECONOMIST
BANKING SUPPLEMENT

VOL. CXXI]

SATURDAY, OCTOBER 12, 1935

[No. 4807

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BANKING SUPPLEMENT

A SURVEY OF BRITISH AND FOREIGN BANKING

VOL. CXXI]

SATURDAY, OCTOBER 12, 1935

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BRITISH BANKING TRENDS

THREE months ago, when discussing the June 30th statements of accounts of the leading British banks, we called attention to the increase in the banks' cash during the preceding twelve months, and suggested that the growth in the joint-stock banks' cash and deposits might conceivably arise from a limited inflation of credit, acquiesced in, if not predetermined by, the Government. The truth of this suggestion may be tested by a detailed examination of British banking statistics, which we have carried back to March, 1933, or to approximately the beginning of the trade recovery.

It is best to consider the relevant statistics in their logical order. The Bank of England's gold stocks, fiduciary note issue and note circulation between them determine the size of the banking department's reserve, which equals the sum of the first two items minus the third. The total of deposits in the banking department varies with the size of the department's reserve plus earning assets. But total deposits are divided into public, bankers' and other deposits. Neglecting minor and less variable items, it is sufficiently correct to say that bankers' deposits are governed mainly by the combined size of the Reserve plus Government securities held in the banking department less public deposits. The joint-stock banks' cash is obviously dependent upon bankers' deposits, and equally obviously is a main determinant of the size of the joint-stock banks' deposits and earning assets.

BANK OF ENGLAND

Date (End of month)	Gold	Note Circulation	Reserve	Govt. Securities	Public Deposits	Bankers' Deposits
1933—March.....	£mn. 171.8	£mn. 367.1	£mn. 80.6	£mn. 57.7	£mn. 21.2	£mn. 92.8
June	189.4	375.1	75.5	75.4	14.1	105.1
September	190.4	370.8	81.0	73.8	16.5	97.3
December	190.7	392.0	59.7	88.0	22.2	101.2
1934—March.....	191.1	378.8	73.4	77.1	17.5	94.5
June	191.5	381.7	70.5	81.0	17.6	96.3
September	191.9	377.0	75.5	81.6	37.9	82.0
December	192.3	405.2	47.6	87.5	9.9	89.1
1935—March.....	192.5	381.4	71.7	87.6	20.1	96.6
June	192.7	396.9	56.5	96.2	16.2	102.4
September	192.7	400.8	52.4	88.7	8.9	100.8
October	193.4	399.6	54.5	81.3	9.4	96.9
November	193.6	398.2	56.2	83.2	19.5	87.2

Owing to any lack of serious change in the Bank's gold or the fiduciary note issue, the size of the banking department's Reserve has been governed entirely by the size of the note circulation, that is by the demand for currency by the joint-stock and other banks and by the public. As the note circulation has been steadily expanding under the influence of the trade revival, there has been an equivalent contraction in the Reserve, which first became noticeable in early 1934 and which began to accelerate in early 1935.

Had nothing happened to counteract this drop in the Reserve, bankers' deposits must also have fallen. This would have caused a contraction in bank "cash," with a consequent tightening of credit just at the time when it was essential to continue debt conversion and to ensure the continuance of the trade revival. The Bank has therefore taken steps to neutralise the contraction in its Reserve by acquiring additional Government securities. The inverse correlation between fluctuations in the Reserve and in Government securities is, of course, by no means exact, but over the whole period from March, 1933, to September, 1935, the Reserve fell by £24.4 millions, while Government securities were increased by £25.5 millions.

The result is that total deposits at the Bank of England have tended to remain constant. The composition of the total, however, has changed considerably, for unfortunately there have been wide, if unavoidable, fluctuations in public deposits. Payments and repayments arising out of conversion operations—especially when these include loan issues or redemptions in cash—discrepancies between Treasury bill issues and

maturities, the enormous size of the post-war Budget, and the operation of the Exchange Equalisation Account easily account for large and sudden changes in the cash balances of public departments, and at times public deposits have risen to high figures. This has introduced a disturbing influence into our credit mechanism, and, in fact, changes in the size of bankers' deposits have been caused by fluctuations in public deposits even more than by changes in the Reserve and earning assets of the banking department.

Taking a broad survey, bankers' deposits expanded slowly during the latter part of 1933. They fell again in the middle of 1934, but have since steadily recovered until only a few weeks ago, when once more they began to shrink. Bank cash naturally exhibits much the same tendency. There was a slow increase until early 1934, followed by a drop which lasted until August of that year, followed in turn by a steady expansion. This persisted until August last, when a slight contraction (in sympathy with bankers' deposits) became noticeable.

Coming now to the joint-stock banks, their position is summarised in the following table:—

TEN CLEARING BANKS

Date (monthly average)	Cash	Call and Short Loans	Discounts	Invest- ments	Advances	Deposits
1933—March.....	£mn. 207	£mn. 109	£mn. 348	£mn. 510	£mn. 766	£mn. 1,925
June	213	101	352	544	775	1,978
September	215	91	355	563	750	1,957
December	213	119	311	565	735	1,941
1934—March.....	219	120	202	547	753	1,831
June	199	141	228	549	757	1,870
September	207	137	213	563	754	1,858
December	216	151	255	594	753	1,923
1935—March.....	214	133	207	614	767	1,971
June	217	143	244	624	775	2,003
September	219	145	274	615	775	2,019
October	213	149	287	615	765	2,013
November	208	147	299	618	763	2,024

Bank deposits equal roughly the sum of the banks' cash and earning assets. The banks also make a practice of preserving an approximately constant ratio between their cash and deposits, so that the size of bank deposits is also governed by the size of bank cash. Changes in the latter have already been discussed, but before considering the trend of bank deposits, it is easiest to consider the banks' chief earning assets.

Call and short loans were relatively low in 1933, but increased in 1934 and again in 1935. The explanation of these changes probably lies in the efforts made by the joint-stock banks to raise discount rates and to make it more remunerative for bill-brokers to hold bills against loans. The first of these was made in October, 1933, and while this broke down a year later, a more successful effort was made in February, 1935. Meanwhile, in November, 1934, the cost of call and short loans against eligible bills was reduced from 1 to $\frac{1}{2}$ per cent.

As regards discounts, the joint-stock banks have been largely at the mercy of the Treasury, for Treasury bills form the greater proportion of bills in the London market. Apart from the seasonal redemption of Treasury bills in the spring of each year, from the end of 1932 until April, 1935, there was a steady reduction in the total of tender issues of Treasury bills, the net fall being from £666 to £360 millions. Budget surpluses, debt funding, and frequent sales of *devisen* and acquisition of Treasury bills by the Exchange Equalisation Account in support of sterling explain this decline. Last April, however, the movement was abruptly reversed, and the tender issue has since risen to £545 millions. The main cause is undoubtedly the Exchange Account's heavy purchases of gold and *devisen* in support of the franc, which proved necessary until almost the end of August, for these have entailed equivalent reductions in the Account's holdings of Treasury bills.

The clearing banks' discounts have moved in much the same way. Last April they stood as low as £199

(In Million £)

June 30	Capital and Reserves												Acceptances and Endorsements												Deposits (including Undivided Profits, etc.)						Cash in Hand and at Bank														
	1929		1930		1931		1932		1933		1934		1935		1929		1930		1931		1932		1933		1934		1935		1929		1930		1931		1932		1933		1934		1935				
	£	s	£	s	£	s	£	s	£	s	£	s	£	s	£	s	£	s	£	s	£	s	£	s	£	s	£	s	£	s	£	s	£	s	£	s	£	s	£	s					
Barclays	26.1	26.1	26.1	26.1	26.1	26.1	26.1	26.1	26.1	26.1	26.1	26.1	26.1	26.1	23.3	14.1	11.7	4.9	5.3	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8		
Lloyds	25.8	25.8	25.8	25.8	25.8	25.8	25.8	25.8	25.8	25.8	25.8	25.8	25.8	25.8	53.5	40.6	47.1	33.0	40.5	38.5	34.2	34.2	34.2	34.2	34.2	34.2	34.2	34.2	34.2	34.2	34.2	34.2	34.2	34.2	34.2	34.2	34.2	34.2	34.2	34.2	34.2	34.2	34.2		
Midland	26.9	28.2	28.5	28.5	28.5	28.5	28.5	28.5	28.5	28.5	28.5	28.5	28.5	28.5	64.3	26.7	21.3	12.2	13.6	15.0	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1		
National Provincial	19.0	19.0	19.0	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	19.3	12.7	8.3	6.3	5.9	5.6	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5		
Westminster	18.6	18.6	18.6	16.8	16.8	16.8	16.8	16.8	16.8	16.8	16.8	16.8	16.8	16.8	23.0	19.8	20.9	22.6	29.2	31.7	26.8	26.8	26.8	26.8	26.8	26.8	26.8	26.8	26.8	26.8	26.8	26.8	26.8	26.8	26.8	26.8	26.8	26.8	26.8	26.8	26.8	26.8	26.8		
Countess'	116.4	117.7	118.0	109.5	109.5	109.5	112.2	183.4	113.9	109.3	79.0	94.5	97.2	90.5	1,627.4	1,646.0	1,617.1	1,594.9	1,774.9	1,681.8	1,794.2	249.6	248.0	239.6	232.3	245.0	231.6	254.8	249.6	248.0	239.6	232.3	245.0	231.6	254.8	249.6	248.0	239.6	232.3	245.0	231.6	254.8			
Glyn, Mills	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	18.1	18.1	17.5	17.0	18.9	20.1	21.8	2.9	2.7	2.5	2.7	3.0	2.9	2.8	2.9	2.7	2.5	2.7	3.0	2.9	2.8	2.9	2.7	2.5	2.7	3.0	2.9	2.8			
District	1.6	1.6	1.6	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.6	33.0	32.6	33.0	35.7	32.2	38.7	6.2	6.2	6.2	6.2	6.2	6.1	6.7	6.2	6.2	6.2	6.2	6.2	6.1	6.7	6.2	6.2	6.1	6.7	6.2	6.2	6.1	6.7		
Martins	7.6	7.6	7.7	7.1	7.1	7.1	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	51.5	50.2	50.0	48.8	53.1	48.6	54.4	6.2	6.0	6.0	6.2	6.4	6.2	6.7	6.2	6.0	6.2	6.0	6.4	6.2	6.7	6.2	6.0	6.4	6.2	6.7	6.2	6.0			
County	3.2	2.9	2.9	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	19.2	17.4	16.9	16.0	17.1	17.0	17.4	12.2	13.1	10.9	11.7	12.8	11.7	13.7	12.2	13.1	10.9	11.7	12.8	11.7	13.7	12.2	13.1	10.9	11.7	12.8	11.7	13.7			
Williams, Deacon's	3.2	2.9	2.9	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	31.5	31.5	30.0	29.0	31.3	32.4	32.6	4.1	4.1	4.2	4.4	4.2	4.8	4.1	4.2	4.1	4.2	4.4	4.2	4.8	4.1	4.2	4.4	4.2	4.8	4.1	4.2				
Liabilities	137.2	138.2	138.6	129.1	129.5	129.5	131.9	194.4	125.0	117.7	88.3	105.6	108.9	104.8	1,861.0	1,873.3	1,839.4	1,813.7	2,014.8	1,911.8	2,044.8	286.5	283.4	273.0	265.6	282.3	256.8	293.2	286.5	283.4	273.0	265.6	282.3	256.8	293.2	286.5	283.4	273.0	265.6	282.3	256.8	293.2			
% of Total Liabilities	6.3	6.5	6.6	6.4	6.4	6.4	6.0	8.9	5.8	5.6	4.4	4.7	5.1	4.6	84.8	87.7	87.8	89.2	89.5	89.0	89.6	13.0	13.3	13.0	13.1	12.6	11.9	12.8	13.0	13.3	13.0	13.1	12.6	11.9	12.8	13.0	13.3	13.0	13.1	12.6	11.9	12.8	13.0	13.3	
June 30	Money at Call and Short Notice						Discounts						Investments						Advances																										
	1929		1930		1931		1932		1933		1934		1935		1929		1930		1931		1932		1933		1934		1935		1929		1930		1931		1932		1933		1934		1935				
	£	s	£	s	£	s	£	s	£	s	£	s	£	s	£	s	£	s	£	s	£	s	£	s	£	s	£	s	£	s	£	s	£	s	£	s	£	s	£	s	£	s			
Barclays	20.7	24.3	22.7	20.6	21.8	21.8	24.7	40.4	45.2	43.8	41.2	61.1	40.8	44.4	64.2	59.8	65.5	78.5	106.5	108.3	112.3	174.1	174.1	173.7	167.8	156.6	156.3	163.3	174.1	174.1	173.7	167.8	156.6	156.3	163.3	174.1	174.1	173.7	167.8	156.6	156.3	163.3			
Lloyds	28.7	30.9	31.9	22.6	17.7	24.6	28.2	43.7	44.8	44.6	40.0	63.0	48.6	52.5	44.3	47.5	59.8	52.9	107.3	100.3	121.2	194.2	194.2	172.4	154.5	139.3	140.0	140.9	224.3	224.3	214.6	200.2	187.1	174.3	168.0	171.3	224.3	224.3	214.6	200.2	187.1	174.3	168.0	171.3	
Midland	26.8	28.2	19.3	17.9	15.8	27.7	28.1	49.4	64.4	80.0	60.7	76.0	50.4	42.6	41.9	41.0	40.2	80.5	121.6	119.1	135.3	224.3	224.3	214.6	200.2	187.1	174.3	168.0	171.3	224.3	224.3	214.6	200.2	187.1	174.3	168.0	171.3	224.3	224.3	214.6	200.2	187.1	174.3	168.0	171.3
National Provincial	19.2	18.2	17.6	15.6	12.1	19.3	22.1	30.0	40.0	38.5	44.8	56.0	37.2	38.5	40.3	35.0	39.1	41.8	72.5	78.3	89.7	155.0	155.0	147.9	134.8	122.1	112.7	114.2	155.0	155.0	147.9	134.8	122.1	112.7	114.2	155.0	155.0	147.9	134.8	122.1	112.7	114.2	155.0	155.0	
Westminster	28.3	27.5	20.5	23.4	17.6	30.1	26.9	35.2	55.9	44.1	44.6	56.4	31.7	38.2	40.3	40.9	56.8	57.1	88.9	91.9	104.5	155.3	155.3	144.2	132.3	117.3	110.5	114.7	155.3	155.3	144.2	132.3	117.3	110.5	114.7	155.3	155.3	144.2	132.3	117.3	110.5	114.7	155.3	155.3	
Countess'	123.0	124.3	112.0	99.9	82.0	123.5	124.0	198.7	250.9	251.0	255.3	312.5	208.7	216.2	232.2	224.2	261.4	310.8	496.8	497.9	563.0	903.9	903.9	874.7	761.5	702.8	704.4	704.4	903.9	903.9	874.7	761.5	702.8	704.4	903.9	903.9	874.7	761.5	702.8	704.4	903.9	903.9			
Glyn, Mills	1.8	1.6	2.4	2.1	2.1	2.1	2.3	1.1	1.1	1.7	1.6	1.0	1.1	1.7	3.6	3.8	4.0	4.3	7.0	7.7	7.9	10.1	10.1	8.4	7.9	7.4	8.8	10.1	10.1	8.4	7.9	7.4	8.8	10.1	10.1	8.4	7.9	7.4	8.8	10.1	10.1				
District	4.4	4.5	5.1	5.2	6.8	6.7	7.6	1.1	0.9	0.6	0.6	0.5	0.4	0.4	7.6	7.2	6.9	9.4	11.4	9.6	14.0	14.6	14.6	14.7	14.7	10.5	11.2	14.6	14.6	14.7	14.7	10.5	11.2	14.6	14.6	14.7	14.7	10.5	11.2	14.6	14.6				
Martins	3.9	5.0	4.2	4.4	4.5	4.6	4.2	4.7	5.4	3.4	3.4	6.2	3.9	6.3	14.8	14.9	18.9	18.9	21.8	22.4	22.4	25.4	25.4	20.8	19.4	17.5	17.7	25.4	25.4	20.8	19.4	17.5	17.7	25.4	25.4	20.8	19.4	17.5	17.7	25.4	25.4				
County	5.2	5.7	7.6	6.6	5.0	4.7	4.8	5.6	4.6	5.1	6.9	8.3	3.6	4.8	19.1	17.0	19.5	23.7	33.2	32.6	34.3	43.4	43.4	42.0	36.3	31.4	30.3	31.2	43.4	42.0	36.3	31.4	30.3	31.2	43.4	42.0	36.3	31.4	30.3	31.2	43.4	42.0			
Williams, Deacon's	—	—	—	—	—	—	—	1.8	1.2	1.3	1.6	1.9	1.2	1.1	4.2	4.2	5.0	4.7	6.9	6.4	7.8	12.0	12.0	11.2	10.0	8.9	7.4	12.0	12.0	11.2	10.0	8.9	7.4	12.0	12.0	11.2	10.0	8.9	7.4	12.0	12.0				
Assets	1.9	2.8	3.3	4.3	4.6	5.5	5.8	—	—	—	—	—	—	—	5.5	6.2	7.6	7.6	9.6	9.9	9.4	19.2	19.2	19.0	15.4	11.5	12.7	19.2	19.2	19.0	15.4	11.5	12.7	19.2	19.2	19.0	15.4	11.5	12.7	19.2	19.2				
% of Total Assets	140.2	143.9	134.6	122.5	105.0	147.1	148.7	213.6	264.6	263.5	269.7	330.6	321.9	323.0	287.1	277.5	323.3	378.8	586.7	585.4	658.8	1,028.6	1,028.6	994.4	854.8	786.8	770.2	994.4	1,028.6	994.4	854.8	786.8	770.2	994.4	1,028.6	994.4	854.8	786.8	770.2	994.4	1,028.6	994.4			
% of Total Liabilities	6.7	6.7	6.4	6.0	4.7	6.8	6.5	10.2	12.4	12.6	13.3	14.7	10.4	10.1	13.1	13.0	15.4	18.6	26.1	27.2	28.8	48.8	48.8	46.6	44.6	42.1	35.0	48.8	48.8	46.6	44.6	42.1	35.0	48.8	48.8	46.6	44.6	42.1	35.0	48.8	48.8				

* Includes Money at Call and Short Notice.

millions, but by September they had risen to £299 millions, or to the highest level since December, 1933.

Advances continued to fall until January, 1934. That was only natural, as one of the early consequences of the trade revival was the liquidation of bank loans of long standing which had been frozen by the trade depression. If, however, the size of total bank advances failed to expand, their quality became greatly improved, as frozen loans were repaid and new, sound loans were granted. An immediate consequence was that all the banks were able to reduce their allocations to bad and doubtful debts, and in many cases were able to bring previous allocations back into profit and loss.

In the spring of 1934, there was a seasonal increase in advances. Income-tax demands upon bank customers may be one explanation, but by then the building boom was beginning, and advances to builders are always heaviest at the beginning of the fine weather months. The rate of increase slackened off in June, but there was a similar seasonal spurt in the spring of 1935. The net result of these movements is that last August advances were practically the same as at the beginning of the revival in March, 1933. The real change has been the improvement in character.

The final item among the banks' chief earning assets is that of investments. Except for a slight check in the winter of 1933-34 these have been steadily rising, mainly because the banks had no other way of employing a steadily increasing proportion of these funds. Whereas in March, 1933, they were only £510 millions, or 26.5 per cent. of deposits, by September, 1935, they were £618 millions, or 30.5 per cent. of deposits. It should be added that the banks never write up the book value of their securities, so that much of the steady advance in gilt-edged prices has gone to swell the banks' inner reserves. The recent setback in prices can easily be made good out of these inner reserves.

The widest movement over the whole period has been in discounts, which dropped, from £348 to £202 millions and then rose to £299 millions. It is not therefore sur-

prising that deposits at the joint-stock banks followed much the same curve. From £1,925 millions in March, 1933, they fell to £1,831 millions a year later, and have since risen to a record figure of £2,024 millions. The latter rise is as much due to the expansion in investments as to the recovery in discounts, but even so the latest ratio of cash to deposits is 10.2 per cent., or not much below the ratio of 10.7 per cent. for March, 1932.

During the past year there has been some change in the character of bank deposits. In 1932, current accounts represented 49.5 per cent. of total deposits, and as recently as August last year this ratio was no higher than 51.9 per cent. Since then there has been a more rapid increase, and in August last the current account ratio was as high as 54.3 per cent. This is higher than any annual average from 1930 onwards. The low level of deposit interest rates may be one explanation, but it is equally likely that the trade revival is adding to the demand for liquid funds.

To sum up recent changes, the fundamental fact is that definite steps have been taken by the authorities to maintain and even to augment the supply of bank cash. Changes in external pressure are taken care of by the Exchange Equalisation Account, and the expansion in the note circulation and the depletion of the Bank's Reserve has been neutralised. The main gap in our technique may be the absence of any means of minimising the effect of fluctuations in public deposits. On the other hand, an ample supply of bank cash is not in itself sufficient to maintain bank deposits, for experience has shown that it is also necessary to avoid any heavy contraction in tender issues of Treasury bills. When such a contraction occurred in 1934, the authorities were taking away with one hand what they were trying to give with the other hand; and one not wholly desirable consequence was that the banks were driven into the gilt-edged market. Still, taking a broad survey, we have successfully solved the problem of combining easy credit conditions at home with the control of an unstabilised pound abroad.

THE GOLD BLOC UNDER PRESSURE.

(BY A CORRESPONDENT)

The year 1935 was a trying one for the gold bloc. The successive storms which broke out on the foreign exchange market were reviewed in the *Economist* of July 6; weakness of sterling in February and March, devaluation of the belga on April 2nd, followed by practically uninterrupted attacks on the gold currencies, Switzerland in April, Holland in April and May, France in May and June, Switzerland again in June, and since the publication of the above-mentioned survey two new attacks on the guilder created difficulties for the Colijn Government in July and September.

It has often been contended in the gold countries that "speculation" was responsible for the monetary difficulties experienced by them. Speculation has played its part, but by far the most important factor of weakness for their currencies was the fits and starts of capital exports. Not only did the foreigners withdraw the small balances they may have kept in the local banks, but the nationals of the gold countries bought foreign currencies and sold their investments in national currency to purchase investment securities abroad. The net result was that the total gold reserves of France, Holland and Switzerland, which stood around 100,000 million French francs at the beginning of the year, now stand around 85,000 millions. Holland and Switzerland have lost roughly 30 per cent. of their gold reserves and France about 13 per cent.

The corollary of these gold losses was heavy withdrawals at the banks as shown in the table on page 8. Figures concerning the Dutch banks are not available, but withdrawals are said to have been as heavy there as in the other gold countries. The first reactions of the

commercial banks were therefore to draw on their balances on the Central Bank and to call for fresh credit. The central banks tried to check the rising tide by raising their discount rates—not for the purpose of attracting foreign funds, which would have been impossible—but simply to bring their rates into line with market rates and also as a gesture, as a kind of public statement that they were prepared to fight. Switzerland managed to keep its rate as low as 2½ per cent., but France and Holland went as high as 6 per cent.

The efforts of the central banks tending to contract credit and reduce the amount of national currency on the market had different results in the three countries. Holland certainly obtained positive results in this direction. The note circulation has decreased, and after each attack the loans and discounts granted by the Central Bank quickly returned to normal levels. The public's balances with the Netherland Bank, however, have not been replenished, and the traditionally conservative liquidity of the commercial banks cannot but have been reduced proportionately, although it is said not to have been seriously impaired.

Switzerland had somewhat the same experience. The bank note circulation and the deposits with the Central Bank decreased moderately. It should be mentioned in this connection that the Swiss National Bank, anxious to secure a large gold reserve, requested in April (and, probably in August also) the Swiss banks to deliver to it part of the gold bullion which they held for their own account, thus replenishing in part both its own metallic cover and the banks' balances. The Swiss problem is, however, more than a simple transfer problem. The

large amount of frozen credits (both in Central Europe and within Switzerland), which the banks have been carrying for years, is not liquidating itself quickly, and heavy withdrawals at the banks are therefore a direct threat to their very existence. The liberal legislation concerning bank failures which was adopted early in the year found a ready application on June 11th, when a few days after the plebiscite a two-year moratorium had to be granted to the Banque Commerciale de Bâle.

The Dutch and Swiss Central Banks thus simply gave temporary assistance to a narrow market. The Bank of France, on the contrary, may be said to have itself financed in part the outflow of gold. The deposits with the Bank of France were reduced seriously, but at the same time the note circulation remained steady and new credits were liberally granted in the form of loans and discounts. The reason for this is that the storm broke out in France at the very time when the Treasury was in dire need of money, so that the Bank had to accept under the pressure of circumstances what it had refused to M. Flandin in January, namely the rediscounting of Treasury bills. As the money supply of the market remains scarce, the Governor of the Bank declared on August 14th, i.e. when the "cheap money policy" was started anew after the reduction of the discount rate to 3 per cent., that such rediscounts were to be considered a permanent policy of the Bank of France. This is certainly the most important step taken in France for the last few years, not only because of the guarantees it provides for both Government and banks, but also because of its inherent dangers. The bill portfolio of the Bank of France is now about 3,000 million francs higher than a year ago, and the largest part of this sum presumably consists of Treasury bills. The commercial banks' balances with the Central Bank have ceased to be on an abnormally high level (the smaller banks and the provincial banks have drawn particularly heavily on them) but the fact that Treasury bills are eligible leaves the

general liquidity of the banks unimpaired after the crisis.

When we look back at this difficult period, two facts stand out. In the first place, the three gold countries under review have—so far as currency and banking are concerned—stood the test. They are still on gold and they have shown that a sound technical position is not as negligible an element as was often contended. In the second place, practically none of the lost capital has returned. This is a serious warning. When one of the Central Banks announces an increase in its gold reserve, it may mean that the commercial banks have delivered metal which they held before (as was the case in Switzerland) and this does not amount to an improvement in the real position of the country. Alternatively, one member of the bloc may be defending its own currency by sending gold to another member. This, in turn, does not amount to an improvement in the position of the gold bloc at large, nor does it mean that money is flowing back to the country in question except during the last days, when the pegging of the pound sterling brought about sales of gold by the British Equalisation Fund. The reluctance of capital to return is due in part to the attraction of the New York Stock Market, but is mainly due to the uncertainty regarding the gold currencies.

In fact, what has happened during the last few months may be termed a continuous deterioration of the money markets of the gold bloc countries. The benefits which theoretically accrue to the banking community from a stable monetary standard should be abundant and cheap money at short and long term, and an easy investment market. But the flight of capital has now been carried to such an extent in the countries which remained faithful to the gold standard that this no longer holds true for them. Fixed income securities have declined seriously in Zürich and Amsterdam and have recovered to an insufficient extent in Paris. Subscription to Treasury bills

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has become difficult even in Holland. A "cheap money policy" under such circumstances and when the Central Bank must be prepared to restrict credit in order to check speculation, is unthinkable. The liquidity of the commercial banks may be preserved, thanks to a liberal policy of the Central Bank, but the absence of borrowers from the business world makes it impossible to put money in circulation except through the channel of the budgetary deficits. To-day the question can be raised whether

France, who could lose 10,000 million francs of gold in May and June without major trouble, could again sustain such a drain on its reserves. Until the end of 1933 there was undoubtedly much injustice in the Anglo-Saxon contention that the gold bloc was a factor of monetary instability. Since then, however, the depression has wrought such deep evils in the gold bloc countries that they constitute, to say the least, a factor of serious uncertainty.

GOLD BLOC BANKING STATISTICS
(All figures relate to the end of each month)

	Dec., 1934	Jan., 1935	Feb., 1935	March, 1935	April, 1935	May, 1935	June, 1935	July, 1935	Aug., 1935
FRANCE (millions of francs)									
Bank of France:									
Gold	82,124	82,014	82,040	82,635	80,932	71,779	71,017	71,276	71,742
Bills and discounts	4,923	4,954	4,948	5,177	5,336	8,310	9,223	8,531	8,804
Thirty days advances	...	...	...	20	10	937	735	692	543
Notes in circulation	83,412	81,686	81,917	83,044	82,352	82,776	82,199	81,128	82,240
Deposits with Bank of France	19,076	20,225	19,946	19,880	18,848	15,086	13,951	14,330	13,909
Percentage of gold to sight liabilities	80.13	80.48	80.54	80.29	79.97	73.35	74.94	74.67	74.61
Discount rate	2½%	2½%	2½%	2½%	2½%	6%	5%	3½%	3%
Four large banks:									
Deposits, current accounts and acceptance liability..	31,145	31,068	30,242	31,817	30,478	30,536	29,889	29,202	...
Cash	5,835	5,863	5,606	6,065	5,195	4,647	4,152	4,347	...
Bills	1,421	1,662	1,604	1,586	1,642	2,506	2,308	2,152	...
Loans and advances	18,303	18,023	18,200	19,040	18,300	17,180	17,949	17,463	...
	8,353	8,273	8,068	7,948	8,050	8,857	8,213	7,997	...
HOLLAND (millions of guilders)									
Netherlands Bank:									
Gold	842	816	811	813	645	646	627	558	591
Bills and discounts	27	26	26	21	42	39	35	44	41
Loans and advances	141	145	130	133	204	156	148	228	157
Banknotes	913	855	857	848	871	838	809	819	795
Deposits	146	179	155	163	63	49	48	55	39
Percentage of gold to sight liabilities	79.6	78.9	80.1	80.4	69.0	72.8	73.3	63.9	68.4
Discount rate	2½%	2½%	2½%	2½%	4½%	4%	5%	6%	5%
SWITZERLAND (millions of Sw. francs)									
Swiss National Bank:									
Gold	1,910	1,838	1,794	1,713	1,365	1,193	1,195	1,289	1,366
Discounts	26	28	30	45	146	222	241	117	107
Loans and advances	118	68	67	77	82	112	129	95	89
Bank notes	1,440	1,334	1,330	1,358	1,319	1,302	1,307	1,282	1,283
Deposits	624	592	556	481	289	244	313	307	338
Percentage of gold to sight liabilities	92.5	95.4	95.1	93.1	84.9	77.2	73.7	81.1	84.2
Discount rate	2%	2%	2%	2%	2½%	2½%	2½%	2½%	2½%
Other banks:									
Deposits with seven largest commercial banks	3,485	...	...	3,339	...	...	2,910	...	...
Deposits with cantonal banks	6,765	...	...	6,765	...	...	6,624	...	...

AMERICAN BANKING

(BY A CORRESPONDENT)

THE account of American banking for the period under review falls naturally under three topics—changes represented by the banking data, changes in legislation, and a discussion of such underlying trends as seem to be influencing the present and its projection into the future.

As usual, the principal changes in the Reserve Bank statements derive from the precious metals. Between March and August the monetary gold stock increased by above \$600 millions and in the year ended August last by almost exactly \$1,200 millions, that is, at the rate of about \$100 millions a month, of which about 90 per cent. represented imports. As the statements show, this gold was immediately attributed to the Reserve Banks under the item of "gold certificates or due from the United States Treasury"; and, in addition, in the past five months, some \$300 millions of "gold certificates" were created against the profit on the revaluation of existing gold stocks made in February, 1934. Also, during the year ended July, 1935, silver certificates rose from \$498 millions to \$833 millions, the issues being principally of the \$5 and \$10 denominations. From this it will be seen that since the nationalisation of silver in

August, 1934, the issue of silver certificates has considerably exceeded \$300 millions, a sum equal to about one-fourth of the increase in monetary gold in the same time. Currency held by the public has risen during the past year from \$4,896 millions to \$5,066 millions. This is partly due to more active trade, but may also be due to hoarding.

The chief changes in the position of the Treasury and Federal Reserve Banks are summarised in the following table:—

RESERVE BANKS AND TREASURY ITEMS
(\$000,000)

	Aug. 29, 1934	Mar. 27, 1935	Aug. 28, 1935
Monetary gold stock	7,981	8,563	9,197
Gold certificates in Reserve Banks	4,979	5,567	6,482
Money in circulation	5,345	5,436	5,573
Bills discounted	21	8	9
Bills bought	5	5	5
U.S. securities	2,432	2,430	2,430
Member bank reserves	4,127	4,285	5,346
U.S. Treasury—General account	30	393	50
Federal Reserve notes	3,103	3,131	3,352

To interpret this table, it must be remembered that the control of the credit base lies entirely in the hands of the Treasury, with the Reserve Banks but the passive agents of a policy whose directive is outside their jurisdiction. The consequence of these developments was an increase, from March to August, of more than \$1,000 millions in the already plethoric cash reserves of the member banks; and this was mainly due to the increase in the nation's monetary gold stock.

Turning now to the data of the Reporting Member Banks, their condition is shown in the following table:—

REPORTING MEMBER BANK ITEMS
(\$000,000)

	Aug. 29, 1934	Mar. 27, 1935	Aug. 28, 1935
Total loans and investments	17,708	18,463	18,533
Loans on securities	3,247	3,028	2,899
All other loans	4,555	4,581	4,446
U.S. securities	6,627	7,281	7,310
U.S. guaranteed securities	...	681	927
Other securities	3,279	2,892	2,951
Reserve with Federal Reserve banks	3,132	3,174	4,129
Net demand deposits	12,926	14,150	15,952
Time deposits	4,510	4,466	4,387
Government deposits	1,203	1,016	518

Net demand deposits increased in the past five months by almost \$2,000 millions, while the increase in the past year exceeds \$3,000 millions. Notwithstanding the steady climb in deposits, total loans and investments during the past five months hardly rose at all, as large purchases of (or exchange for) Government-guaranteed securities and small purchases of Government and other securities scarcely more than offset the liquidation of collateral and other loans. In this respect the March-August period is in contrast with the preceding August-March period, when the banks were heavy buyers of the Government issues. The reason is, primarily, that from March to August, 1935, the public debt showed little increase, and the Government security holdings of the member banks are a direct function of the increase in the public debt.

This extraordinary increase in deposits has also created a new problem for the "commercial" banks. While no ratio of capital funds to either deposit liabilities or earning assets has ever been prescribed, banks habitually adhere to certain standards. The capital funds of banks were depleted to some extent by the losses of the depression, and while some of these losses have since been recovered, the ratio of bank capital funds to deposit liabilities (now at new peak levels) is much lower than before. The problem is further complicated by the R.F.C. preferred stock and debentures, which a large proportion of the banks accepted willingly or other-

wise; and which, while technically a part of the banks' capital funds, are actually on a different status.

Although no interest is paid on demand deposits, the extremely low rates prevailing on the only available type of bank asset has made it increasingly difficult for banks to maintain earnings, particularly in the case of banks with large obligations to the R.F.C. As was mentioned above, there have been substantial recoveries of loans written off during the depression; and the advance in the bond market has provided the banks with capital gains, realised or unrealised. But quite apart from these windfalls, the frequent reduction of bank dividends is evidence that banks are finding it extremely difficult to make earnings on their equities.

Loans have declined substantially since both March last and August, 1934. The decline for the year exceeds \$400 millions and is, of course, a reflection of the increase in deposits. The community is abundantly supplied with deposit credits derived from the Federal deficit, or from the metallic imports, without the necessity of resorting to bank loans on its own account; nevertheless, the static loan figures probably mask a considerable degree of lending activity, for, as old loans have been paid off, strenuous efforts have been made to replace them. This has led banks into various forms of instalment financing and small personal loans, such as the "renovising loans"; and so considerable has been this extension of bank activity that it constitutes a rather serious invasion of a field formerly occupied by finance companies. The increase in residential building has undoubtedly provided a substantial demand for bank loans, although the statistics do not reflect it.

Even so there has been during recent years a definite trend away from commercial banking. To illustrate this point, the following table traces developments over a decade:—

REPORTING MEMBER BANK ASSETS
(\$000,000)

	Aug. 26, 1925	Aug. 28, 1929	Aug. 31, 1932†	Aug. 28, 1935†
Total loans and investments	18,846	22,405	16,501	18,533
Loans on securities	5,267	7,515	3,971	2,899
Other loans	8,108	9,434	5,354	4,446
U.S. securities	2,528	2,707	4,261	8,237*
Other securities	2,943	2,748	2,886	2,951
Reserves with F.R.B.	1,638	1,663	1,610	4,129
Net demand deposits	12,755	12,985	10,272	15,952
Time deposits	5,204	6,766	4,574	4,387
Government deposits	52	37	165	518

* Includes fully-guaranteed securities.

† For 1925 and 1929 reporting banks in 101 cities; for 1932 and 1935, 90 cities.

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Between 1925 and 1929 there was almost no net increase in investments (the public debt was being reduced in that interval), only a small increase in other loans, and an increase of about 50 per cent. in collateral loans. There was almost no rise in net demand deposits, but an increase in time deposits, so that only a nominal increase in reserves was required; these were maintained by heavy borrowings at the Reserve Banks.

In the years after 1929 total loans and investments were contracted, but are now restored to the level of 1925, although only 91 cities are now included in the tabulation, compared with 101 formerly. Net demand deposits are much higher than in 1925 or 1929. Loans of both kinds are only about half the level of 1925, and "other securities" are at the same level; but Government securities have more than trebled. In the last three years, from the summer of 1932, it will be noted that net demand deposits have risen by 50 per cent., while time deposits have fallen. Cash reserves have more than doubled. Both classes of loans have fallen, each by about \$1,000 millions; holdings of "other securities" are still unchanged—the only invariable item; but holdings of Governments have doubled. This trend is illustrated by the following table of percentage distribution of assets:—

	REPORTING MEMBER BANKS PERCENTAGE DISTRIBUTION OF ASSETS				
	Aug. 26, 1925	Aug. 28, 1929	Aug. 31, 1932	Aug. 28, 1935	
Total loans and investments	100	100	100	100	
Loans on securities	28	34	24	15.5	
Other loans	43	42	32	24	
U.S. securities	13.5	12	26	44.5	
Other securities	15.5	12	17.5	16	
Ratio reserves to earning assets	8.7	7.4	9.8	22	

In 1925, about 70 per cent. of these bank assets consisted of loans, and lending could be considered the principal activity of a commercial bank; loans now constitute but 40 per cent., and the major function is investing. The relative diminution of the commercial function is, as the tabulation shows, continuous over the decade. The main function of the banking system of the United States is to-day the financing of the Federal deficit.

The Banking Act of 1935 has been too thoroughly discussed to require restatement. Substantially, one may say that the original draft proposed material modifications of the functioning mechanism of the Reserve System. In its final form it virtually perpetuated the *status quo*. The greatest single innovation was the removal from the board of the two *ex officio* members—the Secretary of the Treasury and the Comptroller of the Currency. One other feature requires brief reference. The Board of Governors is continued in its power to raise member bank reserve requirements, but is limited to the doubling of the present requirements. This rather curious limitation was apparently inserted to prevent the sudden inauguration of the 100 per cent. reserve requirement, which had some following and which could, if imposed by mere administrative order, have revolutionised our entire banking structure.

The Act, however, is of secondary importance. The charter of our monetary policy is not to be found in the Reserve Act, but in the Thomas Amendment of 1933 and its two derivatives, the Gold Reserve Act, of January, 1934, and the Silver Purchase Act of June, 1934. So long as these Acts remain in force, and so long as the policy of Treasury deficits continues, the functions of the Board of Governors of the Federal Reserve System will be limited to matters of administrative routine.

BANKING IN SOUTH AMERICA

(BY A CORRESPONDENT)

BANKING conditions in Latin America are in the main naturally dependent upon the overseas trade movement, and although in several of the Republics distinct recovery has taken place in this respect during the past year, activity is still much below the level considered normal in the years preceding 1929. During the past twelve months there have been many variations in the exchange control regulations existing in most of the Republics, but, generally speaking, their restrictive effect is still severely felt, especially in connection with the free movement of funds. Through the operation of compensation trade treaties and similar arrangements of a reciprocal nature—phenomena brought about by the international competition for such trade as is passing, as well as by the contemporary wave of economic nationalism—much of the overseas trade of the Continent is now "canalised," while in certain cases the value of exports is largely retained abroad for the liquidation of outstanding commercial debts. Normally, a large part of the proceeds of many important export lines remains abroad, so that it is now more than ever the case that the recorded export surpluses of the States concerned do not present an accurate index to the balance of payments or of the available reservoirs of foreign exchange.

Comparing the export figures of the Republics for 1935 to date with those for last year, improvement is shown in most cases, but there is evidence of a persistent underlying demand for the replenishment of stocks of imported goods, and consequently an expansion in the value of imports tends to a great extent to offset that of exports. The flow of imports is, however, officially controlled in outstanding cases—such as Argentina, Brazil and Chile—through systems of permits, the object being to protect the exchange position and being not unrelated to the service of foreign bonded debts where this is still wholly or partly being met or where there are aspirations to renew suspended services.

In Argentina the economic situation has steadily strengthened during the past two years, largely owing to the effectiveness of the policy of consolidation followed in respect to the national finances and public debt. Not only have internal and external debts been funded to lower interest bases, and foreign debt to some extent repatriated, but the new exchange regime set up at the end of 1933, together with the machinery of the Grain Regulating Board for the assurance of minimum prices to grain producers, has been successful in practice. It has, indeed, resulted in the accumulation of large foreign exchange profits and foreign currency reserves—now transferred to the new Central Bank, which began to function early in June last. The Central Bank is in a strong position, having taken over at the same time the gold reserves of the Conversion Office, valued on the new basis of the equivalent of 25 paper pesos per £ gold. The note circulation of the Republic is now in the sole charge of the Central Bank, which on June 30th last held gold at home to an amount of 1,224.4 million pesos and gold and foreign currencies abroad totalling 122.6 million pesos, these two items together being equivalent to 72.17 per cent. of the note issue and sight liabilities combined, whereas the minimum reserve under the Organic Law of the Central Bank is 25 per cent. The clause in the Law providing for note convertibility, however, is expressly suspended, and it is clear that Argentina will not legally stabilise her currency until the leading world currencies are also stabilised. Shares in the Central Bank are held by the commercial banks and the Government—for whom the new Institution will act as financial agent—while a general supervision of the banking industry will be exercised.

The Argentine export figures for the first seven months of 1935 make a distinctly favourable showing compared with those in the corresponding period of last year, but the tendency for the growth of imports to outstrip the

rise in exports already referred to is demonstrated in the returns for the month of July, for which period the surplus of exports was only 9.4 million pesos, in comparison with 36.5 million pesos in June, 1935, and 24 million pesos in July, 1934. The cereal crop outlook is distinctly less favourable than a year ago, owing to the prolonged drought experienced in the Republic during the growing season, and it is known definitely that the area under cultivation is heavily reduced. On the other hand, should the enhanced world demand for wheat continue, and the present upward movement in cereal prices be sustained, the anticipated crop shortage may be offset at least in part by the higher level of prices.

Under the present system of foreign exchange control, the Government is able to regulate the import movement and also to intervene in both the official and "free" exchange markets. Consequently, and especially in view of the fact that the new Central Bank is now functioning, it is to be presumed that whatever may be the crop marketing position in the coming exporting season, it will be possible to obviate violent movements in the exchange such as were considered inevitable in years past in times of crop shortage and consequent restricted exports.

The close control which the Argentine Government exerts over the volume, nature and origin of imports is shown by the fact that importers wishing to obtain exchange through the official market are called upon to provide themselves with a prior exchange permit—to be obtained before placing orders abroad, or at latest before arrival of the goods. The British export trade to Argentina is working smoothly, inasmuch as prior exchange permits are granted preferentially in respect of British goods imported into the Republic—in accordance with the terms of the Roca Agreement—and payment is obtained regularly at the more favourable official rate. Goods may be imported into Argentina without a prior permit, but in such cases a special exchange surcharge

is imposed, bringing the cost to the importer up to 20 per cent. above the rates charged in the official exchange market. This surcharge has operated largely to stem the flood of cheap Japanese and other competitive goods, and the Roca Agreement is maintaining British supremacy in the Argentine import markets. In view of the reciprocal nature of this Agreement, it is hoped and believed that on its expiration next year it will be possible to extend the terms on a basis which, while providing for the legitimate claims of the British Dominions, will ensure an equitable proportion of the British market for Argentine products, particularly meat.

The Chilean export trade movement continues to compare favourably with that of last year, but the remarks already made regarding the heavy potential demand for imports are particularly applicable to Chile. In the first six months of 1935 exports were 270 million pesos of 6d. (gold), against 252 million pesos in the corresponding period of 1934, while imports were as much as 140.8 million pesos, against 88 million pesos. Consequently, the export surplus was only 129.2 million pesos, against 164 million pesos. There appears reason to believe that the internal recovery is approaching the limit set by present circumstances. This appears to be borne out by official banking statistics, which show that the advances of the commercial banks increased in the first five months of 1935 by 147.4 million pesos.

It is believed that the greater part of the "frozen" commercial debts in Chile have now been liquidated, but the extremely heavy increase in imports—mainly due to purchases of machinery and raw materials for the rapidly-expanding national industries—taken in conjunction with the effects of the various compensation treaties in force with many European countries, has recently caused a shortage of foreign exchange, which, although probably temporary, is at present affecting remittances. The general outlook in Chile appears comparatively

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favourable, especially in view of the recent conclusion of a fresh international marketing agreement between the Chilean nitrate of soda producers and the synthetic nitrate interests, which extends over a three-year period and gives Chile an export quota somewhat above her actual shipments of nitrate for the twelve months ended June last.

The Brazilian situation is difficult and obscure, mainly owing to the very uncertain exchange situation, which is complicated by the frequent issue of new regulations and verbal instructions relative to the exchange control. At a recent convention of the coffee-growing States held in Rio de Janeiro, marketing arrangements for the current coffee year were elaborated, and it remains to be seen to what extent these prove of assistance to the industry. There appears every reason to believe that efforts will not be relaxed in the future to increase the importance of cotton as a secondary export from the Republic. A mass of frozen commercial debts has yet to be reimbursed to foreign creditors, but efforts are being made to deal with these, as, for instance, by the Anglo-Brazilian Payments Agreement of March last. The latest Brazilian foreign trade returns show a somewhat better tendency, and upon a continuation of this movement depends the rehabilitation of exchange markets and business conditions generally.

BANKING IN AUSTRALIA AND NEW ZEALAND

(BY A CORRESPONDENT)

THE export season 1935-36, which is just commencing in Australia and New Zealand, has opened encouragingly. It is too early yet to judge the prospects for the whole season, but the first wool sales in Australia have brought higher prices, and with wool the price of other pastoral products has risen. Wheat, butter, cheese and the principal metal exports are also in better demand. The following summary table shows the rising tendency of export prices clearly in Australia. The tendency is not yet reflected in the New Zealand index, mainly because of the lag in wool prices there, but all other main export groups have risen.

EXPORT PRICES IN AUSTRALIA AND NEW ZEALAND
(1927=100)

	Australia	New Zealand
1934—January	84.1	72.3
May	72.0	70.5
July	64.6	72.5
1935—January	59.5	68.0
May	65.4	67.3
July	67.7	...

This more favourable prospect for the immediate future is reflected in the indices of share values for both Dominions. The New Zealand index rose steadily throughout 1934, and the rise has continued in 1935. The Australian index, on the other hand, fell in the first half of 1934, but has since more than recovered this loss.

Peruvian foreign trade activity is maintained, and there is no foreign exchange control, remittances being made without any restriction. The country, however, is largely dependent upon the course of cotton and sugar prices in the consuming markets. Exchange control has also been obviated in the Central American Republics of Salvador, Guatemala and Venezuela, but as the principal export of these countries, as well as Colombia and Nicaragua, is coffee, the present position in the world coffee markets, accentuated by European quotas, results in varying degrees of exchange and trading difficulties in the Central American markets.

With the partial economic recovery which has undoubtedly taken place, the political situation in South America appears to have strengthened, while welcome factors are the amicable relations restored between Peru and Colombia and the cessation of the unfortunate dispute in the Chaco between Bolivia and Paraguay. From the banking point of view, however, it is regrettable to observe the promotion in some Republics of social legislation of an advanced character, as well as the intensification of the tendency to apply legislative measures designed to assist debtors at the expense of creditors, in some instances on a basis which cannot be regarded as otherwise than inequitable.

SHARE PRICES IN AUSTRALIA AND NEW ZEALAND[§]
(1926=100)

	Australia	New Zealand
1932—December	74.4	68.3
1934—January	95.1	92.2
July	90.4	93.5
December	100.4	101.7
1935—June	102.1	102.8 (May)

The check to recovery in Australia indicated by the share index was, of course, due largely to the sharp fall in wool prices in the season 1934-35. The banking and trade statistics available to the middle of 1935 show clearly the influence of this factor.

AUSTRALIAN IMPORTS AND EXPORTS
(£ stg. (millions))

	Exports	Imports	Excess
July, 1933—May, 1934	87.1	53.8	+33.3
July, 1934—May, 1935	77.5	67.6	+10.0

As will be seen from this summary table, the marked fall in the active export balance of commodity trade was caused both by a decline in export values and by an increase in import values. This is a familiar phenomenon in distant countries. Imports ordered at a time of increasing prosperity often do not reach their destination until export prices have fallen. In this case there was expansion of export values because of the very high wool prices ruling in 1933-34; but the imports which, a year later, reflected the general expectations of greater

	Year ended	Net Profit	Dividend	To Reserve, etc.	Pre-mises	Staff Funds	Carried Forward	Profit and Dividend for Preceding Year
Bank of Adelaide	Mar. 25 '35	£ 55,201	£ 50,000	4%	£ 25,000	£ ...	£ ...	£ ...
Bank of Australasia	Oct. 15 '34	265,087	261,562	7½%	...	...	— 19,799	54,497
Bank of New South Wales	Sept. 30 '34	439,739	439,000	5%	...	...	+ 3,525	258,508
Bank of New Zealand	Mar. 31 '35	578,748	574,218	10%	...	...	+ 739	439,617
Commercial Bank of Australia, Ltd.	June 30 '35	228,458	201,361(a)	5½%	...	...	+ 4,530	573,032
English, Scottish and Australian ...	June 30 '34	221,566	150,000	5%	65,000	5,000	+ 7,097	209,155
National Bank of Australasia, Ltd.	Mar. 31 '35	275,591	250,000	5%	...	...	+ 1,566	219,327
National Bank of New Zealand, Ltd.	Mar. 31 '35	132,949	80,000	4*	30,000	...	+ 5,591	274,024
Queensland National Bank, Ltd. ...	June 30 '35	69,692	70,000	4*	...	14,000	+ 8,949	135,674
Union Bank of Australia, Ltd. ... (b)	Aug. 31 '34	106,999	100,000	5½%	...	...	— 308	67,411
Total		2,374,030	2,176,141	...	120,000	40,000	+ 18,889	2,434,754

* Free of tax. † Free of U.K. tax. § Including dividends on "A" and "B" preference shares and "C" and "D" mortgage shares. (a) Includes dividends on preference shares. (b) Six months ended August 31, 1934. The Commercial Banking Co. of Sydney Ltd. is omitted from the Table as the accounts are not yet available.

prosperity coincided with a decline in wool prices of over 30 per cent. in the 1934-35 season. As was pointed out in the columns of the *Economist* at the time, there was some tendency to expansion of local expenditure also, and when the necessity came early in 1934 for checking this expenditure there was some talk of the exchange rate being depreciated again. Fortunately the rates have been held steady; but the passing strain, both domestic and external, is clearly reflected in the banking returns:—

AUSTRALIAN BANK DEPOSITS
£A. (millions)

Year	Quarter	Interest Bearing	Non-Interest Bearing	Total	Percentage of Interest Bearing to Total
1934	I	189	102	291	65
	II	196	101	296	66
	III	193	98	290	66
	IV	189	103	292	65
1935	I	187	106	293	64
	II	185	107	292	63

It is clear from these deposit figures that, despite the strain on the balance of payments, credit has continued to be liberated for current use, so that the total of deposits has been well maintained. Advances have increased both absolutely and relatively to deposits; but the cash reserve ratios have declined, the balances of the commercial banks with the Commonwealth Bank having fallen substantially:—

AUSTRALIAN BANK ADVANCES
£A. (millions)

Year	Quarter	Advances	Government Securities	Total	Percentage of Advances to Total Deposits
1934	I	235	52	287	99
	II	237	52	289	97
	III	242	51	293	101
	IV	248	50	299	102
1935	I	249	53	303	103

CASH RESERVES OF AUSTRALIAN BANKS
£A. (millions)

Year	Quarter	Cash with Bullion and Notes	Cash with Commonwealth Bank	Total Cash Reserves	Ratio to Total Deposits
1934	I	16.9	30.9	47.8	16.41
	II	14.9	38.4	53.3	17.95
	III	15.1	36.6	51.7	17.84
	IV	15.7	31.4	47.1	16.13
1935	I	15.7	26.1	41.8	14.25
	II	14.8	23.7	38.5	13.20

The London funds of the banks also ran down fairly considerably, as the next table will show:—

Year	Quarter	Australian Trading Banks (£stg. (millions))	Commonwealth Bank (£stg. (millions))	Total (£stg. (millions))
1934	I	28.6	17.1	45.7
	II	26.4	24.7	51.1
	III	16.2	23.2	39.4
	IV	15.7	20.2	35.9
1935	I	19.6	15.4	35.1
	II	19.4	19.0	38.4

There is always a seasonal movement, swelling London funds as the proceeds of the export season accumulate in the first half of the year and draining them as imports are paid for. In 1935 the accumulation was markedly less than in the previous year, and it is obvious that the Commonwealth Bank's funds were drawn upon rather heavily.

Despite these symptoms of strain, the banking resources of the Commonwealth were adequate to provide for increasing credit expansion. Bond yields rose rather sharply from the low point in October, 1934 (2 1/8 per cent. for bonds maturing up to ten years ahead) to 4 1/2 per cent. in November, 1934, and rates of interest are lower than at any time during the last forty years. The rate on advances is 5 per cent., and on deposits the trading banks pay from 1 1/2 per cent. for three months up to 2 1/2 per cent. for twenty-four months. In these circumstances it is not surprising to find business active, especially in the building industry. The value of building

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CANTON	MANILA	SHANGHAI
DAIREN (Dalny)	MOJI	SINGAPORE
FENGTIEN (Mukden)	NAGASAKI	SOURABAYA
HAMBURG	NAGOYA	SYDNEY
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H. KANO, Manager

contracts in Sydney and suburbs in the first half of 1935 was almost four times as great as in the first half of 1933.

The New Zealand banking returns are confused by the transactions arising out of the setting-up of the Reserve Bank. Fundamentally the economic situation resembles that of Australia, the favourable export balance having fallen in 1934-35 as compared with 1933-34 by over £10 stg. (millions), because of increasing imports and falling export prices. There is the same maintenance of bank deposits and transfer from fixed to current accounts, and increasing advances, together with an apparent drain on the cash ratios and some running down of London funds, but the transactions with the Reserve Bank make it difficult to measure these accurately:—

BANK DEPOSITS IN NEW ZEALAND
£N.Z. (millions)

		£N.Z. (millions)			Percentage of Interest Bearing to Total
Year	Quarter	Interest Bearing	Non-Interest Bearing	Total	
1934	I	39.5	21.7	61.1	65
	II	40.9	22.9	63.7	64
	III	41.4	22.1	63.6	65
	IV	39.4	21.5	61.0	65
1935	I	37.1	24.0	61.1	61
	II	36.8	24.4	61.3	60

NEW ZEALAND BANK ADVANCES
£N.Z. (millions)

		Government Securities		Percentage of Advances to Total Deposits	
Year	Quarter	Advances	Securities	Total	
1934	I	40.3	23.8	64.1	66
	II	39.4	27.2	66.7	62
	III	39.2	16.8	56.0	62
	IV	41.9	5.9	47.8	69
1935	I	42.5	6.1	48.7	70
	II	43.4	5.8	49.2	71

AUSTRALASIAN BANKS WITH LONDON OFFICES

Year	Banks	No. of Branches	Capital and Reserves	% of Liabilities	Notes	% of Liabilities	Deposits	% of Liabilities	Total Assets or Liabilities	Cash in Hand and Money at Call and Notice	% of Liabilities	Investments	% of Liabilities	Discounts and Advances	% of Liabilities
			£		£		£		£	£		£		£	
1890	19	1,538	24,424,100	13.2	4,821,800	2.6	138,065,900	74.7	184,931,200	26,919,000	14.6	6,008,100	3.7	145,535,900	78.7
1900	16	1,338	30,307,100	19.1	4,348,700	2.8	107,408,600	68.4	157,299,500	33,165,500	21.1	12,831,900	8.2	102,820,200	65.3
1910	17	1,965	33,612,300	16.3	5,198,100	2.4	152,885,400	71.9	212,615,200	54,575,000	25.8	17,105,000	8.1	132,956,900	62.5
1920	16	2,393	51,248,171	13.4	8,511,692	2.2	281,477,007	73.4	383,470,259	88,133,890	23.2	68,431,168	17.8	214,736,390	56.0
1925	14	2,687	70,965,534	16.5	6,870,095	1.6	311,517,521	72.3	430,939,351	82,997,550	19.3	43,250,682	10.1	293,292,117	68.0
1926	16	2,788	75,294,960	16.8	7,320,202	1.6	321,525,986	72.0	447,133,140	84,338,608	18.9	52,358,486	11.7	298,281,030	66.7
1927	12	3,141	75,807,689	16.8	6,693,730	1.5	324,226,350	71.8	451,388,933	77,213,749	17.1	44,157,047	9.8	317,923,542	70.4
1928	12	3,199	83,274,577	17.5	6,940,801	1.5	341,310,252	71.8	474,657,248	82,573,158	17.4	55,565,857	11.7	330,126,109	69.6
1929	12	3,292	86,623,990	17.5	7,543,645	1.5	358,172,387	72.5	494,326,268	78,048,713	15.8	63,589,822	12.8	339,648,856	68.7
1930	12	3,372	88,074,940	18.2	6,792,206	1.4	350,095,968	72.2	484,659,471	71,442,573	14.8	44,948,565	9.3	351,619,883	73.0
1931	12	3,358	89,436,041	19.5	6,346,137	1.4	331,378,067	72.1	458,147,765	71,023,589	15.5	45,317,529	9.4	326,111,993	73.2
1932	11	3,226	86,221,161	19.2	6,549,485	1.5	329,815,863	73.3	448,372,051	76,407,310	17.0	46,143,476	10.3	311,114,477	69.3
1933	11	3,218	87,454,588	18.6	7,039,864	1.5	348,646,761	74.0	470,574,941	70,630,369	15.0	56,805,909	12.1	327,461,479	69.5
1934	11	3,111	87,308,970	17.8	7,225,090	1.5	365,005,434	74.6	489,423,221	71,561,185	14.6	66,647,578	13.6	335,111,951	68.5
1935	10	2,741	77,215,480	17.8	1,428,022	0.3	323,414,288	74.8	431,862,822	66,590,043	15.4	62,827,898	14.5	287,738,053	66.5

CANADIAN BANKING

(BY A CORRESPONDENT)

THIS year has seen "a sharp break in the evolution of the Canadian banking system," as the creation of the new central bank, the Bank of Canada, was described by the president of the Canadian Bankers' Association. Last autumn the Dominion Government appointed Mr Graham Towers, a young Canadian banker, to be Governor and Mr J. A. C. Osborne, Secretary of the Bank of England, to be Deputy Governor. The offer to the public of the 100,000 shares of \$50 each met with a wide response, and "the first shareholders' register contains some 12,000 names. The first general meeting was held on January 23rd, the principal business being

the election of seven directors (the original scheme for governmental choice of the first board having been abandoned). The election was in fact run by the Canadian Chamber of Commerce, all the candidates elected having been sponsored by that body. The seven include representatives of primary and manufacturing industries and other outstanding commercial interests, and are drawn from all geographical sections of the Dominion. This Board will meet four times a year. The Governor, the Deputy Governor, one of the seven directors and (without voting power) the Deputy Minister of Finance form an Executive Committee. Power is, in fact, con-

CASH RESERVES OF NEW ZEALAND BANKS
£N.Z. (millions)

Year	Quarter	Coin, Bullion and Notes	Cash Reserve Bank	Total	Percentage to Total Deposits
1934	I	5.1	...	5.1	8.41
	II	5.1	...	5.1	7.99
	III	4.5	16.1	20.6	32.44
	IV	2.7	12.4	15.1	24.79
1935	I	2.5	6.5	9.0	14.92
	II	2.3	4.2	6.5	10.62

The last table would seem to indicate that, despite the depressing effect of lower export prices, the local credit expansion attendant upon the depreciation of the exchange and the building up of London funds balanced by Treasury bills in New Zealand that were later taken over by the Reserve Bank, has left the trading banks with greater cash reserves.

Meanwhile the presentation of the report of the Reserve Bank's first year of operations in August, 1935, has led to considerable discussion. It is evident that the Bank's operations have been restricted and circumspect. Not much information was disclosed, and there is a certain amount of restlessness concerning what in some quarters is regarded as an undue shrinking from publicity. The discount rate of 4 per cent. has been reduced to $3\frac{1}{2}$ per cent., but in fact no discount business was done at the higher figure, and it is clear that the Bank's chief function, in default of a local money market, is the management of the exchange rate on sterling. One other important factor deserves note. The Budget has benefited to the extent of £1,360,000 from the profit on the sale of gold, and this was a major factor in the surplus for the year of £1,626,000. With expanding credit and low interest rates, as well as rising export prices, the outlook for the Dominion is better than it has been for some years.

centrated in the hands of the Governor, for without his concurrence no decision of the Board or of the Executive Committee is to be operative.

The first Returns of the Bank of Canada, taken in conjunction with the monthly statements of the Chartered Banks, showed that the establishment of the Bank of Canada had brought about two main changes in the reserve and note issue arrangements of the country. Firstly, there was the transfer of the Dominion note issue, and the assets held against it, from the Ministry of Finance to the Bank of Canada. Secondly, there was the transfer from the Chartered Banks to the Bank of Canada of about two-thirds of their gold and about three-quarters of their holdings of Dominion notes (Dominion notes now becoming Bank of Canada notes). In exchange for these assets the Chartered Banks received deposits with the Bank of Canada. The first Returns of the Bank of Canada simply showed, in summary, the results of its arrangements with the Ministry of Finance and the Chartered Banks. The Bank of Canada began its career with notes in circulation amounting to about \$90 millions and bankers' deposits about \$150 millions, as the main liabilities, the

	Year Ended	Net Profit	Dividend	To Reserve, etc.	Pre- mises	Staff Funds	Carried Forward	Profit and Dividend for Preceding Year		
	1934	£	£	%	£	£	£	£	%	
Bank of Montreal	Oct. 31	821,005	578,000	8	180,131	20,000	...	+ 44,874	801,031	8
Bank of Nova Scotia	Dec. 31	370,066	288,000	12	...	50,000	23,000	+ 9,066	407,180	12
Canadian Bank of Commerce ...	Nov. 30	682,731	480,000	8	120,000	30,000	49,367	+ 3,364	729,766	8
Dominion Bank	Dec. 31	230,312	140,000	10	49,154	10,000	10,000	+ 21,158	227,840	10
Royal Bank of Canada	Nov. 31	879,644	560,000	8	215,003	40,000	40,000	+ 24,641	780,330	8
Total		2,983,758	2,044,000	...	564,288	150,000	122,367	+ 103,103	2,946,147	...

Dollars converted to sterling at \$5 to the £.

assets being gold coin and bullion \$106,936,000, a small (and variable) amount of foreign exchange, and Dominion Government securities varying round about \$140 millions.

The Return of July 10th showed that the Bank of Canada had revalued its gold, as authorised by Parliament. The item "Gold coin and bullion" leapt in a week from \$107 millions^{to} to \$180 millions. No new statutory price has been fixed, and it is therefore presumed that the gold has been valued at the market price on the date of each return. This would account for the quite insignificant variations which have been shown in this item in returns subsequent to that of July 10th. The profit on the revaluation was used to reduce holdings of Dominion Government securities. This accountancy increase in the gold reserve has had the effect of increasing the reserve ratio (proportion of reserve to deposit and note liabilities) from about 43 to about 65 per cent. The Bank of Canada Act fixed 25 per cent. as the minimum reserve ratio. So far as the monetary base is concerned, therefore, the Canadian system would allow ample provision for a great expansionist movement.

It is notable that, apart from the revaluation of gold mentioned above, changes in the Bank of Canada's reserves are confined almost entirely to its holdings of foreign exchange, particularly in the item "Reserve in U.S. funds," which is the greater part of the foreign exchange holdings of the Bank.

Recovery has made further headway in Canada during the year. Mining activity in particular has expanded notably. The Index of the Physical Volume of Production has risen from 95.8 to 99.2, though employment shows a slight decline between June, 1934, and June, 1935. Bank debits, contracts awarded and notes in circulation all show marked increases. The wheat crop is rather larger than a year ago, though so much of it is of poor quality that farmers' purchasing power is unlikely to reflect the recent higher wheat prices. The Chartered Banks, however, have profited much less from recovery than they might have hoped. The index numbers (with seasonal adjustments) showed that current loans have continued their decline, the figures for June, 1935, being 88.4, against 92.5 in June, 1934, and 94.8 in May, 1933. In Canada, as elsewhere, there appears to be a marked

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tendency for economic activity to become more and more independent of bank loans. The Chartered Banks, on the basis of their increased cash reserves, have consequently added to their investments, which at the end of April exceeded \$1,000 millions for the first time.

The Government has continued its policy of stimulating recovery by reducing interest rates and has been supported by the Chartered Banks, the latter attempting to protect their profits. Interest paid on savings deposits was reduced to 2 per cent. by the Chartered Banks and Government Savings Banks in the autumn of last year. At the same time, arrangements were made to allow the Farm Loan Board to reduce the rates charged on mortgages. As from June 1st the Chartered Banks further reduced the interest allowed on savings deposits of firms, companies and associations (but not individuals) to 1 per cent. These reductions in interest rates, together with the security purchases by the Chartered Banks, have further depressed the yield on bonds. The same factors,

together with the progress of recovery, have also stimulated a further rise in common stocks.

External trade was much greater in value in 1934 than in 1933, but the goods export surplus remained practically unchanged at \$145 millions. Net tourist income was higher. The net balance on income account was slightly larger than in the previous year. International security movements showed a balance of purchases by Canadians amounting to \$20 millions. In addition to this there was some movement of short-term capital from Canada, covered by the balance on income account.

In the immediate future it seems doubtful whether the new Social Credit Government in Alberta can force any great change in the monetary situation. A more serious cloud is the problem of public debt in the Dominion generally. There have been some indications lately of a growing realisation of the need for some comprehensive solution of the problem; but with the best will in the world the question is inevitably most difficult.

CANADIAN BANKS WITH OFFICES IN LONDON

Year	Banks	No. of Branches	Capital and Reserves	% of Liabilities	Notes	% of Liabilities	Deposits	% of Liabilities	Total Assets or Liabilities	Cash in Hand, Money at Call and Short Notice	% of Liabilities	Investments	% of Liabilities	Discounts and Advances	% of Liabilities
			£		£		£		£	£		£		£	
1900	4	95	6,679,100	21.8	2,448,500	8.0	17,584,600	52.6	30,544,200	4,567,900	14.9	2,099,600	6.9	23,488,000	77.0
1905	4	254	9,541,500	16.2	4,221,500	7.2	40,706,900	69.2	58,981,200	18,677,200	31.8	4,814,500	8.2	34,721,100	58.8
1910	5	590	13,122,300	12.1	6,670,700	6.7	83,600,500	72.4	107,995,700	42,605,600	39.5	9,799,100	9.1	54,269,400	50.3
1915	7	1,473	23,730,164	12.3	12,034,445	6.3	145,911,275	75.8	192,384,515	64,458,514	33.5	14,516,943	7.5	103,977,449	52.4
1920	8	2,653	36,524,247	7.5	35,302,963	7.2	386,047,299	79.1	487,330,996	149,427,464	30.5	78,768,170	15.2	242,618,337	49.8
1925	7	2,630	39,995,858	8.5	26,394,806	5.6	375,209,605	79.7	470,860,643	154,092,281	32.7	89,880,069	19.1	197,741,138	42.0
1926	5	2,474	38,415,858	8.1	25,939,835	5.4	385,393,155	80.8	477,841,903	154,047,581	32.3	90,122,316	18.9	205,901,531	43.1
1927	5	2,466	40,223,662	8.2	26,194,912	5.3	397,786,877	80.7	493,059,087	162,919,668	33.0	80,431,781	16.3	221,202,443	44.9
1928	5	2,505	41,185,858	7.4	26,385,035	4.7	450,992,247	81.2	554,038,983	185,633,263	33.5	86,622,130	15.6	251,172,326	45.3
1929	5	2,583	46,648,894	7.7	28,655,249	4.7	460,794,286	77.9	610,518,741	207,758,213	33.9	88,159,967	14.4	280,876,805	45.9
1930	5	2,855	50,244,170	8.5	27,176,974	4.6	434,987,223	79.0	591,477,354	185,319,528	31.4	70,001,712	11.8	299,788,584	50.4
1931	5	2,800	51,528,768	9.4	23,334,906	4.2	411,644,587	80.3	550,282,378	155,264,111	28.4	101,219,272	18.4	261,641,613	47.5
1932	5	2,751	51,528,768	10.1	22,196,438	4.3	399,146,897	81.0	512,415,243	126,421,723	24.7	111,403,912	21.8	248,318,486	48.5
1933	5	2,674	51,200,000	10.4	20,529,278	4.2	399,016,758	81.6	493,426,026	122,917,642	24.9	127,887,292	25.8	216,533,823	43.7
1934	5	2,594	45,800,000	9.4	20,820,657	4.3	398,855,136	80.3	489,169,559	120,468,149	24.6	143,971,125	29.4	198,829,782	40.7
1935	5	2,399	45,800,000	9.2	21,957,769	4.4	398,855,136	80.3	497,582,610	119,708,935	24.0	158,885,316	31.9	193,359,929	38.8

Dollars converted to sterling at \$5 to the £.

INDIAN BANKING

(BY A CORRESPONDENT)

INDIAN banking conditions have shown little change during the past year. The Bank rate has remained at 3½ per cent. throughout and in view of the restricted demands of trade and industry for finance, bankers have found it difficult to employ their funds at remunerative rates, more especially as the Government have been able to obtain their Ways and Means requirements without recourse to much short-term borrowing. The total of Treasury Bills outstanding with the public, which in January, 1935, amounted to about Rs. 27 crores, was consistently reduced until at the end of August only some Rs. 8 crores remained. This factor coupled with the steady purchase of sterling by the Reserve Bank kept the call money markets in the towns well supplied

with funds at minimum rates. The speculative financing of large silver stocks and the investment of funds in securities has, however, provided some means of utilisation of these surplus resources. Commodity prices remain disappointing, the Calcutta wholesale price index number of all commodities, which, in January, 1935, showed a welcome rise to 94 (July, 1914=100) having fallen since to 89 in August last. The favourable balance of trade still depends upon the continued exports of gold, and these fortunately for the exchange position as yet show no sign of ceasing.

The most important event in the history of Indian banking in recent years has been the inauguration of the Reserve Bank of India which is now exercising its full

INDIAN BANKS

	Year Ended	Net Profit	Dividend	To Reserve, etc.	Pre-mises	Staff Funds	Carried Forward	Profit and Dividend for Preceding Year
		£	£	%	£	£	£	%
Chartered Bank of India, Australia, and China	1934 Dec. 31	466,044	420,000	14	50,000	...	25,000	467,467
Eastern Bank, Ltd.	Dec. 31	130,006	*90,000	6	40,000	...	+	125,525
Mercantile Bank of India, Ltd.	Dec. 31	173,398	126,000	12	25,000	10,000	+ 398	161,697
National Bank of India, Ltd.	Dec. 31	460,310	360,000	18	...	50,000	+ 310	450,783
Total		1,229,758	996,000	...	115,000	60,000	- 28,242	1,205,472

* Includes bonus of 3s. per share.

functions as a central bank. In this connection the weekly returns published by the Reserve Bank are of the greatest interest, more especially as previously those banking statistics which were available were published only after such considerable delay as to be of little current value. It will be noted that the separation of the business of the bank into Issue and Banking Departments results in the bank's own weekly statement being issued in two parts, the note issue return being in practically the same form as the old Paper Currency return except for the information relating to notes held in reserve. This statement taken in conjunction with the consolidated statement of the returns made by scheduled banks under Sect. 42 of the Reserve Bank Act allows a much closer approximation to be made as to the amount of notes in circulation. Thus, comparing recent returns it is possible to trace since April 1st, when the Reserve Bank took over the control of the note issue, the gradual transference of some Rs. 16 crores of notes from the general banking system to the Banking Department, in spite of the fact that the total of notes issued has increased by some Rs. 7 crores. It will be remembered that the convertibility of the silver rupee into notes and vice versa was expressly retained under the Reserve Bank Act and herein lies the explanation of the increased note issue; for notwithstanding the recent silver scare, silver rupees to an additional amount of Rs. 7 crores have been exchanged for notes since April 1st. This tendency of silver rupees normally to be replaced by notes was noted by the Hilton Young Commission of 1926, and arises from the gradual spread of education and banking knowledge.

In the establishment of a silver redemption reserve fund of Rs. 10 crores invested in sterling assets the Government have provided a 40 per cent. external cover against any silver rupees which the bank may, under the provisions of Sect. 36, require the Governor General to redeem in full legal tender value should its holdings of silver coin become excessive.

The relations of the scheduled banks with the Reserve Bank are of primary importance in the regulation of credit, and the information contained in the weekly returns which these institutions are compelled to make to the Reserve Bank is published in the following consolidated form.

STATEMENT OF SCHEDULED BANKS (In thousands of Rs.)

	Week ending Aug. 16, 1935	Aug. 23, 1935
1. Demand liabilities in India	1,10,44,18	1,10,74,87
2. Time liabilities in India	98,21,54	98,21,32
3. Cash in India :—		
(a) Notes	5,51,49	5,82,11
(b) Rupees	53,21	55,30
(c) Subsidiary coin	27,17	26,58
4. Balance with the Reserve Bank in India	29,57,91	32,42,02
5. Advances in India	92,32,43	90,27,06
6. Bills discounted in India	3,41,53	3,60,27

It will be recalled that the Joint Committee of the Legislative Assembly which considered the Reserve Bank Bill admitted in view of the diversity of Indian conditions the extreme difficulty of drafting any general definition of "banking business." The first list of scheduled banks, compiled from such statistical tables relating to banks in India as were available, comprised generally all institutions whose paid up capital and reserves exceeded an amount of Rs. 5 lakhs. These are each required to keep a minimum deposit with the Reserve Bank based on the amount of their time and demand liabilities, in return for which they obtain discounting facilities. Provincial co-operative (apex) banks are also allowed discounting facilities, but need not make compulsory deposits with the central bank. The largest sources of rural credit, however, namely the indigenous bankers, are entirely outside the banking system at the moment, as they depend almost wholly on their own financial resources. The Reserve Bank's credit policy will thus have little effect where agricultural credit is concerned unless and until these agencies are brought within the banking structure, for as yet co-operative and

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joint stock banking reaches a small proportion of agricultural borrowers. In the figures shown above the proportion of bills discounted to the total of other advances should be noted, for it is of great importance that the Reserve Bank should seek to create a bill market in India. The encouragement of the drawing of rupee bills in connection with the external trade of the country would provide a useful stimulus in this connection, as would also some differentiation in the rates of interest charged by the Bank as between loans and discounts.

The credit needs of Indian agricultural and industrial interests cannot be estimated with any degree of accuracy, but when it is stated that the annual value of agricultural produce amounts to perhaps some Rs. 800 crores, while the total internal trade of a country with 350 millions of people can hardly be less than ten or twenty times the value of its external trade of about Rs. 300-400 crores annually, it is evident that the total advances shown by the scheduled banks represent little more than a fraction of the finance necessary. The Imperial Bank by virtue of its branch organisation plays the most important part among banks in financing the country's internal trade and appended are statistics showing the fluctuations in the amounts of advances of the Imperial Bank between the first weeks in February and August for the last 8 years. These dates represent approximately high and low levels of trading and agricultural activity and the progressive decline shown by the figures should be noted as evidence of the effect of the fall in commodity prices, while if the amounts of loans granted are multiplied four or five times to represent the total advances of the banking system it will still be apparent that the great bulk of credit comes from sources outside banking organisations. It is for this purpose that the Reserve Bank is required to formulate proposals for the attachment of the indigenous banker as an integral part of the banking

system and for the effecting of a closer connection between agricultural enterprise and the operations of the bank.

One further point must be noticed. The absence of any general definition of "banking business" has already allowed some institutions otherwise qualified to get themselves removed from the list of scheduled banks and as foreshadowed by the Joint Legislative Committee additional legislative proposals will doubtless be necessary when further practical experience of the effect of Sect. 42 has been gained. It is already clear that if the Reserve Bank is to control credit effectively, it cannot allow any suitable institutions with impunity to remain outside its direct influence, for apart from other considerations the evasion of the obligations laid upon scheduled banks as to keeping free deposits will bestow an unfair competitive advantage.

IMPERIAL BANK OF INDIA
LOANS AND ADVANCES
(Figures for first weeks in February and August)
In crores of Rupees

	1928	1929	1930	1931	1932	1933	1934	1935
<i>Taken</i> Emergency loans from Govt. against Bills Paper Currency Act.	Feb. Aug. 8 ...	9 ...	Nil ...	3 ...	3½ ...	Nil ...	Nil ...	Nil ...
<i>Granted</i> Loans.....	Feb. Aug. 13 12	17 9	16 16	9½ 8	6 3	3 2	6 4	
Cash Credits ...	Feb. Aug. 31 27	30 24	31 31	28 28	26 23	18 17	16 15	17 17
Inland Bills Discounted and purchased.	Feb. Aug. 17 4	14 4	7 2	5 3	6 2	2 2	2 2	3 3

INDIAN BANKS WITH OFFICES IN LONDON

Year	Banks	No. of Branches	Capital and Reserves	% of Liabilities	Notes	% of Liabilities	Deposits	% of Liabilities	Total Assets or Liabilities	Cash in Hand, Money at Call and Short Notice	% of Liabilities	Investments	% of Liabilities	Discounts and Advances	% of Liabilities
1890	5	50	£ 4,347,200	12.1	£ 1,241,000	3.4	£ 17,964,400	50.0	£ 36,003,400	£ 4,321,200	12.0	£ 2,930,500	8.1	£ 27,541,300	76.5
1900	5	54	3,186,800	10.5	699,800	2.3	18,084,800	58.5	30,207,600	4,704,900	15.5	2,794,600	9.3	22,147,300	72.5
1905	4	63	3,735,100	10.6	639,100	1.8	23,473,900	66.5	35,268,500	6,507,100	18.4	3,119,500	8.8	23,634,900	69.6
1910	5	87	6,100,000	12.9	515,600	1.1	34,547,000	72.9	47,339,600	8,312,300	17.6	4,139,400	8.7	32,101,200	67.8
1915	5	91	7,323,485	11.1	1,085,514	1.6	48,782,482	73.8	66,017,462	12,512,987	18.9	8,002,065	12.1	42,085,918	63.6
1920	4	94	14,171,476	8.9	2,995,124	1.9	118,352,583	74.1	159,492,420	28,521,284	17.9	10,424,084	6.5	108,740,228	68.0
1925	4	106	15,560,000	11.1	1,682,651	1.2	104,713,687	74.8	140,044,291	17,470,182	12.5	31,021,988	22.1	80,928,390	57.8
1926	4	109	15,665,000	11.5	2,424,847	1.8	102,987,832	75.7	135,837,427	20,018,291	14.7	39,554,406	29.1	68,514,158	50.5
1927	4	110	15,770,000	11.6	2,218,870	1.8	99,421,137	73.0	136,121,504	12,722,522	9.3	36,496,821	26.8	76,954,934	56.5
1928	4	113	15,875,000	11.9	1,977,396	1.5	97,756,492	73.4	133,222,009	14,267,964	10.7	35,275,577	26.5	75,669,243	56.8
1929	4	113	15,980,000	12.4	2,351,788	1.8	95,286,461	74.0	128,696,924	13,485,072	10.5	33,001,599	25.6	74,758,105	58.1
1930	4	113	16,030,000	13.3	2,184,761	1.8	91,250,356	75.6	120,695,667	14,444,621	12.0	36,683,818	30.4	62,450,479	51.8
1931	4	109	13,780,000	12.2	2,139,984	1.9	83,246,489	73.8	112,789,023	12,225,970	10.8	35,545,820	31.5	59,248,666	52.5
1932	4	108	13,825,000	11.5	2,056,662	1.7	92,788,140	70.1	120,564,299	16,499,083	13.7	42,023,461	34.9	55,816,505	46.4
1933	4	106	13,825,000	11.5	1,460,811	1.2	94,132,318	78.4	120,691,066	19,982,509	16.6	45,400,997	37.6	49,200,923	40.8
1934	4	106	13,825,000	11.2	2,006,743	1.6	94,676,009	76.6	123,617,836	14,840,777	12.0	46,081,291	37.4	56,670,306	45.9

IRISH BANKING

(BY A CORRESPONDENT)

THE most important event that occurred in Irish banking during the year was the appointment of a Commission of Inquiry "to examine and report on the system in the Irish Free State of currency, banking, credit, public borrowing and lending and the pledging of State credit on behalf of agriculture, industry and the social services." The personnel of this Commission, including several bankers, economists and civil servants, is calculated to inspire confidence, and its report should be the most significant document for the student of Irish banking since the reports of the Parker-Willis Commission of 1926.

Obviously, the question of the retention of the link with sterling is the outstanding question in the Commission's terms of reference. The existing arrangements for keeping the Irish pound linked to the pound sterling at par have worked well, but advocates are to be found favouring the depreciation of the Irish pound to the level of the Australian or New Zealand pound in the interests of the rural debtors and exporters. A movable parity finds favour in other quarters, but the general view is that no case has been made for altering the present standard of value, which not only facilitates trading and financial transactions with Great Britain, but also ex-

tends to Ireland the benefits of such currency stability and the feeling of confidence enjoyed in the "sterling area."

In the sphere of banking there is a good deal of opinion, largely based on nationalistic sentiment, in favour of the establishment of a central bank in the Free State. The Currency Commission, which is the existing note-issuing authority, is not a central bank and possesses no powers to regulate credit conditions with the object of maintaining or restoring either external or internal equilibrium. The establishment of a central bank would, of course, be in line with the policy pursued in the other Dominions, and would be a step towards the consolidation rather than the disruption of the sterling area, but there are peculiar difficulties in the Free State owing to the intimate connection between the Irish and the British banking systems. The question really is whether the transformation of the Currency Commission into a Central Bank entailing a widening of the powers of the note-issuing institution would add any useful element to the financial superstructure of the country. It will certainly be found that in relation to the London

market an Irish Central Bank like, for example, the Scandinavian banks would maintain close connections.

Another matter that will engage the attention of the Commission is the degree to which loans on the security of land are hopelessly frozen. There is no doubt that many farmers in Ireland, like farmers all over the world, find their bank debts very onerous in view of the agricultural depression. It is very difficult to say to what extent this constitutes a real problem in the Free State. No two loans are exactly alike and no general formula for the relief of borrowers could be found; moreover, many loans that are frozen to-day may become thawed out to-morrow. It must not be overlooked that a considerable measure in relief of overhead charges has already been effected by the halving of the land annuities. Finally, any tampering with contracts in respect of Irish land should be undertaken only on the strongest possible justification.

In respect of public borrowing and lending the Commission will doubtless have something of value to say regarding the rapidly accumulating public debt for housing and other capital development. The rate of interest

IRISH FREE STATE BANKS

	Year Ended	Net Profit	Dividend	To Reserve, etc.	Pre-mises	Staff	Carried Forward	Profit and Dividend for Previous Year
Bank of Ireland	Dec. 31, '34	£ 406,598	£ 308,683	14½	£ 100,000	£ ...	£ - 2,085	£ 404,254
Hibernian Bank	June 30, '35	82,878	57,500	11½	20,000	10,000	- 4,622	86,650
Munster and Leinster Bank ...	June 30, '35	138,291	90,000	12	27,500	10,000	+ 791	136,552
National Bank	June 30, '35	220,402	180,000	12	40,000	...	+ 402	224,016
Provincial Bank of Ireland ...	June 30, '35	68,807	52,312	12½	10,000	6,500	- 5	69,457
Royal Bank of Ireland	Dec. 31, '34	48,072	20,775	9	27,000	...	+ 297	52,455
Total		965,048	709,270	...	224,500	26,500	- 5,222	973,384

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has recently been rising against Irish public authorities, and anxiety is felt about the success of the coming conversion of the First National Loan, which is announced to be attempted before the end of the year. The reasons for this hardening of interest rates are not far to seek: the demand for new capital has grown substantially in the last two or three years, while the supply of new savings has not increased proportionately. Much of the financing of the new schemes of capital development has been accomplished by the realisation of external investments, which makes necessary the offer of an attractive yield to capitalists. This repatriation of capital invested abroad is not without its effects on the invisible balance of payments to the magnitude and nature of which the Banking Commission will necessarily devote much attention, since the decline of the visible export trade has rendered the country increasingly dependent on its invisible income from abroad to pay for the large volume of imports necessary to maintain its standard of living.

The so-called "divided balance sheet" of the Free State banks is usually taken as affording an indication of the movement of funds in and out of the country, any change in the amount of the excess of outside assets over outside liabilities being interpreted as showing in which direction the flow has been. The summary in the annexed table suggests that the drain observed last year has continued, though at a diminishing rate. These statistics, however, are not conclusive, since many of the external investments held in the Free State are not included in the banks' figures, and even the banks' own investments may be valued on a different basis at different dates so as to render comparison difficult. It may, however, be safely concluded that the current balance of payments of the Free State was passive last year and remains passive this year, although the precise amount of this unfavourable balance may not be estimable.

The divided balance sheet also shows that deposits in the Free State have declined. This decline may be attributed partly to the withdrawal of savings from the banks for investment in some of the attractive gilt-edged securities floated during the year, partly to the realisation of past savings by farmers to tide them over bad times, and partly to a removal of funds from the Free State branches of the banks in anticipation of a possible depreciation of the currency. The last movement, which was probably at no time significant, has stopped since the appointment of the Banking Commission. The banks' investments in the Free State increased towards the end of last year, but have since tended to recede to the normal figure. This movement probably indicates that the banks found themselves left with large quantities of certain new public issues floated last year which have since been digested by the general public.

The banks' earnings have tended to decline owing to the prevailing low interest rates, the high taxation, and

the reduction in advances. One of the banks has reduced its interim dividend this year. The profits of the banks, which tend to be exaggerated in popular discussion, do not amount to more than about $\frac{1}{2}$ per cent. of their resources. A new Act limiting the liability of the stockholders of the Bank of Ireland was passed during the year.

The Report of the Currency Commission for the year ending March 31, 1935, states that the value of the legal tender notes fluctuated during the year between a minimum of £6,998,133 and a maximum of £8,243,421, the latter being the highest figure ever attained by this issue. The amount of old Irish banknotes still outstanding is £1,447,259, and it is estimated that a substantial part of this figure represents "dead" notes. The issuing banks do not concur with this opinion, as many notes are hoarded in country places and are not presented for many years, and no note can be regarded as "dead" in Ireland from the mere fact of its non-appearance. The surplus income of the Commission for the year 1934-35 amounted to £206,523, the earnings continuing to be affected by the low interest rates obtainable on British Government securities in which the Commission's assets are invested.

(£000 omitted)

	Second Quarter, 1933	Second Quarter, 1934	Third Quarter, 1934	Fourth Quarter, 1934	First Quarter, 1935	Second Quarter, 1935
Capital and reserves—						
In Irish Free State.....	13,089	13,165	13,181	13,210	13,234	13,240
Elsewhere	3,806	3,850	3,883	3,883	3,893	3,902
Notes—						
In Irish Free State.....	5,153	5,146	5,139	5,102	5,084	5,127
Elsewhere	3,117	3,218	3,176	3,295	3,247	3,436
Deposits—						
In Irish Free State ..	129,028	123,386	120,938	119,814	118,735	118,135
Elsewhere	46,896	45,086	44,533	45,086	46,323	46,501
Total liabilities—						
In Irish Free State.....	151,299	144,898	142,426	141,648	139,934	139,531
Elsewhere	55,460	54,098	53,178	54,352	55,452	56,306
Cash and balances with banks—						
In Irish Free State.....	5,825	4,883	4,986	5,012	4,626	4,850
Elsewhere	10,774	7,901	7,637	8,807	8,497	9,555
Money at call and short notice—						
In Irish Free State.....	2	3	4	5	3	2
Elsewhere	12,011	9,133	9,075	10,517	11,161	10,662
Bills—						
In Irish Free State.....	5,899	5,647	5,569	5,452	5,408	5,404
Elsewhere	2,534	1,654	1,596	1,679	1,841	1,501
Loans and advances—						
In Irish Free State.....	42,797	44,028	43,944	44,741	44,733	44,439
Elsewhere	25,488	25,243	25,132	24,532	24,011	23,888
Investments—						
In Irish Free State.....	5,224	7,917	8,844	7,739	7,141	7,291
Elsewhere	88,451	84,465	81,962	79,715	80,278	80,327
Total assets—						
In Irish Free State.....	62,984	65,853	65,674	66,193	65,255	65,369
Elsewhere	143,775	133,142	129,930	129,867	130,221	130,468
Excess of assets outside Irish Free State over liabilities outside Irish Free State	88,315	79,044	76,752	75,455	74,679	74,162

JOINT-STOCK BANKS OF IRELAND

Year	Banks	No. of Branches	Capital and Reserves	% of Liabilities	Deposits	% of Liabilities	Notes	% of Liabilities	Total Liabilities	Cash in Hand, Money at Call and Short Notice	% of Liabilities	Invest- ments	% of Liabilities	Discounts and Advances	% of Liabilities
1895	9	496	10,200,000	16.5	44,390,000	72.0	6,143,000	9.9	61,663,000	11,253,000	18.3	17,934,000	29.1	31,182,000	50.5
1900	9	543	10,894,000	16.0	49,449,000	72.8	6,708,000	9.9	67,988,000	11,697,000	17.2	17,719,000	26.1	37,464,000	55.0
1910	9	663	11,475,000	13.9	62,508,000	76.0	7,211,000	8.8	82,150,000	13,762,000	16.7	23,215,000	28.2	44,127,000	53.7
1920	9	912	12,899,000	5.4	200,441,000	83.2	24,717,000	10.3	240,391,000	46,698,000	19.4	80,959,000	33.5	109,623,000	45.5
1922	9	986	13,779,000	5.7	209,777,000	86.0	17,321,000	7.1	242,199,000	31,834,000	13.1	103,019,000	42.5	104,554,000	43.1
1925	6*	766	12,356,000	7.5	140,569,000	85.3	11,276,000	6.8	164,957,000	19,573,000	11.9	72,592,000	44.0	70,452,000	42.7
1926	6*	773	12,743,000	8.1	133,035,000	84.6	10,690,000	6.8	157,377,000	17,974,000	11.4	68,437,000	43.5	68,483,000	43.6
1927	6*	786	13,053,000	8.6	127,593,000	84.0	10,579,000	7.0	151,997,000	18,540,000	12.2	63,914,000	42.0	67,144,000	44.2
1928	6*	784	13,319,231	8.7	128,280,338	83.9	10,467,485	6.8	153,020,542	20,603,358	13.6	62,921,757	41.5	66,980,637	43.7
1929	6*	798	13,549,231	9.0	128,212,719	85.0	8,384,891	5.5	151,006,928	19,097,681	12.6	63,327,301	41.9	66,109,058	43.7
1930	6*	808	13,744,231	9.3	126,913,785	85.8	6,513,849	4.4	148,029,152	16,100,407	10.9	65,094,325	44.0	64,377,598	43.5
1931	6*	807	13,934,231	9.4	127,984,313	86.1	5,850,791	3.9	148,613,574	14,921,624	10.0	67,622,666	45.6	63,560,931	42.8
1932	6*	813	12,984,231	8.8	128,933,593	86.8	5,519,572	3.7	148,258,478	17,581,926	11.9	64,057,942	43.1	64,097,121	43.2
1933	6*	815	12,959,231	8.0	142,409,702	88.1	5,628,327	3.5	161,825,966	21,525,641	13.3	76,802,234	47.5	60,941,640	37.7
1934	6*	817	13,024,231	8.6	131,897,421	87.0	5,653,210	3.7	151,518,670	18,621,526	12.3	69,142,874	45.6	61,119,164	40.4
1935	6*	814	13,084,231	8.6	130,355,911	86.2	5,691,191	3.8	151,091,322	19,785,775	13.1	68,007,196	45.1	59,755,743	39.6

* Irish Free State.

SOUTH AFRICAN BANKING

(BY A CORRESPONDENT)

THE South African banking figures for the end of the second quarter of 1935 show that little progress has yet been made towards adjusting the highly abnormal situation arising out of the devaluation of the currency at the beginning of 1933. As will be remembered, this action had the twofold effect of causing the large amounts of capital previously exported to return to the country and of maintaining during 1933 and the first part of 1934 a very large export surplus on the normal balance of international payments. In consequence of these developments, by June last year the deposits of the public with

South Africa, though probably not to a sufficient extent to cover the repayment of the war debt without drawing to some extent on the excess reserves of the banking system.

This conclusion is supported by an examination of the combined returns of the South African commercial banks for June 30, 1935. As compared with the figures of a year earlier, these show a rise in advances in the Union of £6.5 millions, together with a fall in deposits in the Union of about £2 millions. Of the £8.5 millions of additional resources thus required, £1.7 millions were

SOUTH AFRICAN BANKS

	Year Ended	Net Profit	Dividend	To Reserve, Etc.	Pre- mises	Staff Funds	Carried Forward	Profit and Dividend for Preceding Year
Bank of British West Africa, Ltd.	1935 Mar. 31	£ 64,671	£ 48,000	% 4	£ ...	£ 15,000	£ ...	£ 58,766
Barclays Bank (Dominion, Colonial and Overseas)	1934 Sept. 30	409,827	234,488	5	175,000	...	+ 339	371,549
Netherlands Bk. of South Africa	1935 Sept. 30*	61,311	31,193	4	16,643	9,996	+ 3,479	67,415
Standard of South Africa, Ltd....	1935 Mar. 31	502,590	300,000†	10	...	75,000	+ 2,590	433,180
Total		1,038,399	613,681	...	191,643	99,996	+ 8,079	930,910

* Nine months ended Sept. 30, 1934.

† Includes bonus of 2s. per share.

the commercial banks in the Union had risen to the relatively enormous figure of nearly £88 millions, of which £66 millions was on current account, while the banks' cash reserves had risen to nearly £32 millions, or well over £20 millions in excess of normal or legal requirements.

The slight modifications of this situation during the past year seem to have been entirely due to the exceptional transaction in August, 1934, whereby the South African Government repaid to the British Treasury the £7½ millions balance of its war debt. It is true that the foreign trade figures of the Union, as published, indicate a heavy adverse balance of payments for the twelve months ended June 30, 1934, in consequence both of a further rise in imports and a sharp falling off in exports. The fall in exports was, however, entirely due to the action of the South African Reserve Bank in converting a large part of its foreign exchange reserve into gold and concentrating its gold holdings in the Union. To do this it held back new gold from export, using its London holdings of gold and sterling to meet current demands for exchange, and thus caused a sharp fall in exports of gold. As it makes no difference to the Bank's real position whether it holds its gold in London or Pretoria, this apparent decline in exports must be ignored. For practical purposes exports may be calculated by adding to the exports of produce other than gold the total value of the gold produced in the Union during the year. (Had there been any imports of gold during the year these would also have to be included.) After making this adjustment, we find that exports during the twelve months ending June 30, 1935, amounted to about £101 millions, while imports totalled about £72 millions, leaving an export surplus of £29 millions. No official estimate of invisible items is yet available, but the excess of payments to, over payments from abroad, on income account, is hardly likely to have exceeded some £26 or £27 millions, while the balance on capital account, apart from the exceptional transaction of the war debt, is likely to have been in favour of South Africa. It is probable, therefore, that, apart from the war debt transaction, the balance of payments remained in favour of

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obtained by a reduction in South African investments. Of the remaining £6.8 millions, the banks drew on their surplus balances with the Reserve Bank to the extent of £1.7 millions, while the remainder seems to have been supplied out of the banks' reserves outside the Union. This more profitable use of their resources has, of course, been reflected in the rise in their earnings during the year.

With regard to the future, it seems likely that the expansion of business activity and of imports, which has been so striking a feature of the past two years, will be rather less marked during the coming twelve months. The recovery in South African business activity seems to have been based very largely on the increased prosperity of the gold-mining industry. This has reacted upon general business, not merely through the increased employment by the mines of labour, stores and capital equipment, but also through the expenditure of some part of the large profits made by many holders of gold-mining shares. When shares are sold at a profit some part of the purchase price, which was capital in the hands of the purchaser, is regarded as income by the seller. The spending of a part of such profits gives rise to an ever-widening circle of demand for many types of

goods, especially, perhaps, for durable consumption goods. To some such process may be attributed a part, perhaps considerable, of the recent expansion in the South African demand for imports. Recently the rise in mining shares has ceased, and has been succeeded by a not inconsiderable reaction. It is, therefore, not unreasonable to expect that, in the near future at least, the expansion of business and imports will proceed more slowly than during the past two years.

It is, indeed, already possible to detect in the current statistics some signs of this slowing down of the rate of expansion. Bank debits during the second quarter of 1935 were substantially below those for the corresponding quarter of 1934; and though practically the whole of the decrease occurred in the Transvaal, where it was no doubt attributable largely to a decline in stock exchange activity, the total for the other Provinces was at any rate no higher than a year before. The expansion in building activity is also becoming less rapid in some districts, and especially in Johannesburg, where the increase had previously been most marked, while the general index of industrial activity has ceased to rise for several months. Imports are still above the level of a year ago, but are rising more slowly than they were last

JOINT STOCK BANKS CONDUCTING BUSINESS IN THE UNION OF SOUTH AFRICA

(000's omitted)
IN THE UNION (South African Currency)

Date	LIABILITIES					ASSETS					
	Capital and Reserves	Notes	Deposits	Due to Head Office and Branches	Total (including Other Liabilities)	Cash and Call (b)	Due by other Banks	Investments	Discounts and Advances	Due by Head Office and Branches	Total (including Other Assets)
1914—Dec. 31	£ 3,479	£ 2,357	£ 35,668	£ (a)	£ 42,885	£ 6,616	£ (a)	£ 2,225	£ 29,697	£ (a)	£ 39,872
1918 "	3,745	6,269	63,384	622	76,947	7,367	338	2,453	48,502	11,029	72,847
1919 "	4,047	7,985	87,874	244	104,111	7,960	593	3,269	55,541	31,124	102,075
1920 "	4,351	9,066	77,906	1,639	97,226	10,929	88	3,614	69,911	5,799	95,280
1921 "	4,354	8,764	69,855	351	88,109	13,841	210	4,284	55,194	10,559	86,783
1922 "	4,056	1,235	64,750	281	74,929	9,960	247	2,917	45,200	12,341	73,483
1923 "	2,170	570	61,091	514	67,270	9,523	213	2,689	38,811	12,335	66,557
1924 "	2,322	...	58,040	392	64,744	8,959	187	3,494	36,708	11,089	63,624
1925 "	2,474	...	60,012	468	66,894	9,813	138	3,959	38,463	11,850	66,945
1926 "	107	...	58,912	442	61,916	10,109	159	2,993	41,155	6,302	63,545
1927 "	109	...	59,383	649	63,028	8,789	615	2,872	41,885	7,347	64,811
1928 "	112	...	62,249	1,095	66,694	8,842	179	5,159	45,378	5,965	68,532
1929 "	115	...	60,633	3,846	67,717	8,766	141	4,083	51,053	2,537	69,826
1930 "	117	...	63,519	629	67,383	8,157	170	5,753	44,515	10,448	72,451
1931 "	120	...	56,632	2,749	62,196	6,967	114	5,888	45,542	59	62,251
1932 "	123	...	54,364	2,226	60,042	6,950	167	8,150	40,052	3	60,069
1933 "	124	...	81,247	302	85,152	29,376	327	7,605	37,895	5,376	85,078
1934—June 30	125	...	87,600	233	91,468	31,551	437	7,229	40,183	7,368	91,404
1934—Dec. 31	125	...	85,212	385	89,316	25,144	1,000	8,621	47,012	2,822	89,181
1935—June 30	127	...	85,570	1,136	90,378	30,043	793	5,514	46,675	2,470	90,247

OUTSIDE THE UNION (Sterling)

1914—Dec. 31	4,627	47	9,729	(a)	25,413	2,243(c)	(a)	2,405	11,606	(a)	28,426
1918 "	5,176	182	14,210	4,023	29,147	6,594	1,668	8,320	14,006	735	34,347
1919 "	5,372	235	19,203	21,584	55,186	9,784	3,409	14,063	26,114	242	57,222
1920 "	5,404	403	24,426	2,539	40,069	5,811	2,935	5,094	21,227	5,079	42,015
1921 "	5,412	419	21,143	7,002	39,617	10,248	2,693	5,857	19,720	1,241	40,943
1922 "	5,412	372	19,048	7,075	36,331	5,646	1,011	9,153	20,087	289	37,777
1923 "	5,717	474	16,674	5,993	33,362	6,277	790	8,931	15,565	527	34,075
1924 "	5,733	714	18,823	4,665	35,318	8,002	926	8,751	16,022	361	36,438
1925 "	5,738	791	18,630	5,207	36,171	6,532	1,903	6,801	17,583	573	36,120
1926 "	11,824	1,318	35,746	1,089	60,233	6,868	3,731	12,258	28,477	2,501	58,604
1927 "	11,983	1,516	37,514	2,276	63,997	7,265	4,905	15,417	28,326	2,507	62,214
1928 "	12,186	1,517	39,695	3,641	69,686	7,540	5,729	16,070	29,902	4,413	67,847
1929 "	12,825	1,518	40,801	94	67,523	6,924	5,560	13,350	28,313	7,116	65,414
1930 "	12,935	1,418	40,996	6,699	72,758	8,168	6,809	24,698	24,654	610	67,689
1931 "	13,143	1,237	40,154	...	65,826	7,092	7,219	21,842	22,375	4,591	65,748
1932 "	13,212	1,163	51,301	...	78,366	8,457	7,587	32,191	21,894	3,852	78,337
1933 "	12,522	1,169	42,687	3,707	72,149	6,084	6,238	34,714	21,787	899	72,225
1934—June 30	12,692	1,315	44,280	4,985	75,767	9,776	7,322	37,872	18,298	175	75,831
1934—Dec. 31	12,815	1,257	44,183	823	72,098	7,407	7,039	33,340	21,829	340	72,234
1935—June 30	12,836	1,436	48,964	629	79,321	7,389	10,734	35,929	21,031	873	79,452

NOTES.—(a) Not available.

(b) Including throughout balances with the South African Reserve Bank.

(c) Excluding Money at Call, which for this year is included with other assets.

The change in the figures between 1925 and 1926 is due to the incorporation of the National Bank of South Africa, Ltd., with Barclays Bank (Dominion, Colonial and Overseas).

year, and with exports also rising a little it seems likely that the balance of normal international payments for 1935-36 will not be very far away from equilibrium.

If this expectation were fulfilled, a position would have been reached where the current position was again in approximate equilibrium, while a very large accumulated surplus, the result of several years of a highly favourable balance of payments, continued to lie unused in the hands of the banking system. The tangible assets which represent this surplus consist at present mainly of the large excess gold reserves held by the South African Reserve Bank. The Reserve Bank owes a more or less corresponding amount to the commercial banks, who hold enormous excess balances with it, and these in turn owe it to the public, who own deposits with them to an amount greatly in excess of normal. The excess gold reserves of the Reserve Bank, valued at cost, are at present about £20 millions; but if bankers' balances with it were reduced to a normal figure, of about £5 millions, the excess would be not far short of £30 millions, in addition, of course, to any profit made on the resale of the gold. The excess reserves of the commercial banks are in the neighbourhood of £21 millions, and if their current accounts were reduced to a normal level they would be about £24 millions. What may be termed the excess deposits in the hands of the public may be estimated at about the same figure.

It is now understood that during the coming year the South African Government intends to make use of these surplus reserves to pay off a part of its overseas debt, by raising a conversion loan in the Union and using the proceeds to redeem maturing obligations in London. A very considerable operation of this type is both feasible and, given that the money can be raised as cheaply in South Africa as in London, probably desirable; for it will reduce towards normal the various excess balances mentioned above and remove the possible danger of an excessive further expansion of bank credit. So long as the total of foreign debt paid off is kept within the limits of the above-mentioned excess reserves of the public and the commercial banks, such an operation could probably be carried out without any serious rise in interest rates. Only if these limits were approached or exceeded would any considerable tendency towards financial stringency become apparent.

In view of the check to the expansion of business and of the fall in security prices, it seems unlikely that bank advances will show any very great increase during the coming year over the level of the last nine months, while, since the rates of interest offered on any new conversion loan will presumably be far below bank overdraft rates, there will be little temptation to borrow from the banks in order to invest in the new stock. Thus probably almost the whole of the amount paid off in London will be reflected in a fall in bank deposits in the Union. At the same time, the banks' balances with the Reserve Bank will show a corresponding reduction, while part of the Reserve Bank's gold will have to be exported to London and sold to pay off the maturing debts of the Government. An incidental effect of this transaction would be to help to strengthen the gold value of sterling and in some degree to reduce interest rates in London.

Bank profits have now begun to recover from the setback which reached its climax in 1932 and 1933. During those years the general trade depression both affected the current earnings of the banks and also necessitated heavy appropriations for bad and doubtful debts, particularly in respect of loans to farmers. The general recovery in trade, and the advance in the prices of maize and wool, must by now have placed many of the banks' loans upon a much sounder basis, while the revival in South Africa's import and export trade must also be adding to the profits derived from financing external trade. In the long run bank earnings depend largely upon the general rate of interest, and rates, if anything, are likely to stiffen. The expansion in business is increasing the demand for credit, while if an internal conversion loan is issued to repay debt in London, this, again, will affect interest rates. Nor will the banks be affected by any reaction in security prices, for these hold very few South African securities. The outlook for bank profits is, therefore, quite hopeful.

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BANK SHARES

THE bank shareholder, with the experience of recent months in mind, may be permitted the natural inquiry which is suggested by it. Does the falling tendency of gilt-edged quotations herald an era of firmer interest rates, irrespective of the political risk factor which is now exercising the market? And if this is so, how far will "money" shares be forced to accompany gilt-edged movements? Already the decline has been significant. The monthly calculations of the Actuaries' Index show that gilt-edged prices, as measured by 2½ per cent. "Consols," reached a peak of 165.3 at the end of 1934, and had fallen to 147.4 at the end of September (December 31, 1928 = 100). Over the same period the index of twelve bank and discount company shares has fallen from 114.2 to 111.0. The decline, it is true, is considerably less severe than in the case of "Old Consols," but it contrasts with a slight rise, over the period, in the level of industrial ordinary shares from 73.9 to 74.2 which is accompanied, moreover, by a more significant increase in the dividend yield. From the crisis period of 1931, falling interest rates and industrial recovery united the two groups in common course, but the recent contrapuntal movement, evident in the following table of price and yield indices, represents a new phenomenon:—

ACTUARIES' INVESTMENT INDEX

	Price Index. (Dec. 31, 1928 = 100)						
	Dec. 29, 1931	Dec. 28, 1932	Sept. 19, 1933	Dec. 27, 1933	Sept. 25, 1934	Dec. 31, 1934	Sept. 24, 1935
Bank and Discount Company shares	68.2	96.0	101.1	104.3	112.3	114.2	111.0
Industrial shares	44.9	52.0	64.6	69.6	72.7	73.9	74.2
Average Yields (per cent.)							
Bank and Discount Company shares	7.43	4.93	4.64	4.49	4.18	4.11	4.22
Industrial shares	7.83	4.38	3.79	3.47	3.65	3.67	3.85

Clearly the equity interest in bank shares is insufficient, at this stage, to offset their traditional relationship with the general level of fixed-interest securities. To that extent, the banks control the destiny of their own share levels. Since 1931, the expansion of banking resources has been associated not with advances, which are well below the level of that year but with a startling expansion of "investments." Taking the June figures of the eleven clearing banks, investments have more than doubled during the four years, and the proportion of total assets which they represent has increased from 15.4 to 28.8 per cent. That these proportions, abnormal as they are, do not spell control of the market, however, is apparent from its recent behaviour, and the banks have yet to find any alternative remunerative employment for this part of their resources. It is hardly to be conceived, therefore, that a sudden change in their investment policy is in prospect, and that any further decline in gilt-edged values, so long as it is not of overwhelming dimensions, cannot be met from their careful husbandry of recent investment profits.

Since recovery on its present scale finds only limited reflection in the level of earning assets, there seems no present guarantee of a vigorous expansion to come. The return on bills and call money, for example, has been more secure in recent months, but it remains buttressed at a relatively low level. More significant, however, is the fact that the growth in advances is still remarkably slow in relation to the general level of business activity. The omens, therefore, do not suggest that the interest factor will be greatly offset by an improving earnings equity in the determination of bank share levels. Unless the demand for advances shows considerable expansion

in the near future—a movement which might presuppose some adjustment of rates—there seems little doubt that bank shares will remain faithful satellites in the gilt-edged orbit. At a time when the continuance of low yields from Government stocks is less obviously assured, the occasion may be opportune for a closer examination of investment policy as regards "money" shares.

The following composite table of British and Overseas bank shares and yields may suggest the basis for such a review. It will be observed, firstly, that the valuation of the uncalled capital risk on the partly-paid shares of institutions in this country is of the order of one-half of one per cent. on the basic yield. The margin is not inherently unreasonable, but it offers the prospect of increased return to those investors who would offset the risk involved by reference to the present financial stability of the domestic banking system. Less conservative investors may observe, secondly, that the shares of certain Dominion institutions, fairly situated as regards world recovery, offer a reasonable current yield, and possibly, scope for relatively greater advance than those at home. It would be unwise, however, to ignore the need for close supervision in the light of changing economic conditions abroad, and of their greater sensitiveness to any threat of world political disturbance.

FULLY-PAID SHARES

Bank	De-nomination	Prices		Last Three Dividends			Yield %
		End Sept., 1934	Oct. 3, 1935	(a)	(b)	(c)	
Agricultural Bank of Egypt	£ 5	7½	7	7½	7½	7½	5 0 0
Anglo-International Bank	1	5½	2/6	Nil	Nil	Nil	Nil
Bank of Australasia	5	9½	8½	3½	3½	3½	4 8 0
Bank of London and South America	5	5½	4	Nil	Nil	Nil	3 15 0
Bank of New South Wales	20	28½	24½	5½	5½	5½	3 1 0
Bank of New Zealand	1	45½	42½	5½	5½	5½	3 16 0
Bank of Roumania	6	35½	30½	Nil	Nil	Nil	Nil
Barclays "A"	4	10½	10½	5½	5½	5½	3 19 0
Do. "B"	1	72½	72½	7½	7½	7½	3 17 0
British Overseas "A" Ord.	5	48½	4	Nil	Nil	Nil	7 10 0
Chartered Bk. of India, etc.	5	19½	13½	7½	7½	7½	5 7 9
Royal Bank of Scotland	Stock	460	450	8½	8½	8½	3 15 9
Union Bank of Scotland	1	4½	4½	9½	9½	9½	3 13 10
Imperial Bank of Iran	6½	13½	13	16-92b	13-08a	16-92b	5 0 0
Ionian Bank	5	47½	40½	2c	2c	2c	5 0 0
District "B" Shares	1	52½	55½	5½	5½	5½	3 15 0
Lloyds	1	28½	27½	2½	2½	2½	3 12 9
Martins	1	74½	76½	7½	7½	7½	3 13 3
Midland	2½	11½	10½	8½	8½	8½	3 13 6
Do.	10	88½	91½	8½	8½	8½	3 10 0
National Bank of Egypt	5	37	38½	4a	11½	4a	3 19 0
National Provincial Bank	10	20½	20½	7½	7½	7½	3 14 0
Westminster	1	68½	70½	6½	6½	6½	3 11 0

(a) Interim dividend. (b) Final dividend. (c) Yearly dividend. (d) Allowing for rate of exchange. (e) Free of income tax.

PARTLY-PAID SHARES

Bank	Amt. of Share	Paid up	Prices		Last Three Dividends			Yield %
			End Sept., 1934	Oct. 3, 1935	(a)	(b)	(c)	
Lloyds	£ 5	1	80½	58½	6(a)	6(b)	6(a)	4 2 3
Martins	20	2½	10½	9½	7(a)	7(b)	7(a)	4 7 6
Midland	12	2½	14½	14½	8(a)	8(b)	8(a)	4 0 3
National Provincial	20	4	14½	14½	7½(a)	7½(b)	7½(a)	4 3 0
Westminster	4	1	90½	88½	9(a)	9(b)	9(a)	4 2 0
Union Bank of Scotland	5	1	4½	4½	9(b)	9(a)	9(b)	4 0 0
English, Scottish & Australian	5	3	113½	73½	12½(a)	12½(b)	12½(a)	4 1 6
National of Australasia	8	5	4½	5½	2½(a)	2½(b)	2½(a)	4 17 7
National of New Zealand	7½	2½	2½	2½	12(b)	12(a)	12(b)	3 12 9
Union of Australia	15	5	7½	6½	13(b)	12½(d)	12½(a)	3 13 0
Eastern	10	5	6½	6½	3(a)	3(b)	3(a)	4 10 7
National of India	25	12½	46½	41	9(a)	9(b)	9(a)	5 9 9
Anglo-S. America	10	5	7½	5½	Nil(c)	Nil(c)	Nil(c)	Nil
Bank of British W. Africa	10	4	4½	3½	2½(b)	1½(a)	2½(b)	4 5 0
Standard of South Africa	20	5	13½	14½	5(b)	5(a)	7(b)	4 4 0

† Free of income tax. (a) Interim dividend. (b) Final dividend. (c) Yearly dividend. (d) Six months.

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IRISH FREE STATE BANKS

1		2	3	4		5	6	7	8
Name of Bank	Date	No. of Branches and Sub-branches	Capital Subscribed	Uncalled Capital		Capital Paid-up	Reserve Fund	Un-divided Profits	Notes in Circulation
				Callable	Reserved				
Bank of Ireland	Dec. 31, '34	104	£ 2,769,231	£ ...	£ ...	2,769,231	£ 3,180,000	£ 260,219	£ 1,870,433
Hibernian Bank.....	June 30, '35	62	2,000,000	500,000	1,000,000	500,000	680,000	58,189	509,412
Munster and Leinster Bank...	June 30, '35	206	1,875,000	1,125,000	...	750,000	1,000,000	88,494	821,551
National Bank	June 30, '35	272	7,500,000	1,000,000	5,000,000	1,500,000	1,080,000	145,757	1,314,030
Provincial Bank of Ireland	June 30, '35	127	4,080,000	1,500,000	2,040,000	540,000	495,000	59,698	942,410
Do. New									
Royal Bank of Ireland	Dec. 31, '34	43	1,500,000	300,000	900,000	300,000	290,000	23,363	233,355
Total		814	19,724,231	4,425,000	8,940,000	6,359,231	6,725,000	635,720	5,691,191

AFRICAN BANKS

Bank of Br. West Africa, Ltd.	Mar. 31, '35	44	3,000,000	300,000	1,500,000	1,200,000	400,000	84,674	...
Barclays Bank (Dominion, Colonial and Overseas)	Sept. 30, '34	479	6,975,500	2,000,000	3,024,000	4,975,500	1,750,000	...	770,978
Netherlands Bank of S. Africa	Sept. 30, '34	19	779,820	Nil	Nil	779,820	325,936	37,839	...
Standard Bk. of S. Africa, Ltd.	Mar. 31, '35	375	10,000,000	7,500,000	Nil	2,500,000	2,500,000	465,169	529,087
Total		917	20,755,320	9,800,000	4,524,000	9,455,320	4,975,936	587,682	1,300,065

AUSTRALASIAN BANKS

Commonwealth Bank of Australia	June 30, '35	264	20,000,000	...	...	4,000,000	2,030,777	...	...
Bank of Adelaide	Mar. 25, '35	112	1,250,000	Nil	1,250,000	1,250,000	1,000,000	53,997	6,592
Bank of Australasia	Oct. 15, '34	227	4,500,000	Nil	4,500,000	4,500,000	4,475,000	318,190	119,384
Bank of New South Wales ...	Sept. 30, '34	740	8,780,000	Nil	8,780,000	8,780,000	6,150,000	226,085	297,491
Bank of New Zealand	Mar. 31, '35	223	7,465,164	Nil	Nil	6,935,175	3,575,000	628,997	503,778
Commercial Bank of Australia, Ltd.	June 30, '35	359	4,117,350	Nil	Nil	4,117,350	2,250,000	198,824	19,780
English, Scottish & Australian Bank, Ltd.	June 30, '34	386	5,000,000	2,000,000	Nil	4,872,966	3,235,000	405,747	1,027
National Bank of Australasia, Ltd.	Mar. 31, '35	327	6,800,000	1,800,000	Nil	5,000,000	3,300,000	282,510	47,590
National Bank of New Zealand, Ltd.	Mar. 31, '35	56	6,000,000	4,000,000	Nil	2,000,000	1,500,000	155,366	151,763
Queensland National Bank, Ltd.	June 30, '35	99	1,750,000	Nil	Nil	4,564,989	860,000	53,788	...
Union Bank of Australia, Ltd.	Aug. 31, '34	212	12,000,000	Nil	8,000,000	4,000,000	4,850,000	211,031	280,617
Total (excluding Commonwealth Bank of Australia)		2,741	67,140,539	7,800,000	27,269,012	46,020,480	31,195,000	2,535,535	1,428,022

(a) Contingent liabilities.

The Commercial Banking Co. of Sydney Ltd. is omitted from the Table as the accounts are not yet available.

CANADIAN BANKS

Bank of Montreal	Oct. 31, '34	569	7,200,000	Nil	7,200,000	7,200,000	7,600,000	507,762	7,051,175
Bank of Nova Scotia	Dec. 31, '34	310	2,400,000	Nil	2,400,000	2,400,000	4,800,000	208,641	2,464,440
Canadian Bank of Commerce	Nov. 30, '34	636	6,000,000	Nil	6,000,000	6,000,000	4,000,000	256,700	5,194,592
Dominion Bank	Dec. 31, '34	135	1,400,000	Nil	1,400,000	1,400,000	1,400,000	143,344	1,336,724
Royal Bank of Canada	May 31, '35	749	7,000,000	Nil	7,000,000	7,000,000	4,000,000	441,361	5,910,838
Total		2,399	24,000,000	Nil	24,000,000	24,000,000	21,800,000	1,557,808	21,957,769

(Converted at Rate of \$5 to £1.)

INDIAN BANKS

Chartered Bank of India, Australia and China.....	Dec. 31, '34	43	3,000,000	Nil	3,000,000	3,000,000	3,000,000	462,395	1,851,106
Eastern Bank, Ltd.	Dec. 31, '34	12	2,000,000	Nil	1,000,000	1,000,000	500,000	151,767	...
Mercantile Bk. of India, Ltd.	Dec. 31, '34	22	750,000	187,500	187,500	1,050,000	1,075,000	235,831	155,637
Do. " B " Shares			750,000	187,500	187,500				
Do. " C " Shares			1,500,000	1,200,000	Nil				
National Bank of India, Ltd.	Dec. 31, '34	29	4,000,000	2,000,000	Nil	2,000,000	2,200,000	530,100	...
Total		106	12,000,000	3,575,000	4,375,000	7,050,000	6,775,000	1,380,093	2,006,743

DOMINION JOINT STOCK BANKS WITH LONDON OFFICES

IRISH FREE STATE BANKS

9	10	11	12	13		14	15	16	17	18
Acceptances and Bills for Collection	Miscellaneous Liabilities	Deposits	Total Liabilities or Assets	Cash in Hand and Money at Call and Short Notice		Investments	Bills Discounted or Purchased (when shown separately)	Bills, Loans, and Advances	Premises and Sundries (including Cover for Acceptances)	Name of Bank
				Cash in Hand, with Banks and in Transit	Money at Call and Short Notice					
£ 209,063	£ ...	£ 36,190,063	£ 44,479,009	£ 2,118,994	£ 3,136,027	£ 24,158,445	£ ...	£ 14,389,461	£ 676,082	Bank of Ireland
...	25,339	10,853,195	12,626,135	1,219,456	...	5,270,889	...	5,942,207	193,583	Hibernian Bank
...	...	24,145,508	26,805,553	1,411,454	1,500,000	11,775,297	1,059,949	10,674,189	384,664	Munster & Leinster
72,808	...	37,820,256	41,932,851	4,658,014	3,444,381	16,114,501	1,661,901	15,240,463	813,591	National Bank
15,016	200	15,103,510	17,155,834	522,856	1,200,000	8,427,862	1,011,106	5,771,165	222,845	{ Pro. Bk. of Ire' d. Do. New
1,843	...	6,243,379	7,091,940	574,593	...	2,260,202	92,280	3,913,022	251,843	Royal B. of Ire' d.
298,730	25,539	130,355,911	150,091,322	10,505,367	9,280,408	68,007,196	3,825,236	55,930,507	2,542,608	Total

AFRICAN BANKS

781,410	159,167	6,672,668	9,297,919	770,688	...	4,428,187	670,596	3,022,925	405,523	Bank of British W. Africa.
4,311,672	...	82,865,855	94,674,005	18,174,649	3,373,812	25,778,119	13,764,506	26,740,295	6,842,624	Barclays Bk. (Do., Col. & Overseas)
60,506	414,878	1,895,763	3,514,742	766,594	...	365,741	722,794	1,060,092	599,521	Netherlands Bk. of S. Africa.
9,443,639	...	55,463,478	70,901,373	14,074,672	1,870,920	12,726,046	4,361,027	27,737,729	10,130,979	Standard Bank of S.A., Ltd.
14597227	574,045	146,897,764	178,388,039	33,786,603	5,244,732	43,298,093	19,518,923	58,561,041	17,978,647	Total

AUSTRALASIAN BANKS

				Cash & Notes in Hand and at Bankers	Money at Call and Remittances in Transit						
544,692	6,134,983	67,524,653	80,235,105	6,595,124	23,162,541	36,674,981	...	12,168,211	1,634,248	Comm. Bank of Australia.	
...	242,734	6,372,597	8,925,920	1,145,488	1,202,094	972,699	...	5,252,802	352,837	Bank of Adelaide	
230,941	4,648,477	39,601,807	53,893,799	9,356,504	25,000	10,306,126	...	33,471,976	734,193	Bk. of Australasia	
401,119	5,687,257	91,840,570	116,995,922	14,924,924	490,000	16,926,496	...	78,240,383	6,414,119	Bk. of N.S.Wales	
58,180	4,540,426	33,198,614	49,440,170	7,177,791	...	15,884,625	519,341	23,816,381	2,042,032	Bk. of N. Zealand	
981,364	1,192,315	24,853,164	33,613,797	3,592,887	150,000	4,382,822	...	23,342,409	2,145,679	Commercial Bank of Australia.	
...	1,893,267	32,031,349	42,439,355	9,232,191	...	1,881,589	...	30,596,671	728,904	English, Scottish & Australian Bk.	
...	1,345,773	37,049,415	47,025,288	5,620,802	...	3,095,561	...	36,972,644	1,336,281	National Bank of Australasia.	
...	1,368,853	13,554,859	18,730,841	2,669,327	...	4,194,477	427,580	10,810,333	629,124	National Bk. of New Zealand.	
...	305,362	8,451,035	14,235,174	1,865,689	15,000	2,376,561	...	9,430,651	547,273	Queensland Nat. Bank.	
...	760,429	36,460,479	46,562,556	8,792,346	330,000	2,806,942	...	34,256,882	376,386	Union Bank of Australia.	
5,284,604	21,984,893	323,414,288	431,862,822	64,377,949	2,212,094	62,827,898	946,921	286,191,132	15,306,828	Total (excluding Commonwealth Bk. of Australia).	

CANADIAN BANKS

...	14,360,582	115,102,117	151,821,636	26,534,601	8,106,700	63,608,141	...	48,695,408	4,876,786	Bank of Montreal
...	3,892,370	42,349,707	56,115,158	11,055,420	2,884,659	18,905,429	...	19,911,143	3,358,507	Bk. of Nova Scotia
...	3,953,314	95,658,196	115,062,802	18,510,088	11,579,562	32,699,693	...	44,688,560	7,584,899	Canadian Bank of Commerce.
...	1,227,525	19,653,832	25,161,425	4,352,863	2,018,965	6,927,467	...	10,198,975	1,663,155	Dominion Bank.
...	5,978,106	126,091,284	149,421,589	25,256,801	9,409,276	36,744,586	...	69,865,843	8,145,083	Royal Bk. Canada
...	29,411,897	398,855,136	497,582,610	85,709,773	33,999,162	158,885,316	...	193,359,929	25,628,430	Total.

(Converted at Rate of \$5 to £1.)

INDIAN BANKS

884,664	5,904,142	46,548,424	61,650,731	Cash in Hand, with Bankers, and in Transit	...	19,666,110	9,610,828	21,646,286	2,882,004	Chartered Bk. of India, Australia and China. Eastern Bk., Ltd. { Mercantile Bk. of India. Do. "B" Shares Do. "C" Shares Nat. Bk. of India
998,555	1,595,689	6,450,187	10,696,198	7,845,503	...	5,637,647	652,668	2,195,829	1,045,043	
214,212	1,025,383	12,974,356	16,730,419	1,760,773	...	6,145,590	1,866,278	5,902,092	1,055,686	
351,156	756,190	28,703,042	34,540,488	4,069,490	...	14,631,944	4,280,728	10,515,597	1,042,729	
2,448,587	9,281,404	94,676,009	123,617,836	14,840,777	...	46,081,291	16,410,502	40,259,804	6,025,462	Total

DOMINION BANKS WITH OFFICES IN LONDON

(1) IRISH FREE STATE BANKS

BANK OF IRELAND

ESTABLISHED 1783

CAPITAL				Market Value	Year Ended June 30	Net Profits	PROFITS AND DIVIDENDS		Reserves, &c.	Carried Forward
Subscribed	Paid-up	Callible	Reserved				Per Cent. of Resources	Dividends Amount		
£	£	£	£	£		£		Rate %	£	£
2,769,231	2,769,231	...	...	8,266,062	1925	595,821	1-10	360,000	13½	74,856
					1926	590,724	1-19	387,692	14½	70,687
					1927	542,289	1-22	394,846	17½	68,100
					1928	571,884	1-24	405,865	17½	83,349
					1929	564,667	1-31	411,923	17½	86,094
					1930	542,088	1-28	411,923	17½	86,269
					1931	537,145	1-28	411,923	17½	81,481
					1932	512,172	1-28	402,837	16½	86,896
					1933	436,762	0-45	308,683	14½	90,816
					1934	404,254	0-90	301,154	14½	81,936
					1935	406,598	0-92	308,683	14½	89,911

Stock is fully paid, but the liability of holders for debts of the Bank has not been decided. Price September 27, 1935, 298½

Authorised Note Issue:

Irish Free State, £1,760,000

Northern Ireland, £410,000

Year ended Dec. 31	Number of Branches	LIABILITIES					Total Liabilities or Assets	ASSETS				
		Capital and Reserves	Per Cent.	Balance of Profit and Loss	Per Cent.	Notes		Cash in Hand and at Bank	Per Cent.	Cash at Call and Short Notice	Per Cent.	Investments
1924	85	5,331,231	9-9	282,548	0-5	6,508,004	12-0	41,860,437	77-6	53,982,220	5,236,011	9-7
1925	86	5,538,462	11-2	292,195	0-6	6,031,764	12-2	37,630,783	76-0	49,493,204	4,458,813	9-0
1926	88	5,688,462	12-8	271,166	0-6	5,850,634	13-0	32,628,222	73-5	44,438,494	3,116,293	7-0
1927	91	5,839,231	12-7	292,080	0-6	5,973,013	13-0	33,979,103	75-7	46,083,427	3,554,298	7-7
1928	94	5,989,231	13-8	287,940	0-7	4,264,358	9-6	32,670,425	75-6	43,221,954	1,759,906	4-1
1929	100	6,119,231	14-5	298,105	0-7	2,799,398	6-6	33,124,690	78-2	42,341,424	2,037,952	4-8
1930	100	6,249,231	14-8	293,327	0-7	2,321,802	5-8	33,325,089	79-0	42,189,449	1,967,920	4-7
1931	100	6,949,231	14-9	293,576	0-7	1,904,397	4-8	31,701,218	79-6	39,848,422	1,939,172	4-9
1932	100	6,949,231	11-6	259,203	0-5	1,868,413	3-8	43,368,001	84-3	51,444,948	2,639,561	4-0
1933	104	6,949,231	13-2	258,150	0-6	1,857,639	4-1	37,041,955	82-1	45,106,975	3,114,287	6-9
1934	104	6,949,231	13-4	260,219	0-6	1,870,433	4-2	36,399,126	81-8	44,479,009	2,118,994	4-7

* Includes acceptances.

THE HIBERNIAN BANK, LIMITED

ESTABLISHED 1825

CAPITAL				Market Value	Year Ended June 30	Net Profits	PROFITS AND DIVIDENDS		Reserves, &c.	Carried Forward
Subscribed	Paid-up	Callible	Reserved				Per Cent. of Resources	Dividends Amount		
£	£	£	£	£		£		Rate %	£	£
2,000,000	500,000	500,000	1,000,000		1925	109,278	0-78	50,000	10½	16,789
					1926	103,197	0-77	56,250	12½	21,168
					1927	103,865	0-78	61,500	12½	27,333
					1928	104,546	0-81	62,500	12½	34,679
					1929	97,944	0-73	67,500	13½	30,023
					1930	99,609	0-74	67,500	13½	32,132
					1931	109,114	0-82	67,500	13½	41,246
					1932	82,977	0-62	67,500	11½	30,473
					1933	88,187	0-66	67,500	11½	31,160
					1934	86,650	0-68	67,500	11½	30,510
					1935	82,878	0-66	67,500	11½	25,689

* Free of income tax.

Year ended June 30	Number of Branches	LIABILITIES					Total Liabilities or Assets	ASSETS				
		Capital and Reserves	Per Cent.	Un-divided Profits	Per Cent.	Notes in Circulation		Cash in Hand and at Bank	Per Cent.	Investments	Per Cent.	Discounts, Loans and Advances
1925	58	1,075,000	7-7	54,009	0-4	...	12,693	0-1	12,874,912	91-8	14,016,614	453,588
1926	58	1,100,000	8-2	59,918	0-4	...	12,072	0-1	12,824,453	91-3	13,454,443	431,049
1927	58	1,120,000	8-4	66,283	0-5	...	11,456	0-1	12,162,014	91-0	13,359,753	383,961
1928	61	1,140,000	8-7	73,529	0-6	...	10,027	0-1	11,754,098	90-6	12,977,454	398,803
1929	62	1,160,000	8-9	68,382	0-5	324,617	2-4	8,713	...	11,767,056	88-4	13,329,159
1930	62	1,180,000	9-0	79,997	0-6	388,527	2-9	8,423	...	11,669,407	87-7	13,314,739
1931	62	1,200,000	9-0	79,997	0-6	391,057	2-9	8,188	...	11,672,040	87-5	13,351,282
1932	62	1,220,000	9-1	62,973	0-5	480,880	3-6	7,473	...	11,550,057	86-8	13,321,383
1933	62	1,140,000	8-5	63,660	0-5	506,471	3-8	6,621	...	11,829,564	87-2	13,546,315
1934	62	1,160,000	9-1	62,811	0-5	507,469	4-0	5,858	...	11,073,651	86-4	12,809,719
1935	62	1,180,000	9-4	58,189	0-5	509,412	4-0	5,212	...	10,873,322	86-1	12,626,135

MUNSTER AND LEINSTER BANK, LIMITED

1885—Assets of Munster Bank, Limited, acquired

CAPITAL				Market Value	Year Ended June 30	Net Profits	PROFITS AND DIVIDENDS		Reserves, &c.	Carried Forward
Subscribed	Paid-up	Callible	Reserved				Per Cent. of Resources	Dividends Amount		
£	£	£	£	£		£		Rate %	£	£
1,875,000	750,000	1,125,000	1,000,000	1,781,250	1925	190,727	0-70	82,708	19½	105,000
					1926	184,159	0-72	90,000	18½	95,000
					1927	181,176	0-69	90,000	18½	90,000
					1928	180,785	0-69	100,000	19½	80,000
					1929	179,979	0-65	105,000	17½	80,000
					1930	180,884	0-66	105,000	17½	80,000
					1931	186,888	0-62	105,000	17½	80,000
					1932	172,224	0-61	97,500	13½	75,000
					1933	155,525	0-54	90,000	12½	67,500
					1934	136,552	0-50	90,000	12½	47,500
					1935	158,291	0-52	90,000	12	47,500

* Free of income tax.

9 per cent. tax free.

Continued on page 2

MUNSTER AND LEINSTER BANK, LIMITED—Continued from page 28

Year ended June 30	Number of Branches	LIABILITIES					Total Liabilities or Assets	ASSETS				
		Capital and Reserves	Per Cent.	Un-divided Profits	Per Cent.	Deposit and Current Accounts, Rebate, &c.		Cash in Hand and with Bankers	Per Cent.	Cash at Call and Short Notice	Per Cent.	Investments
1925	186	1,635,000	6-0	92,031	0-3	25,391,429	93-7	27,118,460	1,883,898	7-0	530,000	1-9
1926	194	1,700,000	6-5	91,190	0-3	24,541,240	93-2	26,332,430	1,638,536	7-0	506,072	1-9
1927	202	1,740,000	6-6	92,366	0-4	24,442,419	93-0	26,274,785	1,590,135	6-1	1,201,563	4-6
1928	197	1,750,000	6-7	98,151	0-3	24,340,688	93-0	26,188,839	2,052,734	7-7	1,000,000	3-8
1929	198	1,750,000	6-4	95,630	0-3	22,558,817	93-3	27,404,447	1,799,860	6-5	2,050,000	7-5
1930	199	1,750,000	6-4	96,515	0-4	22,532,519	93-2	27,159,034	1,576,810	5-8	1,200,000	4-4
1931	199	1,750,000	6-4	98,403	0-4	22,549,540	93-2	27,340,943	1,420,601	3-7	1,000,000	3-7
1932	199	1,750,000	6-2	90,627	0-3	22,648,563	93-5	28,326,190	1,080,540	3-8	1,600,000	5-6
1933	205	1,750,000	6-1	88,652	0-3	22,841,578	93-6	28,680,230	1,110,596	3-9	2,000,000	7-0
1934	205	1,750,000	6-5	89,703	0-3	22,567,075	93-2	27,204,378	1,137,418	4-2	1,300,000	4-8
1935	206	1,750,000	6-5	88,494	0-3	24,967,059	93-2	26,805,553	1,411,454	5-2	1,500,000	5-6

* Includes Treasury Bills.

† Includes note circulation.

THE NATIONAL BANK LIMITED

ESTABLISHED 1835

CAPITAL				Market Value	Year Ended June 30	Net Profits	PROFITS AND DIVIDENDS		Reserves, &c.	Carried Forward
Subscribed	Paid-up	Callible	Reserved				Per Cent. of Resources	Dividends Amount		
£	£	£	£	£		£		Rate %	£	£
7,500,000	1,500,000	1,000,000	5,000,000	3,468,750	1925	366,587	0-83	176,750	14	187,000
					1926	364,585	0-85	185,937	14	180,000
					1927	323,998	0-75	170,953	14	155,000
					1928	311,161	0-72	168,000	14	145,000
					1929	312,165	0-73	210,000*	14	120,000
					1930	261,803	0-64	210,000*	14	50,000
					1931	270,034	0-65	210,000*	14	60,000
					1932	245,018	0-58	195,000*	13	50,000
					1933	220,194	0-51	180,000	12	40,000
					1934	224,016	0-53	180,000	12	40,000
					1935	220,402	0-53	180,000	12	40,000

ROYAL BANK OF IRELAND, LIMITED—Continued from page 29

Year ended Aug. 31.	Number of Branches	LIABILITIES							Total Liabilities or Assets	ASSETS									
		Capital and Reserves	Per Cent.	Un-divided Profits	Per Cent.	Notes in circulation	Per Cent.	Deposit and Current Accounts		Cash in Hand, at Bank, and at Call	Per Cent.	Investments	Per Cent.	Bills Discounted	Per Cent.	Advances	Per Cent.	Premises	Per Cent.
1924	43	£ 475,000	6.1	25,093	0.3	...	...	7,321,867	93.6	£ 7,819,960	6.6	2,039,955	26.1	395,471	5.0	4,641,872	59.4	225,000	2.9
1925	43	500,000	6.8	25,660	0.3	...	...	6,817,949	92.9	7,341,609	5.3	2,189,523	29.8	198,300	2.7	4,335,628	59.1	225,000	3.1
1926	42	510,000	7.0	25,104	0.3	...	...	6,792,983	92.7	7,328,087	6.8	2,190,460	29.9	181,360	2.5	4,400,426	59.2	225,000	3.1
1927	42	520,000	7.2	25,538	0.3	...	...	6,899,212	92.7	7,444,750	6.2	2,203,776	29.6	152,406	2.0	4,400,426	59.2	225,000	3.0
1928	42	530,000	7.2	26,845	0.4	...	...	6,758,579	92.4	7,315,424	7.1	2,221,773	30.4	125,770	1.7	4,21,007	57.8	225,000	3.0
1929	42	540,000	7.2	26,017	0.3	273,000	3.7	6,646,842	88.8	7,485,359	6.7	2,443,155	32.6	116,576	1.6	4,199,601	56.1	225,000	3.0
1930	42	550,000	7.4	25,963	0.4	246,154	3.3	6,573,242	88.9	7,395,359	5.7	2,373,217	32.1	116,576	1.6	4,199,601	56.1	225,000	3.0
1931	42	550,000	7.4	18,072	0.2	230,977	3.1	6,650,104	89.2	7,459,153	6.0	2,330,345	31.2	116,576	1.6	4,199,601	56.1	225,000	3.0
1932	43	570,000	7.6	22,486	0.3	233,800	3.1	6,661,990	89.0	7,488,276	14.2	1,532,123	20.5	606,052	8.1	3,721,463	51.1	250,000	3.4
1933	43	580,000	8.0	22,692	0.3	231,142	3.2	6,458,309	88.5	7,292,143	15.5	1,158,523	15.9	1,006,267	13.7	3,721,463	51.1	250,000	3.4
1934	43	590,000	8.3	23,363	0.3	233,355	3.3	6,245,222	88.1	7,091,940	8.1	2,260,202	31.9	92,280	1.3	3,915,022	55.2	251,843	3.5

† December 31.

(2) AFRICAN BANKS

BANK OF BRITISH WEST AFRICA LIMITED

REGISTERED 1894

Subscribed	Paid-up	CAPITAL		Market Value Oct. 3, 1935	Year Ended March 31	Net Profit	Dividend	To Reserve, &c.	Carried Forward
		£	£						
3,000,000	1,200,000	300,000	1,500,000	1,125,000	1925	112,352	...	50,000	38,032
Per Share	Per Share	Per Share	Per Share	Per Share	1926	114,368	...	50,000	42,400
£10	£4	£1	£5	£3½	1927	116,930	...	50,000	49,330
					1928	124,950	...	50,000	52,280
					1929	128,331	...	55,000	53,611
					1930	121,822	...	50,000	53,433
					1931	21,568	...	...	30,001
					1932	59,225	...	...	41,626
					1933	58,611	...	10,000	52,237
					1934	58,766	...	15,000	53,003
					1935	64,671	...	...	54,674

In August, 1920, 200,000 new shares of £10 each were created, of which 100,000 (£4 paid) were allotted in equal proportions to the Westminster Bank Limited, the National Provincial Bank Limited, and the Standard Bank of South Africa, Limited.

Year ended Mar. 31.	Number of Branches	LIABILITIES							Total Liabilities or Assets	ASSETS									
		Capital and Reserves	Per Cent.	Un-divided Profits	Per Cent.	Bills for Collection and Liability on Acceptances	Per Cent.	Drafts Issued and Rebate		Cash in Hand, at Bank, and in Transit	Per Cent.	Investments	Per Cent.	Bills of Exchange	Per Cent.	Loans, Advances, and other accounts	Per Cent.	Premises and Cover for Acceptances and Bills	Per Cent.
1925	50	£ 1,600,000	15.8	74,032	0.7	1,270,350	12.6	432,414	4.3	6,726,491	66.6	1,013,287	10.0	1,251,178	12.4	1,215,655	12.0	2,866,563	28.4
1926	52	1,600,000	17.8	78,400	0.9	945,197	10.6	264,900	3.0	6,068,803	67.7	8,957,300	10.0	1,391,498	15.1	1,463,090	16.1	3,191,543	32.1
1927	53	1,600,000	15.6	85,330	0.9	81,308,757	12.7	313,147	3.0	6,975,748	67.9	10,282,982	10.0	2,108,551	20.5	1,570,024	15.1	3,191,543	32.1
1928	54	1,600,000	16.0	100,280	1.1	1,271,613	12.7	299,110	3.0	6,717,224	67.2	9,988,227	10.0	1,891,285	19.0	1,589,452	15.1	3,191,543	32.1
1929	54	1,600,000	15.4	95,611	0.9	1,439,133	13.8	370,024	3.6	6,873,385	66.3	10,282,982	10.0	1,891,285	19.0	1,589,452	15.1	3,191,543	32.1
1930	57	1,600,000	16.7	95,433	1.0	1,089,494	11.3	273,276	2.8	6,549,175	66.3	10,282,982	10.0	1,891,285	19.0	1,589,452	15.1	3,191,543	32.1
1931	56	1,600,000	18.0	48,001	0.5	1,131,347	12.7	196,530	2.2	6,909,445	66.6	10,282,982	10.0	1,891,285	19.0	1,589,452	15.1	3,191,543	32.1
1932	47	1,600,000	19.7	71,626	0.9	1,111,908	8.8	190,594	2.3	6,549,759	68.3	10,282,982	10.0	1,891,285	19.0	1,589,452	15.1	3,191,543	32.1
1933	47	1,600,000	18.2	82,237	0.9	816,485	9.3	167,664	1.9	5,107,184	69.7	8,773,570	10.0	1,049,741	12.4	2,540,845	21.3	3,130,382	31.3
1934	44	1,600,000	18.5	83,003	1.0	685,072	7.9	143,385	1.7	5,134,040	70.9	8,645,500	10.0	769,313	8.6	1,821,620	20.2	3,158,603	31.2
1935	44	1,600,000	17.2	84,674	0.9	781,410	8.6	159,167	1.7	6,672,668	71.8	9,297,919	10.0	770,688	8.3	4,428,187	47.6	670,596	7.2

BARCLAYS BANK (DOMINION, COLONIAL AND OVERSEAS)

1836.—Established by Royal Charter as the Colonial Bank
1925.—Reincorporated by Act of Parliament and acquired the National Bank of South Africa, Limited, and the Anglo-Egyptian Bank, Limited

Subscribed	Paid-up	CAPITAL		Price October 3, 1935	Year ended September 30	Net Profit	Dividend	To Reserve, &c.	Carried Forward
		£	£						
6,975,500	4,975,500	2,000,000	3,024,500	"A" shares £1 f.p. 37/-	1928	494,823	...	270,000	130,710
Per share	Per share	Per share	Per share	Market Value October 3, 1935	1929	465,594	...	280,000	137,981
"A" shares £1	£1	£4	£4	"A" Shares ... £4,962,625	1930	465,071	...	210,000	164,730
"B" shares £5	£1	£4	£4	8% Cum. Pref. ... £3,675,650	1931	402,754	...	100,000	244,738
8% Cum. Pref.	...	...	...		1932	372,103	...	180,000	215,888
					1933	371,548	...	150,000	216,478
					1934	409,827	...	175,000	216,816

Year ended Sept. 30	Number of Branches	LIABILITIES							Total Liabilities or Assets	ASSETS									
		Capital and Reserves	Per Cent.	Notes	Per Cent.	Acceptances	Per Cent.	Deposits		Cash in hand, at Bank, &c., and Money at Call	Per Cent.	Investments	Per Cent.	Discounts and Advances	Per Cent.	Premises and Sundries	Per Cent.		Per Cent.
1928	440	£ 6,375,500	8.9	942,549	1.3	4,687,223	6.5	59,675,657	83.3	£ 71,680,929	15.0	15,067,156	21.0	9,249,647	12.9	40,720,657	56.8	6,643,469	9.5
1929	462	6,525,500	8.9	968,017	1.3	4,561,854	6.2	61,043,263	83.6	73,098,534	15.9	15,987,546	21.8	9,200,777	12.6	41,255,019	56.5	6,675,292	9.1
1930	486	6,625,500	8.9	918,520	1.2	3,974,620	5.4	62,690,265	84.5	74,208,905	17.5	16,005,466	21.6	12,970,040	17.5	39,228,109	53.2	6,964,429	9.5
1931	493	6,625,500	8.3	781,343	1.0	3,558,843	4.6	68,462,423	86.2	79,428,109	16.7	16,760,317	21.1	14,509,263	18.3	42,364,368	53.3	5,794,160	7.3
1932	477	6,625,500	8.0	744,210	0.9	3,544,206	4.3	71,621,970	86.8	82,535,886	17.6	17,683,670	21.1	18,314,991	22.2	40,571,424	49.2	5,965,801	7.2
1933	479	6,625,500	7.7	735,992	0.8	3,342,453	4.2	74,521,924	87.3	85,225,869	19.4	19,493,066	23.0	27,170,192	31.8	32,737,951	38.4	5,824,660	6.8
1934	479	6,725,500	7.1	770,978	1.1	4,311,572	4.3	82,865,855	87.6	94,674,005	21.5	21,548,461	22.8	25,776,119	27.2	40,504,801	42.8	6,842,624	7.2

NETHERLANDS BANK OF SOUTH AFRICA

REGISTERED 1888

With which was amalgamated Transvaal Commercial Bank in May, 1925

Subscribed	Paid-up	CAPITAL		Year.	Net Profit	Dividend	To Reserve, &c.	Carried Forward
		£	£					
£ 5,622,500	£ 5,622,500	Nil	Nil	1924	27,105	...	15,541	125
(S.A. £779,819 13 11)	(S.A. £779,819 13 11)			1925	46,463	...	18,339	628
				1926	48,165	...	19,756	925
				1927	56,952	...	26,341	1,080
				1928	60,145	...	27,391	1,036
				1929	60,078	...	28,070	246
				1930	51,517	...	22,515	1,135
				1931	51,468	...	21,805	686
				1932	72,833	...	34,788	2,949
				1933	77,415	...	26,641	3,872
				1934	61,311	...	...	...

* From reserve, etc.

Continued on page 31

NETHERLANDS BANK OF SOUTH AFRICA—Continued from page 30

Year ended December 31	Number of Branches	LIABILITIES							Total Liabilities or Assets	ASSETS							
		Capital and Reserves	Per Cent.	Un-divided Profits	Per Cent.	Acceptances, Bills for Collection, &c.	Per Cent.	Deposit and Current Accounts		Per Cent.	Cash in Hand, with Bankers, and Money at Call	Per Cent.	Investments	Per Cent.	Discounts and Advances	Per Cent.	Buildings and Sundries, including Acceptances	Per Cent.
		£		£		£		£		£		£		£		£	
1924	18	315,096	15.0	27,820	1.3	271,893	13.0	1,482,663	70.7	2,097,472	15.0	70,394	3.3	1,386,255	66.2	325,201	15.5
1924	18	315,096	21.7	36,420	1.3	252,183	8.7	1,974,729	69.3	2,849,492	15.6	145,501	5.1	2,081,491	72.3	204,668	7.2
1926	19	635,208	22.9	39,210	1.4	400,387	14.4	1,701,567	61.3	2,776,473	12.3	105,986	3.8	1,838,008	66.3	489,889	17.6
1927	18	635,208	19.8	47,003	1.6	667,658	20.9	1,845,832	57.8	3,195,701	10.8	99,601	3.1	2,037,540	63.7	173,562	22.4
1928	18	635,209	19.6	50,429	1.5	686,604	21.2	1,876,520	57.2	3,248,762	12.0	100,388	3.1	2,033,495	62.6	723,607	22.3
1929	19	645,209	20.4	45,472	1.4	710,016	22.5	1,760,806	55.7	3,161,903	12.5	99,114	3.1	1,995,496	63.2	720,990	22.3
1930	19	645,209	22.3	37,337	1.3	1,898,609	65.8	2,894,728	14.1	2,074,402	14.1	224,534	7.8	1,889,540	65.3	373,453	12.9
1931	18	645,209	27.8	37,218	1.6	87,954	3.8	1,547,066	66.8	2,311,447	20.8	153,699	6.0	1,516,361	65.5	163,860	7.0
1932	18	827,714	29.1	2,342	0.1	272,345	9.6	1,737,246	61.2	2,839,647	17.8	271,330	9.6	1,744,394	51.8	306,548	10.9
1933	18	974,923	27.0	38,880	1.1	500,642	13.8	2,093,391	58.1	3,613,836	71.1	219,178	13.3	1,741,999	48.3	641,800	17.0
1934a	19	1,105,756	31.4	37,839	1.1	475,384	13.5	1,895,763	54.0	3,514,742	21.8	365,741	10.4	1,782,886	50.8	599,521	17.7

BANK OF ADELAIDE

INCORPORATED DECEMBER 5, 1865

CAPITAL					Year Ended March 31	Net Profit £	Dividend %	To Reserve, £	Carried Forward £
Subscribed £	Paid-up £	Callable £	Reserved £						
1,250,000	1,250,000	Nil	1,250,000		1925	117,216	10	30,000	27,740
					1926	104,734	10	20,000	24,974
					1927	104,645	10	...	39,827
					1928	128,637	10	20,000	33,464
					1929	145,411	10	15,000	38,875
					1930	138,107	9	...	49,482
					1931	91,813	7	...	53,795
					1932	66,776	4	30,000	40,571
					1933	53,727	4	...	44,298
					1934	54,497	4	...	48,795
					1935	55,201	4	25,000	28,997

CAPITAL					Year Ended Mar. 31	Capital and Reserves £	Per Cent.	Un- divided Profits £	Per Cent.	Notes £	Per Cent.	Miscel- laneous Credits, Rebate, &c. £	Per Cent.	Deposit and Current Accounts £	Per Cent.	Total Liabili- ties or Assets £
Subscribed £	Paid-up £	Callable £	Reserved £													
1,250,000	1,250,000	Nil	1,250,000		1925 ..	1,041,491	19.1	6,887	0.1	463,308	5.4	6,317,889	74.2	8,514,575		1,715,658
					1926 ..	88,724	1.0	6,826	0.1	489,694	5.6	6,453,083	74.3	8,693,327		1,457,773
					1927 ..	85,869	1.0	6,815	0.1	520,194	5.8	6,463,478	74.3	8,926,134		1,494,625
					1928 ..	115,964	1.3	6,755	0.1	727,957	7.9	6,084,129	66.6	9,134,807		1,516,846
					1929 ..	116,375	1.3	6,713	0.1	633,075	7.0	6,177,592	67.5	9,153,765		1,091,384
					1930 ..	114,482	1.3	6,670	0.1	535,005	6.0	6,105,440	67.8	8,996,597		1,010,590
					1931 ..	91,295	1.1	6,661	0.1	343,423	4.1	5,762,328	68.1	8,453,705		1,278,700
					1932 ..	65,571	0.7	6,603	0.1	514,914	5.9	6,031,330	67.9	8,868,418		1,127,722
					1933 ..	69,298	0.7	6,599	0.1	392,399	4.2	6,667,038	71.0	9,385,334		1,179,470
					1934 ..	73,795	0.8	6,597	0.1	338,754	3.8	6,197,488	69.9	8,865,634		1,204,167
					1935 ..	53,997	0.6	6,592	0.1	242,734	2.7	6,372,597	71.4	8,925,920		1,145,489

BANK OF AUSTRALASIA

INCORPORATED 1835

CAPITAL					Year Ended October	Net Profit £	Dividend %	To Reserve, £	Carried Forward £
Subscribed £	Paid-up £	Callable £	Reserved £	Market Value £					
4,500,000	4,500,000	Nil	4,500,000	7,650,000	1924	629,904	13*	100,000	130,332
					1925	632,555	13*	110,000	132,887
					1926	652,821	14*	90,000	135,508
					1927	654,060	14*	40,000	139,567
					1928	675,192	14*	80,000	139,780
					1929	677,183	14*	25,000	161,943
					1930	615,084	13*	...	192,027
					1931	302,536†	9	...	151,063
					1932	254,970	7†	...	169,783
					1933	258,508	7†	...	175,166
					1934	265,087	7†	...	178,690

CAPITAL					Year Ended Oct.	Capital and Reserves £	Per Cent.	Un- divided Profits £	Per Cent.	Notes £	Per Cent.	Bills Payable, &c. £	Per Cent.	Deposits and Current Accounts £	Per Cent.	Total Liabili- ties or Assets £
Subscribed £	Paid-up £	Callable £	Reserved £	Market Value £												
210	7,700,000	19.3	390,332	1.0	1924...	386,257	1.0	3,396,147	8.5	28,010,187	70.2	39,882,923		5,531,936	13.9	905,000
211	7,760,000	18.9	392,887	1.0	1925...	1,13,694,129	9.0	28,708,674	70.0	40,993,316	6.3	7,774,440	15.5	65,000	0.2	3,694,607
212	7,810,000	18.4	435,508	1.0	1926...	438,849	1.0	4,430,226	10.4	29,394,047	69.2	42,508,630		6,562,348	14.9	110,000
213	7,850,000	17.6	419,568	1.0	1927...	427,542	1.0	4,418,994	9.9	31,478,756	70.5	44,594,860		6,645,234	14.9	110,000
214	8,950,000	18.8	454,760	1.0	1928...	428,622	1.0	3,909,217	8.2	33,476,329	71.0	47,618,928		7,385,811	15.6	120,000
215	8,975,000	18.2	476,943	0.9	1929...	434,328	0.9	5,022,528	10.2	34,414,798	69.8	49,323,597		7,182,967	14.5	50,000
216	8,975,000	18.7	462,027	1.0	1930...	401,137	0.8	3,965,638	8.2	34,232,584	71.3	48,036,188		6,111,127	12.7	495,000
217	8,975,000	17.3	320,188	0.6	1931...	333,079	0.6	7,341,478	6.7	38,178,574	74.3	50,720,919		8,180,221	16.1	50,000
218	8,975,000	17.2	310,166	0.6	1932...	353,520	0.7	4,772,167	9.1	37,833,351	72.4	52,244,204		51,832,563	7.9	60,000
219	8,975,000	16.6	318,190	0.6	1933...	119,384	0.2	4,879,418*	9.1	39,601,807	73.5	53,893,799		9,356,504	17.4	10,306,126

* Includes centenary bonus 2 per cent. and bonus to staff.

BANK OF NEW SOUTH WALES

ESTABLISHED 1817, AND INCORPORATED IN 1850

1927.—Absorbed Western Australian Bank

1931.—Absorbed the Australian Bank of Commerce, Limited

CAPITAL					Year Ended Sept. 30	Net Profit £	Dividend %	To Reserve, £	Carried Forward £
Subscribed £	Paid-up £	Reserved Liability of Proprietors £	Market Value £						
8,780,000	8,780,000	8,780,000	10,755,500	1924	851,514	10	250,000	163,159	
				1925	388,213	10	100,000	161,372	
				1926	979,363	12†	250,000	130,755	
				1927	1,099,559	12†	350,000	130,316	
				1928	1,226,247	12†	340,760	170,616	
				1929	1,184,943	12†	250,000	168,654	
				1930	994,825	10	250,000	163,479	
				1931	734,699	9†	...	166,328	
				1932	565,235	8	...	112,963	
				1933	462,967	5†	...	114,980	
				1934	439,617	5	...	115,596	
				1935	439,739	5	...	116,335	

* Half-year to September 30th.

† Year to March 31st.

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Hambros Bank Limited

41. Bishopsgate,
London E.C.2.

West End Office: 67, Pall Mall, S.W.1.

The BRITISH OVERSEAS BANK LIMITED

THROUGH its world-wide connections and agencies the Bank is able to offer to its clients at home and abroad exceptional facilities in foreign exchange and in the financing of every form of foreign trade, and also to provide up-to-date credit reports and information as to international business conditions. Correspondence invited.

33 GRACECHURCH STREET, Lombard Court, LONDON, E.C.3

TELEGRAPHIC ADDRESS

Inland: "SAESREVO, PHONE, LONDON" Foreign: "SAESREVO, LONDON"
TELEPHONE NO. MANSION HOUSE 7842

BANK OF NEW SOUTH WALES—Continued from page 32

Year ended Sept. 30	Number of Branches	LIABILITIES										Total Liabilities or Assets	ASSETS										
		Capital and Reserves	Per Cent.	Un- divided Profits	Per Cent.	Notes	Per Cent.	Out- standing Credits, Bills, Payable, &c.	Per Cent.	Deposit and Current Accounts	Per Cent.		Cash in Hand, Notes, &c.	Per Cent.	Money at Short Call and Bills Receivable and Remittances in Transit	Per Cent.	Investments	Per Cent.	Discounts and Advances	Per Cent.	Premises and Sundries, including Cover for Ac- ceptances	Per Cent.	
1924*	366	\$	9,900,000	12.7	463,159	0.6	695,702	0.9	12,106,741	15.5	55,043,478	70.3	78,209,080	13,981,507	17.9	9,681,388	12.4	3,535,558	4.5	41,801,806	53.4	3,208,821	4.1
1924	370	\$	10,050,000	13.6	401,372	0.5	481,090	0.7	10,719,546	14.5	52,396,570	70.7	74,048,578	14,937,477	20.2	4,967,863	5.7	7,945,012	10.7	43,208,816	58.4	2,989,410	4.0
1925	376	\$	10,150,000	12.7	680,755	0.9	535,020	0.7	11,533,532	14.4	45,070,096	71.3	80,009,403	16,460,307	20.6	6,983,803	8.7	10,528,835	13.2	43,208,816	58.4	2,989,410	4.0
1926	431	\$	10,400,000	12.6	780,315	0.9	592,036	0.7	11,835,286	14.4	45,887,508	71.4	82,195,145	14,410,832	17.5	5,566,575	6.8	10,202,435	12.4	43,208,816	58.4	2,989,410	4.0
1927	514	\$	12,732,680	14.9	882,548	1.0	673,458	0.7	11,937,611	13.6	61,554,635	70.2	87,781,129	15,186,291	17.3	6,835,591	7.8	10,240,235	12.4	43,208,816	58.4	2,989,410	4.0
1928	559	\$	13,150,000	14.8	793,654	0.9	633,262	0.7	9,891,114	11.6	61,554,635	70.2	88,932,585	15,943,061	17.9	5,368,502	6.0	12,401,670	13.9	43,208,816	58.4	2,989,410	4.0
1929	589	\$	13,400,000	14.8	600,978	0.7	584,091	0.6	10,165,176	11.2	66,056,052	72.7	90,806,297	11,960,512	13.2	5,368,502	6.0	12,401,670	13.9	43,208,816	58.4	2,989,410	4.0
1930	594	\$	13,650,000	15.3	335,678	0.4	527,026	0.6	8,477,451	9.5	66,238,223	74.2	89,228,378	12,259,787	13.7	5,049,695	5.7	12,509,414	14.0	43,208,816	58.4	2,989,410	4.0
1931	702	\$	13,650,000	15.2	244,663	0.3	481,455	0.5	6,347,216	7.0	66,988,093	77.0	90,111,427	13,220,274	14.7	4,670,223	5.2	12,529,232	14.0	43,208,816	58.4	2,989,410	4.0
1932	705	\$	14,930,000	13.9	224,730	0.2	564,772	0.5	7,862,018	7.3	83,943,595	78.1	107,525,115	12,114,058	11.3	4,144,907	3.8	18,253,152	17.7	43,208,816	58.4	2,989,410	4.0
1933	718	\$	14,930,000	13.4	225,346	0.2	601,793	0.5	9,437,472	8.5	86,317,691	77.4	111,512,302	11,259,966	10.2	7,150,179	6.4	12,262,177	11.0	43,208,816	58.4	2,989,410	4.0
1934	740	\$	14,930,000	12.7	226,085	0.2	297,491	0.3	9,701,376	8.3	91,840,970	78.5	116,995,922	14,924,324	12.7	5,342,486	4.6	16,926,496	14.5	43,208,816	58.4	2,989,410	4.0

* Year ended March 31st.

† Including Treasury Bills.

‡ Branches and agencies.

BANK OF NEW ZEALAND

INCORPORATED WITH LIMITED LIABILITY IN NEW ZEALAND IN 1861

CAPITAL					Year	Net Profit	Dividend	To Reserve	Carried
	Subscribed	Paid-up	Callable	Reserved	Ended	£	%	&c.	Forward
					March 31			£	
Ordinary Shares	£3,750,000	£3,750,000	Nil	Nil	1925	819,285	13½	250,000	513,299
Per Share	£1		Nil	Nil	1926	912,160	13½	147,689	565,37*
Preference Shares	£1,875,000	£1,875,000	Nil	Nil	1927	991,091	13½	200,000	584,656
Long Term Mortgage					1928	915,389	13½	124,175	582,625
Shares	£703,125	£703,125	Nil	Nil	1929	1,124,959	13½	275,000	617,691
					1930	948,534	13½	125,000	623,157
					1931	845,814	13½	25,000	626,002
				Price,	1932	587,023	14½	...	395,056
				Oct. 8, 1935	1933	594,270	11½	...	344,795
Ordinary				£2½	1934	573,032	10	...	343,609
					1935	578,748	10	...	348,138
								* Bonus 1 per cent.	

† Including £102,550 long term mortgage debentures.

‡ Including £807,050 long term mortgage debentures.

* Includes money at call.

COMMERCIAL BANK OF AUSTRALIA, LIMITED

ESTABLISHED 1856

1918.—National Bank of Tasmania purchased, March 1, 1918

Year ended June 30	Number of Branches	CAPITAL										Year Ended June 30	Net Profit	Ordinary Dividend	To Reserve, &c.	Carried Forward						
		Capital and Re- serves	Per Cent.	Un- divided Profits	Per Cent.	Notes	Per Cent.	Contingent Liabilities and Bills in Circulation	Per Cent.	Deposit and Current Ac- counts	Per Cent.											
																	Subscribed	Paid-up	Callable	Reserved		
Ordinary Shares	£2,000,000	£2,000,000																				
Per Share	10s.	10s.																				
Registered Preferred Capital, £3,000,000																						
Preference Shares	£2,117,350	£2,117,350																				
Per Share	£10	£10																				
LIABILITIES																						
Year ended June 30	Number of Branches	Capital and Re- serves	Per Cent.	Un- divided Profits	Per Cent.	Notes	Per Cent.	Contingent Liabilities and Bills in Circulation	Per Cent.	Deposit and Current Ac- counts	Per Cent.	Total Liabilities or Assets	Cash in Hand and at Bankers	Per Cent.	Cash at Call and Short Notice in London	Per Cent.	Invest- ments	Per Cent.	Discounts, Advances, and Bills and Remit- tances in Transit	Per Cent.	Premises and Sundries	Per Cent.
1925	270	3,545,805	14.0	172,075	0.7	£ 920	0.0	4,175,842	7.0	19,666,798	77.9	25,237,440	4,024,459	16.0	705,000	2.8	2,133,984	8.5	17,761,681	69.0	1,177,616	4.6
1926	289	4,065,722	15.1	172,180	0.6	1,040,087	0.4	4,197,582	7.3	20,615,561	76.6	26,930,132	4,012,977	14.9	780,000	2.9	3,032,182	11.3	17,961,898	65.9	1,343,075	4.5
1927	319	4,599,050	16.1	203,013	0.7	1,176,124	0.6	4,403,346	8.4	21,102,190	74.2	28,483,723	4,263,100	15.0	710,000	2.5	3,898,200	6.7	20,128,245	70.6	1,484,178	5.1
1928	351	5,153,368	16.9	230,489	0.8	2,267,775	0.7	4,530,249	8.3	22,307,885	73.3	30,448,786	3,729,635	12.2	760,000	2.4	4,176,571	13.7	20,121,475	66.4	1,581,005	5.0
1929	365	5,703,600	17.3	252,943	0.8	2,444,028	0.7	4,570,432	7.8	24,181,046	73.4	32,952,049	3,746,615	11.4	610,000	1.9	5,176,562	7.8	24,261,450	73.3	1,677,622	5.1
1930	376	6,200,749	20.0	273,052	0.9	2,330,138	0.7	4,177,490	7.0	22,165,235	71.4	31,046,564	3,169,731	10.2	517,500	1.6	5,062,637	15.7	22,700,074	71.3	1,596,722	5.0
1931	371	6,367,350	21.7	207,683	0.7	1,844,082	0.6	4,729,079	5.9	20,853,785	71.4	29,344,975	3,777,263	12.5	125,000	0.4	6,111,816	13.7	20,905,993	70.0	1,675,219	5.0
1932	365	6,367,350	21.1	212,659	0.7	1,783,350	0.6	4,675,453	5.5	22,380,269	72.7	30,792,842	3,401,329	11.1	...	...	5,782,457	12.3	20,337,878	67.4	1,739,025	5.0
1933	365	6,367,350	20.6	171,599	0.6	1,888,500	0.6	4,685,124	5.5	22,554,505	73.8	33,301,707	4,004,554	12.0	20,000	0.1	4,253,245	12.4	23,137,916	69.9	1,821,697	5.0
1934	365	6,367,350	19.1	176,059	0.5	1,778,884	0.6	4,675,453	5.5	22,554,505	73.8	33,301,707	3,992,887	10.7	15,000	0.4	4,382,832	13.0	23,340,908	69.9	1,821,697	5.0
1935	369	6,367,350	18.9	199,824	0.6	1,778,884	0.6	4,675,453	5.5	22,554,505	73.8	33,301,707	3,992,887	10.7	15,000	0.4	4,382,832	13.0	23,340,908	69.9	1,821,697	5.0

BARCLAYS BANK (DOMINION, COLONIAL AND OVERSEAS)

OVER 400 BRANCHES IN

THE UNION OF SOUTH AFRICA

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NORTHERN & SOUTHERN RHODESIA . PORTUGUESE EAST AFRICA

SOUTH-WEST AFRICA . BRITISH WEST AFRICA

MALTA . GIBRALTAR . EGYPT . SUDAN . PALESTINE

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BARCLAYS BANK (CANADA)
Montreal and Toronto

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The Bank is prepared to act as **REGISTRAR** and **TRANSFER AGENT**, being fully equipped with the necessary personnel and machinery for the expeditious and accurate handling of transfers, preparation of share and stock certificates and Dividend Warrants, maintenance of Stock and Share Registers, registration of probates and Powers of Attorney, and all other duties pertaining to the office of Registrar and Transfer Agent.

ENGLISH, SCOTTISH, AND AUSTRALIAN BANK, LIMITED

Registered 1893 under English Companies Acts

1920.—Amalgamated with the London Bank of Australia, Limited

1921.—Amalgamated with the Commercial Bank of Tasmania, Limited

1927.—Amalgamated with the Royal Bank of Australia, Limited, and a consequent issue of 125,000 shares

CAPITAL					Market Value	Year Ended June 30	Net Profit	Dividend	To Reserve, &c.	Carried Forward
Subscribed	Paid-up	Callible	Reserved	Value						
£5,000,000	£3,000,000	£2,000,000	Nil	£3,687,500						
Per Share £5	Per Share £3	Per Share £2	Per Share Nil	Per Share 3½						
Debtenture Stock.....					£983,547					
Preferred Inscribed Deposit Stock.....					£889,419					

LIABILITIES												ASSETS											
Year ended June 30	Number of Branches	Capital and Reserves	Per Cent.	Un-divided Profits	Per Cent.	Notes	Per Cent.	Bills Payable, &c.	Per Cent.	Deposit and Current Accounts	Per Cent.	Total Liabilities or Assets	Cash in Hand, at Bankers, and at Short Notice	Per Cent.	Investments	Per Cent.	Bills receivable and Remittances in Transit	Per Cent.	Advances, &c.	Per Cent.	Buildings and Sundries, including Security for Note Issue	Per Cent.	
		£		£		£		£		£		£	£		£		£		£		£		
1924	370	5,407,966	16.1	525,102	1.6	1,185	...	2,013,871	6.0	25,696,754	76.3	33,644,878	5,099,436	19.3	1,164,139	3.5	4,444,858	13.2	20,720,840	61.6	808,605	2.4	
1925	384	6,295,297	18.2	556,083	1.6	1,148	...	1,967,092	5.9	25,729,311	74.5	34,548,931	6,990,036	20.2	1,252,761	3.6	4,876,355	14.1	20,635,697	59.8	786,082	2.3	
1926	401	6,340,966	17.0	598,222	1.6	1,128	...	2,393,680	6.4	27,818,631	75.0	37,252,627	7,334,190	20.8	1,478,819	3.5	5,954,470	16.0	21,542,690	57.7	786,309	2.3	
1927	414	7,120,966	16.1	654,210	1.5	1,118	...	2,389,955	7.4	33,088,509	75.0	44,154,758	8,616,337	19.5	1,478,819	3.5	5,954,470	16.0	21,542,690	57.7	786,309	2.3	
1928	434	7,876,715	17.7	711,730	1.7	1,083	...	2,531,983	6.7	33,391,267	75.0	44,512,778	9,916,009	22.3	1,621,168	3.6	5,911,167	13.1	29,587,339	65.4	822,658	1.7	
1929	457	7,887,966	17.7	747,741	1.7	1,083	...	2,891,324	6.4	33,734,497	74.5	45,262,611	7,380,671	16.3	1,621,168	3.6	5,911,167	13.1	29,587,339	65.4	822,658	1.7	
1930	459	7,967,966	19.5	725,478	1.8	1,062	...	1,883,539	4.6	30,281,693	74.1	40,859,739	6,777,738	16.6	1,795,012	4.4	2,679,698	6.6	28,867,868	70.6	736,423	1.8	
1931	417	8,047,966	20.8	437,135	1.1	1,028	...	1,571,140	4.1	28,522,421	70.0	38,579,690	5,889,192	22.2	1,478,380	3.8	2,097,482	5.4	25,699,024	66.7	715,612	1.9	
1932	417	8,077,966	20.4	339,854	0.9	1,028	...	1,878,912	4.0	29,372,285	74.0	39,670,045	9,527,624	24.1	1,599,588	4.0	3,065,318	7.4	24,762,787	63.2	725,012	1.9	
1933	389	8,092,966	20.8	404,181	1.0	1,027	...	1,575,629	4.0	28,946,769	74.2	39,020,572	7,712,402	19.8	1,777,999	4.6	3,821,391	9.8	24,983,769	63.9	725,012	1.9	
1934	386	8,107,966	19.0	405,747	1.0	1,027	...	1,893,267	4.4	32,031,348	75.6	42,439,355	9,232,191	21.7	1,881,589	4.5	4,378,925	10.3	26,217,746	63.9	728,904	1.7	

* Free of tax

NATIONAL BANK OF AUSTRALASIA, LIMITED

INCORPORATED 1858

1918.—Amalgamated with Colonial Bank of Australasia, Limited

1922.—Absorbed Bank of Queensland, Limited

CAPITAL					Market Value	Year Ended March 31	Net Profit	Dividend	To Reserve, &c.	Carried Forward
Subscribed	Paid-up	Callible	Reserved	Value						
£6,800,000	£5,000,000	£1,800,000	Nil	£5						
Per Share £10 & £8	£10 & £5	£3	Price....							
£8 shares with £5 paid, October 3, 1935.					£5½					

Year ended March 31	Number of Branches	LIABILITIES										ASSETS																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
		Capital and Re- serves		Un- divided Profits	Notes	Bills in Circulation, &c.		Deposit and Current Accounts	Total Liabilities or Assets	Cash in Hand and at Bank	Invest- ments		Bills and Remit- tances in Transit		Discounts and Advances		Real Estate and Prem- ises																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																					
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		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£		£

NATIONAL BANK OF NEW ZEALAND, LIMITED

REGISTERED 1872

CAPITAL					Market Value	Year Ended March 31	Net Profit	Dividend	To Reserve, &c.	Carried Forward
Subscribed	Paid-up	Callible	Reserved	Value						
£6,000,000	£2,000,000	£4,000,000	£6,000,000	£2,200,000						
Per Share £7 10s.	Per Share £2 10s.	Per Share £5	Per Share £7 10s.	Per Share 2½						
£7 10s.					£2½					

* Free of tax

Continued on page 37

NATIONAL BANK OF NEW ZEALAND, LIMITED—Continued from page 36

Year ended Mar. 31	LIABILITIES										ASSETS											
	No. of Branches	Capital and Reserves	Per Cent.	Un- divided Profits	Per Cent.	Notes	Per Cent.	Bills Payable, &c.	Per Cent.	Deposit and Current Accounts	Per Cent.	Total Liabilities or Assets	Cash in Hand, at Bankers, and at Call and Short Notice	Per Cent.	Invest- ments	Per Cent.	Bills Dis- counted	Per Cent.	Bills and Ben- e- fici- ences in Transit and Ad- vances	Per Cent.	Landed Property, Premises and Furniture	Per Cent.
£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
1925	55	2,970,000	17.1	306,698	1.8	943,847	5.4	2,328,415	13.4	10,822,912	62.3	17,371,872	1,404,718	8.1	2,000,236	11.5	898,477	5.2	12,665,605	72.9	402,836	2.3
1926	57	3,980,000	21.4	363,044	2.0	955,629	5.2	2,734,578	14.8	10,438,468	56.4	18,471,719	1,393,351	7.5	1,910,436	10.3	1,087,873	5.9	13,627,908	73.9	452,101	2.4
1927	56	4,000,000	21.4	345,319	1.8	1,058,710	5.7	2,013,963	10.8	11,283,317	60.3	18,701,309	1,395,377	7.5	1,970,574	10.5	952,599	5.1	13,883,503	74.2	499,256	2.7
1928	56	4,000,000	21.3	335,572	1.7	1,173,482	6.2	2,138,346	7.3	12,086,015	63.5	18,981,716	2,078,387	10.9	2,129,749	11.2	975,792	5.1	13,225,536	69.8	572,152	3.0
1929	58	4,000,000	21.3	326,154	1.7	1,297,358	6.9	2,618,830	13.9	10,567,019	56.7	18,309,388	1,648,009	8.8	2,229,749	11.9	260,622	6.7	13,065,099	69.4	605,909	3.2
1930	59	4,000,000	20.8	343,457	1.1	1,115,974	5.8	1,638,755	8.6	12,165,875	63.3	19,214,575	1,634,157	8.5	2,450,253	12.7	1,054,118	5.5	13,425,133	69.9	650,912	3.3
1931	59	4,000,000	22.3	248,457	1.4	940,476	5.2	1,062,541	5.9	11,657,303	65.0	19,908,777	1,873,102	10.5	2,532,641	14.1	568,056	3.2	12,281,763	68.5	653,215	3.7
1932	57	4,000,000	21.5	202,294	1.1	951,152	5.2	1,080,808	5.8	12,314,328	66.4	18,558,582	2,270,044	12.2	2,612,247	14.1	403,328	2.2	12,631,930	68.1	641,033	3.4
1933	56	4,000,000	19.8	154,742	0.8	1,019,477	5.0	1,287,043	6.4	13,767,817	68.0	20,229,079	2,621,056	13.0	2,339,990	11.5	373,928	1.8	14,262,317	70.6	631,788	3.1
1934	56	4,000,000	18.0	146,416	0.7	1,111,225	5.0	1,313,405	5.9	13,595,886	70.4	22,166,932	1,426,034	6.4	2,505,648	11.3	323,302	1.5	17,281,802	78.0	630,128	2.8
1935	56	5,500,000	18.7	155,366	0.8	1,151,763	5.0	1,368,853	7.3	13,554,859	72.4	18,730,841	2,669,527	14.3	4,194,477	22.3	427,580	2.3	10,810,333	57.7	629,124	3.4

† Includes New Zealand Government Treasury Bills.

QUEENSLAND NATIONAL BANK, LIMITED

(4) CANADIAN BANKS

BANK OF MONTREAL

ESTABLISHED 1817

Acquired Exchange Bank of Yarmouth, 1903
Acquired People's Bank of Halifax, 1905
Acquired Ontario Bank, 1906
Acquired People's Bank of New Brunswick, 1907

Acquired Bank of British North America, October, 1918
Acquired Merchants' Bank of Canada, March, 1922
Acquired Molsons Bank, January, 1925

CAPITAL				Year Ended Oct. 31	Net Profits \$	Dividend %	To Reserve, &c. \$	Carried Forward \$
Subscribed	Paid-up	Callable	Reserve Liability					
\$	\$	\$	\$					
36,000,000	36,000,000	...	36,000,000	1924.....	4,454,504	14	537,500	761,586
				1925.....	4,604,963	14	608,090	596,788
				1926.....	4,978,153	14	619,167	767,416
				1927.....	5,299,888	14	1,724,167	154,799
				1928.....	5,847,327	14	1,100,000	713,789
				1929.....	7,070,892	14	2,335,865	735,582
				1930.....	6,519,032	14	1,311,439*	947,047
				1931.....	5,386,380	12	910,000	1,103,427
				1932.....	4,663,101	11	557,671	1,248,856
				1933.....	4,005,154	8½	608,559	1,585,451
				1934.....	4,105,024	8	1,000,655	1,809,821

* Including \$51,460 premiums on new stock, carried to reserve.

(Dollars converted to sterling at rate of \$5 to £1.)

LIABILITIES										ASSETS												
Year ended April 30	No. of Branches	Capital and Reserves	Per Cent.	Un- divided Profits	Per Cent.	Notes	Per Cent.	Balances Due to Other Banks in Canada, &c.	Per Cent.	Deposit and Current Accounts	Per Cent.	Total Liabilities or Assets	Cash in Hand and Due by Agencies	Per Cent.	Cash at Call and Short Notice in G. Britain & U.S.A.	Per Cent.	Invest- ments	Per Cent.	Discounts and Advances	Per Cent.	Prem- ises and Sundries	Per Cent.
1924	543	10,900,000	8.0	361,239	0.3	7,544,643	5.6	2,443,626	1.8	114,737,305	84.3	135,986,813	27,099,401	19.9	26,148,700	19.2	25,714,731	18.9	52,003,092	38.3	5,020,889	3.7
1925	617	11,966,680	8.3	352,511	0.3	7,847,922	5.5	3,148,951	2.2	120,322,895	83.8	143,638,959	25,223,653	17.6	29,714,536	20.7	29,996,522	20.9	52,879,517	36.6	6,024,731	4.2
1926	614	11,966,680	8.0	367,980	0.2	8,334,888	5.6	4,321,421	2.9	124,835,509	83.3	149,826,471	26,732,226	17.8	28,499,331	19.1	26,124,483	17.4	52,967,365	41.8	6,003,066	4.0
1927	620	11,966,680	7.6	442,165	0.2	8,653,260	5.5	3,944,662	2.5	131,815,788	84.1	156,822,555	31,149,028	19.9	29,939,254	19.1	24,509,793	15.6	52,263,675	41.1	6,590,805	3.8
1928	626	12,166,680	7.0	332,071	0.3	8,528,928	4.9	5,339,807	3.1	147,270,037	84.8	173,637,523	32,772,922	18.8	31,614,796	18.2	26,185,165	15.1	47,648,178	44.0	6,596,462	3.9
1929	688	14,019,504	7.6	602,118	0.2	8,678,700	4.7	7,132,704	4.0	146,670,410	80.2	183,141,131	34,141,104	18.6	35,866,830	19.6	28,302,872	15.4	47,628,538	43.0	6,201,787	3.4
1930	675	14,800,000	9.0	474,198	0.3	7,694,629	4.7	5,296,057	3.2	136,255,045	82.8	164,519,929	31,075,406	18.9	39,097,894	11.6	24,516,759	14.8	48,599,766	50.6	6,201,787	3.4
1931	648	14,800,000	9.4	434,254	0.3	7,733,589	4.3	5,196,649	3.3	130,215,049	82.1	157,379,541	26,601,844	16.9	9,077,651	5.8	43,525,885	27.6	47,248,732	44.9	5,377,119	3.6
1932	656	14,800,000	9.9	460,319	0.3	7,028,714	4.7	4,521,464	3.0	122,911,999	82.1	149,722,496	26,014,534	17.4	5,181,587	3.4	43,900,524	30.6	47,248,732	44.9	5,377,119	3.6
1933	605	14,800,000	9.6	432,191	0.3	6,829,594	4.4	4,629,547	3.0	127,150,923	82.7	153,833,255	29,436,346	19.1	5,045,765	3.3	43,469,591	34.7	47,248,732	44.9	5,377,119	3.6
1934	574	14,800,000	9.6	463,418	0.3	6,763,962	4.4	4,742,582	3.1	126,939,220	82.6	153,707,182	26,216,650	17.1	8,792,290	5.7	43,496,457	34.7	50,377,053	32.8	4,824,732	3.3
1934	569	14,800,000	9.8	507,762	0.3	7,051,175	4.4	4,360,582	3.0	115,102,117	75.9	151,821,636	26,534,601	17.5	8,105,700	5.3	43,608,141	34.7	48,695,408	3.1	4,876,786	3.3

† Six months ended October 31

‡ Year ended October 31

BANK OF NOVA SCOTIA

ESTABLISHED 1832

1913.—Absorbed Bank of New Brunswick

1914.—Absorbed Metropolitan Bank

1919.—Absorbed Bank of Ottawa

CAPITAL				Year Ended Dec. 31	Net Profit £	Dividend %	To Reserve, £ &c.	Carried Forward £
Subscribed \$ 12,000,000	Paid-up \$ 12,000,000	Callable \$ Nil	Reserved \$ 12,000,000					
Per Share \$100	Per Share \$100	Per Share Nil	Per Share \$100	1925.....	427,584	13	85,000	90,129
				1926.....	448,649	16	87,000	131,777
				1927.....	473,064	16	189,000	95,841
				1928.....	507,104	16	100,000	182,945
				1929.....	552,223	16	122,000	293,168
				1930.....	507,129	16	326,090	106,966
				1931.....	515,960	16	127,000	111,926
				1932.....	460,687	17	96,969	115,645
				1933.....	407,180	12½	95,400	127,425
				1934.....	370,066	12	73,000	136,491

(Dollars converted to sterling at rate of \$5 to £1.)

Year ended Dec. 31	Number of Branches.	LIABILITIES								Total Liabilities or Assets £	ASSETS											
		Capital and Reserves	Per Cent.	Un- divided Profits	Per Cent.	Notes	Per Cent.	Due to Other Banks, &c.	Per Cent.		Deposit and Current Accounts	Per Cent.	Cash in Hand and Due by Agents	Per Cent.	Call and Short Loans	Per Cent.	Invest- ments	Per Cent.	Discounts and Advances	Per Cent.	Real Estate, Prem- ises, and Sund- ries	Per Cent.
1924	298	5,900,000	12.6	148,039	0.3	2,828,632	6.0	2,086,757	4.4	35,988,693	76.7	46,952,121	11,228,879	23.9	4,737,218	10.1	9,859,324	21.4	18,369,293	39.1	12,757,407	5.9
1925	304	5,900,000	12.4	170,589	0.3	2,940,062	6.0	1,989,148	4.1	37,891,368	77.5	48,891,167	11,154,115	22.8	5,029,844	10.3	11,785,634	21.0	18,093,763	37.0	12,827,811	5.8
1926	303	5,900,000	12.0	212,273	0.4	2,996,231	6.1	2,159,365	4.4	38,076,443	77.1	49,344,317	10,291,070	20.6	1,37,822	12.4	10,949,874	24.1	19,135,409	38.9	12,930,142	5.5
1927	309	6,000,000	11.6	176,007	0.3	3,038,033	5.8	2,433,642	4.7	40,699,714	77.7	52,347,396	10,474,742	20.2	7,903,945	15.1	10,289,259	22.0	20,854,399	39.9	12,825,051	5.4
1928	320	6,000,000	10.7	263,222	0.5	3,219,611	5.8	2,920,354	5.2	43,497,426	77.8	55,900,613	11,314,201	20.2	9,387,847	16.6	9,978,272	19.5	22,169,103	39.9	13,051,190	5.4
1929	327	6,000,000	10.9	373,671	0.7	3,240,453	5.9	2,886,672	5.3	42,347,479	77.2	54,848,175	10,896,159	19.9	9,027,998	16.4	7,441,926	17.9	24,596,467	44.8	12,885,735	5.4
1930	335	7,200,000	13.7	203,015	0.4	2,793,469	5.2	3,418,197	4.6	40,008,451	76.0	52,623,132	9,226,861	17.5	13,536,873	6.9	12,636,485	18.6	24,420,028	46.5	13,357,734	6.6
1931	324	7,200,000	13.7	208,367	0.4	2,540,565	4.8	1,860,965	3.5	40,689,392	77.6	52,982,823	9,468,352	17.8	3,049,010	5.8	15,037,796	24.1	22,032,556	41.6	13,395,109	6.1
1932	322	7,200,000	13.6	200,592	0.4	2,215,802	4.2	2,740,514	5.2	40,625,915	76.6	52,982,823	9,468,352	17.8	3,049,010	5.8	15,037,796	24.1	22,032,556	41.6	13,395,109	6.1
1933	317	7,200,000	13.6	200,221	0.4	2,300,209	4.2	2,764,449	5.1	41,598,472	77.0	54,063,351	10,437,588	19.3	3,202,042	4.1	15,838,059	29.3	22,050,000	40.8	13,535,666	6.6
1934	310	7,200,000	13.0	208,641	0.4	2,464,440	4.4	3,892,370	6.9	42,349,707	75.3	56,115,158	11,055,420	19.7	2,884,559	5.1	18,905,429	33.7	22,050,000	40.8	13,535,666	6.6

THE CANADIAN BANK OF COMMERCE

INCORPORATED 1867 IN CANADA WITH LIMITED LIABILITY

Head office, Toronto, Canada.

CAPITAL				Year Ended Nov. 30	Net Profit £	Dividend %	To Reserve, and £	Carried Forward £
Subscribed	Paid-up	Callable	Reserved					
\$	\$	\$	\$					
30,000,000	30,000,000	Nil	30,000,000	1924.....	741,098	13	415,938	250,290
				1925.....	716,551	13	178,915	253,679
				1926.....	747,325	13	203,560	263,198
				1927.....	765,815	13	494,765	292,591
				1928.....	920,953*	13	596,936	62,536
				1929.....	1,041,006	13	1,302,572†	97,627
				1930.....	1,105,155	13	337,637	106,100
				1931.....	981,149	12	237,450	110,072
				1932.....	855,885	11	199,121	103,900
				1933.....	729,766	8†	191,233	132,433
				1934.....	682,731	8	199,360	135,797

* Includes profit and loss balance of the Standard Bank of Canada.
† Includes £1,022,180 received as premiums on new shares issued.
‡ Includes \$41,505 premium on new issue.

(Converted at par of exchange.)

Continued on page 40

SWISS BANK CORPORATION

(A COMPANY LIMITED BY SHARES, INCORPORATED IN SWITZERLAND)

1872.

BASLE, ZURICH, ST. GALL,
GENEVA, LAUSANNE,
LA CHAUX-DE-FONDS,
NEUCHÂTEL, SCHAFFHOUSE

Capital paid-up - - £6,400,000
Reserves - - - £1,560,000
(Basis of Calculation, £1 = 25 francs)

LONDON OFFICE - 99, GRESHAM STREET, E.C.2

WEST END BRANCH : 11, REGENT STREET (WATERLOO PLACE), S.W.1

All descriptions of Banking and
Exchange Business Transacted.

Correspondents in all
Parts of the World

THE BANK OF INDIA LIMITED

ESTABLISHED 7th SEPTEMBER, 1906

CAPITAL SUBSCRIBED ..

THE CANADIAN BANK OF COMMERCE—Continued from page 38

Year Ended Nov. 30	No. of Branches	LIABILITIES								Total Liabilities or Assets	ASSETS												
		Capital and Reserves	Per Cent.	Undi- vided Profits	Per Cent.	Notes	Per Cent.	Due to Other Banks, &c.	Per Cent.		Deposit and Current Accounts	Per Cent.	Cash in Hand and Due by Agents	Per Cent.	Call and Short Loans	Per Cent.	Invest- ments	Per Cent.	Dis- counts and Advances	Per Cent.	Real Estate, Pre- mise and Sundries	Per Cent.	
1924	568	8,219,178	7.8	416,104	0.4	5,844,249	5.6	7,501,534	7.2	82,828,564	79.0	104,809,629	100.0	19,159,940	18.3	11,296,713	10.8	18,808,912	18.0	49,558,383	47.2	5,949,681	5.7
1925	550	8,219,178	7.6	418,966	0.4	5,860,660	5.6	6,970,035	6.5	86,272,074	79.9	107,940,913	100.0	20,491,698	19.0	13,214,679	12.2	19,986,177	18.5	47,703,550	44.7	5,949,681	5.7
1926	552	8,219,178	7.8	428,556	0.4	5,927,959	5.6	6,852,823	6.5	83,900,980	79.7	105,329,496	100.0	16,750,612	15.9	16,038,606	15.2	16,074,381	15.3	34,790,577	47.7	3,675,306	3.6
1927	572	8,219,178	7.2	458,001	0.4	5,859,184	5.1	8,534,766	7.4	91,732,192	79.9	114,803,321	100.0	21,105,947	18.5	17,684,412	15.4	16,784,927	14.6	62,746,040	46.0	6,481,994	5.6
1928	588	10,201,398	6.6	248,984	0.2	7,453,374	4.9	15,337,026	10.3	119,176,194	78.0	153,016,976	100.0	26,305,338	17.2	27,971,950	18.3	19,155,792	12.5	70,591,600	46.1	1,892,236	5.9
1929	795	12,245,758	7.5	341,873	0.3	7,197,131	4.4	23,958,784	14.5	120,891,894	73.4	164,635,440	100.0	27,633,805	16.8	32,884,326	20.0	15,780,455	9.6	31,630,441	19.3	1,939,924	7.1
1930	782	12,328,768	6.7	353,543	0.3	7,299,748	4.2	23,408,881	9.5	109,102,609	77.4	141,188,549	100.0	25,915,886	18.3	32,364,806	18.7	18,278,427	12.9	58,034,432	44.2	9,100,967	7.1
1931	749	12,328,768	6.4	296,542	0.2	7,414,943	4.1	7,993,475	6.1	105,634,509	80.2	131,668,237	100.0	23,105,430	17.5	17,735,442	13.5	26,792,089	20.3	35,594,011	43.0	7,445,425	5.7
1932	735	12,000,000	10.0	255,687	0.2	7,450,472	3.7	6,314,740	5.2	96,991,126	80.9	120,063,025	100.0	20,906,336	17.4	14,211,681	11.9	27,691,520	23.1	149,336,974	61.0	4,755,447	3.9
1933	691	10,000,000	8.7	254,420	0.2	7,468,961	4.1	7,494,377	6.5	92,401,442	80.5	114,839,200	100.0	18,347,285	16.0	12,214,567	10.6	30,670,675	26.7	142,237,395	40.7	4,755,447	3.9
1934	636	10,000,000	8.7	256,700	0.2	5,194,592	4.5	3,953,311	3.4	95,638,196	83.2	115,062,802	100.0	18,510,088	16.1	11,579,562	10.0	32,699,693	28.4	444,688,560	38.8	7,584,896	6.1

\$ Figures for these years are converted at rate of \$5 to £1.

Figures for these years are converted at rate of \$5 to £1.

THE DOMINION BANK

ESTABLISHED 1871

CAPITAL			Year	Net Profit	Dividend	To Reserve, &c.	Carried Forward
Subscribed	Paid-up	Callable		\$	%	\$	
\$	\$		1924	1,144,082	13	289,332	900,125
7,000,000	7,000,000	Nil	1925	1,356,840	13	312,667	964,298
			1926	1,289,277	13	411,020	1,032,555
			1927	1,328,496	13	1,460,527	120,524
			1928	1,408,088	13	476,328	272,287
			1929	1,522,809	13	1,531,315*	374,545
			1930	1,409,747	13	434,048†	444,219
Per Share	Per Share	Per Share	1931	1,328,287	12	461,297	465,209
\$100	\$100	Nil	1932	1,179,931	11	314,367	314,631
			1933	1,139,202	10	345,762	435,344
			1934	1,151,561	10		541,143
Reserve fund, \$9,000,000			* Includes \$996,030 premiums on new stock issue.				
			† Includes \$3,970 premiums on new stock issue.				

* Includes \$996,030 premiums on new stock issue.

† Includes \$3,970 premiums on new stock issue.

(Dollars converted to sterling at rate of \$5 to £1)

ROYAL BANK OF CANADA

Incorporated in 1869 as Merchants' Bank of Halifax. Name changed in 1901

Absorbed Union Bank of Halifax, 1910

Absorbed Traders Bank of Canada, 1912

Absorbed Quebec Bank, October, 1916

		CAPITAL	
Authorised	Paid-up	Callable	Reserved
\$	\$	\$	\$
50,000,000	35,000,000	Nil	35,000,000
Per Share	Per Share	Per Share	Per Share
\$100	\$100	Nil	\$100

(Dollars converted to sterling at rate of \$5 to £1)

† February 28.

SECURITY!

Life has a sense of firm foundation to
those who have

SAFEGUARDED

the future

PROTECT

Your dependants and

PROVIDE

for retirement by a

REFUGE POLICY

Assets - - - £60,000,000
Claims Paid - - - £89,000,000REFUGE
ASSURANCE COMPANY
LIMITED
OXFORD ST., MANCHESTER, 1INSURE WITH
THE
LONDON
ASSURANCEAll classes of Insurance
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1720

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The unbroken record of bonuses (shown below)
enjoyed over the past 60 years by Liverpool
& London & Globe policyholders proves the
value of insuring your life with the Company.

Whole Life Policies	Endowment Policies
1878-1923	1878-1923
35/- PER ANNUM PER £100	35/- PER ANNUM PER £100
1923-1928	1923-1928
42/- PER ANNUM PER £100	40/- PER ANNUM PER £100
1928-1933	1928-1933
45/- PER ANNUM PER £100	40/- PER ANNUM PER £100

THE
LIVERPOOL & LONDON & GLOBE
INSURANCE COMPANY LTD.HEAD OFFICE: LONDON:
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LIVERPOOL, 2. 1 Cornhill, E.C.3.

CONTROL

Control implies the ability
to deal with the unexpected
without mishap. Control
the future. Guard against the
unexpected. Your dependants
rely on you to protect their
future welfare. . . . The most
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(5) INDIAN BANKS

IMPERIAL BANK OF INDIA

BALANCE SHEET

LIABILITIES	June 30, 1933			June 30, 1934			June 30, 1935			ASSETS	June 30, 1933			June 30, 1934			June 30, 1935		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Capital paid up	5,62,50,000	5,62,50,000	5,62,50,000	5,62,50,000	5,62,50,000	5,62,50,000	5,62,50,000	5,62,50,000	5,62,50,000	Government securities	38,45,23,515	39,29,98,794	37,72,42,500	38,45,23,515	39,29,98,794	37,72,42,500	38,45,23,515	39,29,98,794	37,72,42,500
Reserve	5,82,49,140	5,82,49,140	5,82,49,140	5,82,49,140	5,82,49,140	5,82,49,140	5,82,49,140	5,82,49,140	5,82,49,140	Other authorised securities under the Act	1,28,20,009	2,20,310	10,80,695	1,28,20,009	2,20,310	10,80,695	1,28,20,009	2,20,310	10,80,695
Public deposits	74,23,55,225	74,83,07,913	72,43,09,364	74,23,55,225	74,83,07,913	72,43,09,364	74,23,55,225	74,83,07,913	72,43,09,364	Ways and means advances to the Government of India	1,00,00,000	9,50,00,000	5,23,89,384	1,00,00,000	9,50,00,000	5,23,89,384	1,00,00,000	9,50,00,000	5,23,89,384
Other deposits	85,24,097	91,68,862	70,54,733	85,24,097	91,68,862	70,54,733	85,24,097	91,68,862	70,54,733	Loans	3,62,52,725	2,44,89,830	18,78,35,063	3,62,52,725	2,44,89,830	18,78,35,063	3,62,52,725	2,44,89,830	18,78,35,063
Sundries										Cash credits	18,63,04,672	15,90,41,160	2,33,82,597	18,63,04,672	15,90,41,160	2,33,82,597	18,63,04,672	15,90,41,160	2,33,82,597
										Inland bills discounted and purchased	2,02,81,122	2,33,82,597	1,19,504	2,02,81,122	2,33,82,597	1,19,504	2,02,81,122	2,33,82,597	1,19,504
										Foreign bills discounted and purchased	1,19,504	6,35,428	2,56,96,924	1,19,504	6,35,428	2,56,96,924	1,19,504	6,35,428	2,56,96,924
										Dead stock	2,56,96,924	2,49,55,182	2,34,94,932	2,56,96,924	2,49,55,182	2,34,94,932	2,56,96,924	2,49,55,182	2,34,94,932
										Sundries	91,53,238	76,75,548	42,23,192	91,53,238	76,75,548	42,23,192	91,53,238	76,75,548	42,23,192
										Balances with other banks	14,18,149	6,70,199	12,67,992	14,18,149	6,70,199	12,67,992	14,18,149	6,70,199	12,67,992
										Cash	23,08,08,604	21,65,96,851	16,63,46,970	23,08,08,604	21,65,96,851	16,63,46,970	23,08,08,604	21,65,96,851	16,63,46,970
											91,73,78,462	94,56,65,899	84,18,64,097	91,73,78,462	94,56,65,899	84,18,64,097	91,73,78,462	94,56,65,899	84,18,64,097

CHARTERED BANK OF INDIA, AUSTRALIA, AND CHINA

INCORPORATED 1853

Subscribed	Paid-up	Callable	Reserved	Market Value, Oct. 3, 1935	Year	Net Profit	Dividend and Bonus	To Reserve, &c.	Carried Forward
£	£	£	£	£	1925	756,154	20%	150,000	209,278
3,000,000	3,000,000	Nil	3,000,000	7,800,000	1926	778,576	20%	165,000	215,354
					1927	724,039	20%	125,000	206,893
					1928	627,263	20%	40,000	186,656
					1929	661,598	20%	50,000	190,754
					1930	634,343	20%	30,000	187,597
					1931	381,787	14	...	149,384
					1932	454,499	14	...	183,884
					1933	467,467	14	...	206,351
					1934	466,044	14	25,000	177,395

* Free of tax. † Of which 7% free of tax.

Year Ended Dec. 31	No. of Branches	LIABILITIES										Total Liabi- lities or Assets	ASSETS									
		Capital and Re- serves	Per Cent.	Un- divided Profits	Per Cent.	Notes	Per Cent.	Acceptances, Bills Payable, Rebate, &c.	Per Cent.	Deposit and Current Ac- counts	Per Cent.		Cash in Hand, at Bankers, and in Transit	Per Cent.	Invest- ments	Per Cent.	Bills of Ex- change	Per Cent.	Dis- counts and Loans	Per Cent.	Buildings and Sundries, including Cover for Acceptances	Per Cent.
		\$		\$		\$		\$		\$		\$		\$		\$		\$		\$		
1925	44	7,000,000	9.9	756,778	1.1	1,931,942	2.7	10,043,446	14.8	51,134,282	72.1	70,866,448	10,507,310	10.6	8,334,667	11.8	27,300,208	38.3	21,281,343	30.6	6,442,920	9.1
1926	45	7,000,000	10.5	777,854	1.2	2,207,356	3.3	6,593,640	9.2	50,067,105	75.1	66,645,956	7,635,074	16.6	14,413,311	21.6	17,392,620	26.6	20,172,752	30.2	5,032,199	6.1
1927	46	7,000,000	10.9	729,393	1.1	1,984,334	3.1	9,607,195	14.9	45,121,907	70.0	64,442,829	4,371,710	6.8	13,670,279	21.9	19,751,881	30.6	20,670,405	32.2	5,932,199	6.6
1928	47	7,000,000	11.5	624,156	1.0	1,749,125	2.9	7,613,178	12.9	44,004,911	72.1	60,991,370	5,361,196	8.8	13,764,637	22.6	14,816,216	24.3	22,947,901	37.6	4,101,420	6.7
1929	47	7,000,000	11.5	638,255	1.0	1,749,125	2.9	6,420,718	10.5	44,917,490	73.6	61,081,685	5,145,593	8.4	13,521,919	22.2	14,619,601	23.9	22,947,901	37.6	4,101,420	6.7
1930	47	7,000,000	12.7	615,097	1.1	1,909,534	3.5	4,443,995	8.5	40,833,796	74.6	54,802,422	5,961,121	10.9	13,838,039	5.2	11,636,577	20.1	21,027,232	38.4	4,939,465	5.4
1931	44	6,000,000	11.3	359,385	0.7	1,965,159	3.7	6,189,242	11.1	38,616,008	72.7	53,129,794	5,626,050	10.6	13,811,066	26.0	8,348,725	15.7	22,601,512	42.5	5,742,421	5.2
1932	43	6,000,000	10.2	393,884	0.7	1,894,552	3.2	6,802,640	11.6	43,632,955	74.3	58,724,031	8,431,303	14.3	17,850,839	30.6	11,798,524	20.1	17,739,881	30.2	2,803,484	4.5
1933	43	6,000,000	10.0	441,351	0.7	1,356,821	2.2	5,893,731	9.8	46,605,658	77.3	60,297,561	12,094,382	20.0	19,439,209	32.2	7,495,210	12.6	18,575,704	30.2	2,803,484	4.5
1934	43	6,000,000	9.7	462,395	0.8	1,851,106	3.0	6,788,806	11.0	46,548,424	75.5	61,650,731	7,845,503	12.7	19,666,110	31.9	9,610,828	15.6	21,646,286	35.1	2,882,004	4.7

* Includes Treasury Bills.

* Includes Treasury Bills.

THE EASTERN BANK, LIMITED

REGISTERED 1900

Subscribed	Paid-up	Reserve Liability of Shareholders	Market Value, Oct. 2, 1935	Year	Net Profit	Dividend	To Reserve, &c.	Carried Forward
£	£	£	£	1925	122,503	9	30,000	37,903
2,000,000	1,000,000	1,000,000	1,325,000	1926	120,538	9	30,000	38,441
				1927	121,911	9	30,000	40,351
				1928	124,119	9	30,000	44,470
				1929	123,521	9	30,000	47,991
				1930	116,694	9	25,000	49,685
				1931	119,607	6	55,000	34,292
				1932	121,944	6	55,000	41,236
				1933	125,525	6	55,000	51,781
				1934	130,006	6	40,000	51,767

Year Ended Dec. 31	Number of Branches	LIABILITIES										Total Liabi- lities or Assets	ASSETS									
		Capital and Re- serves	Per Cent.	Un- divided Profits	Per Cent.	Bills Payable (includ- ing Acceptance- s)	Per Cent.	Miscellaneous Credits, &c.	Per Cent.	Deposits and Current Accounts	Per Cent.		Cash in Hand, at Bankers, and in Transit	Per Cent.	Invest- ments	Per Cent.	Bills Receiv- able	Per Cent.	Discounts and Ad- vances	Per Cent.	Sundries	Per Cent.
		£		£		£		£		£		£		£		£		£		£		
1925 ..	11	1,360,000	13.6	117,903	1.2	1,421,572	14.2	1,437,652	14.3	5,693,140	56.7	10,030,267	1,811,535	18.1	13,320,002	33.1	1,148,368	11.4	2,420,837	24.2	1,329,525	13.2
1926 ..	11	1,380,000	12.8	118,441	1.1	1,459,463	13.5	1,825,577	16.9	5,989,036	55.7	11,772,517	1,803,780	16.7	13,083,978	28.6	1,626,913	15.1	2,921,228	27.2	1,336,618	12.4
1927 ..	11	1,400,000	11.8	120,351	1.0	1,621,513	13.7	2,458,220	20.9	6,201,584	52.6	11,801,668	1,770,848	15.0	13,521,075	29.8	1,709,355	14.5	3,261,525	27.7	1,532,868	13.0
1928 ..	12	1,425,000	12.3	124,470	1.1	1,408,332	12.1	2,473,992	21.3	6,170,098	53.2	11,601,892	1,483,486	12.8	13,722,247	32.1	1,605,919	13.5	3,609,821	31.1	1,180,419	10.2
1929 ..	12	1,450,000	12.9	127,991	1.1	1,477,478	13.2	2,195,804	17.4	6,223,523	55.4	11,238,796	1,272,491	11.3	13,851,330	25.4	1,688,427	15.0	3,993,521	35.5	1,433,027	12.8
1930 ..	12	1,480,000	14.0	124,685	1.2	1,789,414	16.9	1,603,573	12.9	6,605,915	57.7	9,727,371	1,322,414	13.3	13,161,022	30.7	1,587,637	15.0	4,278,263	35.5	1,887,037	17.8
1931 ..	12	1,480,000	15.2	139,292	1.4	1,246,163	12.8	1,256,001	12.9	6,007,095	61.6	9,742,786	1,335,467	13.7	14,361,430	44.8	1,350,527	13.9	4,624,477	27.0	1,144,797	11.8
1932 ..	12	1,500,000	15.4	126,236	1.3	1,304,855	13.4	804,600	8.3	6,004,674	58.3	9,621,731	1,257,570	13.1	14,581,878	47.8	695,751	7.1	1,983,392	20.4	1,366,746	14.0
1933 ..	12	1,500,000	15.6	136,761	1.4	1,226,928	12.7	1,153,368	12.0	6,450,187	60.4	10,696,198	1,165,011	10.9	15,637,647	52.6	695,335	6.3	1,805,322	18.8	1,371,616	14.2
1934 ..	12	1,500,000	14.0	151,767	1.4	998,555	9.3	1,595,689	14.9	6,450,187	60.4	10,696,198	1,165,011	10.9	15,637,647	52.6	695,335	6.3	1,805,322	18.8	1,371,616	14.2

THE UNION BANK OF AUSTRALIA Limited

Established 1837

Incorporated 1880

CAPITAL AUTHORISED AND ISSUED - £12,000,000
 Capital Paid-up - £4,000,000 } together £7

THE MERCANTILE BANK OF INDIA, LIMITED

REGISTERED 1892

Absorbed the Bank of Mauritius, Limited, as from January 1, 1916

Absorbed the Bank of Calcutta, Limited, as from March 31, 1906

CAPITAL																			
		Subscribed	Paid-up	Callable	Reserved			Year	Net Profit	Dividend	To Reserve, Premiums, Pension Fund, &c.	Carried Forward							
		£	£	£	£			1925	£	%	£	£							
"A" Shares		2,500,000	2,500,000	2,500,000	2,500,000			1925	257,663	16	85,000	152,885							
Per Share		£25	£12 10s.	£6 5s.	£6 5s.			1926	250,782	16	85,000	160,687							
"B" Shares		2,500,000	2,500,000	2,500,000	2,500,000			1927	257,180	16	85,000	164,846							
Per Share		£25	£12 10s.	£6 5s.	£6 5s.			1928	250,201	16	85,000	162,047							
"O" Shares		1,500,000	1,500,000	1,500,000	1,500,000			1929	257,459	16	85,000	166,506							
Per Share		£5	£5	£5	£5			1930	213,340	16	85,000	166,845							
								1931	152,081	12	25,000*	167,327							
								1932	179,809	12	50,000	171,736							
								1933	161,697	12	35,000	172,433							
								1934	173,398	12	47,000	172,831							

* Premises and Pension Fund only. £450,000 was transferred from Reserve Fund to Inner Reserve.

Year Ended December 31	LIABILITIES												Total Liabilities or Assets	ASSETS								
	No. of Branches	Capital and Re- serves	Per Cent.	Undi- vided Profits	Per Cent.	Notes in Circulation	Per Cent.	Accept- ances	Per Cent.	Miscel- laneous Credits, Re- bate, &c.	Per Cent.	Deposit and Current Accounts		Per Cent.	Cash in Hand, at Bankers and at Call	Per Cent.	Invest- ments	Per Cent.	Dis- counts and Ad- vances	Buildings and Sundries, including Over for Accept- ances	Per Cent.	
1925	23	2,400,000	13.0	246,885	1.3	200,971	1.1	295,470	1.6	557,220	3.0	14,717,982	80.0	18,418,528	2,696,811	14.6	5,384,311	29.2	9,026,153	49.1	1,311,253	7.1
1926	24	2,435,000	12.9	244,667	1.3	217,491	1.2	255,815	1.3	691,760	3.7	14,957,987	79.6	18,800,720	2,811,850	14.9	6,739,545	35.9	8,301,712	44.2	947,613	5.0
1927	24	2,470,000	13.4	248,846	1.3	234,536	1.3	188,317	1.0	803,001	4.3	14,442,526	78.7	18,387,226	2,049,256	11.1	6,038,557	32.8	9,485,046	51.6	814,387	4.4
1928	25	2,500,000	13.4	246,047	1.3	228,271	1.2	300,160	1.6	2,221,678	11.7	13,493,253	71.0	18,989,409	2,089,454	11.0	9,437,400	50.6	9,745,045	51.6	814,387	4.4
1929	25	2,530,000	14.2	250,506	1.4	246,566	1.3	247,024	1.4	1,905,194	10.7	12,578,126	71.0	17,857,416	2,152,479	12.4	9,735,553	54.9	10,696,296	56.3	1,265,259	6.7
1930	24	2,550,000	14.4	250,846	1.4	275,227	1.6	149,109	0.8	439,173	2.5	13,979,269	79.3	17,643,281	2,666,812	15.1	9,719,963	52.4	9,740,386	54.4	1,210,998	6.8
1931	24	2,100,000	14.3	220,427	1.5	174,825	1.2	122,724	0.8	829,768	5.7	11,220,537	76.5	14,668,281	1,458,044	9.9	5,493,214	37.4	8,024,795	45.5	1,032,054	7.0
1932	24	2,125,000	13.1	234,756	1.4	162,110	1.0	187,688	1.2	467,207	2.9	13,034,948	80.4	16,211,689	1,957,613	12.8	5,889,815	36.4	6,678,393	45.6	1,032,054	7.0
1933	22	2,125,000	13.9	235,432	1.5	103,990	0.7	125,134	0.8	416,638	2.7	12,285,678	80.4	15,291,862	1,957,613	12.8	5,889,815	36.4	6,678,393	45.6	1,032,054	7.0
1934	22	2,125,000	13.6	235,831	1.4	155,637	0.9	214,212	1.3	1,025,383	6.1	12,974,356	77.7	16,730,419	1,760,773	10.5	6,145,590	36.8	7,360,398	41.4	958,389	6.3

NATIONAL BANK OF INDIA, LIMITED

ESTABLISHED 1863

CAPITAL				Market Value	Year	Net Profit	Dividend	To Reserve, &c.	Carried Forward
Subscribed	Paid-up	Callable	Reserved						
£ 4,000,000	£ 2,000,000	£ 2,000,000	Nil.	£ 6,560,000	1925.....	536,105	20*	£ 120,000	£ 241,085
					1926.....	534,316	20*	120,000	255,401
					1927.....	541,099	20*	120,000	276,500
					1928.....	530,829	20*	120,000	277,329
					1929.....	511,133	20*	110,000	278,462
					1930.....	480,329	20*	80,000	278,791
					1931.....	470,019	20	70,000	278,810
					1932.....	450,197	20	80,000	249,007
					1933.....	450,783	20	50,000	249,790
					1934.....	460,310	18	100,000	250,100

* Prev. of tax.

LIABILITIES										ASSETS									
		Capital and Reserves	Per Cent.	Undivided Profits	Per Cent.	Acceptances	Per Cent.	Loans and Bills Payable	Per Cent.	Deposit and Current Accounts	Per Cent.								
		£		£		£		£		£									
1925		4,800,000	11.8	561,025	1.4	1,062,856	2.6	1,136,824	2.8	53,168,283	81.4	1925		4,800,000	11.8	561,025	1.4	1,062,856	2.6
1926		4,850,000	12.2	575,401	1.5	932,625	2.4	1,286,504	3.2	51,973,704	80.7	1926		4,850,000	12.2	575,401	1.5	932,625	2.4
1927		4,900,000	11.8	596,500	1.4	1,091,118	2.6	1,247,043	3.0	53,635,120	81.2	1927		4,900,000	11.8	596,500	1.4	1,091,118	2.6
1928		4,950,000	11.9	607,329	1.4	953,448	2.3	1,040,331	2.5	54,088,230	81.9	1928		4,950,000	11.9	607,329	1.4	953,448	2.3
1929		5,000,000	13.0	588,462	1.5	650,127	1.7	815,115	2.1	51,467,322	81.7	1929		5,000,000	13.0	588,462	1.5	650,127	1.7
1930		5,000,000	13.3	558,791	1.5	491,788	1.3	763,679	2.0	50,860,478	81.9	1930		5,000,000	13.3	558,791	1.5	491,788	1.3
1931		4,250,000	11.9	548,810	1.5	333,249	0.8	521,439	1.7	47,804,029	79.0	1931		4,250,000	11.9	548,810	1.5	333,249	0.8
1932		4,200,000	11.7	529,007	1.5	297,748	0.8	745,896	2.1	43,133,142	83.6	1932		4,200,000	11.7	529,007	1.5	297,748	0.8
1933		4,200,000	11.8	499,790	1.4	382,996	1.1	760,818	2.1	42,936,308	83.6	1933		4,200,000	11.8	499,790	1.4	382,996	1.1
1934		4,200,000	12.2	530,100	1.5	351,156	1.0	756,190	2.2	42,703,042	83.1	1934		4,200,000	12.2	530,100	1.5	351,156	1.0

THE P. & O. BANKING CORPORATION, LIMITED

BALANCE SHEET—March 31, 1935

Capital issued, 259,416 shares of £10 each, fully paid up	2,594,160	Cash at bankers and in hand	6
Reserve fund	180,000	Bullion in hand and in transit	843,684
Current, deposit and other accounts, including provision for bad and doubtful debts, contingency reserve, etc.	7,169,970	Money at call and short notice	422,592
Loans payable against security	5,916,250	Bills receivable in hand and in transit	530,000
Balance of accounts with subsidiary company after deducting final dividend since declared		Investments at or below market values, including Treasury bills	3,709,700
Acceptances, endorsements, etc., as per contra	2,273	1,167,368; Indian and Colonial Government securities, Foreign Government and municipal and other securities, £3,439,930;	
Bills receivable for collection, as per contra	130,222	Investment in subsidiary company, at cost—Allahabad Bank, Ltd.,	4,856,194
Profit and loss account carried forward from March 31, 1934	307,896	23,403 ordinary shares of Rs. 100 each, of which 14,865 are fully paid	
Profit and loss account for the year ended March 31, 1935, £113,443,		and 8,738 are paid up to the extent of Rs. 50 per share	
£165,839; Net written off bank premises, £5,000	160,639	Loans receivable against security	589,589
NOTE.—There is a contingent liability in respect of bills rediscounted		Advances to customers, and other accounts	1,515,824
amounting to £1,452,353, of which £1,311,387 had run off by June 17th.		Bank premises and furniture at cost, less amounts written off	3,128,466
Outstanding forward exchange contracts for purchase and sale of bills and telegraphic transfers, etc., amount to £14,765,968.		Liabilities of customers for acceptances, endorsements, etc., as per contra	127,262
		Bills receivable for collection, as per contra	180,622
			307,896

GLYN, MILLS AND COMPANY

STATEMENT OF ACCOUNTS—June 30, 1935

LIABILITIES	£	ASSETS	£
Capital authorised and issued	1,060,000	Coin, bank notes and balance at Bank of England	5,485,010
Reserve fund	530,000	Balances with, and cheques in course of collection on, other banks in the United Kingdom	1,177,965
Reduction of the bank premises account	265,000	Money at call and at short notice	7,630,350
Current, deposit and other accounts (including provision for contingencies)	38,721,007	Bills discounted	373,919
Acceptances and engagements on account of customers	1,570,072	Investments: British Government securities (including £264,009 deposited as security for public accounts), £12,995,732; other securities, £957,506; subsidiary companies, nil	13,953,238
		Advances to customers and other accounts	11,215,525
		Liabilities of customers for acceptances and engagements as per contra	1,570,072
		Bank premises (at cost, less amounts written off): Freehold, £620,000; leasehold, £120,000	740,000
	42,146,079		42,146,079

LLOYDS BANK LIMITED

STATEMENT OF ACCOUNTS—June 30, 1935

LIABILITIES	£	ASSETS	£
Capital paid up	15,810,252	Cash in hand and with the Bank of England	38,162,810
Reserve fund	8,500,000	Balances with, and cheques in course of collection on, other banks in the British Isles	14,257,786
Current, deposit and other accounts, including provision for contingencies (public and other accounts, secured as per contra are also included)	384,866,429	Money at call and short notice	24,174,955
Balances in account with subsidiary companies	94,290	Balances with banks abroad	2,128,438
Notes in circulation (Isle of Man) secured as per contra	6,201	British Government Treasury bills	40,555,000
Acceptances	3,347,945	British bills of exchange	10,387,570
Endorsements, guarantees and other obligations	30,823,865	Colonial and foreign bills	1,536,671
		Treasury bonds and other short-term British Government securities	50,950,466
		Other securities of, or guaranteed by, the British Government	48,894,326
		Indian and Colonial Government securities and British Corporation stocks	13,263,615
		Other investments*	3,014,024
		*NOTE.—There is a contingent liability for uncalled capital in respect of a portion of these investments.	
		(NOTE.—Securities to the value of £536,623, nominal, are lodged for public and other accounts and for the note issue in the Isle of Man.)	
		The National Bank of Scotland, Ltd., £4,894,650 (nominal) stock (£1,076,823 paid up), taken at capital paid up, plus proportion of reserve fund and undivided profits	2,674,389
		Bank of London and South America, Ltd., 402,070 shares of £5 each, fully paid, at £4 5s. per share	1,711,348
		Indian Premises Co., Ltd., 7,000 shares of Rs. 100 each, fully paid, at cost	54,502
		Lloyds and National Provincial Foreign Bank, Ltd., 12,000 shares of £50 each, fully paid, at £50 per share	600,000
		Loans and advances after deducting provision for bad and doubtful accounts	140,483,808
		Balances in account with subsidiary companies	370,610
		Items in transit	5,087,506
		Other assets and accounts (including sundry properties at cost, less amounts written off)	3,128,592
		Bank premises, at cost, less amounts written off	7,840,756
		Liabilities of customers for acceptances, as per contra	3,347,945
		Liabilities of customers for endorsements, etc., as per contra	30,823,865
	443,448,982		443,448,982

MIDLAND BANK LIMITED

STATEMENT OF ACCOUNTS—June 30, 1935

LIABILITIES	£	ASSETS	£
Share capital issued: 2,869,079 shares of £12 each, £2 10s. paid, £7,172,698; 1,921,677 shares of £2 10s. each, fully paid, £4,804,192; 2,271,122 shares of £1 each, fully paid, £2,271,122	15,248,012	Coin, bank notes and balances with the Bank of England	39,346,169
Reserve fund	11,500,000	Balances with, and cheques in course of collection on, other banks in Great Britain and Ireland	16,701,189
Current, deposit and other accounts (including balance of profit and loss)		Money at call and short notice	26,134,158
		Investments at or under market value: War Loan and other British Government securities (of which	

MIDLAND BANK LIMITED—Continued

account, also £187,424 7s. 4d. on public and other accounts secured as per contra	416,016,090	£397,366 5s. is lodged for public and other accounts, £124,367,718; British Corporation stocks, £468,457; Dominion, Colonial and Foreign Government stocks and bonds, £1,806,864; sundry investments, £566,706	127,109,745
Acceptances and confirmed credits on account of customers	9,899,950	Bills discounted	23,104,871
Engagements on account of customers	6,216,184	British Treasury bills	19,502,863
		Advances to customers and other accounts (less provision for doubtful debts and contingencies)	171,252,123
		Liabilities of customers for acceptances, confirmed credits and engagements	16,116,134
		Bank premises at head office and branches at cost, less amount written off	9,402,136
		Other properties and work in progress for extension of business at cost, less amount written off	1,038,105
		Yorkshire Penny Bank, Ltd.: 93,750 shares of £5 each, £3 paid, £281,250; 93,750 shares of £1 each, fully paid, £93,750; proportion of reserve relative thereto, £375,000	750,000
		Shares in affiliated companies	
		Belfast Banking Co., Ltd.: 200,000 shares of £12 10s. each, £4 paid, £800,000; reserve and undivided profits, £839,051	1,639,051
		The Clydesdale Bank, Ltd.: 100,000 shares of £50 each, £10 paid, 30,000 shares of £10 each, fully paid, £1,300,000; reserve and undivided profits, £1,697,933	2,997,933
		North of Scotland Bank, Ltd.: 163,000 shares of £20 each, £7 paid, £1,141,000; reserve and undivided profits, £1,239,544	2,380,544
		Midland Bank Executor and Trustee Co., Ltd.: 200,000 shares of £5 each, £1 paid, £200,000; reserve and undivided profits, £205,215	405,215
	457,880,236		457,880,236

NATIONAL PROVINCIAL BANK, LIMITED

STATEMENT OF ACCOUNTS—June 30, 1935

LIABILITIES	£	ASSETS	£
Capital paid up	9,479,416	Coin, bank notes and balances with the Bank of England	30,340,314
Reserve fund	8,000,000	Balances with, and cheques in course of collection on, other banks in the United Kingdom and Ireland, and cheques, drafts, etc., in transit	9,930,961
Current, deposit and other accounts, including the accounts of public bodies, for which securities of the aggregate market value of £122,805 have been lodged	294,527,418	Money at call and short notice	22,085,375
Amounts due to subsidiary companies	207,802	Bills discounted	
Liabilities for acceptances, endorsements, etc., as per contra	6,457,286	Bills payable by British firms and institutions in the United Kingdom and Treasury bills	37,237,565
		Other bills	1,259,017
		Investments—British Government securities, £78,163,884; Indian, Dominion and Colonial Government securities; stocks of public bodies and municipal corporations, and stocks of British and Indian railways, £7,577,296; other investments, £589,248	86,330,406
		£4 paid, in the Bank of British West Africa, Ltd., at less than market value, £50,000; 12,000 shares of £50 each, fully paid, in Lloyds and National Provincial Foreign Bank, Ltd., at cost, £600,000; 31,250 shares of £5 each, £3 paid, in the Yorkshire Penny Bank, Ltd., at cost, £187,500; 31,250 shares of £1 each, fully paid, in the Yorkshire Penny Bank, Ltd., at cost, £31,250	868,750
		Investments in subsidiary companies at cost or under—£1,000,000 stock in Coutts & Co., £2,000,000; 50,000 shares of £5 each, fully paid in Grindlay & Co., Ltd., £514,000; other subsidiary companies (written down to nil)	2,514,000
		Advances to customers and other accounts	114,230,749
		Amounts due by subsidiary companies	Nil
		Bank premises at cost, less amounts written off	7,417,499
		Liabilities of customers for acceptances, endorsements, etc., as per contra	6,457,286
	318,671,922		318,671,922

WESTMINSTER BANK, LIMITED

STATEMENT OF ACCOUNTS—June 30, 1935

LIABILITIES	£	ASSETS	£
Capital paid up	9,320,157	Coin, Bank of England notes, and balances with the Bank of England	32,947,876
Reserve	9,320,157	Balances with, and cheques in course of collection on, other banks in Great Britain and Ireland	11,539,758
Current, deposit and other accounts	315,654,483	Money at call and short notice	26,929,790
Liabilities for acceptances, endorsements, etc., as per contra	26,757,770	Bills discounted	38,205,607
Notes in circulation in the Isle of Man	14,190	Investments	101,484,032
		Investments in affiliated banks	2,992,500
	361,066,757	Advances to customers, and other accounts	114,733,074
		Bank premises account	5,476,350
		Liabilities of customers for acceptances, endorsements, etc., as per contra	26,757,770
			361,066,757

WILLIAMS DEACON'S BANK, LIMITED

STATEMENT OF ACCOUNTS, June 30, 1935

LIABILITIES	£	ASSETS	£
Capital issued, £8,125,000, viz.: 1,562,500 £5 "A" shares, £1 paid, £1,562,500; 312,500 £1 "B" shares, £12,500	1,875,000	Coin, bank and currency notes, and balances with the Bank of England	3,341,002
Reserve fund	800,000	Balances with, and cheques in course of collection on, other banks in the United Kingdom	2,083,236
Current, deposit and other accounts	32,644,437	Money at call and short notice	5,756,190
Acceptances and credits opened on account of customers	510,545	Bills discounted	1,065,687
Endorsements and other obligations on account of customers	1,230,089	British Government securities	8,647,202
		Other investments	718,873
		Advances to customers and other accounts	12,660,458
		Bank premises account	1,016,789
		Liabilities of customers for acceptances and credits opened	510,545
		Liabilities of customers for endorsements and other obligations	1,230,089
	37,060,071		37,060,071

YORKSHIRE PENNY BANK, LTD.

BALANCE SHEET—June 30, 1935

LIABILITIES	£	ASSETS	£
Capital paid up—250,000 £5 shares, £3 paid, £750,000; 250,000 £1 shares, fully paid, £250,000	1,000,000	Cash in hand, at Bank of England and at short notice	9,341,366
Reserve fund	1,000,000	Investments at or below market price: British Government securities: War Loan, Conversion, Consolidated and Local Loans	23,069,534
Amounts due to depositors and other accounts (including provision for contingencies)	34,780,915	Colonial Government and English Corporation stocks	260,907
Amount due to subsidiary company	100	Loans to local authorities	1,440,995
Uncalled capital, £500,000		Loans on security and other accounts (including sundry properties at cost, less amounts written off)	2,118,113
		Shares in subsidiary company	100
		Bank premises (at cost, less amounts written off)	550,000
	36,781,015		36,781,015

PRIVATE BANKS

GRACE BROTHERS AND CO., LIMITED

BALANCE SHEET—June 30, 1935

LIABILITIES	£	ASSETS	£
Capital (authorised and issued)—1,015,000 shares of £1 each	1,015,000	Cash at call, at bankers and in hand	329,504
Shares Nos. 1-250,000 inclusive entitle the holders on a poll to one vote per share, whereas the remainder entitle the holders on a poll to one vote for every five shares		Foreign bankers—balances on current accounts	82,120
Acceptances on behalf of customers	303,929	Bills receivable	92,232
Deposit, current and other accounts, including balance of profit and loss, £480,105; amounts due to subsidiary companies, £5,143	485,248	British Government securities—at market value	101,963
		Other investments—Quoted securities at market value, £17,907; unquoted securities at directors' valuation, £55,100; shares in subsidiary companies at cost, less reserve, £77,916	150,923
		Included in the above there is an investment on which there is an uncalled liability of £99,900	
		Liabilities of customers for acceptances, advances, and current accounts, £500,088; amounts due from subsidiary companies, £176,904	676,992
		Debts and securities received in lieu of debts subject to standard agreements or not immediately realisable: In Germany, £49,201; in Austria, £68,883; in Hungary, £9,500; in Chile, £182,550—£310,134; less contingency fund, £86,870	223,264
		Freehold property—at cost, less amounts written off	145,105
		Leasehold property—at cost, less amounts written off	1
		Furniture and fittings—at cost, less accounts written off	2,073
	1,804,177		1,804,177

EXPORT

The Documentary Credit, whereby the Exporter is assured that he will receive payment immediately his goods are shipped for transit abroad, is the subject-matter of *A Brief Survey of the Financial Machinery of Exports and Imports*, copies of which may be had by asking

at any local branch of
the Westminster

Bank

WESTMINSTER BANK
LIMITED

41 LOTHBURY, E.C. 2

THE IMPERIAL
BANK OF IRAN

(Incorporated by Royal Charter, 1889.)

CAPITAL FULLY CALLED UP - £650,000
(With power to increase to £4,000,000)
RESERVE ACCOUNT - £730,000
RESERVE LIABILITY OF PROPRIETORS UNDER THE CHARTER - £1,000,000

LONDON OFFICE:

33/36, King William Street, London, E.C. 4

CHIEF OFFICE IN IRAN:

TEHERAN

BRANCHES IN IRAN:

Abadan, Ahwaz, Bushire, Hamadan,
Isfahan, Kerman, Kermanshah,
Khurramshahr (Mohammerah), Meshed,
Pehlevi, Resht, Shiraz, Sultanabad,
Tabriz, Yezd, Zahedan

BRANCHES IN IRAQ:

Baghdad, Basra

Banking business of every description in and connected
with Iran and Iraq

C. HOARE AND COMPANY

BALANCE SHEET—July 5, 1935

LIABILITIES	£	ASSETS	£
Capital authorised and issued	120,000	Cash in hand and at bankers	597,347
Reserve	330,000	Cash at call	525,000
Current, deposit and other accounts (including provision for contingencies)	3,711,318	Investments—	
		British Government stocks	1,341,086
		Dominion Government stocks	81,528
		Other investments	118,939
		Subsidiary companies	
		Loans, overdrafts and bills discounted	1,447,418
		Freehold bank premises at cost, less amounts written off	100,000
			4,211,318

LONDON DISCOUNT COMPANIES

GILLET BROTHERS DISCOUNT COMPANY, LTD.

BALANCE SHEET—January 31, 1935

LIABILITIES	£	ASSETS	£
Capital issued fully paid—225,000 shares of £1 each	225,000	Cash at bankers and in hand	211,821
Reserve account	100,000	Government securities and British corporation stock (maturing 1935-53)	2,200,000
Deposits, loans, bills re-discounted and sundry accounts, including rebate on bills, rebate reserve, investments reserve and balance of profit and loss account	11,339,236	Bills discounted (including re-discounts)	8,741,218
		Loans on security and sundry accounts	511,197
		Note.—Assets of the face value of £11,191,019 are held by depositors and others as cover for liabilities per contra.	
	11,664,236		11,664,236

LATEST BALANCE SHEETS OF FOREIGN BANKS HAVING LONDON OFFICES AND OF BRITISH BANKS TRADING ABROAD

ANGLO-SOUTH AMERICAN BANK, LIMITED

BALANCE SHEET—June 30, 1934

LIABILITIES	£	ASSETS	£
Issued capital—873,466 "A" shares of £10 each, £8,734,660; 1,268,340 "B" shares of £1 each, fully paid, £1,268,340; 1,000,000 5 per cent. first cumulative preference shares of £1 each, fully paid, £1,000,000	6,632,670	Cash in hand, at bankers and at short notice	7,153,756
The dividend on the 5 per cent. first cumulative preference shares from July 1, 1932, has not been paid.		Balances with subsidiary banks	166,106
Legal reserves in Chile, Colombia, Ecuador and Peru	70,065	British Government securities	874,773
Sight drafts on head office and branches	245,971	Foreign Government, railway and other securities	1,368,229
Bills payable—drafts on head office and branches at Usance	175,634	Bills receivable	2,916,023
Acceptances and engagements per contra	2,409,768	Liability of customers for acceptances and engagements	2,392,137
Current, deposit and other accounts	23,428,551	Liability of subsidiary companies for acceptances and engagements for account of their customers	17,631
Current accounts of subsidiary companies	1,156,729	Advances to customers and other accounts, less bad and doubtful debt reserve	12,442,177
Rebate of interest on bills, etc., not due	21,245	Advances to subsidiary companies	227,545
Bills for collection	4,219,417	Holdings in foreign banks at market values	625,391
Profit and loss, as per appropriation account	158,962	Holdings in subsidiary companies—British Bank of South America, Ltd., 100,000 shares of £20 each, £10 paid, at £21, £2,100,000; other subsidiary companies at estimated value, £421,498	2,521,498
To liability on bills re-discounted, and on uncalled capital on investments held, £865,891, of which £847,636 has run off.		The Anglo-South American Real Property Company, Ltd.—50,000 shares of £5 each, fully paid, £250,000; 50,000 shares of £5 each, £2 10s. per share paid, £125,000; advance account, £728,852	1,103,852
There is a contingent liability ranking after deposits and all other liabilities under a guarantee in respect of assets taken over by a third party, at £7,500,000, the value of which cannot at present be ascertained. The bank has undertaken to apply one-half of its profits after meeting the dividend on the preference shares on account of its eventual liability under the guarantee.		Bank premises and office furniture at cost, less amounts written off	456,884
		Suspense account—	
		Depreciation of capital employed abroad	2,033,593
		Bills for collection per contra	4,219,417
		Certain of the above assets have been lodged with other parties on which a lien exists to the amount of £167,750.	
		Exchange restrictions are in force in countries where a large part of the net assets of the bank is situated. These net assets have been valued at free market rates except in the case of Chile, where the official rate, which is higher, has been used.	
	38,519,012		38,519,012

The report of the directors states that the net profit to June 30, 1934, amounts to £60,783, to which must be added the amount of £158,962 brought forward from last year,

making a total of £219,745. Out of this total the directors have applied to legal reserves in Chile, Ecuador and Peru the sum of £3,063, and have transferred to contingency account £57,720, leaving £158,962 to be carried forward.

ANGLO-CZECHOSLOVAK AND PRAGUE CREDIT BANK

BALANCE SHEET—December 31, 1934

LIABILITIES	Kc.	ASSETS	Kc.
Share capital, fully paid	120,000,000	Cash in hand, balances at call with Cisl. National Bank and local banks	238,965,057
Reserves	18,104,763	Balances with banks abroad	49,719,832
Staff pension fund	62,329,600	Foreign currency bills and cheques	6,394,518
Deposit accounts	974,898,895	Bills receivable	145,255,742
Current accounts	968,985,503	Investments—	
Banking institutes	753,282,955	Czechoslovak	406,389,770
Others	28,525,008	Foreign	6,929,410
Acceptances on account of clients	23,248,982	Sundries	3,002,711
Items in transit	19,924	Participations	73,000,000
Unclaimed dividends	19,924	Debtors—	
Net profit for 1934	662,632	Advances against securities	52,686,889
		Others	1,845,242,815
		Liability of customers for acceptances, per contra	28,525,008
		Bank premises at head office and branches—	
		Buildings, Kc. 72,888,385; fittings, Kc. 853,281	73,741,666
		Items in transit	20,204,844
	2,950,058,262		2,950,058,262

ANGLO-INTERNATIONAL BANK, LIMITED

The directors report for the year ended December 31, 1934, shows that the losses incurred in the collection of assets during the year have been charged to profit and loss account, which closes with a debit balance made up as follows: Net losses on realisation of assets and sundry provisions amounted to £256,266, to which have been added the expenses in connection with the liquidation of foreign branches amounting to £7,603, making a total charge to profit and loss account of £263,869. From this sum has been deducted the profit for the year which, excluding profit on investments and before making provision for doubtful debts but after allowing for directors' fees, amounts to £8,411, leaving a debit balance of £255,458, which has been carried to the balance sheet. In view of the conditions which still prevail in the countries where the bank's assets are principally situated, the extent to which further losses will be incurred cannot be estimated with any reasonable degree of certainty.

BALANCE SHEET—December 31, 1934

LIABILITIES	£	ASSETS	£
Share capital issued: 1,960,000 shares of £1 each, fully paid	1,960,000	Cash with bankers in London and cash in hand	39,468
Current, deposit and other accounts	442,310	Money at call	225,000
Acceptances and guarantees for account of customers	1,176,116	Balances with banks abroad	
Notes.—There are contingent liabilities in respect of unutilised credit obligations in Germany amounting to £170,602.		—Available, £30,985; subject to exchange restrictions, £7,684	38,649
No provisions have been made against losses to be incurred on account of the risks arising from the general situation in countries where "Standstill" or other extended credit arrangements or exchange restrictions are in force, nor for further losses which may arise in respect of certain assets of doubtful value.		Bills receivable	64,079
		British Government securities (at cost)	619,853
		Investments—in banking, industrial and other undertakings in England and abroad (at cost, less amounts written off)	268,629
		The value of most of these investments largely depends upon the satisfactory solution of the financial problems of the countries concerned.	
		German Government notes, Hungarian and Chilean Government Treasury bills—the last-named being overdue—at face value, less rebate; subject to extended credit arrangements and exchange restrictions	128,655
		Advances to customers and other accounts, less reserves (of which £528,911 is subject to "Standstill" or extended credit or other arrangements and exchange restrictions)	612,619
		Customers for acceptances and guarantees on their behalf, less sums received on account (of which £1,075,804 is subject to "Standstill" or other extended credit arrangements and exchange restrictions)	1,160,085
		Premises abroad (at cost, less amounts written off)	171,930
		Profit and loss account	255,458
	3,578,484		3,578,484

THE ANGLO-FRENCH BANKING CORPORATION, LIMITED

BALANCE SHEET—December 31, 1934

LIABILITIES	£	ASSETS	£
Capital issued, 1,250,000 shares of £1 each, fully paid	1,250,000	Cash in hand and at clearing banks	234,868
Current, deposit and other accounts	48,487	Money at call and short notice in London	170,000
Due for securities purchased	3,476	Available balances with banks abroad, £14,585, less held for account of customers, £1,789	12,796
Due for exchange bought	19,158	Due from customers for securities purchased on their behalf	3,572
Provision for compensation in respect of determination of service agreements and reduction of staff	17,000	Due for exchange sold	19,149
Deposit by subsidiary company	10,000	Loans, advances and other accounts	23,476
Contingent liabilities—		Investments—Shares in subsidiary company (see cash deposit per contra)	10,000
Forward exchange contracts	£347,853	Foreign assets arising under extended credit arrangements and/or subject to exchange restrictions, as valued by the directors—	
As drawers, under indemnity from French bank, of currency bills, accepted by French State Railways	£57,784	Income bonds of Compañia Salitrera de Tarapacá y Antofagasta	12,581
		Bonds, shares, etc., received in respect of claim on Austrian Credit Anstalt, Vienna	93,321
		Advances in Hungary	30,862
		Sundries	1
		Furniture and fittings	1
		Profit and loss account—Debit balance as at December 31, 1933, £588,648; add balance as per attached account, £138,846	737,494
	1,348,121		1,348,121

PROFIT AND LOSS ACCOUNT

Dr.	£	Cr.	£
Losses on realisation of German assets during the year, £211,055; less provisions in contingencies account at December 31, 1933, in respect of German assets, £48,269, and Transfer from contingencies account, proportion of provision in respect of Chilean advances no longer required, £17,773—£66,042	145,013	Profit after crediting realisations in sterling of interest earned prior to January 1, 1934, in respect of foreign assets and recoveries on doubtful debts and after making provision for all expenses including directors' fees, £3,732	10,167
Provision for compensation in respect of determination of service agreements and reduction of staff	17,000	Transfer from general contingencies account	13,000
	162,013	Balance carried to balance sheet	138,846
			162,013

ANGLO-PALESTINE BANK, LIMITED

BALANCE SHEET—December 31, 1934

LIABILITIES	£	ASSETS	£
Share capital subscribed: 300,854 shares of £1 each, fully paid	300,854	Cash in hand and at bankers	600,108
Reserve fund	90,000	Money at call or short notice	175,000
Bills payable	300,991	Balances with banking correspondents	240,070
Current, deposit, and other accounts	6,110,333	Bills and cheques discounted	636,559
Current and deposit accounts of subsidiary companies	219,115	Investments—	
Guarantees, endorsements, and other engagements	204,976	British and Foreign Government sterling securities, at or under par value	2,289,535
Balance from profit and loss account	84,466	(Value at middle market prices, December 31, 1934, was in excess of this figure.)	
Note.—There is a contingent liability of £2,111 in respect of uncalled capital of a subsidiary company.		Investments in subsidiary companies	88,167
		Sundry investments	268,059
		Loans, advances, and other accounts	2,157,850
		Jewish Colonial Trust, Ltd., secured by a debenture on the assets of the Trust	473,319
		(Arrangements have been made to reduce this debt during August, 1935, to £183,000.)	
		Amounts owing from subsidiary companies (including marketable debentures and interest accrued thereon)	69,576
		Liability of customers for guarantees, endorsements, and other engagements (including £15,164 from subsidiary companies)	204,976
		Land and buildings (including bank premises) at cost, less depreciation	100,202
		Furniture and fittings, at cost, less depreciation	7,214
	7,310,735		7,310,735

BANCA COMMERCIALE ITALIANA

BALANCE SHEET—December 31, 1934

LIABILITIES	Lire	ASSETS	Lire
Capital	700,000,000	Cash in hand—	460,641,261
Reserve funds	144,244,493	Bills receivable, Italian Government securities and money at call	5,164,446,833
Bills payable	159,587,424	Contango and loans	132,843,392
Commercial acceptances	191,881,548	Participations in affiliated banks	254,465,901
Deposits and current accounts	7,840,409,929	Other Government securities and bonds and shares	160,379,252
Guarantees	283,125,070	Current accounts	2,601,139,646
Other liabilities	146,115	Debtors for acceptances	191,881,547
Rebate on bills	4,213,065	Bank premises	83,232,001
Net profit (including Lire 3,136,431 brought forward from December 31, 1933)	8,547,259	Guarantees as per contra	293,125,070
	9,342,154,903		9,342,154,903
Securities deposited	8,936,653,558	Securities as per contra	8,936,653,558
	18,278,808,461		18,278,808,461

ANGLO-PORTUGUESE COLONIAL AND OVERSEAS BANK, LIMITED

BALANCE SHEET—January 31, 1935

LIABILITIES	£	ASSETS	£
Capital issued—1,000,000 ordinary shares of £1 each, fully paid	1,000,000	Cash at bankers, at call and in hand—England	350,999
Current, deposit and other accounts	734,661	Balances with banks abroad	175,007
Acceptances and confirmed credits (£22,896 secured)	632,684	Bills discounted—	
Profit and loss	65,224	United Kingdom	407,846
Note.—There are contingent liabilities in respect of—		Foreign	36,853
Forward exchange contracts, purchases and sales, £1,290,050; endorsements on bills discounted, £312,222; guarantees given, £11,582.		Investments—	
		British, Indian and Dominion Government securities at market value	303,707
		Investment in associated company (subject to an option at this figure)	42,045
		Other securities at market value	19,422
		Advances to customers and other accounts—Austria, Germany and Hungary, £3,658; other countries, £230,973	234,631
		Banco Nacional Ultramarino, Lisbon and branches, accounts	134,275
		Liability of customers, including Banco Nacional Ultramarino for acceptances and confirmed credits	632,684
		Goodwill at cost	95,000
	2,432,569		2,432,569

BANKERS TRUST COMPANY

BALANCE SHEET—June 29, 1935

LIABILITIES	\$	ASSETS	\$
Capital	25,000,000	Cash, due from banks and bankers	173,290,513
Surplus fund	50,000,000	Exchanges for clearing house	29,088,830
Undivided profits	13,316,120	U.S. Government securities	445,114,594
Contingency fund	16,789,218	Demand loans	43,933,822
U.S. Government deposits, secured	44,490,700	Time loans and bills discounted	171,683,809
State and municipal deposits, secured	750,000	State and municipal bonds	36,134,106
Other deposits	782,457,560	Stocks of Federal Reserve Bank and Bank for International Settlements	2,310,000
Outstanding and certified checks	20,605,471	Other securities and investments	28,872,002
Dividend payable July 1, 1935	1,875,000	Mortgages owned	2,375,617
Accrued interest payable	26,073	Banking premises	20,388,205
Unearned interest	304,973	Real estate formerly occupied as banking premises	1,403,736
Reserve for taxes and expenses	1,799,871	Accrued interest and accounts receivable	3,250,239
Outstanding acceptances, \$7,060,761, less amount in portfolio, \$4,069,515	2,991,246	Customers' liability on acceptances	2,560,959
Acceptances, etc., sold with our endorsement	890,318	Liability of others on acceptances, etc., sold with our endorsement	890,318
	961,296,550		961,296,550

BANCO DE BILBAO

BALANCE SHEET—August 31, 1935

LIABILITIES	Pesetas	ASSETS	Pesetas
Capital	100,000,000	Cash in hand and at Bank of Spain	105,656,313
Reserve fund	87,652,774	Foreign money and notes, cash value	183,928
Deposits	882,820,975	Cash at other banks and bankers	101,743,150
Bills payable	22,599,712	Bills receivable	91,347,547
Acceptances for account of customers as per contra	20,876,710	Bills receivable	312,975,920
Other accounts with customers	70,676,208	Railway and other industrial debentures	70,514,648
Sundry creditors	11,059,999	Other securities	127,051,796
Profit and loss	19,112,904	Advances to customers against security	54,095,305
	1,224,799,282	Sundry debtors	57,378,583
		Banking correspondents, etc.	83,084,472
		Banking correspondents, etc. in foreign money (equivalent)	38,719,026
		Premises	21,490,873
		Furniture and fittings	2,473,311
		Shareholders' liability	5,250,000
		Unissued shares	25,000,000
		Liability of customers on account of acceptances	20,876,710
		Other assets and accounts	108,957,700
		Depositors of securities nominal value, as per contra	1,224,799,282
	3,168,526,449	Securities deposited, nominal value	3,168,526,449
	4,393,325,731		4,393,325,731

BANK OF ATHENS

BALANCE SHEET—December 31, 1934

LIABILITIES	Drs.	ASSETS	Drs.
Capital fully paid	100,800,000	Cash in hand, at banks and Treasury bills	290,609,654
Reserve funds	75,200,000	Balances due from banks abroad	58,742,858
Sight deposits	900,419,519	Bills receivable	492,363,818
Fixed deposits	529,680,677	Loans and advances	928,581,409
Deposits in guarantee	40,367,579	Current accounts	598,925,999
Savings bank	713,525,171	Securities, etc.	213,894,828
Current accounts	262,912,596	Premises and property	90,354,600
Cheques payable	1,602,786	Furniture	115
Dividends payable	8,064,000		
Dividend for 1934	5,216,603		
Profit and loss	2,673,473,281		2,673,473,281

BANCO DE CHILE

The half-yearly report states that, after writing off and providing for bad and doubtful debts, the net profit is \$8,300,407, which, added to the shareholders' fund of \$8,800,445, gives an available total of \$17,100,852. The board proposes to distribute this sum in the following form: To pay a dividend of \$8.00 per share, \$8,000,000, and to carry forward to shareholders' fund \$9,100,852—\$17,100,852.

BALANCE SHEET—June 30, 1935

LIABILITIES	\$	ASSETS	\$
Obligations callable at less than 30 days' notice:—		Cash:—	
Current accounts and deposits	469,411,763	Cash with Banco Central de Chile	15,901,921
Drafts and telegraphic transfers pending	3,896,766	Cheques on local banks in course of clearance	129,896,890
Sundry creditors	9,158,649	Specie and documents in foreign currencies	21,383,947
Letters of credit and guarantees given	6,335,537	Foreign banks and correspondents	1,513,742
Obligations callable at 30 days or over:—		Loans and advances:—	
Term deposits	157,361,260	Advances in account current	27,870,242
Letters of credit and guarantees issued	16,307,352	Loans	107,534,398
Obligations to bankers and correspondents:—		Discounts	314,120,770
Obligations to bankers abroad	18,194,220	Discounts	130,755,918
Other credit accounts	2,947,355	Other advances	102,882,242
Exchange operations and various	79,878,371	Liability of clients for letters of credit and other obligations	18,136,375
Interest payable	1,195,304	Investments:—	
Profit and loss	8,300,408	Buildings and real estate	38,119,602
Capital and reserves:—		State and municipal bonds	44,334,694
Paid-up capital	100,000,000	Shares: Banco Central de Chile	22,621,000
Statutory reserve	25,000,000	Other bonds and shares	596,238
Other reserves	114,193,584	Furniture and office material	1
		Other accounts:—	
		Exchange and various operations	30,287,685
		Interest receivable	6,224,904
	1,012,180,569		1,012,180,569

BANCO DI ROMA

BALANCE SHEET—December 31, 1934

LIABILITIES	Lire	ASSETS	Lire
Share capital	200,000,000	Cash and funds with Central Bank	264,551,867
Ordinary reserve fund	22,977,184	Funds with other banks in Italy and abroad	157,063,920
Special reserve fund	18,303,656	Portfolio, Treasury bills and sight funds	1,103,550,152
Deposits on current and savings accounts	688,274,377	Contingencies	56,420,972
Deposits of securities on current account (contra)	154,839,500	Balances due by correspondents	774,292,691
Balances due to correspondents	1,766,815,436	Secured advances	277,425,699
Circular cheques	95,254,530	Investments: Government, Government guaranteed and bonds, L. 105,409,419; others, L. 726,032	106,135,451
Ordinary cheques	2,493,284	Banking participations	49,809,609
Sundry creditors	23,452,063	Bank premises	29,500,000
Acceptances on behalf of customers	69,186,774	Sundry debtors	6,508,322
Guarantees for third parties	102,095,859	Securities on deposit (contra)	154,839,500
Rediscout	3,434,540	Liabilities of customers for acceptances	69,186,774
Balance of profits brought forward	1,207,351	Liabilities of customers for guarantees	102,095,859
Net profits for current year	3,046,263	Contra accounts:—	
Contra accounts:—		Staff provident fund	32,216,984
Staff provident fund	32,216,984	Securities on deposit:—	
Sundry deposits	2,722,524,207	As collateral	460,655,559
		As guarantee	7,362,247
		In safe custody	2,254,506,402
	5,906,122,008		5,906,122,008

BANK OF LONDON & SOUTH AMERICA, LTD.

The profit for the year ended September 30th last, after deducting all expenses and charges, and after providing for bad and doubtful debts, amounts to £276,331. To this sum has to be added £193,430 brought forward from last year, making a total of £469,761. From this unappropriated

balance the directors recommend the following distribution: To dividend of 3 per cent., payable December 17, 1934, subject to income tax, £106,200; to contingency reserve, £200,000; to profit and loss carried forward, £163,561—£469,761. Fluctuating exchanges are responsible for a depreciation in the bank's capital employed abroad, at the official rates ruling on September 30th last, of £913,065, which is covered by contingency reserve.

BALANCE SHEET—September 30, 1934

In countries where exchange restrictions are in force conversions have been made at the official rates ruling on September 30, 1934.

LIABILITIES	£	ASSETS	£
Share capital issued—708,000 shares of £3 each, fully paid	3,540,000	Cash in hand, at bankers and at call	9,632,729
Reserve	1,500,000	British Government securities	913,969
Current and deposit accounts, etc., and contingency reserve	31,362,686	Foreign Government and other securities	214,462
Deposit by Brazilian Trust and Loan Corporation, Ltd.	69,017	Investment in Brazilian Trust and Loan Corporation, Ltd.	36,797
Bills payable	625,476	Bills receivable	6,661,702
Acceptances on account of customers	1,611,076	Advances and other accounts receivable (including £913,065 depreciation at official rates of exchange on capital employed abroad), after making provision for bad and doubtful debts	18,233,957
Bills for collection on account of customers	7,624,610	Liability of customers for acceptances, per contra	1,611,076
Rebate of interest on bills not due	62,676	Bills for collection, per contra	7,624,610
Profit and loss account, as per statement below	469,761	Bank premises and furniture, at cost, less amounts written off	1,936,000
	46,865,302		46,865,302

NOTE.—Contingent liability as endorers of bills discounted, £530,493, of which £405,636 has since run off.

BANCO ESPANOL DEL RIO DE LA PLATA

BALANCE SHEET—June 30, 1934

N.B. Argentine paper dollar equal to 44 cents gold and gold dollar converted to sterling at 5.04 per £.

LIABILITIES	£	ASSETS	£
Capital	4,365,080	Shareholders	1,890,391
Reserve fund	50,822	Cash	3,979,971
Contingency fund	1,405,446	Bills discounted and bills for collection	20,982,048
Deposits	27,218,457	Advances on mortgages	4,008,408
Rediscouts	6,666,690	Loan on Bolsa de Comercio premises in Buenos Aires	488,889
Discounts, interests, commissions and exchange—Corresponding to next half-year	119,874	Accounts overdue and in process of liquidation	2,590,636
Operations in suspense (branches and agencies)	576,622	Furniture and fittings	107,908
Other accounts, gold dollars	736,817	Bank premises	1,386,449
Argentine Government Treasury bills	3,710,317	Properties received in payment of advances:—	
Profit and loss, less amortisation	80,693	Head office	2,319,358
Other accounts (as per contra)		Branches	260,127
Shares deposited in guarantee (board of directors)	7,856	Securities	3,112,260
Securities deposited for safe custody	36,977,102	Investments in national loans:—	
Securities deposited in guarantee	6,278,768	Account reserve	59,818
Branches and correspondents, account letters of credit	867,162	Argentine Government Treasury bills	43,229
Bills for collection for account of third parties	3,054,766	Other accounts (as per contra):—	
Credits secured on mortgage for collection for account of third parties	1,214,861	Shares deposited in guarantee (board of directors)	7,856
Sundry internal accounts	3,855,319	Securities deposited for safe custody	36,977,102
		Securities (account) received as collateral	6,278,768
		Letters of credit issued	867,162
		Bills for collection for account of third parties	3,054,766
		Mortgage loans for account of third parties	1,214,861
		Sundry internal accounts	3,855,319
	97,195,652		97,195,652

THE BANK OF ROUMANIA, LIMITED

For the year 1934 a balance of £719 7s. 9d. is shown, after charging current expenses but before making full provision for doubtful debts. This profit has been transferred to the

THE DOMINION BANK

Incorporated in Canada with Limited Liability



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(Incorporated by Royal Charter, 1835.)

Head Office: 4 THREADNEEDLE STREET, LONDON, E.C.2

West End Branch: Temporary Address: NORWAY HOUSE, 21-24 COCKSPUR STREET, S.W.1

Paid-up Capital	£4,500,000
Reserve Fund	2,475,000
Currency Reserve	2,000,000
Reserve Liability of Proprietors under the Charter	4,500,000
	£13,475,000

DIRECTORS:

Right Hon. LORD ALDENHAM. CHARLES GIPPS HAMILTON, Esq. HAROLD NELSON, Esq.
CHARLES EDWARD BARNETT, Esq. FREDERICK V. C. LIVINGSTONE-LEARMONTH, Esq., D.S.O. HORACE PHEL, Esq.
J. F. G. GILLIAT, Esq. Right Hon. THE EARL OF MIDDLETON, K.P., P.C. JOHN SANDERSON, Esq.
KENNETH GOSCHEN, Esq. MIDLETON, K.P., P.C. ARTHUR WHITWORTH, Esq.

Numerous Branches throughout the States of VICTORIA, NEW SOUTH WALES, QUEENSLAND, SOUTH AUSTRALIA, WESTERN AUSTRALIA, TASMANIA, and the Dominion of NEW ZEALAND.

Letters of Credit and Bills of Exchange granted. Bills Negotiated or sent for Collection. Telegraphic Transfers made. Banking Business of every description transacted with Australia and New Zealand.

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SOCIÉTÉ ANONYME

3 Montagne du Parc, BRUSSELS

CAPITAL: Fr. 500,000,000

EVERY DESCRIPTION OF BANKING BUSINESS TRANSACTED

375 branches and agencies in the Country

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BANQUE BELGE POUR L'ETRANGER (OVERSEAS), Ltd.

Affiliated to the Société Générale de Belgique

CAPITAL - - - - £2,000,000
entirely subscribed

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4 Bishopsgate, E.C.2

NEW YORK:
67 Wall Street

BOARD OF DIRECTORS:

A. CALLENS (Chairman), Sir THOMAS J. STRANGMAN, P. RAMLOT, E. TERROIR, A. DONNAY (Managing Director)
Manager: M. SMITS

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NATIONAL BANK OF GREECE

Established in 1841.

Capital paid-up and Reserves Drs. 1,205,000,000. —
Deposits (30th June 1935) - - - 9,864,000,000. —
Total Resources (30th June 1935) 12,147,907,016.10

HEAD OFFICE IN ATHENS.

Branches and Agencies throughout Greece.

Branches and Agencies in Egypt: CAIRO, ALEXANDRIA, ZAGAZIG.
Affiliated Institution in New York: Hellenic Bank Trust Company, 51 Maiden Lane.
Correspondents in all parts of the world.

COMPLETE INTERNATIONAL BANKING SERVICE OF EVERY DESCRIPTION

contingency account, leaving the debit to profit and loss account as at the end of the previous year.

BALANCE SHEET—December 31, 1934.

LIABILITIES	£	ASSETS	£
Capital	300,000	Cash in hand and at bankers—	
Current accounts, sight drafts, contingency account, in sterling, etc.	110,994	London	39,873
Current accounts, sight drafts, etc., in Lei—645,334,095-65 at 496 per £	1,301,077	Do. Bucarest—Lei 372,925,348 at 496 per £	751,866
Guarantees, etc., for account of customers—43,212,719 at 496 per £	87,122	Balances with other bankers abroad	10,259
Subsidiary companies' current accounts—		Money at call and short notice, London	125,000
In sterling, £583; in Lei, 1,224,030 at 496 per £	3,051	British Treasury bills	250,000
There is a contingent liability in respect of investments amounting to Lei 1,500,000. Under existing conditions in Roumania the provision for doubtful debts is insufficient.		Investments (at cost or market value), £8,376; Lei 6,141,545 at 496 per £	20,758
		Investments in subsidiary companies (at cost less amounts written off)—	
		In sterling, £9,755; in Lei 650,000 at 496 per £	11,065
		£1,310	
		Bills receivable, loans, current and other accounts, in sterling, etc.	41,040
		Bills receivable, loans, current accounts, etc., in Lei 219,113,847-65 at 496 per £	441,762
		Liability of customers for guarantees, etc., per contra—Lei 43,212,719 at 496 per £	87,122
		Property account at cost—Lei 8,560,000 at 496 per £	17,258
		Furniture at cost less amounts written off—Lei 176,429 at 496 per £	356
		Profit and loss account—	
		Balance December 31, 1933	5,885
			1,802,244

BRITISH BANK FOR FOREIGN TRADE, LIMITED

The accounts of the Bank for the year ended April 30, 1934, show that the loss for the year, after charging the sums shown to the debit of the profit and loss account, amounts to £14,195, to which add the debit brought forward from the previous year, £44,050—£58,245.

BALANCE SHEET—April 30, 1934

LIABILITIES	£	ASSETS	£
Capital issued, 351,600 shares of £1 each	351,600	Cash in hand, at bankers in London and abroad	358
Current, deposit and other accounts, including loans and deposits against security, £109,062 18s. 6d.	253,506	Premises account at written down value	46,000
Investment depreciation reserve	85,433	Investments—at cost	392,314
		Loans and advances (less reserves)	123,957
		Subsidiary company—	
		Shares, at cost, £69,423; advances against security, less reserve, £1,242	69,665
		Profit and loss account—	
		Balance at April 30, 1933, £44,050; add loss for year now ended, £14,195	58,245
			690,539

THE BANK OF TAIWAN, LIMITED

BALANCE SHEET—December 31, 1934

LIABILITIES	Yen	ASSETS	Yen
Capital subscribed	15,000,000	Cash account—	
Reserve funds	3,104,000	In hand	7,110,833
Notes in circulation	62,853,877	At banks	9,151,854
Deposits, etc.	264,470,796	Bullion	19,857,496
Bills payable	36,050,000	Bills discounted, loans, etc.	212,951,387
Bills rediscounted	33,725,308	Interest bills, bills bought and export advances	71,427,871
Acceptances and guarantees, etc.	4,326,675	as per contra, etc.	4,326,675
Due to correspondents	2,638,177	Government bonds, etc.	89,055,178
Dividends unclaimed	33,341	Due from correspondents	2,191,499
Profit and loss account—		Bank premises and real estate, etc.	4,782,699
Brought forward from previous term, Yen 92,195; profit for current term, Yen 636,223	728,418	Capital uncalled	1,875,000
			422,730,592

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Importers, Exporters & General Merchants
10, KITAKYUTARO-MACHI, OSAKA, JAPAN

BANQUE BELGE POUR L'ETRANGER, S.A.,
BRUSSELS

BALANCE SHEET—June 30, 1934

LIABILITIES	Frs.	ASSETS	Frs.
Capital, subscribed	200,000,000	Shareholders' liability	52,955,818
Reserve	130,000,000	Cash in hand and with bankers	776,916,257
Sundry creditors	1,615,906,921	Bills receivable	272,758,783
Note issue in China	1,832,392	Sundry debtors	663,657,149
Bonds	2,500,000	Sundry securities and financial participations	113,446,416
Acceptances	352,784,401	Government securities and Government guaranteed securities	79,472,795
Profit and loss	22,117,891	Bank premises	8,000,000
		Liability of customers on acceptances	352,784,401
			2,324,991,605

BRITISH AND CONTINENTAL BANKING COMPANY,
LIMITED

BALANCE SHEET—September 30, 1934

LIABILITIES	£	ASSETS	£
Issued capital—10,000 shares of £10 each, fully paid	100,000	Cash in hand and at banks in London and abroad	158,436
Reserve account	75,000	Money at call	
Current accounts	164,491	British Treasury bills and short-dated Government bonds	45,371
Deposit and other accounts (partly secured), including sundry creditors, balance of profit and loss account and reserve for income tax and contingencies	403,135	Other bills	249,755
Acceptances (as per contra)	133,835	Investments (at prices current on September 30, 1934, or below)—	
NOTE.—There is a contingent liability of French francs 1,511,250 in respect of partly-paid shares.		Sterling bonds guaranteed by the French Government, £80,566; other securities, £103,646	184,212
		Deposits in London and Paris, advances to customers, guaranteed loans and other accounts	106,862
		Liability of customers for acceptances (as per contra)	133,835
			876,461

BANQUE COMMERCIALE DU CONGO

BALANCE SHEET—JUNE 30, 1934

LIABILITIES	Frs.	ASSETS	Frs.
Capital	25,000,000	Property and premises	3,500,000
Reserve	16,500,000	Furniture and fixtures	200,000
Dividend due	2,108,434	Cash in hand and at bank	11,830,639
Creditors	207,757,124	Government securities	195,887,411
Advances against security	265,446	Debtors	29,155,447
Bills payable	1,249,806	Bills receivable	5,739,277
Sundry accounts	3,176,794	Investments	9,998,768
Profit and loss	312,730	Liability for acceptances	11,912
		Sundry accounts	54,982
			256,370,436

BANQUE DU CONGO BELGE

BALANCE SHEET—June 30, 1934

LIABILITIES	Frs.	ASSETS	Frs.
Capital	20,000,000	Property and premises	8,000,000
Reserve	39,000,000	Furniture and fixtures	1,000,000
Notes	110,984,588	Gold and gold exchange	61,794,212
Due to Colonial Treasury	2,233,192	Cash in hand and at bank	345,885,557
Dividend due	2,409,638	Government securities	130,604,834
Creditors	500,039,312	Bills receivable	82,613,822
Bills payable	8,047,355	Debtors	52,002,802
Sundry accounts	2,825,247	Sundry accounts	3,647,568
Profit and loss	15,488		
			685,548,820

English, Scottish & Australian
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Head Office: 5 GRACECHURCH ST., E.C.3
and 386 Branches and Agencies throughout Australia.

Subscribed Capital - £5,000,000
Paid-up Capital - £3,000,000
Further Liability of Proprietors £2,000,000
Reserve Fund - £1,650,000
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Manager & Secretary—A. A. SHIPSTON.

Asst. Mgr.—F. C. HOUNSFIELD. Sub-Mgr.—J. JAMIE.
Accountant—R. J. ALLEN.

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This Bank, the oldest and largest in that country, under steady expansion, now has 740 Branches distributed throughout the whole of Australia, Tasmania, New Zealand and the Pacific Islands.

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ESTABLISHED 1817

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AGGREGATE ASSETS, 30th September, 1934—£116,995,000

London Office: 29 Threadneedle Street, E.C.2.

The
NATIONAL BANK
of NEW ZEALAND

Limited

DIRECTORS:

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THE RIGHT HON. LORD BALFOUR OF BURLEIGH.
HENRY F. FRESHWATER, Esq.
THE RIGHT HON. VISCOUNT HAMPDEN, G.C.V.O., K.C.B., C.M.G.
RICHARD DURANT TROTTER, Esq.
SIR THOMAS M. WILFORD, K.C.M.G., K.C.
ARTHUR WILLIS, Esq.

HEAD OFFICE: 8 MOORGATE, LONDON, E.C.2.

(Manager: A. O. Norwood.)

CHIEF OFFICE IN NEW ZEALAND: WELLINGTON.

(General Manager: Sir James Grose.)

Subscribed Capital - £6,000,000

Paid-up Capital - £2,000,000

Reserve Fund - £1,000,000

Currency Reserve - £500,000

The Bank conducts every description of banking business connected with New Zealand.

National Central Savings
Bank of HungaryUNGARISCHE LANDES CENTRAL
SPARKASSA

Budapest IV

Deák Ferenc-utca 7

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Foreign Department:

'Phone: Budapest Automat 825-18

Established 1872

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Central Wechselstub A.G. Niederlassung Vienna, I. Kärntnerstrasse 43

THE BRITISH BANK OF SOUTH AMERICA, LTD.

The report for the financial year ended December 31st last shows that the gross profits, after allowing for rebate of interest on current bills and drafts, for interest on deposits, and after making provision for bad and doubtful debts other than provided for out of contingencies account, amount to £175,804; this, with the balance of £119,096 brought forward from the previous year, makes £294,900. After deducting all charges at the head office and branches, including directors' remuneration, Government taxes in Brazil, etc., amounting to £125,156, there remains available the sum of £169,744. The directors now recommend that a dividend for the year of 4s. per share, or 2 per cent., amounting to £20,000, be now declared, payable on May 24, 1935, subject to income tax, on the paid-up capital of the bank of £1,000,000. After paying this dividend, there will remain the sum of £149,744, of which the directors propose to transfer the sum of £30,000 to contingencies account and to carry forward the balance of £119,744.

BALANCE SHEET—December 31, 1934

Brazilian currency has been taken at the official rate of exchange ruling on the above date, except in the case of the net profits of the Branches which have been brought in at the free rate.

LIABILITIES	£	ASSETS	£
Capital issued, 100,000 shares of £20 each, £10 paid	1,000,000	Cash in hand, and at bankers	2,582,517
Reserve as per balance sheet of December 31, 1933	1,000,000	Cash on deposit account dissentient shareholders	1,575
Current, deposit and other accounts, including contingencies account	4,542,034	Bills receivable in hand	611,004
Dissentient shareholders' account	1,575	Investments	63,943
Bills payable	9,670	Advances and other accounts	2,881,273
Bills for collection	854,492	Balance in account with subsidiary company	24,375
Profit and loss account, as per statement below	169,744	Shares in subsidiary company at cost	1,711
		Fixed and leasehold premises and furniture at cost, less amounts written off	556,625
		Bills for collection as per contra The contingent liability on bills re-discounted at the date of the balance sheet was £272,906, which has since run off	854,492
		The capital employed in Brazil shows an estimated depreciation of £149,352 at December 31, 1934	
	7,577,515		7,577,515

BRITISH OVERSEAS BANK, LIMITED

BALANCE SHEET—October 31, 1934

LIABILITIES	£	ASSETS	£
Capital subscribed and paid in full: 200,000 "A" ordinary shares of £5 each, £1,000,000; 200,000 "B" ordinary shares of £5 each, £1,000,000	2,000,000	Cash in hand and at bankers	229,388
Current, deposit and other accounts, including provision for contingencies, and for bad and doubtful debts	2,964,622	Money at call and short notice Balances with bankers abroad	945,996
Amounts owing to subsidiary companies	17,070	Bills discounted	145,423
Reserve fund	100,000	Government securities	498,095
Investments depreciation reserve	150,000	Investments in subsidiary companies	379,936
Acceptances, etc., for account of customers (per contra)	3,121,136	Other investments, including shareholding interests in foreign banks	106,046
Balance of profit and loss account	66,639	Bankers Industrial Development Co., Ltd., One "A" ordinary share of £100,000, £100 paid	100
NOTES.—(1) Contingent liability on account of endorsements on bills discounted, £4,170. (2) "Advances to customers" and "Liability of customers for acceptances" include the balances which come under European "Standstill" agreements and exchange restrictions.		Advances to customers and other accounts	2,024,740
	8,419,467	Amounts owing from subsidiary companies	142,024
		Liability of customers for acceptances, etc. (per contra)	3,121,136
		Bank premises—freehold at cost, less amounts written off	336,781
			3,502,588

PROFIT AND LOSS ACCOUNT

Dr.	£	Cr.	£
Dividend on the "A" ordinary shares at the rate of 6 per cent. per annum, and income tax thereon	60,000	Balance brought forward	64,306
Balance carried to balance sheet	66,639	Profit, after allowing rebate of interest and providing for all bad and doubtful debts (other than provided for out of contingencies account), for the year ended October 31, 1934, £67,758, less directors' fees, £5,425	62,333
	126,639		126,639

CITY BANK FARMERS TRUST COMPANY

BALANCE SHEET—December 31, 1934

LIABILITIES	\$	ASSETS	\$
Capital	10,000,000	Cash and due from banks and bankers	14,957,414
Surplus	10,000,000	Loans and other secured advances	12,913,684
Undivided profits	2,223,691	United States Government obligations (direct or fully guaranteed)	17,894,870
Reserves	279,955	Other bonds, mortgages and securities	14,643,070
Deposits	45,636,182	Stock in Federal Reserve Bank	600,000
		Bank premises	4,726,509
	68,159,828	Other assets	2,424,281
			68,159,828

THE CHASE NATIONAL BANK

BALANCE SHEET—June 29, 1935

LIABILITIES	\$	ASSETS	\$
Capital—preferred	50,000,000	Cash and due from banks	528,863,069
Capital—common	100,270,000	U.S. Government obligations, direct and fully guaranteed	573,663,811
Surplus	50,000,000	State and municipal securities maturing within two years	64,086,898
Undivided profits	20,850,877	Other State and municipal securities maturing within two years	23,768,065
Reserve for contingencies	18,263,470	Federal Reserve Bank stock	21,930,471
Reserve for taxes, interest, etc.	1,003,122	Other bonds and securities	90,104,181
Deposits	1,735,105,967	Loans, discounts and bankers' acceptances	639,394,724
Certified and cashier's checks	25,022,667	Banking houses	39,464,171
Acceptances outstanding	17,800,488	Other real estate	4,051,691
Items in transit with branches	546,469	Mortgages	1,765,542
Liability as endorser on acceptances and foreign bills	4,191,639	Customers' acceptance liability	15,974,211
Other liabilities	4,649,350	Other assets	16,477,347
	2,027,704,069		2,027,704,069

THOS. COOK AND SON (BANKERS), LIMITED

BALANCE SHEET—October 31, 1934

LIABILITIES	£	ASSETS	£
Capital issued, 250,000 shares of £1 each, 10s. paid	125,000	Cash in hand and balances with bankers on current account	416,258
Reserve fund	125,000	Balances with bankers on deposit account	1,788,750
Current, deposit and other accounts, including liability on travellers' cheques, letters of credit, and drafts sold; rebate on bills not due, provision for bad and doubtful debts, investment reserve, contingencies, etc., and public and other accounts for which securities to the aggregate value of £32,074 have been lodged and including the balance of profit and loss account	3,182,993	Money at call and short notice Bills discounted — Indian Government Treasury bills, £163,115; bank and other acceptances, £339	25,715
Balances due to subsidiary companies	55,201	Investments (at below market values) — British Government securities, £444,258; corporation stocks, Great Britain, £10,638; Indian Government securities, £82,355; U.S.A. Government and other securities, £34,212	134,154
Liability to customers on account of engagements, etc. as per contra	14,394	Investments in subsidiary companies (at below cost), 20,000 shares of £1 each, 10s. paid, in Thos. Cook and Son, Bankers (France), Ltd., £20,000; 100 shares of £1 each, fully paid in Cook's Bank Nominees, Ltd. (written down to Nil)	160,000
		Advances to customers and other accounts	163,664
		Bank premises and furniture (at cost less amounts written off)	20,000
		Liability of customers for engagements, etc., as per contra	180,403
	3,502,588		57,769
			14,394
			3,502,588

COMPTOIR NATIONAL D'ESCOMPTE DE PARIS

BALANCE SHEET—July 31, 1935

LIABILITIES	Frs.	ASSETS	Frs.
Current and deposit accounts	7,071,243,013	Cash in hand and in banks	1,450,904,907
Fixed deposits	28,225,970	Bills of exchange discounted and Treasury bills	4,129,088,419
Acceptances	91,971,833	Contingencies	15,981,546
Sundry accounts	372,779,612	Credit balances with banking correspondents	894,054,575
Shareholders' accounts	6,239,942	Advances against collateral	331,003,582
Reserves	441,682,935	Investments	1,451,249
Capital	400,000,000	Participations	6,200,000
		Current accounts	1,208,168,553
		Liability of customers on acceptances	91,918,937
		Branches abroad	5,757,117
		Sundry accounts	292,914,440
		Bank premises	15,000,000
	8,412,123,305		8,412,123,305

THE ANGLO-PALESTINE BANK LTD.

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BRANCHES IN PALESTINE:

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Capital Paid-up	-	-	-	Yen 50,000,000.00
Reserve Fund	-	-	-	Yen 42,750,000.00

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Cable Address: "Sumitbank, London."

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24-28, Lombard Street, London, E.C.3

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Telegrams: "ANGLOINT, LONDON."

CAPITAL:

Authorised £2,000,000

Paid Up - £1,960,008

London Clearing Agents: Bank of England, Glyn, Mills & Co. National Provincial Bank, Ltd.

BOARD OF DIRECTORS:

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SIR PETER BARK, G.C.V.O. (Managing Director)

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(The oldest Banking Institution in Japan—Founded in 1883)

Capital subscribed	-	-	Yen 100,000,000.00
Capital paid-up	-	-	Yen 60,000,000.00
Reserve Fund	-	-	Yen 57,800,000.00
Deposit	-	-	Yen 759,522,224.00

Head Office: TOKYO, JAPAN

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General Banking and Exchange Business

London Office: WINCHESTER HOUSE, OLD BROAD STREET, E.C.2

CABLE ADDRESS: "MITSUIGINK, LONDON"

COMMERCIAL BANK OF THE NEAR EAST, LIMITED

The following is a statement of the results for the year 1934: Profit for the year, after making provision for bad and doubtful debts, rebate and directors' fees, £4,393; add provision for depreciation of investments not now required, after transferring £5,000 to contingency account, £5,553—£9,946; less debit balance brought forward from the year ended December 31, 1933, £1,318—£8,628; less amount transferred to reserve fund, £7,000, leaving a credit balance to be carried forward as shown in the balance sheet of £1,628.

BALANCE SHEET—December 31, 1934

LIABILITIES	£	ASSETS	£
Share capital issued and fully paid, 40,000 shares of £5 each	200,000	Cash in hand and at London bankers	14,109
Reserve fund	7,000	Money at call	95,000
Current, deposit and other accounts	270,288	Remittances in transit	486
Bills for collection, per contra	84,611	Balances with foreign bankers and correspondents	14,142
Acceptances, endorsements, etc., on behalf of customers	20,824	Bills discounted	48,115
Profit and loss account	1,628	Investments—British Government securities, £91,932; Foreign Government securities, £84,166; bonds and shares of foreign banks, £9,883; securities held by branches, £5,435—£161,266; less reserve to reduce to market value at date, £20,913	140,353
		Advances to customers and other accounts	167,297
		Bills for collection	84,611
		Liability of customers for acceptances, endorsements, etc., per contra	20,824
		Furniture and fittings (at cost less amounts written off)	1,414
	584,351		584,351

CRÉDIT FONCIER D'ALGÉRIE ET DE TUNISIE

BALANCE SHEET—December 31, 1934

LIABILITIES	Frs.	ASSETS	Frs.
Capital	150,000,000	Cash	104,759,970
Reserves	33,068,368	Bills	1,207,413,112
Superannuation	410,000	Correspondents	68,546,708
Crédit Foncier de France	595,631,784	Investments	53,062,950
Current accounts	1,580,675,010	Caisse de Prêts Immobiliers du Maroc	1,750,000
Deposits	306,401,920	Premises, etc.	58,911,949
Correspondents, etc., creditors	149,499,240	Mortgaged property taken over	2,326,903
Acceptances, etc.	17,791,300	Crédit Foncier de France	595,631,784
Sundry accounts	28,933,676	Advances against securities	365,985,185
Dividends	10,043,453	Current accounts	388,382,824
Profit and loss	3,367,512	Syndicates	48,805,225
		Cover for acceptances	10,275,653
	2,875,822,263		2,875,822,263

PROFIT AND LOSS ACCOUNT

Dr.	Frs.	Cr.	Frs.
Rebate on bills, 1934	3,450,999	Brought forward	3,351,473
Interest on deposit and current accounts, etc.	31,793,128	Rebate on bills, 1933	3,449,941
Costs of administration, taxes and fees, written off furniture	51,767,519	Net profit on banking operations	90,904,861
	87,011,646	Income from bank premises	720,710
Profits—Brought forward, Frs. 3,351,473; net profits, Frs. 13,222,146	16,573,619	Crédit Foncier de France	5,158,250
	103,585,265		103,585,265

CREDITO ITALIANO

BALANCE SHEET—December 31, 1934

LIABILITIES	Lire	ASSETS	Lire
Capital	500,000,000	Cash and balances at call with banks	339,865,887
Reserve fund	102,989,372	Bills receivable on Italy, England and other countries	3,877,522,132
Deposits and Savings accounts	1,538,496,598	Loans against collateral securities	105,740,834
Current accounts	4,211,070,341	Current accounts	1,371,342,956
Acceptances on account of customers	117,086,788	Liabilities of customers for acceptances	117,086,788
Cheques outstanding	156,658,020	Government securities and debentures	638,114,554
Sundry creditors	74,567,442	Sundry Investments	7,128,806
Guarantees on account of customers	228,446,542	Shares in other banks	106,945,216
Rebate on bills receivable	5,399,922	Freehold bank premises	12,500,000
Brought forward from 1933	1,809,133	Sundry debtors	160,739,120
Special reserve	20,000,000	Liabilities of customers for guarantees	228,446,542
Net profit	8,906,677	Clerks' provident fund, collateral and safe custody securities, as per contra	7,198,779,562
Clerks' provident fund	79,125,130		
Collateral securities	7,230,263		
Safe custody securities	7,112,424,169		
	14,164,210,397		14,164,210,397

* Excluding premises of the late Banca Nazionale di Credito.

CRÉDIT LYONNAIS

BALANCE SHEET—July 31, 1935

LIABILITIES	Frs.	ASSETS	Frs.
Deposits at call	4,851,798,609	Cash in hand and at Bank of France	1,409,228,247
Current accounts	5,881,350,423	In other banks	554,377,933
Accounts payable after collection	161,258,089	Bills discounted and French Treasury bills	7,424,110,862
Acceptances	73,556,677	Loans and advances	332,660,222
Deposits for fixed periods	154,293,702	Current accounts	2,680,988,595
Sundry liabilities	996,775,493	Investments	3,786,979
Unpaid dividend	44,000,000	Sundries	343,935,035
Profit and loss	21,034,874	Premises	35,000,000
Reserve fund	800,000,000		
Capital fully paid	400,000,000		
	12,784,067,867		12,784,067,867

GUARANTY TRUST COMPANY OF NEW YORK

BALANCE SHEET—June 30, 1935

LIABILITIES	\$	ASSETS	\$
Capital	90,000,000	Cash on hand, in Federal Reserve Bank, and due from banks and bankers	521,283,379
Surplus fund	170,000,000	Bullion abroad and in transit	1,999,857
Undivided profits	7,067,130	U.S. Government securities	475,177,230
Dividend payable July 1, 1935	2,700,000	Notes of Reconstruction Finance Corporation	20,000,000
Accrued interest, miscellaneous accounts payable, accrued taxes, etc.	11,249,375	Public securities	54,989,472
Acceptances, \$50,296,590; less own acceptances held for investment, \$16,530,089	33,766,501	Stock of the Federal Reserve Bank	7,800,000
Liability as endorser on acceptances and foreign bills	2,824,999	Other securities	21,241,571
Deposits	1,394,936,286	Loans and bills purchased	556,815,734
Outstanding cheques	17,665,148	Items in transit with foreign branches	6,102,740
	1,730,209,419	Credits granted on acceptances	33,766,501
		Bank buildings	13,678,777
		Other real estate	272,418
		Real estate bonds and mortgages	2,621,374
		Accrued interest and accounts receivable	14,460,306
			1,730,209,419

HAMBROS BANK LIMITED

According to the report of the directors for the year ending March 31, 1935, after payment of all expenses, making provision for rebate on bills discounted, bad and doubtful debts, and income tax, the accounts show a profit of £14,892, and adding the directors' remuneration of £14,892, and adding the balance brought forward from last year of £92,270, there remains an available total of £402,291. After transferring £150,000 to contingency reserve account and allowing the sum of £30,375 for interim dividend on the £10 shares and £9,300 for interim dividend on the £1 "A" shares paid on October 31, 1934, the directors now recommend the payment of a further dividend of 11½ per cent., less income tax, on the £10 shares, making a total of 18 per cent. for the year, less income tax, and a further dividend of 3 per cent., less income tax, on the £1 "A" shares, making a total of 6 per cent. for the year, less income tax, and that the balance of £94,191 be carried forward.

BALANCE SHEET—March 31, 1935.

LIABILITIES	£	ASSETS	£
Paid-up capital: £2 10s. per share on 400,000 shares of £10 each	1,000,000	Cash in hand, at bankers, and at call	4,063,332
"£1" shares of £1 each	400,000	Bills of exchange	2,272,481
Reserve	1,000,000	Investments, valued at or below prices current at March 31, 1935:—	
Profit and loss account	192,618	British Government securities	3,790,837
Current, deposit and other accounts (including reserve for contingencies)	13,584,998	Other investments	837,474
Hambros Bank (Nominees) Ltd., current account	3,081	Hambros Bank (Nominees) Ltd., shares at cost	99
Acceptances	10,940,561	Loans, advances, and other accounts	4,732,896
Memorandum—Contingent liability as endorser of bills discounted £902,950 and on guarantees given covered by counter guarantees or securities £833,349.		Liabilities of customers for acceptances as per contra	10,940,561
Note:—Loans, advances and other accounts "and" "Liabilities of customers for acceptances" include accounts governed by the German Credit Agreement of 1935.		Bank premises at cost, less amounts written off	453,487
	27,101,256		27,101,256

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ON COMPANY FINANCE
**JOHNSON'S INVESTMENT
DIGEST**
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TELEGRAPHIC ADDRESS: FOLKEBANKEN

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IONIAN BANK, LIMITED

ESTABLISHED 1839

CAPITAL AUTHORISED : : : £1,000,000 | RESERVE FUND : : : : £100,000
CAPITAL PAID UP : : : £600,000 | TOTAL ASSETS : : : : £4,488,018

HEAD OFFICE: 25/31 Moorgate, LONDON, E.C.2

EGYPT:
Central Office—ALEXANDRIA
9 Branches and Agencies

GREECE:
Central Office—ATHENS
24 Branches and Agencies

CYPRUS:
Central Office—NICOSIA
4 Branches and Agencies

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THE BRITISH BANK FOR THE NEAR EAST

BANK OF ATHENS

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Organised to act as Correspondents for Foreign Banks

THE HONGKONG AND SHANGHAI BANKING CORPORATION

BALANCE SHEET—December 31, 1934

LIABILITIES	ASSETS
Issued and paid-up capital—160,000 shares of \$125 each.....	Cash (including \$54,500,000 coin lodged with the Hong-kong Government, against authorised and/or excess note circulation).....
20,000,000	137,918,708
Reserve liability of proprietors—\$125 per share on 160,000 shares issued.....	Bullion in hand and in transit (including \$78,250,000 bullion lodged with Hong-kong Government against authorised and/or excess note circulation).....
\$20,000,000	177,390,735
Sterling reserve.....	British Government, Indian, Colonial and other securities.....
76,097,561	194,414,110
Silver reserve.....	Bills discounted, loans and credits.....
10,000,000	318,955,251
Notes in circulation—(Authorised and additional issue against securities, bullion, and coin amounting to \$174,726,468 deposited with the Crown Agents for the Colonies, their trustees, and the Hongkong Government).....	Bills receivable and balance of remittances and drafts in transit.....
133,946,215	92,248,247
Current accounts.....	Liabilities of constituents for acceptances, per contra.....
504,204,989	4,916,689
Fixed deposits.....	Bank premises.....
179,192,461	22,118,388
Bills payable (including call loans and short sight drawings on London office and drafts on London bankers).....	
9,690,000	
Acceptances on account of constituents.....	
4,916,689	
Profit and loss account.....	
9,914,213	
(Liability on bills of exchange re-discounted, £2,680,730, of which £2,557,809 have since run off.)	
947,962,128	947,962,128

THE IMPERIAL BANK OF IRAN

The profits for the year ended March 20th last, after making provision for expenses of management, general charges in London and at chief office and branches, income tax, and bad and doubtful debts, amount to £75,760, to which has to be added £49,058 brought forward from last account, making a total of £124,818. The assets and liabilities of the branches in Iran have been converted at the rate of exchange of Rials 66 per £ sterling, being the rate on March 20, 1935. The rate last year was Rials 77. The directors now recommend payment of a final dividend of 7s. per share, and a bonus of 2s. per share, making with the interim dividend of 4s. per share a total for the year of 13s., free of income tax. It is also proposed to add £10,000 to reserve, which is thereby increased to £730,000, and to carry forward £49,818.

BALANCE SHEET—March 20, 1935

LIABILITIES	ASSETS
Capital: 99,800 ordinary shares of £8 10s.; 200 founders shares of £8 10s.....	Cash in hand, at bankers and in transit, money at call and short notice, and bullion.....
650,000	1,278,923
Amount received from the Iranian Government for surrender of note issue.....	Investments in British Government and other securities taken at or under prices ruling at March 20, 1935.....
200,000	3,552,066
Reserve account.....	Bills discounted, loans and advances, past due bills, adjustments, and sums due from other banks.....
730,000	1,222,163
Current and fixed deposits, etc.....	Bills receivable.....
3,065,478	694,194
Bills payable, provision for contingencies, endorsements, adjustments, and sums due to other banks.....	Liability of customers for acceptances, etc., as per contra.....
2,009,720	620,325
Acceptances, etc., on behalf of customers.....	Bank premises, furniture and stationery.....
620,325	2,670
Profit and loss account.....	* This includes £100,000 funding loan deposited at Bank of England under Government regulations.
94,818	
7,370,341	7,370,341

INTERNATIONAL BANKING CORPORATION

(Owned by The National City Bank of New York)

BALANCE SHEET—December 31, 1934

(Including Foreign Offices)

LIABILITIES	ASSETS
Capital.....	Cash and due from banks and bankers.....
2,500,000	10,057,749
Surplus.....	Loans, discounts and advances.....
2,500,000	3,510,676
Undivided profits.....	Bonds and securities.....
3,223,533	11,416,678
Deposits.....	Customers' liability account of acceptances.....
11,325,714	1,526,438
Notes in circulation in China.....	Other assets.....
679,979	78,675
Items in transit with branches.....	
396,893	
Acceptances.....	
1,558,770	
Reserves for—	
Taxes, accrued interest and expenses.....	
271,398	
Contingencies.....	
4,131,737	
Other liabilities.....	
2,192	
26,590,216	26,590,216

Figures of Foreign Offices are as of December 24, 1934

IONIAN BANK, LIMITED

BALANCE SHEET—August 31, 1934

The Exchange for Drachmas is taken at 375 per £, and for £E. at 97.50 per £100.

LIABILITIES	ASSETS
Issued capital: 120,000 shares of £5 each, fully paid.....	By cash in hand, at bankers and in transit—London.....
600,000	533,556
Reserve fund.....	Investments reserve.....
100,000	
Current and deposit accounts.....	Bills payable.....
2,768,933	39,132
Bills payable.....	Investments:—
103,078	British Government securities.....
Outstanding advances, exchange contracts, letters of credit, unclaimed dividends and reserves for taxation, pensions and contingencies.....	Foreign Government securities and other investments.....
560,432	188,488
Liabilities for acceptances on account of customers.....	Bills receivable.....
204,449	433,998
Rebate on bills discounted not due.....	Loans and advances.....
4,559	1,471,289
Profit and loss—Balance of account as below.....	Outstanding advances, exchange contracts, expenses prepaid, and goods under realisation.....
26,567	654,148
	Liabilities of customers for acceptances.....
	204,449
	Mortgaged property in possession, at or below valuation.....
	42,407
	Bank premises, including installations, at cost, less amounts written off.....
	217,991
4,468,018	4,468,018

ITALO-BELGIAN BANK

BALANCE SHEET—June 30, 1934

LIABILITIES	ASSETS
Capital.....	Cash in hand and with bankers.....
100,000,000	211,692,091
Reserves.....	Bills receivable.....
100,000,000	391,912,133
Current and deposit accounts.....	Investments.....
682,184,881	25,257,985
Bankers and correspondents.....	Bankers and correspondents.....
192,243,586	204,691,735
Bills payable.....	Loans and advances.....
46,148,894	286,132,415
Dividends unclaimed.....	Premises.....
201,185	21,000,000
Re-discount on bills.....	Furniture and fittings.....
1,183,393	1
Profit and loss.....	
18,724,451	
	1,140,686,360
Depositors and sundry accounts, as per contra.....	Securities deposited and sundry accounts, as per contra.....
2,290,128,504	2,290,128,504

THE LONDON AND EASTERN TRADE BANK, LTD.

BALANCE SHEET—September 30, 1934

LIABILITIES	ASSETS
Issued capital: 60,000 shares of £10 each, fully paid.....	Cash in hand and at bankers in London.....
600,000	76,684
Current, deposit and other accounts, including £12,410 being sterling equivalent of customers' deposits in foreign currencies subject to exchange restrictions, which are covered by balances with bankers abroad.....	Money at call.....
152,850	35,000
Acceptances for customers as per contra.....	Bills discounted.....
17,503	11,859
Note.—Contingent liabilities: Guarantees and forward contracts for bullion and foreign exchange, £39,157.....	Sundry securities (at market value), including £8,284 in respect of securities held in currencies subject to exchange restrictions.....
	63,363
	Balances with bankers abroad and cash in foreign currencies: Available, £5,401; subject to exchange restrictions, £27,557.....
	32,958
	Loans, overdrafts and other balances, less reserve for doubtful debts.....
	*256,101
	Customers' liabilities for acceptances.....
	*17,503
	*Note.—The total of these two items includes £122,170 in respect of assets in countries where exchange restrictions are in force. The value of these assets is dependent on the satisfactory solution of the financial and economic problems of the countries concerned.
	Profit and loss account.....
	276,894
	770,362

THE MITSUI BANK, LIMITED

BALANCE SHEET—June 30, 1935

LIABILITIES	ASSETS
Deposits (current, fixed, etc.).....	Cash in hand and at the Bank of Japan, etc.....
759,522,224	47,225,339
Foreign bills sold.....	Money at call and short notice.....
657,337	61,860,000
Due to foreign banks (including discounts).....	Government bonds.....
11,397,885	188,885,836
Due to inland correspondents.....	Municipal and other bonds.....
750,995	145,855,852
Outstanding cheques.....	Stocks.....
348,405	350,000
Liabilities under L/C, etc.....	Foreign Government bonds, etc.....
2,994,077	15,924,650
Interest accrued on deposits not due.....	Loans and discounts.....
7,427,140	380,483,610
Rebate on bills not due.....	Foreign bills purchased.....
1,747,636	62,467,635
Provisional receipts, etc.....	Due from foreign banks.....
1,113,548	3,130,776
Capital.....	Due from inland correspondents.....
100,000,000	598,013
Reserve funds.....	Customers' liabilities under L/C, etc., per contra.....
56,800,000	2,994,077
Profit for the half-year including—Balance from last account, Yen 11,209,792; transferred from pension fund, Yen 5,439,006.....	Provisional payments.....
21,245,072	1,328,289
	Bank premises and real estates.....
	15,090,243
	Capital uncalled.....
	40,000,000
963,994,320	963,994,320

THE NATIONAL BANK

LIMITED

ESTABLISHED 1835

CAPITAL SUBSCRIBED £7,500,000

RESERVE FUND - £1,090,000

CAPITAL PAID-UP £1,500,000

DEPOSITS (30.6.35) £37,820,000

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STOCKHOLM

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Capital: 100,000,000 Kronor

TELEGRAPHIC ADDRESS:
NITTON-STOCKHOLM

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STOCKHOLM 16

THE MITSUI BANK, LIMITED—Continued from page 58

Dr. PROFIT AND LOSS ACCOUNT		Cr.	
	Yen		Yen
Reserve Fund	1,000,000	Profit for the half year	21,245,072
Pension fund	350,000		
Bonus	280,000		
Dividend to shareholders	2,400,000		
Pension	8,570,187		
Balance carried forward to next account	8,544,885		
	21,245,072		21,245,072

THE MITSUBISHI BANK, LIMITED

BALANCE SHEET—December 31, 1934

LIABILITIES		ASSETS	
	Yen		Yen
Deposits	722,648,160	Cash on hand and in banks	54,938,773
Foreign bills sold	739,875	Money at call and short notice	44,369,302
Due to foreign banks	1,704,092	Government and municipal bonds	240,622,476
Due to inland correspondents	742,650	Other bonds	148,453,196
Acceptances and guarantees	4,802,162	Stocks and shares	34,449,142
Interest accrued on deposits	5,388,916	Loans and bills discounted	285,344,181
Rebate on bills discounted not yet due	994,311	Bonds loaned to customers	2,161,890
Suspense accounts	2,573,822	Foreign bills bought	38,289,286
Outstanding cheques	204,572	Due from foreign banks	5,011,579
Capital	100,000,000	Due from inland correspondents	806,604
Reserve funds	45,786,210	Acceptances and guarantees as per contra	4,802,162
* Profit for the half-year	10,937,227	Bank premises and real estates	15,904,056
		Temporary payments	381,246
		Money in trust (pension reserve fund)	3,487,915
		Accounts en route	184,709
		Capital uncalled	37,500,000
	896,710,897		896,710,897

* Including profit brought forward from last term Yen 5,370,511

THE MOSCOW NARODNY BANK LIMITED

BALANCE SHEET—June 30, 1935

LIABILITIES		ASSETS	
	£		£
Capital issued—		Cash at banks, in hand and gold bullion	1,018,383
125,000 shares of £10 each, fully paid	1,250,000	Investments—	
50,000 shares of £10 each, £7 14s. paid	385,000	Co-operative Transit Bank, Riga—9,000 fully-paid shares of 100 gold lats each (at cost)	38,035
Reserve account	200,000	Banque Commerciale pour l'Europe du Nord, Paris—49,650 fully-paid shares of 1,000 fully-paid shares of 52 gobl each (at cost)	200,804
Clients' current and deposit accounts	682,763	Far Eastern Bank, Harbin—1,000 fully-paid shares of 52 gobl each (at cost)	3,239
Correspondents of the bank	293,070	Soyuzobzbank, Ltd., London—100 shares of £100 each, £50 paid (at cost)	5,000
Bills rediscounted	197,610	(These investments are held for trade purposes and no market quotations are available.)	
Advances against goods (contra)	463,684	Correspondents of the bank	419,919
Acceptances of other banks on security of goods and documents against advances (contra)	1,350,468	Bills discounted	232,610
Miscellaneous creditors (including provision for taxation and exchange profits in suspense)	69,411	Advances—	
Foreign exchange operations	331,066	Against goods and documents	1,914,132
Liabilities of the bank (as per contra) in respect of guarantees	2,180,330	Under agreements to finance exports from U.S.S.R.	1,050,000
Creditors for bills for collection (as per contra)	46,881	Advance against collateral bills of exchange	5,000
Profit and loss account as at June 30, 1935	8,263	Miscellaneous debtors	6,760
		Office furniture and fittings (at cost, less sales and depreciation)	5,765
		Foreign exchange operations	331,668
		Liabilities of customers (as per contra) in respect of guarantees issued	2,180,330
		Bills for collection (as per contra)	46,881
	7,458,546		7,458,546

NATIONAL BANK OF EGYPT

BALANCE SHEET—December 31, 1934

LIABILITIES		ASSETS	
	£E.		£E.
Share capital—300,000 fully-paid shares of £10 each	2,925,000	Government securities and securities guaranteed by the Egyptian Government	17,117,675
Statutory reserve fund	1,462,500	Sundry securities	782,538
Special reserve	1,462,500	Advances on merchandise	1,800,740
Current, deposit and other accounts	16,018,110	Advances on securities	2,862,030
Egyptian Government	4,853,650	Advances otherwise secured	815,353
Sudan Government	549,454	Sundry other advances	295,537
Mixed tribunals	1,639,448	Bills of exchange	2,302,776
Bankers' accounts	496,957	Local bills discounted	167,964
Cheques and bills payable	151,231	Buildings, furniture, etc.	226,516
Rebate of discount on bills not yet due	2,514	Money at call and at short notice	1,560,000
Dividends unclaimed	24,868	Bankers' accounts	268,585
Acceptances, etc.	1,543,452	Clients' liability for acceptances, etc., as per contra	1,543,452
Provision for payment of final dividend at the rate of 11 per cent. per annum	321,750	Cash—	
Profit and loss account balance	224,542	Notes, £E.1,496,870; gold and silver coin, etc., £E.835,945	2,332,815
	31,675,976		31,675,976

THE NATIONAL CITY BANK OF NEW YORK

BALANCE SHEET—June 29, 1935

LIABILITIES		ASSETS	
	\$		\$
Capital—		Cash, gold bullion and due from banks and bankers	342,477,965
Preferred	50,000,000	United States Government obligations (direct or fully guaranteed)	471,433,920
Common	77,500,000	State and municipal bonds	80,876,507
Surplus	30,000,000	Other bonds and securities	69,809,061
Undivided profits	11,898,089	Loans, discounts and bankers' acceptances	542,818,206
Reserves for—		Customers' liability account of acceptances	37,619,216
Unearned discount and other unearned income	2,751,293	Stock in Federal Reserve Bank	6,600,000
Interest, taxes and other accrued expenses	5,472,078	Ownership of International Banking Corporation	8,000,000
Dividends—		Bank premises	56,964,938
Preferred, to August 1, 1935	881,803	Items in transit with branches	3,482,489
Common, to August 1, 1935	3,100,000	Other assets	6,985,625
Liability as acceptor, endorser or maker on acceptances and bills, \$64,642,180; less own acceptances in portfolio, \$16,243,651	48,398,539		
Deposits	1,397,066,125		
	1,627,067,927		1,627,067,927

OTTOMAN BANK

The accounts made up to December 31, 1934, after providing for bad and doubtful debts out of Revenue and Provisions previously made, show an amount available of £104,542, including £27,159 brought forward from the previous year. The Committee recommend a distribution at the rate of 3s. per share payable in Istanbul, London and Paris on June 24, 1935, leaving £29,542 to be carried forward to the current year.

BALANCE SHEET—December 31, 1934

LIABILITIES		ASSETS	
	£		£
Capital, £10,000,000; less not called up, £5,000,000	5,000,000	Cash in hand and at bankers	8,801,705
Statutory reserve	1,250,000	Money at call and notice	1,203,307
Bank notes in circulation	374,391	Bills receivable	5,674,154
Bills payable and sight drafts	285,263	Investments (including British and French Government Bonds of which £425,314 short dated)	1,973,088
Current accounts of sundries	12,385,128	Current accounts of sundries	5,304,790
Deposits for fixed terms	1,512,748	Advances on securities	2,316,722
Acceptances	637,755	Clients for acceptances	637,755
Profit and loss account	104,542	Bank premises and real estate	628,307
	21,539,827		21,539,827

SOCIÉTÉ BELGE DE CRÉDIT INDUSTRIEL ET COMMERCIAL ET DE DÉPÔTS

BALANCE SHEET—December 31, 1934

LIABILITIES		ASSETS	
	Frs.		Frs.
Subscribed capital	20,000,000	Cash	1,708,310
Statutory reserve	2,000,000	Due from other banks	17,685,154
Extraordinary reserve	6,900,000	Bills receivable	44,190,350
Deposit and current accounts	74,422,863	Coupons for collection	368,474
Profit and loss	1,722,111	Current accounts	3,806,291
Other accounts	140,659	Sundry assets	7,645,895
Unclaimed dividends	29	Loans and advances	15,578,901
	105,185,661	Uncalled capital	12,875,690
		Buildings and furniture	1,019,982
		Cost Continuation of Company	510,704
			105,185,661

SOCIÉTÉ GÉNÉRALE

(Pour Favoriser le Développement du Commerce et de l'Industrie en France)

BALANCE SHEET—July 31, 1935

LIABILITIES		ASSETS	
	Frs.		Frs.
Capital	625,000,000	Cash in hand and at Bank of France	1,633,954,591
Reserves	390,000,000	At banks and correspondents	371,538,736
Cheque accounts	3,069,383,063	Bills and National Defence bonds	4,938,268,635
Deposits for fixed periods	250,937,000	Coupons for encashment	154,881,389
Acceptances due or to be met	98,655,158	Contangoes	57,977,012
Diverse current accounts	5,920,285,932	Advances on security	520,530,161
Sundry accounts	168,186,780	Diverse current accounts	2,385,351,202
Interest and dividends	8,675,712	Government stocks, shares, bills and debentures	33,128,937
Profit and loss	27,138,853	Investments	26,455,020
		Real estate and "Immobilière Parisienne et Départementale"	71,381,788
		Sundry accounts	63,228,027
		Calls on shares	302,835,000
	10,559,450,498		10,559,450,498

PROVINCIAL BANK OF IRELAND LTD.

ESTABLISHED 1825.

Subscribed Capital - - £4,080,000
Paid-up - - - - £540,000
Divided into 40,000 Shares of £100 each, £12 10s. paid; and 4,000 Shares of £20 each, £10 paid.
Reserve Fund - - - - £495,000

DIRECTORS:

RICHARD DURANT TROTTER, Esq., Chairman.
Hon. DAVID FRANCIS BRAND
G. BROCK, Esq., F.C.A.
JOHN CHARLES DENTON CARLISLE, Esq.
JAMES MARMION CARROLL, Esq.
ALEXANDER BRODRICK
JOHN Wm. FREEMAN, Esq.
Hon. Sir WILLIAM HENRY GOSCHEN, K.B.E.
HENRY SAMUEL HOWARD GUINNESS, Esq.
EDWARD RALPHE DOURO HOARE, Esq.
LESLIE-MELVILLE, Esq.

Head Office: 8 THROGMORTON AVENUE, LONDON, E.C. 2.
Telephone: Metropolitan 0311. Metropolitan 0323.
Secretary's Office.

Secretary: FRANCIS S. FORDE. Assistant Secretary: GEORGE A. KENNEDY. Manager: F. W. BROWN.

128 Branches and Sub-Branches throughout Ireland.
Chief Officer in Ireland: DAVID B. BRADSHAW.

CORRESPONDENTS AND AGENTS. The Bank has Correspondents and Agents throughout the British Isles and in all parts of the world, and conducts Overseas business of all kinds, including Collection of Foreign Bills and Cheques.
CURRENT ACCOUNTS OPENED; DEPOSITS RECEIVED, and general Banking business transacted.
INCOME TAX. Claims for recovery and for adjustment of Income Tax undertaken.
DIVIDENDS, ANNUITIES, COUPONS, etc., collected. Duties of Executor and Trustee undertaken.

BANCO ESPAÑOL DE CREDITO

Head Office:

ALCALA, 14 MADRID

G.P.O. Box 297 Telegraphic Address: BANESTO

AUTHORISED CAPITAL - Ptas. 100,000,000,00.—
PAID UP CAPITAL - - - - 51,355,500,00.—
RESERVES - - - - 67,621,926,17.—

400 Branches in Spain and Morocco

UNDERTAKES EVERY CLASS OF
BANKING AND EXCHANGE TRANSACTIONS
IN SPAIN AND ABROAD

LATVIEŠU AKCIJU BANKA

(LETTISH BANK LIMITED)

Established 1903

RIGA, Latvia

Capital Paid Up - Lats 2,000,000

EVERY DESCRIPTION OF BANKING
BUSINESS TRANSACTED
SPECIAL FACILITIES FOR BRITISH
TRADE WITH LATVIA

London Agents:

THE
BRITISH OVERSEAS BANK
LIMITED
33 GRACECHURCH STREET, E.C. 4

STÉ. GLE. DE CRÉDIT INDUSTRIEL ET COMMERCIAL

BALANCE SHEET—December 31, 1934

LIABILITIES	Frs.	ASSETS	Frs.
Deposit accounts.....	398,643,467	Cash in hand and at Banque de France.....	101,376,558
Current accounts.....	695,141,557	Due from other banks.....	84,518,203
Fixed deposits.....	342,557,532	Cheques for collection.....	11,261,168
Acceptances.....	29,598,148	Bills receivable and "Bons de la Défense Nationale".....	901,703,540
Unclaimed interest and dividends.....	190,681	Current accounts.....	207,533,427
Transitory and sundry accounts.....	19,896,060	Advances guaranteed.....	82,567,753
Reserve fund—statutory, Frs. 10,000,000; extraordinary, Frs. 60,000,000.....	70,000,000	Acceptances.....	29,598,148
Capital.....	100,000,000	Payments made on account of interest and dividends for 1934.....	2,240,012
Brought forward from previous years.....	3,990,662	Transitory and sundry accounts.....	12,938,153
Profit and loss account for 1934.....	5,607,738	Investments.....	53,797,253
		Shares of affiliated societies.....	109,443,830
		Bank premises.....	20,000,000
		Uncalled capital.....	48,750,000
	1,865,825,845		1,865,825,845

THE SUMITOMO BANK, LIMITED

BALANCE SHEET—June 30, 1935

LIABILITIES	Yen	ASSETS	Yen
Deposits.....	886,848,866	Cash in hand.....	55,889,044
Exchange sold.....	16,795,227	Money at call and short notice.....	40,850,000
Due to other banks.....	3,660,218	Bonds, debentures and other securities.....	395,362,788
Foreign credits, acceptances and guarantees.....	6,023,129	Bills discounted.....	82,148,369
Accrued interest, unearned discount, etc.....	12,806,192	Loans.....	389,083,342
Capital subscribed.....	70,000,000	Securities lent.....	1,289,815
Reserve fund.....	35,000,000	Exchange purchased.....	31,797,923
Pension reserve.....	5,253,245	Due from other banks.....	3,560,152
Balance of profit brought forward from previous half-year.....	3,701,532	Customers' liabilities on foreign credits, acceptances and guarantees.....	6,023,129
Net profit for this half-year.....	5,141,736	Bank premises.....	19,245,583
	1,045,230,145	Capital unpaid.....	20,000,000
			1,045,230,145

SWISS BANK CORPORATION

After deduction of expenses and taxes, and making provision for bad and doubtful debts, etc., the net profit for

the year ended December 31, 1934, amounts to £289,572, which together with the amount carried forward from last year, viz. £44,026, makes a total of £333,598. The Board propose to pay a dividend of 4½ per cent. on the paid-up capital, which will absorb £238,000, and to carry forward £45,598.

BALANCE SHEET—December 31, 1934

(£1 = 25 francs)

LIABILITIES	£	ASSETS	£
Share capital.....	6,400,000	Cash.....	9,785,295
Reserves.....	1,560,000	Banks and bankers.....	3,385,908
Fixed deposits.....	7,920,302	Bills receivable.....	8,363,740
Current accounts, etc.—Sight deposits, £20,892,118; Time deposits, £9,874,593.....	30,766,711	Loans at short dates on securities.....	1,032,255
Acceptances.....	969,857	Advances to customers, etc.....	22,189,747
Profit.....	333,598	Permanent investments.....	530,000
		Government, railway and other securities.....	1,532,871
		Syndicates.....	426,378
		Bank premises and other property.....	724,274
	47,950,468		47,950,468

THE YOKOHAMA SPECIE BANK, LIMITED

BALANCE SHEET—June 30, 1935

LIABILITIES	Yen	ASSETS	Yen
Capital issued and fully paid.....	100,000,000	Cash account—	
Reserve fund.....	125,800,000	In hand.....	18,814,386
Reserve for doubtful debts.....	3,797,187	At bankers.....	53,110,597
Notes in circulation.....	5,663,087	Investments in public securities and debentures at current market price.....	444,086,775
Deposits (current, fixed, etc.).....	558,632,307	Bills discounted, loans, advances, etc.....	327,031,881
Bills payable, bills discounted, acceptances and other sums due by the bank.....	586,035,218	Bills receivable and other sums due to the bank.....	525,407,287
Dividends unclaimed.....	7,655	Bullion and foreign money.....	6,524,369
Balance of profit and loss brought forward from last account.....	8,941,325	Bank's premises and properties, estimated at cost price, less allowance for depreciation.....	19,238,644
Net profit for the past half-year.....	7,211,777	Bank's furniture.....	874,827
	1,396,088,556		1,396,088,556

THE BRITISH LINEN BANK

Incorporated by Royal Charter 1746.

LONDON OFFICES:

City Office - - - 38 Threadneedle Street, E.C.2

West End Branch - - 198 Piccadilly, W.1

where accounts may be opened on usual London terms.

Head Office: 38 St. Andrew Square, Edinburgh.

Over 200 Branches throughout Scotland.

BANK OF CZECHOSLOVAK LEGIONS
PRAGUE

Telegraphic Address: "LEGIOBANKA."

22 Branches and 5 Exchange Offices in Czechoslovakia.

Capital Paid Up - - - Kč 70,000,000

Reserves - - - - - Kč 100,000,000

COMPLETE BANKING SERVICE

Our New
Information Service

The Intelligence Branch of the *Economist* has now been enlarged to meet the growing demand for economic and statistical information. The Department has been able to secure the services of a number of experts, and is prepared to supply information and reports on any branch of industry and finance as well as on international relations at a fee proportionate to the work involved.

Enquiries should be addressed to the

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THE ECONOMIST
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The Economist

Week by week you keep your copies of "The Economist," and ultimately you either file them or bind them. Doubtless you are accustomed to the annoyance which attaches to the ordinary binder—the difficulty of reading half the left-hand page and the unwieldiness of the device generally.

We are able to offer our readers a binder which overcomes these irksome difficulties and is, in our opinion, the most efficient contrivance for the purpose we have yet seen.

It holds three months' issues and index, it has no wires, clips or metal contrivances, and each issue can be bound up in an instant in such a way that it can be read as easily as a well-bound book.

(IN FULL CLOTH, LETTERED ON SPINE AND FRONT)

Price 5/- each, post free (Overseas 6/-)
from

THE ECONOMIST
8 BOUVERIE STREET, LONDON, E.C.4

PAŃSTWOWY BANK ROLNY

(STATE LAND BANK)

Chairman: SEWERYN LUDKIEWICZ Assistant General Managers: PIOTR BERDECKI, JÓZEF BOROWSKI

Head Office: Warsaw, POLAND

BRANCHES THROUGHOUT POLAND

Capital - - - - - Zlotys 100,000,000

Reserve Funds at 1st January, 1935 - - - - - Zlotys 37,079,176

Balance-Sheet total as 1st January, 1935 - - - - - Zlotys 1,951,068,935

Telegraphic Address: "CENTROPEBROL" for Head Office.
"PEBROL" for Branches.

The State Land Bank transacts every description of Banking business.
The Bank grants long term loans to small and medium-sized rural holdings and short term advances through the intermediary of local credit institutions.
The Bank's Mortgage Bonds and Land Improvement Debentures are guaranteed by the Polish Treasury.

HUNGARIAN GENERAL CREDITBANK
MAGYAR ÁLTALÁNOS HITELBANK.Founded in
1867.

BUDAPEST—V. József-tér 3.

Telegrams:
"Credit."

Share Capital and Reserves - 69,500,000 pengő

Eight Branches in Budapest.

Branches in Baja, Debrecen, Eger, Győr, Kecskemét, Miskolc, Pécs, Sátorajauhely, Sopron, Szekesfehérvár, Szekszárd, Brasov, Oradea, Timisoara, Fiume.

Banking business of all descriptions transacted.
Correspondents throughout the world.

NATIONAL DISCOUNT COMPANY, LIMITED

ESTABLISHED 1856.

35 CORNHILL, LONDON, E.C.3

Telegraphic Address:
"NATDIS, STOCK, LONDON."Telephones:
MANSION HOUSE £241 (3 Lines)

SUBSCRIBED CAPITAL	-	£2,153,335
PAID-UP CAPITAL	-	£1,000,000
RESERVE FUND	-	£1,000,000

DIRECTORS:

Col. The Hon. SIDNEY PEEL, C.B., D.S.O., Chairman.
Lt. Col. The Hon. GEORGE AKERS-DOUGLAS.
The Hon. ARTHUR M. ASQUITH, D.S.O.
FRANCIS GOLDSMITH.

FREDERICK W. GREEN.
H. S. H. GUINNESS.
Sir SIGISMUND F. MENDEL, K.B.E.
Sir CHARLES D. SELIGMAN.

Manager—FRANCIS GOLDSMITH.

Sub-Manager—ROBERT E. de B. BATE.

Asst. Sub-Manager—HARRY R. W. BROWN.

Chief Accountant & Secretary—SEYMOUR S. JOHNSON.

Registrar—GERALD H. ELLARD.

Auditors:

PRICE, WATERHOUSE & CO.

Bankers:

BANK OF ENGLAND.

NATIONAL PROVINCIAL BANK, LIMITED.

Treasury Bills, Bank and Mercantile Bills negotiated.

Money received on Deposit at Call and Short Notice at the Current Market Rates of Interest, and for longer periods upon specially agreed terms.

Loans granted upon approved securities.

All communications to be addressed to the Manager.

THE UNION BANK OF SCOTLAND, Ltd.

ESTABLISHED OVER 100 YEARS

SUBSCRIBED CAPITAL	-	£5,200,000
PAID-UP	-	£1,200,000
RESERVE FUND	-	£1,800,000
DEPOSITS	-	£29,944,043

HEAD OFFICES:

GLASGOW—St. Vincent Street. EDINBURGH—George Street.
212 Branches throughout Scotland.

LONDON OFFICES: 62 CORNHILL, E.C.3.

Manager:
JOHN THOMSONAsst. Manager:
JOHN A. MORRISON

HAS FOREIGN EXCHANGE DEPARTMENT.

332 Oxford Street, W.1 - J. M. S. Lambie, Manager
1 Regent Street, S.W.1 - John Macdonald, Manager
140 Kensington High Street, W.8 - David L. Manson, Manager

Adapted in every way to carry through all forms of Banking Business in London and Scotland.
Every description of Home and Foreign Banking transacted.
Letters of Credit issued on all places at Home and Abroad;
Cable Remittances, Freight Collections, Ship's Disbursements
Credits, Commercial Credits, &c., arranged. Bills of Exchange
and Shipping Documents collected or negotiated subject to
approval.

The Bank also undertakes the duties of TRUSTEE and EXECUTOR.

SMALL SAVINGS ACCOUNTS BEARING INTEREST.
Sums of 1/- and upwards received. PASS BOOKS
and HOME SAFES ISSUED. Strictest Secrecy is
observed by the Bank's Officials.

At London Offices Current Accounts and other business conducted on the usual terms of London Banks.

Deposits received at Interest.

NORMAN L. HIRD, General Manager.

ROYAL BANK OF SCOTLAND

Incorporated by Royal Charter, 1787.

CAPITAL
(fully paid):
£3,780,192

RESERVE FUND:
£3,780,926

DEPOSITS:
£58,944,630

A COMPLETE BRITISH EMPIRE
AND FOREIGN BANKING SERVICE
TOTAL NUMBER OF OFFICES 253

CORRESPONDENCE INVITED

HEAD OFFICE EDINBURGH.

General Manager—WILLIAM WHYTE.

Associated Bank—Williams Deacon's Bank, Ltd. (Members of the London Bankers' Clearing House).

LONDON OFFICES:

CITY:
3 Bishopsgate, E.C.2
8 West Smithfield, E.C.1

WEST END:
(Drummonds)
49 Charing Cross, S.W.1
(Western)
Burlington Gardens, W.1
(formerly Branch of Bank of
England)
64 New Bond Street, W.1

BANK OF SCOTLAND

CONSTITUTED BY ACT OF PARLIAMENT, 1695

AUTHORISED CAPITAL	-	£4,500,000
PAID-UP CAPITAL	-	£1,500,000
RESERVE FUND and BALANCE CARRIED FORWARD	-	£2,502,316
DEPOSITS and CREDIT BALANCES as at 28th February, 1935	-	£36,653,815

Governor: The Rt. Hon. LORD ELPHINSTONE, K.T. Deputy Governor: THE LORD HENRY SCOTT
A. W. M. BEVERIDGE, Treasurer.

Head Office: THE MOUND, EDINBURGH

GLASGOW, Chief Office: 2, ST. VINCENT PLACE. J. W. MACFARLANE, Manager.

LONDON OFFICES: City Office—30, BISHOPSGATE, E.C.2. J. W. JOHNSTON, Manager.

Piccadilly Circus Branch—16/18, PICCADILLY, W. C. D. ALLISON, Manager.

254 Branches and Sub-Branches in Edinburgh, Glasgow, and throughout Scotland
Every description of British and Foreign Banking Business transacted

THE Commercial Bank of Scotland LIMITED

Established 1810

Incorporated by Royal Charter and Act of Parliament

OVER 360 BRANCHES AND SUB-OFFICES IN SCOTLAND AS WELL AS
THE FOLLOWING LONDON OFFICES:—

CITY OFFICE: 62 LOMBARD STREET, E.C.3

KINGSWAY BRANCH: IMPERIAL HOUSE, 15 KINGSWAY, W.C.2

PICCADILLY BRANCH: 4 OLD BOND STREET, W.1

Head Office: 14 George Street, EDINBURGH

THE NATIONAL BANK OF SCOTLAND LIMITED



Head Office:
EDINBURGH

Branches throughout
SCOTLAND

ESTABD 1825

LONDON OFFICES: 37 Nicholas Lane, E.C.4, and 18/20 Regent Street, Piccadilly Circus, S.W.1
The Bank undertakes the duties of Trustee or Executor under Wills, Trustee under Marriage and other Settlements, etc.

The Hongkong and Shanghai Banking Corporation

(Incorporated in the Colony of Hongkong. The liability of members
is limited to the extent and in manner prescribed by Ordinance No. 6 of
1929 of the Colony)

AUTHORISED CAPITAL	...	...	...	\$50,000,000
ISSUED AND FULLY PAID UP	...	...	...	\$20,000,000
RESERVE FUNDS	{	STERLING	...	\$6,500,000
		SILVER	...	\$10,000,000
RESERVE LIABILITY OF PROPRIETORS	...	...	...	\$20,000,000

Head Office - HONGKONG

BOARD OF DIRECTORS:

S. H. DODWELL, Chairman
C. C. KNIGHT, Deputy-Chairman
Hon. Mr. W. H. BELL G. MISKIN
A. H. COMPTON Hon. Mr. J. J. PATERSON
M. T. JOHNSON T. E. PEARCE
J. A. PLUMMER

CHIEF MANAGER - V. M. GRAYBURN

BRANCHES:

Amoy, Bangkok, Batavia, Bombay, Calcutta, Canton, Chefoo,
Colombo, Dairen (Dairen), Foochow, Haiphong, Hamburg,
Hankow, Harbin, Hongkew (Shanghai), Ipoh, Johore, Kobe,
Kowloon, Kuala Lumpur, London, Lyons, Malacca, Manila,
Moukden, Muar, New York, Peiping (Peking), Penang, Rangoon,
Saigon, San Francisco, Shanghai, Singapore, Sourabaya, Suva,
Tientsin, Tokyo, Tsingtao, Yokohama.

COMMITTEE IN LONDON:

The Hon. Alexander Baring Sir George Macdonagh,
A. H. Barlow G.B.E., K.C.B., K.C.M.G.
D. G. M. Bernard Sir George Sutherland
C. A. Campbell C. F. Whigham

MANAGERS IN LONDON:

O. J. Barnes R. E. N. Padfield
Sub-Manager: G. M. Dalgety Accountant: A. M. Knight

9, GRACECHURCH ST., LONDON, E.C.3

BANK GOSPODARSTWA KRAJOWEGO

(NATIONAL ECONOMIC BANK)

JEROZOLIMSKA 1, WARSAW

Telegraphic Address: KRAJOBANK, WARSAW

Paid-up Capital: Zl. 150,000,000
Reserve Fund: Zl. 47,075,652

Total of Balance Sheet, as on December 31, 1934
Zl. 2,211,129,283

18 Branches
in Poland

Correspondents all
over the world

HANDLING OF BANKING
TRANSACTIONS OF EVERY
DESCRIPTION

BANK OF BRITISH WEST AFRICA LIMITED.

ESTABLISHED 1894.

Authorised Capital ...	£4,000,000
Subscribed Capital ...	£3,000,000
Paid-up Capital ...	£1,200,000
Reserve ...	£400,000

Bankers to the Governments of the Gambia,
Sierra Leone, Gold Coast and Nigeria.

Chairman:

THE EARL OF SELBORNE, K.G., G.C.M.G.

HEAD OFFICE:

37, GRACECHURCH STREET, LONDON, E.C.3.

GENERAL MANAGER:

D. W. PATERSON.

Liverpool, Manchester, Hamburg,
West Africa, Canary Islands, Morocco.

Agents in New York:
Standard Bank of South Africa, Ltd.

PRINCIPAL SHAREHOLDERS:

Lloyds Bank Limited; National Provincial Bank
Limited; Standard Bank of South Africa, Limited;
Westminster Bank Limited.

THE CENTRAL BANK OF INDIA, LTD.

ESTABLISHED 1911

Head Office: BOMBAY

Up-Country Branches:

AGRA, AHMEDABAD, AMINABAD (LUCKNOW),
AMRITSAR, AURANGABAD, BARA BAZAR
(CALCUTTA), CALCUTTA, NEW MARKET (CAL-
CUTTA), SHAM BAZAR (CALCUTTA), CAWNPORE,
DACCA, DELHI, GORAKHPUR, HAPUR, HYDE-
RABAD (SIND), HYDERABAD (DECCAN), JALNA,
JAMNAGAR, KARACHI, LAHORE, LAHORE
CITY, LATUR, LUCKNOW, LYALLPUR, RAN-
GOON, RAICHUR, SAILU, SAMBHAR LAKE,
SARGODHA, SECUNDERABAD, SURAT AND
WARANGAL

London Agents:

THE MIDLAND BANK LIMITED
BARCLAY'S BANK LIMITED

Paris Agents:

THE GUARANTY TRUST CO. OF NEW YORK

Berlin Agents:

THE DEUTSCHE BANK

New York Agents:

THE GUARANTY TRUST CO. OF NEW YORK

Subscribed Capital Rs. 3,36,00,000

Paid-up Capital - Rs. 1,68,00,000

Reserve and Contingency Fund
Rs. 70,00,000

Sir S. N. POCHKHANAWALA, Kt., Managing Director



THE DAI-ICHI GINKO, LIMITED

(FORMERLY THE FIRST NATIONAL BANK)
Established 1873

CAPITAL (Paid up) -	Yen 57,500,000
RESERVE -	Yen 68,500,000

A Complete Banking Service

Head Office:

TOKYO

Branches:

YOKOHAMA, KOBE, OSAKA, KYOTO, SEOUL and other
principal Cities at home

Correspondents:

All important places at home and abroad

THE P. & O. BANKING CORPORATION, LIMITED

Head Office: 117-122, LEADENHALL ST., LONDON, E.C.3

AUTHORISED CAPITAL	£5,000,000
SUBSCRIBED CAPITAL	£2,594,160
PAID-UP CAPITAL	£2,594,160
RESERVE FUND	£180,000

Every description of Banking Business transacted.
Correspondents in all parts of the World.

BRANCHES:

14, Cockspur Street, London, S.W.1;
Bombay; Calcutta; Calicut;
Colombo; Hongkong; Madras;
Shanghai; Singapore

AFFILIATED BANK:

THE ALLAHABAD BANK, LTD.

Head Office: CALCUTTA; with 38 Branches and
Sub-Agencies in India.

AUTHORISED CAPITAL	Rs. 40,00,000
SUBSCRIBED CAPITAL	Rs. 40,00,000
PAID-UP CAPITAL	Rs. 35,50,000
RESERVE FUND	Rs. 44,50,000

HUNGARIAN COMMERCIAL BANK OF PEST

Royal Charter: 1841

BUDAPEST

(Pesti Magyar Kereskedelmi Bank)

V., Gróf Tisza István utca 2

Telegrams: Commerz

Capital: P. 25,000,000
Surplus: P. 35,500,000

International organisation

43 Affiliations and Branches in Hungary

EVERY KIND OF BANKING BUSINESS TRANSACTED

P. K. O. POSTAL SAVINGS BANK IN POLAND POLAND'S Largest Savings Institution

Dr. Henryk GRUBER, President

Kazimierz STRZEGOCKI, Vice-President

Number of Clients -	1,950,000
Total Assets -	Zl 850,000,000
Yearly Turnover -	Zl 28,000,000,000

Lowest Rates on Foreign and Domestic Money Orders.

Correspondents in the Principal Cities of the World.

HEAD OFFICE: JASNA 9, WARSAW

Branches: Katowice, Kraków, Lwów, Łódź, Poznań, Wilno

THE Commercial Banking Company of Sydney, LIMITED

(with which is amalgamated the BANK OF VICTORIA, LTD.)

ESTABLISHED 1834. INCORPORATED IN NEW SOUTH WALES WITH LIMITED LIABILITY

Authorised Capital	£12,000,000 0 0
Capital Paid up ...	£4,739,012 10 0
Reserve Fund ...	£4,300,000 0 0
Reserve Capital ...	£4,739,012 10 0
	£13,778,025 0 0

Total Assets
31st Dec., 1934 ... £59,487,270 0 0

Head Office: Sydney—343 George Street
General Manager: C. Darvall

430 Offices and Branches in New South Wales,
Queensland, Victoria, South Australia and Federal
Capital Territory. Agencies throughout Australia
and New Zealand, and all other parts of the world.
Drafts payable on demand and Letters of Credit
are issued by the London Office on the Head
Office, Branches and Agencies of the Bank.
Bills on Australasia negotiated and collected.
Remittances cabled and mailed.

LONDON OFFICE:

18 BIRCHIN LANE, LOMBARD STREET, E.C.3
V. B. JONES, Manager



Pre-eminent in the
PITTSBURGH
District

MELLON
NATIONAL BANK

PITTSBURGH, PENNSYLVANIA

Correspondence Invited

Cable Address: Mellon, Pittsburgh
London Agents: National Provincial Bank, Ltd.

NATIONAL BANK OF INDIA, LIMITED

Registered in London under the Companies Act of 1862 on the 23rd of March, 1866.
Established in Calcutta 29th September, 1863.

Bankers to the Government in KENYA (B. E. Africa) and UGANDA.

Subscribed Capital-	- - - - -	£4,000,000
Raid-up Capital	- - - - -	£2,000,000
Reserve Fund -	- - - - -	£2,200,000

Head Office: 26 BISHOPSGATE, LONDON, E.C.2

BRANCHES			
ADEN ADEN STEAMER POINT AMRITSAR BOMBAY CALCUTTA CANNING CANNING	CHITTAGONG COCHIN (S. India) COLOMBO DELHI KANDY KARACHI LAHORE	MADRAS MANDALAY NUWARA ELIYA RANGOON TUTICORIN ZANZIBAR	ELDOVET KISUMU MOMBASA NAIROBI NAKURU Kenya Colony, B.E.A.
			ENTEBBE JINJA KAMPALA DAR-ES-SALAAM TANGA Uganda. Tanganyika Territory.

The Bank grants Drafts and Telegraphic Transfers on all places where it is represented; negotiates and collects Bills of Exchange; collects Pay, Pensions, and generally transacts every description of Eastern Banking business. Current Accounts are opened and Deposits are received for fixed periods, not exceeding one year, at rates to be obtained on application.

Circular Letters of Credit available throughout the World are issued to Constituents at Head Office and Branches. Trusteeships and Executorships undertaken.

ALEXANDERS DISCOUNT CO. LIMITED.

24 Lombard Street, E.C.3.

Capital Authorised -	- - -	£1,800,000
Subscribed -	- - -	1,800,000
Paid-up Preference Shares	- - -	200,000
Paid-up Ordinary Shares -	- - -	800,000
Reserve Fund -	- - -	1,000,000

DIRECTORS.

COLIN FREDERICK CAMPBELL, *Chairman.*

GEORGE CLEVERLY ALEXANDER.

ROBERT ALEXANDER.

SIR AUSTIN EDWARD HARRIS, K.B.E.

ERIC GORE BROWN, D.S.O.

FRANK NEWCOMB.

Manager—F. NEWCOMB.

Sub-Manager—B. F. CHURCHSON, C.B.E.

Secretary—P. C. TONG.

Approved Mercantile Bills discounted. Loans granted on negotiable securities. Money received on deposit at call and short notices at current market rates, as advertised from time to time in the daily papers. For longer periods on specially agreed terms.

The Company deals in British Treasury Bills of any maturity.

NETHERLANDS BANK OF SOUTH AFRICA

(Incorporated with limited liability under the laws of the Netherlands.)

Authorised Capital.	
9,000,000fl. @ 7.21 =	£1,248,266 5 11
Subscribed and Paid-up Capital.	
5,622,500fl. @ 7.21 =	£779,819 13 11
Reserve Fund.	
2,350,000fl. @ 7.21 =	£325,936 4 0

South
African
Currency

Head Office:
AMSTERDAM, HEERENGRACHT, 546

London Office:
201, SALISBURY HOUSE, FINSBURY
CIRCUS, E.C.2

LONDON MANAGER: J. P. HOWARD

Hamburg Office:
SCHAUENBURGERSTRASSE 32, HAMBURG

Head Office in South Africa:
PRETORIA

London Bankers: NATIONAL PROVINCIAL BANK, LTD.,
and MIDLAND BANK LIMITED

BRANCHES IN SOUTH AFRICA:
Bethlehem, Bloemfontein, Capetown, Dullstroom, Durban, East
London, Ermelo, Hartbeestfontein, Johannesburg (Fox Street),
Johannesburg (Von Brandis Street), Pietersburg, Port Elizabeth,
Pretoria, Springs, Worcester

The Bank is prepared to issue Drafts and Letters of Credit, and to make Telegraphic Transfers upon its branches, as well as upon its Agencies in the Cape Province, Natal, Orange Free State, and Transvaal. Bills negotiated and collected, and every description of Banking business transacted in connection with South Africa. Current Accounts kept and Deposits received for fixed periods.

**தமிழ்நாடு ஆவணக்காப்பக நூலகம்,
எழும்பூர், சென்னை-600 008.**

தவணைத்தாள்.

செ. எண் :

ப. எண் :

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